

Planning Proposal



Addressing Net Dwelling Loss



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Responsible Officers:	Lyle Tamlyn and Jacquelyne Della Bosca
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Acknowledgement of Country

Woollahra Council acknowledges that we are on the land of the Gadigal and Birrabirragal people, the Traditional Custodians of the land. We pay our respects to Elders past, present and emerging.

1. Introduction

1.1. Executive summary

This planning proposal seeks amendments to the *Woollahra Local Environmental Plan 2014* (Woollahra LEP 2014) to implement controls that will minimise instances of net dwelling loss in the Woollahra Local Government Area (LGA).

Net dwelling loss occurs when the total number of dwellings on a whole development site, arising from new development, is less than the number of dwellings existing on the site prior to the development. There is growing concern about the impact of this in high land value areas, like the Woollahra LGA. Redevelopment that results in net loss not only reduces housing supply, but also tends to have a negative social impact on the diversity of dwelling sizes and housing affordability. Further, this process of net loss undermines Council's efforts in working towards our current housing targets (1,900 dwellings by 2029).

Analysis of development applications (DAs) lodged with Council from March 2020 to January 2025, identifies 42 DAs (35 DAs approved and 7 DAs currently being assessed) that resulted in net dwelling loss. The combined net dwelling loss from the 35 approvals is 83 dwellings. If the seven DAs awaiting determination are all approved this will result in a further net loss of 10 dwellings, potentially taking the total dwelling loss to 93 dwellings over the review period. This emerging trend is the result of market forces that favour larger sized dwellings, and is being experienced in adjoining LGAs.

Staff also expect that the low and mid-rise housing reforms which commenced on 28 February 2025 will accelerate this issue. Without a change to the planning controls, we expect that occurrences of net dwelling loss will increase, and accordingly there is strategic merit in preparing a planning proposal to proactively address this issue.

This planning proposal seeks to address net dwelling loss by inserting a local provision into the Woollahra LEP 2014 to restrict net loss to no more than one dwelling or 15% of the existing dwellings on the site, whichever is the greater.

This document has been prepared in accordance with section 3.33 of the *Environmental Planning and Assessment Act 1979* (EP&A Act) and the *Local Environmental Plan Making Guideline* (August 2023).

The planning proposal was considered by the Woollahra Local Planning Panel (LPP) on 6 February 2025, and the Woollahra LPP advised Council to proceed with the planning proposal as it has strategic merit.

1.2. Background information

Woollahra is one of the densest LGAs in Greater Sydney, with 4,458 people per square kilometre. This is reflected in 77.8% of the LGA's dwellings being either medium or high density. There is limited available land for residential use that is not already built upon, and consequentially housing growth must come through infill development.

This is particularly important with the introduction of the NSW Government's 2024-2029 housing target of 1,900 dwellings, which means further growth is required notwithstanding the existing high density of the LGA.

Therefore, it is critical that land is efficiently used to supply housing for our community, and that new development does not compromise opportunities to retain (or increase) dwelling yield.

Council is concerned about the impact of net dwelling loss and in response to a Notice of Motion, on 28 August 2023 Council resolved the following:

THAT Council staff urgently investigate and report on opportunities to:

- A. Prepare a planning proposal to include objectives and controls in the Woollahra Local Environmental Plan 2014 to prevent the net reduction of dwellings on development sites; and;*
- B. Amend the Woollahra Development Control Plan 2015 to require a Social Impact Statement (or similar documentation) to be provided where a reduction in dwelling numbers is proposed on a development site.*

This planning proposal enacts Part A of the above resolution.

1.3. Net dwelling loss

For the purpose of this document 'net dwelling loss' is a reduction in the total number of dwellings on a whole site as a result of a newly approved development.

Examples of development that results in a net dwelling loss include:

- Three residential lots containing three houses are amalgamated to construct one dwelling house;
- An older residential flat building (RFB) is extensively renovated and existing studio, one or two bedroom apartments are amalgamated to create larger sized apartments (typically three bedroom or penthouse style apartments) and as a result there are fewer apartments contained within the new RFB;
- An older RFB is demolished and a new RFB is constructed that has fewer dwellings within the development; or
- A change of use from an RFB to a single dwelling house (see **Figure 1**).



Figure 1: Approved RFB converted to a single dwelling house in Bellevue Hill (Source: Google).

The issue of net loss is particularly significant with the housing targets mentioned under Part 1.2. Cumulative losses over a number of years will undermine Council's efforts in facilitating diverse and appropriate numbers of housing for our community. Shortfalls in delivery caused by net loss may place additional pressure on Council to facilitate further upzonings in the LGA.

The issue of net dwelling loss may be considered as a relatively new or emerging issue. It is particularly being experienced in high land value, high demand, inner metropolitan areas, including the Woollahra, City of Sydney and Waverley LGAs.

Council is increasingly concerned about the impact of net dwelling loss as it:

- *Reduces housing supply:* This is particularly relevant given the NSW Government requirement for councils to increase the number of dwellings in our LGA and address housing affordability. The net loss of dwellings on individual sites has an incremental and cumulative impact on Council's ability to achieve housing targets set by the NSW Government. As of 1 July 2024 our current target is 1900 dwellings by 2029.
- *Impacts on diversity of dwelling sizes and housing affordability:* When net dwelling loss occurs it tends to result in smaller, more compact dwellings being amalgamated to create larger dwellings. This not only results in a reduction in the dwelling yield on the site, but also means that the new housing delivered is more expensive, and the mix of dwelling sizes may be less diverse. While it is important that larger dwellings are catered for, it is also essential that smaller, lower cost dwellings are available for couples and singles. Only 12.5% of dwellings in the LGA are studios and one bedroom dwellings (ABS, 2021). This was the fastest growing typology across the Eastern Harbour City and Greater Sydney over the last decade, increasing by 38% and 43%, respectively. In contrast, Woollahra saw a 1% decline in one-bedroom and studio dwellings over the same timeframe. Larger dwellings saw positive growth in Woollahra, particularly four-bedroom homes which grew by 18%.
- *Inefficient use of land:* When land is not developed or used to its highest and best yield (such as a change of use from an RFB to a dwelling house) this results in net dwelling loss and can create pressure to rezone or increase density on other land to retain the overall capacity of land to provide for housing supply.

