

ITEM 4. PLANNING PROPOSAL - SYDNEY LOCAL ENVIRONMENTAL PLAN 2012 - AMP CIRCULAR QUAY PRECINCT**FILE NO: S088527****SUMMARY**

The City of Sydney (the City) is Australia's premier global city. It is the home to the headquarters of almost 40 per cent of the top 500 Australian corporations. As a leading regional financial centre, almost 70% of banks and financial institutions with a presence in Australia have headquarters or offices in the City. Almost half of all the multinational corporations with a presence in Australia also have their regional headquarters in the City.

In the last financial year the City's economic output was estimated at \$100 billion. This represents 7.6 per cent of the Australian economy, almost a quarter of the New South Wales economy, and over a third of the Sydney metropolitan region economic output. The City is home to Australia's largest and most globally connected location for finance and insurance employment, accounting for almost 50% of total employment in New South Wales in this sector.

As a leading regional financial centre a high proportion of multinational banks and financial institutions with a presence in Australia have headquarters or offices in the City. The most recent census figures show that employment in the financial services sector is growing and continues to have a dominant share of total employment in the City.

To ensure that the New South Wales economy remains robust and continues to grow, it is necessary to provide adequate capacity for employment growth and create opportunities for investments and development projects which attract highly skilled employees and have a global focus. In order to attract the investment required for this growth, Sydney must also ensure that commercial buildings are of high quality and that good public domain design and amenity outcomes are achieved.

In December 2012, AMP Capital Office & Industrial Pty Limited (AMP) submitted a planning justification report to the City of Sydney requesting the City prepares site-specific amendments to *Sydney Local Environmental Plan 2012* (SLEP2012) and *Sydney Development Control Plan 2012* (SDCP2012) to enable significant redevelopment and a revitalisation of the AMP Circular Quay Precinct (the Precinct).

The Precinct comprises two important street blocks in Circular Quay, the Young and Loftus Street block, and the Bridge and Alfred Street block, and is a key location in terms of the City of Sydney's economic and cultural make-up. The Precinct consists of a commercial tower at 50 Bridge Street, important heritage items, including the 1962 heritage listed AMP Tower at 33 Alfred Street, being Sydney's first skyscraper, and Loftus Lane. The Precinct is also in close proximity to entertainment and tourist sites, public transport and key public spaces.

Due to a number of site constraints that limit the realisation of permissible floor space on the Young and Loftus Street block, little development activity has occurred in the Precinct over the last few decades, and a number existing buildings are due for replacement or upgrading to contemporary design requirements and environmental standards.

The City has been in close consultation with AMP over the last 18 months regarding a Master Plan Concept prepared by Hassell Architects for the Precinct. This concept has gone through an iterative process of refinement to ensure innovative development outcomes and that the vision for the Precinct embodies the directions and objectives of *Sustainable Sydney 2030* and broader strategic directions for the whole of Sydney and New South Wales.

The Master Plan Concept vision sets out to create a new and revitalised destination for Sydney within an historic location, and presents a unique opportunity for a major city-making and regeneration project which will act as a catalyst for the renewal of Circular Quay, reinforce the City of Sydney's global status through the 'recycling' of a commercial tower, release 'latent' commercial floor space, provide for improved sunlight access to Macquarie Place, and create a vibrant fine grain and mixed use '24/7' precinct focussed on Loftus Lane.

In order to enable this vision, a number of changes to the planning controls that currently apply to the Precinct are required because the Precinct vision relies on transferring permissible floor space area from constrained city block to an adjacent city block across a road. Currently SLEP2012 does not include a mechanism for floor space to be transferred in this manner within the Precinct.

The key proposed changes to SLEP2012 to enable the Precinct vision are:

- (a) each land parcel is to be taken as the 'site area' for the purposes of calculating permissible floor space;
- (b) floor space 'bonuses' generated by a competitive design process relating to the Young and Loftus Street block will be used for development within the 50 Bridge Street site;
- (c) an exception to the sun access plane provisions governing height across the 50 Bridge Street site; and
- (d) to allow lanes development floor space to be awarded in new development where the fine grain nature is protected.

The proposed changes to planning controls will not increase the floor space ratio across the Precinct but allow floor space to be redistributed. This will deliver a good planning outcome and create value, providing a motive for the land owner.

AMP has provided an offer to enter into a voluntary Planning Agreement with the City. Voluntary Planning Agreements are enabled by the *Environmental Planning and Assessment Act 1979* and allow for the provision of public benefits. Both parties must enter into the agreement voluntarily and agreements are exhibited for public comment. Benefits offered by AMP include the dedication of air space rights above the Young and Loftus Street block, easements for public access for through-site links and public spaces, limiting residential uses to ensure mixed-uses and vibrancy, covenants for fine grain lanes development and funding for public domain works and public art within and near the Precinct.

The City's position on voluntary Planning Agreements has been informed by our strategic plans and past practice of securing public benefits in Central Sydney. Opportunities to enter into voluntary Planning Agreements will continue to rise as the City changes and improves planning controls to meet its strategic aims. It is appropriate that the City prepare a policy to guide the preparation of planning agreements.

This report recommends that the City submit a formal planning proposal to the Minister for Planning and Infrastructure to commence the process to amend SLEP2012. It also recommends that the Central Sydney Planning Committee note that a site-specific development control plan and amendment to the City's Competitive Design Policy is to be exhibited at the same time as the Planning Proposal, and that the voluntary Planning Agreement is exhibited concurrently.

RECOMMENDATION

It is resolved that:

- (A) the Central Sydney Planning Committee approve the *Planning Proposal: AMP Circular Quay Precinct*, 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: AMP Circular Quay Precinct* for public authority consultation and public exhibition in accordance with any conditions imposed under the Gateway determination;
- (C) authority be delegated to the Chief Executive Officer to make any minor variations to the *Planning Proposal: AMP Circular Quay Precinct* following receipt of the Gateway determination;
- (D) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 17 June 2013, to approve the amendment to *draft Sydney Development Control Plan 2012 – AMP Circular Quay Precinct*, 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;
- (E) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 17 June 2013, that Council, following receipt of a Gateway determination, authorise the Chief Executive Officer to prepare a draft voluntary Planning Agreement with the Developer and relevant Landowner 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 deliver:
 - (i) a monetary contribution equal to one per cent of the Capital Investment Value of the development. The monetary contribution, which is to be provided in addition to any contributions that will be payable to Council under *Section 61 of the City of Sydney Act 1988*, is to be used, subject to any deductions being made for any offsets (if any) allowed under the terms of the Planning Agreement, for urban design upgrades within an area comprising of:
 - (a) land bordered by Loftus, Alfred, Bridge and Phillip Streets, including civic spaces in front of Customs House and 33 Alfred Street;
 - (b) publicly owned land within the section of Alfred Street, between George and Loftus Streets; and
 - (c) Macquarie Place Park and Jessie Street Gardens;

- (ii) dedication of an air stratum space over the Young and Loftus Street Block to Council with associated rights of access to be provided for the relevant building owners so that they can access the roof areas to their buildings;
 - (iii) easements and restrictions as to use on title (as the case may be) for:
 - (a) public access and use of a civic space consisting of an area of 60 square metres at the junction of Loftus Lane and the Young Street arcade; and
 - (b) public access to through site links;
 - (iv) covenants to protect the fine grain of street level premises in new and existing buildings and laneways network in the Young and Loftus Street block;
 - (v) public art up to the value of \$2 million, with the balance of those monies not expended on public art to be used to improve the public domain;
 - (vi) heritage conservation works to all listed heritage items with the AMP Circular Quay Precinct in accordance with approved conservation management plans;
 - (vii) a minimum of 40 per cent of the total Gross Floor Area of all buildings within the Young and Loftus Street block to be provided as non-residential uses to ensure a lively mixed-use precinct; and
 - (viii) light and air access to the buildings located below the air stratum space.
- (F) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 17 June 2013, that authority be delegated to the Chief Executive Officer to make any minor variations to the Planning Agreement after its exhibition and to subsequently enter into the agreement on behalf of Council with the Developer and the relevant Landowners;
- (G) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 17 June 2013, that Council seek authority from the Director General of the Department of Planning and Infrastructure to exercise the delegation of the Minister for Planning and Infrastructure of all his functions under section 59 of the *Environmental Planning and Assessment Act 1979* to make the *AMP Circular Quay Precinct* local environmental plan;
- (H) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 17 June 2013, that Council endorse the draft *Amendment to the City of Sydney Competitive Design Policy*, shown at Attachment D to the subject report, for exhibition with the Planning Proposal;
- (I) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 17 June 2013, that authority be delegated to the Chief Executive Officer to make any minor variations to the *Planning Proposal: AMP Circular Quay Precinct* and/or the *draft Sydney Development Control Plan 2012 – AMP Circular Quay Precinct* and/or the *draft Amendment to the City of Sydney Competitive Design Policy* following receipt of the Gateway determination; and

- (J) the Central Sydney Planning Committee note that a draft policy for planning agreements will be prepared and reported to Council for its consideration.

