

GATEWAY REVIEW Justification Assessment

Purpose: To request that the Independent Planning Commission review the Gateway determination, consider the information provided by Council and provide advice regarding the merit of the review request.

Dept. Ref. No:	GR-2021-12		
LGA	Randwick City Council		
LEP to be Amended:	Randwick Local Environmental Plan 2012		
Address/ Location:	Various sites and LGA wide		
Proposal:	Randwick Comprehensive Planning Proposal (PP-2021-4267)		
Review request made by:	The Council A proponent		
Reason for review:	 A determination has been made that the planning proposal should not proceed. A determination has been made that the planning proposal should be resubmitted to the Gateway. A determination has been made that has imposed requirements (other than consultation requirements) or makes variations to the proposal that the proponent or council thinks should be reconsidered. 		

Background information

Details of the	Planning proposal
planning proposal	The planning proposal (Attachment A) is a review of the Randwick Local Environmental Plan (LEP) 2012 to align with the strategic directions of the Eastern City District Plan and Randwick Local Strategic Planning Statement (LSPS), and implement the findings and recommendations of other local strategies and studies. It also responds to landowners' rezoning requests and includes miscellaneous amendments.
	 Relevant to the Gateway review request, the planning proposal sought to: introduce a new exempt development provision in the LEP to limit the number of days that non-hosted short-term rental accommodation (STRA) can operate in a calendar year to a maximum of 90 days. introduce a local character overlay (clause, mapping and definition) to give effect to three Local Character Areas being, The Bays, Northern Coast and Southern Coast. rezone the site at 1903R Botany Road, Matraville from RE1 Public Recreation to RE2 Private Recreation in response to a landowner's request.
	Site description Relevant to the Gateway review request, there is one specific site at 1903R Botany Road, Matraville, while the rest of the conditions under review relate to broader areas or are LGA wide.

1903R Botany Road, Matraville

The planning proposal and Gateway review request include a site at 1903R Botany Road, Matraville, legally described as Lot 1 DP 219847 (**Figure 1**). The site is privately owned however is zoned RE1 Public Recreation and nominated for acquisition by Council under the Land Reservation Acquisition Map and clause 5.1 of the Randwick LEP. The exact area of the site is not specified in the proposal but is estimated to be approximately 3,355 sqm.

The site is vacant/undeveloped and is surrounded by Port Botany industrial uses (IN1 General Industrial; west and south), low scale residential (R2 Low Density Residential; north) and land zoned for public open space (RE1 Public Recreation; east) (**Figure 2**). Bunnerong Creek runs through the northern part of the lot.

The planning proposal states that the site is mapped as containing Class 4 acid sulfate soils and that there may be potential soil and groundwater contamination on the site, which should be invesitgated prior to finalising any rezoning.



Figure 1: Aerial view showing 1903R Botany Road, Matraville in blue outline (Base source: Nearmap)

The owner of the site also owns the adjoining land to the west which includes an easement for access.

	Figure 2: Land zoning map showing 1903R Botany Road, Matraville in yellow outline (Source: ePlanning Spatial Viewer)		
Reasons for Gateway determination	On 12 September 2021, a Gateway determination (Attachment B) was issued by the Department subject to several conditions. The Gateway determination included conditions requiring the planning proposal and supporting documentation to be revised prior to public exhibition (conditions 1. a) – I)), including to remove the following provisions in the proposal as they were not supported:		
	1.b) - Remove the proposed exempt development provision for non-hosted short-term rental accommodation.		
	1.c) - Remove the proposed local character provision, mapping and local character statements.		
	1.d) - Remove the proposed rezoning of the land at 1903R Botany Road, Matraville from RE1 Public Recreation to RE2 Private Recreation.		
	The reasons for these Gateway conditions are outlined later in this report as part of the Department's assessment.		
	There were also conditions $(2. a) - c)$ requiring various revisions to the planning proposal prior to finalisation. These conditions are not subject to the Gateway review request by Council.		
	As outlined in the Department's Gateway assessment report (Attachment C), the Gateway determination was issued on the basis that the planning proposal:		
	 is consistent with the Eastern City District Plan, Council's local strategic plans and studies, and relevant State Environmental Planning Policies (SEPPs); will give effect to the priorities and actions in the Randwick LSPS and Local Housing Strategy (LHS); will contribute to housing supply that is more diverse and affordable; will promote heritage conservation, design excellence, a diverse and vibrant local economy, and liveable and socially connected places; will introduce provisions to promote environmental sustainability; and 		

