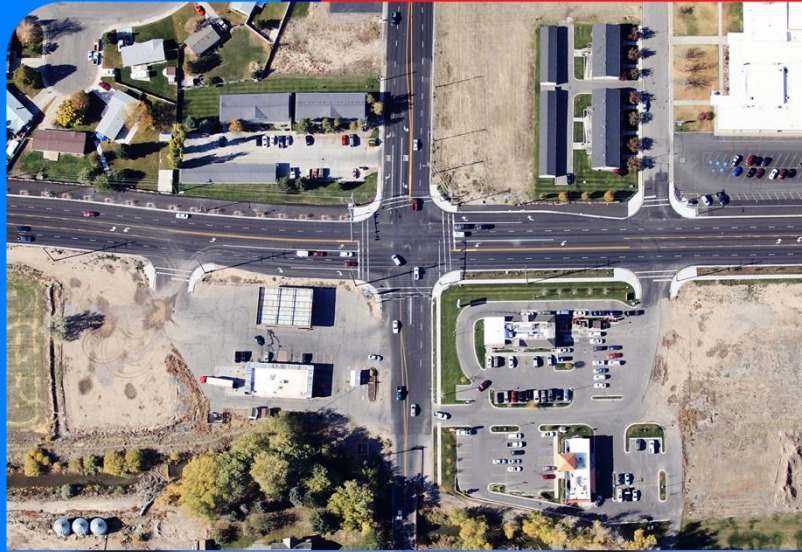


DRAFT SUBMISSION

Discussion Paper on short- and long-term rental accommodation

March 2024





Local Government NSW (LGNSW) is the peak body for local government in NSW, representing NSW general purpose councils and related entities. LGNSW facilitates the development of an effective community-based system of local government in the State.

OVERVIEW OF THE LOCAL GOVERNMENT SECTOR



Local government in NSW employs **55,000 people**



Local government in NSW is responsible for about **90% of the state's roads and bridges**



Local government in NSW looks after more than **\$177 billion** of community assets



NSW councils manage an estimated **4 million tonnes of waste** each year



Local government in NSW spends more than **\$2.2 billion** each year on caring for the environment



NSW councils own and manage more than **600 museums, galleries, theatres and art centres**



NSW has more than **350 council-run libraries** that attract tens of millions of visits each year



NSW has more than **400 public swimming and ocean pools**

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Opening

Local Government NSW (LGNSW) welcomes the opportunity to provide comments to the NSW Department of Planning, Housing and Infrastructure (DPHI) on the *Discussion paper on short- and long-term rental accommodation*. This much-anticipated review follows the introduction of the short-term rental accommodation (STRA) regulatory framework in November 2021, with a promise at the time of a two-year review of the framework.

Councils have long called for better tools to manage the impacts of STRA activities on local amenity and the availability of long-term rental housing. Most recently, councils resolved at the 2023 LGNSW Annual Conference in November to call for local government to be given stronger powers to cap the number of days per year that a property can be used for non-hosted STRA and to have the ability to respond flexibly to balance housing and the local visitor economy.

This submission seeks to highlight the variability of issues and conditions across the state that affect the different ways councils respond to STRA regulation and to advocate for flexible measures to be available for councils where needed.

This submission is informed by the policy positions of LGNSW and consultation with councils. Please note this submission is provided as a draft, pending endorsement by the LGNSW Board at its next meeting. We will advise of any amendments to the submission in due course.

Summary of Recommendations

Recommendation 1: That the NSW Government recognises the variable social and economic circumstances across NSW by designing a framework which enables councils to simply and flexibly provide local planning responses that balance housing and the local visitor economy via a suite of model opt in / out provisions, to respond to local conditions.

Recommendation 2: That the NSW Government clarify the timeframe and anticipated commencement of changes as a result of this STRA review and advise what further consultation with councils and the public is proposed.

Recommendation 3: That the NSW Government:

- Fund and resource a review of STRA data and trends and an economic and social analysis to inform evidence-based decisions;
- Request DPHI and NSW Treasury to consult further with self-selected councils using this analysis to examine, develop and evaluate the options touched on in the Discussion Paper; and

Commit to undertake a second round of public consultation once these options have been fleshed out.

Recommendation 4: That the NSW Government act on the Independent Planning Commission's recommendation to establish and maintain an ongoing STRA research and monitoring program.

Recommendation 5: That the NSW Government tasks DPHI to ensure its Urban Development Programs (which are tasked with monitoring the pipeline of land and housing) incorporate a metric for tracking housing stock attrition rates due to conversion of dwellings to non-hosted STRA.