2. Existing planning controls

There are no existing planning controls that apply in the Woollahra LGA that address the issue of net dwelling loss.

However, the City of Sydney and Waverley Councils have considered planning proposals to address the matter. Both councils are experiencing net dwelling loss on infill redevelopment sites, and are subject to similar development pressure to the Woollahra LGA, where there is high demand for larger, more spacious, dwellings.

The City of Sydney and Waverley planning proposals have both been exhibited, and an overview of both is provided below.

Woollahra Council's planning proposal borrows elements of each approach, having regard to the Woollahra LGA context. Notably, both the City of Sydney and Waverley planning proposals apply a maximum 15% rate of dwelling reduction, as this is identified as a reasonable approach which balances the need to protect against significant dwelling loss, whilst also providing for some flexibility and ensuring that land is not prevented from redevelopment.

2.1. City of Sydney proposal

The City of Sydney's planning proposal "Dwelling Retention" (PP-2024-27) was exhibited from 11 July 2024 to 23 August 2024. A copy of the planning proposal can be viewed on the Planning Portal at: <https://www.planningportal.nsw.gov.au/ppr/post-exhibition/dwelling-retention>.

The planning proposal seeks to amend the *Sydney Local Environmental Plan 2012* to include a development standard which limits the loss of housing stock through redevelopment of existing RFBs or mixed-use developments to one dwelling or 15% of dwellings, whichever is the greater. The 15% is rounded to the nearest whole number.

The provisions will apply across the LGA to DAs (and modifications) for alterations and additions to, or demolition of an RFB or mixed use development (not dwelling houses) that contains three or more dwellings.

The public exhibition of the planning proposal was reported to Council on 25 November 2024, where it resolved to proceed with the planning proposal and seek finalisation by the Department of Planning, Housing and Infrastructure (the DPHI).

In a related matter, on 21 December 2024 the NSW Land and Environment Court dismissed an appeal for an application to replace 28 older style units with 20 luxury units in Elizabeth Bay. The City of Sydney successfully argued this would be contrary to the zone objectives, which seek to promote housing that meets the needs of the community. The proposed controls will provide increased protection from this scenario, and help ensure similar outcomes are accomplished in the future.

2.2. Waverley Council proposal

Waverley Council's planning proposal "Residential dwelling density in the R3 and R4 zones" (PP-2024-512) was exhibited from 27 June 2024 to 8 August 2024. A copy of the planning proposal can be viewed on the Planning Portal at:

<https://www.planningportal.nsw.gov.au/ppr/post-exhibition/residential-dwelling-density-r3-and-r4-zones>.

The planning proposal sought to amend the *Waverley Local Environmental Plan 2012* to:

- Strengthen objectives in the R3 Medium Density and R4 High Density Residential zones to clarify that the objective of each zone is to increase or preserve dwelling density; and
- Prevent the reduction of dwelling numbers in the above zones by no more than 15% of all existing dwellings on the site, rounded to the nearest whole dwelling.

The planning proposal would apply to applications for residential accommodation (other than boarding houses, co-living housing, group homes and residential care facilities) on land zoned R3 Medium Density Residential and R4 High Density Residential.

The planning proposal was reported to Waverley Council on 10 December 2024, where Council resolved **not** to proceed. Woollahra Council staff have listened to the public recording of this meeting, and consider the key reasons for this decision are:

- Concerns around private property rights;
- Insufficient rates of loss to justify a policy response;
- A need to facilitate larger dwellings; and
- A perception that older apartments are lower quality, and less desirable to live in.

On 11 December 2024 a rescission motion was submitted. At the Council meeting on 18 February 2025 the rescission motion was supported. The Council then resolved not to proceed with the planning proposal, and instead requested that staff investigate amendments to the *Waverley Development Control Plan* (DCP) having regard to the following matters:

- Mixture of apartment unit types to provide housing choice;
- Forecast demographic profile of Waverley LGA and housing needs to support diverse household types;
- Demand for affordable housing;
- Requirements of the *NSW Apartment Design Guidelines* which calls for a diversity in apartment mix;
- Relationship with *State Environmental Planning Policy (Housing) 2021*;
- Opportunity to further strengthen planning controls for the retention or adaptation of existing Inter-War Art deco buildings;
- Notes that much of the existing stock of Inter-War Art Deco buildings in the Bondi basin has a level of protection, either as a listed item or in a Heritage Conservation Area, or DCP provisions that encourage retention and appropriate conservation works in accordance with Council's Inter-War Building Design Guidelines.

- Notes that managing future dwelling diversity is more appropriately addressed via Council's DCP to provide the appropriate level of guidance and flexibility to support implementation, without further adding red tape or delay in meeting Council's development assessment performance target.

Notwithstanding the Waverley Council's decision, the planning proposal is the best and most efficient means to address net dwelling loss. A DCP serves as a guideline for development only, and is unlikely to effectively achieve the objectives. As discussed later in this report, Woollahra Council's planning proposal only applies to three or more dwellings, and as such will not unreasonably impede on the ability of families to amalgamate dwellings to create larger dwellings. It seeks to suitably balance property rights with the need to provide housing for the community.

Furthermore, there is an adequate supply of larger dwellings in the LGA (as a percentage of stock).

Staff also contend that apartment stock quality will inevitably vary between development sites, and well maintained older buildings in our LGA provide high quality residential accommodation. Accordingly, age is not a reliable indicator of amenity or desirability.

All of these matters are further detailed later in this planning proposal.

