

Australian & New Zealand Short Term Rental Accommodation Association

SUBMISSION

RECIPIENT:	<i>Department of Planning, Housing and Infrastructure</i>
TOPIC:	<i>Recommendations relating to the discussion paper on short- and long-term rental accommodation</i>

About ASTRA

The Australian and New Zealand Short-Term Rental Accommodation Association (ASTRA) is the peak body representing the short-term rental accommodation (STRA) industry in Australia and New Zealand. Australian owned and operated, ASTRA's mission is to lift professionalism and engagement of the STRA industry through advocacy, education, information, networking and research.

With industry comprising around 180,000 STRA properties across Australia and 45,000 properties across New Zealand (properties on Online Travel Agents across Australia), ASTRA's members represent the interests of hosted and non-hosted residential property owners, operators, managers, agents, local hosts and property software and management businesses.

ASTRA's membership base is primarily mum-and-dad owners who manage their own investments and therefore have distinct needs compared to commercial industry players such as hotels, motels and the booking platforms of Airbnb, Expedia/Stayz and Booking.com.

Overview of submission

STRA should be viewed as a minor part of the [housing] solution rather than a noteworthy culprit.

The recent discourse surrounding changes to planning policy and regulatory framework for STRA has sparked various perspectives regarding its impact on Long-Term Residential Accommodation (LTRA), housing affordability and availability. In response to the discussion paper published by the NSW Government in February 2024, ASTRA offers a set of recommendations to the government that are proportional to STRA's impact on LTRA, safeguard the rights of property owners and STRA operators and offer the government a STRA-based revenue measure to support its tourism and housing initiatives.

Contrary to popular perception, evidence shows that STRA – which represents approximately 1% of all housing stock in Australia – is not a significant cause of housing affordability and availability issues. Recent reports, such as the Urbis report into STRA in 2023¹, highlight the lack of consistent correlation between STRA stock and long-term rental availability or affordability across major Australian cities. As a result, ASTRA emphasises that STRA should be viewed as a minor part of the solution rather than a noteworthy culprit.

¹ Urbis (2023) *Short-Term Rental Accommodation and Housing in Australia*

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ASTRA offers four recommendations to the government:

1. **Levies** – ASTRA asserts that STRA operators already contribute significantly to government revenue through existing taxes. Instead of imposing targeted taxes or levies on STRA, we recommend the adoption of a broad-based revenue measure to be applied equally to all accommodation providers, including motels, hotels, serviced apartments, caravan parks, etc
2. **Limits on future STRA accommodation** – While recognising the need for moderation in STRA growth, we oppose artificial limits on STRA accommodation. Instead, we encourage the government to consider linking any potential limits to STRA as a percentage of total dwelling stock, rather than standalone numbers
3. **Improved governance for STRA operators** – Acknowledging the presence of bad-faith participants in the industry, we advocate for enhanced governance measures for STRA operators. This includes reviewing the existing Code of Conduct, strengthening the enforcement of the Code, establishing an Advisory Council for the STRA industry and implementing a comprehensive licensing regime
4. **Addressing concerns with the IPC report on the Byron Shire** – ASTRA urges the government to commence a comprehensive consultation process involving relevant industry stakeholders to develop a balanced understanding of STRA's role in advancing the government's housing objectives. In April 2023, the Independent Planning Commission (IPC) issued an Advice Report in response to Planning Proposal (PP-2021-3351), which proposed, among other measures, implementing new caps on the duration of non-hosted STRA operations in the Byron Shire. While ASTRA and other key industry stakeholders support certain aspects of the recommendations outlined in the report, we have significant concerns regarding some recommendations. These concerns stem primarily from the apparent misinterpretation of data observed during the review process and the apparent inconsistencies between recommendations.

STRA operators already contribute significantly to government revenue.

ASTRA looks forward to working with the government and other stakeholders to develop a nuanced and proportional approach to STRA regulation that does not unfairly target STRA operators, the majority of whom are local community members who already make significant economic and social contributions to the Australian economy. This collaborative approach will enable the development of a balanced, evidence-based, and practical understanding of the STRA sector's proportional role in contributing to the NSW Government's housing objectives.

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The benefits of STRA

STRA is a significant contributor to the NSW economy, particularly in regional areas, offering a range of benefits that extend beyond leisure tourism. Despite facing scrutiny and challenges, the positive impacts of STRA on local communities cannot be overlooked.

