

Submission to Inquiry into Short-Stay Accommodation

Summary

The rapid growth of short-term rental accommodation (STRA) has changed the face of tourism forever. Unfortunately it has also come with negative consequences to local tax revenues, community liveability and housing affordability. Proper regulation and enforcement is essential to create strong communities and sustainable economic growth across Western Australia.

While STRA regulation is still nascent, the emerging consensus for best practice is:

- Compulsory licensing for fine-grained control and immediate response
- Tight rules for investor STRAs
- Make Professional STRAs follow the same safety rules as other commercial tourist accommodation
- Flexibility for local communities to experiment and respond quickly to local problems
- Independent enforcement targeting availability instead of booking days

The key for any STRA policy is to separate the two STRA industries - The Professionals vs the Mums & Dads - to allow for smart regulation of both.

See Appendix 1 for examples of STRA regulation from around the world.

About BnbGuard

BnbGuard is an Aussie startup that provides STRA control services to owners corporations across Australia. We currently have pilot programmes in place with several local governments to help them enforce STRA rules, including one council in WA.

BnbGuard thanks the committee for the opportunity to make a submission the Inquiry on this important topic.

History of STRAs in Australia

Short-stay apartments are not a new phenomenon. Some STRA platforms have been around for more than 15 years (eg Stayz), allowing anyone to rent their home to the public. Being small-scale and locally run, governments have tended to turn a blind eye when the hosts weren't legitimate businesses.

What is new is the rapid democratisation of STRAs. What was once considered unusual, even dangerous - staying in a stranger's property - is now normal. This has been largely because of Airbnb's success at creating a top-notch user experience, both as a host and a guest.

This normalisation has creating a boom in STRA activity across the world. Globally STRA bookings have doubled in the past 5 years, and the sector now has 35% growth year-on-year¹.

Australia has come late to the phenomenon but STRAs are now rapidly changing the country's tourist industry and the communities that underpin them. According to BnbGuard's own data, state capitals like Sydney, Melbourne and Perth have each tripled the number of STRA listings in the past two years across all the platforms we monitor. Data for selected areas in WA is shown in Chart 1 below.

