THE UNIVERSITY OF SYDNEY

URBAN HOUSING LAB

Planning responses to online short-term holiday rental platforms

Research Project for Australian Coastal Councils Association Inc.

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AUSTRALIAN COASTAL COUNCILS ASSOCIATION INC.

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Executive Summary

This research project sought to identify appropriate planning responses to the rise of online platforms for short term holiday rental accommodation in coastal Australia.

The objectives of the research project were to:

- Identify the specific issues, opportunities and risks arising from online listings of short-term holiday rental properties in different coastal communities of Australia;
- Identify relevant planning responses to the growth in online short-term holiday rental platforms in terms of local government planning frameworks, rating regimes, licensing and regulations, and complaints mechanisms;
- Define the tools and strategies required to address concerns around the amenity, tourism, infrastructure, cost burdens and potential housing market impacts of growth in short-term, online holiday rentals; and
- Investigate emerging international responses to these issues, and potential lessons for coastal Australia.

The research approaches included:

- A national planning and policy review
- Compilation and analysis of available data on short term rental accommodation trends, including online listings and trend data
- A review of emerging international responses to managing the impacts of online holiday rentals on permanent communities;
- Interviews and focus groups with 53 planners, holiday rental providers, tourism groups, and local stakeholders in specific case study communities; and,
- A national one day forum involving 39 representatives of coastal councils, local government associations and the short-term holiday rental industry.

Twelve local councils funded the study, in association with the Australian Coastal Councils Association Inc. (ACCA): Byron, Port Macquarie, Kiama, Shoalhaven and Eurobodalla in New South Wales (NSW), Douglas, Sunshine Coast and Moreton Bay in Queensland, Bass Coast, Mornington Peninsula and Moyne in Victoria (VIC), and Busselton in Western Australia (WA). These communities are characterised by significant differences in relation to their settlement, population and economic structure, tourism industry and the balance between formal accommodation (e.g. resorts, hotels, motels, serviced apartments, Bed and Breakfast providers, backpacker lodges, caravan parks) and informal holiday rentals.

The rapid growth of online platforms for residential holiday rental accommodation has impacted these communities in different ways, raising important new opportunities but also presenting new risks and challenges.

This report identifies these opportunities and risks and proposes planning responses, tools and strategies that can be adopted by coastal councils. It provides a guideline checklist to assist council decision-making in relation to these issues.

Key findings

The study found that traditional urban planning controls applying to tourist or housing development is often circumvented by hybrid holiday home-sharing because of unclear regulations or enforcement difficulties. Internationally, planning and management responses have emerged to address these issues, primarily aimed to:

- Allow permanent residents to “share” their own homes with tourists;
- Manage amenity impacts on neighbours;

- Equalize fee/tax rules applying to other tourist providers; and or
- Prevent conversion of permanent housing units to tourist accommodation, in markets where rental housing is in short supply.

In Australia, the study found that there has been a rapid growth in online holiday rental listings overall and in coastal Australia in particular. Since Airbnb was launched in Australia, the number of listings has risen to over 130,000 properties, amounting to around 0.2% of the housing stock nationwide. If holiday rentals are considered to be part of the rental housing stock (a smaller proportion of Australian homes), then Airbnb listings for whole homes represent around 3.5% of rental accommodation. In coastal communities, the rate is much higher. Across the communities in this study, between 0.3% (Moreton Bay) and 17.6 % (Byron) of the total housing stock is listed on Airbnb.

The majority of these listings are whole houses, and more than half appear to be frequently available holiday lets rather than permanent residences. Considered as part of the rental housing stock, these whole houses, frequently available, amount to 19.7% of the rental housing stock in Kiama, 21.9% of rental housing in Bass Coast, and are equivalent to 48.3% of the rental housing stock in Byron.

In some localities, online listings of holiday homes far exceed the supply of traditional tourist accommodation. In Mornington Peninsula and in Byron Bay, beds in holiday rental listings on Airbnb amount to more than five times the amount of traditional accommodation supply provided by motels, resorts, or hostels.

Communities report some benefits and new opportunities arising through online platforms for residential tourism. However, many communities report negative impacts for neighbours in areas where short term rentals have increased, particularly in relation to noise, unruly behaviour, parking, and traffic movements.

Some communities report housing market pressures which are exacerbated by the conversion of permanent rental housing to tourist accommodation. In Byron, there are around 50 holiday rental vacancies for every permanent rental available to local residents. Further, there are concerns that new housing supply is at high risk of becoming additional holiday rental accommodation rather than serving local accommodation needs.

Overall, the study finds that coastal localities require support to respond to the proliferation of short term holiday rentals in ways that best meet the particular issues affecting their communities.

Supporting coastal communities in managing the risks and sharing the benefits of holiday rental accommodation

State governments and those involved in the short term holiday rental industry – owners, managing agencies, and online platforms – can do much more to support local communities in sharing potential benefits while managing risks arising from informal tourism within residential neighbourhoods and homes.

An ideal regulatory approach, led by State governments would:

1) Clarify the definition of short term rental accommodation, as a residential or tourism use, and the threshold criteria between categories (i.e. the duration of time in a calendar year, and/or the number of guests able to be accommodated in a property before the primary use of the dwelling is considered to be tourist or visitor accommodation)
2) Set baseline standards for short term rentals in residential areas, including: building code compliance and safety standards, including fire/bushfire safety and evacuation information; signage displaying a 24 hour local contact point; controls

to manage potential neighbourhood amenity impacts including noise, parking, and traffic movements; and registration requirements for monitoring compliance.

3) Enable local planning responses via a suite of model opt in / out provisions
4) Require online platforms to share data with local Councils and comply with local regulatory requirements
5) Establish a basis for local communities to share in rental income revenue where appropriate, through special levies, fees, or rates.

Introduction

The recent introduction of online platforms for short term holiday rental accommodation has enormous implications for tourism in Australia and across the world. Platforms such as Airbnb, which by December 2016 advertised over 3 million properties across 191 countries, now rival major hotel chains such as Hilton (804,000 rooms in 56 countries) and Marriott (1.19 million rooms across 120 countries) (Airbnb, 2016, Hilton, 2017, Marriott, 2017) combined.

For coastal Australia, online holiday rental platforms bring new opportunities and risks. Short term renting of holiday homes or apartments has long been a feature of coastal tourism particularly beyond Australia's major metropolitan areas. However, the so called "sharing economy" which uses online platforms to connect people directly to goods or services through sophisticated algorithms has created new markets for residential style accommodation. Marketing costs for online advertising are minimal given the global market reach of these platforms.

Further, new forms of tourist accommodation have been popularised as part of this phenomenon. Although some online platforms such as Stayz primarily offer whole properties, many of which are retained permanently as holiday homes rather than primary residences, Airbnb offers multiple forms of "home sharing". As well as whole properties, home owners can offer rooms or shared rooms without the establishment costs usually associated with traditional forms of bed and breakfast accommodation.

Online holiday rental accommodation may offer new economic and tourism opportunities for residents of coastal communities, but there may also be impacts for long standing accommodation providers and their employees. The increase in short term holiday rentals on online platforms has also been associated with reports of unruly behaviour and public nuisance by visitors, and concerns that permanent rental accommodation for local residents will come under increased pressure.

Nationally, several states and territories are considering the legal frameworks pertaining to short term rental accommodation in residential areas and in strata buildings. However, to date the primary focus of concern has been implications for metropolitan areas unaccustomed to tourists in residential homes and apartments. A recent questionnaire survey of Australian Coastal Councils Association Inc. members highlighted a number of issues which are particular to coastal communities with their typically smaller and seasonal populations, and economic dependence on tourism. Respondents identified significant weaknesses in the existing planning framework; considerable uncertainty about how to manage these issues, and a need for specific tools and strategies to address concerns about short term rental tourism in ways which respond to local circumstances.

Research objectives and approach

In this context, this research project sought to identify appropriate planning responses to the impacts of online platforms short term holiday rental accommodation in coastal Australia.

The objectives of the research project were to:

- Identify the specific issues, opportunities and risks arising from online short-term holiday rental platforms in different coastal communities of Australia;
- Identify relevant planning responses to the growth in online short-term holiday rental platforms in terms of local government planning frameworks, rating regimes, licensing and regulations, and complaints mechanisms;
- Define the tools and strategies required to address concerns around the amenity, tourism, infrastructure, cost burdens and potential housing market impacts of growth in short-term, online holiday rental platforms; and

- Investigate the adaptation of emerging international responses to the growth in short-term, online holiday rental platforms within the local context.

The research approaches included:

- A national planning and policy review
- Compilation and analysis of available data on short term rental accommodation trends, including online listings and trend data
- A review of emerging international responses to managing the impacts of online holiday rentals on permanent communities;
- Interviews and focus groups with 53 planners, holiday rental providers, tourism groups, and local stakeholders in specific case study communities; and,
- A national one day forum involving 39 representatives of coastal councils, local government associations and the short-term holiday rental industry.

The national planning and policy review draws on planning and related legislation and policy set by state and local government.

Online platforms for short term rental accommodation do not make listings data publicly available. At present, the dominant platforms for holiday rental accommodation in Australia are Airbnb (130,000+ listings in Australia) and 'HomeAway' Stayz (40,000+ Australian listings) (Stayz, 2018). Other businesses, including real estate agents, dedicated holiday rental management agencies, and local tourism associations, have also operated online advertisement and booking platforms although increasingly the practice is for these operators (where they continue to accept online bookings) to also list on Airbnb and or Stayz websites as well. Further, Airbnb has gained traction as a platform offering local residences and rooms as well as dedicated holiday homes.

In the absence of data from online platforms Airbnb or Stayz, for this project, a special national data series was provided via the independent data scraping source, Inside Airbnb.com.[1] Data was made available at the LGA scale, including geocoding for spatial analysis. For the majority of local councils in our sample, data was available for four periods – April and December 2016 and 2017. This data pertains to all Airbnb listings, including listings for whole properties, rooms, and share rooms. The data contains information about availability (number of days advertised in a calendar year), frequency of bookings (a derived indicator based on reviews), income (based on advertised rates), and 'multi-listing' (that is, whether the 'host' has more than one property listed on Airbnb.

Listings were analysed in relation to Census data on the total housing stock, as well as housing market information on rents, and rental vacancy rates. Monthly income revenue from different listings types was also examined in relation to median rents of permanent dwellings in each study area, to consider the differential benefits accruing to Airbnb hosts and potential wider housing market implications.

ABS data from the Survey of Tourism Australia (for 2015-2016) was used to benchmark Airbnb listings against traditional accommodation infrastructure. The Tourist Australia survey covers "establishments" which provide "short term non-residential accommodation", which is defined by the ABS as "hotels and resorts with 15 or more rooms motels, private hotels and guest houses with 15 or more rooms and serviced apartments with 15 or more units" (Australian Bureau of Statistics, 2016; Explanatory Notes).

[1] Inside Airbnb data is widely used in comparable international studies of online holiday rental platforms, enabling comparison with the research conducted for this report.

Data limitations

It is likely that the Inside Airbnb data is an under count of the total holiday rental properties in the locality. This is because operators may use other methods or online platforms to advertise their properties, and the platform is relatively new (commencing operations in Australia in 2011). However, it is frequently the case that operators list a single property on multiple platforms. For that reason, the focus on Airbnb listings is used as a proxy for the online holiday rental stock in each case study community.

As noted, Airbnb itself does not make data about listings or listings trends publicly available. Therefore, in interpreting the data it is important to note uncertainty about the actual (as opposed to advertised) availability of properties, frequency of bookings, and revenue raised by hosts. In the absence of reliable data supplied by online platforms, web scraped Inside Airbnb data has informed a number of academic studies (Llop, 2016, Lee, 2016, Gurran and Phibbs, 2017).

Case study communities

To gain an in depth understanding of the different issues associated with online holiday rentals, and the ways in which they are currently managed, this study focused on 12 case study coastal communities in NSW, Victoria, Western Australia, and Queensland (Figure 1). A key focus was on issues affecting different types of stakeholders (including residents, tourism industry stakeholders, and accommodation providers) in these different coastal communities of Australia; and on identifying existing and potential strategies for ensuring that planning and management responses are tailored to local needs.

Interviews and focus groups

A series of interviews and focus groups were held with a total of 53 planners, holiday rental providers, tourism groups, and local stakeholders in the case study communities. The interviews and focus groups discussed:

- perceived changes to the holiday rental sector since the introduction of online platforms
- amenity issues, affecting neighbours or the wider community, and the circumstances in which these issues emerge
- implications for tourism planning and management
- potential housing market impacts
- existing and potential planning and management responses.

Interviews were held with planners, building inspectors, and tourism operators and sector representatives in:

- Bass Coast Shire Council, VIC
- Douglas Shire Council, QLD
- Moreton Bay Regional Council, QLD
- Kiama Municipal Council, NSW
- Shoalhaven City Council, NSW
- City of Busselton, WA
- Mornington Peninsula Shire Council, VIC
- Port Macquarie – Hastings Councils, NSW

The interviews were carried out through face to face meeting or by telephone.

Small focus groups involving three or more representatives from different sectors of the local council, industry, or community, were held in:

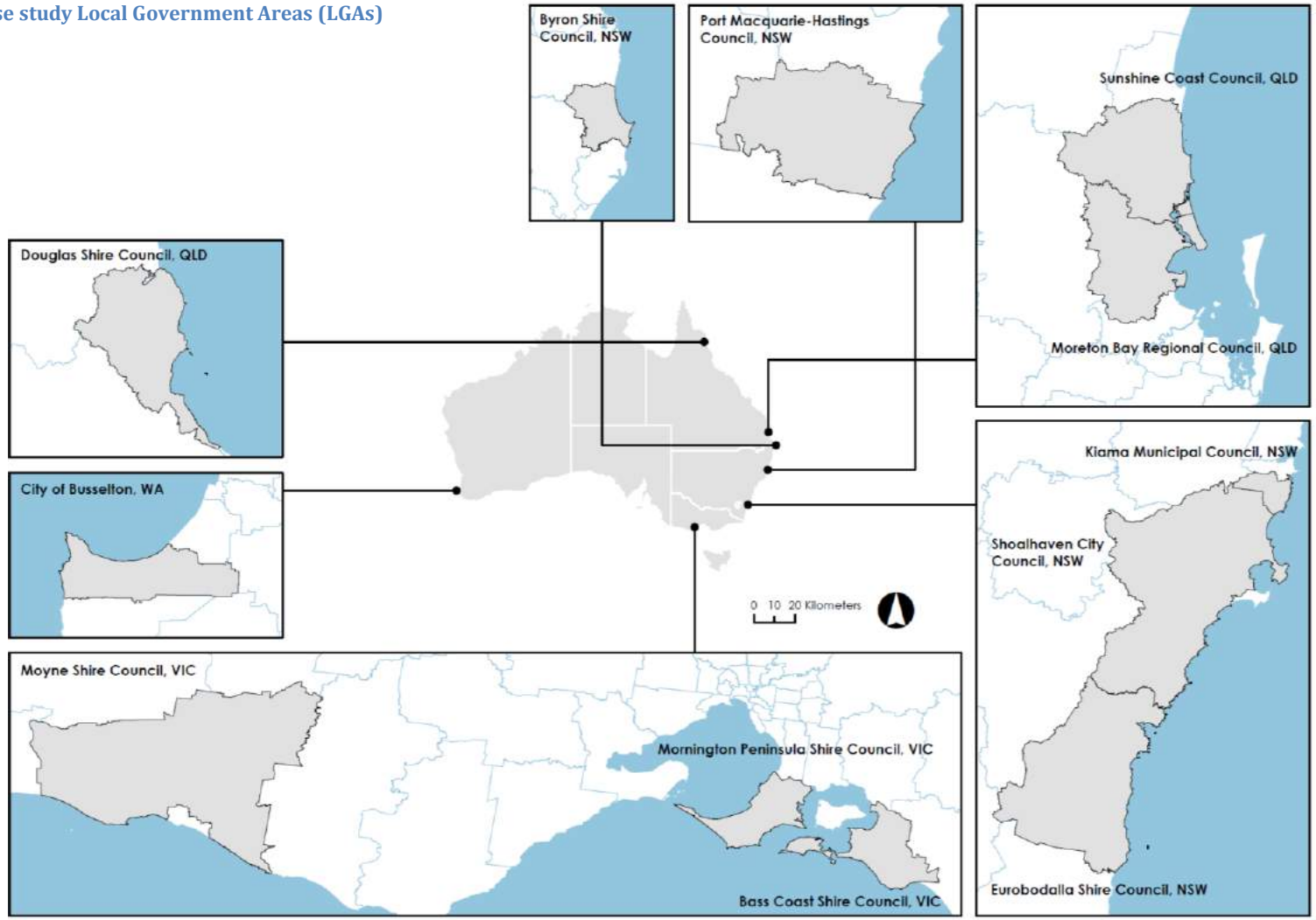
- Bass Coast Shire Council, VIC
- Eurobodalla Shire Council, NSW

- Moyne Shire Council, VIC
- Byron Shire Council, NSW
- Sunshine Coast Council, QLD

The majority of interviews were conducted between January and March 2018. Audio recordings were taken for each interview and focus group meeting, and subsequently transcribed and analysed for key themes.

While every effort was made to interview a diverse group of stakeholders it was not possible to be entirely comprehensive. This limitation should be considered when interpreting results of this study.

Figure 1: Case study Local Government Areas (LGAs)



Source: the authors

National forum on the impact of online short term holiday rental platforms

A one day national forum on planning responses to the impact of online short-term holiday rental (STHR) platforms was held on 20 March 2018 at Geelong, in Victoria, in conjunction with the 2018 Australian Coastal Councils Conference. The forum was attended by 39 representatives of coastal councils, local government associations, and the short-term holiday rental industry. Early findings of the study were presented and discussed at the forum which provided an important opportunity to validate the data and consider wider national implications.

Representatives from Airbnb and Stayz gave presentations as part of the forum.

Report structure

From this introduction, **Section one** of the report introduces the global phenomenon of online platforms for short term holiday rentals and situates Australia in this wider context. It outlines key planning and regulatory responses which have emerged internationally.

Section two examines key data on the emergence of online holiday rental platforms in coastal Australia, focusing on the 12 case study communities in this study. Drawing on Inside Airbnb, population, housing and tourism data as well as the local interviews, this section examines evidence on the key issues, impacts and opportunities presented by online holiday rentals across the case study communities.

Section three compares the ways in which state and local planning and policy frameworks address holiday rentals in residential housing, and the specific issues that may arise in relation to online platforms. Particular approaches used in the case study communities are compared.

Section four proposes strategies for strengthening state and local responses to the online holiday rental sector. It identifies key opportunities as well as risks which may arise in different community and housing market contexts and outlines potential planning and management tools. A checklist outlines local government considerations in relation to planning frameworks, licensing rates or charging regimes; complaints and compliance mechanisms; as well as tourism and destination management approaches.

Detailed information on each of the case study councils is provided in the **Appendix**.

1. "Global home-sharing" and local communities – understanding the rise of online platforms for short term rentals

Key points

- The rapid rise of online platforms for holiday rental has been a global phenomenon, often described as part of wider "peer to peer" (rather than "business" to "consumer") or "sharing" economy
- Online platforms offer a global marketing platform for traditional holiday houses but also bring tourists into residential homes and neighbourhoods
- International issues include impacts on residential amenity, housing supply and affordability, tourism destination management and economic outcomes
- Traditional urban planning controls applying to tourist or housing development are often circumvented by hybrid holiday home-sharing because of unclear regulations or enforcement difficulties
- Most planning regulatory responses aim to 1) allow permanent residents to "share" their own homes with tourists; 2) manage amenity impacts on neighbours; 3) equalize fee/tax rules applying to other tourist providers; and or 4) prevent conversion of permanent housing units to tourist accommodation, in markets where rental housing is in short supply.

The global rise of holiday home sharing

The so called 'sharing economy' has emerged across many different sectors of social and economic life. Goods and services traded between 'peers' (rather than from businesses to consumers) through online, geo-enabled platforms include transport (Uber, ride sharing) to equipment (bikes, cars), labour (air tasking), workspaces, and residential accommodation (Airbnb) (Orsi, 2013, Sundararajan, 2014). What distinguishes these new approaches from traditional sharing is the scale of potential market reach. In the holiday home sector, rather than offering a second home to relatives or friends, or perhaps a local real estate agent, Airbnb hosts can reach a global market of more than 150 million Airbnb users (McCarthy, 2016).

