



URBAN AGENDA FOR THE EU_CULTURE AND CULTURAL HERITAGE PARTNERSHIP

TOWARDS A SUSTAINABLE TRANSITION IN URBAN TOURISM

Action 1: Sustainable tourism: Regulating short-term rentals

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PREFACE

This study forms part of the implementation of the EU Urban Agenda Partnership on Culture and Cultural Heritage Action 1 “Sustainable tourism - Regulating the phenomena of sharing economy”, coordinated by URBACT¹. This action stems from the concerns raised by [city governments across Europe](#) regarding the negative consequences of short-term holiday rental platforms in terms of “touristification”, gentrification, displacement of inhabitants especially in historic city centres. Furthermore, this action is in line with the process at the EU level of revising the Digital Services Act (in December 2020 the European Commission published its [proposal](#) which was agreed in April 2022) which aims to draft a new EU legislation to harmonise rules for digital services across Europe.

The purpose of Action 1 is to provide an overview of the legal bottlenecks in terms of EU regulation² and to deliver the findings of this study conducted with a selected sample of cities of varying sizes across Europe. In doing so, Action 1 outlines potential perspectives for a sustainable management of tourism and of short-term holiday rental platforms more specifically, in line with the sustainable tourism framework put forward by the UNWTO³.

The study capitalises on the experience and knowledge of URBACT cities, in particular those involved in the Action Planning Networks TOURISM-FRIENDLY CITIES and KAIRÓS and the city members of the UAEU Culture & Cultural Heritage partnership: five small-sized towns, Cáceres (ES), Druskininkai (LT), Dubrovnik (HR), Dún Laoghaire (IE), and Rovaniemi (FI); three medium-sized cities, Braga (PT), Florence (IT), and Kraków (PL); and two large cities, part of the EU UA partnerships on Culture, namely Bordeaux (FR) and Berlin (DE). The Action’s implementation was completed with an online peer-learning event held 4th November 2021.

¹ The work is coordinated by Nuala Morgan, Head of Unit - Capitalisation & Communication at URBACT, Dr Laura Colini, Thematic Programme Expert representing URBACT at the EU UA Culture & Cultural Heritage Partnership, is responsible for the design and implementation of Action 1, and coordinating the external expertise support from Dr. Yolanda Martinez, lawyer at Marimón Abogados, Barcelona, Spain, Prof Ugo Rossi, professor of economic and political geography at the Gran Science Institute university in L’Aquila, Italy, and the ad hoc expert for URBACT Tourism Friendly Cities network, Simone D’Antonio.

² In Appendix, “Regulatory enforcement difficulties in the short-term rental accommodation sector stemming from the European legal framework for digital services”, Yolanda Martinez, Maribor Abogadós.

³ Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities <https://www.unwto.org/sustainable-development>

1. THE STUDY OVERVIEW

1.1. Introduction

This study presents the findings of a qualitative survey based on in-depth interviews conducted with city officials of ten European towns and cities on the regulation of short-term rentals from the perspective of sustainable urban tourism. This sector had a precipitous and largely unregulated growth during the second half of the 2010s up to the outbreak of the coronavirus pandemic in March 2020. From around 2014-15, with the popularisation of digital platforms in the holiday rental business (such as Airbnb, Booking.com, HomeAway), cities across the world, and with special intensity in Europe, witnessed an unprecedented acceleration in the influx of international and domestic tourists and other visitors. While this sector started as a niche phenomenon (initially it was labelled as ‘home-sharing economy’, a definition that has now almost disappeared), short-term rentals available in digital platforms have rapidly become the most common option for tourists, especially in short visits such as the so-called ‘city breaks’.

Today, there exists a wide consensus amongst experts and policymakers that the rapid expansion of this industry has decisively contributed to exacerbating the housing affordability crisis in Europe and elsewhere. Housing markets in Europe have been transformed by the arrival of platform-mediated short-term rentals. Even though this is a ubiquitous phenomenon, in many respects Southern Europe can be considered as the epicentre of the platform rental boom, as well as the area where the regulation of this sector remains most fragmented.

The unrestrained expansion of this industry poses a threat to urban societies, as fast-growing numbers of homes move from standard rentals for residents to short-term rentals for platform users. The shrinking supply of affordable housing forces permanent residents as well as local businesses (particularly in the retail sector) to leave urban districts and neighbourhoods that attract large numbers of short-term rental listings. A growing number of local governments have adopted regulatory frameworks for short-term rentals usually under emergency conditions, when cities and other popular tourism destinations have reached their peak, or have already exceeded it, in terms of tourism’s environmental carrying capacity. For different reasons, regulatory initiatives have been limited in their results. Experts usually point to a variety of reasons behind regulatory failures, such as limitations in law enforcement, lack of corporate data concerning lodging listings, and weak political will, amongst others. Moreover, existing regulatory initiatives appear to be place-specific: they are locally fragmented and they cannot be reproduced in other contexts.

