

11030

19 October 2011

Mr Sam Haddad
Director General
Department of Planning
23-33 Bridge Street
SYDNEY NSW 2000

Dear Mr Haddad

**FOUR POINTS BY SHERATON, SYDNEY
REQUEST FOR DIRECTOR GENERAL'S ENVIRONMENTAL ASSESSMENT REQUIRMENTS**

We are writing on behalf of M&L Development Co Pty Ltd, owners of the Four Points by Sheraton at 161 Sussex Street, Sydney. M&L DevelopmentCo Pty Ltd are proposing to expand the hotel by approximately 330 new hotel rooms, expand meeting and banquet facilities and refurbish the ground level lobby, bar and reception areas.

The hotel is within the Darling Harbour precinct, which is identified as a State Significant Site in Schedule 2 of State Environmental Planning Policy (State and Regional Development) 2011. As the proposed development will have a capital investment value of more than \$10 million it is declared to be State Significant Development (SSD) for the purposes of the Act.

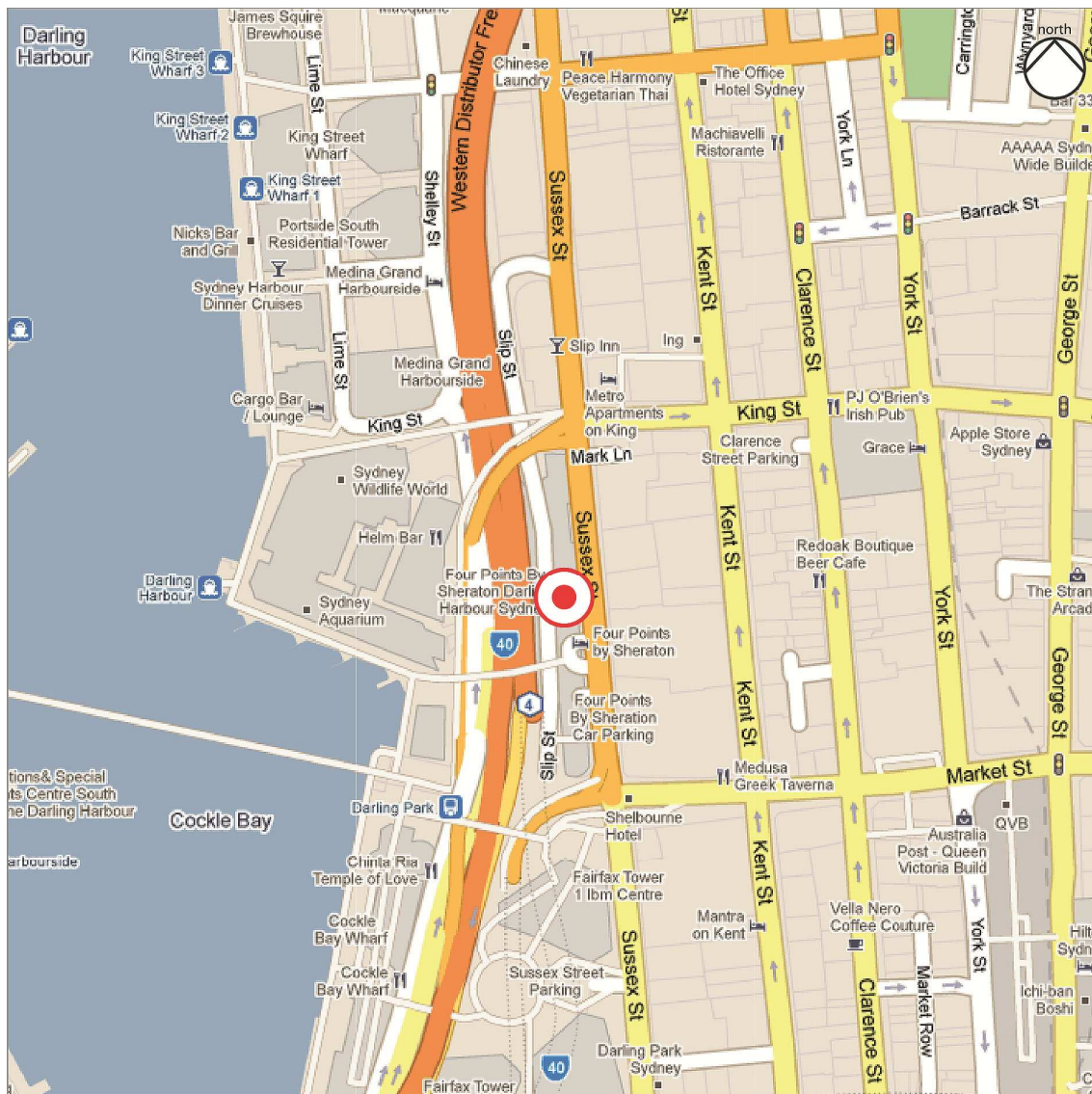
The purpose of this letter is therefore to request the Director General's Requirements (DGR's) for the preparation of an Environmental Impact Statement (EIS) for the proposed development. To support the request for the DGR's an overview of the proposed development, the statutory context, and identifies the key likely environmental and planning issues associated with the proposal.

