

Attachment B

**Planning Proposal - Serviced Apartments
dated September 2018**

Planning Proposal Serviced Apartments

City of Sydney
Town Hall House
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Introduction

This Planning Proposal explains the intent of, and justification for the proposed amendment to ensure State Environmental Planning Policy No. 65 (SEPP 65) and the Apartment Design Guide provisions apply to serviced apartments.

The proposal has been prepared in accordance with Section 55 of the Environmental Planning and Assessment Act 1979 (the Act) and the relevant Department of Planning Guidelines, including *A Guide to Preparing Local Environmental Plans* and *A Guide to Preparing Planning Proposals*.

Part 1 – Objectives or Intended Outcomes

The objectives or intended outcome of the planning proposal is to ensure SEPP65 and the Apartment Design Guide provisions apply to serviced apartments in:

- Sydney Local Environmental Plan 2012;
- Sydney Local Environmental Plan 2005;
- Sydney Local Environmental Plan (Green Square Town Centre) 2013; and
- Sydney Local Environmental Plan (Green Square Town Centre Stage 2) 2013.

Under the former Living Sydney strategy, the Central Sydney LEP and DCP 1996 encouraged residential and serviced apartments by introducing higher maximum floor space ratios compared to other uses. Section 6 of the 1996 DCP set out the amenity standards for residential and serviced apartments buildings. It required that both uses met comparable amenity standards so that “any subsequent conversion of serviced apartments to permanent residential stock is not constrained by poor amenity”. In the DCP, the definition of ‘dwelling unit’ refers to units in both residential and serviced apartments.

In 2002, State Environmental Planning Policy No. 65 – Design Quality of Residential Apartment Development (SEPP 65) was made to improve the design quality of residential apartment development in NSW. The City continued to use the DCP to treat serviced apartments and residential as meeting comparable amenity standards.

In June 2015, amendments to SEPP 65 and a new Apartment Design Guide were brought in, updating the former Residential Flat Design Code. The SEPP amendment included a new provision that, unless the relevant Local Environmental Plan states otherwise, SEPP 65 does not apply to a boarding house or serviced apartments. This meant the City needed to move its longstanding provisions from the DCP to the LEP.

Under current planning controls, the City requires standards of design and construction for serviced apartments to be consistent with residential apartments. Sydney Development Control Plan 2012 (Sydney DCP 2012) currently contains this objective at Section 4.4.8(b) which states: “Ensure serviced apartment developments provide a level of health and amenity for residents to ensure any future conversion to residential flats is not compromised by poor amenity.” Section 4.2 relates to amenity for residents in residential flat buildings and references the former Residential Flat Design Code.

The intent of this planning proposal is to ensure SEPP 65 and the Apartment Design Guide apply to serviced apartments, consistent with longstanding Council policy.

This is a continuation of the existing policy requiring the same standards for serviced apartments as for residential flat buildings. Section 4.2 of Sydney DCP 2012 contains controls addressing the principles of SEPP 65 and guidance in the Apartment Design Guide, including solar and daylight access and ventilation.

This approach provides continuity and clarity that residential minimum amenity provisions are to be considered as part of the assessment. It allows for the greatest flexibility in the future use of a building, as serviced apartments are very similar in layout to residential apartments if not identical. The approach allows conversion to occur at a later time without adverse amenity impact that would otherwise require significant structural changes and re-design of the building. Solar access and building separation are extremely difficult and costly to achieve retrospectively, should a building not already meet these requirements.

The approach would remove doubt as to the standard required for serviced apartments.

Part 2 – Explanation of the Provisions

The proposed outcome will be achieved by including a new local provision that ensures SEPP65 and the Apartment Design Guide standards apply to service apartments.

It is proposed to amend the SLEP2012, to ensure: ~~by inserting a new clause for example:~~

- Serviced apartments provide the same level of amenity as residential flat buildings;
and
- Substandard residential accommodation occurring through the conversion of serviced apartments to residential flat buildings is prevented
- Development which includes serviced apartments, must be considered against the design principles in:
 - State Environmental Planning Policy No. 65 and
 - the Apartment Design Guide

