



New South Wales Government
Independent Planning Commission

TRANSCRIPT OF PROCEEDINGS

RE: BYRON SHIRE - SHORT TERM RENTAL ACCOMMODATION
PLANNING PROPOSAL (PP-2021-3351)

BYRON SHIRE COUNCIL MEETING

COMMISSION PANEL: DR SHERIDAN COAKES (Panel Chair)
PROFESSOR RICHARD MACKAY AM
JULIET GRANT

OFFICE OF THE IPC: STEPHEN BARRY
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BYRON SHIRE COUNCIL: CR MICHAEL LYON
MARK ARNOLD
SHANNON BURT
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LOCATION: VIA VIDEO CONFERENCE

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TRANSCRIBED AND RECORDED BY APT TRANSCRIPTIONS

DR SHERIDAN COAKES: Before we begin, I would like to acknowledge that I'm speaking to you from Worimi Land, and I acknowledge the traditional owners of all of the country from which we virtually meet today, and pay my respects to their Elders past and present.

Welcome to the meeting today to discuss the Planning Proposal to reduce the number of days of non-hosted short-term rental accommodation in parts of the Byron Shire currently before the Commission for advice. My name is Dr Sheridan Coakes and I am the Chair of this Commission Panel, and I am joined by my fellow Commissioners,
10 Professor Richard Mackay and also Ms Juliet Grant. We are also joined by Stephen Barry and Oliver Cope from the Office of the Independent Planning Commission.

In the interests of openness and transparency and to ensure the full capture of information, today's meeting is being recorded and a complete transcript will be produced and made available on the Commission's website.

This meeting is just one part of the Commission's consideration of this matter and will form one of several sources of information upon which the Commission will base its advice. It's important for Commissioners to ask questions of attendees to clarify
20 issues whenever it is considered appropriate, and if you are asked a question and you're not in a position to answer, please feel free to take that question on notice and provide us with any additional information in writing, which we will then put up on our website. I can request that all members here today just introduce themselves before speaking for the first time and for all members to ensure they do not speak over the top of each other to ensure accuracy of the transcript. Could I also ask, given you are in a collective room, if you could just mention your name before you speak, just for the purpose of the transcript, that would also be appreciated. We will now begin.

So I understand that Council, we've obviously have sent through a meeting agenda,
30 and that Council has prepared a presentation for us to go through. Before we, I guess, move into that presentation, I just thought it might be important just to - if you could just describe any changes that have been made to the Planning Proposal, please. I understand there may have been some changes.

MS SHARYN FRENCH: Sharyn French. The changes were as a result of Council's resolution at the 15th of December Council Meeting last year. The changes relate to the mapped precincts.

DR COAKES: Yes.
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MS FRENCH: So with those mapped precincts, there were areas included in Byron Bay, namely the town centre, around Shirley Lane and Somerset Street. The Suffolk Park precinct that was proposed was removed from the 365-day precinct, and in Brunswick Heads, there was a slight amendment in Brunswick Heads as a result of the feedback from the exhibition process, and also our review of the census data that looked at the SLAs, and which precincts and which areas had moved into or occupied accommodation, and those that have shifted into the visitor market.

10 DR COAKES: Okay, lovely. Thank you, Sharyn, and I think we were aware of those precinct changes. I just wanted to clarify before we move on. So over to yourselves.

MR MICHAEL LYON: Thank you. My name is Michael Lyon. I'm the Mayor of Byron Shire. I've been following this issue, I guess, since I first went to Sydney in 2019 and then met with Minister Roberts when I was Acting Mayor, and we discussed Byron's special situation. So I have been here, I guess, from the start, in the sense of the latest Planning Proposal and that this issue has been going on for a long time in Byron, in terms of our desire and attempts to regulate.

20 I would also like to acknowledge that we're meeting on Aboriginal land. Here in the Byron Shire, it's Bundjalung Country, and I'd like to pay my respect to Elders past and present.

By way of short introduction, what we have been working on for over three years now is a most proposal to provide balance and ensure our whole economy and all the visitors in it, from healthcare to education to construction, has the housing to support it, and ensure that the workers in those industries, including in tourism, have somewhere to live.

30 We know that 41 per cent more of our workers now live outside the Shire, compared to five years ago. Freeing up the Byron housing market will not only put downward pressure on rents, it will mean neighbouring areas and other areas in the country from which new residents will travel will see a corresponding freeing-up of properties.

Byron Shire Council declared a housing emergency two years ago, and in many ways, we were the canary in the coalmine. What we have been seeing here for quite some time has now become widespread across the country. Recent events and trends have exacerbated the issue locally and setting us up for even more pain in the future, should we not regulate.

40 So if we can move into the presentation slides, and we have tried to organise things in our presentation to match more or less what's in your agenda - - -

DR COAKES: Terrific. Thank you.

MR LYON: - - - and we will crack on, but we'll hopefully pause a point at a time just in case there are questions specific to areas.

DR COAKES: Yes. No, thank you, and I will just ask my fellow Commissioners, if they have questions, as they arise, if you can just pop up our hands, and that way we can address them as we move through, so thank you.

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MR LYON: Just sorting out the tech here, to be as effective as we can.

DR COAKES: No, no, all good.

PROF. RICHARD MACKAY: Thank you.

MR LYON: Are you able to see that beautiful picture of the cape?

DR COAKES: Yes, we are.

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PROF. MACKAY: Yes.

MR LYON: Great.

PROF. MACKAY: It's full screen for us.

MR LYON: Yes, us too, that's why we're just, yes, shifting the other little bits and bobs around. That's okay. All right. So let's go straight to the next slide, which is about us. So, yes, to start with, a little bit of us locally here. We have a population of around 36,000 people, 16,900-odd dwellings. The last census, those dwellings, 24 per cent of them were either unoccupied or had a visitor staying at the time who filled out the census form. That compares to New South Wales' average of 13.6 per cent.

