

Short-term rentals and public policy intervention in the EU

A practical framework to assess necessity, causality and proportionality

In the debate about the impact of short-term rentals, some local authorities are proposing restrictions. How should authorities decide whether to intervene, and if so, how should they do it?

The Services Directive sets out that policy makers must ensure that interventions are:

Non-discriminatory

Measures must not discriminate against service providers.

Necessary

Assess causal effects of STRs on outcomes. Ensure interventions are evidence-based and proportionate.

Assessing the effects of STRs is complex and requires a more robust level of evaluation beyond just observing changing trends.

An econometric toolkit is available to adequately assess causal effects rather than mere correlations, including methods such as:

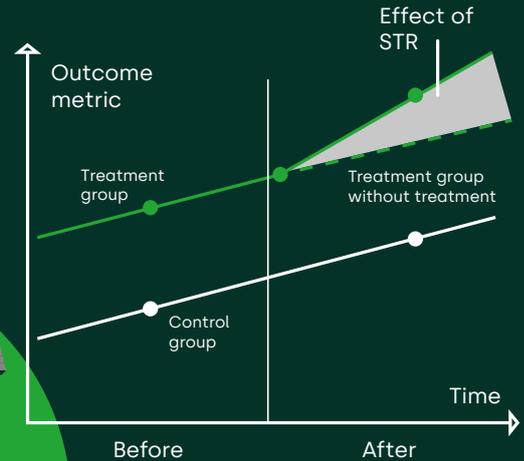
- Difference-in-difference
- Instrumental variables



Proportional

Even if necessary, policymakers should:

- Ensure interventions are no more restrictive than required
- Assess least restrictive options first
- Evaluate wider costs and benefits

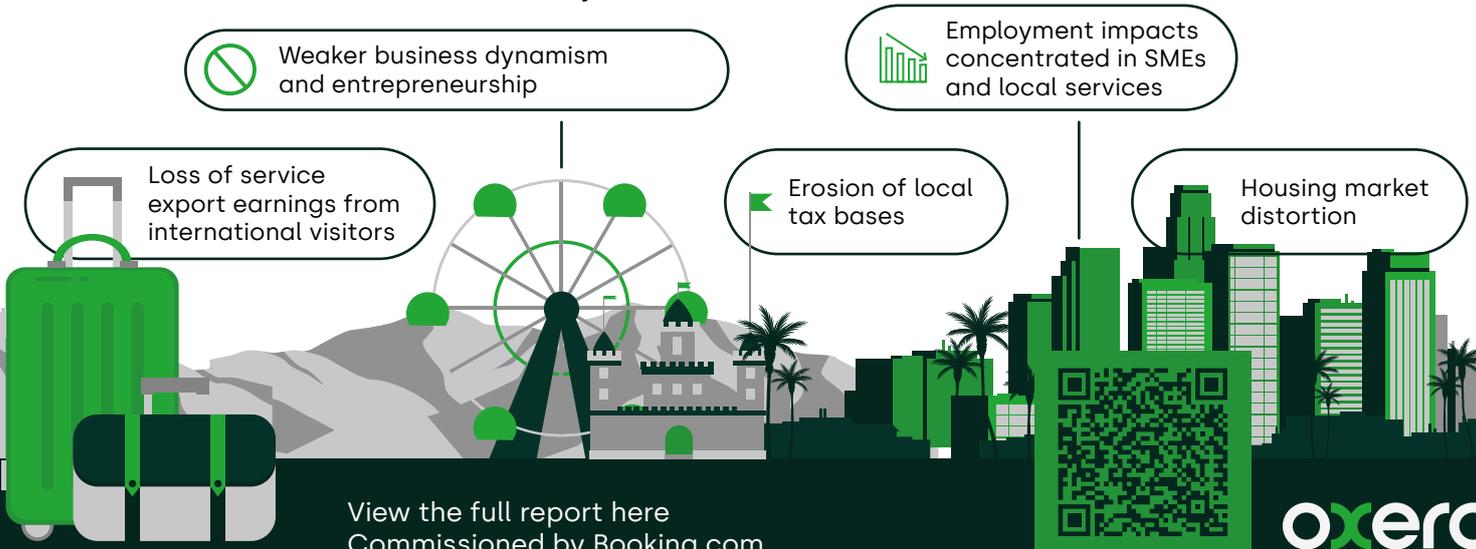


The less restrictive an intervention, the lower the cost to the wider economy/society.



Other interventions may exist

If interventions are too restrictive, they can lead to:



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