

14 May 2024

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Dear Ms Johnston

## ***Planning Proposal – Build-to-rent housing and co-living housing in Central Sydney***

I write in response to the Build-to-Rent Housing and Co-Living Housing Planning Proposal. Urban Taskforce welcomes the City of Sydney's initiative to amend the Sydney LEP 2012 and praises the stated objective of remedying the rental housing shortage.

Limited density and uncertainty within Sydney's strategic planning framework regarding BTR and co-living projects is a major concern as NSW faces the worsening housing crisis. BTR and co-living projects have the potential to provide a contribution towards the targets of the National Housing Accord, if the opportunity to allow feasible development is taken at the local level.

It is important that any incentivisation extended to housing supply proponents can be realised in the context of property development market dynamics and the broader environmental planning framework in NSW.

### **Common Spaces and Shared Facilities**

The proposed amendment of Clause 6.4 would introduce a sub-clause to build-to-rent and co-living housing in the SP5 zone. It would restrict dwellings on levels 1 and 2 above the ground floor to "protect residential amenity", while allowing for non-residential uses or communal spaces associated with the build-to-rent or co-living development.

This proposal is accompanied by the example of Pitt Street Mall; an anomalous exemplar, as it is driven by spatial provisions for the mechanical equipment to support the Metro rather than a design brief requirement.

Our members typically locate amenity areas at upper levels to provide higher-value areas for all residents. Mandating lower levels for common spaces and shared facilities would reduce resident amenity outcomes and project viability and result in more amenity than is required by the Housing SEPP.

Requiring all common spaces and shared facilities be located on first and second floors also defies traditional residential design limits the options of architects for providing amenity to best fit the spaces and services required throughout the building.

As a means of allowing amenity to be placed where residents require them through design, while providing space for future active and ancillary uses, an increased ground floor height could be utilised, provided this was added to the total permissible height of the building.

There are many examples in the CBD of residential and temporary accommodation provided at first floor level, where the ground floor ceiling height is raised. These higher ceilings would provide space for mechanical and other infrastructure and more options for street level amenity in the near and long term.

**Recommendation 1: that ground floor maximum height be raised, along with a commensurate increase in the permissible height of the building, to sufficiently protect residential amenity and ancillary uses and that residential usage is only restricted at one floor above ground.**

### **The Five-Year Period for Floor Space Incentives**

Temporary accommodation floor space incentives have been proposed for applications lodged within five years from the making of the amendment. The application of this timeframe is concerning when the realities of property development are taken into consideration.

For a new urban project to take advantage of this incentive, it would effectively need to begin immediately and, in a worst-case scenario, progress through site selection/acquisition, concept development, preliminary design, consultations, financing/budgeting as well as environmental and expert reports at a speed rarely seen.

To make these incentives functional, given the practical realities of property development in the City of Sydney, and to hold true to the stated objective to mitigate the effect of the rental housing shortage, a longer timeframe of 10 years should be considered, that allows BTR and co-living housing supply proponents time to respond.

**Recommendation 2: that the period of validity for the floor space incentives be valid on projects submitted within ten years of the making of the amendment.**

## Co-living Area Restrictions

Co-living and BTR are each unique housing development types with their own attributes that each require their own regulation. Members of Urban Taskforce are increasingly conceiving of these categories as being co-located in the same building or development.

For future housing flexibility, the restriction to co-living usage (currently only in Area 4) should be amended to allow it to exist anywhere that BTR is proposed. This would increase housing diversity and align with the direction of Co-living and BTR usages being co-located in future buildings.

**Recommendation 3: that the area restrictions to 'co-living' usage be removed and allowed in all areas where BTR developments are proposed.**

## Removal of Minimum Lot Size for Co-Living

Co-living models used by our members efficiently use smaller lot sizes to provide fully serviced living spaces which cater to singles, couples, and employment types that are known to take advantage of these housing types including 100% remote workers or "digital nomads".

This approach can be particularly beneficial in densely populated areas of the city of Sydney where real estate is at a premium.

Removing minimum lot size requirements could facilitate the development of more BTR or co-living properties, helping to maximise land use efficiency and increase housing stock in core urban areas, and in some cases, provide affordable housing for key workers that the city needs to function effectively.

**Recommendation 4: that the minimum lot size for co-living developments be removed.**

## Expansion of Floor Space Ratio (FSR) Bonuses

The policy's stated objectives are to facilitate and incentivise "aligned" BTR and Co-Living developments, update planning controls and improve clarity and usability. Fundamental to these goals is the expansion of FSR and clarity of these changes. The imperative is to support that those proposals which align with the truth.

Accommodation floor space has only increased in (c) Area 2 (from 4.5:1 to 6:1) and (e) Area 3 (from 2.5:1 to 3.5:1). (a) Area 1 has even reduced (from 6:1 to 4.5:1).

The proposed exclusions from the Housing SEPP would remove the 10% FSR incentive for Co-living.

This results in an insufficient incentive to obviate the difficulties of developing co-living or BTR in the City. Any reduction in incentives for BTR or Co-living should be removed.

These carve-outs, if implemented, would make delivering BTR and co-living harder in the City of Sydney than elsewhere. To aid housing project viability, there needs to be a clear allowance that shows a net floor space area increase. This needs to take into account both setbacks and FSR.

**Recommendation 5: that there is clarity in incentives through to retaining of the 10% FSR incentive from the Housing SEPP.**

**Recommendation 6: that the floor space ratio bonuses match the maximum bonus already available in the relevant area.**

### **Apartment Design Guide and Daylight Access**

The Apartment Design Guide provides requirements for apartments within the City of Sydney. These are appropriate for apartments in general. However, Co-living and BTR residents are often key workers or shift workers who do not have the same requirements or desires for sunlight access.

Flexibility in the daylight access and balcony requirements of the Apartment Design Guide would allow co-living and BTR developments to cater for their residents open up new opportunities in the inner city for appropriate density.

**Recommendation 7: that provision is made within co-living and BTR housing for flexible daylight access and balcony requirements.**

Should you wish to discuss this matter further, please call our Planning and Research and Policy Analyst Benjamin Gellie on 9238 3969 or via email [benjamin@urbantaskforce.com.au](mailto:benjamin@urbantaskforce.com.au)

Yours sincerely



**Tom Forrest**  
Chief Executive Officer