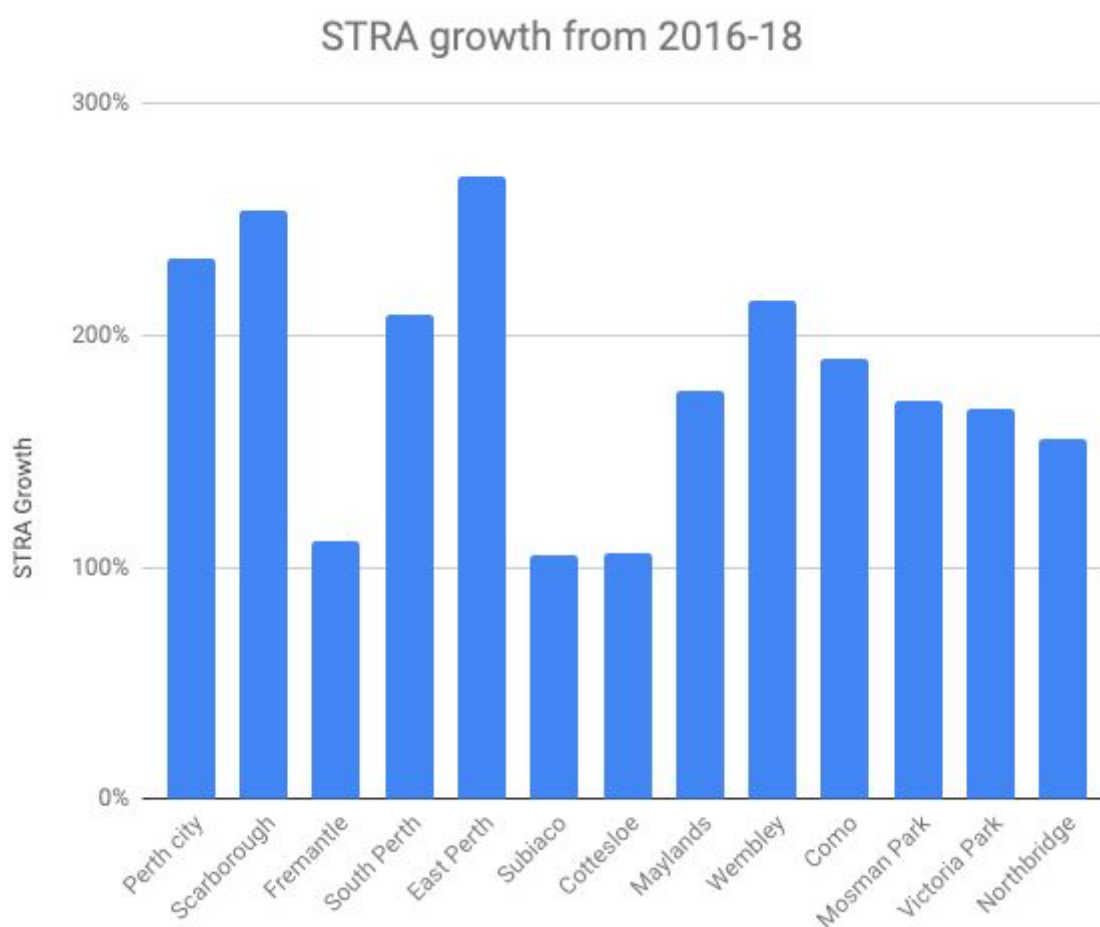


Chart 1: Increase in STRA listings in select areas of Western Australia. Note that a 100% increase is a doubling of listings over the period (100 listings in 2016 and 200 in 2018 is a 100% increase).

In WA, the highest growth has been in the Perth city centre (230%), but also places like Scarborough (250%), and East Perth (290%).

This boom is now moving from major tourist attractions to regional centres like Wagga Wagga and Mudgee.² There is simply no community in Australia that will be untouched by STRAs in future, so it's an issue every citizen should care about and every government must engage with.

¹ <https://skift.com/2018/01/11/vacation-rental-search-startups-face-intensifying-rivalry/>

² <https://www.dailymail.co.uk/news/article-6482101/Surprising-Australian-destinations-Airbnb-users-flocking-to.html>

The growth in STRAs has been very rapid and has caught many governments off-guard and wondering how best to manage them so that they benefit their communities. BnbGuard works with a number of local governments in NSW, Queensland, Victoria and Western Australia, providing help with data, advice, and enforcement of local rules.

Local councils describe 3 categories of problems STRAs cause:

Economic

While they bring in tourist dollars, STRAs can also hurt local economies in two ways.

The first is by hurting the viability of long-standing tourist accommodation businesses. This is already happening in parts of WA.³ If a house is rented as a full-time STRA, then it's directly competing with local businesses, and should be treated as a commercial operation. STRAs have an unfair advantage over traditional accommodation businesses because they typically pay less tax (if they do at all), have fewer overheads (no local staff employed) and less red tape. As STRAs continue to spread, local businesses will be increasingly under pressure.

The second is by avoiding local levies. Councils with tourist areas often have "tourist taxes" that fund local festivals and other events. So the STRA operators are benefitting from these festivals without paying their fair share.

Compliance

Most STRA problems stem from one simple fact: hosts won't vet a short-term guest like they would a long-term tenant. That's especially true when what was once a family home rented on the holidays becomes an investment property rented the whole year through. No one wants their home trashed, but for an investment property it's just the cost of doing business.

Tourist centres have dealt with schoolies for years, but the normalisation of STRAs means a lot more properties and hosts on the market, making it easier for bad short-term guests (or just irresponsible ones) to sneak through. It's now normal for a group of teens to rent out an STRA for a weekend party. And it's cheap when the cost is split between 20 friends.

