

Attachment C

**Planning Agreement – Public Benefit Offer
– 2 Chifley Square, Sydney**

27th October 2021

Ms Monica Barone
Chief Executive Officer
City of Sydney Council
456 Kent Street,
Sydney, NSW, 2000

Dear Ms Barone,

**Subject: Public Benefit Offer
2 Chifley Square Planning Proposal**

Charter Hall has prepared this Public Benefit Offer (PBO) to support a Planning Proposal relating to land at 2 Chifley Square, Sydney (the site). In accordance with the *Guideline for Site Specific Planning Proposals in Central Sydney*, Charter Hall has prepared this PBO with the intent to enter into a Voluntary Planning Agreement (VPA) with the City for the purposes of section 7.7(3) of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

The proposal relates to a prominent Central Sydney site, in the core of a nationally and globally significant economic corridor. The proposal seeks to reinforce the importance of Chifley Square as one of Central Sydney's most significant urban spaces while addressing its need to adapt as one of the city's key points of arrival for the new Metro network. The proposal will build on the strategic and locational attributes of the site, identified by Council for increased employment generating floor space.

Charter Hall is one of the largest and most active owners of investment-grade property assets within Central Sydney. Charter Hall strongly supports the City's vision for Central Sydney, most recently reflected in the Central Sydney Planning Strategy. Charter Hall views itself as an important partner in delivering the City's vision and this has manifested in this proposal to act upon the City's designation of 2 Chifley Square as a Tower Cluster Area in the proposed amendments to the Sydney Local Environmental Plan 2012, with the ability to make a significant contribution to the city's target to unlock additional capacity for economic and employment growth. The progression of this Planning Proposal represents a significant step for Charter Hall to deliver on the City's aspirations for Central Sydney.

Charter Hall's vision for the evolution of Chifley is to ensure its enduring success for future generations by creating a precinct that not only cements Chifley's reputation as the first choice for top tier local and international businesses but serves a broader and more inclusive audience. Chifley will offer many experiences in one place, promising to inspire and motivate talent who demand a frictionless, modern, healthy, flexible workplace and will be a welcoming and accessible place for people to visit. An evolved Chifley will enable more choices and deliver new and different ways of working in a post COVID world to help attract workers back into the CBD.

Charter Hall is strongly supportive of the City's focus on employment growth and growing an internationally competitive CBD in the Central Sydney Planning Strategy. With this uplift, comes a demand for contributions to fund local public infrastructure and facilities. In this regard, the terms of this PBO will allow Charter Hall to engage with the City of Sydney Council on how public benefits can be delivered through both monetary contributions and works-in-kind to better the immediate precinct environment and support any additional demands generated by the proposal.

As set out within this formal offer letter, Charter Hall's total PBO constitutes a value of approximately \$18,400,000, and is a substantial offer having regard to the *Guideline for Site Specific Planning Proposals in Central Sydney* and its associated *Central Sydney Infrastructure Plan 2020*.

1 Proposed land and development to which the PBO relates

This PBO applies to land identified as 2 Chifley Square, Sydney. The site has a total area of 6,438m² within a single allotment of land legally described as Lot 10 DP 777545. The PBO relates to a Planning Proposal submitted to the City of Sydney in July 2021. The purpose of the Planning Proposal is to introduce new maximum building height and FSR development standards for the site to accommodate a new commercial office building on the site. The proposed planning envelope associated with the Planning Proposal constitutes:

- a maximum height of RL 214.2 (being a height above ground level of approximately 187m) consistent with the updated Sun Access Plane coordinates for The Domain, as set out in the *Planning Proposal: Central Sydney 2020*; and
- a maximum Floor Space Ratio (FSR) of 20.41:1 (including a design excellence bonus) equating to a Gross Floor Area (GFA) of 131,391m² across the entire site, notwithstanding that 83,631m² of GFA is currently attributed to the existing development on site.

Public benefit offer terms

This formal offer has had regard to:

1. The draft Central Sydney contributions framework which proposes to levy future development through a development contribution of 3% of the total cost of development. It is anticipated that this contribution plan would be in force when a DA will be lodged with the City of Sydney.
2. The endorsed *Guideline for Site Specific Planning Proposals in Central Sydney*, which details the need for any site-specific Planning Proposal request to be accompanied by a PBO and consideration given to the provision of community infrastructure.
3. The endorsed *Central Sydney Infrastructure Plan 2020* which identifies specific essential infrastructure (including precinct solutions) and community infrastructure.

2 Charter Hall's PBO

Charter Hall's proposal seeks to provide the following public benefits, to be formalised via a VPA with the City:

- **Monetary contributions**

- Infrastructure contributions:

A proposed offer consistent with the draft Section 7.12 contributions framework (being the *Draft Central Sydney Development Contributions Plan 2020*), being 3% of the total cost of the new development to be paid at construction commencement in order to bring forward the public benefit by up to four years. Such an offer is appropriate and reasonable in the context of the City's agreement with the Department of Planning, Industry and Environment (the Department) in December 2019, whereby the requirement for community infrastructure contributions would be removed from the *Guideline for Site Specific Planning Proposals in Central Sydney*, in lieu of increased Section 7.12 contributions from 1% to 3% of the cost of the development to help fund the delivery of new public infrastructure. No further contributions pursuant to section 7.11 or section 7.12 of the EP&A Act or under the *City of Sydney Act 1988* will be payable.

