
HOTREC

Position Paper on EU-wide Regulation of Short-term Rentals (Full Report)



Position Paper on EU-wide Regulation of Short-term Rentals

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01. Foreword

HOTREC first addressed the issue of regulating Short-Term Rentals (STR) in a [2014 position paper](#) on what was known at the time as the ‘emerging shadow economy’, underlining the pressing need to establish a level playing field across the tourism accommodation services sector for the good of consumers, residents, local communities and the tourism sector. The risks we underlined back then are all the more relevant today: unfair competition, consumer exposure to safety hazards and unreported tax income, among other things, remain outstanding issues. The rapid growth of STR services has put pressure on local residents’ access to affordable housing and threatens the liveability of districts which are there for people to live, work and enjoy.

Eight years on, we are reaching a critical moment for developing the appropriate regulatory framework for STR services. We believe that it requires close coordination and an integrated structure where a common EU framework for registration and data sharing supports the establishment of the required measures at the local, regional and national levels, in line with the subsidiarity principle. It also needs to build upon the recently adopted Digital Services Act which has set out fundamental principles for the platform economy.

We have produced this report to provide everyone involved in the STR regulatory discussion – from Mayors to Members of the European Parliament, from national ministries to the European Commission, and crucially, for our Members – with a vision of how to address the complexity of establishing a multi-tiered regulatory framework.

In this report, we look back at how this regulatory debate has emerged and evolved to draw the lessons learned so far. We look ahead at how the current policy consensus about the need to set appropriate rules for short-term rentals can be translated

into effective measures. We provide clear recommendations addressing how the foreseen EU Regulation can provide common solutions to the challenges faced at the local level and support a level playing field in the tourism accommodation sector.

It has often been said that establishing a level playing field between largely unregulated short-term rental accommodation and the strictly regulated tourism accommodation sector can be solved by new laws and rules. While this is true – there is a clear regulatory gap for short-term rentals which needs to be filled - it overlooks another important side of the discussion.

There is a need to remind that the level playing field can also be achieved by awarding regulated accommodation more flexibility and lesser regulatory burden, as the huge difference in meeting the service provision obligations of, for example, a hotel or a building dedicated to STR in its entirety, gives the latter a huge competitive advantage over the former.

Regulated accommodation has to comply with labour, tax, environmental, intellectual property, safety, health, food and many other obligations. This, in the end, creates great barriers to entry and exit, not sought by the sector, undermining flexibility and which leads them to comply with heavy regulation while competing service providers do not.

Ultimately, the regulated and unregulated are looking for a guest in the market, the one who is willing to stay out of his own place. As the tourism sector emerges and recovers from the damage it sustained during the Covid-19 pandemic, we need to update the set of rules applicable to accommodation service providers, in line with the needs of stakeholders, destinations and their residents, to ensure that the environment they operate in is fair, transparent, competitive and sustainable.

Jens Zimmer Christensen
HOTREC President

Marie Audren
HOTREC Director General

Ramón Estalella
Chair of the HOTREC Short-Term Rentals working group

02.

HOTREC Position Paper on EU-wide Regulation of Short-term Rentals

HOTREC welcomes the European [Commission's intention to put forward a proposal for a Regulation on Short-term Rental \(STR\) Services](#). HOTREC calls for an EU-wide framework that introduces clear and consistent obligations for STR platforms and hosts and which enables effective oversight of STR activities by local and national authorities.

Over [half a billion STR accommodation nights were booked via online platforms in 2019](#), counting for over 23% of the tourist accommodation sector. While 15 years ago, STR activities represented a marginal proportion of holiday stays, STR has since then become a genuine industry, growing very rapidly and becoming a mainstay of the tourism and travel ecosystem. Unlike other tourism services, however, **the activities of STR hosts remain to a large extent unregulated or underregulated.**

We see the tremendous growth of the STR industry as a global phenomenon, driven by platform-driven search and booking websites which have greatly facilitated the growth of offer and demand, appealing to consumers of all backgrounds and nationalities, and offering possibilities for types of property owners to generate income. As major facilitators and developers of STR services, we believe that platforms should also play a key role in supporting regulatory compliance by STR hosts.

The **Digital Services Act** represents a major step forward: the principle of 'what is illegal offline is illegal online' is now backed by effective legislation which will facilitate the take-down of illegal offers of products and services circulated by online intermediary platforms. The **'Know Your Business Customer'** principle offers a basic framework to support a more robust registration system for STR hosts supported by platform verification. However, as a horizontal regulatory instrument designed for a highly diverse platform environment, the Digital Services Act falls short of fully addressing the regulatory complexity and specificity of STR activities. It seems appropriate to develop a **specific instrument at the EU level that addresses the complex and diverse regulatory questions presented by the STR industry.**

The concerns of public authorities, municipalities, local residents and other tourism accommodation providers, who compete to attract visitors and guests, must be central to decision-makers' considerations.

Effective, proportionate and fair rules for STR services are essential to bring the industry in line with fellow tourism service providers and ensure that the industry is effectively contributing to the 'real' economy, supporting the rebirth of European tourism in the aftermath of the Covid pandemic.

A key concern for the European hospitality sector is the pressing need to level the playing field. All tourism accommodation providers are competing to attract guests and offer them a place to stay away from home. We wish to take this opportunity to draw attention to the heavy regulatory burden affecting hotels as well as other forms of tourism accommodation services.

There is a multitude of requirements covering labour, taxation, environmental, intellectual property, safety, health, security, food, statistical reporting and data-sharing,, and many other obligations. This affects current consumer choices based on price but also creates disincentives to invest in the regulated accommodation services, creates great barriers to market entry and exit, and affects businesses' agility and capacity to adapt. There is a case to address the regulatory imbalance by striving to lift the burden faced by so-called 'traditional' tourism accommodation service providers, as much as there is a case to set out a durable, predictable and appropriate regulatory framework for STR services.



The concerns of public authorities, municipalities, local residents and other tourism accommodation providers, who compete to attract visitors and guests, must be central to decision-makers' considerations.

We believe that any EU Regulatory Initiative on the short-term rental industry should be guided by the following objectives:

- **Introduce a robust and efficient EU-wide registration system** that supports oversight by public authorities, facilitates compliance by hosts, and aligns with data held by platforms.
- **Outline clear and comprehensive data-sharing requirements** in line with the GDPR for hosts and platforms to ensure effective regulatory compliance and the development of statistics.
- Give municipalities **flexibility on fixing market access rules** while clarifying how such rules comply with the requirements of the Services Directive.
- **Support the collection of due taxes** by sharing all relevant data with national fiscal authorities and ensuring that hosts are fully informed about reporting requirements.
- **Ensure the safety and security of guests and employees** by applying comparable standards as those upheld by regulated tourism service providers and facilitate enforcement at the local level.

Why?

- **TO ENSURE A LEVEL PLAYING FIELD WITH OTHER TOURISM ACCOMMODATION SERVICE PROVIDERS:**

Hotels, as well as campsites, bed and breakfasts and rural accommodation services follow strict regulatory requirements established at various levels of governance. These rules ensure, among other things, that tourism activities can be overseen and measured, that taxes are collected, and that facilities are safe, secure and clean for tourists.
- **TO ENSURE THAT STR DEVELOPMENT DOES NOT UNDERMINE ACCESS TO AFFORDABLE HOUSING FOR RESIDENTS:**

Offering an accommodation unit as an STR service can be much more lucrative than placing this accommodation unit on the regular housing market. This has led to a reduction in the overall housing offer in major European cities, and to a rising demand. This situation sustains speculation in the property market, leads to a rise in prices for both buying or renting accommodation, and undermines access to affordable housing for people who wish to study, work and live in cities.
- **TO PROTECT THE QUALITY OF LIFE IN NEIGHBOURHOODS:**

Nuisance behaviour (e.g. inappropriate/immoral behaviour, noise, incorrect disposal of waste, etc.) jeopardizes the quality of life in neighbourhoods. 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 a whole unit or multiple STR units 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.
- **TO ENSURE THAT STR SERVICES EFFECTIVELY CONTRIBUTE TO THE LOCAL ECONOMY:**

The contribution of STR to jobs and outsourced activities for SMEs is marginal, especially when compared to traditional accommodation service providers. Where STR hosts do create jobs and outsource activities, they will typically be providing a 'professional service' which is particularly unfairly underregulated compared to the traditional accommodation services.
- **TO ENABLE A RESPONSIBLE AND SUSTAINABLE DEVELOPMENT OF STR HOSTING ACTIVITIES AND SUPPORT ITS CONTRIBUTION TO THE RECOVERY OF EU TOURISM:**

Despite the disastrous impact of the Covid-19 pandemic on European tourism, Europe is and can remain the world's number one tourist destination. Regulated STR activities means that activities are measured, overseen and managed in such a way that they effectively contribute to economic development, public finances and lively tourist destinations rather than create the negative side-effects outlined above as well as frustration among local residents towards tourists.

Mandatory requirements to be set at EU level

Host registration and data sharing

We believe that any EU Regulation must first and foremost look at the common challenges faced by regulators across the EU: properties and hosts can be difficult and sometimes impossible to clearly locate and identify, authorities lack knowledge about the capacity and periodicity of rentals, the number nights per stay, and the number of visitors per property.

EU action would only have genuine added value if it were to establish a mandatory host registration system and mandatory data-sharing obligations. STR platforms have all the necessary data at their disposal and must be required to share all relevant data to verify and where necessary complete information provided by hosts. The establishment of a single registration number for each property and host should facilitate checks and validations where an STR listing is being advertised across several different STR platforms.

A well-designed registration process should support ‘compliance by design’ as much as possible: it offers a unique moment to collect a significant portion of required data, inform the host of his or her regulatory responsibilities, carry out necessary inspections, and filter out STR offers which do not meet regulatory requirements from the onset.



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The host registration process:

- Mandatory EU-wide registration requirement for all STR hosts and any kind of property unit offered for STR services – irrespective of whether the host owns or rents the STR property and of whether the host qualifies as a peer or as a professional.
- EU can provide a template for registration requirements and modalities to support the uptake of registration schemes but give local authorities flexibility, in particular to protect existing registration schemes that work well.
- The registration process in itself is an opportunity for authorities to inform the STR host of existing regulatory requirements – whether these are EU, national or local, to help hosts comply and respond to any questions regarding compliance.
- If an on-site inspection of the property is required by local or national rules, it should be carried out as part of the registration process. This should not preclude regular on-site inspections if required by national and local authorities.
- Via the registration process, it should be possible for authorities to refuse registration for activities which clearly do not meet legal requirements from the onset (e.g. STR offered by a tenant of social publicly-owned housing, which is illegal in several European cities).
- The registration process should be as straightforward as possible.
- It should be possible for authorities to verify that the data provided by the host is aligned with the data about the host held by the platform(s) on which the STR listing is (are) made available.
- Establishment of a registration number for registered STR hosts and properties which can be used across different STR platforms.

Data to be provided regularly by hosts to authorities:

- Identification of the owner of the establishment.
- Identification and exact location of STR premise, with number of beds and facilities.
- Periodicity of rentals: number of nights per visit and the total number of nights the premise is rented out (irrespective of through which platform the STR was booked).
- Number of visitors per night.
- Revenue generated by the host from STR activities (for tax collection purposes).

Key data to be verified by platforms to ensure compliance:

- Advertisement on new STR offer via the platform: verification of host and property registration number against an existing database.
No registration number = no listing on the platform.
- Number of nights for which a given STR offer has been 'available' on the platform.
- Total number of nights and number of visitors at a given property per year.
- Revenue generated by the host via bookings made on the platform.
- If the STR host is a tenant: data on the identity of the tenant renting the STR unit and on the property owner.

Subsidiarity

Empowering local authorities to manage the development of STR services

While STR platforms operate at a global level, the effects of STR on the economy, society and wellbeing are inherently local. This situation warrants a well-considered regulatory approach in line with the principle of subsidiarity, in particular when it comes to market access conditions for STR hosts.

Municipalities, and those the most heavily affected by STR – to such an extent that their growth significantly impacts the real estate market – have stepped up efforts to manage the growth of STR when their negative side-effects became greater than their perceived benefits. Nightly thresholds, rules regarding property zoning and types of residence, and consultations with neighbours need to be tailored to local reality and the needs of local residents.



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Types of local market access measures

- Threshold on the number of nights per year a given STR accommodation unit may be rented out.
- Ban on offering STR accommodation to tenants of publicly-owned buildings.
- Consultation of neighbours, building manager (e.g. in apartment blocks), and property owner (where STR unit is made available by a tenant).
- Ban on the provision of ‘professional’ STR services including daily cleaning, provision of catering services, among others.
- Hosts must be present on STR rental premises (or a limited number of nights on which STR unit can be rented out with hosts absent).
- STR unit must belong to the primary residence.
- Establishment of fines for non-compliance by hosts.

The list above represents examples of measures which have been taken by various municipalities to better manage the development of STR services and ensure balance with the realisation of key public interest objectives, such as access to affordable housing, prevention of strain on local public services, and protection of the quality of life in neighbourhoods..

The EU regulatory initiative on STR is a crucial opportunity to clarify that these types of measures are compatible with EU law, building on the [European Court of Justice’s verdict on the Cali Apartments](#) case; it should be clear that such measures are compatible with the Services Directive and they are proportionate to the desired objective and justified by an overriding reason relating to the public interest.

