



Department of Planning & Infrastructure
GPO Box 39
SYDNEY NSW 2000

Friday, 21 March 2014

RE: DRAFT STATE ENVIRONMENTAL PLANNING POLICY AMENDMENT (NEWCASTLE CITY CENTRE) 2014

About us

The Property Council of Australia is the lead advocate for Australia's \$600 billion property industry.

It counts the bulk of the nation's major investors, property owners and developers – as well as the industry's professional service and trade providers – amongst its members.

We underpin the health and growth of the NSW economy. In The Hunter alone, we contribute \$8.3 billion to economic growth, paying \$3.8 billion in wages and generating 75,000 jobs.

The Hunter Chapter of the Property Council of Australia comprises key industry leaders from the property development industry. Our members have a long term interest in the economic prosperity of The Hunter. Attracting and accommodating growth, delivering infrastructure and achieving planning reform are issues of particular interest to our members.

They have advocated consistently and scientifically to build a future city, a truly world-class regional capital, which can support NSW's regional economic powerhouse.

In December 2012 we formed the Newcastle Renewal Taskforce – a local industry brains trust – to advise government on the city centre's revitalisation.

They were resourced to commission independent research and consult widely with business and community leaders. Above all else, the Taskforce found the one crucial reform needed to accelerate CBD renewal is;

A simple planning framework to "Free the Shackles"

- **Merit based assessment for built form**
- **Flexibility in zoning and outcomes**

The Voice of Leadership

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Executive Summary

We welcome the NSW Government's ongoing commitment to revitalising the Newcastle City Centre through the Draft State Environmental Planning Policy Amendment (Newcastle City Centre) 2014 (the Draft SEPP), which is currently on public exhibition.

The document represents a crucial step in achieving planning reform for the Newcastle City Centre. It will enable amendments to the Newcastle LEP 2012 and support the Government's strategic priorities outlined in the 2012 Newcastle Urban Renewal Strategy (NURS).

In particular, we commend the Government for providing innovative and site specific design solutions for two key catalyst projects which will accelerate urban renewal and drive smart growth;

1. Increasing the floor space ratio on the University of Newcastle CBD campus.
2. Increasing building height across parts of the East End precinct.

However, several provisions in the Draft SEPP warrant being reconsidered in light of Newcastle's unique set of constraints and the Government's economic agenda. The changes sought are focussed on;

1. Allowing precincts to evolve according to market demand
2. Facilitating investment by removing unnecessary cost burdens

Key Recommendations

- ✓ Reinstate Wickham as part of the Urban Renewal Area
- ✓ Reinstate the building heights nominated in the NURS for the area bounded by King, Watt, Church & Newcomen Streets
- ✓ Focus on achieving a mix of uses within zones, rather than developments
- ✓ Remove the onerous requirements for architectural design competitions

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1. Wickham

Wickham formed part of the Urban Renewal Precinct defined by the 2010 Urban Renewal SEPP, including restrictions on subdivision.

The NURS seeks to redefine the Urban Renewal Precinct by excluding Wickham.

Given the strategic importance of Wickham to the new transport interchange and the potential for development in this area, the Newcastle Renewal Taskforce recommended last year that Wickham be reinstated as part of the Urban Renewal Area to give greater clarity to landowners.

Disappointingly, the Draft SEPP keeps the master planning of Wickham on hold. With the exception of a small area bounded by Hannell, Station, Bishopgate and Charles Streets, which is to be retained in the B3 Commercial Core Zone, the zoning for Wickham reverts to the B4 Mixed Use category.

The NURS identified the B4 Mixed Use zoning in Wickham as premature. The Implementation Plan recommended detailed master planning be undertaken to determine the suitability of the zoning as a short-term measure. Yet there appears to be no responsibility assigned to this critical task.

RECOMMENDATION

Reinstate Wickham to the Urban Renewal Area and undertake a detailed master planning process as a short-term priority (1-2 years).

2. East End Building Heights & Floor Space Ratio

Under the NURS, the area of the East End bounded by King, Watt, Church and Newcomen Streets was subject to a 24 metre maximum building height. The only exception being the historic terraces fronting Watt and Church Streets and the Grand Hotel on the corner of Bolton and Church Streets (limited to 14 metres), in recognition of their heritage status. The FSR for this area was nominated as 3.0:1

These measures had the full support of industry.

The Draft SEPP now proposes a multitude of maximum building heights in this small section of the East End which industry cannot support.

Proposed building heights now variously range from 10, 12, 14 and 24 metres. At the same time, the 3.0:1 FSR is retained for the entire precinct. These changes do not reflect the development potential of individual sites subject to the nominated FSR.

