

A large orange 3D cube-like shape on the left, with several white-outlined geometric shapes (diamonds and triangles) extending from its base to the right.

Sharing cities: a sharing economy that delivers benefits for citizens

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Summary

The sharing economy is shaped by cities. City authorities provide essential support functions that make the sharing economy grow. At the same time, it has an impact on many urban policies and concerns a range of city competences. As cities, we need to harness the full potential of the sharing economy and to channel the benefits, making sure all citizens will have access to these new opportunities. We also need to adjust current regulations to ensure fair and even competition.

We need a comprehensive EU framework for the sharing economy that strikes a balance between harnessing the benefits of the sharing economy and protecting our standards on labour and consumer rights. We also need a partnership approach at EU level to both seize the opportunities and safeguard our common principles at all levels of government. A partnership should bring together cities, member states, EU policy makers, business leaders and other stakeholders to work together on the challenges and opportunities of the sharing economy, in line with the principles of the urban agenda for the EU.

Contents

- Summary 3
- Sharing cities: a sharing economy that delivers benefits for citizens..... 3
- Executive summary 3
- The pivotal role of cities: regulation, taxation and information sharing 4
- Safeguarding European values through an EU framework for the sharing economy . 5
- Working in partnership to drive the sharing economy for a competitive and fair Europe 7
- Annex: city examples..... 8
- Antwerp 8
- Amsterdam 8
- Copenhagen..... 9
- Edinburgh 9
- Leeds..... 9
- Milan 10
- Vienna 11
- Zaragoza..... 11

Executive summary

The sharing economy is shaped by cities. City authorities provide essential support functions that make the sharing economy grow. At the same time, it has an impact on many urban policies and concerns a range of city competences. As cities, we need to harness the full potential of the sharing economy and to channel the benefits, making sure all citizens will have access to these new opportunities. We also need to adjust current regulations to ensure fair and even competition.

To do this, we need a comprehensive EU framework for the sharing economy that strikes a balance between harnessing the benefits of the sharing economy and protecting our standards on labour and consumer rights. This framework must be based on an impact assessment of the sharing economy on EU internal market and competition rules as well as on EU and member states standards for consumer protection, working conditions, safety, hygiene, quality and environmental standards. In addition, it should:

- support monitoring activities of the potential for job creation as well as the quality of employment
- develop an EU-wide threshold for the level of economic activity subject to market regulation
- develop a certification system applying to particular sectors, business models or practices to help consumers make informed choices
- strengthen the interoperability of services and integration of city systems through common standards for data-driven services and applications
- support exchange of good practices between cities on regulating sharing economy initiatives, and cooperation with larger sharing platforms

We invite the Commission to work in partnership with cities, member states, social partners and sharing economy business towards a better understanding of the potential impacts, barriers and opportunities related to the sharing economy.

The pivotal role of cities: regulation, taxation and information sharing

The sharing - or the collaborative - economy, consists of innovative business models based on the principle of 'sharing instead of owning'. The term 'sharing economy' is used to describe activities ranging from small grass root actions, sharing spaces or bikes, to large well-known platforms such as Airbnb and Uber.

City authorities have competences that are directly related to - and challenged by - the sharing economy, including taxation, housing and land regulations, urban planning, providing public information, collecting data, and promoting sustainable urban mobility. Also, as drivers of economic growth and innovation in Europe, city authorities offer important support and services to new businesses in the sharing economy, particularly those that can contribute to environmental objectives and/or create local job opportunities.

As cities, we support new business models both financially and practically, including through incubators¹ and by opening data for use by sharing economy entrepreneurs. We can create the ideal environment for the sharing economy to flourish, for example by connecting stakeholders at local level through co-working spaces, acting as facilitators, and promoting fair competition, for example through procurement practices.

The sharing economy creates potential benefits for entrepreneurs, professionals and consumers through increased productivity, limited use of scarce resources, and improved access to goods, services and information. At city level, it also offers great opportunities to build strong local communities, empower citizens and provide more tailored and effective services to our citizens. As cities, we support a culture of innovation that makes effective use of advanced technologies to address a number of economic and social challenges. This includes collaborative and open policy-making as well as recognising the potential of community-based approaches to improve healthcare and education services.

The sharing economy business model is not always consistent with existing regulations and laws. The challenge for regulators and lawmakers is to guarantee consumer and employment protection in this new economic environment, without limiting the potential benefits from the sharing economy. We need to ensure a level playing field for all businesses and actors involved. We must have guidelines that protect both workers and consumers, that ensure tax compliance, and that enable innovation, creation of new businesses and provision of more flexible and efficient services closer to user needs.

