

30 November 2018

Ms Amanda Harvey
Director
Department of Planning and Environment
Sydney Region East
GPO Box 39
SYDNEY NSW 2001

Dear Amanda,

PLANNING PROPOSAL 601 PACIFIC HIGHWAY, ST LEONARDS - REQUEST FOR REZONING REVIEW

1. INTRODUCTION

On behalf of Stockland (the proponent), we hereby request a Rezoning Review of a Planning Proposal submitted to North Sydney Council on 27 June 2018, pertaining to land at 601 Pacific Highway, St Leonards (Lot 71 DP749690), being the subject site.

This request for Rezoning Review has been prepared in accordance with Section 5.1 of *'A guide to preparing local environmental plans.'* The review has been initiated by the proponent as Council has resolved not to support the Planning Proposal and supporting documentation.

Pursuant to the *North Sydney Local Environmental Plan 2013* (NSLEP 2013), the Planning Proposal (refer Attachment A) seeks to rezone the site to B4 Mixed Use; establish a site-specific maximum height control; establish a minimum non-residential Floor Space Ratio (FSR) control; and establish a maximum FSR control – if deemed appropriate.

The Planning Proposal demonstrates strategic merit as:

- The proposed amendments achieve the objectives of the *Greater Sydney Region Plan, North District Plan* and the DPE's Draft 2036 Plan for St Leonards/Crows Nest Precinct, as it seeks to facilitate the promotion of orderly development of land in a key strategic centre.
- The Planning Proposal responds to the confirmation that the Sydney Metro will include a station at Crows Nest, some 210 metres from the subject site. The designation of the St Leonards town centre as a Planned Precinct recognises this location must support increased density to facilitate more workers and residents located in close walking distance to the new rail infrastructure.

The Planning Proposal demonstrates site-specific merit as:

- The site is located in the centre of St Leonards, in a built up area and contains no known significant environmental values or resources that would inhibit or restrict its redevelopment.
- The Planning Proposal is consistent with the emerging trend of development in St Leonards town centre in terms of scale, character and land use, evidenced by the emergence of many mixed-use developments approved or under construction on sites immediately surrounding the subject site.
- Given the sites' large area (2,844m²), its prominent location and its ability to meet building separation requirements, there is site specific merit to support the zoning of this site for mixed use, including residential, and at a significant height. The Planning Proposal has had regard to the approved massing of the adjacent built form and that of wider St Leonards, in terms of view impacts, overshadowing and solar access, to demonstrate that the site is suitable to support the tallest building in the centre.
- The construction of the Sydney Metro Station at Crows Nest will provide additional transport infrastructure to support the growing demands of St Leonards. The Planned Precinct work by DPE will identify the need for additional social infrastructure and arrangements for contributions by proponents.
- Recent strategic plans of Council and the Department both support this site as one that can accommodate a significant building, both in terms of height and floor space.

This Rezoning Review Request is supported by the following Attachments:

- A. Planning Proposal and Appendices
- B. North Sydney Local Planning Panel agenda including Council planner's report, dated 20 September 2018
- C. North Sydney Local Planning Panel minutes, dated 26 September 2018
- D. Presentation to North Sydney Planning Panel meeting, dated 26 September 2018
- E. North Sydney Council minutes, dated 29 October 2018
- F. St Leonards and Crows Nest Station Precinct – Submission on Interim Statement, dated 14 September 2017
- G. List of Council consultation
- H. List of Department of Planning and Environment consultation

2. THE SITE

The site is located at 601 Pacific Highway, St Leonards on the northern side of the Pacific Highway at the intersection of the Pacific Highway and Mitchell Street. The site is unique in that it has three prominent street frontages to Atchison Street (70m), Pacific Highway (67m) and Mitchell Street (46m).

The site consists of one allotment, Lot 71 in DP749690, with a total site area of approximately 2,844m². A survey plan is included in the Planning Proposal supporting documents.

The site is currently occupied by an oval shaped 14 storey commercial office building which was built 28 years ago. The existing building has a small floor plate of only 912m² of Nett Lettable Area (NLA) on average, which does not occupy the whole site and is well-below A Grade office standard of 1,500-2,000m² GFA floor plates.

The building currently has a total NLA of 12,600m², with a 3 level basement car park.

IBM previously occupied 100% of the building, which was originally built for IBM as a single tenant. IBM now occupies approximately 50% of the space, having moved some of their operations to Pennant Hills. More recently, IBM have announced plans to move some of their operations back to the Sydney CBD to be “in the heart of the financial district, close to key clients”¹. After IBM vacated part of the building, the remainder of the space was broken up and leased by smaller tenancies ranging from 204m² to 912m², averaging 441m². The result of breaking up various levels into smaller units is a highly inefficient building with a poor employee-to-square metre ratio. Currently, the lease expiry period for all tenants in the building is an average of 1.1 years.

3. SUMMARY OF PLANNING PROPOSAL

3.1. INTENDED OUTCOME

The Planning Proposal has been prepared to initiate an amendment to the *NSLEP 2013* as it relates to the subject site. Specifically, the Planning Proposal seeks to amend the *NSLEP 2013* as described in Table 1.

