



**MODIFICATION REQUEST TO CONCEPT
PLAN:**

***Royal Newcastle Hospital Redevelopment
Pacific Street, Newcastle
(MP 05_0062 MOD 2)***

- ***Excision of David Maddison Building and United Services Club Car Park sites***
- ***Deletion of building envelopes on these sites***
- ***Modification of the building envelopes for Stage 1C***
- ***Inclusion of 'hotel' as an allowed land use within the concept plan***

Director-General's
Environmental Assessment Report
Section 75W of the
Environmental Planning and Assessment Act 1979

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EXECUTIVE SUMMARY

This report is an assessment of a modification request by de Witt Consulting (the proponent) requesting that the approved concept plan be modified to exclude the David Maddison Building and United Services Club Car Park sites and delete the approved building envelopes applicable to these two sites. This will require a revision of the site boundary and changes to the site design principles. The modification also seeks to modify the approved building envelopes of Stage 1C by:

- reducing the width of the northern building envelope by 6.7 metres and relocating the envelope to the south by approximately 6.7 metres
- extending the southern building envelope to the site boundary and increasing the height of the western component of the southern envelope from eight to nine storeys.

The modification request was made publicly available on the department's website, and consultation was undertaken with Newcastle City Council. Adjoining landowners were also notified. Council raised no objections to the modifications. A total of 36 public submissions objecting to the modifications were received.

The proponent subsequently revised the modification request to include 'hotel' as an approved land use within the concept plan. The revised modification request was publicly exhibited between 14 December 2012 and 31 January 2013. Adjoining landowners were also notified of the revised modification application. The department received a total of 29 submissions, 28 of which raised objections to the modification request (including 21 which raised issues over the 'hotel' land use).

The department has assessed the merits of the proposed modifications and is satisfied that any resultant environmental impacts would be minimal and can be adequately mitigated or managed.

The department considers that the proposed modification application should be approved subject to modifications.

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1. BACKGROUND

On 3 January 2007, the then Minister for Planning approved the concept plan application for the Royal Newcastle Hospital Site Redevelopment at Pacific Street, Newcastle (MP 05_0062). The site consists of the following lots: Lot 11 DP 1112367; Lots 2, 4 & 5 DP 1145847; Lot 4 DP 1029006; Lot 11 DP 635003; SP 84211; and SP 83376. The site occupies the majority of the street block bounded by Shortland Esplanade to the east and south, Watt Street to the West and King Street to the north. The site is located in the Newcastle local government area.

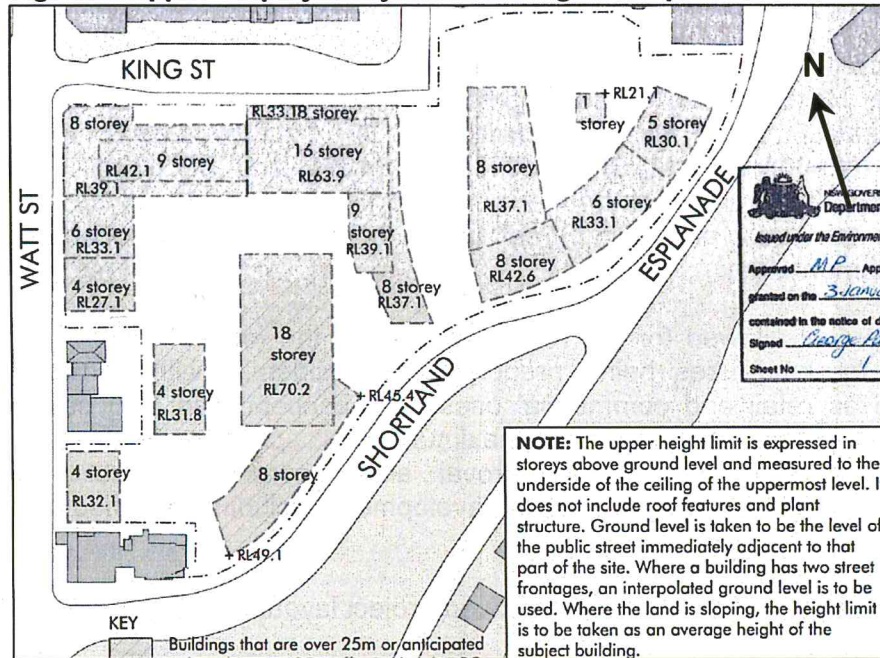
The concept plan approval allowed for the redevelopment of the former Royal Newcastle Hospital (RNH) site for land uses being predominantly residential with ancillary non-residential uses such as retail and commercial uses. The concept plan also established parameters for the redevelopment, including maximum floor space ratios and building envelopes (footprints and heights). The approval also incorporated public domain improvements and site design principles for future development, including identified preferred vehicle access points.

The project location is shown in Figure 1 and approved project layout is shown in Figure 2.

Figure 1: Project location



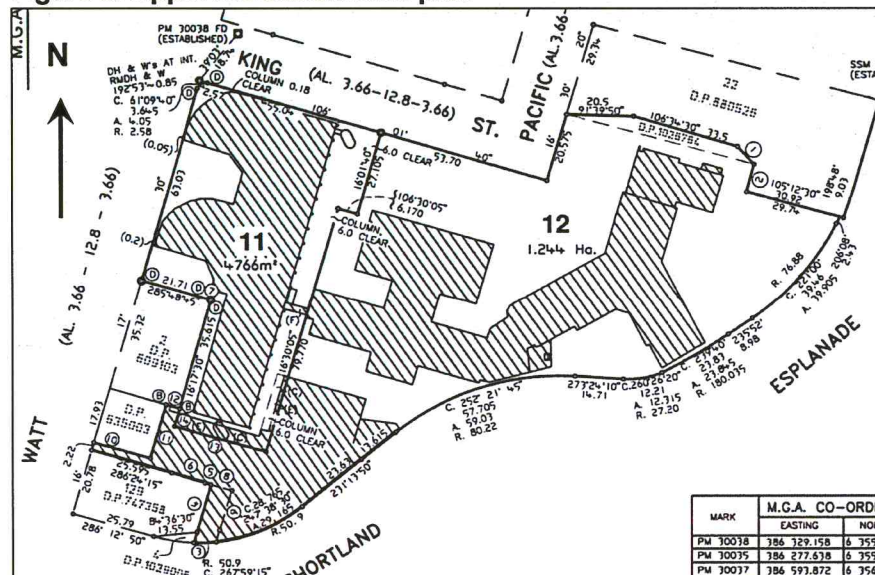
Figure 2: Approved project layout – building envelopes



On 25 January 2007, the then Minister for Planning approved a subsequent project application (MP 06_0263) for the subdivision of the site into two lots (see Figure 3). This allowed for the separation of the land accommodating the David Maddison Building as Lot 11 (DMB site) from the remainder of the concept plan site, which formed Lot 12. The excised lot was consistent with the definition of the "DMB site" in the concept plan approval. The concept plan approval stipulated a total maximum gross floor area (GFA) and maximum floor space ratio (FSR) for the concept plan site as well as maxima for the concept plan site excluding the DMB site and a maximum GFA and FSR for the DMB site alone. The maximum GFA and FSRs were reaffirmed in the project approval for the subdivision, which required restrictive covenants be registered stipulating a maximum GFA of 12,055 sqm and FSR of 2.5:1 for Lot 11 (DMB site) and a maximum GFA of 41,916 sqm and FSR of 3.27:1 for Lot 12.

The DMB site was to be subdivided at the time of the concept approval as it was unknown whether the building would remain in operation, or whether it would be redeveloped as part of the concept plan.

