

## Item 8.

### Public Exhibition – Planning Proposal – 92-98 Brougham Street, Potts Point – Sydney Local Environmental Plan 2012 Amendment

File No: X037821

#### Summary

Sydney's tourism industry makes a significant contribution to the local and state economy. During the 2017/18 financial year, over six million international and domestic overnight visitors stayed in visitor accommodation located in the City of Sydney local government area.

Prior to Covid-19, Sydney hotels were running at over 80 per cent occupancy year on year. For 2020, hotel occupancy rates are well down, getting to as low as 25 per cent for the June Quarter according to Destination NSW. However, post-Covid occupancy rates are expected to recover quickly and reach pre-Covid demand by 2023. Planning for a diverse visitor accommodation offering in the City of Sydney therefore remains important in terms of supporting the local, regional and national economies.

Analysis by the City of Sydney in 2013 found a sustainable supply of visitor accommodation is needed to support tourism growth. The City's Sustainable Sydney 2030 and Visitor Accommodation Action Plan (2015) aims to facilitate development of additional visitor accommodation. This planning proposal will provide for additional hotel accommodation supply in a highly accessible location. It will assist in the conservation and activation of the currently vacant and heritage listed Piccadilly Hotel.

The site known as 92-98 Brougham Street, Potts Point is located a short distance from Kings Cross Railway Station and Darlinghurst Road. It is part of a larger development site that includes two properties at 169 and 172 Victoria Street to the east, one of which is the vacant heritage listed Piccadilly Hotel.

The owner, Harrphil Pty Ltd, has request a planning proposal be prepared to permit hotel accommodation as an additional use on the subject site. This will facilitate a hotel proposal across the larger development site where hotel accommodation is already permissible for the Victoria Street properties.

This report recommends approval of the planning proposal for submission to the Department of Planning, Industry and Environment seeking a gateway determination for public exhibition. A site-specific amendment to Sydney Development Control Plan (DCP) 2012 is not proposed in this instance with existing DCP controls considered sufficient to make an appropriate assessment around the acceptability of the proposal at development application stage.

The owner has undertaken some community consultation regarding the proposal with a Stakeholder Engagement Report prepared in support of the proposal and shown at Attachment A12. The Report concludes that stakeholders consulted are interested in preserving the character and amenity of the area with no objection to the use of the site for hotel accommodation.

## **Recommendation**

It is resolved that:

- (A) the Central Sydney Planning Committee approve Planning Proposal – 92-98 Brougham Street, Potts Point shown at Attachments A1 to A12 to the subject report, for submission to the Department of Planning, Infrastructure and Environment with a request for a Gateway Determination;
- (B) the Central Sydney Planning Committee approve the Planning Proposal – 92-98 Brougham Street, Potts Point shown at Attachments A1 to A12 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 Transport, Heritage and Planning Committee on 19 October 2020 that Council seek authority from the Department of Planning, Infrastructure and Environment to exercise the delegation of functions under Section 3.36 of the Environmental Planning and Assessment Act 1979 to make the local environmental plan and put into effect Planning Proposal – 92-98 Brougham Street, Potts Point; and
- (D) authority be delegated to the Chief Executive Officer to make any minor variations to Planning Proposal – 92-98 Brougham Street, Potts Point following receipt of the Gateway Determination.

**Attachments**

- Attachment A1.** Planning Proposal - 92-98 Brougham Street, Potts Point
- Attachment A2.** Urban Design Study - Part 1
- Attachment A3.** Urban Design Study - Part 2
- Attachment A4.** Heritage Impact Statement
- Attachment A5.** Conservation Management Plan - Part 1
- Attachment A6.** Conservation Management Plan - Part 2
- Attachment A7.** Traffic and Transport Study
- Attachment A8.** Indicative Plan of Management
- Attachment A9.** Acid Sulphate and Contamination Assessment
- Attachment A10.** Economic and Social Impact Assessment
- Attachment A11.** Land Use Analysis
- Attachment A12.** Stakeholder Engagement Report

