

ATTACHMENT A

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**SUMMARY OF SUBMISSIONS**



## SUMMARY OF SUBMISSIONS – HERITAGE FLOOR SPACE AMENDMENTS TO SYDNEY LOCAL ENVIRONMENTAL PLAN 2012

### Abbreviations

CC = construction certificate

CMP = Conservation Management Plan

DA = development application

Draft Scheme = *Draft Alternative Heritage Floor Space Allocation Scheme*

EP&A Act = *Environmental Planning and Assessment Act 1979*

HFS = Heritage Floor Space

PP = Planning Proposal

SDCP 2012 = Sydney Development Control Plan 2012

SLEP 2012 = *Sydney Local Environmental Plan 2012*

the City = City of Sydney

VPA = voluntary planning agreement

### Public authorities

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
P1	Government Property NSW	<p>Generally supportive. In particular, supports</p> <ul style="list-style-type: none"> <li>• Reopening applications for HFS awards to owners of buildings awarded HFS more than 25 years ago;</li> <li>• Allowing HFS allocation requirements to be met after a development consent but before works begin; and</li> <li>• Ensuring that a developer using the 'accommodation floor space' clause only needs to obtain HFS for allocation if the building height is greater than 55 metres</li> </ul>	Noted	No change to PP or Draft Scheme

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p><u>Amount of uplift</u>            Believes the option to defer allocating HFS to a specified time or replacing it with an alternative arrangement may impact natural price appreciation and demand for HFS in the open market. The proposed formulae would cap the price at which HFS can trade in the open market as participants would have a known maximum cost under the scheme equal to the last price plus an uplift amount and the option to pay council under the proposed scheme. In order to reduce these risks to existing owners, GPNSW suggest the uplift amount is set at 50% or greater of the last price HFS traded to allow the natural supply and demand dynamics to operate within acceptable bands over successive trades. This will provide sufficient incentive for developers to continue to pursue HFS in the open market.</p> <p><u>Matters for future consideration</u>            Requests Council take following matters into account for future consideration:</p> <ul style="list-style-type: none"> <li>• Prioritise and streamline the assessment process for the award of HFS to allow owners to release more HFS to the market.</li> </ul>	<p>It is inevitable that any change to the heritage floor space controls impacts on the heritage floor space market. However, this must be balanced against the broader and urgent need for the City to facilitate orderly development in Central Sydney.</p> <p>Exhibition of the Draft Scheme has provided the opportunity for the City to canvas opinions on the methodology for calculating market value and the uplift amount. These comments will be taken into consideration by the City in arriving at an appropriate methodology before accepting any public benefit offer under the Draft Scheme. It is noted that the scheme requires developers to demonstrate that they have attempted to acquire HFS.</p> <p>The assessment process responds to heritage conservation objectives reflected in the current HFS controls. A fundamental review of these objectives and, in turn, the assessment process is outside the scope of this planning proposal.</p>	<p>Further review of HFS controls as part of broader Central Sydney Planning Review</p>

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<ul style="list-style-type: none"> <li>Consider part award of HFS where works have been partially completed;</li> </ul> <p>Enable HFS awards to Central Sydney heritage items with no FSR control.</p> <p>Broaden Central Sydney boundary to include The Rocks, Miller Point and Walsh Bay to increase HFS supply base.</p> <p>Funds obtained from the drawdown of developer bank guarantees under the Draft Scheme should be made available to heritage building owners in equitable proportions for heritage conservation works and preparation of Conservation Management Plans.</p>	<p>Staged awards of HFS are permitted under SDCP2012 and enable a 'partial' award pending the completion of other works.</p> <p>This matter warrants further consideration in the context of the Central Sydney Planning review.</p> <p>Sydney LEP 2012 provides the legal basis for the HFS scheme. At present The Rocks, Miller Point and Walsh Bay are outside the Central Sydney area to which the HFS scheme applies. Potential changes to the Central Sydney boundary and B8 Zone boundary are under consideration as part of the review of the Central Sydney planning controls.</p> <p>It is the City's preference that no money is obtained under the Draft Scheme because sufficient HFS supply will be made available to enable HFS to be purchased in the market. In the event that money is collected, it may only be used for a public purpose consistent with the requirements for planning agreements set out in section 93F of the EP&amp;A Act. The Local Government Act</p>	

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#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
P2	Heritage Council	<p>Generally supports:</p> <ul style="list-style-type: none"> <li>• Allowing HFS allocation requirements to be met after a development consent but before works begin;</li> <li>• Reopening applications for HFS awards to owners of buildings awarded HFS more than 25 years ago;</li> <li>• The option to defer allocating HFS to a specified time or replacing it with an alternative arrangement; and</li> <li>• Ensuring that a developer using the 'accommodation floor space' clause only needs to obtain HFS for allocation if the building height is greater than 55 metres</li> </ul> <p>The above amendments to the LEP ensure incremental replenishment of the long-term HFS supply, which, in turn, promotes the conservation and maintenance of heritage buildings in Central Sydney.</p>	<p>1993 also restricts the circumstances under which a council can financially assist other entities.</p> <p>Noted</p>	No change to PP or Draft Scheme

## Other submitters

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
1	Chairman Strata Plan 14172  (Strata Plan is owner of heritage building and past recipient of HFS award)	Supports reopening of applications for HFS awards to owners of building awarded HFS more than 25 years ago.	Noted	No change to PP or Draft Scheme
2	Robert Harris Commercial  (Real estate agent with extensive experience in selling HFS)	Commends the City for recently implementing a number of changes to address the shortage of HFS supply.  <u>Need for additional HFS supply in short term</u> The current proposals do little to increase HFS supply in the short term. Creative thinking is needed to increase supply from Council and Government buildings quickly.  <u>Impact of uplift on market value of HFS</u> The City's proposed alternative arrangements have raised owners' expectations with the effect that the market value of HFS has already	Noted  An amendment to SDCP 2012 to enable HFS awards to publicly-owned buildings not subject to long-term leases came into effect on 14 July 2015. The City has been liaising with Government Property NSW in relation to bringing existing HFS onto the market and applying for HFS awards for other State-owned heritage buildings. The City is also in the process of resolving issues relating to potential awards to its own heritage buildings in anticipation of the need to realise heritage floor space from them to boost short term supply.  It is inevitable that any change to the heritage floor space controls impacts on the heritage floor space market. However, this must be balanced against the broader and urgent need for the City	No change to PP or Draft Scheme

