



New South Wales Government
Independent Planning Commission

TRANSCRIPT OF PROCEEDINGS

RE: BYRON SHIRE - SHORT TERM RENTAL ACCOMMODATION
PLANNING PROPOSAL (PP-2021-3351)

SHELTER NSW MEETING

COMMISSION PANEL: DR SHERIDAN COAKES (Panel Chair)
PROFESSOR RICHARD MACKAY AM
JULIET GRANT

OFFICE OF THE IPC: STEPHEN BARRY
OLIVER COPE

SHELTER NSW: CATHY CALLAGHAN
KAYLA CLANCHY

LOCATION: VIA VIDEO CONFERENCE

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DR SHERIDAN COAKES: Before we begin, I would just like to acknowledge that I'm speaking to you from Worimi Land, and acknowledge the traditional owners of all the country from which we virtually meet today, and pay my respect to their Elders past and present.

Welcome to the meeting today to discuss the planning proposal to reduce the number of days of non-hosted short-term rental accommodation in parts of the Byron Shire currently before the Commission for advice. My name is Dr Sheridan Coakes. I am the Chair of the Commission Panel, and I am joined by my fellow Commissioners, Professor Richard Mackay and Ms Juliet Grant. We are also joined by Stephen Barry and Oliver Cope from the Office of the Independent Planning Commission.

In the interests of openness and transparency and to ensure the full capture of information, today's meeting is being recorded and a complete transcript will be produced and made available on the Commission's website.

This meeting is one part of the Commission's consideration of the matter and will form one of several sources of information upon which the Commission will base its advice. It's important for us to ask questions of attendees and to clarify issues whenever it is considered appropriate. If you are asked a question and you're not in a position to answer, please feel free to take that question on notice and provide any additional information in writing, which we will then put up on our website. So we can now begin.

So, hi, Kayla. Thank you for joining us. We did provide you with a little bit of an agenda, just to structure our discussion today. So maybe if we could just start by just getting Shelter New South Wales' view on the Byron Shire Planning Proposal.

MR STEPHEN BARRY: Actually, Sherie, I'm just noting that Cathy is in the waiting room, so I'll admit her.

DR COAKES: Okay.

MS CATHY CALLAGHAN: Good morning.

DR COAKES: Good morning, Cathy. We just started off with our opening statement, but if you're comfortable, we will move into the agenda.

MS CALLAGHAN: Sure. Thank you.

DR COAKES: Okay. So just to repeat, just to kick off the meeting today, we've provided the agenda items, but if we could just start with Shelter New South Wales' view on the Byron Shire STRA planning proposal, please.

MS KAYLA CLANCHY: Sure. Thank you for having me and for the invitation to speak on behalf of Shelter. I am Kayla Clanchy, I am Policy Officer with Shelter New South Wales and Cathy is my supervisor. So Shelter is a peak housing and advocacy body and we're primarily concerned with housing justice for low-income earners, and the systemic failings in the housing market that lead to housing insecurity and unaffordability for vulnerable cohorts.

And I want to start off by making a point that throughout this meeting, I will be referring to non-hosted holiday accommodation or whole-home holiday accommodation in lieu of STRA, or short-term rental accommodation, and this is a small way for us at Shelter to acknowledge that we're dealing with the issues of conversions of dwellings to the holiday listing market, and classifying this use benignly as a form of housing diversity under the Housing SEPP as short-term rental accommodation is gaslighting the many local residents and actual renters in the region who are struggling with chronically low rental vacancy rates and facing no-grounds evictions in their lease agreements to make way for conversions of homes to whole-home holiday market.

And to be clear, no housing advocate could reasonably pin all of the blame for the housing and rental crises facing many locations purely on the proliferation of non-hosted holiday accommodation. However, we assert, and this is evident in DCJ Brenton sales reports, rental vacancy data and the proportion of ABS census unoccupied homes, that in some locations, such as the north coast, and increasingly on the south coast of New South Wales, the conversion of homes to non-hosted holiday accommodation is a significant contributor to housing and rental stress for locals.

So we at Shelter are concerned that there are few disincentives for landlords and property investors to convert properties to the whole-home holiday market. The increase in profits per night are too lucrative and too easy to access with the advent of online listing platforms, such as Airbnb and Stayz, and as stated in our letter of support to Byron Shire Council, during the September-October 2022 consultation round, we observed that a lot of planning consideration has gone into the match and catch approach taken by council to ensure the right balance is struck between accommodation for tourists and meeting the needs of locals for homes to be preserved as housing. So the proposal has been in the works for many years now, with much back and forth with the Department of Planning, the accommodation industry and locals alike.

So the proposal to essentially surrender some seaside and high-amenity neighbourhoods to the 365 day per year exemption recognises the longstanding use of many of those luxury abodes for the purpose of visitor accommodation, and these generally being homes that would have been available on the traditional holiday or bed and breakfast market long digital disruptors such as Airbnb and Stayz came along, but where the rub lies is in the conversion of dwellings as a result of the gigification of housing through online platforms. So dwellings being converted to non-hosted holiday market that would have ordinarily, and perhaps up to five to ten years ago, been used for residential purposes by local renters and owner-occupiers.

