

ITEM 12. POST EXHIBITION – PLANNING PROPOSAL FOR AMENDMENT TO SYDNEY LOCAL ENVIRONMENTAL PLAN 2012 – 120 VICTORIA STREET POTTS POINT**FILE NO: S125009****SUMMARY**

This report informs the Central Sydney Planning Committee of the outcomes of the public exhibition of the Planning Proposal Sydney Local Environmental Plan 2012 – 120 Victoria Street, Potts Point (the Planning Proposal) which will permit a small increase in the supply of visitor accommodation. No changes are recommended following the consideration of submissions. The report also seeks approval of the Planning Proposal at Attachment A.

Tourism is a key economic priority for the City. It is a major source of jobs and economic growth. It 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 Council area. Increasing the supply of visitor accommodation is a key objective of the City and NSW Government plans and strategies. Crucial to the ongoing strength of Sydney's tourist industry is a sufficient supply of well-located and appropriately priced visitor accommodation.

In February 2015, the owner of 120 and 122-124 Victoria Street, Potts Point requested a change to the planning controls that apply to 120 Victoria Street under Sydney Local Environmental Plan 2012 (the LEP). The purpose of the change is to allow the existing hotel at 122-124 Victoria Street to expand into 120 Victoria Street. This is not possible under the current controls as 'hotel or motel accommodation' is a prohibited use in the R1 General Residential zone.

The amendment proposes to add 'hotel or motel accommodation' as an additional permitted use in Schedule 1 for 120 Victoria Street, Potts Point. There is no change to the current residential zone. This will remove a barrier to the supply of hotel accommodation in an appropriate location, consistent with Council's Visitor Accommodation (Hotels and Serviced Apartments) Action Plan.

In April 2015, 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 for 120 Victoria Street, Potts Point. In June 2015, the Department of Planning and Environment issued a Gateway Determination which authorised Council to make the LEP.

The amendment was exhibited from 30 June to 28 July 2015. The exhibition generated two submissions, with concerns that Victoria Street should retain its residential character and not be a destination for bars, restaurants and short-term accommodation. Retaining the residential zone and allowing a hotel as an additional use means the wider range of uses under the mixed use zone located nearby will not be permitted.

RECOMMENDATION

It is resolved that:

- (A) the Central Sydney Planning Committee consider the matters raised in response to the public exhibition of *Planning Proposal: Sydney Local Environmental Plan 2012 - 120 Victoria Street, Potts Point*, as shown in the subject report;
- (B) 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, to be made as a local environmental plan under section 59 of the Environmental Planning and Assessment Act 1979; and
- (C) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 8 September 2015 that authority be delegated to the Chief Executive Officer to make any minor changes to Planning Proposal - Sydney Local Environmental Plan 2012 - 120 Victoria Street, Potts Point to correct drafting errors prior to finalisation of the local environmental plan.

ATTACHMENTS

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

Attachment B: Gateway Determination, dated 4 June 2015

BACKGROUND

Supporting Visitor Accommodation

1. Tourism is an economic priority for the City and the State. It is a major source of jobs and economic growth and provides a more diverse and resilient city economy. 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. Crucial to the ongoing strength of Sydney's tourism industry is a sufficient supply of well-located and appropriately priced visitor accommodation.
2. 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.
3. The City has adopted its Visitor Accommodation (Hotels and Serviced Apartments) Action Plan. The 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 to assist visitor accommodation. The 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 Action Plan.
4. This Planning Proposal will remove a barrier to the supply of hotel accommodation in an appropriate location and is consistent with Council's Visitor Accommodation (Hotels and Serviced Apartments) Action Plan. By facilitating hotel development through strategic land use planning, the City can contribute to the supply and renewal of visitor accommodation.

Purpose of this report

5. This report recommends Council approve a Planning Proposal for 120 Victoria Street, Potts Point. The Planning Proposal, at Attachment A, will amend Sydney Local Environmental Plan 2012 (Sydney LEP 2012) to permit 'hotel and motel accommodation' at 120 Victoria Street, Potts Point.
6. The draft Planning Proposal was approved by Council and the Central Sydney Planning Committee (CSPC) for public exhibition on 27 April 2015 and 23 April 2015, respectively.
7. The Gateway Determination, allowing and setting out the requirements for public exhibition, was issued by the Department of Planning and Environment in June 2015. The Gateway Determination is at Attachment B. The draft Planning Proposal was publicly exhibited in accordance with the Gateway Determination from 30 June 2015 to 28 July 2015.
8. A total of two submissions were received from local residents. A summary of issues raised and the City's response is addressed in this report.

The Site

9. The subject site, 120 Victoria Street, Potts Point (Lot 120 on DP 594467), is shown in the aerial photograph 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.

10. 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 the photo in Figure 2.



Figure 2: 120 and 122-124 Victoria Street

Current Planning Controls

11. 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 Sydney LEP. The properties also form part of the 'Potts Point Heritage Conservation Area' in the Sydney LEP. No changes to the current LEP numerical controls are proposed.

The Planning Proposal

12. In February 2015, the City received a request to prepare a planning proposal to amend *Sydney Local Environmental Plan 2012* (the LEP). The purpose of the request was to enable the expansion of an existing boutique hotel at 122-124 Victoria Street into 120 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.

13. 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

14. 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. The Planning Proposal does not seek to change any other planning controls for the site.
15. The justification for the proposal is set out in the Planning Proposal at Attachment A 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.

Public exhibition and consultation

16. In April 2015, 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.
17. The Gateway Determination was issued in June 2015, allowing consultation to take place. The Planning Proposal was publicly exhibited between 30 June and 28 July 2015. The Planning Proposal was available for viewing at the One Stop Shop – Town Hall House, the Kings Cross Neighbourhood Centre and on the City's website.

18. The City mailed letters to 870 building owners and tenants within a 100 metre radius of the site, providing notification of the public exhibition. Two submissions were received. Key issues raised in public consultation are discussed below.

Issues raised in submissions

19. The submissions object to the proposal on the basis that there are enough hotels and holiday accommodation in Victoria Street and it is important the area does not become a destination for bars, restaurants and short-term accommodation. Submitters are also concerned about a lack of residential properties, the saturation of short term stays and the precedent created for other rezonings in the area.

Response

20. 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. Permitting the additional use will mean the site can be converted back to residential in the future.
21. Hotel accommodation is consistent with surrounding land uses. A land use survey included in the planning proposal highlights the 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.
22. A hotel has been operating at 122-124 Victoria Street for nearly 30 years with no impacts. This use was operating within a residential zone under the previous planning controls with no impacts. The mixed use zone was applied in the LEP to recognise the existing hotel use. The existing hotel use at 122-124 Victoria Street demonstrates that a hotel use is compatible with uses in the surrounding area. The extension of the existing use to the neighbouring site is unlikely to change the character and balance of uses in Victoria Street.
23. No changes to the Planning Proposal are proposed as a result of matters raised in submissions.

KEY IMPLICATIONS

Strategic Alignment - Sustainable Sydney 2030 Vision

24. *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

25. *Environmental Planning and Assessment Act 1979.*

CRITICAL DATES / TIME FRAMES

26. The Gateway Determination sets the completion date for the Planning Proposal as 4 March 2016.

GRAHAM JAHN, AM

Director City Planning, Development and Transport

(Marie Ierufi, Planner)