

Clause 4.6 Variation Request

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*Waterloo Metro Quarter Over
Station Development –*

*Second Amending Concept
SSD-79307765*

Urbis staff responsible for this report were:

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Project Code P0056227

Report Number Final for ToA

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The river is the symbol of the Dreaming and the journey of life. The circles and lines represent people meeting and connections across time and space. When we are working in different places, we can still be connected and work towards the same goal.

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Request to vary Clause 6.45(1)(a) in the Sydney LEP 2012

Address: 150 Cope Street, Waterloo (Waterloo Metro Quarter)

Date: 8 October 2025

Site and Proposed Development

Site Description

The site, also known as 'Waterloo Metro Quarter' (**WMQ**) is located within the City of Sydney Local Government Area (**LGA**), approximately 3.3 kilometres south of the Sydney CBD and 8 kilometres northeast of Sydney International Airport.

The WMQ occupies land bounded by Cope Street to the west, Botany Road to the east, Raglan Street to the south and Wellington Street to the north. The allotment is rectangular in shape and covers an area of approximately 1.287 hectares.

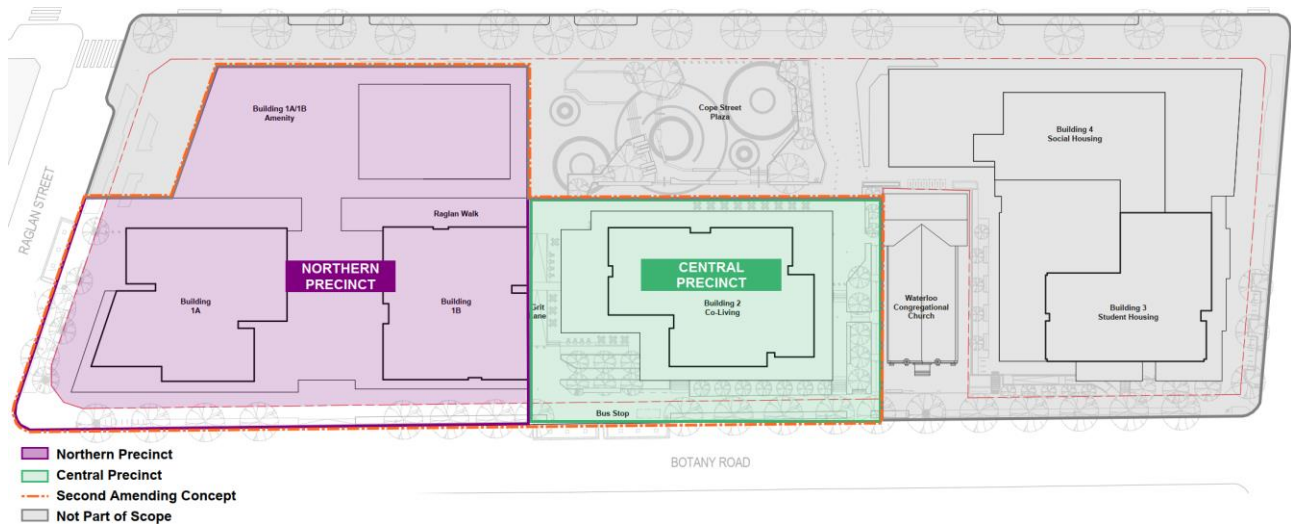
The site's location is shown in Figure 1. While the Concept DA applies to the entire WMQ site, the proposed changes are limited to the northern and central precincts. Figure 2 identifies the specific land to which the subject Second Amending Concept DA applies.

Figure 1 Site Plan



Source: Bates Smart

Figure 2 Land to which this Application Applies



Source: EIS

Proposed Development

The Second Amending Concept SSDA seeks consent to modify the existing concept approval for the Waterloo Metro Quarter OSD (SSD 9393 as amended by SSD 10441) by amending the building envelopes, heights and land use mix for the northern and central precincts.

