



Meet the Hosts

An analysis of short stay accommodation permit data in the Hobart City Council municipality

Tenants' Union of Tasmania

Introduction

In 2017 the Tasmania Government introduced a permit system for short stay visitor accommodation. In announcing the new policy, the then Premier and the Minister for Planning and Local Government emphasised the need for deregulation in order to grow the tourism and hospitality sectors:¹

The Hodgman Government is acting to support continued growth in the tourism and hospitality sectors by embracing the sharing economy. The Premier, Will Hodgman, said deregulating the sector would mean Tasmania's vital visitor economy is able to support continued growth by providing choice for consumers and clarity for businesses and homeowners. "That's why we are embracing the sharing economy, because it will help us meet demand and grow the tourism and hospitality sectors, which will in turn create jobs.

The permit system for short stay visitor accommodation came into effect in July 2017 with the introduction of an Interim Planning Directive.² Following a review by the Tasmanian Planning Commission,³ *Planning Directive No 6 Exemption and Standards for Visitor Accommodation in Planning Schemes* has been in effect since August 2018.⁴

Planning Directive No 6 Exemption and Standards for Visitor Accommodation in Planning Schemes

Planning Directive No 6 which applies across Tasmania defines visitor accommodation to include houses, apartments and other types of dwellings such as ancillary dwellings that are let out to paying guests for overnight accommodation, generally on a temporary basis and usually to people who are on holiday or vacation.

The Planning Directive does not require a planning permit if the owner meet the 'home-sharing' exemption. The home sharing exemption applies if the dwelling is used by the owner as their main place of residence and

- the dwelling is only let to visitors while they are on vacation or are temporarily absent, or
- visitors are accommodated in not more than four bedrooms while the host is living there.

For all other instances, a planning permit subject to specific planning requirements is required from the relevant local council.

¹ Will Hodgman and Peter Gutwein, *Embracing the sharing economy*, Tasmanian Government Media Release (3 February 2017).

² Interim Planning Directive No. 2, Exemption and Standards for Visitor Accommodation in Planning Schemes (IPD2).

³ Tasmanian Planning Commission, Draft Planning Directive No. 6 Exemption and Standards for Visitor Accommodation in Planning Schemes – Report to the Minister under section 12(5) of the former provisions of the Land Use Planning and Approvals Act 1993 (May 2018).

⁴ Planning Directive No. 6 Exemption and Standards for Visitor Accommodation in Planning Schemes.

Short Stay Accommodation Act 2019 (Tas)

In June 2019, Tasmania became the first State or Territory in Australia to collect information on short stay visitor accommodation from website booking platforms with the enactment of the *Short Stay Accommodation Act 2019* (Tas) ('the Act'). 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.

The Act requires booking platform providers such as airbnb.com.au and stayz.com.au to provide quarterly reports to the Tasmanian Government.⁶ The quarterly reports must include relevant information including the address of the premises, the number of bedrooms that are used for short-stay visitor accommodation, whether the premises is the primary residence of the owner and whether the premises has a permit.⁷

The information provided by the website booking platforms is then published on the Tasmanian Government's Consumer, Building and Occupational Services website. According to the most recent report (July – September 2022) there are currently 5748 individual properties listed as short stay visitor accommodation in Tasmania of which 47.9 per cent are reported as being a primary residence and 51.6 per cent are reported as not being a primary residence.⁸

Reviewing the impact of the short stay visitor accommodation on the long-term rental market

A concern shared by many has been the focus of the Tasmanian Government on growing the tourism and hospitality industries without recognising the detrimental impact of short stay visitor accommodation or engaging in meaningful analysis of its impact on Tasmania's long-term rental market. For example, when the Tasmanian Planning Commission reviewed the Planning Directive in 2018 it specifically recommended that the impacts should be reviewed and monitored:

12. There was concern raised regarding the impact the draft Planning Directive may have on the affordability and availability of housing. The Commission is limited in its assessment process to deal with these issues however, it has recommended that the impacts on the housing market as a result of the draft Planning Directive be monitored and reviewed. With subsequent and informed modifications to the Planning Directive being proposed if that is required.

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

⁶ Section 7(1) of the *Short Stay Accommodation Act 2019* (Tas).

⁷ Section 4 of the *Short Stay Accommodation Act 2019* (Tas).

