

**ITEM 12. PLANNING PROPOSAL: ALFRED - PITT - DALLEY AND GEORGE STREETS BLOCK - LEND LEASE CIRCULAR QUAY SITE - LOCAL ENVIRONMENTAL PLAN AND DEVELOPMENT CONTROL PLAN AMENDMENT - PLANNING AGREEMENT**

**FILE NO: S108395**

**SUMMARY**

The City of Sydney is Australia's most productive global city. In the last financial year the City of Sydney's economic output was estimated at \$100 billion. This is around 7% of the Australian economy, almost a quarter of the New South Wales economy, and over one third of the Sydney metropolitan region economic output. 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. Fifty four per cent of the City of Sydney workforce is employed in finance and professional business sectors.

Central Sydney is home to some of Australia's highest value workers, particularly in the areas of finance and professional services. The City accommodates 20% of all workers within metropolitan Sydney. With a workforce population of close to 290,000 people, at over 80,000 jobs per square kilometre, central Sydney is one of the highest density central business districts in the world. Between 2007 and 2012 the city workforce grew by close to 14%, with central Sydney accommodating 63% of the City's total workforce.

To ensure that the New South Wales economy remains robust and continues to grow, it is necessary to provide adequate capacity for employment growth in central Sydney 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.

Lend Lease has requested that a planning proposal be prepared to amend the planning controls applying to land within a city block near Circular Quay bound by Alfred, Pitt, Dalley and George Streets, Sydney (the APDG Block). This report seeks the Central Sydney Planning Committee's endorsement of the proposed changes to the controls.

The planning proposal will facilitate a development proposal at 182 George Street and 33-35 Pitt Street, that is, the Lend Lease Circular Quay site. Following discussions and investigations with the City, in September 2014 Lend Lease submitted a justification report and supporting studies requesting site-specific amendments to the planning controls that apply to the Lend Lease Circular Quay Site.

The amended planning controls will enable significant renewal to the Lend Lease Circular Quay site, consisting of the following key components:

1. a commercial office tower of 220 metres in height, with additional low scale buildings;
2. a significant public plaza directly accessible from George Street, and a secondary plaza space on Rugby Lane;
3. a pedestrian bridge link from the primary plaza to the commercial office tower podium;

4. an enhanced network of lanes within and connected to the Lend Lease Circular Quay Site, with activated laneway frontages; and
5. the remodelling of “Jacksons on George” licenced premises, and the optional refurbishment and reuse of the Rugby Club site at 31A Pitt Street.

To achieve the above, it is necessary to amend the existing planning controls that apply to the APDG Block in *Sydney Local Environmental Plan 2012* (SLEP2012). These controls were informed by a 2009 urban design study for the APDG Block, and have been in effect since April 2011. The current alternative APDG controls allow additional height within three prescribed ‘development blocks’, but only if public benefits such as open space, laneways and through-site links are included as part of development.

A key driver of the current development block controls in SLEP2012 was the ownership pattern within the APDG Block at the time of the 2009 urban design study, which considered the likelihood of development within this context. Since 2009, the land ownership across the APDG Block has changed significantly, making it difficult to achieve the intended built form and public domain outcomes for ‘development block 1’ in the existing APDG controls, which require the consolidation of a number of sites with multiple land owners. Lend Lease has purchased the “Jacksons on George” site and secured arrangements for the purchase from St George / Westpac of the adjoining sites at 33-35 Pitt Street and 182 George Street. The land at 33-35 Pitt Street forms part of development block 1 under the existing APDG Block controls.

It is timely to rethink the planning controls for the APDG Block, given the opportunity provided by Lend Lease’s interest in the land and the constraints on achieving the public domain and built form outcomes envisioned for development block 1 under the current planning controls.

To address this issue, the planning proposal provides another option for the distribution of built form and floor space within the APDG Block by way of an arrangement of sites forming a fourth ‘alternative’ development block consisting of the Lend Lease Circular Quay site, that is, ‘development block 4’. Additional building height may be achieved if the development provides for publicly accessible open space, lanes and other links through the site, and if the building use is non-residential.

To achieve the intended outcomes for development block 4, it is also necessary to transfer two parcels of land under Council’s ownership or control to Lend Lease – Crane Lane and the ‘Mirvac Triangle’. These sites are integral to the development proposal by contributing to a more efficient tower building floor plate and a better configuration of public open space. The proposed transfer will be the subject of a separate report to Council from the City of Sydney - City Projects and Property Unit.

Lend Lease has also provided an offer to enter into a voluntary planning agreement (Planning Agreement) with the City. 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. Public benefits offered to the City of Sydney by Lend Lease include: a large public plaza on George Street with a basement level below; a small public plaza outside and to the south of the Rugby Club; a double height community building fronting the George Street plaza with an underground bicycle facility; and an expanded laneway network.

The City's position on Planning Agreements has been informed by our strategic plans and past practice of securing public benefits in central Sydney. Opportunities to enter into Planning Agreements will continue to rise as the City changes and improves planning controls to meet the goals and objectives of the State Government's strategic plan for metropolitan Sydney - "A Plan For Growing Sydney".

This report recommends that the City submit a formal planning proposal to the Minister for Planning to commence the process to amend SLEP2012. It also recommends that the Central Sydney Planning Committee note that a site-specific development control plan, which includes design excellence provisions, is recommended to be endorsed by the Council for exhibition at the same time as the planning proposal, and that the Planning Agreement is exhibited concurrently.

## RECOMMENDATION

It is resolved that:

- (A) the Central Sydney Planning Committee approve the Planning Proposal: APDG Site Block 4, 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: APDG Site Block 4 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 23 June 2015 to approve the amendment to Sydney Development Control Plan 2012 – APDG Site Block 4, 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; and
- (D) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 23 June 2015, that authority be delegated to the Chief Executive Officer to prepare a draft voluntary Planning Agreement with the proponent 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) dedication to Council land in stratum for:
    - (a) a large public plaza on George Street with a basement level below;
    - (b) a small public plaza outside and to the south of the Rugby Club;
    - (c) a community building fronting the George Street plaza and the new north-south lane; and
    - (d) an expanded laneway network, unlimited in height, but excluding basement areas to be used by the development;

- (ii) at no cost to Council, the construction of public plazas and expanded laneways network, including:
  - (a) fitting out the basement level below the George Street plaza as a public bicycle facility;
  - (b) providing for deep soil planting in the George Street plaza; and
  - (c) providing public access stairs from the George Street level to the Rugby Place level;
- (iii) at no cost to Council, the construction of a high-quality, double-height community building at the eastern edge of the George Street plaza, including
  - (a) a ground level, first floor and roof fronting the plaza;
  - (b) a basement level fronting the proposed new north-south lane and providing access to the proposed public bicycle facility;
  - (c) an internal passenger and cycle lift to provide public access between the George Street and laneway levels; and
  - (d) fitting out the building for a community facility with associated retail premises including a café; and
- (iv) a contribution of not less than 1% of the Capital Investment Value of the proposed development towards the installation of a publicly owned artwork at an agreed location on the proposed George Street plaza.