Specifically, the proposal seeks to modify the approved building envelope for the northern precinct, through:

- Increasing the maximum building height from RL 90.4 to RL 116.9.
- Amending the built form from a 17-storey building to include two towers above a common podium.
- Amending the proposed land use within the tower form from commercial office to residential uses, including market apartments, and a number of affordable housing apartments equating to a minimum of 5% of residential GFA across the whole WMQ site (including the Southern Precinct):
 - Affordable housing would be relocated from the central to the northern precinct.
 - The total number of affordable housing units would increase from 24 to 39 dwellings (63% increase) across the site based on the current indicative concept plans.
 - Communal facilities atop the existing adjacent station box are proposed to support the residential towers within the northern precinct.
- Retain retail and commercial uses within the podium of the towers.

The proposal also seeks to modify the central precinct building envelope through:

- Amending the conceptual land use from residential (market and affordable) to co-living, still above a non-residential podium, including community space, childcare and retail uses.
- Amending the building envelope and the articulation of the building form. No changes to the maximum building height are proposed.

In addition, consent will be sought to:

- Modify conditions of the concept approval, arising from the proposed amendments.

There will be no change to the maximum permitted GFA, as the floorspace will be redistributed into the revised envelopes between central and northern precincts. Further, the amended proposal will not exceed the permissible building height for the site under the SLEP 2012.

Planning instrument, development standard and proposed variation

1. What is the planning instrument you are seeking to vary?

Sydney Local Environmental Plan 2012.

2. What is the site's zoning?

MUI (Mixed Use).

3. What is the development standard to be varied?

Clause 6.45 Waterloo Metro Quarter – general, subclause (1)(a), copied below:

6.45 Waterloo Metro Quarter—general

(1) The consent authority must not consent to development on land at the Waterloo Metro Quarter unless it is satisfied that the development is consistent with the following objectives—

- (a) there must be at least 12,000 square metres of gross floor area at or below the podium level of buildings on land at the Waterloo Metro Quarter used for land uses other than residential accommodation or passenger transport facilities.

The clause requires that any development at the Waterloo Metro Quarter must include a minimum of 12,000 square metres of gross floor area, at or below the podium level, that is used for purposes other than residential accommodation or passenger transport facilities.

4. Type of development standard?

Numeric development standard.

5. What is the numeric value of the development standard in the environmental planning instrument?

Area	Proposed GFA	Requirement (+/-)
Northern	5,712sqm	
Central	2,964sqm	
Southern	1,214sqm	
Station Retail	768sqm	
Total	10,658sqm	12,000sqm (-1,342sqm)

Based on the above table, there is a shortfall of 1,297sqm.

6. What is the difference between the existing and proposed numeric values? What is the percentage variation (between the proposal and the environmental planning instrument)?

The proposal results in a shortfall to the minimum 12,000sqm development standard by 1,297sqm, which is a percentage variation of 11.1 %.

Justification for the Proposed Variation

1. How is compliance with the development standard unreasonable or unnecessary in the circumstances of the particular case?

Key Questions	Response
a) Are the objectives of the development standard achieved notwithstanding the non-compliance?	<p>Clause 6.45 of the Sydney LEP 2012 does not specify any objectives. However, the assessment below considers and addresses the objectives of the MUI (Mixed Use) zone.</p> <p>To encourage a diversity of business, retail, office and light industrial land uses that generate employment opportunities.</p> <p>The proposal maintains 10,658 sqm of GFA used for purposes other than residential and passenger transport facilities across the WMQ including retail, childcare, community facilities and commercial office podium uses, ensuring a broad mix of employment-generating activities within the precinct.</p> <p>To ensure that new development provides diverse and active street frontages to attract pedestrian traffic and to contribute to vibrant, diverse and functional streets and public spaces.</p> <p>Active ground floor uses, including retail and community facilities, will establish a permeable and engaging interface with Cope Street Plaza, Raglan Walk, Church Square, Grit Lane, and Grit Square ensuring the public domain is vibrant and pedestrian friendly. Importantly, the proposed scheme (made possible through the flexible application of the CI 6.45) creates new publicly accessible open to sky through-site links and delivers more functional public spaces (Cope Street Plaza and Grit Lane), thereby encouraging greater pedestrian activity.</p> <p>To minimise conflict between land uses within this zone and land uses within adjoining zones.</p> <p>The amended scheme balances residential, community and commercial uses in a complementary mix. No land use conflicts are expected to arise from the proposal.</p> <p>To encourage business, retail, community and other non-residential land uses on the ground floor of buildings.</p> <p>Ground floor activation is a central feature of the scheme, with retail shopfronts, childcare and community spaces located at podium and ground level, directly addressing the street and open spaces to reinforce vibrancy and accessibility. The residential uses in the towers will positively contribute to ground floor and ground plane activation, with residents activating the WMQ throughout the day and evening, providing great activity and patronage to retail and community uses outside of office hours.</p> <p>To ensure land uses support the viability of nearby centres.</p> <p>The scale and type of non-residential use is tailored to serve the local resident, worker and commuter population, complementing rather than competing with established retail and commercial centres such as Sydney CBD, Tech Central and South Eveleigh.</p>