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

Similarly, in 2019 a Legislative Council Select Committee found that “further research and data collection in relation to short stay accommodation and housing stock is required”.⁹ In response, the Tasmanian Government provided in principle support, noting “the Government currently collects data and will continue to develop its data collection and analysis program”.¹⁰

Whilst the impact of short stay visitor accommodation on the long-term rental market must be reviewed by the State Government as a matter of urgency, another area of research that is currently lacking are the hosts of short stay visitor accommodation.

The Hosts

Stayz and Airbnb are two of the largest website booking providers of short stay visitor accommodation. Publicly, they claim that the hosts of short-stay accommodation are everyday people who are sharing their home in order to supplement their income. Examples include:

Short-term rentals also provide a way for everyday people to stay afloat and combat rising costs of living and growing mortgage repayments.

It's no surprise that we're seeing many people rely on hosting to make ends meet in the face of the current economic climate.

- Susan Wheeldon, Airbnb country manager for Australia and New Zealand¹¹

We have a large community of people across Tasmania for whom sharing their home is now part of their lifestyle.

Airbnb plays a crucial role in helping people remain in their homes and communities by providing them with the ability to supplement their income by turning their greatest asset – their own home - into an income generating engine.

Importantly, Airbnb plays a crucial role in helping people remain in their homes and communities by providing them with the ability to supplement their income. In 2017, 50 per cent of Airbnb hosts in Tasmania said that sharing their spaces on our platform helped them afford to stay in their homes, 45 per cent said they used their Airbnb earnings to make ends meet, and 20 per cent of hosts said their Airbnb earnings went directly to their housing costs, such as paying their mortgage or rent.

⁹ Legislative Council Select Committee, *Report on Short Stay Accommodation in Tasmania* (October 2019) at 3.

¹⁰ Tasmanian Government response to the Legislative Council Select Committee Report on Short Stay Accommodation in Tasmania (dated 11 February 2020).

¹¹ Amber Wilson, Airbnb: ‘not our fault’, *The Mercury*, 21 February 2023 at 2.

The vast majority of Airbnb hosts are local Tasmanians looking to supplement their income by sharing their own home and primary place of residence. For many of these hosts, sharing their space and making extra income is an economic lifeline.

- Brent Thomas, Head of Public Policy, Australia and New Zealand Airbnb¹²

Short-term holiday rental (STR) is a cherished Australian tradition whether for summer holidays at the beach, getaways to the country or exploring a new city. In the past this has been managed directly by property owners themselves or by local agents. Today, with the growth of the sharing-economy and the advent of online platforms – like HomeAway – it is easier than ever for property owners to let their properties for a short period of time and for tourists from all walks of life and from around Australia and the world to find affordable and unique accommodation that meets their needs.

Over 70% of people who own a secondary home own only one- most often the family holiday home. Nearly 70% of secondary homeowners were able to cover more than 50% of their mortgage repayments through short-term renting.

- Eacham Curry, Director of Government and Corporate Affairs with HomeAway (formerly Stayz)¹³

The Data

In August 2022 we wrote to Hobart City Council requesting a list of the planning permits issued for short stay visitor accommodation within the municipality. The list was sought on the grounds that it would allow us to provide a more complete picture of the short stay accommodation sector in Tasmania's capital which could then be utilised by policy makers at a local, State and Commonwealth level.

The Hobart municipality is a useful case study because independent research has found that short stay accommodation as a proportion of its total private long-term rental market is much higher than any other Australian capital city and a majority of properties listed as short stay accommodation in Hobart had previously been listed as long-term rentals.¹⁴

In October 2022 the Hobart City Council provided a complete list of properties for whom a short stay visitor accommodation planning permit had been approved. The Council noted that some of the properties had approval to operate short stay accommodation but had not yet commenced use and that there may also be properties which have "existing use rights" and therefore did not require a planning permit.

¹² Airbnb Submission, Legislative Council Select Committee, *Inquiry into Short Stay Accommodation in Tasmania* (August 2018).

¹³ HomeAway submission, Legislative Council Select Committee, *Inquiry into Short Stay Accommodation in Tasmania* (August 2018).

¹⁴ Shelter Tasmania, *Monitoring the impact of short-term rentals on Tasmanian housing markets* (June 2022) at 26.

Utilising the Land Information System Tasmania (the LIST) (<https://www.thelist.tas.gov.au>) we were then able to investigate ownership of the property, whether other property in Tasmania was owned and the value of the owner's property. The results are provided below.

