

City of Adelaide Submission to the Select Committee on Short Stay Accommodation Sector

Terms of the Select Committee

This submission is made by the City of Adelaide to the Select Committee of the Legislative Council on Short Stay Accommodation Sector in South Australia. The terms of reference for the Select Committee are:

- a) The role of short stay accommodation in contributing to the rental affordability crisis;
- b) The social and economic impacts of short stay accommodation on South Australian communities;
- c) The potential to regulate the short stay accommodation sector;
- d) The effectiveness of regulatory models adopted in other jurisdictions, both nationally and overseas;
- e) Potential taxes or levies that could be applied to short stay accommodation and long-term vacant residential property;
- f) Incentives that could be provided to home owners to transition properties listed on short stay accommodation platforms onto the long-term rental market;
- g) Other strategies that could be adopted to activate residential property that is vacant long term; and
- h) Any other related matters.

Introduction

The City of Adelaide submits that a uniform approach to the short stay accommodation sector is required recognising that a one size will not fit all some flexibility within the approach is appropriate. The lack of consistency of provisions between short stay accommodation and traditional accommodation providers must be addressed to create an even playing field.

In 2024, the City of Adelaide (CoA) revised the rating approach for residential properties available for 90 days or more per annum for short stay accommodation, reflecting the commercial nature of short stay accommodation and to provide greater parity with the commercial accommodation sector.¹ These properties are now rated as commercial-other, which is 22.5% higher than residential. The rating approach is considered conservative, particularly when compared to Brisbane Council's 65% increase and Hobart Council's doubling of the residential rate in the dollar.

¹ [City of Adelaide 2024-25 Business Plan and Budget](#)

There are an estimated 900 short stay accommodation properties in the City of Adelaide (of a total of 4,500 in Greater Adelaide). The CoA's rating structure applies to 205 of these properties, based on location data of short stay rentals that CoA has purchased.

In addition to rating short stay accommodation, in 2024 the CoA adopted its Housing Strategy – Investing in our Housing Future.² The Housing Strategy outlines the CoA's 10-year plan for housing in the CBD, setting ambitious outputs and targets for housing across the short, medium, and long term.

The Housing Strategy includes goals and objectives to increase housing supply through the conversion of other vacant and underutilised buildings to housing.

Response to Terms of Reference

a) The role of short stay accommodation in contributing to the rental affordability crisis;

The CoA supports measures to address housing and long-term rental supply to address the housing crisis. The Tenants Union of New South Wales (2017) reports that short term rentals booked for a minimum of 100 nights each year generate more income than the median rent making conversion an attractive proposition to landlords.

Within the City of Adelaide, the identified 900 dwellings used as short stay accommodation accounts for approximately 6 per cent of total dwellings within the city. This is not an insignificant proportion of total dwelling stock therefore places additional pressures on housing availability as well as affordability. Whilst visitor accommodation is important to the city it is noted that there is a range of conventional visitor accommodation options within the city.

Without intervention, the current conditions for short term accommodation are likely to continue, contributing to historically low rental vacancy rates of 1% in the City of Adelaide. Globally short-term rental accommodation (STRA) has been shown to have varying upward impact on sale prices of residential accommodation and to a lesser extent rents.

The rise of STRA has progressed very rapidly over the last decade and is now ripe for intervention by local and State Government. The impact of STRA in the rental affordability crisis is a resultant movement of housing from a shelter to an asset class and/or commercial nature.

² [City of Adelaide Housing Strategy – Investing in our Housing Future](#)

b) The social and economic impacts of short stay accommodation on South Australian communities;

Visitor Economy

Conventional visitor accommodation including hotels, motels, caravan parks and serviced apartments are subject to non-residential rates as commercial entities. Short stay accommodation operating above a set number of nights should be considered commercial and therefore rated as non-residential.

While the City of Adelaide acknowledges that short stay accommodation may provide benefits to the local economy by providing surge visitor accommodation and an alternative to conventional tourist accommodation, these benefits conflict with the cost of long-term housing provision and are often provided to the market without the suite of regulations that apply to conventional visitor accommodation.

Like other accommodation providers, short stay accommodation should be subject to equivalent operating costs such as the provision of health and safety standards. All hospitality providers should be required to meet the same standards.

There are also concerns with at-home catering facilities, the visitor spend in the local hospitality sector may be reduced.