STRA plays a crucial role in supporting the regional visitor economy, providing essential accommodation for both leisure and non-leisure travellers. This includes workers involved in construction projects, healthcare professionals, emergency housing for those displaced by natural disasters, families in crisis situations and individuals relocating for assorted reasons. By offering flexible and affordable residential lodging options, STRA enables these visitors to access accommodation tailored to their needs, supporting diverse industries and community development.

The majority of STRA hosts are ordinary Australian families, including a considerable proportion of older women who rely on this income as a source of financial security. For many older women, STRA offers a viable opportunity to generate income from their properties, often leveraging their experience in running homes and caring for people. This demographic, often at risk of homelessness due to limited superannuation and financial resources, finds a lifeline in the hosting role provided by STRA. This is further supported by the entry of online booking platforms, which has democratised the rental market, empowering property owners to directly manage their rentals and retain profits within the local economy.

Finally, STRA operators contribute to taxation through land tax, stamp duty, capital gains tax and income tax, significantly adding to the financial resources available to the government to support public works.

These are some of the many reasons that ASTRA advocates to protect the property rights of its STRA operators and ensure that they are not inequitably burdened with solving the housing crisis within Australia and New Zealand.

The majority of STRA hosts are ordinary Australian families who rely on this income as a source of financial security.

ASTRA's recommendations to government

1. No targeted levies for STRA

ASTRA accepts the inevitability of the government adopting a STRA revenue measure but does not support targeted taxes or levies on residential operators. Instead, ASTRA recommends a broad-based and hypothecated revenue measure, with money collected used to equally support destination tourism and social housing in disadvantaged communities.

On first principles, ASTRA believes that taxation measures should be used to:

- (a) influence behaviour (in the case of demonstrable market failure), or
- (b) efficiently raise revenue to provide essential government services.

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ASTRA believes that as non-hosted STRA represents a minute (approximately 1%) proportion of total housing stock, there is no demonstrable market failure. This is supported by the Urbis report², which found that non-hosted STRA has had no measurable impact on housing affordability or availability.

Further, the small portion of overall short stay accommodation that non-hosted STRA represents (25-35% of short stay accommodation across NSW) means that it cannot be efficiently taxed in isolation.

The small portion of overall short stay accommodation that non-hosted STRA represents in NSW means that it cannot be efficiently taxed in isolation.

Therefore, ASTRA recommends a broad-based measure applied to all accommodation providers, including motels, hotels, serviced apartments, caravan parks and the like, to ensure a level playing field. Currently, there are different regulatory regimes and tax measures applied to each of STRA, rooming houses, caravan parks, serviced apartments, hotels and motels. An efficiently designed and levied measure on both residential and commercial providers will simplify the regime, ensure that the collection costs do not become an unacceptably high proportion of the revenue and ensure that one short stay accommodation sector is not inequitably targeted. Consideration of all types of taxation (capital gains, income tax, rates, land tax, stamp duty) and the levying authority (federal, state, local) should be given with a view to simplification and reducing compliance costs.

A hypothecated measure will better attract support from both industry participants and the broader community. ASTRA further recommends that the money raised (net of collection costs) be applied equally to growing tourism, particularly within regional NSW, and subsidising new social housing.

ASTRA notes that the widely-criticised Victorian measure of adopting a 7.5% levy on STRA revenue from 2025 fails on both criteria with the levy expected to negatively impact tourism. The Victorian Tourism Industry Council VTIC stated that “asking consumers to pay more for their holiday rental will not magically increase housing supply. This policy will not encourage property owners to take their houses off Airbnb and return them to the long-term rental market”.

This opinion is supported by the early data coming out of New York following the significant limitations on STRA to free up residential units and ease the strain on New York’s housing market. Six months after the law restricting short-term rentals of under 30 days in unoccupied apartments came into effect, hotels in New York have seen a 10% increase in average daily rates, no significant increase to housing availability and 95% of New York Homeowners Alliance Corp members say they have no intention of becoming long-term landlords.

Therefore, if the government believes that a revenue measure against short stay accommodation will contribute to solving housing affordability and availability, it must apply the levy equitably for all short stay accommodation providers such as motels, hotels, caravan parks, serviced apartments and not unfairly and unreasonably target residential operators.

