

ITEM 5. CITY OF SYDNEY EMPLOYMENT LANDS STRATEGY, PUBLIC EXHIBITION OF DRAFT PLANNING PROPOSAL: EMPLOYMENT LANDS AND ASSOCIATED DRAFT DEVELOPMENT CONTROL PLAN AMENDMENT

FILE NO: S089805

SUMMARY

The City's southern employment lands are some of the most strategically important employment lands in the Sydney metropolitan area. Located in the Global Economic Corridor just south of the Green Square Town Centre and between Sydney Airport and the Central Business District, the southern employment lands accommodate a wide variety of employment generating activities. The employment lands are shown in an aerial photograph at Figure 1.

The southern employment lands are made up of distinct areas. They include areas that are 'traditional industrial' in character and function, as well as areas distinguished by lighter industrial activity such as warehouses and distribution centres. They also include more diverse areas with a range of employment based activities ranging from light and high tech industrial uses to 'cheap to rent' creative spaces for artists and designers.

In June 2013, the City publicly exhibited the draft Employment Lands Strategy that offered for consideration a new direction for the City's employment lands to 2030. The draft Strategy was based on the outcomes of the Employment Lands Study prepared by SGS Economics in 2012. Following assessment of submissions, additional technical studies, and extensive consultation with government, business and the community, a final Employment Lands Strategy (Strategy) is shown at Appendix C to Attachment A.

While continuing to recognise the fundamental importance of retaining land for employment uses, the Strategy seeks to align planning controls with a more contemporary understanding of the role of the employment lands in the wider Sydney context.

Traditionally, land use planning has sought to divide uses into zones to minimise operational conflicts. Over time, however, this paradigm has shifted to recognise the positive outcomes that can be achieved by locating a range of activities together. This can be successful so long as the negative externalities generated by one use do not have unreasonable impact on another. These externalities may be:

- environmentally incompatible, for example, noise impacts generated by industrial uses;
- economically incompatible, for example, where permitting private residential uses would increase land values to the extent that employment generating uses become unviable; or
- contextually incompatible, meaning that certain uses may not be appropriately supported by utilities, transport infrastructure or social infrastructure.

While generally in favour of a more 'mixed employment' approach, the Strategy remains cognisant of these potential conflicts, whilst being responsive to structural economic change. It responds with:

- a core industrial zone in the south west part that will continue to accommodate 'traditional industrial' uses;
- a flexible enterprise corridor zone through the centre part that will accommodate lower density industrial and commercial uses; and
- business park zones in the north west and south east parts that are close to transport, services and amenities and that will provide for denser commercial activity over time.

To ensure future development is supported by adequate infrastructure, the City intends to prepare the *Southern Employment Lands Infrastructure Plan* in conjunction with the NSW Government. The plan is to identify a delivery path for public infrastructure (roads, sustainable transport, open space, flood management works and social infrastructure), indicative costs, funding, staging and responsibility for delivery

In the main, private residential development is not to be permitted in the employment lands, recognising the economic incompatibility of this use with the employment objectives for the zones. Exceptions are along a small portion of Botany Road where shop top housing and seniors housing is already permitted.

Where private residential uses are not permitted, land value will remain relatively affordable, allowing other uses to locate in the area. This not only facilitates opportunities for employment growth, but will also deliver on *Sustainable Sydney 2030* Directions by working towards a 'globally competitive and innovative City' by providing opportunities for innovative, creative and cultural industries to locate in the City - critical to this is ensuring a ready supply of flexible and relatively affordable floor space so that a range of activities can locate near the City.

While the type of jobs that are likely to locate in the area will potentially attract higher paid workers that may be able to afford to live in close proximity without being in rental stress, a proportion of new jobs is likely to be for very low to moderate income earners. Moreover, these new workers will generate demand for services generally staffed by lower income earners, such as childcare workers and shop assistants.

To ensure there is sufficient housing for low income workers close to the new employment opportunities facilitated by the Strategy, a multi-pronged approach to encouraging the provision of affordable housing in and around the employment lands is proposed. Proposed mechanisms include:

- permitting affordable housing in the proposed B7 Business Park zone;
- an affordable housing contribution scheme, similar to that which operates in Green Square; and
- potential site specific planning proposals where affordable housing, and other public benefits, are provided.

The *Draft Planning Proposal: Employment Lands* (draft planning proposal) and the *Draft Sydney Development Control Plan 2012 – Southern Employment Lands Amendment* (draft DCP), shown at Attachments A and B respectively, will implement the Strategy.

The draft planning proposal and draft DCP provide detailed zoning recommendations, as well as requirements relating to contributions to affordable housing, built form, public domain and infrastructure delivery. This report recommends the Central Sydney Planning Committee (CSPC) note the Employment Lands Strategy and approve the draft planning proposal for submission to the Minister for Planning for Gateway Determination. Following issue of a Gateway Determination, it is recommended the draft planning proposal and draft DCP be exhibited for a period of no less than 28 days.

It is also noted the City will develop and publicly exhibit the Draft *Southern Employment Lands Affordable Housing Program* in accordance with stated principles.

RECOMMENDATION

It is resolved that the Central Sydney Planning Committee:

- (A) note the report to the Planning and Development Committee on 17 June 2014 recommends that Council adopt the *City of Sydney Employment Lands Strategy June 2014*, shown at Appendix C of Attachment A to the subject report;
- (B) approve the *Draft Planning Proposal: City of Sydney Employment Lands*, shown at Attachment A to the subject report, for submission to the Minister for Planning under Section 57 (2) of the *Environmental Planning and Assessment Act 1979* with a request for a Gateway Determination;
- (C) approve the *Draft Planning Proposal: City of Sydney Employment Lands*, for public authority consultation and public exhibition in accordance with the Gateway Determination;
- (D) note the report to the Planning and Development Committee on 17 June 2014 recommends that Council delegate authority to the Chief Executive Officer to develop the *Draft City of Sydney Southern Employment Lands Affordable Housing Program* in consultation with the Department of Planning and Environment and the Centre for Affordable Housing. The Program is to be developed in accordance with the following principles:
 - (i) affordable rental housing should be provided and managed in the City of Sydney Local Government Area so that a socially diverse residential population representative of all income groups is created and maintained;
 - (ii) affordable rental housing that is provided is to be made available to a mix of households on low to moderate incomes;
 - (iii) affordable rental housing that is provided is to be rented to eligible households at an appropriate rate of gross household income;
 - (iv) dwellings provided for affordable rental housing are to be managed so as to maintain their continued use for affordable housing; and
 - (v) affordable rental housing is to consist of dwellings constructed to a standard which, in the opinion of the Council, is consistent with other dwellings in the City of Sydney Local Government Area;

- (E) note the report to the Planning and Development Committee on 17 June 2014 recommends that Council approve the *Draft City of Sydney Southern Employment Lands Affordable Housing Program* for public exhibition with the *Draft Planning Proposal: City of Sydney Employment Lands*;
- (F) note the report to the Planning and Development Committee on 17 June 2014 recommends that Council approve the *Draft Sydney Development Control Plan 2012 - Southern Employment Lands Amendment*, shown at Attachment B to the subject report, for public exhibition in parallel with the public exhibition of the *Draft Planning Proposal: Employment Lands*, as per the Gateway Determination;
- (G) note that, in parallel with the preparation of the planning controls for the employment lands, the City intends to prepare the *Southern Employment Lands Infrastructure Plan* in conjunction with the NSW Government. The plan is to identify a delivery path for public infrastructure (roads, sustainable transport, open space, flood management works and social infrastructure), indicative costs, funding, staging and responsibility for delivery;
- (H) note that the *Southern Employment Lands Infrastructure Plan* at clause (G) above is to be reported to Council for consideration, once prepared;
- (I) note that, in accordance with clause (A) of this resolution, the City will consider planning proposal requests in the identified investigation areas only where they are consistent with the principles established by the *City of Sydney Employment Lands Strategy June 2014*. Where the Director City Planning, Development and Transport considers the planning proposal request has merit, it will be reported to Council and the Central Sydney Planning Committee for their consideration;
- (J) note the report to the Planning and Development Committee on 17 June 2014 recommends that Council delegate authority to the Chief Executive Officer to make minor changes to the *Draft Planning Proposal: Employment Lands* and *Draft Sydney Development Control Plan 2012 – Southern Employment Lands Amendment*, to prepare it for public exhibition; and
- (K) note the report to the Planning and Development Committee on 17 June 2014 recommends that Council request the Chief Executive Officer write to Transport for NSW and the Department of Planning and Environment requesting that a working group be established with the City to investigate short and long term transport improvements for the southern employment lands, to meet the increased demands that development will generate.

ATTACHMENTS

(NOTE - Attachments A, B and C will be circulated separately from the Agenda Paper and to Central Sydney Planning Committee members and relevant senior staff only. A copy will be available for viewing on Council's website and at the One Stop Shop and Neighbourhood Service Centres.)

Attachment A: Draft Planning Proposal: Employment Lands

Appendix A – Map book

Appendix B – City of Sydney Employment Lands Study

Appendix C - City of Sydney Employment Land Strategy June 2014

Appendix D - Summary of submissions

Appendix E – LEP Drafting advice

Appendix F – City of Sydney Employment Lands Economic Analysis
and Opportunities Study

Appendix G – City of Sydney Employment Lands Transport and Access
Study

Appendix H – City of Sydney Southern Employment Lands Affordable
Housing Needs Analysis

Attachment B: Draft Sydney Development Control Plan 2012 – Southern Employment
Lands Amendment

Appendix A – Map Book

Attachment C: Southern Employment Lands Urban Design Analysis

BACKGROUND

City of Sydney Employment Lands

1. The employment lands include all industrial and other land in the City of Sydney Local Government Area (LGA) that is currently zoned primarily for employment purposes under the *Sydney Local Environmental Plan 2012* (Sydney LEP). This includes land zoned: IN1 General Industrial; IN2 Light Industrial; B5 Business Development; B6 Enterprise Corridor; and B7 Business Park. It also includes some lands that are excluded from the Sydney LEP and currently zoned 10(e) Mixed Uses or 10(d) Mixed Uses under *South Sydney Local Environmental Plan 1998* (South Sydney LEP).
2. The employment lands comprise three precincts in the LGA:
 - (a) the southern employment lands – this area is about 265 hectares in size and stretches from the southwest corner of the Green Square Town Centre to the south west corner of the LGA. Generally, the area is in the suburbs of Rosebery and Alexandria and is bordered by Gardeners Road to the south, McEvoy Street on the west and Mentmore Avenue and Botany Road on the east;
 - (b) the Moore Park employment lands – this area is about 3.6 hectares in size and includes a single large lot on which the Moore Park Supa Centa is currently located; and
 - (c) the Parramatta Road employment lands – this area is about 2.1 hectares in size and includes several small lots in Glebe. The area is bordered by Arundel Street and Parramatta Road and divided by Ross Street.
3. The employment lands are shown in the aerial photograph at Figure 1.
4. This report recommends the Central Sydney Planning Committee (CSPC) note the City of Sydney Employment Lands Strategy June 2014 (the Strategy) as shown at Appendix C to Attachment A. The Strategy is to guide growth and change to 2030 in the employment lands.
5. The Strategy is the result of an extensive review of land use and planning controls. The review incorporated multiple research projects, exhibition of the City of Sydney Draft Employment Lands Strategy (draft Strategy) in 2013, in house review of key policy areas and stakeholder meetings with landowners, Port Botany, government, community groups and affordable housing providers.
6. The purpose of the review was to define the role of the employment lands in the NSW economy, quantify the future demand for employment lands and make land use and planning recommendations to ensure adequate and appropriate supply. The review was undertaken within the context of the long held NSW Government policies and strategies which generally oppose rezoning of industrial lands, unless sufficient evidence is provided to support reasons for change.



Figure 1: The City of Sydney Employment Lands

7. The initial research to inform the review was the *City of Sydney Employment Lands Study* (the Study), shown at Appendix B to Attachment A of this report, which was undertaken by SGS Economics in 2012. The Study was undertaken in two phases, the first being the preparation of a background paper which established the base case, and the second identifying future directions for the employment lands. The Study incorporated quantitative and qualitative analyses and made strategic land use and planning recommendations.

8. The Study concluded that there is sufficient evidence to support an alternative planning approach in the employment lands and recommended new land use zones, subject to detailed technical studies. The recommendations of the Study are consistent with the established subregional role of the employment lands, recognise their national economic significance and support the fundamental role of the City in securing metropolitan Sydney's future competitiveness.
9. The draft Strategy was prepared by the City with direct reference to the findings and recommendations of the Study. The draft Strategy was prepared primarily for the purpose of public consultation. It recognised the continued principal function of the employment lands is to facilitate employment and support the growth of the local, metropolitan, state and national economies and regional and global network connections. It also provided a series of recommendations that allow a flexible approach to land use.
10. Council and the Central Sydney Planning Committee resolved on 13 May 2013 and 9 May 2013, respectively, to approve the Study and draft Strategy for public exhibition. The documents were placed on public exhibition from 4 June 2013 to 8 July 2013 and the City received 25 submissions which are summarised, together with the City's response, at Appendix D to Attachment A of this report. Key issues raised in submissions are discussed in more detail later in this report.
11. Following exhibition of the Study and draft Strategy, the City engaged consultants to undertake additional technical studies, including:
 - (a) the *City of Sydney Employment Lands Transport and Access Study* (transport study) by SKM, shown at Appendix G to Attachment A of this report; and
 - (b) the *City of Sydney Employment Lands Economic Analysis and Opportunities Study* (economic study) by Hill PDA, shown at Appendix F to Attachment A of this report.
12. The Strategy, which is shown at Appendix C to Attachment A, has been amended from the exhibited draft with reference to submissions, internal review, stakeholder meetings and the findings and recommendations of the technical studies. The Strategy provides direction for land use change and urban renewal in the employment lands.
13. The *Draft Planning Proposal: City of Sydney Employment Lands* (the draft planning proposal) and associated *Draft Sydney Development Control Plan 2012 - Southern Employment Lands Amendment* (draft DCP) are to facilitate the implementation of the Strategy. The draft planning proposal and draft DCP are shown at Attachments A and B respectively.
14. The draft planning proposal relates to the southern employment lands, the Parramatta Road employment lands and the Moore Park employment lands. The draft DCP relates only to the southern employment lands.
15. This report recommends the Central Sydney Planning Committee approve the draft planning proposal for submission to the Department of Planning and Environment for Gateway Determination. Following a Gateway Determination being issued, it is recommended the draft planning proposal and draft DCP be publicly exhibited for a period of no less than 28 days.

The southern employment lands today

16. The southern employment lands are some of the most strategically located employment lands in Australia, being of local, metropolitan, state and national economic significance. The southern employment lands are shown in their context at Figure 2.