- Chifley Square Public Domain Upgrade

Chifley Square directly adjoins the site at the south-western corner. Chifley Square is owned by the City of Sydney and identified as a locally significant heritage item (I1708) under the Sydney LEP. As noted within the Sydney DCP Character Statement, public domain works were implemented in 1996-1997 to reclaim the Square, improve its quality and create a sophisticated public plaza. Notwithstanding this, the upgrade works are now dated, and the Plaza remains underutilised despite its prominent Central Sydney location.

As a significant landowner within the street block containing Chifley Square, Charter Hall are offering a monetary contribution towards public domain upgrades within the vicinity of the development (including activation to Chifley Square).

- **Developer's Works and Easement**

- Provision for vehicular driveway cross over consolidation: 167 Macquarie Street, Sydney

A commitment to accommodate a consolidated vehicular access point and structural capacity for a future connection to 167 Macquarie Street via the existing Chifley Square vehicular cross over on Bent Street, to service the subject site and 167 Macquarie Street in the event that 167 Macquarie Street is redeveloped in the future.

- Breakthrough panel works would occur in the future when the locations and design is determined following determination of a future DA at 167 Macquarie Street. An instrument on Title can be provided to secure this commitment.

- **Sustainability commitments**

- In accordance with the Planning Proposal, Charter Hall is committed to delivering the following:

- 6-star Green Star Design & As Built v1.3 certified rating
 - 5.5 Star NABERS Energy rating (Commitment Agreement)
 - 4 Star NABERS Water rating (target)
 - 5 Star NABERS Waste rating (target)
 - Climate Active Carbon Neutral Building certification

- **Public art**

- Public Art:

The project will support the continued application of the City of Sydney's Public Art Policy through the offer and commitment to a public art, delivered in the form of on-site public art installations.

3 Summary of public benefit offer

A summary of the value of the PBO offered by Charter Hall is set out in the **Table 1** below. The tables summarise the public benefits that will be delivered as works-in-kind, monetary contributions and other project specific initiatives.

Table 1

Component of PBO	Total Value	Timing	Additional details
Monetary contributions			
Infrastructure contributions	3% of the cost of the new development, (currently estimated to be \$14,700,000)	On or before the date of issue of the Construction Certificate for new works for the development (i.e. excluding enabling works comprising plant relocations and basement modifications).	Inclusive of all infrastructure contributions applicable under either Section 7.11, Section 7.12 of the EP&A Act, or the City of Sydney Act 1988.
Chifley Square Public Domain Upgrade	\$900,000	On or before the date of issue of the Construction Certificate for new works for the development (i.e. excluding enabling works comprising plant relocations and basement modifications).	Monetary contribution towards the public domain upgrades within the vicinity of the development (including activation to Chifley Square). The upgrades would be classified under 'Public Domain Improvements and Open Space' in Table 2 – Community Infrastructure in the <i>Central Sydney Infrastructure Plan 2020</i> .
Developer's Works and Easement			
Provision for vehicular driveway cross over and easement to 167 Macquarie Street, Sydney	N/A	The works will include provision of a breakthrough panel to allow connection to the basement of 167 Macquarie Street in the future, when the location and design is determined following the determination of a future DA at 167 Macquarie Street. An instrument on Title can be provided to secure this commitment.	The provision to allow for vehicular driveway cross over consolidation in the future at the time of a potential redevelopment of 167 Macquarie Street would be classified under 'Loading and Servicing' in Table 2 – Community Infrastructure in the <i>Central Sydney Infrastructure Plan 2020</i> .

Project specific initiatives			
Sustainability commitments	N/A	Through delivery of the development.	<ul style="list-style-type: none"> • 6-star Green Star Design & As Built v1.3 certified rating • 5.5 Star NABERS Energy rating (Commitment Agreement) • 4 Star NABERS Water rating (target) • 5 Star NABERS Waste rating (target) • Climate Active Carbon Neutral Building certification
Public art	\$2,800,000	On or before the date of issue of the final Occupation Certificate for the development.	In accordance with the <i>Guideline for Site Specific Planning Proposals in Central Sydney and Central Sydney Infrastructure Plan 2020</i> .

4 Conclusion

Charter Hall has prepared this Public Benefit Offer to accompany a request for a Planning Proposal relating to land at 2 Chifley Square, Sydney. The total value of this offer at approximately \$18,400,000, constitutes a significant public benefit.

We submit the abovementioned offer for the City of Sydney Council’s consideration, as a framework for a future VPA to support the Planning Proposal. We trust that this offer clearly demonstrates our commitment via monetary contributions, sustainability initiatives and works-in-kind to support the needs of a growing global city. Charter Hall would like to thank the City for the opportunity to engage in the process of delivering critical infrastructure for Central Sydney. We welcome any further opportunities to work collaboratively with the City to progress the proposed public benefits outlined in this PBO. Should you require any additional information, or should you have any queries about this matter, please do not hesitate to contact the undersigned.

Yours sincerely



David Harrison
Managing Director & Group CEO