

30 April 2021

Mr Brett Whitworth
Deputy Secretary, Greater Sydney Place and Infrastructure
Department of Planning, Industry, and Environment
GPO Box 39
Sydney NSW 2001

Dear Brett,

Gurner Submission to Explanation of Intended Effect for the Design and Place SEPP

We write this submission in response to the Government Architect NSW (GANSW) and the NSW Department of Planning, Industry and Environment's (DPIE) call for feedback on its Explanation of Intended Effect for a Design and Place SEPP. We would firstly like to commend GANSW and DPIE on the work so far to establish a new SEPP and supporting guides to deliver good design in NSW.

It is understood that the new Design and Place SEPP is intended to include new provisions for residential development in NSW. We look forward to contributing toward the development of new guidance as the build-to-rent (BTR) model continues to be an emerging concept used across NSW.

1.0 GURNER & BUILD-TO-RENT

Qualitas and GURNER™ have entered into an exclusive partnership ("GQ") and together have launched a \$1bn Build-to-Rent platform in order to deliver multifamily residential real estate for the Australian rental market.

The GQ strategy is grounded in a thematic of delivering high quality, well-amenitised new buildings with exceptional service in inner urban locations that are supported by strong underlying demand and supply fundamentals.

In order to deliver market leading physical asset and operational outcomes, the GQ platform leverages Qualitas' best-in-class investment management capabilities, as well as the complementary strengths of GURNER™, one of Australia's leading developers.

As development and operating partner, GURNER™ will provide exclusive services to the platform, providing access to unique site opportunities, a highly nimble and sophisticated acquisition function and, importantly, a well-established market position and existing brand amongst customers.

The GQ Build-to-Rent Pillars are:

- 1 CURATED PRODUCT OFFERING SPECIFIC TO TARGET AUDIENCE
- 2 DESIGN-DRIVEN ARCHITECTURE
- 3 CELEBRATE HERITAGE
- 4 WORLD-CLASS RETAIL AND HOSPITALITY
- 5 LUXURY ARRIVAL EXPERIENCE
- 6 ULTIMATE LUXURY SERVICE OFFERING
- 7 SIX-STAR AMENITY OFFERING
- 8 CURATED HOMES AND SPACES WITH AN EMOTIONAL CONNECTION
- 9 DELIVERING ON PROMISES
- 10 GREENER BY GURNER™ OUR COMMITMENT TO ENVIRONMENTAL SUSTAINABILIT

The platform has already secured “shovel ready” seed assets in prime locations, comprising an initial portfolio of over 1,100 apartments that will commence construction in calendar year 2021.

The Build-to-Rent platform aims to deliver 5,000 apartments by 2023 focusing on the Australian eastern seaboard in urban locations that are conducive to a rental market with demographics supportive of the build-to-rent thematic.

GQ have secured debt financing from a major Australian bank with respect to its first seed asset and has commenced construction, with the remaining two assets expected to commence in Q2 2021. We are also in the final stages of securing equity commitments from a range of global institutional investors to launch the \$1bn platform and further accelerate the GQ growth agenda.




DEEP, DIRECT
RELATIONSHIPS WITH
DEVELOPERS & OPERATORS


GAV OF
INVESTMENTS
\$ 12.7 BILLION


GLOBAL
INSTITUTIONAL &
UHNW INVESTOR
BASE


DIRECT ACCESS TO
QUALITAS DEAL
PIPELINE

QUALITAS INVESTMENT MANAGEMENT TRACK RECORD	
12 YEAR	TRACK RECORD OF OPERATION
\$3.48B	INVESTED CAPITAL TO DATE
170	TOTAL INVESTMENTS MADE ACROSS DEBT AND EQUITY
17.5%	GROSS IRR ACHIEVED ON INVESTMENTS
1.32X	MONEY MULTIPLE ACHIEVED ON INVESTMENTS

GURNER™ DEVELOPMENT TRACK RECORD	
8,600+	APARTMENTS UNDER DEVELOPMENT AND COMPLETED.
\$750M+	FIVE PROJECTS UNDER CONSTRUCTION, ALL OF WHICH ARE 100% PRE-SOLD. THIS TOTALS MORE THAN 631 APARTMENTS WITH AN ESTIMATED END VALUE OF MORE THAN \$750 MILLION.
\$700M	COMPLETED 7 PROJECTS IN THE LAST 24 MONTHS TOTTALLING MORE THAN 1,000 APARTMENTS WITH AN END VALUE OF MORE THAN \$700 MILLION.
\$5B	\$5 BILLION WORTH OF PROPERTY IN THE DEVELOPMENT AND MANAGEMENT PORTFOLIO.

2.0 KEY RECOMMENDATIONS

2.1 Incorporating specific design guidance for Build-to-Rent

The EIE notes that the ADG will be revised over time to combine all housing design guidance into a single design guide to be used with the Housing Diversity SEPP and Design and Place SEPP. This would include additional design guidance for student accommodation, co-living, boarding houses, and housing for seniors, however has not indicated specifically whether additional design guidance would apply to build-to-rent (pg. 80 (A30)).

