

30 January 2020

15254

Jim Betts
Secretary
Department of Planning, Industry and Environment
4 Parramatta Square
Parramatta NSW 2150

Dear Mr Betts,

**Request for Rezoning Review
524-542 Pacific Highway, St Leonards (Telstra Exchange Site)**

This letter has been prepared by Ethos Urban on behalf of GFM Investment Management Limited (GFMIML) as Trustee for GFM Home Trust, in relation to 524-542 Pacific Highway, St Leonards (the site), otherwise known as the Telstra Exchange Site. The site is currently the subject of a planning proposal that seeks to amend the zoning, height and floor space ratio (FSR) controls that apply under *Lane Cove Local Environmental Plan 2009* (LCLEP 2009). This letter requests that the Department of Planning, Industry and Environment (DPIE) conducts a rezoning review in relation to the subject planning proposal.

The planning proposal was originally submitted to Lane Cove Council (Council) on 19 December 2016, after which it was deferred. The planning proposal was amended and re-lodged on 7 December 2018. Several rounds of supplementary information were submitted to Council since the December 2018 lodgement, the latest of which was a final amendment lodged on 18 December 2019. This rezoning review relates to the final form of the planning proposal; namely, the December 2019 amendment.

As amended, the planning proposal seeks to amend LCLEP 2009 as follows:

- Amend the land use zone from B3 Commercial Core to B4 Mixed Use.
- Amend the FSR control from 17.1:1 to 21.3:1, including a minimum non-residential FSR of 4.1:1.
- Amend the height of building control from 72m to 182m.

A rezoning review is sought by the applicant, as Council has not made a determination, and more than 90 days have elapsed since lodgement of the planning proposal.

This letter should be read in conjunction with the following attachments:

- Signed Rezoning Review Application Form.
- A cheque for the relevant application fee.
- A hard and soft copy of the planning proposal and all supplementary information that has been provided to Council.
- All correspondence received from Council.

1.0 Chronology

This request for rezoning review has been prepared in accordance with planning circular PS 18-012.

The circular provides that a rezoning review can be requested if:

b) the council has failed to indicate its support 90 days after the proponent submitted a request, accompanied by the required information or has failed to submit a planning proposal for a Gateway determination within a reasonable time after the council has indicated its support.

This rezoning review is being sought as Council has failed to indicate its support for the planning proposal, and more than 90 days have elapsed since lodgement of the planning proposal. As outlined in **Table 1**, 419 days have passed since the planning proposal was lodged, and Council has not indicated that insufficient information was provided with the proposal.

The applicant has maintained an open dialogue with Council throughout the process and has proactively engaged with Council to resolve issues that have been raised. A concurrent dialogue has also been held with DPIE, so as to seek further direction in relation to the draft St Leonards and Crows Nest 2036 Plan. Notwithstanding this, a rezoning review is sought, as the applicant and Council have been unable to reach an agreement on several components of the planning proposal.

The key milestones and correspondence between the applicant and Council is provided in **Table 1**.

Table 1 Planning proposal timeline

Submission	Type	Date	Number of days (cumulative)
Original planning proposal lodged with Lane Cove Council (215m height limit).	Lodgement	19 December 2016	0
Amended planning proposal lodged with Lane Cove Council (195m height limit).	Lodgement	7 December 2018	0 (re-lodged)
Letter sent to Council by applicant requesting that Council reactivate planning proposal.	Correspondence	15 July 2019	220 days
Council response received acknowledging receipt of letter.	Correspondence	15 July 2019	220 days
Applicant presented amended planning proposal to Lane Cove councillors.	Meeting	15 July 2019	220 days
Amended planning proposal lodged with Lane Cove Council (with updated assessment to address issues raised).	Amended proposal	24 September 2019	291 days
Applicant met with Council officers to discuss key issues and obtain feedback on planning proposal.	Meeting	10 October 2019	307 days
Supplementary package of information submitted to Lane Cove Council addressing a range of matters raised in the meeting of 10 October 2019.	Supplementary information	14 November 2019	342 days
Applicant met with DPIE officers (with Lane Cove Council officers present) to discuss planning proposal.	Meeting	22 November 2019	350 days
Amendment to planning proposal lodged with Lane Cove Council (182m height limit).	Amended proposal	18 December 2019	376 days
Supplementary planning letter and letter regarding Telstra's interest in tenanting building lodged with Lane Cove Council.	Supplementary information	19 December 2019	377 days
Applicant met with Council officers to discuss and obtain feedback on information lodged in late December 2019.	Meeting	15 January 2020	404 days
Applicant lodges request for rezoning review	Lodgement	30 January 2020	419 days

2.0 Strategic merit

DPIE's *A guide to preparing planning proposals* (the Guide) outlines the assessment criteria for demonstrating that a proposal has strategic merit. The criteria are as follows:

a) *Does the proposal have strategic merit? Will it:*

- *give effect to the relevant regional plan outside of the Greater Sydney Region, the relevant district plan within the Greater Sydney Region, or corridor/precinct plans applying to the site, including any draft regional, district or corridor/precinct plans released for public comment; or*
- *give effect to a relevant local strategic planning statement or strategy that has been endorsed by the Department or required as part of a regional or district plan or local strategic planning statement; or*
- *responding to a change in circumstances, such as the investment in new infrastructure or changing demographic trends that have not been recognised by existing strategic plans.*

The proposal has strategic merit, as it gives effect to the Greater Sydney Region Plan, the relevant District Plan and the Draft St Leonards and Crows Nest 2036 Plan, noting that the latter has been exhibited and is therefore a matter for consideration as part of the strategic merit test.

2.1 The changing nature of St Leonards

The Lane Cove LEP was gazetted in 2009 and as such is now 10 years old. Since gazettal of the Lane Cove LEP in 2009, the following major changes to the strategic context of the site have occurred:

- The *Greater Sydney Region Plan* and the North District Plan were released which identified a need to increase housing supply in strategic centres close to transport and that the Greater Sydney Region required an additional 725,000 homes will be needed by 2036 to meet demand based on current population projections;
- The draft St Leonards and Crows Nest 2036 Plan was released in 2018, which clearly identifies the site as being suitable for uplift and future high-density mixed-use redevelopment;
- The announcement of the Sydney Metro, providing a second train station (Crows Nest Station) within walking distance (350 m) of the site;
- The evolution of character and scale of development at St Leonards with a number of planning proposals introducing a mix of uses in the St Leonards precinct, further demonstrating the changing context of the area;
- Population forecasts released by DP&E in October 2016 (and included in the District Plan) identify that the Lane Cove LGA will need to accommodate an additional 1,900 dwellings over the next 5 years; and
- The declining demand for office space in St Leonards over the past 16 years is a significant factor in the viability of stand-alone commercial development on this site and others in the area. This is discussed in more detail in the EIA included within the planning proposal.

For the reasons outlined above, the planning proposal has clear strategic merit and responds to a number of significant changes in the strategic planning context of the site that the LEP controls from 2009 do not respond to.

