

Planning Report

270 Pacific Highway, Crows Nest



State Assessed Amendment to North Sydney Local
Environmental Plan 2013

Prepared for Silvernight
Submitted to Department of Planning Housing and Industry

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Cover image: the Site (Source: Fitzpatrick Partners)

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Appendix 4	Response to study requirements
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Abbreviations

Applicant	Silvernight
SSD	State Significant Development
DP	Deposited Plan
DPHI	Department of Planning, Housing and Infrastructure
EP&A Act	<i>Environmental Planning and Assessment Act 1979</i>
FSR	Floor space ratio
GFA	Gross floor area
LGA	Local government area
NSDCP	<i>North Sydney Development Control Plan 2013</i>
NSLEP	<i>North Sydney Development Control Plan 2013</i>
SACNIA	Social and Community Needs Impact Assessment

1 Introduction

This Planning Report has been prepared by *Keylan Consulting Pty Ltd* (Keylan) on behalf of Silvernight (the Applicant) to support a proposed State assessed amendment to the *North Sydney Local Environmental Plan 2013* (NSLEP 2013) in relation to land at 270 Pacific Highway, Crows Nest (the site).

Specifically, it seeks to reduce the non-residential Floor Space Ratio (FSR) development standard applying to the site under clause 4.4A of the NSLEP 2013 from 5.6:1 to 1:1. It does not seek any amendments to the applicable height or base FSR controls for the site.

The proposed amendment to the NSLEP 2013 will be made through a State Environmental Planning Policy made under the *Environmental Planning & Assessment Act 1979*.

The primary objective of the amendment is to enable redevelopment of the site for residential and non-residential uses consistent with the objectives of the site's MU1 Mixed Use zoning and the Crows Nest Accelerated Transit Oriented Development (TOD) Precinct. It is noted that a concurrent State significant development (SSD) application (SSD-79658964) has been lodged, seeking to redevelop the site for mixed use purposes, comprising build-to-rent (BTR) housing and medical, office and retail uses.

The proposal reflects significant changes in the commercial and residential market conditions as well as current State level strategic planning policies.

In 2020, the *St Leonards and Crows Nest 2036 Plan* (2036 Plan) was finalised and identified the site for wholly non-residential uses, despite its mixed use zoning. However, since this time, the COVID-19 pandemic and technological advancements have drastically declined the need for office space as it influenced the location and ways in which people work with a large percentage of the workforce now partially or full time working from home.

In addition, there is an acknowledged national housing crisis, with insufficient housing stock to accommodate the projected population increases. This has resulted in significantly reduced housing affordability and increasing rates of homelessness. To address this, the 2022 National Housing Accord (NHA) set the NSW Government a target to deliver 377,000 new homes by 2029.

The NSW Government has introduced a range of significant planning reforms aimed at facilitating the achievement of its housing target under the NHA. This includes the TOD program, which aims to significantly increase housing supply on strategically located sites near transport, jobs and services.

Crows Nest is an accelerated TOD precinct, with new planning controls introduced in November 2024 aimed at providing 5,900 new homes, including affordable housing, and 2,500 new jobs. The subject site is located within the Crows Nest TOD precinct.

The proposed amendment to the non-residential FSR applying to the site aligns with the Crows Nest TOD as it facilitates a significant increase in housing supply whilst still preserving sufficient employment generating floor space on the site.

The proposed amendment is supported by technical reports including a Market and Economic Impact Assessment (Appendix 1) and Social and Community Needs Assessment (Appendix 2) which provide detailed analysis and justification for the proposed amendment. Specifically, the reports emphasise:

- the office vacancy rate within the locality is record high since the recession (which was 19% in the early 1990s) and is now at 31%
- it is forecasted to take 20 years for office demand to match current supply levels
- further unnecessary office supply will exacerbate the vacancy rates
- housing supply and diversity are needed to address the housing supply crisis
- the demand on infrastructure generated by residential uses is acceptable

The Economic Impact Assessment also demonstrates that a non-residential FSR of 1:1 would provide approximately 160 full time jobs on site, which is a similar number of jobs currently on site under the base case (assuming 31% vacancy rate).

The current non-residential FSR applying to the site is also the only non-residential FSR within the MU1 Mixed Use zone in Crows Nest which equates to 100% of the base FSR, which is antithetical to the objectives of the MU1 zone and also inconsistent with the objectives of the Crows Nest Accelerated TOD precinct to deliver additional housing on well-located sites.

The proposed non-residential FSR control of 1:1 equates to approximately 18% of the base FSR (5.6:1) on the site. This is consistent with the non-residential FSR controls on neighbouring sites also zoned MU1 Mixed Use, which generally equate to between 15-23% of the base FSR on these sites. For example, the “Five Ways” site at 405 Pacific Highway, Crows Nest, which is directly opposite the subject site, has a base FSR of 5.8:1 and a non-residential FSR of 1:1.

In light of the above, the proposal presents an opportunity to shift away from a 100% commercial building and instead deliver a mix of uses on the site consistent with the zoning, market needs and strategic planning policy, including the Crows Nest Accelerated TOD. It represents an appropriate balance between providing new and affordable housing, as well as employment generating floorspace, on a well located site in relation to transport and services.

2 Background

2.1 Planning Proposal

A Planning Proposal (PP-2021-6564) for the site was finalised by DPHI on 9 June 2023 which amended the *North Sydney Local Environmental Plan 2013* (NSLEP 2013) as follows:

- increase the maximum Height of Buildings Map from 16m to 54m
- impose a maximum FSR of 5.6:1
- increase the minimum non-residential FSR from 0.5:1 to 5.6:1
- insert a site-specific clause allowing a maximum FSR of 6.02:1, provided any floor space above 5.6:1 is located below ground level and comprises non-residential uses

This Planning Proposal generally reflected the proposed controls for the site outlined under the 2036 Plan.

2.2 Development Application

A DA (DA193/2023) was submitted to North Sydney Council (Council) on 13 June 2023. In summary, the DA sought:

- demolition of two existing 5 storey commercial buildings
- construction of a 13 storey (54m) commercial building, containing:
 - 22,628m² total GFA
 - 806m² of medical centre and 269m² of retail premises on ground floor
 - 124m² of food and drinks premises (café) on ground level
 - 19,695m² of office premises on levels 1 to 12
 - 572m² of landscaped area
 - two levels of basement parking with 72 car and 7 motorcycle spaces

The DA was approved by the Land and Environment Court on 22 October 2024.

2.3 Current Position

Silvernigh commenced both the above planning proposal and DA at a time when market conditions and strategic planning policy were significantly different to current circumstances. Specifically, a wholly commercial development on the site, which is required through the current non-residential FSR control of 5.6:1, reflects the now outdated 2036 Plan, which was finalised in August 2020, prior to the COVID-19 pandemic, the release of the NHA in 2022 and the finalisation of the Crows Nest TOD Accelerated Precinct in November 2024.

Accordingly, the Applicant has undertaken more detailed and contemporary investigations of the commercial and residential markets, and now proposes to proceed with a mixed use, rather than wholly commercial, development on the site.

2.4 Current SSD Proposal

The current development proposal for the site is a mixed use development comprising both non-residential (medical centre, office premises and retail premises) and residential (BTR).

This proposal is SSD as:

- the proposed uses are permissible with consent under Clause 2.6 of the *North Sydney Local Environmental Plan 2013* (NSLEP 2013) and meet the criteria within the schedules below.
- Schedule 1, clause 27 as the development comprises BTR housing which has a tenanted component of at least 60% of the Estimated Development Cost (EDC), is permissible with consent, located in the Eastern Harbour City and has with a capital investment value more than \$50 million
- Schedule 2, clause 19 as the site is within the Crows Nest Accelerated TOD Precinct and the proposed development is mixed use which includes residential accommodation with an EDC greater than \$60 million

On 31 January 2025, DPHI issued Industry Specific Secretary's Environmental Assessment Requirements (SEARs) for the proposal (SSD-79658964). The SSD is accompanied by Architectural Plans prepared by Fitzpatrick Partners. Extracts are provided within the figures below.

2.4.1 State Assessed Planning Proposal Study Requirements

The SSD-79658964 proposes a residential FSR of 4.6:1 and non-residential FSR of 1:1. Therefore, in issuing the SEARs, DPHI advised that a Planning Proposal would be needed to amend the applicable minimum non-residential FSR under clause 4.4A of the NSLEP 2013 to facilitate the proposed development.

Subsequently, on 14 April 2025, DPHI wrote to the Applicant advising that the amendments to NSLEP 2013 can be considered as a State assessed rezoning proposal concurrently with the SSD application. DPHI also issued study requirements outlining matters to be addressed in studies to be undertaken to justify the proposed LEP amendments (Appendix 3).

Appendix 4 contains a table which demonstrates this Planning Report has addressed all Study Requirements. Specifically, the following have been prepared to address the Study Requirements:

- this Planning Report
- Market and Economic Impact Assessment (Appendix 1)
- Social and Community Needs Assessment (Appendix 2)
- Explanation of Intended Effect (Appendix 5).

As confirmed by DPHI within the Study Requirements, the report is not a formal Planning Proposal which needs to be prepared in accordance with Section 3.33 of the *Environmental Planning and Assessment Act 1979* and DPHI's *Local Environmental Plan Making Guideline 2023* (the Guideline). Where relevant, this Planning Report has referred to the Guideline for assessment criteria and indicative project timeframes.

3 The Site and Locality

3.1 Site Description

The site is located at 270 Pacific Highway in the North Sydney LGA and is legally described as Lot 22 in DP DP706776.

As shown within the figure below, the site is on a block bounded by the Pacific Highway to the east, Sinclair Street to the west, Shirley Road to the north and Bruce Street to the south.

The site has a primary frontage to the Pacific Highway and a secondary frontage to Bruce Street. The site is bound by 79-81 Sinclair Street to the north, 246-258 Pacific Highway and Bruce Street to the south, 51 to 81 Sinclair Street to the west and Pacific Highway to the east.

The site is rectangular in shape with a leg on the southern end that extends to Bruce Street, which provides vehicular access to the site.

The site has a total area of 3,796m² and contains two five storey commercial buildings and one car park basement level with 97 cars. The two buildings at the site date from mid 1980's. and are shown in the figures below. Retail uses are provided at ground floor, which has an irregular shape that at points is flush with the boundary. Connecting both buildings is a shared paved courtyard that opens up to the rear (west). The existing buildings comprise approximately 7,245m² GFA (equivalent to a FSR of 1.9:1).



Figure 1: The site (Base source: NearMaps)



Figure 2: Existing development on the site viewed from the Pacific Highway (Source: Google Maps)



Figure 3: Existing development on the site viewed from the Pacific Highway (Source: Google Maps)



Figure 4: Existing development on the site viewed from Bruce Street (Source: Google Maps)

3.2 Surrounding Locality

The surrounding locality is characterised by a mix of commercial, health, medical, educational and residential uses and is undergoing significant transformation following the introduction of the 2036 Plan and, more recently, the Crows Nest Accelerated TOD Precinct controls. The TOD envisages additional housing and greater height and density for the locality and is discussed further in section 4.

Immediately west of the site is low density residential which adjoins the shared lane off Bruce Street to the rear of the site. This area was recently rezoned R4 High Density Residential as part of the Crows Nest TOD.

Along Pacific Highway (to the east, north and south of the site), the area is characterised by 2 to 6 storey mixed use buildings with taller buildings interspersed. Notably the taller buildings include the:

- future 22-storey mixed use development (currently under construction) immediately east of the site at 405 Pacific Highway Crows Nest (known as Five Ways)
- existing 17-storey mixed use development directly south west of the site at 220 Pacific Highway, Crows Nest
- existing 8-storey residential flat building west of the site at 42 Sinclair Street, Crows Nest

The site is strategically located:

- within walking distance of the Crows Nest Metro Station which is 250m from the site and St Leonards and Wollstonecraft train stations (serviced by the T1 and T9 Lines) which are 800m from the site

- between two major strategic centres, the St Leonards Health and Education Precinct and the North Sydney CBD, which are located 900 metres and 1.2km from the site, respectively

The site is also in close proximity to:

- multiple health facilities including:
 - Mater Hospital (250m south)
 - Royal North Shore Hospital (1.2km north west)
 - Greenwich Hospital (1.6km west)
 - Northside Mental Health Clinic (1.5km north west)
 - North Shore Private Hospital (1.4km north west)
- educational establishments including:
 - Tafe NSW St Leonards (1.4km north west)
 - St Leonards Health and Education Precinct (900m north west)
 - North Sydney Girls High School (200m south east)
- open space known as St Leonards Park (700m east)



Figure 5: Surrounding Context (Base Source: Nearmaps)

4 Planning context – Crows Nest TOD

NSW is in the midst of a housing crisis. The state's current housing stock is insufficient and cannot accommodate projected population increases. The NHA recognises the critical need to address this crisis and has set the NSW Government a target to deliver 377,000 new homes by 2029.

