

Item 4.

Public Exhibition - Planning Proposal - 1-25 O'Connell Street and 8-16 Spring Street, Sydney - Sydney Local Environmental Plan 2012 and Sydney Development Control Plan 2012 Amendment

File No: X089436

Summary

Central Sydney continues to be Australia's leading economic centre by attracting business investment and being a preferred location for workers, residents and visitors. The Central Sydney Planning Strategy prioritises future workplace employment growth with increased capacity in areas that can accommodate greater building height. The Strategy protects Central Sydney's heritage and public places, encourages pedestrian connections and the use of public transport, and moves towards a more sustainable city.

A planning proposal consistent with the Central Sydney Planning Strategy has been prepared for 1-25 O'Connell Street and 8-16 Spring Street, Sydney, following a request by the proponent to amend the planning controls for the site.

The site is located in the northern tower cluster area in Central Sydney. This precinct is the largest premium office sub-market in Australia favoured by financial, legal, property and technology sectors. It contains premium grade office buildings in Central Sydney, with floor plates of 1,200 square metres or more. As Sydney's most prestigious business locality, the quality of tenant workplace environment and the quality of the public domain is critical to maintaining a competitive edge. This precinct is expected to see renewal in its major industry sectors with the Central Sydney Planning Strategy time frame facilitating five significant premium grade developments through planning proposals.

The planning proposal seeks to amend the planning controls for this site to deliver additional, high quality floor space for business, employment and retail. The planning proposal will enable a new commercial tower on the site while retaining the existing commercial tower and Wintergarden corner podium at 1 O'Connell Street, plus integrate and adaptively reuse the three heritage items on the site. The proposal supports development that will integrate with the City North Public Domain Plan for improved quality and attractiveness of the surrounding public domain.

Consistent with the City's Guideline for Site Specific Planning Proposals in Central Sydney, Lendlease has submitted a public benefit offer to enter into a planning agreement which includes a through-site link with 24/7 public pedestrian access and a shared precinct loading dock (logistics hub). The public benefits will be provided in addition to required contributions under the Central Sydney Contributions Plan 2020 and affordable housing contributions.

This report recommends approval of the planning proposal for submission to the Department of Planning, Housing and Infrastructure seeking a Gateway Determination, followed by public exhibition. It also recommends that a draft site-specific development control plan is endorsed for exhibition, and a draft voluntary planning agreement be prepared based on the public benefit offer. It is proposed that all documents are exhibited concurrently.

Recommendation

It is resolved that:

- (A) Council approve Planning Proposal – 1-25 O’Connell Street and 8-16 Spring Street, Sydney, as shown at Attachment A to the subject report, to be submitted to the Minister for Planning and Public Spaces with a request for Gateway Determination;
- (B) Council approve Planning Proposal – 1-25 O’Connell Street and 8-16 Spring Street, Sydney as shown at Attachment A to the subject report for public authority consultation and public exhibition in accordance with any conditions imposed under the Gateway Determination;
- (C) Council seek authority from the Minister for Planning and Public Spaces to exercise the delegation of all the functions under section 3.36 of the Environmental Planning and Assessment Act 1979 to make the local environmental plan and to put into effect Planning Proposal – 1-25 O’Connell Street and 8-16 Spring Street, Sydney;
- (D) Council approve the Draft Sydney Development Control Plan 2012 – 1-25 O’Connell Street and 8-16 Spring Street, Sydney Amendment, shown at Attachment B to the subject report for public authority consultation and public exhibition concurrent with the Planning Proposal;
- (E) authority be delegated to the Chief Executive Officer to make any variations to Planning Proposal – 1-25 O’Connell Street and 8-16 Spring Street, Sydney, to correct any drafting errors or to ensure consistency with the Gateway Determination;
- (F) authority be delegated to the Chief Executive Officer to make any minor variations to Draft Sydney Development Control Plan 2012 – 1-25 O’Connell Street and 8-16 Spring Street, Sydney Amendment to correct any drafting errors or ensure it is consistent with the Planning Proposal following the Gateway Determination; and
- (G) authority be delegated to the Chief Executive Officer to prepare and exhibit a draft planning agreement in accordance with the letter of offer dated 15 July 2024 at Attachment C to the subject report, and the requirements of the Environmental Planning and Assessment Act 1979, and to be exhibited in accordance with the Act.

Attachments

- Attachment A.** Planning Proposal – 1-25 O’Connell Street and 8-16 Spring Street, Sydney - Sydney Local Environmental Plan 2012 and Sydney Development Control Plan 2012 Amendment, and Appendices
- Attachment B.** Draft Sydney Development Control Plan 2012 - 1-25 O’Connell Street and 8-16 Spring Street, Sydney.
- Attachment C.** Planning Agreement – Public Benefit Offer - 1-25 O’Connell Street and 8-16 Spring Street, Sydney

Background

The site

1. A planning proposal request has been lodged for this site in the northern tower cluster area of Central Sydney. The site is located at 1-25 O'Connell Street and 8-16 Spring Street, Sydney and has street frontages to O'Connell, Spring and Bent Streets, as shown in Figure 1.

