



Short Stay Accommodation in Tasmania

Legislative Council Select Committee

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

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Executive Summary

LGAT welcomes the opportunity to provide a submission to the Legislative Council Select Committee on Short Stay Accommodation in Tasmania.

The Local Government Association of Tasmania (LGAT) is the representative body of Local Government in Tasmania. Established in 1911, the LGAT is incorporated under the Local Government Act 1993 with membership comprising all 29 Tasmanian councils.

The objectives of the Association are: -

- To promote the efficient administration and operation of Local Government in the State of Tasmania;
- To watch over and protect the interests, rights and privileges of municipal councils in the State of Tasmania;
- To foster and promote relationships between Local Government in the State of Tasmania with both the Government of Tasmania and the Government of the Commonwealth of Australia;
- To represent the interests of the members of the Association generally, and in such particular matters as may be referred to the Association by its members; and
- To provide such support services to the members of the Association as the Association may by resolution in meeting determine.

General Comments

Local Government recognizes that short stay visitor accommodation is only one factor influencing housing supply and affordability in Tasmania, however it is clear that it is having an impact. LGAT has long espoused the need to differentiate between the true sharing economy – based on principle place of residence as compared to a new business model for accommodation. Councils need more ability to regulate these businesses appropriately to balance the economic and tourism needs with local liveability, amenity and service considerations. Fundamental to guiding policy and decision making is nuanced and accurate data.

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Introduction

Short stay visitor accommodation in private dwellings has been an important part of the holiday rental market, especially in holiday areas, for many years. Historically it has been managed by property owners themselves or by local agents and in many instances has probably flown under the regulatory radar, occurring with limited impact and scrutiny, whether or not it was actually a permitted land use.

With the advent of peer to peer online advertising platforms, such as Airbnb and Stayz/HomeAway, it is now much easier for property owners to let their properties; whether their principal place of residence, an empty beach house or an investment property; for short-term holiday letting. In Tasmania, the establishment of these platforms has coincided with significant growth in visitation, leading to the rapid growth of properties being listed on these platforms.

Airbnb started in 2007 when Joe Gebbia and Brian Chesky, both 27, were struggling to pay their rent. There was a design conference coming to San Francisco and the city's hotels were fully booked, so they came up with the idea of renting out three air beds on their living room floor and cooking their guests' breakfast. They charged \$80 per person per night. The next day they created a website, www.airbedandbreakfast.com. Six days later they had a 30-year-old Indian man, a 35-year-old woman from Boston and a 45-year-old father of four from Utah sleeping on their floor.

The intent was to make better use of something that was already in existence and to share what people already had (part of the sharing economy, otherwise known as collaborative consumption). The focus was on idle space or excess capacity of resources. These old market behaviours were reinvented with the assistance of technology i.e. an information technology-based sharing platform.

These days there are three main ways that people temporarily share (short term) housing in exchange for money. They are:

1. A host rents out a space in their home (primary residence) while they remain in the property;
2. A host rents out most or all of their home (primary residence) while they stay elsewhere temporarily; and
3. A dwelling is not occupied by a permanent resident but is rented for many short-term stays all year long.

Evidence suggests that there has been a shift from letting a private room in a home where the host resides. In many communities around the world where Airbnb exists, there is little left of the platforms original concept, that is "sharing" unused spaces (usually a private bedroom) with visitors and possibly establishing a (temporary) personal connection with them, similar to a bed and breakfast. While private rooms are still offered in residents' homes, what is also on offer now is a substantial number of entire homes and apartments. Indeed, it is now common in most places around the world to have the majority of listings being made up of entire homes/apartments that are routinely available for over 60 days per

year. In Tasmania, for example, of the 4,431 properties listed as being available on Airbnb, 76.3% are entire homes or apartments and 84.4% of all the listings are available for greater than 60 days per year¹.

Entire homes/apartments that are highly available and rented frequently year-round to temporary residents probably don't have an owner present. Where present in high numbers in a particular location, this type of accommodation is increasingly seen by many as displacing locals and contributing to a negative change in the amenity and livability of the local communities.