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>increased to just below the level of uplift owners anticipate the Council will adopt. As this proposal is only meant to be a short term solution, a lesser amount of uplift (ie 10%) is recommended.</p> <p>Potential conflict of interest for Council</p> <p>Council has a potential conflict of interest as planning authority, consent authority, administrator of the HFS scheme and potential owner of HFS. The City should offer any HFS it obtains to the broader market.</p>	<p>to facilitate orderly development in Central Sydney.</p> <p>Exhibition of the Draft Scheme has provided the opportunity for the City to canvas opinions on the methodology for calculating market value and the uplift amount. These comments will be taken into consideration by the City in arriving at an appropriate methodology before accepting any public benefit offer under the Draft Scheme.</p> <p>The City generally has processes in place to deal with conflicts of interest eg Council DAs are assessed by independent planners. Matters relating to the Council's property dealings are outside the scope of the current amendments to the HFS planning controls. The Draft Scheme and the planning agreement process are considered to provide a sound basis for dealing with perceived conflicts of interest under the proposed alternative arrangement.</p>	
3	Far East Land (Australia) Pty Ltd	<p><u>Timeframe of sunset clause</u></p> <p>Remove the 31 December 2018 deadline</p> <ul style="list-style-type: none"> <li>if supply is increased during this period, it may be that only a</li> </ul>	<p>The City is concerned not to subvert the operation of the heritage floor space market which is why the alternative arrangements will apply only for an interim period. The 31 December 2018</p>	No change to PP or Draft Scheme



#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
	<p>(Developer and owner of several properties in Central Sydney)</p>	<p>percentage of this supply would actually be available for sale;</p> <ul style="list-style-type: none"> <li>• it only provides a small window of opportunity for developers to benefit from the scheme;</li> <li>• it may compel developers to rush their projects to avoid missing out on the scheme, with potential negative effects eg overdevelopment, excess supply and escalation in construction cost</li> </ul> <p><u>Amount of Uplift</u>            Payment amount under Alternative Scheme should be set at market rates at the time of each VPA.</p> <ul style="list-style-type: none"> <li>• It is beyond the control of the developer that the HFS market is not functioning as intended</li> <li>• proposed 'uplift amount' could be more punitive than deterrent in nature. A property owner under a VPA would already have proven that she is unable to purchase HFS at market rates and it may be beyond her control whether she can do so before the payment date specified in the agreement.</li> <li>• the City's proposals already include safeguards (eg requiring</li> </ul>	<p>deadline takes account of the estimated time it will take to realise a reasonable supply of additional heritage floor space from public buildings. In any case, the 31 December 2018 deadline relates to the date of the application rather than the time by which all developers participating in the scheme must obtain their heritage floor space.</p> <p>The Draft Scheme provides for the payment amount to be based on market rate at the time of each VPA plus an uplift.</p> <p>Exhibition of the Draft Scheme has provided the opportunity for the City to canvas opinions on the methodology for calculating market value and the uplift amount. These comments will be taken into consideration by the City in arriving at an appropriate methodology before accepting any public benefit offer under the Draft Scheme. It is the City's preference that developers not enter into VPAs but instead that they obtain HFS through the existing market.</p>	

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		<p>written evidence that HFS could not be purchased)</p> <ul style="list-style-type: none"> <li>• having to make a payment under a VPA would not be an easy way out - it would be only way.</li> <li>• excessively high up-lift amount will discourage entering into VPAs</li> </ul> <p><u>Alternative means of funding heritage conservation</u> Suggests a "City Enhancement Fund"</p> <ul style="list-style-type: none"> <li>• instead of purchasing HFS, consider other mechanisms to fund conservation eg a development charge when additional floor space is required</li> <li>• funds raised could be used to support private and public conservation</li> </ul>	<p>There are limited means available to the City to fund heritage conservation. The EP&amp;A Act prevents the levying of development contributions for heritage conservation purposes. The City's HFS scheme is a widely-accepted and frequently commended method of providing support to owners of heritage buildings for undertaking conservation works. The submitter's proposal is outside the scope of the current amendments which relate to improving rather than replacing the current system of incentivising heritage conservation in Central Sydney.</p>	
4	Dr Sidney Blairs on behalf of the Wardens and Rector of St. James Church, King Street, Sydney	<p>Supports proposals to</p> <ul style="list-style-type: none"> <li>• address the current difficulty of obtaining HFS</li> <li>• allowing for properties that have had HFS awarded, to reseek it after 25 years</li> <li>• amendments to HFS controls in SLEP 2012 the current shortage of HFS in the Market and the</li> </ul>	Noted.	No change to PP or Draft Scheme

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>need to increase long term supply</p> <p><u>HFS award for non-rateable buildings</u>            Non-rateable buildings (e.g churches) should be able to achieve the same amount of HFS as rateable buildings. St James Church has undertaken significant and costly (\$4.5m) conservation works in recent years and further conservation works are proposed. The impost of a non-rateable category on the church building is discriminatory as it minimises access to HFS funds for conservation works on non-rateable buildings.</p>	<p>SDCP 2012 includes formulas for determining the amount of HFS that may be awarded to a heritage building, with separate formulas for rateable and non-rateable buildings. If a change to the formulas were supported it would require a change to the DCP. It cannot be dealt with as part of the current planning proposal as under the EP&amp;A Act changes to the DCP are subject to a different process to that for planning proposals.</p> <p>A review of the formulas is outside the scope of the current planning proposal but could be considered in the context of the broader Central Sydney Planning Review.</p>	<p>Review SDCP 2012 formulae for HFS awards as part of broader Central Sydney Planning Review.</p>
5	<p>Investa Office Management Pty Ltd            (Developer and owner of properties in Central Sydney)</p>	<p>Having recently failed in attempts to purchase HFS, Investa fully supports the proposed amendments and the alternative arrangements.</p> <p>Additional suggestions:</p> <ol style="list-style-type: none"> <li>1. Set the date for requirement for HFS purchase until after demolition (ie building construction commencement not project commencement)</li> </ol>	<p>Noted</p> <p>The planning proposal provides for cl.6.11(1) of SLEP 2012 to be amended to provide that “consent must not be granted unless the consent authority is satisfied that adequate arrangements have been made for the allocation of HFS to the building”. This provides adequate</p>	<p>No change to PP or Draft Scheme</p>

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6	JBA Urban Planning Consultants on behalf of Charter Hall Group (owner and manager of 7 significant sites in Central Sydney)	<p>2. Impose a timeframe by which owners must sell or allocate HFS eg if not used within 5-7 years, HFS should be consigned to Council for sale at average reported sales price</p> <p>3. Review transaction costs as in some cases the associated costs outweigh the purchase price</p> <p>4. Establish a 3<sup>rd</sup> party administered trust (under authority of Council) to control and administer the release of HFS rather than retaining distribution to building/HFS owners.</p> <p>Charter Hall Group supports the proposed amendments given that recent HFS supply is restricted and, if allowed to continue, will effectively suffocate development in Sydney CBD.</p> <p><u>Timeframe for sunset clause</u></p> <ul style="list-style-type: none"> <li>justification for 31 Dec 2018 is unclear</li> </ul> <p><u>Lack of detail about operation of Alternative Scheme eg</u></p> <ul style="list-style-type: none"> <li>How long will Council require a proponent to seek HFS before accepting entry into the alternative scheme?</li> </ul>	<p>flexibility to establish appropriate timeframes for HFS allocation through conditions of consent and/or the VPA process under the Draft Scheme.</p> <p>Suggestions (2) and (4) are outside the scope of the current amendments because they involve far reaching changes to the HFS scheme. Together with suggestion (3), they could be considered in the context of the broader Central Sydney Planning Review.</p> <p>Noted</p> <p>The City is concerned not to subvert the operation of the heritage floor space market which is why the alternative arrangements will apply only for an interim period. The 31 December 2018 deadline takes account of the estimated time it will take to realise a reasonable supply of additional heritage floor space from public buildings.</p> <p>The Draft Scheme, exhibited simultaneously with the planning proposal, sets out how the alternative scheme will operate. Among other things, it provides that, when submitting a public benefit offer under the Draft Scheme, a</p>	<p>Further review of HFS scheme as part of broader Central Sydney Planning Review.</p> <p>No change to PP or Draft Scheme</p>

