

Pre-Gateway Report – RR-2024-32 (PP-2024-540)

Rezone land at 203-233 New South Head Road, Edgecliff (The Edgecliff Centre) (275 homes, 14,730m<sup>2</sup> of commercial/retail GFA and 785 jobs)

1 Introduction

The purpose of this report is to update the Sydney Eastern City Planning Panel (Panel) on the status of the planning proposal at 203-233 New South Head Road, Edgecliff (PP-2024-540). The report to makes a recommendation to the Panel to submit the proposal to the Department of Planning, Housing and Infrastructure (the Department) for Gateway Assessment.

On 28 November 2024, the Panel determined at a rezoning review that the proposal had strategic and site merit (**Attachment C**), however revisions were needed prior to submitting the proposal to the Department for Gateway Assessment. Subsequently, the proponent provided updated studies and supporting documents in response to these conditions (**Attachment A-A3**). The focus of this report is on determining the Affordable Housing rate by the Panel.

Table 1 – Overview of planning proposal

Element	Description	
LGA	Woollahra	
LEP to be amended	Woollahra Local Environmental Plan (LEP) 2014	
Address	203-233 New South Head Road, Edgecliff	
Reason for review	<input type="checkbox"/> Council notified the proponent it will not support the proposed amendment.	<input checked="" type="checkbox"/> Council failed to indicate support for the proposal within 90 days.
Brief overview of the timeframe/ progress of the planning proposal	<p><b>14 March 2024</b> – Planning proposal (PP-2024-540) lodged with Council. (<b>Attachment B</b>)</p> <p><b>29 April 2024</b> – Council endorses Edgecliff Commercial Centre Planning and Urban Design Strategy (ECC Strategy).</p> <p><b>5 September 2024</b> – Proponent requests rezoning review as Council failed to indicate support for the proposal 115 days after submitted to Council.</p> <p><b>17 October 2024</b> –Woollahra Local Planning Panel (LPP) considered the planning proposal and recommended to not support the proposal.</p> <p><b>19 November 2024</b> – Panel considered the proposal at Rezoning Review and recommended the proposal progress to Gateway subject to revisions (<b>Attachment C</b>).</p> <p><b>24 February 2025</b> – Council endorsed their ECC planning proposal to be sent to the Department for Gateway Determination.</p>	

Element	Description
	<p><b>18 March 2025</b> – The development of the Edgecliff Centre site was declared State Significant Development (SSD) by the Minister.</p> <p><b>6 May 2025</b> – Package to address Panel’s recommendations submitted to PPA team (<b>Attachment A-A3</b>).</p>
Department contact:	Shruthi Sriram, Senior Planning Officer

1.1 The site and local context

The subject site is located at 203-233 New South Head Road, Edgecliff, also known as the Edgecliff Centre (**Figure 1**). It is legally described as Lot 203 DP 1113922, Lot 5 DP 243380, and the site also includes part of the Council-owned road reserve adjacent to the southern boundary of the Edgecliff Centre (highlighted blue).

The site is 3km east of the Sydney CBD, 1.2km from St Vincent’s Hospital and sits over the Eastern Suburbs Rail Line and Edgecliff Station, which occupy an easement below ground level. The site is also approximately within 135m of Trumper Park and Trumper Oval.

The Edgecliff Centre comprises a seven-storey commercial building with ground floor retail constructed in the 1970s.

The surrounding area contains a mix of commercial, retail, entertainment and residential uses as follows:

- To the north is Ascham School and a mix of medium and high-density residential developments including the 32 storey Ranelagh development.
- To the east is the Eastpoint Shopping Centre.
- To the south are part 3-4 storey residential flat buildings fronting New McLean Street and 2 storey terrace houses within the Paddington Heritage Conservation Area (HCA).
- To the west are a range of mixed-use developments ranging from 2 to 10 storeys.