1.2. Objectives of the study

The first objective of this study is to raise questions on how to move beyond the merely reactive approach to the governance of short-term rentals that has been predominant in pre-pandemic times, before the abrupt halt to tourism in March 2020. To do so, the policy approach proposed in this study puts forward an anticipatory stance towards urban governance, based on the ecological principle of systemic risk management. The initial research questions in this perspective have been:

- > How can public policy ensure cities' ability to prevent the risk of excess tourism?
- > How can urban residents and local policymakers become prepared for the systemic risk of hyper-tourism?

An anticipatory approach to risk management can make regulatory frameworks for short-term rentals more effective and resilient. Evidence shows that, even despite the best intentions in some local contexts, containing the risk of hyper-tourism is an example of what city planners have long defined as a 'wicked problem', which typically requires complex, multi-faceted policy strategies.

This study does not put forward a technical proposal for the regulation of short-term rentals, which lies outside its remit. How the regulation of this sector will specifically look like in the coming future in Europe will depend on political willpower at different regulatory levels, starting with the European Union and national governments. Rather, the aim of the study is to understand how a stronger regulation of this sector can combine with a proactive approach to societal governance, in order to make regulations more solid and socially supported. Resistance to regulation comes from a variety of actors, including local actors and different lobbying groups. Anticipation, therefore, means not only strengthening local capacities for risk management and reduction, but also preparing urban communities to deal with different forms of resistance to regulatory efforts.

1.3. Methodology

This study elaborates on URBACT's integrated approach to sustainable urban development. URBACT advocates for practice-based networking and mutual learning amongst European cities as a way to peer-learn from local projects, co-design urban policies and develop integrated solutions to urban challenges. URBACT has been proactively contributing this knowledge to all the thematic partnerships of the Urban Agenda process, since the adoption of the Pact of Amsterdam

in 2016. Related to this work, URBACT launched, together with Urban Innovative Actions, the [“Cities engaging in the right to housing” platform](#) for the Partnership on Affordable Housing (AH). This platform showcases online sustainable and fair housing solutions, reflecting more than a year of activities, debates and considerations on the housing problem in Europe. In addressing Action 1 “Sustainable tourism: Regulating short-term rentals” of the UA EU partnership on Culture & Cultural Heritage, this study contributes to the Affordable Housing Actions Plan⁴, connecting sustainable urban tourism to ongoing actions on affordable and adequate housing.

The study focuses on cities and towns with different levels of tourist attraction across Europe: from top tourist destinations such as Berlin, Bordeaux, Dubrovnik and Kraków to popular small towns such as Druskininkai and Rovaniemi, to emerging destinations such as Braga, Cáceres, Dún Laoghaire, and Šibenik. The selected cities are illustrative of different understandings of urban tourism: while some are still striving to increase their number of visitors and do not see the growth of short-term rentals as a particular threat, some others are already coping with the negative effects of hyper-tourism and are aware of the risk related to an unbridled market of short-term rentals. The cases have been selected mainly by drawing on cities members of the EU UA Culture and Cultural Heritage and two of URBACT’s Action Planning Networks that focus on urban challenges related to this study: Tourism-Friendly Cities and Kairós. The former explores the potential for urban tourism in medium-sized cities. The latter looks at cultural heritage as a driver for sustainable urban development and regeneration.

Besides desk research, a qualitative survey with local officials has been conducted over the summer 2021 with in-depth, semi-structured interviews. Respondents received the survey questionnaire a few days prior. As a semi-structured interview, it was agreed that the interviewer could ask additional questions to the interviewee, reflecting the particularities of the local context. Each interview lasted approximately 45 minutes/1 hour and was conducted online, through a video conferencing platform.

⁴ Action Plan of the UA EU Affordable housing reference 3.1. Recommendations on good housing policy and governance at local, regional, national and EU levels <https://futurium.ec.europa.eu/en/urban-agenda/housing/action-plan/housing-partnership-action-plan>

2. URBAN TOURISM AFTER COVID-19

2.1. Opportunity and risk

The restrictions imposed by the Covid-19 pandemic dramatically impacted cities, particularly their service-oriented economies, starting with the cultural and entertainment sectors. Museums, theatres, restaurants, and cafes heavily suffered from the shutdowns since early 2020 and many of them are struggling to recover. Moreover, the spread of telework has dealt an almost fatal blow to several business districts, as well as the retail sector in general, causing the closure of certain independent shops, while favouring the expansion of delivery services offered by online commerce giants and multinational retail chains. Within the wider public, there is growing awareness of the risk of dissipating what some call the “retail biodiversity” of our cities.