There are few if any establishment costs, and the wide reach of the online platform means that other forms of advertising – including a sign on the premise itself – are no longer required. This means that the usual checks and balances that might apply to tourist accommodation are difficult to enforce, because the activity is easy to conceal. In fact, avoiding the costs of physically modifying a residential dwelling, or paying application fees and additional taxes associated with tourism activities, are often central to the economic advantages for operators.

Concerns about the impacts of residential tourism for local communities have long affected high amenity coastal communities, in Australia and internationally (Gurran et al., 2005, Mazón, 2006). The conversion of residential apartments to short term visitor accommodation has long been a concern for major cities with tight housing markets, such as New York and London, which have prevented such practices through rules preventing rental leases of apartments for less

than 30 days. However, online marketing of short term rentals has made detecting the practice extremely difficult, while also dramatically increasing both demand and supply for residential tourist accommodation.

'Airbnb' and 'Stayz' – the dominant platforms for online holiday rental accommodation in Australia

Globally, there are a growing number of online platforms for tourist accommodation overall and short term holiday rentals in particular. 'Airbnb' which has the largest global reach, and was established in San Francisco in 2008, remains privately owned. Its distinct point of difference was in popularising the concept of 'sharing' a home with local residents by renting a room or the whole dwelling while the occupants are away. However, as discussed later in this report, the majority of listings on Airbnb in Australia are for whole properties which appear to be permanently maintained as holiday homes.

The Australian platform known as 'Stayz' originally emerged from a print based listing of holiday homes which was purchased by Fairfax in 2005 and subsequently digitalised. In 2013 it was sold to US based HomeAway, part of the Expedia travel group. Increasingly, both in Australia and internationally, many holiday rental properties are listed via multiple online platforms, including platforms maintained by local real estate agents and tourist associations.

Airbnb and Stayz remain the dominant platforms for holiday rental accommodation in Australia, and the specific issues created when booking arrangements are solely online without a local point of contact, are a particular focus for this study.

Implications for local communities – the international evidence

Marketing by online platforms such as Airbnb emphasises that local residents 'share' their homes with tourists by renting a room or whole homes in cases when the residents themselves are away. Such advertising implies that online holiday rental accommodation is akin to residential housing, presenting little if any impacts for local communities aside from potential income from new visitors.

Local neighbourhood impacts

Nevertheless, studies have highlighted potential impacts of a rapid growth of residential tourism on "receiving" communities (Guttentag, 2015, Dredge and Gyimóthy, 2015). These impacts exceed those already experienced by cities long associated with "second home tourism", such as Paris and Barcelona (Arias Sans et al., 2016, Dredge et al., 2016). The spread of tourism to residential neighbourhoods has raised conflicts over noise, anti-social behaviour, and a sense of disconnection as long term residents feel overwhelmed by a transient visitor population (Llop, 2016, Guttentag, 2015, Dredge and Gyimóthy, 2015).

Tourism sector impacts

Early concern about the rise of online holiday rental platforms for traditional hotel operators and their staff, found some effects on revenue particularly for mid range and lower cost accommodation providers (Zervas et al., 2014). Many operators highlight that online holiday rental providers often evade the regulatory and taxation requirements applying to other tourist facilities, thus enjoying a competitive advantage in pricing. Wider concerns are that spatial strategies for the location and management of tourist facilities may be undermined by a growth in unregulated and informal forms of visitor accommodation.

However, it is also argued that online home-sharing platforms may expand the total number of tourists and their duration of stay, bringing people who might not otherwise have visited an area and encouraging them to stay longer in the comforts of residential style accommodation. To date such studies have primarily been commissioned by the platforms – such as Airbnb itself (Airbnb, 2014).

Housing market impacts

Following the emergence of Airbnb 2008, the cities of New York and San Francisco were amongst the first to investigate the potential growth and impacts of online holiday rentals (Brousseau et al., 2015, New York State Attorney General, 2014). The primary focus was on potential housing market impacts, which were found to be significant when whole apartments were converted from permanent to short term rental accommodation.

Beyond New York and San Francisco, a series of other studies have highlighted the housing market risks from the conversion of permanent rental housing supply to short term accommodation, in Los Angeles, Boston, Washington and Berlin, (Lee, 2016, Schäfer et al., 2016, Horn and Merante, 2017).

However, it has been shown that falling housing markets affected by low demand may be stabilised by the potential to offer homes as online rentals (Jefferson-Jones, 2015). In short, there are many potential benefits and impacts arising from online home sharing, which depend on local context and may affect stakeholders – renters, resident and non-resident home owners, hosts, real estate agents, and local businesses – very differently.

International policy and planning responses

Cities have developed a range of policy and planning responses to the rise of online platforms for short term rental accommodation (Table 1).

In many cases (including New York and San Francisco) these approaches extend or reinforce long standing rules preventing the conversion of permanent housing to tourist accommodation, by requiring operators to be registered and to display this registration whenever the property is advertised online or elsewhere.

In other cases for example London, Lisbon and Portland regulators have been concerned to clarify that short term rentals – either whole apartments or rooms – is permissible, provided that the activity is undertaken by resident occupants of the dwelling.

The majority of cities in the sample below, restrict the number of days in a calendar year that a whole dwelling may be used as short term rental accommodation, usually to between 60-90 days.

Licensing regimes are used as a basis for ensuring that fire and safety requirements are met; imposing maximum occupancy numbers; and for collecting applicable charges and taxes. For example, Portland requires that properties are inspected and neighbours notified when licenses are issued.

In some cases, platforms such as Airbnb cooperate with cities by requiring listed properties to display appropriate license registration numbers; ceasing bookings once the annual threshold has been reached; and remitting taxes directly on behalf of owners.

However, because address level data is not shared, enforcing regulations remains very difficult for local authorities. There are often steep fines for non compliance – up to €500,000 in the case of Berlin. Nevertheless, in tight rental markets where preserving rental housing is a

primary goal, cities often need to dedicate considerable resources to monitoring growth and change in the holiday rental sector.

Table 1: International responses to online holiday rentals

City	Hosted rooms / shared rooms	Holiday rental (whole home)	Registration / licensing / tax
New York	Subject to rental laws + condominium / co-op building rules	Illegal in multi-unit buildings to rent for less than 30 days (i.e. short term rental) Illegal to advertise	Hosts may need business license and may be liable for hotel occupancy tax
New Orleans	Subject to short term rental license + any rental / condo / co-op building rules	Need license Specific zoning districts only	Short term rental tax payable
San Francisco	Resident hosts who remain present	Permanent residence only; up to 90 days per year	Need Business Registration and Short Term Rental registration certificate Short term Occupancy Tax – 14% (collected and remitted by Airbnb)
Portland	Subject to license and residency requirements	Must reside in dwelling for at least 270 days per year	Need Accessory Short Term Residency Permit Inspection + neighbour notification Subject to permit fee and occupancy taxes
London	Not restricted	Up to 90 days (beyond this, planning permit applies). Airbnb doesn't accept bookings for property once threshold reached.	Permit needed beyond 90 days. Applicable council taxes.
Berlin	Unlimited – up to 50% of the property, while host remains present Permit needed to rent more than 50% of property, while the host remains present	Up to 90 days per year	City permit needed; must be displayed on listing Fee for permit Fines of up to €500,000
Paris	Subject to registration	Primary residences only (hosts must reside for more than 4 months per year). 120 night cap in certain areas	Registration with city; registration number must be shown on listing
Barcelona	Subject to tourism license	Subject to tourist license (City has stopped issuing to new properties)	Must have a tourist license and registration must be shown on listing Requirement; license includes requirement for fire, health etc; visitors must be registered & tourist tax paid High property tax for vacation rental
Lisbon	Permitted	Permitted, subject to registration	Must be registered for short term tourism "Alojamento local"
Amsterdam	Bed & Breakfast – up to 40% of home; 4 guests; designated areas of home only	Maximum 2 months in a year; registered owner only	Need to report B&B and for short term rental to district.

		Up to maximum 4 guests	Can't operate both B&B then lease whole home to tourists in single year Tourist tax collected by Airbnb

Source: the authors

Potential implications for Australia

The emerging body of international research on the potential impacts arising from online platforms for short term holiday rental accommodation suggests that these will differ in different contexts depending on existing tourist infrastructure, neighbourhood characteristics, and housing market pressures.

Tailoring responses to these specific pressures is important to ensure that potential wider benefits arising from residential tourism are gained, and impacts effectively managed.

2. Short term holiday rentals in coastal Australia

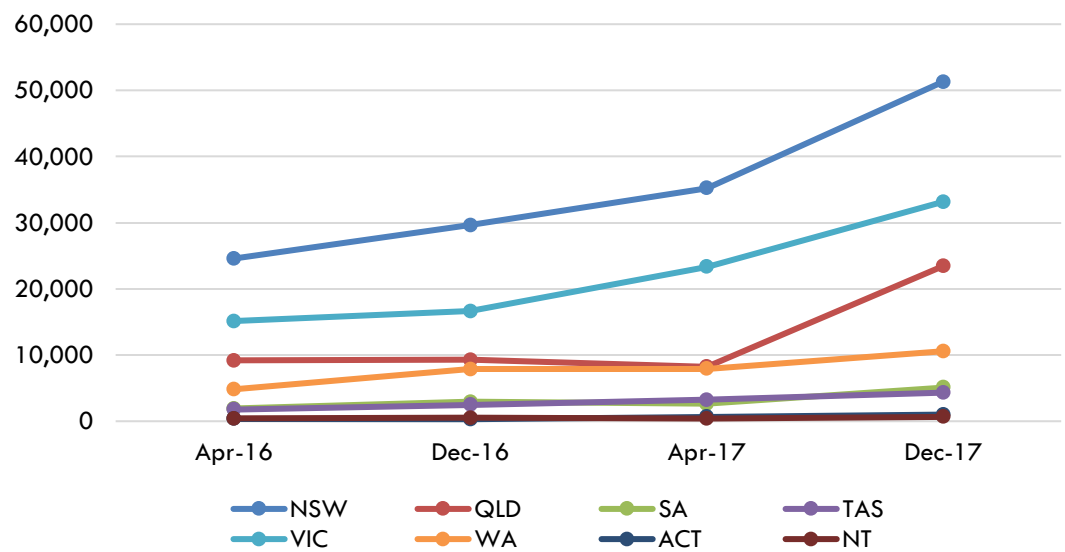
Key points

- There has been a rapid growth in online holiday rental listings in Australia overall and in coastal Australia in particular
- The majority of listings are whole houses, and more than half appear to be frequently available holiday lets rather than permanent residences
- In some localities, online listings of holiday homes far exceed the supply of traditional tourist accommodation
- Communities report some benefits and new opportunities arising through online platforms for residential tourism
- Many communities report negative impacts for neighbours in areas where short term rentals have increased
- Some communities report housing market pressures which are exacerbated by the conversion of permanent rental housing to tourist accommodation.

The rise of online platforms for holiday rental accommodation in Australia

Since its Australian launch in 2011, Airbnb listings have grown rapidly to reach over 130,000 properties by December 2017. The highest number of listings is in NSW (more than 50,000) but most states (NSW, QLD, VIC and WA) recorded a doubling of listings between April 2016 and December 2017 (Figure 2). Listings have spread across the coastal and to some inland areas, beyond traditional concentrations of tourist accommodation (Figure 3).

Figure 2: Airbnb listings growth 2016-2017, Australia

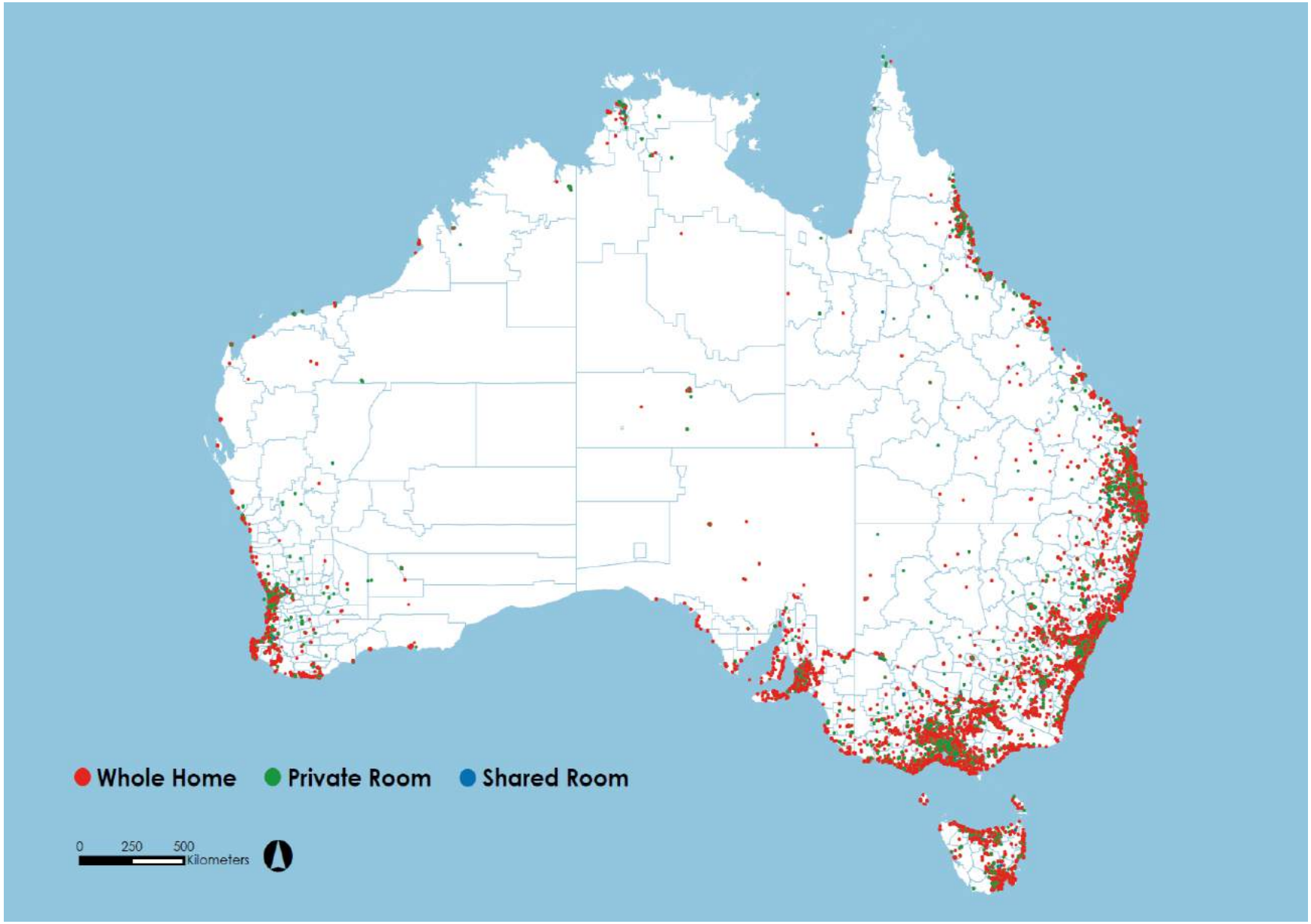


Source: the authors, based on Inside Airbnb data 2016–2017

Prior to Airbnb, some holiday home operators advertised via online websites which were managed by local agencies or tourist authorities, or which were national in reach (such as Stayz). However, it was generally the case that these properties were second homes, rather than primary residences.

The introduction of Airbnb complicated these distinctions between holiday homes, which may or may not have been offered to fee paying visitors; Bed and Breakfast accommodation, where owners or managers often resided on site but where a distinction was made between the residential and guest areas of the property; and primary residences. Airbnb listings include all of these forms of accommodation as well as rooms (without "breakfast") and even beds in shared rooms. The latter may resemble a hostel or backpacker dormitory – configured with bunk beds sleeping two, four or more people in a room but distinguished by being situated within a residential house or apartment.

Figure 3: Airbnb listings distribution Australia



(Total listings 130,665)

Source: the authors, based on Inside Airbnb data December 2017

Overview of trends in 12 case study communities

Airbnb listings in the case study communities range from between 360 - 500 properties (Port Macquarie, Moyne, Eurobodalla, Kiama) to more than 2,700 (Byron and Sunshine Coast), with the highest number of listings in Mornington Peninsula (Table 2).

When considered in relation to the size of the community, as a proportion of the total housing stock, listings amount to between 0.3% of homes (523 listings in Moreton Bay) to a high of 17.6% (Byron Bay, 2,740 listings), with a median of 4%. This compares to a national rate of 0.2% overall and 5.1% of rental housing (based on 130, 665 Airbnb listings and a dwelling stock of around 9.9 million properties in Australia [ABS Census 2016]). In Greater Sydney, the proportion of the housing stock which is listed on Airbnb is 1.7% (based on 32,830 listings and 1,855,734 million dwellings).

If holiday rentals are considered to be part of the rental housing stock, the proportion of Airbnb listings (of whole homes, which appear to be frequently available for tourists to book), is equivalent to around a fifth of the rental housing stock in Kiama, Shoalhaven, Moyne and Bass Coast, and nearly half of rental housing in Byron) (Table 2).

In part, it may be expected that holiday homes – whether listed via online platforms or not, will amount to a higher proportion of housing in high amenity coastal communities with smaller base populations and dwelling stock.

Table 2: Airbnb listings as a proportion of total dwellings, case study communities

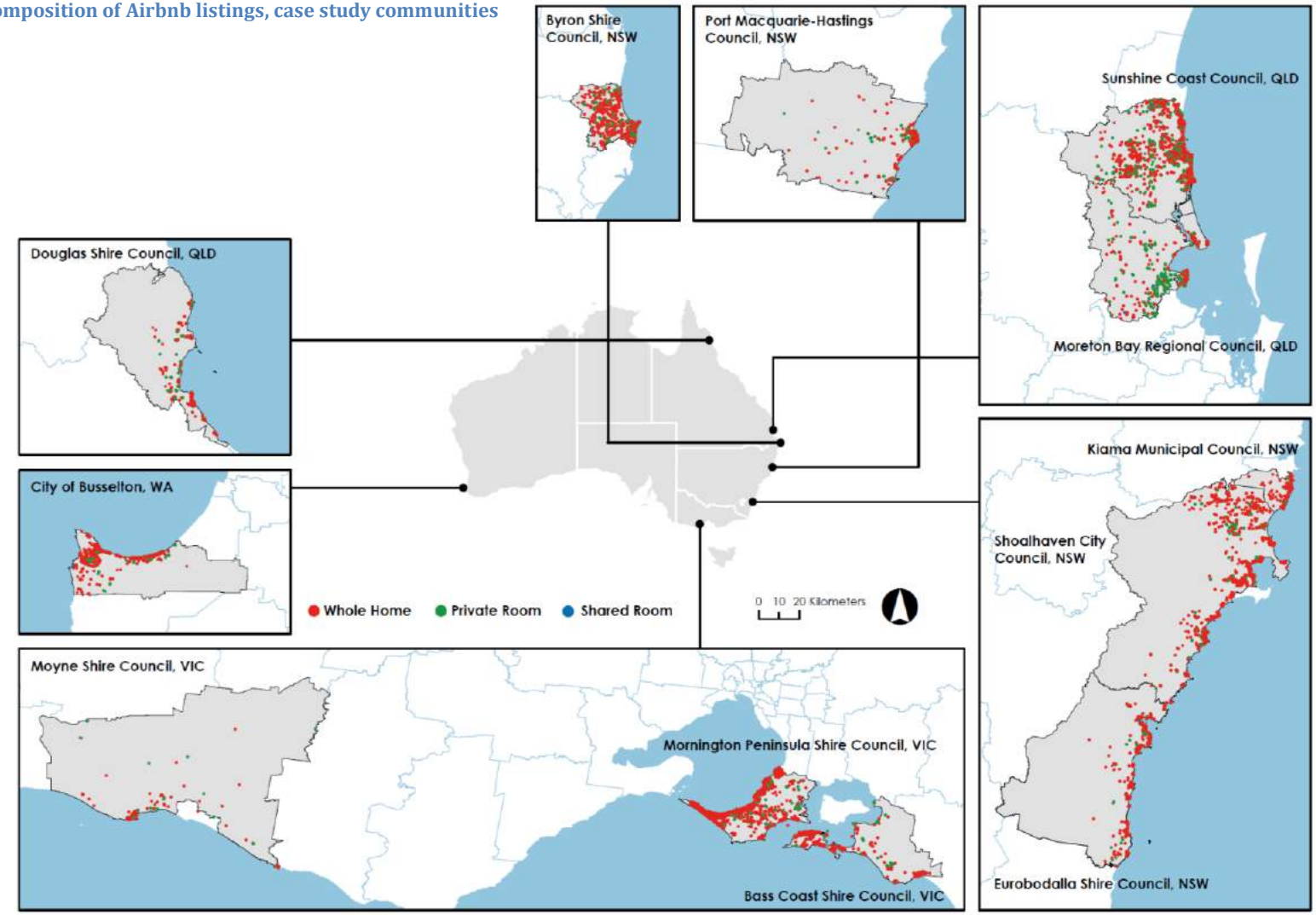
Council	Housing stock	Airbnb listings	Airbnb % total housing stock	Airbnb whole homes, frequently available as % rental stock
Moreton Bay	166,860	523	0.3%	0.5%
Port Macquarie-Hastings	36,583	397	1.1%	2.5%
Eurobodalla	23,376	475	2.0%	4.5%
Sunshine Coast	129,978	2,710	2.1%	9.4%
Mornington Peninsula	88,996	3,305	3.7%	18.8%
Kiama	9,940	376	3.8%	19.7%
Shoalhaven	54,388	2,283	4.2%	21.6%
Moyne	8,055	362	4.5%	21.8%
Bass Coast	25,775	1,350	5.2%	21.9%
Busselton	18,677	1,001	5.4%	32.9%
Douglas	6,443	856	13.3%	43.4%
Byron	15,540	2,740	17.6%	48.3%
Total		**16,378**	**4.0%***	**20.6%***

Source: the authors, based on ABS 2016 (all private dwellings); Inside Airbnb December 2017
*Median of case study communities

However, potential impacts are also likely to be magnified when there are very high proportions of holiday rentals within a particular area.