## Background

1. Sydney's tourism industry makes a significant contribution to the local and state economy. During the 2017/18 financial year, over six million international and domestic overnight visitors stayed in visitor accommodation located in the City of Sydney local government area. The availability of visitor accommodation in the City of Sydney is important to the success of the local, regional and national economies. Domestic and international overnight visitors stay in Sydney for a range of purposes including leisure, education and business travel.
2. Tourism and accommodation is recognised as one of the key sectors which will continue to play a major role in the city's economy and support Sydney's status as a premier destination on both the local and international scale. However, research carried out by the City of Sydney in 2013 indicates a considerable shortfall in the number of mid-range hotel rooms for the city.
3. This report seeks approval of Planning Proposal – 92-98 Brougham Street, Potts Point (the Planning Proposal), at Attachments A1 to A12, for submission to the Department of Planning, Industry and Environment (the Department) with a request for a Gateway Determination to allow public exhibition. The planning proposal seeks to insert hotel and motel accommodation as an additional permitted use for the subject site in Sydney Local Environmental Plan 2012. Hotel and motel accommodation is prohibited under the current General Residential zoning. The change allows a development application to be submitted and for the impacts to be assessed against the planning controls.
4. The subject site is known as 92-98 Brougham Street, Potts Point and is located a short distance from Kings Cross Railway Station and Darlinghurst Road. It is part of a larger development site that includes two properties at 169 and 171-173 Victoria Street to the east, one of which is the vacant heritage listed Piccadilly Hotel.
5. In early 2020, the landowner sought pre-development application advice on a proposal for a boutique hotel on the subject and Victoria Street sites. The proponent was advised not to lodge a development application since the proposed use was prohibited for the Brougham Street properties. A hotel is defined as a tourist and visitor accommodation which is prohibited under the R1 General Residential zone.
6. A request to prepare a planning proposal was submitted to the City by the landowner in June 2020. The proposal seeks to facilitate a future hotel development application for a larger development site where hotel accommodation is already permissible for the Victoria Street properties.
7. The request was supported by a range of studies including a Heritage Impact Statement, Traffic and Transport Study and Private Community Consultation Report, which form attachments to the planning proposal.

## Covid-19 response

8. Prior to Covid-19, Sydney hotels were running at over 80 per cent occupancy year on year. For 2020, hotel occupancy rates are well down, getting to as low as 25 per cent for the June Quarter according to Destination NSW. However post-Covid occupancy rates are expected to recover quickly and reach pre-Covid demand by 2023. Planning for a diverse visitor accommodation offering in the City of Sydney therefore remains important in terms of supporting the local, regional and national economies.
9. This proposal will complement the City's Small Business, Cultural and Creative Support Package and support the tourism industry and wider economy in their post-Covid-19 recovery.

## Site details and context

10. The planning proposal applies to four properties located at 92-98 Brougham Street, Potts Point. The site is part of a single contiguous land holding that includes 169-173 Victoria Street, Potts Point to the east as shown in Figure 1.

