

ITEM 14. PUBLIC EXHIBITION – 65-79 SUSSEX STREET SYDNEY - PLANNING PROPOSAL AND SYDNEY DEVELOPMENT CONTROL PLAN 2012 AMENDMENT**FILE NO: S114123****SUMMARY**

Tourism makes a significant contribution to the Sydney and New South Wales economy. In 2012, 10.5 million visitors came to Sydney for business or leisure with 4.3 million of these staying in the City of Sydney. Crucial to the ongoing strength of Sydney's tourist industry is a sufficient supply of well-located and appropriately priced visitor accommodation. Currently there are approximately 20,300 visitor accommodation rooms in the City with 75% rated 4 or 5 stars. Strong future demand is expected in the 3 and 4 star range within the western corridor of central Sydney driven by redevelopment of the Sydney International Convention and Exhibition Precinct and Barangaroo.

In September 2014, JBA on behalf of Alfasi Pty Ltd (Alfasi) submitted a planning justification report to the City of Sydney (the City) requesting site specific amendments to *Sydney Local Environmental Plan 2012* (Sydney LEP 2012) and *Sydney Development Control Plan 2012* (Sydney DCP 2012) to enable redevelopment of 65-79 Sussex Street, Sydney (the site) for a 163 room, 4-star boutique hotel.

65-79 Sussex Street (the site) is a decommissioned electricity substation located in the western corridor of central Sydney to the east of King Street Wharf and Darling Harbour and the south east of Barangaroo and adjoins the heritage listed Bristol Arms Hotel. The site is in a highly accessible location being approximately 350 metres from Wynyard Station and has excellent access to a broad range of goods and services.

Redevelopment of the site from a decommissioned electricity substation to a hotel therefore offers a significant opportunity to contribute to the vision of *Sustainable Sydney 2030* by delivering much needed visitor accommodation in a location which is well suited to this land use. Furthermore, recent research has illustrated a need for 3 to 4 star visitor accommodation within the city.

Existing development standards under Sydney LEP 2012 allow a building height of RL 28.6 on the site. Alfasi's submitted documentation proposes an amendment to the height control by 1.65 metres fronting Sussex Street and 11.05 metres fronting the Western Distributor. This increased height allows for a hotel of 163 rooms which provides for a feasible hotel development and will incentivise redevelopment of the site for this use.

The potential impacts of this increased height, including the heritage impact on the Bristol Arms Hotel, impact on views from adjacent properties and additional overshadowing are acceptable. By allowing for a building envelope which contains the bulk of the additional height in the western part of the site, impacts to the more significant Sussex Street elevation and interface with the Bristol Arms Hotel can be managed. The potential impacts and proposed building envelope are discussed in detail in the body of this report.

This report therefore seeks Central Sydney Planning Committee (CSPC) approval to submit a Planning Proposal to amend *Sydney Local Environmental Plan 2012* (Sydney LEP 2012), as it applies to the site, to the Minister for Planning for a Gateway Determination. Approval is also sought to publicly exhibit the Planning Proposal in accordance with the Gateway Determination alongside an associated draft amendment to *Sydney Development Control Plan 2012* (the draft DCP amendment).

The key proposed amendment to Sydney LEP 2012 is the addition of a clause which will allow development for 'hotel or motel accommodation' to exceed the height of RL 28.6, which otherwise applies to the site, by up to 11.05 metres. This amendment makes the height increase contingent on the provision of this highly desirable strategic land use in an emerging tourist service precinct. The full justification for making the amendment is discussed in detail in the body of this report and in the Planning Proposal at Attachment A.

The key proposed amendment to Sydney DCP 2012 is the addition of a new section containing specific provisions and figures guiding the design of development which seeks additional height under the new clause of Sydney LEP 2012. The amendments ensure that future development responds to the context of both Sussex Street and the Western Distributor through appropriate massing and setbacks. Further detail is provided in the body of this report and in the draft DCP amendment at Attachment B.

