

19/02/2024

The Regional Office Department of Planning and Environment 4 Parramatta Square, 12 Darcy Street Locked Bag 5022 Parramatta NSW 2124

ATTN: Christina Brooks

Dear Christina,

Re: Request for Rezoning Review - 38-42 Anderson Street, 3 Mcintosh Street and 2 Day Street, Chatswood

Mecone Group (Mecone) is pleased to submit the following request for a Rezoning Review of Planning Proposal Ref. PP-2022-4316 at 38-42 Anderson Street, 3 McIntosh Street and 2 Day Street, Chatswood (the site) on behalf of the proponent, 3 McIntosh Pty Ltd.

This letter should be read in connection with the following documents:

- Attachment 1: Planning Proposal lodgement files
- Attachment 2: Council Pre-DA advice 22 August 2018
- Attachment 3: Council email dated 28 July 2022
- Attachment 4: Council Pre-DA advice 28 August 20221
- Attachment 5: Attachment E of Comprehensive review of Willoughby Local Environmental Plan 2012 and review of WDCP
- Attachment 6: Correspondence
- Attachment 7: Council Resolution dated 30 November 2023
- Attachment 8: Statutory Declaration M. Holden (Netzplan) Record of events
- Attachment 9: Evidence of attempts to Acquire 38 Anderson Street



SUMMARY

The current Rezoning Review relates only to the applicable affordable housing rate – seeking to apply the Area 1 (4%) rate instead of the Area 2 (10%) rate.

The Planning Proposal was lodged in December 2022 and provides justification for proposed amendments to the Willoughby Local Environmental Plan 2012 (the **LEP**) with respect to the site. All documents lodged with the planning proposal – including supporting reports, mapping, and analysis are provided at **Attachment 1**. At the time of lodgement, the planning proposal applied to 40-42 Anderson Street, 3 McIntosh Street and 2 Day Street, Chatswood and sought the following amendments:

- Amend the Floor Space Ratio (FSR) Map to change the maximum permissible floor space ratio across the site from 0.9:1 to 6:1, with a minimum FSR of 1:1 dedicated to non-residential uses.
- Amend the Land Zoning Map to change the land use zoning across the site from R3 Medium Density Residential to B4 Mixed Use.
- Amend the Height of Buildings (HOB) Map to change the maximum building height from 12m to 90m.

Approximately 1 year after the planning proposal was lodged, Willoughby LEP amendment no.34 (**Amendment 34**) came into effect on 30 June 2023. Amendment 34 changed planning controls across Willoughby LGA - including at the subject site - as follows:

- Maximum FSR increased from 0.9:1 to 6:1, with a minimum of 17% non-residential GFA.
- Land use zoning changed from R3 Medium Density to MU1 Mixed Use (formerly B4 Mixed Use).
- Maximum Height Of Building (HOB) increased from 12m to 90m.
- Minimum affordable housing contribution increased from 0% to 10% (identified as Area 3 on the Affordable Housing Map).

Several changes to the site controls originally sought by PP-2022-4316 in regard to FSR, HOB, and land use zoning have now been gazetted by *Amendment 34*. As such, these changes are no longer sought, and do not form part of this rezoning review request. The only matter requested to be considered by this rezoning review is in regard to the Clause 6.8 affordable housing provision which changed from 0% to 10%.

Prior to *Amendment 34*, affordable housing contributions of 4% had applied to select sites identified as Area 3 on the Special Provisions Area Map. The subject site was not identified as being part of Area 3 and therefore had no affordable housing contributions requirement. *Amendment 34* gave effect to a new Affordable Housing Map, which superseded 'Area 3' and mapped the site as requiring 10% affordable housing contributions.

It is important to consider the site-specific circumstances of this project. Council clearly advised that any Planning Proposal for the site could only proceed following acquisition of 38 Anderson Street. In accordance with Council's advice, the proponent attempted to acquire 38 Anderson Street a number of times over a 7-year period. The negotiations and ultimate purchase were on the basis of Council's advice that a 4% affordable housing contribution was the appropriate outcome envisaged for the site. The lodgement of the Planning Proposal was therefore delayed to allow for consolidation – with contracts only being exchanged in September 2023. The Planning Proposal lodged on 22 December 2022 reflected Council's advice and proposed a 4% affordable housing component - provided in good faith, despite the fact this was not required at the time though LEP or DCP controls.



