Short-term rental: upcoming rules and existing trends

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The tourism sector has boomed since the 1990s, not least because of the digital revolution. Meanwhile, the EU is looking into a legal framework to regulate how online platforms should operate in this growing market.

Travel platforms like Airbnb and Booking have democratised the rental offer for millions of consumers and opened up the market for thousands of hosts. At the same time, tourist hubs like Barcelona and Amsterdam have experienced the ‘touristification’ of their urban centres and a drop in the offer of long-term housing.

When municipalities tried to manage the phenomenon, their enforcement of the local rules was crippled by the lack of access to data. In turn, tech companies are limited in the personal data that they can share and challenge disproportionate data collection requests.

In this complex scenario, the EU is called to strike a delicate balance between economic opportunities and sustainability, transparency and data protection, legal certainty and the need to adapt the rules to the local realities.

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The European Commission’s proposal to regulate the short-term rental market, dominated by travel platforms like Booking and Airbnb, has seen repeated delays and is subject to a number of hurdles EU policymakers will have to solve.

Initially expected in June 2022, the proposal was pushed to October, which will likely be pushed further to mid-November. The public consultation received almost 5,700 replies, a sign of great attention towards the proposal.

In July, a coalition of MEPs, mainly from the centre-left, and several European cities wrote to the Commission to reinstate the urgency of regulatory action at the EU level following the uncertainty surrounding the proposal.

“The Commission is currently working on a specific legislative proposal to further increase transparency in the short-term accommodation rental sector, as part of its efforts to promote a balanced tourism ecosystem,” reads the Commission’s reply, dated 15 September.

**Costs and benefits**

“The expansive growth of short-term holiday rental in cities and popular tourist destinations is extracting housing from the market, driving up prices and has a negative impact on the liveability of European cities,” Kim van Sparrentak, the lawmaker who initiated the letter, told EURACTIV.

In turn, the travel platforms point out that they have brought...
substantial economic benefits to cities by contributing to the booming tourism industry twofold. Property owners can access a global customer base at low transaction costs, while consumers can easily search and compare accommodation options, they argue.

The letter was co-signed by some members of the European Cities Alliance for short-term rentals, including the mayors of Paris, Budapest, Amsterdam, Florence, Brussels and Barcelona.

For the administrators of these tourist hotspots, the rise and high profitability of short-term rentals led to the ‘touristification’ of cities, a phenomenon that deprives traditional neighbourhoods of their character and undercuts the offer for long-term rentals.

By contrast, platforms like Airbnb note that, since the COVID pandemic, they are seeing a trend of tourism flows moving away from city centres also thanks to the longer-term stay of remote workers, with the economic benefits dispersing to less populated areas.

**Transparency**

Where cities have introduced rules in this market, for instance, limiting the number of days an apartment can be rented, the local authorities contend that they lack access to the relevant information to enforce the rules, such as the number of nights leased.

Therefore, they invested in either checking rental data via alternative means or investigating suspected illegal rental activity. Barcelona currently employs 70 people on such tasks.

On the other hand, tech companies stress that they already provide aggregate data to the EU’s statistical agency EUROSTAT. Still, at this level, assessing things like the occupancy rate is impossible since many hosts list their offers across different platforms. Personal data is needed for a more accurate assessment, which requires precise safeguards.

There have been cases where local authorities have requested bulk data to spot illicit behaviour. In 2019, a German state court dismissed a request from Munich, considering a generalised disclosure as disproportionate and that individual cases must be strongly motivated.

“Airbnb shares data with governments and tax authorities across Europe, including France, Greece and Spain,” said Georgina Browes, head of EU affairs at Airbnb. “Our EU Host Action plan includes proposals for a centrally managed EU database to report Host activity to member states.”

The expectation is that the legislation will introduce a mandatory data-sharing system meant to bring legal clarity on what type of data might be requested and on what legal basis.

**Localisation vs harmonisation**

For the travel platforms, the tourism sector could benefit from streamlining the local rules, which have become increasingly complex and fragmented, even within the same country, putting on them the task of policing the market and jeopardising legal certainty.

“The new rules should leave enough flexibility to local authorities to keep measures specific to the territory's needs, for instance, regarding the functioning of the registration schemes already in place,” said Federica Bordelot, a senior policy advisor at Eurocities, a network of cities.

In the Cali apartments case, the European Court of Justice ruled that local authorities can intervene in the housing market to prevent long-term housing shortages following proportionality and necessity principles.

In the upcoming proposal, the Commission is called to define how these principles should be operationalised and within which framework the local authorities can operate.

