

ITEM 8. PLANNING PROPOSAL 87 BAY STREET GLEBE**FILE NO: S091122****SUMMARY**

Redevelopment of the former industrial buildings at 87 Bay Street, Glebe, provides an opportunity to facilitate additional housing in a prime location within walking distance of retail services, employment opportunities, education facilities and central Sydney. The site is located across the road from Wentworth Park and provides an opportunity to share the park's amenity.

It is recommended that Council and the Central Sydney Planning Committee supports this Planning Proposal to provide for an increase to the Floor Space Ratio (FSR) and height controls currently applicable to the site, to accommodate residential development alongside existing commercial land uses.

The recently adopted, and soon to be gazetted, *Sydney Local Environmental Plan 2011* (SLEP 2011) recognises the site's ability to accommodate additional capacity, rezoning it from 'Industrial' to 'B4 Mixed Use' and providing a marginal FSR increase from 1:1 to 1.5:1. These revised controls better reflect the site's existing built form and provide for small-scale growth of its existing commercial uses.

The landowner has requested that the City initiate a Planning Proposal to increase the site's FSR to 4.5:1 and height controls to 9 storeys to enable medium-density residential development while maintaining existing retail and commercial floor space. The landowner's request includes a preliminary letter of offer outlining the provision of affordable housing as a public benefit outcome of redevelopment.

The recommended Proposal seeks to amend the existing FSR by making provision for bonus floor space of 2:1, which is the equivalent of a total 3.5:1 FSR. This may be accessed where all FSR up to 1.5:1 is retained for commercial purposes, where a rate between 5 to 7.5 per cent affordable housing can be provided, and where BASIX requirements are exceeded by 25 per cent. If design excellence is achieved, this would bring the maximum permissible FSR to 3.85:1. The Proposal would also increase the permissible height to 9 storeys (33 metres), where the bonus FSR has been awarded.

Following a thorough assessment by City staff, it is recommended that the Planning Proposal at **Attachment A** is endorsed by Council and the Central Sydney Planning Committee for submission to the Minister for Planning and Infrastructure for a Gateway determination.

The recommended controls reflect a scale of development more appropriate for the site in its context. The proposed controls would provide for improved architectural expression in the built form and better align with the scale of the 2009 Hill Thalys Master Plan prepared for the adjacent Housing NSW site to the south.

Given the likelihood of Sydney Local Environmental Plan 2011 being gazetted prior to the finalisation of this Planning Proposal process, it has been drafted as an amendment to the future gazetted Sydney Local Environmental Plan 2012 as it will be known. Similarly, an amendment to the recently endorsed *Sydney Development Control Plan 2012* has been prepared to support the Planning Proposal. This will ensure that site-specific controls are incorporated into the new Sydney Development Control Plan 2012 once it is in force.

As the City is not yet in a position to finalise the terms of a voluntary Planning Agreement – required to legally capture the public benefit of the proposal – the resolution requests that, upon receipt of a Gateway Determination from the Minister, the City prepare a voluntary Planning Agreement ready for public exhibition alongside the draft Planning Proposal and Sydney Development Control Plan 2012 amendment.

Public authority consultation and public exhibition of the Planning Proposal would then commence, as required under Clause 18 of the *Environmental Planning and Assessment Regulation 2000*.

RECOMMENDATION

It is resolved that:

- (A) the Central Sydney Planning Committee approve the *Planning Proposal: 87 Bay Street Glebe*, shown at Attachment A to the subject report, for submission to the Minister for Planning and Infrastructure with a request for a Gateway determination;
- (B) the Central Sydney Planning Committee approve the *Planning Proposal: 87 Bay Street Glebe* for public authority consultation and public exhibition;
- (C) authority be delegated to the Chief Executive Officer to make any minor variations to the Planning Proposal following receipt of the Gateway determination;
- (D) authority be delegated to the Chief Executive Officer to prepare a voluntary Planning Agreement with the site owner, subject to the site owner making a formal offer in writing to enter into a voluntary Planning Agreement, and following receipt of the Gateway determination, in accordance with the *Environmental Planning and Assessment Act 1979*, to be exhibited concurrently with the Planning Proposal and Development Control Plan amendment for the site, to ensure that:
 - (i) a rate between 5 to 7.5 per cent of the FSR above 1.5:1, including any bonus floor space, for affordable housing, and
 - (ii) a 1.5 metre setback to Wentworth Park Road;be dedicated to Council at no cost; and
- (E) the Central Sydney Planning Committee approve the *Sydney Development Control Plan 2012 – 87 Bay Street, Glebe (Amendment No. 1)*, shown at Attachment B to the subject report, for public authority consultation and public exhibition in parallel with the draft Planning Proposal and draft Planning Agreement, and in accordance with the Gateway determination.

