FEBRUARY 2017

HOTREC STPAR Regulatory Bulletin

Understanding how destination authorities perceive the overall phenomenon of the 'collaborative' economy and deal with the practice of Short-Term Private Accommodation Rentals (STPAR) more specifically is a prerequisite for effective strategy and fruitful lobbying. HOTREC is fully committed to continuing support its members and raise their awareness of key developments that will shape the landscape for platforms, providers/renters, destination authorities, consumers, residents and the regulated tourism industry for the years ahead. In 2017, HOTREC aims to build on knowledge and expertise gained recently through initiatives such as the publication of the relevant Policy Paper (2015), of the Toolkit for HOTREC Member Associations (2016) and the revised Policy Paper (2017).

Within this scope HOTREC will continue working with TOPOSOPHY, a regular partner that will provide Members with periodic updates on market and regulatory developments in Europe and beyond, throughout the year, and will also deliver two webinars in April and September 2017.

HOTREC is delighted to begin the series with an overview of STPAR regulations in 8 European destinations. All case studies covered here have drawn the attention of numerous stakeholders and reflect the Policy Priorities for a Responsible and Fair 'Collaborative' Economy, as presented by HOTREC in February 2017. Initially, the current overview sheds light on the complexity added by the operation of several platforms, and touches on those economic and socio-cultural conditions that underlie policy-making in each destination. More importantly, this overview highlights three key challenges that we should all bear in mind ahead of future changes:

1. Authorities at different levels of public administration can possibly be involved in the introduction and enforcement of STPAR regulations.

   • It is indicative the case of Barcelona where the city authority has recently introduced a ban on new licenses for tourist apartments independently of regulations enforced by the Generalitat de Cataluña (regional government).

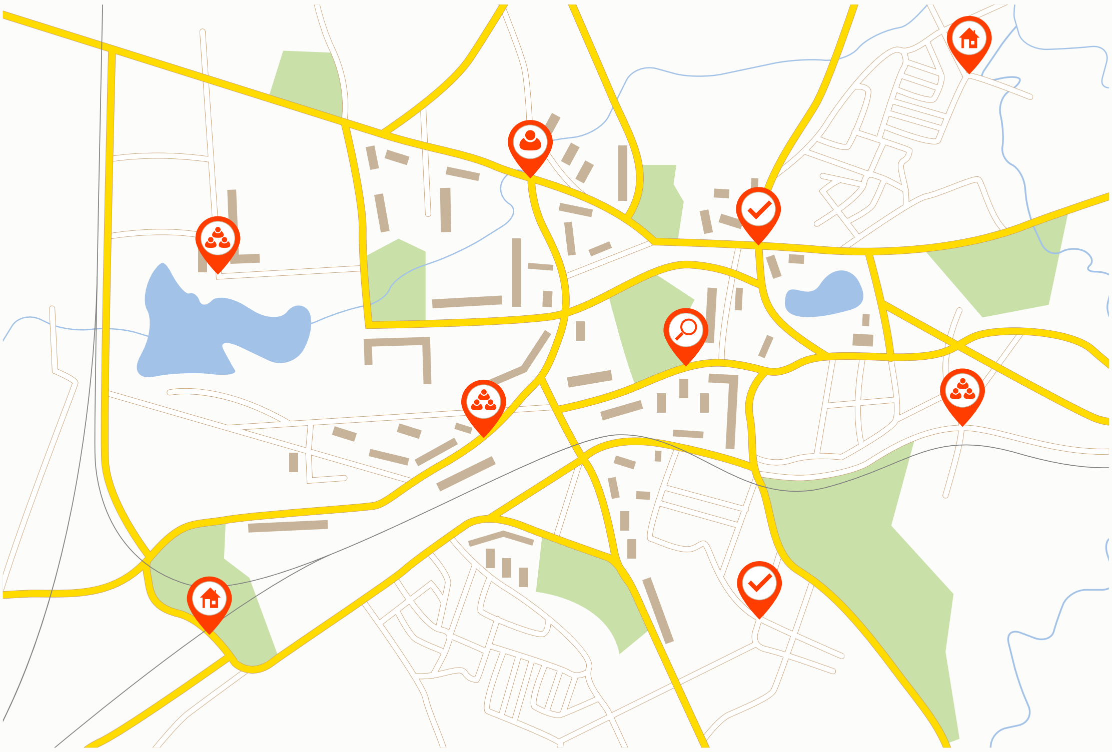
2. STPAR regulations also apply in the case of vacation rentals in resort destinations where it is possible that the seasonal nature of tourism activity will justify a different set of provisions.

