



Presentation

25th June 2015

Impacts of the exponential growth of tourist accommodation in rental houses in Spain, driven by P2P models and marketing platforms

Socioeconomic implications and recommendations for a new regulatory framework



Exceltur

*Alianza para
la excelencia turística*

Objectives of this study (I)

EXCELTUR is a non profit organization, formed by leading Spanish companies leaders of all sub-sectors of the tourism value chain, with international presence (Travel Agencies, Tour Operators, Airlines, Shipping, Railways, Hotels, Credit, Tourist Hospitals, Theme Parks, etc.). Its main mission is to conduct thorough analyses to suggest and to adopt a position with a transverse vision, all those issues that can affect the whole industry rather than individual subsectors.

EXCELTUR Board, anticipating the many implications that may arise from the rapid growth of barely regulated offer for the tourist model of many Spanish cities and destinations and affecting multiple business subsectors (not only hotels), and in the absence any other national or international independent report that addressed this issue with the necessary global reach, it proposed to achieve with this study the following objectives:

- Make available to the political, social and economic agents, **objective and reliable quantitative information on impacts generated by the supply of tourist accommodation in rental housing in short stays through P2P platforms**, to assess comprehensively a phenomenon that in very few years has grown exponentially in Spain with little regulation that regulates it comprehensively, homogeneously and that is complied with.
- Understand **the profile and most relevant motivations of the potential and additional demand that can attract this type of lodgings in rental homes for tourist use**; and identify if there are new consumer niches that can increase current demand; and to quantify in detail their economic and social contribution.
- Study and analyze the **possible negative externalities that causes the phenomenon in certain cities and tourist destinations, and in particular on some key urban dynamics**; including the perceived levels of welfare and citizen coexistence, holding/expulsion capacity of resident population, income generated and sustainable tourism employment creation.

Objectives of the study (II)

- Analyze **compliance with consumer warranties, until today, key to ensure leadership and competitive success of the Spanish tourist offer and its destinations**, ensuring the preservation of the quality standards, identity, differential attributes and security levels of that rent offer to the end customer.
- Assess and highlight **the implications and competitive inequities that may generate the differential existing regulatory costs between the different types of regulation for regulated accommodation and rental housing** and other benefits due to different tax treatment (VAT) and / or those arising from possible default, if any, of the various tax and labor obligations which in part would put them in the field of the black economy.
- Analyze in depth the **current legislation in Spain about this offer and its possible shortcomings**, and contrast with other legal approaches by leading tourist destinations in the world that have been enacted to address the phenomenon of tourism accommodation services in rental housing.
- Based on the above, the study aims to suggest **solid and objective recommendations by all three levels of the relevant public administrations, with a state view, that can be translated into a new legal framework more balanced, proportionate and coordinated across all the country**. A framework to ensure a more equitable and jointly responsible basis between all suppliers, distributors and / or prescribers of the market and greater consumer safety and the highest levels of prosperity and peaceful coexistence perceived by residents at tourist destinations, with special emphasis on the urban destinations.

Information sources and Study scope:

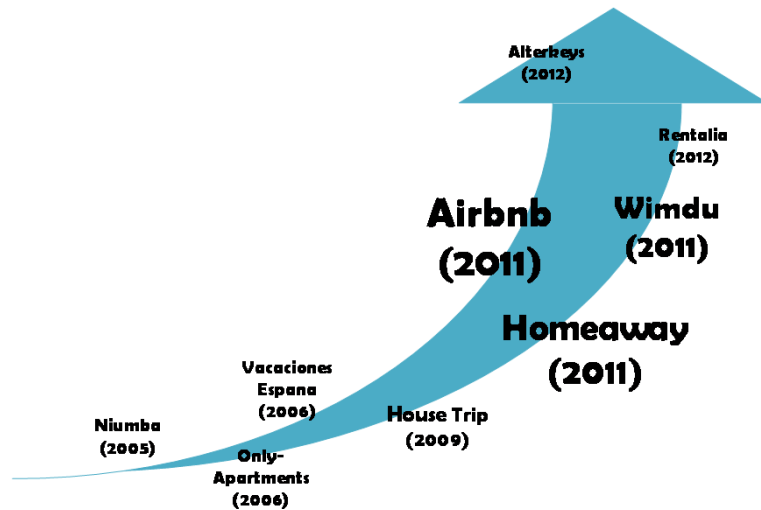
For the conclusions and recommendations of this study have been analyzed and taken into account:

- ▶ The characteristics of the trips and spending levels of **120 247 tourist trips** collected by Familitur and Egatur official statistical operations, to know their diverse levels of economic contribution to Spanish destinations.
- ▶ **2,203 trips** analyzed from a survey of tourists from our 4 main origin markets adhoc made by Nielsen for the project to understand the motivations and ways of travel of tourists and to contrast if users of this offer respond to a new type of tourist.
- ▶ **49 123 individual ads** of rental properties included in the top 10 P2P platforms in the 12 most important urban destinations and 10 most important holiday destinations in Spain, to confirm the commercial nature of the activity, the conditions and services of the rental houses for tourist use, and the management levels, professionalism and hospitality of their owners.
- ▶ **244 regulations** in different areas for regulated accommodation and its translation to the operational costs of their management companies, to objectify unequal competitive conditions and quantify the price disadvantages suffered by these regulated facilities, with respect to rental housing for tourism purposes.
- ▶ **50 questionnaires** to most representative associations of the most important tourist neighborhoods in the various Spanish destinations, to assess the perceived impacts, which alter the local coexistence in neighborhoods with a greater presence of these tourist accommodation in rental housing.
- ▶ **30 interviews** with tourism area leaders of the central government, regional governments and reference tourist destinations, consumer associations, tourist companies, industry experts.
- ▶ The specific and **current legislation** that governs tourism vacation homes in those **six** Spanish Autonomous Regions that have it today.
- ▶ A **comparative analysis of the legislation in 8 global destinations** of great importance that have regulated short stay rental apartments, whose experiences have been taken as a reference for the new regulatory framework and compliance systems recommended in this study.

10 reasons to recommend a new regulatory framework for the management of the supply of homes for tourist rental

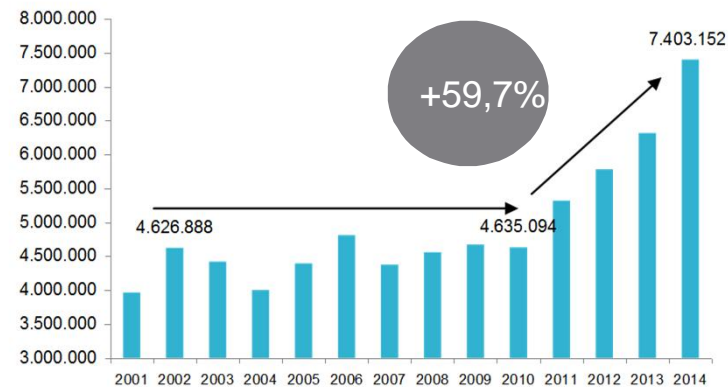
1. It is a new economic activity / type of tourist rental of short stays, very different from the traditional rental housing of longer duration than has always existed in Spain.

In the US, this new activity is called "Hotelización of rental housing," which in Spain grows vertiginously driven by the penetration of a few P2P platforms of global reach.