## ATTACHMENTS

**Attachment A:** Planning Proposal: APDG Site Block 4  
(Note – This attachment will be circulated separately from the Agenda Paper in limited numbers. It will be available for inspection on Council's website and at the One Stop Shop and Neighbourhood Service Centres)

**Attachment B:** Draft Sydney Development Control Plan 2012 – APDG Site Block 4

**Attachment C:** Planning Agreement – Letter of Offer

## BACKGROUND

### Request to amend City of Sydney planning controls

1. Lend Lease has requested that a planning proposal be prepared to amend the planning controls applying to land within the city block bound by Alfred, Pitt, Dalley and George Streets, Sydney (the APDG Block) to facilitate a development proposal at 182 George Street and 33-35 Pitt Street.
2. The proposal, known as the Lend Lease Circular Quay site, was the subject of preliminary discussions with the Central Sydney Planning Committee (CSPC) at its briefing on 5 September 2013. As a consequence, the City advised Lend Lease by letter of 16 September 2013 that it was willing to consider a request to amend the planning controls for the Lend Lease Circular Quay site.
3. The amended planning controls will enable significant renewal to the Lend Lease Circular Quay site, consisting of the following key components:
  - (a) a commercial office tower of 220m in building height, with additional low scale buildings;
  - (b) a significant public plaza directly accessible from George Street, and a secondary plaza space on Rugby Lane;
  - (c) a pedestrian bridge/walkway link from the primary plaza to the commercial office tower podium;
  - (d) an enhanced network of lanes within and connected to the Lend Lease Circular Quay Site, with activated laneway frontages;
  - (e) the remodelling of Jacksons on George; and
  - (f) the optional refurbishment and reuse of the Rugby Club site at 31A Pitt Street.
4. Lend Lease has prepared a range of studies in support of changes to the planning controls and has consulted with Council staff about the proposal and an associated voluntary planning agreement (Planning Agreement). In September 2014, Lend Lease submitted a justification report requesting an amendment to the planning controls that apply to the Lend Lease Circular Quay site. The Lend Lease Circular Quay proposal has been presented to the City of Sydney's Design Advisory Panel.

### Site details

5. The planning proposal relates to a collection of properties with frontage to Pitt and George Streets, referred to in this report as the Lend Lease Circular Quay site. It is located close to Circular Quay, at the northern end of central Sydney between Pitt and George Streets. A location map is provided at Figure 1.

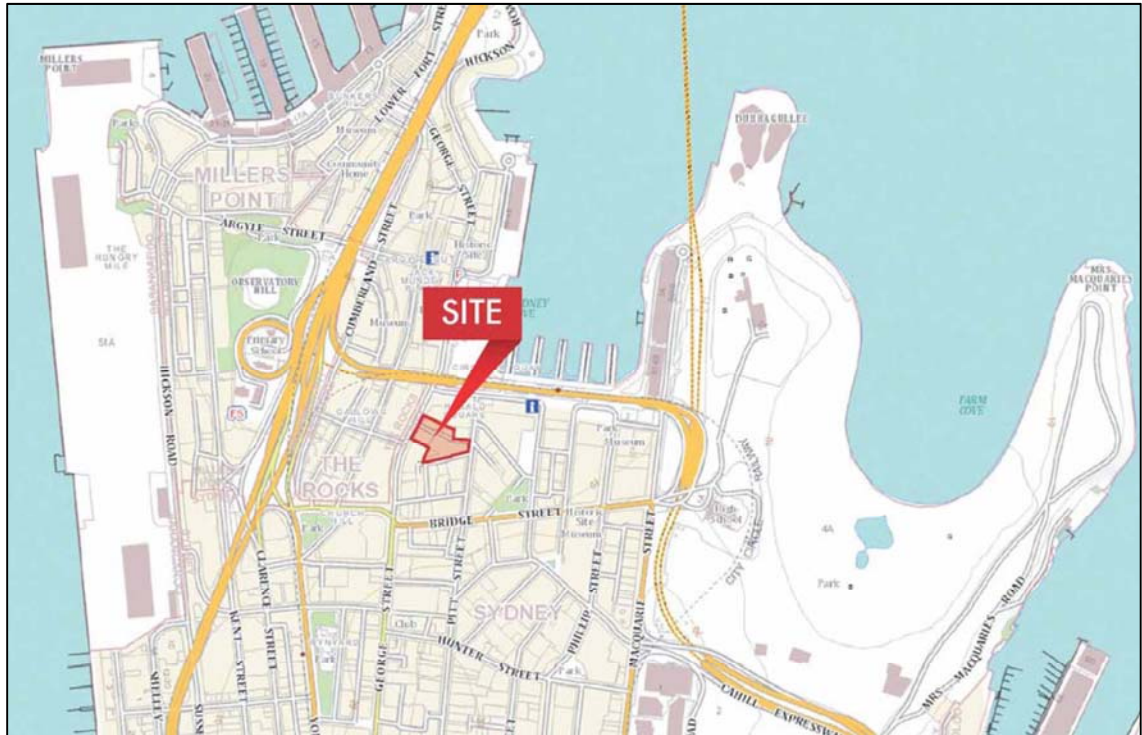


Figure 1: Site Location

6. The planning proposal relates principally to the properties identified on the diagram at Figure 2 below. The total site area is approximately 4,600m<sup>2</sup>, excluding the Rugby Club, or 5,036m<sup>2</sup>, including the Rugby Club.