² Urbis (2023)

2. Limits on future STRA accommodation as a percentage of total dwelling stock

ASTRA opposes artificial limits on STRA for the following reasons:

- (a) Limits on hosted STRA are unenforceable and oppressive
- (b) Non-hosted STRA represents a tiny proportion of existing housing stock
- (c) Non-hosted STRA does not displace LTRA, but instead competes with commercial-scale STRA like hotels and serviced apartments
- (d) Implementing day caps on STRA may unintentionally lead to the dispersion of STRA activity over a wider range of dwellings, resulting in a less concentrated and less efficient utilisation of STRA stock and potentially contributing to an increase in LTRA vacancy as owners choose more lucrative STRA over LTRA.

Should the government determine that it needs to be seen to be acting on the moderate growth in STRA, ASTRA recommends limiting the number of STRAs for new registered STRA operators only as a percentage of total dwelling stock, with the land use rights of existing STRA dwellings and operators protected and ‘grandfathered’ into the scheme.

ASTRA submits that any limitation of not less than 4% first be trialled in metropolitan Sydney, before consideration is given to regional areas. ASTRA notes that many tourism-dependent regional areas, such as Byron Bay and Kiama would have considerable economic sensitivity to STRA being withdrawn from the overall accommodation market.

ASTRA believes that STRA operators who use their property as either a principal place of residence (PPR) or a holiday home should be exempt from any proposed limitations, given that these properties do not impact LTRA. Non-hosted STRA can be categorised during the licensing process as either:

Category Number	Category Name	Description
1	Primary Resident Short-Term Accommodation	A property that is a principal place of residence
2	Part-Time Residence Short-Term Accommodation	A property that is not a principal place of residence, but is used by the owner during the license period
3	Investment-Only Short-Term Accommodation	A property that is available to be used exclusively for STRA throughout the license period

Any limits will apply to category three properties only.

ASTRA also recommends that when considering limitations in metropolitan Sydney, the government should establish a robust exceptions process managed by the Department of Planning, Housing and Infrastructure. This process should exempt locations primarily using STRA for non-tourism purposes. Such exceptions may encompass areas surrounding hospitals and care facilities, and locations near major infrastructure projects.

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3. Improved governance for STRA operators

ASTRA acknowledges that the ease of entry into STRA (particularly hosted STRA) has enabled bad-faith participants in the industry. ASTRA supports a minimum, enforceable level of professionalism for all STRA providers.

To achieve this, we suggest:

- (a) an immediate review to build on the early successes of the government managed Code of Conduct
- (b) the establishment of a standing Ministerial Advisory Council for the STRA industry, reporting jointly to the Premier and/or the Treasurer, and
- (c) the introduction of an affordable short-term rental license for operators managing properties on behalf of others. This initiative aims to establish a standardised certification process, ensuring that all operators and property owners possess the necessary qualifications and comprehension of the expectations inherent to short-term rentals. ASTRA recommends that the process to obtain this license be no more cumbersome or costly than the process to obtain a Responsible Service of Alcohol competency card.

ASTRA supports a minimum, enforceable level of professionalism for all STRA operators.

ASTRA recommends that this be funded by annual registration and licence fees for each STRA industry participant.

4. Addressing concerns with the IPC report

ASTRA urges the Department to review the way the IPC report is used when regulating STRA. At a high level, ASTRA:

- supports the recommended alternative to Recommendation 1 that non-hosted STRA should be subject to 60-day exempt development cap. Additionally, ASTRA would only support the recommended alternative to Recommendation 1 'non-hosted STRA beyond the 60-day cap should be permissible with consent', on the provision that all reasonable requests are granted consent
- strongly opposes Recommendation 2
- strongly believes that introducing low daily caps or precincts will disproportionately impact mum-and-dad owners and families.

ASTRA's concerns with the recommendations within the report largely stem from the serious misinterpretation of data observed in the review. The lack of consultation and understanding of booking processes led to a flawed assessment, such as properties listed on multiple platforms being counted

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multiple times, resulting in a distorted view of the industry's size. This discrepancy is evident when comparing Byron Shire's data from AirDNA with the register data.

ASTRA's principal concern is that other councils across the state seeking to regulate STRA within their locality may rely on this report, despite its inaccuracies and recommendations that have clear adverse effects on the planning instrument, the industry, communities, the thousands of mum-and-dad owners and family holidays-makers.

