

# Additional Evidence for Hearings on Visitor Accommodation

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Supplied 5<sup>th</sup> March 2015 for hearing on 11<sup>th</sup> of March 2015



Nuisance amongst Holiday Home Rentals .....	2
The data .....	2
Analysis.....	2
Appendix A: Emailed info received from TCDC on nuisance.....	3
Appendix B: Open Letter to Destination Coromandel.....	5

## Nuisance amongst Holiday Home Rentals

At the request of Trade Me, Bookabach and Bachcare, TCDC Regulatory Team provided data<sup>1</sup> on noise complaint callouts for the period 1 January 2014 to 31 December 2014.

### The data

- A total of 617 noise complaints received
- 151 addresses were not specified to individual house level
- 466 known addresses
- 17 of these callouts were to 14 unique properties identified as offering short term holiday rental.

### Analysis

Assume ALL 17 callouts were to properties occupied by short term rental guests (as opposed to owner friends and family or owner use):

- Short-term holiday rental represented **3.5% of all callouts**

But, given the data we have on owner use vs. holiday rental<sup>2</sup> says:

- 62% of occupied days of rented holiday homes are for owner and owner friends and family use, so 38% of occupied days were short-term holiday rental bookings
- Then, 38% of the 17 known callouts on houses with short term rentals would equate to 4.5 callouts or **1.4% of all known noise complaint callouts.**

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<sup>1</sup> Data provided by TCDC Regulatory Team to Bookabach on 4 March 2014, included in Appendix A.

<sup>2</sup> Based on analysis of Bachcare owner data for FY14 for owners in Matarangi, Whitianga, Cooks Beach, Hahei, Tairua, Pauanui, and Whangamata.

## Appendix A: Emailed information received from TCDC on noise complaints

**From:** "Steve H. Baker" <steve.baker@tcdc.govt.nz>  
**To:** ""peter.miles@bookabach.co.nz"" <peter.miles@bookabach.co.nz>  
**Cc:** Helen Findlater <helen.findlater@tcdc.govt.nz>  
**Subject:** Noise Complaints  
**Date:** 4 March 2015 4:15:07 pm NZDT

Hi Peter

Our Regulatory Team have provided me with a list of noise complaints received by Council over the period of 1 January 2014 through to 31 December 2014.

During this period some 617 complaints were received. Unfortunately a 151 of these did not specify the address of the property. For example the request for service stipulated that there is a noise complaint on Colville Road. There are a large number of houses on this road some of which are rented out as sort stay accommodation and others not. Unfortunately we have no way of knowing which camp they were in so we have excluded them.

As a result the amended sample size is some 466.

17 of these call outs we believe were properties which are advertised for short term stay accommodation through Bookabach Bachcare or Trademe websites we have shown these below. However we did not know if they were rented out at the time of the noise complaint or whether the owners of the property were on site at that time.