In the Northern hemisphere, the summer of 2021 saw urban tourism getting back to pre-pandemic levels - especially in attractive destinations like coastal cities - while in other cities it is still well below those levels. The recovery of urban economies appears to be rather uneven, unpredictable and very much dependent on unforeseeable pandemic waves, which unevenly impacts cities and regions worldwide. As the New York Times reported in September 2021, commenting on the holiday season in the United States: “Beach towns are jammed with tourists, but office towers in major cities remain ghost towns on weekdays, with the promised return of workers delayed by a resurgent coronavirus.” The sudden restart of tourism and of the entertainment economy in general increases the risk of congestion in those urban areas that are richly endowed with natural amenities such as access to seaside, lakes, or mountains. On the other hand, however, the persistent uncertainties about the evolution of the pandemic due to the different variants of the virus further aggravate the service crisis in those cities whose economies have developed around office-centric areas and entertainment districts.

It has become commonplace within public and scholarly debates alike to emphasise the fact that the unprecedented slowdown caused by the Covid-19 pandemic to the global economy represents a unique opportunity to correct the distortions of the standard pattern of economic development, including the urban tourism industry. This view rests on the assumption that pandemics and similar threats that have affected humankind historically offer opportunities for substantive change.

However, from the perspective of urban tourism and particularly of the short-term rental sector, the present situation is particularly ambivalent. It presents opportunities but also risks. There is certainly a widespread expectation of a major policy change associated with the recovery, as the



idea of a sustainability transition has entered the mainstream of the policy agenda. The alarming succession of firestorms, catastrophic floods and heatwaves shows how the climate emergency requires urgent policy shifts in all economic realms involving carbon dioxide emissions, including tourism and travel. The EU Recovery Plan is particularly illustrative of this increased awareness of the global environmental crisis, with its emphasis placed on the pursuit of a 'European green deal' as a policy priority. Stakeholders in tourism development are also aware of the pressing challenges ahead. The 'Future of Tourism World Summit' convened by the UN World Tourism Organization in Barcelona in October 2021 ended with a 'call to action' that clearly expresses the renewed concern for sustainable development in international tourism in the face of the pandemic: "the sector must not only restart and recover, but it must also ensure future growth is more inclusive and responsible."

In previous years, the urban tourism boom induced by the arrival of digital platforms has turned a growing number of cities and small towns into highly tourism-dependant, mono-specialised economic entities, thus undermining sectoral diversification and urban resilience. In these economies, there are entrenched expectations for a rapid recovery of the tourism industry. For tourism stakeholders, getting back to normality is the priority. Normality here means returning to 2019 levels, the year that saw the peak of tourist arrivals internationally (a 4% increase on the previous year according to UNWTO data). Particularly at the urban level, most analysts and stakeholders would agree that the peak of 2019 was the result of the new wave of mass tourism stimulated by the advent of short-term rental platforms in the early 2010s.

Today, the exceptional concomitance of the climate crisis scenario with the legacy of an unprecedented pandemic in terms of geographical spread has increased public awareness of the need for a sustainability transition. A consequence of the abrupt halt imposed by the Covid-19 pandemic is that it has allowed the wider public to develop a critical distance from the economic development pattern that we now tend to associate with the so-called 'normality'. For instance, the direct relationship between the planetary spread of the coronavirus and the high levels of human mobility that characterise global societies has led many commentators to call for a novel 'community-centred tourism framework' (also defined as 'regenerative tourism') founded on the needs of local residents and small businesses and aimed at generating sustainable 'diverse economies'.

Regarding urban tourism more specifically, the time-scale of the expansion of short-term rentals has played a key role in fostering the perception of an unregulated hospitality sector as a

potentially existential threat to urban societies; there is clear evidence that an unregulated hospitality industry represents a systemic risk not only for the traditionally most-visited tourist cities (such as those commonly associated with ‘over-tourism’) but increasingly for all types of cities and towns. Therefore, the question is: How can we use the new normal imposed by the pandemic as an opportunity for achieving a more sustainable urban tourism?

2.2. The 3Ps strategy: a framework for an integrated approach to short-term rental regulation

Despite the ambivalence of the current moment (greater awareness of systemic risk combined with widespread expectations for a prompt return to ‘normality’), the new wave of government interventions in the economy adopted for the post-Covid recovery offers a unique opportunity for experimenting with a sustainability transition in the tourism sector.