**Peers or corporate hosts**

The platforms emphasise that the short-term rental market allows people with a spare room or apartment to secure extra income. Therefore, they push for a distinction between peer-to-peer and professional renters.

“The distinction between peers and professional users is irrelevant for cities. Regulations on short-term rental should help to protect the public interest and have to be respected regardless of the nature of the host. The distinction is also very difficult to prove in practice,” Eurocities’ Bordelot added.

Moreover, the cities argue that most of the offers from the market come from companies and investors with large portfolios. In contrast, the tech platforms stress that the excessive red tape is pushing amateur hosts out of the market.
EU’s rulebook on short-term rentals puts evidence-based policymaking to the test

By Théo Bourgery-Gonse | euractiv.com

Languages: Français | Deutsch | Czech | Spanish

As an upcoming EU regulation seeks to set a legal framework for tourist accommodation despite minimal data existing for the sector, EURACTIV examines how city officials and short-term rental hosts will be affected.

In Europe, the relationship between local regulators and the hosts of short-term rental (STR) accommodations has not always been easy.

On the one hand, cities have long been concerned that the more STRs, the higher prices are driven, ultimately depriving the housing market of available accommodations. On the other, travel platforms and hosts complain that local rules are fragmented and complex to navigate.

On 7 November, the Commission presented new rules to define harmonised data-sharing conditions and registration obligations for accommodation hosts. However, there is little information available on whom the new regulation will affect.

“Cities have been struggling with the enormous growth of short-term rentals [across the EU],” Federica Bordelot, a senior policy advisor at Eurocities, a network of over 200 cities across 38 countries, told EURACTIV.

“Tourism is an important source of income and employment. However, it is important to ensure sustainable housing and to protect
the liveability of city centres,” Bordelot added.

According to the European Commission, around 25% of all tourist accommodations in the EU come from short-term rentals, with a 138% increase in the first half of 2022.

Cities have so far taken it into their own hands to curb the growth, often through registration schemes and clear restrictions as to the length and nature of the rental.

Amsterdam, for example, drew a clear distinction between bed and breakfast (B&B) type rentals, in which no more than 40% of the entire accommodation can be rented out, and full accommodation rental, which cannot go over 30 days a year and requires compulsory registration with city services.

This approach was shared with Barcelona, for which short-term “tourist households” must be registered for no more than 31 days every year and be granted an official licence.

In a unique EU move, Barcelona also banned the rental of private rooms: “it’s such a tricky market to regulate that, from now on, we have to stop [private room rentals],” city deputy mayor Janet Sanz told the New York Times last year.

Disproportionate and burdensome

Host associations, however, criticised existing regulations for lacking harmonisation and, more often than not, being too burdensome.

“No (or low level of) understanding of the STR ecosystem leads to stricter, unjustified, disproportionate and discriminative rules”, said Viktorija Molnar, interim secretary general of the industry organisation European Holiday Home Association (EHHA), noting that these measures were established despite the positive impacts on local economic life.

This view was shared by Maarten Bruinsma, a B&B owner at the heart of Amsterdam and president of the Amsterdam Gastvrij STR host association, who told EURACTIV that city measures had become “disproportionate”.

In a letter sent to Commissioner Breton, Bruinsma argued that the professional hospitality sector, bar peer-to-peer hosting, was responsible for 90% of the 20 million tourist nights Amsterdam had in 2019.

According to the letter, the current city administration has found a scapegoat in the peer-to-peer STR sector to respond to societal demands to preserve city centres.

No rules, no data

In its action plan from last year, Airbnb estimated that, out of the 1.34 million EU Airbnb hosts, 1 million only rent one listing – making the experience more authentic than hotels and professionals otherwise would.

By contrast, in a letter penned by the European Cities Alliance to Breton and Commissioner Margrethe Vestager, mayors of municipalities like Amsterdam and Barcelona argued that the original peer-to-peer renting has become marginal because companies with an extensive portfolio own the majority of listings.

Still, an objective assessment of the market trends remains challenging. “We simply do not have the data,” Eurocities’ Bordelot admitted.

“Since hosts will often advertise their rentals on multiple platforms to increase their visibility, using the simple sum of listings across the four platforms files would certainly be a significant overestimation”, the EU statistic body EUROSTAT explained to EURACTIV.

So far, the only way to solve the multi-listing problem was to combine personal data, which tech platforms were prevented from sharing based on the EU’s strict data protection rules.

The Commission’s solution was found to streamline and make a registration process mandatory for hosts, which would result in a unique registration number and several reporting situations from the hosts’ side.

