



1. Introduction

1.1 As a result of growing application of the concept of sharing economy through convenient application of online platforms, temporary leasing of home accommodation for a couple of days to visitors has registered exponential growth around the globe in recent years.¹ According to a leading online platform on home sharing, its guest arrivals has surged by some 20 times in just five years to 80 million in 2016.² While home sharing is considered as a form of business innovation enriching the diversity of tourist accommodation, there are doubts whether it can offer adequate protection to both the guests and the neighbourhood. There are also queries on whether home sharing is competing with the hotel industry on the same level-playing field, as the latter is generally subject to more stringent regulation.³ In view of these conflicting concerns, the Organisation for Economic Co-operation and Development ("OECD") suggests that there is an "urgent need" to review the regulatory framework on home sharing, making it "more flexible and adaptable".⁴ Actually, many governments have been doing so. For instance, a dedicated legislation on home sharing (i.e. Private Lodging Business Act) has come into effect in Japan in June 2018, laying down the statutory requirements more proportionate to the operation of home sharing, compared with hotels.⁵

1.2 In Hong Kong, it is legally prohibited to lease unlicensed residential properties to guests for a short duration of fewer than 28 consecutive days

¹ There is no universally agreed definition of "sharing economy", but it broadly refers to the action of temporary sharing of underutilized resources (e.g. cars and accommodation) amongst peers through online platforms. For details, see European Commission (2016).

² Guest arrivals include both local visitors and overseas visitors. As a broad comparison and relative to the stock of 1.235 billion overseas visitors of the world in 2016, it represented a ratio of 6%. See Airbnb (2017a), Forbes (2018) and World Tourism Organization (2017).

³ Taking fire safety as an illustration, hotels in Hong Kong need to install sprinkler system, ventilation control and smoke extraction system, but not so for domestic buildings. Moreover, building safety standards are different. See Fire Services Department (2012).

⁴ Organisation for Economic Co-operation and Development (2018).

⁵ In Japan, Private Lodging Business Act was newly enacted in 2017 for home sharing only, while the Inns and Hotels Act enacted in 1948 regulates hotels and inns. This will be further discussed in detail in Section 5 of this paper.

under the Hotel and Guesthouse Accommodation Ordinance ("HAGAO") enacted in 1991. Although there are increased local calls for adoption of a more facilitative policy on home sharing, the Government counters them with safety concerns (e.g. fire safety and personal safety of tourists).⁶

1.3 At the meeting of the Panel on Home Affairs held on 25 June 2018, the Research Office was requested to study recent regulatory developments of home-stay lodging in selected places. Taiwan, Japan and London are selected for further study because they have just amended their legislative frameworks on home sharing in more recent years during 2015-2017. This information note begins with a global overview of home-stay lodging, including its conceived benefits and concerns, as well as recent regulatory trends. It then discusses the policy developments and major concerns in Hong Kong, before highlighting the recent changes in the regulatory regimes on home sharing in the three selected places, along with a comparative table (**Appendix**).

2. Recent global developments of home-stay lodging

2.1 Proliferation of online platforms has greatly reduced the transaction cost of matching home owners and guests for short-term accommodation all over the world, resulting in an upsurge in the number of guests in one leading platform from 4 million in 2011 to 40 million in 2015, and further to 80 million in 2016.⁷ Conceivably, **home-stay lodging has the following benefits**. *First*, it can make better use of underutilized home accommodation, as the owners leave for vacation or when the children move out from the properties of their parents with larger size. As an illustration, as the underutilized accommodation accounts for some 3% of overall residential properties in the 28 member states of the European Union, temporary usage of this idle resource helps boost efficiency.⁸ *Secondly*, staying in the home of local families at affordable prices can alleviate shortage of hotel rooms in some cities on the one hand, and enrich travel experience of visitors on the other.⁹

⁶ GovHK (2015).

⁷ Airbnb (2017a) and Organisation for Economic Co-operation and Development (2018).

⁸ Ranchordás, S., Zurek, K. and Gedeon, Z. (2016).

