

**Submission
No 174**

**ADEQUACY OF THE REGULATION OF SHORT-TERM
HOLIDAY LETTING IN NEW SOUTH WALES**

Organisation: YHA
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Position: CEO
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Inquiry Manager
Legislative Assembly
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Sir/Madam,

Parliamentary Inquiry into the Adequacy of the Regulation of Short Term Letting in NSW

Consider if you purchase or lease a home to live in. It may be a free standing house or a townhouse or an apartment. You have no reason to believe that your neighbours are other than residents like yourself.

You subsequently find that a neighbouring property is being let on a nightly basis. At first, this is occasional and not too disruptive but over time, it becomes more regular or even continuous and it becomes not one but multiple properties. The residential character of where you live changes with a constant stream of new people coming and going. As they are on holiday, their hours and behaviour is less considerate of those who have to go to work the next day. Some attending events or celebrating are clearly staying for a good time not a long time. As they change all the time, problems recur and the commercial letting agents, if they can be identified, and who are remote from the location, seem incapable of, or are not interested in, resolving the problems.

Problems may involve late night noise, overcrowding, taxi and parking congestion, new arrivals and departures at all hours, increased use of communal facilities such as swimming pools and BBQs, wear and tear on property and fittings, congestion of lifts with extra use and movement of suitcases, increased demand on garbage facilities and misuse of recycling arrangements.

If there is a body corporate, it has trouble dealing with the problem as remote landlords are unresponsive, administration and sinking fees are increased to deal with the new circumstances and insurance cover may be invalidated, or premiums for property insurance and public liability increased in response to additional risk. More vulnerable residents complain that their sense of safety and security has deteriorated due to incidents arising from the change from a residential to an itinerant tourist precinct, and without the onsite management provided by approved tourist accommodation. If you live in a residential apartment building with fire egress and fire detection designed for that use, the safety provision may no longer be adequate for the increase in numbers of people staying who are unfamiliar with the property.

Finally, if you are renting you may find the lease not renewed or the rental significantly increased as the landlord takes up the opportunity already taken advantage of by others.

I am writing with regards to the above inquiry, to raise YHA's concerns on the issues.

YHA has been operating budget accommodation for travellers in Australia for over 75 years, and has a network of 85 youth hostels across the country. YHA hosts guests from over 180 countries each year, including many from within Australia, seeking safe and secure, value for money, sociable places to stay.

The past five years has seen the exponential growth of websites offering travellers short-term accommodation via the informal 'sharing economy'. The most highly visible of these is Airbnb – a site that positions itself as a middle-man between travellers and 'hosts' offering rooms in their homes, as well as renting out whole apartments and houses to short-term travellers. However, accommodation offered via such channels raises numerous questions around its regulation, and ultimately, the safety of travellers, as well as the amenity of residents living next door to 'revolving door' properties.

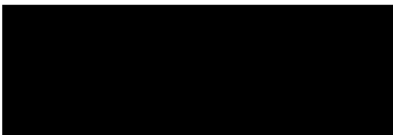
YHA has analysed the growth of Airbnb in Sydney, and in other major global capital cities such as New York. There is strong evidence that far from simply facilitating the use of empty spare rooms, Airbnb actually enables landlords to bypass government regulation and in effect run illegal hostels and B&B hotels. In practice, Airbnb is flying under the legislative radar.

In many cities, including Sydney, renting out spare rooms is a relatively small proportion of Airbnb's property offering and turnover, with whole apartments and houses making up the bulk of inventory on the site. As a result, many residents, particularly in residential apartments, now find themselves living next door to de-facto serviced apartments. In some cases, these operations are conducted on a large scale, with multiple dwellings rented out by the same landlord. This raises concerns about over-crowding and fire egress, as well as issues around strata rules, property insurance and finance agreements, and tax implications with income undeclared and GST unpaid. What some call 'the sharing economy' is in effect also a 'black economy'.

In summary, disruptive technologies and peer to peer services based on reviews are here to stay. However, government cannot afford to ignore these channels, and needs to regulate as required to protect residential amenity and safety. There is an urgent need to allow local government to rely on online advertising as evidence. Regulation also needs to be backed up by resources for enforcement, with prosecutions for violations where required. The problem is most intense in year-round destinations like Sydney.

I will be pleased to elaborate on the issues raised above, and can be contacted at the address below.

Yours sincerely,



Julian Ledger
CEO

