



New South Wales Government
Independent Planning Commission

TRANSCRIPT OF PROCEEDINGS

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

SHELTER TAS MEETING

COMMISSION PANEL: DR SHERIDAN COAKES (Panel Chair)
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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 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, I am the Chair of this Commission Panel and I'm joined by my fellow Commissioners Professor Richard Mackay and Ms Juliet Grant. We're also joined by Stephen Barry and Oliver Cope from the Office of the Independent Planning
10 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 briefing is 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 is important for us to ask questions of attendees and to clarify issues whenever it is considered appropriate. I request that all members here today 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. We will now begin.

20 So thanks, Pattie and Cynthia, for joining us this morning. We did provide an agenda because we had a number of questions that we - or aspects we'd like to cover in today's session. I guess, starting out with, in particular, your rationale for the Shelter TAS approach to monitoring work that you've commenced with Professor Phibbs. So, Pattie, if I could hand over to you to give us a bit of a background on that, that would be great.

MS PATTIE CHUGG: Okay. Greetings from Muwinina Land in Lutruwita, Tasmania and we'd pay like to pay respect to Elders past and present and any members of the community here today. I think it would be really interesting why this research happened wasn't anything to do with the State Government or Local
30 Government, it was funded independently and what was really good is that because we're funded as a peak body by the State Government we have access to certain data. So I'm not quite sure what New South Wales gather your data range of bonds and your situation but it allowed for a unique situation, (1) total independence of the research by benefactor to us and luckily Professor Peter Phibbs who has moved to Tasmania was available so we had some things come together at the same time.

In 2018 there was a housing summit looking at the housing crisis in Tasmania. Back then there was - even then the housing situation was quite dire, rental affordability index shows that Hobart's the least affordable capital city in all of Australia. Hobart and Tasmania traditionally have been quite a - pockets of quite cheap rental but we've
40 been finding over the last few years, particularly with population growth, tourist demand, that our housing crisis has intensified significantly and so what Tasmania was back in 2016/17 certainly isn't the rental market that we see in 2023.

So by being part of the State Government and good working relationships with them we were able to have a unique protocol set up with our consumer and fair trading which is the Consumer Building Occupational Services, CBOS. So they do two things. A 2018 summit was called for the counting of short stay accommodation in Tasmania, so we got the data around that and the second one is they oversee the Rental Deposit Authority of the Bond Board, I'm not sure what you call it in New South Wales. So then we had these two records that we could look at. They're not perfect, they don't assess income against it but at least we had some records.

10 So we went into a protocol with them around that, that then Professor Phibbs could access that information. This hasn't been done before. The funding allows us for five-years' funding to monitor the impact over five years, so it's quite unique really. So the report that you would've seen is the baseline report which I think is really educational, it's an education piece as well but it also showed in those findings that by looking at previous bonds, there had been long term rentals and then comparing to those with records around short stay and what had then become basically tourist accommodation and you see that we have quite intensive short stay accommodation in Hobart.

20 So the first report was the baseline which I recommend that you've all read - I'm sure you're reading any documents - but it's really quite a unique sort of study and puts to the end a lot of the claims that the short stay industry actually say, not having an impact, it's only one, you know, we're only using our own homes because we know that the short stay accommodation when it initially started was really about a sharing economy which is, you know, really quite positive, how to utilise empty bedrooms but it really has morphed into something quite different to that where often developers, real estate bodies can be renting out multiple, multiple properties. So it's turned from what was like a sharing basis into an investment class, I think, is how we would put it.

30 So we sort of found out that Greater Hobart's really overloaded with short stay, it's 6.8 times short-term rentals as a proportion of long term. That's much higher than Sydney, Sydney's 4.5 and more than Melbourne. So we also from previous reports (not transcribable) show that Hobart, like 12 per cent of our inner-city rental properties are short stay so that's really quite high and also we - it showed about the link with vacancy rates and I'm sure you're aware of vacancy rates sort of help set rents and healthy markets, you know, under three per cent, anything that really gets below 2.5 per cent rents really start to increase.

