23 September 2025

Ms Maria Cooke
General Manager Planning and Sustainability
City of Perth
27 St Georges Terrace
Perth WA 6000

Dear Ms Cooke,

RE: SUBMISSION - AMENDMENT TO CITY PLANNING SCHEME NO. 2 (CPS2) AND LOCAL PLANNING SCHEME NO. 26 (LPS26) - PLANNING POLICY 3.9 SPECIAL RESIDENTIAL AND SHORT-TERM RENTAL ACCOMMODATION POLICY

Tourism Council Western Australia is the peak body representing tourism businesses, industries, and regions in Western Australia. The Council directly represents more than 1,700 private and public sector members across the tourism industry, including businesses in the aviation, accommodation, venues, hospitality, tours, attractions, and events sectors. We strongly support appropriate regulation of short-term rental accommodation (STRA) that ensures visitor safety while maintaining Perth's competitiveness as a tourism destination.

Tourism Council WA submits this formal response to the proposed amendments to City Planning Scheme No. 2 (CPS2) and Local Planning Scheme No. 26 (LPS26), and the related Planning Policy 3.9 - Special Residential and Short-Term Rental Accommodation Policy. While we support the policy's objectives, significant gaps in the proposed framework compromise visitor safety, housing supply, and sustainable tourism development.

Key Concerns and Recommendations

1. Building Classification and Safety Standards Gap

The policy permits Class 2 buildings (designed for residential use) to operate as commercial transient accommodation without meeting Class 3 building requirements (designed for visitor accommodation).

Specific Concerns:

- Class 3 buildings require enhanced fire detection, suppression, and evacuation systems appropriate for transient occupancy
- Accessibility requirements under Class 3 ensure adequate provision for visitors with disabilities
- Structural and ventilation systems in Class 3 buildings are designed for higher occupancy turnover
- Emergency response procedures in Class 2 buildings are inadequate for unfamiliar visitors

Policy Impact: This regulatory gap creates a development incentive where investors will deliberately build to lower Class 2 standards knowing conversion to commercial STRA use is permitted, thereby avoiding the higher construction costs of Class 3 compliance while operating equivalent commercial accommodation.

Recommended Solution: Require development applications for STRA in multi-storey buildings to demonstrate Class 3 compliance or provide equivalent safety and accessibility standards.

2. Critical Challenge of Strata Title Conversions

The apartment-by-apartment approval process for STRA in strata title buildings creates cumulative impacts not addressed in individual assessments.

Specific Problem: Individual strata title apartments within Class 2 buildings receive development approval for STRA on a case-by-case basis. However, this occurs within buildings never designed or approved for short-term visitor accommodation. The progressive increase in STRA conversions within a single building means that ultimately a significant proportion—potentially a majority—of apartments are no longer available for residential use but

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primarily serve short-term visitors.

Regulatory Issue: The building has effectively been converted to hotel-like accommodation without ever receiving approval as a Class 3 building or meeting the safety, accessibility, and operational standards required for commercial visitor accommodation.

Impact on Remaining Residents
Residents in the remaining residential apartments experience:

- Increased security risks from constant visitor turnover
- Noise and amenity impacts from transient occupancy patterns
- Reduced access to communal facilities designed for residential use
- Building management challenges mixing residential and commercial uses

Recommended Solutions:
Option 1 (Preferred): Require Class 3 building compliance for any STRA development approval in multi-storey strata buildings.

Option 2: Establish a maximum threshold of 20% of strata title apartments within any building that can receive STRA development approval, allocated on a first-come, first-served basis.

Option 3: Require strata corporation consent demonstrating majority owner support before any STRA approvals in multi-storey buildings.

Note on Fairness Concerns: We acknowledge that Option 2 creates differential rights among strata owners. However, this recognises that individual property rights must be balanced against building-wide impacts and community amenity. Similar precedents exist in strata law regarding commercial uses and building modifications.

3. Housing Supply Depletion and Community Impact
Market economics strongly incentivise residential apartment conversion to STRA, removing long-term rental housing from Perth's constrained market.

Economic Reality: The significantly higher financial gains from STRA compared with the income of long-term residential rental creates powerful financial incentives for conversion regardless of housing supply impacts.

