



Western Australian Planning Commission (WAPC)  
Perth WA  
Via email – [tourism@dplh.wa.gov.au](mailto:tourism@dplh.wa.gov.au)

3 March 2022

**Re: Survey 2: Draft Planning for Tourism Position Statement**

Western Australian Planning Commission,

Thank you for the opportunity to provide feedback on the proposed new planning provisions for short-term rental accommodation (STRA) in Western Australia as outlined in the *Draft Position Statement: Planning for Tourism*.

**Shelter WA**

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**

Shelter WA supports the introduction of measures that can manage, and limit where necessary, STRA in Western Australia. As outlined in our submission to the 2019 parliamentary inquiry, the proliferation of STRA poses significant risks to housing supply and availability 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 was held into STRA, 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.<sup>1</sup> 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

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<sup>1</sup> 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.<sup>2</sup>

According to Inside Airbnb data<sup>3</sup>:

- 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.<sup>4</sup> 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.<sup>5</sup>

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.<sup>6</sup> REIWA has predicted a further 10 -15 per cent increase in rental prices in 2022.<sup>7</sup>

Research suggests that growth of STRA is removing properties from the long-term rental market, leading to increased demand and prices.<sup>8</sup> 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.

#### Summary of proposed changes and Shelter WA response

The following is a summary of the position of Shelter WA. While feedback has been provided separately to **Survey 1: registration scheme for STRA**, our position on the introduction of a registration scheme have been included for your reference.

#### Implementation of a STRA registration scheme.

- Shelter WA **supports** the implementation of a mandatory STRA registration scheme.
- **A registration scheme should be in place prior to the implementation of any planning exemptions** for STRA.
- De-identified data regarding volume, regional location, type of STRA collected via the scheme should be publicly available.

<sup>2</sup> 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/>

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

<sup>4</sup> REIWA, Rental vacancy rates.

<sup>5</sup> SQM Research. Weekly Rents. Accessed 3 March 2022.

<sup>6</sup> <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>

<sup>7</sup> 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/>

<sup>8</sup> 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>

<ul style="list-style-type: none"> <li>• Data must feed into the development of state and regional housing strategies and targets.</li> <li>• Implementation of the scheme should include the introduction of minimum safety and hygiene requirements for hosts, with state government resources for compliance and enforcement.</li> </ul>
<p><b>New definitions for ‘hosted’ and ‘unhosted’ short-stay accommodation in a single house, grouped or multiple dwelling introduced into state planning provisions (updating and replacing the definition for ‘bed and breakfast’).</b></p>
<ul style="list-style-type: none"> <li>• The distinction between ‘hosted’ and ‘unhosted’ short stay accommodation is <b>supported</b> as there are significant differences in impact on housing affordability and availability between the two categories.</li> </ul>
<p><b>Planning approval exemptions for</b></p> <p><b>a) hosted accommodation (up to 2 bedrooms, 4 people) and</b></p> <p><b>b) unhosted accommodation rented for up to 60 days per year.</b></p>
<ul style="list-style-type: none"> <li>• Shelter WA <b>does not support</b> these exemptions as they undermine the ability of local governments to manage local housing impacts, such as limiting the volume or directing the location of short stay accommodation.</li> <li>• Shelter WA is especially <b>opposed to</b> de-regulation or exemption for <i>unhosted</i> accommodation, which, without local government control, could risk the further loss of previously tenanted or owner occupied housing supply to the tourist market. This already poses a significant risk to housing affordability and availability in areas of tourist demand.</li> <li>• Any exemption for hosted accommodation <b>should not automatically include ancillary dwellings</b> which offer crucial housing diversity and affordable options for local residents. Local governments could still provide a green light to this form of STRA in their local planning provisions if deemed appropriate for their local area.</li> </ul>

The following section provides further detail about Shelter WA’s position on each of the proposed changes to short stay regulation and management in WA.

### 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.

A key objective of a registration scheme must include oversight and management of housing supply 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 in short stay rental accommodation, must be managed to ensure that housing supply and affordability is protected.

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 silo 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 regional areas.

### New definitions for 'hosted' and unhosted' accommodation

The *Draft Position Statement: Planning for Tourism* introduces two new definitions for STRA into planning provisions

**'Hosted' accommodation** *Hosted accommodation in a single house (or ancillary dwelling), grouped or multiple dwelling*

**'Unhosted' accommodation rented for up to 60 days per year.** *Unhosted accommodation of an entire single house, grouped or multiple dwelling.*

Shelter WA **supports** the new definitions for STRA as proposed by the State Government.

The proposed definitions recognise the important difference between hosting a small number of paid guests within the home and renting an entire dwelling for commercial purposes. The differentiation of these two types of STRA provides the scope to manage and regulate accordingly.

### Planning approval exemptions

*Planning approval exemptions have been proposed for small-scale STRA including for:*

**Hosted accommodation (up to two bedrooms, four adults).** *This form of short-term rental accommodation is considered low-scale because the host resides on site, can manage any issues with guests and the tourism/commercial use of the property is incidental to the permanent residential use.*

**For unhosted accommodation rented for up to 60 days per year.** *This exemption is for a change of use. Unhosted accommodation in a single house, grouped or multiple dwelling operating for more than 60 days per calendar year would be subject to the requirements of the relevant local government's local planning framework.*

Shelter WA **does not support** the implementation of the proposed exemptions for the following reasons:

#### Undermining local control

Local governments are currently able to direct the location and volume of short stay accommodation in their jurisdiction as they deem necessary. They are also able to consider the appropriateness of the land use, address bushfire risk and building compliance matters, and address amenity issues associated with STRA.