3. Objectives of planning proposal

The objective of this planning proposal is to reasonably minimise the loss of housing supply resulting from the consolidation of existing dwellings or the demolition of existing housing for the construction of new dwellings. The intended outcomes are:

- Reasonably minimise net loss of housing stock;
- Support housing diversity and affordability;
- Maintain and grow housing supply in the Woollahra LGA, and
- Retain residential dwelling density and diverse housing choice.

4. Explanation of provisions

4.1. Draft provision

The following is an explanation of how the draft Woollahra LEP 2014 amendment will operate:

- Method: The objectives of this planning proposal will be achieved by inserting a new local provision into the Woollahra LEP 2014, Part 6 Additional local provisions.
- How the provision will work: It will restrict dwelling loss, so that any net reduction in dwellings from the total number of dwellings on the existing site (or sites) is no more than one dwelling or 15% of the existing dwellings, whichever is the greater (see examples in Section 4.2 of this document).
- When provision will apply: To all DAs, and/or any subsequent modification applications.

- Land to which the provision will apply: All land in the Woollahra LGA.
- Development to which the proposed provisions will apply:
 - Development containing existing residential accommodation (except boarding houses, co-living housing, group homes, secondary dwellings and residential care facilities), and
 - Only where three or more existing dwellings are contained in the whole development site (irrespective of the number of lots that comprise the site), to target larger scale development and not impede families seeking to create more living space by joining two dwellings.
- Development to which the provision will not apply -
 - Co-living housing, group homes, and residential care facilities. These are types of accommodation that are usually more affordable, and/or cater to the specific needs of seniors, socially disadvantaged people or people with a disability.
 - Secondary dwellings. These are often embedded within existing houses or exist as ancillary development, and may be used sporadically for guest accommodation. Accordingly, it would be unreasonable to apply the provisions to this land use.
 - Where the reduction in dwellings will occur as a result of a change of use of residential floor space to a non-residential use. This planning proposal does not seek to restrict viable commercial activity in business centres. The promotion of well-located business services and employment opportunities is consistent with the strategic planning framework, and accordingly the provisions will not apply to changing the use of residential floor space.
- Draft LEP clause: The following clause is indicative of what will be included in the Woollahra LEP 2014. The clause will be subject to review and final drafting by the Parliamentary Counsel Office, should the proposal progress to finalisation.

6.XX Net dwelling loss

(1) The objective of this clause is to reasonably minimise the loss of housing supply resulting from the consolidation of existing dwellings or the demolition of existing housing for the construction of new dwellings.

(2) This clause applies to development involving residential accommodation (except for boarding houses, co-living housing, group homes, secondary dwellings and residential care facilities), and where the total number of dwellings on the development site, totals 3 or more dwellings on <insert date LEP is made>.

(3) Development consent or consent to an application to modify a development consent must not be granted for development (including demolition), unless the consent authority is satisfied that the number of dwellings on the entire development site is not being reduced by the greater of 1 dwelling or 15% (rounded to the nearest whole number) compared to the constructed number of dwellings on <insert date LEP is made>.

(4) Despite subclause (3) above, development consent or consent to an application to modify a development consent may be granted for development (including demolition) to existing residential accommodation where the decrease in dwellings will occur as a result of a change of use of residential floor space to a non-residential use.

(5) For the avoidance of doubt, the requirements in subclause (3) apply irrespective of the number of successive development applications applying to an area of land.

- **Development standard:** The provision will operate as a development standard and will therefore be subject to *Clause 4.6 Exceptions to development standards* of the Woollahra LEP 2014. This will provide flexibility in circumstances where it can be suitably justified that compliance with this standard is unreasonable having regard to the development site e.g. to comply with ADG requirements such as minimum dwelling sizes or floor plate design to achieve solar access.
- **Successive applications:** The intent of the draft clause is to prevent instances of developers lodging successive applications to circumvent the new provisions. The dwellings resulting from any DA (or modification) will be compared to the number of dwellings existing on the entire area of land subject to the development at the time of the clause's commencement. This includes any lots that have been amalgamated into the development site that have been subject to previous applications.
- **Savings provision:** This planning proposal will introduce a savings provision, so the amendments will only apply to applications submitted to Council after the date that the planning proposal is finalised and published. Indicative wording for this is provided below:

1.8A Savings provisions relating to development applications

(3) The amendments made to this plan by Woollahra Local Environmental Plan 2014 (Amendment No XX), do not apply to a development application or application to modify a development consent made, but not finally determined, before the commencement of the amendments.

4.2. Examples explaining if / how the draft provision will apply

In order to calculate the maximum number of dwellings that can be reduced under the proposed clause, the number of dwellings on site is multiplied by 15%, and then rounded to the nearest whole number. The following examples in **Table 1** show how the provision would apply to different scenarios and development types, where a DA is required and the proposed provisions would therefore apply.

Table 1: Worked examples of how the proposed net dwelling loss provision would apply

Scenario	Comments
Example 1: Knock-down and rebuild of an existing RFB with 10 existing dwellings.	15% of 10 dwellings is 1.5 dwellings, equating to 2 when rounded. As such, the proposal may reduce the site to 8 dwellings whilst still complying with the provisions.
Example 2: Knock-down and rebuild of an existing RFB with five dwellings.	15% of 5 dwellings is 0.75 dwellings, equating to 1 dwelling when rounded. As such, the proposal may reduce the site to 4 dwellings whilst still complying with the provision.
Example 3: Demolition of an existing RFB and replacement with a non-residential building.	The proposed provision will not apply as changes of use to non-residential purposes are permitted under subclause (4).

