

**Report to General Manager**Attachments:
Nil**SUBJECT:** NSW Government Plans for St Leonards and Crows Nest - Overview**AUTHOR:** Emma Booth, Team Leader Design**ENDORSED BY:** Joseph Hill, Director City Strategy**EXECUTIVE SUMMARY:**

On 15 October 2018, the Department of Planning & Environment (the Department) placed the draft *St Leonards and Crows Nest 2036 Plan* (the 2036 Plan) and a suite of supporting documents on public exhibition. The 2036 Plan proposes significant residential and employment growth in the precinct, principally as a result of the new Crows Nest Metro station opening in 2024. A new state levy is proposed to fund regional infrastructure.

A rezoning proposal for the Metro site is also on exhibition. It proposes to amend the *North Sydney Local Environmental Plan* (2013) to enable the construction of a 17 and two 27-storey mixed use towers on the Pacific Highway and an 8-storey mixed use building along Clarke Street.

This report outlines key issues that are currently under investigation in the exhibited material.

Overall, a significant amount of Council's own strategic planning work in St Leonards has been adopted by the 2036 Plan, most notably the approach to built form, employment, landscape proposals and support for the proposed arts centre. This is a strong validation of Council's work.

Across the precinct as a whole, and particularly in Crows Nest, however, there is concern that the 2036 Plan proposes an oversupply of residential capacity and is not supported by adequate plans for employment, transport, open space, social infrastructure or utilities. The proposed new state levy has the potential to significantly weaken Council's community-endorsed placemaking plans for the area.

There is further concern that the Metro rezoning proposal will enable buildings that are out of scale with the fine grain nature and village atmosphere of Crows Nest, overshadows Ernest Place and Willoughby Road and brings limited employment and public benefits to the area.

Greater collaboration with local government and the community is needed to refine the 2036 Plan, the state levy and Metro rezoning proposal to ensure growth is well managed and supported by the timely delivery of upgraded open space, recreation and social infrastructure.

The Exhibition was set to conclude on 3 December 2018. However, an extension to the exhibition period through until 8 February 2019 was announced for the St Leonards draft planning package (exclusive of the Metro rezoning proposal), on the basis that *the community*

and each council has sufficient time to review the material and prepare their submission.

This extension does not apply to the exhibition period for the Metro rezoning proposal. That exhibition will conclude on 3 December 2018 to *enable the rezoning and the first stage of a State Significant Development application for the integrated station development to be progressed concurrently*. Council should consider requesting a formal extension to the exhibition period for the Metro rezoning on the same basis that the extension was granted for an extension to the St Leonards draft planning package.

A more detailed report at either the 10 December 2018 Council meeting or the first meeting in 2019, noting the recent extension of the exhibition period, will follow. It is this report that should form the basis of Council's formal submission.

FINANCIAL IMPLICATIONS:

This report deals with (draft) State Government Legislation Policy which may have a substantial effect on Council's budget. This report is for information purposes only. It does not make recommendations that have direct financial implications.

RECOMMENDATION:

- 1. THAT** Council note the information in this report.
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LINK TO COMMUNITY STRATEGIC PLAN

The relationship with the Community Strategic Plan is as follows:

- Direction: 1. Our Living Environment
- Outcome: 1.3 Quality urban greenspaces
1.4 Public open space, recreation facilities & services meet community needs
- Direction: 2. Our Built Infrastructure
- Outcome: 2.1 Infrastructure and assets meet community needs
2.2 Vibrant centres, public domain, villages and streetscapes
2.3 Sustainable transport is encouraged
2.4 Improved traffic and parking management
- Direction: 3. Our Future Planning
- Outcome: 3.1 Prosperous and vibrant economy
3.4 North Sydney is distinctive with a sense of place and quality design
- Direction: 4. Our Social Vitality
- Outcome: 4.1 North Sydney is connected, inclusive, healthy and safe
4.4 North Sydney's history is preserved and recognised
- Direction: 5. Our Civic Leadership
- Outcome: 5.1 Council leads the strategic direction of North Sydney

BACKGROUND

On 7 July 2016, the Department of Planning & Environment (the 'Department') commenced a "strategic planning investigation" into Crows Nest, St Leonards and Artarmon industrial area.

On 1 June 2017, the area was declared a "planned precinct" which forms part of the NSW Government's housing affordability package. This includes fast-tracking the delivery of 30,000 new dwellings across the Metropolitan area.