Taxation

Supporting national fiscal authorities with relevant data

Effective taxation of STR accommodation hosting activities is also essential but may present specific challenges, considering the various levels of governance at which taxes can be defined and collected.

The mandatory data-sharing requirement should also ensure that relevant fiscal authorities have the necessary knowledge at their disposal to effectively collect due taxes, whether these are taxes applicable nationally (income tax, VAT, corporate taxes) or more frequently defined and enacted at the local level (occupancy/city and other local taxes). We consider that closely linking fiscal authorities to the foreseen STR registration and data-sharing framework is not only necessary to ensure effective tax collection, but a necessary guarantee to ensure compliance with rules.

The agreement by the EU Member States on [a common tax reporting framework for digital platforms \(known as DAC 7\)](#) must be transposed by 31 December 2022. This framework recognises the pivotal role of digital platforms as key facilitators for national tax authorities to detect income obtained by sellers through digital platforms and determine the relevant tax obligations. When transposing the Directive, Member States should take specific care in ensuring platforms effectively report the income earned by a given host through STR activities to tax administrations with comprehensive information necessary for correctly assessing the income tax due. The EU regulatory initiative on STR should aim to align data reporting requirements for fiscal purposes by hosts and where necessary strengthen reporting requirements for STR platforms.



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Ensuring safe and secure overnight stays for guests

Specific attention must be awarded to the health, safety and security of guests staying and employees working in STR accommodation. Unregulated rentals put the safety and security of visitors at risk. Measures should aim to reach a comparable level of health, safety and security as those which are already well-established for hotels, guesthouses and other forms of regulated tourism accommodation services. Such rules aiming to establish appropriate requirements related to building codes and safety standards should be defined and enforced via on-site inspections by relevant national and/or local authorities, as such measures are tailored to reflect local reality.

Any mandatory EU registration system for hosts should support compliance with local and/or national health and safety measures: authorities should ensure that hosts are well-informed about existing rules and, as mentioned above, on-site inspections should ideally be incorporated into the host registration process, and be followed-up by occasional checks to ensure that standards are still being upheld.

We would also draw attention to the fact that Article 45 of the Schengen Implementing Convention requires the managers of accommodation services to collect the ID / Passport of guests upon arrival for security purposes. It should be clarified that this requirement also applies to STR hosts.



Authorities should ensure that hosts are well-informed about existing rules and on-site inspections should ideally be incorporated into the host registration process, and be followed-up by occasional checks to ensure that standards are still being upheld.

Basic rules should apply to all STR hosts – peers and professionals

The policy debate surrounding the development of a regulatory instrument for STR will inevitably address the fact that some STR hosts provide accommodation services occasionally within their primary residence for some additional income – a typical example of a peer – while other hosts engage in large-scale rental operations, possibly buying an entire building block to put several accommodation units on the STR market exclusively and simultaneously. The latter operation, clearly professionalised, represents a major source of revenue and ultimately amounts to being a ‘covert and unregulated hotel’. The ‘professional’ service provider obviously has a much greater negative impact on key issues such as access to housing, neighbourly relations and competition with the regulated accommodation sector than the STR ‘peer’.

In this light, there is a case to introduce definitions which differentiate STR ‘peers’ from ‘professionals’. This said, the typical examples mentioned above represent the two easily recognisable extremities of a complex spectrum; most STR hosts would fall somewhere in between. We would take the view that focusing on making such a distinction in the context of an EU regulatory initiative on STR may turn out to be very complex and ultimately counter-productive for the overall timeliness and effectiveness of the decision-making process.

It should be noted that market access measures adopted at the local level such as thresholds on overnight stays or the number of visitors received provide the means to make a *de facto* distinction between operations attributable to ‘peers’ and those attributable to ‘professionals’.

When it comes to the EU regulatory Initiative itself, we consider that all hosts, peers and professionals should be subject to a mandatory registration scheme and data-sharing requirements. Furthermore, all STR hosts should be subject to tax reporting requirements and pay the commensurate amount of taxes, and all STR accommodation units should meet safety, security and hygiene requirements. We believe that national and local authorities should take the lead when it comes to setting stricter regulatory requirements for ‘professional’ STR hosts. We would urge them to ensure that professional STR hosts face an equivalent level of regulatory burden as other regulated tourism accommodation professionals.

03.

Milestones towards

Building a Cohesive Policy for Short-term Rental Services

The European Commission's plan to regulate STR services across the EU aims to address existing market imbalances, legal uncertainty and fragmentation.

It is a plan informed by what is currently known about the risks and challenges of uncontrolled growth in the STR sector. It also reflects how perceptions of the 'collaborative economy' and the impact of STR services have changed over the years.

Therefore, there is considerable value in understanding what has led the Commission to develop a dedicated approach to enabling responsible, fair and trusted growth in STR services. This process involves identifying a sequence of interrelated events and systematic patterns driven by the activities of leading institutions, destination authorities and online platforms.

This account of the 'STR Regulations Timeline' highlights the most important milestones from a policy point of view in the STR sector over an eight-year period (2014-2021).

It covers a range of areas including:

- **Policy initiatives at the EU-level.**
- **Market updates mainly on the evolution of online platforms.**
- **Progress on regulatory frameworks by national, regional and local authorities.**
- **Court decisions that define the scope and boundaries of regulatory frameworks.**
- **HOTREC's continuing efforts to guide member associations in their own initiatives to advocate for policy reforms in their countries, and to inform various stakeholder groups about the adverse effects of uncontrolled growth in the STR sector.**

Graph 3.1

Evolution of the Landscape of Services and Regulations for Short-term Rentals

Eight years of increasing market momentum and progress in policy responses	2014	The years of exponential growth
	2015	
	2016	The years of false promises
	2017	
	2018	The years of overtourism which alerted authorities to the need for action
	2019	
	2020	The years of building common sense on STR regulations
	2021	

3a. 2014-2021

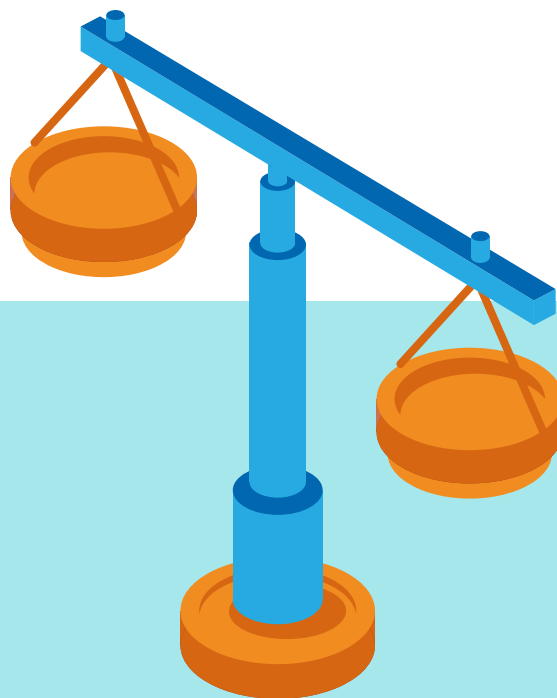
Eight years of increasing market momentum and progress in policy responses

Going back to the early days of notable growth in the STR sector across Europe, it is important to appreciate that gaining momentum is a lengthy and time-consuming process. As part of what used to be called the ‘Sharing’ Economy, STR services started to grow before 2014. However, that was the year when the adverse effects of STR services started to become much more visible in North America and Europe.

The first cases of a threshold on rental days, a comprehensive framework of regulations, a fine for listings of unregistered properties, and an impact assessment of STR services on residential housing supply were identified in France¹, Portugal², Spain³ and the US⁴ respectively. Furthermore, early in 2015, the Hellenic Chamber of Hotels was the first national organisation in Europe to develop a dedicated analysis of the relationship between the ‘sharing’ economy and tourism.⁵

In its own response, HOTREC published a position paper in October 2014⁶ and a seminal policy paper in November 2015⁷; the latter touching on the importance of ensuring a level playing field of competition across Europe in the tourism sector and addressing a series of risks for local communities and neighbourhoods. Over the last six years HOTREC has produced a wide range of resources both for internal use among the member associations as well as policy advocacy and partnership-building at the EU level.

The European Commission and the European Parliament have also taken careful steps in creating new knowledge for STR services under the theme of the collaborative economy.⁸ These vary from three Eurobarometer Surveys (in 2016, 2018 and 2021) and public consultations in 2016-2017 to a series of analytical papers on the regulatory and economic aspects of the collaborative economy (e.g. market access requirements in the STR sector and liability issues raised by collaborative economy business models), among others.⁹



The workshops discussed the European legal framework as well as policy principles and good practices for the balanced and responsible development of STR services in the EU. These include:¹⁰

- The publication of guidelines and information on the rights and obligations of accommodation providers and guests by the Member States.
- The introduction of a simple central online registration system for accommodation providers and of an authorisation scheme with a possible restriction in the number of properties authorised for STR services via online platforms.
- The introduction of a threshold (expressed in terms of a number of nights) that a property is rented out per year.
- Cooperation of online platforms with public authorities e.g. by requiring online platforms to advertise registration numbers of accommodation providers (where applicable) and by helping them apply the relevant thresholds (where applicable) as well as by requiring online platforms to share relevant data with competent authorities in line with data protection rules.
- The implementation of actions by online platforms to promote the trustworthiness of user reviews and ratings and to verify the identity of authors of reviews.

In March 2020, the Commission announced the initiative on STR services in its SME Strategy¹¹. More recently, insights from a EUROSTAT report¹², a three-month public consultation¹³ and two policy workshops in October and December 2021¹⁴ have also shaped the path towards creating STR regulations across Europe.

There are two measures in particular that the Commission will promote to “*facilitate the development of a responsible, fair and trusted single market for STRs services*”:¹⁵

01. Improving access by public authorities to data on STR services with a wide range of policy options under consideration (e.g. an EU-wide registration scheme, an EU template or guidelines on national schemes, mandatory registration schemes at the national level, data sharing obligations and transparency requirements on online platforms and public authorities, technical tools such as an application programming interface).
02. Introducing market access conditions for STR players that will help contribute toward a level playing field (e.g. ensure the proportionality of STR requirements through a differentiated policy between providers renting out occasionally, and those renting out in a more professional capacity).

At this stage, there is value in highlighting the cases of two cities that decided early on to experiment with creating space for STR services through online platforms. Back in 2014, city authorities in Amsterdam¹⁶ and Portland (Oregon, US)¹⁷ passed legislation that made it legal for city residents to occasionally rent their homes to tourists. Nevertheless, this ‘honeymoon period’ didn’t last long. By February 2015, less than 10% of all operators in Portland had applied for STR permits.¹⁸

During the past eight years, authorities in the two cities have faced various challenges:

- In June 2021, the City of Portland revealed that the Bureau of Development Services had not yet developed the software to analyse rental transaction data, although the City had reached a data-sharing agreement with Airbnb in September 2019.¹⁹
- In March 2021, a court decision overturned Amsterdam’s three-district ban on STR services; a measure the City had introduced in July 2020. The Court of Amsterdam ruled out the ban as an excessive measure that was in contrast with the rationale of the Services Directive.²⁰

3b. 2016-2017

The years of false promises

One question that gets to the root of law enforcement challenges with regard to STR services is whether the decision to introduce new services is a sign of determination to implement them.

The more destination authorities in different countries decided to deal with STR services during 2016-2017, the more online platforms gave policymakers the impression that they would be prepared to cooperate in terms of enforcing proper and balanced rules (examples include Homeaway's 'Stay Neighborly'²¹ project in February 2016 and Airbnb's 'Policy Tool Chest' in December 2016²²).

In hindsight, it appears that the platforms were merely trying to buy time in order to create a new status quo in cities and

destinations. When they found themselves under growing pressure, they were willing to introduce automatic caps on rental days in cities such as London²³, Amsterdam²⁴ and Paris.²⁵ Notwithstanding a series of pressing questions on the effectiveness of these measures in Amsterdam²⁶ and Paris²⁷, the platforms never proposed to extend the automatic cap solution to additional destinations. Instead, they have often criticised the fines that were imposed by cities for violations of night limits (e.g. in Madrid²⁸).

There were also cases where the platforms failed to release accurate data²⁹ and facilitate law enforcement; a practice that elicited reactions from both hospitality groups³⁰ and destination authorities.³¹

3c. 2017-2019

The years of overtourism which alerted authorities to the need for action

Late in 2017 and throughout 2018, references to STR services were regularly featured in studies and reports about overtourism by industry leaders including the World Travel and Tourism Council³², HOTREC³³, City Destinations Alliance (previously European Cities Marketing)³⁴, the United Nations World Tourism Organisation³⁵ and the European Parliament's Committee on Transport and Tourism.³⁶ Concerns about the quality of the visitor experience in overcrowded destinations blended with a mandate to protect the wellbeing of local communities, the authentic character of neighbourhoods and the supply of affordable housing.

For two years leading up to the coronavirus outbreak, discussions about the introduction of new STR regulations and, more importantly their enforcement, were frequently at the top of the agenda for public bodies responsible for tourism management. For some authorities, it was time to revisit and update previous rules (e.g. in Amsterdam³⁷ and France³⁸) or specify in more detail rules at the local level (e.g. in Lisbon³⁹). For others, it was more urgent to introduce comprehensive rules for the first time

and address a series of STR-related concerns raised by local politicians, citizens' groups and hospitality associations (e.g. in Ireland⁴⁰, Madrid⁴¹ and Cyprus⁴²).

