

Bendigo Short-Stay Hosts brace for New Levy



North Bendigo Airbnb host, Charm Lee, in front of her short-stay rental. Photo: Dane Van Der Werf.

By Dane Van Der Werf

The Victorian Government's 7.5% levy on short-stay rentals has sparked debate and uncertainty amongst local stakeholders, questioning whether it will meaningfully ease Bendigo's housing affordability crisis. The levy, to be paid by online booking platforms, will come into effect in January 2025 and is expected to raise up to \$70 million annually to fund social housing across the state.

The Victorian Government claims the initiative is one element of a raft of housing measures announced in its housing statement, which also includes reforms to planning approvals, redevelopment of public housing towers and the conversion of underused office buildings into residential properties.

The measures are intended to boost housing supply and diversity, improve affordability and accessibility, and create more liveable and sustainable communities, according to former Premier Daniel Andrews.

However, local opinion seems uncertain about the effectiveness of the legislation and its immediate impact in the Bendigo region.

Patrick Skahill, a second-generation Bendigo real estate agent at Elders Bendigo, believes the levy will have little impact on Bendigo housing affordability.

"While any investment in affordable and social housing is very welcome, short-term rentals are a niche market. I think the levy will be readily absorbed and won't influence owners to release their properties for long-term rental or sale," Skahill claimed.

"Even if these properties were to be leased long-term, or sold, the average renter or buyer in Bendigo might not be able to afford them."

Online short-stay booking platforms such as Stayz and Airbnb will be responsible for forwarding levies to the government, but what proportion will be paid by owners, renters, or the platforms themselves is not yet clear and may be left to the force of the market. Some short-stay hosts are sceptical of the effectiveness of the levy, believing it will be the local short-stay and small-business tourism industry that will truly bear the brunt of the law.

Property Owner and short-stay host, Charm Lee, thinks the levy will be absorbed by the short-term rental industry with both renters and owners bearing the cost.

"Although it would hurt my bottom line, I don't think it would push me out of the market, and I don't think it will stop people visiting Bendigo or staying in an Airbnb here. Most of our renters are groups of people who come for a specific purpose, such as a wedding or sporting event," Lee continued. "They choose short-term rentals because they want to share time with friends and family under one roof."

Lee claims short-term rentals have their place in the Bendigo economy and shouldn't be seen as negatively impacting housing affordability.

"Short-term rentals create employment and bring money into the town, helping to create jobs, which in turn, helps affordability. The only way to make housing affordable is to create supply, particularly for lower-income earners."

This question of supply is not exclusive to Bendigo; the housing crisis is a nationwide headline and key concern for most Australians.

Regional Victorians, however, are under particular pressure, with a lack of affordable housing negatively affecting the ability of local businesses to serve the tourism industry, as staff are often unable to find affordable long-term accommodation.

"The demand for affordable, long-term accommodation is irrefutable," Charm Lee concedes, but "the income short stay (accommodation) generates, not only for me but for the entire town, is a big part of what keeps Bendigo residents employed and the town running."

Lee is not alone in her views concerning the levy. Any hit to regional tourism is a concern to Bendigo residents, who already struggle amidst a cost-of-living crisis exacerbated by the town's already economically disadvantaged standing.

As it stands, 49.9% of all short-term rentals in Victoria are in regional Victoria. Yet, the government intends to spend just 25% of the short-term rental levy in the regions and just a fraction of that figure in Bendigo, through programs such as Homes Victoria and its Big Housing Build initiative.

Given the increasing demand for social housing and affordable housing in Bendigo, many locals are sceptical about the extent to which the small chunk (25%) of the initiative's \$70 million revenue will improve the supply of affordable housing in the region.

The 7.5% levy will come into effect in January 2025. How the levy will be passed on to renters and owners will be determined by the online platform. It remains unclear if the levy will be paid by owners who advertise their property independently. "I'm sure owners will work things out, and as soon as they do, the government will come in with new legislation," laughs Lee.