



31 October 2017

Sydney Business Chamber

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Department of Planning and Environment
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Via email: STHL@planning.nsw.gov.au

Dear Sir/Madam

RE: Short Term Holiday Letting in NSW – Options Paper

The Sydney Business Chamber is a division of the NSW Business Chamber and represents Sydney's leading corporations, advocating for Sydney to be a competitive and sustainable global city.

The Chamber strives to identify, develop and promote the major issues that contribute to economic activity and growth in Australia's only global city, Sydney. This is achieved on behalf of business by representation and collaboration with governments at the local, state and federal level.

The Chamber welcomes the opportunity to provide a submission to the Short Term Holiday Letting (STHL) in NSW – Options Paper with the hope that this consultation will lead to the development of a new regulatory framework that clearly and consistently recognises the positive role STHL has in the visitor economy Australia's leading destination, Sydney.

Contribution of STHL

Australia wide, STHL is estimated to be worth \$31.3 billion with NSW accounting for approximately half the national total.

Sydney, as Australia's gateway tourism destination, is the leading location for STHL in Australia. STHL supports significant additional expenditure from tourists with recent research undertaken by Deloitte for Airbnb suggesting that Airbnb guest expenditure contributes \$377.0 million in value add to the regional Sydney economy and support 3,266 FTE jobsⁱ.

In addition, STHL within Sydney provides essential additional accommodation capacity during periods of peak tourism demand.

While STHL provides many benefits, the rapid growth of the sector has, in places, had amenity impacts on the community. These include impacts in terms of noise, waste, traffic, parking, safety and security. At a macro level, there are also concerns of the impact of STHL on the broader tourism/accommodation industry.

While the Chamber recognises these concerns, we believe that by utilising the experience of other global and Australian cities in responding to these challenges and working with STHL platforms, an appropriate framework can be developed that maximises the benefit of STHL while minimising the impact on residents and others in the community. The Chamber believes that the regulations should be framed against a strategy of rights and responsibilities.

Impacts associated with STHL

With projections suggesting that Sydney's population will grow by more than 2 million over the next 20 years, it is clear that a greater proportion of residents will be living in higher density apartments and townhouses.

The Chamber has been a consistent and vocal supporter of diversifying the current housing stock of Sydney to facilitate the development of new housing close to jobs and high quality public transport.

With the majority of STHL within Sydney occurring in apartment buildings, it's appropriate that steps be put in place to ensure that STHL does not unduly impact on the liveability of these buildings.

The Chamber recognises the issues identified within the Options Paper of noise, waste, party houses, parking and hazards and evacuation procedures of being legitimate concerns of residents. It should be noted however, that these issues may be concerns of residents in relation to higher density living generally and not necessarily driven by STHL per se. Accordingly, the Chamber does not support developing STHL specific rules in relation to these impacts (for example, different rules should not be made in respect of noise restrictions for a property simply because it is utilised for STHL) but is open to changes that allow these issues to be better managed.

The development by state government of model regulations for councils to better manage amenity impacts should be a priority measure in this respect. The party-house legislation developed in Queenslandⁱⁱ to address noise and poor behaviour of guests should be examined as a potential model for NSW.

The Chamber also supports retaining current NSW strata laws which allow owners' corporations the ability to apply an additional levy on unit holders who use their property for STHL for additional waste services and insurances. This support is provided on the basis that strata would substantiate such requests with evidence of the additional impact STHL specifically is having on the common property and services.

In addition to this, further investment in education initiatives, both through STHL platforms and strata managers directly should be considered to ensure that owners corporations are properly informed of their rights to levy for these impacts.

The Chamber recognises the need to properly inform STHL users of relevant emergency evacuation procedures within individual buildings. The Chamber believes that working more closely with platform holders to develop mechanisms that ensure these procedures are communicated to potential users via the platform itself should be considered.

