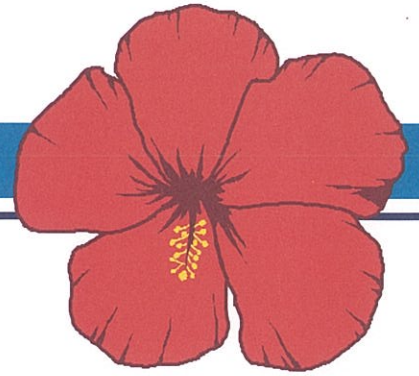


ADEQUACY OF THE REGULATION OF SHORT-TERM HOLIDAY LETTING IN NEW SOUTH WALES

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Date Received: 8/11/2015

Tea Gardens REAL ESTATE

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Tea Gardens Real Estate
Submission dated 7th November 2015

Inquiry into the Adequacy of the Regulation of Short-term Letting in NSW

To:

Attention : **Mr Glenn Brookes MP (Liberal Party)**

Environment and Planning Committee
Parliament of New South Wales

By email:

environmentplanning@parliament.nsw.gov.au

Introduction

This submission has been prepared by Frederick Grant Wraight, holding the following NSW Dept. of Fair Trading Real Estate licences.

- Real Estate Agent (plus auctioneering)
- Stock and Station Agent
- Business Agent

Frederick Wraight has practiced real estate management for 30+ years within the coastal NSW towns of Hawks Nest/Tea Gardens currently managing 140 holiday rental properties. This form of property management has played a significant roll in Frederick's real estate career path.

During the early 2000's Frederick Wraight partnered in a digital application designed specifically for holiday property managers.

This digital application offered holiday property managers a complete back end solution and quickly became acknowledged as setting an industry standard in Australia.

Frederick is now regarded as a forerunner in holiday and short term management practice and is partially responsible for the creation and implementation of the now widely accepted 'Holiday Accommodation Code of Conduct' originally created by the REINSW

Past and current industry positions include:

- REINSW Holiday and Short Term Rental Chapter Committee Chair
- Holiday Rental Industry Association Board Member

Industry and 'good practice' 'advice is continually sought from Frederick by local councils, practicing real estate property managers and other parties in all aspects of Holiday and Short Term Management practice.

The current situation in NSW and comparison with other jurisdictions

From a practicing real estate agent and property manager's perspective many changes have occurred over the preceding 15 years.

- Holiday property managers and owner managers have identified a latent accommodation supply and end user market.
- Digital technology has provided online platforms to advance advertising distribution and customer choices
- Holiday property availability has widened end users choices of venues and specific property types
- Property managers and owners have adopted professional hospitality protocol and procedures
- Traditional accommodation providers such as hotels, resorts and motels have seen their occupancies interrupted from the now strengthening market
- Compliance regulations for privately owned holiday and short term rental properties are scattered and lack uniformity both nationally and within NSW
- NSW Hotels/Motels etc have legislation in place to ensure compliance...e.g. NSW Innkeepers Act 1968 No 24
Of interest **responsibility's and liabilities are clearly defined** within this Act which are not apparent in the sometimes scattered regulations regarded short term rental.
- The ever-increasing number of holiday and short term accommodation on line portals (together with their increased functionalities) will continue to encourage private properties owners to take advantage of the growing market acceptance of the broadening range of accommodation opportunities, many of which have no regulation requirements
- A number of local councils in NSW together with a vast number professional and private property managers have adopted the 'Holiday Rental Code of Conduct' within their local LEP's and booking terms and conditions...see <http://www.hria.com.au/?page=Code>
Since the acceptance of this code of conduct by these managers and owners a number of local councils have reported decreases in the number of holiday property occupancy behavioural complaint.

Identifying the differences between traditional accommodation providers and online platforms

Traditional holiday accommodation providers

- **Private property owners** offering short term and/or holiday accommodation either in an entire (or part of) their own property.
- **Real estate agencies** offering managed properties for short term and/or holiday accommodation occupancy.

Traditional accommodation providers have the ability to:

- Personally engage potential occupiers prior to a booking being accepted
- Select or reject a potential booking
- Request acceptance by occupiers of 'occupation terms and conditions', 'house rules', 'strata by-laws' and the holiday accommodation industry 'Holiday Code of Conduct'
- Personally describe to potential occupants particular house rules
- Obtain full details and confirmed identification of an occupier prior to acceptance of a booking
- Collect a security bond if required.
- Attend to any occupant behavioural issues
- Ensure compliance to local council regulations
- Inspect property regularly for safety and risk management compliance issues.
- Be held responsible to the many local government regulations and LEP's, State Government LEPs and the DFT regulations

Online platforms

Online platforms accommodation portals principally offer:

- Property owners and agent managers the opportunity to advertise and display properties in a highly detailed manner together with live availability plus on line booking facility's.
- Ability to require acceptance of that platforms terms and conditions
- No property management responsibilities
- No occupier selection or rejection ability
- No assurance that terms and conditions are understood or house rules explained
- No ability to take bonds
- No acceptance of responsibility for occupier behaviour or ability to regulate occupier behaviour
- No assurance of owners compliance of statutory obligations
- No quality assurance of properties advertised

The growth of short –term and online letting, and the changing character of the market

There is little doubt that digital technology has been responsible for changing the character of the short term and holiday accommodation market.