To assist in achieving this, in December 2023 DPHI announced the establishment of the TOD program. As stated by DPHI, it is 'part of the biggest planning reforms this state has ever seen'. The intent of the TOD is to significantly increase housing supply, near transport, jobs and services through amending key planning controls to enable greater densities around major transport hubs.

The TOD program came into effect in November 2024 and involves two parts; accelerated precincts and new planning controls under Part 5 of the State Environmental Planning Policy (Housing 2021) (Housing SEPP) As shown within the figure below, the site is within the Crows Nest Accelerated TOD precinct.

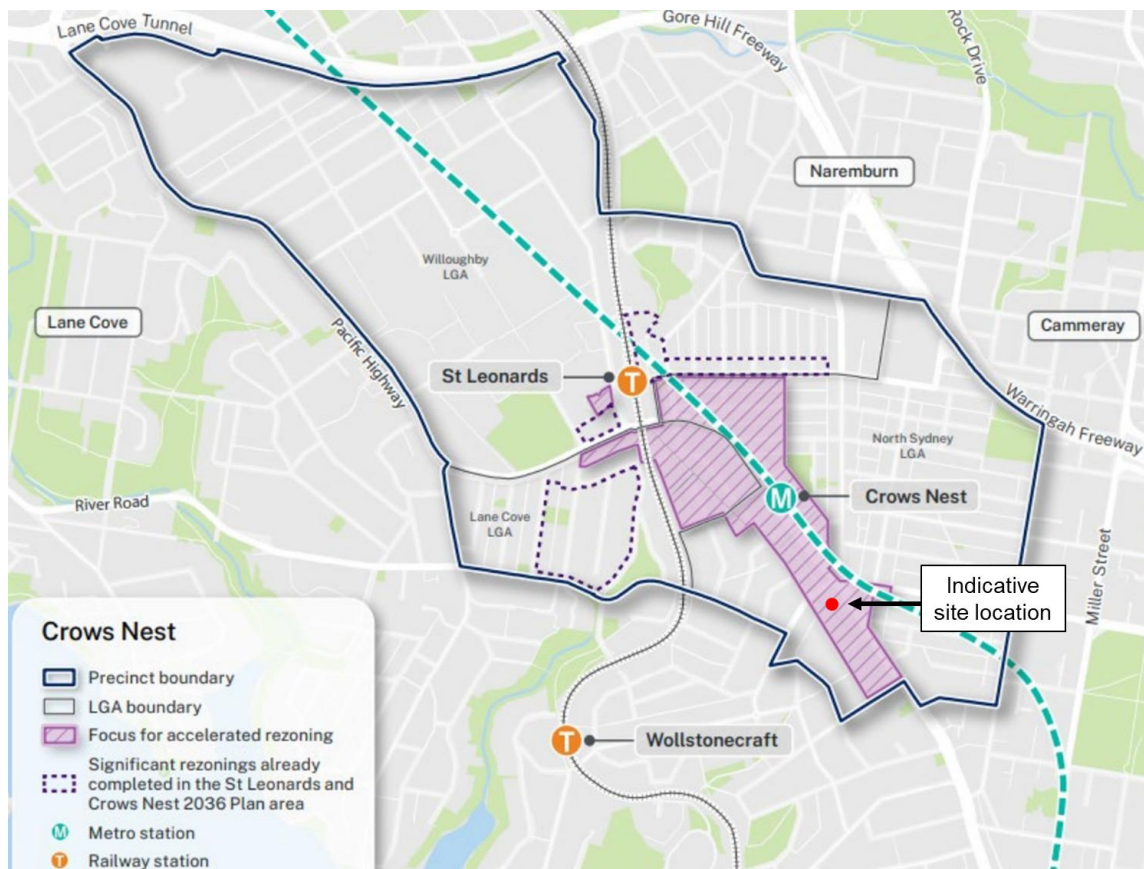


Figure 6: Crows Nest Accelerated TOD Precinct Boundary (Source: DPHI)

The Crows Nest TOD is set to deliver 5,900 new homes by 2039. This resulted in significant amendments to applicable planning controls aimed at increasing the capacity of multiple sites for additional housing, along with increased heights and densities. Consequently, the land use and built form character of the precinct is and will continue to undergo significant transformation over coming years.

Relevantly, the TOD rezoned the area directly west of the site from low to medium density residential to R4 High Density Residential (see green dashed area on Figure 7). This upzoning will redefine the character of the site's immediate locality into an area of high-density housing, with non-residential uses at lower levels along the Pacific Highway.

The TOD also amended the non-residential controls throughout the locality (Figure 8). Notably it reduced the controls at:

- Five Ways (405 Pacific Highway) from 2.5:1 to 1:1
- Crows Nest Metro Station from 10:1 to 1:1

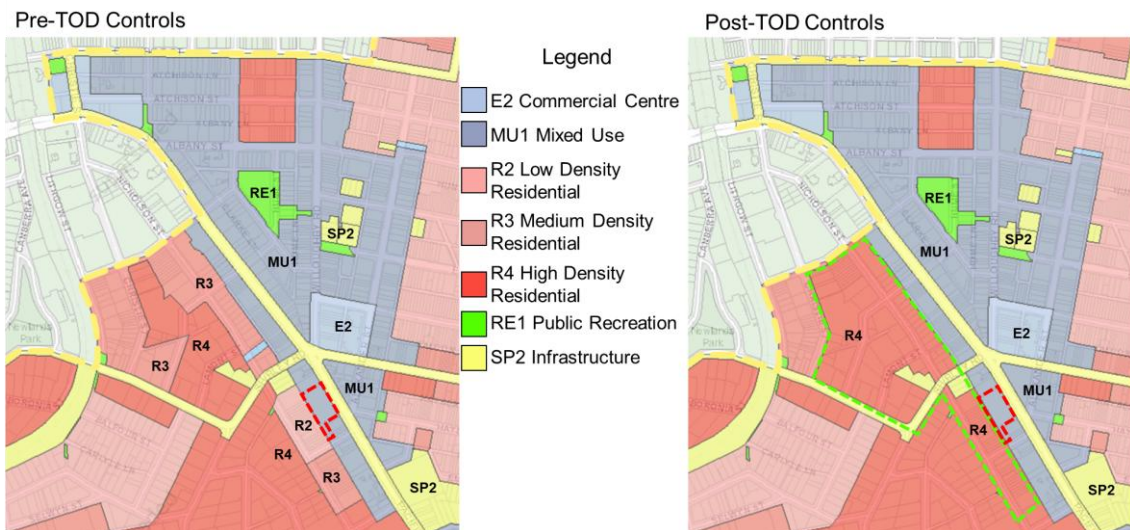


Figure 7: Zoning pre and post TOD controls

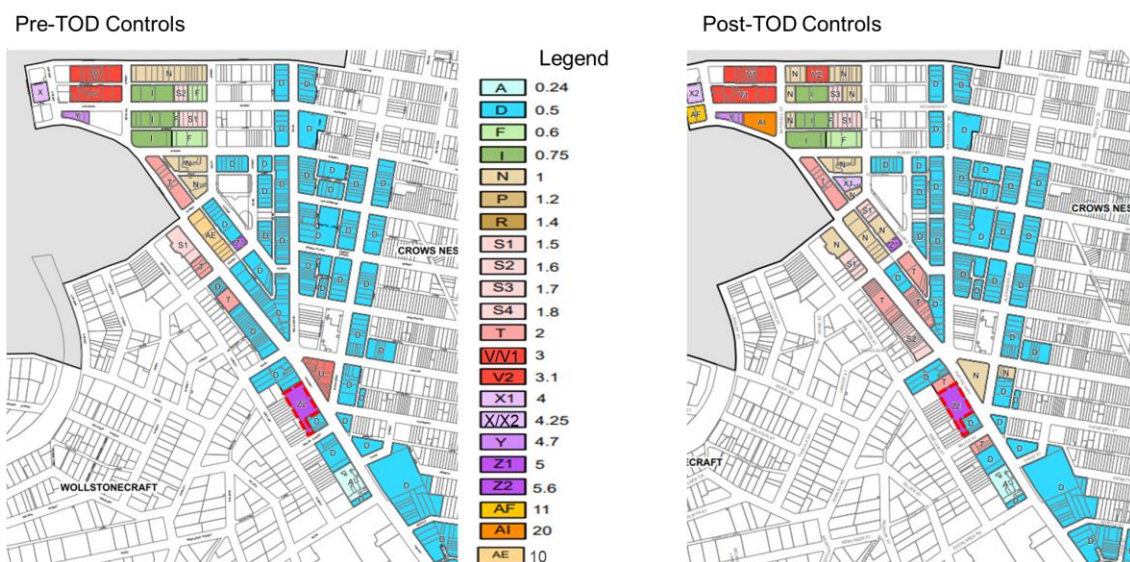


Figure 8: Non-residential FSR pre and post TOD controls

5 Statutory context

The NSLEP 2013 is the principal environmental planning instrument applying to the site. Key provisions of the LEP are addressed below.

5.1 Zoning and permissibility

Clause 2.1 outlines the land use zones which apply under the NSLEP 2013. As shown in the figure below, the site is zoned MU1 Mixed Use.

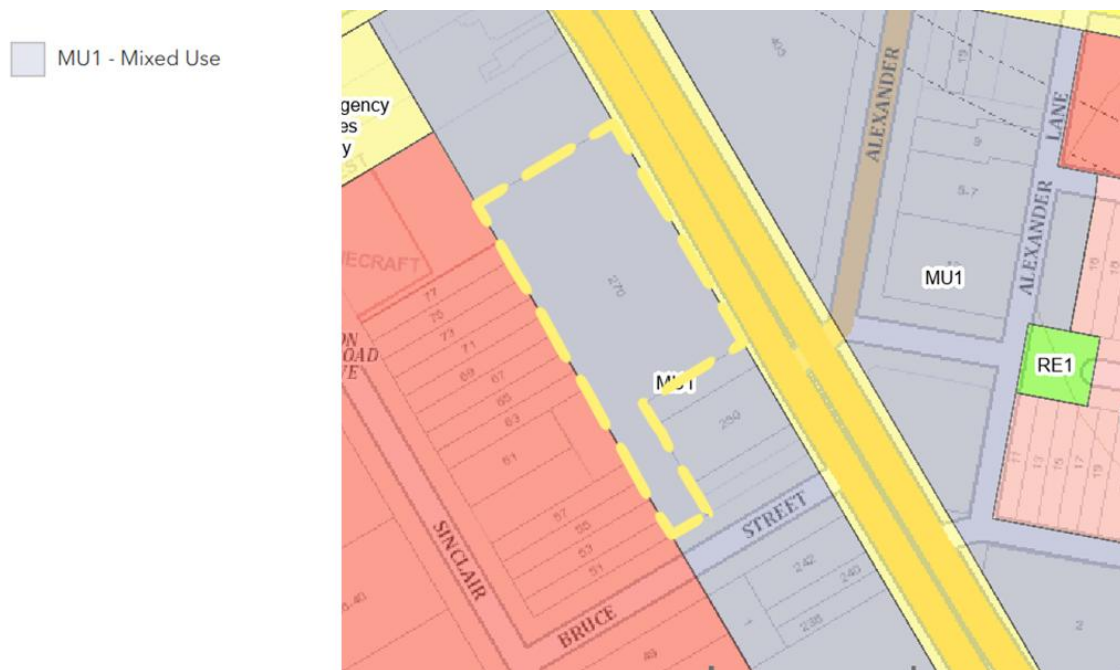


Figure 9 Land Use Zoning (Source: E Spatial Viewer)

The future use of the site will comprise a mixed-use development containing medical, retail and BTR residential uses. Commercial premises, medical centres and shop-top housing are all permissible with consent in the MU1 zone under the LEP. Development for the purposes of BTR housing is permissible with consent in accordance with sections 72 and 73 of *State Environmental Planning Policy (Housing) 2021* (Housing SEPP).