Also enclosed is a completed State Significant Development Application Form.

1.0 SITE DESCRIPTION

1.1 The Site

The Four Points by Sheraton is a four star hotel is located at 161 Sussex Street, Sydney on the western edge of the Sydney CBD, overlooking Darling Harbour (**refer to Figure 1**). The hotel is within walking distance to the CBD's major commercial, entertainment and shopping districts including Queen Victoria Building, Pitt Street Mall, Chinatown and Darling Harbour. A pedestrian bridge over the Western Distributor provides a direct link from the hotel into Darling Harbour. The site is also within walking distance to public transport including rail, bus and monorail services.



○ The Site

Figure 1: Site Location

The site sits within the boundary of lands controlled by the Sydney Harbour Foreshore Authority (SHFA). The Four Points by Sheraton was acquired by M&L Development Co Pty Ltd in 2009 and the site is subject to a 99 year lease with the Foreshore Authority, which expires in 2087.

The site comprises Lots 101 and 102 in DP 1009697.

The site has an area of 11,223 m² and fronts Sussex Street. A porte cochere off Sussex Street provides pick-up and drop-off space for hotel guests. Bus bays and loading docks are accessed via Slip Street. An aerial photo of the site is at **Figure 2**.

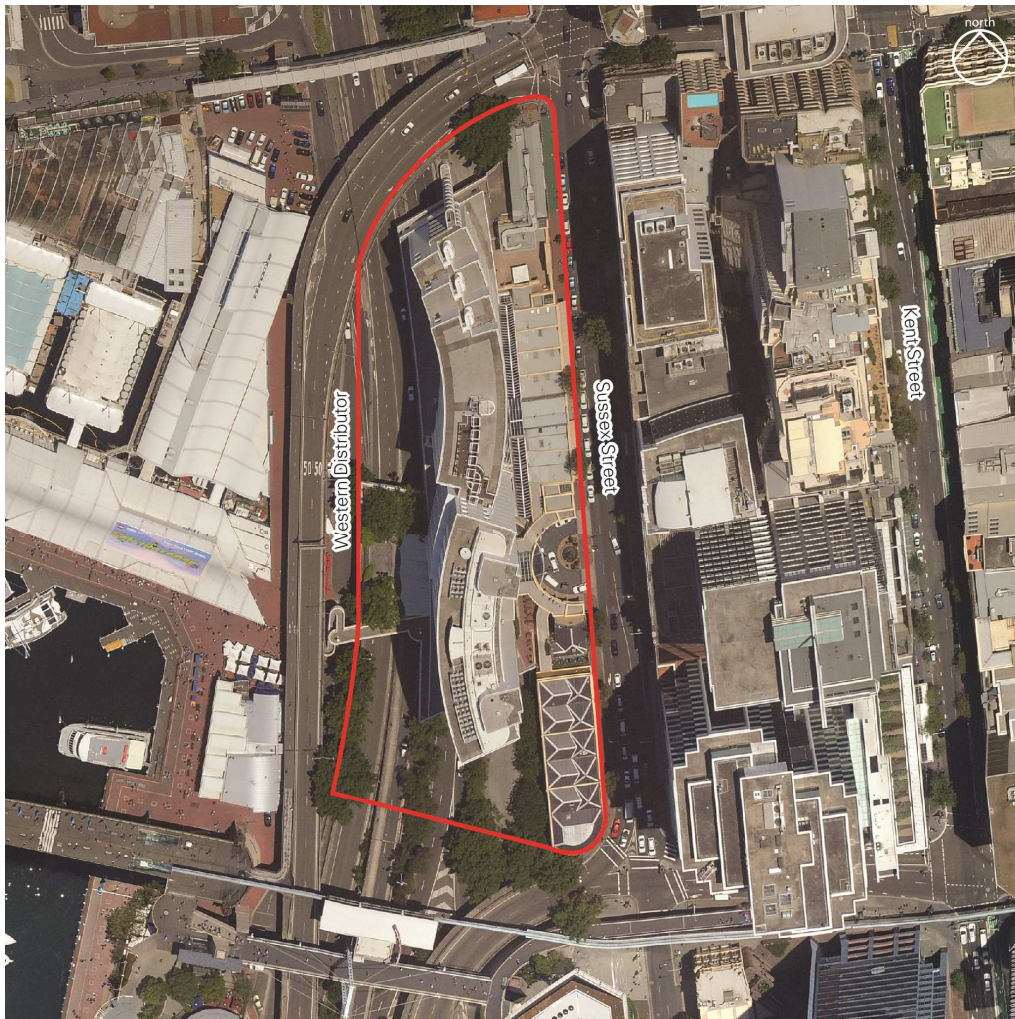
Current buildings on the site include:

