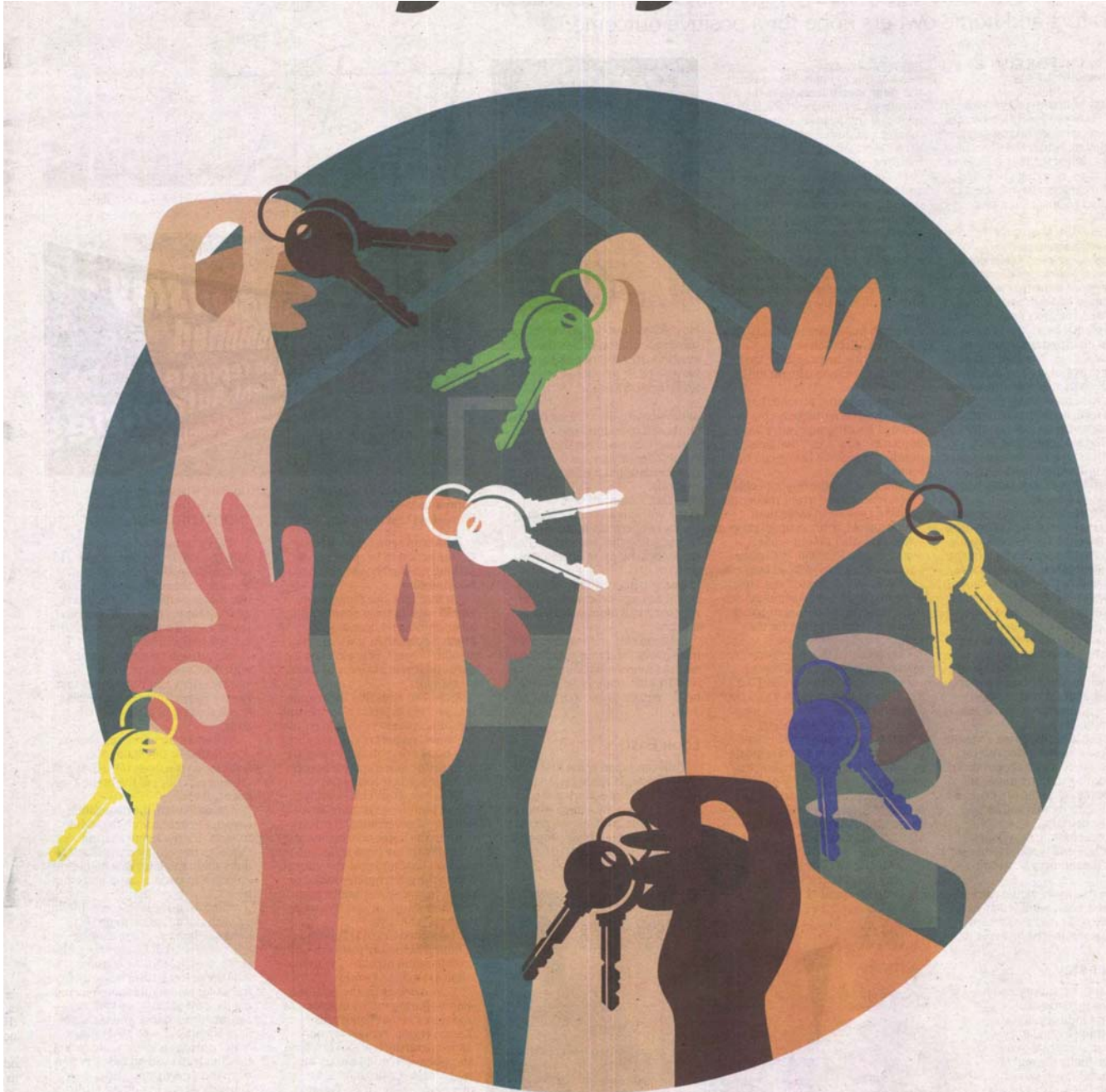


Headline	Licensing homes		
MediaTitle	The Star		
Date	06 Apr 2019	Color	Full Color
Section	StarTwo	Circulation	175,986
Page No	1TO3	Readership	527,958
Language	English	ArticleSize	2799 cm²
Journalist	Chester Chin	AdValue	RM 140,863
Frequency	Daily	PR Value	RM 422,589



