

27 October 2021

The General Manager
Willoughby City Council
Level 4, 31 Victor Street
Chatswood NSW

Attention: Sylvania Mok, Contributions Planner

Dear Sylvania,

Re: Proposed Letter of Offer to enter Voluntary Planning Agreement at 849-859 Pacific Highway and 2-8 Wilson Street, Chatswood

1. Introduction

I am writing, on behalf of 853 Pacific Highway Pty Ltd ATF 2017 PHC Unit Trust ("853 PH") relating to the land at 849, 853 and 859 Pacific Highway, 2 Wilson Street and 8 Wilson Street (also known as Lot 1, O'Brien St, Chatswood), Chatswood NSW 2067 ("Development Site"). The Development Site is legally described as SP52947, SP10110, SP60178, SP1496 and 1/DP1189541.

This letter outlines details in relation to 853 PH's proposed offer to enter into a Voluntary Planning Agreement ("VPA") with Willoughby City Council ("Council"). This offer demonstrates a willingness to provide an innovative public benefit into perpetuity that will support future housing, employment, community facilities and public open space in the Chatswood CBD. The negotiation and finalisation of terms will need to adhere to the relevant sections and requirements of the *Environment Planning Assessment Act 1979* ("the Act"), *Environmental Planning and Assessment Regulation 2000* and NSW Department of Planning, Industry and Environment's ("DPIE") *Planning Agreements Practice Note (2021)*.

This letter of offer relating to a draft planning agreement does not exclude the operations of Section 7.11, 7.12 or 7.24 of The Act in relation to the development.

2. Background

This letter of offer to enter into a VPA is made in conjunction with the accompanying planning proposal, which seeks approval for the following:

- Rezone the land zoned R4 High Density Residential and SP2 Infrastructure Railway to B4 Mixed Use;
- Increase the height of building Standard from 24m to 90m for the land zoned R4 High Density Residential and introducing a new maximum height of 90m to the current SP2 Infrastructure Railway and B4 Mixed Use Land;
- Increase the FSR Standard from 1.5:1 for the land zoned R4 High Density Residential to 6:1 across the whole site, providing a new maximum FSR for the current SP2 Infrastructure (Railway) and B4 Mixed Use Lands. This will also include a requirement for a minimum 1:1 non-residential FSR; and
- The proposal includes 4% of the total residential floor area including affordable housing.

853 PH is aware that the Willoughby Council Revised Draft Planning Agreement Policy ("Draft Policy") & Chatswood CBD Community Infrastructure Funding Study ("Study") went on public exhibition in October 2020. 853 PH awaits the outcome of the final adopted Draft Policy which is currently under review by Council.

3. Parties to the Agreement

The parties to the agreement are anticipated to be 853 PH and Council. While the planning proposal applies to land owned by the Transport Asset Holding Entity of NSW (8 Wilson Street, Chatswood also known as Lot 1, O'Brien Street, Chatswood) (**TAHE**), this land is under option by 853 PH and 853 PH is expected to take ownership of the land prior to the commencement of the Agreement. Further information can be provided to the Council in due course about this. It is also noted that there are easements in favour of TAHE for maintenance and access to the rail corridor. These easements are not proposed to be varied or removed. TAHE will be consulted on the terms of the VPA and, if necessary, it may become a party.

4. Land to which the Agreement will relate

The Development Site as defined above.

5. Public Benefit Offer

The letter of offer outlines the following public benefits which are included with the corresponding planning proposal:

a) 396m² Community Facility

There is a unique opportunity for 853 PH to provide a material public benefit by dedicating 396m² of gross commercial floor area on ground level to Council for the purpose of a community facility, which could include maintaining the current use of the land. The commercial stratum will be delivered as a base building warm shell and allocated two parking spaces and 10 bicycle spaces. A plan will be provided within the future VPA demonstrating the location and areas of works and stratum dedication. The community facility will be included within the minimum non-residential gross floor area required for the site. In the interim, an indicative plan is provided at Appendix 1.

It is proposed that the value of the stratum dedication will be offset against the CIC contribution amount that would otherwise be applied to this Development Site as per Council's endorsed policy and supporting schedule of works.

b) New public park and site through link

There is a unique opportunity for 853 PH to provide a material public benefit by creating a c.700m² through-site link and pocket park for which access can be provided by way of right of public carriageway, with the maintenance costs retained by the strata scheme. The proposal includes embellishment of the new future public open space including new shared path, landscaping, lighting, drainage, and public art. The location of the new public park is detailed in Appendix 1 of this letter. The attributed monetary value of the interest in land to be created and embellishment works will be estimated by an Independent Land Valuer and Registered Quantity Surveyor. The valuation of the publicly assessable land, embellishment works and ongoing maintenance costs will be adjusted and offset the CIC contribution amount that would otherwise be applied to this Development Site per Council's endorsed policy and supporting schedule of works. A Care, Control and Management Agreement would be entered into with the Council over this land. The site through link component is also the subject, in part of, existing easements in favour of TAHE and, for this reason, both Council and TAHE will be consulted on the terms of the right of public carriageway to ensure that the instruments are not inconsistent.

Affordable Housing

The Development Site is not currently identified for affordable housing under Clause 6.8 or on the Special Provisions Area Map of the *Willoughby Local Environmental Plan 2012* ("WLEP"). However, it is understood the WLEP will be amended in line with the NSW guidelines. Therefore, 853 PH will also provide affordable housing in the development through the Chatswood CBD Strategy at the rate of 4% of the proposed additional private residential gross floor space achieved through the residential FSR uplift.

This letter of offer is made on this basis that the planning proposal will be subject to a requirement of 4% of the proposed private residential gross floor area being provided as affordable housing. The current Study CIC levy has not been feasibility tested based on an increase to the amount of affordable housing required within the Chatswood CBD. Naturally, if the anticipated affordable housing rate were to be increased from 4% the contributions under this letter of offer would need to be revisited and adjusted to reflect the significant cost of increases in affordable housing requirements to ensure the project is viable.

6. Conclusion

This offer to enter into a VPA is presented to Council in good faith. It provides for a contribution to the community infrastructure scheme within the future development of a mixed use residential and commercial building on a significant gateway site into Chatswood.

If Council is agreeable to the offer above, and subject to the final endorsed CIC policy, the proposed VPA will be drafted in accordance DPIE's *Planning Agreements Practice Note (2021)*.

Please contact me to discuss any aspect of the offer and we look forward to working with Council to deliver a truly innovative and adaptable community facility and future public open space.

Yours sincerely,



Nicholas Andrijic
Director
Sanctuary Partners on behalf of 853 Pacific Highway Pty Ltd

Appendix 1

