



INNER WEST COUNCIL

PLANNING PROPOSAL REPORT From Strategic Planning and Policy team

Planning Proposal No.	IWC_PP_2018_02-1-5 Chester Street, Annandale
Address	1 - 5 Chester Street, Annandale
Proposal	Revised planning proposal to amend the Leichhardt Local Environmental Plan 2013 to allow boarding house as an additional permitted use, amend the floor space ratio and introduce a maximum building height control.
Main issues	Inconsistent with Parramatta Road Corridor Urban Transformation Strategy Out of Sequence Checklist. Excessive FSR - bulk and scale.
Recommendation	The Panel provide advice to Council on the merits of the Planning Proposal including endorsement of the principles set out in this report as a basis for revising the Proposal.

SUMMARY

On 3 May 2019, Council received an amended Planning Proposal (the proposal) for 1 – 5 Chester Street, Annandale which seeks to amend the Leichhardt Local Environmental Plan (LLEP) 2013 by:

- o allowing 'boarding house' as an additional permitted use on the IN2 Light industrial zoned site;
- o increasing the overall FSR of the site to 2.75:1 with a minimum of 0.75:1 for non-residential (creative employment) uses on the ground and first floors; and
- o introducing a maximum height control of 17m to facilitate a six-storey mixed-use development.

The proposal was accompanied by a letter of offer to negotiate a Voluntary Planning Agreement (VPA) with Council. This proposal responded to the concerns raised in the 11 September 2018 report to the Inner West Local Planning Panel (IWLPP) and the 30 October 2018 Council report which did not support the original 2018 planning proposal.

The proposal continues to present significant issues and should not be supported in its current form. It does, however, present an opportunity for revisions to make the planning elements supportable subject to consideration of issues raised in this report. Consequently, this report presents an outline of what an alternative proposal should incorporate. This would include the same mix of land uses and a lower FSR. If the proposal is further revised as per the recommendations of this report, the revisions are likely to have strategic merit.

RECOMMENDATION:

That the Inner West Planning Panel advise Council:

- 1. THAT it does not support the Planning Proposal for 1-5 Chester Street Annandale as:**

- **It fails the strategic and the Parramatta Road Corridor Urban Transformation Strategy (PRCUTS) Out of Sequence Checklist tests;**
 - **It is inconsistent with the ministerial direction issued under Section 9.1 of the Environmental Planning and Assessment Act 1979 Direction 7.3 - Parramatta Road Corridor Urban Transformation Strategy; and**
 - **It is premature in the light of the prospective outcomes of current State and local government strategic planning studies and projects including the Inner West Local Strategic Planning Statement/Local Environmental Plan/Development Control Plan/Contributions Plan and PRCUTS precinct-wide traffic study.**
- 2. THAT it supports the principles for revising the planning proposal set out in Section 7 of this report;**
 - 3. THAT a decision on whether a revised proposal should proceed to the Gateway Stage be deferred until the precinct traffic study has been completed and the revised proposal can be shown to be consistent with the outcomes of the traffic study; and**
 - 4. THAT Council work with the proponent to revise the proposal in accordance with the principles outlined in Section 7 of this report.**

1.0 BACKGROUND

On 30 October 2018, Council resolved not to support the original Planning Proposal for 1-5 Chester Street, Annandale which sought to rezone the site from Light Industrial (IN2) to Medium Density Residential (R3), increase the FSR from 1:1 to 2.6:1 and introduce a new height building height control of 17m to facilitate a part 5 storey and part 6 storey residential development as:

