

Levelling The Playing Field

Policy Paper On The “Sharing” Economy



Methodology

This policy paper has been conducted by desk research findings and the input of different stakeholders consulted through an online questionnaire. The sample of primary research was constituted of three target audiences: National associations of hotels and restaurants represented by HOTREC, tourism industry associations, NGOs, and peer-to-peer platforms and distribution platforms.

We would like to address our warmest thanks to TOPOSOPHY for leading the whole process with the highest level of standards in the creation of this policy paper.

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Foreword by HOTREC



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Christian de Barrin
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Dear Reader,

Throughout the years, the tourism business model has tremendously changed, integrating new forms of tourist accommodation, therefore enriching the overall travel experience.

The "sharing" economy has undoubtedly become one of those, and is here to stay.

As a key stakeholder of the European tourism sector, HOTREC could not remain inert towards this phenomenon, which is often developing in an uncontrolled way and does not comply with the rules that apply to the regulated accommodation sector.

This policy paper has been developed with a view to provide all parties involved with some of the key steps to be addressed in order to design the regulatory framework which will level the playing field for all players alike.

It is now up to the authorities to make the "sharing" economy a sustainable and responsible integrated model, ensuring consumer safety and security as well as tax income, as does the hospitality industry, which, together with tourism, represents the 3rd socio-economic activity in Europe and employs 13 million people.

We would like to address our warmest thanks to the many stakeholders which have contributed to this report and therefore providing guidelines to take action at European, national, regional and local levels.

Sincerely,

Foreword by UNWTO



Taleb Rifai
Secretary-General, World
Tourism Organization (UNWTO)

International tourism has continued to progress strongly in the last two years despite a lingering economic recovery, increased geopolitical challenges, health scares and natural disasters affecting many parts of the world.

In 2014, the number of international tourist arrivals reached 1.1 billion, a 4.2% growth over the previous year. This result consolidates the fifth consecutive year of robust growth in international tourist arrivals following the 2009 global economic crisis. Data for the first months of 2015 confirm this trend, with international tourist arrivals growing by 4% according to the UNWTO World Tourism Barometer.

The exponential development of tourism in recent years is very positive news as the sector increasingly contributes to creating jobs, promoting investment, trade and infrastructure development and fostering opportunities for social inclusion. This is particularly true in Europe where the tourism sector has been instrumental in supporting the economic recovery and the generation of new jobs.

Alongside, tourism's continued growth in recent years we have also witnessed an accelerated shift in business models and consumer behaviour mainly as a consequence of the global economic crisis of 2009 and the impressive advances in technology. The rise of entrepreneurship, the so called 'sharing economy' and the driving role of consumers have taken centre stage.

While we welcome innovation and entrepreneurship, we must also underline the need for the sector to find progressive solutions to safeguard consumer rights and quality standards while ensuring a level playing field for all businesses. On the other hand, destinations and companies are required to adjust their policies and strategies to the changes in the market in order to remain competitive.

We much welcome this report by HOTREC as we trust it will provide an important contribution to the ongoing discussion on the "sharing economy" in the tourism sector allowing for the sector to have the contribution of all relevant stakeholders into this debate.

A handwritten signature in black ink that reads "Taleb Rifai". The signature is written in a cursive, flowing style.

01 Introduction

Understanding the phenomenon of Short-Term Private Accommodation Rentals (STR) available through peer to peer platforms (P2P) and the various issues which surround its expansion next to the global sector of hotels is the goal of this policy paper together with developing a suitable regulatory environment to level the playing field. When travelling for business or leisure, booking a private house or apartment to stay in via a peer-to-peer (P2P) platform is seen as a trendy and affordable choice: booking, arriving, collecting the key and making oneself, quite literally ‘at home’.

For newcomers and established names in what is referred to in this report as ‘the regulated accommodation sector’, there is value in considering that short term rentals provided through P2P platforms such as Airbnb, Homeaway, Booking.com, Expedia and Flipkey have developed new ways to meet the needs of consumers. Also, renting out rooms or whole houses to tourists has provided a source of revenue for hosts.

As travellers tend to use their smartphone for all stages of their travels, but at the same time have sought for further opportunities to meet local people and connect with destinations in a different sense, which has proven to be for low prices as well, P2P exchange has found its place in the modern traveller’s itinerary. This has certainly been the image that P2P platforms have been keen to portray in their online and offline publicity campaigns, as they have sought to draw in more hosts and guests to use their platforms as the place to look for accommodation while travelling.

The image however is much less clear-cut for those who have served transparency and service quality for several years in tourism and hospitality. There is actually enough evidence to suggest that the notion of shared space, host-present rentals is only a small part of the overall picture. Invariably, when arriving at short-term rental apartment booked through a P2P platform in a European city today, the person on hand to open the door and welcome the guest to the property could likely be the representative of a local handling agency, while the actual ‘host’ remains absent, possibly for months at a time. Perhaps the ‘host’ is operating five other apartments in the same building. Is the building management aware? Did the neighbours agree to the apartment being used in this way? Only the P2P platform that brought host and guest together has any true idea of the real picture.

The arguments of P2P platforms are largely predicated upon the notion of the resident-host who shares out one or two rooms while remaining present to supervise the guest and the property. However, the reality of what drives the profits of P2P platforms and has led to a recent explosion in growth is somewhat different, as whole-unit and host-absent rentals have become more popular.

The fact is that the expanding, unregulated, mass conversion of residential property to tourist accommodation is having a detrimental impact to local authority revenues, neighbourhood cohesion, the supply of affordable housing and, in some cases even threatens to damage the character of the destinations that tourists travel to enjoy as well as jeopardises guarantees of consumer protection.



It is time to ask the P2P platforms that short-term private accommodation rentals meet the social responsibilities, especially in cooperating with regulators in the enforcement of existing and future laws.

It is now time for authorities across Europe to assess the true impact of this new style of commerce on small businesses, local communities and social and economic cohesion. It is also time to ask the P2P platforms that the STR that they offer, meet the social responsibilities commensurate with their global reach, financial turnover and volume of bookings. It is especially important that they cooperate with regulators in providing the relevant authorities with data on bookings, host profiles and in assisting in the enforcement of existing laws, as well as those that are yet to be formulated.

Finally, it is a particular feature of the market for P2P platforms that much of the regulatory activity tends to be at municipal or local level than national. This makes for a much less cohesive picture¹. Arguably this vacuum of legislation (or at best, a 'patchwork' of legislation) at local level has been to the benefit of the P2P platforms, as hosts have put their shared spaces or whole units up for rent, after having passed the most cursory checks put up by the platforms themselves, allowing short-term rentals to flourish often in the midst of a legal 'grey area'.

As legislation relating to visitor accommodation is usually developed and issued at municipal or regional level, making the case for fair, more coherent legislation will invariably involve engaging with policymakers at that level of government. However the scale of this business activity requires a response at national and supranational levels too. Hence HOTREC will be part of wide ranging discussions at European level on ensuring a fair policy environment for hotels and restaurants in Europe in matters of P2P commerce.

This policy paper seeks to examine how the short term private accommodation rentals have evolved in recent years, the ways in which the 'playing field' has become severely distorted for those offering visitor accommodation, and which key steps policymakers and P2P platforms should take to address the concerns of the hospitality industry and the tourism sector.

02 Terminology

Establishing a universally-agreed terminology in a report of this nature poses a challenge for two reasons: Firstly, the terminology to define the process of renting personal assets such as cars and property is disputed between those who refer to this being part of the “sharing” economy and those who see it strictly as a commercial transaction. Secondly, the growth in activity of these platforms, and the profile of the types of people and organisations who use them, is evolving so quickly that a particular term used to describe a platform’s activity or scope could become outdated within a matter of months.

THE “SHARING” ECONOMY?

At this stage it is worth highlighting other terms such as ‘Peer-to-Peer (P2P) economy’, ‘collaborative economy’, ‘access economy’ ‘on-demand economy’ or even ‘shadow economy’ which have all been used variously to describe the practice of sharing individually-owned assets such as cars, property, boats or tools, sometimes for free, sometimes in exchange for money. Indeed, members of HOTREC’s own Shadow Hospitality Task Force have noted the headline from the [Harvard Business Review](#) (28 January

2015) that ‘*The Sharing Economy isn’t About Sharing At All!*’. Nevertheless, the authors of this report have opted to use the term “sharing” economy as this is the most broadly-used (and thus broadly-understood term) to describe the phenomena outlined above.