2.2 A Metropolis of Three Cities

The Greater Sydney Region Plan outlines 40 objectives to guide future growth in Sydney. Of these objectives, four are directly relevant to the proposal. The proposal's consistency with these objectives is outlined below.

Objective 10: Greater housing supply

The NSW Government forecasts that an additional 725,000 homes will be needed by 2036 to meet demand based on current population projections. This strong need is forecast to continue, and by 2056 it is anticipated that significant further housing supply will be required to meet Greater Sydney's continued strong population growth.

To facilitate greater housing supply, the Plan sets housing targets for each District. The North District, which includes St Leonards, is required to deliver a minimum of 25,950 homes in the five years between 2016 and 2021. Beyond this, the Plan sets a 20-year strategic housing target of 92,000 homes for the North District.

While dwelling completions are at their highest levels in 16 years for Greater Sydney, the North District has experienced fluctuations in the amount of dwelling approvals over the past decade from a high in 1999–2000. Over the past five years, almost 55 per cent of dwelling completions were in western and northern local government areas such as Ryde and Hornsby. Other councils such as Lane Cove, which are arguably better located relative to infrastructure and employment, are delivering a lesser percentage of housing.

While detail in terms of delivery will be determined by councils preparing housing strategies under the principles established by the Plan, given Sydney's sustained population growth, the primary intent is to pursue opportunities for additional housing over the next 20 years. The Plan states that developers play an important role in supporting housing outcomes:

'The development industry needs to continually provide new housing and translate the development capacity created by the planning system into approvals and supply'.

As it will facilitate delivery of additional dwellings on a site that, under current planning controls, cannot feasibly deliver additional homes, the planning proposal promotes this objective.

Objective 11: Housing is more diverse and affordable

Greater Sydney has been measured as being one of the least affordable housing markets globally, and is the least affordable Australian city. Factors that contribute to rental and purchasing affordability challenges include the limited availability of smaller dwellings to meet both the growing proportion of small households, as well as the growing distance between areas where housing is affordable and the location of employment and educational opportunities.

This planning proposal will deliver smaller homes in the form of apartments, in a Strategic Centre (St Leonards) that provides job opportunities and access via public transport to other major employment nodes, such as North Sydney and the Sydney CBD.

Objective 12: Great places that bring people together

Under the Plan, one of the key attributes of a great place is walkability. By enabling a critical mass of new residents within walking distance of a rail station, the proposal promotes walkability and greater patronage of public transport and the surrounding street network and public domain. This in turn helps to create a more vibrant and active St Leonards.

In addition to this, the site's relatively constrained size preserves the current fine-grain fabric of the St Leonards Centre.

The architectural reference scheme developed by PTW proposed a high-quality public domain and built form response to its context, including the ability to:

- allow the reconnection of the urban fabric of the area, filling a significant gap in the current linkage of current and future development in the centre; and
- provide a sculptural and slender built form that is intended to be accessible, rich and compelling when experienced as a pedestrian.

Objective 14: A Metropolis of Three Cities – integrated land use and transport creates walkable and 30-minute cities

Under the Plan accommodating homes needs to be linked to local infrastructure – both to optimise existing infrastructure and to maximise investment in new infrastructure.

In established parts of Greater Sydney such as St Leonards, urban renewal opportunities exist around regional transport and strategic centres, where links for walking and cycling promote a healthy lifestyle and contribute to liveability.

Being located in a Strategic Centre that is also identified as a Planned Precinct within walking distance of two rail stations benefiting major government investment, the proposal is consistent with this objective.

2.3 North District Plan

Consistent with the Region Plan, the District Plan promotes three major housing themes:

- Greater housing supply;
- More diverse and affordable housing; and
- Better located and designed housing.

This is reflected in Planning Priority N5:

‘Providing housing supply, choice and affordability, with access to jobs, services and public transport’.

Under the North District Plan, the Lane Cove LGA is required to deliver a minimum 1,900 homes in the five years between 2016 and 2021. Unlike other North District LGA's, scope for additional housing supply in Lane Cove is heavily constrained by factors such as topography. The key opportunity to provide for additional homes through transit-focused renewal in accordance with the Region Plan is in St Leonards. This is reflected in the District Plan (page 39) that identifies St Leonards as a location for additional capacity for housing supply.

In terms of housing diversity and affordability, planning for housing needs to consider the type of dwellings required to respond to expected changes in both household size and age. The District Plan states that this requires more smaller homes, group homes, adaptable homes of universal design and aged care facilities.

New housing should also be provided in the right locations and of the right design. The District Plan states that:

‘New housing must be in the right places to meet demand for different housing types, tenure, price points, preferred locations and design. Housing supply must be coordinated with local infrastructure to create liveable, walkable neighbourhoods with direct, safe and universally designed pedestrian and cycling connections to shops, services and public transport’.

Consistent with these three major housing themes, the action under this planning priority is the preparation of housing strategies, which include:

- creating capacity for more housing in the right locations;
- supporting planning and delivery of growth areas and planned precincts as relevant to each local government area;
- supporting investigation of opportunities for alignment with investment in regional and district infrastructure; and
- supporting the role of centres.

The proposal:

- provides additional housing on a site that under current planning controls is not feasible for new homes;
- provides a greater diversity of housing in the form of apartments;
- is located in a Strategic Centre that is also identified as a Planned Precinct within walking distance of a rail station benefiting from major government investment; and

- is accompanied by a reference scheme that is well designed and will contribute to the vitality and activity of the St Leonards centre.

On this basis, this proposal is consistent with the relevant planning priorities and actions of the District Plan.

The District Plan also contains specific actions for the St Leonards under the District Plan. Relevant actions are:

- leverage off the new Sydney Metro station at Crows Nest to deliver additional employment and residential capacity;
- grow jobs in the centre;
- reduce the impact of vehicle movements on pedestrian and cyclist accessibility;
- deliver new high-quality open space, upgrade public areas, and establish collaborative place-making initiatives; and
- promote synergies between the Royal North Shore Hospital and other health and education-related activities, in partnership with NSW Health.

In establishing how this Proposal responds to Action P4 of the District Plan, consistency with each of the above considerations is discussed in detail below.

Leverage off the new Sydney Metro station at Crows Nest to deliver additional residential and employment capacity

This planning proposal will facilitate the delivery of approximately 330 dwellings in the immediate vicinity of both St Leonards and the future Crows Nest Station. It will also provide almost 6,700 m² of commercial NSA over 11 storeys, which is estimated to deliver, based on a conservative rate of 1 employee for every 15 sqm of commercial NSA, approximately 450 permanent new jobs to the area. The construction phase of the project will create an additional 628 jobs.

Identify actions to grow jobs in the centre and promote synergies between the Royal North Shore Hospital and other health and education-related activities, in partnership with NSW Health

It is anticipated that the commercial offering at the Telstra Exchange site, as designed, is likely to be attractive to medical tenants and businesses benefiting from synergies with the Royal North Shore Hospital.