Furthermore, the disconnect between building heights and FSR across the wider block will cause investment uncertainty and could lead to inappropriate built form in this part of the city.

RECOMMENDATION

Reinstate the maximum building heights contained in the NURS for the area of the Newcastle City Centre bounded by King, Watt, Church and Newcomen Streets.

3. Commercial Floor Space in the B3 Commercial Core Zone

In response to the NURS, the Newcastle Renewal Taskforce submitted that these planning controls were overly prescriptive and would not promote urban renewal.

The submission demonstrated that a focus on achieving a mix of uses within zones, rather than developments, would allow precincts to evolve according to market demand.

Imposing an arbitrary mix of floor space for individual buildings will not facilitate investment and is contrary to the Government's reform agenda.

The Draft SEPP now contains provisions that would prevent development on land in the B3 Commercial Core Zone for the purposes of mixed use unless the development includes commercial premises that comprise **at least 25%** of the gross floor area of the development. This retrograde step is acutely problematic for sites previously zoned B4 Mixed Use Zone.

Industry concerns regarding this approach to all "development" within the B3 Commercial Core Zone are twofold.

Firstly, owners of existing building stock will be discouraged from undertaking refurbishment projects for the purposes of mixed use development in the B3 Zone. The impact will be to undermine a key intent of the NURS to boost housing supply in the CBD and achieve sustainable economic growth.

Secondly, it is contrary to the approach being adopted for mixed use development in the R4 High Density Residential Zone. In this regard, the Draft SEPP makes specific reference to consent for the erection of a "building" as opposed to "development". This enables the retention of existing non-residential uses in the R4 High Density Residential Zone should the owner of the site wish to retain the existing building but change the mix of uses.

RECOMMENDATIONS

- 1. To create a vital city centre, remove the arbitrary 25% commercial component of mixed use development in Zone B3 and reward design solutions that deliver active street frontages.**

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2. Limit application to the erection of a building to encourage refurbishment of existing stock.

4. Architectural Design Competition Requirements

The Property Council supports the principles of design excellence and the guidelines established by the Director General for design competitions, provided the process is efficient.

The Draft SEPP proposes amendments which would give Newcastle the most inefficient development assessment process in NSW.

The changes would trigger the need for an architectural design competition to include development that is:

- Higher than 45 metres or 13 storeys (or both); or
- Has a CIV of greater than \$5 million in an area identified on the Key Site Map; or
- The applicant chooses to have a competition.

The Draft SEPP allows for an overwhelming proportion of land within the Newcastle City Centre to have a height limit of 45 metres or greater.

Furthermore, a CIV threshold of \$5 million in a CBD where the cost of mine remediation alone can exceed 50% of land value is a false measure.

In combination, these amendments will mean a considerable proportion of new development in the Newcastle City Centre is automatically captured by the design competition process. They will add red tape, increase development cost and cause time delays.

In addition, these projects will still be subject to review and alteration by the City of Newcastle's Urban Design Advisory Panel, resulting in duplication of design input into major development applications.

Ultimately, the proposed amendments will act as an impediment to urban renewal projects, particularly along the southern side of Hunter St and within key activity nodes such as the West End precinct.

RECOMMENDATIONS

1. Remove the \$5 million CIV threshold and limit application of the 45 metre (or 13 storey) building height threshold to sites identified on the "Key Site Map".

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2. New provisions that allow for a waiver of the design competition process if;
 - a. A single architectural practice presents multiple design options and a preferred design is authorised by Council's planning team and Design Advisory Panel prior to DA lodgement
 - b. The NSW Government Architect deems that the development does not require a competitive design process.
3. New provisions that avoid duplication of the design input process by;
 - a. Including the Design Advisory Panel, via a delegate or sub-committee, in pre-DA discussions to ensure its views are considered early in the process
 - b. Continuing their involvement, via the same delegate or sub-committee, through the DA stage to ensure their views have been adhered to
 - c. Removing the requirement for projects which undergo the competitive design process to be referred to the Design Advisory Panel

Conclusion

The Property Council continues to be a vocal supporter of the NSW Government's ongoing commitment to the revitalisation of the Newcastle City Centre.

The release of the Draft State Environmental Planning Policy Amendment (Newcastle City Centre) 2014 is an important step in achieving the vision for the city established in the Newcastle Urban Renewal Strategy.

Our team of local industry professionals have carefully considered the Draft SEPP. Their recommendations, contained in this submission, aim to reflect the market reality of the Newcastle CBD and offer pragmatic solutions which support the NSW Government's strategic priorities.



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