

Subject: Planning Proposal - Pacific Hwy St Leonards
Record No: SU5245 - 63173/13
Division: Environmental Services Division
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Executive Summary

A Planning Proposal has been submitted to Council to rezone a site within the St Leonards Specialised Centre from B3 Commercial Core to B4 Mixed Use. The site fronts Pacific Highway to east and west of Friedlander Place, mid-way between Oxley St and Christie St.

The Planning Proposal consists of two components:-

- (i) Rezoning to B4 Mixed Use: This covers four private properties, from 472 to 520 Pacific Highway, and the Council-owned plaza Friedlander Place; and
- (ii) Height: It is proposed that the height be substantially increased for three of the properties: 472, 486 and 504-520 Pacific Highway.

The Planning Proposal comes at a time when the future of the Lane Cove Council portion of St Leonards is being considered in the context of Willoughby and North Sydney LGAs developing their portions of the St Leonards Centre for mixed use development.

The Planning Proposal offers an opportunity to revitalize an ageing precinct, improve public domain activation and circulation space and provide considerable public benefits. Three key issues require particular consideration: economic viability and employment capacity, urban design and potential public benefits through a voluntary planning agreement.

It is recommended that Council approve the planning proposal for submission to the NSW LEP Gateway conditional upon: (i) a site-specific development control plan being prepared prior to exhibition and (ii) the public benefits above being formalized in a robust voluntary planning agreement to be prepared prior to exhibition of the planning proposal.

Background

The Planning Proposal was prepared by Urbis planning consultancy on behalf of Leighton Properties, owner of 472 and 486 Pacific Hwy, and Charter Hall, owner of 504-520 Pacific Hwy. The proposal was submitted to Council on 25 October 2013 and is attached at **AT1**. It is accompanied by an Urban Design Report by Sissions Architects, an Economic Assessment by Urbis, a Traffic Report by Brown Consultancy Pty Ltd and a Contamination Preliminary Site Analysis for the Leighton site (formerly a service station) by Aargus.

The Planning Proposal has been lodged with Council at a time when the vision for St Leonards is being reviewed. Lane Cove Council has worked consistently to retain the commercial core within the St Leonards centre, in accordance with the St Leonards Strategy (2007) and State policies. However, development has not occurred (even though two commercial projects did make some progress in the planning stages) in the Lane Cove portion of St Leonards even with the uplift in FSR and height provided in LEP 2009.

Development has been occurring in the North Sydney and Willoughby LGA parts of St Leonards. This development has generally been mixed use. The subject planning proposal represents part of the Lane Cove portion of the St Leonards Centre coming into alignment with the remainder of the centre.

Discussions have recently been held with Department and adjacent councils re scale and employment/ residential balance under Metropolitan Strategy. An independent economic review of the proposal has been undertaken for Council.

Council will recall that a presentation on the proposal was made by Urbis at a Councillor Workshop on 12 August 2013.

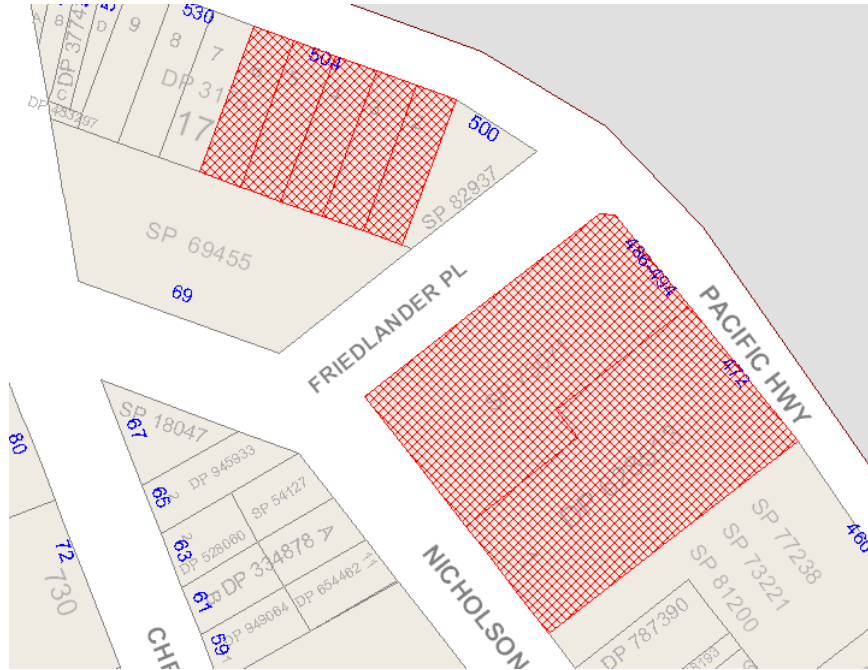
The Site

The site is detailed in the Planning Proposal as follows:-

- (i) 472 Pacific Highway: A six storey commercial building in the single ownership of the Leighton Group Companies and legally known as Lot 1 in DP628513. The site area is approximately 2,663sqm;
- (ii) 486 Pacific Highway: A six storey commercial building that is strata titled and owned wholly by Leighton Group Companies (SP73071). The site area is approximately the same size as No.472.'s area;
- (iii) 500 Pacific Highway: A six storey commercial building in strata ownership (SP82937);
- (iv) 504 - 520 Pacific Highway and 95 Nicholson Street: A ten storey commercial building and four storey commercial building that are owned wholly by Charter Hall and legally described as Lots 2-6 in Section 17 in DP3175. The site area is approximately 1,920sqm; and
- (v) Albany Street (known as Friedlander Place): A pedestrian way linking the Pacific Highway with Nicholson Street to the south. This site is owned by Lane Cove Council and is legally known as Lot 1 in DP1179636.



Site – Rezoning: 472, 486, 500 & 504-520 Pacific Highway and Friedlander Place.



