

CONSULTATION ON THE COLLABORATIVE ECONOMY IN THE TOURISM ACCOMMODATION SECTOR

SUMMARY OF RESPONSES

1. Introduction

The European Commission consulted citizens providing accommodation for short-term rental via collaborative platforms in the EU. The objective of the consultation was to better understand the development of the collaborative economy and its main features in the sector of short-term accommodation rental services.

Service providers were invited to respond to a series of questions, with the aim to gather their views on a range of issues related to the provision of collaborative economy tourism accommodation services. The main focus of the questionnaire was on the type of properties offered for rent, the income or other benefits generated by the short-term rental activities, the typical problems or difficulties encountered during the provision of services, the domestic regulatory framework applicable and the possible reasons for the termination of the service provision.

The online consultation took place during the period of 24 January to 14 March 2017. The online questionnaire was published using the European Commission's online consultation tool¹. The questionnaire, which consisted of 19 questions and was available in all EU languages, was anonymous, containing only some general data related to the service providers.

The present document summarizes the responses and provides a first overview of the outcome of the consultation. Responses given provide for an illustrative sample of the views expressed by service providers. The results of the consultation are not statistically representative of the target population.

2. Summary of Responses

EXECUTIVE SUMMARY

A total of 391 individual stakeholders submitted their responses to the consultation.

Main outcomes of the consultation

The majority (56.3%) of service providers stated that they use the properties they rent out either as primary residence where they live on a permanent basis or as secondary residence where they reside temporarily (e.g. for spending their holiday). The majority of service providers (61.4%) offer short-term accommodation services in one property only.

An overwhelming majority of 77.3% rents out their entire property, whereas 25.8% rent one room or multiple rooms, but not the entire property. The remaining 7.2% of respondents offer either the entire property or one or more rooms in their property for short-term rent.

¹ EU Survey <https://ec.europa.eu/eusurvey/tourism-accommodation/management/overview>

For more than two-third of service providers (66.2%), the income generated by their accommodation rental activities amounts to less than half of their yearly revenues. Concerning the exact amounts of income generated the vast majority (57.5%) of respondents stated that their rental income amounts to less than 10.000 EUR per year.

Just over half of respondents (51.4%) reported that they never experienced any problems in the course of their rental activities. According to the explanatory remarks added in a number of responses, even among those who experienced some problems, the majority did not face major issues during service provision; in most cases only minor problems emerged and they could be solved in an amicable manner (mentioned in 30.7% of replies).

As for the ease of understanding and the simplicity of the applicable rules, service providers' views varied: 50.9% of the active respondents considered the rules simple and easy to understand, whereas 47.3% gave an opposite feedback. Among those countries which generated the most responses, providers from Italy (75%), Germany (68%), Spain (59.1%) and France (50%), claimed the rules to be rather complicated and difficult to understand, whereas providers in the UK² (85.5%), Portugal (87.1%), Austria (62.5%) and Ireland (60%) replied that the rules were clear and easy to implement. According to the additional remarks made by respondents who were critical about the current legal environment, the most important difficulty is that rules are highly complicated, unclear, disproportionate and ambiguous. Consequently, compliance with applicable legislation becomes very difficult; this applies particularly to tax rules. Furthermore, many of these respondents complained that local authorities and governments take a rather hostile attitude towards short-term rental services (unjust restrictions, punitive fines).

When asked about the reasons for which respondents would stop providing the service, most of the service providers mentioned the complex and bureaucratic administrative procedures (34.3%) and the continuously changing rules with the subsequent uncertainty in ensuring legal compliance (29.9%) as the greatest obstacles in exercising the activity. Nevertheless, based on the main findings of the survey and especially on the explanatory remarks added by respondents, it can be observed that service providers are overall satisfied with their rental activities and do not intend to end their service provision.

Last but not least, the large majority of the respondents (70.3%) reported that they use exclusively online platforms to reach out to customers.

DETAILED SUMMARY OF RESPONSES

2.1. Overview of the profile of respondents

2.1.1. Location (country, city)

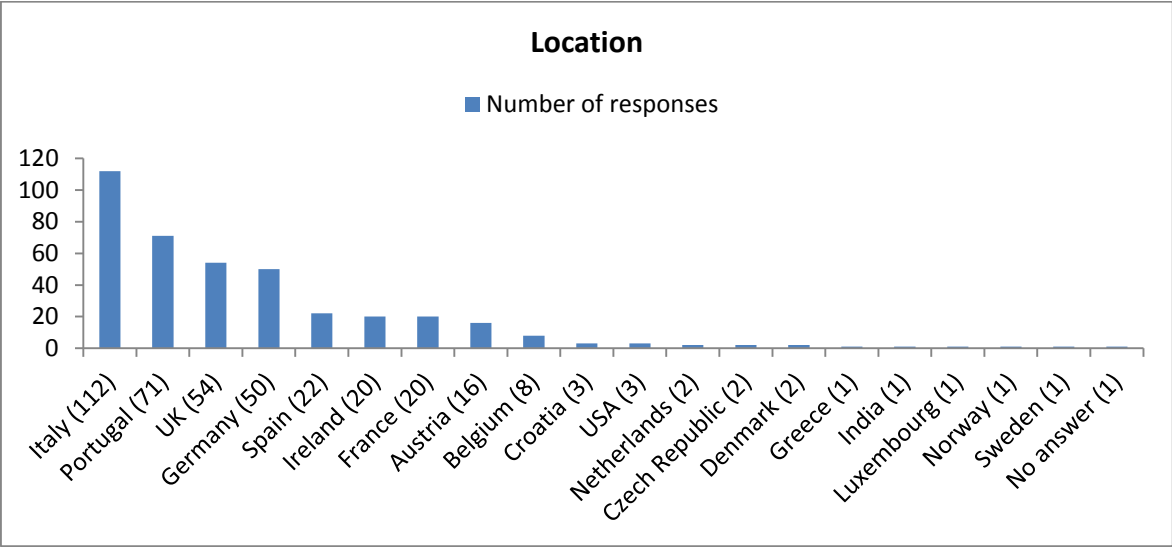
As to the geographical distribution of replies 385 replies originated from 16 EU Member States, 1 from an EFTA Member State (Norway), 3 from the United States and 1 from India.³

Regarding the allocation of responses within the EU, the vast majority of responses (73.5%) came from Italy (112), Portugal (71), the UK (54) and Germany (50).

