

Here to Stay — Short-Term Accommodation in Singapore

The use of one's private residential home for short-term accommodation has been a matter of much chatter in recent times, both locally and internationally. The advent of technology and the creation of online platforms such as Airbnb, allowing for easier advertising and better connectivity, have led to more people (in particular, travellers) realising and adopting this as an alternative lodging option to the usual hotels and service apartments.

Yet, as with many of the other initiatives that have sprung from the increased promulgation of a sharing economy, the disruption brought about by the advancement of home-sharing platforms and short-term accommodation have raised new socioeconomic issues, and regulatory bodies and lawmakers now face the daunting task of having to find the right formula to balance the interests of the various stakeholders.

This Update takes a brief look at the laws relating to short-term accommodation in Singapore.

Understanding the rationale for regulating short-term accommodation

In Singapore, various policy considerations have been cited for the need to regulate short-term accommodation. These include:

- (1) The need to preserve privacy and sanctity of homeowners, which may be affected by the higher turnover of occupants and high human traffic;
- (2) Impact of transient occupants on other residents and the potential impact on safety and security in residential estates;
- (3) Growing global trend in favour of regulating the short-term home-sharing platforms to the same standards as hotels and service apartments to ensure proper standards are maintained; and
- (4) Ensuring there is a level playing field between homeowners and similar entities that provide short-term rentals like hotels and service apartments.

Development of laws relating to short-term accommodation in Singapore

Back in 2009, the Urban Redevelopment Authority of Singapore ("**URA**"), which is the governing authority of urban planning in Singapore, first promulgated guidelines which provide, amongst others, that the minimum stay duration is six consecutive months for the leasing out of any private residential home.

In May 2017, these guidelines were enshrined as statutory law in the Planning Act ("**Planning Act**"). This was in part due to uncertainty amongst the relevant stakeholders, e.g., homeowners, as to whether the guidelines were actually part of law or whether the guidelines could be treated merely as a position "encouraged" by URA which would attract no legal consequences. While the statutory enshrinement has quelled such uncertainty, it has since also been clarified by the Minister for National Development, Mr Lawrence Wong, that the statutory enshrinement of the guidelines "do not amount to a change of policy" as prior to the addition of the relevant provisions in the Planning Act, a breach of the guidelines can still be considered a material change of use, which will be deemed an offence under the Planning Act,

and which would have attracted the same penalties.

In June 2017, further changes were made to the Planning Act to lower the minimum stay duration of six months to three months. This was in part due to URA's observation of "growing demand from groups seeking accommodations for periods of between three to six months" which included "academics and students visiting local Institutions of Higher Learning, and professionals on work assignments" and the need to provide these groups with more accommodation options.

It should be noted however, that a private residential property owner who wishes to let his house out for a duration of *less than* three consecutive months must first seek planning permission from URA, failing which he will be in contravention of Section 12(1) of the Planning Act and the penalties under Section 12(4) of the Planning Act will apply.

Such penalties include a fine of up to S\$200,000.00 and in the case of a continuing offence, a further fine of up to S\$10,000 for every day or part of a day during which the offence continues after conviction. If the offender is a repeat offender, such repeat offender may additionally be imprisoned for a term not exceeding 12 months.

In determining whether the minimum stay period has been satisfied, URA had previously clarified in an interview with the Business Times that "there is a breach [of the minimum stay period] so long as residential units are rented for under six months" and URA does "not simply rely on the tenancy duration stated on agreements in determining whether the minimum-stay requirements of six months has been breached".

While the minimum stay period has since been lowered from six months to three months, we see no reason why such a position taken by URA would not still hold true and continue to apply to the minimum stay period of three months.

It should also be noted that where enforcement action is taken, parties other than the homeowners may also be prosecuted under the Planning Act. The language in Section 12(1) of the Planning Act would suggest that parties who partake in the illegal letting, such as intermediaries and tenants/occupiers may also find themselves prosecuted for "permitting" the breach.

Moving Forward – Proposed Regulatory Framework

The URA is currently looking into, having recently concluded a public consultation exercise on, the possibility of introducing a more comprehensive regulatory framework for short-term accommodation in private residential properties.

The proposed regulatory framework include the following measures:

- (1) Annual rental cap of 90 days that the property can be used for short-term accommodation;
- (2) Occupancy cap of 6 persons per unit at any one time, in line with URA's occupancy cap of 6 unrelated persons for private residential units;
- (3) Compulsory registration by each individual property owner with URA prior to listing / allowing the property for short-term accommodation use;

