

Clause 4.6 Variation Request – FSR

2 Verona Street, Paddington

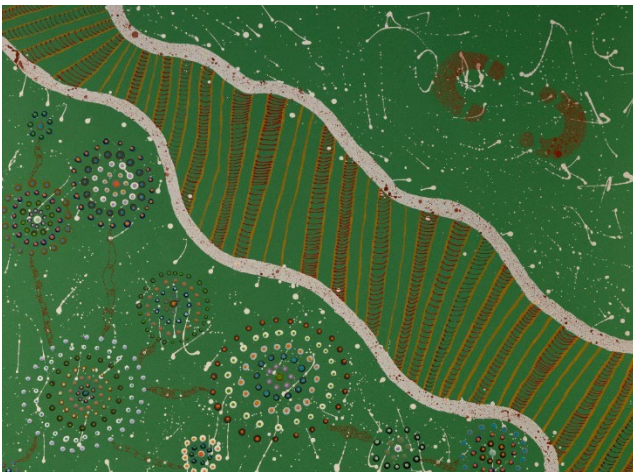
Urbis staff responsible for this report were:

Director Andrew Harvey
Associate Director Edward Green
Project Code P36438
Report Number RtS

Acknowledgment of Country

Urbis acknowledges the Traditional Custodians of the lands we operate on. We recognise that First Nations sovereignty was never ceded and respect First Nations peoples continuing connection to these lands, waterways and ecosystems for over 60,000 years. We pay our respects to First Nations Elders, past and present.

Urbis is committed to incorporating our respect for First Nations cultures, peoples and storytelling in our work across the Country. We are proud to have partnered with Darug Nation artist, **Hayley Pigram**, and to profile her artwork – **Sacred River Dreaming**.



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.

All information supplied to Urbis in order to conduct this research has been treated in the strictest confidence. It shall only be used in this context and shall not be made available to third parties without client authorisation. Confidential information has been stored securely and data provided by respondents, as well as their identity, has been treated in the strictest confidence and all assurance given to respondents have been and shall be fulfilled.

© Urbis Ltd
50 105 256 228

All Rights Reserved. No material may be reproduced without prior permission. You must read the important disclaimer appearing within the body of this report.

urbis.com.au

Clause 4.6 Variation Request

Address: 13-15 & 17 Oxford Street and 2 Verona Street, Paddington (SSD site).

Note: this Clause 4.6 variation request relates to the FSR control at 2 Verona Street (only).

Date: 28 May 2026

Site and Proposed Development

The site is located at 13-15 and 17 Oxford Street, and 2 Verona Street, Paddington, within the City of Sydney local government area (LGA). It occupies a corner position at the intersection of Oxford Street and Verona Street and has a total area of 2,533sqm. The site comprises three allotments legally described as Lot 1 in DP 75105 (2 Verona Street), Lot 1 in DP 137013 (17 Oxford Street), and Strata Plan 22113 (13-15 Oxford Street).

The site currently accommodates a mix of uses. 2 Verona Street contains a two-storey commercial office building with vehicular access from Verona Street. 17 Oxford Street contains a three-storey building formerly used as the Verona Cinema, with ground-level retail fronting Oxford Street and loading areas accessed from Verona Street. 13-15 Oxford Street contains a three storey residential apartment building with 27 dwellings and a two level basement car park accessed from Oxford Street.

None of the buildings on the site are listed as local heritage items under the Sydney Local Environmental Plan 2012. However, the site is located in proximity to a State heritage item (Busby's Bore) and adjoins a heritage-listed terrace group at the rear. The site also falls within the Paddington Urban Heritage Conservation Area.

The surrounding context includes the '25hours' hotel at 1-11 Oxford Street and St Vincent's Hospital to the north; the Berkelouw Bookshop and Oxford House Hotel to the south; local retail shops and medium density residential development to the east; and predominantly medium and low density housing to the west.