² Replies came mainly from Scotland

³ One respondent did not indicate his/her location.

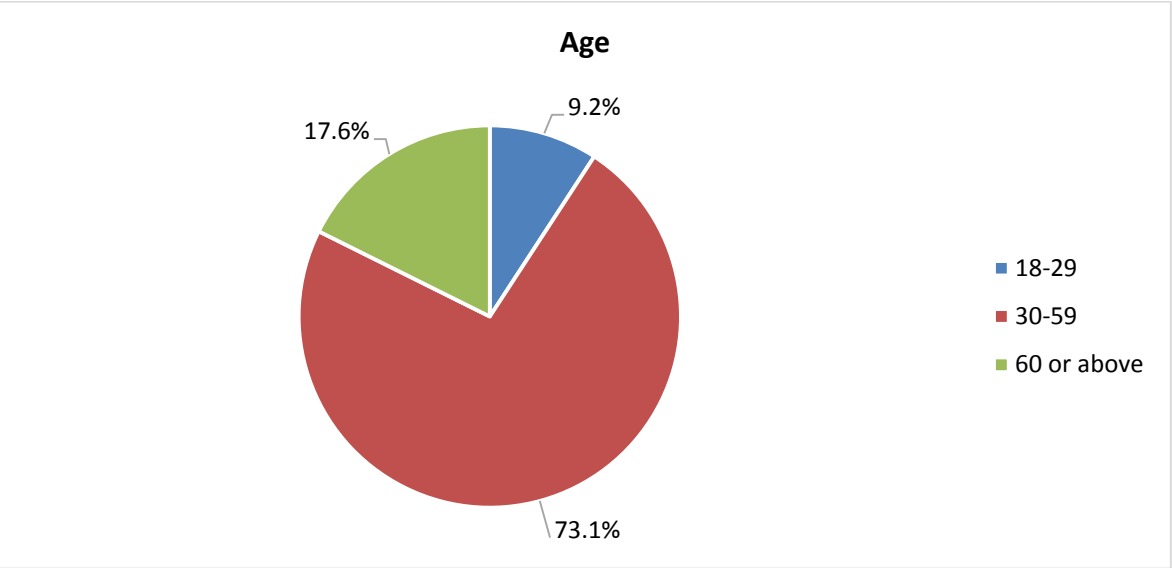
No replies were received from Bulgaria, Cyprus, Estonia, Finland, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, and Slovenia.



The highest numbers of responses originated from the following 8 cities: Rome (38), Lisbon (29), Berlin (25), Milano (24), Bologna (20), Vienna (13), Paris (13) and Dublin (12).

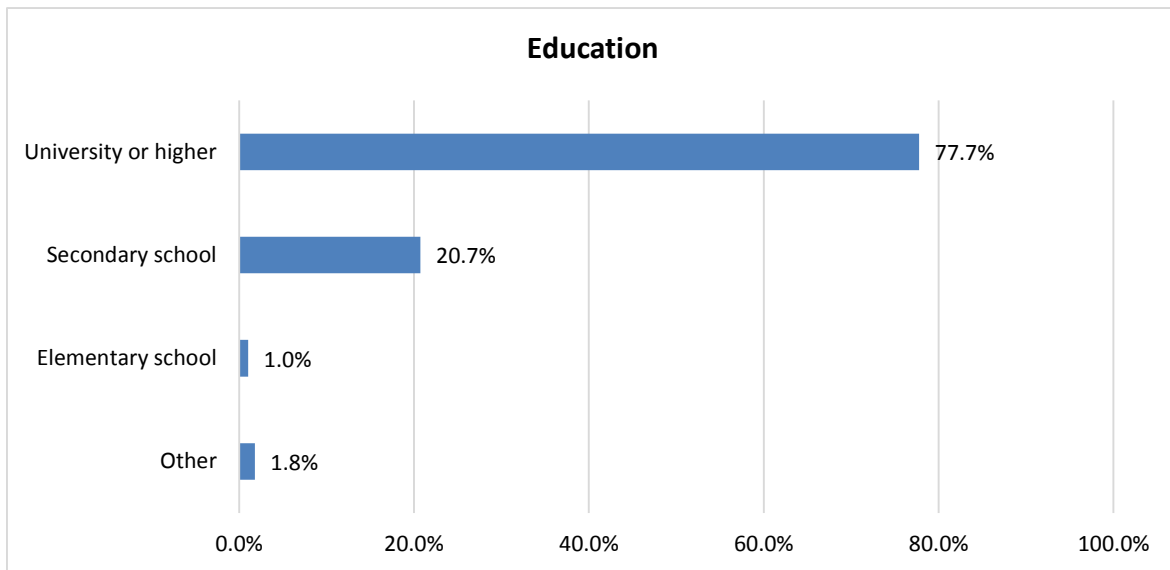
2.1.2. Age

According to the breakdown of respondents based on their age, almost three quarters of them (73.1%) are individuals between 30 to 59 years, whereas the number of service providers above the age of 60 (17.6%) is almost double the number of respondents under 30 (9.2%). The overall number of service providers over the age of 30 lies at 355, which altogether amounts to 90.7% of the respondents.