⁹ According to a recent study conducted by the Harvard Business School on 10 cities in the United States with heavy penetration of home sharing, guests of home-stay lodging reaped a consumer surplus averaging at US\$70 (HK\$540) per night, in terms of better accommodations at more reasonable prices during peak travel season relative to hotel accommodation. For details, see Farronato, C. and Fradkin, A. (2018).

Both in turn can promote inbound tourism. **Thirdly**, user fees paid by guests act as a source of supplementary income to the host families, supporting local economy. For instance, the median annual rental income for a host family in the United States as revealed by an online platform amounted to US\$7,300 (HK\$56,900) in 2017.¹⁰ **Fourthly**, home sharing is seen as a good example of creation of a new business model in sharing economy through application of new technology, propelling innovation.¹¹

2.2 On the other hand, **home-stay lodging also gives rise to a number of potential issues and concerns**. **First**, given that home owners are usually subject to lighter regulation than hotels, the accommodation quality could show much wider variations. **Secondly**, there are doubts over building safety and fire safety of home premises. For instance, only 80% of the home-stay lodging in the United States were reportedly installed with smoke detectors, 42% with fire extinguishers and 36% with first aid kits.¹² **Thirdly**, personal safety of the guests could be at risk if home owners have malicious intention. Actually, there are occasional reports on criminal activities arising from global home sharing in recent years. **Fourthly** and reciprocally, home owners could face the risks of property loss in the event the guests are not well-behaved, especially for those cases with inadequate insurance coverage. **Fifthly**, guests of home-stay lodging could cause nuisance (e.g. noise and public hygiene) to local neighbourhood. **Sixthly**, hotels feel that they are competing with home-stay lodging in the market of tourist accommodation in an unfair manner due to tighter regulation.¹³ **Lastly**, increased usage of local residential properties to meet overseas visitor demand could dampen housing supply for local residents, resulting in concerns over housing shortage and escalation in housing cost.

¹⁰ Airbnb (2018b).

¹¹ Organisation for Economic Co-operation and Development (2016) and The Economist (2017).

¹² This was based on a total of 121 000 residential properties listed on an online home sharing platform in 16 cities of the United States. See Reuters (2018b) and Organisation for Economic Co-operation and Development (2016).

¹³ For instance, the business association of the hospitality sector in Europe (HOTREC) expressed concerns over unfair competition. This association suggested a host of measures to level the playing field such as: (a) integrating short-term home sharing as tourism accommodation in legislation; (b) establishing proper registration processes; (c) enforcing safety and security requirements; and (d) complying with the fiscal obligations. See Organisation for Economic Co-operation and Development (2016) and European Parliament Research Service (2017).

2.3 On **global regulatory trends**, regulators in different places are striking a delicate balance between the objectives such as supporting innovative economy, offering necessary consumer protection, creating a level-playing field for tourist accommodation and ensuring sufficient supply of local housing to meet local needs, with due regard to local circumstances. While there is no common regulatory trend, some broad observations can be made:

- (a) **Home sharing subject to more regulation recently:** Many governments used to take a hands-off approach towards home sharing in early years before 2010, but have become more hands-on in more recent years, having witnessed its rapid growth;¹⁴
- (b) **Setting up a dedicated regulatory regime on home-stay lodging:** In recognition of relatively smaller scale of operation (and hence risks) of home sharing and instead of placing it under the same regulation as hotels, some governments (e.g. Japan, Taiwan and Greece) have set up a separate regulatory regime on home-stay lodging. Moreover, some try to lower entry requirements or/and impose more flexible compliance requirements relative to hotels; and
- (c) **Compliance requirements on home-stay lodging more stringent than before:** Though the new regulatory requirements on home sharing in the aforementioned places are proportionate to its operation, they still impose some new compliance requirements to home owners (e.g. imposing upper limits of days of operation within a year). Reportedly, some home owners in these places find it too restrictive and exit the market.

¹⁴ For instance, this is manifested in places such as Greece, Berlin, Brussels and Amsterdam. See European Parliament Research Service (2017).

