

ITEM 14. GATEWAY AND PUBLIC EXHIBITION: 230-238 SUSSEX STREET SYDNEY - SYDNEY LOCAL ENVIRONMENT PLAN 2012 AND SYDNEY DEVELOPMENT CONTROL PLAN 2012 AMENDMENTS

FILE NO: S124316

SUMMARY

In May 2015, Karimbla Properties Pty Ltd (Meriton), submitted a planning justification report requesting amendments to *Sydney Local Environmental Plan 2012* (SLEP2012), which aims to increase the height control from 80 metres to a maximum of RL115.9 metres at 230-238 Sussex Street, Sydney.

This report recommends the Central Sydney Planning Committee support this request by approving the attached Planning Proposal and submitting it for a Gateway Determination.

The submission is to enable the development of a hotel and residential scheme incorporating adaptive reuse of an existing heritage item and new tower.

The site currently includes the Foley Bros warehouse heritage building and a 13 storey commercial tower with podium and basement. Located within the western corridor of central Sydney, the site lies to the east of Darling Harbour, north of Town Hall and west of George Street. The site is in a highly accessible location, being approximately 200 metres from Town Hall Station, and will have access to future light rail on George Street.

The proposed changes to the City's planning controls will not increase the floor space ratio. The proposed height increase will improve the amenity of the future residential apartments and provide for tourist and visitor accommodation where residential amenity standards cannot be met.

Redevelopment of the site to a mixed use hotel and residential scheme will contribute to the vision of *Sustainable Sydney 2030*, and increase the supply of visitor accommodation identified in the recently adopted Visitor Accommodation Action Plan.

This report seeks approval from the Central Sydney Planning Committee to submit a Planning Proposal to amend SLEP2012 to the Minister for Planning for a Gateway Determination. Approval is also sought to publicly exhibit the Planning Proposal in accordance with the Gateway Determination alongside an associated draft amendment to SDCP2012 (the draft DCP amendment).

The proposed height increase is informed by detailed overshadowing analysis to limit overshadowing of the future Town Hall Square proposed for the northern area of the block bounded by George, Park and Pitt Streets, opposite Town Hall.

The overshadowing analysis determines a future maximum building height gradient of RL 117.1 metres at the western boundary to RL100.9 on the eastern boundary.

Key amendments to SDCP2012 will inform the more detailed design of Sussex Street, Druitt Place and the Foley Bros warehouse heritage building through appropriate massing and setbacks.

RECOMMENDATION

It is resolved that:

- (A) the Central Sydney Planning Committee approve *Planning Proposal: 230-238 Sussex Street, Sydney*, shown at Attachment A to the subject report, for submission to the Minister for Planning with a request for a Gateway Determination;
- (B) the Central Sydney Planning Committee approve *Planning Proposal: 230-238 Sussex Street, Sydney* for public authority consultation and public exhibition in accordance with any conditions imposed under the gateway determination;
- (C) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 8 September 2015 that Council approve the *draft Sydney Development Control Plan 2012 – 230-238 Sussex Street, Sydney*, shown at Attachment B to the subject report, for public exhibition in parallel with the draft Planning Proposal;
- (D) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 8 September 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
- (E) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 8 September 2015, that Council delegate authority to the Chief Executive Officer to make any minor variations to the Planning Proposal: 230-238 Sussex Street, Sydney and/or the *draft Sydney Development Control Plan 2012 – 230-238 Sussex Street, Sydney* following receipt of the gateway determination.

ATTACHMENTS

Attachment A: Planning Proposal: 230-238 Sussex Street, Sydney

Attachment B: Draft Sydney Development Control Plan 2012 –230-238 Sussex Street, Sydney Amendment