Self-Regulation

Good regulatory design suggests that at first instance working with platform holders to develop solutions to amenity impacts of STHL should be preferred than more heavy handed approaches by regulators.

While the Chamber is aware of recently introduced rules in Victoria which allow owners corporations to make application to the Victorian Civil and Administrative Tribunal (VCAT) to ban landlords from STHL platforms for poor guest behaviourⁱⁱⁱ, the Chamber believes that clearer rules for STHL operators developed with platforms will allow for quicker resolution where there are consistent behavioural issues associated with a premise utilised for STHL. There are clear examples where platforms have banned STHL operators for inappropriate behaviour^{iv} so as a first step the development of an industry wide code to specify circumstances where an STHL operator (or guest) may be banned from platforms would be appropriate.

The Chamber does however remain significantly concerned with STHL that may be occurring outside of hosting platforms. The recent establishment by the City of Sydney of the Unauthorised Accommodation Investigation Team to address significant overcrowding and fire safety issues associated with these properties should continue^v. Community education on mechanisms to raise complaints on such properties as well as working more closely with platforms where issues have been identified should be a focus of the team in the future.

STHL in Strata Properties

As noted above, the Chamber supports the retention of current owners' corporation powers to impose additional levies on STHL hosts for amenity impacts resulting from STHL.

The Chamber does not support amendments to the *Strata Schemes Management Act 2015* to increase the ability of owners corporations to prohibit or restrict STHL.

Regulation through the Planning System

While there are suggestions within the Options Paper of the potential of regulating STHL through the planning system, the Chamber believes that a STHL should be identified as exempt development through the Standard LEP for all NSW councils.

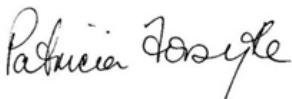
The Chamber is significantly concerned with the current piecemeal approach taken by councils in relation to STHL with major tourism and visitor centres in the City (such as North Sydney^{vi}) prohibiting STHL from operating.

As outlined above the Chamber believes STHL impacts are best managed, via strata as well as model council enforcement regulations (such as those that have been developed in Queensland) and recognizing STHL as exempt development would best help facilitate this.

Model regulations (which councils can then adopt) to deal with noise and other amenity impacts developed in consultation with the community, platform holders and tourism businesses are a strongly supported alternative approach to regulation via the planning system.

Thank you for the opportunity to comment on the review of the Short Term Holiday Letting – Options Paper. Please contact Luke Aitken, Senior Manager Policy NSW Business Chamber on 02 9458 7582 or Luke.Aitken@nswbc.com.au if you would like to discuss this submission further.

Yours sincerely



The Hon. Patricia Forsythe

Executive Director
Sydney Business Chamber

ⁱ <https://www2.deloitte.com/content/dam/Deloitte/au/Documents/Economics/deloitte-au-economics-airbnb-economic-effects-in-australia-new-south-wales-010517.pdf>

ⁱⁱ <http://www.abc.net.au/news/2014-06-03/new-laws-could-stop-party-houses-on-queenslands-gold-coast/5496588>

ⁱⁱⁱ <http://www.afr.com/real-estate/melbourne-landlord-wins-landmark-airbnb-case-20160609-gpfa3g>

^{iv} <http://mashable.com/2017/04/07/asian-airbnb-racism/#NVgvYMQngOq5>

^v <http://www.dailytelegraph.com.au/newslocal/city-east/city-of-sydney-investigation-team-targets-illegal-overcrowding-in-private-dwellings/news-story/33e0ebc3aeb1c09082b6c86df08cb5dc>

^{vi} Council defines an Airbnb-type stay as short-term accommodation (and formally defined in the North Sydney LEP as tourist and visitor accommodation). Short term accommodation is considered a commercial activity and outside the permitted range of uses within the residential zones of the North Sydney LEP.

https://www.northsydney.nsw.gov.au/Building_Development/Compliance/General_Compliance_Information/Tourist_and_Visitor_Accommodation