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Legislative Assembly Of Western Australia Committee Office
4 Harvest Terrace
WEST PERTH WA 6005

Dear Sir/Madam

**RE: INVITATION TO MAKE A SUBMISSION TO THE ECONOMIC AND INDUSTRY
STANDING COMMITTEE'S INQUIRY INTO SHORT-STAY ACCOMMODATION IN WA**

The City of Albany makes the following submission to the Economics and Industry Standing Committee in respect to the inquiry into Short Stay Accommodation.

While the City of Albany has experienced an increase in short stay accommodation, it has not been of the magnitude of some South West locations and has primarily been in the online booking category within residential dwellings. The City of Albany is aware of the diversity non-traditional holiday accommodation can add to the tourist accommodation stock. Furthermore, the City of Albany is cognizant of the role that non-traditional holiday accommodation can have in meeting accommodation demand in high demand periods.

In terms of the City of Albany processes, regardless of the booking method utilised, the City of Albany generally classifies the land use as Holiday Accommodation, Holiday House and Bed and Breakfast. While the various online booking apps or websites now exist, the final land use classification under the planning scheme remains unchanged. Noting that large number of residential based holiday accommodation has developed over the past few years, the City of Albany has previously held an amnesty in order to encourage people to apply and register their properties.

While noting it is not currently applicable to Albany, it is necessary to consider the impact that high levels of residential based holiday accommodation can have on the rental market. Further to this, there appears to be evidence that a growing number of people are investing in multiple residential buildings for the purpose of short term accommodation.

The City of Albany is of the view that legislated clarity is required regarding the ability to rate or levee from residential properties which are generating significant income through use as holiday accommodation. Further to this, there is a matter of equity in this regard between traditional holiday accommodation and residential accommodation which is being used for holiday accommodation. For example, bona fide tourist developments pay increased rates which go towards tourism functions such as visitor centres.

In respect to the changing market, the City of Albany is of the view that there needs to be clarity within the planning framework as to the suitability of residential dwellings within bona fide tourist developments. It appears to often be the case that tourism developments within regional areas

outside of the primary SW tourist nodes are somewhat financially marginal. Often developers or owners request the ability to have a mix of uses, or the ability for a tourist use to revert back and forth to residential. The City of Albany is of the view that the current planning system does not provide sufficient clarity as to the suitability of this, furthermore, in instances where mix of uses may be suitable, there are no set provisions or land uses. It is noted in this regard that the City of Bunbury has implemented an 'Unrestricted Residential' land use. This land use essentially allows a building within a complex to change between residential and holiday accommodation without requiring approval.

The City of Albany considers that if a review of the holiday accommodation planning provision is to be undertaken, it should be instigated by Department of Planning Lands and Heritage subject to the following;

- A clear and defined scope of review;
- A consistent approach and application across the State;
- A review of the entire statutory framework pertaining to holiday accommodation, including a clear policy position; and
- Any outcomes must be practical and easily administered by Local Governments.

The City of Albany has prepared the attached literature review in respect to the scope of the inquiry in order to provide a background for the preparation of this response.

If you have any further queries regarding this matter, please contact Alex Bott on
or email via

Yours Faithfully,



Paul Camins
Executive Director Development Services

Committee Inquiry into Short-Stay Accommodation in WA

January 9, 2019

Jonathan van Butzelaar - Planning Officer

City of Albany

Introduction

The concept of Short-Stay Accommodation in cities is not a new planning consideration, however over the past few years there has been a massive growth in the industry for both business and tourism purposes (Leshinsky and Schatz, 2018). The number of hospitality firms in this sector has increased substantially in recent years and of the popular Short-Stay Accommodation companies available, Airbnb is the largest and by far most popular. As of 2016 Airbnb one of the largest Short-Stay Accommodation providers and have had more than 150 million People stay in one of the 3 million Airbnb homes and rooms they have listed both locally and internationally. The online only “company now offers more holiday accommodation than the world’s largest hotel chains Marriott (1.191 million rooms in 120 countries) and Hilton (804,000 rooms in 56 countries)” (Gurran, 2017). This has been accomplished through owning no property but rather the repurposing of land from residential to tourist accommodation (Gurran, 2017)

The “sharing economy” has become the current nomenclature for emergent digital technology companies that set up online platforms for the sharing and renting of previously underutilised assets. These “sharing” economies while not marketed as such are profit-driven in nature and have impacts on effective urban planning as well as acting as disruptive factors for “traditional forms of hospitality, transport, service industry and housing” (Ferreri and Sanyal, 2018). Much of the literature focuses on the challenges the “sharing economy” poses to labour practices but often is less focused on the impacts to city planning. Frequently these types of land uses operate “beyond established tourist quarters and bypass existing planning and building controls”. Short-Stay Accommodation has been met with steadily increasing opposition from both residents and local governments throughout North America, Europe, and Australia (Gurran, 2017). Simultaneously there is pressure on local authorities to encourage governments to change existing regulations and in many instances deregulate Short-Stay Accommodation in general (Ferreri and Sanyal, 2018). This has ongoing implications relating to planning enforcement, and specifically the effectiveness of traditional enforcement measures and processes that are already in place (Leshinsky and Schatz, 2018).