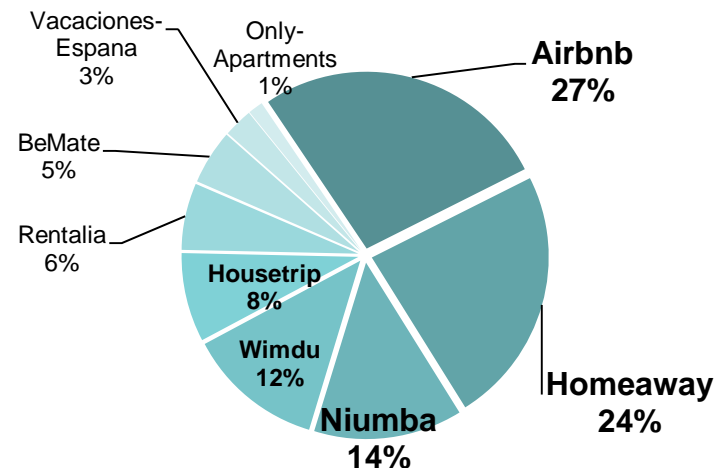
Number of foreign tourists staying in rented homes in the period 2001-2014

Source: Compiled from Frontur (Turespaña)



Frontur recent data indicate that the cumulative growth from January to May 2015 is 20%.

3 platforms concentrated in Spain 65% of the supply of tourist accommodation in rental housing brokered Online (information published on platforms in December 2014)



2. There is a rapid growth in volume and concentration of this type of tourist accommodation offer in city centers and / or areas of interest-tourist pressure, which increases the price of houses (sale and rental), gradually expelling the resident population.

2. 1. There are already 2.7 million beds in holiday rental homes in Spain, in the months of this study, surpassing the 2.4 million regulated beds

1 million of these places are managed by the top 10 platforms P2P (over 50% for two of them, Airbnb and Homeaway, a clear dominance of this market)

Plataform	No. of propiedades	No. of beds
Airbnb	75.390	287.236
Homeaway	65.541	249.711
Niumba	37.945	144.570
Wimdu	34.741	132.363
Housetrip	22.784	86.807
Rentalia	17.059	64.995
BeMate	14.000	53.340
Vacaciones-Espana	7.400	28.194
Only-Apartments	3.909	14.893
Total	278.769	1.062.109

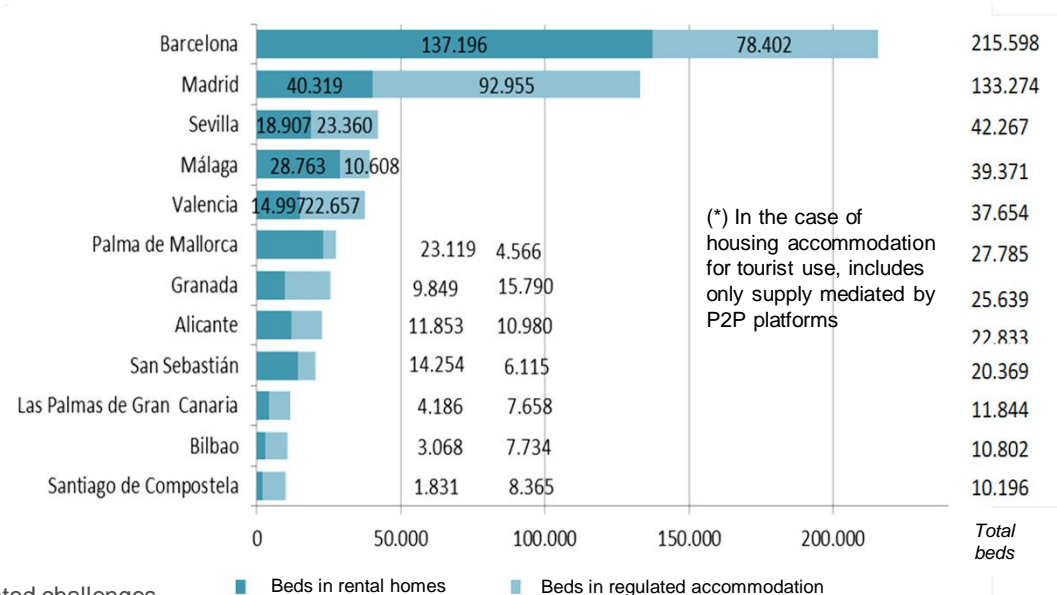
2.2. 48% of the total supply of urban tourist accommodation in rental houses in Spain (40% in the 10 holiday destinations with larger hotels supply) are marketed by P2P platforms.

In Barcelona, Malaga, Alicante and San Sebastian notably exceeds the total capacity of the formal offer (hotels, aparthotels, hostels, etc.).

It is growing rapidly: Airbnb managed approximately 75,000 homes in December 2014 and has reached 85,000 in April 2015, an increase of 13% over a period of four months.

Capacity of Accommodation facilities in urban destinations by type (*)

Source: Compiled from information published on January P2P platforms in March 2015 and INE

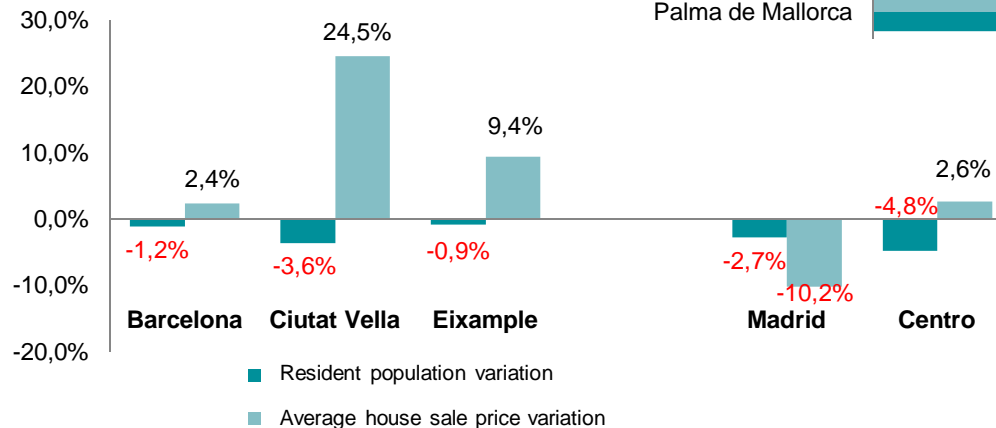


2. 3. The direct and indirect socio-economic effects of the tourist rental homes, hardly extend to the suburbs of cities, given its intense focus on tourist areas.

73% of places in tourist accommodation in rental housing is concentrated in the tourist areas of the cities, as opposed to the much more distributed formal offer (only 42% are located in tourist areas).

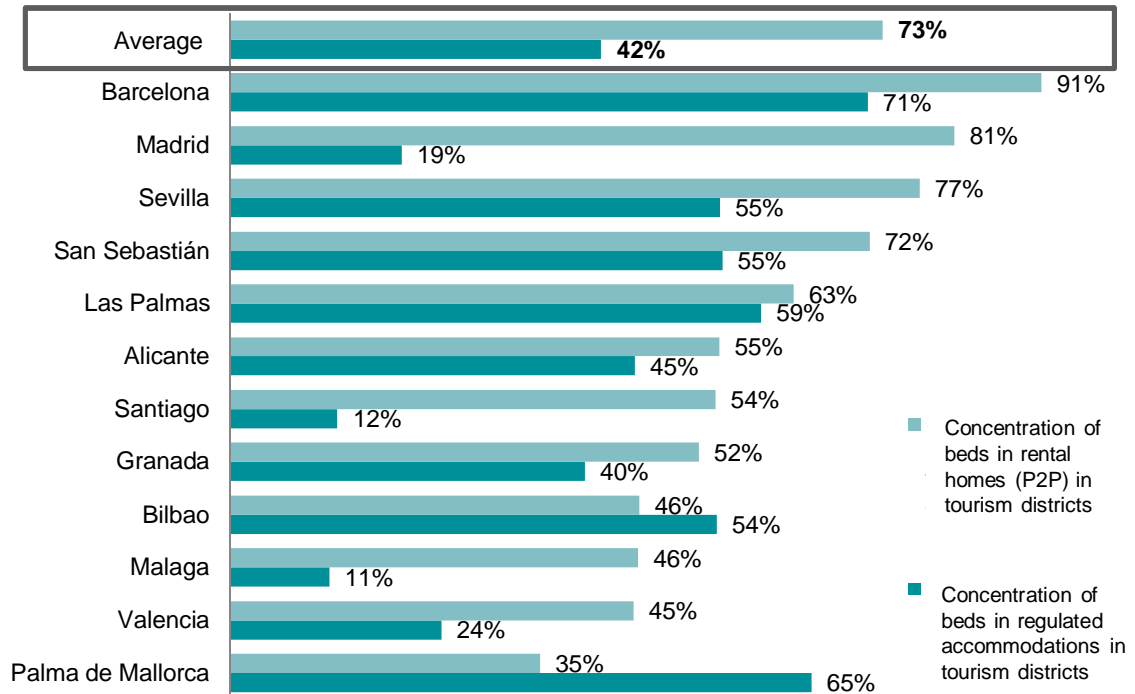
Evolution of the population and housing sales prices 2012-2014 in the tourist districts of Madrid and Barcelona

