Item 13.12

Notices of Motion

Short Term Rental Accommodation (STRA) Contributions to Affordable Housing

By Councillor Maxwell

It is resolved that:

(A) Council note:

(i) the City of Sydney faces a severe housing affordability crisis, with rental vacancy rates between 1% and 1.5% across the local government area (LGA), rents at historic highs, and over 7,000 households on the social housing waiting list facing average wait times of 10 years or more

(ii) the City's commissioned research (Mecone/Atlas Economic, 2024) found that non-hosted Short Term Rental Accommodation (STRA) represents 3.3% of the private rental market, with approximately 1,584 dwellings estimated to be operating as year-round commercial STRA rather than as principal places of residence. This research recommended support for a state-wide levy on STRA to use the funds for Affordable Housing

(iii) on 28 April 2026, Council resolved to request that the Chief Executive Officer investigate the feasibility of a ban on non-primary residence STRA; the Chief Executive Officer reported back on 28 May 2026 advising that under the current NSW planning framework the City does not have the power to impose a blanket ban on STRA, whether time-limited, suburb-specific or vacancy-rate-triggered, and that the only planning tool available to Council is a proposal to reduce the day cap for non-hosted STRA - which itself requires NSW Government approval through Gateway Determination and public exhibition

(iv) the evidence from other jurisdictions does not, at this stage, establish strong evidence that the operative day caps have, to date, delivered meaningful housing supply outcomes. Moreover, when YouGov surveyed Sydney hosts in 2025, only 12% said they would convert to long-term rental if restrictions were imposed - meaning a ban on the estimated 1,584 commercial STRA properties could realistically return fewer than 200 properties to the long-term rental market, with 51% saying they would leave their property vacant rather than rent it long-term

(B) Council further note:

(i) the City faces significant constraints in enforcing any STRA regulation under the current NSW framework: the NSW STRA Register does not collect or verify primary residence information; an internal City review found that around 60% of registrations in the LGA are inaccurate; and third-party platform data identified 4,409 non-hosted STRA properties in the LGA in October 2023, compared to only 1,629 on the NSW Register at the same time - a gap of nearly 2,800 properties; without accurate and verified data, any cap or ban would be largely unenforceable

(ii) these same data limitations affect booking platforms, which currently rely on unverified host declarations to distinguish principal place of residence from commercial STRA operations, as the NSW Register does not provide reliable information to make this determination

(iii) under the current NSW planning framework STRA operates as exempt development, meaning the City cannot introduce planning controls that directly prohibit it without NSW Government approval; Council notes that questions remain about whether full-time commercial STRA operations should constitute a change of use that would require development consent, and that this is a matter the NSW Government should clarify

(iv) Council cannot itself levy STRA operators and hypothecate the proceeds to affordable housing, as councils do not have the power to impose taxes outside those permitted under the Local Government Act 1993

(v) in September 2025, the Lord Mayor wrote to the NSW Treasurer seeking consideration of a state-wide STRA levy and related tax reforms. Only the NSW Government can introduce and administer a levy. A levy could discourage commercial STRA, support housing affordability and fund affordable housing

(vi) Council may however prepare a planning proposal to reduce the number of days non-hosted STRA may operate, subject to NSW Government approval

(C) Council further note:

(i) community housing providers (CHPs) who are existing recipients of the City's affordable housing contributions can receive voluntary contributions from private parties and apply those funds directly to the delivery of social and affordable housing in the LGA

(ii) Victoria, Tasmania and the Australian Capital Territory have each introduced levies on short-term rental accommodation at rates of between 5% and 7.5% of booking revenue (Victoria's levy collected over $19 million in its first 6 months of operation) however in most jurisdictions revenue flows to government funds without guaranteed allocation to affordable housing; a direct contribution from booking platforms to named community housing providers would provide stronger and more transparent guarantees that funds are applied to affordable housing in the community where they are generated

(iii) Airbnb's submission to the City's Housing for All Discussion Paper stated that the company approaches this process "as a partner with the shared goal of getting the policy settings right for Sydneysiders first" and argued that "the most effective action available to the City to address availability is accelerating housing delivery" - this motion provides platforms with an opportunity to demonstrate the bona fides of that position

(D) the Chief Executive Officer be requested to

(i) write to key booking platforms, including Airbnb, Stayz and Booking.com to request that they provide an undertaking to work with the recommended community housing providers in the City's Affordable Housing Contributions Distribution Plan - City West, Bridge and St George - to establish a contribution scheme under which not less than 5% of platform revenue raised from STRA operations within the City of Sydney area is paid directly to community housing providers, commencing no later than 1 July 2027

(ii) offer the City's assistance in convening and conducting meetings, discussions and negotiations between the parties in working toward a resolution, to the extent possible within existing resource constraints, and as requested by the parties

(iii) provide a copy of the correspondence at (i) above to the above-named community housing providers with a request that they keep the City updated on the progress of negotiations with the booking platforms

(iv) request confirmation within 60 days from the booking platforms that they are in negotiations with the community housing providers to provide contributions in accordance with the request in (i) above

(v) note that if confirmation is not received within 60 days a CEO Update will be provided to Councillors advising that the booking platforms have not commenced negotiations in respect of the voluntary contributions proposal and that Councillors may subsequently request advice from staff about further action Council can take

(E) the Lord Mayor be requested to again write to the NSW Treasurer and the NSW Minister for Housing renewing the City's call for a state-wide STRA levy on commercial short-term rental operators, noting that Victoria, Tasmania and the ACT have acted and that the NSW Government's own review of the STRA framework has been awaited since 2024.

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