

Item 3.4**Reaching Agreement on the Central Sydney Planning Strategy****File No: S051491****Minute by the Lord Mayor**

To Council:

The draft Central Sydney Planning Strategy ('the draft Strategy') is the first major review of Central Sydney planning controls in 45 years. It aims to balance the city's residential property boom with the need to preserve and grow commercial, retail, hotels and cultural space.

The amendments to the Central Sydney planning controls supported by the strategy will unlock almost 2.9 million square metres of additional floor space for retail, hotel, cultural and office needs to encourage economic and employment growth over the next two decades. It allows for significant increases in the height of buildings while protecting our key public places like Hyde Park.

The draft Strategy is central to the City's ability to meet the priorities and actions set for the City in the NSW Government's Eastern City District Plan.

On 6 December 2019, I exchanged letters with the Minister for Planning and Public Spaces outlining an in-principle agreement with three amendments to the draft planning proposal that will allow an expedited Gateway Determination to progress this important work. These letters are attached to this Minute.

This Minute seeks agreement for the city to amend the draft proposal according to this in-principle agreement, for consideration by Council and the Central Sydney Planning Committee by February 2020.

Background

In July 2016, the draft Central Sydney Planning Strategy and associated plans, including a planning proposal and draft development control plan, were unanimously endorsed by Council and the Central Sydney Planning Committee. Those documents were forwarded to the Department of Planning and Environment with a request for a Gateway Determination to exhibit the planning proposal.

Since then, the City has prepared and road-tested the 'Draft Guideline to Preparing Site Specific Planning Proposals in Central Sydney', which completes the Strategy package. The Strategy received strong support from the business and property community.

The City has advanced several actions of the draft Strategy where it has been able to do so, including those relating to affordable housing, energy and waste management, heritage, late-night trading and increased employment capacity.

The City has also progressed several development discussions under the proposed Strategy framework, one of which has progressed to the equivalent of a Stage 2 Development Application and early works development application. The 4-6 Bligh Street planning proposal is an example of this approach working in practice. Lodged February 2018 and processed to gateway in 53 days, the planning proposal delivers over 8,000 square metres of office including co-working space, a 400-room hotel, environmental excellence initiatives, an affordable housing contribution and community infrastructure contributions. I am advised that there are a number of other proposals under development which comply with the draft Strategy Guideline.

In March 2019, Council unanimously approved the draft Central Sydney Planning Strategy package to go out on non-statutory public exhibition so that the City could engage with industry and the community to refine and improve it. The City was requested to pursue negotiations with the Department, because getting a gateway approval to allow statutory public exhibition of the planning proposal to occur has been, and remains, our primary objective.

Spurred by that decision of Council, a close working relationship was able to be formed between the City and Department to resolve outstanding matters on the draft strategy and planning proposal.

A Way Forward

Last week, these negotiations resulted in the NSW Minister for Planning and Public Spaces and I providing in-principle agreement to the Strategy and accompanying planning proposal with the following three amendments:

- allowing for a new design excellence bonus pathway for up to 50 per cent more floor space and height for development in the four tower cluster areas (near Barangaroo, Circular Quay, Central and Town Hall) that demonstrate design excellence and meet the intent of the draft Strategy Guideline;
- encouraging more office, hotel and cultural space in the CBD by removing the residential accommodation bonus instead of implementing a flat 50 per cent cap on residential and serviced apartment accommodation; and
- preparing a new development contributions plan to help fund the delivery of new public infrastructure to ensure the city retains its valued public and green spaces in lieu of the proposed community infrastructure contribution in the draft Guideline on a case by case basis.

These amendments will ensure an expedited Gateway Determination for an amended planning proposal that allows the statutory public exhibition of the planning proposal, while preserving the original intent and objective of the strategy.

Central Sydney's residents, workers and visitors are best served by collaboration between the City and the State Government. This plan strikes a balance between fostering new businesses and growth while protecting and enhancing the great public spaces that make our city unique.

These requested changes are the product of hours of complex, challenging and ultimately fruitful negotiations between the City and Department.

This place-based approach to incentivise good growth in our global city is vitally important. The draft Strategy encourages excellent development outcomes, which enhances rather than detracts from the public places in the city we cherish.

Recommendation

It is resolved that:

- (A) Council note:
- (i) December 2019 marks three years and five months since the City requested gateway determination for the planning proposal supported by its draft Central Sydney Planning Strategy;
 - (ii) the draft Central Sydney Planning Strategy is the first major review of Central Sydney planning controls in 45 years and aims to balance the city's residential property potential with the need to preserve and grow commercial, retail and cultural space;
 - (iii) Council's Resolution in March 2019 to put the planning proposal on non-statutory public exhibition and continue negotiations has expedited efforts between City staff and Department staff that progressed the planning proposal to a stage of mutual in-principle agreement;
 - (iv) the Minister for Planning and Public Spaces and the Lord Mayor exchanged letters on 6 December 2019 providing in-principle agreement to the draft Central Sydney Planning Strategy and associated planning proposal with the following amendments and, subject to the approval of Council and the Central Sydney Planning Committee, an expedited Gateway Determination to put the planning proposal on statutory public exhibition:
 - (a) removal of the proposed 50 per cent cap on residential accommodation, and instead remove the existing residential accommodation bonus in the local environmental plan;
 - (b) replacement of the proposed site-specific planning proposal process with an additional design excellence pathway in four mapped tower cluster areas of central Sydney, that allows for up to 50 per cent additional floor space where development demonstrates design excellence; and
 - (c) removal of the provision relating to development contributions and instead prepare a development contributions plan under section 7.12 of the Environmental Planning and Assessment Act 1979, including appropriate contributions to help fund the delivery of new public infrastructure;
 - (v) that the proposed non-statutory public exhibition process will not proceed;
- (B) noting the matters in part (A), Council gives in-principle agreement to the amendments requested to the draft Strategy by the Minister for Planning and Public Spaces; and

- (C) the Chief Executive Officer be requested to expedite the drafting of amendments to the suite of draft Central Sydney Planning Strategy planning proposal documents, as outlined in (A), with the updated Central Sydney Planning Strategy planning proposal documents to be reported back to Council in February 2020.

COUNCILLOR CLOVER MOORE

Lord Mayor

Attachments

Attachment A. Correspondence from the Minister for Planning and Public Spaces to the Lord Mayor regarding the Central Sydney Planning Strategy

Attachment B. Response from the Lord Mayor to the Minister for Planning and Public Spaces