Serviced Apartments

- ~~1) The objective of this clause is to:~~
 - ~~a) ensure serviced apartments provide the same level of amenity as residential flat buildings; and~~
 - ~~b) prevent substandard residential accommodation occurring through the conversion of serviced apartments to residential flat buildings;~~
- ~~2) This clause applies if development includes serviced apartments.~~
- ~~3) Development consent must not be granted for a building or part of a building to be used for the purpose of serviced apartments unless the consent authority has considered the following:~~
 - ~~a) The design quality principles set out in Schedule 1 to State Environmental Planning Policy No 65 – Design Quality of Residential Apartment Development; and~~
 - ~~b) The design principles of the Apartment Design Guide (within the meaning of that Policy)~~

Part 3 – Justification

This section of the planning proposal provides the rationale for the amendments and responds to questions set out in the document entitled *A guide to preparing planning proposals*, published by the Department of Planning and Infrastructure in August 2016.

Section A – Need for the planning proposal

Is the planning proposal a result of any strategic study or report?

No. The proposed amendment to serviced apartment provision will formalise the application of Council policy to design serviced apartments to the same quality as residential flat buildings to give effect to SEPP 65 and the Apartment Design Guide.

The planning proposal is required to update and provide clarity and certainty for serviced apartments. Clause 4.4.8.5 of Sydney DCP 2012 currently requires serviced apartments to be designed so that the level of residential amenity within each apartment is equivalent to the requirements of a residential flat building. Section 4.2 of Sydney DCP 2012 relate to resident flat, commercial and mixed use developments. It states that in addition to the provisions within the DCP, the NSW Residential Flat Design Code 2002 (RFDC) is adopted by this DCP for residential flat development.

In June 2015, amendments to SEPP65 and a new Apartment Design Guide (ADG) were made, updating the former RFDC. Council could simply update the reference in the DCP to refer to the ADG, however the SEPP amendment also included a new provision that, unless the relevant LEP states otherwise, SEPP 65 does not apply to a boarding house or serviced apartment. Clause 28 of SEPP65 requires a consent authority to take into consideration the ADG This meant the City needed to move its longstanding provisions from the DCP to the LEP.

The current provisions in the DCP are considered effective and provide a good planning outcome. Since 1996, there has been no request to change the serviced apartment provisions in the DCP. The proposal reflects existing Council policy within which many serviced apartment businesses continue to operate and expand within the LGA.

Since 2002, 69% of serviced apartment applications, representing approximately 3221 apartments related to conversions between residential and serviced apartments, demonstrating desire for flexibility between the two uses.

Is the planning proposal the best means of achieving the objectives or intended outcomes, or is there a better way?

The best way to ensure serviced apartments provide the same level of amenity as residential flat buildings and prevent potential substandard accommodation occurring through conversion is to require the same standards as set out in SEPP 65 and the Apartment Design Guide that apply to residential flat buildings.

Section B – Relationship to strategic planning framework

Is the planning proposal consistent with the objectives and actions of the applicable regional, sub-regional or district plan or strategy (including any exhibited draft plans or strategies)?

The Greater Sydney Region Plan is the state government strategic document that outlines a vision for Greater Sydney over the next 40 years. The Plan outlines how Greater Sydney will manage growth and change and guide infrastructure delivery, and is to be implemented at a local level by District Plans.

It identifies key challenges facing Greater Sydney, which is forecast to grow from 4.7 million people to 8 million people by 2056. Greater Sydney must provide for an additional 817,000 jobs by 2036 and will need to provide 725,000 more homes over the next 20 years.

The planning proposal is consistent with the following relevant objectives and planning priorities of the Greater Sydney Region Plan:

- Objective 10: Greater housing supply
- Objective 23: Economic sectors are targeted for success

The Eastern City District Plan sets the local planning context for the City of Sydney local government area. It provides a 20-year plan to manage growth and achieve the 40-year vision of the Greater Sydney Region Plan.

The planning proposal is consistent with the following relevant planning priorities and actions of the Eastern City District Plan:

- Planning Priority E5: Providing housing supply, choice and affordability with access to jobs, services and public transport
- Planning Priority E13 Supporting growth of targeted industry sectors

The proposed amendments to SLEP 2012 will directly facilitate these priorities by ensuring that conversions from serviced apartments can meet the amenity requirements under the Apartment Design Guide and District Plan by “encouraging development of a range of well-designed and located facilities”, in the form of serviced apartments, to support the tourism sector.

