FAIR

ITEM NUMBER	10.5
SUBJECT	Parramatta CBD Planning Proposal - Resolution of Certain Policy Issues
REFERENCE	F2013/02004 - D06146269
REPORT OF	Project Officer

PURPOSE:

The purpose of this report is to seek direction from Council in relation to certain policy issues for the Parramatta CBD Planning Proposal arising from a Councillor workshop held on 7 May 2018, Council decisions made on site-specific planning proposals in the CBD which vary from the endorsed position in the larger Parramatta CBD Planning Proposal, and other matters raised by Councillors.

RECOMMENDATION

(a) **That**, in relation to the Draft Parramatta CBD Planning Proposal, Council resolve to amend draft Clause 7.2 Floor Space Ratio in the proposed Draft Parramatta CBD Planning Proposal to show the Incentive FSR Sliding Scale and Alternate Incentive FSR Clause as follows:

TABLE: Draft Parramatta CBD Planning Proposal 2016

Incentive FSR Shown on Map	Site is less than or equal to 1,000m²	Site is greater than 1,000m² but less than 1,800m²	Site is equal to or greater than 1,800m²
4:1	3:1	(3+1X):1	4:1
6:1	4:1	(4+2X):1	6:1
10:1	6:1	(6+4X):1	10:1

Where X = (the site area in square metres – 1000)/800

Current out-clause (PLEP 2011, Cl. 7.10 Design excellence, section (5) with minor terminology modification:

(5) Development consent must not be granted to the following development to which this clause applies unless a competitive design process has been held in relation to the proposed development:

(b) development on a site greater than 1,000 square metres and up to 1,800 square metres seeking to achieve the maximum floor space ratio identified on the Incentive Floor Space Ratio Map, where amalgamation with adjoining sites is not physically possible.

(b) **That,** in relation to the Draft Parramatta CBD Planning Proposal, Council resolve to retain the previously adopted high performing building clause, and specifically, the application of the clause to sites with an FSR equal or greater than 10:1.

(c) **That,** in relation to the Site Specific Planning Proposal for 33-43 Marion Street, Parramatta, Council resolve to not apply a High Performing Building Bonus FSR of

0.5:1 when this matter is reported back to Council following public exhibition.

(d) **That,** in relation to the Draft Parramatta CBD Planning Proposal, Council resolve to amend the Base and Incentive Height of Building maps for Church Street between Macquarie Street and the Parramatta River to show a 12m tower setback control consistent with Figure 2 of this report with a maximum 12m height control in this setback area.

(e) **That,** in relation to the Draft Parramatta CBD Planning Proposal, Council resolve to apply a maximum 3:1 FSR for the same 12m tower setback area for Church Street between Macquarie Street and the Parramatta River (as specified in (d) above and as per Figure 2 of this report) on both the Base Floor Space Ratio and Incentive Floor Space Ratio Maps; so as to protect the heritage streetscape of Church Street and ensure general consistency with the Urbis Heritage Study.

(f) **That**, in relation to the Site Specific Planning Proposals for 286-300 Church Street, 197-207 Church Street and 89 Marsden Street, and 295 Church Street, Parramatta, Council consider aligning these Planning Proposals with the above policy approach when these matters are reported back to Council following public exhibition.

(g) **That**, in relation to the Draft Parramatta CBD Planning Proposal, Council resolve to amend Clause 7.16 Opportunity Sites to include additional provisions to address site isolation, impacts on historic streetscapes, and adding minimum site depth requirements as follows:

- 35m, where the site is a corner site with at least two street frontages; or
- 40m, in all other situations.

(h) **That**, in relation to the Site Specific Planning Proposal for 286-300 Church Street, Parramatta, Council resolve to require site isolation and impacts on historic streetscapes are matters for consideration when this matter is reported back to Council following public exhibition.

(i) **That**, in relation to the Draft Parramatta CBD Planning Proposal, Council resolve to retain the 10:1 Incentive FSR for heritage items of state significance (so as to encourage amalgamation and facilitate retention and revitalisation of these items) and the sites adjacent to them (consistent with the recommendations of the Urbis Heritage Study), with the exception of the Roxy Theatre site, where the adopted base and incentive heights and FSRs should be adjusted in accordance with the outcomes of the detailed assessment of the current DA by the NSW Heritage Office (once that assessment is publicly released).

(j) **That,** in relation to the planning controls for 12-20 Dixon Street, Council resolve to amend the Draft Parramatta CBD Planning Proposal such that the FSR for the site is 2:1 with a 26 metre height limit.

(k) **That,** in relation to the Draft Parramatta CBD Planning Proposal, Council resolve to retain the previously adopted Incentive FSRs for the Auto Alley Precinct, consistent with the detailed Auto Alley Planning Framework.

(l) **That,** in relation to the proposed Draft Parramatta CBD Planning Proposal, Council resolve to not change the adopted value sharing mechanism and the rates and to reaffirm the requirement to re-evaluate the mechanism after five years and to review the mechanism against a residential market index and adjust if necessary.

(m) **Further, that** the Department of Planning and Environment be advised of this

resolution to assist with its processing of the Gateway Determination of the draft Parramatta CBD Planning Proposal.

BACKGROUND

1. Since 2013, Council has been undertaking a major initiative to amend planning controls in the Parramatta CBD to build Australia's Next Great City within Sydney's Central City. In 2014, a study was prepared by urban design consultants, Architectus, which was informed by economic analysis prepared by SGS Planning and Economics. These studies, together with separate studies for the Auto Alley precinct, set the framework for a CBD of focused development for employment, housing, recreational and cultural opportunities.
2. Following community consultation, the two studies were integrated into the *Parramatta CBD Planning Strategy* and adopted by Council in April 2015. This Strategy set a framework for significant growth supported by a value sharing system that aims to equitably share the benefits of growth in the CBD.
3. The Parramatta CBD Planning Proposal (CBD PP) was endorsed by the former Parramatta City Council and forwarded to the Department of Planning and Environment (DPE) in April 2016. A Gateway determination on the CBD PP is still pending; however, Council officers were recently advised that the DPE hopes to issue the Gateway Determination by 30 June 2018.
4. At the Councillor workshop on 7 May 2018, Council officers discussed with Councillors a number of issues arising as a result of a number of recent policy issues arising from recent decisions on site-specific planning proposals that vary from the current policy position adopted by Council in relation to the draft Parramatta Planning Proposal. These issues are set out below. Where an issue results in a revised officer recommendation for a site-specific Planning Proposal and/or the Parramatta CBD Planning Proposal, these are documented in italics at the end of each section. These recommendations are then replicated on the first two pages of this report for consideration by the Council.

