
Item No: 7.2
Subject: **POST EXHIBITION REPORT - PLANNING PROPOSAL TO ADDRESS NET DWELLING LOSS**
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Purpose of the Report:

To report on the public exhibition of the planning proposal *Addressing Net Dwelling Loss*, and to seek Council's support to proceed with the planning proposal.

Alignment to Delivery Program:

1.2 Plan for more diverse housing choices to meet the needs of the community.

Recommendation:

THAT Council:

- A. Notes the matters raised in submissions to the public exhibition of the planning proposal *Addressing Net Dwelling Loss*.
- B. Notes the response provided by the NSW Department of Planning, Housing and Infrastructure in respect to net dwelling loss dated 25 November 2025.
- C. Supports proceeding with the planning proposal *Addressing Net Dwelling Loss* at Attachment 1 of the report to the Environmental Planning Committee of 1 December 2025, and forwards the finalisation package to the Department of Planning, Housing and Infrastructure with a request that the Minister (or delegate) finalise and make the local environmental plan under section 3.36(1) of the Environmental Planning and Assessment Act 1979.

Executive Summary:

This report relates to the public exhibition of the planning proposal *Addressing Net Dwelling Loss*.

The planning proposal was exhibited from 15 October 2026 to 26 November 2025. During this period one (1) submission was received. No changes are proposed to the planning proposal in response to the issues raised in the submission.

Staff recommend that Council supports the planning proposal at **Attachment 1** and submits the finalisation package to the Department of Planning, Housing and Infrastructure (DPHI) with a request for the Minister (or delegate) to finalise and make the local environmental plan (LEP).

Discussion:

Net dwelling loss is a reduction in the total number of dwellings on a site (or sites) as a result of new development. For example, where three residential lots containing three dwelling houses are amalgamated to construct one dwelling house; or where an existing residential flat building (RFB) containing twelve dwellings is demolished and a new RFB containing six dwellings is constructed on the same site.

The objective of the planning proposal is to reasonably minimise the reduction of housing supply from net dwelling loss.

The planning proposal seeks to amend the *Woollahra Local Environmental Plan 2014* (Woollahra LEP 2014) by introducing a local provision to restrict dwelling loss to no more than one dwelling, or 15% of all existing dwellings, whichever is greater. The proposed clause will apply to residential accommodation (except for boarding houses, co- living housing, group homes, secondary dwellings and residential care facilities) where the total number of dwellings on the development site, totals three or more dwellings.

The threshold of three dwellings has been applied to provide some scope and flexibility for the amalgamation of dwellings. For example, the provisions will not apply to the amalgamation of two adjoining apartments or the amalgamation of dual occupancies. This approach allows for improvements to dwellings, whilst also seeking to address the incremental impact of net dwelling loss. The proposed threshold provides a reasonable balance between allowing for redevelopment and the renewal of building stock, whilst also seeking to minimise the loss of dwelling numbers on development sites.

The proposed approach was informed by the City of Sydney's planning proposal *Dwelling Retention*, which came into effect on 30 May 2025.

Background

On 3 March 2025, the Environmental Planning Committee (EPC) ([linked here](#)) considered a report to introduce a new local provision in the Woollahra LEP 2014 to address net dwelling loss. Subsequently, on 24 March 2025, Council resolved the following:

THAT Council:

- A. *Notes the advice provided by the Woollahra Local Planning Panel on 6 February 2025 regarding the planning proposal to address net dwelling loss.*
- B. *Endorses the planning proposal as contained at Attachment 1 of the report to the Environmental Planning Committee of 3 March 2025 to amend the Woollahra Local Environmental Plan 2014 by introducing a local provision to restrict net dwelling loss.*
- C. *Forwards the planning proposal to the Department of Planning, Housing and Infrastructure seeking a Gateway determination to allow public exhibition.*
- D. *Requests the Minister for Planning and Public Spaces (or delegate) to authorise Council as the local plan-making authority to make the local environmental plan under section 3.36 of the Environmental Planning and Assessment Act 1979.*
- E. *Requests the Department of Planning, Housing and Infrastructure to address the issue of a net dwelling loss within the State policy framework, given the NSW Government push to increase housing across the Greater Sydney metropolitan region.*

