

Short-Term Rental Initiative

POLICY BRIEF

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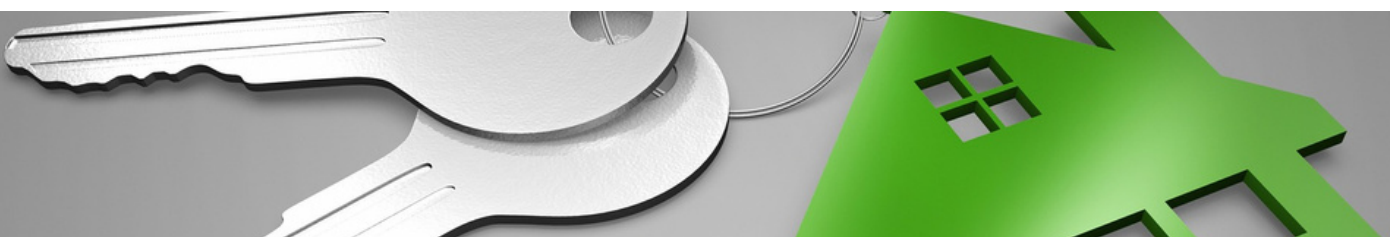
BACKGROUND

The Short Term Rental (STR) initiative was announced by the Commission on 7th November 2022. The proposed regulation aims to level the playing field amongst all accommodation providers and establishes a framework that will protect and benefit consumers, residents, local communities, and the entire EU tourism ecosystem.

Short-term accommodation rental services have existed for many years alongside conventional accommodation providers such as hotels, however, their popularity has surged in the EU with the rise of the platform economy. Despite the positive opportunities created for tourism activity in general, a number of challenges became prominent, affecting hotels, local communities, and also public authorities.

One of the main concerns is the lack of reliable information on these types of short-term lets. Without accurate information, STR operators could go on applying lower standards than other licensed operators and thus create an unfair playing-field. On the other hand, without information on guests using STR services, public authorities are not in a position to develop and enforce a comprehensive policy response.

Within the EU, this problem is even more prominent given the fragmentation that exists from one country to the other. Different countries have different procedures which becomes an issue when you are dealing with an online service (i.e. the online platforms) which offer short term accommodation across borders and the internal market. These diverging transparency requirements work against the fundamentals of the single market.



STR'S SCOPE

The following services are to fall within the scope of this proposed regulation:

- The short-term letting of furnished accommodation;
- A room in a host's primary residence with the host present;
- A host's primary or secondary residence rented out for a limited number of days per year;
- One or more properties bought by the host as an investment to be rented out on a short-term basis.

It is important to also note that this regulation will apply to all short-term accommodation rental services irrespective whether it is for touristic or leisure purposes or short-term stays for other purposes, such as business or study. Moreover, the regulation shall apply to all guests who are able to reach distance contracts with hosts for the provision of short-term accommodation rental services.

REQUIREMENTS FOR HOSTS UNDER STR

The regulation stipulates that hosts are to undergo a registration process which enables competent authorities to gather the valuable insight on the hosts and short-term rental units in question. The registration number will be unique to every rented unit. Hosts will be required to provide information about themselves such as proof of identity and contact details and the characteristics of the unit being put up for rental such as its capacity, the location and the type of unit. It will also be required to stipulate whether the whole unit is being used as a short-term rental or whether other residents including the hosts live there on a more permanent basis. Such information is needed to ensure traceability of hosts and units offered.

Once a registration number is issued, public authorities are to have a procedure in place to verify the data being submitted by the hosts. The rectification on inaccurate information or the submission of more documentation are to be allowed within a stipulated timeframe. In the event that a host still does not manage to provide the information required of them, the competent authority will have the power to suspend the validity of the registration number. Hosts are to be informed beforehand of their registration numbers' validity and given reasons as to why it is being suspended. The full list of requirements that hosts will need to abide by in attaining this registration number, are stipulated within Article 5 Paragraph 1 (A-C) of the draft text of this regulation.

ONLINE INTERMEDIARIES

This regulation differentiates between the larger online intermediary platforms and SMEs. Whilst the larger platforms will be required to share data on a monthly basis, micro and small online platforms that do not reach the target number of 2,500 hosts per month will abide to a different set of rules and shall be able to share data on a quarterly basis instead and will not be obliged to use automated means to supply the data but can choose to do it manually.

APPLICATION OF THIS REGULATION

It is not expected to create too much added burden for the platforms offering these services. The main requirement for the platforms will be to design their websites to make sure that this registration number is visible online. Moreover, in cases where authorities revoke a registration number from a unit, the online platforms will be obliged to update their websites to reflect these changes. In terms of GDPR concerns, the data gathered and shared with administrative authorities, policy makers and researchers will be aggregate and therefore anonymised. Through this data collection, the tourism sector is set to gain from more policy that fits its needs in the current climate.

The full text of the Commission proposal may be found [here](#).

For questions or more detailed information please contact EU Affairs Manager Daniel Debono and Policy Executive Christine Said on infobrussels@mbb.org.mt

