

Short Term Rental Accommodation Planning Proposal



Independent Planning Commission
Stakeholder Meeting
17 February 2023



About us

Population – 36,000

Dwellings – 16,919

Dwellings either unoccupied or visitor occupied - 24% (compared to NSW at 13.6%)

Biggest employer – Health Care & Social Assistance - 2,492 jobs

Median household income - \$1,602/wk (compared to NSW at \$1,829)

Median rent - \$520/wk (compared to NSW at \$420/wk)

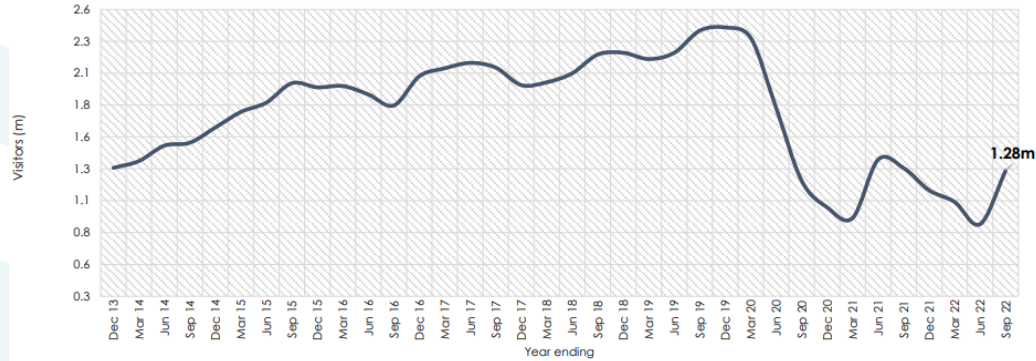
Community Housing – 70

Social Housing – 200

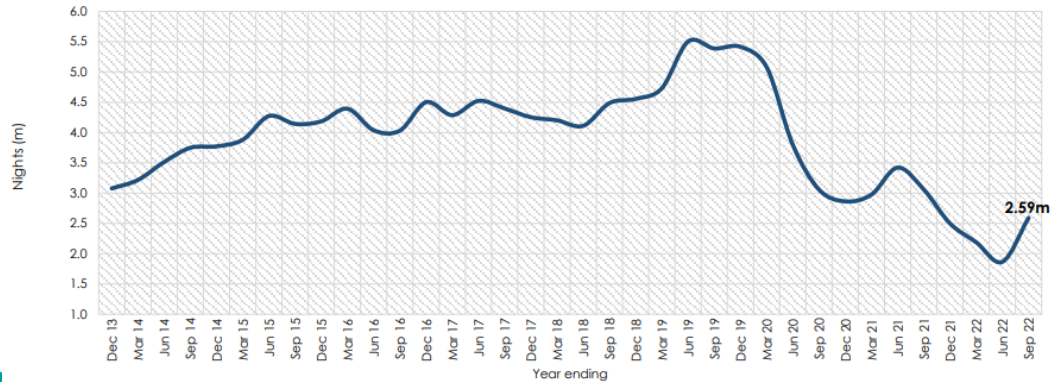
Rough Sleepers - 221 (compared to City Sydney at 225)

Total visitors and visitor nights

Total Visitors



Total Nights



Housing - its not about supply, its how its being used

- 26% of dwellings are currently used for long-term rentals
- 1.5% of these are in a secure long term rental such as a Community Housing Provider
- Bonds held by the Rental Bond Authority have remained relatively stable since 2017
- Importantly, Byron Shire has increased its supply of housing by 3,356 (between 2006 to 2021), but it appears to be having limited impact on the supply and availability of long-term rentals
- This indicates other factors such as increased STRA usage and or private holiday homes etc may be adversely affecting supply

Average bond holdings by year:

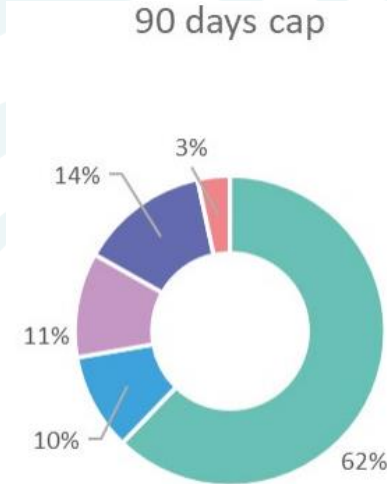
Year	Avg. Bonds Held
2017	2959.5
2018	2905.8
2019	3015.8
2020	3190.3
2021	3210.5
2022	3060.3