Recommendation 6: That the NSW Government lead, fund and resource the high-level analysis of alternative measures for local responses to STRA and develop, in consultation with councils, a suite of model opt in / out provisions to build in flexibility for councils to develop their local planning responses.

Recommendation 7: That DPHI amend the definitions used in the STRA register, as proposed in the Discussion Paper, to improve clarity and reduce the occurrence of incorrect registration.

Recommendation 8: That the revised regulatory framework abandons the 21-day consecutive booking provision, to remove potential loopholes that could allow year-round short-term letting in residential areas.

Recommendation 9: That DPHI:

- Consider the inclusion of a 60-day cap in the suite of tools made available to councils to help them balance the local impacts of STRA.
- Consult directly with self-selected councils to determine whether a localised day cap would be a suitable and effective approach in their LGA, and if so, what this day cap would be.

Recommendation 10: That NSW Government commits to improving the performance and functionality of the current STRA register to support effective enforcement of proposed new STRA provisions.

Recommendation 11: That NSW Government ensure that day caps are actively monitored by DPHI and registration numbers of any properties that exceed the legal day cap (whether that be 180 days or another figure) be referred to the NSW Fair Trading to place the property on the Exclusion Register.

Recommendation 12: That NSW Government acknowledge councils' compliance role in relation to STRA and quarantine a portion of funds generated through revenue changes to support these compliance activities.

Recommendation 13: That any funds generated through revenue measures such as a new levy on STRA properties should be used to support provision of affordable and diverse housing within the LGA from which the funds are collected.

Recommendation 14: That the NSW Government consider reviewing the rating categories in the *Local Government Act 1993* to allow councils to apply business rates to non-hosted STRA properties that provide accommodation on a commercial basis.

Recommendation 15: That the NSW Government remove barriers that prevent incentivising owners putting unoccupied housing into the long-term rental market.

Background

The NSW Government is seeking feedback on the planning policy and regulatory framework for STRA and on options to encourage the supply of long-term rental accommodation.

A discussion paper has been published¹ seeking comment on:

- The adequacy of the current planning and regulatory framework for short-term rental accommodation in NSW, in terms of balancing tourism economy benefits with potential costs of housing affordability and availability.
- Potential policy options, including revenue measures, to incentivise property investors to make properties available for long-term rental accommodation (LTRA).

In the lead-up to the current STRA framework commencing in November 2021 there was growing concern, particularly from councils in regional areas, that the already critical shortages of affordable rental housing in some areas would be exacerbated with introduction of the new framework.

Since the framework has been in place, councils' concerns have been realised, with many councils citing examples throughout 2022 and 2023 of housing affordability and availability across NSW worsening dramatically.

As the Discussion Paper and the Minister for Housing² have acknowledged, the current framework for short-term rental accommodation in NSW has to date been "purposely 'light touch'"³.

The current framework is a blanket, one-size-fits all policy which allows STRA to be exempt development state-wide, disabling local controls that could have been used to tailor the regulatory approach in nominated areas to better balance local impacts.

¹ <https://www.planningportal.nsw.gov.au/draftplans/exhibition/discussion-paper-short-and-long-term-rental-accommodation>

² [Legislative Council 12 March 2024](#): "... this State has some of the lightest-touch regulation of short-term rentals..."

³ [Discussion paper on short- and long-term rental accommodation](#), p 8

LGNSW Position

STRA is inextricably tied into the broader issue of the statewide housing affordability and availability crisis. With the housing crisis worsening dramatically, councils have continued to push for more to be done to incentivise property owners to put existing housing into the long-term rental market.

Councils have brought a significant number of motions to the LGNSW Annual Conference over the last five years about the housing crisis, including numerous calls for action to better manage the impacts of STRA. Councils have been calling for greater guidance and measures (such as legislative tools, lower day-cap limits, complaints management powers) to enable them to respond flexibly to balance critical housing needs and the local visitor economy. A full list of Annual Conference resolutions in response to managing the impacts of STRA is contained in **Appendix 1**.

LGNSW Policy Platform

As set out in the LGNSW Policy Platform⁴, councils have sought to adequately regulate STRA and its impacts through advocating that the NSW Government:

- Develop legislative tools to enable councils to manage the impacts of STRA on the availability of long-term rental housing.
- Require STRA participants to pay a fee to cover the costs of regulation and compliance.
- Institute a booking tax for STRA brokers that use residential zoned and rated land.
- Allow councils to apply business rates to STRA activities.
- Work with regional and rural councils to find solutions that address the unique housing pressures associated with seasonal demands for STRA.