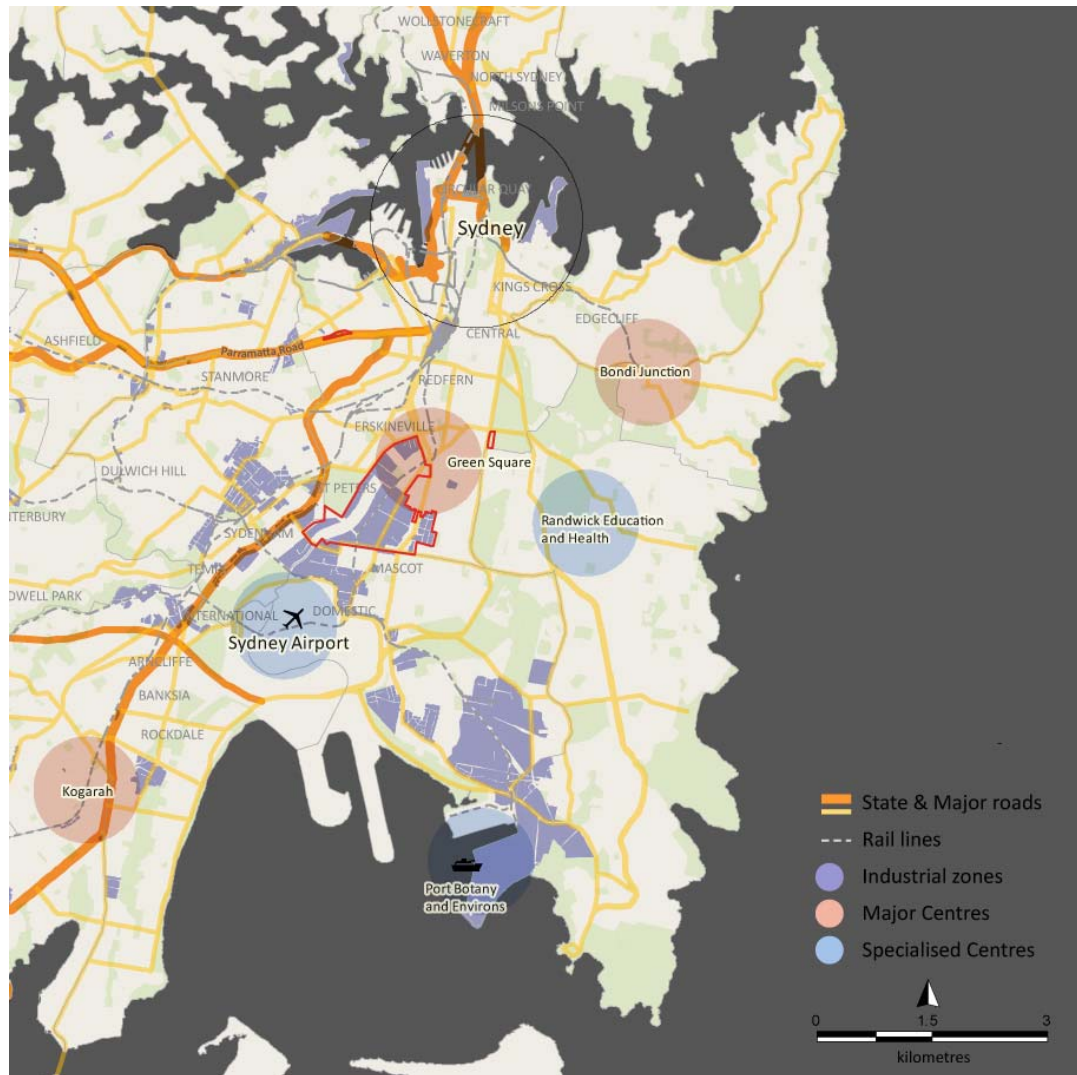


Figure 2: City of Sydney Southern Employment Lands in context

17. They are located three kilometres south of the Sydney CBD. This is Australia's premier commercial hub, containing in the order of 300,000 jobs across a range of high value sectors, including finance, insurance, business and technical services, education, technology, media, retail, arts, entertainment and tourism services. The Draft Metropolitan Strategy for 2031 projects an additional 102,000 jobs will be provided in Central Sydney.
18. Sydney Airport is two kilometres south of the southern employment lands. It handles around 37 million domestic and international passengers per annum and is the gateway for most international visitors visiting Australia. The *Sydney Airport Master Plan 2033* (Airport Master Plan), adopted in February 2014, envisages Sydney Airport remaining as the primary international and domestic airport for Sydney.

19. The Airport Master Plan projects that by 2033 the airport will accommodate about 74 million passengers (an average annual growth rate of 3.4 per cent) and 388,000 passenger aircraft movements (an average annual growth rate of 1.4 per cent from current levels). Total freight is forecast to grow from 600,000 tonnes in 2012 to over one million tonnes in 2033. Sydney Airport directly and indirectly generates almost 300,000 jobs, which will increase to 400,000 by 2033. Many of these jobs and economic benefits will be generated locally in the areas around the airport, including the southern employment lands.
20. Port Botany is just three kilometres to the south east of the southern employment lands. It is Australia's second largest port in terms of freight volumes (behind Melbourne) with about 1.3 million Twenty-foot Equivalent Units (TEUs). The NSW Freight and Ports Strategy expects this to grow to around six million by 2030-31.
21. Green Square is a Planned Major Centre in the *draft Metropolitan Strategy for Sydney to 2031*. The Green Square Urban Renewal Area, with the Green Square Town Centre at its centre, overlaps with the northern section of the southern employment lands. This is Australia's largest urban renewal area and will ultimately host 40,000 additional residents and 22,000 additional workers by 2030 (from 2008 numbers). The Green Square rail station is just outside the southern employment lands to the north.
22. To the south of the southern employment lands is the Mascot Station Town Centre Precinct. In April 2012, a Master Plan of the precinct was completed to accommodate a future population of up to 11,000 people and 35,000 jobs. The precinct has since been identified by the NSW Government as an Urban Activation Precinct (UAP) and will play a major role in providing housing and jobs in Sydney. Planning for the Mascot Station Town Centre has halted until planning for WestConnex, a 33 kilometre motorway connecting the M4 and M5 corridors, is more resolved.
23. The southern employment lands contain the main transport corridor between the Sydney CBD and Sydney Airport and Port Botany. In addition to the high volumes of through traffic experienced in the area, the southern employment lands are themselves an origin for significant business to business (freight and small commercial vehicle), heavy truck movements that service heavier industries towards the south west, and commuter traffic and workers (residents nearby leaving or workers in the precinct arriving).
24. The principal north-south roads near or through the southern employment lands include the Princes Highway to the west, the Eastern Distributor to the east, Botany Road on the east and O'Riordan Street through the centre connecting the airport to Green Square Urban Renewal Area. Bourke Road is a local, but major, distributor road which also runs north-south through the southern employment lands. Botany Road, O'Riordan Street, Bourke Road and Bourke Street form a five way junction at Green Square train station on the north east edge of the southern employment lands.
25. Between the southern employment lands and the Sydney CBD is the Redfern-Waterloo renewal area. This area is gradually being redeveloped, and is a focus for significant new investment in housing, including the redevelopment of public housing areas, employment within Australian Technology Park and community and cultural services. Redfern is the principal focus of the urban Aboriginal community in Australia.

26. The subregion contains major educational and health assets. Less than three kilometres to the east of the southern employment lands is the University of New South Wales in Kensington which, with the Prince of Wales Hospital and other medical facilities, forms part of the Randwick Education and Health Precinct, as defined in the draft Metropolitan Strategy. To the north-west of the southern employment lands and to the south-west of the Sydney CBD are the University of Sydney, the University of Technology Sydney and the Royal Prince Alfred Hospital.
27. Elsewhere within the inner Sydney area, in the Botany Bay and Marrickville LGAs nearby, are additional significant and strategically important industrial areas.

Existing land use and built form

28. The employment lands currently comprise a number of land use zones that, in the main, permit only 'employment' uses. Most of the employment lands are currently subject to Sydney LEP and zoned IN1 General Industrial but also include some IN2 Light Industrial, B5 Business Development, B6 Enterprise Corridor and B7 Business Park zones. In addition, a small part of the southern employment lands is currently excluded from the Sydney LEP and is zoned 10(e) and 10 (d) Mixed uses under the South Sydney LEP.
29. The Sydney LEP also contains height, floor space ratio (FSR) and other development controls, such as parking maximums and floor space incentive provisions, which are key determinants of development feasibility. For those employment lands currently subject to the South Sydney LEP, heights and FSRs are in the *South Sydney Development Control Plan 1997* (South Sydney DCP). The employment lands and the current applicable planning controls are shown at Figure 3.

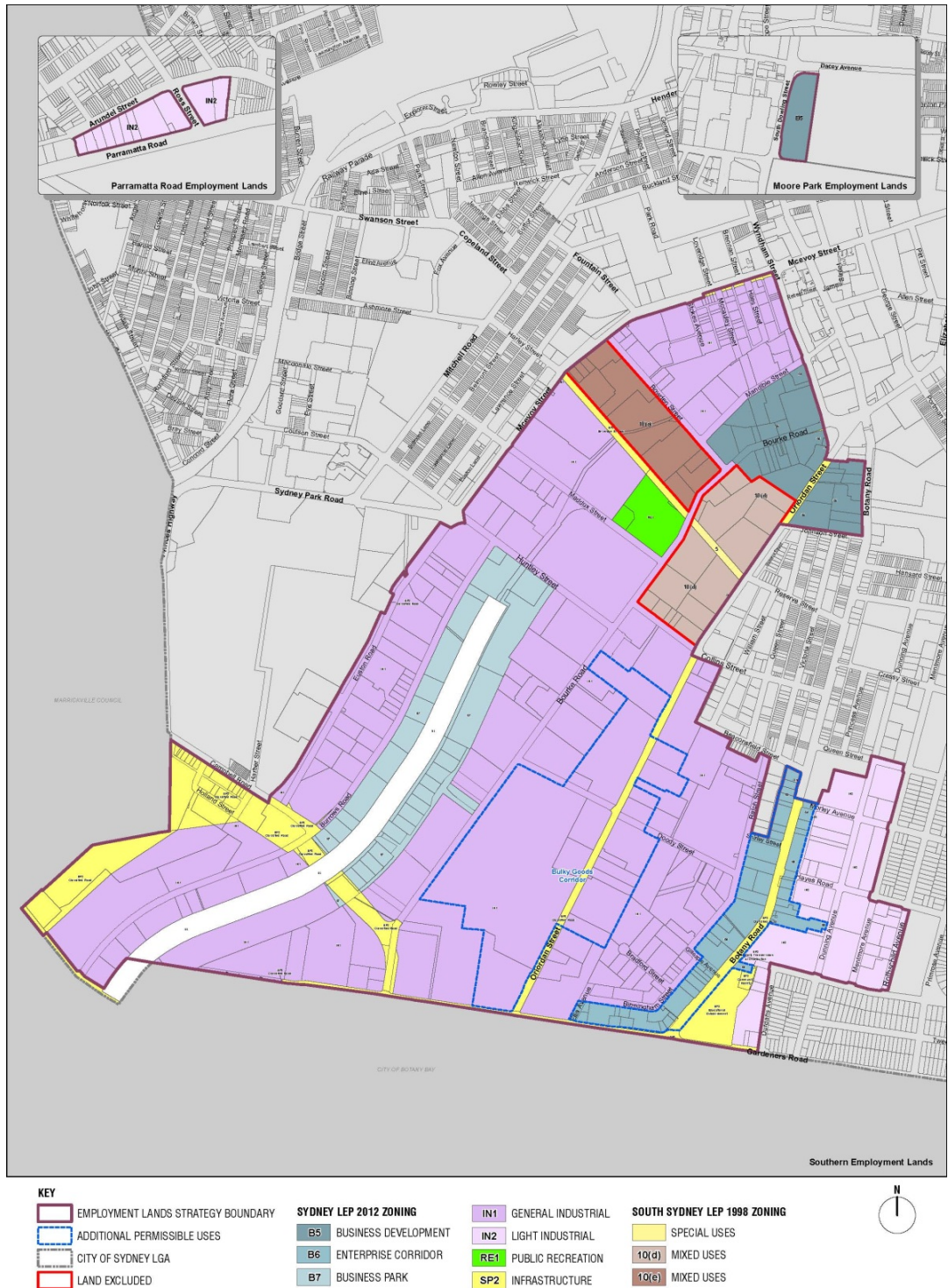


Figure 3: Applicable planning controls in the Employment Lands

30. The employment lands currently host a range of employment generating activities that are essential to the efficient functioning of a city and that serve the population, such as panel beaters, depots and distribution centres. In addition, the employment lands also accommodate strategic activities associated with the airport and port and essential support services needing access to the Sydney CBD.

31. The range of businesses, enterprises and activities currently located in the employment lands varies widely. The area hosts a wide range of uses from heavier industrial uses, such as concrete batching plants, to knowledge intensive activities such as architecture and design studios, Information Communications Technology (ICT) businesses, to small and large commercial operations, designer furniture shops, not-for-profit operations, such as Oz Harvest, industrial strata units and new cafes, restaurants and bars. The area is a successful mixed business area.
32. Notwithstanding this, there are areas within the southern employment lands where distinct concentrations of industries have emerged. The *City of Sydney Floorspace and Employment Survey 2012* (FES 2012) found that, in the southern employment lands, the industries most highly represented in terms of employment share are manufacturing, wholesale trade, transport and logistics related industries, postal activities and warehousing. The floor space distribution of these land uses categories generally show:
- (a) a higher concentration of factories and laboratories (general industrial) in the south, particularly the south-west;
 - (b) a fairly even distribution of freight and logistics uses, though the concentration is generally heavier in the south-west;
 - (c) large amounts of existing office space, mostly with other industrial uses (ancillary), along the Bourke Road and O’Riordan Street corridor stretching north to the Green Square Town Centre;
 - (d) retail showrooms along O’Riordan Street, which is representative of the bulky goods and motor showroom corridor; and
 - (e) a high amount of vacant floor space, particularly in the centre corridor.
33. Built form in the southern employment lands largely reflects the predominant use:
- (a) the southern and south-eastern portion is generally characterised by low scale industrial/warehouses of no more than two or three storeys, some of which have been adapted for restaurants, cafes and creative/design related uses;
 - (b) along Botany Road there is some shop-top housing with commercial or retail premises located at the ground floor and residential units above. The predominant height of these developments is around seven to eight storeys.
 - (c) in the south-west, heavier industrial warehouses are the predominant built form, rarely exceeding one or two storeys, but with large floor to ceiling heights;
 - (d) in the north-west, the subdivision pattern becomes much finer grain, with one or two storey smaller scale older industrial warehouse buildings; and
 - (e) in the north-east, close to the Green Square train station, large blocks remain, housing low scale industrial activities and buildings.

34. The Parramatta Road employment lands contain mostly low density commercial and retail activity. At the Moore Park employment lands (Supa Centa), bulky goods are by far the predominant land use.