Scenario	Comments
Example 4: Demolition of an existing RFB with 10 dwellings, resulting in an empty lot.	Subclause (3) specifies that development includes demolition work. This would not be permitted as there would be a reduction of 10 dwellings on the site.
Example 5: Consolidation of three residential lots, with a dwelling house on each lot, in a low density area. All dwellings are demolished and a single, larger dwelling house is built in their place.	The proposed provision would apply, as 3 dwellings exist on the site. There would be a net loss of 2 dwellings, which is not permitted.
Example 6: Consolidation of two residential lots, with a dwelling on each, in a low density area. Both dwellings are demolished and a single, larger dwelling is built in their place.	The proposed provision would not apply. As there are 2 existing dwellings on the collective development site, the threshold of 3 dwellings would not be reached.
Example 7: Demolition of a dual occupancy and construction of dwelling house.	The proposed provision would not apply. As there are 2 existing dwellings in the dual occupancy, the threshold of 3 dwellings would not be met.
Example 8: Three separate lots each contain a dwelling house. A complying development certificate is lodged to demolish one of the dwelling houses. Six months later, when the demolition works are completed, a DA is lodged to demolish the remaining 2 and build a single dwelling house.	As there were 3 dwellings in existence at the time of gazettal of the LEP net dwelling loss clause, the DA would not be supported under the provisions. The net reduction in dwellings would be 2 over all applications.
Example 9: Demolition of a 1960s RFB with 15 dwellings, and the construction of a new RFB with 11 dwellings. The reduction of dwellings stems from larger apartment sizes required under the ADG.	15% of 15 dwellings is 2 (when rounded). The proposal will result in a net dwelling loss of 4 (2 more than permitted), and would not comply. The applicant may lodge a clause 4.6 variation request, which would be assessed on its merits.
Example 10: Mixed use development with 25 dwellings (1000sqm of residential floor space) and 500sqm of retail floor space is renovated. There is no change of floor space overall, but 1000sqm is allocated to retail and the number of dwellings will drop to 11.	<p>The provision limits the loss of dwellings up to 15% of existing units, but exceptions allow the conversion of residential space to non-residential usage.</p> <p>Despite exceeding the 15% loss of dwellings, the development would be permitted under the proposed controls.</p>

4.3. Local planning panel advice

The planning proposal was referred to the Woollahra LPP on 6 February 2025.

The Woollahra LPP unanimously supported the planning proposal, and provided the following advice to Council:

THAT the Woollahra Local Planning Panel advises Council:

- A. *To proceed with the planning proposal (at Attachment 1) as it has strategic merit, which seeks to amend the Woollahra Local Environmental Plan 2014 by introducing a local provision to restrict net dwelling loss to no more than one (1) dwelling or 15% of existing dwellings, whichever is the greater.*
- B. *Given the NSW Government push to increase housing across the Greater Sydney metropolitan region, that the DPHI be requested to review how the issue of a reduction in housing numbers be addressed at a State policy level, given State policies prevail over any local policies.*

5. Justification

This section establishes the need for a planning proposal, achieving the key outcomes and objectives. The set questions below address the strategic origins of the proposal and whether amending the Woollahra LEP 2014 is the best approach to achieve its aims.

5.1. Need for planning proposal

5.1.1. Is the planning proposal a result of an endorsed local strategic planning statement, strategic study or report?

Yes. Staff have carried out research which demonstrates that net dwelling loss is an issue for the Woollahra LGA.

1. Study of net dwelling loss in Woollahra LGA

Council staff studied net dwelling loss through analysing DAs lodged between March 2020 and January 2025.

The study identified that there have been 42 DAs (35 DAs approved and 7 DAs being assessed) that have resulted in a net dwelling loss. The combined net dwelling loss from the 35 approvals is 83 dwellings. If the 7 DAs awaiting determination are all approved this would result in a further net loss of 10 dwellings, potentially taking the total loss to 93 dwellings over the review period.

In analysing the impact of this loss, we note that dwelling loss in the Waverley LGA was 92 dwellings (Jan 2017 – Nov 2022) and in the City of Sydney LGA it was 91 dwellings (Jan 2018 – Oct 2024, with potential further loss of 132 dwellings for DAs under assessment or appeal). Considering the relatively small size of the Woollahra LGA compared to the City of Sydney LGA (12km² vs. 26km²), the scale of net dwelling loss in the Woollahra LGA is far more significant. This is also true when looking at the total number of applications lodged,

with the City of Sydney receiving more than double the number of applications than Woollahra Council over the 2023-24 financial year.

The DAs studied in the Woollahra LGA are categorised below according to the amount of dwelling loss:

- Net dwelling loss of more than one dwelling or 15%, whatever greater.
- Net loss of one dwelling.
- Net loss which is less than 15% of dwellings on the site.

Net dwelling loss of more than one dwelling or 15%, whatever greater

Over the study period there were 13 DAs (11 approved and 2 under assessment) that resulted in a loss of 15% or one dwelling, whatever the greater. The combined impact of these DAs is a net dwelling loss of 51 (or 55% of the potential total dwelling loss over the review period). **Table 2** provides a breakdown of the DAs that resulted in a loss of one dwelling or 15%, whatever the greater.

Table 2: Summary of net dwelling loss of more than one dwelling or 15%.

DA category	Details on development applications
1. Amalgamation of multiple dwelling houses / residential lots into single dwelling house	There are 3 DAs (2 DAs approved and 1 DA being assessed) involving the amalgamation of multiple residential lots / dwelling houses into one dwelling house. These DAs result in a combined net dwelling loss of 6 dwellings, with multiple dwelling houses being demolished to create one in their place.
2. Amalgamation of dwellings in an RFB	There is 1 approved DA involving the amalgamation of units in an RFB. In this case, it is combining four units into one penthouse style dwelling with a roof terrace.
3. Change in use or demolition of RFB to deliver one dwelling house	There are 4 approved DAs and 1 being assessed that involve the replacement of an RFB with a single dwelling house. These DAs result in a combined loss of 22 dwellings.
4. Demolition of RFB to construct another RFB or multi-dwelling housing	There are 2 approved DAs which involve the replacement of an older RFB with a new RFB with less dwellings. The total dwelling loss is 12.
6. DA involving demolition of an RFB to construct student accommodation	There is 1 DA approved involving demolition of a RFB to construct student accommodation that will result in a net dwelling loss of 6 dwellings, if approved. This DA relates to Ascham School and proposes to change an existing RFB to use for campus student accommodation. This type of DA is atypical, and this planning proposal will not apply to student accommodation.
7. DA involving a change from residential use to commercial tenancies	There is 1 DA involving a change from residential to commercial use that resulted in a net dwelling loss of 2 dwellings. This planning proposal will not apply to this type of dwelling loss.