Given the unique nature of BTR housing, and the long-standing hard-line enforcement of the ADG by consent authorities, it would be detrimental to the delivery of BTR more broadly should the ADG be applied as it is currently. Specific concern of the revised ADG is the likely reduction of building efficiency, lower densities and more green space and thus, increased construction cost, which will create a greater financial hurdle for BTR projects.

It is recommended that specific design guidance be developed to guide and proactively facilitate BTR housing. This guidance should inherently be structured like the ADG, with an overall objective with multiple ways of achieving the same outcome; examples where non-compliance can be considered, and performance measures applied. Consent authorities should be mandated to implement the guidance in a flexible manner responding to specific design solutions.

Key elements to be considered in this guidance may include:

- flexibility in the mix of apartment typologies, allowing for market driven responses;
- establishing an objective for 'communal amenity/facilities', with flexibility to deliver this amenity in a range of areas and reforms that are mindful to the locational context of a site;
- establishing principles for apartment sizes and private open space, holistically considering the development and enabling more efficient apartments where greater amenity is provided on the whole (i.e. cumulative approach to private and communal open space) as well as consideration of tenant needs and possibly, affordable housing.

Recommendation: GANSW and DPIE work with BTR providers to prepare a specific Design Guide for the BTR product.

2.2 Application of the Apartment Design Guide

Important in supporting SEPP 65 has been the Apartment Design Guide (ADG), which provides consistent planning and design standards for apartments across NSW. The underlying purpose of the ADG is to provide guidance for the development of new apartment buildings, establishing flexibility in achieving the design principles of SEPP 65.

In practice, design criteria are the first step in ensuring consistency with an objective. Essentially, if a proposal numerically complies with the criteria it automatically achieves the objective. Importantly, there is an acknowledgment in the ADG that rigid numerical controls (the criteria) are not always able to be achieved. The ADG reinforces the validity in this method of implementation by stating:

The design criteria set a clear measurable benchmark for how the objective can be practically achieved. If it is not possible to satisfy the design criteria, applications must demonstrate what other design responses are used to achieve the objective and the design guidance be used to assist in this.

GANSW and DPIE intends to specify 'place led' performance-based outcomes that must be achieved for matters such as solar access, natural ventilation, noise, apartment size and layout, deep soil and landscape design and car parking. For the time being, these design requirements will apply only to residential apartment

developments, however in time it is intended to expand the ADG's application to other housing typologies. The ADG was only ever intended to be a 'guide', used flexibly, but the reality of its strict and prescriptive application by many councils has meant this intention was not realised.

Assuming the business-as-usual application of the design criteria being mandatory prescriptive measures implemented by consent authorities, there is a serious concern that the design and planning of residential buildings, including BTR, in NSW will divert away from delivering place-led and performance-based outcomes. Flexibility, particularly for the BTR tenure model is needed to allow the design process to better respond to its context, character and niche market and allow for opportunities to foster creative and innovative design solutions during the design process.

Recommendation: It is recommended that the revised ADG avoids the application of prescriptive design criteria, with explicit reference that alternate solutions to the design criteria may be appropriate where it can better fulfill the relevant objective.

It is recommended that the revised ADG provide a list of circumstances whereby numerical compliance should not be considered, or alternative solutions that might be beneficial.

This would allow consent authorities to deviate from strict compliance with metrics where this is required to achieve an optimum design outcome and would facilitate a place-based approach to the design of residential buildings.

2.3 Feedback on proposed design criteria of the revised ADG

Notwithstanding the above recommendation to have specific design guidance for BTR housing, we have reviewed the proposed amendments to the design criteria of the revised ADG. Key areas of concern for Gurner, include:

- **Minimum balcony area and depths** - There is a lack of flexibility around minimum balcony area and depths for the BTR product. There may be merit in reducing balcony sizes where a larger communal area is provided to encourage community interaction between residents (i.e. a cumulative approach to private and communal open space).
- **Maximum floor plate size** - The proposed arbitrary maximum floor plate size of 700sqm for part of buildings of nine or more storeys will prevent flexibility for building form and design to respond to its site and context and will limit creative and innovative design solutions during the design process. This would also impact the affordability of BTR housing in the market, which can often be an amalgam of a residential flat building and hotel in form.
- **30-metre building separation distance for 9-storeys and above** - The arbitrary minimum 30-metre building separation distance for 9-storeys and above without any supporting data to justify the increase is a critical concern. Building separation needs to be flexible to respond to site context, dimensions, required setbacks and whether alternative configurations can achieve the same or improved amenity and environmental performance. It is not always possible to achieve 30m between habitable rooms (such as in dense urban environments) and having to comply will significantly reduce the development potential of many dense urban infill centres across Greater Sydney.
- **Solar access:** Gurner does not support a limitation on east-west single aspect units. Limiting this in the ADG would significantly reduce the viability of future BTR developments and the ability to tailor the product to the needs of its occupants. We recommend the following alternatives:
 - consider alternative control for BTR;
 - extend hours 8am - 4pm for solar access, and solar 2 hrs to Private Open Space and living areas;
 - maintain current solar requirements and objectives of maximising preferred orientation (the max 15% no solar is a good current metric).
- **Cross-ventilation and dual aspect** - Exacerbating the prescriptive approach for a minimum 70% naturally cross-ventilated apartments, and double-aspect apartments, will result in higher façade costs for residential buildings impacting rents for BTR housing.