The Employment Lands Study

35. The Study provides a robust evidence base for the land use and planning controls proposed by the draft planning proposal. The Study identifies the long-term demand and supply for industrial and business zoned land in the LGA and the subregion. The analysis takes into consideration the LGA's location within the 'Global Economic Corridor' and importance in the metropolitan, state and national economies. The study includes:
- (a) a review of the strategic context;
 - (b) a review of constraints, with a focus on medium to long term transport constraints;
 - (c) a review of potential uses;
 - (d) a description and assessment of potential scenarios; and
 - (e) a proposed strategy, including implementation actions.
36. Phase 1 of the Study was the preparation of a background paper to inform the direction of the study and establish the 'base case' in the employment lands. Some key findings of the background paper include:
- (a) industry is undergoing structural change. Globalisation is likely to continue to drive a separation between the 'thinking' part of the value chain (namely design, brokerage, marketing, strategy formulation) and the 'making' or manufacturing, and distribution, in the form of transport, logistics, and after sales service. The employment lands are in a position to service multiple parts of this chain;
 - (b) cheaper land in western Sydney has been attractive largely to manufacturing users and smaller engineering firms, with Silverwater and Smithfield being popular relocation destinations. Freight and logistics users have also decentralised, but most have remained in the area owing to its strong link to the port, the airport and Sydney CBD;
 - (c) given increasing land values, there is likely to be pressure to accommodate higher order uses (including offices), which may affect traditional industries and require a planned approach;
 - (d) there is a considerable amount of vacant floor space in the southern employment lands at present (during a time of transition), comprised of both vacant buildings and vacant sites. Vacancy rates in 2012 were about 19 per cent;

- (e) real estate agents noted that demand for industrial land remains solid despite the impact of the Global Financial Crisis, with land and median rental prices increasing steadily since 2008 and notable demand for creative and business service occupants. Businesses normally based in Surry Hills, Chippendale and Redfern, such as advertising, fashion, and business services firms, have been quick to relocate to Alexandria;
 - (f) there is a range of factors affecting the likely future role and function of the employment lands. These include amenity, landuse permissibility, parking, public transport, cycleways, truck access, and bulky goods retailing; and
 - (g) land values in the employment lands are high relative to industrial land values in adjoining LGAs.
37. Phase 2 of the Study included extensive quantitative and qualitative analysis that was undertaken and interpreted in the context of the findings of the background paper and stakeholder feedback. The Study includes an analysis of:
- (a) the current NSW Government planning framework for employment lands;
 - (b) targets in key NSW government and local government strategies;
 - (c) current land use planning constraints that affect the employment lands;
 - (d) employment and dwelling projections which provide estimates of achievable densities for the employment lands based on a range of given land use scenarios;
 - (e) forecasting and gap analysis, which compares forecast employment and land area requirements with the base case of the current zoning and the capacity of employment lands as recorded in the FES 2012;
 - (f) development feasibility modelling which, via case studies, explores the relationship between vacancies, demand for land / floorspace in the area, and the viability of development; and
 - (g) population serving industry testing which explores whether rezoning of industrial land proposed in the scenarios would ensure sufficient quantity is retained to service the current and projected local population.
38. Key findings of quantitative data include:
- (a) there is a significant over-provision of industrial land in the employment lands. The Study forecasts that there will be an increase in demand of 52,000 square metres of floor space to accommodate industrial uses (including freight and logistics, heavy manufacturing, light manufacturing, local light industrial and urban services) to 2036. This is well in excess of the 743,000 square metres of floor space capacity that is currently available in the IN1 General Industrial and IN2 Light Industrial zones;

- (b) in testing the viability of development under the current industrial zones, a case study was undertaken of the feasibility of a typical industrial development (a warehouse). The case study allowed for two development scenarios for a modern high bay warehouse development (a typical built form for the storage of goods): one on a site with an existing industrial building that would require demolition; one on a vacant site. Both development scenarios returned a negative feasibility ratio value, indicating sites are not viable for development. Viability is impaired by broader structural changes in manufacturing, which, in turn, are likely linked to the considerable vacancy in the area (19 per cent). In order to reduce vacancies in the main study area and facilitate renewal, zoning changes are required that will improve feasibility and encourage development; and
 - (c) it is estimated that the total population of the City of Sydney LGA in 2036, which is estimated at 280,000 people, would require around 339,000 square metres of population-driven industrial floor space, ranging from heavy industry, light industry and industrial urban services. In addition, the Study shows a need for approximately 440,000 square metres of floor space for airport-related freight and logistics uses. While most airport-related functions do not need to be accommodated in an IN1 General Industrial zone, the study recommends it is prudent that some space be ensured for airport related uses within an industrial zone.
39. Importantly, the Study concluded that there is sufficient evidence to support an alternative planning approach in the employment lands and recommended new land use zones, subject to detailed technical studies.

Technical studies

40. The *Employment Lands Economic Analysis and Opportunities Study, 2013* (economic study), provided at Appendix F to Attachment A of this report, was commissioned to provide expert economic advice about the impacts and implications of the land use and planning recommendations proposed by the draft Strategy and to inform the preparation of the draft planning proposal.
41. The economic study includes:
- (a) a demographic analysis of the area's existing and projected workforce and resident population;
 - (b) a market appraisal of the southern employment lands that outlines the interaction between supply and demand factors, how they have translated into property and land values, and how the market is likely to respond to the proposed changes;
 - (c) feasibility analysis to establish the viability of development under various FSR and height scenarios and the benefit (if any) conferred by density increases;
 - (d) an analysis of approaches to funding essential infrastructure in the employment lands; and
 - (e) an analysis of the economic impact of the proposed land use and planning controls on planned centres within the LGA.

42. The findings of the economic study are discussed throughout this report in the context of the various land use and planning controls that it has informed.
43. The *Employment Lands Transport and Access Study*, 2014 (transport study), provided at Appendix G to Attachment A of this report, was commissioned to guide the development of new planning controls, and to establish transport principles and strategies in the southern employment lands. The transport study estimates trip generation for three growth scenarios (low, medium, high) and provides a high level assessment of their impact.
44. It is noted the transport study is premised on the land use strategy proposed by the draft Strategy, which has been amended and is detailed in the next Section.
45. The findings of the transport study are discussed later in this report in the context of the various land use and planning controls that it has informed.

The Employment Lands Strategy

46. The Strategy, shown at Appendix C to Attachment A, amends the Draft Strategy that was publicly exhibited in 2013. The Strategy guides growth and change in the employment lands to 2030 and forms the foundation of proposed changes to land use and planning controls.
47. The Strategy establishes the primary role of the employment lands as being to facilitate new business and industry opportunities, provide employment across a range of sectors, and provide land for strategic industrial activity and essential urban services. The Strategy contains a suite of land use and planning recommendations that work towards that primary role, while remaining responsive to the broader objectives and targets of the NSW Government and the City's *Sustainable Sydney 2030 Vision*.
48. A key direction of the Strategy is for a more flexible approach to land use which will allow activities traditionally located in industrial lands to respond to structural changes in the Australian economy more efficiently.
49. To facilitate this, the Strategy identifies appropriate areas to be zoned for a range of employment uses ranging from warehousing, light industrial and transport and logistics uses, to higher density employment and new economic activities, such as high tech industrial uses, creative uses, cultural and entertainment uses, knowledge intensive industries and mixed business developments that incorporate commercial, retail, industrial and community spaces.
50. Other parts of the employment lands will accommodate pure industrial land uses that are essential to the efficient functioning of the City. This ensures activities associated with key State infrastructure, including the airport and port, and other activities that need access to the CBD, can locate in the area. It will also ensure the rapidly growing residential and worker population in the inner city subregion can access essential industrial services, such as panel beaters, concrete pourers and so on.
51. In addition, the Strategy establishes the need to implement mechanisms to encourage the provision of affordable housing for low income workers close to new employment opportunities. These mechanisms are discussed in more detail later in this report.

KEY IMPLICATIONS

52. The draft planning proposal and the draft DCP, collectively the 'draft controls', are to implement the Strategy.
53. The draft planning proposal has been prepared in accordance with Section 55 of the *Environmental Planning and Assessment Act 1979* (the Act), the *Standard Instrument – Principal Local Environmental Plan* (Standard Instrument) and guidelines published by the Department of Planning and Environment, including *A guide to preparing planning proposals* and *A guide to preparing local environmental plans*.
54. This section of the report explains the key considerations for the proposed draft controls and the rationale that has informed them. Given the complexity of changes being proposed, this section is organised by issue to aid a holistic understanding of what is being proposed across the various documents referred to in this report.

Land use zones

55. The Strategy provides the foundation for substantial changes to land use zoning. Fundamental to the Strategy is that the employment lands remain essential to:
 - (a) facilitate job creation and contribute to employment targets in the Metropolitan Plan 2036 and Draft Metropolitan Strategy 2031;
 - (b) deliver on *Sustainable Sydney 2030* Directions by providing opportunities for innovative, creative and cultural industries to locate in the City and enabling affordable rental housing;
 - (c) support key infrastructure, including the airport;
 - (d) facilitate opportunities for a diversity of businesses and industries to develop; and
 - (e) ensure uses that are crucial to the functioning of the city can continue to locate close to the city.
56. The proposed land use zoning is informed by the Study, submissions, meetings with stakeholders, technical studies and with reference to the long term aspirations for each zone, as described by the Strategy. The Strategy provides for zoning that is a more flexible approach to land use, allowing industry and business to be responsive to structural changes in the national and regional economies. A portion of the employment lands is to retain its current IN1 General Industrial zoning, in recognition of the strategic importance of retaining a relatively low land value and ensuring sufficient space for industrial activity. The remainder of the employment lands is to allow for a broader range of land use activities. The proposed zoning for the employment lands is shown at Figure 4.

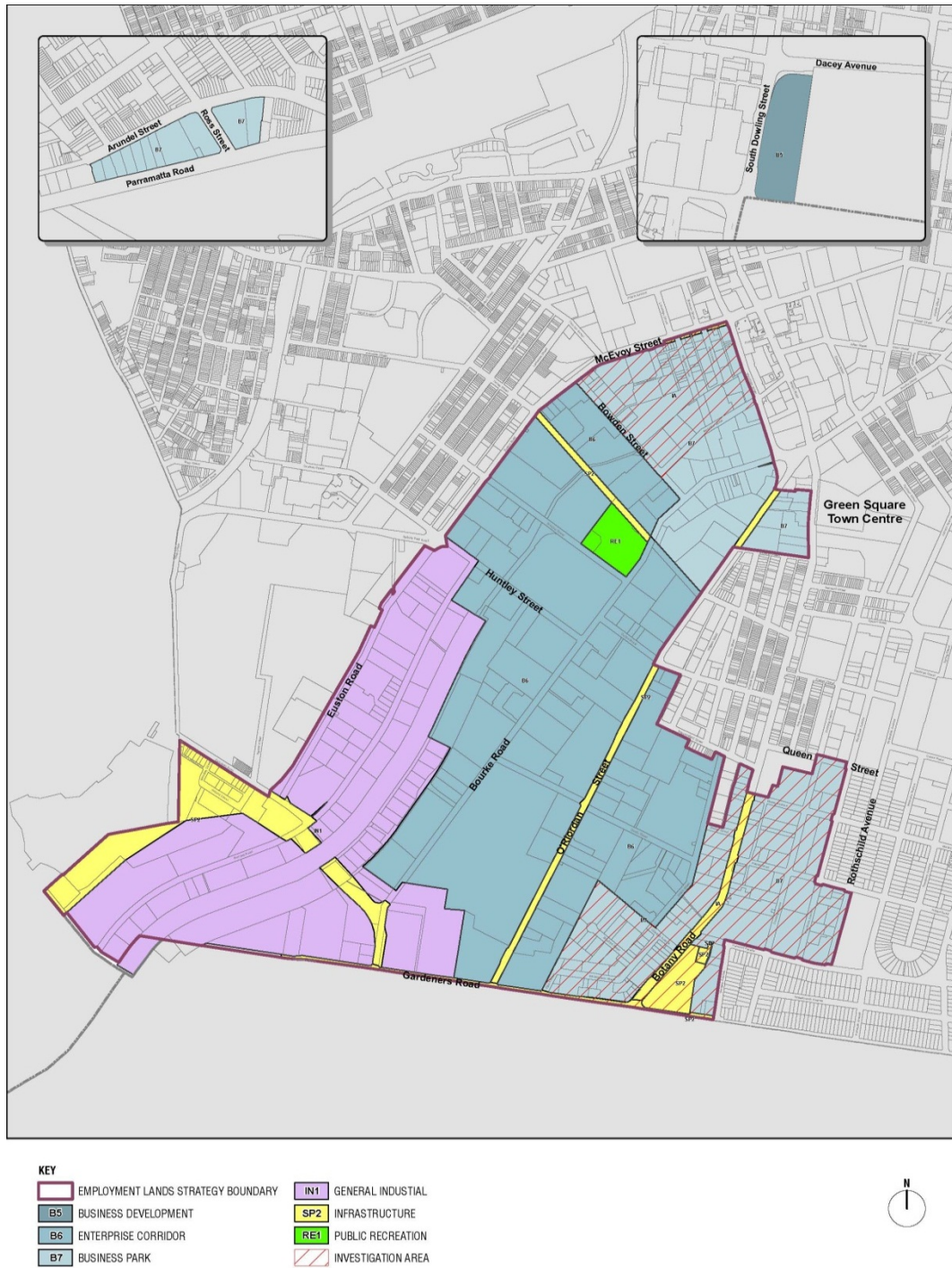


Figure 4: Proposed zoning for the employment lands

57. Proposed zones will generally allow existing uses to continue, but over time will facilitate higher density employment and new economic activities, such as new industrial uses, creative uses, knowledge intensive industries, cultural and entertainment uses, retail and flexible commercial and community spaces.

58. The Strategy does not generally propose any zoning that would facilitate private residential uses, although it continues to permit shop top housing and seniors housing on land along Gardeners Road / Botany Road where it is currently permissible. It also provides opportunities for affordable housing for low income workers in and around the southern employment lands.
59. A proposed land use table for each zone forms part of the LEP drafting instructions provided at Appendix E to Attachment A. The considerations and rationale for each zone are discussed below.

B7 – Business Park

60. The draft planning proposal will rezone the following land to B7 Business Park:
 - (a) the entirety of the Parramatta Road employment lands;
 - (b) land in the north of the southern employment lands, which is close to the Green Square Town Centre and train station; and
 - (c) land in the south east of the employment lands.
61. The economic study identifies a clear demand for a range of business uses, many commercial-type uses that have, to date, been prevented from being accommodated in the southern employment lands owing to the current zoning restrictions. There is strong demand for adaptively reused space by retail and other commercial businesses, as well as creative uses traditionally located in Surry Hills and Paddington.
62. The intent of the B7 Business Park zone, as described in the Department of Planning and Environment's *Draft Centres Policy, Planning for Retail and Commercial Development 2009*, is to provide flexibility for large floor plate office premises to locate out of centres. It notes that business parks can provide for the co-location of warehousing, assembly, research and technology, with office administration and business services.
63. While the proposed B7 Business Park zone does not necessarily seek to achieve a discrete business park or parks, the aspiration for the zone is that it will provide for a range of commercial opportunities, ranging from office towers in appropriate locations close to the Green Square Town Centre, to denser and more flexible spaces that support the land use requirements of the knowledge and creative industries. These industries are critical in the City of Sydney economy whose workforce produces almost eight per cent of the total Australian Gross Domestic Product, or about \$100 billion a year.
64. This approach is supported by a literature review of prominent thinkers on cities and economic geography, including Enrico Moretti, Richard Florida and Edward Glaeser. They argue that successful modern urban economies are built around knowledge and creative industries, and attracting firms and workers in these industries depends on economically diverse, dense and mixed use environments. These industries thrive in environments where they can cluster together with other 'like' uses, creating opportunities for synergies, knowledge sharing and collaboration to strengthen and grow a cluster.