On 4 August 2017, the NSW Government released its Interim Statement on the future of Crows Nest, St Leonards and the Artarmon industrial area. The statement includes a draft vision, objectives, guiding principles and character statements. Submissions were received.

Between 16 February and 8 March 2018, the Department conducted a preliminary consultation process with the community.

On 30 July 2018, Council considered Sydney Metro's early engagement proposal for the Crows Nest Metro over station development. Council raised concerns over the proposed height, scale and overshadowing impact of the proposal with the Premier and relevant state agencies and

offered to collaborate on a revised masterplan for the site (letters sent 6/8/2018).

On 15 October 2018, the Department placed the following documents on public exhibition:

Report reference	Exhibited document
Section 3	Draft St Leonards and Crows Nest 2036 Plan (the 2036 Plan)
Section 4	Crows Nest Metro Rezoning Proposal (the rezoning proposal)
Section 5	Draft Special Infrastructure Contribution (the SIC)
Section 6	Draft Local Character Statement (the character statement)
Section 7	Draft Green Plan (the green plan)

Technical studies prepared by heritage, economic, urban design, social infrastructure, open space, transport and utility consultancies have also been released to support the above documents.

The Exhibition was set to conclude on 3 December 2018. However, an extension to the exhibition period through until 8 February 2019 was announced for the St Leonards draft planning package (exclusive of the Metro rezoning proposal), on the basis that *the community and each council has sufficient time to review the material and prepare their submission.*

This extension does not apply to the exhibition period for the Metro rezoning proposal. That exhibition will conclude on 3 December 2018 to *enable the rezoning and the first stage of a State Significant Development application for the integrated station development to be progressed concurrently.* Council should consider requesting a formal extension to the exhibition period for the Metro rezoning on the same basis that the extension was granted for an extension to the St Leonards draft planning package.

CONSULTATION REQUIREMENTS

Community engagement is being undertaken by the Department of Planning & Environment. Council's website has been updated with a link to the Department's website.

SUSTAINABILITY STATEMENT

This report deals with (draft) State Government Legislation/Policy which may have a substantial effect on sustainability. This report is for information purposes only; a sustainability assessment was not undertaken.

DETAIL

1. OVERVIEW

The NSW Government has released draft plans that propose significant residential and employment growth in St Leonards / Crows Nest as a result of the new Crows Nest metro station opening in 2024. The plans almost double the residential population from **16,000** to up to **30,000**

people and add up to an additional **16,500 new jobs** in the area by 2036. The total number of workers and residents in the precinct will increase from **63,000 to 94,000 people**.

The key document, the draft 2036 Plan (**Section 3**), proposes major height and density increases around the St Leonards station and the new Crows Nest metro station (**Figure 1**). The 2036 Plan also proposes land use, transport and landscape plans for the area.

Based on the 2036 Plan, the Department has also released a rezoning proposal (**Section 4**) that will enable multiple, predominantly residential towers, 27, 17 and 8 storeys in height over the metro site.

A new state levy (**Section 5**) will be imposed on development. The levy will fund open space, pedestrian and cycling facilities, schools and roads.

A Local Character Statement (**Section 6**) and Green Plan (**Section 7**) support the proposals.