- a) *'It fails the Strategic Merit Test of "A guide to preparing planning proposals" as it is inconsistent with key objectives and priorities of the Greater Sydney Region Plan 2018; Eastern City District Plan 2018; and Parramatta Road Corridor Urban Transformation Strategy (PRCUTS) 2016. Specifically, the Planning Proposal is inconsistent with the following elements of PRCUTS:*
- i. Policy context and the Strategy's vision for the Corridor and especially for the Camperdown precinct which is for residential development including affordable, student and key workers accommodation to support biotechnology and employment uses;*
 - ii. Implementation Tool Kit including the Implementation Plan 2016-2023, Planning and Design Guidelines, Infrastructure Schedule and Urban Amenity Improvement Plan;*
 - iii. Reference Reports including the Precinct Transport Report, Fine Grain Study and Sustainability Implementation Plan;*
 - iv. Exceeds the Planning and Design Guidelines recommended density by 73.3% without satisfactorily demonstrating that the proposal would achieve better built form outcomes or design excellence; and*
 - v. Does not meet the requirements of the Parramatta Road Implementation Plan 2016 - 2023 'Out of Sequence Checklist' criteria.*
- b) *It is inconsistent with the Ministerial Directions issued under Section 9.1 of the Environmental Planning and Assessment Act 1979 including Directions No. 1.1 - Business and Industrial Zones, 7.1 - Implementation of A Plan for Growing Sydney and 7.3 - Parramatta Road Corridor Urban Transformation Strategy;*
- c) *It is inconsistent with the Inner West Council Community Strategic Plan 2018;*
- d) *It is inconsistent with Leichhardt Employment and Economic Development Plan 2013 - 2023, Leichhardt Employment Lands Study 2014 and Leichhardt Industrial Precinct Planning Report 2016 and would result in loss of employment and urban services land;*
- e) *It is premature in the light of the prospective outcomes of strategic planning studies and projects underway at State and Local Government levels;*
- f) *It does not demonstrate that it will make an adequate contribution towards the provision of affordable housing which is inconsistent with the objectives of the Greater Sydney Region Plan 2018, Eastern City District Plan 2018 and Council's Affordable Housing Policy; and*
- g) *Support of this Planning Proposal would result in a premature and adverse development precedent in the Camperdown Precinct and for other sites in the Parramatta Road Corridor Strategy area.'*

On 3 May 2019, the proponent submitted an amended Planning Proposal (Attachment 2) that responded to the above issues. This proposal would retain the IN2 Light Industrial Zoning on the site and introduce boarding house uses as a permissible use, increase the overall FSR to 2.75:1

with a minimum of 0.75:1 for non-residential uses and introduce a maximum height control of 17m for a six-storey mixed use development.

The site is in the Camperdown precinct of PRCUTS, which recommends rezoning to R3 Medium Density Residential, an FSR of 1.5:1 and a building height of 17m. The site is outside the PRCUTS '2016 - 2023 Release Area' and has to be assessed against PRCUTS 'Out of Sequence Checklist' criteria to ensure that changes to the land use zones and development controls are timely and can be justified against the Principles and Actions of the Strategy.

Please refer to the Council report from 30 October 2018 (Attachment 7) for a detailed explanation of this background.

2.0 SITE AND SURROUNDING CONTEXT

The triangular 1,307 sqm site is zoned IN2 Light Industrial in LLEP 2013 and has a maximum permissible FSR of 1:1 with no height control. The site is used by a car repair business in a partly one, partly two storey industrial building to the east of the Johnstons Creek canal. The rest of the precinct to the south, east and north east is made up of light industrial buildings, including strata industrial units directly to the south and a storage facility on the opposite side of Chester Street. The site is flood affected. Refer to Attachment - 7 for more details.

3.0 KEY FEATURES OF THE PROPOSAL

The amended Planning Proposal provides two options for Council's consideration. Option 1 is a mixed use development with employment space and student housing. Option 2 is an employment space/ residential apartment development with 5% affordable housing.

Although Option 2 is technically aligned with the PRCUTS recommended R3 Medium Density Residential zone, it does not fit with the key worker, student and affordable housing objectives for the Camperdown precinct. Option 1 is a better fit with the Greater Sydney Commission District Plan and Government endorsed strategic objectives for the Camperdown-Ultimo Collaboration Area. This report, therefore, only considers Option 1 in detail.