‘SHARED’ OR ‘RENTED’ ACCOMMODATION?

It follows that the correct term to describe the activity of using privately-owned accommodation, usually in exchange for money should be in dispute too. Again, different terms abound according to the party that is applying the label. When it comes to legislation, in many cases, legislators have not updated the terminology used in their own legislation to describe the activities carried out through the “sharing” economy in recent years, hence this activity exists in a legal ‘grey area’.

Therefore, for the objectives of this report and the policy way forward proposed by the hospitality industry, it is essential to choose the most accurate description as possible, since the terminology used will ultimately affect the nature of regulations that are applied.





Shared Space



Whole Unit



Multiple Units

In order to maintain consistency and a relative degree of accuracy, the term '**Short-Term Private Accommodation Rentals' (STR)** will be applied throughout this policy paper;

Other terms used in this report:

STAKEHOLDERS:

Host: An individual or a business/company who or which rents all or part of an accommodation unit (e.g. house or apartment), with the stay arranged via a **P2P platform**

Guest: An individual who stays in the accommodation rented out by the **host**

Peer-to-Peer (P2P) platform: An online platform (eg. Airbnb, Flipkey, Homeaway) through which stays in STR are arranged and the relating financial transactions are processed.

Regulated Accommodation Sector: Commonly understood to refer to hotels, hostels, bed & breakfasts, guesthouses and other similar establishments that typically offer accommodation and are registered and licensed to do so through their relevant **tourism authority**.

Destination Authority: The authority responsible for planning and managing tourism activity in a destination, including the supervision and licensing visitor accommodation. In most cases this activity is the responsibility of a municipal or regional tourism department, though other departments such as housing or urban planning may be involved. This body is generally responsible for dealing with the legislation relating to the supervision and licensing of visitor accommodation, however in selected locations a different authority (e.g. town planning) may be responsible for this. Please check locally for further information.

SPACE:

Listing: An online profile of the accommodation **unit** available for rent

Shared Space: A unit that is rented in part, with one or more rooms available for rent, while the **host** is in residence during the **guest's** stay

Whole Unit: A house or apartment that is wholly available for occupation by the **guest**, with the host absent from the unit during the stay.

Multiple Units: Multiple houses or apartments that are rented, or available for rent, at the same time by one host. Thus the host would be understood to be a **professional renter** (even if this is not his or her full time occupation), or even a **renting company/agency**.

Host-Present / on-site: The host is resident in the same unit as the guest for the duration of the stay (though not necessarily present at the unit 24-hours per day).

Host-Absent: The host is absent from the property for the majority or totality of the stay, and stays at another location.

While the terms above refer to the nature of the space to be rented, they do not refer to the frequency or total duration during the year for which rentals take place (making the host an occasional or permanent renter according to varying definitions). The important relationship between the time and space, and the way in which this is addressed through legislation is discussed in more detail in this paper.

03 Situation Analysis

WHY HAS IT BECOME SO POPULAR?

A great deal of research carried out recently focuses on what has driven the business models of the “sharing” economy. The Hellenic Chamber of Hotels observed in 2014 that although the Global Economic Crisis reinforced an interest towards the more effective use of existing resources and the development of new sources of income, advances in technology such as social media and mobile devices accounted for the strongest driver of the sharing and trading of private assets².

Nowadays, it is common knowledge that any study of the “sharing” economy requires a good grasp of various perspectives and international trends:

- **Business growth:** From 2010 to 2015 venture capital firms have invested billions in the “sharing” economy start-ups, with the sectors of transportation and accommodation receiving the biggest shares of funds³. Major companies such as Facebook and Amazon are also included lately among potential entrants to the “sharing” economy through the development of peer-to-peer services and partnership-building with existing start-ups⁴.
- **Consumption patterns:** Younger generations (Millennials are commonly identified as those born between 1980 and 1999, and who entered their teenage years as from the year 2000, putting them currently in the 18-35 age group) appreciate a lot personalisation in customer service at a global level as enabled by technological advancements. P2P Platforms have been effective in using global tools to enhance interaction between service providers and users at local level⁵ as well as in providing affordable options for value-seeking Millennials⁶.

- **Entrepreneurial mobility:** P2P platforms are also providing a range of products and services for a new type of footloose global entrepreneur, often freelancing or part of a SME (of which there are now many more, in the wake of technological developments and the global economic crisis). “*The way we think about long-term residents versus an emergent and more globalized and mobile population*”⁷ is actually changing due to the growing appeal of P2P services in transportation, accommodation, and all sectors defining the business travel experience⁸.
- **Forms of employment:** P2P platforms provide alternative sources of income to individual service providers, who opt to work as micro-entrepreneurs of the freelance economy. A gradual transition from contractor to employee relationships is however less likely to happen in the accommodation sector, where properties are managed by their owners or tenants⁹. The issue lies in that the sum of individual and commercial activity undercuts hotels on price¹⁰. When there is also a negative effect on hotel revenues and jobs, it might be another case where technological progress has not yet proved to be a driver for jobs creation¹¹.
- **High-Level Policy Making:** The activity of the “sharing” economy start-ups has also drawn the attention of national governments and supra-national agencies. Elements of innovation are not rejected in principle, yet political parties in countries such the UK¹² and Canada¹³ already participate in a vivid exchange of both positive and negative views on the “sharing” economy.

For the regulated accommodation sector it is important to be aware of these new conditions during a period of international tourism growth and strong performance for hotel revenues¹⁴. Key questions naturally surpass the level of comparisons between industry figures such as the actual number of Airbnb rooms and bookings against those of the largest hotel chains in the world¹⁵ and the extent to which specific types of listings are competition for hotels¹⁶. Nonetheless, how competition is a reality already today is shown by the example of Spain, where almost 50% of the capacity in urban tourist accommodation is marketed by P2P platforms, moreover in 4 major cities the P2P platforms offer already greatly exceed the capacity offered by the regulated accommodation sector¹⁷.

By considering how international trends of all kinds have first shaped the “sharing” economy level and the lower level of private accommodation sector, the rest of this chapter examines their various effects as part of a situation analysis.



