

4 February 2022

Project Leader

Proposed Pyrmont Peninsula Special Infrastructure Contribution and

Pyrmont Peninsula sub-precinct master plans

Department of Planning, Industry and Environment

Locked Bag 5022

PARRAMATTA NSW 2124

cc. Bran Black, CoS, Premier of NSW

cc. Chris Spence, CoS, Minister for Planning and Homes

Online submission

Proposed Pyrmont Peninsula Special Infrastructure Contribution and Pyrmont Peninsula sub-precinct master plans

To whom it may concern

I write in relation to proposed “Pyrmont Peninsula Special Infrastructure Contribution” and “Pyrmont Peninsula sub-precinct master plans” exhibition packages, prepared by the Department of Planning, Industry and Environment (DPIE), which has been made available for industry comment until 4th February 2022.

This submission represents Urban Taskforce’s response to both exhibited packages regarding the Pyrmont Peninsula.

The proposed draft sub-precinct masterplans and Special Infrastructure Contribution (SIC) do not support the area to realise its full potential and may even prevent planned investments to proceed. To address this the exhibited plans must change before they are finalised.

Our recommendations are outlined in this submission and a summary table of recommendations can be found at Attachment 1.

Introduction: the vision for Pyrmont Peninsula

Pyrmont Peninsula has been identified as a high rise area but it cannot be fully developed if the State and local planning documents do not treat the area as appropriate for high rise developments and maximise opportunities for high rise building projects.

The GSC’s district Plan for Eastern Sydney, which sets the strategic framework, states on page 46:

*‘The District’s many great places also include local neighbourhoods in leafy suburbs like Bellevue Hill and Strathfield, inner-city, mixed-use places around Potts Point and Surry Hills, and the city **high-rise areas of Pyrmont and the Sydney CBD**. Each offers its own identity and sense of place where social cohesion and belonging is fostered.’*

The District Plan establishes the strategic merit for high rise development in Pyrmont Peninsula.

In 2019, former NSW Premier Gladys Berejiklian said the government would develop new planning controls to turn the Pyrmont area into the *“gateway to the CBD”*.

In 2020, The Minister for Planning at the time, Rob Stokes said that *“Pyrmont has always been an extension of the CBD.”*

Strong support for the future growth and development of Pyrmont has also been offered by Premier Dominic Perrottet during his time as NSW Treasurer:

“Pyrmont is the real gem of Sydney and for too long its potential has been overlooked and under-utilised”

- Dominic Perrottet, NSW Treasurer,
Media Release, December 2020

“We can't also have a 'nimby' mentality that ensures that hotels like [The Star] which will make a real difference to tourism in our city and state and our country don't go ahead.”

“You would think common sense would prevail and that you would get a development that works and at the same time delivers the world-class hotel that backs-in tourism opportunities for our city and state.”

- Dominic Perrottet, NSW Treasurer,
interview on 2GB Radio, July 2019

Mr Perrottet’s statements are also supported by an image of what the Pyrmont Peninsula could look like if its potential is fully realised. The image below, (posted on Mr Perrottet’s webpage) depicts Pyrmont as bustling area with an extensive number of high rise buildings.



Source: <https://www.domperrottet.com.au/news/pyrmont-perfectly-poised-for-vibrant-future/>

The proposed draft document make no effort to consider the cumulative impact of contributions on the feasibility of projects

The Pymont Peninsula is already subject to considerable fees and charges, some of which will increase this year.

For example, the *City of Sydney affordable housing program* states that from 1 July 2022 the 7.13 rates will double – from 1% of the total floor area that is to be used for non-residential uses (up from 0.5%) and 3% for residential (up from 1.5%).

Further to this, under the new Planning Proposal land contributions will add 9% on the additional residential GFA for any sites that benefit from an increase in the GFA. These contributions, together with the aforementioned 7.13 rates make up a total of 12% on residential GFA.

In addition to this, the draft Pymont Peninsula SIC proposes new contributions for the cost of the Pymont Metro Station. While the Urban Taskforce acknowledges the benefits of a new metro station in Pymont, the proposed contributions must be set with consideration of the overall impact contributions have on the feasibility of developments.

We note that the proposed SIC sets the following rates: \$15,000 per new dwelling and \$200 per sqm of new GFA.

We also note that DPIE is currently reviewing submissions to the Infrastructure Reforms. If the proposed Regional Infrastructure Contributions do not change in the final documents, then it is expected all new developments to contribute \$12,000 per dwelling and \$30/sqm of new GFA of commercial / retail.

Added to this Baseline contribution under the Infrastructure Contributions reform package, is the Transport Component Project contribution (note: this is proposed to be a separate additional component of the total Regional Infrastructure Contribution).