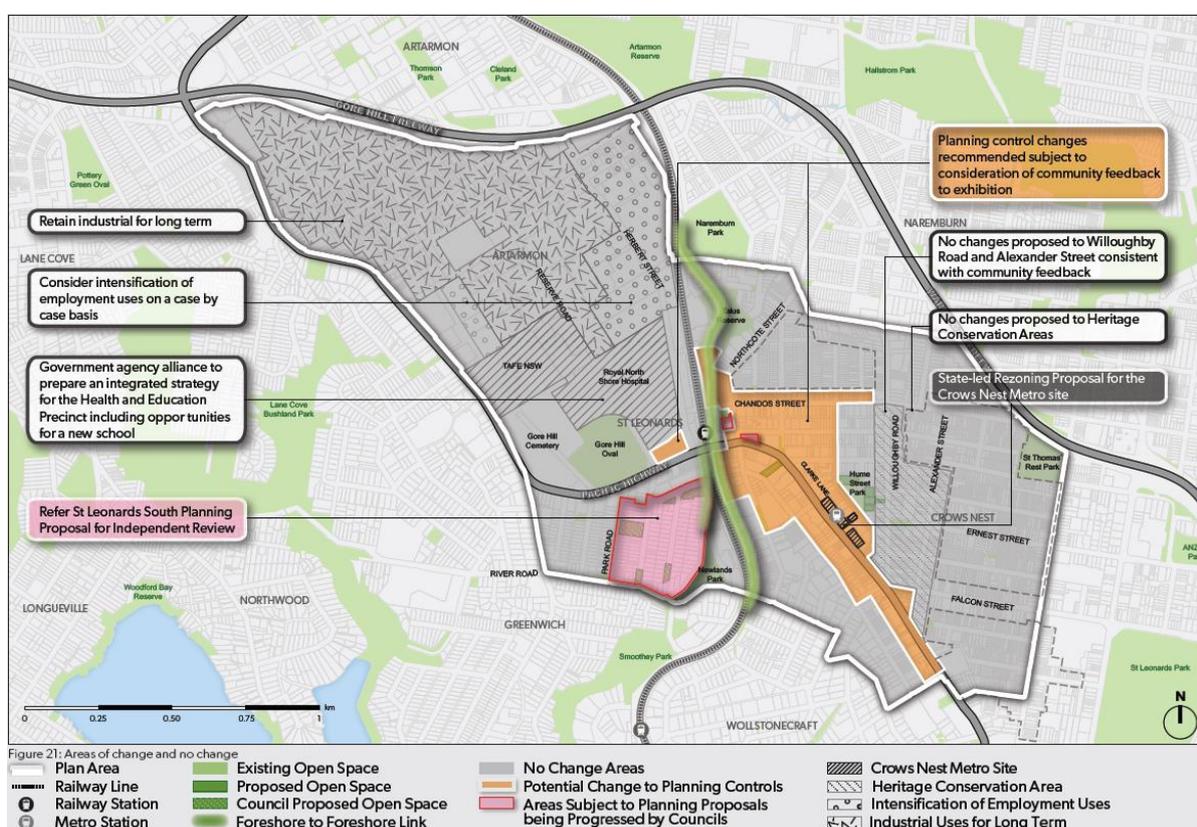


Figure 21: Areas of change and no change
 Figure 1. Major density increases between the metro and train stations shown in orange (2036 Plan page 43)

2. PROCESS

2.1 Local Government Involvement in the Preparation of these Plans

Council's involvement in the Department's investigation was predicated on a Terms of Reference that emphasised a collaborative process between state and local government and required an independent peer review of proposals before the matter was considered by the Secretary of Planning.

The process has not followed the Terms of Reference. The Project Control Group (PCG) did not meet on a monthly basis. Indeed Council's request for a meeting in August 2018 following only one PCG meeting in 2018, was declined. The Project Working Group was consulted regularly at first and provided comments on the first draft technical reports, but were not involved in the preparation of the 2036 Plan, state levy, local character statement, green plan or final technical reports.

The Advisory Panel was not invited to review proposals before being released on exhibition and despite early assurances the Councils were not consulted before a decision was made on the implementation strategy. The Department did not brief the Council on the 2036 Plan nor sought comment before exhibition.

The Department heavily relied on consultant's work to develop strategies for the area rather than work directly with the Councils. Exposure to the work the various consultancies undertook was limited. At times there was a genuine effort from the DPE to elicit, and in part, incorporate Council's feedback on certain technical studies, much advice was not taken onboard. All decisions on the final strategy were made by the Department. The process has not been collaborative despite such statements in the documentation provided.

Notwithstanding, one of the most effective inputs into the process from Council has been the *St Leonards / Crows Nest Planning Study* (2012, 2015) and *Crows Nest Placemaking & Principles Study* (2016). Elements of these documents have been picked up by the Department and consultants, and reflected in part in the 2036 Plan. This is further discussed in Section 3.

2.2 Community Involvement

On 10 August 2017, Council wrote to the Department requesting the community be consulted.

Twenty months into the investigation, the Department ran a 2-month face to face engagement process with the community between February and March 2018 which was used to inform the draft Local Character Statement. It was supplemented with feedback received from the release of the Interim Statement in August 2017.

The current exhibition of these documents represents the first major opportunity for the community to understand the nature and scale of proposed growth in St Leonards / Crows Nest and provide comments to the Department.