~~In December 2014 the NSW Government published *A Plan for Growing Sydney*. Consistency with *A Plan for Growing Sydney* and the draft *Sydney City Subregional Strategy* is discussed below.~~

~~A Plan for Growing Sydney~~

~~A Plan for Growing Sydney is a State Government strategic document that outlines a vision for Sydney over the next 20 years. It identifies key challenges facing Sydney including a population increase of 1.6 million by 2034, 689,000 new jobs by 2031 and a requirement for 664,000 new homes.~~

~~In responding to these and other challenges, the Plan for Sydney sets out four goals:~~

- ~~1. a competitive economy with world-class services and transport;~~
- ~~2. a city of housing choice with homes that meet our needs and lifestyles;~~
- ~~3. a great place to live with communities that are strong, healthy and well connected; and~~
- ~~4. a sustainable and resilient city that protects the natural environment and has a balanced approach to the use of land and resources.~~

The planning proposal is consistent with relevant goals, directions and actions of the plan. By ensuring future conversions to residential accommodation comply with state-wide amenity standards, the planning proposal can support the achievement of Goal 2: *A city of housing choice, with homes that meet our needs and lifestyles* and Direction 2.1 *Accelerate housing supply across Sydney*.

Draft Sydney City Subregional Strategy

The NSW Government's draft Sydney City Subregional Strategy sets directions and actions for the implementation of the metropolitan plan at a more detailed local level. Subregional planning provides a framework for coordinating planning, development, infrastructure, transport, open space networks and environmental actions across local and state government agencies.

The Sydney City Subregion is identified in A Plan for Growing Sydney as being part of Global Sydney and the hub of the Australian Economy. The planning proposal supports the priority for Global Sydney to provide capacity for additional mixed-use development for tourism and housing.

District Plan: Central

The City of Sydney LGA is identified within the Central District. The Central District Plan is being prepared. The planning proposal does not contradict or hinder the priorities for the Strategic Centres, Subregion or District.

Is the planning proposal consistent with a council's local strategy or other local strategic plan?

Sustainable Sydney 2030 is the vision for sustainable development of the City of Sydney to 2030 and beyond. It includes 10 strategic directions to guide the future of the City of Sydney. *Sustainable Sydney 2030* (SS2030) outlines the City's vision for a 'green', 'global' and 'connected' City of Sydney and sets targets, objectives and actions to achieve that vision.

As such, the Planning Proposal is consistent with *Sustainable Sydney 2030*, particularly:

- Direction 8 – Housing for a Diverse Population – By requiring the same development standards as residential apartments, conversions of serviced apartments will need to consider the design principles such as diversity and adaptability, consistent with Action 8.2.3 Ensure new residential development is well designed for people with a disability or limited mobility, the elderly and is adaptable for use by different household types.

Is the planning proposal consistent with applicable state environmental planning policies?

The consistency of the Planning Proposal with applicable State Environmental Planning Policies (SEPPs) and Regional Environmental Plans (deemed SEPPs) is outlined in Table 1.

Table 1 – Consistency with applicable SEPPs and REPs

State Environmental Planning Policy (SEPP) or Regional Environmental Plan (REP)	Comment
SEPP No 1—Development Standards	Consistent – The Planning Proposal will not contradict or hinder application of this SEPP.
SEPP No 14—Coastal Wetlands	Not applicable.

State Environmental Planning Policy (SEPP) or Regional Environmental Plan (REP)	Comment
SEPP No 15 – Rural Land Sharing Communities	Not applicable.
SEPP No 19—Bushland in Urban Areas	Not applicable.
SEPP No 21—Caravan Parks	Not applicable.
SEPP No 26—Littoral Rainforests	Not applicable.
SEPP No 29—Western Sydney Recreation Area	Not applicable.
SEPP No 30—Intensive Agriculture	Not applicable.
SEPP No 32—Urban Consolidation (Redevelopment of Urban Land)	Consistent - The Planning Proposal will not contradict or hinder application of this SEPP.
SEPP No 33—Hazardous and Offensive Development	Not applicable.
SEPP No 36—Manufactured Home Estates	Not applicable.
SEPP No 39—Spit Island Bird Habitat	Not applicable.
SEPP No 44—Koala Habitat Protection	Not applicable.
SEPP No 47—Moore Park Showground	Not applicable.
SEPP No 50—Canal Estate Development	Not applicable.
SEPP No 52—Farm Dams and Other Works in Land and Water Management Plan Areas	Not applicable.
SEPP No 55—Remediation of Land	Consistent – The Planning Proposal does not propose to rezone land. The Planning Proposal will not contradict or hinder the application of this SEPP.
SEPP No 59—Central Western Sydney Regional Open Space and Residential	Not applicable.
SEPP No 62—Sustainable Aquaculture	Not applicable.
SEPP No 64—Advertising and Signage	Consistent - The Planning Proposal will not contradict or hinder application of this SEPP.
SEPP No 65—Design Quality of Residential Flat Development	Consistent - The Planning Proposal supports the application of this SEPP to service apartments.
SEPP No 70—Affordable Housing (Revised Schemes)	Consistent - The Planning Proposal will not contradict or hinder application of this SEPP.
SEPP No 71—Coastal Protection	Not applicable.
SEPP (Building Sustainability Index: BASIX) 2004	Consistent - The Planning Proposal will not contradict or hinder application of this SEPP.
SEPP (Housing for Seniors or People with a Disability) 2004	Consistent - The Planning Proposal will not contradict or hinder application of this SEPP.
SEPP (State Significant Precincts) 2005	Consistent - The Planning Proposal will not contradict or hinder application of this SEPP.