Each of these permissible uses are consistent with the MU1 zone objectives:

- *To encourage a diversity of business, retail, office and light industrial land uses that generate employment opportunities.*
- *To ensure that new development provides diverse and active street frontages to attract pedestrian traffic and to contribute to vibrant, diverse and functional streets and public spaces.*
- *To minimise conflict between land uses within this zone and land uses within adjoining zones.*
- *To encourage business, retail, community and other non-residential land uses on the ground floor of buildings.*

- To create interesting and vibrant mixed-use centres with safe, high quality urban environments with residential amenity.
- To maintain existing commercial space and allow for residential development in mixed use buildings, with non-residential uses concentrated on the lower levels and residential uses predominantly on the higher levels.

Conversely, the retention of the current non-residential FSR of 5.6:1, which prevents any residential use of the site, is contrary to these zone objectives in that it does not allow for a mixed use building including residential uses at upper levels.

5.2 Floor Space Ratio

Clause 4.4 prescribes a base FSR for the site of 5.6:1, as shown in the figure below.

Clause 6.19D enables the FSR to increase to 6.02:1, provided the additional GFA (0.42:1) is located below ground and not used for residential or retail purposes (other than neighborhood shops). However, the future development (SSD-79658964) does not propose to utilise this clause.



Figure 10: FSR Map (Source: NSLEP 2013)

5.3 Non-Residential Floor Space Ratio

Clause 4.4A states the non-residential floor space ratio for all buildings within a site must not be less than the ratio shown for the land on the Non-Residential Floor Space Ratio Map. As shown on the figure below, the non-residential FSR for the site, identified as Z2, is 5.6:1. As this is the same as the base FSR of 5.6:1, it means that 100% of the above ground FSR is to be used for non-residential purposes.



Figure 11 Non-Residential FSR Map (Source: NSLEP 2013)

6 The Planning Proposal

As identified in section 5.3, the non-residential FSR control is the same as the base FSR, which prevents any residential uses on the site, despite residential development being permissible with consent in the MU1 Mixed Use zone and encouraged by the zone's objectives.

Accordingly, the Planning Proposal seeks to reduce the non-residential FSR development standard to permit residential on the site in accordance with DPHI's strategic vision for the Crows Nest locality under the TOD program.

Specifically, it is proposed to amend the site's non-residential FSR as identified on the NSLEP 2013 Non-Residential Floor Space Ratio map, Sheet 1 (LCL_001) from 5.6:1 to 1:1. It does not seek any amendments to the site's applicable height and base FSR controls.

This amendment facilitates a SSD application (SSD-79658964) which has been lodged with DPHI to be assessed with this concurrently with this report. The SSD seeks consent for a mixed use development comprising:

- a 16 storey building comprising:
 - 2 basement levels
 - 3 podium levels comprising BTR units, medical centre and retail premises
 - 13 storey tower comprising BTR units
- a single storey office premises and substation
- landscaping

The GFA/FSR breakdown of the proposed development is shown in the table below:

Use	GFA (m ²)	FSR
BTR residential	17,537	4.6:1
Non-residential	3,721	1:1
TOTAL	21,258	5.6:1

Figure 12: Proposed GFA and FSR breakdown (Source: Fitzpatrick Partners)

The SSD-79658964 is accompanied by Architectural Plans prepared by Fitzpatrick Partners. Extracts are provided in the figures below.



Figure 13: View from Pacific Highway (Source: Fitzpatrick Partners)



Figure 14: View from Pacific Highway (Source: Fitzpatrick Partners)



Figure 15: View from Bruce Street (Source: Fitzpatrick Partners)

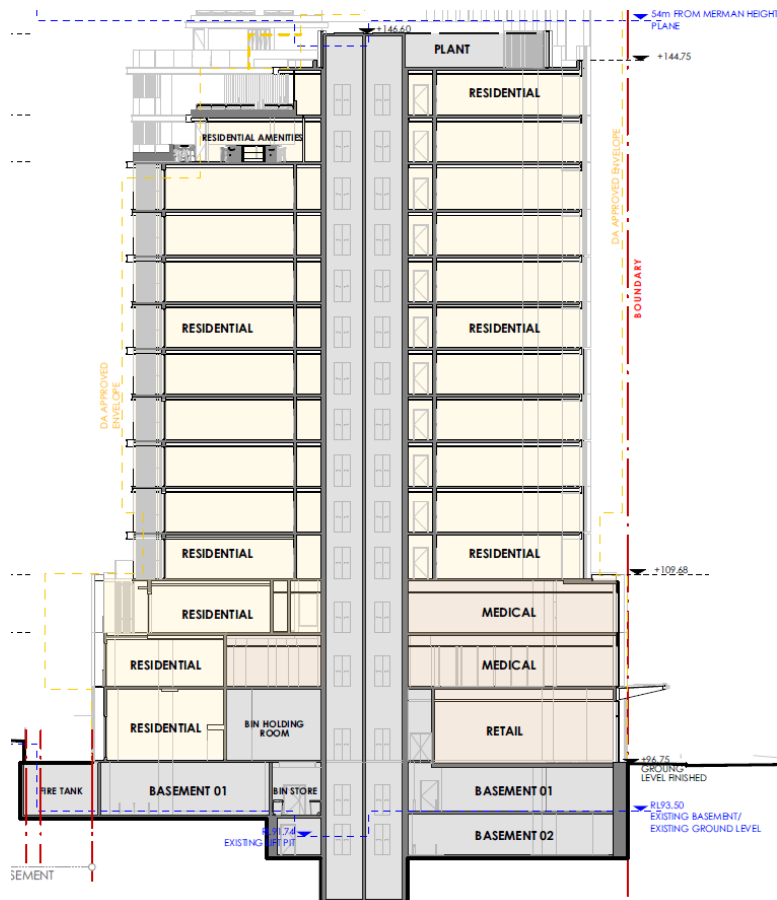


Figure 16: east/west section plan of south tower (Source: Fitzpatrick Partners)

7 Planning Assessment

7.1 Objectives of the proposal

The primary objective of the Planning Proposal is to establish an appropriate non-residential FSR control which enables a mixed-use development on the site, including BTR residential uses, consistent with the site's MU1 Mixed Use zoning.

Importantly, a change to the non-residential FSR has no impact on the bulk and scale of the site's future development. It only changes the mix of permitted uses on the site from wholly non-residential to a mix of residential and non-residential uses, within the allowable building envelope set by a height of 54m and FSR 5.6:1 (above ground level) under clauses 4.3 and 4.4 of the NSLEP 2013.

In light of the above, this assessment section focuses on the quantum of proposed non-residential FSR rather than any bulk and scale outcomes.

7.2 Explanation of the provisions

The Planning Proposal seeks to amend the Non-Residential Floor Space Ratio map, Sheet 1 (LCL_001), in NSLEP 2013 by changing the non-residential FSR for the site from 5.6:1 to 1:1.

The proposed amendments to LCL_001 are shown in Section 7

7.3 Rationale for the proposed development standard

This Planning Report is supported by technical reports which make the case to amend the non-residential FSR development standard.

The proposed development standard of 1:1 is based on an evidence-based approach which has considered the potential economic, environmental and social impacts of a mixed use development.

It has further conducted an analysis of the surrounding non-residential FSR's. As shown within the figure below, the non-residential FSRs in the southern end of the TOD are generally 0.5:1-1:1, with small pockets increasing to 1.5:1 and 2:1.



Figure 17: Non-residential FSR (Source: NSLEP 2013)

Several sites to the immediate north, west and south west (between 20-80m from the site), are all zoned MU1 Mixed Use and have a non-residential FSR's which equate to between 15-23% of the base FSR. These examples are identified on the figure and table below.

The proposed control of 1:1, is within this range as it comprises approximately 18% of the base FSR of 5.6:1. Therefore, 1:1 is consistent with the land use mix and employment generating GFA which characterises the MU1 zone in this part of the precinct.

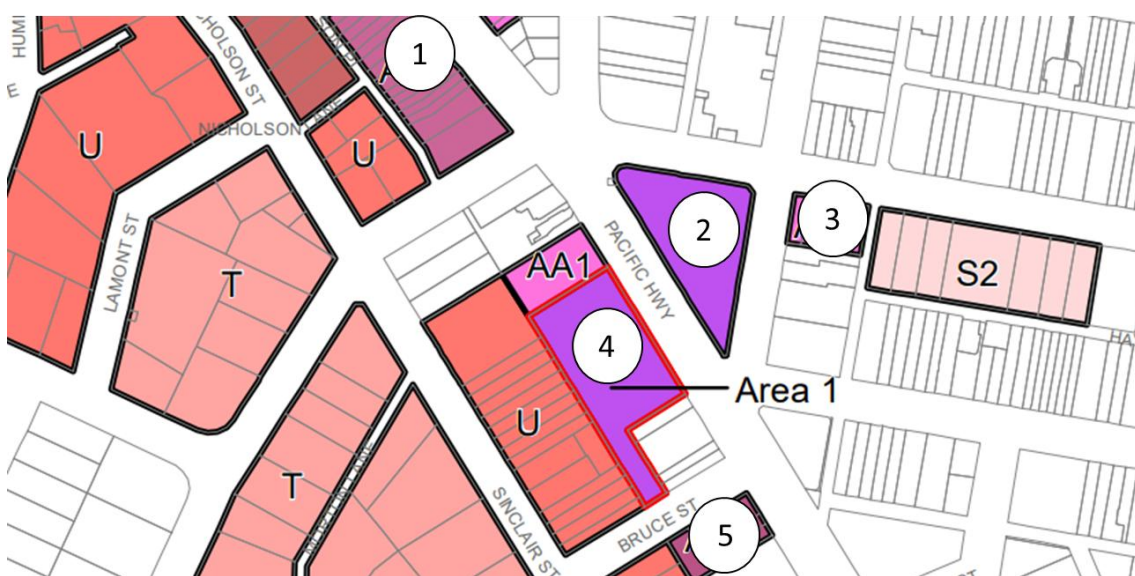


Figure 18: Base FSR map (Source: NSLEP 2013)

Site(s)	Address	Non-res FSR as % of base FSR
1	G338-308A Pacific Highway, Crows Nest	23%
2	405 Pacific Highway, Crows Nest	17%
3	21 Falcon Street, Crows Nest	15%
4	The site (270 Pacific Highway, Crows Nest)	100% (current) 18% (proposed)
5	238-242 Pacific Highway, Crows Nest	23%

Table 1: Non-residential FSR analysis

In light of the above, a future mixed-use development of the site with non-residential FSR at 1:1 aligns with the surrounding non-residential FSR's and enables residential housing in the southern end of the TOD which is ideal for this use.

Further planning justification and rationale for the proposed control is provided in the sections below.

7.4 Justification of strategic and site specific merit

This section has been prepared in accordance with Part 3 of the *Local Environmental Plan Making Guideline* dated August 2023. Specifically, the 'matters for consideration' which are used to assess whether a proposal has strategic and site specific merit.

It is noted DPHI's study requirements (Appendix 3) do not specifically require a site-specific merit test. Notwithstanding, a high level assessment has been prepared in addition to strategic merit.

An assessment against the matters for consideration is provided in the subsections below.

7.4.1 Is the planning proposal a result of an endorsed LSPS, strategic study or report?

No.

However, as shown within Figure 6, the site is located within the Crows Nest Accelerated TOD Precinct.

Whilst the Crows Nest Accelerated TOD Precinct did not specifically amend the current planning controls applying to the site, the Planning Proposal aligns with the objectives of the TOD which are reproduced within the table below.

