

Item 5.

Post Exhibition - Planning Proposal: Heritage Floor Space Amendment

File No: X020078

Summary

The Heritage Floor Space market continues to experience a supply and demand imbalance driven by the pace of development within Central Sydney, where the unprecedented demand for heritage floor space has outstripped available supply. Starting in 2014, Council introduced changes to increase the supply of heritage floor space, including extending the scheme to government-owned buildings, and allowing an additional award once 25 years have passed. On the demand-side, Council introduced an Alternative Heritage Floor Space Allocation scheme in 2016 to ensure new development in Central Sydney is not hindered as the long-term supply of Heritage Floor Space is restored.

The Planning Proposal: Heritage Floor Space Amendment at Attachment A seeks to extend the application of the Alternative Heritage Floor Space Allocation Scheme for a further two years, by amending the Sydney Local Environmental Plan 2012. The proposed changes modify the date reference in both documents from 1 January 2019 to 1 January 2021.

The Alternative Heritage Floor Space Allocation Scheme allows developers to defer the purchase of heritage floor space until a later stage in the development process. Should the developer be unable to secure heritage floor space, a monetary contribution can be made to Council to be used for heritage conservation that has a public benefit.

In September 2018, Council and the Central Sydney Planning Committee (CSPC) resolved to seek gateway determination to publicly exhibit the planning proposal and amended alternative scheme.

The Department of Planning and Environment issued a Gateway Determination on 22 October 2018 and delegated authority to Council to liaise directly with Parliamentary Counsel to amend the local environmental plan to give effect to the planning proposal. The Gateway Determination is at Attachment D.

The planning proposal and amended alternative scheme were exhibited for 14 days from 2 November to 16 November 2018. The City received one submission which raised a matter not related to the planning proposal.

This report follows the public exhibition and recommends Council approve the planning proposal. It also recommends approval of the amended Alternative Heritage Floor Space Allocation Scheme.

If approved by Council, the City will request Parliamentary Counsel to commence the preparation of the local environmental plan amendment. The local environmental plan will come into effect when it is published on the NSW Legislation website.

Recommendation

It is resolved that:

- (A) Council note that no relevant matters were raised in response to the public exhibition of Planning Proposal: Heritage Floor Space Amendment;
- (B) Council approve Planning Proposal: Heritage Floor Space Amendment, as shown at Attachment A to the subject report, and request the relevant local plan making authority make as a local environmental plan under Section 3.36 of the Environmental Planning and Assessment Act 1979;
- (C) authority be delegated to the Chief Executive Officer to make minor amendments to the Planning Proposal: Heritage Floor Space amendment to correct any minor errors or omissions prior to finalisation; and
- (D) Council approve the amendment to the Alternative Heritage Floor Space Allocation Scheme, shown at Attachment B to the subject report.

Attachments

- Attachment A.** Planning Proposal - Heritage Floor Space Amendment
- Attachment B.** Alternative Heritage Floor Space Allocation Scheme, as amended
- Attachment C.** Resolution of Council of 17 September 2018 and Resolution of the Central Sydney Planning Committee of 13 September 2018
- Attachment D.** Gateway Determination of 22 October 2018