Digital technology has encouraged property owners/holiday rental agencies to advertise their properties taking advantage of the various platforms **broad market reach**:

This **new market reach** has encouraged a wider range of occupiers to consider alternate accommodation to:

- Quickly select geographic venues
- Locate property types, dates and pricing
- Check availability and book online
- Find virtually any type of accommodation requirement
- Encourage potential travellers and holiday makers to consider a wide range of accommodation types away from traditional hotel/motel styles
- Contribute to a much needed economic benefit within financially struggling regional districts

At this point it is imperative for the Committee of Enquiry appreciates the wide range of short term rental users which include:

- Corporate relocation-migration
- Corporate and consulting short stays
- Temporary accommodation during renovations
- Medical treatments
- Holidays. (Overnight, short and longer stays)
- In between buying and selling homes
- Insurance repairs

The economic impacts of short-term letting on local and state economics

The entire short-term letting industry has undergone formalization over the past 15 years which has been responsible for the dramatic increase in short term rental occupancy.

The introduction of digital technology applications with this emerging hospitality accommodation industry sector encouraged short-term letting property owner's, letting agencies and digital platforms to adopt hospitality procedures and protocols.

This process created increased market demand for alternate property types as opposed to more traditional commercial accommodation venues.

Increased occupancy within privately owned properties offered significantly increased economic benefit to the NSW economy.

Essentially the income streams as a consequence of privately owned short term and holiday occupancy are directed towards:

- Property owners
- Property management agencies
- Service and property maintenance providers
- Accommodation platforms in the form of advertising and booking fees
- Local economy by occupiers
- Travel providers
- Local, State and Federal Govt agencies through local, state and federal financial imposts

The economic benefit to the entire state of NSW must be measured in the \$bl's of dollars annually.

Economic benefits within coastal and country areas versus economic benefits within major cities within NSW

Country and coastal communities are able to clearly identify the economic benefits of short term rental more conclusively than major cities.

Country and coastal communities have low numbers of economic contributors compared to major cities which have such a diverse range of economic contributors that short term rental is a minor % of the their economy.

- Our recent research shows that within the Great Lakes LGA (using a \$ multiplier of x 5) short term rental contributes over \$100ml annually into the LGA's economy.
- Further research of a small NSW coastal township with a permanent population of 3,500, shows annually 30,000 short term rental visitors. Each visit comprises 4 people per party averaging 4.5 nights per visit, spending \$200 per person on goods and services (excluding accommodation) Using a \$ multiplier of x 5 this equates to an economic benefit to this township of \$30ml annually.

Regulation issues around short term rental's

The regulatory issues surrounding short term and holiday rentals are extensive and this submission does not attempt to address the abundance of them

However from a licenced real estate agents perspective, our office, like many other NSW real estate agents who manage and book short term accommodation , follows and adheres to the 'Holiday Rental Code of Conduct' together with our local council regulations.

Current regulations are predominantly the responsibility of local councils together with RFS and other NSW Govt agencies.

There is certainly no regulatory conformity between local governments and/or NSW Govt agencies.

To assist the committee of enquiry in providing a solution the following should be considered

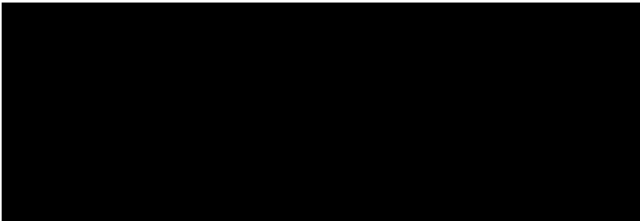
- Recommend that the NSW Govt approach the Fed Govt to create national short term rental accommodation compliance standards
- All properties (be they entire properties, single rooms or simply vacant land spaces) require a licence to operate after compliance completed.
- Licence fees raised will fund the appropriate jurisdiction to administer advocacy

- All responsibilities of compliance must remain with the property owner and/or their licenced managing agent.
- Local councils currently do not have the resources to administer compliance therefore to assist they must receive a portion of our suggested licensing fees.

Conclusion

Tea Gardens Real Estate totally endorses a state wide (or national) uniform regulation procedure for short term and holiday rentals.

Frederick Wraight of Tea Gardens Real Estate would be available for further discussion in this regard.



FG Wraight LREA
Director

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