

Item 3.

Post Exhibition - Planning Proposal: Central Sydney 2020 - Draft Sydney Development Control Plan 2012: Central Sydney - Draft Central Sydney Development Contributions Plan

File No: S064204

Summary

Central Sydney is at the core of the metropolitan area, and a key attractor for investment, talent and economic productivity in Australia. To maintain Sydney's global status, it is critical that Central Sydney strengthens its role as an economic conduit between Australia and the rest of the world; builds on its strong position as a centre for ideas and innovation; and reinforces its specialist role in advanced business services and tourism.

The draft Central Sydney Planning Strategy (draft Strategy) is the first major review of Central Sydney Planning controls in 45 years and will ensure that Central Sydney maintains its role as Australia's most productive location and export-orientated services centre. It balances the need to preserve and grow commercial, retail, tourism and cultural uses over the longer term with residential uses that all contribute to a vibrant city centre.

The draft Strategy has an important role in Central Sydney's recovery from the effects of Covid-19. As workers and visitors return to Central Sydney this long-term strategy provides a clear path for investment to help rebuild business confidence and support jobs in small and large businesses.

The draft Strategy was prepared to ensure Central Sydney continues to be Australia's leading economic centre while balancing other needs. The draft Strategy supports opportunities for additional building height and density in the right locations, so long as the new development contributes to environmental sustainability, design excellence and infrastructure.

In December 2019 the Lord Mayor and the Minister for Planning and Public Spaces outlined an in-principle agreement for three amendments to the planning framework that would enable it to progress. These amendments included:

- 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.

The Department of Planning Industry and Environment (DPIE) advised in January 2020 in-principle support for the new contributions plan to levy a three per cent contribution, and that they are committed to working with the City to ensure that the plan can be finalised at the time of, or just after, the making of the local environmental plan.

On 17 February 2020, the Planning Proposal, Draft Development Control Plan (DCP), Draft Central Sydney Development Contributions Plan (draft Contributions Plan) and Draft Amendments to the Competitive Design Policy were endorsed by Council and the Central Sydney Planning Committee (CSPC) for submission to DPIE with a request for Gateway determination and for public exhibition. The planning framework and the draft Strategy was exhibited from 1 May to 10 July 2020.

The City received 86 submissions from a range of stakeholders including residents, community groups, industry peak bodies, planning consultants representing developers or large land owners and state agencies. The City also had 102 participants attend online discussion forums and received 94 complete responses to an online survey about the key moves in the Central Sydney Planning Strategy.

Key matters raised in written submissions and consultation activities include:

- development contributions - the increase in the levy, including the cumulative impact from other requirements, such as affordable housing, design excellence and heritage floor space. There was also concern about the subsequent impacts on project feasibility.
- accommodation floor space - the removal of accommodation floor space with submissions suggesting the city should explore a more nuanced approach to residential, provide greater incentives to employment uses or defer the removal of residential bonus. Some submissions also requested a broader range of non-residential uses should be available.
- towers cluster areas - the impacts of tall towers on amenity, while others sought clarifications on requirements including the minimum site size and exclusion of heritage items.
- Setback variations through wind and daylight modelling (Schedule 11) - clarifications were sought on the 'base case' concept and considered the proposed equivalence procedure to be onerous and suggested it will limit development potential. Submissions also raised concerns with the tapered building form of the base case in Schedule 11.

Following consideration of all feedback received during the public exhibition, several changes have been made to the planning framework. The recommended changes include:

- Savings provision - the City is proposing a savings provision noting there are several live Concept (Stage 1) DA approvals in Central Sydney, likely to be affected by the proposed removal of the accommodation floor space bonus for residential uses. The savings provision is proposed to reference concept development applications and enable the projects to proceed to detailed design DA (stage 2) based on their existing Concept approval.

- Tower cluster/western edge height changes - In response to submissions modifications have been made to the Kent St tower cluster area to exclude the very northern part of the tower cluster around Gas Lane. The area is a transition between the residential character of Millers Point and the commercial core. The proposed additional 30 metres in the height control proposed along the western edge has also been removed.
- The Guideline for Site Specific Planning Proposals in Central Sydney has been updated acknowledging there is an entitlement under the Environmental Planning and Assessment Act 1979 for landowners to lodge planning proposals. The Guideline will inform those lodging planning proposals of the City's requirements and expectations for assessment processes. The community infrastructure contribution rate has been removed from the updated Guideline.

This report recommends Council approve the draft Planning Proposal: Central Sydney 2020 as shown at Attachment B, so that it may be forwarded to the Department of Planning Industry and Environment for making as a local environmental plan. It also recommends Council approve the draft Development Control Plan: Central Sydney, amendments to the Competitive Design Policy and the draft Contributions Plan with a request that the Minister amend relevant planning regulations to enable a contributions levy of up to three per cent on new development. Further it recommends Council note that the Guideline for Site Specific Planning Proposals in Central Sydney will be used to assist proponents prepare planning proposals in Central Sydney.

Recommendation

It is resolved that:

- (A) Council note the matters raised in submissions to the public exhibition of Planning Proposal: Central Sydney 2020, Draft Development Control Plan: Central Sydney, Draft Central Sydney Development Contributions Plan 2020 and draft amendments to the Competitive Design Policy as shown at Attachment A to the subject report;
- (B) Council request the Minister for Planning and Public Spaces amend Clause 25K of the Environmental Planning and Assessment Regulation 2000 to allow for a contributions levy of up to three per cent to apply to new development;
- (C) Council approve the Planning Proposal: Central Sydney 2020 as shown at Attachment B to the subject report, to be made as a local environmental plan under s3.36 of the Environmental Planning and Assessment Act 1979 subject to Clause 25K of the Environmental Planning and Assessment Regulation 2000 being amended as requested in clause (B);
- (D) Council approve the Draft Development Control Plan: Central Sydney, shown at Attachment D to the subject report, noting that it will come into effect on the date of publication of the subject local environmental plan, in accordance with Clause 21 of the Environmental Planning and Assessment Regulation 2000;
- (E) Council approve the Draft Central Sydney Development Contributions Plan 2020 at Attachment E to the subject report, noting it will commence only following the amendment of Clause 25K of the Environmental Planning and Assessment Regulation 2000 and the making of the amendment to the local environmental plan;
- (F) Council approve the draft amendments to the Competitive Design Policy, as shown at Attachment F to the subject report, noting that it will come into effect on the date of publication of the subject local environmental plan;
- (G) Council note the Guideline for Site Specific Planning Proposals in Central Sydney, as shown at Attachment G to the subject report, will be used guide the preparation of planning proposals in Central Sydney;
- (H) Council approve the draft Central Sydney Planning Strategy as shown at Attachment C to the subject report; and
- (I) authority be delegated to the Chief Executive Officer to make minor amendments to the Planning Proposal: Central Sydney 2020, Draft Development Control Plan: Central Sydney, Draft Central Sydney Development Contributions Plan 2020, draft amendments to the Competitive Design Policy and draft Guideline for Site Specific Planning Proposals in Central Sydney, including to correct drafting errors.