2.1.3. Education

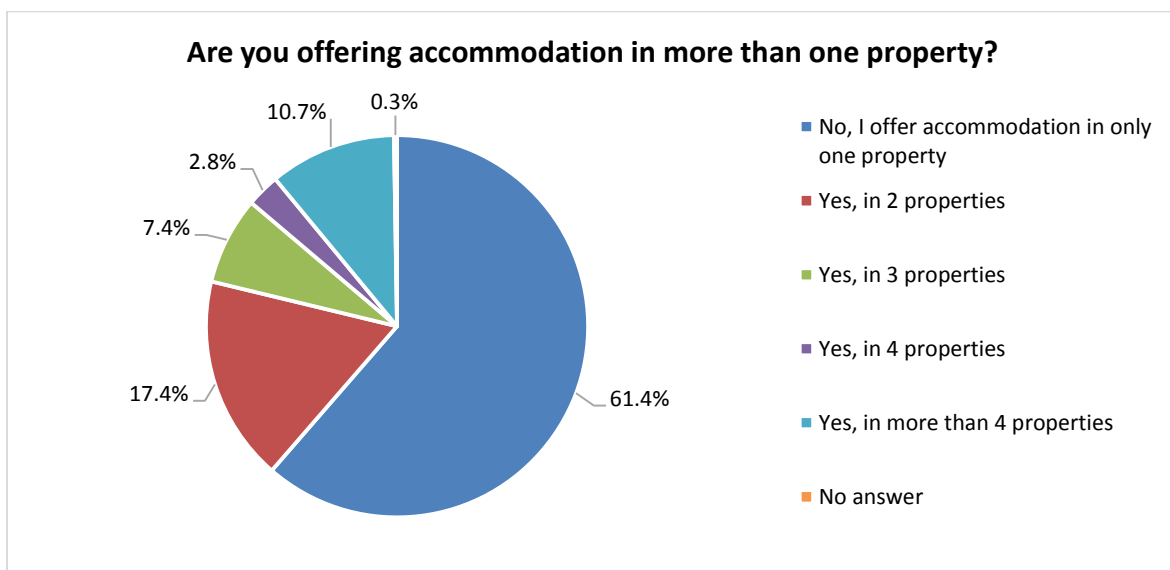
More than three quarters of the respondents (77.7%) went to university or higher level education. 20.7% of the overall number of the respondents had graduated from secondary school and 1 % of the service providers attended elementary school.



2.2. Overview of the properties rented out by respondents

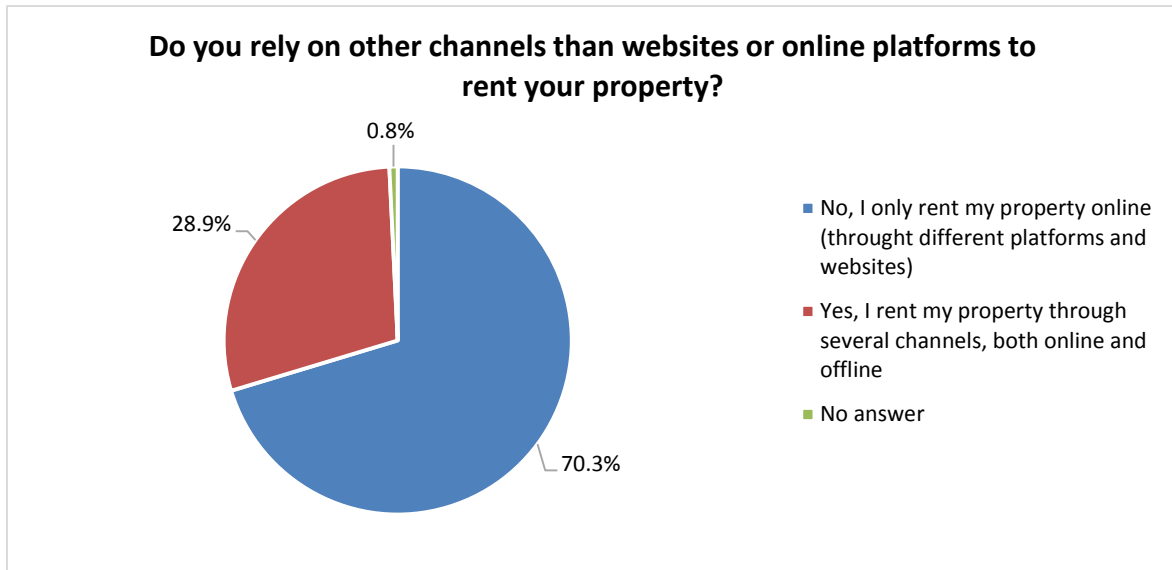
2.2.1. Number of properties offered for accommodation

The large majority of service providers (61.4%) offer accommodation in one property only: 17.4% renting-out two properties, 7.4% three properties and 2.8% renting out four properties. However, there still remains a relatively large minority of stakeholders (10.7%) who offer for rent more than four properties.