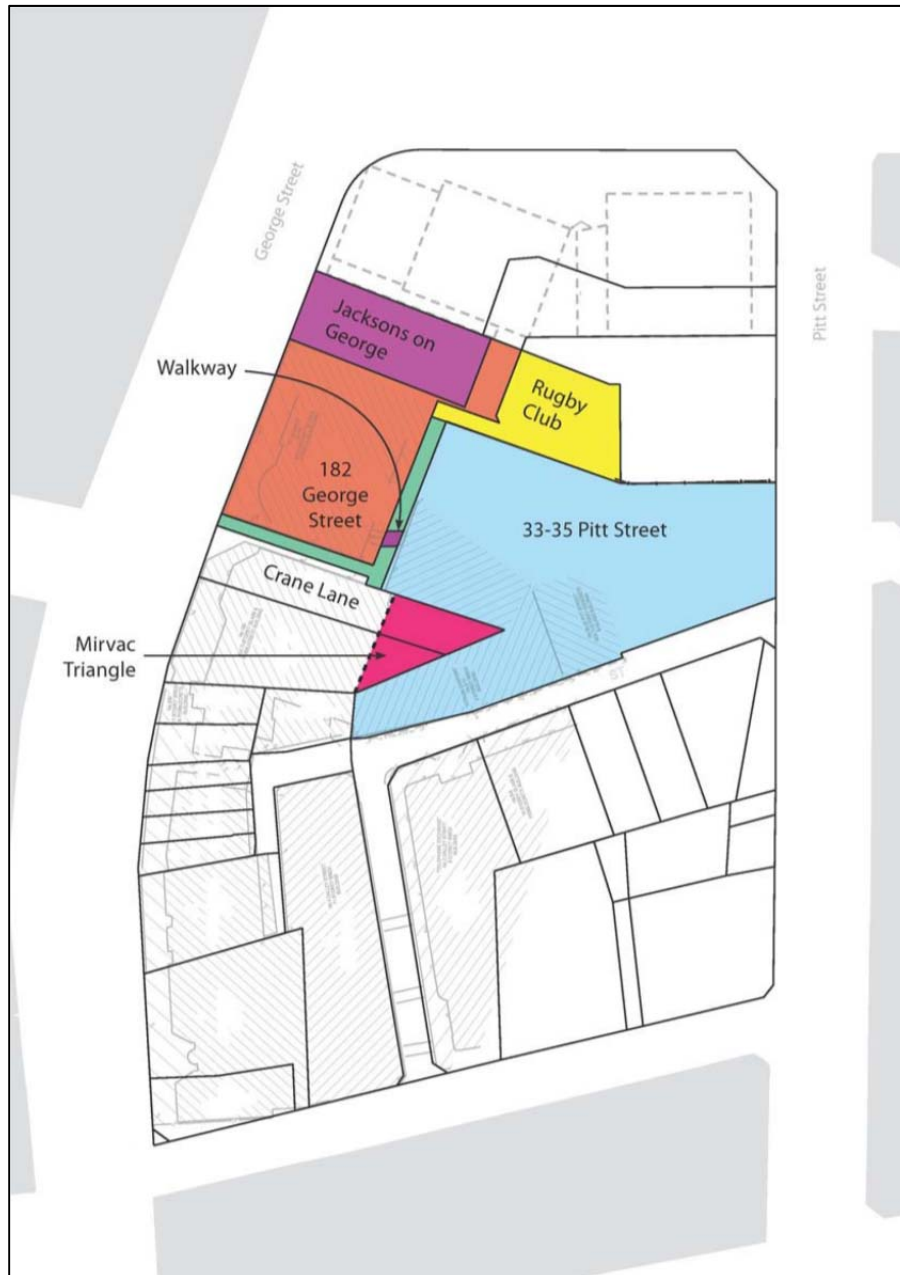


Figure 2: Properties subject to new controls in the planning proposal

7. Lend Lease owns the “Jacksons on George” site and has entered into agreements to purchase 33 to 35 Pitt Street (the Pitt Street site) and 182 George Street (the George Street site). When they initiated the planning proposal, Lend Lease was in discussions with the Rugby Club about the possibility of including the Rugby Club site in a future combined development.

8. The City of Sydney owns Crane Lane which is classified as operational land under the *Local Government Act 1993*, that is, it is not classified as a public road and is therefore available for disposal. The triangular portion of land known as the Mirvac Triangle is proposed to be transferred to the City of Sydney under a Planning Agreement relating to the Mirvac site at 200 George Street. It is proposed that the City will then transfer that land to Lend Lease in return for completed public realm. A mechanism for transfer is proposed in a separate report to be considered by Council.

#### **Adjoining development sites in the APDG Block**

9. The Lend Lease Circular Quay site is situated centrally within the APDG Block, adjoining the following sites:
  - (a) *1 Alfred Street, Sydney* – in 2012, consent was granted to a Stage 2 development application for the detailed design of a new mixed-use development comprising two buildings of 55 storeys and 15 storeys. An associated Planning Agreement applying to the land provides for public domain improvement works that will contribute to the achievement of the public benefits envisioned in the current LEP and DCP controls for the APDG Block.
  - (b) *19-31 Pitt Street Sydney* (the former Fairfax site) – in 2011, consent was granted to a Stage 1 development application for demolition of the existing building and development of a new mixed use building envelope comprising a commercial/retail podium, a residential tower, and basement parking. To date, a Stage 2 DA has not been submitted for this site.
  - (c) *188-208 George Street, 1 Underwood Street and 4 Dalley Street, Sydney* (the Mirvac 200 George Street site) – construction of a 37 storey commercial office building and refurbishment of the remainder of 4 Dalley Street for plant and servicing is currently underway. In association with this development, Mirvac has entered into a VPA with the City to undertake public domain improvement works that will contribute to the achievement of the public benefits set out in the current planning controls for the APDG Block.
  - (d) *37 Pitt Street, 39-57 Pitt Street and 6-8 Underwood Street* (the Mirvac 55 Pitt Street site) – A request for planning proposal has been submitted by Mirvac which proposes to amend the height control for this site. The City is currently in discussions with Mirvac regarding this proposal.

#### **Existing 'alternative' planning controls for the APDG Block**

10. In 2008, the City commissioned the NSW Government Architect's Office to prepare an urban design study for the APDG Block. The key purpose of the study was to ensure that Council has a consistent set of planning controls that promote high quality built form and urban design outcomes for both the public and private domain on this important street block.



11. Completed in 2009, the urban design study recommended a preferred option for the APDG Block consisting of a large, central, open, publicly-accessible square, a connected and activated laneway network, and three tower buildings. A key principle driving this recommendation was that additional height would be considered in exchange for significant and quantifiable public domain improvements.
12. The study's preferred option identified three strategic groupings of sites located within the APDG Block and proposed controls to enable these sites to develop in a 'development block' pattern, where additional height above the maximum height of 110 metres allowable under Sydney Local Environmental Plan 2005 was offered in exchange for public domain improvements.
13. In order to achieve the maximum height in one part of a development block, floor space from another part of a block would need to be transferred, thus freeing up that part of the block for the public domain.
14. Adopted by Council and the CSPC at meetings on 15 and 11 November 2010, respectively, a number of LEP and DCP amendments based on the recommendations of the urban design study came into effect on 29 April 2011. These alternative controls for the APDG Block are now reflected in cl. 6.25 of SLEP2012 and sections 6.1.4 to 6.1.7 of *Sydney Development Control Plan 2012*.
15. The existing development block pattern in SLEP2012 is shown in Figure 3 below. It is noted that the existing APDG development block controls do not apply to the "Jacksons on George" site at 174 to 176A George Street or to the site of the St George Building at 178 to 186 George Street. These sites will be included in a new 'development block 4' as discussed in this report.



Figure 3: APDG Block – existing development block pattern

### Land ownership within the APDG Block

16. Since 2009 the land ownership across the APDG Block has changed significantly, making it difficult to achieve the intended built form and public domain outcomes for development block 1.
17. A factor in determining the three development blocks in the initial urban design study in 2009 was the ownership pattern within the APDG Block and the likelihood of development within this context. As a result, 'optional' sites are prescribed for development blocks, potentially changing the site area of a development block based on the individual land owner's willingness to participate.
18. Lend Lease has purchased the "Jacksons on George" site and secured arrangements for the purchase from St George / Westpac of the adjoining sites at 33-35 Pitt Street and 182 George Street. The Westpac land at 33-35 Pitt Street forms part of development block 1 under the existing APDG Block controls.

