



24 May 2023

Members of the House of Assembly
Parliament House
Tasmania 7000

To all members of the House of Assembly,

Re: Support for better regulation of Short-stay Accommodation

Five years ago, the State Government committed to obtain reliable data in order to assess the impact of short-stay visitor accommodation in Tasmania. The data which has now been collected demonstrates that short-stay visitor accommodation continues to grow. Independent analysis of the data has found that most entire property short-stay visitor accommodation in Hobart and Launceston was formerly in the long-term rental market and that the return of a mere 112 properties to the long-term rental market during COVID-19 saw vacancy rates rise and rents drop by 9 per cent in Hobart.

As chronicled below, there is now clear data that demonstrates that entire property short-stay visitor accommodation has come at the expense of long-term rental stock and that this has contributed to tighter vacancy rates and higher rents in our largest cities.

We are calling for the Tasmanian Government to amend the State Planning Provisions to make visitor accommodation a “discretionary use” in residential zones.

Chronology of short stay accommodation reports and interventions

Almost five years ago, Tasmania’s House of Assembly debated a motion calling for a “pause on the issuing of new permits for visitor accommodation in existing dwellings in residential zones” and to “make visitor accommodation in existing dwellings a discretionary use”.¹

In the lead-up to the debate Shelter Tasmania, the Tasmania Council of Social Service (TasCOSS), the Local Government Association of Tasmania (LGAT) and the Tourism Industry Council Tasmania (TICT) called for evidenced based policy decisions about short stay accommodation.

In the debate that followed, the Government voted against a moratorium on short-stay accommodation but passed an amendment moved by the then Minister for Housing which called for the implementation of “reliable data to assess the impact of short stay accommodation in Tasmania”.²

¹ Tasmanian Parliament, House of Assembly, *Hansard*, 13 June 2018 at 87.

² *Ibid* at 97.

Government's commitment to assess the impact of short stay accommodation in Tasmania

In June 2018, Tasmania's Department of Treasury and Finance published a paper entitled *Housing rental market trends in Tasmania – analysis of recent trends and assessment of data quality*.³ The report observed that "there are currently limited data on properties listed as short-stay accommodation in Hobart and Tasmania generally" and that the Government was working on initiatives that would provide the necessary data, including:⁴

... enable the Tasmanian Government to undertake analysis on the amount of housing being used in Tasmania for short-stay accommodation and to assess what effect, if any, the growth in short-stay accommodation is having on the longer-term rental housing market in Tasmania.

In June 2019, the *Short Stay Accommodation Act 2019* (Tas) came into effect. The then Minister for Housing and Planning noted that the Act had a number of aims including relevantly:⁵

... provide information to Government that will lead to a better understanding of the impact of short stay accommodation on the broader housing market, particularly the extent of conversion of entire houses in residential areas to short stay accommodation.

Later that same year, a Legislative Council Select Committee released its *Report on Short Stay Accommodation in Tasmania*.⁶ The report found that "further research and data collection in relation to short stay accommodation and housing stock is required".⁷

Government Data

Following the passing of the *Short Stay Accommodation Act 2019* (Tas), Consumer, Building and Occupational Services has collected data on the number of entire properties being used as short stay accommodation. Relying exclusively on entire property investment properties the data highlights that over the last two years:⁸

- Entire property short-stay accommodation across Tasmania has increased by 38 per cent (from 1713 properties to 2371 properties); and
- In the Hobart City Council municipality, the number of entire property short-stay accommodation has increased by 24 per cent (from 302 to 375 properties); and
- In Greater Hobart, the number of entire property short-stay accommodation has increased by 22 per cent (from 553 to 677 properties); and
- In the Launceston City Council municipality, the number of entire property short-stay accommodation has increased by 44 per cent (from 193 to 278 properties).

³ Department of Treasury and Finance, *Housing rental market trends in Tasmania – analysis of recent trends and assessment of data quality* (June 2018).

⁴ *Ibid* at 9.

⁵ Roger Jaensch MP, *Short Stay Accommodation Bill 2019, Second Reading Speech*, Hansard 11 April 2019.

⁶ Legislative Council Select Committee, *Report on Short Stay Accommodation in Tasmania* (October 2019).

⁷ *Ibid* at 3.

⁸ Consumer, Building and Occupational Services, *Report on data collection Quarter 3 2020 and Report on data collection Quarter 3 2022*.

Independent Data

As well, a number of independent reports have been published highlighting the impact of short stay accommodation on the long-term rental market in Tasmania.