Noise complaints are one issue, but uncontrolled STRAs can also lead to garbage and parking problems for residents, as well as safety concerns since STRAs don't have to meet the same fire and safety regulations as hotels, motels, and other commercial tourist accommodation businesses.

Amenity

STRAs affect local property prices in high-demand areas.^{4,5} Some investors can pay off mortgages four times faster using short-term rentals vs long-term tenants.⁶ This pushes

³ <https://thewest.com.au/news/wa/business-owners-take-aim-at-airbnb-in-margaret-river-tourism-row-ng-b88924339z>

⁴ https://www.ahuri.edu.au/__data/assets/pdf_file/0022/28615/AHURI-Final-Report-305-Technological-disruption-in-private-housing-the-case-of-airbnb.pdf

⁵ <https://boingboing.net/2018/12/20/unlicensed-hotels-vs-tenants.html>

⁶ <http://www.news.com.au/finance/real-estate/buying/pay-off-your-investment-property-quicker-with-airbnb-says-global-index/news-story/4ffa6cc63f30e23a9b64cbfb46d50d10>

long-term residents (owners and tenants) away from these areas, **turning previously mixed neighbourhoods into tourist-only zones**. Many councils are worried their communities are being gutted while they watch powerless to stop it. In Sydney, where BnbGuard is based, we are watching this happen in popular areas like the CBD, Bondi Beach and Surry Hills.

STRAs also bring in more tourists to an area during the off-season, leading to strain on local services like public transport, garbage collection and access to beaches.

Local communities don't want tourists for the sake of tourists. They want the money tourists bring in to fund a liveable community. STRAs often bring the worst of both worlds - more tourists, less income.

The Emerging Best Practice

Appendix 1 contains a summary matrix of best-practice STRA regulation from around the world.

The key point is that all good STRA rules successfully do one thing: Separate STRA professionals from Mums & Dads.

The dirty secret of the STRA industry is that there is no single STRA industry. Instead there are two industries, with completely different hosts, motives and economics.

The first industry is Mums & Dads. These are folks renting out a room in their house or their home over the peak tourist season. They've usually been doing it for years and the STRA platforms are just another way for them to get the bookings. They earn good money but it supplements, rather than replaces, their main income stream. The community matters to them because they live there too.

Professionals are investors who scoop up properties with the express intent of short-term letting them. Often they're from outside the community and sometimes they earn the bulk of their income from their STRA investments. These properties often haven't been short-term let before, or if they have, then not nearly as often as they are now.

There is big money to be made by Professionals. By listing a property across multiple sites and using price optimisation algorithms to maximise bookings and revenue, they are slowly pushing Mums & Dads into increasingly minor roles. A recent study of New York City STRAs concluded that the top 10% of hosts earned 48% of the booking revenue.⁷ These are the professionals. The bottom 80% are the Mums and Dads (earning 32% of the revenue).

It's often difficult to separate the two industries. After all they have the same guests and use the same STRA platforms. Savvy Professionals often try to get around local rules by disguising their activity - for example, in New York City a host must be present in the property overnight. This has led to the creation of "ghost hotels", where all bedrooms are listed individually, making it nearly impossible to prove the host is not there. There are at least 4,700 of these listings in the city.⁸

Some STRA platforms do their best to mush the two industries together, quoting statistics that give an "average" or "median" view of data only. As most hosts are Mums & Dads who

⁷ <https://www.mcgill.ca/newsroom/channels/news/high-cost-short-term-rentals-new-york-city-284310>

⁸ <https://www.mcgill.ca/newsroom/channels/news/high-cost-short-term-rentals-new-york-city-284310>

on average don't earn much from STRAs, the average numbers always look low. But the real money is being made by the Professionals, who command the bulk of the total days booked and hence the bulk of the revenue. These stats are usually kept well hidden from the public and governments. Where hosts earn their revenue is where the STRA platforms do too. That money funds a lot of slick and sophisticated lobbying, including in Australia.⁹

Smart regulations always attempt to separate the two STRA industries, applying different rules and costs to each. This allows governments to closely regulate the industry making all the money and causing most of the problems, while letting traditional activity that most benefits the community relatively lightly regulated.