ISSUE 1 – PROPOSED FLOOR SPACE RATIO (FSR) SLIDING SCALE CLAUSE FOR SMALL SITES AND THE 'OUT-CLAUSE'

5. At the Councillor workshop on 7 May 2018, Councillors discussed the option of reconsidering the currently endorsed FSR sliding scale controls in the CBD PP to ensure future development on small sites is appropriately scaled and designed. This issue arose when Council was considering a site-specific planning proposal for 55 Aird Street, Parramatta. This application has a long history with various FSRs being sought, recommended and resolved. These are summarised in Table 1, below:

Table 1: 55 Aird Street site-specific planning proposal stage	**FSR**
Current LEP 2011	*4.2:1*
Sought by the site-specific Planning Proposal	15:1 (17.25:1 inc. 15% Design Excellence)
Parramatta CBD Planning Proposal	*4.2:1 "Base" FSR; and*

(endorsed April 2016)	*10:1 "Incentive FSR" subject to applying a sliding scale for small sites.* *6:1 "Incentive FSR" after application of the sliding scale for small sites (6.9:1 Incentive FSR including 15% Design Excellence).*
Council Officer Recommendation (9 May 2016)	6:1 (6.9:1 inc. 15% Design Excellence)
Council Resolution (9 May 2016)	10:1 (11.5:1 inc. 15% Design Excellence). *Note: Excludes any additional FSR for High Performing Buildings, and any FSR for commercial floor space above the first 1:1 provided.*
Gateway Determination (November 2017)	10:1 FSR, subject to the sliding scale for small sites; resulting in: 6:1 (6.9:1 inc. 15% Design Excellence) after application of the sliding scale for small sites.
Gateway Review Request sought by the applicant	10:1 (11.5:1 inc. 15% Design Excellence) and subject to the "out-clause" for small sites.
Council Resolution 9 April 2018	4.2:1

6. The purpose of a sliding scale for FSR is to control density on small sites, encourage amalgamation, and protect amenity for both residents and occupants of adjoining sites. Council officers recommended the current sliding scale provision in Parramatta LEP 2011 (Table 2) be amended having regard to the proposed Incentive FSR Map (Table 3). Councillors resolved on 14 December 2015 in relation to the CBD PP that the sliding scale control in Parramatta LEP 2011 be further amended (as shown in Table 4), and that a new 'out-clause' control be included permitting the maximum mapped FSR to be achieved regardless of the site area provided specific conditions are met.

7. The differences between the changes recommended by officers (Table 3) and the Council-resolved position (Table 4) pertain to the minimum site area thresholds proposed by officers of 1000sqm and 1800sqm, compared with 500sqm and 1300sqm (where the FSR is 4:1 or 6:1) or 800sqm and 1600 sqm (where the FSR is 10:1); and the current 'out-clause' would still apply with a minor terminology modification to refer to the Incentive Floor Space Ratio Map to which the sliding scale would apply.

Table 2: EXISTING – Parramatta Local Environmental Plan 2011			
FSR Shown on Map	**Site is less than or equal to 1,000m²**	**Site is greater than 1,000m² but less than 1,800m²**	**Site is equal to or greater than 1,800m²**
6:1	4:1	(4+2X):1	6:1

8:1	5:1	(5+3X):1	8:1
10:1	6:1	(6+4X):1	10:1

Where X = (the site area in square metres – 500)/1500

Current out-clause (PLEP 2011, Cl. 7.10 Design excellence, section (5)

(5) Development consent must not be granted to the following development to which this clause applies unless a competitive design process has been held in relation to the proposed development:

(b) development on a site greater than 1,000 square metres and up to 1,800 square metres seeking to achieve the maximum floor space ratio identified on the Floor Space Ratio Map, where amalgamation with adjoining sites is not physically possible.

Table 3: RECOMMENDED by officers December 2015 - Draft Parramatta CBD Planning Proposal

Incentive FSR Shown on Map	Site is less than or equal to 1,000m²	Site is greater than 1,000m² but less than 1,800m²	Site is equal to or greater than 1,800m²
4:1	3:1	(3+1X):1	4:1
6:1	4:1	(4+2X):1	6:1
10:1	6:1	(6+4X):1	10:1

Where X = (the site area in square metres – 1000)/800

Current out-clause (PLEP 2011, Cl. 7.10 Design excellence, section (5)) with minor terminology modification:

(5) Development consent must not be granted to the following development to which this clause applies unless a competitive design process has been held in relation to the proposed development:

(b) development on a site greater than 1,000 square metres and up to 1,800 square metres seeking to achieve the maximum floor space ratio identified on the Incentive Floor Space Ratio Map, where amalgamation with adjoining sites is not physically possible.

Table 4: ADOPTED by Council December 2015 – Draft Parramatta CBD Planning Proposal

FSR Shown on Map	Site is less than or equal to 500m²	Site is greater than 500m² but less than 1,300m²	Site is equal to or greater than 1,300m²
4:1	3:1*	(3+1X):1*	4:1
6:1	4:1*	(4+2X):1*	6:1
FSR Shown on Map	**Site is less than or equal to 800m²**	**Site is greater than 800m² but less than**	**Site is equal to or greater than**

		1,600m²	**1,600m²**
10:1	6:1*	(6+4Y):1*	10:1

Where X = (the site area in square metres – 500)/800
Y = (the site area in square metres – 800)/800

New adopted out-clause –

* Despite the area of the site, the maximum FSR shown on the map may be achieved if the development has been subject to a competitive design process and achieves design excellence; and if the development includes residential, that it includes community infrastructure and complies with State Environmental Planning Policy No. 65 – Design Quality of Residential Apartment Development and the Apartment Design Guide; and the ground floor of all sides of the building facing the street and any other publicly accessible areas will be used for the purposes of business premises or retail premises.

8. The policy issue for the CBD PP that the most recent Council decision on the site-specific planning proposal for 55 Aird Street raises is that Councillors may now wish to consider amending is the minimum site area thresholds for the FSR sliding scale to encourage amalgamation and ensure appropriate built form outcomes that also protect amenity for both residents and occupants of adjoining sites together with the corresponding FSR, and amendment of the adopted out-clause back to the current out-clause from LEP 2011 (subject to a minor terminology amendment to refer to the Incentive FSR Map), as shown below.

Officer Recommendation:

(a) ***That****, in relation to the Draft Parramatta CBD Planning Proposal, Council resolve to amend draft Clause 7.2 Floor Space Ratio in the proposed Draft Parramatta CBD Planning Proposal to show the Incentive FSR Sliding Scale and Alternate Incentive FSR Clause as follows:*

TABLE: Draft Parramatta CBD Planning Proposal 2016			
Incentive FSR Shown on Map	***Site is less than or equal to 1,000m²***	***Site is greater than 1,000m² but less than 1,800m²***	***Site is equal to or greater than 1,800m²***
4:1	*3:1*	*(3+1X):1*	*4:1*
6:1	*4:1*	*(4+2X):1*	*6:1*
10:1	*6:1*	*(6+4X):1*	*10:1*

Where X = (the site area in square metres – 1000)/800

Current out-clause (PLEP 2011, Cl. 7.10 Design excellence, section (5) with minor terminology modification:

(5) Development consent must not be granted to the following development to which this clause applies unless a competitive design process has been held in relation to the proposed development:

(b) development on a site greater than 1,000 square metres and up to 1,800

square metres seeking to achieve the maximum floor space ratio identified on the Incentive Floor Space Ratio Map, where amalgamation with adjoining sites is not physically possible.