Of the 506 permits that had been issued, 10 were eliminated from our research due to insufficient information, meaning the address or unit number of the property could not clearly be identified, and hence it was unclear who owned the property.

Suburb distribution

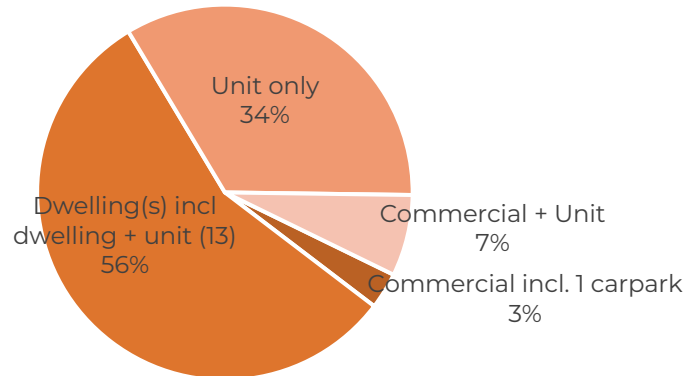
Almost 90 per cent of the 496 permits were issued for properties in the seven suburbs with closest proximity to the city and waterfront. Sandy Bay led with 133 permits (27 per cent) followed by Hobart with 84 permits (17 per cent) and West Hobart with 61 permits (12 per cent). Battery Point and North Hobart accounted for 49 and 48 permits respectively (10 per cent each) and New Town and South Hobart recorded 34 and 33 permits respectively (7 per cent). The more outlying suburbs accounted for 54 of the permits ranging from 14 in Lenah Valley to 1 in Ferntree.

Suburb	Number of permits
Sandy Bay	133
Hobart	84
West Hobart	61
Battery Point	49
North Hobart	48
New Town	34
South Hobart	33
Lenah Valley	14
Mount Stuart	11
Dynnyrne	8
Glebe	8
Mount Nelson	7
Ridgeway	3
Tolmans Hill	2
Ferntree	1

Type of dwellings

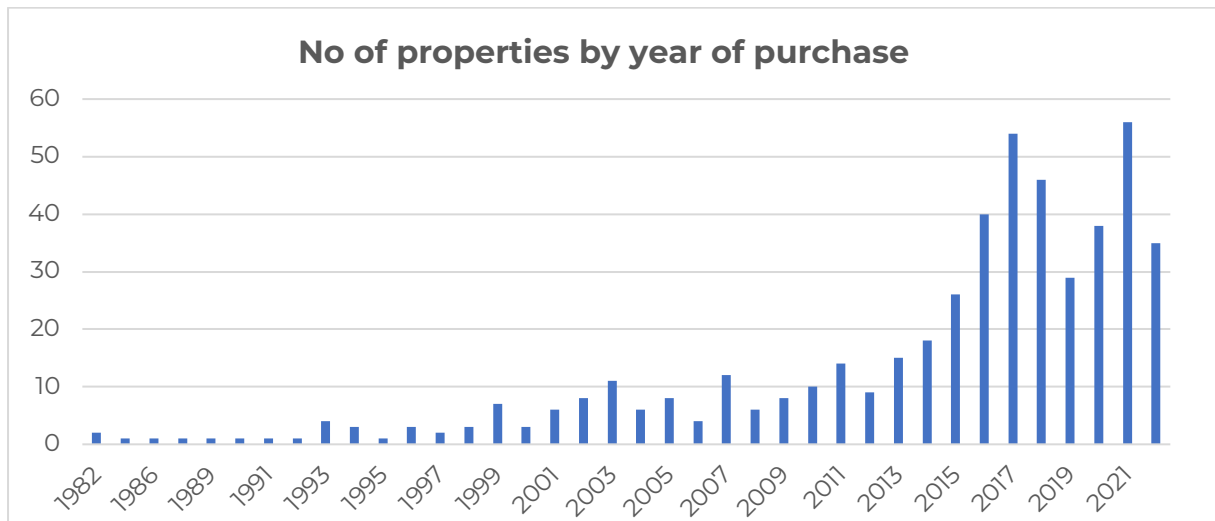
More than half of all properties with a permit are separate dwellings (232 or 56 per cent), 13 of those consisted of a dwelling and an additional unit. About a third of permits (140) were units, which might comprise a granny flat or self-contained unit (ancillary dwelling) attached to an owner's main place of residence, but more likely applies to strata buildings, or one dwelling of several built on a single land title. Commercial properties with a residential unit attached to them (e.g. a flat over a shop) comprised 29 permits and

commercial properties solely (including, oddly, one carparking space) comprised 13 permits.