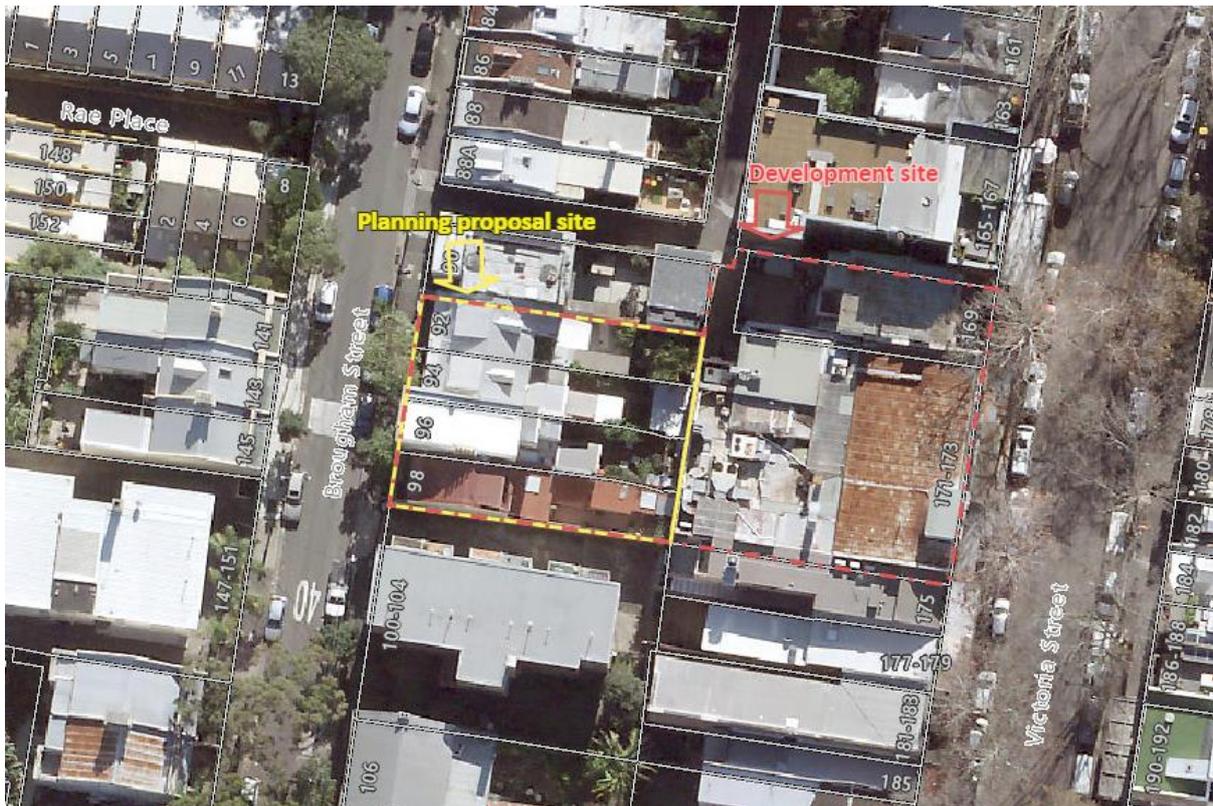


Figure 1: Aerial photo of the planning proposal site (yellow outline), larger development site (red outline) and surrounding area

11. The site is rectangular and has a total area of 535.8 square metres. The northern and southern boundaries are about 27 metres long and the eastern and western boundaries are about 21 metres long.

12. The planning proposal site is occupied with row housing consisting of three two-storey terrace dwellings and a three-storey residential flat building with three occupancies. All dwellings are tenanted.
13. The site is located within the suburb of Potts Point and is about 240 metres walking distance to Kings Cross Railway Station and Darlinghurst Road to the east.
14. Adjoining development to the site includes a 5-storey residential flat building to the south and a recently constructed 3 storey dwelling.
15. Adjacent to the site, Brougham Street is dominated by residential uses with existing development comprising 2 storey terraces, some with attic rooms, interspersed with occasional 3 to 5 storey residential flat development.
16. Brougham Street is a one-way street directing traffic southwards. It connects with William Street to the south and Cowper Wharf Roadway to the north.



Figure 2: View looking north on Brougham Street showing planning proposal site on the right and Brougham Street streetscape



Figure 3: View looking south on Brougham Street showing planning proposal site on the left and Brougham Street streetscape



Figure 4: View looking east to the planning proposal site showing three terrace dwellings and a residential flat building at 92-98 Brougham Street