ISSUE 2 – APPLICATION OF THE PROPOSED HIGH PERFORMING BUILDING BONUS TO SITES WITH AN FSR LESS THAN 10:1

9. At the workshop on 7 May 2018, Councillors discussed the application of the High Performing Building (HPB) bonus of 0.5:1 FSR for sites with an Incentive FSR of less than 10:1. This issue arose when Councillors were considering a report on a site-specific planning proposal for 33-43 Marion Street, Parramatta, with the Council resolving on 12 February 2018 that the HPB bonus would be applied where the maximum endorsed site FSR was 6:1.

10. The objective of the HPB bonus is to foster environmental wellbeing and efficient and sustainable use of energy and resources by requiring higher BASIX targets for energy and water but only for sites where it is both cost effective and provides a genuine environmental outcome for the Parramatta CBD. Under the CBD PP, a site may achieve a HPB bonus FSR of 0.5:1 for delivering a high performing building on a site where the mapped Incentive FSR is 10:1. The reason for applying the HPB bonus to sites with an FSR of 10:1 is to ensure that the bonus gross floor area (GFA) is compatible with adjoining buildings in terms of bulk, height and amenity; and also because additional BASIX requirements are not economically feasible for sites less than 10:1 based on advice to Council from environmental consultants, Kinesis.

11. The policy issue for the CBD PP that the decision on the site-specific planning proposal for 33-43 Marion Street raises, that Councillors now may wish to consider is the application of the HPB bonus to sites with a mapped incentive FSR of less than 10:1, which is not supported by officers for the reasons highlighted above.

Officer Recommendations:

(b) ***That,*** *in relation to the Draft Parramatta CBD Planning Proposal, Council resolve to retain the previously adopted high performing building clause, and specifically, the application of the clause to sites with an FSR equal or greater than 10:1.*

(c) ***That,*** *in relation to the Site Specific Planning Proposal for 33-43 Marion Street, Parramatta, Council resolve to not apply a High Performing Building Bonus FSR of 0.5:1 when this matter is reported back to Council following public exhibition.*

ISSUE 3 – SETBACK OF TOWERS TO CHURCH STREET

12. At the workshop on 7 May 2018, Councillors discussed the setback requirements for towers from Church Street and whether the existing 18m control should be reduced to 12m or 10m (see Figure 1 below). This issue arose for Councillors when they were considering a report on the site-specific planning proposal for 286-300 Church Street, Parramatta, with the Council resolving on 23 April 2018 that the proposed tower be set back 10m from Church Street. In the council report, officers recommended that the existing 18m setback for tower development be reduced to 12m given the assessment

confirmed it was not possible to achieve an acceptable built form outcome with a permissible FSR of 10:1 with towers being set back 18m from Church Street. A 12m setback for tower development was preferred for heritage and development feasibility reasons. It is noted that the Council report discussed three other sites along Church Street where the 18m setback for tower development had been reduced. Table 5 lists the sites and the approved setbacks and Figure 2 identifies the sites on a map.

Site	Approved tower setback from Church Street
295 Church Street	10m via a Gateway Determination
197 – 207 Church Street and 89 Marsden Street	12m via Design Competition Brief
330 Church Street (Meriton site)	Variable via NSW Government Part 3A consent
286-300 Church Street	10m via a Council endorsed Planning Proposal

Table 5: Sites with approved tower setbacks from Church Street that are less than 18m

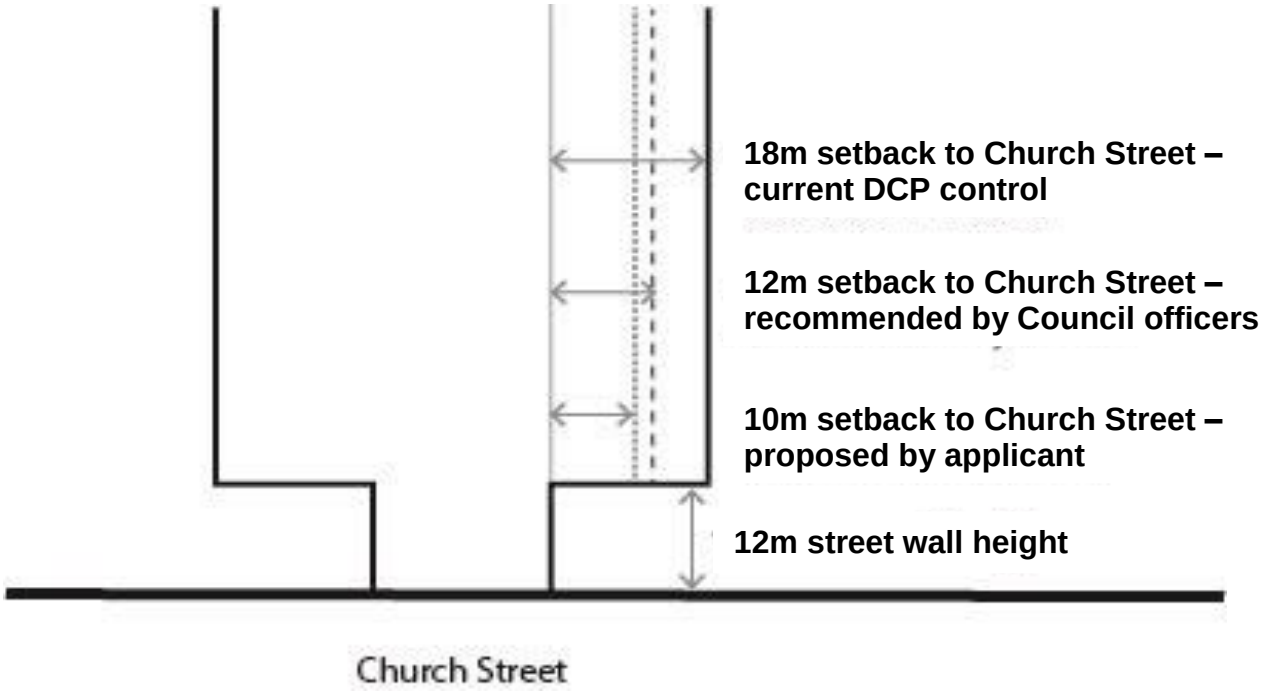

Figure 1: Setbacks for tower development from Church Street, as presented in the Council report on 23 April 2018 for the site-specific planning proposal at 286-300 Church Street.