2.4 However, regulation of home sharing could take some other forms. For instance, the **New York State** Multiple Dwelling Law was amended in 2010, prohibiting the hosts from leasing out the properties to visitors for shorter than 30 days, if the hosts do not live with the guests.¹⁵ In **Singapore**, the government is contemplating to allow home-stay lodging, but subject to stringent conditions in a regulatory regime as proposed in the public consultation document released in April 2018. These conditions included: (a) the host must obtain agreement from at least 80% of the condominium owners in the neighbourhood; (b) annual rental ceiling of 90 days; and (c) an occupancy ceiling of six people per premise. The Singaporean government is yet to announce its legislative timetable, after the end of the consultation in May 2018.¹⁶

3. Recent policy developments in Hong Kong

3.1 In Hong Kong, any premises providing sleeping accommodation for a fee with a tenancy term of less than 28 consecutive days must be licensed under HAGAO. The Government reiterates that home-stay lodgings, hotels and guesthouses are subject to the same HAGAO for the safety of visitors. In effect, the stringent standards (e.g. building structure and fire safety) under HAGAO has effectively barred the entry of some home owners with limited resources into the tourist accommodation sector. As such, for those 450 000 visitors staying in home-stay lodging provided by some 5 000 hosts in Hong Kong in 2017, there are concerns over how far they have complied with the existing regulation.¹⁷

3.2 In response to rising calls from the local community, the Government provided the following justifications for not setting up a less stringent licensing system for home-stay lodgings.¹⁸ **First**, it opined that overseas home-stay lodgings are mostly located in rural areas. By contrast, the urban living

¹⁵ However, if the host families stay in the same accommodation with the guests during the rental period, the rental period can be shorter than 30 days. See New York State Office of the Attorney General (2014).

¹⁶ Government of Singapore (2018) and Urban Redevelopment Authority of Singapore (2018).

¹⁷ This compared with the total supply of 78 935 hotel rooms provided by 277 licensed hotels and 12 271 rooms provided by 1 469 licensed guesthouses at end-2017. During 2012-2017, overnight visitors arrivals in Hong Kong has increased by a cumulative 17% to 28 million. For details, see Airbnb (2018a) and Hong Kong Tourism Board (2013), (2018a) and (2018b).

¹⁸ GovHK (2015).

environment in Hong Kong is far more crowded, making home-stay lodging less applicable. **Secondly**, the concept of home-stay lodging also faced challenges such as fire safety, environmental hygiene, personal safety of tourists and third party insurance. **Thirdly**, the Government opined that home-stay lodgings in other places also need to comply with the respective building and fire safety requirements. **Fourthly**, for those village houses in the New Territories meeting stipulated requirements and applying for a hotel and guesthouse license, the government indeed has been adopting a "flexible and practical approach" towards such applications.¹⁹ By May 2017, more than 130 holiday flats were licensed under this arrangement.

3.3 More recently, the Government submitted an amendment bill on HAGAO in July 2018, intending to improve the licensing regime for mitigating nuisance caused by licensed guesthouses on the one hand; and to enhance the enforcement against unlicensed guesthouses on the other.²⁰ However, this bill is not intended for policy adjustment on home-stay lodging, in spite of another suggestion made by the Audit Commission "to conduct comprehensive review of issues relating to home-stay lodging" in October 2017.²¹

4. Regulatory measures on home-stay lodging in Taiwan

4.1 The Taiwanese government has been an early pioneer in Asia to promote home-stay lodging since the 1980s, largely for the benefits of local economy.²² In December 2001, it enacted **Regulations for the Management of Home Stay Facilities** ("Regulation"), setting up a dedicated regulatory regime on home sharing separated from that on hotels.²³ Home-stay lodging has thus grown by leaps and bounds in the mid-2000s, boosted also by (a) growing usage of online platforms for home sharing; (b) upsurge in tourist arrivals by a cumulative 205% during 2006-2017 upon relaxation of entry of visitors from the Mainland; and (c) tighter supply of hotel rooms as it expanded

¹⁹ Such applications must comply with the requirements laid down in the Buildings Ordinance (Application to the New Territories) Ordinance (Cap. 121) with a Certificate of Compliance or a letter of No Objection to Occupy issued by the District Lands Office, as well as the lease conditions for residential purpose. See GovHK (2015).