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<ul style="list-style-type: none"> <li>• How will Council determine the applicable HFS values to inform the alternative scheme?</li> <li>• How will Council calculate the proposed premium or uplift?</li> </ul> <p>Supports reintroduction of building height threshold for HFS allocation.</p> <p>Suggests other measures to increase HFS supply</p> <ul style="list-style-type: none"> <li>• Reinstate/expand eligibility for HFS award to heritage buildings on CBD fringe</li> <li>• In determining the amount of HFS to be awarded, apply the same formula to non-rateable buildings as applies to rateable buildings</li> </ul>	<p>proponent must demonstrate that they have made real but unsuccessful efforts to purchase HFS in the preceding three months.</p> <p>Exhibition of the Draft Scheme has provided the opportunity for the City to canvas opinions on the methodology for calculating market value and the uplift amount. These comments will be taken into consideration by the City in arriving at an appropriate methodology before accepting any public benefit offer under the Draft Scheme.</p> <p>Noted</p> <p>The suggested measures are outside the scope of the current amendments because they involve significant changes to the HFS controls. In particular, the formulas are in the DCP and changes to the DCP are subject to a different process under the EP&amp; A Act to that for a planning proposal. The suggested measures could be considered in the context of the broader Central Sydney Planning Review.</p>	<p>Further review of HFS scheme as part of broader Central Sydney Planning Review.</p>

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>Supports reopening applications for HFS awards to owners of buildings awarded HFS more than 25 years ago;</p> <p><u>Fragmentation of available HFS</u> Council should consider a consolidation of smaller HFS holdings to assist in effective distribution of HFS. Purchasing fragmented HFS from multiple vendors is impractical and prohibitively expensive, especially owing to transaction costs.</p> <p><u>Restrictive HFS Covenant</u> The HFS covenant preventing additional FSR or height is too restrictive as it prevents minor alterations and additions to heritage buildings</p>	<p>Noted</p> <p>While the City's preference is that no money is obtained under the Draft Scheme, the proposed Heritage Conservation Fund has the potential to be a mechanism for the City to consolidate fragmented parcels of HFS. Subject to investigation of the legal and financial implications of this proposal, it may be able to be incorporated into the Draft Scheme in the future.</p> <p>Under Cl. 6.10 of SLEP 2012, a condition of an award of HFS is that a covenant must be registered that prevents development that increases the total GFA on the site of the heritage building or increases the height of the building. This prevents double dipping because GFA that, before the award, would have been available to the heritage building, after the award, will be realised on another site(s) when the awarded HFS is transferred and allocated to the other site(s). The detail of the covenant is outside the scope of the current</p>	

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7	Resident of a heritage building in Central Sydney)	<p><u>Further award after 25 years</u> This is inequitable to buildings that have not secured an award because, among other things,</p> <ul style="list-style-type: none"> <li>• buildings that received awards over 25 years ago benefitted from record prices,</li> <li>• Council's proposal will weaken HFS prices for buildings yet to obtain or sell HFS</li> </ul> <p>Revise the DCP formula to increase awards for all heritage buildings</p> <p>Revise DCP award pre-requisites relating to CMP content so as to include expenditure on things such as disability access and fire protection that may be fundamental to the future viability of the building.</p> <p><u>Lack of detail in Draft Scheme</u> Clarify proposal including</p>	<p>proposals as it would require a fundamental review of the HFS scheme.</p> <p>Allowing recipients of heritage floor space to rejoin the pool of buildings eligible for an award does not reduce the eligibility of other buildings to receive an award. The opportunity to apply for an award of heritage floor space has been, and will continue to be, equally available to all eligible buildings. Similarly, all owners of heritage floor space are equally subject to market fluctuations.</p> <p>If these suggestions were supported they would require amendment of the DCP. They cannot be dealt with as part of the current planning proposal as under the EP&amp;A Act changes to the DCP are subject to a different process to that for planning proposals. They could be considered as part of a broader review of the heritage floor scheme in the context of the Central Sydney Planning Review.</p> <p>Exhibition of the Draft Scheme has provided the opportunity for the City to canvas opinions on the methodology for calculating market value and the uplift</p>	<p>No change to PP or Draft Scheme</p> <p>Further review of HFS scheme as part of broader Central Sydney Planning Review.</p>

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		<ul style="list-style-type: none"> <li>• Definition of 'market value' of HFS</li> <li>• How 'uplift amount' is determined</li> </ul> <p><u>Conflict of interest &amp; moral hazard</u></p> <ul style="list-style-type: none"> <li>• Use of funds for the City's conservation works creates incentive for the City to maximise use of the scheme</li> <li>• If the demand for HFS collapse when there is a recession, the City retains the funds while owners of heritage buildings are unable to sell HFS</li> </ul> <p><u>Timeframe for sunset clause</u></p> <p>Set earlier sunset date. DAs for high-rise buildings are at record levels. As this is unlikely to continue, it will soon become hard for owners to sell HFS.</p>	<p>amount. These comments will be taken into consideration by the City in arriving at an appropriate methodology before accepting any public benefit offer under the Draft Scheme.</p> <p>The Draft Scheme and the planning agreement process are considered to provide a sound basis for dealing with perceived conflicts of interest under the proposed alternative arrangement. It is the City's preference that no funds are obtained under the Draft Scheme. However, if monies are received under the Draft Scheme, they will be applied to heritage conservation activities that will enhance Global Sydney and, in turn, benefit all owners of property in Central Sydney. They may also be used to improve the operation of the heritage floor space scheme, including the efficacy of the market.</p> <p>The City is concerned not to subvert the operation of the heritage floor space market which is why the alternative arrangements will apply only for an interim period. The 31 December 2018 deadline takes account of the estimated time it will take to realise a reasonable</p>	