Net loss of one dwelling

Over the study period there were 27 DAs (22 approved and 5 DAs under assessment) that result in a net dwelling loss of one dwelling. The combined impact of these DAs is a net dwelling loss of 27 (or 29% of the potential total dwelling loss over the review period).

Of these DAs, 17 DAs (63%) involve the amalgamation of existing dwelling houses to construct one dwelling house, or the amalgamation of attached dwellings, semi-detached dwellings, or dual occupancies to construct one dwelling house.

Net loss which is less than 15% of dwellings on the site

Over the study period there have been two DAs approved that have resulted in a net dwelling loss of more than one dwelling, but less than 15% of the dwellings on the site. These DAs are both in relation to the seniors' housing development known as Anglicare Goodwin Village. The two DAs involve the amalgamation of existing apartments, resulting in a combined net dwelling loss of 15 dwellings (or 16% of the potential total dwelling loss over the review period). However, the development contains almost 150 existing dwellings, so the net loss as a proportion of the total number of dwellings on the site is relatively low, and is less than 15%.

Summary

The above data demonstrates that net dwelling loss is an important issue in the Woollahra LGA. Over the study period, 35 DAs were approved with net losses and another seven are under assessment. This indicates that net loss is an emerging issue, similar to the experiences of the City of Sydney and Waverley Council.

We have not recommended controls to cover the dwelling loss less than one dwelling or 15%. This is because it is reasonable to provide for some flexibility in dwelling numbers on a site, and this approach is consistent with the City of Sydney and former Waverley Council planning proposals.

2. Likely future dwelling loss in Woollahra LGA

The above data on dwelling loss represents development patterns since 2020. While significant in its own right and warranting a strategic policy response, staff anticipate that this rate of dwelling loss will increase over the coming years, having particular regard to the following:

- High profitability of development in the Woollahra LGA; and
- Impacts of the NSW Government's low and mid-rising housing reforms.

Firstly, the profitability of development carried out in the Woollahra LGA is currently amongst the strongest in Greater Sydney. This is detailed in *Cost and feasibility estimates for supplying new residential dwellings in NSW*, prepared by the Centre for International Economics for NSW Treasury in August 2024. This is partially due to the high sales prices achievable on a square metre basis. Compounding this issue is the fact that larger apartments command higher prices per square metre than smaller apartments in the Woollahra LGA. Accordingly, the likelihood of our market conditions reducing the supply of smaller apartments high.

More generally, the profitability of development activity in the Woollahra LGA is also likely to attract construction interest and activity, as developers shift away from less profitable parts of Greater Sydney.

Additionally, the low and mid rise housing reforms which commenced on 28 February 2025 are likely to further accelerate rates of net dwelling loss. The reforms introduced revised permissibility requirements and development standards for residential flat buildings, dual occupancies and multi-dwelling housing. Staff are particularly concerned about impacts to R3 Medium Density Residential land surrounding local centres, such as Double Bay. This land contains many older-style flat buildings. It is anticipated that there will be redevelopment pressure on these older style RFBs, with developers looking for opportunities to redevelop sites and take up the additional height (up to 22m) and FSRs (up to 2.2:1) that will be afforded under the mid-rise housing reforms. Under these circumstances, the existing RFBs will likely be redeveloped into taller buildings, with larger (but fewer) dwellings focusing on luxury products due to market conditions. This process will result in the loss of more compact and affordable apartments, and reduce dwelling yield and the overall dwelling density near key employment and service centres. The net loss controls in the planning proposal will help safeguard against any substantial losses of these dwellings, and protect the supply of lower cost units in the Woollahra LGA.

3. Restricting net dwelling loss to 1 dwelling or 15% existing dwellings

Both the City of Sydney and former Waverley Council planning proposals took the approach that dwelling loss should be restricted to no more than one dwelling or 15% of the existing dwellings on the site, whichever is the greater. This approach has been endorsed by the DPHI and is a sound benchmark to also apply in the Woollahra LGA.

The Woollahra LGA's dwelling stock is particularly comparable to the Waverley LGA, with similar percentages of key dwelling types (see **Table 3**). Both LGAs originally contained predominately dwelling houses and attached dwellings, until the Interwar years when RFBs became widespread. Both LGAs then experienced further urban consolidation from the mid-20th century as new residential towers were built. The two areas also have similar trends in land values and the relatively higher profitability of larger dwellings. Accordingly, utilising the same standard as Waverley Council is a fair and reasonable approach, which will also provide a consistent control across our shared region of Greater Sydney.

Table 3: Comparison of Woollahra and Waverley LGAs dwelling stock (ABS, 2021).

Dwelling type	Percentages
Separate house	Woollahra: 21% Waverley: 14.7%
Medium density	Woollahra: 29.2% Waverley: 30.4%
High density	Woollahra: 48.6% Waverley: 52.9%

In preparing the Waverley planning proposal, staff found that, on average, a loss of one dwelling in new constructions approximately equalled 15% of the dwellings in the existing building. This was based on the fact that many Interwar and mid-20th century RFBs affected by dwelling loss contained between six and eight dwellings (meaning a reduction in one dwelling represented an approximate 15% loss). This formed the basis of the justification for their planning proposal.

This approach is similarly applicable to the Woollahra LGA. Woollahra Council staff analysed the numbers of existing dwellings on sites where the construction of an RFB has resulted in net loss. This found the average number of dwellings to be 6.5. As 15% of this number is one dwelling, using the same percentage figure as Waverley Council is appropriate.