ATTACHMENTS

- Attachment A:** Planning Proposal: AMP Circular Quay Precinct
(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 - AMP Circular Quay Precinct Amendment
- Attachment C:** Planning Agreement Offer from AMP
- Attachment D:** Draft Amendment to the City of Sydney Competitive Design Policy

BACKGROUND

Request to Amend City of Sydney Planning Controls

1. Delivering commercial office development to support Sydney's economic development is increasingly difficult. The development of commercial office space in Central Sydney is strongly influenced by the market's preference for office buildings with large floor plates and competition from residential development. It is a challenge to deliver large floor plate office buildings due to block orientations, street widths and the need to consolidate sites. Central Sydney's broad zoning creates significant competition amongst a range of uses: residential; commercial; tourist accommodation and retail. We support AMP's preference for a commercial office building that will provide employment uses that are attractive to the market.
2. Planning can provide solutions to these market problems and help deliver the desirable development. In doing so, the City has the opportunity to show leadership, unlock economic opportunities and investment in jobs, and support public improvements that make Sydney an attractive place for business, residents, workers and visitors.
3. The City is investigating strategic sites through the Central Sydney Planning Review. Strategic sites feature innovative planning solutions and tailored development controls to coordinate development opportunities, encourage investment, create good planning and economic outcomes and deliver public benefits. An example is the planning controls prepared for the city block bound by Alfred, Pitt, Dalley and George Streets near Circular Quay where height controls were relaxed in exchange for public domain benefits. Strategic sites can be identified through the City's work or by land owners.
4. Over the last 15 years AMP has worked to realise the development potential for this AMP Circular Quay Precinct (the Precinct). Opportunities for the form of commercial office development favoured by tenants have been constrained by the planning framework. The changes to the planning controls proposed in this report provide an innovative planning solution that unlocks an investment opportunity, provides the type of commercial development sought by the market and delivers public benefits.
5. In December 2012, AMP Capital Office & Industrial Pty Limited (AMP) submitted a planning justification report to the City of Sydney (the City) requesting that the City prepare site-specific amendments to *Sydney Local Environmental Plan 2012* (SLEP2012) and *Sydney Development Control Plan 2012* (SDCP2012). The proposed amendments would allow for the redevelopment of the Precinct in accordance with a Master Plan Concept prepared by Hassell Architects on behalf of AMP.
6. AMP's planning justification report follows 18 months of consultation with the City to refine the Master Plan Concept which, if realised, will revitalise the Precinct and deliver significant public and economic benefits. The Master Plan Concept envisages a "*significant city-making and regeneration project of international standing*" that will act as a catalyst for the renewal of Circular Quay and reinforce the City of Sydney's status as a global city.

7. For the Master Plan Concept to be implemented, it is necessary for the City to make changes to the planning controls that currently apply to the Precinct. This is because the Master Plan Concept relies on transferring permissible floor space from one city block to another city block across a road. Currently SLEP2012 does not include a mechanism for floor space to be transferred in this manner within the Precinct.
8. There has been little development activity within the Precinct in the last 30 years. Concept proposals for the western part of the Precinct have been proposed in recent years, but have not progressed due to the highly constrained nature of the Precinct, particularly in relation to sun access provisions in the City's planning controls that preserve sun access to nearby key public places, such as Macquarie Place and First Government House Place.
9. AMP's Master Plan Concept provides a significant opportunity to activate and add vibrancy including late night and weekend activity. The Precinct is currently characterised by poor amenity and out-dated commercial buildings of secondary quality. The Precinct needs intervention to improve street activation, increase use of public spaces, activate laneways, improve engagement with heritage buildings, and improve the quality of streetscapes.

The AMP Circular Quay Precinct - Site Details

10. The Precinct is located in Central Sydney adjacent to Circular Quay and consists of the area bounded by Loftus, Bridge, Phillip and Alfred Streets, but excludes land to the north of Customs House Lane and south of the east-west leg of Loftus Lane.
11. The Precinct comprises two street blocks - being the 'Bridge and Alfred Street' block and the 'Young and Loftus Street' block. Figure 1 below shows the boundaries of the Precinct within the context of Circular Quay and the Sydney Opera House, and identifies the two blocks within the Precinct.

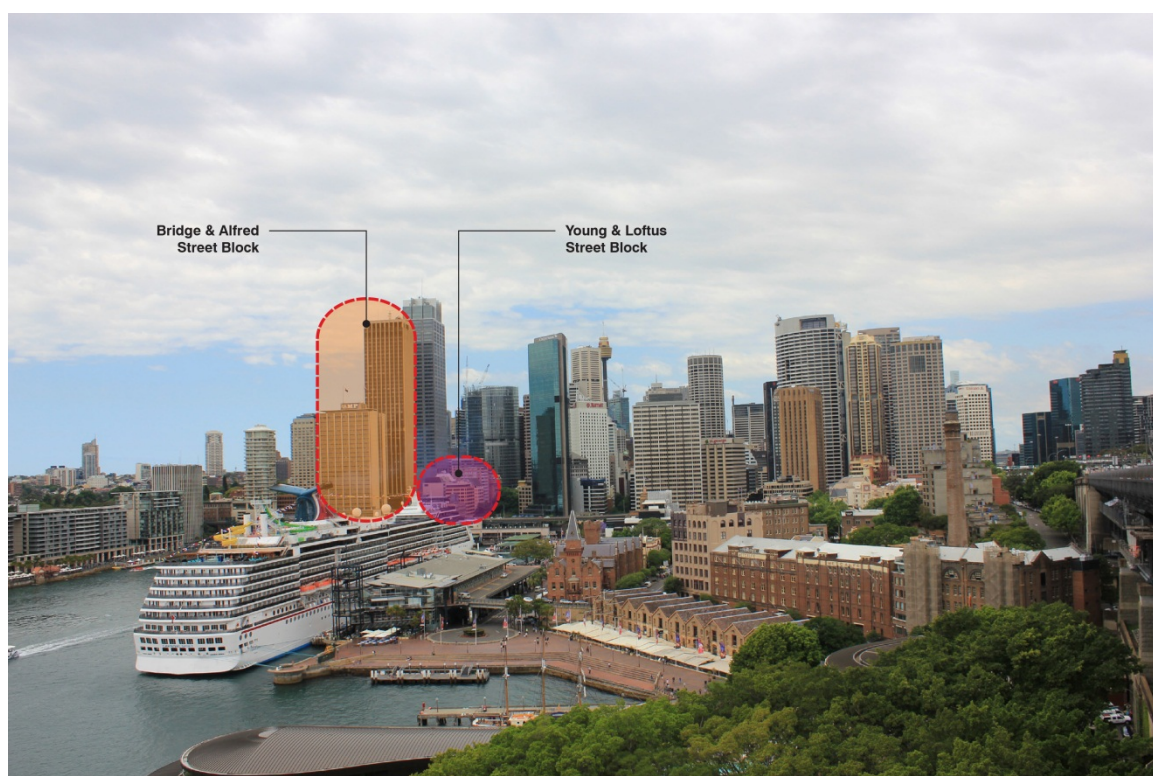
Figure 1 – Location of the Precinct



12. AMP is the land owner of the properties within the two blocks except for the Gallipoli Club located at 12 Loftus Street, which is owned by the Gallipoli Club Ltd. The Gallipoli Club Ltd. has provided support for a planning proposal for the Precinct.
13. Three heritage listed items are located within the Precinct as follows:
 - (a) 1962 AMP Tower: 33 Alfred Street, Circular Quay (local significance);
 - (b) former Hinchcliff Wool Store (Hinchcliff House): 5-7 Young Street, Sydney (State and local significance); and

