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2 August 2017

Ms Carolyn McNally
Secretary
NSW Department of Planning & Environment
GPO Box 39
Sydney NSW 2001

Dear Carolyn,

REQUEST FOR SEARS TO VARY THE SCRA SCHEME - 25 GEORGE STREET, THE ROCKS (THE MERCANTILE HOTEL)

This document is a request for Secretary's Environmental Assessment Requirements (SEARs) on behalf of HBMS Pty Ltd (the proponent) to guide the proposed upgrades to The Mercantile Hotel (the site) at 25 George Street, The Rocks.

The site is within The Rocks, an identified State Significant Site per Schedule 2 of *State Environmental Planning Policy (State and Regional Development) 2011* (SEPP SRD). Clause 6 of Schedule 2 of the SEPP SRD identifies that development within The Rocks is State Significant Development (SSD) if:

"(6)(b) it does not comply with the approved scheme within the meaning of clause 27 of Schedule 6 to the Act."

As the proposed building envelope breaches the 'approved scheme' also known as the Sydney Cove Redevelopment Authority Scheme – Drawing XXX endorsed by the Minister on 6 October 1993, it will be SSD for the purposes of the EP&A Act. The purpose of this letter is therefore twofold:

- A request for SEARs for the preparation of an EIS for the proposal; and
- To provide notice that a concurrent application to seek variation to the SCRA scheme envelope for the site will be forthcoming.

In this letter, we outline the site, the proposal. The planning context and the key environmental impacts.

1. THE SITE

The site, known as The Mercantile Hotel is located at 25 George Street, The Rocks. The site is triangular, approximately 420m² in size and is legally known as Lot 10 in DP 258607. It is bound by a frontage to George Street to the east, Gloucester Walk to the west, and a group of State Heritage listed terrace houses which are currently used as offices to the south (refer to Figure 1 and Figure 2).

The building is an item of State Heritage significance. It comprises a three-storey hotel/pub which was originally built in 1914. At the north end, the three storeys are reduced to two (refer to Figure 3 and Figure 4).