3. DRAFT 2036 PLAN FOR ST LEONARDS AND CROWS NEST

The 2036 Plan concentrates new development along the Pacific Highway and around the commercial core at St Leonards. The maximum height in St Leonards will be a 50 storey tower at 619-621 Pacific Highway, which is currently the subject of a planning proposal. The proposed maximum height in Crows Nest will be two 27 storey towers over the metro station.

In total, the 2036 Plan is estimated to increase the residential capacity of the precinct by **7,525 additional dwellings**.

The 2036 Plan has adopted much of Council's approach to land use planning in St Leonards, as articulated in the *St Leonards / Crows Nest Planning Study – Precincts 2 & 3*, notably:

- The majority of building heights have been adopted (**Figure 1**);
- Planning proposals supported by Council can progress;
- A design process is required for the IBM building and 18-22 Atchison Street;
- The commercial zoning of key sites is retained, including the IBM building site;
- The non-residential FSRs in mixed use buildings aim to support job growth;
- Hume Street Park and Mitchell St Plaza upgrade plans are recognised;
- Mitchell St and Oxley Street linear parks are recognised in the landscape proposals; and
- The Arts Centre at 619-621 Pacific Highway will not be impacted by the SIC.

This is a strong validation of Council's strategic planning for the centre.

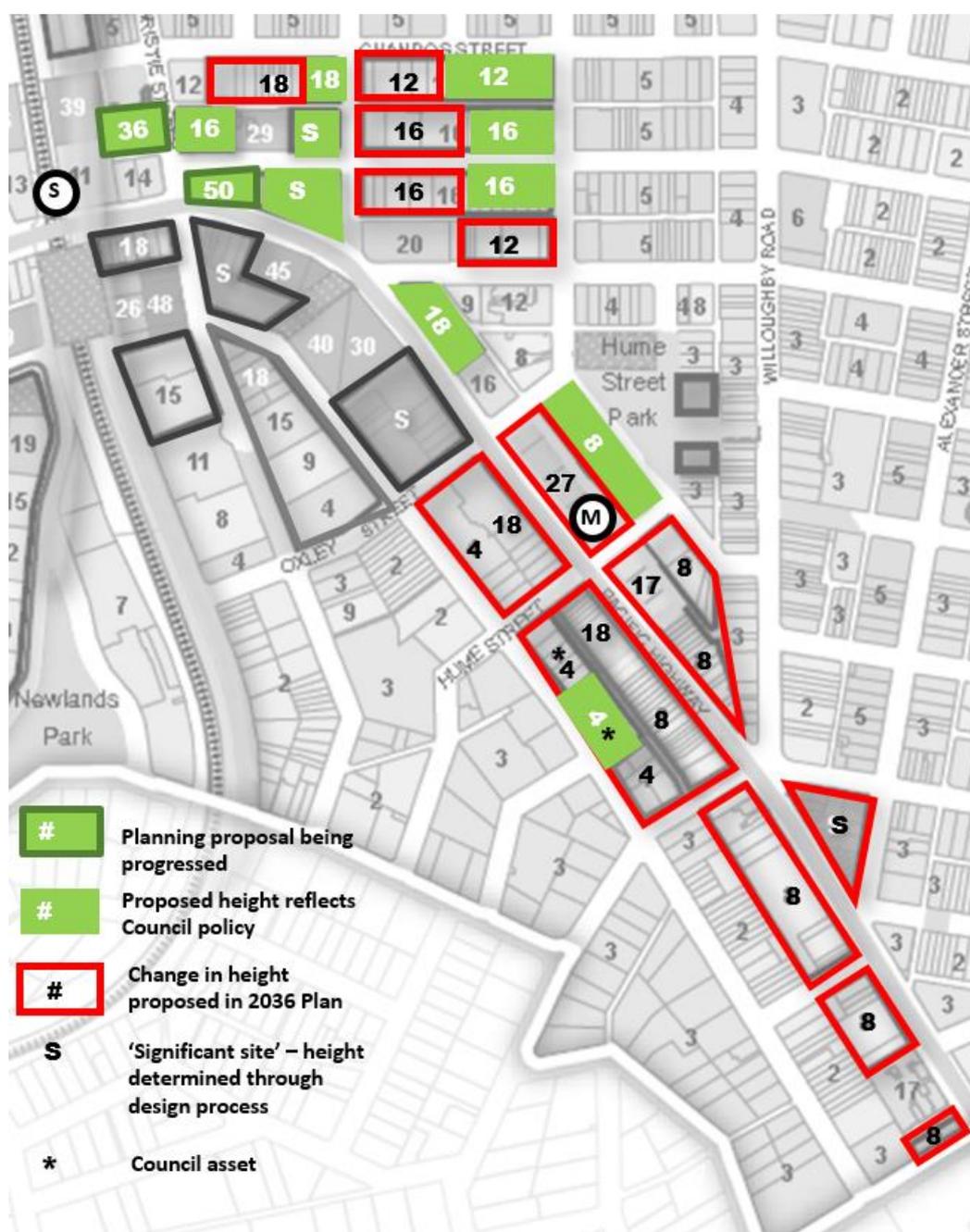


Figure 2. Proposed changes in height in St Leonards and Crows Nest

The 2036 Plan contains chapters on Built Form and Land Use that propose significant changes to built form, particularly in Crows Nest and the Lane Cove portion of St Leonards. In relation to the proposed building controls, key issues under investigation are:

- Whether too much residential capacity is proposed to be released in one rezoning. The 2036 Plan effectively delivers **150%** of North Sydney and Lane Cove Council's 5-year, LGA-wide residential target in one centre. Further, the Market Feasibility study appears to suggest the market may only deliver **6,800 dwellings** under current market conditions by 2036.
- The buildings around the Metro site are significantly out of scale with Crows Nest village. Very little information has been provided to support the claim that two 27-storey towers are an appropriate 'transition' to 2-5 storey Crows Nest. In addition to height, there is concern the proposed density controls (floor space ratio of 'FSR') will also result in wide, poorly separated towers that will create a 'wall effect' when viewed from Ernest Place, in the centre of Crows Nest.

The impact of the proposed 18-storey towers on the opposite side of the highway and some of the proposed changes in St Leonards are also under review.

- Whether the proposed solar access controls adequately protect Crows Nest village and surrounds. Preliminary modelling by Council suggests the proposed Metro buildings will overshadow Ernest Place and Willoughby Road after school hours in spring and autumn.