19. Although changes in land ownership act as a barrier to achieving the development outcomes envisaged by the 2009 study, they also provide an opportunity for a different pattern of redevelopment within the APDG block comprising sites under Lend Lease's control. Whereas St George had little interest in redevelopment, Lend Lease's landholdings in the APDG Block present a significant opportunity for the City to achieve the public benefits envisioned in the alternative controls.
20. Mirvac has purchased land at 37-57 Pitt Street and 6-8 Underwood Street which also forms part of Block 1. It adjoins a lot owned by Ausgrid that is included in Block 1 and a lot owned by Telstra that is identified as an optional addition to Block 1. Neither utility provider has indicated an interest in relocating from their site in the medium term.
21. On 27 February 2015, Mirvac submitted a request for a planning proposal to change the planning controls applying to the land at 37-57 Pitt Street and 6-8 Underwood Street. That request is being considered separately and is likely to form the subject of a future report to Council and the CSPC.
22. Recently, Dalian Wanda Group purchased 1 Alfred Street, and the former Fairfax Site at 19-31 Pitt Street, and has entered into arrangements to potentially purchase the Rugby Club site. These sites comprise development block 3 and its optional additional sites under the current APDG controls.
23. The current pattern of land ownership and development in the APDG Block makes it unlikely that the consolidated development block 1 envisioned in the existing controls will be achieved in the short to medium term, if at all. It is timely to rethink the planning controls for the APDG Block, given the opportunity provided by Lend Lease's interest in the land and the constraints on achieving the public domain and built form outcomes envisioned for development block 1 under the current planning controls.
24. Figure 4 below is a map illustrating the land ownership within the APDG block at the time Lend Lease submitted its request to amend the planning controls for the APDG Block. The areas shown in white are under Lend Lease's control. Cross hatched "land swap" sites are under Council's control and are discussed later in this report.



Figure 4: APDG Block land ownership pattern September 2014

### The Lend Lease Circular Quay concept

25. Lend Lease's vision for the Lend Lease Circular Quay site is:

*To create an internationally recognised business address together with a new network of lanes and public places that radiate benefits – social, cultural, environmental and economic – outwards to the surrounding areas, contributing to the transformation of George Street and Circular Quay and the evolution of Sydney into a truly global city.*

26. The key elements of the concept are:

- (a) a major new public plaza at George Street level, with comparable dimensions and overall size to Australia Square, along with a secondary plaza at a lower level;
- (b) a new laneway network at Pitt Street level, creating key connections and providing fine grain active uses along all frontages; and

- (c) a new world class, sustainable commercial tower with an elevated lobby providing a controlled through site link to Pitt Street and activated lower levels to contribute to a more lively, engaging City.
27. The project is intended to deliver distinct publicly accessible spaces stitched into the fabric of the city. It is proposed that people will be prioritised, with spaces for dining, shopping and relaxing, and places that are comfortable, safe and active, both during the day and at night. The built form and landscape are intended to be an exemplar of high quality, sustainable design.

### Built form envelope

28. Figure 5 below, extracted from Lend Lease's submitted justification report documentation, shows the proposed built form envelope developed in consultation with the City.

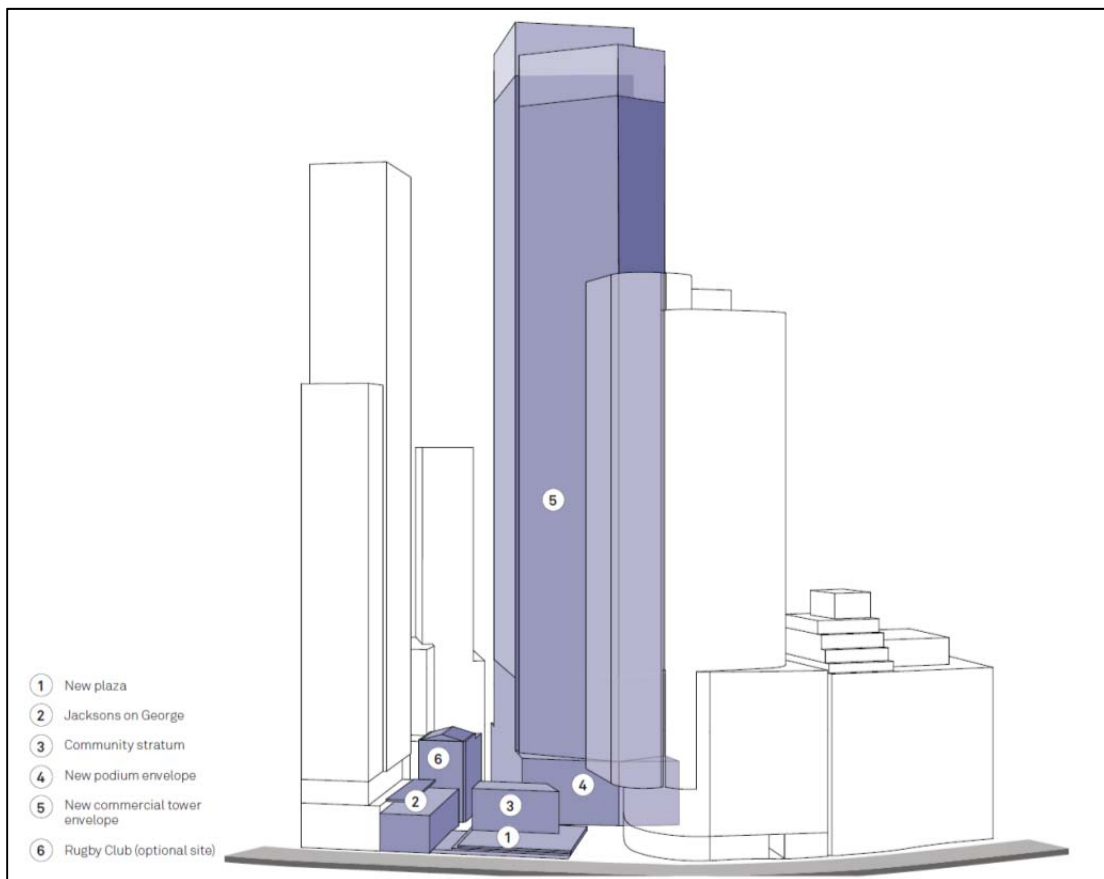


Figure 5: Lend Lease Circular Quay site Built Form Envelopes

29. The key components of the built form envelope are:
- (a) a new plaza fronting George Street (1);
  - (b) remodelling of the Jacksons on George building (2);
  - (c) a low scale plaza pavilion for a community building fronting both the George Street square and a new north-south lane (3);

- (d) a podium envelope with a maximum height of 45m, connected to the plaza level via a bridge over the new north-south laneway (4);
  - (e) a commercial tower with a maximum building height (excluding roof feature zone) of 220m on the east stepping down to 210m on the west (5); and
  - (f) adaptive reuse of the Rugby Club building, if this optional site is included in the development (6).
30. Further design development, including a competitive design process for the commercial tower, will see the refinement of a tower envelope that fits closely within the defined envelope.