Year of purchase

In Hobart, short stay visitor accommodation expanded rapidly particularly around the time the State Government announced in early February 2017 that it would “embrace the sharing economy”.¹⁵ For example, research by the University of Tasmania found that between June 2016 and January 2018, the number of properties advertised on Airbnb in Hobart increased by 250 per cent from 250 to 876 properties.¹⁶ Of 496 properties surveyed, 298 were purchased since 2016, in other words during the rapid expansion of short stay visitor accommodation. It is likely that many of these properties were purchased with the intention to use them as short stay accommodation.



¹⁵ Will Hodgman and Peter Gutwein, *Embracing the sharing economy*, Tasmanian Government Media Release (3 February 2017).

¹⁶ Institute for the Study of Social Change, *Insight Three: A blueprint for improving housing outcomes in Tasmania* (University of Tasmania). As found at https://www.utas.edu.au/_data/assets/pdf_file/0005/1617098/Insight-Three-Housing-Web-Version.pdf (accessed 29 June 2023).

The permit holders

Of the 496 planning permits we can appropriately identify, 472 were individual permit holders. Permit holders can include one or more natural persons or a company. A natural person can be counted several times as permit holder, if they for example own a property by themselves and/or another property together with other owners and/or are shareholders in a company owning a property.

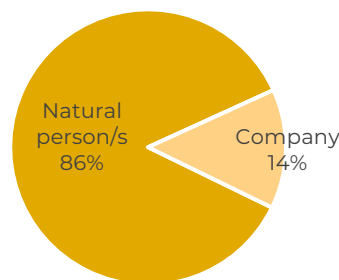
Number of permits

The vast majority of the 472 permit holders held only one permit in the Hobart City Council municipality: 450 permit holders held 1 permit (95.4 per cent), 20 permit holders held 2 permits (4.2 per cent) and 2 permit holders held 3 permits (0.4 per cent).

Number of permits per permit holder		
1 permit	2 permits	3 permits
450	20	2

Are the hosts natural persons or companies?

The 472 permit holders are made up of 395 permits held by one or more natural persons and 77 permits held for properties owned by companies.



Are the hosts Tasmanians, Mainlanders or Foreign Investors?

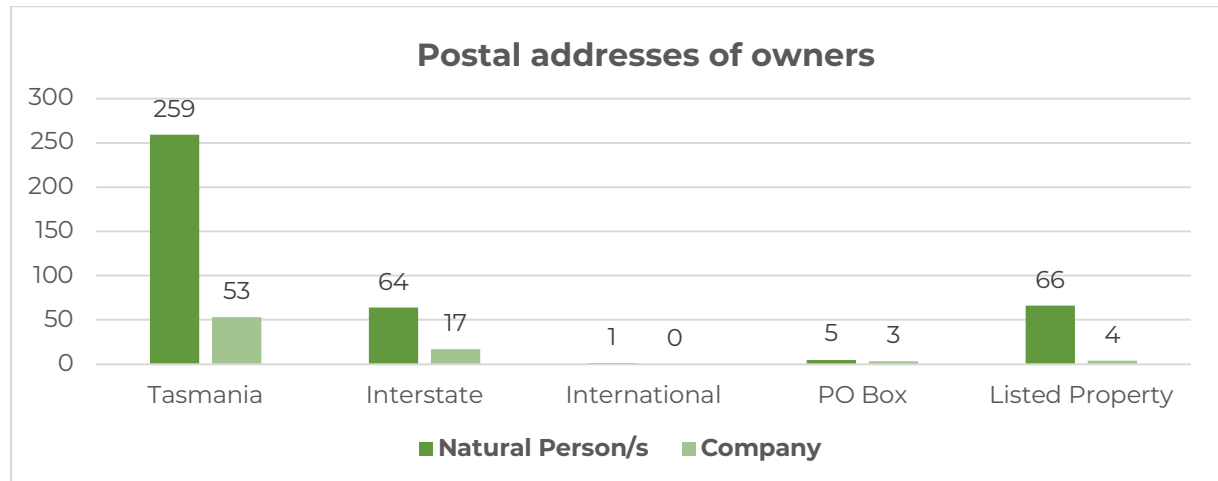
Analysis of natural person only postal addresses revealed that the majority of short stay hosts in Hobart are Tasmanian. 259 postal addresses were located in Tasmania, which equates to 65.4 per cent, 64 postal addresses were interstate residents of which most were in Victoria (24) or New South Wales (23). Only one postal address for a natural person was outside of Australia.

