

**ITEM 9. POST EXHIBITION - CITY OF SYDNEY EMPLOYMENT LANDS PLANNING PROPOSAL AND DRAFT SYDNEY DEVELOPMENT CONTROL PLAN 2012 AMENDMENT AND AFFORDABLE HOUSING PROGRAM**

**FILE NO: S108285**

**SUMMARY**

The City's southern employment lands are some of the most strategically important employment lands in the Sydney metropolitan area and the only remaining area zoned exclusively for employment uses in the City of Sydney. 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.

This report provides an overview of the formal plan making process undertaken to this point, including the consideration of submissions and resulting recommended changes to the publicly exhibited planning controls. It recommends that the Central Sydney Planning Committee (CSPC) approve the *Planning Proposal: City of Sydney Employment Lands* (Planning Proposal) and note the *Sydney Development Control Plan 2012 – Southern Employment Lands Amendment* (DCP amendment), collectively the 'proposed controls', shown at Attachments A and B respectively. The proposed controls will secure the southern employment lands role in providing jobs growth and opportunities for innovative affordable housing strategies.

In November 2014, a draft planning proposal, an associated development control plan amendment and the *draft Employment Lands Affordable Housing Program* (Program), collectively the 'draft controls', were publicly exhibited. The exhibition of the draft controls was the first step in the formal process of amending the *Sydney Local Environmental Plan 2012* (Sydney LEP 2012) and *Sydney Development Control Plan 2012*.

In response to the public exhibition of the draft controls, the City received 59 submissions from landowners, residents, business owners and operators, government organisations, community housing providers, Sydney Airport and Port Botany. Some of the key issues raised in submissions include:

- concerns about the impact that the rezoning might have on the viability of industrial land uses;
- support from the community housing sector for the affordable housing mechanisms in the Planning Proposal and the Employment Lands Strategy; and
- concerns about how additional infrastructure might be provided over time.

In addition to the above, a notable proportion advocate for an expansion of a B4 Mixed Use Zone into the employment lands to facilitate residential uses, in particular in those areas where the Planning Proposal identifies a B7 Business Park zone.

This report provides an analysis of the matters raised in submissions and the rationale for post-exhibition changes to the proposed controls arising from their consideration. A detailed summary of all submissions, together with the City's response, is provided at Appendix L of Attachment A.

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.

The proposed controls will align the City's planning controls with a more contemporary understanding of the role of the southern employment lands in the wider Sydney context. Importantly, the proposed controls balance the short to medium term demand and long term protection of employment land.

In the short and medium term, industry and business need flexibility in the planning framework to support new and emerging business models and to respond to structural changes in the Australian economy. The proposed controls must also ensure that employment zones are protected so that in the long term they can continue to facilitate emerging business and industry opportunities and employment growth. They must also provide land for strategic industrial activity and essential urban services to support the growing population.

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

- environmentally incompatible, for example, noise impacts generated by industrial uses that may operate throughout the night;
- 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, for example, certain uses may not be appropriately supported by utilities, transport infrastructure or social infrastructure.

While remaining cognisant of these potential conflicts, the proposed controls respond to structural economic change recommending:

- a core IN1 Industrial Zone in the south west part that will continue to accommodate 'traditional industrial' uses;
- a flexible B6 Enterprise Corridor Zone that will accommodate lower density industrial and commercial uses and provide a buffer for the industrial zone from sensitive land uses; and
- B7 Business Park Zones at the periphery, in the north-west and south-east close to transport, services and amenities, will provide for denser commercial activity over time.

The Study provides a robust evidence base for the land use and planning controls proposed by the Planning Proposal. While recognising the potential for a B4 Mixed Use zone to permit residential development in limited areas of the employment lands, the Study articulates a clear vision for the zone as a 'genuine mixed use precinct' and makes recommendations about what it should include and what should be achieved in developing new planning controls for it. Notably, these recommendations include that:

*... as the rezoning of these precincts creates increased land values, a portion of the value uplift is directed towards works or services aimed at achieving the objectives of Sustainable Sydney 2030.*

*... the objectives of the zone achieve the vision for the zone by actively encouraging a genuine mix of affordable residential and non-residential uses; and*

*... the zone provides flexibility to support both employment and appropriate residential uses; and*

*... future work should include character, heritage and urban design assessment of the proposed mixed use precincts, recognising that appropriate controls will need to be developed... (pg 60)*

Following the Study and consideration of matters raised in the public exhibition of the draft Employment Lands Strategy, the City undertook further technical studies and reviews to inform the more detailed preparation of the proposed controls and supporting documents. Many considerations have informed the proposed controls, including, but not limited to:

- the recommendations of the Study;
- NSW Government directions and projects;
- the Directions and targets of *Sustainable Sydney 2030*;
- submissions made to the public exhibition of the Study, Employment Lands Strategy and draft controls;
- the particular characteristics of sites, blocks and precincts, including available infrastructure;
- environmental constraints;
- existing uses and built form; and
- the findings and recommendations of the various technical studies.

The proposed controls also needed to respond to the constraints of the NSW Government's Standard Instrument (LEP) in achieving the Study's objectives and vision for the employment lands.

Upon review of all relevant material, and additional analysis of the impact a B4 Mixed Use zone would have on the employment generating capabilities of the land, the B7 Business Park zone, not the B4 zone, is the most appropriate for these lands at the periphery of the employment lands to achieve the most of the recommendations of the Study.

In recognition that some sites in these areas may be suitable for residential development, the B7 Business Park zone will allow for a limited amount of housing, specifically, affordable rental housing, to locate in the zone where it does not undermine the employment generating potential of the area. This has a dual benefit of allowing for a mix of uses to emerge, and providing a modest competitive financial advantage for community housing providers who will be more able to compete for land that does not generally permit residential development.

To further facilitate the recommendations of the Study for a mix of uses in some parts of the employment lands, the Employment Lands Strategy identifies 'investigation areas' in the proposed B7 Business park zone. Where land is located within an investigation area, requests for site specific planning proposals will be considered to allow for some private residential development, but only where it supports the broader objectives for the employment lands, including the provision of affordable housing.

To guide the preparation and consideration of site specific planning proposal requests in the investigation areas, the City has prepared the draft *Guideline to Preparing Site Specific Planning Proposal Requests in the City of Sydney Employment Lands Investigation Areas* (Guideline), shown at Attachment D. This report recommends the Central Sydney Planning Committee (CSPC) note the recommendation to Council that the Guideline be publicly exhibited and that it be adopted in the interim to guide discussions about site specific planning proposal requests.

This report recommends the CSPC approve the Planning Proposal and note the DCP amendment and Program, which will guide the delivery of affordable housing resulting from the proposed controls. The City will enter into a funding agreement with the NSW Department of Family and Community Services to manage and distribute to community housing providers funds resulting from the Program.

If the Planning Proposal is approved by Council and the CSPC, Council is authorised to exercise its delegation under Section 59 of the *Environmental Planning and Assessment Act 1979* and make the local environmental plan. The DCP amendment and the affordable housing program will come into effect on the same day as the amendment to Sydney LEP 2012.