Source: Compiled from municipal register and Idealista



Concentration of tourist accommodation in the tourist districts in the city: tourist accommodation platforms P2P vs. formal offer

Source: Compiled from information published on P2P platforms from January to March 2015



2. 4. This causes a crowding out of residents in the most central and / or tourist areas: the price of housing becomes more expensive over the affordability for residents and / or for long term rentals.

In the most significant districts where the phenomenon (eg. Ciutat Vella in Barcelona and Madrid Central District) occurs the price of housing is raising, while the resident population falls

3. The rapid spread of this new phenomenon of tourist rental homes and few controls for its growth generate a worrying deterioration in the perceived quality of life and living for citizenship that still resides in urban and tourist centers.

3. 1. The high presence of homes for holiday rental, its intensive use, and its high turnover, are deteriorating the quality of life of 59% of the local population, according to their neighborhood associations

- ▶ **For every 11 homes there are, on average, one dedicated to tourist rental housing** (8.5%) in the tourist districts in the 12 largest Spanish urban destinations.
- ▶ **Each of these tourist rental housing generates greater pressure on the population**, resulting from higher occupancy tourist potential of these dwellings (3.7 persons, compared with 2.9 people in the average household size in Spain).

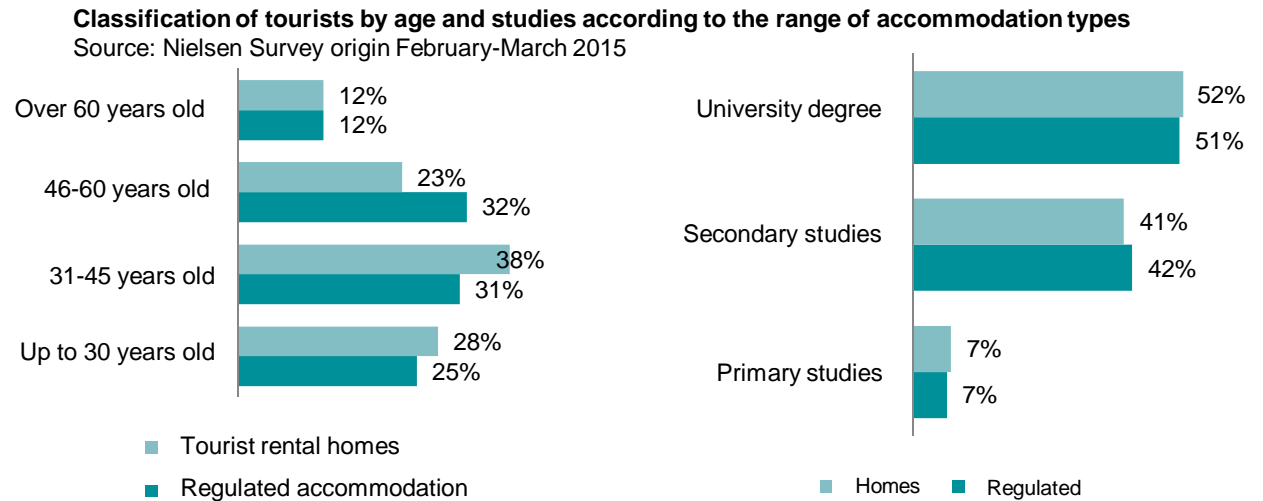


3. 2. The neighbors are affected by a host of discomforts which affects the local coexistence

- ▶ **Noise levels**, to 82% of the associations, disturb the rest of the neighbors.
- ▶ An **increased need for cleaning** in 67% of cases by higher use pressure on the common spaces.
- ▶ The drawbacks perceived by 42% of residents resulting from the **loss of security** by making available the keys to the front door of each property and its parking to third parties.
- ▶ **Maintenance problems** arising from the higher turnover that short stays introduce on the use of common areas, causing increased wear of the same for 75% of residents.
- ▶ The trend towards **devaluation of identity elements of neighborhood life** by loss of usual resident population, reflected in a leak of bars and small local shops as reported 58% of neighborhood associations.

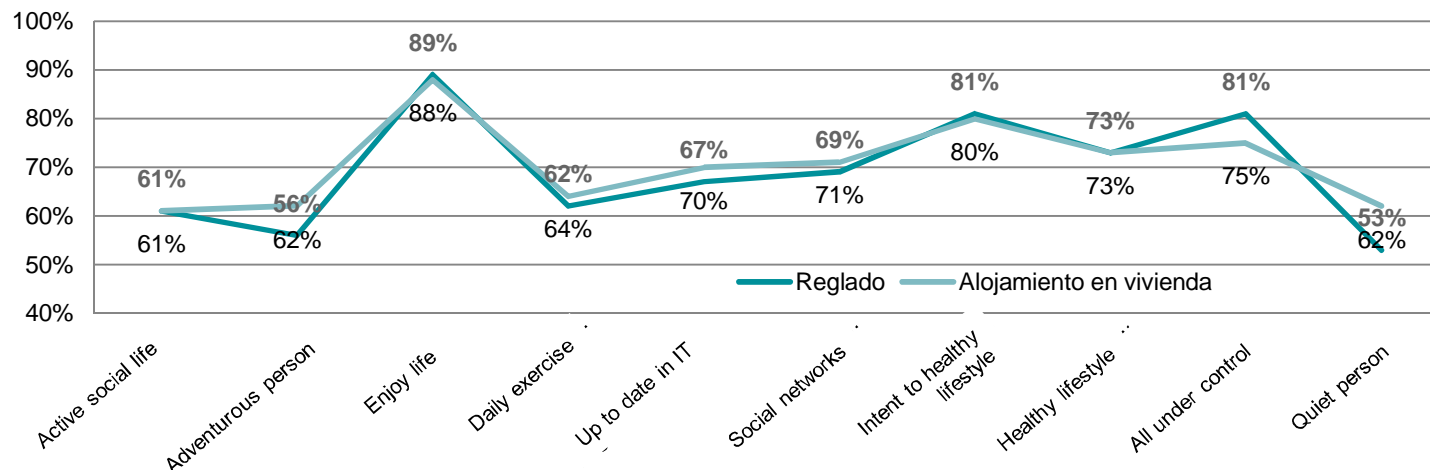
- 4 These holiday rental properties for short stays do not attract new segments of tourists to the Spanish destinations. They are very similar customers, who seek a better price depending on each trip type and the size and needs of the traveling group.

4. 1. Equality of demographic and attitudinal profile of tourists using tourist rental housing compared to the rest of the accommodation, shows that it is not a new and totally different tourist (who would not come not having this option); so this offer hardly generates a new demand in real terms compared to the existing



Attitudinal Map of tourists according to the range of accommodation types

Source: Nielsen Survey origin from February to March 2015. The percentages indicate the number of mentions of each attribute from the set of tourists who responded to the survey.



