

Attachment A

<p>Planning Proposal – Heritage Floor Space Amendment</p>
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Planning Proposal: Heritage Floor Space amendment



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Executive summary

The City of Sydney (the City) has prepared this planning proposal for amendments to the heritage floor space scheme.

This planning proposal explains the intent and justification for the proposed amendment to the Sydney Local Environmental Plan 2012 (LEP). This planning proposal has been prepared by the City in accordance with Clause 3.33 of the Environmental Planning and Assessment Act 1979 and the Department of Planning, Housing and Infrastructure's Environment's Local Environmental Plan Making Guideline.

This planning proposal proposes to extend the alternative heritage floor space allocation arrangements for a period of a further 5 years to 1 January 2031. This extension will ensure that development will be able progress in the event that the supply of heritage floor space does not continue to keep up with the demand for purchasing and allocating heritage floor space to a development to satisfy a condition of consent.

The planning proposal will enable development to proceed that will be consistent with the Central Sydney Planning Strategy and contribute to the vision and aims of the Strategy by providing additional employment space, protecting, enhancing and expanding Central Sydney's heritage and public places, and supporting design excellence.

1. Background

Heritage Floor Space (HFS) planning controls in the Sydney LEP are the legal framework for a scheme under which owners of heritage buildings in Central Sydney may be awarded HFS after completing conservation works to their building.

HFS may be sold to developers who, as a condition of using bonus or accommodation floor space, are required to allocate HFS to their development.

In July 2016, the planning controls were amended in response to the shortage of available HFS in the market and to increase long-term supply including:

- temporary alternative arrangements to allow development applications made before 1 January 2019 to defer HFS allocation requirements by entering into a planning agreement with Council
- enabling heritage buildings granted an award of HFS more than 25 years ago to be eligible for a new award of HFS
- extending the scope of the scheme to allow more government-owned properties to be eligible for the award of HFS

The alternative arrangement is a temporary scheme to address the ongoing but temporary shortage of available HFS in the market and allow additional time for an increase in long-term supply.

The alternative arrangement allows developers to enter into a planning agreement with Council to defer the allocation of HFS until after works have commenced while the developer makes ongoing attempts to purchase the HFS, allowing development to proceed. If after making ongoing and genuine attempts to purchase HFS the developer is still unable to do so, a monetary contribution can be made payable to Council which is to be used for heritage conservation works. This is set out in the Alternative Heritage Floor Space Allocation Scheme, adopted by Council in March 2016.

The supply of HFS has improved since 2021, with further HFS award applications continuing to be lodged, including applications for new awards of HFS 25 years after the first awards were registered. Although this upwards trend is continuing, it is not certain that HFS supply will continue to meet demand which is also projected to increase over the next 5 years.

To ensure the alternative arrangement does not end prematurely, this planning proposal proposes to extend the alternative heritage floor space allocation arrangements for a period of a further 5 years to 1 January 2031. This extension will ensure that development will be able to progress should the supply of heritage floor space not keep up with projected demand.

2. Objectives and intended outcomes

The objective of the planning proposal is to amend the Sydney Local Environmental Plan 2012 to extend the temporary period for alternative arrangements in relation to the allocation of HFS by 5 years.

3. Explanation of provisions

The proposal seeks to amend Clause 6.11A(4) of the Sydney LEP from:

- This clause applies only in relation to an application for development consent that is made before 1 January 2026,

to:

- This clause applies only in relation to an application for development consent that is made before 1 January 2031.

4. Justification of strategic merit

4.1 Need for the planning proposal

Is the planning proposal a result of an endorsed Local Strategic Planning Statement, strategic study or report?

This planning proposal is the result of monitoring of the supply and demand of HFS through Council's register and forecasting future supply and demand. The supply of HFS has been improving since 2021 as more applications are being lodged, however extending the period for the temporary arrangement to apply overcomes any potential temporary shortage of HFS in the market that may occur and not hinder the delivery of development projects.

