Consumer, Building and Occupational Services report into Airbnb in Tasmania

Short and Medium Term Visitor Accommodation Audit Program 2018-19

Regulatory Compliance





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IMPORTANT NOTE:

This information is for internal guidance only. It should be read in conjunction with the relevant Act and associated Regulations

Executive summary

Under the portfolio of building and construction, to support the outcomes of the Tasmanian Government's Housing Summit, Consumer, Building and Occupational Services (CBOS) has undertaken an audit of short and medium term visitor accommodation throughout Tasmania.

With the growth of the sharing economy, this audit aimed to ensure safety of those visitors utilising short and medium term visitor accommodation within Tasmania. Additionally, the audit aimed to promote compliance of visitor accommodation owners with the *Building Act 2016*, specifically the *Director's Determination — Short or Medium Term Visitor Accommodation* (Director's Determination). It is intended that the findings will be used to strengthen compliance with the building legislative framework.

From July 2018 to February 2019, CBOS undertook on-site audits of premises being used for short or medium term visitor accommodation. These audits have provided insight into how the building legislative framework can be strengthened to increase compliance and ensure the safety of those visitors who choose to use this type of accommodation within Tasmania.

Scope and background

This document has been created to explain the process and outcomes of an audit undertaken by CBOS, into visitor accommodation within Tasmania.

As of I July 2017 the Director's Determination – Short or Medium Term Visitor Accommodation came into effect. This Determination was then amended as of I July 2018. The Director's Determination applies to existing dwellings or residential premises where a fee is being charged for the use of short or medium term visitor accommodation.

The use of sharing economies, including visitor accommodation, throughout Australia has become increasingly popular. A report prepared by AMR Research Australian (now Colmar Burton) found that "Overall, over two-fifths (45.6%) of the adult population in 2018 were assessed as having used the sharing economy, either as a consumer or trader." This was up from 30.5% in 2017, with the primary increase being experienced in the 'consuming' space. Usage of sharing economies was also higher in capital cities than in other areas in Australia.²

Due to the growth and use of the sharing economy, the audit process (originally designed to encompass all visitor platforms), found difficulty in accessing all required information. Therefore a narrowed scope was determined as follows:

- In-depth research into Tasmanian major municipalities Burnie, Launceston and Hobart, by post code.
- Focus on Airbnb visitor accommodation platform only.
- Councils to supply building self-assessment forms.
- Randomly selected owners invited to participate in on-site auditing.
- 20% of properties where owners had completed a self-assessment were audited.

Properties were audited state wide, against the requirements of the *Director's Determination* – *Short or Medium Term Visitor Accommodation*. The findings and recommendations of the audit process are outlined within this report.

Building compliance process

The Director's Determination allows owners of properties with less than 4 bookable rooms, who occupy their property, and wish to advertise their rooms as visitor accommodation, to do so without having to go through any formal process.

The Director's Determination also allows property owners that are:

• An owner occupier of a premises with more than 4 bookable rooms, or

¹ AMR Research Australia (now Colmar Brunton) on behalf of NSW Fair Trading, 2018, p.65, Education & Information Advisory Committee, Australian Consumer Law and the Sharing Economy, Post-campaign Survey December 2018, NSW Fair Trading, Australia.

² AMR Research Australia (now Colmar Brunton) on behalf of NSW Fair Trading, 2018, Education & Information Advisory Committee, Australian Consumer Law and the Sharing Economy, Post-campaign Survey December 2018, NSW Fair Trading, Australia.

 An owners of an investment property or shack – where the entire gross floor area not more than 300m² (from 1 July 2017-1 July 2018), 200m² (from 1 July 2018), to submit a self-assessment form, which states their property has met certain safety requirements.