## RECOMMENDATION

It is resolved that Central Sydney Planning Committee:

- (A) note the matters raised in response to the public exhibition of *Draft Planning Proposal: City of Sydney Employment Lands*, shown at Attachment A to the subject report, the *Draft Sydney Development Control Plan 2012 – Southern Employment Lands Amendment*, shown at Attachment B to the subject report, and the *Draft Employment Lands Affordable Housing Program*, shown at Appendix J of Attachment A;
- (B) approve, under section 39 (1) of the *City of Sydney Act 1988*, *Planning Proposal: City of Sydney Employment Lands*, shown at Attachment A, to be made as a local environmental plan under section 59 of the *Environmental Planning and Assessment Act 1979*;
- (C) delegate to the Chief Executive Officer the authority to make minor variations to the *Planning Proposal: City of Sydney Employment Lands*, shown at Attachment A, to correct any minor drafting errors;
- (D) note the recommendation to Council's Planning and Development Committee on 24 March 2015 that Council approve *Draft Sydney Development Control Plan 2012 – Southern Employment Lands Amendment 2015*, shown at Attachment B, which if approved by Council will come into effect on the date of publication of the subject local environmental plan;

- (E) note the recommendation to Council's Planning and Development Committee on 24 March 2015 that Council adopt the *Employment Lands Affordable Housing Program 2015*, as shown at Appendix J of Attachment A, noting that the approved Affordable Housing Program will come into effect on the date of publication of the subject local environmental plan;
- (F) note the City will enter into a funding agreement with the NSW Department of Family and Community Services, which establishes the terms for the collection, management and distribution of funds resulting from the *Employment Lands Affordable Housing Program*, as shown at Appendix J of Attachment A;
- (G) note the *Employment Lands Affordable Housing Program 2015*, as shown at Appendix J of Attachment A, contains provisions which Council may, at a future time, review to take more direct responsibility for the allocation of funding;
- (H) note the recommendation to Council's Planning and Development Committee on 24 March 2015 that Council approve the public exhibition of the draft *Guideline to Preparing Site Specific Planning Proposal Requests in the City of Sydney Employment Lands Investigation Areas*, as shown at Attachment D to the subject report, for a period of no less than 28 days;
- (I) note the recommendation to Council's Planning and Development Committee on 24 March 2015 that authority be delegated to the Chief Executive Officer to finalise the *Guideline to Preparing Site Specific Planning Proposal Requests in the City of Sydney Employment Lands Investigation Areas*, as shown at Attachment D, following its public exhibition, provided any changes following consideration of submissions are of a minor nature;
- (J) note the recommendation to Council's Planning and Development Committee on 24 March 2015 that Council adopt draft *Guideline to Preparing Site Specific Planning Proposal Requests in the City of Sydney Employment Lands Investigation Areas*, as shown at Attachment D, as an interim guideline, noting that if approved by Council it will guide discussions with landowners and developers seeking to provide infrastructure in association with a site specific planning proposal request in the employment lands investigation areas;
- (K) note the recommendation to Council's Planning and Development Committee on 24 March 2015 that Council endorse the *Southern Employment Lands Infrastructure Plan 2014*, as shown at Appendix I of Attachment A, to be used as the framework document to continue engagement with the relevant NSW agencies, developers and the community on the provision of infrastructure in and around the southern employment lands;
- (L) note the recommendation to Council's Planning and Development Committee on 24 March 2015 that authority be delegated to the Chief Executive Officer to make minor variations to correct any minor oversights or drafting errors in the:
- (i) *Planning Proposal: City of Sydney Employment Lands 2015*, shown at Attachment A;
  - (ii) *Sydney Development Control Plan 2012 – Southern Employment Lands Amendment 2015*, shown at Attachment B;
  - (iii) *Employment Lands Affordable Housing Program 2015*, shown at Appendix J to Attachment A; and

- (iv) *Southern Employment Lands Infrastructure Plan 2015*, as shown at Appendix I of Attachment A; and
- (M) note the City will continue to work with Roads and Maritime Services and Transport for NSW to develop the parameters of a stage 2 transport and access study to guide growth in the southern employment lands, and that the recommendations of the future study may inform subsequent amendments to planning controls.

## ATTACHMENTS

**NOTE:** Attachments A to H will be circulated separately from the agenda paper and to Central Sydney Planning Committee members and relevant senior staff only. They will be available for viewing on Council's website and at the One Stop Shop and Neighbourhood Service Centres.

**Attachment A:** Planning Proposal: City of Sydney Employment Lands, dated March 2015. Post exhibition additions marked in blue with deletions ~~struckthrough~~

- Appendix A – Map book
- Appendix B – City of Sydney Employment Lands Study (2013)
- Appendix C – City of Sydney Employment Land Strategy June (2014)
- Appendix D – Summary of submissions to the public exhibition of the draft Employment Lands Strategy (2014)
- Appendix E – LEP Drafting advice. Post exhibition additions marked in blue with deletions ~~struckthrough~~
- Appendix F – City of Sydney Employment Lands Economic Analysis and Opportunities Study (2013)
- Appendix G – City of Sydney Employment Lands Transport and Access Study (2013)
- Appendix H – City of Sydney Southern Employment Lands Affordable Housing Needs Analysis (2014)
- Appendix I – Southern Employment Lands Infrastructure Plan (2015)
- Appendix J – Employment Lands Affordable Housing Program (2015). Post exhibition additions marked in blue with deletions ~~struckthrough~~
- Appendix K – Review of the NSW Government's *Plan for Growing Sydney* (2015)
- Appendix L – Summary of submission to the public exhibition of the draft Planning Proposal (2015)

**Attachment B:** Sydney Development Control Plan 2012 – Southern Employment Lands Amendment, dated March 2015. Post exhibition additions marked in blue with deletions ~~struckthrough~~

Appendix A – Maps and Figures Book

**Attachment C:** Southern Employment Lands Urban Design Analysis (2014)

**Attachment D:** Draft Guideline to Preparing Site Specific Planning Proposal Requests in the City of Sydney Employment Lands Investigation Areas (2015)

**Attachment E:** Gateway Determination and Written Authorisation to Exercise Delegation, dated 17 September 2014

**Attachment F:** Resolution of Council of 23 June 2014 and Resolution of the Central Sydney Planning Committee of 19 June 2014

**Attachment G:** Project chronology

**Attachment H:** Table of significant amendments

**BACKGROUND**

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:
  - (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 ‘SupaCenta’ is 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 bound in red in the aerial photograph at Figure 1.
4. In 2012, the City initiated a review of the land use and planning controls for the employment lands. 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 to 2030. A project chronology is provided at Attachment G.
5. The review incorporated multiple research projects and extensive consultation with stakeholders, including landowners, business operators, government, Sydney Airport and Port Botany, resident groups, affordable housing providers and the wider community.
6. On 23 June 2014, Council adopted the *City of Sydney Employment Lands Strategy* (the Strategy) to guide growth and change to 2030. To implement the key actions within the Strategy, on 23 June 2014 and 19 June 2014, Council and the Central Sydney Planning Committee (CSPC), respectively, resolved to approve the *Draft Planning Proposal: City of Sydney Employment Lands* (Planning Proposal), shown at Attachment A, for submission to the Minister for Planning with a request for a Gateway Determination for public exhibition. Council also resolved to publicly exhibit the associated *Draft Sydney Development Control Plan 2012 – Southern Employment Lands Amendment* (DCP amendment), shown at Attachment B. The Council and CSPC resolutions are shown at Attachment F.



Figure 1: The City of Sydney Employment Lands



7. The Planning Proposal relates to the southern, Parramatta Road and Moore Park employment lands. The DCP amendment relates only to the southern employment lands.
8. In addition to the public exhibition of the draft planning proposal and the DCP amendment, Council resolved to prepare and publicly exhibit the *Draft Employment Lands Affordable Housing Program* (the draft Program), shown at Appendix J to Attachment A. The draft Program is to guide the operation of affordable housing mechanisms proposed. These mechanisms and the draft Program are discussed in more detail later in this report.

