



Submission on the Hotel and Guesthouse Accommodation (Amendment) Bill

An introduction

Home-stay lodgings have been growing rapidly across the world over the past three years. As noted in the [Audit Report](#) released in November 2017, there have been calls to develop home-stay lodgings in Hong Kong. From the tourism perspective, more diversified tourist accommodations can help attract a wider range of tourists to Hong Kong.

Thirty years ago, Hong Kong enjoyed a significant boost of visitors from new markets. China's open-door policy and changing policy in Taiwan resulted in an influx of visitors to Hong Kong. Statistics from the Immigration Department shows that from January to March 1988, the number of Taiwanese visitors alone increased by about 97%, or 25,000, per month. The surge in the demand for budget accommodations then gave rise to a new category of accommodations – guesthouses. However, the laws then mainly aimed at regulating hotels and guesthouse operators could not meet the requirements to apply for licences.

To address the increase in demand for budget accommodations, as well as safety concerns, the government drew up a licencing system specifically for guesthouses. Since then, a clear set of guidelines and standards have been established, enabling operators to run their accommodations in a well-regulated environment.

Global tourism is going through another transformation. Travellers are yearning for local and authentic experiences, which has unlocked the potential of home-stay lodgings. Governments around the world have been working closely with stakeholders to map out the most suitable regulatory frameworks for their own regions.

We propose a new category of accommodation for short-term home-stays to allow Hong Kong to tap into a more diversified visitor market, and for a broad segment of Hong Kong residents and small businesses to benefit from tourist spending.

A clear distinction should be drawn from the purposely-built hotels and guesthouses with multiple small cubicles. The proposed home-stay lodgings should be located in domestic premises which are not partitioned off into self-contained units. These should comprise single occupancy of an entire space or an extra room. Being domestic premises, they would already meet general fire safety standards. Hence, the proposed licence requirements should be simpler and less stringent than those for hotels and guesthouses.

Airbnb is ready to collaborate with the Hong Kong authorities to formulate new regulations and guidelines for this latest tourism trend.

Airbnb and local tourism

Founded in 2008 in San Francisco, Airbnb is a trusted online community marketplace for people to list, discover, and book unique accommodations around the world. With over 5,000,000 listings in 81,000 cities in 191 countries, Airbnb embraces innovation and technology to connect travelers seeking authentic experiences with hosts offering unique, inspiring spaces and to create new economic opportunities around the world. In 2017, our guests contributed HK\$ 2.4 billion (US\$309 million) to the Hong Kong economy.

It is acknowledged in the Chief Executive Policy Address 2017 that the Hong Kong Government is dedicated to :



- 1) attract more high-yield overnight visitors to ensure the balanced, healthy and sustainable development of the tourism industry;
- 2) develop a diversified portfolio of visitor source markets for Hong Kong;
- 3) develop and explore tourism products and projects with local and international characteristics to enrich visitors' experience; and
- 4) promote smart tourism with good use of innovative technology to enhance the competitiveness of our tourism industry.

We stand ready to work with Hong Kong to ride the innovation and technology waves, particularly in promoting a sharing economy and holistic tourism.

1. *Balanced, Healthy and Sustainable Tourism*

According to Immigration Department, visitor arrivals have increased by 9.4% year-on-year in the first seven months of this year. However, local residents and businesses outside the main hotel districts and tourist attraction areas may not be able to share the economic benefits. Short-term home-stay lodgings provide lower cost accommodation as an alternative to traditional hotels and opens up tourism for Hong Kong. One out of three Airbnb guests surveyed worldwide said they either would not have come or would not have stayed as long in the city without Airbnb.¹ Given the home-stay option, even grassroots families can visit destinations that are otherwise out of their reach.

Home-stay lodgings help to democratize tourism, bringing economic benefits to communities that typically are not associated with tourism. Women, in particular, benefit from the concept. Fifty-five percent of Airbnb hosts are women. The fastest growing global demographic of hosts is women over 60, representing a 54% growth. This aligns with the Government's intention to unleash the working potential of women in Hong Kong and to allow an aging population to remain active and productive.

2. *Diversified Portfolio of Visitor Source Markets*

We appreciate that the Government is eager to develop a diversified portfolio of visitor source markets for Hong Kong, with an emphasis on attracting high-yield overnight visitors. While 76% of Hong Kong's inbound guests are from mainland China, Airbnb helps Hong Kong develop a diversified guest origin market—over 65% of Airbnb's inbound guests to Hong Kong are from other countries and markets.

Additionally, while 52% of the visitors to Hong Kong are same-day visitors², our internal statistics show that the average Airbnb guests' stay in Hong Kong is three and a half days. We believe that the home-stay lodgings can lengthen the average visitors' stay and bring more benefits to local economy.

This new accommodation type allows more diversified visitors to visit Hong Kong and increases local spending, creating a positive impact on restaurants and businesses in the neighbourhood. Small businesses and residents can gain new sources of income without competing with the traditional hotel industry which targets different

¹ Airbnb annual guest survey 2017.

² Hong Kong Tourism Board Research, Jan 2018.



categories of guests. Airbnb guests spent HK\$475 million (US\$61 million) in restaurants in Hong Kong in 2017.³

3. New Tourism Projects to Enrich Visitor Experience

Airbnb has had many successes collaborating with various countries in developing projects that help develop their tourist industries.

