

22DP008	Charlestown strategic economic centre - draft planning proposal and revised area plan
----------------	---

Key focus area	1. Unique landscape
Objective	1.2 We have vibrant town centres and villages
File	F2020/00924/05 - D10597646
Author	Senior Strategic Land Use Planner - Joanne Dunkerley
Responsible manager	Manager Integrated Planning - Wes Hain

Executive Summary

This report identifies proposed amendments to the *Lake Macquarie Local Environmental Plan 2014 (LMLEP 2014)* and the Charlestown Town Centre Area Plan (Part 10.1 of the Lake Macquarie Development Control Plan (LMDCP 2014)) to support the sustainable growth of Charlestown as a vibrant regional centre. It also identifies a need for Council to continue to advocate for a mine grouting fund for Charlestown.

The draft planning proposal (Attachment 1) identifies various changes to land use zones and building heights throughout the Charlestown strategic economic centre, along with changes to a few clauses in the *LMLEP 2014*.

Changes to the *LMLEP 2014* are supported by the revised Charlestown Town Centre Area Plan contained in the LMDCP 2014 (Attachment 2). These changes include new building guidelines and locality specific car parking standards.

Recommendation

Council:

- A. requests a Gateway Determination from the Department of Planning and Environment, pursuant to the *Environmental Planning and Assessment Act 1979* (EP&A Act 1979), in relation to the draft planning proposal in Attachment 1,
- B. requests the use of delegations in respect of the Minister for Planning's plan making function under section 3.36 of the *EP&A Act 1979* for the draft planning proposal,
- C. undertakes consultation with State government agencies and service authorities and prepares any required studies in accordance with the Gateway Determination,
- D. places the draft planning proposal on exhibition, subject to the outcome of the Gateway Determination,
- E. places the revised Charlestown Town Centre Area Plan and changes to Part 3 – Development in Residential Zones of the Lake Macquarie Development Control Plan 2014, as contained in Attachment 2, on exhibition concurrently with the draft planning proposal,
- F. notifies stakeholders and affected landowners of the public exhibition, and
- G. receives a further report on the matter following public exhibition.

Discussion

Our planning goal of making Lake Macquarie City one of the most productive, adaptable, sustainable and liveable places in Australia is underpinned by growing our city's economic centres. Charlestown is a regionally important strategic centre and a focus for investment and intensification of housing, employment, transport, services and recreational opportunities in the north-east of the city. The existing planning documents applying to Charlestown have been reviewed to ensure they support this envisioned growth. The planning documents are the *Lake Macquarie Local Environmental Plan 2014 (LMLEP 2014)*, the Charlestown Town Centre Area Plan, the Charlestown Transport Management Plan and the Charlestown Streetscape Master Plan.

The review identified nine changes to the *LMLEP 2014* and the Charlestown Town Centre Area Plan to help unlock development capacity, promote good quality design and a vibrant Charlestown strategic economic centre. An additional matter of advocating for a Charlestown Mine Grouting Fund has also been identified. The Mine Grouting Fund is the responsibility of State government and continued advocacy of this matter is recommended. The advocacy matter and proposed planning document changes are outlined below.

1. Advocate for a Charlestown Mine Grouting Fund

Development uncertainty resulting from historic mine workings beneath Charlestown and the current Subsidence Advisory NSW assessment process creates a significant barrier to the envisioned growth of Charlestown. Subsidence Advisory NSW can only identify the grouting and/or structural design requirements needed to meet their acceptable risk level once a specific development proposal and geotechnical assessment are lodged for their assessment. Subsidence Advisory NSW may not accept the identified risk, or impose onerous structural conditions to reduce the risk, which make the cost of the development unfeasible.