State Environmental Planning Policy (SEPP) or Regional Environmental Plan (REP)	Comment
SEPP (Sydney Region Growth Centres) 2006	Not applicable.
SEPP (Infrastructure) 2007	Consistent - The Planning Proposal will not contradict or hinder application of this SEPP.
SEPP (Kosciuszko National Park— Alpine Resorts) 2007	Not applicable.
SEPP (Mining, Petroleum Production and Extractive Industries) 2007	Not applicable.
SEPP (Miscellaneous Consent Provisions) 2007	Consistent - The Planning Proposal will not contradict or hinder application of this SEPP.
SEPP (Exempt and Complying Development Codes) 2008	Consistent - The Planning Proposal will not contradict or hinder application of this SEPP.
SEPP (Rural Lands) 2008	Not applicable.
SEPP (Western Sydney Parklands) 2009	Not applicable.
SEPP (Affordable Rental Housing) 2009	Consistent - The Planning Proposal will not contradict or hinder application of this SEPP.
SEPP (Western Sydney Employment Area) 2009	Not applicable.
SEPP (Kurnell Peninsula) 1989	Not applicable.
SEPP (Penrith Lakes Scheme) 1989	Not applicable.
SEPP (Urban Renewal) 2010	Not applicable.
SEPP (Sydney Drinking Water Catchment) 2011	Not applicable.
SEPP (State and Regional Development) 2011	Consistent - The Planning Proposal will not contradict or hinder application of this SEPP.
SEPP (Three Ports) 2013	Not applicable.
Sydney REP No 8 (Central Coast Plateau Areas)	Not applicable.
Sydney REP No 9—Extractive Industry (No 2— 1995)	Not applicable.
Sydney REP No 16 – Walsh Bay	Not applicable.
Sydney REP 18 – Public Transport Corridors	Not applicable.
Sydney REP 19 – Rouse Hill Development Area	Not applicable.
Sydney REP No 20—Hawkesbury- Nepean River (No 2—1997)	Not applicable.
Sydney REP No 24—Homebush Bay Area	Not applicable.
Sydney REP No 26 – City West	Not applicable.
Sydney REP No 30—St Marys	Not applicable.
Sydney REP No 33—Cooks Cove	Not applicable.
Sydney REP (Sydney Harbour Catchment) 2005	Not applicable.

State Environmental Planning Policy (SEPP) or Regional Environmental Plan (REP)	Comment
Sydney REP No 16 – Walsh Bay	Not applicable.
Sydney REP 18 – Public Transport Corridors	Not applicable.
Sydney REP 19 – Rouse Hill Development Area	Not applicable.
Sydney REP No 20—Hawkesbury- Nepean River (No 2—1997)	Not applicable.
Sydney REP No 24—Homebush Bay Area	Not applicable.
Sydney REP No 26 – City West	Not applicable.
Sydney REP No 30—St Marys	Not applicable.
Sydney REP No 33—Cooks Cove	Not applicable.
Sydney REP (Sydney Harbour Catchment) 2005	Consistent - The Planning Proposal will not contradict or hinder application of this SEPP.

Is the planning proposal consistent with applicable Ministerial Directions (s.117 directions)?