Balance, with a tailored approach in key areas, is crucial

STRA brings both challenges and opportunities, particularly in areas, cities and regions recognised as attractive tourist destinations. The challenges include impacts on housing affordability, availability of rental properties and impacts on amenity of residential neighbourhoods. Opportunities include overall increase in tourist visitations which usually translates to greater revenues of local businesses.

LGNSW recognises the contribution and benefits of STRA to local economies. In regional NSW the reliance on the tourist dollar is significant. LGNSW therefore

⁴ The [LGNSW Policy Platform](#) reflects the collective positions of local government across NSW on issues of importance and guides LGNSW in its advocacy on behalf of the local government sector.

supports the need for a regulatory framework that balances the interests of industry participants while managing impacts on local communities across NSW.

Paradoxically, dire housing shortages threaten the ability of these areas to attract and accommodate workers to support their local economy. LGNSW therefore has never supported the one-size-fits-all nature of the current STRA provisions and has always maintained that democratically elected councils are best placed to understand and balance these pressures in close consultation with their communities.

General comments

1. The scale and impact of STRA varies across NSW

The benefits and impacts of STRA differ across NSW with wide variations shaped by factors such as whether the location is popular as a tourist destination, whether it attracts a large volume of seasonal or construction worker populations, the baseline availability of housing, whether the area has been affected by natural disasters (such as flood and bushfire) and whether residents are generally supportive of tourism or not.

Even within the boundaries of a single local government area (LGA), the incidence and impacts of STRA can vary considerably between different towns, villages and precincts.

As such, there are wide-ranging preferences across local government in NSW on the extent to which STRA should be regulated. Some councils see advantages of having much tighter day caps than the current framework allows while other councils prefer no limits at all.

Councils do agree however, that:

- **There are economic benefits of STRA that should be balanced with any introduction of restrictions or regulations on STRA dwellings** – There is sector-wide support for the aim in the Discussion Paper to ensure the settings strike the right balance between the economic tourism benefits of STRA and potential impacts on housing availability and affordability.
- **A one-size fits all approach to STRA is unsuitable and unworkable, given the wide variability of intensity and impacts in some areas** – State-wide ‘blanket’ provisions are not appropriate in every area and councils in some areas need greater flexibility to tailor the regulation of STRA to local conditions.

2. Provision for locally determined planning responses

For almost a decade LGNSW has consistently advocated that the regulatory framework for STRA must be flexible to adapt to the local situation and that individual councils are best placed to determine the caps and/or other controls to balance the economic benefits of STRA with rental affordability and public amenity for residents.

The State Government (DPHI and NSW Fair Trading) introduced the ‘light-touch’ one-size-fits all rules and requirements for STRA across the state in 2021, limiting councils’ ability to tailor it to local circumstances. Nevertheless, councils are required to

administer and enforce its compliance with no compensation for the additional costs this imposes on councils and their ratepayers.

The Planning Minister's decision⁵ to allow Byron Shire flexibility to have varying thresholds based on local conditions (including a 60-day annual limit on non-hosted STRA in parts of the LGA) validates local government's calls for greater local control in planning for STRA to balance the economic benefits and local impacts. It recognises the unique issues faced by the shire, which mirror those of a considerable number of other LGAs experiencing high concentrations of STRA and severe housing shortages.

A fundamental principle in this STRA review must be to build in more flexible provisions for councils to determine the number of days that properties can be used for STRA in their LGAs and to stipulate areas where day limits apply. Any such provisions should be part of a suite of tools that councils can opt into or out of. They should be simple to apply and not require councils to have to spend years and many thousands of ratepayer dollars – as in the case of Byron Shire – on studies and planning proposals to justify their approach.

Recommendation 1: That the NSW Government recognises the variable social and economic circumstances across NSW by designing a framework which enables councils to simply and flexibly provide local planning responses that balance housing and the local visitor economy via a suite of model opt in / out provisions, to respond to local conditions.

3. Scope of the review, consultation and policy evaluation

The Discussion Paper notes the following are within scope of the review of the STRA planning and regulatory framework:

- **Planning pathway** – whether the existing exempt development pathway (no approval) is still appropriate.
- **Day caps** – whether non-hosted STRA day caps (e.g., 180 days) are appropriate and the most effective way to balance positive and negative impacts of this form of accommodation.
- **Reporting requirements** – observations and feedback on the operation of the STRA Register and reporting requirements for hosts, letting agents and industry.
- **Compliance and enforcement** – observations and feedback on the compliance regulatory framework.

Consultation timeframe

⁵ [Changes to Byron Bay short-term rental rules | NSW Government](#), 26 September 2023

Councils have devoted countless hours and many pages of submissions to consultations and inquiries into STRA over the past decade, but this is the first review since the STRA regulation framework commenced in 2021.