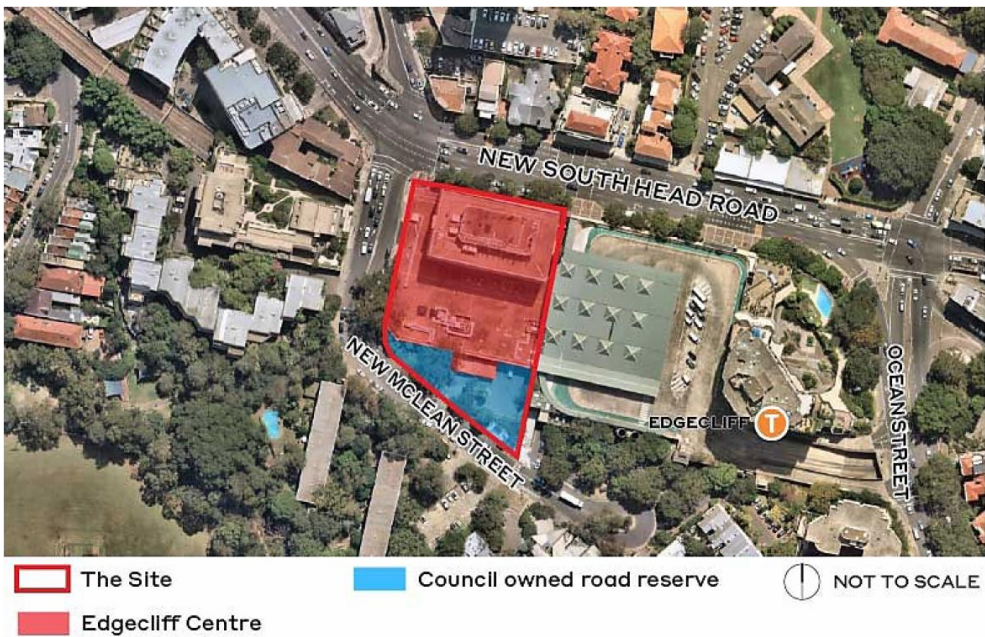


Figure 1. Subject site (source: planning proposal, 2024)

## 1.2 Planning proposal

**Table 2 – Overview of planning proposal**

Element	Description
Site area	<p>4910m<sup>2</sup> (Edgecliff Centre)</p> <p>957m<sup>2</sup> (Council-owned road reserve)</p> <p>Total: 5867m<sup>2</sup></p>
Proposal summary	<p>The planning proposal (<b>Attachment B</b>) seeks to amend the Woollahra Local Environmental Plan (LEP) 2014 to:</p> <ul style="list-style-type: none"> <li>• Increase the maximum height of buildings control from part 0m, part 6m and part 26m, to 128m;</li> <li>• Increase the maximum permitted FSR on the site from 2.5:1 to 9:1;</li> <li>• Introduce a site-specific provision to identify the site as an 'Area' on the <i>Key Sites Map</i> to ensure the preparation of a development control plan.</li> </ul> <p>The Proponent intends for the planning proposal to facilitate a level of Affordable Housing (AH) on site. The mechanism for the delivery of this affordable housing has not been clarified.</p> <p><u>Concept Scheme</u></p> <p>The objective of the proposal is the support the redevelopment of the Edgecliff Centre to facilitate the delivery of 275 residential dwellings on the Edgecliff Centre portion of the site, consisting of:</p> <ul style="list-style-type: none"> <li>• Part 2-storey and part 3-storey podium for retail and community uses;</li> <li>• 35 storey residential tower;</li> <li>• 13 storey commercial office building; and</li> <li>• a 3 storey community facility (2390m<sup>2</sup> community GFA) on the Council owned portion of the site.</li> </ul> <p><u>Development Control Plan (DCP)</u></p> <p>Following the Rezoning Review, the proponent has provided a draft Site-Specific DCP for the site dated 11 April 2025 (<b>Attachment A3</b>).</p> <p>Key sections of the DCP include:</p> <ul style="list-style-type: none"> <li>• Built Form;</li> <li>• Public Domain;</li> <li>• Parking and Access; and</li> <li>• Affordable Housing.</li> </ul>
Relevant State and Local Planning Policies, Instruments	<ul style="list-style-type: none"> <li>• Greater Sydney Regional Plan</li> <li>• Eastern District Plan</li> </ul>