To achieve this, there are a few common themes that WA must consider when crafting any legislation.

Theme #1 - Registration

Requiring STRAs to provide contact information (usually at no charge) is a common first step. This has the following advantages:

- It provides data on the STRA activity in the region
- Host contact details speed up complaints investigation
- It can be used to check that an STRA operator is paying the correct local levies
- It can be used to a departure point to create and enforce more strict policies

Registration is a “declaration” process, meaning registration can't be refused (unlike a license). Many places have found this doesn't go far enough, and so have moved on to stronger measures like licensing.

Theme #2 - Licensing

Licensing is increasingly popular to regulate STRAs. It requires hosts to pay a fee and be granted a permit or license before they can operate an STRA. It is an “authorisation” process, meaning the government can refuse a license for a variety of reasons. Sometimes only some STRAs will require a license (eg if done more than 30 days per year with host not present), but licensing is most effective when required for any STRA host and any STRA property.

It's also common to require hosts to show the license number of any listing, which makes it easier to identify properties breaking the rules. Some governments also force hosts to show the license on the outside of the property, so problems can be more easily reported and properties without licenses more easily found (eg Las Vegas, South Lake Tahoe).

Licensing has a number of benefits, including:

- It earns extra revenue to supplement local tourist levies
- Licenses can be revoked immediately if there's bad behaviour.
- It allows fine-grained control. If a council sees lots of STRA problems or simply wants to slow down growth a bit in a particular area, they can reject license applications for just that area. For example, New Orleans and Las Vegas ban STRAs in some of their suburbs, and Las Vegas only allows one license every 200m.

⁹ <https://www.echo.net.au/2018/12/airbnb-mute-political-campaign/>

- It allows governments to better enforce safety rules. For example, Professional STRAs should be required to meet the same safety rules as hotels and motels. Governments can put the burden of proof here on these Professional operators, requiring them to prove compliance before a license is issued. This makes accommodation safer for the public.

See Appendix 1 for examples of governments that have adopted licensing. Most governments charge about \$100 per year for a license. Some places, like South Lake Tahoe, scale the license fee by the property's intended occupancy, so single bedroom apartments pay less than a multi-bedroom house.

Theme #3 - Ban Investor STRAs

Banning STRAs where the property is not the host's primary residence is a simple way to take the heat out of the Professional industry without affecting Mums and Dads. This is done already in several cities worldwide (see Appendix 1).

Proving a primary place of residence can be tough, but it's much easier for the host to do this rather than a government or owners corporation. For this reason, the burden of proof should be placed on the STRA operator. A registration or licensing regime would allow governments to easily enforce this, as people would only be allowed to register one property and info can be cross-selected with other records. Vancouver, Toronto, Boston, New York, Los Angeles and many more cities have banned or are planning to ban investor STRAs.

Many governments have passed rules allowing investor short-term rentals up to a certain number of days (see Appendix 1). This may seem like a reasonable way to separate the two STRA industries, but in practice it is difficult to enforce. Governments must rely on STRA platforms to supply this data or enforce these rules - contrary to the platforms' own interests, given where the bulk of their revenue comes from - because it's not possible to tell whether a property has been booked or is simply unavailable to be booked on those days, without the cooperation of the platforms.

This is exacerbated by the proliferation of STRA platforms, now that Airbnb has normalised the phenomenon. This makes it harder to track the real number of days booked even if all the platforms share, and an increasingly fragmented market makes it easier for hosts to evade the rules and caps. This is what happened in London and New Orleans - the cities targeted Airbnb only to find illegal activity quickly moving to other platforms, who were less keen to cooperate.^{10,11}

This is why many cities are moving to outright bans on investors STRAs, which are much easier to police.

