ECM022-10 DRAFT HURSTVILLE LOCAL ENVIRONMENTAL PLAN 1994 (AMENDMENT NO. 70) AND DRAFT AMENDMENT TO DEVELOPMENT CONTROL PLAN NO. 2 HURSTVILLE CITY CENTRE - COMMERCIAL ONLY CORE WITHIN HURSTVILLE CITY CENTRE

Report Author(s)	A/Manager Strategic Planning, Ms C Gregory, Consultant Planner, Mr G Pascoe and Strategic Planner, Ms H Singh			
File	05/1937			
Reason for Report	This report considers submissions received during the public exhibition of the Draft Hurstville Local Environmental Plan 1994 (Amendment No. 70) and Draft Amendment to Development Control Plan No. 2 Hurstville City Centre for the Commercial Only Core land within Hurstville City Centre. The report recommends that Council proceed with the Draft Hurstville Local Environmental Plan 1994 (Amendment No. 70) and forward the Section 69 report to the Minister. The report also recommends that Council resolve to adopt the Draft Amendment to Development Control Plan No. 2 Hurstville City Centre.			
Existing Policy?	No	New Policy Required?	Yes	
Financial Implications	Staff Resources			
Previous Reports Referenced	Yes			

EXECUTIVE SUMMARY

Council considered a report on 14 December 2005 in respect of a proposal to rezone an area within the Hurstville CBD for business only purposes and prohibiting residential development. The objective of this rezoning is to promote employment generating development within the CBD which is close to public transport. Council resolved to prepare and exhibit an amendment to Hurstville Local Environmental Plan 1994 to give effect to the rezoning.

Council also considered a report in respect of consequential Development Control Plan amendments at its meeting on 26 May 2010 (PPE 009-10) and resolved to amend Development Control Plan No. 2 - Hurstville City Centre to apply to all land in the proposed *Zone No.* 3(d) - *City Centre Commercial Core Zone*. It also resolved to publicly exhibit the proposed amendment to Development Control Plan No. 2 and report any submissions

received to Council for consideration.

A Draft Hurstville Local Environmental Plan 1994 (Amendment No.70) and a Draft Amendment to Development Control Plan No. 2 (Hurstville City Centre) Commercial Only Core in the Hurstville City Centre were prepared and placed on public exhibition from 10 June 2010 to 16 July 2010. This report provides details of the public exhibition submissions received.

It is imperative that the Draft Plan continue to be progressed so as to fulfil the Department of Planning imposed deadline of 1 January 2011 for planning instruments proceeding under the previous planning legislation (prior to July 2009). The planning provisions incorporated in the Draft LEP will ultimately be adopted in the Draft Comprehensive LEP 2011 in a manner consistent with the Standard Instrument for LEPs.

It is recommended that Council resolve to progress Draft Hurstville Local Environmental Plan 1994 (Amendment No. 70) by referring it to the Minister for making. Concurrently the Draft Amendment to Development Control Plan No. 2 (Hurstville City Centre) should be adopted to become effective upon gazettal of the LEP.

AUTHOR RECOMMENDATION

THAT Council resolve to proceed with Draft Hurstville Local Environmental Plan 1994 (Amendment No.70) in respect of the Commercial Only Core land within Hurstville City Centre and forward the Section 69 report to the Minister.

THAT Council resolve pursuant to clause 21 of the Environmental Planning and Assessment Regulation 2000 to approve the amendment to Development Control Plan No.2 (Hurstville City Centre).

THAT Council give public notice of the decision to approve the amendment to Development Control Plan No. 2 (Hurstville City Centre) in the local paper in accordance with clause 21(4) of the Environmental Planning and Assessment Regulation 2000, stating that the amendment will commence upon gazettal of draft Hurstville Local Environmental Plan (Amendment No.70).

THAT the Department of Planning be advised of Council's decision to approve the amendment to Development Control Plan No. 2 in accordance with the Environmental Planning and Assessment Act 1979.

THAT Council endorse the Director Planning and Development to make minor modifications to any numerical, typographical, interpretation and formatting errors, if required, in the finalisation of the draft Plans.

THAT Council make a submission to the Roads and Traffic Authority requesting the abandonment of the proposed realignment on the northern side of Forest Road extending from MacMahon Street to Woodville Lane.