ASTRA has serious concerns about recommendations that inaccurately equate a reduction in STRA capacity with an increase in LTRA supply. The decision-making processes of STRA operators are multifaceted and influenced by personal circumstances, a fact that the report fails to acknowledge. For instance, a recent survey conducted by ASTRA of its members in the Byron Shire revealed that 96% of property owners would not consider placing their properties on the long-term rental market under any circumstances, as they use their residences regularly for personal use. This underscores the need for a nuanced approach that considers the diverse motivations and constraints faced by property owners in the STRA sector.

ASTRA has engaged planning consultants to provide guidance about the potential ramifications of the recommendations of the IPC report – particularly Recommendation 2. Initial guidance from ASTRA's planning advisors highlights the potential unintended consequences of implementing lower day caps, which would restrict the STRA supply, thus driving up the STRA rental prices making them, inadvertently, more attractive to the owners.

ASTRA looks forward to discussion this advice with the Department and how it may be considered when regulating STRA.

Conclusion

ASTRA passionately believes that STRA operators contribute positively to communities and the economy, serving as an essential component of the tourism sector while providing economic opportunities for property owners. ASTRA opposes the spotlight on STRA as a significant culprit of NSW's housing crisis, particularly when evidence shows that STRA represents a minute (approximately 1%) proportion of total housing stock and does not significantly impact long-term rental availability or affordability. Rushing the process of developing a framework to more strongly regulate and tax STRA operators over commercial accommodation providers would be unjust and counterproductive.

The recommendations provided within this response offer a balanced and proportional approach to STRA regulation, safeguarding the rights of property owners and STRA operators while ensuring that the government can effectively address its housing and tourism objectives. By implementing measures such as a broad-based accommodation levy, limits on future STRA accommodation as a percentage of total dwelling stock and improved governance for STRA operators, ASTRA believes that the government can find the balance between supporting local communities, supporting the visitor economy and jobs while addressing the homelessness, housing and rental crisis.

ASTRA urges the government to consider these recommendations carefully and continue to engage in meaningful consultation with industry stakeholders to develop evidence-based policies that promote a

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sustainable short stay sector, benefitting both communities and the broader economy. Additionally, we recommend that the government adopt a staged implementation of 18-24 months for any changes, to provide enough time to fully understand and rectify the impacts of each change.

Should you have any questions or wish to discuss this submission, please contact ASTRA's Chief Executive Officer Mitchell Price on +61 478 846 108 or via mitchell@astra.asn.au.

Thank you for your consideration.

Yours sincerely



Yoav Tourel
Chairman



Mitchell Price
Chief Executive Officer

Response to Department questionnaire

What best describes your interest in short-term rental accommodation?

Other – The Australian & New Zealand Short-Term Rental Association (ASTRA) is the peak body representing the short-term residential rental industry in Australia and New Zealand. With industry comprising around 180,000 properties across Australian and 45,000 properties across New Zealand, ASTRA’s members represent the interests of hosted and non-hosted residential property owners, operators, managers, agents and property management and software businesses.

Do you live in NSW?

Yes, ASTRA is based in NSW.

To what extent do you agree or disagree that short-term rental accommodation has positive impacts for the following groups of people?

Tourists	Strongly agree
Workers on short contracts	Strongly agree
Owners	Strongly agree
Local communities	Strongly agree
Local businesses	Strongly agree

What concerns you most about short-term rental accommodation?

1. Illegal short-term rental accommodation e.g. not complying with exempt provisions, or occurring in premises not allowed under general requirements
2. Safety issues e.g. for guests staying in STRA dwellings
3. Noise impact e.g. noise generated by guests staying in STRA dwellings
4. Impact on neighbourhood amenity
5. Impact on long-term rental accommodation availability
6. Impact on housing affordability

Which of the following best describes your view of what the planning pathway should be for short-term rental accommodation?

The current planning pathway is sufficient, with STRA as ‘exempt development’

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Thinking about your preferred planning pathway, should it only be for non-hosted short rental accommodation?

Yes

Do you think the current definitions for hosted and non-hosted short-term rental accommodation are appropriate and clear?

No. We suggest categorising non-hosted properties into three categories, being:

1. Principal place of residence (PPR)
2. Not PPR, but used by the owner at various times per year
3. Not PPR and used for investment only

Should short-term rental accommodation be characterised as a type of tourist and visitor accommodation land use?

No

Should short-term rental accommodation be considered 'hosted' in cases where it is being offered in a secondary dwelling (such as a granny flat), and the owner lives in the main property?

Yes

Should an occupancy limit be introduced, for the number of people within non-hosted short-term rental accommodation?