So to tackle this phenomenon, council has proposed residual locations around the Byron Shire to be exempt as non-hosted holiday accommodation for no more than 90 days per calendar year, and this is a decrease in the State-set 180-day cap that regional councils can opt into. And we're of the view, in light of the strictures placed on council by the State Government's housing SEPP that the lower cap to 90 days for some parts of Byron is completely reasonable.

DR COAKES: Thanks, Kayla. So just on that, from your perspective, do you feel that that will, you know, result in enough of a conversion, I guess, to, into the long-term rental?

MS CLANCHY: Well, if - we can talk about the many case studies around the world, and I think you've probably also spoken with Professor Peter Phibbs and Shelter Tasmania about the approach Hobart is taking. Day caps generally can be inefficient. We're increasingly of the view that Local Government needs to work with State Government on maybe a permit system, potentially returning to a DA system for some of these uses that are commercial operations, essentially, and we've been talking with the Tenants Union about a 90- versus 180-day cap, and we've sort of come to this agreement that a 90-day cap means that there's a lot more of a thinking process that property investors need to go into as to the profit yield, okay, 90-day short-term, and then, on balance, a six-month lease for longer term tenants. Whereas a 180-day cap, you could reap so many profits in that half a year, but you don't need to put it on the short-term market for the winter or autumn periods at all. So we're of the view that 90 days is better than 180 days, particularly in locations such as Byron, which has got the highest proportion of private dwellings being used for short-term holiday letting.

DR COAKES: Okay.

MS JULIET GRANT: Sorry, Sherie, can I just jump in and ask, but does that imply, if you're saying that the Shelter supports the 90 days because then it allows for the other six months to be rented, what does that mean for those six-month renters, when their rental agreement is ended? Where do they go over the summer? What's the thinking with that?

MS CLANCHY: We completely agree, and that's why we think a DA or permit system on the total number of homes that can be converted to the short-term market needs to be in place. I think what we're saying with Barcelona, for example, is they have a licensing system, so there's only an X number of licences that can be put out to the market, the short-term market, and they've essentially said that they're at capacity. They've reached a tipping point where social cohesion is so bad, housing affordability is so bad, we can't increase that cap until an existing lapses, and then that's when the new licence can come into play. And I believe Hobart, from my discussions with Peter Phibbs and Shelter Tasmania, are wanting to pursue something similar for central Hobart to say, actually, we're at capacity as to the total number of these types of accommodation types that we can sustain for tourism and for just local cohesion.

DR COAKES: So a limit on the number of licences.

MS CLANCHY: Exactly.

DR COAKES: Yes. Richard.

PROF. RICHARD MACKAY: Thanks, Kayla. But with that in mind, I'd just be interested why Shelter New South Wales would support the 90 - I mean, applying the

logic you've just outlined, is there a lot of difference between 180 and 90, given that 90 will cover summer and all the school holidays for a commercial renter?

MS CLANCHY: If it could go down to 60, I'm sure that's what, I think, council, at some point in time, they were looking at 60. The Western Australia Government is looking at 60 as well. I mean, every other week, I'm reading an article out of WA of the Busselton Tourism Centre, they're releasing more campsites, but you can only occupy those campsites with a tent if you prove that you're employed locally. Like, things are very dire in a lot of these touristy hotspots.

10 In Byron, I've been looking at some of the data, so 7.5 per cent of all homes in the Byron Shire are short-term holiday lets, and that's above and beyond the average across the State. The average across the State is, I think, between 0.3 to 0.8, so it's Byron at the very top. Behind it is Snowy-Monaro, and then behind that is Shoalhaven at around 5 per cent. So Byron is an anomaly, and if it could be even lower than 90, to 60, I'm sure that that would help those, as we were talking about earlier, renters securing even longer leases in some instances, because it's all about the total housing stock, how much of the housing stock is being converted to this short-term use.

20 PROF. MACKAY: Yes. Well, thank you, but just taking Juliet's point a little bit further, is there any evidence or do you have any reason to think, anecdotally or otherwise, that shifting from 180 to 90 actually makes any meaningful difference, as opposed to just a general approach of saying a lower cap is better than a higher cap?

MS CLANCHY: I think we've seen some examples. So London has a 90-day cap approach. I think the main issue they've had there is the enforcement of that cap, and how the register is set up. So there's a lot of noncompliance. So I think if it's a 180-day cap or a 90- or a 60-day cap, it really does matter about what the enforcement and how it's reported to the STRA register as well.

30 So, I mean, you could - this is planning, right? You can choose any number of days for a temporary use back in the standard LEP. You can choose 24 to 52 for a temporary use DA. What really matters is how it's enforced, and the message you're sending out, and the message is that we want more of these homes to come back to the traditional rental market, and 90 days gives a bit more of pause for thought to go, on balance, how do I want to use this property during the year to maximise my profits, because the 180 days, half a year, that's, you know, three to four days out of a week that you can be getting that \$300 a night, really lucrative. So why would you need to put it on a three-month or a six-month lease on the other days of the year, when you don't have summer tourists?