Accordingly, for the Woollahra LGA, the proposed threshold to limit net dwelling loss to no more than 1 dwelling or 15% of existing dwellings, whichever is the greater, provides a reasonable balance between allowing for redevelopment and renewal of building stock, whilst also minimising the loss of dwelling numbers on any development site.

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

Yes. This planning proposal is the best and most efficient means to address net dwelling loss and achieve the objectives outlined in this document. The alternative is to address this matter in a development control plan (DCP). However, a DCP serves as a guideline for development only, and is unlikely to effectively achieve the objectives.

Inserting a development standard into the Woollahra LEP 2014 is more appropriate for this planning issue. It will ensure that under section 4.15 of the EP&A Act, the net dwelling loss provision will be given more weight in an assessment and place the onus on the developer to justify any departure from the control with a clause 4.6 variation request.

Without a change to the Woollahra LEP 2014, the market forces which apply in the Woollahra LGA are expected to increasingly result in development outcomes that continue to reduce the number of dwellings on a site. This trend is evidenced in the number of DAs under assessment at the time of preparing this planning proposal. This issue not only has an incremental and cumulative impact on housing supply, but also has social implications by reducing housing diversity due to losses of smaller and relatively more affordable stock.

5.2. Relationship to strategic planning framework

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

Yes. The planning proposal is consistent with the relevant objectives of the *Greater Sydney Region Plan: A Metropolis of Three Cities* (2018) and the relevant planning priorities and actions of the *Eastern City District Plan* (2018), as discussed below.

1. Greater Sydney Region Plan: A Metropolis of Three Cities

The planning proposal is consistent with the directions and objectives of the *Greater Sydney Region Plan: A Metropolis of Three Cities* (Region Plan).

The Region Plan is the NSW Government's overarching strategic document for growth and change in Sydney. The 20 year plan contains a 40 year vision which seeks to transform Sydney into a metropolis of three cities being the Western Parkland City, the Central River City and the Eastern Harbour City. The Woollahra LGA is positioned in the Eastern Harbour City.

The plan identifies key challenges facing Sydney, including a population increase to eight million by 2056 and a requirement for 725,000 new homes.

The plan aspires to deliver the following outcomes:

- Liveability – enhancing cultural and housing diversity and designing places for people;
- Productivity – developing a more accessible and walkable city, and creating conditions for a stronger economy;
- Sustainability – valuing green spaces and landscape, improving efficiency of resources and creating a resilient city; and
- Infrastructure – ensuring infrastructure supports new developments and governments, community and businesses collaborate to realise the benefits of growth.

This planning proposal is consistent with the following objectives of the Region Plan:

- Objective 10: Greater housing supply – the planning proposal directly responds to this by ensuring that development does not result in a reduction in housing supply.
- Objective 11: Housing is more diverse and affordable – this planning proposal directly responds to the rental and purchasing affordability challenges identified in the Region Plan, including the limited availability of smaller dwellings to meet the growing proportion of small households. This proposal will increase housing diversity and help provide better choice of housing size.

2. Eastern City District Plan

The *Eastern City District Plan* (District Plan) sets out how the Region Plan applies to different areas of Greater Sydney.

This planning proposal is consistent with *Planning Priority E5: Providing housing supply, choice and affordability, with access to jobs, services and public transport*.

It gives effect to this priority by ensuring that development does not result in a reduction in housing supply and diversity. This will help ensure that diverse, well-located housing is still available near public transport, services and employment.

5.2.2. Is the planning proposal consistent with a council LSPS that has been endorsed by the Planning Secretary or GSC, or another endorsed local strategy or strategic plan?

Yes. The planning proposal is consistent with the *Woollahra Local Strategic Planning Statement 2020* (Woollahra LSPS 2020), and all other relevant Council endorsed strategies.

1. Woollahra Local Strategic Planning Statement

The proposed changes to the planning controls are consistent with the Woollahra LSPS 2020, a plan which sets out a 20-year vision for the Woollahra LGA and its centres. Organised under four themes of Infrastructure & Collaboration, Liveability, Productivity and Sustainability, the Woollahra LSPS 2020 aims to:

- Manage future growth, new technology, and changing community needs;
- Conserve our heritage, villages, local character, and environment;
- Ensure resilience and sustainability despite challenges such as climate change;
- Identify areas for further detailed strategic planning; and
- Link our plans to the implementation of the NSW Government's strategic plans.

This planning proposal aims to give effect to Priority 4 of the Woollahra LSPS 2020, which seeks to sustain diverse housing choices in planned locations.

As infill development opportunities consume viable redevelopment land, there are less opportunities to build more homes in the Woollahra LGA. If well-located, smaller and relatively affordable dwellings are lost in redevelopment, this hinders Council's ability to ensure there is housing for people of all ages and capabilities (Action 25). As such, the planning proposal is needed to minimise the trend.

2. Woollahra Local Housing Strategy

The *Woollahra Local Housing Strategy 2021* (Woollahra LHS 2021) establishes the long term housing vision for our local area. The proposed amendments are consistent with the vision of the Woollahra LHS 2021 to facilitate housing in well-planned locations. In particular, Housing Objective 2 of the Woollahra LHS 2021 outlines that housing growth and uplift should ideally:

“Be located within 400m easy walking distance of both an existing a local centre and high-frequency public transport service consistent with the vision for a 30-minute city.”

The proposed controls will help reduce instances of dwelling loss in the critical locations outlined above. They will also influence the market trend of favouring the development of larger sized dwellings, and promote the delivery of more diverse sized housing in that is specified in Action 1 (relating to the maintenance of diverse housing stock).

The Woollahra LHS sets housing targets of 500 dwellings between 2021-2026 and 400 dwellings between 2026-2036. In July 2024, the target was significantly increased to 1900 dwellings from 2024 to 2026, and published on the DPHIs website. The establishment of net loss controls will promote the delivery of more dwellings as part of new development and help Council work towards these mandated targets.

