

Frequently Asked Questions

Category 2T | Transitory accommodation

Differential Rating - Short Stay Accommodation

On Wednesday 18 June 2025, Townsville City Council adopted its 2025/26 Budget & Operational Plan. This budget includes changes to Council's rating categories, including introducing a new category for residential transitory accommodation. This applies to properties used for short-stay accommodation like those advertised on Airbnb, Stayz or through property managers.

Question	Response
Why is Council creating a new a category of ratepayer?	<p>Properties used for short-stay accommodation - like those advertised on Airbnb, Stayz or through other property managers - are commercial in nature.</p> <p>The new category aligns rates paid with commercial operators like traditional motels and hotels.</p>
How many properties does this affect?	<p>Less than 1% of properties in Townsville operate in the short-stay accommodation category.</p> <p>This new category will not affect owner-occupiers, owner-occupiers who live onsite and are renting a room or granny flat, or investors who have properties available for long-term rentals in any way.</p>
How does short-stay accommodation impact the Townsville community?	<p>Properties available for short-term accommodation can have a big impact on neighbours.</p> <p>There is an increase in complaints and significant impacts on Council services.</p>

Question	Response
<p>Will this initiative provide a long-term housing solution?</p>	<p>The short-stay accommodation market is an important part of the local accommodation market.</p> <p>Properties that are frequently booked will likely remain part of that.</p> <p>Those who only occasionally advertise for short-term accommodation may wish to release that property onto the long-term market instead.</p> <p>Any properties released back into the long-term rental market will support the current housing crisis, with rental vacancies less than 1% across the region.</p>
<p>Why are short-stay accommodation properties singled out?</p>	<p>Properties advertised as short-stay accommodation are essentially privately-owned hotel operations.</p> <p>They are commercial in nature, require commercial insurance and this is just Council recognising that these properties are being used for a commercial purpose.</p> <p>Short-stay properties in Townsville and Magnetic Island are earning the equivalent revenue as their commercial competitors but are rated significantly less. The average daily rate for a commercial operator across Townsville and Magnetic Island is \$183.14 vs short stay market at \$288.</p>
<p>What have Townsville's hotel and motel operators been telling Council?</p>	<p>Townsville's hotel and motel operators pay commercial rates, alongside pedestal charges.</p> <p>They are paying their fair share for their use of the city's services and infrastructure.</p> <p>This change aligns the short stay accommodation market with their hotel and motel counterparts.</p>

Question	Response
What will the increased revenue be used for?	<p>The additional revenue raised by the increase in rates to short-stay accommodation properties will be reinvested in marketing Townsville as a tourism destination.</p> <p>Investing \$1 million in destination marketing will result in an additional \$32.4 million of visitor expenditure per year. 40% of visitor spend is invested in accommodation and food services. This benefits all accommodation providers, including short stay accommodation owners.</p> <p>The funding will be used to increase awareness of Townsville and Magnetic Island as a holiday location through targeted marketing, to attract new aviation routes and increase capacity and to support increased cruise visitation as well.</p>
How does this compare to other markets?	<p>Some other local councils have increased rates far more than Townsville City Council for short-stay accommodation providers. Some councils have capping for the rental nights available per year.</p> <p>Townsville City Council has capped entire properties offered, available, or used for temporary accommodation at a total of less than 30 days in the financial year.</p> <p>Our approach is measured, realistic and aligns these properties with the impact they have on the community.</p>
How is it fair to apply an increase across the board when not all short-stay properties generate the same income or impact on neighbourhoods?	<p>We acknowledge that short-stay operations vary. However, the differential rate is designed to reflect the broader commercial nature of short-stay accommodation and the disproportionate impact these properties can have on infrastructure, amenity, and housing availability.</p> <p>Importantly this increase will not affect owner-occupiers, owner-occupiers who live onsite and are renting a room or granny flat, or investors who have properties available for long-term rentals in any way.</p> <p>It will also not affect those who do not have their entire property offered, available, or used for temporary accommodation for a total of less than 30 days in the financial year</p> <p>Owners wishing to revert their properties to the long-term rental market can and will be rated accordingly in the following rating period.</p>

Question	Response
<p>Has Council modelled the economic fallout this increase might have on local tourism operators, cleaners, and support services who rely on short-stay accommodation for their livelihoods?</p>	<p>We have taken into account the economic importance of the short-stay sector, and we remain committed to supporting the broader tourism ecosystem.</p> <p>The rating is intended to ensure that all sectors contributing to tourism also contribute fairly to the infrastructure and services they benefit from.</p>
<p>What impact will this have on regional affordability, especially if operators pass on these costs to tourists and drive them to cheaper destinations?</p>	<p>While some cost pass-through may occur, Townsville and Magnetic Island's accommodation affordability remains strong compared to competing destinations.</p> <p>Our goal is to protect long-term housing stock and local amenity, which also supports the liveability and sustainability that attracts visitors.</p>
<p>What data or impact assessment has Council used to justify such a significant increase?</p>	<p>The decision is underpinned by analysis of the growth in short-stay listings, their impact on residential availability, and benchmarking with other councils that have introduced similar rates. It's a response to community concern about housing availability and ensuring that Council can reinvest into growing the visitor economy.</p>