



12373
6 August 2013

Mr Sam Haddad
Director-General
NSW Department of Planning and Infrastructure
GPO Box 39
SYDNEY NSW 2001

Attention: Mark Brown (Senior Planner)

Dear Mark,

**RESPONSE TO CHIPPENDALE RESIDENT INTEREST GROUP SUBMISSION
BLOCKS 1 AND 4, CENTRAL PARK**

This letter has been prepared on behalf of the proponent, Central Park JV No. 2 / Fraser Broadway Pty Ltd, in response to a submission received from the Chippendale Resident Interest Group (CRIG) dated 20 July 2013. Many of the items within the additional submission by the CRIG have previously been raised and addressed as part of the Response to Submission (RTS) package and Preferred Project Report (PPR), as well as within the response to City of Sydney's submission to the RTS recently submitted to the Department of Planning and Infrastructure (DPI).

1.0 CONSISTENCY WITH CONCEPT PLAN

The CRIG raises concern over the changes in land use proposed as part of the modifications to the Concept Plan. The relevant issues associated with this amendment to the land use have been addressed within the EAR and accompanying reports of the Concept Plan S75W Modification. These include details such as the amenity and economic impacts raised by the CRIG. Specifically, the associated economic impacts as a result of the amendment have been addressed by MacroPlan Dimasi within the Economic Impact Assessment.

As part of the response to City of Sydney's recent submission to the RTS, the proposal's consistency with relevant strategic policy was identified and assessed. The proposed modification to the land use is sought to meet an identified demand for student accommodation in an ideal location, and in response to low demand for large scale commercial office in the southern portion of the CBD. The proposal is consistent with the principles of the State Government Policy (Draft Metropolitan Plan for Sydney) to facilitate investment and growth, focussing on delivery within the metropolitan areas making different types of housing available across the City, in line with employment and infrastructure as well as market demand.

Whilst it is acknowledged that the Draft Metropolitan Plan for Sydney seeks a balance of uses, the economic demands of both the current and foreseeable market needs to be taken into consideration. The change from 30% Non-Residential use to 23% is considered a minor shift and one that should not negatively impact upon the State Government Policy.

2.0 STATE ENVIRONMENTAL PLANNING POLICY NO 65

The CRIG submission identifies the proposal's ability to comply with SEPP 65 as a concern. As stated in the Block 4S EIS, the proposal has been designed to be consistent with the provisions relating to student housing within SEPP 65/Residential Flat Design Code (RFDC) guiding principles. Additionally, the submission attempts to draw a link between compliance with SEPP 65 and the National Affordability Housing Regulations (NRAS) which has little to no relevance for the determination of the proposal.

With regard to SEPP 65, it is noted that the proposed student accommodation is of a very different nature to a normal residential development, with many of the facilities shared between occupants. The proposal has thus been designed to meet the objectives of the SEPP and the Residential Flat Design Code but cannot, because of fundamental design differences, achieve full compliance with all of the Rules of Thumb. Where compliance cannot be achieved with a Rule of Thumb, compliance with the Boarding House DCP and/or the AH SEPP has been achieved in lieu of this, e.g. solar access.

Solar Access

The built form, location of communal areas, and building setbacks have been carefully considered and revised as part of the RTS to provide generous solar access for occupants given the site orientation and surrounding buildings. A daylight availability study has been prepared by Foster + Partners as part of the Design Report submitted with the EIS.

The proposed student accommodation is of a very different nature to a normal residential development, and thus been designed to meet the objectives of the SEPP and the Residential Flat Design Code but in some instances may not achieve full compliance with all of the specific Rules of Thumb.

Based on the solar study prepared by Foster + Partners, a total of 30% of bedrooms would meet the criteria of 2 hours of solar access between 8am and 5pm on 21 June. It is however noted that the direct application of the rules of thumb contained within the RFDC is not appropriate for a student accommodation building (as previously noted by the DPI when determining other similar applications).

The proposal has been designed to provide high levels of amenity to the communal areas as well as the living areas within the multi-share apartments. The calculation of solar access to these areas is consistent with the approach that would be used for a residential flat building in the same location (the critical elements being solar access to communal and living areas). Basing the solar access calculation received to the number of bedrooms is therefore considered to be onerous, as it would in effect require a higher standard of solar than that of a comparable residential flat building.

The proposed approach has recently been considered acceptable and applied by the DPI for similar applications for this precinct.