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Element	Description
	<ul style="list-style-type: none"><li>• State Environmental Planning Policies<ul style="list-style-type: none"><li>○ SEPP (Housing) 2021</li><li>○ SEPP (Biodiversity and Conservation) 2021</li><li>○ SEPP (Planning Systems) 2021</li><li>○ SEPP (Primary Production) 2021</li><li>○ SEPP (Resilience and Hazards) 2021</li><li>○ SEPP (Transport and Infrastructure) 2021</li></ul></li><li>• Future Transport 2056</li><li>• NSW State Infrastructure Strategy</li><li>• Woollahra LGA local plans including:<ul style="list-style-type: none"><li>○ Local Strategic Planning Statement 2020 (LSPS)</li><li>○ Community Strategic Plan 2032 (CSP)</li><li>○ Draft Integrated Transport Study</li><li>○ Active Transport Plan</li><li>○ Local Housing Strategy 2021 (LHS)</li><li>○ ECC Strategy</li></ul></li></ul>

The planning proposal (**Attachment B**) seeks to amend the Woollahra LEP 2014 per the changes in **Table 3** below.

**Table 3 – Current and proposed controls**

Control	Current	Proposed (Rezoning Review)	Proposed (Panel endorsed pre-Gateway)
<b>Zone</b>	E1 Local Centre	E1 Local Centre	E1 Local Centre (No Change)
<b>Maximum height of the building</b>	26m (ECC Site - New South Head Road)	128m (35 storey tower)	128m (entire site)
	6m (fronting New Mclean Street)	124m (35 storey tower)	
	0m (Council-owned road reserve)	60m – 3 storeys (Community Facility)	
	2.5:1	9:1 (Edgecliff Centre)	9:1 (entire site)