The issue of the institutional scale of regulation is essential here. The limited results achieved in many attempts to regulate the short-term rental sector at the local level might lead to the conclusion that local governments have a secondary role when it comes to regulating digital platforms. This is true and false at the same time. It is true because in a global economy - and in the EU context in particular - an effective supra-national regulation is crucial. In March and April 2022 the EU Commission announced the political agreement reached within the EU institutions on the Digital Markets Act and the Digital Services Act. The adoption of these new rules is an important advance that may bring about a substantial change in the governance of the digital economy, particularly on the transparency of platform data and the limitation of the market power of big online platforms.

At the same time, even with better regulations at the EU level, it remains vital for an effective and politically accountable governance system that regulations receive support from the bottom-up. The local level is essential to the regulation of urban tourism, not only as a site for policy implementation but also in generative terms with regard to the development of institutional capacity enabling the pursuit of a sustainability transition under locally differentiated socio-economic conditions. Therefore, there is a vital need for a multi-level governance of urban tourism and particularly of short-term rental platforms, especially in the context of the European Union.

In order to be effective, a multi-scalar framework needs to combine a prescriptive approach to regulation with a proactive strategy. In this sense, the methodological framework adopted for this

study builds on the assumption that an innovative regulation strategy relying on a multi-scalar, mixed approach to public policy (prescriptive and proactive) should involve a wide range of co-design techniques and participatory methods aimed at getting local communities involved in urban tourism management. The founding principles of this approach can be summarised in three points:

- (1) **PREVENTION IS BETTER THAN CURE.** In public health, this common-sense principle invites policymakers to embrace decisions, actions and plans that seek to achieve healthcare goals in an anticipatory manner rather than merely relieve symptoms associated with a disease. In tourism policy, an anticipatory approach seeks to avoid the reproduction of a systemic risk like over-tourism;
- (2) **COMMUNITY ENGAGEMENT IS THE KEY TO SUCCESS.** Cultivating a sense of belonging to the local community is a precondition for exploring new economic possibilities beyond the imperatives of unrestrained tourism growth. This means embracing an approach to tourism that places the needs of the local community at the centre of local policy strategies committed to economic diversification and urban sustainability;
- (3) **LOCAL POWER MATTERS.** A community-centred tourism framework cannot be limited to local needs as parameters for measuring the sustainability of tourism. In order to be effective, this framework requires a novel institutional strategy centred on municipal power. The local scale is crucial not only from the point of view of societal impact and policy implementation but also in terms of empowerment of local communities viewed as agents of institutional experimentation.

Based on these principles, the policy approach discussed with the qualified individuals interviewed for this study puts forth a '3Ps strategy': *Prepare, Preserve, Platformise*. The goal here is to deal with the regulation of short-term rentals from a wider perspective, linking regulations to risk management as well as to the experimentation with local alternatives to corporate-owned platforms. In particular, *prepare* means working side by side with local communities to prevent the risk of over-tourism. *Preserve* means implementing regulations aimed at preserving urban areas and their communities particularly exposed to the risk of over-tourism. *Platformise* means experimenting with community-led short-term rental platforms.

3. SURVEY RESULTS

3.1. Prepare

The interview section *Prepare* aimed to discuss with city officials how to “prepare local communities to prevent over-tourism” focussing on the state of tourism prior to the pandemic; on the local governance framework on tourism; and on the question of whether domestic tourism could be considered a more sustainable alternative to international tourism.

The first result of the interviews shows that the respondents were primarily concerned with describing the local context before, during and after the Covid-19 pandemic (i.e. its early emergency phases), while questions of local preparedness for the risk of excess tourism remained overlooked in the answers.

3.1.1. THE PRE-PANDEMIC PEAK IN URBAN TOURISM

All respondents have mentioned that the years that preceded the Covid-19 pandemic saw an unprecedented peak in urban tourism. Responses here depended on whether the respondents were speaking on behalf of cities that have experienced a tourism boom, and even over-tourism, or only a sustained increase in tourist arrivals. A senior adviser for the city development agency in Dubrovnik emphasised that before the pandemic (i.e. those that are coincident with the growth in the short-term rental business) “things changed in terms of seasonal tourism in the last few years. Many shops started opening during other months, the government gave discounts to restaurants, and started incentivising the owners of the shops to stay open during winter time and other non-summer seasons.” In this context, “digital platforms offered business opportunities for local citizens, and it became very lucrative for citizens.”

