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THE REGULATION OF TEMPORARY RENTALSTHROUGH COLLABORATIVE ECONOMY'S ACCOMMODATION PLATFORMS

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ABSTRACT

The aim of the article is to examine the motivations for the regulation of temporary rentals through accommodation platforms. The central argument indicates that, while in some cities the regulation of platforms such as Airbnb occurs mainly because of the concern with the increase of tax revenues by the government, the predominant focus of others is to maintain the order and security in the territories within the city.

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INTRODUCTION

The regulation of temporary rentalsthrough accommodation platforms occurs in different ways in many cities in the world. In places such as New York and Paris, for example, owners who advertise their rooms, houses or apartments on Airbnb or similar platforms must register in the City Hall, accept inspectionsat their properties and respect an annual limit of people depending on the type of accommodation.In Paris, it is argued that attractive remuneration from tourists makes the market unfavourable to those who seek long contracts and control the number of visitors. In New York, these platforms are accused of creating an unfair competition with hotels, an argument also used by many decision-makers and civil society actors in cities located in developing countries, such as Rio de Janeiro. In the developing world, cities usually face more urgent needs than the regulation of temporary rentalsthrough accommodation platforms, such as boosting the economy. Besides, the enforcement of such laws may be complicated due to financial constraints, and many members of the hotel industry fight for a more egalitarian tax treatment, claiming that hotels are obliged tomeet various demands that residents do not have to meet, such as complying with consumer protection legislation and paying higher taxes for being business units (Ribas, 2018).

In many cities located in developed states, regulation has been strengthened over time. In 2018, New York, for example, approved a bill which obliges Airbnb to give the City Hall detailed information on the people who offer accommodation for rental in the city. This decision aimed at suppressing illegal operations, but it also impacted negatively the number of people interested in offering accommodation through Airbnb and other platforms. In San Francisco – the city where Airbnb was born –, a law passed in early 2018 demanding that hosts register at the City Hall. This led to a more than 50% decrease in the number of offered accommodations, which suggests that many accommodations operated illegally (Bensinger, 2018). The same effects can happen in cities located in developing countries, in which many mayors say that the economic effect of bringing a stronger regulation can be negative to the income of many families and prefer to delegate the authority to regulate the accommodation platforms to the national government. Each place present different motivations to justify the decision to address the issue of regulating temporary rentals through accommodation platforms, which are usually seen as parts of the "sharing economy". However, it isarguedhere that, instead of being a part of the logic of a "sharing economy", platforms such as the accommodation ones can be more precisely defined as examples of "collaborative economy". Despite the challenges in the definition of what type of economy these platforms represent, many decision-makers say that the high turnover of temporary rentals can bring disorder and insecurity for specific neighbourhoods and the city as whole. Others argue that the main motivation to regulate accommodation platforms is the necessity of some governments to increase tax revenues, which may help overcome the economic crisis in their cities. In the light of this discussion, theaim of the article is to examine the motivations for the regulation of temporary rentals through accommodation platforms. The central argument indicates that, while in some cities the regulation of platforms such as Airbnb occurs mainly because of the concern with the increase of tax revenues by the government, the predominant focus ofothers is to maintainthe order and security in the territories within the city.

Theoretical framework and methods: "Sharing economy" isusually defined as a set of practices related to the sharing and exchange of goods and services, among which space, skills, time and money can be cited. It is usually conceived as a set of activities based on the access to resources – rather than the ownership of them – and operates through communication platforms, in which the sharing of these resources and the building of trust among the negotiating parties are developed. Its proponents indicate the benefits, such as income generation for those who offer such goods and services, better allocation and use of resources, and new economic activities for cities. On the other hand, critics point out negative externalities, such as their predatory character in relation to traditional sectors of the economy (McNamara, 2015; Quattrone*et al*., 2016). Other authors refer to the same phenomena as "collaborative economy", using this expression interchangeably, as if it were a synonym of "sharing economy".Nevertheless, the major problem concentrates on the apparent misappropriation of the term "sharing", which began after the 2008 economic and financial crisis that hit the United States. With unemployment at record levels, there has been a growing concern about more collaborative and sustainable consumption, as well as the idea of mobilizing non-used and existing goods as means of increasing income (Botsman& Rodgers, 2011). At that time, digital platforms such as Airbnb and Uber were created and seen by economists and technology experts as parts of a "sharing economy", in which peers are in the same position at their relation and trust is indispensable for the initiative success. Since then, many specialists brought the idea of "sharing economy" with different conceptual proposals.