Homes in check

With a regulatory framework outlined, it appears it's only a matter of time before the home-sharing business is regulated in this country. >2

Headline	Licensing homes		
MediaTitle	The Star		
Date	06 Apr 2019	Color	Full Color
Section	StarTwo	Circulation	175,986
Page No	1T03	Readership	527,958
Language	English	ArticleSize	2799 cm ²
Journalist	Chester Chin	AdValue	RM 140,863
Frequency	Daily	PR Value	RM 422,589

Licensing homes

With calls for the short-stay industry in Malaysia to be regulated, operators and home owners hope for a positive outcome.

Stories by CHESTER CHIN
star2travel@thestar.com.my

THE glitzy ballroom on the 15th floor of Sunway Resort Hotel & Spa is uncharacteristically crowded for a weekday morning. The Short Stay Summit – billed the first of its kind in Malaysia – is taking place, and many stakeholders have flocked to the hotel in Selangor for a piece of the pie.

In attendance are representatives from government agencies, homestay operators, hotel associations, travel booking platforms and other relevant industry players.

Organised by HostAStay, a local startup that connects home owners to professional hosts, the summit comes at an especially important time in Malaysia. The Tourism, Arts and Culture Ministry has recently urged all short stay operators in the country to register immediately.

Short-term accommodation (STA) refer to apartments, houses and rooms that are rented out, like hotels. The service is usually booked through online providers such as Airbnb and Agoda. Bookings vary from days to months.

If anything, the regulation of the industry is at the back of everyone's mind during the full-day event. It's an observation corroborated by the packed attendance during a panel discussion on short-stay regulation.

"We are currently at the stage of being an unregulated self-regulated industry," HostAStay founder and chief executive officer Jordan Oon announces with a hint of irony in his voice. The man alludes to initiatives taken by short-stay operators to address matters such as safety and public nuisance with the relevant authorities.

Last year, Airbnb signed a memorandum of collaboration with the Malaysia Productivity Corporation (MPC), aiming to share data and best practices with the Government on short-term rentals and its policies in the country.

With the summit, Oon hopes stakeholders will work together to prevent the industry from being banned.

"If the short-stay model were to be banned, what would happen is that there will be a lot of vacant properties out there," he explains.

Shorter stay

The MPC, a statutory body under the International Trade and Industry Ministry, is submitting a regulatory framework proposal to the Government by the end of this month. One approach is to limit the number of rental days for a maximum of between 90 and 180 days in a year.

There's usually a rental cap in places where short-stay homes are regulated such as in New York, Los Angeles and Japan.

Real estate observer Dr Alan Poon notes that a cap on the number of rental days might be a bone of contention for investors.

"At the end of the day, the issue goes back to the return and yields of the property for investors. The regulatory body needs to look at how attractive the returns are for stakeholders in the

industry," he says.

According to Poon, STAs do contribute to tourist footfalls in the country. A rental cap would lead to investors shying away from the market and this would subsequently be detrimental to the tourism industry.

The arrival of Airbnb in Malaysia and its subsequent boom has brought new income for property owners and agents, who encourage clients to consider renting out their units on a short-term basis, instead of letting them be vacant. The Star last year reported that some developers even build smaller apartment units to cater to the short-stay segment.

Airbnb public policy head (South-East Asia) Mich Goh says home-sharing helps resolve the property overhang issue in the country.

"In certain cities around the world that has a uniquely constrained housing supply, we have implemented policies that limit the number of nights a listing can be rented out.

"Malaysia has the opposite challenge, where the current residential overhang results in more than 30,000 unsold or unoccupied properties in Kuala Lumpur alone, worth almost RM20bil. We believe our community model can help create a win-win scenario," she says.

According to Goh, Airbnb utilises these unoccupied homes to create economic opportunities for the locals.

