

HomeAway Emerging Markets Pte. Ltd.
83 Clemenceau Avenue, UE Square #17-05/06/07/08, Singapore 239920

24 Nov 2018

The Bills Committee
Hong Kong Legislative Committee (Legco)

Re: Hotel and Guesthouse Accommodation (Amendment) Bill 2018

Introduction

HomeAway, based in Austin, Texas, is a leading online marketplace for the vacation rental industry with sites representing more than two million unique places to stay in 190 countries. Collectively, HomeAway's brands (which include VRBO, Vacationrentals.com, Stayz and Bookabach etc) have a history in vacation rentals going back some twenty-three years. We focus on listing owners' second homes and vacation rentals, primarily appealing to families and big groups looking to go on vacation. For more information about HomeAway, please visit www.HomeAway.com.

Guiding Principles

HomeAway understands the context surrounding the Hotel and Guesthouse Accommodation Ordinance (HAGAO) and appreciates the Hong Kong Legco Bills Committee's efforts to hold a public hearing on 4 December 2018 to gather public opinions on the HAGAO.

Homeaway has decades-long experience in **partnering governments** all around the world in the area of Vacation Rentals (VRs), particularly in ensuring **healthy and sustainable growth of VRs**. In this regard, HomeAway believes in working proactively with the Hong Kong government, our partners (homeowners), and the community, to **comprehensively resolve Hong Kong citizens' concerns** surrounding VRs. We believe that working this way, we can create a safe space in Hong Kong where hosts, guests and neighbours can co-exist in a mutually beneficial, sustainable relationship.

Our greatest worry is that banning VRs could end up **driving the VR industry underground or offshore**, which will not only negatively impact Hong Kong's tourism, but also **rob the Hong Kong government of its ability to meaningfully regulate the industry**.

In this light, we hope that the government can see bona fide platforms such as HomeAway as your partner, not your enemy. Please give the industry an opportunity to **self-regulate** and **surgically address any safety and public nuisance concerns Hong Kong citizens might have surrounding VRs**.

With the industry as your partner, more thought should be given to how the government can adopt a **"light-touch" regulatory approach** - focusing on improving existing frameworks to ensure that all interests in the matter are fairly heard and **concerns swiftly and adequately resolved**, rather than kill off the industry or drive it underground.

To this end, we humbly make the following recommendations:



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Key Recommendations

1. Introduce a registration system for VRs

The VR industry is the fastest growing segment in travel accommodation, and is an important part of a vibrant tourism ecosystem for many countries. Governments around the world have come to embrace this. Many, in recognition of the need to ensure basic health, sanitation and fire safety concerns, have started a registration system for VRs. We encourage the Hong Kong government to consider doing the same.

2. Let the industry self-regulate; solve surgically for concerns

The VR industry is a complex one. We at HomeAway believe that, as industry players with immense global experience, we are best positioned to comprehensively resolve these concerns surrounding fire, safety and security, drawing from our experience elsewhere working with regulators all around the world. We will work hand in hand with the Hong Kong government, and with our VR partners, whom we believe also have an important role to play. To do this, we propose a **self-regulatory approach** in which both we and our partners work actively with relevant government agencies to address these concerns.

3. Do not over-regulate or penalize platform operators; or risk driving the industry offshore and underground

The internet e-commerce space is a borderless one, with relatively low barriers to entry for newcomers. Websites selling Hong Kong VRs can operate just as easily outside Hong Kong's jurisdiction, facilitating transactions between Hong Kong VRs and customers from around the world without restrictions.

The end result of outlawing VRs is the unintended policy consequence of driving VR business towards offshore "fly-by-night" platforms that fall outside of the ambit of Hong Kong law. Unencumbered by Hong Kong regulations and cost of compliance, these platforms can "free-ride" and will likely condone or even encourage Hong Kong owners to skirt regulations here in order to do more business. The Hong Kong government will find it increasingly difficult to police and regulate the industry.

Bona-fide platforms like HomeAway are your allies and partners. Like the Hong Kong government, it is in our interests to see the VR industry in Hong Kong grow in a healthy, sustainable manner. Penalizing Hong Kong-based VR platforms is not the solution.

4. Re-open a Public Consultation to allow a representative view of the issue to guide future policy

Much has evolved since the last public consultation on the matter in 2014. Hong Kong has since established an Innovation Technology Bureau. VRs are becoming increasingly accepted as a mainstream accommodation option. New technologies and business models have emerged. Technologies such as finger-print, face-recognition, remote monitoring, remote locking/unlocking etc, all have the potential to help regulators and industry alike surgically solve for the fire, safety, and security concerns this



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committee is examining. We believe this warrants another public consultation to re-examine the issue by all parties involved.

Conclusion

In summary, we respectfully ask the Hong Kong government to consider the issue with an open mind and a long term, global perspective, and to re-open a public consultation. As Hong Kong Chief Executive Carrie Lam pointed out in her first Policy Address in 2017, the Hong Kong government is committed to bringing its policies and legislation up-to-date with, and remove red tape in order to foster, the development of the new economy. We stand ready to work with you in this matter.

Thank you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'CP Pin'.

ANG CHOO PIN
Senior Director
Government and Corporate Affairs, Asia
HomeAway