As the proposal moves forward, the EU appears set to only find out if its rules will be fit to regulate once they are already in place.
Travel platforms want to move away from tourist areas in search for sustainability

By Luca Bertuzzi and Théo Bourgery-Gonse | euractiv.com

Languages: Français | Deutsch | Spanish

As the European Commission and local authorities seek to manage over-tourism in populous European cities, short-term rental tech platforms are encouraging stays in more remote and rural areas.

The growth of travel platforms like Booking.com, Airbnb and Expedia has been a source of much debate.

On the one hand, online platforms have been seen as leading to significant economic advantages in reducing transaction costs, allowing for more efficient resource allocation, and providing reliable information and real-time prices aligned with market conditions.

On the other, the boom of short-term rentals driven by these platforms has accelerated gentrification in key urban areas. Evidence also shows that increasing the share of lettings like Airbnb in an area drives up long-term rents.

“You have to find a balance for the city. You want a city where you have the Airbnbs. But you also want to have the people that live in the city. That’s something socially very important,” Carlos Moedas, mayor of Lisbon, said at the Web Summit last month.

Tourism sustainability

Short-term rentals are often blamed for the ‘touristification’ of the centres of cities such as Amsterdam, Barcelona and Venice, with serious implications for the local communities and the environment, leading to local authorities regulating tourism entries.
Sharing the stage with Moedas was Nathan Blecharczyk, co-founder and Chief Strategy Officer at Airbnb, who acknowledged that too much tourism in a too small place could be overwhelming.

“And yet, how do we disperse that?” he asked.

In response, Airbnb has redesigned its travel search, moving from a configuration in which it asks people first and foremost where it wants to go, to one where the search relates to categories based on a particular experience.

In 2021, the company launched a ‘flexible’ search, with the view of moving the tourist flows away from the usual ‘hotspots’, to prevent them from overheating. According to an Airbnb report, in 2019, the top 10 most visited cities on Airbnb in the EU accounted for 20% of all trips to Europe, a figure that dropped to 14% in 2022.

Similarly, Airbnb states that a trend that started during the pandemic – namely stays in rural areas – is increasingly popular, growing by 55% in the last three years. The report found that the supply is adjusting to this new demand, with a growing number of Airbnbs in ‘national parks’, ‘Farm Stays’, or similar.

For Blecharczyk, these figures are “a reminder of how powerful platforms are to shape consumer behaviour.”

**Industry trend**

The European Travel Commission (ETC), a Brussels-based trade association, found that while Europe's most popular destination countries have already bounced back and surpassed pre-pandemic levels, “this demand is still leaning towards non-urban short-term rentals, which have gained a market share of approximately 10% over the course of the pandemic.”

The study indicates that vacation rental reservations for urban areas dropped from 66% in January 2019 to 52% in September 2022, whilst reservations for rural areas have gone from 23% to 31% in the same time period.

“What we found is an emerging consensus among travellers on wanting to avoid busy and over-visited destinations,” wrote Booking’s chief lobbyist, Peter Lochbihler in an op-ed, stressing that over a quarter of its users chose to travel to a less popular destination in the last year.

A report sponsored by Booking.com last year, found that online platforms allow tourists to access more rural areas in a way that hotels simply cannot and are best placed to respond to this growing demand.

In 2021, the Expedia Group published data indicating that the most searched regions in France post-COVID-19 are highly rural areas in the south of the country, with two-thirds of French families looking for non-urban holiday destinations.

**Managing change**

Cities are also playing their parts in supporting a shift of short-term rentals away from city centres.

For instance, Barcelona put together a Special Tourist Accommodation Plan (PEUAT) to strictly “control the setting up of tourist accommodation in the city and guaranteeing residents’ basic rights”, according to city services.

“People want to travel again, discover new places and cultural heritage, but the pandemic has changed models of tourism towards destinations that are nearer and less massified,” said Alfonso Rueda Valenzuela, President of the Galicia region at a conference on sustainable tourism in June.

In 2021, the European Parliament also adopted an own-initiative report for an EU strategy for sustainable tourism, which “highlights that the COVID-19 pandemic has led to a shift in the nature of travellers’ demands towards safe, clean and more sustainable tourism.”

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The parliamentary resolution invited the European Commission to operationalise the European Tourism Indicators System, a tool to provide governments with real-time data on tourism destinations to monitor tourism’s economic, social and environmental impact.

The system also seeks to bring legal certainty through the shareability of short-term rental data from the platform to empower local authorities to regulate the harmful impacts of over-tourism.