Attachments

- Attachment A.** Summary of Submissions and Responses
- Attachment B.** Planning Proposal: Central Sydney 2020
- Attachment C.** Draft Central Sydney Planning Strategy
- Attachment D.** Draft Development Control Plan: Central Sydney
- Attachment E.** Draft Central Sydney Development Contributions Plan 2020
- Attachment F.** Draft Amendments to the Competitive Design Policy
- Attachment G.** Draft Guideline for Site Specific Planning Proposals 2020

Background

1. The draft Central Sydney Planning Strategy (draft Strategy) is the first major review of Central Sydney planning controls in 45 years and will ensure that Central Sydney maintains its role as Australia's most productive location and export-orientated services centre. It is a 20-year plan that balances the need to grow commercial, retail, tourism and cultural uses over the longer term alongside residential uses that all contribute to a vibrant city centre.
2. Central Sydney is at the core of the metropolitan area, and a key attractor for investment, talent and economic productivity in Australia. It has long been a centre for ideas, innovation and collaboration with a specialist role in advanced business and financial services. As Central Sydney recovers from the effects of Covid-19 and workers and visitors return, long-term strategic planning is needed to provide a clear path for investment to help rebuild business confidence and support jobs in small and large businesses.
3. The draft Strategy ensures Central Sydney continues to be Australia's leading economic centre while encouraging innovative proposals that improve the place's attractiveness for people, business and investment. The draft Strategy supports opportunities for additional building height and density in the right locations, provided new development is supported by environmental sustainability, design excellence and infrastructure, such as public space, transport and access improvements.
4. The draft Strategy guides Central Sydney's future through 10 key moves to be implemented through changes to the City's planning framework, including the Sydney Local Environmental Plan 2012 (LEP), Sydney Development Control Plan 2012 (DCP) and Draft Central Sydney Development Contributions Plan 2020 (the draft Contributions Plan).
5. The draft Strategy and proposed changes to the planning controls were endorsed by Council in July 2016 and sent to the NSW Department of Planning and Environment seeking a gateway determination to progress the proposed changes to public exhibition.
6. Following collaboration with the Department of Planning, Industry and Environment (DPIE), in December 2019, the Lord Mayor and Minister for Planning and Public Spaces made a joint announcement that an in-principle agreement had been reached on the Central Sydney Planning Strategy and Planning Proposal.
7. The in-principle agreement to the draft Strategy and accompanying Planning Proposal was based on the following three amendments:
 - (a) 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;
 - (b) encouraging more office, hotel and cultural space by removing the residential accommodation bonus instead of implementing a flat 50 per cent cap on residential and serviced apartment accommodation; and

- (c) 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. It was agreed that the new contributions plan would be prepared under section 7.12 of the Environmental Planning and Assessment Act 1979 and allow the City to levy a 3% contribution on new development.
8. In February 2020, the Planning Proposal, Draft Development Control Plan (DCP), Draft Central Sydney Development Contributions Plan 2020 and Draft Amendments to the Competitive Design Policy were endorsed by Council and the Central Sydney Planning Committee (CSPC) for submission to the DPIE with a request for Gateway determination, and for public exhibition in accordance with any conditions imposed under the Gateway determination, and to seek delegation of plan-making functions. DPIE granted Gateway determination on 11 March 2020. Council was not granted delegated plan-making authority.
 9. On 30 March 2020, an Extraordinary Council meeting was held where a Lord Mayor Minute (LMM) proposed measures to support businesses impacted by the Covid-19 pandemic. The LMM proposed changes to the levy rates in the draft Contributions Plan, to ease the financial burden on small businesses wishing to invest in their premises and to support the recovery of the small business sector. The Council approved the changes and the draft Contributions Plan was updated with the following levy rates:

Development cost	Levy rate
From \$0 to \$249,999	NIL
From \$250,000 to \$499,999	1%
From \$500,000 to \$999,999	2%
Over \$999,999	3%

10. The Planning Proposal, DCP, updated draft Contributions Plan and Competitive Design Policy were publicly exhibited from 1 May to 10 July 2020. During that time 86 submissions were received from residents, community groups, landowners, industry, peak bodies and State agencies.
11. This report describes the consultation activities undertaken, addresses key matters raised and the changes made in response to submissions and further internal consideration.
12. This report seeks Council's approval of the Planning Proposal: Central Sydney 2020 so that it may be forwarded to the DPIE for making as a local environmental plan. It also seeks Council's approval of the draft DCP, amendments to the Competitive Design Policy and approval of the draft Contributions Plan with a request that the Minister amend the EP& A Regulation as soon as practical to allow a contribution levy of up to 3% on new development.

Public Exhibition and Consultation

13. The Central Sydney Planning framework was the City's first major planning proposal to be placed on public exhibition during the Covid-19 pandemic. The City recognised the effect of the pandemic and adapted the consultation program by:
 - extending the public exhibition period from 28 days to 70 days (10 weeks), to allow people additional time to participate;
 - undertaking planned face to face community engagement events in an online format;
 - boosting promotion of the Central Sydney planning framework across all the City's communication channels, including social media; and
 - running an extended advertising campaign in the Sydney Morning Herald and the Australian Financial Review.
14. The notification letters with a map and a summary of proposed key changes was sent to approximately 48,600 owners and occupiers within Central Sydney.
15. The planning framework was placed on Sydney Your Say along with the supporting documents of the draft Strategy, the summary of key changes proposed for Central Sydney and a fact sheet for the draft Central Sydney Development Contributions Plan 2020. During the public exhibition the web page recorded 6,597 page views, 5,682 unique page views, 2,167 downloads and 793 video plays.
16. On 8 May 2020, 366 stakeholders were notified through Electronic Direct Mail (EDM) about the public exhibition and invited to participate in the community engagement. A follow up email and reminder for the online forums was also sent on 22 May 2020.
17. The public exhibition process involved online rather than face to face engagement. A series of five webinar sessions were held via video conference. Five sessions were held over a two-week period in May and June 2020 with 102 attendees.
17. Overall, stakeholders who participated in the webinar series expressed general support for:
 - the overall intent of the framework;
 - the need to protect the amenity and attractiveness of the Central Sydney, particularly streets and parks; and
 - clarity and certainty about planning rules and what is required to redevelop sites within the Central Sydney.
18. Stakeholders who participated in the webinar series expressed varying views about:
 - the balance between commercial and residential and the need for hotel floor space;
 - the implications of Covid-19 in planning for Central Sydney;
 - the amenity and liveability of Central Sydney in relation to view corridors, sunlight to open spaces and streets and wind effects; and

- mechanisms to encourage social sustainability and environmental outcomes.
19. The community also provided feedback on the Sydney Your Say website via an online survey. 94 people completed the online survey comprising 28% workers in Central Sydney, 25% resident in the Local Government Area, 15% residents of Central Sydney and 3% business owners.
 20. The online survey found strong support for the key moves towards a more sustainable city and protection and enhancement of heritage public places and spaces. There was also strong support for protection sun access to public places, improving public infrastructure and a sliding scale for development contributions being a fair approach to infrastructure funding.
 21. Stakeholder briefings were offered to local chambers of commerce and business associations, with a focus on explaining the proposed changes to development contributions. The project team met with the Executive of the Haymarket Chamber of Commerce, while other business chambers made written submissions.
 22. An additional public exhibition was undertaken between 27 August and 30 September for specific property owners to correct a mapping error identified in the draft Contributions Plan. Two submissions were received in response to this exhibition and were considered with all other submissions.