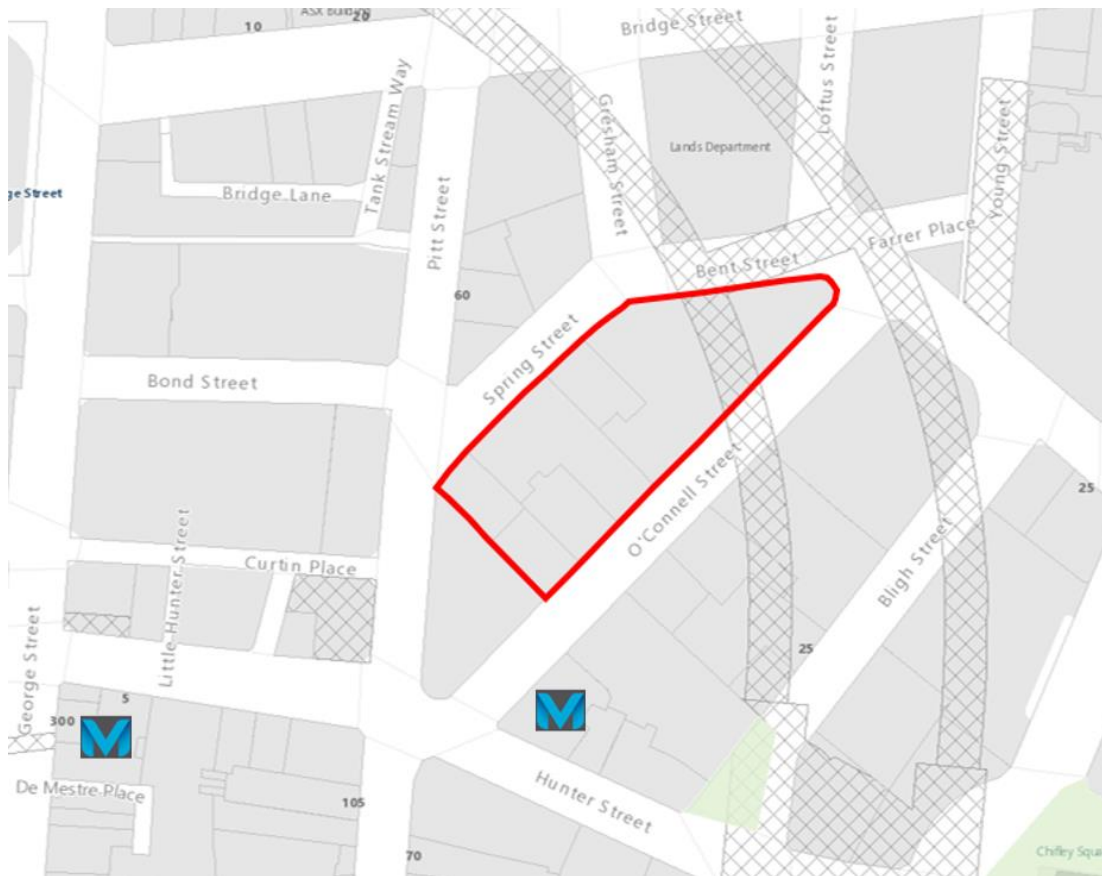


Figure 1: Land affected by this planning proposal

2. The site consists of six lots and has an area of 6,737.4 square metres. The site slopes down from O'Connell Street to Spring Street. Existing development comprises six commercial office buildings, with some containing retail at the lower levels. These buildings include:
 - 1-15 O'Connell Street: a 36-storey commercial building known as 1 O'Connell Street and includes the Wintergarden podium at the northern-most part of the site, which includes a food court below street level with a large atrium. The building contains two heritage facades known as Chatsworth House and the Orient Building. Driveway access to the basement is from Bent Street and includes a commercial car park.
 - 19-21 O'Connell Street: an eight-storey building known as the former Rofe Chambers, which is a State heritage item with the heritage listing including interiors. It is currently used by the Public Trustee and Guardian office.
 - Four other buildings ranging from 11- to 17-storeys, used mainly for offices.

3. Further details of the site and existing planning controls can be found in Section 1 and Section 2 of the Planning Proposal. Images of the site and affected buildings are shown at Figures 2 to 7.



Figure 2: View south-west to the site (within orange outline) from Bent Street to 1 O'Connell Street and Wintergarden, looking down O'Connell Street (left) and Bent Street (right)



Figure 3: View south-west to the site along Bent Street towards Spring Street



Figure 4: View from O'Connell Street, including the former Rofe Chambers heritage item at No. 19 O'Connell Street