- (c) The Gallipoli Club: 12-14 Loftus Street, Sydney (local significance).
14. The Bridge and Alfred Street block has a site area of 8,197 square metres and contains two multi storey commercial towers – the 1976 50 Bridge Street AMP Tower, and the 1962 heritage listed AMP Tower fronting Circular Quay. The existing gross floor area of buildings on this block is approximately 102,300 square metres.
15. The Young and Loftus Street block has a site area of 2,924 square metres and consists primarily of 1980s style commercial buildings and includes two heritage items. The existing gross floor area of buildings on this block is approximately 22,000 square metres, including the heritage buildings.
16. Three important public spaces are located within the vicinity of the site, all of which are subject to controls in SLEP2012 that protect their sun access. These are:
- (a) The Royal Botanic Gardens;
 - (b) First Government House Place; and
 - (c) Macquarie Place.
17. Figure 2 below shows the view to the Precinct from the Sydney Harbour Bridge.

Figure 2 – View to the Precinct from the Sydney Harbour Bridge



The Master Plan Concept

Consolidation of floor space within the Precinct

18. The Master Plan Concept adopts a precinct-wide approach to the distribution of floor space by seeking to move some of the built form potential from the Young and Loftus Street block, in the form of 'unrealised' floor space area, to the Bridge and Alfred Street block. The development objective is to achieve a 'floor space ratio neutral' outcome for the Precinct, that is, not to increase the floor space ratio that is currently permissible under SLEP2012.
19. The floor space ratio provisions under SLEP2012 currently allow for a notional maximum of 40,209 square metres of floor area to be developed within the Young and Loftus Street block and 112,708 square metres within the Bridge and Alfred Street Block – a total of 152,917 square metres for the entire precinct. These figures assume a 10 per cent bonus for design excellence. When sun access restrictions in the City's planning controls that affect the Precinct are factored in, it is estimated that 141,000 square metres of this figure can actually be realised as floor space.
20. The Master Plan Concept proposes the transfer of approximately 22,444 square metres of unrealised floor space from the Young and Loftus Street block to the Bridge and Alfred Street block. This floor space would primarily be accommodated within an extension to the existing 1976 AMP Tower at 50 Bridge Street.
21. The proposed amendments to SLEP2012 will directly facilitate this outcome by 'unlocking' commercial office supply through the transfer of floor space from a constrained site to the adjacent block which can physically support a higher density of development. At the same time it will strengthen the Bridge and Alfred Street block as a global commercial address.
22. Table 1 below shows the floor space distribution proposed by the Master Plan Concept. As can be seen from the table, the outcome is a floor space neutral situation whereby the total permissible floor area for the Precinct in SLEP2012 of 152,917 square metres is equal to the total floor space proposed to be used for development within the entire Precinct. That is, to realise the Master Plan Concept, there is no need for the Council to increase the floor space ratio controls in SLEP2012.

Table 1 – Proposed Floor Space Distribution

	YOUNG AND LOFTUS	BRIDGE & ALFRED	TOTAL
Site Area	2,924m ²	8,197 m ²	11,121 m ²
Maximum GFA available (based on 13.75:1)	40,209 m ²	112,708 m ²	152,917 m ²
Total assessable GFA of existing and proposed new buildings	17,765 m ²	135,152 m ²	152,917 m ²
Surplus/Deficit	- 22,444 m ²	+22,444 m ²	nil

Vision for the Young and Loftus Street block

23. AMP's Master Plan Concept proposes that the Young and Loftus Street block will be a lower scale, fine grain and active mixed-use precinct which will support a variety of uses, such as retail, commercial, hotel, serviced apartments, educational, residential, bars and restaurants. It proposes retail opportunities along Loftus Lane, which is to be pedestrianised and supported by active frontages and through-site links.
24. The revitalisation of this block is a vital component of the overall vision for the site. AMP's justification report documentation states that the Young and Loftus Street block *"has the potential for great diversity of form, scale and materiality and to become a vital, mixed use development within an active laneway precinct."*
25. The reduced scale of development within the block will result in increased sunlight access to Macquarie Place during winter, preservation of the view corridor to the City from Circular Quay and Sydney Harbour, and an improved built form relationship with Customs House and heritage items.
26. The renewal of the Young and Loftus Street block also presents a significant opportunity to strengthen the City's late night economy, by creating an appropriately planned late trading precinct where land use conflicts can be minimised.

Vision for the Bridge and Alfred Street block

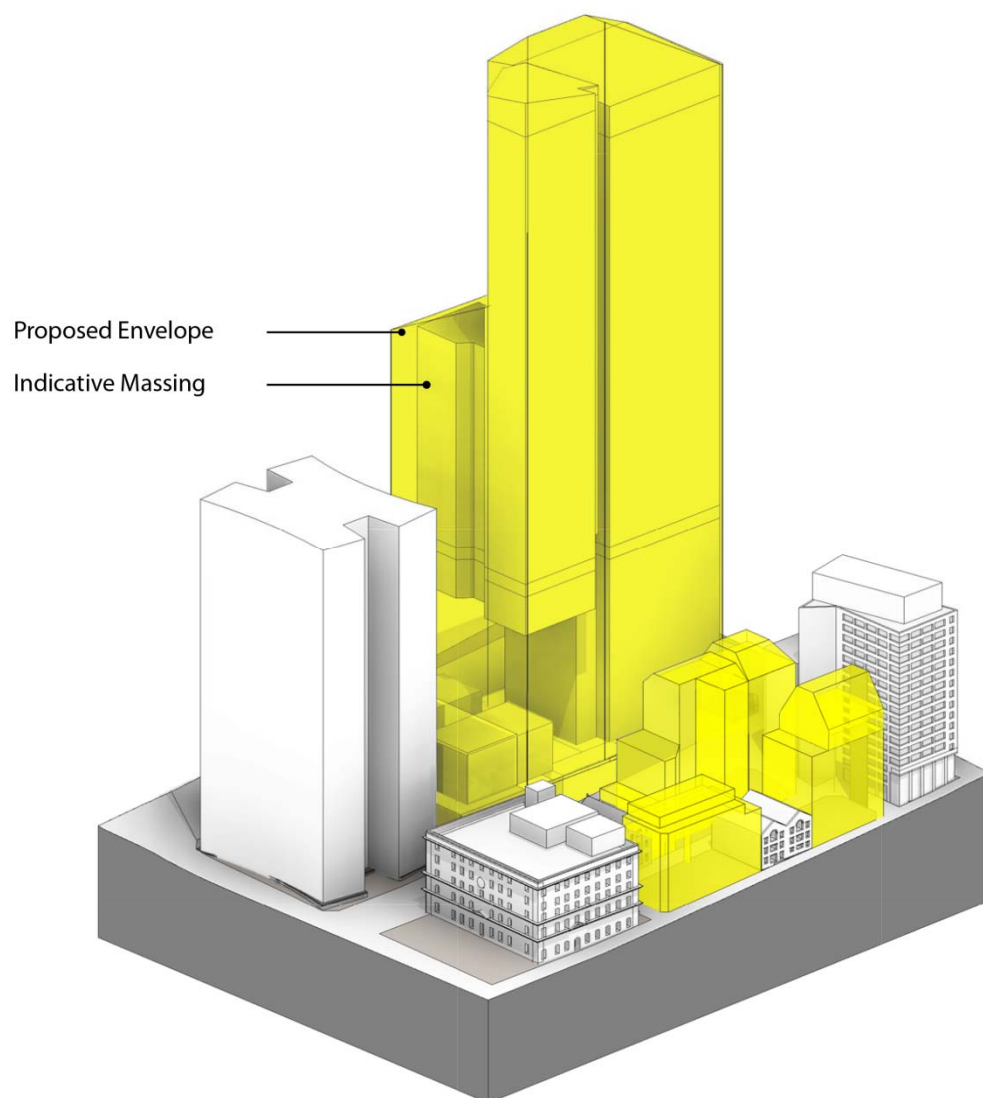
27. The Master Plan Concept envisions that the Bridge and Alfred Street block will provide opportunities for the development of a premium grade commercial tower with an atrium lobby and plaza, along with expanded active retail and restaurant activity, new arcades and through-site links.
28. AMP proposes to expand the floor plate of the existing 1976 AMP Tower, effectively 'recycling' core structural elements of the building. The 1962 heritage listed AMP Tower at 33 Alfred Street is proposed to be refurbished and enhanced in accordance with a new conservation management plan.