4. 2. The main reasons for selection of accommodation in tourist rental homes in Spain are a better price, and greater breadth of space along the access and availability of kitchen equipment allowing self organization of breakfasts / or lunch / dinner.

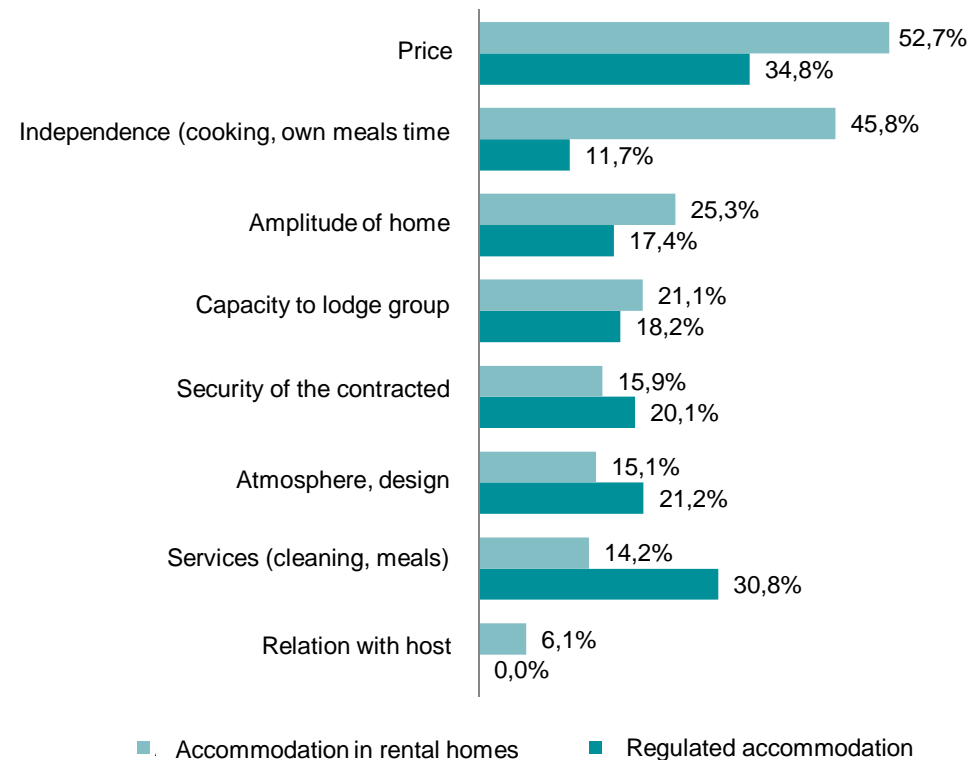
4.3. The search for experiences associated with a capacity of more personalized welcome by the host/ homeowner is a marginal target for tourists in Spain today who opt for this type of accommodation.

From the survey conducted by Nielsen for the purposes of this study, only 6.1% of tourists mention it as one of the main reasons that determined their choice of this type of tourist rental housing on their trips to Spain for last year.

4.4. The destination is the main element of choice of travel and to a much lesser extent the type of accommodation, without major differences between users of the rental offer compared to the ruled typologies.

Classification of tourists for motives according to the range of accommodation types

Source: Nielsen Survey origin February-March 2015



5. The daily contribution of these tourists accommodating in rental housing, in terms of income and employment (direct and indirect) is significantly lower than that of the regulated business, because the tourist pays less in the housing, and the savings are not spent in the destination

5. 1. The travel associated with the supply of rental housing generates economic benefit on a daily destination 84.8% lower than the one promoted by the formal offer (hotels, B & Bs, tourist apartments and rural tourism establishments) because:

€20.3 spent less on accommodation (From the analysis of Nielsen of characteristics of travel and spending levels in 120 247 tourist trips collected by official statistical operations Familitur and Egatur)

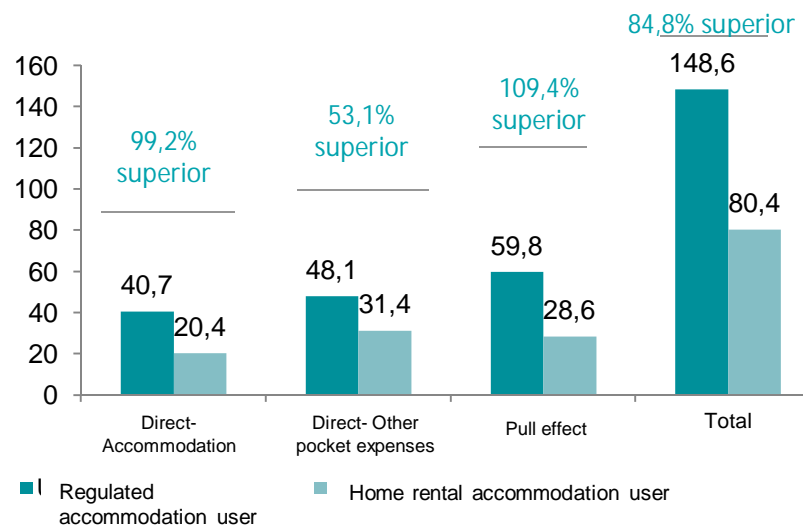
€16.7 spent less on shopping, dining and entertainment (The same as in the previous one)

It generates a drag effect of €31.2 less (using input – output tables)

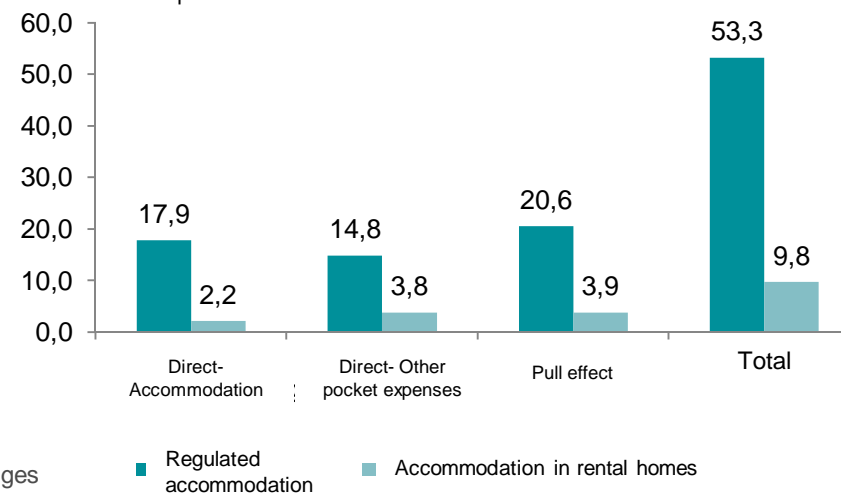
5.2. As for employment generation, these accommodation in homes is much lower (9.8 direct and indirect jobs per 100 beds on housing, jobs versus 53.3 in regulated businesses).

This is due to fewer services provided in the rental housing establishments (cleaning and maintenance, mainly) and lower economic contribution associated with lower tourist spending and reduced drag effect

Daily Economic impact in destination by type of accommodation
Source: from Familitur, Egatur (Turespaña), Spanish IOT (INE). Data in euros



Annual employment in destination by bed and type of accommodation
Source: Nielsen from exploitation of Familitur, Egatur (Turespaña), Spanish IOT (INE).
Units: Annual FTE per accommodation beds



5.3. An important part of this offer is in the black economy; and has non-contributory tax treatment:

This type of accommodation in tourist rental homes does not offset by a higher tax contribution lower socio-economic benefits in Spain as described above:

- Were these rental accommodations among particulars not exempt for paying VAT, (unlike accommodation establishments regulated, subject to VAT), this could mean close to 367 million euros per year in additional revenue for the public coffers.
- The annual income received by private landlords of these accommodations can amount to approximately 2.054 million per year. If none of these owners were declaring the income from these properties, by applying an average tax rate of 21%, this would be a potential fraud close to 432 million euros annually.