#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p><u>Inconsistency with LEP objective</u> Draft Scheme is inconsistent with LEP objective of “providing an incentive for the on-going conservation and maintenance of heritage buildings” because it will reduce the incentive by lowering prices.</p> <p><u>Evidence base for current proposals</u> The exhibition documents contain no price data. No discussion of supply and demand can have any substance without price data. Defer changes pending research into operation of the HFS market.</p> <p><u>Restrictive nature of HFS covenants</u> Relax HFS award covenants to encourage owners to apply for HFS award</p>	<p>supply of additional heritage floor space from public buildings.</p> <p>It is inevitable that any change to the heritage floor space controls and additions to HFS supply impact on the heritage floor space market. However, this must be balanced against the broader and urgent need for the City to facilitate orderly development in Central Sydney.</p> <p>The City monitors and reports on sales data but does not publicly comment on price because it strives to remain ‘at arms-length’ from the market. Reports to Council’s Planning and Development Committee and to the CSPC over the past 12 months have demonstrated that there is a critical shortage of HFS supply. A timely response to this matter is imperative to prevent development in Central Sydney from stalling.</p> <p>The detail of the covenant is outside the scope of the current proposals as it would require a fundamental review of the HFS scheme.</p>	

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>Adopt measures to restore HFS prices to levels that would attract more applications for HFS awards. Adjusted for inflation, HFS prices are at historic lows and act as a disincentive to applying for an award.</p> <p>Consider Council acting as a market maker for HFS ie a party that quotes both a buy and a sell price in a financial instrument or commodity with the aim of making a profit on the bid-offer spread. Market-makers play a vital role in providing liquidity to thin markets (ie those like HFS with relatively few transactions).</p> <p>The proposals consider the economic and social effects of delays to building projects without considering the impacts on the owners of heritage buildings. Consider the likely impacts on HFS price, HFS supply, and conservation of heritage buildings.</p>	<p>The City monitors and publicise sales data but does not publicly comment on price because it strives to remain 'at arms-length' from the market.</p> <p>This proposal is outside the scope of the current amendments which relate to improving rather than replacing the current system of incentivising heritage conservation in Central Sydney. Further, the City's activities are governed by the requirements of the <i>Local Government Act 1993</i> and the <i>Environmental Planning and Assessment Act 1979</i>.</p> <p>The Planning Proposal and Draft Scheme attempt to balance the interests of developers, owners of heritage floor space, and owners of heritage buildings. All have been consulted as part of the exhibition process and their views have been taken into consideration.</p>	
8	JBA Urban Planning Consultants on behalf of Anglican Church Property Trust (owner of 5	<p>Anglican Church Property Trust generally supports the proposals.</p> <p><u>Remove separate formula for non-rateable buildings</u></p>	Noted	No change to PP or Draft Scheme

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
	<p>significant heritage listed sites in Central Sydney)</p>	<p>The formulas for determining the amount of an HFS award penalise non-rateable buildings. For instance, assuming a \$500/m<sup>2</sup> rate for HFS, applying the non-rateable property formula to St Andrew's Cathedral would result in an award valued at approximately \$600,000 whereas applying the rateable property formula would result in an award valued at \$7.5m.</p> <p>This change would encourage the conservation of some of Sydney's most significant heritage items for landowners who need the most assistance and increase the likelihood of potential HFS supply being realised and coming onto the market.</p> <p>Supports reopening applications for HFS awards to owners of buildings awarded HFS more than 25 years ago.</p> <p><u>Restrictive HFS Covenant</u> The HFS covenant preventing additional FSR or height is too restrictive as it prevents minor alterations and additions to heritage buildings. Such covenants could prevent ministry functions in the future and undermine the parish's primary purpose.</p>	<p>SDCP 2012 includes formulas for determining the amount of HFS that may be awarded to a heritage building, with separate formulas for rateable and non-rateable buildings. If a change to the formulas were supported it would require a change to the DCP. It cannot be dealt with as part of the current planning proposal as under the EP&amp;A Act changes to the DCP are subject to a different process to that for planning proposals.</p> <p>A review of the formulas is outside the scope of the current planning proposal but could be considered in the context of the broader Central Sydney Planning Review.</p> <p>Noted</p> <p>Under Cl. 6.10 of SLEP 2012, a condition of an award of HFS is that a covenant must be registered that prevents development that increases the total GFA on the site of the heritage building or increases the height of the building. This prevents double dipping because GFA</p>	<p>Review SDCP 2012 formulas for HFS awards as part of broader Central Sydney Planning Review</p>

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		<p>Area to which HFS awards apply Expand eligibility for HFS award to include heritage buildings on CBD fringe, such as the Garrison Church in Millers Point. This would increase potential HFS supply.</p>	<p>that, before the award, would have been available to the heritage building, after the award, will be realised on another site(s) when the awarded HFS is transferred and allocated to the other site(s). The detail of the covenant is outside the scope of the current proposals as it would require a fundamental review of the HFS scheme.</p> <p>Expansion of the area to which HFS awards apply is a significant change that, if supported, would require re-exhibition of the planning proposal. This matter would best be considered in the context of the broader Central Sydney Planning Review which includes a review of the boundary of Central Sydney.</p>	
9	Pitt St Uniting Church (owner of 2 heritage buildings and past recipient of HFS awards)	Supports allowing HFS allocation requirements to be met after development consent but before works begin, so that work on a new building is not dependent on the completion of work on a heritage one.	Noted. However, this amendment does not relate to the timing of conservation work but to the timeframe for a developer of a new building to acquire HFS for use in their development. As HFS is only ever created (awarded) after conservation works on a building have been completed, the amount purchased for use on a new building is inevitably contingent on conservation works having previously been completed on a heritage building somewhere in Central Sydney.	No change to PP or Draft Scheme

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		<p>Supports reopening applications for HFS awards to owners of buildings awarded HFS more than 25 years ago, given the high cost of maintaining the church's heritage buildings.</p> <p>Suggests modifying the controls to enable an award of HFS to be made for preventative maintenance on condition that any funding from the contract be kept in a trust and the capital and interest used only for the ongoing maintenance of the heritage building.</p>	<p>Noted</p> <p>This proposal is outside the scope of the current amendments as it is a far reaching change to the controls. It would be more appropriately considered in the context of a broader review of the HFS scheme.</p>	<p>Broader review of the HFS scheme as part of the Central Sydney Planning Review</p>
<b>10</b>	<p>Fife Capital Group Pty Limited (Developer of 38-48 York St and 379-385 George St)</p>	<p>Fife Capital supports the proposals. Agrees there is a shortage of available HFS for sale based on their experience of trying for the last 18 months to obtain HFS for their development. Looks forward to a timely approval of the PP and Draft Scheme to provide developments with certainty of outcome where there is currently considerable time and cost risks to delivery.</p> <p><u>Market price under Draft Scheme</u></p>	<p>Noted</p> <p>Exhibition of the Draft Scheme has provided the opportunity for the City to canvas opinions on the methodology for</p>	