Key Questions	Response
	<p><i>To integrate suitable business, office, residential, retail and other land uses in accessible locations that maximise public transport patronage and encourage walking and cycling.</i></p> <p>The proposal delivers a balanced mix of residential and non-residential uses directly integrated with the Waterloo Metro Station, maximising accessibility and supporting sustainable transport modes, including walking and cycling.</p>
<p>b) Are the underlying objectives or purpose of the development standard not relevant to the development?</p>	<p>The underlying purpose of Clause 6.45(1)(a) was to secure a significant quantum of non-residential GFA in the Waterloo Metro Quarter to support activation and employment. However, the control was introduced in 2019, prior to the COVID-19 pandemic, and was based on market assumptions that have since shifted materially. As demonstrated in the Economic Impact Assessment (Urbis, 2025), the scale of commercial office previously contemplated is no longer viable in this location, with modelling showing only 4,940sqm of office demand likely by FY35. In this context, the strict application of the control has become effectively redundant: it seeks an outcome that cannot be reasonably delivered or sustained by the market.</p> <p>The amended scheme ensures that the broader mixed-use and activation objectives of the zone are still met through a balanced combination of retail, community, childcare and commercial space, alongside significant housing outcomes.</p> <p>Accordingly, the underlying purpose of the standard is not relevant to the development in the current economic climate, and compliance would deliver no additional planning benefit.</p>
<p>c) Would the underlying objective or purpose be defeated or thwarted if compliance was required?</p>	<p>N/A – see above.</p>
<p>d) Has the development standard been virtually abandoned or destroyed by the council’s own actions in granting consents departing from the standard?</p>	<p>N/A – see above.</p>
<p>e) Is the zoning of the land unreasonable or inappropriate so that the development standard is also unreasonable or unnecessary?</p>	<p>N/A – see above.</p>

2. Are there sufficient environmental planning grounds to justify contravening the development standard?

Yes. There are sufficient environmental planning grounds to justify the proposed variation to Clause 6.45(1)(a). The planning grounds arise from the site-specific circumstances of the WMQ and the broader strategic planning context, which together demonstrate that strict compliance with the numerical development standard is unreasonable and unnecessary.

1. Changed Economic Conditions Post-COVID

Since the introduction of Clause 6.45 in 2019, the economic and property market context has shifted in a way that materially affects the relevance of Clause 6.45(1)(a). At the time the control was framed (2019), there was an assumption that Waterloo could support a large quantum of commercial office space to underpin a mixed-use precinct. However, post-COVID market evidence demonstrates that this assumption is no longer valid.

Economic Impact Assessment (Urbis, 2025) confirms that Waterloo is a population-driven fringe market competing with the Sydney CBD, Tech Central and South Eveleigh. These locations offer significantly deeper tenant pools and supply pipelines. Current conditions include:

- Sydney CBD office vacancy at 13.7% (July 2025), materially above historic norms.
- A committed office pipeline of 938,500sqm across the LGA, generating an estimated 200,000sqm oversupply that will need to be absorbed before fringe markets such as Waterloo can attract significant commercial take-up.
- The previously approved 34,000sqm of office floorspace at the Site is therefore not considered viable.
- By contrast, modelling indicates the Site is only likely to support 4,940sqm of office by FY35, equating to 700sqm per annum from FY29, broadly consistent with the scale of commercial podium now proposed.