RECOMMENDATION

It is resolved that:

- (A) the Central Sydney Planning Committee approve *Planning Proposal: 65-79 Sussex Street, Sydney* shown at Attachment A to the subject report, for submission to the Minister for Planning with a request for a Gateway Determination;
- (B) the Central Sydney Planning Committee approve *Planning Proposal: 65-79 Sussex Street, Sydney* for public authority consultation and public exhibition in accordance with any conditions imposed under the Gateway Determination;
- (C) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 2 December 2014 that Council approve *Draft Sydney Development Control Plan 2012 – 65-79 Sussex Street, Sydney Amendment*, shown at Attachment B to the subject report, for public authority consultation and public exhibition in parallel with the Planning Proposal;
- (D) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 2 December 2014 that Council seek authority from the Secretary of the Department of Planning and Environment to exercise the delegation of the Minister for Planning of all her functions under section 59 of the *Environmental Planning and Assessment Act 1979* to make the local environmental plan as amended by *Planning Proposal: 65-79 Sussex Street, Sydney*;

- (E) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 2 December 2014, that Council delegate authority to the Chief Executive Officer to make any minor variations to *Planning Proposal: 65-79 Sussex Street, Sydney* and *Draft Sydney Development Control Plan 2012: 65-79 Sussex Street, Sydney Amendment* following receipt of the Gateway Determination; and
- (F) the Central Sydney Planning Committee note that, following consideration of any submissions, and refinements as necessary, *Planning Proposal: 65-79 Sussex Street, Sydney* and *Sydney Development Control Plan 2012: 65-79 Sussex Street, Sydney Amendment* will be reported back to the Central Sydney Planning Committee for final approval.

ATTACHMENTS

Attachment A: Planning Proposal: 65-79 Sussex Street, Sydney. Dated December 2014.

Attachment B: Draft Sydney Development Control Plan 2012 – 65-79 Sussex Street, Sydney Amendment. Dated December 2014.

BACKGROUND

1. The purpose of this report is to seek Central Sydney Planning Committee (CSPC) approval of *Planning Proposal: 65-79 Sussex Street, Sydney* (the Planning Proposal), at Attachment A, for submission to the Minister for Planning with a request for a Gateway Determination to allow public exhibition.
2. The Planning Proposal seeks to amend the maximum building height control in *Sydney Local Environmental Plan 2012* (Sydney LEP 2012) as it applies to the site where the primary purpose of 'hotel or motel accommodation' is proposed.
3. This report also recommends that the CSPC note that subject to approval by Council, *Draft Sydney Development Control Plan 2012: 65-79 Sussex Street, Sydney Amendment* (the draft DCP Amendment), at Attachment B, will be exhibited alongside the Planning Proposal.
4. The draft DCP Amendment seeks to amend *Sydney Development Control Plan 2012* (Sydney DCP 2012) to include specific building envelope provisions.

Site details

5. 65-79 Sussex Street, Sydney (the site) is a single landholding of approximately 1,180 square metres in the western corridor of Central Sydney. It is located to the east of King Street Wharf, to the south east of Barangaroo and is approximately 350 metres to the south west of Wynyard Train Station. The site is shown marked in red in Figure 1.