Submissions received and matters raised

23. The City received 86 submissions during the public exhibition period through the Sydney Your Say website. Submissions came from a range of stakeholders including residents, community groups, industry peak bodies, planning consultants representing developers or large land owners and state agencies. A summary of all submissions received and the City's response is at Attachment A. Key matters raised in submissions are outlined below.

Tower cluster areas

24. The City received 55 submissions that referred to the proposed tower cluster areas. Some submissions raise concerns with the impacts of the tall towers that may be built in the tower cluster areas, while other submissions requested clarification of the minimum site requirements for a potential development in tower cluster areas. The Royal Botanic Gardens, Heritage NSW and Sydney Airport support the proposed controls in the tower cluster areas.

Response:

25. Broadly, the majority of submissions fall into the following categories:
 - (a) Residents raising concerns with the amenity impacts,
 - (b) questioning the minimum 2,000 square metre site requirement for tower cluster areas, and
 - (c) requests for heritage items to be included in the minimum 2,000 square metre site requirement for tower cluster areas.

26. The Central Sydney Planning Framework contains planning controls for the proposed tower cluster areas which provide reasonable flexibility for tall buildings. Site specific considerations, such as site area, adequate building separations and outlook, heritage curtilage, wind impacts, sunlight and air movement will determine how a new tower can appropriately be accommodated and better able to respond to their context.
27. The proposed tower cluster areas are areas of Central Sydney not as constrained by sun access planes but limited by airport controls. The location of tower clusters is primarily driven by locations that will not impact on public spaces.
28. In response to resident submissions, the City will amend the Kent St tower cluster area to exclude the northern area of the tower cluster around Gas Lane. The area is a transition between the residential character of Millers Point and the commercial core. The part of the cluster proposed to be removed includes two residential strata buildings fronting Kent Street plus a heritage item and The Bond commercial and residential developments at 30-38 Hickson Road. Any proposal for increased height and or density at 30 The Bond could be addressed through a site-specific planning proposal. The change is outlined in red in Figure 1.



Figure 1: Area proposed to be removed from tower cluster outlined in red

29. The City received 17 submissions that questioned the minimum 2,000 square metre site requirement for tower cluster areas. In order to achieve tall buildings in the tower cluster areas a minimum site area of 2,000 square metres is required to accommodate the minimum street, side and rear setbacks, appropriate building separations and allowances for architectural articulation and sun shading. A minimum site area ensures that wind comfort, wind safety and daylight levels in adjacent public places are acceptable. For sites smaller than 2,000 square metres, it is difficult to achieve a commercial floor plate once setbacks and efficiencies have been applied.
30. The City received 28 submissions that requested heritage items be included in the minimum 2,000 square metre site requirement for tower cluster areas. To ensure Central Sydney's rich and diverse heritage is appropriately managed for the benefit of current and future generations, heritage sites have been excluded from the minimum site area in tower cluster areas. While there are past examples of heritage items being integrated into tower developments, the sensitive nature of heritage items and their context requires a strategic approach that is informed by a detailed analysis of heritage impacts. Where a development proposal seeks to incorporate a heritage item and the land it occupies, the City's preference is for the proposed development to utilise the existing site specific planning proposal pathway so all heritage matters can be properly assessed and managed.
31. Submissions recommend the City remove the 50 per cent bonus limit in the tower cluster pathway, and enable an uncapped floor space ratio. Where a site may potentially achieve more floor space than what is available in the Sydney LEP, the option to prepare a site specific planning proposal is still available under the Act. The 50 per cent bonus is the limit to what may be supported under a development application pathway. Impacts from larger floor space increases could be considerable and need to be investigated from first principles in a planning proposal process.
32. Submissions suggest Council undertakes its own master planning for the cluster areas – which is highly recommended given the experience of the APDG block, the AMP precinct, Harold Park and some large precincts in Green Square including the Town Centre. The City has successfully master planned a number of sites. The size and complexity of the tower cluster areas and the resources required to undertake this task is not feasible at this time and may delay opportunities for proponents to bring projects forward through development application. Experience has shown challenges with anticipated amalgamations and prioritising some areas ahead of others.
33. Submissions supported the creation of four new tower cluster areas, however suggested the City should consider allowing for transitions in maximum heights between these areas and the rest of the CBD. Sites immediately adjacent to tower cluster areas may be able to achieve a greater height than what is currently permissible under the Sydney LEP without significantly impacting amenity. However, these sites do have more constraints than those within tower clusters, thus site specific analysis is required to determine any future planning controls through a planning proposal process.
34. The City received seven site specific requests for inclusion in tower cluster areas. The City notes that these site-specific requests may be positioned on land with more environmental constraints than land within the tower cluster areas, including wind and solar access. Therefore, detailed analysis of the development potential is required before progressing to a planning proposal or development application. The presence of sun access planes, heritage items and key public views may also constrain the development potential of these sites.

Development Contributions Plan

35. The City received 32 submissions which referred to the draft Central Sydney Development Contributions Plan 2020 (the draft Contributions Plan). Many of these submissions raised concern about the proposed increase to the levy rate, in particular, the proposed change from a 1% to a 3% levy for developments worth over \$1 million. Many submissions raised concern about the cumulative impact of the levy increase alongside other contributions obligations and costs in Central Sydney, such as the affordable housing contribution, the cost of acquiring heritage floor space, design competition costs, provision of public art and environmental compliance costs. There was concern that the proposed contributions increase would reduce development feasibility in Central Sydney and make other centres more attractive as investment options.
36. Many submissions stated that in this difficult economic climate due to Covid-19 the City should either not proceed with the proposed levy increase or should delay its introduction. Submissions stated that introducing the levy increase at this time would work against maximising investment and stimulating a strong economic recovery.
37. Some submissions noted that the current Central Sydney Development Contributions Plan 2013 allows for certain development types to be exempted from the levy, while the draft Contributions Plan does not include the same list of exemptions. These submissions requested that the draft Contributions Plan be amended to exclude additional types of development, such as not-for-profit development which provides a distinct community benefit or development for the sole purpose of adaptive reuse of a heritage item. Some respondents requested that their site(s) be removed from the land to which the draft Contributions Plan will apply, so as to exclude them from the need to pay a contribution.
38. Some submissions raised issue with the application of the levy to developments that do not result in an increase in floor area or demand for infrastructure, such as office and retail refurbishments and fitouts. They argued that the proposed increase in contributions may make this investment decision unviable for some and discourage upgrades and refurbishments that would be of benefit to many small and medium size businesses occupying such tenancies.

Response:

39. Development contributions in Central Sydney have remained at 1% of the development cost since 1997. Over this 23 year period, demands on local infrastructure have continued to increase alongside a growing population. The 1% levy is too low to support the infrastructure demands arising in Central Sydney, and over many years the City has been required to supplement infrastructure funding from other sources.

