

ECONOMY AND DEVELOPMENT

ITEM NUMBER	7.5
SUBJECT	Planning Proposal, draft Development Control Plan and draft Voluntary Planning Agreement for land at 2 Factory Street, Granville
REFERENCE	RZ/10/2011 - D02820123
REPORT OF	Project Officer - Land Use Planning
LAND OWNER	M.D.M Pty Ltd

PURPOSE:

The purpose of this report is threefold: to seek Council's endorsement to forward a planning proposal to the NSW Department of Planning and Infrastructure for Gateway determination (permission to proceed with proposed rezoning to exhibition), for land at 2 Factory Street, Granville; and to seek Council's endorsement to exhibit a draft Voluntary Planning Agreement and draft Development Control Plan with the planning proposal.

RECOMMENDATION

- a) **That** Council forwards the planning proposal provided at Attachment 2 to the NSW Department of Planning and Infrastructure for Gateway determination.
- b) **That** Council advises the NSW Department of Planning and Infrastructure that the CEO will be exercising the plan-making delegations for this planning proposal as authorised by Council on 26 November 2012.
- c) **That** Council publicly exhibits a draft Voluntary Planning Agreement that reflects the terms outlined in Attachment 3 and the draft Development Control Plan at Attachment 5 with the planning proposal.
- d) **That** Council receives a report on the outcome of the public exhibition.
- e) **Further, that** Council grant delegated authority to the CEO to correct minor anomalies of a non-policy and administrative nature.

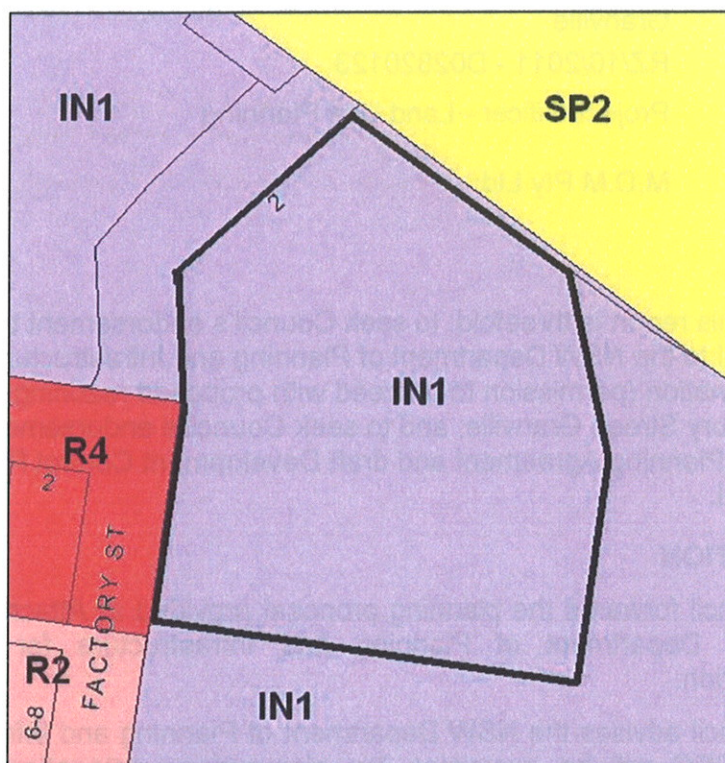
THE SITE

- 1. The subject site is known as 2 Factory Street, Granville and adjoins the south side of the Clyde Railway Station. The site is 10,700sqm in size and is occupied by a group of industrial buildings, generally of brick construction, 2 to 3 storeys in height, with associated vehicle parking areas.
- 2. The site is adjoined at the northern boundary by the Clyde Railway Station and at the southern and eastern boundaries by the Australia Post International Mail Centre. The land west of the subject site across Factory Street is occupied by a Tabcorp call centre. The land south-west of the subject site across Factory Street currently contains low density residential dwellings.

PLANNING CONTROLS

- 3. The subject site is currently zoned IN1 General Industrial under the Parramatta Local Environmental Plan 2011 (PLEP 2011). The IN1 zoning provides for a

range of industrial and warehouse land uses. The lands adjacent to the west, south and east are also zoned IN1 under the PLEP 2011. The land to the south west across Factory Street is zoned R4 High Density Residential. The land to the south west is zoned R2 Low Density Residential.