Properties returning to long term rental market with 90day cap

- 21% (10% + 11%) return to long term rental market (LTR)
- Based on the number of un-hosted STRA listed today on DPE Register, 286 dwellings would return to LTR
- 14% will sell
- 35% change in behaviour
- reduces rents

“In a market of about 3,000 long-term rental properties, a change as small as 30 properties can move the vacancy rate by 1%. This can have a significant impact on private rental rates”

(Dr Peter Phibbs)



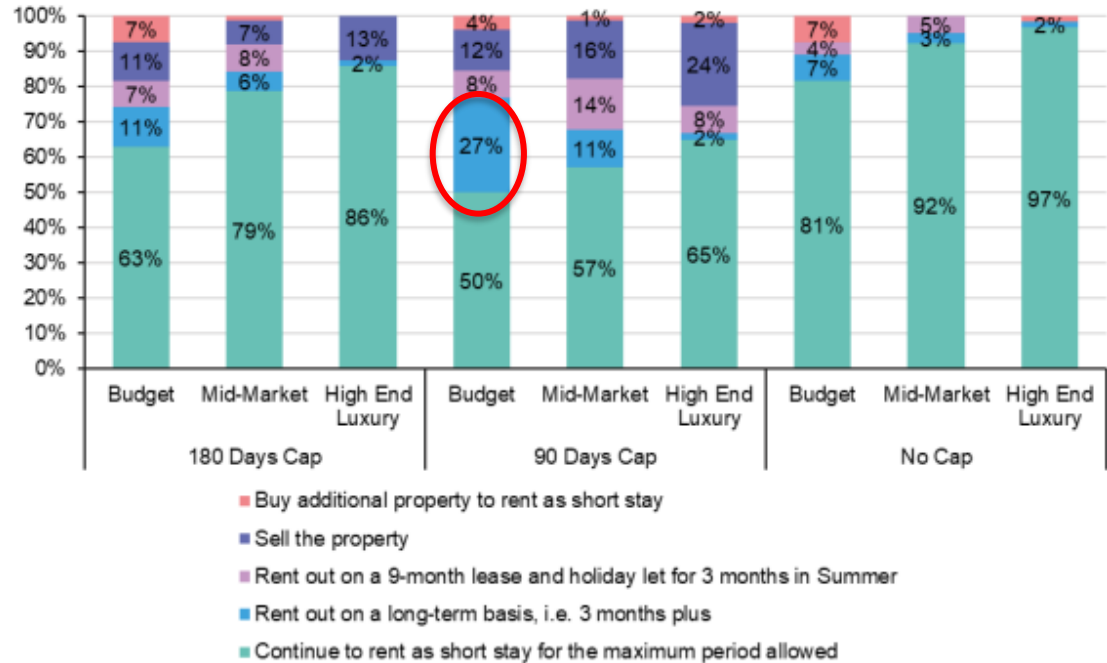
- Continue to rent as short stay for the maximum period allowed
- Rent out on a long-term basis, i.e. 3 months plus
- Rent out on a 9-month lease and holiday let for 3 months in Summer
- Sell the property
- Buy additional property to rent as short stay

90 day cap returns largest % of 'budget' accommodation

27% of properties returning to LTR under 90 day cap are 'budget' accommodation

11% 'mid-market' accommodation returns, which in turn takes further pressure of those needing budget accommodation

Chart 3.5 – Response to Scenarios by Property Positioning Type



Key worker housing

Healthcare and Social Assistance is the Shire's largest employer providing 2,492 jobs and is the Shire's most productive industry

Research by the AHURI shows that workers in the Health Care and Social Assistance sector benefit from having an acceptable stock of housing option close to places of work:

'Unlike many professional level jobs, key worker jobs require physical presence. Their work cannot be performed remotely. Therefore, they do not have the option of compensating for long commute times by periodically working from home'

Top 10 Employing Industries:

No.	Industry
1.	Healthcare & Social Assistance
2.	Accommodation and Food Service
3.	Tourism and Hospitality*
4.	Retail Trade
5.	Education and Training
6.	Construction
7.	Professional, Scientific and Technical Services
8.	Manufacturing
9.	Administrative and Support Services
10.	Other Services <ul style="list-style-type: none">• Repair and Maintenance• Personal and Other Services• Private Households Employing Staff and Undifferentiated Goods