The key features of Option 1 are:

- Retain the IN2 Industrial Zoning and allow boarding houses as a permitted use;
- Amend Floor Space Ratio map (FSR) for the site from 1:1 to 0.75:1;
- Establish a maximum height control of 17m; and
- Include an additional local provision for:
 - Student housing (boarding house) as a permitted use;
 - a maximum additional FSR of 2:1 for a boarding house development;
 - a minimum of 980 sqm (FSR 0.75:1) for non-residential (employment) uses.

The following table provides a comparative analysis of the site's current controls, PRCUTS recommended controls and the proponent's original and amended proposal:

Criteria	Current LLEP controls	PRCUTS recommendations	Original Planning Proposal	Amended Planning Proposal
Zoning	IN2 Light Industrial	R3 Medium Density Residential with a focus on affordable/key workers/ student housing.	R3 Medium Density Residential	IN2 Light Industrial
Existing/ Proposed Use	Light industry, currently motor vehicle repairs	Residential flat building	Residential flat building	Employment uses (creative suites) on the ground and first floor + 83 Boarding house rooms for student accommodation above.
FSR	1:1	1.5:1	2.6:1	2.75:1 (total residential + non-residential uses)
Height	No height controls (LDCP 2013 Clause C4.2 C1. Building height is compatible with the surrounding prevailing street wall height and does not overbear the public domain)	17m or 4 storeys	17m (Part 5 part 6 storey)	17m (6 storeys)
Setbacks	0m from Chester Street and Johnstons Creek		0m from Chester Street and 3m from Johnstons Creek, 0m at lower ground basement	1m Chester Street and 6m from Johnstons Creek, 3.2m at lower ground basement
Through site links	None	Prioritised north south walking link through site and proposed cycle link along Johnstons Creek	None	None
Open space and deep soil			Rooftop communal open space on Level 6	No communal open space and 14% deep soil

Parking	Approx. 9 - 12 spaces depending on the type of employment uses; Nil for boarding house	7 spaces for employment uses; nil for boarding house	26 car spaces	18 car spaces
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Table 1 - Comparison of the site's existing, PRCUTS recommended and proposed controls in the original and amended proposal.

4.0 STRATEGIC MERIT OF THE PROPOSAL

The proposal including the supporting documentation has been assessed against current planning strategies and controls at State and local level, strategic planning projects currently underway and the Department of Planning Industry and Environment's (DPIE's) 'A Guide to Preparing Planning Proposals'.

The proposal is an improvement on the original 2018 version in terms of proposed land uses. The proposal is broadly consistent with the objectives of Greater Sydney Region Plan 2018, Eastern City District Plan 2018 and Camperdown-Ultimo Collaboration Area Place Strategy.

It still presents significant issues when assessed against the Ministerial Direction 7.3 Parramatta Road Corridor Urban Transformation Strategy (PRCUTS) and Question 8 of DPIE's Strategic Merit Test relating to potential environmental impacts as follows:

- Inconsistent with PRCUTS Implementation Plan (also considered in detail in Attachment 1):
 - Out of Sequence Checklist:
 - Criteria 1 - Strategic Objectives, land use and development - The proposal does not put forward an appropriate design scheme and fails the **'net economic, community and environmental benefit'** test. It is inconsistent with the recommended FSR, built form plans and desired future character and does not demonstrate that design excellence.
 - Criteria 2 - Integrated Infrastructure Delivery Plan (IIDP) - The proposal does not offer adequate local and state contributions and fails to address concerns raised by Council in the previous Planning Proposal assessment.
 - Criteria 3 - Stakeholder Engagement - Community consultation has not been carried out for the amended planning proposal.
 - Criteria 5 - Feasibility - Inadequate information has been submitted in support of this criterion. The proposed extent of variation to the PRCUTS recommended FSR (83.33%) is not supported.
 - Criteria 6 - Market viability - Unfortunately, viability appears to be the only justification for poor planning or built form outcomes. Reliance on existing market conditions to provide student housing without demonstrating good built form response is not supported.