In parallel, demand for residential typologies has strengthened significantly. The City of Sydney LGA is projected to fall 4,900 dwellings short of its housing target by FY29, with dwelling completions having fallen by 92% since FY19 and approvals down by 40% since FY22. Within this context, the amended proposal makes a material contribution to housing diversity and supply by delivering:

- 275 build-to-sell dwellings.
- 39 affordable dwellings.
- 70 social dwellings (approved in the Southern Precinct under SSD-10437).
- 500 co-living units.
- 435 student units.
- Supported by 2,254sqm childcare (131 places) and 1,491sqm of retail and community floorspace.

The Economic Impact Assessment (2025) prepared by Urbis further demonstrates that:

- There is an existing undersupply of 15,500 student beds in 2025, projected to grow to 15,900 by 2030; the 435 beds at Waterloo Metro Quarter are therefore strongly supportable.
- Co-living is an emerging but undersupplied housing product, with a projected shortfall of 300 units by 2035; the proposal delivers 500 units to address this gap.

Taken together, this evidence establishes that the redistribution of GFA away from an unviable quantum of commercial floorspace towards diverse residential typologies is both appropriate and necessary to ensure that the WMQ remains feasible, deliverable and aligned with contemporary planning priorities.

From a planning perspective, this outcome:

- Reflects the orderly and economic use of land in light of demonstrable market constraints.
- Advances the objectives of the MUI (Mixed Use) zone, by maintaining active, non-residential uses at podium level while maximising the opportunity to deliver well-located housing.

- Ensures the project continues to support the significant public investment in Metro infrastructure by delivering an activated, mixed-use precinct that responds to market demand.

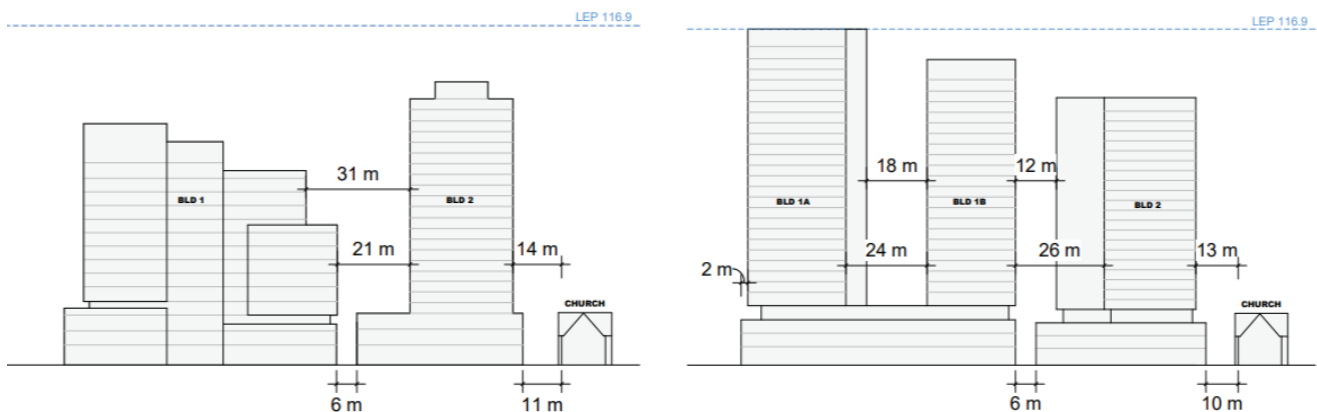
2. Delivery of Improved Design Outcomes

The proposed redistribution of GFA facilitates a series of significant public domain and urban design outcomes that could not be realised under strict compliance with the 12,000sqm non-residential accommodation control. These outcomes provide clear environmental and social benefits which, in planning terms, outweigh the modest shortfall in commercial floorspace.

Key public domain improvements include:

- A revised built form strategy which replaces the commercial tower with two slender residential tower forms above a well-proportioned podium. This allows for greater separation between buildings and, in turn, better solar access to the public domain.