* Comprises data from many different standard industries

Businesses can't attract or retain staff when there is no place to live

- 18% of businesses did not have sufficient staff in April 2022
- Businesses purchasing houses for workers to live in, and owners renting elsewhere so staff can live in their home
- reducing opening hours, and temporary or permanently closing
- owners working in their businesses rather than 'on' them due to staff shortages
- Hospitality industry- the labour crisis was huge before the floods; now with the housing shortage being amplified post floods, staff are opting to resign and leave rather than face homelessness by staying
- Staff living in vans so they can continue to work
- Local company's apprentice left recently as their mother moved out of region due to affordability and the apprentice could not find somewhere to live, business still looking for an employee

Available rents exceed more than 30% of household income

Housing Stress is defined as paying more than 30% of your income on rent

To avoid housing stress, a household earning the median income of \$1,602/wk, needs to spend no more than \$480/wk on rent

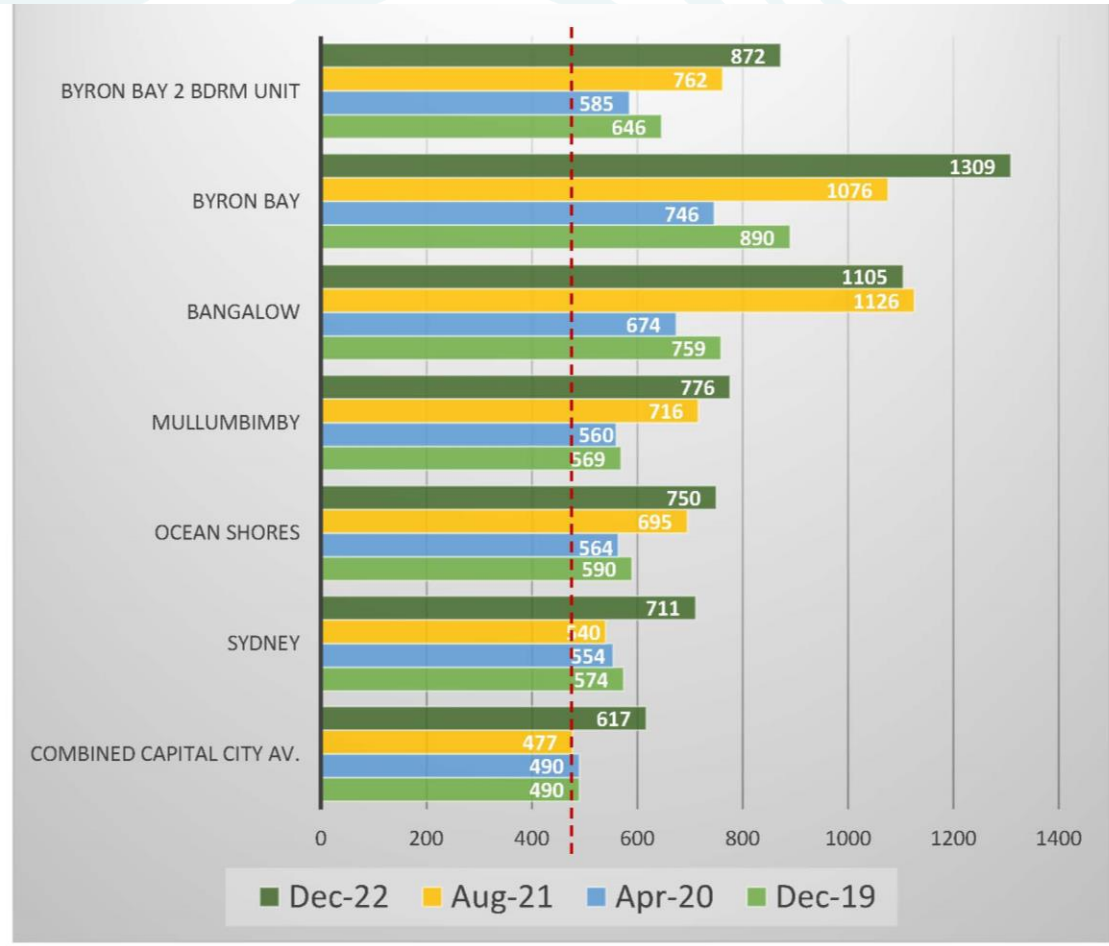
--- 30% of median Byron LGA weekly household income (\$1,602) = \$480

■ Census 2021

■ Covid lock down & Easter Holiday

(combined rental data for all dwelling types except for Byron Bay 2 Bed units)

Source: SQM Research



Share housing - provides a roof overhead and lowers the rental costs

- About 12% of households share a dwelling in Byron compared to Ballina (6%)
- Indicating Byron Shire households are not adverse:
 - to sharing a larger dwelling to maximise available room space usage
 - to come together to share the housing cost (rent/mortgage) burden