REQUEST FOR REZONING REVIEW

Several amendments which previously formed part of the Planning Proposal have now been gazetted by *Amendment 34* to Willoughby LEP. The subject of this rezoning review is therefore only modifications sought to the LEP Affordable Housing Map.

Prior to *Amendment 34* of the Willoughby LEP 2012, there was no LEP or DCP requirement for an affordable housing contribution at the site (see **Figure 1**). Despite this, Planning Proposal PP-2022-4316 indicated that a 4% affordable housing component would be provided in good faith. This 4% contribution was consistent with Council feedback and represented a more generous contribution than the requirements of Clause 6.8 of the LEP at the time the PP lodgement.

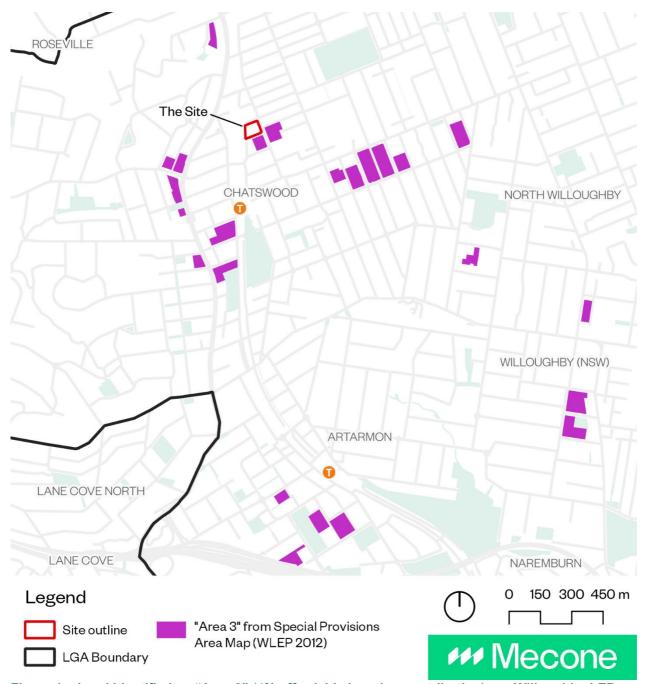


Figure 1 – Land identified as "Area 3" (4% affordable housing contribution) per Willoughby LEP Special Provisions Area Map, prior to Amendment 34 Source: Mecone mapping of Willoughby LEP





Figure 2 – Willoughby LEP Affordable Housing Map (in-force), site filled red. Source: NSW Planning Portal

Amendment 34 gazetted an Affordable Housing Map, which replaces the former 'Area 3' of the special provisions map in accordance with 6.8 of the LEP. The 2023 affordable housing map includes three areas with differing rates of affordable housing contribution:

- 4% (Area 1),
- 7% (Area 2), and
- 10% (Area 3).

The site is currently identified as Area 3 (see **Figure 1**), resulting in the affordable housing provision requirement under the LEP increasing from 0% to 10%.

STRATEGIC MERIT

The Planning Proposal is well aligned with State and Local strategic planning priorities.

- Greater Sydney Region Plan (GSC) The Planning Proposal will assist in delivering the vision of the 30-minute city through the provision of additional housing (including affordable housing) and employment opportunities close to Chatswood train station, and within 30 minutes of employment and other opportunities available within the Sydney CBD, Macquarie Park, North Sydney, St Leonards and Parramatta. The provision of 4% affordable housing will assist with objective 11 of the GSC by providing more diverse and affordable housing options.
- North District Plan (NDP) The Planning Proposal will deliver additional housing in close proximity
 to existing rail and metro connections, with ease of access to Chatswood and other nearby centres.
 The development has potential to deliver on sustainability actions and commercial space will assist
 with productivity actions. The provision of 4% affordable housing will contribute to meeting the NDP
 affordable rental housing targets.



- Willoughby Local Strategic Planning Statement (LSPS) The Planning Proposal aligns with several of the LSPS's priorities, including to increase housing diversity, increase supply of affordable housing, create a vibrant local centre which meet the everyday needs of the population. The proposal for 4% affordable housing aligns with key direction 2 (Increasing the supply of affordable housing) and the baseline target of 4% affordable housing. It would support the long-term vision for 7-10% affordable housing by 2036.
- Willoughby Local Housing Strategy 2036 (LHS)— The Planning Proposal is aligned with the vision of the Willoughby LHS. It meets the objective of 2.3 Housing for particular needs 4% affordable housing provision on the site will significantly contribute to Council's target of 70 affordable housing properties by 2026. Development on the site with 4% affordable housing is anticipated to provide approximately 20% of Council's affordable housing target (12 dwellings).