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>Is market price to be calculated on an average of the last 12 months or on a basket of recent transactions?</p> <p><u>Amount of Uplift</u> Where genuine attempts to acquire HFS have been demonstrated as unsuccessful (ie there is not sufficient incentive for owners of HFS to sell without cost as a consideration), developers should not be penalised through an uneconomic uplift</p> <p><u>Process to ensure additional HFS supply</u> Clarify the process for ensuring additional HFS supply is brought to market in a timely fashion</p>	<p>calculating market value and the uplift amount. These comments will be taken into consideration by the City in arriving at an appropriate methodology before accepting any public benefit offer under the Draft Scheme.</p> <p>An amendment to SDCP 2012 to enable HFS awards to publicly-owned buildings not subject to long-term leases came into effect on 14 July 2015. The City has been liaising with Government Properties NSW in relation to bringing existing HFS onto the market and applying for HFS awards for other government buildings. The City is also in the process of resolving issues relating to potential awards to its own buildings in anticipation of the need to realise heritage floor space from them to boost short term supply.</p>	
11	<p>AMP Capital Office and Industrial Pty Limited (Developer of Quay Quarter Sydney)</p>	<p>Shortage of tradeable HFS supply threatens to delay approved projects including AMP Capital's Quay Quarter Sydney which requires a significant amount of HFS.</p> <p>In principle support for mechanisms that will bring more HFS supply to the market. AMP's experience is that many owners of</p>	<p>Noted</p> <p>Noted</p>	<p>No change to PP or Draft Scheme</p>

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>HFS are not willing sellers because they are seeking to retain it for their future use or hold it as a valuable asset on the balance sheets.</p> <p>Supports the proposals in principle but it is critical the revised arrangements achieve the intended outcomes, ie</p> <ul style="list-style-type: none"> <li>• HFS system to be a free market system with Council's role as 3rd party administrator</li> <li>• Council establish mechanisms to ensure sufficient supply to keep overall supply and demand in reasonable balance</li> <li>• Council avoid measures that will inevitably drive up the market rate for HFS and/or encourage banking of HFS</li> <li>• an alternative option is available in the event that HFS cannot be reasonably secured by developers within project development parameters</li> </ul> <p>Process to ensure additional HFS supply DCP changes to unlock awards to government buildings have not come about at the necessary pace to address the current and long term critical shortage of HFS because of the time and processes required to secure an award.</p>	<p>Noted</p> <p>An amendment to SDCP 2012 to enable HFS awards to publicly-owned buildings not subject to long-term leases came into effect on 14 July 2015. The City has been liaising with Government Properties NSW in relation to bringing existing HFS onto the market and applying for HFS awards</p>	

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>The City should identify and disclose the quantum of short term HFS supply that it expects to be made available as a result of the SLEP amendment so that owners, investors and developers can be confident their initiatives in Central Sydney can be achieved.</p> <p><u>Evidence base for current proposals</u> Provide more evidence and modelling to evaluate supply and demand for HFS.</p> <ul style="list-style-type: none"> <li>• What is the projected demand for HFS across development sites?</li> <li>• Council's anticipated timeframe for additional HFS to come onto market?</li> <li>• How much HFS will be released over that time period?</li> </ul>	<p>for other State-owned heritage buildings. The City is also in the process of resolving issues relating to potential awards to its own heritage buildings in anticipation of the need to realise heritage floor space from them to boost short term supply.</p> <p>The City is confident it can deliver sufficient heritage floor space from Government buildings within the next 3 years to overcome the current shortfall of supply. In any case, the 31 December 2018 deadline relates to the date of the application rather than the time by which all developers participating in the scheme must obtain their heritage floor space. Ongoing monitoring of the market and further review of the scheme are also proposed.</p> <p>Reports to Council's Planning and Development Committee and to the Central Sydney Planning Committee over the past 12 months have demonstrated that there is a critical shortage of HFS supply. A timely response to this matter is imperative to prevent development in Central Sydney from stalling.</p>	<p>Further review of HFS scheme as part of broader Central Sydney Planning Review.</p>



#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p><u>Reopening eligibility for an award after 25 years</u></p> <p>Questions the rationale for the 25 year timeframe. What quantum of additional HFS has been forecast as being available as an outcome of reopening eligibility for awards after 25 years? Consider shorter timeframes (20 or 15 years) to create the necessary supply given that not all owners will be motivated, sufficiently resourced, or of like mind (in case of body corporates) to reapply.</p> <p>Consider opportunities to assist owners to pursue a first or second HFS award as a mechanism to increase HFS supply</p> <p>Supports clarification to ensure HFS is allocated as a condition of development consent. Suggests postponing HFS allocation to relevant CC prior to the commencement of the actual building (post demolition and excavation) to assist developers in market sensitive timing to acquire the required HFS.</p>	<p>Allowing recipients of heritage floor space to rejoin the pool of eligible buildings after a reasonable timeframe will allow for incremental replenishment of the potential supply. It is not expected to deliver large amounts of additional supply in the short term. An award is not intended to fund ongoing maintenance as may be the inference of a shorter timeframe for reapplication. The heritage floor space scheme is intended to assist with major conservation works and 25 years is considered to represent the typical life cycle of major building works.</p> <p>The City is liaising with Government Properties NSW in relation to HFS awards for State-owned heritage buildings that have recently undertaken conservation works.</p> <p>Noted</p> <p>The planning proposal provides for cl.6.11(1) of SLEP 2012 to be amended to provide that “consent must not be granted unless the consent authority is satisfied that adequate arrangements have been made for the allocation of HFS to the building”. This provides adequate</p>	

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p><u>Amount of uplift</u>            AMP does not support proposal for premium pricing as it will:</p> <ul style="list-style-type: none"> <li>• distort the market and raise the average price of HFS. Owners of HFS will seek to secure higher values.</li> <li>• adverse impacts on affordability and project viability;</li> <li>• do nothing to prevent banking of HFS;</li> <li>• adversely penalise developers for a scarcity driven by factors outside of their control;</li> <li>• lack transparency, being entirely at discretion of consent authority and not independently auditable.</li> </ul> <p>Offer the alternate allocation scheme at the current market rate of the day, rather than with any arbitrary pricing uplift.            While this may not be a disincentive for using the scheme, the City can still seek to require developers to undertake 'best endeavours' with supporting evidence to acquire the HFS during the construction phase.</p>	<p>flexibility to establish appropriate timeframes for HFS allocation through conditions of consent and/or the VPA process under the Draft Scheme.</p> <p>It is inevitable that any changes to the HFS controls impact on the HFS market. The City aims to minimise impacts on developers by bringing HFS supply onto the market and only claiming the bank guarantee (with the premium value) under the Draft Scheme if a developer fails to obtain HFS on the market.</p> <p>The exhibited Draft Scheme and the VPA process are considered to provide adequate transparency. The agreed rates will be publicised when VPAs are publicly notified, as required under the EP&amp;A Act.</p> <p>Exhibition of the Draft Scheme has provided the opportunity for the City to canvas opinions on the methodology for calculating market value and the uplift amount. These comments will be taken into consideration by the City in arriving at an appropriate methodology before accepting any public benefit offer under the Draft Scheme.</p>	

