

5th April 2024

Brendan Metcalfe
Director Metro North
Department of Planning, Housing and Infrastructure
4 Parramatta Square, 12 Darcy Street
Parramatta NSW 2150

Dear Brendan,

Gateway Determination conditions for 1 – 7 Rangers Road and 50 Yeo Street Planning Proposal (PP-2022 – 4350)

On 22 March 2024, you as delegate of the Minister for Planning and Public Spaces determined that a proposal (PP-2022 – 4350) to amend the North Sydney Local Environmental Plan 2013 to increase the maximum height of buildings and increase the minimum non-residential floorspace ratio should proceed to public exhibition subject to conditions. This letter has been submitted in response to these Gateway Conditions.

1.0 Gateway Conditions 1(b),1(c), 1(d) and 1(e)

The Gateway conditions 1(b),1(c), 1(d) and 1(e) to update the Planning Proposal report to address the SEPP (Resilience and Hazards) 2021, SEPP (Sustainable Buildings) 2022, SEPP (Housing) 2021 as it relates to Chapter 4 as well as an update to the Gateway Determination timeline has been completed and forms part of the final Planning Proposal package to proceed to community consultation.

2.0 Response to Gateway Condition 1(a)

As noted above, the majority of Gateway Conditions have been satisfied and incorporated into the final Planning Proposal package. However, we request that you as the Delegate of the Minister for Planning and Public Spaces consider condition 1(a) within the context of the public value that is agreed will be delivered as a part of the project, the extensive planning process to date that has resulted in multiple design changes and the impact of this Condition on the project's feasibility.

Public benefit

The Planning Proposal's scheme has been purposefully designed to facilitate the delivery of a new 1,100m² publicly accessible space that directly aligns with the key benefits required for the site under the superseded Military Road Corridor Planning Strategy as well as the draft Neutral Bay Village Planning Study. This is in addition to the offer to provide public car parking to service the broader town centre, a need identified in the Military Road Corridor Planning Strategy.

To date there has been a lengthy planning process to enable the site's future development, which has included the lodgement of two (2) Planning Proposals and two (2) Rezoning Review applications. Throughout the process, the need to provide affordable housing as part of the proposal's public benefit contribution was not raised by the relevant authorities. It is important to note that we have provided affordable housing as part of other proposals where a clear local affordable housing policy and Council requirement was present from inception.

In the context of the considerable public benefit being delivered as part of the current proposal, the inclusion of an additional affordable housing requirement will further undermine the project's feasibility, which has already become marginal due to the significant compromises made throughout the planning process.

Project Feasibility

To date, the Planning Proposal has gone through significant design development to respond to feedback raised by the community, Council and the Planning Panel. We have undertaken extensive community consultation on our plans, including speaking directly with over 110 community members at in person engagement opportunities, engaged with over 30 local businesses, undertaken sentiment research and reached over 25,000 members of the community through online and print communication channels to ensure the proposal appropriately responds to the site's context, constraints and opportunities. These changes have included:

- an overall reduction in height;
- a reduction in floor to floor ceiling heights,
- changes to massing,
- increased setbacks and mechanisms to increase articulation and modulation;
- removal of ground floor retail, and
- expansion of the public plaza.

These changes have resulted in the loss of floorspace and a reduction in the apartment yield. Despite making these compromises, we have at the same time responded to requests by Council and the Planning Panel to maintain the amount of non-residential floorspace in the project, and increased the size of the public plaza from 1,000m² to 1,100m².

All of the above design amendments have therefore unavoidably had a significant material impact on the project's feasibility. The additional inclusion of an affordable housing component that could not be built into the project's feasibility from inception will further impact the project's viability to such an extent that maintaining the current building on site presents a more viable commercial option (from a business point of view) than pursuing the proposal. Indeed, a scenario that involves undertaking straight forward upgrades and additions to the existing building is a genuinely viable alternative as it minimises any interruption to ongoing trading on the site, which is our core business.

It's worth highlighting that *The Neutral Bay Town Centre Economic analysis and Financial Feasibility Assessment* prepared by Hill PDA Report in support of the draft Neutral Bay Village Planning Study modelled the planning and design conditions required to support the feasibility of future development on the site. This analysis was undertaken for Council and is completely independent of the site specific Planning Proposal.

The report concludes the following in relation to the site:

- *At 6 storeys and 1.2:1 Non-res FSR the redevelopment of the site would not be viable given the costs for acquisition with insufficient density.*
- *The modelling shows however that at 8 storeys and 1.5:1 FSR even with the benefits of a Plaza (majority) and Through site links the option would be viable.*

Hill PDA found that any future feasible development on the site required a minimum 8-storeys across the entire site and approximately 87 dwellings. In addition to the design changes outlined above and the existing public value contribution, the current Planning Proposal has 63 dwellings - well below the number modelled by Hill PDA. This analysis undertaken by Hill PDA independently verifies the significant feasibility challenges the project faces.

In this regard, we would ask that Condition 1(a) be considered in the context of the project's planning history, the significant public benefit that it is already delivering for the area, project feasibility and absence of a local affordable housing requirement and/or any dialogue throughout the planning process at a time when it could have been factored into the overall public benefit offer.

It is therefore requested that Gateway Conditions to 1(a) is determined as resolved to enable the Planning Proposal to proceed to the next stage for community consultation. In this regard, in future projects an affordable housing contribution will be more fully considered as part of the project's public benefit contribution at project inception, irrespective of local council policy, enabling it to be built into the project's commercial

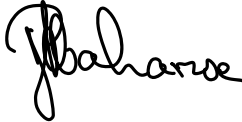
feasibility inline with the State Government's current priorities and the need to deliver a supply of dwellings that cater for households at varying income levels.

3.0 Conclusion

This letter has been submitted in response to the Gateway Conditions received for Planning Proposal (PP-2022 – 4350). The final Planning Proposal scheme represents a high quality-built form outcome that improves the existing amenity of the site and will deliver significant public benefits that will enable a clear step change to the quality, vitality and vibrancy of the Neutral Bay Town Centre and its ability to serve local community needs.

The majority of the conditions have been addressed within the revised Planning Proposal, however Woolworths requests the Delegate of the Minister for Planning and Public Spaces consider Gateway Condition 1(a) resolved in the context of the information contained in this letter. As outlined, several other Fabcot projects accommodate affordable housing where the requirement has been known from the early phases of planning and design and we will commit to continuing to work with local and State governments to support the delivery of diverse housing supply. Overall, we consider that the Planning Proposal in its current form demonstrates both strategic and site-specific merit and satisfies the Gateway Conditions to be able to proceed to community consultation.

Kind Regards,



Pierre Abrahamse
General Manager, Mixed Use Development
Woolworths Group