The composition and spatial distribution of Airbnb listings is shown in Figure 4. It is apparent that a majority of listings are for whole properties, and that these are concentrated in coastal, rather than hinterland areas. Overall however, the picture is one of tourist accommodation dispersing beyond key locations, into suburban and even rural residential locations. There are particular spatial concentrations of listings within Byron, and to a lesser degree, in Mornington Peninsula and the Sunshine Coast.

Figure 4: Composition of Airbnb listings, case study communities



Source: the authors, based on Inside Airbnb data December 2017

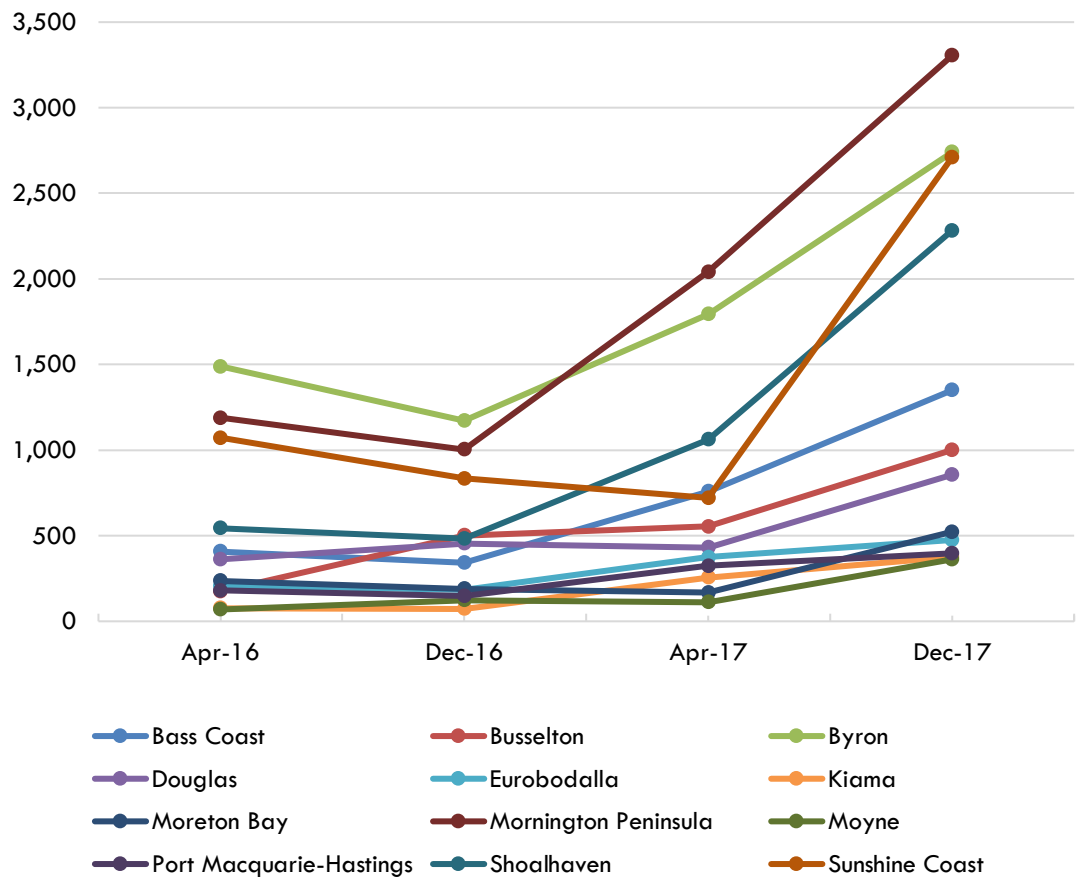
Growth in Airbnb listings

There has been rapid growth in Airbnb listings across many of the 12 case study communities, particularly between December 2016 and December 2017 (Figure 5). Listings grew fivefold in Shoalhaven, nearly tripled in the Mornington Peninsula, and more than doubled in Byron, the Sunshine Coast and Douglas.

However, it is important to note that listing on the online platform does not in itself mean that the dwelling is being converted from a primary residence to a holiday rental. Many holiday home owners and even some tourism operators, advertise their properties via multiple avenues and increasingly, on multiple online platforms. As discussed further below, baseline data on the proportion of housing stock in coastal communities which is maintained by non resident owners as holiday homes (as opposed to part of the permanent rental stock), is limited.

Nevertheless, a shift in advertising and renting holiday homes via online platforms such as Airbnb and Stayz rather than through locally based tourism associations or real estate agents brings certain risks as discussed in subsequent sections of this report. Further, online platform Airbnb in particular, introduces a new type of tourist accommodation – shared with permanent residents. Some of the growth in Airbnb listings represents expansion in this new segment of the tourist accommodation sector.

Figure 5: Growth in Airbnb listings, case study communities



Source: the authors, based on Inside Airbnb data 2016-2017

New holiday homes or a new marketing platform?

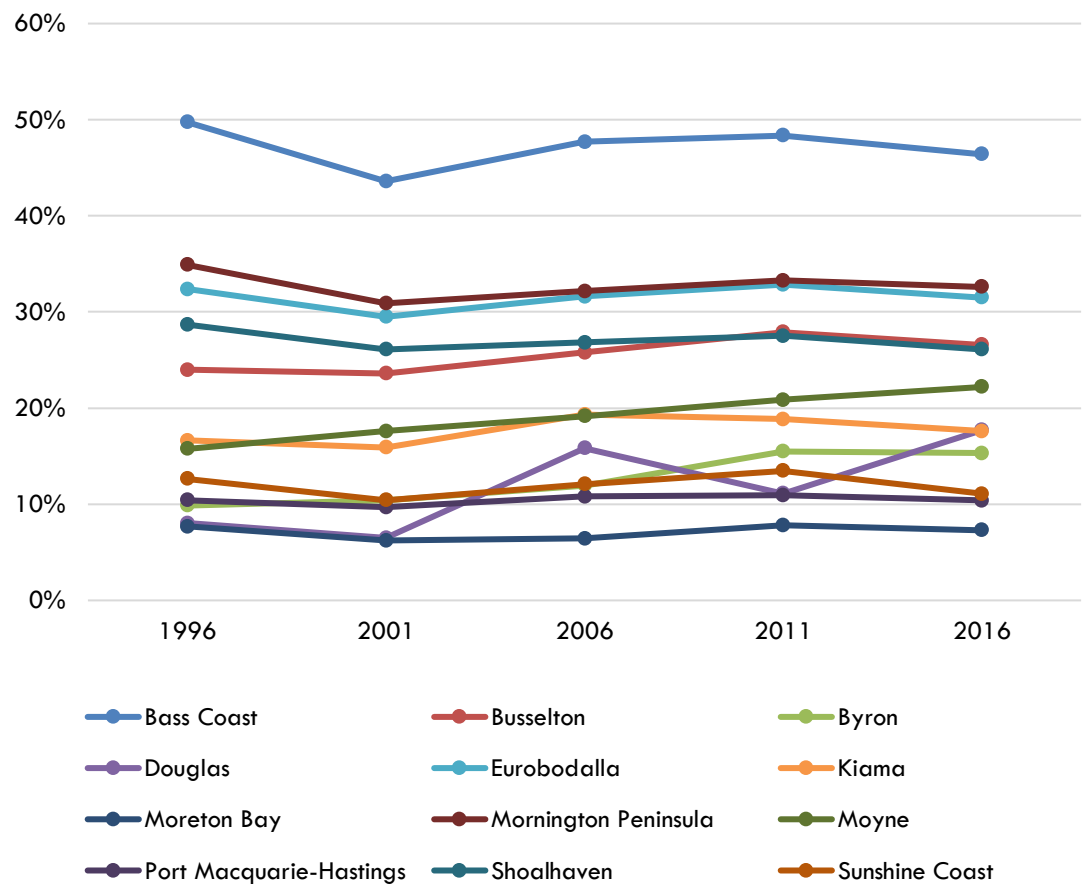
As part of this study, we attempted to estimate the extent to which the growth in online holiday rentals represent a shift in the proportion of housing stock which is reserved for tourism. As noted, baseline data on the proportion of holiday homes in each of our case study communities is limited (although some communities have commissioned studies which provide an important reference point). Therefore we used ABS Census vacancy rates (i.e. private dwellings recorded as vacant on Census nights) as a proxy for potential holiday houses, and examined trends in estimated vacancy rates since 1996 (Figure 6).

This analysis suggests that there has been a general trend towards increased vacancies (i.e. likely holiday homes) in most of the case study communities. However, this trend preceded online rental platforms, peaking between 2006-2011 for many of the case study communities, with the exception of Moyne which has continued to rise gradually (to reach 22%).

Nevertheless, the significant growth in Airbnb listings across our sampled coastal LGAs since the Census data was collected in August 2016 makes it difficult to determine the pressure on permanent rental housing during this time.

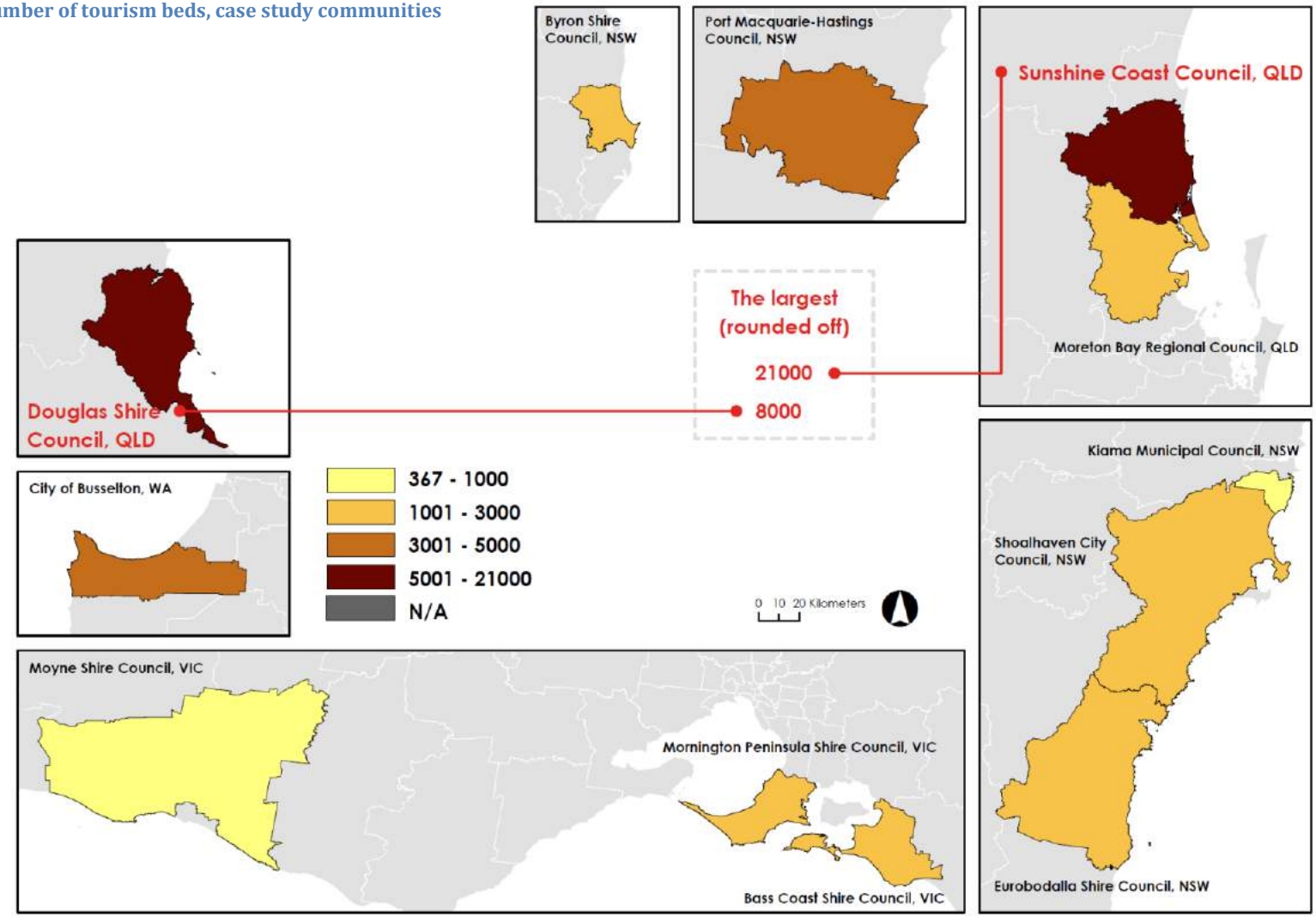
Therefore, it is not possible to determine the absolute proportion of online listings which are likely to represent new additions to the stock of holiday homes and apartments versus properties which have long catered to tourists.

Figure 6: Census vacancy rate trends over time, case study communities



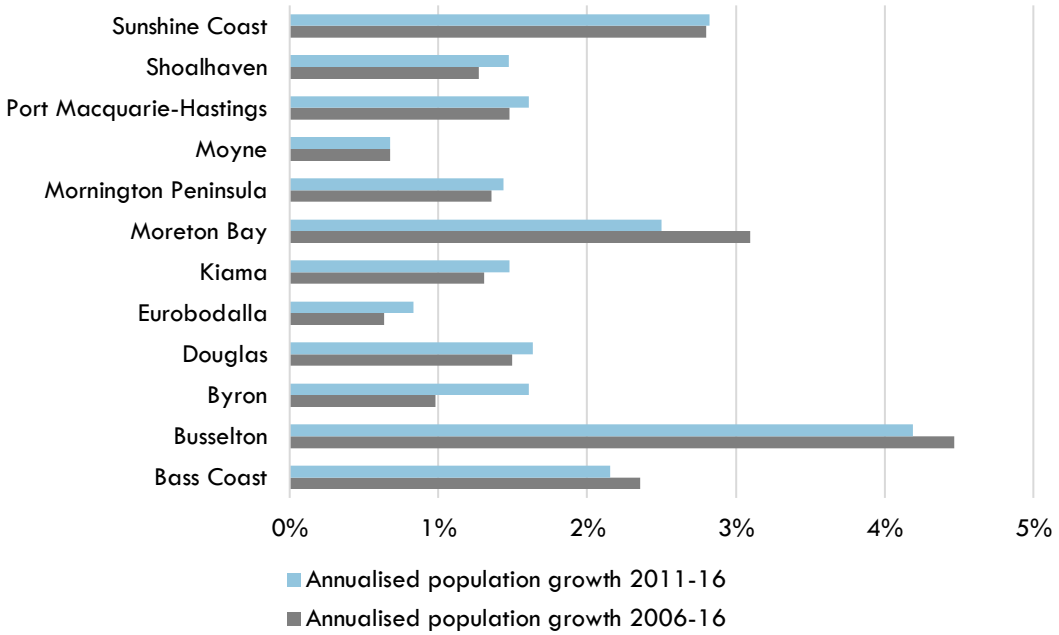
Source: the authors, based on 1996, 2001, 2006, 2011, 2016 ABS Census Data

Figure 7: Number of tourism beds, case study communities



Source: the authors, based on the ABS Survey of Tourism Accommodation Australia (STA), June Quarter 2016

Figure 8. Annualised population growth, case study communities



Source: the authors, based on 2006, 2011, 2016 ABS Census Data

It is possible that some communities have experienced both an increase in residential tourism at the same time as a growing resident population. For instance, in the Sunshine Coast the proportion of likely holiday homes grew by almost 10% over the decade, however much of the growth occurred between 2001-2006, so predates online platforms. Recent growth in permanent residents in the Sunshine Coast may reflect growing popularity with commuters from Brisbane, and /or increasing numbers of retirees.

Overall, when the permanent residential community increases within an area, the potential for new conflicts between tourism and the permanent community may also arise.

The proportion of listings which are made by people who manage one or more properties is often regarded to be an indicator of commercialisation in the sector. At the very least, multi-listing of properties by a single owner or operator signals properties which are unlikely to be primary residences.

As shown in Table 3, up to 70% of listings in Douglas, were made by people who have or manage multiple properties. Interview data in Douglas suggests that the majority of these reflect the decision by established tourism operators (who typically manage serviced apartment accommodation) to advertise via the online platform.

The size and capacity of the traditional tourist sector may influence the potential impacts arising from online holiday rentals. Figure 7 shows the concentration of traditional tourist accommodation in each of the case study communities. As shown, Douglas, the Sunshine Coast, and to a lesser extent Busselton and Port Macquarie, have significant numbers of tourist "bed" spaces, in hotels, motels, and serviced apartments (defined by the ABS as non residential short term visitor accommodation establishments with 15 or more rooms).

In Table 3, bed spaces in holiday rentals (numbers of beds per listed property) are compared to traditional tourism bed spaces. As shown, there are distinct differences across the case study communities. In the localities where there is a strong supply of traditional tourist accommodation – online rentals account for a much smaller proportion of tourism beds (less than 40% in Port Macquarie, Douglas, and the Sunshine Coast). By contrast, in other local

government areas, (Byron, Mornington Peninsula, Kiama, Shoalhaven) Airbnb beds, account for more than four times the number of traditional tourist accommodation offerings. Overall, across the case study communities, Airbnb listings are equivalent to 127% of traditional tourist accommodation.

Table 3: Online holiday rentals and traditional tourism accommodation, case study communities

	Multi listings proportion of total listings	Airbnb beds as a proportion of traditional tourist sector beds
Port Macquarie-Hastings Council, NSW	37%	29%
Douglas Shire Council, QLD	73%	37%
Sunshine Coast Council, QLD	40%	38%
Eurobodalla Shire Council, NSW	31%	69%
Moreton Bay Regional Council, QLD	42%	76%
City of Busselton, WA	57%	107%
Moyne Shire Council, VIC	61%	161%
Bass Coast Shire Council, VIC	44%	251%
Kiama Municipal Council, NSW	51%	418%
Shoalhaven City Council, NSW	60%	468%
Byron Shire Council, NSW	54%	517%
Mornington Peninsula Shire Council, VIC	56%	585%
Total	**52%**	**122%**

Source: the authors, based on the ABS Survey of Tourism Accommodation Australia (STA), June Quarter 2017; Inside Airbnb data December 2017

Online holiday rentals and the tourism industry

Without exception, all of the interviewees in the case study communities emphasised the importance of tourism to their local economy. In most of the communities, interviewees also noted that holiday homes have long been part of the composition of visitor accommodation offerings.