 the proposed rezoning of 1903R Botany Road, Matraville, is not supported and a Gateway condition was imposed to remove this.
Gateway alteration request
On 10 November 2021, Council submitted a Gateway alteration request to amend Conditions 8 and 9 to extend the timeframes for exhibition and reporting (to Council for a final recommendation) of the planning proposal. Council does not propose any change to the overall timeframe for completing the LEP (12 months from Gateway determination, being 12 September 2022).
The Gateway alteration was approved and issued on 15 December 2021 (Attachment Gateway Alteration).

Council's views

Details of justification	On 5 November 2021, the Department received Council's Gateway review request (Attachment Form and Attachment Request). The request is in response to conditions 1.b) - d) imposed on the planning proposal as part of the Gateway determination.
	A summary of Council's Gateway review request justification for each condition is provided below. The full justification is provided in Attachment Request .
	Review of condition 1.b) - Short-term rental accommodation (STRA)
	The review request seeks to delete Gateway condition 1.b) – 'Remove the proposed exempt development provision for non-hosted short-term rental accommodation.' Council considers this condition 'would reduce residential amenity and impact on the available rental stock and increased rents in the long term in the coastal and inner-eastern city areas of Randwick City'.
	 Council raises the following reasons in support of a reduced non-hosted STRA day limit: Council has a high number of STRA listings (the Local Housing Strategy indicates that there were 3,346 listings on Airbnb in the LGA – 59.6% entire homes/apartments, 38.5% private rooms only and 1.9% are shared rooms – Source, Inside Airbnb 2019). Council considers a 90-day non-hosted STRA limit is more appropriate than the 180-day limit in the Affordable Rental Housing SEPP. The limit is in line with its LSPS and Housing Strategy. Concern around the impact on available medium-term rental stock and increased rents. Concern around amenity and compliance issues from STRA occupants.
	Review of condition 1.c) - Local character
	The review request seeks to delete Gateway condition 1.c) – ' <i>Remove the proposed local character provision, mapping and local character statements.</i> '
	 Council raises the following matters in support of their request: The local character provisions are consistent with Council's LSPS, Housing Strategy (endorsed by the Department) and the Department's policy on local character. Council has invested significant time and financial resource developing their local character work, including community consultation.

	TI 1000 1	and a construction for a construction of the the December of the the
	 exclusion from 2008 to removing policy. The proposal in of residential zioutside of the Transferring the same statutory 	udes a priority for working with the Department to seek an the SEPP (Exempt and Complying Development Codes) the the local character areas from the housing section of the s for three local character areas which only comprise 13% coned land in the LGA, leaving a significant amount of land local character areas. The local character provisions to the DCP will not carry the tweight of the LEP.
	proposed rezoning of Public Recreation to 'would continue to s	seeks to delete Gateway condition 1.d) – 'Remove the of the land at 1903R Botany Road, Matraville from RE1 o RE2 Private Recreation.' Council considers the rezoning upport the recreational needs of the community and s the private ownership of the site.'
	 the land is currused for public the site is not of 	currently accessible to pedestrians or vehicles, is of poor
		s a waterway running through it.
		onfirmed to current and previous landowners, most the 2019, that it is not in a position to purchase the site.
	-	n Space and Recreation Needs Study (2020) found that
		Il placed to meet the needs of the existing and future
		d the adjoining RE1 land will remain and cater for the
Meterial provided in	needs of the n	earby population.
Material provided in support of		
application/proposal		
	Council has provided request:	d the following documents to support its Gateway Review
	Attachment Request	Gateway Review Submission/Justification, November 2021
	Attachment Form	Gateway Review Request Application Form
	Attachment	Planning Proposal
	Proposal	
	Attachment	Gateway Alteration
	Gateway Alteration	
	Attachment A	Planning Proposal Timeline
	Attachment B	LEP Clauses and Schedules [of] Changes
	Attachment C	LEP Map Changes
	Attachment D	SEPP Compliance Table
	Attachment E Attachment F	Ministerial Directions Compliance Table Data Sheets Neighbourhood Centres and Rezoning
		Requests
	Attachments	Draft Local Character Statements for Northern Coast,
	G(1) – (3)	Southern Coast and The Bays
	Attachment	Heritage Studies Edgecumbe Estate HCA and Randwick
1	H(1)	Junction Heritage Items