NOTE: Of the DA's currently being assessed by Council within the northern precinct of the Chatswood CBD strategy area, 20 affordable housing dwellings² are planned to be dedicated.

SITE SPECIFIC MERIT

The Planning Proposal has site specific merit, as it will:

- Deliver up to 26,677m² of gross floor area, contributing to a diverse housing supply in the Chatswood CBD in close proximity to the Chatswood transport interchange.
- Provide 4% affordable housing on the site equivalent to approximately 12 affordable housing dwellings (approximately 20% of Council's affordable housing target).
- Dedicate 17% of GFA to non-residential uses, providing employment and supporting Chatswood CBD's role as a major commercial and employment centre.
- Improve pedestrian connections, especially along the western laneway, providing an active streetscape and high amenity on all frontages.
- Be consistent with the CBD strategy rezoning. Looking at sites within north and south precincts, all
 of these sites have DA's or were exempt from the 10% affordable housing contribution. The subject
 site is anomalous with a 10% contribution applied. The only reason for the anomalous affordable
 housing mapping appears to be that the lodgement of the Planning Proposal was delayed however
 this was only due to acquisition of 38 Anderson Street in accordance with Council advice. See
 Figure 3, and further discussion below.

PLANNING HISTORY

The proponent has been working on developing the site in close consultation with Council since 2018. On Council's advice, the proponent pursued the acquisition of 38 Anderson Street over a 7-year period, as of the 1st September 2023, contracts have been exchanged – noting that settlement is not scheduled until 3rd March 2025.

Owing to the time and expense of acquisition of 38 Anderson Street in accordance with Council's advice, the Planning Proposal simply seeks to maintain the affordable housing contribution rate that was proposed at the time of lodgement (being 4%), which is reflective of advice provided to the proponent by Council officers at a pre-planning proposal lodgement meetings and preliminary planning meetings on 22 August 2018, 20 July 2022 and 28 September 2022 (Attachments 2-4).

² Based on the following approximate dedications: 58 Anderson Street – 2 dwellings, 54 Anderson Street – 3 dwellings, 44 Anderson Street – 8 dwellings, 3-5 Help Street – 7 dwellings.



At the time of these pre-DA discussions, Willoughby's *Draft affordable housing Strategy 2020-2026 (2020)* set out that Affordable Housing requirements were due to increase from 4% to 7% by 2023, and then from 7% to 10% by 2026 (elsewhere 2036). At no point did the strategy anticipate that any site in Willoughby would be subject to a 10% increase in affordable housing contributions.

In seeking a 4% Affordable Housing Contribution, the Planning Proposal also seeks consistency with Council's decision to allow 15 other CBD sites to maintain 4% affordable housing contributions. These sites are mapped below at **Figure 3**. **Figure 3** shows that the subject site is the only site in the north precinct of the CBD that could reasonably be redeveloped without significant constraints, and which has been subject to a 10% affordable housing contribution. All other sites in the north precinct of the CBD are either in use as educational/school facilities, constrained by sun access planes, or have recently been redeveloped for residential towers.



Figure 3 – Willoughby LEP Affordable Housing Map (in-force), site filled red. Source: NSW Planning Portal

Attachment 5 provides the list of Planning Proposals considered as part of the *Comprehensive review of Willoughby Local Environmental Plan 2012 and review of WDCP*. The sites which maintained a 4% contribution are listed at **Attachment 5**.

A full timeline of events is provided at **Table 1** below.