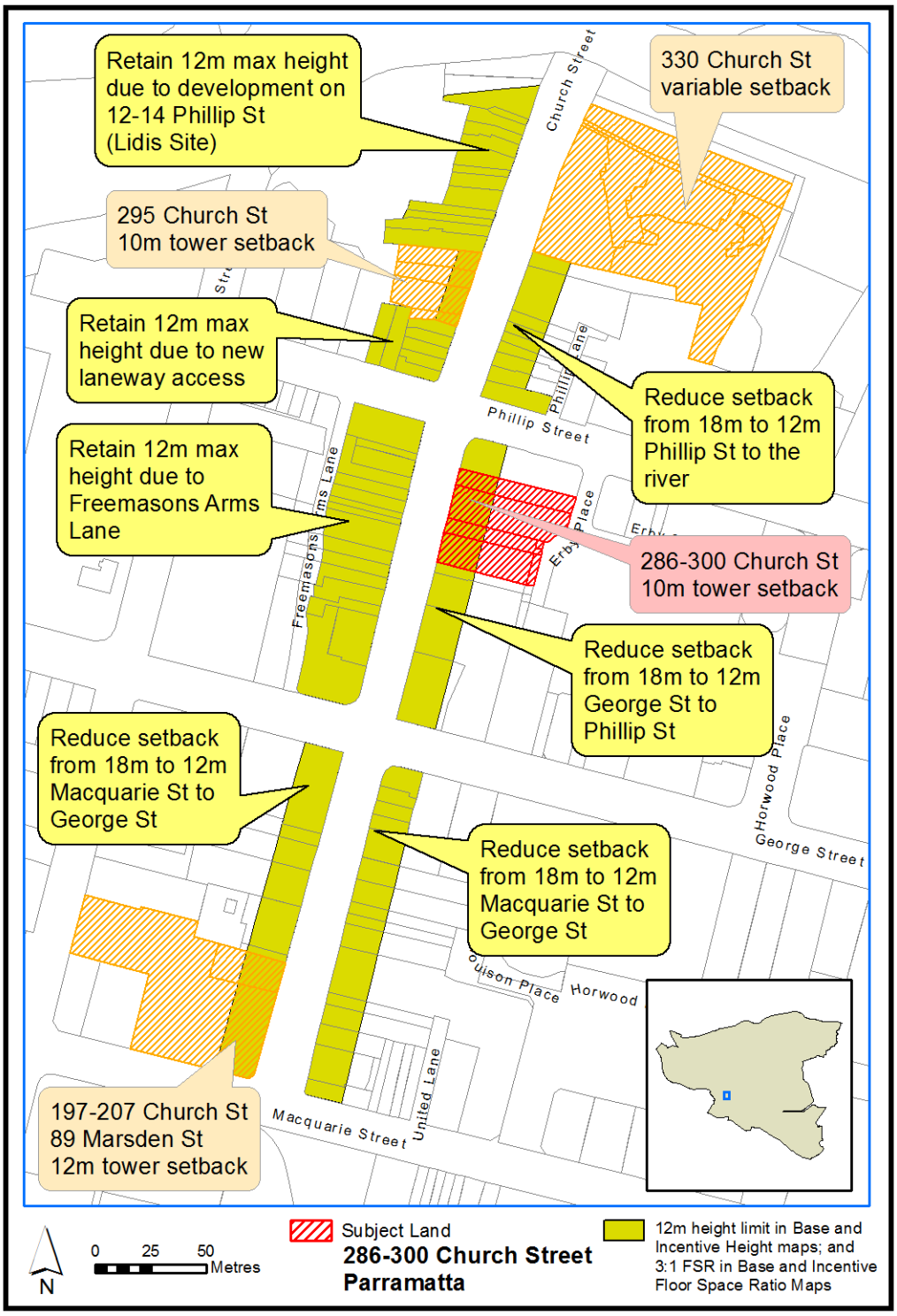

Figure 2: Sites with approved tower setbacks from Church Street that are less than 18m and recommended changes to the Parramatta CBD PP.

13. The intent of the setback to Church Street for tower development is to retain the historic 2-3 storey streetscape character, enable continued sunlight access to the north-south aligned Church Street and views to the sky from the street level. Despite this, three sites have received approval for tower developments with a setback less than 18m from Church Street, and the site-specific planning proposal application for 286-300 Church Street, is now the fourth site.

14. The policy issue for the CBD PP that the decision on the site-specific planning proposal for 286-300 Church Street raises, that Councillors now may wish to consider is the tower setback requirements for all sites on Church Street between the river and Macquarie Street.

15. For those properties on both sides of Church Street between Macquarie Street and George Street a consistent street setback of 18 metres currently applies with a height limit of 12m. For those properties only on the eastern side of Church Street between George Street and the Parramatta River the consistent street setback of 18m continues to apply. The exception being the heritage-listed property on the corner of Church Street and Phillip Street (306 Church Street) with the dome, where the height limit of 12m applies to the entire property.

16. For those properties on the western side of Church Street between George Street and the river, the height limit applies to the entire property due to Freemasons Arms Lane and a proposed laneway access to the new development on 12-14 Phillip St being situated to the rear of the properties (the Lidis Site). Applying an 18m setback with a height control of 12m to these properties will result in a perverse outcome where increased heights may only be applied to a very small proportion of the property. This approach maintains the adopted policy position in the Parramatta CBD Planning Proposal in this section of Church Street. This arrangement is illustrated in Figure 2.

17. Furthermore, a Floor Space Ratio control of 3:1 applies to the same extent of the properties subject to the 12m height limit. In the event of Council resolving any adjustment to the setback for the 12m Height of Buildings and Incentive Height of Buildings controls, similar adjustments will be needed to the Floor Space Ratio Map to ensure both controls are applied consistently. Likewise, this change should also be made to the Incentive FSR Map with a 3:1 FSR corresponding to the setback area rather than the 10:1 currently adopted in the Parramatta CBD PP. This would ensure the Parramatta CBD PP is consistent with the original Urbis Heritage Study and help to minimise impact on the heritage streetscape of Church Street.

Officer Recommendations:

(d) ***That,*** *in relation to the Draft Parramatta CBD Planning Proposal, Council resolve to amend the Base and Incentive Height of Building maps for Church Street between Macquarie Street and the Parramatta River to show a 12m tower setback control consistent with Figure 2 of this report with a maximum 12m height control in this setback area.*

(e) ***That,*** *in relation to the Draft Parramatta CBD Planning Proposal, Council resolve to apply a maximum 3:1 FSR for the same 12m tower setback area for Church Street between Macquarie Street and the Parramatta River (as specified in (d) above and as per Figure 2 of this report) on both the Base Floor Space Ratio and Incentive Floor Space Ratio Maps; so as to protect the heritage streetscape of Church Street and ensure general consistency with the Urbis Heritage Study.*

(f) ***That****, in relation to the Site Specific Planning Proposals for 286-300 Church Street, 197-207 Church Street and 89 Marsden Street, and 295 Church Street, Parramatta, Council consider aligning these Planning Proposals with the above policy approach when these matters are reported back to Council following public exhibition.*

ISSUE 4 – PERFORMANCE PROVISIONS RELATING TO OPPORUTNITY SITE BONUS FSR

18. At the workshop on 7 May 2018, Council officers raised the issue the draft Opportunity Site provisions in the CBD PP may need revision to address additional matters, notably heritage streetscapes and site isolation. This issue arose during the assessment of the site-specific planning proposal for 286-300 Church Street, with Council officers arguing in the report to Council on 23 April 2018 that, while the proposal complies with the minimum numeric Opportunity Site provisions, the other performance provisions cannot be met. This is because it is considered that the site-specific planning proposal isolates 302 Church Street (the adjoining site on the corner) and eliminates the ability of this site to benefit from any potential uplift enabled by the Opportunity Sites provisions in the CBD PP (up to 3:1 bonus FSR). Secondly, the additional FSR puts further pressure on the tower setback from Church Street (as discussed in Issue 3, above) increasing the bulk and scale of buildings fronting Church Street, which will have a further negative impact in the way Church Street can be interpreted from a heritage viewpoint.

