

Build-to-rent housing and flexible design

This fact sheet gives objectives, criteria and guidance for designing and assessing build-to-rent residential apartments. It explains when consent authorities may support flexible design.

Build-to-rent housing

Build-to-rent housing is large-scale and built for renting to tenants. It is held in single ownership and professionally managed, unlike more traditional housing, where the developer steps away after the sale. Build-to-rent housing contributes to a greater diversity of housing.

The NSW Government formally introduced build-to-rent as a housing product in State Environmental Planning Policy (Housing) 2021 – also known as the Housing SEPP. The [Apartment Design Guide](#) gives criteria for build-to-rent housing and similar developments in NSW. The guide aims to improve design and planning for residential apartment development.

The Housing SEPP (under Chapter 3, Part 4, section 75) advises consent authorities to be flexible when they apply the Apartment Design Guide's criteria to applications to build or modify a build-to-rent development. The Housing SEPP specifies criteria and the approach it recommends for consent authorities.

The benefits of flexible design

Build-to-rent developers tend to focus on shared facilities and services and more communal space for each apartment. Tenants may enjoy the security of a longer-term lease and a more desirable lifestyle.

The Housing SEPP recognises that design flexibility can be beneficial for tenants, while also allowing developers to build a more attractive product for the market.

Applying flexibility

The Housing SEPP identifies 3 areas where consent authorities must apply flexibility when considering Apartment Design Guide criteria:

- 4E: Balconies and private open space
- 4G: Storage
- 4K: Apartment mix.

The NSW Department of Planning and Environment has reviewed the Apartment Design Guide to understand where consent authorities should support flexibility for build-to-rent developments. The department investigated the 3 areas the Housing SEPP identified, and any extra criteria that could benefit tenants in build-to-rent properties.

4E: Balconies and private open space

The Apartment Design Guide considers how balconies, courtyards and terraces improve life for residents, especially in the context of NSW's temperate climate. It aims to provide private open space and balconies that are appropriately sized, safe, well-located and integrated into the building's overall design.

Balconies may not be suitable for some build-to-rent properties because of their environment or problems such as privacy, wind and noise. Balconies may not be suitable for heritage-listed sites or those adapted from other uses because of their existing features.

When it isn't possible to provide balconies or private open space, developers and consent authorities can apply the Apartment Design Guide flexibly. They can replace some of the 'missing' external private space with more communal outdoor space, over and above that required under the guide's objective 3D: Communal and Public Open Space.

Build-to-rent development often includes more communal open spaces for residents' use than the Apartment Design Guide's objective 3D requires.

Where there already is a large common area, the development could provide more space over various floors to act as smaller communal areas for people seeking outdoor space in a more private setting.

4G: Storage

The Apartment Design Guide acknowledges people living in apartments need adequate, accessible and well-located storage.

The build-to-rent housing model allows developers to value storage separately, so residents can choose the level of storage they need. Greater flexibility in the amount of internal and external storage space needed gives both parties more options.

In build-to-rent developments, storage located outside apartments is often decoupled from specific apartments. This means external storage may be calculated across the development, ensuring appropriate storage is available to all residents. Developers should also consider more creative storage solutions.

4K: Apartment mix

The Apartment Design Guide calls for a range of apartment types and sizes. This allows for more options and different types of households.

Build-to-rent development allows people to live in long-term rental housing, often within areas with easy access to services and transport. Build-to-rent developments and building features should be tailored to the area's demographics. Although a tailored mix is important for the feasibility of such development, the mix should include a variety of apartments. This allows residents to move to other apartments in the building if their housing needs change.

An analysis of each location and its demographics should accompany any proposed build-to-rent development or modification (changes) to it. This must justify the proposed mix of apartments.

Considering flexibility

There are different types of build-to-rent housing, and each development needs to reflect the context of its location and neighbourhood.

There are aspects of building design the Housing SEPP does not mention. Flexible design could bring greater benefits. These may be supported within the limits of the Apartment Design Guide. These are:

4A: Solar and daylight access

It can be difficult to meet solar requirements for each individual build-to-rent apartment in higher density locations. However, developers can provide more communal outdoor spaces or sunny areas throughout the development. This will provide benefits such as peaceful outdoor spaces within a busy urban environment and places for residents to relax or socialise.

4D: Apartment size and layout

Successful build-to-rent developments offer communal spaces that instil a sense of community, such as gyms, entertainment areas or workspaces. These give residents benefits such as opportunities to get to know their neighbours and live healthier lifestyles. These spaces also encourage activity normally done in an apartment and may allow for smaller but functional apartment sizes.

Apartment size and layout is an important aspect of amenity. Apartments should demonstrate that all necessary furniture can fit while still allowing plenty of space for residents to move about.

4F: Common circulation spaces

Build-to-rent developments may include more apartments on each floor, requiring high amenity in common circulation spaces. This includes light, views, fresh air and getting to a lift within a reasonable distance and time. These areas need to be easy to navigate while allowing convenient and efficient movement.

More apartments on each floor and longer circulation space affect an important aspect of design: the look of external areas. Developers should consider visual amenity thoroughly when using flexible design for circulation spaces.

What this means for build-to-rent proposals

For developers

Developers of build-to-rent housing should consider the objectives of the Apartment Design Guide, which are to provide a better lifestyle for future residents and a safer, more attractive apartment environment for both residents and the broader community.

Where possible, build-to-rent developments should meet the design criteria of the Apartment Design Guide. When developers seek to apply the Apartment Design Guide flexibly, their applications for development or modifications should demonstrate design quality and why flexibility is necessary.

The State Design Review Panel must review state-significant development applications for build-to-rent developments before the developer lodges them. This is an opportunity to demonstrate:

- where the development can meet the design criteria of the Apartment Design Guide and where it cannot
- that flexibility is appropriate for the proposed development
- that flexibility will not reduce overall amenity and design quality.

For consent authorities

The Housing SEPP states that consent authorities must consider the guide where State Environmental Planning Policy No 65 – Design Quality of Residential Apartment Development 2002 applies.

The Apartment Design Guide aims to improve apartment design and living in NSW. Consent authorities should apply it flexibly when considering different types and styles of apartment living, different building types and each development's location and context.

To ensure their decisions are in line with the legal requirements of the Housing SEPP, consent authorities should apply the criteria for 4E, 4G and 4K of the Apartment Design Guide flexibly. They should also consider how applying the additional objectives flexibly could create a better outcome for the residents, the developer and the broader community.

Find out more

To find out more, visit:

- The department's [build-to-rent page](#)
- [Housing SEPP](#)
- [Apartment Design Guide](#)