40 Well, I think you'd be interested in, I'm not sure whether it is in Byron but, you know, for the last few years it's really been under around one per cent in Hobart and in other areas of Tasmania, I'll get to that later, but so it's sort of, I suppose, telling the picture and getting the data, getting the evidence so for once we could actually look at this rather than have debates and this has been very useful for councils too. So Cindy might want to talk about it but Hobart Councils actually took a lot of notice of this

report as well as other gaining evidence to try and see how they could monitor short stay in their jurisdiction.

10 Tasmania has 29 councils. Small population, lots of councils and we can talk about that later but there's been a huge impact in tourist hotspots as well and I think what we were, as sort of a beacon call to say, look, this is happening, governments, State Governments need to take notice of it, you know, the best housing economy in that is a managed one where you know the interactions but to this day really back in 2016 the State Government deregulated the short stay market and it was a different market back then, significant changes but it hasn't kept pace with those changes and so the impact's really been felt by local communities, things of key workers. There's been a lot in the media lately around coastal properties around Tasmania unable to secure staff for nursing, supermarkets, all of those sort of, all those sort of, yeah, key workers but for us the impact on low income people is particularly fierce because they are competing in a competitive market.

20 The other, the other thing to be really, we found that the report sort of uncovered is that governments often measure how many new buildings are being built and they say, oh right, we're getting these new buildings on stock, we know that for us we want social housing to be built but the general building and the attitude of most governments is the more houses we build, the more supply we get, that will solve the housing crisis, that will, that will bring more housing into the market.

30 What we're finding is new apartments, incentives for landlords, that stock can actually go to tourist accommodation and that's not being monitored or counted. So I think that's another really important story. What is the use of those buildings? Yeah, they may be being built but what's the end use of them? And we're finding now with - Tasmania's a very tourist state so in a way we're a bit of a, a bit like Byron in some sense that tourism's become very popular here so we're getting lots of apartments built, you know, the Hobart Council and councillors are looking at infills, urban planning but are not really monitoring and counting the stock of those new builds so they're directly going into tourist accommodation. Cindy, did you want to add anything?

40 MS CYNTHIA TOWNLEY: Just that I think one of the issues that we have here in Tasmania is that there's a debate going between the local councils and the State Government around who has the capacity or the right or the legal head of power to put a cap on the number of short stay permits or to restrict them or to put a freeze on them and that's gone to and fro a fair bit between sort of statements by councils and statements by Ministers and there is currently a determination underway with our Tasmanian Planning Commission - I'm not sure if you're all across your counterparts here in this state but that's coming through - a request from Hobart City Council to try and make a determination as to whether they can actually limit the short stay growth in their local government area and as far as I'm aware that is still yet to receive a determination from the Planning Commission.

DR COAKES: Cynthia, just a quick question and then Richard's got one too but is that - so is that quite consistent across councils that you're seeing the push for capping as a strategy?

MS TOWNLEY: As Pattie said, we've got 29 councils so there's going to be a lot of diversity around it. People's level of sophistication in their, in the local council capacity to actually mount a legal argument or to kind of engage at a really complex level. Some councils are very, you know, they might have a high impact from short stay but they've also got a lot of low resources and other demands so they're going to concentrate on other things but I think, I think there is, there is some appetite probably again in the larger councils where they have the resources to kind of investigate it and see it through and think about it.

We've also heard people wanting to change the way that the rates are calculated. So at the moment it's nearly always going to be calculated as a residential property but it's actually a commercial property. So what are you - how do we get those things reassessed in a systematic way so that the valuer, the Officer of the Valuer-General has got a systematic approach. Ideally in Tasmania we'd like to see something that's consistent state-wide so everybody's on the same level. If the property's being used predominantly for short stay it ought to be a commercial property. Okay, that does that mean for the valuation of the property and then the rates that would be going to the local council but it's so dispersed that it's difficult to get that consistency here but I think, I think there needs to be a consistent approach. You know, in a perfect world we'd see consistency, I think.

DR COAKES: Richard?

