

Item 4.

Public Exhibition - Planning Proposal - 4-6 Bligh Street, Sydney - Request Gateway Amendment

File No: X011838

Summary

The City supports the NSW target of net zero emissions by 2050 set out in the NSW Climate Change Policy Framework. The Greater Sydney Region Plan and Eastern City District Plan have enabling actions and strategies for a low carbon city to support the State target. The City has a strong track record of working collaboratively to better understand what business as usual practices need to change to meet the State's net zero emissions objective.

This is a supplementary report to the Transport, Heritage and Planning Committee and Central Sydney Planning Committee reports of 12 March 2018 and 15 March 2018 respectively, which considered a Planning Proposal for 4-6 Bligh Street, to amend the Sydney Local Environmental Plan 2012 and Sydney Development Control Plan 2012 and a planning agreement.

This site is the first to take advantage of opportunities presented under the proposed draft Central Sydney Planning Strategy, and proposes a mixed use development of commercial office podium and tower development comprising a hotel of over 400 rooms, including aspirational sustainability outcomes. The estimated value of the hotel automatically triggers state significant development planning process.

During the Committee process, concerns were raised by the proponent about the ability to achieve the NABERS Energy ratings for both the office and hotel, as set out in the planning controls.

While supported by Committee at the time of approval, the concerns raised by the proponent were followed up by staff and further investigations were undertaken by the City into the project's ability to achieve the proposed NABERS energy ratings for both the commercial office and hotel component. The City has already completed investigations to support the inclusion of 5.5 star NABERS Energy for the recent Energy and Waste DCP amendment. This proposed amendment was endorsed by Council for public exhibition on 16 April 2018.

The City's supplementary investigations found the commercial office component of this project was able to achieve the proposed 5.5 star NABERS Energy rating for Office within acceptable industry rates of return and is feasible.

However, the City's investigations found that the hotel component of the project was not able to achieve the proposed 5 star NABERS Energy rating for Hotels within acceptable industry rates of return and is therefore not feasible at this time with the current available technologies and foreseeable operating costs.

On 4 June 2018, the Department of Planning and Environment issued a conditional Gateway Determination requiring amendments to the planning proposal prior to exhibition which do not alter the proposal's intent. The Department of Planning and Environment advise that they will consider modifying the Gateway Determination, subject to confirmation from Council, to reflect this finding.

This report serves to update the Committee on these findings, and seeks delegation to the Chief Executive Officer to write to the Department and request an amended Gateway Determination to modify the planning proposal to refer to a 4.5 Star NABERS Energy rating for the hotel component.

Recommendation

It is resolved that:

- (A) authority be delegated to the Chief Executive Officer to write to the Department of Planning and Environment requesting that the Gateway Determination for the Planning Proposal: 4-6 Bligh Street, Sydney be amended to reflect a 4.5 star NABERS Energy rating requirement for the hotel component; and
- (B) Council amend the ecologically sustainable development provision in the Draft Sydney Development Control Plan 2012 - 4-6 Bligh Street, to require a 4.5 star NABERS Energy rating for the hotel component.

Background

1. This is a supplementary report to the Transport, Heritage and Planning Committee and Central Sydney Planning Committee reports of 12 March 2018 and 15 March 2018 respectively, which considered a Planning Proposal for 4-6 Bligh Street, to amend the Sydney Local Environmental Plan 2012 and Sydney Development Control Plan 2012 and a planning agreement.
2. This site is the first to take advantage of opportunities presented under the proposed Central Sydney Planning Strategy, and proposes a mixed use development of commercial office podium and tower development comprising a hotel of over 400 rooms, including aspirational sustainability outcomes. The estimated value of the hotel will mean the development automatically triggers state significant development process.
3. During the Committee process, concerns were raised by the proponent about the ability to achieve the NABERS Energy ratings for both the office and hotel, as set out in the planning controls.
4. While supported by Committee at the time of approval, the concerns raised by the proponent were followed up by staff and further investigations were undertaken by the City into the project's ability to achieve the proposed NABERS energy ratings for both the commercial office and hotel components.
5. The City completed investigations to support the inclusion of 5.5 star NABERS Energy for the recent Energy and Waste DCP amendment. This proposed amendment was endorsed by Council for public exhibition on 16 April 2018.
6. The City's supplementary investigations for this project found the commercial office component was able to achieve the 5.5 star NABERS Energy rating for Office within acceptable industry rates of return and is feasible.
7. However, the City's investigations found the hotel component of the project was not able to achieve the 5 star NABERS Energy rating for Hotels within acceptable industry rates of return and is not feasible at this time with the current available technologies and foreseeable operating costs.
8. These investigations noted that the capital and operating costs of the technology required to move from 4.5 and 5 star NABERS Energy rating for the hotel component jumps significantly. The additional capital expenditure cannot be offset by energy cost savings for over 30 years, which is a significant challenge to the feasibility of the project.
9. On 4 June 2018 the Department of Planning and Environment issued a conditional gateway determination requiring amendments to the planning proposal prior to exhibition which do not alter the proposal's intent. The Department of Planning and Environment will consider modifying the Gateway Determination, subject to confirmation from Council, to reflect this finding.
10. This report updates the Committee on these investigations and seeks delegation to the Chief Executive Officer to write to the Department and request an amended Gateway Determination to modify the planning proposal to refer to a 4.5 star NABERS Energy rating for the hotel component.

Key Implications

11. The Sydney Local Environmental Plan 2012 and draft Sydney Development Control Plan 2012 amendments will require the development to meet a 4.5 Star NABERS Energy rating for Hotels.
12. The NABERS Energy rating will remain unchanged for commercial, at 5.5 stars and the NABERS water score for commercial and hotel remains unchanged at 4 stars.
13. The amendment maintains a requirement for a strong environmental performance that is considered feasible and will help deliver the State target for Net Zero Emissions and sustainability objectives under the Greater Sydney Region Plan, Eastern City District Plan, and the City of Sydney's Sustainable 2030.

Relevant Legislation

14. Environmental Planning and Assessment Act 1979.

Public Consultation

15. Public consultation remains unchanged for the proposal. The amendments will be made prior to public exhibition.
16. The public exhibition process for the planning proposal will be determined by the Greater Sydney Commission. It is proposed that public exhibition of the planning proposal and the notification of the Planning Agreement run concurrently.
17. The public exhibition would be a minimum of 28 days, with notification:
 - (a) on the City of Sydney website; and
 - (b) in newspapers that circulate widely in the City of Sydney local government area.
18. Section 7.5(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 7.5(2) requires that, where possible, the agreement be exhibited concurrent with any other publicly notifiable matters relating to the agreement.

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