For example, in December 2011, Sara Horowitz defined in the Atlantic the idea of sharing economy as a people-based system in which people come together to create their own markets (such as Airbnb), products (such as Etsy) and currency (TimeBanks, for example). Charles Green, in an article for Forbes in May 2012, equated "sharing economy" with "collaborative consumption" and stated that the terms refer to markets for the sharing of goods and services among individuals. The Economist magazine defined the expression "sharing economy" in the article "The Rise of the Sharing Economy" in May 2013. It used the expression to designate an economy in which people rent beds, cars, boats and other goods directly with one another, coordinated by the internet (Zanatta, 2017).With the greater understanding of the structures behind this type of business, some authors started to question the initial definitions. Eckhardt &Bardhi (2015) and Slee (2015) brought strong criticism to the idea of "sharing economy". According to the first authors, instead of talking about "sharing economy", one should use the expression "access economy", which implies that consumers are more interested in lower costs and convenience than in fostering social relationships with the company or other consumers (Eckhardt &Bardhi, 2015). Slee (2015) indicates that "sharing economy" companies have used the feel-good rhetoric to mask illiberal and irresponsible business models. If one tries to find a deeper meaning of the idea of "sharing" in sociology and anthropology, it is possible to say that "sharing" means "dividing". Before the nineteenth century, issues such as price, currency and market economy were not so relevant for various social groups. What moved the circulation of goods was the ideas of giving, receiving and reciprocating, backed by the fact that man was a social being. Such exchanges were not motivated by consequentialist or profitable issues, but rather by solidarity. This social exchange took place amongpeople with their families, friends orneighbours. However, it is not necessary to rely on remote communities to identify behaviours or habits based on the pure and simple sharing of goods and social solidarity. They can be identified today, as it is argued below. It is also important to highlight that sharing does not necessarily presuppose a digital environment, as it is propagated nowadays.

When the sociological and anthropological perspectives are taken into consideration, one can identify some differences between the ideas of "sharing" and "collaboration". Botsman (2013) addresses the idea of collaboration when she works with the drivers of "collaborative consumption": digital environment; reduced costs for all people involved; economic recession and environmental sustainability. These drivers generated a prevalence of access – temporary possession – over property, reshaping consumer patterns. Although the central idea of "collaborative economy" was to explore the economic potential of underutilized goods or the circulation of these goods in second-hand markets, the idea goes beyond because of the 2008 crisis. The collaboration in several business models makes possible the enjoyment of a product, a service or a means of production in a simplified and accessible way. According to Botsman (2013), "collaborative economy" is based on networks of distribution and connected communities – opposed to centralized institutions– , capable of transforming production, consumption, finance and education. At this economy, collaborative consumption develops an economic model based on selling or renting goods and services by encouraging the prevalence of access to property and changes not only in what is consumed, but mainly in how they are consumed. In contrast to this, the idea of "sharing economy" refers to an economic model based on the sharing of underutilized goods, in a monetized way or not. However, the categories used by Botsman (2013) in the definition of "collaborative economy" are vaguely defined (production, consumption, finance and education), which allows to insert in these categories multiple types of initiatives related to them. When she restricts "sharing economy" to underutilized goods, her categorization marginalizes anthropological aspects of social networks in which first-necessity goods – such as water, food and clothes – can be shared because of group empathy and solidarity. In her definition of "sharing economy", it is also possible to consider monetized exchanges, which contrasts with the idea of "sharing" as "dividing", motivated by solidarity. In the light of this discussion, Menezes (2019) proposed a more complex categorization based in four pillars, which will be adopted at this article: 1) anthropological

Table 1. Sharing economy and collaborative economy, according to Menezes (2019)

Economy	Environment	Purpose of exchange	Examples
Sharing economy	Virtual environment of non-proprietary access platforms	Products	Couchsurfing
		Services	Bike Angel
		Production	Free software
	Physical environment	Product / Services / Production	Fab Labs
Collaborative economy	Virtual environment of proprietary access platforms	Products	ZipCar
		Services	Non-identified
		Production	Non-identified
	Virtual environment of non-proprietary access platforms	Products	Airbnb, Ebay
		Services	Uber, DogHero, TaskRabbit
		Production	Non-identified
	Physical environment	Product / Services / Production	Co-working spaces