The issue of seasonality was also emphasised by Druskininkai’s respondent⁵ to underline the tourism’s peak in their city in 2019: “We are trying to bring tourists beyond the summer season. The peak of tourists was in 2019, when we had 370 000 tourists per year (200 overnight stays).” And this leads her to stress the goal of returning to pre-pandemic levels: “our aim is to reach the same level as before the pandemic.”

⁵ Chief specialist in the municipality for Tourism, in the department of Tourism, Culture, Information

The situation of Druskininkai is in many respects similar to that of Braga. This city is experiencing a steady increase in the influx of tourists, but urban tourism is still perceived as under control, its figures falling within the conventionally accepted city's carrying capacity in environmental terms. "In Braga we don't suffer great pressure from over-tourism. Honestly, in 2019 I was starting to get worried. Even in the months of January when we didn't get many people it started being massive. 2019 was an amazing year, hotels were fully booked. 2020 was expected to be even higher. But then the pandemic came⁶." A perception of hyper-tourism as a risk even in currently moderate tourist destinations also emerges in Cáceres's response: "Cáceres is not at all a city that is overcrowded or where we have mass tourism...We don't have an airport, we don't have trains, it's not like Venice. So, it's not the main problem right now. However, we need to learn from the experiences of cities that are already dealing with the problem of mass tourism⁷."

On the issue of over-tourism, Kraków's respondent has no doubts: "2019 was the peak of tourism. And a lot of problems come with tourism⁸." A major problem is the loss of local residents, a process that in Kraków had started, however, before digital platforms and even low cost airlines: "The historic centre was densely populated, but the conditions of the buildings had deteriorated. The people who lived there were poor and could not afford the renovations, and were not the owners. After 1989, new owners came. Many people bought homes, and after the ownership change into private hands, the new owners wanted to have some profit⁹."

3.1.2. PRESERVING LOCAL RESIDENTS

The issue of preserving long-term residents is a recurring theme almost in all cities. "We are preserving the local shops. This is the main objective of the project we are working on with Kairós [the URBACT network]. We are encouraging young people to work in the city core¹⁰" said the respondent of the coastal city in Croatia, Šibenik.

The key role of Airbnb in the tourism boom of the late 2010s is explicitly recognised by Rovaniemi's respondent: "In 2019, we had more than 1,000 Airbnb listings. Airbnb is much more attractive for tourists, because everyone wants to be in a local area. The popularity of STRs was huge. These Airbnbs have survived better than hotels during the pandemic." This respondent acknowledges

⁶ Technical expert in tourism employed by the Braga municipality

⁷ The Deputy Mayor for tourism

⁸ Tourism officer in the municipal administration

⁹ Ibidem

¹⁰ Expert of the Entrepreneurship Department of the municipality

how the rapid increase in tourist arrivals in pre-pandemic times raised the issue of strengthening tourism's governance structure, which is customarily understood in merely promotional terms: "Visit Rovaniemi [a municipality-led agency for tourist information] is currently only a marketing entity. So we are involved in URBACT's Tourism-Friendly Cities network to understand whether we need to do more in terms of destination management. When the growth rate was so quick, we realised that it is not only marketing that is needed but also a stronger protection of the natural environment." Druskininkai's governance system also reflects the central role of the traditional marketing function: "Our Tourism Council connects the director of the tourism department, our mayor and other key people (SMEs). Every half-year they meet and discuss strategies about how we should spend our marketing money, which market should be privileged (Israel, Sweden etc.). We have small connections with nearby local communities."

3.1.3. IS DOMESTIC TOURISM AN ALTERNATIVE ?

The idea of prioritising domestic tourism over international tourism, as a more sustainable option for local societies, raises mixed feelings amongst the respondents. Cáceres's respondent firmly rejects the idea: "It is a limited question. It can be understood as a xenophobic question. It is not about being foreigner or national, it is more about sectors and regulation and it is more about the profile of the travellers, if they are young or well educated." In a similar vein, Rovaniemi's respondent also points to the negative aspects of domestic tourism: "I don't think domestic tourism is more sustainable. They go to the same places. Tourism here is based on nature. Domestic tourists are more likely to look for nature - they go everywhere and there are some places where you're not supposed to go at some times of the year." Braga's respondent makes a similar point: "During the pandemic, local tourists searched for nature and that was not sustainable because it caused a lot of pollution... people don't have the sensibility to behave properly."