The expansion of these peer-to-peer platforms raises substantial planning and regulatory concerns and this Select Committee is welcomed. From the Local Government perspective, the two key questions are:

- 1) to what extent does the growth in short stay visitor accommodation (SSVA) facilitated by these platforms generate significant community and neighbourhood impacts, such as reducing the permanent rental housing supply, increasing rental prices, noise, congestion and other amenity impacts and,
- 2) how should we manage this form of accommodation in Tasmania?

The following two sections will discuss the impacts that can be associated with SSVA.

Housing Affordability

There is a growing body of evidence, from a number of cities, that the supply of short stay visitor accommodation, available through online booking platforms, has seen the extensive conversion of properties from long-term rental to short-term visitor accommodation properties. In Tasmania, the growth of SSVA is occurring at the same time as the housing market is generally becoming less affordable, particularly in urban areas and increasingly in popular holiday destinations. In these areas, some SSVA is competing, or has the potential to compete, against traditional forms of residential tenancy. To illustrate this point examples will be provided from Hobart, Launceston, King Island and St Helens. However, it is important to note that while the growth in SSVA is likely to be making a contribution to this issue, there are no doubt a host of other factors also at play. Further any solutions to housing affordability issues will need to be multifaceted.

Hobart

There are anecdotal links between peer-to-peer accommodation and the affordability and availability issues in the Hobart rental market, but it is apparent that more data is needed to fully understand the issues. The platform websites are designed in such a way that accessing current and regionally specific data on property styles, locations and price points is extremely difficult to access and therefore it is hard to link SSVA directly, in any robust way, to issues in the broader housing market (ownership or rental).

¹ Inside Airbnb: Tasmania, <http://insideairbnb.com/tasmania/?neighbourhood=&filterEntireHomes=false&filterHighlyAvailable=false&filterRecentReviews=false&filterMultiListings=false#>, date accessed 6th August 2018.

Regardless, it has been reported that the number of 'entire properties' listed on Airbnb in the City of Hobart Local Government Area (LGA) increased from 250 to 876 in the 18 months to January 2018². As of February 2018, Inside Airbnb reports that Hobart has 1,114 listings, of which 77.1% are entire homes or apartments, 73.5% are routinely available for over 60 days per year and 44.6% of hosts have multiple listings³. At the same time the publicly available data on the supply and cost of housing in Hobart and rental vacancy rates indicates affordable housing is becoming increasingly difficult to find. For example, SQM Research report that the rental vacancy rate in Hobart is now 0.7%, from a peak of just under 4% in 2013⁴.

The most recent Anglicare Tasmania's Social Action and Research Centre Rental Affordability Snapshot 2018 states:

South - Low-income families and individuals have been increasingly locked out of Tasmania's southern rental market, with the region entirely unaffordable for eight of the 14 low-income household types examined in the Snapshot.

In total, there were 562 properties advertised to rent in the South on the 2018 Snapshot weekend, a 40% drop since 2014. An average of 9% of properties were affordable to those earning a minimum wage in 2018, compared to 13% in 2017, respectively⁵.

The availability of affordable rental accommodation is also a key issue for the university sector with the media recently reporting that students in Hobart were being forced to live in hostels and other temporary accommodation⁶.

While a direct link between the increase in the number of SSVA places and the residential rental vacancy rate and increased housing costs has not yet been proven by definitive data, it is obvious that the impacts need to be properly analysed and closely monitored. However, it is highly likely that the rapid increase in SSVA has played a direct role in housing availability and affordability.

² UTAS Institute for the Study of Social Change: A Blueprint for Improving Housing Outcomes in Tasmania, http://utas.edu.au/_data/assets/pdf_file/0009/1074609/Insight-Three-Housing-Web-Version.pdf, accessed 6th August 2018.