Overall, holiday homes and apartments cater to families and groups, who form an important component of the tourist market across most of the case study communities. However, tourism sector interviewees advised that the introduction of online holiday rental platforms had introduced some notable changes. These included:

- Increased visitation by international tourists
- Increased 'shoulder' periods – that is bookings beyond the main summer and holiday seasons
- Increased demand for short overnight and weekend stays, rather than 5 or 7 night bookings
- An increase in demand for special event tourism – e.g. groups booking properties and groups of properties for weddings and significant parties
- The rise of a new type of tourism accommodation operator – individual landlord / investors without professional experience

Some significant benefits were associated with online platforms, particularly in communities without significant tourist accommodation infrastructure and where visitation is highly seasonal. In particular, interviewees in Moyne and Douglas advised that online holiday rentals provided a way of expanding tourist accommodation in times of peak demand, without requiring significant economic investment by traditional hotel or motel operators.

For Moyne, the capacity to increase tourist accommodation during peak periods provides important opportunities for the wider network of providers, including restaurants and day attractions.

However, traditional tourist providers in other communities – such as in Mornington Peninsula, Kiama, Eurobodalla and Shoalhaven – reported difficulties in competing with online rentals who operate beyond the regulatory and taxation requirements applying to the formal visitor accommodation sector.

Some operators advised that they were struggling to source bank finance for necessary upgrades because of the apparent over supply of beds now available in the online holiday rental sector. Similarly, tourist industry representatives observed that the growth of online holiday listings made it difficult to attract new tourist hotels or resorts capable of accommodating large groups or conferences.

In some communities, tourist industry representatives were concerned about destination 'risk' if tourists were disappointed by a poorly located or badly managed online holiday rental. In one community, it was reported that visitors frequently sought assistance from tourist information services because of online rentals which were found to be in an unacceptable condition.

A number of tourist services sought to engage online holiday rental providers in wider destination management strategies. This included developing information about local attractions and the network of other tourist operators and experiences available across the region, to promote to guests. In general, these strategies are more easily implemented through professional property managers.

Some tourist services also collaborate with local councils in providing advice to online holiday rental providers and guests about staying in the neighbourhood – for instance, information about waste collection, parking, noise, and pets.

Individually managed properties are associated with the highest risks in terms of the visitor experience and potential conflicts with neighbouring residents.

Local amenity and neighbourhood issues

Local government interviewees generally reported an increase in resident complaints about noise or other disruptions caused by visitors in holiday rental accommodation. However, the quantity and focus of these complaints differed markedly across the case study communities.

For the most part, the communities in Northern and South East Queensland, reported few complaints relative to the total population and number of online holiday rental listings. This may reflect a traditional spatial separation between areas dominated by tourist accommodation (including resorts and serviced apartments) and primarily residential areas. To date, it appears that holiday rental properties have remained situated in areas close to primary tourist zones along coastal strips and popular swimming beaches.

However, interviewees advised that a few particular properties could generate intense complaints. For instance, properties in isolated rural residential estates tended to attract large parties for weddings, significant birthdays and so on.

In the Mornington Peninsula, where online accommodation is more suburban in nature, there has been a significant rise in resident complaints about unruly guest behaviour, excessive noise, nuisance dogs, rubbish, and illegal parking.

In the South coast of NSW, interviewees reported that complaints tended to originate from a few localities and neighbourhoods. These areas tended to be closely settled communities, often situated in isolated areas.

For example, the village of South Durras in Eurobodalla, is surrounded by the Murramarang National Park. Holiday homes and tourism has long been a feature of South Durras. However, prior to the introduction of online platforms, individual second home owners would let their properties through personal networks, if at all.

Residents in South Durras report a dramatic increase in the number of properties used as holiday homes and operated by absent owners. This has led to a number of problems which are specific to the particular context of the village and its isolated location. For instance, the lack of venues and shops in the town mean that groups often bring in large quantities of alcohol and "party" in residential properties throughout the night. Some groups – bookings of a single property by multiple families – bring multiple dogs. Police are not stationed in the town, so it is difficult to manage unruly and sometimes violent behaviour. Constant bookings place a heavy burden on the water and septic systems, which frequently fail.

Resident neighbours felt that their community had been invaded by tourism. They spoke of the stress associated with not knowing when a new party of visitors was likely to arrive next door, and how they were going to behave. In some cases, residents knew the phone number of the property owner so were able to make contact in cases of major disturbance. However, they advised that distant hosts often seemed unwilling or unable to risk disenfranchising their 'guests' by enforcing behavioural standards. In other cases, residents advised attempting to resolve issues via the online help functions intended to handle neighbour complaints. This has proved ineffective, in part because of the inability of a remote online presence to resolve a situation as it is occurring; and secondly because multiple online platforms list each property, making it difficult to know which platform to direct their complaint towards.

Across the case studies, local compliance officers advised that issues relating to short term holiday lettings can be difficult to manage under existing complaints mechanisms, which are designed to resolve issues arising between long term residents. They reported that when nuisance dogs or noise violations arise in short term holiday properties, the perpetrators have usually left before the complaint is able to be fully investigated.

Potential housing market impacts

As noted, potential housing market impacts of online holiday rentals have been a major concern internationally, particularly in cities such as New York, San Francisco, London, and Barcelona. In these cities, tight rental markets and a shortage of affordable housing supply are further exacerbated when permanent homes are rented to tourists rather than local residents. Similar concerns have arisen in Sydney (Gurran and Phibbs, 2017).

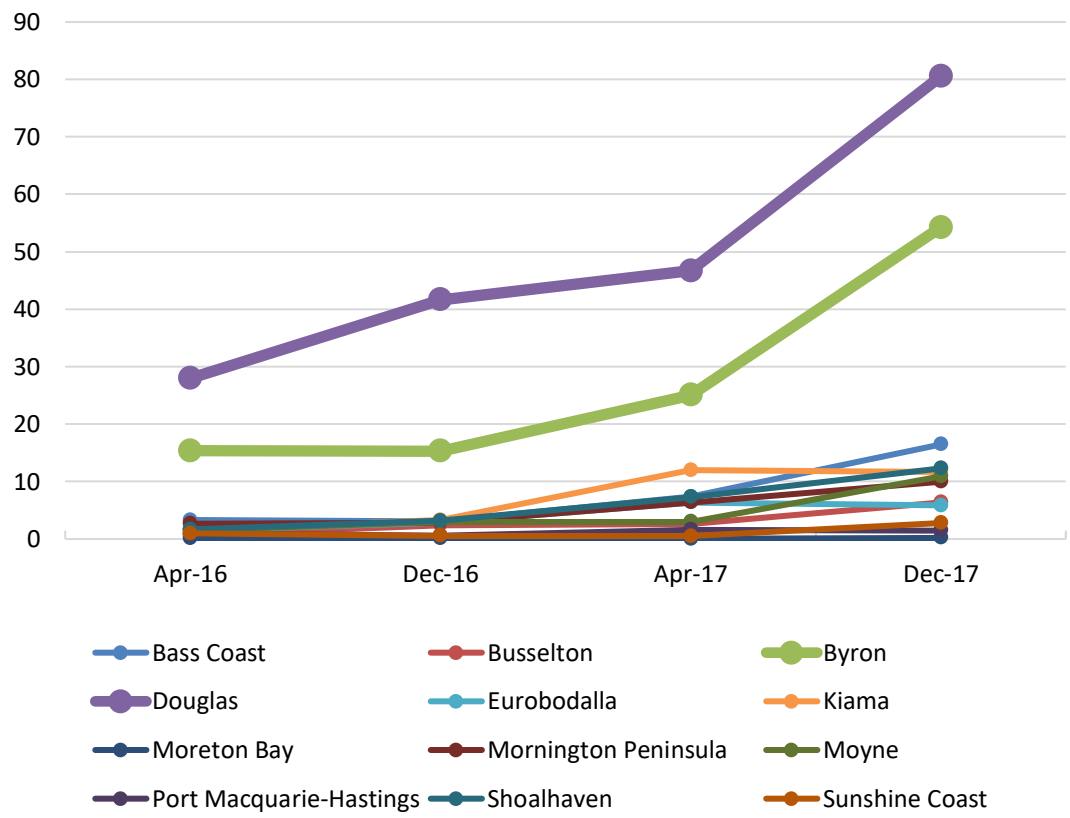
In high amenity coastal areas, housing demand has long been driven by second home owners wishing to maintain a holiday house for their own purpose, or retirees whose city properties and assets enable them to pay more than local residents (Gurran and Blakely, 2007). Tenant advocates report a prevalence of "9 month leases" whereby permanent tenants are given a lease duration ending before the summer holiday season.

The rise of online holiday platforms may exacerbate these underlying housing market pressures, which are particularly prevalent in communities with stable or rising permanent resident populations. For instance, some landlords might see improved prospects for financing an investment property via holiday rental income. At the same time, it is often argued that 'home sharing' or 'room sharing' with tourists can help local residents meet living costs, including rents or mortgages.

For this study we examined these issues by looking firstly at the proportion of the total potential rental housing stock which seems to be offered on a permanent basis via Airbnb. It is not possible to know which of these properties would be retained for personal use if short term rental income was not available. However, in tight rental markets defined by very low vacancy rates (that is, properties available for a permanent resident to rent), we gain the best available indicator of potential pressure on the rental market when we examine listings of frequently available whole homes against rental vacancy rates.

This analysis shows that online listings of frequently available whole homes amount to the equivalent of nearly half the rental housing stock in Douglas, Byron, and Bass Coast (Figure 10). When considered in relation to rental vacancy rates, there are an extraordinary eighty Airbnb listings for each permanent rental available in Douglas (noting that many of these are likely to be serviced apartments), and around 50 in the case of Byron (Figure 9). In both cases this indicator has more than doubled in twelve months and increased across all of the communities in the sample.

Figure 9: Frequently available Airbnbs divided by rental vacancy rates

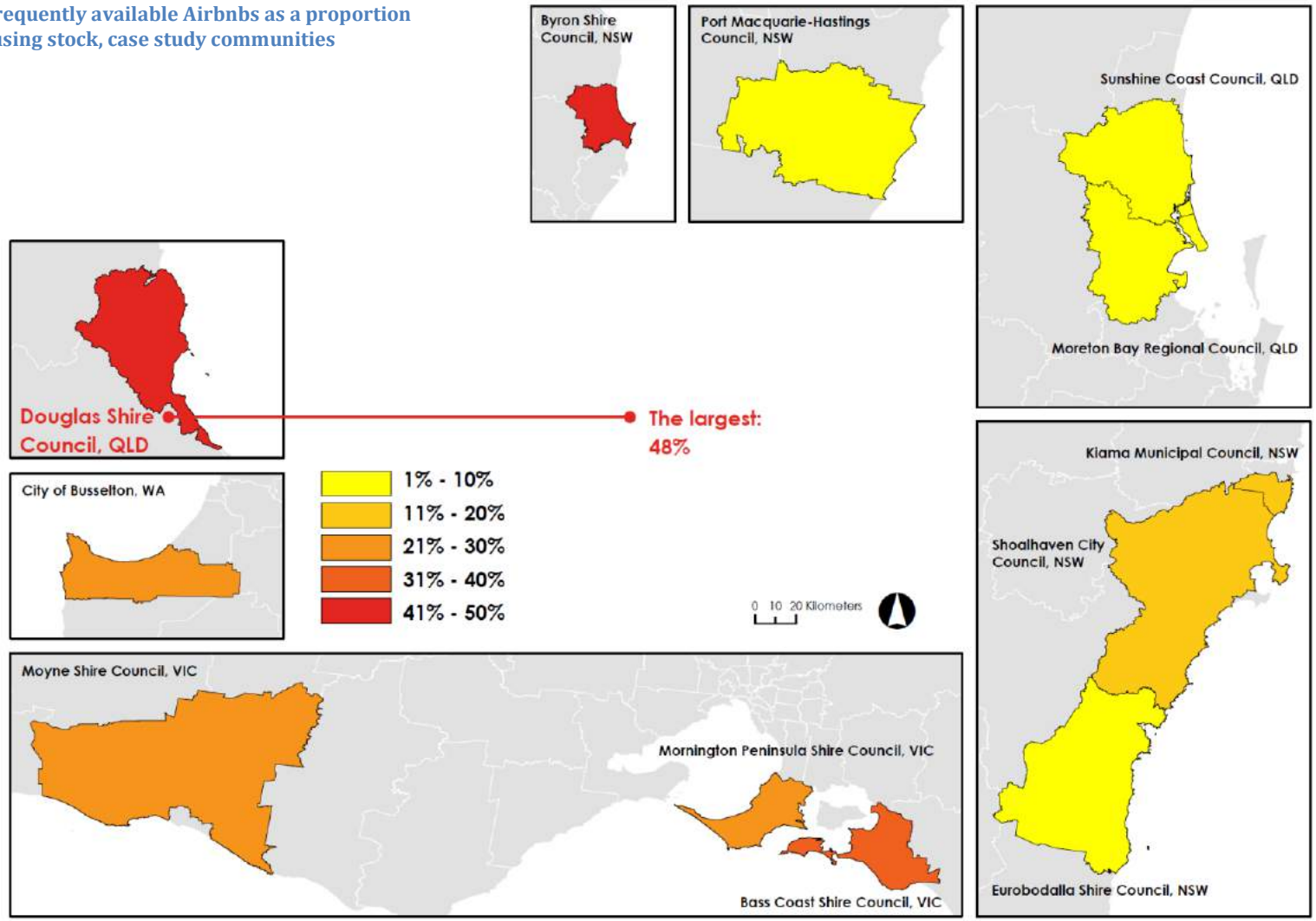


Source: the authors, based on Inside Airbnb and SQM vacancy rate data 2016-2017

Next we examined the potential return for landlords who decide to rent their properties to tourists rather than permanent residents, as a proportion of prevailing revenue from permanent rental revenue and mortgage payments (ABS 2016 data).

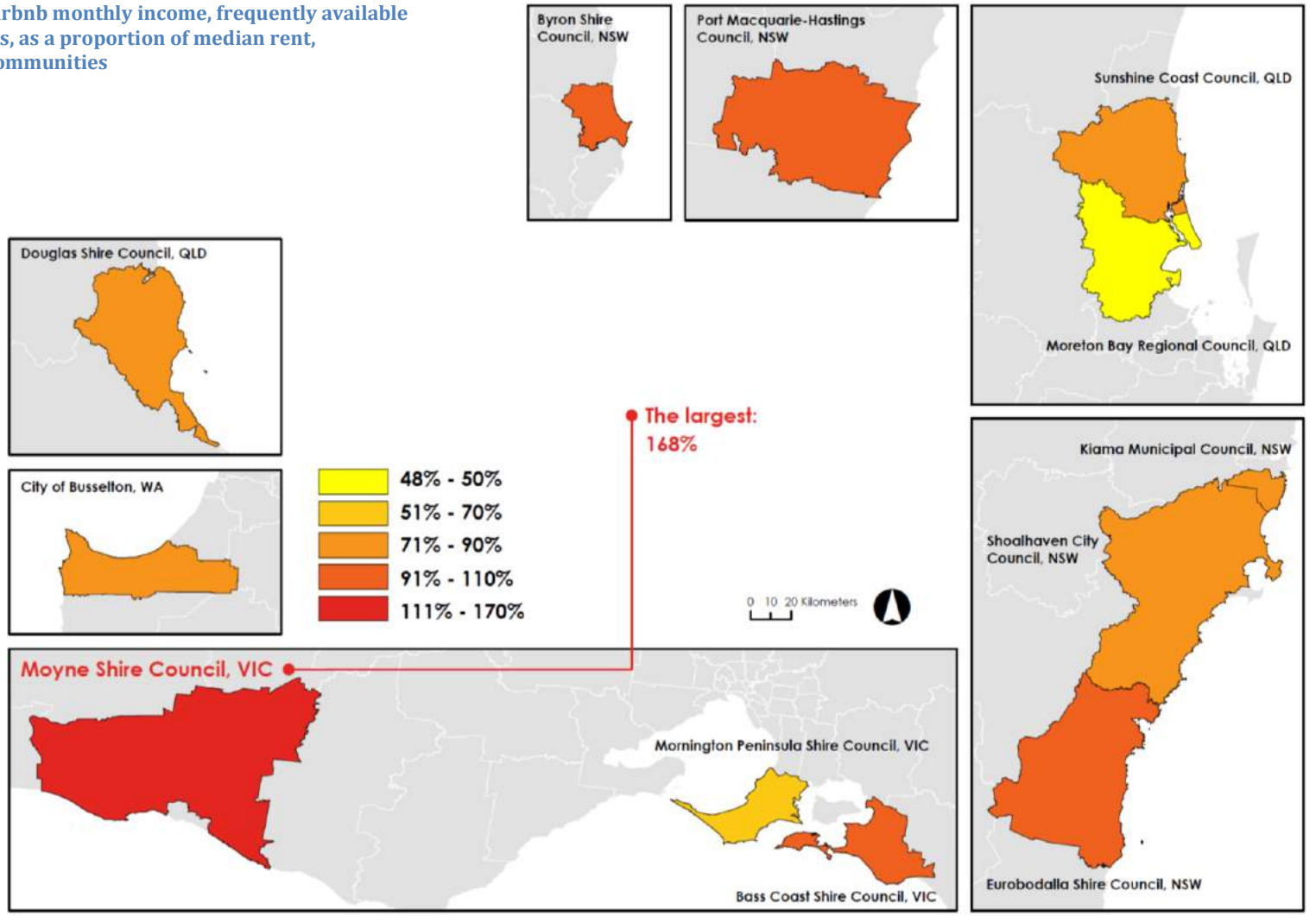
As shown in Figure 11, the income from online holiday rentals is comparable to up to 170% of the income derived from existing permanent rental properties, making them an attractive proposition for investors. Indeed, interviewees on the NSW South Coast, Byron and the Mornington Peninsula area advised that they had observed the rise of a new type of investor who purchased homes solely for the purpose of operating a holiday rental.