¹ In November 2018, IBM signed a 7,000m² major tenant lease (and building naming rights) to re-establish its headquarters in the Sydney CBD. The lease highlights the preference for IBM and companies like it, towards core CBD environments with a critical mass of employment space, bringing the benefits of being closer to clients and other businesses. Source: *Australian Financial Review*, ‘IBM closes a major new lease deal in the Sydney financial district’ (November 27, 2018)

Table 1: Indicative Concept Design - development outcome

Item	Current	Proposed	NSLEP Amendment
Zoning	B3 Commercial Core	B4 Mixed Use	<i>Land Zoning Map Sheet LZN_001</i>
Building Height (maximum)	49 metres	212 metres	<i>Height of Buildings Map Sheet HOB_001</i>
Overall FSR (maximum)	n/a	20:1	<i>Maximum Floor Space Ratio Map FSR_001</i>
Non-residential FSR (minimum)	n/a	3.9:1	<i>Non-Residential Floor Space Ratio Map LCL_001</i>

The Planning Proposal seeks to achieve a zoning, height and density that provides greater optionality for any future redevelopment, and would facilitate a broader range of potential land uses that are permitted with consent in the B4 Mixed Use zone.

It is acknowledged that several sites in close proximity are being supported in their transition from a commercial-only zone to mixed use, by retaining their current B3 Commercial Core zoning and introducing 'shop top housing' as an additional permitted use. Such an arrangement has been supported by Council on the directly adjoining site at 617-621 Pacific Highway and nearby site at 100 Christie Street. If an arrangement that retains the B3 zone and introduces 'shop top housing' as an additional permitted use were to be preferred for the subject site rather than the B4 zone, this would be acceptable as it would achieve a similar intended outcome.

3.2. CONCEPT PROPOSAL

The Planning Proposal is informed by an urban design study and concept architectural schematic, prepared by *Architectus*, which analyses the development opportunities for the site by testing one Indicative Concept Design (included as supporting documents with the Planning Proposal).

It is highlighted that the Planning Proposal seeks to establish amendments to the LEP. The Indicative Concept Design has been prepared to demonstrate *one way* in which the site could be redeveloped in the future using the control sought by the Planning Proposal, and in a way that would deliver on metropolitan planning objectives to foster a core mixed use precinct in close proximity to the St Leonards railway station. However, any future redevelopment plans and decision on the mix and breakdown of land uses, would be subject to future detailed design and authority approvals.

For the purpose of preparing the Indicative Concept Design, the following key principles were established to build a test scheme:

- A mixed-use development with retail tenancies at ground level, commercial office and community uses within several podium levels, and residential dwellings within a slender tower.
- Delivery of appropriately sized and supported commercial space for the St Leonards market, in a format that is more appropriate for the emerging market trends and needs.
- Providing a range of housing options, potentially including key worker/affordable housing (subject to viability testing) in a core transport node close to jobs, services and amenity.
- A tower with two 'wings' to create some visual interest in the skyline, and reduce the appearance of bulk and scale in the built form.
- Deliver a unique opportunity that *only this site* can provide, to enhance the recently completed public domain upgrades at Mitchell Street Plaza, by creating a truly active public domain that improves walkability and vibrancy. This can be achieved through the introduction of uses that operate outside of business hours, such as retail, cafés, bars and dining opportunities at the ground floor, community uses, as well as opportunities for through-site links.
- A design that establishes a strong sense of place in the St Leonards, acknowledging the sites' physical location at the heart of the town centre.

The development outcome shown in the Indicative Concept Design achieves a high degree of compliance with the requirements of the Apartment Design Guide (ADG), which demonstrates that the controls sought in the Planning Proposal are reasonable and would facilitate a viable future redevelopment (from an urban design perspective). The development outcome tested in the Indicative Concept Design is described in detail in the table below.

Table 2: Indicative Concept Design - development outcome

Indicator	Development outcome as shown in Indicative Concept Design
Land uses	<p>Ground floor retail tenancies</p> <p>Podium level commercial office space</p> <p>Podium level community space (indicatively shown as a childcare and landscaped outdoor play area, but could equally be provided as a library, community halls, or similar)</p> <p>Residential apartments and residential communal facilities</p>
Gross Floor Area (GFA) by use	<p>1,791m² retail GFA</p> <p>7,511m² commercial office GFA</p>

Indicator	Development outcome as shown in Indicative Concept Design
	1,858m ² childcare facility GFA 45,696m ² residential GFA (indicatively 516 residential apartments)
Gross Floor Area (GFA) total	56,870m ²
Built form	Seven storey podium Tower above podium with two 'wings' giving the appearance of two towers
Building height	212 metres (RL 304.5)

The proposed 3.9:1 minimum non-residential FSR was derived from the urban design exercise undertaken by *Architectus*, with an aim to provide for as large a podium as deemed appropriate in order to maximise non-residential space in a large floorplate configuration. A seven (7) level podium was determined to be a maximum podium height considering the podium height of adjacent developments, but also to maintain a human scale at Mitchell and Atchison Streets. The amount of non-residential floor space represented by the 3.9:1 minimum non-residential FSR control simply reflects the amount of floor space able to be provide for in that scale podium.