- Height increases have been proposed for heritage items along the Pacific Highway with built form requirements to maintain the heritage storey street wall. Council is clarifying with the Department as to whether the 2036 Plan is proposing the demolition of the heritage items or to retain the facades only. Justification for either outcome does not appear to be included in the Heritage Study.
- Proposals for jobs growth are weak. The 2036 Plan appears to move away from the Interim Statement's commitment to delivering the higher jobs target under the North District Plan to propose a range between 6,900 – 16,500 jobs. Only 2-3,000 jobs are anticipated in Crows Nest as a result of Metro. The 2036 Plan heavily relies on delivering jobs in the podium levels of mixed use development, which has been routinely questioned by Council.

The 2036 Plan also contains chapters on Place, Landscape and Movement that aim to support the proposed density increase. Proposals include a new 'Foreshore Link', the expansion of Hume Street Park to create a 'village green', planting over 2,000 new trees, actions to improve pedestrian and cyclist amenity. Key issues under investigation are:

- The majority of transport infrastructure upgrades appear to be 'under investigation' only. There is no certainty as to when these projects will be approved, funded and delivered to support the influx of pedestrians and vehicles.
 - The 2036 Plan proposes a \$46M Foreshore Link (**Figure 3**). It includes \$28M for a north linear park and \$15M of pedestrian cycle links, both in the Willoughby LGA which is not providing any residential density uplift. \$3M is set aside for the south linear park and pedestrian cycle link in Lane Cove and North Sydney LGA. The justification for this project, in terms of serving the open space and regional transport needs of the population increase, appears limited, particularly when there is a more acute need to deliver more easily accessible open space and community facilities.
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- The \$26M expansion of Hume Street Park will be achieved by acquiring shops along Hume Street through a ‘negotiated acquisition’ process. The proposal raises a large number of issues not least of which is that the imposition of the new state levy will reduce, if not eliminate, Council’s ability to fund the planned upgrades to the park in the first place. Expanding the park possibly leaves Council with an even greater liability as the money does not cover upgrade works. There are also significant timing, design and logistical issues that will be covered in the next report to Council on this matter.
- The 2036 Plan almost doubles the population but appears to provide no new community facilities. Both the local character statement and the Social Infrastructure study point to an acute need for libraries, cultural and community spaces and recreation facilities. Council has repeatedly advised state government agencies that that the Metro buildings are a once in a generation opportunity to provide a much-needed district library and co-located youth centre. There is also a strong need for new affordable childcare and affordable housing which are not well addressed in the plan.
- The 2036 Plan is silent on service and utility upgrades to support the population growth.

