

ITEM 6. POST EXHIBITION – 45 MURRAY STREET PYRMONT – PLANNING PROPOSAL AND SYDNEY DEVELOPMENT CONTROL PLAN 2012 AMENDMENT**FILE NO: X001126****SUMMARY**

On 29 February and 25 February 2016, Council and the Central Sydney Planning Committee approved the *Planning Proposal: Sydney Local Environmental Plan 2012 – 45 Murray Street, Pyrmont* ('the Planning Proposal') for submission to the Greater Sydney Commission with a request for a Gateway Determination and for public authority consultation and public exhibition in accordance with any conditions imposed under the Gateway Determination. Council also approved the *Draft Sydney Development Control Plan 2012 – 45 Murray Street, Pyrmont Amendment* ('the draft DCP amendment') for public authority consultation and public exhibition.

The site at 45 Murray Street currently contains a five to six storey commercial office building with a ground floor café and car park that is in the single ownership of NX Holdings Pty Ltd. It is located in Pyrmont, west of Central Sydney, and close to public transport and tourism attractions, including Darling Harbour and Barangaroo.

In July 2015, Urbis, on behalf of NX Holdings Pty Ltd, submitted a planning justification report to the City requesting site specific amendments to Sydney Local Environmental Plan 2012 (the LEP) and Sydney Development Control Plan 2012 (the DCP) to enable redevelopment of 45 Murray Street, Pyrmont for a 3-star hotel containing approximately 106 rooms.

Redeveloping the site from a commercial office to a hotel is an opportunity to contribute to implementing Council's Sustainable Sydney 2030 vision by delivering much needed visitor accommodation in a location that is well suited to this land use. In 2015, the City adopted its Visitor Accommodation Action Plan which sets out the City's actions to encourage hotel development through the planning system. This report relates to the action to consider site specific changes to planning controls to facilitate new hotel development.

The Planning Proposal and draft DCP amendment seek to amend the planning controls to allow the redevelopment of 45 Murray Street for a hotel. The existing height control is 22 metres. The Planning Proposal is to allow development up to 30 metres, provided the development is for 'hotel or motel accommodation'. The existing 22 metre height control will remain for all other types of development. The Planning Proposal also seeks to waive the requirement for the design excellence competition and remove the potential floor space bonus, provided the development is an alteration and addition to the existing building for hotel accommodation. The draft DCP amendment seeks to include site-specific building envelope controls and provisions in Section 6.3 of Sydney DCP 2012. Analysis in the Planning Proposal indicates the proposed maximum building envelope's overshadowing, view and heritage impacts on surrounding properties will be within acceptable levels.

The Department of Planning and Environment, as delegate to the Greater Sydney Commission, provided a Gateway Determination on 14 April 2016 that an amendment to the Sydney Local Environmental Plan 2012 should proceed, subject to community consultation.

The Planning Proposal and draft DCP amendment were publicly exhibited for 30 days from 10 May until 8 June 2016. Advertisements were placed in The Sydney Morning Herald and Central Magazine and 909 letters were sent to tenants, landowners and businesses of surrounding properties. Exhibition documents were available on the City's website, at Town Hall House and at the Glebe Neighbourhood Service Centre.

Five submissions were received in response to the exhibition. Two are joint submissions from residents and owners of nearby apartment buildings at 50 Murray Street, on the opposite side of Murray Street, and 1-29 Bunn Street, approximately 100 metres to the south of the site. The remaining three submissions are from individuals, presumably nearby residents.

Three submissions are neutral and two of the submissions from individuals object to the Planning Proposal. Reasons cited for objecting include a perception that hotels are not permitted on the site and concerns about heritage, traffic impacts and the number of existing hotels in the area. The neutral submissions do not object to the Planning Proposal, but want Council to ensure any future development application for a hotel at the site is designed appropriately to protect the streetscape and to minimise noise, visual amenity and privacy impacts on nearby residents.