Land use zoning map, Parramatta LEP 2011

4. The maximum building height permitted for the subject site and surrounding IN1 land under the PLEP 2011 is 12m. The R4 zoned land to the west has a maximum building height of 14m, and the R2 zoned land to the south west has a maximum building height of 9m.
5. The maximum Floor Space Ratio (FSR) permitted for the subject site and surrounding IN1 land under the PLEP 2011 is 1:1. The R4 zoned land to the west has a maximum FSR of 1:1, and the R2 zoned land to the south west has a maximum FSR of 0.5:1.

BACKGROUND

Preliminary concept submission

6. On 20 November 2011, Council received a preliminary rezoning concept for the subject site from Lockrey Planning & Development Solutions Pty Ltd, acting on behalf of the landowners.
7. The proposal sought to rezone the subject site from IN1 General Industrial to a mix of R4 High Density Residential on the southern portion of the site and SP2 Infrastructure on the northern portion, along with increased building heights and FSRs. The applicant showed interest in entering into a Voluntary Planning Agreement (VPA) with Council in relation to the dedication of the northern portion of the site to Council.

8. At its meeting of 27 February 2012 Council considered a report on the preliminary rezoning concept (Item 8.6) and resolved as follows:

- (a) *That Council advise the applicant that it would explore a planning proposal, prepared by the applicant, to rezone land at 2 Factory Street, Granville for high density residential uses.*
- (b) *That the planning proposal submitted to Council be accompanied by a range of studies including the following: Urban Design Structure Plan, Land Use Planning Report, Traffic Impact Assessment, Social Impact Assessment, Acid Sulfate Soil Assessment and Land Contamination Report.*
- (c) *That Council proceed with negotiations for a Voluntary Planning Agreement (VPA) with the applicant in relation to the planning proposal.*
- (d) *That delegated authority be given to the CEO to negotiate the VPA on behalf of Council.*
- (e) *That Council advise the applicant of this decision, together with the matters to be addressed and the required studies to be submitted with the planning proposal.*
- (f) *Further, that a report be put to Council on the assessment of the planning proposal and VPA.*

Planning proposal and draft VPA offer

- 9. On 28 June 2012 a planning proposal and draft VPA for the subject site were submitted to Council by Lockrey Planning & Development Solutions Pty Ltd, acting on behalf of the landowners.
- 10. The planning proposal was based on the original preliminary concept and sought to rezone the subject site from IN1 General Industrial to a mix of R4 High Density Residential on the southern portion and SP2 Infrastructure on the northern portion, along with increased building heights and FSRs. The applicant sought to enter into a VPA with Council in relation to the dedication of the northern portion of land to Council.
- 11. In response to Council officer's concerns in relation to built form outcomes, the applicant submitted a revised planning proposal to Council on 31 May 2013.

PLANNING PROPOSAL & DRAFT SITE SPECIFIC DCP CONTROLS

- 12. The planning proposal provided at **Attachment 2** seeks to amend the Parramatta LEP 2011 by:
 - (a) Rezoning the entire site from IN1 General Industrial to R4 High Density Residential
 - (b) Increasing the maximum building height at the site from 12m to a mix of 16m, 19m and 22m to accommodate for 5, 6 and 7 storey buildings
 - (c) Increasing the maximum FSR on the entire site from 1:1 to 1.9:1
- 13. A proposed development concept for the southern portion (area of 8,895sqm) of the subject site comprises of the following.
 - 179 apartments in four buildings

- Buildings of 5, 6 and 7 storeys in height
 - A Gross Floor Area of approximately 16,900sqm
 - 227 car parking spaces for the residential component
 - Vehicle access via Factory Street at two separate points with internal road network
 - Open space areas
14. The northern portion (area of 1,805sqm) of the subject site is proposed by the landowner to be dedicated to Council (see further discussion under heading VPA OFFER).
15. The proposed development concept for the southern portion of the subject site is by no means final. Its purpose serves to demonstrate the potential future built form for this part of the subject site. Any future development proposal would be required to undergo the development assessment process and comply with relevant development controls. The proposed concept drawing may be found at **Attachment 4**.
16. A detailed assessment of the issues relating to the planning proposal can be found at **Attachment 1**. In order to provide greater certainty and guidance for the future development of the subject site, it is recommended that site-specific planning controls addressing built form and site layout matters be incorporated into the Parramatta Development Control Plan 2011 (PDCP 2011). Draft site-specific PDCP 2011 controls are provided at **Attachment 5**.