Citizens will turn to their local authorities when it comes to obtaining reliable and up to date information about the rules and regulations, including at EU level, applying to the sharing economy. City authorities need to maintain a clear overview of the relevant internal market and competition rules, as well as the sharing initiatives and platforms that are being developed locally. This encourages consumer trust, reduces uncertainty and risk

¹ See annex, example from Antwerp

for businesses and investors, and supports the identification of new business opportunities and markets in the sharing economy.

City authorities also have a number of tools to guarantee tax compliance and to ensure that sharing platforms make relevant information available to the public authorities. These include multi-level government cooperation, awareness raising campaigns, guidance notes and online tax calculators. Some city authorities have also started to collaborate directly with sharing platforms to improve tax compliance². Others have chosen to amend their legislation in order to make it compulsory for service providers to share relevant information³.

We will continue to exchange on good practices in terms of managing and regulating the sharing economy initiatives, including collaboration with the larger platforms such as Airbnb and Uber. We would welcome a toolbox for cities to reinforce policy development supporting the sharing economy.

We would also support a full impact assessment by the Commission on EU and member state standards related to consumer protection, working conditions, safety, hygiene and the environment as well as on EU rules on the internal market and competition to improve the understanding of the impact of the sharing economy in specific sectors.

Safeguarding European values through an EU framework for the sharing economy

We would appreciate an EU framework for the sharing economy that introduces a clear definition of the sharing economy, to safeguard and protect European values and high standards in terms of labour rights, job quality, data privacy and protection, and consumer protection. This framework should also include clarifications on which rules apply to which actors of the sharing economy.

Safeguarding quality jobs

Within the sharing economy anyone can become a supplier or entrepreneur, giving huge scope for creativity and innovation at the local level. This leads to new opportunities and jobs in the local economy. At the same time, the sharing economy, in combination with other trends such as digitisation, is deeply transforming the labour market. It is crucial to ensure a just transition for workers by focusing on quality jobs, workers' participation, education and skills, strong social protection and respect for human and labour rights. The proposed European pillar of social rights needs to take into account new tendencies and transformations related to the labour market if it is to be effective⁴.

Recent changes that have had a negative impact on the quality of work represent a real concern for cities. For example, the dramatic intensification of work due to intense competition between service providers; precariousness of employment due to contracts of

² See annex, example from Amsterdam: the city signed an agreement with Airbnb to cooperate on various issues in December 2014

³ See annex, example from Vienna

⁴ EUROCITIES statement on the social pillar <http://bit.ly/2gTpZWX>

limited duration between contractors and service providers; and unequal working conditions in a sector with a very fragmented workforce.

Many forms of work in the sharing economy are halfway between salaried employment and freelance work, which raises important questions related to working conditions, health and safety, health care coverage, paid sick leave, unemployment benefits and retirement pensions. We must avoid moving towards a new category of precarious work.

Sectors and activities that will be the backbone of the sharing economy must offer quality jobs and provide career opportunities. We need to work together across all levels of government to monitor the job creation potential and the quality of employment in the sharing economy.

Consumer and prosumer protection

We need to guarantee and safeguard consumer protection according to EU standards and values. The sharing economy has created a new category of consumers: prosumers. Prosumers are people who use goods and services provided in the sharing economy, and at the same time, may also choose to provide them on their own initiative. The protection of both consumers and prosumers is highly important as the sharing economy continues to develop.

The European Commission should assess the potential for verification and/or certification systems (e.g. labels) applying to particular sectors, business models or practices. This would help consumers across the EU make more informed choices on an equal basis when they choose a sharing economy platform or provider.

In order to determine which rules and legislation apply, it is crucial to distinguish between professional service providers and prosumers. We should have a clear EU-wide definition of a 'peer' (non-trader) and a professional service provider (trader), based on thresholds for economic activities.

We need an EU framework that include the definition of EU-wide thresholds below which a provider shall remain a 'peer', and thus not be subject to any market access requirements. These thresholds should be relative and time-based (e.g. number of nights for accommodation, number of days/hours worked for other areas) rather than absolute and monetary to ensure a level playing field for all actors.

Data, standards and interoperability of solutions

The sharing economy is based on sharing data and information. City authorities are responsible for data collection, aggregation and analysis as well as management, openness, ownership, privacy and protection of data. In all those aspects, we are facing a number of administrative, financial, legal and licensing challenges.

While sharing case studies, experiences and solutions is helpful for cities to overcome part of those challenges, common EU and national regulations would help in accelerating the process. Regarding open data, for example, the EU and national governments can help by establishing a standard European licence model, and by developing coordinated national strategies⁵.