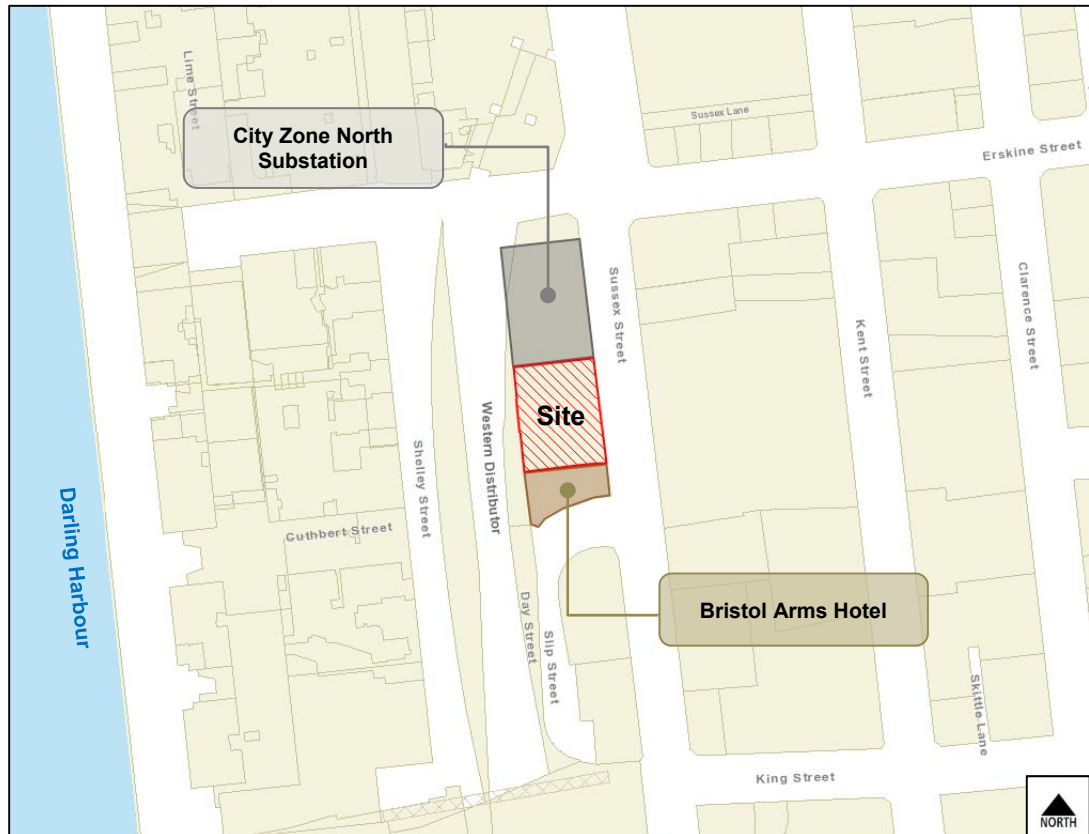


Figure 1 – Location plan of 65-79 Sussex Street, Sydney

6. The site has a 39 metre frontage to Sussex Street, backs on to the Western Distributor and forms part of the street block bounded by Erskine Street, Sussex Street, Slip Street and the Western Distributor.
7. To the immediate north of the site, at 51-63 Sussex Street, is the City North Zone Electricity Substation. To the immediate south of the site, at 81 Sussex Street, is the heritage listed Bristol Arms Hotel. The site itself currently contains a decommissioned electricity substation.

Planning History

8. 51-63 Sussex Street and 65-79 Sussex Street were formerly a single consolidated landholding owned by Ausgrid. In 2004 the Sydney Harbour Foreshore Authority, as the consent authority at the time, approved a Stage 1 DA relating to the consolidated site.
9. The Stage 1 DA gave consent for demolition of the existing substation at 65-79 Sussex Street and construction of a replacement substation at 51-63 Sussex Street. The DA also gave consent for construction of a commercial office building at 65-79 Sussex Street (the subject site) in place of the substation to be demolished.
10. In 2005, Ausgrid submitted a Stage 2 DA for construction of the replacement substation at 51-63 Sussex Street. This DA was approved by the City in June 2006. The new substation on this site has since been constructed and is now operational.
11. On completion and commissioning of the new substation at 51-63 Sussex Street, the former substation was decommissioned. However, the former substation has yet to be demolished in accordance with the approved Stage 1 DA and no Stage 2 DA for redevelopment of the site has been lodged.
12. A related subdivision application was approved by the City in April 2014. This application formalised the subdivision of the site into two new lots: 51-63 Sussex Street which contains the new substation and 65-79 Sussex Street (the subject site) which contains the decommissioned substation.

Current Planning Controls

13. Sydney LEP 2012 contains zoning and principal development standards for the site including:
 - (a) A 'B8 Metropolitan Centre' zoning which permits a wide range of uses;
 - (b) A 'base' FSR of 7.5:1 plus an additional 1.5:1 'Accommodation Floor Space' under Clause 6.4 where proposed development is for the purpose of residential accommodation, serviced apartments or hotel or motel accommodation; and
 - (c) A maximum building height of RL 28.6. The height control for the site is discussed in more detail later in this report.
14. Sydney DCP 2012 applies generally, but does not contain any site specific provisions.