Deliver new high-quality open space, upgrade public areas, and establish collaborative place-making initiatives

The proposal will facilitate future delivery of pedestrian linkages in the area in order to leverage off the upgraded community / cultural spaces and retail amenity provided as part of the rezoning approvals of the Winten, Loftex and Charter Hall/Leighton Planning Proposals. These include: St Leonards Plaza, Friedlander Place and the upgrade to Nicholson and Christie Lanes, all of which are in the immediate vicinity of the site.

Reduce the impact of vehicle movements on pedestrian and cyclist accessibility

The site is uniquely positioned to aid in the reduction of the impact of future vehicle movements in the area. The site's proximity to both St Leonards and the future Crows Nest Metro Station provides an excellent opportunity to create genuine Transit Orientated Development.

The proponent has supported this concept with the provision of only 160 total car spaces. The parking breakdown of 112 spaces for residential and 48 spaces for commercial, means that 75% of residential apartments in the development will be without on-site car parking. These residents will use either public transport or ride-sharing services as their primary means of transportation, lessening the impact of potential future vehicle movements in the area.

To this end, the Traffic Assessment undertaken by GTA Consultants provides a comparative assessment of the traffic impact associated with stand-alone commercial development under the site's current planning controls under the B3 Commercial Core zone. The analysis compares the traffic generation of the proposed mixed-use

development with the potential traffic generation of a fully commercial development under the current controls (17:1).

The analysis shows that a compliant commercial use under the current controls would produce in the order of 150 per cent more traffic movements than the proposed mixed-use building. This is largely due to the residential use generating significantly less vehicle movements than the commercial use.

This analysis shows that the planning proposal, with its proposed change from B3 Commercial Core to B4 Mixed Use, would actually result in a decrease in the overall maximum potential traffic generation.

Clearly the scheme set out in this Proposal is better able to achieve the District Plan's objective of reducing vehicle impacts in the Centre in order to facilitate pedestrian cycling accessibility than potential development under the site's current planning controls.

2.4 St Leonards and Crows Nest 2036 Plan

The Draft St Leonards and Crows Nest 2036 Plan (2036 Plan) identifies the site as a 'Significant Site' (see **Figure 1**) and for rezoning from B3 Commercial Core to B4 Mixed Use (see **Figure 2**).

Significant sites are noted as "sites which may be appropriate for additional height", and are subject to a set of additional criteria, known as the Significant Site Design Criteria.



Figure 1 Significant sites in 2036 Plan

Source: Department of Planning, Industry and Environment

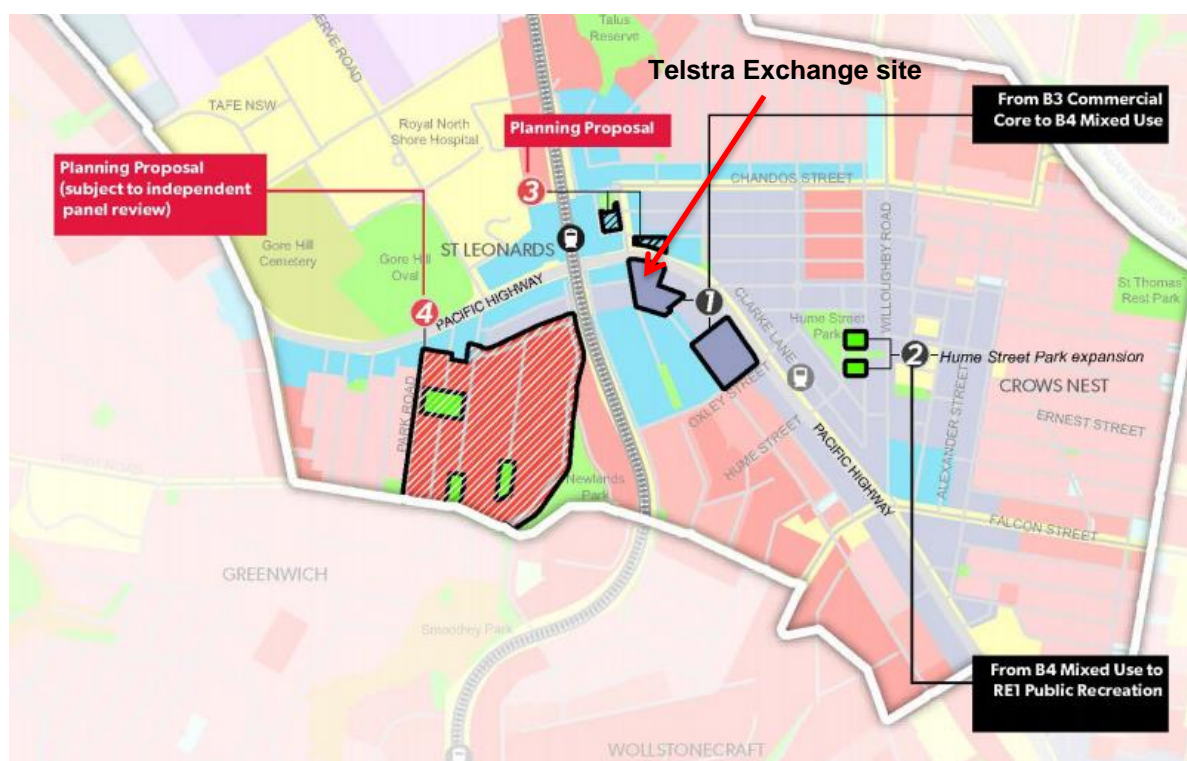


Figure 2 Proposed zoning changes in 2036 Plan

Source: Department of Planning, Industry and Environment

The proposal is consistent with the 2036 Plan and the Significant Site Design Criteria, as:

- the proposed zoning is consistent with the proposed change to B4 Mixed Use identified in the 2036 Plan;
- the proposal is located in the area defined for towers under the 2036 Plan (being along the Pacific Highway between St Leonards Station and Crows Nest Metro);
- the site responds strongly to the character established by surrounding buildings, including matching street wall heights and responding with sufficient tower separation and building setbacks;
- the site meets the River Road sun access plane, and only results in minor shadowing of a heavily wooded and little-used part of Newlands Park;
- the site manages cumulative overshadowing by largely 'hiding' within shadow cast by existing and approved buildings;
- the proposal provides activation in the form of retail tenancies and lobbies along all three street frontages of the site, and allows for the future revitalisation and improvement of Nicholson Lane;
- the proposal will act as an important visual market in the St Leonards skyline, denoting the centre of St Leonards, and is located in a logical location for a height peak in St Leonards;
- the tower form of the proposal is extremely slender, with an average floor plate of only 743 sqm GFA; and
- the proposal makes contributions to the public domain, both through street activation, tree planting and facilitating future pedestrian connections, and through a public benefit offer with a monetary contribution that could be put towards further public domain upgrades;
- the site does not unreasonably constrain the development potential of any surrounding development sites, noting that the AMA site is already heavily constrained by the existing condition created by the New Hope approval to the east; and

- the proposal will provide street tree planting along the Pacific Highway.