9. On 17 September 2014, the delegate of the Minister for Planning issued a Gateway Determination for the public exhibition of the draft Planning Proposal. The Gateway Determination authorises Council to exercise the delegation of the Minister for Planning to make the local environmental plan under Section 59 of the *Environmental Planning and Assessment Act 1979* (EP&A Act). This means that Council staff are able to liaise directly with Parliamentary Counsel to finalise the local environmental plan amendment once approached by Council and the CSPC. This removes the unnecessary step of liaising with the Department of Planning and Environment. The Gateway Determination and Written Authorisation to Exercise Delegation are provided as Attachment E.
10. The public exhibition of the draft Planning Proposal, draft DCP amendment and draft Program commenced on 4 November 2014 and finished on 15 December 2014. A total of 59 submissions were received and are summarised, together with the City's response at Appendix L of Attachment A. The key issues arising from submissions are discussed later in this report.
11. This report seeks CSPC approval for the attached Planning Proposal, noting the DCP amendment and Program. Some post-exhibition amendments are recommended in these documents and are identified, with additions shown in blue and deletions struckthrough in Attachments A and B. A table of significant changes is provided as Attachment H.

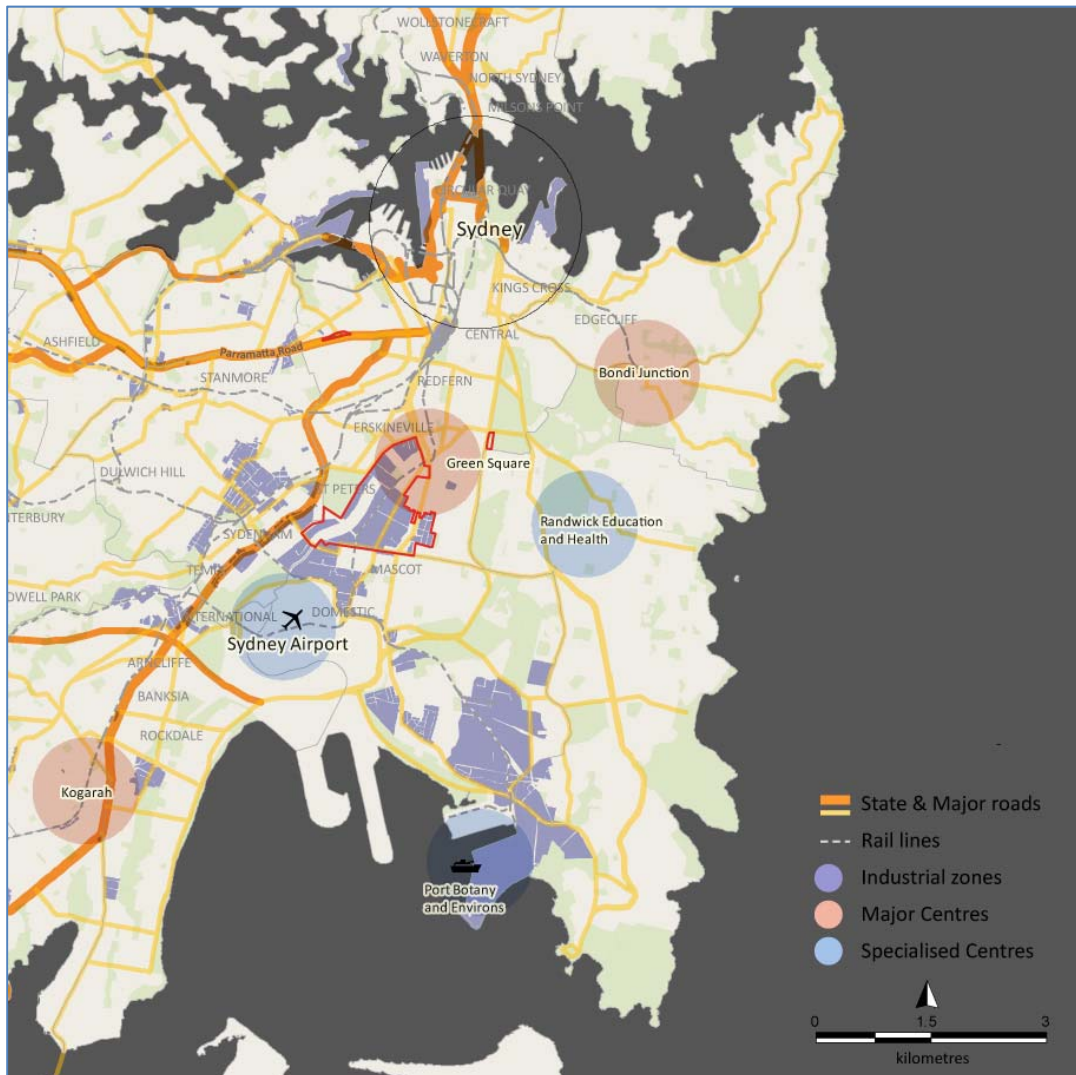
### **Review of the Employment Lands**

12. The principal research to inform the review of the employment lands planning controls is the *City of Sydney Employment Lands Study* (the Study), shown at Appendix B to Attachment A of this report. The Study was undertaken by SGS Economics in 2013/14 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 incorporates quantitative and qualitative analyses and makes strategic land use and planning recommendations.
13. The Study concluded that there is sufficient evidence to support an alternative planning approach in the employment lands and recommends 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.

### **About the southern employment lands**

14. 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 the only remaining areas zoned exclusively for employment uses in the City of Sydney. They are shown in their context at Figure 2.

Figure 2: City of Sydney Southern Employment Lands in context



15. 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.
16. 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 to Australia. The *Sydney Airport Master Plan 2033* (Airport Master Plan) was adopted in February 2014 and envisages Sydney Airport remaining as the primary international and domestic airport for Sydney.
17. 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.

18. Sydney's second airport at Badgerys Creek was announced in April 2014. While there is little information publicly available on its planning and timing, the Australian Government suggested in its announcement that construction is expected to begin in 2016 and will be completed by mid-2020s.
19. It is anticipated that, while some operations and services may move from Kingsford Smith Airport to Badgerys Creek, Kingsford Smith is still to remain Sydney's primary passenger and airfreight gateway.
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 identified by the NSW Government as a strategic centre. 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 is forecast to host 53,000 residents and 22,000 workers by 2030. The Green Square rail station is just outside to the north of the southern employment lands.
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 further notice.
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, the southern employment lands are themselves an origin for significant business-to-business (freight and small commercial vehicle). They also accommodate heavy truck movements that service heavier industries towards the south west and commuter traffic and workers, with 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 the Green Square Urban Renewal Area. Bourke Road is a local, but major, distributor road which 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. In November 2014, interchanges for Stage 2 of the NSW Government's WestConnex were announced with an interchange planned in the south east of the southern employment lands at the corner of Campbell and Burrows Roads, St Peters. Stage 2 of the WestConnex will run from the existing M5 East corridor at Beverly Hills via a tunnel to St Peters.

