

29 April 2020

Our Ref: P-20107 | CD

David Glasgow

NSW Department of Planning, Industry & Environment
Locked Bag 5022
PARRAMATTA NSW 2124

Dear David

RE: SSD-7874 | HARBOURSIDE SHOPPING CENTRE REDEVELOPMENT

1. INTRODUCTION

City Plan Strategy & Development P/L (City Plan) has been engaged by Colliers International, acting on behalf of the ground lessee ('Colliers International'), to review the subject proposal and prepare this submission in response. Colliers International, on behalf of the ground lessee, manages the Novotel and Ibis Hotels, which are located directly behind the proposed development.

2. SUMMARY OF SUBMISSION

Overall, we do not object to the concept of a large-scale redevelopment of the Harbourside Shopping Centre. We recognise that such a development could contribute positively to the urban environment and economic conditions of Darling Harbour. However, we are of the view that the proposal's current design and configuration will result in negative impacts on these conditions in the medium to long term. As such, we submit that the proposal's current configuration is contrary to the public interest and should not be supported by DPIE or the Independent Planning Commission (IPC).

2.1. Summary of objections

- The relocated tower and podium heights severely impact views from the Novotel and Ibis Hotels. These hotels and the tourism industry in general, contribute substantially to the NSW and Sydney economy and its culture. Given their contribution, a greater degree of consideration is warranted to the impact of view loss for tourist related enterprises relative to private residences.
- The hotels' financial revenue is directly related to view access. For example, guests accept a premium to book harbour and/or city view accommodation. Similarly, the hotels' conference and restaurant facilities are in demand by external visitors (i.e. not accommodation related guests) largely as a result of access to views. The proposal's severe view impacts not only affect the hotel's ongoing ability to contribute to the local economy and culture, but it will affect the hotels' financial revenue directly.
- Experience indicates that residential dwellings in tourist related locations effectively become 'stealth hotel inventory', particularly with the popularity of online booking platforms such as Airbnb. 'Stealth hotel inventory' tends to severely downgrade the quality and perception of overall hotel stock as such inventory typically does not benefit from the full range of services associated with hotels such as room service, food and beverage service, and the general hotel 'guest experience'. As a result, this is likely to downgrade the enviable reputation Darling Harbour hotels have developed over a long period with recreational and business-related visitors. There is likely to be substantial impacts to the

business visitor related economy the NSW Government has recently established in and around Darling Harbour through the development of the International Convention Centre and the Sofitel.

- Strategic planning is currently underway for the Pyrmont Peninsula. The DPIE should await the outcomes of such planning, otherwise it may undermine its integrity should it differ substantially from the built form and/or land use proposed by the subject development.

2.2. Summary of recommendations

- Reposition the tower towards the centre of the subject site. This is likely to achieve greater sharing of views between the Novotel Hotel, the Ibis Hotel, and 50 Darling Street. Given the economic and cultural contributions such hotels provide, they warrant access to views in accordance with established view sharing principles. This position is not likely to result in adverse heritage impacts to the Pyrmont Bridge.
- Reduce the height of the proposal's podium to the current maximum RL of the roof at the subject site. The proposed podium would block views from existing ground level function rooms of the Novotel and Ibis Hotels, such as restaurants and bars. Maintaining access to such views for bars and restaurants is important for the ongoing success of most hotels.
- Reduce the depth of the tower footprint from 53m to 40m. Together with a repositioned tower, this should reduce view impacts even further (subject to assessment).
- Convert the land use of the proposed tower from residential to commercial. This not only avoids 'stealth hotel inventory', but also increases employment opportunities, which we understand is a key goal of the strategic planning currently underway for the Pyrmont Peninsula.
- Reduce the proposal's overall height to the existing maximum height of the Sofitel Hotel (i.e. RL 133.55). The application does not include any justification for achieving a greater height than the Sofitel. It presupposes the outcomes of current strategic planning, which may undermine its long-term integrity.