Oon revealed that the short-stay model can be a lucrative business with properties listed around the KLCC area fetching up to RM25,000 a month. On the other hand, long-term renting may yield about RM6,000 per month for the same area. Many owners fear a regulatory framework might threaten that revenue.

Booking.com senior account manager Branavan Aruljothi doesn't think a rental cap would affect tourism nor reduce a property's revenue.

"Among all the regulatory approaches, limiting the number



HostAStay founder and chief executive officer Oon hopes the short-stay industry will not be banned here. — NUR ATHIRAH FARHANA/The Star

of days is actually very successful. Hosts and operators might think that the move will cut their yielding capabilities or damage their revenue forecast, but it doesn't," he explains.

In fact, Branavan says such a move will spread out the business for more operators in the country. In a building that has several hosts, this will allow more operators to flourish.

Oon is equally upbeat about a rental cap and believes that this approach will ultimately benefit tourists.

"Instead of a price war, we will have a war for quality among hosts. All operators should compete in a healthy environment to provide better service to our tourists," he says.

Look East

Thus far, Japan is the first country in the Asia Pacific region to legalise the home-sharing model. The Minpaku Law, which came into effect in June 2017, allows proprietors to rent out their properties for up to 180 days a year.



The regulation of the short stay homes is proving to be a complicated matter with many stakeholders involved.



A security guard of a gated community in Batu Maung, Penang, placing a banner at the guardhouse urging residents to say no to illegal hostels, homestays and short-stay guests. — ARNOLD LOH/The Star

Branavan remembers that particular period to be quite nerve racking for stakeholders such as Booking.com.

"At that time, we thought we would have to close operations for all our hosts and operators in Japan. Fortunately, it was a very smooth process. There was no closure and it was business as usual," he recounts.

Branavan adds that the regulation process in Japan is simple and the authorities here should emulate the move. As part of the law, short-stay hosts are required to register their listing and display a licence number on their listing page.

However, Tujia chief business officer Jennifer Li is more apprehensive of governmental involvement in the home-sharing industry.

"In Japan, the hosts collect all the relevant data and pass the information to the government. But one problem with government agencies is that they usually don't have a system," she says.

Launched in 2011, Tujia is a Chinese homestay platform – often compared to Airbnb – with more than 1.4 million homes.

Li also brings up the legalised home-sharing model in Kyoto. At the major city in Japan's historic Kansai region, rentals are only allowed during low tourism seasons, between mid-January and mid-March. Critics have slammed this move, calling it overly strict.

Wait and see

As far as the Tourism, Arts and Culture Ministry is concerned, registration of short-stay operators is the priority at this point. Minister Datuk Mohamadaddin Ketapi says delays in registering would possibly see operators receiving stern action from the ministry and local authorities.

"The ministry is also actively tracking down operators who are unlicensed and we are advising them to register with us," says Mohamadaddin.

Airbnb's Goh says the company supports any innovation that will allow tourism to thrive.

"We're committed to working with the Malaysian Government to further strengthen communities through sustainable, healthy tourism that benefits everyone. That's why we support the collection and remittance of a broad-based tourist tax at a national level.

"Airbnb will continue to work with the Government towards progressive rules and regulations that ensure respectful and responsible home sharing in Malaysia," she adds.

Mohamadaddin's announcement was lauded by the Malaysian Association of Hotels (MAH), one of the biggest critics of the home-sharing business.

In a statement, the association says this is in line with the industry's call for the home-sharing model to be regulated with limitations similar to laws that had been enforced in various cities and countries.

"Many of these laws were drawn up with the intention to protect local residents as home-sharing businesses had in fact driven property prices up. (This is at) the disadvantage of locals, displacing them from main cities and indirectly raising the cost of living, as well as causing disturbance and nuisance at residential areas," MAH states.

But during an event announcing the country's tourism industry performance, newly appointed Tourism, Arts and Culture Ministry secretary-general Datuk Isham Ishak took on a more amiable tone.

"What we are planning to do now is to get operators to register – it hasn't come to licensing yet. We would like to know who they are, have a dialogue with them and see how we can facilitate them," he says.