Based on the above assessment and the remainder of the assessment in the submitted planning proposal documents, the proposal is consistent with the vision and design criteria identified in the 2036 Plan. Specifically:

- the site is identified as a significant site; as such, there is an acknowledgement that the site is suitable for additional height;
- the site is located in the 'tall building band' between St Leonards Station and Crows Nest Station, and is surrounded by other sites identified for tall buildings;
- the site is a logical location for a height peak and will act as a visual marker of the St Leonards core;
- the site will activate the surrounding public domain and facilitate east-west pedestrian connections, linking public domain at Christie Lane and Friedlander Place;
- future development of the site is capable of achieving a slender, high-quality architectural form that will be capable of achieving design excellence;
- the proposal adopts built form parameters that respond to existing site constraints and the approach taken by surrounding development, including the New Hope development; and
- the proposal provides for a mix of dwellings via a build-to-rent model that will support the growing rental market in Sydney.

3.0 Site-specific merit

The Guide also outlines criteria for demonstrating site-specific merit. The criteria are as follows:

b) Does the proposal have site-specific merit, having regard to the following?

- *the natural environment (including known significant environmental values, resources or hazards) and*
- *the existing uses, approved uses, and likely future uses of land in the vicinity of the proposal and*
- *the services and infrastructure that are or will be available to meet the demands arising from the proposal and any proposed financial arrangements for infrastructure provision.*

As outlined in the proposal, the site demonstrates site-specific merit, based on its response to the above criteria and a detailed examination of the environmental impacts of the proposal. This is summarised in the following sections.

3.1 The Telstra Exchange

The Telstra Telephone Exchange is a key piece of regionally significant infrastructure. It is rated by Telstra as a 'strategic node', the company's second highest level of strategic significance, owing primarily to the number of customers serviced by it and the importance of the equipment housed within. Similarly, the Exchange is also a key node for NBN.

As such, the Exchange cannot be decommissioned or relocated and must remain operational for the duration of any future construction at the site, presenting a significant constraint to development. This is a considerable structural challenge, which comes at a substantial economic cost. Any development on the site must cantilever across the structure in order to build above the existing building. The presence of the Exchange also prevents the excavation of a basement on the site, requiring parking to be accommodated above the ground in the form of a car stacker.

The combination of a relatively small site area (for commercial development), restrictive setbacks associated with the adjacent New Hope development and the property's limited site area for expansion, all mean that large commercial (A -Grade) floor plates are not achievable. This is a commercial reality that prevents the site from being able to secure the necessary pre-commitment to facilitate stand-alone commercial development at this location.

The proposed mixed-use rezoning of the site is commensurate with the changing development landscape of the St Leonards precinct. The proposal will also encourage residents and workers to make use of the significant transport infrastructure, upgraded community spaces and enhanced retail amenity that will service this location in the near future.

It is also noted that the adjacent development sites have only been capable of being redeveloped through their rezoning to allow mixed-use development. The residential cross-subsidy enabled by a mixed-use zoning has allowed for the provision of additional commercial floor space that would not have otherwise been delivered.

3.2 Summary of environmental assessment

Built form and scale

Telstra Exchange site is centrally located within a cluster of height. Surrounding developments with significant height nominated in the draft 2036 Plan include:

- 621 Pacific Highway (immediately north): 50 storeys
- New Hope (immediately east): 45 storeys
- 88 Christie Street (immediately south-west): 48 storeys
- St Leonards Square (south-east): 40 storeys
- 100 Christie Street (north-west) 36 storeys

The Telstra Exchange site is located in the centre of a cluster of tall buildings, and has the potential to act as a visual marker for the core of St Leonards and a benchmark for the height peak envisaged by the height concept in the draft 2036 Plan. As such, a height of approximately 55-60 storeys is appropriate and consistent with the draft 2036 Plan and the future desired character for St Leonards.

The height context of the proposal is shown in **Figure 3**.

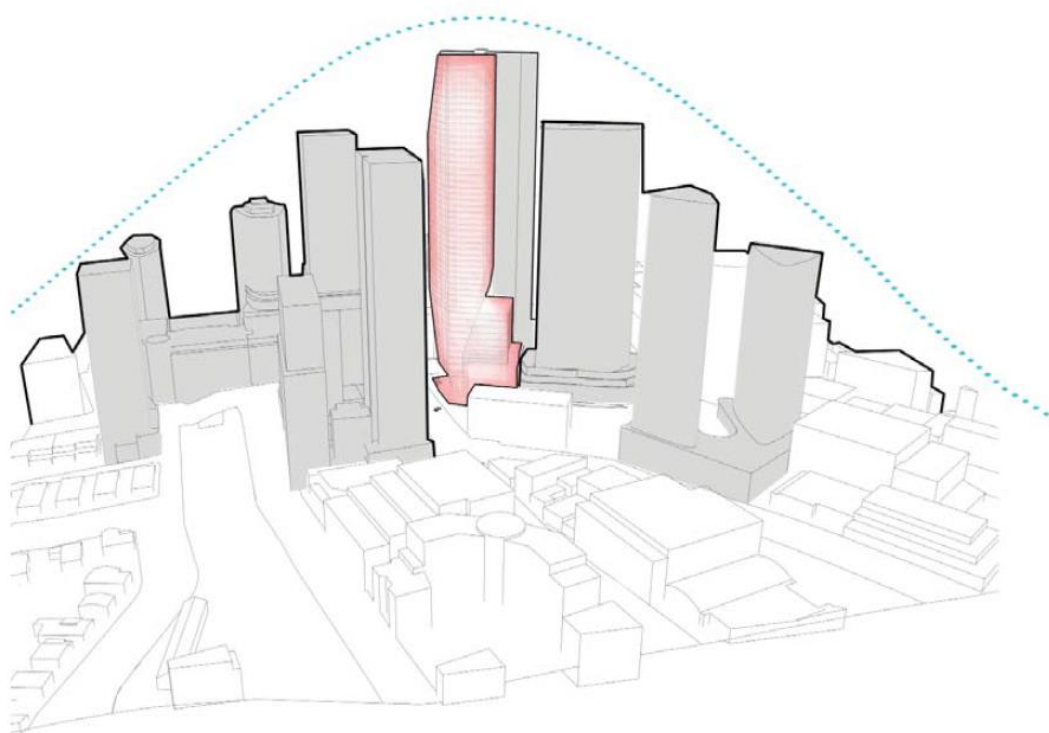


Figure 3 Height context of proposal

Source: PTW

As can be seen above, the proposal fits neatly within the height profile of the St Leonards skyline and completes the height peak envisaged by the draft 2036 Plan. The proposal in its scale, proportion and form will provide a focus for the St Leonards 'CBD' building cluster and complete the skyline composition.