ATTACHMENTS

Attachment A: Planning Proposal: *Sydney Local Environmental Plan 2012 - 87 Bay Street, Glebe*
(Note – This attachment will be circulated separately from the Agenda Paper and to Central Sydney Planning Committee members and relevant senior staff only. A copy will be available for viewing on Council's website and at the One Stop Shop and Neighbourhood Service Centres.)

Attachment B: *Sydney Development Control Plan 2012 Amendment – 87 Bay Street, Glebe (Amendment No. 2)*

BACKGROUND

1. 87 Bay Street, Glebe, also known as 2-8 Wentworth Street, has a total site area of 5,427m² and is bound by Wentworth Park Road to the north, Bay Street to the east, Wentworth Street to the south and Cowper Street to the west.

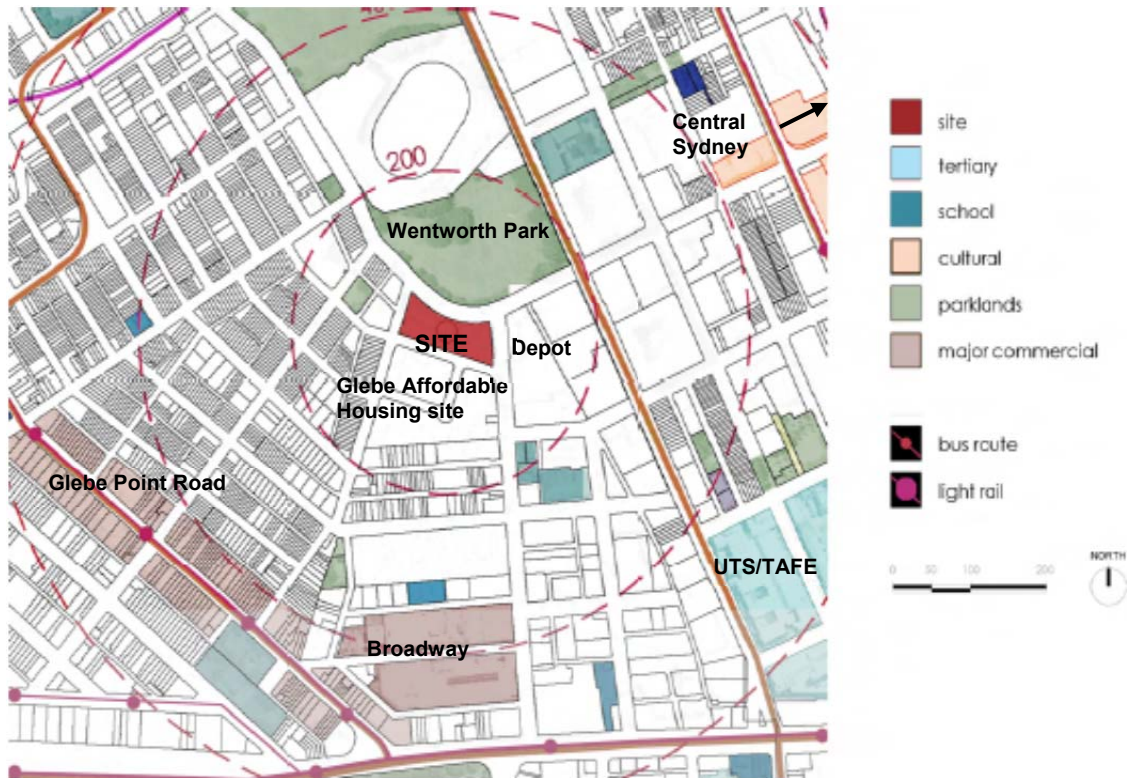


Figure 1: Location of subject site.