Privacy and Privacy Screens

The design of the northern facade has been reviewed as part of the PPR in response to the submission from the DPI. The review of the design and treatment of the northern elevation in particular has removed the strong reliance on privacy glass, and in its place, internal window treatment has been considered including internal blinds and louvers. The revised treatment of these elevations includes the following:

- Removal of the existing privacy glass and replacement with vision (clear) glazing
- Installation of adjustable vertical metal louvers within the apartments
- Maintenance of the ventilation panel that also allows views out of the multi-bed apartment rooms
- Prevents the potential for direct overlooking between the commercial and residential uses.

This design ensures that privacy is maintained between the buildings and particularly for the occupants of the student accommodation whilst allowing penetration of sunlight. In addition, the internal facades have also been treated with three alternative designs that consider privacy, and solar access resulting in an improve level of internal amenity and thermal comfort.

Natural Ventilation and Noise

Concern is raised by the CRIG regarding the ability of the proposal to comply with both acoustic and natural ventilation criteria. Both of these items have been considered by specialist consultants within the EIS and the RTS/PPR.

Internal noise levels will be provided in accordance with criteria as detailed within the Australian Standard AS 2107:2000 and the Central Sydney DCP. The Noise Impact Assessment conducted at the site and provided includes the recommended acoustic treatments to ensure internal noise levels comply with the relevant criteria. The acoustic design of the internal building elements separating units will be conducted such that compliance with the minimum requirements of the BCA are achieved. The party walls within the project will be designed to achieve a minimum of $R_w + C_{tr} 50$.

In addition to the natural ventilation provided within throughout the building through window openings to apartments and through corridors and communal space, bathroom ventilation will provide additional “pull” to circulate air through to the back of the apartment. When the bathroom ventilation is running, air will be pulled through the apartment and out through the bathroom ventilation via mechanical means. When this ventilation is not operating, the stack effect created by running bathroom ventilation to the roof will encourage a continual flow of air through the apartment from the façade and out through the bathroom exhaust.

Importantly, the proposal provides a range of passive and active ventilation operation and acoustic treatments to provide arrange of options and quality internal amenity for residents. The design and operation will be compliant with the relevant Australian standards as required.

3.0 BUILDING SEPARATION

The proposed change in land use, separation and amenity impacts raised by the CRIG have been considered by the proponent as part of the EIS and RTS/PPR. It was also addressed directly to the DPI in response to City of Sydney’s latest submissions.

As part of the RTS package, further consideration went into the design and treatment of the northern facade of the proposal, including to the materials, arrangement and internal fixtures. As a result, the northern elevation was redesigned to provide aspect and privacy for future residents and remove the reliance on privacy glass.

Due to the proximity of Block 4N and size of the approved envelope, along with the orientation of the building, a greater separation distance would have a negligible impact on improving the solar access and privacy afforded to the northern elevation of Block 4S. Further investigations relating to the separation distance and privacy were considered as part of the RTS.

4.0 AFFORDABLE RENTAL HOUSING SEPP

The submission from the CRIG refers to the proposal’s inadequate consideration Affordable Rental Housing SEPP. It is important to note that whilst the DGRs required consideration of the Affordable Rental Housing SEPP, the proposed development has not made application under the SEPP nor sought any concessions under the SEPP. As required by the DGRs the relevant provisions of the AHSEPP as they relate to the proposal have been addressed within the EIS and RTS/PPR.

5.0 ECONOMIC IMPACT ASSESSMENT

The submissions raises questions of the arguments present as part of the Economic Impact Assessment submitted with the EIS and resubmitted with the RTS/PPR. In response to the CRIG submission, MacroPlan Dimasi has prepared an addendum letter in response to the CRIG submission, which is attached. A detailed response has also been included with the recent response to City of Sydney submission to the RTS.

The Economic Impact Assessment and addendum letter conclude that the proposal will result in a substantial increase the supply of accommodation to the area which in turn will place downward pressure on market rentals in Chippendale. As such, downward pressure on rentals will increase aggregate disposable income available to spend on local services.

6.0 OTHER CONSIDERATIONS

A number of other items raised by the CRIG have been raised, and are addressed below.

Open space and recreational areas

The submission suggests the proposal has a lack of open space and recreational areas, and the provision of these spaces beyond 10pm.

