

Planning Bulletin 115/2024

Short-Term Rental Accommodation (STRA) – Guidance for local government



18 September 2024

1. Purpose

The Planning & Development (Local Planning Schemes) Regulations 2015 (LPS Regulations) have been amended to facilitate planning changes for shortterm rental accommodation (STRA). Alongside the state-wide Registration Scheme, which will be mandatory for all STRA as of 1 January 2025, the amended LPS Regulations are a key part of the State Government's commitment to ensure there is fair and consistent regulation and management of STRA across the State's planning system.

Local government will play an important role in implementing these changes through local planning frameworks. Most significantly, new 'deemed' land use classes for STRA have taken effect and are automatically read into every local planning scheme to which they apply.

Amendments to local planning schemes are needed to incorporate the new 'deemed' land uses into zoning tables, as well as remove any superseded land uses where relevant.

Local governments are encouraged to incorporate other new and revised 'model' land use classes and general definitions, that relate to tourism development, into their schemes where practicable.

This Planning Bulletin has been updated from a previous version released in November 2023. It provides a summary of the local planning scheme expectations resulting from these changes, as well as clarifying interpretation matters and outlining next steps for implementation.

2. Background

With the rising emergence of online booking platforms, there has been a lack of clarity on how STRA should be approached, including whether it should be a stand-alone land use class. This has led to inconsistency between local government areas as well as challenges in those areas where tourism accommodation and local housing issues require more strategic consideration.

In November 2023, the Western Australian Planning Commission (WAPC) released its *Position Statement: Planning for Tourism and Short-Term Rental Accommodation* (Position Statement). Along with associated Guidelines, it outlines the WAPC's position for clearer, more consistent regulation of STRA in planning frameworks.

The release of the Position Statement complemented other whole-ofgovernment reforms relating to STRA, responding to recommendations made in the 2019 parliamentary enquiry *Levelling the Playing Field: Managing the impact of the rapid increase of short-term rentals in Western Australia.*

Information relating to the full suite of reforms, including the state-wide STRA Register and Incentive Scheme administered by the Department of Energy, Mines, Industry Regulation and Safety (DEMIRS), can be accessed via the <u>Short-Term Rental</u> <u>Accommodation Initiatives website</u>.

The Position Statement foreshadowed a series of amendments to Schedules 1 and 2 of the LPS Regulations, which as of September 2024 are in force. These include:

- new 'deemed' general and land use definitions to ensure hosted and unhosted short-term rental accommodation are considered as dedicated land use classes in planning schemes;
- new 'model' land use class of 'tourist and visitor accommodation' to supersede and consolidate a number of land use terms for traditional accommodation, as well as other changes to general definitions;

- a state-wide development approval exemption for 'hosted short-term rental accommodation' (includes ancillary dwellings); and
- a 90-night (cumulative) exemption within a 12-month period for 'unhosted short-term rental accommodation' in the Perth metropolitan area.

Local governments and other key stakeholders were consulted on these changes to the LPS Regulations in April and May 2024, with feedback received incorporated into the final amended LPS Regulations.

3. Objectives

To outline the steps and timeframes for implementing recent changes to the LPS Regulations for STRA.

4. Amending Local Planning Schemes

Amendments to local planning schemes to complement and align with new 'deemed' land use classes for shortterm rental accommodation will need to be initiated as soon as possible and should ideally be completed by mid-2025, to allow for development approvals to be obtained by **1 January 2026**.

To assist local government in meeting these timeframes, all scheme amendments relating to STRA will be processed as a priority once submitted to the WAPC for assessment.

Appendices 1 and 2 provide an overview of planning framework changes arising from the STRA regulatory changes, including indicative timeframes and contacts for further information.