The Planning Proposal has been assessed against each Section 117 Direction. The consistency of the Planning Proposal with these directions is shown in Table 2 below.

Table 2 – Consistency with applicable Ministerial Directions under Section 117

Title	Comment
1.1 Business and Industrial Zones	Not applicable
1.2 Rural Zones	Not applicable
1.3 Mining, Petroleum Production and Extractive Industries	Not applicable
1.4 Oyster Aquaculture	Not applicable
1.5 Rural Lands	Not applicable
2.1 Environment Protection Zones	Not applicable
2.2 Coastal Protection	Not applicable
2.3 Heritage Conservation	Consistent - The Planning Proposal does not contradict or hinder heritage conservation provisions in any applicable LEP.
2.4 Recreation Vehicle Areas	Not applicable
3.1 Residential Zones	Not applicable
3.2 Caravan Parks and Manufactured Home Estates	Not applicable
3.3 Home Occupations	Not applicable
3.4 Integrating Land Use and Transport	Not applicable
3.5 Development Near Licensed Aerodromes	Not applicable
3.6 Shooting Ranges	Not applicable
4.1 Residential Zones	Not applicable

Title	Comment
4.2 Caravan Parks and Manufactured Home Estates	Not applicable
4.3 Home Occupations	Not applicable
4.4 Integrating Land Use and Transport	Not applicable
5.1 Implementation of Regional Strategies	Not applicable
5.2 Sydney Drinking Water Catchments	Not applicable
5.3 Farmland of State and Regional Significance on the NSW Far North Coast	Not applicable
5.4 Commercial and Retail Development along the Pacific Highway, North Coast	Not applicable
5.5 Second Sydney Airport, Badgerys Creek	Not applicable
6.1 Approval and Referral Requirements	Consistent. The Planning Proposal does not include any concurrence, consultation or referral provisions nor does it identify any development as designated development.
6.2 Reserving Land for Public Purposes	Consistent. The Planning Proposal will not affect any land reserved for public purposes.
6.3 Site Specific Provisions	Not applicable
7.1 Implementation of the Metropolitan Plan for Sydney 2036	Consistent.

Section C – Environmental, social and economic impact

Is there any likelihood that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected as a result of the proposal?

The Planning Proposal is unlikely to adversely affect any critical habitat or threatened species, populations or ecological communities or their habitats.

Are there any other likely environmental effects as a result of the Planning Proposal and how are they proposed to be managed?

No - it is unlikely that the proposed amendments will result in development creating any environmental effects that cannot readily be controlled.

Has the planning proposal adequately addressed any social and economic effects?

By applying SEPP 65 and the Apartment Design Guide requirements to service apartments in the assessment process, the economic longevity of a building is increased as the amenity of future occupants has already been considered.

Section D – State and Commonwealth interest

Is there adequate public infrastructure for the planning proposal?

Yes. The proposed amendments do not increase the need for infrastructure.

What are the views of State and Commonwealth public authorities consulted in the gateway determination?

Appropriate consultation will be conducted when the gateway determination is issued. Formal consultation has not yet been undertaken.

Part 4 – Mapping

This Planning Proposal does not amend any maps.

Part 5 – Community Consultation

This Planning Proposal is to be exhibited in accordance with the Gateway Determination once issued by the Greater Sydney Commission. It is anticipated the Gateway Determination will require a public exhibition for a period of not less than 28 days in accordance with section 4.5 of *A Guide to preparing Local Environmental Plans*.

Notification of the public exhibition will be via:

- the City of Sydney website; and
- in newspapers that circulate widely in the area

Information relating to the Planning Proposal will be on display at all of the City of Sydney customer service centres.

Part 6 – Project Timeline

The anticipated timeframe for the completion of the planning proposal is as follows:

Action	Anticipated Date
Commencement / Gateway determination	November 2016 <u>June 2018</u>
Pre-exhibition government agency consultation	January 2017 – February 2017 <u>N/A</u>
Public Exhibition	January 2017 – February 2017 <u>July 2018</u>
Consideration of submissions	February 2017 <u>August 2018</u>
Post exhibition consideration of proposal	March 2017 <u>October 2018</u> (CSPC) March 2017 <u>October 2018</u> (Council)
Draft and finalise LEP	May 2017 <u>November 2018</u>
LEP made (if delegated)	June 2017 <u>N/A</u>
Plan forwarded to DPE for notification	June 2017 <u>N/A</u>