Other tips

The following suggestions are used by some cities that have recently passed laws, but are not yet widely adopted. We believe they should be considered for any new STRA regulation.

¹⁰ <https://realbusiness.co.uk/current-affairs/2018/02/12/airbnb-accuses-rivals-flouting-rules-london-accommodation-battle/>

¹¹ <http://www.fox8live.com/story/37980482/expedia-refuses-to-answer-new-orleans-subpoena-over-short-term-rental>

Availability

Because it's hard to prove compliance with booking day caps, it's best to base compliance on availability, which is much easier to track across multiple platforms and without the STRA platforms' cooperation. This can be done with blanket rules, eg if a property is listed as available during the year then it must pay an extra tax (Noosa Shire Council in Queensland uses this approach, with a tax based on rateable value). Or it can be done by capping the numbers of days that a property can be advertised as available. This is a neat way to separate out Professionals (whose properties would be available all year) from Mums & Dads renting out for the summer, because it targets the intent of the activity ("I want to run an STRA all year round") instead of the operator's success at achieving their intent. After all, if a motel can't achieve more than 28 days of bookings each year, it's still a business (just not a good one).

STRAs in Apartments

It's important for owners corporations to be able to engage with STRAs on their own terms. Because of the very close proximity of apartment residents, the negative effects of STRAs are felt more often and more keenly here.

For this reason, it's best to allow owners corporations to ban all STRAs in their building or impose extra rules on them. This is currently done by Vancouver, Japan, Amsterdam, and Las Vegas, among others.

One idea yet to be tried widely is to require owners corporations to "opt in" to having STRAs in the building - that is, STRAs are blocked by default, and owners must vote to allow them.

Owners corporations should also be able to pass on costs and directly fine STRA hosts who break the rules.

Specific and Sizeable fines

It's important the bad operators can be punished quickly. When fines are too small, hosts wear them as the cost of doing business, because they still make more money than from a long-term rental. The best practice for fines is about \$1000 for the first offence, with higher fines for repeat offenders.

Occupancy limits

Many jurisdictions limit the number of guests allowed in a single short-term rental property. This prevents overcrowding, ensures a better experience for tourists, and can be used to stop homes being converted into pseudo-hotels.

Put the Onus on Hosts

It should be up to the hosts to ensure their guests are aware of the rules, fire safety regulations and local bylaws. And hosts should be liable for fines if their guests break these rules. South Lake Tahoe and Mornington Peninsula take this approach.

Case Study #1 - Vancouver, Canada

Vancouver is a good role model for STRA regulation, with similar tourist profiles, housing affordability issues and culture as many Australian cities.

The city has the following STRA rules:

- All STRAs require a license
- License number must be displayed on any listing
- Investor STRAs are banned
- Owners corporations can ban or restrict STRAs, and can fine wrongdoers up to \$1000 a day
- The city can fine up to \$1000 per offence per platform per day for not having a license or breaking the rules, with fines up to \$10,000 for repeat offences
- Requires hosts to submit evidence that their property complies with local rules, including fire safety regulations, upon request

None of this places an undue burden on Mums and Dads, but has removed roughly 3000 listings from the market, easing local housing affordability worries.¹²

Case Study #2 - San Francisco, USA

San Francisco has the most experience dealing with the explosion of STRAs - it's where Airbnb started, after all - and has long-standing issues with housing affordability.

Here's a quick summary of its approach:

- The city requires registration and a \$250 license
- If the host is present, there is no limit to the number of days booked
- Investor STRAs are allowed, but with a 90-day limit and the owner must be a San Francisco resident
- The city created an Office of Short-Term Rentals to enforce the rules. Fines range from about \$500 for the first offence to about \$1000 for repeat offences.
- Hosts must post fire safety information in the property
- A tenant cannot make more than their monthly rent from an STRA in the property

Enforcement

Without a plan for adequate enforcement, it really doesn't matter what approach WA takes for STRAs. Savvy operators will just ignore it and keep operating. There's too much money to be made to follow the rules for their own sake.

