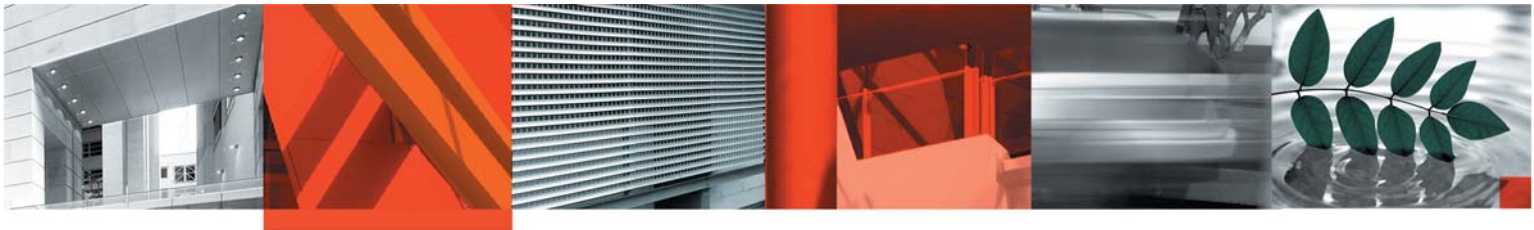




Planning Proposal Australia Post Office Chatswood



Corner Victor Street & Post Office Lane, Chatswood Planning Proposal for Mixed Use Development

Submitted to Department of Planning & Infrastructure for Pre- Gateway Review
On Behalf of Australia Post

December 2013 ■ 11318

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B	Economic Impact Assessment <i>Essential Economics</i>
C	Traffic Impact Assessment <i>GTA Consultants</i>

Executive Summary

- This Planning Proposal is written in support of the rezoning of the Chatswood Post Office site (the site) which is located on the southern corner of Victor Street and Post Office Lane Chatswood.
- The purpose of the Planning Proposal is to amend *Willoughby Local Environmental Plan 2012* (Willoughby LEP 2012) to allow for future shop top housing to occur on the site. Specifically the following amendments are proposed:
 - Retain the B3 Commercial Core zone but add 'shop top housing' as an additional permitted use on the site under Schedule 1 of the LEP; and
 - Increase the maximum height limit from 12metres (approximately RL106.5) up to RL235 (approximately 42 storeys plus plant room space); and
 - Remove the floor space ratio (FSR) control for the site and allow for the building form to be defined by a building envelope control as opposed to a FSR control.
 - Require a minimum of 2,066m² of non-residential gross floor area (GFA) to be provided on the site.
- An indicative concept scheme has been prepared to support the Planning Proposal which demonstrates that shop top housing accommodating approximately 2,066² of retail and office floor space and approximately 300 apartments could be delivered on the site consistent with the relevant State and regional planning policies in that it will:
 - Deliver new jobs and housing within an existing centre, providing jobs closer to home and new dwellings within 100 metres of public transport;
 - Concentrate critical mass to support public transport, and improve access to housing and jobs and services by walking, cycling and public transport. In light of this it is expected that the proposal will reduce travel demand including the number of trips generated by the development and the distances travelled, especially by car;
 - Increase housing choice in a sustainable manner;
 - Improvements to Post Office Lane to provide increased activation; and
 - Encourage vibrancy within the Chatswood CBD through the increase of the worker and resident populations and an improved public domain which encourages activation within CBD.
- In terms of potential environmental impacts it has been demonstrated that the proposal will:
 - not generate any unacceptable overshadowing on the Garden of Remembrance to the south of Chatswood Train Station on the winter solstice;
 - not increase overshadowing on the Victoria Avenue pedestrian mall;
 - maintain at least 2 hours of solar access to the residential units located on the northern facade of the Sebel development;
 - Not result in any unacceptable traffic impacts in terms of operation of existing intersections and surrounding road network; and
 - comply with the view sharing planning principle established in *Tenacity Consulting v Warringah Council [2004] NSWLEC 140*.
- Essential Economics has prepared an economic analysis which supports the planning proposal. The analysis has demonstrated that a pure commercial development on the site would not be viable in the current economic climate, and nor is it likely to be viable in the near future. Consequently increasing the

height and FSR controls alone would not achieve Council's objective to increase employment generation within the CBD. Further, it has been demonstrated that a viable commercial building envelope could not be readily delivered on the site due to the larger floor plate that would be required and the consequential impacts this would generate on the overshadowing of the Garden of Remembrance and the amenity of residents within the Sebel and future residential buildings over the Chatswood Train Station.

- GTA Consultants has prepared a Traffic assessment for the indicative concept scheme which demonstrates that a shop top housing development could be delivered on the site without generating adverse traffic impacts on the operation of the surrounding road network. The indicative scheme has also demonstrated that a suitable level of on-site parking could be achieved consistent with Council's DCP parking requirements.
- If the Planning Proposal is to proceed the following public benefits will be able to occur:
 - Development of an active street frontage along Post Office Lane and Victor Street, thereby improving the safety of the public domain and increasing the vibrancy of the CBD;
 - Additional employment will be generated within the CBD, thereby contributing towards Willoughby Council's employment targets under the Inner North Draft Subregional Strategy;
 - Additional housing will be provided within the CBD, thereby contributing towards Willoughby Council's housing targets under the Inner North Draft Subregional Strategy;
 - Revitalisation of the site will lead to increased Council levies through more rateable land; and
 - An increased employee and resident population will result thereby improving public transport activation, increased spending and economic activity within the CBD and increased vibrancy in the centre through use of existing facilities such as Council's new Concourse development, library and other new retail facilities throughout greater periods of the day.
 - The redevelopment of the site will unlock funds for Australia Post to develop a new flagship Australia Post in the Chatswood CBD on a more appropriate site where traffic impacts can be reduced and 24-hour delivery lockers can be safely provided.
- If the Planning Proposal does not proceed none of the above public benefits will be able to be delivered as there will be no incentive for redevelopment of the site. This is because the current Willoughby LEP 2012 controls reflect the status of the existing building on the site and redevelopment is thus not a viable option. Consequently the existing building will be retained and the ability to provide public domain benefits, in particular increased activation of Victor Street and Post Office Lane will be lost. The commercial floor space existing on the site would also be likely to remain substandard and underutilised thereby having a negative impact on employment levels and activity within the Chatswood CBD.

1.0 Introduction

This Planning Proposal is submitted to Department of Planning and Infrastructure for Pre-Gateway Review on behalf of Australia Post Pty Ltd (Australia Post). The Planning Proposal is in support of the rezoning of the Chatswood Post Office site at 45 Victor Street, Chatswood (the site) which is located on the southern corner of Victor Street and Post Office Lane in the Chatswood CBD.

The site is located within the heart of the Chatswood CBD less than 100 metres from the Chatswood rail and bus interchange. However the planning controls implemented under the *Willoughby Local Environmental Plan 2012* (Willoughby LEP 2012) only reflects the existing built form on the site, and not the potential for the site to contribute towards achieving the employment and housing targets set for the Willoughby Local Government Area (LGA) and the Chatswood Major Centre.

Consequently the Planning Proposal seeks to amend the following controls applying to the site:

- Retain the B3 Commercial Core zone but add 'shop top housing' as an additional permitted use on the site under Schedule 1 of the LEP; and
- Increase the maximum height limit from 12 metres (RL106.5) up to RL235 (approximately 42 storeys plus plant room space); and
- Remove the floor space ratio (FSR) control for the site and allow for the building form to be defined by a building envelope control as opposed to a FSR control.
- Require a minimum of 2,066m² of non-residential gross floor area (GFA) to be provided on the site.

The above amendments will allow for a mixed use retail, commercial and residential (shop top housing) development to be delivered on the site.

This Planning Proposal describes the site, the proposed rezoning and provides and environmental assessment. The report should be read in conjunction with the Urban Design Study (**Appendix A**) and specialist consultant reports appended to this proposal (refer Table of Contents). The report is written in accordance with the Department of Planning and Infrastructure's published *Guide to Preparing a Planning Proposal*.

2.0 Site Context and Description

2.1 Location

The site is located at the corner of Victor Street and Post Office Lane within the Willoughby Local Government Area (LGA), (see **Figure 1** and 2). The site is located within the Chatswood Town Centre and is located within a two minute walk of Chatswood Train Station and Transport Interchange.

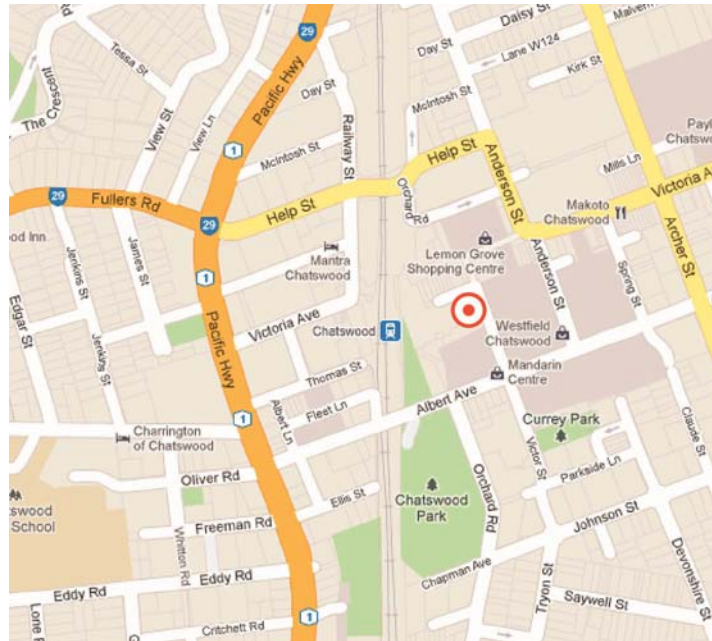


Figure 1 – Location of the site

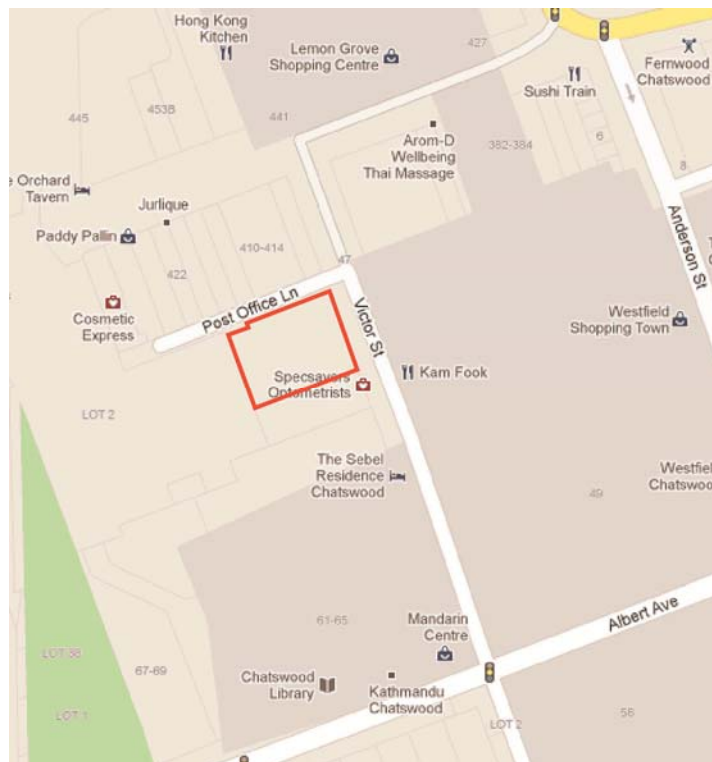


Figure 2 – Site location plan

2.2 Site Description

The site is owned by Australia Post and is legally described as Lot 1 DP 569727.

Constructed on the site is a three storey, L-shaped brick building. At the ground level of the building is an Australia Post Office Shop. The upper two levels are also owned by Australia Post and have historically been used for commercial office purposes. However, these levels are now largely vacant.

The building is built to both street alignments with the exception of the ground level which is setback to Post Office Lane to provide an area of 35.8m² which has been dedicated to Council for road widening purposes. The dedicated area is limited in height to a level plane of RL98.45. Consequently the site has an area of 978.4m² at ground level and an area of 1,014m² from RL98.45 and above.

A loading dock and onsite staff parking are provided in the south-western corner of the site behind the building. This part of the site comprises a hardstand only which is open to the elements. The loading dock and parking is accessed via a vehicular access on Post Office Lane. Vehicular egress from the site is via a second crossover on Victor Street.

The site slopes upwards from east to west with ground levels varying between RL93.61 and RL96.56. There is no existing vegetation on the site.

Photos of the existing building are provided in **Figures 3** through **6**.

