



Changes to Byron Bay short-term rental rules

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Housing and construction Regional NSW

Following the submission of a planning proposal by the Byron Shire Council to encourage homes to be returned to the long-term rental market, the NSW Government has endorsed a tightening of the cap on some non-hosted short-term rental accommodation (STRA).

In response to the Independent Planning Commission's recommendation, the cap will be tightened on some STRA from 180 days to 60 days per 365-day period.

Some precincts in Byron Bay and Brunswick Heads with high tourism appeal, near beaches and services, were identified by council to operate without a cap – allowing for year-round use.

Hosted short term rentals (where the host resides on the premises during the stay) are unaffected by this decision and can be undertaken 365 days per year.

There will be a 12-month transition period for the community and industry to prepare before the new rules to take effect on 26 September, 2024, ahead of the 2024–2025 summer.

Byron Shire's housing pressures are different to other NSW locations, with the percentage of short term rentals exceeding that of similar destinations.

The increase in short-term rentals in the region has coincided with population growth alongside limited new housing completions, resulting in very tight supply and high prices in the residential housing market.

This decision will support permanent housing in residential and rural areas, helping key workers and long-term residents who are being increasingly priced out of this market.

The return of non-hosted short-term rental properties to permanent residency is only one part of helping to address housing supply and affordability issues in the Byron Shire, as noted by the Independent Planning Commission (IPC).

Before endorsing the shire's planning proposal, the NSW Government asked council to detail how it intended to improve housing supply, in addition to introducing the rental cap.

The Department of Planning and Environment will now work with council to monitor its commitment to increase housing supply, over the coming year to achieve its broader housing supply commitments to deliver over 4500 houses by 2041.

Adopting all recommendations from the IPC report at this time would have had broader implications for the whole short-term rental network across the state.

The department will instead take these recommendations into account as part of its broader STRA review later this year.

As we confront the housing crisis facing Byron Bay, a DA pathway is not recommended for non-hosted STRA beyond the 60-day cap because more time and legal work is required to develop and implement such an approach.

Council also requires more time to establish resources and an assessment framework.

Separate to Byron Shire Council's planning proposal, the department will begin a scheduled review of the short-term rental policy framework later this year, 2 years after it came into effect.

Non-hosted STRA is currently restricted to a maximum of 180 days any 365-day period in Greater Sydney and self-nominated local government areas (Ballina, Byron, parts of Clarence Valley, parts of Muswellbrook).

Outside of these nominated LGAs, non-hosted short-term rentals may take place 365 days a year.

Councils are responsible for monitoring compliance with the policy.

The history of the Byron Shire matter is as follows:

- Byron Shire Council proposed to reduce the cap on non-hosted short-term rentals in parts of its local government area from 180 to 90 days.
- In late December 2022, the former government asked the Independent Planning Commission to provide advice about housing supply issues in the Byron Shire as well as Council's planning proposal.
- The commission held a public hearing and accepted community submissions.
- In late April 2023, the Commission finalised its review and provided its advice.
- The commission's report suggested Council's proposed 90-day cap would not sufficiently mitigate the impacts of non-hosted STRA while a 60-day cap would send a stronger market signal to encourage a shift from non-hosted STRA uses to long term rental.

Minister for Planning and Public Spaces Paul Scully said:

"It's well known there has been an undersupply of housing, particularly affordable and diverse housing across the Byron Shire for many years. This shortage of housing largely affects key workers and permanent residents.

"These changes to short term rental accommodation only addresses part of Byron's housing supply and affordability issues, and it was important for me to clearly understand council's plans to deliver more housing through other mechanisms, before making a decision on the proposal.

"After reviewing council's housing response, I am satisfied with the response and have decided to endorse the new cap across parts of the Byron Shire, as recommended by the IPC.

"I recognise short-term rental accommodation is a complex matter in the Byron Shire and the housing market and affordability pressures here are particularly acute.

"Given the region's unique and exceptional circumstances as one of Australia's most visited tourism destinations, it is crucial housing supply shortages are addressed and more homes are returned for permanent residency, particularly to have workers in the visitor economy.

"In the current housing crisis, it's important every available means to boost housing stock for the community is utilised, including a shift from non-hosted STRA to long-term rentals.

"I thank council, the community, the IPC, industry, and stakeholders for such a collaborative effort to find the best outcome that strikes the right balance for locals and visitors."

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