



Residential Tenancies Act 1997 – A Fairer Safer Housing initiative

Airbnb Submission

Airbnb is pleased to provide this submission to the Victorian Government on the Residential Tenancies Act 1997 – A Fairer Safer Housing initiative.

About Airbnb

Founded in August of 2008 and based in San Francisco, California, Airbnb is a trusted community marketplace for people to list, discover, and book unique accommodation around the world.

Our company and the Airbnb community are leaders in the new Sharing Economy, a movement that will represent a significant part of the world's future economic growth. Millions of micro entrepreneurs are now empowered to help make ends meet using their underutilised assets. This movement is distributing economic opportunities across diverse neighbourhoods and providing millions of people with a trusted platform they can use to benefit their families, earn additional income as a host or find unique lodging opportunities as a guest.

Since 2008, more than 150 million guests have had a safe and positive experience on Airbnb. We have worked hard to provide tools and resources that promote transparency and trust, and we are proud to be a global leader in providing education on these issues for our community.

Simply put, Airbnb allows anyone to belong anywhere. Our platform helps strangers see a city as a local does and lets hosts become

ambassadors for the communities they love, using communication, payment, and trusted tools to empower users around the world.

The Benefits of Home Sharing

There are a range of benefits associated with home sharing, including positive social and environmental impacts. For hosts, the economic benefit of Airbnb is often life-changing, and for cities, it is revitalising for neighbourhoods and small businesses alike. The growth and mainstream adoption of home sharing is leading to fundamental changes in how people travel and experience destinations. These trends are resulting in increased travel, increased spending, and an engagement with different parts of a city that visitors have typically visited.

Since Airbnb was founded in 2008, hundreds of thousands of hosts worldwide have welcomed guests into their homes. Hosting fundamentally helps people make ends meet, keeping residents in communities amid increasing living costs and income inequality. Airbnb hosts' income levels closely reflect the income distribution of Australians across the country, and the economic benefits often allow them to remain in their communities.

- Most Airbnb hosts live in low to moderate income households.
- The average Airbnb host in Victoria earns roughly \$5,100 per year, helping them make ends meet.
- 48 percent of the income hosts earn through hosting on Airbnb is used to pay for regular household expenses like rent and groceries.
- 53 percent of hosts report that income earned from hosting has helped them stay in their homes.

Our data shows that Airbnb attracts new visitors who stay longer than traditional tourists, spend more on local businesses, and are more likely to be return guests to the market as a result of their experience. These realities fundamentally strengthen the tourism industry and create additional opportunities for growth without requiring new investment or infrastructure on the part of the city or state governments.

Airbnb has established a significant presence in Victoria. The state's vibrant host community has welcomed nearly 898,000 guests during the past twelve months¹ which represents a year-over-year growth rate of 116 percent. We have a large community of people across Victoria for whom sharing their home is now part of their lifestyle. There are now approximately 25,000 active listings in Victoria, spread right across the state and Melbourne ranks as one of Airbnb's top ten cities for most properties on the platform.

The majority of hosts (77 percent) rent their primary residences occasionally and earn a modest but significant amount of extra income (\$5,100 per annum) that they use to help make ends meet.

Airbnb's community is an important contributor to the Victorian visitor economy. As a significant part of the short stay accommodation industry we contribute to the economic impact of the industry which the independent expert panel appointed by the Government found contributed an estimated \$792 million in revenue and more than \$160 million in wages, supporting more than 64,000 jobs in the Victorian economy.

¹ To 31st December 2016.

The Right to Home Share

Home sharing has long existed as a right. For many years, everyday people visiting a city have sought out home sharing as a way to have an authentic experience, visit a vacation market or explore a non-traditional destination. Airbnb was founded during the Global Financial Crisis / Great Recession period, and has become an economic lifeline for middle class families around the world.

Airbnb believes in the right for all people to share their home if they wish. Home sharing helps ordinary people take what is typically one of their greatest expenses – the cost of their housing – and turn it into a way to generate supplemental income.

Positive Impacts on Neighbourhoods and Local Businesses

In addition to changing how guests travel, Airbnb has changed where guests stay when they travel. Airbnb guests and hosts distribute the economic impacts of travel to neighbourhoods that have not traditionally received the benefits of the tourism industry.

Over 80 percent of Airbnb properties in major cities are located outside of traditional hotel districts. Not only are guests staying in different parts of the city, but research indicates that 42 percent of guest daytime spending remains in the neighbourhoods in which they stay.

This means that more money is being spent outside of traditional tourist neighbourhoods - strengthening local communities and businesses. Such investments in local commercial districts benefit both hosts and non-hosting residents by improving the viability of local small businesses such as cafes and shops which might otherwise operate at a more marginal level.

Regulation of Home Sharing is developing

Holiday homes and bed and breakfast establishments have a long history of accommodating visitors throughout Australia and Victoria. However home sharing, as practised by Airbnb hosts and guests is a relatively new phenomenon. The Internet now enables anyone to rent out the home they live in (whether a spare room or their entire home while traveling) to short-term visitors. Although professional holiday rental operators and B&B operators may use Airbnb as a booking platform in Victoria, the majority of Airbnb's Victorian hosts are regular individuals or families renting out space in their own homes.

Airbnb seeks to ensure the benefits of home sharing are available without discrimination based on where you own or rent your home. Home sharing rules should not discriminate between neighbourhoods or building types. Instead regulation should allow residents to responsibly share their home with visitors - whether hosts are renters or homeowners.