In response, most of the submitters' issues will be addressed as part of any future development application for a hotel against relevant provisions in the Environmental Planning and Assessment Act 1979, Sydney LEP 2012 and Sydney DCP 2012. This includes provisions relating to the public interest, visual and acoustic amenity and privacy, streetscape, traffic and transport. Consequently, no changes are recommended to the Planning Proposal or draft DCP amendment in response to the issues.

RECOMMENDATION

It is resolved that:

- (A) the Central Sydney Planning Committee note the matters raised in response to the public exhibition of the *Planning Proposal: Sydney Local Environmental Plan 2012 – 45 Murray Street, Pyrmont*, in the subject report;
- (B) the Central Sydney Planning Committee approve the *Planning Proposal: Sydney Local Environmental Plan 2012 – 45 Murray Street, Pyrmont*, 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;
- (C) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 19 July 2016 that Council approve the *Draft Sydney Development Control Plan 2012: 45 Murray Street, Pyrmont*, shown at **Attachment B** to the subject report, specifying the date of publication of the subject local environmental plan as the date the approved development control plan comes into effect, in accordance with Clause 21 of the Environmental Planning and Assessment Regulation 2000; and

- (D) the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee on 19 July 2016 that authority be delegated to the Chief Executive Officer to make any minor changes to *Planning Proposal: Sydney Local Environmental Plan 2012 – 45 Murray Street, Pyrmont*, and *Draft Sydney Development Control Plan 2012: 45 Murray Street, Pyrmont Amendment* to correct drafting errors prior to finalisation of the local environmental plan and draft development control plan amendment.

ATTACHMENTS

Attachment A: Planning Proposal: Sydney Local Environmental Plan 2012 – 45 Murray Street, Pyrmont

Attachment B: Sydney Development Control Plan 2012 – 45 Murray Street, Pyrmont

BACKGROUND

Previous Central Sydney Planning Committee resolution

1. On 25 February 2016 the Central Sydney Planning Committee approved the *Planning Proposal: Sydney Local Environmental Plan 2012 – 45 Murray Street, Pyrmont* ('the Planning Proposal') for submission to the Greater Sydney Commission with a request for a Gateway Determination and for public authority consultation and public exhibition in accordance with any conditions imposed under the Gateway Determination. On 29 February 2016 Council approved the *Draft Sydney Development Control Plan 2012 – 45 Murray Street, Pyrmont Amendment* ('the draft DCP amendment').
2. The Planning Proposal will amend the maximum building height control in *Sydney Local Environmental Plan 2012* ('Sydney LEP 2012') applying to the site where development for the primary purpose of 'hotel or motel accommodation' is proposed. The draft DCP Amendment will amend *Sydney Development Control Plan 2012* ('Sydney DCP 2012') to include site specific building envelope provisions.
3. This report recommends the Central Sydney Planning Committee approve the *Planning Proposal: 45 Murray Street, Pyrmont* ('the Planning Proposal'), at **Attachment A**, to be made as a local environmental plan. It also recommends the Central Sydney Planning Committee note the recommendation to Council's Planning and Development Committee that Council approve the *Draft Sydney Development Control Plan 2012: 45 Murray Street, Pyrmont* ('the draft DCP Amendment'), shown at **Attachment B**.

Site description

4. The subject site is located at 45 Murray Street, Pyrmont, and is identified as Lot 1 in DP 507091. It has a total area of approximately 398 m² and is in the single ownership of the applicant, NX Holdings Pty Ltd. The site is shown outlined blue in Figures 1 and 2. A photo of the site is at Figure 3.