Precinct Built Form

29. Figure 3 below, extracted from AMP's submitted justification report documentation, shows the proposed built form envelope and indicative massing for the two blocks within the Precinct.
30. The yellow transparent volume is the built form envelope. This is the maximum geometric envelope that is achievable within the block having regard to environmental impacts, building design and amenity. The solid volume is the indicative massing, which shows a potential arrangement of floor space within the built form envelope.
31. The built form envelope is generally larger than the indicative massing to allow for flexibility of building design and articulation. The indicative massing is superimposed within built form envelopes to illustrate how buildings may 'fit in' the envelope.

32. It is important to note that the future built form massing within the Precinct will be subject to an ongoing process of refinement - via a stage 1 development application, a detailed competitive design process and a detailed stage 2 development application phase.

Figure 3 – AMP Precinct proposed Built Form Envelopes (shown transparent) and Indicative Massing (shown solid).



Key Planning Controls

33. Table 2, Figure 5 and Figure 6 below summarise the key planning controls in SLEP2012 that affect development within the Precinct.

Table 2 – Key Planning Controls

Control	Relevant Provision	Comment
Zoning	B8 Metropolitan Centre	Permits a broad range of uses, including commercial, residential, educational, hotels, bars and restaurants.
Building Height	Refer to Figure 5	A complex array of height controls determine the height of development, including the two sun access planes.
Floor Space Ratio (FSR)	<p>12.5:1 (8:1 FSR + 4.5:1 FSR for accommodation floor space)</p> <p>Pursuant to Clause 6.21(7)*, Council may grant an additional 10% of floor area if a competitive design process has been undertaken.</p> <p>*A separate planning proposal will be prepared to clarify the interpretation and intent of Clause 6.21(7) whereby a maximum 10 per cent design excellence bonus is applicable to the total permissible floor space on the site. This planning proposal is the subject of a separate report to be considered at this round of committee meetings.</p>	SLEP2012 Clause 6.4 <i>Accommodation floor space</i> allows an additional amount of FSR subject to design excellence and the purchase of heritage floor space.
Sun Access Protection	Refer to Figure 6	<p>The Bridge and Alfred Street block is affected by the Royal Botanic Gardens Sun Access Plane.</p> <p>The Young and Loftus Street Block is affected by the Macquarie Place Sun Access Plane.</p> <p>No additional overshadowing to Macquarie Place and First Government House Place</p>

Figure 5 – Maximum Building Heights

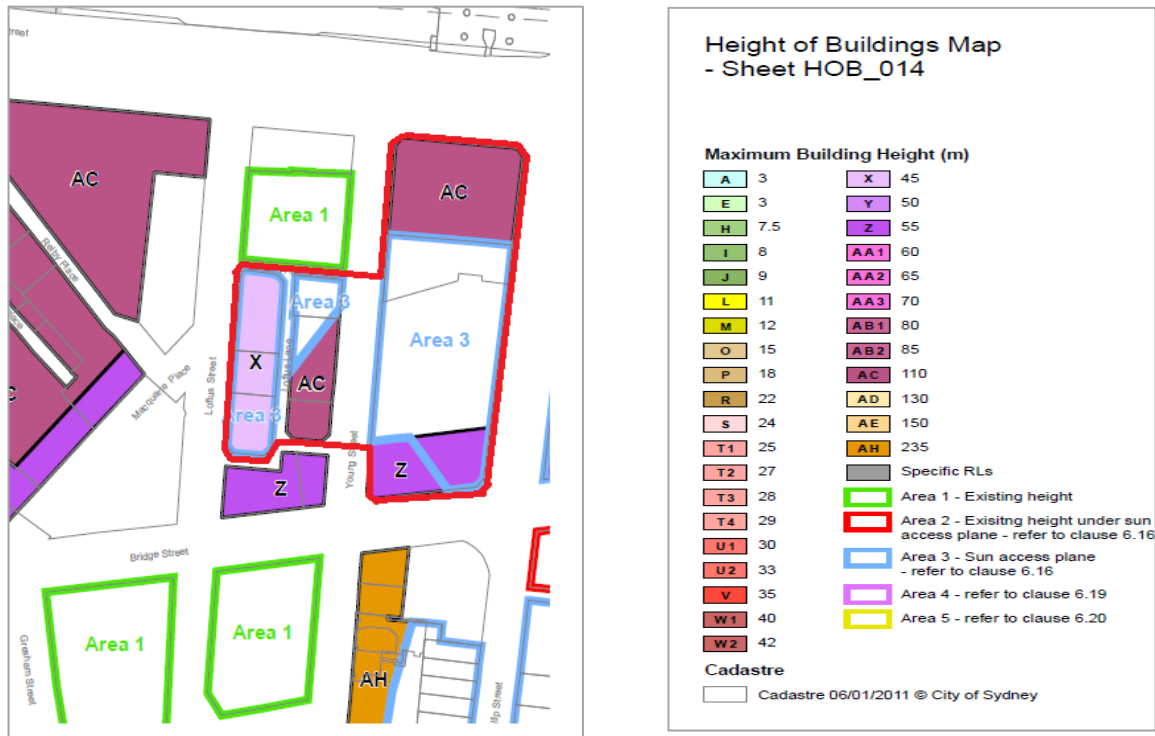
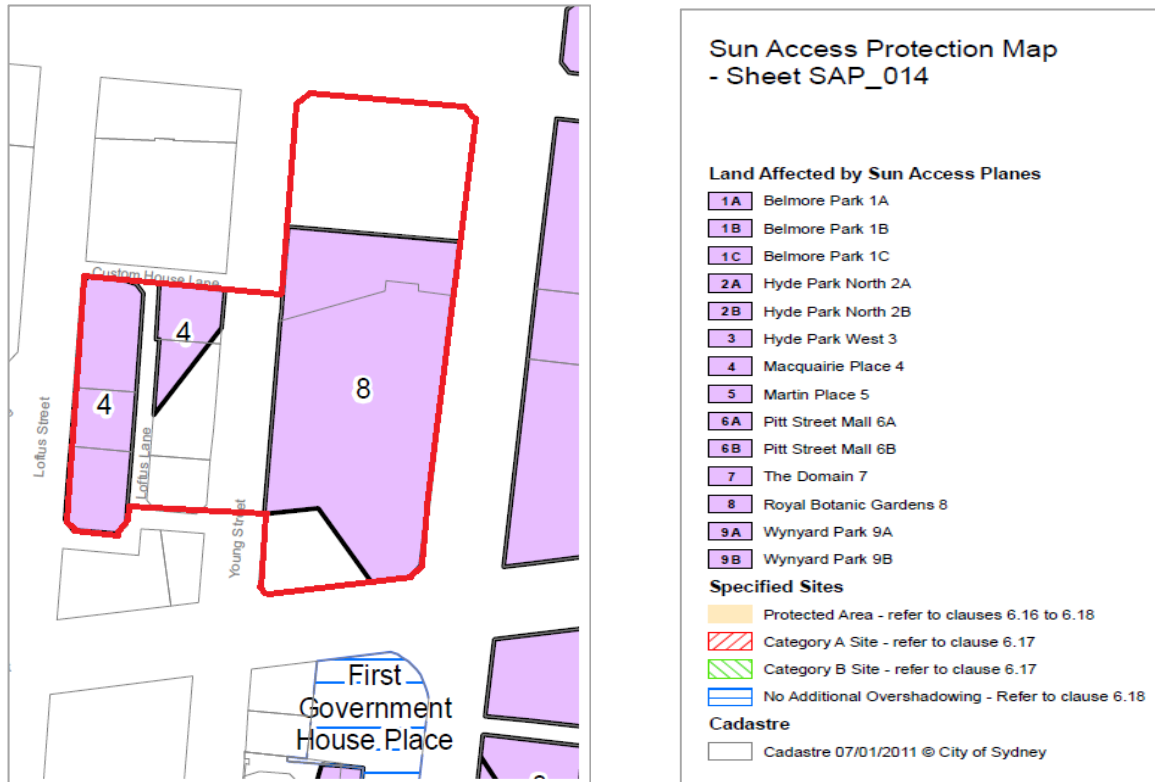