PROF. MACKAY: Yes. Thank you.

40 DR COAKES: Yes. So just moving a bit on from that, I'm just reordering the agenda fractionally, can - what are some of those other potential housing supply and affordability recommendations for Byron? What other, so, you know, you've mentioned there's a range of mechanisms. What could some of those be?

MS CLANCHY: Well, at the Shelter, we routinely advocate for greater construction and acquisition of social housing, and we also applaud Byron Council for trying to tackle the housing crisis from multiple angles. We're of the understanding that they're setting up an affordable rental housing contribution scheme, they've been investigating what council-owned land can be used for temporary accommodation. And just generally, public and community housing stock has been in real decline for a decade across most regional LGAs of high housing need identified in our work.

10 So, for example, Byron, the public and community housing combined totals has declined from 264 to 248 properties between 2011 and 2020, and that's a 6.1 per cent drop. Lismore, likewise, there's a decrease from 693 to 619 properties over that same time period, which is a 10.7 per cent drop. Tweed Shire registered a 1.4 per cent drop over that same period as well, and then when you look at the social housing waitlist data, Byron exceeds 150 applicants, all expected to wait in excess of 10 years to be allocated a home, 600 applicants in Lismore waiting 5 to 10 years, and 1000-plus applicants in Tweed waiting 10 or more years.

20 So, like I was saying earlier, no housing applicant is going to pin all of the housing crisis on short-term holiday letting. We think the right balance needs to be struck, and that needs to be led by local communities, and obviously through electing their councillors and them representing their views, and the planning decision-making that has gone into this for many years, that needs to occur alongside a range of other programs. So an affordable rental housing contributions scheme, which is being set up, and State Government really being leaders in this area, and constructing, acquiring, boosting the social housing supply in these very precarious locations, where there has been long-term chronic housing need compounded by natural disasters that we've seen over the past year or so.

DR COAKES: So that sort of leads us into that question, sort of, you know, was the availability of short-term rental accommodation properties a significant factor in the provision of emergency shelter during the recent flood events?

30 MS CLANCHY: Yes. So we, Shelter's actually contributed to UNSW for their futures research into the impact of housing vulnerability on climate disaster recovery for the Northern Rivers from those 2022 flood events, and this piece of research highlights that chronic housing need and especially for low-income households, already scarce housing basically becoming non-existent. So then you need this crisis accommodation response. And although some holiday home hosts offered up whole accommodation for crisis use, these temporary arrangements were never going to be able to compete with the lucrative profits that hosts could otherwise cash-in on.

40 So, for example, DCJ assisted people into non-hosted holiday accommodation as crisis accommodation for a few weeks, and then served evictions from these homes in order to honour Easter 2022 bookings, and the fact that Bluesfest was still planning to go ahead and then DCJ, at the time, was not able to confirm how many of these evictees would be relocated to other suitable accommodation, and simply stated, "When Easter is over, we will transport people back again."

So in all honesty, the extent to which Airbnb and Stayz were able to help with the problem of the need for crisis accommodation also shows the extent to which they were already part of the problem, in withholding well-located housing stock from the general rental and owner-occupied market, and the good PR of offering up whole home holiday accommodation during times of crisis, that really only serves to expand the social licence of platforms such as Airbnb and Stayz, but in reality, these feelgood stories have a sad, abrupt end, and relying on the goodwill of property investors during disasters is not sound public policy. It's not sustainable.

10 DR COAKES: Shelter New South Wales is also - I noticed in your submission that you have a report which you are in the process of updating, with more recent data. Is that yet available, Kayla?

MS CLANCHY: Very close to being available. We're really excited. So we're working with the Regional Australia Institute. We're doing more of those one-page profiles, and Byron will get another one-page profile, and while the metrics that go into that housing need report don't explicitly include data on whole home holiday accommodation, it picks up on a lot of the mortgage stress for low-income earners, rental stress, social housing wait list data, all of that other stuff that indicates Byron, and I think Central Coast, join, are joint-top position as areas of high housing need in Regional New South Wales, per our study. So, yes, once that's - - - we're hoping to get it published in the next week or so, Cathy, and once that's done, I'm happy to submit that to IPC for your consideration.

DR COAKES: That would be terrific. Thank you for that, and that will provide us with a good context as well. Juliet, Richard, any further questions from you for Kayla today?

PROF. MACKAY: No.

DR COAKES: No? Okay. Lovely. Well - - -

MS GRANT: Not from me, thank you.

PROF. MACKAY: Thank you.

30 DR COAKES: Thank you, Kayla and Cathy, for your time this morning. We greatly appreciate that, and yes, if we could be provided with that report once that's available, that would be fantastic.

MS CLANCHY: Sure, and we'll probably put in a written submission, just to give you some of the - more of the background stuff to what I've been talking about, so, yes, that's no problem.

DR COAKES: Lovely. Terrific. Thank you.

MEETING CONCLUDED

[11.23am]