Figure 1: Site location

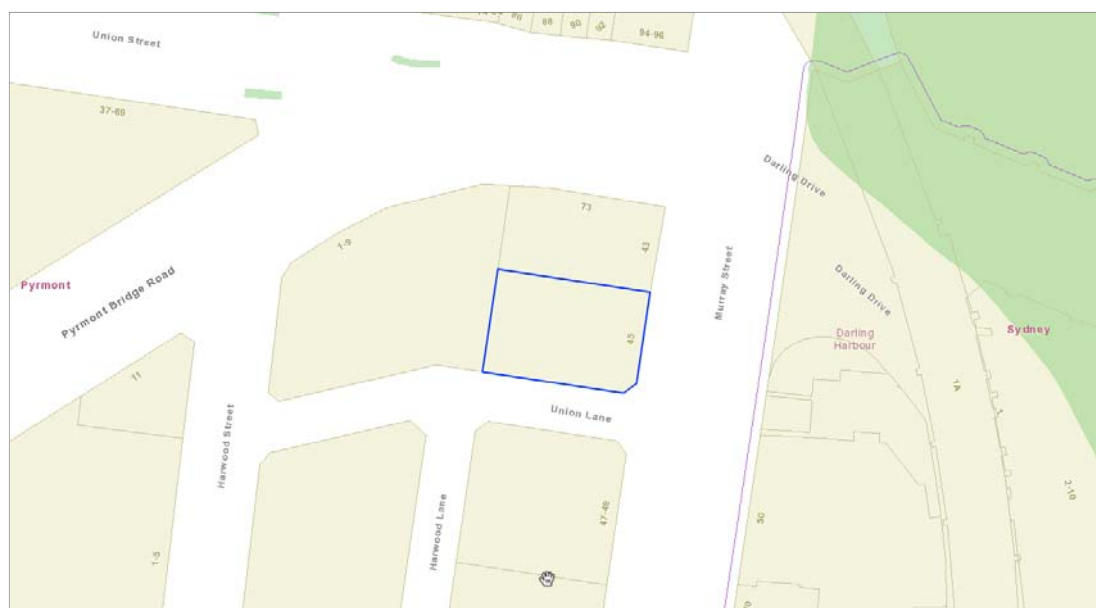
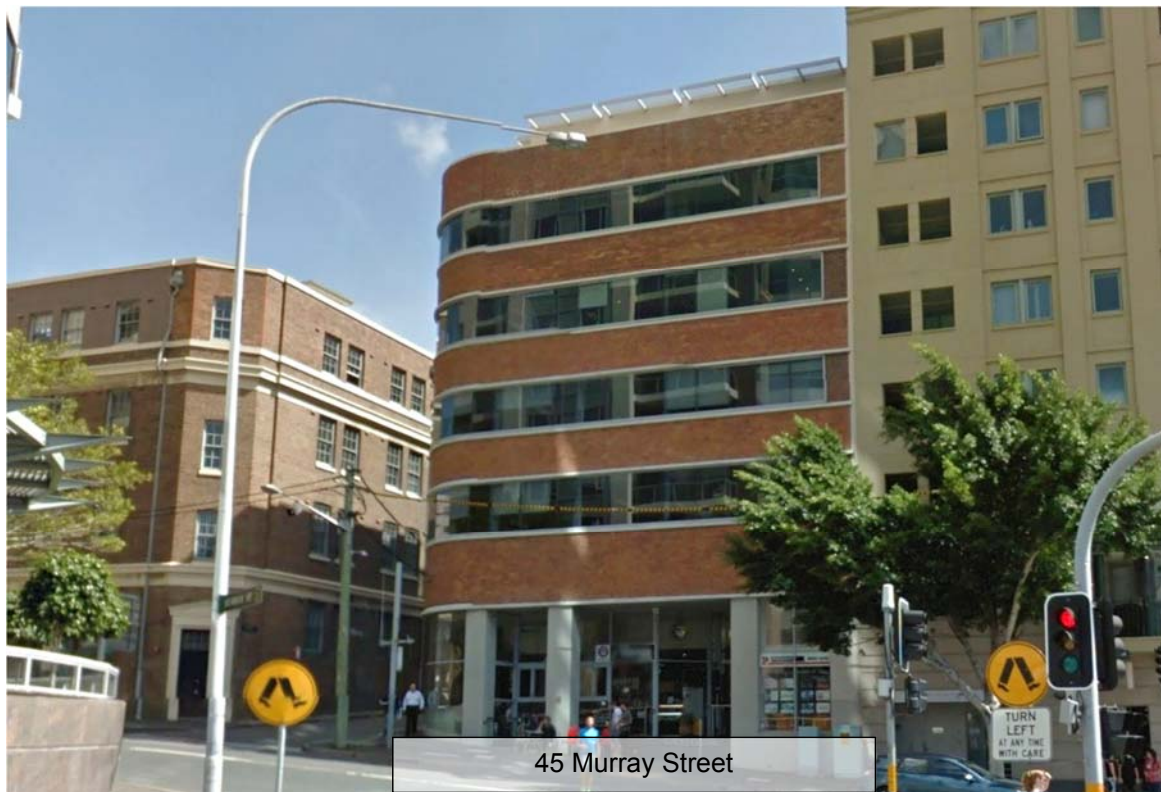