²⁰ Legislative Council Secretariat (2018).

²¹ Audit Commission (2017).

²² These home-stay facilities were initially seen in those famous tourists spots, such as Alishan (阿里山), Jiufen (九份) and Xitou Forest Recreation Area (溪頭森林遊樂區).

²³ Hotels are subject to another set of regulation, namely the Regulations for the Administration of Hotel Enterprises. See Laws and Regulations Database (2016).

by only 66% during 2006-2018. As such, the supply of licensed home-stay lodgings has surged by 456% to 33 700 rooms during 2006-2018, along with a tripling of its share in overall tourist accommodation from 6% to 17%.²⁴

4.2 However, robust development of home-stay facilities gave rise to concerns over their service quality and safety, as manifested in the death of a Canadian tourist in a gas poisoning accident in a home-stay lodging in Taipei in December 2013. Coupled with another policy objective to facilitate further development of such home-stay facilities, a review of the Regulation was conducted during 2016-2017.

4.3 In November 2017, the amended Regulation came into effect, with the following major features:

- (a) **Annual maximum number of days for operation:** Unlike some other places (e.g. Japan and London), there is no ceiling imposed on the days of home-stay lodging operation in Taiwan;
- (b) **Location:** Home-stay facilities are running in the form of family side business, offering spare rooms in self-used residential properties mostly in rural areas to enrich the experience of tourists.²⁵ A few designated areas of urban land are also allowed, however;²⁶
- (c) **Operators:** Those persons with severe criminal records and those without complete capacity to execute legal transactions may not be allowed to run a home-stay facility.²⁷ Successful applicants will be issued exclusive trade symbols and registration certificates for identification;

²⁴ Tourism Bureau of Taiwan (2018a) and (2018b).

²⁵ Usually, such lodging facilities incorporate (a) culture of the local; (b) natural landscape; (c) ecological environment; (d) environmental resources; and (e) agricultural, forestry, fishery, or livestock farming activities. See Laws and Regulations Database (2017a).

²⁶ The designated urban areas include (a) specific scenic spots; (b) tourist sites; (c) aboriginal reservations; (d) remote areas; (e) offshore islands; (f) registered recreational farms; (g) designated historic sites and buildings; and (h) cultural and historical areas.

²⁷ Here are examples of persons who are not allowed to run home-stay facilities: (a) having been convicted under Firearms Control Act; (b) having committed sexual-related crimes; and (c) being an ex-convict with imprisonment of five years or more and having completed the sentence less than five years.

- (d) **Size:** Generally speaking, the upper limits of guest rooms for sharing was raised from five to eight after the amendment, with a total floor area no more than 240 square meters;²⁸
- (e) **Building safety:** Operators need to comply with the building safety regulations formulated by local governments where the home-stay facilities are located. In case there is none, operators need to follow the guidelines laid down in the Regulation, such as (i) building the ceilings and inner walls with fire-resistant materials; (ii) keeping a minimum width of hallways; and (iii) mandatory requirement of a staircase directly leading to emergency shelter;²⁹
- (f) **Fire safety:** Apart from complying with the local safety regulation where applicable, operators also need to install emergency lights and fire-alarm systems in each guest room, as well as placing at least one fire extinguisher on each floor;
- (g) **Consumer protection:** Operators need to ensure the safety of food and beverage offered on the one hand, and maintain tidiness and cleanliness of the property on the other. Moreover, operators cannot (i) force the travellers to buy goods; (ii) raise the fees and charges unexpectedly; and (iii) violate the privacy of consumers;
- (h) **Insurance coverage:** Operators need to provide insurance protection for their guests, with a minimum insured value of NT\$24 million (HK\$6 million);³⁰
- (i) **Neighbourhood protection:** Operators need to maintain cleanliness and peacefulness around the home-stay facility. If the guests cause disturbance to the public or generate noise, the operators may need to report to the local police;

²⁸ Yet there are exceptions to these regulations. For instance, if the home-stay facility is located in some designated urban areas, the regulation is relaxed to a maximum of 15 guest rooms within a floor area of 400 square meters.