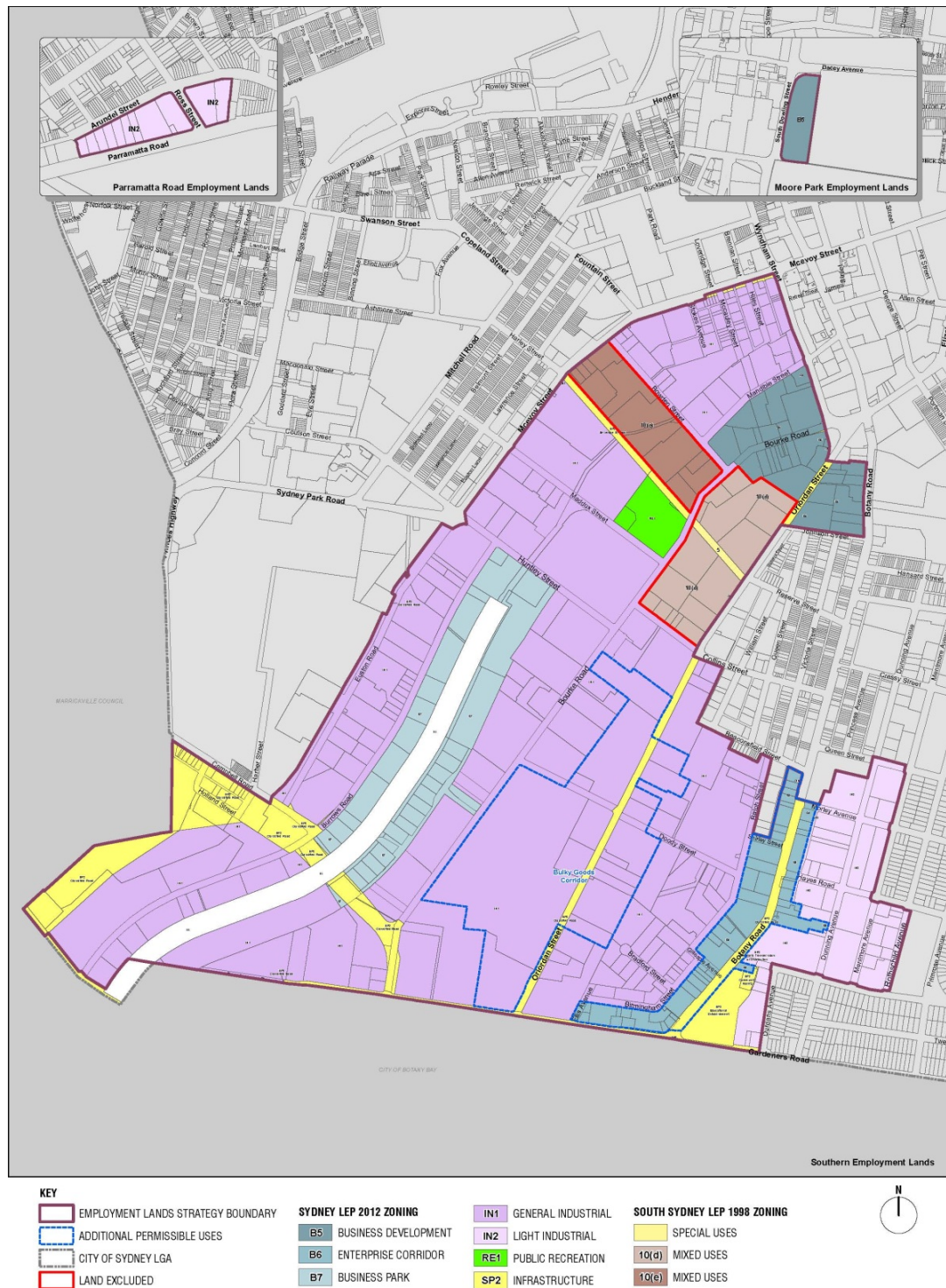
26. The future stages of the WestConnex include a connection from the airport and Port Botany to the interchange at St Peters. While underpinning the original purpose of the WestConnex, which is to effectively and efficiently move freight from Sydney Airport and Port Botany to western Sydney, future stages are not yet funded.
27. 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.
28. 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 NSW Government's *A Plan for Growing Sydney*. 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.
29. 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**

30. The employment lands currently comprise land use zones that, in the main, permit only 'employment' uses. Most are currently subject to Sydney LEP and zoned IN1 General Industrial. They also include some IN2 Light Industrial, B5 Business Development, B6 Enterprise Corridor and B7 Business Park zones. A small part is currently excluded from the Sydney LEP and is zoned 10(e) and 10 (d) Mixed uses under the South Sydney LEP.
31. 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 LEP controls are shown at Figure 3.
32. The employment lands 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. They also accommodate strategic activities associated with the airport and port and essential support services needing access to the Sydney CBD.
33. 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.

34. 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) shows that in the southern employment lands the industries most highly represented in 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, such as bulky goods and motor showrooms; and
  - (e) a high amount of vacant floor space, established as 19 per cent in 2012, particularly in the central corridor.
35. 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, 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.
36. The Parramatta Road employment lands contain mostly low density commercial and retail activity. At the Moore Park employment lands (SupaCenta), bulky goods are by far the predominant land use, contained in a big-box centre format.

Figure 3: Applicable LEP controls in the Employment Lands



**Evidence for change**

- The Employment Land Study (Study) provides a robust evidence base for the land use and planning controls proposed by the Planning Proposal. The Study includes as an attachment a Background Paper which identifies key drivers of change including:

- (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; and
  - (f) land values in the employment lands are high relative to industrial land values in adjoining LGAs.
38. These drivers informed an extensive quantitative and qualitative analysis that was undertaken and interpreted in the context of 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 Floorspace Employment Survey 2012;
  - (f) development feasibility modelling which, via case studies, explores the relationship between vacancies, demand for land / floor space in the area, and the viability of development; and



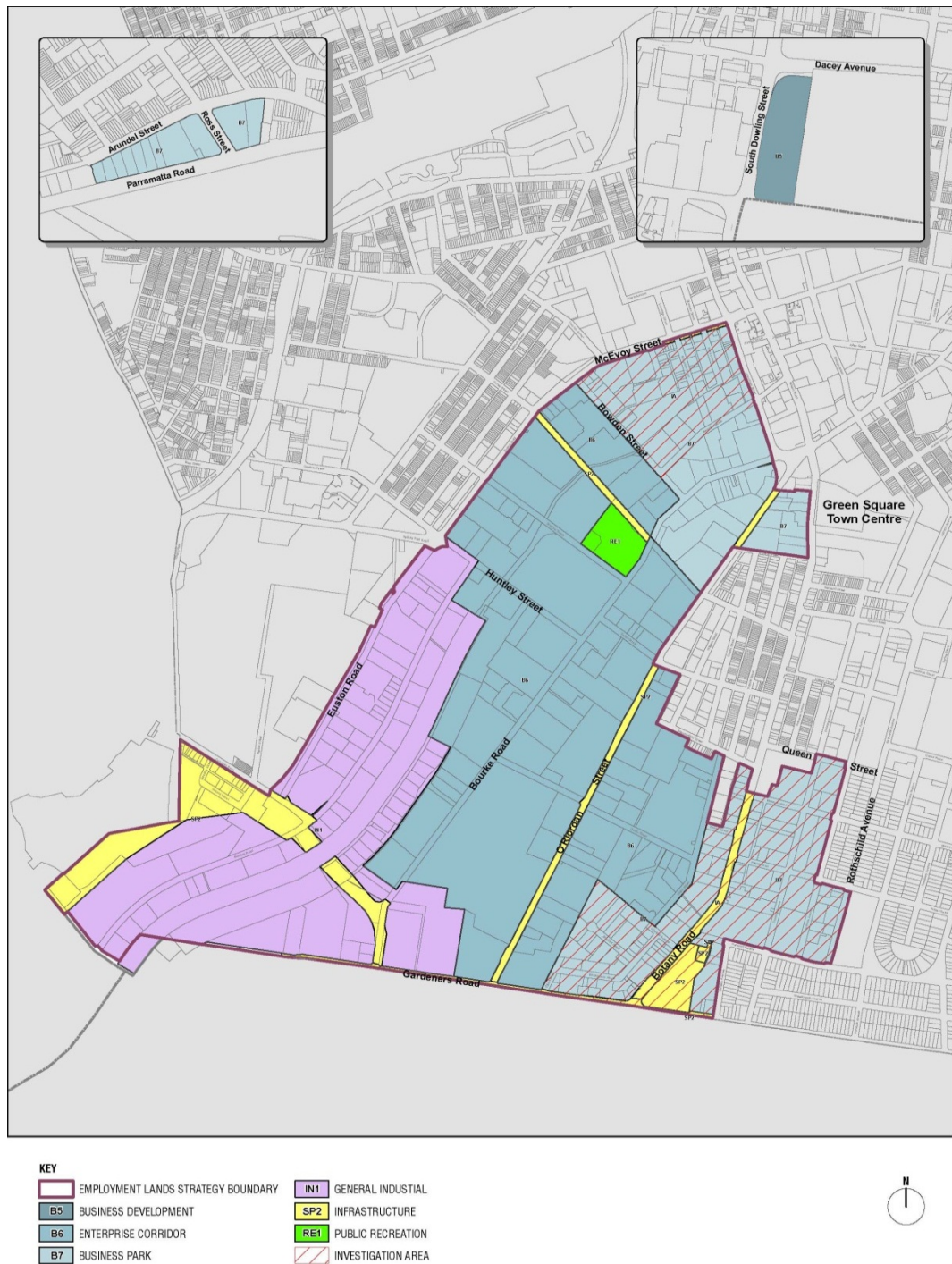
- (g) population serving industry testing which explores whether rezoning of industrial land proposed in the scenarios would ensure sufficient quantity is retained to service the current and projected local population.
39. Importantly, the Study concludes that there is sufficient evidence to support an alternative planning approach and recommends new land use zones, subject to detailed technical studies.
40. In addition to the Study, the City engaged consultants to undertake additional technical studies and initiated several internal reviews of key areas of consideration in the employment lands, including:
- (a) the *City of Sydney Employment Lands Transport and Access Study* (transport study) by SKM, shown at Appendix G to Attachment A;
  - (b) the *City of Sydney Employment Lands Economic Analysis and Opportunities Study* (economic study) by Hill PDA, shown at Appendix F to Attachment A;
  - (c) the *City of Sydney Southern Employment Lands Affordable Housing Needs Analysis*, shown at Appendix H to Attachment A; and
  - (d) the *Southern Employment Lands Urban Design Analysis*, shown at Attachment C.
41. The Study and additional technical studies have informed the preparation of the attached Planning Proposal and the DCP amendment. Other matters are also considered, including, but not limited to:
- (a) the directions, actions and targets of various NSW Government strategies;
  - (b) the directions and targets of *Sustainable Sydney 2030*;
  - (c) submissions made to the public exhibition of the Background Paper, Study and draft Employment Lands Strategy;
  - (d) the particular physical characteristics of sites, blocks and precincts, for example, subdivision pattern;
  - (e) known environmental constraints;
  - (f) existing uses and built form; and
  - (g) the constraints of the Standard Instrument LEP in achieving the City's objectives and vision for the employment lands.