- (4) All approved short-term accommodation hosts will be required to provide URA with a record of guest details for each stay. Such measure is aligned with the requirement for the particulars of all guests staying in hotels to be recorded for security reasons;
- (5) Compliance with fire safety requirement specific to short-term accommodation use, e.g., requiring homeowners to equip their homes with equipment such as home fire alarm devices and fire extinguishers, as well as fire safety infrastructure in buildings where there are short-term accommodation activities;
- (6) For strata-titled residential developments governed by a management corporation, e.g., condominiums or apartments, there must be support from the subsidiary proprietors owning at least 80% of the share value in favour of short-term accommodation use for the development. The endorsement will be valid for a two-year period and needs to be renewed with an updated vote count each time; and
- (7) In assessing any application for short-term accommodation use, URA will take into consideration the impact of the short-term accommodation use on the surrounding community, entailing factors such as:
 - (a) Type of residential development, e.g., most landed housing estates are located in areas with relatively quiet and narrow estate roads and URA would be more likely to reject applications for such estates;
 - (b) Character of area, e.g., in areas where there are already dis-amenities in the surrounding area such as existing social concerns related to security and vice, URA would be less likely to approve applications for such areas; and
 - (c) Presence or absence of a formal self-governance structure within the residential estate, e.g., URA would be prepared to consider an application more favourably if there is a management corporation in place to administer by-laws and implement localised security measures to protect the amenity of the other residents and mitigate the impact of the use for short-term accommodation.

However, owing to the mixed results obtained from the public consultation exercise, URA has commissioned a more detailed public survey of Singaporeans' views on short-term accommodation, to complement the feedback obtained through the public consultation exercise.

As we await further announcements by URA on the outcome of its public consultation and the survey, and whether there will be any changes to the laws relating to short-term accommodation in Singapore, a quick look elsewhere suggests that how short-term accommodation should be regulated is an issue faced by other countries as well and that there is no "one-size-fits-all" approach.

For example, Japan has very recently implemented "minpaku" law (private temporary lodging law), under which home owners who intend to let their properties out for short-term accommodation may do so but must first obtain the required licences and are further subject to any restrictions imposed by their local government, e.g., Kyoto only permits rentals in residential area in off-peak season for tourists arrivals, Tokyo's Chuo ward has banned weekday rentals. The introduction of the law was in part in anticipation of the tourism boom expected during the Tokyo 2020 Olympics where Japan could face a shortage of hotel rooms, but ironically, critics have commented that the law, in particular the local restriction limits, may instead stifle home-sharing businesses and force many homeowners

to stop offering their services, thereby defeating the law's objectives.

Regardless of how the laws on short-term accommodation evolves, it is likely that such laws will always be debated upon owing to the

conflicting priorities between the regulator and homeowners who believe that there should be no/minimal fetters on their rights to deal with their own properties.

If you would like information and/or assistance on the above or any other area of law, you may wish to contact the partner at WongPartnership that you normally deal with or the following partner:



Jerry TAN

Partner – Corporate Real
Estate Practice

d: +65 6416 2534

e: [jerry.tan](mailto:jerry.tan@wongpartnership.com)

[@wongpartnership.com](mailto:jerry.tan@wongpartnership.com)

Click [here](#) to view Jerry's CV.

WPG MEMBERS AND OFFICES

- contactus@wongpartnership.com

SINGAPORE

-

WongPartnership LLP
12 Marina Boulevard Level 28
Marina Bay Financial Centre Tower 3
Singapore 018982
t +65 6416 8000
f +65 6532 5711/5722

CHINA

-

WongPartnership LLP
Beijing Representative Office
Unit 3111 China World Office 2
1 Jianguomenwai Avenue, Chaoyang District
Beijing 100004, PRC
t +86 10 6505 6900
f +86 10 6505 2562

-

WongPartnership LLP
Shanghai Representative Office
Unit 1015 Corporate Avenue 1
222 Hubin Road
Shanghai 200021, PRC
t +86 21 6340 3131
f +86 21 6340 3315

MYANMAR

-

WongPartnership Myanmar Ltd.
Junction City Tower, #09-03
Bogyoke Aung San Road
Pabedan Township, Yangon
Myanmar
t +95 1 925 3737
f +95 1 925 3742

INDONESIA

-

Makes & Partners Law Firm
Menara Batavia, 7th Floor
Jl. KH. Mas Mansyur Kav. 126
Jakarta 10220, Indonesia
t +62 21 574 7181
f +62 21 574 7180
w makeslaw.com

wongpartnership.com

MALAYSIA

-

Foong & Partners
Advocates & Solicitors
13-1, Menara 1MK, Kompleks 1 Mont' Kiara
No 1 Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur, Malaysia
t +60 3 6419 0822
f +60 3 6419 0823
w foongpartners.com

MIDDLE EAST

-

Al Aidarous International Legal Practice
Abdullah Al Mulla Building, Mezzanine Suite 02
39 Hameem Street (side street of Al Murroor Street)
Al Nahyan Camp Area
P.O. Box No. 71284
Abu Dhabi, UAE
t +971 2 6439 222
f +971 2 6349 229
w aidarous.com

-

Al Aidarous International Legal Practice
Zalfa Building, Suite 101 - 102
Sh. Rashid Road
Garhoud
P.O. Box No. 33299
Dubai, UAE
t +971 4 2828 000
f +971 4 2828 011

PHILIPPINES

-

Zambrano Gruba Caganda & Advincula
27/F 88 Corporate Center
141 Sedeño Street, Salcedo Village
Makati City 1227, Philippines
t +63 2 889 6060
f +63 2 889 6066
w zglaw.com/~zglaw