Figure 10: Frequently available Airbnbs as a proportion of rental housing stock, case study communities



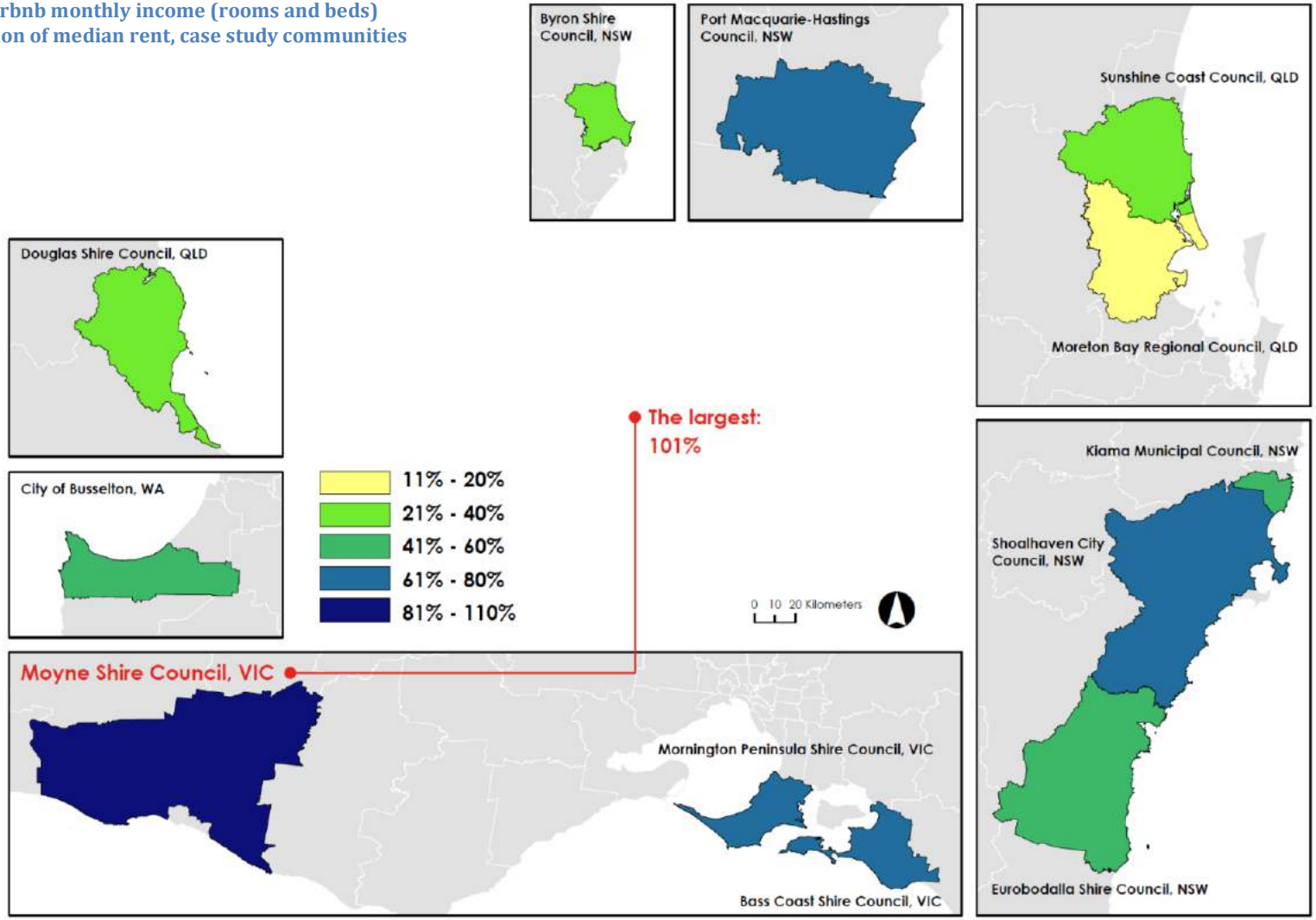
Source: the authors, based on Inside Airbnb data December 2017; ABS Census 2016

Figure 11: Airbnb monthly income, frequently available whole houses, as a proportion of median rent, case study communities



Source: the authors, based on Inside Airbnb Data December 2017; ABS Census 2016

Figure 12: Airbnb monthly income (rooms and beds) as a proportion of median rent, case study communities



Source: the authors, based on Inside Airbnb data December 2017; ABS Census 2016

Finally, we consider the potential returns to residents able to host tourists by renting rooms or beds, as a proportion of median rental and mortgage payments. The data suggests that residents can also earn considerable income by home sharing in this way (Figure 12). However, the proportion of households who offer rooms or shared rooms to tourists, remains small – less than one per cent in the majority of the case study communities.

Table 4: Proportion of households offering hosted rooms / beds to tourists, case study communities

Council	Private rooms / beds	% of housing
Bass Coast Shire Council, VIC	129	0.5%
City of Busselton, WA	113	0.6%
Byron Shire Council, NSW	582	3.7%
Douglas Shire Council, QLD	70	1.1%
Eurobodalla Shire Council, NSW	74	0.3%
Kiama Municipal Council, NSW	31	0.3%
Moreton Bay Regional Council, QLD	83	0.0%
Mornington Peninsula Shire Council, VIC	216	0.2%
Moyne Shire Council, VIC	19	0.2%
Port Macquarie-Hastings Council, NSW	106	0.3%
Shoalhaven City Council, NSW	177	0.3%
Sunshine Coast Council, QLD	274	0.2%

Source: the authors, based on Inside Airbnb data and ABS Census 2016

Therefore, although home sharing represents a source of income for a small sector of the population, overall it does not represent a solution to wider housing affordability pressures.

Implications for local housing market

Many, but not all, of the case study communities report that lower income residents and local workers face barriers in securing affordable rental housing or entering home ownership. However, online rentals were seen to exacerbate these issues in only a few communities. In these communities – particularly Byron Bay and to a lesser degree Mornington Peninsula and Kiama – online holiday rentals permeate residential neighbourhoods which were formally places for lower income earners and local workers to find permanent rental housing.

In these localities, interviewees described a tightening rental market where renters struggled to find accommodation in the towns where they worked, or faced eviction notices prior to holiday seasons. In Byron, interviewees described a process of tourism displacement whereby local workers and aspiring first home buyers with ties to the locality, have been priced out of the market by tight rents and unaffordable prices.

New residential development in these areas, including detached homes and medium density apartments, was ostensibly intended to increase the housing supply, thus increasing the availability of rental properties and easing affordability pressures. However, interviewees advised that investors often purchased these homes with the intention of listing them as holiday rentals rather than offering them to long term tenants.

In other communities – such as Douglas in Northern Queensland, Bass Coast and Moyne in Victoria, interviewees advised that demand for housing was currently able to be met in towns and villages beyond primary tourist areas.

Shoalhaven in the NSW South Coast is affected by chronic housing affordability pressures. However, the need for affordable rental housing is primarily focused on the inland regional centre of Nowra, rather than the more inaccessible coastal towns and villages which are the focus of the online holiday rental market.

Interviewees in localities within a three hour radius of capital cities – Mornington Peninsula (Melbourne); Eurobodalla (Canberra); Kiama and Shoalhaven (Sydney); Byron and the Sunshine Coast (Brisbane), all reported increased housing demand by investors looking for a lower priced entry point to the property market. They reported aggressive marketing by real estate agents of properties with potential holiday rental returns. In these localities, the rise of online platforms may contribute to house price inflation, making it more difficult for local first home buyers to achieve home ownership.

A typology of online residential tourism in coastal Australia

In summary, one of the most distinctive findings of this study is the different ways in which the online holiday rental sector is emerging in coastal Australia. The case study communities reviewed here are characterised by significant differences in relation to their settlement, population and economic structure, tourism industry and the balance between formal accommodation (e.g. resorts, hotels, motels, serviced apartments, Bed and Breakfast providers, backpacker lodges, caravan parks) and informal holiday rentals.

As outlined in this section of the report, rapid growth of online platforms for residential holiday rental accommodation has impacted these communities in different ways. We identify a typology of six loose categories to describe these differences:

- '*Pop up tourism*' – Communities like the town of Port Fairy in Moyne, which use online platforms to accommodate festival visitors. In these communities, online platforms have enabled flexible supply of tourist accommodation which might not otherwise have been available. The intense and short term nature of this 'pop up' tourism offers income earning opportunities to local residents and tourist operators, and presents few long term amenity or neighbourhood concerns.

- '*Holiday home haven*' – Traditional destinations for second home owners and retirees, like Kiama, Shoalhaven and Bass Coast. In these localities, online platforms have represented a new basis for marketing and booking holiday home accommodation but have not yet demonstrably changed neighbourhood or housing market dynamics. However, traditional tourism operators in these communities may face challenges in continuing to compete with a growing, unregulated and disaggregated residential accommodation sector. Further, communities situated in close proximity to Sydney (such as Kiama) may experience growing competition for permanent rental accommodation, exacerbating housing affordability pressures in the future.

- '*Resort town*' – Formal tourist infrastructure and traditional accommodation, like Douglas, the Sunshine Coast, Port Macquarie, and Busselton with online holiday rentals forming a niche within this wider spectrum of offerings. In these communities, holiday rental accommodation is often situated within distinct spatial areas, or formal tourist accommodation zones. In communities experiencing both growing populations as well as growing tourism demand, there is potential conflict when holiday rentals intrude within residential neighbourhoods, particularly when these properties are unprofessionally managed or bypass existing local planning laws or regulations. At the same time, online rentals provide flexible capacity to increase the tourism accommodation supply during a period of growth, bringing economic benefits.

- '*Suburban excursion*' – Online holiday rentals within suburban homes in metropolitan and emerging metropolitan fringe areas, like Moreton Bay north of Brisbane, and the Mornington Peninsula in Victoria. These locations may attract overnight or weekend visitors, including groups seeking to celebrate major events. Large properties able to

accommodate groups are often booked for weddings or other parties, with significant amenity impacts on surrounding neighbours.

- '*Invasive tourism*' – Online holiday rentals in residential apartments or in closely settled small towns, like South Durras in Eurobodalla, where there is high potential for conflict between permanent residents and tourists. In these localities, regular influxes of tourists on weekends and during holiday periods, can overwhelm small populations. Noise, anti-social behaviour, visitor dogs, traffic and parking congestion amounts to a sense of 'invasion' for local residents.

- '*Tourism displacement*' – Local workers and aspiring home owners can no longer afford to rent or buy in the locality, but there are abundant short term rentals. New housing supply is at high risk of conversion to the short term rental market. Byron exhibits the characteristics of a housing market which has been distorted by holiday rental accommodation.

These categories are likely to be dynamic – for instance, traditional 'holiday home havens' like Kiama and the Shoalhaven may experience more intense forms of residential tourism in the future, and or particular towns and villages within the larger LGA may be affected to a greater or lesser degree. The categories may also overlap – for instance, interviewees in Byron Shire reported concerns about the 'invasive' amenity impacts of tourism for local neighbourhoods as well as the 'displacement' effects arising from a lack of permanent rental housing supply.

In the following section of the report we turn to the ways in which these different opportunities and concerns are managed under existing policy and planning frameworks.

3. Existing policy and planning responses

Key points

- There is wide variability in state and local planning and management approaches to holiday rentals, and these predate the rise of online booking platforms
- Many of the case study communities have long established planning and management frameworks for addressing residential tourism, which remain effective
- In most but not all of the case study communities, holiday homes are permitted in residential zones without the need for special planning permission
- In some communities, special levies raise revenue and also help monitor the holiday rental stock
- To date, online platforms have been unwilling to share data on holiday rental listings with local councils or tourism authorities, even aggregate data
- State government responses to online holiday rentals in residential houses and apartments remain unclear and or pending.

State planning and policy frameworks

State planning law establishes the regulatory framework for residential and tourism development (shown in Table 5, which summarises current arrangements at the time of writing). One of the key questions is whether to define holiday rental accommodation as tourism or residential. In some jurisdictions, such as WA, holiday homes are explicitly defined as tourist accommodation. This provides a basis for further regulating the location and operation of holiday homes in WA via local planning schemes. A model scheme approach provides for holiday homes to be approved in residential areas and areas of "high tourism amenity", subject to conditions.

Similarly, in Tasmania, recently enacted Planning Directive No. 6, provides for 'visitor accommodation' to occur without the need for a planning permit if the dwelling remains a permanent residence, and provides criteria and standards to approve visitor accommodation in dwellings which are wholly used for this purpose.

However, in most Australian states, short term rental accommodation in dwelling houses is regarded to be a residential activity, provided that the property is occupied by a single household. This position has been made explicit in SA and will be clarified in NSW under foreshadowed reforms to state planning policy.

Table 5: Summary of state planning laws / guidance relevant to holiday rental accommodation

	Law	Effect
NSW	Local Environmental Plans	NSW *Pending – exempt use for up to 180 days (metro)/365 beyond; bushfire provisions* *Code for platforms, operators, guests - "2 strikes out"* *Strata by laws – can ban holiday letting*
QLD	Planning Act 2016 – "Party House provisions" Short term accom. – needs permission	Opt-in provisions for LGAs to define and regulate a "party house", plus criteria for assessing impact and approving. However, existing use rights likely apply to dwellings offering short term or 'party house' accommodation prior to introduction of a regulation.
VIC	Public Health and Wellbeing regulations 2009 Pending - *Owners Corp (Short-stay Accommodation) Bill 2016*	"Prescribed accommodation" – local registration of "B&Bs" for more than 5 people Would give VCAT powers to compensate neighbours for noise, nuisance etc.
SA	Development Act 1993 *Advisory Notice Building 04/16*	Short term rental of a dwelling is consistent with residential use, therefore permissible in residential areas
TAS	*Land Use Planning and Approvals Act 1993* Planning Directive No. 6 Exemption and Standards for Visitor Accommodation in Planning Schemes	Visitor Accommodation in a dwelling (including an ancillary dwelling) is permissible, subject to standards / performance criteria; No permit needed if: (i) the dwelling is used by the owner or occupier as their main place of residence, and only let while the owner or occupier is on vacation or temporarily absent; or (ii) the dwelling is used by the owner or occupier as their main place of residence, and visitors are accommodated in not more than 4 bedrooms
WA	Planning Bulletin 99 – Holiday Homes	Encourages model scheme approach to defining "holiday homes" as "controlled use" + policy for: approval conditions; registration; & voluntary accreditation. Locate "holiday homes" in areas "of high tourism amenity".

Source: the authors

In Queensland 'opt in' provisions which can be included in local planning schemes, enable local councils to define and regulate "party houses", as a form of short term accommodation which needs permission. There is controversy over whether other forms of short term residential accommodation also require planning permission. Further, under Queensland planning law, existing land use rights would appear to apply to dwellings which were being used to provide short term accommodation prior to the introduction of any planning or regulatory constraint.

In Victoria, short term accommodation is, in theory, regulated once it exceeds a threshold of five persons. Pending reforms will provide more control to owners of strata buildings and offer remedies for neighbours who experience excessive noise or nuisance from short term visitors.

NSW reforms to the regulation of short term holiday rental accommodation, 2018

In June 2018 the NSW State government announced a new approach to the regulation and management of short term holiday rentals. The key elements of the approach will include a single definition for the short term holiday lets, and clarification that the use can be undertaken as 'exempt development' without the need for development approval, provided the host remains present on-site overnight. Un-hosted accommodation may be leased for a maximum of 180 days in a calendar year for hosts in Greater Sydney and a default of 365 days in all other areas of NSW. These areas will be able to request to reduce the default to a maximum of 180 days in line with Greater Sydney.

The new policy was not yet implemented in NSW (at the time of writing), so at this time the permissibility and operation of STHL remains at the discretion of local councils. It appears that the 180 night cap was developed as a means for preserving the permanent housing stock. However, as shown in Table 6, 181 days is the median room occupancy rate achieved by traditional tourism operators in the case study communities. This suggests that the measure, even if applied at its maximum restriction of 180 booking days, will be unable to prevent the loss of rental housing in high demand areas.

Table 6: Tourist accommodation occupancy rates, Case study communities

	Room occupancy rate (for tourist accommodation)	Number of booking days equivalent
Eurobodalla Shire Council, NSW	39%	144
Moyne Shire Council, VIC	42%	153
City of Busselton, WA	45%	162
Kiama Municipal Council, NSW	46%	168
Mornington Peninsula Shire Council, VIC	47%	170
Bass Coast Shire Council, VIC	50%	181
Shoalhaven City Council, NSW	51%	185
Douglas Shire Council, QLD	53%	192
Sunshine Coast Council, QLD	54%	196
Byron Shire Council, NSW	56%	205
Moreton Bay Regional Council, QLD	60%	217
Port Macquarie-Hastings Council, NSW	62%	227
Median	**50%**	**181**

Source: the authors, derived from (Australian Bureau of Statistics, 2016)

Notably, building inspectors interviewed for this study raised concern that some types of accommodation listed via online platforms such as Airbnb would represent a change of classification under the Building Code of Australia (BCA). Particular concerns related to:

- Properties accommodating discrete groups (i.e. bookings of rooms or beds by separate parties at the same time)
- Properties accommodating high numbers of guests
- Properties renting dormitory style beds
- Listings of residential apartments

If short term rentals of these accommodation types alter the property's residential classification under the BCA, more rigorous fire and safety regulations may apply. These include requirements for smoke alarms and fire hydrants, as well as specifications for fire exits and evacuation routes.

The Australian Building Codes Board review of short-term accommodation in apartment buildings

The Australian Building Codes Board (ABCB) produces and maintains the National Construction Code (NCC) on behalf of State and Territory governments. The NCC, which includes the BCA and the Plumbing Code of Australia (PCA) is implemented through planning and building regulations, but does not extend to matters which occur post construction of a building, including the way in which a building is managed, used, or by whom. Nor does the NCC regulate the length of occupancy of a building.

In March 2018 the ABCB released its discussion paper: *The NCC and short-term accommodation in apartment buildings* (Australian Building Codes Board (ABCB), 2018). The paper was developed in response to concerns about short term accommodation and the NCC, particularly in the context of online platforms such as Airbnb and Stayz which have made it easier for new and sole operators to offer short term accommodation which has traditionally been provided by traditional hotels, motels, or smaller operations such as bed and breakfasts. However, the paper notes that the use of residential homes for short term holiday rental accommodation has long been accepted in coastal areas.

There are three classes of residential building under the BCA, summarised in Table 7.

Table 7: Residential buildings under the Building Code of Australia (BCA)

BCA Class / designation	Description
Class 1a buildings	Single dwelling (detached, or group of attached dwellings, e.g. row or terraced houses).
Class 1b buildings	Boarding house, guest house, or hostel with a floor area of less than 300m2 and usually less than 12 residents; or four or more single dwellings on one allotment, used for short term holiday accommodation (including cabins in caravan parks, farm stay, holiday resort or equivalent tourist accommodation).
Class 2 buildings	Apartment buildings (where "people live above and below each other"), or where there is a shared space below attached dwellings, such as a basement
Class 3 buildings	Residential buildings which are not Class 1 or 1 buildings and used by "a number of unrelated people"; including boarding houses, guest houses, hostels, motels, backpacker accommodation, "care-type" facilities, "dormitory-style accommodation such as workers' quarters for itinerant workers".
Sole Occupancy Unit (SOU)	Part of a building for occupation by owner or tenant, used exclusively by that owner or tenant; which can be situated within several different types of classifications under the BCA, including: a residential apartment; a self-contained unit; a suite of rooms in a hotel or motel.

Source: the authors, adapted from ABCB 2018, pp 11-12

The Discussion Paper acknowledges concerns about whether using a Class 2 building (apartment building) for short term accommodation raises new risks, because of the short term occupant's unfamiliarity with the building and therefore potential exposure in the event of a fire. This question is not resolved in the Discussion Paper, but possible responses proposed include: requiring additional fire safety features to be included in class 2 buildings and expanding definitional guidance on distinguishing between building types.

Definitive guidance, perhaps via a practice note issued by the ABCB, would be beneficial. However, given that the BCA does not regulate matters post construction, including building use, it likely falls to other state and territory planning and regulatory frameworks to ensure that properties used for short term rental accommodation – the vast majority of which are already constructed – are required to include adequate fire safety measures.

Case study planning and policy frameworks

Reflecting variation in State planning laws and approaches to STRs, local planning schemes are also diverse.

In VIC, Bass Coast has an established process for registering properties able to accommodate 6 or more guests, with a discounted fee for properties with management plans in place. Mornington Peninsula has developed a local law on short term accommodation, to require registration and compliance with a code of conduct.

In WA, Busselton addresses holiday homes within the local planning scheme, requiring their approval subject to criteria relating to size, potential amenity impacts, water supply, and bush fire safety.

In QLD, Douglas requires a planning approval for holiday apartments, but renting a holiday house within a residential dwelling is not regarded to alter its use. In the Sunshine Coast by contrast, new short term rentals are considered impact or code assessible, depending on the particular zone in which they are located. However, existing use rights are considered to apply to dwellings which have historically operated as holiday rental accommodation.

Local councils in the NSW South Coast have a similar provision in local planning schemes, which clarifies that development consent is not needed to use residential housing for tourist or visitor accommodation, unless there is a complaint made to Council. However, in the mid north coast Port Macquarie has no specific arrangements.

Byron in the far north coast prevents holiday rentals in residential zones. However, interviewees advised that they have faced difficulties in seeking to enforce this control. The provision may be further jeopardized when and if the NSW reforms come into effect, unless measures to recognise the specific circumstances of areas already struggling to balance tourism and housing demand are introduced.