The current supply of HFS, including registered awards with contact details available, or interim awards that have been approved but not yet registered, is around 49,000sqm.

Current demand for HFS by developments is currently around 41,000sqm, based on development applications approved but not yet commenced, or they have entered into the Alternative Scheme but can still purchase HFS in the market.

We forecast another potential 130,000sqm of supply to 2030 as applications for new awards are lodged based on current discussions with owners and re-award opportunities arising after 25 years. After 2030, we are forecasting around 15,000sqm a year based on long term averages.

Additional demand to 2030 is forecast to be around 100,000sqm based on planning proposals and development applications in the pipeline. After 2030, we are forecasting an average of around 15,000sqm per year based on long term averages.

Although the forecasts of supply and demand are positive and suggest the market can function as intended, economic fluctuations over time can be unpredictable. Keeping the alternative scheme active for some additional time in case the market does not keep reflecting the forecasts has merit. This will ensure projects that are able to progress and will not be hindered by any shortage of heritage floor space that may occur in the market.

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

The planning proposal is the best, most efficient and most time effective approach to delivering the desired outcome. Without an extension of time, proponents may not be able to use the alternative arrangement and development in Central Sydney may be delayed.

4.2 Relationship to the strategic planning framework

Will the planning proposal give effect to the objectives and actions of the applicable regional or district plan or strategy (including any exhibited draft plans or strategies)?

The Greater Sydney Region Plan

A Metropolis of Three Cities – The Greater Sydney Region Plan is the NSW Government's overarching strategic plan for growth and change in Sydney. The 20 year plan provides a 40 year vision that seeks to transform Greater Sydney into a metropolis of three cities, being the Western Parkland City; the Central River City; and the Eastern Harbour City.

It identifies key challenges facing Greater Sydney, including a projected population increase of 1.7 million and the associated requirements to deliver 725,000 new homes and create 1 million new jobs by 2036.

The Plan outlines how Greater Sydney will manage growth and change and guide infrastructure delivery. The Plan is to be implemented at a local level by District Plans. This planning proposal is consistent with several relevant directions and objectives of the Plan, as follows:

- **Liveability** – the proposal will support the conservation and enhancement of environmental heritage by ensuring the HFS scheme will continue.
- **Productivity** – the proposal will enable the delivery of additional floor space in Central Sydney that contributes to the growth of Sydney's economy while also protecting important heritage buildings.

Eastern City District Plan

The Eastern City District Plan sets out the NSW Government's vision, priorities and actions for the Eastern District of the Greater Sydney area, which includes the City of Sydney. It establishes a 20 year vision for the Eastern District to be a global sustainability leader, managing growth while maintaining and enhancing liveability, productivity and attractiveness for residents, workers and visitors. Planning priorities and associated actions for productivity, liveability and sustainability seek to deliver on this vision.

This planning proposal is consistent with the following priorities from the Plan:

- **Planning Priority E6 – Creating and renewing great places and local centres and respecting the District's heritage**
- **Planning Priority E7 – Growing a stronger and more competitive Harbour CBD**
- **Planning Priority E11 – Growing investment, business opportunities and jobs in strategic centres**

This planning proposal is consistent with these priorities as it will enable conservation of heritage buildings while removing a potential barrier to efficient delivery of new development.

Is the planning proposal consistent with a council Local Strategic Planning Statement that has been endorsed by the Planning Secretary, or another endorsed local strategy or strategic plan?

Sustainable Sydney 2030-2050: Continuing the vision

Sustainable Sydney 2030-2050 is the vision for sustainable development of the City of Sydney to 2030 and beyond. The plan outlines the City's vision for a 'green', 'global' and 'connected' city and sets targets, objectives and actions to achieve this vision. It includes 10 strategic directions to guide the future of the local government area. This planning proposal is aligned with the following relevant strategic directions and objectives:

- **Direction 4 – Design excellence and sustainable development** – by supporting the operation of the heritage floor space scheme to conserve important heritage buildings, and contribution to celebrate the character of Central Sydney.