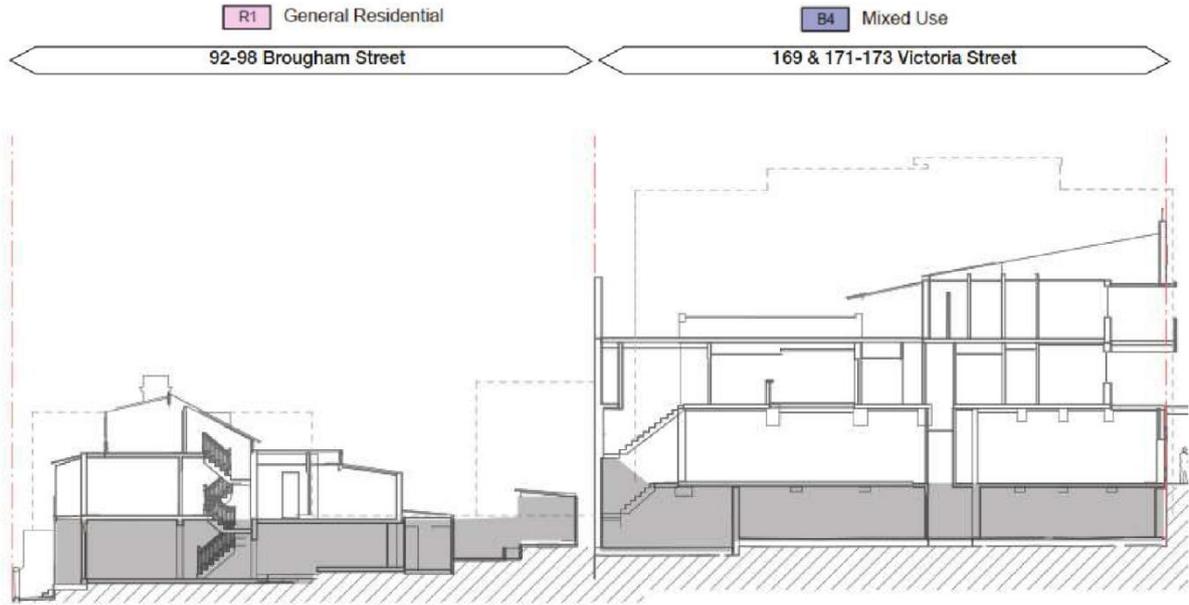


Figure 5: Existing cross section looking north - Brougham Street left, Victoria Street right

## Pre-DA Scheme

17. An indicative scheme was submitted by the landowner for 92-98 Brougham Street which shows the existing on-site structures being used as part of a larger hotel development that encompasses the adjoining properties 169-173 Victoria Street, Potts Point. The scheme is shown here for background only. Any development application will be assessed against the current planning controls, including those related to heritage, amenity and transport and access.
18. The planning proposal site is proposed to be used as hotel rooms and a courtyard. An indicative cross-section of the proposal is shown in Figure 6.

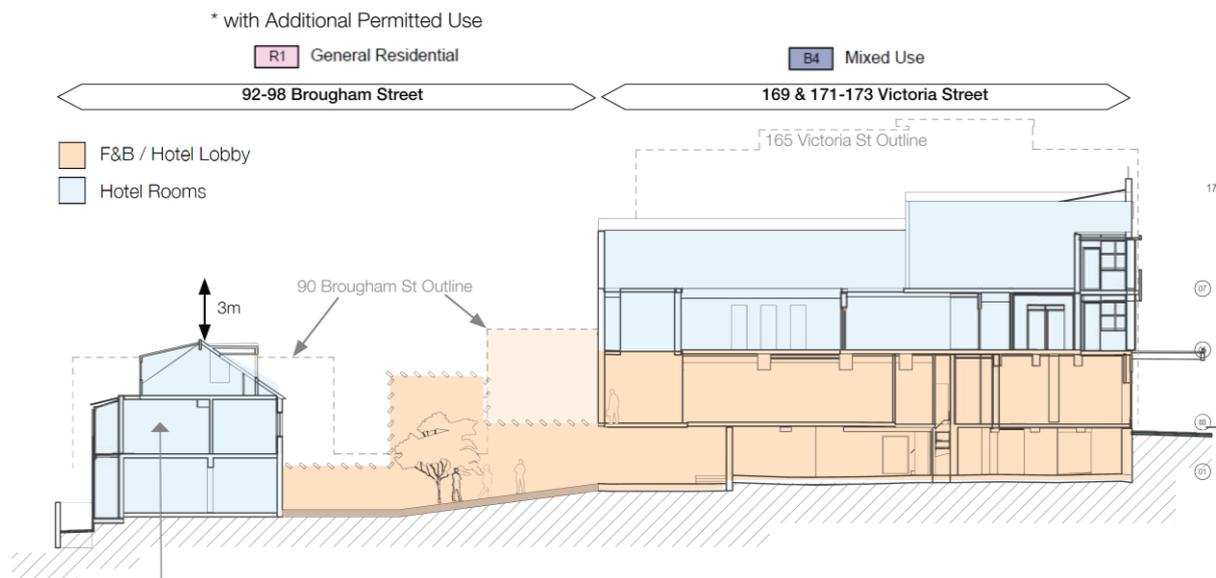


Figure 6: Indicative cross-section of proposed scheme looking north

19. The indicative scheme included the restoration of Brougham Street buildings in keeping with their original architectural detailing. In the case of 96 Brougham Street, this will involve more extensive building modifications with the removal of the 1940's additions that converted it into a residential flat building. Ultimately, the buildings will appear as a row of restored terrace houses with individual gardens behind a palisade fence that are integrated into the character of the Woolloomooloo Heritage Conservation Area without revealing the hotel use within. Indicative modelling of the restored external appearance of the Brougham Street terrace buildings is shown in Figure 7.