Figure 1 – Site Aerial

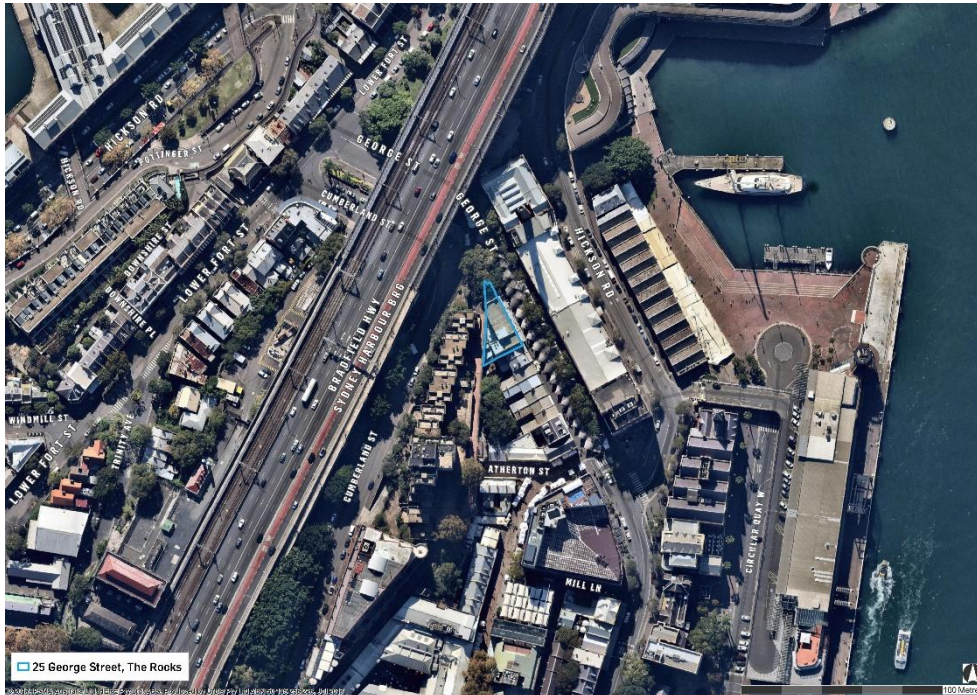


Figure 2 – Site Locality Map

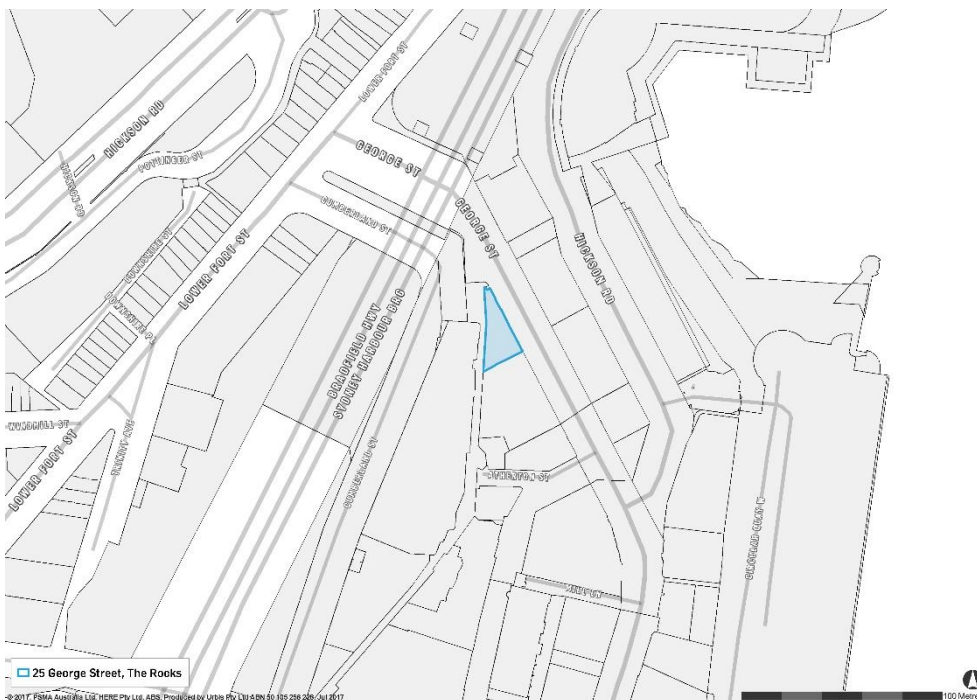


Figure 3 – George Street Frontage/Elevation (Welsh + Major)



Figure 4 – Interface with Gloucester Walk (Welsh + Major)



2. THE PROPOSAL

This SSD application will seek consent for the following building alterations:

- General upgrades to fire safety and circulation including new fire stair and lift.
- Upgrade and reconfiguration of ground, first and second floors, including:
 - Ground floor:
 - New amenities.
 - Refurbishment of main bar area.
 - Introduction of new bistro space including access to a new outdoor courtyard space.
 - First floor:
 - Relocation of kitchen and kitchen prep areas to the first floor, including the installation of a dumbwaiter system.
 - New fire stair arrangement, including new (formalised) egress stair to Gloucester Walk.
 - Rearrangement of bedroom/bathroom areas to ensure each bedroom has an en-suite.
 - Second floor:
 - Rearrangement of bedroom/bathroom areas to ensure each bedroom has an en-suite.
 - Roof (note: this level has existing built fabric, including storage rooms):
 - Addition of rooftop bar which includes accessible toilet facilities and servery area.
 - The roof area will include acoustic screening.

The proposed changes to the building are illustrated in the architectural plans prepared by Welsh + Major at Appendix A.

The project team has had ongoing engagement with Property NSW (the landowners), to seek guidance on the proposed scheme. Owners consent will be provided prior to determination. The following program of consultation has already occurred:

- Initial Presentation to SHFA 24th July 2015.
- Initial feedback given by SHFA Heritage August 2015.
- Presentation to SHFA on the 17th October 2016.
- Presentation to Property NSW on 29th June 2017.
- Site walk-through meeting with Property NSW Heritage team on the 6th July 2017.

Property NSW are supportive of the scheme and their feedback has been incorporated into the design. The works have been designed in consultation with Urbis Heritage to ensure the significant fabric and character of the building are retained and/or enhanced.

3. PLANNING CONTEXT

Environmental Planning and Assessment Act 1979

Section 89D(1) of the EP&A Act specifies that the consent authority for SSD is the Minister for Planning. Section 78A(8A) requires that an SSD DA be accompanied by an EIS prepared by or on behalf of the applicant in the form prescribed by the regulations.

Environmental Planning and Assessment (Sydney Cove) Savings and Transitional Regulation 1999

The Environmental Planning and Assessment (Sydney Cove) Savings and Transitional Regulation 1999 (the Sydney Cove Regulation) sets out the process to be followed where it is proposed to carry out development on land which does not comply with the SCRA Scheme. The request for variation is to be lodged with and exhibited at the same time as the SSD DA.

The relevant considerations under Clause 9 (Variation of approved scheme) of the Sydney Cove Regulation are as follows:

"(1) The Minister is to consider all submissions concerning a draft variation to the approved scheme made during the period of public exhibition of the draft variation.

(2) If, after considering those submissions, the Minister is of the opinion that the draft variation, if made:

(a) will not permit development that will adversely affect:

(i) development on adjoining land, or

(ii) the heritage significance of buildings, structures or sites in the locality, or

(iii) the quality of the public domain in the locality, and

(b) will not permit development that will have an adverse impact on the natural or built environment or an adverse social or economic impact in the locality, and

(c) will conform with the general planning and design principles for the Sydney Cove Redevelopment Area,

the Minister may make the variation to the approved scheme in accordance with the draft variation or make the draft variation with such alterations as the Minister thinks fit."

These matters have been considered in the design proposal and will be addressed in the EIS / SSD application.

State Environmental Planning Policy (State and Regional Development) 2011

The SEPP SRD identifies development that is "declared to be State significant development for the purposes of the Act".