### **The Planning Proposal and DCP amendment**

42. This report recommends that the CSPC approve the attached *Planning Proposal: City of Sydney Employment Lands* (Planning Proposal), and note the *Sydney Development Control Plan 2012 – Southern Employment Lands Amendment* (DCP amendment), collectively the 'proposed controls', shown at Attachments A and B respectively.

43. The proposed controls establish the primary role of the employment lands as 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.
44. Where the employment lands are currently predominantly zoned for industrial purposes, the proposed controls are 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. The proposed zoning is shown at Figure 4 and includes:
  - (a) three areas to be zoned B7 Business Park, including the Parramatta employment lands and two areas at the north and south east periphery of the southern employment lands;
  - (b) the core area of the southern employment lands to be zoned B6 Enterprise Corridor;
  - (c) an area to the south-west of the southern employment lands to be zoned IN1 General Industrial; and
  - (d) retention of the B5 Business Development zone on the Moore Park SupaCenta site.

Figure 4: Proposed zoning for the employment lands



45. The proposed zoning supports a more flexible approach to land use. It defines the appropriate areas to be rezoned to facilitate a range of employment uses 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.

46. Where the IN1 General Industrial zone is proposed to be retained, these lands will continue to accommodate pure industrial land uses that are essential to the efficient and effective 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 and concrete batching plants.
47. The following sections describe the proposed zones in detail.

#### Zone B7 Business Park

48. 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 small scale retail and other commercial businesses, as well as creative uses traditionally located in Surry Hills and Paddington, which are now being steadily priced out of those areas.
49. 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.
50. 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.
51. 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.
52. In the north of the southern employment lands, 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 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. 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.

53. 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.
54. The proposed B7 Business Park zone will cater for demand for non-traditional office uses and flexible spaces - uses unlikely to be accommodated in the Green Square Town Centre which will accommodate more traditional office facilities. Moreover, facilitating these lower density uses outside of the Town Centre will encourage a more intense use of the land within it for employment activities. This will contribute to greater day-time activity in the Town Centre, which is predominantly residential development.
55. Permitted land uses will also support existing light industrial activities and 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.
56. 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. These are land uses 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 additional permitted uses in this location to be identified in Schedule 1 of the Sydney LEP. This will preserve the current permissibility of these uses, while allowing the application of the 'new' B6 Enterprise Corridor zone in other parts of the southern employment lands.
57. Affordable rental housing will be permitted in the B7 Business Park zones in appropriate locations. In the 'investigation areas', shown hatched at Figure 3, requests for site specific planning proposals will be considered to allow for some private residential development only where it supports the provision of substantial affordable rental housing and provides other public benefits. The approach to affordable housing in the employment lands is discussed in more detail later in this report.

### **Zone B6 Enterprise Corridor**

58. The proposed B6 Enterprise Corridor zone recognises the economic importance of the corridor between the airport and the port, 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 the airport and the port.
59. 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 ancillary 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 serve the growing population.
60. 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, from warehousing 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.
61. Significantly, the Study also recognises the constraining effects on development of the three main roads through the centre of the corridor: 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. They must also 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.
62. 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 and their effect on land values.
63. 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.
64. An expansion of the bulky goods corridor would negatively impact on the efficient functioning of the zone for wider employment purposes. An exception is the proposed addition of the site at 94-96 O’Riordan Street, Alexandria which is currently used for a ‘vehicle sales or hire premises’ under development consent issued in 2008. The proposed addition results from consideration of a submission on the draft controls. Given the existing use and its long standing consent, it is appropriate to include the site in the Schedule 1 area.
65. Amendments to the current B6 Enterprise Corridor 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 State Environmental Planning Policy (SEPP) identifies this as a mandatory objective where residential uses are permitted in the zone. Given that residential uses are proposed to be prohibited, 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.

#### Zone B5 Business Development

66. The Moore Park (SupaCenta) 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.
67. To allow for a similar approach to retail that is found elsewhere in the southern employment lands, minor expansion of general retail uses in these lands is proposed. This will be facilitated by Schedule 1 of the Sydney LEP which is to permit up to 1,000 square metres of 'shops' on the site.
68. While previously excluded, this SupaCenta site is to be incorporated into the City's review of the *Green Square and Southern Areas Retail Strategy 2008* to be undertaken in 2015.

#### Zone IN1 General Industrial

69. The attached Planning Proposal will retain the IN1 General Industrial zone on land located in the south western corner of the southern employment lands.
70. 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 Central Sydney, 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.
71. 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.