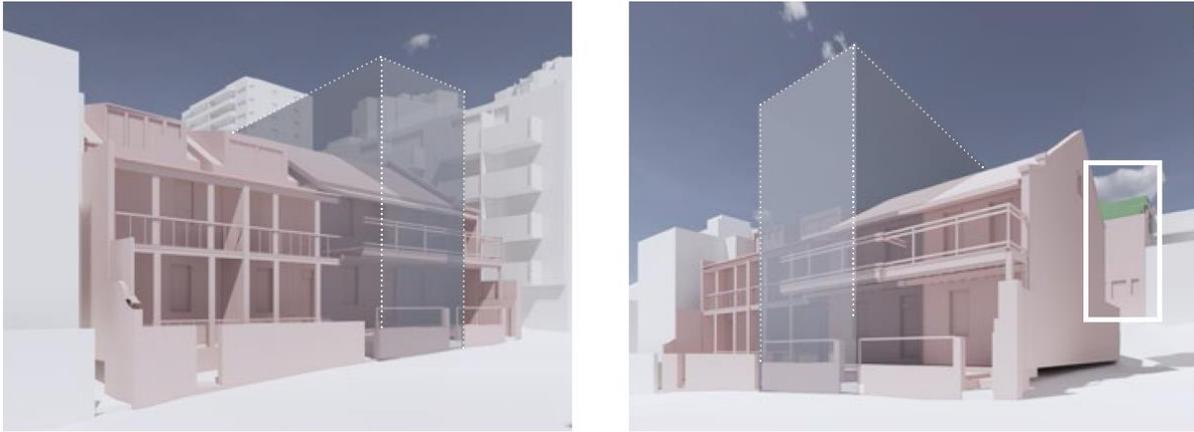


Figure 7: Indicative modelling of the conserved/restored buildings to Brougham Street

20. As part of the proposal, the Heritage Item on 171-173 Victoria Road, known as the Piccadilly Hotel will be restored and conserved and used as hotel rooms, reception, and a food and beverage premise. Although not a listed heritage item, 169 Victoria Street will be restored and conserved in keeping with the values of the Potts Point Heritage Conservation Area and used for guest accommodation.

#### Current planning controls

21. The site is subject to the planning controls in the Sydney Local Environmental Plan 2012 (Sydney LEP 2012) and Sydney Development Control Plan 2012 (Sydney DCP 2012). The key planning controls applying to the site are:
- Land zone: R1 General Residential, which permits bed and breakfast accommodation, food and drink premises, hostels and shops, but doesn't permit hotel accommodation.
  - Height of buildings: Maximum 12 metres
  - Floor Space Ratio (FSR): Maximum of 1.5:1 for 92 and 94 Brougham Street and 1.75:1 for 96 and 98 Brougham Street.
22. The site does not contain heritage items, although it is part of the Woolloomooloo Heritage Conservation Area (C71). All existing buildings on site are listed as contributory with the exception of the residential flat building at 96 Brougham Street, which is listed as neutral.
23. Adjoining the eastern boundary of the site is a listed heritage item (I1192, Piccadilly Hotel, 171-173 Victoria Street) which is also part of the Potts Point Heritage Conservation Area (C51). 169 Victoria Street is listed as a contributory building.
24. Sydney DCP 2012 contains sufficient detailed controls to make an appropriate assessment around the acceptability of the proposal at development application stage, including controls relating specially to visitor accommodation, development within a heritage conservation area and traffic and access issues.

## Planning proposal amendments to the Sydney LEP 2012

25. The planning proposal at Attachment A proposes to amend the Sydney LEP 2012 to permit 'hotel or motel accommodation' as an additional permitted use for 92-98 Brougham Street. This will facilitate a hotel proposal to be lodged as a development application across the larger development site where hotel accommodation is already permissible for the Victoria Street properties.

## Key Implications

### Strategic merit

26. The planning proposal demonstrates strategic merit. It will contribute to the supply of tourist and visitor accommodation in the local area and the City more generally. The site is in a highly accessible location and the indicative scheme shows a commitment to restoring and conserving the heritage values associated with the local area. The site-specific merits of the proposal are discussed below, followed by a consistency comparison with the Eastern City District Plan and the City's Sustainable Sydney 2030 Plan.