Nevertheless, certain platforms seemed deliberately reluctant to face the facts as long as they were busy competing with each other and expanding market share.⁴³ While Booking.com launched a dedicated page to disseminate place-specific information about STR regulations to the operators⁴⁴, Airbnb used to argue that its own activity contributed to fighting overcrowding and reducing mass tourism concentration⁴⁵ based exclusively on its own data and reports. In December 2019, Airbnb also welcomed the ruling that defined the platform as an 'information society service', thus it did not need an estate agent's licence to operate in France.⁴⁶

3d. 2020-2021

The years of building common sense on STR regulations

While the coronavirus pandemic left tourism businesses around the globe counting the costs, it also exposed a wide range of flaws in the STR sector. For example, ambiguous cancellations and refund policies,⁴⁷ and controversy over the implementation of host support programmes⁴⁸ damaged relations between consumers, guests and the STR platforms.

Airbnb in particular was preoccupied with protecting its bottom line and reputation. After laying off 25% of its workforce, freezing hiring, and suspending marketing in May 2020⁴⁹, Airbnb managed to return to profit in November 2020⁵⁰ and register a \$100 billion valuation in its initial public offering in December 2020.⁵¹ In September 2020, it also launched its 'Airbnb City Portal'; an online source allegedly including tools and locally-specific data for partnerships with governments.⁵²

More recently, in September 2021, Airbnb claimed it had managed to establish more than 100 City Partners globally.⁵³ Nevertheless, besides the US City of Sacramento, no other substantial reference to a destination authority is included in the portal that would validate Airbnb's claims.⁵⁴

The more the platforms opted to overlook concerns about social cohesion issues, the more destination authorities seemed compelled to take decisive steps under changing circumstances. In September 2020, a decision of the European Court of Justice marked a critical moment. The court ruled that city authorities can require prior authorisation from STR operators, and that cities could regulate STR activities for overriding reasons relating to the public interest, such as the prevention of long-term rental housing shortages.⁵⁵



In the first quarter of 2020 and throughout 2021, taking advantage of the sudden slump in STR demand during successive Covid-19 lockdowns, public authorities at the national, regional and local level had an opportunity to assess what regulations did and didn't work. Enhancing the enforcement of registration systems for STR services (e.g. in Los Angeles⁵⁶, Berlin⁵⁷ and Amsterdam⁵⁸) or testing the effectiveness of neighbourhood/district measures-specific compared to city-wide regulations (e.g. in Lisbon⁵⁹ but also in Amsterdam⁶⁰ where a court decision finally overturned a three-district ban on STR services⁶¹) were among key priorities.

Several cities also orchestrated initiatives to support social housing (e.g. in Lisbon⁶², Valencia⁶³, Vienna⁶⁴ and Cornwall along with Devon⁶⁵), demonstrating the negative consequences that STR services can have on cities.

It is fair to argue these initiatives reflect the growing list of concerns raised by local communities across Europe. While 25% of EU citizens have booked STR services via platforms and cheaper prices are the key reason (63%) for doing so, only one in ten Europeans believe that the STR services do not, at the same time, involve disadvantages for destinations and communities. Based on a sample of 25.700 respondents across the 27 EU members, the Eurobarometer survey that was carried out in September-October 2021 shed light on diverse challenges related to the growth of STR services including:⁶⁶



Increase in nuisance by tourists
(cited by 45% of respondents)



Negative effect on price and availability of housing
(42%)



Concentration of tourists in certain neighbourhoods (34%)



Decrease in personal safety and security (27%)



Pressure on public services
(public transport, waste management) (25%)



Loss of amenities for residents due to tourist shops and facilities (25%)



The challenges that STR services pose for citizens' access to decent and affordable housing were also part of discussions in the European Parliament. In January 2021, 352 MEPs voted in favour of a resolution, asking the Commission and national governments to take action and recognise “access to decent and affordable housing as an enforceable human right”.⁶⁷ The resolution points out that “the expansive growth of short-term holiday rental is removing housing from the market and driving up prices, and can have a negative impact on livability in urban and tourist centres”. In these terms, MEPs call on the Commission:

- To interpret the Services Directive in line with the EU Court of Justice verdict, that establishes housing affordability and shortage of rental housing as ‘an overriding reason related to the public interest’, and therefore to give wide discretion to national and local authorities to define proportionate rules for hospitality services.
- To include in the Digital Services Act a proposal for mandatory information-sharing obligations for platforms in the STR market, in line with data protection rules, as this access to information is essential for authorities in order to ensure the availability of affordable housing.

The latter point reflects that the enforcement of STR regulations is destined to be a short-lived exercise unless the platforms are, at the same time, obliged to share information with the competent authorities. The Digital Services Act (DSA)⁶⁸, the Commission's legislative proposal to modernise the e-Commerce Directive regarding illegal content, transparent advertising, and disinformation, is expected to be implemented over the course of 2023. However, the draft DSA, as introduced in December 2020, exposed a lack of consensus between the leading platforms:

- **Airbnb has criticised proposals to extend Article 22 “to reinforce the role of platforms in checking and verifying services offered via an online marketplace”, although they often present themselves as open and flexible to add registration numbers in online listings and help destination authorities identify those properties which are not legally registered.**⁶⁹
- **Booking.com has appeared as more open to getting involved in verifying law abiding properties and eliminating illegal properties. In their response to the Commission's request for feedback, they argued that “where short term vacation rentals are subject to an authorization / registration scheme, platforms should be required to ensure that only properly registered / authorised properties are listed. This is in line with the duty of care incumbent upon platforms”. For Booking.com, besides providing authorities with the powers to order platforms to remove illegal content and share information, the DSA should also encourage the use of online databases and API-based regulations that would enable platforms to act proactively and identify illegal listings when they are first registered.**⁷⁰

Understandably, these platforms have drawn the attention of policy-makers. Together they accounted for more than four-fifths of STR services in Europe in 2021.⁷¹ Following the second EU workshop on the STR initiative in December 2021⁷², Airbnb also published the key principles of a vision for how it can work together with the EU and the Member States⁷³ including this statement: “*all players in the short-term rental (STR) space have a responsibility to be part of the solution to the challenges created by overtourism*”.

In many terms this section illustrates how the evolution of the STR market has since 2014 created a series of unprecedented challenges for countries and destinations – a series of challenges that no responsible stakeholders could afford to underestimate, never mind ignore. In terms of providing a point of reference for future studies of STR regulations, Appendices A, B and C also include timelines of market updates, policy initiatives and legislative work for STR services over an eight-year period (2014-2016, 2017-2019 and 2020-2021).

04.

The STR Sector Post Covid-19

Concerns Arise Again Over Irresponsible Practices

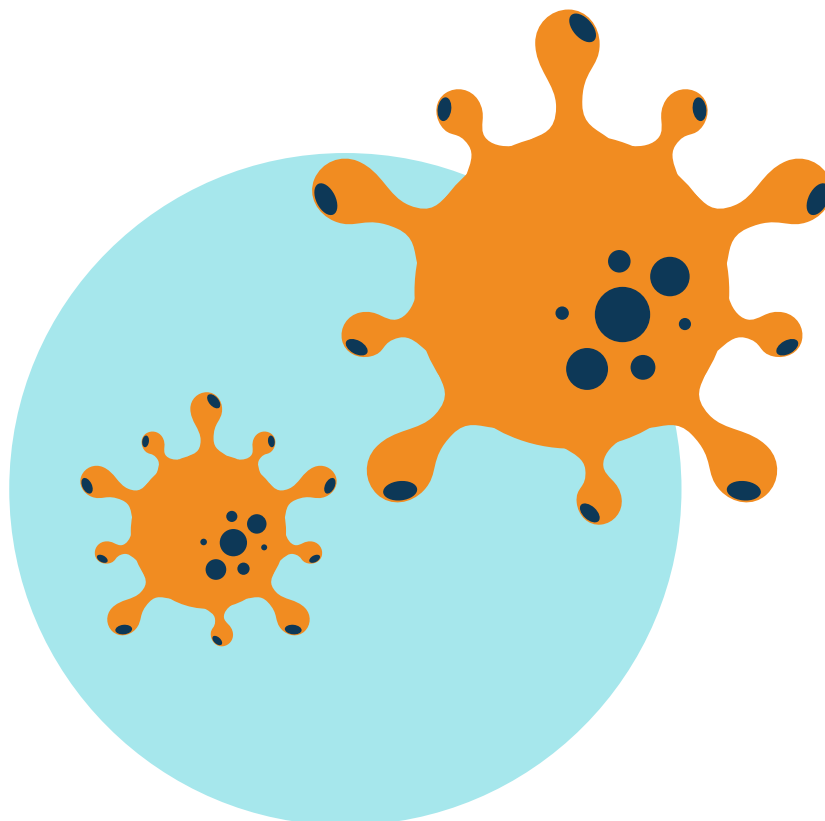
This section presents a brief shortlist of demand and supply trends that underlie the evolution of the STR sector over the last two and a half years. These trends highlight a series of factors that have recently had a transformative effect on STR services as well as a wide range of challenges that the Commission's initiative should take into account. The trends have been gathered from a variety of market trends and policy reports and are intended to capture the very nature of the STR market in the post-pandemic environment.

4a. The Pandemic was a profitable period for STR platforms despite constricted offer and demand

The first quarter of 2022 found the STR market in Europe bouncing back from the relative decline of the pandemic. In March 2022, Europe saw 6.6% more nights registered in STR services versus March 2019 and 66.9% more nights registered versus March 2021.⁷⁴ Growth was even higher in February 2021 compared to February 2019 (+20.8%).⁷⁵

Considering the geopolitical and financial challenges posed by Russia's invasion of Ukraine on the European travel industry, it is important to put this evidence in context. Steady growth in 2022 follows a positive trend in the STR market in 2021, amidst fears of Delta and Omicron variants. The revenue generated in the third quarter of 2021 was the highest ever for the STR market in Europe⁷⁶, while Airbnb managed to end 2021 with 25% revenue growth over 2019⁷⁷, and Q4 2021 with 38% and 78% revenue growth compared to Q4 in 2019 and 2020 respectively.⁷⁸

However, recent growth has occurred within a market where the supply in large cities (with at least 5,000 average available listings) still lags behind pre-pandemic levels. Among the 20 largest cities in Europe in terms of STR services, five cities (Dublin, Prague, Amsterdam, Budapest and London) had lost more than 50% of their available supply as of October 2021.⁷⁹ Amsterdam in particular saw more than 13,000 Airbnb listings being removed during 2021 as a result of rules about compulsory registration and heavy fines for related violations.⁸⁰



4b. Shifts in demand are changing the nature of STR supply

In contrast to large cities, mid-size cities (with at least 1,000 average available listings) along with small towns (with at least 200 average available listings) and rural or remote areas (with up to 200 average available listings) have largely maintained or increased supply in STR services over the past two years.

Late in 2020 and early in 2021, all major platforms⁸¹ knew that the pandemic had created growth opportunities for operators located outside of the largest cities. International travel restrictions and social distancing measures stimulated demand for domestic trips, extended family holidays and outdoor experiences among alternative destinations.

However, there is already a price to pay for destinations that have experienced a sudden shift. In the province of North Holland in the Netherlands, concerns have been raised about the rising number of STR services and their negative impact on the housing supply in small towns and rural areas.⁸² Rural areas across the UK also experience a dramatic situation where 176,000 local families are pushed onto social housing waiting lists, with 148,000 properties being advertised as Airbnb listings in September 2021 rather than being available for long-term rentals. Some of the regions that have experienced the most dramatic effects include:⁸³

- Cornwall where there are roughly 15,000 families on social housing waiting lists and the same number of properties being marketed as STR listings, following a 661% growth rate of STR listings between 2015 and 2021.
- Devon where the addition of 11,000 STR listings since 2016 has been combined with the withdrawal of 4,000 properties from the supply of social housing
- Cumbria where a 4% decline in the number of privately rented properties coincided with a 14% increase in families on social housing waiting lists since 2016

Long-stay bookings (of 28 nights or more) have also been a new source of demand for STR services in the age of remote working and digital nomadism. This trend has allowed certain platforms to offer high-end accommodation options in different areas as well as to create a portfolio of alternative properties in cities and empower their position in the real estate market globally, again at the expense of low-income earners who are faced with either limited or highly expensive housing options. In the second and third quarter of 2021, the share of long stays accounted for 24% and 20% to the total nights booked on Airbnb compared to respective shares of 14% and 15% in the third and the fourth quarter of 2019.⁸⁴



4c. A stronghold of professional operators dominate STR services in Europe

Losses in the supply of STR services in large cities are associated with the declining number of small and independent operators. Around the globe, the aggregate share of Airbnb units which are managed by medium or large property managers had increased from 22% in April 2017 to 29% in April 2021.⁸⁵ For example, in June 2021, there were 370 operators in Spain, 341 operators in France and 292 operators in Italy running fifty and more STR services.⁸⁶

The following table illustrates why the professionalisation of the STR sector is a matter of great importance for large cities in Europe. Besides Madrid and Vienna, the other cities listed on the table saw noticeable decreases in STR Airbnb listings (including entire units, private rooms and shared rooms) from 2018/2019 to 2021, with Amsterdam, Paris, Prague, Rome and Berlin recording

the most important losses. Most importantly, without a single exception, all cities saw the share of multi-listings advertised by a single operator being increased over the same period. As a result, approximately half or more than half of listings in Brussels, Vienna, Rome, Barcelona, Lisbon and Prague appear to be under the management of professional operators.