Table 8: Planning provisions applying to short term rental accommodation, Case study communities

Council	Planning Scheme / Other	STR Provisions
Bass Coast Shire	Bass Coast Planning Scheme Bass Coast Holiday House Information Pack	"Dwelling that is likely to accommodate in excess of five (5) persons at any one time that is not the subject of a tenancy agreement, is required to be registered with the Bass Coast Shire as a Prescribed Accommodation premises" (Bass Coast Holiday House Information Pack); Prescribed Accommodation premises regulated by Victorian Public Health and Wellbeing Act 2008 Annual registration fee, with discount for properties with approved management plan
Byron Shire Council	Byron Local Environmental Plan 2014	Using dwellings for STHR = '*tourist and visitor accommodation*' - prohibited land use in the residential zones of the Byron LEP 2014
City of Busselton	City of Busselton Local Planning Scheme No.21	'Holiday homes' require approval under planning scheme; and per *Local Planning Policy - Holiday Homes Provisions*. Criteria for approval relates to size; potential amenity impacts; parking; water supply; bush fire safety.
Douglas Shire Council	Douglas Shire Planning Scheme 2018	Holiday homes permissible within residential dwellings. Permission needed for holiday apartments.
Eurobodalla Shire Council	Eurobodalla Local Environmental Plan 2012	Short term rental accommodation is temporary use of residential accommodation rented for a maximum of 45 consecutive days; and permissible without consent in residential zones.
Kiama Municipal Council	Kiama Local Environmental Plan 2011	"development consent is not required for the use of residential accommodation for the purposes of tourist and visitor accommodation (except bed and breakfast accommodation) if the use is only short-term and does not interfere generally with the amenity of the neighbourhood in any way, including by noise or traffic generation." (LEP, s 6.10) Short term rental is defined as residential accommodation rented for up to 60 days. In practice, a development application is sought if a valid complaint about noise or traffic generation is made to the Council.
Moreton Bay Regional Council	Moreton Bay Regional Council Planning Scheme 2015	Regarded to be a residential use, if a single household occupying the dwelling
Mornington Peninsula Shire Council	Mornington Peninsula Planning Scheme Short Term Accommodation Local Law (Draft)	Short Term Accommodation local law provides for properties to be registered and to abide with a code of conduct which covers property management and presentation.
Port Macquarie-Hastings Council	Port Macquarie-Hastings Local Environmental Plan 2011	No special provisions for tourist and visitor accommodation within a residential dwelling
Moyne Shire Council	Moyne Planning Scheme	Not addressed but general encouragement of tourist accommodation
Shoalhaven City Council	Shoalhaven Local Environmental Plan 2014	Development consent not required for tourist and visitor accommodation within a residential dwelling, provided that there are no neighbourhood amenity impacts, and the accommodation is not rented for more than 45 consecutive days.
Sunshine Coast Council	Sunshine Coast Planning Scheme 2014	Impact or code assessable under the Sunshine Coast Planning Scheme 2014, depending on area's zoning. Applies to premises built after the introduction of Sunshine Coast Planning Scheme, which need planning approval for short term accommodation. Existing use rights apply to properties used as holiday homes prior to this Scheme.

Source: the authors

4. Strengthening State and local planning frameworks and regulatory tools

Key points

- Online platforms for short term rental accommodation have introduced new tourism opportunities for local communities
- However, they are also associated with risks for local neighbourhoods and housing markets
- To maximise these opportunities and to minimise risks, councils should carefully consider the characteristics of their local communities and existing / potential tourist demand
- States should ensure that short term rental accommodation is a clearly defined activity, setting a framework for effective local regulation where needed.

Maximising opportunities and minimising risks

Online holiday rental platforms have introduced new tourism opportunities for coastal communities. This study found evidence that the small proportion of residents who host guests in rooms or share rooms within their homes, earn an additional income stream worth around 30% of median rents or mortgages. More widely, holiday homes provide an important extension to traditional tourist accommodation offerings. This has benefits for other local services and providers across the local and regional tourism network.

The role of short term holiday rentals in local and regional tourism strategies

A number of communities in this study have taken active steps to integrate holiday rental accommodation within wider tourist destination strategies. This includes promoting holiday rentals as a particular type of accommodation within the wider accommodation offerings of the region, undertaking regular consultation with managers of holiday rental portfolios, and developing information packages which are distributed to guests through holiday rental properties. Understanding the capacity of short term rentals to accommodate peak visitor influxes – for instance during festivals or other special events – was seen to be an important part of tourism planning.

Some interviewees advised that online platforms offer important new opportunities for integrating the marketing of tourism 'experiences' as a package of destination offerings that visitors using the platforms may be directed to.

In Bass Coast and the Sunshine Coast, revenue raised through special rating, registration or licensing of holiday rental accommodation contributes towards the wider tourism marketing and promotion strategy. These fees go some way towards equalising the different regulatory and rating regimes that apply to traditional accommodation providers, demonstrably setting a more even 'playing field.'

Identifying and managing risks

However, many of the case study communities advised that online holiday rentals had increased the potential for new conflicts between tourism and residential areas. Further, in communities where demand for rental housing outstrips supply, any conversion of the residential stock to tourism will exacerbate housing affordability issues.

In Table 8, particular risk factors affecting different types of communities and housing markets, are identified.

Table 9: Identifying potential risks from online holiday rental accommodation

	Low Risk	**Medium Risk**	**High Risk**
Tourist infrastructure (accommodation quantity and diversity)	Established and buoyant traditional accommodation sector	Holiday houses and traditional accommodation providers	Primarily holiday houses
Housing market	Stable / falling demand	Growing price and rental pressures	Low rental vacancy rates, high demand for affordable housing provision
Tourism demand / visitation patterns	Limited / episodic (e.g. festivals)	Seasonal	Ongoing
Neighbourhood / community	Lower density residential area	Medium density areas	Closely settled communities and strata development
Bushfire risk / environmental capacity	Suburban locations, fully serviced	Heavily vegetated areas	Remote / un-serviced / peninsula areas
Fire/Safety risks	Single home, detached low density lot	Medium / high density apartment	Informal backpacker / dormitory style budget room or bed rental

Source: the authors

As shown in Table 8, there are a number of settings in which online holiday rentals present minimal risks to local neighbourhood amenity or housing markets. For instance, localities where there is an established and buoyant tourist accommodation sector; where the local housing market is characterised by stable or falling demand; or where tourism is generally limited to a few peak periods; online rentals present minimal risks to housing supply and affordability. Similarly, online rentals in lower density residential suburbs, should present minimal risks to neighbourhood amenity or to the safety of guests. By contrast, online rentals within closely settled or strata communities, areas subject to high bushfire risk or low environmental capacity, present much greater issues that will likely require a strong regulatory response.

State and local planning law

Most interviewees emphasised a need to clarify the ways that State planning law addresses holiday rental accommodation overall and online rentals in particular. In general terms, this would require clarifying the definition of holiday rental accommodation. In many jurisdictions there is ambiguity as to whether the short term holiday rental of a residential dwelling constitutes a change to a non residential use.

Online platforms have complicated this ambiguity since they introduce potential for uses to change (when a primary residence is rented during a single holiday period) or coexist (when only part of a primary residence is rented to tourists). A clear definition of holiday rental accommodation is a necessary precondition to establishing the circumstances in which the activity can occur with or without the need for any further regulation.

State planning laws should provide a standard definition of holiday rental accommodation and or enable local councils to develop their own definition for local planning schemes.

Once the use is defined, other planning provisions for regulating holiday rental accommodation should be made on an "opt in" basis, determined by local councils in response to specific local contexts and concerns. In practice this would involve setting a framework for:

- *Determining the circumstances in which holiday rental accommodation requires planning permission.* State planning laws should establish a baseline framework for regulating holiday rental accommodation within residential housing. These provisions could then be adopted or adjusted by local councils, depending on their specific circumstances. For instance:
    - Holiday rental accommodation may be permitted without consent, within primary residences for short periods of time and or while the host remains present on site. Standards for the proportion of the residence which may be rented, the total number of guests and number of individual guest bookings which may be accommodated may be set.
    - Another approach may be to allow whole dwellings to be used as holiday rental accommodation up to a set time period (e.g. 30 / 42 / 90 days), without the need for planning consent. This prevents conversion of properties to holiday homes. To do this would require the support of platforms and a basis for centralising bookings data, in the case of properties advertised via multiple platforms.
    - The activity could be restricted to certain localities or zones beyond which planning permission may be required, preserving residential amenity and neighbourhoods.

- *Clarifying existing use rights, in circumstances where holiday rental accommodation is determined to be a change of use requiring permission.* Existing use rights could be formalised via a period of registration and licensing of existing holiday homes. This would have the benefit of providing a basis for monitoring future growth and change in the holiday rental sector. Existing use rights should not be extinguished if a property ceases being used as a holiday rental, to prevent a perverse disincentive to providing permanent rental housing supply.

- *Conditions of operation / consent, set by local councils.* Basic operational conditions – for instance, numbers of guests, the condition of the building and grounds (including swimming pool), provision for onsite parking, signage and onsite contact information for neighbours and guests, may be specified as a condition of consent in localities where holiday rental accommodation is regulated. Valid complaints from neighbours may result in the consent being revoked or the need for operators to make a formal planning application to continue operating the property as a holiday rental.

- *Compliance action.* It may be necessary for state governments to review the circumstances in which local councils are able to inspect premises to determine whether a breach has occurred.

- *Voluntary code of conduct.* Voluntary industry codes can provide a good starting point for ensuring that neighbourhood amenity is preserved, and for establishing professional standards for the holiday rental sector. However, it is difficult for councils to monitor and enforce compliance with a voluntary industry code.

Short term rental accommodation and strata

Medium and high density residential accommodation is often intended to contribute to local housing supply. Without a basis for regulating short term holiday rental accommodation within

residential properties, there is a strong risk that well designed and located apartments and townhouses will become holiday rental rather than permanent residences. This will exacerbate rental affordability pressures and also increase the risk of conflict in relation to residential and tourism uses in certain housing markets.

In general, local councils have limited jurisdiction in relation to strata properties. However, in principle the wider framework for regulating holiday rental accommodation within residential dwellings, should apply equally to strata buildings as to detached housing.

In addition, state legislation for strata management will need to further clarify the circumstances in which owners may lease units on a short term basis. Pending changes to strata laws in NSW and Victoria will need careful monitoring.

A checklist for local government

The range of potential planning, regulation, and industry responses to online rentals are summarised in Table 9, as a checklist for local government. As shown, the checklist includes considerations around the local planning framework; licensing and or special rates; managing complaints; education and liaison with the holiday rental industry and online platforms, and tourism destination management more widely.

Table 10: A checklist for local government

Planning framework	Checklist	Technical considerations
Definition of short term rental / visitor accommodation?	Ensure local plan defines short term rental of a dwelling, or rooms within a dwelling, as a specific type of residential or tourism use.	• Define any thresholds or qualifications (e.g. number of visitors/bedrooms; numbers of separate groups etc.); dwelling type (e.g. houses / apartments) • Need for specific definitions / thresholds to apply to specific forms of STRs, e.g. holiday homes used for significant events like parties / weddings?
Spatial zoning rules and development controls applying to short term rentals?	Determine what specific rules, if any, should apply to short term rentals.	• Should short term rentals be permissible in any/all zones where residential or tourism development is permitted? • Should specific development rules / standards apply to short term rentals (e.g. building design, parking, landscaping / other rules to manage the amenity impacts of tourism in residential areas/buildings?) • Special rules about location / siting / design of STRs in natural hazard / bushfire zones.
Process for obtaining and maintaining permission to operate short term rental accommodation	Determine whether some or all types of short term rental accommodation need explicit planning approval.	• Can approval for some short term rental types be assumed (e.g. exempt from needing to apply for permission), provided that conditions are met? • Are there criteria for assessing and mitigating the potential impact of other forms of short term rental accommodation? • Is there a basis for withdrawing permission, e.g. for non compliance?
Other types of rules to manage potential impacts on housing supply	Determine whether to limit the total cumulative nights in a calendar year for short term rentals.	• Should there be limits on the number of nights in a calendar year that whole residential homes / units are able to be used as short term rentals, and if so, how can these limits be monitored and enforced?
Notifying and consulting neighbours / the wider community	Determine how neighbours should be informed or consulted about potential / approved short term rentals / changes to the planning framework	• Changing the local planning framework to clarify and or change provisions applying to short term rentals will involve a public consultation process. • Should some forms of short term rental accommodation – e.g. properties able to accommodate larger numbers of guests, or events, be notified to neighbours, allowing for some consultation, or should standardised plans of operation be defined?
Local government licensing, rates and complaints System for registering or licensing short term rentals?	Determine whether council should register / license STRs and maintain register on an annual or biannual basis	• Should registration / licensing involve an inspection? • What criteria / requirements should be satisfied (e.g. dwelling type, size, statement of compliance with planning/ BCA regulations, location, management plan, signage, fire safety)?
Licensing fee or special rates?	Determine whether to impose a special levy / rate for STR properties	• Can a levy / differential rate be legally imposed? • How would it be collected / used? • Is the charge consistent with charges applying to other tourism providers?

Process for managing complaints	Does Council need special procedures for resolving complaints relating to STRs?	• Is there a process for monitoring / handling / referring complaints relating to STRs?
Education and compliance	**Checklist**	**Technical considerations**
Education and information for hosts / guests	Are hosts / property managers / platforms informed about local processes and protocols?	• Is neighbourhood information (e.g. waste collection, emergency procedures) available for hosts / guests? • How is this information distributed?
Neighbour and guest complaint lines and procedures	Do platforms have prominent after hours contacts for neighbours / guests needing immediate resolution; or require hosts to provide local points of contact?	• Can council liaise with property managers/ platforms to ensure that contacts and processes for complaint resolution are in place?
Helping to implement local policies and regulations	Are platforms aware of local policies and regulations relating to STRs and able to provide this information to hosts and potential hosts?	• How does council communicate information about local policies / regulations / charges relating to STRs, to hosts, potential hosts, and platforms? • Are platforms able to automate compliance, for instance, by facilitating licensing / regulation; accepting bookings within pre-set time periods / remitting any local taxes?
Tourism and destination management Integrating short term rental operators with wider tourism network	What is the role of STRs in the local / regional tourism strategy and destination management?	• Do hosts / property managers have access to promotional materials for guests? • Are there tourism provider networks that property owners / managers can participate in?

Research and monitoring
 	
Understanding growth and change in the short term rental sector and impacts on neighbourhoods, housing markets, and the local tourism industry
	What sources of data are currently available to monitor growth and change in the short term rental stock?
	
	What data about the holiday rental sector should be provided to local councils from online platforms and property managers?
		• Where are the investment properties located (i.e. rate payers with a different residential address)?
		• What proportion of these properties comprise the permanent rental housing stock/ versus the proportion of properties used as holiday homes / holiday rentals?
		• What data are online platforms and managing property agents able to share? Eg:
		  ○ Property listings and types
		  ○ Bookings data (frequency, duration of stays)
		  ○ Income
		• How can data collection and reporting be automated?
		• How can this data inform local planning or tourism management?
		• Who should the data be shared with?

Source: the authors

Conclusion

Holiday homes are an important part of the tourism infrastructure and indeed urban fabric of coastal Australia. However, online platforms, combined with changes in the housing market more widely, have introduced potential for neighbourhood and housing market issues to arise. Overall, the findings of this study show that local communities need support to maintain, develop, and or implement local solutions to these issues.

State governments and those involved in the short term holiday rental industry – owners, managing agencies, and online platforms – can do much more to support local communities in sharing potential benefits while managing risks arising from informal tourism within residential neighbourhoods and homes.

Improving industry standards and developing more effective mechanisms for platforms, property managers, and owners to resolve neighbour complaints when they arise would go some way towards resolving issues identified in this study.

However, stronger local planning frameworks may be needed to ensure that the holiday rental sector remains low impact and compatible with residential communities. In contexts where rental housing is in short supply, additional mechanisms to prevent the conversion of permanent rental homes to short term rental accommodation may be needed, on top of wider strategies to provide affordable housing.

An ideal regulatory approach, led by State governments would:

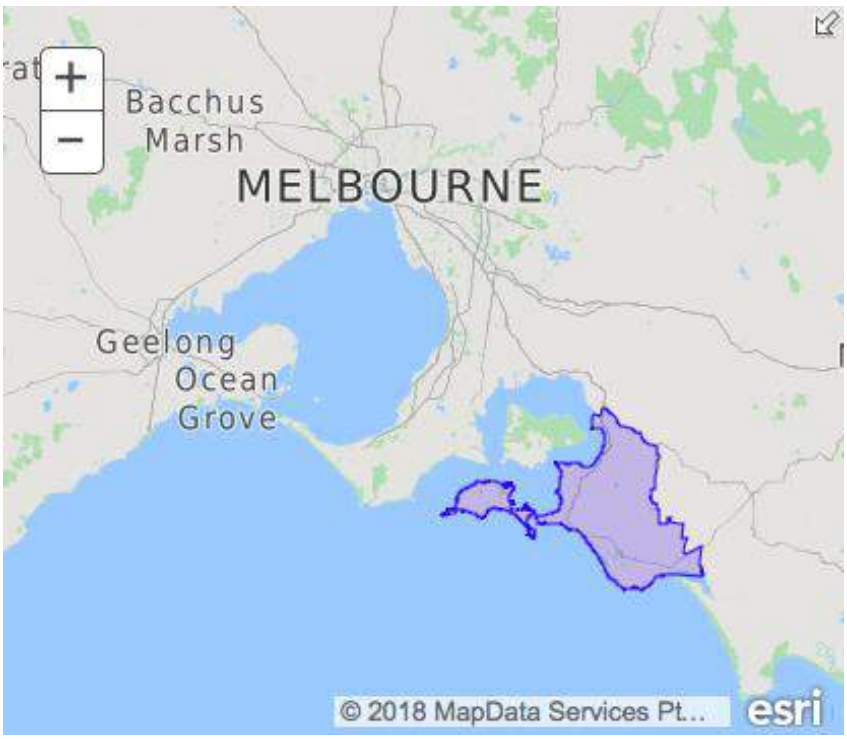
1) Clarify the definition of short term rental accommodation, as a residential or tourism use, and the threshold criteria between categories (i.e. the duration of time in a calendar year, and/or the number of guests able to be accommodated in a property before the primary use of the dwelling is considered to be tourist or visitor accommodation)
2) Set baseline standards for short term rentals in residential areas, including: building code compliance and safety standards, including fire/bushfire safety and evacuation information; signage displaying a 24 hour local contact point; controls to manage potential neighbourhood amenity impacts including noise, parking, and traffic movements; and registration requirements for monitoring compliance.
3) Enable local planning responses via a suite of model opt in / out provisions
4) Require online platforms to share data with local Councils and comply with local regulatory requirements
5) Establish a basis for local communities to share in rental income revenue where appropriate and consistent with charging regimes for other tourism accommodation providers, through special levies, fees, or rates.

Appendix: Case Study Community Profiles

Bass Coast Shire Council, VIC

Bass Coast Shire is located approximately 120km southeast of Melbourne. Covering 865 square kilometres, the Shire is predominantly rural but includes small coastal and agricultural towns. The principal town is Wonthaggi, which serves as a regional centre. Other significant towns include Cowes (on Phillip Island), Inverloch and Grantville. Despite being predominantly rural in character, the northern part of the Shire is within Melbourne's commuter belt (Bass Coast Shire Council, 2017).

Figure 1: Location of Bass Coast Shire Source: abs.gov.au



Bass Coast Shire is one of the fastest growing areas of regional Australia (Bass Coast Shire Council, 2017). At the time of the 2016 Census Bass Coast Shire had a population of 32,804 (ABS 2017b). That represents a 24 per cent increase from 2006 (population of 26,548) (ABS 2017a).

The Shire's proximity to Melbourne makes it a popular destination for day trips as well as a location for holiday homes. In particular, Phillip Island, which has been a popular tourist destination for over 100 years, draws large numbers of domestic and international visitors. It is particularly known for the island's Little Penguins and the annual Motor Sport Grand Prix (Bass Coast Shire Council, 2017). The island has one of the highest visitor to resident ratios of tourist destinations in Australia (Bass Coast Shire Council, 2016b).

While visitors to Phillip Island are predominantly day trippers, the island also includes a large number of holiday homes. Council forecasts indicate that by 2036 over 10 per cent of all

homes on Phillip Island (about 1,530 dwellings) will be holiday houses that are marketed online (Bass Coast Shire Council, 2016b p.8).

The largest industries of employment in Bass Coast Shire are construction, health and community services, retail and tourism. Tourism directly contributes $655 million to the local economy (2013/14 value) (the largest contribution of any industry) and accounts for 3,100 jobs (Bass Coast Shire Council, 2016a).

Summary of key issues
Interviewees emphasized the importance of tourism, including second home tourism, to the local economy. Many residents themselves are engaging in the short term holiday rental business. However, traditional tourism accommodation providers expressed concern about an uneven playing field. They felt unable to compete with holiday home operators who bypass regulations applying to traditional providers including backpacker hostels, bed and breakfast establishments and motels, despite often accommodating similar numbers of guests.