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Our biggest employer is the healthcare and social assistance category, with close to 2,500 jobs. The median house income in Byron Shire is 1,600 a week, comparing that to New South Wales of 1,829. Conversely, median rent in the Shire is \$520 a week, compared to New South Wales' average of \$420 a week. We have 70 dwellings that are provided for community housing and 200 for social housing, and at the last count, rough sleepers in the Byron Shire were second in the state in sheer numbers - not as a percentage, in sheet numbers, in 221 compared to the City of Sydney at 225.

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So moving on, I really wanted to illustrate with this slide what's been happening with visitation over the last three years. We've had obviously the disruption in COVID, and we've seen a massive drop-off. The latest figures we have up to the year ending September '22, and we can see there quarter by quarter that we are, at that time, sitting at our lowest point in ten years, and quite a marked decrease from our peak in both visitation and number of nights' stay pre-COVID, and in December '19, you can see we're probably sitting around 2.4, and that's effectively halving our number of visitors, and more than halving our number of visitor nights.

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And what that really corresponds to, interestingly, is, in our view, there's probably been some conversation today and elsewhere around the difference between the number of STRAs, the number of short-term lets, that were done as part of the Urbis report and had been reported earlier, and then what we're seeing in the registration system today, and there's a number of reasons we can point to to that, but I think that the clearest one will be that drop in visitation, and that will have meant that some properties will have shifted out of short-term let and into other uses in the most recent past.

20 What we haven't seen is a corresponding increase in long-term rentals. We've seen the migration from people from the cities to the regions. They're working remotely and living here, but they're not doing their jobs here, as a trend, and it's - so I guess I'm just pointing out that that is one explanation as to that discrepancy in the figures.

Another one is that we suspect that a lot of the registrations in the STRA register are incorrectly categorised, and many of the ones that are registered, we would suspect are unregistered - sorry, I'll say that again - some of the ones that are registering as hosted are in fact un-hosted.

30 So just before we do, I want to make a couple of other points. Byron is a destination of choice. It's not the accommodation that people are choosing, it's Byron that they are choosing, and with this drop in visitation, we still have the same amount of hotels - this is going to impact on our short-term letting market. But what we're most concerned about when we look at this is that visitation will return we know that - it's not a matter of if, it's a matter of when. We've seen people wanting to go overseas, we've seen overseas visitation has been zero over the last couple of years, and that is all set to change over the next couple of years, and the implications for us and what it will mean for our long-term rental stock, I believe, are profound. So in summary on that, I think it's the perfect time we regulate. We have seen in the past, just in the
40 recent past, how concentrated STRA can become in Byron, and let's not get there again, as we are far less able to deal with that now.

So having looked at some of the stats about us, 26 per cent of our dwellings currently used for long-term rentals. You can see there, on the right, the average bond holdings, and that shows that over time, the number of long-term rentals hasn't really moved much. There was a little bit of an increase during COVID, and then it's back down to that sort of trending and holding static around 3,000. Over the last 15 years, from 2006 to 2021, we've increased our supply of housing by a near 3,500 dwellings, but it's having a limited impact on the supply and availability of long-term rentals.

10 You will have heard by now the stories of all the people who live in their vans, couch-surfing, staying with relatives, the amount of applicants for a rental - that means if you're even slightly outside the box, you have a pet or you have a child, then you're excluded from that affordable accommodation market. Next slide.

So as part of the Urbis Economic Impact Assessment that we were required to undertake, a survey was taken of property owners that were holiday letting, and what they would do if we introduced a 90-day cap. Now, what this represents is people in the 90-day areas under Council's Planning Proposal, as opposed to the 365 days. So if those in the 90-day areas, if we were to introduce a 90-day cap, this is what we found.

20 21 per cent of those property owners would return that property to the long-term rental market. Based on the current number, as of today, that would return 286 dwellings to the long-term rental market. You'll also note there that 14 per cent said that they would sell, and for us, that is also a good result. That is most likely to then free up that property, put downward pressure on prices, and potentially end up as a long-term rental as well.

So a 35 per cent change in behaviour, and by far and away, compared to all of the other options in that economic impact analysis, this has the most beneficial impacts in terms of providing long-term rentals into the market.

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PROF. MACKAY: It's Richard Mackay here. Could I just ask a question while that graph is on the screen, please, Mr Mayor.

MR LYON: Of course.

PROF. MACKAY: If we can go back to the screen, please. Thank you. It's just about - I'm asking about the 11 per cent, and that's a really clear graphic, thank you. If that 11 per cent is renting out long-term for nine months, presumably then for the other three months those people are not able to rent those properties, and yet those properties are available for visitors. So the visitation goes up for that three months, presumably across the summer, therefore the demand for services in Byron goes up at

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the very time when there's less accommodation. So I just invite you to comment on that sort of paradox arising from that effect of the 90-day cap, please.

MR LYON: Yes. Well, that is potentially something that will happen, though there are other busy periods of the year, so not everyone will determine that they will do it over summer.

10 PROF. MACKAY: You're very welcome to take that on notice. It's a question without notice, but it just seems to me that for that little piece, you've got a kind of double whammy happening, where people may have had accommodation for the other nine months; they now have to go elsewhere, and yet the very people that take their beds are creating service demand, presumably service by the people who no longer have anywhere to live.

MR LYON: Yes. Look, it's definitely something which can be drawn from that.

PROF. MACKAY: Very happy for Council to come back with - or not, if you like.

20 MR LYON: We'll take that on notice. I have many thoughts around that, but it's about how you formulate that, and then you record your (not transcribable) so definitely take that on notice, and even later in this presentation, come back to that.

PROF. MACKAY: Thank you.

30 MR LYON: But I think that for us the underlying point is that there is a definite change of behaviour that will happen here. This was done as a survey. Of all of the parts of the Urbis report, many of which we found very unsatisfactory in terms of methodology and judgment. This was a survey of people and a large survey sample, and so we found it very useful and we thought that, you know, that sort of impact, relative to other options, was exactly what we were after.