BACKGROUND

1. In May 2015, Urbis submitted a planning justification report on behalf of Karimbla Properties Pty Ltd – Meriton (the proponent and landowner) requesting a change to *Sydney Local Environmental Plan 2012 (SLEP2012)* and *Sydney Development Control Plan 2012 (SDCP2012)* that applies to 230-238 Sussex Street, Sydney.
2. This report seeks Central Sydney Planning Committee approval of *Planning Proposal: 230-238 Sussex Street, Sydney* (the Planning Proposal), at **Attachment A**, for submission to the Minister for Planning with a request for a Gateway Determination to allow public exhibition, and agency consultation.
3. The request is to enable the redevelopment of a mixed-use hotel and residential tower that can accommodate a hotel of over 200 rooms, with residential at upper levels where acceptable levels of amenity can be provided.
4. The request will also enable the refurbishment and adaptive re-use of the Foley Bros warehouse heritage building to be incorporated into the proposed hotel use.
5. The existing height control is 80 metres. The proponent's request seeks to change the height control to enable a maximum building height of RL115.9 taken from RL117.1 metres on the western site edge and RL 100.09 metres on the eastern site edge. This will enable a tower above a podium on the southern portion of the site adjacent to the heritage item.
6. The draft DCP Amendment seeks to amend SDCP2012 to include site specific building envelope provisions. This report recommends the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 8 September 2015 for the approval of *Draft Sydney Development Control Plan 2012: 230-238 Sussex Street, Sydney Amendment* (the draft DCP Amendment), at **Attachment B**, for public exhibition.
7. The changes to the planning controls outlined in this report will not increase the floor space ratio, but improve the amenity of the future residential apartments achievable on site and provide for tourist and visitor accommodation where residential amenity standards cannot be met.

Site details

8. Until recently, the site comprised of two titles, being Lot 1, DP 71092 (230-232 Sussex Street) and Lot 11, DP80943.4 (234-238 Sussex Street). On 12 June 2015, the two titles were consolidated into Lot 1 in Deposited Plan 1207088.
9. Currently, the site encompasses the Foley Bros warehouse heritage building at 230-232 Sussex Street and a 13 storey commercial tower with podium and basement at 234-238 Sussex Street.
10. With an area of 2,086 square metres, the site's location at the corner of Sussex Street and Druitt Place provides two street frontages. Sussex Street is the primary street frontage and pedestrian access, while Druitt Place acts as a secondary street frontage, currently providing vehicle access into 234-238 Sussex Street. Vehicular access is currently provided to 230-232 Sussex Street via Sussex Street.

11. The site is located within the western corridor of central Sydney in a block bordered by Market Street to the north, Kent Street to the east, DrUITt Place to the south and Sussex Street to the west. It is in a highly accessible location, approximately 200 metres from Town Hall Station, and is surrounded by a mix of development types, consisting of commercial offices, shops, residential accommodation, serviced apartments and heritage buildings. The site is shown marked in red on the aerial photo in Figure 1.

