

# Go ahead with Airbnb-type rentals, if 80% of your neighbours agree

| BY CHARLENE CHIN |

The Singapore government is seeking public feedback on a new policy that will allow Airbnb-type rentals only if 80% of all residents in the development agree to it. The proposal covers private apartments and condominiums but excludes HDB flats.

“It is necessary to get the views of all strata-titled property owners within the development,” says URA in its proposal on April 16. “They should be given a say in the decision on whether or not to fundamentally change the nature of their residential property to one with [a short-term rental agreement] use.”

The consent for a unit or units in a private apartment or condo to be leased on a short-term basis is valid for only two years, after which it will be subject to a residents’ vote again. If fewer than 80% of the owners give their consent, short-term rentals will not be allowed in the development.

Christine Li, head of research at Cushman & Wakefield, does not expect the 80% consensus to be achieved easily in a strata-titled private residential development. This is because it is “rather unlikely” that the majority of owners in a particular private residential development purchased their units to offer short-term rentals, she points out.

For the minority strata-titled apartment owners to achieve the 80% consensus, they may have to offer significant concessions such as the payment of significantly higher maintenance fees to offset the wear and tear to amenities resulting from a higher number of transient tenants, adds Li.

The URA has proposed a 90-day cap and a limit of six persons per rental apartment. Approved hosts will also have to submit a full guest list to URA, and all registrations are compulsory



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prior to listing their homes as short-term rentals. Approved homeowners are also required to equip their homes with safety fire equipment such as alarm devices and fire extinguishers.

## Striking a balance

URA has said it is unlikely to approve short-term rentals for properties that are not strata-titled. “The government has to strike a balance between being open to disruptive start-ups such as Airbnb and safeguarding the interest of residents living in high-density dwelling units,” says Cushman & Wakefield’s Li. The proposal therefore offers the possibility of short-term rental accommodation while ensuring that residents are able to block it if desired.

The framework is unlikely to alter the rental leasing landscape significantly because of the proposed 90-day cap per year, says Li. The onus is on the management corporation strata-

ta-title (MCST) board to monitor the owners who are landlords of apartments on short-term rentals. “As such, landlords are still dependent on longer-term tenants who are working and living in Singapore, rather than short-term tourists.”

While studies in other markets have found that Airbnb listings resulted in increased rents, which may consequently lead to higher property prices, Li believes the local property market will not be similarly affected as a result of the 90-day cap.

Landed homeowners can apply to URA for their property to be registered as a short-term rental site. The government will consider each submission separately. It has said that it is less likely to approve landed housing estates in relatively quiet areas with no formal governance structure as short-term rental sites, as it will have a “greater impact” on residents.

## Implications for potential landlords

URA also requires home-sharing sites to track the number of days a unit has been rented out. Rental bookings have to be rejected if the unit exceeds the 90-day cap.

Airbnb’s head of public policy, Mich Goh, says URA’s move is an “important step for the significant number of locals who want to share their homes, and travellers who want a unique and authentic experience when they visit Singapore”.

Meanwhile, Anthon Stanish, HomeAway vice-president for Asia-Pacific, says there is space for vacation rentals to exist in Singapore “within clearly defined parameters”, where homeowners, property managers, guests and neighbours can co-exist and benefit from the relationship without an unintended negative impact. HomeAway is a home-sharing vacation rental site.

So far, home-shared private residential properties in Singapore have been subject to a minimum stay of three months. Last June, URA shortened the minimum lease period for private homes in Singapore to three months from six months previously.

Last December, two homeowners in Singapore were charged for providing unauthorised short-term stays to guests on Airbnb. And early this month, they were each fined \$60,000 and sentenced to 12 weeks in jail.

Serviced apartments, on the other hand, have a minimum stay of seven days. They are also in areas where “the infrastructure is able to accommodate the higher number of transient users”, says URA. The policy is designed to maintain “the safety and security of the estate”.

“After studying the issue for some time, we think it is possible to allow such [short-term accommodation] in private residential properties, but subject to appropriate regulation and safeguards,” says Lawrence Wong, Minister for National Development, in his Facebook post. **E**