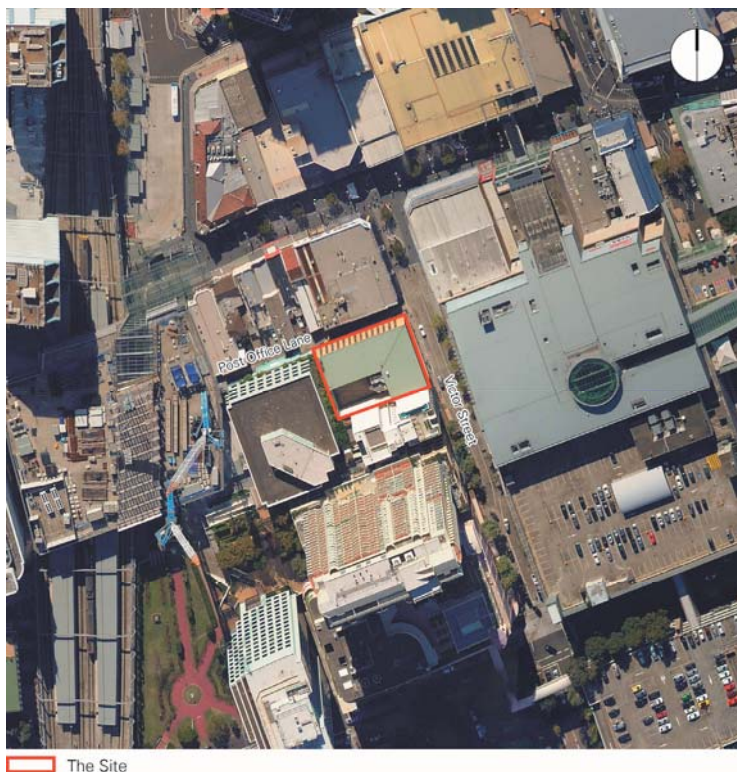


Figure 3 – Aerial photo of the site



Figure 4 – Victor Street elevation of the existing building



Figure 5 – Post Office Lane Elevation



Figure 6 – Existing loading dock and off-street parking at the rear of the site

2.3 Zoning and Development Controls

2.3.1 Zoning and Land Use

The site is currently zoned B3 Commercial Core under the Willoughby LEP 2012 in which a range of predominantly commercial uses are permitted with consent. Shop top housing is not permitted in the B3 Commercial Core zone on this site. An extract from the Willoughby LEP 2012 zoning map is provided at **Figure 7** below. As detailed in **Figure 7** below, the site is located in a part of the B3-zoned portion of the Chatswood CBD in a number of shop top housing developments are located or being constructed.

As shown below, shop top housing is permitted on sites fronting Victoria Avenue to the north, over the Chatswood Transport Interchange to the west, and on sites to the south in Victor Street. In this context, the continued limitation of shop top housing uses on the site would result in inconsistent land use patterns.



Figure 7 – Extract from Willoughby LEP 2012 zoning map

2.3.2 Development Controls

The following height and FSR controls apply to the site under Willoughby LEP 2012:

- Height – Maximum 12 metres (approximately RL106.5)
- FSR – 2.5:1

These development controls reflect to existing built form on the site. As shown in the height and FSR map extracts from Willoughby LEP 2012 below (**Figures 8 and 9**), the height and FSR controls applied to the site are relatively limited when considered against the height and density of development permitted on surrounding sites, in particular that permitted for the residential towers above the Chatswood Transport Interchange.



Figure 8 – Extract from Willoughby LEP 2012 FSR map

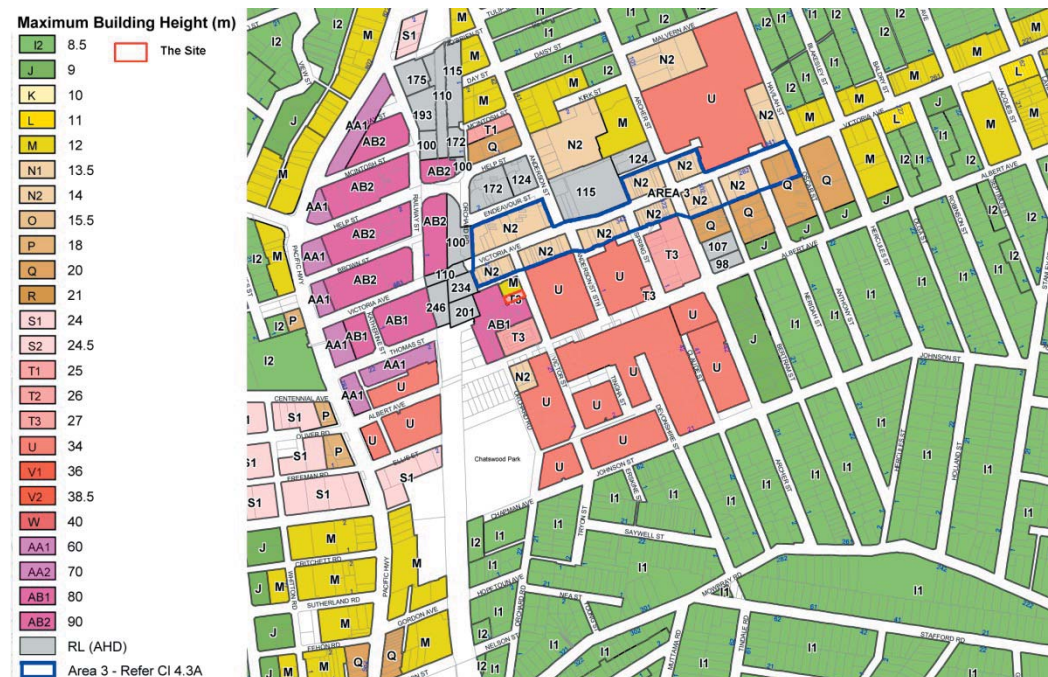


Figure 9 – Extract from Willoughby LEP 2012 height map

2.4 Surrounding Development

North

To the north of the site, on the opposite side of Post Office Lane are two storey retail/commercial buildings (see **Figure 10**) which have a primary frontage to Victoria Avenue. These buildings are directly serviced from Post Office Lane as can be seen in **Figure 11**.

Victoria Avenue is a pedestrianised mall which provides primary access between the transport interchange and the main retail precinct of the Chatswood Town Centre. The section of Victor Street between Victoria Avenue and Post Office Lane is also pedestrianised.



Figure 10 – Retail/commercial buildings fronting Victoria Avenue



Figure 11 – Rear service access off Post Office Lane

East

To the east of the site is the Westfield Shopping Centre (see left of image in **Figure 12**). One of the main entrances to the shopping centre is located opposite the site on the eastern side of Victor Street.

The shopping centre has an approximate height of 8 storeys equivalent to approximately 10 to 12 residential floors.



Figure 12 – Westfield Shopping Centre (Victor Street elevation)

South

Immediately south of the site at 39 Victor Street is an 8 storey shop top housing development with ground floor retail, two levels of above ground parking and 6 residential levels (see **Figure 13**).

Beyond the shop top housing development is the Sebel development at 31 Victor Street. Within the podium of this development (**Figure 14**) are commercial uses, including Council's offices, with serviced apartments and strata apartments above (see **Figure 15**). The building is 28 storeys in height. The units are primarily orientated north and south.



Figure 13 – Residential building to the immediate south of the site



Figure 14 – Podium of the Sebel



Figure 15 – Upper levels of the Sebel (northern elevation)

West

Sydney Water Building

To the west of the site is a 6 storey commercial building owned and occupied by Sydney Water (**Figure 16**). The building has a secondary frontage to Post Office Lane whilst the primary entrance to the building is via the Garden of Remembrance. The ground level of the building has approval for retail uses as part of the Chatswood Interchange Development which, once implemented, will activate Post Office Lane.

The Sydney Water site is the subject of a relatively complex ownership arrangement. Council owns the below ground and above ground stratum which is leased to Metro Chatswood Pty Ltd until 20 June 2088. The ground floor stratum between is owned by the Transport Infrastructure Development Corporation and RailCorp NSW and forms part of the retail portion of the Chatswood Interchange development. There are also a number of easements that affect the Sydney Water site.



Figure 16 – Commercial building to the immediate west of the site

Chatswood Interchange

Beyond the Sydney Water Building is the Chatswood Train Station. Once construction works are complete a new pedestrian entrance to the train station will be provided from Post Office Lane. Consequently the lane way will become a major thoroughfare between the station and the Westfield Shopping Centre. Above the station three residential towers (see **Figure 17**) are under constructed which will accommodate approximately 500 apartments with the tallest tower have a maximum height of RL247.



Figure 17 – Approved residential towers above Chatswood Train Station

Source: *Cox Architects*

Garden of Remembrance

The Garden of Remembrance is located directly south of the station and south-west of the site. The Garden of Remembrance commemorates the Australian men and women from the Willoughby district who died during the Boer War, World War I, World War II, and in Korea, Malaya and Vietnam. An aerial photo of the garden is provided in **Figure 18**.

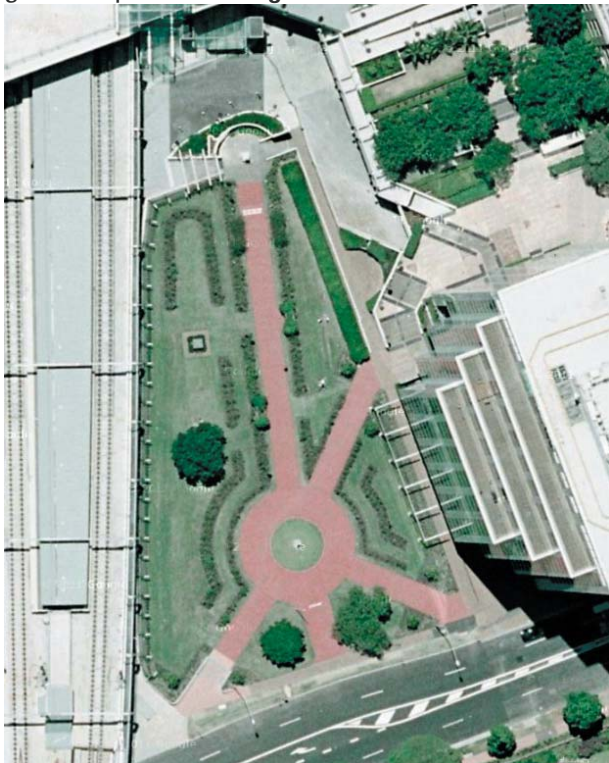


Figure 18 – Aerial image of the Garden of Remembrance

Source: *Google Maps*

Thomas Street Mixed Use Development

Approximately 250 metres to the south-west of the site at Thomas and Albert Streets is a new mixed use development which is currently under construction. In September 2010, the Planning Assessment Commission (PAC) granted approval to a Part 3A application (MP09_0066) for construction of this mixed use development comprising of:

- Building 1 - a 29 storey (plus plant) residential tower with a maximum height of RL199.9 plus plant; and
- Building 2 – a 21 storey (plus plant) commercial tower with a maximum height of RL197.20 plus plant.

The approval has been the subject of a number of modifications including the conversion of the commercial Building 2 to a serviced apartments use. A further modification is currently being considered which seeks to increase the maximum height of Building 1 to 47 storeys (RL253.35 plus plant) and Building 2 to 37 storeys (RL221.95 plus plant).

The modification is expected to be determined by the PAC following a public hearing on 27 August 2013. The Department of Planning and Infrastructure (the Department) has recommended approval of the modification subject to a reduction in the proposed height of Building 1 by five storeys (not less than 15.5 metres).

For the purpose of modelling the appropriate height for future development on the Australia Post site, it has been assumed that the modification for the approved mixed use development on the Thomas Street site will be approved as recommended by the Department. Thus, Building 1 is expected to have a height of approximately RL240.4 including plant. This height is reflected in the view diagram included in the Urban Design Study at **Appendix A**.

The modification (as recommended for approval by the Department) will also result in the following changes in the approved Thomas Street development:

- Increase the number of apartments from 233 to 353 apartments;
- Increase the number of serviced apartments from 302 to 356 serviced apartments;
- Increase the FSR from 10.94:1 to 13.56:1

3.0 Background

3.1 2012 Australia Post Planning Proposal

In August 2012, a Planning Proposal was lodged with Willoughby City Council (Council) seeking to add shop top housing as a permissible use on the site under Schedule 1 of the Willoughby LEP 2012 and amend the planning controls affecting the site to permit a maximum height of approximately 70 metres (RL164) and a FSR of 12:1.

The Concept Plans lodged with the Planning Proposal provided for a new Australia Post store at the ground floor, four levels of office space above, and 95 residential apartments above.

Council's assessment report for the 2012 Planning Proposal recommended that Council not support the Planning Proposal. On the request of the applicant, the Planning Proposal was not reported to Council. However, a number of issues raised by Council in its assessment of the 2012 Planning Proposal were taken into account in preparing the documentation submitted with the updated 2013 Planning Proposal.

