

Central Sydney Planning Strategy

Addendum 2020



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Strategy Addendum 2020

This addendum relates to the draft Central Sydney Planning Strategy 2016 - 2036 (draft Strategy) and provides a contextual overview of relevant planning matters since the draft Strategy was released in July 2016.

The key moves and principles of the Draft Strategy remain valid and continue to support the revised planning proposal for Central Sydney.

This addendum provides a description of how the proposed change to the planning proposal relate to the Draft Strategy. The Draft Strategy has not been updated since publication in July 2016. The Key Moves, along with priority actions remain relevant to the planning proposal. The mechanism or timing may have changed, but the intent set out in the Draft Strategy will be delivered through the package of planning controls.

This addendum provides an update on:

- Updates to the Strategic Planning Framework - with the release of key strategic documents and major changes to the NSW planning framework;
- Agreed key changes to the planning proposal; and
- The progress of large infrastructure and renewal projects in the Central Sydney context.

Strategic Planning Framework

Since 2016, there has been fundamental changes to the planning framework. In particular, the NSW Government adopted the Greater Sydney Region Plan and the Eastern City District Plan in early 2018.

Greater Sydney Region Plan: A metropolis of three cities

A Metropolis of Three Cities – the Greater Sydney Region Plan is the NSW Government's 20 year plan to transform Greater Sydney into a metropolis of three cities being the Western Parkland City; the Central River City; and the Eastern Harbour City. The Region Plan identifies key challenges facing Sydney including a population increase of 3.3 million by 2056, 817,000 new jobs by 2036 and a requirement for 725,000 new homes over the next 20 years. The Region Plan sets up an Eastern Harbour City vision as Australia's global gateway and financial capital with the Harbour CBD as its metropolitan centre.

The Region Plan's Objective 18 (Harbour CBD is stronger and more competitive) explains that Greater Sydney's economic strength globally and nationally is due to its role as a regional hub within global financial markets. The concentration of the financial services sector in the Harbour CBD including the Australian Stock exchange headquarters, the Reserve Bank of Australia, Australian Securities and Investment Commission and the Australian Prudential Regulation Authority signal strong links to financial markets. Likewise, the Harbour CBD has a large percentage of the ASX 100 financial services companies, over 80,000 jobs in the Finance and Insurance Services industry, and 15 of the top 20 global investment banks.

The Region Plan notes that the implications of a strong financial services sector leads to high demand for premium-grade office space and high demand for associated knowledge-intensive industries such as legal, accounting, real estate and insurance. It is critical that planning controls enable the growth needs of the financial and professional sector in Central Sydney.

Eastern City District Plan

The NSW Government has prepared plans for each of the five districts that comprise the Greater Sydney area. The District Plans set out how the Greater Sydney Region Plan will apply to local areas. The District Plans will influence the delivery of housing supply, inform and influence planning for business and jobs growth, particularly in strategic centres and inform the decision making for infrastructure planning.

The District Plan gives effect to the objective of the Region Plan by outline objectives and actions in Planning Priority E7 (Growing a stronger and more competitive Harbour CBD).

While the Sydney CBD office market is the largest in Australia, there is limited capacity available to attract the investment that will support the expansion of Sydney CBD's footprint and increase the supply of premium and A-grade office space. Although Barangaroo has provided a much-needed supply increase, new sites are still required to expand Sydney's competitive advantage. New sites with sufficiently large floor space require consolidation, which takes time and has many risks. Further, residential development creates active and vibrant centres. However, residential growth needs to be managed so it does not compromise the CBD's office market. Hence, planning controls in Central Sydney need to support commercial developments, otherwise there will be insufficient floor space to accommodate the future jobs forecast.

Local Strategic Planning Statement

More recently, the City has prepared a draft Local Strategic Planning Statement which reinforces the links between the NSW Government's strategic plans and the City's community strategic plan. The Planning Statement outlines priorities and actions for the City to increase capacity for economic and employment growth in Central Sydney by finalising and implementing the draft Strategy and draft planning proposal.