Scheme Amendments – 'Deemed' STRA Land Uses

To ensure consistency across local planning schemes as well as alignment with the *Short-Term Rental* Accommodation Act 2024 (STRA Act 2024), all local governments shall incorporate two new 'deemed' STRA land use classes into the zoning table of their local planning scheme by either:

- including 'hosted short-term rental accommodation' and 'unhosted short-term rental accommodation' where no uses of a similar nature have existed previously; or
- deleting superseded uses in most cases 'bed and breakfast' and 'holiday house' – and replacing these with 'hosted short-term rental accommodation' and 'unhosted short-term rental accommodation'.

In all schemes, both metropolitan and regional, 'hosted short-term rental accommodation' should be listed as P use in all zones where any type of dwelling is capable of approval, reflecting the state-wide development approval exemption in the LPS Regulations.

For local governments within the boundaries of the Metropolitan Region Scheme (MRS), 'unhosted short-term rental accommodation' should be listed as a D or A use in zones where any type of dwelling is capable of approval, a P use in Tourism zones and an X use within all other zones, reflecting the direction set in the Position Statement.

The State Government is aware of a small number of local governments within the boundaries of the MRS who currently exempt STRA from the requirement to obtain development approval. These exemptions will need to be removed to achieve consistency with the amended LPS Regulations and Position Statement.

Local governments in regional areas, (i.e. outside of the MRS area), may designate 'unhosted short-term rental accommodation' as they see fit within each scheme zone to suit local tourism, housing or other relevant conditions.

<u>Scheme Amendments – 'Model'</u> <u>Definitions</u>

The changes also introduce a new 'model' land use class of 'tourist and visitor accommodation', which supersedes traditional accommodation uses including 'holiday accommodation', 'motel', 'serviced apartment', 'tourist development' and similar. This new definition sits separately to the retained 'hotel' use class and is also intended to include farm stays and larger bed and breakfast style accommodation that do not fall within the definition for 'hosted short-term rental accommodation'.

While 'tourist and visitor accommodation' is not a 'deemed' definition, it is strongly encouraged to be included in local planning schemes going forward, ensuring a clearer differentiation between STRA and traditional accommodation uses. This new use, and deletion of relevant superseded uses, may be incorporated into schemes as part of the same amendment as the above-mentioned STRA uses.

This new model use class is not intended to replace other accommodation types such as lodging houses. These are not considered STRA or traditional accommodation for the purposes of these changes. Such land uses will continue to be classed as 'residential buildings'.

Further to this, revised general definitions of 'cabin' and 'chalet' and the amended land use definition of 'road house' can be introduced, along with deletion of the general definition for 'short-term accommodation'.

Classification of Scheme Amendments

The classification of amendments is at the discretion of the individual local government, however, the following provides a guide on scenarios where a 'basic' or 'standard' amendment stream might apply.

Scheme amendments that propose to replace superseded land use classes with the new STRA land uses, without changes to permissibility in the zoning table, can generally be processed as a 'basic' amendment.

If an amendment introduces or changes permissibility for new STRA and traditional accommodation uses, or introduces supplemental development standards or other scheme provisions, it will generally be progressed as a 'standard' amendment.

A model scheme amendment document has been prepared by the Department of Planning, Lands and Heritage (DPLH) and can be used by local governments in aligning their local planning schemes with the LPS Regulations and the Position Statement. If not already received, please contact your applicable schemes or area team at DPLH to obtain a copy of this amendment template.

5. 'Deemed' Development Approval Exemptions

Development Approval – New Exemptions

Amendments to the LPS Regulations have introduced two new 'deemed' development approval exemptions.

Hosted STRA

'Hosted short-term rental accommodation' is exempt statewide and applies to all dwelling types with no time restrictions. The State Government's position on this matter was set through the release of the Position Statement in November 2023.

It is important to note that 'hosted short-term rental accommodation' will still require registration with the STRA Register, ensuring regulatory oversight.