We believe that Victoria's permissive legislative treatment of home sharing is a practical and appropriate recognition of the growing importance of home sharing to Victorians who seek to supplement their incomes by using our platform to share their homes. This is in step with an increasing number of the jurisdictions where we operate in Australia and internationally. We have seen that as the sharing economy develops in scale and the benefits of home sharing become clearer, governments are embracing it and providing regulatory frameworks that facilitate home sharing.

Local government nuisance laws appropriately take into account the character of particular neighbourhoods (e.g. occupancy, parking, noise and garbage disposal) through their own zoning and enforcement procedures. These laws apply to all similar properties, whether or not the property is rented on a short- or long-term basis.

Airbnb's robust reciprocal review system and trust and safety tools further protect hosts, guests and communities. We encourage hosts to give careful consideration to their responsibilities and understand that hosting comes with a commitment to neighbours and to the community.

The Residential Tenancies Act 1997

This section addresses the options put forth in the Residential Tenancies Act 1997 – A Fairer Safer Housing initiative paper.

As more households rent privately and levels of rental stress increase, the ability to share space in a home becomes more significant, because it assists more people to afford the cost of their rent.

Airbnb seeks to ensure the benefits of home sharing are available without discrimination, irrespective of whether you own or rent. Home sharing rules should not discriminate between neighbourhoods or building types. Instead regulation should allow residents to responsibly share their homes with visitors - whether renters or homeowners. As such, the exclusive possession which a renter achieves through a rental agreement, should also include the right to allow temporary occupation by short-term guests.

We consider that Option 5.10 (which sets out a requirement for landlord consent to be required for parting with possession) would unfairly preclude renters from participating in, and benefiting from the sharing economy. This proposal would be detrimental to the rights of renters. As noted above, income from home sharing is an economic lifeline for Airbnb hosts, often going towards the cost of housing or other essentials. Provided home sharing is undertaken in a responsible way, the proposal for landlord consent to participate in the home sharing economy should be rejected, especially in circumstances where a tenant shares spare space whilst also present

in the premises (hosted home sharing). Due consideration should be given to the need for landlord consent for sharing the whole premises whilst not present (i.e., when a tenant is on holidays), but provision should be made to not unreasonably withhold consent in this instance. One option is that if a tenant wishes to share their rented premises whilst they are not present for a short time, the tenant may be required to submit a bond to the landlord to act as a guardrail to property damage and ensure that there is a clear understanding of the need for responsible hosting by the tenant. This would not extend to hosting behaviours in a rented premises where it is not the primary place of residence for the lessees (i.e., where the tenant does not intend to use the premises as a residence but operate a commercial business), but rather empowers renters to share a spare room or the whole premises when they are on holiday.

The proposal that landlord consent should not be "unreasonably withheld" is too broad to function as a guardrail. If the Government proceeds with a framework where landlord consent is required for tenants to share space in their rental premises, we would suggest instead that the regulatory framework include an exhaustive list of situations be cited where a landlord may withhold consent. This would provide clarity around the rights of tenants and landlords.

Further, the payment of a monetary fee as per option 5.11 does not address the landlord concerns cited (i.e., concerns cited at page 60 of 234, e.g., commercialisation of residential premises, security risks). A monetary fee would simply act as a barrier to renters seeking to participate in the home sharing economy.

Where problems may arise regarding hosting behaviour, landlords are empowered to evict a tenant for anti-social behaviours, including damage and nuisance. Option 11.1.11 sets out the expansion of the definition of anti-social behaviour which provides safeguards against

the risk of irresponsible hosting by a tenant and Airbnb believes this provision would adequately address the concerns of landlords regarding home sharing behaviours.

In addition, we would also note that in relation to renters within strata buildings in Victoria, the current proposed amendments to the Owners Corporations Act (which are currently before the Victorian Parliament, and in Committee stage), would provide additional community safeguards for amenity issues relating to home sharing.

Conclusion

Airbnb recommends that the Government provide clear, simple, and easy to understand legal rights for tenants to participate in the home sharing economy. Barriers to sharing spare space in rental premises unfairly restricts access to a supplemental form of income that has become an economic lifeline for thousands of Victorians to help meet the cost of housing and other essentials.

Also, the Government should embrace the following high level principles to guide the Victorian regulatory framework:

- Home sharing acts as an economic lifeline for thousands of Victorians. When undertaken in a responsible way, it brings economic benefits to households, small businesses and local communities.
- A landlord should not be able to deny a tenant the right to share their home whilst the tenant is present (i.e., sharing a spare bedroom(s)).
- A landlord should not be able to unreasonably withhold consent for sharing a whole dwelling for a short period of time, noting that protections may be required to protect against the risk of property damage whilst the host is not present (i.e., sharing a whole dwelling

whilst the tenant is on holiday should not be unreasonably denied to the tenant by the landlord) .

- To protect against long-term rental stock being taken from the marketplace, the Government should give due consideration to a framework that prevents a tenant managing a rental premises as a full-time, commercial operation with no intention to reside in the dwelling.

We thank the Government for the opportunity to provide our views. Should there be an opportunity, we would be pleased to meet with and/or present to the Government to answer any questions the Government may have.

Brent Thomas
Head of Public Policy, Australia & New Zealand
Airbnb