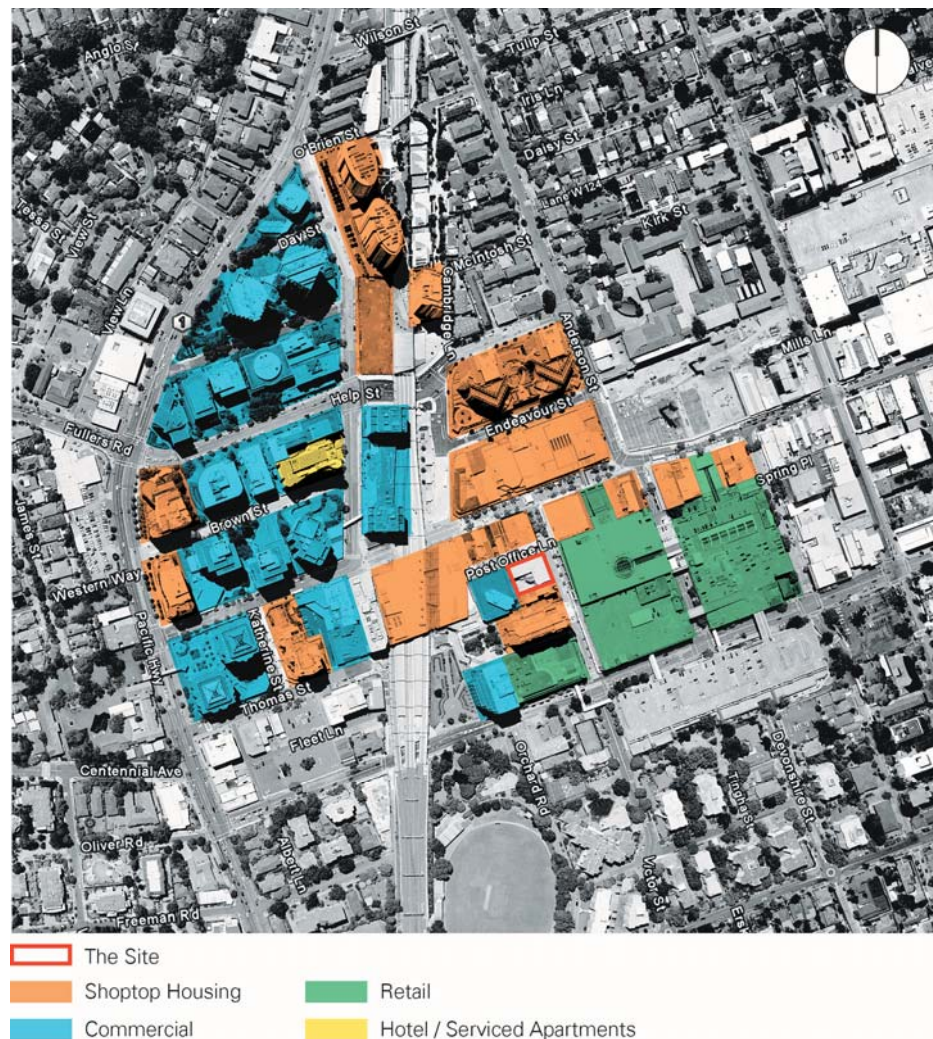
3.2 Further Consideration of Site Feasibility

Since lodgement of the original Planning Proposal, Australia Post has undertaken further feasibility testing on the site, as well as additional examination of the extent of building envelope capable of being accommodated on the site without adverse amenity impacts. This has included building envelope testing and preparation of detailed elevation shadow studies to ensure that appropriate separation distances and solar access is able to be provided to existing and future residential development surrounding the site, in particular the Sebel development to the south.

In addition, consideration has been given to the changing nature and context of the Chatswood CBD, particularly the concentration of shop top housing the eastern side of the railway line and along Victor Street in particular (see **Figure 19** below). The Chatswood CBD is being transformed into a liveable CBD with the introduction of a number of tall buildings including the Thomas Street development which is expected to be developed to a height of 42 storeys plus plant, and Metro Apartments Chatswood – with one tower at RL247.

There is a clear and expressed market demand in the Chatswood CBD for additional, high-quality residential accommodation in close proximity to transport and services. Consistent with current strategic policies which support the location of mixed use development in Major Centres where there is market demand and compatible land uses (see Section 6.2.2 below), Australia Post are seeking to harness this market demand to deliver a premier mixed use development on the site that will also deliver a number of benefits to the Chatswood CBD including new retail space and upgraded commercial office suites.

As a result of these additional investigations, Australia Post wrote to Council in June 2012 to withdraw the originally submitted Planning Proposal and indicated that an amended Planning Proposal would be submitted.



3.3 Consultation with Department and Council

On 6 June 2013, Australia Post met with the Department to discuss the revised Planning Proposal. The Department was supportive of higher density residential accommodation in close proximity to the Chatswood Transport Interchange and within the Chatswood Major Centre. The Department suggested that discussions with Council be held.

On 28 June 2013, a meeting was held with Council to discuss the revised Planning Proposal. Council raised a number of concerns with the proposal, in particular the height sought on this site. This Planning Proposal provides appropriate justification for the height sought on the site by demonstrating that no unacceptable amenity impacts will result.

3.4 Revised 2013 Planning Proposal

In September 2013, a revised Planning Proposal was submitted to Council which sought amendments to the Willoughby LEP 2012 consistent with the amendments sought as part of this Pre-Gateway Review.

The Planning Proposal was reported to Council on 11 November 2013 at which time Council resolved not to support the Planning Proposal. The reasons for refusal are predominantly consistent with Council's report on the 2012 Planning

Proposal for the site. These reasons for refusal had been addressed as part of the documentation submitted with the updated 2013 Planning Proposal.

However, after considering the issues raised in Council's report of 11 November 2013 a further change has been made to the Planning Proposal to address traffic and loading issues.

In its report Council noted that there is very high demand for limited parking supply in Victor Street by customer of the Post Office and that this may exacerbate potential traffic impacts. Council was also concerned that the provision of appropriate loading facilities for the Post Office on such a constrained site may be difficult to achieve.

To address the above issues, and to ensure that the future flagship Australia Post store can appropriately accommodate expected demand, Australia Post proposed to purchase an alternate, and more appropriate, site within the Chatswood CBD on which to provide an Australia Post store. Therefore, the concept scheme for the Planning Proposal to replace the previously-proposed Australia Post store with a ground floor retail space. This retail space will have the same activation benefits whilst avoiding the traffic, parking and loading issues associated with an Australia Post store in this location.

The redevelopment of the site in Victor Street will also unlock funds to enable Australia Post to purchase an alternative and more suitable site elsewhere in the Chatswood CBD.

4.0 The Rezoning Proposal

This chapter of the report describes the Planning Proposal and the urban design principles that set the foundation for its structure. Further detail is provided throughout the environmental assessment in the following chapters.

4.1 Objectives and Intended Outcomes

The objective of the Planning Proposal is to take advantage of the site's close location to the Chatswood Transport Interchange and commercial/retail core and to make the most efficient use of the site. The proposal seeks to generate both new housing and employment on the site in the form of shop top housing consistent with the relevant state and local strategies applying to the site.

4.2 Design Principles

The following design principles have been applied to the Planning Proposal and will be applied to future development on the site:

Complement existing built form and heights in the Chatswood Major Centre:

- The future development on the site will maintain a consistent scale with neighbouring properties at street level through a defined podium/tower architectural expression.
- The height of the building is consistent with the nearby residential towers above the Chatswood Transport Interchange and approved Thomas Street development. It maintains the concentration of height around the Interchange.
- Allow for an appropriate height transition to the residential towers above the Chatswood Transport Interchange.

Minimise potential overshadowing impacts to adjoining residential developments:

- The proposed development is modelled to preserve a minimum of 2 hours of solar access per day on June 21 to the nearby Sebel Residential development consistent with the Residential Flat Design Code.

Maintain existing privacy setbacks consistent with the Residential Flat Design Code:

- The proposed development maintains a minimum of 24 metres from glass line to glass line of the nearby residential Sebel development facing the site. Where a reduced setback is proposed, a blank wall or alternative screening will be provided at the southern façade of the future on-site development.

Provide an enhanced ground floor interface between the site and public domain:

- The proposed development will maximise street front activation along Victor Street and Post Office Lane. The combined residential and commercial lift lobby fronts Victor Street and a generous retail tenancy occupies the prominent corner of the site.
- Improve surveillance along Post Office Lane.
- All vehicular access is provided off Post Office Lane at the rear of the site so as to devote the prime frontage to pedestrians.

Ensure good level of amenity can be provided to residential development on site:

- The proposed development will maximise the number of north and east facing apartments to optimise solar access and outlook.

Maintain existing quantum of commercial office floor space on the site.

- The proposed development will maintain the existing quantum of commercial office floor space on the site and will replace the existing aged facilities with new high quality commercial office space.

4.3 Explanation of Provisions

4.3.1 Land Use and Zoning

It is proposed to retain the B3 Commercial Core zoning for the site but add shop top housing as a permissible use on the site under Schedule 1 of the LEP.

This is the approach that has been taken for the existing residential development to the south of the site in Victor Street and also for the future development that is to occur above the Chatswood Railway Station.

4.3.2 Maximum Height

The proposed maximum height control is RL235 or approximately 42 storeys plus plant. It is proposed to show the height as an RL on the Willoughby LEP 2012 height control map consistent with the treatment of the height control for other high density sites within the Chatswood CBD such as the Chatswood Interchange residential towers.

This height has been determined by detailed overshadowing studies of the residential apartments within the Sebel development and surrounding areas of open space and existing development. The height has also been derived having regard to the context of nearby development, both existing in Victor Street and the approved developments over the station and in Thomas Street to the south-west.

4.3.3 Maximum Floor Space Ratio

It is proposed to remove the FSR control for the site and adopt an approach where built form on the site is controlled via building envelope controls. This is consistent with the approach adopted for other site-specific Planning Proposals for other major centres in NSW. The removal of FSR controls as a key planning control has also been adopted in a number of LGAs with similar characteristics to Willoughby including North Sydney which applies almost no FSR controls across its LGA. Under the recently-gazetted *North Sydney Local Environmental Plan 2013*.

The preferred approach for the site is to set a minimum commercial GFA for the site of 2,066m² with the built form influenced by building envelope and/or amenity controls such as the RFDC solar access and privacy setback requirements.

4.4 Indicative Concept Scheme

Australia Post has prepared an indicative concept scheme in order to demonstrate the likely development that would occur if the above planning controls were implemented. This scheme is represented in the building envelope set out in the Urban Design Study at **Appendix A**.

The indicative scheme represents just one development outcome and comprises the following:

- An approximately 42 storey (plus plant) development comprising of:
 - Approximately 210m² of retail premises at ground floor;
 - Some 1,860m² of commercial office floor space;
 - Approximately 300 apartments with the following potential unit mix:
 - Studio apartments: 30%;

- One-bed apartments: 15%;
 - One -bed plus study apartments: 15%;
 - Two-bed apartments: 24%; and
 - Three-bed apartment: 16%.
- Vehicle entry for car park access off Post Office Lane with on-site parking for approximately 195 vehicles;
 - Service vehicle access and loading dock off Post Office Lane;
 - Maximum height of RL235 to top of plant.

An indicative image of what the building might look like in the context of the existing surrounding development is provided in **Figure 20**.

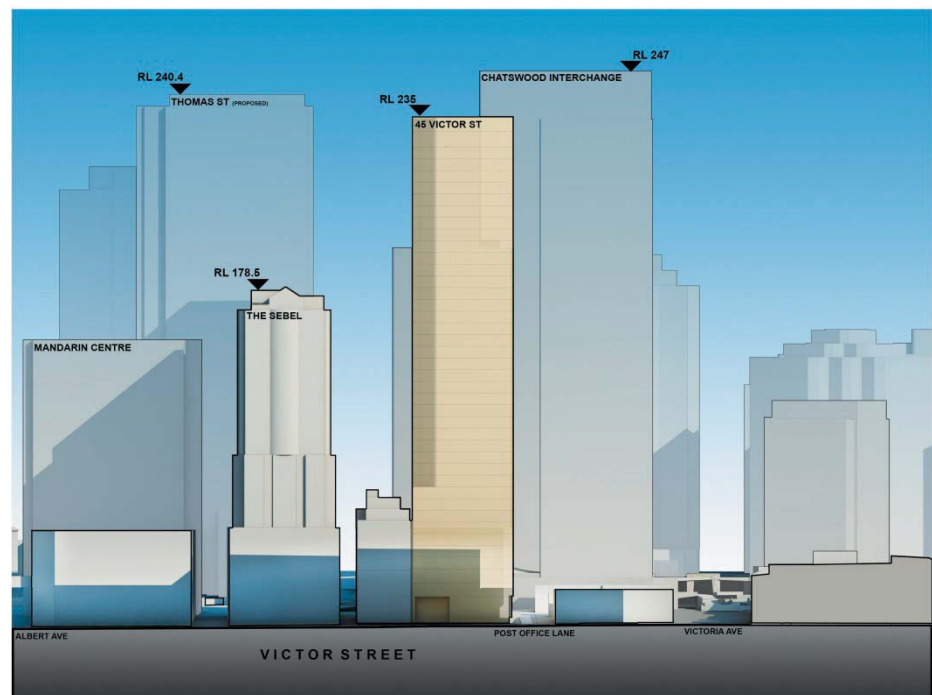


Figure 20 – Indicative concept scheme as viewed from Victor Street

5.0 Need for the Planning Proposal

The site is located within the heart of the Chatswood CBD and within 100 metres of the Chatswood Transport Interchange. The controls under the Willoughby LEP 2012 reflect the existing built form on the site and do not provide any opportunity or incentive for redevelopment.