Figure 2: Aerial photo of 45 Murray Street



Figure 3: Photo of eastern elevation of 45 Murray Street



5. A five to six storey commercial office building with a seventh storey element currently occupies the site. The ground level contains a café fronting Murray Street to the east, and a car park accessed via Union Lane to the south.
6. The site presents as a five storey street wall to Murray Street and Union Lane that steps down to four storeys at the building's western end. A sixth storey is setback from the street wall. A seventh storey element, comprising a lift shaft and services area, is located towards the northern part of the building's rooftop.
7. The site is surrounded by the following development:
 - (a) North – An eight storey residential flat building with ground floor retail uses fronting on to the corner of Pyrmont Bridge Road and Murray Street. The building's street address is 43 Murray Street. It has a 30 metre height limit under Sydney LEP 2012;
 - (b) East – A 15 storey apartment building and a 15 storey hotel building are located on the opposite side of Murray Street, at numbers 50 and 70 Murray Street, respectively. The hotel building is occupied by IBIS Hotel Darling Harbour and contains approximately 256 rooms. The two buildings are relatively tall in their surrounding context; and
 - (c) South – A four storey commercial office building is on the opposite side of Union Lane. The building is identified as a local heritage item in Sydney LEP 2012 and the site has a maximum building height of 30 metres. The building's street address is 47 Murray Street.