Figure 3: Approved subdivision plan

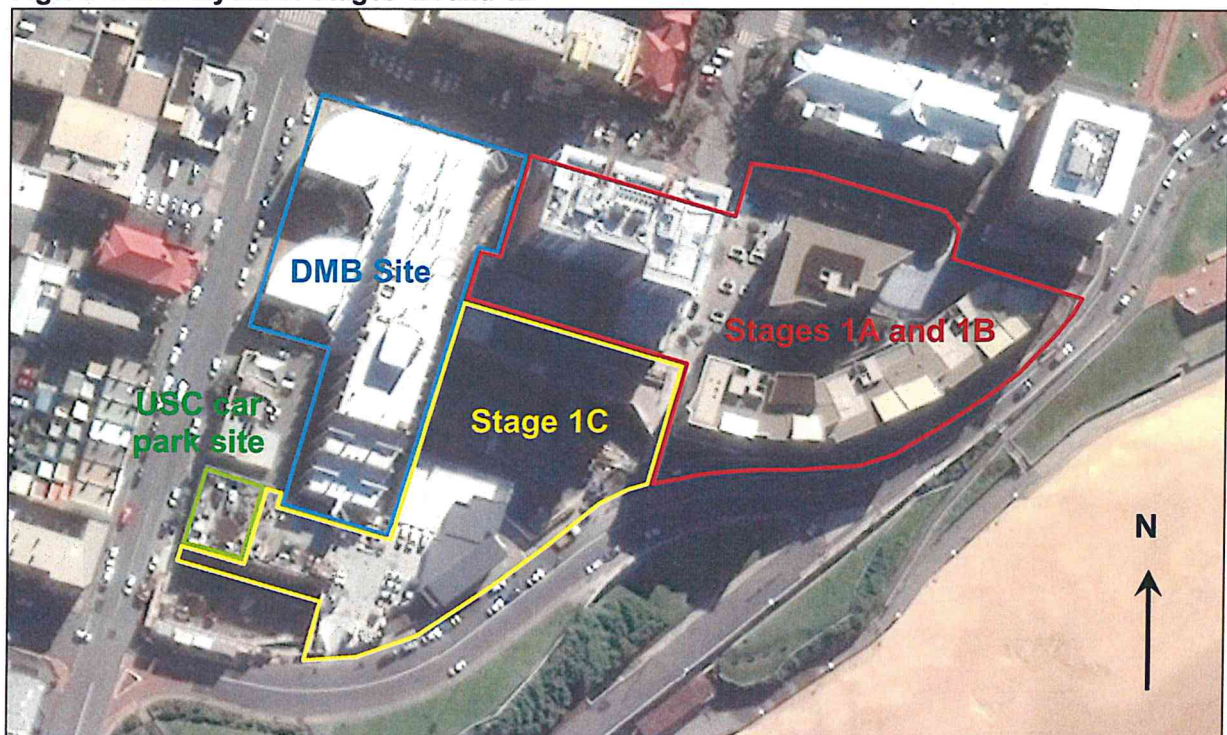


On 9 July 2008, the then Minister for Planning approved a subsequent project application for the construction of Stages 1A and 1B (MP 07_0133), which form the first sub-stages of Stage 1 of the concept plan for the redevelopment of the former RNH site. The project approval comprised:

- the construction of three separate buildings with a GFA of 25,222 sqm, ranging in height from five to 16 storeys above two levels of basement parking, including 146 residential dwellings, ground floor retail space and a 89 suite hotel with associated conference and restaurant / retail floor space;
- public domain improvements incorporating a publicly accessible plaza and two through site links;
- shared facilities for the residents and the hotel guests including pool, gym and outdoor landscaped communal spaces; and
- stratum and strata subdivisions.

The project approval has been modified on four occasions, however, these changes primarily related to minor changes including: installation of a gas powered generator for the hotel; a series of minor internal and external changes to the approved buildings; amendments to conditions of approval; reconfiguration of unit layouts and subsequent increase to the total number of units; and relocation of the substation. The overall scale of the development and the layout of the buildings remain generally consistent with that which was approved in the project application. Stages 1A and 1B have been completed and the aerial view of the site is shown in Figure 4.

Figure 4: Site layout of Stages 1A and 1B



On 12 June 2012, council approved the adaptive re-use of the David Maddison Building for commercial office space, which included refurbishment of the building, conversion of approximately 489 sqm of terrace areas into additional floor space resulting in a total GFA of 8,501 sqm, the use of the United Services Club (USC) car park site (see Figure 4) for car parking purposes and basement car parking within the Stage 1C site (see Figure 4).

The proponent seeks to modify the concept plan to reflect the revised development scheme for the site, which no longer seeks to redevelop the DMB and USC car park sites for

residential purposes. Consequential changes to the approved building envelopes are also sought to address the revised building relationships on the site.

The proponent has also lodged a development application with council for the construction of Stage 1C (DA2012/0549), which forms the last sub-stage of Stage 1 of concept plan for the redevelopment of the former RNH site. The Stage 1C development application plans submitted to council include minor variations to the approved concept plan building envelopes. Therefore, the proponent has also sought to modify the approved building envelopes to ensure that the Stage 1C development is consistent with the concept plan.

2. PROPOSED MODIFICATION

The proponent seeks to modify the concept plan as follows:

- exclusion of the DMB site from the concept plan and consequent deletion of the approved building envelopes on the DMB site;
- exclusion of the USC car park site from the concept plan and consequent deletion of the approved building envelope on the USC car park site;
- relocation of the 18 storey northern envelope within Stage 1C to the south by approximately 6.7 metres and reduction in the width of the envelope by increasing the setback to the west by approximately 6.7 metres;
- increase the height of the 8 storey southern envelope within Stage 1C from a maximum varying height between RL 45.4 and RL 49.1 to RL 49.75 for the eastern component to form a part 8 part 9 storey building envelope and extend the envelope to the southern boundary;
- revision of the concept plan boundary to reflect the revised concept plan site and to provide a more accurate concept plan boundary based on survey plans;
- modifications to the site design principles, including relocation of the vehicle access points; and
- inclusion of 'hotel' as a land use allowed by the concept plan.

The revised concept plan layout is shown in Figure 5, with the proposed modified envelopes shaded blue. The key aspects of the proposed modification are listed in Table 1.

Figure 5: Proposed Modified Layout

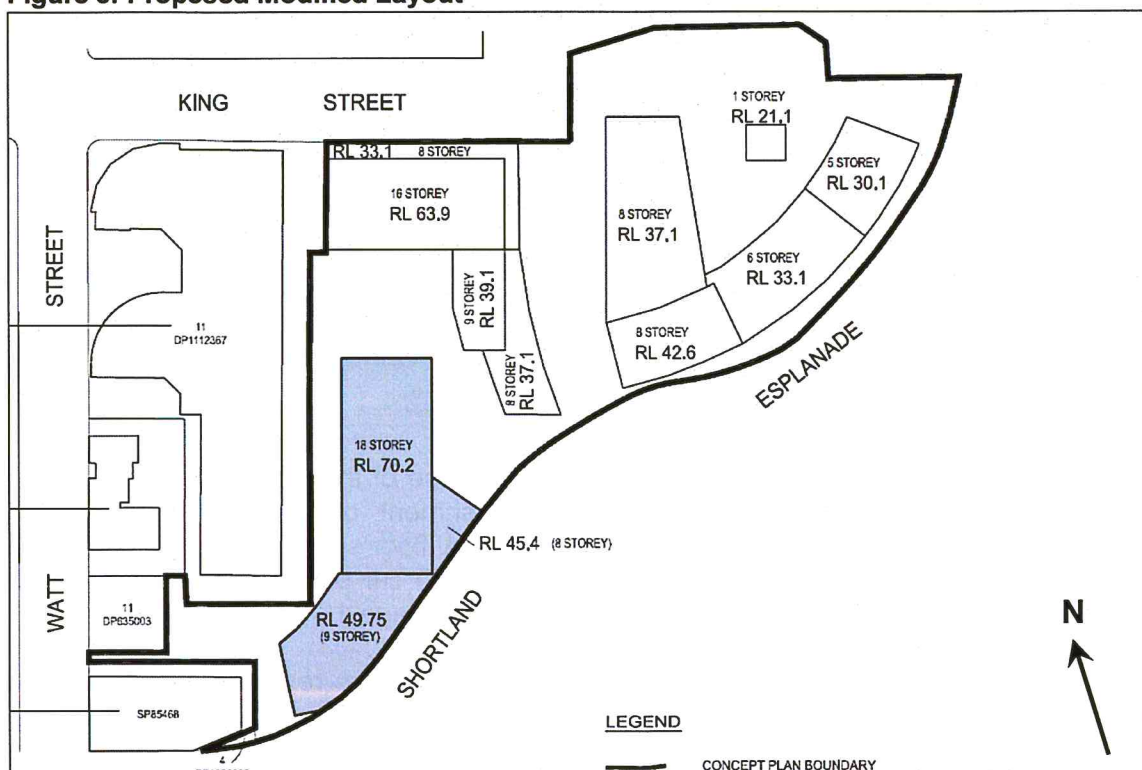


Table 1: Key proposed modifications

Aspect	Approved Concept Plan			Proposed Concept Plan		
	GFA (sqm)	Site Area (sqm)	FSR	GFA (sqm)	Site Area (sqm)	FSR
Stage 1 (excl. USC car park site)	40,716	12,479	3.26:1	40,716*	12,479	3.26:1
USC car park site	1,200	321	3.74	-	-	-
DMB site	12,055	4,766	2.5:1	-	-	-
Total	53,971	17,566	3.07:1	40,716	12,479	3.26:1