19. The intent of the Opportunity Sites provisions is to allow additional residential development (up to 3:1 bonus FSR) within the B4 Mixed Use zone provided the site has a land area greater than 1800sqm and a minimum street frontage of 40m. The applicant must also demonstrate via a site-specific DCP (or a Stage 1 DA) that the site can accommodate the additional FSR, achieve design excellence, ensure the building is a high performing building, and provide additional community infrastructure.

20. A further unanticipated issue for the proposed Opportunity Sites control relates to sites with more than one street frontage. Preliminary discussions between Council staff and a proponent seeking a site-specific planning proposal at 60 and 60A Great Western Highway intends to take advantage of the Opportunity Sites provision. Again, the proposed site meets the basic numeric standards of 1800sqm minimum site size and 40m street frontage width (when measured along O'Connell Street). However, the depth of the site (when measured along Great Western Highway or Campbell Street) is only 20m, which can create problems for designing an appropriate development with required setbacks to comply with SEPP 65 due to the site's long and thin shape.

21. The shape of a development site is very important to ensure the capability of the site to accommodate development. This is particularly so for high density residential or mixed-use development where inter-building separation needs to be provided for amenity and to mitigate adverse impacts such as noise and wind funnelling between buildings. Insufficient or poorly designed separation can make the use of outdoor private spaces on balconies undesirable even in mildly windy conditions due to funnelling and downdrafts. It can also make street level conditions unpleasant due to wind funnelling especially if weather protection such as verandas are not provided on the building to mitigate downdraft vortices.

22. In order to address this issue, it is recommended that in addition to the minimum site area requirement of 1800sqm and minimum street frontage requirement of 40m, a minimum site depth requirement be added as follows:

    - 35m, where the site is a corner site with at least two street frontages; or

- 40m, in all other situations.

23. This is based on further urban design testing and also an analysis of site-specific planning proposals where the site dimensions for Opportunity Site provisions have been considered appropriate, as set out in Table 6, below.

Site	Site Area	Street Frontage	Site Depth	Appropriate for Opportunity Site provisions
286 Church Street (single street frontage, rear laneway)	2,096sqm	43m	var. 44-53m	Yes
2 O'Connell Street (5 Aird St) (corner site, three frontages)	3,219sqm	83m	var. 31-35m	Yes
12 Hassall Street (former PCYC) (single street frontage)	2,050sqm	50m	40m	Yes
60-60A Great Western Highway (corner site, three frontages)	1,960sqm	97m	20m	No

Table 6: Site dimension analysis of requests for Opportunity Site bonuses

24. The policy issue for the CBD PP that the decision on the site-specific planning proposal for 286-300 Church Street raises, that Councillors now may wish to consider is whether additional provisions are required within the current Opportunity Site clause to ensure site isolation and impacts on historic streetscapes are matters for consideration as well as adding minimum site depth requirements as specified above.

Officer Recommendations:

(g) ***That**, in relation to the Draft Parramatta CBD Planning Proposal, Council resolve to amend Clause 7.16 Opportunity Sites to include additional provisions to address site isolation, impacts on historic streetscapes, and adding minimum site depth requirements as follows:*

- *35m, where the site is a corner site with at least two street frontages; or*
- *40m, in all other situations.*

(h) ***That**, in relation to the Site Specific Planning Proposal for 286-300 Church Street, Parramatta, Council resolve to require site isolation and impacts on historic streetscapes are matters for consideration when this matter is reported back to Council following public exhibition.*

ISSUE 5 – APPROPRIATE INCENTIVE FSRs ADJACENT TO A STATE-LISTED HERITAGE ITEM

25. At the workshop on 7 May 2018, the appropriate Incentive FSR was discussed for a site adjacent to a state listed heritage item being Harrisford House (182 George Street). This issue arose for Councillors when they were considering a report on the site-specific planning proposal for 184-188 George Street, Parramatta with the Council resolving on 23 April 2018 that the maximum FSR for the site be 6:1 and include specific podium setbacks and heights to address

Harrisford House. This was inconsistent with the officer recommendation of 10:1 and also the CBD PP draft Incentive FSR control of 10:1. A recision motion in relation to this resolution was considered by Councillors at the Council meeting on 14 May 2018 with the resolved position being an FSR of 6:1. It is noted that a further recision motion in relation to this 14 May 2018 resolution remains outstanding at the time of writing this report.

26. The heritage study to inform the CBD PP prepared by the consultant, Urbis, recommended (*inter alia*) that heritage items have the same FSR as adjoining sites to encourage site amalgamations, with some exceptions being: Lancer Barracks, St Johns Cathedral, St Johns Cemetery and Harrisford House. The Urbis report recommended an Incentive FSR for Harrisford House of 4:1.

27. Council resolved on 14 December 2015 to support this part of the Urbis recommendation, except for the Incentive FSR for Harrisford House, considering that an FSR of 10:1 was appropriate in this case to enable the transfer of FSR to either 180 George Street (Meriton Westport apartments) or 184-188 George Street. Applying a maximum height control of 8 metres ensured a practical limitation on achieving the higher FSR on the Harrisford House site on its own, thus incentivising amalgamation with adjoining sites.

28. Table 7 identifies four other heritage items of state significance in the CBD PP boundary where the heritage item and adjacent sites have FSRs consistent with the adjoining properties. The FSRs for these sites and adjoining sites are consistent with those recommended in the Urbis heritage study.

29. It should be noted that in relation to the Roxy Theatre site (as identified in Table 7 below) that there is an active DA which has been referred to the NSW Heritage Office for approval under the Heritage Act. It is recommended that Council adjust the heights and FSRs in the CBD Planning Proposal for the Roxy Theatre site consistent with the outcomes of that detailed NSW Heritage Office assessment process (once those outcomes are publicly released).

Item Name	Address	Site FSR under the CBD PP	Adjacent site FSR under the CBD PP
Perth House and Stables	85 George Street, Parramatta	10:1	10:1
Redcoats Mess House	Horwood Place, Parramatta	10:1	10:1
Roxy Theatre	65-69 George Street, Parramatta	10:1*	10:1
Shop and office	88-92 George Street, Parramatta	10:1	10:1

***Note:** Subject to potential change in accordance with Paragraph 29.

Table 7: Heritage Items of State Significance in the CBD PP

30. The policy issue for the CBD PP that the decision on the site-specific planning proposal for 184-188 George Street raises, that Councillors now may wish to consider is whether to retain the 10:1 Incentive FSRs for heritage items of state significance and also the sites adjacent to them.

Officer Recommendation:

(i) ***That****, in relation to the Draft Parramatta CBD Planning Proposal, Council resolve to retain the 10:1 Incentive FSR for heritage items of state significance (so as to encourage amalgamation and facilitate retention and revitalisation of*

these items) and the sites adjacent to them (consistent with the recommendations of the Urbis Heritage Study), with the exception of the Roxy Theatre site, where the adopted base and incentive heights and FSRs should be adjusted in accordance with the outcomes of the detailed assessment of the current DA by the NSW Heritage Office (once that assessment is publicly released).

ISSUE 6 – APPROPRIATE INCENTIVE FSRs FOR THE AUTO ALLEY PRECINCT

31. Further discussions with Councillors following the workshop on 7 May 2018 raised the issue of the most appropriate Incentive FSRs for the Auto Alley precinct, with discussions suggesting adopting the original Architectus Study recommendations the for Auto Alley precinct, as opposed to the Auto Alley Planning Framework recommendations.