Site – Height increase: 472, 486 & 504-520 Pacific Highway

Discussion

Proposal

The planning proposal seeks to amend the site's zoning under LEP 2009 from B3 Commercial Core to B4 Mixed Use so as to permit residential as well as retail/ commercial uses. It would provide:-

- Total floor area: 83,255m² (1)
- Retail/ commercial: 6,950m² i.e. 348 jobs
- Apartments: 910

(1) The planning proposal states 82,405m², and an extra 850m² commercial is now proposed (refer A- 8). This increases the commercial floor area from 6,100 m² in the planning proposal to 6,950 m².



The planning proposal provides for three towers configured as follows (see diagram above):-

472-486 Pacific Highway (Leighton Properties)

- Tower 1, fronting Nicholson St:-
 - Retail at ground floor, with residential units in levels 2 - 34 of the tower, over 3 levels of above-ground parking
 - Height: 115 metres
- Tower 2, fronting Pacific Hwy:-
 - Retail at ground floor with commercial up to the 4th level and residential units on levels 5 - 23 of the tower
 - Height: 85 metres.

The two Leighton buildings together would comprise a Retail/ Commercial floor area of 3,750m² (i.e. 188 jobs), 520 apartments and an FSR of 10.1:1.

504 Pacific Highway (Charter Hall)

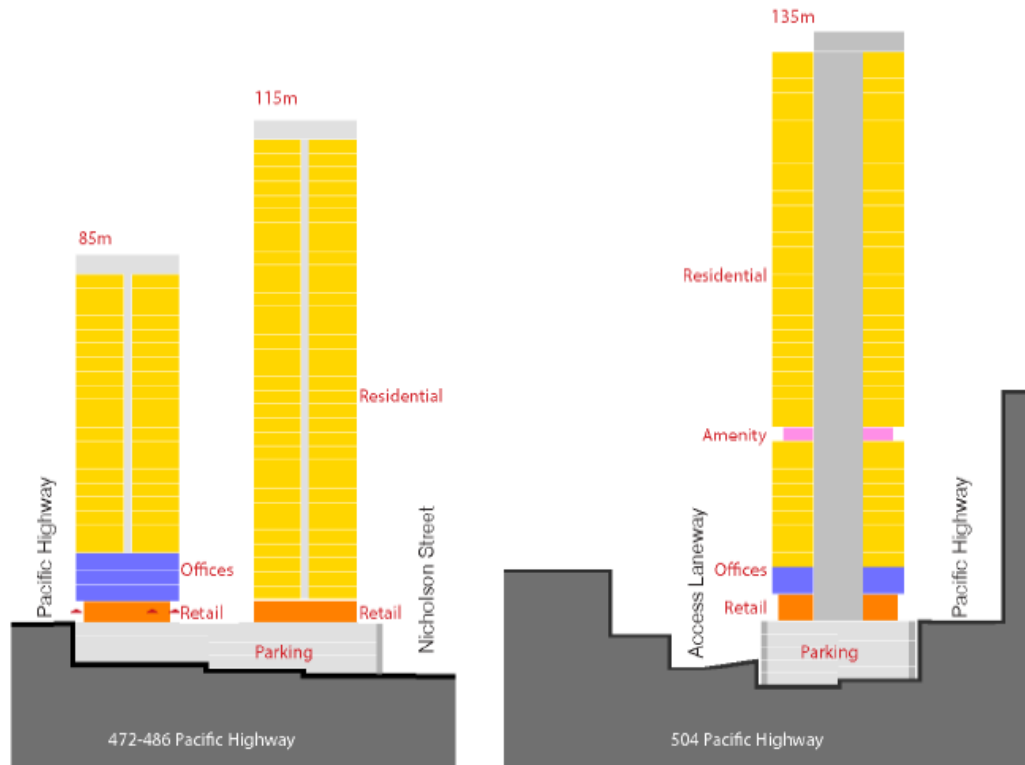
- Tower: Retail use at ground floor with commercial up to the fourth level and residential units above.

This building would comprise:-

- Retail/ Commercial floor area: 3,200m² i.e. 160 jobs
- Apartments: 400 approximately
- FSR: 17:1.

The FSRs requested would be subject to review during the preparation of a draft DCP before exhibition. Factors which may result in the reduction of the FSR include any adjustment to the height, setbacks, if the building is considered too bulky, and other design factors. This proposal is not comparable with an application under the former Part 3A rules, which locked Council into a specific design before DA stage. The design submitted to date is in no way binding on Council. The amended Charter Hall scheme provides 4 storeys of commercial floor space (see **AT-8** and **AT-9**).

Leighton are proposing 4 storeys of retail/ commercial for the building fronting Pacific Hwy, including a ground level retail plaza of 5,000 m². There is no justification given, however, for not providing four storeys of commercial in this rear building as well. This would be consistent with a recent agreement between the Department and the two adjacent councils for four levels of commercial to be “quarantined” by all councils across the centre, which would preserve approximately one half of this site’s existing jobs capacity, rather than reducing it to only one-third.



There are three key issues in relation to this planning proposal: employment capacity, urban design and public benefits to be obtained through a voluntary planning agreement.

1. Employment Floor Space

Metropolitan Strategy 2031

A key issue in relation to a proposal for rezoning from commercial to mixed use, including predominantly for residential use, is the proportion of employment floor space which should be retained.

In preparing Draft LEP 2008, Council was required to demonstrate that it would be providing substantial commercial floor area across the centre's properties. This was consistent with State policies current around that time, in particular:-

- Metropolitan Strategy for Sydney 2031: This identified St Leonards as a Specialised Centre. Its Draft Inner North Subregional Strategy proposed an employment target of 8,000 new jobs for St Leonards across the three council areas. The jobs target for Lane Cove itself is 6,500 jobs to be provided across the LGA. The Lane Cove target is intended primarily to be met within St Leonards i.e. around 5,000 jobs. This is due to the fact that the only other major employment centre, the Lane Cove West Industrial Area, has been shown in an independent traffic study to have limited additional capacity due to traffic constraints based on its single road access.
- St Leonards Strategy 2006: This strategy was prepared jointly by consultants for the Department and Lane Cove, North and Willoughby Councils, and endorsed the southern (Lane Cove) section of the St Leonards Specialised Centre to remain a commercial precinct, by contrast with the mixed use zones prevalent within the other two council precincts.