The review is welcomed, but the exhibition period has not been sufficient to enable detailed consultation and consideration of the proposals. The limited timeframe is particularly challenging because a 28-day consultation period is inadequate to allow proper analysis and consideration of options and to accommodate council meeting cycles.

LGNSW and councils would like clarification from the NSW Government on the next steps in the policy process for this review, the anticipated timeframe for introducing policy changes and what further consultation with councils and the public is planned before the NSW Government's decisions are finalised.

Recommendation 2: That the NSW Government clarify the timeframe and anticipated commencement of changes as a result of this STRA review and advise what further consultation with councils and the public is proposed.

Data, policy analysis and evaluation

The Discussion Paper is lacking data and analysis that would assist councils and other stakeholders to properly consider and evaluate the various policy options which have been put forward.

There was an expectation that this review would be founded on an analysis of trends and data collected in the two-year history of the STRA register and the operation of the Code of Conduct.

As currently presented, the absence of data and analysis, together with a widespread lack of confidence in the STRA register as a reliable source of data, has meant that councils are having to rely on their own analysis, purchase data from third-party providers (such as AirDNA and Inside AirBNB) and/or fall back on their own commissioned research and studies (where these are available) to inform their evaluation of the options.

The NSW Government should fund and resource a review of the data and trends observed in the STRA register and undertake a proper economic and social analysis to help inform evidence-based decisions on a future regulatory framework for STRA. DPHI and NSW Treasury should work directly with self-selected councils, using this evidence to further examine, develop and evaluate the options touched on in the Discussion Paper.

Further, the NSW Government should consider another round of public consultation when the options have been fully developed and supported with evidence.

Recommendation 3: That the NSW Government:

- Fund and resource a review of STRA data and trends and an economic and social analysis to inform evidence-based decisions;
- Request DPHI and NSW Treasury to consult further with self-selected councils using this analysis to examine, develop and evaluate the options touched on in the Discussion Paper; and
- Commit to undertake a second round of public consultation once these options have been fleshed out.

4. Ongoing research and monitoring

Monitoring local impacts

LGNSW has for many years called on the NSW Government to commit to ongoing research to monitor local impacts of STRA on housing affordability, and any flow on effects on the availability of accommodation for social and affordable housing.

To date, successive State Governments have not undertaken or committed to such research.

The Independent Planning Commission⁶ called for the State to establish and maintain an ongoing STRA research and monitoring program in partnership with the Commonwealth:

The NSW Government should lead research efforts to provide all three tiers of government and other stakeholders with the knowledge base to inform well targeted policy delivery by establishing and maintaining an appropriate ongoing STRA research and monitoring program (in partnership with the Commonwealth). This should extend to a longitudinal study quantifying the trends and economic and social effects of STRA.

Recommendation 4: That the NSW Government act on the Independent Planning Commission's recommendation to establish and maintain an ongoing STRA research and monitoring program.

Monitoring attrition of dwelling stock to STRA market

It is usual and accepted practice of any policy implementation to gather data and evidence and monitor its effect, to assist in adjusting and revising the policy as needed.

Since commencement of the statewide STRA policy in November 2021, or indeed prior to this time, LGNSW is not aware of specific monitoring by the NSW Government of the dwelling stock conversion rate of non-hosted STRA.

⁶ [230424_byron-stra-pp-advice-report_final.pdf \(nsw.gov.au\)](#) – Recommendation 11

A key metric of any changes to the STRA framework should include monitoring the attrition rate of housing stock to and from the short-term rental market. This is critical in the context of the NSW Government's considerable planning reform agenda to deliver National Housing Accord targets.

Shelter NSW⁷ has in the past highlighted the "folly" of not undertaking such monitoring and has subsequently recommended that this be built into the remit of the State Government's various Urban Development Programs⁸ which exist to monitor the overall pipeline of land and housing. LGNSW supports this recommendation by Shelter NSW.

Recommendation 5: That the NSW Government tasks DPHI to ensure its Urban Development Programs (which are tasked with monitoring the pipeline of land and housing) incorporate a metric for tracking housing stock attrition rates due to conversion of dwellings to non-hosted STRA.

⁷ [230308_IPCByronSTRAHearing_WrittenSupplementarySubmission_final_KC.pdf \(shelternsw.org.au\)](#)

⁸ [Urban Development Programs | Planning \(nsw.gov.au\)](#)

Specific comments

5. Policy options

The Discussion Paper notes the NSW Government is considering a range of regulatory and revenue measures, possibly in combination, to increase the use of properties for long-term housing⁹:

Regulatory measures

- Higher registration fees for short-term rental accommodation.
- More onerous approval requirements for short-term rental accommodation.
- Lower day caps on the maximum number of nights a dwelling can be let for non-hosted short-term rental accommodation.
- Limits to the number of homes in an area that can be used for short-term rental accommodation.
- Limits on the number of guests that can use a short-term rental property.