### Current planning controls

31. The key planning controls in SLEP 2012 that apply to the Lend Lease Circular Quay site are summarised in Table 1 below:

Control	Relevant provision(s) and comment
Zoning	B8 Metropolitan Centre Permits a broad range of uses including commercial premises, community facilities, food and drink premises, residential accommodation, and tourist or visitor accommodation.
Building Height	The maximum permissible building height on the APDG Block is 110m, or is subject to the application of alternative controls for the APDG Block and sun access protection controls.  SLEP 2012 Clause 6.25 <i>Alternative building heights</i> provides for additional building height on parts of the APDG Block if the development of the site provides for publicly accessible open space, lanes and other links through the site.
Floor Space Ratio (FSR)	12.5:1 (8:1 FSR + 4.5:1 FSR for accommodation floor space)  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.  Pursuant to Clause 6.21(7), council may grant an additional 10% of floor area if a competitive design process has been undertaken and design excellence is demonstrated.  In total, an FSR of 13.75 is potentially achievable across the precinct.
Sun Access Protection	The APDG Block is affected by controls to protect sun access to Lang Park, Australia Square and Macquarie Place.  SLEP 2012 cl.6.19 <i>Overshadowing of certain public places</i> provides that there shall be no additional overshadowing of Lang Park, Australia Square and Macquarie Place during specified times.
Heritage	The APDG Block does not contain any heritage items but is located in the vicinity of the Tank Stream, which is a State significant heritage item. The site also contains European and Aboriginal archaeological potential.

Table 1: Key Planning Controls

### Planning Proposal

32. It is proposed to amend SLEP2012 by way of a formal planning proposal process. The planning proposal is intended to take advantage of current property ownership patterns to 'unlock' the development potential of the APDG Block and achieve public domain improvements.
33. The planning proposal at **Attachment A** to this report recommends amendments to clause 6.25 of SLEP2012 to allow a proponent to access 'alternative' development block controls, but only if certain public benefits are provided as part of a development. The proposed amendments will only apply to sites shown in Figure 2 of this report and will enable additional height for a commercial tower of up to 220 metres on part of this land.
34. The specific objectives of the planning proposal are:
  - (a) to provide another option for the distribution of built form and floor space within the APDG Block by way of an arrangement of sites forming a fourth development block;
  - (b) to identify the Lend Lease Circular Quay site as an alternative site where additional building height may be achieved if the development provides for publicly accessible open space, lanes and other links through the site;
  - (c) to facilitate a land swap for the purpose of achieving a more efficient building floor plate and a better configuration of public open space;
  - (d) to encourage the provision of fine grain uses to activate the laneway network;
  - (e) to encourage the inclusion of community facilities and associated retail premises in the redevelopment of the Lend Lease Circular Quay site; and
  - (f) to ensure that only non-residential uses are permitted on the fourth development block if the alternative controls are taken up.

### Proposed amendments to LEP controls

35. The planning proposal at Attachment A provides for the following specific changes to Sydney LEP 2012 to facilitate the Lend Lease proposal:
  - (a) amend clause 6.25 APDG block to:
    - (i) allow for another development scenario by establishing block 4 as an alternative option to block 1;
    - (ii) include land in block 4 that is not currently included in any identified development block under clause 6.25;
    - (iii) allow a maximum building height of 220m on a building footprint on block 4 comprising no more than 25% of the area of block 4;
    - (iv) allow a maximum building height of 210m on a building footprint on block 4 comprising no more than 12% of the area of block 4; and

- (v) the calculation of the percentages in (iii) and (iv) is based on the area of block 4 only and not the 'optional addition' Rugby Club site';
  - (b) a new clause to permit the inclusion of public land (Crane Lane) in the site area for the purpose of calculating the floor space ratio (FSR) of block 4 and to enable the FSR generated by Crane Lane to be transferred for use on another part of block 4;
  - (c) a new clause which excludes the 'Mirvac Triangle' from the site area of block 4 for the purposes of calculating the FSR to avoid 'double dipping', as the GFA from this portion of block 4 has been approved for use within the Mirvac 200 George Street development currently under construction;
  - (d) a new clause to exclude from the calculation of FSR on block 4 the GFA of a community stratum comprising:
    - (i) a building adjoining the George Street plaza which is to be used for a community facility and associated retail premises, such as a cafe; and
    - (ii) space underneath the George Street plaza which is to be used for a community facility and associated retail premises, such as cycle hire or a public end-of-journey facility;
  - (e) a new clause specifying that the alternative provisions relating to block 4 will only apply if all development within development block 4 is non-residential, that is: uses such as offices, business premises and retail, child care centres; community facilities; education establishments; entertainment facilities and the like may be permitted, but residential accommodation, such as residential flat buildings and dwellings, will not be permitted; and
  - (f) amend the Laneways Development Floor Space controls in SLEP2012 so that they apply to new development on block 4 and to lanes that may not legally be classified as public road.
36. The amendments outlined above will make it possible to achieve either Block 1 or Block 4, but not both. While the Mirvac owned Pitt Street site will continue to be included in development block 1, if renewal of development block 4 proceeds under the proposed controls, then development block 1 is effectively extinguished.
37. The City is currently considering a separate request for a planning proposal for the Mirvac Pitt Street site which is seeking to identify that site as another development block to which alternative height controls may apply.

### Proposed amendments to Development Control Plan

38. In support of the LEP amendments described above for the Lend Lease Circular Quay site, it is also proposed to amend *Sydney Development Control Plan 2012* to establish detailed controls to guide development of the alternative scheme for the APDG Block. The draft DCP at **Attachment B** generally retains the existing 'alternative' controls for the APDG Block and inserts a parallel set of controls in the event that development proceeds in accordance with development block 4. Like the current site-specific controls for the APDG Block, it includes provisions relating to:



- (a) the location and design of the plazas, streets, lanes and through-site links;
  - (b) building heights and setbacks;
  - (c) building design and bulk;
  - (d) parking and vehicular access; and
  - (e) active frontages.
39. The draft DCP also proposes:
- (a) a refinement of the Late Night Trading Area Map to include the two plazas in the Late Night Management Area, consistent with the intent of activating these plazas with night time activities; and
  - (b) a site-specific provision to clarify the methodology for calculating the amount of any additional FSR available to development block 4 under SLEP 2012 clause 6.21 Design Excellence. The approach to design excellence is for development block 4 is discussed in detail in the following section of this report.

### **Design Excellence Strategy**

40. A draft design excellence strategy for the Lend Lease Circular Quay site has been incorporated in the draft DCP. It outlines a process by which the development may achieve up to an additional 10% FSR under clause 6.21 Design Excellence.
41. The draft strategy provides for an invited architectural design competition to be undertaken for the tower building, and a separate 'design alternatives' process for the "Jacksons on George" building.
42. Clause 3.35 of *Sydney Development Control Plan 2012* provides that the amount of additional floor space available under the design excellence provisions of SLEP2012 is pro-rated according to the proportion of the developable area of the site that is covered by a competitive design process. Having regard to the unique circumstances of this development, a site-specific DCP control prescribes the extent of land that needs to be covered by competitive design processes to achieve the maximum amount of additional floor space available under clause 6.21 of the LEP.

