

20th January 2022

The General Manager
North Sydney Council
200 Miller Street
North Sydney NSW 2060

Attention: Jim Davies – Executive Assessment Officer

Dear Mr Davies,

**Development Application 5/22
Supplementary Statement of Environmental Effects/
Response to additional information request
Demolition and construction of a residential flat building
24 East Crescent Street, McMahons Point**

Reference is made to Council's additional information request of 12th January 2022 seeking confirmation that the proposal would not cause loss of affordable housing pursuant to Chapter 2, Part 3 of State Environmental Planning Policy (Housing) 2021 (SEPPH). We respond to this request as follows.

SEPP (Housing) 2021

Chapter 2, Part 3 of SEPP ARH is relevant to an assessment of the subject application.

Clause 46(1) states that this Part applies to a low rental residential building on land within the Greater Sydney Region with clause 46(2) indicating that the Part does not apply to a building that has been approved for strata subdivision. As the existing residential flat building has not been approved for strata subdivision this Part applies to the subject application.

A low rental residential building is defined as follows:

low-rental residential building means a building used, during the relevant period, as a residential flat building containing a low-rental dwelling or as a boarding house, and includes a building that -

- (a) *is lawfully used as a residential flat building containing a low-rental dwelling or as a boarding house, irrespective of the purpose for which the building may have been erected, or*
- (b) *was used as a residential flat building containing a low-rental dwelling or as a boarding house, but that use has been changed unlawfully to another use, or*
- (c) *is vacant, but the last significant use of which was as a residential flat building containing a low-rental dwelling or as a boarding house.*

relevant period means the period commencing 5 years before the day on which the development application involving the building is lodged and ending on that day.

A low rental dwelling is defined as follows:

low-rental dwelling means a dwelling that was let at a rental level no greater than the median rental level, as specified in the Rent and Sales Report, during the relevant period in relation to a dwelling -

- (a) *of the same type, and*
- (b) *with the same number of bedrooms, and*
- (c) *in the same local government area.*

Development Application DA5/22 was lodged on 4th January 2022 and accordingly the relevant period is 5 years before this date.

No. 24 East Crescent Street

The existing residential flat building contains 13 x 1 bedroom apartments. This building has not been approved for strata subdivision.

The accompanying correspondence dated 18th January 2022 by Century 21 confirms that when the property was purchased on 19th November 2021 that the following rents were being paid for the individual apartments:

- Unit 1 - \$245 per week
- Unit 2 - Vacant
- Unit 3 - Vacant
- Unit 4 - \$245 per week
- Unit 5 - \$240 per week
- Unit 6 - Vacant
- Unit 7 - \$200 per week
- Unit 8 - Vacant
- Unit 9 - \$285 per week

Unit 10 - \$270 per week
 Unit 11 - \$350 per week
 Unit 12 - \$475 per week
 Unit 13 - Vacant
 Unit 14 - Vacant

A copy of this correspondence is at Attachment 1. We note that no previous rental records are available.

The quarterly rental statistics for the September 2021 quarter, being the most recent data, identifies a median rental for a 1 bedroom apartment in the North Sydney LGA of \$450. In this regard, Units 1, 4, 5, 7 and 9 - 11 are defined as low-rental dwellings. That said, we are prepared to concede that all apartments have no doubt been let at a rental level no greater than the median rental level at some point during the prescribed period given the condition and size of the apartments and noting that the median rental for a 1 bedroom apartment in the March 2020 quarter was \$500. These rental statistics are below.

Quarterly Rent Statistics - September 2021 quarter

[Click for results by dwelling type](#)

Local Government Area	Dwelling type	Quarter	Region		
North Sydney	Flat/Unit	September 2021	NSW		
	First quartile**	Median**	Third quartile**	New bonds lodged**	Total bonds held*
Bedsitter	\$323	\$350	\$400	67	524
1 Bedroom	\$400	\$450	\$540	565	5,375
2 Bedrooms	\$550	\$650	\$740	635	6,752
3 Bedrooms	\$800	\$935	\$1225	109	1,480
4 or more Bedrooms	\$1075	\$1500	\$2440	s	64
Total	\$450	\$550	\$700	1,392	14,655

Quarterly Rent Statistics - March 2020 quarter

[Click for results by dwelling type](#)

Local Government Area	Dwelling type	Quarter	Region		
North Sydney	Flat/Unit	March 2020	NSW		
	First quartile**	Median**	Third quartile**	New bonds lodged**	Total bonds held*
Bedsitter	\$380	\$415	\$480	61	484
1 Bedroom	\$450	\$500	\$586	576	4,867
2 Bedrooms	\$600	\$680	\$775	725	6,393
3 Bedrooms	\$850	\$975	\$1150	169	1,375
4 or more Bedrooms	-	-	-	-	63
Total	\$500	\$620	\$750	1,577	14,054

Accordingly, it is evident that all 13 apartments are appropriately defined as low-rental dwellings.

