

Item 6.

Sale of City Owned Land - Proposed Lot 22, Part 19-21 Lachlan Street, Waterloo

File No: X020058

Summary

In the northeast of the Green Square Urban Renewal Area is the Lachlan neighbourhood which is transitioning from industrial and warehouse uses to mixed use and predominantly residential development, with high quality-built form and public domain.

Lachlan Precinct is a special character area within the City's Development Control Plan 2012 with adopted principles guiding the development aligned to the character, the connectivity with adjoining areas, the creation of open space such as the Dyuralya Square and the north-south public transport corridor linking to the Green Square Town Centre.

The City's urban design studies recognised existing large industrial land parcels would be further subdivided and smaller properties amalgamated to create suitable developable lots supported by a new internal street network, achieving a permeable and accessible pattern of streets and lanes which maximise legibility and orientation, encouraging walking and cycling.

A decade ago, to facilitate these strategic planning objectives, the City commercially acquired two critically located properties at 19-21 Lachlan Street and 7-19 Amelia Street which were substantially used in the creation of key infrastructure and open space.

To support the transition from the area's industrial and warehouse uses and ensure a high level of amenity, the City identified specific opportunity areas for developers to amalgamate properties and achieve bonus (the maximum) floor space under Sydney Local Environmental Plan 2012 through community infrastructure dedications.

The City's property at 19-21 Lachlan Street and the adjoining developer owned properties at 25-27 Lachlan and 1, 1a, 3 and 5 Amelia Street collectively comprise one of the opportunities for site amalgamation.

The City is currently progressing a subdivision of 19-21 Lachlan Street to separate the Gadigal Avenue road reserve and land surplus to the City's infrastructure needs which is proposed lot 22 with an area of 290 square metres.

The City has finalised negotiation with the developer/owner of the adjoining land to acquire proposed lot 22, being the City's remnant portion of 19-21 Lachlan Street, at a price reflecting the highest and best use for the land as achieved through the development consent granted for the amalgamated site.

The sale of the City's surplus portion of land for amalgamation for a mixed-use development is consistent with the planning controls for the Lachlan precinct under Sydney Local Environmental Plan 2012 and Sydney Development Control Plan 2012.

The land is classified as operational and there are no impediments to a sale.

Recommendation

It is resolved that:

- (A) Council endorse the sale of proposed lot 22 in an as yet unregistered plan of subdivision of 19-21 Lachlan Street, Waterloo, being Lot 18 in Deposited Plan 610311, at the price agreed to by both parties and supported by independent valuation as detailed in Confidential Attachment C to the subject report; and
- (B) authority be delegated to the Chief Executive Officer to finalise all negotiations and enter into a Contract for Sale and any other documentation required to complete the sale.

Attachments

- Attachment A.** Identification Plan - Lachlan Precinct
- Attachment B.** Site Amalgamation, Proposed Subdivision and Photos
- Attachment C.** Commercial Considerations (Confidential)

Background

1. The Green Square Urban Renewal Area is one of the largest redevelopment areas in Australia covering 278 hectares comprising eleven precincts including the Town Centre.
2. The Lachlan Precinct is located in the north-east of the Green Square Urban Renewal Area with an area of approximately 170,000 square metres and is bounded by Lachlan Street, Bourke Street, South Dowling Street and O'Dea Avenue.
3. The precinct is forecast to deliver approximately 3,700 new dwellings and 15,000 square metres of public open space by 2030. Its redevelopment involves the delivery of major infrastructure, including stormwater management, pedestrian and cycle links, a new street network and a north-south transport corridor, Gadigal Avenue, linking the Green Square Town Centre and Central, all of which are integral to the success of Green Square as a model sustainable renewal project. Refer to Attachment A Identification Plan - Lachlan Precinct.
4. The City established special character areas in the Sydney Development Control Plan 2012 (Sydney DCP 2012) for various precincts within the Green Square Urban Renewal Area including the Lachlan Precinct to guide:
 - (a) the transition from industrial and warehouse uses to mixed use and predominantly residential development, with high quality-built form and public domain.
 - (b) achieving a new internal street network with streets and lanes which maximise legibility and orientation, encouraging walking and cycling.
 - (c) creating new public open spaces integrated into the neighbourhood, which together with greened, landscaped streets will provide amenity and connectivity throughout, and contribute positively to streetscape character.
5. The key principles for Lachlan Precinct include:
 - (a) permeable pattern of new streets and public open space;
 - (b) high quality streetscapes - prioritised for pedestrians;
 - (c) green links connecting adjoining neighbourhoods and new parks, Rope Walk, Wulaba and Dyuralya Parks;
 - (d) extending Gadigal Avenue and continuing the transit corridor through the eastern neighbourhoods of Green Square;
 - (e) creating a sustainable and vibrant corridor along Gadigal Avenue with retail, commercial and public service uses at ground level and high quality public domain; and
 - (f) a variety of building height and form across the neighbourhood, which responds to the hierarchy of streets and open spaces and residential amenity.