Amenity

Although the ultimate built form on the site will be determined at the DA stage, the design facilitated by this planning proposal is expected to:

- provide adequate building separation distances from the nearby existing and approved residential flat buildings;
- achieve compliance with the solar access design criteria;
- achieve cross-ventilation; all of the residential apartments are located above level 9, and as such the directive to achieve 60% cross ventilation set out in the natural ventilation design criteria is not applicable to the development as all apartments are deemed to be naturally ventilated; and
- be consistent with the height, bulk, scale and density of the future character of development in the locality.

Setbacks and street wall height

- **Eastern setback:** Although the mixed-use New Hope tower to the east was approved with smaller setbacks than required by the Apartment Design Guide (ADG), the proposal makes up the difference by providing the full 24m setback above 9 storeys mandated by Objective 3F of the ADG. The setback therefore complies with the ADG.
- **Northern setback:** It is proposed to provide a substantial setback at ground level, above which a zero setback to a height of four storeys is provided. This effectively creates a four-storey street wall to the Pacific Highway, while simultaneously increasing the public domain offering at ground level. It is noted that the draft 2036 Plan nominates a street wall height of six storeys for the Telstra Exchange site. However, this street wall height does not appear to take into account the fact that New Hope was approved with a street wall height of four storeys. A four-storey street wall is therefore proposed to match the datum set by the approved New Hope development.
- **Western setback:** A varying setback to Christie Street is provided for the full height of the building. Again, continuing the design response to the corner, a significant reverse setback is proposed to be provided at ground level, opening up the ground plane as the building wraps around Christie Street.
- **Southern setback:** A zero setback is proposed to be provided to the south. This setback mirrors the condition set by the approved New Hope development.

Interface with 69 Christie Street

It is proposed to mirror the approach taken by New Hope by providing a zero setback to 69 Christie Street, and providing residential uses above the current maximum height of 69 Christie Street (36 metres). The proposed interface to 69 Christie Street is summarised in **Figure 4**, which shows that, if redeveloped, 69 Christie can come closer the New Hope and subject site.

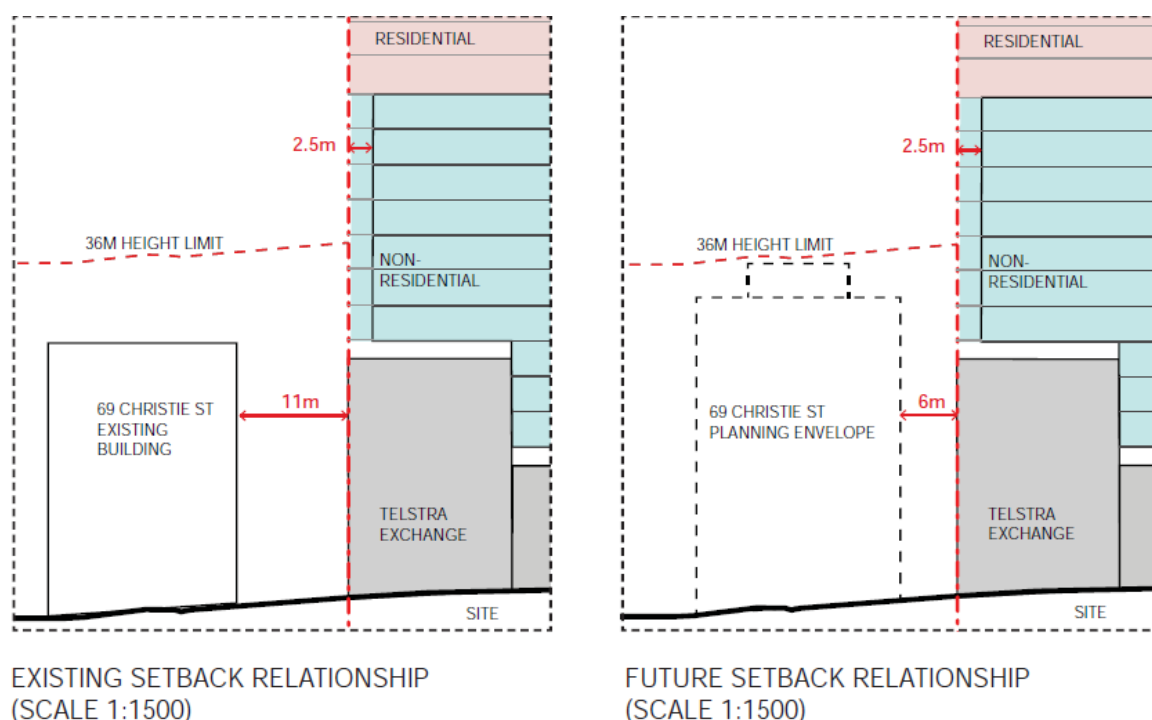


Figure 4 Proposed interface with 69 Christie Street

Source: PTW

69 Christie Street is already limited by the approach taken by the approved New Hope development. That is, 69 Christie Street cannot reasonably redevelop to a height above 36 metres without resulting in unacceptable impacts to New Hope.

As such, a zero setback to the south would not further reduce the future development potential of 69 Christie Street, which is a continuance of the existing, approved, position of the determining authorities. Further, setting back from 69 Christie Street would:

- significantly limit the development potential of the Telstra Exchange site, and, combined with the other constraints on the tower floor plate, would prevent a viable floor plate from being achieved – thus completely sterilising the development potential of a site already significantly constrained by other factors;
- reduce the opportunity for active retail fronting Christie Lane; and
- result in an incongruous building line and inconsistent public domain.

A zero setback to 69 Christie Street with podium non-residential uses is considered appropriate.

Overshadowing

An analysis has been undertaken by PTW, which is reproduced below at **Figure 5**. This analysis included a detailed 3D mesh survey of existing tree canopy in the park that was commissioned by the client. This analysis was intended to provide the most accurate view possible of the amount of Newlands Park that is currently overshadowed by existing trees.