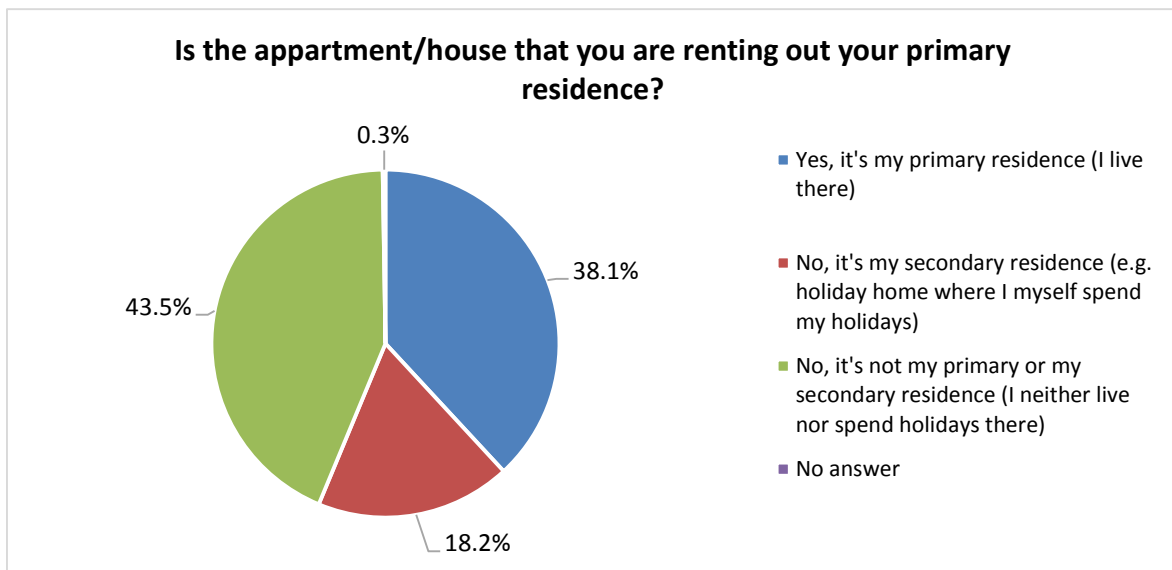
2.2.2. Channels for advertising

More than a two-third majority of the respondents (70.3%) reported that they use exclusively online platforms or websites to advertise their offers. Whereas the 28.9% of the stakeholders declared that they also make use of offline channels in addition to the various online means.

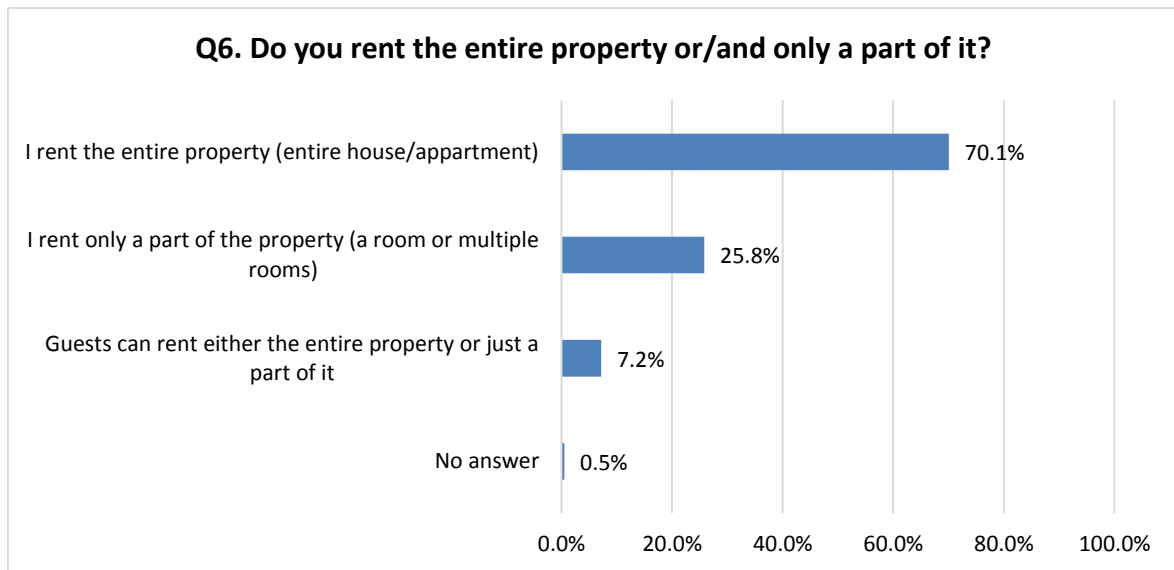


2.2.3. Intended use of rented property by the service provider

The majority (56.3%) of the service providers stated that they use their rented properties either as primary residence where they live on a permanent basis or as secondary residence where they reside temporarily (e.g. for spending their holiday). 38.1% of the respondents rent out their primary residences while 18,2% rent out their secondary house. Finally, 43.5% reported that they neither live nor spend holidays in the property they rent out (thus renting out properties which are neither the primary nor their secondary residence).