   • In Greece, the number of days per year for which a property may be leased differs in the case of islands with fewer than 10,000 residents.

3. The more destination authorities get involved with STPAR regulations the more innovative efforts are possible to come up.

   • The City of Paris has been lately using an online map as a tool to monitor the volume and spread of officially registered properties.

If you would like to learn more on the particular case studies, share your own national examples not featured in the bulletin or share your thoughts on the content, please send an email to the HOTREC Secretariat. The 2nd regulatory bulletin will be disseminated to Members by end of March.



Overview of STPAR Regulations in European Destinations

AMSTERDAM

STPAR regulations are defined by (a) an ordinance that the City of Amsterdam issued in March 2015 and (b) an amended agreement between Airbnb and the City authority made in December 2016, following complaints from local residents on abuse of the 60-day limit, shortage of long-term rentals and the overall volume of tourists in the city.

REGISTRATION:	Individuals can rent out their properties or allow their tenants to proceed with holiday letting, provided that they are registered with the municipal authority / excluding social housing and hotel-style operation inside residential properties.
THRESHOLDS:	An individual property may be rented out for no more than 60 days a year / to no more than 4 guests at a time. As part of the amended agreement any Airbnb listing is hidden from view for the rest of the year, once the respective property reaches the 60-day limit, though nothing prevents a renter to include the same property in other platforms.
APPLICABLE TAXES:	Airbnb has agreed to collect and remit the city tourism tax (5% of accommodation costs excluding breakfast costs) to the council on the renters' behalf.
HEALTH, SAFETY and SECURITY:	Renters must inform neighbours of intention to rent, provide emergency contact number and ensure that properties are fire-safe.
LIABILITY:	Potential Airbnb renters are required to declare compliance with municipality rules prior to posting their listings. As part of the amended agreement, Airbnb has reconfirmed the commitment to sharing information with the city authority in case of law violations.
CASE STUDY HIGHLIGHT:	In February 2017, the City of Amsterdam applied a record fine of €297,000, divided equally between the owner and the property management company 'lambnb' for the continual rental of 11 apartments in the city centre.

ANDALUCIA

In February 2016, The Junta de Andalucia (Consejeria de Turismo y Deporte) introduced a new Law (Decree 28/2016) which has come into force since May 2016. Property owners, who wish to advertise their apartments and houses in residential areas as tourist dwellings through respective channels (e.g. travel agencies, booking platforms), should abide by the provision of this law.

REGISTRATION:	A series of property details along with personal details of the property owner (e.g. First Occupancy License) must be submitted as part of an official application. Once property owners are registered with the Junta de Andalucia, they are assigned a registration number so as to display it in all promotional and advertising activities including platform listings. Airbnb also informs potential renters in the region for the particular requirement.
THRESHOLDS:	Property-owners can rent out no more than 2 tourist dwellings - to a maximum of 15 guests at time (up to 4 guests per room) – to a maximum of 60 days per year each dwelling.
APPLICABLE TAXES:	Property owners are required to pay the local property tax which varies among municipalities along with the annual tax associated with property rentals income. For the latter, the flat rate in 2016 ranged from 24% to 45% dependent on total annual income.
HEALTH, SAFETY and SECURITY:	Tourist dwellings are required to provide a first aid kit along with instructions for electric appliances, smoking restrictions, and the use of facilities.
LIABILITY:	The terms of each rental are subject to the agreement of the renter and the guest, as specified inside formal documentation (Holiday Rental Agreement). Property-owners are required to retain copies in case of inspections within a year from the date of each rental.
CASE STUDY HIGHLIGHT:	The lack of a cap of rental days per year is balanced by the obligation of renters to offer hotel-style services (e.g. air-conditioning, direct exterior ventilation, sufficient furniture, towels, complaints book) as well as to provide analytical information both for property facilities & destination amenities.

AUSTRIA

Destination authorities at the local level are reported to undertake a more active role. The City of Vienna wants to fight tax evasion and ensure fair competition by working with platforms, while the City of Salzburg is currently considering additional limitations on STPAR.