- **Maximum units per core** - Limiting 8 units to a core limits flexibility to vary the apartment mix throughout the building, while adding an additional core would add to the overall building mass on the site, increasing the building footprint, bulk and scale, potentially decreasing the area available for landscaping and communal open space and increasing overshadowing. It will inherently increase building cost and jeopardise the BTR product.
- **Proposed 20% of 2+ bedroom units to be 'family units' (min. 12sqm bedrooms for all bedroom)** - This proposed criterion is not supported. As this criterion seeks to support people working or studying from home, there should be flexibility for providing study areas instead of larger bedrooms, or to demonstrate with furniture layouts how a desk or desks could be accommodated within apartment layouts.
- **Unit mix / occupancy metric for communal open space** - Moving to a more nuanced approach is positive, but imposing an arbitrary metric is contrary to the objective of flexibility. The amount of communal open space should be considered on a site-specific basis having regard to the area in which the building is located, the likely household demand generated and availability of open space in the locality. As an example, a new residential development adjacent to public open space would reduce the demand for communal open space within a development site. It is recommended that flexibility should be applied to consider such instances.
- **Storage areas** - Increased storage requirements may limit apartment layout flexibility and create smaller rooms, as space is used up by a storage room or may increase pressure on excavated basements. Basements are often constrained in dense urban environments and it will not always be feasible to meet the proposed minimum external storage requirement.
- **Bicycle parking** - The bicycle parking rates are generally high and it is unclear what analysis has driven the minimum percentage. Flexibility is required in order to respond to certain circumstances (i.e. where a site is limited by ground conditions and excavation or where it can be demonstrated that there is limited demand for bicycle storage).

Many of the above issues will significantly increase construction costs and reduce dwellings, that would ultimately dampen the viability of delivering BTR housing within NSW.

It is recommended that GANSW and DPIE reconsider the application of the above design criteria to allow for greater flexibility in the design process in order to better respond to its context and support the delivery of BTR housing.

Recommendation: It is recommended that the GANSW and DPIE reconsider the application of the following proposed design criteria to BTR to allow for greater flexibility:

- the proposed minimum balcony area and depths
- the proposed maximum floor plate size of 700sqm for part of buildings of nine or more storeys
- the proposed 30-metre building separation distance for 9-storeys and above
- the proposed increase to the naturally cross-ventilated and dual aspect apartments
- the proposed limit of 8 units to a lift core
- the proposed 20% of 2+ bedroom units to be 'family units' (min. 12sqm bedrooms for all bedroom)
- the proposed unit mix / occupancy metric for communal open space
- the proposed increase to storage requirements
- the proposed bicycle parking rates

2.4 Savings and Transitional Arrangements

We note that there are currently no savings and transitional arrangements as part of the exhibition material. Without these arrangements in place, applications that are active in the planning system lack certainty on which design guidance may apply, specifically current planning proposals in the system that have been design around the guidance provided current ADG.

Recommendation: It is recommended that the GANSW draft appropriate savings and transitional arrangements which clarify the proposed transitional arrangements for applications submitted prior to the implementation of the D&P SEPP and supporting guidelines.

3.0 SUMMARY & CONCLUSION

We again would like to commend GANSW and DPIE for their work to date on the draft Place and Design SEPP and supporting guides. Based on our review, we reiterate the following recommendations:

- It is recommended that specific design guidance should be developed to guide and proactively facilitate the BTR model. This guidance should inherently be structured similar to the ADG, with an overall objective with multiple ways of achieving the same outcome. Gurner would also welcome the opportunity to contribute to the development of new design guidance for BTR housing.
- Build in greater flexibility on the proposed design criteria and mandate that this is considered in a flexible manner responding to specific design solutions. Alternative solutions need to be provided in the proposed ADG to assist assessing authorities in this process. In particular, this should apply to:
 - the proposed minimum balcony area and depths
 - the maximum floor plate size of 700sqm for part of buildings of nine or more storeys
 - the 30-metre building separation distance for 9-storeys and above
 - increasing minimum proportion of naturally cross-ventilated and dual aspect
 - limiting 8 units to a lift core
 - the proposed 20% of 2+ bedroom units to be 'family units' (min. 12sqm bedrooms for all bedroom)
 - the proposed unit mix / occupancy metric for communal open space
 - the increased storage requirements
 - the proposed bicycle parking rates.
- Savings and transitional arrangements are prepared for the D&P SEPP to clarify the proposed transitional arrangements for applications currently in the system.

We look forward to seeing the ideas that come out this engagement process and would welcome the opportunity to contribute further as GANSW and DPIE begins to develop the Place and Design SEPP and supporting guides. Should you wish to discuss any of the above matters above, please feel to contact me at the undersigned.

Yours sincerely,



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