Request to amend Planning Controls

15. In August 2014 City staff met with Alfasi Pty Ltd (Alfasi) who presented a scheme to demolish the decommissioned substation and redevelop the site as a hotel. The proposed scheme accommodates 163 rooms which provides for a viable hotel development.
16. The built form required to accommodate a 163 room hotel exceeds the height control by 1.65 metres on the Sussex Street frontage and 11.05 metres on the Western Distributor frontage.
17. Following a review of the scheme, City staff advised Alfasi that a request to amend the height control with a supporting justification report would be required. Alfasi submitted the requested documentation in September 2014.
18. Subsequently, Alfasi lodged a development application for demolition of the decommissioned substation and construction of a new 143 room hotel on the site which is broadly compliant with the current planning controls. While the development application does not represent Alfasi's preferred position, it was submitted to safeguard a timely alternative.
19. This development application was notified on 30 October 2013 and is currently being assessed by the City. It does not rely on the amended controls sought by this Planning Proposal.

Proposed amendments to controls

20. The Planning Proposal, at Attachment A, seeks only to amend the maximum height control for the site from RL 28.6 to RL 39.65.
21. It does not seek to amend the height map applicable to the site, instead proposing inclusion of a new site specific clause under Part 6 of Sydney LEP 2012. The proposed clause will allow the additional building height only where development of the site provides for hotel or motel accommodation.
22. As such, the proposed amendment will facilitate redevelopment for a commercially viable hotel while ensuring that the height control of RL 28.6 will continue to apply for any other use.
23. To ensure an appropriate built form outcome, it is also proposed to amend Sydney DCP 2012. The DCP amendment, at Attachment B, seeks to include site specific building envelope controls and provisions in Section 6.3 of Sydney DCP 2012.

KEY IMPLICATIONS**Building height**History of height control

24. The site has a building height control of RL 28.6 under Sydney LEP 2012. This control applies to all of the sites bounded by Erskine Street, Sussex Street, King Street and the Western Distributor. This control has applied to the block since 1996 under the Central Sydney LEP 1996.

25. This LEP embodied the intent of the City of Sydney Strategy 1988 which put in place a height strategy for the city based on predominant land form with buildings stepping down in height from the George Street ridge towards the east and west.
26. The control was established not only to respond to this principle of height transition towards the west but also to respond to the height of the Bristol Arms Hotel to the south.
27. A condition imposed under the approved 2004 Stage 1 DA requires execution of a covenant restricting development on the site to RL 28.6 prior to the issue of a construction certificate. This condition was imposed to ensure the height of development responded to the Bristol Arms Hotel and the principle of transition to the west.
28. Development approved under this DA has not been carried out and no restrictive covenant is registered on title. Notwithstanding this, the Planning Proposal could not be inhibited or restricted by a prior restrictive covenant on title in any case.

Amendment to height

29. The context of the area has changed significantly since the imposition of the RL 28.6 control in 1996 with the development of King Street Wharf and the City Zone North Substation. The proposed height amendment is considered appropriate to this significantly different context.
30. The proposed development includes two separate building wings. The eastern wing, fronting Sussex Street, has an RL 30.25 (six storeys equivalent) and the western wing fronting the Western Distributor has an RL 39.65 (8 storeys equivalent). The proposed building heights are shown in Figure 2.



Figure 2 – Building heights in storeys (roof plant shown in dashed outline)

31. The maximum permissible height of buildings directly to the east of the site under Sydney LEP 2012 is 80 metres. Existing development to the west, at King Street Wharf, ranges in height from RL 37.5 to RL 48.7. As such, development at RL 39.65 would still respect the principle of height stepping down from the George Street ridge to the west.
32. With regard to the relationship between the site and the Bristol Arms Hotel, the eastern wing would only exceed the existing height control by 1.65 metres. This would still allow for an appropriate intermediate height between the Bristol Arms Hotel and the City North Substation to the north when viewed from Sussex Street.
33. The western wing would exceed the existing height control by 11.05 metres. This building height would still provide an appropriate built form outcome, would align with the City North Substation and the non-significant rear wing of the Bristol Arms Hotel. Furthermore it would deliver an appropriate response to the environment of the Western Distributor.
34. The proposed height is appropriate to the immediate context, including the Bristol Arms Hotel, and respects the broader principle of achieving a transition in height to the west. The Planning Proposal seeks to amend the height from RL 28.6 to RL 39.65 across the site to accommodate the proposed development.
35. The draft DCP amendment at Attachment B provides detailed building envelope provisions which will ensure building bulk and height is located on the western part of the site fronting the Western Distributor and as such does not detract from the significant Sussex Street frontage of the Bristol Arms Hotel.