3.3. PUBLIC BENEFITS

Whilst the concept of increased density on this site is consistent with State and local planning policy direction, the Planning Proposal would lead to the ability to deliver a generous range of additional public benefits as part of any future redevelopment. The range of public benefits would be explored and embedded through the Planning Proposal, and further delivered through any future redevelopment of the site. These public benefits could include:

- Inclusion of approximately 1,850m² of floor space for a community use, which the proponent would be willing to dedicate to Council for a use/need Council identified.
- The potential provision of key worker housing as part of any future development that involved residential (this would be subject to viability testing in accordance with the *Greater Sydney Region Plan*).
- Significantly improved open space and public domain outcomes for the community, including generous setbacks at the ground level that would result in additional plaza/public open space for the enjoyment of the surrounding community, enhancing the existing improvements.
- The renewal of a key site in the St Leonards town centre in a way that would bring architectural excellence.

- Potential monetary contribution towards infrastructure via a Special Infrastructure Contribution (SIC).

Should a Gateway Determination decision be to proceed with the Planning Proposal for public exhibition, the applicant will take the necessary steps to prepare a draft Voluntary Planning Agreement (VPA) for Council agreement to confirm commitment of the delivery of these public benefits.

4. BACKGROUND TO PLANNING PROPOSAL

The Planning Proposal was initiated in direct response to the outcomes of the North Sydney Council's *St Leonards/Crows Nest Planning Study – Precincts 2 and 3* (May 2015) and the *St Leonards and Crows Nest Station Precinct Interim Statement* (August 2017).

In addition, it has been informed by the Greater Sydney Commission's strategic housing directions contained in the *North District Plan*, the *Greater Sydney Region Plan* and the *Future Transport Strategy*.

Since the time the Planning Proposal was lodged, the Department released its Draft St Leonards Crows Nest 2036 Plan (Draft 2036 Plan) for exhibition and public comment.

4.1. COUNCIL & LAND OWNER ENGAGEMENT

The following table summarises the history of Council engagement.

Table 3: Council and Local Planning Panel meetings

Meetings	Dates
Meeting at North Sydney Council to discuss the site	22 June 2015
Stockland made submission to Council regarding Draft North Sydney Economic Development Strategy – indicated that Stockland would welcome the opportunity to meet with the planning team to discuss the future of St Leonards precinct	29 July 2016
Meeting with Council – requested in October 2016 – declined by Council	24 October 2016
Stockland made submission to Council regarding Planning Proposal for neighbouring site (617-621 Pacific Highway). Letter contained a request that Council consult with Stockland relating to strategic matters of this nature, and indicated Stockland would be open to meet to discuss.	15 December 2017
Meeting at Council to discuss Planning Proposal (prior to lodgement)	7 June 2018
Planning Proposal lodged with North Sydney Council	27 June 2018

Meetings	Dates
Email sent to Council indicating Stockland had lodged and proposing that Council contact Stockland should they wish to discuss the Planning Proposal	27 June 2018
Formal letter received from Council requesting Stockland withdraw the Planning Proposal	20 July 2018
Letter from Council to Stockland indicating the Planning Proposal would be going to the North Sydney Local Planning Panel and inviting Stockland to register to speak	17 September 2018
North Sydney Local Planning Panel meeting	26 September 2018
Full Council Meeting where it was resolved not to support the application	29 October 2018

5. JUSTIFICATION FOR THE REZONING REVIEW

Section 5.1 of *A guide to preparing local environmental plans* outlines the test in determining whether the proposal has merit and should be submitted for a determination under section 56 of the Act (Gateway Determination).

The proposal must demonstrate both strategic merit and site specific merit.

5.1. STRATEGIC JUSTIFICATION

As outlined in *Section 8.2: Section B – Relationship to Strategic Planning Framework* of the submitted Planning Proposal, the Planning Proposal aligns with the strategic planning intent for the North Sydney Local Government Area.

In our view, the following critical issues demonstrate that a change of zoning to create flexibility for a range of uses (including residential) and substantial height and density change on the site, is warranted:

- The population of the precinct is expected to reach 21,000 by 2024, when the Crows Nest station becomes operational, and grow to over 23,000 by 2034. The site is located 210m from the Crows Nest metro station and this places significant obligation on Council to optimise the development potential for in-demand uses on such a strategically valuable site.
- The proposal could ensure no reduction of jobs on the site, as a mixed use development could comfortably be designed to provide a commercial floor plate in a podium format, that would facilitate a greater employment density on the site from what exists today. Moreover, any new employment space could be designed to be fit-for-purpose and far better aligned to current and future tenant market needs for this locality.

- The redevelopment of this site with a tall, A Grade office tower is not financially viable as concluded in the independent report by SGS prepared for the DPE, dated October 2018 (this report is discussed in further detail later in this letter). Retention of a B3 zone limits the site's renewal potential and, according to SGS, would render it undevelopable, meaning it would not make any meaningful contribution to the future of St Leonards town centre.