THAT Council receive and note the report including appendix 4 "Legal advice - pecuniary interest - lep"

FURTHER THAT all persons who made submissions be advised of Council's decision.

REPORT DETAILS

The following report was submitted to and deferred at the Council Meeting of 22 September 2010 and is now submitted for reconsideration:

Background

On 14 December 2005, Council resolved to amend the Hurstville Local Environmental Plan 1994 by including either a new provision or new zone that defines a business only area within Zone 3(b) City Centre Business Zone that prohibits residential development. This action was consistent with the Sydney Metropolitan Strategy (Centres and Corridors Strategy) which nominates Hurstville as a Major Centre and Hurstville City Centre Masterplan 2004.

The Draft Subregional Strategy released in December 2007 advocated a need to protect and strengthen Hurstville's Commercial Centre. This issue and scale of an appropriate 'commercial only core' was further considered in Council Workshops during 2009 and by the City Centre Working Party earlier this year, including input from SGS Economics and Planning (April 2010).

Council further resolved on 26 May 2010 to prepare consequential amendments to Development Control Plan No. 2 (DCP No. 2) (Hurstville City Centre), to ensure that the provisions of DCP No. 2 apply to the new 3(d) – City Centre Commercial Core Zone.

The draft LEP and draft Amendment to DCP No. 2 were placed on public exhibition from 10 June to 16 July 2010. This report provides details of the comments raised during the public exhibition period.

The Report further outlines a process for progressing the Draft Plan.

Draft Hurstville Local Environmental Plan (Amendment No. 70) – Commercial Only Core Zone

The Draft LEP (Amendment No. 70) introduces a new zone, Zone 3(d) (City Centre Commercial Core Zone) in the Hurstville Local Environmental Plan 1994, which will allow only commercial, retail and other services for certain land in the Hurstville City Centre. Residential development will be prohibited in this new Zone.

A copy of the Draft LEP (Amendment No. 70) and accompanying map is included in **Appendix 1.**

Draft Development Control Plan No. 2 (Hurstville City Centre) Amendment

The Amendment to Hurstville Development Control Plan No. 2 (Hurstville City Centre) adds references throughout the DCP to the new 3(d) – City Centre Commercial Core Zone, to ensure that the provisions contained in DCP No. 2 apply to the new 3(d) zone.

A copy of the draft DCP No. 2 Amendment (Hurstville City Centre) is included in **Appendix 2.** A hard copy of the draft DCP will be available at the Council meeting. The provisions contained in DCP No. 2 will apply to this land until such time as the new City Centre DCP, currently being progressed with the Draft City Centre LEP is adopted.

The Site and Context

The area covered by the Draft LEP is located within the core of the City Centre (Refer to Map at Appendix 1) and is currently zoned 3(b) – City Centre Business Zone under the Hurstville LEP 1994. Such zone is a mixed use commercial and retail zone, which also permits residential development. It is in close proximity to the major public transport nodes in the City Centre, i.e. Hurstville Railway Station and the (currently under construction), bus interchange. It is also central to other major attractors of Hurstville Central, Westfield and the proposed Central Plaza. The area represents approximately 12% of the total area within the City Centre Zone 3(b) Zone.

The land subject to the draft LEP consists of a linear component running roughly in the East-West direction on both sides of Forest Road and a North-South component. The former generally consists of smaller narrow lots presenting fine grained shopfronts and the latter includes properties of generally larger allotments with an inherent capacity for larger footprint buildings.

Public Exhibition

(a) <u>Exhibition Process</u>

The Draft LEP and Draft Amendment to DCP No. 2 were placed on public exhibition from 10 June 2010 to 16 July 2010 in accordance with the Environmental Planning and Assessment Act 1979 and Regulation 2000 and Council's notification requirements. The exhibition exceeded the statutory period of twenty eight (28) days. The exhibition was advertised in the local newspaper on two occasions, Council's website and copies of the exhibition material were made available for viewing at Council's Customer Service Centre and the Penshurst and Hurstville libraries.

Letters were sent to the Government authorities, adjoining Councils and landowners in the proposed Commercial Only Core area. Three hundred and eighty (380) letters were posted to property owners within the proposed Commercial Only core land advising of the public exhibition.