2. Owned by MT Management Pty Ltd, the site is currently occupied by commercial uses in buildings dating from the 1950s. This built form provides full site coverage and is between one and two storeys. The site is located close to tertiary educational institutions, including TAFE and the University of Technology Sydney, as well as the local centre of Glebe and Broadway shopping centre. It is in walking distance to a number of public transport modes and central Sydney.
3. The site is currently controlled by the *Leichhardt Local Environmental Plan 2000* (LLEP 2000), where it is zoned 'Industrial'; however, the site has not been used for industrial purposes for some time.
4. The recently endorsed, and soon to be gazetted, Sydney Local Environmental Plan 2011 put forward a new zoning of the site from 'Industrial' to 'B4 Mixed Use' and includes a marginal FSR increase from 1:1 to 1.5:1. These revised controls better reflect the site's existing built form and provide for small-scale growth of its existing commercial uses.

Landowner's request

5. In November 2011, the City received a request from the landowner to prepare a Planning Proposal for the site. The request sought to increase the site's permissible FSR to 4.5:1, with a height up to 9 storeys, to accommodate medium-density residential development and retain an equivalent area of the existing commercial floor space. The request was accompanied by a preliminary letter of offer which outlined a series of public benefits that would be delivered, the most significant of which being the provision of affordable housing.
6. The City has considered the landowner's request as it represents an opportunity to facilitate medium density residential development in a prime location near existing local centres and central Sydney; provide for affordable housing to increase diversity of housing types; and retain the existing educational facility, being a key local employment generator, through incorporation of retail and commercial land uses at lower levels.
7. A number of discussions have been held with the proponent to refine the Proposal. This has resulted in modifications being made to the concept, with the recommended version of the Planning Proposal at **Attachment A**.
8. The proponent's preliminary letter of offer acknowledged the need to achieve a public benefit in any redevelopment, and proposed the following:
 - (a) affordable housing;
 - (b) public domain upgrades, including a through-site link;
 - (c) environmentally sustainable design measures; and
 - (d) stormwater and overland flow paths.
9. Importantly, this offer related to the proponent's original concept plan and not the recommended Planning Proposal. City staff are not recommending support for items (b), (c) or (d) to be incorporated within a Planning Agreement as they would be delivered through other planning controls or requirements.
10. For example, the Sydney Development Control Plan 2012 amendment accompanying the Proposal requires that a through-site link be provided as part of the future detailed design, with 24-hour access, seven days per week. Environmentally sustainable design measures are encouraged through the FSR bonus linked to the provision of a 25 per cent increase in BASIX performance. Stormwater and overland flow paths would be addressed at the detailed design stage, and covered by planning controls.
11. The key public benefit offer is affordable housing. It is recommended that the sliding scale approach offered by the proponent is expressed as a set percentage in the Sydney Local Environmental Plan 2012 amendment to provide certainty and clarity. The provisions set out that an additional 2:1 FSR can be accessed on the basis that a rate between 5 to 7.5 per cent affordable housing is provided for any FSR above 1.5:1, including any bonus floor space. This range is the rate translated from the proponent's offer of 5 per cent, equating up to approximately 11 units, and the Council's target of 7.5 per cent consistent with the *Sustainable Sydney 2030* target and equating up to approximately 18 units. The number of units would be resolved in the final design and may vary.

12. The Planning Proposal recommends a range of affordable housing provision between 5 and 7.5 per cent to enable public exhibition and further discussion with the proponent. A final fixed rate may be recommended following public exhibition and presented to Council and the Central Sydney Planning Committee for endorsement.
13. The City's requirement is for affordable housing to be provided on site and dedicated to a community housing provider in perpetuity. The Planning Proposal recommends that community housing providers be consulted, along with public authorities, in order to ascertain their involvement and requirements in pursuing affordable housing.
14. The City has requested supplementary affordable housing documentation be prepared by the proponent to provide further detail of their offer. This documentation will clarify the number and size of affordable housing units to be delivered, the total residential floor space to be dedicated as affordable housing, and the anticipated location and staging of the affordable housing units. It will also detail legal mechanisms, funding arrangements and engagement with community housing providers.