The facilitation of the home-sharing model is also part of the preparation for Visit Malaysia 2020.

"We want to make sure the tourists who visit our country and use these home-sharing facilities are well taken care of. The contribution of this new way of providing accommodation is something new to us, and we are going to try understand it," Isham concludes.



Headline	Licensing homes		
MediaTitle	The Star		
Date	06 Apr 2019	Color	Full Color
Section	StarTwo	Circulation	175,986
Page No	1TO3	Readership	527,958
Language	English	ArticleSize	2799 cm ²
Journalist	Chester Chin	AdValue	RM 140,863
Frequency	Daily	PR Value	RM 422,589

THERE is no specific law passed yet in Malaysia when it comes to the regulation of short-term accommodation (STA) listed on home sharing platforms such as Airbnb, VRBO, Booking.com, HostAStay and MyCribBooking.com.

However, the Malaysia Productivity Corporation (MPC) had conducted extensive research to suggest a regulatory framework. It will submit a proposal to the Government by the end this month.

The MPC had been an important facilitator between key stakeholders since July last year.

MPC senior manager (smart regulation unit, productivity and competitiveness development) Mohammed Alamin Rehan said many discussions were held with government agencies, hospitality associations and STA operators to come up with a win-win situation for all.

However, he conceded that regulating the home-sharing industry is a complicated issue.

"Every country is struggling with it. There is no clear jurisdiction because it is a new disruptive industry, but at the same time, we want to unlock its potential."

"We can't block the growth of short-stay accommodations because it does support the tourism economy. But we have to ensure it doesn't compromise on matters such as safety, security and negative externalities," he said.

In Malaysia, STA falls under the purview of the Housing and Local Government Ministry and Tourism, Arts and Culture Ministry. But in the absence of a specific Federal law, it is currently dealt differently by local governments in individual states.

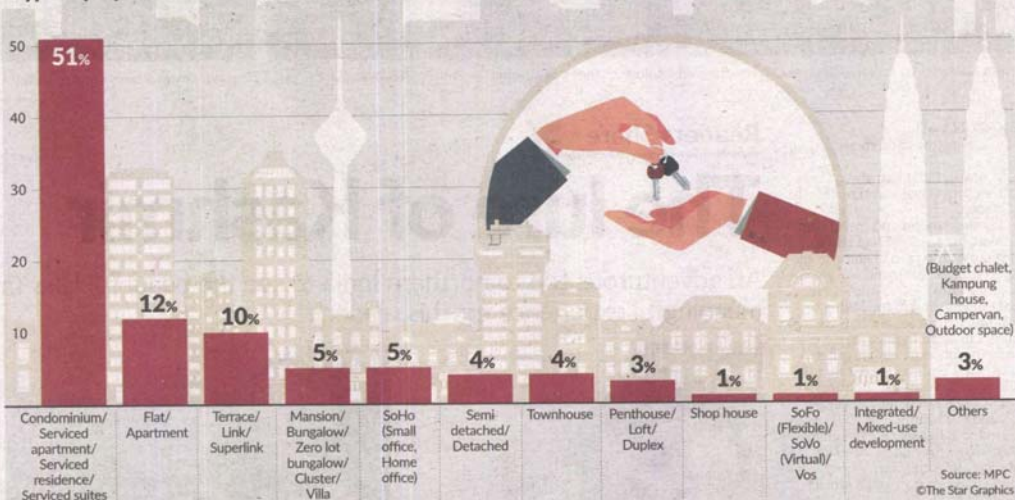
The Penang Island City Council (MBPP), for example, had issued summonses against owners of short-stay accommodations while the Kota Kinabalu City Hall presently deem Airbnb illegal. Meanwhile the Kuala Lumpur City Hall requires short-term homes to be registered on its website.

As of now, MPC has identified a few holistic solutions to regulate STA on the Federal level and will propose them to the Government in an upcoming report.

Great groundwork

This governmental agency has laid out a well-defined regulatory roadmap for the home-sharing business in Malaysia.

