

Executive Summary: Streamlining Regulatory Measures for Australia's Short-Term Rental Accommodation Sector: An Alloggio Policy Blueprint

Our Background

Founded in December 2015, Alloggio has its origins in Newcastle, New South Wales, and has since grown into a leading player in Australia's Short-Term Rental Accommodation (STRA) sector.

With operations across 18 key locations in Australia, Alloggio leverages both domestic insight and global best practices to inform its strategic interventions in the ever-evolving landscape of STRA.

The organisation is uniquely positioned to partner with governmental bodies to develop a nuanced, flexible, and effective regulatory framework aimed at bolstering Australia's local communities, tourism and economy.

Objectives and Scope of our Proposal

The complexity of the STRA sector cannot be underestimated, owing to its pivotal role in serving diverse visitor demographics and contributing to local economies. Alloggio seeks to unify stakeholders under a coherent, equitable, and dynamic regulatory framework. This policy blueprint delineates the adaptive accommodation models, the changing dynamics of stay durations, and the multi-faceted roles that STRA plays in Australia's social fabric, including its service in emergency housing and more specialised accommodations.

Key Proposals

1. **STRA as a Complementary Sector:** Alloggio argues for recognising STRA not as a competitor to traditional accommodation options, but as a complementary sector catering to specific needs, such as families requiring more extensive and pet-friendly spaces or transient populations in crisis situations.
2. **Advocacy for Equitable Regulations:** Alloggio recommends the establishment of standardised registration processes and a comprehensive Code of Conduct across all States and Territories. This harmonised approach will ensure that community values are safeguarded, and the guest experience is enriched.
3. **Clarity in STRA Definitions:** As an initial step towards establishing an adaptive regulatory framework, Alloggio advocates for a comprehensive definition of STRA to include all its variations, thus ensuring regulatory consistency.



Implementation Strategy

Alloggio proposes to collaborate closely with relevant government departments to actualise this policy framework.

The strategy consists of phased engagement with stakeholders, identification and sharing of best practices, and development of an actionable roadmap that balances economic goals with societal well-being.

Conclusion

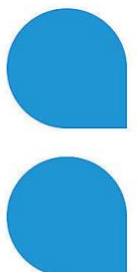
Given the intricate and multi-faceted nature of the STRA sector, this executive summary serves as an invitation for a deeper exploration of the comprehensive policy paper.

By aligning with the vision and strategies set forth by Alloggio, we can collectively forge a regulatory environment that is both robust and adaptable, addressing the needs of today while being equipped for the challenges of tomorrow.

Kind regards,



Will Creedon
Founder & CEO
20th September 2023



STRA Policy Position
20th September 2023

Advancing Australia's Short-Term Rental Accommodation Sector Through Alloggio's Harmonised Regulatory Proposals

Introduction:

Established in December 2015 in Newcastle, New South Wales, Alloggio has grown to become an eminent force in the Short-Term Rental Accommodation (STRA) landscape across Australia's East Coast. We currently maintain operations in 18 strategic locations and are deeply committed to sustaining local communities and economic environments.

Alloggio's operations are not merely confined to domestic understanding; we also possess a nuanced grasp of the continually evolving global parameters of the short-stay sector. This enables us to adopt best practices, making us a well-informed and responsible participant in the industry.

We look forward to the opportunity to collaborate with governmental bodies to further enrich and responsibly regulate this crucial sector, which plays an indispensable role in Australia's tourism and wider economy.

The Evolving Landscape of Short-Term Residential Accommodation (STRA) and its Pivotal Role in Australia's Tourism and Economy

Spanning well over a century, Short-Term Residential Accommodation (STRA) has been integral to the social and economic fabric of Australia, significantly contributing to community development, economic uplift, and tourism enrichment.

Adaptive Accommodation Models:

We've observed a contemporary trend that reveals the increasingly fluid nature of accommodation choices. No longer strictly delineated into hotels, motels, serviced apartments, villas, or homes, these categories are now becoming ever-more interchangeable, adjusting to the diverse and dynamic needs of travellers.

Changing Dynamics of Stay Duration:

Furthermore, guest attitudes towards the length of stay are undergoing a considerable shift. With durations ranging from a single night to several years, this alteration in consumer behaviour has been particularly driven by emerging sectors such as 'build to rent' and the growing prevalence of remote working arrangements.

STRA's Role in Fostering a Sharing Economy:

Short-Term Rental Accommodations (STRA) serve as a cornerstone in Australia's dynamic sharing economy, offering multifaceted benefits that extend far beyond conventional tourism. The sector not



only caters to emerging tourist demographics such as digital nomads and younger travellers but also serves as a catalyst for diversifying tourism away from traditional urban hotspots, thereby breathing new life into regional and rural areas. In doing so, STRA opens up new revenue channels that are instrumental in supporting a broad spectrum of local enterprises.