³ Inside Airbnb: Hobart LGA, <http://insideairbnb.com/tasmania/?neighbourhood=Hobart&filterEntireHomes=false&filterHighlyAvailable=false&filterRecentReviews=false&filterMultiListings=false>, accessed 6th August 2018.

⁴ SQM Research: Residential Vacancy Rates for Hobart, http://sqmresearch.com.au/graph_vacancy.php?region=tas%3A%3AHobart&type=c&t=1, accessed 6th August 2018.

⁵ Social Action & Research Centre: Rental Affordability Snapshot 2018 Tasmania, <https://socialactionresearchcentre.org.au/wp-content/uploads/Rental-Affordability-Snapshot-Tasmania-2018.pdf>, accessed 6th August 2018.

⁶ ABC News: <http://abc.net.au/news/2017-03-09/hobart-airbnb-student-accommodation-in-tasmania-scarce-utas/8339026>, accessed 6th August 2018.

Launceston

In a similar situation to Hobart, but perhaps not to the same degree, the City of Launceston is experiencing growth in the SSVA market, while at the same time seeing some tightening in rental availability. The City of Launceston has reported that while there is not strong evidence that SSVA is impacting on the rental market and affordable housing, there is little doubt that there is some impact.

The City of Launceston undertook a review of 4 web sites on short stay accommodation, being:

- Airbnb - www.airbnb.com.au/s/Launceston;
- Inside Airbnb - <http://insideairbnb.com/tasmania/?neighbourhood=Launceston&filterEntireHomes=false&filterHighlyAvailable=false&filterRecentReviews=false&filterMultiListings=false>
- Airdna,
 - <https://www.airbnb.com.au/s/Launceston>,
 - <https://www.airdna.co/top/au/tasmania/launceston>
- Tripping - <https://www.tripping.com/>

This review indicated that there has been SSVA growth year on year since 2011 and the growth has been significant since 2015, as shown in Table 1 below.

Year	Total No of Rentals	Increase in No of rentals per year.
2011	1	1
2012	15	14
2013	25	10
2014	64	39
2015	145	79
2016	313	168
2017	560	247
2018	711	251

Table 1: Growth in the Airbnb Market since 2011: <https://www.airdna.co/market-data/app/au/tasmania/launceston/overview>

Similar to Hobart, a significant proportion of Airbnb rentals are multi-listed, with 47.7% of hosts having multiple listings (Table 2 below). Of these there are twenty hosts who have greater than 3 listings and of these one host has 22 listings. There is a point where a host that has 22 listings is probably operating a virtual hotel and is not a host in the traditional sense.

Parameter	Airbnb	Airdna	Tripping
No. of Rental properties available	411	431	204
Outside 5 km from Launceston CBD	42	-	-
No. of Entire Rooms available	294	303	-
No. of Private rooms available	116	128	-
Total Rooms available	-	633	-
Total Beds available	-	-	1261
Price variation	\$14 to \$1,500: ave \$142 per night	\$47 to \$230	\$20 to \$440
Occupancy	39.8%	-	-
Estimated income per month	\$1,506	-	-
Star rating	-	80% of top 100 ranked \geq 4.5 stars	-
Multiple listings	47.7%	-	-

- no data

Table 2: Comparison of data from Airbnb, Airdna and Tripping websites.

Inside Airbnb indicates that 85.6% (352 of 411) of listings in Launceston are classified as highly available – meaning they are routinely available for over 60 days per year.

While the residential market in Launceston has been broadly flat over the past decade, in the past 12 months it has begun to lift significantly. The increase in property prices has tended to be lower in suburbs which experience disadvantage. As an example, the mean residential property price in Invermay over the past 5 years has been around \$220,000. In April 2018, the average price of 32 properties sold was \$275,000 and in the last month over 39 sales have been settled at an average of \$288,000. This means that over the past year there has been an increase of around 30% in the price of residential properties in Invermay. Rental property availability is not as low as Hobart, but there has been a significant decline in recent years, with SQM Research reporting that the rental vacancy rate in

Launceston is now 1.6%, from a peak of over 6% in 2014⁷, with availability in the \$200 - \$250 bracket particularly tight.