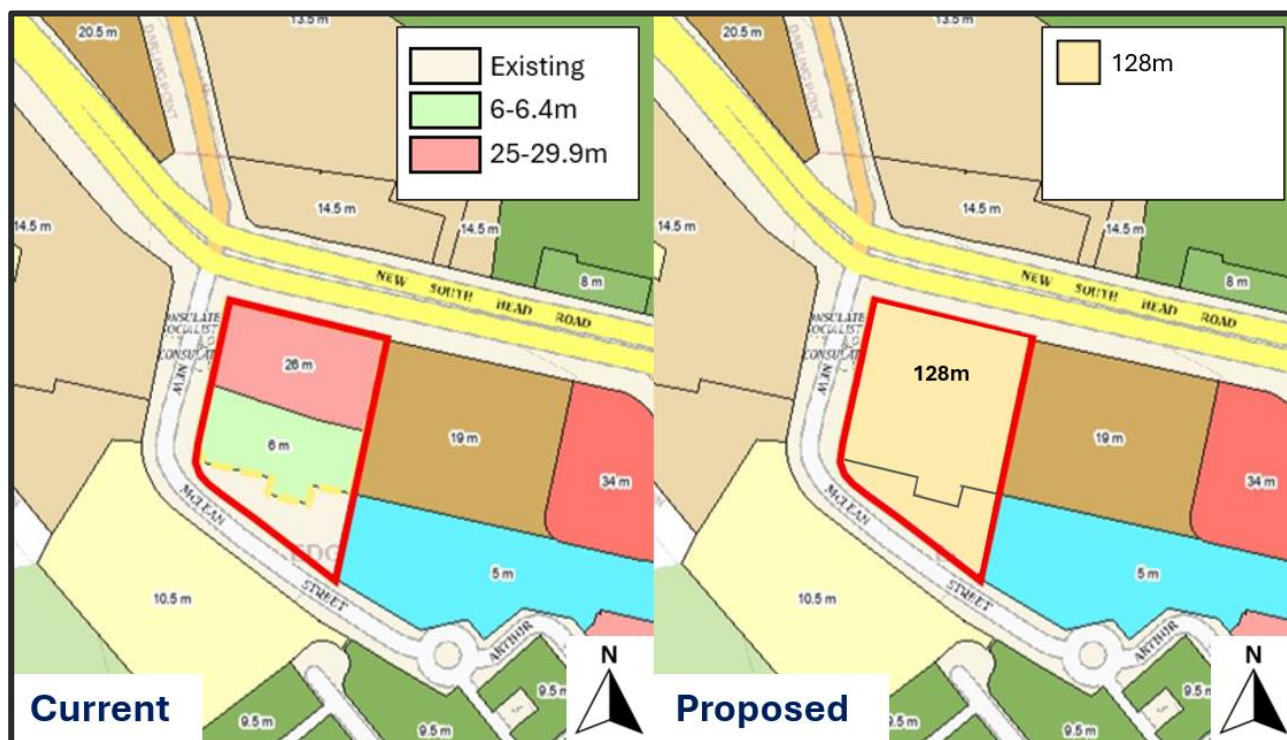


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Control	Current	Proposed (Rezoning Review)	Proposed (Panel endorsed pre-Gateway)
Floor space ratio	No FSR (Council-owned road reserve)	3.5:1 (Council Road Reserve)	
Minimum Non-residential Floor space ratio	N/A	2:1	2:1 <i>N.B. This may change depending on the chosen scheme for affordable housing. Discussed further in <b>Section 3</b>.</i>
Number of dwellings	Nil	275	275
Number of jobs	421	785	785

The planning proposal has not been updated yet to apply a blanket FSR and HOB control across the site. Prior to the planning proposal proceeding to Gateway assessment, the PPA team will ensure the proposal is updated to include these blanket controls. The maps below show the amended controls as they are to be submitted for Gateway assessment.



**Figure 2. Current and Panel endorsed Height of Building Maps (source: NSW Planning Portal Spatial Viewer – April 2025)**