Housing Stress higher than NSW and Australia

Rental housing stress is far higher than for NSW and Australia due to high cost of rent and local incomes being lower than average

Percent of renter households	Byron	NSW	Australia
households not in stress	38.8%	56.1%	58.7%
households in stress	50.2%	35.5%	32.2%

Byron LGA rental snapshots revealed a serious local rental situation:

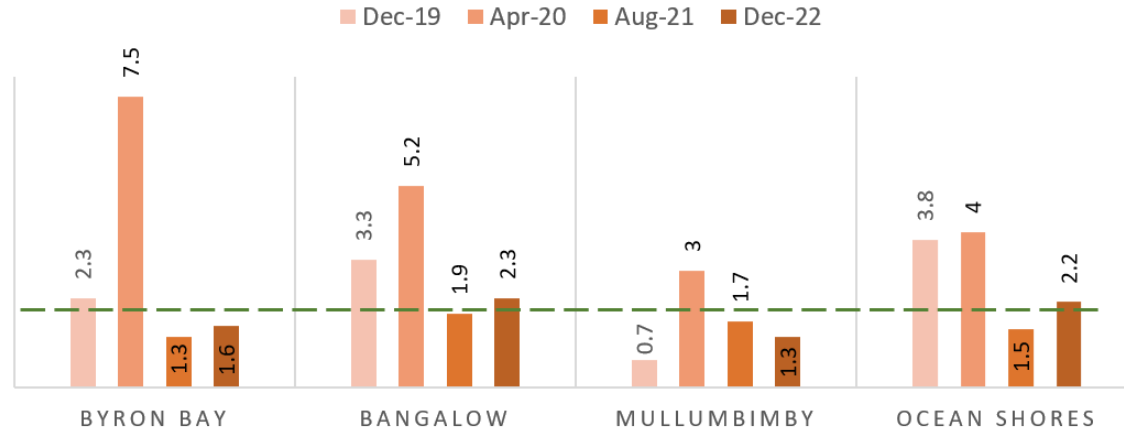
- In January 2020, of the 92 rental listings only 13 dwellings (14%) were affordable to moderate income or less households
- March 2022 no improvement to supply:

".. finding an affordable home in the private rental market is complete fiction for people on low incomes"

(Anglicare)

Rental availability

RENTAL VACANCY RATE



For a balanced healthy market Australia's equilibrium vacancy rate is approximately 2%

Housing Crisis

- 2021 declared Housing Emergency
- housing crisis further exacerbated by:
 - COVID movement of people from capital cities to the regions
 - 2022 flood disasters:
 - 1,434 dwellings damaged
 - 125 homes provided at temp housing sites
- 13% more local jobs than 10 years ago
- need to secure housing for key workers and the most vulnerable in our community
- Fewer long term residents means less need for services which impacts on viability of Schools, essential services etc

Homelessness

- second highest number of people experiencing primary homelessness in the State of NSW, after the City of Sydney
- 221 people sleeping rough compared to 225 in City of Sydney
- anticipate that we will soon record the highest number of rough sleepers in NSW due to limited social services compared to Sydney