Note*: Stages 1A and 1B of the concept plan delivered 25,222 sqm. This results in 15,494 remaining for Stage 1C.

3. STATUTORY CONTEXT

3.1 Modification of the Minister's Approval

In accordance with clause 3 of Schedule 6A of the *Environmental Planning and Assessment Act 1979* (the Act), section 75W of the Act as in force immediately before its repeal on 1 October 2011 and as modified by Schedule 6A, continues to apply to transitional Part 3A projects. Approved concept plans are transitional Part 3A projects.

Consequently, this report has been prepared in accordance with the requirements of Part 3A and associated regulations, and the Minister (or his delegate) may approve or disapprove of the carrying out of the project under section 75W of the Act.

Section 75W(2) of the Act provides that a proponent may request the Minister to modify the Minister's approval of a project. The Minister's approval of a modification is not required if the approval of the project as modified would be consistent with the original approval. As the proposed modification seeks to delete floor space and building envelopes and modify the parameters of retained building envelopes, the modifications will require the Minister's approval.

3.2 Delegated Authority

The Minister for Planning and Infrastructure has delegated his functions to determine applications under section 75W of the Act, in regards to projects to which Part 3A of the Act applies, to the Planning Assessment Commission (PAC) where an application has been made by persons other than by or on behalf of a public authority.

The application is being referred to the PAC for determination as there were 36 submissions received from the public objecting to the modification during the first notification period and 27 submissions received objecting to the modification during the public exhibition of the revised modification request, which sought to include 'hotel' as a permissible land use.

4. CONSULTATION AND SUBMISSIONS

4.1 Exhibition

In accordance with section 75X of the Act and clause 8G of the *Environmental Planning and Assessment Regulation 2000*, the modification request was made available on the department's website. The department also notified adjoining landowners and council.

The department received 37 submissions during the exhibition of the modification request comprising a submission from council, and 36 submissions from the general public objecting to the proposed modifications.

The proponent subsequently revised the modification request to include 'hotel' as an approved land use. The department publicly exhibited the revised modification request:

- on the department's website from 14 December 2012 until 31 January 2013; and
- at the department's Information Centre and Newcastle Council's offices from 14 December 2012 until 31 January 2013.

The department also advertised the public exhibition in the Newcastle Herald on the 13 December 2012 and notified adjoining landholders and council in writing.

The department received a further 29 public submissions during the exhibition of the revised modification request comprising 28 submissions from the general public objecting to the proposed modifications, including 21 which raised concern over the 'hotel' use, and one submission in support of the proposed modifications. Council did not provide a submission on the revised modification request.

A summary of the issues raised in submissions is provided in the following sections.

4.2 Public Authority Submissions

Council did not object to the proposed modification. Council however, raised amenity impacts as an issue that required further consideration. Council raised no issue with the proposed 'hotel' land use during the public exhibition of the revised modification request.

4.3 Public Submissions

A total of 36 submissions were received from the public, all objecting to the proposed modifications during the first notification period. The key issues raised in public submissions are listed in Table 2.

Table 2: Summary of issues raised in public submissions during first notification period

Issue	Times mentioned	Proportion of submissions (%)
View impacts and impacts on the outlook of existing residents	35	97%
Traffic and access impacts on King Street due to the loss of vehicle access points on Watt Street, loss of open space	27	75%
Retention of the DMB, impacts on property values	26	72%
Inadequate level of community consultation for the adaptive re-use application for DMB, 'hotel' use proposed in the Stage 1C development application is not consistent with the approved land uses identified in the concept plan	25	69%
Traffic and amenity impacts on Shortland Esplanade, transfer of floor space	24	67%
Overshadowing impacts on residents and the public domain	7	19%
Impacts on car parking	6	17%
Bulk and scale of the development	4	11%
Reduced public domain areas, noise impacts from the 'hotel' use and impacts on the acoustic privacy of existing residents	2	6%
Urban design outcomes compromised, anti-social behaviour associated with 'hotel' use, increased density due to variations in unit mix	1	3%

During the public exhibition period for the revised modification request, a total of 29 submissions were received from the public, 28 objecting to the proposed modifications. The key issues raised in public submissions are listed in Table 3.

Table 3: Summary of issues raised in public submissions during public exhibition of revised modification request

Issue	Times mentioned	Proportion of submissions (%)
Traffic and access impacts on King Street due to the loss of vehicle access points on Watt Street	19	66%
Drawn out consultation process	18	62%
Concept plan only supports a single 'hotel' use	16	55%
Excision of the DMB and USC car park sites and associated access, pedestrian connectivity and loss of open space issues, inadequate strategic justification for loss of housing or to support addition of the 'hotel' land use	14	48%
Accuracy of the final concept plan drawing	12	41%
Any hotel should be considered in the development application	11	38%
View impacts	5	17%
Impacts on property values, social and economic impacts from the 'hotel' use	3	10%
Site design principles should mandate a high level of construction standard, compatibility of the 'hotel' use with the predominantly residential character envisaged for the site, anti-social behaviour associated with 'hotel' use, accuracy of the car parking demand from the hotel associated uses, impacts on residential amenity including privacy	2	7%
Density, traffic and car parking issues along Shortland Esplanade	1	3%

The department has considered the issues raised in submissions in its assessment of the proposed modification.

4.4 Response to Submissions

The proponent provided a response to address the issues raised in the submissions received during the first notification of the modification application, incorporating the following changes to its modified proposal:

- amendment of the 8 storey southern envelope within Stage 1C to include a splayed corner at the south-western point of the envelope to ensure the view impacts on the adjoining Arvia apartments are consistent with the impacts created by the approved envelopes;
- reduction in the width of the 18 storey northern envelope within Stage 1C by approximately 6.7 metres by increasing the setback to the west;
- modifying the site boundary to better reflect the surveyed boundary of the site and provide a more accurate relationship between the site boundary and the envelopes; and
- modifying the vehicle access points identified in the concept plan, including deleting the Watt Street vehicle access and the incorporation of a vehicle access off Shortland Esplanade.

The proponent also provided further consideration of view impacts, details regarding the traffic impacts of the Stage 1C development, clarification regarding the open space provisions and confirmation that no increase to the approved floor space provisions are proposed.

A response to issues raised in the second notification was not required by the department.

5. ASSESSMENT

The concept plan incorporated provisions for staging of the redevelopment of the former RNH site, including the possibility that the DMB and USC car park sites would not be developed. The concept plan approval recognised this possibility by stipulating maximum gross floor area controls that both excluded and included the DMB and USC car park sites.

The excision of these two parcels from the site can be easily managed as the DMB and USC car park sites and the sub-stages of Stage 1 of the redevelopment form separate parcels in the subdivision of the site. The approved building envelopes on the parcels to be excised are contained wholly within these parcels and can be easily deleted with minimal impact on the footprint of building envelopes remaining in Stage 1. The proponent has proposed minor modifications to the building envelopes to optimise the residential amenity for future residents and revised the vehicle access points for the concept plan site as the excision of the DMB and USC car park sites result in the loss of three preferred vehicle access points.