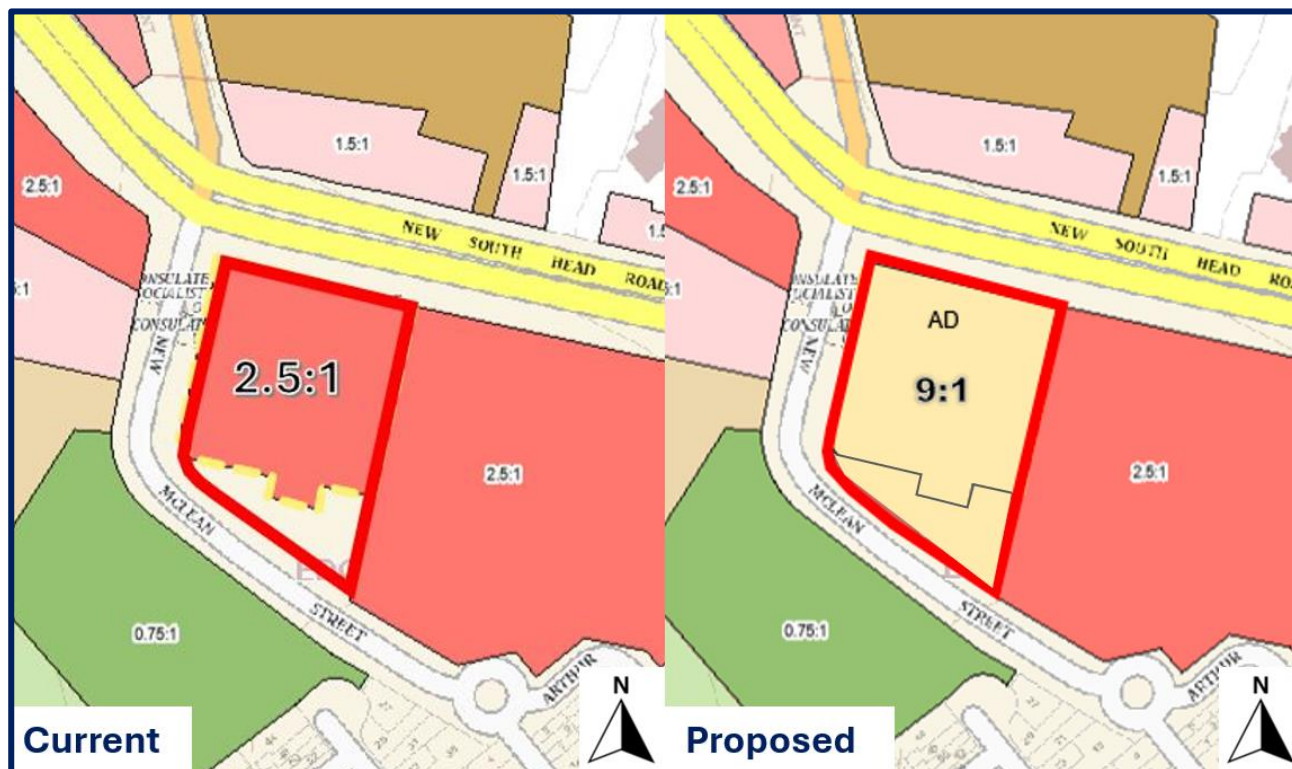


Figure 3. Current and Panel endorsed FSR maps (source: NSW Planning Portal Spatial Viewer – April 2025)

## 2 Rezoning review

On 19 November 2024 the Panel considered a rezoning review for this planning proposal because Council failed to indicate support for the proposal within 115 days.

The Panel resolved (**Attachment C**) that the planning proposal demonstrated strategic merit and could demonstrate site-specific merit subject to revisions addressing the site constraints and the provision of affordable housing. The Panel appointed itself as the Planning Proposal Authority (PPA). In making this decision, the Panel made the following recommendations:

1. *Given the increased height and yield is justified due to the location of the site above a train station, the delivery, on site, of 15% of the GFA of the residential use to affordable housing, for a period of 15 years to be managed by a Community Housing Provider (CHP) is key to any acceptable planning proposal.*

*The proponent is to amend the planning proposal to identify how this will be provided and achieved.*

2. *The Panel requires revision of the planning proposal to include a site-specific clause which identifies the site as an 'Area' within the Key Sites Map and requires the preparation of a Development Control Plan (DCP).*

*The future built form and variation in height and scale of the development should be reflected in the DCP which should be exhibited concurrently with any planning proposal.*

*The DCP should include as least the following matters (not exhaustive):*

- *Boundary setbacks*
- *Podium heights*

- *Solar access and overshadowing of the lower scale heritage conservation area*
  - *Height of individual buildings and podiums*
  - *Private and communal open space delivery and quantum*
  - *Site ingress and egress*
  - *Any agreed community facilities*
  - *Criteria for location of affordable housing*
  - *Public domain improvements*
3. *The Panel notes the Council's desire to have a cap on the quantum of non-residential GFA, however, the Panel considers that the minimum provision of 2:1 is acceptable without a maximum cap so this should be deleted from the planning proposal.*

The PPA team has worked with the proponent to address the Panel's first condition and the outcomes of this work are discussed in further detail in Section 3 of this briefing report. Once the Panel has endorsed an AH rate control for the site, the PPA team and the proponent will update the planning proposal to address the remaining conditions of the Panel's decision.

It is noted that in the reasons for decision, the Panel stated that they did not support the proposed split in FSR and HOB controls between the Council owned road reserve and the proponent's land. The Panel considered that a uniform FSR of 9:1 and a maximum HOB of 128m should apply across the site, inclusive of the road reserve.

As noted above, the planning proposal has not been updated yet to apply a blanket FSR and HOB control across the site. Prior to the planning proposal proceeding to Gateway assessment, the PPA team will ensure the proposal is updated to include these blanket controls. The maps below show the amended controls as they are to be submitted for Gateway assessment.

