



## Industry submits official complaint to European Commission about excessive and contradictory local rules stifling short-term rental sector

**Brussels, 22 September 2016:** Some of the most popular city destinations in Europe are stifling the ability of householders to rent out accommodation to travellers by imposing excessive and often contradictory regulations, according to a complaint submitted to the European Commission by the short-term rental industry. Examples of the restrictions range from outright bans, to effective bans via disproportionate requirements about the number of coat hangers in wardrobes, the quantity of cups and towels in bathrooms and the brightness of lightbulbs.

The complaint, lodged by industry body the European Holiday Home Association (EHHA), representing both property owners, renters and managers as well as short-term rental platforms, targets popular destinations including Berlin, Barcelona, Brussels and Paris for some of the most over-zealous rules and restrictions/bans which are not consistent with EU law. However, many other European destinations are also placing a disproportionate burden on people who simply want to rent out their accommodation. The official complaint follows several months of informal dialogue with the European Commission.

The EHHA warns that Europe's city authorities risk suffocating the short-term rental sector as well as imposing excessive legal liabilities on the platforms that connect hosts and renters. *"The industry is the first to welcome sensible regulation for the short-term rental sector and collaborative economy,"* says EHHA Secretary General Carlos Villaro Lassen. *"However, in Europe the collaborative economy risks being crushed by a hotchpotch of excessive and contradictory regulation. While some of these rules may be well-intentioned and appropriate for large hotels, they are completely disproportionate for individuals who are simply renting out their accommodation for a few days."*

*"The restrictions infringe the EU's fundamental freedom to provide services across Europe and that is why we have decided to act and submit this complaint,"* he adds.

In Barcelona, regulators have extended tourism regulations – originally designed to govern professional activity – and applied them directly to the collaborative economy without modification. Homeowners wishing to rent their property (they are prohibited from letting a single room) must comply with a long list of technical and quality requirements. Even minor infringements, such as failing to provide consumer complaint forms, can result in fines of up to €3,000. Serious infringements can lead to fines of up to €600,000.

While in Barcelona permit-holders are limited to letting entire properties only, the reverse is true in Berlin. Berliners wishing to rent out more than 50% of their apartment must obtain special authorisation, which will only be granted if they can prove they have no other way to make ends meet, or in very special and almost impossible circumstances. Non-compliance can result in a fine of up to €100,000.

In Brussels, private individuals with accommodation to rent face a colossal administrative process – exactly the same as if they were running a high-priced large business hotel. Requirements include providing a wardrobe with at least two hangers per guest; room lighting set at 100 lux; an electric sink light of 200 lux in the bathroom; and a cup or glass per guest and a guest towel. Fines for non-compliance range between €250 - €25,000.

In Paris, owners wishing to rent a 'pied-à-terre' are required to make a 'compensation' to the city, an expensive and burdensome process which may include converting up to twice the area of commercial real

estate into residential property of equivalent quality as the one being rented – in effect a ban on letting secondary residences.

Online platforms that market short-term rentals also face a host of excessive and contradictory regulations, coupled with heavy liabilities for non-compliance. This is contrary to the EU's E-Commerce Directive.

The short-term rental sector provides travellers with more choice, competitive prices and the chance of experiencing places in new and exciting ways. It also brings significant benefits to owners and tenants, including managing their costs of living and unleashing entrepreneurship. Local communities also benefit from increased tourism and consumer spend, driving growth, investment and employment.

According to a Phocuswright study<sup>1</sup>, 45 million adult Europeans have stayed in short-term rental accommodation in the past two years and the industry in Europe produces an annual turnover of 80 billion euros. In Europe, private homeowners, rental managers, portals and listing sites provide a capacity of 20 million beds for tourists – twice the number of traditional hotel beds. The short-term rental sector is a key component of the Commission's Digital Single Market project. The restrictive municipal rules however affect the competitiveness of European tourism destinations and in particular their ability to attract new travellers that are looking for short-term rentals.

According to the European Commission's guidance on the collaborative economy published last June: "rules applied to the collaborative economy need to be justified and proportionate and should aim to relieve operators from unnecessary regulatory burden." The guidance also points out that "a fragmented approach to the collaborative economy creates uncertainty for traditional operators, new services providers and consumers alike and may hamper innovation, job creation and growth".

The EHHA complaint requests that the European Commission starts so-called EU Pilot discussions with relevant Member States (Germany, Spain, Belgium and France) to bring the identified problematic local short-term rental regulations into line with EU law as a matter of urgency.

The EHHA complaint also underlines that some Member States have failed to notify the European Commission of the excessive regulations imposed by municipal authorities, as they are obliged to do under EU law. Following this complaint, the EHHA will closely monitor future laws regulating the collaborative economy which include disproportional rules.

Villaro Lassen concludes: *"The EU must intervene to put an end to the unnecessary patchwork of restrictive and contradictory municipal rules and red-tape. These only serve to strangle a vibrant part of the EU economy. The existing regulations hurt consumers, homeowners and renters and the wider tourism sector. They are also contrary to EU law and the Commission's goal of creating a Digital Single Market."*

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<sup>1</sup> <http://www.phocuswright.com/Travel-Research/Destination-Activities-Marketing/European-Vacation-Rental-Marketplace-2011-2013>



## **CONTACT**

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## **NOTES TO EDITORS:**

### **The European Holiday Home Association (<http://ehha.eu>)**

The European Holiday Home Association (EHHA) was founded in 2013 to give a voice to the short-term rental industry. The EHHA's members range from associations representing private house owners to managers' associations and digital platforms. Its members operate across the European Union countries. The core of the association is the distribution of short-term rentals in private houses and apartments.

### **Sharing Economy**

The Collaborative Economy (or Sharing Economy) refers to systems that enable access to goods, services, data and talent, without the need for ownership. These systems take a variety of forms but all leverage information technology and peer-to-peer communities. Last year the European Commission launched a public consultation on the Collaborative Economy which looked at the economic role of online platforms (search engines, social media, video sharing website, app stores, etc). The EU sees a clear potential in the Collaborative Economy in terms of innovation, growth and jobs.