On the other hand, cities that are already coping with forms of over-tourism tend to highlight the benefits of domestic tourism. Kraków's respondent argues: "Even before the pandemic the number of domestic tourists was higher than international. Anyway, we need to focus on domestic tourists. Last year we had some campaigns targeted at domestic tourism. So we are aware that local or domestic tourism would be more sustainable." Foreign travellers are more inclined to adopt turbulent behaviours. Their coexistence with local residents is especially problematic when they opt for short-term rentals in apartment buildings. As Berlin's respondent says: "We have a lot of complaints from residents living in places with many tourists. There are heaps of garbage all over. Or when they lose the key they just ring to neighbours, even during the night." This problem may

also arise with domestic tourists. As Dún Laoghaire's respondent says: "I don't think domestic tourists have different accommodation options compared to international tourists." What makes the difference is the type of transportation being used. Short-distance travel implies less carbon emissions, of course, even though this does not apply to remote towns like Rovaniemi: "Domestic tourists tend to come here by private car."

3.2. Preserve

The section dedicated to "Preserve" focussed on how to implement regulations of the short-term rental industry preserving urban areas and their communities, particularly those exposed to the risk of over-tourism. The questions in this section touched on important issues, such as existing regulations of the short-term rental industry at the city level and the kind of regulatory approach to be adopted.

3.2.1. REGULATING SHORT-TERM RENTAL AT THE CITY LEVEL

The regulation of short-term rentals is a hot, controversial issue worldwide, especially in Europe and North America where the housing affordability crisis is felt strongly. Internationally, where there are stricter regulations at the local level, the most common approach is the so-called '90-day rule'. This means that a property cannot be rented out on a short-term rental platform for more than 90 days per year, after which hosts have to apply for a permit that allows them to obtain a registration number. This is the case, for instance, in Berlin, Dublin and London, with some differences (regarding mainly the distinction between primary and secondary residences), or of US cities like San Francisco and Philadelphia. However, even in those contexts law enforcement remains a major limitation.

"Here you cannot rent your principal residence for more than 90 days. So we already have a regulation. But we don't have any power to check whether this has been used for more than 90 days. It's where there could be some conflicts, because Airbnb doesn't share the data, the same with property owners." explains the respondent for Dún Laoghaire's municipality – which is part of the Greater Dublin area. In Bordeaux, in 2018 the city council adopted a regulation based on national law that introduced a compensation system requiring hosts to file a change of use to long-term rental for a third property after having rented the secondary residence as a temporary accommodation. According to Bordeaux's respondent, "the regulation had a significant impact. In 2016, we had something like 8-10,000 listings. After this regulation they stopped increasing right

away, then the number of ads decreased to 1,500, which is a huge improvement. It's great to have all these apartments back in the rental market.”¹¹ The Cáceres's respondent, too, is satisfied with the results achieved by the local regulatory system: “In Extremadura, this sector is quite regulated. What we have here is touristic apartments, rather than short-term rentals [...]. You have many obligations, it's like running a business. You have both regional and local regulations. This helps with regulating the tourist sector.”

Other local contexts find it hard to have a proper regulatory system. The responsibility for the lack of a proper regulation is often outside the reach of local governments. Rovaniemi's respondent makes it very clear when she says: “We depend on the national government. They don't do anything because the rest of Finland – except Helsinki and us – is not affected by this sector.” Local rules are more likely to encounter resistance, in the absence of national legislation based on EU regulations and directives. According to Kraków's respondent, “there would be no resistance if the regulations are solid. The best situation would be to have EU regulations. We are part of a large lobbying group involving 22 cities putting pressure on the EU Commission. But the local level is also essential.” There are emerging exceptions, however, to the inertia of national governments. Bordeaux's respondent mentions the efforts being currently made by the French government for cities' access to platform data: “Now the French government is putting pressure on platforms to collaborate with cities, to develop software to exchange data between platforms and cities. Right now it's still an ongoing project, a roadmap. I am not sure if it is a public project already. The French government is trying to be the interface between platforms and local governments.”

3.2.2. PRESERVING TOURISM-INTENSIVE URBAN AREAS

Another issue that concerns the regulation of short-term rental platforms is their uneven impact on urban areas. Some districts are strongly affected by the concentration of short-term rentals, while others are mildly or marginally interested in this phenomenon. This means that in those contexts where the presence of short-term accommodation is limited to a few areas, wider public attention towards the regulation of this sector can be weak. This is the case of Berlin: “It's a small sector in Berlin. The problem is that they are concentrated in two or three areas of the centre. And this influences the services of these areas. You can't find any more shops in those areas.” In European cities, short-term rentals are highly concentrated in their historic centres. In several cities, these areas have been losing a significant part of their long-term residents over the last few decades.

¹¹ *Responsable du centre suivi AOS et changement d'usage; Service droit des sols. Direction du développement et de l'aménagement, Pôle territorial Bordeaux*

With the new wave of mass tourism associated with the short-term rentals, the risk of these areas becoming entertainment districts for tourists and other consumers has considerably increased.