40. The funding and delivery of local infrastructure is a long term process, often spanning several years. While the current economic conditions may pose immediate challenges, it is important to update development contributions policy to respond to the projected growth envisaged for Central Sydney through the new planning controls. The prospects for development activity in Central Sydney remain positive over the longer term, and significant growth potential is created by the new planning controls. Local infrastructure is a vital component of the urban fabric needed to make business centres such as Central Sydney attractive and functional for business, workers, residents and visitors and encourage investment from the private sector. Therefore development contributions remain critically important even in challenging economic times. The provision of infrastructure not only has significant benefits for communities through facilities provided, it also has wider economic benefits. Research has found investment in infrastructure has a multiplier effect in the form of a boost to short term employment as well as a longer term productivity gain to the economy.
41. The City will be investing over \$600 million in new infrastructure in Central Sydney over the life of the draft Contributions Plan (2020-2025). As new development will be a key beneficiary of this investment, it is reasonable that some of these costs be borne by development through payment of contributions.
42. As noted earlier in this report, the proposed contributions increase has already been adjusted from a 3% levy to a sliding scale levy of between 1 - 3% depending on the development cost. This was agreed by Council to ease the financial burden on small businesses and to support economic recovery.
43. It is proposed to proceed with the sliding scale levy, with some minor adjustments to more accurately account for changes between development cost brackets, as shown in the following table:

Development cost	Levy rate
Less than \$250,000	NIL
\$250,000 or more, but less than \$500,000	1%
\$500,000 or more, but less than \$1,000,000	2%
\$1,000,000 or more	3%

44. To enable the draft Contributions Plan to impose a levy of up to 3%, Clause 25K of the EP&A Regulation requires amendment. While the in-principle agreement for a new contributions plan foresees a 3% contribution, Council is required to request that the Minister for Planning and Public Spaces amend Clause 25K of the EP&A Regulation to allow for a contributions levy of up to 3% to be applied to new development.
45. DPIE has advised that they are committed to working with the City to ensure the EP&A Regulation can be finalised at the time of, or just after, the making of the LEP. The draft Contributions Plan is to commence at the time the LEP is made, or shortly thereafter.

46. The proposed sliding scale levy is similar to existing higher rate contributions levies already in place in other major city centres in NSW. For example, Parramatta, Chatswood and Newcastle centres all apply a 3% contribution levy for developments with a cost of more than \$250,000. A levy of up to 3% is also consistent with the NSW Government's proposed guidance on implementing higher percentage rate levies for s7.12 contributions plans, which was exhibited from April to June 2020.
47. The City has analysed the effect of the proposed contributions increase on development, including in the context of other contributions obligations such as affordable housing contributions and acquiring heritage floor space. Generalised analysis and testing of the proposed contribution levy indicates that:
- (a) For tower cluster developments, the proposed contributions increase to 3% does not impact on feasibility, given the significant development uplift achievable with the new design excellence pathway with up to 50% bonus floor space.
 - (b) For other new development and redevelopments the proposed contributions increase has a relatively minor impact on the overall cost of development. The proposed new contributions could increase statutory fees from 2% - 3% to 3.5% - 4.5% (as a percentage of total development costs).
 - (c) For alterations and additions (including office and retail fitout works), the wide variation in development types and costs means that there is also a wide variation in the contributions. Overall, when analysed in terms of how much additional contribution would be payable, the proposed contribution levy increases are relatively minor, being between \$2 and \$48 per square metre per annum when considered in the context of a 5 year lease.
48. More generally, with regard to contributions and charges levied in Central Sydney, it is noted:
- (a) The market has had around two years advance notice of the affordable housing program levy which will soon come into effect. This is considered a reasonable time frame to allow the market to adjust. When it does come into effect, it will only apply to new floor space (above that which already exists) and at a half rate until 2022.
 - (b) The heritage floor space scheme has been in operation for over 40 years, having successfully conserved over 80 buildings in Central Sydney. It is a known development cost associated with utilising accommodation floor space, above the mapped floor space control.
 - (c) The City requests the preparation of a public art strategy for site specific development control plans and Stage 1 development applications to guide the delivery of public art in new development, but does not impose a 1% public art levy or set a monetary value in relation to this.
 - (d) In recognition of the additional cost of a design competition process, a successful design competition that achieves design excellence can be awarded up to 10% additional building height or floor space.

- (e) The City has existing planning controls relating to environmental sustainability, some of which align with requirements in the National Construction Code. While the City also encourages development to incorporate design features to achieve excellent environmental performance, these are not mandatory. They are often used by proponents when demonstrating design excellence to achieve an award of bonus height or floor space.
 - (f) Some of the costs cited in submissions are "business as usual" costs which are already factored into development costings. Some of these costs, such as those relating to public art and environmentally sustainable design, typically add value to developments and make them more attractive to investors.
49. Regarding requests for exclusions from the need to pay contributions, the following is noted:
- (a) In the preparation of the draft Contributions Plan, the City rationalised the list of development types which may be excluded from the need to pay a development contribution. This is due to the critical importance of funding the local infrastructure needed to support our communities, and also to more closely align the exclusions with those in the City of Sydney Development Contributions Plan 2015 which applies elsewhere in the local government area.
 - (b) While the draft Contributions Plan does not list the adaptive reuse of a heritage item as a type of development that can be excluded from the need to pay a contribution, this is because the Plan states that these costs can be excluded when calculating the development cost. This is consistent with Clause 25J of the EP&A Regulation.
 - (c) The draft Contributions Plan is proposed to apply to the same land as the current Central Sydney Development Contributions Plan 2013. No changes are proposed in terms of the land in Central Sydney to which the development contribution levy is proposed to apply.
 - (d) No changes are proposed to the draft Contribution Plan's list of development types excluded from the need to pay a contribution.
50. With regard to contributions applying to developments that do not result in an increase in floor area or demand for infrastructure, the analysis found that upgrades to buildings assist in unlocking revenue generation potential. While the upgrade work requires expense, it generally enables the proponent to secure a financial outcome by avoiding vacancy or securing higher rent or stronger lease arrangements.
51. The current Central Sydney Development Contributions Plan 2013 levies contributions for developments (including building alterations) where the development cost is \$200,000 or more. The draft Contributions Plan is also proposed to apply in such circumstances, but where the development cost is \$250,000 or more. The analysis has tested the tolerance of alterations and additions (including fitouts where there is no increase in floor space) to the increased contribution rates. When worked out according to how much the additional liability would be per annum per square metre, the increased contribution amounts are relatively minor.

52. It is proposed to remove the note in the draft Contributions Plan which indicates that the cost of "fittings and furnishings" should generally be included in the development cost, and instead to rely on Clause 25J(3) of the EP&A Regulation which sets out the circumstances where "fittings and furnishings" can be included in the development cost. The effect of this change is to limit the circumstances where "fittings and furnishings" can be included in the development cost, to developments which involve an enlargement, expansion, or intensification of a current use of land.

Accommodation floor space

53. The City received 35 submissions requesting the City not remove the Accommodation Floor Space bonuses for residential accommodation and serviced apartments. Submissions suggest the City should explore more nuanced approaches to residential development such as build-to-rent, provide greater incentives to employment land uses, assess residential developments on a case-by-case basis or defer the removal of the residential bonus. Submissions also requested a broader range of non-residential uses should be available under the accommodation floor space clause.