²⁹ Laws and Regulations Database (2017a).

³⁰ The insurance should cover (a) death or injury with minimum NT\$2 million (HK\$0.5 million) per person and NT\$10 million (HK\$2.5 million) in each incident; and (b) loss of or damage to property with minimum NT\$2 million (HK\$0.5 million) in each incident.

- (j) **Guests records:** Operators need to submit statistical data on the operation of home-stay facilities such as the number of lodgers, occupancy rate and operating revenues to the local administrative authority twice a year. The Government will conduct both regular and irregular visits and inspections; and
- (k) **Penalty:** Non-compliance with the regulation will be penalized in accordance with the local laws. For those home-stay facilities without registration, they will be ordered to shut down, along with a fine ranging from NT\$60,000 (HK\$15,500) to NT\$300,000 (HK\$77,400).³¹

4.4 By and large, the above amendments to the Regulation has facilitated home sharing business, as the safety standards appear to be proportionate to the operational requirements of home sharing operation in Taiwan. After its implementation in November 2017, the number of registered home sharing facilities continued to rise in Taiwan, by 7% to 33 700 rooms at mid-2018.

5. Regulatory measures on home-stay lodging in Japan

5.1 Japan has been experiencing a boom in inbound tourism in recent years, on the back of a sharp depreciation of yen and a relaxation of visa requirements for tourists. Total number of visitor arrivals in Japan has soared by more than 360% in just six years to 28.7 million in 2017, and is expected to reach 40 million in 2020 when the country hosts the 2020 Tokyo Olympics. However, as the total supply of hotel rooms and inn rooms showed a 2% decline during 2011-2015, the gap in tourist accommodation has conceivably been met by the home-stay lodgings. According to a leading online platform for home sharing, some 5.9 million guest arrivals stayed in its homes listing in 2017.³² A research report also claimed that the home-stay lodging market in Japan is "one of the most active" in the world.³³

³¹ The fine imposed increases with the number of guest rooms of the home-stay facility, ranging from 5 guest rooms or less to 15 guest rooms at maximum. See Laws and Regulations Database (2017b).

³² Airbnb (2018b).

³³ UBS (2017).

5.2 In Japan, hotels and inns have been strictly regulated under the Inns and Hotels Act enacted in 1948. Although individuals could operate hotel business with the use of their residential premises (i.e. *minshuku*) with permits under the same ordinance, some of them had not done so, causing nuisance to their neighbourhoods.³⁴ To address this loophole and to encourage further development of home sharing ahead of the 2020 Tokyo Olympics, the Japanese government enacted the **Private Lodging Business Act** ("PLB Act") in June 2017.

5.3 In a nutshell, the PLB Act provides a separate regulatory framework for leasing rooms of the residential premises to tourists for profits (i.e. *minpaku*), without resorting to the hotel regulation. Here are the key regulatory features:³⁵

- (a) **Annual maximum number of days for operation:** Leasing of private lodgings for short stay is generally subject to a nationwide maximum of 180 days each year in Japan. Reportedly, this is to address the concerns of the hotel industry;³⁶
- (b) **Location:** Moreover, *minpaku* operators need to register with local governments and comply with their additional regulations which can be much more stringent. Taking Kyoto as an example, the local government requires that home-stay lodging can only operate for two months (i.e. mid-January to mid-March) each year, to avoid attracting excessive tourists during the peak travel season;³⁷
- (c) **Operators:** Certain individuals are prohibited from running home sharing business (e.g. those with criminal records or have violated stipulated laws and gang members). Applicants need to prove that the premises are their main homes in registration, along with a housing plan;

³⁴ Library of Congress of the United States (2017).