- 16 storey building comprising 630 hotel rooms, reception area, restaurant, bar, conference rooms, fitness centre and day spa. The hotel building also incorporates former sandstone warehouses in the north eastern part of the site which house shops and Tony Roma's Restaurant.

- The Dundee Arms Hotel building (Heritage listed), a licensed premises.
- The Corn Exchange Building (part Heritage listed), currently used as office space.

The current hotel occupies approximately 60% of the site. The hotel tower is built over Slip Street and the outdoor dining area, gardens and pedestrian bridge are built out over the Western Distributor. The Dundee Arms Hotel and Corn Exchange are stand alone buildings and not connected to the hotel tower building.

The existing hotel opened in 1990, trading as the Nikko Hotel, but has more recently operated as the Four Points by Sheraton. Prior to 2010 the hotel building had not undergone any major refurbishment or redevelopment since opening. In 2010 an ongoing refurbishment program commenced which included repainting the exterior of the hotel and the progressive refurbishment of the hotel rooms, which is ongoing.



 The Site

Figure 2 - Aerial photograph of site.

2.0 PROPOSED PROJECT

As illustrated in the attached drawing prepared by Cox Richardson, M&L Development Co Pty Ltd is seeking to expand the number of rooms in the Four Points by Sheraton, provide new function and banquet spaces and upgrade the Sussex Street frontage. The project is seeking to improve the built form relationship with Darling Harbour as well as better integrate with the existing building with the CBD and improve activation of the Sussex Street frontage.

In particular, the proposal will address the shortage of quality convention, conference and exhibition space in Sydney by providing 2000 square metres of multi-use space for these purposes.

The development application will seek approval for:

- approximately 330 new hotel rooms in a 26 storey tower (to RL84.3) at the southern end of the site;
- new restaurant and bar facilities in the new hotel tower;
- a new structure over the Western Distributor for expanded meeting and banquet facilities;
- reconfiguration of ground level lobby, bar and reception areas;
- an upgrade to the existing porte cochere and building entry on Sussex Street;
- expanded entry for the meeting/conference/ exhibition space and banquet facilities on Sussex Street;
- upgrade of retail frontages on Sussex Street; and
- access arrangements between Darling Harbour and the site.

The approximate gross floor area of the building after the redevelopment will be 56,500 square metres and the floor space ratio approximately 5:1.

The new hotel tower will be constructed over Slip Street at the southern end of the site. An extension to the existing structure over the Western Distributor is proposed to allow for the meeting and banquet facilities, overlooking Darling Harbour.

Preliminary sketches of the proposed development are enclosed.

The estimated Capital Investment Value of the project is \$126 million.

3.0 RELEVANT LEGISLATION AND PLANNING INSTRUMENTS

The following legislation and planning instruments are relevant to the proposed development:

- Environmental Planning and Assessment Act 1979;
- State Environmental Planning Policy (State and Regional Development) 2011
- State Environmental Planning Policy (Infrastructure)
- Darling Harbour Development Plan No.1;
- Sydney Regional Environmental Plan (Sydney Harbour Catchment) 2005;

The site is not within the boundary of the Sydney Local Environmental Plan 2005 or draft City Plan and therefore these planning instruments do not apply to the site.