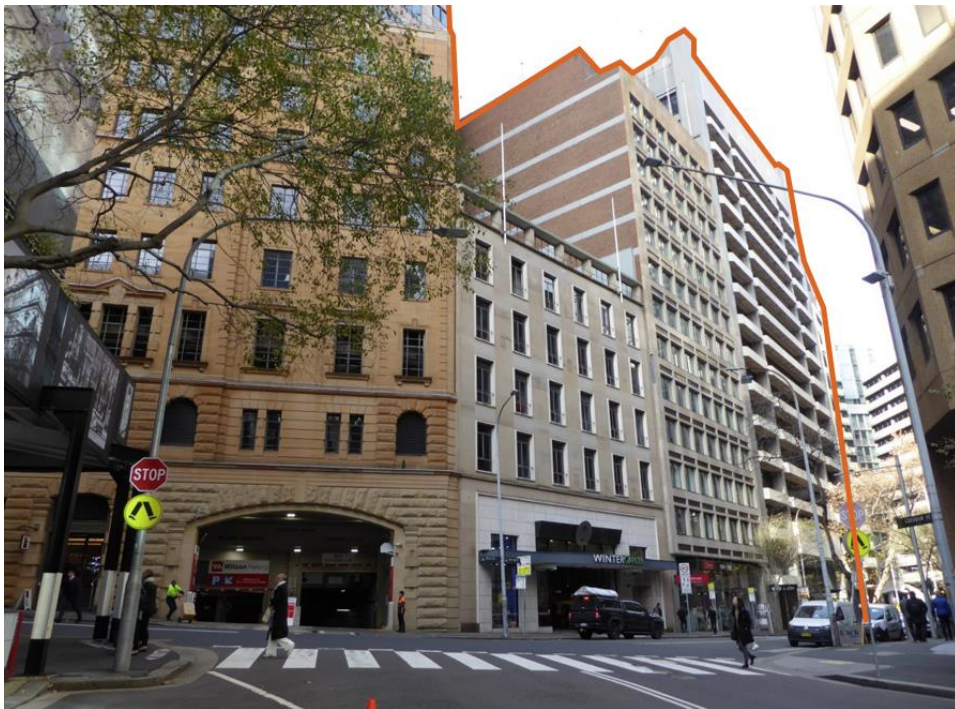


Figure 5: View of Bent and Spring Street, including the two heritage façades on the left

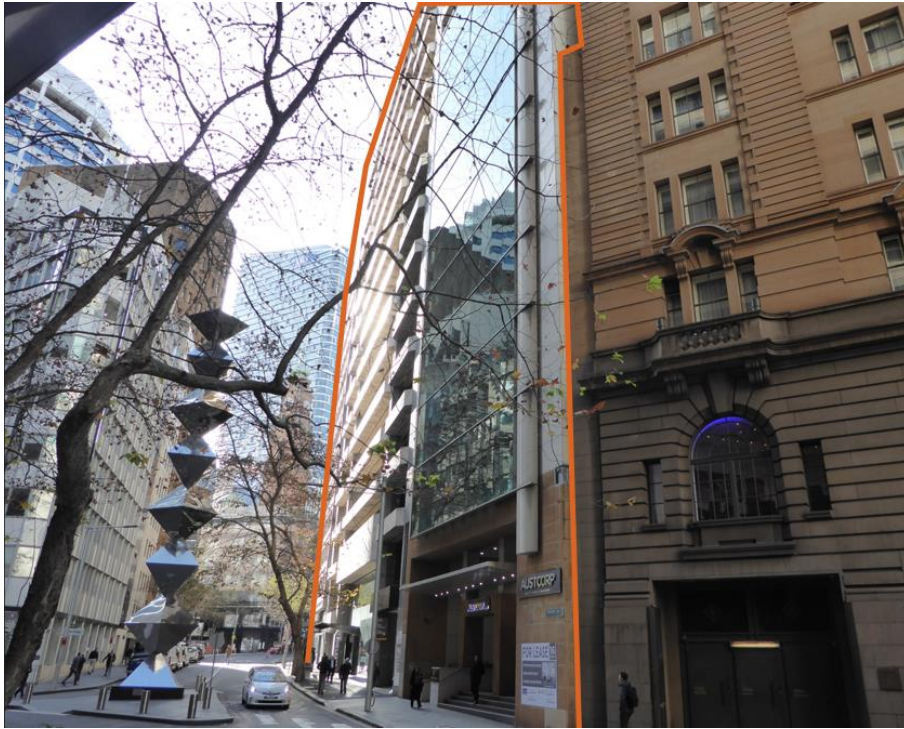


Figure 6: View eastwards along Spring Street towards Bent Street

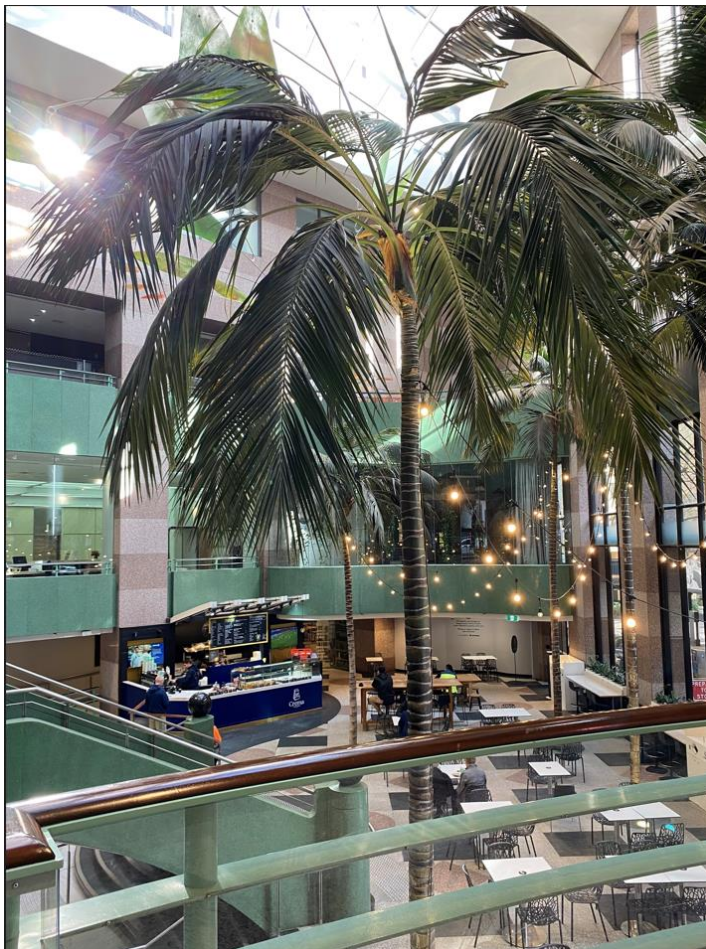


Figure 7: Internal view of the Wintergarden lobby and food court

Site Context

4. The State heritage listed Wales building, used as the Radisson Blu Hotel, directly adjoins the southern side of the subject site. This building adjoins both O'Connell Street and Pitt Street and fronts the intersection of these two streets with Hunter Street.



