

**ITEM 8. PLANNING PROPOSAL FOR AMENDMENT TO SYDNEY LOCAL ENVIRONMENTAL PLAN 2012 - 120 VICTORIA STREET POTTS POINT****FILE NO: S125009****SUMMARY**

Tourism is a key economic priority for the City. It is a major source of jobs, economic and growth. It increases international knowledge, business networks and cultural awareness and contributes to Sydney's reputation as a great place to visit, live, work and invest.

The Australian and NSW tourism industries rely heavily on the City of Sydney's visitor economy. In 2012, 10.5 million visitors came to Sydney with 4.3 million of these staying in the council area. Figures from Destination NSW and the Australian Bureau of Statistics demonstrate the number of tourists and tourist expenditure within Sydney and the LGA has grown strongly in recent years. City and NSW Government plans and strategies identify the importance of tourism to Sydney and the need to support a diverse supply of visitor accommodation in the council area. This includes the NSW Government's Plan for Growing Sydney which seeks to provide capacity for tourism in Global Sydney precincts.

The City recently prepared and placed on public exhibition its Draft Visitor Accommodation (Hotels and Serviced Apartments) Action Plan. The Draft Action Plan responds to actions in the City's Tourism Action Plan and the NSW Government's Visitor Economy Industry Action Plan (2012) to investigate a planning and regulatory framework that will assist visitor accommodation. The Draft Action Plan sets out what the City will do to support the supply of visitor accommodation, including facilitating new accommodation development in appropriate site specific instances.

The City has received a request to amend its planning controls for 120 Victoria Street, Potts Point. The owner of the existing hotel at 122-124 Victoria Street aims to expand the existing hotel into 120 Victoria Street. However, 'hotel or motel accommodation' is prohibited as 120 Victoria Street is zoned R1 General Residential, while the adjoining sites are zoned B4 Mixed Use, which allows 'hotel or motel accommodation'.

It is proposed to amend Sydney Local Environmental Plan 2012 (LEP) by making 'hotel and motel accommodation' an additional permitted use for 120 Victoria Street. This will allow the residential zoning to be retained while enabling the supply of new hotel accommodation.

Although the proposal will only lead to a very minor increase in accommodation supply, it is consistent with the objectives for actions in the City's Draft Action plan, including providing a positive environment for investment, encouraging more diverse sector and assisting new demand driven accommodation.

The proposal is also consistent with surrounding land uses, as the site is on the boundary of the mixed use and residential zones, the neighbouring site has operated as a hotel for nearly 30 years, the proposal is to permit only the existing neighbouring use, and other non-residential uses occur along Victoria Street and adjoining streets. Potential impacts arising from the change of use will be similar to those from the existing hotel at 122-124 Victoria Street and can be managed through the development assessment process.

This report recommends the Central Sydney Planning Committee approve the Planning Proposal for Gateway Determination from the Minister for Planning and subsequent public exhibition.

## RECOMMENDATION

It is resolved that:

- (A) the Central Sydney Planning Committee approve the *Planning Proposal: Sydney Local Environmental Plan 2012 – 120 Victoria Street, Potts Point*, 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 the *Planning Proposal: Sydney Local Environmental Plan 2012 – 120 Victoria Street, Potts Point*, 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 21 April 2015 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 his functions under section 59 of the *Environmental Planning and Assessment Act 1979* to make the amending local environmental plan; and
- (D) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 21 April 2015 that authority be delegated to the Chief Executive Officer to make any minor variations to the *Planning Proposal: Sydney Local Environmental Plan 2012 – 120 Victoria Street, Potts Point*, following receipt of the Gateway determination.