PROF. RICHARD MACKAY: Thank you both and look, I guess it's fairly clear from the report and from both of those contributions just then that there's recognition of a market failure and a need for intervention. I'd be very interested, if you feel comfortable, to express a view on what would be the appropriate/effective intervention. I mean, is it a cap on short-term residential accommodation or is it a land use regulation that requires consent? Is it a characterisation of short-term residential as commercial or, you know, is it simply an economic market mechanism in terms of differential rating for properties that are used for STRA? I'd just be very keen to hear what you either have observed or would feel might be the mechanism by which a good outcome could be achieved.

MS TOWNLEY: Pattie, I'll have a go at this. We haven't seen anything that's been effectively implemented to see what's working. I think you do have regional differences and local variations. So to be honest, I would like to see all of the above. I'd like to see a structure and a framework that empowers local decisions where people know what's needed in their local area so that people can kind of go, so that decision-makers like local councils or even regional, regional areas if there's, if there's a group say, for example, Tasmania's East Coast can have - because I think a consistent approach is really important but that said, what's going to work in Hobart in terms of resourcing is going to be something else and whatever mechanism you put in place if

you don't monitor and you don't manage it and you don't see if it's working and then update it when you need to, then you're not going to get the right outcomes.

So to be honest, we have a crisis, I would throw everything possible at it and short stay's not the only cause of the crisis, it's a contributing factor, but the crisis is so acute particularly for low income renting households that I would be, I would be saying throw everything possible at it and then watch it very closely and see what's working and tweak it as you need to get the result we need. What we need is we need more properties in the residential rental market that are affordable to people on low incomes, we need to, we need to stop the transition, the bleeding or the flowing or
10 properties into short stay which is fine, it supports the investors, it supports some people but in a housing crisis that can't be the priority, you have to put the public interest first and I think the public interest is residential homes, not tourism and I think that we're seeing is also the complexity of it in housing for workers, so you've got your workers that support tourism and businesses that depend on tourism, if they can't get their workers the value of that tourism is compromised. Even the economic value is compromised but even more importantly, there are places who can't get medical staff, they can't get teachers, we're struggling to find housing for all kinds of essential
20 workers across the board in places with high pressure and that, again that's not a public interest outcome that we should be accepting and to be honest, I think whatever we can do, all of the levers need to be in play with some capacity for local decision-making as to what's going to work best in the areas where people have that knowledge.

MS CHUGG: Yeah. Just add to that because we found the permit - Richard, permit system here is not monitored, like with 29 councils we're talking about often don't even have a planning department and even the Hobart Council, which is the best resource, we see that as playing a leadership role and it has become really stagnant in the Planning Commission around legal advice about who's got jurisdiction to make change and so that's sort of a bit of a stalemate and has been for several months. So we did a, and so did Prof. Phibbs and other people we did a submission into that and
30 then the last minute at the end of last year they were saying, oh, we need to seek more legal advice so it's really quite stuck.

So I think Dorset Council that mentioned it had raised rates, that's where the bike trail at Derby, Derby is. So Derby's gone from a sleepy little ex-mining village into this sort of huge, you know, growth of tourists in a very quick manner and I think out of frustration I think the local government there is just trying to do something to at least ameliorate in some sense that they haven't got any other alternative. Our next report that we did in December this year looked at Launceston. I don't know if you know Launceston but that's our second biggest city in Tasmania. 67 per cent of the stock that we looked at had previously been in the long term market is now in the short-term
40 market.

So we're finding this - even all across areas in Tasmania traditionally seen as affordable, especially for low income people, we're talking about Byrnie, Devonport, Smithton, Bicheno. Bicheno there's been lots of pleas in the local paper saying, look, we can't get workers, we're in these tourist places but we know that local people, low income people are being even affected further because once, you know, you'd be pushed out into other regions because you can't afford central locations. That used to be just low income people, you know, that was just your people on pensions, benefits and it disproportionately affects women as well. We're doing a study currently looking at that, women and children, they've been pushed further and further out but they now, people up the income ladder, the rental affordability, so even those fulltime workers are being pushed out as well.