Heritage

36. Alfasi's submission includes a Statement of Heritage Impact prepared by Graham Brooks and Associates which assesses the potential impacts on the heritage of the surrounding area. The report is included as an appendix to the Planning Proposal at Attachment A, and key points are discussed below.
37. While there are a number of heritage items in the vicinity, the only item of significance is the Bristol Arms Hotel at 81 Sussex Street to the immediate south.
38. Constructed in 1898, the Bristol Arms Hotel is an item of local heritage significance under Sydney LEP 2012 and is also listed on the State Heritage Register.
39. Its significance arises from being part of a network of small purpose built hotels providing a social venue and accommodation close to the city and the waterfront. It also serves as a good example of the evolutionary process of a small corner hotel at the fringe of the city.
40. The Graham Brooks Associates report finds that the proposed redevelopment results in acceptable heritage impacts.
41. The proposed development allows for a building which provides an appropriate transition in height along Sussex Street between the lower Bristol Arms Hotel and the higher City North Zone Substation.

42. The proposed redevelopment delivers two distinct building wings. The eastern wing is appropriate in the context of the Sussex Street streetscape and respects the scale of the Bristol Arms Hotel while providing a suitable height transition. The western wing is two storeys higher and backs on to the Western Distributor, an area of less urban sensitivity. This wing aligns well with the City Zone North Substation and the non-significant rear wing of the Bristol Arms Hotel.
43. The proposed development includes a 4 metre setback between the northern boundary of the Bristol Arms Hotel and the main southern elevation of the new hotel as illustrated in Figure 3. The glazed lobby of the new hotel will be accommodated within this setback. This will provide a visual curtilage to the northern façade of the Bristol Arms Hotel and will facilitate a clear view of the heritage item.

