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Subject:	Proposal for a Regulation of the European Parliament and of the Council on data collection and sharing relating to short-term accommodation rental services and amending Regulation (EU) 2018/1724 - Opinion of the European Economic and Social Committee (EESC)

Delegations will find attached copy of the above-mentioned opinion.

This opinion is available in all language versions on the following website:

Short-term rental initiative | European Economic and Social Committee (europa.eu)

European Economic and Social Committee

OPINION

European Economic and Social Committee

Short-term rental initiative

Proposal for a regulation of the European Parliament and of the Council on data collection and sharing relating to short-term accommodation rental services and amending Regulation (EU) 2018/1724
[COM(2022) 571 final – 2022/0358 (COD)]

INT/1009

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Referral	European Parliament, 21/11/2022 Council of the European Union, 01/12/2022
Legal basis	Article 114 of the Treaty on the Functioning of the European Union
Section responsible	Section for the Single Market, Production and Consumption
Adopted in section	27/01/2023
Adopted at plenary	22/02/2023
Plenary session No	576
Outcome of vote (for/against/abstentions)	190/0/4

1. **Conclusions and recommendations**

1.1 The proposed regulation responds to the call from all honest stakeholders for the short-term rental (STR) market to be regulated, and is in line with the other EU regulations.

1.2 The EESC recommends that the mechanisms proposed in the regulation be rolled out with a view to developing fairer competition for STR activities and a safer, more transparent supply of STR services which are fit for purpose, and that national and local authorities be equipped with efficient tools for adapting STR activities to local circumstances and needs in various parts of the EU.

1.3 The regulation does not specify who and what has to be declared when registering on the national digital registry, and there are specific situations applying to:

- information about hosts (property owner, representative of the property owner, tenant/sublessor, company acting as intermediary, company managing or providing upkeep for accommodation units);
- information about the accommodation units (run fully or only partly as an STR, with services available for a fee, common services, etc.);
- the maximum number of people allowed to occupy a unit (to avoid exceeding the unit's capacity).

1.3.1 The process of registering on the national digital registry – with a uniform format at EU level – needs to be made more straightforward and flexible so as to make it as easy as possible in all situations to comply with the rules, to ensure that the data are processed properly and efficiently and to ensure that the rules are complied with; this will help avoid instances of hosts avoiding registering on the national digital registry.

1.4 The EESC proposes that the Commission recommend in the regulation that national and/or local authorities carry out periodic impact assessments on STR activities, with regard to:

- the actual local tourism potential;
- the impact on the life of local residents;
- the social impact in terms of rented accommodation;
- the impact on the local housing market;
- the social impact in terms of cost of living in the local area;
- the impact on employment;
- the impact on pollution;
- the impact on respect for local traditions;
- the impact on businesses affected directly and indirectly in the local area.

1.4.1 This will enable the authorities to take action in good time and avoid situations reaching crisis point.

1.5 The regulation does not impose authorisation criteria on national and local authorities after registration on the national digital registry: it gives them leeway to tailor these criteria to the

local situation, but it does recommend that the authorisation procedure avoid imposing artificial restrictions and hindering the normal operation of STR activities. We feel that a system of insurance policies taken up by hosts for their units covering the bulk of risks arising from STR activities could replace the requirements for authorisation, as insurance companies would verify that the hosts comply with the rules when evaluating the policy.

1.6 The regulation is not overly stringent regarding the information that hosts must provide when registering on the national digital registry or that platforms must report to the authorities. A standardised approach steered by the European institutions, as specified, regarding the level of information required for all STR activities would therefore help national and local authorities to take decisions in line with the interests of the communities concerned, facilitate data sharing between authorities, bolster the level of compliance with the rules and enable the authorities to take appropriate action based on analyses at EU and local level.

1.7 Nonetheless, we propose that the Commission recommend that national and/or local authorities monitor the impact of STR activities, with regard to:

- the drastic reduction in the number of long-term rentals available for purposes other than tourism;
- the limited number of rental options open to people with low incomes, due to rents being driven up by high demand in the STR market;
- it has changed the living conditions of local residents owing to noise pollution caused by tourists, inappropriate behaviour on the part of tourists and tourists failing to abide by the rules in place to ensure that temporary and permanent residents can get along (respecting local traditions, ensuring that public areas and rubbish collection and sorting sites are kept clean and tidy);
- the additional measures that must be taken to protect historical, architectural and natural sites;
- the effects on the labour market as a whole.

1.7.1 The proposal will pave the way for an open discussion on these challenges, which can only be to the advantage of everyone involved in STR activities. The measures taken will not distort the market or result in a significant number of people dodging compliance with the rules, and the local community will directly improve the smooth integration of STRs.