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>The cost of setting up and administering the scheme should not significantly, unreasonably and unnecessarily draw down from funds collected.</p> <p><u>Process of achieving a HFS award</u></p> <p>The process to obtain an award of HFS is a difficult, daunting and costly experience for many owners, including buildings in strata title, having regard to the upfront investment and time that it can take to prepare a CMP, obtain the City's endorsement of the CMP, obtain development consent, and undertake the conservation works.</p> <p>Recommends</p> <ul style="list-style-type: none"> <li>• greater clarity in respect of how re-award will be granted and in what timeframe eg how will the City resource itself to effectively increase the passage of a HFS award through the system</li> <li>• greater incentives to bring HFS to market</li> </ul>	<p>The Draft Scheme incorporates a template public benefit offer to support a standardised planning agreement and, in turn, minimise costs to the City and developers.</p> <p>The assessment process for an award responds to heritage conservation objectives reflected in the current HFS controls. A fundamental review of these objectives and, in turn, the assessment process is outside the scope of this planning proposal.</p> <p>The current proposal will simply enable a previous recipient to be eligible for an award. It does not alter the process for obtaining an award. Re-awards are not expected to deliver large amounts of additional supply in the short term.</p> <p>Planning controls to address HFS banking are outside the scope of the current proposals but could be considered as part of a broader review of the HFS scheme under the Central Sydney Planning Review.</p>	

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p><u>Use of Heritage Conservation Fund</u> The City should not use the fund for its own assets. Instead use Council assets to seek awards and bring additional supply to market. Use proposed conservation fund to assist owners to complete CMPs</p> <p>Longer term certainty around HFS scheme is required and warrants further consideration as part of Central Sydney Planning review.</p>	<p>Having regard to the purpose for which VPAs may be used under the EP&amp; A Act, any funds obtained under the Heritage Conservation Fund must be applied to matters that provide a public benefit.</p> <p>Agreed</p>	
12	<p>Foresight Management - 130 Elizabeth Street Pty Limited  (Developer of 130 Elizabeth Street)</p>	<p>130 Elizabeth Street Pty Limited is currently experiencing severe difficulty and challenges with acquiring the 3,428m<sup>2</sup> of HFS required prior to construction of its residential tower. This poses a significant risk to delivery of the project and, in turn, exposes the project to commercial loss.</p> <p>Recent section 96 modification of conditions of consent for D/2014/2013 has not provided sufficient flexibility for obtaining HFS. Applicant sought to defer HFS allocation until prior to construction of residential tower rather than, as approved, prior to the construction of the basement to ground level.</p>	<p>Noted</p> <p>As this is a DA matter, it is outside the scope of the current proposals to amend the planning controls.</p>	<p>No change to PP or DCP</p>

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>Challenge with the existing HFS system is not solely the limited quantum of outstanding HFS, but also that there is no penalty or incentive for HFS to be released in a timely manner.</p> <p>CI Australia, a buyer's agent, was engaged to source HFS for the development and advised that of the 52,415m<sup>2</sup> of 'outstanding' HFS on the HFS Register, only 8,970m<sup>2</sup> is actually for sale because either:</p> <ul style="list-style-type: none"> <li>• the HFS is being 'banked' for future use;</li> <li>• the HFS has already been sold;</li> <li>• the HFS is in small parcels where the residual value after transaction costs makes it not worth the effort of selling; or</li> <li>• some owners of small parcels (&lt;200m<sup>2</sup>) are uncontactable.</li> </ul> <p>Given reported demand of 67,762m<sup>2</sup> at December 2015, it is unsurprising that owners of HFS are holding out for an ever increasing price.</p> <p>Questions the validity of the Dec 2015 reported average sales price for 2015 given that</p>	<p>Noted</p> <p>Noted and generally agreed.</p> <p>The price of HFS is determined by the market. However, the extent of imbalance between HFS supply and demand is inconsistent with the City's objective of facilitating orderly development in Central Sydney. This was the impetus for the current proposals and the associated DCP amendment in 2015.</p> <p>The Dec 2015 HFS Update published on the City's website is a summary of information in the HFS register. As a</p>	

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<ul style="list-style-type: none"> <li>• one sale appears to have been reported twice</li> <li>• one sale resulted from an expression of interest process in 2014 and was only registered in 2015;</li> <li>• a number of sales were related entity transfers.</li> </ul> <p><u>Implementation timeframes</u> Has grave concerns that the timeframe for finalising the PP and Draft Scheme will extend beyond mid 2016. This will cause undue financial penalty to the development at 130 Elizabeth St, given that construction process and there are significant financial penalties in the event works need to stall because they are unable to acquire HFS within the City's approved timeframe. Urgent interim measures are required to enable current developments to proceed without incurring additional delay costs as a result of the inability to purchase HFS on the open market.</p>	<p>quarterly publication, it does not provide 'live' information and there is always a lag time between sales being negotiated and sales being finalised and registered. However, there are no duplicate entries in the reported sales data for 2015.</p> <p>The HFS Update is provided for the information of interested parties and, as the comments confirm, provides sufficient detail to enable a person to form their own opinion as to 'the market price' of HFS and the extent to which transactions are 'at arms-length'.</p> <p>The timeframe for negotiation of relevant VPAs is subject to Council and CSPC endorsement of the PP and Draft Scheme. The City intends to liaise closely with the Department of Environment and Planning and the Greater Sydney Planning Commission to facilitate their efficient consideration of the Planning Proposal and timely drafting of the local environmental plan</p>	

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>Concerned about procedural, timing and cost issues associated with VPAs to implement the Draft Scheme. Explores Council to create a template system that streamlines administration, reduces the need for lawyers and does not require public exhibition on the basis that all agreements will be set to the same procedural requirements and cost structure.</p> <p><u>'market value' under Draft Scheme</u> How will the City determine fair market value in what is effectively an illiquid market? A fairer approach to setting market value would be to use a CPI adjusted long term average rather than basing fair market value on recent sale prices in a largely illiquid market.</p> <p>Give greater consideration to an appropriate pricing mechanism for HFS under the Draft Scheme, as there is clear disparity between the 'average' sale price in the latest HFS Update compared to the recent sales of HFS.</p> <p><u>Amount of uplift</u> If the objective of the alternative system is to create an alternative, with a clear</p>	<p>Section 93G of the EP&amp;A Act requires VPAs to be made available for inspection by the public for not less than 28 days. The Draft Scheme includes a template for a public benefit offer on the basis of which a template VPA is proposed to be drafted to implement the scheme.</p> <p>Exhibition of the Draft Scheme has provided the opportunity for the City to canvas opinions on the methodology for calculating market value and the uplift amount. These comments will be taken into consideration by the City in arriving at an appropriate methodology before accepting any public benefit offer under the Draft Scheme.</p>	