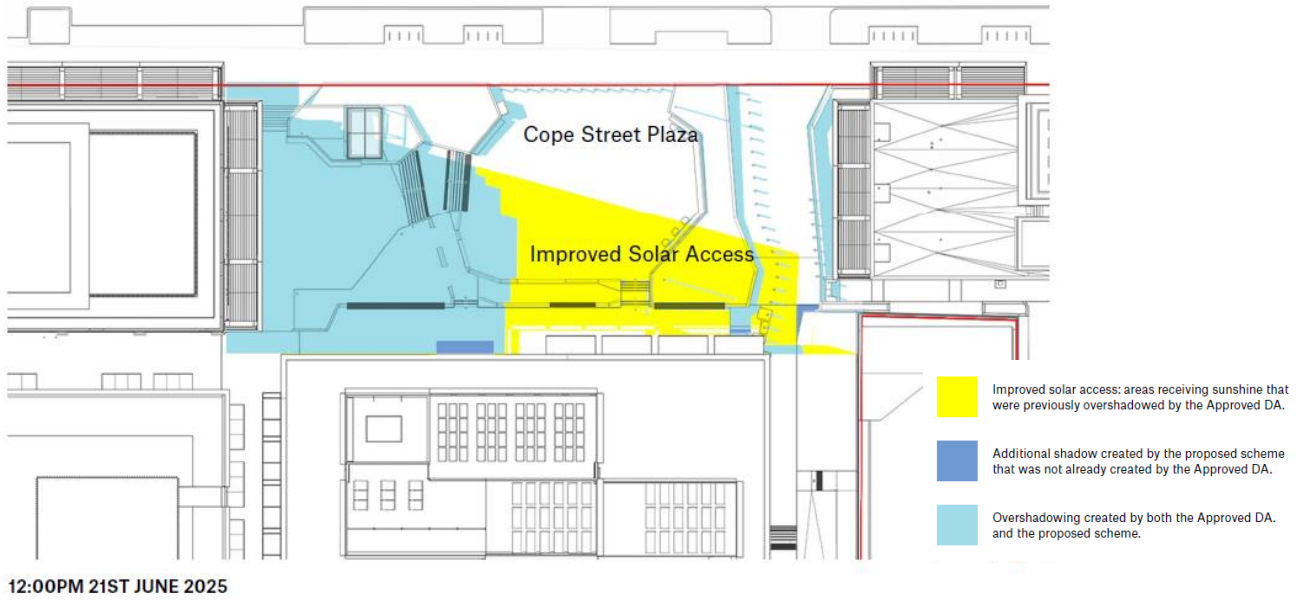
Figure 3 Approved (left) and Proposed (right) massing



