

10 December 2012

Our Ref: 2922

Your Ref: MP05_0062 MOD 2

The Director General
NSW Department of Planning and Infrastructure
GPO Box 39
SYDNEY NSW 2001

ATTENTION: HEATHER WARTON

Dear Madam,

RE: MODIFICATION REQUEST TO CONCEPT PLAN TO INCLUDE HOTEL AS AN ADDITIONAL PERMISSIBLE USE - ROYAL NEWCASTLE HOSPITAL SITE

Introduction

I refer to our previous discussions, our meeting with the Planning Assessment Commission (PAC) on 5 December 2012 and my subsequent telephone conversation with yourself and Megan Fu regarding a further modification to the Concept Plan to include hotel as an additional permissible use.

We confirm that in addition to the proposed modifications to the Concept Plan currently before the PAC, our client KRED Pty Ltd wish to proceed with including *hotel* as an additional permissible use in the Concept Plan. Specifically we request that Table A in Schedule 1 of the approved Concept Plan be modified in the following manner:

For the approval for:

*Concept Plan approval is sought for the redevelopment of the Newcastle Hospital site for land uses including, residential, **hotel** with ancillary non-residential uses such as retail and commercial uses; floor space ratio; building envelopes (footprints and heights); public domain improvements; vehicle access points; and site design principles for future project applications.*

This additional use will reflect the development application (DA) lodged with Newcastle City Council (NCC) in May 2012 which seeks to erect two new buildings on the site including a hotel and apartments. NCC notified the proposed development as the "demolition of part multi - level car park and erection of a 17 storey commercial/residential building including hotel and basement car park."

Background

The Royal Hospital site is the subject of an approved Concept Plan determined by the Minister for Planning on 3 January 2007. The Concept Plan currently allows for:

"land uses being predominately residential with ancillary non-residential uses such as retail and commercial uses; floor space ratio; building envelopes (footprints and heights); public domain improvements; vehicle access points; and site design principles for future project applications."

Following the repeal of Part 3A of the Environmental Planning and Assessment Act 1979 (EP&A Act) and NCC or the Joint Regional Planning Panel (JRPP) becoming the consent authority, Department of Planning and Infrastructure (DPI) Circular PS 11-014 issued in May 2011 sets out that Councils should assess development proposals which are the subject of an approved concept consistently with the approved Concept Plan, notwithstanding any:

1. prohibition, and
2. non-compliance with any development standard that would otherwise apply in any relevant environmental planning instrument

Strategic Justification

Lower Hunter Regional Strategy and Newcastle City Centre Plan

The Lower Hunter Regional Strategy (LHRS) identifies how the expected growth in the region will be managed to provide for both economic development and the protection of environmental assets, cultural values and natural resources. The Strategy will ensure that larger centres in the region including Newcastle City Centre provide a sufficient supply of commercial, retail and residential floor space to meet their employment and service centre functions. Table 2 of the Strategy sets out job and dwelling projections for Newcastle CBD for the period 2006-2031. The Strategy envisages the creation of 10 000 jobs in Newcastle CBD as well as 4000 dwellings.

The Newcastle City Centre Plan complements the Lower Hunter Regional Strategy by focussing on sustainable growth around the existing city centre and infrastructure. The Plan envisages 10 000 new jobs and 6500 more people up to 2031. The Plan also sets out the vision for Newcastle City Centre, which includes creating a living city, increasing economic diversity, increasing commercial investment and the emergence of Newcastle as a tourist destination.

The proposed hotel on the site, as part of an overall development which includes 150 residential units (225 additional residents area assuming an occupancy of 1.5 people per unit), will still ensure that the site contributes substantially to achieving dwelling projections set out in the LHRS, while also creating at least 100 full and part time service jobs. This is a conservative estimate based on 1.2 staff per room as per World Tourist Organisation figures.

While the approved Concept Plan may have contemplated a higher number of residential units on the site, a hotel in conjunction with residential uses remains consistent with the vision for Newcastle City Centre as set out in the City Centre Plan in that it increases economic diversity and reinforces Newcastle as a tourist destination and a regional centre.

Newcastle City Centre Local Environmental Plan 2008

While the Concept Plan is the principal planning instrument, at the time the DA was lodged with NCC in May 2012, the site was zoned B4 Mixed Use under Newcastle City Centre Local Environmental Plan (LEP) 2008. Hotels are a permissible use in the zone and consistent with the objectives of the zone.

The site is also currently zoned B4 Mixed Uses under Newcastle LEP 2012, under which hotels are permitted with consent.

Newcastle Development Control Plan 2005

Newcastle City Centre Development Control Plan (DCP) 2005 recognises the prominent location of the site and its interface with the CBD by including specific provisions for the Western Precinct of the Royal Hospital site which include a 4+ star hotel conference centre. The surrounding area accommodates a range of uses including residential, retail, café/restaurants, function centres, bars, health spas and hotels. The Novotel (previously Mirvac Sebel Hotel), which is located within the Concept Plan area (north of the subject site), was approved by the then Minister for Planning on 9th July 2008 as part of a Project Application which included a mixed residential, retail and hotel development (Stage 1A and 1B).