Thus, a joint action of the tax authorities to pursue the reduction of the possible estimated tax fraud, along with the elimination of the VAT exemption of the rent of vacation homes among particulars, **could generate an additional contribution close to 800 million annual euros.**

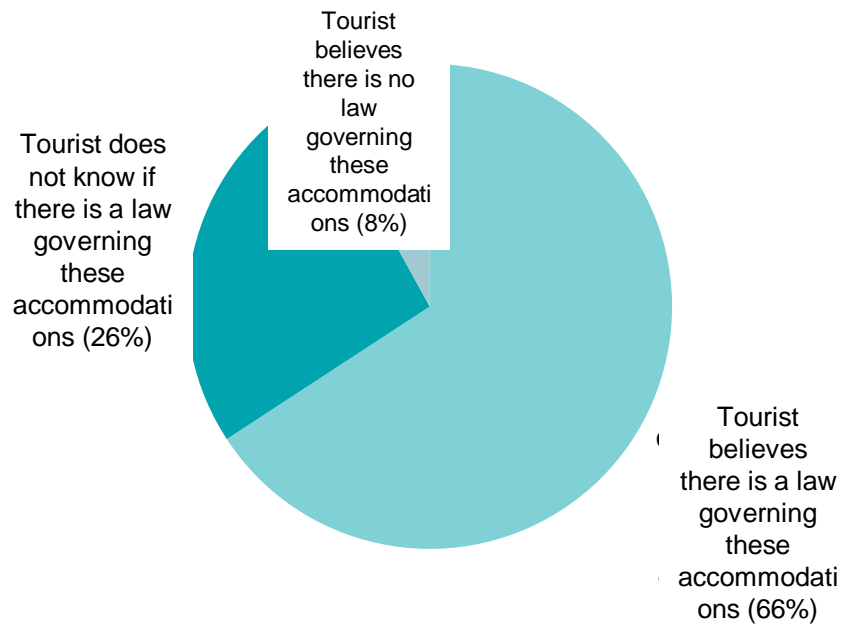
6. The preservation of consumer rights is not guaranteed in the tourist rental homes, as they are in the rest of regulated accommodation

6. 1. The most basic consumer rights are not fully guaranteed as in the rest of regulated accommodations

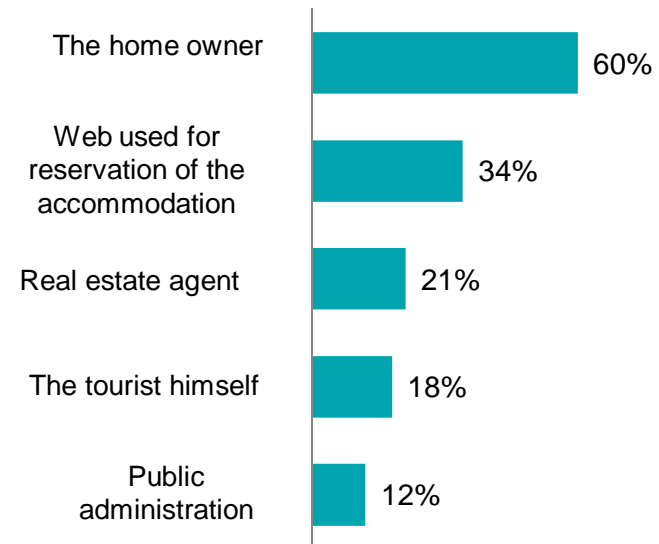
- ▶ The lodging takes place in an unknown physical context for tourists, so the regulated properties are required to meet a series of requirements associated with their status as **public establishments** to ensure guests' safety. The tourist accommodation services in households have no obligation.
- ▶ The **right information to the client** that book accommodation is fully secured in the regulated environment since the establishment must be identified as such, publish its rules of operation, make available to the client a contract, allowing claims by users, and have liability insurance to protect clients and third parties.
- ▶ **Personal information** protected by the rules of data protection applies in the regulated accommodation, so that the customer information is properly treated; which does not occur in housing accommodation .
- ▶ Regulated accommodations that have kitchen facilities must comply with strict rules of conservation, preparation and consumption of food from the point of view of **hygiene and health**, absent in the case of housing accommodation

6. 2. However, the tourist is confident that these rights are covered by the regulations; and makes owners and the online intermediaries responsible of ensuring compliance

Tourist perception about whether the tourist accommodation in rental housing is regulated
Source: Nielsen Survey origin February-March 2015



Agent that tourists perceive that is supposed to guarantee the contracted
Source: Nielsen Survey origin February-March 2015



7. The supply of rental housing through P2P platforms is mostly a business, increasingly professionalized; and currently substantially more lucrative than traditional lease.

7.1. 93% of the properties (278.769) of residential tourist accommodation brokered by P2P platforms in December 2014 were in exchange for a payment.

The presence of home exchange websites essentially responsive to the collaborative principles was limited to 7%.

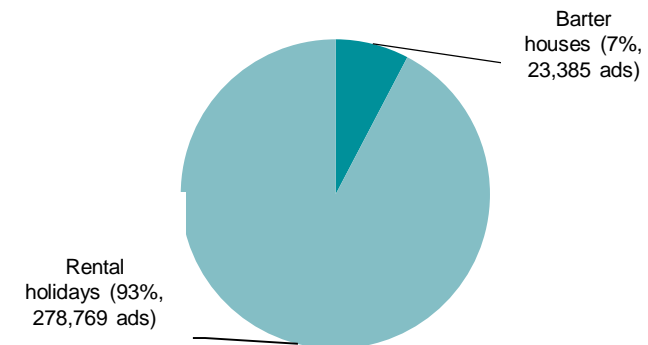
7.2. Nearly 50% (44%) of the properties present in the P2P portals during this study were managed by companies or owners with more than one ad.

7.3. Most of the real estate properties announced are rarely where the host resides.

In the case of complete houses, it is mainly a real estate product without permanent occupants and addressed to rent, rather than an inhabited residence.

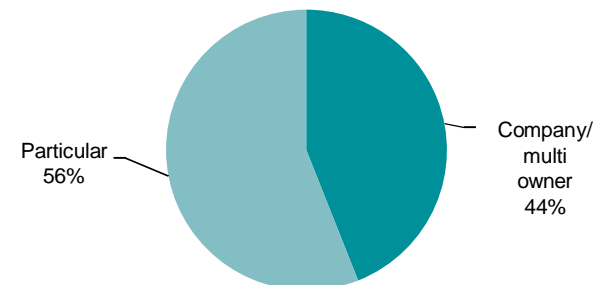
Supply of tourist accommodation in rental housing announced through P2P platforms

Source: Compiled from information published on P2P platforms in December 2014



Estimation of the ownership structure of tourist accommodation in rental housing in P2P platforms

Source: Compiled from information published on P2P platforms (January to March 2015) and INE



7. 4. The price paid by tourists a day by renting these properties exceeds by far the daily average rental price for a long stay.

The detailed analysis performed in this study of prices and occupations in P2P platforms shows that the average income earned by owners (given the high turnover and short periods of rent of these houses for tourism in the districts where they are concentrated), exceed 43% in Madrid and Barcelona 126% in revenue to be gained from rent to persons resident for long periods, according to prices published by real estate reference portal Idealista in Spain. This shows that this type of rental is not comparable to the concept of sharing expenses.