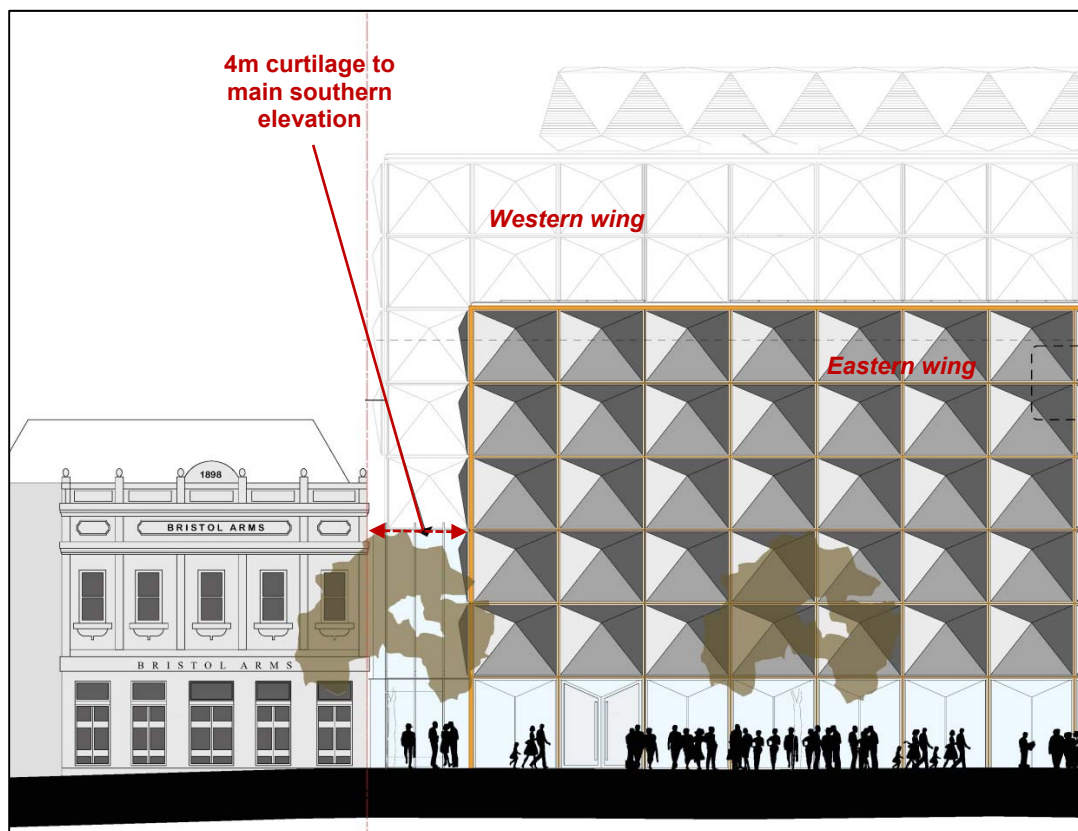


Figure 3 – Curtilage to Bristol Arms Hotel

View Impacts

44. Alfasi submitted a view impact study as part of their planning justification report. The analysis is included as an appendix to the Planning Proposal at Attachment A.
45. The study identifies the Chelsea Apartments building at 110-116 Sussex Street as a location from which views may be impacted. Other buildings in the vicinity on the eastern side of Sussex Street are in commercial use.
46. The view impact study provides existing views and views including the proposed redevelopment of the site from low, middle and upper levels of the Chelsea Residential apartments.

47. The City's planning controls make a distinction between outlook and views and give priority to ensuring that residential apartments have outlook and reasonable amenity as opposed to ensuring that private views are protected. The view impact study illustrates that all levels of the Chelsea Apartments will retain a good outlook and high level of residential amenity.
48. Notwithstanding this, the study illustrates that the primary view from the Chelsea Apartments is west along Slip Street towards Darling Harbour and these views from all levels are unaffected by the proposal. It further concludes that while views to the north-west from the low and middle levels will be affected, the overall change in view is minor, as illustrated in Figure 4. The full view impact study is included as an appendix to the Planning Proposal at Attachment A.
49. The primary views from the low and middle levels of the Chelsea Apartments are of the existing City North Zone Substation and buildings at King Street Wharf. The view impact analysis illustrates that the proposal will not block any views beyond these existing buildings.
50. Less significant views from buildings to the west of the Western Distributor towards the east will be affected to some extent. However, the addition of the proposed hotel is a significant visual improvement on the decommissioned substation which currently occupies the site.

