

8.2. MM02: Precinct planning for the State Significant Development Applications on 5 & 15 Blue Street, North Sydney and the St Francis Xavier site, Lavender Bay

Since January 2025 when the Housing Delivery Authority (HDA) commenced considering expressions of interest for proposals to be declared State Significant Development (SSD) or SSD with concurrent rezoning, more than 10 proposals in the North Sydney LGA have been so declared by the Minister for Planning with many more in the HDA pipeline.

Those SSD proposals, if approved by the Minister or his delegate, will account for more than 3,000 new dwellings on a handful of sites. That is, half of the five-year housing target of 5,900 without factoring in the contribution of Low to Mid Rise housing nor the St Leonards/Crows Nest 2036 Plan as augmented by the gazetted Crows Nest Accelerated Transport Oriented Development controls.

The SSD pathway is a “fast track” process and overrides local planning controls.

Historically, most SSD applications have been for development in Crows Nest, St Leonards and the North Sydney CBD. However, since the HDA was established, projects are proposed in areas that have seen little large-scale development in recent years – such as at Lavender and Middlemiss Streets, Lavender Bay or Blue Street, North Sydney, and Mackenzie Street, Lavender Bay (St Francis Xavier site).

The scale of development proposed, the number of applications, the “fast track” nature of the process, and the evaluation of the projects by the Department of Planning rather than Council have left many residents of McMahon's Point, Milsons Point, and Lavender Bay feeling overwhelmed and somewhat powerless against the State planning juggernaut.

There are three SSD applications at 5 and 15 Blue Street, North Sydney and 1-13, 17-19 Mackenzie Street and 211 Blues Point Road, Lavender Bay that ought to be considered, not as individual application, but holistically as part of a precinct adjoining North Sydney Station.

Those three SSD applications are as follows:

- SSD-86299960 – 15 Blue Street (Fujitsu Building) which proposes rezoning from E2 Commercial Centre to MU1 Mixed Use and increased height from RL130 to RL162, construction of a 30-storey tower with 200 apartments, new entry to North Sydney Station, and public domain improvements;
- SSD-86270706 – 5 Blue Street (Zurich Building) which proposes rezoning from E2 Commercial Centre to MU1 Mixed Use (“shop top housing”) and construction of a 29-storey tower with commercial use on the ground floor, 195 affordable housing co-living units on levels 1-5, and a residential flat building on levels 6-27 with approximately 200 apartments; and
- SSD-8872457 - 1-13, 17-19 Mackenzie Street, and 211 Blues Point Road, Lavender Bay (Francis Xavier site) which proposes to rezone the site to part MU1 Mixed Use and retain the SP2 Infrastructure zoning for the Church and increase the height to permit a 20-storey tower, adaptive reuse of the former school building, construction of 186 dwellings within

a 20-storey mixed use tower, a three-storey residential building, and a seven-storey mixed use building with five levels of residential units, through site links to North Sydney Station Plaza.

The sites adjoin the Lavender Bay Heritage Conservation Area which includes St Peter's Presbyterian Church and grounds, St Peter's Presbyterian Church Manse, St Francis Xavier Church, St Francis Xavier School Hall, and more than 30 individual heritage items ranging from terraces (first to be built on the northern side of the harbour) to workers cottages. The topography is steep and drops sharply from North Sydney Station to Lavender Street – the heritage conservation area and adjoining properties are to the south of the proposed SSD developments giving rise to significant amenity impacts as a result of the proposed towers.

On 16 July 2025 the Department of Planning issued Secretary's Environmental Assessment Requirements (SEARS) for the Zurich Building application. On 17 July 2025, SEARS were issued for the Fujitsu Building application and on 22 August 2025 SEARS were issued for the Francis Xavier site.

Each of the Applicants is currently preparing an Environmental Impact Statement (EIS), guided by the SEARS, to be lodged with the Department of Planning and subsequently publicly exhibited for a mere 14 days.

The SEARS for all three applications includes the following requirement:

"23. Public space

...Demonstrate collaboration and a consistent approach for the public domain and proposed Blue St Square with the landowners of 5 Blue [or in the case of the Zurich Building – "with 15 Blue Street and the Catholic Church at 17 Mackenzie Street"]"

The SEARS for 5 and 15 Blue Street include a requirement:

"10. Transport

The TIA [Traffic Impact Assessment] should assess the cumulative impacts arising from surrounding known or committed developments, including but not limited to adjoining sites at 15 Blue Street and 1-13 Mackenzie Street. [Expressed as "5 Blue Street and 1-13 Mackenzie Street for the Fujitsu Building"]".

Those SEARS implicitly acknowledge that best practice planning would consider all three applications on adjoining land with proposed interconnected public domain works in an holistic precinct plan. Not site by site, in isolation.

All three applications propose a "fast track" rezoning. Two of the sites are currently zoned E2 Commercial Centre under North Sydney Local Environmental Plan 2013. The proposed rezoning to MU1 Mixed Use is inconsistent with Council's strategic planning for residential development in the area and undermines the role of the commercial centre.

Objective 18 of the Sydney Region Plan – A metropolis of three cities, 2018 provides that the "Harbour CBD is stronger and more competitive".

The plan states that:

*“Facilitating office development can be complex, especially as residential development also competes with commercial development for scarce Harbour CBD space. Maintaining a long-term supply of office space is critical to maintaining Greater Sydney’s global economic role and **should not be compromised by residential development.**”*

Planning Priority N7 of the North District Plan 2018 is identical to Objective 18 of the Sydney Region Plan. The North District Plan states:

“Maintaining a long-term supply of office space will maintain Greater Sydney’s global economic role and should not be compromised by residential development. Future planning for the Harbour CBD will balance high levels of development with high levels of amenity.”

*[The North Sydney CBD] “is recognised as the northern component of the Harbour CBD ...**It’s ongoing protection and growth is key to its prominent role in the Greater Sydney office market.**”* (my emphasis in bold)

This important strategic context must be considered for each site, but also the cumulative impact of rezoning all three sites on this special precinct around North Sydney Station.

It is, therefore, vital that the three applications be assessed and considered together to promote excellent, careful planning within this important precinct:

- to properly consider the strategic merit of the proposed rezonings in the context of the vital role the E2 Commercial Centre zone plays within the State and National economy (contributing approximately \$23B in GDP and providing employment and economic growth);
- to address the height, form and massing of the proposed 20, 29 and 30 storey towers on the adjoining properties and Heritage Conservation Area to the south to mitigate amenity impacts such as solar access, visual and acoustic privacy; and
- to ensure co-ordinated public domain improvements and public benefits arising from any up-zoning which will deliver considerable increased yield on each of the sites, consistent with the careful local planning

I therefore recommend:

1. THAT Council write to the Minister for Planning and the Planning Secretary urging that the three sites be considered concurrently and as part of an holistic precinct plan and seek a meeting with the Minister and the Department to discuss the impacts of these projects, best practice planning, and the future of the North Sydney CBD and E2 Commercial Centre zone.

COUNCILLOR ZOË BAKER
MAYOR