It is recognised, however, that as a consequence of these targets, Lane Cove's Draft LEP was required to build in a significant excess of floor space to ensure that at least some of it would be redeveloped. This was based on a number of factors producing uncertainty as to which sites, if any, would in practice be developed. In particular, many sites are in multiple ownership under strata title, such as medical suites at 69 Christie St immediately south of the subject site, or as small single lots containing small shops along the Highway.

Economic Factors

One site for which there was a comparatively low expectation of redevelopment in the short-term was in fact 504-520 Pacific Highway, given that it was already one of the most substantial office buildings in the precinct. Additionally, 472 Pacific Hwy was at the time undergoing a major refurbishment, and 486 Pacific Hwy was a strata complex under a different ownership. The FSR controls applied to those sites in 2008 were intended for the longer-term future of this 15-25 year local environmental plan.

It has been shown by the proponent's approach to Council now that, even at the significant FSR uplift of 17:1, wholly-commercial development has not proven attractive in the market. In this regard it is noted also that the 18-storey commercial development at 88 Christie St, approved by the State Government in 2011 at FSR of around 12:1, has not to date progressed. Similarly, 472 Pacific Highway, the Leighton site, was to be redeveloped involving 2 commercial towers to accommodate the Leighton Group. Ultimately, the economic feasibility indicated the proposal not to be viable, with the Leighton Group now to relocate to North Sydney.

While traditionally height and FSR have been the tools to stimulate redevelopment, they are only effective where there is demand. St Leonards as a whole is recognised as a Tier 4 office location, which means projects the scale currently permissible under the LEP 2009, may not be attractive to the market.

As a result the Department has been willing recently to meet to reconsider employment zoning and targets for the Specialised Centre. Council requested meetings also with North Sydney and Willoughby Councils (as elsewhere) with a view to a collegiate approach to these issues. As a result of these discussions, broad agreement has been indicated by the four agencies that it would be appropriate to "quarantine" four storeys of commercial floor space in mixed use developments generally throughout the Centre.

That approach would be consistent with the planning controls and urban form in North Sydney. In Willoughby, there is little commercial land available for redevelopment with the exception of the Alto Ford site immediately east of the rail line behind St Leonards station. The main site for the location of any new Willoughby jobs is the RNSH site, identified for 3,000 jobs under the Metropolitan Strategy.

Assessment of the current planning provisions was undertaken through two economic reports: one by Urbis, for the proponent, and a second, by Hill PDA, as an independent review for Council.

Economic Analysis - Urbis, October 2013

The Economic Analysis by Urbis is attached at **AT-2**. An Addendum to the Planning Proposal by Urbis relating to Section 117 Direction – Business Zones is attached at **AT-3**.

This study concludes that the jobs target under the Metropolitan Strategy for the St Leonards Specialised centre (all council areas) is being met already through vacant stock and recent approvals:-

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PLANNING PROPOSAL - PACIFIC HWY ST LEONARDS

TABLE 1 – SURPLUSE / DEFICIT OF OFFICE FLOORSPEACE

	OFFICE FLOOR SPACE SQ.M
Vacant Existing Floor Space	44,231
Proposed Commercial Developments	73,052
Withdrawal of 95 Nicholson Street and 504, 472 & 486 Pacific Highway	- 21,547
Existing and Approved Supply	95,736
Demand for Office Floor Space (by 2031)	58,200 - 77,600
Surplus/Deficit (by 2031)	18,100 – 37,500

Source: BTS 2012; draft Metro Strategy; PCA Office Market Report January 2013; Urbis

There is to an extent a disparity between the Metropolitan Strategy targets and the commercial demand estimates of the economic studies. The Metro Strategy's target of 5,000 jobs for St Leonards (8,000 with the 3,000 on the Royal North Shore Hospital site) would equate to 100,000m² of commercial floor space (5,000 x 20m² per person). The entire commercial floor space of St Leonards, currently 369,000m², would be increased by 27%.

Lane Cove's requirement for 5,000 jobs in St Leonards would absorb that entire target.

The requirement to meet Lane Cove's Metro target of 5,000 jobs implies:-

- 5,000 jobs x 20m² each = 100,000m² commercial floor space;
- If this site and all other developable sites in Lane Cove's section of the centre share the target equally (over their total 35,000m² site area), this would require FSR of 2.8:1 across this and all sites; or
- If this planning proposal were accepted (6,950m² commercial floor space over the 7,246m² site), only FSR 0.96 will be provided on this site;
- All other sites would have to provide the majority of the target, with FSR 3.6:1 on their sites (The precinct's total site area would be 27,750m² without this site. They would have to provide approximately 93,000m² commercial floor space between them i.e. 4,625 jobs); and
- This site comprises 20% of the developable site areas on Lane Cove's side, but would provide only 7% of the jobs target.

Using a less simplistic basis, the Urbis report estimates (page 24) that, based on Bureau of Transport Statistics industry forecasts, the commercial jobs target would be less at only 3,882 as it will be located in the following land-use/floor space categories:-

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LAND USE	JOBS GROWTH (2011 TO 2031)
Industrial	-354
Office	3,882
Retail	412
Education	322
Health	3,582
Other	307
Off-Site	-160
Home	8
Total	8,000

Source: Bureau of Transport Statistics 2012; Urbis

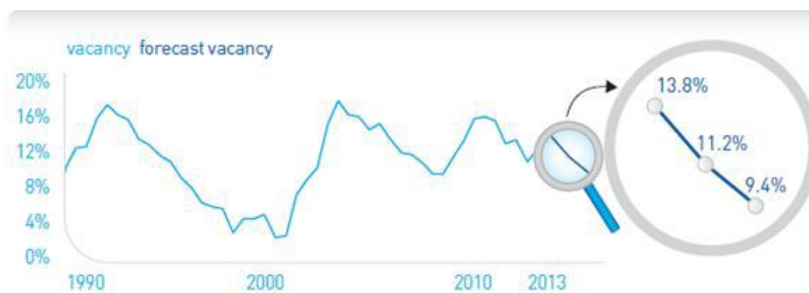
Urbis' Economic Assessment concludes (pages iii, 9 and 28) that the combination of existing vacant stock (44,231m²) and proposed commercial floor space at 88 Christie St and Gore Hill (73,052m²) would be sufficient to accommodate the employment growth targeted by NSW Government's Metro Strategy.