The site presents an excellent opportunity to develop new employment and housing within the Chatswood CBD as well as significant public domain improvements, including an improved ground floor relationship with the provision of a new retail premises at the frontage to Victor Street and resurfacing of Post Office Lane and potentially part of Victor Street. The redevelopment of the site will also enable the creation of shared precinct within Post Office Lane thereby creating a safe pedestrian route from the station to Westfield Shopping Centre.

5.1 Is the Planning Proposal a result of any strategic study or report

Australia Post is undertaking a strategic review of its property portfolio and has identified Chatswood as being one of the potential locations that will accommodate one of their retail superstores. The property review is also considering whether or not the land owned by Australia Post is being used to its full potential.

In addition, the recently-exhibited Draft Metropolitan Strategy 2036 identifies the Chatswood CBD as a Major Centre with a capacity for around 9,000 to 28,000 dwellings. The *Chatswood City Centre Vision and Strategic Plan 2008* estimated that the number of residential dwellings in the CBD in 2008 was just 2,600. At 2013 we estimate there to be 4,000 dwellings in Chatswood CBD. However, the Chatswood CBD still remains well short of its identified dwelling target as a Major Centre in the Draft Metropolitan Strategy.

Furthermore, in the Department's assessment of the modification application for the Thomas Street mixed use development, the Department identifies the proposed increase in density and height of the Thomas Street development site as being consistent with the strategic direction of the Draft metropolitan Strategy by placing housing close to employment and public transport.

5.2 Is the Planning Proposal the best means of achieving the objectives or intended outcomes, or is there a better way?

The zoning and development controls applied to the site under the Willoughby LEP 2012 only reflect the existing uses and development on the site and not the potential for the site to accommodate additional accommodation and upgraded commercial and retail space in close proximity to the Chatswood Transport Interchange. The planning proposal is the only means of achieving the objectives and intended outcomes for the site by allowing shop top housing and increasing the development potential on the site.

An alternative zoning for the site of B4 Mixed Use has been considered. However, this would result in an incongruous zoning pattern particularly along the western side of Victor Street where shop top housing is permitted as an additional use under Schedule 1 of the Willoughby LEP 2012 on other B3-zoned sites that accommodate shop top housing uses.

5.3 Is there a net community benefit?

The Planning Proposal will result in a net community benefit and serve the public interest by facilitating a mixed use development which will in turn deliver retail, commercial and residential uses within the Chatswood Town Centre in close proximity to services and public transport.

More importantly, the Planning Proposal will enable the land to be 'unlocked' thereby facilitating a high quality development to be constructed on the site which will activate Victor Street and Post Office Lane and locate vehicle access to the site away from the Victor Street frontage as shown in **Figures 21** and **22** below.

In addition, the Planning Proposal will unlock funds to allow Australia Post to purchase a new, and more appropriate, site elsewhere in the Chatswood CBD for the provision of a new Australia Post flagship retail store incorporating drop-off and pick-up boxes. Australia Post's new flagship stores have already been set-up in most Major Centres in Metropolitan Sydney. It is essential that a new flagship store be delivered in the Chatswood Major Centre in recognition of Chatswood's strategic role in Sydney's Global Economic Corridor. To ensure that can occur, it is necessary that the site be redeveloped.

Without providing an incentive for redevelopment of the site (and therefore unlock funds for purchase of an alternate and more suitable Chatswood CBD site), Australia Post will have no option but to retain the existing development on the site and the opportunity to provide a new ground floor retail space, upgraded commercial office space and additional residential accommodation in close proximity to transport and services, will be lost.

The proposed rezoning of the site will also provide opportunities for significant urban design improvements, particularly at the ground floor frontage to Victor Street, which may otherwise not be realised. It will also result in significant economic benefits for the broader Chatswood CBD (discussed in detail in Section 7.2) and contribute to increased vibrancy of the Chatswood Centre.

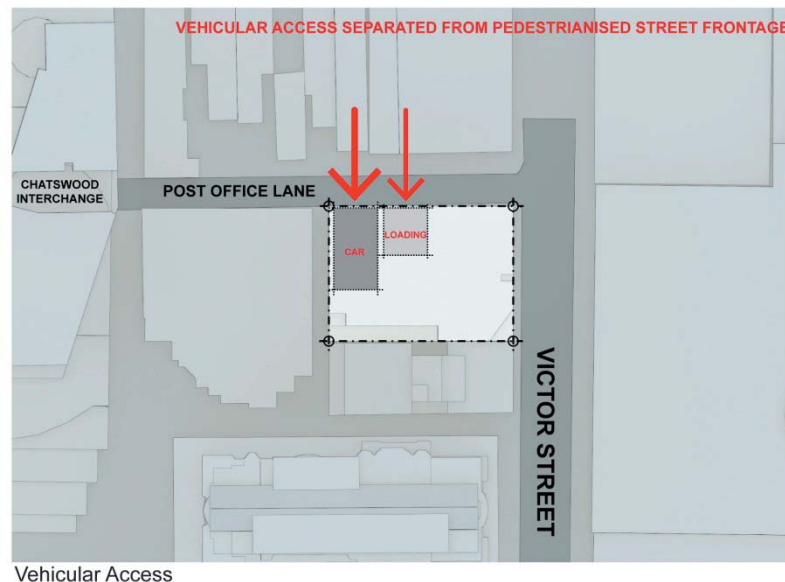
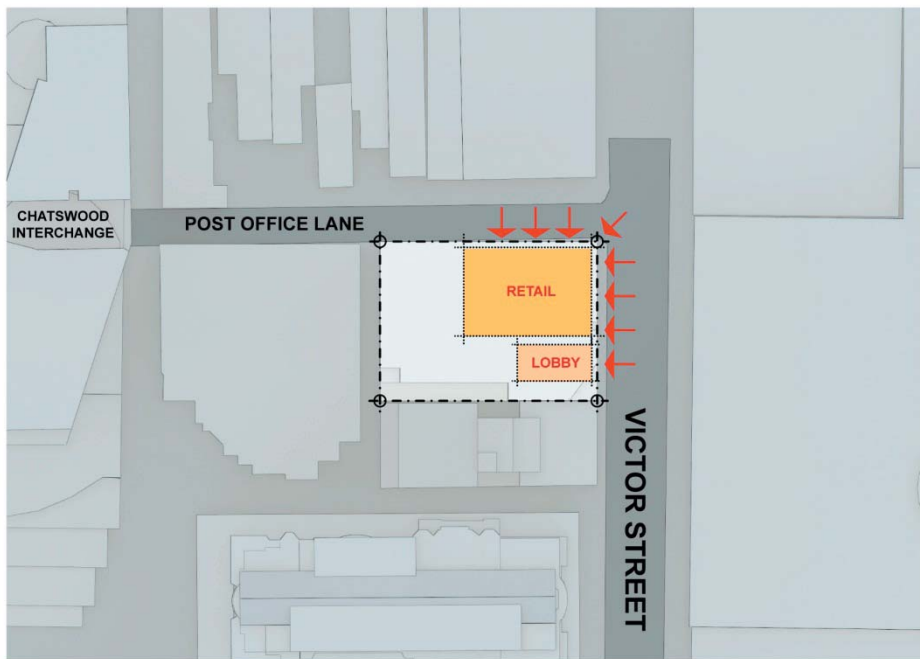


Figure 21 – Indicative ground floor vehicle access from Post Office Lane



Street Frontage Activation

Figure 22 – Activation of Victor Street through ground floor retail uses

6.0 Relationship to Strategic and Statutory Framework

This chapter outlines the strategic and statutory planning framework within which the development and conservation outcomes for the land have been considered.

6.1 Relevant Legislation and Regulations

This section summarises relevant State and Commonwealth legislation that applies to the planning of the land.

Environmental Planning and Assessment Act 1979

The *Environmental Planning and Assessment Act 1979* (the EP&A Act) and the 2000 Regulation set out amongst other things the:

- requirements for rezoning land;
- requirements regarding the preparation of a local environmental study as part of the rezoning process;
- matters for consideration when determining a development application; and
- approval permits and/or licences required from other authorities under other legislation.

This planning proposal has been prepared in accordance with the requirements set out in section 55 of the EP&A Act in that it explains the intended outcomes of the proposed instrument. It also provides justification and an environmental analysis of the proposal.

Section 117 Directions

Ministerial directions under Section 117 of the EP&A Act require Councils to address a range of matters when seeking to rezone land. A summary assessment of the Planning Proposal against the Directions issued by the Minister for Planning under Section 117 of the *EP&A Act* is provided in **Table 1** below.

Table 1 – Assessment against Section 117 Directions

Ministerial Directions	Consistent		N/A	Comment
	YES	NO		
1. Employment and Resources				
1.1 Business and Industrial Zones	✓			The Planning Proposal will retain the existing quantum of commercial office floor space currently provided on the site but will provide it as new, high-quality commercial office space more suitable to the Chatswood office market. A new retail store will be provided on the site which will support increased economic activity in the B3 Commercial Core zone.
1.2 Rural Zones			✓	Not applicable
1.3 Mining, Petroleum Production and Extractive Industries			✓	Not applicable
1.4 Oyster Aquaculture			✓	Not applicable
1.5 Rural Lands			✓	Not applicable
2. Environment and Heritage				
2.1 Environment Protection Zones			✓	Not applicable
2.2 Coastal Protection			✓	Not applicable

Ministerial Directions	Consistent		N/A	Comment
	YES	NO		
2.3 Heritage Conservation			✓	Not applicable
2.4 Recreation Vehicle Areas			✓	Not applicable
3. Housing, Infrastructure and Urban Development				
3.1 Residential Zones	✓			The proposed amendment would see the delivery of new dwellings that are located in close proximity to public transport, employment opportunities and day to day services. The proposal will therefore make more efficient use of this infrastructure and will reduce the consumption of land for housing and associated urban development on the urban fringe.
3.2 Caravan Parks and Manufactured Home Estates			✓	Not applicable
3.3 Home Occupations			✓	Not applicable
3.4 Integrating Land Use and Transport	✓			The Planning Proposal, through unlocking the development potential of the site, will concentrate critical mass to support public transport, and improve access to housing and jobs and services by walking, cycling and public transport. In light of this it is expected that the proposal will reduce travel demand including the number of trips generated by the development and the distances travelled, especially by car.
3.5 Development Near Licensed Aerodromes			✓	Not applicable
3.6 Shooting Ranges			✓	Not applicable
4. Hazard and Risk				
4.1 Acid Sulphate Soils	✓			Willoughby LEP 2012 contains acid sulphate soils provisions and this Proposal does not seek to amend them. Acid sulphate soils investigations and analysis will accordingly be undertaken as part of any future development of the land in accordance with the requirements of Willoughby LEP 2012.
4.2 Mine Subsidence and Unstable Land			✓	
4.3 Flood Prone Land			✓	Not applicable
4.4 Planning for Bushfire Protection			✓	Not applicable
5. Regional Planning				
5.1 Implementation of Regional Strategies			✓	Not applicable
5.2 Sydney Drinking Water Catchments			✓	Not applicable
5.3 Farmland of State and Regional Significance on the NSW Far North Coast			✓	Not applicable
5.4 Commercial and Retail Development along the Pacific Highway, North Coast			✓	Not applicable

Ministerial Directions	Consistent		N/A	Comment
	YES	NO		
5.8 Second Sydney Airport: Badgerys Creek			✓	Not applicable
6. Local Plan Making				
6.1 Approval and Referral Requirements	✓			No new concurrence provisions are proposed.
6.2 Reserving Land for Public Purposes	✓			No new road reservation is proposed.
6.3 Site Specific Provisions	✓			Planning Proposal amends existing site specific provisions in a consistent manner to that already proposed on nearby sites, including the Sebel development to the south.
7. Metropolitan Planning				
7.1 Implementation of the Metropolitan Plan for Sydney 2036	✓			Refer to Section 6.2.

6.2 State and Regional Strategic Framework

6.2.1 NSW State Plan

The New South Wales State Plan sets the strategic direction and goals for the NSW Government across a broad range of services and infrastructure. The Plan nominates one of the key challenges for the State as being the planning challenges that arise from a continuing population growth.

The redevelopment of the site will provide new commercial floor space and housing in an area which is highly accessible to public transport infrastructure and social services.

6.2.2 Metropolitan Plan

Metropolitan Plan for Sydney 2036

The Metropolitan Plan for Sydney 2036 is the foundation for achieving region-wide outcomes in relation to:

- the economy and employment;
- centres and corridors;
- housing;
- transport;
- environment and resources;
- parks and public places; and
- implementation and governance.

The Metropolitan Plan is an update of the Sydney Metropolitan Strategy which was released by the State Government in 2005. It seeks to provide a framework for meeting the targets in the NSW State Plan relating to integrated transport and land use planning. Specifically the Plan seeks to:

- target development around existing and planned transport capacity;
- improve local opportunities for walking, cycling and using public transport;

- plan for 770,000 additional homes with a range of housing types, sizes and affordability levels for a growing and ageing population;
- locate at least 70% of new homes in existing suburbs and up to 30% in Greenfield areas;
- locate at least 80% of all new homes within the walking catchment of all existing and planned centres of all sizes with good public transport;
- plan for centres to grow and change over time;
- plan for urban renewal in identified centres;
- support clustering of businesses and knowledge-based activities in Major Centres and Specialised centres; and
- increase the proportion of homes within 30 minutes by public transport of jobs in a Major Centre, ensuring more jobs are located closer to home.