Beyond its visible impact, STRA fulfills essential, often underrecognized, societal roles. These encompass providing emergency housing during natural disasters such as bushfires, floods, and storms, as well as serving various specialized needs. These specialized needs include Visiting Friends and Relatives (VFR), corporate relocations, film and TV accommodations, and insurance-related stays for issues ranging from floods to more common cases like mould and building defects. Additionally, STRA addresses housing needs stemming from forced relocations due to infrastructure developments like road expansions and level crossing upgrades.

STRA also fills an accommodation gap for transient populations facing personal crises, construction workers engaged in essential infrastructure projects, as well as specific groups like teenagers and their families/guardians attending cultural or sporting events. The ability to accommodate pets is an additional consideration that addresses the needs of families in crisis or transitional situations.

These multifaceted roles of STRA strongly argue for a regulatory framework that is both adaptive and nuanced, capable of evolving in lockstep with the sector's changing landscape. Alloggio is fully committed to collaborating with pertinent authorities to shape a governance model that sustains the growth of STRA while benefiting a wide array of stakeholders.

Alloggio's Strategic Proposals for a Harmonised and Effective Regulatory Framework in Australia's STRA Sector

Given the critical importance of the Short-Term Rental Accommodation (STRA) sector to Australia's tourism industry, it is crucial to address the current regulatory limitations that inhibit the sector's growth and dampen recovery efforts in the post-pandemic landscape. The existing regulatory divergences across States and Territories pose a particular challenge. It has led to a fragmented policy environment that risks jeopardising tourism, especially in rural and regional areas.

STRA as a Complementary Sector:

Alloggio contends that the STRA sector should be viewed as a complement to traditional accommodation offerings, rather than as a direct competitor. Different segments of travellers, such as cost-sensitive digital nomads, relocating families and young tourists, gravitate towards STRA for its unique and authentic experiences. Families, too, find larger STRA properties more logistically suitable, as well as giving them more private space to engage in normal family life whilst temporarily relocating. An effective regulatory framework should recognise this distinct value proposition and the sector's significant contributions to both the tourism industry and local economies.



Advocacy for Equitable Regulations:

Alloggio strongly endorses the implementation of balanced regulations that serve the interests of all economic stakeholders. We call for a standardised registration process across all States and Territories, buttressed by a comprehensive Code of Conduct that safeguards community values, ensures safety, and fosters responsible hosting. ([an example - Fire Regulations](#)) This dual approach would serve to enhance transparency, promote accountability, and improve the guest experience while maintaining societal well-being.

Clarity in STRA Definitions:

As a foundation for any future-proof regulation, Alloggio advocates for a clear, all-encompassing definition of what constitutes STRA. This should include all variations of short-term rentals, such as homestays, arbitrage operators, to ensure uniformity and clarity in regulatory implementation.

Detailed Recommendations for State and Territory Infrastructure:

1. Unified STRA Portal:

In the interest of optimising governance, enhancing transparency, and ensuring safety in the Short-Term Rental Accommodation (STRA) sector, Alloggio proposes the establishment of a centralised STRA portal for each State or Territory.

To realise this objective effectively, we recommend the following policy points:

- **Unique Identifiers for STRA Properties:** To facilitate easy identification and tracking, each STRA property listed on the portal should be assigned a unique identifier code. This identifier would serve as the primary reference for all administrative, regulatory, and safety-related matters. The unique code will ensure streamlined oversight and reduce administrative burden on both operators and regulatory bodies.
- **Advanced Tracking and Mapping Functionalities:** The portal should be equipped with functionalities that allow for the real-time tracking of fulltime and part time STRA listings. An integrated mapping feature would also offer spatial representation of all registered properties, thereby aiding in zoning decisions and community planning initiatives. These functionalities will assist regulatory bodies in their oversight responsibilities and enable quicker responses to issues like overcrowding or unauthorized listings.
- **Safety and Insurance Verification Module:** To ensure that all STRA operators (single host & property managers) comply with safety and insurance requirements, the portal should include a dedicated module for verification. STRA hosts would be required to upload necessary safety certificates and insurance documents for validation by the appropriate authorities. Non-compliance or failure to maintain updated documentation would result in penalties and could lead to listing deactivation.



Through the implementation of these policy recommendations, the centralised STRA portal will serve as a comprehensive platform that not only streamlines administrative processes but also enhances accountability and safety within the sector.

