

Admin, LACO

Subject: FW: Unregulated Short Stay Accommodation- sub no. 167 - redacted version

From: Cable Beachside Villas

Sent: Thursday, 28 March 2019 9:33 PM

To: Committee, Economics & Industry Standing

Cc: Worth, David

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We run a holiday accommodation business in Broome, offering 20 one, two and three bedroom self-contained villas in the Cable Beach Tourist Precinct. Our villas are officially rated 4 star accommodation and we have been in business in Broome since 1996.

This is a 100% Australian owned business, privately run and employs 2 full time and 1 part time staff members. As a small business, we spend considerable money with local contractors and suppliers. We have significant supplier relationships with 8+ local suppliers and a close working relationship with 6 tradespeople who help support our business.

The rise of short-stay AirBNB and HomeAway type accommodation in Broome is having a detrimental effect on our business and other similar businesses. Due to the economic downturn, there is currently a glut of residential accommodation in Broome. Many of these property owners have decided to list their property on the short stay market, as they are unrentable for long term residents. These property owners are not operating as a business. They are simply trying to ensure that they earn some money to offset their costs. They don't have to take into account development costs or refurbishment costs, as many of them are not in this for the long term.

As a tourism business, we are limited by regulation. Our property has a Tourism zoning, from the Shire of Broome. This means that we are limited to offering our villas as short stay accommodation only. There is a fixed, hard limit of 3 months stay per guest on our property. Meaning that we have to make this business work as a tourism, short stay business, as we simply do not have the option of changing to long term or other use.

Also as a business, we incur greater costs than residential properties in Broome. These include:

- Our Shire rates are much higher – 12.5 cents in the dollar for Tourism Rated properties, compared to 9.9 cents in the dollar for residential properties
- Higher electricity costs. We are charged 36.62 c/kWh compared to 28.32 c/kWh for residential properties.
- We are required to be tourism accredited to work in the industry. This takes significant amounts of effort to maintain.
- We are required to have documented Occupational Safety and Health procedures in place, including records to show compliance.
- We have higher insurance costs, as we need business insurance, workers compensation insurance, and three levels of liability insurance.
- Our swimming pool is classified as a level 3 aquatic facility, so we are required to have qualified first aid staff onsite and technically competent staff to manage our pool.
- Part of the planning and development approval for our complex, included extra development costs, such as additional parking for arrivals/departures/staff/etc.

Most of the above are not required by residential short stay accommodation.

Another issue is that the many legitimate tourism businesses in Broome spend considerable resources to promote Broome as part of our marketing strategies. We spend over \$75,000 p.a. on advertising and promotion – and we are only a small business. This expenditure includes supporting the local visitor centre (responsible for visitor servicing) and the Regional Tourism Organisation (responsible for promoting the North West region). None of the

AirBNB or HomeAway listed properties contribute to this promotion in any way. They are riding on our coat tails and would fail miserably if the tourism businesses did not do this promotion.

Having spoken to the shire, there is not much they can do about the rates, as they are constrained by state laws that only allow them to set rates on zoned regions. It is not practical to rezone one building, or one apartment in a complex, every time the building use changes. It would be much better for all concerned if any residential short stay accommodation properties could be “re-zoned” by the shire on demand, so that as soon as a house is listed on AirBNB or HomeAway, etc, then they would be upgraded from residential rating to business/tourism rating and would therefore be required to pay the higher charges for rates, promotion, electricity, etc.

The Shire of Broome has short stay accommodation policies:

A Bed and Breakfast is where a dwelling with a permanent resident is used to provide short stay accommodation for paying guests. Breakfast may be provided to the guests as part of the Bed and Breakfast. Short stay accommodation is defined as providing accommodation for a term less than three months in any twelve month period.

Up to two rooms within a house can be used to accommodate not more than four adults or one family at any one time.

If you are intending to accommodate more than four guests or one family, the land use becomes a ‘Residential Building’.

Different development standards apply to a Residential Building, for example additional parking bays are required, a management plan must be prepared, etc.

If you intend to rent out your house for short stay accommodation without a permanent resident, the land use becomes ‘Holiday Home’.

Holiday Homes are not permitted to be undertaken from any Residential zoned property in the Shire of Broome.

There are 127 whole home properties listed on AirBNB in Broome. Based on the above, most of these 127 listings would be classed as Holiday Homes and are therefore in breach of shire planning regulations.

There are 47 homes listed as shared rooms. These all meet the requirement for bed and breakfast under the shire regulations. No one has a problem with these properties being listed for accommodation. With the proviso that there is an equal playing field and that these property owners are all paying the higher shire rates, electricity charges and meet the same safety regulations that official tourism properties are required to meet.

The rise of unregulated short stay accommodation is having a serious impact on development of quality, purpose-built hotels and motels – particularly in regional areas. The normal process for development of a hotel, is to assess the demand for new rooms, and when a developer believes that this level is high enough to risk the investment in infrastructure, then the developer will go ahead with new developments. Based on my travels to regional areas, it appears that development is stalling in many areas, as the demand for accommodation is being provided by residential buildings. This does not appear to be a long-term viable process.

Changes required

1. Allow councils to change the rates levied on properties that advertise for short stay accommodation, so that they are paying the same rates as other businesses/tourism properties.
2. Allow the councils to advise listing sites, such as AirBNB and HomeAway if properties are in breach of requirements and have them delisted.
3. Require all short stay listings to go through a consultation process, similar to any change of use requirement for business properties. Ie a business normally has to post signage indicating that the use of the premises will change and give affected residents 3 months to object, before making that change. This would be empowering for neighbours, and would ensure that the amenity of residential areas is not affected.
4. Listing sites, such as AirBNB and HomeAway should be required by regulation to report all earnings to the ATO, to ensure that all property owners are paying their share of tax.
5. Listing sites, should be required to ensure that any listed property is registered with the shire and has approval to operate as such.

- Councils should be empowered to collect compliance costs from listed properties. This could be in the form of an application fee to apply for a short stay licence, as well as an annual compliance fee, if required. This would enable the council to fund any compliance staff required. This would be up to individual councils to implement based on the council policies.

Yours Sincerely,

Ross Forbes-Stephen

Manager - Cable Beachside Villas



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