65. The proximity of the proposed B7 Business Park zone to the Green Square Town Centre makes the area an attractive location for the knowledge and creative industries to locate. The 'just out of centre' location makes it more affordable, while at the same time ensuring easy access to the services and amenities generally located in a planned centre. In the Green Square Town Centre, these amenities include the future library, open space, retail and cafes opportunities and so on. Other benefits include its proximity to the Green Square train station, to an educated workforce, and a generally higher level of amenity. All of these factors drive considerations for these kinds of industries when they choose where to locate their business.
66. In the south-east of the southern employment lands, the B7 Business Park zone provides a transition between the residential development to the east, in particular Rosebery Estate, and the more industrially focused B6 Enterprise corridor zone. The area currently accommodates a number of relatively dense creative and boutique activities and the generally smaller subdivision pattern will continue to support these activities.
67. The proposed B7 Business Park zone will cater for demand for non-traditional office uses and flexible spaces - uses that are unlikely to be accommodated in the Town Centre which will accommodate more traditional office facilities. Moreover, facilitating these uses outside of the Town Centre will encourage a more intense use of the land for employment activities. This will contribute to greater day time activity in the Town Centre, which is predominantly residential development.
68. Permitted land uses are to support existing light industrial activities and to facilitate a range of higher order employment generating uses, such as commercial offices, with some with large floor plate activities, such as high tech sectors and research and development.
69. The B7 Business Park zone is also proposed along Botany Road, where land is currently zoned B6 Enterprise corridor which permits shop-top housing and seniors housing (a land use that will not be permitted in the proposed B6 Enterprise Corridor land use table). Given the B7 Business Park zone prohibits residential uses, shop-top housing and seniors housing is proposed as an additional permitted use in this location to be identified in Schedule 1 of the Sydney LEP. This will preserve the current permissibility of the use, while allowing the application of the 'new' B6 Enterprise Corridor zone in other parts of the southern employment lands.
70. Affordable housing will be permitted in the B7 Business Park zones in appropriate locations. In the 'investigation areas', shown hatched at Figure 4, site specific planning proposals will be considered to allow for some private residential development only where it supports the provision of substantial affordable housing and provides other public benefits. The approach to affordable housing in the employment lands is discussed in more detail later in this report.

B6 Enterprise corridor

71. The draft planning proposal will rezone the central portion of the southern employment lands, which is currently predominantly zoned for industrial uses, to B6 Enterprise Corridor. No residential uses are proposed in this zone. Amendment to the current Sydney LEP B6 Enterprise Corridor land use table is proposed to allow for a range of employment generating activities and to remove permissibility of shop-top housing and seniors housing.

72. The proposed B6 Enterprise Corridor zone recognises the economic importance of the corridor between Sydney Airport and Port Botany, and the City. The employment lands study found that while the reduction of the quantum of industrial land is supportable, the southern employment lands will nonetheless continue to play a critical strategic role in providing space for employment, providing space for industry that does not necessarily need to locate in an industrial zone, accommodating population serving uses and supporting the increasing need for uses associated with Sydney Airport and Port Botany.
73. The economic study identifies:
- (a) a clear demand for a range of business uses;
 - (b) strong demand for adaptively reused space by retail and other commercial businesses, as well as cultural and creative users;
 - (c) retail and mixed business uses that support the growing Green Square Urban Renewal Area residential population will continue to thrive;
 - (d) demand for high-tech industrial strata units will continue to grow in response to rising rents and land values and an increasing amount of office component will be required; and
 - (e) bulky goods retail and showroom uses are expected to continue to experience high demand along O’Riordan Street to service the growing population.
74. The proposed B6 Enterprise Corridor zone responds to these identified demands by permitting a broader range of employment generating uses on the land. The area currently contains a wide range of industrial and commercial activities, ranging from warehousing activities to transport and logistics services to small scale retail spaces. Importantly, these uses will continue to be accommodated while allowing for greater land use diversity over time.
75. Notwithstanding this, the employment lands study also recognises the constraining effects on development of the three main roads through the centre of the corridor, being Botany Road, O’Riordan Street and Bourke Road. This constraint only strengthens the need to ensure a balanced approach in developing planning controls for this area. Future controls must encourage a more efficient use of land, allow for moderate growth and facilitate economic and employment opportunity. At the same time, they must ensure retail and other ‘destination’ activities are limited in scale and complement the Green Square Town Centre, the Mascot Town Centre and other planned centres and are supported by sustainable transport strategies.
76. Generally, permitted land uses are to support existing general and light industrial activities and to facilitate some higher order employment generating uses. Prohibited uses are generally those that undermine the vision for the zone, in particular residential uses, due to environmental and operational conflicts.

77. Given the prevalence of bulky goods and showroom developments along O’Riordan Street, the zone will continue to permit ‘bulky goods’ and ‘vehicle sales or hire purchases’ in areas currently identified in Schedule 1 of the Sydney LEP. While some submissions to the draft Strategy expressed a view that the ‘bulky goods corridor’ should be expanded, these uses should continue to be consolidated within the existing Schedule 1 boundary where existing bulky goods and motor showroom premises are located. It is considered the expansion of the bulky goods corridor would negatively impact on the efficient functioning of the zone for wider employment purposes.
78. Amendments to the current zone objectives are proposed, including:
- (a) removal of the objective ‘to provide for residential uses, but only as part of a mixed use development’. The Standard Instrument SEPP identifies this as a mandatory objective where residential uses are permitted in the zone. Given that residential uses are proposed to be prohibited in the B6 Enterprise Corridor, therefore this objective is no longer relevant; and
 - (b) addition of a local objective ‘to ensure uses support the viability of the adjoining industrial zone for industrial uses’. This objective is proposed in recognition of the important role the B6 – Enterprise Corridor zone has in separating the proposed IN1 – General Industrial zone from more sensitive uses that may impact on the ability of industrial uses to operate efficiently. A number of industrial activities require 24 hour operational flexibility. They may be noisier or result in dust. Some activities may result in an odour or have a number of truck movements associated with their activity. Where sensitive uses, such as child care facilities or residential uses, are located close to these activities, they can impact on the ability of the industrial use to function efficiently and undermine the long term viability of use in particular and the zone more generally.

B5 Business Development

79. The Moore Park employment lands are to remain zoned B5 Business Development. This zone remains the most appropriate for the precinct because of its focus on bulky goods, which is the predominant use currently on the site.
80. To allow for a similar approach to retail that is found elsewhere in the southern employment lands, minor expansion of general retail uses in the Moore Park employment Lands are proposed. This will be facilitated by Schedule 1 of the Sydney LEP 2012 which is to permit up to 1000sqm of ‘shops’ on the site.
81. While previously excluded, this site is to be incorporated into the City’s review of the *Green Square and Southern Areas Retail Strategy 2008* at a later date.

IN1 General Industrial

82. The draft planning proposal will retain the IN1 General Industrial zone on land located in the south western corner of the southern employment lands.

83. Land zoned IN1 General Industrial is essential to the efficient functioning of the City. They ensure activities associated with key State infrastructure, including the airport and port, and other activities that require access to the Sydney CBD, can continue to locate in the LGA. It will also ensure the rapidly growing residential and worker population in the inner city subregion can access essential industrial services.
84. It is envisaged this area will continue to accommodate these activities. The long term aspiration for the zone is for a pure industrial zone with only minimal ancillary uses to support the industrial activities and workers. Ancillary uses may include offices associated with the industrial operation, take away food kiosks and the like.
85. The employment lands study shows the quantum of land in the proposed IN1 General Industrial zone is sufficient to accommodate population serving industrial uses to 2036. This is estimated to be around 339,000 square metres of both heavy and light industrial floor space. This area also provides additional floorspace of approximately 150,000 square metres to accommodate strategic industrial uses, for example, those related to the airport. While the study shows a need for approximately 440,000 square metres of floor space for airport-related freight and logistics uses, some of this will continue to be accommodated in the other areas of the employment lands, including the B7 Business Park and the B6 Enterprise Corridor zones.
86. The rationale for concentrating the City's industrial activities in this area is:
 - (a) it consolidates heavier uses where they already exist. The location is relatively isolated and is buffered from other, more sensitive, uses by the Alexandra Canal, Sydney Park and main roads; and
 - (b) it provides good accessibility to airport and road networks, including the proposed exit of WestConnex along Qantas Drive, and therefore has potential to attract related freight and logistics uses.
87. With reference to the Standard Instrument, the IN1 General Industrial zone is the most appropriate zone for this land because:
 - (a) the mandated zone objectives cater specifically for industrial uses only and recognise the need to protect these areas and keep them separate from other uses;
 - (b) the mandated zone objectives offer highest protection for industrial uses against encroachment from other uses; and
 - (c) the mandated uses align with the long term aspiration for this area which is to support industrial uses.
88. Given the specific land economics of the industrial zone, the uses that are proposed to be permitted, existing and future demand for industrial uses and proposed development controls, it is reasonable to assume that while some densification of the area may occur, employment growth in the zone to 2036 is likely to be limited.

Employment projections and staging

89. The economic study provides projections of the number of jobs that are likely to result from the draft planning proposal. The job projections are at Table 1.

Proposed zone	FSR Range	Current job density / ha	Current jobs	Projected job density / ha	Projected jobs
B7 Business Park (North)	1.5 - 4:1	93	2,357	160	4,059
B7 Business Park (South)	1.5	86	3,013	140	4,893
B6 Enterprise Corridor	1.5	76	9,528	120	14,962
IN1 General Industrial	1.5	60	3,847	60	3,853
TOTAL			18,745		27,766

Table 1: Southern employment lands job projections

90. The projections assume an increase of job density resulting from the draft planning proposal. Likely job densities are informed by the employment lands study and economic study. The southern employment lands projections, and how they respond to NSW Government employment targets, are discussed later in this report.
91. Projected jobs growth in the southern employment lands are for the next 16 years to 2031. The rate of growth is sensitive to demand factors, proximity to public transport and proximity to planned centres and amenities. The economic study provides a table of anticipated development in the southern employment lands which is modified for the zoning proposed by the Strategy and shown at Table 2.

Proposed zone	Projected jobs growth to 2031	2014 - 2017	2018 - 2022	2023 - 2027	2028 - 2031
B7 Business Park (North)	1,702	Moderate levels of new development	Moderate levels of new development	Substantial levels of new development	Substantial levels of new development
B7 Business Park (South)	1,880	Moderate levels of new development	Moderate levels of new development	Substantial levels of new development	Substantial levels of new development
B6 Enterprise Corridor	5,434	Nominal new development	Moderate levels of new development	Moderate levels of new development	Substantial levels of new development
IN1 General Industrial	6	Nominal new development	Nominal new development	Moderate levels of new development	Moderate levels of new development

Table 2: Anticipated development timeframes in the southern employment lands

92. The Parramatta Road employment lands have a current job density of approximately 200 jobs per hectare. It is not expected jobs would significantly increase in this location.

93. The Moore Park employment lands have a current job density of approximately 120 workers per hectare. It is not expected jobs would significantly increase in this location.

Southern Employment Lands Urban Strategy

94. The Southern Employment Lands Urban Strategy (urban strategy) shows the strategic context and is shown at Figure 5 and it is included in the draft DCP shown at Attachment B to this report.

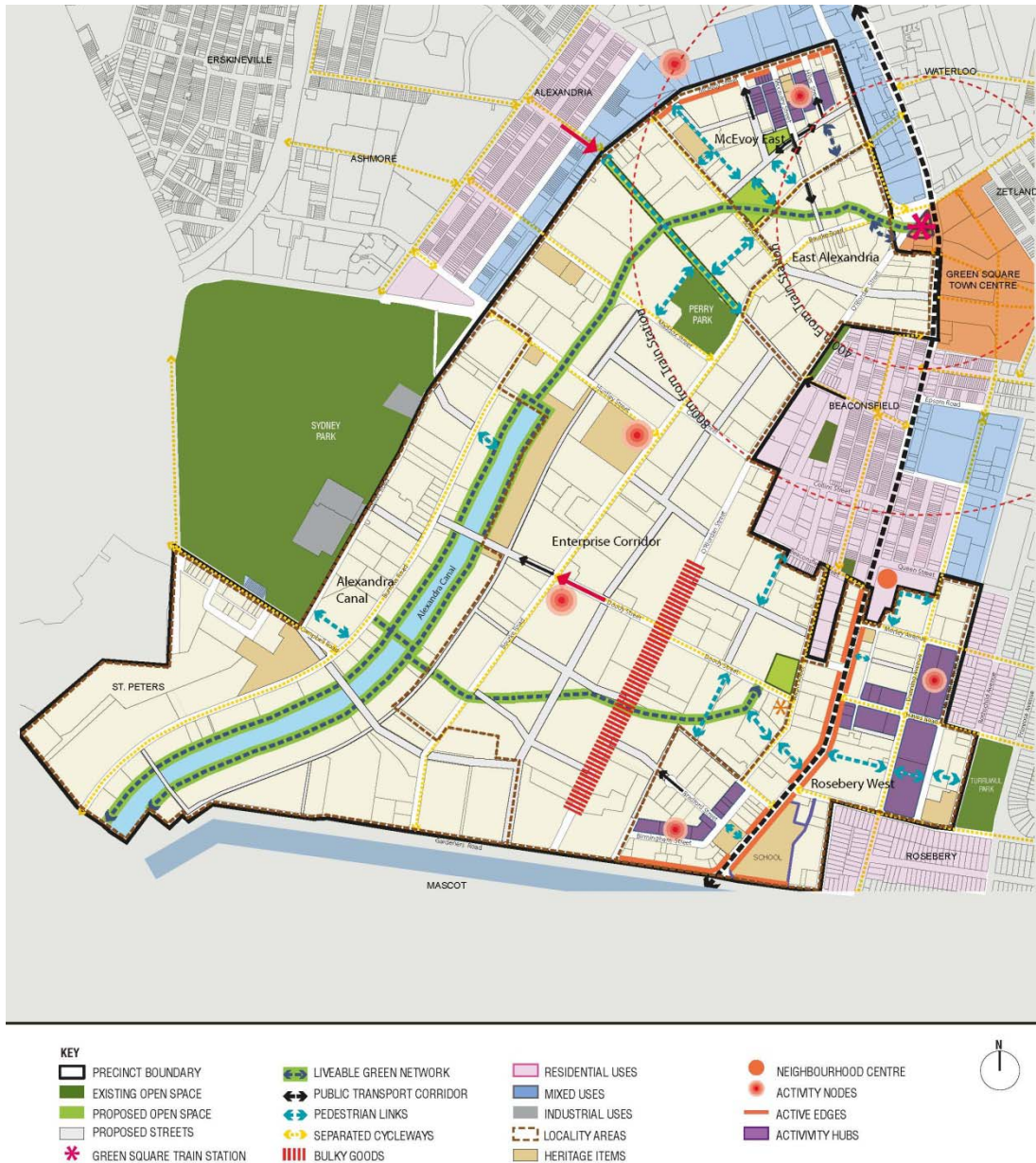


Figure 5: Southern Employment Lands Urban Strategy

95. The urban strategy provides a framework for the urban renewal. Its key elements are identified in the draft DCP and include:

- (a) Locality areas – character statements for each locality area, as well as stipulating the amount of public open space required to support future growth;
 - (b) Proposed streets – additional streets required to support growth over the next 20 years. The street network improves permeability and increases opportunities to move traffic off major roads. While short to medium term expansion of the street network is in the main not expected, it is important to include it in planning controls now to guide future growth;
 - (c) Liveable Green Network – includes setbacks from the Alexandra Canal and its tributary channels, as well as controls to guide how future development should address the Liveable Green Network;
 - (d) Setbacks – to enable future footpath widening and streets, as well as landscape setbacks to soften the impact of the built form;
 - (e) Activity nodes and hubs – places where local shops and amenities are concentrated to service the local community; and
 - (f) Pedestrian and cycle links – through large sites to improve permeability and promote active transport use.
96. The *Southern Employment Lands Urban Design Analysis* underpinning the urban strategy is provided at Attachment C.