³⁵ Ministry of Land, Infrastructure, Transportation and Tourism (2018a), (2018b) and (2018c).

³⁶ The Standard (2018).

³⁷ Library of Congress of the United States (2017) and Reuters (2018a).

- (d) **Size:** While the houses used for private lodging business should be self-contained (with kitchen, bathroom, toilet and washstand facility), the lodging room should be at least 3.3 square meters per lodger;
- (e) **Building safety:** The properties used for private lodging should meet the same ventilation standard as that of hotels and inns;
- (f) **Fire safety:** While owners are obliged to install emergency lighting and fire protection equipment, this was exempted for those operators living in the premises and providing only small lodging room;
- (g) **Consumer protection:** Operators need to provide instruction of evacuation routes to prepare for emergency. Also, guidance on the use of equipment also needs to be written in foreign languages;
- (h) **Neighbourhood protection:** To prevent harmful effects on the surrounding areas, operators need to control noise and fire, as well as proper disposal of waste. Operators need to "quickly and properly respond" to complaints and inquiries from the local residents;³⁸
- (i) **Guest records:** Operators need to collect key personal details of lodgers (e.g. name and nationality) in a Lodgers' Registry Book. Information on both the home-stay lodging and lodgers must be reported to the prefectural governor once every two months;³⁹ and
- (j) **Penalty:** Any operators violating the PLB Act can be suspended for business up to a year, and serious violation will be subject to criminal sanctions. Any properties exceeding the annual operating ceiling of 180 days will be subject to a fine of ¥1 million (HK\$70,000).

³⁸ Ministry of Land, Infrastructure, Transportation and Tourism (2018b).

³⁹ Information to be reported includes (a) number of days with lodgers staying; (b) total number of lodgers served; and (c) breakdown of number of lodgers by nationality. See Ministry of Land, Infrastructure, Transportation and Tourism (2018b).

5.4 While the PLB Act came into effect only in June 2018 (one year after enactment), it seems to be too early to assess its implications. However, there are reports in Japan claiming that annual operation limit of 180 days is too stringent and may result in exit of some of the existing operators.⁴⁰ Also, there are concerns over additional regulations imposed by local governments. According to scattered reports, the number of home-stay lodging listed on a leading online platform has fallen significantly by 80% to some 13 800 after the implementation of the PLB Act.⁴¹ So far, only 7 600 properties were applied for usage as home-stay lodging at mid-August 2018.⁴²

6. Regulatory measures on home-stay lodging in London

6.1 Unlike Japan and Taiwan, home-stay lodging in London is regulated by local town planning regulation, rather than the territory-wide ordinance on tourist accommodation.⁴³ Moreover, Greater London appeared to be the only place in the United Kingdom ("UK") where planning permissions for short-term leasing of a residential property were mandatorily required before 2015, as home owners in other parts of the UK are allowed to do so in so far there is no "material change in the use" of land and buildings.⁴⁴ This was primarily because of the **Greater London Council (General Powers) Act 1973** ("Act"), which stated it categorically that the "use as temporary sleeping accommodation of any residential premises in Greater London involves a material change of use of the premises", and therefore required

⁴⁰ Some existing *minpaku* operators commented that annual operating ceiling of 180 days would significantly affect their profitability. Coupled with the need to meet more stringent hygiene and safety requirements, some *minpaku* operators are reportedly planning to withdraw from the market. See The Japan Times (2018) and Reuters (2018a).

⁴¹ Nikken Asian Review (2016) and 明報 (2018).

⁴² Library of Congress of the United States (2018).

⁴³ In the United Kingdom, there is no single ordinance regulating overall activities of hotels (including bed and breakfast). Instead, various aspects of hotel business are regulated by different ordinances. For instance, (a) food safety of hotels is regulated by the Food Safety Act 1990 (Amendment) Regulations 2004; (b) fire safety by Regulatory Reform (Fire Safety) Order 2005 in England and Wales; and (c) luggage safety of guests by Hotel Proprietors Act. See the Government of United Kingdom (2004), (2005) and (2017), and Westminster City Council (2018).