Figure 8: Radisson Blu Hotel building, with Pitt Street (left) and O'Connell Street (right)

5. Opposite the site, on the northern side of Bent Street, is the public open space Farrer Place, which forms the basis of the Farrer Place Special Character Area.



Figure 9: View north-eastwards to Farrer Place with the Wintergarden on the left

6. Development in the vicinity consists largely of office buildings with many featuring ground floor retail, as well as hotels, restaurants and club uses.
7. The site is extremely well serviced by public transport, which will be further amplified by the new Metro line with Hunter Street station entrances opposite the site in O'Connell Street. It is also within 200 metres of the Martin Place Metro Station due to open in August 2024, and within 400 metres of Martin Place, Circular Quay and Wynyard Train Stations, George Street light rail stops, and ferry wharves at Circular Quay.
8. The site is located within the City North Public Domain Plan area (endorsed concept plan) which identifies a range of potential public domain improvements to streets and public spaces in the northern part of Central Sydney and surrounding the site. Projects identified in the Plan in the vicinity of the site include the future widening of the Bent Street footpath and partial street closures of O'Connell and Spring Streets, to improve pedestrian circulation and amenity.

Strategic Context

9. The site is located in the City Core area in Central Sydney. This precinct is the largest premium office sub-market in Australia favoured by financial, legal, property and technology sectors. It contains the largest number of premium grade office buildings in Central Sydney, with floor plates of 1,200 square metres or more. As Sydney's, if not Australia's, most prestigious business locality, the quality of tenant work environment and amenity and the quality of the public domain is critical to maintain a competitive edge. This precinct is expected to see renewal in its major industry sectors through five significant premium grade developments through planning proposals.
10. The Central Sydney Planning Strategy (the Strategy) incentivises business and employment through future workspace by providing opportunities for additional building height and density in the right locations. It requires new development to deliver high quality public domain outcomes, including pedestrian amenity, sun and wind protection of public spaces, and achieve leading environmental sustainability goals.

Key Implications

The proponent has requested changes to height and floor space controls to enable redevelopment consistent with the Central Sydney Planning Strategy

11. The proponent has requested a planning proposal be prepared to facilitate redevelopment and adaptive reuse of buildings for essentially commercial use of the consolidated sites, consistent with the Central Sydney Planning Strategy. The proposal includes:
 - (a) structural and envelope retention but services renewal of the existing 1 O'Connell Street commercial tower and Wintergarden corner podium;
 - (b) construction of a new second future workplace tower on the site to a maximum RL 319.1 metres, all subject to being below Sun Access Planes and Overshadowing of Certain Public Places controls;
 - (c) a maximum total floor space of around 155,000 square metres across the site (including the replacement and inclusion of existing office floor area);
 - (d) adaptive re-use of the three heritage items on the site;

- (e) public pedestrian through-site link open to the air, connecting O'Connell and Spring Streets;
- (f) redeveloped basement using the existing driveway access from Bent Street containing loading, servicing and car parking spaces, end of journey facilities and a shared loading dock;
- (g) extensive removal of the existing commercial car park; and
- (h) potential for use of the podium roof, subject to detail design and acceptable wind mitigation measures.