In June, the New South Wales Government of Australia announced fair and innovative rules that give home sharing the green light. The clear and simple framework allows short-term holiday letting as exempt development 365 days per year when the host is present. When the host is not present, a limit for hosts to rent out properties via short-term holiday letting of 180 days in Greater Sydney, with 365 days allowed in all other areas of New South Wales. The new regulations also include a tough but fair rule for bad behaviour: a two-strikes-and-you're-out policy for deterring and dealing with any instances of bad behaviour.

Greece has long supported home sharing, introducing clearer rules earlier this year that allow everyone to share their homes. People are now free to share their homes without burdensome procedures or limits, as long as they register via an online process and display their registration number. Home sharing is recognised as a non-professional activity and hosts are not required to register as businesses, and income generated from home sharing is taxed as property income.

In mainland China, Airbnb has entered into Memorandums of Understanding with Shenzhen, Chongqing, Guangzhou, Shanghai and Chengdu to promote inbound travel in ways designed to spread the benefits of travel and tourism.

The Japanese Diet has passed a new bill that supports short-term rentals nationwide. Airbnb and Japan are working together to better leverage Japan's existing housing stock for the 2020 Olympics in Tokyo.

Airbnb has partnered with Korea to provide lodging and promotional support to Gangwon Province, which hosted the Pyeong Chang 2018 Winter Games. This partnership follows the success for the 2016 Summer Games in Rio de Janeiro, where Airbnb was the official alternative accommodations provider. Airbnb hosts welcomed 80,000 visitors who otherwise might not have been able to attend the Games.

We help local governments scale accommodations for major events, partner with tourism authorities and NGOs, and put new travel tools in the hands of the community. Such collaborations encourage guest appreciation for local traditions and observances, treasured cultural institutions, and smaller galleries and businesses. These efforts provide alternatives to mass-tourism models.

4. Innovative Technology to Enhance Competitiveness of Hong Kong Tourism Industry

The former secretary-general of the UN World Tourism Organization recognizes that home sharing "is bringing in new waves of travelers that have not been seen before".

Although hosting itself is a century-old concept, hosting through a digital platform at a volume of 1 million guest arrivals per night worldwide is new. Innovative technologies

³ Airbnb Restaurant Spending Report, 2017.



enabled by digital platforms, such as interactive guidebook and travel tools in the form of mobile apps, can better connect users with the local communities, can all be used to promote sustainable tourism.

Home-stay lodgings : Current policy challenges

We recognise that every city is unique with its own challenges and priorities when it comes to new business models. London, Paris, Tasmania, Tokyo, and many other cities, however, may serve as precedents on how consensus on safety, neighbourhood relations and other relevant matters can be ironed out through authentic public engagement. We have worked with many local governments to help find an optimal way to regulate home-stay lodgings.

The Policy Address 2017 asserts that the Administration would, "review existing legislation and regulations, so as to remove outdated provisions that impede the development of innovation and technology." We are delighted that the Policy Innovation and Coordination Office has been set up since then.

We are however concerned about the amendment bill to the Hotel and Guesthouse Accommodation Ordinance. The Home Affairs Bureau is poised to tighten the rules for guesthouses rather than undertaking a comprehensive review of the existing framework to strike a balance that provides a path for growth for home-stay lodgings and address Hong Kong's unique challenges.

The way forward

We understand there are legitimate concerns about home-stay lodgings in the context of Hong Kong. We first set out our position in a submission in response to the public consultation on the Hotel and Guesthouse Accommodation Ordinance in 2014. Since then, advances in technology have made home-sharing a worldwide phenomenon. Airbnb wants to register again our proposal for a new regulatory category to accommodate growing demands for homestay lodgings in Hong Kong.

We propose to draw a distinction between amateur and frequent hosts. Amateur hosts only occasionally share space in their own residences, while frequent hosts offer their entire homes or have secondary homes to accommodate guests. We submit that it would not be necessary to impose any licensing requirement on a host who only shares her own residence occasionally subject to a maximum number of nights per year.

Meanwhile, a set of guidelines can be deployed to address neighbourhood issues. Various technological tools, educational programmes and response mechanisms can be developed in consultation with hosts and guests to help resolve petty issues before they become persistent nuisances. A digital platform can, for example, be devised to resolve neighbourhood issues with speed and efficiency.

To address potential fire and building safety issues, we propose a holistic risk management scheme, whereby the risk level is determined by factors such as the size of the residence, the maximum number of guests at any one stay, and the maximum number of nights per stay. Listings of public rental housing or government subsidized properties are to be disallowed.

With reference to experiences elsewhere, we propose the following framework for regulating home-stay lodgings:



1. A new category of accommodation for “home-stay lodgings” be created to differentiate sharing extra space within a primary residence from offering an entire or secondary home to guests.
2. Hosts should register with government with an easy and simple process.
3. Residences for home-stay lodgings need to meet basic fire and building safety requirements.
4. Various tools and educational programmes can be developed to nurture responsible visitors and a more inclusive neighbourhood.
5. Public rental housing or government-subsidised properties should not be listed for home sharing.

The current amendment bill before the Legislative Council has in many aspects been overtaken by advances in technology and visitor expectations. It is only prudent that the bill be shelved to make way for a new round of inclusive public engagement.

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