

DECLARATION REGARDING HOLIDAY RENTAL ACCOMODATION

1.- THE AIM OF THIS DECLARATION

The aim of this Declaration is to achieve a legal regulation covering holiday rental accommodation in the Autonomous Community of the Canary Islands.

In this declaration, we define the letting of a property for holidays and tourists as being those properties made available by their owners, either directly or indirectly, to third parties, on a repeated basis and in return for an economic benefit, for a temporary duration (days, weeks or months), under conditions of immediate availability.

The legal regulation covering holiday and tourist rental accommodation should be included explicitly in the Decree 142/2010, 4th October, in particular Article 2, Accommodation for Tourist Activity Regulation, as it is consistent with this rule.

Holiday rental accommodation is not alien to the Canary Islands' legal framework. The repealed Royal Decree 2877/1982 (later substituted for Decree 142/2010), already contemplated holiday rental accommodation, in the following terms:

Art. 17: Those that will not be considered legal tourist apartments, instead being considered as holiday rental accommodation, are those isolated units of apartments, bungalows, villas and chalets and similar, and in general, any property independent of its physical characteristics, equipment or installations and services, which is offered for rental for the purpose of holidays or tourism.

Art. 18: Holiday rental properties for their opening and functioning, will only be required to notify the competent body regarding their dedication to the tourist trade.

This measure would comply with the Bolkenstein Directive of the European Parliament regarding the free circulation of services between member states and is the basis upon which the Canary Islands' government is not permitted to penalise property owners for having let out their properties to tourists. For this reason, the government doesn't penalise property owners for failing to be in possession of a tourist licence, but instead they do penalise them for not having an Inspection Book, Complaints Forms etc.

**THIS DECLARATION IN NO WAY OPPOSES THE PRINCIPLE OF
UNITY OF OPERATION ESTABLISHED IN THE CANARY
ISLANDS' TOURISM MANAGEMENT LAW**

2.- The justification

From the holiday property owner's perspective: in the Canary Islands there are currently 53,000 properties used for holidays lets which represent the only income for many families on these islands.

In addition, holiday rental accommodation is a sector which generates further economic activity in its surrounding area, because as well as renting the property, tourists consume products and services in the geographical area surrounding the property: restaurants, supermarkets, smaller shops and businesses, car rental etc. In contrast to the "All Inclusive" hotel holiday sector, this holiday rental accommodation provides a significant economic stimulus for the local population.

Therefore we can say that the overall benefit of this type of tourism "*stays in the Canary Islands and for the Canary Islanders*". All the consumption is produced on the island (the holiday rental fee and the rest of the products and services used by the tourist) and represents an important engine for growth and development for some of the most disadvantaged populations and areas of the islands as well as for the islands as a whole. The only resource that leaves the area is in relation to air transport, although of course we must add that Canary Islanders are not the only ones who run holiday rental accommodation on the islands given that tour operators also offer this product, acting as middlemen to the tourists.

A tourist who looks for holiday rental accommodation is a tourist who spends money. Price is not their concern. In most cases the cost of a holiday rental, airfare, other transport costs, food etc. is more expensive than the All Inclusive package in a hotel.

The Canary Islands have the most holiday rental accommodation properties in all Spain (53,979 properties) according to the tourism consultancy Magma. A total of 1,159,037 tourists chose to rent a holiday property on the Canary Islands in 2012, 8% more than 2011. This is not an insignificant figure given that one in ten of the 11.6 million visitors that year chose this option. In the whole of Spain it benefits, directly and indirectly, 436,000 people, employing 30,321 staff and generating an economic impact of approximately 2,000 million euros. The difficult economic situation on the Canary Islands and the high unemployment rate mean we cannot allow ourselves to lose this number of tourists who want to choose their own specific holiday rental accommodation.

In many cases holiday rental accommodation on the Canary Islands has been operating for over 30 years with great success and acceptance. This of course responds to a huge demand and worldwide boom, and is environmentally sustainable as it avoids the need for the construction of new buildings which destroy our environment. In Spain the forecast is for a growth of

14% in the next 3 years, according to Euromonitor, published at the last WTM in London in November 2013.

The Canary Islands have a vast number of unoccupied and unsold properties. Using them as holiday accommodation is a good solution for these properties, which in turn attracts property investment to our archipelago.

Holiday rental properties are not in competition with the hotels or the more organized official holiday cottage sector. Those who rent a holiday home would never go to a hotel. They want to escape from tourist complexes and search for nature, peace and quiet and to meet local people and families. In turn the more organized official holiday cottage sector is a specific product that has to comply with a strict legal regulation and offer guarantees to tourists with quality certificates and classifications. The very same association for official holiday cottages Attur has for years been demanding more regulation of the more informal holiday rental accommodation sector.

The owners of holiday rental accommodation properties pay taxes on their rental income, declaring this as such in their annual tax returns the same as any other owner of a small business.

Holiday rental property owners advocate that their properties should be included on a Public Register just the same as other rented accommodation and subject to the necessary regulation and control required to promote quality tourism. Currently, given that they are not permitted to register their properties they are operating in a legal vacuum that benefits no-one.

The lack of a legal regulation of holiday rental accommodation on the Canary Islands, despite being an internationally accepted and consolidated product, is creating a significant negative repercussion on the tourist industry and damaging the image of the Canary Islands as a tourist destination. So much so that various international media outlets have covered this situation because for them holiday rental accommodation is something so widely accepted.

From the tourist's perspective: Holiday rental accommodation is a tourism option that has been established for years, on the Canary Islands and the main international tourist destinations.

Holidaymakers who choose this option are not interested in staying in hotel and tourist complexes, searching instead for an alternative which they find the holiday rental accommodation sector where they want to feel at home, far from the impersonalized hotel complexes and chains.

Also, consumers of these rented properties may be Canary Islanders and residents themselves who for reasons of work, studies, health, etc may need to

move for a short time of less than 6 months to another island and who according to the law as it currently stands, would have to stay at a tourist complex.

Holiday rental accommodation isn't in competition with the big hotel chains and complexes, for the simple reason that this type of tourist and consumer is not looking to stay in those kind of hotels, instead searching for an alternative, as mentioned previously.

Quality is the symbol of this type of holiday accommodation. Holiday property owners have the overriding necessity to offer a high quality product. The reason for such a continual desire to provide high quality is that these are individual property owners who know that the best publicity is a satisfied customer who is highly likely to make return visits. Such property owners can't allow themselves to have an unsatisfied customer. They search for high quality not only in the physical accommodation but the personal and human service.

Quality of holiday rental accommodation is generated too by the need to have positive comments and recommendations on websites which will invite new customers and repeated visits. Having just one negative comment on these sites could mean a big loss of income for the property owner.