12. Images of the proponent's indicative development scheme are shown in Figures 10 to 13.

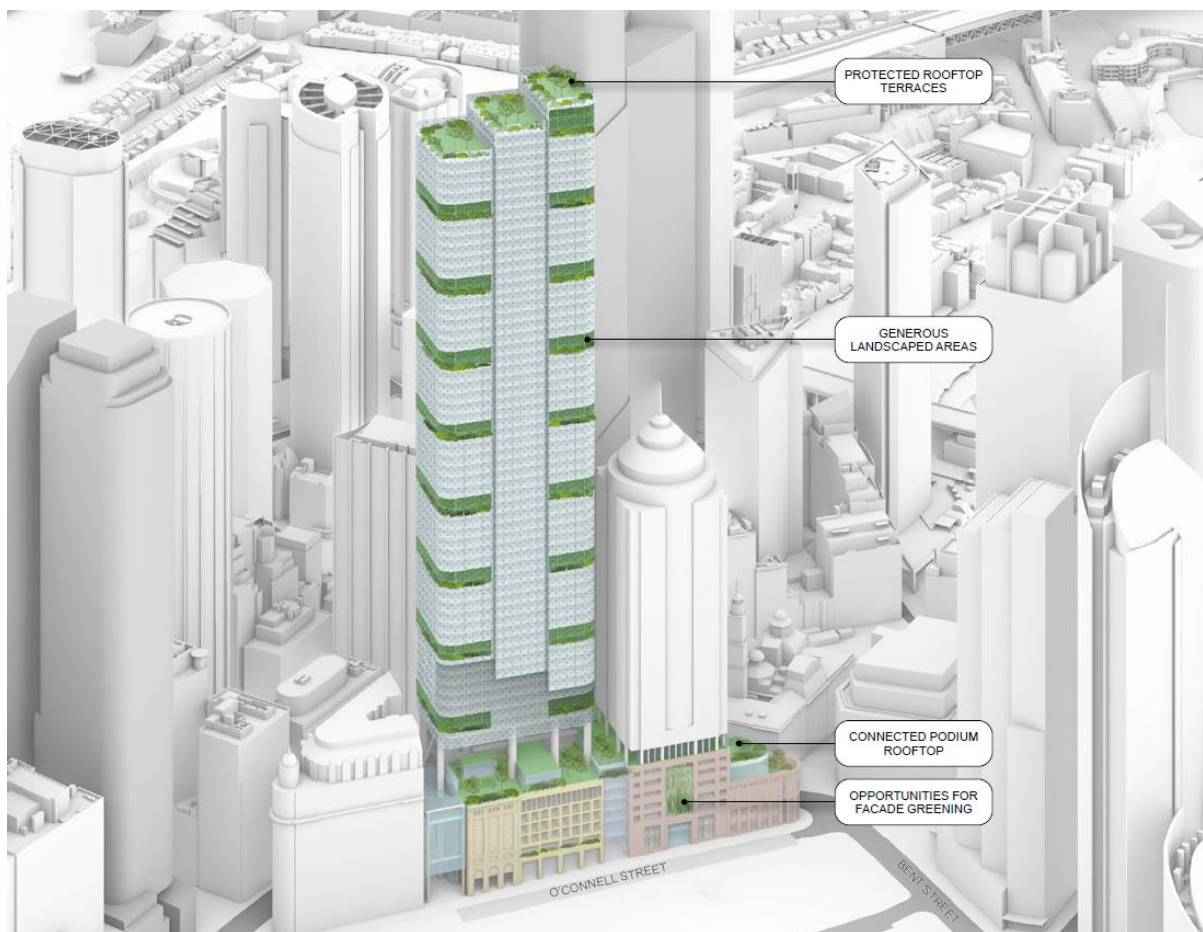


Figure 10: Indicative reference scheme of the proponent's indicative development scheme fronting O'Connell Street (subject to a future competitive process)



Figure 11: Photomontage of the indicative development with the retained 1 O'Connell Street tower and renewed Wintergarden podium, viewed from Farrer Place



Figure 12: Photomontage of the indicative development scheme from O'Connell Street



Figure 13: Photomontage of the indicative development scheme from Spring Street

The City has prepared a planning proposal to increase the maximum floor space and height controls for a future sustainable workplace development

13. The planning proposal details the proposed amendments to the Sydney Local Plan 2012 (Sydney LEP 2012) by inserting new site-specific provisions to incentivise new commercial floor space. The provisions are to:
 - (a) increase the floor space ratio control to a maximum of 23:1 inclusive of all available floor space bonuses including end of journey floor space, shared loading dock and design excellence floor space, which is an increase from the existing 13.75:1 (or 18.75:1 under the tower cluster provisions);
 - (b) allow a maximum height of RL 319.1 metres, subject to being below Sun Access Plane and Overshadowing of Certain Public Places controls;
 - (c) ensure development consent can only be granted subject to the following:
 - (i) the existing tower at 1 O'Connell Street is retained, and the Wintergarden corner podium footprint and street wall height is maintained with new single storey addition on the roof;
 - (ii) maximisation of active frontages to O'Connell, Spring and Bent Streets;
 - (iii) a pedestrian through-site link connecting O'Connell and Spring Streets with retail premises to front the through-site link is provided;
 - (iv) there is adequate provision for loading and servicing spaces for development on the site;

- (v) a shared precinct loading dock facility (logistics hub), in addition to the site's own loading and servicing requirements, to be used by surrounding businesses is permanently provided;
 - (vi) the development does not include a commercial car park;
 - (vii) the resultant development will not be used for residential accommodation or serviced apartments; and
 - (viii) demonstrates design excellence as the winner of an architectural design competition;
- (d) clarify that the development exclusive of the 1 O'Connell Street portion is not an alteration or addition to an existing building under Clause 6.11(3) of the LEP;
 - (e) not allow variations under Clause 4.6; and
 - (f) allow for redevelopment of the site using the underlying controls in the LEP and DCP if all of the above can't be met.
14. Further explanation of the proposal including objectives and intended outcomes can be found in sections 3 and 4 of the Planning Proposal at Attachment A to this report.

Changes to the Development Control Plan will ensure the development is appropriate to its context, protects amenity and improves access and activation

15. A site-specific draft development control plan (draft DCP) is at Attachment B and provides further guidance for development of the site consistent with the LEP amendments. The draft DCP provisions include:
- (a) maximum building envelope dimensions including podium and tower heights and setbacks;
 - (b) façade and articulation requirements for the new tower;
 - (c) maximisation of active frontages to O'Connell, Bent and Spring Street;
 - (d) through-site link including minimum widths, height, openness to the sky and activation;
 - (e) loading, servicing, parking and vehicular access provisions;
 - (f) requirements for the shared precinct loading dock facility (logistics hub);
 - (g) design excellence strategy;
 - (h) environmentally sustainable development requirements;
 - (i) provision of public art within, or associated with, the site; and
 - (j) no requirement for a heritage committee under Section 5.1.3.1 of the DCP.
16. The draft DCP, at Attachment B, will be exhibited with this planning proposal.