Revenue measures

- A levy on the revenues from bookings of short-term rental accommodation.
- Day fees per guest staying in short-term rental accommodation.
- An annual levy based on the use of the property (for example, non-hosted short-term rental accommodation, holiday homes and vacant properties).

To date, there has been limited guidance for councils looking to use alternative measures (such as lower day caps) to regulate STRA impacts. In the wake of Byron Shire's sustained efforts (which ultimately succeeded) to seek lower day caps, several other councils have taken, or are considering taking, steps to propose alternative regulatory measures.

Councils are best placed to advise what the appropriate day cap should be to suit their local circumstances, and whether they agree that a development approval pathway might be appropriate, if at all.

That said, it is not easy to make definitive judgements on the viability and efficacy of one measure over another without undertaking a comprehensive review and evaluation of the existing framework and its impacts on local economies, housing markets and compliance and enforcement. This high-level analysis necessary to inform such decisions has historically fallen to councils, but the State Government needs to take a role.

⁹ [Discussion paper on short- and long-term rental accommodation \(amazonaws.com\)](#), p 14

In consultation with self-selected councils DPHI should lead the development of a suite of model opt in / out provisions to enable councils flexibility in their local planning responses.

Recommendation 6: That the NSW Government lead, fund and resource the high-level analysis of alternative measures for local responses to STRA and develop, in consultation with councils, a suite of model opt in / out provisions to build in flexibility for councils to develop their local planning responses.

6. Land use type and definitions

The Discussion Paper notes there has been confusion about the definitions of hosted and non-hosted STRA as well as uncertainties about the type of residential accommodation (i.e. the type of dwelling) in which the STRA activity will take place. The intention to make these definitions clearer is broadly supported by councils.

Recommendation 7: That DPHI amend the definitions used in the STRA register, as proposed in the Discussion Paper, to improve clarity and reduce the occurrence of incorrect registration.

7. Day caps on non-hosted STRA

The current 180-day cap is not evidence-based and was arbitrarily chosen by the DPHI¹⁰. Councils report that the cap cannot be easily enforced, and there is anecdotal evidence that properties are routinely exceeding it. It clearly requires revisiting.

The exemption of stays that exceed 21 days also serves to enhance the attractiveness for properties for STRA operation and undermine the 180-day cap. LGNSW does not support this provision. As noted in a previous submission¹¹ councils see it as problematic and another a loophole which could facilitate year-round short-term letting in residential premises.

The Discussion Paper correctly acknowledges the variabilities across the state in relation to STRA, which typifies that a one-size-fits-all approach is not the solution.

It is widely acknowledged that the 180-day cap does not deter property owners in areas of high STRA demand from choosing STRA over long term rental. Even a 90-day cap, in places of high tourist demand such as Byron Bay, may not signal to non-hosted STRA providers to switch to long-term rental, according to the IPC¹².

¹⁰ According to evidence provided on behalf of DPHI (formerly DPE) at the [IPC's Public Hearing Day 1 on 21 February 2023](#)

¹¹ [LGNSW_submission_on_Short-term_rental_accommodation_Regulatory_Framework.pdf](#), p 6

¹² [230424_byron-stra-pp-advice-report-final.pdf\(nsw.gov.au\)](#), p 50

Based on the evidence from the Byron Shire case, the inclusion of a 60-day cap must be given serious consideration in the suite of tools that is available to councils to help them balance the local impacts of STRA.

Given the challenges and variabilities in relation to the setting of day caps, LGNSW would like to see DPHI directly consult with self-selected councils, to determine whether a localised day cap would be a suitable and effective approach in their particular area, and if so, what this day cap would be.

Recommendation 8: That the revised regulatory framework abandons the 21-day consecutive booking provision, to remove potential loopholes that could allow year-round short-term letting in residential areas.

Recommendation 9: That DPHI:

- Consider the inclusion of a 60-day cap in the suite of tools made available to councils to help them balance the local impacts of STRA.
- Consult directly with self-selected councils to determine whether a localised day cap would be a suitable and effective approach in their LGA, and if so, what this day cap would be.

8. STRA register and compliance and enforcement

Overwhelmingly, councils report that the register is not easy to use and the data in it is unreliable and at best highly variable. Councils are frustrated that the reliability of the data in the STRA register and the ability to access and search the register for analytical purposes has been found lacking.