Below we outline in detail each of our objections and recommendations.

3. SEVERE VIEW IMPACTS

3.1. Tower related view impacts

The revised proposal includes a tower which is deeper, and which has been repositioned from the northern end of the Harbourside Shopping Centre site (the subject site), towards the southern end.

Figure 1 on the following page is a typical view of the city skyline from both the Novotel and Ibis Hotel east facing suites. Such views clearly capture much of what tourists and visitors wish to see when visiting Sydney, including direct views of iconic features such as Sydney Centrepont Tower, Darling Harbour, and the Sydney CBD skyline generally.

As a result of repositioning the proposal's tower towards the southern end of the subject site, views of the city skyline from the hotel suites will be devastated, particularly for those suites within the Novotel Hotel. The proponent's view sharing analysis at page 40 of its Architectural Design Report, and page 30 of its Visual and View Impact Analysis, acknowledge this. Figure 2 is an extract of the proponent's Architectural Design Report demonstrating the likely view impacts from the Novotel Hotel.



Figure 1: Typical view from east facing suites of Novotel and Ibis Hotels (Source: City Plan)



Figure 2: Anticipated view impacts from Novotel Hotel (Source: FJMT Architectural Design Report/City Plan)

In our opinion, the impacts are worse than anticipated by the proponent's revised analysis, as it does not consider the cumulative impacts associated with the recently constructed Sofitel. With the proposed tower being located further south of the subject site, and the existing Sofitel tower to the south of the Novotel Hotel, views from the Novotel Hotel become 'boxed' and narrow. Figure 3 below, taken from level 9 of the Novotel Hotel, demonstrates this likely outcome with the existing Sofitel Hotel along the right-side edge of the photograph.



Figure 3: Existing view from Level 6 of Novotel Hotel with Sofitel to the right-hand side. Approximate area of proposed tower shown red (Source: City Plan)

It is our understanding that the proposal's tower was repositioned towards the southern end of the subject site to minimise heritage related impacts to Pyrmont Bridge, as well as to preserve views from 50 Darling Street (private residential dwellings). The proponent's Response to Submissions (RTS) suggests that both they and DPIE place higher weight on views from dwellings at 50 Darling Street, because they are private residences, and are willing to accept view impacts to commercially oriented developments.

As will be detailed in Section 4 of this submission, we challenge this rationale given the positive and substantial direct and indirect economic benefits the Novotel and Ibis Hotels make to the Sydney economy, much of which is derived from its access to views. This aside, we are of the opinion that view access in line with the established principles of view sharing, for both our client and residents at 50 Darling Street, can be achieved by the proposal if its tower is repositioned towards the centre of the subject site (as opposed to either the northern end, for heritage reasons, or the southern end, for view impact reasons).

We recognise that the tower repositioned as suggested may result in greater view impacts to the Ibis Hotel, which our client also operates. However, their preference is to maintain views from the Novotel Hotel as much as possible, in addition to the improved view sharing outcomes as mentioned above.



Figure 4: Suggested tower position shown red (Source: FJMT/City Plan)

The tower's depth has been increased to approximately 54m, largely as a result of offsetting gross floor area 'lost' as a result of deleting the tower's 'tail'. We would agree with the proponent that the proposal's eastern and western elevations are slender. However, at 54m metres, the northern and southern elevations are not slender but rather, excessive. This contributes to view loss and the perception of being 'boxed in' when the Sofitel is also taken into account. In our opinion, the tower's depth should be limited to approximately 40m to achieve acceptable bulk and scale impacts, visual impacts, as well as overshadowing.

As well as repositioning the proposed tower, we also recommend decreasing its depth to 40 - 45m, and subsequently re-evaluating its view impacts. Although this should be confirmed with an appropriate assessment, we expect view impacts to decrease substantially as a result of these measures.