Figure 1 Aerial Photograph



Source: Urbis

Proposed Development

This Clause 4.6 Variation Request has been prepared to accompany a State Significant Development Application (SSDA) for an in-fill affordable housing development at 13–15 and 17 Oxford Street, and 2 Verona Street, Paddington.

A summary of the key features of the proposed development is provided below:

- The demolition of existing structures on site, with retention of the two storey masonry façade at 17 Oxford Street.
- Construction of a seven storey, mixed use infill affordable housing development comprising:
 - Apartments located along the Oxford and Verona Street frontages including:
 - 46 market dwellings; and
 - 14 affordable housing dwellings, to be managed by a registered CHP for a minimum of 15 years.
 - Four terraces on the existing 2 Verona Street lot.
 - Cultural and creative uses (including cinema/bar) across two basement levels.
 - Ground level retail.
 - Two levels of basement car parking.
- Associated landscaping including a central ground floor courtyard and rooftop communal open space.

The proposal is also detailed within the architectural drawings that form part of the SSDA.

Figure 2 Photomontage of Proposal



Source: TZG

Planning Instrument, Development Standard and Proposed Variation

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

The application is seeking to vary the *State Environmental Planning Policy (Housing) 2021*.

2. What is the site's zoning?

2 Verona Street, Paddington – R1 (General Residential)

Figure 3 SLEP Land Use Zoning Map



Source: Urbis

3. What is the development standard to be varied?

The standard proposed to be varied is the maximum floor space ratio development standard under Part 2, Division 1, Clause 16(1) of the Housing SEPP.

Part 2, Division 1, Clause 16(1) of the Housing SEPP states:

16 Affordable housing requirements for additional floor space ratio

(1) The maximum floor space ratio for development that includes residential development to which this division applies is the maximum permissible floor space ratio for the land plus an additional floor space ratio of up to 30%, based on the minimum affordable housing component calculated in accordance with subsection (2).

(2) The minimum affordable housing component, which must be at least 10%, is calculated as follows—