If the SIC as proposed becomes the Transport component of the RIC, in addition to the baseline RIC charge, in addition to increases to Councils fees and charges, the feasibility of any development at all becomes seriously questionable. There is no evidence that DPIE (now DPE) has done any work on the cumulative impact of these ever increasing fees and charges.

We note that the NSW Productivity Commission's Review of Infrastructure Contribution Final Report recommended that

*the proposed rates are “**subject to no substantial impacts on feasibility**”*

see Recommendation 5.1: Adopt regional infrastructure contributions, p95 of the Review of Infrastructure Contributions in New South Wales

The current feasibility assessment for setting the SIC rates does not consider the considerable, cumulative impact of other policies that have either recently been introduced or are currently being finalised (ie. Design and Place SEPP, the Housing Affordability SEPP, the D&BP Act & Regulations,

The RAB Act, etc) or the available evidence of increasing costs caused by labour and material shortages.

The Urban Taskforce has consistently noted the comparably high cumulative impact of fees, taxes and charges at local, state and federal level applied to developments in this State compared to others on the eastern seaboard. Without a cumulative impact assessment which includes all state fees and charges, and further impacts of other recent legislation and policies, it is not possible to implement the Productivity Commission's recommendation. The cumulative impact of rising construction costs, increased infrastructure contributions and charges to planning policy (and the instruments thereof) are rendering development of new housing supply unfeasible.

***Recommendation 1:** The Urban Taskforce recommends that DPIE reduces the proposed SIC rates as they have a negative impact the feasibility of housing developments and put at risk the realisation of the Premier's vision for the extension of the Sydney CBD high rise along the Pyrmont Peninsular.*

Pyrmont Peninsula has been repeatedly identified as a high rise area and the planning documents must give effect to this character of the area

The ambition of the NSW Government and desire to develop the peninsula are not reflected in the planning documents.

The currently proposed sub-precinct master plans show that there will be serious limitations for high rise developments.

Obstacles will occur with regards to solar access. A tall building that is surrounded by small residential lots cannot be designed in a way that will have no solar impact on those lots.

However, should there be an opportunity for multiple high rise developments in the area then there would be more solar access available for greater number of dwellings. This is because when developments have multiple levels they are less likely to be entirely overshadowed by tall buildings.

If the sub-precinct masterplans are not made more flexible, existing smaller residential sites will prevent many high rise developments. This is already an issue around one of the key sites – The Star, where there is a risk that a high rise tower will not be possible to proceed to development since it will have a solar access impact on the surrounding small residential sites.

We acknowledge that the strategy cannot guarantee that small residential lots will be redeveloped simultaneously with other high rise projects, but the opportunity must be provided by the Place Strategy. This will mean it will be up to property owners and investors to assess how many of the areas can be developed as a cluster where each individual structure will benefit from the (re)development.

The master plans must allow for the broader application of high rise in this critical precinct and let the market determine where it occurs.

By identifying a number of areas for '**no high rise development**' and also applying strict '**no overshadowing**' provisions, the Draft Pyrmont Peninsula sub-precinct master plans effectively constrains the opportunity for the growth of our city. It certainly works against the realisation of the vision of the Premier, the former Premier and the former Minister for Planning.

The Urban Taskforce also notes that as part of the sub-precinct master planning work, the number of sites capable of change have been reduced (see page 7 for the original map and page 11 for the revised more restrictive proposal). This change creates further constraints on potential residential and commercial development in the area. Urban Taskforce recommends that the process is reversed so that more development is allowed in more areas.

The Pyrmont Peninsula Place Strategy Implementation should include a more positive emphasis on ensuring the places capable of change realise their full potential. For example, on page 6 of the Pyrmont Peninsular Place Implementation Strategy, the implementation document should encourage the City of Sydney to ensure that Strata commercial and residential sites with 10 or less lots should developed and high rise developments to be allowed on those sites.

Recommendation 2: The Urban Taskforce recommends that the sub-precinct plans are reviewed with a view to enable the development of high rise buildings in more areas. The Place Strategy revision should consider removing existing obstacles in the planning documents which will prevent high rise projects proceeding (eg. Remove inflexible non-merit based clauses like: *no solar access impact on the surrounding area*).

Recommendation 3: The Urban Taskforce recommends that the sites identified for change in the Pyrmont Peninsula Strategy are reviewed with a view to maximise opportunities for development and, at minimum, the number of “sites capable of change” identified on page 11 is the same as the originally proposed Place Strategy, exhibited in 2020.

The documents are too prescriptive and more case-by-case flexibility is needed if the objectives of the plan are to be met

The strategy is too prescriptive and this will negatively affect development. In light of the Pyrmont Peninsula’s proximity and access to the Sydney CBD, together with proposed improvements to transport infrastructure, the Urban Taskforce is concerned that the extent of development uplift identified in the Sub-precinct masterplans will fall short in realising the Peninsula’s full potential.