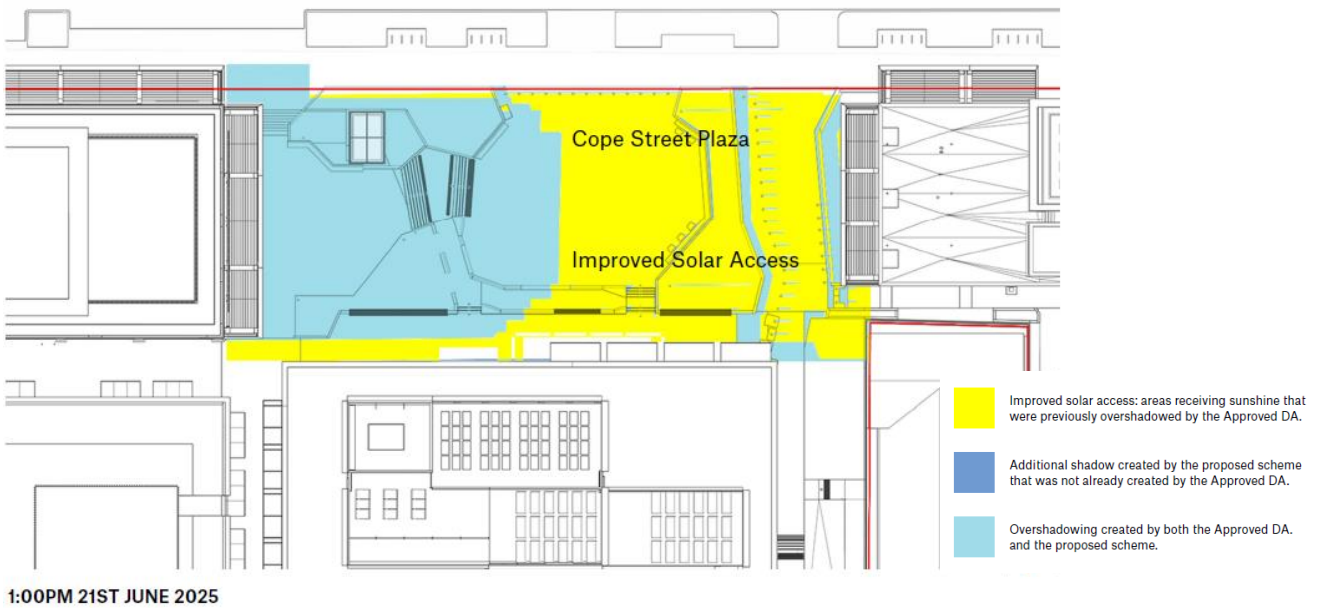
Source: Bates Smart

- Improved heritage response by pulling back the central tower podium and tower form to protect key sightlines to the Waterloo Congregational Church spires and to reinforce the surrounding heritage context.
- Improved connectivity and amenity through the opening of Raglan Walk (previously an arcade) to the sky, increasing natural light and ventilation while strengthening pedestrian links.
- Creation of new civic spaces including “Grit Square” as an extension of Cope Street Plaza and Grit Lane, providing high-quality public open space in direct connection with the Metro and the Botany Road bus interchange.
- Optimised solar access to Cope Street Plaza, ensuring a comfortable and functional public domain throughout the day through the removal of mass above the Metro Station. The solar improvement to Cope Street Plaza is shown in **Figure 4** below.
- As shown in **Figure 5** below, the proposal will result in 305sqm (or 7%) of additional ‘open to sky’ public domain.

Figure 4 Improved solar access to Cope Street Plaza



Picture 1 Comparison of solar access to Cope Street Plaza 12noon 21 June



Picture 2 Comparison of solar access to Cope Street Plaza 1pm 21 June

Source: Bates Smart

Figure 5 Approved Site Plan (SSD-10441 First Amending DA)

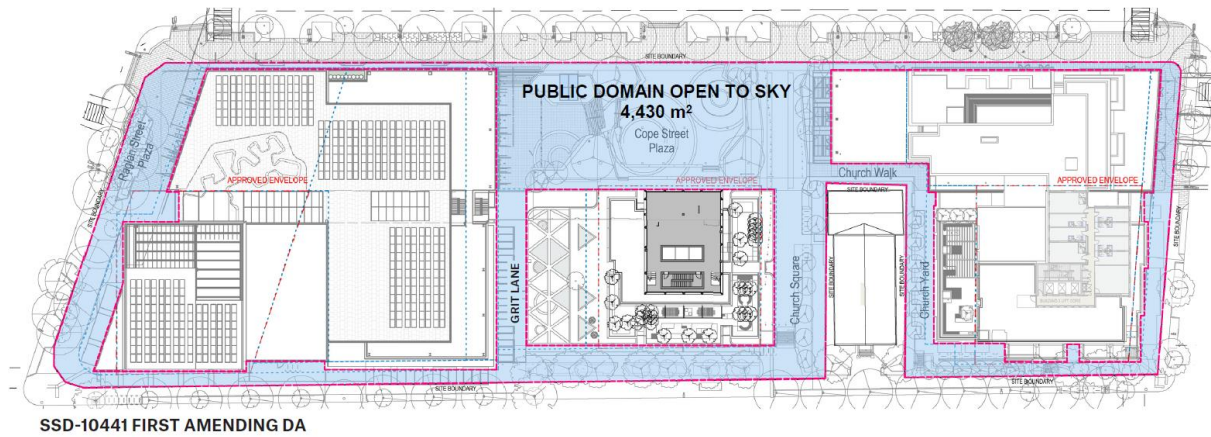
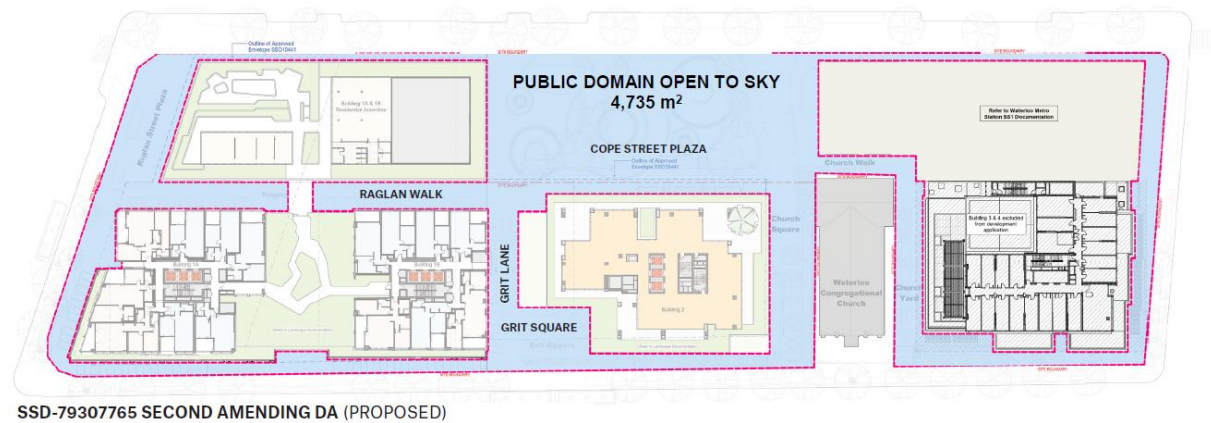