⁴⁴ Elsewhere in the UK, local planning authorities need to decide whether short-term leasing of residential properties is a "material change in the use" on a case-by-case basis, if planning applications were received. See Smorto, G. (2016).

planning permission.⁴⁵ Purportedly, the objective of this Act was to safeguard enough housing supply to meet the needs of residents in London.

6.2 Under the Act, it used to be illegal for home owners in London to let out their properties on a short term basis without planning permission before 2015, but there was rising pressure to review the Act, due to a few reasons. **First**, planning regulation towards short-term leasing of residential properties in London was not in line with other parts of the UK. **Secondly**, it has become increasingly difficult to enforce the Act, as home owners in London could turn to online platforms (instead of property agents) to let out their rooms easily. Reportedly, there were some 35 000 listings of home sharing in London in 2015 on an online platform.⁴⁶ **Thirdly**, there was an acute shortage of hotel rooms near the Stratford Olympic Park at the time when London was hosting the Olympics Games in 2012. Home-stay lodging helped ease the shortage. **Fourthly**, home sharing can be conducive to development of a sharing economy, which is exactly what the UK government is promoting.⁴⁷

6.3 After a review and a public consultation conducted in 2014, the London government announced and implemented the **Deregulation Act 2015** in May 2015.⁴⁸ Major amendments include:

- (a) **Annual maximum number of days for operation:** Any residential properties used for providing short-term sleeping accommodation in London up to 90 days within a calendar year will no longer need planning permission from the local authority after deregulation;⁴⁹

⁴⁵ Department for Communities and Local Government (2014).

⁴⁶ The Standard (2015).

⁴⁷ This can be reflected in the title of the discussion document issued by the UK government in February 2015, namely "Promoting the sharing economy in London. Policy on short-term use of residential property in London". See Department for Communities and Local Government (2015).

⁴⁸ In the consultation exercise, eight London authorities and London Councils were opposed to the legislative amendment, raising concerns over reduced housing supply and amenities. Yet other stakeholders in London were supportive for the sake of modernizing the regulation. See Department for Communities and Local Government (2015) and the City of London (2018).

⁴⁹ The annual ceiling of 90 days within a year is the same as before. See Ministry of Housing, Communities and Local Government (2015).

- (b) **Safety and consumer protection:** Deregulation in London was more like a formalized planning arrangement for home sharing. Given that resident landlords letting part of their properties to others in London should have complied with relevant safety regulations (e.g. gas, electricity and fire safety), it does not lay down detailed requirements on safety and consumer protection to be complied with;⁵⁰
- (c) **Neighbourhood protection:** The local government of London seems to be more concerned about nuisance caused by home-stay lodging. If one enforcement action against nuisance is taken, the exemption of planning permission for home sharing to such premises will be withdrawn;⁵¹ and
- (d) **Collection of Council Tax:** The deregulation requires property owners benefitting from the exemption of planning permission to pay Council Tax, providing an additional source of revenue for the government of London.⁵²

6.4 To a certain extent, the Deregulation Act in 2015 has removed the legal hurdle for home owners to participate in home sharing, while the 90-day annual ceiling in operation is partly intended to ascertain adequate housing supply to meet local needs. Reflecting in part the effect of deregulation, the number of listings on the leading home sharing online platform in London rose further to 64 000 in 2017.

⁵⁰ If the home owners intend to operate other lines of hotel business other than home sharing, they need to follow similar practice in traditional hotel industry, such as obtaining a licence for provision of licensable activities. See Ministry of Housing, Communities and Local Government (2009) and Westminster City Council (2018).

⁵¹ Department for Communities and Local Government (2015).

⁵² Council tax is the financial contribution which residents make to the services provided by the borough. It is charged at different rates based on the valuation band of property and a discount will be granted to single persons, students and disabled persons. See the Government of United Kingdom (2015) and Tower Hamlets Council (2018).

