

Report to the Future Melbourne Committee**Agenda item 6.2****Short-Term Rental Accommodation****11 June 2024****Presenter:** Julian Edwards, Director Planning and Building**Purpose and background**

1. The purpose of this report is to advise the Future Melbourne Committee of the outcomes of investigations into the establishment of a short-term rental accommodation local law.
2. Melbourne has one of the biggest short-term rental markets in the country, with more than 4,100 residential properties (14 per cent of total residential stock) currently being used for short stays in the City of Melbourne.
3. This has resulted in fewer homes available for people wanting to live in Melbourne, including key workers and students. In recognition of this and of Melbourne's position as Australia's fastest growing city, on 29 August 2023 Council resolved to commence a consultation process (which occurred between 7 to 29 September 2023) to inform the development of new local laws to encourage a transition of short-term accommodation to long-term rentals.
4. In September 2023, the Victorian Government announced the introduction of a levy on short-stay accommodation as part of its *Victorian Housing Statement*. This levy will be set at 7.5 per cent and apply to short-stay accommodation in Victoria from 1 January 2025. The announcement noted that other local council charges on short stay accommodation will be removed.

Key issues

5. The gap in the number of houses needed to meet current demand requires innovative approaches and multiple levers, including within existing building stock.
6. Management's global and local research found that industry regulation of the short-term rental accommodation market would, on balance, relieve the pressure imposed on the city and community and increase the number of properties available for long term rental.
7. The State's announcement to regulate short stay rental accommodation through a proposed levy that is centralised across Victoria, at a state level, obviates the ability for local government to regulate the industry through local laws and associated charges which support their administration and implementation.
8. Management will continue to engage with the Victorian Government as the levy is finalised and introduced from 2025 and will monitor its impact in achieving Council's goal of relieving a tight housing rental market by increasing the availability of housing being used for longer term homes for people.

Recommendation from management

9. That the Future Melbourne Committee:
 - 9.1. Requests management not progress the implementation of a short-term rental accommodation local law at this time, due to the Victorian Government stating that local council charges on short stay accommodation will be removed (likely with the associated local law).
 - 9.2. Maintains the adopted policy position that, 'There is a need to track and regulate the short-term rental accommodation industry to relieve a tight housing rental market by increasing the availability of housing being used for longer term homes for people'.
 - 9.3. Requests the Lord Mayor writes to the Treasurer and relevant Victorian Government Ministers:

- 9.3.1. Calling on the Victorian Government to ensure the design and implementation of the Short Stay Levy includes a register that enables data collection to support locally contextual management or regulation; and
- 9.3.2. Requesting any research or evidence be made publicly available demonstrating how the Short Stay Levy will respond to the housing crisis and support the Victorian Governments Housing Statement and Council's policy position by increasing the housing supply available as longer-term homes for people.
- 9.4. Requests management continue to engage with the Victorian Government in relation to the centralised short-stay levy model and monitor the impact in achieving Council's policy position.

Supporting Attachment

Legal

1. The *Local Government Act 2020* sets out Council's powers to make local laws and prescribes the statutory procedure that must be followed by Council when proposing to make a local law.
2. Local law must not be inconsistent with any other legislation. Progressing a Local Law now could have unintended impacts on industry and the community, as well as utilising significant Council resources

Finance

3. There are no direct financial issues arising from the recommendations contained within this report.

Conflict of interest

4. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a material or general conflict of interest in relation to the matter of the report.

Health and Safety

5. There are no direct health and safety issues or opportunities arising from the recommendations contained within this report.

Stakeholder consultation

6. Consultation in relation to a policy position and draft local law was undertaken on the Participate Melbourne webpage and via email submissions between 7 and 29 September 2023.
7. The Participate Melbourne webpage received 3174 page views, 629 survey completions and 21 submissions via email from a wide demographic base across City of Melbourne. Of the 629 responses, 463 specified a direct relation to STR properties (e.g. own, manage or stay in a STR).
8. At a high level, feedback received indicated:
 - 8.1. Forty-four per cent agree and 36 per cent disagree that registration would support the defined outcomes.
 - 8.2. Forty-eight per cent identified that the maximum day-per-year cap was less than they would like with 37 per cent indicating it was more than they would like.
 - 8.3. Overall, there was uncertainty about how effective the proposed measures would be in transitioning short-term rentals to long-term, with suggestions for stronger approaches and considering alternative methods like imposing taxes or offering more incentives to shift short-term rentals to long-term.

Relation to Council policy

9. This proposal aligns with key housing indicators from the Council Plan, the Affordable Housing Strategy, the Homelessness Strategy, and Major Initiatives 44: Homes Melbourne, and 48: Inclusive Melbourne Strategy.

Environmental sustainability

10. There are no direct environmental sustainability issues or opportunities arising from the recommendations contained within this report.