32. The original Architectus Study for the Parramatta CBD generally recommended FSRs of 10:1 for the "core" of the CBD and 6:1 for the transition areas north of the Parramatta River and south of the Great Western Highway/Parkes Street (the south including Auto Alley) (Figure 3). The Study noted the separate and evolving urban design work being undertaken for the Auto Alley precinct which commenced in 2012. The "core" of the CBD is generally bounded by the Great Western Highway and Parkes Street, Harris Street, Pitt Street and O'Connell Street, and the Parramatta River.

33. As noted previously, the Architectus Study and the Auto Alley Planning Framework were integrated into the Parramatta CBD Planning Strategy and adopted by Council in April 2015 with endorsed FSRs for the Auto Alley Precinct consistent with the Auto Alley Planning Framework as shown in Figure 4. The endorsed FSRs from the Parramatta CBD Planning Strategy were then applied accordingly to the Incentive Floor Space Ratio map in the Parramatta CBD PP for the Auto Alley Precinct, as shown in Figure 5.

34. The proposed Architectus Study FSR controls for the Auto Alley Precinct were generalised. This contrasted with the detailed fine-grained FSR controls in the Auto Alley Planning Framework, which came out of a detailed urban design study of that precinct and responds to precinct-specific issues including the achievement of particular built form outcomes, along with the protection or heritage and delivery of infrastructure (lanes, roads and parks).

35. The policy issue for the CBP PP that the decision on the Incentive FSRs for the Auto Alley Precinct raises, that Councillors now may wish to consider is whether to retain the variable FSRs previously endorsed by Council or amend the Incentive FSRs as per the Architectus Study recommendation of 6:1 and 3:1 for the Auto Alley precinct. If Council is of the view to go with the Architectus Study FSRs, it is recommended that Council retain the 0m maximum height limits to deliver identified laneways and parks in the precinct. It is further recommended that the previously gazetted changes to Parramatta LEP 2011 pertaining to the Heartland Holden site (of 7.2:1 and 6.4:1 FSRs) and the 5-7 Parkes Street site (of 6.5:1 FSR) are retained, as adopting the Architectus recommendations will result in a downgrading of FSRs on these sites.

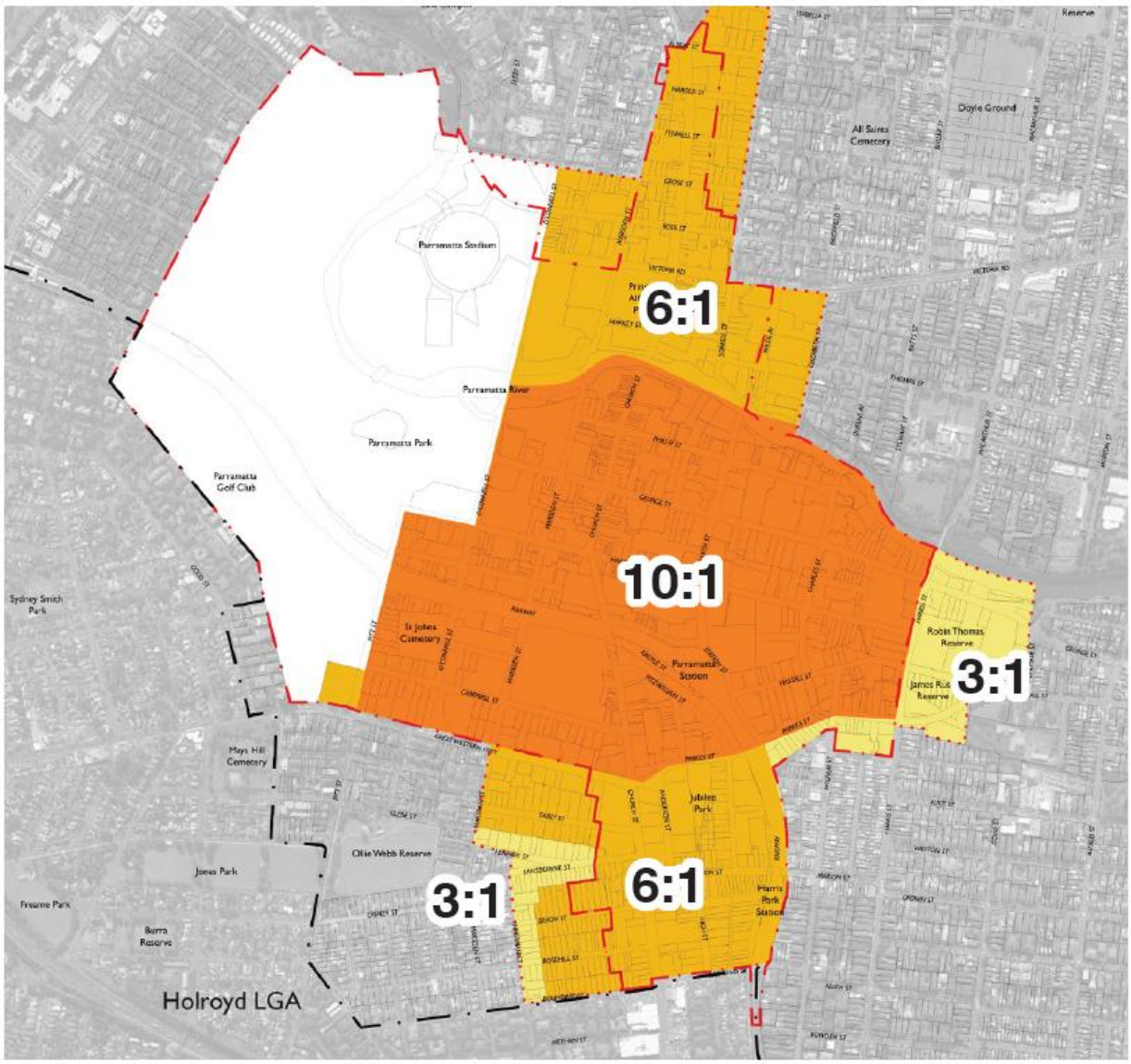

Figure 3: Extract from the Architectus Parramatta City Centre Planning Framework Study (2014) showing recommended FSRs of 6:1 and 3:1 for the Auto Alley Precinct