In terms of the viability of a hotel on the site, the applicant has carried out a detailed assessment of relevant indicators and has established that there is demand for an additional hotel in the area given the site's location close to public transport and its proximity to a range of retail, commercial and leisure uses as well as recreational opportunities.

Impacts of the Proposed Use

Specifically a 100 Room Residential Hotel is envisaged on the site with associated hospitality areas including Restaurant/ Café and associated bar area, function room, meeting rooms, pool etc. In terms of relative gross floor area (GFA), the hotel would occupy an area on the site which would otherwise be occupied by approximately 95 residential units.

Concept Plan Envelopes

The hotel use, along with the proposed modifications to the concept plan envelopes currently before the PAC, will allow the site to be used either predominately for residential accommodation or for a hotel use to be incorporated (as a separate entity) as part of a mixed residential/hotel development. Both uses are residential in nature and will have comparable impacts and benefits on the surrounding retail/commercial/residential area which can be appropriately managed at the DA stage.

Parking Impacts

The table below sets out Council's parking requirements.

Parking Compliance (Newcastle DCP 2012 Requirements)

| DCP 2012 Parking Requirements | Parking Required |
|-------------------------------|------------------|
| Stage 1 Hotel | 82 |
| Stage 1 Residential Units | 81 |
| Stage 2 Residential Units | 48 |
| TOTAL | 211 |

By way of comparison, given that parking is being provided for residential units at the rate of 0.85 spaces per unit (including visitor parking) 95 additional units at a similar unit mix would generate a

requirement for approximately 81 parking spaces (95 x 0.85). 82 spaces are being proposed for the hotel which is comparable.

Traffic Generation

As part of the DA lodged with NCC, a Traffic Impact Report was prepared by Colston Budd Hunt and Kafes (CBHK) Pty Ltd. In terms of traffic generation, the report notes that traffic generated by the proposed development (hotel and residential units) will have its greatest effects during morning and afternoon peak periods when it combines with commuter traffic on the surrounding road network. Based on traffic generation rates in the RMS "Guide to Traffic Generating Developments" the proposed development would generate some 80 vehicles per hour two-way (sum of inbound and outbound) during the morning and afternoon peak periods.

By way of comparison, CBHK have advised that if the hotel was replaced by 95 additional units, the traffic generation of the proposed development would decrease from some 80 vehicles per hour (two way) to some 75 vehicles per hour (two way) in the weekday morning and afternoon peak periods. Hence the level of traffic generation would be similar.

Access, Loading and Servicing

Vehicle access to the parking areas for the hotel would be the same as for the residential components of the development. The proposed hotel use does not require any additional vehicle access points to basement parking areas. In terms of site design principles, it is noted that as part of the modifications to the Concept Plan currently before the PAC, the Department of Planning and Infrastructure is recommending including the following requirement under 6.7.2 Building Character (c) Vehicular access and car parking:

- *Any proposal for a vehicle access point on Shortland Esplanade must demonstrate that the vehicle access point would not result in adverse traffic impacts and sight lines are adequate.*

Loading and servicing of the hotel would occur via the rear laneway off King Street (as with the proposed residential component) as well as a set down/pick up area off Shortland Esplanade. A set down/pick up area off Shortland Esplanade is specifically geared towards the site accommodating a future hotel use rather than residential. In this regard we request that the site design principles be modified to include the following statement:

- *Any proposal for a set down/pick up/loading area on Shortland Esplanade must demonstrate that the area is adequately sized to accommodate vehicles needed to service any future hotel and to enable them to enter and exit the site in a forward direction, details to be determined in consultation with Council's Traffic Engineer.*

Conclusion

The proposed future use of part of the site as a hotel is well justified in terms of the LHRS, the Newcastle City Centre Plan and Newcastle DCP 2005. A hotel would increase economic diversity and vitality and reinforce Newcastle as a tourist destination. The proposed amendment to the Concept Plan will introduce a level of flexibility which will allow for the future development of the site for part residential part hotel use while continuing to ensure that the site contributes towards job creation and residential development targets set out in the LHRS and Newcastle City Centre Plan. The additional use will be compatible with existing retail, commercial and residential uses in the locality and associated with a CBD location, will not affect the overall integrity of the Concept Plan and will have impacts which can be managed at the DA stage.

On this basis, it is respectfully requested that the Minister for Planning and Infrastructure approve the modifications in the manner requested.



We would be pleased to provide further information if required.

Yours sincerely
de WITT CONSULTING

A handwritten signature in blue ink, which appears to read 'A. Biller', is positioned above the printed name.

Andrew Biller
PRINCIPAL TOWN PLANNER