The following table articulates the strategic merit associated with the site, against each of the criteria established by the DPE.

Table 4: Strategic Merit Test

Criteria – Does the proposal have strategic merit? Is it;	Planning Proposal Response
1. Consistent with 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	<p>Yes. As outlined in Section 8.2 of the Planning Proposal, the proposed amendments achieve the outcomes of the <i>Greater Sydney Region Plan</i>, <i>North District Plan</i> and the DPE's Interim Statement for the St Leonards/Crows Nest Station Precinct investigation process.</p> <p>Specifically the proposal is consistent with the following objectives:</p> <ul style="list-style-type: none"> – N1. <i>Planning for a city supported by infrastructure</i> – N12. <i>Delivering integrated land use and transport planning and a 30-minute city</i> – N5. <i>Providing housing supply, choice and affordability, with access to jobs and services</i> – N9. <i>Growing and investing in health and education precincts</i> – N10. <i>Growing investment, business opportunities and jobs in strategic centres</i> – N13. <i>Supporting growth of targeted industry sectors.</i>
2. Consistent with a relevant local council strategy that has been endorsed by the Department; or	<p>Partial. As outlined in Section Error! Reference source not found. of the Planning Proposal, the proposed amendments are partially consistent with the <i>St Leonards/Crows Nest Planning Study – Precincts 2 and 3</i>.</p> <p>The proposal to establish a new height control aligns directly with the Planning Study, which identifies 601 Pacific Highway as a 'tall building' site. In addition, there are</p>

Criteria – Does the proposal have strategic merit? Is it;	Planning Proposal Response
	<p>numerous aspects of the Planning Study that have been incorporated into the design thinking for this Planning Proposal and which have been explored in the Indicative Design Concept, and which can <i>only</i> be fully realised through viable redevelopment of the site. These include (refer to Table 3 of the Planning Proposal for further details):</p> <ul style="list-style-type: none"> - Desire to activate Mitchell Street Plaza & Atchison Street. - Desire to attract start-up businesses to the centre (which would be attracted to podium level office space as part of a mixed use development). <p>The inclusion of potential for residential uses through the B4 zone does not align with the Planning Study. Despite this, evidence has been provided with the Planning Proposal that demonstrates the development of this as a tall office-only tower is unviable.</p> <p>The DPE Interim Statement and Draft 2036 Plan, which were released about 2-3 year after the adoption of Council's Planning Study, support mixed use outcomes in the town centre and suggest this should be achieved by applying minimum non-residential FSR controls. This approach has therefore been adopted in the Planning Proposal.</p>
<p>3. Responding to a change in circumstances, such as the investment in new infrastructure or changing demographic trends that have not been recognised by existing planning controls.</p>	<p>Yes. The Planning Proposal responds to the confirmation that the Sydney Metro will include a station at Crows Nest, some 210 metres from the site. Additional infrastructure investment in increasing rail capacity is driving investment in St Leonards and surrounds, and the designation of St Leonards town centre as a Planned Precinct recognises that this location must support increased density to facilitate more workers and residents located in close walking distance to the new rail infrastructure.</p> <p>As it relates to other trends, the proposal responds directly to a major trend away from piecemeal suburban office and toward mixed uses in the core of St Leonards town centre. St Leonards is in the midst of an evolution, which has seen a large majority of sites zoned for mixed use. This has been</p>

Criteria – Does the proposal have strategic merit? Is it;	Planning Proposal Response
	<p>accompanied by a requirement from Government that minimum controls be introduced to provide employment-generating floor space. This trend has distinct impacts on the St Leonards office market, being:</p> <ul style="list-style-type: none"> - The core of St Leonards town centre is no longer a consolidated core office CBD location - The St Leonards market is expected to attract the likes of allied health, doctors and specialists, and users who preference smaller strata office space, as well as emerging smaller businesses and start-up's - These new entrants into the St Leonards market will largely be attracted to smaller, more boutique or strata space, which is highly suited to podium space within mixed use buildings - Major corporate tenants who can act as anchor tenants in A Grade office buildings are generally attracted to consolidated CBD office markets where there is a critical mass of office - St Leonards has now transitioned into a majority mixed use centre, making tall office-only developments unviable. <p>Most critical, are the findings from an independent report by SGC Economics (dated October 2018) commissioned by the DPE as part of the strategic investigation of St Leonards Planned Precinct.</p> <p>It found that a <u>commercial only redevelopment</u> of 601 Pacific Highway <u>is not feasible</u>, and will not be feasible even if there were to be growth in the office market due to the Sydney Metro investment.</p> <p>The SGS Report also states that accommodating residential development in the centre would not undermine the ability to deliver on the North District Plan's objective to grow jobs, "<i>so long as it [residential development] doesn't undermine capacity for planned jobs growth</i>" (page 5). Given the commercial-only redevelopment of this site was found to be the most unviable of all sites tested, the application of a new</p>

Criteria – Does the proposal have strategic merit? Is it;	Planning Proposal Response
	<p>zone will in no way detract from the ability to grow jobs, as that ability does not exist for the site.</p> <p>This highlights the need for planning controls to be amended to support redevelopment of this key site, in particular as this is a site that has been nominated as one that can appropriately accommodate additional height and density.</p> <p>Further details of how the proposal responds to a change in circumstances are provided in Table 3 of the Planning Proposal report.</p>