The department considers the key issues for the proposed modification to be:

- view impacts;
- traffic impacts;
- hotel use; and
- urban design.

5.1 View impacts

The proposed building envelopes establish the worse case scenario in terms of view impacts. The detailed design of buildings within the approved envelopes would include articulation that would reduce the view impacts as buildings with a smaller form would need to be developed to fit within the proposed envelopes and still achieve the articulation, modulation and design requirements outlined in the site design principles. Therefore, whilst the view impacts are considered in the following sections based on the envelopes, detailed view impact analysis will be required for the development applications for the construction of the buildings in Stage 1C.

The modifications to the building envelopes of Stage 1C (see Figure 6) as originally proposed (i.e. extending the building envelope further toward the street boundary along the entire frontage to Shortland Esplanade) would impact on the ocean views of residents of the Arvia apartments (located immediately to the south-west of Stage 1C), and to a lesser extent on residents in Stages 1A and 1B. These view impacts, however, have been substantially negated due to the modifications made in the revised concept plan submitted with the response to submissions (see Figure 7).

It is important to note that at the time the concept plan was approved, the development application for Arvia apartments had not been approved by the council. The development application would have had to factor in the approved building envelopes in the design of the layout of the units to address potentially impeded view corridors to the east given the retention of view corridors to the south.

Figure 6: Original proposed modified concept plan

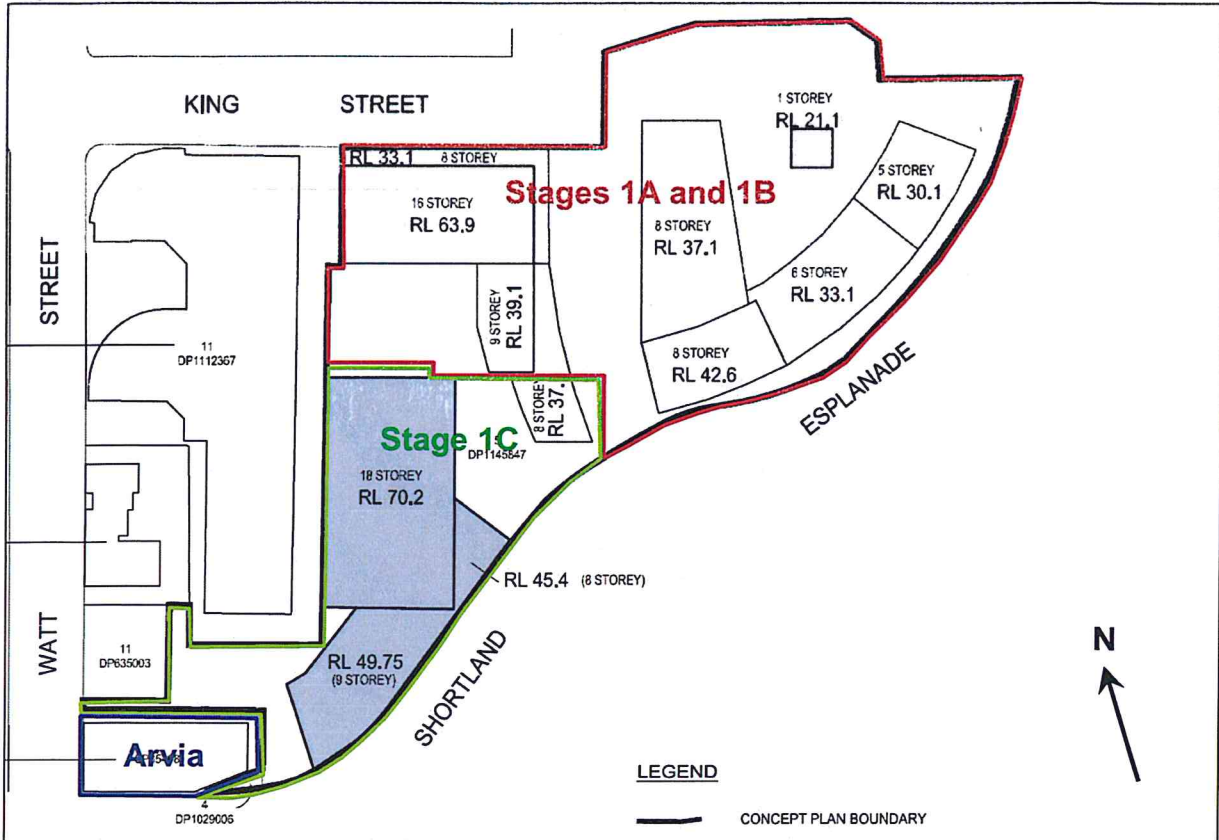
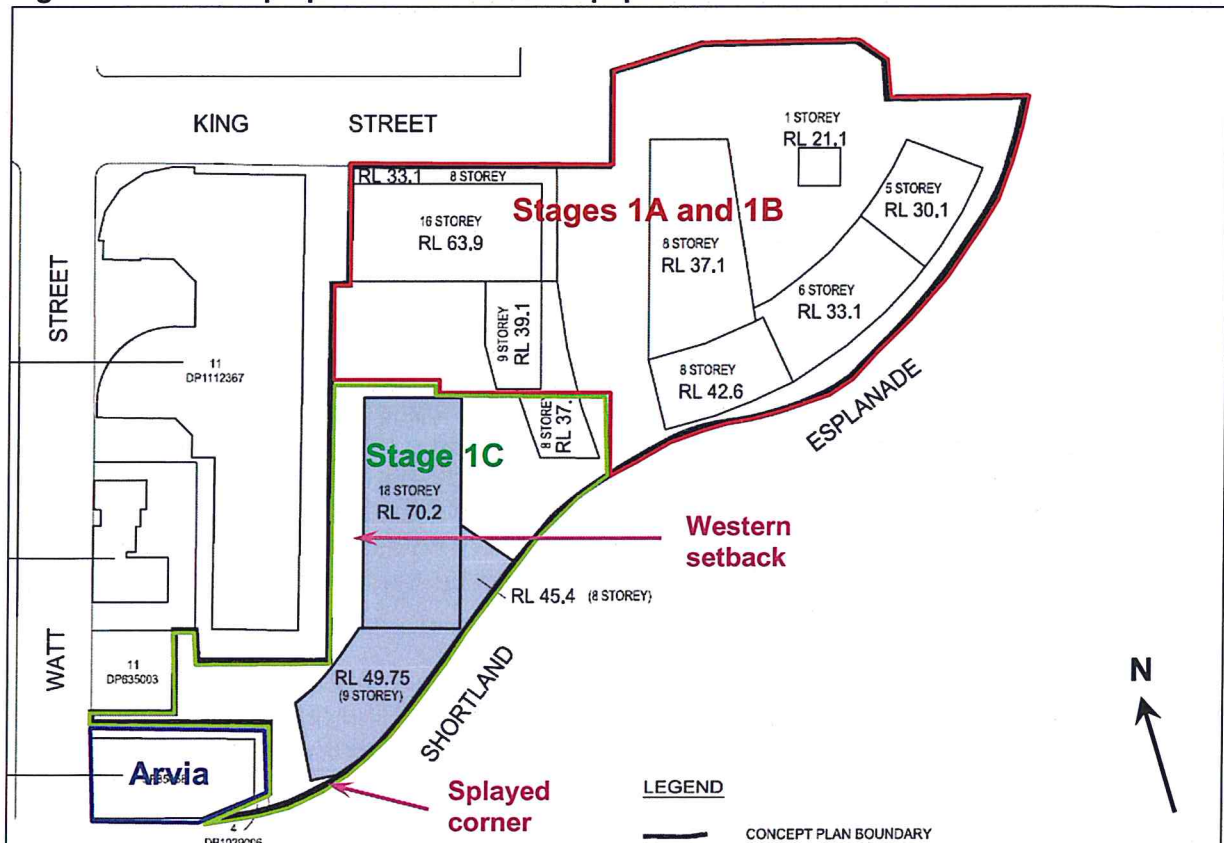


