

**SUBMISSION TO THE ECONOMICS AND INDUSTRY  
STANDING COMMITTEE**

**INQUIRY INTO SHORT-STAY  
ACCOMMODATION**

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## Executive Summary

Shelter WA welcomes the opportunity to provide a submission in response to the Inquiry into Short-Stay Accommodation by the Economics and Industry Standing Committee of the Legislative Assembly.

The Economics and Industry Standing Committee will inquire into and report on matters relating to the regulation of short-stay accommodation in Western Australia.

Shelter WA welcomes the inquiry into this issue and will provide insight into the changing market and social dynamics within the short-stay accommodation sector and elaborate on issues arising from the impact on housing affordability.

Shelter WA argues that the short-stay accommodation sector is reshaping housing opportunities in private markets through direct affordability impacts in localised areas and by distorting the role of residential housing from being a home to a commercial venture.

## Shelter WA

Shelter WA is the independent peak body, based in Perth, Western Australia, that advocates for social and affordable housing and ending homelessness.

Our vision is that all people living in Western Australia have housing that enables them to thrive.

Shelter WA brings together a strong coalition committed to diverse and affordable housing choice for all. With a focus on housing for people on low to moderate incomes and groups that experience housing insecurity.

Shelter WA undertakes research and policy development, engagement, and advocacy to drive solutions to build an effective housing system and alleviate housing-related poverty.

Housing unlocks opportunity, enhances health and well-being, provides access to education and employment options. It enables people to fully participate in community life. We believe housing is a basic human right. Everybody has a right to a place to call home.

**Our Vision:** All people living in Western Australia have housing that enables them to thrive.

## Introduction

Tourism is increasingly seen as an alternative economic development prospect in the context of Western Australia's slowing, resource-dependent economy (Tourism Western Australia, 2015).

Data indicates that with over 8,100 listings and more than 5,800 hosts, and annual growth rates between 50 per cent and 100 per cent over the last three years, short-stay accommodation, facilitated by platforms such as Airbnb, is an evident reality in Western Australia. It is spread across the whole of Western Australia, with particular focus in the metropolitan areas of Perth and Fremantle, as well as the South West of Western Australia, in areas close to Margaret River and Busselton (Tourism Council Western Australia, 2016).

In regard to the type of accommodations, the renting out of entire homes and apartments is dominating the market, with houses being clearly more common than flats.

Airbnb accommodation supply in Western Australia is mainly focused on single listings, with more than 80 per cent being one listing per host and average occupancy rates remaining at or below 20 per cent, even for the strongest category of entire dwellings and flats.

The average prices of Airbnb listings are substantial and allow hosts to earn a monthly income of about AUD 626 per listing across all categories (Pforr, Volgger, & Coulson, 2017).

Keeping this in mind, based on data from the Pforr et al. (2017), the combined total income per month of all Western Australian short-stay accommodation hosts is exceeding AUD 4.5 million (Pforr, Volgger, & Coulson, 2017).

## The changing market and social dynamics in the short-stay accommodation sector

The rise of short-stay accommodation and online booking platforms such as Airbnb is having an impact on the housing landscape of Western Australia.

Research suggests that the short-stay accommodation sector is in fact reshaping housing opportunities in private markets. Firstly, through direct affordability impacts in localised areas; and secondly by influencing housing beliefs and behaviour more broadly towards housing (Crommelin, Troy, Martin, & Parkinson, 2018).

### ***Direct affordability impacts***

The findings suggest that short-term accommodation like Airbnb are probably not significantly worsening rental affordability across our major cities as a whole, it is however having an impact on the availability of rental properties in high-demand inner city areas and areas with significant tourism appeal (Crommelin, Troy, Martin, & Parkinson, 2018).

Two main factors - decreasing bond lodgement rates and increasing levels of property vacancy - point to the likelihood that short-term accommodation is removing properties from the long-term private rental market, thereby contributing to increasing unaffordability and lack of choice in the private rental sector (Crommelin, Troy, Martin, & Parkinson, 2018).

The decrease in bond lodgement rates as a result of the impact of short-stay accommodation is potentially influencing the adequate provision of tenant support and advocate services, as the monies out of the bond lodgements are paid into the Rental Accommodation Account, which in turn is used to finance, amongst other things, community agencies for tenant advice and education purposes (Government of Western Australia, 1987).