F. *Notes the advice on Social Impact Statements and takes no further action in this regard.*

In response to Part E, on 25 September 2025 Council issued a letter to Kiersten Fishburn, Secretary of the DPHI, requesting net dwelling loss controls be established within State planning legislation as a matter of urgency. A response was received dated 25 November 2025 and is provided at **Attachment 2**. In summary, Ms Fishburn indicated that the DPHI considered net loss to be a matter best addressed through local planning instruments. Staff disagree with this response and consider it contrary to best practice planning, particularly in the midst of policy efforts to maximise housing supply. It is also inconsistent with the expert advice of the Woollahra Local Planning Panel from 6 February 2025, who suggested that Council further advocate to the NSW Government on this matter.

Gateway determination

In response to Part C of the Council resolution of 24 March 2025, the planning proposal was submitted to the DPHI on 31 March 2025.

On 12 September 2025, a Gateway determination was issued by the DPHI, recommending that the planning proposal proceed to exhibition subject to conditions (see **Attachment 3**).

This included Condition 1 which stated that:

Prior to public exhibition, the planning proposal is to be updated to include:

- a. *Scenario analysis of recent developments with and without proposed dwelling retention provisions under current planning controls. The analysis should measure dwelling loss and resulting average dwelling size in sqm.*
- b. *Discussion of how the proposed provision will apply to zones predominately characterised by employment or mixes uses.*
- c. *An amended timeline.*

Council staff amended the planning proposal to address Condition 1 by including:

- A scenario analysis of recent development applications (DAs) that compares the net loss of dwellings from DAs with and without the application of the net loss provision, including the average dwelling size of the existing and approved dwellings. The analysis is provided in the exhibited planning proposal at **Attachment 1**.
- Additional explanation and examples to clarify how the planning proposal will apply to non-residential floor space and land zoned E1 Local Centre Zone and MU1 Mixed Use. These amendments are reflected in Sections 4 and 5 of the planning proposal.
- An updated timeline in Section 8.

The DPHI categorised the planning proposal as “complex” as described in the *Local Environmental Plan Making Guideline* (Department of Planning and Environment, August 2023) and required the planning proposal to be made publicly available for a minimum of 30 working days.

Council was not designated as the local plan-making authority because of the complex nature of the planning proposal. Instead the Minister (or DPHI as delegate) is responsible for finalising and making the plan. Under this process, if Council decides to support the planning proposal following exhibition and consideration of submissions, Council refers the planning proposal and supporting information (i.e. the finalisation package) to the DPHI. The DPHI reviews the finalisation package and instructs Parliamentary Counsel to draft the LEP. The DPHI then prepares a report for the Minister (or delegate) to decide whether to make the LEP.

Public exhibition

The planning proposal and supporting material were exhibited from 15 October 2025 to 26 November 2025 (inclusive), consistent with the requirements of the *Environmental Planning and Assessment Act 1979* (EP&A Act), the *Environmental Planning and Assessment Regulation 2021*, the *Woollahra Community Participation Plan 2019*, relevant guidelines, and the conditions of the Gateway determination.

The exhibition included the following:

1. Exhibition on the NSW Planning Portal (Planning proposal number PP-2025-604).
2. A notice in the Wentworth Courier newspaper on 15 October 2025 providing details of the exhibition.
3. A public exhibition webpage for the planning proposal and supporting material on Council's *Your Say Woollahra*. This webpage was visited by 483 people during the exhibition period.
4. Written correspondence was sent to the following stakeholders: Member for Sydney; Member for Vaucluse; Randwick Council; Waverley Council; and the following community organisations: Darling Point Society, Double Bay Residents' Association, Queen St and Woollahra West Association, Watsons Bay Association, Rose Bay Action Group, Vaucluse Progress Association, Edgecliff Residents' Association and the Paddington Society.