These operators are also thought to be performing in a lucrative market. In the first half of 2021, the average daily rate (ADR) for a two-bedroom vacation rental was 9% higher than in the first half of 2019.⁸⁷ Further ADR increases from the fourth quarter of 2021 have significantly contributed to revenue growth for STR services in Greece, Croatia, Portugal, Italy and Austria.

City	Number of Airbnb Listings (2018/2019)*	Multi-listings*	Number of Airbnb Listings (2021)**	Multi-listings**
Amsterdam	19,619 06.05.2019	12.1%	5,556 05.12.2021	28.8%
Barcelona	18,302 14.05.2019	65.3%	15,707 07.12.2021	67.1%
Berlin	22,552 07.11.2018	23.6%	17,290 17.12.2021	27.9%
Brussels	7,420 12.11.2018	38.7%	5,249 20.12.2021	48.6%
Lisbon	22,242 19.11.2018	67%	18,527 08.12.2021	71.6%
Madrid	17,301 07.11.2018	55.3%	17,831 08.12.2021	55.8%
Paris	59,881 07.12.2018	19.9%	49,429 07.12.2021	28.1%
Prague	13,591 20.12.2018	64.8%	6,782 18.12.2021	72.4%
Rome	29,436 09.11.2018	62%	24,627 08.12.2021	63.6%
Vienna	10,714 15.11.2018	44.5%	11,429 08.12.2021	56.1%

* Source: Colomb, C. and Moreira de Souza, T., 2021, *Regulating Short-Term Rentals | Platform-based property rentals in European cities: the policy debates* (Property Research Trust)

** Source: InsideAirbnb open source data tool, based on publicly available information about a city's Airbnb listings. For details on the methodology and assumptions used by the InsideAirbnb project contributors to design the indicators referred to here, see [Inside Airbnb: About](#)

4d. Solid evidence of platform accountability and transparency is not yet clear

In 2021, more than two in three nights booked per month per listing in Europe were registered on listings which are advertised in more than one platform including the likes of Airbnb, Booking.com and Vrbo. This is a factor that consolidates the market position of key platforms, with Airbnb (47%) and Booking.com (36%) together accounting for more than four-fifths of the supply of STR services in Europe⁸⁸ among the three platforms. However, it is also another source of concern for destinations and consumers, insofar as the different platforms fail to work together to address common challenges, tend to overlook the negative impact of their activity or when their practices are contaminated by a lack of transparency. For example:

- Despite announcing in June 2021 a joint program to share information about party houses to combat offenders who host large parties and disturb neighbourhoods,⁸⁹ Airbnb and Vrbo waited for six months before launching the pilot officially.⁹⁰ Most importantly, rather than collaborating with local authorities under the terms of the pilot program, the intention of the platforms was to self-control ‘party house’ violations based on internal data sharing and platform-driven penalties to operators. The pilot did not include any provision for disclosing information about operators who tolerate large parties. The same applies to the consequences that repeat offenders may face if they try to book another property and if they succeed more than once in organising a large party.
- In July 2021, Bloomberg reported that *“Airbnb says that fewer than 0.1% of stays result in a reported safety issue, but with more than 200 million bookings a year, that’s still a lot of trips with bad endings. Only the most serious problems are transferred to the internal safety team.”*⁹¹ For a team of researchers from John Jay College of Criminal Justice and the University of Colorado School of Public Affairs who researched complaints on Airbnb between 2015 and 2020, this is a misleading statement for two reasons. First, no interpretation is given on what constitutes a *“serious safety issue”* for Airbnb. Second, the statement technically conceals a diverse range of other issues (customer service problems, scams and various types of discrimination), which do not reflect safety concerns yet they put guests in *“unpleasant (and sometimes dangerous) situations”*.⁹²
- Additional concerns exist for the very purpose and operation of Airbnb’s ‘Home Sharing Clubs’⁹³. A joint investigation by the University of Manchester and Ethical Consumer argues that ‘Home Sharing Clubs’ have the appearance of grassroots organisations, yet the dominant presence of professional operators inside the clubs is driven by the platform and its PR, campaign and lobbying and results in a corrosive influence on local democracy and communities. In short, it is argued that *“Home Sharing Clubs are associations of selected Airbnb landlords who are resourced, mobilised and coordinated by Airbnb public policy teams to advocate for favourable regulation.”*⁹⁴

4e. Alternative accommodation brands identify growth opportunities in the STR sector

In February 2021, the Italy-based property technology company DoveVivo acquired the short-term property management company Altido, leading to the creation of an extensive inventory of more than 2,500 properties and apartments under management in 40 cities across four countries in Europe.⁹⁵ A typical case where real estate uses are blurring, since the new group possesses a range of short-, medium- and long-term housing offerings for business or leisure travellers, extended families, corporate teams and other groups. Positive performance for STR services in 2022 could further whet the appetite of additional investors to come into the market and compete in an increasingly crowded landscape.

That is a phenomenon that destination authorities are required to monitor closely and take into account when planning for the introduction of new STR regulations and law enforcement because there are forces that speed up the transformation of the real estate sector as a whole. In a report published in April 2021 by the World Economic Forum (WEF), the emergence of accommodation brands offering build-to-rent and co-living spaces (and also testing other concepts such as STR services) is interpreted as a consequence of the real estate industry's efforts to consolidate the rental market to leverage economies of scale and offer affordable solutions.⁹⁶



05.

STR Regulations

The Positive and Negative Lessons Destinations Need to Learn

The forthcoming initiative of the European Commission provides a unique opportunity to define clear regulations for STR services across member states. This involves understanding the dynamics of the STR sector post – Covid-19 and bringing to an end place-specific bylaws mainly introduced by local authorities, where regulations are overly complicated or poorly explained, and enforcement is usually based on limited resources.

Up-to-date knowledge is the most important asset to EU policy-makers who wish to move forward from a fragmented regulatory landscape to future-proof the wellbeing of destinations and local communities through a consistent framework of regulations and responsibilities for all actors involved. This report builds on the extensive work that has been carried out in recent years to improve our understanding of the promise and pitfalls of STR regulations. For this purpose, it is essential to distinguish three fields of knowledge:

The types of objectives that guide public authorities in pursuing the enforcement of STR regulations.

Public authorities must make decisions to:

- Ensure balanced and fair competition with regulated accommodation service providers, given that the professional market for accommodation for tourists (hotels, motels, bed-and-breakfasts etc) is regulated in separate and comprehensive regulatory regimes, regarding health and safety practices, employment relations and taxation.⁹⁷
- Deliver fundamental procedures such as generating public revenue through tax collection, achieving city planning objectives, ensuring health and safety for residents and guests and supporting tourism in a balanced way.
- Protect the rights and interests of different groups including:⁹⁸
 - Residents (availability of affordable housing, quality of life).
 - Guests (quality of experience in accommodation and across the destination).
 - Operators (opportunities for economic gains that do not result in negative externalities).
 - Safeguard the rights and obligations of employees.

The types of measures that public authorities adopt in their efforts to achieve different objectives.

Here there is a growing volume of research that identifies patterns of STR regulations and examines the interrelationships underlying law enforcement, for example:

- In their 2020 report, *Sharing Cities Action*⁹⁹ focus on the “*holy trinity*” in regulating STR Platforms: Mandatory Registration Systems, Platform Compliance and Platform Data Disclosure. The latter is the most essential because it is the only factor that can allow public authorities to ensure that operators are going through mandatory registration and that STR platforms are listing only legally registered properties.
- The report that was published by Colomb and Moreira de Souza for Property Research Trust in May 2021¹⁰⁰, and provides the most thorough account of approaches, challenges and results over the enforcement of STR regulations in twelve cities in Europe. Political bargaining between local authorities and higher tiers of government is viewed as a key factor that influences the scope and effectiveness of STR regulations at the local level.
- In May 2002, the National League of Cities¹⁰¹ shared an action guide for adopting or amending STR regulations with local leaders across the US. The guide identifies three types of provisions that define STR services for a particular community:
 - Location and use based on geographic limits and residential-commercial distinctions.
 - Timing based on primary residence requirements and day limits.
 - Manner of rental based on a wide range of measures including registration, taxes, occupancy limits, health and safety regulations and noise and event regulations.

Facts about the many ways in which STR platforms have failed destinations across the globe for several years.

The platforms are renegeing on a diverse range of obligations they have, such as displaying registration numbers, removing illegal listings, verifying host identities and locations of illegal listings, providing data for enforcement and many more.¹⁰²

Together with this broad account of recent research, this report incorporates valuable insights derived from a series of interviews with policy-makers and experts on STR regulations that were carried out in the second quarter of 2022 (the list of interviewees is included in the Appendix D).

The purpose of this analysis is to clarify how and why the enforcement of STR regulations has worked well (or not) for destination authorities both before and after the pandemic. Based on this, Table 5.1 summarises the key findings associated with five conclusions about the enforcement of STR regulations in Europe and North America. The rest of this section examines the same conclusions in detail using evidence from various destinations.

Graph 5.1

Lessons from the Enforcement of Regulations for Short-term Rentals (STR) in Europe and North America



Table 5.1

Lessons from the Enforcement of Regulations for Short-term Rentals (STR) in Europe and North America

LESSONS	EVIDENCE FROM NORTH AMERICA	EVIDENCE FROM EUROPE	SUCCESS FACTORS FOR FUTURE POLICY-MAKING
<p>A</p> <p>Neither local governments nor national-regional governments have managed to enforce STR regulations on their own – instead, broad-based cooperation is required.</p>	<p>Progress on enforcement is rather slow outside of big cities. The lack of STR regulations at the state (US) or province (Canada) level prevents those destination authorities with limited resources in small cities and towns from addressing the negative externalities of STR services (e.g., in Vancouver).</p>	<p>Different tiers of government have had conflicting views on what a recommended approach to STR regulations should be (e.g., in London).</p> <p>District or neighbourhood-level restrictions are increasingly tested for their effectiveness and efficiency compared to city-wide restrictions as part of a collaborative approach to STR regulations from the national to the local level (e.g., in Portugal, Ireland and Scotland).</p> <p>Amending STR regulations is also increasingly the output of carrying out assessment studies and drawing conclusions about the impact of STR services on communities (e.g., Lisbon and Porto in Portugal).</p>	<p>Establish mandatory registration schemes under the jurisdiction of national or regional authorities across the EU, or upgrade existing schemes run by local authorities with a good enforcement record.</p> <p>Give local authorities the power to establish and enforce market access measures (e.g. zoning regulations) based on evidence of negative externalities and the priorities of local communities around tourism development, economic development and housing.</p> <p>Ensure data-driven amendments of STR regulations in the long-term based on research carried out at the local level.</p>
<p>B</p> <p>Easily accessible and instructive registration schemes help destination authorities implement fair and enforceable regulations for STR services</p>	<p>Mandatory registration systems and platform compliance have led to a substantial decrease in non-compliant listings when facilitated through an online registration portal, a partnership with a technology provider, an Application Programming Interface (API) and a data sharing agreement with an STR platform (e.g., in Los Angeles).</p> <p>The authenticity of documents provided by operators is not verified upon registration, yet information about fines for non-compliance and the consequences of a record of citations is provided inside the online registration portal (e.g., in Los Angeles).</p>	<p>Progress on mandatory registration systems and platform compliance varies between cities (e.g., in Paris and Amsterdam) and countries or regions (e.g., in Ireland, Portugal and Flanders) across Europe.</p> <p>Post Covid-19, national authorities have been trying to enhance the role of local authorities, either by providing them with new powers to enforce mandatory registration systems and platform compliance (e.g., in Scotland) or by clarifying jurisdictions between different tiers of government (e.g., in the Netherlands)</p> <p>Compliance with safety and quality standards is not verified upon registration, yet information about the competence of public authorities to enforce legislation through inspections is provided online (e.g., in the Flanders region)</p> <p>Certification schemes are introduced for operators who comply with both registration requirements and safety and quality standards (e.g., in Flanders and Porto).</p>	<p>Invest in digital tools and develop partnerships with technology providers to:</p> <ul style="list-style-type: none"> – Integrate required steps for mandatory registration into an online application system. – Monitor the databases of STR platforms to cross-verify registration data with data about the operators held by the platforms. – Provide access to data to all authorities involved in enforcement. <p>Clarify how the registration requirements and restrictions respond to specific policy objectives, and how authorities intervene to enforce legislation through information integrated into the respective system.</p> <p>Set clear conditions for host and platform compliance as well as penalties for non-compliance.</p> <p>Create incentives to encourage the compliance of operators and their accountability to visitors and local residents.</p>

Table 4.1

Lessons from the Enforcement of Regulations for Short-term Rentals (STR) in Europe and North America