So, it can be argued that the short-stay accommodation sector is contributing to the challenges and issues already confronted by long-term renters in these local markets.

While the city-wide on aggregate affordability impact may be limited, those seeking long-term housing will face a market that is at best, more complex and uncertain, and may also be moderately less affordable in some local areas (Ellen, 2015).

### ***Influence on housing behaviours and beliefs***

Beyond the visible market impacts just outlined, the growth of the short-stay accommodation sector is most likely to reshape the Western Australian housing market by influencing how we think about and perceive the role of property in our community.

According to research there are two main aspects to this shift:

#### ***A facilitator of more fluid and uncertain housing markets***

The increase of short-stay accommodation and platforms like Airbnb is contributing to private housing markets becoming more fluid and uncertain, with increasingly diverse uses of housing, and property holders moving regularly between the short-stay letting market and long-term letting market (Guttentag, 2015).

#### ***A contributor to shifting cultural perspectives on housing***

The large majority of short-stay accommodation hosts are motivated to use short-term letting for the financial benefits and, in most cases, to provide discretionary income rather than to cover essential housing needs. Many hosts are now factoring in hosting as part of their thinking about future property choices (Pettit, et al., 2018).

Furthermore, short-stay letting and platforms like Airbnb seem to have tapped into a capacity in our existing housing stock that might be turned towards improving access and affordability, but which on present policy settings is not. With an average occupancy rate of 20 per cent, this seems like an inefficient use of rental housing stock.

## Policy and regulatory issues within the short-stay accommodation sector in WA

Besides economic and societal burdens, there are several concerns created by the short-stay accommodation sector in contrast to the traditional tourism and accommodation sector, regarding challenges within policy and regulatory frameworks.

### ***Inequality in building standard requirements***

In general, there are different construction standards for different classes of buildings, particularly in regard to fire safety and access requirements. Normally, the construction requirements for buildings with a purpose to be short-stay accommodation are stricter than those for residential buildings (Australian Building Codes Board, 2017).

As an example, a building constructed for a residential objective that is later used for the purpose of short-stay accommodation is not required to be built to as high a standard as a building initially designed for short-stay accommodation.

Therefore, there is the possibility for operators of short-stay accommodation to initially seek a lesser classification at the building licence stage to benefit from less strict fire and access requirements.

### ***Inequality in regulatory measures***

Overall, hotels, bed and breakfast as well as caravan parks are encapsulated by various levels of regulatory measures dependent on the local government, Local Planning Scheme, local planning policies, as well as local laws, which in turn could be perceived as inequality (Government of Western Australia, 2005).

Furthermore, different rates and charges at local level have an impact on the services and amenities that local governments can provide.

In addition to this, operators of the above-mentioned establishments are legally required to be insured appropriately and there is perceived inequality in short-stay accommodation operator requirements.

### ***Housing affordability and social impacts***

As mentioned earlier, the emergence of the short-stay accommodation sector is having severe implications on housing affordability in Western Australia.

Access to affordable and appropriate housing benefits both the Government and the community. Affordable and well-located housing allows parents to provide stability for their children to grow and thrive, it enables workers to access jobs with minimal commute times, and it provides households with more disposable income.

In addition to this, access to affordable housing results in healthier communities and savings to government vis a vis the inputs of homelessness services and the provision of social

housing. Affordable housing also provides people with greater economic security as they age, decreasing the need for government and community support.

Furthermore, if housing is affordable for low-income households, less people will require financial assistance or emergency relief, which in turn translates into savings in government expenditure, that can be used on addressing other public and social needs.

However, only 19 per cent of the available private rental dwellings in the Perth Metropolitan Area are currently affordable to very low-or low-income households. 36 per cent of Perth rental households fall into these income categories, which results in people living in either housing stress, inappropriate housing or are at risk of homelessness (Government of Western Australia, 2016).

In addition to this, many low-income households include people working in a range of key-worker occupations such as community services, child care, aged care, retail and hospitality. These are important roles that contribute to the economy and the well-being of the community.

