

**ITEM 9. POST-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 four or five stars.

Recent research illustrates a need for three to four star visitor accommodation within the city, particularly within the western corridor of central Sydney where demand will be driven by the redevelopment of the Sydney International Convention and Exhibition Precinct and Barangaroo.

The proposed amendment to *Sydney Local Environmental Plan 2012* (Sydney LEP 2012) and *Sydney Development Control Plan 2012* (Sydney DCP 2012) will enable redevelopment of the site from a decommissioned electricity substation to a hotel. This offers a significant opportunity to contribute to the vision of *Sustainable Sydney 2030* by delivering much needed tourist and visitor accommodation in a location which is well suited to this land use.

The proposed amendment to Sydney LEP 2012 would allow for a building envelope which contains the bulk of proposed additional height in the western part of the site, increasing the maximum height control for the site from RL 28.6 to RL 39.65. This would create an outcome of minimal heritage impact on the adjoining Bristol Arms Hotel, on views from adjacent properties and on additional overshadowing.

In December 2014, Council and the Central Sydney Planning Committee resolved to seek a Gateway Determination from the Department of Planning and Environment to allow exhibition of the Planning Proposal, alongside the accompanying draft Development Control Plan. After receipt of the Gateway Determination in January 2015, the Planning Proposal was publicly exhibited for a period of 28 days from 3 February 2015. In response to the public exhibition, four submissions were received.

This report recommends no changes to the Planning Proposal and draft Development Control Plan as a consequence of public exhibition and agency consultation. It recommends the Central Sydney Planning Committee endorse the Planning Proposal for finalisation and making as a Local Environmental Plan; and note the recommendation to Council's Planning and Development Committee on 21 April 2015 for Council to adopt the Development Control Plan.

If the Central Sydney Planning Committee approves the Planning Proposal, it will be submitted to Parliamentary Counsel requesting the plan be legally drafted. It will then be made under Section 59 of the *Environmental Planning and Assessment Act 1979*, with final sign-off by the Chief Executive Officer under powers delegated by the Minister for Planning. Once finalised, the plan will be submitted to the Department of Planning and Environment for notification on the New South Wales legislation website.

**RECOMMENDATION**

It is resolved that:

- (A) the Central Sydney Planning Committee note the matters raised in response to the public exhibition of Planning Proposal – Sydney Local Environmental Plan 2012 – 65-79 Sussex Street, Sydney and the draft Sydney Development Control Plan 2012 – 65-79 Sussex Street, Sydney as shown at **Attachment A** to the subject report, and which are the subject of the report;
- (B) the Central Sydney Planning Committee approve the Planning Proposal – Sydney Local Environmental Plan 2012 – 65-79 Sussex Street, Sydney, as shown at **Attachment B** to the subject report, to be made as a local environmental plan under section 59 of the *Environmental Planning and Assessment Act 1979*;
- (C) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 21 April 2015 to approve the draft Sydney Development Control Plan 2012 – 65-79 Sussex Street, Sydney, shown at **Attachment C** to the subject report, specifying the date of publication of the subject local environmental plan as the date the approved development control plan comes into effect, in accordance with Clause 21 of the *Environmental Planning and Assessment Regulation 2000*; 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 changes to Planning Proposal – Sydney Local Environmental Plan 2012 – 65-79 Sussex Street, Sydney, and the draft Sydney Development Control Plan 2012 – 65-79 Sussex Street, Sydney, to correct drafting errors prior to finalisation of the local environmental plan.

**ATTACHMENTS**

**Attachment A:** Response to Submissions

**Attachment B:** Planning Proposal: Sydney Local Environmental Plan 2012 - 65-79 Sussex Street, Sydney.

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

**Attachment D:** View Analysis – Sussex Street

**BACKGROUND**

1. Sydney is Australia's premier destination city, business centre and international gateway. In 2012, 10.5 million visitors came to Sydney with 4.3 million of these staying in the City of Sydney Local Government Area (LGA). The Australian and NSW tourism industries rely heavily on Sydney's visitor economy.
2. Crucial to the ongoing strength of this economy is a sufficient supply of visitor accommodation. The City's recent Visitor Accommodation Review and Draft Action Plan considered by Council in December 2014, which was overseen by an industry and government agency taskforce, involved expert research of supply and demand, and investigated key planning and regulatory influences. The plan provides for an understanding of the issues and challenges for visitor accommodation.
3. Currently there are approximately 20,300 visitor accommodation rooms in the City of Sydney LGA. Eighty per cent 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.
4. Future demand for hotel rooms is projected to be in the three and four star ranges, especially in the Western Precinct. This will be driven significantly by the redevelopment of the Sydney International Convention and Exhibition Precinct, as well as the staged completion of Barangaroo.
5. 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.
6. This proposal will deliver a three to four star type of hotel accommodation for which there is an increasing 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.

**Planning Proposal**

7. 65-79 Sussex Street, a single landholding of approximately 1,180 square metres, 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.
8. 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.
9. 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.
10. In September 2014, Alfasi Pty Ltd requested that the City prepare site-specific amendments to Sydney LEP 2012 and Sydney DCP 2012 to allow for replacement of the decommissioned substation with a larger building accommodating a 163 room hotel.

