

Stephen Barry
Planning Director
Independent Planning Commission
NSW Government

By email: [REDACTED]

8 March 2023

Dear Stephen

As requested following the Expedia Groups meeting with the Independent Planning Commission on 27 February 2023 regarding the Byron Bay Short Term Rental Accommodation Planning Proposal (PP-2021-3351), we write to provide additional information. Specific responses to the questions on notice can be found in Attachment A.

There is no doubt that Australia needs a community-wide conversation about the aims and priorities of housing policy and the costs and benefits of a range of policy and regulatory options. The IPC is contributing to that process.

Foremost we disagree with the assertion that STRA is the cause of, or solution for, Australia's and Byron Bay's housing crisis. We have been adamant about this for years – supported by census data, the trends of reducing government investment in social housing and also the downward trend in councils meeting their own goals for housing development.

Surely now, from observing the heightening housing crisis, particularly over the last 12 months, it is obvious that limiting the availability of STRA is simply not going to be the quick fix that many hoped for. We believe many councils are significantly overestimating the number of STRA homes that are likely to be turned over to social and affordable long-term rentals as a result of increased regulation.

The Expedia Groups priority in Australia is to support policies and regulations that get the balance right in the use of accommodation. For us, this means:

- Ensuring arrangements for STRA that recognise many STRA homes will never contribute to the social and affordable housing solution and that to treat them as such takes away the contribution STRA makes to the visitor economy and local jobs for no benefit to the housing challenge. This scenario is particularly acute in regional Australia where the lack of traditional accommodation for tourists means that without STRA these areas miss out on the benefits of the tourist dollar.
- Meeting community expectations regarding neighbourhood amenity relative to the community benefits from prosperous local economies and jobs.
- Influencing motivations of property investors through an appropriate mix of incentives and regulation. For every renter, there must be an investor. Where there is a public market failure, the private citizen can be incentivised to contribute to a social-good solution by creating an environment where the private impact is minimised. While it appears that some councils believe that you can penalise and regulate STRA to a point where investors will turn their homes into long term rentals, there is a failure to contemplate the scenario that also appears to be playing out across Australia – if the costs and regulation exceed the benefits of owning an investment property, investors will leave the property market all together. It also fails to contemplate the fact that many STRA homes will never be available long term because they are the family holiday home, rented only when the family that owns it isn't

using it. Limiting the number of nights won't force these families to put their home on the long-term rental market. All it does is ensure valuable resources that are otherwise contributing to local jobs, local businesses and the local economy will lay idle for much of the year.

- Making clear the goals and ambitions for tourism and social and affordable housing and the inputs that will be necessary to achieve these. We understand the significant challenges in getting the right balance between permanent housing, and accommodation that supports an economy that is more heavily reliant on visitors than many other around Australia. This emphasises the need for community discussions and government leadership such as the NSW Government has done through its creation and implementation of the STRA register and compliance regime and through this IPC process.

Without putting too fine of a point on it, it appears to us that the debate that many people would prefer the country was having is whether Australians should be allowed to own more than one home, or that if you do it must be under terms that ensure it rented out at an affordable price and long-term.

One of our greatest concerns throughout this process is that the success of the Byron Council's STRA planning proposal swings entirely on the belief that limiting STRA to 90 days will motivate a sufficient number of homeowners to put their homes on the market under conditions that allows locals to rent them long-term or to buy them.

This unjustified and drastic measure is being proposed in an environment surrounded by anecdotal evidence. Noting the ongoing debate on even the number of STRA homes in the region it's hard to see how anyone could have conducted a rigorous evidence-based analysis demonstrating that the proposed regulation has any chance of addressing the problem the Council has articulated. To us this seems to be a very costly 'guess' process which is made worse by the fact that as a result of the NSW register now being in place, we are very close to having at our fingertips actual data that can ensure alignment between a proper articulation of the issue and solutions that have a high chance of success.

At best this planning proposal is jumping the gun and at worst is a regulatory over-reach that will do nothing to alleviate the housing challenge in the area but have ramifications for home-owners, businesses and local jobs. In this context we note that:

- Byron Bay's economy is more heavily reliant on tourists than most regions in New South Wales. In 2020/21, more than 12.5% of direct and indirect employment in Byron Bay was created and supported by visitors. The average for NSW was 8.1%.
- The latest econometric analysis based on ABS statistics shows that less than half the population of 36,000 people are employed and that local jobs and local businesses make up the vast majority of employment opportunities.
- Byron's population is growing at a higher rate than the rest of NSW but housing approval rates or releases of new land have not increased.