40 One of the things that's beneficial about that, some people will say, well, how is that helping the housing crisis? You're doing six- to nine-month leases and then you're turfing people out for three months and the impact that that has on those people, but we have a lot of transient people that come to the area as well, often seeking six-month leases, you know, at all times of the year, looking for that shorter term leases. They're here, they're backpacking, whatever it might be. That is actually a good result, as long as we also got permanent long-term rentals as well, and I think that mix there is a good thing. Yes, I take onboard that point, and we will respond further on that.

DR COAKES: Mayor Lyon, just on that, is there any - what's the data source, I guess? Has Council utilised any data source in relation to that? So from management agents, for example, and others, in terms of that lease period, those leases that you just mentioned.

MR LYON: Sorry, can you - so that - are you talking about this survey here, or are you talking about - - -

10 DR COAKES: Yes, I was - no, I was talking about you saying how there's often a demand with transient population for shorter term leases. I just wondered what the data - you know, what the data source has been for that. Is there any - that's the question, is there any data source, that, you know, from independent management - - -

MR LYON: I'm speaking anecdotally, I'm speaking with someone who's managed businesses in the Byron town centre, and, you know, obviously receive a lot of feedback and there are a lot of people in the area - I've met, you know, thousands of people in my time in Byron Shire over the last 13 years, so I can't give you a data source in the sense of a, you know peer-reviewed study or something like that, but I am speaking anecdotally, and something which would be a very commonplace
20 presumption and premise here in the Shire in terms of the way that backpackers come and stay and for how long.

DR COAKES: Okay. Thank you.

MR LYON: Okay. So moving on, then. So this is another slide we really wanted to illustrate the point that's being made by others that a lot of the short-term rental properties have been converted and made in such a way that they won't come into - you know, they're not going to be affordable, and they're not going to be of use, if they were to come into the long-term market. What the Urbis research showed was
30 actually, in those areas with a 90-day cap, 27 per cent of those properties are actually in the budget category.

The point is that not all of these places are these high-end places. Many - and this is the issue - many of the - what would just be normal houses have also been converted and used as short-term lets, and so to see that figure there of 27 per cent, that is budget shows that to be the case. The 11 per cent, which is in the mid-market category, we also think that's quite beneficial, because it will take further pressure off those needing budget accommodation, and that makes sense, you know - it has impacts up and down the line, so someone staying in a mid-market accommodation takes that, it might free
40 up something within the budget category. Next slide.

So this is a little bit more about us, in terms of the listing of our employee industries. Now, this is coming from - mainly, I think, from the ABS data. The tourism and hospitality category is not an actual category. It's something which is a combination or takes on all of the other categories. So in terms of the accommodation and food service, half of that category is inside of tourism and hospitality. Healthcare and social assistance provides nothing, if you like, in terms of that number of jobs in tourism and hospitality. A little bit comes from some of the other categories, but that's really just a snapshot of who employs people in the Shire, and if you were to take out the parts of each of those categories, such as tourism, it gives you an idea of how many tourism jobs there are relative to the other categories. Next slide.

So this is about attracting and retaining staff in a survey back in April 2022. 18 per cent of businesses found they do not have sufficient staff. I can attest to that, in terms of a business survey I've done. Some of the opponents of Council's 90-day cap proposal have been saying it's anti-business, and that businesses are against it, and whilst there are a few businesses that are against it, my survey results so far are showing that more than 90 per cent of businesses are actually in favour of this proposal, and in a very small data set, I've already found that there's over a hundred vacancies in the Shire and businesses - if they could employ today, they would, and you will hear more of those next week in terms of people that are addressing yourselves in the hearing.

PROF. MACKAY: Mayor, could I just ask you all about as well. We met earlier today with the Byron Visitor Centre, and I think they were on the same page as Council's earlier comments about the decline in visitation, and the anecdotal evidence that they were sharing from that is that the downturn in visitation has in fact related in less work in for service industry people associated with that visitation, like cleaners, and that they were finding that they were getting a lot of representation from people who were service industry people looking for work. So that anecdotal evidence seems a little bit different to your anecdotal evidence, and I'm just providing an opportunity to comment on that, please.

MR LYON: Sorry, I'm not sure I really understand. So you're saying that people who would otherwise working in tourist service industry are now looking for work in other industries?

PROF. MACKAY: Yes.

MR LYON: Well, it's certainly the case that visitation is down, so that would make sense, absolutely, that that would be the case. You know, we're talking 35 per cent over three years. We always do get a drop-off just specifically at this time of year as

well, and we can show you a graph around that, but, you know, as the school holidays finishes, you know, there is that decline in people in town, and those industries and businesses that are supported by those visitors.

PROF. MACKAY: Yes, thank you. Could I perhaps ask a slightly different question, then. I mean, is the shortage of staff particularly seasonal in Byron Shire?

MR LYON: No. I mean, this has been going on - - -

10 PROF. MACKAY: I mean, seasonal during the year.

MR LYON: Yes. I mean, there's shifts in demand in different areas, for sure, but one thing that is - when you move just outside of the tourist industry, that 11 and 12 per cent of the jobs in that industry, you move into other industries, the shortage is across the board and it's - you know, you're talking about health care, for example, you know, you visit medical centres, pharmacies, things like that, that shortage is ongoing and there's been no alleviating of that, and they will tell you the primary driver of that is the lack of housing and affordable housing, certainly. Even affordable to people on, you know, decent salaries like a hundred thousand a year, they will find it difficult to hire people, because they're just - and to retain people, because there just isn't the accommodation to live in.

So I would suggest to you that the tourism industry, sure, there's up and downs. In the other industries, which was the vast majority of the jobs in our Shire, this shortage of workers that are driven by the housing crisis is ongoing and much more inelastic in its demands, i.e. whichever way you want to look at that.

PROF. MACKAY: Thanks for that. Thank you.

30 MR LYON: No worries. So where are we up to - yes, I think that's it. Look, we'll probably need to speed it up. You always think slower when you're in these things. Sharyn, do you want to have a crack at this one? This is about median income and housing stress and shows over time how it's gotten worse.