Respondents have different views on the need to adopt special protection regulations for these areas. Let's take the example of two cities similarly affected by the phenomenon of over-tourism spatially concentrated in one, clearly delimited area like the historic centre. On the one hand, Kraków's respondent argues: "we have a special protection area [in the historic centre], we have a local park, you cannot decorate shops and restaurants in these areas as you like, but no specific regulations for tourist apartments. People don't want to live in the city centre anymore because of a lack of shops and parking space. It would be difficult to repopulate the historic centre." On the other hand, the respondent for Dubrovnik supports this idea: "It would be interesting and it's on our agenda but I don't know when it will be adopted. Putting limitations in the old town is one of the measures that would need to be adopted." In other contexts, the lack of historic centres seems to be a deterrent to the spatial hyper-concentration of short-term rentals and even to the rise of over-tourism. As Rovaniemi's respondent explains: "You have to remember that our city is very different from cities like Venice because we don't have a historic centre. The city was destroyed during the Second World War. Tourists come here to go to natural attractions - only some stay in the city centre. It's very different from European cities where the main attractions are architecture and heritage. Here, the attractions are outside the city."

In addition to place-specific restrictions, like strictly regulating or even banning short-term rentals in some areas, a mandatory registration system and the full disclosure of platform data would be key regulatory measures. However, their adoption pertains more directly to national and EU legislations rather than to local and regional authorities. The revision of the EU's Digital Services Act may be the turning point in this respect. Bordeaux's respondent underlines the importance of these regulations: "Measures like the registration number help cities to regulate this sector, distinguishing between professional and non-professional people."

3.3. Platformise

The third section of the survey – "Platformise" – focussed on how to experiment with community-led, municipal-controlled short-term rental platforms, once the corporate platforms are properly regulated at local, national and EU levels. Questions in this part focussed on the feasibility of this proposal and the existence of community-based experiments at the local level in this sector.

This proposal draws inspiration from the ideas and practices - such as those of Fairbnb and 'MuniBnb' - put forward by the platform cooperativism movement in recent years. Particularly in Europe and the US, the community economies movement advocates for 'co-operative innovations' in the housing sector, such as community-ownership models of housing tenure that include community land trusts and real estate investment cooperatives. This movement believes that there is scope for local government action on short-term rentals not only in terms of regulation but also in terms of creating community-led alternatives to corporate-owned platforms. In 2018, an Oakland-based non-profit organisation for sustainable economies and an Amsterdam-based foundation for peer-to-peer exchange put forward a proposal for "the development of MuniRide and MuniBnB as 'commons platforms' to be co-developed by an alliance of municipalities to better regulate, collect taxes and ensure fair trade practices for workers and service users in the gig economy."

3.3.1. EXPERIMENTING WITH MUNICIPAL PLATFORMS

Some cities have already created an independent infrastructure offering accommodation adverts to visitors as an alternative to mainstream short-term holiday rental platforms. This is the case of Cáceres, whose respondent, however, also underlines the market barriers to the success of local experiments caused by regulatory distortions: "In Cáceres we have a platform viveCaceres.com in which you can find most of the hotels, apartments, hostels and campsites, most of the options including [visitor] experiences. It was a way to advertise touristic experiences and other activities." On the question of municipally controlled platforms, the respondent continues: I agree that we can have experiences more rooted in the community that can break the monopolistic practices of Airbnb and Booking. It is very difficult, because Booking has much more visibility on Google. They get 20% of the market, which is a lot. And where are these platforms paying their taxes? Their revenues go to tax havens."

The issue of taxation is crucial, as tax collection might function as an incentive for local authorities to create independent platforms. As Druskininkai's respondent says: "There are some alternatives to Airbnb already. Our mayor is open-minded and is always open to innovation. We have a shadow-economy problem, we cannot collect the data. From AirDNA [a business service providing vacation rental data to investors in the housing market,] we see that we don't collect taxes from even half of existing listings. So, any kind of platform that would help us collect more taxes is welcome. One of our goals regarding tourism is to prolong the number of night stays of each tourist. And if these new platforms help with this we are in favour of them. It is better to have one tourist for longer periods than many tourists for very short stays." However, in discussing this issue,

Bordeaux's respondent emphasises the need for a well-regulated market as the main road to a rational tax system: "In France, since you can't intervene in the market, we implemented the registration number that allows taxes to be paid to the public administration [...]. The private sector [short-term rental platforms] can now only put listings online that have a registration number."