Figure 6 – Sun Access Protection



Planning Proposal for Site-Specific Controls

34. It is proposed to amend SLEP2012 by way of a formal planning proposal process. The planning proposal recommends the insertion of a number of amending clauses that will apply exclusively to development within the Precinct, whereby a proponent may opt-in or opt-out of the new controls.
35. The Precinct controls therefore would form an 'alternative' planning regime for the Precinct which includes a mechanism to transfer floor space across blocks. If the 'alternative' development controls are not taken up by a proponent then a development proposal may still be submitted based on the existing controls in SLEP2012. The planning proposal is at **Attachment A** to this report.
36. The specific objectives of the planning proposal are:
 - (a) to revitalise the two city blocks which comprise the Precinct;
 - (b) to refine the Young and Loftus Street block as a diverse, fine grain, smaller scale mixed use development project within an active laneway precinct comprised of low to mid rise buildings;
 - (c) to transform the Bridge and Alfred Street block to an exemplar global commercial address that will reinforce Sydney's profile as a global city;
 - (d) to ensure that new development responds sympathetically to heritage items within the Precinct;
 - (e) to provide a mechanism for the consolidation of floor space within the Precinct; and
 - (f) to enable the following public benefits:
 - (i) improved solar access and reduced overshadowing to Macquarie Place and Loftus Lane;
 - (ii) active lanes, arcades and through-site links;
 - (iii) conservation of heritage items; and
 - (iv) maintenance of an important view corridor into the City.

Proposed amendments to SLEP2012

37. The following paragraphs outline the specific amendments required to SLEP2012 to facilitate the proposed Master Plan Concept and the precinct-wide design and public domain benefits outlined above.

Precinct-wide calculation of 'site area'

38. A site-specific clause is required to allow the combined area of all lots within the Precinct to be the 'site area' for the purposes of calculating floor space. This change is required to enable the density to be calculated over the whole of the Precinct, despite the fact that roads separate a number of the lots.

39. Currently, clause 4.5(3)(b) in SLEP2012 provides that in the determination of site area, where more than one land parcel is proposed to be developed, only land which has a common boundary with other land can be added together to form a site. The Precinct is unable to meet this requirement because it is bisected by Young Street and no development is proposed to be undertaken on, over or under Young Street.

Additional Floor Space to be transferred - as may be achieved by a Competitive Design Process

40. Clause 6.21(7) of SLEP2012 allows the Council to award an additional amount of floor space up to a maximum of 10% of the maximum floor space ratio where the design of a development is the result of a competitive design process.
41. In the specific circumstances of the Precinct, it is proposed that if a competitive design process has been undertaken for development within the Young and Loftus Street block, and the Council is satisfied that the design exhibits design excellence, the additional 10% floor space awarded may be transferred to development within the Bridge and Alfred Street block.

Allowing an exception to the Royal Botanic Gardens Sun Access Plane

42. In SLEP2012, the control on height within the 50 Bridge Street parcel of land is expressed by way of a sun access plane which controls overshadowing of the Royal Botanic Gardens. The intent of the sun access plane control is to maximise sun access to the Royal Botanic Gardens in the midwinter lunchtime period where overshadowing will have the most impact on the enjoyment of public spaces. The sun access plane control in SLEP2012 defines the plane at 2pm on 21 June.
43. AMP are seeking that Clause 6.18 in SLEP2012 is amended to permit an exception to the sun access plane provisions that govern height across the 50 Bridge Street parcel of land. This amendment would allow the continued projection through the Royal Botanic Gardens sun access plane and an extension to the existing 50 Bridge Street Tower without causing any additional shadow at the control time.

Lanes Development Floor Space

44. Fine grain tenancies with business, community, retail and entertainment uses help make streets and lanes interesting and active by attracting more people than having fewer larger tenancies.
45. It is proposed to encourage new fine grain tenancies fronting Loftus Lane in the Young and Loftus Street Block by amending SLEP2012 clause 6.8 *Lanes development floor space* so that it can apply to the new buildings in the Young and Loftus Street Block.
46. Currently, the clause allows additional floor space for existing buildings that provide small laneway premises. Each of these premises must be limited to a maximum of 100 square metres, have a suitable active use and direct access to the lane and not any other building. The additional floor space allowed is equal to the floor space of the laneway premises.

47. The amendment will allow for additional floor space to be awarded despite it not relating to an existing building, on the basis the fine grain nature is protected in perpetuity. The amendment will apply to this site only. The effect will be to provide the proponent with approximately 580 square metres of extra floor space to develop elsewhere within the Precinct.
48. The proponent has agreed to apply a covenant on the land to ensure the fine grain spaces are not combined in the future. This will be secured through the voluntary Planning Agreement.

Alternative Competitive Design Approach

49. The *City of Sydney Competitive Design Policy* sets out the competitive design process that an applicant must undertake to achieve the 10% floor space bonus for design excellence. AMP have proposed an alternative approach to accommodate the uniqueness of the Master Plan Concept and to ensure integrated design excellence for the whole of the Precinct and its individual buildings.
50. SLEP2012 and the *City of Sydney Competitive Design Policy* specifically define the types of competitive design processes that may be undertaken to be awarded a design excellence bonus. The issue is that the Council will be unable to award the bonus because AMP's proposed process, despite having significant merit, is different to what is defined in SLEP2012 and the *City of Sydney Competitive Design Policy*.
51. It is proposed to resolve this issue by way of an amendment to the *City of Sydney Competitive Design Policy* which will allow a variation to the specific competitive design process, that is, an architectural design competition that will apply to the Precinct.
52. A two phase architectural design competition process is proposed which consists of:
 - (a) an initial phase where an international architectural design competition is undertaken for the whole of the site which includes detailed designs for the Bridge and Alfred Street Tower and preliminary design concepts and principles for building projects within the Young and Loftus Street Block; and
 - (b) a second phase where separate design architects are appointed for each building project within the Young and Loftus Street Block, and are to be selected by an Expressions of Interest Process. The terms of the Expressions of Interest process will be outlined in a Competitive Design Strategy approved at the stage 1 development application.
53. An expressions of interest process is appropriate because it will deliver a holistic design excellence outcome for the Precinct, design diversity, competition winning design excellence for the tower and fine grain design excellence appropriate for the mixed use Young and Loftus precinct.
54. The alternative competitive design approach will be enabled by adding a site specific section to the *City of Sydney Competitive Design Policy* and by amending SLEP2012 by updating the date of the Policy's adoption. The draft amendments to the Policy will be exhibited with the Planning Proposal and supporting draft development control plan. All other aspects of the design excellence process described in the City's existing planning controls and policies will be retained.

55. A site specific amendment to the Policy for the AMP Precinct will accommodate the uniqueness of the Master Plan Concept, and will ensure that design integrity is continued into detailed development proposals for individual buildings. It will provide a role for a number of architects to ensure diversity of design authorship and building variety, particularly within the Young and Loftus Street block where a mix of design, materials and uses are defining characteristics.
56. The proposed changes to the *City of Sydney Competitive Design Policy* are shown in ***italics*** and ~~strike through~~ text at Attachment D to this report.