Response:

54. Changes to the accommodation floor space bonus for residential accommodation and serviced apartments rebalance the planning controls with a long-term focus on economic and employment floor space growth. The approach is needed to deliver on the productivity priorities and employment targets in the NSW Government's Region and District Plans and the City's Local Strategic Planning Statement. The Planning Statement sets an employment target for 200,000 new jobs by 2036, which is between the baseline and an aspirational high growth target. The Planning Statement found that planning changes are needed to achieve the target with the Central Sydney Planning Strategy significantly increasing capacity for employment growth. The approach also supports NSW Government's investment in major transport infrastructure such as new metro stations and lines. This investment will bring more people into the city increasing businesses access to workers and agglomeration.
55. Accommodation floor space currently prioritises residential uses and has been successful in creating a mixed use city centre. Residential uses currently receive more floor space than commercial uses and over the last 10 to 15 years the property market has generally favoured residential. This has resulted in decreasing the amount of land available for employment uses. If this trend were to continue there would be significant challenges in achieving the NSW Government's and the City's shared productivity and employment objectives for Central Sydney. The Central Sydney property market will continue to move between more favourable commercial and residential markets. However, it is important that planning controls are in place that facilitate a more balanced approach to facilitating long term employment floor space supply.
56. Residential uses will continue to be part of Central Sydney as they are permitted in the zone and can be developed as a mixed use project or a standalone project, albeit with the incentive switched off. The Central Sydney market will continue to move between more favourable commercial and residential markets. However, it is important that planning controls are in place that facilitate a more balanced approach to facilitating long term employment floor space supply. No change or deferral is proposed to the removal of the accommodation floor space bonus for residential accommodation and serviced apartments.

57. Once the Central Sydney Planning Framework is implemented, the City will continue to monitor and review the use of the planning controls. Further amendments to encourage employment floor space are not envisaged at this stage.
58. Some submissions raised concerns that the current Covid-19 pandemic means the focus on commercial and employment uses is not required, and residential incentives should remain. Central Sydney will continue its Covid-19 pandemic recovery with more people returning to the area for work, shopping and other activities. The City has adopted a Community Recovery Plan that supports the community and economic recovery over the next 12 to 18 months. Implementing the Central Sydney Planning Framework to provide a pipeline of development is an action in the City's Community Recovery Plan. It is not envisaged the pandemic will have any significant long term impact on the demand for office space, what may change is how the space is used.
59. The City supports improved housing choice and conditions for renters, including long term rental tenancy options. However, build-to-rent should not receive special treatment in the planning framework above other forms of residential development as no barriers currently exist in the planning system for this type of market housing. The City notes the DPIE has recently exhibited an Explanation of Intended Effects for a draft Housing Diversity State Environmental Planning Policy (SEPP). The draft SEPP proposes several measures to introduce Build to Rent into the NSW planning framework.
60. The Central Sydney Planning Strategy seeks to ensure employment, social and cultural uses are delivered in Central Sydney. The Planning Proposal incentivises the provision of employment generating uses and also allows a higher rate of additional floor space for hotel or motel accommodation, community facilities or centre-based child care uses.
61. The Planning Proposal has been amended to include additional enterprise, activity and employment uses eligible for accommodation floor space. This will encourage greater employment, social and cultural uses to support Central Sydney's metropolitan centre role. These additional employment generating land uses include educational establishment, information and education facility, entertainment facility, function centre, light industry and health services facility. These land uses are consistent with those proposed to be permitted in tower cluster areas. They also reflect the original intent of the 2016 Planning Proposal to identify and incentivise these uses in Central Sydney, while maintaining the bonus for hotel and motel accommodation, community facilities and centre based child care identified as 'key uses' in the earlier proposal.

Design Competition process

62. The City received 24 submissions in response to a new design competition process for tower cluster areas. The tower cluster areas competition process proposed a number of differences to the existing design competition process including, jury composition, minimum number of competitors, inclusion of emerging architects, skills in sustainable design, female representation and minimum fees for competitors.

Response:

63. Submissions noted the requirement for “emerging architects” is inappropriate. The City supports emerging architects with demonstrated capabilities as a recipient of an Australian Institute of Architects (AIA) commendation or award in the past 5 years or in the case of overseas competitors, the same with their equivalent professional association. Emerging status is recognised by way of relative experience in architectural typology, scale and complexity appropriate to a specific development project.
64. The proposed competition process included four members of a six person jury to be nominated by the consent authority. Submissions recommended a minimum five jurors rather than six, with two appointed by the consent authority, one by the Government Architect and two by the applicant. In response, it is recommended the Competitive Design Policy is amended to have three members each nominated by the proponent and consent authority, similar to the existing Policy for other types of competitions. The structure fosters collaboration within the jury to assist good design outcomes.
65. Submissions suggested the fees for such large buildings should be at least \$250,000 rather than \$150,000 – given such a fee would be the minimum costs incurred by an architectural firm. The City is seeking to establish a minimum fee as a baseline only and does not preclude increased fees commensurate to competition deliverables, estimated cost of works, scale and complexity of the proposed development. The City recommends proponents remunerate accordingly.
66. The new design competition process may also rule out other suitable and talented architecture teams from participating and recommends that competitors only need to comply with a fraction of the requirements. By benchmarking the credentials required for architects to participate in an architectural design competition for tower cluster areas, the City's objective is to drive innovation for designs that will contribute to the Sydney skyline. It is the City's preference for all competitor requirements to be met.
67. Submissions recommend that a requirement for competitors to demonstrate a minimum 50 per cent female representation in their design team and leadership team should not be enforced by a competitive design policy. The Competitive Design Policy has been amended to adopt the 40:40:20 ratio initiated by the Male Champions of Change. It refers to 40% men, 40% women and 20% of any gender. The intent of the Male Champion of Change ratio is to aim for diversity of gender in workplace leadership and in teams, which aligns with the City's aspirations in promoting diversity and gender equity. Male Agents of Change is a coalition of CEO's, secretaries of government departments, non-executive directors and community leaders who's missions is to achieve a sustainable increase in the representation of women in leadership.

Setback variations through wind and daylight testing - Schedule 11 (DCP)

68. The City received 22 submissions about the proposed procedures in Schedule 11 of the DCP. Submissions requested clarification of the ‘base case’ concept and considered the proposed equivalence procedure to be onerous and suggested it will limit development potential. Submissions also questioned if compliance with Schedule 11 means all impacts on surrounding land is considered reasonable. The tapered building form of the base case is generally not supported.