Housing affordability and availability is being approached on many fronts

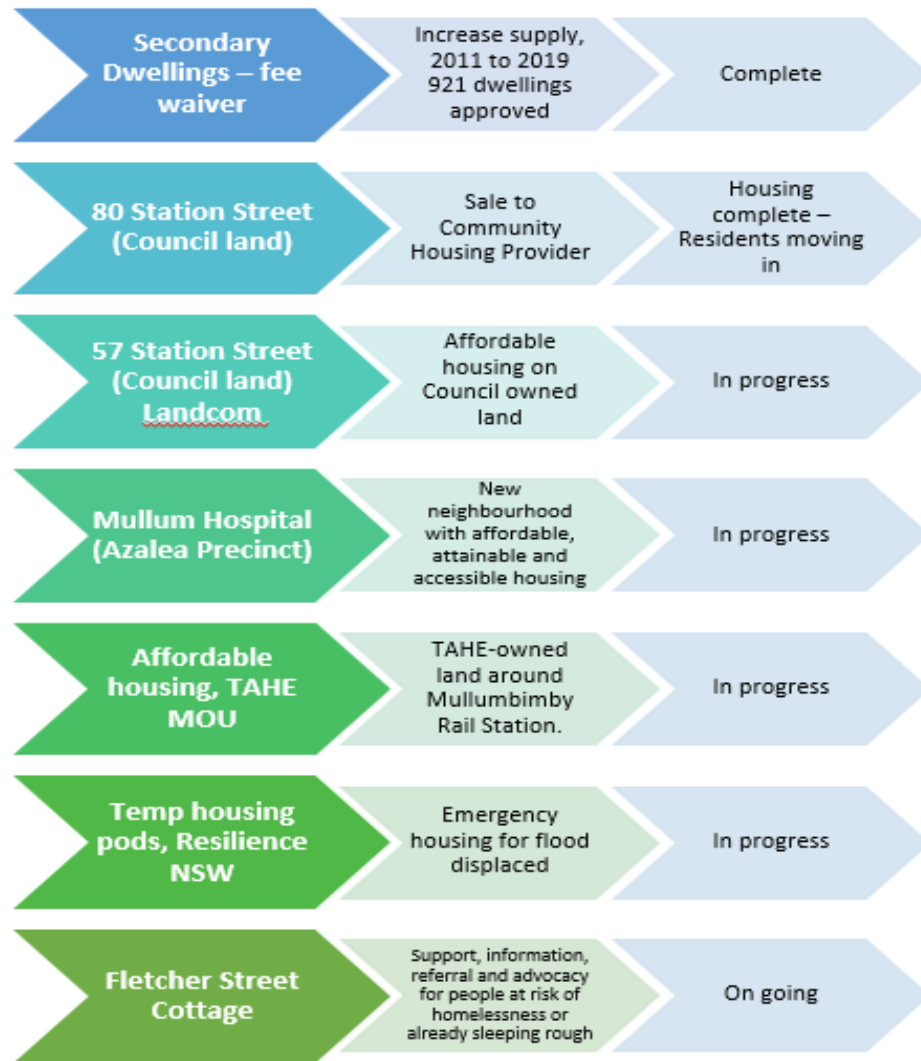
Amendments to LEP & DCP controls to enable more affordable housing:

- Dual Occupancies on rural land -Gazetted 2015 (Amend No 3)
- Secondary dwellings and Dual Occupancies on CT/MO -Gazetted Jan 2023 (Amend No 36)
- Affordable Housing Contribution Policy (AHCS) and Scheme -Gazetted Jan 2023 (Amend No 35)
- First regional council to have an AHCS
- Investigate capacity for re-subdivision within existing R5 Large Lot Residential estates - Commencing in 2023
- Diverse housing clause Residential 1 Zone - In progress

Changes to STRA day cap is one of Council's many strategies

2009	Affordable Housing Options Paper, Dr Judith Stubbs
2012	EOI Caravan Park and Manufactured Home Estates
2017	Housing Summit
	EOI Affordable Housing on Private Lands
2018	Byron Housing Roundtable
2019	Alternative Housing Models Research, Echelon
2020	Affordable Housing Contribution Policy and Procedure
	Submission on the proposed new Housing Diversity SEPP
	Byron Shire Residential Strategy
2021	Submission to the Regional Housing Taskforce
	Land Trust for Affordable Housing in progress
2022	Housing Forum
	Affordable Housing Contribution Scheme
2023	Updating Alternative Housing Models, Echelon

Projects to deliver housing



STRA impact

- 14% to 23% of dwellings are used for short-term rental
- STRA numbers have reduced following the Covid pandemic, but still comprise a significant portion of total dwellings, even using the most conservative estimates available
- Byron Shire attractive regional coastal town, to live/wk and holiday
- STRA impact greater on a regional town with high tourism appeal and on a lower residential dwelling base compared to cities
- High demand for STRA in coastal towns - any new housing will likely be consumed by the STRA sector

Source	Total listings	% Dwelling stock*
DPE STRA register	2389	14%
Inside Airbnb	3129	18.5%
AirDNA (includes Stayz)	3923	23%

*16,919 dwellings <https://profile.id.com.au/byron/dwellings>

Tourist Economy

- Tourism & Hospitality sector is our third largest employer providing 1,974 jobs
- 2020/21 , the total tourism sales was \$249.8m, the total value added was \$156.7 million
- STRA is only one part of the Tourism & Hospitality sector
- 2,389 to 3,923 dwellings are used for STRA
- Changes affect non-hosted STRA, which is approx.55% of the total STRA properties (1,314 to 2,158)
- Of these some will benefit with no cap ie.365 days
- Some will be capped to 90 days
- It will not wipe out our entire Tourism & Hospitality economy
- Any STRA changes will be offset by new approved tourist and visitor accommodation in our towns and hinterland:
 - 176 tourist and visitor accommodation rooms recently approved
 - 130 facilities/cabins in hinterland areas approved
 - Several DAs approved in Byron Bay town centre which will have ability to STRA 365 days
 - Still more tourist and visitor accommodation in the Byron Town centre and Brunswick Heads in the pipeline