LESSONS	EVIDENCE FROM NORTH AMERICA	EVIDENCE FROM EUROPE	SUCCESS FACTORS FOR FUTURE POLICY-MAKING
<p>C</p> <p>Thresholds of rental days are likely to remain unenforceable unless data-sharing solutions are adopted by destination authorities and the full range of STR platforms</p>	<p>Few cities have enough resources to ensure the enforcement of caps of rental days, either by carrying out frequent audits and checking the occupancies of STR properties, or by using an API to automate the identification of listings that exceed the cap that is in force locally</p> <p>Using an API also involves limitations e.g. the lack of data-sharing agreements with multiple platforms (e.g., in Los Angeles)</p>	<p>Despite agreements between destination authorities and STR platforms, the enforcement of caps of rental days has faced significant challenges over the years (e.g., in Amsterdam and London)</p> <p>In other cases, public authorities have either delayed to enforce thresholds (e.g., in Greece) or selected other types of quantitative restrictions (e.g., in Portugal)</p>	<p>Assess the feasibility of effectively enforcing caps of rental days (i.e., investments in human resources and technology infrastructure) against alternative options such as zoning regulations and a maximum number of properties per operator.</p> <p>Monitor the databases of STR platforms to cross-verify when an operator has exceeded the maximum number of rental days</p>
<p>D</p> <p>STR platforms have considerable experience in buying time for their benefit as long as data disclosure is merely an option rather than an obligation</p>	<p>Voluntary Collection Agreements have a good record for facilitating the collection of taxes, yet big cities have faced challenges in processing data sharing agreements with STR platforms:</p> <ul style="list-style-type: none"> – Lack of agreements with multiple platforms (e.g., in Los Angeles). – Delays in developing tools for data analysis (e.g., in Portland). – Quality issues with data provided by STR platforms (e.g., in New Orleans). 	<p>Different policy regimes defined the involvement of public authorities in data collection to collect taxes and monitor the legality of STR services.</p> <p><i>“Local regulations cannot be enforced with aggregated data (...) Regulations that cannot be enforced with aggregated data include application of taxes and duties, building regulations, regional planning, registrations, and the exclusion of short-term rental in social housing”.</i>¹⁰³</p>	<p>Set clear conditions for platform compliance along with penalties for non-compliance.</p> <p>Establish collaboration between fiscal authorities and the competent authorities for registration schemes.</p> <p>Ensure the dissemination of sufficient and timely data from the STR platforms to all competent authorities.</p> <p>Define requirements for the contribution of STR platforms to ensuring data portability through APIs.</p>
<p>E</p> <p>Knowledge of market failures, stakeholder agendas and enforcement gaps is essential for ensuring the enforcement of STR regulations</p>	<p>Online application systems in big cities are generally supported by a dedicated 24/7 phone line (e.g., in Los Angeles and Long Beach in California) or online submission forms (e.g., in New Orleans and Vancouver) through which STR operators, visitors and local residents can log concerns, complaints, and suspected violations of STR regulations.</p>	<p>Certain authorities have been investing resources in maintaining an online portal where local residents can submit complaints about STR services as well as in engaging with different stakeholders and groups that have a dedicated interest in the STR sector through a local mediator (e.g., in Portugal by Turismo de Portugal and the Municipality of Porto).</p>	<p>Regularly build knowledge about the negative externalities of STR services.</p> <p>Map the different groups of actors and stakeholders who are in any way, directly or indirectly, related to the STR sector.</p> <p>Streamline processes to define and lead cost-effective engagement activities with a network of stakeholders.</p>

5a. Neither local governments nor national-regional governments have managed to enforce STR regulations on their own – instead, broad-based cooperation is required.

Although it is widely accepted that different tiers of government have distinct yet overlapping roles in the regulatory landscape of STR services, poor enforcement is often the result of national and regional governments not working closely enough with local governments.

In theory, local authorities in the US and Canada have the necessary tools to put STR regulations in place. What remains in question is whether first, second and third-tier destinations have the same capacity to manage the development of STR services in the absence of a legal framework at the state/province level.

STR listings in the City of Vancouver decreased by approximately 25% from April 2018 to the second half of 2019, following the enforcement of a mandatory license for the operation of STR services in primary residences. However, during the same period, the effectiveness of local regulations significantly accelerated the relocation of STR listings to surrounding cities, which did not have similar regulations in place or the resources to take action.¹⁰⁴

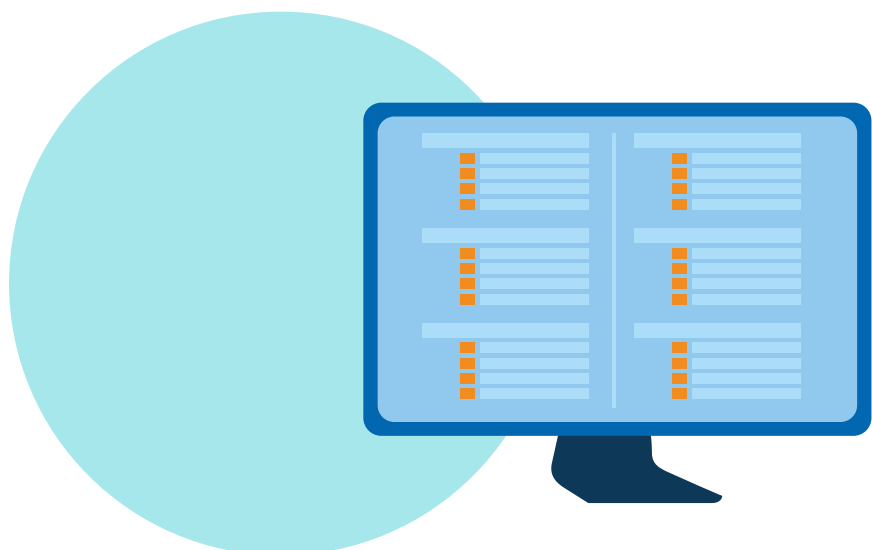
Ideological differences between the parties that control different tiers of government are also cited as a factor that has caused a lack of collaboration in Europe.¹⁰⁵ The capital city of the UK is an indicative case where centre-right (national government) and centre-left (local government) policy approaches shape a mix of different views.

In April 2019, the Mayor of London advocated a more interventionist approach to STR regulations including a new registration system for anyone wishing to rent out a property for less than 90 days in a calendar year. In his letter to the Secretary of State for Housing, the Mayor was adamant that the councils across London's boroughs faced a great challenge to protect access to long-term rental housing options and enforce the threshold of 90 days, which the central government had introduced in 2015.¹⁰⁶ Recently, in June 2022¹⁰⁷, the City Hall launched a survey for the city's residents to inform its response to the government's consultation on the regulation of STR services which is due to kick off within 2022.



What the principle of subsidiarity requires in the case of STR regulations is for national/regional and local authorities to be well-aligned through a set of distinct but interrelated responsibilities. A range of countries have made steps into this direction both before and after the pandemic:

- Registration for STR services in Portugal (Alojamento Local) has been mandatory at the national level since 2014, with central government agencies such as the national tourism board (Turismo de Portugal) being responsible for the enforcement of fundamental regulations (e.g. compliance with requirements for STR services, tax declaration, safety and quality standards). Moreover, since 2018, municipalities are responsible for ensuring that STR services comply with legal requirements concerning planning permissions.¹⁰⁸ As explained in Box 5.1, municipal authorities in Lisbon and Porto have made progress recently in leveraging data on the evolution of STR services to craft tailored solutions to the designation of containment areas.
- Since 2019, the task for local authorities in Ireland to enforce STR registration with primary residency requirements within Rent Pressure Zones (RPZs) has stalled. Lack of enforcement has led properties destined for STR services to outnumber available properties for long-term rentals in Dublin and several regional cities too.¹⁰⁹ In response, the central government is planning to enforce by 2023 a system of mandatory registration with the national tourism development authority (Fáilte Ireland), while local authorities will continue to advise the central government on the designation of RPZs.¹¹⁰
- In Scotland, the ‘Licensing Order’ and ‘Control Area Amendment Regulations’ were approved by the Parliament in January 2022, launching a new era for the role of local authorities in the enforcement of STR regulations.¹¹¹ City councils are required to establish a licensing scheme for STR properties by October 2022. Another key milestone is that all STR operators will have to apply for a licence by July 2024.
 - Under this framework, councils will be able to grant four types of STR licences, for a period of up to three years initially, and to determine place-specific fees and fee structures to recover the establishment and running costs of their licensing scheme. They will also be able to designate control areas to ensure that it will be illegal for operators to provide STR services within these areas on any property besides their primary residences, unless they have acquired mandatory planning permission.
 - The central government will be responsible for developing a national database based on analytical data, including the number, type and location of STR services. Councils will start collecting and sharing this data quarterly with the central government, following the publication and regular update of an online register. The register will allow members of the public to access and search for information about the status of STR licences.¹¹²



Since 2019, the designation of containment areas and the imposition of restrictions in Lisbon and Porto have been driven by the results of place-specific studies with regard to the impact of STR services on the tourism sector, the housing market and local communities.

The Municipality of Lisbon proceeded with establishing strict rules in relation to the registration of new STR properties located in five containment areas in November 2019, one year after the publication of an urban tourism study with data on the status of STR services across the capital's neighbourhoods. The resurgence of STR listings post – Covid-19 led the council to suspend new licences across an increased number of fourteen containment areas from April 2022 onwards. These are areas where the ratio of STR services is greater than 2.5% of total housing. This measure may be in force for 6-12 months, depending on the time of publication of a new study that will guide the next round of amendments around STR regulations.

The same legal framework has given the Municipality of Porto room to manoeuvre under changing circumstances. In July 2019, the Municipality used the results of an academic study to designate several containment areas on a street-by-street basis, mainly across different neighbourhoods of the historic centre, as well as to validate the Municipality's decision to suspend new registrations for STR services. However, these measures were revoked in May 2020, when the pandemic already had a dramatic effect on destination performance.

Since 2021, the Municipality has been using open data sources (e.g. the National Register) and web-scraping tools to verify the locations and occupancies of STR services. With the STR services within the Containment Areas being subject to a 50% tax on taxable income, the Municipality is keeping up with advances in technology with numerous objectives such as:

- Understanding the black market and minimising phenomena of tax evasion.
- Mapping both active and inactive listings.
- Guiding future amendments to STR regulations.
- Providing valuable information to different groups of the public, including residents and investors.

As of April 2022, the Municipality is planning to re-establish containment areas along with associated restrictions. The suspension of new registrations will be valid when the ratio for STR services to permanent housing (neighbourhood level) will exceed a predetermined quota.

Relevant Sources for Lisbon

Colomb, C. and Moreira de Souza, T., 2021, [Regulating Short-Term Rentals | Platform-based property rentals in European cities: the policy debates](#) (Property Research Trust)

Idealista, 2022, [Local Accommodation in Lisbon: new registrations suspended in 14 parishes](#) (March 23, in Portuguese)

Idealista, 2022, [Local accommodation on the rise in Lisbon: soars 382% in the first quarter](#) (April 19, in Portuguese)

Municipality of Lisbon, 2022, [Local Accommodation & Local Accommodation](#) (in Portuguese)

The Guardian, 2021, [Luxury homes, short lets and shacks: inside Lisbon's housing crisis](#)

Relevant Sources for Porto

Católica Porto Business School, 2019, [Local Accommodation in the Municipality of Porto](#) (in Portuguese)

European Commission, 2021, [Developing a responsible, fair and trusted single market for short-term rental services - Workshop 2: Achieving a fair single market for short-term rental services](#). (10 December 2021 Conclusions)

Municipality of Porto, 2019, [Offer of new permanent housing accompanied the creation of local accommodation in the city, concludes study](#) (May 14) (in Portuguese).

Municipality of Porto, 2019, [New registrations of local accommodations in the containment zones are suspended](#) (July 24) (in Portuguese).

Municipality of Porto, 2020, [Assembly approves new exemptions from payment of municipal tourist tax](#) (May 18) (in Portuguese).

Municipality of Porto, 2022, [Regulation of local accommodation in the city must be "sustainable and balanced"](#) (April 20) (in Portuguese).

5b. Easily accessible and instructive registration schemes help destination authorities implement fair and enforceable regulations for STR services

This is a policy issue where destination authorities in Europe and North America have learnt valuable lessons from both positive and negative experiences. Lessons that encourage them to improve policy-making and enforcement initiatives as well as to build robust tools for the years to follow. In some cases, destination authorities in Europe have waited for years to see their cities take back control from STR platforms.