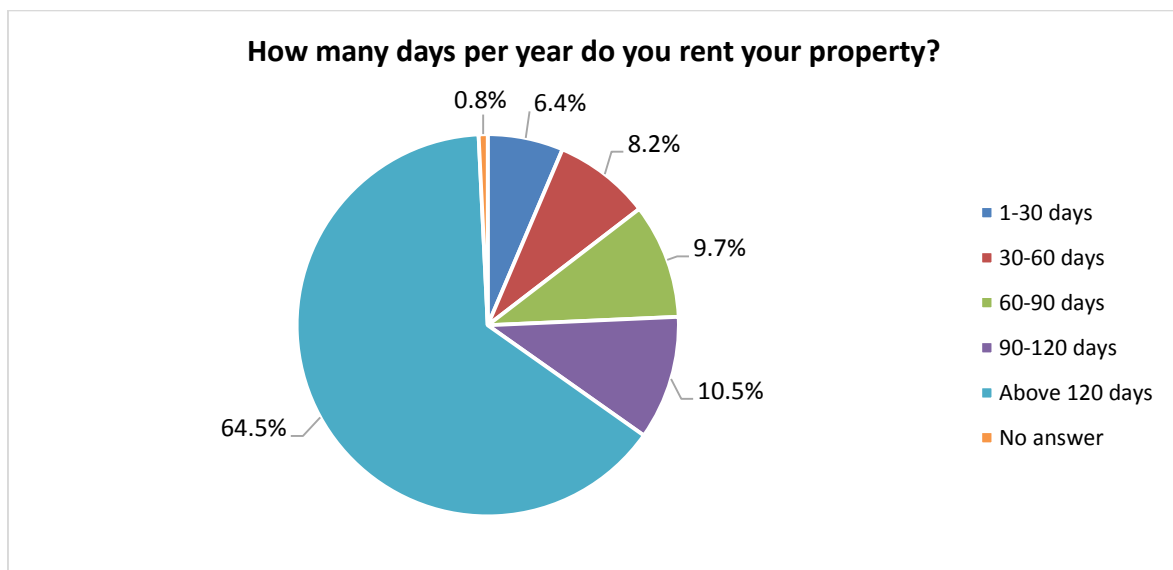


An overwhelming majority of 77.3% rents out their entire property. 7.2% of the respondents offer both the option to rent the whole property or only a part of it, while 25.8% offer only the option to rent a room or multiple rooms.



2.2.4. Duration of rent

A significant majority of providers (64.5%) offer short-term rental services for periods exceeding 4 months per year. Three quarters of the respondents (75%) rent out their properties for a period of more than 3 months; the other 25% provide rental services for periods of 1, 2 or 3 months per year.



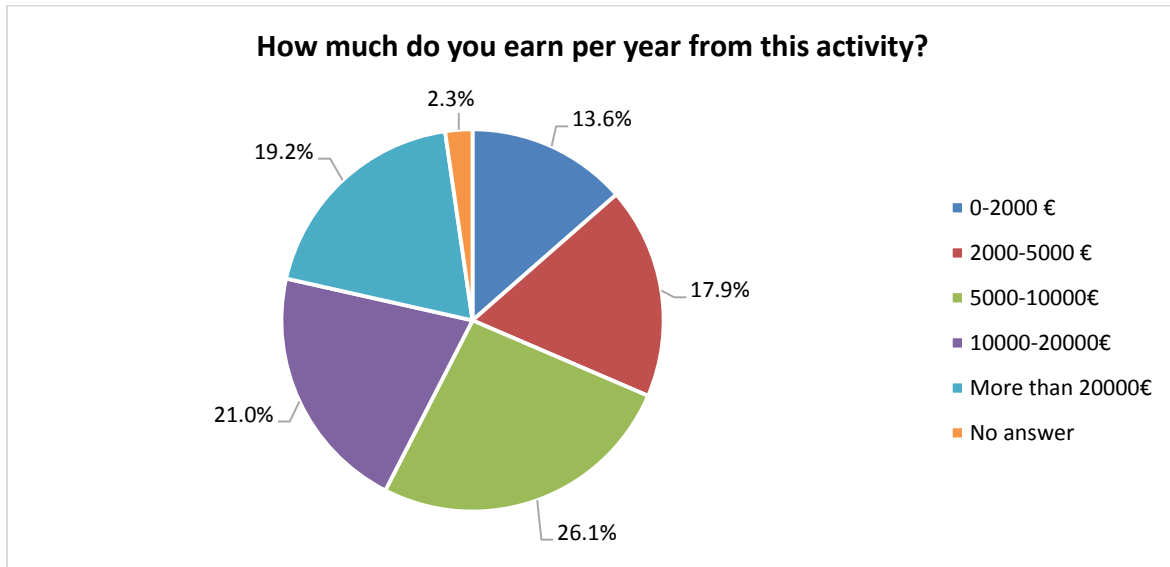
2.2.5. Rental management

Stakeholders were asked to give information about the management of additional services related to their short-term rental activities (e.g. cleaning the premises, handing over the keys to guests etc.)⁴. Most service providers indicated that they take care of these activities themselves (56.5% of the total number of responses), while one-third (33.8%) of the respondents declared that they had used paid external services providers for this purpose. A quarter of the respondents (24.8%) said they relied on the help of a family member or a friend in their absence.

⁴ 0.51% of service providers gave no answer to this question.

2.3. Income generated

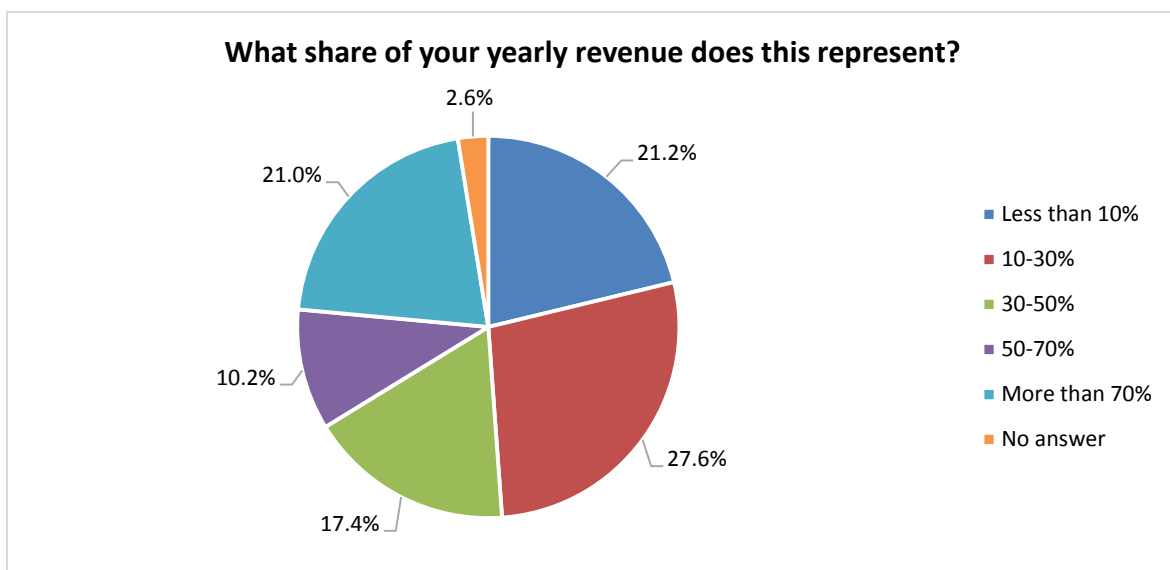
As per yearly income earned from rental activities, the breakdown of responses per amounts is as follows:



The highest number of service providers (26.1%) generates a yearly income amounting to 5.000-10.000 EUR. Around one fifth of the respondents (21%) have yearly earnings between 10.000 and 20.000 EUR, while similar number of respondents (19.2%) gain more than 20.000 EUR per year. At the lower end of the income range, 17.9% earn between 2.000 and 5.000 EUR, and 13.6% of respondents generate yearly income amounting to less than 2.000 EUR.