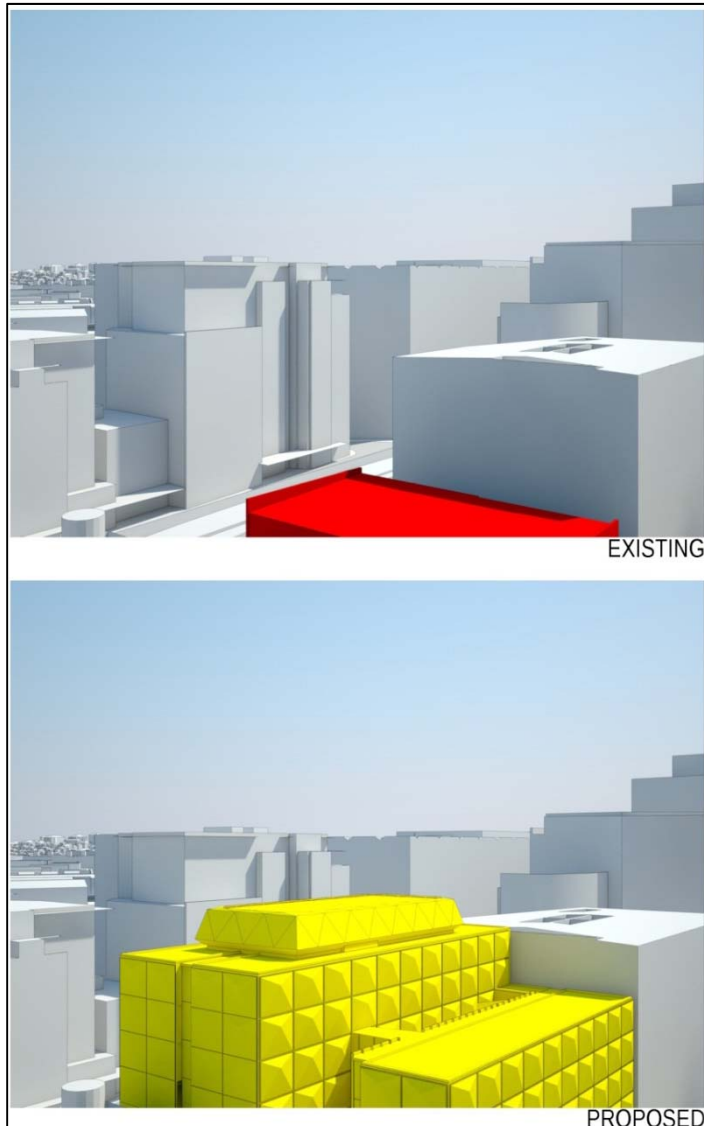


Figure 4 – Existing and proposed views from middle level of Chelsea Apartments

Urban Design

51. The City's urban design assessment concludes that the impacts of the proposal are minor and considered acceptable.
52. The site is currently occupied by a decommissioned substation of little architectural merit which offers no ground level activation. The proposed development includes retail uses at ground floor which will activate this stretch of Sussex Street and present a positive contribution to the public domain.
53. Furthermore the scale and bulk of the proposal will result in a block fronting Sussex Street which integrates with the existing streetscape and a block fronting the Western Distributor which responds separately to the freeway environment.

54. Detailed overshadowing analysis submitted by Alfasi is included as an appendix to the Planning Proposal at Attachment A. The analysis illustrates overshadowing at various different times of the year based on three scenarios; existing development, development under current planning controls and development in accordance with the draft controls.
55. The analysis illustrates that the difference in overshadowing impact is minor between development under existing controls and development in accordance with the draft controls. While the western half of the Bristol Arms Hotel roof terrace is overshadowed to a greater extent by the proposal than would be the case under the existing controls, the eastern half receives greater solar access. This is due to the 4 metre curtilage between the northern elevation of the Bristol Arms Hotel and the main eastern wing of the proposal.
56. Besides the shadows cast on the Bristol Arms Hotel, all other additional overshadowing affects only public roads. On balance, given the minor increase in overshadowing and the fact that the main affected area is a private commercial roof terrace, the impact of the proposal is acceptable.

Traffic and Transport

57. Alfasi's submitted documentation includes a traffic impact report prepared by Traffix consultants. The report provides a preliminary assessment of site access and parking and public and active transport opportunities. The report is included as an appendix to the Planning Proposal at Attachment A.
58. Given the proximity to public transport and public car parking, it is acceptable that the proposal does not provide any on-site car parking. This will encourage sustainable transport behaviour and benefit pedestrian amenity.
59. The proposal relies on an existing 27 metres on-street loading zone on Sussex Street for servicing. Subject to further analysis to be conducted as part of the future development assessment process, the traffic and transport impacts arising from the proposal are generally acceptable and can be appropriately managed.

Visitor accommodation in the City

60. Sydney is Australia's premier destination city and business centre and an international gateway. In 2012 10.5 million visitors came to Sydney with 4.3 million of these staying in the City of Sydney LGA. The Australian and NSW tourism industries rely heavily on Sydney's visitor economy.
61. Crucial to the ongoing strength of this economy is a sufficient supply of visitor accommodation. Currently there are approximately 20,300 visitor accommodation rooms in the City of Sydney LGA. 80% are hotel rooms and the remainder are serviced apartments. Four and five star rooms dominate the hotel room market, with only 15% of rooms rated 3.5 stars or below.
62. Future demand for hotel rooms is projected to be in the 3 and 4 star ranges, especially in the Western Precinct. This will be driven significantly by the redevelopment of the Sydney International Convention and Exhibition Precinct which is scheduled to open in December 2016 as well as the staged completion of Barangaroo.