For the first time, strategic planning at both State and local government levels aligns with projected jobs growth and recognises the specific floor space needs of a strong financial services sector and its economic flow-on effects.

The most relevant priority of the LSPS is P1 (Growing a stronger, more competitive Central Sydney) which seeks to implement the Central Sydney Planning Strategy to prioritise space for business and enterprise activities while managing housing growth, providing infrastructure and guiding appropriate built form to create a world class city centre.

Agreed changes and Strategy key moves

There are three amendments to the draft planning proposal that will implement key moves in the CSPS:

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.

Consistent with Key Move 4, this change provides for employment growth in new tower cluster areas. This planning pathway for heights and densities above existing maximum limits will increase growth opportunities for employment floor space, promote the efficient use of land and encourage innovative design. Although the four tower cluster areas in Central Sydney are less constrained, any proposal must still demonstrate protection of public views and overshadowing of protected public spaces, Sydney Airport Prescribed Airspace controls, setbacks and wind and daylight testing.

This change will provide an immediate pathway to increase building height and density in the tower clusters areas.

The draft Strategy identified the medium term action of working with NSW Government, to overcome the barriers to fully implement the strategy without requiring site by site planning amendments. In the interim the City preparing the Draft Guideline for Site Specific Planning Proposals, has therefore been incorporated into the revised planning proposal and supporting controls, including the action to work with the NSW Government to fully implement access to floor space (growth above controls) in Sydney LEP 2012.

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.

This change is consistent with Key Move 1 to prioritise employment growth and increase employment capacity. Changes to the accommodation floor space controls will remove the residential and serviced apartment floor space bonus. This will stem the loss of employment floor space and ensure that as the city grows, new employment floor space is provided to accommodate projected jobs growth.

Providing an immediate increase in height controls on the Western Edge will capitalise on the changing form and character of the area and the additional rail infrastructure commitment by the NSW Government.

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.

This change addresses Key Move 5 by ensuring infrastructure keeps pace with growth. The City will develop an infrastructure plan that identifies current and planned infrastructure and any opportunities to strengthen and prioritise infrastructure provision across both the City of Sydney Council and the NSW Government. This plan will assist in optimising the community benefits of growth, assigning responsibilities to different levels of government to ensure they are best placed to respond to emerging challenges and demands. It will aid in forging private and public agency partnerships to ensure the delivery of infrastructure is provided in an efficient, integrated and timely way across a variety of infrastructure classes including open space, waste, fibre optics, water and water recycling, education, health, and public transport.

The City has prepared a development contributions plan under section 7.12 of the Environmental Planning and Assessment Act 1979 to help fund the delivery of new public infrastructure, including open space, public domain improvements, community facilities and roads, traffic and transport facilities.

The mechanisms for all other Key Moves remain unchanged.

Why we need to plan for jobs growth

The Strategy states that since the 1990s Central Sydney has moved from an urban centre dominated by offices, retailers and hotels to a genuine mixed-use precinct that is open all hours, with major and speciality retail businesses, serviced apartments, and a bigger and more diverse range of hotels, residential towers and cultural offerings. This urban mix is the direct outcome of planning controls that incentivised the development of hotels, serviced apartments and residences over commercial office and retail floor space.

Since the Global Financial Crisis in 2008, the commercial market has declined relative to the residential market. Residential development was once only viable in particular circumstances and areas, but then, became viable on traditionally prime commercial office sites. The four years up to 2016 witnessed a peak in residential development in Central Sydney.

From 2016 to 2018, the residential market declined relative to the commercial market in Central Sydney and is now showing signs of recovery in 2019.

Regardless of the current market cycle, the NSW Government's strategic planning framework assigns dwelling and jobs targets to the Sydney LGA. The District Plan requires the City to plan for and deliver at least 165,100 new jobs by 2036 in the Harbour CBD, with a higher aspirational target of 266,100 new jobs.

Without intervention to stabilise employment floor space losses and increase the amount of employment floor space, there will be significant constraints on the number of jobs that Central Sydney can accommodate. The Strategy's floor space gap analysis indicates that space for some 40,000 to 85,000 jobs may not be provided under the business-as-usual scenario.