Ancillary dwellings (granny flats) are considered to be 'hosted short-term rental accommodation' when the 'host' resides on site in either the primary or ancillary dwelling. This is because, by definition, ancillary dwellings can only occur on the same site as another type of dwelling (i.e. single, grouped or multiple). This is further reinforced by the general deemed definition of 'short-term rental arrangement', which provides the ability for a dwelling, or part of a dwelling, to be used as STRA.

Unhosted STRA

'Unhosted short-term rental accommodation' within the Perth metropolitan area is exempt from requiring development approval for a period of up to 90-nights within a 12-month period from the date of registration. This exemption is intended for ad hoc situations in a person's primary place of residence, such as when they are away on holidays. The exemption cannot be undone through a local planning policy.

The STRA Register will track booking events to monitor compliance with this exemption. Notifications will be sent to operators who are approaching the 90-night limit advising of the requirement to obtain development approval to continue the use beyond the exemption period. A change of use development application requirement is triggered once the 90-night exemption has been exhausted.

Development Assessment and Approval <u>– Unhosted STRA</u>

The assessment of development applications for changes of use to 'unhosted short-term rental accommodation' will generally be a matter for the local government to consider on a case-by-case basis, having regard to any local planning policies prepared (refer to Local Planning Policies section below).

It is prudent to note that the premises must first be classified as a type of 'dwelling' to enable the change of use, given reference to this term within the 'deemed' general definition for 'shortterm rental accommodation'.

In this regard, the Residential Design Codes (R-Codes) will, in most instances, continue to apply to works associated with a short-term rental accommodation proposal.

Local governments have the flexibility to condition occupancy numbers for 'unhosted short-term rental accommodation' through development approvals, should the maximum of 12 persons be considered inappropriate in relation to the size of the dwelling. Local planning policies can provide guidance on when and how occupancy numbers may be assessed and conditioned.

It should also be noted that in zones where a type of 'dwelling' is discretionary, it is possible for a site to have multiple active development approvals in-force at any one time allowing for changes of use between STRA and a 'dwelling' without the need to obtain further approval.

Where a development approval is required under a scheme for 'unhosted short-term rental accommodation', a local government can consider any relevant matter under clause 67 of the 'deemed provisions'.

Bushfire Considerations

Changes to the State Government's bushfire planning framework detail that a 'vulnerable land use' does not include a change of use in an existing single house or ancillary dwelling; including STRA. The proposed changes will also make clear that Part 10A of the 'deemed provisions' will be mostly concerned with the construction aspect of development (i.e. not changes to use). The LPS Regulations amended for STRA also introduce a new 'deemed' clause 78B(1A), to ensure that exempt short-term rental accommodation proposals situated within bushfire prone areas, remain as such. This would apply in instances where the use is permitted in a zone, or otherwise exempt through cl. 61 of the 'deemed provisions'.

A Good Host Pack for short-term rental accommodation owners has been prepared by DEMIRS, which includes information from the Department of Fire and Emergency Services (DFES), with messaging encouraging STRA operators to ensure they have a bushfire plan in place and to communicate this with their guests. Further information can also be found <u>via the DFES website</u>.

Local governments may also include bushfire response considerations within local planning policies for STRA.

Local Planning Policies (LPPs)

The Position Statement encourages the development of LPPs to provide further guidance on the consideration of STRA proposals. Existing LPPs relating to STRA can continue to operate and be used for assessment purposes, except where they conflict with changes to the LPS Regulations or replicate the state-wide Registration Scheme.

Local government should update existing LPPs concurrently with scheme amendments, to ensure alignment with the amended LPS Regulations as well as the Position Statement and Guidelines.

To assist, a Local Planning Policy Guidance document has been prepared, in collaboration with the WA Local Government Association (WALGA). This document provides direction on a number of matters which can be considered when preparing local planning policies for the assessment of 'unhosted short-term rental accommodation'. A copy of this policy guidance is available at the <u>WALGA</u> <u>website</u>.