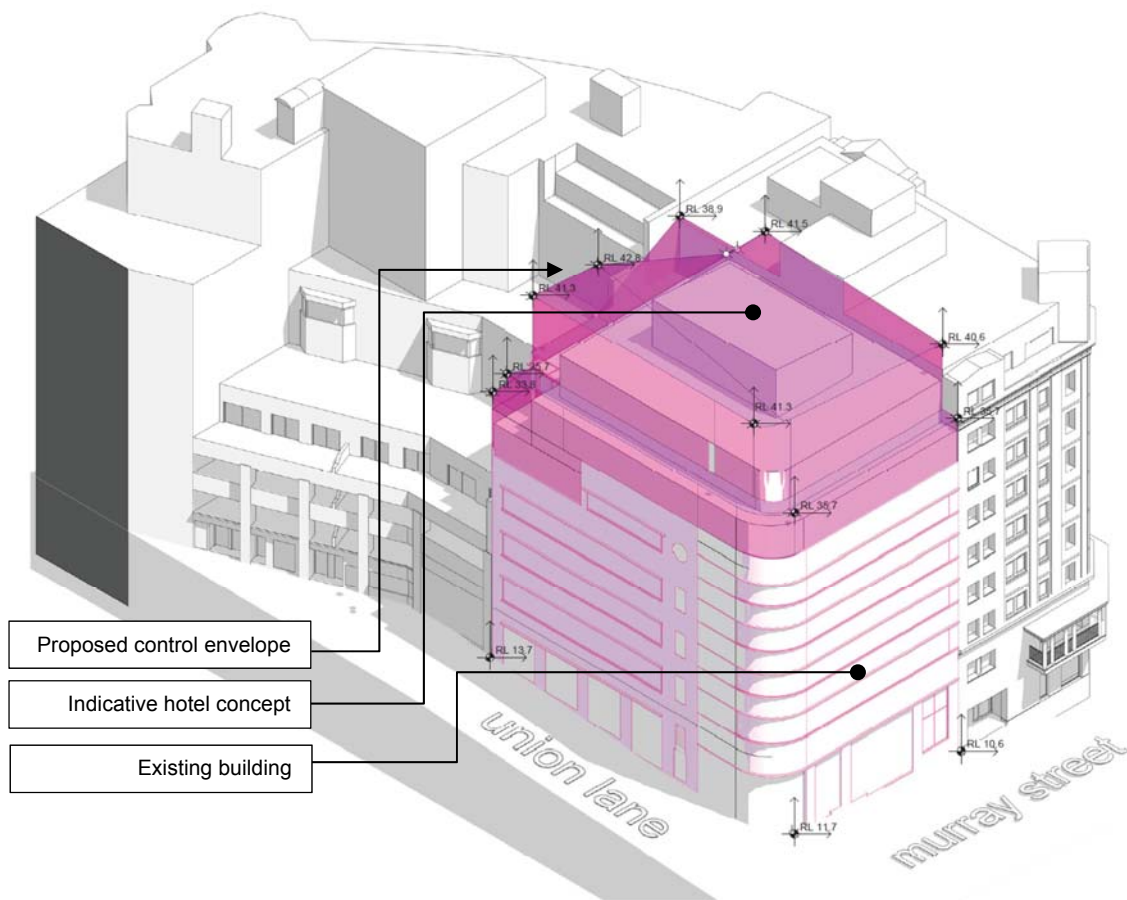
Current planning controls

8. Key planning controls applying to the site are contained in Sydney LEP 2012. Under Sydney LEP 2012, the site is on land that is:
 - (a) zoned B4 Mixed Use;
 - (b) has a maximum building height of 22 metres; and
 - (c) has a maximum floor space ratio (FSR) of 5:1.
9. The permissible and existing building heights of surrounding buildings are greater than 45 Murray Street. The maximum building height control for surrounding sites is 30 metres.
10. Sydney DCP 2012 applies generally, but does not contain any site specific provisions applying to the site.

Request to amend planning controls

11. In July 2015, the City received a request to prepare a planning proposal to amend the height control for 45 Murray Street to facilitate development of a 106 room 3 star hotel. The request was supported by a planning justification report prepared by Urbis and with an Urban Design Analysis prepared by Hassell Architects. These reports are at Appendix A to the Planning Proposal at Attachment A to this report. Figure 4 shows the proposed planning control envelope and a concept built form for the hotel.

Figure 4: Proposed hotel showing existing building, proposed planning control envelope and indicative hotel concept addition within the proposed envelope



Proposed amendments to planning controls

12. The Planning Proposal, at Attachment A, proposes the following amendments to the LEP for 45 Murray Street, Pyrmont:
 - (a) increase the maximum building height from 22 metres up to 30 metres for 'hotel or motel accommodation' and ancillary uses. It does not seek to change the existing maximum building height of 22 metres for other types of development; and
 - (b) waive the requirement for a competitive design process and the opportunity to achieve a design excellence bonus for development that is an alternation and addition to the existing building for 'hotel or motel accommodation'.

13. The Planning Proposal does not seek to amend the maximum building height map applicable to the site. Instead, it proposes inserting a new site-specific clause into Part 6 of Sydney LEP 2012. The proposed clause will allow the additional building height only where development of the site is for hotel or motel accommodation and ancillary uses.