The public instrumentalities notified of the exhibition included: Canterbury City Council, Kogarah City Council, Rockdale City Council, Sutherland Shire Council, Bankstown City Council, Telstra, Department of Planning - Heritage Branch, Roads & Traffic Authority, Sydney Water Corporation, Energy Australia, Department of Education & Training, Department of Environment & Climate Change, Housing NSW-Resitech, Landcom, Health Department, Hurstville City Council, NSW Rail Corporation, NSW Police Force, Department of Primary Industries, Office of Community Housing, Department of Community Services, NSW Department of Corrective Services, Department of Local Government, NSW Rural Fire Service, South Eastern Sydney Illawarra Area Health Service, Department of State & Regional Development, State Transit Authority of NSW, NSW Transport and Infrastructure, TAFE NSW, NSW Land & Property Management Authority, Community Relations Commission, Department of Commerce, Member for Oatley, Member for Kogarah.

(b) <u>Submissions received</u>

Council received fourteen (14) submissions to the public exhibition. A detailed summary and responses to submissions is provided in **Appendix 3**.

Illawarra Catholic Club

Three (3) of the submissions were lodged on behalf of the Illawarra Catholic Club raising strong objection to the inclusion of their property portfolio in a commercial only core. The key elements of their opposition included:

- Lack of research and supporting data for current proposal.
- In the absence of data, the proposal is speculative and unreasonable with possible negative attendant impacts.
- Significant planning, accessibility and parking constraints will impede commercial development.
- Proposal is inconsistent with market demand.
- Discrimination in selection of precinct.
- Sinister intent of driving down property values until attractive for redevelopment.

They also highlighted:

- The virtue of market responsive development and mixed use prospects as a viable alternate model.
- The need for incentives as opposed to disincentives.

Response

The success of major city centres is already predicated upon the development of a strong strategic vision, supported by relevant policies, controls and initiatives. Invariably the highest and best use in the short term (potentially residential) does not reflect a template for sustainable centres in the medium to long term.

The concept of a 'Commercial Only Core' has accordingly been developed as a means of ensuring an appropriate employment anchor for major centres. As a planning tool, it is reinforced in the Standard Instrument (new LEP template) as a B3 Commercial Core Zone and is being adopted in most regional and major centres of Greater Sydney.

As detailed elsewhere in this report, it has a solid policy foundation. Such foundation is established in:

- Sydney Metropolitan Strategy 2005
- Draft South Subregional Strategy 2007
- Hurstville City Centre Masterplan 2004

The concept is also promoted as an appropriate element in the strategic management of Major Centres in a number of studies including Hill PDA (2005) 'Where is the Office Space going?' and Hill PDA (2005) Review of Office Based Activities Locating Out of Centre.

Its successful implementation is importantly dependent upon supporting development parameters like planning controls (principally maximum Building Height and FSR controls), a tailored approach to parking and other policy initiatives. The Maximum Building Height and FSR controls contained in the Draft Hurstville LEP (Hurstville City Centre) 2010 recently adopted by Council, development guidelines being developed in the Draft City Centre DCP; together with revised parking rates support the implementation of the new Zone and the Centre generally.

Public Authorities

The other submissions were from statutory authorities and adjoining Councils. Most requested to be kept informed of the planning process and raised no objection to the draft LEP. There was clear acknowledgement amongst several of the authorities that the Draft LEP would assist in:

• Meeting the Metropolitan Strategy and Draft South Subregional Strategy employment targets

• Protecting the core from residential encroachment

• Reducing travel distances for residents within and around Hurstville by locating major job opportunities within Hurstville City Centre

Roads and Traffic Authority

The RTA in its submission to the exhibition raised the following matters:

- Interest in realignment of Forest Road near MacMahon St (From The Ritz Hotel corner to Woodville Lane)
- TMAP to be submitted to RTA for review prior to the gazettal of the Draft Amendment.
- Supports use of sustainable modes of travel, like buses, bicycles and walking.
- LEP to consider the key design considerations of NSW Government Premiers Council for Active Living's Designing Places for Active Living.
- LEP should make provisions for developer funding of required transport infrastructure improvements that may be required as a result of the additional development in the LGA.