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SITUATION ANALYSIS OF SHORT- TERM PRIVATE ACCOMMODATION RENTALS

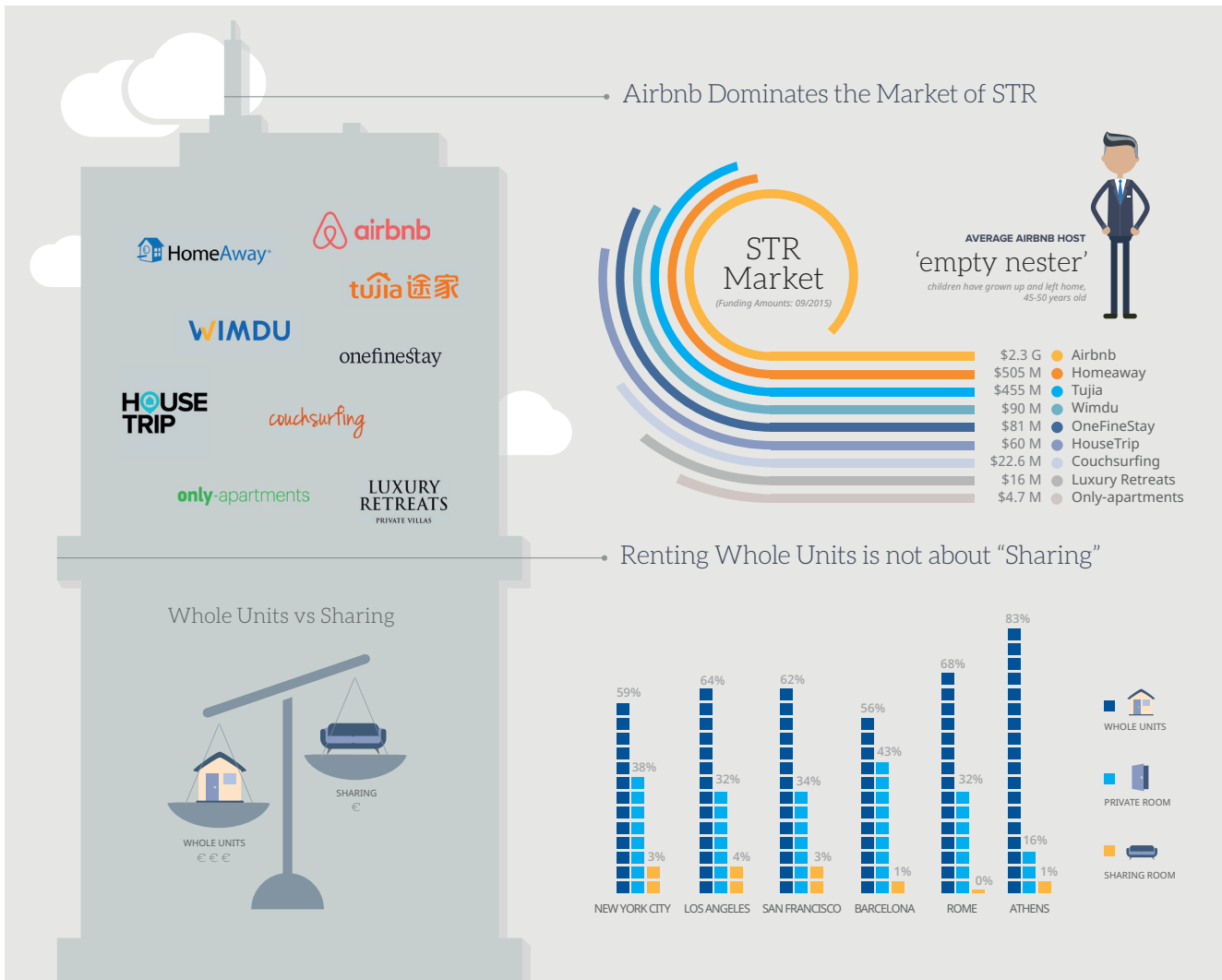
Accommodation Bookings Through P2p Platforms Go Mainstream

As with many “sharing” economy start-ups, accommodation platforms were mostly born during the toughest years of the global economic crisis. Some of the most popular platforms include Homeaway, 9flats and Airbnb. However, of all the P2P platforms available in the field of short-term accommodation rentals it is Airbnb that has become far-and-away the market leader, both in terms of global reach and volume of bookings.

When it started in August 2008, Airbnb had humble beginnings, catering to the ad-hoc low budget end of the market in a selection of US cities. Today, the picture is very different, as capital has flooded in and use of the platform has become far more widespread among a broader range of consumer groups.

Latest estimates suggest that in the summer of 2015 nearly 17 million total guests stayed at the property of Airbnb hosts across 191 countries around the world¹⁸, while the platform has been valued at \$25.5bn (€22.5bn)¹⁹. This places the company ahead of major chains such as Marriott and Starwood in market valuation²⁰. Consumers’ motivations for participating in P2P commerce, both as users and providers has been widely reported elsewhere. However the figures reported above make it clear that the platform has developed way beyond its humble ‘couch surfing’ roots.

In a further market development, in August 2015 Airbnb made a \$1.5bn investment in China in partnership with the Chinese investment firms Sequoia China and China Broadband Capital. The platform has reportedly experienced a 700% increase in bookings by Chinese travellers in the year to August 2015, and the move was made partly to take on competition from the burgeoning Chinese platform **Tujia.com**²¹. Online Travel Agents which had been trading with the regulated sector earlier are also engaging more and more intensively in trading with offers similar to the ones on the above mentioned P2P platforms.



Sources: Crunchbase.com, Skift.com, Airdna.co, Los Angeles Alliance for a New Economy

Renting Whole Units Goes Mainstream

The rental of whole apartments or houses (referred to hereafter as ‘units’) through P2P platforms, where the host is absent for the duration of the stay is now a widespread practice in towns and cities across Europe. In many cases, multiple whole-units are being rented out at the same time by one single host, essentially operating as a rentals agency (this is explained further in the next point).

However, information on exactly who is ‘sharing’ or ‘renting’ each type of accommodation has proved to be notoriously difficult to obtain from P2P platforms. As a response to this, in recent months sites such as InsideAirbnb.com, Airdna.co and [The AirBnb Analyst](http://TheAirBnbAnalyst.com) have helped the public understand more clearly the nature of rentals in their neighbourhood (as well as analytics for hosts wishing to maximise the earning potential of their listing), using freely available open-source technology to scan Airbnb for real time information on listings.

THE MOTIVATIONS FOR P2P PLATFORMS TO DEFEND THIS TYPE OF BOOKING ARE CLEAR:

A. Renting whole units is more lucrative for hosts and P2P Platforms: Taking the example presented by the Los Angeles Alliance for a New Economy²² data collected from Airbnb shows that while those who actually ‘share’—the on-site hosts—are in the majority in terms of volume of hosts, they generate just 11% of the company’s Los Angeles revenue. Single lessors and leasing companies combine to generate 89% of AirBnB’s Los Angeles revenue coming from the “*large conversion of residential units into tourist accommodation*”. Since the company charges a 9% to 15% fee on each listing, this also makes bigger rentals a lot more profitable.

B. The practice of renting whole units has encouraged a much wider range of hosts and users to join in the activity: Until the mass-scale availability of whole units became

a common practice on “sharing” economy platforms, the practice of “sharing” space with strangers remained largely confined to a narrower range of consumer profiles, notably budget travellers who were willing to rent a room or a space on a couch rooms or apartments for a low price (or even free of charge in exchange for good reviews or the possibility of hosting someone later on). Today, the possibility of renting one’s own whole house or apartment, and for staying in another person’s apartment while they are absent (with greater autonomy and privacy), is a much more accepted practice among more diverse profiles of host and guest.

C. Renting whole units has helped to change customer perceptions of ‘sharing’: Previously, this was about renting excess capacity (a spare bed, or couch) in exchange for a nominal fee, usually to help the host cover costs. Again, this profile of host is often widely presented at public hearings²³, however as greater numbers of hosts have listed their property on P2P platforms, the opportunities to do so for a higher price have become clearer and more attractive for hosts. This has arguably defined the transition from ‘sharing one’s space’, to ‘renting’ it for a profit.

High Intensity, One-host Multiple-unit Rentals Go Mainstream

Another significant departure from the humble beginnings of the “sharing” economy has been the proliferation of single ‘hosts’ with multiple listings. Few people in Europe are fortunate enough to have more than two or three residences that belong to the same family. Instead, multiple units are frequently being rented by individuals or companies operating entirely or with the support of an agency that manages listings, bookings, communications, handover of keys and cleaning, among other services. In Spain, for instance, 44% of properties used in STPAR are rented by companies or owners who own more than one flat²⁴. There is also the example of Paris in France, where 20% of listings are rented by companies or owners who own more than one flat and these listings represent 1/3 of the sales revenue generated by Airbnb²⁵.

The number of listings that a host has is always displayed with his or her profile yet the intervention of host-support services (see below) makes it nearly impossible to identify if a property is really the primary or even secondary residence of the person featured as the host, or if the property is being managed by an agency. As observed in Los Angeles²⁶, commercial entities—the combination of leasing companies and individual lessors—are responsible for the most intensively used AirBnB units in the city. Rather than representing “surplus capacity” in the housing market, listings with hundreds of reviews present the clearest evidence of the conversion of residential units into hotels.



Online Travel Agents which had been trading with the regulated sector earlier are also engaging more and more intensively in trading with offers similar to the ones of P2P platforms.

Renting Often And For Long Periods On A Large Scale Gets Even Easier For Hosts: The Rise Of Host-support Companies

The rapid expansion and diversification of companies that manage rentals on behalf of property owners through P2P platforms is another sign of the general expansion of short term rentals, in particular those where the host is absent or multiple properties are managed by one host. Such companies fulfil the full range of tasks of a host: managing listings, agreeing the rental price with potential guests, handing over keys, giving local information, cleaning, and other services. They typically employ local people on a per-hour basis to perform the various tasks associated with managing the rental. Airbnb has also indicated that it intends to grow into other hospitality segments, by providing its own services, or acquiring those which already exist²⁷, in order to make the Airbnb experience more consistent from stay to stay. These additional services could be offered via an own-brand marketplace, either partnering with start-ups or directly competing by creating sub-marketplaces that replicate what these start-ups are doing.

