

## Public Exhibition - Draft Central Sydney Planning Strategy

**File No: S064204**

### Summary

March 2019 marks two years and eight months since the City requested a gateway determination for its Central Sydney planning proposal. During this time the City has managed to advance some actions of the draft Central Sydney Planning Strategy, including those relating to affordable housing, energy and waste management, heritage, late-night trading and increased employment capacity.

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 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 residential land market over the long term with the need to preserve and grow commercial, retail and cultural space.

The draft Central Sydney Planning Strategy is a suite of documents including a proposed Local Environmental Plan (LEP) amendment (consistent with the District Plan) and a draft Development Control Plan (DCP) all with supporting documentation; and a draft Guideline for Planning Proposals. This package, other than the draft Guideline for Planning Proposals, was unanimously endorsed by Council and the Central Sydney Planning Committee in late July 2016. The 2016 documents were then forwarded to the NSW Department of Planning and Environment with a request for a gateway determination to exhibit the planning proposal. Since then, the Guideline for Planning Proposals has been prepared and road tested (Attachment C), and completes the draft package.

While only the planning proposal requires NSW Department of Planning and Environment approval for statutory exhibition, the City has maintained a preference for all documents to be exhibited together for transparency, clarity and certainty.

Despite ongoing discussions, the City has been unable to convince the NSW Department of Planning and Environment that its proposal to manage residential growth, create opportunities for the growth of employment floor space and protect solar access to public places should be placed on public exhibition for the purposes of enabling full and transparent industry and community consultation. This is in spite of a positive market response to the proposal, and the City progressing several site discussions under the proposed draft Central Sydney Planning Strategy framework, one of which has completed a design competition.

Recent amendments to the Environmental Planning and Assessment Act 1979 require councils to review and amend their Local Environmental Plans as soon as practicable after a District Plan is made to “give effect to” the priorities and actions identified in the District Plan. This includes preparing a Local Strategic Planning Statement by December 2019 that will inform Local Environmental Plan and Development Control Plan amendments by 2021.

The City is in the middle of preparing its first Local Strategic Planning Statement. The draft Central Sydney Planning Strategy framework is central to the City's ability to meet the priorities and actions set for the City in the NSW Government's Eastern City District Plan. As such, the City will benefit from a non statutory public exhibition of the draft Central Sydney Planning Strategy.

The City acknowledges that mechanisms proposed in the draft Central Sydney Planning framework may not be the only options to achieve the vision and intent of the Strategy. Information and feedback received from the recommended consultation will enable the City to review, update and refine the Central Sydney Planning framework, ensuring there is consistency between the intent and the mechanisms to achieve the vision.

This report seeks approval to publicly exhibit the draft Central Sydney Planning Strategy framework. Consultation plays a vital role in the formulation of planning policy, as an accepted means of enabling a range of stakeholders and the wider community to contribute. By progressing community and stakeholder consultation of the draft Central Sydney Planning Strategy to public exhibition the City can work with industry and the community to refine and improve it.

## Recommendation

It is resolved that Council:

- (A) approve the Draft Central Sydney Planning Strategy, as shown at Attachment A to the subject report, for public exhibition for a minimum of 60 days.
- (B) approve the Draft Guideline for Site Specific Planning Proposals in Central Sydney, as shown at Attachment C to the subject report, for public exhibition for a minimum of 60 days.
- (C) request that the Department of Planning and Environment provide a gateway determination as soon as possible to allow statutory public consultation to take place under the Environmental Planning and Assessment Act 1979. It is noted that any public consultation period conducted as required by the gateway determination will be in addition to, but may overlap with, the non-statutory public exhibition periods above.
- (D) note that the Proposed Future Controls, as shown at Attachment B to the subject report, will not be a matter for consideration in the determination of development applications under Section 4.15(1)(a)(ii) and (iii) of the Environmental Planning and Assessment Act 1979 until such time as they have been the subject of formal public consultation.

## Attachments

- Attachment A.** Draft Central Sydney Planning Strategy (Note: due to its size, Attachment A will be circulated in electronic format only. It will be available for viewing on Council's website.)
- Attachment B.** Proposed Future Controls (Note: due to its size, Attachment B will be circulated in electronic format only. It will be available for viewing on Council's website.)
- Attachment C.** Draft Guideline for Site Specific Planning Proposals in Central Sydney (Note: due to its size, Attachment C will be circulated in electronic format only. It will be available for viewing on Council's website.)