6. State-Wide STRA Register

The state-wide STRA Register, established by the STRA Act 2024, is now operational. Registration for all STRA will be mandatory by **1 January 2025**. The Register replaces any existing local government STRA registers which may have been in place prior to proclamation of the STRA Act 2024.

All STRA are required to register prior to operation – regardless of whether they are 'hosted' or 'unhosted', or whether they qualify for a development approval exemption through the LPS Regulations. Registration is completed by either the STRA owner or tenant (with the owner's consent) and is renewed annually.

Under the STRA Act 2024 and associated regulations, it is mandatory for applicants to enter either that a development approval is not required, or the status of their development approval at the point of registration. This includes whether an application has been approved (including their development approval number), submitted, refused, or not obtained.

STRA accommodation providers may register their premises without having first obtained a development approval, however they must comply with all relevant local planning scheme requirements.

Where a premises is being used for STRA unlawfully, local governments may take enforcement action under the *Planning and Development Act* 2005. A designated officer of the LGA may also provide the Commissioner for Consumer Protection with a certificate under section 29 of the STRA Act. Where considered appropriate to do so, the Commissioner may exercise their discretionary power to suspend or cancel registration based on the grounds listed in the STRA Act 2024.

Strategic Planning Implications

Registration data will, over time, allow local governments to make more informed strategic decisions based on the actual number, type and location of registered STRA premises within a particular municipality.

Any further action taken based on this data would need to be considered holistically in the context of a broader population and housing analysis undertaken through a local planning strategy review.

Further guidance on strategic planning considerations for STRA and tourism more broadly is provided in the Position Statement and Guidelines.

7. Communication and advice to STRA operators

Changes to planning schemes may create uncertainty for existing STRA operators who have not previously required development approval, or where such requirements have been unclear or not consistently enforced.

Local governments should consider how best to communicate relevant planning changes to their communities and/or existing STRA operators, to allow for development approvals to be obtained by 1 January 2026. STRA owners and operators may contact their local government seeking information about approval requirements that currently exist, or may be introduced in their area.

Any communication from local government on planning requirements should also make it clear that obtaining a development approval is a separate process to registration, which is to be done online through the <u>DEMIRS</u> <u>registration portal</u>. Local governments undertaking 'standard' amendments to implement the new STRA and tourism land use classes may wish to consider communications approaches during the amendment consultation period.

To assist, a dedicated website <u>Short-</u><u>Term Rental Accommodation Planning</u> <u>Reforms</u> has been established to provide information to STRA operators and other interested parties. The website includes various FAQs, as well as links to the Position Statement and Guidelines.

Further Information

Further information on the Position Statement and LPS Regulations changes can be obtained from tourism@dplh.wa.gov.au.

Technical enquiries regarding scheme amendments should be directed to the relevant schemes or area team for your local government area.

Further information on the technicalities of the register, including the local government dashboard, can be obtained via by contacting the STRA Registration Team at DEMIRS at straenquiries@demirs.wa.gov.au.

Appendix 1 – SUMMARY OF PLANNING FRAMEWORK CHANGES – SHORT TERM RENTAL ACCOMMODATION (STRA)