LGNSW is also aware that some councils have concerns with the current administration of the register, particularly the absence of monitoring of the current day caps by DPHI and lack of enforcement of non-compliances by NSW Fair Trading. Day caps should be actively monitored by DPHI and registration numbers of any properties that exceed the legal day cap (whether that be 180 days or another figure) be referred to the NSW Fair Trading to place the property on the Exclusion Register.

The Discussion Paper has not provided any data on breaches of the day caps, complaints received, Code of Conduct breaches, nor a review or evaluation of how the policy framework has performed overall in the last two years, to enable transparency around these issues.

It is important to note that any reliance on day caps as a policy intervention will be ineffective unless these can be enforced.

If the NSW Government is serious about addressing the negative impacts of STRA on housing availability and affordability, the performance and functionality of the current STRA register will need to be improved, day caps need to be monitored and State

agencies need to act against non-compliances (such as breaches of day caps) by STRA platforms. Having a more effective registration and compliance framework, including a reliable STRA register, will be also critical to enabling collection of any future revenue from STRA.

If nothing changes in this regard, local communities will continue to suffer as there will be little will change in the availability of accommodation being returned to the long-term rental market. Communities will in turn look to their local councils to enforce these non-compliances.

While the Discussion Paper outlines councils' regulatory powers to enforce STRA, there is no recognition of the cost implications of this responsibility on councils or proposals for mechanisms for them to recoup these costs.

Any requirement to implement systems, interrogate the (unreliable) STRA register and/or undertake compliance activities is a significant cost burden for councils, particularly those LGAs with a large geographic spread and multiple towns, villages and localities all potentially having STRA. Cost-shifting is already a major issue and the potential for this to occur in implementing the outcomes of this review is significant.

Recommendation 10: That NSW Government commits to improving the performance and functionality of the current STRA register to support effective enforcement of proposed new STRA provisions.

Recommendation 11: That NSW Government ensure that day caps are actively monitored by DPHI and registration numbers of any properties that exceed the legal day cap (whether that be 180 days or another figure) be referred to the NSW Fair Trading to place the property on the Exclusion Register.

Recommendation 12: That NSW Government acknowledge councils' compliance role in relation to STRA and quarantine a portion of funds generated through revenue changes to support these compliance activities.

9. Revenue measures

The Discussion Paper indicates that revenue measures may play a role in managing the State's approach to STRA in future. The involvement of NSW Treasury in developing the paper with DPHI is a strong indicator that this is a likely scenario.

Consistent with our Policy Platform¹³, LGNSW supports the principle of the state introducing a levy for online accommodation brokers using residential zoned and rated land.

Importantly, revenue generated through levies on STRA properties should be used to support provision of affordable and diverse housing within the LGA from which the

¹³ [Policy Platform | LGNSW](#)

funds are collected. Funds raised, or at least a portion of these funds, should also be distributed to councils to help fund public infrastructure to support tourism and affordable housing solutions locally. Local communities should not have to suffer the extreme negative impacts of STRA while a revenue stream collected from STRA properties goes into state coffers and is spent elsewhere.

As the Discussion Paper notes, a case can be made to exempt hosted STRA from a potential levy, as it is unlikely that individual rooms would otherwise enter the long-term rental accommodation market.¹⁴ Similarly, properties that are only briefly made available for STRA while their usual permanent residents are temporarily absent (such as away on holidays), would ordinarily remain part of the long-term housing market; applying a levy in this case could instead lower overall use of this existing housing stock.

For this reason, the focus of any levy with the express purpose of encouraging dwellings to return to the long-term market should be limited to non-hosted properties that operate STRA in a 'permanent' capacity and avoid charging STRA properties that are either hosted or when households are temporarily absent, such as away on holidays.

The LGNSW Policy Platform also calls for provisions that allow councils to apply business rates to STRA properties that provide accommodation on a commercial basis. As noted in the Discussion Paper¹⁵, this already occurs in other Australian jurisdictions.

Giving consideration to enabling a rating category in *Local Government Act* for STRA would assist councils to manage the impacts of STRA on their communities and aligns with the similar revenue measures (such as a levies) being considered at the State level.

Recommendation 13: That any funds generated through revenue measures such as a new levy on STRA properties should be used to support provision of affordable and diverse housing within the LGA from which the funds are collected.

Recommendation 14: That the NSW Government consider reviewing the rating categories in the *Local Government Act 1993* to allow councils to apply business rates to non-hosted STRA properties that provide accommodation on a commercial basis.