## Background

### Purpose of the report

1. March 2019 marks two years and eight months since the City requested a gateway determination for its draft Central Sydney planning proposal. During this time the City, working with the NSW Department of Planning and Environment, has managed to advance some actions of the draft Central Sydney Planning Strategy, including those relating to affordable housing, energy and waste management, heritage, late-night trading and increased employment capacity.
2. 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 continues to grow and 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 and protects its unique setting.
3. The draft Central Sydney Planning 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 residential land market over the long term with the need to preserve and grow commercial, retail and cultural space.
4. The draft Central Sydney Planning Strategy is a suite of documents including a proposed LEP amendment (consistent with the District Plan) and a draft DCP all with supporting documentation; and a draft Guideline for Planning Proposals. This package, other than the draft Guideline for PPs, was unanimously endorsed by Council and the Central Sydney Planning Committee in late July 2016. The 2016 documents were then forwarded to the NSW Department of Planning and Environment with a request for a gateway determination to exhibit the planning proposal. Since then, the Guideline for Planning Proposals has been prepared and road tested (Attachment C), and completes the draft package.
5. While only the planning proposal requires NSW Department of Planning and Environment approval for statutory exhibition, the City has maintained a preference for all documents to be exhibited together for transparency, clarity and certainty.
6. Despite ongoing discussions, the City has been unable to convince the NSW Department of Planning and Environment that its proposal to manage residential growth and create opportunities for the growth of employment floor space should be placed on public exhibition for the purposes of enabling full and transparent industry and community consultation. This is in spite of a positive market response to the proposal, and the City progressing several site discussions under the proposed draft Central Sydney Planning Strategy framework, one of which has progressed to completion of design competition.
7. It is acknowledged that while some of the context for the draft Central Sydney Planning Strategy has changed in the past two and half years, the release of the Eastern City District Plan, updates to the City's floor space and employment survey, the principles remain relevant. Further the City acknowledges that the mechanisms proposed in the draft Central Sydney Planning framework may not be the only options to achieve the vision and intent of the Strategy.

8. Information and feedback received from the consultation will enable the City to review, update and refine the Central Sydney Planning framework, ensuring consistency between the intent and the mechanisms to achieve the vision.
9. Consistent with the City's original intent that there would be no impact, other than influencing land use, on the development yields that can be achieved under the existing Sydney LEP 2012, the City expects that through consultation there may be some changes to the proposed Central Sydney Planning framework. Changes will be considered with a view to achieving the long term vision of growing a stronger more competitive Central Sydney through a sensitive and strategic approach that protects and enhances what makes our city world renowned - its beauty and its liveability.

### **The Eastern City District Plan**

10. The NSW Government's Eastern City District Plan, released March 2018, requires the City to grow a stronger and more competitive Central Sydney, to create capacity to achieve job targets and provide space for services. The draft Central Sydney Planning Strategy framework unlocks close to three million square metres of floor space, provides for 145,000 new knowledge intensive jobs and delivers over 500 new affordable housing units. Critically it pivots to prioritise commercial development, increasing certainty to allow investment in new stock.
11. The framework maximises jobs growth balanced with residential through two approaches as discussed below.
12. The first is utilising a modified Local Environment Plan (LEP) – the planning proposal introduces a requirement for at least 50 per cent of employment floor space in developments greater than 55 metres in height. Economic analysis demonstrates that the 50 per cent requirement is necessary to influence the market. It moderates residential values and allows a range of business uses and services to compete in a more stable market, irrespective of market conditions at the time.
13. Industry has expressed support for a similar approach in recent consultation work completed as part of the Central to Eveleigh Technology and Innovation Taskforce. The soon to be released Camperdown-Ultimo Collaboration Area Place Strategy, endorsed by the Greater Sydney Commission Board on 18 September 2018, includes an action for the City and NSW Department of Planning and Environment to “deliver a minimum percentage requirement for affordable space in developments for tech start-ups, innovation, creative industries, cultural uses, community uses and artists within and beyond the Collaboration Area”. The Victorian State Government has introduced a minimum 65 per cent productive floor space requirement in their proposed Commercial 3 zone.
14. The second is access to development capacity above the LEP – the Framework describes an opportunity for additional employment only capacity. These opportunities enable the market to respond without increasing land values and enabling the commercial market to better compete with residential development.
15. The 4-6 Bligh Street planning proposal, approved by post exhibition report to Council November 2018, is an example of this approach working in practice. Lodged February 2018 and processed to gateway in 53 days, the planning proposal delivers over 8,000sqm of office including co-working space, a 400 room hotel, environmental excellence initiatives, an affordable housing contribution and public benefit infrastructure contributions. The design excellence competition has also been held won by Woods Bagot and the result was released last week.