Attachments H(2) and (3)	Randwick Heritage Study Volume 1 – Heritage Conservation Review and Volume 2 – Community Nominations
Attachments I(1) – (5)	Urban Design Analysis Report for West Randwick Housing Investigation Area (HIA), Kensington North HIA, Arthur Street HIA, Magill Street HIA and Kingsford South HIA
Attachment J	Draft Affordable Housing Plan – Housing Investigation Areas

Assessment summary

Department's	Condition 1.b) - Short-term rental accommodation (STRA)
assessment	The Department notes the justification provided by Council for the Gateway review request on the STRA condition. However, the Department's position remains unchanged on the condition. The key matters are considered below.
	<u>Variation from the state-wide approach to STRA</u> A state-wide planning policy for STRA in NSW has been recently introduced. The new provisions were endorsed and made by the NSW Government on 9 April 2021 and commenced on 1 November 2021. The provisions are intended to create a consistent state-wide approach to managing this growing segment of the tourism industry. The policy amended the then State Environmental Planning Policy (Affordable Rental Housing) 2009 (ARH SEPP) and the <i>Environmental Planning and</i> <i>Assessment Regulation 2000</i> (EP&A Regulation). The provisions, amongst others, allow for non-hosted STRA in a dwelling for 180 days in any 365-day period within Greater Sydney. These STRA provisions have been transferred to the new Housing SEPP, which replaces the ARH SEPP amongst others, and commenced on 26 November 2021.
	The planning proposal's proposed exempt development provision for non-hosted STRA seeks to reduce the cap from 180 days to 90 days per year. As advised in the Department's Gateway determination assessment report, the ARH SEPP (or any replacement SEPP) will prevail over the LEP to the extent of any inconsistency, rendering any proposed LEP amendment redundant. Aside from this, the Department does not consider the proposed STRA provision to be adequately justified or required to support the planning proposal.
	The Department's Housing Policy team who oversee the STRA policy were consulted on this aspect of the proposal both during the Gateway assessment stage, and again as part of the Gateway review. The Housing Policy team do not support the reduced non-hosted STRA provision and their comments have been incorporated into this assessment.
	The Department notes the 180-day limit for non-hosted STRA in Greater Sydney was set by the Government after extensive stakeholder consultation and careful consideration of the impacts of STRA on the overall rental market. Further, having a consistent approach creates the right economic circumstances for investment and builds a common understanding across the community about how the positive and negative impacts of STRA will be managed.
	Application and impact of proposed day limit Council has not provided any detailed information to explain the economic and social impacts of the existing non-hosted STRA 180-day limit provision. The provision recently commenced on 1 November 2021 so the impact would not yet be expected to be known. This is an issue that was also recognised by the Randwick Local