The introduction of online platforms for residential tourism has contributed to a change in the nature and duration of visitor stays, moving from 5-7 days or even 1-2 weeks, to 1-3 night stays. More international tourists are visiting the area, attracted by the Philip Island Penguin Parade; however, there is a lack of large commercial investment to accommodate them. Existing and potential formal accommodation operators face difficulties in securing finance due to the perceived capacity of the existing informal accommodation supply.

There are some local concerns about the amenity impacts of holiday homes, particularly larger two storey properties, where parties on decks can be a specific issue due to noise and light spill, and privacy. Parking and bin collection / management is also an issue. When properties are not managed by a professional officer, and don't have signage, it is more difficult to manage issues as they arise.

In some areas of Philip Island, there is concern about enclaves of holiday homes, where local residents feel surrounded by tourists. At the same time, it was noted that the permanent residential population is growing, and that resident moving to the area were seeking a neighbourhood rather than transient community.

On Philip Island there is some evidence that demand for holiday homes is affecting the local housing market, and that new housing supply is often purchased by second home investors. The lack of permanent rental housing in particular, places pressure on local employees seeking to live in the area and employers who report difficulty in attracting staff particularly in the service industry. There is a need for greater certainty around state and local responsibility for issues surrounding short term holiday rentals. Owners / operators of short term rental properties need to be made aware of their responsibilities. Online platforms could open dialogue with the local tourism industry and provide information on local regulatory requirements, while sharing data with Council.

Current management approaches
Bass Coast requires holiday homes which accommodate more than 5 people to be registered with council. There is a discounted registration fee for properties with a management plan. Part of the revenue collected from registration contributes to the destination marketing activities for the Shire. The council's tourism coordinator works closely with the wider tourism industry on destination management strategies and growing the visitor economy.

City of Busselton, WA

The City of Busselton is located approximately 120 kms south of Perth. It covers an area of 1,454 sq kms. The two main urban centres are Busselton / Vasse and Dunsborough. The City is located on the Bussell Highway and is serviced by the Busselton-Margaret River Regional Airport.

The City's population is current 36,000 but is expected to increase to 50,000 by 2030. Since 2012, the city has experienced 3.5 per cent growth, which is higher than the average for the region, and for Western Australia as a whole. Traditionally a destination for retirement migration and holidays, the City's recent population growth has been more evenly distributed across ages, suggesting that younger people and families with children are also moving to the region. With this growth, there is strong demand for development (City of Busselton, 2017) and there has been increased pressure on the housing market, with declining housing affordability (City of Busselton, 2016).

Figure 3: Location of City of Busselton Source: abs.gov.au

Busselton began with an economic based in agriculture and forestry but has developed a large tourism industry owing to the warm climate and natural environment. It is also part of the internationally renowned Margaret River Region. In 2011, the largest industry of employment in Busselton was retail trade (15.3 per cent), followed by accommodation and food services (12.3 per cent), both of which are supported by tourism activity (City of Busselton, 2017).

Summary of key issues

Busselton and the adjoining Augusta Margaret River region, have always been a focus for holiday home owners, because of the areas proximity to Perth. Holiday homes are a major part of the local economy, providing employment for property management, cleaning, and real estate sectors, as well as the wider boost associated with tourism. The introduction of online listing platforms for holiday accommodation has 'internationalised' tourism demand in Busselton, from its traditional focus as an intra state destination.

Online platforms have not necessarily led to an increase in the number of holiday homes in the area, although the lack of data sharing by the platforms makes this difficult to ascertain. Of greater concern is that online platforms have enabled new operators to bypass Council's established system for licensing holiday homes.

Neighbour complaints arising from unruly guest behaviour are rare, but arise more frequently during particular periods, such as 'schoolies' week.

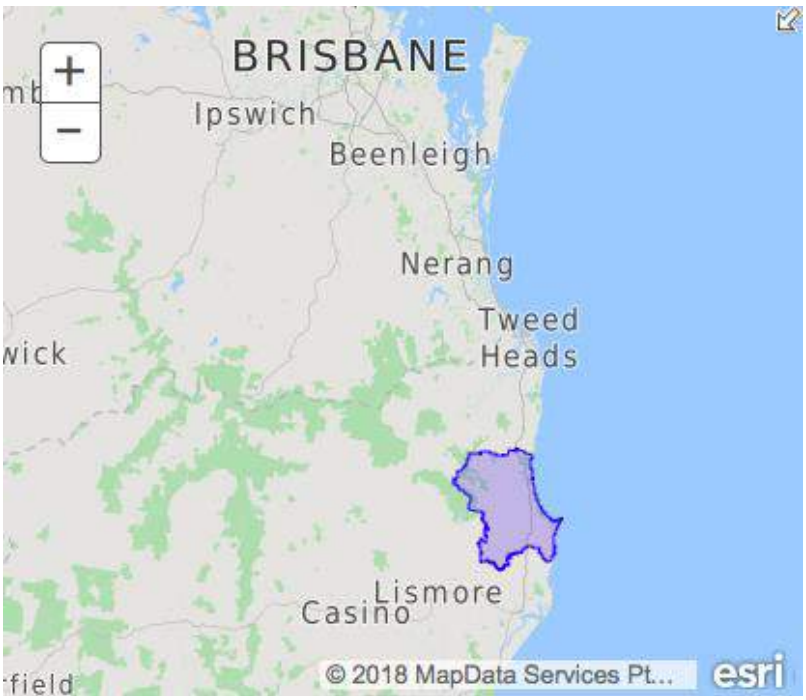
Current management approaches
Busselton has a designated tourism zone, and many of the holiday homes are situated within this area. Properties within the tourism zone pay a higher rate, with the additional revenue contributing to the Council's budget for tourism and events.

Holiday homes within the residential zone need both development approval as well as a license. Licenses are renewed annually for a fee, and are required to have a nominated, locally available manager. The licensing system enables the license to be withdrawn if the property is not managed properly. However, the introduction of online platforms has meant a growing number of properties are not licensed or advertise higher capacity for guests than permitted under the terms of the license.

Byron Shire Council, NSW

Byron Shire is located on the north coast of NSW, approximately 200km south of Brisbane. It covers 556 sq. kms and is home to 32,790 people. The main population centres are Ocean Shores and Byron Bay, which are home to 20 per cent and 19 per cent of the Shire's population. Other towns include Suffolk Park, Mullumbimby, Bangalow, Brunswick Heads, Sunrise and Ewingsdale. The Shire has experienced gradual, but not extensive population growth in recent years (Byron Shire Council, 2018).

Figure 2: Location of Byron Shire Council Source: abs.gov.au



Byron Shire's location on the Pacific Motorway and its proximity to airports makes it an accessible tourism destination. In 2016, two million people visited Byron Shire, placing it amongst the top tourist destinations in Australia. Tourists are drawn to the area for its beaches and natural environment as well as for the cultural life, environmental sustainability, and relaxed lifestyle that the region is known for (Byron Shire Council, 2018).

Tourism is a major economic driver for the shire, having impacts on the retail, food, accommodation, construction and wholesale sectors. In 2015/16, tourism and hospitality sales in Byron Shire were valued at $304.1 million (Byron Shire Council, 2017). Visitors, which come year around, increase the overnight population of the Shire by approximately 22 per cent, which has an impact on infrastructure and services (ibid).

Summary of key issues

Byron Bay has always been a traditional holiday destination, with a high proportion of second home owners. To maintain the village character of the area, tourist accommodation has primarily been within low impact residential style apartments, holiday homes, as well as backpacker hostels, motels, and caravan parks. However, over the past few decades, intense tourism demand has resulted in growing tensions between permanent residents and visitors.

Increasing accessibility – with road improvements between Brisbane and Byron Bay, and more frequent flights into the area, has further increased visitor numbers.

The introduction of online platforms has brought some new opportunities, with some local residents using Airbnb as an additional source of income. Many residents are purchasing an investment property to themselves operate as a short term rental.

Key issues revolve around the amenity impacts generated by increased traffic, parking, rubbish, and unruly behaviour in residential areas, as well as a sense of 'lost community'.

The rental housing market has always been tight, with many renters needing to vacate during summer peak seasons. However, since the rise of online platforms, and wider housing market inflations, permanent rental accommodation is almost impossible to access within Byron Bay itself, and difficult across the entire local government area. There is a particular concern about the potential for new housing supply to be subsumed within the holiday rental stock rather than contributing to local housing need.

There is an additional concern around the condition of some properties rented via online platforms, which may have had informal or illegal works, be poorly maintained, or, through frequent and heavy use by different parties, fall into disrepair and fail to comply with swimming pool safety requirements.

Current management approaches
Currently, tourist and visitor accommodation is a prohibited use in the residential zone, although this has been difficult to enforce. Long term holiday homes have existing use rights however, the Council has become more proactive in commencing enforcement action on operators who are renting out recently constructed properties and 'granny flats'. The latter has been a particular concern, because 'granny flats' are approved under the NSW *Affordable Rental Housing State Environmental Planning Policy*, and as such were encouraged by Council who waived contribution fees in order to support more affordable housing supply.

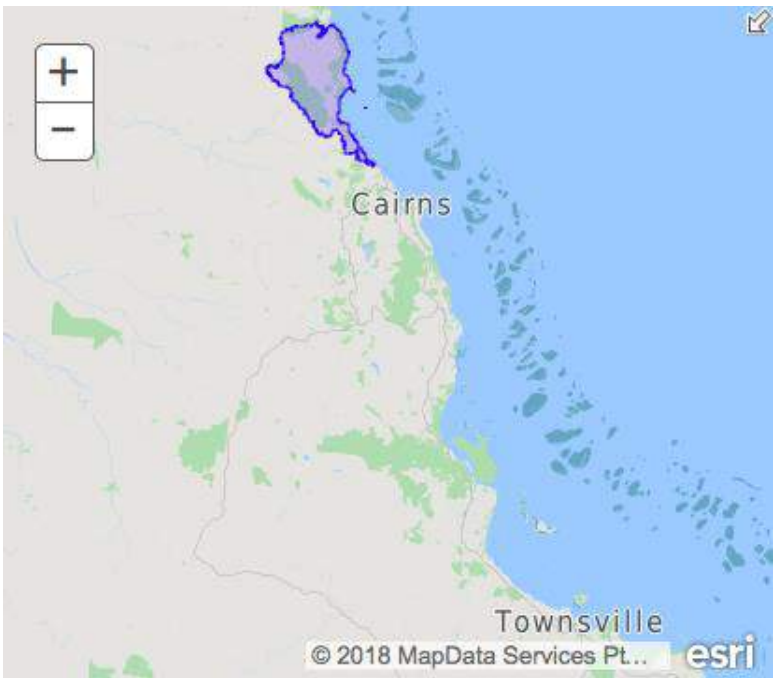
There has been strong cooperation across industry, residents, and Council, around a management framework for holiday rental accommodation within Byron. A proposed planning strategy was submitted to the Department of Planning and Environment, which would enable short term renting of a residential home for up to 90 days in a calendar year. However, this proposal has not been accepted and stands in contrast to the NSW position that a maximum rental period of 180 days should be sufficient to manage the potential risks around the conversion of properties from residential to tourism use.

Registration of holiday rental properties would provide an important basis for quantifying the sector, monitoring growth, and addressing complaints. Further, a percentage of host incomes remitted to the local community via a tourism levy, bed tax, or special rate, would help mitigate the impacts of tourism and costs of additional monitoring and regulation.

Douglas Shire Council, QLD

The Douglas Shire is located in North Queensland, approximately 1,800 kms north of Brisbane and 65 kms north of Cairns. The Shire covers over 2,445 sq. kms and has a population of 11,600. The majority of the population (70 per cent) reside in the coastal tourism town of Port Douglas and the inland town of Mossman, which is a service centre and agricultural town. Other villages include Mossman Gorge, Daintree Village and Cow Bay, Thornton Beach, Cape Tribulation and Buru-China Camp, which are destinations for nature-based and eco-tourism (Douglas Shire Council, 2017).

Figure 4: Location of Douglas Shire Council Source: abs.gov.au



The Douglas Shire is known for its nature environment, including rainforests and beaches. It is located within the Wet Tropics World Heritage Area and is also adjacent to the Great Barrier Reef World Heritage Area. The tourism industry in The Douglas Shire is based around these natural assets. Tourism (both domestic and international) is the main economic driver in the Shire (Douglas Shire Council, 2017). Overall, the economy is 80 per cent dependent on tourism, making The Douglas Shire the most tourism-dependent region of Australia (ibid.). Accommodation provision is the largest employer. While tourism has struggled since around 2010 owing to a range of factors, including the high Australian dollar, the Global Financial Crisis and 'tourist massification' (i.e. a decline in high-end destination status owing to aging infrastructure and over supply of accommodation) (Douglas Shire Council, 2016), visitor numbers have rebounded in recent years and are now reaching levels last seen in the mid 2000s (Douglas Shire Council, 2017).

Summary of key issues

Much of the accommodation listed on Airbnb for Douglas consists of serviced apartments, although there is a growing trend towards residential, holiday homes and hosted accommodation also being listed on the platform. Tourist accommodation including serviced apartments, motels, and backpacker hostels, has primarily been developed within designated tourism zones.

Holiday homes have historically been considered to be a residential use without the need for additional permission, although bed and breakfast establishments have been regulated.

Initially, formal bed and breakfast operators were concerned that new operators could bypass their regulatory obligations by directly listing rooms on Airbnb. In response, the Council removed the requirement for bed and breakfast establishments to register.

The introduction of online platforms for holiday rental accommodation has introduced new flexibility to the tourism sector, particularly in parts of the shire where tourism is highly seasonal. The online platform has brought new economic opportunities for local residents, particularly retirees.

The town of Douglas itself and surrounding rural areas, is increasingly being perceived to be an area for weddings and functions. Entire homes are being rented out, and catering brought in to serve these large functions. These larger event properties have been a source of some behavioural issues requiring police intervention at times.

There are some signs of housing market pressure particularly around the town of Port Douglas, where long term rental accommodation is in short supply. Permanent residents often commute from parts of the local government area that have been planned and developed as permanent residential areas. When residents do elect to live within a tourist zone, they are more accepting of the occasional disruption associated with the visitor economy.

Current management approaches
Interviewees advised that current planning and compliance processes are managing potential issues arising from holiday rental accommodation, largely due to the longstanding tourism management framework. This includes a strong network of tourism operators and prominent visitor information services, which are able to reach tourists in whatever accommodation they are staying.

Douglas is situated in a region which is subject to tropical cyclones and storm surge. Residential properties receive information about what to do in case of an emergency, including a sticker system which would ensure that visitors staying in residential property are able to access this information.

Eurobodalla Shire Council, NSW

Eurobodalla is located on the South Coast of NSW, approximately 280 km south of Sydney and 140 km east of Canberra. It is serviced by the Princes and Kings Highways making it accessible from both cities. The Shire covers an area of 3,422 sq. km, much of which is covered by National Parks and State Forests. The Shire has a population of 38,119, which is predominantly concentrated along the coast. Bateman's Bay is the regional service centre, but other main towns include Moruya and Narooma. The Shire's population is expected to increase to 44,000 by 2036 (Eurobodalla Shire Council, 2017).

Figure 5: Location of Eurobodalla Shire Council Source: abs.gov.au

Historically, dairying, forestry and fishing were the primary industries in Eurobodalla Shire. In more recent years, tourism, agriculture, aquaculture, retail and property and health services have become important parts of the local economy (Eurobodalla Shire Council, 2017). In the 2016-17 financial year, Eurobodalla Shire hosted 34,000 international visitors, 638,000 domestic overnight visitors and 459,000 domestic day visitors. Visitor expenditure totalled $385 million (Eurobodalla Shire Council, 2018). In 2015-16 it is estimated that tourism supported 2,482 direct full time jobs and 1,284 indirect full time jobs. Overall (including full and part time jobs) tourism plays a role in supporting 4,900 jobs (Eurobodalla Shire Council, 2018).

Summary of issues

Eurobodalla has a large volume of second homes, meaning that 31 per cent of homes in the Shire are not permanently occupied, and 38 per cent of property owners in the shire having a main address outside of the LGA (Eurobodalla Shire Council, 2017). Traditionally, these homes have been purchased by people for their own use with many intending to eventually retire in the area (Hugo and Harris, 2013).

The introduction of online platforms for short term rental accommodation has been associated with a new interest in the potential to invest in holiday homes, particularly for investors who have been priced out of capital city markets.

This has introduced conflicts in particular areas of Eurobodalla, such as the village of South Durras, where residents report a significant increase in the number of houses now listed online as holiday rental accommodation, and in the intensity of visitation. The isolated setting of South Durras, which is surrounded by Murramarang National Park, makes the area prone to bushfire risk, and the area is not serviced by reticulated water or sewer systems. The area is a popular destination for groups and parties, with dogs, noise and unruly behaviour a growing problem. High seasonal variability in population as a result of tourism presents challenges for council in terms of providing and maintaining infrastructure, as well as for businesses which depend on tourist spending (Eurobodalla Shire Council, 2017).

Tourism operators in Eurobodalla report difficulties in competing with online holiday rentals, which are able to operate without regulation or special fees/charges. There is a need for some traditional operators to renew their properties to remain competitive, however, finance can be difficult to obtain in areas which already seem served by abundant accommodation.

Housing affordability for local residents has been declining in Eurobodalla. Home purchase is inaccessible for lower income residents of Eurobodalla, many of whom are in rental stress. Growing demand for holiday homes has exacerbated the shortage of affordable rental supply.

Current management approaches

Holiday homes are regarded to be a temporary use of residential accommodation and are permitted without consent in residential zones.

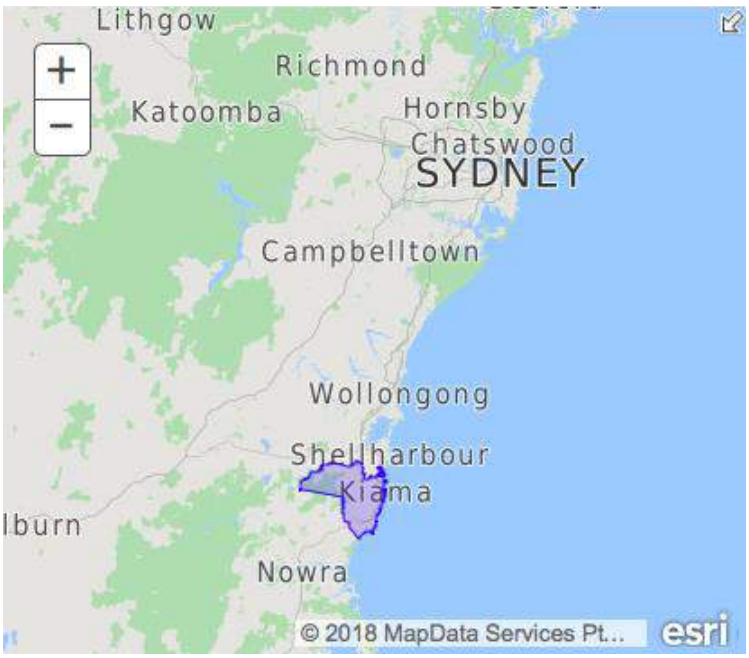
Kiama Municipal Council, NSW

Kiama Municipal Council is located on the South Coast of NSW approximately 120 kms south of Sydney. It is located on the Princes Highway, and is also on the Sydney rail network, making it highly accessible from Sydney and Wollongong.

The council covers 259 sq kms. It is predominantly rural in character, with the main population centres concentrated along the coast. Kiama is the principle town and service centre. Other population centres include the coastal towns of Gerringong, Gerroa and Kiama Downs, and the inland community of Jamberoo. The Council has a population of 21,505 (Kiama Municipal Council, 2017).

Although Kiama developed around the dairy and quarrying industries, it has been a popular tourism destination since the mid 1800s. Tourism is now a major contributor to the local economy (Kiama Municipal Council, 2018), valued at over $187 million per annum. It is linked to an estimated 1,510 direct and indirect jobs (Kiama Municipal Council, 2018).

