Attachment A

Correspondence from GPT Group - Affordable housing contribution

10 December 2025

Graham Jahn
Chief Planner / Executive Director
City Planning Development and Transport
Sydney NSW 2000

Via email: gjahn@cityofsydney.nsw.gov.au

Dear Graham,

Public Exhibition – Planning Proposal – 580 George Street, Sydney – Sydney Local Environmental Plan 2012 and Sydney development Control Plan 2012 Amendment.

Thank you for the opportunity to address the Council at Transport, Heritage and Planning Committee meeting on Monday 8 December. We understand that this is now being discussed at the Central Sydney Planning Committee on 11 December 2025.

In relation to the matters raised pertaining to the draft Affordable Housing Policy and the impact on this project, we note the following:

Site conditions

- The site has limited access from both George Street and Bathurst Street and sits on a prominent corner
- The site is located in a 'tower cluster site' and has an identified height limit of 55m for the north western corner and 235m for the remainder of the site, under the Sydney Local Environmental Plan. However realising the height potential for the site would have adverse amenity impacts on the adjacent Greenland Building which restricts the potential development of the site
- GPT has proactively worked with the City of Sydney (CoS) to create a building envelope that will significantly contribute towards the continued evolution of the mid-town precinct of the Central Business District, will activate this corner and increase employment generating floor space – a key strategic intent for this site. Failure to progress the Planning Proposal (PP) would be inconsistent with that planning objective
- The site is constrained in its development potential for the reasons set out above which from the outset make this project financially challenging. This was a key factor which the GPT team worked through with the CoS from mid-2024, prior to progressing the Planning Proposal (PP)

Public benefits

- The proposed development will significantly contribute towards the activation of this key corner, particularly at a time when CoS is seeking to transform Town Hall Square
- The future Design Excellence Competition (being a CoS requirement) will ensure a sympathetic heritage outcome is achieved, that aligns with the future intent
- The development will convert an under-utilised site for commercial generating floor space, which is a key strategic goal for CoS
- It will activate the street and provide public domain improvements and public art opportunities
- The PP, if realised, will encourage public transport and active transport usage, capitalising on the proximity of employment to light rail, metro and train stations
- The proposal will reduce private vehicles on the site
- The building will be designed in accordance with CoS's Net Zero policy
- The development will significantly contribute towards affordable housing, in accordance with the current policy settings

Commercial market

- It is widely recognised that the Australian commercial office market hit a cyclical low in the aftermath of COVID-19 and continues to face a slow recovery. Multiple structural and economic factors are still weighing on the sector, making new commercial developments particularly challenging.
- The report commissioned by the CoS dated October 2024, titled City of Sydney Affordable Housing Contributions – Review of Contribution Rates "The Economic Report" confirms that the post COVID structural changes to the office employment space, has resulted in elevated vacancies and incentive levels since 2020.
- The Economic Report states that in July 2024, the Sydney CBD vacancy rate was at *11.6% and "… this is*

only assisted by the incentive provisions such as reduced rents, ability to pick and choose office requirements and flexibility on lease expiry"
- The Economic Report further notes that take up of office and retail is expected to be slower in the immediate term, with the cost of construction still yet to normalise and concludes "…*the imposition of alternate Affordable Housing contributions today is unlikely to be tolerated by many developments, given the factors aforementioned. As the market and economic environment begins to stabilise, the phased introduction of Affordable Housing contributions would give development markets the opportunity to adjust gradually."*
- The Economic Report also states "…*the phased introduction of Clause 7.13B contribution rates (for Planning Proposal land) would allow planning proposals already in train to be completed and eventually progressed for development"*
- The GPT Group asserts that enforcing an unendorsed and unresolved policy on a Planning Proposal (PP) already in assessment is procedurally inconsistent and exceeds the absorbable financial limits identified in The Economic Report
- The draft Affordable Housing (AH) policy has only recently come off exhibition, and CoS is still undertaking an assessment following stakeholder feedback
- With all new policy settings, there is a transition period that allows time for the market and developers to adjust to new policy settings. It is therefore inappropriate to shift the goal posts and apply a draft monetary policy to an application 18 months after preliminary discussions with CoS commenced and prior to the policy being gazetted. This would be in direct conflict with the 'phase in approach' documented in The Economic Report, which states that without this, *"…it would significantly impact feasibility and would generally not be tolerated today"*

Timing and Feasibility Impact of the Additional Housing Contribution
- The GPT Group represents the General Property Wholesale Fund (GWOF) who are the owner of the subject site. GWOF is a specialist, office-only investment vehicle. Its entire strategy, mandate and asset base are dedicated solely to acquiring, owning and managing premium office assets. The fund does not invest in retail, industrial, residential or mixed-use product
- GPT commenced discussions with CoS on the PP in mid-2024. With the CoS's firm commitment to progress the PP and a clear understanding of the requirements, GPT subsequently secured investor approval based on a feasibility that incorporated the known developer contributions. Contributions were reconfirmed with CoS as late as May 2025, prior to lodgement in August 2025 at which time, any additional AH contributions were not raised.
- When investor approval was sought, the project achieved the required return metrics, supporting the PP application being submitted. Should CoS implement the proposed draft voluntary AH policy, this would push the project's returns below those required to maintain investor support
- GWOF is currently required to pay $1.16M in AH contributions. Should CoS impose to enforce the draft AH policy (that is still under assessment and yet to be finalised), this will increase the contribution to approximately $2.2M - $3.5M, depending on the timing of the development application approval. This is based on the FSR increasing from 12.5:1 to 15:1, as outlined in the PP.
- It should be noted that any draft AH contribution would be in addition to other contributions that are also required (and accepted) to be paid, which total approximately $4m under current policy settings.

In conclusion, GPT notes that conditioning the PP with the proposed draft voluntary affordable housing policy would render the project unviable, as returns would fall short of investor requirements. Consequently, the project may not be able to proceed and other substantial public and economic benefits would not be realised.

Yours sincerely

Frank Lonetti
Head of Development, Office
The GPT Group