The majority of respondents (57.5%) stated that their rental income amounts to less than 10.000 EUR per year.

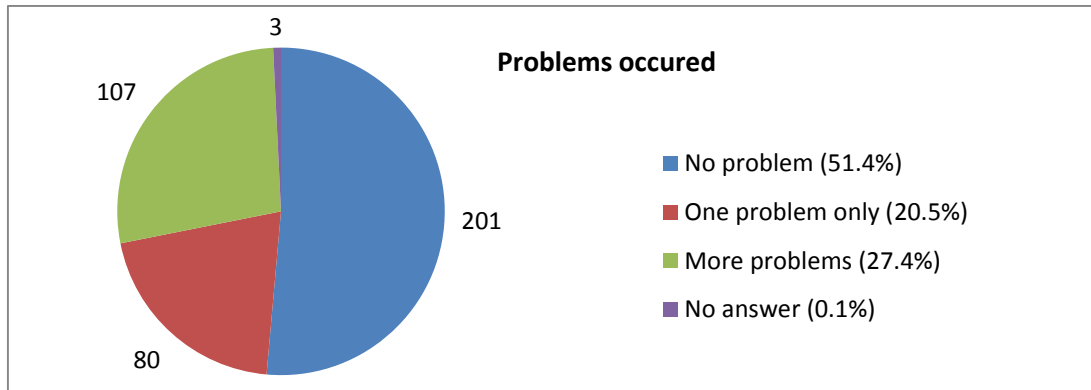
The answers referring to the share represented by the concerned rental income show that for about two-third (66.2%) of the service providers the income generated by accommodation rental activities amounts to less than half of their yearly revenue.



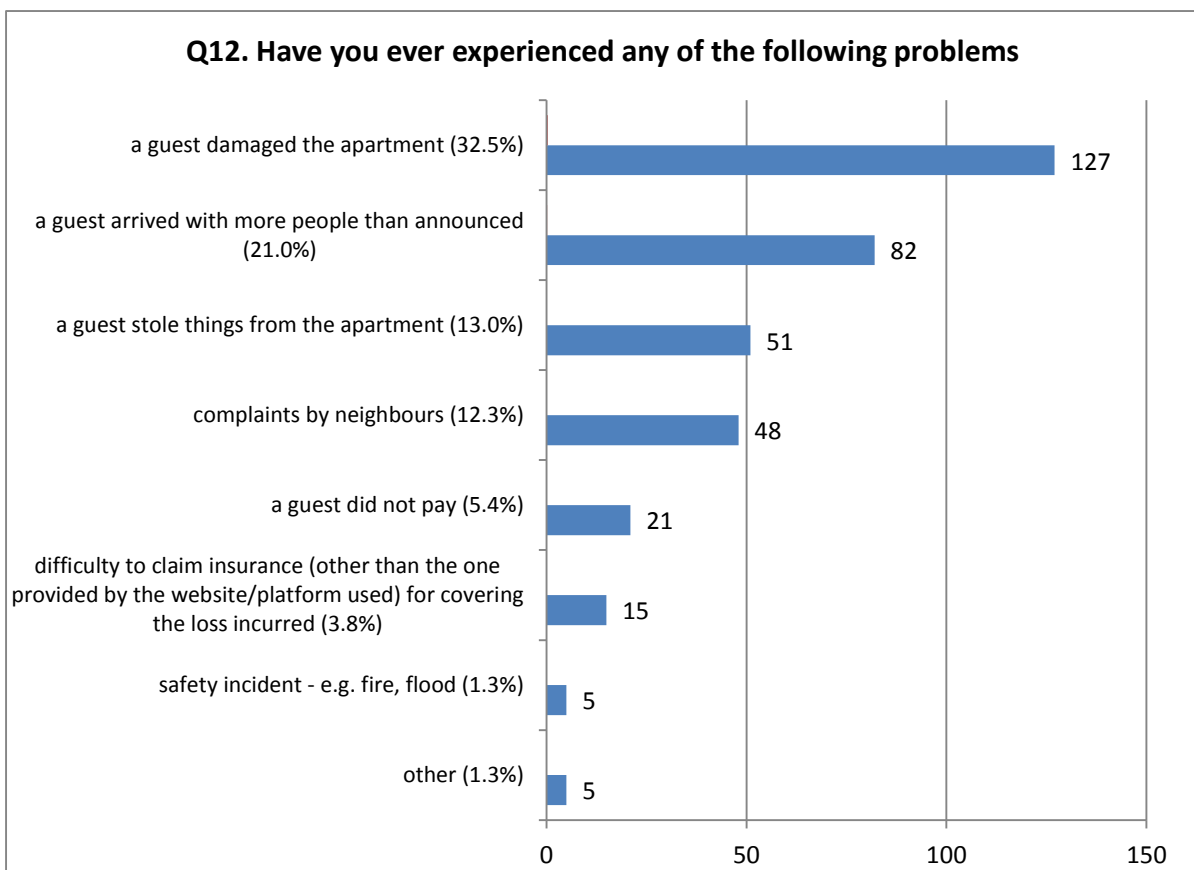
2.4. Potential problems occurred in the course of the service provision

2.4.1. Nature of problems

The next part of the survey focused on the types of problems emerged during or in connection with the service provision. Here the respondents had the opportunity to list up all the difficulties they had faced, either by choosing one or more from the seven standard options or by specifying additional cases.