P2P Platforms Expand Their Services To The Business Traveller

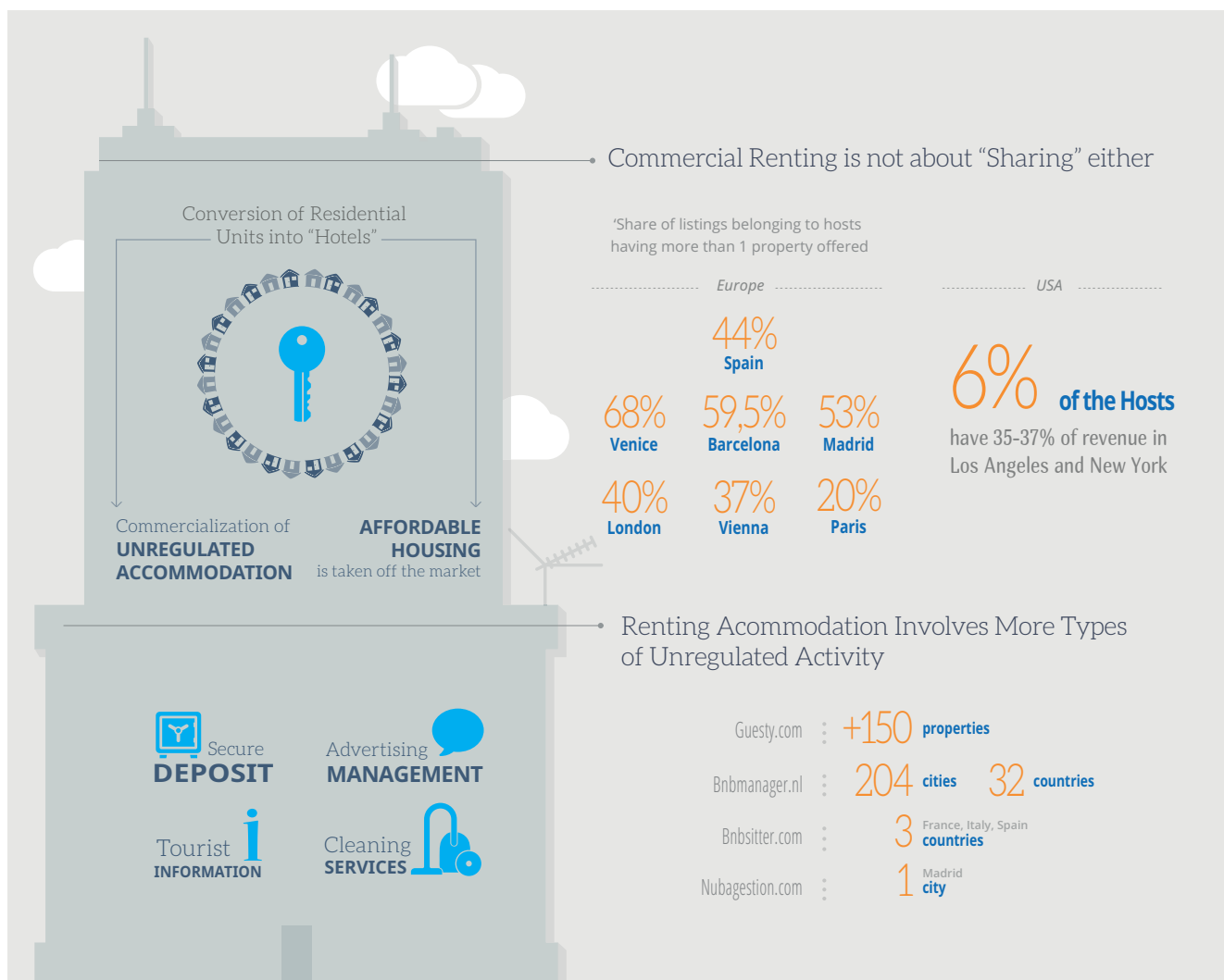
According to a 2015 study by Carlson Wagonlit, the barriers to use (of the “sharing” economy) are coming down, warning corporate travel managers that *“this is not a fad but a robust trend that is transforming society and business models”*²⁸. To date, corporate clients have shown a reticence to place their employees in ‘shared’ accommodation while on business, mostly due to concerns over the safety and security of employees while staying in this type of accommodation, the consistency of the product and the lack of booking infrastructure, impeding billing, reporting and expense management. Nevertheless, many business travellers show a preference for staying in residential accommodation in light of the perceived levels of comfort and flexibility (locations close to business appointments, allowing colleagues to stay together) that it offers. An increasing trend towards ‘bleisure’ travel (i.e. mixing business and leisure on the same trip) among Millennial travellers may also explain its growth. As a result, in July

2015, Airbnb announced the expansion of its [Business Traveller Program](#), making it easier for corporate clients to sign up and manage their employees’ travel needs.

On The Radar For International Organisations And Trade Bodies

The recent decision of the [United Nations World Tourism Organisation](#) to study the “sharing” economy effects to the provision of travel services and consumer protection indicates how the whole issue has drawn international attention²⁹.

In the US, the [American Hotel & Lodging Association](#) has taken since very early a critical stance to P2P platforms especially regarding STR in whole units. In July 2015, the American Hotel & Lodging Association had the opportunity to share their concerns with the [National League of Cities](#), a federal body which works in partnership with the 49 state municipal leagues and serves as a resource to and advocate for the more than 19,000 cities, villages and



Sources: Skift.com, Los Angeles Alliance for a New Economy, New York State Attorney General, Exceltur, InsideAirbnb.com



The European Parliament considers that for the sake of consumer protection, the security, safety and health regulations applicable to the traditional tourism sector should also apply to tourism services provided on a commercial basis in the “sharing” economy.

towns it represents. This was an important step, given that the National League of Cities has been very active in researching both the innovative elements and the concerns associated with the growth of “sharing” economy in US cities. In this meeting, Brooks Rainwater, Center Director of City Solutions at the National League of Cities, stressed the need for P2P platforms to be more transparent and share the data they collect on who their hosts are and how much rental activity is going on³⁰.

In Europe, there have been similar arguments put forward by organizations such as [STAY WYSE](#), with the Chairman summarizing in the following statement what needs to be done with Airbnb³¹:

“The challenge for Airbnb will be to work fast to engage all the stakeholders within the communities in which they operate. Ensuring that the Airbnb offer complies with local regulations is essential to providing a level-playing field for existing accommodation providers who are coming to terms with the rich and varied new supply in their markets.”

HOTREC has proactively and responsibly engaged the debate internally since the second half of 2013 and has similarly taken necessary measures to address key issues and priorities at both an internal level and during discussions under the auspices of the European Union.

For HOTREC Chief Executive Officer, Christian de Barrin, it is important to view this phenomenon as a trend which is here to stay and that brings new lodging options for tourists, but at the same time causes lots of challenges, like safety

and security of guests, not to forget taxation, which is why HOTREC along with its members ask for a level playing field of competition across Europe in the tourism sector³².

At the European Union level, HOTREC has raised since July 2014 specific concerns of safety aspects and unfair competition in public consultation on the Green Paper on the Safety of Tourism Accommodation Services³³. Two key points of public consultation were that the mostly unregulated activity of P2P platforms and hosts entails a market distortion and that safety is actually a complex issue, which is shaped by various parameters (not just fire/CO) and affects visitor perceptions of a whole destination. HOTREC also published a position paper in October 2014.

On 29 October 2015, the European Parliament adopted an own-initiative report on tourism putting forward a series of more concrete proposals, among which it is emphasised that the current legislation is predicated upon the ownership-based economy and less suited to governing the “sharing” economy. The reaction to the rise of the “sharing” economy needs to be measured and appropriate, in particular on the part of public authorities in the area of tax and regulation. The European Parliament specifically considers that for the sake of consumer protection, the security, safety and health regulations applicable to the regulated tourism sector should also apply to tourism services provided on a commercial basis in the “sharing” economy³⁴.