Figure 7: Amended proposed modified concept plan

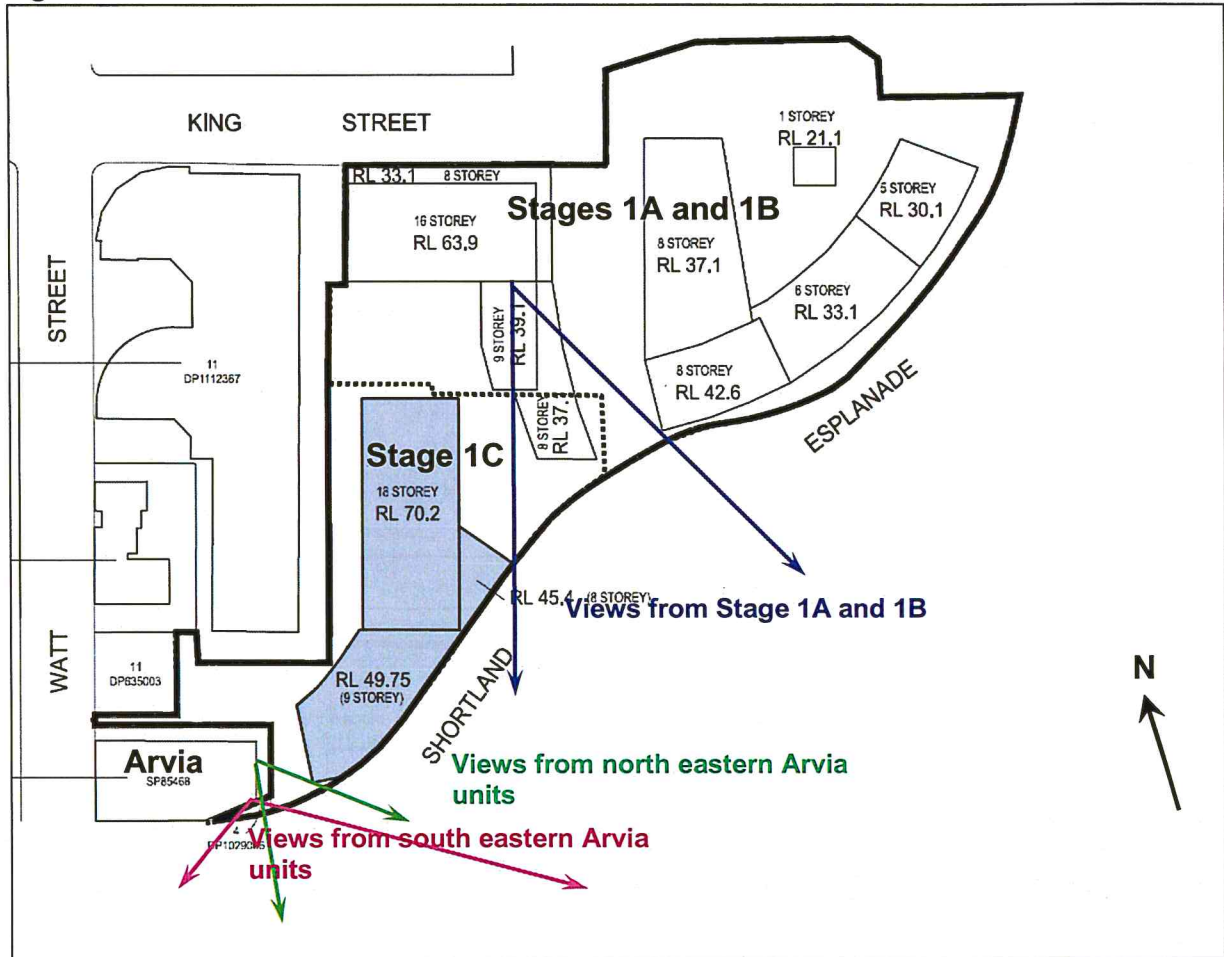


The potentially affected view corridors from the modified building envelopes (see Figure 8) include:

- views from the north-eastern units of the Arvia apartments up to Level 8
- views from the south-eastern units of the Arvia apartments up to Level 8
- views from the eastern unit of the Arvia apartments on Level 9
- views from the units within Stages 1A and 1B.

The view impacts of each of these view corridors is considered in the below sections.

Figure 8: View corridors



Views from the north-eastern units of the Arvia apartments up to Level 8

The north-eastern units of the Arvia apartments up to Level 8 enjoy side views to the ocean and the approved building envelopes would already partially obstruct these views. The approved concept plan would allow for oblique views to the ocean to be retained. Whilst ocean views are considered valuable, the department notes the approved building envelopes would already partially obstruct the views enjoyed by these units, which compromises the quality and value of this view.

The proponent has revised the southern building envelope of Stage 1C to provide a splayed corner at the south-western point of the envelope so that the revised envelope is no further south than the approved envelope. This ensures no additional view impacts occur for these units (see Figures 9 and 10).

Figure 9: Side view from the north-eastern units of Arvia apartments – approved concept plan building envelopes

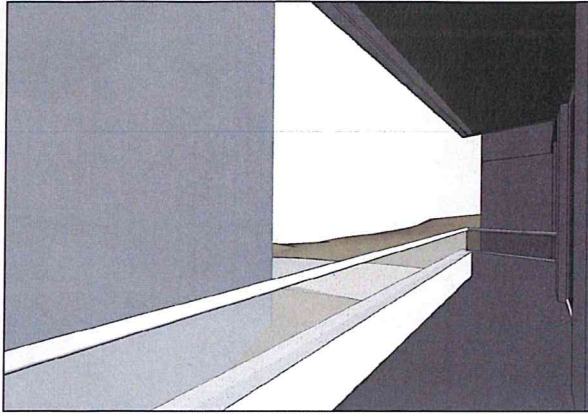
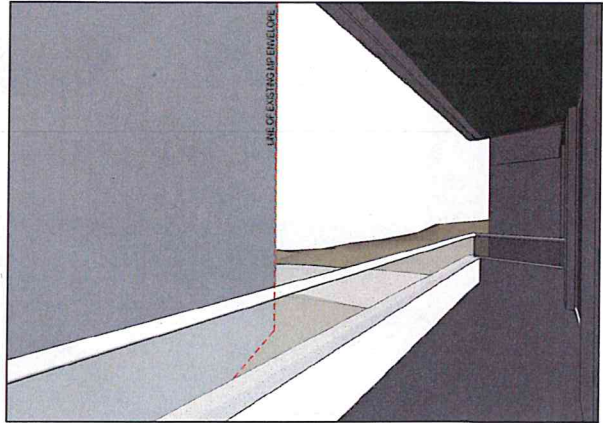


Figure 10: Side view from the north-eastern units of Arvia apartments – proposed concept plan building envelopes



The increase in height of the western component of the southern Stage 1C building envelope from a maximum RL 49.1 to RL 49.75 (8 storeys to 9 storeys) would have negligible impacts given Level 8 of Arvia is situated at RL 46.855 and sitting and standing views would already be obstructed by the approved envelope.

The department notes that whilst the revised southern envelope appears further west and south of the approved envelope, the proponent has indicated that it results from providing a more accurate representation of the separation between the envelope and the Arvia apartments and a more accurate survey of the site boundary. The department has reviewed the location of the south-western point and considers that it is an accurate representation of where the south-western point is located in the concept plan drawing and therefore the extension of the envelope to the Shortland Esplanade boundary would have negligible view impacts.

The modifications to the northern envelope would have negligible impacts given the views to the north-east are already largely obstructed by the approved envelopes for Stage 1C and the completed buildings within Stages 1A and 1B.

Accordingly, the department considers the view impacts to these units would be negligible.

Views from the south-eastern units of the Arvia apartments up to Level 8

South-eastern units of the Arvia apartments would retain front views to the ocean and as previously discussed, the splayed corner would ensure that the southern envelope would not result in any additional view impacts on the side views to the ocean (see Figures 11 and 12). As outlined previously, the modifications to the northern envelope would result in negligible impacts given the approved northern Stage 1C envelope and the constructed buildings within Stages 1A and 1B would obstruct any views to the north-east.