Differential Revenues from tourist accommodation in rental housing mediated by P2P platforms vs. residential rent Fuente: Source: Compiled from information published on P2P platforms (January to March 2015) and Idealista

Destination	Medium size tourist accommodation in rental housing (Wimdu platform)		Average monthly price per sq.m (Idealista)	Monthly rent	Average daily price for rental house tourist accomm.	Average occupancy rate in rental house tourism accomm.	Estimated monthly turnover of rental house tourism accomm.	Turnover differential
	Surface	Capacity						
Madrid - Centro	56 m ²	2,8	13,80 €	773 €	21,16 €	62,5%	1.130 €	46%
Barcelona - Gràcia, L'Eixample, Ciutat Vella			13,40 €	750 €	24,65 €	79,3%	1.670 €	123%

As at June 24, according to a platform, monthly income to be gained by hosting these services in a home with similar characteristics would be € 1,941 and € 2,632 in Madrid in Barcelona

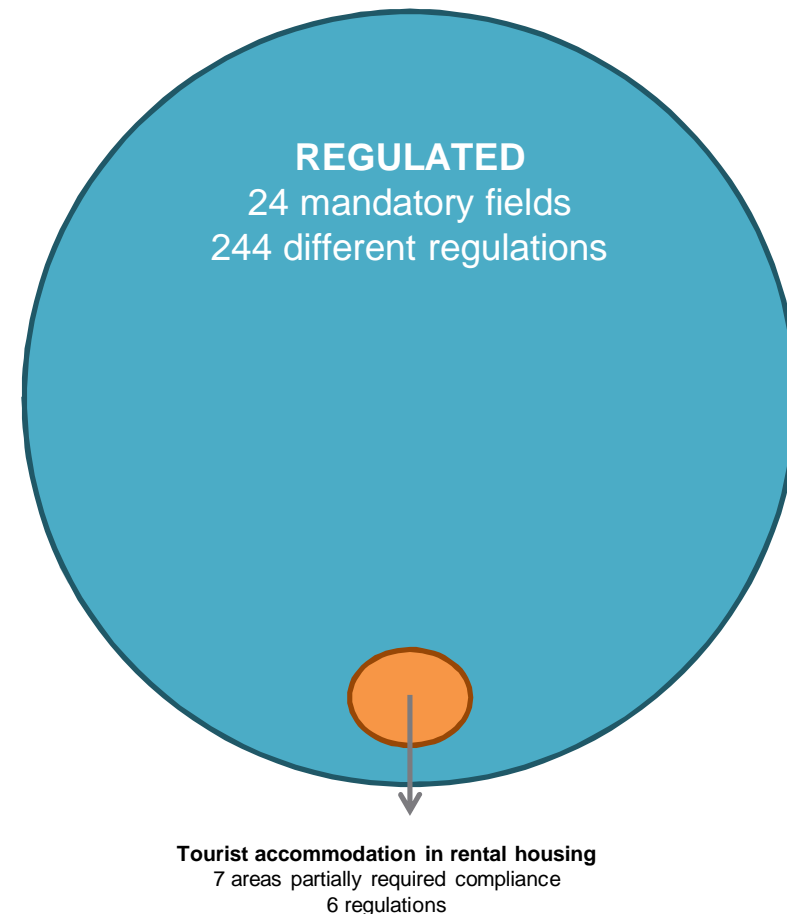
8. Where rules, there are significant differences between the poor regulation of vacation homes for tourist use from the rest of the other types of accommodation (hotels, hostels, tourist apartments).

This creates unfair competition and clear disadvantages for formal the offer by higher operating / regulatory costs, compared with tourist rental housing costs.

8.1. The regulated establishments must fulfill 244 different regulations affecting 24 areas of their activity, while the tourist accommodation in homes should respond to 7 areas required by 5 regulations.

The regulated institutions have different legal frameworks in each region and municipality. Meanwhile, tourist rental homes, where they have rules, these are loose and barely meet basic minimums.

In the short term, this legislative inequity can cause closures and / or conversion to changes of use, from regulated establishments to this new type of holiday rental housing accommodation; due to the greater business opportunity and high profitability that comes with being barely regulated.

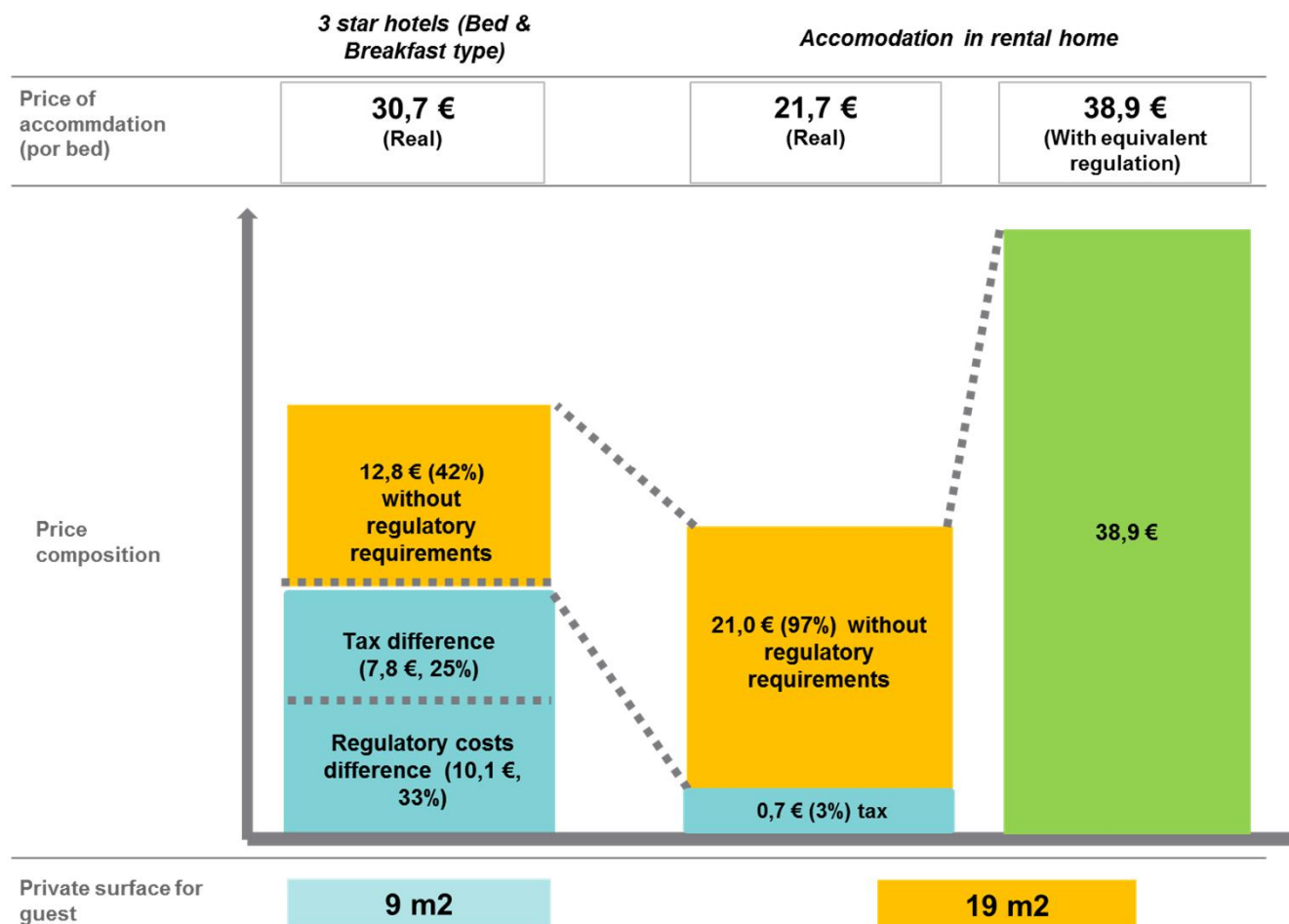


8.2. The current regulations in Spain for the supply of rental housing for tourist use, except in the Balearic and Canary Islands are quite lax and uneven. On the few that match all approved regional regulations (yellow) are: enrollment in the regional registry, a telephone information and a ban on rent of single rooms.