3. Woollahra Community Strategic Plan

Adopted in 2022, the Woollahra Community Strategic Plan *Woollahra 2032* characterises the community, sets out current and future social, environmental and economic challenges, while additionally guiding potential strategies to address these issues.

Goal 4: Well-planned neighbourhoods is especially relevant to the proposed controls.

The proposed controls will align with Goal 4, by promoting the efficient use of land and protecting residential density in well-located areas.

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

Yes. The planning proposal is consistent with *Housing 2041* (March 2021).

The planning proposal aligns with key ambitions of *Housing 2041* as follows:

- It will protect existing housing supply in the Woollahra LGA; and
- It will promote investment for diverse housing, through limiting the provision of larger apartments.

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

Yes. The planning proposal is consistent with the *Standard Instrument – Principal Local Environmental Plan* and all other applicable State Environmental Planning Policies (refer to **Schedule 1**).

5.2.5. Is the planning proposal consistent with applicable Ministerial Directions (s.9.1 directions)?

Yes. The planning proposal is consistent with applicable section 9.1 directions (refer to **Schedule 2**).

5.3. Environmental, social and economic impact

5.3.1. 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. This planning proposal seeks to retain existing residential dwelling densities in developed areas of the Woollahra LGA. It will not result in any impacts to critical habitat or threatened species.

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

No. There are no likely environmental effects that would arise as a result of the planning proposal.

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

1. Economic impacts

The proposed amendments would not have any unreasonable economic impacts. As previously outlined, the Woollahra LGA is the most profitable place to develop in Greater Sydney and a minor reduction in the cost per square metre of residential uses is unlikely to affect development feasibility. Notwithstanding, this is an important planning issue affecting housing supply and diversity, which warrants a policy response in the current housing crisis.

2. Social Impacts

The proposed amendments will have positive social impacts. The planning proposal will maintain the density of residential dwellings on development sites. This will help protect local housing supply and provide more market stock to renters and prospective home buyers in the Woollahra LGA. It also incentivises the provision of a mix of dwelling sizes and encourages a more diverse range of housing choices.

5.4. Infrastructure (Local, State and Commonwealth)

5.4.1. Is there adequate public infrastructure for the planning proposal?

This planning proposal only seeks to retain existing dwelling density, and not increase it. Accordingly, existing infrastructure will remain adequate.

5.5. State and Commonwealth Interests

5.5.1. What are the views of State and Commonwealth public authorities consulted in accordance with the Gateway determination?

Any authorities identified by the DPHI in a Gateway determination will be consulted during the public exhibition of the planning proposal.

6. Mapping

No changes to mapping are proposed under this planning proposal.

7. Community consultation

Public exhibition will be undertaken in accordance with the requirements of the EP&A Act and the *Environmental Planning and Assessment Regulation 2021*. It will also have regard to the *Local Environmental Plan Making Guideline* and any conditions of the Gateway determination.

The planning proposal will be exhibited for a minimum of 28 days.

Public notification of the exhibition will comprise:

- Weekly notice in the local newspaper (the Wentworth Courier) for the duration of the exhibition period, when a hardcopy version of that newspaper is being published.
- A notice on Council's website.
- Notice to local community, resident and business groups and local planning practitioners.

During the exhibition period the following material will be available on Council's website and in the customer service area at Woollahra Council offices:

- The planning proposal, in the form approved by the Gateway determination.
- The Gateway determination.
- Information relied upon by the planning proposal (such as relevant Council reports).
- Woollahra LEP 2014.
- Section 9.1 Directions.

8. Project timeline

As Council is authorised to exercise the functions of the Minister for Planning under section 3.36 of the EP&A Act 1979, the proposed timeline for completion is as follows:

Plan-making step	Estimated completion
Council Committee consideration	March 2025
Council resolution	March 2025
Gateway determination	May 2025
Government agency consultation	June 2025
Public exhibition period	June 2025
Council assessment of planning proposal post exhibition	July 2025
Council decision to make the LEP amendment	August 2025
Council to liaise with Parliamentary Counsel to prepare LEP amendment	August 2025
Forwarding of LEP amendment to Greater Sydney Commission and the DPHI	September 2025
Notification of the approved LEP	September 2025

Schedules

Schedule 1 – Consistency with State Environmental Planning Policies (SEPP)

State environmental planning policy	Comment on consistency
SEPP (Biodiversity and Conservation) 2021	Applicable and consistent. The planning proposal does not contain a provision which is contrary to the operation of this policy.
SEPP (Exempt and Complying Development Codes) 2008	Applicable and consistent. The planning proposal does not contain a provision which is contrary to the operation of this policy.
SEPP (Housing) 2021	Applicable and consistent. The planning proposal does not contain a provision which is contrary to the operation of this policy. The flexibility embedded into the new controls will allow new development to still comply with the requirements of the ADG.
SEPP (Industry and Employment) 2021	Applicable and consistent. The planning proposal does not contain a provision which is contrary to the operation of this policy.
SEPP (Planning Systems) 2021	Applicable and consistent. The planning proposal does not contain a provision which is contrary to the operation of this policy.
SEPP (Precincts – Eastern Harbour City) 2021	Applicable. There are currently no identified state significant precincts located in the Woollahra LGA.
SEPP (Precincts – Central River City) 2021	Not applicable.
SEPP (Precincts – Regional) 2021	Not applicable.
SEPP (Precincts – Western Parkland City) 2021	Not applicable.
SEPP (Primary Production) 2021	Not applicable.