The proposal in this location provides a good contextual fit and has site-specific merit

Envelope - built form, sky view and wind

17. The planning envelope is appropriate as it is located in a tower cluster area where additional height and density can be accommodated for future workplace uses while meeting sky view and wind impact requirements for public places and achieve design excellence.
18. The retention of the Wintergarden podium form retains the original intent of the 1 O’Connell Street development as a single unified entity. It is an important ‘set piece’ element of this corner within the Farrer Place Special Character Area and its retention was recommended by the Design Advisory Panel.
19. The controls require the retention of the Wintergarden scale and form with a single-storey structure required on the rooftop with setbacks, to add design interest and achieve the required sky view and wind impacts requirements. Controls also require active frontages to be maximised at street level to improve the amenity of the public domain.

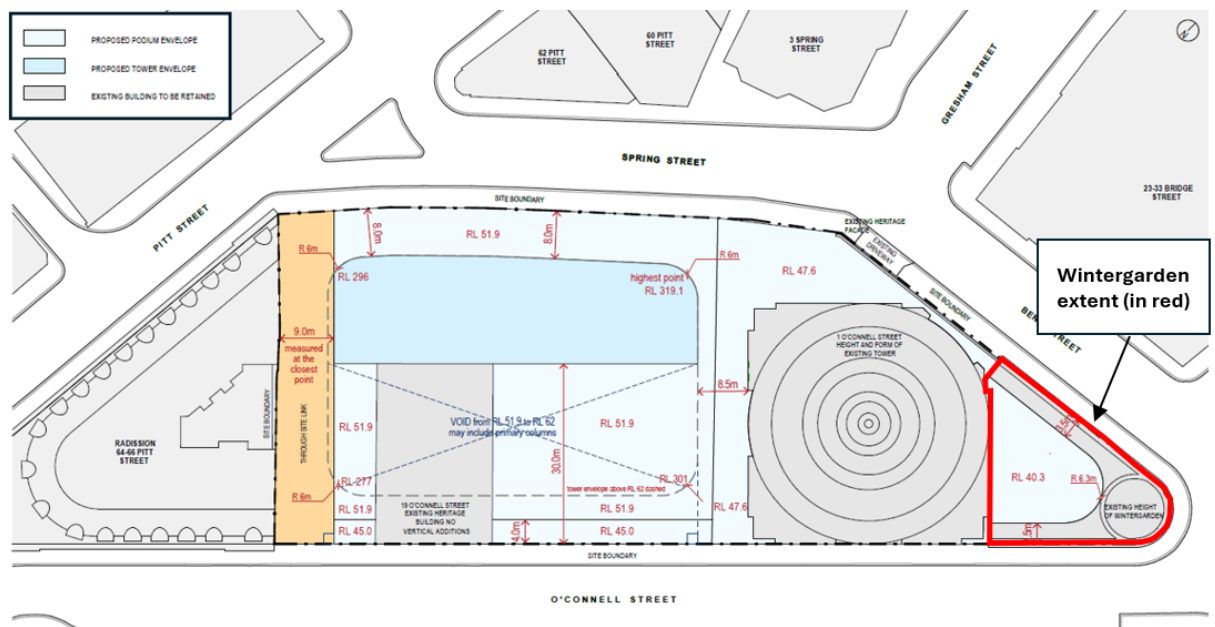


Figure 14: Location of the Wintergarden podium for the purpose of the proposed controls

Increased quality employment floor space

20. The additional floor area to be achieved under this proposal will contribute to meeting the jobs target for Central Sydney as the population rises, especially to meet high demand for premium workplace and retail uses in this part of Central Sydney which generates significant economic activity and is a key driver of the NSW economy.
21. The need for more premium work space is consistent with office occupancy trends, with most agencies reporting building occupancy in Sydney has returned to around 75-77 per cent, compared to a pre-Covid levels. In addition to recovery, through migration the working population has been increasing at one of the highest rates in the OECD.

22. The expected completion date of the redevelopment of this site is around 2031. This is similar to the Sydney Metro West Hunter Street station opening date of 2032, providing greater access to this part of Central Sydney, and as a result is likely to see demand for quality future workplace increase.
23. Providing employment and business opportunities in Central Sydney will become more important as the NSW Government's Transport Orientated Development (TOD) program encourages more homes close to rail stations that will in turn depend on rail and Metro to access future employment space not being provided as part of the TODs.

Sustainability

24. The retention of the 1 O'Connell Street tower will save a significant quantity of embodied carbon on the site, with the draft DCP including provisions to demonstrate that this will be achieved.
25. The overall redevelopment of the site will be required to meet the City's energy and water efficiency requirements for commercial buildings that are proposed to be in place from 1 January 2026. These changes reflect new opportunities and changes in ecologically sustainable development practice, including rating tools and State government planning policies. These controls are included in the draft DCP accompanying this planning proposal.

Floor space ratio of 23:1

26. A maximum FSR of 23:1 is recommended for the site, inclusive of all bonuses such as design excellence, end of journey and shared loading dock floor space.