The original intent of the Strategy is to rebalance the planning controls with a long-term focus on economic and employment growth. This key move remains unchanged. The Central Sydney market will continue to switch 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 employment floor space.

Step change in transport capacity

The largest commitment to new public transport infrastructure since the 1980s is set to boost public transport capacity in Central Sydney by 2024. This will likely lead to an increase in demand for employment floor space. In particular, significant rail projects underway will increase the Central Sydney's global competitiveness, boost business-to-business connections and attract skilled workers.

The Sydney Metro City & Southwest connects Chatswood to Sydenham-Bankstown and is due for completion in 2024. The CBD and South East Light Rail is now operational and connects the Harbour CBD to the Randwick health and education precinct.

The planned Sydney Metro West will provide faster and more frequent trips to and from Greater Parramatta. If extended eastward, Sydney Metro West is a significant opportunity to serve current and future populations of Green Square with an accessible, reliable and safe connection to Central Sydney and job opportunities in Greater Sydney's west.

Pymont is a pivotal location in the Eastern City District's Innovation Corridor. By including a station at Pymont as part of the Sydney Metro West, a continuous employment corridor is established linking Central Sydney, Pymont and The Bays. This would accelerate the growth of employment clusters and ensure The Bays and The Bays Market District are not isolated from the Harbour CBD.

Central Sydney must be positioned to accommodate this employment growth.

State Significant Planning

Catalytic projects by both the NSW Government and private sector will further elevate Central Sydney's market profile and perception. Central Sydney must be positioned to take advantage of these investments and accommodate the likely increase in demand for employment floor space.

Central station

In June 2019, the Minister announced that Central Station will be investigated as a State Significant Precinct (SSP), in two stages. Stage 1 is a Strategic Framework for the whole precinct and expedited planning pathway for the Western Gateway sub-precinct. The sub-precinct includes the YHA (Atlassian) and Lee Street offices (Dexus and Frasers) on Lee Street. The second stage will consider the remainder of the precinct, including elevated over station development.

The NSW Governments vision for the Central Station Precinct is a vibrant and exciting place that unites a world-class transport interchange with innovative businesses and public spaces. It will connect the city at its boundaries, celebrate its heritage and become a centre for the jobs of the future and economic growth.

The Central Station Precinct is generally consistent with the vision and aims of the draft Strategy, as it will provide commercial floor space that will contribute to forecast demand for jobs in Central Sydney, whilst also facilitating development uplift in one of the Tower Cluster Areas in Central Sydney. The precincts redevelopment will not overshadow public places.

Pymont Review

In August 2019, the Minister for Planning and Public Spaces requested the Greater Sydney Commission review the effectiveness of the planning framework to deliver the Government's vision for the Western Harbour Precinct and Pymont Peninsula, as the western gateway of Sydney's CBD.

The GSC review made three recommendations to the Minister for Planning and Public Spaces:

- Actively supporting the delivery of objectives of the NSW Government's vision through the consistent and holistic consideration of the Greater Sydney Region Plan and the Eastern City District Plan in both Local and State contexts so that cumulative benefits can be realised for the community, visitors and the wider Harbour CBD;
- Developing a Place Strategy for the Review Area that:
 - includes a masterplan, economic strategy and simplified planning framework;
 - is supported through collaborative and inclusive arrangements involving State Government, industry, Council and community members; and
 - considers the individual character and potential of sub-precincts.
- Establishing a timeframe and options for implementation of the Place Strategy.

While the draft Strategy did not envisage a full scale review of the planning framework for Pymont, the expansion of the CBD westward was considered. Ultimo, Pymont and Darling Harbour have undergone substantial urban renewal in recent decades. Future growth in this area aligns with the investment in physical infrastructure including the Goods Line to Darling Harbour; the recently completed mixed-use precinct of Haymarket; the convention, exhibition and entertainment precinct of Darling Harbour and the South East Light Rail project.