1. The forms and regulatory status of short-stay accommodation providers in regional and metropolitan Western Australia, including existing powers available to local government authorities;

For urban and regional planning officers charged with the regulation of land use through effective planning controls, identification of why and where tourists stay is of particular importance. Evidence of short stay accommodation home sharing is difficult to detect in any systematic way and unlike traditional hotels and bed and breakfasts Airbnb style accommodation rarely requires a physical change to the built environment “so is often undertaken without the usual approvals or licenses applying to mainstream tourist accommodation” (Gurran, 2017). A lack of clarity in the law frequently compounds the difficulties in regulating Short-Stay Accommodation in cities. Regarding health, safety and building regulations, existing “hotel and bed and breakfast industries have been particularly critical of the fact that in most jurisdictions, health and safety standards that apply to them do not apply to someone listing a property on Airbnb” (Leshinsky and Schatz, 2018). Industries have been particularly critical of the fact that in most jurisdictions, health and safety standards that apply to them do not apply to someone listing a property on Airbnb” (Leshinsky and Schatz, 2018). The criticism being that the playing field is not equitable for both parties with standards relating to accessibility, amenity and fire safety not having to be met by an equivalent Short-Stay Accommodation listing.

Using the case study of Sydney, following data gathered via a Parliamentary inquiry in New South Wales 2016. There are currently no all-encompassing regulations that deal with the control and management of short stay accommodation within the state. Regulations and rules pertaining to their use are left to individual local government authorities with the net result being a great deal of variation in the rules

and legality of short stay accommodation across NSW (Leshinsky and Schatz, 2018). Some Authorities require development approval (Waverly Council) while others do not (Pittwater Council), in the instances where development approval is not required specific conditions may be imposed, once again with a great deal of variance between local government authorities (Leshinsky and Schatz, 2018). Using the data gathered from the NSW inquiry into short stay accommodation, a high degree of cross comparison can be drawn to the West Australian planning system, which similarly lacks any state wide overarching regulation of short stay accommodation. Individual local governments dictate the policy and legislation that should apply (Leshinsky and Schatz, 2018).

As the popularity of short stay accommodation listings increase, so do the subsequent amount of local laws to deal with its use. The overall result being a fragmented regulatory approach (Leshinsky and Schatz, 2018).

2. The changing market and social dynamics in the short-stay accommodation sector;

The sharing economy overall has increased dramatically in the context of Australia and the property market is not exempt. Digital platforms that cater for short stay accommodation are known in business terms as an example of “collaborative consumption, a model designed to maximize value from latent assets (in this case, housing) through short-term leasing, or “sharing” (Alexander, 2018).

This model of “capitalising on a property asset is particularly attractive for property owners in Australia, where a great deal of individual capital is tied up in property ownership” (Leshinsky and Schatz, 2018). “Tax offsets like capital gains tax exemptions and negative gearing have incentivised development but have also pitted owner-occupiers against investors, inflating house prices and driving up rents” (Alexander, 2018).

Housing is increasingly viewed as a multi-faceted entity that in addition to acting as shelter simultaneously positions itself as an aspect of status and a financial asset with an increasing “fungibility” resulting in a phenomenon known as “residential capitalism” (Gurran, 2017). Short stay accommodation has levied a great deal of blame as a contributing factor for exacerbating this, with investors buying up housing stock to exclusively lease as Short-Stay Accommodation for a higher return rate.

Higher income from short-term leasing has incentivised property owners to bias it over the long term rental market. Other than impacting on the rental and property markets while circumventing local government regulations it additionally impacts on the hospitality industry, disrupting the economics and surrounding associated development (Ferreri and Sanyal, 2018). While regulation has emerged to address the sharing economy, criticism still exists surrounding this as it’s frequently viewed as a stumbling block to the growth of an emerging industry. Local government’s increasingly are implementing harsher restrictions on the short-stay accommodation and in many instances introducing measures to prohibit them within their boundaries (Leshinsky and Schatz, 2018).

3. Issues in the short-stay accommodation sector, particularly associated with emerging business models utilising online booking platforms; and

The push to apply regulation to allow the short-stay accommodation market to develop fully impinges on many of the concerns city planners have relating to tourism accommodation. The ability to spatially cluster related development and services around accommodation, traffic, parking and waste management as well as measures put in place to enable accessibility to premises and protect amenity are frequently not addressed (Gurran and Phibbs, 2017).