3.2. Podium related view impacts

Currently, both the Novotel and Ibis Hotels enjoy CBD skyline views from all east facing suites as well as ground level restaurant and bar areas, as demonstrated in Figure 5 below.

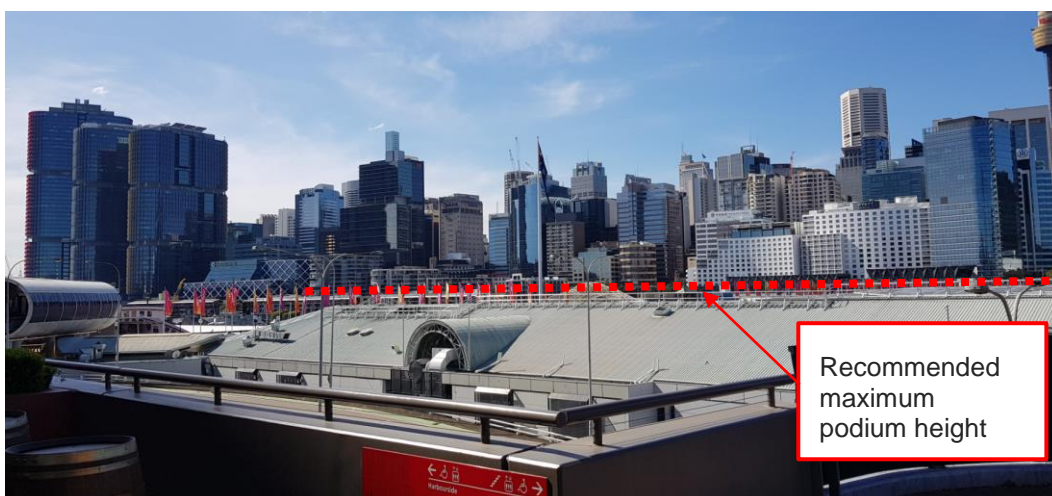


Figure 5: Existing view from Ibis Hotel ground level restaurant and bar (Source: City Plan)

As demonstrated in the proponent's Architectural Design Report (see extract in Figure 6 below), views from lower level suites and in particular, the ground level restaurant, will also be severely impacted as a result of the 4-6 level podium. In our view, a 4-6 level podium is unwarranted in this context, particularly given its severe view impacts to key functions of the hotels, in this case restaurants and bars. We recommend that the podium is reduced in height to the equivalent of the existing ridge height of the subject building. A further view impact analysis should then occur to ensure views from both the Novotel and Ibis Hotels' restaurants and bars are retained.

