



Department of Local Government, Sport and Cultural Industries
Perth WA
Via email – info@dlgsc.wa.gov.au

3 March 2022

Re: Survey 1: Registration scheme for short-term rental accommodation

Department of Local Government, Sport and Cultural Industries,

Thank you for the opportunity to provide feedback on the introduction of a registration scheme for short-term rental accommodation (STRA) in Western Australia. Shelter WA supports the intention to implement a state-wide registration scheme for STRA.

About us

Shelter WA is the independent peak body in WA that advocates for social and affordable housing and ending homelessness. Shelter WA takes a strategic leadership role, championing the development of an effective housing system and bringing all parts of the system together to achieve this. 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.

Shelter WA position

We support the introduction of measures that can manage, and limit where necessary, the impacts of STRA in Western Australia. As outlined in our submission to the 2019 parliamentary inquiry, the proliferation of STRA poses significant risks to housing availability and affordability in areas of high tourist demand. Maintaining the ability to manage these potential impacts on the broader housing system must be a key objective of a registration scheme and of other measures to manage STRA in Western Australia.

STRA and housing in Western Australia

Since the 2019 parliamentary inquiry into STRA was held, there has been considerable change in both tourism and housing markets, primarily as a result of responses to the Covid-19 pandemic.

A 2021 report by ACOSS and UNSW found that the number of STRA listings dropped in Australia in the early stages of the pandemic as international and interstate travel was restricted.¹ It is assumed that many of these properties were returned to the private rental market.

In WA, however, the combination of a prolonged hard border arrangement and relatively low rates of Covid-19 infection has resulted in a boom in intrastate travel and continued growth of the STRA market. Recent

¹ Pawson, H. Martin, C. Thompson, S. & Amnipour, F. (2021) Covid-19: Rental housing and homelessness impacts in Australia, UNSW & ACOSS. City Futures Research Centre.

figures released by Airbnb state that there were 2.1 million searches for WA properties on their platform over the summer, which is a 20% increase from two years ago.²

According to Inside Airbnb data³:

- There were 9697 Airbnb listings across WA in January 2022.
- 80% of those are listings for entire homes/ apartments (this would count as 'unhosted' STRA under the new planning provisions).
- The average listing price was \$250 per night.
- There is a high concentration of listings in key tourist areas in the South-West and Great Southern regions and in metropolitan Perth.

This growth has occurred alongside significant turbulence in the WA housing market, including an unexpected boom in house prices, rental price increases, and a shortage of private rental housing, especially in the regions.

Importantly, low vacancy rates and rental price growth have persisted throughout 2021 and into 2022 in the same regions that have high concentrations of short stay accommodation listings. REIWA describes a balanced rental market as having a vacancy rate of between 2.5 and 3.5 per cent, however, vacancy rates in Margaret River, Busselton, Albany and Perth have remained at or below 1% for more than six months.⁴ The median price of rentals over the last year (to February 2022) have increased by 11.2% in Perth, 15.8% in the south-west and 15.1% in the state's north.⁵

As Western Australia opens its borders, housing analysts are predicting a wave of new demand for housing from interstate and international markets, which will put additional pressure on rental prices and increase competition for properties.⁶ REIWA has predicted a further 10 -15 per cent increase in rental prices in 2022.⁷

Research suggests that growth of STRA is removing properties from the long-term rental market, leading to increased demand and prices.⁸ In this context, it is crucial that the state and local governments have the tools to manage, and limit where necessary, the impacts of STRA on housing availability and affordability.

STRA registration scheme

Shelter WA supports the intention to develop a state-wide mandatory registration scheme for STRA, as recommended in our 2019 submission to the parliamentary inquiry, as a critical first step for understanding and managing the impacts of STRA on housing markets.

A key objective of a registration scheme must include oversight and management of housing availability and affordability impacts of STRA in Western Australia. Shelter WA acknowledges the importance of tourism to the WA economy. The growth in the tourism industry, including STRA, must be managed to ensure that housing availability and affordability is protected for all regions.

² Airbnb (2022) <https://news.airbnb.com/en-au/2-million-and-counting-western-australians-flock-to-airbnb-to-explore-their-own-state-over-the-summer/>

³ Inside Airbnb (January 2022). <http://insideairbnb.com/western-australia/?neighbourhood=&filterEntireHomes=false&filterHighlyAvailable=false&filterRecentReviews=false&filterMultiListings=false>

⁴ REIWA, Rental vacancy rates.

⁵ SQM Research. Weekly Rents. Accessed 3 March 2022.

⁶ <https://www.news.com.au/finance/real-estate/perfect-storm-why-a-housing-crisis-is-predicted-when-western-australias-hard-border-comes-down/news-story/cf2f75ca33b81ec015545d63573f54f7>

⁷ REIWA (2021) Perth house prices expected to increase 10 per cent in 2022. <https://reiwa.com.au/about-us/news/perth-house-prices-expected-to-increase-10-per-cent-in-2022/>

⁸ Crommelin, L. Troy, L. Martin, C. Parkinson, S. (2018) Technological disruption in private housing markets: the case of Airbnb, AHURI Final Report No. 305, <https://www.ahuri.edu.au/research/final-reports/305>

Shelter WA makes the **following recommendations** relating to a state-based registration scheme:

- A registration scheme **should precede the implementation of any planning exemptions for STRA** in Western Australia and must be developed in collaboration with the WAPC and the *Draft Position Statement: Planning for Tourism*. These measures cannot be delivered in isolation from each other.
- We support the intention for all STRA to be required to register, including any forms exempt from development approval. This is crucial for understanding the scope of the sector and for developing appropriate policy and regulatory responses.
- De-identified data from a registration scheme, including number, location and type of STRA should be made publicly available. Efforts should be made to collate figures relating to 'change of use' applications and approvals where housing is shifting from the private market to tourism accommodation.
- Regardless of which department has carriage over the scheme, it should be developed and maintained in collaboration with the Department of Communities (and with local governments) with the intention of informing regional and state-wide housing strategies and targets.
- The registration scheme should introduce state-wide minimum standards for hygiene and safety, in collaboration with local governments (in NSW a code of conduct and registration scheme are managed by the Fair Trading Commission).
- Fees collected from the registration scheme should fund additional state government resources for compliance and include support for local governments to enforce the proposed changes and to manage impacts of STRA in their jurisdiction.

Conclusion

Thank you again for the opportunity to provide feedback on this important measure. The introduction of a registration scheme is a critical first step in understanding and managing the impact of STRA on housing availability and affordability in Western Australia. A thriving tourism sector is dependent upon a functioning housing system for local workers and residents. Shelter WA would welcome the opportunity to provide further input into the development of the scheme as it progresses.

Yours sincerely,



Michelle Mackenzie
CEO
Shelter WA