



## Airbnb's Policy position

Airbnb actively works with policy makers and tourism organizations to promote responsible and sustainable tourism all over the world, support local hosts and boost the economy in Hungary. We appreciate the opportunity to comment on this draft and kindly ask that you take note of the following considerations.

Given the regulations recently passed applying to STRs in Budapest, including Act XCVI of 2020 empowering districts to introduce day caps and the new EU regulation on data collection and sharing relating to STRs, we are deeply concerned about the moratorium on new accommodation registrations in Budapest. Firstly, the fragmentation of regulation is problematic; national rules should not coexist with district-level empowerment to introduce day caps, and governments should refrain from regulating before the EU STR Regulation enters into force. Secondly, the proportionality of the moratorium needs to be carefully considered including the needs of local communities in different parts of the city. Regulations need to address specific public interest issues and be proportionate and adequate to their goals. Lastly, a tiered regulatory approach is essential, with exemptions for homesharers who rely on hosting income to meet rising living costs.

### 1. Short-term rentals (STR) help everyday people cover the rising costs of living.

**Airbnb has a significant, positive influence on the development of tourism and strives to be part of the solution to the economic challenges Europe is facing today** by providing a platform for everyday hosts in Hungary and other countries to share their homes. This enables them to earn additional income, especially during times when rising living costs make it difficult to meet financial obligations. According to our survey, more than 40% of hosts on Airbnb in Europe say their earnings help them cover the rising cost of living and 46% of hosts say that hosting on Airbnb helped them stay in - and afford - their home. By allowing families to share their homes and earn income through hosting, Airbnb contributes to the sustainability of local communities and aids in addressing economic challenges.

We strongly believe that technology can play a pivotal role in driving sustainable and responsible tourism and want to be good partners to local communities and we support simple and effective rules.

### 2. New EU framework will provide new tools and more transparency.

At the end of last year, **the EU Institutions agreed on a new set of rules to regulate short-term rentals**<sup>1</sup> (further: EU STR). We have welcomed this new regulation as a watershed moment for Airbnb and the broader ecosystem, and as an opportunity to further expand our

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<sup>1</sup> Regulation (EU) 2024/1028 of the European Parliament and of the Council of 11 April 2024 on data collection and sharing relating to short-term accommodation rental services and amending Regulation (EU) 2018/1724



collaboration with cities and governments, to improve transparency and protect housing, and to support everyday families who host.

Airbnb is committed to partnering with governments to ensure the success of the EU STR Regulation. We believe in the importance of technical interoperability in creating a system that allows platforms, hosts, and authorities to connect and exchange information effectively. We support the work of the European Commission's working group to design common technical standards for exchange of data and appreciate the efforts of the Hungarian Presidency of the Council of the EU to support effective implementation of the new rules.

Thanks to the new framework, **Member States and local authorities will benefit from greater transparency** and insights into hosting in their jurisdictions, helping to inform evidence-based policy-making. The Regulation also introduces a balanced approach to compliance and enforcement with responsibilities shared between platforms, hosts and local and national authorities.

Platform and Member States have two years to prepare for the Regulation's entry into force in May 2026 and to ensure the new rules are a success for everyone. During this time we strongly advocate for governments to **exercise caution and refrain from introducing new regulations of short-term rentals, other than those aimed at implementing the EU STR Regulation**. The EU STR Regulation aims to harmonize and streamline short-term rental rules across member states, ensuring a balanced and evidence-based approach to policy-making. By allowing the EU STR framework to be implemented and thoroughly assessed, governments can ensure a comprehensive and informed approach to regulating the short-term rental sector. This approach will help avoid unnecessary regulatory burdens and ensure that any new measures are proportionate, justified, and not in violation with EU legal frameworks.

### **3. Restrictions of short-term rental are not effective against housing shortage.**

We have seen across the world that **disproportionate STR rules are harmful for the local economy and families, but they don't increase the available housing stock** nor do they have the desired impact on housing affordability.

One example of such rules is Scotland, where the restrictive licensing scheme has not delivered noticeable positive impacts on housing; rental prices have reached their highest annual rate in nearly a decade. At the same time, due to the disproportionate rules in place, hotel prices have increased, tourism in Scotland is expected to suffer, and families have lost a vital source of flexible income<sup>2</sup>.

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<sup>2</sup> Six Months On: An update on the impact of Scotland's short-term let rules, <https://news.airbnb.com/en-uk/six-months-on-an-update-on-the-impact-of-scotlands-short-term-let-rules>

Similar observations have been made in New York. Since implementation of the restrictions on short-term rentals, hotel prices are at an all-time high and some short-term rental activity has moved underground to unregulated sites, but analysis reveals no significant decrease in rents or boost to rental inventory four months after New York City's strict short-term rental rules went into effect<sup>3</sup>. Those are important learnings that need to be taken into consideration by the governments searching for appropriate ways to address the housing shortage.