2. Licensing and Oversight:

We believe in order to establish a highly regulated, transparent, and accountable Short-Term Rental Accommodation (STRA) sector, a structured framework for licensing and oversight is imperative.

We present the following policy recommendations:

- **Robust Code of Conduct:** A comprehensive Code of Conduct should be mandated for all STRA single hosts and property managers. This Code would outline the ethical and legal responsibilities of STRA operators, ranging from guest safety and property maintenance to community relations. Failure to adhere to this Code would result in penalties, including but not limited to, fines, and license revocation.
- **STRA Property Registry and Exclusion Lists:** A State/Territory centralized STRA property registry should be created and maintained by a designated governmental body. This registry would be publicly accessible and contain details of all licensed STRA properties.

In addition, guest and property exclusion lists should be developed to identify individuals or properties that have been flagged for violations or misconduct. Access to these exclusion lists would be restricted to STRA operators and relevant regulatory bodies.

- **Mandatory Annual Training and Accreditation:** To ensure compliance with ever-evolving regulations and industry best practices, an annual training and accreditation program should be made obligatory for all STRA hosts and property managers. Completion of this program would be a prerequisite for license renewal and would ensure that operators are well-versed in operational standards, guest safety, and community relations.

Through these policy recommendations, we aim to create a robust licensing and oversight system that underscores accountability, fosters transparency, and ensures the highest level of service quality in the STRA sector.

3. Service Classification:

To address the complexities associated with portfolios encompassing multiple Short-Term Rental Accommodation (STRA) properties, it is imperative to implement a rigorous service classification structure. This will not only improve the governance of these portfolios but also enhance transparency and accountability.

To this end, we present the following policy recommendations:

- **Unique STRA Portfolio Identification Number (UPIN):** Each portfolio with multiple STRA properties should be assigned a Unique Portfolio Identification Number (UPIN). This identifier would serve as the key reference for all official documentation, transactions, and interactions with regulatory bodies. By employing UPINs, it becomes feasible to streamline



compliance monitoring and simplify administrative procedures specific to multi-property portfolios.

- **Statutory Trust Account for Portfolio Funds:** To ensure the fiduciary responsibility of STRA operators managing multiple properties, all associated funds should be held in a Statutory Trust Account. This account would be separate from the operator's regular business accounts, thereby safeguarding the financial interests of guests, property owners, and other stakeholders. Compliance with this regulation would be a prerequisite for the issuance or renewal of an STRA operating license.
- **Annual Independent Audits:** To bolster the transparency and integrity of multi-property STRA portfolios, an annual independent audit of the Statutory Trust Account should be mandatory. The audit would verify that the funds are managed in accordance with legal obligations and ethical standards. Non-compliance or discrepancies would trigger regulatory actions, which could range from fines to license revocation depending on the severity of the transgressions.

These policy points are designed to engender a robust service classification system that mitigates risks and reinforces transparency for multi-property STRA portfolios. Through these mechanisms, we can ensure that the STRA sector operates in a manner that commands public trust and adheres to the highest standards of governance.

4. Environmental Stewardship and Exempt Development:

Alloggio proposes that STRA should be deemed 'exempt development,' giving property owners the latitude to make autonomous decisions about property usage. Rather than implementing blanket restrictions on rental periods (example Caps on Days for rent), the focus should be on generating affordable and essential housing options.

These are policy suggestions designed to ensure that STRA can operate in an environmentally responsible manner while facilitating the generation of affordable and essential housing options.

- **Environmental Certification for STRA Operators:** To align STRA with environmental stewardship goals, a voluntary certification program can be established. Operators who meet specific environmental standards—such as energy efficiency, water conservation, and waste reduction—could be awarded an 'Eco-Friendly STRA' label. This not only incentivizes best practices among STRA operators but also serves as a quality indicator for prospective guests who prioritize sustainability.
- **Flexible Land Use and Development Guidelines:** Given that the proposed policy advocates for STRA to be treated as 'exempt development,' this must be balanced with the need for affordable housing. To achieve this, flexible land use and development guidelines could be introduced. These guidelines would facilitate the co-existence of both STRA and affordable housing projects in mixed-use zones, allowing for both sectors to thrive without causing detrimental effects to each other.
- **Affordable Housing Contribution Scheme:** To reconcile the exempt development status of STRA with the necessity for affordable housing, a scheme may be introduced wherein a portion of the revenue generated from STRA is earmarked for affordable housing initiatives.



This contribution could either be a fixed percentage or a sliding scale based on the number of days the property is rented. Such a fund would specifically target the creation or maintenance of affordable and essential housing options, thereby addressing one of the core concerns related to STRA.