The Planning Proposal is consistent with the above objectives and targets in that it will deliver new jobs and housing within the existing Chatswood Major Centre which is highly accessible to public transport and existing jobs.

Draft Metropolitan Strategy for 2031

The Draft Metropolitan Strategy for Sydney to 2031 was recently placed on public exhibition (until May 31 2013) and once adopted by Cabinet of the NSW Government, will guide and shape development across the Sydney metropolitan area over the next 20 years. The vision for the Draft Metropolitan Strategy for Sydney to 2031 is presented in **Figure 23** below. This strategy aims to set the framework for Sydney's growth and prosperity to 2031 and beyond through achieving five key outcomes for Sydney:

- Balanced growth
- A liveable city
- Productivity and prosperity
- Healthy and resilient environment
- Accessibility and connectivity



Figure 23 – Draft Metropolitan Strategy for Sydney to 2031

Chatswood is identified as a Major Centre within the Draft Metropolitan Strategy and forms part of the Global Economic Corridor. The Draft Strategy identifies a dwelling target for a Major Centre of between 9,000 to 28,000 dwellings. The *Chatswood City Centre Vision and Strategic Plan 2008* estimated that the number of residential dwellings in the CBD in 2008 was just 2,600. At 2013 we estimate there to be a total of 4,000 dwellings in the Chatswood CBD. However, the Chatswood CBD still remains well short of its identified dwelling target as a Major Centre in the Draft Metropolitan Strategy. The Planning Proposal will assist in achieving the dwelling target for the Chatswood Major Centre by facilitating the delivery of approximately 300 additional apartments in close proximity to the public transport and services.

It will also strengthen Chatswood's role in the Global Economic Corridor by providing a new retail store and updated commercial office space.

Balanced Growth

The Planning Proposal satisfies Objective 2 of the Draft Metropolitan Strategy's Balanced Growth principle which is to 'strengthen and grow Sydney's centres'. It is also consistent with a number of Balanced Growth policies including the policy that:

Mixed use development will be encouraged in all centres, including central commercial core areas, where there is market demand and complementary land uses.

The Planning Proposal responds to the market demand for additional, high-quality residential accommodation in close proximity to public transport and services, at the same time as delivering a new retail store and new high quality commercial office space. The provision of ground and lower floor retail/commercial office

space with shop top housing on the site is compatible with the existing land use pattern along Victor Street.

A Liveable City

The Sydney metropolitan region requires at least 273,000 additional homes by 2021 and 545,000 by 2031. The Draft Metropolitan Strategy for Sydney to 2031 presents the need to provide new housing in areas close to existing and proposed infrastructure. The Planning Proposal is consistent with the Draft Strategy in that it will provide additional housing in proximity to existing infrastructure and assist in meeting new dwelling target set for the Central Subregion of 138,000 additional dwellings by 2031.

Productivity and Prosperity

The Chatswood CBD features as an anchor point in the Global Economic Corridor identified in the Draft Metropolitan Strategy for Sydney to 2031. The Chatswood CBD currently caters for approximately 42,000 jobs and the strategy forecasts this to increase by 26,000 by 2021 and 30,000 jobs by 2031.

The Planning Proposal will facilitate the retention of the existing quantum of commercial office space on the site but will provide it as new, high-quality office space more suitable to the Chatswood office market. This will provide a significant improvement over the current situation where the commercial office space on the site is of such poor quality that it remains largely untenanted.

More importantly the Planning Proposal will deliver additional residential population into the Chatswood CBD which will have an overall positive economic impact. Further detail is provided in **Section 7.2** below.

Healthy and Resilient Environment

The Draft Metropolitan Strategy for Sydney to 2031 sets out objectives as to minimise the impact of urban development of the Sydney region on the natural environment. The Planning Proposal will facilitate increased densities on a well-located site within an existing urban centre which will minimise impacts on the surrounding natural environment.

Accessibility and Connectivity

The Draft Metropolitan Strategy for Sydney to 2031 highlights the need for increased connectivity between major centres within the region. In order to enhance accessibility to transport, the strategy draws on the initiatives of the Long Term Transport Master Plan and aims to facilitate *transport & urban* renewal along existing and proposed transport corridors. The Planning Proposal will take advantage of Chatswood's excellent connectivity to public transport serviced by locating additional accommodation and enhanced employment-generating floor space in close proximity to the Chatswood Transport Interchange.

6.2.3 NSW Long Term Transport Plan 2012

The NSW Long Term Transport Plan 2012 has the aim of better integrating land use and transport. The Draft Metropolitan Strategy has been prepared to integrate with the Long Term Transport Plan.

The Planning Proposal will serve the objectives of the Transport Plan by locating both residential and employment generating uses and accommodation close to Chatswood Transport Interchange. This will promote the use of public transport and reduce reliance on the private motor vehicle.

6.2.4 Draft Inner North Subregional Strategy

The Draft Inner North Subregional Strategy (Subregional Strategy) provides a further level of detail as to how the targets and objectives contained within the NSW State Plan and the Metropolitan Plan for Sydney will be achieved. Under the Draft Metropolitan Strategy, Chatswood will be located within the Central Subregion and it is unlikely the Draft Inner North Subregional Strategy will be finalised in its current form. Nevertheless, it has been considered below to demonstrate the Planning Proposal's compliance with both current and draft strategic planning policies.

Chatswood is identified as a Major Centre under the Draft Strategy which is defined as a:

Major shopping and business centre serving immediate subregional residential population usually with a full scale shopping mall, council offices, taller office and residential buildings, central community facilities and a minimum of 8,000 jobs.

The Draft Strategy identifies Chatswood CBD as a mixed use centre located approximately 8km north of the Sydney CBD, well serviced by public transport with a central area of approximately 3 square km.

It nominates specific new housing and employment targets that are to be achieved in each of the local government areas within a subregion. For the Inner North Subregion the following targets are to be met:

- 30,000 new dwellings
- 60,000 new jobs

Of the above new jobs and dwellings, the following numbers are to be provided within the Willoughby Local Government Area:

- 6,800 new dwellings; and
- 16,000 new jobs of which 7,300 are to be provided in the Chatswood Centre.

As a major centre, the Draft Strategy outlines that Chatswood will continue to provide additional housing near the centre to cater for growth. The attraction of Chatswood as a place to live, work and visit has been enhanced through the completion of the Epping- Chatswood Interchange, and the Concourse development.

The Planning Proposal which will deliver 95 FTE ongoing jobs and approximately 300 new dwellings which will contribute towards Willoughby Council achieving its targets for new jobs and dwellings within 30 minutes by public transport as set under the Subregional Strategy. The proposal will also contribute towards the critical population mass that utilise the existing public transport facilities and other social infrastructure provided within the Chatswood Town Centre.

6.3 Local Strategic Framework

The following section provides a summary of the local strategic framework.

6.3.1 Willoughby City Strategy 2013-2029

The Willoughby City Strategy provides a long-term vision and plan for the future of Willoughby LGA to help guide the Council's decision making and planning for the next 15 years. The goals outlined in the Strategy which are relevant to the proposal are listed below:

HOUSING CHOICE, QUALITY AND CHARACTER

Goal: To be a place with housing that is liveable, sustainable and enhances urban character.

3.1.1 Plan for housing choice

- a. Undertake and implement housing strategies in the context of state government requirements.*
- b. Investigate changing demographics of the Willoughby area and review planning controls to encourage new housing types to meet community and intergenerational needs.*
- c. Facilitate, provide and advocate for affordable housing.*
- d. Protect important employment areas (industrial, commercial land) from incursion by residential development and other uses that affect the long term integrity of those areas.*
- e. The heritage and natural environment of Willoughby is balanced with housing growth needs.*

As detailed above, the Planning Proposal is consistent with State government strategic planning policies, and will respond to the increased demand for housing within the Chatswood CBD. It will not result in the erosion of commercial office floor space as the existing quantum of commercial office floor space will be provided on the site as new, high-quality space. In addition, the part of the Chatswood CBD in which the site is located is characterised by shop top housing above ground floor retail and commercial floor space.

6.4 State and Regional Statutory Framework

This section summarises the relevant state and regional environmental planning instruments and policies that apply to the land.

SEPP 55 – Remediation of Land

SEPP 55 aims to promote the remediation of contaminated land for the purpose of reducing the risk of harm to human health or any other aspect of the environment. It specifically requires consideration when rezoning land and in determining development applications, and requires that remediation work meets certain standards and notification requirements.

Given the historical use of the site as a post office it is considered that the site has a low potential for contamination. A phase 1 environmental assessment will be submitted with any future development application demonstrating that the site is or can be made suitable for residential purposes.

State Environmental Planning Policy No 65 – Design Quality of Residential Flat Development

State Environmental Planning Policy 65 – Design Quality of Residential Flat Development (SEPP 65) aims to improve the design quality of residential flat development in New South Wales. Under clause 30 of SEPP 65, in assessing a development application, a consent authority must consider the Design Quality Principles in clause 17 of the SEPP and the provisions of the Residential Flat Design Code (RFDC) (published by the Department of Planning in 2002).

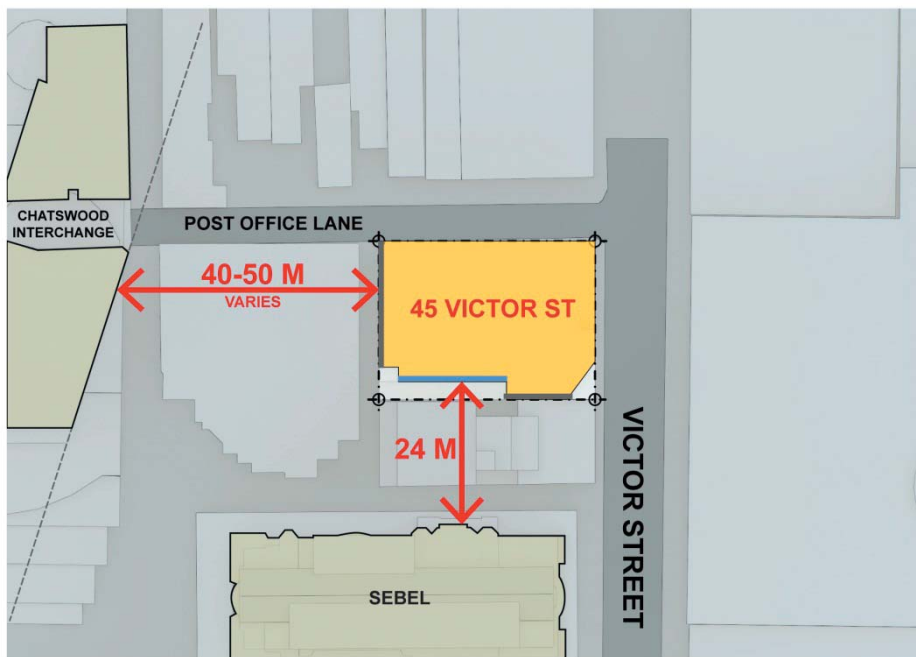
The Quality Principles in clause 17 of the Policy relate to:

- Response to context;
- Scale;
- Built form;

- Density;
- Resources, energy and water efficiency;
- Landscaping;
- Amenity;
- Safety and security;
- Social dimensions and housing affordability;
- Aesthetics.

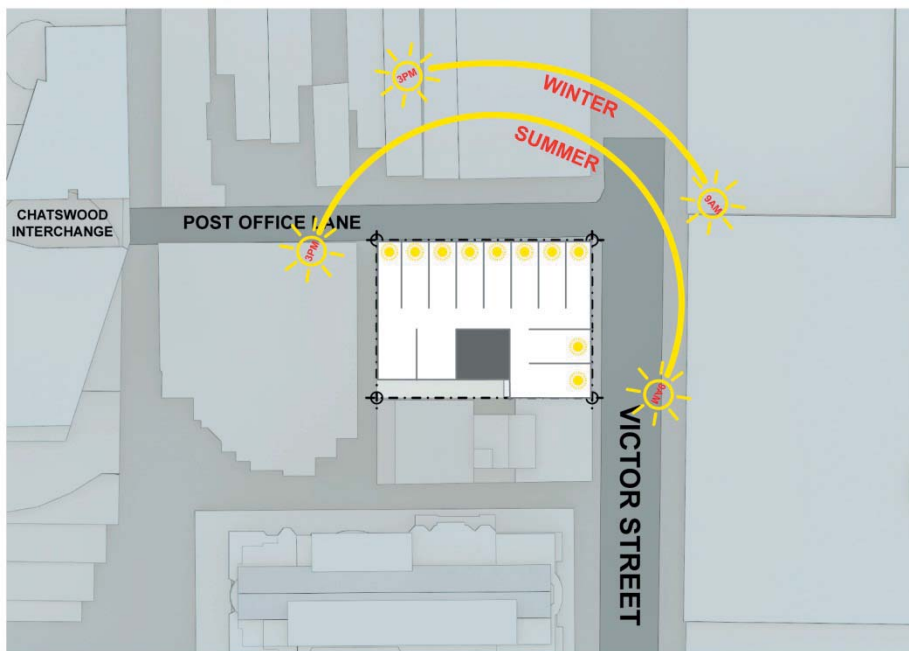
The proposed planning controls have been tested through the development of an indicative concept scheme so as to ensure that the resultant building envelope can achieve compliance with the relevant design principles contained within SEPP 65 and the RFDC. The orientation of the site lends itself to a design that will maximise north and east facing units which will achieve good solar access. Corridors and services can be located along the southern façade to limit any south-facing single-aspect units. Articulation of the tower form will also allow for good natural ventilation to be provided to future apartments in the development. Although the ultimate built form on the site will only be determined at the DA stage, the built form facilitated by this Planning Proposal is expected to:

- Provide adequate building separation distances from the nearby existing and approved residential flat buildings (see separation distance diagram in Urban Design Study at **Appendix A** and at **Figure 24** below);
- Be able to achieve compliance with the solar access rule of thumb ie. at least 70% of apartments are likely to receive 2 or more hours of solar access on June 21 (see solar access diagram in Urban Design Study at **Appendix A** and at **Figure 25** below);
- Be able to achieve compliance with the natural ventilation rule of thumb as demonstrated in the attached indicative scheme where approximately 60% of the total apartments are capable of natural ventilation; and
- Be consistent with the height, bulk, scale and density of existing development in the locality (see height studies in Urban Design Study at **Appendix A** and at **Figure 26** below).