Local Strategic Planning Statement – City Plan 2036

City of Sydney's endorsed Local Strategic Planning Statement, City Plan 2036, sets the land use planning context, 20-year vision and planning priorities to positively guide change towards the City's vision for a green, global and connected city. The planning statement explains how the planning system will manage change to achieve the desired outcomes, and guides future changes to the City's controls, including those sought by proponents through planning proposals. This planning proposal gives effect to the following priorities of the Statement:

Productivity

- **P1. Growing a stronger, more competitive Central Sydney** – This planning proposal supports growth in Central Sydney by removing any barriers to timely development in the city

Central Sydney Planning Strategy

The Central Sydney Planning Strategy is a 20-year growth strategy that revises previous planning controls and delivers on the City's Sustainable Sydney 2030-2050 Continuing the Vision. As the economic heart of Australia's global city, Central Sydney plays a critical role in the continued growth and economic success of Greater Sydney and the national economy.

The Strategy includes opportunities for additional height and density in the right locations balanced with environmental sustainability and sets criteria for excellence in urban design. This planning proposal is aligned with the following relevant key moves of the Strategy:

- **1. Prioritise employment growth and increase capacity**
- **7. Protect, enhance and expand Central Sydney's heritage and public places**
- **9. Reaffirm commitment to design excellence**

The planning proposal is consistent with these three moves by supporting the operation of the heritage floor space scheme to conserve important heritage buildings, contribution to celebrate the character of Central Sydney.

Is the planning proposal consistent with any other applicable State and regional studies or strategies?

There are no other applicable state or regional strategies.

Is the planning proposal consistent with applicable State Environmental Planning Policies?

State Environmental Planning Policy	Comment
SEPP (Biodiversity and Conservation) 2021	Consistent
SEPP (Exempt and Complying Development Codes) 2008	Consistent
SEPP (Housing) 2021	Consistent
SEPP (Industry and Employment) 2021	Consistent
SEPP (Planning Systems) 2021	Consistent
SEPP (Precincts–Eastern Harbour City) 2021	Consistent
SEPP (Resilience and Hazards) 2021	Consistent
SEPP (Resources and Energy) 2021	Consistent

State Environmental Planning Policy	Comment
SEPP (Sustainable Buildings) 2022	Consistent
SEPP (Transport and Infrastructure) 2021	Consistent
SEPPs that are not applicable to this planning proposal	SEPP (Precincts – Central River City) 2021, SEPP (Precincts – Regional) 2021, SEPP (Precincts – Western Parkland City) 2021, SEPP (Primary Production) 2021.

Is the planning proposal consistent with applicable Ministerial Directions (section 9.1 Directions) or key government priority?

Table 4: Consistency with Ministerial Directions

Ministerial Direction	Comment
Focus area 1: Planning Systems	
1.1 Implementation of Regional Plans	Consistent. This proposal gives effect to the Greater Sydney Region Plan as detailed above.
1.3 Approval and Referral Requirements	Consistent. No provision includes concurrence, consultation or referral provisions, or identifies any designated development.
Focus area 3: Biodiversity and Conservation	
3.1 Conservation Zone	Consistent. No amendment in this proposal hinders the application of this Direction.
3.2 Heritage Conservation	Consistent. No amendment in this proposal hinders the application of this Direction.
Focus area 4: Resilience and Hazards	
4.1 Flooding	Consistent. No amendment in this proposal hinders the application of this Direction.
4.2 Coastal Management	Consistent. No amendment in this proposal hinders the application of this Direction.
4.4 Remediation of Contaminated Land	Consistent. No amendment in this proposal hinders the application of this Direction.

