6th HOTREC Regulatory Bulletin - November 2017

In our penultimate edition for 2017 we pay attention to a few more cases of innovative initiatives and key developments related to destination authorities in North America, Europe and Asia. Among these are included the submission of an impact-assessment study related to Short-term Private Accommodation Rentals (STPAR) to an independent body (UK) and the introduction of regulations covering different types of listings (Miami, US).

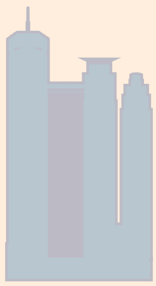
In many areas around the world, it is nowadays common sense that the purpose of STPAR regulations is the establishment of a level-playing field for all types of providers involved in the supply of accommodation services as well as the wellbeing of destinations against phenomena such as overcrowding and housing shortages. Numerical results are always required to showcase what has gone well and what has gone wrong with new regulations. These should be based on various indicators such as the share of registered properties vis-a-vis the actual number of online listings or the spread of STPAR among the most popular areas of destinations.

The series of HOTREC STPAR Regulatory Bulletin has often referred to this requirement, and a recent report by UBS's Evidence Lab Research Team has come to reconfirm the point's importance. More specifically, although the growth of Airbnb's gross bookings has continued from January to July 2017 at a global level, UBS concludes that Airbnb no longer poses the same threat to the hotel industry as it did in 2016. Focusing on supply rather than demand during the same period, USB interprets a series of decreases of Airbnb listings in cities such as NYC, Barcelona and Berlin, as a result of the enforcement of strict regulations by the respective city authorities.

New regulations in Miami-Dade County deal with both whole units and private rooms

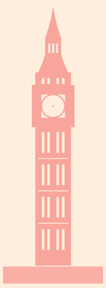
Signing up for a certificate of use and registering for a business tax receipt as well as enforcing some rental standards on guests, such as following standard garbage procedures and noise restrictions, are some of the requirements landlords have to consider after a new ordinance was approved by the Miami-Dade County in October 2017. Crucially, the STPAR regulations will come into effect by the beginning of December regardless of whether there will be landlords arguing that they only share an extra room in their homes.

Minneapolis adopts an integrated approach for the registration of STPAR hosts and online platforms



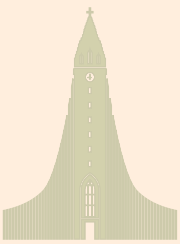
Airbnb-style platforms have been facing a different type of challenge in Minneapolis since October 2017, when the City Council voted to approve a new set of STPAR regulations. While the first ordinance is basically about the license fees that landlords have to pay when they want to rent one or more properties (e.g. annual fees up to $350 for non-occupied rental properties which are rented out as entire units), the second ordinance stipulates license fees for online platforms based on the number of Minneapolis' listings they are advertising (e.g. a $5.000 annual fee for Airbnb). As of December 1, the Minneapolis City Council will enable the submission of license applications.

Open data in the UK a new tool for the impact assessment of STPAR activity



Concerns over the lack of affordable housing and certain neighborhoods coming under pressure due to the excessive use of residential properties by tourists have pushed the UK Government to authorize the Open Data Institute (ODI), an independent body, to conduct a study about the impact of online platforms (e.g. the effect of STPAR on public services). One of the ODI's cofounder has also asked platforms to invest in transparency by arguing that *"new disruptive technologies which would rather not have too much regulation, one way they can respond is by publishing more data as open data".*

Widespread tax evasion under monitoring by public authorities in Iceland

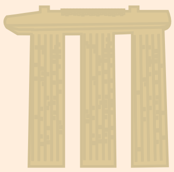


The exponential growth of Airbnb listings all over the country – it is estimated that 1 in 2 foreign visitors in Iceland finds accommodation through landlords advertising their properties in Airbnb-style platforms and OTAs such as Booking.com – has not occurred without consequences. According to the Icelandic Directorate of Internal Revenue (IDIR), an estimated turnover of €49 million related to STPAR exclusively in Reykjavik has not enabled a respective contribution to tax revenues. Approximately 7 in 10 hosts still remain unregistered while some of the most prolific hosts, those who rent out 5 or more properties, have not yet managed to report their full income to the IDIR.

The Spanish Government is positive on the expansion of visitor identification procedures on STPAR

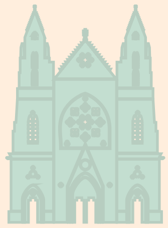
The recent adventures of online platforms in the Balearics will soon extend throughout the country. In a press conference on October 23, 2017, the Deputy Director General for Tourism Cooperation and Competitiveness provided the public with several details on a forthcoming decree that will update existing regulations for the tax control and security terms of STPAR. A great deal of this decree is focused on the collection of vital bits of data from the online platforms (e.g. with regard to the income that hosts gain annually) as well as on visitor identity requirements based on what is already in effect in the case of hotels.

Plenty of concerns among destination authorities in Singapore a driver for new STPAR regulations



As one of the most dynamic destinations in south-east Asia, Singapore wishes to keep a pro-active stance and get the gains rather than the pains of increasing tourism activity. Understanding that the existing three-month minimum for all types of rentals entails practical challenges with regard to law enforcement, the Singapore's Government is currently considering various revisions and making new plans for the tax obligations of both hosts and online platforms.

The City of Prague invests in online tools and facilitates the dissemination of valid information



The City Council of Prague has launched two new webpages related to STPAR activity as part of its official website (sdileneubytovani.praha.eu and shared-accommodation.praha.eu) The purpose of these sites is to provide both hosts and guests with vital information on different issues. In the case of hosts, it is specified when and how host must pay their due taxes to the city authority along with additional information such as how they can obtain and maintain a business license, how they can register their guests, and how they can inform the tourist police. In the case of guests, the most important piece of information is about the leasing laws and the requirement to keep quiet during the night hours (10pm-6am).

Airbnb has set an eye on luxury travel through a potential Wyndham deal

In a Bloomberg report early in November, it was noted that Airbnb hopes to penetrate further into the market of vacation rentals. Private equity firms are also included among potential suitors for Wyndham's lucrative inventory in Europe including luxury properties among high-end destinations (e.g. Dalmatia in Croatia, Santorini in Greece). However, a bid by Airbnb would be consistent with the long-term objective of expanding its presence in a market where it can challenge Expedia Inc. and Priceline Group Inc.

Multi-millionaire Airbnb owners illustrate the business character of STPAR

London and Bali, Indonesia, are the destinations with the two most prolific Airbnb landlords. Both of these owners have more than 500 properties in their portfolio and their annual earnings account for no less than €13 million. Similar cases of top owners exist in many more destinations worldwide based on a recent report by The Telegraph; a key sign of the influential role that property management companies rather individual hosts have come to play in STPAR marketing and management.

TOPOSOPHY
DESTINATION MARKETING AGENCY
The Regulatory Bulletin was prepared by TOPOSOPHY
and was also based on information and comments received from the relevant HOTREC national associations.