Economic Analysis Review - Hill PDA for Council, 21 November 2013

The Economic Analysis review by Hill PDA is attached to this report at **AT-4**.

The Hill PDA study advises that:-

- Vacancy rates are declining: Growing interest in North Sydney and associated rental increases are likely to have a positive flow on effect to other centres in the hierarchy such as St Leonards / Crows Nest. This optimism may be exemplified by the declining vacancy rates in St Leonards / Crows Nest from 15% in 2010 to 12% in January 2013. Although it has experienced a temporary fluctuation in trend to 13.8% in July 2013, it is anticipated that vacancy rates will continue to decline to 9.4% as shown in the figure below sourced from the PCA July 2013 Commercial Office Market Report (pages 3-4).



- Noting these improvements in the St Leonard's office market, residential uses continue to represent the more financially attractive development options. Furthermore the office market has not improved to such a point that a substantial increase in commercial office space could be supported. To exemplify this point, should the entire planning proposal be

developed as commercial office floor space (even in the case that it is not financially viable) it would represent 15 years of supply in the North Shore market based on historic trends (see Council comment on Metropolitan Strategy requirements).

- Notwithstanding this, a smaller component of new, higher quality office space has the potential to be attractive to the market, particularly in conjunction with other developments and public domain improvements that would reinvigorate the Precinct and help minimise the net loss of employment-generating floor space across the site.
- Rezoning of commercial land should nevertheless be undertaken with caution: In both Chatswood and Milsons Point Centres, following the introduction of residential uses, “mixed use / residential development helped to undermine the prestigious commercial character of the precincts...”

Hill PDA summarises the options in its modelling relating to the proposal’s financial viability as follows:-

- (i) The planning proposal in its current form achieved a financial return well in excess of the targeted 20% development margin and consequentially could afford a significant monetary contribution as part of VPA for a change in use;
- (ii) The planning proposal with an alternative car parking rate achieved a slightly lower return but would still be a significantly attractive development option that could provide a monetary contribution for the change in use;
- (iii) Retaining the existing commercial supply (the proponent’s figure is 21,547m²; Hill PDA’s is 24,332m²) in a mixed use development would provide a return that was marginally financially attractive (17% IRR); and
- (iv) Amending the planning proposal so that it was 100% commercial office: This option resulted in a development margin of -5% and an IRR of 3.75% and demonstrated that a full commercial option is not viable.

In conclusion, Hill PDA identified three potential scenarios and their implications for Council consideration as follows:-

1. **Rejection of the current planning proposal.** This option would encumber the supply of new residential dwellings on the site and the associated benefits [revitalisation of the centre and public benefits through a VPA]. This option would retain the existing occupied 24,332sqm of commercial space [Urbis estimates 21,547 m²] and the associated 1,200 – 1,600 jobs it generates whilst protecting the commercial character of the Precinct;
2. **Amendment to the current planning proposal** to retain the existing level of commercial floor space within the mixed use development (24,332sqm): The greater the quantum of commercial floor space insisted upon on the site, the less attractive the option becomes from a financial perspective, running the risk of redevelopment not being achieved; and
3. **Accept the current proposal as it presently stands** this option would generate 900+ additional residential dwellings in the LGA, provide a notable contribution to public improvement’s by way of a VPA and be a catalyst for change. As referenced under option 2, it would however set a precedent that could lead to the erosion of the commercial core and the further net loss of jobs in the LGA.

Council comment in relation to the proposal’s reduction in floor space:-

The commercial floor space proposed (6,950m²) would be only FSR 0.96:1 (the site is 7,246m²), less than half of that even under LEP 1987's minimum of 2:1 during a period of static growth. A significant uplift to the FSR of 12:1 (Leighton site) and 17:1 (Charter Hall site) was initially intended to stimulate commercial redevelopment to revitalize these sites containing substantial, though ageing, floor space. Notwithstanding that this quantum of commercial floor area is acknowledged to be an oversupply for the one site, and the principle of mixed use is accepted, the commercial floor area is relatively low.

Commercial floor space of the combined site in overview:-

- Site area: 7,246m²;
- Retail/ commercial: 6,950m²; and
- Commercial FSR: 0.96:1.

The implications of this low level of commercial provision are considered to be as follows:-

- The total area of all sites which have reasonable potential to redevelop in the short to long term in Lane Cove's section of St Leonards is approximately 35,000m² (including this site);
- Lane Cove's jobs target for St Leonards is 5,000 - since constraints on the Industrial Area, Town Centre and neighbourhood centres limit their contribution to around 1,500 jobs of Lane Cove's total 6,500 under Metro Strategy;
- 5,000 jobs at the standard rate of 20m² floor space per employee = 100,000m² commercial floor area required under Metro Strategy; and
- 100,000m² over 35,000m² of sites = FSR 2.8:1 - significantly higher than the planning proposal for under 1:1.

If Council sought to reduce the FSR below 2.8:1 across the centre, Council would need to seek the Department's approval to reduce the employment target for Lane Cove. There is no basis for assuming that Lane Cove could do so as a trade-off for providing a higher residential target, as other councils would be under the same pressure as Lane Cove to allow residential and will not be likely to need that trade-off.