Separation Distances

Figure 24 – Separation distances from surrounding residential buildings (note: the immediately adjoining residential building has windows facing onto the site which will be addressed through screening in the detailed design)



Solar Access

Figure 25 – Solar access to apartments on the site



Figure 26 – Height Study from east

State Environmental Planning Policy (Infrastructure) 2007

State Environmental Planning Policy (Infrastructure) 2007 (SEPP Infrastructure) aims to facilitate the effective delivery of infrastructure across the State and identifies matters to be considered in the assessment of development adjacent to particular types of infrastructure development.

Formal referral to the Roads and Maritime Services (RMS) under SEPP Infrastructure will be sought if required during exhibition of the Planning Proposal and/or development application for the site. **Section 7.6** summarises the findings of the traffic assessment (**Appendix C**) for the Planning Proposal and confirms that no unacceptable impact on surrounding road networks will result from the density of development facilitated by the Planning Proposal.

State Environmental Planning Policy (Building Sustainability Index: BASIX) 2004

BASIX, the Building Sustainability Index, was introduced by the NSW Government, to ensure homes and units are designed to use less potable water and emit fewer greenhouse gas emissions. BASIX sets minimum energy and water reduction targets for houses and units to achieve this goal.

The mixed use commercial/residential building to be constructed on the site will be assessed in accordance with SEPP BASIX as part of future development applications for the site.

6.5 Local Statutory Framework

Willoughby Local Environmental Plan 2012

Under Willoughby LEP 2012 the following controls apply to the site:

- Zoning – B3 Commercial Core
- Height – Maximum 12m (approximately RL106.5)
- FSR – 2.5:1

The above controls essentially reflect the existing development on the site and do not offer any incentive for redevelopment or improvement in standard of the commercial floor space on the site. Consequently if the Willoughby LEP 2012

controls remain unchanged, the existing building on the site will continue to detract from the appearance and vibrancy of the Chatswood Town Centre. If retained, the existing building would not contribute towards new employment generation and would fail to unlock the land for urban design main improvements. In addition, the opportunity to provide a new retail store, commercial office suites and additional accommodation in close proximity to transport and services would be lost.

7.0 Environmental, Social and Economic Impact Analysis

This chapter of the report draws on the work undertaken by specialist consultants and summarises the existing environment of the site. The purpose is to provide an understanding of how the existing physical conditions and features of the land have shaped and informed the rezoning proposal and how, in turn, the rezoning proposal potentially impacts on these environmental features and conditions. The management response to any issues and impacts identified in the environmental analysis is discussed.

7.1 Built Form

An Urban Design Report has been prepared (see **Appendix A**) which sets out the general built form capable of being accommodated on the site. The concept is not a detailed design for the final development of the site, but is a massing study that illustrates how the site may be developed as a result of the proposed amendment to Willoughby LEP 2012.

The concepts are based on an analysis of the site's opportunities and constraints, its central location and the building's future role within the Chatswood Centre.

Based on the characteristics of the site and its surrounds the following constraints and opportunities are identified. The site is constrained in the following ways:

- The site has an area of 1,000m² (and less at the ground floor) which is relatively small, and not of a suitable size to provide a viable commercial building.
- There is no opportunity to increase the size of the land through site amalgamation with an adjoining parcel of land (see **Sections 3.2 and 7.9**).
- Any development on the site will need to ensure that adequate building separation and solar access is maintained to surrounding residential development pursuant to SEPP 65 and the RFDC.

The urban design study and concept design has been developed around the following opportunities:

- The site is located centrally within the Chatswood Town Centre, within 2 minutes walking distance of a regional public transport node, employment, retail facilities and social services.
- The site is a regular shape with two street frontages allowing for vehicular access and the ability to achieve a high level of street activation at the ground level, particularly along Post Office Lane which currently operates as a service lane.
- The site is unconstrained in terms of environmental issues such as protected species, significant vegetation or the like.
- Due to its use as a post office, the site is well recognised by locals as being located within the central hub of Chatswood.
- The site is not affected by any heritage listing, nor are the immediately adjoining lots.
- Development to the north is low scale thus ensuring a high level of solar access to the site.

- The Chatswood CBD is currently undergoing a transformation with the introduction of a number of high-rise mixed use towers. This provides the opportunity to respond to the changing scale of development within the centre.
- The part of the Chatswood CBD in which the site is located is characterised by shop top housing and retail uses with the commercial centre of Chatswood concentrated on the eastern side of the railway line

Various built form options have been considered and tested for their environmental sustainability, urban form and community outcomes. Whilst the final built form will be the subject of a future detailed design, the concept planning has shown that an appropriate built form can be achieved under the proposed Willoughby LEP2012 amendments.

Specifically the indicative plans demonstrate that a building can be designed within the proposed building envelope which:

- creates a strong corner presence to the termination of Victor Street and Post Office Lane;
- activates Victor Street and Post Office Lane and improves casual surveillance of Post Office Lane;
- is of a suitable scale when considering the site context;
- can comply with the relevant design principles and rules of thumb contained within SEPP 65; and
- does not adversely impact on the amenity of any nearby residential property.

7.2 Economic Impact

Essential Economics was commissioned to assess the proposal in terms of its economic impact on the Chatswood Town Centre. The report is provided at **Appendix B** and is summarised below.

7.2.1 Market Assessment

Commercial Market

Essential Economics undertook a detailed study of the Chatswood office and residential markets as they relate to the viability of potential land and building uses at the subject site.

The Chatswood office market has struggled over the past 5 years with vacancy rates above those of alternative North Shore office locations at North Sydney, St Leonards and Macquarie Park. The research undertaken by Essential Economics has revealed that the office vacancy rate in Chatswood has been consistently above 5% for the last 20 years (apart from one occasion in 2001) and has generally fluctuated between 5% and 10% for the majority of this period. By standard industry benchmarks, a vacancy rate consistently in excess of 5% is a sign of underperformance.

Furthermore, over 90% of the net absorption on the office market in Chatswood in the past 12 months has been in Prime A-grade office space located in the primary commercial core to the west of the railway line. This suggests low demand for office development in secondary locations such as the Australia Post site, which does not have the capacity to support floor plates of sufficient size to attract corporate tenants.

In terms of the long-term outlook for the commercial market, Essential Economics note:

- over the past decade the overall stock of office floor space in Chatswood has been stable, or declined slightly, indicating limited commercial support for the development of new office space;
- Overall vacancy rates have remained stubbornly high, reflecting an effective oversupply of office floor space in Chatswood;
- Overall rates of 'absorption', or the annual rate at which additional office space is taken up in the Chatswood CBD, are relatively low and have averaged approximately 3,500m² to 4,000m² per year over the past 20 years. Although absorption in the past year has been higher at approximately 17,988m², this has occurred on the back of a large one-off refurbishment program at 465 Victoria Avenue; and
- Achievable rents in Chatswood are higher than the campus-style office located at North Ryde/Macquarie Park, yet are lower than for key office market of North Sydney. In effect, Chatswood has been 'priced out' as a corporate location for firms seeking value for money accommodation (such as Macquarie Park), yet lacks the exposure and prominence of other prime corporate locations (such as North Sydney).

Based on the above observations Essential Economics estimate that the Chatswood CBD will continue to achieve overall office absorption rates in the order of 4,000m² per annum. With an estimated supply of 30,000m² of office space within the Chatswood CBD this represents approximately 8 years available supply.

On this basis, Essential Economics conclude that it is appropriate that the indicative scheme for the site include only a modest component of office floor space. The provisions of some 1,860m² of office floor space on the site will contribute to approximately half the potential annual uptake of commercial office space in the Chatswood CBD.

Residential Market

In stark contrast to the office market, the residential market in Chatswood remains strong. Between 2006 and 2011, approximately 46% of new dwelling approvals in the City of Willoughby were located in Chatswood.

In terms of dwelling by type, approximately 60% of dwellings in Chatswood are units/apartments compared to just 30% for the City of Willoughby as a whole. This highlights the strong demand for Chatswood as a location for higher density housing.

Over the past 12 months, rental costs for one and two-bedroom dwellings in Chatswood have been increasing at rates either at or above the Sydney average. Furthermore, the median weekly rent for a one bedroom apartment in Chatswood of \$510 is approximately 20% to 40% above the median for metropolitan Sydney of \$410 per week.

In light of the above market demand, the accessible location of the site, the oversupply of commercial floor space in the Chatswood CBD and state and local planning policy documents calling for a mix of housing options in existing centres the mixed use scheme is supported by market demand and is a viable development option.

7.2.2 Economic Assessment

Employment Generation

One of the key concerns of Council is to ensure that the employment targets identified within the Inner North Subregional Strategy are met.

Australia Post currently occupies the existing building. However only the ground floor of the building is fully utilised as it is occupied by a Post Shop. The upper levels of the building (approximately 1,380m²) remain vacant and therefore do not contribute towards any economic activity or employment generation.

If the Planning Proposal were to proceed, the job generation on the site would be significantly higher as a result of both construction employment as well as ongoing employment. Essential Economics estimate, based on conservative assumptions, that the redevelopment of the site would see the generation of approximately 315 direct full time jobs during the construction phase, with a further 16 indirect full time jobs created in the broader economy for every direct 10 full time construction jobs create. The total number of direct and indirect construction positions that would therefore be supported by the development of the site is in the order of 815 FTE jobs.

In addition, Essential Economics estimates that the new retail store will provide full time employment for approximately 11 permanent employees and that the quantum of new commercial office space on the site would result in approximately 66 full time jobs on the site. Thus, the proposed development will result in approximately 77 additional FTE jobs in the Chatswood CBD.

Whilst Essential Economics have identified some structural weakness in the Chatswood Market they believe that the modest increase in office floor space on the site, roughly equivalent to half a year's supply, could comfortably achieve an occupancy rate of 80% when completed (noting that the current vacancy rate of 10% implies an occupancy rate of 90%).

The net employment gain is summarised in **Table 2**. Essential Economics note that if the planning controls are not amended it is unlikely that there would be any employment gain. This is because an office-only development would not be commercially viable at the site, as discussed in the section above.

Table 2 – Net employment gain from proposed development

Employment Category	Current Employment	Employment Under Proposed Development	Net Employment Gain
Construction Phase Jobs (direct and indirect)	0 FTE jobs	815 FTE jobs	+815 FTE jobs
Retail Jobs (ongoing)	20 FTE jobs	11FTE jobs	+0 FTE jobs
Office Jobs (ongoing)	0 FTE jobs	66 FTE jobs	+66 FTE jobs
Total Jobs Outcome	0 construction jobs 20 ongoing jobs	815 construction jobs 77 ongoing jobs	+815 construction jobs +57ongoing jobs

Source: *Essential Economics*

Net Spending Outcomes

As a result of the increased employment and housing on the site the development of the site would also see an increase in the levels of retail and non-retail spending in local shops, businesses, on car parking, on public transport and so on.

Based on the current spending profile of Chatswood residents Essential Economics estimate that a total of \$3.8 million would be spent in the Chatswood CBD by new residents at the development proposed in the indicative scheme.

Workers employed on the site would be likely to spend a further \$430,000 based on an average retail spending of \$20 per day on items such as lunches, coffee, snacks and weekly or monthly purchases at the nearby major shopping centres.

7.3 Land Use

As can be seen in **Figure 19** above, commercial land uses within the Chatswood Town Centre are predominantly located to the west of the railway line whilst development on the eastern side of the Railway line comprise (or will comprise in the case of properties along Victoria Avenue under the new Willoughby LEP 2012 provisions) predominantly shop top housing, retail and community uses.

The proposed shop top housing development facilitated by this Planning Proposal is consistent with the immediate surrounding land use of commercial/retail at the ground and lower levels of a building with residential units above.