THRESHOLDS:	In Salzburg, no individual properties may be rented out in a building with more than five apartments. The city authority could further extend this ban to houses with three apartments.
APPLICABLE TAXES:	Further to an amendment to the Vienna Tourism Promotion Act in September 2016, the City of Vienna is expected to finalize the framework through which Airbnb-style platforms will start collecting and remitting the city tourism tax (3.2% of accommodation costs excluding breakfast costs) to the council on the renters' behalf.
CASE STUDY HIGHLIGHT:	In Vienna, the forthcoming framework could have further implications (e.g. registration requirements for approximately 7000 Airbnb accommodation listings across the wider city area). As of January 2017, platforms have to submit the contact details and addresses of the providers to the city authorities, so that they can control the correct payment of the taxes due.

BARCELONA

In a Bloomberg report this February, the statement of a deputy mayor in charge of urban planning issues that "we don't want Barcelona turning into a theme park where neighbors are priced out of their homes and local businesses come under pressure," illustrated the extent to which illegal STPAR are seen by the City of Barcelona as an integral aspect of issues of overcrowding and tourist behaviour impacting the lives of residents.

REGISTRATION:	The Generalitat de Catalunya has jurisdiction to enforce the 'Decreto 159/2012' and operate the Catalan Tourism Register. Before rentals may commence, the owner must register the property and pay a fee to the Generalitat. The registration number must be communicated to the relevant city hall and must appear in any type of publicity/listing.
THRESHOLDS:	Rentals may last a maximum of 31 days, must occur two or more times during one year, and must involve no more than two single rooms each time if the owner is living in the property.
APPLICABLE TAXES:	Property owners must pay the 'Tax on Tourism Stays' (€0.65 per bednight in Barcelona, €0.45 per bednight in the rest of the Region) along with the annual tax associated with property rentals income. For the latter, the flat rate in 2016 ranged from 24% to 45% dependent on total annual income.
HEALTH, SAFETY and SECURITY:	Registered properties must meet minimum safety requirements and quality standards (e.g. whole apartment rentals, provision of a reception area, cleaning service at least once a week).
LIABILITY:	The license registry number and emergency contact number must be clearly visible and available at all times, while renters must provide their guests with sheets for the submission of official complaints.
CASE STUDY HIGHLIGHT:	In November 2016 Barcelona's city authorities announced that they would fine Airbnb and Homeaway €600,000 each for continuing to advertise more than 3,800 unlicensed rentals. As of late January 2017, a new city law has frozen the approval of new licenses for tourist apartments.

BRUSSELS

In May 2014, the Region of Brussels-Capital issued an ordinance on tourist accommodation with the aim of guaranteeing better safety for visitors, introducing fairer competition, ensuring better consumer information and ensuring better availability of affordable housing for local people. The ordinance applied to all of those renting, be it under the category of 'homestay', 'furnished tourist accommodation', hotel etc., from 24 April 2016 onwards.

REGISTRATION:	STPAR registration with Brussels Economy and Employment is compulsory. For each property, a declaration dossier must be submitted along with additional documents (e.g. fire safety certificate, certificate of compliance with the standards on land management and urban planning, written consent from the general meeting if the building is jointly owned).
THRESHOLDS:	If the furnished tourist accommodation is the main residence of the renter, then the property can be rented out for a maximum of four months per year.
APPLICABLE TAXES:	Property owners must pay the annual tax associated with property rentals income. In 2016, the flat rate ranged from 25% to 50% dependent on total annual income. As of February 2017, STPAR are subject to payment of the city tourism tax (€3 per room, per bednight).
HEALTH, SAFETY and SECURITY:	Furnished tourist accommodation must comply with various regulations such as the provision of cleaning equipment, heating installations, safety instructions for the use of facilities, etc.
CASE STUDY HIGHLIGHT:	After registration, renters receive a logo specific to their accommodation type, which must be displayed near the property entrance.

GREECE (national)

In December 2016 a new law (4416/2016) was approved by the Greek national parliament, aiming to regulate an ever-growing shadow economy in the accommodation sector. However, early in February 2017 the Hellenic Chamber of Hotels pointed out that the Short-Term Lease Property Register has yet to be created in a letter to the Ministers of Finance and Tourism.

