

A closer look at the council's 'hosting' permit

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Airbnb and similar online booking platforms provide the opportunity to earn income from short-term holiday letting, which could potentially surpass income generated through long-term leasing. With the increasing cost of living and lack of income growth, it is not hard to see why Airbnb is a popular option for Gold Coast home owners looking to supplement their income and help pay the bills.

Airbnb hosting is an exciting concept with a low barrier to entry however, gaining council permission to be an Airbnb host is very expensive. Gold Coast Council zoning has never supported the use of your home for short-term accommodation without approval, this is not a recent change. But here is where it gets complicated, Airbnb type operations are not clearly defined anywhere in the City Plan, or in any Queensland legislation.

Definitions under the Gold Coast City Plan (Version 6)

There are various definitions under the current City Plan which could possibly describe Airbnb hosting and each of them are summarised below:

- (1) **Short-Term Accommodation** – A premises used to provide accommodation to tourists and travellers for a period of less than three consecutive months. Examples: Motel, Backpackers, Cabin, Serviced Apartments, Hotel or Farm stay.
- (2) **Rooming Accommodation** – A premises used for accommodation where each resident has the right to occupy one or more rooms (not whole of premises), may have private or shared common facilities, may include a separate building on site, may include furniture and equipment as regulated under the 'Residential Tenancies and Rooming Act 2008'. Examples: Boarding House or Hostel.
- (3) **Home-Based Business** – A dwelling used for a business activity where it is secondary to the primary residential use. Examples: Bed and Breakfast, Home Office, Childcare.

Where is the definition for Airbnb hosts?

The above definitions do not clearly state how a residential dwelling might be used for both short-term accommodation and long-term tenancy. A dwelling cannot be reclassified as a motel, backpackers or serviced apartment simply because the home owner rents out a room, or the whole house for that matter. The definition of Short-Term Accommodation does not appear to be relevant to Airbnb hosts however, this is the definition the council has chosen to enforce its requirement for a permit.

Renting out a spare room or the granny flat is defined in the City Plan as 'Rooming Accommodation'. The plan allows four non-related guests to stay at your home without a permit. Rooming accommodation is regulated by the 'Residential Tenancies and Rooming Act 2008' which provides guidance for a long-term lease situation however, short-term letting for holiday purposes (less than 6 weeks) is not covered by the Act.

Airbnb hosting could be classified as a 'Home-based Business' as it is a business activity that originates from the home, which is secondary to its primary residential use. A home-based business does not require a permit and under the definition, includes a Bed and Breakfast.

Renting out your entire home

It is easy to see how renting your spare room or granny flat on Airbnb will straddle across all three definitions in the City Plan. This however, would not be the case if you rented your whole house exclusively and lived elsewhere.

If the *primary* use of a residential dwelling is for short-term accommodation, it cannot be classified as either rooming accommodation or home-based business. This is where it makes sense that the owner should seek permission from council. Which leads to an important question - How is it that a home owner can rent out their entire property for long-term accommodation without a permit, self-manage the tenancy without a license, be regulated by legislation and supported by tax incentives?

The Gold Coast City Council solution

Until such time that 'hosting' is properly regulated by legislation, the local government solution is to have every Airbnb host pay an exorbitant fee for a permit, obtain a rental accommodation license (free), obtain a certificate of compliance, certificate of classification, pool safety certificate, produce floor plans and a site plan. None of which is required by a landlord of long-term tenants.

How much does the Permit Cost?

The permit is a 'Material Change of Use' development application which holds no guarantees of approval. Current fees for rooming accommodation (up to 10 rooms) depends on your property zoning and the type of assessment required. Code assessable applications cost \$6,373 and Impact assessable applications cost \$8,495. The rental accommodation license is offered free from the council and all other certificates have associated professional fees. Your rates will also be adjusted by council to reflect to new land use. This can be a significant increase above your current rates.

What happens if you don't have a permit and you receive a 'Show Cause Notice'?

The Gold Coast City Council has issued several 'Show Cause Notices' in the past 12 months. The council usually issues these when they have received several complaints from your neighbours and choose to investigate.

The Show Cause Notice in itself is not a cause for panic, as you still have 20 days to explain your operations or apply for the permit before an enforcement or penalty is issued. However, you would want to take advantage of that time or risk a non-compliance penalty of up to \$217,365.

Keeping the peace with neighbours should be a priority. There are several ways fivestarhost can help you ensure your home is not turned into a 'party house'.

We need alternative solutions

As long as short-term residential letting remains undefined in the Gold Coast City Plan and unregulated by Queensland legislation, it would be very hard to enforce home owners to obtain a development permit. Particularly if the primary use of their home is for private residential occupation and the spare room is rented on a casual basis.

Airbnb is simply a platform for home owners to self-manage their short-term rental property, it was created in response to an opportunity in the market. The only thing that makes it a disrupter is that it combines the activities of both the tourism industry and the property market.

Short-term holiday letting is not a new concept, it has traditionally been carried out by letting agents – without a permit. Home owners would not require a permit if Queensland legislation was amended to incorporate short-term rentals and long-term tenancy under the same Act.

In the meantime, surely a license would do a better job of stipulating the terms for use of a residential dwelling for both long-term and short-term accommodation, rather than an expensive permit.