14. The proposed amendments will facilitate redevelopment for a hotel while ensuring that the existing maximum building height of 22 metres continues to apply to other types of development. No changes are proposed to the FSR.
15. To ensure an appropriate built form outcome and minimise amenity impacts on surrounding properties, it is also proposed to amend Sydney DCP 2012. The DCP amendment, at Attachment B, seeks to include site-specific building envelope controls and provisions in Section 6.3 of Sydney DCP 2012.

Supporting visitor accommodation

16. Sydney is Australia's premier destination city and business centre and an international gateway. The Australian and NSW tourism industries rely heavily on Sydney's visitor economy. Tourism Research Australia figures indicate that, in the most recent 2014/15 financial year, almost 7 million domestic overnight and international visitors stayed in commercial accommodation in the Sydney tourism region, with almost 5 million of these staying in commercial accommodation in the City of Sydney Local Government Area (LGA).
17. In 2015, the City adopted its Visitor Accommodation Action Plan which sets out the City's actions to encourage hotel development through the planning system. The Planning Proposal relates to the action to consider site-specific changes to planning controls to facilitate new hotel development.
18. Research for the Action Plan found that a more diverse supply of rooms with more lower rated, smaller hotels would support a stronger accommodation sector. Crucial to the ongoing strength of this economy is a sufficient supply of visitor accommodation. There are approximately 25,000 visitor accommodation rooms in the City of Sydney LGA. Of these, approximately 77% are hotel rooms and 19% are serviced apartments. Four and 5 star rooms dominate the hotel room market, with only approximately 15% of rooms rated 3.5 stars or below.
19. Future demand for hotel rooms is projected to be in the 3 and 4 star ranges, especially in the western part of the LGA, including Pyrmont. This demand will largely be driven by redevelopment underway at Barangaroo and Darling Harbour and an increase in visitors from Asia.
20. Since 2012, approximately 800 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 in response to appropriate market conditions and contribute to meeting demand.
21. The Planning Proposal will enable a 3 to 4 star type of hotel accommodation that is in demand, in a location that is well serviced by public transport and close to business and leisure attractors such as the International Convention Centre, Barangaroo and Darling Harbour.

Public exhibition and consultation

22. Following the Central Sydney Planning Committee's resolution on 25 February 2016, the Planning Proposal and draft DCP amendment were publicly exhibited for 30 days from 10 May until 8 June 2016.

23. The public was notified via two advertisements, one in The Sydney Morning Herald on 10 May 2016 and one in Central Magazine on 11 May 2016. Additionally, 909 letters were sent to tenants, landowners and businesses of surrounding properties. The public was able to view the Planning Proposal and draft DCP amendment on the City's website, at Town Hall House and at the Glebe Neighbourhood Service Centre.
24. Five submissions were received in response to the public exhibition. Two are joint submissions from residents and owners of apartment buildings at 50 Murray Street, opposite the site, and 1–29 Bunn Street, approximately 100 metres to the south of the site. The remaining three submissions are from individuals, presumably nearby residents.
25. Three submissions are neutral, while two submissions from individuals object to the Planning Proposal. Reasons cited for objecting include a perception that hotels are not permitted on the site and concerns about heritage, traffic and parking impacts and the existing number of hotels in the area.
26. The neutral submissions do not object to the Planning Proposal, but want Council to ensure any future development application for a hotel at the site is designed appropriately to protect the streetscape and to minimise noise, visual amenity and privacy impacts on nearby residents. Issues raised in submissions and the City's response to each are discussed below.

Key issues raised in submissions

27. Key issues raised in submissions relate to:
 - (a) the need for a new hotel;
 - (b) noise, visual amenity and privacy impacts on neighbours;
 - (c) streetscape impacts;
 - (d) traffic and parking;
 - (e) heritage impacts;
 - (f) permissibility issues; and
 - (g) land use at 50 Murray Street.
28. These issues, and the City's response to each, are discussed below. In summary, most of the issues raised will be addressed as part of any future development application for a hotel against relevant provisions in the Environmental Planning and Assessment Act 1979, Sydney LEP 2012 and Sydney DCP 2012. Overall, no changes are recommended to the Planning Proposal or draft DCP amendment in response to the issues.