So we've got a situation that's really unforeseen, unmanaged but now the evidence is growing. Once there was an attitude that short stay was really, it just added to the economy, it made it, allowed to supplement. Often the short stay places like Airbnb will show a grandmother that can buy a fridge and this is really this cottage industry but it's not a cottage industry. We don't think regulation should be over at the family home, we're saying it's those additional properties that need to be regulated and looked at.

So it's really a significant issue and I'm sure it is in Byron Bay as well and one way of doing it, as I think Cyth says, all those things you were mentioning but I think the thing we've hit here is who has jurisdiction to make those decisions and we've got this impasse now between the state and our largest council and I think if that council can show some leadership and that can be resolved, all the other councils will be assisted as well.

So I think Dorset just probably did that out of desperation and that is another means just to up the rates in other properties and at least then if that money could go back into even affordable housing like it does in other countries there's some sort of levy but I just think that it's really a bit out of control really.

DR COAKES: Richard?

PROF. MACKAY: Look, thank you both. If it's any consolation the last time I was doing statutory advice for the State Government in Tasmania there was 76 local councils so you've come a long way. I just wanted to press Cynthia a little bit, if I might. I mean, I get the sort of throw everything but the kitchen sink at it approach but I observed just in the discussion in this meeting if even in Hobart it's 12 per cent of the rental accommodation being used for short stay, is the biggest tool actually the supply of new housing and ensuring that the supply of new housing comes into the rental market rather than the short stay through whatever regulation, be it by State Government or - because it just seems to me from what you've said that capping is going to be fiddling at the edges, whereas ensuring that new buildings can be rented actually addresses the demand more directly.

MS CHUGG: Can I just say one thing? What we're finding is - I'll let Cynthia say that. Yes, both, both and that's our number one advocacy at ShelterTAS is to build and add new supply. That comes on slowly, land's hard to get, you know, you're pushing out but the new builds are going to tourist accommodation as well so what do we do about that, Richard?

PROF. MACKAY: Yes. Well, just from the numbers and from what you've said it just seemed to me that capping will have some effect but actually addressing the supply side in a regulatory sense is probably the most powerful lever to pull to get the biggest change most quickly.

- 10 MS TOWNLEY: I'd agree with that. I think that without new supply we're not going to solve the problem because we have a State Government that's committed to population increase and so you have to improve supply, you have to stop the flow of that supply out. I actually think I would sunset all the existing permits. I mean, this is the world according to me and probably not a pragmatic answer but - and I am a bit inclined to say, and I don't want to fall into the trap of saying something must be done, this is something, let's do it because I think that's also really dangerous as an approach but what I think is we should actually take a long hard look at the proportion of the property market that we want to be tourist accommodation and I think we should then say there's a number of permits available that will satisfy that number. What is the
20 rationale for a number? Right. You might say it's a hundred. Well, okay, we've now got 200 permits, they all sunset in five years and it's a lottery system as to who gets it.

- So there's an equity argument that people have time to make the new arrangements. There's sunset, there's no, there's no - and at day zero, okay, everyone can put in, put their hand up and say I want a permit for this property but there's a limit to the number that are going to be allowed and it's updated periodically and when we solve the housing crisis we might put a different number on that but at the moment what we've got is a complete laissez faire approach that is indifferent to the externalities that are predominantly affecting people on the lowest incomes, who had the lowest resources and the people who are reaping the benefits of short stay - or certainly the visitors
30 might, might have a lovely time but, in fact, it's the developers who are making a profit and the community's paying a price and we have to change that.

MS CHUGG: Another thing to add to that is diversity of our communities. So it's really important, you know, there's obviously things like we don't have any inclusionary zoning laws here in Tasmania, for instance, but that whole urban planning but it's also rural small towns that are being really hit as well. So it's not just an inner-city, city problem, we've got to look at it as a regional problem so that's really important. So I think the supply thing always comes up and it's our number 1 answer but where that supply is built, you know, traditionally it's been built in greenfield areas and outskirts.