Owners must declare:

- 1. That the premises is fit for occupation and will not exceed the number of occupants stated on the occupancy permit (or for premises built prior to 1994, that no occupancy permit was required).
- 2. That the site is either connected to a sewerage system, or an on-site wastewater management system, which is in good working order.
- 3. That the premises is connected to a drinking water supply that meets the Public Health Act 1997 requirements.
- 4. That the premises is required to have an approved schedule of maintenance, and fire safety features, or meets the following fire safety features that are installed and maintained in accordance with the manufacturer's instructions:
 - A smoke alarm with a 10 year non-removable lithium battery; or
 - A hardwired smoke alarm (and are interconnected where there is more than one alarm fitted);
 - 1. If any storey of the premises contains a bedroom
 - i. Installed in every corridor, or hallway, situated in the storey, that is associated with a bedroom; and
 - ii. If there is not a corridor, or hallway, situated in the storey, that is associated with the bedroom, between that part of the premises containing the bedroom and the remainder of the premises; and
 - 2. In any other storey of the premises that does not contain a bedroom.
 - If multistorey premises are let for visitor accommodation:
 - 1. Emergency evacuation lighting is provided; and
 - 2. Exits are provide that are clearly marked and mapped for the visitor.

Pre-audit process

Under the *Building Act 2016*, the Director of Building Control required Permit Authorities to provide copies of all building self-assessment forms, submitted to them under the Director's Determination.

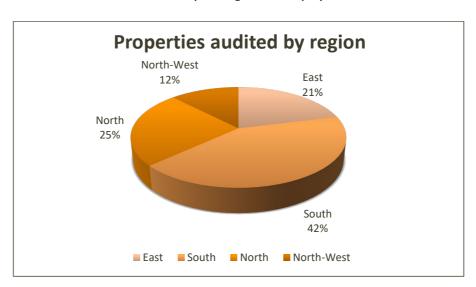
Preliminary research undertaken by CBOS Officers found difficulty in accessing information from visitor accommodation platforms. It was discovered that to gain the required data, would take significantly longer than first envisioned. On this basis, the scope of the audit was constrained to focusing solely on the visitor accommodation platform Airbnb. It also included in-depth research for municipalities Hobart, Launceston and Burnie, with on-site auditing undertaken state wide.

Requests were also made of Airbnb Australia and the Law Enforcement Team Airbnb Ireland for the provision of data. However, Airbnb were unable to assist, and the audit proceeded without the provision of this information.

Data collected for Launceston, Burnie and Hobart municipalities, was cross matched with the information received from council Permit Authorities. Owners were then contacted and invited to participate in the audit program.

Audit process

From the pre-audit process outlined above, twenty-seven of twenty-nine councils provided responses to a request from the Director of Building Control for information under section 22 of the *Building Act 2016*. This request yielded 283 building self-assessment forms, of which a random selection of 119 properties were contacted via post, inviting them to participate in onsite auditing. A total of 59 properties agreed to participate, with 57 being audited between November 2018 and February 2019. Inspections undertaken represent 20% of submitted self-assessment forms, and are broken down per region as displayed in the table below.



Properties were inspected at an agreed time with owners or property agents. The majority of owners were happy to comply, with most welcoming the audit program and suggesting ongoing auditing of the industry would be beneficial. Education and guidance materials were provided via email to those owners of properties that did not comply. This gave owners mechanisms for voluntary compliance going forward.

Findings

Advertising on Airbnb

The audit focused on one of the most well-known visitor accommodation platforms, Airbnb. Airbnb were contacted and invited to participate, but declined to assist. The below table

outlines the growth of Tasmanian property advertisements on Airbnb over a year period between 21 April 2018 and 5 May 2019.



The University of Tasmania in its submission to the Legislative Council Select Committee – Short Stay Accommodation in Tasmania outlined that within the two years prior to June 2018 the visitor accommodation sector expanded by 162%³.

As of 31 July 2018, there were 4,773 listings for Tasmanian properties on Airbnb⁴. Note: a 'Listing' may be for a room at a premises of the entire place. This means there can be multiple listings for a premises.

The latest available figures from 'Inside Airbnb', show 5,245 advertised listings were identified as Tasmanian properties (4,036 entire homes/apartments, 1,186 private rooms, and 23 share rooms)⁵. This is an extra 472 listings, equivalent to a 10.11% increase, on Airbnb in less than a year, providing evidence of a continuation of growth within the visitor accommodation industry in Tasmania.

These figures also show the majority of Airbnb listings exist in the areas of entire properties, such as, investment properties. These properties if listed as visitor accommodation after I July 2017, would be required to submit a building self-assessment form to council, or if outside the permitted allowances to do this, to go through a building change of use/classification.

