



6 May 2022

Hobart City Council
GPO Box 503
Hobart TAS 7001
attn: Chief Executive Officer

via email: representation@hobartcity.com.au

To Kelly Grigsby,
Re: PSA-22-1-Amendment – Visitor Accommodation

The Tenants' Union of Tasmania welcomes the opportunity to provide a representation to the proposed amendments to the *Hobart Interim Planning Scheme 2015* (Tas). We strongly believe that visitor accommodation has had a negative impact on both the supply and affordability of long-term rentals in the Hobart City Council municipality. We support the amendments proposed but recommend further restrictions of visitor accommodation within the Hobart City Council municipality.

The Tenants' Union of Tasmania is a not-for-profit community organisation providing information, advice and representation to all residential tenants living throughout Tasmania. We also offer community legal education and training and advocate for the improvement of residential tenants' rights.

An overview of the rental market in Hobart

Over the last five years median rents in the Hobart City Council municipality have increased by 27 per cent from \$470.00 per week to \$600.00 per week.¹

CoreLogic reports that median rents in Hobart are more expensive than Adelaide, Brisbane, Perth and Melbourne.² At the same time, Tasmanians have the lowest median income of any State or Territory in Australia.³

Greater Hobart is Australia's least affordable capital city relative to income according to the *Rental Affordability Index* (RAI). The RAI found that tenants in Greater Hobart spend around 34 per cent of their income on rent – placing the median tenant in rental stress.⁴

¹ Rental Deposit Authority and Tenants' Union of Tasmania, *Tasmanian Rents* (December Quarter 2017-2021).

² CoreLogic, *Quarterly Rental Review* (April 2022) at 9.

³ According to the Australian Bureau of Statistics, the median total income in 2018-19 in Tasmania was \$47,352 compared with South Australia (\$49,888), Queensland (\$50,298), Victoria (\$51,027) and Western Australia (\$54,220). The Australian Capital Territory has the highest median income at \$66,594: Australian Bureau of Statistics, 'Personal Income in Australia'.



According to the *Department of Communities Tasmania* the vacancy rate in Hobart in February 2021 was 0.6 per cent and is currently 0.3 per cent.⁵

Skyrocketing rents and the lack of affordable rental properties is likely to have played a role in Hobartians being forced to move further away from their workplaces, extended families and friends and essential services located in the Hobart City Council municipality. The Australian Bureau of Statistics recently reported that the Hobart City Council municipality lost 971 residents in 2020-21 whilst Clarence gained 553 residents, Brighton gained 486 residents and the Huon Valley gained 281 residents.⁶

An overview of short-term accommodation in Hobart

There are currently 481 investment properties being used as visitor accommodation within the Hobart City Council municipality, including a nine per cent increase between 1 July 2021 – 31 December 2021.⁷ All 481 properties are investment properties because properties that are “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” are not included in the data.⁸

In December 2020 the Australian Housing and Urban Research Institute released a report entitled ‘Marginal housing during COVID-19’ which analysed the impact of COVID-19 on the private rental market. The report found that the return of an estimated 113 Airbnb properties to the private rental market in the Hobart City Council municipality during COVID-19 had resulted in a nine per cent reduction in rents and concluded “it is clear that relatively small changes in the availability of dwellings can have very significant impacts on rents”.⁹

In 2018, the Tasmanian Planning Commission acknowledged that “the conversion of housing stock to short term visitor accommodation is impacting the availability and affordability” of long-term rentals.¹⁰

The findings from Hobart are not an outlier with the short stay accommodation market around the world increasing rents and reducing rental supply. In the words of Emeritus Professor Peter Phibbs: ¹¹

⁵ Department of Communities Tasmania, ‘Housing Dashboard – March 2022’ at 25.

⁶ Australian Bureau of Statistics, ‘Regional Population, 2020-21’ Table 6, Estimated resident population and components, Local Government Area.

⁷ The number of investment properties being used as visitor accommodation increased in the Hobart City Council municipality increased from 440 to 481 between 1 July 2021 – 31 December 2022. As found in Hobart City Council, City Planning Committee Meeting Agenda, 7 February 2022 at 294.

⁸ Clause 3.1(b) of *Planning Directive No. 6 - Exemption and Standards for Visitor Accommodation in Planning Schemes*.

⁹ Australian Housing and Urban Research Institute, *Marginal housing during COVID-19* (Final Report No. 348: December 2020) at 40.

¹⁰ Tasmanian Planning Commission, *Exemptions and Standards for Visitor Accommodation in Planning Schemes*, Draft Planning Directive No 6 (2018) at 18.

¹¹ Judy Augustine, ‘Unfair’: Airbnb boss says council is singling out Hobart hosts’, *The Mercury* 28 March 2022.

There's been a lot of academic research on short term rentals, literally hundreds of studies and those studies have concluded there's a relationship between increases in short term activity and increases in housing rents.

In summary, visitor accommodation has had a negative impact on the Hobart rental market by reducing supply and increasing prices.

Amendments to Hobart Interim Planning Scheme 2015

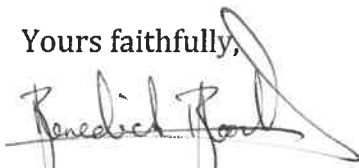
We strongly support the draft amendment PSA-22-1 to the *Hobart Interim Planning Scheme 2015*. We strongly believe that there should be a restriction on short-stay/visitor accommodation within the Hobart City Council municipality through its exclusion from the General Residential Zone, the Inner Residential Zone and the Low Density Residential Zone of the *Hobart Interim Planning Scheme 2015*.

However, in our opinion the amendments should go further. Given that the policy rationale for restricting future visitor accommodation is in part to "increase availability of dwellings for occupation by permanent residents" it is unclear why the draft amendments would exclude ancillary dwellings. Ancillary dwellings have a floor area not greater than 60m² making them a desirable accommodation option, particularly for single persons and older people. By also excluding ancillary dwellings, the Hobart City Council would be increasing accommodation options for permanent residents.

We recommend that the draft amendment is supported with ancillary dwellings also excluded.

If you have any queries, please do not hesitate to contact us.

Yours faithfully,



Benedict Bart
Principal Solicitor
Tenants' Union of Tasmania