Alternatively, Council could decide to rezone this site for mixed use in isolation. This is the preferred option. The appropriate zoning/ land use mix of the other sites within the precinct should be the subject of a future report to Council following discussions with the Department in relation to employment targets, as above.

Modern centres appear to be changing character, possibly being more supportive of commercial co-existing with residential for an urban lifestyle and out-of-hours activation. The Economic Assessment's vacancy rate data indicates that vacancies in St Leonards are evenly spread between mixed use and fully commercial buildings. Hill PDA points out that in Milson's Point and Chatswood the increase in residential has been detrimental to the centres' commercial character, but that this is not necessarily so elsewhere.

Council notes, notwithstanding Urbis' view that current vacancies can contribute to jobs targets, that the Department may not agree that vacant floor space constitutes "jobs" and that additional capacity should be provided. Additionally the target is likely to be increased sooner or later in proportion to residential growth and employment precincts must be prepared to meet the needs of the future population.

In Council's view, St Leonards is considered to have locational advantages, notwithstanding Urbis' view that Macquarie Park in particular is more attractive due to its rental levels and large floor plate potential. St Leonards is closer to the Sydney CBD and North Sydney, with lower rentals and a relatively high socio-economic and professional educational level demography and appears strategically well-positioned to contribute within the Global Economic Corridor in the long-term.

Nevertheless, the statement in Urbis' Planning Proposal (page 45) that: "It is imperative that the jobs targets are robust and achievable, and established on a detailed market assessment" is supported. The economic reports by Urbis and Hill PDA indicate that a detailed review of the Metro Strategy employment targets with the Department is merited both for Lane Cove itself and for St Leonards as a whole.

It is beyond the scope of this report to resolve this issue of employment requirements in relation to the St Leonards Specialised Centre as a whole, which would depend on input from North Sydney and Willoughby Councils and the NSW Government, in particular in relation to the Royal North Shore Hospital master plan put under review in 2011.

It is not considered appropriate, however, to delay consideration of this planning proposal pending the uncertain timeframe of such a review and the future Subregional Strategy.

It is recommended that Council submit the current planning proposal to the Gateway as a pilot scheme for mixed use zoning on the southern side of the centre. This should be conditional upon the proponents being required to provide very significant public benefit in terms of contributions towards the St Leonards Rail Plaza, commercial start-up space, affordable housing and/or reduced building bulk (see below). It is accepted that the amenity that would be created through the St Leonards Rail Plaza and Bus Interchange, to be partially funded through a VPA from this proposal, would make a significant contribution to the attractiveness of the remaining commercial precinct.

2. Urban Design/ Planning Controls

The ownership patterns discussed above have proven to be a limitation on the implementation of the current LEP and DCP, especially the DCP's principle of north-south towers as a solution to sunlight and view access.

The fact that the current planning proposal has been put forward by properties in a line east-west along Pacific Highway, instead, demonstrates this issue. The DCP provided broad urban design principles relating to the theoretical capacity of each site in the precinct. It was not, however, possible to predict market interest in redevelopment.

It has subsequently been recognised that the DCP controls need to be reviewed together with the LEP, as the combination of height controls and scale is considered unachievable and the DCP needs to be adjusted accordingly as well.

Consequently in 2009 Council resolved to amend the draft LEP to reduce that block's FSR to 12:1. Although this was not permitted without re-exhibition, which would have delayed the comprehensive LEP as a whole, by the Department recommended that it be submitted within the 12-month review of the LEP, introduced in 2010. In 2011 Council submitted a planning proposal seeking this amendment, and four others, in the St Leonards commercial zone. The Department deferred the planning proposal for an FSR reduction, pending further studies on the locality's employment capacity. This has included the traffic/ employment study for the Industrial Area's employment and vehicle numbers capacity, in view of its implications for the job numbers required in St Leonards.

Most recently, Council has held discussions with the Department of Planning & Infrastructure and North Sydney and Willoughby Councils to clarify the employment floor area required to be retained in St Leonards if a mixed use rezoning were to proceed, as above.

In these circumstances it is recommended that a site-specific DCP should be prepared, prior to public exhibition of the draft LEP amendments, to cover wide-ranging matters but including the following:-

- Specify the number of storeys to be developed within the 138 metres which, based on Urbis' advice, would be a maximum of 39 storeys with ground floor level;
- Confirm the LEP's requirement for 4 storeys of commercial floor space to be retained in each building. Such space is not to be used for serviced apartments, as has been the trend in the North Sydney commercial area;
- Provide satisfactory setbacks, particularly at the rear of No.504 to protect the future amenity of occupants of this and the adjacent site of 69 Christie St;
- Retain an area for a potential pedestrian link from No.504 to the mid-point of Friedlander Place, pending future redevelopment of 500 Pacific Hwy;
- Public domain quality is considered important in ensuring that the centre remains attractive in serving commercial, residential and other visitor needs. In this regard, the building concept of 504 Pacific Hwy is considered to require further refinement, both in terms of public ground floor circulation space/ activation and also façade design;
- The car parking levels in the tower fronting Nicholson St should be "sleeved" to minimise visual impact on the public domain; and
- Confirm the Leighton site proposal to have a substantial ground floor retail/plaza of approximately 5,000sqm that extends the pedestrianised area off Friedlander Place.

LEP model clauses in use by adjoining councils require a minimum 4 storeys commercial floor area would be forwarded to the Department with the submission of the planning proposal to the Gateway.

Height

Height is a key feature of the proposal and has been discussed with the Department and North Sydney and Willoughby Councils. The Department has not expressed a specific view. The two councils, which also have to consider responses to development pressures occurring within this transitional period since the Specialised Centre was identified in the Metropolitan Strategy, have focussed their discussions with Council on the need to ensure that adequate public benefit and future employment floor space are provided in return for development gains by private owners. Height has been considered by staff under various approaches.

