

EU PLANS NEW RULES ALLOWING CITIES TO RESTRICT SHORT-TERM RENTALS



The European Commission is preparing legislation that would let cities limit short-term rentals, if local authorities can prove that they are contributing to a shortage of available housing.

According to a draft of the proposed Affordable Housing Act, nation-states and cities would be able to impose restrictions on the purchase or occupation of residential property/land for non-primary residence purposes. **The language aims to prevent divergence with EU single market rules, while preventing the EU from taking over responsibility for housing policy from nation-states.**

The new rules say that in areas where housing prices are already high, the “introduction of additional short-term rental accommodation units may aggravate housing demand pressures by reducing the availability of dwellings for primary use and by putting inflationary pressure on rents and house prices.” Authorities would be able to introduce restrictions on short-term lets in ‘housing stress areas,’ defined as areas where the property price-to-income ratio exceeds a threshold. Before introducing any restrictions, authorities must demonstrate that short-term rentals have had a negative impact on the availability of housing or on housing prices for three consecutive years.

Notably, the short-term letting of a primary residence will generally be exempt, as it “does not generally remove housing from the long-term market.”

The EU Commission recognizes that limiting short-term rentals “cannot tackle the structural causes of housing shortages in the long term.” Thus, any such restrictions must be accompanied by measures to boost the supply of homes, including through renovations and the reuse of vacant properties.

Addressing housing affordability is a priority for Ursula von der Leyen’s second term as Commission president. Socialist Dan Jørgensen has been named as the EU’s first housing commissioner. Last December’s EU housing plan identified short-term rentals as a key contributor to the affordability crisis, citing Airbnb, TripAdvisor and Expedia as examples of the platforms facilitating the trend. By 2024, short-term lets had grown 93% compared to 2018, according to Commission figures. **Paris, Milan and Barcelona are among the cities that have seen a surge in demand for housing, outstripping supply.**

Industry bodies have warned against further restrictions. In a letter to the Commission this week, CCIA Europe – which counts Airbnb among its members – called for a moratorium on new measures, until there is sufficient data from the Short-Term Rentals Regulation that came into force in May last year.

The EU’s proposed new rules seek to balance the need to address housing shortages and affordability with the recognition that supply-side measures are key to addressing the shortages and that any restrictions on short-term rentals must be justified by evidence that they are contributing to the affordability crisis.

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