Planning Panel (LPP), who considered this aspect of the planning proposal on 13 April 2021.
The Randwick LPP did not support the change to the day limit for non-hosted STRA and stated 'the Panel does not consider that there is sufficient evidence at this stage to justify a different day limit.' The LPP advised Council that 'the implementation of the proposed limit should be monitored for at least 12 months so that a better understanding of the implications on rental accommodation is provided.'
The Department concurs with the LPP statements. Overall, it is considered that Council has not demonstrated the need, nor provided an adequate justification of why a local approach is necessary to manage the potential impacts of STRA in the LGA.
STRA Premises Register and Code of Conduct Part of the recent STRA policy included an amendment to the EP&A Regulation to create a new Government-run online mandatory STRA premises register. This is intended to ensure compliance with new fire safety standards, track the day limits of each STRA dwelling and provide details to assist councils with monitoring STRA in their LGAs.
The register has been set up as a key tool to collect data (that currently does not exist) and will provide information to help government better understand the economic impacts of STRA, including on the rental market, so that informed decisions can be made about future regulatory settings. The intention is that the policy should run as is, and any future amendments would in part be based on the evidence that the register has collected.
Council in its justification report, raised a comment around noise, amenity impacts and compliance issues arising from STRA. However, no details (statistics and particulars) on complaints relating to STRA are provided. There is a mandatory Code of Conduct titled <i>'Code of Conduct for the Short-term Rental Accommodation Industry'</i> in place made by the NSW Department of Customer Service which commenced on 18 December 2020. The Code imposes obligations on booking platforms, hosts, letting agents and guests relating to operation of STRA.
In August 2020, major STRA booking platform Airbnb introduced a global ban on parties and events at Airbnb listings and prohibition of gatherings of more than 16 people. The ban applies to all future bookings on Airbnb and will remain in effect indefinitely until further notice according. ¹ Breach of the policy may result in guests and/or hosts being suspended or removed from the platform.
Relevant properties must be registered before they can be advertised or offered for short-term rental. The Code creates minimum standards of behaviour and requirements for all industry participants. In its Gateway review request, Council itself acknowledged the Code, stating that <i>…the mandatory Code of Conduct may go some way to addressing these issues</i> [noise, inappropriate activity and general community disruption from occupants]'.
Randwick Local Housing Strategy (LHS) Council states in its justification that the proposed provision to limit the number of days for non-hosted STRA is in line with its Local Housing Strategy. However, the Department's letter of approval for the Randwick LHS dated 23 June 2021, advises that the LHS action (Action 2.7) for a 90-day threshold on STRA in the LEP is not

¹ www.airbnb.com.au/help/article/2704/party-and-events-policy

supported and therefore, not endorsed as part of the LHS approval. The provision is therefore inconsistent with the LHS approval.

Justification and evidence

Any change to the STRA policy may be pursued through a separate process and supported by appropriate studies to justify and demonstrate the need for this aspect. The current planning proposal did not include an appropriate evidence base, such as economic and social impact assessments. The Gateway review request includes some figures on the number, types and average nightly cost of STRA listings in Randwick, however these data are at a high level and outdated as they were drawn from 2015, 2018 and 2019. As such the figures do not account for any impacts or trends on the STRA sector from the COVID-19 pandemic.

Recommendation

The Department's position is unchanged and it is recommended that the Gateway condition remain.

Condition 1.c) - Local character provision/overlay

The planning proposal seeks to implement three proposed local character statements in response to planning documents released by the Department (see details below).

The Department notes the justification provided by Council in the Gateway review request on the local character condition. However, the Department's position remains unchanged on the condition. Key matters are considered below.

<u>Uncertainty regarding approval of the Department's local character provision</u> As mentioned by Council, the Department has been considering and outlining the tools available to councils to incorporate the consideration of local character into strategic planning since 2018. Local character overlays were first identified as a mechanism for embedding local character into the planning framework in January 2018 in Planning System Circular PS 18-001 *'respecting and enhancing local character in the planning system.'* In 2019, the Department released a *Local Character and Place Guideline* and *Discussion Paper – Local Character Overlays*, which further explored a proposed approach for introducing local character overlays into the Standard Instrument LEP but was not finalised.