## 3 Assessment against Panel conditions

On 6 May 2025, the proponent provided a package responding to the Panel's Rezoning Review conditions (**Attachment A**). This included:

- Cover Letter to Panel;
- Edgecliff Centre Affordable Housing Feasibility Assessment (JLL, May 2025);
- Edgecliff Centre Budget Estimate (WTP, March 2025); and
- Draft DCP.

An assessment against the Panel's conditions and recommendations has been undertaken (**Attachment D**). The PPA team have outlined the outstanding matters which require resolution, below.

The Proponent's response and PPA team's assessment of the Panel's conditions are discussed in further detail below.

### **Condition 1: Provision of 15% Affordable Housing for a period of 15 years**

#### **Proponent's Response:**

Longhurst Group commissioned an independent feasibility analysis to assess the impact of a 15% affordable housing contribution on the overall viability of the project. The feasibility study (**Attachment A1**) provided is accompanied by a Cost Plan (**Attachment A2**) prepared by WT Partnership.

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The study highlights 6 potential scheme options with various affordable housing contribution rates (**Table 4**). Scheme 1 is the Panel's Rezoning Review recommendation and Scheme 6 is the proponent's preferred option.

**Table 4 – Affordable Housing Contribution Table**

	Density Breakdown	Affordable Housing	Affordable Housing GFA	Affordable Housing Units (Approx.)	P+R%
<b>Scheme 1</b> <b>15% AH (15 years)</b>	7:1 Residential 2:1 Non-Residential	<b>15%</b>	3,682m <sup>2</sup>	36 Apartments	12.24%
<b>Scheme 2</b> <b>5% AH (15 years)</b>	7:1 Residential 2:1 Non-Residential	<b>5%</b>	1,227m <sup>2</sup>	12 Apartments	17.39%
<b>Scheme 3</b> <b>2.5% AH (perpetuity)</b>	7:1 Residential 2:1 Non-Residential	<b>2.5%</b>	614m <sup>2</sup>	6 Apartments	17.55%
<b>Scheme 4</b> <b>12.5% AH (15 years)</b>	8:1 Residential 1:1 Non-Residential	<b>12.5%</b>	3,682m <sup>2</sup>	36 Apartments	17.74%
<b>Scheme 5</b> <b>10% AH (15 years)</b>	8:1 Residential 1:1 Non-Residential	<b>10%</b>	2,880m <sup>2</sup>	29 Apartments	18.37%
<b>Scheme 6</b> <b>8% AH (15 years)</b>	8:1 Residential 1:1 Non-Residential	<b>8%</b>	2,303m <sup>2</sup>	24 Apartments	18.87%

The proponent has stated that the Panel's recommended 15% contribution rate (Scheme 1) is significantly detrimental to the overall viability of the project, which would jeopardise the ability to deliver any housing altogether as it would only produce a profit margin (P+R%) of 12.2% and an Internal Rate of Return (IRR) of only 9.3%. Therefore, other scheme options as outlined above have been considered to enable a contribution that is as close as possible to the Panel's recommendation whilst maintaining project viability.

Whilst schemes 2-4 produce an improved P/R of approximately 17-18%, this would still present an adjusted risk profile that would adversely affect the project's viability. Scheme 5 provides a balance of feasibility and public benefit, ensuring a reasonable outlook on project viability whilst delivering a double-digit percentage of affordable housing. Scheme 6 is very close to a feasible return metric and is the preferred option moving forward.

In addition to the above, the proponent has advised (**Attachment A4**) that



- All scenarios modelled assume the sale of all residential, commercial, retail and affordable housing stock upon completion of the project and do not use any rental income.
- The assessment of the value for the affordable housing is assuming a sale or valuation of the affordable housing as at the completion of the project.
- The assumptions used for consultancy fees covers costs incurred as part of both the rezoning and construction of the future development.

## PPA Comments:

The PPA team notes that the proponent's assessment shows that provision of 15% AH for a period of 15 years is not feasible under the current controls. In an attempt to address the Panel's conditions, the proponent has model a number of AH scenarios, three of which align with the FSR controls previously considered by the Panel and the other three used a different density breakdown.