Residential amenity, community, and local service impacts

The CoA acknowledges that the short stay accommodation sector creates a series of impacts for local communities and services and infrastructure,^{3 4} including:

- Loss of neighbourhood character with increasing numbers of transient tourists.
- Increased noise and disturbance where short term guests may be less considerate of residential norms.
- Loss of security and safety with high turnover of guests making it difficult for neighbours to recognise who belongs in the community.
- Increased impact on infrastructure and services, including residential waste management, demand for parking, and increased congestion.

In addition, the CoA understands that there is limited ability for strata and body corporates to impose and enforce rules about the use of properties for short term rentals, which can exacerbate concerns amongst multi-unit property owners.

³ Caldicott, RW, von der Heide, T, Scherrer, P, Muschter, S & Canosa, A 2020, 'Airbnb – exploring triple bottom line impacts on community', *International Journal of Culture, Tourism and Hospitality Research*, vol. 14, no. 2, pp. 205-223.

⁴ Gurrin, N & Phibbs, P 2017, 'When Tourists Move In: How Should Urban Planners Respond to Airbnb?', *Journal of the American Planning Association*, vol. 83, no. 1, pp. 80-92.

Safety is an additional concern that the CoA is aware of particularly in regard to building fire safety risk, as guests may not be familiar with the layout of the building or apartment complex.

c) The potential to regulate the short stay accommodation sector;

The City of Adelaide recommends that the State Government consider a state-wide approach to regulate the short-term rental sector and legislate a uniform approach to taxes, fees and/or registration. Any regulations should consider addressing the lack of consistency of provisions between short stay accommodation and conventional accommodation providers, and encourage the use of residential properties primarily for long term residents. A state-wide approach is important to avoid shifting the issue between local government areas, with certain areas becoming more (or less) appealing to short-term rental hosts, while still allowing for locally appropriate responses

A statewide approach could consider the following:

1. Standardised approach to rating structure for short term rental properties – this should align with the rates applied to hotels, serviced apartments and other tourist accommodation.
2. Regulations must apply to all non-hosted short-term rentals – this would include whole houses and where private rooms are rented out individually in a house or apartment and the host does not live on site.
3. Regulations should apply to properties available to rent for over 90 days of a calendar year, cumulatively across all short-term rental platforms. The ‘under 90 days’ rule allows South Australians to earn additional income by letting their property out when it isn’t being used, such as on weekends or when they are on holiday, whilst protecting housing supply for use by long term residents.
4. Regulations must ensure that hosts cannot switch between platform providers to rent out a property for over 90 days, i.e. use Airbnb for 90 days, then Stayz for 90 days etc. This has been an issue in London where they have had difficulty imposing limits on short stay rentals.
5. As Victoria has done, the onus on collecting any fees or levies should be on platform providers (rather than hosts). This would ensure that all hosts of short-term rental are properly charged, and government avoids the cost of compliance and data gathering. Ensuring that a small number of large platform providers are following the rules is much easier than monitoring the thousands of individuals who use these platforms to undertake short term rentals.
6. Any fees charged should be made available to local governments if required to monitor short stay accommodation.
7. Government must introduce a way for the public to check the status of and, if necessary, report unregistered short-term rental accommodation to government.

Data collection and sharing

Historically, it has been difficult for government to obtain information from short term rental platform providers. Any regulatory changes should include a requirement to share data with regulators to enable compliance monitoring. There are two options for data sharing:

1. Mandatory data sharing by short term rental platform providers, including host detail, number of nights let, number of guests, and the location of short-term rentals. Without data-sharing agreements, regulating breaches and collecting taxes/fees is challenging.
2. Mandatory registration of short-term rental hosts, with information sharing with local government by platform providers.
 - i. This could include a registration fee and yearly fee to cover administrative costs.
 - ii. Short term rental platform providers must require short-term rental hosts include registration details for their properties to be available to rent for over 90 days, with a penalty for non-compliance.

Clear definitions and policy in the Planning and Design Code

In order to be able to identify and regulate/register short stay rental accommodation a clear land use definition and planning policy to guide assessment is needed.

Currently development approval is required to use an existing dwelling for tourist accommodation, regardless of the number of guests accommodated. However, the definition of 'tourist accommodation' in the Planning and Design Code does not clearly set out when a short stay rental property triggers this requirement. Further, there are limited tools available for councils to reject these applications, nor set conditions on permits.