Other considerations within *A Guide to Preparing Local Environmental Plans* include:

- *There will be a presumption against a Rezoning Review request that seeks to amend LEP controls that are less than 5 years old, unless the proposal can clearly justify that it meets the Strategic Merit Test.*
- *A draft regional plan outside of the Greater Sydney Region, draft district plan within the Greater Sydney Region or draft corridor/precinct plan that has been released for public comment by the Minister for Planning, Greater Sydney Commission or Department of Planning and Environment does not form the basis for the Strategic Merit Test where the Minister for Planning, Greater Sydney Commission or Department of Planning and Environment announces that there is to be another exhibition of, or it is not proposed to finalise, that draft regional, district or corridor/precinct plan.*

With regard to the above considerations, we note the following:

- The NSLEP 2013 came into force on 13 September 2013, making the LEP controls over five years old. It is also noted that in the superseded NSLEP 2001, the subject site was zoned Residential C which is the equivalent to the R4 High Density Residential zone under the standard instrument LEP. The 2013 LEP change rezoned the land to B3 Commercial Core. It is therefore considered that the zoning and associated controls have been a direct translation from the previous LEP, which was informed by a Residential Strategy (2009) that is now 9 years old.
- Nonetheless, it is considered that the proposal meets the Strategic Merit Test, as outlined in Table 2 above and within the submitted Planning Proposal.
- The Planning Proposal achieves a number of strategies and actions that underpin the vision for Sydney, as outlined in the *Greater Sydney Region Plan*.

- The Planning Proposal assists Council in delivering the actions and priorities of the *North District Plan*, particularly in the relation to achieving baseline housing targets and the delivery of a 30 minute city.
- There has been significant infrastructure investment for the new Crows Nest Station, some 210 metres from the site.

5.2. SITE SPECIFIC MERIT

In addition to meeting at least one of the strategic merit criteria, a Planning Proposal is required to demonstrate site-specific merit against the following criteria:

Table 5: Site Specific Merit Test

Criteria – Does the proposal have site-specific merit, having regard to the following:	Planning Proposal Response
1. The natural environment (including known significant environmental values, resources or hazards), and	Yes. The site is located in the centre of St Leonards, in a built up area and contains no known significant environmental values or resources that would inhibit or restrict its redevelopment.
2. The existing uses, approved uses, and likely future uses of land in the vicinity of the proposal, and	<p>Yes. The Planning Proposal is consistent with the emerging trend of development, in terms of scale and land use mix, as described in Section Error! Reference source not found. of the Planning Proposal, and as demonstrated by the nature of development proposed and under construction on sites immediately surrounding the subject site.</p> <p>Given the sites' large area, its prominent location and its ability to meet building separation requirements, there is site specific merit to facilitate the use of this site for mixed use, potentially including residential, and at a significant height. The Planning Proposal has had regard to the approved massing of the adjacent built form and that of wider St Leonards, in terms of view impacts, overshadowing and solar access, to demonstrate that the site is suitable to support the tallest building in the centre.</p> <p>Refer to Section Error! Reference source not found. 'Environment, Social and Economic Impact' of the Planning Proposal for further detail about the way the Planning</p>

Criteria – Does the proposal have site-specific merit, having regard to the following:	Planning Proposal Response
	Proposal addresses the existing and future development in the vicinity.
3. 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.	<p>The construction of the Sydney Metro Station at Crows Nest will provide additional transport infrastructure to support the growing demands of St Leonards.</p> <p>Regarding social infrastructure, the Planned Precinct work carried out by DPE will identify the need for additional social infrastructure and arrangements for contributions by proponents. Notwithstanding that, the proponent has included an indicative allocation for community space that it would be willing to consider as part of a VPA with Council.</p>

6. RESPONSE TO LOCAL PLANNING PANEL RECOMMENDATION & COUNCIL RESOLUTION

The following table sets out our response to the North Sydney Local Planning Panel's recommendation and the North Sydney Council's resolution that the Planning Proposal not proceed to a Gateway Determination.

It is noted that the proposed height was not identified as a reason for refusal of the Planning Proposal.

Table 6: Response to Local Planning Panel Recommendation and Council Resolution

Key reasons	Response
North Sydney Local Planning Panel Recommendation	
The St Leonards/Crows Nest Planning Precinct is the subject of a Land Use Infrastructure Implementation Plan (LUIIP) which is yet to be released by the DPE. As such, it is	<p>The draft LUIIP is now out on exhibition as the Draft <i>St Leonards and Crows Nest 2036 Plan</i> (Draft 2036 Plan). This is no longer a relevant reason for recommending that the Planning Proposal not proceed to a Gateway Determination.</p> <p>In the Draft 2036 Plan, the site is identified as a 'Significant Site', and although it does not specifically recommend a land use rezoning, we</p>

Key reasons	Response
premature to make a decision prior to its release.	can only assume for legacy reasons, it reconfirms the merits of the site for greater density.
On the release of the LUIIP, there may be an opportunity to consider a planning proposal for the subject site which may include a component of residential , if this is consistent with the LUIIP. At the current time, it would be detrimental to make a decision in favour of the proposal as this may undermine the future direction of strategic planning in the area.	<p>A submission is being prepared during the current public exhibition period to the Draft 2036 Plan that requests the site be recommended for a B4 rezoning. The fact that the site is not recommended for B4 rezoning we can only assume is as a result of historical legacy reasons, or a potential oversight from the supporting research commissioned by DPE.</p> <p>The grounds for our rezoning request are very strong in our opinion, and are summarised as follows:</p> <ul style="list-style-type: none"> – Jobs growth from the site can still be achieved under a mixed use zone, through a minimum non-residential floor space control. – A B4 Mixed Use zone is most compatible with surrounding land use character, which is predominantly residential, otherwise the site becomes an isolated older commercial building surrounded by residential towers. – Residential tower forms along the Pacific Highway between the two stations is a key driver of development focus in the Draft 2036 Plan, and the current B3 designation for the site is inconsistent with this vision. – All other sites designated as ‘Significant Sites’ in the Draft 2036 Plan are nominated to allow Mixed Use development, therefore the current designation for site is inconsistent. – The site’s redevelopment is critical to achieving the public domain revitalisation vision for Mitchell Street Plaza and Atchison Street. – Whilst the Draft 2036 Plan identifies the retention of some B3 zoned sites, those that are proposed for retention are generally larger groupings of sites (whereas the subject site would be an isolated B3 surrounded by mixed use developments). – Nearby, two cluster of sites zoned B3 have been recommended for rezoning to B4, as this is consistent with the emerging trend of mixed use towers concentrated on the Pacific Highway and away from sensitive lower scale communities.

Key reasons	Response
	<ul style="list-style-type: none"> - A mixed use tower has the potential to deliver greater benefits, in terms of more slender tower profile and strengthening the 18 hour economy. It also provides the opportunity for a VPA to be negotiated with Council to deliver direct benefits to Council as opposed to the broader generic SIC levy. - Finally, and perhaps most significantly, are the findings from the independent Market Feasibility assessment by SGS Economics prepared for DPE as part of the Draft 2036 Plan: <ul style="list-style-type: none"> o SGS tested six sites as to the feasibility to redevelop under currently controls, under an uplift scenario, in a future (2036) scenario, and considering improved market conditions following opening of the Sydney Metro. In <u>all scenarios tested</u>, the redevelopment of the subject site as a commercial office-only site, <u>failed the viability test and was the least feasible of all sites test</u>. This demonstrates three important points: <ul style="list-style-type: none"> ▪ That an office/commercial-only redevelopment of the site is not feasible now, nor will it be feasible in the short, medium or long term (at least in the next 18 years as tested in SGS' report) ▪ The need for a zone to be applied to the site that provides flexibility in potential future uses, so as to enable and support a viable future redevelopment of this important site in St Leonards ▪ The B4 zone would be entirely in-keeping with the character of the area, being one firmly in transition to a mixed use town centre.
North Sydney Council Resolution	
The Planning Proposal has the potential to significantly undermine strategic planning work currently being undertaken by the DPE relating to the St	<p>The Planning Proposal will not undermine the strategic planning work being undertaken by the DPE as it would not undermine the provision of commercial floorspace on the site.</p> <p>For the reasons outlined above, the request for the site to be recommended in the Draft 2036 Plan as suitable for mixed use is</p>

Key reasons	Response
<i>Leonards / Crows Nest Planned Precinct.</i>	consistent with multiple land use, density and public domain principles of the Draft 2036 Plan.
It is contrary to meeting a number of objectives and actions under the relevant regional and district plans applying to the land. In particular, the proposal:	
<ul style="list-style-type: none"> does not promote a strategic planning response to an identified Planned Precinct; 	<p>We strongly believe the Planning Proposal does promote a strategic planning response to an identified Planned Precinct.</p> <p>A mixed use zone is highly consistent with the objectives of the <i>Greater Sydney Region Plan</i> and the <i>North District Plan</i> to increase the potential for the provision of higher density residential accommodation close to public transport nodes and away from lower scale communities. Furthermore, the site is located between the St Leonards Station and the new metro station, which is the <u>zone of high density focus in the Draft 2036 Plan</u>.</p> <p>In relation to promoting employment uses, the sites' future renewal is needed and warranted. As identified by SGS, a commercial-only development of the site is unfeasible now and in the future.</p> <p>Requiring a reasonable quantum of non-residential floorspace (through the imposition of a non-residential FSR control) will ensure new, flexible and contemporary employment space is provided in the centre, but in a way that is in-keeping with the evolving character of St Leonards. It is also highly appropriate in this location to provide non-residential in a podium format, as it will attract the desired user types.</p> <p>Finally, there are ample opportunities for growth of jobs within the wider Leonards/Crows Next specialised health and education precinct, such as around the Hospital, TAFE and through the evolution of the Artarmon precinct.</p>
<ul style="list-style-type: none"> is not required to meet State housing targets, as sufficient residential capacity is already provided under NSLEP 2013 without the need to 	<p>Given the length of time of the planning process, this Planning Proposal would only provide the potential to contribute to Council's housing targets for the 6-10 year+ period (2021-2026) under the <i>North District Plan</i>. These targets are not absolute numbers, but in fact <u>minimums</u> to guide the required housing need over the next 20 years.</p>

Key reasons	Response
significantly change the land use mix on the subject site; and	<p>Furthermore, it is widely recognised that housing supply is a key factor in tackling housing affordability.</p> <p>Within this LGA, there is increasing pressure on lower scale communities with the encroachment of increasing residential densities. The location of the subject site, away from lower scale residential areas or heritage items, would be a highly suitable location for increased density.</p> <p>Thus, a more relevant consideration is where the focus for housing density <i>should be</i> provided, and in this case, the site is located within a Planned Precinct benefitting from a new metro station. As such, it is a highly appropriate location to provide a small part of the future housing need in the LGA, as could be facilitated through a B4 Mixed Use zone.</p>
<ul style="list-style-type: none"> fails to protect the commercial core of St Leonards as a <i>Strategic Centre / Health and Education Precinct</i>. 	<p>The Planning Proposal has no impact on the protection of the commercial core of St Leonards as a <i>Strategic Centre / Health and Education Precinct</i>, as the LEP Amendment can ensure commercial floorspace be provided to the same extent as is currently provided on the site. This can be protected through the imposition of a minimum non-residential FSR control which is consistent with the approach applied by Council to other former B3 sites (or B4 sites) in the St Leonards town centre.</p>
It is inconsistent with the desired outcomes within Council's St Leonards Crows Nest Planning Study – Precincts 2 & 3;	<p>The Planning Proposal proposes a new height control for the site, which is consistent with the Planning Study which identifies the site as a 'tall tower' site. While the Study does not support mixed use development on the site, it seeks to "<i>deliver built form controls that stimulate job growth and support a modern, mixed use centre</i>".</p> <p>The Planning Proposal is in accordance with this objective as the current level of commercial floorspace can be retained under a B4 Mixed Use zone.</p> <p>Retaining the site as an isolated commercial tower that is inconsistent with its neighbouring sites, would be inconsistent with the desired land use character from Council's Study which - apart from the subject site - is supporting mixed use tower forms adjoining and surrounding the subject site.</p>
It is inconsistent with the desired outcomes of the St	

Key reasons	Response
Leonards Crows Nest Planned Precinct – Land Use and Infrastructure and Implementation Plan. In particular, the proposal:	
<ul style="list-style-type: none"> seeks to amend the zoning from B3 Commercial Core to B4 Mixed Use; 	<p>The Planning Proposal varies from the Draft 2036 Plan, however for the reasons outlined earlier in this letter and the Planning Proposal application, in our opinion, the change is justified.</p>
<ul style="list-style-type: none"> reduces employment opportunities leveraging off the new metro station; 	<p>The Planning Proposal will not reduce employment opportunities. As demonstrated in the SGS assessment commissioned by DPE, there is no scenario in which a commercial-only redevelopment of the subject site is viable (even considering market price growth to 2036, an a 20% uplift on commercial rental values estimated post the Sydney Metro opening). Therefore, the rezoning of the site will not in any way reduce the potential to redevelop the site with additional office, as this has been independently found to be unviable.</p> <p>Moreover, the proposal incorporates a minimum non-residential FSR provision, which will ensure that any future redevelopment of the site would deliver a significant amount of commercial floorspace. In fact, the 3.9:1 non-residential FSR control for the subject site would deliver <i>at least</i> 11,092m² of non-residential floor space, which is substantially more floorspace compared with any surrounding new Mixed Use developments in the centre (e.g. the recently approved 617-621 Pacific Highway immediately adjacent to the subject site is proposing 5,280m² of non-residential floor space).</p> <p>The rezoning would, in fact, provide optionality with a broader range of permissible uses, to enable and facilitate the replacement an old, inefficient building that is not attractive to contemporary users or fit-for-purpose, with commercial floor space that is highly flexible, more efficient and in-keeping with current and future tenant demand for this location.</p>
<ul style="list-style-type: none"> has not considered quality streetscape aspects such as consistent setbacks, street and wall heights; 	<p>Whilst the drawings provided with the Planning Proposal are Indicative Concept Design drawings only, this work by <i>Architectus</i> was underpinned by a detailed analysis of the public domain, need for active frontages, pedestrian desired pathway and the like. It demonstrates <u>this site is key to delivering the desired public domain</u></p>

Key reasons	Response
	<p>outcomes in the centre for its three street frontages (Atchison Street, Pacific Highway and Mitchell Street Plaza).</p> <p>This information is contained within the Design Report accompanying the Planning Proposal. A detailed consideration of all design elements would be undertaken at DA stage.</p>
<ul style="list-style-type: none"> does not meet the solar height plane; and 	<p>There is no applicable solar plane that applies to development in the centre. The site is identified under Council's Study as a 'tall tower' site and a 'significant site' under the Draft 2036 Plan, which means that there is in effect no solar plane restriction that applies.</p>
<ul style="list-style-type: none"> results in poor public amenity within the locality. 	<p>We strongly disagree with this reason. As demonstrated in the Planning Proposal package, the proposal has the potential to deliver significant public amenity improvements compared with the existing building. Redevelopment would enable the site to actively support Council's recent public domain investments to deliver a high quality public domain that raises the quality from what currently exists in the centre.</p>
<p>The opportunities and impacts of revised planning controls are better considered and managed on a precinct-wide basis.</p>	<p>Council undertook the precinct wide investigation in 2015. As part of this work, it identified this site as a 'Tall Tower' site, meaning it required a site-specific planning proposal to be submitted. This is further supported by the 'Significant Site' designation under the Draft 2036 Plan.</p> <p>This proposal has been informed by approved or agreed proposals for other sites in the centre, which are establishing new trends for St Leonards, changing the nature of the market in ways described above, and have provided sufficient information to consider impacts and opportunities.</p> <p>As such, there is no need nor justification for further precinct wide studies to inform consideration of new planning controls for this site.</p>
<p>The delivery of public benefits identified within the Planning Proposal cannot be guaranteed without an offer by the applicant to enter into a Voluntary Planning Agreement.</p>	<p>The Planning Proposal application flagged the proponent's willingness to enter into a VPA with Council.</p> <p>When Council decided not to engage with the proponent during the assessment of the proposal, the opportunity to further develop and negotiate a VPA agreeable to both parties was thwarted.</p>

Key reasons	Response
	The proponent remains willing to enter into a VPA for the delivery of the public benefits identified in the Planning Proposal, and should the Panel recommend the proposal proceed to Gateway Determination, they would be willing to re-commence discussions with Council to define the VPA.

7. CONCLUSION

In our opinion, the Planning Proposal undeniably has strategic and site-specific planning merit that warrants the review of the proposal and the Panel's support to proceed to a Gateway Determination.

The Planning Proposal achieves the right balance of maintaining a strong employment focus while also recognising the benefits of providing optionality for various other land uses, to take advantage of the locational and amenity benefits this part of the St Leonards Strategic Centre can provide.

There has been a considerable history of consideration of the site but no ability to reach agreement with Council.

The current Council position of not supporting a mixed-use zone on this site in our view is difficult to understand from a strategic planning perspective, when the adjoining development and immediately surrounding properties have all been supported by Council for mixed-use towers. Furthermore, the Department's own independent market feasibility advice considered the potential future for commercial uplift on the site assuming improved market conditions following opening of the Sydney Metro. In all scenarios tested, the redevelopment of the subject site as a commercial only site, failed the viability test and was the least feasible of all sites tested.

It is well understood that in many CBD locations in Greater Sydney, Councils have a firm view of protecting B3 zoned land and resisting encroachment of residential. In St Leonards town centre, however, the vast majority of sites are already zoned B4, or are being supported in their transition to B4, or have 'shop top housing' as an additional permitted use. There is no longer an identifiable cluster of B3 zoned sites to make up a true office core CBD environment. The market has responded to this by favouring smaller businesses, allied health groups (where strata office is a preference) and start-ups. The retention of a single, isolated site that is/will be surrounded by mixed use development is not considered a good planning outcome. It will sterilise the site and, as indicated in an independent assessment by SGS, the sites redevelopment is and will remain unfeasible.

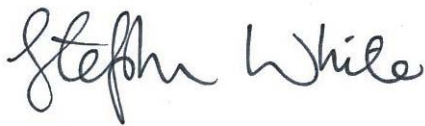
Notwithstanding this, the proponent is willing to commit to planning controls that would deliver significantly more commercial floorspace compared to any of its immediately surrounding mixed use towers. In this regard, it will undoubtedly contribute to ensuring a significant commercial floorspace outcome can be delivered. If the Panel was of the view that the site had strategic and site specific merit, but believed that additional commercial floorspace should be provided, the proponent would accept that as a Gateway condition, this be further investigated.

It is obvious the site is a critical piece in delivering the public domain vision in the core of St Leonards town centre, given its three street frontages and its very prominent location on the Pacific Highway. It is also highly valuable in terms of optimising density outcomes given its central location between two rail stations. Failure to support the Planning Proposal would result in a key component of the vision for St Leonards not being delivered, and an underutilisation of a highly valued site in the town centre.

The Rezoning Review therefore requests a fresh and independent review from the Sydney Planning Panel, based on the merits of the proposal in the context of the broader vision for St Leonards. In our view, Council's position is in direct contrast to the land use vision and emerging character of the St Leonards core, which if upheld by the Panel, would create an unwanted anomaly. That, in our opinion, would not constitute an orderly planning outcome for such a strategic site.

For the reasons outlined in this letter, we consider the proposal comfortably satisfies the strategic and site-specific merit tests outlined in *"A Guide to Preparing Local Environmental Plans"* and thus warrants the Panel's support to proceed to Gateway for public exhibition.

Yours sincerely,

A handwritten signature in black ink that reads "Stephen White". The signature is written in a cursive, flowing style.

Stephen White
Director