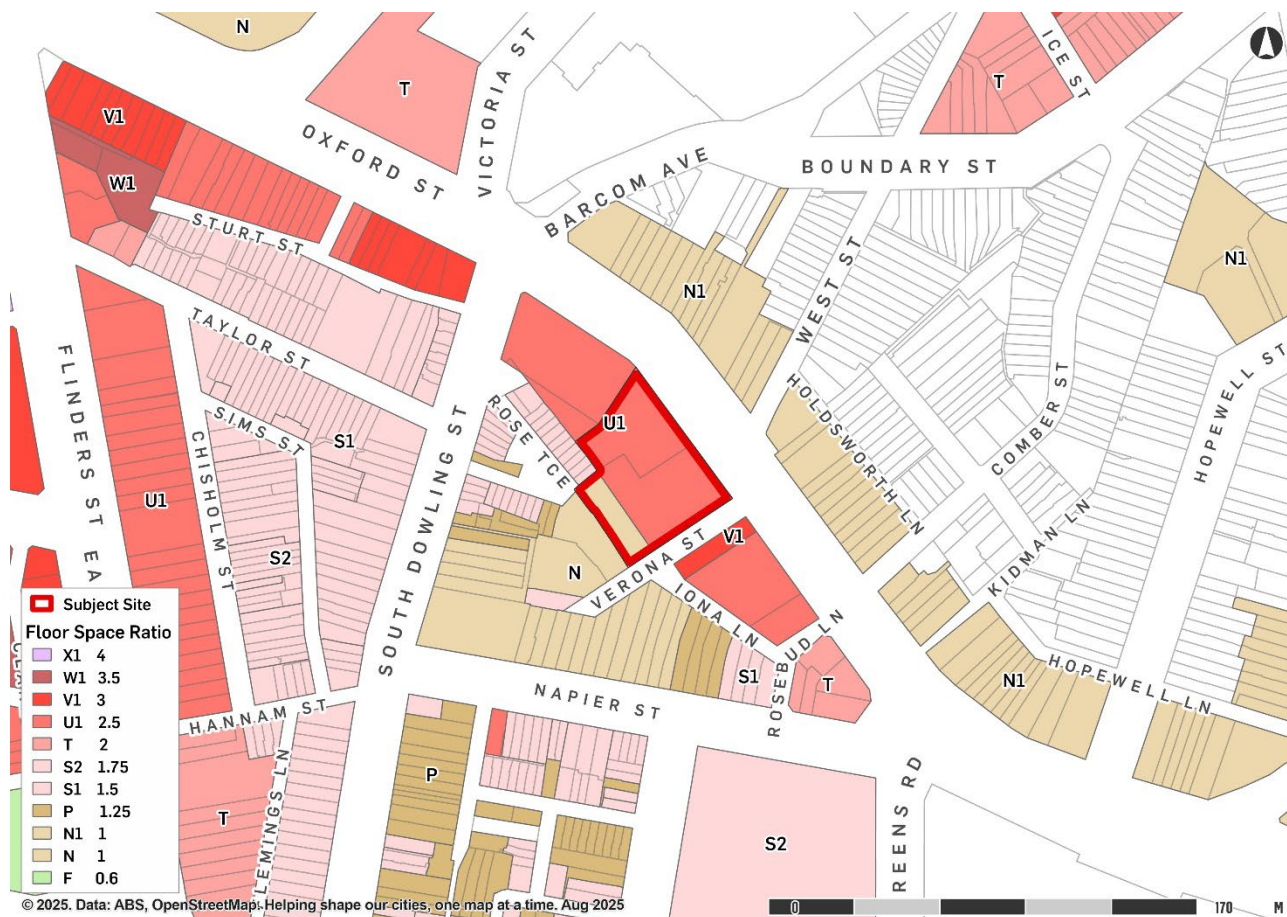
$$\text{affordable housing component} = \frac{\text{additional floor space ratio}}{\text{(as a percentage)}} \div 2$$

(3) If the development includes residential flat buildings or shop top housing, the maximum building height for a building used for residential flat buildings or shop top housing is the maximum permissible building height for the land plus an additional building height that is the same percentage as the additional floor space ratio permitted under subsection (1).

(4) This section does not apply to development on land for which there is no maximum permissible floor space ratio.

The permissible floor space ratio for the land is set out in clause 4.4 of the SLEP and shown on the LEP floor space ratio map below.

Figure 4 SLEP Floor Space Ratio Map



Source: Urbis

The numerical value of the LEP development standard applicable in this instance is 1:1.

Part 2, Division 1, Clause 16(1) of the Housing SEPP permits an additional 25% floor space bonus on top of the floor space site permissible under clause 4.4 of the SLEP (based on 12.5% affordable housing provision), resulting in a maximum FSR control of **1.25:1**.

The objective of the in-fill affordable housing provisions of the Housing SEPP is as follows:

15A Objective of division

The objective of this division is to facilitate the delivery of new in-fill affordable housing to meet the needs of very low, low and moderate income households.

The objectives of the development standard in the LEP are as follows:

(1) The objectives of this clause are as follows—

(a) to provide sufficient floor space to meet anticipated development needs for the foreseeable future,

(b) to regulate the density of development, built form and land use intensity and to control the generation of vehicle and pedestrian traffic,

(c) to provide for an intensity of development that is commensurate with the capacity of existing and planned infrastructure,

(d) to ensure that new development reflects the desired character of the locality in which it is located and minimises adverse impacts on the amenity of that locality.

4. Type of development standard?

The request is seeking to vary the numeric floor space ratio development standard.

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

Inclusive of the Housing SEPP bonuses, the maximum floor space ratio development standard is **1.25:1**.

