

# Harbourside Shopping Centre Redevelopment

**RESPONSE TO AMENDED CONCEPT PROPOSAL**

4 NOVEMBER 2020

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## 1.0 Introduction

The Accommodation Association welcomes the opportunity to provide a submission on the revised Mirvac Harbourside proposal on behalf of hotels in the Darling Harbour precinct. These hotels are all situated in the Darling Harbour tourism and entertainment precinct, in the immediate vicinity of Harbourside.

In principle, there is strong support for the renewal of Harbourside from hotels in the precinct, with recognition of the need not only to upgrade the existing dated and tired offering, but to generate further energy into the precinct and complement their existing investment.

This submission is designed specifically to reinforce all parties concerns on the impact of residential in the heart of a dedicated tourism, entertainment and cultural precinct.

## 2.0 Impact of Residential – Accommodation industry concerns and recommendations

We note that both all the previous hotel submissions and the Association's submissions to the Pyrmont Peninsula Place Strategy all raised concerns about the likely conversion of residential apartments in Darling Harbour into 'stealth hotel inventory',<sup>1 2</sup>.

The draft Pyrmont Peninsula Strategy clearly outlines that there is '*Prioritisation of the delivery of employment, entertainment and tourism floorspace*' in the Tumbalong sub-precinct. As noted in Mirvac's response '*The Draft Strategy also supports residential development for the Tumbalong Park Sub-precinct (in which the Harbourside site is located), subject to not compromising the areas tourism, entertainment and commercial functions*'.<sup>3</sup>

While Ethos Urban on behalf of Mirvac (Mircvac) has broadly addressed the concept of residential in their response<sup>4</sup>, reinforcing that '*the residential land use will contribute to achieving Government's target (an additional 725,000 new dwellings by 2036) and will provide for the housing needs of the community*', they have not directly addressed the concerns raised on the potential of conversion to short term rental.

Submissions also pointed to the issue of increased traffic congestion and the need to ensure that the opportunity to create a 24-hour entertainment and cultural precinct is not compromised with resident concerns on noise mitigation.

### 2.1 Pyrmont Peninsula Place Strategy submissions

As outlined in our previous submissions to the Pyrmont Peninsula Strategy in 2020, the accommodation sector supports the priorities outlined in the Strategy for the Tumbalong Park sub-precinct. Specifically, the importance of building on its positioning as a global tourism destination and offering a myriad of public spaces for entertainment, restaurants, bars and cafés.

We welcomed the prioritisation of a dynamic and safe night-time economy and the need for 'new commercial space' to achieve the economic targets for jobs. These new jobs will be vital to generating demand for the existing infrastructure in the precinct.

As a member of the Pyrmont Peninsula Bounce Group, the Association provided a submission to the *10 Directions* and a further submission to the *draft Pyrmont Peninsula Place Strategy*. In both these

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<sup>1</sup> City Plan Harbourside Submission

<sup>2</sup> Schwartz Family Company and Sofitel Darling Harbour submission

<sup>3</sup> Draft Pyrmont Peninsula Place Strategy p.55

<sup>4</sup> Ethos Urban, Response to Submissions and Further Amended Concept Proposal, October 2020 p.44

submissions we reinforced our concerns that residential was being considered, as part of the Mirvac Harbourside development.

### **2.1.1 Residential conversion to ‘stealth hotel inventory’**

We emphasized that because of both the location and limited parking, the residential apartments are likely to be utilised for short term rental apartments for international and domestic visitors, not for residents. The recommendation below was provided in our submission and is supported by hotels in the precinct<sup>5</sup>.

#### **Recommendation 1**

*In the event that it is decided that the Harbourside redevelopment is approved, inclusive of the residential component, the Association would seek assurance from the Department that short term rental in Harbourside includes by-laws in their strata scheme to prohibit all short-term leasing where the unit is not the host’s principal place of residence.*

*This could be a condition of consent that could also protect the residential character of other new buildings in the precinct. The condition needs to ensure that the by-law prohibiting short-term*

### **2.1.2 Transport Congestion**

The draft Pyrmont Peninsula Strategy recognises that congestion and lack of parking options are a major issue and that this will be further exacerbated if the targets on people and jobs growth are reached. Improved transport connectivity is also vital in invigorating the night-time economy and goes part way to addressing the limited parking options with Peninsula.

Mirvac’s response does not address congestion advising that ‘*The site is considered to be well serviced by public transport, light rail, ferry, bus, cycle networks and more broadly heavy rail. A future metro station at Pyrmont is also under consideration. New pedestrian linkages have been included as an integrated component of the Concept Proposal, connecting the development to the surrounding public transport node.*’.

While not limited to this development we would reinforce that with the increased growth targets for residents and jobs combined with the increased 24 hour activation of the precinct, there is a need for certainty on Sydney Metro to provide the capacity required and meet peak hour needs. The Peninsula is currently not coping with the congestion at peak hour, let alone with the people and job targets that have been set.