6. To facilitate the Lachlan Precinct urban renewal objectives the City commercially acquired strategically located properties totalling 5,751.12sqm including:
 - (a) 2,672.02sqm at 19-21 Lachlan Street: acquired in 2011, and
 - (b) 3,079.10sqm at 7-19 Amelia Street: acquired in 2012.
7. Approximately 95 per cent of commercially acquired land was used to deliver essential community infrastructure with:
 - (a) the Amelia Street acquisition predominantly for Dyuralya Square which opened in 2019, and
 - (b) the Lachlan Street acquisition (together with private developer land dedications and setbacks and the remaining part of Amelia Street) contributing to the City creating the Gadigal Avenue surface public transport corridor , connecting Green Square Town Centre and the City.
8. Reflecting the City's urban design objectives, the City has designed the corridor to cater for light rail or systems such as the proposed trackless tram with internal road networks to prioritise facilities for people walking and cycling.
9. The DCP 2012 identifies specific opportunities for developers to amalgamate sites and achieve the required community infrastructure dedications with redevelopment at the maximum floor space permitted under Sydney Local Environmental Plan 2012 (Sydney LEP 2012).
10. The City's property at 19-21 Lachlan Street and the developer owned land at 25-27 Lachlan Street and 1, 1a, 3 and 5 Amelia Street properties are collectively identified as Area 6 in Figure 5.107 Lachlan Precinct Required Land Amalgamation Map of Sydney DCP 2012.
11. The City is progressing a subdivision of 19-21 Lachlan Street to reflect the current built form creating separate lots for City's road infrastructure and surplus land.
12. Attachment B - Site Amalgamation, Proposed Subdivision and Photos includes identification plan for lands within Area 6 Lachlan Precinct Required Land Amalgamation Map, the proposed plan of subdivision showing proposed Lot 22 and supporting photos and graphics.

Proposed Development, Consent and Site Amalgamations

13. The land at 19-21 Lachlan Street and the developer owned land at 25-27 Lachlan Street and 1-5 Amelia Street, Waterloo are zoned B4 Mixed Use under Sydney LEP 2012.
14. Additional floor space (under Clause 6.14 of Sydney LEP 2012) is only achievable where landholdings are amalgamated, in accordance with Sydney DCP 2012, Lachlan Precinct – Required Land Amalgamation and the identified community infrastructure is provided.
15. In respect of 19-21 Lachlan Street, the City's surplus portion of land, proposed lot 22, is a rectangular parcel of land of 290m² with frontage to Gadigal Avenue of 39 metres and widths of between 7.74 metres and 6.57 metres.

16. In isolation the City's surplus portion has restricted development potential and therefore limited value.
17. Development Application D/2020/1457 was lodged by the adjoining developer / owner on 6 January 2020 for the demolition, remediation and construction of 6-storey shop top housing development containing 50 apartments at 19-21 and 25-27 Lachlan Street and 1-1A, 3 and 5 Amelia Street, Waterloo.
18. The development application and subsequent consent includes proposed Lot 22 and excludes the balance of 19-21 Lachlan Street (Lot 18) as it relates to the City's existing and proposed infrastructure including the road surface, bicycle lane and footpath.
19. On 1 November 2021, development consent was granted subject to conditions for a part two, four and six storey development comprising:
 - (a) 4 retail tenancies;
 - (b) 54 apartments including 13 x studios, 17 x 1-bedrooms and 19 x 2-bedrooms, and 1 x 3-bedroom;
 - (c) Basement car parking containing 55 car spaces;
 - (d) Basement parking for 5 motorbikes and 63 bicycle spaces; and
 - (e) Public domain works and land dedication to Council along Lachlan Street and Murray Street.
20. The development site has a 'base' floor space ratio of 1.5:1 under Clause 4.4 of Sydney LEP 2012. The site falls under 'Area 6' of the Floor Space Ratio Map. Clause 6.14 of Sydney LEP 2012 permits an additional 0.5:1 for the provision of 'community infrastructure'.
21. The amalgamated site area is 1,782.7m² including the City's proposed Lot 22 and before dedication of land to the City for community infrastructure purposes.
22. The developer is to provide land dedications of approximately 463m² for community infrastructure, including:
 - (a) 57.5m² being part of 5 Amelia Street, being the Murray Street Road reserve,
 - (b) 401m² being part of 25-27 Lachlan Street being the Lachlan Street Road Reserve, and
 - (c) 4.5m² being a splay at the south-western corner of proposed lot 22 (currently 19-21 Lachlan).
23. After the dedications of 463m² of land to the City for community infrastructure purposes the site area is 1,316.1m².
24. The sale of the City's surplus portion of land for amalgamation for a mixed-use development is consistent with the planning controls for the Lachlan precinct under Sydney Local Environmental Plan 2012 and Sydney Development Control Plan 2012

Commercial Considerations

25. The City engaged property valuers, Preston Rowe Patterson, to establish the value of the City's surplus land, proposed lot 22.
26. Details of the valuation rationale, including offers made by the developer of the adjoining land, are contained at Attachment C - Commercial Considerations (Confidential).

Financial Implications

27. The sale of the surplus portion of 19-21 Lachlan Street, Waterloo being proposed lot 22 is not budgeted for in the current financial year.

Relevant Legislation

28. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
29. Attachment C contains confidential commercial information which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom City's is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
30. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise City's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.
31. Under section 377 of the Local Government Act 1993 as amended (which contains the general power of a council to delegate), a council may, by resolution, delegate certain functions, but not the function to sell or acquire land or other property.

Critical Dates / Time Frames

32. Subject to Council endorsement the City would exchange contracts following the Council resolution to divest the surplus land.

Options

33. The commercial options for the divestment of the surplus land are detailed in Attachment C - Commercial Considerations (Confidential).

Public Consultation

34. There is no public consultation required for Council to endorse the disposal of this surplus land.

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