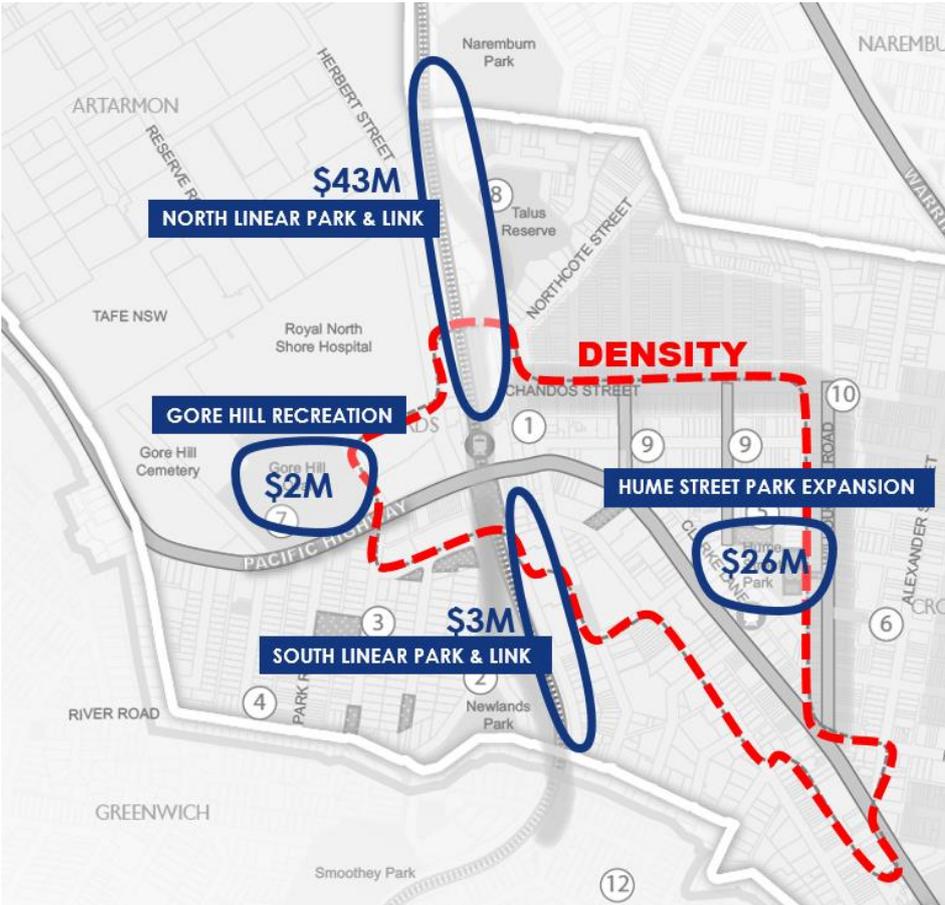


Figure 3. Main open space proposals

4. CROWS NEST METRO REZONING PROPOSAL

The ‘Crows Nest Sydney Metro Site Rezoning Proposal’ is being publicly exhibited concurrently with the broader strategic planning documents examined in this report. The proposal deals specifically with the Crows Nest Metro Sites and intends to amend the *North Sydney Local Environmental Plan (2013)* to apply new maximum height limits, FSR provisions, minimum non-residential FSR controls and introduce a design excellence provision for future development that occurs on the site.

Unlike the process more commonly undertaken by Councils when amending planning controls, this planning proposal will be the subject of a ‘Finalisation Report’ prepared by the State Government which will be submitted to the Minister for Planning. This report will include a recommendation to amend controls in the North Sydney LEP for the relevant sites. It will be done through a self-repealing State Environmental Planning Policy (SEPP).

The main difference from a process point of view is that a Council-led planning proposal is the subject of a public report on the outcomes of the exhibition and subsequent resolution of Council in a public forum before proceeding to the legal plan making process.

A formal development application process, including the preparation of an EIS, will be running alongside the SEPP/LEP amendment process and will be assessed and determined under separate State Significant Development legislation.