#### **Recommendation 2**

*The draft Strategy recognises that congestion and lack of parking options are a major issue in the Peninsula and that building a Sydney Metro station at Pyrmont Peninsula is the most critical and necessary element in supporting the economic growth potential outlined and minimising congestion.*

*However, there is a need for certainty on Sydney Metro if the draft Strategy and economic targets are to be approved. The Association would contend that the Department needs to advise what the alternatives are should the Sydney Metro not proceed.*

<sup>5</sup> Accommodation Association Response to Draft Pyrmont Peninsula Strategy, September 2020

### 2.1.3 Noise Mitigation

We note that this has come up several times in the submissions provided to Planning. Our concern is that residential in the heart of a vibrant tourism and entertainment precinct may compromise the ability of the precinct to maximise the potential of events and activities.

We note Mirvac's response advises *'The first residential level is over 25m above ground level and set back approximately 12m from the podium and 32m from the waterfront. Appropriate amenity at a detail level for instance facade treatments and acoustics will be integrated during design development as part of the State Significant Stage 2 Development Application process'*<sup>6</sup>.

In recognition of concerns at this issue, page 44 of the Mirvac response notes *'For special events noise, it is not reasonable to set internal noise goals, and sales contracts for apartments could include an acknowledgement by a purchaser that the apartment is located in an entertainment precinct, that the building has incorporated acoustic treatment to provide some mitigation against special event noise and precluding the occupant from complaining about precinct special event noise'*.

We welcome the advice above and would support the formalisation of this measure.

#### Recommendation 3

*Mirvac formalises the need for an acknowledgement by a purchaser in the sales contract that the apartment is located in an entertainment precinct. This will advise that measures have been made for noise mitigation, but if there are special events the occupant is precluded from complaining.*

### 3.0 The importance of residential- Mirvac response

In Mirvac's response to the myriad of concerns on residential they have reinforced the importance of residential in achieving Government's housing target. *'The provision of housing at the site is expected to provide a diversity of housing, and crucially improve the variety and availability of housing in close proximity to public transport and a 10-minute walk away from the Sydney CBD.'*<sup>7</sup>

Other key points raised by Mirvac are:

- The proposal will provide an additional 357 apartments (indicative number) which will contribute to achieving the NSW governments 20-year housing target of 725,000 additional homes by 2036 and will provide for the housing needs of the community.
- The proposal will be providing a variety and different types of housing which will also reduce the pressure on rising house prices.
- The residential component will also guarantee that the redevelopment supports a true mixed-use precinct.
- The residential use will not undermine the functionality or experience of Darling Harbour as a tourism and convention centre precinct.
- Inclusion of residential also enables a contribution towards affordable housing.

<sup>6</sup> Ethos Urban, Response to Submissions and Further Amended Concept Proposal, October 2020 p.21

<sup>7</sup> Ethos Urban, Response to Submissions and Further Amended Concept Proposal, October 2020 p.18, p.41

Mirvac's response to the question on page 20 'If the reason for development is the need for more hotel accommodation - the construction of the 35 storey Sofitel Hotel and the Hyatt Regency are sufficient enough?' was *'the proposal seeks to develop a mixed use building, with residential and non-residential uses, not hotel use.'*.

The draft Pyrmont Peninsula strategy set a population target of 2,055 people for the Tumbalong sub-precinct. This would not occur if short-term rental is not vigorously controlled in the area. If the majority of the apartments are used for short-term rental, the population will be transient, with no connection to place.

We welcome Mirvac's stated support for residential as opposed to 'stealth hotel inventory' and seek to have this formalized to ensure that residential in Harbourside includes by-laws in their strata scheme to prohibit all short-term leasing where the unit is not the host's principal place of residence.

#### **4.0 Conclusion**

In conclusion the Association, on behalf of hotels in the precinct, wishes to advise our overall support of the renewal of Harbourside and its positive contribution to the revitalisation of Darling Harbour.

Our submission is focused specifically on the potential negative impacts of residential in the heart of a dedicated tourism, entertainment and cultural precinct, if measures are not taken to ensure these impacts are controlled.

Our issues are – the conversion of residential into 'stealth hotel inventory', increased transport congestion and adverse noise impacts for residents in a special event precinct.

While all the above have been noted and responded to in varying degrees by Mirvac, hotel investors in the precinct are seeking formalization of the measures to ensure that the issues do not continue to arise in the future and impact the viability of their significant investment.

Our recommendations are:

1. Residential in Harbourside includes by-laws in their strata scheme to prohibit all short-term leasing where the unit is not the host's principal place of residence. The condition needs to ensure that the by-law prohibiting short-term rental could not be removed by a subsequent vote of strata members.
2. To address the congestion and lack of parking issues, the Government needs to provide certainty on Sydney Metro if the draft Strategy and economic targets are to be approved and Harbourside proceed. The Association would contend that the Department needs to advise what the alternatives are should the Sydney Metro not proceed.
3. Mirvac formalises the need for an acknowledgement by a purchaser in the sales contract that the apartment is located in an entertainment precinct. The sales contract will advise that measures have been made for noise mitigation, but if there are special events the occupant is precluded from complaining.

We look forward to the above being addressed in the final response and the opportunity to work with Mirvac and Planning as this significant project progresses.