1.8 The EESC recommends that this regulation require online platforms to provide clients with relevant information about the host's registration on the national digital registry or with a general presentation of the unit, as well as with information on the level of responsibility of the hosts and the platform, measures taken to ensure appropriate health and safety conditions for clients, specific requirements to be met by clients both within the unit and in public areas, and various local traditions which are important for all market players, for the community and for local authorities.

1.9 The regulation stipulates that it will be implemented at national level two years after being adopted. We feel that it will be much easier to set up an online platform after that period owing to data interoperability and sharing, with manual data collection no longer necessary.

Consequently, the EESC recommends that manual collection of data be made optional for the administrators of online platforms operating as businesses, micro and small enterprises. However, the EESC recommends that it be stipulated that national and local authorities must monitor compliance with data reporting/transmission by all platforms acting as intermediaries for or facilitating STR services, with penalties enforced in the event of failure to report data or reporting of inaccurate data on the part of online platform administrators or other types of platform facilitating STR services.

1.10 The EESC recommends that the regulation stipulate that the EU institutions will inform all STR stakeholders, either directly or via the national and local authorities, about any major ongoing or anticipated events relating to STR activities which might have an impact on the economy, society, environment or public safety of specific areas. This would help to take action in good time, preventing serious and damaging events (such as economic crises, major social crises, major social unrest, increased poverty and homelessness, a major impact on the environment or impact on public health) or any other event which would force the authorities to take action affecting STR activities.

2. General comments

2.1 Short-term accommodation rentals are growing rapidly in the EU, largely driven by the platform economy. They represent about one quarter of all tourist accommodation in the EU, with the number of such properties increasing significantly across the entire EU. This Commission proposal is a key element of the Transition Pathway for Tourism, published in February 2022. It was announced in the Commission's SME Strategy of March 2020, with the aim of promoting the balanced and responsible development of the collaborative economy in the single market.

2.2 The proposed new framework aims to:

- harmonise registration requirements for hosts and their short-term rental properties, where such requirements are introduced by national authorities;
- clarify the rules ensuring that registration numbers are displayed and checked;
- streamline data sharing between online platforms and public authorities;
- allow the reuse of data in aggregate form;
- establish an effective implementation framework.

2.3 The proposed regulation is consistent with other legal instruments:

- the Digital Services Act;
- the Services Directive;
- the e-Commerce Directive;
- the Platform to Business Regulation;
- the Data Act proposal;
- the General Data Protection Regulation;
- the Single Digital Gateway Regulation;

and comes under the rules of the DAC7 Directive[1].

2.4 The regulation aims to establish a harmonised and uniform framework for short-term accommodation rental services with regard to data generation and data sharing across the European Union, to avoid a proliferation of diverging data requirements and requests in the single market.

2.5 The proposed regulation also supports online platforms in terms of standardising and simplifying registration and data transmission procedures and ensuring that the exchanged data is interoperable, by creating a harmonised framework and reducing fragmentation, semantic ambiguities and administrative burdens.

2.6 The regulation requires hosts to register in advance in a national digital registry, which will help customers of online STR platforms to access more transparent and accurate information, increase the legal certainty of traded services, facilitate the sharing of useful information and contribute to the smooth management of such services in different areas.

2.7 This regulation provides a common framework at EU level for information and data processing, providing national and local authorities with the data traceability they need in order to develop and maintain STR rules and to comply with the rules and adopt informed policy responses, in accordance with existing EU legislation.

2.8 The regulation takes into account the financial and administrative difficulties that micro and small enterprises operating online platforms may encounter in adapting these platforms to the requirements of the regulation related to the automatic interoperability of data sharing, providing alternative solutions that do not involve significant costs.

3. General and specific comments

3.1 The regulation complies with the EU regulations listed; it supports the development of fairer and more balanced competition in this important and dynamic business sector and imposes a more appropriate level of compliance with legal (tax) provisions on the part of all service providers in the STR market (hosts), while still driving the development of various businesses in the EU.

3.2 The EU and national institutions must monitor and regulate this constantly evolving sector, in order to integrate STR service activities smoothly into the overall environment, thereby actively contributing to the sustainable development of the local business environment in line with the social taxonomy.

3.3 The regulation does not impose specific authorisation criteria on national and local authorities: it gives them leeway to tailor these criteria to the local situation, allowing for the local rental market, the overall social situation, the relationship with local residents and environmental and

[1] Council Directive (EU) 2021/514 of 22 March 2021 amending Directive 2011/16/EU on administrative cooperation in the field of taxation has extended the EU's framework on the automatic exchange of information in the field of taxation. Member States had to incorporate this directive into their national laws by 31 January 2022 and have to apply the new provisions from 1 January 2023.

business issues in the districts concerned. However, it does recommend that the authorisation procedure avoid imposing artificial restrictions and hindering the normal operation of STR activities.