A detailed assessment of the proposal will be reported to Council on 10 December 2018.

5. PROPOSED SPECIAL INFRASTRUCTURE CONTRIBUTION

The draft Special Infrastructure Contribution (SIC) is a new state levy that is to assist funding state and regional infrastructure. The premise is that new development should financially contribute towards infrastructure upgrades that support the proposed density increases.

The SIC will be paid by developers that achieve more residential floorspace as a result of the draft 2036 Plan. The proposed contribution rate is \$15,100 per additional dwelling. It will raise \$113.6 million in funding for regional open space projects (\$58M), pedestrian, cycling and vehicle infrastructure (\$32M), a school (\$22M) and recouping \$1.7M in consultancy fees.

The imposition of the SIC will significantly reduce, if not eliminate, Council’s ability to negotiate future voluntary planning agreements (VPAs) to fund local infrastructure projects such as Hume Street Park.

Public benefits that have been secured via a VPA are the Arts Centre at 619-621 Pacific Highway and \$3.4M in financial contributions towards Hume Street Park from 7-19 and 31-33 Albany Street and 545-553 Pacific Highway. ‘Air Apartments’ at 6-16 Atchison Street contributed over \$3M towards the breathing wall and Mitchell Street Plaza upgrade.

6. DRAFT LOCAL CHARACTER STATEMENT

The draft character statement outlines what the community cares about in St Leonards and Crows Nest. It recognises the village atmosphere of Crows Nest, the bustling commercial nature of St Leonards and much valued conservation areas.

The statement is based on feedback received by the Department from the Interim Statement (August 2017), an online survey and workshops attended by 84 people.

The draft character statement is a useful input into the planning process. It has the potential to be a meaningful statement on what is valued about St Leonards and Crows Nest and an excellent forum to consider how future growth can be accommodated without losing a place's soul. The direct link to the 2036 Plan 'You told us', 'Local character statement principle' and 'How the 2036 Plan responded' at the start of each chapter is exceptionally effective and should be adopted in planning strategies of this nature in the future.

Preparation of the statement could have been done better through more timely, broader and more regular engagement with the community. For a plan of this complexity and impact, reaching only 84 people face to face, 20 months into a two-year investigation falls well short of best practice and has, in all likelihood, contributed towards the increasing unease observed within the community.

Notwithstanding, the draft statement appears to have successfully captured some of the community sentiment about what is valued in the area, future priorities and key issues.

7. DRAFT GREEN PLAN

The draft green plan provides additional consideration of open space and tree canopy needs for the area. It is not clear how many of the projects are to be delivered.

The suggestion that the 2036 Plan will deliver an additional 8.57 hectares of open space and over 2,000 trees are a significant overestimate. A large number of projects identified in the Green Plan that contribute to the 8.57-hectare figure are either not included in the 2036 Plan, subject to investigation or now unfunded with the imposition of the SIC and may not proceed.

Similarly, while the aim to significantly increase the urban tree canopy is supported, planting over 2,000 trees is very optimistic without significant funding for kerb buildouts, footpath works, and dealing with underground and overhead obstructions (utilities, awnings, powerlines).

Of particular concern, the green plan does not provide much detail or justification for the major open space projects being mooted in the 2036 Plan, notably the \$46M foreshore link or \$26M Hume St Park expansion.

8. CONCLUSION

Overall, a significant amount of Council's own strategic planning work in St Leonards has been adopted by the 2036 Plan, most notably the approach to built form, employment, landscape proposals and support for the proposed arts centre. This is a strong validation of Council's work.

However, across the precinct as a whole, and particularly in Crows Nest, however, there is concern that the 2036 Plan proposes an oversupply of residential capacity and is not supported by adequate plans for employment, transport, open space, social infrastructure or utilities.

The proposed new state levy has the potential to significantly weaken Council's community-endorsed placemaking plans for the area.

A commitment to genuine collaboration with local government and the community is needed to refine the 2036 Plan, the state levy and Metro rezoning proposal to ensure growth is well managed and supported by the timely delivery of upgraded open space, recreation and social infrastructure.

A more detailed analysis of the exhibited material will be prepared for Council's consideration at either the 10 December 2018 meeting or the first meeting in 2019, noting the recent extension of the exhibition period. This report should form the basis of a formal submission to the DPE.
