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Australia's property industry

## Creating for Generations

23 September 2019

Ms Therese Manns  
General Manager  
Randwick City Council  
30 Frances Street  
RANDWICK NSW 2030

Email – [council@randwick.nsw.gov.au](mailto:council@randwick.nsw.gov.au)

Dear Ms Manns

### Planning Proposal – Kensington and Kingsford Town Centres

The Property Council welcomes the opportunity to provide comments regarding on the planning proposal to make amendments to *Randwick Local Environmental Plan 2012* (RLEP 2012).

As Australia's peak representative body of the property and construction industry, the Property Council represents more than 2,200 members nationally, including investors, owners, managers and developers of property across a wide range of asset classes.

In the Randwick local government area, the property industry provides 5,025 direct local jobs, \$313m in wages and \$740m in economic activity.

Council's intention to review planning controls for the Kensington and Kingsford town centres informed by the 2017 draft Planning Strategy for both centres is supported. The draft strategy, which takes advantage of the public transport improvements that the CBD and South East Light Rail will deliver to both centres from late-2019.

It is crucial that the proposed building heights and densities are commercially viable. The advice provided to Council by planning consultant firm Hill PDA is noted. Council should consider undertaking further testing of the proposed building controls for key sites to ensure the feasibility of redevelopment occurring along the corridor.

The identification of opportunity sites adjacent to light rail stops along the transport route is a positive outcome. The amendments made to the RLEP 2012 should clearly explain how the height bonus will work on these sites and any other obligations that will apply to their development.

### Design Excellence

The Planning Proposal will maintain the existing design excellence requirements in force under clause 6.11 of RLEP 2012. These obligations will continue to apply to most of the land affected by the Planning Proposal which is appropriate.

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An additional requirement to undertake an architectural design competition will apply to opportunity sites identified in the Planning Proposal. The process for holding design competitions are set out in the draft Architectural Competition Policy.

The obligation to hold an architectural design competition will impose significant costs upon an applicant/landowner. The costs associated with running of architectural design competition should be factored into the development potential for the site. There needs to be an incentive provided to the applicant/landowner for their investment in the highest standard of design excellence.

Additionally, the requirement for architectural design competitions will impose significant resourcing obligations upon the Council. Council must be prepared to meet its obligations within reasonable timeframes.

It is recommended that Council undertake a regulatory impact statement or a similar process to determine the ultimate benefit, or otherwise, of the policy. If the cost and impact on resourcing at a local government, industry and community level outweighs the ultimate benefit of the outcomes from the policy – then alternative policies should be pursued.

### **Local Infrastructure Contributions**

Council is proposing to collect contributions for local infrastructure through the levying of development using a Section 7.12 contributions plan. The exhibition of the draft contributions plan with the planning proposal is appropriate. The draft plan indicates that funds collected will allow Council to undertake local infrastructure that has been identified in the works schedule on pages 16-19 of the draft plan.

Council's citywide Section 7.12 contributions plan 2015 is capped at 1% of development cost for development valued over \$200,000. Development valued between \$100,000 and \$200,000 is levied at 0.5%. The Section 7.12 plan for Kensington and Kingsford town centres has proposed the imposition of a 3% levy on development with a value exceeding \$250,000. This represents a significant increase in the cost of infrastructure contributions.

It is noted that this contribution rate is commensurate with other section 7.12 contribution rates in other parts of Sydney. It is crucial that Council ensure the proposed height and density controls are consistent so that development is economically viable otherwise investment will be put at risk.

### **Community Infrastructure Contribution**

The Planning Proposal has proposed the levying of an additional contribution scheme for the provision of "Community Infrastructure" beyond that provided for by the Section 7.12 plan. The Community Infrastructure charge (CIC) will operate through a new clause to be inserted into RLEP 2012.

The Planning Proposal states the contribution scheme will be voluntary, however, a landowner who do not participate in the CIC will only be entitled to develop their land under the existing building heights and floor space ratios applying to their land. A landowner can only develop their land to the new planning controls if they participate in the CIC in effect forcing the proponent into using the contribution scheme. This adds a further cost to development in addition to Section 7.12 contributions. These costs will be passed on through to the price of the final product that will have to be met by local homebuyers or businesses.

The Planning Proposal indicates that more than \$19.6 million of community infrastructure is proposed to be delivered across both town centres in the next 15 years. The operation of the CIC will involve an applicant entering into a voluntary planning agreement (VPA) with the Council as part of the development application process. The VPA will set out the applicant's obligations under the CIC.

### **Affordable Housing**

Following the amendment of *State Environmental Planning Policy No 70 – Affordable Housing (Revised Schemes)* in April 2018 and February 2019, the City of Randwick is authorised to prepare an affordable housing contribution scheme under that policy.

The Council is seeking to introduce a contribution scheme for affordable rental housing involving an initial contribution of 3% of floor area used for residential purposes and increasing to 5% from 1 July 2021. This is consistent with the Greater Sydney Commission's (GSC) 5-10% numerical target set out in the Greater Sydney Regional Plan and Eastern City District Plan.

A key characteristic of the GSC target is the contribution is based upon uplift created by a zoning change or change to density. It is also dependent upon feasibility. Council's affordable housing policy should confirm to this criteria.

The Department of Planning, Industry and Environment's correspondence to Council dated 6 August 2019 indicates the Council proposal is generally consistent with the Department's *Guideline for Developing an Affordable Housing Contribution Scheme*, it is imperative that any new scheme established in Sydney is based on the GSC's model scheme.

### **Cumulative Impacts**

Council has developed a proposal that is likely to result in approximately 1,300 additional residential dwellings and 24,800sqm of additional commercial floor space being developed. The need for a funding mechanism to deliver the additional infrastructure required to sustain the proposed growth is acknowledged and supported on the basis that it will unlock the development potential of both town centres.

It is important that Council have regard to the cumulative impact of its Section 7.12 contributions, CIC, affordable housing levy and design excellence obligations on new development. The Planning Proposal will provide uplift in development capacity within the Kensington and Kingsford town centres but that uplift is limited and the cumulative impact of levies and charges should not undermine the take up of development opportunities, investment and local jobs.

Should you have any questions, please do not hesitate to contact Troy Loveday, Senior Policy Advisor by email at [tloveday@propertycouncil.com.au](mailto:tloveday@propertycouncil.com.au) or (02) 9033-1907.

Yours sincerely



**William Power**  
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**Property Council of Australia**