Ministerial Direction	Comment
4.5 Acid Sulfate Soils	Consistent. No amendment in this proposal hinders the application of this Direction.
Focus area 5: Transport and Infrastructure	
5.1 Integrating Land Use and Transport	Consistent. No amendment in this proposal hinders the application of this Direction.
5.3 Development near Regulated Airports and Defence Airfields	Consistent. No amendment in this proposal hinders the application of this Direction.
Focus area 6: Housing	
6.1 Residential Zones	Consistent. No amendment in this proposal hinders the application of this Direction.
6.2 Caravan Parks and Manufactured Home Estates	Consistent. No amendment in this proposal hinders the application of this Direction.
Focus area 7: Industry and Employment	
7.1 Employment Zones	Consistent. This planning proposal supports the delivery of employment growth in suitable locations.
Ministerial Directions not applicable to this proposal	1.2 Development of Aboriginal Land Council land; 1.4 Site Specific Provisions; 1.4A Exclusion of Development Standards from Variation; Focus Area 1 Planning Systems – Placed-based; 3.3 Sydney Water Drinking Catchments; 3.4 Application of C2 and C3 Ones and Environmental Overlays in Far North Coast LEPs; 3.5 Recreation Vehicle Areas; 3.6 Strategic Conservation Planning; 3.7 Public Bushland; 3.8 Willandra Lakes Region; 3.9 Sydney Harbour Foreshores and Waterways Area; 3.10 Water Catchment Protection; 4.3 Planning for Bushfire Protection; 4.6 Mine Subsidence and Unstable Land; 5.2 Reserving Land for Public Purposes; 5.4 Shooting Ranges; 5.5 High Pressure Dangerous Goods Pipelines; 7.2 Reduction in Non-Hosted Short-Term Rental Accommodation Period; 7.3 Commercial and Retail Development along the Pacific Highway, North Coast; Focus Area 8 Resources and Energy; Focus Area 9 Primary Production

4.3 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 because of the proposal?

No. The Planning Proposal will not adversely affect any critical habitat or threatened species, populations or ecological communities or their habitat.

Are there any other likely environmental effects of the planning proposal and how are they proposed to be managed?

No. The Planning Proposal relates to the extension of time for an existing alternative arrangement and does not relate to physical works.

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

Yes. While any change to the Heritage Floor Space planning controls will have an effect on the Heritage Floor Space market, the proposed change is likely to have a minor impact only. More significantly, it will remove a potential barrier to timely property development in Central Sydney by assisting to ease a temporary shortage of available stock in the Heritage Floor Space market.

4.4 Infrastructure (Local, State and Commonwealth)

Is there adequate public infrastructure for the planning proposal?

Yes. The proposed amendment does not increase the need for infrastructure.

4.5 State and Commonwealth interests

What are the views of state and federal public authorities and government agencies consulted in order to inform the Gateway determination?

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

5. Maps

This Planning Proposal does not amend any maps.

6. Community consultation

This Planning Proposal is to be exhibited in accordance with the Gateway determination once it is issued by the Department of Planning and Environment. It is anticipated the Gateway determination will require a public exhibition for a period of not less than 14 days in accordance with Schedule 1 Item 4 of the Environmental Planning and Assessment Act 1979, Local Environmental Plan Making Guideline, and the City of Sydney's Community Participation Plan.

Notification of the public exhibition will be via:

- the City of Sydney website; and
- key state agencies (Heritage NSW, Property NSW) industry bodies (including Property Council Australia NSW) and relevant community groups.

7. Project Timeline

The anticipated timeline for the completion of the Planning Proposal is as follows:

Action	Anticipated Date
Gateway determination	September 2025
Pre-exhibition government agency consultation	October 2025
Public exhibition	October 2025
Consideration of submissions	November 2025
Post-exhibition consideration and reporting	December 2025
LEP drafting	January 2026
LEP made (if delegated)	January 2026
Plan forwarded to Department of Planning, Housing and Infrastructure for notification	January 2026