State environmental planning policy	Comment on consistency
SEPP (Resilience and Hazards) 2021	<p>Applicable and consistent.</p> <p>The planning proposal does not contain a provision which is contrary to the operation of this policy.</p>
SEPP (Resources and Energy) 2021	<p>Applicable and consistent.</p> <p>The planning proposal does not contain a provision which is contrary to the operation of this policy.</p>
SEPP (Sustainable Buildings) 2022	<p>Applicable and consistent.</p> <p>The planning proposal does not contain a provision which is contrary to the operation of this policy.</p>
SEPP (Transport and Infrastructure) 2021	<p>Applicable and consistent.</p> <p>The planning proposal does not contain a provision which is contrary to the operation of this policy.</p>

Schedule 2 – Compliance with section 9.1 directions

Planning proposal – Compliance with section 9.1 directions		
Direction		Applicable/comment
1	Planning systems	
1.1	Implementation of Regional Plans	Applicable. The planning proposal is consistent with the objectives of the <i>Greater Sydney Regional Plan: A Metropolis of Three Cities (2018)</i> , and the relevant priorities and actions of the <i>Eastern City District Plan (2018)</i> as discussed previously.
1.2	Development of Aboriginal Land Council land	Not applicable. This planning proposal does not affect Aboriginal Land Council Land.
1.3	Approval and referral requirements	Any additional approval or referral requirements can be met by this planning proposal in accordance with this direction.
1.4	Site specific provisions	Applicable and consistent. The planning proposal does not contain any provision which is contrary to this direction.
1.4A	Exclusion of development standards from Variation	Applicable and consistent. The planning proposal does not contain any provision which is contrary to this direction.
1.5 – 1.22	Implementation Plans	Not applicable. These plans do not apply to the Woollahra LGA.
2	Design and place	
3	Biodiversity and conservation	
3.1	Conservation zones	Applicable and consistent. The planning proposal will not affect the conservation standards of any environmentally sensitive land.
3.2	Heritage conservation	Applicable and consistent. The planning proposal will not change existing heritage provisions.
3.3	Sydney drinking water catchments	Not applicable. This direction does not apply to the Woollahra LGA.

**Planning proposal –
Compliance with section 9.1 directions**

Direction		Applicable/comment
3.4	Application of C2 and C3 zones and environmental overlays in Far North Coast LEPs	Not applicable. This direction does not apply to the Woollahra LGA.
3.5	Recreation vehicle areas	Not applicable. The planning proposal does not apply to sensitive land or land with significant conservation values. It will not allow land to be developed for a recreation vehicle area.
3.6	Strategic Conservation Planning	Not applicable. The planning proposal does not apply to avoided land or land in a strategic conservation area.
3.7	Public Bushland	Not applicable. This planning proposal will not affect any public bushland.
3.8	Willandra Lakes Region	Not applicable. This direction does not apply to the Woollahra LGA.
3.9	Sydney Harbour Foreshores and Waterways Area	Not applicable. The planning proposal does not apply to land identified within Foreshores and Waterways Area under the <i>State Environmental Planning Policy (Biodiversity and Conservation) 2021</i> .
3.10	Water catchment protection	Applicable and consistent. The planning proposal does not contain a provision which is contrary to the objective of this direction.
4	Resilience and hazards	
4.1	Flooding	Applicable and consistent. This planning proposal will not increase development potential on flood prone land, and accordingly will not heighten any flood risk issues.
4.2	Coastal management	Not applicable. The planning proposal will not affect land in a coastal zone.
4.3	Planning for bushfire protection	Not applicable. The planning proposal will not affect bushfire prone land.
4.4	Remediation of contaminated land	Applicable and consistent. The planning proposal does not contain a provision which is contrary to the objective of this direction.

Planning proposal – Compliance with section 9.1 directions		
Direction		Applicable/comment
4.5	Acid sulfate soils	Applicable and consistent. Existing acid sulfate soils provisions will not be altered by the planning proposal.
4.6	Mine subsidence and unstable land	Not applicable. The planning proposal does not apply to land within a proclaimed Mine Subsidence District or to land identified as unstable.
5	Transport and infrastructure	
5.1	Integrating land use and transport	Applicable and consistent. The planning proposal does not contain a provision which is contrary to the aims, objectives and principles of: <ul style="list-style-type: none"> Improving Transport Choice – Guidelines for planning and development (DUAP 2001), and The Right Place for Business and Services – Planning Policy (DUAP 2001).
5.2	Reserving land for public purposes	The planning proposal does not amend reservations of land for public purposes. The planning proposal is consistent with the direction.
5.3	Development near regulated airport and defence airfields	Applicable and consistent. The planning proposal does not contain a provision which is contrary to this direction.
5.4	Shooting ranges	Not applicable. The planning proposal does not apply to land adjacent to or adjoining an existing shooting range.
6	Housing	
6.1	Residential zones	Applicable and consistent. The planning proposal seeks to retain dwelling density in residential zones and is not contrary to any provisions.
6.2	Caravan parks and manufactured home estates	Not applicable. The planning proposal will not affect any caravan parks or manufactured housing estates.
7	Industry and employment	
7.1	Employment zones	Applicable and consistent. The planning proposal does not remove or alter a business zone and does not reduce employment floor space.

Planning proposal – Compliance with section 9.1 directions		
Direction		Applicable/comment
7.2	Reduction in non-hosted short-term rental accommodation period	Not applicable. This direction does not apply to the Woollahra LGA.
7.3	Commercial and retail development along the Pacific Highway, North Coast	Not applicable. This direction does not apply to the Woollahra LGA.
8	Resources and energy	
8.1	Mining, petroleum production and extractive industries	Not applicable. This planning proposal will not affect any of the nominated activities.
9	Primary production	
9.1	Rural zones	Not applicable. This planning proposal will not affect any rural zones.
9.2	Rural lands	Not applicable. This planning proposal will not affect any rural lands.
9.3	Oyster aquaculture	Not applicable. This planning proposal will not affect any Priority Oyster Aquaculture Areas.
9.4	Farmland of state and regional significance on the NSW Far North Coast	Not applicable. This direction does not apply to the Woollahra LGA.