Item 13.1

Notices of Motion

Capping Airbnbs and Other Short-Term Rentals In The City of Sydney

By Councillor Thompson

It is resolved that:

(A) Council note:

(i) Sydney is in a rental crisis with a vacancy rate of 1.7%. This low rate means more homes need to be added to the long-term rental market urgently

(ii) current reports indicate that at least 6,000 homes in our Local Government Area (LGA) are being used as short-term rentals, hosted mainly on platforms like Airbnb, and that this number is growing exponentially every year

(iii) increasingly investors are acquiring large portfolios of homes and turning them into mini-hotels, with reporting from community groups noting some landlords renting out well in excess of 100 properties locally as short-term rentals

(iv) historically significant residential city-fringe suburbs like Millers Point, Darlinghurst, Potts Point and Ultimo have been particularly impacted by the proliferation of Airbnbs and other short-term rentals, with a hollowing out of these communities already well underway

(v) researchers have found, in Australia and elsewhere, that the increasing professionalisation of the short-term rental sector exacerbates tight rental markets and exerts upwards pressure on local rents

(vi) beyond these housing pressures, short term rentals and Airbnbs are having a harmful effect on our community with hollowed out suburbs, increased strata fees and destruction of common property in apartment buildings and speeding up the gentrification of suburbs that historically were affordable, all in the name of treating properties as investment vehicles rather than homes for people and families

(B) Council note that current NSW regulations are not working:

(i) the statewide 180-day cap on non-hosted properties is encouraging owners to short term let as it is far more profitable

(ii) the short-term rental register doesn’t reliably distinguish between occasional letting and commercially operated non-primary residences, making enforcement difficult

(iii) enforcement is rare and currently split across the Department of Planning, Housing and Infrastructure (DPHI) and the Department of Fair Trading, and local councils, many of whom are under financial strain and don’t have access to accurate data

(C) Council note:

(i) this issue is prevalent across Australia, and elsewhere in other global cities, with other jurisdictions changing their regulatory approach

(a) in NSW, Byron Shire Council imposed a stricter regime due to the concerning growth of Airbnbs and the restriction of housing supply; the Council's 60-day limit came into effect in September 2024 and preliminary evidence is it is working to return houses as homes for people wanting to build a life in their community

(b) Hobart City Council recently moved ban whole-home short stay rentals, acknowledging the scale of the housing crisis in their community

(c) New York instituted a ban on un-hosted short-term rentals and Airbnbs in 2023, which has returned thousands of houses and apartments as homes

(d) Barcelona has also enacted a ban, which is due to come into full effect in 2028

(ii) overwhelmingly Australia's short term rental regulations are out of step worldwide with other jurisdictions which are moving in the direction of having a strong registry, permit systems, clear platform accountability, and caps, alongside funding for enforcement measures

(D) Council further note:

(i) the City has long advocated for changes to the short-term rental regulation, which is currently under NSW legislation

(ii) in April 2021, the Lord Mayor wrote to the former NSW Government raising concerns about the impacts of non-hosted short term rental accommodation on housing affordability and hotel and hospitality businesses

(iii) in May 2023, following a motion by Greens Councillor Sylvie Ellsmore, Council resolved to investigate the impact of short-term rental accommodation on rental affordability, housing availability and the tourism accommodation sector in the LGA. This led to the City of Sydney Short-Term Rental Accommodation Report

(iv) in February 2024, the City of Sydney made a submission to the Department of Planning, Housing and Infrastructure, and NSW Treasury Discussion Paper on short- and long-term rental accommodation

(v) in February 2025, Council endorsed Councillor Jess Miller's motion noting weaknesses and loopholes in the framework, hotspots and the impossibility of enforcement due to the inaccuracy and unavailability of data on the NSW Planning Portal's short term accommodation register, such as verified identification and financial records

(vi) in April 2025, the Lord Mayor wrote to the Minister for Planning and Public Spaces and the Minister for Housing requesting an update on planned regulatory changes for this sector. A response was provided by Minister Rose Jackson

(vii) in November 2025, Councillor Miller's Houses for Homes (Short-Term Rental) motion was endorsed at the Local Government NSW conference

(viii) in October 2025, Council endorsed a motion by Greens Councillor Matthew Thompson requesting advice on regulatory interventions available to the City of Sydney, including a potential reduction in the local cap

(ix) in March 2026, Council endorsed a motion by Councillor Worling to remove lockboxes for short-term rentals from City assets

(x) in March 2026, the City provided advice, as per Councillor Thompson's motion of October 2025, on regulatory interventions in other Australia jurisdictions and the policy options available to Council, including a potential 60-day cap

(xi) also in March 2026, Greens Councillors hosted a community round table in Town Hall, discussing the impacts of short-term rental accommodation and the need for reform

(xii) in April 2026, Council endorsed a motion by Greens Councillor Thompson requesting advice from the City on the feasibility of a time limited ban on non-primary residence short term rentals, linked to vacancy rates

(xiii) in May 2026, the City provided advice, as per Councillor Thompson's motion to Council, noting that the City does not have the power to impose a blanket ban on Short Term Rental Accommodation (STRA), link it to vacancy rates, target non-primary residences, but noted that councils may prepare a planning proposal to reduce STRA day caps for defined locations and period

(xiv) in August 2026, Council endorsed the City's approach to removing lockboxes of City infrastructure, which will start officially on 1 April 2027 after a 6-month education and notice period

(xv) in October 2026, Greens Councillors held a community roundtable and heard from strata committee members and apartment residents on how the proliferation of Airbnbs in strata buildings impacts them specifically

(E) the Chief Executive Officer be requested to:

(i) prepare planning changes to reduce the cap for short-term rentals to 30 days or another cap which the evidence supports across the LGA

(ii) prepare updated research and modelling, that builds upon the modelling undertaken in 2023, that outlines the need for this lowered cap to return apartments and houses as secure, long-term rentals

(iii) prepare a report for Councillors via the CEO Update on the steps the City could take to enforce the current and proposed caps, in absence of the NSW Government taking appropriate measures

(iv) undertake consultation with communities to collate data and personal stories articulating the impact the proliferation of short-term rentals and Airbnbs have had on their neighbourhoods, particularly in Millers Point, Darlinghurst, Potts Point and Ultimo, to demonstrate the need for this change to the relevant Ministers

(F) the Lord Mayor be requested to:

(i) write again to the Department of Planning urging the finalisation of the short-term rental review, which began in 2024

(ii) write to the NSW Premier, Chris Minns, the Minister for Housing, Rose Jackson, the Minister for Planning, Paul Scully, and the Minister for Fair Trading, Anoulack Chanthivong, advocating for:

(a) councils to be given the powers to ban investor Airbnbs and other short-term rentals or set caps in their LGA without the need to go through state planning pathways

(b) councils to be given the powers to charge Airbnbs and other short-term rentals which are non-primary residences commercial rates

(c) a reform to the statewide register to ensure clear distinction between primary and non-primary residences used as Airbnbs or short-term rentals and open and transparent data-sharing between departments and councils

(d) funding for statewide enforcement of breaches to caps, with clear action taken to penalise and fine dodgy operators and investors.

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