- In 2021, Booking.com¹¹³ and Airbnb¹¹⁴ were ordered to pay more than €9 million in fines by courts due to violations over data disclosure and unregistered STR services. In the second case, in 2019 the City of Paris sued the platform for not removing 1,000 properties that were not properly registered from its listings.
- In October 2021, the City of Amsterdam was reported¹¹⁵ to have experienced an 80% decrease in the number of Airbnb listings after years of negotiations and controversial results over the management of illegal STR services. The platform was forced to become more accountable and help operators register properly and show their registration numbers in respective listings¹¹⁶ from April 2021 to the end of September; a result of amendments in regulations by the City of Amsterdam including a minimum fine of €8,700.¹¹⁷

In the latter case, it is important to assess Airbnb response in the context of a national registration scheme that was also established in April 2021. Compared to the countries examined previously, the case of the Netherlands closely resembles the case of Portugal. With more and more Dutch cities facing challenges similar to those that Amsterdam had been facing for several years, the central government set up an online portal¹¹⁸ to support:

- Destination authorities in sixteen Dutch cities are required to enforce STR regulations similar to those of Amsterdam. These authorities can use the portal in order to bridge gaps in data for STR services advertised on multiple platforms and monitor the results of enforcement in the long-term (see also the portal by VisitFlanders¹¹⁹ which includes data for the full range of accommodation offers across the Flemish region in Belgium).
- STR platforms that are willing to carry out the registration process for their operators or even to work with destination authorities in a systematic manner. The response of Airbnb was to provide STR operators in four cities (Amsterdam, The Hague, Utrecht and Rotterdam) with a 'Registration Toolkit' resource to support them in complying with the new rules.¹²⁰



Crucially, there are additional advantages for destination authorities that invest in digital tools for STR registration schemes. To ensure transparency, destination authorities are already using online portals and associated resources to explain the purpose of STR regulations, clarify the steps towards verifying registration and validate the rationale of certain provisions, for example:

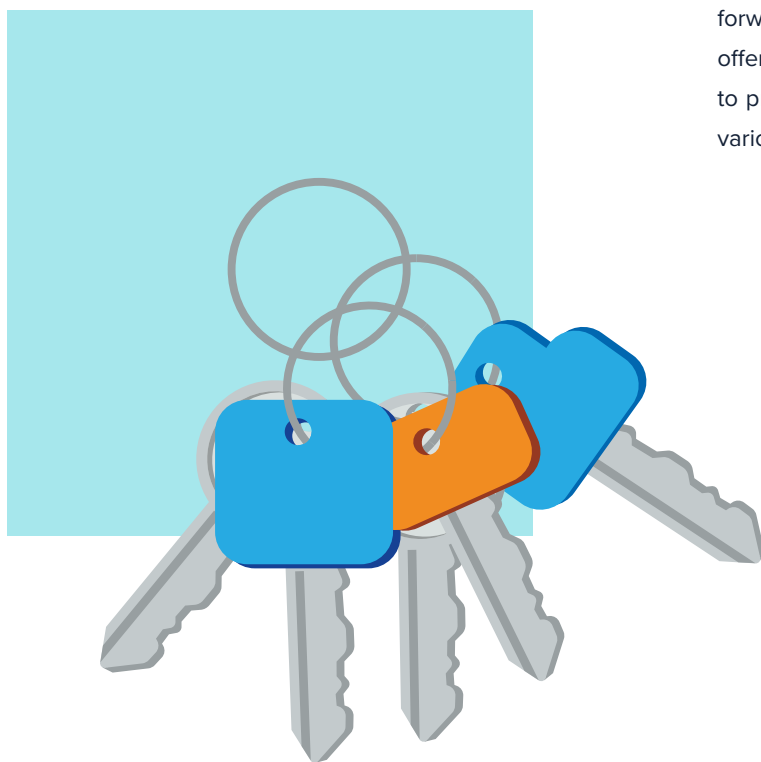
- **The leaflet provided by VisitFlanders includes information in detail about the process of self-certification with regard to safety and quality standards as well as about the capacity of VisitFlanders to carry out inspections to check compliance at a later stage.**¹²¹
- **The brochure with FAQs provided by the City of Los Angeles Planning Department explains how the city aims to improve its ability to distinguish between the occasional sharing of one's home and the full conversion of homes to hotels through the ordinance for STR services.**¹²²

Online portals are also used to disseminate information about innovative initiatives and encourage responsible practices across the STR sector.

In February 2021, the Municipality of Porto launched 'Confiança Porto'; a program of official accreditation for all types of accommodation establishments (including STR properties) which demonstrate a record of good practices in the provision of various services (reception, cleaning, equipment, infrastructure, maintenance, environment and safety).¹²³ Six STR properties acquired the quality seal by November 2021 following a series of dedicated training sessions with the respective operators.¹²⁴

Within one year of implementation, there was a double-digit number of new applications by STR operators and the Municipality of Porto launched a partnership with Airbnb to further promote the program¹²⁵ among its users (see also the recognition provided by VisitFlanders on a voluntary basis to STR operators who are complying with specific quality standards¹²⁶).

This evidence is indicative of the improvements that digital tools can bring to law enforcement. However, as explained in the case of the City of Los Angeles in Box 5.2, moving forward from establishing a mandatory registration system and offering residents an opportunity to supplement their income to producing tangible results involves a transition process with various milestones that must be achieved.



Box 5.2

Online tools have been improving the capacity of Los Angeles to increase platform compliance

The City of Los Angeles had experienced an approximately 85% decrease in STR listings by September 2021 thanks to the enforcement of new regulations since November 2019.

Following the enactment of the Home-Sharing Ordinance in December 2018, Los Angeles City Planning began accepting applications for yearly registrations on July 1, 2019, through the registration portal. The portal is embedded into a webpage which provides the public with:

- An overview of the program and key reference documents.
- Information on how to register and pay the registration fee and the Transient Occupancy Tax to the Office of Finance along with a per-night fee to City Planning, depending on whether the platform that the operators use has an agreement with the City or not.
- Information on how:
 - City Planning is involved in enforcement in terms of:
 - Identifying STR properties that do not appear to display a valid registration number and referring those to other City Departments.
 - Responding to complaints of illegal STR properties received from the public.
- Updates about the program's implementation.

From November 2019 onwards, STR operators who wish to rent a room in their property or the whole house for a maximum of 120 days across all hosting platforms within a calendar year, must display their valid registration number on their listings across different platforms and must ensure that the provision of STR services is conducted in accordance with regulatory requirements (e.g.):

- Primary residence being where an operator resides for more than six months of the year, though STR services in homes City's Rent Stabilisation Ordinance (RSO).
- No pending citations from any City enforcement agency.
- Landlord approval in the case of tenants.

- Provision of a code of conduct for visitors
- Neighbourhood notification in the case of extended home-sharing for more than 120 days

Before launching the registration portal, City Planning had delegated the task to design, build and maintain an online registration and compliance monitoring system to a third-party software company. Providing a form of electronic communication between different databases, the Application Programming Interface (API) monitors compliance by electronically scraping STR platforms with activity in Los Angeles to check:

- If one listing displays a valid registration number
- If the listing has exceeded the 120-day cap without having an extended home-sharing registration

Following the development of the API, the City Council adopted a Master Platform Agreement that outlined hosting platform responsibilities and required the use of the City's API in October 2019, with Airbnb becoming the first platform to enter into an agreement with the City in November 2019. Since the official launch of the cooperation in August 2020, Airbnb is obligated to remove listings without a valid registration number within 96 hours and block the calendars of hosts that have exceeded their 120-day cap, upon notification via the API.

Although the implementation of the API played a major role in leading 30,000+ listings to exit the market and set a blueprint for coordinated action, there are also limitations to consider. For instance, the budget for the Fiscal Year 2021/22 allocated 10 staff members in total to the core team for the program's administration, although City Planning had requested 26 positions before the program started.

Furthermore, it is important to note that no other platform has signed an agreement with the City besides Airbnb. Hence, the software company is required to send warning letters to the platforms when violations are identified through the use of the API. City Planning has been working with the intent of soliciting greater interest among other platforms in entering into a platform agreement with the City (e.g. it has developed a manual regarding the code that platforms will need to implement to communicate with the API). However, this can be a long and uncertain process. In March 2022, the city filed a lawsuit against an STR platform for a total of 229 identified violations, seeking up to \$5,000 for each violation.

Relevant Sources for Los Angeles

Better Neighbors LA, 2022, [The Los Angeles Home-Sharing Ordinance 2021 Enforcement Report](#).

Los Angeles City Council, 2021, [Progress on Implementing and Enforcing the Home-sharing Program; Cf 20-0995](#)

Los Angeles City Planning, 2022, [Home Sharing](#)

Los Angeles Times, 2020, [Thousands of online listings are violating L.A.'s new short-term rental law](#) (August 9)

Los Angeles Times, 2022, [L.A. sues online vacation rental company, saying it violated city's home-sharing law](#) (March 21)

Wachsmuth, D, 2019, STRs in Los Angeles: Are the Nov. 2019 regulations being enforced? [Urban Politics and Governance research group](#), McGill University, December 2019.

5c. Thresholds of rental days are likely to remain unenforceable unless data-sharing solutions are adopted by destination authorities and the full range of STR platforms

Although little is known about the economic models and additional methodologies that have guided in the past the enactment of rental-day thresholds for STR services as well as about the criteria that define the success of such thresholds across different destinations, this is one of the most highly debated measures in the field of STR regulations.

A key reason is that several major cities have attempted to enforce rental-day thresholds by securing agreements with STR platforms. However, the voluntary nature of these agreements on behalf of the platforms creates uncertainty rather than confidence when destination authorities must deal with numerous platforms and their varying levels of willingness to enter into similar agreements.

A second reason is that these agreements rarely managed to last for a long period of time or address emerging challenges when they were in force. When Airbnb did not act in accordance with the City of Amsterdam's decision in 2018 to reduce the threshold from 60 to 30 days and abandoned the agreement they had made in 2018¹²⁷, commentators had strong evidence to question both the legitimacy of the agreement and the concept of self-regulation as a whole.¹²⁸ Moreover, problems are likely to occur when certain operators plot to circumvent the thresholds and the local authorities struggle to make sense of their own role in law enforcement (see the case of London in Box 5.3)

With a growing number of STR operators listing their platforms on more than one platform, even if a destination has a successful example to showcase, the real challenge lies in replicating this example through the consistent use of data-sharing tools.

Evidence from Los Angeles shows that the enforcement of thresholds is a complicated task if a destination has not reached agreements with a range of platforms.¹²⁹ Despite the implementation of the API by Los Angeles City Planning and Airbnb, no citations had been issued for the violation of the 120-day threshold by September 2021. *"Because few platforms submit booking reports to the City, City Planning is unable to proactively track across all platforms and thus unable to definitively determine the aggregate number of nights for a host"*.

It is also fair to assume that other destination authorities are dealing with similar challenges.

- **Despite using quantitative restrictions for the overall volume of STR services across the containment area, the legal framework in Portugal does not include provisions for rental-day thresholds at the level of municipalities.**
- **Consecutive central governments in Greece never activated a series of conditional measures for rental-day thresholds that were part of the first STR bill in 2016.¹³⁰**

London is the rare case of a city where more than two platforms have agreed to implement the threshold of 90 rental days per calendar year. Most importantly, it is a unique case in the sense that the enforcement of the threshold is supposed to take place in the absence of a mandatory registration scheme. This status dates back to the UK Deregulation Act of 2015. It became a major issue of discussion in 2016, first when the Secretary of State for Housing rejected the application for exemption of a borough council, and second when Airbnb agreed to introduce an automatic 90-day limit on entire home listings.

The city hall and borough councils often strived to get their voice heard and make a strong statement about the negative impact of STR services on the supply of housing, after seeing a surge of properties coming to the STR market.

A few years later, in 2020, there was also enough evidence to validate their arguments. A study published by the Greater London Authority in 2020 estimated approximately one in four Airbnb listings across the city was occupied for over 90 nights in the year, while the total number of listings had increased from 18,440 in 2015 to 80,770 in 2019 (+438%). The same research found that the five borough councils with the highest number of Airbnb listings had received a limited number of planning applications for change of use permissions, although this is a prerequisite for an operator who wishes to rent a property on a short-term basis for more than 90 days per year.

Earlier on, in 2019, there were also media reports of property management companies who were advising operators on how to circumvent the 90-day threshold e.g. by using new photos to make listings appear as new or by using alternative platforms to advertise their listings.

Relevant Sources for London

BBC, 2019, [London firms helping landlords break letting laws](#) (February 25).

Colomb, C. and Moreira de Souza, T., 2021, [Regulating Short-Term Rentals | Platform-based property rentals in European cities: the policy debates](#) (Property Research Trust)

Greater London Authority, 2020, [Short-term and holiday letting in London](#).

House of Commons Library, 2022, [The Growth in Short-Term Lettings \(England\)](#).

Mayor of London, 2019, [Mayor calls for a registration system to enforce short-term letting law \(April 23\)](#).

Trust for London, 2021, [Nobody's home: How wealth investment locks Londoners out of housing](#).

Wired, 2020, [Airbnb has devoured London – and here's the data that proves it](#) (February 12).

5d. STR platforms have considerable experience in buying time for their benefit as long as data disclosure is merely an option rather than an obligation

Building enforceable agreements is first and foremost a matter of the way that they are designed. The platforms have hidden behind a wall of secrecy for years and benefitted from a lack of accountability while mastering different tactics, for instance by:

- Prolonging negotiations that take significant time and resources for destination authorities.
- Mobilising groups of STR operators to question the legitimacy of new policies.
- Engaging with destination authorities in lengthy and costly legal battles.
- Misinterpreting data-privacy rules for their benefit.
- Cancelling the terms of established agreements by delegating nearly-impossible tasks to destination authorities and even by failing to meet their end of the enforcement bargain, thereby protecting STR operators who violate the law.

STR platforms have managed to escape scrutiny and data-sharing in the absence of legally binding obligations. The term ‘agreement’ itself is ambiguous. It puts the destination authorities in a disadvantageous position where they have to negotiate with the platforms for their duty to be compliant or even to accept compromise in order to avoid a total lack of progress.

