



PLANNING AND INFRASTRUCTURE
Planning Unit

26 February 2024

Director, State Significant Acceleration
NSW Planning
Department of Planning, Housing and Infrastructure
Locked Bag 5022,
Parramatta NSW 2124
Att: [REDACTED]

Dear Mr [REDACTED]

**RE: State Significant Development 35631707
State-Led Rezoning
Telstra Exchange Site
524 - 542 Pacific Highway, St Leonards**

I am writing to you regarding State Significant Development (SSD) 35631707 and the State-Led Rezoning, involving the Telstra Exchange Site at 524 - 542 Pacific Highway, St Leonards. Council appreciates the opportunity to provide comments.

The SSD Application proposes:

- Construction of a mixed-use build-to-rent development, comprising 282 dwellings (including 10 key worker housing units), 84 rooms for serviced apartment accommodation and ground level retail.

The concurrent State-Led Rezoning for this site seeks to:

- Rezone the subject site from Zone E2 Commercial Centre to Zone MU1 Mixed Use,
- Increase maximum height of building from 72m to 148m
- Include a local provision to permit exceedance of the maximum height of building of 148m by no more than 7m, if that part of the building comprises of rooftop plant equipment, lift overruns and associated structures; and
- Include a local provision requiring a minimum non-residential floor space ratio of 2.3:1.

It is understood these matters have been submitted to the Department of Planning, Housing and Industry (DPHI) under Method 3 of the Priority Assessment Program (PAP).

In summary, Willoughby Council is concerned with the proposal for the following reasons:

- Inconsistency with the St Leonards and Crows Nest 2036 Plan.
- Insufficient justification of variations from the St Leonards and Crows Nest 2036 Plan (2036 Plan).
- Increased demand on infrastructure not adequately addressed.

It is considered that the SSD development should be in accordance with the planning parameters established under the St Leonards and Crows Nest 2036 Plan (2036 Plan). More detailed comments are provided in Attachment 1.

Should you have any question in regards this letter and the attached, please contact Craig O'Brien on (02) 9777 7647.

Yours sincerely,




Strategic Planning Team Leader

cc-
Director, North District,
Planning Land Use Strategy and Housing,
NSW Planning,
Department of Planning and Environment,
Locked Bag 5022,
Parramatta NSW 2124.

Attachment 1

Issues

Inconsistency with the St Leonards and Crows Nest 2036 Plan

On 29 August 2020, the Department of Planning and Environment (DPE), now Department of Planning Housing and Industry (DPHI) finalised the *St Leonards and Crows Nest 2036 Plan* (2036 Plan).

The Department currently addresses this 2036 Plan on its web page here:

<https://www.planning.nsw.gov.au/plans-for-your-area/priority-growth-areas-and-precincts/st-leonards-and-crows-nest/the-2036-plan>

The web page states:

We have prepared a comprehensive land use and infrastructure package for St Leonards and Crows Nest to guide future development and infrastructure decisions in the area to 2036...

The 2036 Plan leverages the existing public transport infrastructure and the future Crows Nest Metro Station to support the growing St Leonards and Crows Nest community with the provision of new infrastructure, open spaces, upgraded cycle lanes and planning for health and education.

The plan will deliver 6,680 new homes, planning capacity for an extra 119,979 sqm employment floor space and 16,500 new jobs in health, education, professional services and the knowledge sector ...

We worked closely with the community and key stakeholders to ensure their feedback was reflected in the final plan. You can find out what changes were made on the St Leonards & Crows Nest Planning Package.

The issues raised and addressed by the Department in the *St Leonards and Crows Nest Planning Package* included:

Height Limits

What we heard: The ... community was concerned about uncertain future building heights.

Jobs

What we heard: The community wanted more employment floorspace to support up to 16,500 new jobs by 2036.

Significant Sites

What we heard: The community said they were worried about uncertain development outcomes on these sites – with concerns about building heights, density and overshadowing.

Road Upgrades

What we heard: The community told us they were concerned the local road network wouldn't cope with the additional pressure of new development

The expectation from key stakeholders following this significant strategic planning work, which includes Willoughby Council, is that new applications, including state significant applications, would be consistent with a 2036 Plan, which is less than four years old.

The 2036 Plan allows for specific sites to accommodate additional density and height where the public benefits proposed to be delivered as part of a development proposal are of exceptional value. In response the SSD application and state-led rezoning seeks to vary the principle planning controls of zoning (from E2 Commercial Core to MU1 Mixed Use), height (from 72m to 155m), floor space ratio (from 14:1 to 17.1:1), non-residential component (from 4:1 to 2.3:1) and street wall height (from 6 storeys to 8 storeys). However, the documents provided do not demonstrate how or why the additional height, floor space ratio, non-residential component and street wall height will improve the outcomes for the precinct.

Significant work was undertaken in the preparation of the 2036 Plan, including participation of community and stakeholders. The 2036 Plan established a vision for St Leonards and Crows Nest, through various planning controls, and it should not be readily varied to suit the interests of individual development sites. Any revision of the controls envisioned by the 2036 Plan must be undertaken with a precinct-wide view. The requested variations are discussed further in Point 2 and 3 below. The impact on infrastructure and the public benefit is discussed in Point 4 below.