The City of Adelaide recommends that:

1. The definition of 'tourist accommodation' in the Planning and Design Code is amended to include the number of nights in the year the property is available for short stay rental.
2. The Planning and Design Code be amended to include policy to guide assessment of these types of development, including visitor management plans, drop-off and pick-up points, reception areas, noise requirements, parking and waste management.

d) The effectiveness of regulatory models adopted in other jurisdictions, both nationally and overseas;

The City of Adelaide reviewed regulatory models adopted in other jurisdictions nationally and overseas to inform its position relating to licencing and registration discussed in the preceding heading. Our review identified that in many areas the regulations were recently adopted and it was premature to judge long term effectiveness. It was observed that regulatory models were typically better received by the global short stay accommodation providers when they were applied consistently at a state or national level of government.

From the CoA's review, the following criteria could be used to evaluate effectiveness of a regulatory model:

- What was the desired outcome of the regulation?
- Has the regulation assisted government in collecting useful data to understand the potential benefits or challenges caused by short stay accommodation?
- Does the regulatory model place an undue burden on local government?
- Does the regulatory model assist local areas in managing visitor accommodation needs as well as housing need?

e) Potential taxes or levies that could be applied to short stay accommodation and long-term vacant residential property;

In 2024/25, the City of Adelaide revised the rating approach for residential properties available for 90 days or more per annum for short stay accommodation to provide greater parity with the commercial accommodation sector.⁵ These properties are now rated as commercial-other, which is 22.5% higher than residential. This is a conservative approach, particularly when compared to Brisbane Council's 65% increase and Hobart Council's doubling of the residential rate in the dollar.

There are an estimated 900 short stay accommodation properties in the city (of a total of 4,500 in Greater Adelaide). The CoA's rating structure applies to 205 of these properties. The CoA has paid for research to identify short stay rentals that meet the conditions of the revised rating structure.

The State Government could consider a state-wide registration fee or differential rate paid to local government to re-invest in local community infrastructure and amenities. If a general 'tourist tax' or 'bed tax' were adopted it would need to be considered if it were only for short stay accommodation platforms (as in Victoria⁶) or across all providers including hotels (as being called for in Queensland⁷).

f) Incentives that could be provided to home owners to transition properties listed on short stay accommodation platforms onto the long-term rental market;

As part of a suite of short stay accommodation reforms the Western Australia Government has introduced a \$10,000 incentive to short term rental owners⁸ returning their property to the long-term rental market. They also require all providers of hosted and non-hosted short-term rental to register with the State Government.

Incentives such as these could be considered subject to investigations that show that they have had positive impacts in converting short stay accommodation into long-term housing.

⁵ [City of Adelaide 2024-25 Business Plan and Budget](#)

⁶ [Short stay levy | State Revenue Office](#)

⁷ [Queensland Government refuses to support bed tax despite push from four mayors - ABC News](#)

⁸ [Short-Term Rental Accommodation Incentive Scheme](#)

g) Other strategies that could be adopted to activate residential property that is vacant long term;

The City of Adelaide, in collaboration with the State Government, is undertaking the Adaptive Reuse City Housing Project (ARCHI). This project aims to create new homes in underused buildings in the City of Adelaide. By repurposing existing structures, ARCHI aims to diversify housing options, unlock revenue potential, improve building performance and revitalise Adelaide's streetscapes.

In addition, the City of Adelaide Heritage Incentives Scheme, Sustainability Incentives Scheme, and Acoustic Advisory Service and Noise Management Incentives Scheme all encourage improvements to existing buildings in the city to promote liveability.

The City of Adelaide's Housing Strategy – Investing in our housing future, includes a commitment to researching the development of a program to target long-term vacant properties and land with the aim of stimulating development, with a focus on opportunities for affordable housing and adaptive reuse.

h) Any other related matters.

While incentives and disincentives to make short stay accommodation and long-term vacant properties available as long-term residential accommodation may provide some additional housing supply either immediately or in the very short term, it will be at an insufficient level to meaningfully address the housing crisis.

The CoA encourages the State Government to holistically consider housing supply issues and how to better make use of underutilised dwelling stock, including short-term rental accommodation to increase housing supply that avoids current construction or supply chain challenges. This has been considered by some jurisdictions but should be considered at a state and territory level with the support of the Commonwealth Government.