In this context and noting the experience of Hobart, the City of Launceston has raised concerns that SSSVA may already be having an impact on the housing market.

King Island

Relative to the market size on the Island, King Island has seen a dramatic growth in the number of SSSVA beds available since the development of Cape Wickham Links and Ocean Dunes Golf Course in 2015 and 2016 respectively. For example, in January 2016 there were approximately 12 properties listed on Airbnb on King Island - today there are over 40. This increase can be partially attributed to a growing acceptance by established accommodation businesses that visitors increasingly book their accommodation online, but there are also a number of new entrants to the market that had until recently been used as residential accommodation. This shift is easily explained, as it is faster to convert residential accommodation to short stay visitor accommodation than it is to build new short stay visitor accommodation.

King Island Airport is the only point of entry and exit for any visitor to, or resident of, King Island. The number of passengers coming to and from the Island is therefore a strong indicator of movements in the visitor market, with the increase in visitor numbers over the last four years having been significant. In 2012 to 2015, between 33,000 and 34,000 passengers travelled through King Island Airport each year. In 2016 this increase to almost 38,000 and reached over 43,000 in 2017.

The increasing options available to accommodation providers to advertise their properties and take bookings online has made it easier for individuals to benefit from the growth of tourism on King Island. While this is particularly important in an economy like King Island's, where a majority of the workforce requires more than one source of income to meet the Island's high cost of living, the Island is also currently experiencing a shortage of residential accommodation. There are two accepted services for finding available residential accommodation on King Island: Harcourts, the only real estate agent providing residential rental management and, the community's Facebook page. When checked on Monday 6 August 2018, there were no rental properties advertised on either of these mediums. This has been the case for a number of years and was documented in a report commissioned by the Office of the Coordinator General in 2016, which noted that:

Current development and project pipeline projects could create 180 to 250 new jobs, plus jobs in the construction phase. however, accommodation for workers is not likely to meet demand⁸.

⁷ SQM Research: Residential Vacancy Rates for Launceston, http://sqmresearch.com.au/graph_vacancy.php?sfx=®ion=tas%3A%3ALaunceston&t=1, accessed 6th August 2018.

⁸ Office of the Coordinator General: King Island Accommodation Study, https://cg.tas.gov.au/data/assets/pdf_file/0003/165369/King_Island_Demand_Summary_final.pdf, accessed 6th August 2018.

While the availability of rental housing has always been a problem on King Island, the situation has been exacerbated by a number of residential rentals being withdrawn from the market and repurposed for SSVA in what is, a very small market. The lack of rental housing has seen existing local businesses experiencing difficulty in recruiting the staff needed to meet growing demand across the Island.

The increase in visitor accommodation and the low volume of rental housing available has meant that residential rental prices are increasing. The 2016 Census reported no households were paying rent over \$350 per week, however, properties made available in the last 18 months have been rented for as much as \$450 per week.

While this increase in available visitor beds is a positive step in growing the Island's tourism market, the subsequent loss of residential accommodation is a significant impediment to achieving economic growth on the Island.

King Island Council has reported that there are over 350 new visitor beds approved for construction, however many of these have yet to progress to construction. Developers report that much of the delay in moving to construction is due to a lack of workers to complete the construction. With a population of just over 1,600 and a limited number of builders and trades resident on the Island, it is often necessary to bring workers from off-Island to complete any new developments. The properties those workers would previously have rented at residential rates are now priced for short stay tourists, significantly increasing the cost of building on the Island and acting as a deterrent to investment.

St Helens

Break O'Day Council has reported substantial growth in short stay accommodation in St Helens, with approximately 225 properties available as of 30 June 2018, the majority of which have been or are still holiday homes or "shacks". This accounts for approximately 18% of the total dwellings and is almost equivalent to the total number of properties for rent in St Helens⁹. Council has indicated that the annual new tenancies turnover for St Helens has dropped by 50% over the past 3 years, potentially reflecting a tightening of available rental properties.