MS FRENCH: Yes. Sharyn French. This slide here is really just talking about housing stress, and it defined housing stress as paying more than 30 per cent of your income on rent. When we look at our median income for our residents, it's around \$1,602 a week. So based on 30 per cent of that income, they would need to spend no more than \$480 per week on rent. And I guess what the graph is doing, it's showing you where the different rent price points are at different points in time for our various towns and villages, and the red line that goes down the centre shows you where the

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480 mark is. So you can see that rent affordability in the Shire is very typical for people on a median income of \$1,602 per week.

MR LYON: Thank you. This is really just to show there is a difference now, where we were so used to sharing houses, that's something we did more say, for example, compared to Ballina, so a household that might be - you know, would obviously be higher rent, but we had more people that were willing to share those households, as, you know, groups of different people, and so it can free-up dwellings, even if they're not in that real budget category. It's still going to have a pretty significant impact.

10 There will be groups of people that will be able to rent those out. Next slide.

This really is illustrating again through the statistics around just how much stress Byron is in relation to the rest of Australia and New South Wales. 50 per cent of our households are in stress on those measures, from that last graph, compared to 35 per cent in New South Wales and 32 per cent in Australia, and then if you reverse to not in distress, 38 per cent in Byron, 56 per cent in New South Wales and 58 per cent in Australia, and, again, this has been our situation for quite some time now, and it is getting - it has been getting worse. It's been trending worse and worse.

20 So next up is the rental vacancy rate, and this is again something that fluctuates. You can see there in April '20, pretty healthy as COVID hit for the first time, and we had lockdowns and whatnot, and tourism became zero, really - like, briefly, and what happened, we had that sort of spike in vacancy, and then people realised, actually, we were going to be okay, and that changed really quickly. We actually saw at that time, and, again, anecdotally, a lot of properties come onto the market, you know, because people thought, "Oh, there is no tourism, we better go and get the long-term rentals," and then pretty quickly, you know, it recovered, and we were able to travel - we certainly got a lot of intrastate travel, and then it quickly reversed, such that you can see there those vacancy rates - it says on the right there that a healthy market is

30 2 per cent - I've seen that it is actually more than 3 per cent, but, you know.

In the towns there at Mullumbimby, in the latest one, you can see 1.3, that's related to the floods as well, that's going to have an impact in that town in terms of that availability, but it's certainly a - what I would consider a very stressed housing market.

So in 2021, as I said, I declared a housing emergency. We've had that exacerbation caused by people moving from the cities to the regions, and as we showed before, that long-term rental figure hasn't moved, even though we've seen the number of STRA drop in that time, but that's been taken up by people that have moved there, but not necessarily doing jobs here. Yes, I think we've covered most of that.

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Do you want to take on this one, Sharyn?

MS FRENCH: Sure. Sharyn French here. This one is really just - and the next one, is just showing that Council has done a lot in the housing affordability space. I guess the main message we're trying to get across is that this proposed change to the STRA day cap is just one of Council's many strategies. So we've looked at our LEP and DCP controls, and you can see there there's a number of amendments that have been made to it to provide for more housing in our community, such as dual occupancies on rural land and secondary dwellings. We've got affordable housing contribution policy and scheme, which we're the first regional council in New South Wales to have one. We're looking for - investigating capacity for re-subdivision within our existing R5 large-lot residential estates. We have a diverse housing clause, residential 1 zone that we're investigating at the moment to provide a greater diversity of housing opportunities.

On the right-hand side, it just shows you a bit of a timeline, of all the, I guess, policies and strategies in our government's framework around affordable housing, starting in 2009 with the Affordable Housing Options paper by Dr Judith Stubbs, right through to today, where we're looking at updating our alternative housing models. So there's a lot that's been happening in that space. In that time, as well, we've had two forums on housing, which we've had guest speakers come to, speaking to our community and our community speaking on the issue of housing affordability in the Shire, and looking at ways in which we can resolve that.

The next slide is looking at a number of projects that we've got to deliver affordable housing, the first being the secondary dwelling fee waiver, which Council did between 2011 and 2019. That resulted in 921 dwellings approved, right through to Council land at 80 Station Street, which today has resulted in housing being built, and residents are moving in. We've got land at 57 Station Street that we're working with Landcom at the moment. We've got the Mullumbimby Hospital Precinct, which is land that Council purchased, and we're looking at providing affordable and sustainable housing on that site.

We have an MOU with Taree for the rail corridor around Mullumbimby, and that's - we're providing affordable land and affordable housing. We have been doing work with Resilience New South Wales on their temporary housing pods, and that's providing over 125 homes for our community who have been displaced by the flood, and we've got Fletcher Street cottage, that helps support and provide advocacy and information and support for our homeless and people sleeping rough.

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MR LYON: So depending on, obviously, where you get your percentages from, it varies as to how you determine what the actual percentage of dwelling sites is, but it's anywhere between 14 to 23 per cent currently, and, as I said, we are in a - quite a dip in the site and we have seen that number significantly high. But it's still a very significant portion, relative to pretty much everywhere else in Australia, and still really, from our point of view, it really does make the case around how much this lack of regulation is really creating an investment model for people to use residential housing for these commercial purposes. Next slide.

10 So going through some of these - I mean, really, just to explain our proposal, we've got, I would suggest, let's - just give me one second here - yes, so the latest figure of STRA properties that we've got today is actually 1,365, which is un-hosted - they're registered, and some of the contentions that have been made are that we're going to wipe out the entire tourism and hospitality economy. Some ridiculous figures have been quoted in the media, and backed up on several occasions by ASTRA and the like, around \$267 million of damage and jobs lost. Actually, we don't think the impact visitation much at all, and there's a couple of really good reasons for that. And this will impact individual property owners, potentially, in terms of returns, and a small amount of associated industries.

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What's likely to happen, and the Urbis report bore this out, is you may have small reduction in availability of nights, but overall, visitation is going to be largely unaffected, and what will happen is, it will concentrate into other areas. And the three main areas it will concentrate into is, when you reduce the cap from 180 to 90 days, we see in the 65 per cent of those 90-day properties will remain, so you'll see a concentration into those, and many of those do not let out for 90 days a year, so you'll see a concentration into there.