There are a variety of ways to enforce STRA rules. What's important is that the rules and their enforcement are developed together, to maximise chances of both working well.

¹² <https://www.cbc.ca/news/canada/british-columbia/short-term-rental-listings-down-47-per-cent-in-vancouver-1.4811875>

Enforcing STRA rules is not easy. STRA platforms tend to be uncooperative, and with so much money at stake, Professionals find and exploit any loophole they can. BnbGuard works with governments to advise on STRA rules and enforcement strategies, and also to enforce those rules using our technology that identifies the real property addresses of listings. In the absence of this kind of technology, the best approach is for a dedicated team of people to be assigned the task of responding to complaints and proactively enforcing compliance (for example, Berlin has a team of six).

Whatever approach is taken, it's imperative that it has enough funding to enforce the rules properly. Lax enforcement or difficult-to-enforce rules have let down STRA regulations in Santa Monica,¹³ Chicago¹⁴, New York¹⁵ and many other places.

The case for Local Flexibility

A one-size-fits-all, statewide solution tends to be inappropriate for regulating STRAs. This is because the problems faced by one region are very different than those faced by others, even close-by. For example, the problems faced by Perth's city centre (eg noisy parties in apartment building, rising rents) are different than those faced by tourist towns like Margaret River (over-touristification, loss of tax revenue) are different again than those faced by more remote towns like Geraldton (not having enough STRAs for tourists in peak season). Applying one set of rules for these very different local problems makes no sense.

Mums & Dads have no problem following local rules (they've usually been doing it for years already). But local variation does make it harder for STRA Professionals to make money, by increasing the risk and complexity of their investment. It also makes it harder for STRA platforms to make money. So these two groups usually push for statewide or nationwide solutions.

The most dynamic and effective STRA regulation has come from the world's major cities - Paris, Vancouver, San Francisco, New York, Amsterdam, Berlin, etc. They have been able to respond quickly (relative to the speed of governments at least), used approaches best suited for their local circumstances, and try new things. This is true even in Australia. Here's it's local governments such as Mornington Peninsula, Noosa Shire and Busselton who are taking the lead.

While there is an emerging best practice, STRA regulation is still in its infancy. No one knows yet what types of solutions best fit different circumstances. So it's important to allow local experimentation and flexible rules that can be altered and adapted quickly.

Statewide and nationwide approaches are best limited to creating guidelines, frameworks, and sets of policy tools under which local communities can respond quickly and flexibly to the specific problems they need to solve. The worst thing states and national governments can do is create rules that bind local governments.

¹³ <http://smdp.com/report-airbnb-hosts-make-millions-in-santa-monica-from-illegal-listings/164554>

¹⁴ <https://therealdeal.com/chicago/2018/10/08/a-law-that-was-designed-to-fail-aldermen-want-more-enforcement-of-airbnb-like-vacation-rentals/>

¹⁵ <https://ny.curbed.com/2018/4/17/17246830/nyc-airbnb-illegal-hotels-crackdown-funding>

The need Platform-Agnostic Solutions

It's tempting to try to work with STRA platforms to regulate STRAs. Ideally STRA platforms would send host and booking data directly to any government that wanted it, and enforce any local rules directly. This is not technically difficult to do for larger players, though it is bad for business, and so rarely done.

STRA platforms tend to take similar approaches to regulation. These focus on a simple one-size-fits-all tax (eg "bed tax") and minimising regulatory burdens on themselves and their hosts (to remove barriers to new hosts joining and existing hosts making money). Any extra taxes are added to the price and paid for by the consumer (the tourist).