Need for a new hotel

29. One submission from an individual, presumably a nearby resident, does not support the proposed hotel use because there are already seven 'cheap' hotels in the area, including three on Murray Street.
30. In response, this issue is noted. Hotel use is a permissible land use in the site's B4 Mixed Use zone. The proposed hotel use is consistent with the priority in the City's Visitor Accommodation and Action Plan to encourage hotel development, particularly 3 star hotels. Strong demand for new hotels is forecast, particularly from new development at Darling Harbour and Barangaroo.

Noise, visual amenity and privacy impacts on nearby residents

31. Two submissions raised concerns about potential noise and privacy impacts on neighbouring residents. The submissions were a joint submission from owners and residents of the neighbouring apartment building at 50 Murray Street, opposite the site, and a joint submission from owners and residents of the apartment building at 1–29 Bunn Street, approximately 100 metres to the south of the site.
32. Both submissions state the residents and owners do not raise any in-principle objection to the Planning Proposal. One submission also states the residents and owners also support adaptively reusing buildings in Pyrmont to protect the existing built form and streetscape of the area.
33. Both submissions want Council to require any future development application for a hotel to include appropriate screening to any rooftop plant and equipment to minimise visual amenity and noise impacts on neighbouring residents. The submission from owners and residents at 50 Murray Street also wants windows to be appropriately screened to protect residents' privacy.
34. The amenity issues raised are noted and will be addressed as part of any associated future development application for a hotel. Council is required to consider the public interest when determining any development application under section 79C of the Environmental Planning and Assessment Act 1979. Additionally, the development will need to exhibit design excellence in accordance with clause 6.21 of Sydney LEP 2012. The objective of this clause is to deliver the highest standard of architectural, urban and landscape design. Council must have regard to whether the proposed development achieves a high standard of architectural design and how it addresses environmental impacts such as noise, visual and acoustic privacy.
35. The City will encourage the proponent to screen any rooftop plant during the design development stage. If it does not, Council will impose a condition in the consent requiring any rooftop plant to be screened. Increasing the maximum building height will also reduce the visibility of any proposed rooftop plant. An acoustic report will also be required as part of any development application and this will be considered by the City's Health and Building Unit. Detailed conditions will also be specified in the consent to address noise impacts.

Traffic and parking

36. Three submissions raised traffic and parking issues. The three submissions are from the residents and owners of the apartment buildings at 50 Murray Street and 1-29 Bunn Street and from an individual. Issues raised relate to noise, traffic and parking impacts from vehicles servicing any future hotel development. Vehicles include taxis, cars, buses, and service and delivery vehicles.
37. The traffic and transport issues raised are noted and will be assessed as part of any future development application for a hotel. The development will need to comply with traffic and parking provisions in Part 7, Division 1 of Sydney LEP 2012 and section 3.11 and section 7 of Sydney DCP 2012. This includes provisions relating to Transport Impact Studies, Green Travel Plans, Transport Access Guides, car parking spaces, service vehicles and bus parking. The applicant will need to submit a Transport Impact Study as part of the development application. The City can condition a consent to ensure traffic and servicing impacts are managed.

Streetscape

38. The two joint submissions from residents and owners of apartment buildings at 50 Murray Street and 1-29 Bunn Street also want Council to ensure that any future hotel development contributes to the active and vibrant streetscape, for example, by including active ground floor uses. They also want Council to require external finishes to be sympathetic to the existing built form character of the area. Lastly, they want Council to require signage to be appropriately designed and located.
39. These issues are noted and will be assessed as part of any associated future development application for a hotel. The exhibited draft DCP amendment includes a provision requiring active uses and frontages to be provided on the ground floor fronting Murray Street and Union Lane. Any development application for a hotel at the site will be assessed against this provision.
40. The development will also need to comply with design excellence provisions in clause 6.21 of Sydney LEP 2012, including:
 - (a) whether a high standard of architectural design, materials and detailing appropriate to the building type and location is achieved;
 - (b) whether the form and external appearance of the proposed development will improve the quality and amenity of the public domain;
 - (c) how the proposed development addresses any heritage issues and streetscape constraints; and
 - (d) how the proposed development achieves appropriate interfaces at ground level between the building and the public domain.

