

Relevant Information for Council

FILE: X082392 **DATE:** 11 May 2023

TO: Lord Mayor and Councillors

FROM: Graham Jahn AM, Director City Planning, Development and Transport

SUBJECT: Information Relevant To Item 8.4 – Public Exhibition - Planning Proposals - 2, 2A-8 Arundel Street and 6-12 Parramatta Road, Forest Lodge; 90 and 100-104 Brougham Street, Potts Point; and 85-93 Commonwealth Street, Surry Hills - Sydney Local Environmental Plan 2012 Amendments

For Noting

This memo is for the information of the Lord Mayor and Councillors.

Purpose

At the meeting of the Transport, Heritage, Environment and Planning Committee on 8 May 2023, the following further information was sought about Planning Proposal: 2, 2A-8 Arundel Street and 6-12 Parramatta Road, Forest Lodge:

- the City's powers with regards to rezoning proposals and voluntary planning agreements, and
- the University of Sydney's development of student housing.

Further information was also requested in regard to Planning Proposal: 90 and 100-104 Brougham Street, Potts Point about housing affordability.

Background

Planning Proposal: 2, 2A-8 Arundel Street and 6-12 Parramatta Road, Forest Lodge

Council powers related to planning proposals and voluntary planning agreements

Under NSW legislation and guidelines, councils must assess any request to prepare a planning proposal.

The assessment of a request is to determine if the proposal has strategic and site-specific merit. A planning proposal can be prepared if there is merit.

The Environmental Planning and Assessment Act 1979 establishes that a planning agreement is a *voluntary* agreement between the authority and the developer in connection with a planning proposal or development application. A planning agreement is typically prepared on the basis of an offer from the proponent to deliver a public benefit.

If a council does not make a decision within 90 days or does not support a planning proposal request, the proponent can seek a rezoning review by the Independent Planning Commission and the planning proposal can be prepared and progressed by the NSW Government.

The proponent has lodged a request to prepare a planning proposal. The request did not include a public benefit offer to enter in a voluntary planning agreement.

The City has determined this planning proposal has strategic and site-specific merit as the proposed residential zoning for 2A-8 Arundel Street and 6-12 Parramatta Road is consistent with the surrounding land uses and zoning, the original purpose for which the terraces were constructed and the expected future use of the terraces.

The current zoning, which continues that under the former Leichhardt LEP 2000, does not permit residential use but does encourage the terrace houses to be adapted for education uses. Under the current planning framework the landowner is not compelled to use the terraces for housing of any form.

The City's 2036 target for non-private dwellings is 17,500. The City's Housing Audit notes that the number of student housing rooms increased from 4,223 to 11,529 rooms between June 2012 and June 2022 (173% increase) making up the majority of the 15,740 non-private dwellings in the council area. 1,760 non-private dwellings are needed over the next 14 years to achieve the City's target. The City's Housing Monitor records 4,931 non-private dwellings (which includes student housing rooms) in the development pipeline as at June 2022. The eight terrace houses proposed for rezoning are not a significant portion of the student housing supply in the council area.

Sydney University's development and funding of student housing

Sydney University has provided further information in relation to the provision of student housing at Attachment A to this memorandum. In summary they say:

- The University has supplied 1,622 purpose-built and serviced student accommodation rooms with a further 336 in the pipeline at a total cost of around \$315M.
- The University's student accommodation room rents are set 25 per cent below rents of comparable private market student accommodation rooms, while providing high quality accommodation recognised through awards.
- The University has programs to secure additional housing in private student accommodation, emergency accommodation and financial assistance.
- The subject terraces are not suitable for ongoing student accommodation. They are prohibitively expensive to renovate while still not providing the level of amenity and service to match purpose-built student accommodation.

Planning Proposal: 90 and 100-104 Brougham Street, Potts Point and housing affordability

The units at 100-104 Brougham Street are not affordable housing. Rental rates are affordable where they are less than 30 per cent of household income. While the units are a studio layout, some have car spaces and views, so would achieve rental rates around \$700-\$800 per week. This number is more than 30 per cent of Potts Point's median weekly household income, which is \$2,041.

The units at 100-104 Brougham Street are also not low-rental dwellings per State Environmental Planning Policy (Housing) 2021 (the SEPP). The SEPP defines low-rental dwellings as having a rental rate lower than the local government area median. The median rent for a studio apartment in the City of Sydney during Q4 2022 was \$400 per week, much less than the >\$700 per week expected of the subject apartments.

The City's Housing Audit records 13,064 private dwellings (excluding boarding houses, aged care and the like) in the Macleay Street and Woolloomooloo Village Area as at June 2022. The 24 dwellings represent 0.18 per cent of the dwelling stock in that area. The loss of a very small portion of dwellings is unlikely to affect the affordability of the market.