The proposed planning exemptions would undermine the ability of the local government to limit STRA and to determine where holiday homes should and should not be supported.

Maintaining local government capacity to manage the impact of STRA in their communities was a key recommendation from the parliamentary inquiry, outlined in *Levelling the playing field – managing the impact of the rapid increase in short-term rentals in Western Australia* (2019).

The proposed exemptions do not align with these recommendations nor the stated objectives of the *Draft Position Statement: Planning for Tourism* that it will:

*“Provide a strategic approach to the sustainable development and management of tourism land uses by ensuring decision-making is guided by a local planning strategy which reflects the demand for local and regional tourism”.*

This is particularly an issue for unhosted accommodation, however the proposed exemptions for low-scale hosted accommodation also undermine the local government capacity to ensure basic amenities such as parking, are appropriate for hosted STRA. This is especially pertinent in strata complexes with shared amenities.

#### Unintended consequences for housing availability and affordability

Shelter WA is concerned about the proposed exemption for unhosted accommodation (even with the proposed cap on nights) as it poses a risk to housing availability and affordability in areas with strong tourist appeal.

Research by AHURI found that growth of STRA was having an impact on the rental market in areas with significant tourism appeal.<sup>9</sup> Based on evidence of decreasing bond lodgement rates and increasing levels of vacancy, the researchers pointed to the likelihood that STRA was removing properties from the long-term rental market, leading to increased demand and prices. An exemption for unhosted accommodation, even with a cap of 60 days, may lead to the further transition of dwellings from long-term private rental to tourist accommodation, thus decreasing overall rental stock for residents.

The proposed 60 day cap does not solve the above issue. Instead, it is likely to encourage owners in areas of high tourist demand to offer short term (6-9 month) leases over the winter and yield higher STRA profits over the summer. This will increase housing insecurity for people living and working in regions which are already experiencing low vacancy rates and increasing rental prices. In tourist locations such as Margaret River, a lack of long-term tenancies is already an issue, and the proposed STRA exemptions will likely exacerbate the problem.

Alternatively, the 60 cap may provide an incentive to use holiday accommodation unproductively, increasing vacancy rates and making lesser use of existing housing resources. Given the STRA regulations would not apply to private family holiday homes, the 60 day cap may lead to homes remaining empty for large portions of the year.

Regarding the proposed exemption for low-scale *hosted* accommodation, Shelter WA is concerned about the potential loss of ancillary dwellings to the STRA market. Ancillary dwellings were historically reserved only for immediate family members, however, in recent years they have become an important affordable housing option that contributes to housing diversity. Shelter WA proposes that ancillary dwellings should not be automatically exempt from planning approval, however, local governments could opt into this exemption should it be deemed appropriate for local conditions.

#### Impractical enforcement

The *Draft Position Statement: Planning for Tourism* does not outline how a 60 day cap on unhosted accommodation (without planning approval) would be enforced. The 60 day figure appears to be arbitrary, and it is unclear how it would be verified in practice. Without a clear state-level approach to enforcement, this proposal would create a complex and resource consuming compliance responsibility for local governments. If enforcement proves difficult, there is a risk that owners and investors of unhosted accommodation will exceed the cap on nights and ignore the new regulations. This would undermine management of STRA and risk exacerbating housing pressures in locations with strong tourism appeal.

#### A thriving tourism industry requires housing for workers

Tourism hotspots in the South-West and Great Southern regions have been experiencing persistent low vacancy rates in the private rental market throughout 2021 and into 2022. In this context, businesses and

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<sup>9</sup> 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>

community services are experiencing challenges in attracting and retaining staff due to a lack of accommodation options.<sup>10</sup> Airbnb have argued that:

*“When domestic and international travel can return to WA, it’s important the state is competitive and able to make the most of the economic benefits of tourism”<sup>11</sup>*

A thriving hospitality industry, however, requires a functioning housing market for local workers, especially for agricultural and hospitality workers who service the tourism market. Given the existing housing shortages in many tourist regions in WA, limiting the ability of local governments to manage STRA is not recommended.

#### Conclusion

Thank you again for the opportunity to provide feedback on the proposed provisions for STRA in the *Draft Position Statement: Planning for Tourism*. It is critical that housing availability and affordability are key objectives for the management of STRA. Shelter WA would welcome the opportunity to provide further input into these reforms as they progress.

Yours sincerely,



Michelle Mackenzie  
CEO  
Shelter WA

<sup>10</sup> <https://www.abc.net.au/news/2021-12-07/denmark-residents-sleeping-rough-due-to-rental-crisis/100679966>  
<https://www.margaretrivermail.com.au/story/7522295/forced-out-of-work-margaret-river-manager-faces-job-loss-as-housing-crisis-deepens/>

<sup>11</sup> <https://news.airbnb.com/en-au/airbnb-unveils-vision-for-sensible-regulation-for-short-term-rentals-that-keeps-accommodation-affordable-for-western-australians%E2%82%AC#:~:text=Airbnb%20has%20today%20outlined%20its,choice%20and%20affordability%20for%20guests.>