The existing Newcastle Mine Grouting Fund provides a useful example of how such uncertainty can be reduced. In 2015, the NSW State government set up the Newcastle Mine Grouting Fund to give developers and investors financial certainty about the cost of underground mine remediation. The fund acts like an insurance policy that applies after the cost of grouting exceeds a certain threshold. This reduces uncertainty and risk associated with financing and building in a mine subsidence zone and encourages new multi-storey housing and commercial development. Developers can apply to have their project included in the fund if it falls within a defined area. If the application is approved, developers pay the cost of grouting up to a capped amount. If the actual cost of grouting exceeds the cap, the fund pays the extra costs after the works have been completed and validated by Subsidence Advisory NSW. The certainty provided by this fund is one of the reasons numerous development projects have been undertaken in Newcastle city centre over the last several years.

Commencement of a Charlestown Mine Grouting Fund (or extension of the Newcastle Mine Grouting Fund) would reduce uncertainty created by mine subsidence and give developers confidence to take up redevelopment opportunities in Charlestown. This would support the growth of Charlestown as envisaged in the State government's Hunter Regional Plan and Greater Newcastle Metropolitan Plan, and the Lake Macquarie Local Strategic Planning Statement. The NSW State government has commenced a review of the Newcastle Mine Grouting Fund and Council staff have been involved in this review and are advocating for Charlestown to be included in the mine grouting fund area. The outcome of the NSW State government's review is expected towards the end of 2022.

2. Extend the Charlestown Area Plan boundary

A small proposed change to the Charlestown Town Centre Area Plan boundary is shown in Figure 1. The changes propose to include properties at:

- 32 Ridley Street, 1–25 Milson Street, and 2–4 Smart Street. This change will reduce conflict associated with different planning controls applying mid-block. These properties are within a walkable distance of the commercial centre and, with appropriate development controls, can support the vision for Charlestown.
- 18–20 Mulbinga Street, 60–64 Dickinson Street, and 13–15 James Street. The Charlestown Multi-Purpose Centre, other community buildings and parkland are located to the rear of these properties. These properties are within a walkable distance to the commercial centre and could facilitate increased density close to community facilities and overlooking the green space.