REGISTRATION:	Property-owners must be individual taxpayers rather than corporate entities and must also be listed in the Short-Term Lease Property Register at the General Secretariat for Public Revenue of the Finance Ministry.
THRESHOLDS:	Individuals (identified through a VAT number) may rent out a maximum of two properties on a short-term basis. Properties may be leased for maximum 90 days per year (limited to 60 days on islands with fewer than 10,000 residents). Proprietors who declare less than 12,000 euros annual income from leases are permitted to exceed this quota.
APPLICABLE TAXES:	Income derived from short-term property rentals will be taxed under the provisions of rental taxation. However, rentals are exempt from value-added tax (VAT)
CASE STUDY HIGHLIGHT:	Rented properties must have a minimum area of $9m^2$, natural light, windows, heating, be fully furnished and supply only the service of bedding. STPAR that do not comply with new regulations will be considered illegitimate unless they fit into any form of tourism accommodation licensed by the competent authority of the Ministry of Tourism. Otherwise, illegal STPAR activity is subject to a fine of 5,000 euros (minimum).

LONDON

In September 2016, Business Insider reported that the Business, Innovation and Skills strategy committee asked London's Mayor to consider law amendments due to concerns over the growing effect of STPAR activity on property prices. More recently, an Amsterdam-style approach was agreed over the involvement of Airbnb in the enforcement of current regulations.

THRESHOLDS & REGISTRATION:	As a result of the Deregulation Act passed in March 2015, property-owners who wish to make entire-home listings in platforms available for less than 90 consecutive days do not need to apply for planning permission and declare a change of property use. To protect the amenity of each locality, the Act has authorised boroughs to consult on whether this provision should apply in certain residential premises or residential premises in certain areas.
APPLICABLE TAXES:	Income gained through STPAR activity is regularly subject to tax, yet the UK Government has introduced possible tax reliefs and allowances. From April 2017 for instance, renters will not have to pay tax on the first £1,000 they earn through the platforms.
HEALTH, SAFETY and SECURITY:	Like all other forms of tourist accommodation, STPAR must comply with the Fire Safety Guidance for the Hospitality Industry.
LIABILITY:	As part of an agreement made between the City of London and Airbnb in December 2016, listings from January 2017 onwards are hidden from view for the rest of the year once entire-home listings reach the 90-day limit.
CASE STUDY HIGHLIGHT:	As of February 2017, there are already concerns over the effective enforcement of recent legislation related to Airbnb's involvement in banning STPAR activity beyond the 90-day limit.

PARIS

Legislators in France have recently focused on ensuring law enforcement through the transfer of property and tax information from the platforms to the French authorities. That is a key issue especially in the case of Paris, where the city authority investigated in January 2017 12,000 apartments based on estimations that 60-70% of property-owners who exceed the defined cap of STPAR activity have failed to obtain a permit in order to remain legal.

REGISTRATION:	Property owners who wish to exceed the 120-day cap for their primary residences or lease their second homes must obtain a relevant permit from the city authorities, reclassify their properties as 'tourist accommodation' (Mueblé Touristique) and pay a compensation fee for the removal of their properties from the housing stock. As of October 2016, the Digital Bill (République Numérique) has made online registration mandatory in respective cases in big cities. Declaration numbers should be used when advertising the property. Fines for property owners who do not comply with these regulations go up to €80,000.
THRESHOLDS:	With Bill ALUR since March 2014, no authorization or declaration is needed for property-owners who rent out their primary residences for a maximum 4 months a year. Fines for ignoring this cap go up to €25,000.
APPLICABLE TAXES:	Airbnb has been collecting and remitting taxes (€0.83 per person per night) in Paris from guests on behalf of hosts since October 2015. A February statement by Airbnb confirmed that the expansion of this process into a total of 19 French cities in 2016 has added €7.3 million tax revenue for those cities. By 2019, the automatic declaration of rental income through STPAR activity will be also a responsibility of platforms.
LIABILITY:	In March 2016 an agreement was made for Airbb to notify renters in Paris by email once their property had been rented for the maximum permissible 120 days per year. Platforms also have to clarify whether for each rental the activity is occasional/private or regular/professional. Through the Digital Bill legislators have sought to hold platforms responsible for removing from their listings those renters ignoring the 120-day cap.
CASE STUDY HIGHLIGHT:	In May 2016, the City of Paris set up a platform with an interactive map showing the locations of legally registered properties, as part of an effort to increase civic consciousness and encourage property-owners to register.

TOPOSOPHY
DESTINATION MARKETING AGENCY

The Regulatory Bulletin was prepared by TOPOSOPHY