	INSTRUMENT	SUMMARY OF CHANGES	TIMEFRAME FOR CHANGES	CONTACT FOR FURTHER INFORMATION
STATE GOVERNMENT	LPS Regulations	 Schedule 1 – Model Provisions: Revised general definitions for 'cabin' and 'chalet'; Consolidated land use class for 'tourist and visitor accommodation'; Deleted land use classes for various accommodation types; and Revised land use definition for 'road house'. 	In operation. Local Governments to amend schemes as per Part 4 and Appendix 2 of this bulletin.	DPLH Tourism Team – tourism@dplh.wa.gov.au Part
		 Schedule 2 - Deemed Provisions: Land use definitions for 'hosted STRA' and 'unhosted STRA'; General STRA definitions linking to the <i>Short-Term Rental Accommodation Act 2024</i>; Development approval exemption for hosted STRA (state-wide); Development approval exemption for unhosted STRA operating up to 90-nights in a 12-month period within the Perth metropolitan area (i.e. where MRS applies); and Exemption for STRA within bushfire prone areas. 		
		NOTE – Position Statement and Guidelines to provide direction on the above was previously released in November 2023.		
LOCAL GOVERNMENT	Local Planning Strategies	 Strategies should acknowledge the role and impacts of STRA in the local area (as appropriate), within tourism and housing sections. Data from the Short-Term Rental Accommodation Register, accessible by local governments, to be used as evidence to justify and inform strategic direction in conjunction with other findings applicable to tourism accommodation and housing supply. 	As required during periodic strategy review process.	DPLH Land Use Planning area or scheme team
	Local Planning Schemes	Refer Appendix 2		
	Local Planning Policies (LPPs)	 Local governments may develop new or revised LPPs to address specific STRA planning issues in their area. These should align with the LPS Regulations Amendments as well as the WAPC's Position Statement Preparation should consider matters outlined in WALGA's STRA Local Planning Policy Guidance document. LPPs should be prepared for the purpose of guiding the assessment of development applications for unhosted STRA, given the state-wide exemption for hosted STRA. LPPs cannot undo cl. 61 exemptions for hosted and unhosted STRA. 	Policy development concurrent with scheme amendment (as above) is encouraged to ensure holistic consideration of planning framework changes.	DPLH Land Use Planning area team

Appendix 2 – SUMMARY OF LOCAL PLANNING SCHEME CHANGES – SHORT-TERM RENTAL ACCOMMODATION (STRA)

	SUMMARY OF CHANGES	TIMEFRAME FOR CHANGES	CONTACT FOR FURTHER INFORMATION
PERTH METROPOLITAN (i.e. within MRS)	 Mandatory Amendments - by 1 January 2026: Introduce new 'hosted short-term rental accommodation' deemed use class, to replace 'bed and breakfast' where applicable. Assign as a 'P' use in all zones where any type of dwelling is capable of approval, to reflect state-wide exemption. Introduce new 'unhosted short-term rental accommodation' deemed use class, to replace 'holiday house' and similar where applicable. Assign as a 'D' or 'A' use in all zones where any type of dwelling is capable of approval, 'P' in Tourism zones and 'X' in remaining zones, to reflect direction in the WAPC's Position Statement (November 2023). Additional Amendments: Replace superseded model traditional and tourist accommodation land uses with new 'tourist and visitor accommodation' use (note – 'hotel' is retained). 	Amendments to be finalised preferably by mid-2025, and no later than 1 January 2026.	DPLH scheme team. Note - all scheme amendments relating to STRA will be processed as a priority.
	Introduce revised general definitions of 'cabin' and 'chalet', revised land use definition of 'road house' and delete general definition for 'short-term accommodation'.		
- IRS)	 Mandatory Amendments – by 1 January 2026: Introduce new 'hosted short-term rental accommodation' deemed use class, to replace 'bed and breakfast' where applicable. Assign as a 'P' use in all zones where any type of dwelling is capable of approval, to reflect state-wide exemption. 	Amendments to be finalised preferably by mid-2025, and no later than 1 January 2026.	DPLH area team Note - all scheme amendments relating to STRA will be processed as a priority.
REGIONAL outside MRS)	Introduce new 'unhosted short-term rental accommodation' deemed use class, to replace 'holiday house' and similar where applicable. Assign in zoning tables as required to reflect local housing and tourism conditions.		
RE	Additional Amendments:		
(i.e.	Replace superseded model traditional and tourist accommodation land uses with new 'tourist and visitor accommodation' use (note – 'hotel' is retained).		
	Introduce revised general definitions of 'cabin' and 'chalet', revised land use definition of 'road house' and delete general definition for 'short-term accommodation'.		

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