Proposed amendment to Sydney Development Control Plan 2012

57. Site-specific draft development control plan (DCP) controls have also been prepared which aim to amend SDCP2012. The draft DCP amendment includes site specific principles and planning provisions that complement the proposed amendments to SLEP2012, and will further enable the Master Plan Concept.
58. The draft DCP covers the following key design considerations:
 - (a) design principles;
 - (b) lanes, arcades and through-site links;
 - (c) public spaces;
 - (d) vehicle circulation;
 - (e) active frontages;
 - (f) awnings;
 - (g) built form envelopes;
 - (h) land use mix;
 - (i) heritage; and
 - (j) site-specific design excellence provisions.
59. It is a recommendation of this report that the Central Sydney Planning Committee note the amendment to *Sydney Development Control Plan 2012*, shown at Attachment B to this report, and that it will be publicly exhibited in parallel with the draft Planning Proposal.

KEY IMPLICATIONS

Benefits of the Planning Proposal

60. The Planning Proposal and draft DCP will provide a framework which will facilitate a broad range of short and long term benefits to the City, ranging from promoting economic growth, to public domain improvements that will enhance people's day-to-day enjoyment of Central Sydney.
61. Key benefits include:

- (a) protection and improvement of solar access to key public open spaces, particularly Macquarie Place;
- (b) the release of unrealised commercial floor space to meet demand for high end global office space in central Sydney;
- (c) a new, late night trading precinct which will enhance the City's night-time economy;
- (d) preservation of an important view corridor to the City;
- (e) improved connections between Circular Quay and the City's commercial core;
- (f) revitalisation of the Young and Loftus Street block;
- (g) creation of a fine grain network of lanes, arcades and through-site links that promote vibrancy and street level activity;
- (h) a new retail destination with maximised active frontages;
- (i) conservation of heritage buildings; and
- (j) a reduction in the number of vehicle access locations.

Planning Agreement

62. The City's analysis of the proposed new planning controls shows that a change to the definition of 'site area' and the continued penetration of the Royal Botanic Gardens sun access plane, without increasing SLEP2012 control time shadows, will result in good planning outcomes including: management of environmental impacts; new employment space; creation of new retail opportunities and dwellings; conservation of heritage items; and significant improvements to the quality of the public domain.
63. Although these adjustments to the planning controls do not increase the floor space ratio or the height control across the Precinct, the adjustments will unlock the potential to develop floor space, creating new value for the land owner. It is reasonable for a planning authority to consider the extent of private gain and the need for public benefits. It is estimated that the proposed alternative controls will release around 12,500 square metres of commercial floor space potential within the Precinct, which is approximately nine per cent more floor space than is achievable without breaching the Macquarie Place sun access plane.
64. 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 a consent authority. A voluntary Planning Agreement is the legal mechanism for securing public benefits. Planning Agreements are voluntary and must be freely entered into by a planning authority and a proponent. They are also publicly exhibited and held on a publicly accessible register.
65. The City's position on voluntary Planning Agreements has been informed by our strategic plans and past practice of securing public benefits in Central Sydney. Opportunities to enter into voluntary Planning Agreements will continue to rise as the City changes and improves planning controls to meet its strategic aims.

66. AMP has provided an offer to enter into a voluntary Planning Agreement with the City. Benefits include the dedication of air space rights above the Young and Loftus Street block, easements for public access for through-site links and public spaces, covenants for fine grain lanes development, funding for public art and public domain works.
67. It is recommended a voluntary Planning Agreement be prepared, as the preferred mechanism to ensure that the public benefits mentioned above can be delivered by the planning controls applying to the Precinct.
68. The offer from AMP, provided at **Attachment C**, outlines the public benefits that will be provided under the proposed Voluntary Planning Agreement. The benefits offered are:
- (a) a monetary contribution equal to one per cent of the Capital Investment Value of the development. The monetary contribution, which is to be provided in addition to any contributions that will be payable to Council under *Section 61 of the City of Sydney Act 1988*, is to be used, subject to any deductions being made for any offsets allowed under the terms of the Planning Agreement, for urban design upgrades within an area comprising of:
 - (i) land bordered by Loftus, Alfred, Bridge and Phillip Streets, including civic spaces in front of Customs House and 33 Alfred Street;
 - (ii) publicly owned land within the section of Alfred Street, between George and Loftus Streets; and
 - (iii) Macquarie Place Park and Jessie Street Gardens;
 - (b) dedication of an air stratum space over the Young and Loftus Street Block to Council with associated rights of access to be provided for the relevant building owners so that they can access the roof areas to their buildings;
 - (c) easements and restrictions as to use on title for:
 - (i) public access and use of a civic space consisting of an area of 60 square metres at the junction of Loftus Lane and the Young Street arcade; and
 - (ii) public access to through site links;
 - (d) covenants to protect the fine grain of street level premises in new and existing buildings and laneways network in the Young and Loftus Street block;
 - (e) public art up to the value of \$2 million, with the balance of those monies not expended on public art to be used to improve the public domain;
 - (f) heritage conservation works to all listed heritage items with the AMP Circular Quay Precinct in accordance with approved conservation management plans;

- (g) a minimum of 40 per cent of the total Gross Floor Area of all buildings within the Young and Loftus Street block to be provided as non-residential uses to ensure a lively mixed-use precinct; and
 - (h) light and air access to the buildings located below the air stratum space.
69. AMP's offer states that it is intended that the Gallipoli Memorial Club will enter into the Voluntary Planning Agreement once the terms of the agreement are finalised. It is noted that in February 2013, the Gallipoli Memorial Club provided a letter supporting submission of a justification report from AMP.
70. Dedicating air space over the Young and Loftus Street block extinguishes the possibility of development and eliminates future changes to planning controls. It delivers long-standing planning objectives to preserve the existing view corridor deep into Central Sydney and improve sun access to Macquarie Place. These benefits will be preserved in perpetuity. The same mechanism was used at East Circular Quay.
71. The monetary contributions under the Voluntary Planning Agreement amount to one per cent of the Capital Investment Value. The *Environmental Planning and Assessment Regulation 2000* defines Capital Investment Value as all costs necessary to establish and operate the project, including the design and construction of buildings, structures, associated infrastructure and plant and equipment. Under the previous LEP for Central Sydney, Sydney LEP 2005, height and FSR could be awarded where a development achieved design excellence and contributed to the public domain. The City has used voluntary Planning Agreements to secure a contribution towards public domain improvements and sought a one per cent monetary contribution. This practice has been used as a benchmark for the contribution offered.
72. The detailed terms of the Voluntary Planning Agreement are yet to be finalised. A recommendation of this report is that the Committee notes that, upon receipt of a Gateway determination, it is proposed that the Council will delegate authority to the Chief Executive Officer to prepare a draft voluntary Planning Agreement to be publicly exhibited alongside the draft planning proposal, the draft amendment to *Sydney Development Control Plan 2012* (SDCP 2012) and the draft amendment to the *City of Sydney Competitive Design Policy*.

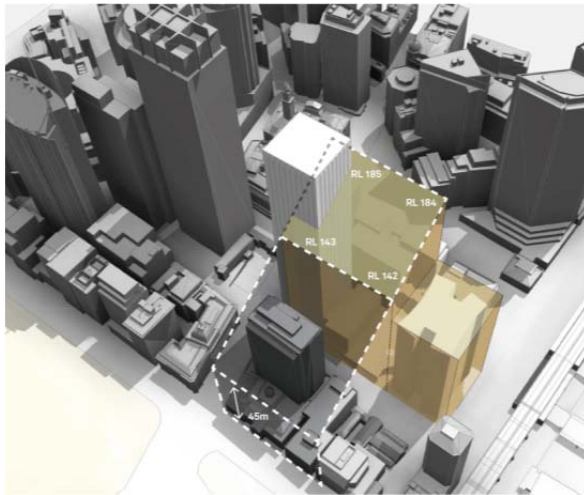
Sun light access to public spaces

Royal Botanic Gardens

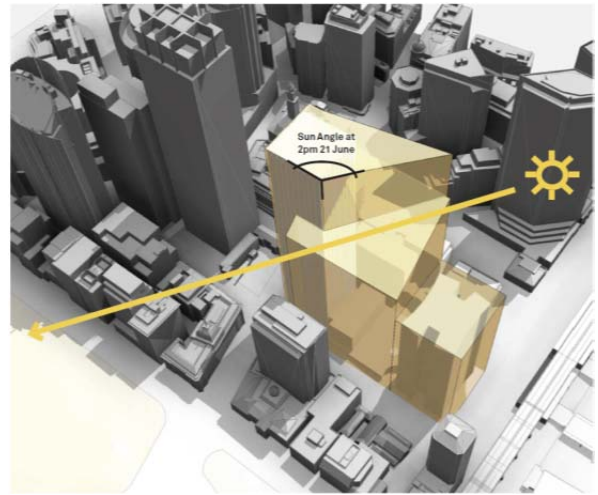
73. As outlined earlier in this report, it is proposed to amend SLEP2012 to permit an exception to the sun access plane provisions that govern height across the 50 Bridge Street parcel of land. This amendment would allow the continued projection through the Royal Botanic Gardens sun access plane and an extension to the existing 50 Bridge Street Tower without causing any additional shadow at the control time.