Accordingly, the view impacts for these units would be negligible.

Figure 11: Side view from the south-eastern units of Arvia apartments – approved concept plan building envelopes

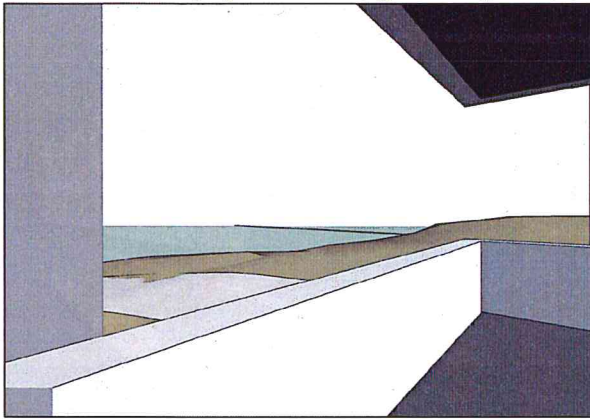
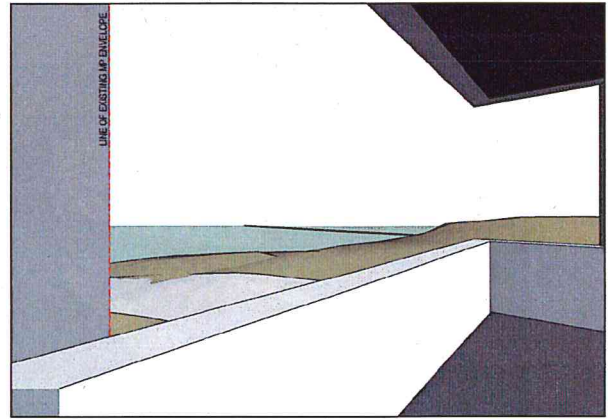


Figure 12: Side view from the south-eastern units of Arvia apartments – proposed concept plan building envelopes



Views from the eastern unit of the Arvia apartments on Level 9

The eastern unit of the Arvia apartments on Level 9 extends along the entire eastern edge of the building and currently enjoys front and side views to the ocean. The floor level of the Level 9 unit is situated at RL 49.78 and therefore above the maximum height of the approved envelope at RL 49.1. However, the sitting and standing side views of the ocean from the unit would be partially obstructed as a consequence of the approved concept plan as the plant zone on any future building can extend up to 3 metres (maximum RL 52.1) above the approved building envelope.

The approved concept plan would allow for all front views to the ocean and oblique views to the ocean to be retained. Whilst ocean views are considered valuable, the department notes that the side views would already be partially obstructed by the plant zone which compromises the value of this view. As previously discussed, the splayed corner would ensure the enlarged footprint of the building envelope would not result in any additional view impacts.

The increase in height of the western component of the southern Stage 1C building envelope from a maximum RL 49.1 to RL 49.75 (8 storeys to 9 storeys) has the potential to adversely impact the views from this unit, however, the proponent has argued that there would be minimal additional view loss as a result of the height increase.

In this regard, the approved concept plan recommended that the lesser of the two height controls, a maximum RL 49.1 or 8 storeys, be applied. The plant zone can extend up to 3 metres and therefore a building within the envelope could reach a maximum RL 52.1, which would be 2.32 metres higher than the floor level of Arvia Level 9 and therefore above the height of sitting or standing views from Level 9 of Arvia, which is situated at RL 49.78. Therefore, the revised height of the envelope and plant zone would only obstruct views that are already compromised by the approved concept plan, however, the unit's main views of the ocean to the south remain unobstructed.

As outlined previously, the modifications to the northern envelope would result in negligible impacts given that the approved northern envelope and the constructed buildings within Stages 1A and 1B would obstruct any view to the north-east.

Views from the units within Stages 1A and 1B

The modified envelopes would partially improve the oblique rear views to the south-west for residents of the building to the north of Stage 1C (Building 3 in Stages 1A and 1B) as the 18 storey building envelope is now a more slender form. The modified envelopes would generally have negligible impacts on Buildings 1 and 2 of Stages 1A and 1B as these buildings are located to the east of Stage 1C and their whole views to the ocean would be maintained.

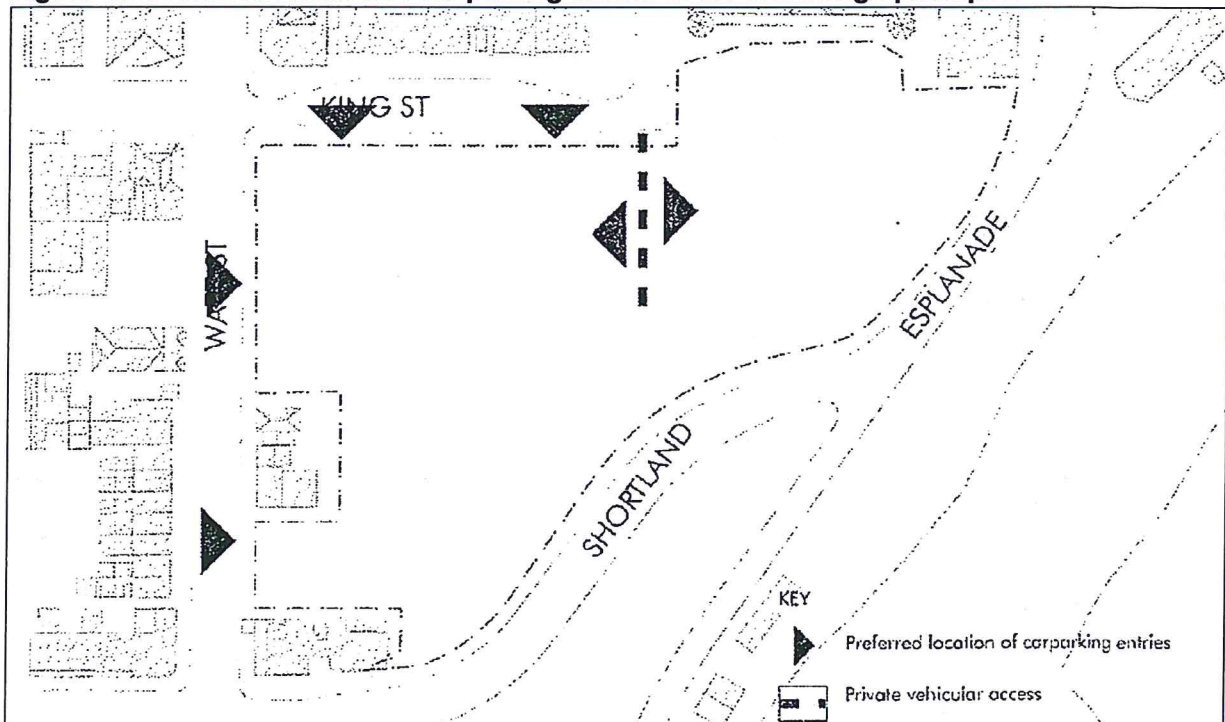
The views to the ocean for residents of Building 3 would remain relatively the same as the northern envelope would partially obscure ocean views. The extension of the southern envelope of Stage 1C to the site boundary at the north-eastern point of this envelope would have potential minor view impacts on residents of Stages 1A and 1B as it would partially extend the envelope east. These residents would retain partial obstructed views to the ocean. It is noted that the current Stage 1C plans lodged with council proposes a porte cochere and communal open space in this location.

The department considers the additional view impacts from the modified envelopes on Stages 1A and 1B would be minor in regards to the views to the ocean and acceptable as they are already partially obscured by the approved envelopes.

5.2 Traffic impacts

The concept plan approval and the associated site design principles included four preferred vehicle access points (see Figure 13), two of which are located along King Street and two along Watt Street. The proponent has stated that the excision of the DMB car park site and the USC car park site would essentially render the two Watt Street access points unviable. The proponent seeks to provide access via King Street and Shortland Esplanade for Stage 1C.

