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in Property Council of Australia

13 March 2025

Mr Daniel Thorpe
City Engagement
City of Sydney
Level 7, 456 Kent Street
SYDNEY NSW 2000

Via email: sydneyyoursay@cityofsydney.nsw.gov.au

Dear Mr Thorpe,

We welcome the opportunity to provide feedback on the proposed changes to City of Sydney's planning controls relating to greening, amenity, parking, design excellence and development in Central Sydney.

Our members include the nation's major investors, owners, managers, developers, designers and builders of property of all asset classes. They create landmark projects, environments, and communities where people can live, work, shop, and play. The property industry shapes the future of our cities and has a deep long-term interest in seeing them prosper as productive, sustainable, and safe places.

The following submission outlines our feedback to the proposed amendments and recommendations to ensure the City's Local Environmental Plan (LEP) and Development Control Plan (DCP) support development feasibility, for a sustainable development and construction sector that can continue to unlock housing, create landmark projects, and bring vibrancy to our city's centre.

Parking

The Property Council agrees that maximum parking rates support a reduction in unnecessary car usage and the associated negative traffic congestion, environmental, health and social impacts. Recent transport infrastructure improvements, notably Sydney Metro, have also improved transport convenience. This has reduced the need for parking spaces, which aligns with the overall reduction in parking spaces proposed in the updated LEP.

However, we are concerned the proposed controls fail to recognise the unique parking needs of individual development types beyond their macro-categorisation. Beyond transport accessibility, there are other factors that influence the parking needs of each development. We believe the parking rates proposed will risk an inefficient allocation of parking spots across asset types and in doing so, impact community amenity and development feasibilities.

The proposed parking rates have been determined through transport accessibility mapping and car ownership data from the 2016 Census. This is important data, but we do not see it as sufficient evidence for the changes proposed. For transparency and support of industry confidence, we

recommend City of Sydney releases the economic modelling to demonstrate the impact of the proposed changes on development feasibility and our transport networks.

We are concerned that the reduction for studio and 2-bedroom dwellings will considerably limit customer choice and therefore impact feasibility. In our experience, the previous maximum parking rate for 2-bedroom units worked well to provide flexibility and guarantee that future developments can provide a car space. This is even more important considering 2-bedroom units are the primary unit type of most developments. Further, the reduction in studio rates will impact choice for owners wanting a smaller apartment with a car space.

For hotels, the proposed changes represent a 50 per cent reduction in parking allocations across Central Sydney and a 33 per cent reduction in parking availability for hotels in other parts of the local government area. In doing so, it introduces an approach to parking accommodation that could affect guest convenience, valet services and overall hotel operations – particularly luxury, high-end, resort style and large conference hotels. There is a lack of detail around the potential impact of these reductions. This could be supported with a traffic, parking or economic study that models this.

Without clear evidence-based analysis, the impact of these changes on hotel feasibility, guest experience, and operational efficiency remains uncertain. Key concerns include:

- Whether parking reductions consider actual demand patterns for different hotel categories.
- The risk of increased competition for off-site parking, particularly in areas with limited public parking facilities.
- How reduced on-site parking may affect hotel events, conventions, and business travel, where guests frequently rely on private transport.
- The potential for disrupting local streets and traffic flow, as guests and staff may resort to informal or unauthorised parking alternatives.

Design excellence

The Property Council welcomes the proposed changes to simplify and clarify the competitive design process while pursuing good design outcomes. These changes will also support an overall reduction in the number of competitive design processes and support more efficient and effective development assessment.

We are encouraged by the change to allow a proponent to achieve both height and floor space ratio (FSR) bonuses through a competitive design process. This change will incentivise innovation in design by providing additional flexibility and improved feasibility outcomes. The commonsense changes to calculation of awarded additional floor space are also welcomed.

We support the flexibility of the new competitor and jury requirements for a competitive design process. These requirements contain encouraging language to incentivise diversity of tenders and jurors which will drive inclusivity as well as diversity of thought, without the additional administrative burden that may have the opposite impact.