But 180-day to 365-day precincts will actually create an incentive for those areas.

30 We'll see some properties that will probably convert into those areas, but you'll also see for the ones that are currently STRA - and this is significant - you will see an increase in concentration in those properties in these defined tourism precincts, which makes a lot of sense, you know, from our point of view - we can concentrate an activity and then get a benefit from freeing-up residential accommodation, it's perfect - it's a perfect method to do that.

40 So you've got those two factors, but even within STRA you'll see a concentration, but then you've got traditional hotel accommodation as well, which is really at capacity only at the very busiest times of the year, and it's also borne out by statistics that when people stay in hotel accommodation, they spend more in the economy. So concentration into that sector will be most welcome as well. They're generally

running, I think, between 60 and 70 per cent, and you'll be able to question that - I think there's plenty of them that are going to be speaking to you next week.

Now, in the past, Council has been accused of being anti-development, but you can't really level that charge at us in the last ten years. We've approved a lot of hotel developments, tourist and visitor accommodation, in the town centre and elsewhere, facilities, we built tourist cabins in the hinterland areas, and there is still a lot of capacity in the Byron town centre, when you see that it has, you know, 11 and a half
10 metre high limit - much of the town centre is actually still only sitting at one storey, and if you create an incentive, if you like, or a demand for tourist accommodation, the market will respond, and so we - you know, we really feel that that is the way forward, and to give a further concentration to town centre, which is the perfect place for tourism and visitor accommodation, into that traditional style of accommodation, and that's why, in our view, you won't actually see much of a drop in visitation at all.

DR COAKES: Mayor Lyon, Sherie here.

MR LYON: Yes.

20 DR COAKES: Just a question. What tourism developments are currently in train within the Shire? Are there a number of additional developments? We've just - in some of our meetings, that's been raised. I just wondered if you could just give us a summary of those that are - - -

MR LYON: Shannon Burt, to explain - - -

MS SHANNON BURT: I'm happy to respond to that - Shannon Burt. Look, just on the right side of the slide there, we've sort of given some in globo figures there of recent approvals, and, again, they're a number of developments. They're in the two
30 centre in Johnston Street, in Marvell Street, in terms of both serviced apartment type developments, and also other residential developments, all going through with various unit numbers in - ranging from anything from, like, low 20s up to 40, in terms of unit numbers. We also have, sort of, extensions to existing developments, in terms of count - I think at the Arts and Industry Estate and Habitat development has had an approval there for a small-scale tourist development in recent years. We've also had a proliferation of rural tourist cabins. We've had some farm stays, and we've also got some bed and breakfasts.

40 So in terms of the range and the spread of tourist accommodation, it's in towns and villages, in various forms and numbers, which is, again, a positive for the area, because it provides a diversity of accommodation for our visitors, and we're finding

that that also fits in with a sound tourism strategy, which is about dispersing our visitors in and around our area. So that's been what we've been finding. Hopefully that's answered your question.

DR COAKES: Yes, terrific, thank you.

MR LYON: All right. And next slide. So in some ways, I guess, the way we are approaching this is to make the economic case, because the social case is clear, in terms of trying to create a functioning society and making sure that all of the jobs you
10 need to have a happy and healthy society are filled, and, yes, and you've got the critical mass in those industries. But we had to deep-dive into these around what visitors actually bring and spend in Byron when they're here, and you can see some figures there. So \$160 a night if they're in STRA-style accommodation, \$200 a night if they're in commercial accommodation.

Now, you compare that to what a resident will spend who is living in the dwelling - that's around \$141 a day, as a comparative. Of course, residents spend most of their time in that accommodation, whereas there's often large gaps in between in terms of
20 tourist accommodation. So I think you could pretty much say it's comparable, if not more, from a resident when considering that residents are there most of the year, and that's so long as they are employed. The value of that spend is far greater because it's broader and it's across all sectors of the economy and society, from schools to healthcare, sporting and recreation facilities, and creative and cultural activities.

The extra benefit, though, is from all that forgone economic activity that is done by having residents in residential areas. So on top of the spend that a resident will make anyway just by living there, they're actually doing jobs in the economy that currently aren't being done. You've got that extra economic activity on top, and so for us,
30 clearly, the economic case is made that it's preferable to have residents in residential dwellings, so long as there are jobs there to do.

So we've focused on the economy, and I said that we're backed by the business survey, which is running at over 90 per cent support, that I've done, and I will provide that for March 2nd to you, so that you can - and I'm doing a lot of work between now and then to ensure that I've pretty much contacted every Byron Shire business and had them listed on that survey, and you can get a feeling for what the - you can get a sense of what the feeling in our community is around this, and how they are viewing it.

The social impact is clear when you're talking about critical services and employment.
40 You will hear from Byron medics in Mullumbimby - they have not been able to hire

the full complement of paramedics in Mullumbimby for years. The stories coming out of there are quite distressing.

But the other thing that's worth mentioning, too, is, there's a lot said for the STRA sector about who visits here, and then it's families and they're bringing this extra money, but families only actually make about 13 per cent of total overnight visitors. That's the smallest visitor group to the Byron LGA. The largest visitor is the overnight aged group of 15- to 34-year-olds, and that makes up something around 54 per cent total overnight visitors. If there's no questions on that, I'll move on.

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DR COAKES: Just - sorry, Mayor Lyon, just a quick one. So is that an additional survey that has been undertaken by the Council?