Community Consequences:

- Accelerated gentrification pricing out local residents
- Reduced affordable housing options in areas well-serviced by public transport
- Growing community resentment toward tourism development
- Risk of overtourism backlash as residents cannot access affordable accommodation in their own city

Policy Contradiction: This directly contradicts the City of Perth Local Planning Strategy's objective of increasing residential population in the city centre and surrounding areas.

4. Hotel Investment and Market Certainty
Historical Context: From 2012 to 2018, hotel occupancy levels in the City of Perth were extremely high due to lack of supply, resulting in extraordinary room rates. The lack of availability was a significant constraint on tourism into Western Australia and the visitor economy of the City of Perth.

Market Response: The hotel development market responded with major new hotel developments built to high Class 3 standards, creating an approximately 40% increase in rooms available in the city. This substantial private sector investment was critical to Perth's tourism recovery and growth.

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Current Investment Risk: Tourism Council WA contends that this hotel investment would not have occurred had there been the risk at the time of competing supply of short-term rental accommodation in existing residential Class 2 buildings.

Future Investment Needs: As a capital city, Perth now needs new hotel investment as occupancy rates reach new highs, and the supply of hotel rooms has reached its limits. New investment is essential to avoid constraining growth in the Western Australian and City of Perth visitor economies.

Policy Certainty Required: This new hotel investment will require certainty that existing residential buildings will not be converted to hotels through STRA development applications and undercut investment in purpose-built Class 3 buildings. Without this certainty, developers cannot justify the significant additional investment required for compliant Class 3 construction.

5. Market Distortion and Investment Uncertainty
The policy enables property investors to exploit the cost differential between Class 2 and Class 3 construction standards for commercial gain.

Market Distortion:

- Investors purchase residential apartments built to lower safety and accessibility standards
- Convert to commercial accommodation earning commercial returns
- Avoid the higher development costs required for purpose-built visitor accommodation
- Gain unfair competitive advantage over operators who invest in compliant Class 3 facilities

Investment Uncertainty: This regulatory approach creates investment uncertainty that could deter the major hotel developments Perth needs to support its growing visitor economy.

6. Accessibility and Visitor Safety
Converting Class 2 residential buildings to visitor accommodation reduces the proportion of accessible rooms available to travellers with disabilities.

Specific Concerns:

- Class 2 buildings have minimal accessibility requirements compared to Class 3
- Visitors with disabilities cannot access equivalent accommodation standards
- Perth's reputation as an inclusive destination is undermined
- Potential discrimination against travellers requiring accessible accommodation

Strategic Considerations
Sustainable Tourism Development: The tourism industry's long-term success depends on community support and appropriate infrastructure. Policies that exacerbate housing affordability issues while compromising visitor safety threaten the social license for tourism growth.

Regulatory Consistency: Different standards for equivalent accommodation use creates market distortions and undermines legitimate operators who comply with appropriate building and safety requirements.

Urban Planning Objectives: Effective policy must balance tourism accommodation needs with residential housing supply, community amenity, and appropriate land use planning principles.

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Recommendations
Tourism Council WA respectfully requests the City of Perth revise the proposed amendments and policy to:

1. Require Class 3 building compliance for STRA in multi-storey strata buildings
2. Establish mechanisms to protect residential housing supply
3. Address cumulative impacts of multiple STRA conversions within individual buildings
4. Ensure visitor safety and accessibility through appropriate building standards

These amendments will support sustainable tourism development while protecting community amenity and maintaining Perth's reputation as a safe, accessible destination.

Request for Meeting
Given the complexity of these issues and their significance to Western Australia's tourism industry, Tourism Council WA requests a meeting with yourself and relevant planning officers to discuss these concerns in detail and explore potential policy modifications that address our outlined concerns while meeting the City's planning objectives.

We would welcome the opportunity to provide additional technical input and work collaboratively toward a policy framework that supports both sustainable tourism development and community wellbeing.

Thank you for your consideration of this submission. We look forward to continuing dialogue on these important planning policy matters.

Please feel free to contact me on (08) 9416 0700 or tcwa@tourismcouncilwa.com.au should you wish to discuss this matter further.

Yours Sincerely,

Evan Hall
Chief Executive Officer

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