For example, part 3.4 of the Pyrmont Peninsula Place Strategy, *Protecting Sunlight to public and open spaces*, restricts the height of future developments. The proposed table on page 38 and map 3.4.1 on page 39 of the Urban Design Report, explain that areas are evaluated based on three categories of open spaces which require protection for solar access:

1. Merit based assessment for any future development proposal
- 2. Sun Access Plane used to inform master planning, and**
- 3. No additional overshadowing used to inform**

The Urban Taskforce asserts that the entire space should be assessed on a merit basis approach (the first criterion) and remove restrictions posed by the second and third criteria.

A merit based assessment process is critical to ensure projects can obtain consent where the benefits of the project outweigh the challenges.

One example is the Elizabeth Healey Reserve. The Urban Design Report states that “the potential for increased building heights on Union Street, Darling Island [...] should not breach this sun access plane to protect sunlight to the existing and future planned reserve extent.” This protection is proposed even though this Reserve is close to the metro site which has a proposed high rise mixed use development.

It is evident that some flexibility must exist. The Elizabeth Healey Reserve is just one of the sites which must be assessed on a merit base. The strategy must balance protecting sunlight to open spaces, as an important consideration, with enabling development of the suburb in order to achieve its strategic goals. Without this flexibility, the sub-precinct master plans will almost certainly not deliver the required growth and economic development in the area.

Recommendation 4: The Urban Taskforce recommends that, in order for the area to realise its full potential, a merit based assessment to any future development proposal is applied to all development areas in Pymont Peninsula and no sunlight limitations and overshadowing are assumed a priori for all public and open spaces.

Encourage investment via genuine consultation

The exhibition of the Pymont Peninsula sub-precinct master plans is the penultimate step before the documents are finalised. As such it is the last opportunity to align the views of the planners and industry on what and how can development in this area be realised.

We note that the revitalisation and redevelopment of the Pymont Peninsula has the capacity to assist with Sydney’s post-COVID economic recovery. However, the private sector investment needed to deliver this recovery will be dependent on each of the key sites and sub-precincts having the right development controls and appropriate assessment framework.

Unfortunately, the Urban Taskforce has received feedback from our members that they have not been appropriately consulted. Specifically, we note that:

- There has been no consideration of alternative control proposed by the private sector.
- Consultation does not equal explanation of the process. The private sector expects government to openly discuss the details of controls and consider alternative proposals.

Consultation with industry is critical and a genuine conversation about the future of Pymont Peninsula will enable the expected development and investments and help avoid confusion during the implementation of the strategy.

Industry must be consulted to ensure that the anticipated economic opportunities are viable, although this consultation process should not postpone the conclusion of planning process any longer.

With a short, targeted effort to consult relevant industry stakeholders, changes to the documents could be made before the currently exhibited documents are finalised.

Recommendation 5: The Urban Taskforce recommends that DPIE engages key industry stakeholders in a genuine consultation process with a view to make changes to provisions in the sub-precinct master plans that hinder development and prevent the strategic objectives for Pymont Peninsula to be achieved.

Urban Taskforce looks forward to further engagement with DPE to ensure the full potential of the Pymont Peninsular can be realised.

Yours sincerely

Tom Forrest
Chief Executive Officer

Attachment 1

1.	<i>The Urban Taskforce recommends that DPIE reduces the proposed SIC rates as they have a negative impact the feasibility of housing developments and put at risk the realisation of the Premier’s vision for the extension of the Sydney CBD high rise along the Pymont Peninsular.</i>
2.	The Urban Taskforce recommends that the sub-precinct plans are reviewed with a view to enable the development of high rise buildings in more areas. Further, where such development is not possible, the strategy should consider removing existing obstacles in the planning documents which will prevent high rise projects proceeding (e.g. no solar access impact on the surrounding area).
3.	The Urban Taskforce recommends that the sites identified for change in the Pymont Peninsula Strategy are reviewed with a view to maximise opportunities for development and, at minimum, the number of sites capable of change is the same as the originally proposed Place Strategy, exhibited in 2020.
4.	The Urban Taskforce recommends that, in order for the area to realise its full potential, a merit based assessment to any future development proposal is applied to all development areas in Pymont Peninsula and no sunlight limitations and overshadowing are assumed a priori for all public and open spaces.
5.	The Urban Taskforce recommends that DPIE engages key industry stakeholders in a genuine consultation process with a view to make changes to provisions in the sub-precinct master plans that hinder development and prevent the strategic objectives for Pymont Peninsula to be achieved.