The SQM Research report that the rental vacancy rate on the East Coast of Tasmania (a wider geographic area than St Helens) is now 0.4%, from a peak of over 3% in 2014¹⁰.

⁹ ABS 2016 Census Quick Stats, St Helens:

http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/SSC60626, accessed 6th August 2018.

¹⁰ SQM Research: Residential Vacancy Rates for East Coast,

http://sqmresearch.com.au/graph_vacancy.php?sfx=®ion=tas%3A%3AEast+Coast&t=1, accessed 6th August 2018

In each of the examples cited above, the evidence indicates either a current or emerging shortage of accommodation for residents. This has implications for the supply and cost of housing for permanent residents. This tightening of the housing market in each location has occurred concurrently with a significant rise in the use of peer-to-peer platforms for SSVA (and growth in visitation to Tasmania). While there can be no doubt that SSVA is displacing permanent accommodation in high-demand locations and exacerbating housing affordability pressures, we don't have the necessary data to analyse the precise contribution and also the current regulatory regime does not allow local intervention when it becomes apparent there is a problem.

Comprehensive, sector-wide, transparent data collection and reporting is required to facilitate an informed response from Government. This is needed to resource appropriate policy, service and regulation responses to minimise the impact on housing affordability and the shape of our communities and additionally, to ensure our vibrant tourism-based economy is preserved.

The Department of Justice, in response to a request from the Tasmanian Commission for data during their assessment of the standards for visitor accommodation in planning schemes, noted that

...there is no clear data available to determine the current status of housing stock in Greater Hobart used for Visitor Accommodation that fall within the permitted status under the draft Planning Directive.¹¹

This illustrates a very poor approach to public policy. In the absence of an appropriate evidence base or means to evaluate impact, no changes to our regulatory regime should be made, particularly in the current circumstances when in certain locations the housing market is already under significant stress.

The recent announcement by the State Government on the data sharing, operator compliance and public education campaign to be developed is noted, and this is a step in the right direction. However, there must also be a focused assessment of our housing market more generally. Tasmania is facing significant housing market challenges, and this is not limited to the well publicised acute shortage of suitable and affordable rental accommodation in Hobart.

Local Government recognises that solutions to current housing needs require a more detailed and comprehensive understanding of the Tasmanian housing market, with the challenges driven by a range of factors including population growth, the tourism boom, a range of housing supply constraints and their economic knock-on effects. However, it is not clear from the State Government's recent announcement that this will be achieved by what they are proposing. We look forward to working with them to ensure that any data sharing arrangement provides useful, meaningful data.

¹¹ Page 17, TPC: Draft Planning Directive No.6, Exemption and Standards for Visitor Accommodation in Planning Schemes, Report to the Minister, <http://iplan.tas.gov.au/Pages/XC.Track.Assessment/SearchAssessment.aspx?id=645>, accessed 7th August 2018.

Local Amenity

The peer-to-peer and distributed nature of this form of accommodation has enabled SSVA to penetrate residential neighbourhoods to a greater extent than has historically been the case. This creates increased risk of conflicts between visitors and residents if not adequately managed. These impacts can include noise, traffic, parking, safety and security, as well as competition for accommodation close to schools, services and work.

Short stay visitor accommodation takes place in existing dwellings and is considered as a residential activity, making it hard to quantify the potential impacts of this land use above and beyond what would normally be expected in residential areas. However, SSVA occupants may differ from most long-term occupants in that they may prioritise leisure or festive activities, occupy the dwelling for more hours each day than would be expected of long-term residents, be unfamiliar with local rules to manage amenity and be less concerned to maintain good neighbourly relations.