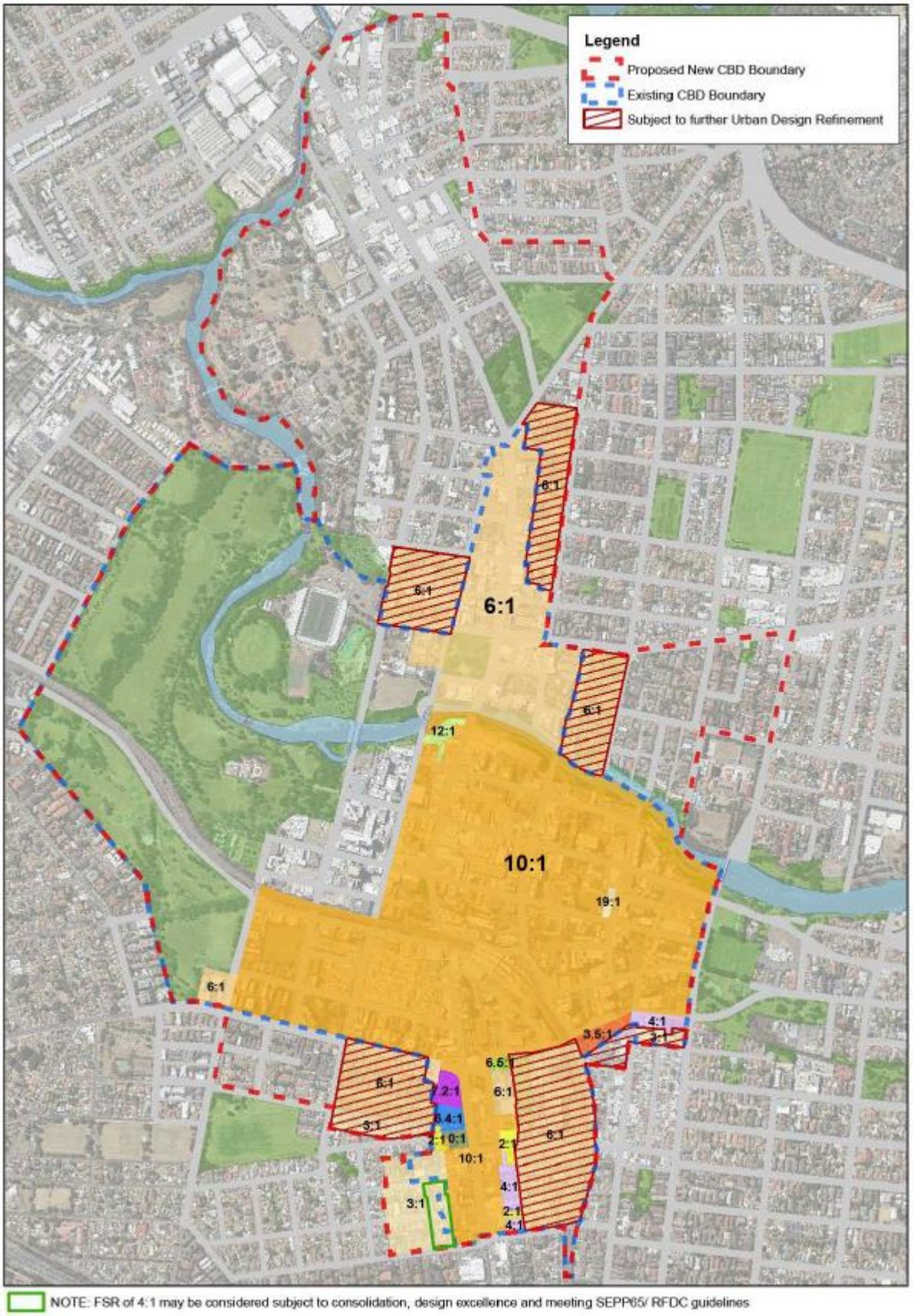

Figure 4: Extract from the Parramatta CBD Planning Strategy (2015) showing endorsed FSRs including fine-grained FSRs for the Auto Alley Precinct

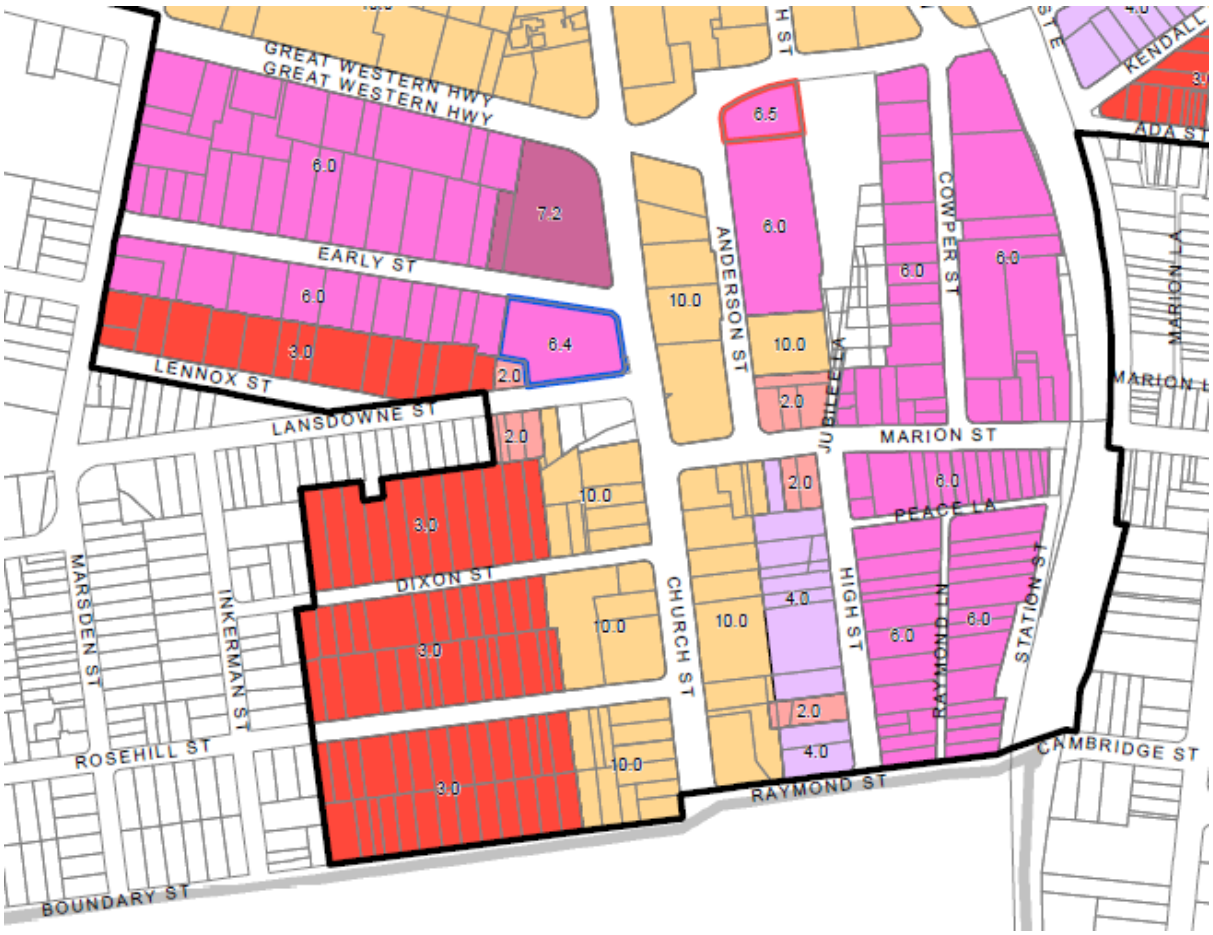

Figure 5: Extract from the endorsed Incentive Floor Space Ratio Map (April 2016) showing Incentive FSRs for the Auto Alley Precinct

12-20 Dixon Street, Parramatta

36. The research for this report has identified an issue for a group of sites within the Auto Alley Precinct being 12-20 Dixon Street, Parramatta (shown edged in blue on Figure 6). A Site Specific Planning Proposal was lodged in 2012 for these amalgamated sites but was later withdrawn by the applicant.