#### **4. Regulations need to be proportionate and apply only in neighborhoods where they are needed.**

**A fair and proportionate regulatory framework for short-term rentals STR must be non-discriminatory, justified, necessary, and suitable to achieve the public interest objectives pursued.** This stance aligns with the European Commission's guidelines, the EU STR law, and the stipulations of the Services Directive ("SD")<sup>4</sup>. Restrictions directly affecting the freedom to provide services and the freedom of establishment, which are among the core freedoms of the Single Market of the EU, can only be introduced when necessary and justified. Those freedoms are guaranteed by the EU legislative system including the Treaty on the Functioning of the European Union ("TFEU") and the Service Directive and they are reflected in the rights awarded to the citizens by constitutions of the member states, including the right of private property as understood by the Hungarian Constitution.

However, in the context of the draft law no objective data, in depth impact assessments, studies or other background documents that would justify their adequacy, necessity and proportionality of the proposed measures was provided. Although such demonstration is required by Article 16(1)(c) SD and the case law of the CJEU, emphasizing that restrictions must be data-driven and limited to areas specifically impacted by the issues at hand.

Blanket moratoriums that apply to entire cities or regions, such as the proposed moratorium for all of Budapest, fail to address the specific needs and conditions of different neighborhoods. The restrictions are generic and arbitrary and do not respond to real needs of local communities, they unjustifiably undermine the right of local families to access the benefits of all tourism options. Instead, regulations should be based on current and local data, **applying restrictions only in areas where there is clear evidence of issues impacting public interest.** This targeted approach will help avoid unnecessary restrictions on hosts who rely on STR income, while effectively addressing the concerns in areas most affected by STR activities.

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<sup>3</sup> Four months later: An update on New York City's short-term rental rules, <https://news.airbnb.com/four-months-later-an-update-on-new-york-citys-short-term-rental-rules>

<sup>4</sup> Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market; CJEU ruling in joined cases C-724/18 and C-727/18 - Cali Apartments SCI, para. 45) confirmed that the Service Directive applies to STR services

Furthermore, there is no regulatory need for the adoption of new regulations for Budapest, as local municipalities are already entitled to regulate short-term rental activity by introducing day caps according to Act CLXIV of 2005 on Trade, as amended by Act XCVI of 2020. By leaving municipalities the possibility of continuing to introduce day caps for short-term rentals in addition to the proposed registration moratorium, there is a high risk that the regulatory purpose of the moratorium, namely to protect the status quo by restricting new registrations only, may be undermined, resulting in a completely fragmented and disproportionate regulatory framework.

#### **5. Homesharing doesn't affect housing supply and should be excluded from the moratorium of issuing new registrations.**

It is essential that housing protection rules are proportionate and necessary, and reflect the living circumstances of people. That requires a tiered approach reflecting the vast diversity of hosts offering short term accommodation.

Homesharing, which involves renting out rooms or a part of one's primary residence, plays a vital role in the short-term rental ecosystem. It allows homeowners to generate additional income, helping them to afford their living expenses and maintain their homes. Given that homesharing has no impact on the housing supply, as the resident lives in the property, restricting homesharing would not support the objective of increasing the available housing stock. Therefore, taking into consideration the significant benefits to hosts which homesharing provides, our proposal is to exempt homesharing from the registration moratorium.

Everyday Hungarians should be allowed to benefit from hosting, as many of them rely on the extra income that may help them to cope with rising prices and pay for basic necessities such as their own home. **There is no justification for the restrictions of short-term rentals to apply to spaces not affecting the local housing market, such as out rooms or one's own primary residences.** We recommend including exemptions to the moratorium allowing Budapest families to gain new STR licenses for single rooms or the primary residence.

#### **6. Notification obligation to the EU Commission**

According to Art. 5 of EU Directive (EU) 2015/1535, the new regulations are subject to a notification obligation to the EU Commission. A notification obligation also exists under the European Services Directive in accordance with Art. 15 (7) SD. We therefore strongly urge that the Law be forwarded to the EU Commission accordingly.

### **Conclusions**

In conclusion, we urge the Hungarian government to **exercise caution regarding the introduction of new STR restrictions.** Such measures are not an effective solution to address housing issues and should be reconsidered in light of the upcoming EU STR Regulation. It is crucial that any regulations are proportionate, meaning they should only be **applied where necessary and based on current and local data.** Additionally, **homesharers**



**should be exempted from these restrictions**, as they do not have an impact on the housing situation. We believe that a balanced approach, which protects public interests while allowing everyday Hungarians to benefit from hosting, is essential for sustainable and fair regulation.

**Airbnb,**

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