

**Submission  
No 161**

**ADEQUACY OF THE REGULATION OF SHORT-TERM  
HOLIDAY LETTING IN NEW SOUTH WALES**

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# Submission to the inquiry into the adequacy of the regulation of short-term holiday letting in New South Wales

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## Background

I have been offering rooms in my family home for short-term letting on Airbnb since November 2014. My home is in a quite residential neighbourhood, Greenwich, on Sydney's lower north shore. It is far removed from the usual tourist accommodation areas.

I decided to list on Airbnb as my home is larger than I need and my now adult children are not always in residence. I don't wish to sell it and downsize as my children are not yet at the stage at which I can be reasonably certain that they won't 'boomerang' back.

Opening my unused areas to guests enables me to cover the high costs of maintaining a larger home and garden and gives me the incentive to maintain the areas to a high standard. I also enjoy meeting a huge range of people from different cultural backgrounds.

In 11 months of listing on Airbnb I've hosted around 70 unique stays, ranging from single guests to groups of five. Around 50% of my guests are from overseas, with the majority of these from Singapore, Hong Kong and mainland China.

Domestic guests chose to stay with me to undergo treatment at the local hospital, catch up with local family members or to attend a training course or conference on the northside.

Domestic guests are most likely to be members of a family group, including small children or whereas overseas guests are equally split between groups of young adult friends and family groups.

For domestic guests, the most common reason cited for choosing to stay at my place (rather than a hotel or serviced apartment) is the space available to entertain, second is access to 'homelike' amenities such as laundry and kitchen.

For international guests, particularly those from mainland China, the natural beauty of the location and access to a private swimming pool and BBQ – the opportunity to 'live like a local' – is consistently cited as the most desirable feature. It's frequently mentioned by these guests that this is not something that they could otherwise experience and that it cannot be replicated in any other tourist accommodation offered in Sydney. They are attracted to Sydney specifically to enjoy this experience.

## The differences between traditional accommodation providers and online platforms

The attributes of the host, as evidenced by the host's profile and reviews, are as much (if not more) of a factor in the accommodation selection decision than the physical attributes of the

property; particularly when the guest is selecting an in-home accommodation option such as mine.

Online platforms such as Airbnb give guests the opportunity to find a property that offers what they consider a good fit with both their accommodation and social needs.

This is a unique benefit that is not met with traditional accommodation offerings and, knowing that it can now be offered, guests for whom this is important will increasingly demand that this need be met. If it can't be, they will simply go elsewhere.

## **The economic impacts of short-term letting on local and the state economies**

My guests create value in my local economy. With few exceptions, my guests make use of local restaurants and services, shop locally and use paid recreational facilities such as gyms and the aquatic centre.

Value is frequently cited as a driver by my domestic guests, but less commonly by international guests. Domestic guests, particularly family groups, often state that if they were not able to stay at my place or similar then they would be forced to reduce the length of their stay or not travel to Sydney as a family at all.

Guests staying to pursue medical treatment state that without access to accommodation such as mine they would most likely either be forced to travel without family support, or return home before they felt really well enough to travel. They would not be willing or able to spend the same duration of stay at any existing short-term or visitor accommodation offering. Anecdotally, it would appear that my guests stay longer and in larger groups than otherwise

Based on my conversations with my guests, the counterfactual to the availability of short-term lettings such as mine is not a greater use of traditional visitor accommodation in Sydney. Guests would simply elect to stay in locations where the style of accommodation they wanted was available.

## **Regulatory issues posed by short-term letting including customer safety, land use planning and neighbourhood amenity, and licensing and taxation**

Over nearly a year of hosting and 70 unique stays, I've received no complaints or even comment from neighbours regarding my Airbnb activity; which is to be expected given that the impact in terms of noise and use of on-street parking is negligible and there is no real or apparent reduction in neighbours' amenity. In fact, the impact of my activities has been positive in terms of the noise and activity levels that would ordinarily be expected from a household of this size.

Guests use my property as they would any other residential premise and I see no reason why any greater measures are needed to ensure their safety than that which would apply to an ordinary, non-commercial residential premise.

However, I do believe it would be worthwhile to mandate measures aimed at ensuring that the premises offer the highest level of safety expected of residential premises, and that it's reasonable to expect that these residences comply with any requirements that would

otherwise exist were the residence to be offered for a longer-term lease – e.g. mandatory Pool Compliance Certificates, smoke detectors, electrical safety switches and temperature limited hot water supply.

## **Any other matters**

### **Net Environmental Gain**

Allowing multiple diverse uses for existing residential housing stock, rather than encouraging new development in increasingly less desirable accommodation options, is a win for the environment. After hospitals, hotels are the single biggest users of energy per square metre. Encouraging short-term lettings could be a simple and effective way of reducing our emissions. We need to stop thinking of building as single use asset class and start to think of a diversity of activity within the existing structures.

### **May decrease the amount needed to fund destination marketing**

Visitors who use Airbnb are more likely to positively promote their experience on social media. Overtime this could reduce the resources needed to support destination marketing.

### **Impact on incumbents**

What is the purpose of regulation? Is it to ensure quality and safety or protect incumbents?

Vacancy rates are already low in hotels. An increase in the supply of accommodation via Airbnb-type platforms is unlikely to reduce the revenue of existing accommodation infrastructure providers; it may simply slow down the need for more investment in an asset class that may eventually find itself 'stranded'.

Given that some visitors have shown a preference for short-term residential accommodation over hotels, there may be no net benefit to the hotel industry in limiting the growth of peer-to-peer short-term lettings. Visitors may simply elect to go elsewhere, reduce the length of their stay and/or limit the number of travellers in their party if they are forced to select only from accommodation that does not suit their needs, i.e. that doesn't deliver what they need at a price they can afford.

In my case, this could mean that:

Family groups who previously would have stayed at my place while one member undergoes medical treatment might limit their numbers or, in the worst case, the person undergoing treatment may be forced to travel alone,

Visitors travelling to Sydney from adjacent regions (e.g. Southern Highlands, the Hunter Valley) to attend events may elect to drive back to their homes in the evening rather than 'sleeping it off' at my place. None of these scenarios create leakage from the revenue base of the embedded accommodation providers, but all of them create a net social cost.