- 40 The tourist accommodation is taking up all the prime real estate areas next to infrastructure, hospitals, you know, for older people and so, I mean, that whole urban planning - but we sort of can't wait for just supply, I think how can we regulate and do

things in stages because we've been talking about supply ever since I've been around and it still gets worse and our government, our State Government's very committed, they've just committed a billion dollars for the next thousand houses but we can strip out overnight 10 houses just on a platform. We've only got to press a few and it's gone and there's nothing to really stop that. So I think it's a staged approach and I think those more planning, diverse, better, you know, fort cities for a whole lot of carbon neutral, all of those things need to be in place but we're just, while we're thinking we're losing stock so quickly.

PROF. MACKAY: Thank you.

10 DR COAKES: And just in terms of - just a question around that implementation and sort of Dorset Council, what has been the response to that at a community level?

MS CHUGG: We don't know really. I mean, it's been introduced - I haven't, we haven't had that as part of our project or looked at it. I think, I think it would probably take a while to flow through and Dorset's a very regular - it's also got Bridport which is a rural, a very popular seaside place as well. So it would be interesting to see not only how it has an impact on Derby which is basically sold out now. You know, properties probably sold there, I don't know, quite a few years ago maybe, 200,000 but now like they're a million so it's sort of the market's already probably locked there in lots of ways.

20 The other interesting thing is Treasury and how they look at population growth and look at the link with housing. We found years ago when we tried to mention about the short stay that Treasury had really underestimated, or don't pay much attention to, the private rental market and they had underestimated impact it was going to have and their solution was, you know, like, Richard, supply, lots of hotel rooms are coming on board, this is not going to be really an issue and that was back in - was it 2018? And that's been grossly miscalculation and more recently our population is increased once again significantly higher than Treasury predictions and I think Treasury often don't really - they look at home ownership a lot but they don't actually look at the rental market. So there's sort of gaps in information. I mean, in New South Wales you
30 might do it better than we do it here but that monitoring of the impacts is a bit hard to assess but so I'm not sure - but we've underestimated time and time again what's really happening.

DR COAKES: And, I guess, just coming back, Pattie, the benefit of the monitoring reports is to provide that sort of base evidence and some structure around how that data has been collected consistently and to build up the knowledge base.

MS CHUGG: Yeah. So at the very least you're making sure that your data and - but also making sure that the State Government is supportive of it, I suppose, because ours is still independent research and we're still trying to lobby the State Government, the government to make some changes but the warning signals were there, I suppose, and
40 it's really part of the digital economy how that can change things so significantly but at the same time supporting those people with their own properties and that but really

making the message clear because the message gets very murky about, that's my property, you can't - some people may have 80 properties or 60 properties but they're still being seen under a short stay lens.

DR COAKES: Okay. I'm conscious of time as we're just about at our time today. Richard, Juliet, any further questions?

MS JULIET GRANT: No, thank you, that's been so interesting. Thank you so much, yes.

DR COAKES: Thank you. And can we get a copy of your report when it's finished?

MS CHUGG: We've got to write it.

10 PROF. MACKAY: Our report gets published.

MS CHUGG: And, Richard, I can't believe - I can't believe there was 76 councils, gosh, that's amazing.

PROF. MACKAY: Yes, that's in the nineties when the heritage legislation came in.

MS CHUGG: Wow. Because we think 29's a lot.

PROF. MACKAY: Oh, it was unmanageable, there's all these tiny ones down the Forester and Tasman Peninsula and - - -

MS TOWNLEY: That's where I live.

PROF. MACKAY: Yes.

20 MS CHUGG: There is still a lot of small councils without that capacity to do the monitoring and they might become and areas that are really, become really popular and we've found that definitely up on the Table Cape, West Coast. I mean, Tasmania's really been discovered in lots of ways and that's good on one side but it's the management of it on the other side.

DR COAKES: The management. Yes, it's such a beautiful place.

MS CHUGG: Come and visit us.

DR COAKES: Yes, yes.

MS CHUGG: No, no, no. Or don't.

DR COAKES: I'd love to come again.

MS TOWNLEY: Okay. Thank you.

30 DR COAKES: That's lovely. Thank you so much, Pattie and Cynthia very much for your time.

MEETING CONCLUDED

[9.50am]