Table 1 - Timeline of Events

Date	Event	
May 2017	First Sales Advice for 38 Anderson Street	
	The initial agreement for acquisition of 38 Anderson Street falls through (Attachment 8A)	
August 2018	Pre-planning proposal lodgement meeting with council	
	Council advise 4% affordable housing is to be provided (Attachment 2).	
April 2020	2 nd Offer to 38 Anderson Street	
	Negotiations unsuccessful, no agreement reached. (Attachment 8B)	
May 2021	3 rd Offer to 38 Anderson Street	
	Sales advice issued, negotiations unsuccessful, no agreement reached. (Attachment 8C & 8D)	
June 2021	Ongoing Negotiations with 38 Anderson Street	
	(Attachment 8E)	
March to	Council exhibits draft Chatswood LEP and DCP	
June 2022	Council's Draft documents discuss the intention to change the Affordable Housing policy requirement from 4% to 10%. Council does not specifically notify the proponent that this will be applied to their already consolidated sites for which planning work and acquisition negotiations had already commenced.	
July 2022	Second Planning Meeting With Council	
	Attempts to consolidate 38 Anderson Street into the site had been unsuccessful.	
	The proponent sought confirmation from Council on the following matters:	
	That the Planning Proposal would progress in parallel with Council's LEP review	
	 That proposed changes to controls could be supported. 	
	 That the proponent's PP would take precedent should Council's LEP progress on a faster timeline 	
	Council advises that "the proposal complies with all controls of the Chatswood CBD Strategy". No formal minutes were issued, however a follow-up email was received (Attachment 3).	
September 2022	On 22 nd September, advice from agents stated that 38 Anderson Street could not be acquired (Attachment 8F)	
	Pre-Planning Proposal Meeting With Council (3 rd Meeting)	
	The proponent was still negotiating consolidation of the site to include 38 Anderson Street.	
	The proponent sought confirmation from Council on the following matters:	
	That the Planning Proposal would progress in parallel with Council's LEP review	
	That proposed changes to controls could be supported	
	That the proponent's PP would take precedent should Council's LEP progress on a faster timeline	



That 4% affordable housing would be applicable in conjunction with a VPA.

October 2022

Council issue pre-DA advice from September 2022 meeting (**Attachment 4**). In regard to affordable housing, the following clarifications were made:

- A minimum of **4% affordable housing** should be provided throughout the development (rather than together) in accordance with Council's existing LEP and DCP requirements.
- Council requires commitment to CBD Strategy Key Element 14 at Planning Proposal stage – with this affordable housing being within the residential floor space proposed.
- Any additional affordable housing contribution is encouraged as part of an offer to enter a Planning Agreement.

Note – at the time the above advice was issued, the site was <u>not</u> subject to any affordable housing provision under the LEP or DCP (see **Figure 1**)

November 2022

Council Establish Cut-off Date

Council establish a position that any Planning Proposal lodged after 7th June 2022 (the end of the exhibition of the Comprehensive LEP amendments) would not be supported with an affordable housing component of less than 10% (**Attachment 6**). Importantly, this was not widely published and the proponent was not notified by Council of the decision.

December 2022

Planning Proposal Submitted Through Planning Portal

On 22nd December 2022, the Planning Proposal was submitted through Planning Portal (ref. PP2022-4316).

March 2023

Letter from Council

Council issue a letter informing the proponent that the Planning Proposal should be amended (or otherwise withdrawn) to indicate an affordable housing component of 10%, rather than the 4% proposed.

The letter states that in November 2023 Council established a position that Planning Proposals lodged after 7 June 2022 (the comprehensive LEP exhibition) would not be supported. This contradicts pre-DA advice received from Council in October 2022 – which formed the basis for the Planning Proposal being lodged. Council advises the proponent to withdraw their Planning Proposal. (Attachment 6A).

June 2023

38 Anderson Street Put On-Market For EOI

The proponent bid through 2 rounds, and 38 Anderson Street was taken off-market with no sale. (Attachments 8G – 8I)

August 2023

Ongoing Negotiations to Acquire 38 Anderson Street

Contract for sales terms are negotiated throughout August, and an exchange made on 1st September (**Attachment 8J**)

November 2023

Council Resolution on Planning Proposal

Council writes to the proponent on 30 November 2023, advising of the resolution not to forward the Planning Proposal to the Department of Planning and Environment for a Gateway Determination under Section 3.34 of the Environmental Planning and Assessment Act 1979. The following reasons are provided:

- a) Is inconsistent with Willoughby Local Environmental Plan 2012 as it does not meet the 10% affordable housing provision requirements of the plan.
- (b) Is inconsistent with the strategic objectives of the Greater Sydney Region Plan and the



- North District Plan and the relevant directions of Willoughby Council's Local Strategic Planning Statement, which encourages the provision of affordable housing.
- (c) Is inconsistent with the Chatswood CBD Planning and Urban Design Strategy 2036, as expressed in Willoughby Local Environmental Plan 2012 and Willoughby Development Control Plan, by seeking the maximum floor space and height and at the same time a reduced affordable housing rate of 4%.
- (d) Does not provide updated supporting documentation satisfactorily addressing Willoughby Local Environmental Plan 2012 (Amendment 34) and Willoughby Development Control Plan (as updated).

