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Draft 2024/25 Business Plan & Budget

Rates FAQs – Short Stay Accommodation

The Draft 2024/25 Business Plan and Budget proposes a change to how Council rates residential properties predominately used as short stay accommodation.

Short stay accommodation (SSA) are premises used for temporary accommodation for visitors, such as hotels, serviced apartments, and residences provided through online platforms like Airbnb.

Residential properties used for SSA are currently rated as Residential. Council proposes to change the land-use classification for such properties, to reflect the commercial nature of their use. Going forward they would be classified as Non-Residential.

Some frequently asked questions are answered below to help explain the proposed changes.

What is Council's proposal regarding SSA?

- Council proposes identifying and rating residential properties used for SSA differently to traditional residential properties used for longer term residential rental.
- This will create rating equity across all types of SSA providing accommodation services commercially e.g. hotels, serviced apartments, and residential properties used for SSA through platforms like AirBnB.
- The proposal applies to properties available for short term rental for 90 days or more in a 12 month period.
- The Non-Residential rate in the dollar (RID) will be applied, which is 22.5% higher than the Residential RID.

How is a property going to be identified as SSA and attract the Non-Residential RID?

- Council accesses third-party data which enables assessment of whether a property is being used as SSA.

What properties are going to be designated as SSA and rated as Non-Residential?

- If a property is available for SSA for 90 days or more in a year, thereby limiting its ability to be used for traditional longer-term residential rental, it will be deemed commercial SSA and rated as Non-Residential.

How much will my rates increase?

- This depends on the property valuation, but as an example, rates due on a property rated Residential in 2023/24 with a valuation of \$18,000 would be approximately \$2,068, increasing to \$2,534 for one rated Non-Residential – about \$9 more per week.

How will I know if my property has been deemed as SSA?

- You will receive a letter with your first rates notice advising of the new rate being applied. The letter will also inform you of the objection process if you believe your property is not being used for SSA commercially, and the types of evidence you will need to support your objection.

If I rent out a room in the house I live in, will that be considered SSA for Council's rating purposes?

- No. There is no intention to rate as SSA your primary residence which you may rent out a room or a portion of.
- Housing where someone lives permanently but rents out a room (short or long-term), is not considered SSA in Council's definition, and will not attract the higher RID.

If I rent my apartment to a university student for a year, is that considered SSA for Council's rating purposes?

- No. This fits the definition of more traditional forms of rental accommodation and is not considered SSA. The assumption is that you will have some form of lease agreement in place to support this.

If I have a standard Real Estate Institute of Australia (REIA) lease for my property, will that be considered SSA for Council's rating purposes?

- No. Council is seeking to have properties available for SSA convert to a more traditional rental, like those on standard REIA leases.

If I own a Serviced Apartment, will this be rated as SSA?

- No. You should already be charged the Non-Residential RID.

In addition to the changed rating approach for SSA, are there any other charges or requirements?

- No. There are no additional charges or requirements.

If my investment property is available for SSA for 90 days or more in a year, will the higher RID apply?

- Yes. You will need to provide evidence to support a claim your property is available for fewer than 90 days per year or that it is not used for SSA. If proved, the Residential rate will apply.

Will SSA revenue affect my valuation?

- No. Your current valuation will be used to determine your rates. The assumption is that traditional rental potential still forms the basis of your valuation.

Can I seek a review of Council's classification of my property as SSA?

- Yes. To support your request for review, you will need to provide evidence to demonstrate that the property is not being used for SSA (such as a standard REIA lease agreement).
- If the review supports your claim, your rates will be adjusted to reflect the Residential RID.

How are my Rates Calculated?



Residential example

Annual Value \$18,000 x Residential rate in the dollar of \$0.1149 (excluding any levies)
= \$2,068 rates for 24/25

Short stay accommodation (non-residential) example

Annual Value \$18,000 x Non-residential rate in the dollar of \$0.1408 (excluding any levies)
= \$2,534 rates for 24/25