Note: A change of use or classification is a process in regards to an existing building where new registration, licensing or approvals are required for the building to be used for other purposes. For example: changing a residential dwelling to a Bed and Breakfast business. This change is made in line with the requirements and classifications as outlined in the National Construction Code.

³ Eccleston. R, Verdouw. J, Flanagan. K, and Denny. L, 2018, Legislative Council Short Stay Accommodation Inquiry Submission, Institute for the Study of Social Change, University of Tasmania

⁴ Murray Cox, 31 July 2018, Inside Airbnb Tasmania, http://insideAirbnb.com/tasmania/

⁵ Murray Cox, 26 June 2019, Inside Airbnb Tasmania, http://insideAirbnb.com/tasmania/

A request was made by the Director of Building Control to each council Permit Authority, to supply copies of any building self-assessment forms submitted to them after I July 2017. These forms are submitted by owners wishing to use their property as visitor accommodation who are no longer required to have to go through an entire building change of use or classification process. Twenty-seven councils supplied the information, which amounted to 283 forms. This equates to 5.9% of all listings on Airbnb, as of the same period.

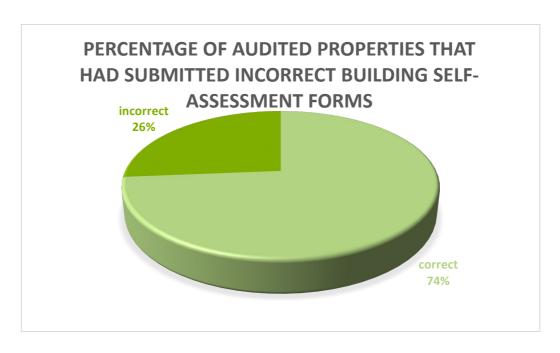
West Coast Council provided an additional submission to CBOS, which outlined research undertaken by the council into visitor accommodation in their municipality. As of May 2018, West Coast Council found 23 commercial and 41 residential properties listed on Airbnb. Council contacted all 41 residential property owners on 4 May 2018. By the 14 September 2018, 21 property owners had responded, of this 14 had not submitted the required paperwork. This could be due to a number of reasons, including owner's lack of understanding of the building approval process.

Building self-assessment forms

Out of 57 properties that were inspected, 15 of the building self-assessment forms were incorrectly filled-out. This makes up over a quarter (26.3%) of forms, all of which were accepted by council. The majority of owners admitted they did not understand what the forms required them to do.

This became more apparent during the audit process. As an example; an owner of two properties audited within the same apartment block, in the southern region, had submitted a building self-assessment form for each property. Of the two forms, one was incorrectly filled out, the other was not completed, yet both were accepted as correct by council.

This may have been heightened by the fact that the building self-assessment form is attached to the back of the planning application and is accessed through the planning website. This means the link between the Director's Determination and the building self-assessment form is lost. Many owner's admitted to not having sighted the Director's Determination prior to the audit.



In another example; two separate properties in the eastern region were inspected on 4 January 2019 and 8 January 2019. Property A had submitted a form that stated it did not require an 'Essential Maintenance Schedule', upon inspection CBOS officers found evidence of one. This created confusion over whether the owner in fact needed to submit a self-assessment form. Whereas Property B had submitted a form stating it had an 'Essential Maintenance Schedule', upon inspection there was not one visible. Additionally, Property B was a split-level property, which did not meet the requirements for a multistorey property.

In all circumstances, these forms were accepted by council Permit Authorities, which provides further compliance issues. When engagement programs were undertaken with Permit Authorities in early 2018, councils expressed confusion around similar issues and that resourcing restraints had limited their ability to act on non-compliance.

On-site auditing

On-site auditing was undertaken between November 2018 and February 2019. A random selection of properties (119) for which a self-assessment form was submitted were contacted by post, inviting them to participate on-site auditing. A 72% response rate was received from property owners with 49% of owners agreeing to be audited. This can be seen in the table below.



Areas of non-compliance were identified in multistorey properties, with only one multistorey property inspected meeting requirements. "Multistorey" is defined as "a premises with two or more habitable levels that can be let for accommodation", however, it is not clear whether this includes split level properties, or properties that are part of a unit complex where multiple units are used as visitor accommodation.