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>disincentive (or monetary penalty) in the event that HFS has not been allocated by a specified date, then this is in effect creating a two-pronged financial burden on applicants. Recommends a carefully considered HFS rate, with the ‘premium’ pricing only applied as a disincentive to using the default HFS scheme</p> <p><u>Unfairness of requiring bank guarantees for market failure</u>                      The act of calling on a bank guarantee can have a serious detrimental effect on a developer’s credit rating. It is unfair to penalise a developer for what is a market failure rather than a performance failure. Consider a process whereby developers are given the option to pay cash in lieu of having their bank guarantees called on</p> <p><u>Timing of HFS allocation</u>                      Give greater flexibility to DAs approved in last 3-6 months with construction contracts in place by allowing HFS to be allocated before issue of occupation certificate. This will negate the need for some applicants to use the Draft Scheme and limit associated costs.</p>	<p>Under the Draft Scheme, the agreed value (market price at date of VPA plus uplift) would only apply if the developer failed to purchase HFS within the timeframe agreed in the VPA.</p> <p>This is a matter for consideration in the drafting of relevant VPAs. Ultimately, it is the developer’s choice whether or not to enter into the arrangement provided for in the Draft Scheme.</p> <p>Developments for which consents have already been issued must comply with the conditions of consent unless they are modified.</p>	



#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p><u>Measures to address hoarding of HFS</u> Consider measures to provide a disincentive to owners hoarding HFS.</p>	<p>Planning controls to address HFS banking are outside the scope of the current proposals but could be considered as part of a broader review of the HFS scheme under the Central Sydney Planning Review.</p>	<p>Broader review of the HFS scheme as part of Central Sydney Planning Review</p>
13	<p>Urbis Pty Ltd (Urban planning consulting firm)</p>	<p>Uncertainty associated with the inability to purchase HFS has the potential to significantly delay development projects that are intrinsic to the City's development objectives.</p> <p>Supports</p> <ul style="list-style-type: none"> <li>• Reopening applications for HFS awards to owners of buildings awarded HFS more than 25 years ago;</li> <li>• Allocation of HFS only for development with a building height greater than 55 metres;</li> <li>• Allowing HFS allocation requirements to be met after a development consent but before works begin, and</li> <li>• Options to defer allocating HFS to a specified time or replacing it with an alternative arrangement (the Alternative Scheme).</li> </ul> <p><u>Evidence base for current proposals</u></p>	<p>Agreed</p> <p>Noted</p>	<p>No change to PP or Draft Scheme</p>
		<p><u>Evidence base for current proposals</u></p>	<p>The City is confident it can deliver sufficient heritage floor space from</p>	

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>Recognises difficulty of modelling HFS supply given that the decision to bring HFS to market is purely elective by individual owners. However, the need to specify a sunset clause (until Dec 2018) may be premature when long term HFS supply cannot be assured. It would help industry to better understand the HFS market if Council made available projections as to how much HFS could be released from Government buildings, in what timeframe, and the projected demand across development sites.</p> <p>Draft Scheme may have effect of driving up market rate of HFS and encourage further banking of HFS without providing incentive to release supply. Suggests council undertake economic modelling to determine impact of measures to encourage HFS release, including</p> <ul style="list-style-type: none"> <li>• Sunset clauses or sequential sales requirements for registered HFS;</li> <li>• HFS awards tied to conservation incentives eg assisting owners to prepare CMPs</li> </ul> <p>Mechanisms to increase supply must be aligned with incentives to encourage</p>	<p>Government buildings within the next 3 years to overcome the current shortfall of supply. In any case, the 31 December 2018 deadline relates to the date of the application rather than the time by which all developers participating in the scheme must obtain their heritage floor space. Ongoing monitoring of the market and further review of the scheme are also proposed.</p> <p>Reports to Council's Planning and Development Committee and to the Central Sydney Planning Committee over the past 12 months have demonstrated that there is a critical shortage of HFS supply. A timely response to this matter is imperative to prevent development in Central Sydney from stalling.</p> <p>Measures that address impediments to applying for an HFS award and HFS banking are outside the scope of the</p>	

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>entering the scheme and the timely release of HFS.</p> <p><u>Amount of uplift</u> Use of premium pricing and uplift will distort the market and raise average price of HFS, with significant impacts on project viability, affordability and supply banking. Lack of economic modelling, analysis or discussion as to how the uplift will be calculated. Recommends</p> <ul style="list-style-type: none"> <li>● only offer Draft Scheme at current market rate, while still requiring developers to undertake best endeavours to purchase HFS;</li> <li>● prepare economic modelling and market impact assessment on the introduction of the Draft Scheme.</li> </ul> <p><u>Interim measures to enable developers to seek to enter the scheme</u> Owing to existing critical shortfall in supply and lengthy time lag associated with LEP amendments, allow negotiations for delayed HFS purchase to occur immediately based on intent to introduce scheme amendments.</p>	<p>current proposals but could be considered as part of a broader review of the HFS scheme under the Central Sydney Planning Review.</p> <p>Exhibition of the Draft Scheme has provided the opportunity for the City to canvas opinions on the methodology for calculating market value and the uplift amount. These comments will be taken into consideration by the City in arriving at an appropriate methodology before accepting any public benefit offer under the Draft Scheme.</p> <p>The timeframe for negotiation of relevant VPAs is subject to Council and CSPC endorsement of the PP and Draft Scheme.</p>	<p>Broader review of the HFS scheme under the Central Sydney Planning Review.</p>
<b>14</b>	City Tattersalls Club	City Tattersalls Club will be impacted by the proposed amendments because it has	Noted	No change to PP or Draft Scheme

#	SUBMITTER (Current developer)	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>lodged a Stage 1 DA for its Pitt Street site. The Club supports the proposed amendments given that recent HFS supply is restricted and, if allowed to continue, will effectively suffocate development in Sydney CBD.</p> <p><u>Timeframe for sunset clause</u></p> <ul style="list-style-type: none"> <li>justification for 31 Dec 2018 is unclear</li> </ul> <p><u>Lack of detail about operation of Alternative Scheme</u> eg</p> <ul style="list-style-type: none"> <li>How will Council determine the applicable HFS values to inform the alternative scheme?</li> <li>How long will Council require a proponent to seek HFS before accepting entry into the alternative scheme?</li> <li>How will Council calculate the proposed premium or uplift?</li> </ul>	<p>The City is concerned not to subvert the operation of the heritage floor space market which is why the alternative arrangements will apply only for an interim period. The 31 December 2018 deadline takes account of the estimated time it will take to realise a reasonable supply of additional heritage floor space from public buildings.</p> <p>The Draft Scheme, exhibited simultaneously with the planning proposal, sets out how the alternative scheme will operate. Among other things, it provides that, when submitting a public benefit offer under the Draft Scheme, a proponent must demonstrate that they have made real but unsuccessful efforts to purchase HFS in the preceding three months.</p> <p>Exhibition of the Draft Scheme has provided the opportunity for the City to canvas opinions on the methodology for calculating market value and the uplift amount. These comments will be taken into consideration by the City in arriving at an appropriate methodology before</p>	