Region	Aragón	Baleares	Canarias	Cantabria	Cataluña	Madrid
	Decree 80/2015	Law 8/12 y Decree 13/2011	Decree 113/2015	Decree 19/2014	Decree 159/2012	Decree 79/2014
Allows room rental?	No	No	No	No	No	No
Touristic registration	YES, by responsible declaration	YES, by responsible declaration	YES, by responsible declaration	YES, by responsible declaration	Sí	YES, by responsible declaration
24 h telephone	YES	YES	YES (8.00 a 20.00 hr)	YES	YES	YES
Habituality	No	No	Two or more times one year or every year routinely	Must be professionally marketed and / or habitual	YES, from two times a year	YES
Published register number	YES, in all forms of publicity	No	YES	No	YES, in all forms of publicity	YES, in all forms of publicity
Can be permanent home?	YES	YES	YES	NO	YES	No
Prices shown and Exposed plate	YES	No/ YES	YES	YES	No	YES
Complaint forms	No expressly	YES	YES	YES	YES	No expressly
Police record	No expressly	No expressly	YES	YES	YES	No expressly
Relevant requisites		Prohibition by type (flats in condos are prohibited)	Zoning: excluded from tourism zones			5 day minimum stay

8.3. The unequal regulatory treatment and consequent unfairness regarding the formal offer, generates a cost advantage on average € 17.2 per bed in tourist rental housing; from the rest of accommodations. This translates into higher margins and lower sales prices causing a clear situation of unfair competition in the market.

If assume the same regulatory burden, the average selling price identified for each bed in tourist rental housing, should go from 21.7 € on average per bed (identified in the study of 49 000 announcements made) 38.9 €, which would be a clear decline in the current yields of this offer, which in turn is attracting capital inflows for the purchase of individual homes to be dedicated to tourist accommodation.

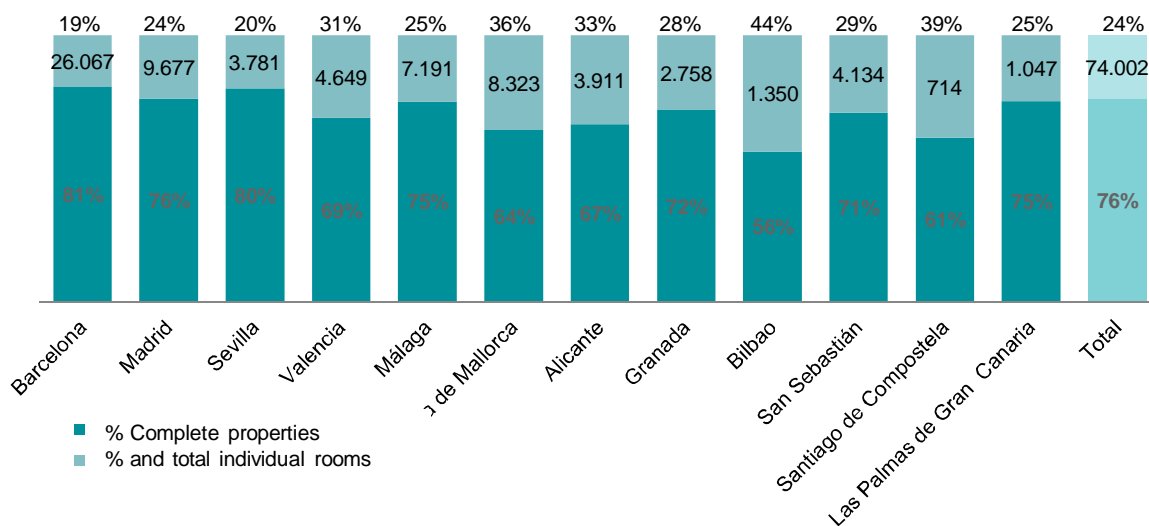


9. Even in its current form, the scant regulation in Spain at regional scale is widely unfulfilled, even for the P2P platforms, and for much of the owners themselves and / or managers of these homes for tourist use.

9.1. The offer of individual rental rooms, expressly prohibited by the 6 autonomous communities that have regulated the phenomenon of rental housing for tourism, already accounts for 24% of the market for this type of accommodation that mediate P2P platforms in Spain .

Structure of tourist accommodation beds in rental accommodation through P2P platforms in full properties and rooms

Source: Compiled from information published on P2P platforms from January to March 2015



9.2. Breach extends to various and specific areas of regional policy:

Barcelona: Only 10% for the properties were registered in the tourist registration of the Generalitat of Catalonia and in most cases, announcements did not include a registration number which is required by law.

Madrid: Decree 79/2014 prevents hiring accommodation in homes for less than five days. However, in 96% of cases could book for a period less than the minimum time specified in the standard.

Baleares: its rules prevent the rental housing under the horizontal property regime. At the time of analysis, more than 4,500 beds in apartments were sold in the city of Palma through the platforms.

10. The world's leading destinations are already responding to the challenges and externalities caused by the rapid emergence and growth of supply of homes for tourist use mediated by P2P platforms, regulating them rigorously to avoid adverse impacts

10.1. Establishing territorial restrictions to limit / quota of places; to preserve the urban model and limit the negative effects of peaceful coexistence via:

Zoning districts of the city / destinations where you rent short term tourist homes are allowed, and those where it is forbidden. Paris requires a change in land use, Miami and New York establish bans on most of the tourist districts, to preserve the use of housing for permanent residents.

Prior agreement of the homeowners. New York refers to the statutes of the communities of owners for the possibility of renting or not to tourists the houses of each building.

10.2. Requiring compliance with the basic rights of tourists in terms of:

Minimum supply of quality accommodation: Rome, Milan and Chicago set a very detailed requirement of all equipment in the houses: minimal surfaces, bathrooms and kitchen utensils, continued assistance (equivalent to traditional regulated apartments)

Safety and physical integrity: Amsterdam and Chicago require compliance with fire regulations and even their review by the inspection department of real estate (Chicago)

10.3. Learning from the difficulty of enforcing the legislation and the difficulty of applying such criteria as the habituality or the professionalism of the tenant.

In the case of San Francisco the "Airbnb Law " 1-Feb-2015 allows to rent the residence for less than a 90 day period; it has failed. According to the council, on 16-May-2015 only 455 applications for registration were received (compared to over 5,000 flats that are advertised in major sites), of which only 170 had been approved.

10 key recommendations to address a new legal and homogeneous framework, governing the tourist accommodation in rental housing in Spain

Prior to the proposed recommendations considerations (I)

- ▶ After learning the externalities before exposed so far which, except in some specific cases, had been quite unnoticed, the recommendations below included are presented from the perspective of the **protection of citizens, the community and the right to the same welfare**. In this sense, all involved in one way or another in the tourist business must pay their taxes, all must meet similar obligations, everyone is entitled to live in peace and the benefit of others does not negatively impact the rest. Security, equal rights and obligations and respect are key rules of coexistence and sustainability of successful tourism model that is now being seen in places affected by this phenomenon, growing steadily with low control.
- ▶ The adverse impacts of various kinds on citizens and the economy in major Spanish destinations that are causing the tourist accommodations in rental housing identified in this study reveal laxity, lack of homogeneity and transversal vision that has characterized its development and regulatory treatment in the different scales of the Spanish government and, above all, lack of institutional will needed to ensure compliance. There must be a **state vision and a coordinated response with the autonomous regions and local corporations involved**. The situation observed in some Spanish destinations, particularly of urban nature (Barcelona), reflecting a progressive perceived loss of quality of life of the local population (due to the discomfort closely associated with the explosion of rental properties for tourist use in residential buildings and their rise expelling permanent residents), which calls for urgent responses.
- ▶ The growing controversy being generated both globally and in numerous destinations and Spanish cities, require new responses with a more strategic vision and that translate into **proportionate regulatory frameworks at country level** that respond to all dimensions and limit their negative externalities. This should include **the definition of where the development this activity is allowed**, and if so, how is controlled (clear regulation of security obligations, accessibility, hygiene, protection, inspection and sanction system with instruments and sufficient political will) and / or possibly limiting it to better defend the stage of coexistence and all citizens affected, as well as sustainable tourism in each case is at stake.