TOD objective	Comment	Consistency?
increase housing supply in well-located areas	The proposed development on the site facilitates 168 new BTR dwellings on the site, which is well located in relation to public transport, health, education, retail and other services.	✓

TOD objective	Comment	Consistency?
<i>enable a variety of land uses (residential, commercial, recreational) within walking distance of train and metro stations</i>	<p>The proposed reduction of the non-residential FSR enables both residential and non-residential uses on the site, which is located 250m from the Crows Nest Metro Station.</p> <p>These uses significantly increase housing supply (as noted above) whilst preserving sufficient employment generating floor space within the Crows Nest TOD precinct.</p>	✓
<i>deliver housing that is supported by attractive public spaces, vibrancy, and community amenity</i>	The site is strategically located near the Crows Nest village, St Leonards Park and along Pacific Highway.	✓
<i>increase the amount of affordable housing in these locations</i>	The proposal increases affordable housing provision as it is proposed to provide an affordable monetary contribution equivalent to 3% of the site's residential GFA	✓

Table 2: TOD consistency

Further, the proposal is also consistent with the *North Sydney Local Strategic Planning Statement 2020* (LSPS), *North Sydney Local Housing Strategy 2019* (LHS) and *Housing Strategy Supplement 2024*. This is discussed in detail below.

7.4.2 Is the planning proposal the best means of achieving the objectives or intended outcomes, or is there a better way?

Yes, an amendment to the NSLEP 2013 is the best and most appropriate means of achieving the desired mix of uses as the current non-residential FSR control prohibits residential uses on the site which:

- is not commensurate with the objectives of the MU1 Mixed Use zone;
- is contrary to the objectives of the TOD program to increase housing supply on well-located sites; and
- sterilises the site by preventing feasible redevelopment as outlined in the Market and Economic Impact Assessment (Appendix 1)

As outlined in Section 2, DPHI was consulted in relation to preferred planning pathway for the proposed amendment to the NSLEP 2013.

DPHI advised its position is that an amendment to clause 4.4A of NSLEP 2013 is required to facilitate the proposed BTR shop-top housing in the SSDA.

Accordingly, a Planning Proposal is considered to be the most appropriate pathway to achieve the intended outcome and facilitate a future mixed-use development on the site.

7.4.3 Will the Planning Proposal give effect to the objectives and actions of the applicable regional, or district plan or strategy (including any exhibited draft plans or strategies)?

The Planning Report gives effect to the objectives and actions of the following metropolitan, district and other plans:

- *Greater Sydney Region Plan – A Metropolis of Three Cities*
- *North District Plan*
- *St Leonards Crows Nest 2036 Plan*

Greater Sydney Region Plan – A Metropolis of Three Cities

The *Greater Sydney Region Plan – A Metropolis of Three Cities* (the Region Plan) sets a 40-year vision to 2056 and establishes a 20-year plan for Greater Sydney to manage growth and change in the context of social, economic and environmental matters.

The overriding vision of the Plan is to rebalance Sydney into a metropolis of three unique but connected cities – the Eastern Harbour City, the Western Parkland City and the Central River City. The site is located within the Eastern Harbour City.

The Region Plan sets out broad priorities and actions which focus on four themes – infrastructure and collaboration, liveability, productivity and sustainability. The table below reproduces the relevant themes/action items and demonstrates the Planning Proposal's consistency with these items.

Objective	Comment	Consistency?
Infrastructure and collaboration		
<i>O2: Infrastructure aligns with forecast growth – growth infrastructure compact</i>	<p>The site is located 250m south of the Crows Nest Metro.</p> <p>The Metro provides a high frequency transport service which connects major employment hubs such as Macquarie Park, Chatswood, North Sydney and the Sydney CBD.</p> <p>The proposed amendment to the NSLEP 2013 will capitalise on the State Government’s investment in the Metro by delivering density in close proximity to transport which encourages future residents and workers to rely on public transport.</p>	✓
Liveability		
<i>O10: Greater housing supply</i>	<ul style="list-style-type: none"> The Region Plan provides housing targets for the North District (in which the site is located) between 2016-2036: <ul style="list-style-type: none"> 0–5-year target (2016-2021): 25,950 additional homes 20-year (2016-2036): 92,000 additional homes. The proposed amendment to the NSLEP 2013 is consistent with this objective as it will facilitate 168 new dwellings and contribute towards the fulfilling the above-mentioned housing targets. 	✓
<i>O11: Housing is more diverse and affordable</i>	<ul style="list-style-type: none"> This objective highlights the importance of housing diversity to meet changing community needs. The proposal is consistent with this direction as it is capable of providing diverse unit configurations ranging from 1-4 bedrooms in addition to adaptable dwellings. 	✓
<i>O13: Environmental heritage is identified, conserved and enhanced</i>	<ul style="list-style-type: none"> The site does not contain any heritage items and is not within a Heritage Conservation Area. It is noted an item of local heritage significance known as the Former North Shore Gas Co office (I0150) adjoins the northern site boundary. The site is also in close proximity to a number of locally listed heritage items. Notwithstanding, the proposal will not have any adverse heritage impacts given the reduction of non-residential FSR will not result in any changes to the permissible building envelope. Therefore, there are no further heritage impacts from what is existing under the current controls. 	✓
Productivity		
<i>O14: A Metropolis of Three Cities – integrated land use and transport creates walkable</i>	<ul style="list-style-type: none"> This objective outlines the relationship between connectivity and productivity and supports the creation of a ‘30-minute city’ to ensure residents can access metropolitan centres within 30 minutes by public transport. 	✓

Objective	Comment	Consistency?
<i>and 30-minute cities</i>	<ul style="list-style-type: none"> The proposal is consistent with this objective as it: <ul style="list-style-type: none"> co-locates homes with transport through enabling the provision of a high quality, dense development on a site adjacent to a bus stop (frequently serviced by buses 119, 525, 254, 265, 267, 286, 287, 290, 291, N90 and N91) and 250m from the Crows Nest Metro Station optimises a liveable and walkable city 	
<i>021: Internationally competitive health, education, research and innovation precincts</i>	<ul style="list-style-type: none"> The planning proposal seeks to retain non-residential floor space on the site. SSD-79658964 proposes a medical centre comprising over 3,000m² GFA. The medical centre will strengthen the St Leonards/Crows Nest Health and Education precinct identified under the Region (and District) Plan given it's proximity to the Mater Hospital. 	✓
An Efficient City		
<i>033: A low-carbon city contributes to net-zero emissions by 2050 and mitigates climate change</i>	<ul style="list-style-type: none"> The site's proximity to public transport (metro and bus services mentioned above) promotes walkable and cyclable neighbourhoods by increasing accessibility to and convenience of public transport. This reduces reliance on private cars and contributes to the objective of creating a low-carbon city. 	✓
<i>034: Energy and water flows are captured, used and re-used</i>	<ul style="list-style-type: none"> The Applicant is committed to managing resource consumption by minimising waste, increasing energy efficiencies and lessening environmental impact where possible. Such measures will be explored in greater detail as part of the SSD. 	✓

Table 3: Alignment with the Greater Sydney Regional Plan

North District Plan

The North District Plan is a 20-year plan to manage growth in the context of economic, social and environmental matters in the North District which includes the Lane Cove LGA. The District Plan identifies a number of Planning Priorities to achieve a liveable, productive and sustainable future for the district.

It provides the district level framework to implement the goals and directions outlined in the Regional Plan and is intended to be used to inform the preparation of Local Environmental Plans, Planning Proposals, and strategic land use and transport and infrastructure planning.

Importantly, the North District Plan sets a housing target of an additional 92,000 dwellings between 2016 and 2036.

The table below demonstrates how the proposal aligns with the relevant directions, including the housing targets discussed above.

Direction	Comment	Consistency?
Infrastructure and collaboration		
<i>N1: Planning for a city supported by infrastructure</i>	<ul style="list-style-type: none"> The proposal leverages off the bus stop (directly adjacent) and metro station (250m north) to provide housing in close proximity to established infrastructure. The indicative travel time is 11 minutes from Crows Nest Station to Central Station and 5 minutes to North Sydney, locating the site well within the desired 30 minute travel envisaged by the Region Plan. 	✓
Liveability		
<i>N5: Providing housing supply, choice and affordability, with access to jobs, services and public transport.</i>	<ul style="list-style-type: none"> The District Plan requires housing supply to be coordinated with local infrastructure to create well connected spaces. The Planning Proposal is consistent in that it can deliver housing in a strategic location near key infrastructure and services. 	✓
<i>N6: Creating and renewing great places and local centres, and respecting the District's heritage</i>	<ul style="list-style-type: none"> There are no heritage items on the site. Whilst the site is directly south of heritage item, there are no changes to the permissible building envelope and therefore there are no additional heritage impacts from what is existing. 	✓
Productivity		
<i>N8: Eastern Economic Corridor is better connected and more competitive</i>	<ul style="list-style-type: none"> Crows Nest is identified as being within the 'Eastern Economic Corridor.' The proposal will increase density on a site co-located with the Crows Nest Metro meaning more people will have easy access to employment in a rejuvenated urban environment, this will boost productivity. 	✓
<i>N9: Growing and investing in health and education precincts</i>	<ul style="list-style-type: none"> The planning proposal seeks to retain non-residential floor space on the site. SSD-79658964 proposes a medical centre comprising over 3,000m² GFA. The medical centre will strengthen the St Leonards/Crows Nest Health and Education precinct identified under the Region (and District) Plan given it's proximity to the Mater Hospital. 	✓
<i>N12: Delivering integrated land use and transport planning and a 30-minute city</i>	<ul style="list-style-type: none"> This objective seeks to integrate land use and transport planning to deliver a 30 minute city. As noted above, the proposal is consistent with this objective by collocating housing with transport. 	✓
Sustainability		
<i>N21: Reducing carbon emissions and managing</i>	<ul style="list-style-type: none"> Energy efficiency and sustainable measures will be incorporated to ensure compliance with BASIX and 	✓

Direction	Comment	Consistency?
<i>energy, water and waste efficiently</i>	resultingly reduce the carbon footprint as part of the SSD.	

Table 4: Consideration of key planning priorities of the *North District Plan*

St Leonards Crows Nest 2036 Plan

The 2036 Plan was introduced to provide a strategic framework to facilitate the urban renewal of St Leonards and Crows Nest for an expanding employment centre and growing residential community in the suburbs of St Leonards, Greenwich, Naremburn, Wollstonecraft, Crows Nest, and Artarmon.

As previously noted, the 2036 Plan was exhibited and finalised in August 2020, prior to the COVID-19 pandemic, the release of the NHA in 2022 and the finalisation of the Crows Nest TOD Accelerated Precinct in November 2024. Accordingly, many of the 2036 Plan's actions and provisions, have been superseded by significant changes in market conditions and strategic planning policy.

This includes the 5.6:1 non-residential FSR which applies to the site and which reflects pre-COVID commercial market conditions and pre-National Housing Accord housing supply objectives. It is also the only non-residential FSR within the MU1 Mixed Use zone within Crows Nest which equates to 100% of the base FSR, which is antithetical to the objectives of the MU1 zone and also inconsistent with the objectives of the Crows Nest Accelerated TOD precinct to deliver additional housing on well-located sites.

Notwithstanding, an assessment against relevant provisions and actions of the plan has been undertaken, as outlined in Table 5 below.