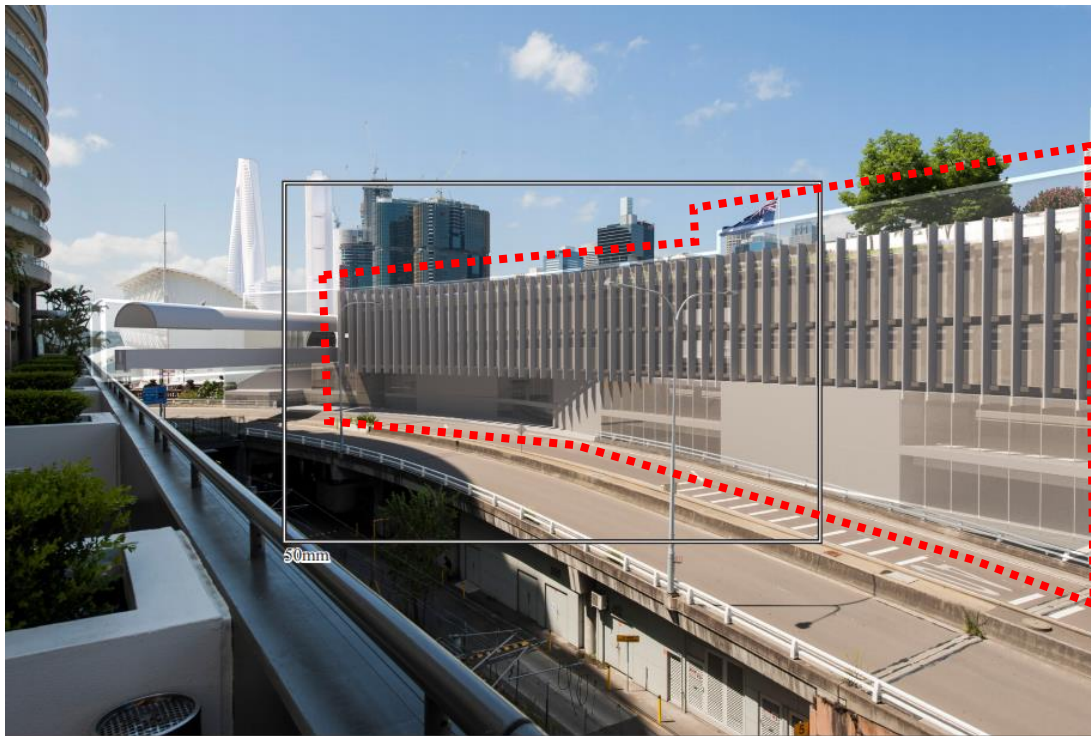


Figure 6: Proposed podium related view impacts outlined red (Source: FJMT/City Plan)

4. ECONOMIC AND CULTURAL CONTRIBUTION BY HOTELS AND TOURISM

Hotels and the tourism industry in general contribute significantly to the Sydney economy. For example:

- In 2018–19 the Australian tourism industry contributed \$60.8 billion to GDP. The industry directly employed 666,000 Australians – or 5 per cent of the workforce.
- In 2017-18, tourism contributed \$42.5 billion to the NSW economy, employing 278,200 people – or 1 in every 14 jobs in the state.
- In 2017-18, the accommodation sector in NSW supported over 25,000 jobs.
- Domestic tourism is a significant part of the industry, contributing \$29.4 billion to NSW in 2017-18. International tourism contributing a further \$13.1 billion.

(Source: Destination NSW - Economic Contribution of Tourism to NSW 2017-18/City Plan)

Specifically, the Novotel and Ibis Hotels accommodated a total of 408,000* guests (excludes food and beverage guests) in 2019. A 10%* price premium is paid by those guests selecting accommodation with harbour and/or CBD skyline views. Over 80,000* people attended conferences at the Novotel Hotel in 2019. The hotel's access to views is a key reason behind such substantial figures. Over 50%* of the Novotel restaurant's income comes from external guests who value the view. Over 200* individuals are directly employed across both hotels, with many more indirectly employed. As can be seen, both the Novotel and Ibis Hotels contribute significantly to the local Sydney economy and culture. Much of the

hotels' previous and ongoing economic contribution, as well as its own financial position, is derived from its access to iconic Darling Harbour and Sydney CBD views (* all figures provided by Novotel and Ibis Hotel management or related representatives).

Similarly, as DPIE would be aware, the Novotel Hotel in particular, was key to transforming Darling Harbour from its previous degraded warehouse and industrial land use, to its current status as a major city tourism and public event hub. The Novotel Hotel has contributed significantly to establishing Sydney as an attractive destination for international business visitors, with its high standards of customer service, room service, general presentation, as well as facilities for such visitors. The hotels have developed significant synergies with the International Convention Centre (ICC) that contribute to its attractiveness as Sydney's key convention and events destination.

In our opinion, the substantial economic contributions from the hotel and tourism industry, and the Novotel Hotel particularly, should be given significant weight in the DPIE's assessment of the proposal. As suggested earlier in this submission, such contribution should be a key consideration when assessing view impacts. That is, arguably the Novotel and Ibis Hotels make greater cultural and economic contributions to Sydney than private residences at 50 Darling Street. In this regard, greater public benefit is gained by protecting views from the Novotel and Ibis Hotel, than protecting views from residences at 50 Darling Street, which seems to be the current approach by the applicant.