Transport and Access

97. While the Parramatta Road employment lands are well serviced by public transport, the southern employment lands are subject to a range of transport and access challenges.
98. Transport and access constraints represent the biggest ongoing challenge to sustainable growth in the southern employment lands. To assist the City in preparing controls to manage the impact of growth on the transport network, the City commissioned the transport study shown at Appendix G to Attachment A.
99. The southern employment lands are located in the Global Economic Corridor between some of Australia's major trip generators, such as the airport, the port and Sydney CBD. Many thousands of trips pass through the area every day.
100. In addition, the southern employment lands are themselves an origin for significant business to business movements (freight and small commercial vehicle), heavy truck movements that service heavier industries towards the south west, and commuter traffic and workers (residents nearby leaving or workers in the precinct arriving).
101. There are a number of 'unknown' elements that are likely to have an impact on the transport network in the subregion. There remains varying levels of uncertainty about how these strategically important traffic and transport drivers might impact the area in the future, for example:

- (a) WestConnex, and the location of its entry and exit portals, will likely have a profound impact on the study area. While it is understood Roads and Maritime Services (RMS) are modelling the likely outcomes of various scenarios, no information is available to the City at this time;
 - (b) the Mascot Town Centre where some development has occurred, but which is currently on hold until WestConnex has been resolved;
 - (c) potential future review of the *Green Square Transport Management and Accessibility Plan 2008* (TMAP), which was reviewed by Transport for NSW in 2012, but not publicly released;
 - (d) the timing of a second airport in the Sydney basin, which will likely impact on the function and transport demands on Sydney Airport and, by extension, the study area;
 - (e) review of the Airport station access fee and potential for its removal, currently not supported by the NSW Government;
 - (f) a second rail crossing being provided on the Sydney Harbour Bridge, which is required to alleviate capacity pressures at Green Square and Mascot train stations;
 - (g) potential introduction of a one way pairing on Bourke Road and O’Riordan Street, as identified in the NSW Government’s *Long Term Transport Master Plan*;
 - (h) realignment of the O’Riordan/Bourke/Botany intersection near the Green Square rail station;
 - (i) take up of development opportunities in the employment lands as they are rezoned; and
 - (j) the pace of development of the Green Square Town Centre and staging of infrastructure.
102. Growth in the southern employment lands must be considered in the context of the broader land use and transport drivers. However, given the long development timeframes, and the extent of uncertainty about key drivers, it is not feasible or practical for the City to undertake detailed modelling and assessment of cumulative transport impacts associated with subregional growth at this time.
103. RMS has developed a mesoscopic model which covers the entire southern employment lands, as well as surrounding areas. A mesoscopic model models complex transport networks over a large area. It allows for various inputs, including roads, public transport and walking and cycling paths. Council officers continue to liaise with RMS regarding the potential to utilise this model to test scenarios within the employment lands area.
104. In consultation with RMS about the Strategy, they noted the significant progress made by the transport study in establishing an interim framework to guide sustainable growth.

105. As the draft planning proposal progresses, RMS requests additional work be undertaken to complement the transport study, including further consultation with RMS and Transport for NSW to ascertain any approved road infrastructure upgrades, any increased improved public transport services, improvements in accessibility to public transport modes, and rail and bus capacity. The City continues to liaise with RMS for information relating to these issues.
106. Additionally, RMS recommend the City further the RMS mesoscopic model to establish long term growth and mode share targets. As above, this may be appropriate as more detailed information becomes available about key transport drivers in the area and when the model is made readily available for the City's use.
107. The City supports the aim of the RMS model to establish a basis for understanding future planning decisions. In future the model may inform a review of the Green Square TMAP, which could be expanded to incorporate the southern employment lands. Any future TMAP would:
 - (a) cumulatively assess transport demand in the sub-region;
 - (b) identify required road/transport based infrastructure improvements;
 - (c) determine mode share targets; and
 - (d) identify travel demand management measures.
108. Those actions within the current 2008 Green Square TMAP that have the most potential to address the transport challenges are the responsibility of the NSW Government, for example the provision of sufficient public transport. Notwithstanding this, it is noted the City has an important role in encouraging mode shift and managing road travel demand, for example, by limiting parking.
109. As growth in the southern employment lands accelerates, and more information about key transport drivers in the area becomes available, it will be important that the City work with RMS, Transport for NSW and Botany Bay City Council to review and implement long term transport management strategies for both the Green Square Urban Renewal Area and the southern employment lands.
110. This report recommends that the City's Chief Executive Officer write to Transport for NSW and the Department of Planning and Environment requesting that a working group be established with the City to investigate short and long term transport improvements for the southern employment lands, to meet the increased demands that development will generate.
111. While the appropriate forum to address growth in the southern employment lands is still to be determined, the Green Square Transport Working Group is an established forum, made up of representatives across agencies, which may be suitable to ensure coordination of transport in this area when needed to. The Working Group is chaired by the City and reports to the NSW Premier and Cabinet's Green Square Steering Group, of which the City is a member.
112. In the interim, while understood in the context of the sub-region projected growth in the southern employment lands is relatively small, it is important to establish that new development will not place unreasonable demands on the long term sustainability of the transport network.

113. In terms of current levels of accessibility to sustainable transport options:

- (a) the area to the north of the southern employment lands is well serviced by the Green Square train station, as well as a number of bus services. This area is proposed to be zoned B7 Business Park which will encourage more dense employment activities and affordable rental housing in appropriate locations;
- (b) in the south-east, around Botany Road and Gardeners Road, a high frequency bus service provides good access to public transport. This area also is proposed to be zoned B7 Business Park;
- (c) in the centre-south of the southern employment lands, around where Gardeners Road intersects with Bourke Road, good transport access is facilitated by the Mascot train station. This area is proposed to be zoned IN1 General Industrial; and
- (d) in the central core of the southern employment lands, west of O’Riordan Street, sustainable transport options are limited. This is proposed to be zoned B6 Enterprise Corridor.

114. Figures 6 and 7 respectively show where land is located within 800 metres walking distance of a train station and bus frequencies.

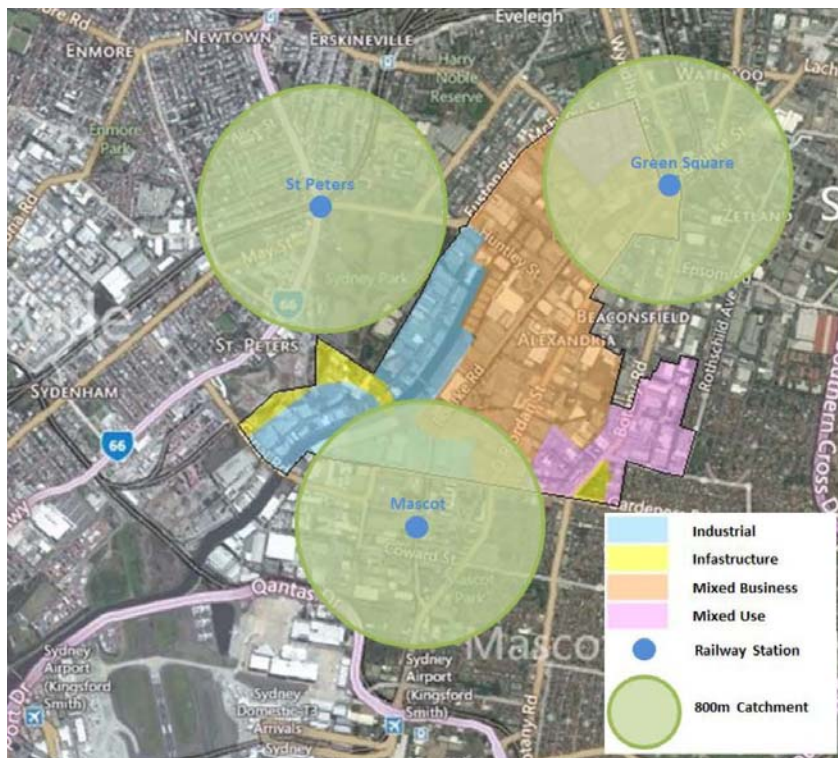


Figure 6: Areas within 800 metres walking distance of a train station

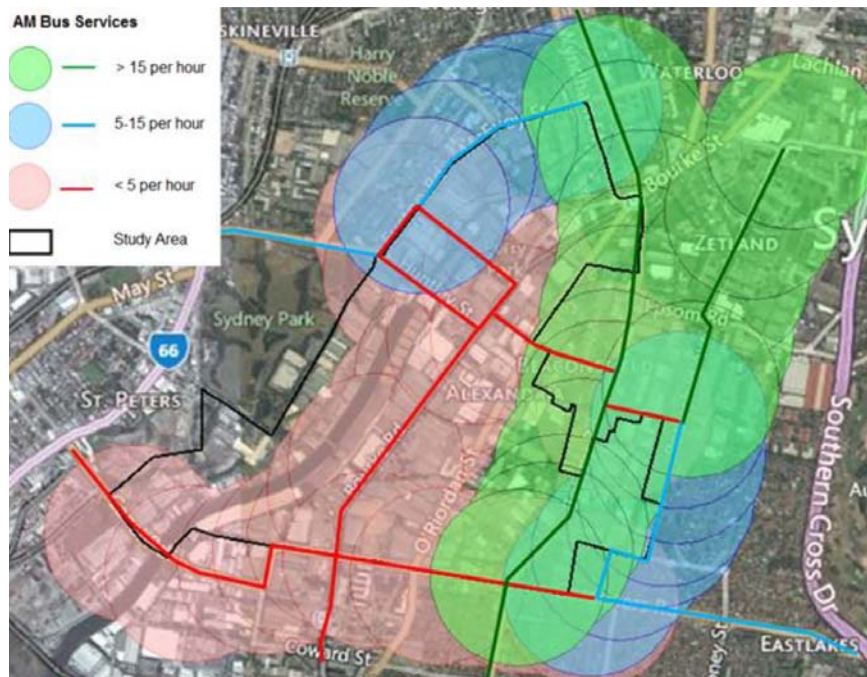


Figure 7: Bus frequencies in the employment lands

115. In testing the impact that growth may have on the functioning of the employment lands, the transport study concludes that growth can likely be accommodated provided that, as development intensifies over time:
- adequate mode shift from private car usage to sustainable transport modes can be achieved;
 - on-street and off-street parking is appropriately managed;
 - additions are made to the current road network to improve permeability and move local traffic off the three regional roads transecting the area (Botany Road, Bourke Road and O’Riordan Street); and
 - active transport modes like walking and cycling are encouraged.
116. To achieve these ends, additional transport related provisions are proposed in the draft planning proposal to be included in the amending LEP.
117. To assist in managing parking in the employment lands, the current approach in the Sydney LEP which establishes maximum parking rates is maintained by the draft planning proposal. In the main, the southern employment lands are currently identified as ‘Category C’ on the Land Use Transport Integration Map (LUTI map), which guide parking rates for residential development, and ‘Category F’ on the Public Transport Accessibility Level Map (PTAL map), which guides parking rates for non-residential development. While Category C and Category F have the lowest accessibility ratings, and thereby allow for the highest parking rates available under the Sydney LEP, as public transport and access to services improves over time, LUTI and PTAL ratings in the southern employment lands will be reviewed.

118. To assist in the delivery of a more permeable road, the draft planning proposal includes provision that where the consent authority determines there is need for a public road, it may approve development where it exceeds the maximum building height or the maximum FSR by up to 15 per cent. The draft DCP includes a map of proposed roads. Where a site is affected by a proposed road the 15 per cent additional height or floor space may be achieved.
119. To guide and encourage sustainable transport, the draft DCP establishes the following interim mode share targets:
- (a) 45 per cent of workers in the B7 Business Park zone in the north of the southern employment lands are to arrive at work by public transport or active transport;
 - (b) 40 per cent of workers in the B7 Business Park zone in the south-east of the southern employment lands are to arrive at work by public transport or active transport; and
 - (c) 35 per cent of workers in the B6 Enterprise Corridor zone are to arrive at work by public transport or active transport.
120. The interim mode share targets are the result of in-house review of the current mode share targets in the Green Square Urban Renewal Area and the findings of the transport study that established an indicative target based on the capacity of key intersections. The interim share targets are to be reviewed in the context of additional transport modelling as it becomes available.
121. To ensure new development in the southern employment lands is adequately serviced by sustainable transport modes and contributes to the City's mode share targets, the draft planning proposal includes a provision that the consent authority must have regard to:
- (a) the extent to which the development is currently serviced by sustainable transport modes;
 - (b) the likely impacts on the transport network generated by the development;
 - (c) how the development will contribute to any mode share targets in the locality; and
 - (d) how the development will promote sustainable transport modes and reduce private vehicle usage.
122. Sydney DCP 2012 and the draft DCP include provisions for the preparation of Green Travel Plans that demonstrate how initiatives to promote sustainable transport options are to be implemented and maintained over time.