VPA OFFER

17. The VPA offer seeks to dedicate the northern portion of the subject site (1,805sqm) to Council (refer to Attachment 3 for site map). The VPA offer is in addition to the s94A development contributions that would be applicable to any future development.
18. Analysis indicates that the proposed rezoning and increase in FSR at the subject site would result in a significant uplift in land value. The value of the land proposed to be dedicated to Council following the rezoning and increase in FSR would equate to approximately 68% of the value uplift generated by the southern portion. The draft VPA offer would capture 68% of the value uplift for the southern portion for public benefit purposes.
19. Council officers investigated the options for the development of the proposed dedicated land for a public purpose and identified the suitability of the dedicated site for the purposes of housing in accordance with section 93F(2) of the EP&A Act. Analysis indicates that a suitable development could be developed in accordance with relevant design controls, yielding between 23-28 units. Development of the site would likely occur by entering into a Joint Venture Partnership with a Community Housing Provider.
20. A detailed assessment of the issues relating to the VPA offer can be found at **Attachment 1**. The draft VPA will be prepared by Council with input from the applicant and will reflect the key terms outlined in **Attachment 3**.

PLAN-MAKING DELEGATIONS

21. New delegations were announced by the Minister for Planning and Infrastructure in October 2012, allowing councils to make LEPs of local significance. On 26 November 2012 Council resolved to accept the delegation for plan making functions. Council also resolved that these functions be delegated to the Chief Executive Officer.
22. Should Council resolve to proceed with this planning proposal, Council will be able to exercise its plan-making delegations. This means that after the planning proposal has been to Gateway, undergone public exhibition and adopted by Council, Council officers will deal directly with the Parliamentary Counsel. When the planning proposal is submitted to Gateway, Council advises the DP&I that it will be exercising its delegation.

NEXT STEPS

23. Should Council adopt the recommendations of this report a planning proposal will be forwarded to the Department of Planning and Infrastructure for Gateway determination.
24. Once a Gateway determination is received, the planning proposal, draft site-specific DCP and draft VPA will be placed on public exhibition. A report on the outcomes of the public exhibition will then be put to Council.

Joel Carson

Project Officer – Land Use Planning

ATTACHMENTS:

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| 1 Detailed Assessment | 6 Pages |
| 2 Planning Proposal | 14 Pages |
| 3 Voluntary Planning Agreement key terms | 2 Pages |
| 4 Development Concept drawing | 1 Page |
| 5 Site-specific DCP controls | 3 Pages |

ATTACHMENT 1 – DETAILED ASSESSMENT

2 FACTORY STREET, GRANVILLE**PLANNING PROPOSAL ISSUES****Loss of employment land**

1. Council is currently preparing an Employment Lands Study which examines the strategic importance of individual precincts in the LGA and better understands the changing dynamics of various employment sectors. As part of this study, the Factory Street industrial precinct was specifically investigated.
2. The study identified the strategic importance of the Factory Street industrial precinct in achieving the objectives of State strategies to retain employment lands and meet employment targets. It also identified the suitability of the precinct in respect to its proximity to the Auburn Stabling Yard, as it acts as a buffer between the stabling yards and the residential areas further to the west. The Factory Street precinct has the potential to contribute to the broader established employment lands of Parramatta.
3. The applicant has provided an economic justification, prepared by MacroPlanDimasi, dated May 2013 which addresses the proposed change to the industrial zoning of the subject site. The following points are provided in support of the proposed rezoning:
 - (a) The continued use of 2 Factory Street for industrial purposes is constrained by: its older, degraded building stock; unsuitability of the site due to its relatively small scale and isolated location; limited access to freight, logistics and distribution; physical constraints, which limit expansion or consolidation of lots; and incompatibility with surrounding residential uses.
 - (b) In respect to the potential redevelopment of the Clyde Marshalling Yards, the Factory Street industrial precinct is physically separated from the yards by Duck Creek, is accessed solely via residential streets and is adjacent to further planned high density residential development at Granville. Factory Street presents as a small, fragmented and disconnected offering that is no longer suited to industrial development.
 - (c) There are sizeable private industrial buildings located to the south-west of the Clyde Marshalling Yards area which would be better suited for future development as industrial operations in comparison to the Factory Street lands.
 - (d) 2 Factory Street sits adjacent to land that has recently been zoned for higher density residential development. The same residential zoning should be extended to the subject site so as to encourage the conversion of low density housing to a higher or more fitting use.
 - (e) The significant supply of small sized allotments across the north-west region compensates for any "loss" of employment land at the subject site.
4. The nature of the land uses currently located on the industrial zoned lands at Factory Street are changing. It is noted that an industrial-zoned building located

at 2B Factory Street was recently approved by Council for use as a Place of Public Worship, indicating the changing nature of the Factory Street precinct towards greater compatibility with surrounding residential areas.