Schedule 2 of the SRD SEPP identifies development thresholds or criteria for development on specific sites. Clause 6 of Schedule 2 identifies development within The Rocks as SSD if:

"(a) it has a capital investment value of more than \$10 million, or

(b) it does not comply with the approved scheme within the meaning of clause 27 of Schedule 6 to the Act."

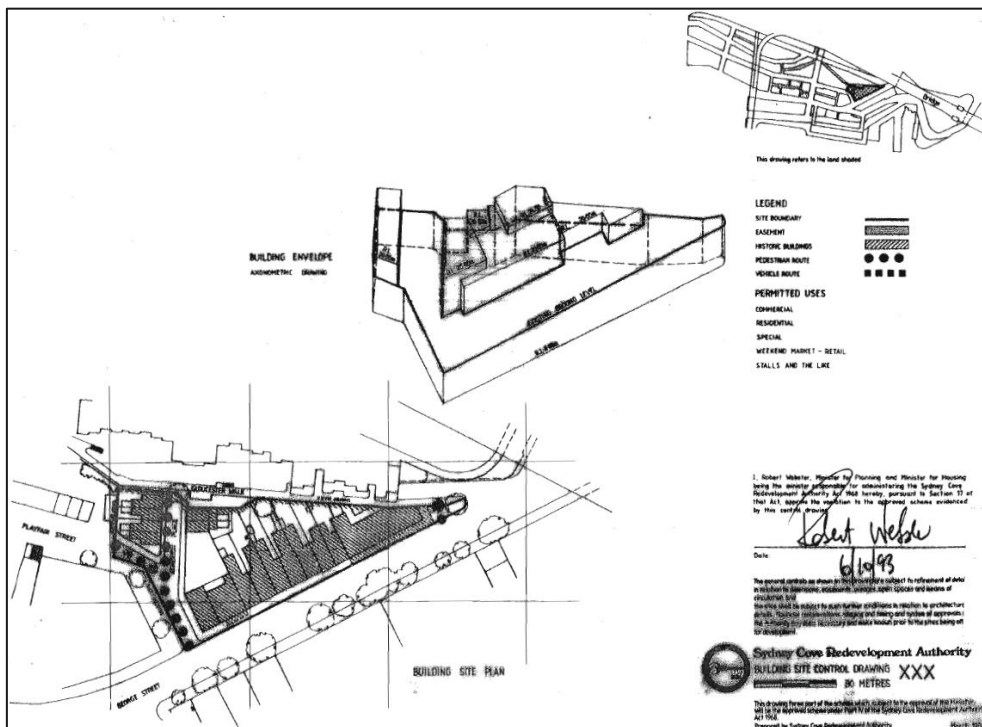
The proposal does not comply with the approved scheme. The proposed lift and roof structures are outside the SCRA envelope. The proposal, although minor, is SSD.

Sydney Cove Redevelopment Authority Scheme

The Sydney Cove Redevelopment Authority (SCRA) Scheme was prepared under the former *Sydney Cove Redevelopment Authority Act 1968*, and is a deemed SEPP under Schedule 6 of the EP&A Act.

The relevant Building Site Control Drawing for the site at 25 George Street is Drawing XXX. The current and applicable version is Drawing XXX endorsed by the Minister on 6 October 1993, and a copy is provided at Figure 5 below. The drawing specifies that the maximum permitted building height is RL 20 across the site, which will be protruded by the proposal.

Figure 5 - SCRA Scheme Building Site Control Drawing XXX



Other Planning Policies

In addition to the above, the following legislation also applies to the site and the application:

- *Heritage Act 1977.*
- *Sydney Regional Environmental Plan (Sydney Harbour Catchment) 2005.*

4. OVERVIEW OF LIKELY ENVIRONMENTAL AND PLANNING ISSUES

Based on our preliminary environmental assessment, the key environmental assessment issues that will need to be considered as part of the EIS are:

- Compliance with statutory plans and justification for variation to the SCRA Scheme.
- Heritage impacts upon the site (State listed item), and the locality generally.
- BCA and fire safety.
- View sharing toward Sydney Harbour.
- Acoustic impacts to adjoining areas, including the future redevelopment of the Sirius Building. Although a decision has not been made on the building, the site is likely to be retained for residential use.

5. CONSULTATION

Given the minor nature of the proposal, and the level of engagement with Property NSW to date, a detailed program of consultation with agencies and stakeholders is not required. Appropriate consultation with relevant agencies and the community can occur during public exhibition of the EIS, such as: Property NSW, the City of Sydney Council and NSW Office of Environment and Heritage.

6. CONCLUSION

It is envisaged that the proposal will provide a contemporary refurbishment solution which capitalises on the site's aspect/views toward Sydney Harbour, in turn promoting tourism and a superior outcome for the late-night economy in The Rocks.

This request for SEARs has been prepared as set out in Schedule 2 to the Environmental Planning and Assessment Regulation 2000. We trust that the information detailed in this letter is sufficient to enable SEARs to be issued. If you have any questions please don't hesitate to contact me at (02) 8233 7607 or egreen@urbis.com.au or my colleague Elaine Roff at (02) 8233 9927 or aroff@urbis.com.au.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "E Green".

Edward Green
Consultant

Appendix A: Welsh + Major Architectural Plans