- It is acknowledged that the current height limit of 65-72 commercial storeys, intended to match the IBM office building opposite in height, would produce a bulky commercial block form similar to that of the 88 Christie St approval, in contrast to a less bulky residential form. In any case the owner of 504-520 Pacific Hwy does not intend to undertake a commercial redevelopment;
- The alternative of residential above commercial, with the setbacks and other types of controls applying to residential buildings under SEPP 65, would allow the potential for slimmer, albeit taller, buildings with sightlines through the site and narrower shadows. This approach accords with Hill PDA's view that entirely commercial development on this site would not be productive;
- It should be high enough that, including the 4 commercial storeys, it is financially viable to redevelop under currently foreseeable economic conditions;
- It should make a positive visual contribution to the Specialised Centre, having regard to existing and expected future development in St Leonards; and
- It should consider amenity, including shadowing and views for other properties and design quality for the site's future residents, such as building separation, balcony size etc.

The issue then is what height may be appropriate for mixed use buildings in this location.

The Urban Design report identifies the following design principles with regard to building heights and mass:-

- Create a landmark precinct of taller more slender towers to provide visual interest upon approach from all directions;
- Create positive, engaging and legible 'entrance' points or 'gateways' to St Leonards, and to reinforce St Leonards as a key location as an activity centres;
- Introduce a more transparent built form typology on the subject sites which provides a more contextually compatible and sympathetic solution;
- Maintain sufficient solar access to the surrounding residential neighbourhood south of Oxley Street;
- Utilise tall narrow towers that allow for view permeability and fast moving shadows to minimise any impacts from overshadowing; and
- Graduation of the heights of the various tower forms are in response to the proximity to St Leonards Station and the topographic high point of the precinct.

Height for the Charter Hall site could be determined under various options:-

- (i) Accept the planning proposal (around 39 storeys); or
- (ii) Reduce the scheme to the same height as the Forum by removing 2 storeys (as the Forum is set approximately 6 metres lower down the hill); or
- (iii) Allow about 2 storeys higher than the Forum (a building of the same height as the Forum but set uphill following the topography).

The Urban Design Report provides the following graphic to illustrate the proposal's relationship with the tallest existing buildings i.e. the Forum. It is to be noted that the Forum is set about 6 metres (2 storeys) downhill of this site. With the additional storey requested, the proposal is for up to 138 metres i.e. 39 storeys (37 plus ground floor plus the additional floor requested). The tallest building, Charter Hall's site at 504-520 Pacific Hwy, would not be significantly higher than the Forum. It does not, however, propose a public plaza at ground level as the Leighton site does.

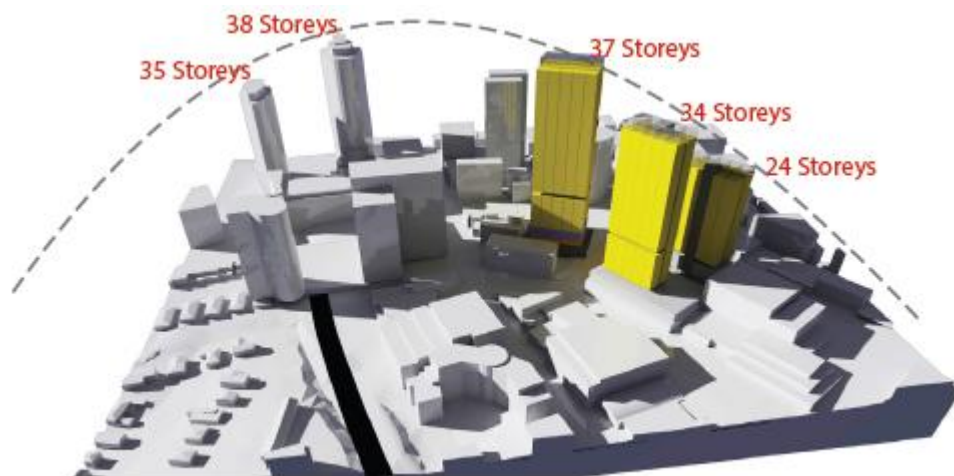


Figure 16: Building Heights and Mass



Image 1: Proposal for 504-520 Pacific Hwy (viewing to south from the North Sydney side)

A more significant issue perhaps is the bulk of the Charter Hall building. The proposal has been based on SEPP 65 requirements, including 6 metre site setbacks, but SEPP 65 may not in itself be able to respond appropriately to site-specific needs. The Forum (above at 35 and 38 storeys) is shown to be a slimmer form in contrast to this proposal. Furthermore, the 2 metre rear setbacks to 69 Christie St do not adequately allow for that ageing building's future redevelopment and would compromise the amenity of occupants of the current and future proposals.

The project, when initially presented to Council, showed slimmer, elliptical buildings. Subsequent to Council indicating possible support for the project, the plans were amended to a rectangular footprint with maximum site cover. Whilst it is understood that this is a more viable construction form, it is recommended that the building form should be refined and slimmer towers considered during preparation of a future DCP for the site. This would be one of the trade-offs to be considered when determining the DCP's priorities in relation to the VPA.

In terms of shadowing, the proposal to apply the urban control of 2 hours mid-winter sunlight to existing residences appear to be satisfied in the Urban Design Report's shadow diagrams (page 32), although this would be subject to confirmation at DA stage. At the DCP stage, however, Council should consider potential impacts on other sites if a precedent for introducing mixed use were to be followed elsewhere in the precinct to the south.