Regulatory Solutions Must Apply

While P2P platforms and hosts make their plans around the world, destination authorities particularly in North America and Europe have been trying to face the regulatory challenges of STR.

Countries along with regions and cities always have to take into account the particularities of respective areas. However, knowledge-building is nowadays an international process and readers are recommended to review the following map along with the case studies of Amsterdam and Barcelona to get a good grasp of latest updates as of September 2015.

01 San Francisco

Legislation amendments in July maintained the 90-day limit on host-absent rentals and reconfirmed the status of unlimited rentals only if hosts are full-time residents. An initiative to introduce further restrictions on STR will be on the ballot for voters on November 3.

02 Portland

As of late September, only about 10% of hosts acting through P2P platforms have sought or received the required permits since the legalization of STR in January 2015.

03 New York City

One year after the publication of his report on Airbnb, Attorney General Eric Schneiderman is ready to focus on the treatment of workers and consumers on behalf of P2P platforms. The City regularly maintains a 30 day cap per year for host-absent rentals.



04 Santa Monica

In May, the City Council banned all rentals lasting for less than 30 days and allowed home-sharing as long as the host registers with the city and pays hotel taxes.

05 Philadelphia

Following the legalization of STR in July, the city experienced an influx of listings ahead of the Pope's Visit in late September.

06 Washington DC

In September 2015, a large union of hotel workers backed a draft legislation that would ban host-absent rentals.

07 Quebec

The province is about to be the first in Canada to legalize STR through P2P platforms while collecting taxes and increasing inspections.

08 Athens

As part of the Memorandum of Understanding signed by Greece and European partners in last August, the government is expected to legalise the market for tourist rentals by October 2015. The debate over the effect of STR on the black economy in Greece is also underway.

09 Amsterdam

In March 2015, the city issued a new ordinance relating to the use of residential property for holiday letting and established clear distinctions between types of residential property used for STR (please see the following case study).

10 Paris

Amidst complaints of the effect of P2P platforms in residential areas and the performance of hotels, Airbnb has begun collecting and remitting taxes (€0.83 per person per night) from guests on behalf of hosts from October 1.

11 Milan

In October 2015, a regional law stated that the short-term private accommodation rentals are obliged to respect the same rules that hotels must apply about the bed-tax (and the other taxes), the verification of visitor identity and the tourism statistics.

12 London

In March 2015, the government forced through legislation allowing landlords to rent their homes for a short period without requiring hosts to register the activity with their local authority.

13 Berlin

Owners are not allowed to sublet their properties online unless they are registered with the City, while tenants also need to get an official permission by their landlord.

14 Barcelona

Owners are not allowed to sublet their properties online unless they are registered with the City, while tenants also need to get an official permission by their landlord.

The Case Of Amsterdam

In March 2015 the City of Amsterdam issued a new ordinance relating to the use of residential property for holiday letting in the city³⁵. The regulations currently in force at the time of writing (September 2015) are as follows:

DEFINITION

At the same time of issuing guidance on holiday letting in particular, the city established clear distinctions between the varying uses of residential property for short term rental purposes³⁶.

KEY CONDITIONS

An individual property may be rented out:

- Subject to prior registration with the municipal authority
- Subject to payment of the city tourism tax. For the year 2015 this amounts to an additional 5% of the cost of the stay, which must be communicated in advance to the guest. Following agreement between the City of Amsterdam and Airbnb, this is collected by Airbnb and submitted to the council on the host's behalf.
- For a maximum of 60 days in the year
- To a maximum of 4 persons at a time

KEY EXCLUSIONS

- Social (rent-controlled housing, where the tenant pays less than €699,30 per month) may not be sub-rented as a holiday let
- 'Illegal hotels' (one property with multiple rooms rented to different guests at the same time) are not permitted.
- The City of Amsterdam has made special efforts to police both of the above cases and sanctions the owner with a heavy fine and/or eviction. The City handles complaints about holiday rentals via a

dedicated phone number.

CITY RECOMMENDATIONS TO HOSTS

- The City of Amsterdam asks hosts to ensure that their property is fire-safe, by consulting guidelines on the fire department's website.
- The City of Amsterdam asks hosts to inform neighbours of their intention to rent, and to provide an emergency contact number in case of complaints.

ADDITIONAL NOTES

- Money received from holiday letting is considered as income by the tax authorities, so landlords must pay tax on this. In the Netherlands, the tax collection regime is generally efficient.
- The City of Amsterdam does not require property owners to obtain a permit for the category of 'holiday letting'
- For Amsterdam hosts, Airbnb provides a link on its website to the city council's information page and brochure regarding regulation of holiday rentals. Hosts must declare that they agree to the rules and will abide by them, before their listing will posted.
- Airbnb has agreed with the City of Amsterdam to send an email to Amsterdam hosts to remind them of the regulations in force.

The Case Of Barcelona

Since 2012 Barcelona has found itself at the forefront of the debate over how STR should be regulated. During this debate there have been several moments of escalation, which have attracted much media attention in Spain and abroad.

FACTS AND CONCERNS

- Spain's most popular tourism destination gained popularity in Airbnb, at a time when the whole country was facing the effects of the global economic crisis.
- In 2013 the Generalitat de Catalunya (regional government) estimated³⁷ there were around one million beds illegally available for tourism purposes in Catalonia, fuelling criticism from the regulated accommodation sector that the activity was out of control.
- The activity of peer-to-peer platforms has also been linked to issues such as a shortage of affordable housing and overcrowding, especially in Barcelona's more frequented tourism districts.
- Another study published by Exceltur in June 2015 found that hotel beds are outnumbered by the listings on P2P platforms (36% Vs 64%), while the great majority of these listings (91%) are situated in Barcelona's most popular areas³⁸.

REGULATIONS & POLICY OVERVIEW

- As well as overseeing tourism strategy, autonomous regions in Spain have been fully responsible since June 2013 for all types of tourism accommodation licensing and inspection.
- In the case of STR, the Generalitat de Catalunya has jurisdiction to enforce the 'Decreto 159/2012' and operate the Catalan Tourism Register³⁹. Those wishing to join the Register and provide STR must pay a fee and rent their property out:
 - a. Subject to safety requirements and minimum quality standards (e.g. whole apartment rentals, provision of a reception area, etc.) set out by the Generalitat.
 - b. Subject to payment of the annual tax associated with property rentals income
 - c. Subject to payment of the 'Tax on Tourism Stays' (€0.65 per bednight, collected by the owner and remitted manually to the Generalitat)
 - d. For a maximum of 31 days, two or more times during one year.
- As a response to the growing number of unregistered properties included in Airbnb-listings, in 2014 the Generalitat fined the platform two times for a total of €31,500.
- More recently, there has been evidence of a more direct communication between the Generalitat and Airbnb aimed at relaxing the conditions for STR and enabling the collection of the 'Tax on Tourism Stays' in all cases⁴⁰.
- Since the municipal elections of mid-June 2015, the new Mayor of Barcelona Ada Colau, has voiced the concerns of local residents with regard to overcrowding and poor controls on tourism management. This has included the articulating citizens' concerns over the effects of STR on the city's neighbourhoods.
- As of late September 2015, the City of Barcelona has issued a one-year moratorium on issuing new licenses for tourism accommodation and announced it will return 80% of fines on unlicensed tourist apartments in Barcelona's most popular areas if the owners make available their property for social housing rent for a minimum of 3 years⁴¹.

Levelling the 04 Playing Field

As the voice of the European hospitality industry, HOTREC aspires to see the principles of fair competition justly applied across a range of policy areas relating to short term accommodation rentals. However the need for fair competition is not the only motivation for putting forward this policy document.

Accommodation providers and their guests are not the only stakeholders in the equation. Other factors such as affordable housing, state revenues, adequate infrastructure, peaceful coexistence of businesses and local residents and cohabitation between citizens, especially in densely populated areas, and consumers' safety and rights also shape the sustainability of tourism development.