On this basis, owners had often simply assumed that this requirement existed only for properties where the visitor accommodation space was more than two storey's itself. Many owners attributed a lack of understanding as the main cause which led to the majority of non-compliance.

Emergency exit lighting

The Director's Determination requires the provision of emergency lighting in multistorey premises:

If multistorey premises are let for visitor accommodation:

- i. Emergency evacuation lighting is provided and
- ii. Exits are provided that are clearly marked and mapped for the visitor.

Upon review of the Director's Determination, a spelling error was identified. The error referred to 'emergency listing' instead of 'emergency lighting' (shown below). This has since been rectified, however, may have led to higher levels of non-compliance being identified during the on-site audit process.

If multistorey buildings are let for visitor accommodation:

- i. emergency evacuation listing [lighting] is provided; and
- ii. have exists [exits] that are clearly marked and mapped for the visitor.

The audit identified that there were differing levels of compliance with this provision. Some premises were fitted with smoke-detector activated lighting systems, whilst others simply provided a battery operated torch.

Education was provided to those properties that did not comply with this requirement. Many owners expressed their desire to become compliant, but were confused as to what is considered an acceptable level of compliance, as 'Emergency evacuation lighting', is not clearly defined.

Exits clearly mapped and marked

To assist in ensuring safety of those visitors utilising visitor accommodation, additional to the requirement for exit lighting, the Director's Determination requires multistorey properties to have exits to be clearly mapped and marked. On-site auditing did identify significant variances in interpretation of this requirement.

As an example; Property C, located in the southern region, had no exit signs located in the property, but had a floor plan attached to the fridge door in the kitchen, at eye level, highlighting the exits for visitors. However, Property D, located in the southern region, had a sign of back of the front door, stating 'exit', which showed a set of stairs and stated exit through the door at the bottom of the stairs. Property D had no other exit signs located on any other of the floors in the building.

Installing to manufacturers specifications

The majority of single storey properties inspected were compliant with the Director's Determination. The main issue experienced for single storey properties was that smoke detectors may not have been installed to meet manufacturer's specification. The Director's Determination states:

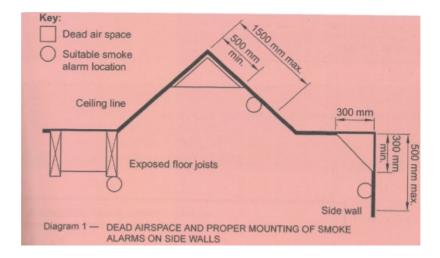
The premises is not required to have an approved essential maintenance schedule, but the following fire safety features are installed and maintained in accordance with the manufacturer's instructions:

- A smoke alarm with a 10-year non-removable lithium battery, or
- A hardwired smoke alarm (and are interconnected where there is more than one alarm fitted):
 - 1. If any storey of the premises contains a bedroom
 - i. Installed in every corridor, or hallway, situated in the storey, that is associated with a bedroom; and
 - ii. If there is no corridor, or hallway, situated in the storey, that is associated with a bedroom, between that part of the premises containing the bedroom and the remainder of the premises; and
 - 2. In any other storey of the premises that does not contain a bedroom.

Properties inspected were asked to ensure these were installed correctly. For example during on-site auditing some properties were identified with smoke detectors located over a metre below the ceiling.

Smoke detector requirements as outlined in the National Construction Code

Many of the audited properties met the requirements as outlined in the Director's Determination. However; many of these properties would not have met the specifications as outlined in the National Construction Code, specifically regarding the avoidance of dead air space. Dead air space is where hot air becomes trapped and prevents smoke from reaching the smoke detector. This is especially relevant for older style properties, in relation to exposed joists as outlined in the diagram below.



As an example, Property E located in the southern region was inspected on 21 January 2019. This property was an old colonial style home that had visible ceiling joists splitting the hallway into three sections. Smoke detectors were located in only two of the three sections of the hall, with one bedroom located in the section without a smoke detector. This bedroom, as well as, a bathroom and toilet, were located on the other side of a ceiling joist from a smoke detector. This property was compliant with the Director's Determination.