Response:

The main issues raised by RTA pertained to the realignment of Forest Road near MacMahon Street and a need for a Transport Management and Accessibility Plan (TMAP) in respect of the Draft Hurstville Local Environmental Plan 1994 – (Amendment No. 70). This requirement led to a recent meeting with representatives from RTA, NSW Transport and Infrastructure, Department of Planning and Council.

Such meeting concluded that the RTA do not require a TMAP for the subject Draft LEP, given no significant land use activity change is proposed. The meeting outcomes were confirmed in a letter received on 6 September 2010 outlining that the RTA no longer requires a TMAP for the Draft LEP.

In respect of the Forest Road realignment, which affects lots located on the northern side of Forest Road from the corner of MacMahon Street to Woodville Lane, the RTA in 1992 identified that the realignment was under review for abandonment under the Main Roads Act. Council's Director Service Delivery has advised this land is no longer required for realignment of Forest Road in this location. As there is no existing process to abandon the proposed realignment, the RTA has confirmed that Council would have to make a submission to requesting the abandonment of the proposed realignment at this location. This report recommends that Council to make such a submission to the RTA.

Savings and Transitional Provisions – Local Environmental Plans

Provisions have been established by the Department of Planning for progressing LEPs commenced under the former planning legislation (prior to 1 July 2009).

In a letter dated 16 March 2010, the Department further advised Councils that for those LEPs where a section 65 Certificate was issued before 1 July 2009 (as is the case with the subject Draft LEP), these must be finalised by 1 January 2011, or they will cease to have any status as draft LEPs, regardless of whether a section 65 Certificate was issued by the Department or a Council delegation. In case the draft LEP is not finalised by 1 January 2011, the rezoning process will have to begin again, as a Planning Proposal.

The Draft Hurstville LEP 1994 (Amendment No. 70) falls into this category and it is therefore critical for Council to make a decision on this Draft LEP and continue its progress.

State Environmental Planning Policies and Section 117 Directions

The Draft LEP is consistent with all relevant State Environmental Planning Policies and Section 117 Directions, but for Direction 3.1 Residential Zones.

Direction 3.1 Residential Zones pertains to the provision of adequate and diverse housing stock which makes efficient use of infrastructure and services and minimises adverse impacts on the environment and resource lands.

The prohibition of residential development in the proposed 3(d) - City Centre Commercial Core Zone is clearly inconsistent with the subject direction. Such inconsistency has however, been endorsed by the Department of Planning on the basis that the Draft Plan and its provisions are consistent with the Metropolitan Strategy. In particular, the Draft LEP will contribute to the strengthening of Hurstville's commercial centre, by implementing a key action in the Draft South Subregional Strategy (2007) to "limit residential development within the Commercial Core of Hurstville".

Key Issues - Commercial Only Core

A number of emergent issues which Council should note, together with the broader background, as they advance the Draft LEP include:

(a) <u>Sydney Metropolitan Strategy and Draft South Subregional Strategy</u>

The Sydney Metropolitan Strategy (2005) and Draft South Subregional Strategy (2007) establish a framework for development of the Sydney Metropolitan area and the South Subregion respectively. Hurstville City Centre is identified as a Major Centre in Sydney Metropolitan Strategy. The Draft South Subregional Strategy also identifies a key direction to "strengthen Hurstville's Commercial Centre". It states that as "Hurstville is experiencing strong residential growth, there is need to protect the commercial centre to ensure sufficient supply of commercial space in the future". The draft LEP is consistent with the State Government's Metropolitan Strategy (Centres and Corridors Strategy), the draft South

Subregional Strategy, the Hurstville City Centre Masterplan 2004, commercial centre studies undertaken in the period 2005-2007 and Department of Planning's Standard LEP Template.

In the draft South Subregional Strategy, Hurstville LGA has an employment target of 3000 additional jobs and 4100 additional dwellings to 2031.

This draft LEP, as a subset of the Draft Hurstville LEP (Hurstville City Centre) 2010 will perform an important role in fulfilling the Hurstville City Centre employment targets, by protecting and fostering commercial only development in a strategic precinct which is highly accessible to higher order transport infrastructure.

(b) <u>Hurstville City Centre Masterplan (Govt. Architects' Office) Dec 2004</u>

The Hurstville City Centre Masterplan 2004 acknowledged the impact of past residential development pressures and prospect of potentially lost commercial redevelopment opportunities into the future:

"It was felt that ongoing pressure to develop sites for residential use could result in lost opportunities for commercial redevelopment and loss of identity and capacity to support projected commercial and retail development".