Planning Proposal

15. The recommended Planning Proposal seeks to amend the existing FSR by making provision for bonus floor space of 2:1, which is the equivalent of a total 3.5:1 FSR. This may be accessed where all FSR up to 1.5:1 is retained for commercial purposes, ie, non-residential uses; where a rate between 5 to 7.5 per cent affordable housing can be provided; and where BASIX requirements are exceeded by 25 per cent. With the inclusion of up to 10 per cent bonus FSR if Council's design excellence requirements are met through a competitive design process, this provision would bring the maximum permissible FSR to 3.85:1.
16. The Proposal would also increase the permissible height to 9 storeys (33 metres), where the bonus FSR has been awarded. In this way, achieving the maximum allowable FSR and height is linked to a public benefit outcome and ensures the delivery of a minimum amount of commercial floor space which is the proponent's intention.
17. An FSR of 3.5:1 (exclusive of a competitive design process bonus) is a more appropriate scale of development which provides for improved architectural expression and better aligns with the scale of the Housing NSW site to the south which resulted from the 2009 Hill Thalys Master Plan.
18. The Housing NSW site has progressed and a site-specific Local Environmental Plan and Development Control Plan are now in force. A stage one development application was approved for the site by the Central Sydney Planning Committee and Council on 1 December 2011 and 5 December 2011, respectively. The stage two development application has since been lodged and is yet to be determined.
19. The recommended Proposal aims to deliver a built form outcome comparable to the Housing NSW's Glebe Affordable Housing Project site, even though the FSR controls appear dissimilar. The Glebe Affordable Housing Project Local Environmental Plan permits up to 10 storeys and provides an FSR of 2.3:1; whereas this recommended Proposal allows up to 9 storeys and 3.5:1, or 3.85:1 if design excellence is demonstrated.

20. These apparent FSR differences result from FSR controls being applied to existing lots that include land area assigned for future roads and open space. In the case of the Glebe Affordable Housing Project, this floor space will be distributed to the new lot layouts and not on the roads and open space.
21. As stated above, in order to access the 2:1 FSR bonus the Planning Proposal requires that an FSR up to 1.5:1 is allocated for commercial uses. This control marginally increases the amount of gross floor space for these uses than currently exists to allow for their gradual expansion to approximately 7,000m². Due to the nature of commercial construction, this type of floor space is more efficient at absorbing FSR in comparison to predominantly residential uses on the Glebe Affordable Housing Project site.
22. The Proposal includes a requirement that BASIX-affected buildings must exceed BASIX energy and water targets by 25 per cent. This encourages more sustainable development that reduces greenhouse gas emissions and potable water use beyond the minimum standards. The provision is consistent with the *State Environmental Planning Policy (BASIX) 2004* and *Guideline to the BASIX SEPP (2006)*.
23. Furthermore, should the 2:1 FSR bonus be awarded, the proposed controls allow an increase in height to 9 storeys (33 metres) to facilitate a similar built form to surrounding areas with the upper floor(s) contained in a roof form design.
24. An outline of the Planning Proposal, alongside the existing conditions on the site and current controls, are contained in Table 1.

	Existing	Leichhardt LEP 2000	Draft Sydney LEP 2011	Proponent's Proposal	City's Amended Proposal
Zoning	Industrial*	Industrial*	B4 Mixed Use	B4 Mixed Use	B4 Mixed Use
Height	1-3 storeys	No maximum	12m	Between 1-9 storeys	Between 1-9 storeys
FSR	1.178:1	Max 1:1	1.5:1	4.5:1 (1.5:1 base FSR)	3.5:1 (1.5:1 base FSR)

Table 1: Summary of planning controls.

*Note: Site currently used for commercial and educational purposes.

Assessment of proposal

25. The site is a former industrial land use in an area now dominated by residential, commercial and educational uses. Given the gradual redevelopment of surrounding areas, the site has capacity to accommodate greater density.
26. The site's primary tenancy is an educational establishment that offers vocational training for students in the beauty therapy industry. The intent of the Proposal to retain this significant local employment generator and educational facility, provide additional housing, and complimentary retail uses.