Response:

69. The procedures proposed in Schedule 11 provide flexibility for a built form with clear tests to ensure good public domain outcomes. Setbacks are largely to ensure good daylight and acceptable wind conditions in public places. The City is allowing a flexible approach to the built form controls, including reduced setbacks, as long as the proposed envelope provides equivalent, or an improvement, on wind and daylight testing against the performance of the base case. This provides a metric for assessing setback and street wall height variations, in addition to the usual urban design considerations.
70. The base case is used to model wind and daylight impacts and set performance benchmarks against which a development proposal can be tested. It also provides indicative information on the site's suitability for additional height, density or both.
71. In response to submissions, Schedule 11 has been restructured and reworded for greater clarity. The updated version is at Attachment D6.
72. Compliance with Schedule 11 and section 5.1 of the DCP does not mean a proposal will be acceptable against all matters required to be considered under the Act. Performance against Schedule 11 and section 5.1 of the DCP will be considered against other matters for assessment, including for example, impact on visual privacy and solar access to surrounding development.
73. Schedule 11 requires the base case building to be tapered in order to set the appropriate wind and daylight benchmarks for a proposal. A development proposal is not required to be tapered in the same way as the base case but must have equivalent or better wind and daylight performance than the base case. The approach allows for flexibility for design while providing certainty for good public space amenity.
74. The street frontage height provision has been added to the list of provisions that can be varied through the Schedule 11 process to allow more flexibility.

Savings and transitional provisions

75. The City received 18 submissions raising concerns with the absence of savings and transitional provisions for Stage 1 Development Applications (DA) either approved or lodged but not determined. This is particularly relevant for Stage 1 DAs that include residential accommodation in Central Sydney.

Response:

76. In response to the concerns the City has inserted a savings and transitional provision in the amended Planning Proposal, as there are several live Concept (Stage 1) DA approvals in Central Sydney. The proposed removal of accommodation floor space for residential land uses under clause 6.4 of the Sydney LEP 2012 will have a significant impact on these approvals. The concept DAs are typically based on the floor space that is available under the controls, though the floor space is not approved until the detailed design DA (stage 2). Where the concept proposal includes residential uses it would have assumed the availability of the accommodation floor space bonus for residential uses. The proposed savings provision will reference concept development applications and enable the projects to proceed to a detailed design DA (stage 2) based on the existing Concept DA approval.

Special Character Areas (DCP)

77. The City received 13 submissions relating to the special character area maps. Submissions raised concerns about the readability of the maps and requested confirmation that the correct controls apply to specific sites, in particular, reflecting the new 110 metre height limit for the Western Edge. Submissions also requested the mapping showing "no further development" be relaxed to allow consideration of vertical additions to heritage items.

Response:

78. The special character area (SCA) maps have been reviewed and updated. In particular, the colour for "No specific SCA max height" has been changed to a lime green colour so that it cannot be confused with other maximum building height colours.
79. The SCA maps have been reviewed and updated to align with the Western Edge building height increase to 110 metres in the York Street / Clarence Street / Kent Street Special Character Area.
80. In response to site-specific requests for vertical additions to heritage items, the City has included a new provision 5.1.3.1(5) to allow consideration of vertical additions to heritage items that are not visible from adjacent streets and public places. The City reiterates the important role of heritage sites and that in many cases there should be no increase in building height for these sites. Heritage items provide important relief between taller towers.

Key Public Views

81. The City received over 12 submissions on public views, most from landowners focussing on the view protection planes looking west along Martin Place. Submissions highlighted that the view corridors reduced the potential for employment floor space in an area of the City unencumbered by sun access planes, and that this is contrary to the overall intent of the Strategy.
82. Other submissions noted the view corridors intersect with elements of existing buildings; they reduce currently permissible building heights and development potential; and they limit potential for refurbishment by creating a prohibition. Also that as a new development prohibition they are insufficiently justified. Submissions also suggest the controls should be merit based in the DCP rather than prohibitions in the LEP.

Response:

83. In response to submissions, the City will raise the view protection plane for the GPO clock tower to sit above the visible plant structures on the roofs of 341 and 343 George Street to avoid elements of existing structures.
84. The City will adjust the Martin Place western plane view corridor to match the height of recent development on Clarence Street of 88 metres, to allow existing development potential to be realised on these blocks. In addition, a new clause is proposed that allows exceptions to the view protection planes to allow refurbishment and maintenance, but not to allow additions to existing buildings.

85. The restriction created by the Martin Place view corridor to the western sky is not a new one, and has been in place since 1996, protected by the maximum building height limit of 80 metres to the west of Martin Place. This has been in place since the Sydney LEP 1996, informed by the Central Sydney Strategy (1988) and preceding urban design studies which identified the importance of views along Martin Place to the clock tower and the western sky. The proposed view protection planes continue that approach.
86. The intention of the view corridors is to prevent further development intruding on these important public views. The Martin Place view corridors are constrained views focussing on specific aspects of the significance of Martin Place. They protect the background of the GPO clock tower and the western sky setting to Martin Place in a limited and focussed way. As such they are considered to have limited capacity to absorb change from significant new development. Inclusion in the LEP controls rather than the DCP is the City's preferred approach.
87. The City notes that application of the view protection corridors will constrain future employment floor space growth for a small area of the western fringe of Central Sydney. The Strategy seeks to increase the provision of employment floor space whilst maintaining and improving public amenity. There is sufficient growth opportunities available over the life of the Strategy to achieve employment growth targets while maintaining public amenity and the attractiveness of the City's key public spaces.

Guideline for site specific planning proposals

88. The City received seven submissions recommending Council update and exhibit a draft Guideline for Site Specific Planning Proposals. A Guideline will be important in establishing certainty in the planning proposal process and will inform proponents and landowners of the expectations for assessment processes.

Response:

89. The City prepared a draft Guideline for Site Specific Planning Proposals that was considered by Council in March 2019. This supported the Strategy by guiding the development of planning proposals by landowners looking to deliver additional height and floor space in line with the Strategy.
90. The Guideline has been updated acknowledging there is the entitlement under the Act for landowners to lodge planning proposals. The Guideline will inform those lodging planning proposals of the City's requirements and expectations for assessment processes.
91. The 2019 draft Guideline included a community infrastructure contribution rate to align the delivery of infrastructure with additional density. One of the three changes agreed by the City and NSW Government in December 2019 was for the removal of the provision relating to development contributions and instead prepare a development contributions plan under s7.12 of the Act, including appropriate contributions to help fund the delivery of new public infrastructure. The DPIE's letter from January 2020 acknowledged a new contributions plan would allow the City to impose a 3% levy. As this report recommends proceeding with the introduction of the Contributions Plan and the 3% levy as exhibited, the Guideline has been amended to remove the infrastructure contribution rate.
92. It is recommended the updated Guideline at Attachment G, be noted by Council to guide the preparation of planning proposals in Central Sydney.

Site specific requests

93. The City received over eight submissions from landowners requesting site-specific changes to the planning controls. Most submissions requested increases to floor space ratio and/or height development standards to facilitate development.

Response:

94. The Central Sydney Planning Framework did not exhibit site-specific changes to the planning controls, such as building height and floor space ratio. Changes to planning controls can only be made following analysis of the strategic and site specific merits of a planning proposal, when a request is lodged to change the local environmental plan, under Part 3 of the Act. An analysis of the strategic and site specific merits of submissions that propose changes to planning controls is not provided in this report and receipt of these submissions does not constitute a planning proposal request under the Act.
95. The City received submissions from St Mary's Cathedral and the Australian Museum seeking amendments to building height or floor space ratio. These are unique sites with both on the State Heritage Register and locally listed. Any changes to the planning controls on these sites will require detailed analysis to understand what are the appropriate planning controls that could be applied to these sites.