Smart applications make the sharing economy a reality. Cities develop and manage a growing number of applications and digital services. However, they face barriers when it comes to improving the interoperability of services and integration of city systems. Common standards and interoperability for data driven services and applications are crucial to fully exploit the potential of the sharing economy⁶.

Funding to support cities in open data initiatives should be available through the Connecting Europe Facility and Horizon 2020 programmes. Programmes such as ISA⁷ are a step forward towards the development of interoperability of public services. Funding for these programmes should be strengthened.

An EU framework for the sharing economy should also ensure data protection and privacy, as well as regulating data transfer between public administrations and sharing economy platforms.

Working in partnership to drive the sharing economy for a competitive and fair Europe

The implications of the sharing economy model are important at local level, in particular in Europe's larger cities. We need a partnership approach at EU level to both seize the opportunities and safeguard our common principles at all levels of government. A partnership should bring together cities, member states, EU policy makers, business leaders and other stakeholders to work together on the challenges and opportunities of the sharing economy, in line with the partnership principle of the urban agenda for the EU.

As cities, we are committed to harnessing the full potential of the sharing economy in terms of economic growth and job creation. We are also committed to safeguarding our strong European values and high standards for labour and consumer protection. We need to channel the benefits of the sharing economy, making sure all citizens will have access to these new opportunities.

⁵ EUROCIITIES Statement on the Digital Single Market: <http://bit.ly/2bEJfag>

⁶ EUROCIITIES position on Standards: <http://bit.ly/2eXebVp>

⁷ Interoperability Solutions for European Public Administrations

Annex: city examples

Antwerp

Urban lab

Antwerp has set up an [open urban lab](#) in collaboration with its citizens. The goal is to experiment with a number of innovative solutions to urban challenges, including the sharing economy. The lab provides a network for knowledge exchange and local community action, but also acts as an incubator for innovative business models.

Amsterdam

In response to the ongoing trend towards a sharing economy, Amsterdam has pioneered many policy solutions and pilot projects. It proudly calls itself a [Sharing City](#), with most of its actions and initiatives outlined in the [‘Action Plan Sharing Economy’](#).

Airbnb agreement

In December 2014, Amsterdam and Airbnb reached an agreement to collaborate on a number of issues, such as the collection of local tourist taxes and information on the rules applied locally. In December 2016, Amsterdam reached a new unique agreement with Airbnb to tackle illegal hotels and promote responsible [homesharing](#) on the platform. By way of example, Airbnb will introduce automated limits to homesharing.

Inclusiveness

The Amsterdam wants the sharing economy to offer opportunities to all Amsterdam citizens. The city wants to spread awareness of the advantages of sharing economy to a wider audience. Therefore, it welcomes initiatives that can expand the reach of the sharing economy and enhance the social inclusion of Amsterdam residents. One way to achieve this is by connecting sharing platforms to the city pass (Stadspas). This pass offers a means to introduce around 180,000 residents (low-income and elderly groups) to the sharing economy. Increasing their familiarity with sharing platforms is expected to boost their use of the platforms. This can benefit city pass holders, both as providers and as customers (not having to buy things but loaning them via the platform instead).

Checklist for sharing initiatives

Amsterdam uses a [‘checklist for sharing initiatives’](#) to monitor each initiative and to determine whether there is a need for intervention. The checklist can be used alongside the ‘process wheel’ to collect as much information as possible about an initiative’s impact. The city also closely collaborates with knowledge platforms on the sharing economy, for example, [ShareNL](#). These tools are helpful when it comes to developing a clear overview of the different sharing initiatives and their potential impact on the local economy.

Public procurement

Amsterdam intends to launch pilot projects around public procurement based on shared use, for example, by sharing its vehicle fleet or office tools. The city also participates in a

[Dutch sharing platform](#) enabling civil servants to share work spaces with each other. In the future, this service could be extended to private companies and citizens.

Copenhagen

Open data

Copenhagen has made a number of [data sets](#) available for the public since 2013. Examples include data on parking, infrastructure, local activities, etc. This project is part of larger Copenhagen smart city agenda. In order to create a bridge between public and private data, Copenhagen also partnered with the Copenhagen Cleantech Cluster Innovation Platform for Smart City Digital Infrastructure. The open data sets are expected to promote innovation and entrepreneurship through the region.

Edinburgh

Cooperative Capital Initiative and Community Energy Co-operative

In October 2012, Edinburgh agreed a 'Framework to advance a Cooperative Capital 2012-17'. Cooperative Capital is about changing how they work, to include service users and providers in designing and delivering quality services for communities. It's about putting service users at the heart of all that they do, getting public services to work better together and give communities more influence over the services they use. Sometimes that may even mean they are involved in the delivery. It provides a focus, structure and consistent approach to help deliver services.