MR LYON: That's a personal project, based on - and I've got contact details there, of any and all of the businesses, and I will have that to you by the 2nd of March, but it's an ongoing thing, and I'm up to about 275 so far - it's got well over 500 by the time I'm finished, but it's something that I'm doing, and I'm doing with myself and one other, and - sorry, myself and two others, but it's mainly been myself and my executive assistant, and we've been reaching out, doorknocking, going to businesses, talking to them about what their vacancies are, how many employees they have, hearing their stories - you know, the idea was, we'd spend two or three minutes speaking to an owner, and it ends up being 15 to 20 on many occasions, and, really, was done because I knew, you know, I knew that businesses were behind this, broadly speaking, and then there have been tensions coming from the STRA section that this was anti-business and that businesses were against it was false, and so I really just wanted to do that survey to really make that case that, you know, that in addition to the community petition, which is, you know, larger and I think, to put into perspective the consultation that we do as part of the Planning Proposal, where we thought we would have the power to make our own decision, so we weren't really in a lobbying phase - the other side was in the lobbying phase at that time, and that sort of weighted, if you like, that feedback that was received as part of that. And unfortunately we've seen some of the statistics that were thrown around, and I think it's sort of sensationalised in terms of what the impact of this policy would be, and maybe put some doubt in the minds, if you like, of the Planning Department, so it's really just about providing context, and so you get a really good feeling of what our community really thinks about this.

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MS BURT: Just, I suppose that slide - sorry, Shannon Burt. Just that slide has been up for a little bit, and I think it's simply just making a bit of a point, and the next slide will, I suppose, illustrate for that, but essentially it's just sort of showing how they've gone from a traditional home-sharing to home hotels in the Byron Shire, and, again, I

think we all acknowledge that historically a lot of coastal towns and villages up and down New South Wales and other areas of Australia have always had that sort of holiday home-sharing, home-swap sort of feel to them. What we have seen, and that's what we're all here talking about, is the commodification of homes for commercial uses. So I won't read any of those lines out, unless there's any particular question, but I think the next slide sort of shows our journey from that.

MR LYON: Just one - it's Michael Lyon, just to add one extra point to that, is you had that - could we get back a slide.

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MS BURT: Sure.

MR LYON: Sorry, I'll come back to it. Thanks.

MS FRENCH: Sharyn French. This diagram just simply showed the journey, holiday letting, as it was once called, back in 2003 - it's been a long journey. It's 20 years. I guess the process for our Council, it started back in 2003, around amenity issues, and at that time, Council was looking at regulating holiday letting in certain precincts. The talk of the 90-day cap came in around 2004, and this diagram also shows clearly that right from 2005, we quite heavily consulted with the industries. There were forums, there were some working groups, in which the industry representatives were part of, to look at planning controls around STRA. A lot of work and a lot of effort and time was put in by all parties to arrive with some solutions.

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That resulted in a discussion paper on short-term rental accommodation going out, which informed the development of a strategy which evolved into an action plan that was adopted by Council, and that action plan informed the first Planning Proposal on looking at some controls around defining STRA, and enabling tourism visitor accommodation in different zones, and that was back in 2017.

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So that was all pre, I guess, history leading up to where we are now, which that journey started in 2019 with the ministerial direction, and from there, you can see the rest of it, with various reiterations of the Planning Proposal, the work that we were doing with research to inform the ministerial direction, the economic impact assessment from Urbis, right through to the different points in which, I guess, variations of the gateways came through, and variations to the Ministerial Directions, enabling us to eventually go out and make submission with the Planning Proposal Version 4, and that was late last year, through to where we are today.

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DR COAKES: Thank you. Yes. That's a good summary of the process to date. I wondered if we should pause just there a minute, just to see - Commissioners, is there

any key questions that anyone wants to raise? I'm just conscious of time, I'm not trying to hurry you too much. We're at 5.35 and we're due to end at around quarter to 6, so Richard, Juliet, at this point?

10 PROF. MACKAY: Thank you, Sherie. Perhaps I could ask my questions and if the answers are coming up, that's fine, but if not, could we please ensure that they're covered. I would be really grateful if the Council representatives would give us the kind of two-breadth summary of logically why a 90-day cap in the areas proposed works as a mechanism to address the housing shortage particularly, rather than a 180-

And then my other question is quite different, which is, just to ask Council about the - if the Planning Proposal were to be made, is there an intention or a mechanism to deal with existing use rights? I mean, if there were uses subject to a development consent, presumably there would be some potential for existing use rights to continue. But is there any kind of transition and, related to that, what's Council proposing in terms of effective enforcement? I mean, I'm using that word enforcement in a gentle way, not a heavy-handed way.

20 MR LYON: Well, just to deal with the first question - the last question first, in terms of existing use rights, I mean, anyone who has got a DA, for example, or anything to do with bed and breakfast, that always holds and that carries through. In terms of the creation, if you like, of rights through this process, we've been assured by the Planning Department that that wasn't an issue, and that when you move the day caps and whatever, there's been no existing use rights created, because we were concerned about that, and we made the point that we wanted it to be deferred until we got this in, because we didn't want to be in the situation where we had to argue about that, you know, if we reduced from 180 to 90 days, and we wanted it to be deferred from
30 February last year when it came in. We were assured that that wasn't an issue, and had their advice essentially that that wasn't a problem, so that's why we - you know, what we can do, anyway? We get told what they're doing and that's that, so, you know, they assured us that that was the case.

In terms of the 90-day cap and whether it will work, it's about - you know, again, I mean, we've seen that people are making money between that 90- and 180-day category. That's where they made - this is an investment choice, that's where they're making their returns, and in terms of the research from Urbis, when they do that survey, it was very clear that you've got that increased amount that will go in.

40 And the other thing is, that I would suggest is, around compliance. Trying to enforce compliance on 180 days, it's - honestly, it's like, why would you bother? There's

always gaps in the STRA, times with the bookings anyway. You know, you're not talking about a significant amount or difference. We don't think it's going to be much of an incentive for many people to not continue with the models. We still think that they'll make higher returns using a 180-day cap than they will if it's a permanent rental. But when you move to the 90-day cap, it's clearly borne out that that is the economic driver incentive that will actually change the behaviour, and make people adjust. And that's borne out in the survey, and it's actually borne out in other jurisdictions. We're not going to cover that today, but we're going to see some of the research when we present next week around what other jurisdictions have done, and how that's operated and how that's worked, and how it's actually served to achieve the purpose that it was created to do.