Western Edge

96. The City received seven submissions requesting a floor space ratio increase to match the increased building height from 80m to 110m in the western edge. The Property Council of Australia requested a greater increase in building height for the western edge corridor, and this to be matched with appropriate FSR controls.
97. Submissions from residents raised concerns that the effects of increasing the building height will increase the tunnelling and down-drafting of the prevailing winds, add shading and result in the loss of views and amenity.

Response:

98. The proposed increase in the building height and floor space ratio for the Western Edge of Central Sydney is informed by a review of development approvals in the area. The Planning Proposal includes a 0.5:1 increase in floor space ratio for the western edge commensurate with the 30 metre height increase.
99. The effects of increasing the floor space ratio and building height in the Western Edge will be assessed during the detailed development assessment stage against the controls in the DCP. The recent construction at 230 Sussex Street demonstrates appropriate setbacks and tower form can be achieved in this area. A minor amendment has been made to remove the northern section of the Western Edge, as shown in Figure 2, from the proposed height increase, in response to submissions from landowners. These sites are existing residential strata buildings and are unlikely to develop.

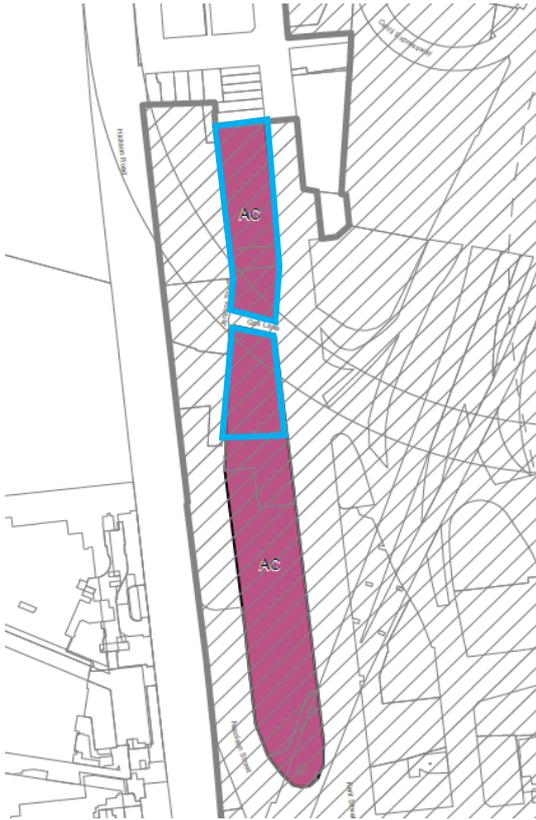


Figure 2: Sites outlined in blue which are proposed to retain the existing 80m height control

Other minor amendments

100. Minor amendments have been made to text and figures to address oversights, provide clarification of strategic direction, improve presentation, readability and correct grammatical errors.

Central Sydney Planning Strategy

101. Several submissions also made comments on the draft Central Sydney Planning Strategy. Noting the Strategy was prepared in the four years prior to its consideration by Council and the Central Sydney Planning Committee in 2016, there is now more recent data than that used in preparation of the Strategy. To carry out a detailed update of statistics with new data would require additional time that is unable to be achieved within the current Gateway determination timeframe of March 2021.
102. However, the intent and direction of the Strategy remains relevant and strong, and it continues to align with the Greater Sydney Region Plan and the Eastern City District Plan. Earlier this year key elements have also been adopted into the Local Strategic Planning Statement. The Strategy has provided the robust supporting justification for the Planning Proposal, DCP and Competitive Design Policy.
103. This report recommends the draft Central Sydney Planning Strategy that sets the vision and guides long term strategic planning outcomes for Central Sydney is endorsed.

Key Implications

Strategic Alignment - Eastern City District Plan

104. The Eastern City District Plan sets the local planning context for the City of Sydney local government area. It provides a 20-year plan to manage growth and achieve the 40-year vision of the Greater Sydney Region Plan.
105. The Eastern City District Plan states 'Sydney CBD planning controls need to support commercial developments, otherwise there will be insufficient floor space to accommodate the 45,000-80,000 future jobs forecast. The City of Sydney's Central Sydney Planning Strategy and the Planning Proposal Central Sydney propose controls to facilitate this and enable the delivery of these job forecasts'.
106. The draft Central Sydney Planning Framework is consistent with and gives effect to the planning priorities and actions of the Eastern City District Plan including the following:
 - (a) Infrastructure Planning Priority E1: Planning for a city supported by infrastructure. The draft Central Sydney Planning Strategy proposes a framework where infrastructure provision is sequenced with population growth, through the implementation of the draft Contributions Plan.
 - (b) Liveability Planning Priority E6: Creating and renewing great places and local centres, and respecting the District's heritage. The revised Planning Proposal: Central Sydney supported by the draft Central Sydney Planning Strategy takes a place-based and people-focused approach to growth, strengthening the city's public domain identity, creating opportunities for more places for meeting, rest and leisure and, managing and strengthening Central Sydney's precincts.
 - (c) Productivity Planning Priority E7: Growing a stronger and more competitive Harbour CBD. The revised Planning Proposal: Central Sydney supported by the draft Central Sydney Planning Strategy promotes opportunities for growth and change in the City Centre, innovative capacity and business competitiveness.
 - (d) Sustainability Planning Priority E19: Reducing carbon emissions and managing energy, water and waste efficiently. The revised Planning Proposal: Central Sydney supported by the draft Central Sydney Planning Strategy promotes opportunities for improved environmental performance of buildings and leadership in environmental performance.

Strategic Alignment - Local Strategic Planning Statement

107. The Planning Statement sets out the City's land use planning vision, priorities and actions to guide the growth and change of the local area over the next twenty years to 2036. The Planning Statement gives effect to the Eastern City District Plan and is informed by our local characteristics and opportunities, the directions in Sustainable Sydney 2030 as well as various local plans and strategies. The Act requires planning proposals to give effect to the priorities, objectives and actions in the Planning Statement.
108. The proposed planning controls are consistent with and give effect to the planning priorities and actions of the Planning Statement including the following:
 - (a) Priority P1: Growing a stronger, more competitive Central Sydney

- (i) Action P1.1: Prioritise and increase capacity for economic and employment growth in Central Sydney to contribute towards achieving the jobs target for the Harbour CBD;
- (ii) Action P1.2: Provide an appropriate mix of land uses that support Central Sydney's role as the metropolitan centre and its visitor and night-time economies, including a range of retail, recreational, community, cultural and entertainment activities and hotel accommodation in the right locations; and
- (iii) Action P1.5: Finalise and implement the draft Central Sydney Planning Strategy framework.