## ATTACHMENTS

**Attachment A:** Planning Proposal: Sydney Local Environmental Plan 2012 – 120 Victoria Street, Potts Point

## BACKGROUND

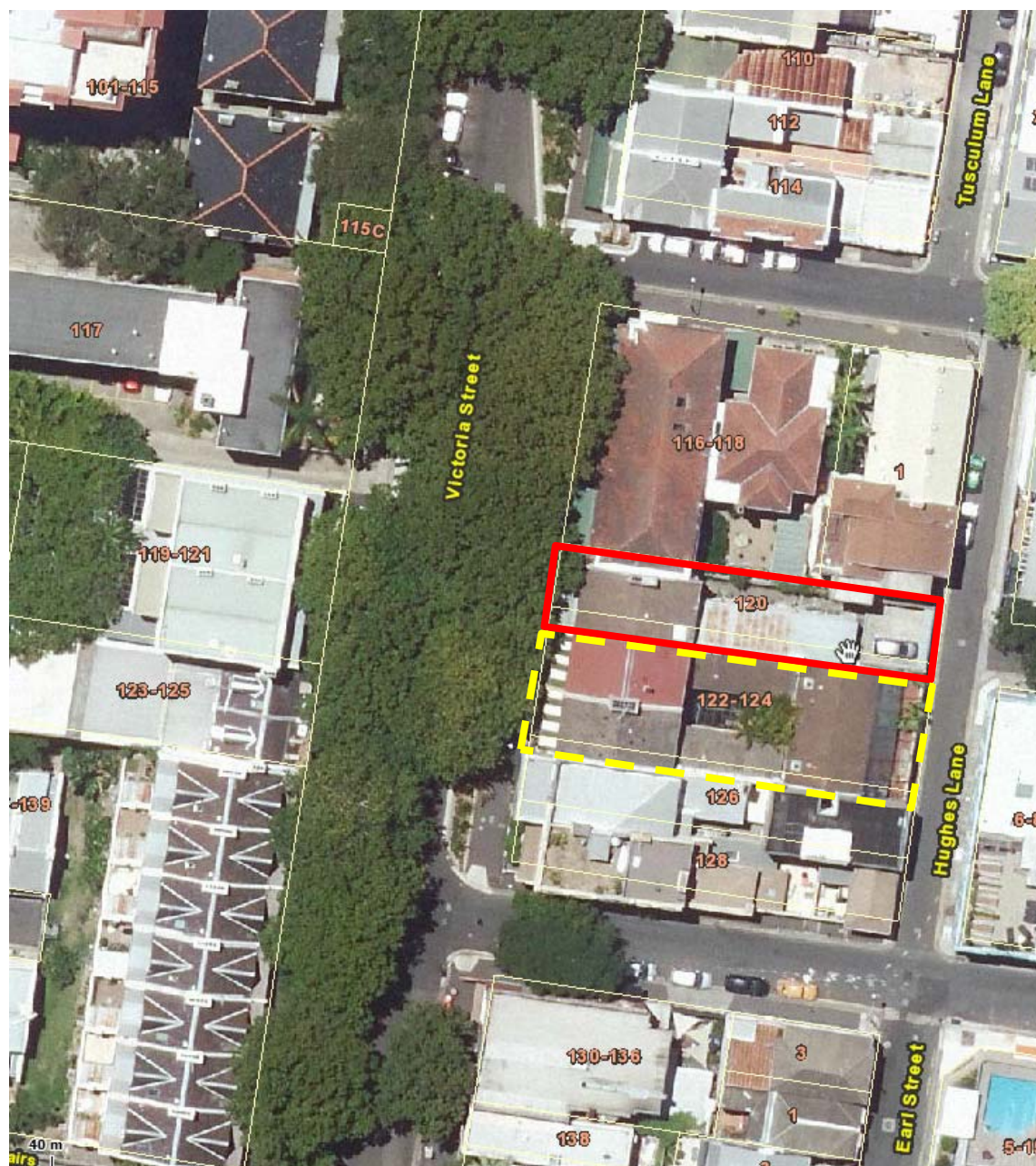
1. The City has received a request to prepare a planning proposal to amend *Sydney Local Environmental Plan 2012* (the LEP). The owner of 120 Victoria Street, Potts Point would like to expand the existing boutique hotel at 122-124 Victoria Street into 120 Victoria Street, however a hotel use is not permitted at 120 Victoria Street. The owner is seeking to have 'hotel or motel accommodation' added to the LEP as an additional permitted use for 120 Victoria Street. This would enable the expansion of the hotel into 120 Victoria Street, subject to future development consent.