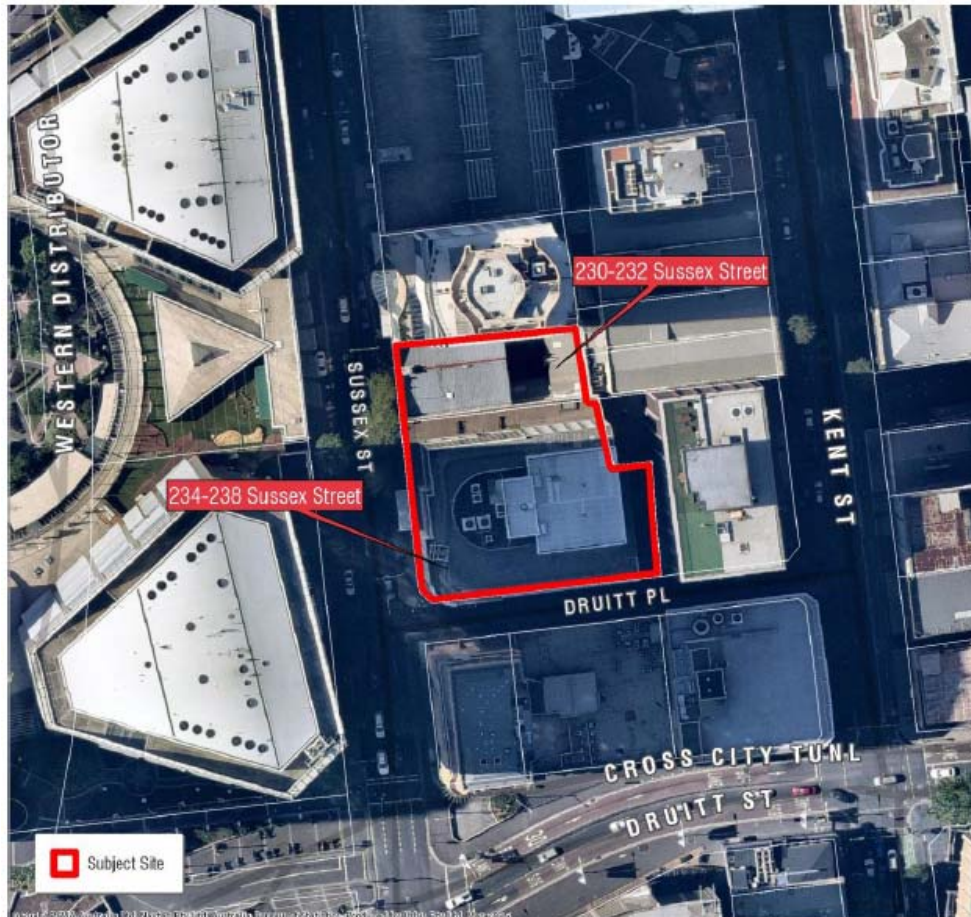


Figure 1 - Location Plan of 230-238 Sussex Street, Sydney

12. The Foley Bros warehouse heritage building at 230-232 Sussex Street is currently unoccupied, while the proponent has indicated that the commercial tower at 234-238 Sussex Street will be tenanted until March 2016. As well as retail and office tenancies, the site at 234-238 Sussex Street accommodates a commercial car park within the basement and elevated podium levels.

Key Planning Controls

13. The site is located on land zoned B8 Metropolitan Centre under SLEP2012. Commercial premises, residential accommodation, as well as tourist and visitor accommodation are permissible with consent in this zone.

14. The permissible height is 80 metres, and permissible floor space ratio is 8:1. Located within Area 3 on the floor space ratio map of SLEP2012, this site is eligible for additional floor space of 2:1 for office, business or retail premises and 3:1 for residential accommodation, serviced apartments or hotel or motel accommodation. Further, the proposal is eligible for 10% bonus floor space or height if a competitive design process is carried out and design excellence demonstrated.
15. The former warehouse and its laneway at 230-232 Sussex Street are listed as a single heritage item on schedule 5 of SLEP2012, item no. I1963. The listed item is defined as Former "Foley Bros" warehouse, including cartway, courtyard and interiors. An extract of SLEP2012 Heritage Map is shown at Figure 2.

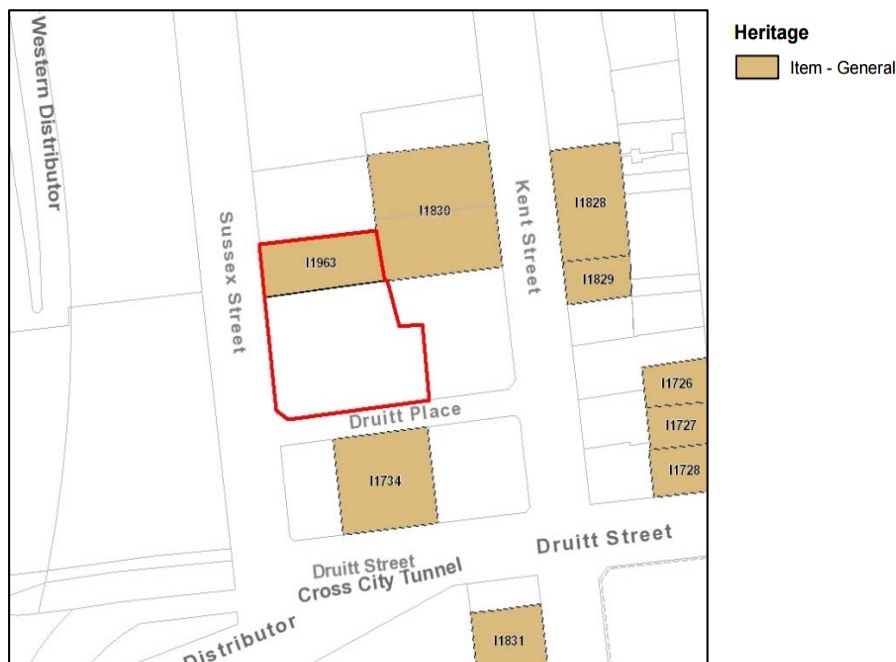


Figure 2 – SLEP2012 Heritage map showing Foley Bros warehouse and surrounding items

16. Part of the site is identified within the York Street/Clarence Street/Kent Street Special Character Area on the Special Character Areas Map, Retail Premises Map under SLEP2012. This same area is identified within the locality known as York Street Special Character Area, including Clarence Street and Kent Street under SDCP2012.