The majority (51.4%, 201 out of 391 responses) reported that they had never experienced any problems in the course of their rental activities. Around one-fifth of the respondents (20.5%) indicated that they had to tackle only one problem of the options given; damages caused to the rented property was mentioned in 48.7% of those respondents who indicated only one specific problem. In around one quarter of the responses (27.4%) more than one problem were reported.

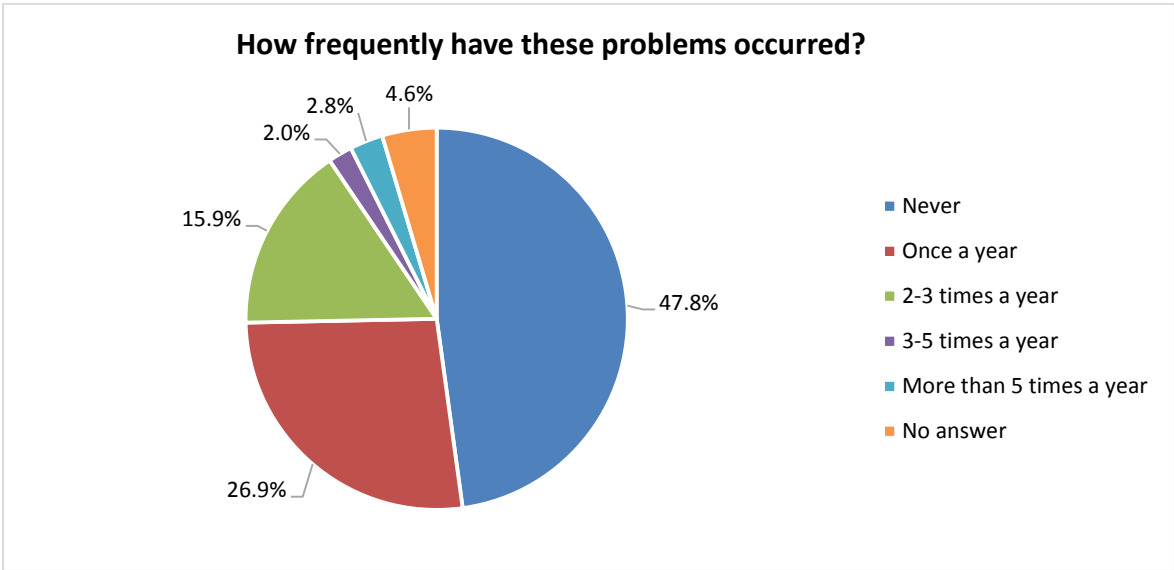


In aggregate numbers, the most typical issues listed in order of frequency of occurrence were the following: damages in the property (mentioned by 32.5 % of respondents), guests arrived with more people than arranged previously (21% of respondents commented on this), a guest stole things from the property (mentioned in 13% of responses), complaints made by neighbours (listed in 12.3% of answers), guests did not pay (reported by 5.4% of stakeholders), difficulties to claim insurance - other than the one provided by the website/platform used for - covering the loss incurred (indicated by 3.8% of service providers), and only 1.3% of respondents reported safety incidents (e.g. fire, flood, etc.).

In addition some respondents referred to some additional problems such as: unauthorized indication by an online platform of the exact address of a property, over-occupation through online platforms or incorrect rental dates indicated, complaints by guests about unavailability of additional services (e.g. reception bar); risks that intermediation portals with too much market power dictate the conditions for landlords and tenants; bureaucratic problems (e.g. unclear permits, statistical requirements, police registration, no clear taxation rules, and constant fear of unintended non-compliance); hostile approach of local authorities towards sharing rental services; bad behaviour of guests: internet-misuse, third-party-booking, too much waste/mess left in the premises, racist behaviour by guests, guests not willing to leave the property (police had to intervene), complaints by neighbours about disturbing their calm at rest.

2.4.2. Frequency of occurrence

Regarding the occurrence of the problems emerged in connection with the service provision, and in line with the statistical findings under point 2.3.1 showing that around half of the active respondents reported no problems at all. Here likewise around half of the service providers altogether either stated that they had never faced any problems (47.8%) or simply did not answer this question (presumably at least partly because they did not consider this question applicable to them (4.6%)). More than a quarter of respondents (26.9%) encountered problems only once a year, 15.9% around 2-3 times, whereas a slight minority of less than 5% of service providers faced issues more than 3 times per year.



2.4.3. Means for addressing problems

Respondents had multiple choices to list up all the means they used for addressing the problems encountered either by indicating one of the standard options given or by providing additional explanations. Overall, 44.5% of respondents did not reply to this question which might be attributable to the fact that the majority of service providers reportedly had not faced any problems, as described above.

Among those who replied, 42.4% of the respondents indicated they used only one mean compared to those making up a list of multiple choices (13%). Out of those who responded to this question, almost one-third (mentioned in 30.7% of replies) found an amicable solution to handle their problems with guests. A significant minority of respondents availed themselves to the help of the website or platform they used for renting their properties (indicated in 15.4% of the responses). 13.8% reported that they were not able to solve their problems. An approximately equal amount of responses referred to the help of a private insurance company (5.4%) or the help of others (5.1%).

Service providers were also given the option to specify and explain other means used to address problems emerged during the rental service provision. As for the support provided to service providers to tackle problems, varying attitudes were reported in case of certain platforms. While one was ready to give substantial support and assistance, others were more reluctant to do so and sometimes left service providers deal with their problem alone. This varied approach induced service providers to adapt their service provision to the type of platform they cooperate with.