The risk of impacts associated with dwellings being converted to SSVA when the owner/occupier is permanently absent is greater because there is no passive surveillance of the accommodation. The impact is also likely to vary according to the nature of the dwelling type, i.e. between detached dwellings and apartments. Apartment (or Strata complexes) are generally more susceptible to the potential impacts of SSVA than free standing dwellings because of the proximity to neighbours, the reliance on shared facilities and the likely higher proportion of whole of premise listings (i.e. with no host present). These issues will be discussed further in the following section covering regulation.

Regulation

A final policy approach will need to consider both the benefits of SSVA as well as the nature and extent of the negative impacts and balancing the regulatory burden accordingly.

To determine which policy option is appropriate, it is important to establish a clear, evidence-based understanding of the nature and significance of the impacts on the community. Even in the absence of sufficient data, policy options should still be guided by the relative significance and likelihood of the problem and the outcomes sought.

The policy options can either be regulatory or non-regulatory or a combination of both. Non-regulatory approaches could include improved self-regulation or working with stakeholders through co-regulation arrangements. Direct regulatory intervention may be warranted if it is demonstrated as a viable option to address a specific problem and is likely to result in a positive net benefit to the community as a whole.

The sharing economy is increasingly being seen as contributing significantly to economic development in communities' worldwide. However, one of the biggest issues that is occurring now with SSVA is the tension between those people committed to the true sharing economy and supplementing their income in a small way (they are principally interested in sharing their primary residence and meeting new people) and those who are interested in listing properties primarily for commercial gain. While the two interests can exist side by side, the different drivers tend to have variable impact and are likely to

require different regulatory responses.

The previous section discussed some of the risks associated with expansion of the short stay visitor accommodation market including potential impacts on housing availability and affordability and amenity impacts on neighbours and surrounding residents. The extent of these impacts is likely to be determined by the category of accommodation, that is whether the accommodation is a principal place of residence or secondary dwelling (investment property or shack) and the dwelling type (i.e. detached dwelling or apartment).

Principal Place of Residence

The use of a principal place of residence for SSVA is not going to remove housing from the private rental market, therefore has no impact on housing availability or affordability.

In properties where the owner/occupier is present, guests are more likely to behave like a resident (or be managed to behave), reducing the impact on residential amenity. If a dwelling is used for SSVA while the owner/occupier are on vacation or temporarily absent this does not displace the primary residential function of the dwelling and any impacts are likely to be tolerated (by neighbours) because it is on a temporary basis, plus it is in the owners' best interest to manage this behaviour in order to maintain good neighbour relations.

Secondary Dwellings

The use of secondary dwellings for SSVA has an increased risk of exacerbating housing availability. In many cases the owner will remove a property from the private rental market to let as short stay visitor accommodation. While the anecdotal evidence and public debate in Tasmania has focused mainly on Greater Hobart, we can see from the situation on King Island that this phenomenon is not limited to major urban centres. To a certain extent, regional areas with limited housing stock may be at a greater risk of more significant impacts on housing availability, particularly in places of high amenity/visitor appeal and a growing economy.

In addition to the housing availability concerns, the risk of amenity impacts is also elevated. With secondary dwellings the owner is always absent and so there is a greater potential for residential amenity to be impacted, when compared with dwellings where the owner is present.

Short stay visitor accommodation in apartments or strata schemes, where there are permanent residents also living within the complex, creates an elevated risk of residential amenity impacts because of the density of use and the sharing of common property.

The above distinction provides for a logical and reasonable approach to regulation for Tasmania. Put simply, SSVA in a person's principal place of residence (a single room in a home or the entire property) has a low risk of negatively impacting housing availability and residential amenity and is typically not a commercial use and therefore, should not require a planning permit to occur. This approach would also allow regulators to focus attention where it really matters, those operators who are focused primarily on running a business for commercial gain and where impacts are potentially more significant.

For any secondary dwelling (strata or detached dwelling dwelling) SSVA should be a discretionary or prohibited use depending on local circumstances and as determined by the relevant council. To support the assessment by councils, the State Government must develop appropriate decision guidelines (based on the potential impacts previously discussed) and also make the data available to councils that will support and understand the local housing market and enable a robust assessment. However, it is important that these changes to the regulation of SSVA are seen as complimentary to any broader Government policy on addressing housing availability and affordability, as the causes are multifaceted and require a broad and comprehensive policy response to address, beyond a focus on SSVA.