Background

1. In recent years, unprecedented levels of development activity in Central Sydney have absorbed a significant proportion of the available heritage floor space. The remaining unused heritage floor space is not available for purchase as it is held as a long-term asset or reserved for future projects. Since 2014 Council has responded with a number of changes to the heritage floor space scheme to generate additional supply of, and manage the demand for heritage floor space.
2. The changes include the introduction of the Alternative Heritage Floor Space Allocation Scheme adopted by Council in March 2016. This alternative scheme allows for developers to enter into an agreement with Council to defer the purchase of heritage floor space. This permits the development to proceed until such time that the required amount of heritage floor space can be secured or a monetary contribution is made to Council.
3. This planning proposal seeks to extend the Alternative Heritage Floor Space Allocation Scheme arrangements for a period of a further two years to 1 January 2021 as shown at Attachment B. No other changes to the alternative scheme are recommended at this time.
4. Council and the Central Sydney Planning Committee (CSPC) approved the planning proposal and alternative scheme for public exhibition on 17 September 2018 and 13 September 2018 respectively.
5. The Department of Planning and Environment (Department) issued a Gateway Determination for the planning proposal, setting out the requirements for the public exhibition, delegating authority to Council to liaise with Parliamentary Counsel to legally draft and make the local environmental plan. The Gateway Determination is at Attachment D to this report.
6. The Gateway Determination was issued by the Department on 22 October 2018 and requires that the amendment to the Sydney LEP is completed by 31 December 2018. In order to meet this deadline, the City engaged with the Office of Environment and Heritage on 26 October 2018 to meet the public authority consultation requirements in the Gateway Determination.
7. The planning proposal and alternative scheme were publicly exhibited for 14 days in accordance with the Gateway Determination from 2 November 2018 to 16 November 2018.
8. The City sent over 2,500 letters to owners of heritage buildings eligible for heritage floor space as well as contacting relevant local interest groups and industry bodies advising them of the public exhibition of the planning proposal and providing the opportunity to make a submission.
9. The City received one submission from a resident outside of Central Sydney. The submission suggested that heritage-listed terrace houses in Waterloo should have an increase in their Floor Space Ratio. This is not related to the planning proposal, which only applies to the Central Sydney area and which does not propose any changes to Floor Space Ratios. There were no other submissions.

10. This report recommends Council's approval of Planning Proposal: Heritage Floor Space Amendment, at Attachment A, following public exhibition and consequent review of submissions. The planning proposal seeks to extend the current alternative heritage floor space provisions that apply in Central Sydney under the Sydney local Environmental Plan 2012 for an additional two years.
11. This report also seeks Council's approval of the amended Alternative Heritage Floor Space Allocation Scheme at Attachment B. The document has been updated to reflect the extension of the alternative scheme for an additional two years.

Key Implications

Strategic Alignment - Sustainable Sydney 2030 Vision

12. Sustainable Sydney 2030 is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This policy is aligned with the following strategic directions and objectives:
 - (a) Direction 1 - A Globally Competitive and Innovative City - This planning proposal supports the above key objectives and priorities as it will enable conservation of heritage buildings and remove a potential barrier to efficient delivery of new development.

Public Exhibition

13. The planning proposal and amended Alternative Heritage Floor Space Allocation Scheme were exhibited from 2 November 2018 to 16 November 2018.
14. The City sent over 2,500 letters to owners of heritage listed building within Central Sydney to notify them of the public exhibition and to provide information on how to view the supporting documentation.
15. Relevant documents were made available for viewing at the One Stop Shop and on the 'Sydney Your Say' website. The exhibition was also advertised in the Sydney Morning Herald and Central Sydney Courier.
16. The Office of Environment and Heritage were also notified as required by the Department of Planning and Environment's Gateway Determination. There was one submission in response to the public exhibition, raising a matter not related to the planning proposal.

Budget Implications

17. Should developers who make use of the alternative allocation scheme be unable to purchase heritage floor space within the required timeframe, then this will result in a monetary contribution being paid to the City through a planning agreement. Council's Alternative Heritage Floor Space Allocation Scheme identifies that the money can only be spent on heritage works which have a public benefit. City officers will identify projects that deliver a public heritage benefit that can be suitable for funding in line with the options endorsed by Council as funds become available.

Relevant Legislation

18. Environmental Planning and Assessment Act 1979.
19. Environmental Planning and Assessment Regulation 2000.
20. City of Sydney Act 1988.

Critical Dates / Time Frames

21. The Gateway Determination requires that the amendment to the Sydney LEP is completed by 31 December 2018.
22. The Gateway Determination authorises Council to exercise this deletion and liaise directly with Parliamentary Counsel to make the amendment to the local environmental plan. If the planning proposal is approved by Council and the CSPC, the City will commence this process. Once this process is complete and the plan is made, the amendment to the Sydney LEP 2012 will come into effect when published on the NSW Legislation website.
23. The City has engaged with Parliamentary Counsel to undertake preliminary discussions on the forthcoming planning proposal, subject to approval, to ensure the drafting process is expedited in order to meet the drafting deadline set by the Gateway Determination.
24. If approved by Council, the amended Alternative Heritage Floor Space Allocation Scheme will come into effect the same day as the amendment to the LEP.

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