We therefore conclude that the public interest is better served by preserving the views of important existing tourism related uses from a principally private residential tower proposal, than those of existing private residential dwellings. This is not to dismiss the legitimate interests of 50 Darling Street, which we believe also require consideration, but to simply emphasise the relative public interest equation that should be central to planning decision making.

5. PROPOSED TOWER RESIDENTIAL LAND USE

5.1. Inconsistent with objectives of relevant statutory planning framework

As the DPIE is aware, the land use for the proposed tower was changed from commercial originally, to the current residential land use, specifically 2 - 3 bedroom dwellings. The proposal's total gross floor area (GFA) is 87,000m², of which 38,000m² (or 44%) is for residential land use.

In our view, this is an excessive quantity of residential floor space given the tourism, commercial and general public nature of Darling Harbour. In our view, it renders the proposal inconsistent with the objectives of the Darling Harbour Development Plan No. 1, which are clearly oriented towards tourism and cultural related land uses, as shown in the following extract:

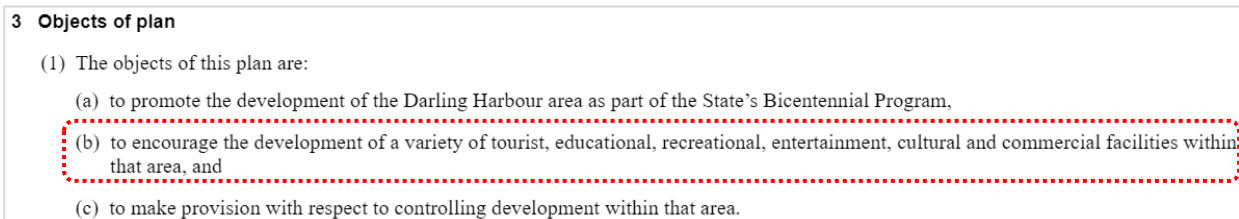


Figure 7: Extract from Darling Harbour Development Plan No. 1 (Source: City Plan)

Similarly, we are of the opinion that the proposal's substantial quantity of residential GFA is inconsistent with the objectives of Sydney Regional Environmental Plan (Sydney Harbour Catchment) 2005. The objectives of the plan are oriented towards public land uses, which would not be achieved given the proposal's quantity of residential GFA.

2 Aims of plan

- (1) This plan has the following aims with respect to the Sydney Harbour Catchment—
- (a) to ensure that the catchment, foreshores, waterways and islands of Sydney Harbour are recognised, protected, enhanced and maintained—
 - (i) as an outstanding natural asset, and
 - (ii) as a public asset of national and heritage significance, for existing and future generations,
 - (b) to ensure a healthy, sustainable environment on land and water,
 - (c) to achieve a high quality and ecologically sustainable urban environment,

Figure 8: Extract from Sydney Harbour Catchment SEPP (Source: City Plan)

5.2. Pyrmont Peninsula Place Strategy

As the DPIE is aware, strategic planning is currently underway for the Pyrmont Peninsula, which includes Darling Harbour. Strategic planning is being undertaken by both the DPIE and the Greater Sydney Commission (GSC). Currently, the DPIE and GSC are seeking input from the community in relation to their expectations for the peninsular. The exhibition period closes on 24 April 2020. Whilst community feedback is being sought, we note that the DPIE's preference for the peninsula appears to be fostering employment opportunities, which would be inconsistent with the proposal's substantial residential GFA:

what's happening now?

We are developing the Place Strategy for the [Pyrmont Peninsula](#).

The strategy aims to transform Pyrmont into the next jobs hub and economic driver of Sydney.