View lines through the site are indicated below and are stated as being an improvement over the current LEP's potential lower, bulkier building form of 18 storeys (72 metres):-

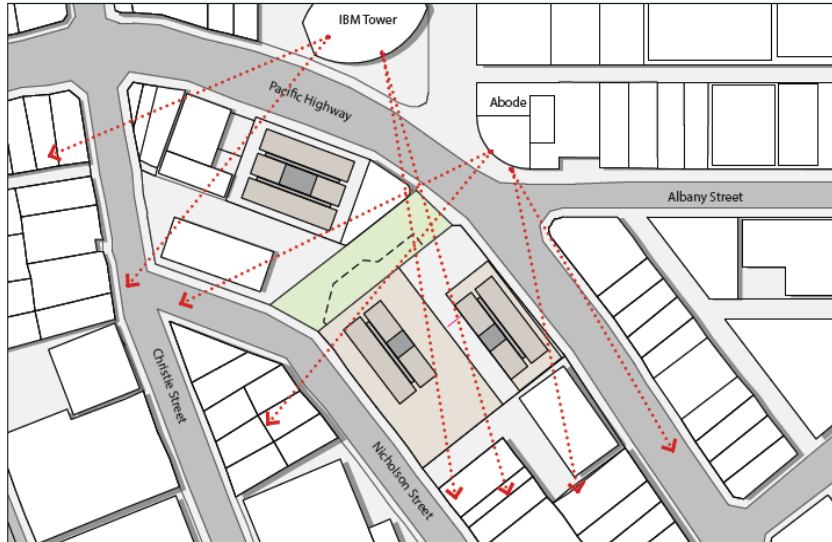


Image 2: "Reference images" in Urban Design Report (page 36)



Image 3: Existing building

Source: Realcommercial.com.au

Regarding design, it is not apparent from this scheme how the proposal would "create a landmark precinct of... more slender towers to provide visual interest upon approach from all directions". A DCP can only guide design style to a limited degree though provisions for architectural articulation,

varied form and materials etc, and Council may consider that a design competition for a DA would be an appropriate requirement.

It is recommended that Council consider, during preparation of the DCP and VPA before exhibition, the relative merits of requiring increased setbacks and/or public benefits relating to built form and floor space. View lines and the visual impact of building width may be of greater importance to the public than the height itself.

Open space is proposed in the form of a public plaza on the Leighton side of Friedlander Place and would be a welcome component of the scheme. The link indicated from the Charter Hall building appears notional only, as 504-520 Pacific Hwy does not adjoin Friedlander Place and so would require a right-of-way across 69 Christie St and 500 Pacific Hwy, although there is potential if it were agreed to in a future redevelopment of the latter property.



The Leighton buildings are more moderate in scale with considerable separation distances of up to 24 metres. The Charter Hall separation distance indicated to be 35 metres, however, does not reflect the development potential of its adjacent properties.

The Urban Design report by Sissions Architects is attached at **AT-5**.

3. Voluntary Planning Agreement

Once the scale has been narrowed to options acceptable to Council on urban planning grounds, it is proposed that a VPA be prepared by the proponents and Council. This would be done at the same time as the DCP is drafted, given the DCP's influence on the potential developable area to which a VPA could relate.

The VPA is proposed to Council on this basis. Firstly, the properties within the site have received very substantial uplift in value from LEP 1987's FSR of 2:1. Secondly, the rezoning to Mixed Use to allow residential land uses provides an immediate increase in property values.

In return for these double benefits, a VPA is reasonable to provide public benefit in return for the financial benefits provided to the developers.

A VPA is in addition to s94 contributions and could be expected to contribute to some or all of the following:-

- (i) St Leonards Rail Plaza and Bus Interchange: Council's vision for this project over the rail corridor, will provide a significant increase to the amenity of the St Leonards commercial precinct, including a possible child care centre for residents and the workforce of this and other sites. Council continues to work with transport for NSW to obtain final approval for the project.
- (ii) Tenant Attraction Scheme: It is proposed to create a pool of funds to offer rental subsidies to promote start-up or new tenants to St Leonards. The Planning Proposal incorporates a scheme to provide a 20% discount to market rent over a 5 year period with the intent to support start-up businesses and/or businesses new to St Leonards. This would be in addition to any incentives offered by landlords. This scheme is designed to ensure the preservation and revitalisation of St Leonards as a commercial centre with long-term viability. It is noted that much of the commercial component in the North Sydney mixed use developments has involved serviced apartments which are not desirable for the commercial component as they are effectively residential uses. The subsidy is designed to avoid this.
- (iii) Affordable housing: St Leonards is an excellent location for key worker housing in view of its proximity to a rail-bus transport network, the Royal North Shore Hospital and educational facilities for which the Specialised Centre will continue to attract a related workforce. Council's preference is for a smaller quantity in perpetuity, in lieu of a greater amount for a time limited period, as suggested by the SEPP.

It is noted that the proponents in proposing the VPA have stated that the monetary contribution should be determined "having regard to contributions payable under other comparable Sydney LGA section 94 plans". This statement is not consistent with the elements of the VPA proposed, which are public benefits to offset the financial uplift from rezoning designed to stimulate economic activity in St Leonards. Such contributions will have regard to the uplift provided and be subject to independent third party analysis.

Traffic

The Traffic Report by Brown Consultancy (refer **AT 6**) states:-

"The primary access point for the development site to the major arterial road network is likely to be via the Oxley St/ Pacific Hwy intersection. Based on the existing traffic volumes, and estimated development traffic assessment, it is not proposed to undertake any upgrade works on that intersection to cater for the increase in demands arising from the proposed development. Indeed, the proposed development is anticipated to have a relatively minor impact on the operation of the Pacific Highway at St Leonards.

To cater for the increase in right-turn movements into Nicholson St, it is recommended that consideration be given to the provision of a short right turn lane (line marking) for right turn movements into Nicholson St so that these movements are safely out of the through Oxley St traffic stream and do not impede the through Oxley St movements."

Council's Traffic Section considers that, neither the traffic generation potential of the site nor the precise quantum of parking have been adequately addressed in the Brown Report. The proponents have proposed to comply with Council's DCP, however given the site's proximity to St Leonards Railway Station it provides the applicant with the opportunity to minimise on-site parking provision consistent with the Department of Planning and Infrastructure's approach in other rail transport corridors. Reduced parking provision would greatly reduce the site's traffic generation and therefore traffic impact on the surrounding road network. Council is currently developing a base model of the St Leonards area for the purposes of testing future growth scenarios and options for

improving local traffic management. This work should inform the DCP and will require the proponent to provide supplementary traffic data for the modelling to be effective.