### **KEY IMPLICATIONS**

#### **Benefits of the Planning Proposal and draft DCP controls**

43. The planning proposal and draft DCP provides a framework which will facilitate a broad range of public benefits ranging from promoting economic growth to public domain improvements that will enhance people's day-to-day enjoyment of central Sydney.
44. In summary, the key benefits are:

- (a) a realistic and achievable opportunity to unlock the floor space potential of the site and meet demand for high end global office space in central Sydney within a commercial tower building;
- (b) significant revitalisation of the APDG Block;
- (c) design excellence embedded across the entire Lend Lease Circular Quay site;
- (d) remodelling of the Jacksons on George building and the option to also upgrade the Rugby Club;
- (e) a large public square on George Street, with excellent solar access during the lunch time peak in mid-winter;
- (f) a public square on Rugby Place;
- (g) creation of a fine-grain network of lanes and a through site link that will improve pedestrian connections between Circular Quay and the commercial core and between George and Pitt Streets;
- (h) a new retail destination with maximised active frontages;
- (i) a new late-night trading precinct which will enhance the city's night-time economy;
- (j) reduced vehicular movements within the APDG Block and rationalisation of loading dock and vehicular access points; and
- (k) the delivery of community facilities, including a public cycle facility.

### Planning Agreement

45. 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 planning authority. A 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.
46. The City's position on Planning Agreements is informed by the City's needs, as outlined in our strategic plans. Opportunities to enter into Planning Agreements arise as the City changes and improves planning controls to meet its strategic aims.
47. The letter of offer from Lend Lease Development Pty Ltd, provided at **Attachment C**, outlines the public benefits that will be provided. The key commitments by Lend Lease are to:
  - (a) subdivide and dedicate to Council land in stratum for:
    - (i) a large public plaza on George Street, with a basement level below;
    - (ii) a small public plaza outside and to the south of the Rugby Club;

- (iii) a community building fronting the George Street plaza and the new north-south lane; and
    - (iv) an expanded laneway network, unlimited in height, but excluding basement areas to be used by the development.
  - (b) at no cost to Council, construct the public plazas and expanded laneways network, including:
    - (i) fitting out the basement level below the George Street plaza as a public bicycle facility;
    - (ii) provision, if desired for deep soil planting in the George Street plaza; and
    - (iii) providing public access stairs from the George Street level to the Rugby Place level;
  - (c) at no cost to Council, construct a high-quality, double-height community building at the eastern edge of the George Street plaza, including:
    - (i) a ground level, first floor and roof fronting the plaza;
    - (ii) a basement level fronting the proposed new north-south lane and providing access to the proposed public bicycle facility;
    - (iii) an internal passenger and cycle lift to provide public access between the George Street and lane levels; and
    - (iv) fitting out the building for a community facility with associated retail premises, including a café;
  - (d) contribute not less than 1% of the Capital Investment Value of the proposed development towards the installation of a publicly owned artwork at an agreed location on the proposed George Street plaza;
  - (e) in exchange for the City transferring the 'Mirvac Triangle' to the proponent, to transfer an equivalent amount of land for use as a public plaza;
  - (f) register a covenant in favour of the Council to prevent the commercial tower from being used for residential, serviced apartments or retail uses; and
  - (g) in relation to any additional floor space granted in accordance with the Lanes Development Floor Space provisions of SLEP 2012, register a covenant to restrict the laneway premises to a maximum of 100m<sup>2</sup> Gross Floor Area.
48. In association with the Planning Agreement, Lend Lease is also seeking the transfer of land at 178A George Street (Crane Lane) from Council for incorporation into the development site. Transfer of Crane Lane and the Mirvac Triangle is integral to the development proposal and forms the subject of a separate report to Council.

49. It is recommended that a 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 site.
50. The detailed terms of the Planning Agreement are yet to be finalised. A recommendation of this report is that the Planning Agreement be publicly exhibited with the planning proposal and the draft amendment to *Sydney Development Control Plan 2012*.
51. The public benefit offer does not affect any development contributions that may be payable under section 61 of the *City of Sydney Act 1988*.

### Consideration of Environmental Impacts

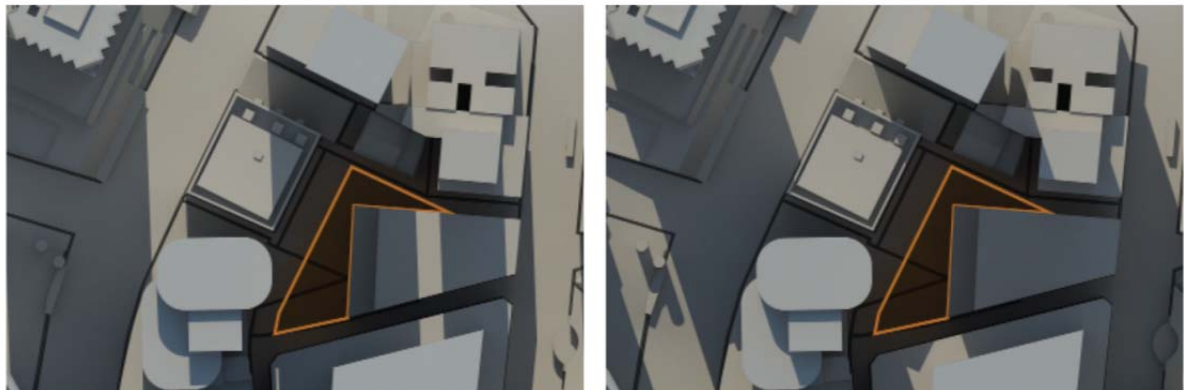
52. The planning proposal is informed by a number of detailed studies undertaken on behalf of the landowner. The studies are included as appendices to the planning proposal at **Attachment A** and will be publicly exhibited as supporting documentation. The studies are considered to provide a sound basis upon which to progress the planning proposal and draft DCP.
53. The key findings of these studies are described and evaluated below.