¹⁴ [Discussion paper on short- and long-term rental accommodation \(amazonaws.com\)](#), p 44

¹⁵ [Discussion paper on short- and long-term rental accommodation \(amazonaws.com\)](#), p 20

10. Vacant/unoccupied properties

The Discussion Paper notes that of the estimated 95,000 residential properties in NSW that are not used for long-term housing, there are an estimated 45,000 dwellings used as holiday homes that are not also used as short-term rentals, and an estimated further 15,000 dwellings that are left vacant throughout the year.¹⁶

While there are a range of reasons why a property may be left vacant, many of these properties may be able to provide housing for long-term users without any adverse impact on the visitor economy.

At the 2022 LGNSW Annual Conference, councils resolved to call for the NSW Government to remove barriers that prevent incentivising owners to put existing housing (including unoccupied housing) into the long-term rental market.

LGNSW would support the NSW Government exploring such measures, particularly if the introduction of more restrictive STRA day caps results in properties being left vacant for longer periods (a possibility noted in the Discussion Paper).

Recommendation 15: That the NSW Government remove barriers that prevent incentivising owners putting unoccupied housing into the long-term rental market.

¹⁶ [Discussion paper on short- and long-term rental accommodation \(amazonaws.com\)](#), p 11

Conclusion

LGNSW has welcomed the NSW Government's review of the statewide regulatory framework for STRA following its introduction two years ago.

Key points in this submission are based on the LGNSW Policy Platform and motions from councils to the LGNSW Annual Conference, as well as council feedback on this Discussion Paper. To summarise:

- All councils are fully aware and appreciative of the need to balance STRA regulation and enforcement (to address housing shortages) with the benefits that STRA brings to their local economies.
- Circumstances vary from council to council, therefore blanket, one-size-fits-all approaches (such as the arbitrary 180-day caps) are not sufficient.
- Councils need a suite of measures within an agreed framework that they can opt into/out of, to suit the local conditions. Councils also need mechanisms to assist with the cost and resourcing of STRA compliance.
- Further consultation with councils is necessary to refine the measures in the Discussion Paper and this should be supported with state-funded economic and social analysis.
- The STRA register in its current form is not working the way it should. Consistent feedback is that the register returns much lower numbers of STRA dwellings than figures provided by other data collection providers.
- The housing impacts will not be able to be remedied while there remain failings in the register and compliance challenges. The issues with performance and reliability of the register need to be addressed.
- The State Government has not outlined the next steps and timeframe beyond this paper. Councils are asking DPHI to consult further with them on details.
- Funds generated through state-based levies on STRA properties should be channelled back to local communities within the LGA from where it is collected and used to support affordable housing and infrastructure improvements.
- The introduction of a state-based levy should be matched by giving local government the opportunity to apply business rates to STRA properties that provide accommodation on a commercial basis.

This submission reinstates LGNSW's longstanding advocacy for the STRA planning framework to provide for locally determined planning responses and supports the Discussion Paper's proposition to allow for more restrictive localised day caps for non-hosted STRA. Councils must have the tools to respond to variations in the use, intensity, application and impacts of STRA in different locations across NSW. The changes should enable local planning responses via a suite of model opt in / out provisions.

Appendix 1 – LGNSW Conference Resolutions

Council motions to LGNSW Annual Conferences 2019 – 2023 calling for action in response to impacts of short-term rental accommodation on rental housing availability

2023 Resolutions

39 LGNSW Board - Addressing the housing crisis across NSW

1. That Local Government NSW calls for urgent action to address the housing crisis by advocating to the NSW Government to:
 - Prioritise the foreshadowed review of the regulation of short-term rental accommodation to ensure local government has the ability to respond flexibly to balance housing and the local visitor economy.

Bega Valley Shire - Council Affordable housing

That Local Government NSW:

Advocates to the state government to prioritise their response to the Byron Shire Short Term Rental Accommodation Planning Proposal Independent Planning Commission report and provide guidance to all councils in NSW.

42 City of Sydney - Short term rental accommodation

That Local Government NSW:

1. Commissions a study to report on the impact that short-term rental accommodation is having on rental affordability and availability and tourist accommodation in NSW.
2. Advocates for local Councils to be given stronger powers to cap the number of days per year that a property can be used for non-hosted short term rental accommodation.
3. Ensure local government has the ability to respond flexibly to balance housing and the local visitor economy.

43 Waverley Council - Unaffordable rents and rent increases

That Local Government NSW steps up concerted advocacy efforts with decision-makers, government agencies, the newly established office of Rental Commissioner and the broader community to support urgently needed rental reforms, intervention and innovation across the housing system, to effectively address escalating rents and the lack of renters' rights through measures that ensure rents do not increase faster than inflation and that promote longer and more secure tenure.