Type of properties offered by hosts



These include registering with relevant authorities, seeking approval from the Joint Management Body (JMB) or Management Committee (MC) in strata properties, limiting the rentable days per year and a revision of existing laws.

Mohammed Alamin said the recommendations were meant to address pertinent issues raised by various stakeholders. At the same time, there is a need to

define STA operators.

He explained that there are currently two types of STA operators – individual and commercial. MPC is proposing for a different tax regime and fee structure between individual and commercial operators.

This will even out competition for budget hotel operators and curb potential loss from unregistered operators.

In regards to operations in strata

buildings, MPC's data revealed that the bulk of STAs are serviced condominiums (51%). These are followed by apartments (12%) and terrace homes (10%).

Approval from the JMB or MC will resolve the issue of safety and security. MPC also noted that this will address maintenance upkeep due to wear and tear from STA guests.

JMB is a body tasked with managing and maintaining common

property before strata titles are issued for a stratified development area while an MC takes over these responsibilities after strata titles are issued.

There are plans to introduce an integrated platform for a seamless STA registration and data sharing too.

MPC is looking at a full roll-out of a regulatory framework by next year, pending approval from the Government.

About time

IF it's up to the travel and hospitality stakeholders in Malaysia, regulation on short term accommodations (STA) in the country is long overdue. Concerted calls have been made repeatedly to put the home-sharing industry under scrutiny.

Thus, there is some form of relief that a proposal from the Malaysia Productivity Corporation (MPC) to the Government is already underway.

Malaysia Association of Hotels (MAH) chief executive officer Yap Lip Seng said a regulatory framework would ultimately benefit tourists.

"STA or home-sharing in Malaysia at this point is as good as trying your luck. There's no independent check and balance. There's no independent review or feedback system in existence."

"Where would a guest with a problem (odge an official complaint to? Nowhere," he said, adding that tourists deserve to be protected.

While MAH has been one of the biggest detractors of the home-sharing economy, Yap took on a more diplomatic tone when

commenting on the future of STA in Malaysia.

"We are participating actively in the efforts to draw up regulations, but our intention is not to ban STA entirely. We believe there is a place for such a business model, and we are not against technology," he said.

MAH's stand, according to Yap, is that regulations are needed for all genuine stakeholders – not just home-sharing.

"Many would assume that the hotel industry is sore with the home-sharing disruption, but the truth is, the overall tourism industry is what's affected. The industry functions as an ecosystem, and home-sharing is where the leakage is," he said, alluding to the loss of revenue in tourism taxes.

It's a sentiment echoed by Malaysian Association of Tour and Travel Agents (Matta) president Datuk Tan Kok Liang. Calling it a "long overdue issue", he said there has been much leakage in taxation when it comes to STAs.

"STA platforms make use of borderless digital commerce to circumvent the country's taxation policies resulting in a loss of much-needed



MAH chief executive officer Yap said it's not hoteliers' intention to ban home-sharing.



MyBHA president Leong said that STA is a competitor for budget hotels.



Matta president Tan said there has been leakage in taxation when it comes to STAs.

income to the nation," he said.

Tan is also pessimistic about the contribution of STA towards the tourism economy, noting that home-sharing is usually catered towards cost-conscious travellers.

"Encouraging STA operations in the name of boosting tourist arrivals will have adverse effects in the long term. Tourist arrivals in the next few years is not expected to be on a double digit increase (percentage wise) and hotels are recording

somewhat lower occupancy due to loss in market share to cost-conscious and budget travellers," he shared.

If the aforementioned scenario persists, Tan said Malaysia may have difficulty attracting hotel investments.

"Once the budget and hotel industry loses its shine, it will be difficult to attract high-end tourists and MICE groups to Malaysia – tourism is not just about head-

count, it's also about yield," he said.

Meanwhile, Malaysia Budget Hotel Association (MyBHA) president P.K. Leong said the growth of STA will be detrimental towards budget hotels in the country. He highlighted the fact that tourists who stay at STA don't pay the tourism tax.

"We can't stop people from earning an income, but it has to be fair to all. They must be subjected to all taxes as budget hotels too," he said.