Action	Comment	Consistency?
Area wide comments and actions		
<i>St Leonards and Crows Nest represents a key opportunity to deliver build-to-rent housing given its accessible location and improvements to active and public transport links with the introduction of the Crows Nest Metro Station. Built-to-rent housing has the potential to deliver key public benefits for the community, including greater housing choice in a stable-rental environment which can result in more established residents actively participating in the community. Councils are encouraged to explore build-to-rent opportunities within the precinct.</i>	The proposal is entirely consistent with this action as the residential component of the future development on the site (SSD-79658964) is BTR.	✓

Action	Comment	Consistency?
<p>Land Use</p> <p><i>Include opportunities through amendments to planning controls to encourage a range of dwelling typologies to cater for the diverse community in St Leonards and Crows Nest.</i></p>	<ul style="list-style-type: none"> The proposal is entirely consistent as it proposes an amendment to the non-residential planning control to enable diverse dwelling typologies on the site. 	✓
<p>Land Use</p> <p><i>Concentrate higher density housing along the Pacific Highway between the St Leonards Station and Crows Nest Metro Station and transition to lower density living options in the surrounding area</i></p>	<ul style="list-style-type: none"> It is noted the site is south of the Crows Nest Metro. Notwithstanding, the Crows Nest TOD is now the primary strategic vision for the site. As shown within Figure 6, the site is located within the focus area of the TOD and therefore an ideal location for higher density along Pacific Highway. 	No – however, proposal is consistent with –Crows Nest Accelerated TOD Precinct
<p>Land Use</p> <p><i>Explore build-to-rent opportunities within the precinct</i></p>	<ul style="list-style-type: none"> The proposal is entirely consistent with this action as the proposed residential component of a future development will be for build-to-rent purposes. 	✓
<p>Land Use</p> <p><i>Encourage a balance of commercial and residential uses within the St Leonards Core with a minimum non-residential floor space requirement for the B4 Mixed Use zone to meet North District Plan high jobs target</i></p> <p><i>The North District Plan identifies a high jobs target of 63,500 for the area by 2036</i></p>	<ul style="list-style-type: none"> The proposal is consistent as it retains commercial floor space on the site and as described within the Economic and Market Assessment (Appendix 1), will not have any measurable adverse economic impact in terms of loss of jobs. This is discussed further in Table 9. 	✓
Implementing the Plan		
Zoning – B4 Mixed Use	<ul style="list-style-type: none"> The proposal will have no impact on the site's zoning. 	Yes
Building height – 13 storeys	<ul style="list-style-type: none"> The proposal will have no impact on the site's height. 	Yes
FSR – 5.6:1	<ul style="list-style-type: none"> The proposal will have no impact on the site's base FSR. 	Yes
Non-residential FSR – 5.6:1	<ul style="list-style-type: none"> The proposal will amend the non-residential FSR to 1:1 to fulfill to above mentioned actions and enable residential, specifically build-to-rent development on the site. 	No, reduction in non-residential FSR to 1:1 the subject of this

Action	Comment	Consistency?
		Planning Proposal
Street wall height – 3 storeys	<ul style="list-style-type: none"> The proposal will have no impact on the wall height. 	Yes
Setbacks – 0m to front and 5m to the rear	<ul style="list-style-type: none"> The proposal will have no impact on the site’s base height. 	Yes

Table 5: Consideration of key planning priorities of the St Leonards and Crows Nest 2036 Plan

7.4.4 Is the Planning Proposal consistent with a Council LSPS that has been endorsed by the Planning Secretary or GCC, or another endorsed local strategy or strategic plan?

Yes. The Planning Proposal is consistent with the following local strategies prepared by Council:

- *North Sydney LSPS 2020*
- *North Sydney Draft Housing Strategy Supplement 2024*
- *North Sydney LHS 2019*

North Sydney LSPS 2020

In March 2020, the Greater Cities Commission endorsed the *North Sydney Local Strategic Planning Statement 2020* (LSPS) which outlines a plan for the LGA’s economic, social and land use needs over the next 20 years.

The housing supply forecast for the North Sydney LGA (as outlined within the LSPS) is 11,780 dwellings by 2036. It is intended to meet housing supply demand by (bold our emphasis):

- *Council continuing its long-term housing approach of concentrating residential density in and around existing centres and transport nodes and rely on the existing capacity if current land use planning controls*
- ***Managing housing delivery in the St Leonards/Crows Nest Planned Precinct; and***
- *Council continuing its approach of place-based strategic planning with detailed community consultation to seek the best planning outcomes.*

The LSPS identifies Planning Priorities relating to infrastructure, liveability, productivity and sustainability and sets out specific actions to deliver these. The table below identifies the relevant planning priorities/action items and assesses the proposal’s consistency with each, including housing supply.

Planning Priority	Comment	Consistency?
Liveability – Priority L1 Diverse housing options that meet the needs of the North Sydney community		
<i>Priority L1.1: Implement the North Sydney Local Housing Strategy (2019) to achieve the housing directions, objectives and actions of the GSC's Regional and North District Plans and deliver 0-5 and 6-10 year housing supply targets.</i>	<ul style="list-style-type: none"> The proposed reduction in non-residential FSR can accommodate 168 new dwellings which will contribute towards the wider housing market in the locality, district and broader NSW region. 	✓
<i>Priority L1.3: Collaborate with the DPIE to refine and finalise the Draft St Leonards and Crows Nest 2036 Plan and prepare a development phasing plan, to achieve co-ordinated and well managed housing growth in the St Leonards/Crows Nest Planned Precinct, drawing on the outcomes of the NSLHS and adopted place-based studies</i>	<ul style="list-style-type: none"> As noted in the sections above, the <i>St Leonards and Crows Nest 2036 Plan</i> has been superseded by the Crows Nest Accelerated TOD Precinct. The proposal achieves the intent of the TOD and objectives of the North Sydney LHS by coordinating housing growth with infrastructure. 	✓
<i>Priority L1.4: Amend NSLEP 2013 and NSDCP 2013 to implement the finalised St Leonards and Crows Nest 2036 Plan, as agreed in collaboration with the DPIE and in accordance with the agreed development phasing plan, the outcomes of the NSLHS, and adopted place-based studies.</i>	<ul style="list-style-type: none"> Due to market conditions and planning policy (i.e. the TOD), this proposal seeks to amend the NSLEP to reduce non-residential FSR on site 	No, further amendment to NSLEP the subject of this Planning Proposal
<i>Priority L1.5: Council will only support Planning Proposals that are consistent with Council's endorsed planning studies, that have identified growth being delivered in locations that support the role of centres and have critical infrastructure and services in place to support the North Sydney community</i>		
<i>Priority L1.8: On confirmation of a consistent viability test for the Affordable Rental Housing Targets and implementation mechanisms by the GSC, investigate the establishment of an Affordable Housing Contribution Scheme and associated amendment to NSLEP 2013 to enable a mechanism for the delivery of local affordable housing</i>	<ul style="list-style-type: none"> Enabling residential uses on the site will enable future development to be consistent with these controls and specifically, by contributing 3% of the site's residential GFA as a monetary contribution. 	✓
<i>Priority L1.11: Review/update NSDCP 2013 to ensure an appropriate diversity of dwelling types in new</i>	<ul style="list-style-type: none"> The proposed reduction in non-residential FSR will enable future 	N/A

Planning Priority	Comment	Consistency?
<i>residential development is delivered, consistent with the findings of the NSLHS.</i>	development on the site to diversify housing options within the LGA consistent with the North Sydney LHS. Relevant DCP controls will be considered in the SSDA.	

Table 6: Consideration of key planning priorities of the Lane Cove LSPS

North Sydney Local Housing Strategy

The North Sydney LHS, which was finalised in 2019, is a 20-year plan that outlines the strategic direction for housing within the North Sydney LGA. The strategy aligns with Regional and District Plan directions, objectives and actions for housing in metropolitan Sydney.

At the time of preparing the North Sydney LHS, Council was required to meet the North District 0-5 year housing target, deliver a 6-10 year housing target to meet anticipated demand, and contribute to the District’s 20-year target. This amounted to approximately 3,000 new dwellings every five years.

In mid-2024, the NSW Government released new dwelling completion targets for each LGA. North Sydney was set a target of 5,900 dwelling completions over the next five years (2024-2029).

Of this target, 2,630 are already planned and either have existing approvals or are where rezonings have already occurred. The remaining 3,270 will need to come from the expected delivery of homes which can occur in the next five years based on the Crows Nest Accelerated TOD Precinct and low and mid-rise housing reforms.

Following this, Council prepared a ‘Housing Strategy Supplement’ to support the existing North Sydney LHS.

North Sydney Draft Housing Strategy Supplement

The Housing Strategy Supplement incorporates new and modified actions to ensure alignment with the updated housing targets and planning reforms.

The supplement is consistent with the overarching goal of the existing NSLHS. However, it is noted that the supplement incorporates several new and modified actions to ensure alignment with the updated housing targets and planning reforms (i.e. the TOD).

An assessment of the Planning Proposal’s consistency with these items is provided within the table below.

Objective	Comment	Consistency?
Objectives		
<i>Continue to deliver housing growth through existing capacity of residential zoned land (Planning Approach 1).</i>	<ul style="list-style-type: none"> The site is zoned MU1 Mixed Use which can deliver housing through an existing zoning. 	✓
<i>Implement the State Government's Transport Oriented Development (TOD) program (Crows Nest precinct) and low and mid-rise housing changes to zoning and planning controls.</i>	<ul style="list-style-type: none"> As outlined in section 7.4.1, the proposal implements to the Crows Nest TOD. 	✓

Table 7: Consistency with the Draft Housing Strategy Supplement

7.4.5 Is the planning proposal consistent with any other applicable State and regional studies or strategies?

There are no other relevant studies.

7.4.6 Is the planning proposal consistent with applicable SEPPs?

The table below confirms the Planning Proposal is consistent with relevant *State Environment Planning Policies* (SEPP).

State Environmental Planning Policy	Discussion
<i>State Environmental Planning Policy (Biodiversity and Conservation) 2021</i>	<p>Chapter 2 works together with the <i>Biodiversity Conservation Act 2016</i> and <i>Local Land Services Act 2013</i> to create a framework for the regulation of clearing of native vegetation in NSW.</p> <p>The site is not mapped as containing any land of high biodiversity value on NSW Spatial viewer. Tree removal requiring consent is addressed as part of the SSD.</p>
<i>State Environmental Planning Policy (Housing) 2021</i>	<p>The principles of this Policy are:</p> <ol style="list-style-type: none"> <i>enabling the development of diverse housing types, including purpose-built rental housing,</i> <i>encouraging the development of housing that will meet the needs of more vulnerable members of the community, including very low to moderate income households, seniors and people with a disability,</i> <i>ensuring new housing development provides residents with a reasonable level of amenity,</i> <i>promoting the planning and delivery of housing in locations where it will make good use of existing and planned infrastructure and services,</i> <i>minimising adverse climate and environmental impacts of new housing development,</i> <i>reinforcing the importance of designing housing in a way that reflects and enhances its locality,</i>

State Environmental Planning Policy	Discussion
	<p>g) supporting short-term rental accommodation as a home-sharing activity and contributor to local economies, while managing the social and environmental impacts from this use,</p> <p>h) mitigating the loss of existing affordable rental housing.</p> <p>The proposal is consistent with these objectives specifically 3 (a), (b) and (d) as the proposed reduction in non-residential FSR:</p> <ul style="list-style-type: none"> • facilitates purpose built rental housing on the site • encourages residential development which will contribute to affordable housing within the area (noting that the site is subject to an affordable housing contribution under clause 7.4 of the NSLEP) • facilitates housing within the TOD precinct which a location that capitalises on it's proximity to existing infrastructure and services <p>Chapter 3, Part 4 of the SEPP relates to BTR housing. BTR is permissible with consent on the site, in accordance with these provisions. A detailed assessment against the relevant provisions of the Housing SEPP is undertaken in the EIS supporting the SSDA.</p> <p>Chapter 4 seeks to improve the design of residential development in NSW. These matters will be addressed in the SSDA.</p>
<i>State Environmental Planning Policy (Resilience and Hazards) 2021</i>	Not applicable.
<i>State Environmental Planning Policy (Sustainable Buildings) 2022</i>	<p>The <i>State Environmental Planning Policy (Sustainable Buildings) 2022</i> encourages the design and delivery of more sustainable buildings across NSW. It sets sustainability standards for residential and non-residential development and starts the process of measuring and reporting on the embodied emissions of construction materials.</p> <p>These matters will be addressed in the SSDA.</p>

Table 8: Relevant State Environmental Planning Policies

7.4.7 Is the Planning Proposal consistent with applicable Ministerial Directions (section 9.1 directions) or key government priority?

The Planning Proposal is consistent with the Directions issued by the Minister for Planning and Public Spaces under section 9.1 of the EP&A Act. The Directions relevant to the proposal are addressed in the below table.