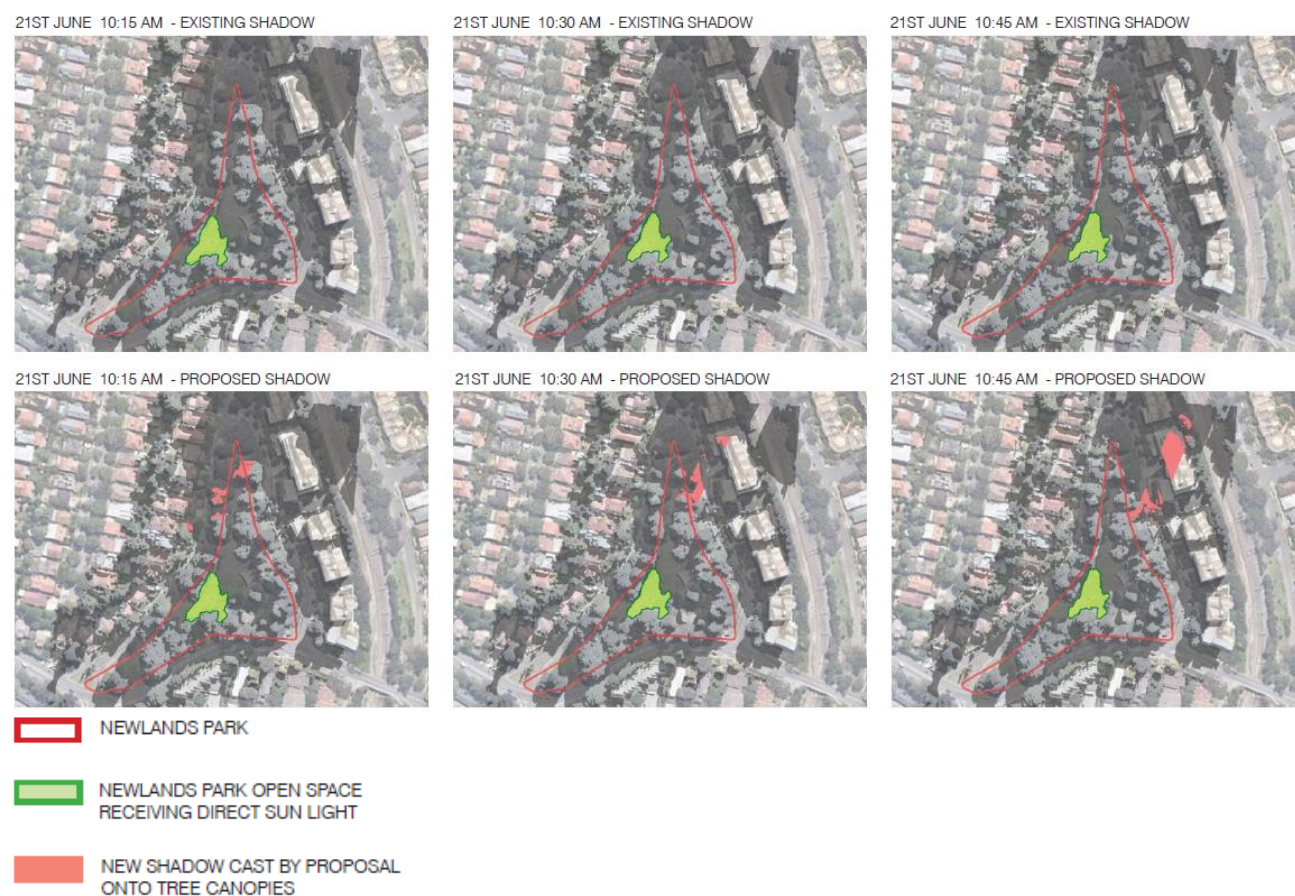


Figure 5 Shadow diagrams

Source: PTW

On June 21, at the proposed height of 182 m, development of the Telstra Exchange site would overshadow Newlands Park to a minimal degree between approximately 10:00 am and approximately 10:45 am on June 21. However, the following points are noted:

- The proposed height limit has been set to limit overshadowing to this wooded and heavily overshadowed area of the park, without significantly impacting the main area of wider open space in the central area of the park. The analysis shows that all shadow falls on areas that are already affected by canopy overshadowing.
- The shadow moves extremely quickly – any given part of the park is only shadowed for approximately 15 minutes before the shadow has moved to the east.
- No part of the park is shadowed by the proposed development beyond 11:00 am – therefore, the shadow impacts last less than one hour on June 21.
- The impacts lessen as the year moves towards spring and summer – meaning that the impacts are limited to only a few months of each year in the depths of winter, during a time where local residents would be less likely to utilise the open space in any case.
- Between 10:15 and 10:30, when the overshadowing impacts to Newlands Park are most pronounced, the entirety of the shadow falls on wooded areas that are normally heavily overshadowed by trees in any case (see **Figure 6**). As a result, the proposed height limit would not result in any significant additional overshadowing of areas that are not already either overshadowed by vegetation or existing/approved development.
- The middle area of the park – the open area least affected by existing development or overshadowing from existing vegetation – is not affected at all on June 21 by the proposed height limit.
- The east-west profile of the building is extremely slender and minimises the extent of overshadowing.

- Use of the park between 10:00 am and 11:00 am in mid-winter is likely to be extremely limited, particularly in the northern section of the park. The more important period of solar access is from 11:00 am to 2:00 pm, consistent with sun access controls in the current Lane Cove Development Control Plan.



Figure 6 Northern part of Newlands Park at 10 am on June 21 (looking south from northern tip of park)

Source: Ethos Urban

Newlands Park is an important piece of open space, and solar access to the park is a key issue. The proposed height limit realises the importance of this open space and has been set to minimise impacts to the park, while realising an appropriate development density commensurate with the growing role of St Leonards as a major residential and employment centre.

Views

An increased building height has the potential to block existing views from surrounding sites. In line with accepted urban design principles on view sharing, the proposed slender tower form, ensures that existing apartments surrounding the site will retain a portion of their existing views. This is not unreasonable considering the dense urban location of the site and the predominant tower built form characteristic of St Leonards.

Traffic generation

GTA has provided an assessment of the anticipated traffic generation rates for the proposed development, noting the site's proximate location to significant public transport and the existing travel patterns of people in the area. Based on the areas in the indicative scheme, the total traffic generation is calculated to be as follows:

- 14-17 vehicles per hour each-way during weekday peak hours for residential uses; and
- 48 vehicles per hour each-way during weekday peak hours for commercial uses.

This represents an increase of some 62-65 vehicles per hour two-way during the weekday morning and afternoon peak hours respectively.

The assessment also models the anticipated traffic generation assuming the existing surrounding road network and the cumulative impacts of the anticipated traffic generated by the future developments in the Centre. The assessment provides that, while the intersections surrounding the site are operating at capacity in the AM peak, this is reflective of the existing road conditions and not directly attributable to the proposed development. GTA provided an assessment of the safety implications of vehicles exiting the site onto Pacific Highway. The assessment provides that there are sufficient gaps in the traffic along the Highway to allow vehicles to safely exit the site.

Additionally, the Traffic Assessment undertaken by GTA Consultants provides a comparative assessment of the traffic impact associated with stand-alone commercial development under the site's current planning controls under the B3 Commercial Core zone. The analysis compares the traffic generation of the proposed mixed-use development with the potential traffic generation of a fully commercial development under the current controls (17:1).

The analysis shows that a compliant commercial use under the current controls would produce in the order of 150 per cent more traffic movements than the proposed mixed-use building. This is largely due to the residential use generating significantly less vehicle movements than the commercial use.

This analysis shows that the planning proposal, with its proposed change from B3 Commercial Core to B4 Mixed Use, would actually result in a decrease in the overall maximum potential traffic generation.