### Solar Access and Overshadowing

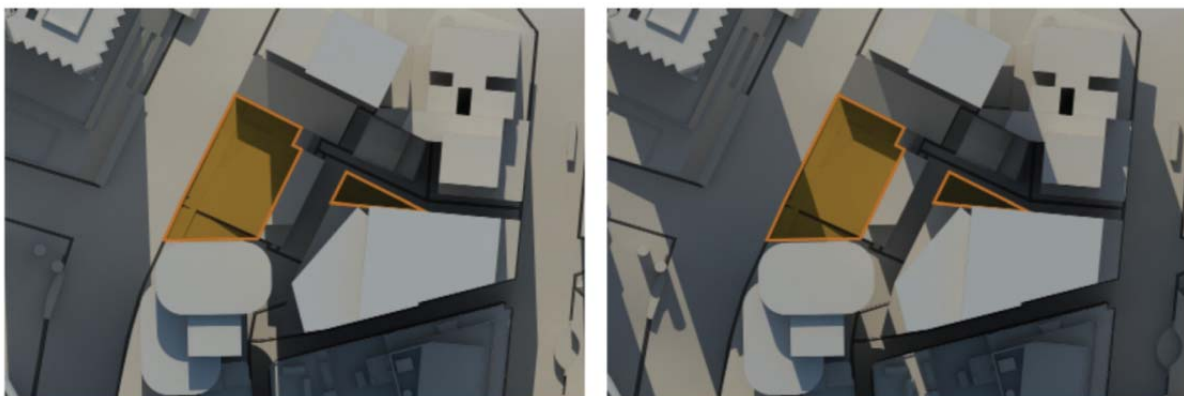
54. The planning proposal at **Attachment A** includes a Shadow Studies Report within its Appendix A, prepared by Hassell, which considers shadows cast by the proposed building envelope. It confirms that the Lend Lease Circular Quay building envelope will not cause additional overshadowing to Australia Square, Lang Park or Macquarie Place between 14 April and 31 August at the critical times of day nominated in SLEP2012 clause 6.19 *Overshadowing of certain public places*.
55. The Shadow Studies Report also provides a comparison of shadows cast over the proposed plaza, and compares this with the current *Sydney Development Control Plan 2012* scheme. These shadow diagrams and the accompanying summary table below demonstrate that the proposed George Street plaza is able to achieve excellent solar access throughout the year, in sharp contrast to the poor solar amenity which would be afforded to the centrally located plaza envisaged under the existing DCP controls.
56. The existing controls would result in a plaza with no solar access between 10am and 2pm in mid-winter. In contrast, up to 74% of the George Street plaza, including the adjacent publicly accessible land at 200 George Street, will achieve solar access during the same period, and an additional period of sunlight reaches the plaza in the late afternoon. Outside mid-winter, the George Street plaza enjoys far superior solar access to that contemplated in the *Sydney Development Control Plan 2012* controls.

Time	April 14		June 21		August 31	
	Approx. % of public space in sun – existing DCP	Approx. % of public space in sun – Lend Lease Circular Quay scheme	Approx. % of public space in sun – existing DCP	Approx. % of public space in sun – Lend Lease Circular Quay scheme	Approx. % of public space in sun – existing DCP	Approx. % of public space in sun – Lend Lease Circular Quay scheme
10:00	7%	0%	0%	0%	8%	0%
11:00	3%	33%	0%	41%	3%	33%
12:00	0%	80%	0%	74%	0%	80%
13:00	0%	52%	0%	62%	0%	50%
14:00	6%	3%	0%	19%	6%	2%

Table 2: Solar access to plazas under existing DCP controls and Lend Lease Circular Quay Scheme



Existing DCP controls – solar access to internal plaza – 12:00 and 13:00 on 21 June



Lend Lease Circular Quay proposal – solar access to public plazas – 12:00 and 13:00 on 21 June

Figure 6: Comparison of mid-winter solar access to public plazas

### Tower separation

57. The proposed tower is approximately 9.5 metres from the approved residential tower at 19-31 Pitt Street building and, at its closest point, 6 metres from the commercial tower at 200 George Street. This separation is consistent with setback requirements applying elsewhere in Central Sydney under *Sydney Development Control Plan 2012* and consistent with the overall built form character of Central Sydney.
58. To allow for better views and daylight access, *Sydney Development Control Plan 2012* requires new towers above 75m on the APDG Block to have a minimum separation of 28m above the relevant street frontage heights. Although this is not achievable under the Lend Lease Circular Quay proposal, the proposed configuration of buildings and public domain will allow for views and sunlight access, while also rectifying existing crowding conditions in this central portion of the APDG block. The proposal generally improves current and approved tower crowding conditions for all adjacent landowners within the APDG Block.

### Visual and View Analysis

59. A View Impact Analysis has been prepared by Hassell which considers public and private view impacts from 23 vantage points on three types of views, that is; street level views from prominent locations, high level views at roof level of 10 existing towers, and views of the new George Street plaza. The view impact analysis incorporates approved towers at 1 Alfred Street, 19-31 Pitt Street and 200 George Street. The analysis appears in detail within Appendix A to the draft planning proposal at **Attachment A** to this report.
60. The tower will not unduly impact on important public views and view corridors, including those from the waterway and foreshores of Sydney Harbour. Further, due to the proximity of the proposed Lend Lease Circular Quay tower to the approved 1 Alfred Street and 200 George Street towers, the visual presence of the proposed tower is balanced by the adjoining towers of a similar, but staggered, height.
61. At street level, the visual amenity along George Street will be significantly enhanced, with the demolition of outdated commercial buildings, the creation of a landscaped and activated public plaza, design excellence in plaza building architecture, and the remodelling of Jacksons on George.
62. The proposed Lend Lease Circular Quay building envelope impacts on some private commercial building view corridors, in some cases more significantly than others. However, the impact on private views from commercial buildings is considered to be reasonable and is mostly beneficial when balanced with the exceptional public benefit associated with the Lend Lease Circular Quay proposal.
63. Figure 7 below shows the 'before and after' visual impact of the tower from the vantage point of Circular Quay adjacent to First Fleet Park, with existing approved surrounding developments shown in grey. The Lend Lease Circular Quay tower will not be a dominant individual feature in the skyline, but rather one of a small cluster of new, landmark commercial and residential towers which will mark the revitalised APDG Block. The visual impact is therefore considered to be acceptable and consistent with the location and context of the site.



Figure 7: View impacts from Circular Quay

### Wind analysis

64. Cermak, Peterka Pattersen (CPP) Wind Engineering Consultants have undertaken a wind tunnel study of the proposed development to assess pedestrian wind comfort at ground level. The wind tunnel study, included as an appendix to the planning proposal at **Attachment A**, found the street level wind environment to be similar to typical street level wind conditions in the surrounding area.

65. The study assessed a number of different design outcomes, including that 1 Alfred Street and 19-31 Pitt Street would be developed as per their development consents plus buildings on the perimeter, largely the eastern edge, of the Lend Lease Circular Quay plaza. Under this configuration, locations in the public domain were found to pass the distress criterion, with the exception of three locations on Pitt Street outside the site, supporting the proposed land uses and general configurations contemplated under the Lend Lease Circular Quay proposal.
66. Wind conditions in the proposed plaza were found to be relatively calm for an outdoor area in central Sydney, thereby supporting the proposed public plaza land use and general configuration as contemplated under the Lend Lease Circular Quay proposal. Portions of the internal laneways were found to be suitable for window-shopping and café-style activities, thereby supporting the proposed laneway configuration for pedestrian access as contemplated under the Lend Lease Circular Quay proposal. Windier conditions were observed along Pitt Street, but these conditions were considered typical of this location and due in large part to the surrounding massing.
67. A June 2014 assessment by CPP of the impact of changes to the Lend Lease Circular Quay envelope, reflected by the current proposal, concludes that the changes to the scheme will not significantly change the local wind conditions from those measured with the massing model during the November 2013 wind-tunnel testing.
68. It is proposed that wind effects will be further considered as part of the future DA, and mitigating measures incorporated, where appropriate. Accordingly, the draft DCP at Attachment B includes provisions requiring the design of the tower on Block 4 to mitigate wind impacts on Pitt Street and Underwood Street.