The City's Housing Monitor notes that 423 private dwellings are in the development pipeline for the area as at June 2022. The City's population and housing forecasts are for the number of dwellings in Macleay Street and Woolloomooloo area to grow by 1,035 dwellings to 14,099 in 2041. The current development pipeline represents 40 per cent of the growth, which is likely to be delivered over the next five years, with the remaining 612 able to be delivered over the following 15 years. The conversion of the dwellings is unlikely to hinder the supply of dwellings to meet demand from forecast population growth.

The Economic and Social Impact Assessment (February 2022) at Attachment B1 to the subject report notes hotel demand is expected to have significant growth, and the additional rooms created would contribute to the 100,000 overnight visitors per year forecast for the Kings Cross precinct. The report notes that since March 2022:

- six accommodation facilities have closed, resulting in the loss of a combined 450 rooms. Quest Potts Point, Funk House Backpackers and Jackaroo Hostel Sydney are thought to have closed due to the pandemic. The Vibe Hotel and Simpson of Potts Point are expected to be converted to residential and the Astoria is to be refurbished and expanded (from 51 rooms to 65).
- Nine proposed developments comprise a combined 429 rooms (including the subject site).
- The net change is the loss of 21 rooms, assuming each of the developments proceed.

The proposal contributes to the supply of hotel rooms and helps moderate the loss of rooms in the area and will contribute the local economy and revitalisation of Kings Cross.

Memo from Graham Jahn AM, Director City Planning, Development and Transport

Prepared by: Ben Schneider, Cadet Planner, Strategic Planning and Urban Design / Ben Pechey, Executive Manager Strategic Planning and Urban Design

Attachments

Attachment A. Correspondence - Sydney University to City of Sydney - Rezoning of University Forest Lodge Properties under Sydney LEP 2012 - 10 May 2023

Approved

A handwritten signature in black ink, appearing to read 'GJahn', positioned to the right of the 'Approved' text.

GRAHAM JAHN AM

Director City Planning, Development and
Transport

Attachment A

**Correspondence - Sydney University to City
of Sydney - Rezoning of University Forest
Lodge Properties under Sydney LEP 2012 -
10 May 2023**



Greg Robinson

Chief University Infrastructure Officer

10 May 2023

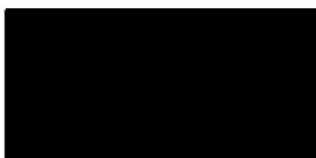
Graham Jahn,
Director
City Planning, Development & Transport.
City of Sydney Council

Dear Mr Jahn

Rezoning proposal– Rezoning of University Forest Lodge properties under the Sydney LEP 2012

Further to our attendance at the City of Sydney Council's Transport, Heritage, Environment and Planning Committee to address and hear the City's determination on the University's spot rezoning proposal for its Forest Lodge properties (2-12 Arundel Street and Mackie building) we note the concerns raised by Council members that supporting a rezoning of the Arundel properties could see the removal of a form of affordable housing at a time when NSW is suffering a crisis in housing affordability and respond as follows.

1. The properties are not currently used or classified as affordable housing, were vacated in 2021 having previously been used as Covid isolation rooms since 2020 and require substantial investment. Renovating or refurbishing the properties would be prohibitively expensive while providing a very limited amount of high maintenance accommodation not in line with our wider strategy of developing affordable, large, safe, compliant and 24/7 staffed accommodation with a range of cooking, break out, study and entertainment spaces.
2. Under this strategy, the University has designed, constructed and operated 1622 new student accommodation beds (Queen Mary - 802 beds in 2015, Abercrombie - 200 beds in 2015 and Regiment, 620 beds in 2019) in and around its main Darlington / Camperdown campus at a cost of circa **\$225m** while also obtaining State Significant Development Application approval for the renovation and redevelopment of a row of 38 Victorian Terraces on Darlington Rd to deliver a further 336 new affordable beds at an expected cost of circa **\$90m**.
3. Under a Private Binding Ruling agreed with the Australian Tax Office, we annually engage an external consultant, Urbis to review the rents of comparable accommodation in the Private Purpose-Built Student Accommodation Market and set our rents at a minimum of 25% below these benchmarks to ensure affordability. Currently we charge **\$326** or **\$333** per week (depending on term length) for a dedicated room in Queen Mary which is inclusive of all bills.
4. The University is committed to providing the highest quality accommodation at an affordable cost which is reflected in awards which include the Asia Pacific Student Accommodation Association Housing Operations of the year (Queen Mary Building in 2015) and Excellence in Facility Development (Regiment building in 2019).





5. The University is acutely aware of the current housing crisis and is providing a range of support to students to assist in finding accommodation including reserving and underwriting rooms in private student accommodation, offering emergency accommodation and financial assistance to those who need it while investigating opportunities to develop more affordable accommodation.

While we appreciate the sentiment of the Councillors, we believe we are already contributing significantly to addressing accommodation shortages and do not believe restrictions on the sale of our properties to be warranted.

If you have any questions, please contact Chris Watts, UI Director Property & Development, on [REDACTED] or by email [REDACTED]

Yours sincerely,

PP

Greg Robinson
Chief University Infrastructure Officer