Indicative Scheme

17. The indicative scheme, shown at Figure 3, demonstrates the proponents proposed land use outcome across the site. The envisaged new building would comprise four levels of basement car park, 17 levels of hotel accommodation, 13 levels of residential accommodation, lobbies, servicing and back of house.

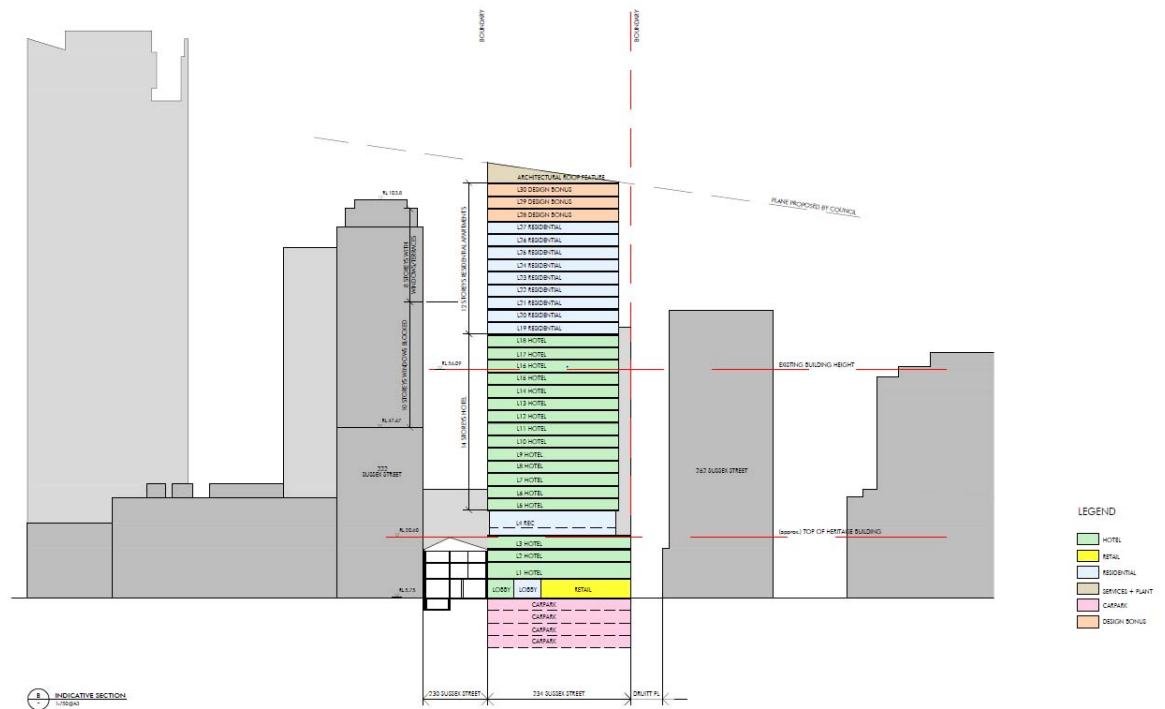


Figure 3 - Indicative Scheme - Section

18. Figure 4 shows an indicative maximum building envelope created by the proposed planning controls and is provided for illustrative purposes only. The final built form will be determined through the application of detailed controls and design excellence. This indicative maximum building envelope will be subject to limiting additional afternoon overshadowing impacts to future Town Hall Square, building articulation, and minimising overshadowing impacts on surrounding residential buildings.