### Visitor accommodation

27. Sydney's tourism industry makes a significant contribution to the local and state economy. During the 2017/18 financial year, 6.09 million international and domestic overnight visitors stayed in commercial accommodation located in the City of Sydney local government area. Analysis by the City of Sydney in 2013 found a sustainable supply of visitor accommodation is needed to support projected tourism growth.
28. The City's Sustainable Sydney 2030 and Visitor Accommodation Action Plan (2015) aim to facilitate development of additional visitor accommodation. This planning proposal will provide for a new mid-range hotel use in a highly accessible location, contributing to accommodation supply.
29. The location, near Darlinghurst Road, provides opportunities for visitors to access food and drink premises, boutique retailing, entertainment venues, creative and cultural venues and major events such as the Sydney Gay and Lesbian Mardi Gras. The site is also well serviced by bus routes on Darlinghurst Road and William Street as well as Kings Cross Railway Station.
30. The planning proposal to facilitate the concept design provides the opportunity for the well-placed site to provide visitor accommodation for this area of Sydney. Accordingly, the planning proposal has strategic merit to support the tourism industry.

## Consideration of environmental impacts

31. The planning proposal is informed by detailed studies prepared 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. The key relevant findings of the studies are discussed below.

**Built form**

32. No change is proposed to the current height and floor space controls in the planning proposal. The indicative scheme has shown the potential for a hotel development that is generally consistent with the existing built form. The construction of a hotel on the development site will result in the refurbishment of the existing terraces on the planning proposal site and the re-modelling of 96 Brougham Street to a matching terrace form. The resultant form will be a row of four terraces of two storey appearance with attic rooms expressed as dormer windows. This will be consistent with other residential terrace forms in the vicinity.

**Flooding and stormwater**

33. The development site is within the City's Woolloomooloo Floodplain Risk Management Plan Catchment. Although the planning proposal site is not defined as part of a flood hazard area flow path (i.e. along Brougham Street), Victoria Street is a flood hazard area flow.
34. At the development application stage, the proposal will need to demonstrate compliance with the City's stormwater and flood planning requirements of the Sydney DCP 2012 and the City's Interim Floodplain Management Policy.

**Traffic and transport**

35. No change is proposed to the parking rates in Sydney LEP 2012 and the transport and access controls in the Sydney DCP 2012 will apply. The indicative scheme shows the proposed hotel use for the planning proposal site will not have no pedestrian or vehicle access from Brougham Street. Victoria Street is proposed to be the access point for the hotel complex and the traffic and transport generation is not considered to be significant. This is partly due to the hotel location which is well serviced by public transport.
36. Although no onsite car parking is proposed, or indeed possible given the heritage constraints of the site, all servicing such as hotel delivery, waste collection, guest drop off and set down will occur on Victoria Street. These matters will need to be carefully considered in accordance with the City's guidelines for service vehicles and bicycle parking as outlined in the Sydney DCP 2012 during the preparation and assessment of a development application.

**Heritage**

37. The planning proposal site contains a row of two storey mid-19th century terraces, one of which has been significantly altered by a conversion to a residential flat building in the 1940s (96 Brougham Street). The properties are part of the C71 Woolloomooloo Heritage Conservation Area (HCA) in Sydney LEP 2012. The Sydney DCP 2012 Building Contributions Map identifies the three terraces as contributory items while the altered terrace is listed as a neutral item. No changes are proposed to the HCA or the contributory status of the buildings.
38. The applicant's Heritage Impact Statement submitted with the planning proposal conceptually discusses the removal of the rear wing structures of the terraces and the 1940s additions to 96 Brougham Street. Although the buildings are conceptually capable of a sympathetic adaptive reuse for hotel purposes, the priority must be the management of the amenity of Brougham Street and the avoidance of adverse impacts on the building group's heritage significance.

39. At the development application stage, a more holistic detailed assessment of the impacts of the removal of the rear wings and later additions to the buildings will be required. This will include, but be not limited to, an assessment of their original fabric, built form, bulk, scale, impact on historic development pattern, fine grain pattern and the subdivision pattern of the heritage conservation areas.

### **Strategic Alignment - Eastern City District Plan**

40. The Eastern City District Plan sets the local planning context for the City of Sydney local government area and provides a 20-year plan to manage growth and achieve the 40-year vision of the Greater Sydney Region Plan at a district level and is a bridge between regional and local planning.
41. This planning proposal gives effect to two key relevant planning priorities from the Plan:
  - (a) Productivity Priority E7: Growing a stronger and more competitive Harbour CBD, and
  - (b) Productivity Priority E13: Supporting growth of targeted industry sectors.
42. The site is within the Harbour CBD, one of the Sydney Region's three metropolitan centres. The District Plan recognises the importance of tourism in the Harbour CBD. This Planning Proposal will support and contribute to the visitor economy by facilitating the redevelopment of the site for hotel use in the undersupplied mid-high range market. Its location in the City Fringe and in walking distance of Kings Cross Railway Station will support the use of public transport.