Strategic Alignment - Sustainable Sydney 2030

109. 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.
110. The Strategy, Planning Proposal and draft Contributions Plan are aligned with the following strategic directions and objectives:
- (a) Direction 1 - A Globally Competitive and Innovative City
 - (i) The Planning Proposal is the first step in ensuring that the Strategy promotes the type of growth and change it envisages, where growth is balanced with maintain and enhancing Sydney's unique attributes that make it one of the world's most liveable cities.
 - (ii) The draft Contributions Plan will fund delivery of an estimated \$251 million towards improved or new infrastructure, consistent with the range and quality of facilities expected of a global city. This investment will help retain our attractiveness as a place to live, work, visit and invest. The draft Contributions Plan funds works such as cycleways, walkability and public space initiatives under the 2030 agenda.
 - (b) Direction 2 provides a road map for the City to become A Leading Environmental Performer
 - (i) Proposed changes to the LEP will establish higher thresholds for ecological sustainable development. Development seeking additional floor space or height will be required to achieve a higher level of environmental performance.
 - (c) Direction 3 - Integrated Transport for a Connected City
 - (i) The Planning Proposal and Strategy provide a range of ways to grow floor space in Central Sydney in line with the expected increase in public transport capacity and demand generated by these public transport improvements.
 - (d) Direction 4 - A City for Walking and Cycling
 - (i) The draft Contributions Plan will contribute to our cycleway network and public domain works to further enhance cycling and walking options.

- (e) Direction 5 - A Lively and Engaging City Centre
 - (i) The Strategy supports the City's plan for a north-south central spine in Central Sydney, connecting three new squares at Circular Quay, Town Hall and Central with priority for public transport, cycling and pedestrians. It protects direct solar access to these spaces, ensuring they are inviting spaces that maintain Sydney's status as an outdoor city.
 - (ii) By contributing to improvements to the public domain (such as George Street) and parks and open space (such as Hyde and Belmore Parks), the draft Contributions Plan creates an even more appealing and engaging city centre which attracts additional residents, visitors and workers who enhance its liveliness.
- (f) Direction 6 - Vibrant Local Communities and Economies
 - (i) The Planning Proposal continues to preserve mixed uses and 'fine grain' development, particularly west of George Street and south of Erskine Street to Chinatown. Together with the Strategy, it provides a solid foundation for the growth of cultural facilities, public art and exhibition spaces that will strengthen the identity of these precincts.
- (g) Direction 7 - A Cultural and Creative City
 - (i) The draft Contributions Plan provides part funding for creative and cultural facilities such as the fitout of the "Bathurst Street Creative Hub" and public art projects, consistent with Direction 7.
- (h) Direction 9 - Sustainable Development, Renewal and Design
 - (i) The Planning Proposal and Strategy, set a strong foundation for Central Sydney to grow in a tailored and considered manner to maximise growth opportunities and for developments to contribute to the design, liveability and sustainability of the city through competitive design processes.
- (i) Direction 10 - Implementation through Effective Governance and Partnerships
 - (i) The Planning Proposal has demonstrated the positive outcomes from collaboration between the City and the NSW Government to achieve a shared vision for Central Sydney.

Financial Implications

111. The exhibited draft Contributions Plan estimated that that the proposed higher levy would generate approximately \$251 million in contributions towards infrastructure over its life (2020 to 2025). This estimate pre-dates the economic impact of Covid-19, where market conditions are expected to reduce development activity and therefore contributions income.

112. A financial analysis to forecast the potential income under the draft Contributions Plan, taking into account current market conditions, has been carried out. To forecast potential contributions income in the current economic context is difficult, largely as a result of the time delay between the current situation and the collection of economic statistics. Notwithstanding these limitations, the financial analysis estimates that the draft Contributions Plan will generate around \$176 million over the four years from 1 July 2021 to 30 June 2025. This estimate is considerably less than the \$251 million forecast, noting that this was a six year forecast, in the exhibited draft Contributions Plan which was a pre-Covid estimate based on stronger development activity.
113. The Schedule of Works in the exhibited draft Contributions Plan listed over \$657 million worth of infrastructure works, the costs of which are proposed to either be recouped or funded through payment of the levy including some works out to 2030, beyond the expected 4 year life of the plan.
114. Some project budget updates have occurred since the draft Contributions Plan was exhibited, and therefore the works values in the Schedule of Works have been adjusted accordingly. This has revised the total value of works listed to \$647 million. Even with these adjustments, there is now a significant divergence between the income forecast and the cost of infrastructure listed in the Schedule of Works.
115. Despite this divergence, it is recommended that the Schedule of Works remains unaltered, rather than seeking to remove items to address this issue. The divergence is largely the result of the current Covid-19 recession. Given the uncertainty around future development activity, which could include an economic bounce back, leaving the Schedule of Works as it is will keep options open regarding those works eligible to draw funding from contributions.
116. The City monitors income sources and adjusts funding allocations to continue the delivery of infrastructure projects. If necessary, projects to be funded under the Plan can be deferred until contributions income rises, further minimising risk.

Options

117. Many of the 32 submissions which referred to the draft Contributions Plan stated that in the current economic climate due to Covid-19 the City should either not proceed with the proposed levy increase or should delay its introduction. Submissions stated that introducing the levy increase at this time would work against maximising investment and stimulating a strong economic recovery.
118. The report has discussed the importance of contributions in funding the public infrastructure that makes Central Sydney an attractive place for workers, residents, visitors and investment.
119. The Council could amend the draft Contributions Plan to maintain the contributions levy at 1% (consistent with the current rate) for a period of 2 years from the date Contributions Plan commences. The proposed levy increase could then be implemented at the end of the 2 year delay period.
120. Delaying the proposed levy increase would reduce the contributions income estimate over the Plan's first four years from \$176 million to \$129 million. The gap between the works costs and the funding would increase and may result in infrastructure projects being delayed.

121. If the introduction of the contributions levy increase is delayed by two years, Council could endorse the community infrastructure rate in the draft Guideline for planning proposals that create significant demand for infrastructure from the change to floor space controls. Since Council's consideration of the draft Guideline in March 2019, two planning proposals have sought additional height and/or floor space under the Strategy making offers aligning with the draft Guideline.

Relevant Legislation

122. Environmental Planning and Assessment Act 1979
123. Environmental Planning and Assessment Regulation 2000

Critical Dates / Time Frames

124. The Gateway determination requires the amendment to Sydney LEP 2012 to be completed by 11 March 2021.
125. The Gateway determination does not authorise Council to exercise plan-making delegation.
126. If approved by Council and the CSPC, the City will submit the Planning Proposal to DPIE to commence the drafting and plan making process. Once completed, the amendment to Sydney LEP 2012 will come into effect when published on the NSW legislation website.
127. If approved by Council, the Draft Central Sydney Development Contributions Plan 2020 will commence on the date the City chooses to specify on a notice on its website, which will be the date the LEP is made, or shortly thereafter. The City will request that the Minister make the amendment to the EP&A Regulation to allow the full 3% levy to be applied, noting the amendment to the Regulation will be made when published on the NSW legislation website. The City will request the LEP and the Regulation amendment are made at the same time in line with the commitment from DPIE.
128. If approved by Council the amendment to Sydney DCP 2012 and Competitive Design Policy will come into effect on the same day as the LEP and Regulation.

ANDREW THOMAS

Acting Director City Planning, Development and Transport

Sally Peters, Manager Central Sydney Planning

Siobhan Fox Roberts, Senior Specialist Planner