Rule of compensation in Paris

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Why did we select this regulation?

Affordable housing is already a challenge for many cities. Online platforms are able to aggregate and activate existing housing capacity from individuals and communities, but if properties are being taken out of the housing market to be used as a hotel the total housing supply drops.

The city of Paris obligates everyone who rents out their accommodation for a longer period than 120 days a year, to compensate for the loss to the regular rental market by acquiring a commercial property and turning that into a residential property.

About the case

Hugh Schofield wrote about the stricter regulation Paris City Hall implemented in a BBC article .

> 'Faced by a growing number of complaints, City Hall has toughened its rules. There was already a so-called "rule of compensation", designed to maintain the stock of residential properties in Paris. Under this, an owner who turns a residential flat into a commercial flat (by using it for holiday lets) has to compensate for the loss to the regular rental market by acquiring a commercial property and turning that into residential. In theory this should be a major deterrent, because it means that an investor in holiday lets has to buy two properties instead of one. In practice the rule was not being observed. However rather than scrap it, the City Hall has now decided to make it even stricter.' - Hugh Schofield



Want to know more?

- https://www.ft.com/content/6f774046-bbb2-11e6-8b45-b8b81dd5d080
- https://parispropertygroup.com/blog/2017/airbnb-hosts-paris-will-register-property-beginning-december-2017/