- Urban Amenity Improvement Plan - The proposal improves the previous design with a 6m setback to Johnstons Creek and 3.2m setback to the basement car-park to incorporate deep soil planting. However, this setback is not being offered as the through site link which will be necessary to achieve Council's and PRCUTS vision for an active transport link along Johnstons Creek.
- Precinct Transport Report - The proposal remains premature in relation to DPI&E's precinct-wide traffic study.
- Urban Design issues - The proposal remains an overdevelopment of the site. The proposed bulk, form and scale of the development are too large for the small site and its immediate context. The proposed FSR is excessive - even higher than the 2.6:1 proposed in the previous Planning Proposal which was, not supported by Council. Note: PRCUTS maximum recommended FSR is 1.5:1.

The proposal presents a poor transition to the surrounding area without adequate articulations or upper level setbacks. Improving the built form's interface with the public domain by providing additional upper level setbacks and articulations would reduce the maximum achievable FSR. Further urban design comments are provided in the Attachments 1 and 4.

- Prematurity - It is premature in relation to current State and Local Government strategic planning studies and projects including the Inner West LSPS/LEP/DCP/Infrastructure Contributions Plan and Camperdown Innovation Precinct Land Use and Strategic Employment study.
- Affordability of the proposed employment uses – The proposal does not address Camperdown Ultimo Collaboration Area Place Strategy objectives for provision of affordable spaces for tech start-ups, innovation, creative industries, cultural uses, community uses and artists.
- Inconsistent with the land-use zoning objectives: The proposal intends to retain the IN2 Light industrial zoning and allow boarding house as an additional permitted use.

Retention of the IN2 zone is somewhat tokenistic as the proposal's employment space is aimed for creative and health and research sector rather than specifically retaining this land for industrial uses.

The proposed student housing is also contrary to the objectives of IN2 Light Industrial Zone of the LLEP 2013:

- *To provide a wide range of light industrial, warehouse and related land uses.*
- *To encourage employment opportunities and to support the viability of centres.*
- *To minimise any adverse effect of industry on other land uses.*
- *To enable other land uses that provide facilities or services to meet the day to day needs of workers in the area.*
- *To support and protect industrial land for industrial uses.*
- *To retain existing employment uses and foster a range of new industrial uses to meet the needs of the community.*
- *To ensure the provision of appropriate infrastructure that supports Leichhardt's employment opportunities.*

- *To retain and encourage waterfront industrial and maritime activities.*
- *To provide for certain business and office premises and light industries in the arts, technology, production and design sectors.'*

The proposal, therefore, does not pass the strategic merit test and cannot be supported with its current form and timing.

5.0 AFFORDABILITY OF THE PROPOSED STUDENT ACCOMMODATION

Council's Affordable Housing officer has raised issues regarding the proponent's claim of a 100% contribution towards affordable housing through the provision of 'new gen' boarding houses. Recent research by UNSW on behalf of the Southern Sydney Regional Organisation of Councils (SSROC) has found that this type of boarding house is not delivering affordable rental housing options for those who need them.

The Affordable Rental Housing SEPP (ARHSEPP) permits boarding houses as a form of affordable housing but does not include any provisions to require boarding house accommodation to be affordable. Council may have the power through the ARHSEPP to approve a boarding house development that proposes to create affordable housing but has no power to enforce affordable rents.

An alternative potential mechanism for ensuring affordable rents in 'new gen' boarding houses is for Council to be granted an exemption from Division 3 of ARHSEPP and for its own controls relating to affordable rents, design and amenity to be incorporated in its future consolidated LEP.

In the absence of appropriate mechanisms to ensure affordable rents, the boarding house component of the proposed development will have to continue to be assessed under the ARHSEPP and considered as a form of affordable housing. In this context, realistically all that can be achieved for this development for the time being is the incorporation of objectives in the site specific DCP to ensure that a high quality boarding house is developed with good on-site communal facilities for recreation, dining, study etc.

6.0 IMPLEMENTATION OF PARRAMATTA ROAD CORRIDOR URBAN TRANSFORMATION STRATEGY

The implementation of PRCUTS through Planning Proposals is complex, especially for proposals that depart from the staging and sequencing identified in the PRCUTS Implementation Plan 2016 - 2023.