74. Owing to the existing tower at 50 Bridge Street, which currently projects through the Royal Botanic Gardens sun access plane, there is already a shadow cast at the SLEP2012 'control time' of 2pm on 21 June on the Royal Botanic Gardens from the tower. Therefore, it is possible to add additional built form to the 50 Bridge Street Tower in such a manner without creating any additional shadow to the Royal Botanic Gardens at the SLEP2012 control time of 2pm on June 21. The extent of the projection through the sun access plane is shown in the picture on the right in Figure 7 below, which is extracted from AMP's justification documentation.

Figure 7 – Bridge and Alfred Street block: Sun access plane analysis



Representation of the Royal Botanic Gardens Sun Access Plane



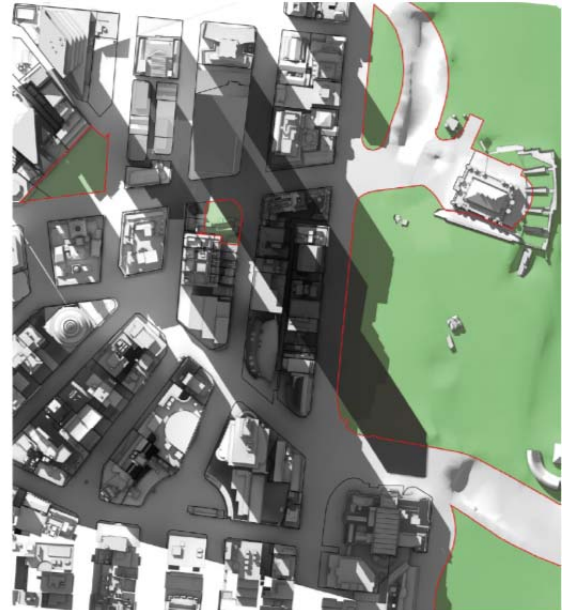
Identified area of sun access plane encroachment without creating additional shadow at the control time of 2pm 21 June

75. Figure 8 below compares existing overshadowing situation over the Royal Botanic gardens at 2pm on 21 June, to the shadow that would be cast by additional built form within the proposed 50 Bridge Street building envelope. The diagram shows that there will be no additional overshadowing beyond that cast by the existing building at the control time of 2pm on 21 June.

Figure 8 – Overshadowing of the Royal Botanic Gardens at the sun access plane control time in SLEP2012 (2pm 21 June)



Existing shadow to Royal Botanic Gardens at 2pm 21 June.



Maximum shadow that would result from an extension to the 50 Bridge Street tower (shadow of tower in dark grey) at 2pm 21 June.

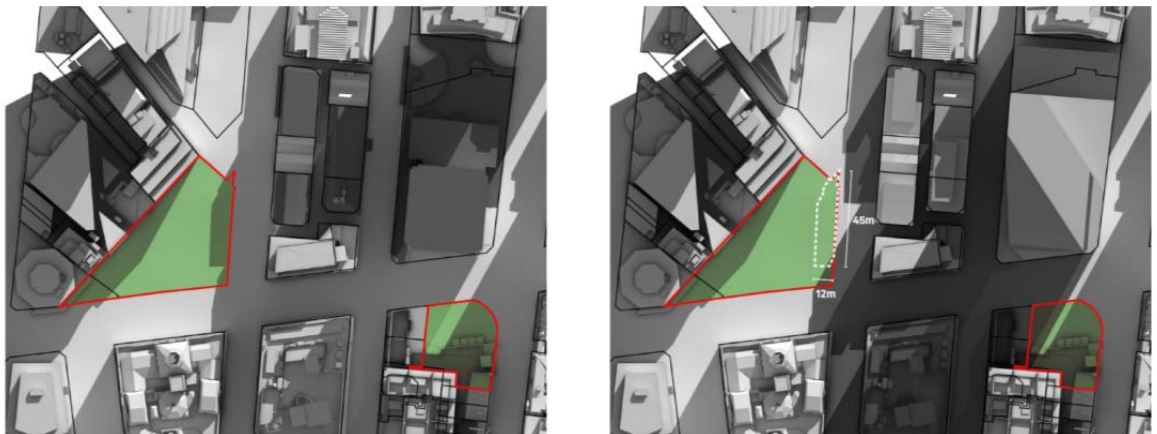
76. Shadow modelling also shows that there would be negligible impact to the Royal Botanic Gardens after the control time. While a tower extension would cast additional shadow at 3pm during midwinter, submitted shadow modelling indicates that the extent of this impact is minor when compared to a shadow that may be cast by a building envelope that complies with existing controls in SLEP2012 that determine building height.
77. There will be some minor overshadowing to the Royal Botanic Gardens on dates before and after 21 June for short periods before 2pm. The period of additional overshadowing is smallest in mid-winter. At its greatest duration the period of overshadowing is approximately 15 minutes. This, however, is not subject to planning controls.
78. This minor additional overshadowing is acceptable, given that the Master Plan Concept will facilitate the realisation of commercial floor space needed to support Sydney's employment growth. Further to this, the other benefits that will arise from the realisation of the Master Plan Concept provide additional justification to allow an exception to the sun access plane control. In the specific circumstances of this case, an exception to the sun access plane control is justified.

Macquarie Place

79. The reduction in the scale of the built form of the Young and Loftus Street block, specifically, the existing building on 2-10 Loftus Street, will provide an increase in morning sunlight to Macquarie Place in mid-winter.

80. As illustrated through the shadow analysis diagram for Macquarie Place in Figure 8 below, the proposed built form and massing across the Young and Loftus Street block will improve the existing levels of sun access by providing 420 square metres of additional sun access at the control time of 10am in mid-winter. It is noted that there will be 680 square metres of additional sun access to Macquarie Place outside the control time, that is, at 9am in mid-winter.

Figure 8 – Increased sun access to Macquarie Place at SLEP2012 control time



Existing situation

Proposed (420 sqm increase outlined)

First Government House Place

81. SLEP2012 does not allow for an increase in the *total* existing overshadowing to First Government House Place between midday and 2pm. AMP's Master Plan Concept is able to comply with this by limiting the scale of development on the Young and Loftus Street block and ensuring that the shadow from the extension to the 50 Bridge Street building sits within the shadow of the existing tower.
82. An overshadowing assessment prepared by AMP of the proposed building envelopes shows that the worst case scenario is that a very small amount of additional overshadowing would be cast on the eastern edge of First Government House Place for up to four minutes at midday on 21 June. This is, however, compensated by a reduced amount of existing shadow resulting from a reduction in the scale development on 15-17 Young Street. This will result in a net increase in solar access to First Government House Place of approximately 10 square metres.

Heritage

83. AMP's submitted justification report includes the three heritage components summarised below. The heritage material is appropriately detailed for the purposes of supporting the Planning Proposal and to understand key heritage impacts and how they will be addressed.