16. The transformation of Circular Quay, the focus of a Property Council of Australia event in October 2018, is an example of a whole precinct predominantly being delivered in collaboration with the City through this approach.

### **The Local Strategic Planning Statement**

17. The release of the Greater Sydney Region Plan - A Metropolis of Three Cities and the five supporting District Plans in March 2018 establishes the future vision for Greater Sydney to 2056. Recent amendments to the Environmental Planning and Assessment Act 1979 (the Act) require councils to review and amend their Local Environmental Plan (LEP) as soon as practicable after a District Plan is made to “give effect to” the objectives and priorities identified in the Region Plan and relevant District Plan. This involves a three step process for councils to:
  - (a) review the existing LEPs against the relevant District Plan by end October 2018
  - (b) prepare a Local Strategic Planning Statement for exhibition by 1 July 2019 and finalisation by 1 December 2019; and
  - (c) update the LEP by March 2021.
18. The City’s completed LEP Review identifies the actions of the Eastern City District Plan applicable to the City of Sydney and identifies how closely aligned they are to the Sydney LEP 2012 and the City’s policies, strategies and programs.
19. The LEP Review found that 47 of the 60 relevant District Plan actions have been implemented by the Sydney LEP 2012, Sydney DCP 2012 or the City’s policies and strategies. 16 actions are either not applicable to the Sydney LGA or the responsibility of a State agency. The remaining 13 actions have been identified for further consideration and inclusion in the Local Strategic Planning Statement.
20. The research for the preparation of the Local Strategic Planning Statement is currently underway. Key projects that will inform the Local Strategic Planning Statement include:
  - (a) a Housing Strategy
  - (b) Capacity Study (based on the 2017 Floor Space and Employment Survey); and
  - (c) productivity and infrastructure analysis.
21. It is apparent that the draft Central Sydney Planning Strategy framework will be central to the City’s ability to meet the priorities and actions of the NSW Government’s Eastern City District Plan, in particular the requirement for the City to facilitate economic activity and deliver on job targets.
22. Whilst it remains the City’s preference for the NSW Department of Planning and Environment to issue a gateway determination for the Central Sydney planning proposal, so all documents can be exhibited together for transparency, clarity and certainty. The City can no longer delay the public exhibition of the draft Central Sydney Planning Strategy in light of the key strategic planning processes required to be completed by the dates outlined above.

23. By publicly exhibiting the draft Central Sydney Planning Strategy the City can work with the community and industry to refine and improve it. An amended Central Sydney Planning Strategy can then be prepared to support the City's final Local Strategic Planning Statement by December this year.
24. While it is acknowledged that as the research progresses for the Local Strategic Planning Statement the data and inputs into the draft Strategy require updating, the fundamental principles and key concepts remain unchanged. However, the City acknowledges that mechanisms proposed in the draft Central Sydney Planning framework may not be the only options to achieve the vision and intent of the Strategy and will consider alternatives that meet the objective. Feedback on these core concepts and principles, along with the mechanisms and alternatives, is sought at this stage to enable the City to build a strategic planning statement for the local government as a whole.

### **Draft Guideline to Preparing Site Specific Planning Proposal in Central Sydney**

25. The draft Guideline to Preparing Site Specific Planning Proposals in Central Sydney (the Guideline) sets out the procedural pathway for planning proposals to demonstrate consistency with the nine aims of the draft Strategy. It provides a defined planning pathway for additional height and density. It will increase growth opportunities for employment floor space, promote the efficient use of land, and encourage innovative design. It unlocks opportunities for the delivery of cultural, social and essential infrastructure and improved public spaces commensurate with growth.
26. The draft Guideline supports the preparation of site specific planning proposals by:
  - (a) providing land use and built form principles;
  - (b) providing a transparent and consistent evaluation approach;
  - (c) describing the City's priorities for infrastructure to support growth;
  - (d) describing the process for preparation, including required supporting documentation, applicable fees, preparation of planning agreements and the decision making process; and
  - (e) providing a framework for sharing the planning gain resulting from changes to planning controls to fund infrastructure delivery.
27. Under the draft Guideline, planning proposals that provide for additional floor space, building height, or both, may be supported if a range of conditions are met. Importantly, the guideline limits the opportunity for additional height and density to employment or income generating floor space. With more than a third of current floor area being office floor space, and more than four out of five workers working in an office, the provision of office floor space and the future supply of this space is critical to the continuing success of Sydney as a global city.