PROF. MACKAY: And if I could just clarify, that is the 21 per cent of STRA that would return to the long-term residential market under the graphic towards the beginning of the presentation?

MR LYON: That's correct, and I just want to really make this point strongly - because of the disruption that we've had over the last three years, this Planning Proposal is not as important as it was in relation to the return of properties. It's now much more important about preventing, when visitation returns, the conversion of our current long-term lets and short-term lets again. And that's the real issue here, because people have bought in during this COVID period, and that property has been taken out of short- and long-term let pools, and it's now owned and lived in by people that are working remotely. We've seen that with the drop in STRA in the last three years, we haven't seen a corresponding increase in long-term rentals, but when the visitation returns, there is every incentive for existing long-term rentals and those owners to invest in short-term let. We've seen it before, and there's nothing to stop that happening again. We do have the plans in place to increase supply in the longer term, but given everything that's going on with the floods in the area, the construction industry, and how difficult it is, that's going to take time to implement.

We do believe we have the planning pathways now to provide the housing, and we see this as a temporary piece of the puzzle. It's not a solution, it's not a silver bullet, but it certainly is about ensuring that we don't see, as visitation returns, that real pressure on our long-term rental stock, and that's the key point. As things have moved, and why it's even more important now than it was, there will still be that return of properties, that seems to be borne out, as I said, in that survey, but much more with an eye to the future now, which, you know, that's what planning is about, I think.

PROF. MACKAY: And if I could just nail this succinctly with you, it's Council's view, based on the survey data, Urbis report and other information, that 90 days causes that behaviour to change, whereas 180 or 365 don't.

MR LYON: Yes.

PROF. MACKAY: Thanks.

10 MS BURT: Commissioner, Shannon Burt. We've got a diagram there, because I'm not sure whether the Mayor has talked to your point around the criteria that we've established for the precincts, so we do have a diagram to that, and that's something that has been reported to Council. And, again, it talks to the fact that during our most recent Planning Proposal exhibition, we were asked to establish the basis upon which we were looking to have 365- v 90-day areas in our Shire. So the team worked on this to look at both quantitative and qualitative data sources to rely upon to basically set up what we believe is best fit criteria to establish where our tourist areas are and where our needs are from our residential sort of - and amenity areas. So I'm not sure if you've seen this before or need us to talk through it.

20 MR LYON: It's certainly in the Planning Proposal documentation.

MS BURT: It certainly is, yes.

MR LYON: And this is another point to make - every step of the way, we have done what we've been asked to do by the planning component, in every way. The only thing that we would argue - you could argue maybe that we pushed back on was increasing the 365-day precincts. It was difficult enough to do those precincts. We had this very good criteria around it that's justifiable and gives us an inability to measure it in the future as well, in terms of where STRA concentrates, but we have
30 done everything we've been asked to do every step of the way, and we hope that we get a favourable understanding of what we need for this, and that we've made our case. Can we just skip to the last slide, because it talks about what we need, and then I appreciate that we - - -

DR COAKES: Yes, Mayor Lyon, just one quick question there on that. I did note in Council's minutes, I think, of the December minutes, that there was reference to whether - was the intent always to follow the precinct and the cap model, or was - initially were, you know, you more interested in just pursuing a general 90-day cap across the Shire? I'm just interested.

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MR LYON: We initially - we were putting forward just a general 90-day cap - - -

DR COAKES: Yes.

MR LYON: - - - and then a lot of the feedback actually that was against Council's Planning Proposal, when we did the consultation, wasn't so much that they didn't agree with regulating, they just didn't think that the precinct system was necessarily the best way to do it, that we were picking winners, it wasn't fair on people in 365-day areas, et cetera, so, you know, I guess from our point of view, we will - we had to do that. We originally did propose a 90-day cap across the Shire, and then that was told -
10 we were told that, no, we had to have precincts, so we did precincts, we developed criteria to determine what those precincts would be, and we followed that model.

But certainly it wasn't our initial plan, we didn't want to pick winners, and - but having worked through it, and given that we don't really want to necessarily curb visitation, though we do really need to protect our workers and our industries, our other industries, that are by far the vast majority of the employing in the Shire, that do that employing, I think the way the precincts would work with that concentration actually serves to really limit the impacts on visitation, which gives massive economic benefit from jobs being done and staff not being overly stressed in terms of the amount
20 of money it costs them out of their income to pay rent.

DR COAKES: Yes. Okay. Thank you for that clarification, and I'm just - Juliet? Juliet has got her hand up.

MS JULIET GRANT: Yes, sorry, I'm conscious of the time, but - and I'm not sure if it was in the slide pack, or if we've just skipped over it or haven't seen it yet, but a lot of the speakers and stakeholders that we've spoken to over - particularly today, but over general time, have talked about this, that STRA is only kind of one - you know, one tool in the toolbox, and that there's the whole strategic planning suite of tools, and
30 you've got a residential housing strategy, and flicking through it I can see that there's areas there you've got identified that are already residentially zoned, but haven't taken up, and you've got other investigation areas - could you just briefly maybe talk to that how that's travelling and how that's going? Obviously those - some of those processes take a bit longer, but if you've already got a significant area - amount of undeveloped residentially zoned land, what's holding that land back?

MS BURT: Shannon Burt. Commissioner, that's a really good point, and the difficulty we've had is the natural disaster event that occurred this time last year, and that's created a major, I suppose, destruction or a rethink now to our residential
40 strategy. Most of the lands that were identified in the adopted Residential Strategy that was not endorsed by the Department are now under review. That's why, when

you look at the slide that we've just put back up, we are looking at every alternate meaningful way to lever opportunities through Council land or partnerships or other temporary forms of housing throughout our Shire to address the need. So that's the challenge for us. The residential strategy is currently in refresh mode. We have a resolution at Council and a very supportive Council to get us to do a review of that, so we're hoping to have that work done some time through this year.