Figure 6: Location of Kiama Municipal Council Source: abs.gov.au



It is estimated that Kiama hosts 983,000 domestic and international visitors annually (Kiama Municipal Council, 2018). An estimated 373,000 visitors to the area are overnight visitors, meaning that over half are day trippers. An objective of Council's tourism and events strategy is to increase overnight visitors and to foster year around tourism (Kiama Municipal Council, 2018). Lack of accommodation at different price points has been identified as a potential factor impacting rates of overnight tourism (SGS Economics and Planning, 2014).

Summary of key issues

Short term rental accommodation has been gaining in momentum in Kiama. This has brought new opportunities for local residents, some of whom are able to host tourists in rooms or self contained units within their properties, or rent their entire homes during peak holiday periods. However, the majority of online listings are for whole homes which are primarily maintained as holiday rental properties.

There have been increased impacts for local residents who report noise disturbances from large groups and from guests with dogs.

Housing affordability is a particular concern in Kiama, where the supply of rental accommodation is very constrained. Proximity to Sydney makes the area potentially within the commuting area of the metropolitan region. In fact, some traditional tourist accommodation is being redeveloped as residential apartments.

Current management approaches

Self contained tourist accommodation in residential homes is permitted under the local planning instrument, without the need for formal development consent, provided that it does not "interfere generally with the amenity of the neighbourhood in any way, including by noise or traffic generation" (Kiama Local Environmental Plan 2011, s6.10). In practice, the Council will advise operators that they may need to lodge a development application to continue renting the property on a short time basis, if it becomes aware of complaints about noise, traffic, or other impacts.

In addition, Kiama has developed a comprehensive package of information for guests in holiday homes.

Moreton Bay Regional Council, QLD

The Moreton Bay Region borders Brisbane City Council. Covering 2,037 sq. km, the region had a population of 425,302 at the time of the 2016 Census (ABS, 2017a), making it the third largest LGA in Australia. The region's major centres include Strathpine (22km from Brisbane CBD), Redcliffe (35 km from Brisbane CBD) and Caboolture (50kms from Brisbane CBD). The region is also accessible from Brisbane Airport and Sunshine Coast Airport (Moreton Bay Regional Council, 2017).

In recent years, the region has experienced high levels of population growth, which has been the main driver of economic growth. As a city region, the main industries of employment include retail, healthcare and social services, education and training and construction. Rental, hiring and real estate services, with manufacturing, accounts for almost half of the region's economic output.
Tourism is one of five areas target by the council in its Economic Development Action Plan (Moreton Bay Regional Council, 2017). Tourism generates $747m per year, and accounts for around 4,160 jobs in Morton Bay (2016/17 data, supplied by Moreton Bay Regional Council). There are 326 rooms and over 1700 beds in formal tourist accommodation establishments, primarily in Caboolture, Bribie Island, and Redcliffe. Holiday homes have traditionally been managed by "bricks and mortar" real estate agents or special purpose managers, who continue to operate in the region.

The majority of overnight stays originate from people in the Brisbane region.

Figure 7: Location of Moreton Bay Regional Council Source: abs.gov.au

Summary of key issues
Online platforms for holiday rental accommodation have introduced new forms of tourism in Moreton Bay. In addition to traditional holiday homes and Bed and Breakfast operations, primarily surrounding the beach and bay areas, large properties advertising capacity for substantial groups have emerged in parts of the locality. Often these are situated beyond the main tourism areas, in rural hinterland or even suburban neighbourhoods. Large holiday rentals accommodating big groups can generate significant impacts for neighbouring residents in terms of noise, parking, and traffic movements. There has been a considerable increase in complaints about these properties, with complaints typically reported on a weekly basis.

However, hosted accommodation – rooms or self contained units – is seen to provide opportunities for local residents to gain additional income, without generating amenity issues. There may be some issues if self contained accommodation provided within an existing dwelling is constructed without approval.

Council officers are receiving an increase in the number of inquiries from people seeking to add an additional dwelling, and also from people asking about the permissibility of operating an 'Airbnb'. There is informal feedback from residents that the costs of lodging an application to operate a short term rental would operate as a deterrent.

Housing affordability and low rental vacancy rates are a growing problem in the Moreton Bay region, however, to date holiday accommodation is not seen to compete with the permanent rental housing stock. Council staff advised that this may become an issue in the future, particularly if lower value but well located areas begin to gentrify.

Current management approaches
Short term holiday rentals are not explicitly addressed within the Moreton Bay planning scheme. However, when whole homes are rented out on a temporary basis, they are considered to fall within the definition of "Short Term Accommodation" and require an application under "code assessable" or "impact assessable" pathways. Short term accommodation is not permitted in all zones but is directed to areas where infrastructure and services are available. Private rooms may be rented out provided that requirements for a "bed and breakfast" are met – which include a maximum number of bedrooms (2) and guests (6), and the provision of a daily meal.

Interviewees advised that it may be possible to reduce the regulatory burden applying to short term accommodation within an existing dwelling house, and to eliminate the need for a 'bed and breakfast' to serve food (avoiding the need for a food licence).

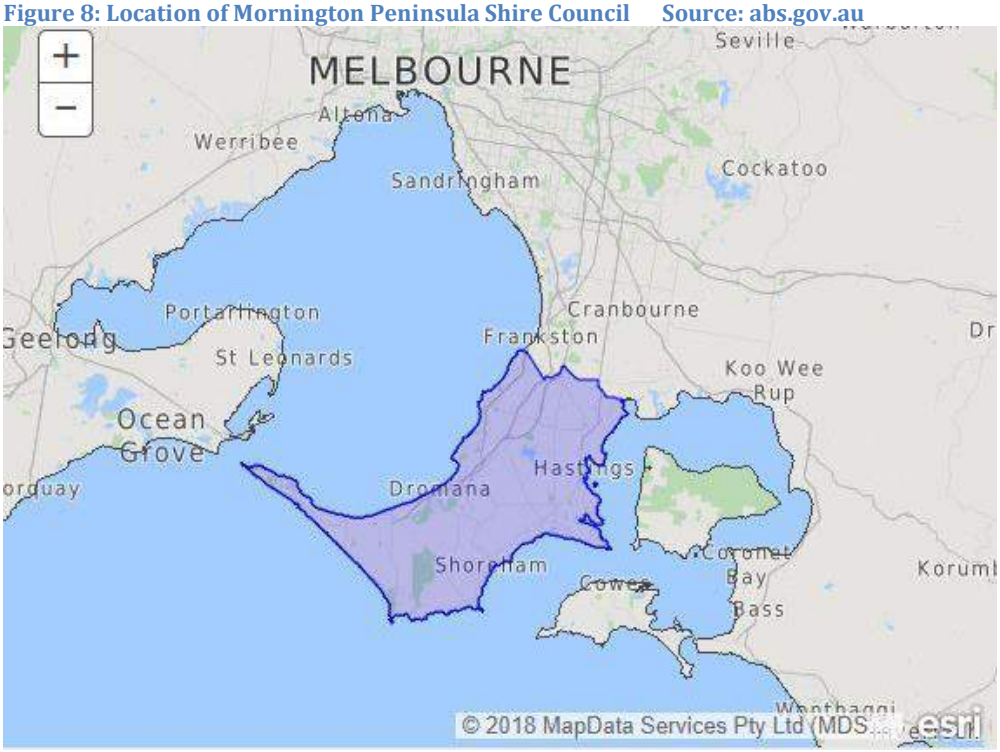
However, large properties accommodating multiple parties (six or more unrelated adults) fall within boarding house regulation, imply a need for compliance with more stringent BCA fire safety requirements. As reported by other communities in this study, it can be difficult to distinguish between holiday homes (used by a single group) and accommodation which is being offered to multiple parties, particularly given the lack of data and transparency around online holiday rental platforms.

Mornington Peninsula Shire Council, VIC

Mornington Peninsula Shire is located south-east Victoria, between Port Phillip Bay and Western Port Bay approximately 50 km from central Melbourne. It covers an area of 723 sq. km with 190 km of coastal boundaries (10 % of Victoria's coastline) and has a population of 163, 151 (Mornington Peninsula Economic Profile, 2018).

The Shire consists of more than 20 large and small townships such as Mornington, Somerville Hastings, Flinders, etc. Mornington Shire has a wide range of diverse local economy among which the significant ones are tourism and agriculture. According to the 2016 census, there were about 52, 682 jobs in the peninsula out of which the largest industries of employment were healthcare and social assistance (7,389 jobs); retail trade (7,291 jobs) and construction (7,223 jobs).

Figure 8: Location of Mornington Peninsula Shire Council Source: abs.gov.au



Summary of key issues
Since 2012 there has been a rapid rise in short term holiday rental accommodation in Mornington Peninsula. However, the extent to which this growth has been driven by the emergence of online platforms is unclear.

Management issues have arisen because there is no clear definition of short term accommodation in the planning scheme. A second issue is that illegal dwelling conversions and construction is emerging, to capitalise on the market for holiday rental accommodation. This manifests through illegal division of bedrooms and lounge rooms to create 'dog boxes'. At the other end of the online market for holiday homes, house and land packages are being advertised for weddings and other major events. Holiday rentals which are owned by absentee landlords who manage properties without a local intermediary, causes considerable concern amongst local communities.

Current management approaches
Mornington Peninsula has developed a local law for short term accommodation, which provides for properties to be registered and for managers to observe a code of conduct.

Moyne Shire Council, VIC

Moyne Shire is located in South West Victoria, approximately 260 km from Melbourne. It covers an area of 5,478 sq kms and has a population of 16,229. Key towns are the historic Port Fairy and Mortlake. The LGA has 5,845 jobs, of which 2,303 are in Agriculture, forestry and fishing, 1,075 are in manufacturing and 373 are in tourism (Moyne Shire Council, 2017).

Figure 9: Location of Moyne Shire Council Source: abs.gov.au

Summary of key issues

A high proportion of the housing stock in Moyne is maintained as holiday homes. These are concentrated particularly in the town of Port Fairy. The introduction of online platforms such as Airbnb has changed the ways in which holiday homes are advertised and introduced an international visitor market to the area. However, international visitors are often seeking single night accommodation only.

Overall, online platforms have increased the supply of tourist accommodation in Moyne. This is important because Moyne must cope with peak events such as the Port Fairy Folk Festival. In general, holiday homes do not present significant amenity issues in Moyne. There are some larger properties able to accommodate a high number of guests, but Moyne is not a traditional focus for problematic party houses.

Local businesses have emerged to provide professional management services to holiday homes which are marketed via online platforms.

Interviewees observed a growing housing affordability problem in Moyne, with local workers now finding it difficult to access permanent rental accommodation in towns like Port Fairy. Permanent tenants are often required to vacate during peak holiday seasons.

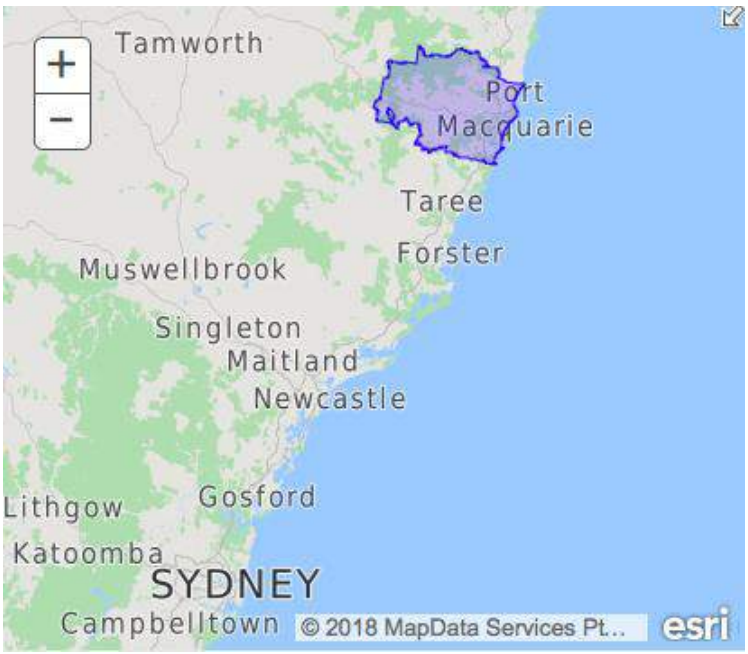
Current management approaches

Moyne is developing a tourism network to connect operators and encourage visitors to travel to areas beyond Port Fairy. Interviewees advised that they did not favour unnecessary regulation; however, there is a need for local planning responses to match local circumstances.

Port Macquarie-Hastings Council, NSW

Port Macquarie-Hastings is located on the mid North Coast of NSW, approximately 245 km north of Newcastle and 380 km north of Sydney. It covers an area of 3,686 sq. kms and has a population of 81,404 (Port Macquarie-Hastings Council, 2018) . Port Macquarie services as the regional centre and main hub for tourism, while Wauchope serves as a regional centre for inland areas and the agricultural industry. Laurieton services as a regional centre in the rapidly growing southern part of the council area. The population is expected to increase to 102,926 by 2036 (Port Macquarie-Hastings Council, 2017b).

Figure 10: Location of Port Macquarie-Hastings Council Source: abs.gov.au



In 2016, the largest industries of employment were healthcare and social assistance (4063 jobs); retail trade (3,355 jobs) and accommodation and food services (2,218). In terms of economic output, rental, hiring and real estate services was the second larger contributor to the local economy, with an output of $895 million (Port Macquarie-Hastings Council, 2017a).

Overview of issues

In general, holiday homes are seen to present few issues in Port Macquarie and present some important opportunities. For instance, a policy to extend visitation throughout the local government area has now been achieved.

However, the emergence of online platforms for listing has introduced new problems, particularly in cases where owners do not have a local manager. The main complaints emerge from established residential areas, where new holiday homes are concentrated.
Further, complaints are most likely to arise in relation to larger holiday homes which are catering to more people. In recent years Council has imposed a condition preventing new homes from being used as holiday rental accommodation.

Port Macquarie has its own visitor website, where people can list their properties.
Ironically, although housing affordability is a concern in the region, there is also a trend towards aging tourist accommodation to be redeveloped, or simply just leased, as residential housing.

Management approaches

Short term holiday lets are currently not permissible under the Council's interpretation of the definition of "tourist and visitor accommodation" within the state and local planning framework. There is no proactive enforcement of these rules, but Council is prepared to address the issue if a complaint is made about a particular property.

Shoalhaven City Council, NSW

Shoalhaven City Council is located on the South Coast of NSW approximately 160 km south of Sydney and approximately 170 km east of Canberra. The council area covers 4,660 square kilometres and has an estimated population (2018) of 103,201. Nowra-Bomaderry is the largest city in the council area and serves as a regional centre. Other regional centres include Vincentia, which services Jervis Bay and St Georges Basin, and Ulladulla-Milton. The council includes 49 other smaller towns (Shoalhaven City Council, 2017). Some of these, particular Huskisson and Berry attract large volumes of day trippers, as well as overnight guests.

Figure 11: Location of Shoalhaven City Council Source: abs.gov.au

Defence and manufacturing have traditionally been the main industrial sectors in the Shoalhaven. In 2011, health/social services was the largest area of employment, and education and training has grown in recent years. Tourism and retail, although having a lesser economic impact, are also important employers and, as outlined in council's economic development strategy, play an important role in youth employment, providing entry level jobs (Shoalhaven City Council, 2017).

The NSW South Coast is the most visited area of NSW outside of Sydney. In 2016, the Shoalhaven attracted over three million domestic and international visitors (Shoalhaven City Council, 2017). Rail links from Sydney to the northern part of the council area, and the Princes Highway, make the area highly accessible. Recently completed and planned upgrades to the Princes Highway will result in a continuous dual carriageway from Sydney to Nowra. (Shoalhaven City Council, 2017).

Summary of key issues

Holiday homes have been a feature of the tourism in Shoalhaven for a long period, with approximately 60% of visitors to the region staying in this form of accommodation. It has been estimated that may be more than 4,000 holiday homes in Shoalhaven.

Most of these properties are not regarded to generate issues for local neighbours. However, the emergence of online platforms such as Airbnb, Stayz etc. has changed the way that holiday homes in Shoalhaven are advertised and managed. Prior to these

platforms, holiday homes were maintained only for owners and their personal networks or rented by local real estate agents. Local management provided a point of contact for neighbours affected by noise or other issues generated by holiday makers. The introduction of online platforms has meant that some properties have no local management presence able to address immediate issues.

Overall, concerns include:

- Amenity issues and resolving complaints – noise, car parking, rubbish etc.
- Local infrastructure impacts – rubbish being dumped in public litter bins etc.
- Taxation - benefit from funds spent on tourism marketing and resultant growth without making a contribution.
- Use of holiday homes and/or adjacent parks and reserves for large functions such as weddings.
- Competition with other forms of tourist accommodation – not a level playing field.
- Impact of 'party houses'.
- Compliance issues – pools, fire safety etc.

Current management approaches

Holiday homes are permitted without consent, provided that there are no impacts on neighbourhood amenity. Standards for holiday homes are contained in the 'Short Term Rental Accommodation' of the Shoalhaven Development Control Plan (DCP) 2014. The standards require holiday homes to comply with building construction requirements, set limits on the number of adult guests, and establish car parking controls.

Properties need development approval if they are to be used for weddings or other major events.

The Development Control Plan also requires that information be made available for guests about:

- Limiting noise in residential areas, particularly between 10pm-8am
- A 24 hour local contact number to resolve any issues.

Smoke alarms must be installed, and a bushfire evacuation plan is needed for properties in bushfire prone areas. Signage should also be displayed, identifying the property as a holiday rental.

Sunshine Coast Council, QLD

The Sunshine Coast is located 100 km north of Brisbane. It is connected to Brisbane by the Sunshine Coast line operated by Translink, and also hosts an international airport. In 2016 it had a population of 294,367 (ABS, 2017b), with the three main population centres being Maroochydore, Nambour and Caloundra.

Figure 12: Location of Sunshine Coast Council Source: abs.gov.au

Initially developed as an agricultural area, the Sunshine Coast became a popular holiday destination in the 1960s and 70s and experience rapid growth from the 1980s. The area's economy is now dominated by tourism, construction and retail trade (Sunshine Coast Council, 2013). The tourism, sport and leisure industry accounts for approximately 14 per cent of employment in the region, and Council's Regional Economic Development Strategy, identifies 'tourism, sport and leisure' as a high value industry that council will invest in (Sunshine Coast Council, 2013).

Interviewees emphasised that tourism overall and holiday homes in particular, are very beneficial to the area. In particular, online platforms offering overnight and weekend accommodation are seen to address a gap in the market which has traditionally catered to longer stays of 5-7 days. Further, the online platforms have allowed home owners to offer accommodation during peak periods and events, providing a flexible expansion to the supply of tourist accommodation, bringing wider economic benefits to the region.

Key issues

These important benefits notwithstanding, the introduction of online platforms for holiday home accommodation had introduced some social issues in residential neighbourhoods and had made some traditional accommodation operators concerned about being subject to unequal charges and regulations.

Online platforms appear to have increased the prevalence of holiday homes in residential neighbourhoods, while overnight and weekend accommodation brings a high turnover of guests, increasing the potential impacts for neighbours. Interviewees reported a rising number of complaints about issues such as noise, parking, overflowing bins, and dogs, associated with holiday rental accommodation, although the number of complaints remains small relative to other issues addressed by the compliance team more widely. Interviewees also described a

sense of concern by residents that tourism is occurring in neighbourhoods which were once occupied solely by permanent residents, where residents knew one another and were able to form lasting relationships.

Current management approaches

The Sunshine Coast has an established rating system which distinguishes short term rentals from permanent residential properties and imposes a "Tourism and Major Events Levy" on these dwellings. A total of 20,307 properties (of the total 137,000 dwellings in the Sunshine Coast were subject to the levy in 2017, with the funds contributing to marketing and promotion of the area. The council maintains a database of 'non-permanent' places of residence, of which only properties rented as holiday accommodation are subject to the levy. As well as an important, if modest, source of revenue towards tourism marketing activities, the levy serves to address the concerns of traditional tourism accommodation providers, that they are operating on an even playing field.

In terms of managing amenity issues arising with short term rental accommodation, Council's "customer response" team respond to local law issues associated with short-term stays, such as noise, parking, or companion animal issues. However, antisocial behaviour concerns are the responsibility of Queensland Police, and are referred accordingly.

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