28. The draft Guideline imposes a number of minimum site criteria and building performance standards on requests by proponents to change height or floor space controls, as follows:
- (a) future development on the site cannot contain residential or serviced apartment floor space;
  - (b) sites must have a minimum site area of 1,000 square metres;
  - (c) must commit to participating in a full architectural design competition;
  - (d) contribute towards net-zero carbon, zero waste and water efficient outcomes;
  - (e) must demonstrate best endeavours to use land efficiently; and
  - (f) development must be accompanied by a cumulative assessment of footpath pedestrian capacity.
29. Providing proponents with an early understanding of the opportunities of a site, the guideline assists them in preparing feasibilities.
30. The draft Guideline will provide guidance on built form possibilities, providing clarity for proponents about the potential built form on a single site, or an amalgamated site, at the early stage of the strategic planning process. This will reduce project time-frames as much of the early-stage design and technical analysis has been undertaken by the City.
31. Planning proposals increase land value due to increased development potential. An appropriate proportion of this value, or planning gain, must contribute essential public infrastructure, including community and cultural infrastructure. The planning gain must not be so onerous as to make a development project unfeasible and impact the supply of employment floor space.
32. The draft Guideline is a continuation of the City's current planning proposal practice that has delivered productive use development opportunities including 60 Martin Place, 180 George Street (Lend Lease Circular Quay), AMP Quay Quarter and 4-6 Bligh Street.
33. The draft Guideline provides proponents with the opportunity to make a community infrastructure contribution that is either:
- (a) an in-kind contribution – to build and/or transfer public infrastructure to the City;  
or
  - (b) an in-lieu contribution – a monetary contribution that is equivalent to the required 'in-kind' public infrastructure.



34. Central Sydney is apportioned into two areas where the following community infrastructure contribution rates will apply:
  - (a) Area 1 = \$1,200 per square metre above existing mapped FSR plus accommodation floor space under Sydney LEP (excluding design excellence), or, \$1,200 per metre for each square metre of gross floor area achieved above the existing mapped maximum height under Sydney LEP, whichever is greater.
  - (b) Area 2 = \$600 per square metre above existing mapped FSR plus accommodation floor space under Sydney LEP (excluding design excellence), or, \$600 per metre for each square metre of gross floor area achieved above the existing mapped maximum height under Sydney LEP, whichever is greater.
35. The rate will increase annually in line with the Australian Consumer Price Index (CPI).
36. The draft Guideline provides clarity on opportunities for site amalgamations to facilitate the highly desirable large floorplates required for office development. It acknowledges that not all sites are suitable and minimises valuation impacts by not changing base controls.
37. The opportunities for additional height are formed by sun access planes, heritage, view controls and our international air-safety obligations imposed by prescribed airspace associated with Sydney Airport. The absolute maximum height opportunity is illustrated by the Environmental Height Terrain Map in the guideline. As growth opportunities are taken up over the next 20 years, new tower clusters will form within the constraints that support increased density.

#### **Draft Central Sydney Infrastructure Plan**

38. The significant challenge acknowledged in the NSW Government's Region and District plan is the supply, funding and delivery of essential community infrastructure in line with growth, when it occurs. To address this challenge the guideline includes an infrastructure provision component. The draft Central Sydney Infrastructure Plan (the Infrastructure Plan) which seeks to aid in the supply, funding and delivery of community infrastructure by identifying physical and social infrastructure that will support an increasingly dense central Sydney with a growing worker, resident, visitor and student population. The Infrastructure Plan is Appendix 1 and forms part of the guideline.
39. The Infrastructure Plan highlights specific community infrastructure types, describes its current provision and what improvements are required to support central Sydney's projected population growth. The plan identifies how the City will respond in meeting the demand for infrastructure improvements, and specific mechanisms that may be utilised in delivering improved infrastructure.