As advised in the Gateway determination report, from November 2020 to January 2021 the Department exhibited an *Explanation of Intended Effect* [EIE] – *Local Character Provision* for a standardised approach to local character through a proposed local character model clause in the Standard Instrument LEP. The local character provision would allow a council to adopt a map overlay and a local character statement. The local character statement would describe an area's existing character and set out its desired future character.

Submissions from the EIE exhibition revealed mixed feedback on the local character clause. Integrating local character into the planning system as exhibited in the EIE will not be progressing at this time. There has been no amendment to the Standard Instrument LEP to enable the inclusion of a local character model clause and map overlay. There is currently no Department-endorsed statutory pathway to include local character in LEPs and this has been explained in the Gateway assessment report.

Council states that the Gateway condition in question is against the Department's own local character policy, however, as discussed above, the Department does not currently have an endorsed policy.

The Department is exploring new approaches allowing council, developers and communities to consider their local area when designing new buildings and suburbs in a

more holistic way. This is reflected in the design principles of the *Design and Place State Environmental Planning Policy* with culture, character and heritage continuing to be an important design consideration.

No pathway is currently available to map local character areas in a local environmental plan. Additionally, the Department does not support local character as a basis to exclude areas from the application of the *State Environmental Planning Policy (Exempt and Complying Development Codes)*, noting that no other council has been granted an exclusion on these grounds. For this reason, the Department cannot issue a Gateway determination for the planning proposal to proceed.

Council have been advised in the Gateway determination report, that the character statements may be included in Council's Development Control Plan (DCP). Whilst, as stated by Council, this does not have the legislative weight of an LEP clause, it would nonetheless provide guidance for future developments in these local character areas.

Recommendation

The Department's position is unchanged and it is recommended that the Gateway condition remain.

Condition 1.d) - Rezoning of 1903R Botany Road, Matraville from RE1 to RE2

The Department notes the justification provided by Council in the Gateway review request on the rezoning of this site. However, the Department's position remains unchanged on the condition. Key matters are considered below.

The site is currently identified on the Land Reservation Acquisition Map (LRA_004) and marked as 'Local Open Space (RE1)' under Randwick LEP 2012.

Loss of RE1 land and future public open space potential

The key concerns in the Department's Gateway determination report still remain, including that the proposal does not demonstrate that:

- the rezoning would not result in a net loss of existing and/or potential public or publicly accessible open space, both across the LGA and for the locality; and
- there is no longer a need for Council to acquire the site for the purposes of local open space to support the open space and recreational needs of the existing and future population.

The proposed rezoning to RE2 Private Recreation is considered to reduce the likelihood and potential for future delivery of the site as open space due to the range of development types that are permitted with consent in the zone. The objectives of the proposed RE2 Private Recreation zone also relate to private open space and recreational purposes, rather than public which does not align with the intended local open space annotation. It is noted that the site appears on historical land reservation acquisition maps dating back to 1998. With populations projected to increase, it remains unclear that removing this would not result in a net loss of public recreation zoned land to cater for future needs.

Council's submission advises that in May 2017 the NSW Land and Environment Court approved the subdivision of the industrial land immediately west of the site, which is under the same ownership as the subject site. This approved proposal includes provision for a right of way to the site via a newly created internal road. It is understood that this land is currently being developed as an industrial warehouse development known as 'The Borough Zone 1901.'

Council's Gateway review submission states 'the rezoning of the site to RE2 would continue to support the recreational needs of the community...' Council's submission indicates that the landowner is investigating uses for the subject site, including a