request_number	date_received	date_entered	date_respond_by	date_responded	system_completion_date	status_description	formatted_address
859978	8/02/2014	10/02/2014	14/02/2014	10/02/2014	10/02/2014	Completed	14 Grierson Close Hahei
859484	25/01/2014	29/01/2014	3/02/2014	10/02/2014	10/02/2014	Completed	110 Fernhill Rise Matarangi
869757	25/10/2014	28/10/2014	3/11/2014	29/10/2014	29/10/2014	Completed	11 Given Grove Pauanui
861814	23/03/2014	24/03/2014	28/03/2014	24/03/2014	24/03/2014	Completed	4 Champion Place Pauanui
858199	1/01/2014	8/01/2014	9/01/2014	9/01/2014	9/01/2014	Completed	54 Ocean Beach Road Tairua
872181	28/12/2014	29/12/2014	6/01/2015	7/01/2015	7/01/2015	Completed	619 Harbour View Road Whangamata
861291	9/03/2014	11/03/2014	14/03/2014	12/03/2014	12/03/2014	Completed	106 Tuck Road Whangamata
861532	15/03/2014	17/03/2014	21/03/2014	18/03/2014	18/03/2014	Completed	227 Port Road Whangamata
861534	15/03/2014	17/03/2014	21/03/2014	17/03/2014	17/03/2014	Withdrawn	227 Port Road Whangamata
861811	22/03/2014	24/03/2014	28/03/2014	24/03/2014	24/03/2014	Completed	303 Winifred Avenue Whangamata
862137	30/03/2014	31/03/2014	4/04/2014	1/04/2014	1/04/2014	Completed	203 Seaview Road Whangamata
871866	20/12/2014	22/12/2014	30/12/2014	23/12/2014	23/12/2014	Completed	411 Achilles Avenue Whangamata
870988	1/12/2014	1/12/2014	8/12/2014	3/12/2014	3/12/2014	Completed	227 Tui Road Whangamata
862121	29/03/2014	31/03/2014	4/04/2014	1/04/2014	1/04/2014	Completed	132A Pipi Road Whangamata
861289	9/03/2014	11/03/2014	14/03/2014	8/04/2014	8/04/2014	Completed	70B Centennial Drive Whitianga
869711	24/10/2014	28/10/2014	3/11/2014	31/10/2014	31/10/2014	Completed	70B Centennial Drive Whitianga
869770	25/10/2014	28/10/2014	3/11/2014	31/10/2014	31/10/2014	Completed	70B Centennial Drive Whitianga

We have requested noise complaints from the previous two years but at this stage they are yet to be provided. We will repeat the exercise when the information arrives and forward it on.

Regards

Steve

**From:** Peter Miles [[peter.miles@bookabach.co.nz](mailto:peter.miles@bookabach.co.nz)]

**Sent:** Friday, 27 February 2015 3:04:56 p.m.

**To:** Helen Findlater

**CC:** Leslie - Bachcare; Daniel Bridges

**Subject:** Request for information: Noise and nuisance call outs - holiday homes vs. permanent residential

Hi Helen:

Just following on from our brief conversation: Trade Me, Bachcare and Bookabach have presented a joint submission on the Proposed District Plan. The staff recommendation (attached) talks about the nuisance that holiday homes bring to local communities but no data has been presented by TCDC on this.

For us to be able to assess and potentially argue against this can TCDC please provide the following information to us:

- Number of nuisance (noise or other) call-outs reported by month over the last 36 months.
- An indication of how many of these are to permanent residence vs. holiday homes

It's my understanding from talking to Steve Baker that TCDC have compiled a database of property addresses that are holiday rentals so it should be feasible to provide the above.

We understand that any new points we wish to introduce must be presented at least 5 working days before our hearing on the 11th of March. **So, we really need this information no later than end of business Tuesday 3rd of March.**

I really appreciate your assistance with this.

Kindest regards,

-Peter

**Steve Baker**  
**Chief Financial Officer**

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## **Appendix B: Open Letter to Destination Coromandel**

Please refer to accompanying document with additional information about the contribution of holiday rentals to the tourism economy.

bookabach™



trade me

The Destination Coromandel Board of Directors  
c/o Hadley Dryden, Manager  
Destination Coromandel

**An Open Letter to Destination Coromandel**

3rd March 2014

Dear Hadley and the Destination Coromandel Board:

**RE: Potential impact of the TCDC Proposed District Plan on Tourism in The Coromandel**

We are writing to voice our concerns over elements of the TCDC Proposed District Plan that we believe will adversely impact tourism in the Coromandel.

There are around 1,500 baches and holiday homes used as holiday rental properties in the Coromandel. In 2013 approx. 69,000 visitors (54,000 adults and 15,000 children) chose to book a paid stay at a Coromandel bach or holiday home<sup>1</sup>. The proposal to require resource consent to accommodate more than 6 people in a holiday rental will:

- Limit available traveller accommodation in the area and reduce the number of visitors to the region.
- Drive holiday rental underground, making it even more difficult to engage with owners as tourism operators.
- Make owning a holiday home in the Coromandel marginal or uneconomic for many owners.
- Reduce the ongoing investment in property maintenance and improvement in the Coromandel housing stock.
- Create more work for local officials to track, manage and enforce compliance of regulations.