These policy recommendations aim to establish a responsible and sustainable framework for STRA that respects property owner rights, advances environmental stewardship, and contributes to the provision of affordable housing.

5. "Occupancy Cap" or "Occupancy Limitations."

The implementation of occupancy caps on non-hosted STRAs not only compromises their economic value but also encroaches on property rights and fails to address housing issues effectively, necessitating immediate alternative solutions. Such caps contradict common tourism goals by forcing guest traffic into peak seasons and unreasonable inflating rates due to limited availability, thereby reducing guest diversity and regional dispersal. This approach is fundamentally misaligned with the sustained revenue models that local communities and economies rely on, complicating the consistent employment of key staff and payment to creditors.

Subsequent points elaborate on these key considerations, demonstrating the need for nuanced approaches that harmonise economic interests, property rights, and housing availability.

- **Economic Impact:** Implementing an occupancy cap could inadvertently cripple the economic contributions made by STRA to local economies. The restrictions could lead to reduced tourism revenues, diminished business for local services and retailers, and loss of income for property owners. These factors collectively jeopardise the financial ecosystem of a locality, especially in areas heavily reliant on tourism and associated activities.
- **Property Rights:** Occupancy limitations infringe on the property rights of individuals who have legitimately acquired their homes for the purpose of STRA. These owners have often made significant financial and operational investments with an expectation of a return of which in many cases and in many unique ways, is actually re-invested back into the overall economy. Imposing arbitrary limitations disrupts this economic model and may result in legal challenges that could further strain government resources.
- **Inefficacy in Addressing Housing Concerns:** While the intention behind occupancy caps is often to alleviate housing shortages, evidence suggests that this approach may not be the most effective. STRAs, particularly non-hosted ones, often do not directly compete with long-term housing options and thus may not significantly impact the availability of affordable housing in the community. Therefore, implementing an occupancy cap could result in regulation that is not only ineffective but also unnecessarily punitive to STRA operators.

It is imperative to consider the broader implications and potential unintended consequences that may arise from implementing such limitations. Alloggio recommend that alternative strategies be explored that can balance community interests, housing needs, and economic vitality without imposing stringent occupancy caps on non-hosted STRAs.



Alloggio Supports the Australian Taxation Office (ATO) “The Sharing economy reporting regime” Sharing Economy Reporting Regime (SERR – [Click here](#))

This reporting regime will allow the ATO to:

- increase community confidence in the integrity of the tax and super systems;
- identify and educate participants who fail to meet their registration or lodgement obligations and help them comply;
- gain insights from the data to help us develop and implement engagement strategies to improve voluntary compliance – including educational or compliance activities; and
- obtain intelligence to increase our understanding of behaviours and compliance profiles of participants in the sharing economy, such as ride sourcing or service providers.

For Consideration:

Alloggio advocates for the creation of a synergistic framework in which the State/Territory Government actively engages with the Short-Term Rental Accommodation (STRA) sector through a dedicated portal. This collaborative approach will facilitate a cycle of ongoing refinement, enabling evidence-informed policymaking and targeted resource distribution in vital sectors such as workforce training, code-of-conduct enforcement, and community engagement.

This partnership between government and industry stands to invigorate local enterprise, thereby contributing to employment and community vitality, which in turn ensures the sustenance of essential public services, including schools.

The potential revenue generated — for instance, from an annual fee of \$65.00 applied to 150,000 properties — could be channelled into initiatives aimed at enhancing training protocols, refining conduct codes, and augmenting tourist attractions, thereby fortifying local communities.

We recommend the establishment of a State/Territory-operated STRA advisory committee to oversee the effective and judicious allocation of these funds. This oversight body would ensure the enduring growth of the STRA sector and the realisation of beneficial outcomes for all parties involved.

In summary, Alloggio foresees a mutually beneficial relationship between a State/Territory and the STRA industry, with the possibility of such collaboration laying the groundwork for State/Territory-led STRA advisory committees. These committees would serve to align fund allocation strategies with emerging industry needs and community expectations.



Conclusion:

With strong ties to the Australian community, Alloggio is devoted to nurturing a flourishing Short-Term Rental Accommodation (STRA) industry that brings advantages to all involved. We are resolute in our commitment to collaborate with governmental bodies and industry peers to manifest a future where the STRA sector operates within a regulated, secure, and sustainable framework, thereby enriching both communities and economies.

This document serves as a comprehensive articulation of Alloggio's position on the dynamic STRA sector and outlines our envisioned blueprint for its sustainable development.

Kind regards,



Will Creedon
Founder & CEO