In early June the Tasmanian Planning Commission (TPC) released the report on standards for visitor accommodation in planning schemes. The recommendations, which were accepted by the Minister for Planning, included:

- Retaining the exemption for visitor accommodation in a principal place of residence;
- Retaining the permitted permit requirement for secondary dwellings (free standing only) up to a certain size;
- Introduction of a new requirement for any secondary dwelling in a strata scheme to be discretionary; and
- Reintroducing the prohibition on visitor accommodation in Battery Point.

The initial policy of the State Government and the recent changes recommended by the TPC have picked up on the central point of the Local Government sector. That is: the simplest and fairest way to regulate short stay visitor accommodation is to differentiate between those properties which are people's principal place of residence and those which are a secondary or investment property. However, the Government has not accepted that councils are in the best position to assess the local circumstances, determine what the impacts will be on their local communities and set regulation accordingly for secondary dwellings.

LGAT's preferred approach would simplify the messaging for property owners, enhance our understanding of where people are wanting to set up SSVA and allow councils some control over how much of that accommodation is allowed before it changes the essential characteristics of a residential area. In this way councils could also quarantine SSVA from key areas such as key worker sites or school and university locations.

While acknowledging the difference between primary residence and secondary dwellings and also between detached dwellings and apartments, the Government's approach creates issues of significant concern. By making the use of a secondary dwelling for SSVA Permitted in most cases it means the council must approve an application and does not allow them to make a decision based on local circumstances or the risk of the impacts previously described. It is likely that this regulatory regime, which has been operating for over 12 months (in the form of the Interim Planning Directive), has contributed to the issues previously discussed related to housing availability in Greater Hobart.

Interestingly, in its report the TPC noted:

*Battery Point is unique in terms of its locational and built form characteristics and that these characteristics attract more visitor accommodation to the area, potentially displacing residential uses and impacting the residential amenity of those remaining.*¹²

This statement and the unique treatment for Battery point in isolation supports Local Government's proposed policy position, that for secondary dwellings the decision should be made on local circumstances. Why this approach has been limited to only Battery point is difficult to comprehend. Nevertheless, it is recommended the principle being applied here in isolation is sound and must be broadened to the entire State.

Compliance

Advice from the sector indicates that ensuring compliance with the current regulatory is challenging. It has been reported by councils that many hosts are establishing short stay visitor accommodation in secondary dwellings without seeking a planning permit (the current regulatory environment requires, as a minimum, a Permitted development application in this instance). For example, the City of Launceston has reported that for the period 1 July 2017 to end June 2018, there were a total of 47 applications for either change of use or construction of accommodation for SSVA. While data from www.airdna.co indicates that in each of the past two years [2017 and 2018], approximately 250 new rentals came onto the market. This indicates that the City of Launceston is only seeing approximately 20% of SSVA through their planning department.

In a similar situation, Kingborough Council has found that there are about 190 properties being used for visitor accommodation on Bruny Island. This list includes all Bruny Island properties that have been at some time (in recent years) used for commercial visitor accommodation, as evidenced from advertising on various websites or from Council's planning approvals. Of these properties there are at least 70 properties that need to be investigated, as Council has no record of a planning permit. It is possible that about one third of the properties on Bruny Island that are being used commercially for visitor accommodation do not have the necessary planning permit.

It has been reported by other councils that in their areas they are not seeing the volume of development applications that they would expect for the growth in short stay visitor accommodation. However, to determine the extent of non-compliance is very difficult. In most cases, very little information is available, with further information needing to be obtained by way of an inspection, email or phone call. In the case of Kingborough Council the initial investigation took over a week to complete, and this does not include following up individually with each potential property in non-compliance.