72. The 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 floor space 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.
73. 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 planned WestConnex interchange at the corner of Campbell Street and Bourke Road, St Peters. It therefore has potential to attract related freight and logistics uses.
74. 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;
  - (c) the mandated uses align with the long term aspiration for this area which is to support industrial uses; and
  - (d) its proximity to the planned WestConnex interchange.
75. 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.
76. In summary, in addition to rezoning, the attached Planning Proposal incorporates other key provisions to achieve the vision for the area, including:
- (a) additions to Schedule 1 – Additional Permitted Uses of the Sydney LEP 2012 to facilitate shop-top housing where it is currently permissible and to allow for some permissibility of 'shops' on the Moore Park SupaCenta site. Following consideration of a submission from Ausgrid received during the public exhibition of the draft controls, a further additional permitted use of 'depots' is also proposed on 15 O'Riordan Street, Alexandria, to enable relocation of Ausgrid's depot in the Epsom Park precinct, east of the Green Square Town Centre;

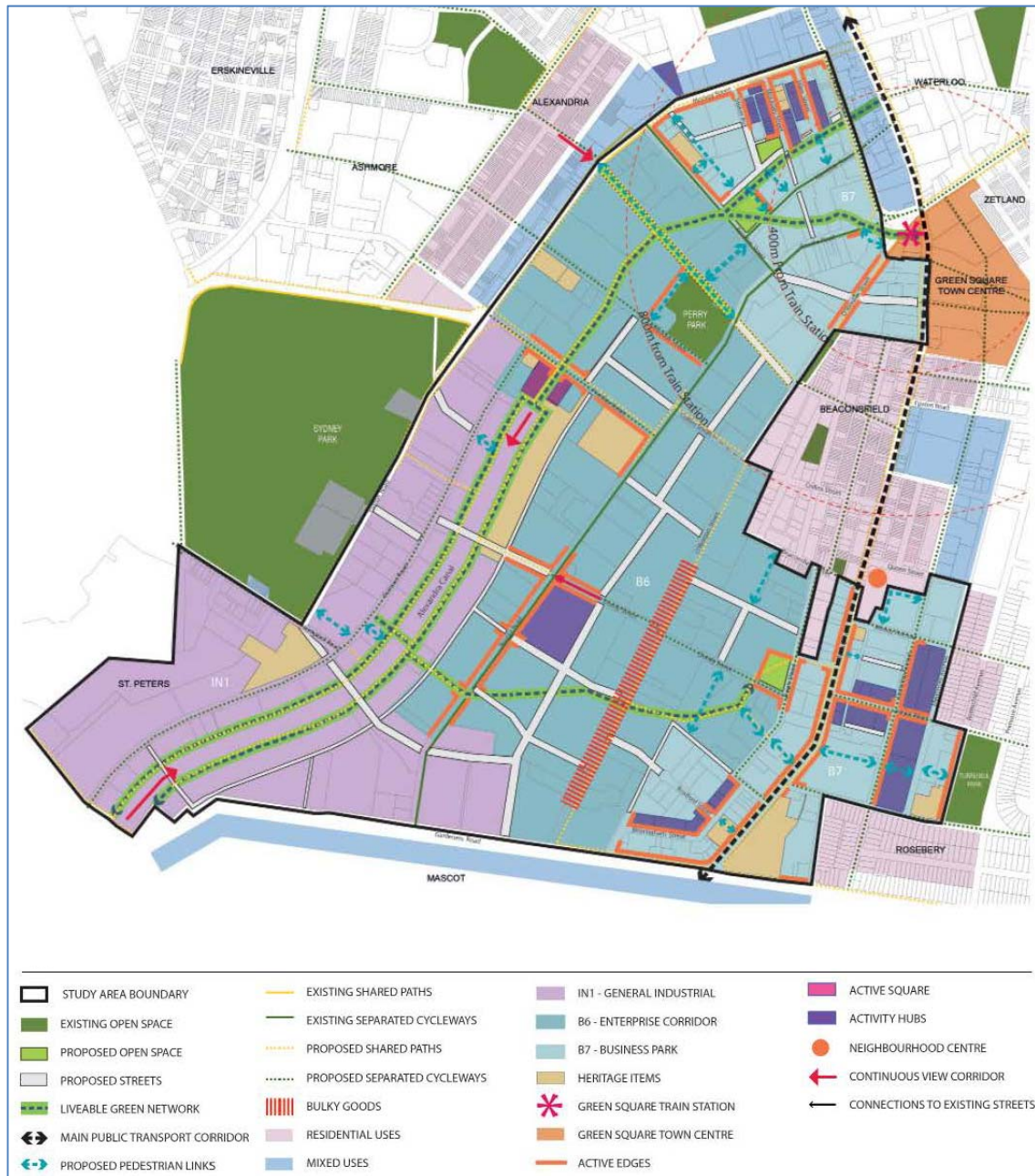


- (b) removal of the requirement for the preparation of a development control plan or Stage 1 development application in the B6 Enterprise Corridor zone unless the site area is greater than 5,000 square metres and the development is primarily for a commercial or retail use;
  - (c) addition of a clause to permit affordable housing, where appropriate, in the B7 Business Park zone;
  - (d) an additional provision that development in the employment lands, except those lands located in the IN1 General Industrial zone, are required to make a contribution for the purpose of affordable housing; and
  - (e) an additional provision to ensure new development in the southern employment lands is adequately serviced by sustainable transport modes and contribute to the City's mode share targets for the southern employment lands.
77. The publicly exhibited draft Planning Proposal had also included a 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 floor space ratio (FSR) by up to 15 per cent. The intent of the provision is to incentivise the dedication of land for public roads.
78. Following further consideration of the proposed provision, changes are recommended to achieve the stated objective of the clause and better balance its outcomes:
- (a) broadening the application of the provision so that it applies to all sites where land may be dedicated for public domain, for example, for public landscape setback for the Liveable Green Network and through-site pedestrian and cycle links, not only for public roads;
  - (b) clarifying that only a total of 15 per cent additional height or floor space can be achieved on a site, that is:
    - (i) where the design excellence provisions apply, and 10 per cent additional height or floor space is being sought under these provisions, only an additional five per cent of height or floor space can be achieved on the site for public domain dedication; but
    - (ii) where the design excellence provisions do not apply, and additional height or floor space is not being sought under those provisions, up to 15 per cent of floor space or height can be achieved on the site for public domain dedication; and
  - (c) excluding areas in the Green Square Urban Renewal Area, where the provision of 'community infrastructure' which includes public domain dedication is already incentivised with additional floor space.
79. The submissions and changes relating to the public domain incentive provision are discussed in more detail later in this report.

**Southern Employment Lands Urban Strategy**

80. The Southern Employment Lands Urban Strategy (urban strategy), shown at Figure 5, provides a framework for the long term urban renewal of the southern employment lands. Provisions for its implementation are incorporated in the DCP amendment, shown at Attachment B to this report. They 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 – new 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 hubs and edges – 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.
81. The *Southern Employment Lands Urban Design Analysis* which underpins the urban strategy is provided at Attachment C.

Figure 5: Southern Employment Lands Urban Strategy



**Transport and Access**

- 82. While the Parramatta Road employment lands are well serviced by public transport, the southern employment lands are subject to transport and access challenges.
- 83. Transport and access constraints represent the most significant and ongoing challenge to sustainable growth in the southern employment lands. To assist 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.

84. 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. 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, with residents nearby leaving or workers in the precinct arriving.
85. At present 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) a lack of publicly available transport modelling data that demonstrates the impacts and benefits of the proposed WestConnex motorway;
  - (b) the pace of development of the Mascot Town Centre, initially identified by the Department of Planning and Environment as an 'Urban Activation Precinct', now 'Priority Precincts', but that is now identified as a precinct needing further investigation and consultation;
  - (c) the status of the *Green Square Transport Management and Accessibility Plan 2008* (TMAP), which was reviewed by Transport for NSW in 2012, but the review has not been 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 southern employment lands;
  - (e) the review of the airport train stations access fee and potential for its removal, currently not supported by the NSW Government;
  - (f) a second rail crossing across Sydney Harbour, 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) timing and extent of the planned realignment of the O'Riordan Street/Bourke Road/Botany Road intersection at 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 commercial floor space in the Green Square Town Centre and staging of infrastructure around the Green Square rail station.