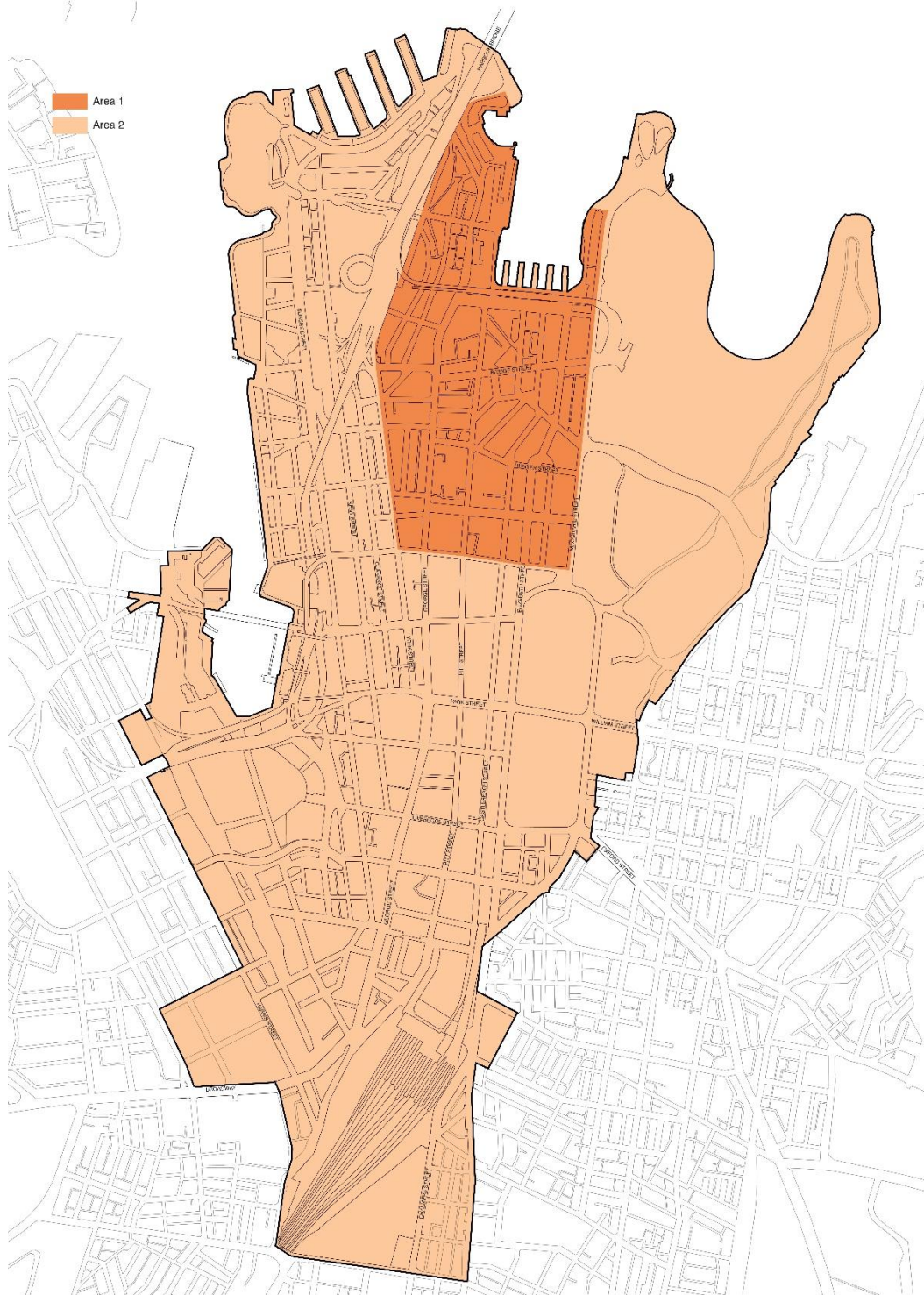


Figure 1: Central Sydney Community Infrastructure Contribution Areas

40. The Infrastructure Plan covers infrastructure types already identified by City, NSW Government or Federal Government plans, studies or strategies. Where the plan highlights a specific type of infrastructure a reference to the source study is included to demonstrate why it is needed. Community infrastructure is publicly owned, and includes physical infrastructure such as public domain improvements and open space, precinct responses to energy, waste and water, and social infrastructure such as community facilities, cultural/creative facilities, and indoor recreation facilities.
41. The Infrastructure Plan is not intended to be an exhaustive list of infrastructure. As communities, technology and the urban environment changes the infrastructure needs and demands of the community and city change with it. Government, industry and the community may determine innovative ways to deliver infrastructure outside of the Plan. The Plan provides a baseline plan that can be reviewed and updated in association with the City's programmed reviews of central Sydney planning controls.