One of the initiatives arising out of the Cooperative Capital Framework was to encourage the development of community energy cooperatives. The Edinburgh Community Energy Co-operative is the biggest scheme of its type in the UK. Its aim was to deliver a viable co-operative energy project within Edinburgh. Working with Energy4All and the Council, solar panels have now been installed on 24 Council buildings, including schools and leisure centres. ECSC offers Edinburgh residents the chance to collectively own solar panels, do something positive about climate change and benefit financially while at the same time helping Edinburgh to become a cleaner, greener city. It is estimated that the newly-installed solar panels will supply a million units of zero-carbon energy a year, contributing to the Council's target to reduce emissions by 42% by 2020. Any surplus energy will be sold to the National Grid and profits made by the project will be reinvested locally through a newly-created Community Benefit Fund.

Leeds

Migrant Access Project

The Migrant Access Project (MAP) aims at equipping members of local communities from a range of national, ethnic or language backgrounds with the skills and knowledge to introduce new arrivals to living in Leeds. Several objectives are fulfilled through this project, such as improving awareness for migrants, easing access for new arrivals and strengthen community relations between migrants and settled communities. MAP supports new migrants to participate actively in their own local communities by building skills and

knowledge, by supporting them to express themselves through activities at a community level and through information sessions.

MAP trains Migrant Community Networkers (MCNs) who are from different national, ethnic or language backgrounds, to talk to new arrivals about life in Leeds. They inform and support migrant communities, helping them to access relevant services across the city. They support migrants to understand their environments and how local services work. The MCNs are trained on key messages to share with their communities, to improve the health, well-being and economic status of the migrant communities. This project is financed by Leeds City Council, costing €86,000 per year.

Milan

Milan has developed an extensive smart and sharing city strategy in the run up to hosting the World Expo in 2015. As a result, it has become one of the leading European cities in the field of social innovation, smart shared mobility and sharing economy.

Sharing economy register

Milan has created an [online register](#) which currently includes a list of over 100 operators and experts of the sharing economy. This comprehensive list allows the city to map the stakeholders of the sharing economy and monitor its progress.

Co-working stations

There are over 50 registered co-working spaces located in Milan. Some of them are financed by the city council, for example, [FabriQ](#). FabriQ is an incubator and co-working station for social innovation start-ups, serving as an operating base for a number of sharing businesses.

In 2014, Milan adopted a resolution entitled ‘Milan sharing city’, in which it defined the sharing economy at the local (city) level and replaced the notion of ‘ownership’ of goods and services with one of ‘shared use’. The sharing economy is defined as the ‘expression of a new understanding of the relation between economy and society. It is based on the creation of social ties as the foundation of the economic exchange and has the awareness of the active and productive citizen as its starting point’. The resolution and the accompanying set of guidelines were approved by the local government at the conclusion of a participatory process that involved more than 200 citizens and stakeholders, including leading companies, trade associations and consumer organisations.

Milan is the first Italian city to recognise the potential of this new form of economy and the first to develop supportive local policies. The city has created a map of its sharing economy stakeholders based on an ad hoc register. It has designated a micro-district in the centre of Milan with the aim of raising awareness among citizens and companies of the services they could benefit from and the opportunities the sharing approach could create for them. The city has also developed a civic crowdfunding platform, and continues to organise public debates about the issue.

Vienna

A fair economy

Vienna is actively involved in “turning the sharing economy into a fair economy”, as stated in their [position paper](#). It puts emphasis on information and communication activities to raise awareness regarding the legislative framework of the sharing economy.

Information webpage

Vienna set up a [webpage](#) containing all the essential information for home-sharing service providers. It further aims to collaborate with sharing businesses to provide relevant information for professional service providers and consumers.

New regulation

Vienna amended its Tourism Promotion Act (WTFG) to accommodate the recent developments in the sharing economy. The amendments include obligations for accommodation providers to share - with the local tax authorities - their full name, addresses of rentals, information required for tourist promotion, etc. If hosts fail to provide the information, they will be fined (€2,100).

Zaragoza

Harinera ZGZ: culture and social creative space

In March 2016, Zaragoza launched Harinera ZGZ, a community culture and participatory project. An abandoned building was reopened as a creative space dedicated to cultural production, where the administration, the neighbourhood and the cultural sector collaborate, manage and create together. This project encourages participatory citizenship and empowerment in the transformation of urban space. A participatory process was launched to involve cultural stakeholders and the neighbourhood to define the project related to the management of the building. In parallel, activities linked to urban art, creative recycling activities and community gardening, were organised to inform and involve the whole city in this new project. Harinera ZGZ is 100% funded by the city of Zaragoza, with an annual budget of €150,000.