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 table below illustrates how the bonuses available under Section 16 of SEPP (Housing) are applied on top of this local framework. As the proposal will provide 12.5% of the maximum permissible GFA as affordable housing (to be managed by a Registered CHP for 15 years), a 25% uplift is available on the local controls.

Table 1 Comparison of Maximum Permissible Controls and Proposed Development

Parameter	Portion of the Site	Base Control (+ 25% AH bonus)	Proposal
FSR	13-15 & 17 Oxford Street	4.3:1 (base) + 25% = 5.375:1 Max permitted GFA: 11,261sqm	4.62:1 (<i>complies</i>) Proposed GFA: 9,684sqm
	2 Verona Street	1:1 (base) + 25% = 1.25:1 Max permitted GFA = 547sqm	1.9:1 (<i>does not comply</i>) Proposed GFA: 816sqm
	Total Permissible GFA	11,808sqm	10,500sqm (<i>1,308sqm under</i>)
Affordable Housing		12.5% of the max. permitted GFA = 1,476sqm	1,478sqm of AH to be managed by a Registered CHP for at least 15 years (<i>complies</i>)

In consequence, this 'technical' Clause 4.6 variation request is required in relation to the FSR of 2 Verona Street, despite the proposal remaining compliant with the maximum permitted GFA on a 'whole of site' basis.

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
<p>(a) Are the objectives of the development standard achieved notwithstanding the non-compliance?</p>	<p>(a) <i>to provide sufficient floor space to meet anticipated development needs for the foreseeable future,</i></p> <ul style="list-style-type: none"> • The additional floor space at 2 Verona Street supports the efficient use of the site and enables the delivery of a well located, mixed use development which includes affordable housing. • The proposal remains below the total GFA permissible on a ‘whole of site’ basis and contributes to meeting ongoing demand for diverse housing within proximity to transport and services. <p>(b) <i>to regulate the density of development, built form and land use intensity and to control the generation of vehicle and pedestrian traffic,</i></p> <ul style="list-style-type: none"> • The proposed terraces at 2 Verona Street form the lowest scale component of the project, stepping down sensitively from the Oxford Street frontage toward Marshall Street. • The minor numerical exceedance in FSR does not result in any increase in height, with the proposal remaining below the applicable height control. • When considered within the broader development context, the variation will have no adverse impact on traffic generation or pedestrian activity, as confirmed in the Transport Impact Assessment. <p>(c) <i>to provide for an intensity of development that is commensurate with the capacity of existing and planned infrastructure,</i></p> <ul style="list-style-type: none"> • The site is well served by existing physical and social infrastructure, including public transport, road networks and utilities. The overall development intensity remains consistent with the site’s strategic location within the Oxford Street corridor and can be accommodated within existing infrastructure capacity. <p>(d) <i>to ensure that new development reflects the desired character of the locality in which it is located and minimises adverse impacts on the amenity of that locality.</i></p> <ul style="list-style-type: none"> • The design provides a sensitive transition in scale from the seven storey building along Oxford Street to the two storey terraces fronting Verona Street. The proposed brick palette and fine grain articulation complement the surrounding heritage conservation area while presenting a distinctly contemporary architectural expression. • The scale and setback of the terraces ensure appropriate privacy and solar access outcomes, consistent with the Sydney DCP overshadowing controls and NSW Apartment Design Guide visual privacy (setback) provisions. • Collectively, these elements reinforce compatibility with both the established and desired future character of the locality.
<p>(b) Are the underlying objectives or purpose of the development standard not relevant to the development?</p>	<p>N/A – see above</p>

Key Questions	Response
(c) Would the underlying objective or purpose be defeated or thwarted if compliance was required?	N/A – see above
(d) Has the development standard been virtually abandoned or destroyed by the council's own actions in granting consents departing from the standard?	N/A – see above
(e) Is the zoning of the land unreasonable or inappropriate so that the development standard is also unreasonable or unnecessary?	N/A – see above