11. The Planning Proposal, shown at **Attachment B** to this report, proposes the addition of a clause to Sydney LEP 2012 which will allow development for 'hotel or motel accommodation' to exceed the height of RL 28.6 by up to 11.05 metres.
12. The proposed clause will allow the additional building height only where development of the site provides for hotel or motel accommodation.
13. The existing height control of RL 28.6 will continue to apply for any other use made permissible by the B8 Metropolitan centre zone.
14. Accompanying the Planning Proposal, shown at **Attachment C** to this report, are suggested amendments to Sydney DCP 2012, with detailed provisions shaping the built form and managing impacts, including:
  - (a) Detailed building envelope provisions – Building height in storeys, building height in RLs, Street frontage heights, Building and roof plant setbacks; and
  - (b) Objectives and provisions in Section 6.3 of Sydney DCP 2012.
15. These detailed building envelope provisions 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 heritage significant Sussex Street frontage of the Bristol Arms Hotel.
16. In addition, the proponent has lodged a development application (D/2014/1597) 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 the proponents preferred position, it was submitted to meet their internal timeframe requirements for the development of the site.
17. This development application was notified on 30 October 2014 and is currently being assessed by the City. It does not rely on the amended controls sought by this Planning Proposal. It is anticipated that, when the planning proposal amendment is sufficiently progressed, the proponent will make an application for a building consistent with this planning proposal.

#### **Public Exhibition and consultation**

18. In December 2014, Council and the Central Sydney Planning Committee resolved to seek a Gateway Determination from the Department of Planning and Environment to allow exhibition of the Planning Proposal, alongside the accompanying draft Development Control Plan.
19. The Gateway Determination was issued on 19 January 2015, allowing consultation to take place. Public exhibition was for a period of 28 days, from 3 February 2015 to 3 March 2015, inclusive. The Planning Proposal and draft Development Control Plan were made available for viewing at the One Stop Shop – Town Hall House, and on the City's website.
20. Public agency consultation was also carried out in accordance with the Gateway Determination, with only the Office of Environment and Heritage nominated in the Gateway Determination. However, Ausgrid, Sydney Water, and Transport for NSW were also consulted.

21. Three agencies responded, raising no objection to the Planning Proposal, including Sydney Water, Transport for NSW and the Roads and Maritime Service (RMS). Comments received from these agencies relate more broadly to outcomes achieved through the development application process rather than the planning proposal process. The comments are noted, and would form part of the assessment of any future development application on the site.
22. A submission from the Heritage Council of NSW was also received. The submission provides support to the proposed scheme in part, making comment about the bulk and scale of the proposed building envelope and its impacts on the heritage listed Bristol Arms Hotel. This submission is addressed in more detail at **Attachment A** and in this report.
23. The City mailed letters to building owners and tenants within a 100 metre radius of the site, providing notification of the public exhibition. No submissions were received from these owners and tenants.
24. No changes to the Planning Proposal are proposed as a result of matters raised in submissions.

#### **Issues raised in agency consultation**

25. Four submissions were received from public agencies and are discussed in more detail in **Attachment A**. The submissions from Sydney Water, Transport for NSW and Roads and Maritime Service (RMS) raise no objection to the proposal and require no action from the City. The submission from the NSW Heritage Council raises a concern with the Planning Proposal, making a recommendation for a lower maximum building height.
26. The Heritage Council considers the proposed building height of RL 39.65 is too high, rather, the total height for the site should not exceed that of the substation to the north – RL 35.60 (substation parapet).

Response: Additional information in the form of view analysis is provided in **Attachment D**. This analysis illustrates the proposed building envelope from two view points along Sussex Street. View analysis is required to appropriately address the proposed building height and its impact on the setting of the Bristol Arms Hotel, as viewed from Sussex Street.

The additional view analysis provides greater clarity, illustrating the proposed scheme in the context of its surroundings and demonstrates the proposed scheme forms one of a number of buildings within the setting of the Bristol Arms Hotel, including the large commercial towers of Barangaroo. Such a setting is not uncommon for heritage buildings within the CBD.

The additional height proposed results in a building form that is comparable to other modern buildings adjoining heritage items on Sussex Street. Further, it provides an appropriate transition in height and separation to the Bristol Arms Hotel by placing the bulk of its floor space and height over the 1980s addition at the rear. This allows the proposed scheme to read clearly as a separate form without detriment to the heritage item within this Sussex Street setting.

The additional information was presented to the Heritage Council for their consideration. The Heritage Council have advised that issues pertaining to their concern have been resolved.

**KEY IMPLICATIONS****Strategic Alignment - Sustainable Sydney 2030 Vision**

27. *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.

**RELEVANT LEGISLATION**

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

**CRITICAL DATES / TIME FRAMES**

29. The Gateway Determination set the completion date for the Planning Proposal as January 2016.

**GRAHAM JAHN, AM**

Director City Planning, Development and Transport

(Paul Manning, Specialist Planner)