Clause 47(1)(a) states the person must not demolish a building to which this Part applies except with development consent.

Clause 47(2) states that in determining a development application referred to in subclause 1, the consent authority is to take into account the guidelines and each of the following:

- a) *whether there is likely to be a reduction in affordable housing on the land to which the application relates*

Response: Yes. There will be a reduction of 13 x 1 bedroom low rental dwellings on the land to which the application relates.

- (b) *whether there is available sufficient comparable accommodation to satisfy the demand for such accommodation.*

Response: Subclause 47(3) states that for the purpose of subclause 2(b), sufficient comparable accommodation is conclusively taken to be not available if the average vacancy rate in private rental accommodation for Sydney as published monthly by the Real Estate Institute of New South Wales is, for the 3 months immediately preceding the date of lodgement of the development application, less than 3 per cent.

The subject development application was lodged on 4th January 2022. The average vacancy rate in private rental accommodation for Sydney as published in the Real Estate Institute of New South Wales for the 3 months immediately preceding the date of lodgement of the development application were as follows:

Residential vacancy rate %

	Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
SYDNEY												
Inner	3.7	4.4	3.9	3.7	2.9	3.1	4.0	3.3	4.0	4.5	3.7	4.8
Middle	2.9	2.9	3.1	3.9	4.0	3.9	3.2	4.6	5.8	5.8	4.3	4.2
Outer	1.8	1.8	1.8	2.2	1.7	2.3	2.2	2.5	3.2	2.5	1.9	2.5
Sydney Total	2.8	3.0	2.8	3.1	2.6	2.9	3.1	3.3	4.3	4.0	3.1	3.6
HUNTER												
Newcastle	2.1	2.0	1.8	1.5	2.2	4.0	1.6	1.6	1.7	0.7	1.9	1.4
Other	0.9	0.8	0.6	0.9	0.6	0.7	0.8	1.3	1.4	0.7	1.0	1.1
Hunter Total	1.2	1.0	0.9	1.0	1.0	1.6	1.0	1.4	1.5	0.7	1.3	1.2
ILLAWARRA												
Wollongong	0.8	0.7	1.0	2.0	1.5	1.4	1.4	1.2	0.9	1.6	2.2	1.7
Other	1.8	1.2	1.5	1.8	0.9	1.3	1.1	0.6	1.1	0.7	2.0	0.2
Illawarra Total	1.2	0.9	1.3	1.9	1.2	1.4	1.3	0.9	1.0	1.1	2.1	1.1

This table shows average vacancy rates for Sydney in the 3 months immediately preceding the date of lodgement the development application as December 2021 (2.8%), November 2021 (3.0%) and October 2021 (2.8%).

Accordingly for the purpose of clause 47(2)(b) sufficient comparable accommodation is conclusively taken to be available given the average vacancy rate in private rental accommodation for Sydney as published monthly by the Real Estate Institute of New South Wales was not, for all 3 months immediately preceding the date of lodgement of the development application, less than 3% with a vacancy rate of 3% for November 2021.

Accordingly, there is sufficient comparable accommodation available to satisfy the demand for such accommodation.

(c) *whether the development is likely to cause adverse social and economic effects on the general community,*

Response: The development will not cause adverse social and economic effects on the general community with the re-establishment of a residential flat building on the site.

d) *whether adequate arrangements have been made to assist the residents (if any) of the building likely to be displaced to find alternative comparable accommodation,*

Response: All pre-existing residents will be assisted to find alternative comparable accommodation by Century 21 at or prior to the expiration of current leases on 31st July 2022. This assistance includes the payment of any reasonable relocation expenses by the current owner of the property.

(e) *the extent to which the development contributes to any cumulative loss of affordable housing in the local government area,*

Response: We do not consider that the development would significantly contribute to the accumulative loss of affordable housing in the local government area given the payment of a monetary contribution for the purpose of affordable housing.

(f) *the structural soundness of the building, the extent to which the building complies with any relevant fire safety requirements and the estimated cost of carrying out work necessary to ensure the structural soundness of the building and the compliance of the building with the fire safety requirements,*

Response: Whilst the buildings appear structurally sound the quality of the accommodation is in need of substantial upgrade.

(g) *whether the imposition of a condition requiring the payment of a monetary contribution for the purposes of affordable housing would adequately mitigate the reduction of affordable housing resulting from the development,*

Response: Yes. We consider the imposition of a condition requiring the payment of a monetary contribution for the purpose of affordable housing would adequately mitigate the reduction of affordable housing resulting from the development.