Heritage

41. One submission from an individual, presumably a nearby resident, stated the 'heritage building should be left as it is'.
42. This issue is noted. As noted in the Planning Proposal, the site is not listed as a heritage item and is not located in a heritage conservation area. It is in the vicinity of two heritage items, 47-49 Murray Street and 51-53 Murray Street, located immediately to the south of the site. The two heritage items are 1920s warehouses that are historically significant as a representative of that building type. The intactness of the warehouses and their consistent scale contributes substantially to their significance.
43. The planning proposal will enable development that is consistent with the scale of the two nearby heritage items. The proposed indicative concept proposes to align the ground floor ceiling with the ceiling height of the adjacent heritage item. Further, the existing commercial building on the site aligns with the parapet height at 47-49 Murray Street. The proposed additions above the existing building align with the cornice line at 43 Murray Street, immediately to the north of the site. Collectively, 45 Murray Street and 43 Murray Street will read as corner markers, with a setback that steps down to 47-49 Murray Street.

Permissibility of hotels

44. One submission from a long term resident stated the 'change of zoning should not go ahead as it [any future proposed hotel development] is a prohibited development under the Ultimo/Pymont Agreement'. The submission's reference to the Ultimo/Pymont Agreement is presumed to be a reference to the Ultimo Pymont Public Amenities and Services Agreement 1994 ('Services Agreement').
45. The Planning Proposal is to increase the maximum building height for a hotel development. It does not propose to change the zoning. Hotel development is already a permissible land use under the existing B4 Mixed Use zone. The Services Agreement relates to development contributions and infrastructure delivery, but does not contain development controls. It does not prohibit hotel development.

Land use at 50 Murray Street

46. One submission from an individual notes the Planning Proposal incorrectly identified 50 Murray Street as the Ibis Hotel. 50 Murray Street is an apartment building and the Ibis Hotel is at 70 Murray Street. Both 50 Murray Street and 70 Murray Street are located to the east of the subject site, on the opposite side of Murray Street.
47. The Planning Proposal's incorrect identification of the adjoining land use at 50 Murray Street is noted. It does not materially affect the Planning Proposal's environmental, social or environmental impact. This includes overshadowing, view, privacy and heritage impacts. These issues will be addressed as part of any associated future development application for a hotel. Consequently, the Planning Proposal does not need to be amended or re-exhibited.

KEY IMPLICATIONS

Strategic Alignment - Sustainable Sydney 2030 Vision

48. 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 proposed amendment to Sydney DCP 2012 align with the following Sustainable Sydney 2030 strategic directions and objectives:
- (a) Direction 1 – A Globally Competitive and Innovative City. The proposed amendments to planning controls for the site will facilitate redevelopment of the site for a hotel. This will support Sydney's tourist industry, which is a sector of critical importance to Sydney's economy, and contribute to making Sydney attractive to global investors.
 - (b) Direction 3 – Integrated Transport for a Connected City. The potential future use of the site as a hotel will take advantage of excellent proximity to public transport links and a broad range of services.

Economic

49. Through facilitating the delivery of hotel accommodation in close proximity to Central Sydney, the Planning Proposal and draft DCP amendment will support Sydney's visitor accommodation industry, with flow-on benefits to Sydney's economy.

RELEVANT LEGISLATION

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

CRITICAL DATES / TIME FRAMES

51. The Gateway Determination set the completion date for the Planning Proposal as 14 January 2017.

GRAHAM JAHN, AM

Director City Planning, Development and Transport

(Jonathon Carle, Senior Specialist Planner)