

**Submission
No 168**

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

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Committee on Environment and Planning,
Legislative Assembly,
NSW Parliament,
Macquarie St,
Sydney, NSW 2000.

Dear Committee Members,

This document is my submission to your NSW Parliamentary Enquiry “Adequacy of the regulation of short-term holiday letting in New South Wales.”

My interest in this matter is both as an owner of investment real estate and as a traveller.

My basic motivation in making this submission is to encourage the Committee to provide a (preferably minimalist) regulatory framework that enables shared-economy accommodation arrangements.

We (family of 4: mum, dad, 2 children) have personal experience of using Air BnB in Europe and Asia. Of course, there are other, similar organisations/platforms.

In the interests of brevity, I’ll state my views in point form:

- Regulation, not prohibition
The ‘shared economy’ is here. It is futile and fraught with the danger of uneven and capricious enforcement to believe authorities can prohibit such forms of enterprise. Therefore, it is my submission that authorities should act to ensure safety, amenity, probity and (financial) security for service providers (owners/landlords) and consumers (travellers/tenants) alike.
- Family travel, personal experiences – our family experience of being Air BnB ‘guests’ has been completely favourable. We have been able to access easily a form of accommodation that otherwise would be opaque and unreliable. In other words, we have been able to stay in “real homes” rather than hotels. Apart from the cost advantage, it is hard to overstate the overall benefits of home-style living while in a foreign city.
- ‘host’ motivations:
 - Host travels -> recoup expenses (mortgage, rates) + recoup travel expenses
 - Property not vacant (burglary risk)
 - Return on investment vs ‘regular’ tenancy
- ‘guest’ motivations:
 - Stay in a home versus a hotel
 - Cost, value
 - Amenity – including food preparation

- Location
- Choice
- The Air BnB model – safe, secure, reliable
- Downsides?
 - House – hard to see what negatives there might be.
 - Apartment – possible, minor annoyance to other building tenants? Importantly, the issue is always *behaviour*, it is never the *length of stay/tenancy*. Is it better to have an awful tenant on a long lease than a short stay, well-behaved ‘guest’?
 - Does it reduce the pool of accommodation available for ‘regular’ rental? In practice, no.
 - ??crowding?? Should not be a problem more than for regular tenancies. That is, the same limits apply on number of people in a given accommodation whether short-term or other.
 - Competition with hotels – established hotels clearly have a vested interest in reducing competition. However, there is no real competition – the appeal is to different target customers. In any case, the authorities should not give preference to one model over another – that is the role of the market.
 - ??impact on government revenues?? Probably revenue-neutral or possibly positive if one assumes the greatest source of government revenue is taxation on rent.

I hope this is of benefit to the Committee and I wish it well in its deliberations.

Yours sincerely,
Dr Les Schmalzbach