Tourist versus resident spend

- Overnight visitors spend \$160/night in non-commercial accommodation
- Overnight visitors spend \$199/night in commercial accommodation (Tourism Research Australia)
- Comparatively, a resident will spend \$141/day (ABS Census)
- The value of a residents spend supports all sectors of the economy and society, from schools to health care, sporting and recreation facilities and creative and cultural activities

Who are our visitors?

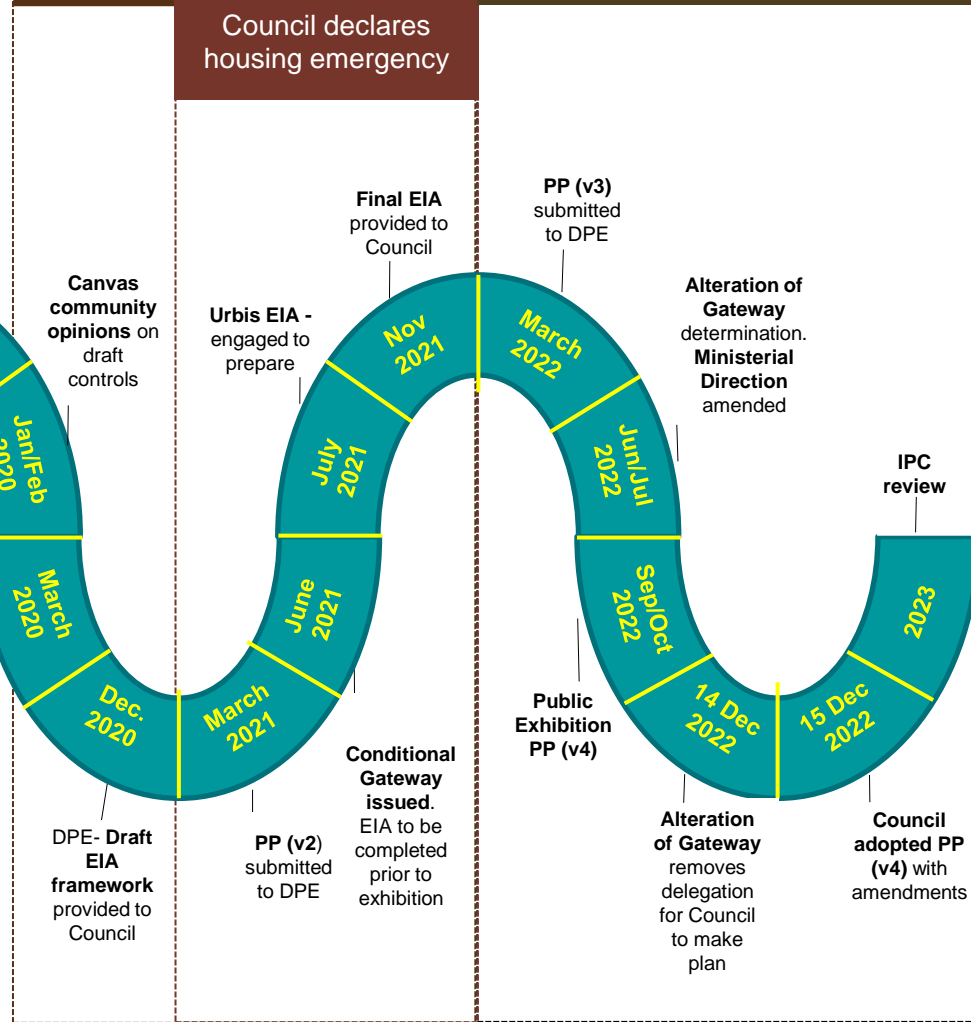
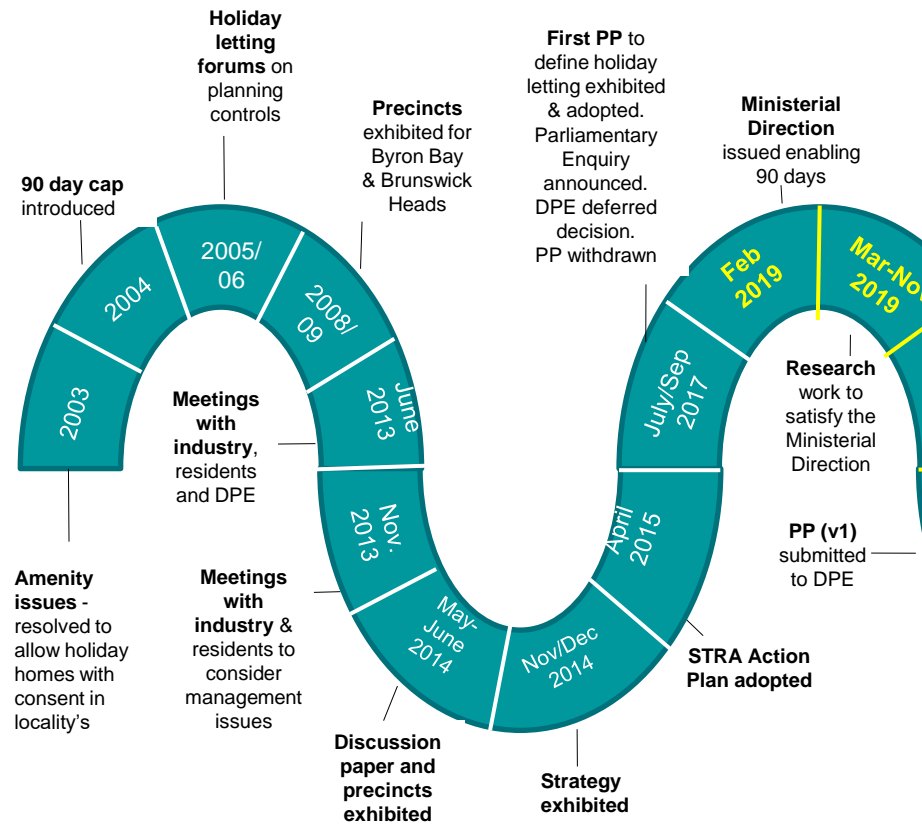
- family groups only comprised ~13% of total overnight visitors and is the smallest visitor group type to Byron LGA.
- the largest visitor overnight age group is 15-34 year-olds comprising ~54% of total overnight visitors