However, some of the data was inconclusive. For 66 permits the postal address was the same as the address the permit applied to. This could be because the property was the permit holder's principal place of residence at the time the permit was applied for, that they have since moved out but are yet to update their new address. Another explanation could be that the permits are the 'golden tickets' spruiked by the President of the Tasmanian Residential Rental Property Owners Association whereby owners have applied for a permit on the basis that they may not be able to apply in future.¹⁷ Other

¹⁷ See, for example, Australian Broadcasting Corporation, 'Short stay accommodation permits a 'golden ticket' for property values' (9 February 2022). As found at <https://www.abc.net.au/hobart/programs/breakfast/air-bnb-vs-rent/13747000> (accessed 26 June 2023).

explanations could be that the property is managed by the owner and they collect the mail from the property, or that the property is managed by a local real estate agency. For five permits a Post Office Box was listed as the postal address which could mean that the owner lives locally, interstate or overseas.

Postal addresses for companies followed a similar pattern with 69 per cent based in Tasmania, 22 per cent interstate, four per cent used Post Office Boxes and in 5 per cent of permits, the listed property address was the nominated postal address.



Is short stay accommodation an economic lifeline for owners?

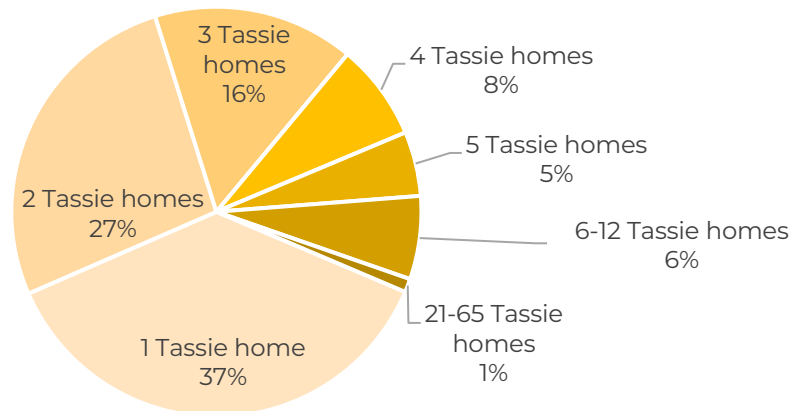
While we do not have data on permit holders' incomes or their household worth, access to the LIST and property valuations made by the Office of the Valuer General means that we are able to determine the property wealth of permit holders in Hobart. Property wealth comprises all property owned in Tasmania. However, we do not have access to data from mainland Australia or overseas and as a result are unable to include property that permit holders may own interstate or in other countries. As well, where the permit holders' property is listed solely in one name, we were unable to include property held in the name of their spouse. As a result, the data provided below is a *conservative* estimation of permit holders property wealth.

How many titles?

The largest group of permit holders, 175 or 37 per cent, owned only one home in Tasmania. A further 126 or 27 per cent owned two homes in Tasmania. 75 permit holders (16 per cent) had 3 Tasmanian homes to their name, 36 persons or companies (8 per cent) owned 4 Tasmanian homes and 24 persons or companies (5 per cent) owned 5 Tasmanian homes. The group of permit holders who owned 1-5 Tasmanian homes constitutes 92.4 per cent of permit holders. The remaining 7.6 per cent of permit holders owned between 6-12, 21, 42, 63 or 65 Tasmanian homes each.

Expressed in another way, persons or companies holding a short stay permit in the Hobart City Council municipality own a median of two properties in Tasmania (and possibly more somewhere else or in a different name, e.g. spouse or company/natural person), the average home ownership rate among permit holders is 3.2 Tasmanian homes (although this is skewed by the five entities who each owned 21-65 properties).

Number of Tasmanian homes owned by permit holder



How much are property portfolios worth?

The Tasmanian property portfolios of permit holders ranges from \$345,000 - \$55.6M, based on 2022 valuations. This excludes four of the five biggest permit holders due to the complexity of assessing the wealth of their property portfolios.