For the National League of Cities – an advocacy organisation in the United States that represents the country’s 19,495 cities, towns, and villages – voluntary collection agreements and memorandums of understanding between destination authorities and the platforms have been productive, in certain cases, on issues such as tax collection and data disclosure, yet these results are far from consistent across different cities.¹³¹

As explained in Box 5.4, the City of New Orleans learned first-hand how Airbnb was able to shift the goalposts on negotiated regulations and demonstrate “a total failure of cooperation with any enforcement mechanisms” that the city developed in order to pursue non-compliant operators.¹³²

Commentators have identified a similar situation in Europe where it is argued that “the relationships between large platforms and local governments have oscillated between collaboration and conflict”.¹³³ Besides reducing tax evasion, data disclosure agreements for achieving other policy goals have often been contentious, especially when the data shared by the platforms has significant quality issues (e.g., missing or incorrect information).

According to the Memorandum of Understanding that was signed between VisitFlanders and Airbnb in July 2021, the platform is required to provide a sample of specific information for operators in certain neighbourhoods up to six times a year, on the occasion of an event or festival¹³⁴. It remains to be seen if this is going to be a real step forward from conflict toward collaboration, considering that Airbnb is the only platform that has refused to comply with data-sharing requests submitted by VisitFlanders in recent years and has also been involved with the destination authority in two lawsuits.¹³⁵

To avoid a contentious process in relationship-building with the platforms, destination authorities must build on a clearly specified framework which does not force them to replicate negotiations with a growing number of platforms, often with insufficient¹³⁶ or slow¹³⁷ results based on evidence from US cities.

Such a framework should also clarify how data collected from platforms is used to facilitate policy implementation and eliminate policy gaps hindering access to data from different competent authorities¹³⁸. For instance, STR operators in Portugal need to register both with Turismo de Portugal and the Tax and Customs Authority (fiscal authority).¹³⁹

In Greece, according to Article 29 of Law 4646/2019, the Independent Authority for Public Revenue (IAPR) can request online platforms to provide information concerning individuals who use the platforms to provide services, for which tax obligations arise in Greece. The Short-Term Rental Registry is also maintained by the IAPR, so data-sharing in this case involves ensuring both tax and mandatory registration compliance. Since April 2021, a Memorandum of Understanding obligates STR platforms to remove all listings identified by IAPR as failing to provide a legitimate Property Registration Number of confirmed exemption, following notification from IAPR.¹⁴⁰

The most crucial milestone for such a framework is to innovate beyond usual tools and work with third-party technology providers where required. This will allow destination authorities to obtain full transparency of data on STR services on an accurate and timely basis. Building an information exchange system to carry out a check of listings automatically can be based on using Application Program Interfaces in a series of steps:¹⁴¹

- **Connect the databases of destination authorities with the databases of STR platforms.**
- **Facilitate the verification of data at a granular level across the different databases.**
- **Enable regular reporting of information about STR operators and their business activity.**

Box 5.4

City of New Orleans’s enforcement mechanisms in tatters after Airbnb “fails to operate in good faith”

In February 2019, the Department of Safety and Permits submitted a memorandum with recommendations to the New Orleans City Council (referred to below as the ‘City’) on “*improved platform accountability*”. The recommendations were developed using the various lessons the City had learnt over a two-year period since the launch of a voluntary collection agreement with Airbnb in December 2016, following negotiations that had started in 2015.

Under the agreement, Airbnb had agreed to collect and remit hotel tax on taxable booking transactions for STR services, and to report information regarding such collections to the City in an aggregate form.

Unofficially, as a sign of goodwill to maximise the ease of compliance and make the life of its operators easier, Airbnb also proceeded with providing pass-through registration in collaboration with the City. This practice allowed Airbnb hosts to submit an application for a City STR licence through the platform at the same time they created a listing for their property on the platform’s website.

According to the memorandum, “*the effort to lower barriers to registration was successful, leading to more than 60% of short-term rentals in New Orleans having valid licences*”. Nevertheless, “*the technical shortcomings of the arrangement required extensive Department resources for repetitive reviews.*”

Before the voluntary collection agreement expired in 2017, the department had identified “*significant quality issues*” with monthly data submitted by Airbnb. For instance, there were discrepancies between reported nights rented per year and monthly totals for listings, while it was said that Airbnb undermined law enforcement by refusing to provide monthly data for any host who had not taken advantage of their pass-through registration.

What the City had built in terms of a high compliance rate since the implementation of pass-through registration was in tatters after the introduction of restrictions on the issuance of STR licences across certain districts in May 2018.

The Department saw a year’s worth of work “*disappear overnight*” as a result of Airbnb’s reaction to remove the licence field from all New Orleans listings and shut down pass-through registration; a decision that made all listings non-compliant, including those with a proper licence acquired.

In March 2019, Airbnb said that the Department’s description of events was “*inaccurate*”, and that it had been supplying all the information that was required. The platform also said there were initial bumps in the road that it had been working with the City to address, “*only to have lawmakers abruptly change the rules in May 2018.*”

Relevant Sources for New Orleans

City of New Orleans, 2019, Memorandum | Resolution NoI R-19-7 (February 15) (available upon request) | Available from Wired, 2019, [Inside Airbnb’s ‘Guerrilla War’ Against Local Governments](#) (March 28).

City of New Orleans, 2022, [Short Term Rental Administration](#)

5e. Knowledge of market failures stakeholder agendas and enforcement gaps is essential for ensuring the enforcement of STR regulations

Naturally, destination authorities have a great interest in communicating and consulting with a wide range of stakeholders who have different agendas and objectives. The mix of stakeholders will vary across different destinations, yet it typically includes politicians and city councillors, the platforms, STR operators (e.g., homeowners, tenants, property management companies), tourism industry groups (e.g. hotel and industry associations) and social groups such as neighbourhood organisations and housing advocates.¹⁴²

One area where destination authorities have made progress in recent years involves the reporting of nuisance (such as house parties, illicit use and antisocial behaviour) related to STR services. Online application systems in US cities are generally supported by a dedicated 24/7 phone line (see the cases of Los Angeles¹⁴³ and Long Beach¹⁴⁴ in California) or online submission forms (see the cases of New Orleans¹⁴⁵ and Vancouver¹⁴⁶) through which STR operators, visitors and local residents can log concerns, complaints, and suspected violations of STR regulations. What is interesting in the case of Long Beach is that the website incorporates a list of registered STR properties including emergency contact details per property.

Furthermore, the national tourism board of Portugal has established an online book of complaints whose use is mandatory for all STR operators.¹⁴⁷ Upon receipt of a complaint through the online book, STR operators must respond to the consumer within a maximum period of 15 working days to the email indicated in the form, informing them of the steps to address the complaint.

In other cases, destination authorities focus on disseminating information about the negative externalities of STR services as well as on consulting with interested stakeholders. The City of Barcelona has created an online portal with detailed information about the rationale, the objectives and the provisions of STR regulations under the Special Tourist Accommodation Plan¹⁴⁸, while the Municipality of Porto established last year a dedicated position for the administration of complaints and policy requests by different stakeholders (see the analysis in Box 5.5).

In the future, it is expected that the ability of destination authorities to communicate with different stakeholders on a regular basis will also shape their law enforcement capabilities.

Box 5.5

Stakeholder engagement: a major new chapter for the regulatory initiatives of the Municipality of Porto

In June 2021, the Municipality of Porto created a new role as part of its overall efforts to reconcile the interests of the various stakeholders involved in the STR sector, from residents and visitors to individual hosts and professional managers.

The 'Local Accommodation Mediator' will act as an open channel of communication between the different parties in order to promote *"balance and harmony"* as well as to develop strategies and actions to raise awareness of the sector's impact; a necessary condition following high growth in Porto's STR sector since 2019 (and post Covid-19) and its excessive concentration in the historic centre.

In addition to mediating between different stakeholders, the mediator will be also responsible for collecting, centralising and managing all complaints and requests addressed to the Municipality of Porto, which are related to improper conduct and practices in STR services, avoiding the dispersion of information and facilitating the process of resolving issues. At the end of each year, an activity report must be delivered, while future plans include the development of a 'Local Accommodation Code of Conduct and Good Coexistence' or even the establishment of a mediator in each district.

Relevant Sources for Porto

City of Porto, 2021, [Porto creates the figure of the Local Accommodation Mediator](#) (in Portuguese).

City of Porto, 2022, [Local Accommodation Mediator](#) (in Portuguese)

06.

Recommendations

on Types of Data Required for Enforcing STR Regulations

Any effort to connect the databases of destination authorities with the databases of STR platforms must be clearly defined in terms of the types and the format of data to be shared along with the frequency of data sharing.

This will enable destination authorities to achieve a series of objectives:

- **Collect serviceable data (e.g. property listings with exact locations) to be processed and compared with data collected through the registration process.**
- **Enhance their capacity to address data quality issues promptly.**
- **Secure access to real-time data without disruptions.**

It goes without saying that STR operators should be requested to give their consent to the processing and sharing of their personal data, both during registration with destination authorities and enrolment with the platforms.

Table 6.1 summarises the types of data that the platforms should be able to share with destination authorities under four themes:

- **STR Operator | Service Provider.**
- **STR Property | Location.**
- **STR Property | Features of Accommodation.**
- **Length & Volume of STR Services.**

The types of data included in Table 6.1 will be subject to filtering according to the restrictions that apply to different destinations. For instance, there will be no reason to include a ‘Second Property’ option in the ‘Type of Property’ field, if regulations allow STR services to take place only in an operator’s primary residence.

Destination authorities will be responsible for ensuring compliance with additional requirements (e.g., fire protection, civil liability insurance) and informing the STR operators about the required procedure (e.g., submission of documentation, conduct of inspections). They will also need to verify the data shared by the platforms against additional types of data defined during the registration process (e.g., the length of the registration/licence).

Another important duty for destination authorities involves the processing of data for evaluation purposes. Once destination authorities have built a comprehensive picture of STR services (e.g., volume, level of concentration in specific areas, scale of revenues and taxes collected), they will be able to carry out further analysis and assessment of the overall impact of the STR sector across their area of jurisdiction (e.g., calculate the ratio of properties available for STR services versus properties available for long-term rental housing, compare the performance of STR services versus hotels, identify those neighbourhoods where most complaints are registered).

Table 6.1.

Types of Data Required for Enforcing STR Regulations

STR Operator Service Provider	
<ul style="list-style-type: none">Platform IDStatus of the service provider (property owner, tenant, management company)Contact details [full name of natural or legal person, full address (if different from property address), email address]	<ul style="list-style-type: none">Alternative contact details in case of emergencyNationalityBusiness details including fiscal number and number of STR properties/listings at country/city/neighbourhood levelTax collected per operator per booking / month /year
STR Property Location	
<ul style="list-style-type: none">Full address details<ul style="list-style-type: none">Street and numberCity/townPostcodeListing URL and property registration number included in the listing and the registration system	<ul style="list-style-type: none">Contact details of the accommodation (brand name if available, email address)Alternative contact details in case of emergencyIndication if the property is located in an area where zoning restrictions applyCadastral number if available
STR Property Features of Accommodation	
<ul style="list-style-type: none">Type of property (primary residence, second property etc)Type of STR registration/licence or (whole property, room-sharing etc)Type of accommodation (flat, apartment, cottage, detached house villa, terraced home, bed and breakfast, guest house, etc)	<ul style="list-style-type: none">Number of bedroomsNumber of bedsMaximum number of guests permitted)Services provided (bed linen, breakfast)Rate of listing
Length & Volume of STR Services	
<ul style="list-style-type: none">Rental period (date of opening to date of termination of activity to provide the number of nights a property is available for STR services)Number of nights a property has already been rented in a calendar year	<ul style="list-style-type: none">Number of nights a property has already been booked for the remainder of a calendar yearNumber of nights a property has already been booked for the following a calendar yearNumber of guests per booking

Appendix



Timeline of Market Updates, Policy Initiatives and Legislative Work for STR Services

2014-2016

A	2014	2015	2016
JAN			HOTREC “Sharing” Economy Toolkit for HOTREC National Member Associations’
FEB	Amsterdam ordinance relating to the use of residential property for holiday letting	Portland faces limited share of registered STR properties since August 2014	Andalucia introduces Decree 28/2016 incl. hotel-style requirements for STR properties
MAR	The housing ‘ ALUR Law ’ allows homeowners in France to rent their primary residences on a short-term basis, for up to 120 days a year, without registration		Homeaway introduces ‘Stay Neighborly’ program
APR		The ‘ Deregulation Act ’ allows STRs in London for up to 90 days per property.	Berlin decides that owners can no longer rent whole properties to tourists on short-term rental
MAY		Airbnb reaches nearly 17M total guests across 191 countries around the world and a €22.5bn valuation	Paris incorporates data for registered properties into the portal opendata.paris
JUN	European Cities Marketing toolbox on ‘ DMOs and the Sharing Economy ’	STR platforms are held responsible for tourist tax collection and submission in France	Eurobarometer Survey (438) ‘ The Use of Collaborative Platforms ’

HOTREC INITIATIVES	REGULATORY DEVELOPMENT	PLATFORM INITIATIVE/UPDATES
EU-LEVEL INITIATIVES	COURT DECISIONS	RELATED PUBLICATIONS