Prior to the proposed recommendations considerations (II)

- ▶ Its design and implementation should be based on promoting those tourism models that better respect the peaceful coexistence and foster a social climate conducive to the sector, **ensuring not to exceed the capacity levels and that the positioning and the more desirable socioeconomic contribution objectives are met for each city and / or tourist destination in Spain**. This situation is the same as explained in other world leading tourist destinations ahead of us (like New York, Miami, Paris, Singapore and Santa Monica), which have already established severe restrictions on rental housing for tourism for short stays. In fact, such regulations already have a successful and a similar reflection in certain Spanish autonomous communities, with a notable tourist specialization, where they seek to ensure a model that promotes the sustainable contribution of tourism to the economy and job creation as in Baleares (currently restricting those rents in apartment buildings) and recently in the Canary Islands (limiting them in tourist areas) as well as in leading cities like Barcelona which already applies a moratoria on that type of holiday rentals.
- ▶ For all these reasons, we think that the best solution **would be to focus these activities in buildings used exclusively and clearly identified for this purpose, especially those located in residential environments**, avoiding where possible, that property originally designed as housing for long-term resident citizens, is being splashed by other rented to tourists for short stays, with the proliferation of nuisance and neighborhood expulsion arising from changing their original use. That said, and according to the will of the legislator, there should always be a definition of the rights and obligations inherent to this activity according to all those people and citizens who do not benefit from it but who may feel its negative consequences.
- ▶ Apart from these preliminary considerations, and **the more than advisable strategic and urban planning review required to be performed in some key Spanish tourist destinations, especially cities**, here follows 10 minimum detailed recommendations that, in any case and apart from the above, should apply as a result of this study, in the three levels of the relevant administrations, to coordinate, manage and better control the evolution of this phenomenon in Spain.

A. RECOMMENDATIONS TO THE CENTRAL ADMINISTRATION

1. PROMOTING AND LEADING WITH VISION AND SCOPE OF STATE, A NEW LEGAL FRAMEWORK AND MORE COORDINATED AND COMMON POSITION to sort this phenomenon given the strategic nature of tourism in terms of employment, contribution to GDP and the Spanish economic recovery.

1.1. Call for a Sectorial Conference with the new Directors of Tourism of the autonomous regions to be appointed following the recent elections in order to agree on a new regulatory framework with a more coordinated and cross-view, to collect and order all that is at stake.

1.2. A monographic meeting of the Inter ministerial Committee on Tourism to coordinate related measures which are advisable to apply for the State Government in tax, labor and telecommunications areas.

1.3. Seek greater unity of action with the European Commission for the policies that affect the binomial digital economy - tourism, to much more clearly delineate both the rights and the obligations and responsibilities inherent to the suppliers and distributors.

2. Consider this rental housing offer as TOURIST ACCOMMODATION which means, among others, the demand of the inherent requirements to PUBLIC ESTABLISHMENTS in terms of safety and protection

21. Explicitly incorporate the existing national legislation on building construction, the qualification of these tourist accommodations in rental housing as public establishments (as they are, eventually, "hotelized houses") with the user protection obligations that this entails.

A. RECOMMENDATIONS TO THE CENTRAL ADMINISTRATION

- 3.** Promote greater EQUITY IN THE TAX TREATMENT of housing accommodation for tourist use, compared to the existing for other types of accommodation
 - 3.1. Eliminating the exemption from VAT on tourist accommodation houses, equating it to the 10% VAT paid by tourists in other types of regulated tourist accommodation.
 - 3.2. Establishing a new framework for responsible collaboration with the P2P platforms (as done in other countries raising other tax burdens) to enter directly into the Treasury the VAT owed by owners, discounting it from the rent to be received for the property.
 - 3.3. Statement of the transactions by the platforms with the managers of housing accommodation through the model 347 (amounts above 3,005.06 euros); and continue extending and prioritizing the National Tax Inspection Plan on rental housing, to ensure that also the corresponding income taxes are paid (in case of individual owners) or corporate tax (in case of companies) on income earned by renting such housing.
- 4.** Ensure COMPLIANCE WITH EXISTING REGULATIONS affecting the tourist use of rental housing (both statewide and in particular regional and local)
 - 4.1. Clarifying and enacting an obligatory public and official responsibility of P2P platforms in relation to compliance with the law in all areas and regions on the supply of rental housing for tourism that they are advertising-marketing, by an express statement of the Secretary of State for Telecommunications on their non neutrality, based on the Law of Information Society Services and Electronic Commerce, and establishing the related disciplinary framework.
 - 4.2. Enacting, in order to facilitate the prior inspection process without incurring additional cost or public budget allocations, the creation throughout the state territory of a mandatory holiday rental homes quality certificate, similar to certificates of conformity for vehicles or the most recent certification of energy efficiency of buildings and houses; issued by some external entities approved at the regional level, and under reasonable price, to allow pre- and periodic inspections of the accommodation and verify compliance with the requirements of each regional standard.
- 5.** Require the APPLICATION OF NATIONAL SECURITY PROTOCOLS, sending identification (police record) to the state security bodies of all guests staying in rental homes.
 - 5.1. Start an inspection plan at national level to ensure proper compliance with these security protocols including agreements where possible, with the P2P platforms for immediate electronic delivery.

B. RECOMMENDATIONS TO APPEAR ON REGULATORY FRAMEWORKS MANAGED BY THE AUTONOMOUS COMMUNITIES

6. Establish with proportionality for each home for tourist use, a set of MINIMUM SAFETY GUARANTEES FOR TOURISTS, such as:

- 6.1. Liability insurance
- 6.2. Emergency plan
- 6.3. Emergency lighting system
- 6.4. Evacuation signs
- 6.5. Extinguishers depending on the size of the apartment
- 6.6. 24h hotline
- 6.7. Regular disinfection, insect and rodent control

7. Ensuring the TOURIST INFORMATION RIGHTS as well for the NOTICE TO THE NEIGHBORS, demanding:

- 7.1. Include a registration number in the regional and tourist registration visible in P2P platforms ads.
- 7.2. Clearly advertise the price, location, features.
- 7.3. Existence of a contract prior to occupation.
- 7.4. Display distinctive visible plaque at the entrance to the house.
- 7.5. Provision of an information guide on the use of basic facilities.
- 7.6. Make available to the customer complaint forms.
- 7.7. To register owner in the files of the Spanish Data Protection Agency
- 7.8. Submit documentary proof that there is no express prohibition in the Community of neighbors for this activity

B. RECOMMENDATIONS TO APPEAR ON REGULATORY FRAMEWORKS MANAGED BY THE AUTONOMOUS COMMUNITIES

8. Require and detail minimal provisions of BASIC HOUSING QUALITY to ensure greater customer satisfaction and thus on the entire destination and its positioning in terms of the state of facilities and cleanliness

8.1. Adequacy and comfort to the user of equipment: furniture, beds, linen, bathrooms, appliances, utensils, etc.

8.2. Existence of adequate air conditioning

C. RECOMMENDATIONS FOR LOCAL AUTHORITIES

9. Requirement, by each municipality involved, of an ECONOMIC ACTIVITY LICENSE for the provision of accommodation services for tourist in homes as a measure to ensure good order and municipal control of their volume and their growth rates.

10. Set a ZONING of areas / neighborhoods / districts within the municipal area where the services of tourist accommodation can be provided in order to adapt them to the urban model and social coexistence.