27. The population increase that would result from the revised FSR is not beyond the capacity of existing local infrastructure. The site is within walking and cycling distance to shops, schools, universities, public transport nodes and employment centres.
28. The Proposal provides for a renewed development profile that would enable the site to better integrate with, and provide a transition between, the higher, more substantial building character of Ultimo and the lower-scale character of Glebe.
29. Preliminary massing options were taken to Council's Design Advisory Panel for consideration on 24 May 2011. The Panel supported a through-site link, provided it was publicly accessible, and a continuous street wall to Wentworth Park Road. The Panel also supported the provision of affordable housing and emphasised the need for a design competition to take place. The current proposal reflects the Panel's advice.
30. The revised FSR has been modelled to provide room for architectural articulation of the built form, including a set back roof design. A design competition would be required as part of any redevelopment, in accordance with Sydney Local Environmental Plan 2011 Clause 6.21 'Design Excellence'. However, should the Sydney Local Environmental Plan not yet be in force, this requirement would be built into a stand-alone instrument for the site.
31. The Proposal would enable an increase in residential population, which has potential to affect local parking demand and traffic congestion. Car parking can be managed through the Sydney Local Environmental Plan 2011, which sets parking limits, and controls on-street parking permits. Residents in any new development on site would not be eligible for on-street parking permits. The Sydney Development Control Plan 2011 encourages alternatives to private vehicles by requiring space for car-share schemes, bicycle and end of trip facilities to be incorporated into any new development, decreasing the demand for road infrastructure, particularly given the site's proximity to retail services, employment opportunities, community facilities, parks and public transport.
32. A transport and traffic study was undertaken by the proponent in support of their Planning Proposal request. The study recognises that there would be increased vehicle movements on Wentworth Street but that the provision of underground car parking may serve to lower existing demand for on-street parking. The commercial uses are expected to have a manageable effect on existing traffic and the site is well-served by existing public transport options. The study identified the need for a more detailed traffic impact analysis, which is currently being prepared. The full traffic impact analysis will provide for a range of traffic modelling scenarios by exploring minimum and maximum impacts through micro simulation modelling of key intersections within a 500m radius.

Planning Proposal process

33. Given the likelihood of Sydney Local Environmental Plan 2011 being gazetted prior to the finalisation of this Planning Proposal process, it has been drafted as an amendment to the future gazetted Sydney Local Environmental Plan 2012, rather than a stand-alone instrument. Similarly, an amendment to the recently endorsed Sydney Development Control Plan 2012 has been prepared to support the Planning Proposal. This will ensure that site-specific controls are incorporated into the new Sydney Development Control Plan 2012 once it is in force.

34. It is recommended that a voluntary Planning Agreement be prepared as it is the preferred mechanism to legally capture affordable housing as a public benefit. The terms of a voluntary Planning Agreement are yet to be finalised. The recommendation requests that, upon receipt of a Gateway Determination, the City prepare a draft voluntary Planning Agreement to be publically exhibited alongside the draft Planning Proposal and draft Sydney Development Control Plan 2012 amendment.
35. Should Council and the Central Sydney Planning Committee endorse the attached Planning Proposal for exhibition and consultation, it would be forwarded to the Minister for Planning and Infrastructure in accordance with Section 56 of the *Environmental Planning and Assessment Act 1979*. The Minister would then provide a Gateway determination, to either proceed, with or without variation, to consultation, or to resubmit the Planning Proposal.
36. Public authority consultation of the Planning Proposal would then commence, followed by the simultaneous public exhibition of the draft voluntary Planning Agreement and Sydney Development Control Plan 2012 amendment, as required under Clause 18 of the *Environmental Planning and Assessment Regulation 2000*. The outcomes of the public authority consultation and public exhibition would then be reported to Council and the Central Sydney Planning Committee.

KEY IMPLICATIONS

Strategic Alignment - Sustainable Sydney 2030 Vision

37. *Sustainable Sydney 2030* is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress, of which the following are most relevant to the Proposal:
 - (a) Direction 4 - A City of Walking and Cycling. The Sydney Development Control Plan 2012 amendment accompanying the Proposal would see improved connectivity to surrounding development in the form of a through-site link and greater legibility of the built form, increasing the potential for passive surveillance and community safety.
 - (b) Direction 6 - Vibrant Local Community and Economies. The ability to achieve bonus FSR is linked to the retention of all FSR up to at least 1.5:1 set aside for commercial purposes. Therefore, the Proposal would retain, and expand, employment generating activity. The expansion of ground floor commercial development along Wentworth Park Road and Bay Street would also link with retail uses on the ground floor of the Glebe Affordable Housing Project site facing Bay Street.