Clauses 48(1) relates to the ability to impose a condition on a development consent for the payment of the contribution for affordable housing where the consent authority is satisfied that the proposed development will or is likely to reduce the availability of affordable housing within the area contributions for affordable housing.

Clause 48(2) states that if a condition is to be imposed under this clause, the amount of the contribution is to be calculated in accordance with the following formula –

$$C = L \times R \times 0.05$$

where –

C is the contribution payable.

L is the total number of bedrooms in a low-rental dwelling and boarding rooms that will be lost by the proposed development.

R is the replacement cost calculated as the average value of the first quartile of sales of strata properties in the local government area in which the development is to take place, as specified in the 4 most recent editions of the Rent and Sales Report.

In this regard:

L = 13 bedrooms

R = (refer to tables over page)

June 2021 Quarter - \$850,000.00

March 2021 Quarter - \$868,000.00

December 2020 Quarter - \$883,000.00

Average = \$867,000.00

$$C = L \times R \times 0.05$$

$$C = 13 \times \$867,000.00 \times 0.05$$

Accordingly, the contribution payable is \$563,550.00.

Quarterly Sales Statistics - June 2021 quarter

Local Government Area ▼

North Sydney ▼

Quarter

June 2021 ▼

Region

GMR (Greater Metropolit... ▼

Strata/Non-strata	First quartile(\$'000s)	Median(\$'000s)	Third quartile(\$'000s)	Mean(\$'000s)	Sales (#)
Non-strata	\$2,893	\$3,483	\$5,086	\$5,647	98
Strata	\$850	\$1,200	\$1,668	\$1,394	447
Total	\$915	\$1,330	\$2,365	\$2,159	545

Quarterly Sales Statistics - March 2021 quarter

Local Government Area

North Sydney ▼

Quarter

March 2021 ▼

Region

GMR (Greater Metropolit... ▼

Strata/Non-strata	First quartile(\$'000s)	Median(\$'000s)	Third quartile(\$'000s)	Mean(\$'000s)	Sales (#)
Non-strata	\$2,400	\$3,300	\$4,150	\$3,451	71
Strata	\$868	\$1,180	\$1,520	\$1,269	323
Total	\$938	\$1,295	\$1,980	\$1,663	394

Quarterly Sales Statistics - December 2020 quarter

Local Government Area

North Sydney ▼

Quarter

December 2020 ▼

Region

GMR (Greater Metropolit... ▼

Strata/Non-strata	First quartile(\$'000s)	Median(\$'000s)	Third quartile(\$'000s)	Mean(\$'000s)	Sales (#)
Non-strata	\$2,100	\$2,950	\$4,100	\$3,437	69
Strata	\$883	\$1,160	\$1,561	\$1,273	395
Total	\$940	\$1,250	\$1,806	\$1,594	464

We trust that this submission addresses the issue raised. Please do not hesitate to contact me to discuss any aspect of this supplementary submission.

Yours faithfully

Boston Blyth Fleming Town Planners

A handwritten signature in black ink, appearing to read 'Greg Boston', written in a cursive style.

Greg Boston

B Urb & Reg Plan (UNE) MPIA

B Env Hlth (UWS)

Director

Attachment 1

Correspondence from Century 21



20 January 2022

To whom it may concern
North Sydney Council

24 East Crescent Street, McMahon's Point

Century 21 Living is the Property Manager for the apartments in 24 East Crescent Street, McMahon's Point. We were appointed to take over when the property was purchased on 19 November 2021.

As there are no past rental records available from the prior owners I can only confirm that at the time of handover the rents on the individual apartments are as follows:

Unit 1 - \$245 per week
Unit 2 - Vacant
Unit 3 - Vacant
Unit 4 - \$245 per week
Unit 5 - \$240 per week
Unit 6 - Vacant
Unit 7 - \$200 per week
Unit 8 - Vacant
Unit 9 - \$285 per week
Unit 10 - \$270 per week
Unit 11 - \$350 per week
Unit 12 - \$475 per week
Unit 13 - Vacant
Unit 14 - Vacant

If you have any queries, please don't hesitate to contact me.

Yours faithfully,

Kate Baker

Kate Baker
Senior Property Manager
(This letter is signed electronically as I am working from home without access to the printer)

CENTURY 21. Living

P. (02) 9968 1700 F. (02) 9968 1361 54 Spit Road Mosman NSW 2088 mosman.century21.com.au

Vareto Pty Ltd trading as CENTURY 21 Living, ABN 62 003 685 149. Each office is independently owned and operated.