In fact, the recent explosion of STR has also had negative consequences on the economic and social sustainability of destinations, as property prices and long-term rental rates have spiralled upwards, affordable housing has been taken off the market and dedicated to tourist accommodation

and neighbours have found themselves living next to 'illegal hotels' sometimes occupied by disruptive guests. This degradation in the quality of life of local residents is causing many citizens who were otherwise not involved in the tourism sector to see tourism only in negative terms.

In 2015, Housing Europe observed⁴² that *“young people in a number of countries are confronted with more difficulties to start their housing path compared to the former generation citing the decreased availability of rental housing as one of the main reasons for this. This is due to a combination of different elements such as high prices, stricter conditions for mortgage lending, little availability of rental housing”*.

With this in mind, we set out our main assertions on how uneven the playing field has become in the area of tourism accommodation in Europe today. Key concerns and questions are raised on the approach being taken by destination authorities and P2P Platforms to dealing with these issues, as follows.



Accommodation providers and their guests are not the only stakeholders in the equation. Other factors such as affordable housing, state revenues, adequate infrastructure, peaceful coexistence of businesses and local residents and cohabitation between citizens, especially in densely populated areas, and consumers' safety and rights also shape the sustainability of tourism development.

LEGISLATIVE INSTRUMENTS USED TO REGULATE TOURIST ACCOMMODATION

KEY CHALLENGES

Outdated definitions fail to reflect the new types of business model which have emerged.

AREAS OF INTERVENTION

Modernization of definitions and regulations according to the nature/scale of activity.

KEY QUESTIONS

Why are destination authorities not using adequate definitions that reflect accurately the nature of STR in their jurisdictions?

Why are destination authorities not adequately monitoring the extent of STR in their jurisdictions, particularly in view of its nature as a commercial activity?

Why are destination authorities not adapting their legislation to the reality of STR in each place?

PRIORITY

Set on an agreed terminology for the stakeholders as well as the processes and assets that are being traded on a peer-to-peer basis, while working with the appropriate regulatory body and adapting legislation to the reality of the P2P rental marketplace in each destination.

SAFETY AND SECURITY

KEY CHALLENGES

Unregulated rentals put the safety and security of visitors and residents at risk.

Hotels and guesthouses are subject to strong safety standards with routine safety inspections, with many requirements aimed at ensuring compliance with such standards. This is done with the aim of ensuring visitors can enjoy wherever they travel, that the overall quality of their stay is ensured and that the reputation of the destination as a whole is maintained. At local level, building codes and inspections of residential and regulated accommodation establishments exist to ensure the safety of occupants and those around them.

While it is clear that consumers' expectation of better prices and value through the "sharing" economy should be met with sufficient protection, in particular to existing providers⁴³ currently there are few requirements or none at all (a) to ensure the well-being of both occupants and those around them (b) to protect the reputation of each destination.

AREAS OF INTERVENTION

Establishment of appropriate requirements related to building codes and safety standards with routine safety inspections for all types of accommodation providers.

KEY QUESTIONS

Why are destination authorities not applying the same level of safety for guests who stay in spaces rented through P2P platforms as they do for guests who stay in regulated accommodation establishments?

What steps are destination authorities taking to ensure that STR hosts and P2P platforms are aware of their obligations towards the safety and security of visitors and take care to ensure visitors' safety?

PRIORITY

Introduce requirements:

- for hosts renting through P2P platforms to ensure that the safety and security of visitors is protected in the same way that regulated accommodation establishments are required to do

- for P2P platforms to ensure that the listings they offer comply with safety and security standards.

TAXATION

KEY CHALLENGES

Hosts around Europe compete with hotels and other types of regulated tourist accommodation establishments, while not being subject to similar taxes. Rental of shared spaces, whole units and multiple units has now gone fully mainstream, with millions of bookings being processed every month around the world.

Government authorities potentially lose millions of euros of public money associated with tourism tax, social security contributions and even VAT. Direct remittance of tourism tax from P2P platforms to tax authorities currently only exists in a handful of cases in Europe. In some cases self-declaration of the tax is possible but the process of remittance is rarely controlled or enforced.

AREAS OF INTERVENTION

Monitoring of hosts around Europe making money from unregulated STR.

KEY QUESTIONS

Is this major source of income for hosts uniformly subject to the same level of fiscal scrutiny as if it were a host's salary, or if it were classed as turnover from a commercial enterprise?

What mechanisms have tax authorities in Europe put in place to ensure that income received by hosts from renting space through P2P platforms is properly taxed and subject to the appropriate fiscal controls?

What happens in the case of some destination authorities that charge a tourism tax on bed nights in regulated accommodation establishments but currently make no requirement or have no established mechanism for the remittance of tax by hosts who rent spaces through P2P platforms?

What mechanisms exist to ensure that the tourism tax monies remitted by P2P platforms to selected tourism authorities are true and correct?

PRIORITY

Ensure that hosts around Europe making money from STR are properly controlled and scrutinised by tax authorities, and that millions of euros of public money are being saved through the proper monitoring and collection of taxes due.

COMPLIANCE WITH EUROPEAN SECURITY REQUIREMENTS (SCHENGEN)

KEY CHALLENGES

STR hosts are not adhering to Schengen legislation requirements on the collection of guest ID upon arrival.

According to Article 45 of the Schengen Implementing Convention, "signatory States^A are required to adopt the necessary measures in order to ensure that:

- the managers of establishments providing accommodation or their agents see to it that aliens accommodated therein, including nationals of the other Contracting Parties and those of other Member States of the European Communities, with the exception of accompanying spouses or accompanying minors or members of travel groups, personally complete and sign registration forms and confirm their identity by producing a valid identity document;
- the completed registration forms will be kept for the competent authorities or forwarded to them where such authorities deem this necessary for the prevention of threats, for criminal investigations or for clarifying the circumstances of missing persons or accident victims, save where national law provides otherwise".

Paragraph 1 shall apply mutatis mutandis to persons staying in any commercially rented accommodation, in particular tents, caravans and boats⁴⁴.

AREAS OF INTERVENTION

Enforcement of STR compliance with Schengen Convention rules

KEY QUESTIONS

What mechanisms are signatory States to the Schengen Implementing Convention setting up to ensure that spaces rented to foreign nationals through STR will be considered as 'establishments providing accommodation' as per Article 45 of the Convention, and thus ensure that hosts renting such spaces in the Signatory States will be required to comply with Article 45 of the Convention, thus allowing to ensure the traceability of criminals?

PRIORITY

Clarify the status of spaces rented through STR according to the Schengen Convention and ensure that aliens accommodated therein provide all necessary information to their managers/agents.

^A The Schengen Area encompasses most EU States, except for Bulgaria, Croatia, Cyprus, Ireland, Romania and the United Kingdom. However, Bulgaria and Romania are currently in the process of joining the Schengen Area. Of non-EU States, Iceland, Norway, Switzerland and Liechtenstein have joined the Schengen Area.

EMPLOYMENT RIGHTS AND BENEFITS

KEY CHALLENGES

Workers involved in the management of unregulated rentals do not have, most probably, an employment contract and do not enjoy the benefits of regular employees

AREAS OF INTERVENTION

Description of employment rights and obligations in relation to employment contracts.

KEY QUESTIONS

What mechanisms are destination authorities setting up to ensure that workers are not missing a series of regular benefits and protections (e.g. health coverage, insurance against workplace injuries, maximum working hours, social security contributions)?

PRIORITY

Protect the labour of people by defining the rights and obligations that arise from an employment contract.

ZONING

KEY CHALLENGES

The definition of residential and commercial property is becoming confused. Where residential properties are rented whole or in multiple units to tourists, this threatens (a) to disrupt the balance that authorities seek to achieve in the use of the land and property available for residential and commercial purposes (b) to decrease the share of the residential housing stock in the world's most economically productive, culturally vibrant and land-constrained cities⁴⁵.

AREAS OF INTERVENTION

Clarification of terms and conditions for commercial vs. private domestic uses of residential property.

KEY QUESTIONS

What mechanisms are destination authorities setting up to monitor and, where necessary, control the use of residential property that is being operated for STR?

What mechanisms are authorities setting up to define specific areas of tourism activity in their jurisdictions with a view to maintaining a fair balance of commercial vs. private domestic use for long-term residents?