63. Since 2010 approximately 500 new rooms have come on to the market. However there is a current shortfall with estimates of between 5,000 and 9,000 additional hotel rooms required to meet demand over the next decade. By facilitating hotel development through strategic land use planning, the City can address this shortage incrementally and contribute to meeting demand.
64. The proposal will deliver a 3 to 4 star type of hotel accommodation that is in demand, in a location that is well serviced by public transport and close to business and leisure attractors such as the International Convention Centre, Barangaroo and Darling Harbour.

Strategic Alignment - Sustainable Sydney 2030 Vision

65. *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 and amendment to Sydney DCP 2012 are aligned with the following SS2030 strategic directions and objectives:
 - (a) Direction 1 – A Globally Competitive and Innovative City. The proposed amendments to planning controls for the site will facilitate redevelopment of the site for a hotel. This will support Sydney’s tourist industry, which is a sector of critical importance to Sydney’s economy, and contribute to making Sydney attractive to global investors.
 - (b) Direction 3 – Integrated Transport for a Connected City. The potential future use of the site as a hotel will take advantage of excellent proximity to public transport links and a broad range of services.
 - (c) Direction 4 - A City for Walking and Cycling – Redevelopment of the site will replace a blank façade with active retail frontage and an entrance to the hotel. This will encourage greater pedestrian activity in the area and result in greater pedestrian amenity and safety. Zero on-site car parking will encourage greater walking and cycling.
 - (d) Direction 5 – A Lively and Engaging City Centre. Redevelopment of the site will provide for establishment of retail opportunities at the ground floor interface with Sussex Street and will further activate this area of the City Centre.
 - (e) Direction 9 - Sustainable Development, Renewal and Design. The proposal is consistent with the principle of transit oriented development by co-locating accommodation and employment opportunities in a highly accessible location.

Economic

66. Through facilitating the delivery of hotel accommodation in Central Sydney, the Planning Proposal and DCP amendment will support Sydney’s visitor accommodation industry, bringing flow on benefits to Sydney’s economy.

BUDGET IMPLICATIONS

67. In accordance with Council's Fees and Charges Schedule, Alfasi has paid a fee for an 'LEP Amendment: Major Application' for the consideration of the Planning Proposal and draft amendment to Sydney DCP 2012.

RELEVANT LEGISLATION

68. *Environmental Planning and Assessment Act 1979* and *Environmental Planning and Assessment Regulations 2000*.

CRITICAL DATES / TIME FRAMES

69. Should Council and the CSPC endorse the Planning Proposal for exhibition and consultation, it would be forwarded to the Minister for Planning 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.
70. The typical timeframes, once a Gateway Determination has been made, are 21 days for public authority consultation and 28 days for public exhibition. The Gateway Determination would also specify a date by which the Local Environmental Plan amendment should be finalised.
71. Following public authority consultation and public exhibition, the outcomes will be reported to Council and the CSPC.
72. In October 2012, the then 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.
73. 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 means a faster plan-making process with less involvement of the Department of Planning. This report recommends that the CSPC note the recommendation of a report to Council's Planning and Development Committee on 2 December 2014 that Council seek authority to exercise this delegation.

PUBLIC CONSULTATION

74. The public exhibition process and requirements will be informed by the Gateway Determination. However, it is proposed to publicly exhibit the Planning Proposal and the DCP amendment concurrently for a minimum period of 28 days with notification:
- (a) On the City of Sydney website;
 - (b) In newspapers that circulate widely in the area; and
 - (c) In writing to owners, adjoining and nearby landowners, relevant community groups and stakeholders and the community in the vicinity of the site.

75. A full package of exhibition material will be made available for viewing on the City of Sydney website and at the One Stop Shop at Town Hall House.

GRAHAM JAHN, AM

Director City Planning, Development and Transport

(Tim Aldham, Specialist Planner)