## Supporting Visitor Accommodation

2. Tourism is an economic priority for the City and the State. It is a major source of jobs and economic growth. It provides a more diverse and resilient city economy. It increases international knowledge, business networks and cultural awareness and contributes to Sydney's reputation as a great place to visit, live, work and invest.
3. The Australian and NSW tourism industries rely heavily on the City of Sydney's visitor economy. In 2012, 10.5 million visitors came to Sydney with 4.3 million of these staying in the council area. Figures from Destination NSW and the Australian Bureau of Statistics demonstrate the number of tourists and tourist expenditure within Sydney and the LGA has grown strongly in recent years. City and NSW Government plans and strategies identify the importance of tourism to Sydney and the need to support a diverse supply of visitor accommodation in the council area. The NSW Government's *Plan for Growing Sydney* also seeks to provide capacity for tourism in Global Sydney precincts.
4. The City recently prepared and placed on public exhibition its Draft Visitor Accommodation (Hotels and Serviced Apartments) Action Plan. The Draft Action Plan responds to actions in the City's Tourism Action Plan and the NSW Government's Visitor Economy Industry Action Plan (2012) to investigate a planning and regulatory framework that will assist visitor accommodation. The Draft Action Plan sets out what the City will do to support the supply of visitor accommodation, including facilitating new accommodation development in appropriate site specific instances in response to demand. The Planning Proposal aligns with the Draft Action Plan.

## The Site

5. The subject site is 120 Victoria Street, Potts Point (Lot 120 on DP 594467), as shown in Figure 1. The site is bounded by Victoria Street to the west and Hughes Lane to the east. Private landholdings are located adjacent to the northern and southern boundaries.



**Figure 1: Subject site at 120 Victoria Street outlined in solid red. Existing hotel at 122-124 Victoria Street outlined in dashed yellow.**

6. 120 Victoria Street is one of a row of three Victorian terraces. Each terrace is three storeys in height. Spicer's Hotel Group is the registered owner of all three properties. The subject site is currently used as a residential dwelling, and the Victoria Court Hotel operates from the other two terraces (122-124 Victoria Street, Potts Point). The hotel currently contains 25 rooms. The adjacent properties to the north are residential dwellings. The Victoria Street elevations of 120 and 122-124 Victoria Street are shown in Figure 2.





Figure 2: 120 and 122-124 Victoria Street

### Current Planning Controls

7. 120 Victoria Street is zoned R1 General Residential. The existing hotel at 122-124 Victoria Street is zoned B4 Mixed Use. The maximum building height is 15 metres and the maximum floor space ratio is 1.75:1 for 120 and 122-124 Victoria Street. The row of terraces at 120, 122 and 124 Victoria Street are listed as heritage items in the LEP. The properties also form part of the 'Potts Point Heritage Conservation Area' in LEP.

### The Planning Proposal

8. The City has prepared the Planning Proposal at Attachment A to amend the LEP. The planning proposal responds to a request from the owner of 120 and 122-124 Victoria Street. The Planning Proposal sets out the intended outcomes from the change to the LEP, the proposed LEP provisions and justification for the change. The land owner's submission is an appendix to the planning proposal.
9. The Planning Proposal intends to remove a barrier to the supply of visitor accommodation in an appropriate location. The proposal will be consistent with the actions in the City's Draft Visitor Accommodation (Hotels and Serviced Apartments) Action Plan.
10. 120 Victoria Street is currently zoned R1 General Residential and is located on the boundary of the R1 General Residential zone and the B4 Mixed Use zone. An extract of the zoning map is shown at Figure 3. 'Hotel or Motel Accommodation' is a prohibited land use in the R1 General Residential, however it is permitted in the adjoining B4 Mixed Use zone. The current zoning restricts the expansion of the existing boutique hotel at 122-124 Victoria Street into 120 Victoria Street.