The Sydney Eastern City Planning Panel recently considered Rezoning Review for an Out of Sequence Planning Proposal for 67 - 75 Lords Road, Leichhardt in the Inner West LGA and Taverners Hill Precinct of the PRCUTS. The Panel decided that the Planning Proposal did not satisfy the following Out of Sequence Checklist requirements:

- Criteria 1 (Strategic Objectives, land use and development)
- Criteria 2 (IIDP)
- Criteria 5 (Feasibility)

The Out of Sequence Checklist requirements are onerous and difficult to meet for small sites such as Chester Street. There are also risks with supporting any proposals in the corridor prior to completing the precinct-wide traffic study and supporting modelling. Preliminary indications from the initial PRCUTS Precinct traffic studies for Strathfield, Canada Bay and Burwood indicate that the existing network cannot support the densities proposed in the Strategy. This has also been the reason of refusal for two rezoning reviews elsewhere in the Parramatta Road Corridor by Sydney Eastern City Planning Panel.

Until the Inner West PRCUTS traffic study and supporting modelling is complete, Council is not in a position to support any planning proposals in any precinct along the Parramatta Road Corridor.

Whilst it is acknowledged that the proposed development is of small scale, the cumulative impacts of such ad-hoc developments in the corridor could be problematic. The proposal provides minimal car parking, and would rely on public transport, including future high-capacity transport along Parramatta Road, but this service does not yet exist, and the proposal remains 'out of sequence'.

The proponent's traffic study indicates that the traffic generated by the proposal would be less than the traffic generation potential under the existing controls and that the proposal can be accommodated within the existing public transport infrastructure capacity. However, concerns regarding the cumulative development in the corridor remain unresolved and there is yet no commitment to improve public transport infrastructure required to support the developments in the first phase 2016 – 2023.

Notwithstanding the above PRCUTS implementation timing issues, the proposed land uses (employment + student accommodation) have some strategic merit in respect of PRCUTS objectives for Camperdown precinct. The mixed-use development with employment spaces to support creative industries, innovation, research; and student housing would also help deliver the GSC's Camperdown - Ultimo Collaboration Area Place Strategy. The proposed mix of land uses would also achieve better outcomes than the PRCUTS recommended R3 Residential zoning for the site.

In light of the above discussion, it is believed that the proposal can be improved so that it could pass the Strategic Merit test and Out of Sequence checklist.

7.0 ALTERNATIVE PROPOSAL FOR CONSIDERATION

An alternative redevelopment concept should be considered which would help implement PRCUTS, and be likely to have the strategic merit alongside compatibility with the prospective outcomes of PRCUTS precinct traffic study and the Camperdown Innovation Precinct Land Use and Strategic Employment Study.

Some of Council's concerns could also be addressed through changes to the proposed built form to reduce the bulk, scale and FSR of the proposed development. Architectus was engaged by Council to undertake an independent peer review of the proponent's urban design (Attachment 4). This peer review provides commentary on the proponent's built form, identifies key issues with the proposal and suggests an alternative scheme which would assist in providing better built form outcomes and resolving the urban design/ public domain concerns.

Further changes such as provision of the through site link along Johnstons Creek and updating the estimated costs in the Infrastructure Delivery Plan would also help pass the Out of Sequence checklist criteria.

In order to resolve concerns raised above, the proposal should be revised to rezone the site to Zone B7 Business Park with site-specific provisions to:

- Allow boarding house for student accommodation as an additional permitted use.
- Increase the FSR of the site up to 2:1 with a minimum non-residential floor space of 980 sqm (or FSR 0.75:1) dedicated to business and office premises and light industries in the technology, bio-medical, arts, production and design sectors. Refer to the alternate scheme developed by Architectus as provided in Attachment 4.