There is significant non-compliance with the current regulatory regime and some considerable confusion likely remains as to what owners must do if they want to use their property for SSVA. However, it is not within the current resources of local councils to undertake the necessary detective work to determine

¹² Page 22, TPC: Draft Planning Directive No.6, Exemption and Standards for Visitor Accommodation in Planning Schemes, Report to the Minister, <http://iplan.tas.gov.au/Pages/XC.Track.Assessment/SearchAssessment.aspx?id=645>, accessed 7th August 2018.

what new SSVA have been established in their local area and whether they need a planning permit. The need for communications, resourcing and community understanding is critical. This is the role of the State Government and the recent announcement to introduce legislation by the end of this year to ensure compliance is welcomed, however the detail of the legislation will need to be reviewed.

It is also important to understand that changes to ensure better compliance, while likely to deliver better data, will not restrict or limit in any significant way, the number of SSVA's being established and therefore compliance mechanisms alone cannot influence housing affordability or supply.

Recommendations

Undeniably the growth of the collaborative economy is causing disruption within the traditional economy and is evident in Tasmania with peer-to-peer short stay visitor accommodation. It is the responsibility of the State Government to find the balance which allows all Tasmanians to reap the benefits of this growth without losing what is most valued.

Unfortunately, there is currently a very poor understanding of the extent to which short stay visitor accommodation is contributing to housing availability and affordability and we don't have access to the minimum data sets to even enable effective compliance under the current regulatory regime.

Recommendation 1:

That the State Government urgently develop a comprehensive data collection and analysis program, covering short term holiday rentals and also the private housing market. We need a robust evidence base underlying policy and resourcing responses. In the absence of comprehensive data every decision made is guess work.

Short stay visitor accommodation can have a range of social and economic benefits, such as supporting tourism, providing supplementary income for individuals, enabling hosts to meet people from all over the world and injecting money into the local economy. But if its expansion is not monitored and controlled, and in the absence of a longer-term host resident, it may negatively impact neighbours and reduce housing supply, ultimately impacting on affordability.

Recommendation 2:

The short-term rental of one's principal place of residence (a single room in a home or the entire property) should be exempt from requiring planning approval. For any secondary dwelling (strata or detached dwelling) short stay visitor accommodation should be a discretionary or prohibited use depending on local circumstances and as determined by the relevant council.

Conclusion

There is little doubt that peer-to-peer short stay visitor accommodation models will continue to exist in Tasmania. In all likelihood the interest in the model from a host and user perspective will continue to increase, as it has done in all other countries. There is significant potential for communities to gain positive benefits from the changing accommodation landscape. However, clear and sound regulation does not currently exist in Tasmania for the type of accommodation that sites like Airbnb and Stayz/HomeAway offer. To ensure that these platforms play a valuable role in the Tasmanian visitor economy, now and into the future, a clear and defensible approach to managing the opportunities and challenges they present is required.

The strategy and regulatory response for dealing with the accommodation options presented needs to be carefully nuanced so that it recognises the diversity of needs of hosts, users, business and communities. It is important to ensure that the system is regulated, but not over-regulated unnecessarily; that risk is managed appropriately and that effective monitoring is only directed where necessary and most valuable.

There is considerable scope for further research. The area is complex and solutions need to be well thought through. Issues such as planning, consumer welfare, housing availability and neighbourhood amenity all need to be considered on an on-going basis after analysis of the best available data.

Consideration of local conditions is essential when developing an appropriate response. It is essential that there is state-wide regulatory framework in place that encourages participation in the market place, ensures barriers to participation are low, provides for a range of accommodation options that benefit consumers and proportionately managing apparent risks – especially given that platforms like Airbnb and Stayz/HomeAway are here to stay.

Regulation needs to respond to changes in technology while allowing for economic stability for local residents, a greater variety of tourism and travel options and stronger local economies. However, regulations are only effective if they are enforced. Information is necessary to be able to enforce regulations and identify offenders. Regulations are best focused on the hosts providing accommodation in the commercial gain category rather than the sharing economy category.