Feasibility modelling will vary from developer to developer and between different feasibility analyses. Typically, developers target a 20 per cent development margin to determine if an AH rate is "feasible". Where development margin falls below 20% but above 18%, the project is considered marginal-to-feasible, however with a reduced profit. Where the development margin falls below 18% the development is considered not "feasible". Where the project margin falls below 18% but remains above 17%, the project can still be considered to be feasible, however with a reduced return and profit.

Of the options presented by the proponent:

- Option 1 has a development margin of 12% and therefore is considered unfeasible.
- Options 2- 4 have a development margin in the 17% range and therefore could still be considered feasible, however a developer would take on a larger portion of risk.
- Options 5 and 6 have a development margin of 18% and therefore are feasible.

While the target benchmark margin sits between the 17-20 per cent, it's important to note that this does not mean the proposed development cannot be built, rather it means that a margin below these figures requires the developer to assume a larger risk with the potential for a reduced profit margin.

The PPA team also has the following comments regarding the proponent's feasibility study:

- The rental profits of the AH properties have not been included in the calculated profits;
- The price of the AH units has been discounted by 35%. This has been applied by the proponent due to assumed lesser amenity of the AH apartments. Whether the apartments can be sold at full market price in 15 years' time has not been considered; and
- A breakdown of the cost of professional (consultant and project management) fees – costing the project \$70 million, has not been provided.

Council recently endorsed the ECC Strategy and has subsequently lodged a planning proposal with the Department to enable to the LEP changes sought within the Strategy. AH testing supporting the strategy recommended that Council pursue an AH contribution rate of 5% in perpetuity, with analysis demonstrating that viability can be achieved across all sites with a 5% contribution rate within five to ten years. However, 5% is currently not considered viable and in the interim, Council has resolved to apply a lower contribution rate of 3% until 5% becomes viable. This approach was considered consistent with the approaches of other councils with similar circumstances.

A planning proposal for 8-10 New McLean Street, Edgecliff (PP-2023-1648) which the Panel is the PPA for and is currently on exhibition, is proposing an AH contribution of 2.76% in perpetuity, which

was demonstrated by the proponent to be feasible. This planning proposal was also subject to a rezoning review, where the Panel required feasibility work be undertaken to inform an appropriate AH rate. The increase in dwelling yield and resulting planning controls being amended under the 8-10 New Mclean Street proposal are significantly lower than those sought under this planning proposal.

Should the Panel wish to interrogate the AH component proposed by the proponent, it is recommended that an independent peer review be undertaken to determine an AH contribution rate, and the form it takes (in perpetuity or for a fix term).

## **Condition 2: Draft Development Control Plan**

### **Proponent's Response:**

The proponent has not updated the proposal to include a site specific DCP requirements clause, however has provided a draft DCP to assist the Panel on what an indicative DCP could look like.

A draft DCP has been prepared that outlines the scale of the built form which establishes the transitional and variable height across the site that is in accordance with the Planning Proposal, including appropriate setbacks to reflect the adjacent lower scale heritage area and appropriate podium heights.

The DCP incorporates all matters outlined by the Panel, including:

- Boundary Setbacks;
- Podium Heights;
- Solar access and overshadowing of the lower scale heritage conservation area;
- Height of the individual buildings and podiums including the road reserve portion;
- Private and communal open space delivery and quantum;
- Any agreed community facilities;
- Criteria for location of affordable housing; and
- Public domain improvements.

### **PPA Comments**

While the proponent has provided a draft site specific DCP to the PPA team, the planning proposal has not been updated to include a site-specific clause to identify the site as an 'Area' within the Key Sites Map and a requirement for the DCP. It is understood the proponent is seeking to make all the updates once an Affordable Housing rate is finalised. It is noted however, that the proponent has provided a draft site specific DCP dated April 2025 (**Attachment A3**).

The PPA team have reviewed the draft DCP and consider that it addresses the matters raised by the Panel.

