

25 October 2017

Director, Housing Policy
GPO Box 39
SYDNEY NSW 2001

Dear Sir/Madam

**Subject: Short-term Holiday Letting in NSW
Options Paper**

Please accept the following submission from the City of Canada Bay in relation to the Options Paper for Short-term Holiday Letting in NSW.

Council over a number of years has become increasingly aware of the demand for holiday accommodation within the LGA through various internet providers. This has been in the form of either house swapping arrangements or more commonly the short term renting of houses, secondary dwellings, boarding house rooms or existing unit stock.

This trend appears to be growing and it is agreed the service needs to be better managed.

Impact on Canada Bay

Council accepts there are a number of benefits to be gained through this growing service through economic stimulus to the local community and therefore generally supports the concept.

The question as to what degree of regulation should be legislated (if any) is difficult to determine as there is insufficient information at hand to determine the extent of the phenomenon in the City of Canada Bay.

Council have received complaints regarding the leasing of premises for short term holiday letting. The complaints are mainly confined to existing residential flat buildings and are the result of nuisance complaints from existing owner-occupiers or long term tenants and relate to the conduct of lessees and the use of resident facilities such as private parks, pools, gyms and other facilities. Whilst we know that holiday letting is occurring we do not know the full extent of letting and the true impact it is having on the affected residents adjoining the subject sites. We suspect in many instances the practice is not condoned but is ignored.

It is Council's view, in relation to Strata Schemes, that Option 5 would be the most appropriate to implement. We agree that this should involve a change to strata laws to introduce the ability to manage short-term letting of premises, apply fees/levies and include the ability to prohibit short term letting where a majority of unit owners oppose the

practice. This could be done, as foreshadowed in the discussion paper, through the creation of appropriate By-Laws that would dictate the terms, conditions and duration of holiday letting in multi dwelling complexes. The nature of some strata communities is such that it may not be appropriate to allow holiday accommodation that will disrupt or otherwise affect the health and wellbeing of the majority of residents, particularly where they may be part of an elderly community.

Where letting occurs on properties that have the approval of the Executive Committee of a strata lot but where facilities may be utilised that lie on "Community Land" under the *Community Land Development Act 1989* then similar By-Laws would need to be created to allow the use of community land facilities by the lessee.

Caution would need to be exercised with this approach to ensure entire complexes are not monopolised by holiday letting such that the nature of the building changes entirely. During holiday periods it is conceivable that a complex could completely change in nature resulting in significant disruption to permanent residents and owner occupiers. In this regard there needs to be some mechanism to limit the ability of a majority owner in a strata complex to completely transform a unit complex into a quasi holiday resort.

General Social Impact

In addition to the above Council would question whether there are other considerations that should form part of any decision to regulate holiday letting:

1. *Social Isolation* – The trend to allow short term leasing can lead to social isolation. In areas where there is a tourist focus it is not uncommon to see entire unit complexes completely empty during holiday off peak with the exception of remnant owner/occupiers. These residents have purchased a unit in a complex that would ordinarily be fully occupied. The trend emerging where these unit complexes are by and large empty for a majority of the time leads to social isolation. It also puts pressure on the remaining residents to maintain a complex that would otherwise be shared by the permanent residents.
2. *Affordable housing* – the trend to holiday letting and the resulting transient occupancies means that premises are often vacant for either intermittent or longer periods. The ability to allow holiday letting in what would otherwise be a long term rental contract reduces the available housing stock and therefore puts pressure on rent rates for those seeking a permanent residence. This must therefore put pressure on the cost of renting premises.
3. *Corporatizing/rezoning residential land by stealth*– There is a concern that over time individual units may be purchased by a single entity that can then form a majority on a Strata Committee and take control of a complex by stealth. This could lead to pressure to evolve a complex at the cost of existing owner occupiers. Over time money would be expended from the sinking fund or by other means to transform a unit complex through the provision of new or improved facilities in order to make the destination more attractive to holiday makers. This would be in the form of the installation of larger resort style swimming pools, common facilities such as entertainment rooms, cooking and service facilities, gyms and eventually service desks. If a unit complex is progressively purchased this will erode the ability for an Executive Committee to properly manage their unit block

through the adopted by-laws and eventually to the dissolving of the by-laws to the benefit of the majority owner. Again this will put pressure on long term tenants and owners to leave the complex.

Role of Managing Agents


Generally, unit owners have little involvement in managing or supervising the short term letting of their units and this is left to managing agents and cleaning contractors. The ability to supervise behaviour and if necessary manage a short term tenant is critical in ensuring the amenity of a complex and the community in general is maintained to a satisfactory level. It cannot be left to the local Council or the police to intervene when complaints are received and this must be managed by the owner of the unit i.e. Owner's Corporation. It is therefore vital that those who will be impacted most have the ability to set the rules as to the manner in which the holiday letting is conducted and whether it can be conducted at all.

In summary, Council supports the concept of Holiday Letting in the City of Canada Bay subject to changes being introduced to the *Strata Schemes Management Act 2015* and *Community Land Development Act 1989* as deemed necessary to allow the creation of appropriate by-laws to include both an ability to assess a proposal for holiday letting and the ability to apply appropriate fees, bonds or levees together with terms and conditions as deemed necessary.

Further, that an appropriate mechanism be put in place that either restricts the density of holiday lettings in a particular strata complex or otherwise ensures the integrity of the residential complex is maintained as a place of abode for long term residents.

For any additional information or assistance please contact me between 8.30am - 10.00am, on 9911 6555.

Yours sincerely,

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

John Osland

Acting General Manager