

**Submission  
No 101**

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

Name: Name Suppressed

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*Partially Confidential*

## **Submission to Parliamentary Inquiry - Holiday Letting**

We live in a small coastal town in northern NSW, Byron Bay. We moved here over ten years ago and have witnessed significant changes in that time. One of the most dramatic changes currently in play and seeping through this community like a virus is the rapid increase in short term holiday rentals of what have traditionally housed residents.

Jan Barham, when mayor of Byron Bay, referred to the importance of the social fabric of the community. This is currently being eroded at an accelerating pace. Traditionally residents made available their homes for short-term holiday rentals to supplement their income but this also allowed families to enjoy towns like Byron Bay over periods such as school holidays. There was a balance in play here and the problems for the community arising from this were minimal.

However, over the last few years this relationship has changed. With no regulation surrounding holiday letting there has been a dramatic increase in 'agencies' whose business model is solely in accumulating 'stock' for the purpose of marketing these premises for short term tourism use. The arrival of Airbnb and other booking agencies domiciled overseas has accelerated this business model and its coverage in the media.

Lets look at the propaganda being espoused by the likes of Airbnb with their highly paid lobbyists. They refer to their models as operating within the new 'sharing' economy and being 'disruptive' in attacking traditionally static economic norms. Airbnb contribute nothing to Byron Bay. They sit in the headquarters in San Francisco and reap millions in booking fee's from tenants in unregulated holiday accommodation. They care nothing for the damage they are facilitating to the social fabric of our community.

The same for the owners of these properties that are being rented twelve months a year for tourism use in residential areas. They have no intention in ever living in them. They are purchased solely for business use. It has now at the point where investors are buying properties simply as 'stock' that can be made available for short term holiday rentals as the yield on this investment is greater than allowing long term tenants to the lease the property. More and more we are seeing young families move away from Byron Bay as the pool of long-term rental properties reduces in size.

Like most things this debate and attempts to resolve this issue is about finding the right balance between competing interests. This balance is currently managed through councils and their tools to

regulate what can and cannot be done in certain zones. They have strategic planning instruments to guide residents and businesses what is and is not allowed in certain areas. People invest time, effort and money based around these regulations. There is no regulation covering short-term rentals. There is no level playing field when it comes to approved businesses trying to compete with these unapproved businesses.

We have situations now where an individual or family applies for an approval to run a guest accommodation business through a bed and breakfast. Here compliance measures would be placed upon them that include:

- Restriction on the number of guests
- Off street car parking requirements
- Financial contributions for the potential increase in use of council services such as water and sewerage
- Disabled access and bathroom requirements
- Fire safety measures with annual inspections
- Increased council rates

None of these conditions apply to the house purchased next door for holiday letting. The owner invariably lives off-site. There are no fire safety requirements placed upon this business. No financial contributions are paid. No disabled access provided. No off street parking to facilitate the unlimited guests allowed to stay. Already the approved business is at a disadvantage. They then are required to charge their guests GST. No such requirement for the holiday house next door.

We are privileged in Australia to have a legal and regulatory system that generally provides for clear guidance on the rules and regulations for businesses to invest. People look to quantify the risks and weigh them up against the forecast return. When there is no level playing field and unapproved businesses can spring up overnight and directly compete with those regulated business then confidence starts to deteriorate in the very structure that attracts legitimate businesses in the first place.

This issue is not unique to NSW. Local communities around the world are grappling with how to find the right balance here. Guidance can be sought from these communities. For instance, San Francisco's proposed Proposition F would restrict private, short-term housing rentals on platforms such as Airbnb or VRBO to 75 nights per year. It also mandates that hosts comply with the requirements of the Business and Tax regulations Code by collecting and remitting all required Transient Occupancy Taxes (14% in San Francisco). And if you're a neighbour of someone violating the rental laws? You have license to sue them. These restrictions were proposed because that

city's existing law of no short-term rentals of less than 30 days was seen to not being effectively enforced. Although this new measure was recently defeated, it was not without Airbnb spending over \$8 million to see off the threat. Capitalised at over \$25 billion, this was small change. But this is what regulators are up against - a corporate behemoth.

San Francisco is not alone with "anti-Airbnb" type laws. In May, Santa Monica's city council adopted an ordinance that bans the rental of an entire unit for less than 30 days. Manhattan Beach, Calif. followed in June with a ban on short-term rentals of 29 days or less, ending a hosts' ability to rent out their homes on the weekends through sites like Airbnb. Laguna Beach, Calif. is under a moratorium on any new permits to rent out homes for short-term vacation rentals through Oct. 1, 2016.

We believe there is a solution to finding the right balance on this issue. We believe the directives should centre around retaining the social fabric of the community and providing guidance and a level playing field to people willing to invest. Solutions such as restricting short-term housing rentals to 75 nights per year allows residents to earn extra income if they so wish and also accommodate families through holiday periods in tourist towns such as Byron Bay. We also believe business and tax regulations should be enforced on these businesses. Compliance through planning consent conditions should be enforced and tax regulations adhered to. Anything less makes a mockery of the strategic planning laws that local governments are empowered to enforce.