123. The City's Access and Transport team will undertake a feasibility study into establishing a Transport Management Association in the southern employment lands area, pending budget approval. Transport Management Associations are non-profit, member-controlled organisations that provide transportation services in a particular area, such as commercial or industrial areas. Membership fees contribute to the cost of providing a suite of sustainable transport options for workers and visitors. Should the feasibility study support a Transport Management Association in the area, the DCP would be amended to provide provisions to support its establishment.
124. To assist with management of on-street parking demand, Council has adopted the Neighbourhood Parking Policy. The policy improves the consistency, ease of use and transparency of the City's on-street parking controls, while better accommodating the needs of business and visitors.
125. The Neighbourhood Parking Policy discourages on-street commuter parking, whilst encouraging the increased use of public transport, walking and cycling. Guidelines in the Policy are provided for the selection and duration of time limits.
126. In general, time limits will be introduced to reflect local parking demand and land uses, and as far as possible prior to the occupation of new developments. For most residential and/or commercial areas the Policy recommends '2P' controls because they allow reasonable access for short visits to households and businesses.
127. Furthermore, in order to mitigate the congestion impact of new developments, and to support the viability of public transport services, the City limits access to on-street parking permits. This means that the occupants of new multi-unit developments are not eligible for resident, visitor or business parking permits. This has been Council policy since 8 May 1996 in the area of the former South Sydney City Council, and since 1 May 2000 in the area of the remainder of the LGA.
128. In the case of the southern employment lands, much of the existing on-street parking is unrestricted. It is likely that, as part of any local transport management plan for the area, some timed parking restrictions to limit commuter parking and encourage access by public transport and active modes will be considered. The timing and location of new parking controls may need to be coordinated with other improvements, such as capacity or route enhancements on the bus network, or completion of cycleway links from key public transport and population centres.

Built form

129. In the main, the draft planning proposal does not seek any amendment to the maximum height and FSRs in the Sydney LEP. The exception is those lands currently subject to the South Sydney LEP, where height and FSR controls are to be incorporated into the Sydney LEP 2012.
130. The economic study recommends that, generally, there is no immediate demand for change to the built form controls. It found that:
 - (a) in the proposed IN1 General Industrial zone, height and FSR controls in the Sydney LEP, being generally 18 metres and 1.5:1 respectively, are sufficient to accommodate the likely future built form. While there may be some demand for increased heights to accommodate a larger floor to ceiling height, it would likely be the exception rather than the rule;

- (b) in the proposed B6 Enterprise Corridor zone, demand for adaptively reused retail and commercial spaces, high tech industrial uses and mixed business spaces, for example some industrial, some retail and some office space, will increase over time. These uses can be accommodated within the existing FSRs and heights achievable under the Sydney LEP being, generally, 1.5:1 and 18 metres respectively;
 - (c) in the proposed B7 Business Park zone in the north, current densities and heights in the Sydney LEP are generally higher, up to 4.5:1 and 60 metres on some sites. This will accommodate the more intense commercial activity expected in that area. No immediate need to increase heights and densities in these areas has been identified; and
 - (d) in the proposed B7 Business Park zone in the south, current FSRs and heights in the Sydney LEP are generally 1.5:1 and 15 to 22 metres respectively. While more intense employment uses are expected, they can be accommodated in the existing controls.
131. The economic study also provides direction for the economic feasibility of the development controls proposed by the draft planning proposal. It has concluded that the development controls resulting from the draft planning proposal are generally viable for the range of uses likely to locate in the various zones proposed in the employment lands.
132. Notwithstanding the above, it is noted that the increased flexibility in land use under the proposed B6 Enterprise Corridor and B7 Business Park zones will likely result in a change in the predominant built form over time.

Public Infrastructure

133. Demand for public infrastructure will increase as the intensity of uses increases. More workers will increase the demand for childcare, open space (both passive and active), affordable housing, a finer grain road network and upgraded roads, footpaths and cycleways and stormwater infrastructure.
134. Provisions are included in the draft DCP amendment to facilitate the delivery of infrastructure with redevelopment of sites, including:
- (a) open space;
 - (b) a finer grain road network to improve access;
 - (c) new pedestrian and cycling linkages; and
 - (d) social infrastructure requirements.
135. The draft DCP also incorporates a table of social sustainability requirements, with new development having to consider and address the social demands.
136. The draft DCP includes provisions to ensure the delivery of infrastructure in the long term is not impeded by new development. Indicative roads, where possible, are located at the edges of lots and shared between adjoining lots to minimise impacts on any one site. New development is generally not to be supported where an indicative road or open space is identified.

137. Where the southern employment lands overlap with land located in the Green Square Urban Renewal Area, the community infrastructure floorspace incentive will continue to apply. The floorspace incentive is established in Clause 6.14 of the Sydney LEP and is available above the FSR identified in the FSR map where 'community infrastructure' is provided. Community infrastructure can include land, roads, open space, flood management works and the like. The floorspace incentive has been critical in delivering essential infrastructure to support projected growth in Green Square.
138. The potential to apply a floorspace incentive in the southern employment lands is low because of limited demand for non-residential development exceeding the maximum FSR established in the FSR map. Where there is no strong demand to exceed the base FSR, incentives generally have limited scope to deliver infrastructure.
139. In addition, increasing FSRs may relay an incorrect message to the market that the area is suitable for high density development in the future. This may increase speculative purchase and increase the cost of land. This is generally economically incompatible with the vision for the employment lands, which is to facilitate a range of land uses.
140. To balance the above with the need to allow for the future delivery of roads, a clause is proposed in the draft planning proposal to allow a floorspace incentive only where the draft DCP identifies a proposed road. It is noted, however, that only where there is demand for additional floorspace or height, will this clause incentivise land dedication for roads.
141. Given the high cost of land in the LGA, the cost of delivering community infrastructure to support growth, in particular roads and open space, in the southern employment lands is likely to be high. As the demand for public infrastructure, including roads, will emerge over a relatively long period of time, the costs of infrastructure are not as immediate as they are in an area such as the Green Square Urban Renewal Area.
142. Given the limitations of incentivising infrastructure, Section 94 contributions, or any similar mechanism resulting from the review of the NSW planning system, are expected to provide a significant portion of infrastructure funding in the southern employment lands. However, additional funding may be required to deliver the identified infrastructure requirements.
143. The City is currently reviewing its *Section 94 Development Contributions Plan 2006*, with the aim of efficiently utilising developer contribution funding as part of the City's broader capital works delivery program. The best and fairest approach to funding infrastructure in the southern employment lands will be explored in that review. It is anticipated a report on the development contributions review, including the southern employment lands, will be submitted to Council in late 2014.
144. In parallel with the preparation of the planning controls for the employment lands, the City intends to prepare the *Southern Employment Lands Infrastructure Plan* in conjunction with the NSW Government. The plan is to identify a delivery path for public infrastructure (roads, sustainable transport, open space, flood management works and social infrastructure), indicative costs, funding, staging and responsibility for delivery.

Affordable housing

145. Sydney remains Australia's least affordable city. It is widely acknowledged that development has not kept pace with demand, contributing to a tight rental market and rising house prices. The high cost of housing is an important economic and social issue in Sydney, particularly within the Sydney LGA where housing prices are amongst the highest in metropolitan Sydney.
146. The *City of Sydney Employment Lands Affordable Housing Needs Analysis* (the needs analysis), shown at Appendix H to Attachment A, establishes a need for affordable housing in the southern employment lands.
147. Consistent with the objectives in *Sustainable Sydney 2030* and the City's *Affordable Rental Housing Strategy 2009-2014* to encourage affordable housing through the planning framework, the draft planning proposal incorporates two complementary approaches to encourage the provision of affordable housing in and around the southern employment lands.
148. In addition, site specific planning proposals in the investigation areas identified in Figure 4 will be considered by the City's Director of City Planning, Development and Transport. Any proposal must be consistent with a range of principles set out in the Strategy, including a requirement that fifty percent of the residential component of the development is provided as affordable housing.

Affordable housing contributions scheme

149. The draft planning proposal includes a provision that allows the consent authority to impose a condition on a development application requiring a contribution to affordable housing. The clause is introduced in line with Section 94F(1) of the Act, which allows a consent authority to impose a contribution where a state environmental planning policy (SEPP) identifies there is a need for affordable housing. The City of Sydney is identified on SEPP No 70 - Affordable Housing (Revised Schemes) 2009 as having a need.
150. The contributions scheme is proposed for operation only in those areas in the southern employment lands that are not within the Green Square Urban Renewal Area. The land to be affected by the contribution scheme is shown at Figure 8.

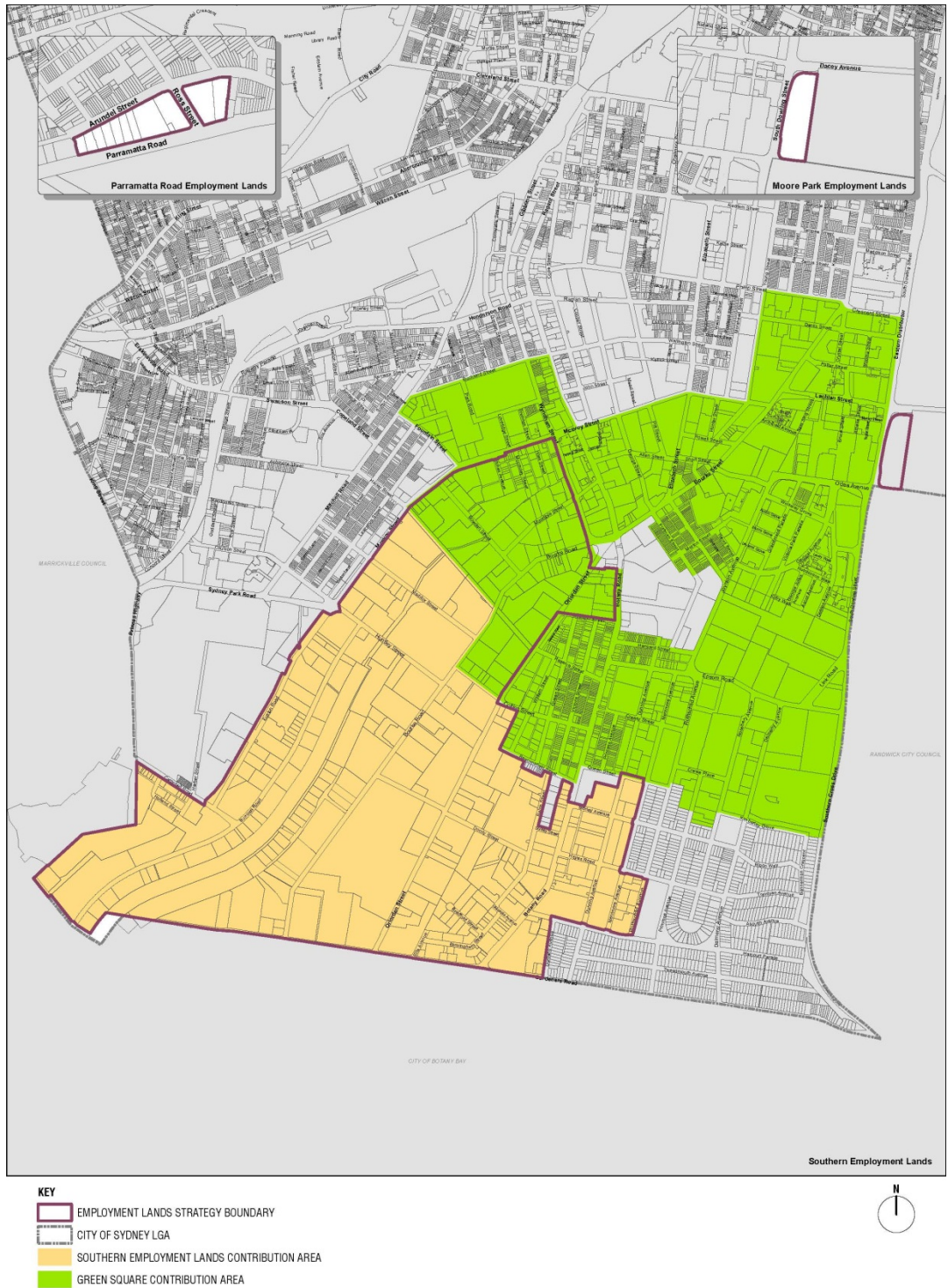


Figure 8: Proposed affordable housing areas

151. Land in the Green Square Urban Renewal Area is already subject to a provision in the Sydney LEP that requires development to contribute to affordable housing in accordance with the *Green Square Affordable Housing Program*. The provision requires development to make a monetary or in-kind contribution equivalent to three per cent of residential floor area and one per cent of non-residential floor area. The Green Square Affordable Housing Program establishes an equivalent monetary contribution rate and the operational requirements of the program. The program has operated since 1999 and through City West Housing has successfully delivered over 200 affordable housing dwellings in the Green Square area.
152. It is proposed that the southern employment lands contributions scheme be broadly based on the Green Square provisions and program. To this end, the draft planning proposal includes provision that development in the southern employment lands make a monetary or in-kind contribution equivalent to three per cent of residential floor area and one per cent of non-residential floor area.
153. Currently, the monetary contribution rate in Green Square is \$50.05 for every square metre of non-residential floor space and \$150.20 for residential floor space. This rate is indexed every year using the Australian Bureau of Statistics House Price Index. High level feasibility testing, which assumes a like monetary contribution rate to that currently applied in Green Square, shows that application of these rates in the southern employment lands is unlikely to have an impact on the viability of development.
154. The draft planning proposal seeks to put into effect the Strategy, which does not generally permit residential uses. Therefore, it will be the non-residential rate that is mostly applied.
155. To guide the operation of the LEP provisions, this report recommends the preparation of a draft *Southern Employment Lands Affordable Housing Program* that will establish the operational aspects, requirements and monetary contribution rate of the contributions scheme. The draft program is to be developed with regard to the following principles:
- (a) affordable rental housing should be provided and managed in the City of Sydney Local Government Area so that a socially diverse residential population representative of all income groups is created and maintained;
 - (b) affordable rental housing that is provided is to be made available to a mix of households on low to moderate incomes;
 - (c) affordable rental housing that is provided is to be rented to eligible households at an appropriate rate of gross household income;
 - (d) dwellings provided for affordable rental housing are to be managed so as to maintain their continued use for affordable housing; and
 - (e) affordable rental housing is to consist of dwellings constructed to a standard which in the opinion of the Council is consistent with other dwellings in the City of Sydney Local Government Area.

156. Given that the majority of development will be for non-residential development, it is likely that the majority of contributions will be made by way of monetary contribution, as opposed to in-kind contribution where dwellings may be provided as part of a development. The monetary contribution rate will be established with reference to:
- (a) the need for affordable housing resulting from the rezoning of the southern employment lands; and
 - (b) the impact of the contribution on development viability.
157. The *draft Southern Employment Lands Affordable Housing Program* is to be developed in consultation with the Department of Planning and Environment, the NSW Government's Centre for Affordable Housing and with input from community housing providers (CHPs). It is noted that inclusion of the provision in the LEP is contingent on the draft Program being publicly exhibited and adopted by Council.
158. As is the case in the Green Square area, the draft planning proposal includes provision that SEPP (Affordable Rental Housing) 2009 not apply to land where the Southern Employment Lands Affordable Housing Program applies.

