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Local Authority Housing Conveners

Copied to: Local Authority Chief Executives
Elisa Bevacqua, COSLA

By email only

27 March 2023

Dear Conveners,

SHORT-TERM LET LICENSING – TEMPORARY EXEMPTIONS

Further to the commencement of short-term let licensing scheme last year, the Scottish Government is committed to working with local authorities to monitor the implementation of the scheme and to undertaking a review of the scheme in early 2024.

As licensing application numbers continue to rise, we've already received a number of queries from local authority officials seeking clarity about how the legislation applies to certain circumstances. The majority of these are provided for under the existing legislation and have been resolved; there are a couple of matters, however, that will form part of a review of the scheme in 2024 and may result in amendments to the legislation.

I am writing to advise that one of these matters relates to the treatment of reciprocal home exchanges for holiday purposes. These can be informal arrangements between friends/organised via social media or facilitated by organisations such as Home Link. Although there is usually no payment of money between the parties, home exchanges are within scope of the licensing legislation because the legislation defines commercial consideration as including money or a benefit in kind (such as reciprocal use of accommodation).

While we estimate there are only a relatively small number of these exchanges taking place in Scotland every year, Home Link has told us that, due to short-term let licensing, most of its members will likely no longer be involved. The loss of these exchanges would be an unintended consequence of the licencing scheme. Home Link advocates these types of exchanges bring in tourism economy to areas outwith tourist hotspots, utilise housing that would otherwise be empty for a period of time, are unlikely to cause issues for neighbours or be the source of complaints to licensing authorities, and they potentially help people afford holidays they may not otherwise be able to afford.

From speaking to local authorities we're aware that you share our view that it is important to focus resource on encouraging existing hosts to apply well in advance of 1 October 2023

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and to processing licensing applications in a timely manner. I am therefore not proposing to bring forward any further amendments to the legislation at this time. This is on the basis that we will update our guidance to local authorities to set out a light touch approach for local authorities to follow which would offer temporary exemptions for home exchanges.

In advance of updating the guidance, I want to be clear about my expectations in relation to use of temporary exemption powers to facilitate home exchanges:

- Fees for exemptions for home exchanges should be a token amount to encourage those undertaking these arrangements to continue doing so;
- Conditions attached to temporary exemptions for home exchanges should be minimised to keep costs down for applicants. We would encourage licensing authorities to limit these to requirements placed on home owners through existing legislation, such as
 - The legal requirement for any homeowner to have interlinked smoke and heat alarms as set out here: [Make sure your home is fire safe - mygov.scot](https://www.mygov.scot/government/interlinked-smoke-alarms)
 - A requirement to have public liability and buildings insurance in place for the duration of each exchange
- Applications for temporary exemptions for home exchanges should be accepted by licensing authorities throughout the year (and not restricted to specific months/ circumstances such as large scale events). The current legislation allows authorities to grant exemptions for a specified period (which must not exceed 6 weeks in a period of 12 months).

Following this letter, my officials will provide specific updates to the guidance, both for licensing authorities and hosts, in conjunction with licensing authority partners, as well as industry representatives. As part of this, we will set out clear expectations about the approach we expect licensing authorities to take regarding temporary exemptions more generally.

Temporary exemption powers were included within the licensing scheme as a pragmatic solution to give licensing authorities tools they require in order to support demand for accommodation during major events by adopting a lighter touch approach than licensing for year round operators. We do not want to see overly onerous temporary exemption requirements that prevent or discourage the use of accommodation as short-term lets for large scale events. This would have both a significant negative economic impact, and negative impact on Scotland as a visitor destination with the ability to host large scale events.

We will continue to work with your officials to monitor short-term let licensing with a view to addressing concerns through updates to guidance, or through legislative changes following the 2024 review, if required.

I would be grateful if you could acknowledge this letter and let my officials know what changes you will make and by when to support the light touch approach for home exchanges.

Yours sincerely,



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