Similarly, the Tasmania Fire Service (TFS) provided a submission to the Legislative Council Select Committee – Short Stay Accommodation in Tasmania. The TFS submission provided that fire safety requirements for accommodation facilities (class 1b and 3 buildings) are more stringent than those required for residential buildings (class 1a), often used for visitor accommodation, as outlined in the table below.

Table 1 - Comparison of fire safety measures regulated via NCC for Class 1a, 1b and 3 buildings

Class 1a building (single dwelling)	Class 1b building (visitor accommodation)	Class 3 building (visitor accommodation)
 Fire separation. Smoke alarms within hallways. 	Tire separation. Smoke alarms within each bedroom as well as in hallways. Access and egress. Evacuation route lighting.	Fire resistance. Fire separation. Protection of openings. Firefighting equipment. Access and egress. Evacuation route lighting. Smoke hazard management.

Source: Tasmania Fire Service submission to the Legislative Council Select Committee – Short Stay Accommodation in Tasmania, Tasmania Fire Service, 10 August 2018, http://www.parliament.tas.gov.au/ctee/Council/Submissions/SSA/Subs%20151-200/LCSC%20SSA%20175%20Tasmania%20Fire%20Service.pdf

The TFS makes its assessments of properties using a risk based approach. They explain that the risks to occupants are heightened when you have a more vulnerable class of occupants for reasons such as:

- increase in international visitors with English as a second language
- unfamiliarity with the building
- availability of fire exits, and
- potential fire sources.

The TFS stating "There is therefore a clear distinction between the vulnerability of patrons of short stay accommodation facilities compared to residents of domestic dwellings." 6

With more vulnerable occupants utilising visitor accommodation options, the TFS are concerned that current requirements allow these occupants to occupy a residential building without any increase in building fire safety provisions. The TFS report provides support for the view of adopting minimum standards that are similar to those required by a class Ib building, in the National Construction Code.

Other agencies who have made submissions to the Legislative Council Select Committee – Short Stay Accommodation in Tasmania, have expressed the same opinion, including the Australian Institute of Building Surveyors (AIBS). The AIBS also raise concerns surrounding disability access⁷.

Tasmania Fire Service, 10 August 2018, Tasmania Fire Service submission to the Legislative Council Select Committee – Short Stay Accommodation in Tasmania, http://www.parliament.tas.gov.au/ctee/Council/Submissions/SSA/Subs%20151-200/LCSC%20SSA%20175%20Tasmania%20Fire%20Service.pdf

Australian Institute of Building Surveyors, 10 August 2018, Australian Institute of Building Surveyors submission to the Legislative Council Select Committee — Short Stay Accommodation in Tasmania, https://www.parliament.tas.gov.au/ctee/Council/Submissions/SSA/Subs%20151-200/LCSC%20SSA%20166%20Australasian%20Institute%20of%20Building%20Surveyors.pdf

Summary and recommendations

Community and industry engagement and education

AMR Research Australia's report into sharing economies described a 'lack of knowledge' by both consumers and traders as the number one barrier which inhibited the use of sharing economies. Highlighting key issues including the requirement for "more information about how the sharing economy works generally, and rules are regulations in particular." This was supported by audit findings, where many owners attributed their lack of understanding as the main reason for non-compliance.

CBOS regularly attend events, such as, HIA Homefest and Agfest. These events are beneficial in helping engage with public and industry on a face-to-face basis. Information provided to the public at these events, help to support voluntary compliance and should be considered as platforms to encourage public awareness of visitor accommodation requirements.

As an outcome of this audit, a web page on the CBOS website has been created, to provide information to owners who are thinking of using their property as visitor accommodation. This will make it easier for owners to access information and voluntarily comply with legislative requirements.

Going forward, creating guidance material that outlines the specifications required for visitor accommodation properties, which supports the Director's Determination, would assist in providing clarity to community and promote voluntary compliance. This material could be directed to owners who have participated in the audit program, agencies who manage visitor accommodation properties and visitor accommodation platforms.

Furthermore, as local government are often the first place that people turn to when wishing to find out information regarding use of their property, engagement with councils and their Permit Authorities will be important. Engaging with local government will help to provide education and guidance surrounding the compliance obligations of Permit Authorities under the *Building Act 2016*, specifically in relation to visitor accommodation.