- Establish a 17m height limit which would facilitate a five-storey development on the site with minimum floor to ceiling heights for employment uses to be incorporated in the DCP
- Ensure that the proposed boarding house will not have an adverse impact on the surrounding industrial uses and that the development will include the necessary design and acoustic measures to ensure that there are no significant adverse impacts on the amenity of future residents of the site.
- Ensure that a minimum percentage of non-residential floorspace is made available as affordable space for tech start-ups, innovative creative industries, community uses and artists to align with the objectives of Camperdown Ultimo Collaboration area Place Strategy
- Incorporate appropriate mechanisms to ensure that 'new gen' boarding house rents are affordable in perpetuity.
- Ensure that the development provides a pedestrian and cycle access through the site along Johnstons Creek to align with the objectives of the Parramatta Road Corridor Urban Amenity Improvement Plan and Camperdown Public Domain Masterplan.
- Ensure that the development will incorporate environmentally sustainable design principles which exceed the PRCUTS sustainability targets.
- Update the site - specific DCP to reflect Architectus's urban design recommendations.
- Update the proposal in response to the outcomes of the precinct-wide traffic study once completed.
- Update the IIDP and ensure that satisfactory arrangements are made for the provision of State and local infrastructure.
- Consider DCP requirements to provide infrastructure or the capacity for EV charging points, including appropriate charging outlets in each parking space
- Future-proof the development by incorporating for recycled water use.
- Update the Out of Sequence Checklist assessment to reflect achievement of the above objectives.

It is considered that a proposal amended along the lines of the above suggestions would prove capacity to pass the strategic merit and Out of Sequence test.

The Panel's support for the above principles is sought so that if Council decides to pursue this approach, officers can work with the proponent to revise the proposal for the mutual benefit of the community and development, and thereby, helping create a prosperous innovation precinct.

8.0 FINANCIAL IMPLICATIONS

The proponent has paid fees for the Council's consideration of the amended Planning Proposal and possible submission to the Gateway process in accordance with IWC's 2017/2018 Fee Structure. An additional Stage - 2 fee would be payable to progress the proposal subsequent to a Gateway determination. The proponent would also have to cover any difference between Council's current 2018/2019 fees and the previous 2017/18 fees.

The proponent is also responsible for meeting costs associated with revising documentation or studies prior to exhibition required by a Gateway determination and for the peer review of the proposal or additional studies such as the urban design review prepared by Architectus.

9.0 CONCLUSION

It is recommended that the May 2019 amended Planning Proposal should not be supported in its current form. However, the proposal has a degree of merit that can be built on to produce a revised proposal which is likely to be supported subject to timing considerations and passing the PRCUTS Out Of Sequence Checklist test.

10.0 ATTACHMENTS

- Attachment 1 - Council Officer's Assessment checklist
- Attachment 2 - Proponent's Amended Planning Proposal
- Attachment 3 - Proponent's Urban Design Scheme
- Attachment 4 - Architectus's Urban Design Peer Review
- Attachment 5 - Council's Preliminary Assessment Letter
- Attachment 6 - Proponent's Letter of Additional Information
- Attachment 7 - Council Officer's Assessment Report of original planning proposal
- Attachment 8 - Amended Traffic and Transport Assessment by Varga Traffic Planning
- Attachment 9 - Preliminary Site Investigation Report by Aargus
- Attachment 10 - Remediation Action Plan by EiAustralia
- Attachment 11 - Heritage Impact Assessment by Architectural Projects Pty Ltd
- Attachment 12 - Flooding and Stormwater Management Planning Report by Sparks and Partners
- Attachment 13 - Acoustic Report by West & Associates
- Attachment 14 - Social Impact Housing and Affordability Assessment Report by Cred Consulting
- Attachment 15 - Economic Impact Assessment by AEC Group
- Attachment 16 - Letter from University of Technology Sydney
- Attachment 17 - Stakeholder Engagement Report by Urban Ethos
- Attachment 18 - Amended Integrated Infrastructure Delivery Plan by Northrop
- Attachment 19 - Draft Voluntary Planning Agreement Letter of Offer
- Attachment 20 - Council Officer's original Planning Proposal Assessment checklist and Out of Sequence Assessment checklist