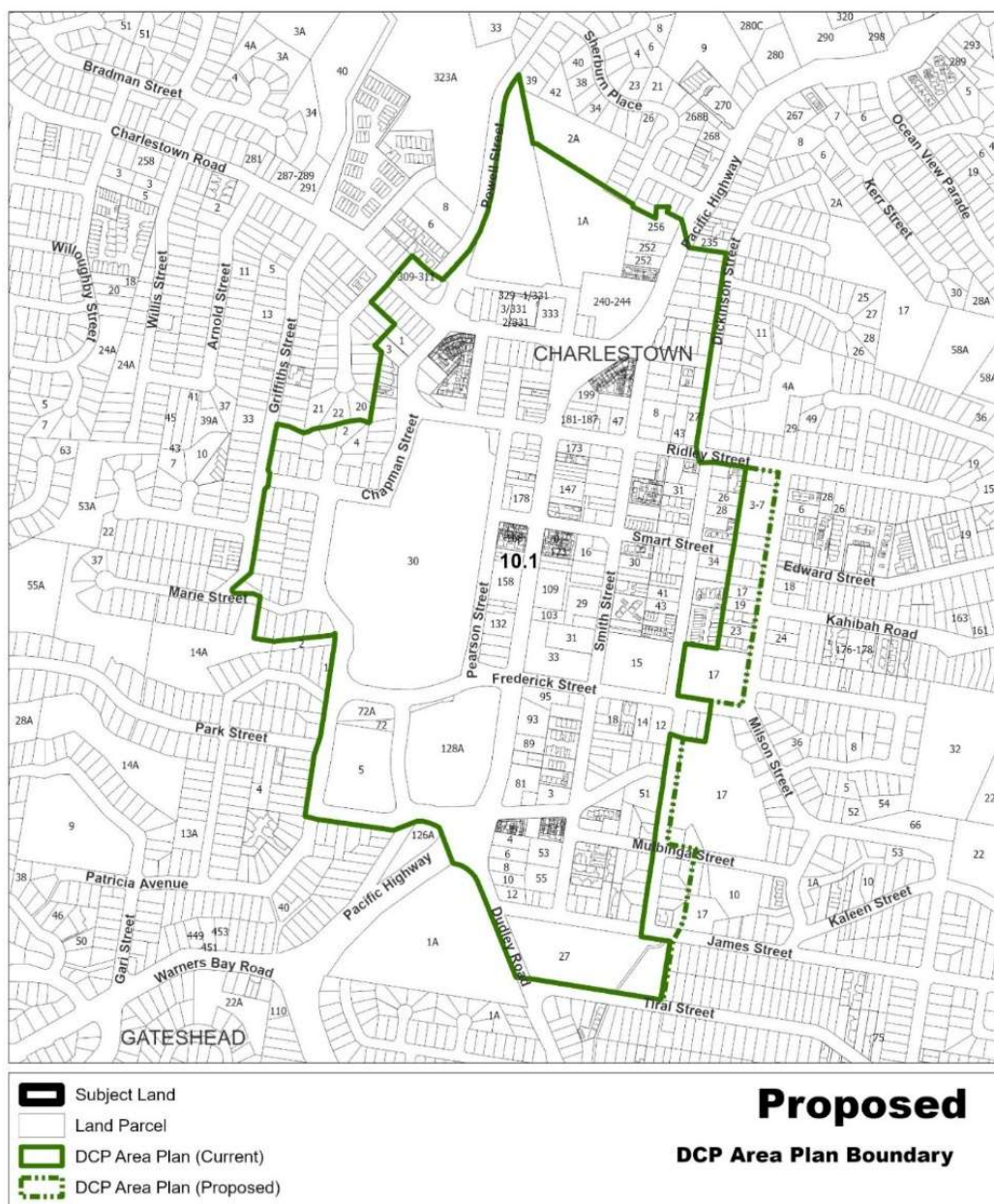


Figure 1: Charlestown Town Centre Area Plan existing and proposed boundary

3. Introduce an R4 High Density Residential Zone

The Lake Macquarie Housing Strategy identifies the introduction of an R4 High Density Residential zone as one way to better support housing supply and diversity. The Charlestown strategic economic centre is a suitable place to implement such a zone because the desired building heights and forms are consistent with the objectives and uses of a high-density residential zone. An R4 High Density Residential zone will clearly signal the intent for this area to the community, landowners and developers, and differentiate it from the type of development expected within the surrounding R3 Medium Density Residential zone. The proposed R4 High Density Zone is shown in Figure 2 and in Attachment 1.

The introduction of an R4 High Density Residential zone requires a minor amendment to Part 3 - Development in Residential Zones of the LMDCP 2014 to ensure the LMDCP 2014 applies to the new zone. Specific design controls to support development that is consistent with the desired built form for the Charlestown strategic economic centre are included in the revised Charlestown Town Centre Area Plan. The amendments to the LMDCP 2014 are shown in Attachment 2.

4. Apply consistent zones within each street block

Within the Charlestown strategic economic centre, some sites have split land use zones, and many directly adjoining sites have different land use zones. This can act as a disincentive to new development because it can:

- discourage lot consolidation and redevelopment
- add unnecessary complexity to designing and assessing development on sites that have different zone objectives and development controls.

To reduce complexity and support redevelopment opportunities, changes to the LMLEP 2014 are proposed to make land use zones consistent within each street block. The proposed changes to the land use zones are shown in Figure 2 and in Attachment 1.

5. Consolidate building heights

Charlestown strategic economic centre has a wide range of building heights from 10m (approximately two to three storeys) up to 53m (approximately 15 to 16 storeys). Some directly adjoining sites have significant height variation. For example, the sites bounded by Frederick Street, Pacific Highway, Smart Street and Pearson Street have four different building height controls.

Significant building height variations on adjoining sites may discourage lot consolidation and redevelopment. Different building heights adds complexity to each stage of the development process from undertaking feasibility analysis, site planning, building design and assessment of a development application.

Therefore, it is proposed to change building heights in certain areas of Charlestown to minimise height variations within each street block. Some variation in building heights within a street block will still occur due to particular site characteristics.

Existing and proposed building heights are shown in Figure 3 and in Attachment 1.