A few respondents preferred exchanging views with other service providers on issues they had to deal with. This way of sharing experiences and giving legal or other advice was of help to them.

2.5. Applicable domestic regulatory framework

2.5.1. Ease of understanding the rules

The next part of the questionnaire focused on the legal framework, particularly on local, regional or national authorization and registration requirements which are applicable to rental services. First, respondents were asked about the difficulty of understanding these rules. Service providers were divided in this question with half of them considering that the rules are simple and easy to understand (50.9%) while the other half of them giving more critical answers (47.3%)⁵.

A breakdown based on national preferences underpins these divided results. Among those countries where the most responses arrived from, the majority of services providers in France (50%), Spain (59.1%), Germany (68%), and Italy (75%) claimed the rules to be too complicated and difficult to understand. On the contrary, the majority of respondents from the UK⁶ (85.5%), Portugal (87.1%), Austria (62.5%) and Ireland (60%) replied that the rules were clear and easy to understand.

⁵ 1.8% of service providers did not give an answer to this question.

⁶ Replies came mainly from Scotland

2.5.2. Ease of application of rules

As for the ease of application of the applicable rules, the response ratios were similar: 50.9% of respondents complained about difficulties in applying them, while 47.8% were satisfied with the current situation of the applicability of legal environment⁷.

The nation-based breakdown shows that the majority of respondents from France (55%), Spain (68.2%), Germany (72%) and Italy (81.3%) were dissatisfied, while respondents from Ireland (50%), Austria (56.3%), Portugal (88.7%) and UK⁸ (85.5%), reported about the ease of applicability of rules in a positive tone.

2.5.3. Clarity on applicable tax rules

A bit less than two-thirds of respondents (62.4%) believed the tax rules were easy to apply and only around one third of them (37.3%) had difficulties with their applicability⁹.

As far as the clarity of tax rules is concerned, the majority of respondents from France (55%) and Germany (68%) believed the rules were clear, while respondents from Spain had a balanced view. Similarly, the vast majority of respondents from Ireland (65%), Portugal (71.8%), Austria (87.5%) and the UK¹⁰ (85.5%) thought that the tax rules were easy to apply. On the other hand, the majority of respondents from Italy (61%) found the rules to be difficult to apply.

2.5.4. Recourse to advisory assistance

This multiple-choice question inquired about the possible sources of advice concerning the rules which have to be followed in connection with the provision of accommodation rental service.

Around one quarter of respondents (24.3%) claimed to have been left alone in this matter; they said they were not provided any assistance through any possible channels.

Almost half (47.6%) of the service providers used the internet as source of information on applicable rules, a bit less than one-third (29.9%) of them relied on the support of the website or platform they used for renting their property, and nearly one-fifth (18.9%) of the respondents received help from the local authorities.¹¹

2.6. Grounds for termination of the service provision

Respondents were invited to state possible grounds for the termination of their rental activities. Most of them (60%) listed more than one reason for which they would stop offering short-term rental services. Complex and bureaucratic administrative procedures (34.3%) and the continuously changing rules with the subsequent uncertainty in ensuring legal compliance (29.9%) were mentioned as the most probable reasons for ceasing the activity.

⁷ 1.3% of service providers did not give an answer to this question.

⁸ Replies came mainly from Scotland

⁹ 0.3% of service providers did not give an answer to this question.

¹⁰ Replies came mainly from Scotland

¹¹ 0.51% of service providers did not give an answer to this question.

At the same time, only 9.2% of respondents replied they would stop their rental activities because they would not need anymore the additional income generated by their service provision. The lengthy and complicated procedures established by the local authorities for issuing permits were mentioned in 18.4% of the replies, while possible selling of the property was listed in 19.4% of the replies. One quarter of the respondents (25.1%) referred to a change in their situation as a reason to stop renting out their property.

2.6.1. Additional feedback from service providers on other actual or possible reasons for ending service provision

Extensive explanations were provided by some respondents with regard to the possible termination of the rental service provision, either mentioning further grounds for termination or elaborating more on the given options listed in the responses. The most important remarks and clarifications can be summarized as follows:

- a number of respondents highlighted that the regulatory environment was continuously changing and the applicable rules were too complicated, unclear, ambiguous, burdensome and in many cases disproportionate; there was a great demand for simplification of rules, in order to facilitate compliance as well as to ensure fair practices;
- in this regard particularly tax regulations were reported to be very bureaucratic; some stressed that different taxation regimes applied to short-term rental services which may incentivise service providers to either be active in the grey/black economy or put an end to the service provision to avoid tax contributions. Some claim that unfair competition exists between service providers who obey the applicable laws and those who don't follow any tax rules and therefore are able to offer accommodation at significantly lower prices;
- it was also strongly emphasized by many service providers that local authorities had a very hostile attitude towards home sharing activities. Local governments often issued restrictive, unjust and disproportionate regulations as well as punitive and unfair fines or taxes, thereby impeding or even outlawing shared rental services and online platforms;
- some respondents complained about the legal uncertainty and difficulties in compliance with the legal framework, emerging from the fact that the local requirements were not fully harmonised with upper level regulations;
- it was also mentioned by service providers that the information which could have been obtained regarding rental services and their legal framework (especially taxation rules) were in general very incomplete and ambiguous;
- administrative procedures were also reported to be too costly;
- finally, a few respondents remarked that there were no proper guarantees for property owners against misuse of the property by the tenants (e.g. in case of non-payment).

3. Conclusions

The results of this consultation were shared with representatives of Member States administrations and shareholders at a workshop on collaborative short-term accommodation rental services on 16 May 2017 in Brussels and will feed into the current and future work of the Commission in this area.