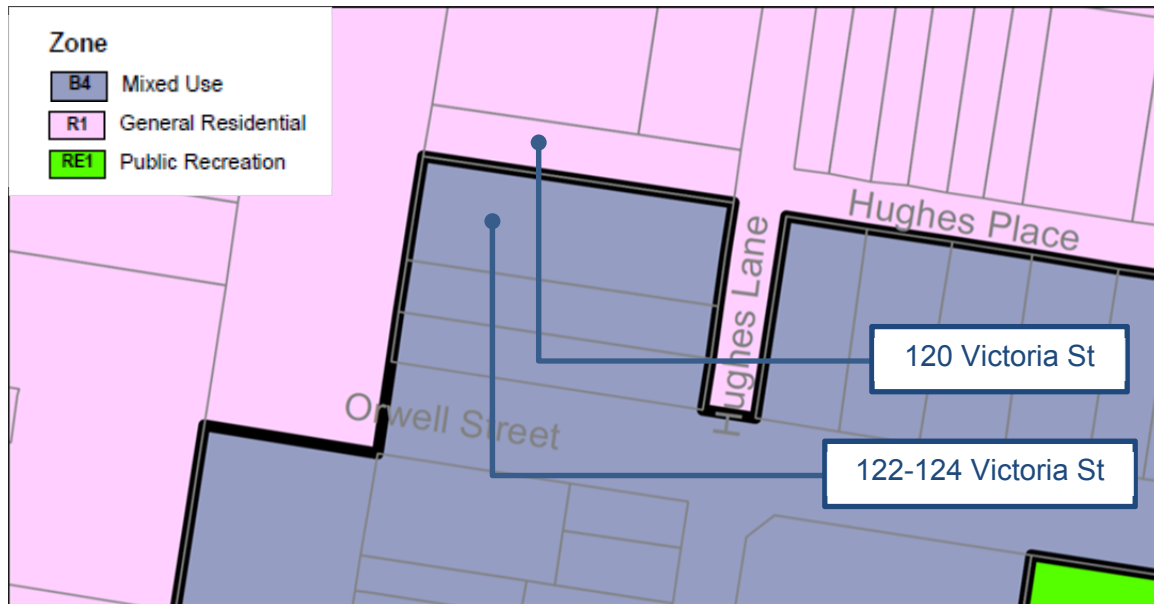


Figure 3: Extract from LEP zoning map

11. The proposal is to add 'hotel or motel accommodation' as an additional permitted use for 120 Victoria Street. Additional permitted uses for specific sites are set out in Schedule 1 of the LEP. If a use is identified in this schedule it can be approved despite any prohibition in the underlying zoning. Adding 'hotel or motel accommodation' as an additional permitted use for 120 Victoria Street will mean the site will retain its residential zoning but enable the expansion of the hotel subject to a future development approval. Retaining the R1 General Residential zone, rather than rezoning the site to B4 Mixed Use, will mean that uses such as backpackers accommodation, pubs, entertainment facilities, commercial premises and food and drink premises will not be permitted at 120 Victoria Street.
12. The justification for the proposal is set out in the Planning Proposal and addresses the City's aims to support a diverse supply of visitor accommodation and the compatibility of the proposed land use with the uses in the surrounding area.
13. The planning proposal is justified for the following reasons:
  - (a) The planning proposal responds to an opportunity to increase the supply and diversity of visitor accommodation in the council area. Although the proposal will lead to a very minor increase in supply, it is consistent with the objectives of the draft actions in the Draft Visitor Accommodation (Hotels and Serviced Apartments) Action Plan, including:
    - (i) Providing a positive environment for investment in visitor accommodation;
    - (ii) Identifying and, where possible, removing planning system barriers to investment and development;
    - (iii) Assisting demand led supply of new accommodation; and
    - (iv) Encouraging a more diverse accommodation sector.