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

There are sufficient environmental planning grounds to justify contravening the development standard:

- On a 'whole of site' basis, the proposal achieves compliance with the maximum permitted GFA, meaning the non compliance is confined to the 2 Verona Street lot on a 'technical' basis only. The overall density outcome remains within the planning controls established by the SLEP and Housing SEPP.
- The existing building at 2 Verona Street (with a GFA of 670sqm, resulting in an existing FSR of 1.52:1) already exceeds the 1:1 FSR control under the Sydney LEP 2012. The proposal therefore represents a modest increase in GFA (approximately 21% above existing) and remains below the height control.
- The terraces at 2 Verona Street provide an appropriate transition between the taller Oxford Street frontage (seven storeys) and the fine grain residential character of Verona and Marshall Streets. The design introduces a high quality brick façade that reinforce the established urban pattern and enhance pedestrian permeability. Seeking to 'shoehorn' the density on the broader development site for the sake of compliance would not achieve this transitional outcome and compromise the architectural balance / urban design intent of the scheme.
- The site is well serviced by existing infrastructure, including public transport and local amenities along Oxford Street. The Transport Impact Assessment confirms that the proposal will not generate adverse traffic or parking impacts.
- The variation does not result in any adverse environmental impacts. The proposal achieves full compliance with NSW ADG solar access, ventilation and visual privacy (building separation) requirements, as well as the Sydney DCP 2012 overshadowing controls. A Visual Impact Assessment also confirms the proposal (including the minor 'technical' FSR exceedance) is acceptable and consistent with the site's urban context.
- The development also delivers 1,478sqm of affordable housing (equivalent to more than 12.5% of the total permissible GFA) to be managed by a Registered CHP for a minimum of 15 years. This outcome directly supports the objectives of the Housing SEPP and aligns with the NSW Government's broader housing supply and affordability goals. DPHI's In fill Affordable Housing Practice Note (December 2023) encourages flexible application of local development standards, where doing so facilitates affordable housing delivery.

In conclusion, strict compliance with the 1.25:1 FSR control at 2 Verona Street would unreasonably constrain a design that otherwise achieves the objectives of the control, generates no adverse environmental impacts and delivers significant public benefit through the provision of new affordable housing and improved local amenity. **The variation is therefore well founded and should be supported.**

Disclaimer

This report is dated 28 May 2026 and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Ltd (**Urbis**) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of 17 Oxford St Pty Ltd (**Instructing Party**) for the purpose of Clause 4.6 Variation Request (**Purpose**) and not for any other purpose or use. To the extent permitted by applicable law, Urbis expressly disclaims all liability, whether direct or indirect, to the Instructing Party which relies or purports to rely on this report for any purpose other than the Purpose, and to any other person which relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

In preparing this report, Urbis was required to make judgements which may be affected by unforeseen future events, the likelihood and effects of which are not capable of precise assessment.

All surveys, forecasts, projections and recommendations contained in or associated with this report are made in good faith and on the basis of information supplied to Urbis at the date of this report, and upon which Urbis relied. Achievement of the projections and budgets set out in this report will depend, among other things, on the actions of others over which Urbis has no control.

In preparing this report, Urbis may rely on or refer to documents in a language other than English, which Urbis may arrange to be translated. Urbis is not responsible for the accuracy or completeness of such translations and disclaims any liability for any statement or opinion made in this report being inaccurate or incomplete arising from such translations.

Whilst Urbis has made all reasonable inquiries it believes necessary in preparing this report, it is not responsible for determining the completeness or accuracy of information provided to it. Urbis (including its officers and personnel) is not liable for any errors or omissions, including in information provided by the Instructing Party or another person or upon which Urbis relies, provided that such errors or omissions are not made by Urbis recklessly or in bad faith.

This report has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis in this report are given in good faith and in the reasonable belief that they are correct and not misleading, subject to the limitations above.



**Shaping cities
and communities
for a better future.**