It is noted that the future residents will be provided with high level of on-site services over and above those which would ordinarily be provided within a residential flat building. This includes the provisions of break out area, music rooms, gym, study rooms, and areas of communal and cooking and passive recreation areas throughout the building. It is noted that the total number of students 826 is in lieu of approximately 1800 office workers that would have otherwise occupied the site and occupied the public domain of Central Park.

Whilst it is noted that the proposed population will be permanent residents (different to office workers) the nature of student population and timetables means that the public open space within Central Park will be used at various times throughout the day rather than at a standard lunchtime peak period. In addition there are numerous areas of public open space in the vicinity of the site and on campuses (including the future alumni green at UTS and Ultimo Pedestrian Network). Since the original Concept Plan Modification there has been design changes that have increased the quality of recreation / open space in the area known as 2A when the terraces were removed.

With regard to the provision of open space and recreations areas beyond 10pm, Council has required that these be limited to be use. The internal communal link areas to the north of the building may be used beyond 10pm, under management of the operators.

Study areas

Concern is raised over the area provided for study within the proposal.

The proposal provides a range of formal and informal study areas, meeting rooms, study pods and passive recreation areas. These spaces are spread throughout the proposal encouraging interaction between students. In addition to these areas, 167 bedrooms will be part of multi-share units which all have internal living and dining areas within the units.

Internal amenity and storage space

The need to ensure greater space to store personal possessions and have sufficient space within the room for to accommodate friends has been identified.

The layout of the single rooms has been designed to separate the rooms into two distinct areas. The first part of the room as you enter includes the kitchenette, bathroom, and cupboards. The rooms then open out into the living/study area, with space for a bed, desk, furniture, and room furniture. Adequate storage for students is provided within the development, with some additional areas available in the basement if required.

Ground floor non-residential tenancies

Concern is raised over the impacts of the ground floor uses within the proposal

The ground floor of the proposal incorporates non-residential uses encouraging activity at street. As with all ground floor tenancies both the Central Park Avenue and Abercrombie Street there is the necessity to obtain separate approval for the fitout and use of these tenancies wherein operation hours will be managed. These applications will be publicly exhibited with the opportunity for public comment and will be assessed against Council controls in terms of use, hours of operation and management.

Alterations to grade separation

The CRIG do not support the grade separation between Block 4N and 4S. This issue has been addressed in response to the City of Sydney's submission and is provided below.

The design and arrangement of the publically accessible link between Block 4N and 4S is a result of detailed design and access considerations. The site falls approximately 3m from Central Park Avenue to Abercrombie Street. Following investigation and design development it was not considered feasible or practical to provide ramps for wheelchair access (given the gradient).

To ensure equitable access was maintained, a publically accessible elevator is provided between Abercrombie Street and Central Park Avenue. The proposed arrangement allows for an additional and active northern elevation at street level – improving the building connection and interaction between Abercrombie Street and the public link that would most likely not have been possible with a different design given the topography. As mentioned by the City, the proposed arrangement also allows a space for a public art feature to the wall that will be visible from Abercrombie Street.

Finally, the removal of the bridge link between Block 4N and 4S as part of MP08_0253 strengthens the visual connection between Abercrombie Street and Broadway into Central Park. This modification enables a visual relationship into the site to the visually prominent and culturally significant Brewery Yard brick chimney stack.

Awning to Abercrombie Street

The CRIG do not support the awning to Abercrombie Street as part of the proposal.

The awning to Abercrombie Street is consistent with requirement of the Concept Plan (Plan A1259), and City of Sydney policy.

Car parking arrangements

As noted in previous applications and addressed in the recent response to City of Sydney, it is Frasers' intention to create a combined basement between Blocks 4N and 4S in the future. As part of these works, the interface and internal arrangement of the carpark (including deliveries, residential and childcare parking will be revised and improved. These amendments will be subject to future application made to the DPI that will be publicly exhibited and assessed by DPI and Council.

The current arrangement is considered to be appropriate and suitable for the use, given the data provided within the GTA Traffic Consultants report. However, to provide security and certainty to the DPI, Frasers proposed that the following condition (or similar) be included in any recommendation for approval:

"The final arrangement of the basement entry, car parking, servicing and childcare parking spaces is to be submitted for approval by the Department, prior to the issue of a Construction Certificate for above Ground works of Blocks 1 and 4N."

This condition would ensure that the final design of the internal arrangement of the car parking is acceptable to the DPI prior to the building being completed and occupied.