Relevant Ministerial Direction	Consideration
Focus Area 1 - Planning Systems	

Relevant Ministerial Direction	Consideration
Direction 1.1: Implementation of Regional Plans	<p>The objective of Direction 1.1 is to give legal effect to the vision, land use strategy, goals, directions and actions contained in Regional Plans.</p> <p>As detailed in Section 7.4, the proposal is consistent with the Region Plan and therefore consistent with this Direction.</p>
Direction 1.4: Site Specific Provisions	<p>The objective of this direction is to discourage unnecessarily restrictive site specific planning controls. The Direction states:</p> <p style="padding-left: 40px;"><i>(1) A planning proposal that will amend another environmental planning instrument in order to allow particular development to be carried out must either:</i></p> <p style="padding-left: 80px;"><i>(a) allow that land use to be carried out in the zone the land is situated on, or</i></p> <p style="padding-left: 80px;"><i>(b) rezone the site to an existing zone already in the environmental planning instrument that allows that land use without imposing any development standards or requirements in addition to those already contained in that zone, or</i></p> <p style="padding-left: 80px;"><i>(c) allow that land use on the relevant land without imposing any development standards or requirements in addition to those already contained in the principal environmental planning instrument being amended.</i></p> <p style="padding-left: 40px;"><i>(2) A planning proposal must not contain or refer to drawings that show details of the proposed development.</i></p> <p>The Planning Proposal seeks to allow the development proposed under SSD-79658964 to be carried out. It does this by retaining the site's MU1 Mixed Use zoning and, rather than imposing any additional development standards, seeks only to reduce the existing non-residential FSR applying to the site.</p> <p>The Direction also outlines that a proposal may be inconsistent with this Direction if it can be demonstrated that the inconsistency is of minor significance. It is noted that the Planning Proposal also makes reference to architectural plans that are submitted with SSD-79658964. It does this to provide greater clarity on the proposed mix and arrangement of residential and non-residential uses as proposed under the Planning Proposal. The inconsistency with this direction is considered to be relatively minor and justifiable as it provides greater certainty on the form and function of future development on the site.</p>
Direction 1.13 Implementation of St Leonards and Crows Nest 2036 Plan	<p>The objective of this Direction is to ensure development within the St Leonards and Crows Nest Precinct is consistent with the '<i>St Leonards and Crows Nest 2036 Plan</i>'.</p>

Relevant Ministerial Direction	Consideration
	<p>As outlined in Section 6.4.3, the proposal is generally consistent with the intent of <i>St Leonards and Crows Nest 2036 Plan</i> as it facilitates housing on a highly accessible site.</p> <p>Whilst the proposal seeks to amend the non-residential FSR control for the site, as identified in the 2036 Plan, this report, as well as supporting economic and social impact assessments, provide a detailed justification for the proposed amendment.</p>
Focus Area 3 - Biodiversity and Conservation	
<p>Direction 3.2: Heritage Conservation</p>	<p>The objective of Direction 3.2 is to conserve items, areas, objects and places of environmental heritage significance and indigenous heritage significance.</p> <p>The site does not contain any heritage items nor is it located within a Heritage Conservation Area.</p> <p>It is noted an item of local heritage significance known as the Former North Shore Gas Co office (I0150) adjoins the northern site boundary. The site is also in close proximity to a number of locally listed heritage items. Notwithstanding, a heritage assessment is not required given the proposal will not result in any height or density changes and therefore, will not change the heritage impacts.</p>
Focus Area 4 – Resilience and Hazards	
<p>Direction 4.4: Remediation of Contaminated Land</p>	<p>The objective of this direction is to reduce the risk of harm to human health and the environment by ensuring that contamination and remediation are considered by planning proposal authorities.</p> <p>The site is currently occupied by two buildings used for commercial purposes. The Planning Proposal seeks to enable the development of residential purposes in addition to non-residential. A Preliminary Site Investigation has been undertaken to support the SSDA and finds the site is suitable for residential.</p>
Focus Area 5 - Transport and Infrastructure	
<p>Direction 5.1: Integrating Land Use and Transport</p>	<p>The objectives of Direction 5.1 are to ensure that urban structures, building forms, land use locations, development designs, subdivision and street layouts achieve the following planning objectives:</p> <ul style="list-style-type: none"> • improving access to housing, jobs and services by walking, cycling and public transport • increasing the choice of available transport and reducing dependence on cars • reducing travel demand including the number of trips generated by development and the distances travelled, especially by car • supporting the efficient and viable operation of public transport services • providing for the efficient movement of freights

Relevant Ministerial Direction	Consideration
	The proposal will facilitate residential development close to established services, shops, open space and public transport and therefore, is consistent with this direction.
Direction 5.3: Development Near Regulated Airports and Defence Airfields.	<p>The objectives of Direction 5.3 is to ensure the operations of airports and airfields are not compromised by development.</p> <p>This direction requires appropriate height controls for land affected by the prescribed airspace. Prescribed airspace under the Airports.</p> <p>There is no change to the site's height control of 54m.</p>
Focus Area 6 - Housing	
Direction 6.1: Residential Zones	<p>The objectives of Direction 6.1 are to:</p> <ul style="list-style-type: none"> • encourage a variety and choice of housing types to provide for existing and future housing needs • make efficient use of existing infrastructure and services and ensure that new housing has appropriate access to infrastructure and services • minimise the impact of residential development on the environment and resource lands. <p>The proposal is consistent with this Direction as it will provide new high-quality housing and greater housing diversity in proximity to key services and infrastructure.</p>
Focus Area 7 – Industry and Employment	
Direction 7.1 Employment Zones	<p>The objective of Direction 7.1 is to:</p> <ul style="list-style-type: none"> • <i>encourage employment growth in suitable locations</i> • <i>protect employment land in business and industrial zones</i> • <i>support the viability of identified centres</i> <p>It further states that a planning proposal must not reduce the total potential floor space area for employment uses and related public services in Employment Zones.</p> <p>Notwithstanding, a planning proposal may be inconsistent with the terms of the direction if the provisions of the planning proposal that are inconsistent are:</p> <ol style="list-style-type: none"> a) <i>justified by a strategy approved by the Planning Secretary which gives consideration to the objective of this direction and identifies the land which is the subject of the planning proposal (if the planning proposal relates to a particular site or sites) or</i> b) <i>justified by a study (prepared in support of the planning proposal) which gives consideration to the objective of this direction or</i> c) <i>in accordance with the relevant Regional Strategy, Regional Plan or District Plan prepared by the Greater Cities Commission or the Department of Planning and Environment which gives consideration to the objective of this direction, or of minor significance.</i>

Relevant Ministerial Direction	Consideration
	<p>The inconsistency with the direction “must not reduce the total potential floor space area for employment uses and related public services” is justified as.</p> <ul style="list-style-type: none"> • There is an urgent need for housing and a significant reduction in the demand for offices (refer to Appendix 1) • The Economic Impact Assessment also demonstrates that a non-residential FSR of 1:1 would provide approximately 160 full time jobs on site, which is a similar number of jobs currently on site under the base case (assuming 31% vacancy rate). • DPHI including the TOD and the Housing SEPP (i.e. diversifying housing and provision of purpose built rental housing)

Table 9: Section 9.1 Directions by the Minister

7.4.8 Is there any likelihood that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected because of the proposal?

No, as the site is not identified as land containing high biodiversity values. In addition, the proposed amendment to NSLEP 2013 relates only to land use mix on the site and no changes to built form development standards. will not increase density on the land as it relates to the uses permitted within the existing FSR and height controls.

7.4.9 Are there any other likely environmental effects of the planning proposal and how are they proposed to be managed?

This Planning Report considered the following potential impacts:

- economic
- social

Specialist consultant reports addressing these issues have been prepared in support of the Planning Report. These are discussed below and demonstrate that the proposal will have minimal environmental impacts and is an appropriate response to the site and its context.

Importantly, the proposed reduction in non-residential FSR has no material impact on the bulk and scale of a future development on the site. It simply changes the permitted use from wholly commercial to a mix of non-residential and residential uses within the allowable building envelope set by the height (54m) and FSR (5.6:1 above ground level with an additional 0.42 below ground level) development standards under clauses 4.3, 4.4 and 6.19D of the NSLEP 2013. Therefore, an assessment against impacts such as built form, urban design, public domain is not required (noting also these issues are addressed in detail in the SSD application)

Economic

A Market and Economic Assessment has been prepared by Hill PDA (Appendix 1) and is summarised below

The housing market

Australia is in the midst of a housing crisis. Over a 6 year period between July 2023 to June 2029, it is anticipated there will be a shortfall of 39,000 homes nationally. It is widely recognised that all levels of Government must take critical action to address housing supply and affordability.

In 2023, the National Cabinet announced the 'National Housing Accord' which aims to deliver 1.2 million new dwellings between 2024-2029. In accordance with the Accord:

- NSW is to deliver 377,000 new dwellings by 2029
- North Sydney is to deliver 5,900 new dwellings by 2029

However, based on current supply forecasts, there is an expected shortfall of around 170,000 homes across NSW. Similarly, it is also expected that the North Sydney LGA will not meet its target as it is on track to deliver only 262 dwellings per annum since 2022 – the equivalent of only 22% of its target. To meet its housing target, North Sydney needs to increase its rate of production more than four-fold.

This shortfall is having detrimental effects and deteriorating housing availability and affordability. For example, in the Sydney metropolitan area, there are extremely low vacancy rates around 1.2% - 1.5%. For comparison, 4% is the percentage considered 'a healthy level where generally the supply of housing is considered to be in equilibrium with demand'.

As shown within the figure below, the Lower North Shore market is experiencing a similar trend to Sydney metropolitan and is an unhealthy rate of 1.5%. As shown, the last time the rate was beyond 4% was the COVID period between 2020-2021.

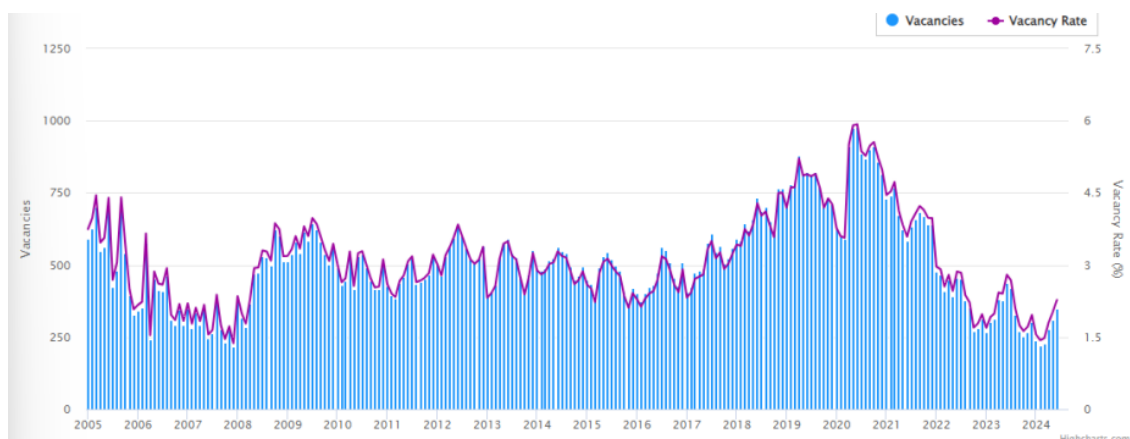


Figure 19: Residential vacancy rates in Lower North Shore Sydney (Source: SQM Research)

Consequently, this has resulted in a significant rise in weekly rents. The median weekly rent for apartments has increased from \$550 per week in early 2021 to \$990 in early 2024 – an 80% increase over three years.

The office market

The office market has changed dramatically in recent years driven by the COVID 19 pandemic and significant improvements in information technologies. These compounding factors have resulted in long term structural changes in the way and location in which people work. As leases expire, corporate tenants have been reassessing their workspace needs and responding to the demand for hybrid work arrangements.

The St Leonards/Crows Nest area is the fifth largest office market in Australia and comprises almost 360,000m² of ‘A Grade’ office space as defined by the Property Council of Australia classifications. As a general rule, 6% to 7% is considered a healthy level of vacancy.

Since the COVID 19 pandemic, the St Leonards/Crows Nest office market has performed poorly and Hill PDA indicate that it is ‘probably worse than anywhere else in NSW’ due to the vacancy rates discussed below.

As shown within the figure below, St Leonards / Crows Nest has 108,000m² of vacant office space (which is 31% of the total stock). This vacancy rate is the highest on record since the recession in the early 1990s which was 19%.