Heritage

27. Retention of the Wintergarden podium form will meet the objectives of the Farrer Place Special Character Area, with improved public domain outcomes.
28. The two heritage facades fronting Bent and Spring Street will be retained and integrated into the new development on the site. Existing controls for heritage conservation will apply to a future development application on the site.
29. The State heritage listed item at 19 O'Connell Street will be conserved and adaptively reused into the new development. To reduce impacts of the new development on this heritage item, a spatial separation between the top of the podium and the base of the tower will be required to be at least 21 metres, along with and a minimum 8 metre setback to O'Connell Street. The undercroft area on top of the podium could be used for activities with minimal building bulk and potential greening, subject to wind mitigation measures.
30. Due to the assessment undertaken for this site-specific planning proposal, including two referrals to the Design Advisory Panel and internal heritage referral, the need for a heritage committee to consider proposed changes is not required.
31. The minimum 8 metre setback to the Radisson Blu Hotel building will provide suitable visual separation from this heritage item and allow for adequate natural light into the light well on the hotel site.

32. The development will rely on the Accommodation Floor Space incentives in Clause 6.4 of the LEP, and therefore will be required to purchase and allocate heritage floor space to the development. Due to the scale of the proposed development, it will not be considered as 'an addition to an existing building'. Proposed controls in the LEP will clarify that the calculation of the quantity of heritage floor space to be allocated will not include the portion of the site occupied by 1 O'Connell Street.

Public domain

33. Future development will be required to maximise ground floor retail to support activation of the surrounding public domain. The development will also align with the public domain upgrades identified in the City's North Public Domain Plan
34. A through-site link is required to be provided. It will provide a direct visual connection between O'Connell Street and Spring Street with 24/7 public access and support pedestrian flows from the Hunter Street Metro.

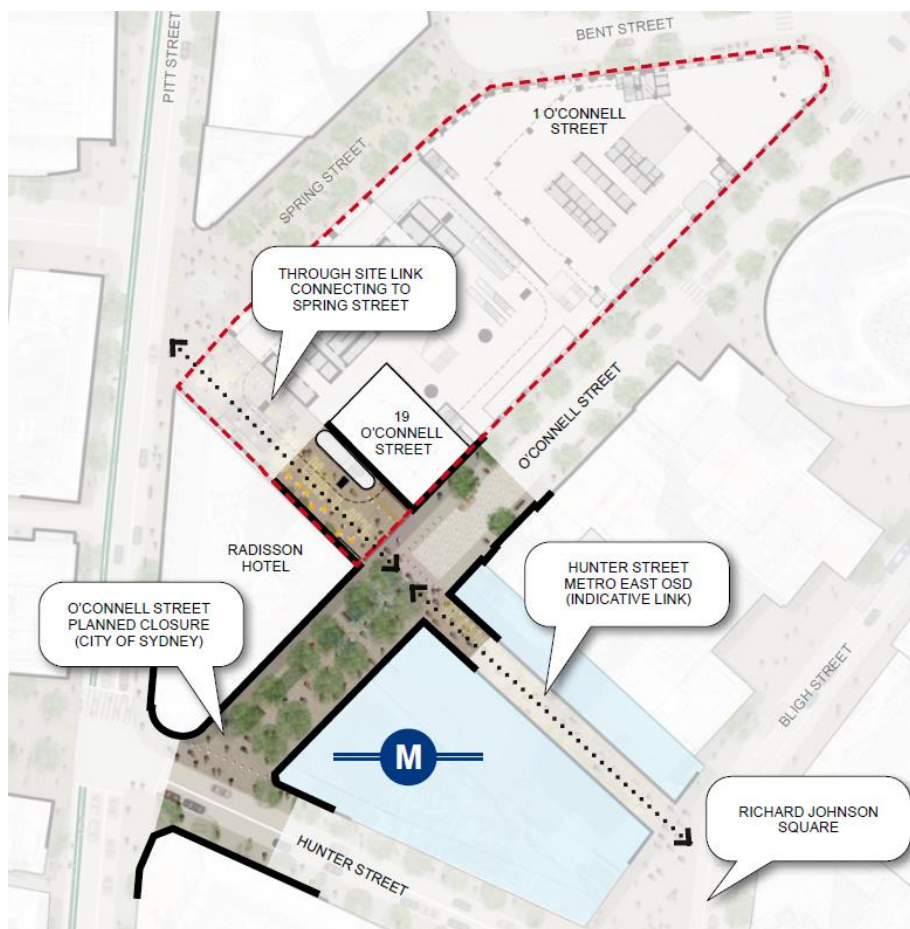


Figure 15: Relationship between the Hunter Street Metro site and proposed through-site link

Traffic, servicing and parking

35. A shared loading dock is to be provided to service other sites in the vicinity of the development which do not feature on-site loading docks, to support the removal of on-street loading spaces and improve pedestrian safety and amenity. The proposed controls also require the proponent to provide sufficient loading spaces to service the development without relying on on-street space or the proposed shared loading dock.

The Design Advisory Panel provided advice which has been incorporated into the proposal

36. The City's Design Advisory Panel (DAP) provided the following recommendations for the proposal:
- (a) proposed public realm improvements be coordinated with the City's urban design and studies for the precinct, noting the potential public domain upgrades and transformation in support of the development;
 - (b) the corner Wintergarden component be retained in full, especially if the 1 O'Connell Street tower is to be retained. This is a set piece that defines the edges of Farrer Place. Internal levels can be re-worked to better address the street, and surrounding footpaths widened;
 - (c) the undercroft to the tower proposed near the Radisson is supported provided it is strong and has adequate height and quality to mitigate impacts on the heritage building and allow better daylight to the through-site link;
 - (d) design principles for the through-site link will need to address overall building design, and should be public, open 24 hours, be civic in nature, able to accommodate pedestrian numbers generated by the Metro; and
 - (e) tower articulation should be averaged across the height, to have flexibility at the competition phase including provision for sun shading devices to improve sustainability.
37. The lodged proposal incorporated this advice. More detail on the DAP meeting advice is in Section 1.4 of the Planning Proposal.