Source: Menezes, 2019.

aspects; 2) the purpose of the exchange; 3) the environment in which the exchange takes place; and 4) the business model. Based on the anthropological difference between "sharing" and "collaboration", the author defines that "sharing economy" can be understood as a non-monetary exchange system based on the principles of reciprocity, empathy and solidarity, while the "collaborative economy" is based on a monetized exchange system which enables the reduction of transaction costs for the business owner – who maximizes the gains – and the prices for the consumer. When the purpose of the exchange is considered, it is possible to insert the categorization of elements such as the consumption of products and services, as well as themeans of production. The author also highlights that some exchanges can spill over from the virtual environment to the physical one, such as thesocial networks in which in-loco sharing or collaboration take place in Rio de Janeiro's favelas, for example.So the environment in which the exchange takes place can be virtual or physical. Finally, the intermediation platforms can simply enable the person concerned to have access to the product, service or means of production. These material or immaterial assets can be owned by third parties, not by the platform. The fruition of these assets occurs in a non-monetized way when inserted within the "sharing economy" logic (eg, Bike Angel, Fab Labs) and a monetized way when they are a part of "collaborative economy" (eg, Airbnb, Uber, DogHero and TaskRabbit). Unusually, there are proprietary platforms, which offer products or services through the exploration of proprietary assets (eg,ZipCar). Menezes's proposal is summarized in Table 1.

According to the proposed categorization, the "non-identified" examples show the possibilities of new business models which still have not been explored, but might be in the future. In the light of this categorization, the "platform economy" is not necessarily of a "sharing economy" modality, in which peers have equal bargaining power. These ventures are financed by large, well-known multimilliondollar market agents. This phenomenon is a new form of manifestation of capitalism, a "platform capitalism", able to maximize its profits through the drastic reduction of transaction costs and gains on a worldwide scale. Some of these platforms are not necessarily socially and anthropologically shared, but they are intermediation platforms in the context of the collaborative economy. Accommodation platformssuch as Airbnb can be considered parts of a collaborative economy as virtual environments of a non-proprietary access platform of products. In terms of data collection, a bibliographic research was initially conducted in this article to gather information related to theoretical and conceptual aspects related to sharing and collaborative economy. A document research was also carried out to identify how the regulation of temporary rentals took place in cities of developing and developed states. The qualitative perspective of document analysis developed by Glenn A. Bowen (2009), which requires the information collected in the documents to be examined and interpreted, was used to develop an in-depth investigation of the documents. The document analysis proposed by Bowen (2009) is adequate to the study presented in this article, since it allows access to information about the background of the collected information and contextualizes the insertion of the themes associated to collaborative economy. After the initial bibliographic research and the first revision of the documents – in which significant passages of the text for the study were identified –, the next steps were to interpret data and, afterwards, analyse the information by comparing the empirical data with the theoretical concepts in the discussion of the obtained results.

RESULTS AND ANALYSIS

In the debates on the social and economic benefits and costs of digital platforms, the ones related to accommodation were some of the most cited. In these platforms, users create profiles in which they offer places for others to stay. Trust among such users is encouraged through a public evaluation system, in which reviews are offered after the hospitality exchange. Companies operating such platforms – among which Airbnb has become the most known – are based on short-term rentals at generally lower prices than hotel charges, which has prompted a debate about how these platforms can transform the tourism and hospitality sectors. On the one hand, there may be a closure of hotel activities and the dismissal of their employees, but, on the other hand, the longer duration of tourist visits and the increase in tourists' leisure and entertainment expenses in these places can bring more benefits to the place's economy (Fang *et al*., 2015). Specially in cities of developed states, critics say that companies operating accommodation platforms allow tourist accommodation to penetrate residential areas, which could create conflicts between visitors and residents, remove permanent accommodation in high-demand cities, and reduce conditions of access to housing and well-being by lower-income groups. The institutional structures established by land use planning appear to be unprepared to regulate the new forms of visitor accommodation allowed by such platforms, nor the potential conflicts with the arrival of increasing numbers of tourists. However, mainly when cities of developing states are taken into consideration, proponents of such platforms claim that these platforms broaden the tourism market rather than compete directly with the hotels for the same customers, and visitors who opt for accommodation platforms tend to stay longer, spend more money, and bring more income to the places they visit (Gurran&Phibbs, 2017).Such platforms connected hosts and guests in a short-term rental economy outside of the traditional hotel market and, acting as intermediaries in secure payment, made it feasible to build trust between hosts and guests. They also made the transaction easier. They have been expanding worldwide with the changes in the economic structure of consumer transactions and the spread of internet (McNamara, 2015). The social interaction that takes place through these platforms has created a "networked hospitality", which refers to the way people connect to each other using network systems and the types of relationships they develop when they are offline. Guest accommodation has been providing an essential source of income for hosts, as well as engagements between them and guests, such as the mutual learning about their cultures and societies (Ikkala&Lampinem, 2015).