As has been the case over more than five years, Stayz remains committed to working with all levels of government to find the right balance between permanent housing and STRA. We have worked hand in glove with the NSW Government in designing and implementing the STRA register and compliance regime. It has been a significant commitment from the Expedia Group and the broader STRA industry but one we considered to be our obligation in getting policies and regulations in place that strike the right balance between the visitor economy and broader community expectations. We believe this can



only be achieved when working from a strong evidence base built to inform clearly articulated challenges.

Though we support the right of local councils to make decisions for their communities we think the state-wide code of conduct and registers need to first be given adequate time to test their effectiveness in solving amenity and other community concerns related to STRA. We believe that no further day limits should be implemented anywhere in NSW until these components have been in place for sufficient time to allow policy and regulatory decisions to be made, based on actual data.

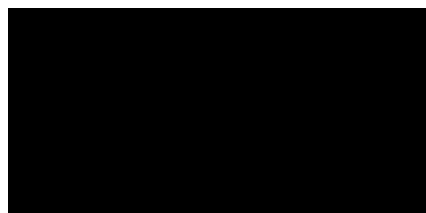
As we have stated on many occasions to the Byron Bay Council, we have been and continue to be fully committed to working with them to meet community expectations for the STRA sector. We do not believe it is appropriate to implement additional regulations on STRA in the Byron shire until it can be shown from the evidence-base being built through the State-wide register and code and conduct that it will address the challenges being cited.

Stayz has always supported fit-for-purpose regulation of the STRA sector. We have long been the proponents of a register, codes of conduct and monitoring and compliance regimes that ensure homeowners and renters meet community expectations. Our support for this approach remains strong and in the case of the Byron Bay Council's planning proposal we implore the IPC to ensure that decisions are taken on actual data and have a good chance of actually addressing the problems cited. We offer to work closely with the NSW Government, and the Byron Bay Council and community to resolve outstanding issues surrounding STRA.

From our more than 30 years of experience working in the tourism industry, we have valuable information and insights in addition to that shared here that we are prepared to share throughout this process. We also make the offer to work with all governments on creative solutions for those people struggling after the recent spate of natural disasters. We believe that there is the potential to partner with the STRA industry to make life better for them.

Please do not hesitate to get in contact with me (on [redacted] [redacted] [redacted] [redacted] or via [redacted]) with any questions or to speak further.

Regards,



Eacham Curry
Director, Government & Corporate Affairs | Expedia Group

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Attachment A – Questions on notice

1. How many of the Expedia Group (Stayz) properties outside the proposed 365-day cap precincts within Byron Shire are priced on average at \$1000 per night or higher?

Expedia Group: While we won't provide granular detail the average rate per day is \$548.28; the average per stay is \$2590.49; and length of stay is 4.72 days.

2. Is Expedia Group able to share the current number of its Stayz properties that sit within the proposed 90-day cap areas within Byron Shire? What is the current performance (e.g., occupancy rate per year) of these properties?

Expedia Group: To the extent we can share information please see the above.

3. De-identified data for Expedia Group (Stayz) properties in Byron Shire over a significant time period (ideally 10+ years) including the following:

- Property type (e.g., house/ apartment)
- Size (no. of bedrooms/ occupancy limit)
- Location (generalised by locality e.g., Suffolk Park, Brunswick Heads, Byron township etc)
- Number of days leased per year (for each year that property has been available)
- When property came online for STRA
- Does the owner have more than one property listed (if yes, how many?)
- Price range per night

Expedia Group: The above request seeks information that is proprietary in nature. We are unable to share this where it would be made public.

STRA Regulation

4. How is Expedia Group working with the NSW State Government in relation to the registration scheme and implementation of the code of conduct?

Expedia Group: We have worked together with the NSW Government since 2018 in the development of the existing framework, including sharing our international experience which has assisted in the crafting of the Code of Conduct and Register. We continue to work productively on ensuring compliance with this framework but add that it is prudent to conduct a review of the effectiveness now that one year of data has been collected, especially to measure the value of arbitrary and unnecessary night caps.

5. What compliance-related data does Expedia Group provide to NSW STRA regulators? How is this provided and at what (if any) cost?

Expedia Group: We are required to submit, on an automated; real-time basis, a range of data that verifies booking stays and durations, as well as registration number. The data is expected to produce, over time, the most accurate picture of the actual state of Short Term Rental Accommodation in New South Wales that has ever existed. It should be expected to inform better, reasonable and justifiable regulation.

6. What form of regulation does Expedia Group support in addressing the availability of long-term rental accommodation in the Byron Shire?

Expedia Group: We believe the existing state-wide framework for STRA should be given sufficient time to demonstrate its value in regulating the issues of community amenity through detailed and



verifiable data. As to addressing the availability of long-term rental accommodation in Byron, and indeed across NSW and Australia, we contest the appropriate tools to address the housing challenge are in the hands of local and state governments without needing to arbitrarily and unjustifiably target STRA.