86. In November 2014, the NSW Government announced the location of the planned interchange for Stage 2 of the WestConnex in the south east of the southern employment lands, at the corner of Campbell Street and Burrows Road, St Peters. It is certain WestConnex will have an impact on the proposed IN1 General Industrial zone in particular, and likely in other areas within the southern employment lands in the longer term, although detailed traffic modelling and information about associated road upgrades are not available at this time.
87. Submissions from Roads and Maritime Services and Transport for NSW to the public exhibition of the draft controls note the need to consider growth in the southern employment lands in the context of the broader land use and transport drivers likely to impact on the area in the long term. Given the long development timeframes, and the extent of uncertainty about key drivers of change in the area, in particular WestConnex, modelling the cumulative transport impacts associated with subregional growth at this time is unlikely to result in any meaningful analysis of future growth.
88. However, submissions from Roads and Maritime Services and Transport for NSW request that additional transport analysis be undertaken to complement the transport study and provide recommendations to guide growth in the area.
89. Following consideration of these submissions, and additional meetings with Roads and Maritime Services and Transport for NSW, this report recommends CSPP note that the City will work with Roads and Maritime Services and Transport for NSW to develop the parameters of a future study to guide growth in the area.
90. Those actions that will have the most potential to address the transport challenges in southern Sydney are the responsibility of the NSW Government, for example, the provision of sufficient public transport. The City also has an important role in encouraging mode shift and managing road travel demand, for example, by limiting parking. Therefore, any future study may also result in further amendments to the planning controls to implement its recommendations.
91. In the interim, while 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.
92. 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.
93. 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:
- (a) adequate mode shift from private car use to sustainable transport modes can be achieved;
  - (b) on-street and off-street parking is appropriately managed;
  - (c) 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
  - (d) active transport modes, like walking and cycling, are encouraged.
94. To achieve these ends, additional transport related provisions are included in the attached Planning Proposal.
95. 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 attached 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 improve over time, LUTI and PTAL ratings in the southern employment lands will be reviewed.
96. To assist in the delivery of a more permeable road network, the attached Planning Proposal includes a floor space or height incentive to encourage the dedication of land for public domain, including public roads, through-site links and/or pedestrian and cycle paths. These are discussed earlier in the report. The DCP amendment includes maps of the proposed public domain that will be required in the area as it develops.
97. To guide and encourage sustainable transport, the DCP amendment 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 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 or active transport; and
  - (c) 35 per cent of workers in the B6 Enterprise Corridor zone are to arrive at work by public or active transport.

98. The interim mode share targets are the result of in-house review of the current 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 City will review the interim targets in the context of the additional work with Roads and Maritime Services and Transport for NSW discussed earlier in this section.
99. 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 attached Planning Proposal includes a provision that in determining development applications, 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.
100. Sydney DCP and the DCP amendment 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.
101. To assist with management of on-street parking demand, in May 2014 Council 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. 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.
102. 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.
103. 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 remainder of the LGA.
104. 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**

105. In the main, the attached 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.
106. The economic study, shown at Appendix F to Attachment A, 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 will increase over time for adaptively reused retail and commercial spaces, high tech industrial uses and mixed business spaces with, for example, some industrial, some retail and some office space. These uses can be accommodated within the existing FSRs and heights achievable under the Sydney LEP, generally 1.5:1 and 18 metres respectively;
  - (c) in the proposed B7 Business Park zone in the north, current FSRs 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 this area. No immediate need to increase heights and densities in these areas is 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.
107. The economic study also provides direction for the economic feasibility of the development controls proposed by the attached Planning Proposal. It has concluded that the proposed controls are viable for the uses likely to locate in the various zones proposed.
108. It is noted that despite the above, 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.

**Employment projections and staging**

109. The economic study, shown at Appendix F to Attachment A, provides projections of the number of jobs that are likely to result from the attached Planning Proposal. The projections are at Table 1.



**Table 1:** Southern employment lands job projections

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

110. The projections assume an increase of job density resulting from the attached Planning Proposal. Likely job densities are informed by the employment lands Study and economic study. The projections, and how they respond to NSW Government employment targets, are discussed later in this report.
111. Projected jobs growth in the southern employment lands is 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 which is modified for the zoning proposed as shown at Table 2.

**Table 2:** Anticipated development timeframes in the southern employment lands

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

112. The Parramatta Road employment lands have a current job density of approximately 200 jobs per hectare and the Moore Park employment lands a current job density of approximately 120 workers per hectare. It is not expected jobs would significantly increase in these locations.

**Public Infrastructure**

113. Demand for public infrastructure will increase as the intensity of uses increases. More workers will increase the demand for childcare, passive and active open space, affordable housing, a finer grain road network and upgraded roads, footpaths, cycleways and stormwater infrastructure.
114. This infrastructure cannot be delivered by the City alone and the participation, engagement and commitment of all stakeholders is key to achieving the necessary infrastructure in the area. To guide the delivery of infrastructure in the southern employment lands, the City has prepared the *Draft Southern Employment Lands Infrastructure Plan* (Infrastructure Plan), provided at Appendix I to Attachment A. The purpose of 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.
115. If endorsed by Council, the Infrastructure Plan will provide a framework for future discussion with the relevant NSW agencies, which will provide them an opportunity to have input into recommended actions prior to it being finalised.
116. Provisions are included in the DCP amendment to facilitate the delivery of infrastructure with redevelopment of sites and/or preserve its future delivery. It includes provisions for:
- (a) open space;
  - (b) a finer grain road network to improve access;
  - (c) new pedestrian and cycling linkages;
  - (d) social infrastructure requirements;
  - (e) social sustainability requirements, with new development having to consider and address the social demands; and
  - (f) ensuring 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 it would impede the delivery of an identified future road.
117. Where the southern employment lands overlap with land located in the Green Square Urban Renewal Area, the 'community infrastructure' floor space incentive will continue to apply. The floor space incentive is established in Clause 6.14 of the Sydney LEP and is available where 'community infrastructure' is provided. Community infrastructure can include land, roads, open space, flood management works and the like. The floor space incentive has been critical in delivering essential infrastructure to support projected growth in Green Square.
118. The potential to apply a floor space 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.

119. In addition, increasing FSRs may relay an incorrect message to the market about the City's expectations, rather than to encourage a wide range of employment generating uses, including those that generally seek relatively lower value land. The result would likely be an increase in the speculative purchase of property and an increase in the cost of land. This is economically incompatible with what the City is seeking to achieve in the employment lands.
120. To balance the above with the need to allow for the future delivery of roads, a clause is proposed in the attached Planning Proposal to allow a floor space incentive only where the DCP amendment identifies a need for public domain dedication of land. The incentive is discussed earlier in this report.
121. 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 also 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.
122. The proposed floor space incentive will assist in delivering infrastructure. However, given the limitations of incentivising infrastructure through floor space in the employment lands, Section 94 contributions are expected to provide a significant portion of infrastructure funding. Additional funding may be required to deliver the identified infrastructure.
123. 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 later this year .