We trust this letter provides a clear response to the items of objection from the CRIG and allow the DPI to promptly finalise the assessment report so the application can be finalised.

Should you have any queries about this matter, please do not hesitate to contact me on 9956 6962 or sgouge@jbaplanning.com.au.

Yours faithfully



Stephen Gouge
Urban Planner

Attachment: *Letter from MacroPlan Dimasi*

1 August 2013

Alex Sicari
Development Manager
Frasers Property Australia Pty Ltd
Suite 11, Lumiere Commercial
Level 12, 101 Bathurst Street
Sydney NSW 2000
Email: alex.sicari@frasersproperty.com.au

Dear Alex,

Re: Review of January 2013 MacroPlan Dimasi economic report

In summary, our report supported the shift in floorspace away from office building and towards student accommodation (Block 4S) and possibly residential (Block 1) at Central Park. Based on this assessment, we found that student housing will:

1. Present as a more suitable option than office space;
2. Alleviate pressure in surrounding private rental markets;
3. Reduce the pronounced student housing shortage apparent in the region;
4. Activate the Central Park precinct during ordinary business hours;
5. Adhere to both Federal and State government policy objectives associated with the provision of new affordable dwellings;
6. Reduce strain on public infrastructure networks.

We have reviewed the arguments set out in our previous report. The evidence remains in support of our views. In particular, the balance in pressures across the residential and office markets remains in favour of the Central Park proposal.

We highlight a recent forecast for Sydney office demand, made by Morgan Stanley research analysts (*Mining Capex Slowdown – The ‘Canary in the Coalmine’ for Office Demand, May 27, 2013*). The view of Morgan Stanley analysts is that the weakness in demand for Sydney office space will extend for many years, with compound annual growth in effective rentals at just 0.3% over the five years to 2017.

On the other hand, the rental vacancy rate for inner Sydney remained low at 1.9% for June quarter 2013 (based on REINSW data released on 18 July 2013).

Our views on the merit of shifting the balance of floorspace away from office space and towards student accommodation and possibly residential remain intact. We highlight that these comparative market conditions have characterised the inner Sydney property market for the past decade, and are likely to remain for the next five years at least. Our position is not based on short-term market trends, but rather emphasises the structural shifts underway in each sector.

Comments on City of Sydney letter (dated 11 July 2013)

There is concern expressed about the merit of variations to the mix of building uses for the project. The original concept plan (2006) specified a target for 30% of floorspace to be utilised for commercial purposes. The planning proposal would reduce this ratio to 23% - representing a change in use for a total of 17,900m² of floor space.

1. The validity of making variations per se – that the concept plan should not be altered.

We refer to the following statements by the City of Sydney:

‘Such a change is inconsistent with relevant planning policy including the Metropolitan Strategy for Sydney and would jeopardise the intended future role of the area’.

‘Capacity for commercial space needs to be protected so that longer term demand can be met. The current proposal seeks to dismiss the longer term planning objectives in preference to an exercise in current day highest and best use.’

In our view, preservation of the balance of land uses (embedded in the concept plan) implies that the planning process can correctly predict the market need for residential and commercial uses for any given project – even if the development occurs over a period of 10 years or more. For this reason, even a minor change to the concept plan mix would appear sufficient to prevent a viable mix of uses.

However, since the 2006 plan was specified, government planning policy has moved towards a clear emphasis on market demand and project feasibility. The current aim is for planning flexibility to allow ‘balanced growth’ as defined by the 2013 edition of the draft Metropolitan Strategy for Sydney (MSS):

As a general policy, the Strategy’s approach to balanced growth means housing renewals and developments will reflect market demand, development feasibility and infrastructure, transport and services provisions. (pg 10)

OBJECTIVE 1: Develop a new Land Release Policy and make new areas available for housing and jobs

Policy b. Growth will be encouraged within the Metropolitan Urban Area to reflect market demand. (pg 12)

The imposition of prescriptive targets for the proportions of residential and commercial floorspace, set in a concept plan for a specific project many years ahead of the actual development process, are not consistent with this policy.

Market demand evolves gradually, and there is a need for change in respect of individual projects. By incorporating market demand and development feasibility, the need for flexibility in project approval becomes a core facet of the planning process. For the Central Park project, a shift from 30% commercial floorspace to 23% is entirely consistent with the stated approach to balanced growth.