Marginal Housing during Covid-19⁹

- The report found that around 6 per cent of Greater Hobart's rental market was available as short stay accommodation including 12 per cent of the Hobart City Council municipality.
- Following the State Government's Covid-19 enforced border closure, the return of 112 short stay accommodation properties to the long-term rental market in the Hobart City Council municipality had led to higher vacancy rates and rent reductions of 9 per cent, leading the authors to conclude:¹⁰

... even a modest reduction in Airbnb listings (about 17%) is associated with a significant reduction in rents. In rental markets it is clear that small changes in supply can make a significant difference for long-term renters. This analysis helps explain the great differences in Hobart rental increases and vacancy rates before and after Airbnb became a feature of Hobart real estate markets.

Monitoring the impact of short-term rentals on Tasmanian housing markets (Baseline Report)¹¹

- The report found that a majority of properties listed as short stay accommodation in the Hobart City Council municipality had previously been listed as long-term rentals.¹²
- The report also found that Hobart short stay accommodation as a proportion of its total private long-term rental market is much higher than in other Australian capital cities:

Comparing the penetration of Airbnb in Hobart, Melbourne and Sydney - December 2021 estimate

Location	Airbnb Density
Greater Sydney	0.83%
Sydney LGA	2.08%
Greater Melbourne	1.25%
Melbourne LGA	3.82%
Greater Hobart	5.65%
Hobart City LGA	9.33%

Source: *Monitoring the impact of short-term rentals on Tasmanian housing markets* (June 2022), Table 6.

- Most relevantly however was the authors' analysis of vacancy rates and the important role they play in setting rent levels. As the authors conclude:¹³

⁹ Caitlin Buckle, Nicole Gurrán, Peter Phibbs, Patrick Harris, Tess Lea and Rashi Shrivastava, *Marginal Housing during Covid-19* (Australian Housing and Urban Research Institute, Final Report No. 348).

¹⁰ Ibid at 40.

¹¹ Shelter Tasmania, *Monitoring the impact of short-term rentals on Tasmanian housing markets* (June 2022).

¹² Ibid at 26.

¹³ Ibid at 44.

This means that small changes in the number of available properties in a housing market can have a significant impact on rents in an area through changes in the vacancy rate. When proponents of STRs [short stay rentals] say that they could have no impact on rents, because they are only a small percentage of the total housing market, they are ignoring the market processes that change rents. In Greater Hobart (with a private rental market of about 19,500 dwellings) to move from a vacancy rate of 2 percent (where rent rises will be manageable) to 1% (where rent rises are likely to be double digit), would only need the withdrawal of 195 properties from the private rental market (or 0.2% of the total dwellings in Greater Hobart).

Monitoring the impact of short-term rentals on Tasmanian housing markets (Progress Report No. 1)¹⁴

- The report found that at least two-thirds (67 per cent) of entire properties being used as short-stay visitor accommodation in Launceston, West Launceston and East Launceston had previously been listed as long-term rentals.¹⁵

Tasmanian Planning Commission

In February 2023, the Tasmanian Planning Commission ('the Commission') handed down its decision in the matter of the Hobart City Council's draft amendment to the *Hobart Interim Planning Scheme 2015*. The Commission found that the Hobart City Council's proposed amendment to limit short-stay visitor accommodation could not "overcome the legislative impediment that applies to a planning authority seeking to establish planning rules that are contrary to the provisions of Planning Directive No 6 -*Exemptions and Standards for Visitor Accommodation in Planning Schemes* (PD 6)".¹⁶

The effect of the Commission's decision is that it is only Councils who have signed up to the state-wide Tasmanian Planning Scheme who can amend their planning scheme to better regulate short-stay visitor accommodation. This has been found to be "a slow and resource-intensive process".¹⁷

With almost one-third of Councils (30 per cent) not yet signed up to the Tasmanian Planning Scheme, a more expeditious pathway to give Councils control over short-stay visitor accommodation in their residential areas would be for the Tasmanian Government to amend the State Planning Provisions to make visitor accommodation a "discretionary use" in residential zones.

In summary, there is now clear data that demonstrates that entire property short-stay visitor accommodation has come at the expense of long-term rental stock and that this has resulted in tighter vacancy rates and higher rents in our largest cities.

We need to increase the size of the long term rental market and ensure that the short term sector pays their fair share of cost to the community.

¹⁴ Shelter Tasmania, *Monitoring the impact of short-term rentals on Tasmanian housing markets* (First Update since the June 2022 Baseline Report) (December 2022).

¹⁵ *Ibid* at 11.

¹⁶ Tasmanian Planning Commission, *Hobart Interim Planning Scheme 2015 – Draft amendment PSA-22-1, Decision Overview*.

¹⁷ Shelter Tasmania, *Monitoring the impact of short-term rentals on Tasmanian housing markets* (June 2022) at 9.

To improve the situation Tasmania, needs to monitor the short term rental market and develop policies to limit the growth of short term rentals in areas of high demand. Better regulation is urgently needed.

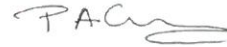
Yours sincerely,



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