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<sup>1</sup> Based on Bookabach booking data on known rental bookings on 800+ properties and extrapolating for the 1,500 Coromandel Holiday Rentals.

Holiday rentals are a cost-effective accommodation choice for two families, with most Coromandel holiday rental properties set up for the owner's family and their guests. Holiday rentals are also a low-impact accommodation option. Environmentally, it makes good sense to use built-for-purpose homes - unoccupied for most of the year - as visitor accommodation.

With this letter we present what we hope will be useful information about the holiday rental industry and specifics on Coromandel holiday rental. In October we conducted a joint nationwide survey on holiday rentals. We include these results as an appendix (Coromandel and National).

Holiday rental is vital to the Thames-Coromandel region visitor economy. We are making a submission to Council with the following recommendations:

- That the permitted visitor number be capped at 12 people.
- That Destination Coromandel be funded by all rate payers.

We hope that the Destination Coromandel Board supports this view - and will endorse our recommendation to Council.

We look forward to continuing to work with you to increase traveller numbers and to enhance the traveller experience in The Coromandel.

Yours faithfully,



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## Executive Summary

- There are approx. 1,500 holiday rental properties on the Coromandel.
- These properties are an important resource for domestic (and increasingly inbound) travellers to the Coromandel. Last year approx. 69,000 visitors stayed in a holiday rental property in the Coromandel.
- Income from holiday rental is not substantial for home owners (<\$10k per year on average) and is used to offset expenses (rates, maintenance) and improve the property. 74% of holiday rental bach owners say they could not justify having a bach if they could not derive some income to offset expenses.
- The growth in holiday rental is a global phenomenon fueled by traveller preference. Reducing the scale of holiday rental in the Coromandel will not see travellers move to Coromandel motels/hotels – it will see them holiday elsewhere.
- Holiday rental provides high levels of traveller satisfaction in the Coromandel with a traveller Net Promoter Score (NPS)<sup>2</sup> of 76 (Hotel chains typically score -3 to 60).
- Baches and holiday homes are safe to use as holiday rentals provided they meet the related building codes.
- Holiday rental activities provide no more nuisance factor with regard to parking, noise etc. than owner-occupied or permanently rented properties and arguably less, since the number of people staying, and their conduct, is more controlled.
- The potential tourism impact of TCDC Proposed District Plan would include a drop in holiday rental properties of between 10-30% and a reduction in travellers to the Coromandel of between 10,000 – 25,000 visitors per year.
- Making it more difficult for owners to earn income off their properties will see more properties offered for sale, and reduced spend on maintenance and improvements.

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<sup>2</sup> NPS is a common method for measuring and benchmarking customer satisfaction. For more info see [http://en.wikipedia.org/wiki/Net\\_Promoter](http://en.wikipedia.org/wiki/Net_Promoter)



# About Holiday Rental in The Coromandel

The following has been compiled from survey results (Appendix A) and website booking data from Bookabach.co.nz<sup>3</sup>.

## What makes holiday rentals a popular choice for travellers?

The trip to the bach has always been the iconic Kiwi holiday for families and groups. The practice of using other people's baches, whether it be for free, for a koha or for market rent has always taken place. The internet has made "peer-to-peer" holiday rental easier to organise and the market has expanded in both supply and demand as a result.

Today, the main reasons families and groups of adults to choose holiday rental are:

- **Cost:** Holiday rentals provide a cost-effective holiday where a number of income earners share, e.g. two families.
- **Space:** Having space and autonomy allows people to interact in the same way that they would at home: cooking, dining, relaxing etc.
- **Privacy:** For example, parents of small children appreciate that they do not need to be concerned about their children disturbing other guests.

The growth in holiday rental is a global phenomenon – not a local one. HomeAway, FlipKey (TripAdvisor) and AirBnB have all emerged since 2003. Collectively they list around 1 million holiday rental properties worldwide. The single largest factor that has effected growth in this accommodation segment is **Traveller preference**.

In New Zealand holiday rentals are primarily used by domestic tourists (90%). Inbound is set to grow as more travellers who use holiday rentals at home choose this option when they go abroad.