Parking

The site's proximity to both St Leonards Station and the future Crows Nest Metro Station allows an excellent opportunity to deliver genuine Transit Orientated Development.

The proponent has supported this concept with the provision of only 160 total car spaces comprising 112 residential spaces and 48 commercial spaces – in line with the objective of the North District Plan to reduce vehicle movements in the Centre. GTA's assessment notes, however, that this provision is below the Lane Cove Council DCP required 517 spaces. GTA believes this is appropriate for the following reasons:

- The site is well located and is close to significant public transport facilities;
- Provision of the maximum car parking rates for the proposed development would result in significant traffic generation that would be detrimental to the capacity of the surrounding road network; and
- The Lane Cove DCP parking rates are high compared with other similar centres and do not reflect the sites location proximate to significant public transport.

GTA considers that the parking provision for the development set out in this proposal is reasonable as workers and residents without allocated car spaces will use public transport or ride sharing services as their primary means of transportation. This will have the benefit of lessening the impact of potential future vehicle movements in the area.

Further, a queuing analysis has been undertaken in relation to the car stacker, which finds that there is sufficient queuing distance available before Pacific Highway operation is affected. RMS has also provided an initial response in support of the car stacker as a suitable solution for the site.

Contamination

A Phase 1 Preliminary Site Investigation (PSI) was undertaken by EI Australia to determine the potential risk for land contamination from past and current activities in accordance with the requirements of State Environmental Planning Policy No. 55 – Remediation of Land.

Based on the findings of the assessment and with consideration of the Statement of Limitations, EI conclude that site contamination is unlikely to prevent the site from being redeveloped in future, including to any residential, commercial or retail uses that may be placed on the site in the future.

Site isolation

The draft 2036 Plan identifies the Telstra Exchange site and 69 Christie Street as a single, consolidated 'Significant Site', and that there is an intention from the Department to encourage amalgamation of these two sites.

In response, PTW has prepared a range of development scenarios that demonstrate the relative pros and cons of amalgamation with 69 Christie Street under various scenarios, including an amalgamation scenario.

Generally, the analysis shows that development of 69 Christie Street, particularly under a residential scenario, is already very heavily constrained by the interface established by New Hope, which extends for some two-thirds of length of the northern frontage of 69 Christie Street.

As noted above, the Telstra Exchange site has very limited ability to actually affect the development potential of 69 Christie Street – its development potential is already constrained by New Hope.

PTW have prepared a scenario showing a potential mixed-use built form outcome for an amalgamated scheme. Because of the constraints imposed by New Hope, the analysis shows that only a very small portion of the western side of 69 Christie Street could accommodate development – the eastern two-thirds of the site would be heavily overshadowed, and would not be able to face north due to the visual privacy requirements of the Apartment Design Guide.

The resultant built form outcome is shown at **Figure 7**, which shows the building extending onto the western part of 69 Christie Street.

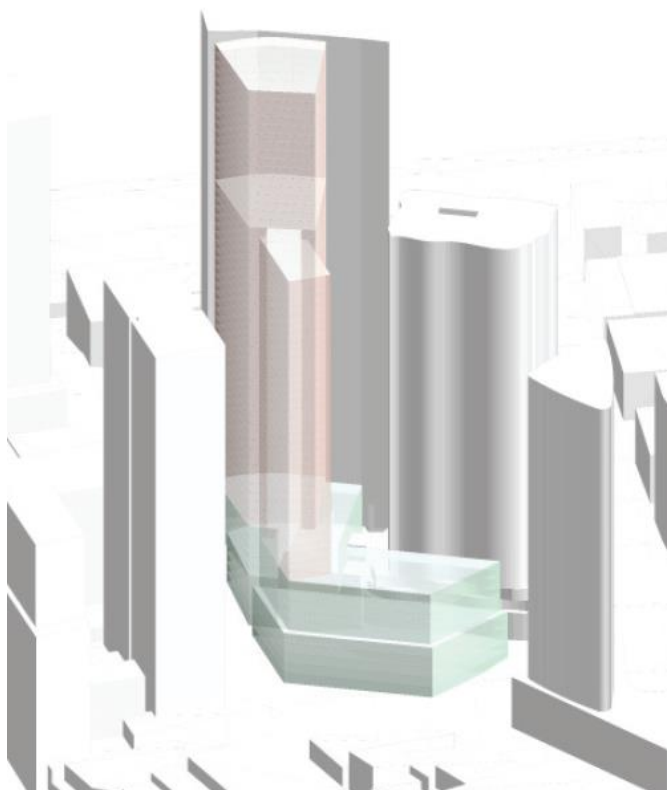


Figure 7 Built form outcome of amalgamated scheme

Source: PTW

This outcome would result in a range of adverse built form and public domain outcomes, including the following:

- This option would preclude an open-to-sky public domain linkage that would connect Christie Lane through to Friedlander Place. This is a key public domain element that would complete Lane Cove Council's vision for range of connected laneways that would link the JQZ site to the west with Mirvac's St Leonards Square to the east.
- This option would result in an overly long and bulky building presenting to Christie Street. The current Grocon proposal for the Telstra Exchange site is a highly slender, elegant building that achieves appropriate separation to surrounding towers. It is considered that an amalgamated site would compromise the slenderness of the proposed tower and would result in an undesirable built form outcome along Christie Street.
- The building envelope would create potential ADG compliance issues due to the inability to achieve visual privacy separation with New Hope.
- There would be a potential increase in overshadowing due to the increased bulk and length of building.

We also note that renewal of the existing AMA building could still be achieved via a reskin of the façade or a commercial refurbishment of the building. As such, it is considered that amalgamation with 69 Christie Street would result in a range of undesirable outcomes, while adding little in terms of renewal or revitalization of St Leonards.

Further, consistent with planning principles established under *Karavellas v Sutherland Shire Council [2004]*, Grocon has attempted to initiate negotiations with AMA, with no conclusive outcome to date. It is understood that AMA are also exploring potential uplift opportunities for their site.

Notwithstanding this, as demonstrated by this section, amalgamation is not necessary or warranted, and would actively inhibit positive public domain and built form outcomes.

Social impacts

The planning proposal will facilitate the redevelopment of the site, delivering a number of positive social outcomes including:

- The provision of approximately 453 permanent jobs on the site and 628 jobs during construction, strengthening both the local St Leonards and the broader North Shore economies;
- Approximately 366 apartments on the site, providing additional housing for the St Leonards Centre, located in close proximity to transport, employment, health and education services; and
- An activated public domain that offers increased passive surveillance and retail activation.

Economic impacts

An Economic Impact Assessment (EIA) has been prepared by Urbis to determine the appropriateness of the proposed rezoning of the site from B3 Commercial Core to B4 Mixed Use. The Assessment considers the viability of developing a purely commercial office building on the site given the current constraints posed by the Telstra Exchange building and the subdued demand for commercial floor space in St Leonards observed over the last 15 years.