Engagement programs, such as this, help to:

- ensure that local government are aware of their roles and responsibilities under the building legislative framework,
- build a productive working relationship with industry,
- enhance the profile of CBOS as a regulator, and
- educate industry of their rights and obligations under the Building Act 2016.

⁸ AMR Research Australia (now Colmar Brunton) on behalf of NSW Fair Trading, 2018, Education & Information Advisory Committee, Australian Consumer Law and the Sharing Economy, Post-campaign Survey December 2018, NSW Fair Trading, Australia.

⁹ AMR Research Australia (now Colmar Brunton) on behalf of NSW Fair Trading, 2018, p.43, Education & Information Advisory Committee, Australian Consumer Law and the Sharing Economy, Post-campaign Survey December 2018, NSW Fair Trading, Australia.

Strengthening current legislative framework

The Director's Determination, since its introduction, has assisted in streamlining the planning process, and is designed to make the process easier for owners who are wishing to use their homes or investment properties as visitor accommodation. A limited introduction phase of the new planning process may have restricted the effectiveness of its implementation.

To ensure effective use of the Director's Determination and the Building Self-assessment form going forward, it would be beneficial for CBOS to provide education and guidance to Permit Authorities and the community of their roles and responsibilities. It would also be valuable to clarify the differences between the Director's Determination and the building change of use/classification processes.

Prior to the introduction of the Director's Determination, pathways already existed under the *Building Act 2016* and the National Construction Code, for changing the use of a dwelling so that it may be used as a visitor accommodation business. This often involved the reclassification of a building to a Class Ib.

A key component of a Class 1b building is the installation of hardwired and interconnected smoke detectors activating emergency lighting in the case of a fire. To help alleviate confusion, the Director's Determination would benefit from having similar requirements to that outlined in the National Construction Code for smoke detector activated emergency lighting. Currently this is only applicable to Class 1b dwellings.

However, in lieu of this, further detail to assist owners in understanding the level of emergency lighting required would reduce non-compliance. As an example; the Director's Determination could include detail such as, 'lighting must illuminate the path from bedrooms to exits and activate/work in the event of a fire'. This is supported by the majority of owners who expressed an interest in seeing more specific risk controls within industry.

Furthermore, to aid industry and community compliance, the Director's Determination could provide examples or standards that further clarify the requirements. This may include adopting the National Construction Codes method of calculating storey's, which will help to eliminate confusion surrounding split-level and unit dwellings.

The Tasmanian Government has since introduced a Bill into short stay accommodation. The primary purpose of this bill, to be administered by the Director of Building Control, is to assist in the collection of data for the short stay accommodation industry. This means that after a six month transition period, the Director of Building Control will receive quarterly figures from booking platforms that will provide essential information regarding the use of short stay accommodation.

Non-compliance identified outside the scope of the audit

Properties identified as having significant compliance issues that may be considered a threat to the safety of visitors utilising the accommodation, were be referred to the relevant Permit

Authority for further compliance action. Those that fit into this category include properties that have electrical safety issues and/or are non-water tight, such as picker's huts, or cubby houses. Some caravans and vehicle/roof-top tents are being listed as visitor accommodation on Airbnb which may also be a compliance issue for the Department of State Growth.

References

- 1. AMR Research Australia (now Colmar Brunton) on behalf of NSW Fair Trading, 2018, Education & Information Advisory Committee, Australian Consumer Law and the Sharing Economy, Post-campaign Survey December 2018, NSW Fair Trading, Australia.
- Australian Institute of Building Surveyors, 10 August 2018, Australian Institute of Building Surveyors submission to the Legislative Council Select Committee Short Stay Accommodation in Tasmania, http://www.parliament.tas.gov.au/ctee/Council/Submissions/SSA/Subs%20151-200/LCSC%20SSA%20166%20Australasian%20Institute%20of%20Building%20Surveyors.pdf
- 3. Eccleston. R, Verdouw. J, Flanagan. K, and Denny. L, 2018, Legislative Council Short Stay Accommodation Inquiry Submission, Institute for the Study of Social Change, University of Tasmania
- 4. Murray Cox, 31 July 2018 and 21 November 2018, *Inside Airbnb Tasmania*, http://insideAirbnb.com/tasmania/
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