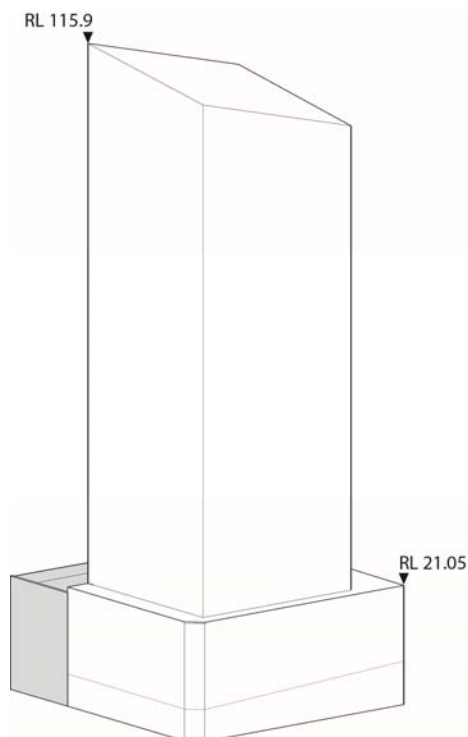


Figure 4 - Indicative maximum building envelope outcome

Planning Proposal – Proposed Amendments to SLEP2012

19. The planning proposal at **Attachment A** proposes to insert an amending clause that will apply exclusively to the site to:
 - (a) establish objectives that promote solar access and limit the extent of additional overshadowing on future Town Hall Square; and
 - (b) permit a maximum building height of RL 115.9 metres.
20. These controls will result in an amendment to the height map to include a notation to the specific area applicable to the height increase, referencing the site-specific clause under Part 6 of SLEP2012.

Proposed amendments to Sydney Development Control Plan 2012

21. Site specific draft development control plan provisions are at **Attachment B** of this report and will provide further guidance to the proposed amendments to SLEP2012. The DCP amendment refers to site specific controls and provisions in Section 6.3 of SDCP2012, including:
 - (a) building form and external appearance;
 - (b) tower location;
 - (c) setbacks;
 - (d) street frontage heights;
 - (e) environmental impacts;
 - (f) vehicular access; and
 - (g) design excellence.
22. It is recommended that Council approve the amendment to SDCP2012, shown at **Attachment B** to this report, for public exhibition in parallel with the Planning Proposal.

KEY IMPLICATIONS

23. The planning proposal is informed by the submission of a justification report and concept plans, as well as a number of 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.

Building height and solar access to the future Town Hall Square

24. *Sustainable Sydney 2030* highlights '10 Project Ideas', Idea 2 being Three City Squares. This identified Town Hall Square, located opposite Town Hall and bounded by George, Park and Pitt Streets. The City began acquiring properties for Town Hall Square in the early 1980's and continues to progress its vision.

25. Jan Gehl's *Public Spaces Public Life* report highlights the potential for this Square to contribute to a 'strong city identity', providing Sydney with a large public, dynamic and lively gathering place. Figure 5 shows an artist impression of the future Town Hall Square.



Figure 5 - Future Town Hall Square (*Public Spaces Public Life - Sydney*)

26. An important element for the success and amenity of the future Town Hall Square is the protection of the solar access it currently receives. The primary intention of the maximum height for the Sussex Street site is limiting additional overshadowing on future Town Hall Square.
27. The maximum height is determined by the solar access future Town Hall Square receives over the top of the existing towers along the Darling Park Sussex Street frontage. In other words, a tower at 230-238 Sussex Street built within the existing shadow cast by the Darling Park tower buildings limits any further overshadowing of the future Town Hall Square.
28. The height limit has been set by drawing a line between the highest points of the Darling Parks towers' roofs and then, from that line's midpoint, a second line drawn to intersect the western edge of the future Square – this second sloping line crosses 230-238 Sussex Street at RL 117.1 on its western boundary and RL 100.9 on its eastern boundary. This approach enables additional height above the existing 80 metre height limit, to the new maximums defined by the sloping line.
29. Figure 6 illustrates how this is drawn and shows the resulting transition of height across 230-238 Sussex Street. This will limit the extent of additional afternoon overshadowing impacts upon future Town Hall Square to be no greater than the additional overshadowing impacts which would be caused if the existing gap between the two Darling Park towers was considered as a solid building mass.



Figure 6 - Methodology informing maximum height at 230-238 Sussex Street

30. The exact transition of height limiting the envelope is to be refined as an outcome of the design excellence process and will be subject to site surveys of 230-238 Sussex Street, both Darling Park Towers and future Town Hall Square.

Overshadowing

31. The City has undertaken overshadowing analysis of the indicative maximum building envelope. This analysis identified that the proposed building envelope would cast additional shadow across surrounding buildings to the south. Documentation in Appendix A to the Planning Proposal will be updated prior to exhibition to reflect the outcome of this analysis.
32. The indicative scheme provided by the proponent includes articulation to the Sussex Street setback that is not incorporated into the base envelope for analysis. Noting the building envelope is a maximum, and the final design must be appropriately massed within the envelope, there is opportunity as part of the design process to further reduce overshadowing.
33. Supporting controls in SDCP2012 will ensure solar access for surrounding residential buildings complies with the SEPP65 Apartment Design Guide. The DCP requires this to be a key consideration of a future design excellence process.