- (c) Direction 8 - Housing for a Diverse Population. The Proposal would enable an increase in residential development in an area well serviced with infrastructure, including public transport, shops, parks and employment opportunities. This residential growth is consistent with the broader strategic housing strategies of the *Metropolitan Strategy*, draft *Sydney Subregional Strategy* and Ministerial Directions. Introducing residential uses would complement existing residential developments, including the Glebe Affordable Housing Project directly south, as well as large scale infill developments in Ultimo and lower scale residential neighbourhoods in Glebe. Between 11 and 18 affordable housing units would be provided on site, consistent with the City's new strategy to deliver affordable housing to community housing providers in perpetuity.
- (d) Direction 9 - Sustainable Development, Renewal and Design. The Proposal would redevelop buildings that provide little flexibility to optimise the site and revitalise the area. The distribution of heights and specific building envelope controls are contained in the Sydney Development Control Plan 2012 amendment. Other planning controls, like *State Environmental Planning Policy 65 - Design Quality of Residential Flat Development*, would ensure any overshadowing and overlooking is minimised in approved building designs and configurations, protecting the amenity to both surrounding properties and this development. A design competition would be required to ensure that a high architectural quality is achieved and the built form achieves compatibility with the character of surrounding development. The Proposal's BASIX requirement would improve the site's environmental performance by reducing greenhouse gas emissions and potable water use, leading to a more sustainable development in comparison with the site's existing ageing buildings and infrastructure.

BUDGET IMPLICATIONS

38. In accordance with Council's Fees and Charges Schedule, the Proponent must pay the fee for an 'LEP Amendment: Major Application' for the consideration of the Planning Proposal and draft Sydney Development Control Plan 2012 amendment.

RELEVANT LEGISLATION

39. *Environmental Planning and Assessment Act 1979; Environmental Planning and Assessment Regulation 2000.*

CRITICAL DATES / TIME FRAMES

40. The typical timeframes, once a Gateway has recommended proceeding to consultation, are for a minimum of 21 days for public authority consultation and 28 days public exhibition. The Gateway would also determine the timeframe for the completion of the Local Environmental Plan amendment.
41. In relation to any future voluntary Planning Agreement, Section 93F(1)(a) of the *Environmental Planning and Assessment Act 1979* enables a proponent to provide a material public benefit through entering into an agreement with the City. Section 93G(1) requires that a draft voluntary Planning Agreement be publicly exhibited for at least 28 days and 93G(2) requires that, where possible, the agreement be exhibited concurrent with any other publicly notifiable matters relating to the agreement.

42. As the City is not yet in a position to finalise the terms of a voluntary Planning Agreement – required to legally capture the public benefit of the proposal – the recommendation requests that, upon receipt of a Gateway Determination from the Minister, the City prepare a voluntary Planning Agreement ready for public exhibition alongside the draft Planning Proposal and draft Sydney Development Control Plan 2012 amendment.

PUBLIC CONSULTATION

43. The public exhibition process for the Planning Proposal is also determined by the Minister for Planning and Infrastructure. It is proposed that public exhibition for the Planning Proposal and public exhibition of the draft Sydney Development Control Plan 2012 amendment coincide. As such, the consultation would take place in accordance with:
- (a) the Gateway determination made by the Minister for Planning and Infrastructure under s.56 of the *Environmental Planning and Assessment Act 1979*;
 - (b) cl.18 of the *Environmental Planning and Assessment Regulation 2000*; and
 - (c) in relation to the planning agreement, cl. 93G(2) of the *Environmental Planning and Assessment Act 1979*.
44. This would most likely mean the public exhibition would be a minimum of 28 days, with notification:
- (a) on the City of Sydney website;
 - (b) in newspapers that circulate widely in the City of Sydney Local Government Area; and
 - (c) in writing to the owners; the adjoining landowners, relevant community groups and the surrounding community in the immediate vicinity of the site.
45. Following public authority consultation and public exhibition, the outcomes would be reported to Council and the Central Sydney Planning Committee.

GRAHAM JAHN

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(Andrew Thomas, Executive Manager City Plan)