- (b) Hotel accommodation is consistent with surrounding land uses. A land use survey included in the planning proposal shows that there are a range of uses along Victoria Street and the side streets, including non-residential uses in the residential zone. There are also a number of instances in which the mixed use zone directly adjoins or is across the road from the residential zone. The zone boundary generally reflects existing uses and, in the case of the subject site, has been drawn mid-block and through a row of terrace houses to capture the existing hotel use within the mixed use zone.
  - (c) A hotel has been operating at 122-124 Victoria Street for nearly 30 years. This use was operating within a residential zone under the previous planning controls. The mixed use zone was applied in the LEP to recognise the existing hotel use. This also resulted in the mixed use zone being applied to the residential dwellings at 126 and 128 Victoria Street. The existing hotel use at 122-124 Victoria Street demonstrates that a hotel use is compatible with uses in the surrounding area.
  - (d) The concept plan for the adaptation of 120 Victoria Street, Potts Point, which is included in the planning proposal, shows that enabling the hotel accommodation use would add two suites, a dining room and a kitchen to the existing hotel at 122-124 Victoria Street. The small number of rooms added are unlikely to significantly increase the intensity of the hotel use nor create unmanageable impacts to surrounding uses. The location of noise generating uses within the hotel can be addressed through the assessment of a development application. Procedures for deliveries and guest arrivals can be managed through a plan of management conditioned with any development application. Construction hours will be regulated through a condition of consent. Lighting impacts will be assessed and mitigated through the development application assessment and conditions of consent.
  - (e) The site and the neighbouring terraces are currently listed as a heritage item and are within a heritage conservation area. There is no change proposed to the provisions which protect the heritage significance of the item and area. A review of potential heritage impacts is included in the planning proposal. The report demonstrates the building is capable of being sympathetically adapted for hotel accommodation. This is also shown by current use of the other two terraces in the listed row at 122 and 124 Victoria Street as hotel accommodation.
  - (f) The proposal will not create a precedent for other rezonings. The situation is relatively unique as the site is on the boundary of two zones, the proposed use exists on the neighbouring site and the amendment will restrict the additional use to an existing neighbouring use.
14. This report recommends the Central Sydney Planning Committee approve the planning proposal at Attachment A for submission to the Minister for Planning with a request for a Gateway Determination and then undertake public consultation.

## KEY IMPLICATIONS

### Strategic Alignment - Sustainable Sydney 2030 Vision

15. *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. This planning proposal is aligned with the following SS2030 strategic directions and objectives:
  - (a) Direction 1 - A Globally Competitive and Innovative City – This direction seeks to support the City's key economic sectors including tourism. Even though the planning proposal will only assist with a very small increase in supply, it is consistent with the City's aim to support visitor accommodation as it is demand driven and improves diversity of supply as it is small boutique accommodation outside Central Sydney.
  - (b) Direction 6 - Vibrant Local Communities and Economies – The planning proposal will support the diverse range of land uses and economic activity in the Kings Cross precinct and eastern fringe of Central Sydney. The visitors will support the range of existing businesses in the local area.

## RELEVANT LEGISLATION

16. *Environmental Planning and Assessment Act 1979*

## OPTIONS

17. Alternative options are to not proceed with the planning proposal or rezone the site to B4 Mixed Use. These options are not recommended. Not proceeding with the planning proposal will be inconsistent with the City's intent to support the tourism industry and diverse visitor accommodation as well as the local economy of the Kings Cross area. Rezoning the site to B4 Mixed Use would allow a range of uses that could have greater impact than the proposed hotel and are not strategically important land uses identified in a City strategy or plan.

## PUBLIC CONSULTATION

18. The site owner carried out preliminary consultation in October 2014. The comments generally related to specifics of a development proposal for 120 Victoria Street that could either be delivered or managed through a development application process. Supportive comments related to potential improvements to the hotel and Hughes Lane. Concerns related to traffic, noise, construction hours and light spill. The preliminary proposal in the appendix of the Planning Proposal shows the use of 120 Victoria Street as a hotel could add two suites, a dining room and a kitchen to the existing hotel. The small number of rooms added are unlikely to significantly increase the intensity of the existing hotel use and create unmanageable impacts. Procedures, arrivals, construction hours and light spill will be assessed and mitigated through the assessment of a development application and conditions of consent.



19. If the recommendations of this report are adopted, the planning proposal will be placed on public exhibition in accordance with the requirements of any Gateway Determination issued by the Minister for Planning. It is recommended that the planning proposal is placed on public exhibition for a minimum of 28 days. The Planning Proposal will be exhibited on the City's website, the One Stop Shop and the Kings Cross Neighbourhood Service Centre. The exhibition will be advertised in local papers and letters will be sent to surrounding residents.

**GRAHAM JAHN, AM**

Director City Planning, Development and Transport

(Ben Pechey, Manager Planning Policy)