From 'Home Sharing' to 'Home Hotels'

- Holiday letting has been a part of Byron Bay's and Brunswick Heads accommodation options for years
- Originally it provided a cash flow for owner occupiers to let their dwelling when they themselves went on holidays, hence the 90day cap proposed by Council in 2004
- It's now a fulltime investment choice
- 'Byron brand' - attractive coastal, lifestyle and celebrity location
- 7% increase (between April 2017 to April 2021) of the global aggregate share of Airbnb units managed by medium to large property managers
- STRA can impact on the marketable accommodation capacity of a region often making it harder to support new major hotel and resort development and investment
- STRA is not contained to urban areas, Byron rural land values increased 70.5% as the residential market moved into hobby farms and lifestyle properties

COVID Impacts

Impact of two floods



Planning Proposal versions

First PP - July 2015 to Sept 2017

- Parliamentary Enquiry into adequacy of STRA deferred DPE making a decision on the PP subsequently Council withdrew the PP

PP(v1)

- Non-hosted STRA 90 day cap
- Hosted no cap ie 365 days/yr
- Non-hosted STRA excluded from certain Council owned and/or managed lands to ensure new land required to meet future population growth will not be utilised for STRA

PP(v2)

- amended to permit non-hosted STRA for 365days in areas almost exclusively used for STRA
- Conditional Gateway issued, EIA to be completed prior to exhibition and now amendment to Housing SEPP

PP(v3)

- amended in line with conditional Gateway

PP(v4)

- amended to accord with Alteration of Gateway and revised Ministerial Direction
- publicly exhibited

PP(v5)

- amended with changes to expand precincts in Byron, remove Suffolk Park and reduce Brunswick Heads
- Final version post exhibition

Extensive consultation over the years

- 2005 – 1st Holiday Letting Forum with industry and residents
- 2006 – subgroups formed post Forum to develop assessment criteria for STRA, several meetings held
- 2013 – meeting with DPE and stakeholders
- 2013 - 2nd Holiday Letting Forum with industry and residents
- 2014 – Holiday Letting Discussion Paper exhibited to inform Strategy
- 2014 – STRA Strategy exhibited
- 2015 – 1st Planning Proposal exhibited

Current STRA Planning Proposal Consultation

- 2020 - canvas community opinions on draft controls in PP(v1)
- 2022 - PP(v4) publicly exhibited (1 September and 31 October)
- 1,500 forms of feedback were received