What mechanisms are local authorities and P2P platforms setting up to ensure that publicly-financed social housing is not being put on the market for STR?

PRIORITY

Ensure that important factors such as the supply of public transport, utilities, waste disposal services, and protecting residents from nuisance behaviour, and protecting the character of each district are all taken into account while zoning for STR is carried out by local authorities, as if it was for the provision of licenses for commercial property, be they bars, stores, restaurants or hotels.

EFFECT ON LOCAL RESIDENTS & COMMUNITY COHABITATION

KEY CHALLENGES

Nuisance behavior (e.g. inappropriate/immoral behaviour, noise, incorrect disposal of waste, etc.) jeopardizes quality of life in neighborhoods. When guests are left unsupervised during a stay with little or no contact from the host or other designated person, nuisance behaviour can occur with little room for recourse by neighbours. When whole unit or multiple unit STR occur that are not authorised by the owners of managed buildings, key codes and access to communal areas may be given to strangers without neighbours or building management being aware.

AREAS OF INTERVENTION

Integration of local residents in decision-making on changes in residential property use.

KEY QUESTIONS

What mechanisms are destination authorities setting up to ensure that hosts wishing to operate STR are doing so with the express agreement of their immediate neighbours and, where applicable, their building management organisation?

What mechanisms are destination authorities setting up to give neighbours a say in how residential units are zoned with regard to STR, make complaints relating to STR and act upon those complaints?

PRIORITY

Ensure the neighbours and local residents to spaces rented under STR are consulted on changes in property use in their buildings and neighbourhoods.

STR AND THE USE OF SPACE IN RESIDENTIAL PROPERTIES

KEY CHALLENGES

Whole Unit Rentals: The practice of paying to occupy a whole property while the host is absent is widespread, and becoming far more popular. Many of those renting whole and multiple units through P2P platforms are bypassing the laws regulating short-term rental accommodation (pertaining to existing vacation-rental property).

Multiple-Unit Rentals: Where one 'host' rents multiple units in one jurisdiction (in some cases running into hundreds) as STR, over a longer period of time with large numbers of guests, the practice becomes a de facto operation of an illegal hotel, or rentals agency. Furthermore, P2P platforms have proved uncooperative in releasing information about hosts who contravene existing regulations.

AREAS OF INTERVENTION

Clarification of differences between practices of 'sharing' and 'renting' in terms of STR dispersal.

KEY QUESTIONS

What mechanisms are destination authorities setting up to ensure that whole units that are rented as STR are subject to legislation that adequately reflects their status as commercial entities that are part of the infrastructure of visitor accommodation in their destination?

What mechanisms are destination authorities setting up to ensure that spaces rented through STR are rented solely by the owner of the unit, provided that the availability of affordable housing is protected?

What mechanisms are destination authorities setting up to monitor the operation of multiple-unit STR in their jurisdiction and subject them to legislation that adequately reflects their status as 'illegal hotels'?

Where the operation of multiple-unit STR is in clear contravention of regulations in the destination (region, municipality), what steps are destination authorities taking with P2P platforms to monitor and, at the appropriate time, act to prevent such STR from operating (including, but not limited to the removal of multiple-listings from the platforms)?

What steps are being taken across European countries at the relevant levels of government, to force compliance by P2P platforms in sharing data about hosts who operate listings in clear contravention of local regulations?

PRIORITY

Address issues such as the number of properties that a host is possible to have under the status of STR and remove illegal offers from the market immediately.

THE FREQUENCY AND DURATION OF STR IN RESIDENTIAL PROPERTIES

KEY CHALLENGES

Frequency & Duration of STR: Whole and multiple units that are available for STR during the year deprive local residents of the opportunity to rent long-term. In this way, more and more of Europe's affordable housing stock is being traded for via P2P platforms.

AREAS OF INTERVENTION

Clarification of differences between practices of 'sharing' and 'renting' in terms of STR frequency and duration.

KEY QUESTIONS

What mechanisms are destination authorities setting up to place a reasonable limit on the number of days, and number of occasions in the year that STR may take place in their jurisdiction?

PRIORITY

Address the conditions under which occasional STR (e.g. when an owner is away on holiday) differ from permanent STR along with relevant issues (e.g. the maximum number of available days for STR).

ENFORCEMENT

KEY CHALLENGES

If regulations on STR are to be effective, they must be enforced. Experience to date indicates that destination authorities have lacked the political will, as well as the necessary financial and human resources to enforce the implementation of STR regulations on a scale that is commensurate with the number of listings and the scale of (often) unlawful activity occurring in their jurisdictions.

KEY QUESTIONS

Where compliance inspections are mandated by law for STR, what mechanisms are destination authorities setting up to carry out these inspections in a timely and efficient manner?

Where zoning regulations exist particularly with regard to designated areas of tourism activity what mechanisms are destination authorities setting up to ensure that such regulations are properly enforced and that hosts renting unlawfully through STR are sanctioned?

Where the rental of host-absent whole-units through STR is unlawful, what mechanisms are destination authorities setting up to ensure that such rentals are ceased? What mechanisms are P2P platforms setting up to ensure their removal from listings?

What mechanisms are destination authorities and P2P platforms setting up to ensure that illegal hotel operations (through multi-unit STR) are closed down and removed from platforms' listings?

Where limits exist as to the number of days in the year that a space may be rented through STR, what mechanisms are destination authorities setting up to enforce such limits, and what steps are P2P platforms taking to impose limits on the number of days for which a listing may be booked?

Where tax codes exist to recognise rental through STR as a legitimate source of income, what mechanisms are tax authorities setting up to ensure the monitoring and timely collection of taxes from this income?

Where tourism tax collection mechanisms by STR hosts exist what mechanisms are destination authorities setting up to ensure that hosts are paying this tax in a timely and efficient manner?

Where tourism tax collection mechanisms by P2P platforms (on behalf of hosts) exist, what mechanisms are destination authorities setting up to verify that the tax amounts remitted are a true reflection of the financial value or number of bednights stayed within their jurisdiction?

At which stage should the platform be liable on the non-compliance of its guests and to which extent?

05 The way forward and the HOTREC Chart

The practice of renting residential units is now occurring on such a scale, with so many financial transactions beyond the sight of official controls, that it is necessary for State authorities to create a coordinated legal framework in order to regulate this phenomenon. This is especially important, in light of tourism's role in job creation, contribution to GDP and post-crisis recover, as well as collection of legitimate tax and social security income. In the last 1-2 years, only a few cities in Europe have made an attempt to put in place regulatory controls that adequately reflect the nature and scale of STR and its effect on local communities and consumers making what, at best, could be called a sparse 'patchwork' of regulations. In fact, the vast majority of cities are still relying on out-dated regulations which are not in line with the true scale and nature of this new area of commercial activity. It could be argued that one of the reasons for such rapid growth of P2P platforms is precisely because of the disparate and unclear nature of regulations from one destination to the next.

Dealing with New Regulations

Yet in taking action and in proposing new regulations, it is vital to take into account that we are facing a very different kind of paradigm. It has been argued that the transition from an industrial society to an information society must be accompanied by a respective transition in regulation models. For the information society data constitutes a new regulatory tool which increasingly allows regulators to trade bureaucracy and permission-based systems for transparency and accountability. Managing large volumes of real-time data rather than enforcing restrictions whose administration has been proven to include numerous difficulties and costs is the key characteristic of this emergent

paradigm⁴⁶. Thus, in order to bring STR into the legal system there is a challenge for policymakers in this new era of P2P exchange which involves an environment where data is the real asset of value, and in which both consumers and providers expect to be treated fairly, standards of health and safety must be maintained and fair competition must be ensured for the common good.

Governments and their Role in Protecting Consumer Welfare

While this new paradigm presents a challenge to governments (which typically struggle to keep up with technological advancements), their role is to mitigate concerns around consumer welfare and safety, collection of tax contributions due and service quality⁴⁷. Still, to design and implement robust solutions in monitoring and ensuring that safety and compliance standards are upheld, it is true that governments will ultimately need to get access to specific data from P2P platforms.