Crucially this approach doesn't nothing to separate the Professionals from the Mums & Dads, nor does it give local governments the ability to regulate the negative effects of STRAs. Like a casino, it gives the government an immediate source of revenue that quickly becomes relied upon, making further regulation politically difficult.

Relying on STRA platforms isn't practical as a sustainable solution for two reasons: **Platforms can't be relied on to cooperate, and the market itself is splitting into more and more platforms.**

Reliance on Platforms

When examining the pattern of behaviour of STRA platforms in their recent battles with regulators, a clear pattern emerges - Platforms will obscure the Professional STRA industry behind the Mums & Dads, attempt to have the same regulations apply to both, and concede only as much as they have to to stay in business.

Airbnb is frequently under the spotlight, but is actually one of the industries' better players (perhaps because it's under the spotlight). It cooperates much more fully with governments than most of its competitors (see for example, Expedia's battle to avoid the rules Airbnb follows in New Orleans¹⁶). However, Airbnb opposes rules in some areas it is only too happy to meet in others. The best example of this is sharing host data (eg names, addresses) with governments, which it has lambasted in New Zealand¹⁷, Queensland,¹⁸ New South Wales,¹⁹ and New York City (which Airbnb is fighting in court).²⁰ However, it is sharing host data in other jurisdictions such as Vancouver²¹ and Portland.²²

In New York, this selective resistance may be motivated by money - an estimated 66% of Airbnb's revenue in the city comes from illegal listings.²³

So relying on major STRA platforms to cooperate isn't a smart move. Cooperation will come on their terms (and there is a real gap of expertise and knowledge between them and

¹⁶ <http://www.fox8live.com/story/37980482/expedia-refuses-to-answer-new-orleans-subpoena-over-short-term-rental>

¹⁷ https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=12178787

¹⁸ <https://www.sunshinecoastdaily.com.au/news/airbnb-shuts-door-on-coast-address-sharing-plan/3230402/>

¹⁹

<https://www.domain.com.au/news/councils-call-for-compulsory-registration-system-for-short-term-rental-properties-789001/>

²⁰ <https://www.courthousenews.com/airbnb-takes-nyc-to-court-on-data-demand/>

²¹

<https://www.theglobeandmail.com/canada/british-columbia/article-airbnb-not-required-to-enforce-rules-in-agreement-with-vancouver/>

²² <https://pamplinmedia.com/pt/9-news/414425-315452-airbnb-deal-aims-to-fix-problem-with-short-term-rentals>

²³ <https://www.mcgill.ca/newsroom/channels/news/high-cost-short-term-rentals-new-york-city-284310>

government agencies) and can be ended or restricted when it's no longer in their interest to play nice. It's much better strategically to have independent third-party monitoring.

The Market is Splitting

Airbnb has normalised staying in other people's homes, and made the experience so easy it's changing the face of tourism. But it's increasingly just one player in an increasingly fragmented market.

Now that home-sharing is normalised, it's easy for other companies to jump on board. These focus only a specific community, and so often do a better job of appealing to that community. Examples include:

- Holiday Paws (pet friendly)
- Kid & Coe (family friendly)
- Ecobnb (environmentally friendly)
- Muzbnb (muslim friendly)
- MisterB&B (gay friendly, actually one of the biggest sites in Sydney)

The technology itself is cheap and easy to set up, the opportunity is clear, so really the only barrier is attracting customers (which is why so many focus on just one specific community). Typically these sites have fewer controls than major STRA platforms.

Crafting data-sharing agreements with all these companies is infeasible. Moreso, enforcing rules is impossible. There is little a local or state government can threaten a company based overseas that doesn't care about playing by the rules. And these cheaters will prosper when other companies play by the rules.

Further to this, there are the "metasearch engine" sites, aggregators like Tripping.com and HomeToGo, that serve up listings from all major STRA platforms in one place. So why go to Airbnb to find a place when an aggregator will have more listings and not cost you any more? AllTheRooms.com takes this to the next step, showing hotel and STRA results in the same search (figuring the most consumers don't care, they just want a good room at a good price).