Yes

Do you think lower day caps would strike a better balance between residential amenity, housing supply and housing affordability with the positive economic impacts of short-term rental accommodation for the tourism economy?

No

Currently, bookings of short-term rental accommodation over 21 consecutive days do not count towards the day cap. This is intended to allow for longer stays for mobile workers.

Do you support this exemption?

No. No caps or restrictions should be applied to STR

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Should each local council be able to determine its own day cap for non-hosted short-term rental accommodation, or should the NSW Government make this decision?

The NSW Government should determine day caps for non-hosted STRA

Are the short-term rental accommodation registration fees reasonable?

Yes, they are reasonable

Do you think all booking services (e.g. online booking platforms and letting agents) should be required to register with the NSW Government before being allowed to advertise short-term rental accommodation dwellings?

Yes

Currently, bookings can either be advertised on booking services or advertised directly by the host.

Should the NSW Government require all short-term rental accommodation bookings to be made through a registered online booking platform or agent?

No

When booking short-term rental accommodation through an online booking platform, do the advertisements always include the PID-STRA-XXXX registration number?

Yes, always

To what extent do you agree or disagree with the following statement?

My local council manages short-term rental accommodation effectively.

Somewhat disagree

Do you think that local governments have the necessary information and tools to enforce compliance with the short-term rental accommodation regulatory framework?

No

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Do you think that the short-term rental accommodation regulatory framework is best enforced by local government or state government?

State government

Under the Environmental Planning and Assessment (Development Certification and Fire Safety) Regulation 2021, a host must not use the dwelling for short-term rental accommodation unless it complies with the fire safety standard. Maximum penalties for non-compliance can reach up to \$16,500 for an individual.

There are also penalties for hosts and owners who make their dwelling available for short-term rental accommodation but do not register the dwelling on the NSW Government's Short-term Rental Accommodation Register. A maximum penalty can reach up to \$2,200 for an individual.

Do you think that the fines under the short-term rental accommodation regulatory framework are enough to deter non-compliant short-term rental accommodation activities?

The fines are too high

Do you think a levy on short-term rental accommodation, holiday homes and vacant properties would encourage some property owners to consider letting their properties for long-term tenancies instead?

No. The Short-Term Rental industry should not be targeted. An accommodation-wide levy, including hotels, could be considered but we do not support any kind of levy as the traveling public will be the ones who pay

Holiday homes are typically dwellings used by the owners occasionally during holidays but not on a permanent basis.

Vacant property means a dwelling that is not used or occupied.

If a levy were to be imposed, which categories of accommodation do you think it should apply to?

Vacant (residential) properties and Other – If a levy is imposed it should be on all accommodation providers, including motels, hotels, serviced apartments, caravan parks etc. Vacant properties should be defined as properties that have been completely unoccupied for a period of more than 12 months

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A principal place of residence means the one place of residence that a person uses and occupies as their main place to live. This definition is used, for example, to assess if a property is subject to land tax in NSW.

Some people choose on occasion to temporarily make the dwelling that they live in available as non-hosted short-term rental accommodation (e.g. while on holidays).

If a levy were to be imposed, should principal places of residence used on occasion for non-hosted-short-term rental accommodation be subject to the levy?

No

Some people choose to temporarily make part of their dwelling that they live in available as hosted short-term rental accommodation (e.g. utilising spare rooms).

If a levy were to be imposed, should principal places of residence used on occasion for hosted-short-term rental accommodation be subject to the levy?

No

If a levy were to be imposed on short-term rental accommodation, how should it be collected?

By booking platforms or letting agents on behalf of the government

If a levy on short-term rental accommodation were to be imposed, should any dwellings be exempt, and on what basis?

Other - ASTRA does not support levies, however if a levy is imposed it should be applied to all accommodation providers including motels, hotels, serviced apartments, caravan parks, etc

If a levy were to be imposed, should existing day caps on non-hosted short-term rental accommodation be changed?

Yes, existing day caps in all local government areas should be abolished

Do you have any other feedback?

NSW Government should not rush this process and ensure robust consultation with community occurs. Additionally, we recommend a staged introduction of 18-24 months to appropriately manage issues as they arise.

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Contact details

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How did you hear about this survey?

Email or e-newsletter from the department.

Do you identify as Aboriginal and/or Torres Strait Islander?

Neither Aboriginal nor Torres Strait Islander.

Do you speak a language other than English at home?

No.

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