7. Concluding remarks

7.1 In home-stay lodging, global regulators are striking a cautious balance between the policy objectives of (a) supporting innovative economy; (b) offering necessary consumer protection; (c) creating a level-playing field for overall tourist accommodation; and (d) ensuring adequate supply of local housing to meet the needs of local citizens. Such a balance tends to vary across places, with due regard to local circumstances.

7.2 While there are no common regulatory trends, dedicated regulatory regimes on home-stay lodging are established in some places, including Taiwan and Japan. Regulatory requirements in certain areas (e.g. building safety and fire safety) in these places are more proportionate to the home-stay lodging operation. However, the maximum number of annual operating days are stipulated (e.g. 180 days in Japan and 90 days in London), purportedly to address the concerns of the hotel industry and to ascertain adequate housing supply for local citizens.

Prepared by Oliver HO
Research Office
Information Services Division
Legislative Council Secretariat
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Tel: 2871 2145

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Table — Key features of regulation of home-stay lodging in selected places

	Hong Kong	Taiwan	Japan	London
1. Key legislation	• Hotel and Guesthouse Accommodation Ordinance	• Regulations for the Management of Home Stay Facilities	• Private Lodging Business Act	• Deregulation Act 2015
2. Subject to the same hotel regulation	• Yes	• No	• No	• No
3. Year of enactment	• 1991	• 2001	• 2017	• 1973
4. Recent legislative amendments	• - *	• 2017		• 2015
5. Key regulatory features				
(a) Ceiling of days for leasing	• N.A.	• No restriction	• 180 days a year	• 90 days a year
(b) Location	• N.A.	• Country parks and non-urban areas	• Local governments can impose additional regulations	• London
(c) Owner/operator	• N.A.	• Persons with certain types of criminal records banned	• Persons with certain types of criminal records banned	• N.A.
(d) Size	• N.A.	• Fewer than 8 guest rooms • Less than 240 m ²	• 3.3 m ² floor space per lodger	• N.A.
(e) Building safety	• Buildings Ordinance	• Local ordinance	• Installation of certain safety equipment	• Subject to local standards of residential properties
(f) Fire safety	• Fire Safety (Buildings) Ordinance			
(g) Hygiene standard	• Public Health and Municipal Services Ordinance	• Maintain cleanliness	• Equipped with several facilities	• N.A.
(h) Insurance coverage	• Indemnity of a minimum HK\$10 million	• Total insured value: NT\$24 million (HK\$6 million)	• N.A.	• N.A.
(i) Nuisance to neighbourhood	• N.A.	• Operators can report to the local police station	• Operators are requested to respond to complaints	• N.A.
(j) Guest information provided to government	• N.A.	• Every 6 months	• Every 2 months	• N.A.

Notes: (N.A.) Not applicable.

(*) Amendment bill was submitted to the Legislative Council in July 2018.

Table — Key features of regulation of home-stay lodging in selected places

	Hong Kong	Taiwan	Japan	London
6. Enforcement and penalty	<ul style="list-style-type: none"> Proposed that unlicensed guesthouses are subject to HK\$500,000 fine and 3-year imprisonment 	<ul style="list-style-type: none"> Regular and irregular inspections Penalties in accordance with the corresponding laws 	<ul style="list-style-type: none"> ¥1 million (HK\$70,000) fine on violators exceeding the yearly 180-day quota 	<ul style="list-style-type: none"> Properties are liable for Council Tax Exemption of getting the planning permission can be withdrawn
7. Number of home-stay lodging	<ul style="list-style-type: none"> N.A. 	<ul style="list-style-type: none"> 31 343 rooms by 7 739 lodgings (November 2017) 33 669 rooms by 8 193 lodgings (July 2018) 	<ul style="list-style-type: none"> Listings on leading online platform dropped by 80% to 13 800 after implementation of the new regulation 	<ul style="list-style-type: none"> 64 000 listings on the leading home sharing online platform in 2017

Note: (N.A.) Not applicable.

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