“To act wisely, short-term public and private entities need quantitative and qualitative metric data”, MEP Claudia Monteiro de Aguiar told EURACTIV.
T
e the EU Commission’s recent proposal on short-term rentals (STRs), which hones in on transparency measures and streamlines registration processes, is a step in the right direction as comprehensive data is essential to better regulate the sector, Cláudia Monteiro de Aguiar MEP told EURACTIV.Text

Cláudia Monteiro de Aguiar is a centre-right Portuguese MEP and member of the Committee for Transports and Tourism. She was the rapporteur on an “EU strategy for sustainable tourism” in 2021.

Like it or not, short-term rental platforms like Airbnb and Booking are here to stay, Monteiro de Aguiar stressed, noting how peer-to-peer rental accommodations have become a significant ‘segment’ of the tourism industry.

For the lawmaker, these platforms have brought economic benefits to both cities and rural areas. “It helps disseminate economic gains across country regions” while creating more sustainable and responsible tourism, she explained.
However, something is missing from the picture – data. The MEP says access to data to back policy-making is badly needed in tourism, especially regarding short-term rentals, resulting in local authorities taking disproportionate measures.

At the same time, information is lacking on the social, economic and environmental impacts of Airbnb-like rental accommodations.

**Everybody wants more data**

The lack of data is becoming a pressing issue for managing such a booming sector. According to the Commission, 25% of all tourist accommodations in the EU come from Booking and the likes, with a 138% increase in the first half of 2022.

Yet there is no clear, EU-wide understanding of who owns listings, whether the same apartments are available on more than one online platform and the extent to which city services have access to this data in the first place.

“Legal certainty and transparency were at the heart of all stakeholders’ demands, be they hosts, property managers, big and small online platforms, the hospitality sector or regulators,” Monteiro de Aguiar told EURACTIV.

As all players involved recognise the value of evidence-based public policies, the Commission’s proposal on data collection and sharing relating to short-term accommodation rental services has been widely welcomed as a necessary tool to harmonise practices across the bloc.

The regulation will lay out a common approach to registration procedures, upon which a single and unique registration number would be granted to hosts and accommodations to ensure greater transparency and traceability.

Tech platforms will also be expected to automatically transmit data about their hosts onto a national single entry point every month. This new digital gateway will enable platforms to share information automatically, facilitating checks against avoiding illicit rentals.

**No panacea**

In Monteiro de Aguiar’s eyes, it is a good first step, though it is no panacea. She argues the complexity and variety of local rules are not fully addressed. Furthermore, she claims the full force of this regulation can only work if other, already-adopted files are implemented efficiently across the Union.

For the Portuguese lawmaker, this is particularly true for the Digital Services Act (DSA), of which the STR proposal functions almost as an add-on.

“Member states’ authorities need to follow the rules accordingly, and when they do not follow, the Commission shall pursue infringement proceedings without delay,” she said.

The MEP also thinks the current proposal could be improved to avoid creating a data-sharing burden on all players involved. As it stands, the text risks adding new layers of technical complexity, she says.

**Professional or authentic**

Another question the EU proposal is meant to clarify is the so-called ‘professionalisation’ of the short-term rental sector.

In a letter, penned by the European Cities Alliance to Commissioners Thierry Breton and Margrethe Vestager in July 2022, mayors of municipalities like Amsterdam and Barcelona argued that the original peer-to-peer renting has become marginal because companies with an extensive portfolio own the majority of listings.

“The Commission estimates that 87% of the hosts are peers and 13% are professional hosts,” Monteiro de Aguiar said, adding that the fact some owners are turning this gig into a profession is no surprise to her – it is just the way the market operates.

Albeit a small minority, cities stress that these ‘hyper-hosts’ count for the majority of the existing listings. In other words, data on multi-listings at the EU level remains necessary to get a better picture of the sector as a whole.

Last year, Monteiro de Aguiar called for a common European data space for Tourism to “provide the EU and Member States with a factual overview with data, enabling them to devise informed strategies based”.

The European Parliament’s Committee on Transport and Tourism, tasked to provide an opinion on the proposal is due to start negotiations soon. However, political diverges have already started to emerge across the aisle.

“Some political groups and MEPs are trying to diminish the importance of short-term rentals on the entire tourism ecosystem, which in my view is a profound mistake,” Monteiro de Aguiar concluded.
The EU has just adopted proposals for new rules to tackle some of the greatest questions associated with the growth of Airbnb and short-term rentals in Europe. What does an effective EU framework for regulating this industry look like? How do governments and industry work together to make hosting accessible while clamping down on speculators and overtourism? Can there be a harmonized, bloc-wide approach to regulation that empowers local authorities to enforce their rules? Can tourism continue to grow and be sustainable?