A	2014	2015	2016
JUL	'Green Paper in the Safety of Tourism'		
	The Generalitat de Catalunya fines Airbnb €30000 for illegal tourist lets in Barcelona		
AUG	Portland allows bedroom sharing from homeowners on a short-term basis		
	Portugal introduces a comprehensive framework of regulations for STR services (Alojamento Local)		
SEP			The new 'Republic Digital Law' introduces property registration requirements at the city level in France
			Airbnb 'Law Enforcement Transparency Report'
OCT	HOTREC 'Position Paper' vis-à-vis the emerging shadow hospitality economy in Europe	'Report on New Challenges and Concepts for the Promotion of Tourism in Europe'	
	New York State Attorney General Report 'Airbnb in the City'	Airbnb begins collecting tourist taxes directly from guests in Paris	Airbnb launches Trips, a dedicated platform for tours and activities
NOV	Hellenic Chamber of Hotels study on 'Sharing Economy and the Greek Tourism & Hospitality Sector'	HOTREC 'Policy Paper on the "sharing" economy «Levelling The Playing Field»'	Barcelona fines Airbnb and Homeaway €60000 for advertising unregistered properties
		Expedia acquires Homeaway and all of its brands	Airbnb publishes 'Policy Tool Chest' and agrees to put automatic rental cap on Amsterdam (60 days) and London offers (90 days)
DEC			

HOTREC INITIATIVES	REGULATORY DEVELOPMENT	PLATFORM INITIATIVE/UPDATES
EU-LEVEL INITIATIVES	COURT DECISIONS	RELATED PUBLICATIONS

Appendix



**Timeline of Market Updates,
Policy Initiatives and Legislative
Work for STR Services**

2017-2019

B	2017	2018	2019
JAN	HOTREC 'Policy Priorities' for a responsible and fair 'collaborative' economy.	Amsterdam decides to reduce the rental cap to 30 days per year by 2019	Booking.com introduces a dedicated page for STR regulations across the globe.
		Eight European cities demand from the Commission new rules that would force the platforms to share STR data.	EU warns the City of Brussels on disproportionate STR regulations
FEB	HOTREC launches a series of bulletins on STR regulations. 28 bulletins are delivered by April 2022	STR properties are reduced 55% across San Francisco after Airbnb, HomeAway and Flipkey remove unregistered properties under the threat of penalties.	STR platforms fail to support the City of Amsterdam in enforcing the 30-day cap
			Hellenic Chamber of Hotels study on the social impact of collaborative economy in Greece
MAR	Homeaway completes the acquisition of 20+ competitors over 10 years since 2006	Berlin overturns the 2016 ban introducing conditions for STRs in primary residences and second homes	Homeaway accounts for 10% of Expedia Group's revenues in 2018
		The Govern de les Illes Balears fines Airbnb and Tripadvisor €300,000 for ads of unregistered properties	Madrid introduces a 90-day cap for unregistered STR properties along with licence requirements for flats only in buildings with 2+ entrances and a lobby.
APR	The Portuguese Government holds Airbnb & Booking.com responsible to ensure that their operators publish their registration numbers online	HOTREC 'Strategic Communication Plan'	The Mayor of London calls for legislation to introduce a new registration system for operators who wish to rent out a property for less than 90 days
		Palma de Mallorca bans STRs in blocks of flats with associated fines up to €40,000	
MAY	'Report on a European Agenda for the collaborative economy'	HOTREC 'Position Paper on Overtourism' & 'Shedding Light on the 'Meal-sharing' Platform Economy'	Ten European cities demand from the European Commission rules to protect affordable housing against the adverse effects of STRs
	Airbnb publishes 'Policy Tool Chest 2.0' and announces tax partnerships with 275+ jurisdictions globally	Corporate Europe Observatory report on 'UnFairbnb' and affordable housing	Corporate Europe Observatory report on 'UnFairbnb' and affordable housing
JUN	Airbnb announces 'Community Tourism Program'; a €5M fund for projects in Europe	European Cities Marketing toolbox on 'Managing Tourism Growth in Europe'	The Research Centre for the Humanities in Greece reports that 51% of all listings in Athens are multi-listings

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B	2017	2018	2019
JUL	Amsterdam requires all operators to register their STR properties online and introduces a range of fines (€6K-€20.5K) for violations of the law	The European Commission asks Airbnb to align their terms and conditions with EU consumer rules and be transparent in its presentation of prices.	Regulations in Ireland allow STR services only in primary residence inside designated 'rent pressure zones'. Greece's tax authority goes after 20,000 unregistered STR properties and 130 operators failing to declare taxes
AUG	The Govern de les Illes Balears introduces fines up to €40,000 euros for operators who fail to register their properties in Mallorca and Ibiza	UNWTO includes guidelines about STR regulations inside a new report on 'Overtourism' Greece's tax authority launches online registry for hosts and STR properties	The Bank of Spain reports rental prices in Madrid and Barcelona have risen 45% and 50% over the last five years also due to uncontrolled STR growth Lisbon defines a maximum number of STR licences in seven historic districts
SEP	UNWTO publishes report on 'New Platform Tourism Services (or the so-called Sharing Economy)'	Airbnb commits to complying with European Commission and EU consumer authorities' demands	The City of Portland and Airbnb reach a data sharing agreement The High Administrative Court of Bavaria backs Airbnb in dispute with the City of Munich
OCT	Prague launches a dedicated portal including information for hosts, guests and neighbours	Eurobarometer Survey (467) 'The Use of the Collaborative Economy' The 'ELAN Law' introduces fines up to €10,000 euros for hosts and up to €50,000 euros for platforms in relation to illegal STR listings in France	UNWTO report on 'New Business Models in the Accommodation Industry - Benchmarking of Rules and Regulations in the Short-term Rental Market'
	Dublin introduces €5000 fines and a prison term of up to six months for STR operators/owners who fail to obtain a planning permission	European Commission's 'Collaborative Short-Term Accommodation Services: Policy Principles & Good Practices' Morgan Stanley reports signs of growing competition between Airbnb, Booking.com and Homeaway	The Scottish Government considers STR regulations further to the results of a public consultation and an STR impact assessment
NOV	Airbnb agrees to put an automatic rental cap (120 days) on Paris offers among four central districts	European Parliament's TRAN Committee report on 'Overtourism'	Los Angeles and Toronto introduce new regulations focusing on registration requirements and activity thresholds
DEC	The European Court of Justice decides that UBER is a transportation company	The Administrative Court of Munich holds Airbnb responsible to share data for STR properties with the city's authority	The European Court of Justice rules out that Airbnb is an 'information society service' rather than an estate agent
	The Spanish Government holds STR platforms responsible to share data about the volume/revenues of STR services with the tax authority McKinsey and World Travel & Tourism Council report on 'Overtourism'		

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Appendix



Timeline of Market Updates, Policy Initiatives and Legislative Work for STR Services

2020-2021

C	2020	2021
JAN	The Supreme Court of the Netherlands rules out that <u>locals in Amsterdam can't rent out their property to tourists without a permit</u>	The European Parliament adopts a resolution, asking the Commission and national governments to take action and recognise " <i>access to decent and affordable housing as an enforceable human right</i> ".
	The House of Representatives in Cyprus passes a bill that regulates self-service (sharing economy) accommodation establishments	The Observer reports on <u>illegal STR services among cities in the UK during the lockdown</u>
FEB	The Supreme Court of Spain rules out that <u>only entire properties in the Region of Galicia can be advertised as STR properties</u>	Vrbo launches ' <u>Fast Start Program</u> ' for new operators joining the platform
		Barcelona allows individuals rooms to be rented for <u>stays of more than 31 days</u>
		Berlin requires STR operators to include <u>registration numbers</u> in both online and print ads.
MAR	Airbnb, Booking Holdings, Expedia Group, Tripadvisor and Tujia <u>together held 73% of STR bookings in 2019</u>	European Parliament resolution on establishing an <u>EU strategy for sustainable tourism</u>
		European Commission SME Strategy for a <u>sustainable and digital Europe</u>
		' <u>The Digital Services Act package</u> '
	The European Commission reaches a <u>data sharing agreement</u> with four platforms	Booking.com's position on ' <u>The Digital Services Act</u> '
		Venice and Florence demand a <u>clear framework for STR regulations at the national level</u>
	A court decision <u>overturns Amsterdam's three-district ban on STR services</u>	
	University of Manchester report on ' <u>The Airbnb 'Movement' for Deregulation</u> '	

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C	2020	2021
APR	<p><u>Airbnb raises \$1B in debt and equity, secures an additional loan of \$1B</u></p>	<p><u>Vrbo and Booking.com outspend Airbnb in US advertising in Q1 2021</u></p>
	<p><u>lays off about 25% of its workforce and rolls out a new cleaning protocol</u></p>	<p><u>Greece's national revenue body reaches tax agreements with Airbnb, Booking.com and Vrbo</u></p>
MAY	<p><u>Expedia Group retires HomeAway brand to focus on Vrbo</u></p>	<p><u>OECD report on 'Rental Regulation'</u></p>
	<p><u>A Paris court rules that Airbnb is culpable for the actions of its operators and fines the platform and one of its operators €52,000</u></p>	<p><u>Airbnb position paper 'Airbnb and the Digital Services Act'</u></p>
	<p><u>A court decision prohibits STR services/ subletting in Vienna's 220,000 public housing units</u></p>	<p><u>Airdna and Transparent report on a growing share of short-term rentals offered by commercial operators post Covid-19</u></p>
JUN	<p><u>Eurostat's first report on STR performance demonstrates high concentration of STR services in space and time</u></p>	<p><u>Property Research Trust report on 'Regulating Short-term Rentals'</u></p>
	<p><u>Sharing Cities Action report on 'Short-term Rentals: Data, Negotiation and Collaboration Strategies for Cities'</u></p>	<p><u>Portland assessment on STR regulation enforcement identifies data management challenge</u></p>

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C	2020	2021
JUL	<p><u>Amsterdam prohibits STR services in three central districts</u></p>	<p><u>Booking.com is reported to have 6.6M listings for alternative accommodation properties; 23.5% of total listings</u></p>
	<p><u>Lisbon launches Renda Segura program to reclaim housing from the STR sector</u></p>	<p><u>Four French cities including Nice, Saint-Malo, Ajaccio and Montpellier introduce new STR restrictions</u></p>
AUG	<p><u>Hungary's parliament approves legislation allowing city authorities to set limits on the STR services in their jurisdictions</u></p>	<p><u>A Paris court and the Fraud Control fined Airbnb €8M and €300K respectively within a month.</u></p>
	<p><u>The City of Los Angeles and Airbnb launch system meant to help enforce STR regulations</u></p>	<p><u>STR operators in four Dutch cities including Amsterdam, Rotterdam, The Hague and Utrecht have access to Airbnb's Registration Toolkit</u></p>
SEP	<p><u>The European Court of Justice rules that city authorities can require prior authorisation from STR operators, and regulate their activities for overriding reasons relating to the public interest</u></p>	<p><u>Vrbo extends the Fast Start program to France and the UK, hoping to attract Airbnb high-revenue hosts.</u></p>
	<p><u>22 cities call for stronger European regulation of STR platforms Eurocities policy paper on 'The Digital Services Act'</u></p>	<p><u>The Balearic High Court overturns the ban on STR apartments introduced in 2018 by the City of Palma de Mallorca</u></p>
	<p><u>Airbnb Launches City Portal including tools and locally-specific data for partnerships with governments</u></p>	<p><u>Airbnb update 'One year later: Airbnb's City Portal'</u></p>

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C	2020	2021
OCT	<p><u>The Irish Government allocates €2.5M to local authorities for the enforcement of STR rules</u></p>	<p><u>Eurobarometer Survey (495) 'Short-term rentals in the EU'</u></p>
	<p><u>Booking.com launches cleanliness requirements for STR properties</u></p>	<p><u>Madrid launches Reviva Madrid program aiming to boost affordable housing through the reuse of empty flats</u></p>
NOV	<p><u>Booking.com and Expedia accounted for 3.4M STR bookings (75% of Airbnb's bookings) in July 2020</u></p>	<p><u>Airbnb removes all public housing units from its listing in Vienna further to June's court ruling</u></p>
	<p><u>FEANTSA & Fondation Abbé Pierre report on 'The City is Ours! How to Regulate Airbnb in the Face of a Housing Crisis'</u></p>	<p><u>The Scottish Government proposes legislation including STR licencing requirements and provisions for empowering local authorities over law enforcement</u></p>
DEC	<p><u>Left group in the European Parliament report on 'Platform Failures'</u></p>	<p><u>Airbnb and Vrbo launch a joint program to combat party houses six months after its announcement</u></p>
	<p><u>Airbnb tops \$100B market value in its IPO</u></p>	<p><u>The European Commission concludes a series of consultations on pan-EU STR regulations - gathering more than 5,500 responses - and a series of dedicated workshops</u></p>

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List of Interviewees

D List of Interviewees

1 Jeffrey Goodman / Urban Planner

2 Dr Luke Yates / Lecturer
University of Manchester

3 Yeghig Keshishian / Chief External Affairs Officer
City of Los Angeles (City Planning)

4 Yolanda Martinez / Lawyer
Marimon Abogados

5 Marek Endrich / Post-doctoral Researcher
Vrije Universiteit Brussel

6 Geert Martin / Head of Accommodation Department
Visit Flanders

7 David Wachsmuth / Associate Professor
School of Urban Planning McGill University

8 Ricardo Valente / Councillor
Department of Finance, Economic Activities and Inspection and Department of Economy, Employment and Entrepreneurship, Municipality of Porto

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