HOTREC recognises that to foster innovation and fair competition in the accommodation market, governments have two approaches to consider simultaneously:

- Add flexibility and remove restrictions for existing operators while maintaining high standards for the protection of the public interest and consumers.
- Address similar concerns during the introduction of regulations for P2P platforms and service providers while not impeding consumer choice. What legislators need to ensure is that consumers are enjoying the same consumer rights and level of safety and security that they enjoy with the regulated accommodation sector.



Safety, security, equal rights and obligations and respect are fundamental to cohabitation and to the sustainability of the model of tourism that has proved successful so far.

Is it possible to create a field where P2P platforms and governments and other tourism stakeholders will find common ground? The first step would be to formally recognise the property traded for rental through P2P platforms as commercial tourist accommodation, (currently not done⁴⁸), thus bringing it within the scope of the relevant authorities' activities. Other, general recommendations on dealing with the various aspects of STR are set out below as a response to concerns about quite how uneven the playing field has become in the area of tourism accommodation in Europe today.

Nevertheless, it is important to underline that all of the following recommendations are founded on a series of fundamental principles: that all those who are involved in some type of tourism business should pay their respective taxes, all should comply with similar obligations, recognising that all citizens have the right to live in peace, and that the benefit for some does not have negative implications for the many. Safety, security, equal rights and obligations and respect are fundamental to cohabitation and to the sustainability of the model of tourism that has proved successful so far⁴⁹. With constructive proposals, formulated into workable and durable policies at the correct level, HOTREC is convinced that this sustainability will be maintained. This is the objective of the HOTREC Chart.

The 10 steps of the HOTREC Chart towards a sustainable and responsible “sharing” economy in tourism accommodation

- 1. Integrate Short-Term Private Accommodation Rentals in Legislation as Tourist Accommodation**
- 2. Establish Processes for Registrations, Permits**
- 3. Measure Short-Term Private Accommodation Rentals in Tourism Statistics**
- 4. Enforce Requirements and Carry Out Inspections for Safety and Security**
- 5. Comply with Fiscal Obligations**
- 6. Verify Visitor Identity according to Schengen Convention Requirements**
- 7. Protect Employees' Rights and Benefits**
- 8. Protect Quality of Life in Neighborhoods**
- 9. Clarify and Ensure Proper Distinction between Residential and Commercial Property**
- 10. Control the Dispersal of Short-Term Private Accommodation Rentals**

HOTREC CHART TOWARDS A SUSTAINABLE AND RESPONSIBLE “SHARING” ECONOMY IN TOURIST ACCOMMODATION

01 Integrate Short-Term Private Accommodation Rentals in Legislation as Tourist Accommodation

Legislation surrounding tourist accommodation should be amended to ensure that private residential spaces rented for short term via P2P platforms is properly recognised and accounted for through an official, publicly available register in each destination.

02 Establish Processes for Registrations, Permits

- Specifically, destination authorities shall require all hosts wishing to rent space through STR, to first register and obtain a licence, the number of which should be publicly visible through whichever channel (online or offline) the space is listed. The cost of setting up such a system in each jurisdiction should be covered by a licence fee relative to the type of space to be rented out.
- Destination authorities should also take all measures necessary to monitor licensed and unlicensed STR activity in their jurisdictions and engage platforms in the regular monitoring and removal of unlicensed STR offered through their services.
- Legislation should control the concession of permission to operate STR in each geographical area according to key considerations (e.g. quality of life of residents, safety and security of visitors, visitor flow management, protection of publicly-funded social housing, etc.).

03 Measure Short-Term Private Accommodation Rentals in Tourism Statistics

Registration would also help to build reliable statistics on the extent of the offer through STR.

04 Enforce Requirements and Carry Out Inspections for Safety and Security

- Basic safety requirements for STR shall be put forward as expressed e.g. in Hotel [Fire Safety MBS Methodology](#): Clear indication of a responsible person for fire safety procedures, including a contact number in case of emergency, a fire safety register, an emergency response plan including the indication of escape routes, fire risk assessment, a contingency plan; when food is offered, registration of the activity and following the HACCP procedures, mandatory for all food providers; pesticide control.
- Hosts renting through STR should be aware of the safety and security regulations for rented visitor accommodation in force in their respective destination and that compliance is ensured.
- Platforms shall ensure that their listings only contain offers complying with such safety and security regulations, thus reassuring consumers.

05 Comply with Fiscal Regulations

- Data on STR registration should be cross-referenced by tax authorities in cooperation with destination authorities to ensure that income received from STR is subject to appropriate fiscal scrutiny, and that hosts are able to pay tax and other fiscal contributions due on this income in a timely and efficient manner.
- Specifically, it is recommended that destination authorities imposing a tourism tax ensure that this tax is applicable to visitors using STR, and that this tax is collected from the guest by the P2P platform and remitted on the host's behalf directly to the destination authority.
- Where tourism tax is remitted by P2P platforms to the appropriate tax authorities, this should be done in a transparent manner, with a public declaration of the quantity of tax due vs the number of bednights stayed.

06

Verify Visitor Identity according to Schengen Convention Requirements

- Signatory States to the Schengen Implementing Convention shall state clearly that they consider spaces rented through STR as ‘establishments providing accommodation’. They shall make clear what mechanisms are taken to ensure that hosts comply with the Schengen requirements on the collection of guests’ ID upon arrival, as is the practice for good reasons in the regulated accommodation sector with respect to Article 45 of the Convention.

07

Protect Employees’ Rights and Benefits

Hosts renting through STR should be aware of their obligations towards their employees and that compliance is ensured in relation to the rights and obligations that arise from an employment contract according to the legislation in force in each destination.

08

Protect Quality of Life in Neighborhoods

- Before a permit to operate a residential property as STR is granted, the host must declare that he or she has notified the immediate neighbours (above, below and adjacent), and where applicable, the building management of the intention to engage in STR.
- Specifically, it is recommended that destination authorities dedicate sufficient resources and set up adequate mechanisms to receiving and following up on complaints relating to STR, and to sanctioning offending STR where applicable.
- Destination authorities should hold public consultations on the use of residential units for STR in order to properly inform the legislative process, and ensure that long-term residents are properly aware of the implications of zoning with regard to STR in their jurisdiction.

09

Clarify and Ensure Proper Distinction between Residential and Commercial Property

The use of residential property for STR should be monitored and controlled (through enforcement of relevant legislation and introduction of new mechanisms). Specifically, it is recommended that destination authorities should devote sufficient resources to:

- coordination with other relevant governmental authorities (e.g. housing, urban planning, citizen registration)

- concession of licences to operate according to limitations reflecting properly the nature of rental activity in each destination (e.g. maximum number of STR in a neighbourhood or building, selected neighbourhoods in which STR are permitted, selected types of housing for STR, maximum number of rental days per year, maximum number of times per year a property can be rented, maximum number of properties that a host can rent, maximum number of guests that can occupy a property).
- planned and random inspections to monitor enforcement
- periodic reviews of policy impact and implementation
- regular consultations with long-term residents
- periodic impact assessments of STR and visitor flows in their jurisdictions in light of STR as a commercial activity
- the control the use of publicly-funded social housing for STR
- the control of the operation of multi-unit rentals and ‘illegal hotels’

10

Control the Dispersal of Short-Term Private Accommodation Rentals

- Specifically, it is recommended that destination authorities update legislation so as to ensure that spaces rented through STR are rented solely by the owner of that space or at least with the consent of the owner, provided that the availability of affordable housing is protected. Systems used for the registration of spaces to be rented through STR should be sufficiently integrated with systems used for the registration of citizens and building use, so as to allow for the efficient monitoring and enforcement of regulations resulting from this recommendation.
- Where a listing contravenes local legislation (for example, by not being properly registered, or through not meeting local criteria for STR), P2P platforms should act first to remove the offending listing.
- Where hosts rent spaces through STR that are in clear contravention of local regulations, P2P platforms should adhere to a duty of care not to allow offenders to continue to list their space and process bookings, by removing the listing and suspending existing bookings. P2P platforms should also facilitate data that would allow for the proper identification and prosecution of hosts who operate STR in contravention of the law.
- Where hosts rent spaces through STR, properties should not be rented to visitors for more than 60 days per year.

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