37. The issue now identified for these sites relates to the CBD PP endorsed Incentive FSR of 3:1 and height limit of 26 metres (8 storeys). Testing by Council's Urban Design Unit indicates that a building on this site with a 26 metre height limit could only achieve an FSR of 2:1. This is because of the flood constraints to the rear of the site and the need to accommodate an increased setback to Dixon Street for a wider road reserve.

38. The Incentive FSR and height limit for these sites initially endorsed by Council in April 2016 as part of the CBD PP was 3:1 and 60m (18 storeys). The heritage study of interface areas commissioned by Council and prepared by Hector Abraham Architects recommended the height limit be reduced to 26m to provide a buffer to the adjacent heritage conservation area. The 26m height limit was endorsed by Council (via the Administrator) and forwarded to DPE as part of Council's Gateway Application.

39. The policy issue for the CBP PP that the decision on the planning controls for the site at 12-20 Dixon Street raises, that Councillors now may wish to consider is whether to reduce the Incentive FSR on the site to 2:1 and retain the 26m height limit to reflect the site capabilities (flooding) and heritage issues.

Officer Recommendations:

(j) ***That,*** *in relation to the planning controls for 12-20 Dixon Street, Council resolve to amend the Draft Parramatta CBD Planning Proposal such that the FSR for the site is 2:1 with a 26 metre height limit.*

(k) ***That,*** *in relation to the Draft Parramatta CBD Planning Proposal, Council resolve to retain the previously adopted Incentive FSRs for the Auto Alley Precinct, consistent with the detailed Auto Alley Planning Framework.*

NOTE: Should Council resolve to instead adopt the Architectus Study controls for the Auto Alley Precinct, the following alternative wording is recommended to replace recommendation (k), above:

(k) ***That****, in relation to the Draft Parramatta CBD Planning Proposal, Council resolve to adopt the Architectus Study controls for the Auto Alley Precinct except for the following:*

(i) 0m maximum heights to deliver identified lanes and parks (as per the Auto Alley Planning Framework);
(ii) Heartland Holden site (as per the gazetted PP for that site); and
(iii) 5-7 Parkes Street (as per the gazetted PP for that site).

ISSUE 7 – VALUE SHARING MECHANISM

40. Councillors requested information during the workshop on 7 May 2018 in relation to Council's proposed Value Sharing system and, specifically, a comparison with other Councils' value sharing rates.

41. Council's work on value sharing in the Parramatta CBD has culminated in integration of a value sharing mechanism into the proposed new planning control regime contained in the CBD PP. The CBD PP seeks to introduce "Base", "Incentive" and "Opportunity Site" Floor Space Ratio (FSR) controls, into which the value sharing mechanism is embedded. Council's proposed value sharing mechanism will apply to 'Incentive FSR' and 'Opportunity Site FSR' where residential development is proposed and a contribution to community infrastructure is made. For Incentive FSR, this contribution is made based on the uplift between the Base and Incentive FSR controls, and is referred to as "Phase 1 Value Sharing". For Opportunity Site FSR, this contribution is made based on the uplift between the Incentive and Opportunity Site FSR controls (up to a bonus 3:1 FSR), and is referred to as "Phase 2 Value Sharing". Value Sharing would not apply to FSR bonuses for Design Excellence and High Performing Buildings.

42. Council's proposed monetary contribution rates are:

- Phase 1 Valuing Sharing - $150/sqm
- Phase 2 Value Sharing - $375/sqm

43. Council arrived at these rates by examining real land sales from 2014 and 2015 in the Parramatta CBD in order to understand market behaviour in relation to the proposed planning controls. The average land sale was found to be $805/sqm for GFA which was then tested in a variety of scenarios to explore its impacts on development feasibility. This work determined that a "middle of the cycle" land value uplift assumption between $700/sqm - $750/sqm - coupled

with application of 20% Phase 1 and 50% Phase 2 value sharing rates (as set out above) based on this assumption - would not impact development feasibility in the overwhelming majority of cases and also allow for market fluctuations.

44. Council engaged consultants Aurecon to undertake an independent peer review of the Council's proposed CBD value sharing mechanism. The review identified two minor modelling issues that did not have a material impact on outcomes of analysis, and otherwise found: *"Other than these minor issues, our opinion is that the study was comprehensive, well researched, thoughtfully modelled, provided some words of caution, and accomplished its primary objective of comparing the likely revenue generation potential of different value sharing mechanisms"* (page 8)

45. The review also made several recommendations for refining the proposed value sharing, as follows:

- Introduce value sharing mechanism as promptly as possible;
- No change recommended to Phase 1 20% ($150/sqm) and Phase 2 50% ($375/sqm) proposed value sharing rates;
- No change recommended to current policy direction of applying only to residential development;
- Re-evaluate the mechanism after five years;
- Review the mechanism against a residential market index and adjust if necessary;

46. These recommendations are proposed to be implemented in a Development Guideline, pending a Gateway determination on the CBD PP.

Comparison with other value sharing systems

47. Three incentive-based infrastructure funding mechanisms are codified in NSW and are currently operating. These schemes and their adopted monetary contribution rates are:

- City of Sydney: Green Square Community Infrastructure contributions –
  - Residential — $475/sqm (inc. GST)
  - Retail — $275/sqm (inc GST)
  - Commercial — $200/sqm (inc GST)
- City of Ryde: Ryde LEP 2014 (Amendment 1) Macquarie Park Corridor
  - Commercial and Residential — $259/sqm
- City of Penrith: Penrith LEP 2010 — Penrith City Centre
  - Residential — $150/sqm

48. In summary, based on recent advice from the DPE that Council's Gateway Determination for the CBD PP is intended to be issued by 30 June 2018, and that Council's proposed value sharing system includes recommendations to re-evaluate the mechanism after five years and to review the mechanism against a residential market index and adjust if necessary, it is recommended that no change is proposed at this time to Council's adopted value sharing mechanism and the rates.

Officer Recommendation:

(l) ***That,*** *in relation to the proposed Draft Parramatta CBD Planning Proposal, Council resolve to not change the adopted value sharing mechanism and the rates and to reaffirm the requirement to re-evaluate the mechanism after five years and to review the mechanism against a residential market index and adjust if necessary.*

CONCLUSION

49. This report has been prepared to seek direction from Council in relation to certain policy issues for the Parramatta CBD Planning Proposal arising from a Councillor workshop held on 7 May 2018, Council decisions made on site-specific planning proposals which vary from the endorsed position in the larger Parramatta CBD Planning Proposal and other matters raised by Councillors.

50. This report supplements the report titled, “Parramatta CBD Planning Proposal Update”, which is also on the agenda for this Council meeting on 12 June 2018, following four deferrals of that report from the 12 March 2018, 9 April 2018, 23 April 2018 and 28 May 2018 Council meetings. In light of the time that has passed since drafting that original report, and also the outcomes of the Councillor workshop held on 7 May 2018, this report provides an updated alternate recommendation for consideration by Council.

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ATTACHMENTS:
There are no attachments for this report.

REFERENCE MATERIAL