A Voluntary Planning Agreement will deliver a through-site link and shared loading dock facilities

38. Lendlease has offered to enter into a Voluntary Planning Agreement (VPA) with Council to deliver public benefits as part of this planning proposal.
39. The Environmental Planning and Assessment Act 1979 (Act) allows the proponent to enter into a legally binding VPA with Council. VPAs are voluntary and must be freely entered into by the public authority and a proponent. They are also publicly exhibited and held on a publicly accessible register.
40. The letter of offer from Lendlease is at Attachment C to this report outlines the public benefits as part of this proposal. It includes:
- (a) construction of a through-site link connecting O'Connell Street with Spring Street, with an easement for public access at all times 24/7; and
 - (b) provision of a shared precinct loading dock in the basement providing at least 7 spaces.
41. The planning agreement will need to be prepared to secure the public benefits outlined in the letter of offer and be publicly exhibited in accordance with the Act.

The planning proposal is consistent with the City's strategic vision

42. The Central Sydney Planning Strategy is a 20-year growth strategy that facilitates opportunities for additional height and density for jobs growth with environmental sustainability initiatives and excellence in urban design. This planning proposal aligns with the Central Sydney Planning Strategy by:
- (a) prioritising employment growth and increasing capacity to enable approximately 155,000 square metres of premium-grade work space, retail and other commercial uses in the northern tower cluster area that could provide for up to 10,000 additional jobs, and supporting demand for other businesses in Central Sydney;
 - (b) ensures future development is responsive to its context with appropriate street frontage heights and setbacks that adaptively reuses the heritage items on the site, and improve public domain amenity and access;
 - (c) improves and expands the pedestrian network with a pedestrian through-site link and improved activation of the street, and provision of a shared loading dock which moves loading and serving off-street to support the movement of people through Central Sydney; and
 - (d) future development will at a minimum meet the City's proposed 2026 performance standards for net zero energy buildings, including 100 per cent renewable energy, and minimum 5.5 star NABERS Energy Commitment Agreement plus 25 per cent.
43. The City's local strategic planning statement, City Plan 2036 sets the land use context, vision and planning priorities to positively guide development and outlines how the City will plan for and manage change. This planning proposal gives effect to the Plan by delivering additional floor space and capacity for economic and employment growth close to existing and future transport infrastructure, provides for public domain upgrades and community wellbeing in a new plaza featuring high-quality public art.
44. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. 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 strategic directions:
- (a) Direction 2 - A leading environmental performer - the draft DCP that accompanies this planning proposal delivers ambitious sustainability targets for future development on the site which are also secured by the planning agreement.
 - (b) Direction 4 - Design excellence and sustainable development - future development will be subject to a competitive design process to achieve design excellence, and the attainment of key sustainability benchmarks.
 - (c) Direction 5: A city for walking, cycling and public transport – the site takes advantage of existing and planned transport infrastructure, including rail, light rail and nearby cycleways. The requirement for a through site link connecting O'Connell and Spring Streets and improve pedestrian access to the planned Hunter Street Metro station opposite the site. The removal of the commercial car park reduces the demand for private vehicle trips. Alignment with the City North Public Domain Plan will encourage walking and cycling around the site.

- (d) Direction 7 - Resilient and diverse communities - this planning proposal will enhance the City Core precinct with increased business opportunities for investment, employment and improved pedestrian connections for workers and visitors.
 - (e) Direction 8 - A thriving cultural and creative life - the draft DCP includes a number of controls including future development to include active frontages to streets, pedestrian through site link, and provisions for the delivery of public art to support activation to this part of the city, contributing to an engaging and creative city.
 - (f) Direction 9 - A transformed and innovative economy - the proposal will support and foster new employment and investment opportunities through the provision of employment generating floor space.
45. Further information regarding the alignment of the Planning Proposal with the strategic planning framework can be found at section 5.2 in Attachment A to this report.

Relevant Legislation

- 46. Environmental Planning and Assessment Act 1979.
- 47. Environmental Planning and Assessment Regulation 2021.

Critical Dates / Time Frames

- 48. 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, Housing and Infrastructure in accordance with section 3.34 of the Act for Gateway Determination. The Gateway Determination will provide the required date for the completion of the Local Environmental Plan amendment. Following public exhibition, the outcomes will be reported back to Council and the Central Sydney Planning Committee.

Public Consultation

- 49. Public exhibition of this this planning proposal will be determined by the Department of Planning, Housing and Infrastructure. The public exhibition of the planning proposal, draft Development Control Plan and draft Planning Agreement will be in accordance with:
 - (a) the Gateway Determination issued by the Department of Planning, Housing and Infrastructure under section 3.34 of the Act;
 - (b) the Environmental Planning and Assessment Regulation 2021;
 - (c) in relation to the Planning Agreement, section 7.5(2) of the Act; and
 - (d) the City of Sydney's Community Engagement Strategy and Participation Plan.

50. It is likely that the public exhibition of the planning proposal would be a minimum of 28 days.
51. The planning proposal, draft Development Control Plan and draft Planning Agreement will be publicly exhibited online on the City of Sydney website in accordance with the Environmental Planning and Assessment Regulation 2021.

GRAHAM JAHN AM

Director City Planning, Development and Transport

Michelle Cramsie, Specialist Planner