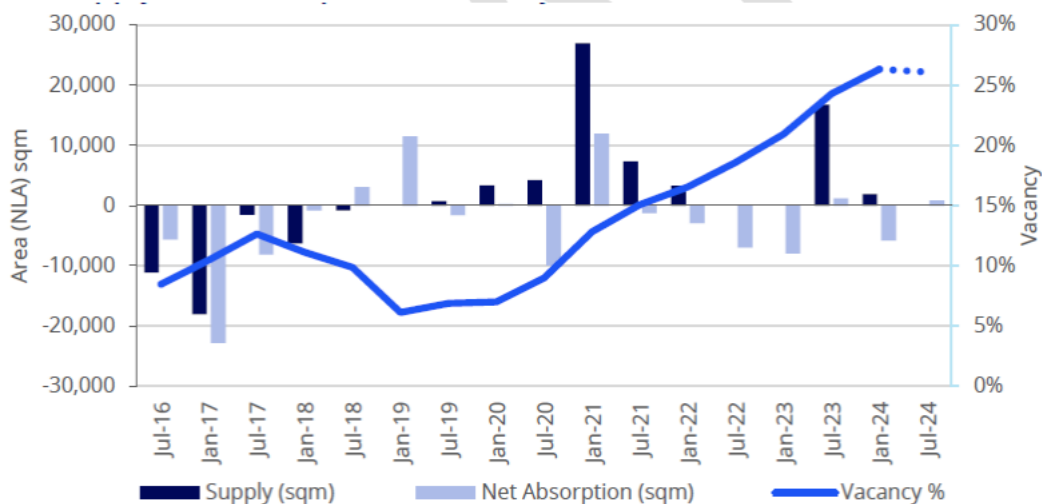


Figure 20: St Leonards office market net supply and net absorption (sqm) and vacancy (%) (Source: Colliers Research)

In the Crows Nest State-led Rezoning Economic Impact Assessment, Atlas Economics forecasted a net absorption of up to 31,000m² over the next two decades. It is therefore likely to take more than a decade and possibly two decades for this amount of space to be absorbed in the market and the vacancy rate to return to a healthier 6-7% level (and this assumes no further increases in supply or at least a significant slow-down in supply)

Feasibility of a new office development

Given the land cost (or the current 'as is' value of the site) it would not be viable to redevelop the subject site for new office space. Office space is currently not viable on almost any site in St Leonards / Crows Nest and is unlikely to be viable over the next decade or two.

Since 2019, the following changes have undermined the commercial viability of development for new office space in St Leonards/Crows Nest:

- construction costs have increased 25% to 30%
- leasing down time has increased
- face rents have been stable but incentives for new tenants have increased resulting in falls in net effective rent
- capitalisation rates for new buildings have increased from 5% to 6%
- tenancy demand for relocation is at historic lows
- interest on construction finance has more than doubled

Economic Impact Assessment

Given the structural changes to the commercial market since the COVID-19 pandemic, and the growing demand for well-located housing, it is no longer commercially feasible to redevelop the site for wholly commercial purposes.

The proposed development seeks to provide a non-residential FSR of to 1:1 in order to minimise the high likelihood of vacancies and enable the development to proceed.

The Crows Nest TOD recognised the shifting market and need for realignment of the controls and specifically reduced the non-residential FSR's for other sites in the precinct including:

- Five Ways - reduced from 2.5:1 to 1:1
- Crows Nest Metro Station – reduced from 10:1 to 1:1

A combination of poor office market conditions and a desire to increase housing supply including affordable housing were the reasons given for the reduction in non-residential FSR – importantly, this justification aligns with this economic assessment. .

The subject site is the only MU1 zoned site in the precinct on which residential floor space is precluded by the non-residential FSR control.

However, the site is located at the southern end of the Crows Nest TOD area which, according to Hill PDA, is less desirable for commercial market and a more attractive residential market due to its proximity from the Crows Nest core.

Further, future development is also likely to provide 160 full time jobs on site which is a similar number of jobs currently on site under the base case (assuming 31% vacancy rate). With around 300 residents on site there would be increased night-time activation in the locality. These residents will spend around \$7.2m every year on retail goods and services (in 2024 dollars). The majority of this spend would be captured by businesses

in the Crows Nest locality. The subject site's position in proximity to the Metro would also contribute to TOD objectives of transport sustainability and land use transport integration.

Conclusion

The retention of the current non-residential FSR of 5.6:1 applying to the site, and precluding any residential development on the site, does not reflect the following important factors:

- demand for office accommodation has been in decline (negative net absorption) for several years
- St Leonards / Crows Nest office market has a record high level of vacancy
- there have been structural changes in flexible work arrangements including working from home and
- it will take at least a couple of decades for office space demand to catch up with current supply levels

Furthermore, it is simply not feasible to redevelop the site for employment uses only. Without the proposed reduction in the non-residential FSR, it would simply not be viable at any time in the foreseeable future.

The TOD planning program is a response to the current housing shortage and its strategy is to encourage and facilitate high density living close to transport centres, particularly along the new metro rail system, Australia's most significant transport project in history, linking Crows Nest to Chatswood, the north-western suburbs and to North Sydney and Sydney CBDs.

The subject site, being less than 250m metres from the metro station makes it an ideal location for high-density mixed-use development in accordance with TOD planning objectives and to deliver significant residential supply to address the "housing crisis"

Social

A Social and Community Needs Assessment Report has been prepared by Astrolabe (Appendix 2).

The report identifies local and district catchments to assess community infrastructure needs at different scales. These catchments are most appropriate to assess needs due to the location and public transport accessibility of Crows Nest in relation to metropolitan Sydney.

Local catchment

The local catchment was defined using Transport for NSW 2021 Travel Zones (TZ21) and captures land within approximately 1 kilometre of the site. The local catchment is shown within the figure below.

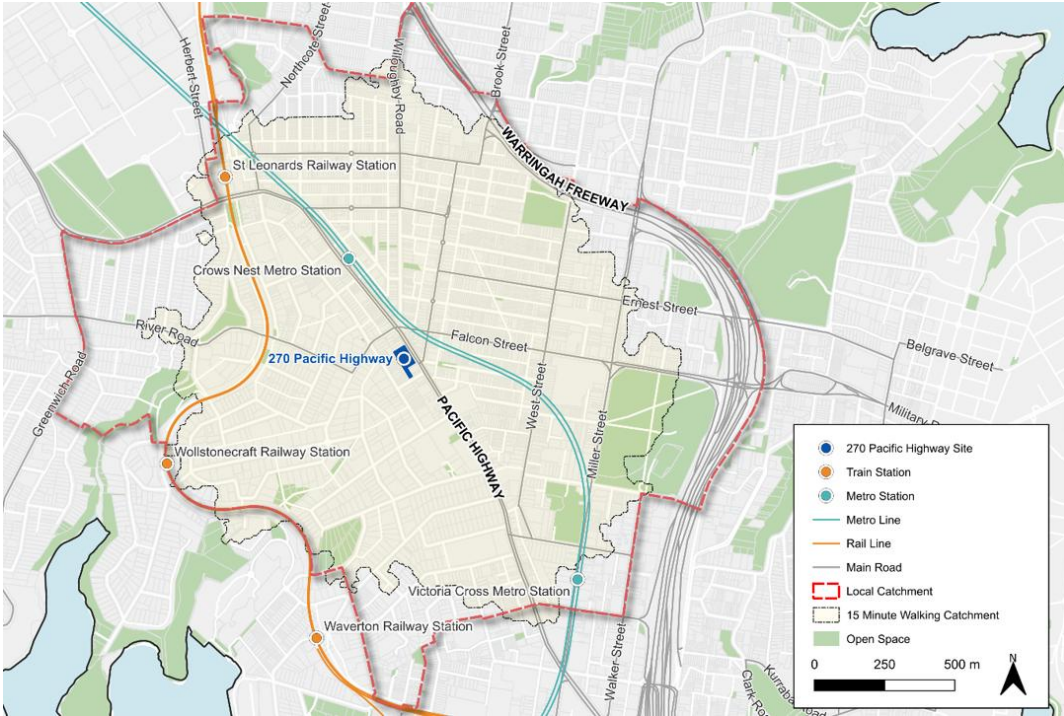


Figure 21: Local catchment (Source: Astrolabe)

District catchment

The district catchment for assessing community needs is defined as the three surrounding LGAs: North Sydney, Lane Cove and Willoughby and is shown within the figure below.

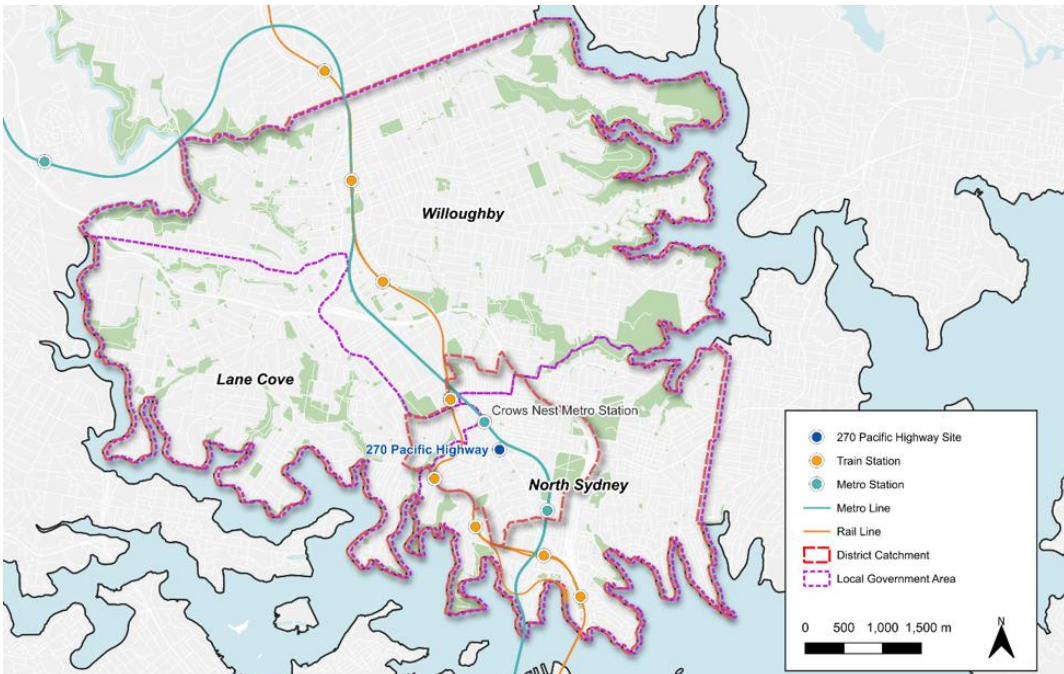


Figure 22: District catchment (Source: Astrolabe)

Social and community needs trends

The following trends are shaping social and community needs for open space, recreation facilities and community infrastructure:

- aging population
- growth and diversity
- need for more homes and higher density living
- changing household composition with smaller households
- employment and industry changes towards population services
- increasing chronic health conditions

Projected community

The report provides estimates of resident and work force populations between 2025-2041.

As outlined in the table below, the local catchment population is projected to increase by 40% from 2025-2041 whilst the broader district is projected to grow by only 12%.

Geography	Estimated resident population				
	2025 (now)	2026	2031	2036	2041
Local catchment	32,954	33,408	39,864	43,757	46,284
District catchment	194,945	196,477	207,280	213,746	218,303

Table 10: Local catchment population

As outlined in the table below, employment in the local catchment is projected to increase by 20%.

Geography	Projected workforce				
	2025 (now)	2026	2031	2036	2041
Local catchment	38,577	39,492	42,960	44,794	46,453
District catchment	200,224	201,998	209,221	214,305	218,909

Table 11: Local catchment employment

Infrastructure needs assessment

This assessment outlines that the future development (with a reduced non-residential FSR of 1:1) will generate relatively modest demand for additional social and community infrastructure based on expected demographic profile of future residents.

Based on trends in the local catchment, the future development proposed as part of the SSD is projected to attract predominantly couple-only households (33%) and lone person households (39%), with only 19% of dwellings likely to be occupied by families with children.