2. The marginal effect of the shift from 30% to 23% for commercial floorspace, in terms of local and broader impacts, significantly impacts on broader policy objectives.

We refer to the following statements by the City of Sydney:

'The City does not support the applicant's justification that providing additional residential floor space and further reducing commercial floor space is an appropriate response to current market demand. The City does not support the suggestion that the proposed mix will result in a viable long term mix of land uses.'

'...the role of residential development must only be one of support for the CBD and Global Sydney being the primary focus for national and international business.'

'The supported 70/30 mix was in effect a concession in regards to land use policies that acknowledges the role and demand for residential development in the area.'

The principle of the draft MSS is to expand and extend the number of precincts for development in the central Sydney region. In turn, this scope for growth means that the market will have the opportunity to deliver 'balanced growth' across the region over time – with the caveat that market demand for any given project needs to be met. This process is set out in the draft strategy:

OBJECTIVE 2: Strengthen and grow Sydney's centres

Policy (d) Mixed use development will be encouraged in all centres, including central commercial core areas, where there is market demand and complementary land uses.

The State Infrastructure Strategy recognises the importance of the Global Economic Corridor by making it a focus for both currently funded and commenced projects and future projects. Focusing large clusters - or agglomerations – of employment in our Strategic Centres, Specialised Precincts and the Global Economic Corridor can boost productivity on the back of increased job densities and greater capacity for additional employment.

To further strengthen the productivity of the Global Economic Corridor, we will extend the reach of the Corridor towards Norwest and to Parramatta and leverage off the investment in WestConnex and the North West Rail Link. Pg 14

In this context, planning policy is clearly expanding the scope of opportunities for clustering and agglomeration of commercial, education and health related uses. By implication, the role of activity clusters outside the City of Sydney will be significantly encouraged. This position is now formalised in planning policy.

It represents a policy response to trends in market demand that have been underway for the past decade, where office development has shifted to suburban locations for a variety of reasons.

Central Park is located within the Global Economic Corridor. An extension of the Global Economic Corridor means that the impact of change in use for 17,900m² of floorspace is extremely minor. This change will have very little impact on the contribution of the site to the wider Sydney economy.

Compared to the planning conditions that defined the 2006 concept plan for Central Park, Frasers Property is now facing a substantially different policy environment. Policy guidance articulated in the draft MSS clearly requires reference to market demand and development feasibility. In addition, the draft MSS specifies the extension of Sydney's Global Economic Corridor, which forms a core driver for transport infrastructure investment.

Given these planning policies, the proposed land use change is an appropriate response to achieving balanced growth at Central Park, in light of the extension of the Global Economic Corridor.

Comments on Chippendale Residents Interests Group letter (dated 20 July 2013)

The proposed variation will substantially increase the supply of accommodation. An increase in supply can only place downward pressure on market rentals in Chippendale. With additional housing, some students will move from existing Chippendale rental properties into the Central Park building. Consequently, this improves the availability of rental properties available for other households, such as city office or key workers. In turn, these movements will tend to reduce the proportion of students in the total Chippendale population. The mix of households becomes broader, not narrower.

To follow through on this issue, consider the impact of closing existing student housing facilities. This move would tend to shift student demand into the mainstream rental market, and place upward pressure on rentals.

The projected value of rentals at Central Park is identified as \$350 per week for a studio room. On the surface, this appears higher than the amounts that individuals face in the local private market. However, the Central Park rental is not a simple 'room rate': it includes the provision of broader services including utilities, study spaces and data access, fitness equipment & recreational facilities, and security management. A simple comparison between Central Park and broader market rental values is not valid.

Setting aside the different accommodation features, it is important to note that the rental market works across a range of properties that vary in location and quality. Consequently, there is a range of rentals, and the median value sits in the middle of this range. A new building that is well located will attract a value premium, and tend to have rentals above the local market median.

This outcome does not mean that the affordability of existing rental properties deteriorates. In fact, the availability of existing rental properties increases, which places downward pressure on rental values.

Downward pressure on rentals will increase aggregate disposable income available to spend on local services. This outcome will be supportive of local businesses and employment opportunities.

Expansion of office floorspace at other locations will more than offset the lower level at Central Park. The draft Metropolitan Strategy for Sydney 2013 incorporates a policy to expand commercial development into new areas, when compared to the situation in 2006 when the Concept Plan was specified.

Yours sincerely,



Jason Anderson
Chief Economist