Submissions

One submission was received during the public exhibition. This submission raised concern with the planning proposal. A copy of the submission is provided at **Attachment 4**. The issues raised in the submission, along with responses from Council staff are provided in **Table 1**.

Table 1: Summary of issues raised and Council staff response

Submitter and Summary of issues raised	Council staff response
<i>Submissions objecting to the planning proposal</i>	
Submitter: Brad Caldwell-Eyles Council should undertake a study to explore the real-world risk of net dwelling loss to ensure such a proposal is well founded and worth the resource investment.	The issue of net dwelling loss is a relatively new or emerging issue occurring in high land value, high demand, inner metropolitan areas. Along with Woollahra Council, the City of Sydney and Waverley Councils have reported that they are also experiencing net dwelling loss arising from new development. Net dwelling loss reduces housing at a time when Council is required to increase housing supply. The planning proposal, section 5.1.1 addressed <i>Study of net dwelling loss in Woollahra LGA</i>. It identified that Council staff had looked at net dwelling loss by analysing DAs lodged from March 2020 to January 2025. The study identified 42 DAs (35 DAs approved and 7 DAs being assessed) that resulted in a net dwelling loss. The combined net dwelling loss from the 35 approvals was 83 dwellings, with a further net loss of 10 dwellings if the other 7 DAs were approved. Staff also compared the Woollahra LGA dwelling loss numbers to the Waverley LGA (92 dwellings between Jan 2017 – Nov 2022) and City of Sydney LGA (91 dwellings from 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 was considered significant. The comparatively high profitability of development in the LGA, and market demand for larger upmarket dwellings over smaller sized dwellings are key factors contributing to new development that results in net dwelling loss. Redevelopment of existing RFBs under the NSW Government's recent mid-rising housing reforms is also likely to contribute to net dwelling loss. Staff anticipate that DAs resulting in net dwelling loss will increase if the issue is not addressed in the Woollahra LEP.
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Post exhibition amendments

Staff have considered the issues raised in the submission and find that the issues do not warrant amendment to the planning proposal as exhibited.

Options:

As a result of this report:

- Council may resolve to support the planning proposal as exhibited. The finalisation package for the planning proposal will be referred to the DPHI with a request for the Minister (or delegate) to finalise and make the LEP under section 3.36 of the EP&A Act. This is the staff recommendation.
- Council may resolve to support the planning proposal with amendments. The finalisation package for the planning proposal, including reasons for the post exhibition amendments, will be referred to the DPHI with a request for the Minister (or delegate) to finalise and make the LEP under section 3.36 of the EP&A Act.
Note: If the amendments to the planning proposal result in a significant change or an increase in impact, the planning proposal may need to be re-exhibited.
- Council may resolve to not support the planning proposal. Council should resolve to write to the Minister (or delegate) requesting that the matter does not proceed under section 3.35(4) of the EP&A Act.

Community Engagement and / or Internal Consultation:

Refer to the 'Discussion' section of this report.

Policy Implications:

Should the Minister (or delegate) decide to make the plan, the Woollahra LEP 2014 will be amended by inserting a new local planning provision.

Financial Implications:

There are no financial implications to Council arising from progressing the planning proposal.

Resourcing Implications:

Should Council support the planning proposal, staff resources will be associated with preparing the finalisation package for DPHI and liaising with the DPHI.

Conclusion:

A planning proposal to amend the Woollahra LEP 2014 to address net dwelling loss was placed on public exhibition consistent with statutory obligations and the Gateway determination. One submission was received during the exhibition period and no changes are proposed to the planning proposal in response to that submission.

Staff recommend that Council supports the planning proposal as exhibited (**Attachment 1**) and refers the planning proposal and supporting information to the DPHI with a request that the Minister (or delegate) finalises and makes the local environmental plan under section 3.36 of the *Environmental Planning and Assessment Act 1979*.

Attachments:

1. Planning Proposal Addressing Net Dwelling Loss
2. DPHI Response Letter - 25 November 2025
3. Gateway Determination
4. Submission