### **Strategic Alignment - Sustainable Sydney 2030**

43. 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 Sustainable Sydney 2030 strategic directions and objectives:
  - (a) Direction 1 - A Globally Competitive and Innovative City - the planning proposal will support Sydney's role as an important centre of business and investment by providing additional hotel options for visitors in a high amenity area.
  - (b) Direction 3 - Integrated Transport for a Connected City - the site is close to the Kings Cross Railway station and bus service routes providing connections to Central Sydney and other areas of the Sydney Metropolitan Area.

## Strategic Alignment - City Plan 2036: Local Strategic Planning Statement

44. The City of Sydney's Local Strategic Planning Statement sets out the land use planning context, 20-year vision and planning priorities to positively guide changes towards the City's vision for a global and connected city. The planning statement explains how the planning system will manage that change to achieve the desired outcomes and guides future changes, including those sought by proponents through planning proposals. This planning proposal gives effect to the following priorities of the Statement:
- (a) Infrastructure - I1 - Movement for walkable neighbourhoods and a connected city – the planning proposal promotes walking and cycling to and from the site. It is easily accessible via public transport and is well connected within the City of Sydney.
  - (b) Productivity - P2 - Developing innovative and diverse business clusters in the City Fringe – The planning proposal contributes to a genuine mix of uses to support lively and thriving village economy and supports the City Fringe's contribution to the city's and the District's economic diversity.
  - (c) Sustainability - S2 - Creating better buildings and places to reduce emissions and waste and use water efficiently – The adaptive reuse of the buildings on the site will likely result in them becoming more energy efficient and with reduced water consumption.
  - (d) Governance - G1 - Open, accountable and collaborative planning - The Planning Proposal has been informed by ongoing collaboration between the proponent and the City of Sydney. Further community and stakeholder consultation as part of the planning proposal process will continue the open and collaborative planning for the site.

## Relevant Legislation

- 45. Environmental Planning and Assessment Act 1979.
- 46. Environmental Planning and Assessment Regulation 2000.

## Critical Dates / Time Frames

- 47. Should Council and the Central Sydney Planning Committee endorse the attached planning proposal for public exhibition, it will be forwarded to the Department of Planning, Industry and Environment in accordance with section 3.34 of the Act for gateway determination to proceed with consultation or resubmit the planning proposal.
- 48. Following the gateway determination, the typical timeframe is 28 days for public authority consultation and public exhibition. The Gateway Determination will specify any conditions for consultation and public exhibition as well as a date by which the Local Environmental Plan amendment should be finalised.

49. Following public authority consultation and public exhibition, issues raised in submissions will be reported back to Council and the Central Sydney Planning Committee.
50. In October 2012, the then Minister for Planning and Infrastructure delegated his planmaking sections to councils to improve the local plan-making process. In December 2012, Council resolved to accept the delegation.
51. Council needs to receive an authorisation on a case by case basis to exercise the delegation. The authorisation is given through the gateway process and means a faster plan-making process. This report notes the recommendation to Council's Transport, Heritage and Planning Committee on 19 October 2020 that Council seek authority to exercise this delegation.

### **Public Consultation**

52. The owner has undertaken some community consultation regarding the proposal with a Stakeholder Engagement Report prepared in support of the proposal and shown at Attachment A12. The Private Community Consultation Report concludes that stakeholders consulted are interested in preserving the amenity of the area with no objection to the use of the site for hotel accommodation. There was a stated desire for more information to be made available on issues such as the use of the land behind the terraces, the heritage impacts, overshadowing, privacy, noise and construction impacts.
53. The public exhibition process for this planning proposal will be determined by the Department of Planning, Industry and Environment. The consultation will be in accordance with the requirements of:
  - (a) the gateway determination issued by the Department of Planning, Industry and Environment under section 3.34 of the Act;
  - (b) the Environmental Planning and Assessment Regulation 2000; and
  - (c) the City of Sydney Community Participation Plan.
54. This would most likely mean the public exhibition would be a minimum of 28 days, with notification on the City of Sydney website.

### **GRAHAM JAHN AM**

Director City Planning, Development and Transport

Terry Agar, Senior Planner