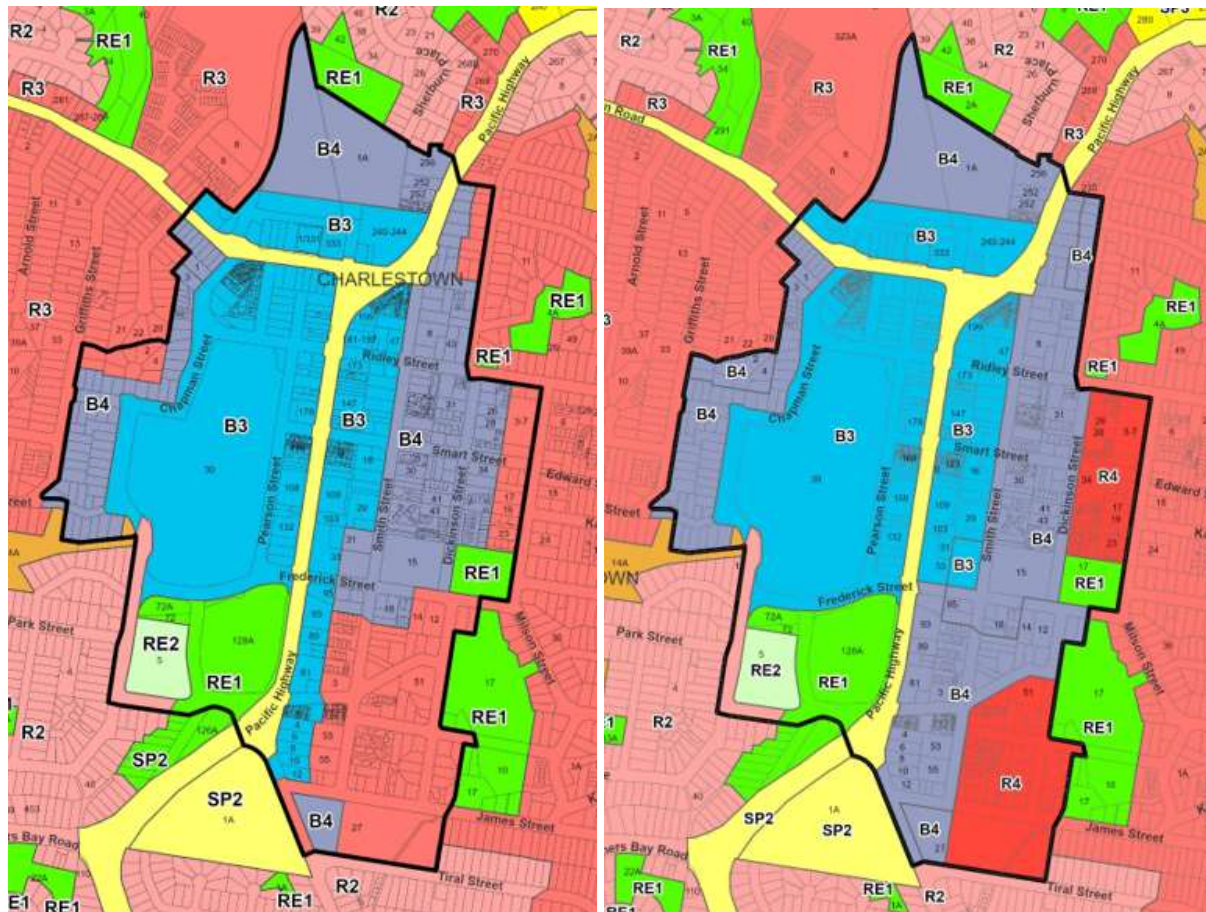


Figure 2: Current (left) and proposed (right) land use zones in Charlestown strategic economic centre

6. Introduce a development incentive clause

A number of NSW council local environmental plans contain development incentive clauses to encourage particular design and/or community infrastructure outcomes. Incentive clauses offer additional height and floor space on particular sites, provided the new development incorporates particular design features, such as a pedestrian link or public domain improvements. A developer that chooses not to take up the incentive can still undertake development that complies with the building height contained in the LEP.