Refer to Attachment 7.

December 2023	Rezoning Review Initiated
	Proponent requests a rezoning review on 01/12/2023.

The NSW Local Environmental Plan Making Guidelines (the Guidelines) dated August 2023 allow the proponent to request an independent planning panel evaluate and recommend to the Minister for Planning and Homes whether the Planning Proposal should proceed to Gateway determination if Council has notified the proponent that it does not support the planning proposal request.

Council confirmed on 30th November 2023 that it does not support the planning proposal (see **Attachment 7**). Accordingly, a proponent initiated rezoning review was initiated on 01/12/2023, within the required 42-day period.

The Rezoning Review is submitted to the DPHI for consideration and referral to the Sydney North Planning Panel (SNPP) on the above basis and meets the criteria for acceptance, as shown below at **Table 2**.

Table 2 - Compliance with Rezoning Review Requirements

Rezoning review request requirement	Response
A copy of the proponent's latest version of the planning proposal, including all supporting material and information that was submitted to council	Refer to Attachment 1 .
All correspondence that the proponent has received from the council in relation to the planning proposal request, including (if relevant) any copies of the council's written advice to the proponent and/or the Council resolution not proceed with the proposal	A copy of all 3 correspondence the proponent has received in relation to the Planning Proposal and any written advice is provided at Attachments 2-4 .
All correspondence and written advice from other public authorities and government agencies, if available	N/a.
The proponent's written justification of the strategic and site-specific merit to confirm why a review is warranted	A Planning Proposal Report, that outlines the strategic and site-specific merit is provided in Attachment 1 . This is supported by this Rezoning Review Report.
Disclosure of reportable political donations under section 10.4 of the EP&A Act, if relevant	A political donations disclosure statement has been completed as part of the Planning Proposal lodgement.
The rezoning review fee to the Department	To be provided upon receipt by the Department.



RESPONSE TO COUNCIL RESOLUTION

The letter dated November 30, 2023, advising that Council not forward the Planning Proposal to DPE seeking a Gateway Determination cites four reasons for this decision. These are directly addressed below:

1. The planning proposal is "inconsistent with Willoughby Local Environmental Plan 2012 as it does not meet the 10% affordable housing provision requirements of the plan".

Proponent's response:

- The Planning Proposal seeks 4% affordable housing contributions on the site. This exceeds the Willoughby LEP affordable housing provision as in force at the time the Planning Proposal was lodged – noting that 0% affordable housing was required in December 2022.
- Council feedback from the September 2022 pre-planning proposal lodgement meeting, stated that a "minimum of 4% affordable housing should be provided throughout the development" whilst no affordable housing contributions applied at the time, the proponent opted to pursue this in good faith. This advice is consistent with the approach taken for all other sites located in the northern CBD precinct which were similarly subject to Planning Proposals. It also informed the acquisition negotiations for 38 Anderson Street which the proponent has sought to consolidate into the site for 7 years.
- Council gazetted an affordable housing rate of 4% for 15 CBD sites subject to planning proposals at a similar time. Given that the proposal at 38-42 Anderson Street was similarly progressed, and had been in discussion with Council since 2018 a consistent approach is to apply a 4% affordable housing contribution as sought by this Planning Proposal.
- 2. The planning proposal is "inconsistent with the strategic objectives of the Greater Sydney Region Plan and the North District Plan and the relevant directions of Willoughby Council's Local Strategic Planning Statement, which encourages the provision of affordable housing".

Proponent's response:

- The proposal is consistent with the objectives of the Greater Sydney Region Plan *Objective 11: Housing is more diverse and affordable*. This proposal provides 4% affordable housing and is consistent with objective 11, which affirms the importance of providing affordable housing. The Greater Sydney Region Plan does not mandate a minimum affordable housing target, though does state that Affordable Rental Housing Targets within the range of 5–10% of new residential floor space are generally viable, subject to testing.
- The proposal is consistent with the objectives of the North District Plan Planning Priority N5: Providing housing supply, choice and affordability, with access to jobs, services and public transport. This proposal provides for 4% affordable housing contributions and is consistent with planning priority N5, which affirms the importance of providing affordable housing in the right locations, particularly near existing centres, infrastructure and public transport. The North District Plan does not mandate a minimum affordable housing target, but states that Affordable Rental Housing Targets generally in the range of 5–10% of new residential floor space are appropriate subject to viability.
- Proposal is consistent with the relevant directions of the LSPS, including Actions 2.2-2.7 within Priority 2: Increase the supply of affordable housing, as affordable housing is proposed on the site. Action 2.1 aims to increase the proportion of total floor space to be delivered as affordable housing in new developments from 4% to 7% by 2021. However, it is important to consider:
 - a) Consultation with Council on the Planning Proposal was initiated in August 2018, two years before the publication of the Willoughby LSPS.