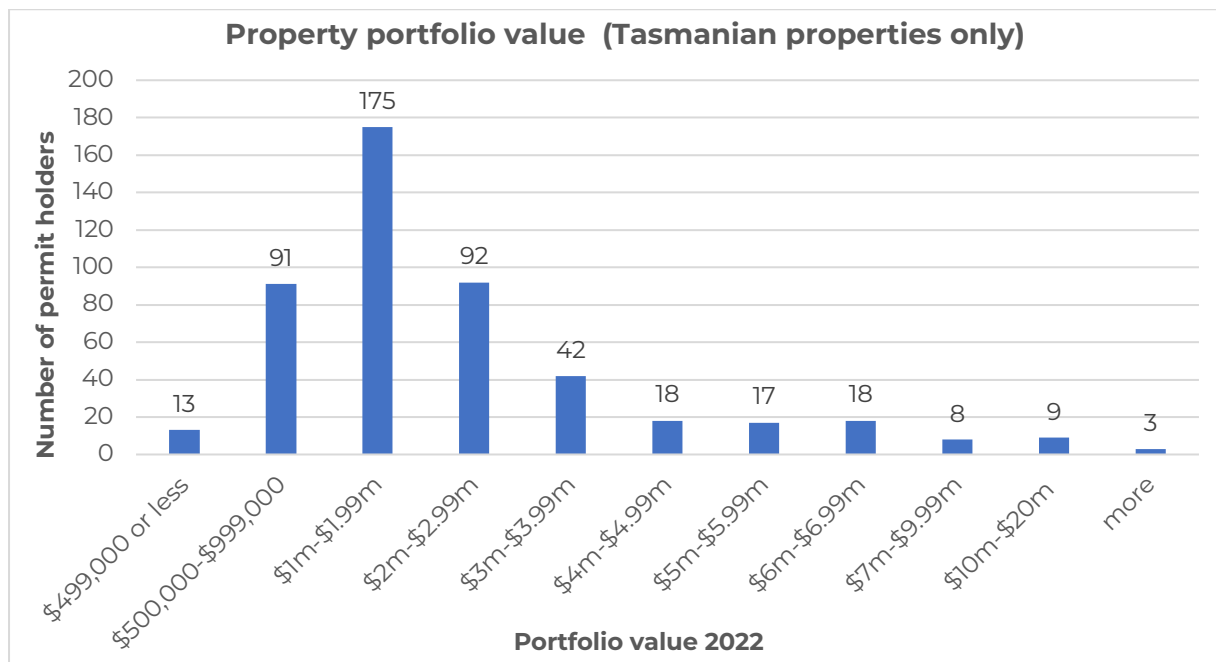
104 permit holders (22 per cent) held a property portfolio that was worth less than \$1M, meaning that 78 per cent of permit holders are millionaires (on paper).

In 2021/22 the average Australian household was worth \$1,411,637.¹⁸ The overwhelming majority of permit holders (297 or 61 per cent) met this threshold with their Tasmanian property portfolio alone.

The average property portfolio of permit holders was worth \$2.6M, the median sat at \$1.65M. This puts the both the average and the median permit holder above the average household wealth position of the fourth income quintile (~top 30 per cent of household income earners).

While we compare the permit holders' property portfolios with household net wealth, we stress that the property portfolios in Tasmania are only one part of the permit holders' overall assets, they may hold other assets including cash, shares, superannuation or property outside of Tasmania.

¹⁸ Australian Bureau of Statistics, *Distribution of Household Income, Consumption and Wealth* (December 2022). As found at <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-distribution-household-income-consumption-and-wealth/latest-release#wealth> (accessed 29 June 2023)



Summary

Our data analysis provides a more complete picture of the short stay accommodation sector within the Hobart City Council municipality. The research highlights that most short stay visitor accommodation in Hobart has been bought since 2016 and in most cases with the intention of using as short stay accommodation. The data also highlights that most short stay permit holders are natural persons and have only one permit in the Hobart municipality. Importantly, most of the hosts are Tasmanian (65 per cent) with almost all others living interstate. Our analysis demonstrates that legislative or regulatory reform targeting international owners will likely be so small as to result in no change and that targeting interstate owners would also have little effect. The data also highlights that short stay visitor accommodation providers own an average of 3.2 properties and are significantly wealthier than the average Australian household with property wealth of \$2.6M in Tasmania alone. This means the permit holders' ownership of property in Tasmania – as a single asset class – is worth more than 1.5 times the average Australian household's wealth in cash, property and all other assets combined.