Affordable rental housing in the B7 Business park zone

159. In the proposed B7 Business Park zone, that includes the Parramatta Road employment lands as well as the southern employment lands, the draft planning proposal includes provision to allow affordable rental housing, where:
- (a) it is provided in accordance with an affordable housing program adopted by Council;
 - (b) it is compatible with current and future development in the vicinity, having regard to:
 - (i) the impact that the development (including its bulk and scale) is likely to have on the existing, approved uses; and
 - (ii) the services and infrastructure that are or will be available to meet the demands arising from the development;
 - (c) no part of the ground floor of the building will be used for residential purposes; and
 - (d) it will not adversely impact on the environment.
160. Given the high return for residential uses in the inner City, permitting market provided residential uses in the proposed B7 Business Park zone would likely result in the majority of employment generating uses being displaced over time.
161. However the proximity of the proposed B7 Business Park zones to amenities and services makes them suitable for modest amounts of residential development where they do not undermine the objectives of the zone.

162. The proposed B7 Business Park lands are serviced by good levels of public transport, including Green Square train station in the north and high frequency bus services along Botany Road to the south, as well as the amenities and social infrastructure being provided in Green Square Town Centre adjacent to the northern B7 Business Park precinct. Allowing only affordable rental housing in these areas will limit the potential risk that residential uses would compete with non-residential uses over time.
163. In addition, the B7 Business Park lands will accommodate 'higher value' employment uses over time, potentially in the short to medium term, that are generally more able to co-locate with residential uses with less potential for conflict than in other zones in the employment lands.
164. This approach is generally consistent with Division 5 of SEPP (Affordable Rental Housing) 2009 which permits social housing providers and public authorities to build affordable housing in land use zones that may otherwise not permit residential land uses. This is subject to certain locational requirements, as well as the issue of a site compatibility certificate provided by the Director-General.
165. Currently, the SEPP (Affordable Rental Housing) 2009 does not apply in the Green Square Urban Renewal Area which includes the land proposed to be zoned B7 Business Park in the north of the southern employment lands. The draft planning proposal includes provision that the SEPP would also not apply in the remainder of the southern employment lands.
166. The draft DCP includes controls to guide development for affordable housing in the B7 Business Park zone. Controls are to ensure good amenity for future residents of affordable housing dwellings and to ensure residential development does not impact on the employment function of the zone.
167. It is uncertain how much affordable rental housing is likely to occur in the B7 Business Park lands. In consulting with community housing providers, they reiterated the difficulties they generally experience in securing land in the City of Sydney. This is mostly due to the very high cost of land, but also the highly competitive nature of the residential market. It is anticipated that by allowing only affordable rental housing this will provide a competitive advantage for community housing providers who will be more able to compete for land that does not generally permit residential development.

Heritage

168. The European history of the southern employment lands is characterised by the transformation from an area of polluting industries relocated from the City boundaries, to more warehouse and distribution industries supporting the City and airport. The draft planning proposal will facilitate yet again more change to an area of higher density employment and, potentially, residential uses.
169. To improve the understanding of the City's historic industrial and warehouse resources and ensure Sydney's industrial past is appropriately protected from increasing development pressure, the City has engaged consultants to undertake the *City of Sydney Industrial and Warehouse Building Study* (heritage study) which is currently underway. The heritage study is to identify, assess and review the historic significance of industrial buildings and places in the LGA.

170. While this draft planning proposal does not propose additions to Schedule 5 – Heritage of the Sydney LEP, it is likely the heritage study will inform future listings of heritage items in the employment lands.

171. It is likely the outcomes of the heritage study will be reported to Council in the second half of 2014.

Excluded Land

172. When the Sydney LEP was made by the Minister for Planning’s delegate in December 2012, some land in the LGA was excluded and remained the subject of various other planning controls. This included some land in the employment lands, shown at Figure 9, which is currently subject to the South Sydney LEP and DCP.

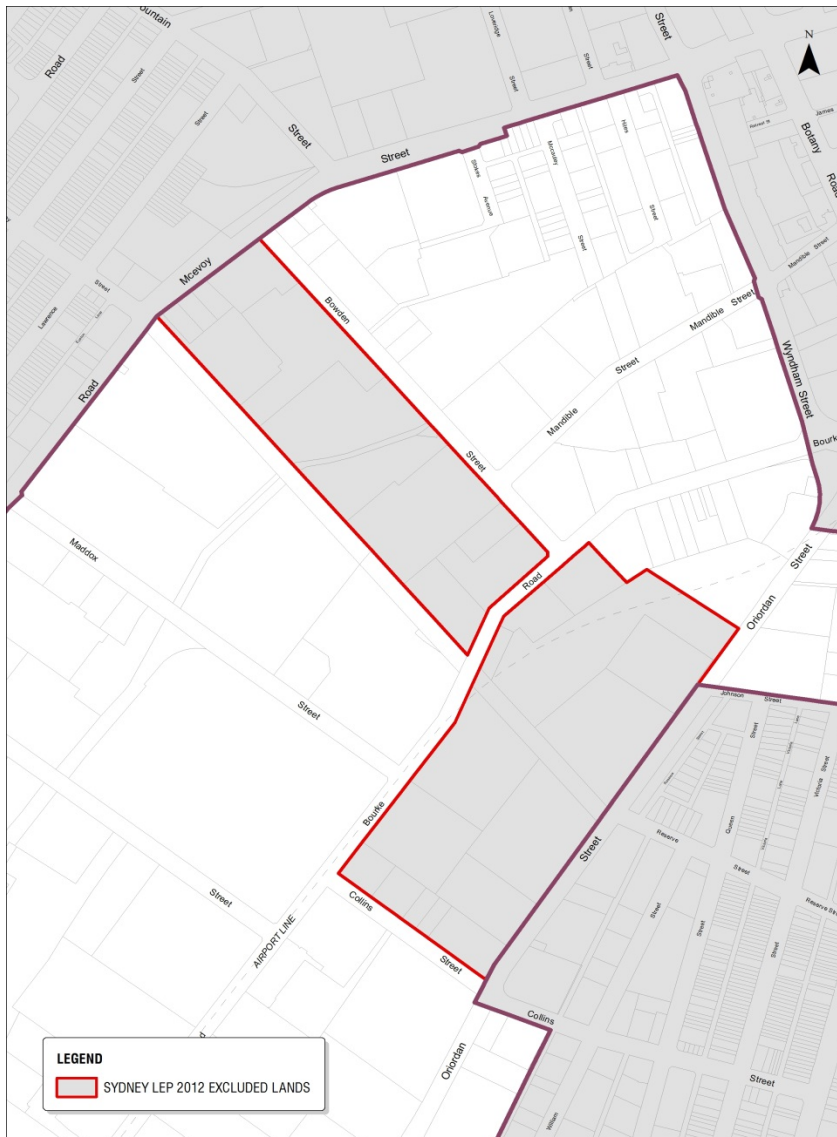


Figure 9: Lands excluded lands from Sydney LEP 2012

173. The draft controls will incorporate the excluded lands into the Sydney LEP and include proposed land use and planning controls. The draft planning proposal is for the entirety of the excluded lands to be zoned B6 Enterprise Corridor, consistent with the Employment Lands Study and Strategy. Maximum height and FSR controls are unaltered from existing controls, but are translated into a standard instrument compliant format.

Storm water and flood risk management

174. Under existing conditions, a significant portion of the southern employment lands is subject to flooding in large storm events. These lands are within the Alexandra Canal hydraulic catchment.
175. In October 2013 and November 2013, the City publicly exhibited the draft Alexandra Canal Floodplain Risk Management Study and draft Alexandra Canal Floodplain Risk Management Plan which recommend a comprehensive suite of flood management measures for the Alexandra Canal catchment. The draft study and plan have been prepared in accordance with the NSW Government's *Floodprone Land Policy and Floodplain Development Manual (2005)* and, once finalised, will inform future amendments to the Sydney LEP, including a Flood Planning Map detailing flood planning levels.
176. In the interim, the draft planning proposal makes no amendment to the current flood planning clause in the Sydney LEP. Future development applications will continue to be required to determine the flood planning level and demonstrate the proposed development minimises the risk of flooding.
177. The draft DCP includes additional provisions relating to stormwater and flood risk management.

Contamination

178. Given the industrial past of the southern employment lands, it is likely that a number of sites will have some level of contamination.
179. Preliminary investigations by the City, which have included a desktop analysis of past uses, have concluded that it is likely that land can be made suitable for uses proposed by the draft planning proposal. Consistent with *State Environmental Planning Policy No 55 – Remediation of Land (SEPP 55)*, future development applications will be required to be accompanied by site assessment to be undertaken by independent experts engaged by individual landowners/developers. The appropriate level of investigation and remediation will depend upon the circumstance of each site as established by SEPP 55. The stages required may include detailed investigation, preparation of a Remedial Action Plan (RAP), validation and monitoring.

Retail and centres based planning

180. Under the current controls, opportunities for retail in industrial zones are generally limited to those that service the working population. This draft planning proposal will result in more diverse retail uses being permitted, specifically in the proposed B6 Enterprise corridor and B7 Business park zones.

181. Clause 7.23 - Large retail development outside of Green Square Town Centre and other planned centres of the Sydney LEP, which limits the gross floor area for shops and markets outside of planned centres to 1000 square metres, will continue to apply. This clause ensures major retail development, in particular supermarkets, is located in planned centres, thereby supporting the economic viability of planned centres and, by extension, other benefits that result from focusing major retail activity in planned centres, such as infrastructure investment and synergies with other activities and facilities.
182. Growth resulting from implementation of the Strategy may result in additional demand for large floor plate food retail and grocery shopping. The City is to review the current *Green Square and Southern Areas Retail Strategy 2008* to consider the implications of the increased number of residents and workers. The review will incorporate the Moore Park Employment Lands. Additional centres may be identified in a revised retail hierarchy as a result of the review.

Development requiring preparation of a development control plan

183. The draft planning proposal will amend clause 7.20 of the Sydney LEP 2012 so that a development control plan, or a Stage 1 development application, is not required in the B6 Enterprise Corridor zone unless the site area is greater than 5,000 square metres and it is primarily for a commercial use.
184. The purpose of this amendment is to ensure that large sites that primarily accommodate industrial uses are not required to prepare a development control plan, or a Stage 1 development application, when the site is being redeveloped. Such a requirement is considered to be onerous, given the relatively simple nature of the built form and the low intensity of the land use.

Sensitive development on busy roads

185. The southern employment lands contain industrial uses and are traversed and bordered by highly utilised busy roads. These roads can have significant noise and/or air quality impacts on sensitive land uses, such as residential dwellings or childcare centres.
186. The draft DCP contains controls for sensitive uses where they seek to locate on or near a busy road or adjacent to industrial uses. Controls are to encourage appropriate design to mitigate potential future impacts, such as setbacks from the emitting use.

Land use conflicts - Noise mitigation

187. The southern employment lands contain a high proportion of industrial activities whose operations can be adversely affected when sensitive land uses locate nearby. Uses that demand high amenity can conflict with uses that require high operational flexibility, for example long operating hours, early truck movements or noisy activities such as the use of power tools.
188. While it is important that as development occurs it does not undermine the efficient functioning of existing employment based uses, it is equally important that as the area changes new industrial development remains cognisant that more sensitive uses may seek to locate in the area in the future and that noise must be managed to allow this transition.

189. To assist in the management of noise over the long transition that is likely to occur, the draft DCP includes controls that require new development near industrial uses to implement mitigation strategies to manage noise impacts at the receptor (the new development). Where new development is likely to generate noise impacts, for example an entertainment facility, the draft DCP requires development to mitigate its impacts.

Urban ecology

190. Large industrial sites, warehouses and generally less intensely used sites that characterise much of the southern employment lands can provide habitat for a range of plant and animal species, including birds, bats and reptiles. This is particularly the case where sites have remained vacant or unused for an extended period of time.
191. The draft DCP includes controls to protect and enhance existing habitat and create new areas of habitat in the southern employment lands, to contribute to the wider urban biodiversity of the City.
192. Landscaping associated with new development will serve many purposes, including enhancement of amenity and air quality, managing stormwater runoff and protecting and enhancing the urban ecology.

Green roofs and walls

193. On 7 April 2014, Council adopted the *City of Sydney Green Roofs and Walls Policy and Implementation Plan*, which provides an evidence base and strategic direction for increasing the number of green roofs and walls in the LGA.
194. Given the limited amount of green open space in the southern employment lands, it is essential that opportunity for softening of hard surfaces through the landscaping of roofs and podium levels and vertical surfaces be encouraged. Moreover, green roofs and facades can improve urban amenity and provide the green space necessary for human health and wellbeing. They can provide noise attenuation, improve local air quality, minimise the urban heat island effect, slow and clean stormwater, create habitat for flora and fauna and establish opportunities for community interaction and recreational spaces.
195. The draft DCP includes controls to encourage the provision of green roofs and walls. The draft DCP also includes an additional schedule which is to provide practical guidance to developers on how a green roof or wall can be implemented.

Strategic Alignment

Metropolitan Planning – Directions and Targets

196. The NSW Government's *Sydney Metropolitan Strategy: City of Cities* (2005), *Draft Sydney City Subregional Strategy* (2008) (the draft Subregional Strategy) and *Metropolitan Plan for Sydney 2036* (2010) all locate the southern employment lands within the 'Global Economic Corridor'. This is the collection of assets and centres that runs from Macquarie Park, through Chatswood and North Sydney, through the Sydney CBD and on to the airport and port.

197. These strategies and plans have all placed an emphasis on the retention of significant strategic industrial lands and contain strategies and policies that effectively prevent the reduction of industrial land where its removal cannot be justified.
198. The draft Subregional Strategy specifically identifies the importance of the southern employment lands, noting their role in supporting the economy and servicing the City by facilitating light industries, heavy industry manufacturing, urban services, warehousing and logistics and high-tech based activities. It also recognises the importance of the area in ensuring there is sufficient capacity available to maintain economic functions of the area in relation to the airport and the port.
199. The draft Subregional Strategy categorises employment land within the City of Sydney in terms of its significance. Both the southern employment lands and the Parramatta Road employment lands are identified as 'Category 1', that is, lands to be retained for industrial purposes because of their role in the local, subregional and national economies. It notes 'Category 1' lands does not mean that sites cannot be intensified or redeveloped to meet modern industrial requirements and create additional employment benefits, but they should continue to accommodate industrial and related uses.
200. In March 2013, the Department of Planning and Environment (then Department of Planning and Infrastructure) released the *Draft Metropolitan Strategy for Sydney to 2031* (draft Metropolitan Strategy) for public consultation. The draft Metropolitan Strategy groups the City of Sydney together with 17 other LGAs from Canada Bay to Woollahra and Ryde to Botany Bay into a new 'Central Subregion'. In the main, the Central Subregion includes LGAs that lie within the 'Global Economic Corridor', although not all LGAs have been included.
201. The draft Metropolitan Strategy provides updated housing and employment targets for new subregions and strategic centres.
202. Within the City of Sydney, two strategic centres, being 'Central Sydney' and 'Green Square', are identified. Together these centres contain the majority of existing jobs and future potential for jobs in the City of Sydney. The draft Metropolitan Strategy does not provide targets specifically for the areas that fall outside of the strategic centres, however, it recognises the need to harness opportunities and support economic growth by ensuring adequate stocks of well-located commercial and industrial land are always available.
203. The employment target for 'Central Sydney' is 102,000 additional jobs to 2031. The target for 'Green Square' is 7,000 additional jobs to 2031. This constitutes around a 29 per cent jobs growth being required in strategic centres between 2011 and 2031, which equals an annual growth rate of around 1.3 per cent.
204. It is noted that in real terms the jobs target in the draft Metropolitan Strategy has been increased by about 17.7 per cent (an additional 25,000 jobs) to those in the current Metropolitan Plan for Sydney for 2036.
205. The City's Floor Space and Employment Survey 2012 (FES 2012) establishes around 437,000 jobs are currently located within the City of Sydney LGA, showing a growth of 13.6 per cent or an annual jobs growth rate of around 2.6 per cent over the 5 year period since the FES 2007. This represents two times the growth rate required by the draft Metropolitan Strategy target.