Suitability of site for residential development

5. The proposal meets the objectives of Council's draft Residential Development Strategy and the Metropolitan Plan for Sydney 2036 by encouraging the intensification of residential development around public transport, in this case being the Clyde Railway Station, which provides service to the Parramatta CBD.

Compatibility with surrounding uses

6. Amenity (noise, visual, vibration and air) impacts on the subject site will need to be addressed if the subject site was developed for residential uses, given the proximity of existing industrial uses, primarily being the Australia Post International Mail Centre which operates to the south and east of the subject site, and the railway line located to the north.
7. Amenity issues relating to noise intrusion on the subject site from surrounding uses can be addressed through appropriate building construction, particularly the treatment of the façade of a future development. Such matters would be considered in detail during the development application stage.
8. The assessment of amenity impacts from the Clyde Railway Station would be undertaken during the design phase of the development so as to address compliance with State Environmental Planning Policy (Infrastructure) 2007.
9. In order to address concerns over amenity at the subject site, site-specific planning controls addressing amenity will be incorporated into the Parramatta Development Control Plan 2011 (PDCP 2011).

Proposed development concept

10. The proposed development concept serves to demonstrate the potential future built form for the subject site and is by no means final. Any future development proposal would be required to undergo the development assessment process and comply with relevant development controls.
11. A detailed review of the submitted development concept was conducted by Council's urban design team. A number of issues were raised with the proposed layout which would need to be addressed during a future development application process and redevelopment of the site. These include:
 - (a) Compliance with the requirements of State Environmental Planning Policy No.65 (SEPP 65) in respect to aspects such as the permitted number of south facing units and the proposed building depths.
 - (b) Ensure the proposed pedestrian access link to the development from Factory Street between proposed buildings A and B allows complete pedestrian access to the internal parts of the site.
 - (c) Ensure the proposed emergency roadway can accommodate two-way traffic and allow for residents and visitors at the site to adequately

maneuver their vehicles; provide for at grade parking; and provide a street address for ground floor units.

12. In order to provide greater certainty and guidance for the future development of the subject site, site-specific planning controls addressing built form and site layout will be incorporated into the PDCP 2011.

Traffic and parking

13. The traffic report submitted with the planning proposal, prepared by Transport and Traffic Planning Associates, concludes that upon calculating the existing and future traffic generation of the development, it is estimated that the increased traffic that would be generated by the development is considered moderate and that the surrounding traffic network can adequately accommodate this traffic increase.
14. Council's traffic engineers have reviewed the proposed development concept and are generally supportive of the proposed internal road layout, providing that the two-way roadway at the north of the site is constructed in accordance with the relevant Australian standard, particularly in respect to road widths where a minimum 6m width is required. The proposed emergency vehicle access at the south of the site may be one-way and is supported, providing that a minimum 3m roadway width is achieved. These requirements have been addressed in the site specific DCP at **Attachment 5**.

Flooding

15. The subject site is not affected by the 100 year flood event.

Acid Sulfate Soils

16. An Acid Sulfate Soils Management Plan, prepared by Aargus, was submitted with the planning proposal. As a result of investigations undertaken into the site, it was concluded that there are signs of Potential Acid Sulfate Soils (PASS) at the site that require treatment prior to development. The site is suitable for development upon following the recommended management strategies outlined in the Acid Sulfate Soils Management Plan.

Site Contamination

17. A Phase 2 Environmental Site Assessment, prepared by Aargus, was submitted with the planning proposal. The assessment identified the presence of contamination at several locations on the site, primarily petroleum hydrocarbon, benzo-a-pyrene and asbestos. The report concludes that the subject site will be suitable for the proposed rezoning and development for high density residential uses, subject to: development of an appropriate remedial/management strategy, culminating in the preparation of a Remedial Action Plan (RAP); the undertaking of additional soil sampling; and the undertaking of a groundwater assessment. These items are not required to be undertaken as part of the rezoning process but rather at the development application stage.

Grey-headed flying-fox colony

18. A Grey-headed flying-fox Colony Assessment Report was submitted with the planning proposal, which provides the findings of an investigation into the potential impacts from the proposal on a nearby colony. It was found that the proposal would not significantly impact the nearby colony if appropriate steps were undertaken prior to and during construction to mitigate any potential disruptions.