Figure 13: Preferred location of car parking entries in the site design principles



The public submissions raised increased traffic along King Street and impacts on traffic along Shortland Esplanade as an issue.

The department notes that due to the excision of the DMB site and USC car park site, three of the preferred vehicle access points would become unviable, being the two Watt Street and western King Street vehicle entry points. The department considers that it would have been reasonable to assume that the northern Watt Street and eastern King Street vehicle access points would have been the main access points for buildings that would have been developed within the DMB site. As redevelopment of this part of the site no longer forms part of the development, these access points are considered to be redundant and the department is supportive of their deletion.

The department considers that the southern Watt Street access point is the preferred location for vehicular access to the southern envelopes within the concept plan site, and

whilst it is located adjacent to the USC car park site, it can be relocated further to the south where access from the concept plan is still available from Watt Street. The department considers that this access point should be retained and relocated.

The proponent has indicated that King Street and Shortland Esplanade would be utilised to provide access for Stage 1C. The department notes that King Street is a local street and can accommodate up to 2,000 vehicles per day with an average of 250 per hour. The proponent has provided a traffic assessment of the Stage 1C development application to support the proposed development, including the proposed new access points.

The department considers that as an assessment of traffic generation based on building envelopes cannot be concise given that the traffic generation and car parking would vary according to unit mix, the department has considered the proponent's Stage 1C traffic assessment to determine the likely traffic impacts from vehicle access from King Street and Shortland Esplanade.

The traffic assessment identified that 225 and 220 vehicles per hour travel along King Street to the east of Watt Street during the morning and afternoon peak periods, respectively. The traffic assessment identifies that King Street alone has insufficient capacity to accommodate the traffic generation from Stage 1C development. Therefore, access is sought off King Street and Shortland Esplanade. The traffic assessment concludes that the provision of dual access arrangement for Stage 1C would result in the generation of an additional 30 vehicles per hour during the peak periods along King Street. This would be consistent with the average number of vehicles per hour for a local street.

The Stage 1C traffic assessment concludes that the impact on traffic efficiency is acceptable and in particular the operation of the King and Watt Street intersection would not deteriorate and would maintain a good service level (Level of Service B). However, the department considers that as the additional vehicles would increase vehicle movements on King Street to its capacity, the retention of the southern Watt Street access point is warranted as it could further assist in distributing the traffic.

The department notes that whilst the Stage 1C development application could be modified, the level of service is currently identified as good and variations to the Stage 1C development application would not be expected to result in a significant change to the traffic assessment undertaken for the currently proposed Stage 1C development application. Furthermore, the retention of the Watt Street vehicle access point would allow the proponent to explore distributing the traffic from the Stage 1C development prior to Council's determination of this development application. The proponent would be required to demonstrate that sufficient capacity exists for any access off King Street in the development application for the construction of the buildings.

Any additional vehicle access point off King Street could result in increased pedestrian and vehicle conflict given the proximity to and the multitude of existing vehicle access points along this section of King Street. This is particularly relevant given that the concept plan sought to provide public thoroughfares within the site and improve access to the beach and the CBD. The site design principles identify the extension of King Street as a thoroughfare to the CBD. Therefore, the increased vehicular traffic in this location would increase the pedestrian and vehicular conflict. The department notes that the site design principles seek to minimise vehicle access points.

The site design principles also sought to deter the establishment of vehicle access points along Shortland Esplanade due to poor road alignment and sight lines. The proponent seeks to provide an access point along Shortland Esplanade to distribute the traffic as King Street does not have sufficient capacity. The department notes that there are existing vehicle access points along Shortland Esplanade. The department recommends the site design

principles be amended to require that any proposal to provide a vehicle access point on Shortland Esplanade must demonstrate that the traffic impacts of this vehicle access point and sight lines are acceptable.

The department recommends the site design principles be amended to delete the northern Watt Street and western King Street vehicle access points and recommends the southern access point be retained and relocated along Watt Street to an accessible location.

5.3 Hotel use

The concept plan approval allowed for the redevelopment of the RNH site for "*predominantly residential uses and non-residential uses including a mix of ancillary retail, cafes, restaurant and commercial office suites; maximum Floor Space Ratio; building envelopes including upper level setbacks, building footprints and heights expressed in storeys and indicative RLs (m AHD); vehicle access; staging; public facilities and public domain works being new street tree planting along King and Watt Streets and Shortland Esplanade, publicly accessible through site links from Pacific Street to Shortland Esplanade and from King Street to Shortland Esplanade, and a widened footpath along the northern side of Shortland Esplanade*".

The department notes that at the time of concept plan approval, a 'hotel' use was not contemplated as a potential land use for the site because it was not the financially preferred option for the site at the time. Whilst the concept plan originally sought to provide a predominantly residential development, the economy has substantially changed since that time. The proponent now seeks to modify the concept plan to include a 'hotel' use.

A number of the public submissions considered that a 'hotel' use should be considered at the development application stage. However, given the transitional provisions that apply to concept plans following the repeal of Part 3A, a development application is required to be consistent with the terms of an approved concept plan. As a 'hotel' use is not one of the specified land uses and is not defined as a residential use, any development application proposing a hotel would not be consistent with the current terms of the concept plan approval. Therefore, to be able to consider the hotel at the development application stage, it would need to be identified as one of the approved land uses.

The department considers the key issues to be the strategic implications of including 'hotel' as a specified land use and the potential impacts of a hotel. The department has considered these issues below.

Strategic Justification

The strategic justification for additional 'hotel' uses and resultant loss of housing was raised as an issue in the submissions. The proponent considers that the employment generation of the 'hotel' use would provide economic diversity and would support tourism in the region, which is consistent with Lower Hunter Regional Strategy.

The department notes that the local planning controls for the site supported a multitude of uses at the time of lodgement and determination of concept plan, including hotels. Whilst the LEP controls are overridden by the concept plan, the site is currently zoned B4 Mixed Use under the Newcastle Local Environmental Plan 2012 (LEP) and a hotel is a permissible land use under the LEP controls. Furthermore, the LEP designates the site within a tourism area and allows for increased floor space if a tourist activity, including 'hotel', is incorporated into the development. Therefore, a 'hotel' use would be consistent with the local planning objectives for this area.

A number of the submissions also argue that only one hotel should be allowed in the concept plan area, including the operators of the existing hotel (approved under MP 07_0133), who also questioned the economic and social benefits of a second hotel over the provision of

housing, and the future viability of the hotel. Strategically, there is no reason to limit 'hotel' uses. The current DCP does not preclude 'hotel' uses as it contemplates a mix of uses including commercial, retail, tourist accommodation and residential uses. The department notes that the proposed change to the concept plan only seeks to allow 'hotel' uses as a potential land use for the site. The quantum of suitable 'hotel' floor space should be addressed at the development application stage. The viability and the impacts of any future hotel on the trade of an existing hotel are not relevant planning considerations. The department considers that it is not the role of the planning system to regulate competition.

The department notes that the LHRs identifies a target of 10,000 jobs and 4,000 dwellings for the Newcastle CBD. Further broader strategic planning for the region has also been undertaken with the delivery of the draft Newcastle Urban Renewal Strategy 2012 (NURS). The draft NURS seeks to change the zoning of this site, and the immediate locality, from mixed use to high density residential, which seeks to promote residential development. Whilst such a zoning is consistent with the predominantly residential land uses allowed for in the concept plan, it is noted that the provisions relating to the high density residential zones in the current LEP allow for up to 25 per cent non-residential development. The draft NURS seeks to further relax this provision and only seeks to restrict commercial development to up to 25 per cent in the proposed high density residential zones. However, tourist and visitor accommodation, educational establishments or health services would be allowed to occupy a greater percentage of the land use in these proposed high density residential zones. The revisions are also provided to support existing commercial uses whilst the area transitions to high density residential. Accordingly, the draft NURS acknowledges the need to provide tourist and visitor accommodation, educational establishments or health services even in the proposed high density residential areas.

Hotel Impacts

The proponent has argued that a 'hotel' use is residential in nature and would have comparable impacts and benefits for the surrounding area. The proponent also argued that traffic impacts would be similar to residential development and car parking demand would also be comparable between high density residential and a 'hotel' use.