This supports the logic of redeveloping the subject site into a mixed-use building, where people can live in close proximity to shopping, recreational and civic facilities, as opposed to an office building which is isolated from other similar types of development.

The addition of the site in Schedule 1 of Willoughby LEP 2012 with the additional permitted use of shop top housing would be consistent with the way Council has addressed existing residential flat buildings in the Chatswood Commercial Core, being:

- (a) Chelsea, 8 Brown Street, Chatswood, being Lot 1, DP 1006341,
- (b) High Tower, 14 Brown Street, Chatswood, being Lot 10, DP 1028406,
- (c) Bentleigh, 1 Katherine Street, Chatswood, being Lot 100, DP1009672,
- (d) Leura, 809 Pacific Highway, Chatswood, being Lot 100, DP 1040224,
- (e) Sebel, 37 Victor Street, Chatswood, being Lot 23, DP 868835,
- (f) 39 Victor Street, Chatswood, being Lot 10, DP 1068549,
- (g) Chatswood Transport Precinct Project, 436 Victoria Avenue, Chatswood, being Lots 106, 107 and 108, DP 1094273.

It would also be consistent with future shop top housing which is proposed to be permissible along Victoria Avenue, as identified as being located within Area 5 on the Special Provisions Area Map within Willoughby LEP 2012 (see **Figure 7 above**).

It is understood that Council is generally supportive of a shop top housing use on the site.

7.4 Overshadowing

7.4.1 Apartments within the Sebel

The Sebel contains both serviced apartments and residential apartments interspersed throughout the development.

In preparing the proposed building envelope we have adopted the RFDC Rule of Thumb that neighbouring dwellings should maintain a minimum of 2 hours of solar access on June 21 to the primary living areas and private open space.

The shadow analysis in the Urban Design Study at **Appendix A** and **Figure 27** below demonstrate that all of the residential and serviced apartments on the northern elevation of the Sebel will maintain at least 2 hours of solar access to living rooms and adjoining private open space on June 21. A number of apartments will retail more than this minimum. This is consistent with the RFDC requirements and will ensure that none of the residential apartments will be adversely affected by the proposed development.



Figure 27 – Extract from shadow analysis in Urban Design Study showing retention of solar access to living rooms of apartments at northern facade of Sebel Apartments on 21 June

7.4.2 Surrounding Development

In developing the indicative scheme for the site, consideration has been given to the additional shadow impacts resulting from the built form facilitated by the Planning Proposal, in particular the Garden of Remembrance and the Chatswood Oval to the south-west and south, and the Sebel residential development to the south.

Garden of Remembrance and Chatswood Oval

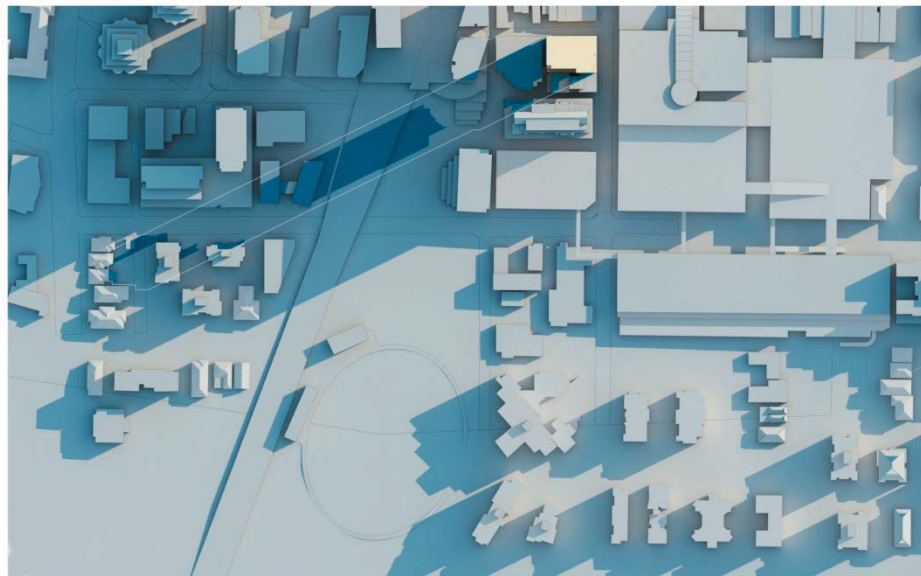
As shown in the shadow studies in the Urban Design Study at **Appendix A** and at **Figures 28 to 32** below, the development facilitated by the Planning Proposal will only partially overshadow the Garden of Remembrance at 9am in the morning in

midwinter. However, by approximately 10am, the potential development on the site will no longer overshadow the Garden of Remembrance.

In addition, even in midwinter, the shadow cast by the development facilitated by the Planning Proposal will not reach the Chatswood Oval. Only a very small portion of the public open space to the north of the Oval will be overshadowed at midday in midwinter. However, this open space will not be affected by the potential development on the site in the morning and afternoon in midwinter.

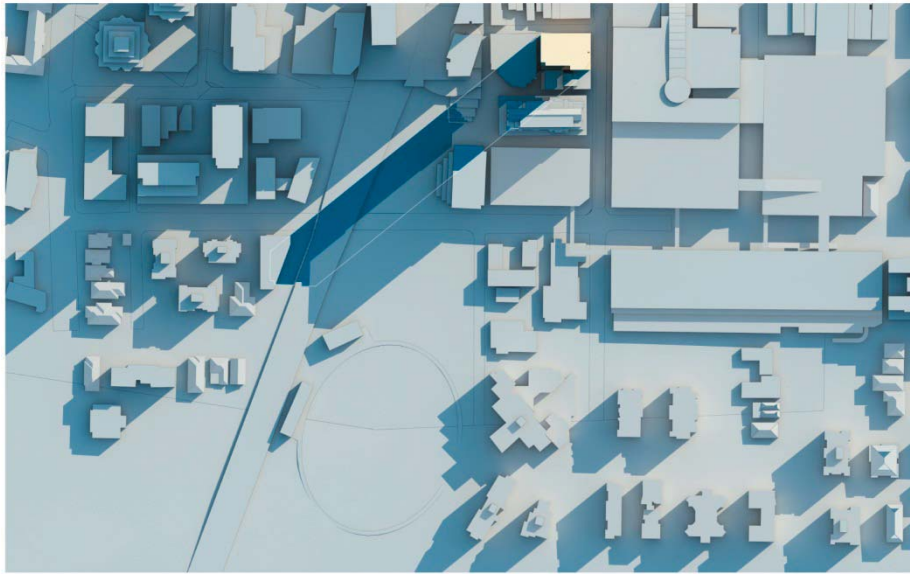
Surrounding Residential Development

Whilst the built form facilitated by the Planning Proposal may result in some additional overshadowing of residences to the south and south-west, the narrow built form on the site will ensure that good solar access is retained to these residences for at least 2 to 3 hours in the morning or afternoon in midwinter. Furthermore, the majority of the shadow cast by the development will fall over the Westfield shopping centre and car park.



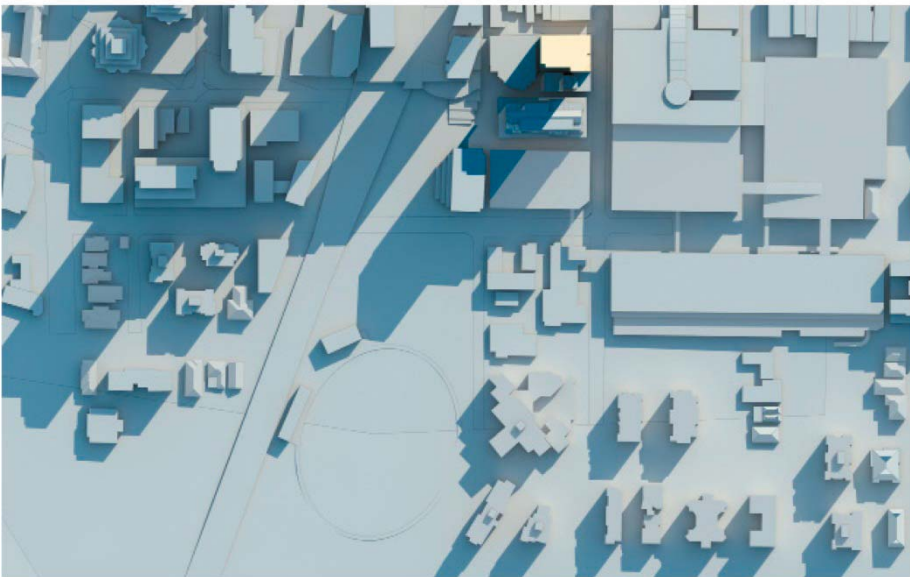
9AM JUNE 21

Figure 28 – Potential 9am midwinter additional shadow



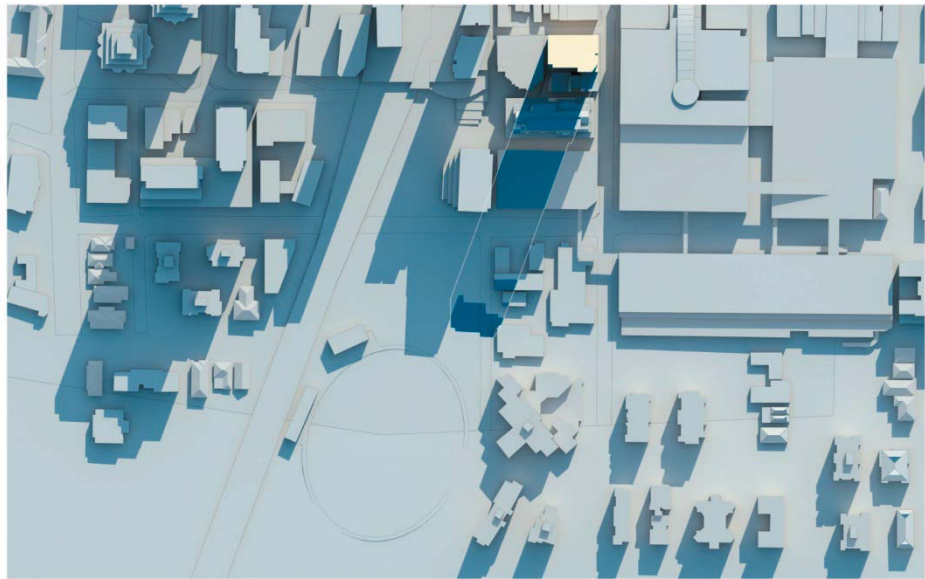
10AM JUNE 21

Figure 29 – Potential 10am midwinter additional shadow



11AM JUNE 21

Figure 30 – Potential 11am midwinter additional shadow



12PM JUNE 21

Figure 31 – Potential midday midwinter additional shadow



3PM JUNE 21

Figure 32 – Potential 3pm midwinter additional shadow

7.5 View Analysis

The other potential impact on the existing and future residential buildings in the immediate vicinity of the site is that on the existing views. **Figures 33 and 35** show the existing view corridors obtained from the future residential towers above Chatswood Transport Interchange and the Sebel (respectively). As can be seen the view corridors offer expansive regional views across Chatswood.

Whilst the proposed development will impact on some of these views (see **Figures 34 and 36**), the proposed envelope will allow for a degree of view sharing consistent with the principle established in *Tenacity Consulting v Warringah Council [2004] NSWLEC 140*.

The view impacts are considered to be reasonable when considering the following:

- The proposal retains 50% of the existing views obtained by the residents in the nearby residential apartment buildings and can therefore be considered to meet the DCP objective of 'view sharing';
- Both residential flat buildings are/will be located within the centre of the Chatswood CBD and as such it is reasonable to expect that higher density development will occur within the CBD; and
- The views obtained from both residential flat buildings are private views and not public views and therefore the benefit of providing new dwellings and employment opportunities within close proximity of public transport and other centre facilities is considered to outweigh the impact of the partial view loss that occurs as a result of the proposed development.