3.1 Environmental Planning and Assessment Act 1979

The *Environmental Planning and Assessment Act 1979* (EP&A Act) establishes the assessment framework for State Significant Development. Under Section 89D of the EP&A Act the Minister for Planning is the consent authority for State Significant Development. Section 78A(8A) requires that a development application for SS D is to be accompanied by an EIS.

3.2 State and Regional Development SEPP 2011

The State and Regional Development SEPP identifies development which is declared to be State Significant. The hotel site is within the Darling Harbour precinct, which is identified as a State Significant Site in Schedule 2 of the SEPP. Development on a specified site with a capital investment value of more than \$10 million is declared to be State Significant Development for the purposes of the *Environmental Planning and Assessment Act 1979*.

The proposed development has a Capital Investment Value of \$126 million and is therefore State Significant Development.

3.3 Darling Harbour Development Plan No.1

The principal environmental planning instrument applying to the site is the Darling Harbour Development Plan No.1 (DHDP). Under Schedule 6 Part 7 sec 23(1) of the *Environmental Planning and Assessment Act* the Darling Harbour Development Plan is taken to be a Regional Environmental Plan (REP). In accordance with recent planning reforms REPs are now deemed to be SEPPs.

Clause 3 of the DHDP contains the following objectives:

- (a) to promote the development of the Darling Harbour area as part of the State's Bicentennial Program,*
- (b) to encourage the development of a variety of tourist, educational, recreational, entertainment, cultural and commercial facilities within that area, and*
- (c) to make provision with respect to controlling development within that area.*

Clause 6 of the DHDP specifies certain development that may be carried out with a permit (development consent). This includes development for the purposes of tourist, recreational, entertainment facilities. The proposed hotel development is permissible and consistent with the objectives of the DHDP.

3.4 Infrastructure SEPP

Under the Infrastructure SEPP development proposals of a certain type and size are required to be forwarded to the Roads and Traffic Authority (RTA) for comment and/or concurrence. The Infrastructure SEPP also requires a consent authority to consider certain matters for developments that have frontage to a Classified Road.

3.5 Sydney Harbour REP

The site falls within the Sydney Harbour Catchment and therefore Sydney Regional Environmental Plan (Sydney Harbour Catchment) 2005 (Harbour REP) applies to the site. The site is specifically within the Foreshores and Waterways area defined in the Harbour REP. The Harbour REP contains a set of matters for consideration "*that are to be taken into account by consent authorities before granting consent under Part 4 of the Act*". The matters of consideration relate to:

- Biodiversity, ecology and environmental protection;
- Public access to, and use of, foreshores and waterways;
- Maintenance of a working harbour;

- Interrelationship of waterway and foreshore uses;
- Foreshore and waterway scenic quality;
- Maintenance protection and enhancement of views; and
- Boat storage facilities.

4.0 KEY ISSUES FOR CONSIDERATION

The key environmental issues for consideration are as follows:

- Compliance with strategic and statutory plans;
- Urban and architectural design;
- Public domain treatment/public benefits;
- Traffic and access;
- Infrastructure and services;
- Geotechnical conditions and Engineering Requirements;
- Ecologically Sustainable Development;
- Demand for visitor accommodation;
- Development Staging and Construction Management; and
- Consultation.

These are discussed in more detail below.

4.1 Compliance with Strategic and Statutory Plans

The Environmental Impact Statement (EIS) will analyse the proposed development and outline how the proposal is consistent with the strategies and objectives of the Metropolitan Plan 2036, draft Sydney Subregional Strategy and Sustainable Sydney 2030.

The EIS will also assess the proposal against the relevant planning instruments including the Darling Harbour Development Plan No 1 and relevant SEPPs.

4.2 Urban Design and Built Form

The EIS will provide an urban design analysis which will address the design quality of the development including:

- scale and height of the building;
- massing, setbacks and building separation;
- facade treatments, building articulation and materials and finishes;
- relationship to adjoining heritage items;
- view impacts; and
- solar access and privacy.

4.3 Public Domain Treatment/Streetscape Improvements

The EIS will detail proposed public domain improvements, pedestrian permeability through the site to Darling Harbour, and streetscape improvements to Sussex Street and address:

- street frontage design and uses;
- pedestrian accessibility and permeability; and
- vehicular access arrangements.