The department considers that a 'hotel' use is not a residential use, however, the department accepts that the traffic impacts are comparable. The concept plan provided no specific controls regarding car parking and referred to the rates in council's DCP. Therefore, this issue would be addressed at the development application stage regardless of the use. The design of any vehicle access, service vehicle access and loading areas would also be more appropriately considered at the development application stage as only building envelopes are provided in the concept plan.

The social and economic impact of a 'hotel' use over residential use was raised as an issue in the submissions. In particular, the potential for anti-social behaviour related to a bar and conference area was raised. Specific impacts of potential ancillary bars in the hotel and the management of that aspect of the development should be addressed in the development application.

The bulk and scale of the development will continue to be restricted by the building envelopes for the site and the maximum gross floor area controls in the concept plan approval.

Conclusion

Accordingly, the department considers that a 'hotel' use is consistent with the vision for the site in the local planning controls and the further strategic planning undertaken for the region. The department recommends that 'hotel' uses can be included as an approved use. Any development application for Stage 1C would need to identify the exact quantum of 'hotel'

floor space, associated hotel uses and residential floor space, and address the associated impacts.

Furthermore, the Ministerial project approval for Stages 1A and 1B included a hotel as part of the approval, which was possible under the provisions of Part 3A of the Act. Therefore, it would be reasonable to revise the concept plan approval to include 'hotel' as one of the permissible land uses to better reflect what has been constructed and the mix of uses that are now supported on the site.

5.4 Urban design

The proposal would not have an adverse impact on the key site design principles, which include connecting the city and the beach and public places. The development of Stages 1A and 1B delivered the public spaces envisaged in the concept plan including the through site links and public domain improvements. However, the proposed modified building envelopes for Stage 1C are considered to be inconsistent with the aim to improve the pedestrian amenity along Shortland Esplanade, which includes widening of the footpath.

The approved building envelopes along Shortland Esplanade are set back from the property boundary between 2.5 metres and 10 metres. The proponent seeks to delete this setback and extend the southern envelope of Stage 1C to the boundary. The proponent has argued that the setback is not essential as the adjoining Arvia and Stage 1A and 1B buildings (as built) extend to the site boundary and therefore the Stage 1C envelope should allow a building on the boundary to create a consistent public footpath width. The proponent argues that this would not affect the quality of the public domain.

Stages 1A and 1B provided a varied setback, which included a minimum 3.5 metre distance from the kerb to the building, and results in a public footpath of approximately 3 to 3.1 metres in width. The department considers that it would be unreasonable to require the proponent to maintain a minimum 2.5 metre front setback for the Stage 1C building envelope along Shortland Esplanade as the intent of the setback to improve pedestrian amenity has been compromised by the construction of the adjoining buildings to the Shortland Esplanade site boundary. As a widened footpath on either side of Stage 1C has not been provided, maintaining the requirement would not improve pedestrian amenity as a wider consistent footpath width cannot be achieved.

The department considers the setback is no longer warranted and the deletion of the setback is acceptable provided a minimum 3 metre deep footpath can be maintained. The department has recommended the site design principles be amended to delete the minimum 2.5 metre setback from Shortland Esplanade requirement for Stage 1C and a requirement that future development ensure a 3 metre wide footpath can be achieved.

5.5 Other issues

Floor space

The concept plan approval included maximum floor space controls as follows:

2 Floor Space Ratio and Staging

- a) *Full implementation of the site, representing all of the Subject Site including the David Maddison building site and the United Services Club car park site, shall have a maximum FSR of 3.07:1, being a maximum GFA of 53,971 sq m. As the submitted documents indicate that the GFA is greater than this, the maximum GFA is to be achieved by reducing height. The preferred location for this reduction is the 8 storey building to the east of the Wirraway Flats site as shown on the drawing Supporting Control Drawings – Concept Plan building heights diagram showing indicative RLs (m AHD) and storeys of all buildings dated 8th December 2006.*

- b) Stage 1 of the development, representing all of the Subject Site including the United Services Club car park site, but excluding the David Maddison Building site shall have a maximum GFA of **41,916 sq m** being FSR of **3.27:1**.*
- c) Development on the David Maddison Site alone shall have a maximum GFA of **12,055 sq m**, being FSR **2.5:1**.*
- d) Should the United Services Club be excised from the Subject Site, the maximum GFA shall be **52,771 sq m** being FSR **3.06:1**.*

As the proponent is seeking to excise DMB and USC car park sites, the proponent has acknowledged that the proportional floor space allowed for these two parts of the site would be forfeited. The excision of the sites does not affect the FSR and allowable GFA of the remaining site as provisions were made in the concept plan to allocate FSR to relevant parts of the site. The redefined concept plan encompasses Stage 1, which has a maximum GFA of 40,716 sqm if 12,055 sqm is excluded for the DMB site and 1,200 sqm is excluded for the USC car park site. Accordingly, the department recommends that the maximum GFA for the concept plan be modified to 40,716 sqm. Stages 1A and 1B delivered 25,222 sqm and therefore 15,494 sqm remains for Stage 1C.

Overshadowing

The proposed relocation of the northern Stage 1C building envelopes and widening of the southern envelope will have minimal overshadowing impacts and is essentially shifting the overshadowing impacts south, which should allow for increased solar access to some of the Arvia units. As the envelopes are located south of the envelopes of Stages 1A and 1B, the modified envelopes would have no overshadowing impacts on the remainder of the development within the concept plan site.

The overshadowing of public domain areas, including the beach, are marginally increased but generally shift the overshadowing impacts. The reduction in the width of the northern envelope would also result in reduced overshadowing impacts.

The department considers the overshadowing impacts from the modified envelopes are an overall improvement and are acceptable.

Solar access and privacy

The deletion of the DMB and USC car park site will have impacts on the solar access and privacy of the future residents of Stage 1C buildings due to the retention of the existing structures on these sites, which extend up to seven storeys. As the concept plan only established building envelopes, the level of solar access and privacy for the future residential units cannot be evaluated. However, the site design principles require appropriate separation be provided consistent with the requirements of the Residential Flat Design Code (RFDC).

Open Space

The excision of the DMB and USC car park site would potentially reduce the open space provisions for future residents. The department notes that the provisions for Stages 1A and 1B were below the recommended requirement in the RFDC as it relied on the abundance of regional and local open space in the vicinity of the site. Whilst it is noted that the retention of the DMB results in the loss of open space, this open space would have been provided for the residential buildings that would have been constructed on this part of the site. The footprint of the Stage 1C building envelopes ensures that this development can meet the minimum 25 per cent communal open space required for residential flat buildings. The further detailed design of the buildings would most likely result in additional open space, as evident in the Stage 1C development application plans. Accordingly, the department considers that adequate open space can be provided to residents of the future buildings to be constructed as part of the concept plan.

Height

The proponent seeks to increase the height of the western component of the southern envelope within Stage 1C from a maximum RL 49.1 to 49.75 (8 storeys to 9 storeys). The department has considered the amenity impacts of the height increase and considers the impacts as minor and acceptable. The increase in height by 0.65 metres would also have minimal bulk and scale impacts given the marginal height increase to the building envelope. Accordingly, the revised height of the envelope is accepted.

6. CONCLUSION

The department has considered the requested modifications to concept plan approval MP 05_0062, which establishes the framework for future redevelopment of the former Royal Newcastle Hospital site, and considered the key issues associated with these modifications. The proposed modifications are considered to be acceptable as the potential impacts can be mitigated or managed.

The department has recommended the approval be modified to reflect the revised concept plan, which establishes the building envelopes for future development and has been modified to reflect the future redevelopment scheme for the site.

7. RECOMMENDATION

It is recommended that the Planning Assessment Commission:

- a) **Consider** the findings and recommendations of this report;
- b) **Approve** the modifications, under section 75W of the *Environmental Planning and Assessment Act, 1979*, and;
- c) **Sign** the attached instrument of modification approval (see Appendix D).


15/2/13
Director
Metropolitan and Regional Projects North


18-2-13
Executive Director
Major Project Assessment