potential aquatic centre or child care centre. However, there is currently no consent or certainty around the type of development that may occur on the site. Once rezoned to RE2, there will be no certainty of the site's potential contribution to serving public recreational needs or access.
The site is located adjacent to a parcel of Council owned RE1 land (approximately 10,000 sqm), which has potential for future consolidated public open space for the benefit of the local residents. The consolidated site would be over 1 ha, which could potentially support a broader range of public recreation activities and landscaping opportunities.
One of the reasons in Council's Gateway review submission supporting the rezoning is that the site currently has no road access and 'current site access arrangements do not readily support the use of the site as publicly accessible open space.' Council's submission states that the site is fenced on all boundaries with no pedestrian access available form Botany Road or the neighbouring Council owned site. Notwithstanding, access issues would remain even if the site is rezoned to RE2. In contrast, any future consolidation with the Council owned RE1 land to the east would provide opportunity for formal pedestrian and/or road access to the site.
While the site is located adjacent to industrial uses associated with Port Botany, it has the potential to provide important landscaped buffer for the residential area to the north, especially when consolidated with the Council-owned RE1 land to the east. The amenity and useability of the site could be improved over time. Rezoning of the site to RE2 would negate this potential and result in loss of future potential for public open space.
 The Department's Open Space Branch, Public Spaces Division were consulted on the Council's review request, and provided feedback on the appropriateness of the site for use as future public open space. The branch supports the retention of the existing RE1 zoning, the key reasons being: The site is in proximity to the Heffron Park and Great Coastal Walk Green Grid connections as identified in the Government Architect's <i>Sydney Green Grid</i> (Figure 3) and has potential to link into and support these connections. The site provides a local response to public open space for residents and worker population. Securing the site would help protect the existing Bunnerong Creek. The site could contribute to canopy cover.



Randwick Open Space and Recreation Strategy 2021 In July 2021, Council adopted the Open Space and Recreation Strategy which sets out a 10-year vision for how Council will deliver the variety of open space and recreational facilities for its community, including objectives, strategic approaches and intended outcomes. The rezoning is inconsistent with Outcome 1 in the Strategy - 'Open space grows and changes with the community' and its objective that 'every home in Randwick City will have open space of 1000m2 within 800m by 2031'. The outcome is supported by Strategy 1.4 Identify opportunities for acquisition or repurposing of land for open space. Randwick City Open Space and Recreation Needs Study (Draft)(December 2020) The Study provides the evidence-base to help set the framework for the future planning of Council's open space and recreation network, and the development of its Open Space and Recreation Strategy. The Study demonstrates the overall amount of open space per person is falling across the Randwick LGA, including in Matraville. It states 'with Randwick City forecast to grow over the next 10 years, the provision of open space per person will also change unless new open space areas are delivered'. According to Council's submission, the Study finds that 'the Malabar, La Perouse and Chifley zone which covers the subject site is well placed to cater for existing and future populations with approximately 32.1m2 of Council owned and managed open space per person based on population projections to 2031.' Notwithstanding the above, the Study does not indicate that relinguishing the site from Council's acquisition obligations and delivery as public open space are appropriate. The site was included in the Study's walkable catchment analysis (Figure 26 of the study), which identifies areas within Matraville near the site that are not within a 400m walking distance to an open space greater than 0.1 hectares in size. The rezoning of the site to a private recreation zone would result in more areas not being within the 400m walking distance to open space. Eastern City District Plan The rezoning is inconsistent with the following Planning Priorities of the District Plan around liveability and sustainability, including: E3 Providing services and social infrastructure to meet people's changing needs E4 Fostering healthy, creative, culturally rich and socially connected communities E6 Creating and renewing great places and local centres, and respecting the District's heritage E18 Delivering high quality open space. Local Strategic Planning Statement The LSPS Structure Plan identifies areas in and near Matraville for 'Low Density Housing Growth (0-10 year).' Again, it is considered there is insufficient justification to demonstrate that the land is no longer required to support open space and recreation needs for existing and future residents. Recommendation The Department's position is unchanged and it is recommended that the Gateway condition remain.

COMMISSION'S RECOMMENDATION

Reason for review: A determination has been made that has imposed requirements (other than consultation requirements) or makes variations to the proposal that the proponent or council thinks should be reconsidered.

		The planning proposal should not proceed past Gateway.
Recommendation		 no amendments are suggested to original determination. amendments are suggested to the original determination.
		The planning proposal should proceed past Gateway in accordance with the original Determination.

Any additional comments: