

18.5 815 PACIFIC HIGHWAY CHATSWOOD - PLANNING PROPOSAL - 2015/1

ATTACHMENTS:	1. CONCEPT PLANS (Distributed separately)
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Purpose of Report

To advise Council and seek direction on the Planning Proposal 2015/1 lodged on 5 February 2015 for 815 Pacific Highway Chatswood.

Description of the Site and Existing Development on the Site

815 Pacific Highway Chatswood is located at the north-eastern corner of the intersection of Pacific Highway with Help Street and opposite Fullers Road. The location is at a major intersection in the regional road network in and through Chatswood.

The site is triangular in shape with an area of 1,657m². The site's main frontage of 61.3 metres is to Pacific Highway with a curved frontage to Help Street of 49.1 metres and a short 3 metres to McIntosh Street. The boundary abutting the next door site at 13-15 Help Street is 60.975 metres. The site slopes gradually up from McIntosh Street to Help Street with a rise of up to 2 metres with the higher level being at the intersection between Pacific Highway and Help Street.

Development on the site consists of a 13 storey office building plus ground floor showroom and café (total 14 storeys) with basement car parking. The built form of the brick office tower addresses the intersection with its curved shape and feature of external lifts in the centre of the curve. The architecture of the building is 1960's and when constructed it was a landmark building in the area and for Chatswood. The external lift is a feature of the building and provides access to what was once a restaurant on the top floor that closed in recent years and is now used for offices. The rest of the office levels of the building are accessed by three internal lifts at the rear of the entry foyer.

The building is consistent with the strategic planning style of Chatswood that was developed during the 1970's (Interim Development Order 17 gazetted 1975) and confirmed in Sydney Regional Environmental Plan 5 in 1983. The built form of the office precinct of Chatswood provides ground floor public plaza spaces and through site links at the base of buildings. The subject building was an early response to that approach and has been repeated on many sites in the office core of Chatswood.

Council records indicate the existing building has a gross floor area of 8,422m² based on the pre-WLEP 2012 definition of gross floor area. This represents a floor space ratio of 5.08:1. It is noted that the pre standard template LEP definition was measured to the external face of the building and had less exclusions compared with the new standard template definition that had to be used in WLEP 2012. The GFA if recalculated under the new definition is likely to be in the order 5 to 10% less and more closely correspond with the leasable area of the building. The GFA if recalculated is estimated to be about 7,790m².

An existing gross leasable floor area (tenant usable space) of approximately 7,260m² is calculated from Council records. The building height is 56 metres and Council records indicate that there are 100 car spaces on the site located in the basement car parking levels and at the rear of the single storey ground floor showroom. Vehicular access to the site is from Help Street but for a restricted access to the rear of the ground floor showroom from McIntosh Street.

The Planning Proposal application notes in the documentation that the existing net leasable floor area in the building is 6,785m².

Site Context

The site is located at a prominent entry to the CBD of Chatswood that is made more prominent by the rising ground level along Pacific Highway that peaks in Chatswood on the southern side of the Help Street intersection opposite the site. The site is within the office core of Chatswood CBD and within walking distance of Chatswood Station and bus interchange. Opposite the site in Pacific Highway are low rise vehicle sales premises for Toyota, Alto and Mercedes that provide a buffer to residential development to the west.

Development surrounding the site to the east is dominated by multi-storey office buildings in landscaped settings. Exceptions include the mixed use developments at 813 and 809 Pacific Highway to the south that include residential above three storeys of commercial development. These developments were approved in the mid to late 1990's in response to urban consolidation requirements of State Government at the time. Although mixed use, they maintained the style of Chatswood with ground floor landscaped settings and varied setbacks. In conjunction with the subject site, Zenith Centre and Citadel Towers provided a built form edge to Chatswood CBD when viewed from the west and a pattern to building height with styled roof forms.

Existing Planning Controls for the Site

The site is located in the Commercial Core of Chatswood and is accordingly zoned B3 in Willoughby Local Environmental Plan 2012 (WLEP 2012). The zone prohibits residential development consistent with the zone objectives to provide for a wide range of business, retail, office, entertainment and employment opportunities.

The building height control is 60 metres for the site consistent with sites to the north and south along the frontage with Pacific Highway. To the east of the site within the office core of Chatswood building heights of 80 and 90 metres apply.

The base gross floor area (GFA) and floor space ratio (FSR) permitted on the site is 5:1 (calculated in accordance with the current definition of GFA in WLEP 2012). For sites that are 2,500m² or more in area, the permissible FSR increases to 10.5:1 subject to the maximum site coverage of the building being 60%. The background to the controls was to encourage site consolidation and redevelopment for A-grade office buildings on the western side of Chatswood providing floor plates in the order of 1,500m² while also maintaining the built form style of Chatswood with landscaped settings, setbacks and through site links. The development standards followed from studies carried out by CB Richard Ellis and Hill PDA for Council during the preparation of WLEP 2012. The objective was to enable an increase in jobs and subregional business services in Chatswood CBD as it is located at a transport nodal point in the Sydney network. The jobs targets were established by the State Government planning strategies and Council was required in the LEP preparation to demonstrate the meeting of the targets.

Planning Proposal / Application

The applicant and owner is Linfield Developments Pty Ltd represented by SJB Planning. The documentation lodged with the planning proposal was prepared by SJB Planning with architectural concept plans prepared by Francis-Jones Morehan Thorp (FJMT) Architects, an economic assessment prepared by Hill PDA, shadow diagrams prepared by Project Surveyors, transport and traffic impacts prepared by GTA Consultants and the site survey plan prepared by Geosurv.

Description of the Planning Proposal

The following description includes further information provided by the proponent on 29 May 2015.

The planning proposal advises the objective is to provide shop-top housing on the site in addition to the existing permissible uses on the site. This will require demolition of the existing building on the site.

The intention of the planning proposal is to have some increase in employment generating floor space and increase in jobs as well as provide additional housing in close proximity to public transport. The planning proposal considers that it will allow for urban renewal of an aged commercial building advised in the proposal to be at the end of its economic life. The proposal is advised to be for replacement with a contemporary gateway development with active retail at ground level.

The planning proposal is accompanied by architectural concept plans for a 131 metre building (35 storeys, that is, ground level plus 34 levels) that will occupy most of the site.

The commercial gross floor space is indicated to be 8,935m² with an FSR of 5.4:1 and containing retail premises, business premises and office premises. The indicative breakdown of the non-residential floor space is 7,450m² in office and business premises (FSR 4.5:1) and 1,485m² (FSR 0.86:1) in retail on the ground floor and a restaurant (450m²) premises on the top floor. The planning proposal advises that this will provide 491 jobs in business and office floor space, 55 retail/restaurant jobs and 21 work-from-home workers living in the residential units (total 567). It advises there will be an increase of 228 jobs compared with existing employment on the site (339).

The office/business premises concept is for “smart workspace” in five storeys above the ground floor retail and entrance foyers. The non-residential will provide the lower podium base for the residential component. The “smart workspace” concept is for flexible commercial space, shared facilities for “creative hubs” and “start-ups”. The planning proposal indicates a concept for resident and worker sharing of community facilities such as meeting rooms and a gymnasium.

The residential floor space is proposed to be 20,120m² (FSR 12:1) providing approximately 201 dwellings depending on the dwelling mix. It includes resident community facilities including a top of podium area. The dwelling mix indicated in the concept plans is 16 studio units, 49 one-bedroom units, 104 two-bedroom units and 32 three-bedroom units being a total of 201 units.

The total floor space proposed in the development calculated from the figures above provided by FJMT totals 29,055 m² that is an FSR of 17.53:1.

Basement car parking that is accessed from Help Street is indicated in the concept plans. The car parking proposed is a total of 353 spaces with 265 spaces for residents and residential visitors and 88 spaces for commercial/retail. A loading dock on the first basement level is proposed from the same access location in Help Street. The loading dock caters for a medium rigid truck and includes a proposal for a turntable.

The built form presented in the concept plans indicates a podium building that is built to the boundaries with Pacific Highway and Help Street but with a small set back to Pacific Highway and a small setback to Help Street at ground level. A through site link is proposed along the eastern boundary adjacent to 13-15 Help Street. The width of the through site link is 3 metres and the set back is provided for the full height of the building. This is the minimum required under the Building Code of Australia for a building where openings are proposed in the façade of the building facing the boundary.

The ground level is indicated to be split into two larger retail spaces and one small retail space separated by the commercial and residential lobbies. The larger spaces are greater in size than the maximum shop size allowed under the provisions of Clause 6.12 of WLEP 2012. It is advised that this is to allow for a greater range of retail uses and large flagship retail uses to facilitate ground floor activation.

The commercial lobby faces Pacific Highway and the residential lobby faces and is accessed from the through site link. As noted previously the vehicular access via a two-way driveway is from Help Street.

The Concept Plans indicate commercial levels within the lower podium from levels 1 to 5. This section of the podium has a height that the application advises seeks to relate to the building massing and scale of surrounding buildings. Level 6 is intended to be a transitional commercial level to be used for shared commercial/residential community facilities.

Levels 7 to 16 are indicated to be residential occupying a slightly modified podium alignment. The top of Level 16 is indicated to be 60 metres in height from ground level. The concept plans indicate Levels 7 to 16 to be a curved shape with indents but the majority built to the boundary with Pacific Highway and Help Street and with sections of increased set back from 13-15 Help Street. Level 17 to 33 are indicated to be the residential tower that occupies about two-thirds of the site and is set back from the intersection of Help Street with Pacific Highway. It is positioned parallel with the boundary to 13-15 Help Street. A roof level (Level 34) restaurant is indicated above the residential levels in the tower.

The plans are only conceptual for the purposes of the Planning Proposal application. It may or may not be the design presented in a later development application. For example features such as the roof level restaurant potentially could be rethought in a DA as it would require a commercial lift to continue through the residential tower or one of the residential lifts would have to be available for restaurant patrons. The iconic views from the top level would be particularly appealing for residential penthouses. Also the provision of community space adjacent to a void on each of the residential levels between Levels 7 and 16 may or may not remain over the 10 levels in addition to the Level 6 shared facilities but could be likely on Level 16 as it could interface with the external space at the top of the podium.

Statutory Effect of the Planning Proposal

The statutory consequence for the planning proposal is that WLEP 2012 would require amendment to the permissible uses in the B3 zoning for the site and amendment of the development standards that currently apply to the site. The Planning Proposal requests that it involve:

1. Amendment of Schedule 1 to Clause 2.5 to allow the additional permitted use of shop top housing on the site. Note the option of rezoning to B4 Mixed Use has not been requested.
2. Amendment of the Height of Buildings Map (Clause 4.3) as it applies to the site to allow an increase in the maximum building height from 60 metres to 130 metres.
3. Amendment of the Clause 4.4 Floor Space Ratio Map by adding the site as an additional "Area" and adding an additional sub-clause to Clause 4.4A to permit a maximum floor space ratio of 17.5:1 on the site.
4. In adding the additional sub-clause to Clause 4.4A noted in (3), the sub-clause will need to also allow that the floor space ratio of the shop-top housing can be up to 12:1.
5. Amendment of Clause 6.12 for the size of shops in the B3 zone west of the North Shore Rail Line to remove the site from the size restriction so that shops of size more than the maximum of 100m² are permissible on the ground floor.
6. Amendment of the Active Street Frontage Map to Clause 6.7 to extend the active street frontage along the Pacific Highway frontage.

Applicant's Justification for the Planning Proposal

The applicant advises that the objectives of the Planning Proposal are to:

- Provide revitalisation and activation of a gateway development site for Chatswood CBD.
- Facilitate redevelopment of a key corner to increase employment generating floor space as well as additional housing.
- Provide active street frontage to all street boundaries.
- Provide a north-south through site link and active pedestrian laneway.

The applicant provides a review of relevant strategic planning documents including the 2014 *Plan for Growing Sydney* by the NSW Government as well as the 2010 *Metropolitan Plan for Sydney 2036*. The applicant also reviews *Willoughby City Strategy 2013-2029* and *Chatswood City Centre Vision and Strategic Plan* in the context of the Planning Proposal. Following these reviews the applicant concludes that the Planning Proposal is consistent with the strategic planning context documents.

The applicant provides a review of the s.117 Directions including 1.1 (Business and Industrial Zones), 3.1 (Residential Zones), 3.4 (Integrating Land Use and Transport), 6.3 (Site Specific Provisions) and 7.1 (Implementation of the Metropolitan Plan 2036). The review concludes that the Planning Proposal is not inconsistent with the s.117 Directions as it does not reduce the potential employment generating uses on the site nor reduce the area of zoned land for business purposes but it allows for the additional use of shop-top housing.

Also the applicant provides a review of the State Environmental Planning Policies and concludes that the Planning Proposal is consistent with the SEPPs that apply to the site.

In support of the objectives the Planning Proposal is accompanied by various reports. The following summarises the supporting justifications:

a) Urban Design/Architectural

The architectural design report by FJMT notes the location and context of the site and potential range of land uses. It looks at the massing of the existing development and the “permissible” massing in WLEP 2012 although the suggested “permissible” massing is shown as just a 60 metre high building envelope box with no articulation and a suggested Net Leasable Floor Area on the site of 6,600m².

The concept plan for the Planning Proposal showing the location of the different proposed land uses is accompanied by photos that suggest the atmosphere and style that is sought in the building as well as some architectural detailing and public art concepts in the through site link. Concept photos for the iconic roof top restaurant are provided as well as potential creative hub and community facilities ideas.

b) Building Height and Mass

The building height analysis sets a context of the site not with its surrounding development but with the larger buildings approved by the Minister for Planning located more centrally to Chatswood on or near the North Shore Rail Line. Also included in the analysis is a proposed height for a Planning Proposal on the previous Post Office site in Victor Street that was not supported by Council but was supported by the JRPP to continue to the gateway process but to a lesser height of 80 metres not 141 metres (RL 235) as shown. The Chatswood Interchange towers have been represented in height to the top of the architectural roof feature at RL 264 and RL 249 rather than the roof or main building mass height of RL 246.8 and RL 234.4. The height indicated for the Meriton development has not been adjusted from RL 253.5 to the reduced height approved by the Land and Environment Court of RL 226 following the appeal for refusal by the PAC of Modification 6 for a significant increase in the density and height of the development.

The applicant advises in the further submission dated 29 May 2015 that the building height analysis was prepared on information that was available at the time of development of the design approach.

Nevertheless the building height analysis is useful to note that the proposed Planning Proposal roof height of RL 232.8 and plant room height of RL 234 on the site at the edge of Chatswood is comparable to the height of Era (RL 231) in Railway Street, two of the three Chatswood Interchange towers above Chatswood Station (Metro Grand RL 246.8 and Metro View RL 234.4) and Building 1 in the Meriton Centrium development that are all located more central within the CBD and east of the Pacific Highway edge to the business core of Chatswood. Zenith complex across McIntosh Street from the site has a maximum height of RL 193. Although Zenith fronts Pacific Highway the twin towers are set back behind landscaped gardens to the Pacific Highway frontage.

No context reference is made to building heights south along Pacific Highway that average 60 metres and currently make-up the western edge streetscape of the business core of Chatswood CBD in conjunction with the existing building on the subject site.

The comparison of a development with the permissible height of 60 metres provides a concept building envelope for a development that suggests a GFA of only 6,600m² would be achieved on the site. The May 2015 submission confirmed that the permissible FSR is 8,285m² and that the 6,600m² was an estimate of net leasable floor space and was incorrectly noted as GFA in the application submission.

c) Shadowing

The mid-winter (21st June) shadowing analysis by Project Surveyors considers the impacts on nearby sensitive uses especially focussing on Chatswood Public School. The additional shadowing on the school is around the 10am to 10.30am period and affects the lower playground. The assessment notes that the school is impacted by shadowing from existing development in Chatswood CBD in the morning and that this is prior to the morning break which is understood to be at 11am. By 11am the additional shadowing is over the eastern side of Western Park with minimal impact on the school.

The residential areas to the west are also impacted by increased morning shadowing from the additional height of the concept building indicated in the Planning Proposal.

By noon the shadowing is over Chatswood CBD. It is noted the impact of the additional length of shadowing requires further analysis to determine and assess the impact on public seating spaces and the vertical impact on the façade of existing surrounding buildings as the shadowing passes over the CBD. By mid-winter afternoon the shadowing begins to impact on Chatswood Park by 3pm.

The proponent has indicated in the May 2015 further submission that the shadow analysis as provided was as requested by Council officers at a pre-lodgement meeting in June 2014. The shadowing analysis does indicate the horizontal extent of shadowing over the residential areas to the west.

d) SEPP 65 and Residential Flat Design Code

The FJMT Report provides preliminary SEPP 65 analysis of the concept design for the shop-top housing component. This indicates that 70% of the residential units in the upper podium and 71% of units in the tower will have cross-ventilation.

The analysis indicates that 64% of the residential units will have access to three or more hours of sunlight between 9am and 3pm with 93% of units receiving two hours or more of sunlight over the longer period of 7.30am to 4.30pm.

The preliminary investigation based on the concept design indicates that on the matters of cross ventilation and sunlight access the Planning Proposal is able to address SEPP 65 principles.

e) Economic

The Economic Assessment prepared by Hill PDA and dated December 2014 considers that the development will create additional business opportunities and replace a building that is at the end of its economic life with new A-grade office space. It also advises that the inclusion of residential is necessary to ensure the development feasibility. In support of the viability justification the report provides 2013/2014 information on commercial floor area sales figures per m² compared with current residential floor area sales per m². Unfortunately the commercial sales figures are over a range of sites in different locations relative to prime versus fringe

locations in the CBD in mostly 2013 and only two in February 2014. The reference to apartment sales is from March 2014 and the indicative average sale value is deduced from recent discussions with local real estate agents.

Clarification was sought from the applicant on whether the sales figures provided had been adjusted for CPI so that although derived from different dates the figures could be compared. The May 2015 submission advised that the figures had been adjusted for CPI. Thus the commercial sales are in the range of \$3,290 per m² to \$7,979 per m² and residential sales are advised to average \$12,000 per m².

Some commercial floor space rental information is provided but suffers from the same issue of range of locations within Chatswood. The sample is small for net rentals. Quality space in 799 Pacific Highway is indicated to have gross rents of \$539 to \$568 per m² whereas a small office suite of 56m² in the mixed use development at 813 Pacific Highway opposite the subject site in Help Street has a gross rent of \$320 per m². Surprisingly a more remote and very small new mixed use development on the western side of Pacific Highway at 760 Pacific Highway that is next to three storey residential units is indicated to have a gross rent of \$450 per m².

Information is provided advising that an increase in jobs potential will follow with increased densities of workers by provision of A-grade space. This is stated to be an increase of 1 worker per 20m² to 1 worker per 14m² in office space. The reduction in floor space requirements is advised to be based on the new concept of "hot-desking" or "activity based workplaces". The concept has been applied for the new Commonwealth Bank building at Darling Harbour. In addition the Economic Report advises that in 2007 City Of Sydney undertook a floor space employment survey of office spaces and found that it averaged 13.8 m² per worker. A review in 2012 found the rate fell to 13.1m² per worker in office space.

Thus the Economic Assessment considers that workers on site will increase from an estimated potential of 339 currently (1 per 20m²) to an estimated 567. The future figure includes office, retail and restaurant employees as well as work from home residents. The rate applied for estimating retail and restaurant workers is 1 worker per 24m² with the 1 per 14m² for the office space as noted previously. The amount of resident work-from-home workers is advised to be based on 2008 ABS information on the location of work that indicates that 7.6% of residents work from home.

The contribution of the Planning Proposal during construction is estimated to include construction costs of \$103.1 million, flow on production activity of \$136 million and consumption induced effects of \$102 million. Total construction workers are indicated to be 294 jobs with a multiplier impact generating an additional 1,080 jobs directly and indirectly. Construction workers are estimated will spend \$1 million in Chatswood during the construction phase.

The post construction operation of the development is estimated will increase worker wages generated on the site by \$20.8 million due to an estimated increased number of workers compared with existing and an additional 7.4 million in retail expenditure. Residents will generate an additional \$8.8 million in retail expenditure.

Overall the GDP contribution of the development is estimated to be \$44 million.

f) Traffic, Car Parking and Transport

The Traffic Report carried out by GTA was based on traffic counts taken on Tuesday 13 May 2014. This assessed the operation of the intersection of Pacific Highway with Help Street and Fullers Road as well as the intersection of Help Street with Railway Street. The survey also assessed the traffic generated by the existing development on the site and found that it generated 0.37 vehicle trips per parking space in the AM peak and 0.43 vehicle trips per parking space in the PM peak.

The Traffic Report notes the convenience of public transport services in Chatswood, the bicycle and pedestrian network as well as the number of car share pods for car share vehicles available in Chatswood.

The original Planning Proposal indicated that 265 spaces are proposed for the residential units and residential visitors and 84 spaces for the office/retail/restaurant uses on the site. The number of office/retail/restaurant car spaces was indicated in the May submission to be 88 car spaces. This totals 353 car spaces and exceeds WDCP requirements of 314 spaces for the indicative development in the Planning Proposal. The Report does not state why additional car spaces are proposed but the further submission in May 2015 advised that the car parking provision would be reduced to meet the requirements of WDCP.

Only one loading space was proposed in the original Planning Proposal that will operate using a turntable and cater for an 8.8 medium rigid truck. The further submission in May 2015 indicated that an additional loading bay would be provided.

The Traffic Report advises that the traffic generation will only increase by 12 vehicle movements in the weekday AM peak and 40 additional vehicle movements in the weekday PM peak compared with the existing traffic generation from the current 100 car spaces and use of the site. This is noted to equate to less than one additional vehicle movement per minute.

The outcome of the additional traffic is advised in the Traffic Report from the SIDRA INTERSECTION analysis to cause no change in the overall level of service of the nearby intersections and only a two second increase in the average delay for the Pacific Highway intersection.

The Traffic Report concludes that the additional traffic generated by the development is not expected to compromise the safety or function of the surrounding road network. The traffic report also considers that the new driveway design in Help Street and its reduced width compared with the current driveway will improve the access arrangements to the site.

In conclusion the applicant considers that the Planning Proposal is the best means of achieving redevelopment to address the objectives of the B3 Commercial Core zone while providing residential accommodation.

The applicant also concludes that the Net Community Benefit and Public Interest will be served by the Planning Proposal in facilitating a balanced mixed use development in close proximity to a public transport nodal point and replacing a commercial building that is towards the end of its economic cycle. The applicant adds that the Proposal will provide opportunities for urban design improvements, increased vibrancy and it will contribute to strengthening the links between the western edge of the CBD and the retail and transport core.

Finally the applicant notes that the Proposal is ideally located to deliver increased employment and shop top housing to improve investor and public confidence in Chatswood CBD and provide employment and housing outcomes in a strategic location.

ASSESSMENT OF THE PLANNING PROPOSAL

Consideration of the Concept Development Plans

The concept development plans may not translate into a development application in the future but are the basis of the Planning Proposal application and inform the development controls that are being sought by the Planning Proposal.

The concept plans indicate a development that represents a complete change to the style of Chatswood. The concept of buildings in landscaped plazas that prevails as the style of Chatswood's commercial office core is a feature of Chatswood that was supported in the public forums undertaken during the preparation of past Master Plans for Chatswood. This style is not the style of the proposal. The proposal involves a building occupying most of its site area but for a walkway along its eastern boundary. The walkway as a consequence of lift cores and fire stairs relies on public art treatments to activate the space for part of its length. There is limited opportunity for landscaping on the site.

The scale of the development and the proposed FSR of 17.5:1 would have the highest density of any development site in Chatswood. The most recent high FSR in Chatswood was approved by the Land and Environment Court following refusal by the PAC of Modification 6 of the Meriton "Centrium" development in Thomas Street/Albert Avenue. The development has an FSR of 11.9:1. The Era development at 7 Railway Street has an FSR of 8:1.

The Planning Proposal density reflected in the very high FSR proposed is a reflection of the small site area for the scale of the development requested by the Planning Proposal.

The concept plan stresses a need to provide active frontage to Pacific Highway although the current building provides active frontage with the bicycle showroom. The retail areas proposed seek to remove the restriction on shop size which is a key development standard in WLEP 2012 consistent with B3 zone objectives to ensure the eastern side of the North Shore Rail Line remains the retail core of Chatswood and the western side of the North Shore Rail Line where the site is located is the Chatswood office core.

The concept design presents an articulated podium with a tall slim tower that will dramatically change the western edge of the CBD and the streetscape along the eastern side of Pacific Highway as it passes through Chatswood. Nevertheless the concept plan prepared by FJMT is well presented and rendered.

The idea of a development that provides for start-up facilities for businesses and creative hubs for business is supported. Council officers expressed concern to the applicant that mixed use development currently delivered in Chatswood unless it is carefully designed with a target market in mind has limited success especially when strata subdivided into small office spaces. It only delivers more B-grade office space in Chatswood. This is supported by the sales figures for a strata office suite in 813 Pacific Highway next door provided in the Economic Report that had the lowest sale price per square metre in the sales figures provided. That building was only completed in 2001.

The Planning Proposal in the further submission of May 2015 provided the additional advice from the proponent that:

Start-ups and Technology companies are looking for commercial office space around good transport nodes on the North Shore with large floor plates which can provide shared office services (meeting rooms, hot-desking etc). The developer will specifically brand and target these types of tech tenants. The developer is not proposing to strata small office space. The office space will sit as a single ownership. The Proponent will be happy to restrict strata of the office use subject to the current proposed residential apartment yield being acceptable to Council.

The proposal by the developer to restrict any subdivision of the office/business component of the development would require a specific prohibition clause in the amendments to WLEP 2012.

The provision and scale of shop-top housing with an FSR of 12:1 on the site is also a significant change to intended outcomes for the location in the B3 zone. This will similarly set a precedent for other nearby sites to change Willoughby Local Environment Plan 2012 Principles, Standards and Objectives.

Consideration of SEPP 65 and the Draft Apartment Design Code

Although not a development application the Concept Plans prepared by FJMT as a basis of a Planning Proposal propose significant change in scale, built form, density and will be inconsistent with the context of the site. It will set aside many of the design quality assessment principles of SEPP 65.

The preliminary review of the concept plans provided with the Planning Proposal application as noted previously in this report indicates that the concept plan design of the shop top housing will be capable of addressing access to sunlight and cross ventilation principles of the Residential Flat Design Code of SEPP 65. However, there are a number of design principles that are unclear as to whether a future development application can adequately address the principles including but not limited to sustainability, amenity, diversity and affordability, landscaping, acoustic privacy while providing usable private balcony open space, building separation especially if neighbouring sites seek to rezone in a similar manner to the subject proposal and so on.

Consideration of Traffic Report

There were inconsistencies between the floor space figures in the architectural plans, that were used to assess the traffic generation and car parking outcomes of the Planning Proposal compared with that referenced in the Economic Report. These inconsistencies have been addressed in the further submission of May 2015.

The Traffic Report advises that the basement car parking is proposed for 349 spaces in total that is made up of 265 residential spaces and 84 commercial/retail spaces whereas the architectural Concept Plan summary indicates 353 basement car parking spaces (265+88). The further submission in May 2015 advises that the approximate 35 additional car spaces will be removed in the future development application to provide compliance with WDCP.

The Traffic Report surveyed the current traffic generation from the existing building on the site based on trips per car space following the survey on Tuesday 13 May 2014 and used that survey data as the basis for calculating existing traffic generation from the site. The rates found were 0.37 trips per hour per space in the AM peak and 0.43 trips per hour per

space in the PM peak. The survey found that current traffic generation from the site is 36 vehicles per hour in the AM peak and 41 vehicles per hour in the PM peak.

The Traffic Report reviewed the Planning Proposal for 201 units with a unit mix as noted earlier in this report and with 7,450m² GFA in office space, 885m² in Net Leasable Area for retail space and 425m² for Net Leasable Area for restaurant space.

The Traffic Report reviewed traffic generation for the Planning Proposal using the traffic generation per car space found from the survey information of the existing building when considering the traffic generation of the proposed office floor space and applying RMS Technical Direction TDT2013/04a for the residential, retail and restaurant traffic generation.

Council's Traffic Group noted that the basis for calculating increased traffic generation for the AM and PM peak did not use the recommended rates of the RMS Technical Directions. As a consequence the traffic generation calculated is an underestimation of the traffic generation by the proposal. The traffic generation of the AM peak in the report is 48 trips per hour compared with 165 trips per hour using the RMS Technical Directions and the PM peak hour indicates 81 trips per hours compared with 161 trips per hours using the RMS rates. As a consequence Council's Traffic Group concluded that the traffic generation SIDRA analysis of intersection performance is not adequate and disagrees with the conclusion of the traffic report that the scale of the development would have no detrimental impact on intersection performance.

A review of the rates used in assessing traffic generation was requested. The further submission of May 2015 advised that the rates in RMS TDT 2013/4a provides updated information and does not override the requirements of the 2002 RMS *Guide to Traffic Generating Developments* which recommends the use where possible of surveys of similar developments to assess likely future traffic generation. On that basis the Traffic Report used survey information from TDT 2013/4a carried out in Chatswood rather than the averages of all surveys as the basis for calculation of traffic generation for the high density residential component, that is, 0.14 trips per hour per unit in the AM peak and 0.12 trips per hour per unit in the PM peak. Sydney average is 0.19 trips per unit per hour in the AM peak and 0.15 trips per unit per hour in the PM peak.

The further submission of May 2015 also justified the retail, restaurant traffic generation rates as being those found from the survey of the current building based on it being more appropriate than using an average rate of multiple sites that may not have the same characteristics as the subject site in Chatswood. The further submission supported this by reference to the TDT 2013/4a survey information for an office building in Chatswood being less than the Sydney average.

Council's Traffic Group was not satisfied by the explanation provided in the further submission and also noted that as a new development calculating traffic generation based on rates per car space for a building that is proposed to be demolished gives a much lower figure and a false indication especially as the rate is less than the survey results actually quoted for an office building in Chatswood. Based on trip generation per car space the traffic generation for the AM and PM peak per hour in the report is 12 and 15 respectively but using the survey results in TDT 2013/4a found for an office building in Chatswood (no address given in the RMS TDT) the traffic generation would be calculated at 77 vehicles and 63 vehicles respectively.

Council's Traffic Group does not accept the basis of the traffic generation assessment in the Traffic Report. Furthermore it is noted that the Planning Proposal Economic Report is claiming that employment densities will be significantly higher in the new development's offices compared with the existing building and as a result the jobs provision on the site will be significantly increased compared with the existing building notwithstanding that there is only a marginal increase in commercial floor space on the site. The Traffic Group concludes that the traffic impact assessment is an underestimation of the likely future impact of the development on the surrounding road network. Council's Traffic Group considers the traffic generation will be at least 113 trips per hour in the AM peak and 129 trips per hour in the PM peak compared with the Planning Proposal estimation of 48 and 81 respectively.

There is a further amendment to the calculations of Council's Traffic Group as the May 2015 further submission provided clarification on the proposed floor areas. The NLA of the retail floor space was found to be 885m² not 785m² as used in the traffic report giving a total NLA in retail and restaurant of 1,310m². A re-calculation of the traffic generation using the rates considered acceptable by Council's Traffic Group results in the traffic generation being 114 vehicles per hour in the AM peak and 132 vehicles per hour in the PM peak.

It is also noted that the site is at a "pinch-point" along the Pacific Highway corridor that is identified in the Northern subregion locations as a priority to be addressed in subregional planning (see later discussion on the latest NSW Government strategic planning document "A Plan for Growing Sydney").

Council's Traffic Group noted that the proposal indicated provision of more car spaces in the concept proposal than are required by Willoughby Development Control Plan. Council's Traffic Group did not support provision of excess spaces on the site and acknowledges that the application is now indicating that a future development application would comply with WDCP requirements.

The Traffic Group has concerns regarding the location of the driveway access to the site regardless of whether it is an improvement on the existing as the proposed development is a substantial change. No precedent can be expected from the existing development as the existing development is to be demolished. The Traffic Group comments note that the traffic in Help Street is often queued back from the intersection with Pacific Highway beyond the site.

The Traffic Group also considered that the loading/delivery/waste handling area is not adequate for the scale of development and that capacity is needed for two truck bays to operate at the site. The Traffic Group indicated at least a second bay for a minimum 6.4 metre rigid truck is required. It is noted that an 8.8 metre truck is less than the size of Council's current standard waste collection truck. The further submission of May 2015 has advised that a second loading facility would be provided in a future development application.

A final point is that the survey information of traffic generation from the existing building is based on information collected on a Tuesday. On average Tuesday is not considered a heavy traffic day by comparison to peak hours on other days and the survey does not consider the impacts on weekend congestion for the retail, restaurant and residential uses proposed as well as any business uses that may open on weekends in the building (for example, education and training or health consulting and services).

Comments from RMS

Although not required at this stage of consideration of a Planning Proposal, the application was nevertheless provided to RMS on a preliminary basis given the concerns that have been expressed to Council staff by RMS with the number and scale of Planning Proposals lodged or being prepared affecting Chatswood CBD and the consequences on the regional road network in the area.

RMS advised it has no objection to a proposal for shop top housing on the site but does not support an increase in permissible FSR on the site from 5:1 to 17.5:1 as this would create the potential for other sites within Chatswood CBD to also significantly exceed the LEP requirements. The situation requires a full review of the cumulative infrastructure requirements needed to accommodate such future development potential.

RMS does not support the removal of the restriction on shop size but would consider some increased area of shops up to 800m² to ensure the traffic impacts of the proposal are minimised.

RMS advises Council that should it support a recommendation for a gateway determination, the proposal must also ensure that the traffic impact assessment modelling is conducted for the Pacific Highway/Victoria Avenue as well as Pacific Highway/Fullers Road/Help Street using SIDRA Network as the queuing from one intersection affects to other. Also Council is required to consult further with RMS and Transport for NSW prior to any public exhibition of the Planning Proposal.

The further submission of May 2015 advises that the Proponent accepts the RMS requirement for additional traffic generation modelling and assessment of intersection impacts and advises that it would be undertaken should the Planning Proposal proceed to Gateway determination and prior to exhibition.

Consideration of Economic Report

The Economic Report first reviewed the Planning Proposal comparing the existing development as having a Net Leasable Floor Area (NLA) of 6,130m² which accepted an ongoing vacancy rate in the building of 10%. In the May 2015 further submission this was reviewed to remove an assumed vacancy as vacancy rates change over time.

The total NLA of the existing building is advised to be 6,785m² which is significantly less than Council records indicate at 7,260m². The reason for the difference is not known but may be explained as a consequence of whether a floor in the building is leased to one tenant or whether the floor in the building has multiple tenants in which case potential leasable area is unable to be used/leased in order to provide the common space access to the different tenancies on the floor from the lifts. It could also be explained by whether the application's NLA calculation inadvertently excluded the ground floor uses given that the ground floor NLA is approximately 500m² which added to 6,785m² is 7,285m² being close to the approximate NLA calculated from Council records.

The Economic Report considers the Planning Proposal on the basis of it being a proposed rezoning of the site from B3 Commercial Core to B4 Mixed Use. This is not how the application has been lodged but the outcome for land use in the Planning Proposal is in essence the same.

The Economic Report calculates the existing employment on the site using a rate of 1 worker per 20m². The existing potential employment is calculated to be 337 workers currently for the building based on a NLA of 6,785m². The assessment of the existing

situation does not comment on whether it includes the ground floor existing uses including the bicycle showroom and café.

The calculation for the potential employment as a consequence of the Planning Proposal is based on the NLA of 6,875m² in office space. As previously noted the floor area figures used differed slightly to the Traffic Report and were further adjusted for the NLA in retail and restaurant in the May 2015 submission to 885m² in retail NLA and 425m² in restaurant NLA (total 1,310m²).

The rate used for calculating the number of workers in office employment in the Planning Proposal has been increased to 1 per 14 m² for the new development. It is advised the rate would be increased because the proposal would be A-grade space. As detailed earlier in this report the Planning Proposal justifies the increase in employment generation based on the new workers concept of “hot-desking” and “activity-based workplaces” such as in the new Commonwealth Bank building at Darling Harbour and from surveys by the City of Sydney. The rate proposed for retail NLA and restaurant NLA is indicated to be 1 per 24m². The assessment of the Planning Proposal also allows for 7.6% of units to be occupied by people working from home based on the ABS 2008 information.

The calculation of the employment potential in the Planning Proposal is thus 567 workers, that is, 491 in office, 55 in retail and restaurant and 21 in work from home. This represents an increase of 228 workers on the site.

The Economic Report emphasises that the existing building is nearing the end of its economic life. This may be the case without renovation as it is for any building. However, the existing building does enjoy landmark status in Chatswood that has not been recognised in the report. Furthermore it is also not understood why the existing building with or without renovation could not sustain a higher employment density similar to that anticipated in the new building. It is known from various studies and confirmed even in the *RMS Guide to Traffic Generating Developments* 2002 that employment density varies depending on the type of office activity and that to assess proposed development the likely future tenant mix will influence employment density (and hence traffic generation). The RMS Guide quotes the highest densities in finance and banking (6m² of gross leasable floor area per employee) to a medium in insurance and legal (16-18m² of gross leasable floor area per employee) and lowest in computers or high-tech (35m² of gross leasable floor area per employee). Thus a change in the tenant mix in the existing building could potentially have yields similar to that anticipated for the new building and for both the new building and the existing building the options of use of new technology communication in business operation (remote location, home or in-office work) are the same.

The Planning Proposal only increases office NLA by 90m² and there is uncertainty as to how the ground floor uses in the existing building were assessed. It is known that the current NLA space on the ground floor of the existing building is approximately 500m². There is a potential for 21 workers on the ground floor. Adding the employment population in the existing office levels at 1/20m² gives a total potential existing employment of possibly 357 workers. Applying the 1/20m² to the Planning Proposal office space ignoring the application of 1/14m² provided in the Economic Report gives a potential employment of 344 plus 55 other workers gives 399 workers. Alternatively applying 1/14m² to the existing office building gives 485 workers plus say 21 for the ground floor gives 506 workers compared with the predicted 567 workers. The difference can be attributed to the 90m² increase in office space, doubling of the retail/restaurant floor space and the potential work-from-home in the shop top housing in the Planning Proposal. This is not a significant increase in workers for a site that has the primary purpose of business services in the commercial core of Chatswood.

Also the Economic Report does not address the restricted commercial floor plate size and shape due to the small site area and its irregular shape which presents challenges in achieving A-grade standard office space. It is known that the market for A-grade office space in Chatswood is steady. Recent renovations of Zenith and 465 Victoria Avenue were followed by full occupation on completion. The Economic Report does not provide an in depth analysis of rents and value for A-grade space. The only sale listed for a building potentially that could be close to A-grade was for 67 Albert Avenue that is away from the office core of Chatswood on the eastern side of the North Shore Rail Line. Also 67 Albert Avenue has long-term leasehold title for the land (not freehold title for the land) and it sold early 2014 for \$5,577 per m².

There is significant doubt concerning the benefits of increased employment potential of the site suggested in the Planning Proposal application. The above discussion indicates that the potential growth in employment may be only in the order of 61 workers including home workers. There are also inherent issues in the assumption that the ratio of residents in units will be employed in business working from home to determine that 7.6% or 21 workers will be located in the shop top housing.

The outcome of this assessment is that the Planning Proposal may not be making any significant contribution to increased business and employment in Chatswood which is the primary purpose of the Business Core zone.

A final comment is made concerning the information provided on floor space values of commercial floor space compared with residential floor space. Since the preparation of the economic report Urban Taskforce Australia has released its March 2015 issue of *Urban Ideas* that features the Sydney market information on apartment density and price. The average apartment sale prices in early 2015 in Chatswood CBD and within a square kilometre of Chatswood CBD was \$8,997 per m². This is noticeably less than the figure of \$12,000 quoted in the Economic Report based on information provided by local real estate agents notwithstanding that the Urban Taskforce information used RP Data information in the preparation of the research paper.

Consideration of the Precedent

As noted by RMS the Planning Proposal represents a significant change to the density of development on the site and in the land uses that will have a potential flow-on impact on other sites in Chatswood seeking to achieve the same scale and outcome.

In addition there is the issue of residential development encroachment. Council was recently provided with copies of reports by Colliers International and BIS Shrapnel dated 2014 commissioned by the Department of Planning concerning Sydney's Office Market and the role of State Government in facilitating growth of office development and employment to support expected population growth and employment demands. The Colliers report notes the pressure for residential in Chatswood and that there have been "re-zonings" by Council from commercial to residential reducing the longer term potential of the office market in Chatswood. While Council involvement is not the case the perception exists as a consequence of the Part 3A Ministerial approvals in Chatswood changing the best commercial development sites to mixed use contrary to the State Government's own strategy documents. Although the situation is a consequence of Ministerial decisions nevertheless the BIS Shrapnel Report comments that "unless Council takes proactive steps to identify and rezone new sites, there is unlikely to be any significant growth in office stock". This will affect Chatswood's ability to contribute in its role as a strategic centre in Sydney notwithstanding its transport accessibility and appropriate complementing provision of retail and cultural facilities.

The business and employment role of Chatswood contributes significantly to retail turnover during the working week and has a significant role in supporting the services industry in Chatswood.

Therefore, if Council is prepared to consider development at the scale proposed in the Planning Proposal and the further change to allow mixed use development there would be a potential flow-on from Council supporting the Planning Proposal. Such a change should be done so only after a full review of the development direction for Chatswood including review of the supporting infrastructure required for increased mixed use and higher density development. This includes understanding and accommodating the impacts on the road network and providing for the upgrading of services that will be required, expansion to meet demand for public transport, expansion to meet demand for utility services, water and sewage services, expansion to meet demand for community, cultural and leisure facilities and increase in school capacity. As well Council needs to consider what the impacts will be on the development form of Chatswood CBD with likely demand to rezone to increase the CBD area from its current compact walkable form and what that will mean.

Council is currently undertaking a Recreation Study of Chatswood looking at resident and worker needs. Council has also commissioned an Economic Study of Chatswood with the report expected in August and Council has commenced its review of the *Housing Strategy*. These studies should be completed and consultations occur with business and service providers before contemplating a significant density increase.

The current development standards in the Commercial Core of Chatswood in WLEP 2012 were guided by earlier economic studies by CB Richard Ellis and Hill PDA to meet the jobs targets set for Chatswood in the NSW Government Metropolitan strategic planning documents. There was a deliberate intent to provide benefit for site consolidation to allow for development of A-grade office space and jobs increase with flexible floor plates of about 1,500m² while maintaining the style of Chatswood of casual passive landscaped settings for buildings with recreational spaces and through site links. The subject site should be amalgamated with the adjacent site to achieve the intended outcome for commercial uses to an FSR of 10.5:1 before contemplating any incorporation of shop-top housing development. Amalgamation with 13-15 Help Street would give a site area of 3,520m². The potential commercial floor area with the bonus FSR of 10.5:1 gives a GFA of 36,960m² in potential A-grade space. The site area would enable flexible minimum floor plates of about 1,500m² suitable for A-grade space. Comparing this outcome with the existing buildings on the two separate sites and allowing for adjustment to the existing floor area to accommodate the change in GFA definition now in place in WLEP 2012, the existing GFA is approximately 13,550m² on both sites. This gives a meaningful increase in commercial GFA of 23,400m² and potential for provision of A-grade space in a landscaped setting consistent with the style of Chatswood.

As the amalgamated site is still a western gateway of Chatswood CBD and, if shop top housing is then considered in addition to and after achievement of the appropriate commercial floor space envisioned by WLEP 2012, perhaps it could then be an acceptable outcome. Applying a scale of shop-top housing contemplated by the Planning Proposal of 20,120m² or 201 units the overall FSR would be 16.2:1. This outcome would still yield the highest FSR in Chatswood and still be subject to assessing the cumulative development impacts if applied to other sites and other potential site amalgamations on traffic impacts and infrastructure needs and demands before contemplating or accepting the higher densities.

The discussion in the next section considers the Metropolitan strategic planning context that sets out Chatswood's role as a strategic centre in Sydney required to accommodate business and employment growth to support the population growth expected in Sydney.

Strategic Planning Context of Planning Proposal

A series of documents provide the strategic planning context for consideration of the Planning Proposal:

A Plan for Growing Sydney

A Plan for Growing Sydney was released by the NSW Department of Planning and Environment in December 2014.

The plan announced the establishment of the Greater Sydney Commission to drive delivery of the Plan. The main goals of the plan are to manage growth, accelerate urban renewal at train stations providing homes closer to jobs, grow competitive CBDs at Sydney and Parramatta, improve productivity of Western Sydney, deliver infrastructure, enhance capacity of Sydney's gateways (airports and ports), promote the arts and tourism and protect the natural environments.

The planning principles that will guide the growth of Sydney include:

1. Increasing housing choice around all centres through urban renewal in established areas.
2. Stronger economic development in strategic centres and transport gateways in locating hubs for business and employment. (Chatswood is a strategic centre)
3. Connecting centres with a networked transport system.

The Plan has a number of Directions relevant to the Planning Proposal:

- a) Direction 1.6: Expand the Global Economic Corridor – The Plan advises that in 2030 there will be demand of around 190,000 for new stand-alone office jobs and around 75% of those will seek to locate in Sydney's 10 major office markets including Chatswood. In Action 1.6.1 to grow high skilled jobs in the economic corridor by expanding employment opportunities and mixed use activities notes that where a commercial office core exists, and where residential pressure is being experienced the critical retail, business and office space needs to be protected against residential encroachment. The action includes an intention to work with Councils to review commercial core zonings to increase capacity (FSR and height).

The Planning Proposal application did not comment on the direction specifically. In the May 2015 submission further advice was provided noting that the Commercial Core B3 zone is to be retained and that the increase in employment with a mixed use development provides the financial trigger to achieve the jobs outcomes. It further states that the priority for the subregions is to increase both jobs and housing in centres with good public transport providing diversity of high amenity living and working.

As previously noted in this report the Planning Proposal indicates retention of the Business Core zoning of the land in name only – for all intents the Planning Proposal is asking for a change in zoning to Mixed Use and it is seeking a variation to all the development standards that apply to the site which are consistent with the relevant objectives of the B3 zone. Thus it is considered that the intent of the Direction 1.6 is not met by the Planning Proposal based on the analysis in this report with traffic impacts and inadequate expansion of the office market in the proposal to allow for residential on the site.

- b) Direction 1.7: Grow Strategic Centres providing more jobs closer to home – The Plan comments that concentrating office development in strategic centres that are easy to get to benefits businesses providing economic density that is important for efficiency, innovation and economies of scale. Action 1.7.1 commits to investment in strategic centres to remove barriers to investment and economic activity and to unlock developable land by consolidating fragmented sites to provide a large number of jobs closer to where people live. It commits to governance of centres to improve public spaces and walkability of centres.

The Planning Proposal comments that the proposal is consistent with the direction as it retains the B3 zone and increases the maximum amount of employment generating floor space on the site. It states that the shop-top housing will provide the residential accommodation in addition to the employment generating land use. This is not supported as it is considered that the claimed increase in employment generating floor space is tokenistic as noted elsewhere in this report. Also as noted elsewhere the retention of the B3 zone is semantics. As commented on in reference to the Economic Report the Planning Proposal is in effect a rezoning from B3 Commercial Core to B4 Mixed Use on a small site. It proposes residential encroachment on a site that should be part of the review to increase jobs capacity.

- c) Direction 2.1 Accelerate Housing Supply across Sydney – The Plan indicates that Sydney will require an additional 664,000 new dwellings over the next 20 years. The Plan undertakes to identify areas for additional housing based on demand and supply opportunities and the capacity of supporting infrastructure and to work with Councils so that local plans will deliver the type of housing in environmentally, socially and economically suitable precincts.

The Planning Proposal application considers that the proposal is consistent with the direction. This is not supported when viewed in the context of the other directions in the Plan that seeks to grow jobs in the strategic centres. It is agreed that increasing residential densities around Chatswood CBD and other centres in Willoughby is appropriate and a desirable outcome in the future.

- d) Direction 2.3 Improve Housing Choice to suit different needs – This direction considers the need for housing to provide for different stages in the life cycle and the affordability of housing. The Planning Proposal is for high density housing catering for a section of housing demand and dwellings currently located in and around Chatswood that are not affordable. The Planning Proposal did not comment on this direction in the application but it was addressed in the further submission received in May 2015.

Council does have an affordable housing program this was acknowledged in the further submission. The further submission advises that the Proponent is agreeable to entering into a VPA with Council to provide 10% of the residential units in the form of affordable housing and/or key worker housing. This is proposed to be at no cost to Council and is advised would be managed by a community housing provider. The Proponent indicates that the housing will remain in single developer ownership and would not be strata titled.

If Council was of a mind to recommend that the Planning Proposal proceed to the Gateway determination, it would require a VPA to ensure the long term retention and availability of the affordable housing units. If Council did not accept the approach it would be required that 4% of the GFA in shop top housing would be affordable housing units to be handed over to Council in accordance with Clause 6.8 of WLEP

2012. The preferred approach is for Council to own and manage the units to ensure the security of provision of affordable housing in the development into the future. In addition Council is better placed to co-ordinate all the affordable housing units in Willoughby to ensure they are managed to meet the key needs of the area in both income and essential worker needs.

- e) Direction 3.1 Revitalise Existing Suburbs – The Plan notes that new housing within Sydney's established suburbs provides benefits of existing infrastructure and transport networks as well as promoting upgrade of aging infrastructure and services and revitalising suburbs.

The Planning Proposal application considers that it is consistent with the direction as the proposal will increase housing and employment outcomes in a centre that is well served by public transport, community services, recreational and retail services. It is agreed that Chatswood offers an appropriate location around which housing should cluster. As noted above it should not be at the expense of use of the limited land in the centre identified for business purposes. The attractiveness of Chatswood with its public transport, community and cultural services, public spaces that flow through Chatswood and retail and business services needs to be expanded. Residential encroachment is inconsistent with objectives of the Commercial Core zone.

- f) Sydney's Subregions – The Plan incorporates Willoughby into the Northern Subregion of Sydney. In the planning of the subregion the Gross Domestic Product of the subregion is recognised to be second only to the Central Subregion and it is an attractive place to live and work. The priorities in the subregional plan include investigation of the pinch points on the Pacific Highway corridor. The Fullers Road intersection where the subject site is located is one of those pinch points identified in the Plan. In addition the direction for Chatswood is for the NSW Government to work with Council to provide capacity for additional mixed use development including offices, retail services and housing.

The Planning Proposal application does not comment on the Subregional directions. There is an inconsistency noting the need for resolution of the Pacific Highway/Fullers Road intersection before supporting growth on a site that immediately abuts the intersection. A larger site by amalgamation with the adjacent site and the ability to set back the building from the Pacific Highway frontage would provide the potential for road widening should it be required for the intersection upgrade. In addition while the proposal is for mixed use it is not delivering any meaningful increased capacity in offices or retail services. The growth on offer is mainly in housing and as noted elsewhere in this report Council's Traffic Group is not satisfied that the traffic generation will have no impact on the network in the area as claimed by the Proponent's traffic consultant. Furthermore as noted by the RMS there is no consideration of the precedent that will be set for further similar rezoning and redevelopment in the Help Street area in a manner that has not been envisaged or planned for in infrastructure provision.

Metropolitan Plan for Sydney 2036

The Metropolitan Plan for Sydney 2036 (Plan 2036) was adopted by the NSW Government in December 2010 and follows from review of the 2005 Metropolitan Strategy. Council is required in accordance with Direction 7 of the Ministerial s.117 Directions in the *Environmental Planning and Assessment Act 1979 and its Regulations* to be consistent the Plan 2036 when preparing any LEP. This applied to the preparation of WLEP 2012.

Relevant to strategic planning and consideration of a Planning Proposal in Chatswood the following must be considered from Plan 2036:

- a) Objective B1 to Focus Activity in Accessible Centres – The objective aims to accommodate new housing within the walking catchments of existing and planned centres. This is intends to make better use of existing infrastructure, increase diversity of housing supply, promote public transport use and strengthen the base for local business. This is to be combined with quality civic spaces and a diverse retail offer. Chatswood provides these attributes.
- b) Objective B2 to Strengthen Major and Specialised Centres to support Sustainable Growth – The objective recognises that major centres such as Chatswood play a key role as employment destinations. Their accessibility also makes them appropriate to accommodate higher density housing.
- c) Future Directions for Chatswood are identified and include the requirement to retain the office based employment focus in the Commercial Core and promote mixed use and residential intensification outside the commercial core.

There are various strategies for urban renewal and Chatswood is ideally positioned to deliver more housing around its business centre but not at the expense of its business role. The biggest constraint to delivery of more housing is redevelopment of older strata titled residential flat buildings around the centre similar to many parts of the inner metropolitan area. Amendments of strata laws that are currently being investigated by the NSW Government should see this change.

Draft Metropolitan Strategy for Sydney 2031

This plan was released in March 2013. It is understood it has been superseded by the 2014 Plan for Growing Sydney discussed above.

Draft Inner North Subregional Plan

This Plan is also superseded following re-definition of the Metropolitan subregions in the 2014 Plan for Growing Sydney.

Willoughby City Strategy 2013-2029

At the local level the *Willoughby City Strategy 2013* and the *Chatswood Centre Strategy 2008* are the relevant strategic planning documents.

The *Willoughby City Strategy 2013* provided a number of goals for Willoughby's community and economic activity into the future that are relevant to the Planning Proposal including but not limited to the following goals:

- To be a place [City of Willoughby] with housing that is liveable, sustainable and enhances urban character. The goal is supported by relevant principles of providing for housing choice and amenity while protecting important employment areas, heritage and the natural environment.
- To manage transport needs of the community in a sustainable manner by reducing car dependence and increasing public transport use, walking and cycling.
- To provide a range of community services and facilities.

- To provide financially sustainable physical infrastructure that meets the needs of the community without burdening future generations.
- To maintain and promote the City's employment opportunities and the range and quality of businesses, industry and services.

Specific to Chatswood, the *Willoughby Strategy 2013* notes that Chatswood CBD is the largest employment hub and has a multifunctional role as the chief retail, service and community centre for the residents of Willoughby and the northern Sydney region. The strategy identifies under the theme "Local Business" that Council needs to *implement strategy for the long term development of Chatswood CBD as a major regional employment, retail and entertainment destination.*

The Chatswood CBD Strategy 2008 identifies eight principle strategies within four themes (environmental quality, economic prosperity, social equity and evaluating performance) for guiding planning and land use decisions in Chatswood. The strategies include but are not limited to:

- Encourage high quality innovative architectural design and durable finish.
- Encourage a consistent streetscape with stimulating and activated streets.
- Ensure Chatswood is readable and navigable and provides equity for all users.
- Maintain Chatswood's commercial, retail and operational position in the region and its ongoing viability as a centre.
- Provide for activities consistent with Chatswood's sub-regional role, reinforce its precinct structure and acknowledge the focal points of public transport and pedestrian linkages.
- Provide for the social, entertainment and recreational demands of the Willoughby community.
- Establish a safe and accessible City Centre for social interaction, learning, information exchange, entertainment, recreation, city living and fun
- Establish targets and performance indicators to measure environmental, social and economic performance improvements for the sustainability of Chatswood.

Statutory Framework for Consideration of the Planning Proposal

The Planning Proposal application has been prepared having regard to objects of the *Environmental Planning and Assessment Act 1979* and the requirements of s55 of the Act. Section 55 requires that Council, as the relevant planning authority, prepare an explanation and justification for the proposed planning instrument. The planning proposal for a new planning instrument is required to include the following:

- a) A statement of the objectives or intended outcomes,
- b) An explanation of the provisions of the proposed planning instrument,
- c) A justification for the objectives and outcome and the process for implementation,
- d) Whether the instrument will comply with the s117 Directions,
- e) Maps that indicate sufficient detail to establish the substantive effect of the proposed instrument, and
- f) Detail of the community consultation that is to be undertaken before consideration is given to the making of the proposed instrument.

The Planning Proposal application does address a) to e) above. It does not comment in any detail on f) but this could follow if Council is of a mind to support the Planning Proposal.

However, in assessing the Planning Proposal Council must be satisfied that the planning objectives, strategic context and justification of the outcomes intended are appropriate in order to support the Planning Proposal. The strategic context has been reviewed in the previous section of this report.

Also required is to consider the Planning Proposal in the context of the Section 117 Directions of the Act.

The Section 117 Directions require that a planning proposal does not conflict with the Directions. The Directions are listed in 7 categories and some of the Directions are not relevant to the proposal. The following is a summary of the Planning Proposal against the relevant Section 117 Directions:

1. EMPLOYMENT AND RESOURCES

Direction	Relevant?	Consistent?	Comment
1.1 Business and Industrial Zones	Yes	Yes/No	Maintains employment land but does not contribute to significant growth in employment

2. HOUSING INFRASTRUCTURE AND URBAN DEVELOPMENT

Direction	Relevant?	Consistent?	Comment
3.4 Integrating Land Use and transport	Yes	Yes	Accessibility optimised with co-location of retail, community and business services at transport nodes. Higher densities of housing and employment near transport nodes

3. LOCAL PLAN MAKING

Direction	Relevant?	Consistent?	Comment
6.1 Approval and Referral Requirements	Yes	Yes	No new referral or concurrence provisions are proposed
6.2 Reserving Land for Public Purposes	Yes	Yes/No	No new reservations proposed. It is unknown the consequences for the site if road widening is required for upgrade of the Pacific Highway/Help Street/Fullers Road intersection.
6.3 Site Specific Provisions	Yes	Yes	The planning proposal is site specific in development standards and permissible uses

4. METROPOLITAN PLANNING

Direction	Relevant?	Consistent?	Comment
7.1 Implementation of the Metropolitan Plan for Sydney 2036/Draft Metropolitan Strategy 2013	Yes	No	Targets development at transport node and supports business clustering but provides additional housing within business core rather than near to core as required by the strategy. Does not achieve jobs growth potential.

The above summary indicates there is general consistency with the relevant s117 Directions but there are some critical principles where the proposal is not fully consistent. These relate to ensuring employment growth targets are met and ensuring there is an adequate supply and clustering of business and knowledge based activities in Major and Specialised Centres. The Planning Proposal is consistent in proposing higher density housing in a mixed use development within the walking catchment of the centre but the site is not just within walking distance it is also located within the B3 core of the centre. The proposal is inconsistent with providing higher density housing outside a core business area. This objective is to maintain sites in the core for business and employment generation. The proposal may constrain or have consequences in solving the problems of the Fullers Road/Help Street/Pacific Highway intersection that have been identified as a “pinch point” in the regional road network.

The State Environmental Planning Policies in addition to SEPP 65 have been reviewed. A number are relevant to the Planning Proposal or any future development application following the Planning Proposal. The Planning Proposal of itself does not appear to be inconsistent with any applicable SEPP. In the case of SEPPs that will apply in consideration of any future DA on the land, for example, SEPP 64 for Advertising or SEPP 65 for Residential Flat Design, the Planning Proposal does not preclude that consideration.

Is there a Net Community Benefit?

This report is unable to conclude that there is a net community benefit from the Planning Proposal. There is uncertainty in delivery of any meaningful increase in employment and in quality office space on commercial core land and there is significant concern regarding traffic impacts including constraints on resolving the problems of the Pacific Highway intersection where the site is located, for example, the scale of development could not accommodate any road widening should it be required. The significant change to the urban form of Chatswood represented in the Planning Proposal means the precedent of the Planning Proposal for other nearby sites in Chatswood has to also be considered. This is of concern also in the flow-on impacts on infrastructure and services provision.

The business role of Chatswood has been impacted by Ministerial Major Project approvals for mixed use providing mainly residential floor space prior to removal of Part 3A from the EP & A Act for key development sites. The approvals were inconsistent with Metropolitan strategic plans for key development sites in Chatswood even though the plans were prepared by the NSW Government. The Ministerial approval of the Era development (7 Railway Street) that changed the use of zoned commercial core land to mixed use of mostly residential with an increase in FSR is an example. The major project application and approval came after it had been announced that Leighton Contracting was going to joint venture with Mirvac to build the new office building and be the primary tenant. Leighton Contracting has since secured a site in North Sydney and is currently constructing a new office building that means when completed the company will move from Chatswood to 177 Pacific Highway North Sydney.

The provision of high density housing in and around the centres of Willoughby and Chatswood CBD is occurring. The area is meeting the dwelling targets that have been required by metropolitan strategic planning without the need for further loss of commercial core land by residential encroachment.

Currently the financial return on development may favour residential but this does not mean that the future of Chatswood CBD and its economy and role as a strategic centre in the north of Sydney should be sacrificed for a short term gain.

Conclusion

The Planning Proposal 2015/1 for 815 Pacific Highway Chatswood to allow shop-top housing on the site and to change the development standards to increase the permissible height, FSR and size of shops is not supported for the following reasons in summary:

1. Excessive increase in height and floor space on an edge site in Chatswood CBD.
2. Shadowing impacts on the residential areas to the west and on the passive open space plaza areas within Chatswood CBD.
3. The application does not adequately demonstrate significant growth in business services and jobs.
4. The application does not adequately deal with the traffic impacts.

5. The application is not sufficiently consistent with *A Plan for Growing Sydney* and other strategic planning documents.
6. The application has not addressed the precedent of the proposal and its implications for the future of Chatswood as a compact and dynamic CBD.
7. The application has not adequately demonstrated any net community benefit for the proposal.

Nevertheless if Council is of a mind to support the Planning Proposal proceeding to the Gateway determination there are additional changes to WLEP 2012 that would be required to address subdivision restrictions for the commercial floor space and requirements for the affordable housing units. The consideration of a VPA would need to address the additional community infrastructure arising from the development and a contribution to the broader impacts of the precedent on the future development and built form of Chatswood CBD. The completion of various studies currently being undertaken and further traffic analysis is required before any negotiation over a VPA is appropriate.

Furthermore the only basis for the increased height and density that could possibly be given further consideration is if the subject site was consolidated with the adjacent site at 13-15 Help Street and that significant business and jobs growth is achieved before shop-top housing can be contemplated.

OFFICER'S RECOMMENDATION

That Council not support the Planning Proposal 2015/1 for 815 Pacific Highway Chatswood or recommend it proceed to a gateway determination.