This household composition generates:

- less demand on certain infrastructure types, particularly those serving families and children, such as playgrounds, primary schools, and childcare facilities
- more demand for open space

The provision of additional open space is a challenge for the Crows Nest area and is recognised in strategic studies including the *St Leonards and Crows Nest Social Infrastructure and Open Space Study 2018* and the *North Sydney Open Space and Recreation Needs Study 2024*.

However, Council has recently completed its *Draft Open Space and Recreation Strategy 2024*, which proactively addresses the existing infrastructure gap by identifying specific opportunities to increase both the quantity and quality of open space i.e. the potential development of a masterplan for the Holtermann Street car park site, which would provide a new community centre, car parking, and significant new open space to address the needs for additional open space.

Further, the future development generates overall positive benefits for residents and reduces demand on existing community facilities and open space in the local catchment as it integrates a significant amount of residential amenity facilities internal to the building and mitigates the shortfalls in open space in the local catchment.

Conclusion

The proposed development under a reduced non-residential FSR is predicted to generate modest demand for additional infrastructure, specifically open space. However, the additional demand is suitable given the significant residential amenities with the site and likely future open space provided by Council at Holtermann Street.

7.4.10 Has the planning proposal adequately addressed any social and economic effects?

As noted above, specialist consultant reports have been prepared to address the social and economic impacts.

In summary, the key social and economic effects of the proposal relate to its positive contribution to housing supply and diversity in a well-located, appropriately zoned locality.

Specifically, the proposal will facilitate the redevelopment of the site for a mixed use development which includes 168 apartments of varying unit mixes ranging from studios to four bedroom apartments. This will:

- contribute to the achievement of NSW's housing target under the NHA of 377,000
- contribute to the achievement of the North Sydney LGA's housing target of 5,900 new homes by 2029
- improve housing diversity and choice in the North Sydney LGA
- unlock the development potential of a site as the restrictive development standard makes it unfeasible to redevelop

- deliver significant housing within an accelerated TOD precinct intended for high density residential

7.4.11 Is there adequate public infrastructure for the planning proposal?

The site is located within an existing urban area and is adequately serviced by electricity, telecommunications, water, and sewerage. An Infrastructure Delivery, Management and Staging Plan has been prepared by Neuron and supports the concurrent SSDA.

7.4.12 What are the views of state and federal public authorities and government agencies consulted in order to inform the Gateway determination?

As outlined in Section 2, the Applicant and project team have consulted DPHI prior to lodgement of this Planning Report.

Consultation with other public authorities will be carried out separately as part of the concurrent SSD.

7.5 Affordable housing

The Study Requirements issued by DPHI (Appendix 3) require this Planning Report to:

identify proposed initiative/s to address the delivery and ongoing management of affordable rental housing. Consideration to be given to whether future development applications will be able to utilise any bonuses under any relevant Environmental Planning Instrument (e.g. Local Environmental Plan bonuses or Housing State Environmental Planning Policy (SEPP) bonuses).

Responses to this study requirement is provided below.

Delivery and ongoing management

The site is identified within the NSLEP 2013 Affordable Housing Contributions Map. Clause 7.5 of the NSLEP 2013 gives effect to this map and notes the consent authority may impose a condition of consent 'equivalent' to the percentage shown on the map. As shown within the figure below, 3% is the identified percentage identified for site.

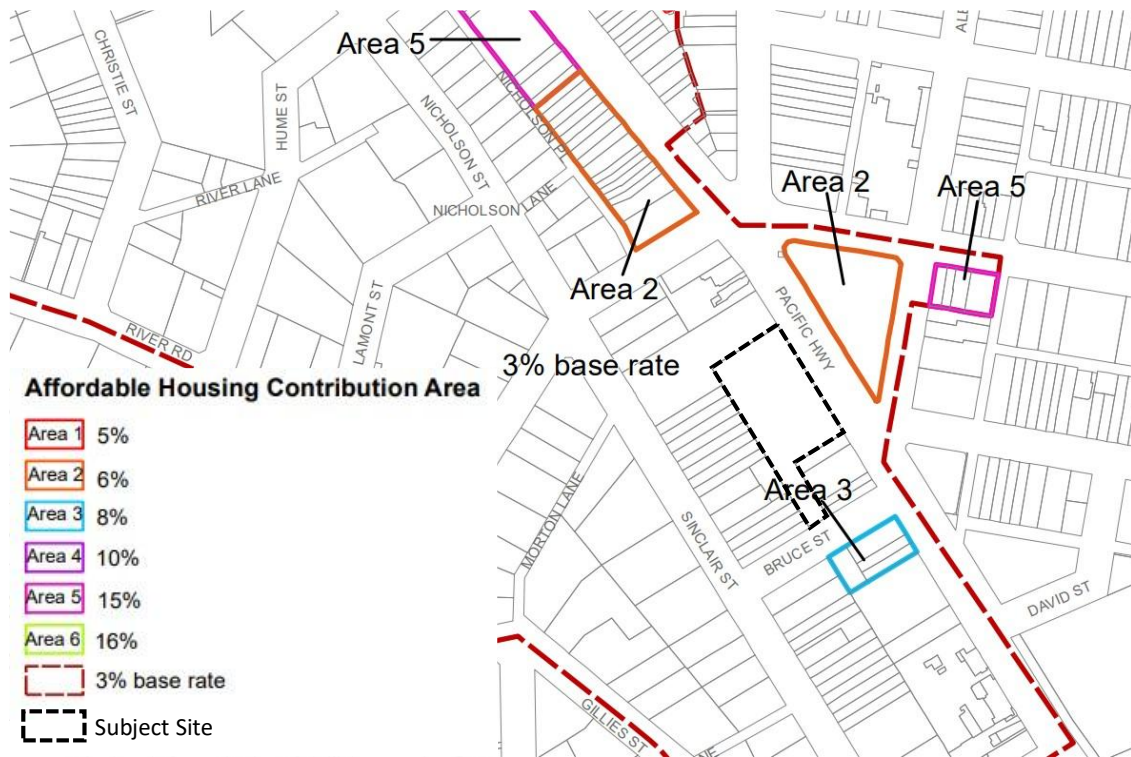


Figure 23: Affordable housing contribution area (Source: North Sydney Council)

Bonuses

Future development on the site is not eligible for any FSR bonuses under the NSLEP 2013 or the *State Environmental Planning Policy (Housing) 2021* as:

- there are no clauses within the NSLEP which enable additional residential FSR
- section 15(C) of the *State Environmental Planning Policy (Housing) 2021* outlines land within an Accelerated TOD Precinct cannot use the 30% height and FSR bonuses available under Part 2, Division 1 In-fill Affordable Housing

8 Existing and proposed maps

The maps below demonstrate the intended effect of the proposed amendment to the NSLEP 2013 – to update the non-residential FSR from 5.6:1 to 1:1.



Figure 24: Existing non-residential FSR map (Source: NSLEP 2013)

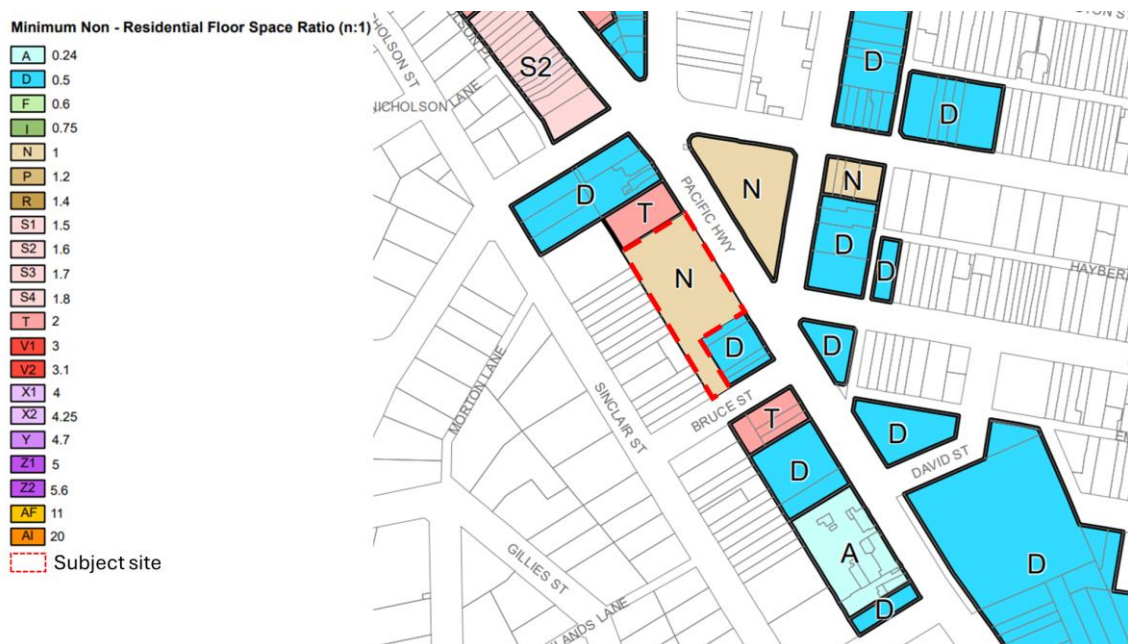


Figure 25: Proposed non-residential FSR map (Source: NSLEP 2013)

9 Consultation

As outlined in Section 2, significant consultation has been undertaken with DPHI to confirm the appropriate planning pathway to vary or amend the non-residential development standard. DPHI requested the preparation of a Planning Report to formally amend the NSLEP 2013 rather than a clause 4.6 application to vary the development standard.

Community engagement has been undertaken to see feedback on the SSD. Astrolabe have prepared an Engagement Report to outline the findings. Further public consultation will occur as part of the public exhibition process for the concurrent rezoning and SSD.

DPHI will consult with any Council and any other authorities post lodgement.

10 Project timeline

The project timeframe for the completion of the proposed amendment to the NSLEP 2013 is dependent on the nature of additional information (if required), including the need for agency and community consultation DPHI views necessary post.

An indicative timeline is provided below. This timeline will be confirmed by DPHI, following lodgement of the Planning Report.

Stage	Timeframe and/or date
Planning Report and EIE lodged	June 2025
Public exhibition	August 2025
Referral to Council and other authorities (if required)	August 2025
Assessment	October 2025
Finalisation	November 2025

Table 12: Project timeline

11 Conclusion

This Planning Report seeks to amend the non-residential FSR control applying to the site under the NSLEP 2013 as the control currently sterilises any feasible redevelopment of the site.

The report has been prepared in accordance with Study Requirements issued by DPHI (Appendix 3) and where relevant, the *Local Environmental Plan Making Guide 2023*. It has also been prepared with regard to the key objectives identified in the state and local strategic plans. Specifically, the *Greater Sydney Region Plan, North District Plan, North Sydney Local Strategic Planning Statement 2020, North Sydney Local Housing Strategy 2019 and Draft Housing Strategy Supplement 2024*.

The Planning Report is supported by technical reports which justify the proposed amendment to enable both residential and non-residential uses on the site (subject to approval of a development application).

There is demonstrable strategic and site-specific justification for the proposed amendment as:

- the office vacancy rate within the locality is record high since the recession (which was 19% in the early 1990s) and is now at 31% and it is forecasted to take 20 years for office demand to match current supply levels
- the current non-residential FSR applying to the site is also the only non-residential FSR within the MU1 Mixed Use zone in Crows Nest which equates to 100% of the base FSR, which is antithetical to the objectives of the MU1 zone and also inconsistent with the objectives of the Crows Nest Accelerated TOD precinct to deliver additional housing on well-located sites.
- the proposal amends a development standard enabling a mixed use development on the site consistent with the objectives of the MU1 Mixed Use zone and Crows Nest Accelerated TOD precinct
- the proposal will increase housing stock in the LGA and broader region which will assist in meeting housing targets and community needs
- the proposal concentrates housing with good access to transport and services
- the proposal diversifies unit mixes in an existing, high-density environment
- the proposal results in significant public benefits including the provision of diverse, accessible, affordable housing and investment into the economy as creates 334 jobs are created during construction and 160 during operation. These residents will spend around \$7.2 million every year on retail goods and services - retailers in Crows Nest will be the main beneficiary of this additional residential.

In consideration of the above listed strategic justification and public benefits, it is considered that a compelling case is provided to DPHI to formally amend the site's non-residential FSR from 5.6:1 to 1:1.