206. This growth is substantial in this period, given the Global Financial Crisis (GFC) would have had a significant impact on jobs growth. Should job growth continue at this rate, a simple extrapolation shows that, as the impacts of the GFC slow, the targets for the City of Sydney contained in the draft Metropolitan Strategy are achievable.
207. Notwithstanding this, it is important to recognise there are potential constraints that will act to limit growth in strategic centres over the next 20 years. Because of this, it is essential to ensure jobs growth can occur in other parts of the City.
208. A significant constraint to job growth is the limited capacity of the road and public transport networks. The City's strategic transport strategy 'Connecting Our City' (2012) identified serious limitations within the current networks, particularly within the CBD, with both Wynyard and Town Hall train stations unable to accommodate projected jobs growth.
209. An additional key constraint to employment growth is land / site availability for employment generating uses. While densities may increase to accommodate jobs growth, both in terms of the built form as well as how many jobs are accommodated within a given area, at some point new locations will need to be found.
210. Land / site availability is further constrained by the displacement of employment generating uses by residential uses. In areas such as the Green Square Urban Renewal Area, where the predominant zone is B4 Mixed uses, which allows residential uses, it is difficult to ensure that some employment uses are retained because of the generally much higher return for residential uses.
211. In the southern employment lands, permitting residential uses would likely result in the majority of employment generating uses being displaced. Restricting residential development is essential to ensuring employment uses can continue to locate in the area.
212. This approach is consistent with the land use strategy for the Green Square Urban Renewal Area as applied under the current planning controls, which seeks to achieve:
- (a) predominantly residential uses for land to the east, north and north-west, including the precincts of Victoria Park, Epsom Park, North Rosebery, Crown Square and Lachlan, and for the established residential areas in Beaconsfield and Zetland;
 - (b) mixed uses for sites to the north of the Town Centre, and along Botany Road and Bourke Road;
 - (c) business uses for the area to the west of the Town Centre; and
 - (d) mixed employment uses for sites to the north-west of the Town Centre.
213. While the southern employment lands fall largely outside of the Green Square Urban Renewal Area, because the potential for jobs growth is likely to be limited in Green Square, they are essential to accommodate some of the growth that is projected by the draft Metropolitan Strategy.

214. As shown at Table 2 of this report, the draft planning proposal will result in an increase of approximately 9,000 jobs in the southern employment lands to 2031. This will easily accommodate a reasonable portion of the 7,000 jobs required to be accommodated by the draft Metropolitan Strategy in the Green Square strategic centre, and will also allow room to accommodate growth resulting from capacity constraints in other parts of the LGA, as well as growth associated with state significant infrastructure.

Sustainable Sydney 2030

215. *Sustainable Sydney 2030* is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This report is aligned with the following *Sustainable Sydney 2030* strategic directions and objectives:
- (a) Direction 1 - A Globally Competitive and Innovative City – the Strategy and draft controls strengthen the City's role in the Australian economy. It will provide opportunities for growth and innovation.
 - (b) Direction 3 - Integrated Transport for a Connected City – the Strategy and draft controls locate the majority of growth close to public transport and ensure new development encourages workers and visitors to use sustainable transport options.
 - (c) Direction 4 - A City for Walking and Cycling – the Strategy and draft controls create opportunities to improve and extend the walking and cycling network, including planning for the City's liveable green network.
 - (d) Direction 6 - Vibrant Local Communities and Economies – the draft controls include requirements for additional social infrastructure, such as childcare centres, to support the growing working community. They also include provisions to support the delivery of affordable housing.
 - (e) Direction 8 - Housing for a Diverse Population – The draft controls include provisions to support the delivery of affordable housing close to where people work.
 - (f) Direction 9 - Sustainable Development, Renewal and Design – The Strategy and the draft controls promote development that is well designed and fit for purpose.

Economic Development Strategy

216. In December 2013, Council adopted the *City of Sydney Economic Development Strategy* – a 10 year strategy which aims to strengthen the City economy and support business. It centres on further improving the solid foundations for success that exist within the City economy, as well as creating opportunities for individuals, businesses and the community. The Strategy builds upon the broad economic themes in *Sustainable Sydney 2030*.
217. Within this framework, action plans are to be developed to set out in more detail the contemporary issues faced by each industry, economic sector or location and the projects and programs designed to respond to those challenges and opportunities.

218. In the southern employment lands, action plans will inform how the City may support and facilitate growth in key sectors, such as creative and knowledge intensive industries, ICT and freight and logistics.

Consistency with 117 Directions

219. Under section 117 of the Act, the Minister for Planning may direct the form and content of an LEP. A number of the Directions adopted on 19 July 2007 are relevant to the City. Most relate to specific single planning issues. A table showing consistency and justifying inconsistency with the Directions is at Part 3 of the draft planning proposal at Attachment A. The inconsistencies with Directions 1.1 and 3.1 are discussed below and are justified.

Direction 1.1 Business and Industrial zones

220. Direction 1.1 requires that a draft planning proposal does not contain provisions that reduce the total potential floor space area for industrial uses in industrial zones, unless Council can satisfy the Director General that the reduction is justified.
221. The Study, shown at Appendix B to Attachment A, has identified a significant over-provision of industrial zoned land and recommends a new approach to land use.
222. The Study establishes a robust evidence base for the Strategy that describes a vision for the long term transition of the employment lands from currently characterised largely by industrial development, to accommodating a diverse range of employment generating uses. The Strategy is for a reduction in the amount of land zoned for industrial purposes and the rezoning of that land so that it is more consistent with the sub-regional role of the City's employment lands.
223. The proposed zoning will continue to facilitate industrial uses, while allowing for higher density employment uses, such as retail and office, in appropriate locations.

Direction 3.1 Residential zones

224. Direction 3.1 requires that a draft planning proposal does not contain provisions which will reduce the permissible residential density of land, unless Council can satisfy the Director General that the reduction is justified.
225. The Study and the economic study have directly informed the Strategy, which is prepared with reference to the 117 Directions and the *Metropolitan Strategy for Sydney 2036, Draft Metropolitan Plan for Sydney to 2031* and *Sydney City Draft Sub-regional Strategy*, all of which identify the importance of these lands for employment uses.
226. Currently, the 10(e) and 10(d) Mixed Use zones, while predominantly for employment uses, permit a proportion of residential development to be provided. Given that the Study and Strategy identify these lands as being strategically important, and that the evidence indicates residential uses are likely to displace employment uses, it is justified that the land zoned 10(e) and 10(d) Mixed Use be rezoned for solely employment generating purposes.

227. It is likely that any loss of private residential capacity in the employment lands resulting from the draft planning proposal will be accommodated in the expanded potential for affordable housing in the southern employment lands.

Public consultation and matters arising from exhibition of the draft Strategy

228. Council and the Central Sydney Planning Committee resolved on 13 May 2013 and 9 May 2013, respectively, to approve the Study and draft Strategy for public exhibition. The documents were placed on public exhibition from 4 June 2013 to 8 July 2013 and the City received 25 submissions. A detailed summary of submissions, together with the City's response, is provided at Appendix D to Attachment A of this report. An overview of the key issues raised in submissions is provided below.

Loss of land zoned for industrial uses

229. A submission from NSW Ports raises concern about the loss of industrial zoned land resulting from the Strategy. The submission also raised concerns that industrial activity in the remaining industrial zone lands would be overly constrained by the introduction of other uses and potential conflict at the interface with more sensitive uses.

230. As discussed elsewhere in this report, reduction in land zoned for industrial purposes proposed in the Strategy and draft planning proposal is adequately supported.

231. However, it is agreed that the reduction of the industrial zone may increase the potential for development in adjoining zones to impact on the operational flexibility of the industrial zone. To address this, an additional objective is proposed in the adjoining B6 Enterprise Corridor zone to ensure uses in this zone support the viability of the adjoining industrial zone for industrial uses.

Increasing residential development in the employment lands

232. A number of submissions state it is appropriate to expand the permissibility of residential uses beyond what was proposed by the draft Strategy, particularly close to public transport, services and amenities.

233. The Strategy does not generally propose any zoning permitting private residential development with the exception of the Botany Road corridor where 'shop top housing' and 'seniors housing' is currently permitted. The Study establishes the need for the employment lands to be retained for employment purposes. In the context of the City of Sydney LGA, permitting residential uses in locations where the fundamental objective is to protect and facilitate employment is economically incompatible.

Promoting renewal of the Alexandra Canal

234. One submission addresses the potential of the draft Strategy to deliver and activate the foreshore of the Alexandra Canal for recreation purposes.

235. It is agreed that the renewal of this area is a positive opportunity to achieve the City's long term vision for the Liveable Green Network along the Alexandra Canal. This is particularly apparent, given the nature of some of the recent development in that area such as 'The Grounds, Alexandria' café at the corner of Huntley Street and Bourke Road, and the mixed use development approved along the canal to the north at 6A Huntley Street, which incorporates childcare, flexible office spaces and creative industry space.
236. However, these opportunities must be considered in balance with the ongoing need to maintain industrial zoned land, particularly where industrial uses are currently operating successfully or are in advanced stages of planning, such is the case with a number of depots locating along the eastern side of the canal.
237. It is important to note that retaining industrial uses, mixed business uses and recreational uses are not necessarily conflicting objectives. There are numerous local and international examples of successful and vibrant recreational areas that also accommodate a diverse range of land uses.
238. The draft DCP includes provisions that specifically address the delivery of the City's Liveable Green Network along the canal. Provisions include requirement for setbacks, active frontages to the canal, landscaping and so on. In addition, the draft DCP includes indicative future roads and links to improve access to the canal east and north through the proposed B6 Enterprise Corridor zone.

Car parking

239. Some submissions raise concerns that future parking rates must be responsive to future demand and not be overly restrictive.
240. To assist in managing parking in the employment lands, the current approach in the Sydney LEP 2012, which establishes maximum parking rates, is maintained under the draft planning proposal.
241. In the main, the southern employment lands are currently identified as Category 'C' on the LUTI map, which guide parking rates for residential development, and Category 'F' on the PTAL map, which guides parking rates for non-residential development. While Category 'C' and Category 'F', have the lowest accessibility ratings, and thereby allow for the highest parking rates available in Sydney LEP 2012, as public transport and access to services improves over time, LUTI and PTAL ratings in the southern employment lands will be reviewed.

Retail growth outside of centres, including bulky goods

242. A number of submissions advocate a relaxation of the current large floor plate retail and bulky good restrictions in the Sydney LEP.
243. Under the Sydney LEP, retail located within an identified area in the south of the LGA can have a maximum floorspace of 1,000 square metres. This control was informed by the *Minor Retail Development in Green Square and the Southern Areas Research Paper* by SGS Economics in 2010.
244. With regard to large floor plate retail, it is premature to relax current restrictions ahead of review of the retail strategy for the City south. This review is scheduled for completion in late 2014.

245. With regard to bulky goods, the use is restricted within the area identified in Schedule 1 of the Sydney LEP in 2012 where existing bulky goods or vehicle sales or hire premises are located. This is in recognition of the use of the land at the time the Sydney LEP was made and the impracticalities of that use operating under existing use rights, rather than support for any expansion of the use in the zone.
246. The City does not support the expansion of bulky goods uses in the proposed B6 Enterprise Corridor. Bulky goods should continue to be consolidated within the existing Schedule 1 boundary where existing bulky goods premises are located.

Affordable housing

247. A submission from City West Housing advocates the potential of the southern employment lands to contribute to the shortage of affordable housing for key workers in the LGA.
248. The City agrees that, as the employment growth occurs in the southern employment lands, it will generate additional demand for housing for key workers. The draft planning proposal includes two provisions to facilitate affordable housing in and around the southern employment lands. In addition, site specific planning proposals will be considered in investigation areas, shown in Figure 4, where affordable housing forms a substantial component of the proposal.

BUDGET IMPLICATIONS

249. Demand for essential infrastructure in the southern employment lands will increase as the intensity of uses increases. Given the high cost of land, the cost of delivering community infrastructure to support growth, in particular roads and open space, in the southern employment lands is likely to be high.
250. Some of the proposed roads may be achieved through the floorspace incentive provision in the draft planning proposal. However, it is recognised the scope for this is limited to where there is demand for additional floorspace.
251. The City is currently reviewing its *Section 94 Development Contributions Plan 2006*, with the aim of efficiently utilising developer contribution funding as part of the City's broader capital works delivery program. The best and fairest approach to funding infrastructure in the southern employment lands will be explored in that review. It is anticipated a report on the development contributions review, including the southern employment lands, will be submitted to Council in late 2014.
252. In parallel with the preparation of the planning controls for the employment lands, the City intends to prepare the *Southern Employment Lands Infrastructure Plan* in conjunction with the NSW Government. The Plan is to identify a delivery path for public infrastructure (roads, sustainable transport, open space, flood management works and social infrastructure). The Plan will include an indicative cost estimate of the needed infrastructure, funding, staging and responsibility for delivery. Once prepared, the Plan will be reported to Council for consideration.

RELEVANT LEGISLATION

253. *Environmental Planning and Assessment Act 1979* and *Environmental Planning and Assessment Act 2000*.

PUBLIC CONSULTATION

254. Council officers have already undertaken substantial consultation with stakeholders, including meetings with land owners, resident groups, and government organisations.
255. If the recommendations of this report are adopted, the draft planning proposal and draft DCP will be placed on public exhibition in accordance with the requirements of any Gateway Determination issued by the Minister for Planning. It is recommended that the exhibition period be no less than 28 days. The City will also further consult with public authorities during this period.
256. Notification of the public exhibition is proposed to be by way of:
- (a) advertisement on the City of Sydney website;
 - (b) advertisement in *The Sydney Morning Herald* and relevant local newspapers;
 - (c) letters/emails to key stakeholders, including landowners in and around the affected areas; and
 - (d) public meeting/s, where appropriate.
257. Exhibition materials are to be made available at all the City's customer service centres and on the City's website.
258. During the public exhibition, Council staff will make themselves available at the Green Square Information Hubs to discuss the draft planning controls with the community.
259. Council staff will also make themselves available to speak at various stakeholder meetings, including business chambers and resident group meetings.

GRAHAM JAHN, AM

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