4.4 Environmental Amenity

Given the close proximity of the proposal to the Western Distributor, the amenity of hotel guests and visitors is an important site issue. As such the EIS will address the following:

- acoustic impacts (construction and operational);
- air quality (construction and operational);
- wind impacts; and
- construction traffic impacts.

4.5 Traffic, Access and Parking

A traffic and parking assessment will be prepared by a specialist traffic consultant to examine:

- vehicular access and exit points for the drop-off and pick-up of guests;
- demand for car parking (note no-site parking is proposed);
- loading arrangements;
- traffic impacts on the surrounding road network and intersections; and
- access to public transport.

4.6 Infrastructure and Services

The EIS will outline what services currently exist on the site and how these will be upgraded if required. It is expected that some existing services on the site may need to be augmented to accommodate the new development.

4.7 Geotechnical Conditions

A geotechnical report will be prepared to assess the site's subsurface conditions and to determine the suitability of the site for the proposed development. The report will detail any engineering measures required for the construction of the proposed development, having regard to its proximity to and building over Slip Street and the Western Distributor.

4.8 Ecologically Sustainable Development

The EIS will detail the ecologically sustainable development (ESD) principles and measures to be incorporated into the proposed development.

4.9 Construction Management

The EIS will examine and detail the engineering feasibility of the development and include a detailed construction management plan and staging plan addressing the following issues:

- development staging for the whole of the site;
- construction methodology - with particular reference to the Western Distributor; and
- management of potential construction impacts, including to the Western Distributor and Slip Street.

4.10 Visitor Accommodation

The Four Points by Sheraton is currently the largest hotel (by number of rooms) in Australia and enjoys a high level of occupancy. The hotel is well patronised by both business travellers and tourists. In recent years the growth in hotel room stock in the CBD has been relatively low due to competition for available sites in the CBD, loss of existing hotel stock due to residential conversions and broader macroeconomic issues such as the global financial crises.

Demand for hotel rooms, however, has experienced steady growth and occupancy rates have been rising. A shortage of accommodation is expected as demand is forecast to grow and supply of new rooms is constrained. The demand for hotel accommodation is also expected to grow due to the NSW Government's proposed redevelopment and expansion of exhibition and convention centre facilities Darling Harbour.

The EIS will include an assessment of the demand for visitor accommodation and current and projected supply.

4.11 Consultation

The EIS will detail consultation with key stakeholders, relevant authorities and Sydney City Council undertaken M&L Development Co Pty Ltd. The proponent has undertaken initial consultations with the following authorities in relation to the proposal:

- SHFA;
- RTA;
- Transport NSW;
- City of Sydney Council; and
- Department of Planning (DoP).

The key issues listed above encompass those raised by the RTA, Transport NSW and DoP. SHFA has been consulted about the proposal and indicated its support.

The issues raised by the City of Sydney include the following:

- achievement of design excellence;
- the external appearance of the whole building post-redevelopment;
- relationship of the hotel to, and impacts on, the heritage items on the site, in particular the Corn Exchange;
- fire egress and safety matters;
- impact of air discharges from new banquet/meeting areas on hotel rooms;
- incorporating sustainability measures in the new extension and existing hotel;
- concealing roof plant and services within a roof.

5.0 CONCLUSION

The proposed expansion of the Four Point by Sheraton will deliver new hotel rooms in the Sydney CBD. The proposed development will provide an opportunity to improve the built form relationship with Darling Harbour as well as better integrate with the CBD. The hotel expansion will also help meet the growing demand for CBD hotel rooms and complement the NSW Government's proposed redevelopment and expansion of exhibition and convention centre facilities Darling Harbour.

We trust that the information detailed in this letter is sufficient to enable the Director General to issue the DGRs for the preparation of the EIS.

Should you have any queries about this matter, please do not hesitate to contact me or Vivienne Goldschmidt on 9956 6862. My email address is kosborne@jbaplanning.com.au.

Yours faithfully

A handwritten signature in blue ink, reading "K. Osborne", is displayed on a light yellow rectangular background.

Kirk Osborne
Principal Planner

Enc: Concept drawings prepared by Cox Richardson
 Cost Estimate prepared by WT Partnership
 State Significant Development Application Form