A development incentive clause in the *LMLEP 2014* is proposed for parts of the Charlestown strategic economic centre to encourage:

- consolidation of lots to a size and width that supports quality development that includes deep soil landscape zones. The clause will allow additional building height where lots meet a minimum size and street frontage width.
- redevelopment to incorporate a key pedestrian link from Pearson Street Mall to Charlestown Road.

The proposed incentive clause will apply to the areas labelled 'Area 1' and 'Area 2' on the proposed building heights map, shown in Figure 3.

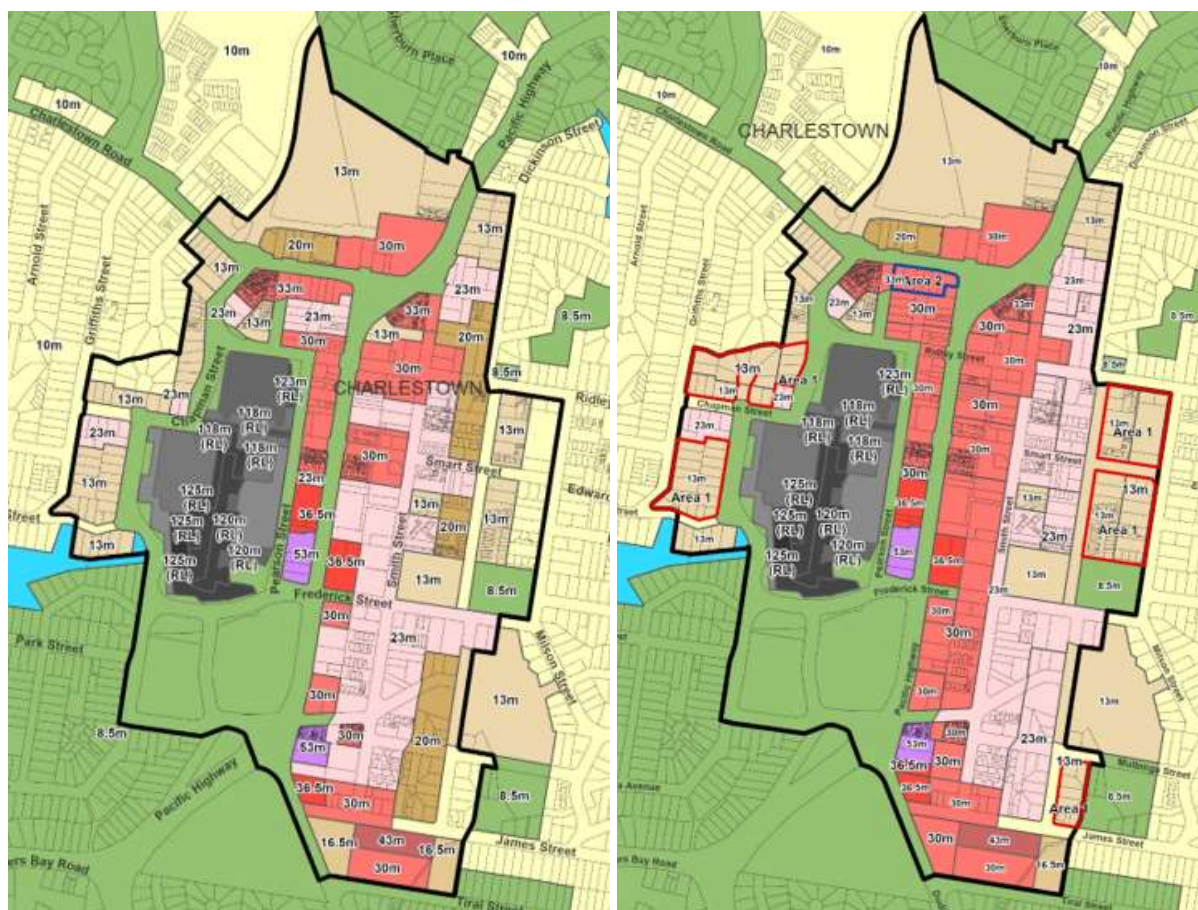


Figure 3: Current (left) and proposed (right) building heights in Charlestown strategic economic centre

7. Amend ground floor use requirements in the B4 Mixed Use Zone

Clause 7.10 'Residential development in certain business zones' of the *LMLEP 2014* requires new development in business zones to have commercial or medical uses on the ground floor.