In order to redress this imbalance, the Masterplan notes that:

"New commercial development should be focused in the central part of the CBD where there is good access to public transport and so it can be sympathetic to existing retail and other services".

The Masterplan also identifies an area within the CBD where the building controls should be reviewed to:

"Ensure employment opportunities are maximised and to attract commercial development to the area."

An upper limit of sixteen (16) storeys was suggested for investigation in the subject area.

Thus, it has been Council's policy intention since 2004 to preserve an area for commercial and retail purposes and protect it from residential use. The proposed Commercial Only Core land is within this investigation area, however is smaller in size.

Further, the proposed Commercial Only Core has been conceptually supported by SGS Economics and Planning to date and indeed was defined in their Market Forecast Study of 2007.

- (c) <u>Background Studies/Reports/Policies</u>
- (i) Review of Office Based Activities Locating out of Centre (Hill PDA) July 2005

The concept of commercial only core has been advanced in the past by Hill PDA, in their study entitled *Review of Office Based Activities Locating out of Centre*, dated July 2005 as an appropriate tool to ensure supply of reasonable employment opportunities. The report states:

"successful centres contain different activities, are accessible by public transport,

walking or cycling, and are supported by government, business and the community".

In order to promote employment generation opportunities, the report recommends:

"established commercial centres create business-only zones that prohibit residential development"

The report recommends a number of strategies for established centres to attract office based activity to the centre. Hurstville Council has already adopted a number of these strategies through the implementation of the City Centre Masterplan (for example the construction of the bus interchange, development of a public domain plan and the proposed Central Plaza).

(ii) Review of Amended Masterplan (SGS Economics and Planning) 2010

As part of the process of preparing the Draft City Centre LEP, Draft DCP and Masterplan Amendment, a series of design workshops and meetings of a Council Working Party occurred. These deliberations focused in part on the nature and extent of the Commercial Only core and led to confirmation of the Draft Plan as exhibited.

SGS Economics and Planning provided further advice (April 2010) which also confirmed the proposal as exhibited in the Draft LEP as appropriate.

It was concluded in the SGS analysis, that smaller suburban centres such as Hurstville should make provision for growth in jobs, potentially through a modest commercial only core. Such a mechanism was considered likely to reflect in land values being competitive with alternative, perhaps higher value uses, such as residential.

(iii) Draft Centres Policy in Planning for Retail and Commercial Development Department of Planning) April 2009

The Draft Centres Policy in Planning for Retail and Commercial Development in respect of zoning within strategic centres such as Hurstville advocates:

"where there is a shortage of floorspace for retail and commercial development, but residential demand can be adequately accommodated elsewhere within the centre, the Councils should typically use the B3 (Commercial Core) zone."

The Hurstville City Centre provides ample opportunity for addressing the subregional housing targets without occupying prime commercial / retail precincts. In such context, a Commercial Only Core is appropriate (i.e. a future B3 Commercial Core Zone currently in the form of the proposed 3(d) – Commercial Core Zone)

(d) <u>Commercial Only Cores and Regional / Major Centres</u>

A brief review of the B3 Commercial Core zones in the major centres of NSW and the permissibility of residential development in such areas is summarised in the following table:

LOCAL ENVIRONMENTAL	LOCAL ENVIRONMENTAL
PLANS THAT PROHIBIT	PLANS WITH LIMITED
RESIDENTIAL USE IN THEIR	RESIDENTIAL PERMISSIBILITY
COMMERCIAL CORES	IN THEIR COMMERCIAL CORES

Penrith City Centre LEP 2008	Newcastle City Centre LEP 2008
Parramatta City Centre LEP 2007	Wollongong LEP 2009
Liverpool LEP 2008	Gosford City Centre LEP 2007
Canada Bay LEP 2008	Willoughby LEP 1995
Waverley LEP (Bondi Junction Centre)	Albury LEP 2010
2010	
Ryde LEP 2010	Goulburn Mulwaree LEP 2009
Lane Cove LEP 2009	

It is clear that the only centres permitting limited residential development in their commercial cores are the non-metropolitan Regional Centres. It is further noted that it is an established planning practice to protect the 'heart' of centres through the mechanism of 'commercial only cores'.