Although a floor plan identifying the location of the AH units has not been provided, the proponent has advised that units with lesser access to views and amenity be allocated for the purpose of AH so as to provide units that are as affordable as possible given the project parameters.

The PPA team consider that consistency with this condition remains outstanding, however can be met once the planning proposal is updated to include the draft clause.

## **Condition 3: Non-Residential GFA Cap**

### **Proponent's Response:**

In the proponent's response in **Attachment A**, the maximum non-residential component directly relates to the level of AH provided on the site. Regarding the minimum 2:1 non-residential FSR, the

proponent has provided AH scheme options which also consider a non-residential FSR of 1:1 (schemes 4-6).

### PPA Comments

The PPA team will ensure that no maximum cap is included when the proponent updates the planning proposal report.

Regarding the minimum 2:1 non-residential FSR, the proponent has provided AH scheme options which also consider a non-residential FSR of 1:1 (schemes 4-6). The Panel are required to confirm if this reduction in minimum non-residential FSR is acceptable.

### Other Matters

The site was considered by the Housing Delivery Authority (HDA) and declared a State Significant Development (SSD) by the Minister on 18 March 2025. In making the recommendation, the HDA identified that the site was subject to an existing planning proposal pathway to rezone the site (PP-2024-540). If lodged, a future SSD would be assessed by the Department via the HDA SSD Pathway. As the SSD relates to controls sought under this planning proposal, the application would not be determined until this planning proposal is finalised.

## 4 Next Steps

The Panel must confirm a preferred AH scheme to progress the planning proposal with. Once this has been settled by the Panel, the proponent will be required to update the planning proposal report to identify:

- The percentage of AH contribution along with associated mapping;
- The portion of non-residential FSR and residential FSR provided by the scheme;
- A site-specific clause to include the site on the *Key Sites Map* and a requirement for the preparation of a DCP; and
- Other administrative amendments including the updated FSR and HOB as per the Panel reasons for decision.

The planning proposal could then progress to the Gateway stage for further by the Department, in its role as LPMA, subject to the panel's approval.

Should the proposal progress to exhibition, the Panel will have a further opportunity to consider the proposal and any submissions at post-exhibition stage as part of its decision whether to support progression of the proposal to finalisation.

## Attachments

### **Proponent's Pre-Gateway Package**

**Attachment A** – Pre-Gateway Cover Letter (May 2025)

**Attachment A1** – Affordable Housing Feasibility Study (May 2025)

**Attachment A2** – Budget Estimate (March 2025)

**Attachment A3** – Site-Specific DCP (April 2025)

**Attachment A4** - Proponent's response to PPA team questions

### **Planning Proposal package as submitted to Council**

**Attachment B** – Planning Proposal Report (March 2024)

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- Attachment B1** – Urban Design Report
- Attachment B2** – Social Impact Assessment
- Attachment B3** – Economic Impact Assessment
- Attachment B4** -Visual Impact Assessment
- Attachment B5** – Transport and Accessibility Assessment
- Attachment B6** – Heritage Impact Assessment
- Attachment B7** – Environmental Wind Assessment
- Attachment B8** – Acoustic Assessment
- Attachment B9** – Preliminary Site Investigation
- Attachment B10** – Geotechnical and Structural Engineering Statement
- Attachment B11** – Preliminary Aeronautical Assessment
- Attachment B12** – Arboricultural Impact Assessment
- Attachment B13** – Utilities Desktop Review
- Attachment B14** – ESD Strategy
- Attachment B15** – Scoping Proposal Council Advice
- Attachment B16** – Survey Plan
- Attachment C** – Panel’s decision on Rezoning Review
- Attachment D** – Assessment against the Panel conditions

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06/06/2025

Douglas Cunningham  
Manager, Planning Proposal Authority

A handwritten signature in black ink, appearing to read "LMcMahon", written over a horizontal line.

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17/6/25

Louise McMahon  
Director, Planning Proposal Authority



# Pre-Gateway Determination Report

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## Assessment officer

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