

A Better Deal for Strata “Airbnb” and Residential Strata Living

The Government's controversial “Airbnb policy” announced in June 2018 will mandate that short term letting (STL) to tourists and visitors is a permissible use of all residential dwellings across the entire state of NSW, regardless of local conditions. If implemented it will remove existing strategic planning powers from Local Councils. Localised impacts on housing availability, affordability, amenity and the sense of community are being ignored with significant impacts on strata communities.

The policy is an incentive to invest in residential apartments for tourist and visitor purposes for higher rents. It encourages the conversion of residential apartment buildings to “quasi-hotels” with unlimited STL dispersed among strata residents. It enables new residential apartments to go straight to the “Airbnb market.”

In the two years to December 2018 the number of properties listed across NSW/ACT on Airbnb alone rose from 29,657 to 64,856. Trends are toward commercialised “hosting” multiple units or “hosting” as a full-time business. There is no material difference between “Un-hosted” and “serviced apartments”, which are prohibited in residential zones and, where permitted, are separated from residential apartments.

The burden of living with the revolving population of tourists and visitors, and the disruption and cost of managing STL is being imposed on strata residents. It is the Owners Corporation, and volunteer committees who are confronting security, increased fire safety risks, building management and social cohesion issues.

Residential strata communities deserve a better deal:

- **Our Strata Our Choice:** Residential strata communities must have the right to decide whether or not to permit STL. This requires that STL is prohibited unless it is expressly permitted by the Owners Corporation with a 75% of the vote in favour.
- **Reduction in day cap to 60:** In Sydney, STL must be restricted to primary homes and the day cap for Un-hosted STL capped at 60 days or less. This will prevent the eviction of tenants and reduce impacts on residents.
- **General Register:** It is essential that all premises used for Hosted or Un-hosted STL be registered and that platform business have an obligation not to list un-registered properties. This will prevent the illegal listing of thousands of apartments, ensure Local Councils can enforce a day cap, fire safety and public health standards are enforced and income, land and capital gains tax is paid.
- **No to Exempt Development:** Local Councils must retain the power to apply residential zoning restrictions or development conditions to protect residential neighbourhoods including strata communities. Local Councils outside of Sydney should be free to set their own lower day cap on Un-hosted STL.

Further Facts

- Just over half of the properties currently listed on Airbnb in NSW are located in the greater Sydney metropolitan area (36,662). Inside Airbnb data is that 62.5 % of properties listed are for whole apartments/houses.
- In the City of Sydney, there are now 9,820 properties listed on the Airbnb platform alone - an increase of 79% in the two years to December 2018.
- In inner west areas like Leichhardt and Marrickville, areas of high need and low affordability, listings have increased by 49% (695-1,039) and 53% (875-1343) for the same two-year period. In Randwick, listings increased from 2,345 - 3,493 (49%). Hot spot Waverly now has 5,696 properties listed - an increase of 41%.
- In the regional and coastal areas, listings for residential properties in Byron Bay continued to grow to 3,037 (159%) (2016-2018). Gosford recorded an increase of 422% in the same period. It now has 1,665 properties listed on Airbnb.
- Figures for all LGAs are available from Inside Airbnb. This underestimates the total volume of properties used for STL which are listed on multiple platforms.

Further policy points:

- The Minister is by-passing the *Environment Planning and Assessment Act 1979* (NSW) and using executive power to amend the *State Environmental Planning Policy (Exempt and Complying Development Codes) 2008* and *Standard Instrument Order 2006* (SIO) to mandate the permissibility of STL in all residential dwellings. "Exempt development" is intended for uses that have a "minor" environmental impact, like carports. It is being used to accommodate the growth of one company to the detriment of the community.
- The "Code of Conduct for the Short-term Rental Accommodation Industry" is intended to address "party houses" via an after-the-fact paper-based complaint to the Department of Fair Trading. It is ill conceived and cannot address the fundamental issues of unlimited "Airbnb" style letting in residential strata schemes.
- Owners Corporations have unlimited liability and significant statutory duties. They have liability for "Airbnb Guests" on common property. STL operators are being permitted to exploit for private profit the shared facilities that are vested in the Owners Corporation for the benefit of the entire scheme. The status of the non-resident "Airbnb Guest" has been left unresolved.
- The amendments to the *Strata Schemes Management Act 2015* (NSW), do not go far enough. Under the amendments a minority of investor can defeat the ability of an Owners Corporation to adopt a by-law to prohibit STL in their scheme with just 25+% of the vote. This abandons residents in some of the worst affected areas.