61 Waverley Council - Tourism impacts

That Local Government NSW increases its advocacy to ensure local councils receive fair funding from both the Federal and State governments in order to:

1. manage security related risks and anti-social behaviour (and remove user pays arrangements for government services such as police), and
2. meet the additional costs from waste and cleansing from the impacts of tourism and the influx of visitors to the local area.

2022 Resolutions

38 LGNSW Board - Housing and homelessness crisis

That Local Government NSW calls upon the Australian and NSW Governments to take urgent and immediate action to address the housing availability and affordability crisis right across NSW by:

1. funding a significant increase in the supply of social housing to address current shortfalls and keep pace with population growth and demand.
2. providing social housing for people who are homeless in disaster affected communities.
3. providing finance, government land and infrastructure for the supply of affordable housing to meet increased demand across NSW.
4. developing strategies to address the critical need for secure tenure rental housing for key workers in rural and regional areas, and urgently adopting measures to address the rental affordability crisis across NSW.
5. working with local government and community housing providers to develop efficient and sustainable models to significantly increase the supply of affordable housing.
6. removing legislative and other barriers to the provision of affordable housing such as use of council land for social and affordable housing, 3D printing for housing construction and tiny homes.
7. removing barriers that prevent incentivising owners to put existing housing (including unoccupied housing) into the long-term rental market.
8. providing funding and assistance for rural and regional councils to develop and implement housing strategies.

North Sydney Council - Use of unoccupied properties

1. That Local Government NSW asks the State Government to investigate and look to implement measures to incentivise property owners to not leave their property(ies) unoccupied.
2. That in doing so, measures which allow such unoccupied properties to be utilised on a long or short time basis for low-cost accommodation be positively explored.

Snowy Monaro Regional Council - Housing in regional / rural areas with short term and tourist demands

That Local Government NSW calls on the NSW Government to prioritise working in partnership with regional and rural Councils, especially those with seasonal demands for short term and tourist accommodation, that may include but not be limited to:

- a) removing policy and legislative barriers that prevent incentivising owners putting existing housing into the long-term rental market.
- b) working proactively with stakeholders (e.g. Land Councils) to release more land for housing developments, with 25% allocated to social housing/ key workforce housing (Cooma Model).
- c) fund more social and emergency housing and accommodation.

40 Bega Valley Shire Council - Vary policy for Short Term Rental Accommodation

That Local Government NSW:

1. calls on the NSW Government to update the requirements for Councils to apply to vary their policy for Short Term Rental Accommodation (STRA) and provide information on what other levers are available to local government to incentivise longer term rentals.
2. calls on the NSW Government to develop a model and pathway in consultation with the Local Government sector for STRA providers to be required to pay rates or levies to create parity with other business holiday accommodation providers and further incentivise longer term tenancies rather than STRA.

Tweed Shire Council - Short Term Rental Accommodation

That Local Government NSW calls on the State Government to introduce an opt in 90-day limit on all non-hosted Short Term Rental Accommodation to elicit an immediate increase in the supply of homes for long term rental to alleviate housing crisis being experienced in many regional shires.

Kiama Municipal Council - Commercial council rates on STRA

That Local Government NSW advocates to the NSW Government and the Independent Pricing and Regulatory Tribunal (IPART) to investigate and allow NSW Councils to charge commercial rates or a commercial levy on Short Term Rental Accommodation (STRA), noting that:

- Most STRAs in NSW are currently rated at residential council rates.
- Several regional coastal councils have a higher than NSW and national average of dwellings being vacant (2021 Australian Census, ABS).
- Many regional communities are experiencing housing insecurity.
- STRAs are impacting on council resources and services

131 Wagga Wagga City Council - Review - Rights for tenants

That Local Government NSW advocates to the NSW Government and opposition to review and improve rights for tenants with the view to best serve both tenants and landlords.

Bega Valley Shire Council - Changes to residential lease termination provisions

That Local Government NSW calls on the NSW Government to introduce measures to better protect the interests of tenants with respect to notification of termination of lease by landlords in the case of no fault on the tenant's behalf.

2022 Special Conference Resolutions

27 Shoalhaven City Council – Impact of holiday homes

That Local Government NSW asks the NSW Government to consider legislative tools to assist councils with the impact of short-term rental platforms on local communities with respect to long-term rental availability.

2019 Resolutions

Central Coast Council – Short Term Rental Accommodation

That Local Government NSW calls on the NSW Government to:

- a) Allow all local government areas to prepare their own Planning Proposals to manage short term rental accommodation needs in their areas.
- b) Investigate and consult with councils regarding new powers for councils to manage complaints and other issues relating to the operation of short-term rental accommodation.