The Place Strategy will encompass:

- A simplified planning framework that co-ordinates the delivery of the Western Harbour Precinct and Pyrmont Peninsula Place Strategy
- The development of a place-based master plan that addresses the planning priorities and actions of the Eastern City District Plan, including:

Figure 9: Pyrmont strategy aims (Source: <https://www.planning.nsw.gov.au/pyrmontpeninsula/City Plan>)

5.3. 'Stealth hotel rooms'

The operator of major hotels such as the Ibis and Novotel has extensive experience in the hotel and tourism industry. Its recent experiences include several residential buildings in popular locations being converted into 'stealth hotel inventory' where it is logical outcome. This has been aided by the increasing popularity of digital booking platforms such as Airbnb and the like.

Its experiences also demonstrate that such 'stealth hotel inventory' often detracts from the overall hospitality experience, given such rooms generally lack the attention and facilities associated with hotels. For example, 'stealth hotel rooms' often lack a suitable standard of room service, are not accompanied by hotel-like food and beverage experiences such as bars, restaurant or in-room dining, and generally lack the 'guest atmosphere', given receptions and the like are missing in residential buildings. These outcomes generally downgrade the standard of hotels and guest experiences.

Darling Harbour is recognised nationally and internationally as having high amenity and as an in-demand experience for tourists and business visitors. Its hotels have contributed to this high standard and are recognised as having a high standard themselves. The recent completion of the ICC has elevated this standard even further. In our view, allowing for 'stealth hotel inventory' would detract from the high standard which has been established for Darling harbour over several decades. This may have detrimental economic impacts.

6. BUILDING HEIGHT

There does not appear to be a specific justification for the proposal's maximum height of RL153.750. We note this height is some 20m higher than the Sofitel Hotel, and would be by far the tallest element on the western side of Darling Harbour.

In our opinion, such a height is notably different compared to the Sofitel Hotel and any other building in the Pyrmont peninsular and would, therefore, result in unacceptable bulk, scale and visual impacts.

We therefore submit that the development should not exceed the existing maximum height of development on the western edge of Darling Harbour, or at least not unless current strategic planning controls for the Pyrmont Peninsula are assessed and amended to justify such height.

7. CONCLUSION

City Plan has prepared this submission on behalf of Colliers International, acting on behalf of the ground lessee, in relation to the amended Harbourside Shopping Centre proposal. We do not object to the principle of a large-scale redevelopment and recognise the value it could deliver to Darling Harbour and Sydney generally. However, in our opinion, the current configuration is likely to result in detrimental impacts to the Novotel and Ibis Hotels and the broader public and it should, therefore, not be supported in its current form.

Overall, we consider that the application should not be determined until the current strategic planning for the Pyrmont Peninsula has been completed. As recognised by the DPIE, the peninsula will contribute significantly to the ongoing evolution of the Sydney CBD. As such, it is important that any major redevelopment be consistent with long term strategic planning to maintain its integrity.

Nevertheless, should DPIE proceed to determine the application, we recommend the following design modifications in order to reduce impacts and improve public interest outcomes:

- Reposition the tower towards the centre of the subject site. This is likely to improve view sharing for all current and future developments.
- Reduce the depth of the tower to 40-45m. This increases its 'slenderness' and is likely to widen view corridors for existing and future development to the west of Darling Harbour.
- Reduce the height of the podium such that it does not exceed the existing maximum roof ridge height. This ensures important views, essential to the Novotel and Ibis Hotels' restaurants and bars, can be retained.
- Convert the tower from residential to commercial land use. Not only would this allow for additional employment opportunities consistent with planning controls for the area, but it avoids 'stealth hotel inventory', which only serves to downgrade the perception of hotel and tourism areas, which would be particularly detrimental to the important Sydney tourism hub of Darling Harbour.
- Reduce the proposed tower height to a maximum RL of 133.55, or in line with the existing Sofitel Hotel's maximum height.

Should any clarification be required, or should you wish to discuss any of the abovementioned matters further, please contact David Ryan on 8270 3500.

Yours Sincerely,

A handwritten signature in dark ink, appearing to be "David Ryan", written in a cursive style.

David Ryan
Executive Director