

## Resolution of Council

**27 October 2025**

### **Item 10.1**

#### **Capping Short-Term Rental Accommodation in the City of Sydney**

Moved by Councillor Thompson, seconded by Councillor Ellsmore -

It is resolved that:

(A) Council note that:

- (i) Sydney is in a rental crisis with a vacancy rate of approximately 1.5%. This low vacancy rate means more homes need to be made available for the long-term rental market urgently;
- (ii) in 2019, prior to Covid-19, over 16,000 homes were available on the short-term rental market in the City of Sydney alone, the vast majority of which were non-hosted dwellings. While this number declined due to the pandemic, current reports indicate over 5,000 City of Sydney homes are currently locked out of the long-term rental market and that this number is rapidly rising; and
- (iii) beyond affordability, the proliferation of non-hosted short-term rentals has had a pernicious effect on our community, hollowing out neighbourhoods like Millers Point, Dawes Point, Darlinghurst and Paddington, through treating dwellings as investment vehicles rather than homes for people and families;

(B) Council further note that:

- (i) the City of Sydney has made several attempts to deal with this issue. In 2023, the City of Sydney commissioned a report which indicated that short-term rentals were currently more profitable than long-term rentals, within current regulatory settings;
- (ii) since 2017, the City of Sydney has made 4 submissions to the NSW Government regarding short-term rental accommodation (STRA) regulation, including recommendations for reduced caps for non-hosted rentals. Despite this, and clear evidence of existing regulation being inadequate, the NSW Government has failed to effectively regulate this sector;

- (iii) in April 2025, the Lord Mayor wrote to the NSW Government reiterating our concerns about STRA, asking them to reform the industry to incentivise more long-term rental accommodation and to urgently report back on its STRA review;
- (iv) the City of Sydney has received correspondence in response from the NSW Minister for Better Regulation and Fair Trading, Anoulack Chanthivong, NSW Planning Minister, Paul Scully, and the NSW Housing Minister, Rose Jackson, advising councils can lodge their own planning proposal requests to the NSW Government to reduce the number of days properties in certain locations can be occupied for the purposes of non-hosted short-term rental accommodation, like Byron Bay who have a cap of 60 days in parts of their Local Government Area; and
- (v) other local governments have already taken action to address this problem with signs of success. Byron Shire Council has instituted a cap of 60 days per year for non-hosted short-term rentals in the most affected areas of the Local Government Area. Hobart City Council has likewise utilised a series of control measures and is currently trialling an artificial intelligence program to monitor usage across the Local Government Area, with positive results thus far, however they acknowledge that stronger legislation is still required;
- (vi) City staff have provided advice about reducing the day cap for short term rental accommodation, which notes:
  - (a) an evidence-based proposal would be required to justify the reduction and would be subject to NSW Government approval;
  - (b) to date a reduced day cap has only been supported in Byron Bay, where it was demonstrated that 35% of total housing stock was STRA, impacting housing supply and affordability. The reduced day cap of 60 days was only supported in some areas, and the cap was removed entirely from key tourist areas;
  - (c) a reduction in the day cap is unlikely to resolve the existing challenges through enforcement without the NSW Government addressing integrity issues with the STRA Register;
  - (d) day caps will be most effective when combined with other measures including restrictions targeting non-primary residence STRA;
  - (e) the experience of other jurisdictions appears to show that changing STRA regulations may not directly significantly change rental affordability and vacancy levels; and
  - (f) in September 2025, the Lord Mayor wrote to the NSW Treasurer about introducing a levy and other tax reforms to disincentivise STRA and return more homes to the long-term rental market; and

- (C) the Chief Executive Officer be requested to prepare advice based on the following considerations:
- (i) the kinds of data platforms and software being used by other cities and jurisdictions like for example the City of Hobart, the Western Australian Government, Noosa City Council and other global cities;
  - (ii) what insights these platforms can offer; and
  - (iii) the regulatory and policy options available to Council including a 60-day cap, levies, special rates, planning controls or any other measure.

The motion, as varied by consent, was carried on the following show of hands:

Ayes (8) The Chair (the Deputy Lord Mayor), Councillors Arkins, Ellsmore, Kok, Maxwell, Thompson, Weldon, and Worling

Noes (1) Councillor Gannon\*.

\*Note – Councillor Gannon abstained from voting on this matter. Pursuant to the provisions of clause 10.4 of the Code of Meeting Practice, Councillor Gannon is taken to have voted against the motion.

Carried.

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