The lack of existing success stories is another issue that makes this proposal even more challenging. As the Dún Laoghaire respondent says: "I think it is an interesting idea. But it needs to be backed by some examples, if it works or not. There are practical problems for sure. I have seen something like this in Austria, using smart technologies. Here we have a visitor office that tourists can use. There may be an opportunity to strengthen the relationship between accommodation providers and visitors. I like the notion of having local people involved in this business." The same respondent also foresees resistance to the municipal control of a free market: "I think in Ireland people would be afraid that the municipality controls and limits a competitive market. Technology has enabled companies to manage businesses by themselves. Hotels can handle the whole process by themselves. I don't think accommodation providers would accept to be in a municipal platform if they have to pay anything."

4. CONCLUSION

This study has carried out an exploratory research on how to pursue a stronger, socially supported regulation of short-term rentals, using the recovery from the pandemic slump of 2020-21 as an opportunity for achieving a more sustainable urban tourism. In particular, this study has proposed to combine a prescriptive approach to regulation with a proactive strategy that takes into account the role of risk management and community engagement in the pursuit of sustainable urban tourism. The study has emphasised the role of municipalities and local communities in this perspective, stressing the importance of the local context not only as a site of policy implementation, but also in a generative sense as a breeding ground for the development of deeper institutional capacity.

- > The conceptual base of this study has drawn on URBACT's integrated approach to sustainable urban development as well as on the defining principles of the Urban Agenda for the EU. Moreover, in the specific proposal for community-led, municipally controlled platforms it has drawn inspiration from similar proposals advanced by the 'platform cooperativism' movement in previous years.
- > In terms of evidence, in line with URBACT's approach, the strength and originality of this study lie in the fact of having consulted a range of cities and towns, varying in terms of population size, geographical location, and tourist attraction, while research on the effects of short-term rental platforms customarily focusses on key cities generally recognised as top tourist destinations. This kind of urban context has been taken into consideration in this study alongside lesser-known urban tourism destinations.

The study shows that cities - alongside the need to push the economic recovery in the tourism sector lost in the early stages of the Covid-19 pandemic - consider this particular moment of crisis as an opportunity for policy change in the management of this sector. Over the last few years, public debates have become polarised between tourism stakeholders on the one hand and housing activists and community advocates on the other hand, demanding lighter or stronger regulations respectively. In this context, local administrators have tried to mediate between conflicting claims. The new EU directive on digital services can reconcile conflicting interests, harmonise fragmented rules, improve transparency and limit the market power of some big players in the holiday rental market.

However, in order to be effective, new regulations will need to take into account existing issues related to their implementation. In this perspective, the legal advisor that has collaborated with this study identifies the main regulatory enforcement difficulties that have so far prevented an effective governance system in the short-term rental sector – presented in the appendix.

Building on the assumption that there is no such thing as a perfect regulation, this study ultimately shows that there could be more room for manoeuvre for local administrations in making existing, and potentially new, regulations socially supported. Some questions – such as those related to the issue of preparedness – have remained largely unanswered in the interviews. This shows how regulation of tourism is still perceived in a predominantly reactive, merely rules-based manner and how an ecological approach to public policy – based on risk management and preparedness – still needs to be incorporated into the commonly held conception of policymaking at different institutional levels.

In conclusion, the study proposes to rethink urban tourism as a **process of sustainable transition** where new regulations combine with a socio-ecological approach to public policy that incorporates the needs of local communities as well as their institutional capacities. The proposal for a sustainable transition relies on three main aspects. First, there is the issue of **risk awareness and preparation of communities**. When it is not effectively regulated, tourism is no longer a resource for local communities but becomes a threat that requires awareness of the consequences of an unbridled tourism sector. Second, **the socialisation of regulations** is essential to ensure successful implementation, according to contextual constraints and demands. Regulations in this sense are not imposed, but they become part of an integrated socio-institutional ecosystem within a healthy urban metabolism. Third, the **municipal experimentation** in cities should be encouraged to further innovate on municipal-led platforms and peer-learning, as is the philosophy of URBACT. As of today, the survey shows that although cities already experiment with municipal-led platforms, there are not sufficient data on how successful these are across Europe, and their characteristics in different local contexts. In a perspective that departs from the logic of laissez-faire that is beneficial only to big corporations, cooperative experiments with municipal-led platforms can become the backbone of a renewed urban entrepreneurial attitude, which aims at regenerative - rather than dissipative – tourism.

In this sense, short-term rental platforms can be rethought as a way to bring local residents, local businesses and tourists closer, reconsidering platforms as a positive potential for the achievement of a truly sustainable urban tourism at the service of local communities.



5. APPENDIX: Regulatory enforcement difficulties in the short-term rental accommodation sector

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