Heritage

34. The proponent has sought the consolidation of two lots into one, resulting in the heritage listed Foley Bros warehouse building being located on a single lot, Lot 1 in Deposited Plan 1207088.

35. The planning proposal relies on the total site area to ensure its intent for achieving a maximum FSR, including the 10 per cent design excellence bonus. To do so, the proposal must incorporate the adaptive reuse of the heritage item. The proponent provides a Heritage Impact Assessment and Conservation Management Plan as part of the Justification Report.
36. The Heritage Impact Assessment provides analysis on the outcome of redevelopment on the site at both 80 metres and the proposed additional height. The Conservation Management Plan identifies the heritage values of the site and establishes conservation recommendations based on these values. Both are included as appendices to the Planning Proposal at **Attachment A**.
37. The Heritage Impact Assessment concludes that the proposed height will not have a significantly greater visual impact on the Foley Bros warehouse building, or nearby items, than either the existing height condition or the current height control of 80 metres. Through the design excellence and development assessment process, redevelopment provides the opportunity to reinforce and enhance the setting of the heritage item.
38. The maximum street wall height of the podium fronting Sussex Street will be limited to match the parapet height of the heritage item, creating an appropriate relationship between the two buildings. This will ensure consistency with the SDCP2012 requirements for the York Street Special Character Area.
39. In addition to the Planning Proposal, the proponent has lodged a development application (D/2015/771) for the adaptive reuse of the heritage item as a hotel, including alterations and additions, ground floor retail and new signage. This development application was notified on 12 June 2015 and is currently being assessed. It does not rely on the amended controls sought by this Planning Proposal.

Visitor accommodation in the City

40. Sydney is Australia's premier destination city and business centre and an international gateway. In 2012, 10.5 million visitors came to Sydney, with 4.3 million of these staying in the City of Sydney Local Government Area (LGA). The Australian and NSW tourism industries rely heavily on Sydney's visitor economy.
41. Crucial to the ongoing strength of this economy is a sufficient supply of visitor accommodation. Currently, there are approximately 20,300 visitor accommodation rooms in the City of Sydney LGA. Eighty per cent are hotel rooms and the remainder are serviced apartments.
42. Future demand for hotel rooms is projected to be in the 3 and 4 star ranges, especially in the Western Precinct. This will be driven significantly by the redevelopment of the Sydney International Convention and Exhibition Precinct which is scheduled to open in December 2016, as well as the staged completion of Barangaroo.
43. 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.

44. The site's constraints in achieving SEPP 65 compliance to both the heritage item and significant portions of the tower building enable the proposal to facilitate retail and hotel accommodation. These uses are vital in a location that is well serviced by public transport and close to business and leisure attractors, including the International Convention Centre, Barangaroo and Darling Harbour.
45. Furthermore, through facilitating the delivery of hotel accommodation in central Sydney, the Planning Proposal and DCP amendment will support Sydney's visitor accommodation industry, bringing flow-on benefits to Sydney's economy.

Traffic and Transport

46. The site currently has vehicular access from both Sussex Street and Druitt Place. In the indicative scheme, it is proposed to retain Druitt Place as the primary point for vehicular access.
47. Given this, and the outcome of adaptive re-use for the heritage building, opportunities for the consolidation of driveways to a single one from Druitt Place exists. This would require the removal of the crossing to the old cart lane along Sussex Street. The indicative design shows back of house facilities connecting the loading dock to the courtyard, resulting in no need for the Sussex Street driveway to remain.
48. To enable this outcome, provisions have been included in the draft DCP which will require consolidation of driveways to Druitt Place, including the removal of the crossing to the old cart lane along Sussex Street.
49. The Planning Proposal does not propose amendments to the parking rates in SLEP2012.
50. Transport and Traffic Planning Associates was engaged by the proponent to prepare a Vehicular Movement and Servicing Strategy and is provided as an appendix to the Planning Proposal at **Attachment A**. The focus of the strategy outlines options for passenger set-down and pick-up, as well as the provision of the proposed basement for parking and servicing requirements.