The LMDCP 2014 states that all buildings in the B4 Mixed Use zone need a ground floor commercial space of at least 30m².

The requirement to have ground floor commercial or medical uses in every building in the B4 Mixed Use zone compels each new building to be 'mixed use'. However, the objectives of the zone aim to have a mix of compatible uses throughout the zone that complement the employment functions of the commercial core, rather than each building being mixed use.

Concerns have been identified with this requirement because it can be difficult to find tenants for these spaces due to:

- the small size of the provided commercial space limiting the type of business that can use it
- businesses that rely on passing trade not being interested in these spaces because sloping land can result in commercial space that is not directly visible or accessible
- it not being feasible to develop larger commercial floor areas outside of the commercial core and demand for commercial floor space in the B4 Mixed Use zone not being sufficient to support dispersed new businesses.

The large B4 Mixed Use zone area within the Charlestown strategic economic centre provides good flexibility for the market to respond to changing business and residential needs. However, requiring all new buildings to have a ground floor commercial or medical use may result in vacant ground floor space and impact on achieving the desired vision for Charlestown to be a vibrant economic centre.

Rather than requiring ground floor commercial or medical uses on every site, a more tailored approach is proposed by identifying locations where active frontages are needed to support safe and vibrant pedestrian links, and where a concentration of businesses is encouraged. The areas proposed to require ground floor commercial or medical use and an active frontage are shown in Attachment 1.

The revised Charlestown Town Centre Area Plan will support these changes by including design guidance so that all new buildings contribute to an interesting and safe pedestrian environment. These details are included in Attachment 2.

8. Apply locality specific (rather than zone based) car parking rates

The current car parking rates for Charlestown strategic economic centre are based on land use zones detailed in either Part 3: Development in Residential Zones or Part 4: Development in Business Zones of the LMDCP 2014. This can result in development within the same street block having different car parking rates despite having similar access to shops, services and public transport. A new table of car parking rates is proposed within the revised Charlestown Town Centre Area Plan (Attachment 2) to provide a consistent set of car parking rates for the economic centre and to better reflect the accessibility of this area to jobs, shops, services and public transport.

9. Plan for more high-quality public spaces

Public squares have long served as the heart of cities and towns, a gathering place where people come together and enjoy the place. Well-designed and located public spaces support our health and wellbeing, environmental resilience and prosperous local economies.

While the south piazza in Charlestown Square and 'The Corner' and Pearson Street Mall exist on the western side of the Pacific Highway, there is no urban public space in Charlestown on the eastern side of the Pacific Highway. To encourage new development, attract more residents and businesses, and create a vibrant centre, a new public square in the heart of Charlestown is identified in the revised Charlestown Town Centre Area Plan. A new public square adjacent to the existing Charlestown library provides an opportunity to leverage existing Council assets to create a vibrant, accessible community space. A new public square in the heart of Charlestown would also provide a space that can support events in a location that is accessible to a wide range of residents and visitors.

Further investigation of an appropriate design, costs and funding mechanisms for the public square is needed. Potential funding opportunities include the redevelopment of the Smith Street car park and library site to accommodate the proposed public square, library, commercial and residential floor space together with a new public car park.

10. Revise the Charlestown Town Centre Area Plan

The revised Charlestown Town Centre Area Plan (Attachment 2) supports the proposed changes to the *LMLP 2014* to realise the desired future character of the Charlestown strategic economic centre. Key changes include:

- replacement of the 'block plans' with new building frontage and setback requirements based on the desired street character and amenity
- design guidance for development adjoining public spaces

- a new public square on the eastern side of the Pacific Highway
- locality specific car parking rates and design guidance for above ground car parking.