The Urbis EIA provides that the St Leonards office market has had an average net absorption rate of 625 sqm per year since 2000. Based on the average net absorption rate, the office market in St Leonards will absorb 9,375 sqm of total stock by 2031 (15 years from 2016).

Employment population for St Leonards Centre is expected to grow by 8,000 additional jobs by 2031 (based on Bureau of Transport Statistics), which is commensurate with the employment forecasts outlined in the North District Plan. If these growth forecasts prove correct, and the existing and proposed commercial developments in St Leonards translate to actual floor space, it is likely that the Centre will have a surplus of between 62,637 sqm and 76,749 sqm of commercial floor space by 2031.

Further, the average net absorption rate for St Leonards has been low when compared with other suburban office markets such as Macquarie Park and Chatswood. Urbis' EIA considers the following factors to be some of the key contributors to the low St Leonards market confidence:

- More affordable rents in other suburban office markets;
- Higher quality commercial offerings with larger floorplates in other centres; and
- Greater amenity and proximity to major retail centres in other centres.

All of these factors are likely to remain significant over the next 15 years.

Based on the historical average absorption rate for St Leonards, a pure commercial building at the subject site, maximising the permitted FSR controls under the site's current zoning, would yield 28,412 sqm of commercial floor space. This would provide sufficient stock to satisfy demand for the entire office market in St Leonards for over 45 years. This is in addition to the projected surplus of commercial office space in St Leonards of between 62,000 sqm and 77,000 sqm discussed above.

As such, the significant site constraints combined with the market conditions do not facilitate the redevelopment of the site purely for commercial uses.

Considering the above factors in combination with the substantial site-specific constraints involved at the Telstra Exchange site, it is clear that site cannot be developed for stand-alone commercial uses under its current B3 zoning. Ultimately, the site's capacity to enhance its employment generation is contingent on being part of a larger mixed-use redevelopment, where site-specific constraints can be offset by the inclusion of residential land uses.

It is also noted that the draft 2036 Plan nominates the Telstra Exchange site for a rezoning from B3 Commercial Core to B4 Mixed Use, as shown in **Figure 8**.

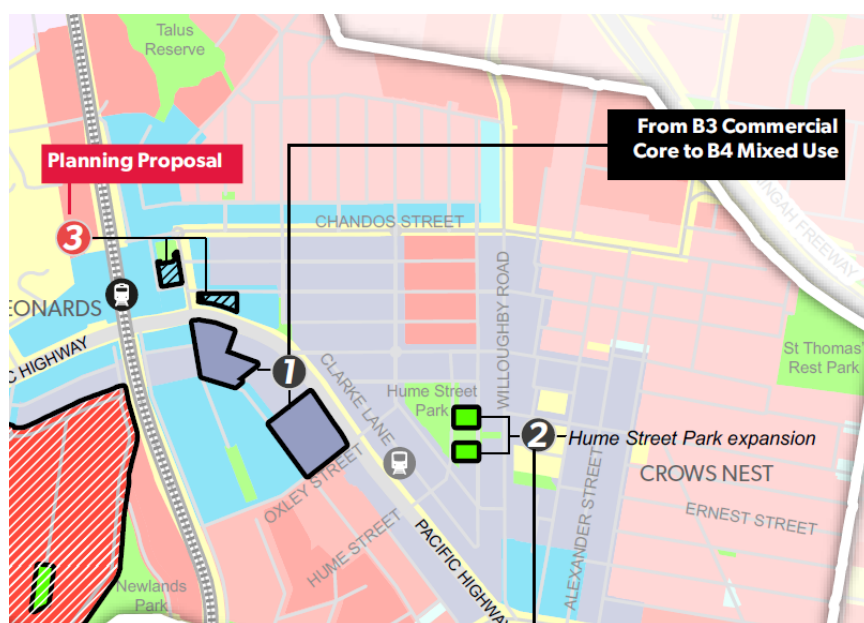


Figure 8 Proposed rezoning under draft 2036 Plan

Source: Department of Planning & Environment

Ability to achieve A-grade commercial floor space

PTW has undertaken an analysis of the commercial floor space that could be provided in the future redevelopment of the site, based on the Property Council of Australia's *A Guide to Office Building Quality (3rd Edition)*. It is noted that the criteria in this document are a guide and not a strict set of regulations – the document specifically notes that

“it is not necessary to achieve every parameter nominated in this guide. However, to qualify for a particular quality grade, it is anticipated a building will overwhelmingly meet the stated criteria.”

The analysis shows that all criteria are theoretically able to be met in the future development. In relation to the floor plate parameter, levels 6-9 are able to meet the minimum size, while it is suggested that levels 3-5 could be combined into a single tenancy to achieve sufficient NLA.

Overall, it is considered that the quality of the commercial floor space is capable of being extremely high and would generally meet all the criteria for A-grade commercial floor space. The development is therefore consistent with the objective of the Draft 2036 Plan to “allow mixed use development on key sites to encourage more A-grade commercial office floorspace”.

3.3 Public benefit offer

A letter of offer was submitted with the updated planning proposal lodged in September 2019, which outlined Grocon’s offer to enter into a voluntary planning agreement with Lane Cove Council.

Generally, the public benefit offer provides for a monetary contribution based on the amount of GFA uplift achieved by the planning proposal. In line with recent VPAs agreed with Council, this planning agreement proposes to offer \$1,300 per sqm GFA of uplift. This contribution could be put towards any number of public benefits, including affordable housing, Council’s public plaza, laneway connections (Christie Lane) as well as the underground connection to St Leonards station and other public domain works.

This contribution is considered to constitute ‘satisfactory arrangements’ and was offered in lieu of contributions under section 7.11 of the EP&A Act and any Special Infrastructure Contribution that may be implemented in the future.

4.0 Conclusion

The submitted planning proposal seeks amendments to Lane Cove LEP 2009 zoning, floor space ratio, maximum building height and non-residential floor space development standards for the St Leonards Telstra Exchange site.

This planning proposal and supporting specialist studies have demonstrated that the proposal would be in the public interest and has strategic and site-specific merit for the following reasons:

- The future development facilitated by the proposal will be entirely consistent with State, Regional, District and local planning strategies for St Leonards.
- The proposal is consistent with the recently released draft St Leonards and Crows Nest 2036 Plan.
- The resultant building envelope will not generate any unacceptable environmental impacts in relation to built-form, view loss or overshadowing.
- The proposal will not generate any adverse impacts on the operation of the surrounding road network.
- The development will provide significant public domain improvements, enhancing pedestrian connectivity along the Pacific Highway and encouraging use of the public transport infrastructure.
- The proposal will likely facilitate the optimal employment outcome for the site, given that it is considered undevelopable under the current planning controls.
- The proposal will contribute towards the revitalisation of a technically difficult and isolated site located on a prominent corner within the St Leonards Strategic Centre.

On this basis, we consider the proposal to be well-founded, and therefore recommend that the Panel resolves to forward the planning proposal for Gateway determination.

Yours sincerely,



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