3.3.1 The regulation is not overly stringent regarding the information that hosts must provide when registering on the national digital registry or that platforms must report. This means that there are both opportunities and risks for national and local authorities in terms of how they manage the volume of data acquired from hosts when they register and are authorised to operate and from platforms when they report the data required. These data have to be used efficiently, without undermining the development and operation of STR activities. The Commission does however recommend that the level of information required be standardised, in order to facilitate the vital sharing of information between authorities.

3.4 The European institutions, together with national and local authorities, should regulate the conditions for STR activities to operate and develop, fostering compliance with a social, economic, environmental protection, and site and nature conservation taxonomy to ensure that STR activities are integrated smoothly into the local area.

3.5 Since the clientele of these platforms is made up of EU and non-EU citizens travelling for various reasons in addition to tourism, it is important that the roll-out of this regulation promotes and maintains a level playing field with reasonable prices and a balanced range of accommodation (including traditional forms such as hotels, bed and breakfasts and hostels, and non-traditional forms such as private hosts), without reducing the supply of STRs or making this accommodation more expensive.

3.6 This regulation should require that any specific additional or compliance rules introduced by national and local authorities be imposed on hosts gradually and in a timely manner. This would avoid reducing the supply of STRs in the respective markets and ensure that this supply is not steered towards less official forms of STRs, which would affect the market of direct and indirect jobs generated by STRs, STR businesses themselves and the related businesses in this sector, and hosts' voluntary compliance with legal requirements.

3.7 The rapid development of tourism and of specific online platforms has created new opportunities for hosts and for clients and tourists. However, alongside the great business opportunities for the communities concerned, it has also led to a number of challenges:

- it has drastically reduced the number of long-term rentals available for purposes other than tourism;
- it has curtailed the rental options open to people with low incomes, since rents have been driven up by high demand in the STR market;

- it has changed the living conditions of local residents owing to noise pollution caused by tourists, inappropriate behaviour on the part of tourists and tourists failing to abide by the rules in place to ensure that temporary and permanent residents can get along (respecting local traditions, ensuring that public areas and rubbish collection and sorting sites are kept clean and tidy);
- it has meant that additional measures must be taken to protect historical, architectural and natural sites;
- the pool of potential employees which is both limited and expensive.

3.7.1 The EESC is concerned about this situation which has arisen in certain parts of the EU and is aware that this is not the aim of the regulation proposed by the Commission. The EESC calls for these major civic and social aspects to be factored into the rules.

3.8 The EESC points out that the regulation does not specify who and what has to be declared when registering on the national digital registry, and that there are specific situations applying to:

- information about hosts (property owner, representative of the property owner, tenant/sublessor, company acting as intermediary, company managing or providing upkeep for accommodation units);
- information about the accommodation units (run fully or only partly as an STR, with services available for a fee, common services, etc.);
- the maximum number of people allowed to occupy a unit (to avoid exceeding the unit's capacity).

3.8.1 All these points must be clarified in advance and the information sent to the authorities responsible for operating and managing the national digital registry. This will ensure that the information is processed properly and efficiently, that the rules are complied with and that information sharing is as consistent as possible, with uniform implementation across the EU.

3.9 However, the EESC notes that the regulation allows the national and local authorities to decide on the criteria for authorising STR units. This may be efficient and ensure that the criteria are a good fit for specific local circumstances, preventing the authorities tying the authorisation process up in too much red tape.

3.10 The regulation does not set specific requirements for online platforms as regards the level of information to be provided to the clients about the accommodation units or by the hosts or about the level of responsibility of the various parties, nor does it specify the requirements regarding the information that must be disclosed to clients regarding the conditions applying when they rent the unit – the regulation leaves it to the platform or national and local authorities to decide on these matters. A uniform level of compliance ensuring that clients are provided with useful information about the accommodation, about the health and safety requirements and about the responsibility of the various parties and the requirements to be met by the clients both within the accommodation unit and in public areas would be useful for market players, for the local area and for the local authorities.

3.11 The regulation complies with EU legislation, and it will not be implemented at national level for another two years. We feel that it will be much easier to set up an online platform after that period owing to data interoperability and sharing, with manual data collection no longer necessary. Consequently, through this Regulation, it should be recommended that manual collection of data be made optional for the administrators of online platforms operating as businesses, micro and small enterprises, and that national and local authorities monitor compliance with data reporting/transmission by all platforms acting as intermediaries for or facilitating STR services.

Brussels, 22 February 2023

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