As a result of housing unaffordability in the Metropolitan Area, many households are being pushed to the urban fringe in order to access housing that is affordable and adequate. This in turn, leads to an increase in other costs, such as transportation, and a disconnection with family, community as well as a reduction in economic productivity.

Households on very low incomes, including people that receive income support payments, such as the Disability Support Pension and Aged Pension are confronted with even fewer rental options.

### ***Environmental impacts***

One of the main issues, that impacts the other dwellings and houses in the vicinity, when short-stay accommodation is situated amongst them, are antisocial behaviours, such as excessive noise or parties.

In addition to this, short-stay accommodation could lead to strata issues regarding the potential risk with non-residents having access to the building, wear and tear of the communal areas, the enforcement of house rules, as well as waste management.

Finally, there might be potential issues about a lack of an onsite operator to which complaints could be directed and addressed in a timely manner.

### **Approaches within Western Australian jurisdictions**

Some of the mentioned issues can be addressed through a variety of policy and regulatory measures. The following example of the City of Fremantle highlights an approach undertaken to regulating short-stay accommodation.

The City of Fremantle does have a local law governing short stay accommodation – the *Short Stay Accommodation Local Law 2008* (hereinafter: The Law) – which has been in operation since March 2009 (City of Fremantle, 2008).

The Law requires that dwellings which provide accommodation for a maximum of six occupants for a minimum of 2 nights but no more than three consecutive months must be registered.

The *Short Stay Accommodation Local Law* was introduced to ensure an appropriate standard of management of short stay accommodation in Fremantle, and to reduce the potential of such accommodation causing nuisance to neighbours. Key features of the local law are:

- A house made available for short stay accommodation (defined as accommodation for not more than 6 occupants for no more than 3 consecutive months) must be registered with the City of Fremantle. In the application for registration the operator of the accommodation must include the name and contact details for the manager of the accommodation who must be contactable 24/7 and must give an undertaking to respond to any contact regarding the accommodation within 12 hours.
- The property being registered must have at least one on-site parking space (unless the registration is for accommodation for 4 or less occupants).
- Bookings for any short stay accommodation must be for a minimum stay of 2 consecutive nights (this is intended to deter the booking of this type of accommodation for use as a one-night ‘party house’) (City of Fremantle, 2008).

The issuing of registration certificates for short stay accommodation and investigation of any compliance/complaint issues relating to short stay accommodation is dealt with by the City’s Environmental Health and Compliance teams (City of Fremantle, 2008).

## Shelter WA Recommendations

Findings suggest that a regulatory response and measures targeting short-stay letting in isolation is likely to have a limited impact, as the issues affecting private housing markets are complex and interconnected, and deeply embedded in the housing system as a whole (Crommelin, Troy, Martin, & Parkinson, 2018).

Following on from the presented arguments, Shelter WA is recommending a holistic approach to the regulation of the short-stay accommodation sector through:

- A. The inclusion of a requirement for registration of short-stay accommodation listings, to facilitate enforcement and to collect data on the size and breadth of the industry.
- B. Supplementary localised planning strategies to limit short-stay accommodation and ensure adequate affordable rental supply in areas with a strong short-stay

accommodation sector and tourist appeal, to address the concentrated impact in these neighbourhoods.

- C. The integration of measures to limit commercial-style short-stay accommodation within a broad, integrated housing policy, which acknowledges the fundamentally changing nature of private housing markets and the complex drivers behind these shifts.
- D. The development of an ongoing research agenda into short-stay accommodation and its impact on housing and urban planning outcomes.

## Conclusion

The growth of short-stay accommodation can be seen as both a symptom and a driver of Western Australia's deeply embedded culture of intense financialisation of housing, in which houses are often viewed as wealth creating asset as much as a home designed to meet long-term housing needs. Not regulated, these market changes are likely to contribute to growing inequality over time, manifesting mostly in unaffordable options and lack of choice.

By providing additional measures to monetise housing by those who already have access to it, and compounding the challenges facing those who do not, short-stay accommodation helps to reinforce this increasingly inequitable housing landscape in Australia's largest cities.

Therefore, the short-stay accommodation sector in Western Australia is in severe need of regulatory measures that consider the interconnectedness and complexities of the private housing market and the housing system as a whole.

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