Air quality assessment report

51. 230-238 Sussex Street is identified as "Land Affected by Cross City Tunnel Ventilation Stack" under SLEP2012. The proposed scheme must address the requirements of clause 7.24 Development near Cross City Tunnel ventilation stack of SLEP2012 and clause 3.13.2 Air quality for development near the Cross City Tunnel of SDCP2012.
52. SLR Consulting Australia Pty Ltd was engaged by the proponent to prepare an Air Quality Assessment Statement and is included as an appendix to the Planning Proposal at **Attachment A**. The Air Quality Statement relates to the impact of the Cross City Tunnel ventilation stack on the indicative design, and the potential impact of the development on the dispersal of emissions from the ventilation stack.
53. The statement concludes that the proposed indicative design will not affect the dispersion of emissions from the Cross City Tunnel ventilation stack and that people using the proposed development are unlikely to be adversely impacted by these emissions.

54. As the design development process progresses, the proponent will be required to demonstrate further compliance with the requirements of Clause 7.24 of SLEP 2012 and clause 3.13.2 of SDCP 2012.

Wind Assessment

55. SLR Consulting Australia Pty Ltd was engaged by the proponent to prepare an Environmental Wind Assessment and is included as an appendix to the Planning Proposal at **Attachment A**. The assessment concludes the site benefits from being shielded at ground level from westerly and northerly winds by surrounding buildings and their podiums. There is, however, potential for stronger wind conditions from the south, as they channel along Sussex Street, and stronger upper level winds, given there are fewer surrounding buildings of significant height in the direction of prevailing winds.
56. The findings of the SLR assessment will be further considered through detailed wind analysis as part of the preparation of a development application. DCP provisions will manage wind impacts, providing for adequate mitigation measures for upper level balconies.

Sustainability

57. SLR Consulting Australia Pty Ltd was engaged by the proponent to prepare an Energy Efficiency and Ecologically Sustainable Development (ESD) report and is included as an appendix to the Planning Proposal at **Attachment A**. The report provides a qualitative ESD assessment, including energy efficiency.
58. The documentation provided with the justification report indicates that compliance with BASIX and BCA controlled components can be achieved. However, as the design development process progresses for the tower building, including an architectural design competition and subsequent development application, the proponent will be encouraged to further explore ways the development contributes to the City's environmental performance goals and targets.

Strategic Alignment - Sustainable Sydney 2030 Vision

59. *Sustainable Sydney 2030 (SS2030)* is the vision for the sustainable development of the City to 2030 and beyond. The Planning Proposal and amendment to SDCP2012 are aligned with the following SS2030 strategic directions and objectives:
- (a) *Direction 1 - A Globally Competitive and Innovative City* - The proposal provides an innovative urban design solution that will provide new housing and employment opportunities. The investment will support Sydney's tourist industry, 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 residential accommodation and 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* – Opportunities for active retail frontage and greater access to the heritage courtyard and cartway. The removal of the existing commercial car park will reduce the supply of parking and help to ease congestion.

- (d) *Direction 5 – A Lively and Engaging City Centre* – Retail opportunities at the ground floor at Sussex Street and Druitt Place will further activate this area of the City Centre.
- (e) *Direction 8 - Housing for a Diverse Population* - The proposal will increase living opportunities in central Sydney. A range of unit sizes and types will be provided.
- (f) *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 area.

RELEVANT LEGISLATION

- 60. *Environmental Planning and Assessment Act 1979, Environmental Planning and Assessment Regulation 2000 and City of Sydney Act 1988.*

CRITICAL DATES / TIME FRAMES

Planning Proposal Process

- 61. Should Council and the Central Sydney Planning Committee approve 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, with or without variation, to consultation, or to resubmit the Planning Proposal.
- 62. The typical timeframes, once a Gateway Determination has been made, are 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.
- 63. 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

- 64. 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.
- 65. Council needs to receive an authorisation on a case-by-case basis to exercise the delegation which is given through the Gateway Process. Exercising the delegation means a faster plan-making process, with less involvement of the Department of Planning and Environment.
- 66. The report recommends the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 8 September 2015 that Council seek 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

67. The public exhibition process for the Planning Proposal will be determined by the Minister for Planning. The public exhibition of the Planning Proposal and SDCP2012 amendment will occur at the same time. 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*; and
 - (b) the *Environmental Planning and Assessment Regulation 2000*.
68. 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;
 - (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; and
 - (d) a full package of exhibition material will be made available for viewing on the City of Sydney website and at the One Stop Shop at Town Hall House.

GRAHAM JAHN, AM

Director City Planning, Development and Transport

(Paul Manning, Specialist Planner)