10 Sorry, I might just add, also, because it would be remiss, one of the big issues for our Council has been the fact that we have not been able to put zero days or no STRA on any new residential land in a strategy, or, in fact, even on our own land. So the issue for us being that, notwithstanding our best efforts to bring land online and development online, without the ability to preclude or exclude it from STRA, the SEPP, it is open to whoever buys it, develops it, to use it for STRA.

20 MR LYON: If I could just add to that, one of the key components of our residential strategy was infill, and we did see a fair bit of this going on, which we welcomed when we were approving these developments, where they might buy one or two blocks, and then turn it into eight or ten strata-ed townhouses or whatever, and there was that sort of infill development. That was a big component of our residential strategy in the past. Unfortunately what's happened with the land values going the way they've gone, that has pretty much dried up, you know, as a market-driven mechanism to provide that housing supply.

30 The other thing that needs to be mentioned around the floods, before we just go to what we want slide, around the floods, the one silver lining from that was, a recommendation came out of the inquiry from Mary O'Kane and Mick Fuller around regionally significant farmland - well, certainly around cleared agricultural land, is the way it was worded, and that gives us real hope for the future, that we can create housing in areas - vast swathes of the Shire, from Mullumbimby south and west, the entire Shire is mapped regionally significant farmland, and has been constrained and unable to be developed for housing. That recommendation has opened a bit of a door, and then a bit of pushback, if you like, on the Department of Primary Industries, and our ability to use that cleared agricultural land for the purposes of housing. And so that's happened up a pathway that we haven't had in the past in the Byron Shire to provide housing.

40 So that's very exciting, but, again, it's five to ten years down the track in terms of that development pipeline, but it does give us hope that we will have the tools in the future, particularly combined with that affordable housing contribution scheme, to provide 20 per cent of lots in perpetuity for affordable housing. So we see this as a temporarily policy setting designed to alleviate and help in short to medium term until

we can bring that housing online. Can we skip to the last slide? I just want to make sure that we don't miss a couple of those last points while we've got you here. Apologies for going over time.

DR COAKES: No, that's fine.

MR LYON: So, I mean, for you to support our Planning Proposal, it's fairly obvious. The mechanism to exclude new housing - so, you know, as Ms Burt was saying, you know, we'll be able to put a mechanism in place when we release new land that we
10 can prevent that from being used for non-hosted STRA would be useful. But as I mentioned, that affordable housing contribution scheme is fantastic, and because we can give that land to key new housing providers, or create a key new land trust, that will also remove that ability for it to be STRA, which is great.

But just focusing on STRA, I mean, we've got some grave concerns around the registration system. The fact that the Government keeps the money for that, yet we have to fund the compliance in terms of administering that. But give it was at 180 days, honestly, we hadn't spent enough time to really dig through all of the holes in that scheme, because we've been so focused on getting the 90 days, so we've actually
20 got something that will work in the way that we need it to. We also think that the rating system needs to be reviewed, and these are un-hosted STRA, they are commercial enterprises, and they should be rated as such. And honestly, they should be taxed, in our view. They should have a registration fee, a significant registration fee, and that fee should be kept by Council to cover the costs of the compliance of that system, but also to be investing tourism-related costs.

It's been no secret that we have 2.4 million tourists in a business-as-usual environment. 36,000 residents, and an infrastructure backlog which constantly sees us, you know, at the begging bowl to try and just keep up to our infrastructure
30 requirements. So finding that way to, you know, levy these properties would be really useful. And honestly, in the business case of an un-hosted STRA, certainly in a 365-day precinct, you know, one, two or five thousand dollars is a drop in their ocean.

MS GRANT: Sorry to interrupt, but picking up on that point, by creating the precincts where they have 365-day access, are you not then cutting off your opportunity to levy those people? If 90 was - or 180 is the base, is there then an opportunity to say to people, well, come back to me with a DA for the extra bit and the consequence of that DA - yes, we'll give you the 365, but the consequence of the DA is you pay a levy.

40 MR LYON: We're certainly not the font of all knowledge, you know, we're just doing the best we can with what we know, and we have no expectation that the

Government will even give us the \$65 of the registration fee to pay for compliance, so, you know, I guess we're not there yet, and we're just sort of following - we wanted to do, as I said, 90 days across the Shire. That was our first approach. In terms of the problems with that precinct system, and the way that you've mentioned that, Commissioner, I don't have anything to add, and I would be grateful to be in that situation where we could worry about how we're going to work that one out. Is there anything else that we need to add?

10 MS BURT: Shannon Burt. I think just to that point that we what we need is also there's a suite of things, and, again, as Mayor Lyon pointed out, depending on where we land and what that looks like, all or some of what we've listed there would be relevant. I think the key thing is, presently, short-term rental accommodation is exempt, so there is no DA. There's simply the reliance on the registration scheme, which is completely administered through the Department of Planning, and them receiving what one would see as relevant light-on fees, with councils wearing the need to enforce, given the expectation of community to do so, and you will probably hear from a lot of community and others that, you know, the flaw with trying to implement regulation on STRA is, unless you've got some cogent form of enforcement and a strategy behind it, and resourcing behind that, it becomes really a moot point. So that
20 in itself is problematic, but we have strongly advocated for a locally administered register from day one, even with the discussions with Minister Roberts back in 2018, '19, and even Minister Stokes - we've had that discussion previously.

The review of the rating system, I think that sits separately to if and when a levy of some sort comes into play. It really depends on that. So, again, some of those issues, we're happy to clarify if need be.

30 DR COAKES: Thank you. That's been very, very helpful to us. Richard, Juliet, any last questions?

PROF. MACKAY: Not at this stage. Thank you, Chair.

DR COAKES: Juliet, no?

MS GRANT: No, thank you. I've got a thousand questions going around my head, but - thank you.

40 DR COAKES: Okay. All right. Well, we are definitely out of our time, but that's been incredibly helpful, so thank you all for making the time on, as I said, late-ish on a Friday afternoon. We do appreciate that, and we look forward to seeing you in Byron next week.

MS BURT: Thank you for your time also.

MR LYON: Thanks so much.

DR COAKES: Thank you, everyone.

MEETING CONCLUDED

[5.57pm]