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<sup>3</sup> Bookabach data on all recorded rental bookings across FRBO/PM customers on 800+ Coromandel properties and then extrapolating for 1,500 holiday rentals. Visitor numbers will be conservative as the default booking occupancy is 2 adults and not all FRBO/PMs add bookings received outside Bookabach.

## What is the size and structure of the Holiday Rental industry in the Coromandel?

Coromandel has approximately 1,500 holiday rentals. The majority (90%+) are free-standing baches or holiday homes. Around 900 of these are *For Rent By Owner* (FRBO) properties. The remaining 600 or so are managed by *Property Managers* (PMs) located in the Coromandel.

We estimate that there are approximately 10,000 holiday rental properties in New Zealand, so Coromandel represents around 15% of the national holiday rental stock.

## How many travellers use Holiday Rentals in the Coromandel?

In 2013 we estimate the 1,500 Coromandel holiday rental properties received 16,000 bookings resulting in 64,000 nights stay and bringing around 69,000 people (54,000 adults and 15,000 children) to the region.

## What motivates a bach owner to rent? What do they earn?

There are several reasons bach owners rent out their properties:

- **Offset expenses & justify the asset:** The desire to part-offset the expense of owning a second home and to help justify the lifestyle choice of owning a holiday home.
- **Secondary income:** For retirees or semi-retirees holiday rental income can be an important secondary income. Some of these owners fall into the category of homestay, i.e. they may be resident at the bach.
- **Social reasons:** Many bach owners genuinely enjoy sharing their piece of paradise with others and the social interaction that this brings.

A Coromandel holiday rental bach owner typically uses their bach for 30 days/year and rents it out 40 days/year. On average this brings in \$8,745/yr for them. A really top-end, well-marketed and appealing property might bring in \$25k/yr.

The income received from holiday rental typically covers rates and maintenance on the property and will pay for some improvements over time. In our owner survey, owners were on average paying \$2,762/yr on rates; \$3,064/yr on maintenance and had spent \$31,439 in the past five years on improvements. With a combined \$5,826 on rates and maintenance and rental income of just \$8,745, renting a holiday house is therefore not something most owners do as a business venture.

Holiday rental activity, in addition to providing a key accommodation choice for the Coromandel, has an important secondary economic benefit outside of tourism: that of funding the maintenance and improvement of the Coromandel housing stock.

## **Do holiday rentals present a nuisance factor to permanent residents?**

In short, probably no more than owner/family/friend occupied baches, and most likely less. Holiday rental is normally conducted under a short-term rental agreement that specifically controls occupancy and in many cases the conduct of tenants. Travellers tend to respect these agreements.

In our survey we asked how many complaints owners had received related to holiday rental activities. Looking at national figures from our survey: 151 out of 2057 respondents indicated a total of 228 complaints related to their activities as a Holiday Rental over the past 5 years. For 10,000 holiday rental properties this could amount to 1,108 complaints in 5 years or 222 complaints/year nationally. Given that approximately 612,000 booking nights per year occur nationally this represents a rate of 0.036% complaints per night's stay.

There are nearly 23,000 residential rateable units in TCDC of which 55% are out of town residents. So the 1,200 or so holiday rental properties represent only a fraction of baches and holiday homes on the Coromandel.

A similar argument can be presented as it relates to nuisance from excessive number of vehicles and rubbish. Holiday rentals provided no worse nuisance than holiday homes occupied by their owners and/or family and friends.

## **Do holiday rentals provide satisfaction to travellers?**

Although FRBO properties are operated by "non-professional" operators, i.e. people outside of the Tourism Industry, domestic and inbound travellers have become very

familiar and accepting of “peer-to-peer” rental. Plus, there is strong evidence of extremely high levels of visitor satisfaction. Bookabach uses *Net Promoter Score*<sup>4</sup> to monitor how satisfied travellers are with the accommodation they stayed in. Around 70% of guests submit online feedback after their stay.