### **Benefits of the guideline**

42. The draft Guideline will promote a managed approach to growth, where new floor space and height can be considered within a strategic framework. If a 'blanket' approach is taken to increasing height and floor space in the City's planning controls, this would result in an immediate increase in land values, particularly where small sites had access to unrealistic heights and densities. A blanket increase in heights and densities in the current LEP would also promote residential and serviced apartment towers and would promote speculative growth. This growth would be at the expense of employment related floor space as well those attributes that make Sydney one of the world's most liveable cities.
43. An aim of the framework is to encourage all forms of commercial and cultural development, while ensuring good urban amenity. While the renewal of existing sites will continue according to market conditions, significant extra capacity comes from site amalgamations so that commercial sized floorplates on larger landholdings can be unlocked. Additional height and floor space above the Sydney LEP 2012 may be possible on amalgamated sites suitable for larger floor plate developments provided they meet tower setback and separation requirements. This extra capacity will depend on site amalgamation combinations, and floorplate configuration, and is best determined on a landholding by landholding basis through a streamlined planning proposal pathway.

### **Key Implications**

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

44. 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.
45. 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".

46. 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.
  - (b) Liveability Planning Priority E6: Creating and renewing great places and local centres, and respecting the District's heritage. 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 draft Central Sydney Planning Strategy promotes opportunities for: growth and change in the City Centre; innovative capacity; global city support functions; global competitiveness; business competitiveness, and; tourism infrastructure.
  - (d) Sustainability Planning Priority E19: Reducing carbon emissions and managing energy, water and waste efficiently. The draft Central Sydney Planning Strategy promotes opportunities for improved environmental performance of buildings and leadership in environmental performance.

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

47. Sustainable Sydney 2030 is the vision for sustainable development of the City of Sydney Local Government Area to 2030 and beyond. It includes 10 strategic directions to guide the future of the City of Sydney. Sustainable Sydney 2030 outlines the City's vision for a 'green', 'global' and 'connected' City of Sydney and sets targets, objectives and actions to achieve that vision.
48. The draft Central Sydney Planning Strategy directly responds to community consultation conducted in the preparation of the Sustainable Sydney 2030 program. The community asked the City to ensure the City of Sydney remained a globally competitive and innovative city, where change and growth in the city centre was planned, and growth was balanced with the attributes that make Sydney one of the world's most liveable cities.

49. The draft Central Sydney Planning Strategy and supporting documents align with the following Sustainable Sydney 2030 Directions.
- (a) Direction 1 - A Globally Competitive and Innovative City
  - (b) Direction 2 - City as an Leading Environmental Performer
  - (c) Direction 3 - Integrated Transport for a Connected City
  - (d) Direction 5 - A Lively and Engaging City Centre
  - (e) Direction 6 - Vibrant Local Communities and Economies
  - (f) Direction 8 - Housing for a Diverse Population
  - (g) Direction 9 - Sustainable Development, Renewal and Design

**Public Consultation**

50. This report recommends that the draft Central Sydney Planning Strategy package, being the Proposed Future Controls and draft Guideline for Site Specific Planning Proposals in Central Sydney are available for an extended non-statutory public consultation period of at least 60 days.
51. Initial engagement with some key stakeholders has been ongoing since 2016 and will be expanded as part of the public consultation process. It is important, however, that the documents be made available for comment to the broader community to ensure that everyone has the opportunity to participate in this important strategic planning process.
52. At a minimum, notices will be published in local newspapers and documents made available on the City's website.
53. A comprehensive consultation plan will be developed to ensure the City receives comment and feedback from industry groups, the community and land owners on the consultation documents.
54. The City will review all submissions on the documents and report the outcomes of the public exhibition back to the Council for final approval.
55. The City will continue to seek a gateway determination from the Department to enable it to commence statutory public consultation processes in relation to the Proposed Future Controls. If a Gateway determination is received during the current non-statutory exhibition period, it is noted that the statutory public consultation process will be commenced as soon as possible and may overlap with the 56 day non-statutory exhibition period outlined above.

**GRAHAM JAHN AM**

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