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>Supports reintroduction of building height threshold for HFS allocation.</p> <p>Suggests other measures to increase HFS supply</p> <ul style="list-style-type: none"> <li>• Reinstate/expand eligibility for HFS award to heritage buildings on CBD fringe</li> <li>• In determining the amount of HFS to be awarded, apply the same formula to non-rateable buildings as applies to rateable buildings</li> </ul>	<p>accepting any public benefit offer under the Draft Scheme.</p> <p>Noted</p> <p>Expansion of the area to which HFS awards apply is a significant change that, if supported, would require re-exhibition of the planning proposal. This matter would best be considered in the context of the broader Central Sydney Planning Review which includes a review of the boundary of Central Sydney.</p> <p>SDCP 2012 includes formulas for determining the amount of HFS that may be awarded to a heritage building, with separate formulas for rateable and non-rateable buildings. If a change to the formulas were supported it would require a change to the DCP. It cannot be dealt with as part of the current planning proposal as under the EP&amp;A Act changes to the DCP are subject to a different process to that for planning proposals. A review of the formulas is outside the scope of the current planning proposal but could be considered in the context of</p>	<p>Broader review of the HFS scheme as part of the Central Sydney Planning Review</p>

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>Supports reopening applications for HFS awards to owners of buildings awarded HFS more than 25 years ago</p> <p><u>Fragmentation of available HFS</u> Council should consider a consolidation of smaller HFS holdings to assist in effective distribution of HFS. Purchasing fragmented HFS from multiple vendors is impractical and prohibitively expensive, especially owing to transaction costs.</p> <p><u>Restrictive HFS Covenant</u> The HFS covenant preventing additional FSR or height is too restrictive as it prevents minor alterations and additions to heritage buildings</p>	<p>the broader Central Sydney Planning Review.</p> <p>Noted</p> <p>While the City's preference is that no money is obtained under the Draft Scheme, the proposed Heritage Conservation Fund has the potential to be a mechanism for the City to consolidate fragmented parcels of HFS. Subject to investigation of the legal and financial implications of this proposal, it may be able to be incorporated into the Draft Scheme in the future.</p> <p>Under Cl. 6.10 of SLEP 2012, a condition of an award of HFS is that a covenant must be registered that prevents development that increases the total GFA on the site of the heritage building or increases the height of the building. This prevents double dipping because GFA that, before the award, would have been available to the heritage building, after the award, will be realised on another site(s) when the awarded HFS is transferred and allocated to the other</p>	

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
15	<p>Property Council of Australia (Peak group representing property and development interests)</p>	<p>Refer the PCA previous support for recent modifications to the HFS system to unlock more awards, including the release of HFS awarded to Government-owned heritage buildings. These changes, are noted as not having released a suitable quantum to meet current demand levels.</p> <p>The PCA support in principle the measures proposed to address the undersupply of HFS and are confident the amendments have the potential to achieve the objective of the planning proposal. Including:</p> <ul style="list-style-type: none"> <li>- HFS allocation following consent is issued but prior to construction.</li> <li>- Allowing Council to enter into agreements for the allocation of HFS to be deferred or if not obtained, replaced with an alternative arrangement that satisfies the proposed Alternative Heritage Floor Space Allocation Scheme.</li> </ul>	<p>site(s). The detail of the covenant is outside the scope of the current proposals as it would require a fundamental review of the HFS scheme</p> <p>An amendment to SDCP 2012 to enable HFS awards to publicly-owned buildings not subject to long-term leases came into effect on 14 July 2015. The City has been liaising with Government Properties NSW in relation to bringing existing HFS onto the market and applying for HFS awards for other State-owned heritage buildings. The City is also in the process of resolving issues relating to potential awards to its own heritage buildings in anticipation of the need to realise heritage floor space from them to boost short term supply.</p> <p>Noted</p>	<p>No change to PP or Draft Scheme</p>

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>- Provides an option for a project to progress without delay when the developer has made a legitimate attempt to secure HFS but is unable to obtain the required amount due to the undersupply on the market.</p> <p>While the PCA support the intent of the changes to the scheme, we make the following recommendations:</p> <ol style="list-style-type: none"> <li>1. The 25 year time frame is insufficient to deliver the supply needed in the market. Enable reapplication for buildings after 10-15 years.</li> <li>2. Expand eligibility for awards to buildings on the city fringe</li> </ol>	<p>Allowing recipients of heritage floor space to rejoin the pool of eligible buildings after a reasonable timeframe will allow for incremental replenishment of the potential supply. It is not expected to deliver large amounts of additional supply in the short term. An award is not intended to fund ongoing maintenance as may be the inference of a shorter timeframe for reapplication. The heritage floor space scheme is intended to assist with major conservation works and 25 years is considered to represent the typical life cycle of major building works.</p> <p>Expansion of the area to which HFS awards apply is a significant change that, if supported, would require re-exhibition of the planning proposal. This matter would best be considered in the context of the broader Central Sydney Planning</p>	<p>Further review of HFS scheme as part of Central Sydney Planning Review</p>



#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>3. Create better incentives for non-rateable buildings. Rateable buildings (privately-owned and Government-owned buildings) attract a significantly higher rate of HFS compared to non-rateable buildings under the HFS scheme.</p> <p>4. Consolidate fragmented HFS holdings. The task of collecting small allocations of HFS from multiple vendors can be significantly costly for very little return, and therefore act as an impediment to effective transfer of HFS from vendor to purchaser. Small amounts of HFS recorded on the register can artificially inflate the total available HFS.</p> <p>5. Provide more detail on the operation of the Bank Guarantee,</p>	<p>Review which includes a review of the boundary of Central Sydney.</p> <p>If a change to the formulas were supported it would require a change to the DCP. It cannot be dealt with as part of the current planning proposal as under the EP&amp;A Act changes to the DCP are subject to a different process to that for planning proposals.</p> <p>While the City's preference is that no money is obtained under the Draft Scheme, the proposed Heritage Conservation Fund has the potential to be a mechanism for the City to consolidate fragmented parcels of HFS. Subject to investigation of the legal and financial implications of this proposal, it may be able to be incorporated into the Draft Scheme in the future.</p> <p>Exhibition of the Draft Scheme has provided the opportunity for the City to</p>	

# ATTACHMENT A

#	SUBMITTER	ISSUES RAISED	RESPONSE	RECOMMENDATIONS
		<p>including the methodology for pricing, as well as determining the premium pricing.</p> <p>6. A long-term strategy for the HFS scheme is needed beyond 2018.</p>	<p>canvas opinions on the methodology for calculating market value and the uplift amount. These comments will be taken into consideration by the City in arriving at an appropriate methodology before accepting any public benefit offer under the Draft Scheme.</p> <p>Agreed</p>	