(e) <u>The Market Mechanism</u>

The market mechanism needs to operate in a conjoint manner with landuse zoning to achieve desirable balanced planning outcomes. An unconstrained market runs the risk of not achieving such balance. Indeed prime employment lands run the risk of being lost to a potentially lucrative residential market.

It is clear that an area near the prime accessibility hub in close proximity to public transport and high amenity public spaces must be protected from residential development.

Conclusion

Council considered a report on 14 December 2005 in respect of a proposal to rezone an area within the Hurstville CBD for business only purposes and prohibiting residential development. The objective of this rezoning is to promote employment generating development within the CBD which is close to public transport. Council resolved to prepare and exhibit an amendment to Hurstville Local Environmental Plan 1994 to give effect to the rezoning. Council also considered a report in respect of consequential Development Control Plan amendments at its meeting on 26 May 2010 (PPE 009-10) and resolved to amend Development Control Plan No. 2 - Hurstville City Centre to apply to all land in the proposed *Zone No.* 3(d) - *City Centre Commercial Core Zone*.

A Draft Hurstville Local Environmental Plan 1994 (Amendment No.70) and a Draft Amendment to Development Control Plan No. 2 (Hurstville City Centre) Commercial Only Core in the Hurstville City Centre were prepared and placed on public exhibition from 10 June 2010 to 16 July 2010. Fourteen (14) submissions were received to the public exhibition.

It is imperative that the Draft Plan continue to be progressed so as to fulfil the Department of Planning imposed deadline of 1 January 2011 for planning instruments proceeding under the previous planning legislation (prior to July 2009). The planning provisions incorporated in the Draft LEP will ultimately be adopted in the Draft Comprehensive LEP 2011 in a manner consistent with the Standard Instrument for LEPs.

It is recommended that Council resolve to progress Draft Hurstville Local Environmental Plan 1994 (Amendment No. 70) by referring it to the Minister for making. Concurrently the Draft Amendment to Development Control Plan No. 2 (Hurstville City Centre) should be adopted to become effective upon gazettal of the LEP

Next Steps

Should Council support the recommendations of this report, the next steps include:

• Referral of draft LEP to the Minister for making

• Adoption of the draft amendment to Development Control Plan No. 2 by Council, to become effective upon gazettal of the LEP

RESOLUTION - ECM

THAT Council resolve to proceed with Draft Hurstville Local Environmental Plan 1994 (Amendment No.70) in respect of the Commercial Only Core land within Hurstville City Centre and forward the Section 69 report to the Minister.

THAT Council resolve pursuant to clause 21 of the Environmental Planning and Assessment Regulation 2000 to approve the amendment to Development Control Plan No.2 (Hurstville City Centre).

THAT Council give public notice of the decision to approve the amendment to Development Control Plan No. 2 (Hurstville City Centre) in the local paper in accordance with clause 21(4) of the Environmental Planning and Assessment Regulation 2000, stating that the amendment will commence upon gazettal of draft Hurstville Local Environmental Plan (Amendment No.70).

THAT the Department of Planning be advised of Council's decision to approve the amendment to Development Control Plan No. 2 in accordance with the Environmental Planning and Assessment Act 1979.

THAT Council endorse the Director Planning and Development to make minor modifications to any numerical, typographical, interpretation and formatting errors, if required, in the finalisation of the draft Plans.

THAT Council make a submission to the Roads and Traffic Authority requesting the abandonment of the proposed realignment on the northern side of Forest Road extending from MacMahon Street to Woodville Lane.

THAT Council receive and note the report including appendix 4 "Legal advice - pecuniary interest - lep"

FURTHER THAT all persons who made submissions be advised of Council's decision.

(Moved Councillor S McMahon / Seconded Councillor N Liu)

APPENDIX
Appendix 1
Public Exhibition Material - Hurstville Local Environmental Plan (Amendment No. 70).pdf
exa
Public Exhibition Information-Draft LEP Amendment Map.pdf
Appendix 2
http://www.hurstville.nsw.gov.au/Exhibited-DCP-2-June-2010.html
Appendix 3
Submission Summary_ Draft LEP Amendment No 70.pdf

eka	

Appendix 4 - Legal Advice - Pecuniary Interest - LEP.pdf