Assessment of options

The proposed changes to the *LMLEP 2014* and the revised Charlestown Town Centre Area Plan seek to support our planning goal of making Lake Macquarie City one of the most productive, adaptable, sustainable and liveable places in Australia by supporting opportunities for intensification of housing, employment, services and recreational opportunities in Charlestown. Public exhibition of the draft planning proposal and revised Charlestown Town Centre Area Plan will enable stakeholders to review and provide feedback on the proposed amendments.

Alternatively, Council can choose not to proceed with the draft planning proposal and revised Charlestown Town Centre Area Plan. This will maintain the existing planning framework and is not the recommended option.

Community engagement and internal consultation

A range of stakeholders have been consulted throughout 2021 and a summary of this feedback is contained in Attachment 3. Community feedback was sought via the Shape Lake Mac webpage between 17 November 2020 and 15 January 2021. Forty-seven individual comments were posted to the interactive map relating to Charlestown. Other engagement activities included:

- meeting with the Ageing and Disability Advisory Panel, Youth Council and the Design Review Panel
- a workshop with Year 10 students from St Mary's High School, Gateshead
- meetings with Dantia and various developers, landowners and local architects.

Internal consultation was undertaken with staff from Council's Integrated Planning, Community Partnerships, Asset Management, Environmental Systems, Development Assessment and Certification, and Property and Business Development departments.

If Council resolves to proceed, the draft planning proposal and revised Charlestown Town Centre Area Plan will be exhibited in accordance with the Gateway Determination. It is recommended that the draft planning proposal and revised Charlestown Town Centre Area Plan be exhibited for a minimum of 28 days.

Key considerations

Economic impacts	The proposed changes to development standards and building heights will support increases in development potential and economic activity in the Charlestown strategic economic centre. Investment in public space can help drive private investment.
Environment	Intensifying housing, employment, services and recreation uses in existing strategic centres makes better use of existing infrastructure and reduces demand for private motor vehicle trips.

Community	The revised Charlestown Town Centre Area Plan, together with the existing Charlestown Transport Management Plan, will support community wellbeing and connectedness, improved walking and cycling environments and pedestrian activity along streets. The proposed amendments to the <i>LMLEP 2014</i> and revised Charlestown Town Centre Area Plan also support enhanced social and recreation opportunities in new public places.
Civic leadership	The draft planning proposal and revised Charlestown Town Centre Area Plan demonstrate Council's commitment to Charlestown becoming a vibrant regional centre and a focus for residential and employment growth. Civic leadership is also demonstrated by Council advocating for a mine grouting fund to support development in Charlestown. Identified opportunities for new public space provide opportunities for Council to encourage private investment and create innovative public spaces.
Financial	The cost associated with the progressing the draft planning proposal and revised Charlestown Town Centre Area Plan is covered by Integrated Planning's operational budget. The funding and delivery of the public square identified in the revised Charlestown Town Centre Area Plan will need to be investigated as part of future redevelopment proposals for the area.
Infrastructure	There are no direct infrastructure implications based on the exhibition of the draft planning proposal and revised Charlestown Town Centre Area Plan.
Risk and insurance	The risks associated with preparing a planning proposal and DCP are minimised by following the process outlined in the <i>EP&A Act 1979</i> , the <i>Environmental Planning and Assessment Regulation 2021</i> , and Council's procedures.

Legislative and policy considerations

Environmental Planning and Assessment Act 1979

Environmental Planning and Assessment Regulation 2021

Hunter Regional Plan 2036

Draft Hunter Regional Plan 2041

Greater Newcastle Metropolitan Plan 2036

Lake Macquarie Local Strategic Planning Statement

Lake Macquarie Housing Strategy

Lake Macquarie Local Environmental Plan 2014

Lake Macquarie Development Control Plan 2014

Charlestown Transport Management Plan

Attachments

1. Draft planning proposal - Charlestown Strategic Economic Centre - version 1 D10700899
2. Summary of Development Control Plan amendments - Revised Charlestown Town Centre Area Plan and Part 3 Development within Residential zones D10679901
3. Stakeholder engagement issues summary D10679854