Figure 6 Proposed Site Plan



Source: Bates Smart

There are also other considerations and constraints which set the podium and overall building heights at the levels proposed:

- Street wall heights are set to respond to surrounding character and align with the Waterloo Metro Quarter Design and Amenity Guidelines (Section 3J), a document prepared by Sydney Metro in consultation with City of Sydney Council and Department of Planning, Housing and Infrastructure to establish holistic built form outcomes, following detailed urban design and context analysis. Setting the podium above this height for the purpose of including additional non-residential floor space would lead to a sub-optimal urban design outcome.

Figure 7 Podium and Street Wall - Engaging Waterloo Congregational Church



Source: Waterloo Metro Quarter Design and Amenity Guideline

- Functional floor-to-floor heights (for loading docks, transfer zones and essential service infrastructure) limit the capacity to include additional non-residential floorspace without breaching LEP height limits or compromising design quality. Specifically the podium form of the northern precinct includes the following floor-to-floor heights:
 - Ground Floor of the is set at 5.5m to accommodate the clearances required for the shared loading dock between Buildings 1 and 2, as well as an on-site stormwater detention tank located at the Ground Floor mezzanine level.
 - Levels 1 and 2 are set at 3.85m each.
 - Level 3 is set at 5.5m to accommodate a structural transfer zone.

Taken together, these elements demonstrate that the variation is not only justified but necessary to secure a balanced and contextually appropriate built form outcome.

3. Activation and Mixed-Use Outcomes Retained

Despite the variation, the proposal still delivers 10,658sqm of non-residential GFA, including retail, childcare, community facilities and commercial podium uses. The shortfall of 1,342sqm (approximately 11.1% of the control) does not materially undermine the intent of ensuring an active, mixed-use podium. Ground floor retail and community facilities will ensure an active interface to the public domain, achieving the objectives of the MUI (Mixed Use) zone.

4. Net Community Benefit

The proposal facilitates an increase in affordable housing (from 24 to 39 dwellings across the site, a 63% increase), contributes to the diversity of housing supply and maintains significant non-residential uses at the podium.

The shortfall of non-residential GFA on the site results in an increased area of GFA which the affordable housing contribution is generated on, leading to an increased amount of GFA within the WMQ used for affordable housing.

These outcomes provide a broader community benefit than could be achieved by strict compliance with the standard.

Conclusion

In light of the above, the proposed variation is justified on environmental planning grounds. The amended scheme achieves high-quality urban design, delivers substantial public domain and community benefits, responds to the current economic climate and continues to provide a significant quantum of non-residential GFA that achieves the underlying objectives of Clause 6.45(1)(a) and the MUI (Mixed Use) zone.

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