### **The public domain**

69. The planning proposal provides an opportunity for significant and quantifiable public domain improvements within the APDG Block. The key public domain improvements will be:
  - (a) a significant public plaza directly accessible from George Street, and a secondary plaza space on Rugby Lane;
  - (b) an enhanced and activated network of lanes within and connected to the Lend Lease Circular Quay site, with activated laneway frontages; and
  - (c) community facilities and associated uses in a low-scale building on the eastern edge of the George Street plaza and in basement space below the George Street plaza.
70. The current APDG controls provide for a public square with a minimum area of 1,300 square metres. By comparison, the proposed development will involve the creation of a major new public plaza and smaller secondary plaza with a combined area of approximately 1,866 square metres. This adjoins a significant area of land of approximately 226 square metres within the adjoining 200 George Street site, which is publicly accessible footway and recreation space.



71. The larger plaza on the Lend Lease Circular Quay site will be bound on the eastern side by a low scale building proposed for community use and associated activities with a footprint of approximately 193 square metres. An equivalent community building, or other public benefits that provide community facilities and infrastructure, are not envisaged in the current controls for the APDG site.
72. The location of the proposed George Street plaza and the proposed limited building height to the immediate north (Jacksons on George), results in a vastly superior solar access outcome for the plaza compared to that currently envisaged in the *Sydney Development Control Plan 2012* controls.
73. A key challenge for the public domain will be to respond to the site's natural topography, with a distinction between the George Street level plaza and the Pitt Street level laneways. At the same time, it is desirable to create a legible and direct entry to the commercial building from the George Street plaza level. The pedestrian entrance into the new commercial building is currently proposed to be via an open air bridge link between the plaza and proposed tower building lobby.
74. Although *Sydney Development Control Plan 2012* discourages pedestrian overpasses, with careful consideration given to design, a bridge may be an appropriate option which can address the substantial level changes within the block. To this end, a separate design/public art process is proposed as part of the design excellence strategy for the footbridge. This will be undertaken in parallel with the design process for the tower building and public plaza.

#### **Consideration by the Design Advisory Panel**

75. Lend Lease's concept was considered by the Design Advisory Panel at its meeting on 10 December 2013. Issues raised by the Panel at this meeting concerned skyline impacts, tower separation, podium building design, the design of the George Street public plaza, wind impacts, materials, and impacts on the amenity of 1 Alfred Street. These issues have informed the detailed planning and urban design justification report submitted by Lend Lease in September 2014. It is noted that, in November 2014, the Panel also considered a tentative alternative concept for Block 4 that Lend Lease is no longer pursuing.

#### **Strategic Alignment**

76. *A Plan for Growing Sydney* is a State Government strategic document that outlines a vision for Sydney over the next 20 years. It identifies key challenges facing Sydney, including a population increase of 1.6 million by 2034, 689,000 new jobs by 2031, and a requirement for 664,000 new homes. *A Plan for Growing Sydney* sets out the following four goals for Sydney, which are supported by 22 directions and numerous associated actions:
  - (a) a competitive economy with world-class services and transport;
  - (b) a city of housing choice with homes that meet our needs and lifestyles;
  - (c) a great place to live with communities that are strong, healthy and well connected; and
  - (d) a sustainable and resilient city that protects the natural environment and has a balanced approach to the use of land and resources.

77. The planning proposal is consistent with relevant goals, directions and actions of the Plan. By facilitating the development of commercial premises on a site that is highly accessible by public transport, it will support the achievement of *Goal 1: A competitive economy with world class services and transport* and *Direction 1.1: Grow a more internationally competitive CBD*. In particular, the planning proposal is consistent with the action *create new and innovative opportunities to grow Sydney CBD office space by identifying redevelopment opportunities and increasing building heights in the right locations*.
78. *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 Development Control Plan 2012* are aligned with the following SS2030 strategic directions and objectives:
- (a) Direction 1 – A Globally Competitive and Innovative City. The planning proposal ‘unlocks’ capacity in order to provide for employment growth in Central Sydney. It provides the opportunity to design a large floor-plate, quality commercial tower as favoured by globally oriented organisations.
  - (b) Direction 3 – Integrated Transport for a Connected City. The Planning Proposal allows for development that will complement the light rail and the Circular Quay transport hub by providing increased employment and recreational opportunities nearby.
  - (c) Direction 4 – A City for Walking and Cycling. The planning proposal provides for enhanced pedestrian access via activated laneways between George Street and Pitt Street. It also provides for the incorporation of cycling facilities that would complement the proposed Pitt Street cycleway.
  - (d) Direction 5 – A Lively and Engaging City Centre. The planning proposal is intended to facilitate transformation of the Lend Lease Circular Quay site into a new, activated destination, with laneway retail, dining and bars. With its concentration on ‘fine grain’ development at the ground plane, redevelopment of the site will contribute to a livelier, engaging city.
  - (e) Direction 9 – Sustainable Development, Renewal and Design. The planning proposal includes building envelope controls that are aimed at delivering design excellence. It also provides for new public squares and development that will activate the public domain.

## BUDGET IMPLICATIONS

79. In accordance with Council’s Fees and Charges Schedule, a fee has been paid for an ‘LEP Amendment: Major Application’ for the consideration of the planning proposal and draft amendment to *Sydney Development Control Plan 2012*.

## RELEVANT LEGISLATION

80. *Environmental Planning and Assessment Act 1979* and *Environmental Planning and Assessment Regulation 2000*.

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

81. Should Council and the Central Sydney Planning Committee endorse the attached planning proposal for exhibition and consultation, it will be forwarded to the Minister for Planning in accordance with Section 56 of the *Environmental Planning and Assessment Act 1979*. The Minister will then provide a Gateway determination to either proceed to consultation (with or without variation) or to resubmit the planning proposal.
82. The typical timeframe, once a Gateway determination is made, is 21 days for public authority consultation and 28 days public exhibition. The Gateway will also determine the timeframe for the completion of the Local Environmental Plan amendment.
83. In relation to any future Planning Agreement, Section 93F(1)(a) of the *Environmental Planning and Assessment Act 1979* enables a proponent to provide a material public benefit by entering into an agreement with the City. Section 93G(1) requires that a draft 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.
84. As the City and the proponent are not yet in a position to finalise the terms of a Planning Agreement – required to legally capture the public benefit of the proposal – the recommendation of this report requests that the City prepare a Planning Agreement ready for public exhibition alongside the draft planning proposal and draft *Sydney Development Control Plan 2012* amendment.
85. 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**

86. In October 2012, the Minister for Planning delegated plan-making functions to councils to improve the local plan-making process. In December 2012, Council resolved to accept the delegation.
87. 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 Planning and Environment.
88. This report recommends that the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 23 June 2015 that Council seeks authority 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 local environmental plan.

**PUBLIC CONSULTATION****Public Exhibition**

89. The public exhibition process for the planning proposal will be determined by the Minister for Planning. It is proposed that public exhibition of the planning proposal, public exhibition of the amendment to *Sydney Development Control Plan 2012* and the notification of the Planning Agreement run concurrently. The consultation would take place in accordance with the requirements of:
- (a) the Gateway determination made by the Minister for Planning 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*.
90. 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.
91. Section 93G(1) of the *Environmental Planning and Assessment Act 1979* requires that a draft 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

(Glenda Goldberg, Senior Planner, and Nicholas Knezevic, Specialist Planner)