In developing the DCP the following measures will be considered to mitigate the development's traffic impacts:-

- Reduced parking rates, based on an evidence base that includes travel mode and car ownership surveys of existing similar developments;
- Integrated sustainable transport initiatives to maximise travel by non-car modes (eg. walking, cycling, buses, trains, car-share etc); and
- Strategic traffic management proposals, including alternative vehicular access / egress options.

Contamination

A Preliminary Site Analysis was undertaken to consider issues relating to former uses of the site. The report concluded that the contaminants that may be present on the site were considered to be of low significance in terms of risk to the human and environmental receptors identified. However, a Detailed Site Investigation (DSI) is required to confirm the presence and extent of contamination in order to determine the suitability of the site for the proposed development and to address the data gaps identified.

Council's Manager - Environmental Health has reviewed the Aargus report the report and advises as follows:-

- (i) A Stage 2 Report (Detailed Contamination Report – pursuant to SEPP55) is to be prepared and reviewed by a NSW Accredited Site Auditor; and
- (ii) Subject to the outcomes of the Stage 2 Report, an Remediation Action Plan is to be prepared and submitted with any Development Application. The RAP is to be submitted to Council and again accompanied by a Site Auditor's Statement.

The Preliminary Site Investigation by Aargus is attached at **AT-7**.

Community Consultation

Statement of Intent

The consultation is designed to inform the community and seek comments on the Planning Proposal. Any comments received would be reviewed and evaluated to determine whether or not to proceed with the proposal.

Ordinary Council Meeting 16 December 2013
PLANNING PROPOSAL - PACIFIC HWY ST LEONARDS

Method – Formal exhibition after Gateway notification

Level of Participation	Inform	Inform	Consult
Form of Participation	Open	Targeted	Open
Target Audience	Lane Cove community	Local properties, North Sydney & Willoughby Councils	Lane Cove community, other owners as indicated by adjacent councils
Proposed Medium	Advertisement and eNewsletter	Notification Letters	Public Exhibition, Website Exhibition
Indicative Timing:	6 weeks following preparation of a draft DCP and VPA	6 weeks following preparation of a draft DCP and VPA	6 weeks following preparation of a draft DCP and VPA

Conclusion

The Planning Proposal to rezone this site from B3 Commercial Core to B4 Mixed Use raises three key issues in particular: economic viability and employment capacity, urban design and public benefits through a Voluntary Planning Agreement.

Discussions have been held with the Department of Planning & Infrastructure and adjacent councils regarding the scale and employment/ residential balance under Metropolitan Strategy. An independent economic review of the proposal has been undertaken for Council.

The Planning Proposal offers an opportunity to revitalize an ageing precinct, improve public domain activation and circulation space and provide considerable public benefits. It would result in a significant reduction in commercial floor space and therefore the site's contribution to Lane Cove's employment target. It is proposed, however, that the proposal be accepted for the purpose of public exhibition as a pilot scheme for mixed use development in the precinct, having regard to independent economic analysis for Council that to retain commercial only on the site would result in an over-supply not matched by demand for a considerable time to come and would not be financially viable.

It is also recommended that the requirement that the two buildings fronting Pacific Hwy provide 4 commercial storeys be extended to apply to all three buildings. This would reflect the agreement between the Department and the two adjacent councils to retain four commercial storeys on each site throughout the centre in order to preserve more employment floor area for the future needs of a growing residential population. It is recommended that the Department be requested to apply this requirement with its Gateway approval.

At the same time, a review of the employment targets for the St Leonards Specialized Centre should be undertaken with the Department and adjacent councils to determine the appropriate long-term balance of land uses throughout the centre. St Leonards is considered to have locational advantages within the Global Economic Corridor, in terms of its proximity to the Sydney CBD and North Sydney and to a white collar professional demography, justifying its continuation as a commercial centre notwithstanding its underdevelopment in recent years. It is not considered appropriate, however, to delay consideration of this planning proposal pending the uncertain timeframe of such a review and the future Subregional Strategy revision.

It is recommended that Council approve the planning proposal for submission to the NSW LEP Gateway conditional upon: (i) a site-specific development control plan being prepared prior to

exhibition and (ii) the public benefits above being formalized in a robust voluntary planning agreement to be prepared prior to exhibition of the planning proposal.

RECOMMENDATION

That:-

1. Council approve the Planning Proposal for submission to the NSW LEP Gateway seeking exhibition, subject to the following:-
 - (i) All buildings are to have a four-level retail/commercial podium.
 - (ii) Council request that the Gateway approval be conditional upon a draft Voluntary Planning Agreement, as outlined in the report, and a site-specific Development Control Plan being prepared to Council's satisfaction for 472, 486 and 504-520 Pacific Highway/ 95 Nicholson Street and exhibited concurrently with the draft LEP amendments.
2. A Councillor workshop be held on the draft DCP and VPA before exhibition.

Michael Mason
Executive Manager
Environmental Services Division

ATTACHMENTS:

AT-1	View	Planning Proposal for 472-520 Pacific Hwy and 95 Nicholson St, St Leonards by Urbis	77 Pages	Available Online
AT-2	View	Economic Assessment, by Urbis - October 2013	44 Pages	Available Online
AT-3	View	Addendum to Planning Proposal - Section 117 Directions, by Urbis - November 2013	2 Pages	Available Online
AT-4	View	Economic Analysis Review, by Hill PDA - November 2013	24 Pages	Available Online
AT-5	View	Urban Design Report, by Sissions - October 2013	42 Pages	Available Online
AT-6	View	Traffic Report, Brown Consulting - November 2013	20 Pages	Available Online
AT-7	View	Preliminary Site Investigation, by Aargus - Spetember 2013	109 Pages	Available Online
AT-8	View	Urbis Email Requesting Additional Storey - 6 December 2013	1 Page	Available Online
AT-9	View	Architectural Data with Additional Storey - 6 December 2013	1 Page	Available Online