

Why are we making changes to rating online accommodation providers?

Auckland is growing, and so are the numbers of visitors who want to experience the attractions the city offers. To meet the demand, online accommodation services such as Airbnb and Bookabach are expanding. In the last year, Airbnb rentals alone took more than 10 per cent of market share.

However, we have identified an issue of fairness in how we classify online accommodation providers for rating purposes. It relates to the Accommodation Provider Targeted Rate (APTR) and to general property rates.

Commercial providers pay the APTR and also pay higher, business rates.

However, residential owners who let out their properties online are operating as businesses and also benefit from ATEED's activities. Currently they do not pay the APTR, and their property rates are lower as they pay residential rates.

How do we currently apply the APTR?

The APTR is a targeted rate introduced in 2017 to partly fund the activities of Auckland Tourism, Events and Economic Development (ATEED).

It is charged to commercial providers such as hotels, motels and serviced apartments that benefit from ATEED's work in promoting the city.

These commercial providers also pay business rates.

How will the rates change for online accommodation providers?

The changes do not affect you if:

- Only part of the dwelling is let, such as a bedroom, or if the building is not self-contained, such as a sleep-out.
- If you don't list your property on an online accommodation service
- If you let out your property for less than 28 days per year.

The new rates only apply if you are using online platforms to let out:

- an apartment
- an entire dwelling
- a self-contained unit such as a granny flat or minor dwelling

The table below sets out what the effect will be.

Number of nights booked per year (based on previous year)	APTR rates level	General rates level
Up to 28	Does not apply	Continue to be rated as residential
29 to 135	25% of APTR if the property is in zone A or B	Rated as 75% residential and 25% business
136 to 180	50% of APTR if the property is in zone A or B	Rated as 50% residential and 50% business
More than 180	100% of the APTR if the property is in zone A or B	Rates as business

Note: The upper limit of 180 nights, where full business and APTR applies, is around the occupancy level for motels.

Have affected property owners been advised?

In June we wrote to residential property owners who we had identified as advertising their property on an online accommodation service. In that letter we asked for proof of the number of booked nights over the previous 12 months. Proof can either be information from the provider of the online service or a declaration.

What happens if I live in one part of the property and let out a separate part of the property?

If you only use part of your property for this service, such as a minor dwelling or granny flat, and you live in another dwelling on the property then the increased rates will only apply to the part of the property that is listed for accommodation purposes. The remainder of the property will continue to be charged lower residential rates. This also applies to purpose built accommodation.

How much extra will the council get from these changes?

The council will not get any extra revenue.

The total amount collected from the APTR will remain the same, but it will be spread over more ratepayers. This means commercial accommodation providers will be charged less for the APTR.

The proportion of general rates that businesses pay will also be spread over more ratepayers, so all businesses will benefit slightly.

Where can I get more information on how this applies to me?

To find out if these changes may apply to a property please call 09 979-5500 or email accommodationproviderrate@aucklandcouncil.govt.nz.