The combination of the SSD application and state-led rezoning is also concerning in these circumstances as it appears that individual site outcomes sought by a development application are seeking to over-ride precinct outcomes. Council and the community engaged extensively in the previous master planning process on the understanding that the planning controls would be implemented in a manner consistent with the master plan, and then development applications would be assessed against those controls.

Lack of justification of variations from the St Leonards and Crows Nest 2036 Plan (2036 Plan)

The proponent has argued that the *“unique nature of the site presents considerable physical and technical constraints to its development in accordance with the site’s current LEP controls, which allow only for commercial land uses.”*

With regard to the Telstra Exchange section of the site, the proponent refers to site specific constraints as follows:

1. *Provision of an alternate above ground car parking solution, as basement car parking cannot be accommodated.*
2. *Consideration of the level of complexity and increased cost associated with the structural requirements necessary to facilitate a commercially viable development.*
3. *The incorporation of the Exchange structure and operations into the design of the building façade, to achieve a high-quality architectural outcome.*

With regard to the retail tenancies section of the site, the proponent refers to:

The redevelopment of the retail tenancies, with a total combined site area of only 663m², for commercial uses is not commercially viable as a stand-alone proposition. A site of this size is simply too small to be feasible for construction of a commercial office building. The logistics of construction and the commerciality of narrow 400m² floorplates and therefore, overall viability of the project, all dictate that such a building is unlikely to ever be built. Therefore, the ‘loss of employment generating land’ argument does not apply to this site as its maximum employment potential is unlikely to ever be achieved under the existing B3 Commercial Core zone controls.

The proponent concludes:

The proposed amalgamation of the retail tenancies and the Telstra Exchange (to form the subject site), creates an opportunity for an economically viable redevelopment, through more efficient floorplates and site configuration, representing the optimal development potential for the individual parcels. It is the only way to provide any opportunity to renew this prominent location in the heart of St Leonards.

Despite these general statements, no evidence is provided to demonstrate a commercial or non-residential development is not possible over an amalgamated site (being the subject site), at the controls established under the 2036 Plan. While a slender form will undoubtedly deliver less yield than a larger, bulkier building, it does not follow that it is a necessary, preferred or acceptable outcome.

It is unclear how the proposed changes will result in an improved outcome for the precinct. It is unclear why an 8m street wall is considered an improved outcome when the expectation is that the surrounding redevelopment will comply with the 6m control, which was established as appropriate through the masterplan (2036 Plan) process. The height and FSR increases are also considered excessive and it is unclear how they will result in an improved outcome for the precinct. The proposed reduction in the non-commercial floor-space required is also not consistent with the precinct plan's careful balance of residential and non-residential uses.

There is a concern that the state-led rezoning process and accompanying State Significant Development process will set precedents that will undermine local and state strategic planning. Endorsed recent strategic planning should be recognised and allowed to be realised rather than becoming the basis for site specific proposals that further increase the recently established controls.

Proposed MU1 zoning not supported

The proposed change from E2 Commercial Centre to MU1 Mixed Use is not supported. Build to Rent is permitted in the E2 Commercial Centre zone under the State Environmental Planning Policy (Housing) 2021. However, notwithstanding this, the objectives for the land are consistent with those of the E2 Commercial Centre zone and this remains the appropriate zone for the land in the context of its role as part of the wider master planned precinct.

For the purposes of facilitating a Build to Rent development, rezoning is not required. If other Lane Cove Local Environmental Plan planning controls are sought to be varied, then amendments should be limited to those controls.

The 2036 Plan identified this site as an E2 Commercial Centre zone and it considered important, and of value, to retain employment or non-residential based zones as much as possible. In the current planning environment, there is a pressure on the retention of the E2 Commercial Centre and this will only be increased in St Leonards and Crows Nest, as well as elsewhere, by the proposed rezoning.

Increased demand on infrastructure and public benefit

The 2036 Plan anticipates redevelopment throughout St Leonards and Crows Nest based on the land use and density as outlined in the 2036 Plan.

The development will generate infrastructure demands beyond Lane Cove Council, it will also impact Willoughby City Council and North Sydney Council, who manage key elements of the supporting infrastructure supporting the site. For example, Traffic impacts for this SSD development will extend north along Christie Street in Willoughby and North Sydney Local Government Areas. Open Space and Community Service demands will also be met across all three Council areas. However it appears only Lane Cove's infrastructure funding needs have been

considered with respect to the proposed amendments and the additional demand generated.

Unlike the Special Infrastructure Contribution (SIC) that was envisioned with the 2036 Plan, funds from the Housing Productivity Contribution (HPC) can be directed towards infrastructure that is not required in a direct response to the demands of a particular redevelopment. In this instance, the HPC should outline how funding is dispersed to Lane Cove, Willoughby and North Sydney to address priority infrastructure needs.

The Affordable Housing proposed is limited to temporary housing that can revert back to market housing after 15 years. This short term approach to affordable housing is not supported. For affordable housing to be of meaningful public benefit it should be dedicated to Lane Cove Council so that it can be managed in accordance with the ongoing need for affordable housing beyond just 15 years.