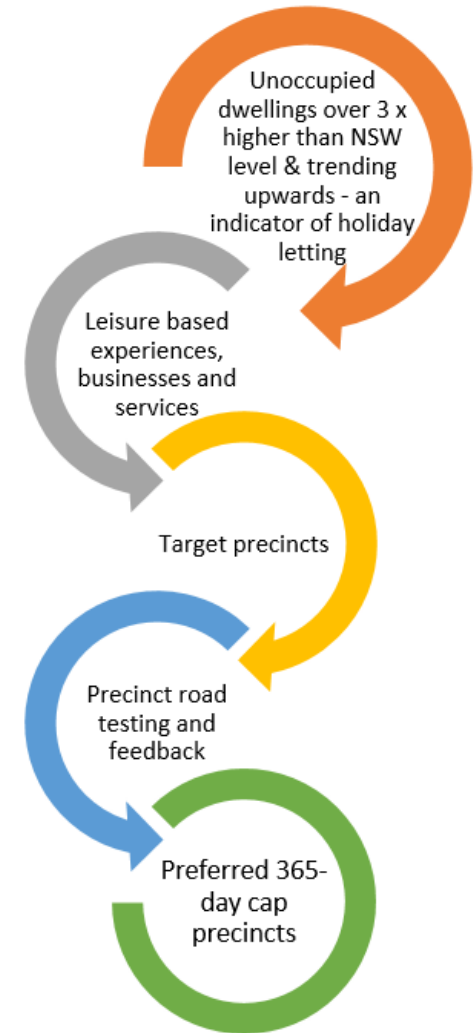
Criteria Assessment – 365 day precincts

Three key attributes inform the criteria:

- visitors to Byron Shire do so predominantly for leisure-based activities
- as a coastal holiday hotspot, holiday homes may not necessarily have been attractive for holidaying in August* hence are unoccupied (*census month)
- the community seeks to maintain and enhance the sense of community and minimise the amenity impacts neighbours

A series of steps (diagram) have been applied using quantitative and qualitative data to identify localities and mapped precincts:

- with relatively high levels of unoccupied dwellings
- with leisure-based experiences, attractions and services including safety and evacuation
- with correlated feedback received from engagement undertaken to inform the planning proposal including the most recent, in Oct- Nov 2022



Monitoring Methods and Risk Mitigation

- Monitoring and review period of 3 years and then 5 years to align with the ABS census cycles
- The review will benchmark Byron against the performance of other North Coast LGAs
- The report would include:
 - The Rental market – including total active bonds and rent levels
 - Unemployment rates
 - Business closures
 - Tourism activity
 - STR – nightly rates
- As resolved, staff will report to Council in early 2023 on an updated STRA risk mitigation and monitoring strategy that reflects the finalised planning proposal and mapped precincts and an Enforcement Strategy

Risks and Benefits of Planning Proposal

- Council's planning proposal, could potentially lead to a high disbenefit risk for:
 - Local workers and businesses providing operational services to STRA
 - STRA visitors, with higher prices for accommodation and reduced night availability
 - Property owners who long term rent, with reduction in rental return
- Correspondingly high benefits for:
 - Local residents/ workers seeking to rent associated with potentially increased long term rental availability and lower rents
 - Local businesses outside the operational services to STRA
 - Local workers employed outside the operational services to STRA with job creation.
- Focus is on managing the above disbenefit risks with a 'high' rating
- All risks aren't equal
- Assess how the impacts will be experienced by different groups in the community and prioritize any response

DPE Registration Scheme – holes in the system

- Hosted 'v' un-hosted – ability to register as hosted when un-hosted
- No vetting of data entered (ie. duplicate property registrations (ie. difference is format of property address), important non-mandatory fields (Host, Registrant)
- Larger booking sites enforcing register with mixed results from other platforms
- Errors in reconciliation of non-hosted year bookings and the individual property summary (a response from STRA advises errors in API between AirBnB and register. It was fixed in August last year)
- Code of conduct to be reviewed –booking out stays of more than 21 days, then sub- booking to bypass day limits

What we need

- Commission to support our PP – let us trial the changes through a monitoring and review program
- Mechanism to exclude new housing from being used for non-hosted STRA purposes
- Portion of all new housing to be affordable housing in perpetuity (AHCS)
- STRA registration scheme that council administers locally with a fee regime to fund administration, auditing and enforcement
- Review of the rating system for STRA properties or a levy
- Requirement to apply for 'change of use' for non-hosted STRA
- Agree on baseline data and share data between industries and government to allow real time monitoring



Thank you