Figure 33 – Current views from the Chatswood Interchange Towers

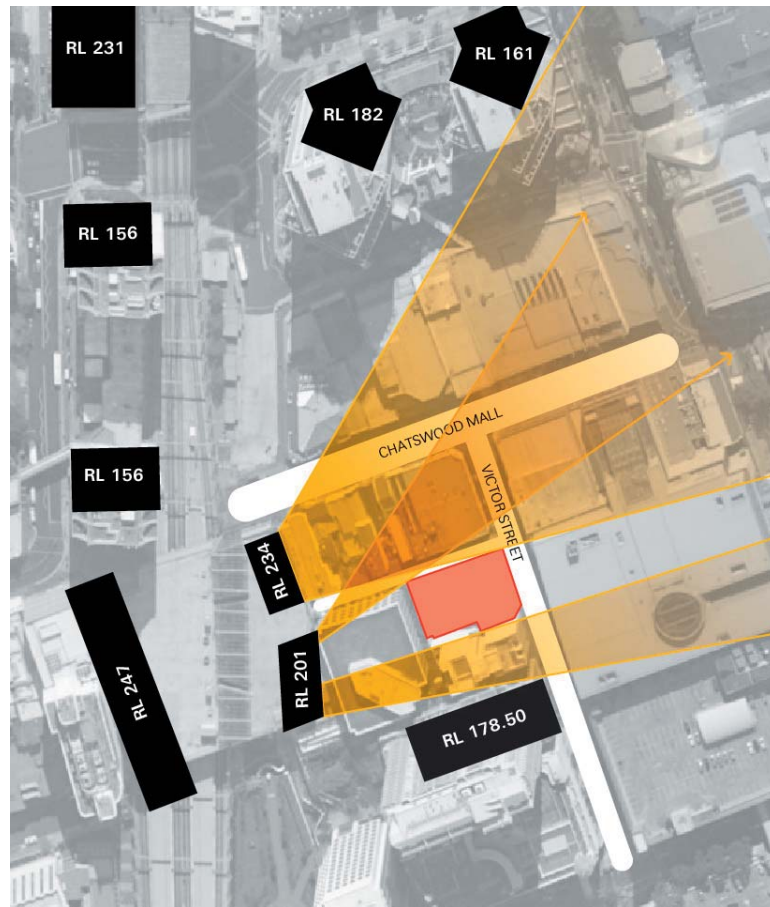


Figure 34 – Views from Interchange towers with indicative scheme



Figure 35 – Views currently obtained from Sebel development



Figure 36 – Views obtained from the Sebel with the indicative scheme

7.6 Roads, Traffic and Access

GTA Consultants were commissioned to review the potential traffic impacts of a mixed use development on the site. Their assessment is provided at **Appendix C** and is summarised below. It demonstrates that the proposed indicative concept scheme could be delivered on the site without generating any adverse impacts on the surrounding road network. The indicative scheme also demonstrates that a sufficient level of on-site parking can be delivered and that a reduced parking provision rate is warranted in this instance given the close proximity of the site to public transport and other nearby services.

Traffic Generation

In order to determine the existing operation of the surrounding road network, GTA Consultants undertook traffic movement counts at the intersection of Victor Street and Albert Avenue on Thursday 15 August 2013 and Saturday 17 August 2013 during the following peak periods:

- Thursday 15 August 2013:
 - 7.00am to 9.00am
 - 4.00pm to 6.00pm
- Saturday 17 August 2013:
 - 11am to 1pm.

These testing periods were specifically selected to coincide with peak commuter traffic periods, as well as peak retail shopping traffic periods.

The results were then entered into the SIDRA INTESECTION computer model which showed that intersection currently operates satisfactorily with minimal queues and delays on all approaches. The existing levels of service at the intersection are shown in **Table 3**.

GTA Consultants then incorporated the indicative scheme into the SIDRA model to determine the likely impacts, if any, which might occur on the operation of the intersection. As also shown in **Table 3** the study indicates that there would be negligible impact on the operation of the intersection of Victor Street and Albert Avenue with the intersection remaining at Level of Service B – ‘good’ with acceptable delays and spare capacity

Table 3 – Traffic generation impact assessment

Intersection	Peak	Leg	Level of Service (indicative scheme)
Victor Street/Albert Avenue	Thurs AM	Victor Street (north)	C
		Albert Avenue (east)	A
		Victor Street (south)	A
		Albert Avenue (west)	A
	Overall		B
	Thurs PM	Victor Street (north)	C
		Albert Avenue (east)	A
		Victor Street (south)	C
		Albert Avenue (west)	B
	Overall		B
Victor Street/Albert Avenue	Sat	Victor Street (north)	C
		Albert Avenue (east)	A
		Victor Street (south)	C
		Albert Avenue (west)	B
	Overall		B

Source: *GTA Consultants*

Parking

GTA has assessed the indicative concept scheme in terms of on-site parking requirements established in DCP 2006. A comparison of the DCP parking requirement as opposed to that proposed in the concept scheme is provided in **Table 4**.

A lesser residential parking provision rate is proposed for the future development on the site given its proximity to public transport. A reduced parking provision rate is also consistent with Willoughby City Council’s objective to reduce traffic generation in the Chatswood CBD and to promote the use of public transport.

A lesser visitor parking provision rate also been accepted by Council and the Department on other sites within the Chatswood CBD, recognising the transport facilities in the area and also the broader objective to reduce reliance on the private motor vehicle.

The provision of car parking for the commercial component will satisfy Australia Post’s ongoing requirements and will provide parking for the residential component of the development consistent with the RMS Guide to Traffic Generating Development.

Table 4 – On-site parking analysis

Use	DCP 2006 Requirement	Concept Proposal
Residential	254	180
Residential Visitor	75	0
Commercial (including Post Office)	10	15
Total	339	195

Source: *GTA Consultants*

7.7 Public Benefits of Proposal

Activation of Victor Street

The proposed rezoning of the site will provide opportunities for significant urban design improvements, particularly at the ground floor frontage to Victor Street, which may otherwise not be realised. Whilst the original Planning Proposal submitted by Australia Post provided vehicle access to the proposed on-site car park from Victor Street, with a turning circle directly in front of the site, the revised Planning Proposal located the vehicle access to the proposed development off Post Office Lane away from the Victor Street frontage.

This responds to concerns raised by Council in relation to the original Planning Proposal concept which would have reduced the active frontage to Victor Street and would have blocked off loading access to tenancies fronting Victor Street which currently have vehicle access from Post Office Lane.

The revised Planning Proposal envisages vehicle access and service vehicle access being located off Post Office Lane which will open up the Victor Street frontage to more active uses. **Figure 37** below describes the potential public domain outcome along Victor Street.



Figure 37 – Indicative ground floor illustration

Increased Economic Activity and Housing Supply

As demonstrated in Section 7.2 of this report, the proposal will see the increase and improvement in quality of commercial floor space on the site. This will in turn increase the likelihood of employment generation on the site as opposed to the scenario under the draft LEP which provides no incentive to improve or increase the commercial floor space on the site.

The proposal will also increase the supply of housing within the Chatswood CBD, thereby meeting some of the strong demand for housing in the locality.

Transit Orientated Development

The proposal will also be consistent with the principle of Transit Orientated Development. Providing new jobs and housing within the Chatswood CBD would

see an increase in the use of public transport and most likely a reduced number of private motor vehicle trips generated on the site.

Increased Vibrancy of the Chatswood CBD

The proposal will contribute to the vibrancy of the Chatswood CBD by increasing the residential and worker population in the centre, increasing patronage of community facilities provided in the CBD. It will also increase the activation of the centre with the provision of a new shopfront and pedestrian treatment to Post Office Lane and increased surveillance of Post Office Lane.

7.8 Impact on Critical Habitat, Threatened Species and Ecological Communities

The land is situated within a city centre context and is currently used for a mix of retail and commercial purposes and has historically been developed for urban purposes.

Given the site is highly modified, the Planning Proposal will not affect any critical habitat or threatened species, populations or ecological communities, or their habitats nor is it expected to have any adverse environmental effects.

7.9 Site Amalgamation

On 4 October 2012, Australia Post and JBA met with Council. Council requested that Australia Post consider amalgamating the Australia Post development site with the Sydney Water site to the west to provide a larger development site and the potential to provide vehicle access from Orchard Avenue at the rear.

In response, Australia Post commissioned JBA to undertake investigations of the relatively complex ownership arrangements on the Sydney Water site, and prepare building envelope diagrams for the potential combined development of the Australia Post and Sydney Water sites.

Australia Post also entered into discussions with Metro Chatswood Pty Ltd to investigate the potential purchase of the current leasehold over the below and above ground strata on the Sydney Water site. It was not possible to investigate the potential purchase of the ground floor stratum of the Sydney Water site as this is associated with the retail component of the Chatswood Interchange development which is currently up for sale and has been for some time.

On 28 February 2013, JBA (on behalf of Australia Post) wrote to Council indicating that it is not possible to undertake a viable development of the combined site (Australia Post and Sydney Water site).

In the first instance, the ground floor allotment will be owned by the future owner of the Chatswood Interchange retail space – this owner is not known at this stage and will not be known until the retail component is sold which may take some time. It would be very difficult, if not impossible, to develop the above-ground space on the Sydney Water site, when the ground floor level is not owned by the same entity. In addition, the leaseholder of the basement and above ground space appears to overestimate the value of its lease holding having regard to the extensive constraints which inhibit its development.

In addition, SEPP 65 and the RFDC recommend the following building separation distances, depending on the building uses:

- Residential to non-residential: 18m

- Residential to residential: 24m

Figure 38 shows the above separation distances from the Sebel residential building and the approved residential towers above Chatswood Station. The image clearly demonstrates the limited development opportunity of the Sydney Water site for either a commercial or residential tower due to the minimum building separation distances required to be provided. A minimum of three-quarters of the site could not be developed in a tower form without having an adverse impact on the amenity of the nearby residential buildings.

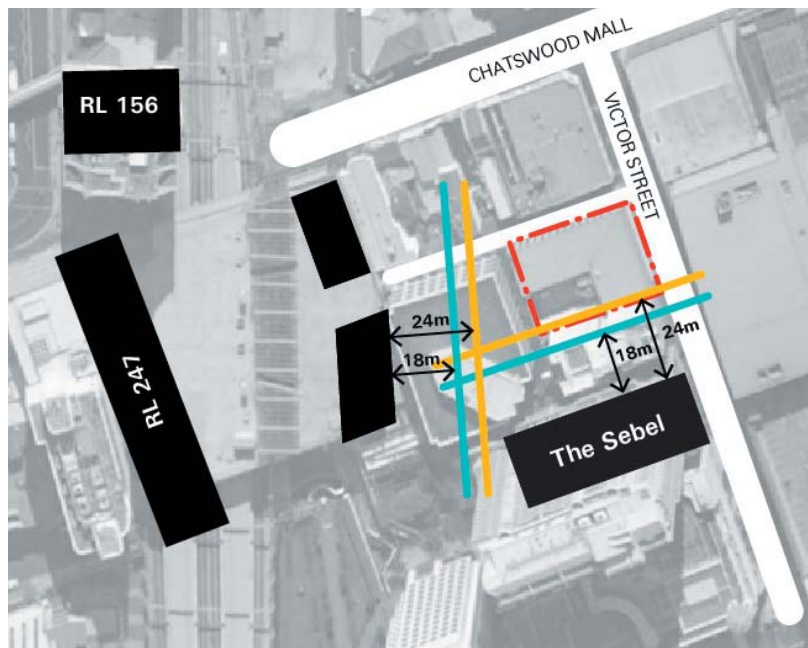


Figure 38 – Recommended RFDC building separation distances

8.0 State and Commonwealth Interests

The site is owned by Australia Post which is a Federal Government corporation constituted under its own Act. Therefore, the realisation of the development potential on the site and the provision of a new Australia Post store on the site is considered to be a Commonwealth interest.

There are no significant State interests in the Planning Proposal other than in general for a more appropriate planning and development outcome on the site consistent with the State's regional and subregional strategies strategic planning framework described above.

8.1.1 Public Infrastructure

It is understood that the existing infrastructure in the Chatswood CBD has the capacity to accommodate development on the site, subject to any necessary expansion and augmentation at the detailed application stage.

The development is in close proximity to the Chatswood Transport Interchange (rail and bus services). It is accordingly in the interest of the State Government to intensify housing and employment generating development in close proximity to this strategic transport hub and thereby increase viable patronage of this significant infrastructure investment.

8.1.2 Consultation with State and Commonwealth Authorities

No formal consultation has at the time of writing this Planning Proposal been undertaken with either State or Commonwealth authorities. Where necessary, consultation with relevant authorities will be undertaken as required in accordance with the Gateway determination.

9.0 Community Consultation

It is proposed that in accordance with 'A guide to preparing local environmental plans' that the Planning Proposal undergo a 28 day public exhibition period. It is noted that confirmation of the public exhibition period and requirements for the Planning Proposal will be given by the Minister as part of the LEP Gateway determination.

10.0 Conclusions and Recommendations

This Planning Proposal seeks amendments to the Willoughby Planning Controls so as to enable the construction of a shop top housing development on the site.

The report has demonstrated that the proposal would be in the public interest for the following reasons:

- The proposal will enable the land to be 'unlocked' thereby facilitating increase activation of Victor Street and Post Office Lane, and the provision of a new retail store and new commercial high quality office space;
- A shop top housing development would be consistent with State, Subregional and local planning strategies for the Chatswood CBD in that it will generate new employment opportunities and new housing.
- The resultant building envelope will not generate any unacceptable environmental impacts in relation to overshadowing or view loss.
- The proposal would not generate any adverse impacts on the operation of the surrounding road network.
- The proposal will contribute towards the vibrancy of the Chatswood CBD.
- The proposal will improve surveillance of Post Office Lane.

The economic analysis which supports the planning proposal has demonstrated that a pure commercial development on the site would not be viable on the site in the current economic climate, and nor is it likely to be viable in the near future.

In light of this a shop top housing development, with a modest proportion of commercial floor space would be viable and successful on the site. It would see an increase in employment generation in excess of that likely to occur under the current LEP controls.

As the Willoughby LEP 2012 planning controls reflect the existing development constructed on the site they do not provide any incentive for redevelopment and consequently none of the above public benefits would be realised if the site is not rezoned for shop top housing.

With the above in mind we believe a shop top housing development on the site is appropriate and that the Planning Proposal should be supported by Council.