Within markets with a high housing demand, local governments and urban planners will increasingly need to protect permanent housing from being lost to the increasing short-stay accommodation tourist demand (Gurran and Phibbs, 2017). Similarly the change to affordability of housing within the market is likely to be affected as those with spare and leasable space which generally would bias tourist demand,

despite that sector of the population not necessarily experiencing the greatest housing need. Low income households may find the availability of their options reduced due to the lucrative nature of a flexible tourist market (Gurran and Phibbs, 2017).

Studies independently published have confirmed a link between the negative impacts of short-stay accommodation and the impact on hotel revenue, particularly for those that lay on the lower end of the market. A comprehensive study of Texas USA compared the “Airbnb listings in Texas against the quarterly revenue of Texas hotels, finding that a 1% increase in Airbnb listings was associated with a 0.05% decrease in hotel income” (Gurran and Phibbs, 2017). While small it is a notable correlation that is likely to affect the attractiveness of such developments within a region. This is a situation that’s exacerbated in popular tourist precincts. Municipal data gathered from the city of Los Angeles and its housing markets found that 7,316 units of accommodation had been removed from the city’s rental market. In tourist precincts such as Venice, up to 12.5% of the suburbs total apartments were listed on the Airbnb platform (Gurran and Phibbs, 2017).

4. Approaches within Australian and international jurisdictions to ensure the appropriate regulation of short-stay accommodation.

Concerns relating to increasing short-stay accommodation within Barcelona regarding residents being “priced out of their homes”, resulted in policy that requires short-stay accommodation operators to obtain tourist licences (Leshinsky and Schatz, 2018). The City fined Airbnb 600,000 Euros for marketing accommodation that had failed to meet the legislated licencing requirements. Airbnb responded to Barcelona by instating a measure that restricted homeowners in central Barcelona from being able to rent out more than one property on Airbnb (Leshinsky and Schatz, 2018).

Vancouver City Council established regulations that required an annual licencing fee to be paid for individuals who list their property as short stay accommodation. The regulations put in place also disallow the hosts from leasing a property that is not their principal residence and require a transaction fee to be paid. The above regulation having been put in place as a response to an overall defeciancy in long term rental properties in the city (Leshinsky and Schatz, 2018).

Concerns regarding impact to amenity are frequently cited in respect to the conflict between short stay accommodation and existing residents of an area. Commonly the two uses are seen as incompatible as the perceived amenity of a neighbourhood decreases when the rate of short stay accommodation increases. Within the city of Barcelona the tourist boom has been described by officials as having “angered many city residents,” with local residents feeling a sense of exclusion from their own city. Similarly the preservation of residential amenity has long been a concern for the tourist destination of New Orleans, in particular the French quarter which has established a regulation and a permit system to ensure that neighbourhood amenity is protected for existing residents. The lack of effective enforcement of these regulations has however failed to protect some areas of the French Quarter to the desired extent (Leshinsky and Schatz, 2018).

Sydney has instituted regulations, which limit hosts in the greater Sydney area to being able to rent out there homes for a maximum of 180 nights a year (ABC News, 2019). The Impact of short stay accommodation had previously been an ongoing point of discussion, with the prevalence of short stay

accommodation threatening the already stretched supply of housing stock in the area. Sydney property owners were finding that purchasing a property for the exclusive use as short stay accommodation over long term rentals garnered a better financial return (Leshinsky and Schatz, 2018). The New South Wales 2016 Parliamentary inquiry into short stay accommodation noted it as contributing factor to driving out permanent residents and thus the character and amenity of the area itself. The blurring of the boundary between residential and tourist areas has not been welcomed by everyone (Leshinsky and Schatz, 2018).

New York City upon concern of the impacts of short stay accommodation on its existing affordable housing and rental housing stock was one of the first cities globally to apply limitations to the spread of short stay accommodation rentals. Within the New York City it is prohibited from leasing an apartment via a short stay accommodation service for a period of less than 30 days (Gurran and Phibbs, 2017).

The city of San Francisco manages potential loss of existing rental properties by requiring short stay accommodation hosts to register their premises with the city and limiting their availability to only specific short periods of time provided that the hosts live in the dwelling for a minimum of 275 days per year (Gurran and Phibbs, 2017).

Portland has incorporated additional zoning within its planning code and stipulates short stay accommodation acts as an accessory to the normal residential purpose. The dwelling must be occupied by the host for a minimum period of 270 days per year (Gurran and Phibbs, 2017). Additionally within the context of multiunit developments, Portland's permit system limits the proportion of total dwellings able to be used as short stay accommodation to 25% of the dwelling within the structure (Gurran and Phibbs, 2017).

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