Many pundits and investors believe aggregators will dominate the market in future,²⁴ as Skyscanner.com has for flights and Wotif.com has for hotels. As with these markets, Google is even beginning to show STRAs in its search results for local accommodation.²⁵

What this means is that being banned from major sites Airbnb and Booking.com is no longer the end of an STRA business. Just list on a smaller site that ignores the rules, and your listings will get picked up by an aggregator anyway.

This proliferation of sites and channels will continue to accelerate, making independent monitoring the only sustainable solution.

²⁴

<https://www.businesswire.com/news/home/20161214005347/en/Tripping.com-Secures-35-Million-Series-Funding-Announces>

²⁵ <https://skift.com/2018/01/11/vacation-rental-search-startups-face-intensifying-rivalry/>

Conclusion

STRAs may be new but they are now a permanent part of the mix of tourist accommodation across Western Australia. There is no turning back the clock, nor should we want to. STRAs provide a different experience to hotels, one preferred by many tourists (even sometimes by us here at BnbGuard).

However, STRAs have a number of negative consequences to local communities, and it's important that they are properly regulated to minimise these. People want a home, not a hotel.

To summarise, it's important for Inquiry members to consider global best practice when examining possible STRA regulation in WA. While STRA regulation is still nascent, the emerging consensus for best practice is:

- Compulsory licensing for fine-grained control and immediate response
- Tight rules for investor STRAs
- Make Professional STRAs follow the same safety rules as other commercial tourist accommodation
- Flexibility for local communities to experiment and respond quickly to local problems
- Independent enforcement targeting availability instead of booking days

The key is to separate the two STRA industries - The Professionals vs the Mums & Dads - to allow for smarter regulation of both.

Thanks again for the opportunity to make a submission to the Inquiry. Please reach out if you have any questions about our submission.

Reuben Schwarz | Chief Operating Officer

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Appendix 1: STRA Regulations Worldwide

| Region | Compulsory Registration | Compulsory License | Primary residence (host present overnight) | Primary residence (host not present overnight) | Investor STRA rules | Owners Corporation powers |
|-------------------|--------------------------|--|--|--|--|---------------------------|
| San Francisco | Yes | Yes | No restrictions | 90 day Cap | 90-day cap & must be resident | None |
| Vancouver | Yes | Yes | No restrictions | 180 day cap | Banned | Bylaw can ban or restrict |
| Toronto (planned) | Yes | Yes | No restrictions | 180 day cap | Banned | None |
| Amsterdam | Yes | No | 30 day cap | 30 day cap | Banned | OC must approve |
| London | Yes | No | No restrictions | 90 day cap | 90 day cap | None |
| Paris | Yes | Only for investor STRA | 120 day cap | 120 day cap | Requires license | None |
| Japan | Yes | Yes | No restrictions | 180 day cap | Host must use manager if not in building | Bylaw can ban |
| Berlin | No | Yes. Licenses are graded by primary residence vs investor. | No license needed if <50% of area let, but must still register | No restrictions | 90 day cap | None |
| New Orleans | Yes | Yes. Licenses are not granted in some areas. | No restrictions | 90 day cap | 90 day cap | Bylaw can ban or restrict |
| LA | Yes | Yes. Extra license to go beyond 120 day cap. | 120 day cap | 120 day cap | Banned | Bylaw can ban or restrict |
| New York | No | No | No restrictions | Banned | Banned | Bylaw can ban or restrict |
| Boston (planned) | Yes. Registry is public. | No | Max 3 bedrooms per property | 180 day cap | Only allowed if owner living adjacent | Bylaw can ban or restrict |
| Las Vegas | Yes | Yes. Licenses are not granted in some areas. | No restrictions | Banned | Banned | OC must approve |