- b) Delays to the lodgement of the Planning Proposal arose from the proponent seeking to consolidate 38 Anderson Street into the site over a period of 7 years the acquisition of 38 Anderson Street was only pursued in accordance with Council advice.
- c) Council feedback from the 2022 pre-planning proposal lodgement meeting states that a "minimum of 4% affordable housing should be provided throughout the development". The LSPS requirement was not raised by council officers during any stage of the planning proposal discussions prior to lodgement in December 2022.
- 3. The planning proposal is "inconsistent with the Chatswood CBD Planning and Urban Design Strategy 2036, as expressed in Willoughby Local Environmental Plan 2012 and Willoughby Development Control Plan, by seeking the maximum floor space and height and at the same time a reduced affordable housing rate of 4%"

Proponent's response:

- The Chatswood CBD Planning and Urban Design Strategy 2036 states that "affordable housing is to be provided within the maximum floor space ratio, and throughout a development rather than in a cluster". The planning proposal seeks a 4% affordable housing contribution which is consistent with this provision and would not preclude this as part of a future development application.
- The proposed rate of 4% affordable housing contributions exceeds the LEP controls in effect for the site at the time the planning proposal was lodged. It is consistent with advice given by council officers on numerous occasions throughout 2022.
- A rate of 4% has been mapped for 15 other CBD sites subject to Planning Proposals within the Chatswood CBD. Inconsistency with the Chatswood CBD Planning and Urban Design Strategy 2036 was not raised as a concern for any of these sites- several of which are adjacent to the subject site.
- 4. The planning proposal "does not provide updated supporting documentation satisfactorily addressing Willoughby Local Environmental Plan 2012 (Amendment 34) and Willoughby Development Control Plan (as updated)"

Proponent's response:

- The planning proposal was lodged before the Willoughby Local Environmental Plan 2012 (Amendment 34) and Willoughby Development Control Plan 2023 were published. The proposal provides satisfactorily addresses the LEP and DCP in force at the time of lodgement.
- Council stated during pre-lodgement correspondence that it "cannot guarantee that the controls exhibited in the draft LEP will be adopted". Given the level of uncertainty surrounding the exhibited controls, the proponent could not reasonably have incorporated these into any planning proposal documentation (see response 1 above for more detail).
- Since LEP amendment no. 34 is now in effect this Planning Proposal only seeks an amendment to the Affordable Housing Map and seeks to apply an Area 1 (4% contribution) control to the site.



CONCLUSION

The planning proposal provides justification for the proposed amendments to the LEP with respect to the site at 38-42 Anderson Street, 3 McIntosh Street and 2 Day Street, Chatswood. The proposal seeks to amend the Affordable Housing Map within the Willoughby LEP to include the site within the Area 1 boundary, resulting in an applicable affordable housing requirement of 4%.

The Rezoning Review and all associated documentation reaffirms the proposals consistency with State and Local strategic planning framework and demonstrates it meets the relevant statutory and non-statutory requirements to proceed to Gateway. Specifically, the proposal:

- o Clearly demonstrates site and strategic merit,
- o Is consistent with State, Regional and District Plans,
- o Is consistent with Council's Local Strategic Planning Statement,
- o Is a significant urban renewal opportunity in Chatswood and upholds high strategic value, and
- Is supported by technical analysis that addresses site-specific issues that can be addressed through the Gateway process and as part of a subsequent concept plan, including a framework for a sitespecific Development Control Plan (DCP).

The subject site is the only undeveloped site in the northern precinct of the CBD extension which has been made subject to a 10% affordable housing contribution. All other such sites are subject to a 4% control which we seek to be consistent with. We respectfully request that the Planning Proposal be forwarded to the Sydney North Planning Panel to consider the merits of the Planning Proposal for Gateway determination.

Please contact me on 02 8667 8668 or via email at icady@mecone.com.au if you have any questions or wish to discuss this fee proposal in more detail.

We look forward to the opportunity of working with you further on this project. Yours sincerely,

Ian Cady

Director - Sydney Statutory Team