VOLUNTARY PLANNING AGREEMENTS

19. A Voluntary Planning Agreement (VPA), also known as a planning agreement, can be made under section 93F of the Environmental Planning and Assessment Act 1979 (EP&A Act) and is a voluntary agreement between Council and the developer, under which the developer is required to dedicate land free of cost, pay a monetary contribution or provide other material public benefit, or any combination of these, to be used towards a public purpose. This may be in lieu of a s94 or s94A development contribution, as a part substitution or an additional benefit.
20. The EP&A Act specifies that a public purpose includes the provision of public amenities or public services, the provision of affordable housing, the provision of transport or other infrastructure relating to the land, the funding of recurrent expenditure relating to any of these, the monitoring of the planning impacts of a development and the conservation or enhancement of the natural environment.
21. Council has an adopted VPA policy which sets out the principles governing such agreements, matters that Council will consider in negotiating agreements, steps in the negotiating process, public probity, notification requirements and implementation. The EP&A Act and the Environmental Planning and Assessment Regulation sets out the legal and procedural framework for planning agreements.
22. The negotiation of a planning agreement is at Council's discretion. Key principles of Council's policy are that:
- planning decisions will not be bought or sold through planning agreements;
 - development that is unacceptable on planning grounds will not be permitted because of the benefits of a planning agreement;
 - the benefits of the planning agreement will bear a relationship to the application;
 - Council will not give undue weight to a planning agreement when making a decision on a development application; and
 - Council will not improperly rely on its position in order to extract unreasonable public benefits under planning agreements.
23. Procedurally, Council's policy requires:
- a Council resolution to undertake negotiations on a planning agreement;
 - appointment of a Council officer with delegated authority to negotiate a planning agreement on behalf of Council (this is not to be an officer with a key responsibility for the development application);
 - consideration of whether an independent person is required to facilitate the negotiations;
 - public exhibition of the draft agreement, once prepared; and

- the elected Council will ultimately make the decision as to whether to approve the planning agreement.

DRAFT VPA OFFER

24. Council officers have conducted an assessment of the estimated value uplift generated by the planning proposal. A valuation conducted for the subject site indicates that the proposed rezoning and increase in FSR would result in a significant uplift in land value.
25. Under the proposed VPA, Council would acquire the northern portion of the subject site (1,805sqm) for a public purpose. The value of this dedicated land following the proposed rezoning and increase in FSR equates to approximately 68% of the value uplift generated by the planning proposal for the southern portion. It is therefore concluded that the land dedication under the VPA would capture approximately 68% of the value uplift for the southern portion for use towards a public purpose.
26. Council officers investigated the options for the development of the proposed dedicated land for a public purpose and identified the suitability of the dedicated site for the purposes of housing in accordance with section 93F(2) of the EP&A Act. This option was preferred over a previous proposal for the construction of a commuter car park due to the receipt of advice from Transport for NSW that State Government support and funding for such a facility at the subject site would not be forthcoming.
27. Section 93F (2) of the EP&A Act states that:
- A public purpose includes (without limitation) any of the following:*
- (a) the provision of (or the recoupment of the cost of providing) public amenities or public services,*
 - (b) the provision of (or the recoupment of the cost of providing) affordable housing,*
 - (c) the provision of (or the recoupment of the cost of providing) transport or other infrastructure relating to land,*
 - (d) the funding of recurrent expenditure relating to the provision of public amenities or public services, affordable housing or transport or other infrastructure,*
 - (e) the monitoring of the planning impacts of development,*
 - (f) the conservation or enhancement of the natural environment.*
28. In response to the growing problem of housing affordability in Parramatta the Council adopted an 'Affordable Housing Policy' (2009). This Policy made a commitment to using planning tools, strategic partnerships and financial incentives to ensure a level of affordable housing stock was maintained into the future.
29. An urban design analysis was conducted by Council officers where it was identified that on the proposed site area of 1,805sqm, with an R4 High Density Residential zoning, a maximum FSR of 1.9:1 and maximum building height of 5 storeys, a suitable affordable housing development could be developed in accordance with relevant design controls, yielding between 23-28 units in one building with 2 basement levels of carparking.

30. To achieve Council's targets it is recommended that Council accepts the land dedication offered in this VPA offer.
31. A future report would be put to Council on development opportunities such as transferring this land to a Community Housing Organisation (CHO) under a shared agreement by entering into a Joint Venture Partnership to develop the land as an affordable housing project. The CHO would then undertake the development and at the end of the project would transfer the value of the land back to Council in dwelling units.
32. There are a number of benefits with this proposal as the whole development will supply affordable housing units and Council will be reimbursed for the land dedication through the transfer of dwelling units into Council's ownership. These units would generate an ongoing income for Council. The tenancy management would be undertaken by the CHO which would own the remainder of the units. In addition both Council and the CHO will be able to access additional financial incentives which are available through the National Rental Affordability Scheme (NRAS) which comprises State and Commonwealth Government funding grants for the development of affordable housing.