Regarding selection of jury members, we would like to raise the issue of a consistent underrepresentation of expertise in internal functionality and therefore ultimately feasibility of a development. We recommend the City of Sydney place, where appropriate, amendment to clarify

the juror's obligation to consider internal functionality or further define the makeup of juror's expertise to include an understanding of development feasibility so this is sufficiently captured.

It is pleasing to see amendments to the LEP to ensure internal layout and amenity are one of the aspects which the consent authority must consider. We hope this will rebalance focus onto the whole development, without prioritising a building's external appearance and contribution to the Sydney skyline at the cost of its functionality.

Flexibility in the Strategy should also be proposed, to ensure appropriate opportunities for bespoke processes where necessary. For example, this could include allowing single competitions for larger sites and multi-building projects. Alternatives to design competitions should be considered and a greater take-up of design review panels should be encouraged, both of which have been proven to achieve design excellence outcomes.

Housing

Housing delivery has rightly become the top priority across all levels of government with a shared responsibility to improve the current state of housing availability and affordability. The Property Council are advocates for sensible housing delivery policy that ensures we have a diversity of dwelling types to suit the communities we build for. We acknowledge the role DCPs play in ensuring new developments offer a mix of dwelling types, however this can become overly restrictive and limit the unique offering of a development when done prescriptively.

We understand the City of Sydney is proposing to reduce the current cap for 2-bedroom dwellings from 75 per cent to 50 per cent and increase the minimum for 3-bedroom dwellings from 10 per cent to 20 per cent. We ask Council to be flexible in the application of this requirement if adopted and revisit the rationale for this measure, given the significantly changed market conditions since FY2015/16, where the *DCP- Policy and Housekeeping – Overview document* noted that industry was providing more than the required 3-bedroom units and not delivering the full capacity of 2-bedroom units.

We recommend Council focuses on flexibility in the development assessment process and demonstration of market conditions to drive apartment mix. The current controls have worked as intended by providing safeguards without dictating development composition. It is in the interest of developers to respond to changing demographics and community needs and we are concerned this change will negatively impact apartment feasibility and stifle innovative design.

Liveable Housing Design Guidelines

City of Sydney propose to adopt the Liveable Housing Design (LHD) Guidelines Silver level as part of the 2022 update to the National Construction Code, despite the NSW Government's exemption. The NSW exemption was granted on the basis that costs of implementing these standards would outweigh the benefits to the community.

The property industry already contributes to the stock of liveable housing, and welcome measures to incentivise universal design in homes. However, mandating these requirements will not produce the intended outcome. We are concerned that the prescription of additional regulatory burden will have a negative impact on housing supply.

We recommend industry is consulted further to develop policy that will incentivise more liveable housing where it is needed most. This could include the promotion of Liveable Housing Australia's

certification framework and the use of height and floor space bonuses for development proposals that include certified dwellings, to overcome the feasibility barriers of implementing these designs

Common open space

While the provision of high-quality communal space within developments is good practice, mandating spaces within new developments is highly prescriptive and needs to be informed by the type of development being delivered and evidence-based analysis of service need in the area. For example, build-to-rent developments provide a range of amenities for their residents, which are dictated by their proximity to amenities in the surrounding area and demographics.

For the reasons outlined above, the Property Council would like clarification that provisions set out in Section 4.2.3.8 regarding common open space and communal indoor spaces does not apply for the following development types: build-to-rent housing, boarding houses, co-living, seniors housing, and purpose-built student accommodation (PBSA). In addition, some of the proposed requirements are not relevant for residents of these premises (e.g., play equipment for seniors housing or PBSA).

Amenity

The Property Council acknowledges the need to protect solar access of existing dwellings but would like clarification that these controls will not be used rigidly as to prohibit future densification. As densification occurs, we will need to look constructively at solar access controls, so that we are not limiting early development opportunities which would correct themselves as densification in the surrounding area occurs.

We thank City of Sydney for the opportunity to provide a submission to proposed changes to its LEP and DCP. If you have any questions about this submission, please contact NSW Policy Manager, Emma Thompson at ethompson@propertycouncil.com.au or by phone on 0458 294 817.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K Stevenson', with a stylized flourish at the end.

Katie Stevenson

NSW Executive Director
Property Council of Australia