84. An Aboriginal and historical archaeological assessment of the Precinct has been prepared by Artefact Heritage. A key finding in the assessment is that there is no potential for either Aboriginal or historical archaeological resources across the majority of the Precinct. However, a portion of the Precinct has been assessed to be of moderate archaeological potential, including the sites of Hinchcliff House and the Gallipoli Club, and the land occupied by Loftus Lane and Customs House Lane. Additional investigations will be undertaken prior to the lodgement of a Stage 1 development application.
85. Draft Conservation Management Plans (CMPs) have been prepared to manage the heritage significance of the three heritage items within the Precinct. AMP has expressed a commitment to upgrade the heritage items within the Precinct in accordance with the CMPs, which will guide the conservation and management of the heritage items in perpetuity and to assist property owners to manage maintenance and new works to the site. The draft CMPs submitted are considered to be comprehensive and establish a suitable management framework.
86. It is noted that the CMPs have been submitted by AMP Capital in draft form and are subject to further revision prior to the submission of a development application. The draft CMPs are included as an appendix to the planning proposal at **Attachment A**.
87. A Heritage Impact Statement has also been submitted by AMP which assesses any potential impacts of proposed redevelopment on the surrounding area. The Heritage Impact Statement explains the site's capability to realise the proposed future redevelopment of the Precinct in relation to heritage impacts. Detailed Heritage Impact Statements will be prepared to support future development application(s) for the Precinct.

Loftus Lane sub-stratum

88. A concurrent report to Council seeks the Council's consent to grant a 99 year lease of a sub stratum to AMP which will provide for a shared basement car park under the Young and Loftus Street block.
89. The key benefits of this parking arrangement is that it will maximise efficiency of design, provide an opportunity to reduce the number of vehicle access locations within the Precinct and to close the north-south leg of Loftus Lane to vehicle access.

View Impacts

90. AMP have prepared a view analysis which assesses visual impacts from key public locations around the City, from neighbouring properties and ground level views. The analysis is included as an appendix to the Planning Proposal at Attachment A to this report.
91. Key findings of AMP's analysis are:
 - (a) landmark views of Sydney Harbour, Sydney Harbour Bridge, and the Sydney Opera House are maintained from neighbouring residential properties.
 - (b) the proposed building envelopes and massing will have minor visual impact on key public views; and

- (c) although neighbouring non-residential properties will experience some view impacts, the proposed building envelopes and massing will generally have minor impacts. Views looking west from the Intercontinental Hotel are likely to be most affected.
92. The conclusions of AMP's view analysis are generally sound. It is noted that development within the envelopes shown in AMP's view analysis will result in no view loss to Bridgeport Apartments, located immediately to the south of the Young and Loftus Street block.
93. AMP's view analysis will be included as supporting material for the Planning Proposal, and be made available for public comment when the Planning Proposal is formally exhibited.

Traffic and Transport

94. AMP's justification report includes an assessment of the transport implications of the Master Plan Concept prepared by ARUP consultants. ARUP's report provides a preliminary assessment of site access and parking, as well as public transport, walking and cycling opportunities. This report is included as an appendix to the Planning Proposal at Attachment A.
95. A key opportunity of the Master Plan Concept is to minimise the impact of vehicle movements on the public domain. To facilitate this, a preferred access strategy has been developed by AMP.
96. The planning proposal does not propose amendments to the parking controls in SLEP2012.
97. Subject to further analysis to be conducted prior to the submission of a development application for the site, the traffic impacts arising from the proposed redevelopment are generally acceptable and can be appropriately managed.

Strategic Alignment - Sustainable Sydney 2030 Vision

98. *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. The planning proposal is aligned with the following SS2030 strategic directions and objectives:
- (a) *Direction 1 - A Globally Competitive and Innovative City* - The proposed Master Plan will strengthen the role and function of the Precinct as a key global financial and economic hub within the Sydney CBD.
 - (b) *Direction 2 provides a road map for the City to become A Leading Environmental Performer* - AMP has committed to delivering a precinct "that exceeds the highest standards for ecologically sustainable development".
 - (c) *Direction 3 - Integrated Transport for a Connected City* - The Precinct can take advantage of excellent public transport links nearby, but also reduce the number of private vehicle access points and potentially restrict overall vehicle movements through the Precinct.

- (d) *Direction 4 - A City for Walking and Cycling* - Improvements to the local traffic network and public domain will enhance pedestrian activity and safety, connecting through the front of the site to other parts of Circular Quay. Permeability through the site will be improved with new east-west links across the block.
- (e) *Direction 5 - A Lively and Engaging City Centre* - The Master Plan Concept provides for the establishment of retail, restaurants, bars and the like at the ground floor interface across the Precinct to activate the laneways and public spaces.
- (f) *Direction 6 - Vibrant Local Communities and Economies* - The redevelopment of the Precinct provides an opportunity to potentially introduce public learning, education and training facilities in the Young and Loftus Street block.
- (g) *Direction 7 - A Cultural and Creative City* - The invigoration of the public domain will contribute to Circular Quay's position as Sydney's major focal point for culture and festivals. On-going liaison between AMP and relevant cultural partners will be undertaken through the life-time of the project.
- (h) *Direction 8 - Housing for a Diverse Population* – The Young and Loftus Street block will provide increased city living opportunities within a unique location.
- (i) *Direction 9 - Sustainable Development, Renewal and Design* - AMP has committed to delivering a sustainability strategy for the Precinct. Design development at the Stage 1 DA phase will include investigation of appropriate ESD performance standards.
- (j) *Direction 10 - Implementation through Effective Governance and Partnerships* - AMP has expressed strong commitment to engage with neighbours and key stakeholders throughout all phases of the planning, design and delivery of the project.

BUDGET IMPLICATIONS

- 99. In accordance with Council's Fees and Charges Schedule, AMP has paid a fee for an 'LEP Amendment: Major Application' for the consideration of the planning proposal and draft amendment to SDCP2012.
- 100. AMP's voluntary Planning Agreement offer includes a monetary contribution equal to one per cent of the Capital Investment Value of future development within the Precinct, and will be provided by in addition to any contributions that are payable to Council under Section 61 of the City of Sydney Act 1988. The contribution is to be used by Council, subject to any deductions being made for any offsets allowed under the terms of the Planning Agreement, for urban design upgrades within and near the Precinct. It is estimated that the value of the contribution will be approximately \$6.7 million.

RELEVANT LEGISLATION

- 101. *Environmental Planning and Assessment Act 1979 and Environmental Planning and Assessment Regulation 2000.*

CRITICAL DATES / TIME FRAMES**Planning Proposal Process**

102. 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.
103. The typical timeframes, once a Gateway determination has been made, are 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.
104. Following public authority consultation and public exhibition, the outcomes will be reported to Council and the Central Sydney Planning Committee.

Delegation of Minister's Plan Making Functions

105. In October 2012, the Minister for Planning and Infrastructure delegated his plan-making functions to councils to improve the local plan-making process. In December 2012, Council resolved to accept the delegation.
106. Council needs to receive an authorisation on a case by case basis to exercise the delegation. The authorisation is given through the Gateway Process and may be for spot rezonings consistent with surrounding zones and matters of local significance. Exercising the delegation means a faster plan-making process with less involvement of the Department of Infrastructure and Planning.
107. It is noted that a recommendation has been made to Council's Planning and Development Committee on 17 June 2013 that Council seek authority to exercise the delegation of the Minister for Planning and Infrastructure of all his functions under section 59 of the *Environmental Planning and Assessment Act 1979* to make the AMP Circular Quay Precinct local environmental plan.

PUBLIC CONSULTATION

108. The public exhibition process for the planning proposal will be determined by the Minister for Planning and Infrastructure. It is proposed that public exhibition of the planning proposal and public exhibition of the amendment to SDCP2012 run concurrently. The consultation would take place in accordance with the requirements of:
 - (a) the Gateway determination made by the Minister for Planning and Infrastructure under s.56 of the *Environmental Planning and Assessment Act 1979*;
 - (b) 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*.

109. 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, adjoining and nearby landowners, relevant community groups and stakeholders, and the community in the immediate vicinity of the site.
110. Section 93G(1) of the *Environmental Planning and Assessment Act 1979* requires that a draft voluntary Planning Agreement be publicly exhibited for at least 28 days and section 93G(2) requires that, where possible, the agreement be exhibited concurrent with any other publicly notifiable matters relating to the agreement.

GRAHAM JAHN, AM

Director City Planning, Development and Transport

(Nicholas Knezevic, Specialist Planner)