

New regulations on hotel establishments in Madrid

On March 23, 2023, <u>Decree 19/2023</u> entered into force, regulating hotel establishments in the Autonomous Region of Madrid

Spain - Legal flash March 2023



Key aspects

- The new regulation replaces the authorization system and requires the submission of a statement of compliance, as already provided under Act 1/1999, of March 12.
- It increases flexibility as to certain basic requirements in terms of the establishments' classification and category.
- It lays down further requirements on accessible rooms for people with disabilities.
- It clarifies that the length of stay will be the nights freely agreed by the parties at the time of booking.
- It repeals Decree 159/2003, of July 10, regulating hotel establishments in the Autonomous Region of Madrid, in force until now.

Administrative simplification and statement of compliance system

- Prior classification report: Hotels under development are still able to request a prior tourism classification report for the establishment from the competent tourism authority, voluntarily attaching a project describing the future establishment's amenities and facilities. The report is non-binding and merely indicative, and must be issued within three months.
- Statement of compliance on the start of activity: In line with the Services Directive and the system set out under Act 1/1999, regulating tourism in the Autonomous Region of Madrid, the former authorization system is replaced with the requirement to submit a statement of compliance on the start of the activity. The activity can be carried out from the date the statement is submitted, although this does not rule out the requirement to comply with applicable regulations and to have all other mandatory licenses and permits.
- Classification and registration: Submitting the statement of compliance will entail the immediate classification of the establishment and, if applicable, its category, regardless of any corresponding inspections and monitoring activities that may follow. Likewise, once the statement has been submitted, the hotel establishment will be registered in the Registry of Tourist Businesses as provided under Act 1/1999.
- Amendments, cessation of activity and change of ownership: If any amendments are made, the owners are obliged to submit a new statement of compliance or to notify the authorities of the cessation of activity. In the case of a change of ownership, the new owner must submit this statement.
- > Extra beds and sofa beds: The authorization system is replaced with the submission of a statement of compliance is cases where the establishment wishes to provide extra beds and sofa beds on a temporary basis. This statement of compliance is different and independent from that of the start of activity.

Length of stay calculation system

- **Length of stay:** Article 18, on the length of stay, states that this will be the number of nights freely agreed by the parties at the time of booking.
- **Length of stay calculation:** The price of accommodation units will be calculated according to the number of days ending at 12 p.m, unless agreed otherwise. The

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agreement must include a clarification as to the fact that the complimentary services can be invoiced per day based on their use.

Developments affecting the price and payment system

- Total prices: The reference to maximum prices in the previous regulation has been removed. The new regulation specifically mentions the prices of complimentary services and sets out how to publicize these prices. Thus, establishments are required to set the total prices of accommodation and meal services, as well as those of any other complementary services they offer. The prices must be given full publicity and displayed in the reception area in a prominent place clearly visible to the public. Establishments may use different kinds of advertising media, including digital media. Each room must continue to have an updated list of total prices. Information on total prices must include all charges, taxes and encumbrances imposed on them, as well as any applicable discounts.
- > Common complementary services: Among the new developments, the price of each accommodation unit is considered to include wifi, along with the other utilities already provided under the former regulation (e.g., water, electricity and heating).
- Payment: Decree 19/2023 provides for more payment methods, which can be made in cash, by credit or debit card, or by any other valid means the establishment allows. Adhering to the principle of freedom of contract, it also states that payment must be made in the place and at the time agreed with the establishment, after the invoice has been issued. No potential claim will exempt guests from payment. If no specific agreement has been reached, guests will make the payment at the establishment at the time they receive the invoice.

Basic amenities requirements

Basic amenities requirements are updated and provided greater flexibility. Decree 19/2023 increases flexibility as to certain basic requirements in terms of the establishments' classification and category. Thus, among others, it removes the requirement imposed on four- and five-star hotels to have a large reception area and a general safety deposit box in the services area; the requirement imposed on three-star hotels to have a bar; and the requirement imposed on two-star hotels to offer a laundry and ironing service. Moreover, it relaxes the requirement for there to be separate sanitary facilities for women and men in guest areas, allowing the exceptional possibility of

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providing common facilities if justification is provided in a study on the establishment's expected maximum occupancy and other parameters related to its maximum capacity and the simultaneous use of its areas. Likewise, among the updates to the amenities requirements, it imposes the compulsory minimum requirement to provide free wifi for guests in all of the establishments' rooms.

- Accessible rooms: As regards accessible rooms for people with disabilities, the following minimum requirements must be met:
 - Establishments with 5-50 rooms must have at least 1 accessible room.
 - Establishments with 51-100 rooms must have at least 2 accessible rooms.
 - Establishments with 101-150 rooms must have at least 4 accessible rooms.
 - Establishments with 151-200 rooms must have at least 6 accessible rooms.
 - Establishments with over 200 rooms must have at least 8 accessible rooms, plus another accessible room to every 50 rooms or additional fraction of 250 rooms.
- > Exemption system: The exemption system under the previous regulation is maintained, although the request must be submitted using a standard form that is available on the Autonomous Region of Madrid authorities' website.

Access and permanence system, and other developments

- Principles governing the access to hotel establishments. Under Decree 19/2023, hotel establishments are considered public spaces, meaning that free access to them cannot be restricted on the grounds of race, sex, sexual orientation, gender identity, gender expression or sexual characteristics, religion, opinion, disability or any other personal or social circumstance constituting discrimination. It indicates that conditions of access will be those determined by the rules applicable to each type of establishment.
- Rules governing internal organization. Hotel establishments can draw up a set of rules governing their internal organization, which users must adhere to during their stay. These rules must be in line with those provided under Act 1/1999 and the articles laid down in Decree 19/2023. They must inform their guests of these rules and display them in the establishment's access areas so that they are clearly visible to the public, and on any of their existing company websites.
- Pets. Decree 19/2023 specifies that rules on the admission of pets must be displayed in the establishment so that they are clearly visible, and in promotion materials. Dogs that assist people with disabilities must be allowed access to hotel establishments.

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> **Principle of business unit**. It removes the principle of business unit, which is unnecessary as it is already regulated under Act 1/1999.

Transitional system and entry into force

- **Entry into force**: Decree 19/2023 came into force on March 23, 2023.
- > Transitional system: Establishments authorized before the entry into force of Decree 19/2023 and those that started their activity by submitting a statement of compliance will have three years to adapt their facilities, except those that, under the specific technical regulations, are not required to apply them. Any refurbishing works hotel establishments carry out before the end of the three-year term must include the required adaptations.

For additional information, please contact our <u>Knowledge and Innovation Group</u> lawyers or your regular contact person at Cuatrecasas.

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