However, technology, whether disruptive or not, is often in a grey area in terms of legislation / regulation, which createsuncertainty and motivates controversial decisions. This confusion has two origins: the lack of understanding of legislators and magistrates about the new business models and the absence of adequate categorization to frame each case in its proper place and, from then on, establish legislation, regulations and public policies that do not curb or discourage technological advances that contribute to the country's development and improve people's quality of life and work. The same thing happens with the accommodation platforms in a collaborative economy, once their disruptive models based on new technologies do not always follow the relevant legislation. In some countries, this rental activity is illegal, and there is criticism that hosting companies are ditching their tax obligations. The illegality of the rentals has helped a rapid expansion of the informal and non-regulated tourist accommodation sector, which generally exhibits characteristics as minimum requirements for entry and operation on a smaller scale. However, cities may wish for tourist accommodations that meet health and safety standards and undergo inspections. In addition, the transit of tourists in residential buildings or the neighbourhoods can bring annoyances to the residents. Housing costs can be increased if hosts expand their household budgets with the plan to increase short-term rental revenue. The promise of short-term profits can encourage unscrupulous behaviour in the real estate market. As the companies who run the accommodation platforms operate largely in the informal arena, guests can avoid paying taxes typically charged in the traditional accommodation sector and used in tourism-related activities. Both companies and guests take a ride on tourism promotion benefits, which confers competitive advantages to accommodation platform's companies in relation to traditional accommodation (Guttentag, 2015).

Conclusion

Many companies operating accommodation platforms insist that hosts are responsible for honouring local controls and taxes that apply to short-term tourist accommodations and generally pressure against very strict regulations. Many people who defend these companies argue that their marketplace imposes self-regulatory forms on the quality of advertised accommodations and the reliability of hosts and guests, suggesting that there would be no need for government intervention. Evaluations made by guests and hosts would create strong incentives for building and maintaining a good reputation, establishing the mutual trust required by the business model. However, market regulation does not consider many of the concerns that land-use planners have in relation to tourist accommodation, such as opportunities to cluster tourist facilities and services; the management of traffic, vehicle parking and garbage; urban design requirements to mitigate noise and impacts on privacy; safety, emergency and accessibility requirements; and the probability of extrapolation of the maximum level of occupancy. Despite the controversy, many properties that were used for permanent leases are being converted into short-term accommodation places in the light of faster short-term revenues offered to hosts (Gurran&Phibbs, 2017).

According to Guttentag (2015), the legalization and regulation of short-term leases may allow better taxation. In addition, destination sites could draft laws limiting short-term leases to certain areas, the number of people who could stay in the unit, and the number of days per year that each unit could be rented, as well as delegating some responsibility to the hosts regarding the conduct of their guests. An authorization system could make hosts register with government agencies for a small fee that could cover sanitary and safety inspections. A tangible certification could also be promoted by the hosts in their profiles on the platforms.However, as Cansoy& Schor (2016) argue, the participation in digital accommodation platforms requires not only capital for hosts to have a place to rent, live in a desirable place for travellers, furnish it and maintain an online presence, but also the cultural competence to navigate through the dynamic and complex processes of managing reserves and participating in collaborative economy, with an engagement that goes beyond the utilitarian logic. In this sense, the allocation of individuals along income, race and education cleavages has a direct impact on their participation. According to Gurran&Phibbs (2017), people who lack computer skills or internet access are less able to participate in the collaborative economy. The success in the listings of these platforms depends more and more on the use of technology for the presentation of the characteristics of the accommodations and the hosts themselves.

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