**The Bookabach NPS for Coromandel is 76** (national average is 74). This indicates extremely high levels of satisfaction with stays in holiday rentals in the Coromandel. Typical Hotel NPS values range from -3 to 60.

For more information on NPS see: [http://en.wikipedia.org/wiki/Net\\_Promoter](http://en.wikipedia.org/wiki/Net_Promoter)

## **Are holiday rentals a safe choice for travellers?**

In our survey we asked owners to tell us about the number of reported accidents and incidents at their property. From the national data we have on the 2057 respondents we have calculated an incident rate of 0.015% incidents per night stay. There were 126 recorded accidents or incidents reported by guests staying in properties over the past 5 years out of a total of approx 850,000 nights stay.

88% of Coromandel properties had smoke alarms within 3 metres of every doorway to a sleeping area. 49% of owners checked smoke alarms every 3 to 6 months, 30% every year and 13% every visit.

We believe that provided holiday rentals are consented and meet the appropriate building codes they are safe.

## **What are owner attitudes to tourism and RTO funding?**

Survey results for Coromandel revealed:

- 73% of Coromandel owners saw themselves as part of the wider tourism industry.
- Only 24% of respondents were familiar with the work of their Regional Tourism Organisation.
- 71% of owners felt they did not benefit from the work performed by the RTO.

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<sup>4</sup> NPS is a common method for measuring and benchmarking customer satisfaction. For more info see [http://en.wikipedia.org/wiki/Net\\_Promoter](http://en.wikipedia.org/wiki/Net_Promoter)

- 93% of owners did not feel the holiday rental owners should pay a contribution to fund the RTO above and beyond that of owners of properties that are owner-occupied or permanently rented.

While these results might be disheartening news to any RTO they are not too surprising. Historically RTOs have been focused on inbound tourism, not domestic tourism and holiday rental is primarily a domestic tourism proposition. With RTOs paying more attention to domestic tourism, and with a growing inbound component to holiday rental, we see a merging of interests of these two groups.

# Likely impact if District Plan proceeds as drafted

## Tourism impact

The TCDC Proposed District Plan would make renting to more than 6 tariff-paid visitors a “discretionary activity” requiring resource consent. **Had this rule been in place in 2013 it would have impacted around 15% of rental bookings and potentially effected 22,000 visitors to the Coromandel**

In our survey, **83% of Coromandel respondents said they would re-think renting out their holiday home if they needed to go through a resource consent process**, a process which would cost them time and money and with no guarantee of acceptance. The income they receive from rental is just too small to go through the hassle.

Should the district plan proceed as written we believe the following will happen:

- A reduction in holiday rental housing stock.
- Less choice and lower capacity for peak holiday periods and key events.
- A year-round loss of two-family and group visits to the region due to the increase in cost of accommodation.

Modelling these effects in detail is beyond our resources. But we can make some estimate based on the data we hold. Our best guess is that we would see a drop in the number of holiday rental properties in the Coromandel by 10-30% and a drop in visitor numbers of between 10,000 to 25,000.

## Non-tourism impact

In our survey 74% of Coromandel respondents agreed that without holiday rental income they could not afford to keep/maintain their property (52% strongly). Reducing an owner’s ability to earn income – or enough income - off their bach will see a certain number of owners decide to sell their properties. It could also see buyers of holiday homes look outside of Coromandel to areas with no holiday rental restrictions, as income to offset expenses does factor into purchase decisions for many buyers today.

Larger holiday homes are the most impacted as these homes regularly rent to more than 6 people and command higher rental. The 2013 mixed-asset tax law changes mean that

incomes must be 2% or more of Capital Value in order to deduct expenses. So, the ability to get a higher nightly rate from say two families, or a group of adults, becomes important.

We would also expect to see a decline in spend on maintenance and improvement. 78% agreed that without holiday rental income they could not afford to improve/renovate (60% strongly).

## **Appendix: NZ Holiday Rental Survey Results**

In November/December last year Bookabach, Bachcare and HolidayHouses conducted a survey on the NZ Holiday Rental Industry. Attached you will find the results for:

- Whole of New Zealand
- Coromandel