Nathan Blecharczyk is one of Airbnb’s Co-Founders and is Chief Strategy Officer

We believe the proposals put forward by the EU Commission last week are a big step towards answering some of these challenges.

Airbnb began as a solution to a challenge – how regular people could afford their rent. Around 14 years ago, as I and my fellow Airbnb co-founders looked at ideas for how we could pay our rent, we blew-up airbeds, welcomed three guests and Airbnb was born. Jump forward to today and millions of Hosts across the world are doing the same; using their homes – typically their greatest expense – to boost their income and help make ends meet.

As the cost of living continues to rise across Europe, additional income has never been more important.

The EU is home to over 1 million Hosts on Airbnb – more than any other region in the world – and nearly
three-quarters of them share just one home. The typical Host earned just over €3,000 last year – equivalent to two months of additional pay for the median EU household – and 40% say the additional income helps them afford rising living costs (based on a survey of over 36,000 Hosts and nearly 38,000 guests booked between June 1, 2021 and Dec. 31, 2021 and surveyed between February 17, 2022 and March 31, 2022, with a margin of error under 2%).

As Airbnb has grown, we have partnered with policymakers to collaborate on rules that help Hosts share their homes, follow local rules, and pay taxes. We have learned that we need to prioritize our relationships with governments as much as with Hosts and guests. While we are proud of the progress we have made together – including in places like France, Greece, and the Netherlands – we can always do more.

Today, as hosting continues to be an economic lifeline for families across the EU, we are focused on a new challenge; how Airbnb can be part of the solution to challenges associated with the popularity and growth of tourism in Europe.

We have repeatedly observed that when traveling guests stay in local homes, tourism is more dispersed and benefits more communities beyond busy hotels and tourist hot spots. As an engineer, I’m always looking at tech-driven solutions to Europe’s tourism challenges that we can build into our product and ingrain in Airbnb’s DNA as we move forward. Over the last few years, we have introduced a number of tools, which hit significant milestones this month.

The City Portal – a custom-built platform for governments to access data, information, and enforcement tools on Airbnb – has now been adopted by more than 300 cities and tourism authorities globally, including more than 170 in Europe. Our work to help local authorities collect and remit tourist taxes on behalf of Hosts has seen more than $6 billion collected and remitted globally, including $573 million (€511 million) in the EU. And we are now providing free noise detectors to Hosts in 60 countries to support our fight against noise and nuisance, which in a recent pilot helped Hosts and guests resolve 100 percent of noise alerts between them within 20 minutes of detection.

Also this month, Airbnb shared a new analysis on how new flexible search tools are diverting bookings away from Europe’s most saturated tourist hotspots and peak travel dates in support of more sustainable travel trends. We don’t claim to have all the answers, but we will keep innovating and want to move forward in partnership with communities to secure outcomes that benefit everyone.

In this spirit, we are encouraged by proposals for bloc-wide rules for short-term rentals adopted by the EU Commission last week. Under the proposals, those authorities who have introduced clear and simple registration processes will have better access to data via a harmonized data-sharing framework, enabling them to write smart and evidence-based local rules.

The proposals are the latest step towards clearer rules and better ways of working between industry and authorities across the EU. For example, Airbnb already shares data on short-term rental activity via our partnership with Eurostat, and we are preparing to comply with the common tax reporting framework for digital platforms, known as DAC 7.

Crucially, the EU’s proposed rules also give hope to everyday Europeans who are excluded from the benefits of hosting due to fragmented and disproportionate local rules, which were often designed with large-scale tourism operators in mind and undermine the single market. The intention is that more data should ultimately lead to clearer, fairer, and more proportionate regulations across the EU.

It is important to stress that the EU’s proposals are a starting point and there is a lot of detail to develop still. We also know from our collaborations with governments and product innovations to date that this work is highly complex and not merely a matter of flicking a switch.

What is clear is that the EU’s proposals provide a landmark moment for everyone to move forward and tackle questions about the sustainability of tourism in Europe together.

We believe these proposals provide a framework for Airbnb to scale our collaborations with governments and make it easier for everyday Europeans to share their homes and follow the rules. We have long supported the EU’s work on new short-term rental rules. By taking a more harmonized approach to regulation, industry and governments can collaborate to improve access to data, boost transparency and address disproportionate local rules that prevent European families from sharing their homes to boost their income and undermine the single market.

We are excited about the future and want to move forward and build on this opportunity in collaboration with governments, communities, and industries across the EU to develop rules that truly benefit everyone.