### **Affordable housing**

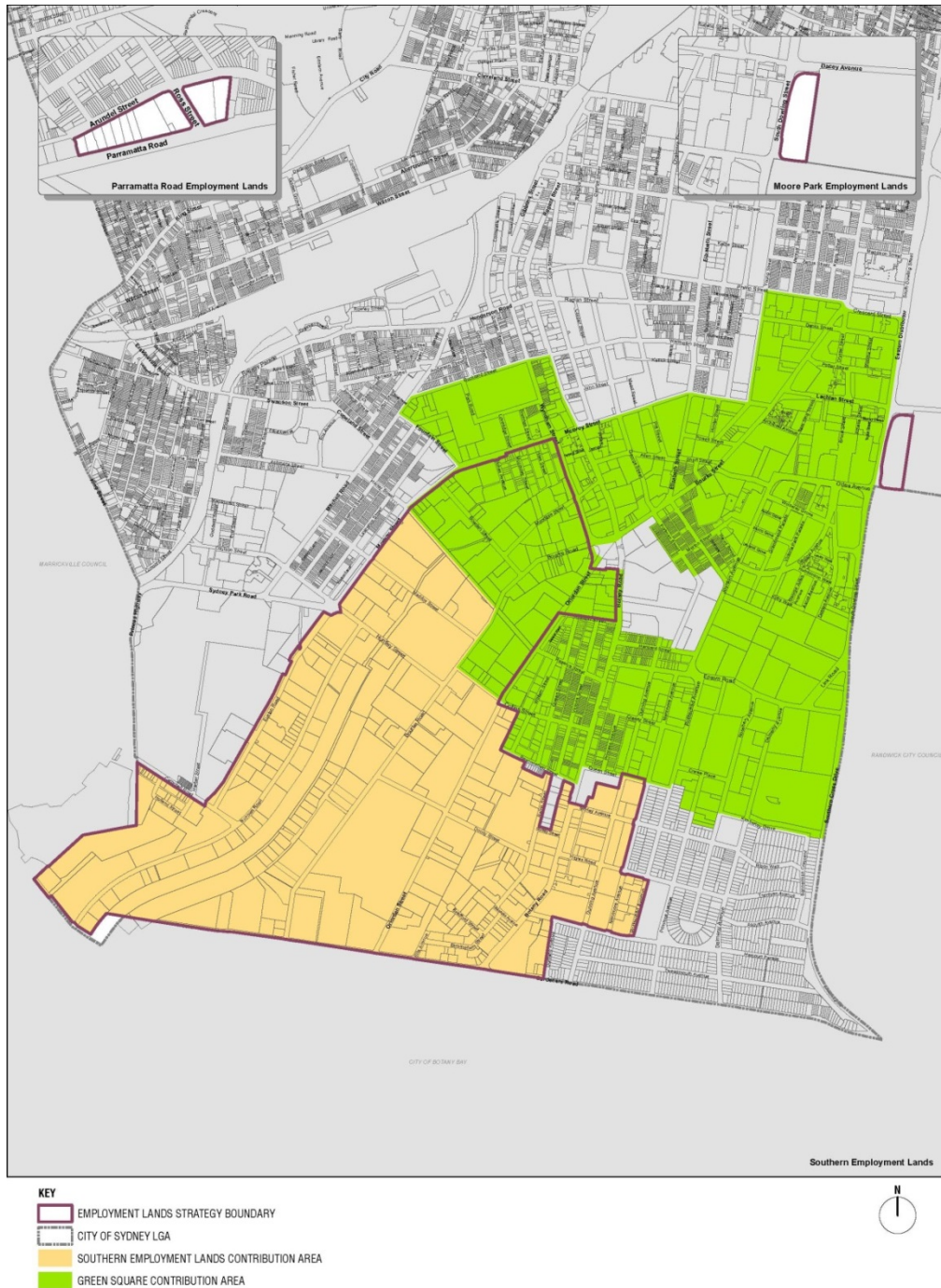
124. Sydney remains Australia's least affordable city. It is widely acknowledged that development has not kept pace with demand, contributing to a tight rental market and rising house prices. The high cost of housing is an important economic and social issue in Sydney, particularly within the Sydney LGA where housing prices are amongst the highest in metropolitan Sydney.
125. 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.
126. As the number of jobs increases, it is essential that workers are able to access appropriate and affordable housing close to where they work. As the area grows, a proportion of new jobs will be relatively low paid. In addition, more businesses and workers will increase demand for services that employ lower income workers, such as childcare workers, cleaners, construction workers and tradesmen. These workers are critical to the efficient functioning of the area.

127. 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 attached Planning Proposal incorporates two complementary approaches to encourage the provision of affordable rental housing in and around the southern employment lands.
128. In addition to those provisions proposed for Sydney LEP, site specific planning proposal requests in the investigation areas identified in Figure 3 will be considered.

#### Affordable housing contributions scheme

129. The attached Planning Proposal includes a provision that allows the consent authority to impose a condition on a development consent 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 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.
130. 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 6.
131. 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* (Green Square 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 Program establishes the monetary contribution rates and the operational requirements of the program. It has operated since 1999 and through City West Housing has successfully delivered over 200 affordable housing dwellings in the Green Square area. A similar scheme has operated in Ultimo/Pymont since 1994 and has delivered 446 affordable housing units.
132. The inclusion of the contribution requirement in the LEP is contingent on an affordable housing program being adopted by Council. To this end, in June 2014, Council resolved to delegate to the Chief Executive Officer the development and public exhibition of a program.
133. In accordance with Council's resolution of June 2014, the *Draft Employment Lands Affordable Housing Program* (draft Program) was developed in consultation with community housing providers, the Department of Planning and Environment and the Community, Homes and Place Programs (Homes & Place), previously the Centre for Affordable Housing. Homes & Place is within the NSW Department of Family and Community Services (FACS). The draft Program was publicly exhibited, together with the draft controls, and is provided at Appendix J to Attachment A.

Figure 6: Proposed affordable housing areas



134. The draft Program is broadly based on the Green Square program. It establishes a contribution rate for dedication of dwellings (in-kind contribution) at one per cent and three per cent of floor space of non-residential and residential development respectively.
135. The draft Program also allows an equivalent monetary contribution instead of the dedication of floor space. In preparing the draft Program, further analysis was undertaken to establish the appropriate dollar rate per square metre of floor space to be used to calculate the monetary contribution amount.

136. Resulting from this analysis, the draft Program includes a different dollar rate per square metre than the Green Square program. In Green Square, the current rates are \$58.04 and \$174.19 for non-residential and residential development, respectively. The draft Program proposes a contribution rate at \$82.35 and \$247.06 per square metre of non-residential and residential development, respectively.
137. The difference between the two rates comes from the way the rate is calculated. The rate in Green Square is based on land and constructions costs, while the draft Program is based on the median strata dwelling price in the Sydney LGA. The intent of using the later method is to remove the disincentive for dedication of units and to more accurately reflect the cost of providing an affordable housing dwelling.
138. Another key element of the draft Program is that it allows funds to be distributed to more than one community housing provider. This is a change from the Green Square program under which only one provider, City West Housing, benefits from contributions. The intention of this change is to introduce a competitive approach to the allocation of funding whereby community housing providers are encouraged to use the funding leverage of their own assets.
139. This change creates a number of challenges in terms of how the money is to be distributed for maximum outcomes. To manage this process on behalf of the City, the draft Program directs funds to Homes & Place.
140. Oversight of the distribution of funds is through a Program Steering Committee, established by the draft Program and comprising representatives from the City and Homes & Place. The Committee's role is generally to provide advice on the timing and content of expressions of interest and tenders, and on how and to whom funds should be allocated.
141. As sufficient funds become available, Homes & Place will seek proposals from eligible community housing providers for projects within the LGA. Under the draft Program, collected funds are to be spent within the City of Sydney LGA.
142. The Program Steering Committee is to provide advice on the terms of tenders or requests for expressions of interest. Tenders or requests may be issued for the immediate use of contribution funds, the allocation of funding for community housing providers to seek development opportunities, or land and funding packages, where land is made available by supplementary sources, potentially the City, for developing affordable housing.
143. It is noted in the draft Program that Council may, at a future time, review the scheme to take more direct responsibility for the allocation of funding. Amendment of the Program once in operation would require an LEP amendment at that time.
144. If the Program is approved by Council, the City will enter into a funding agreement with Family and Community Services (FACS), which will provide the terms for the collection, management and distribution of funds resulting from the Program. The funding agreement provides that:
  - (a) the City will collect funds resulting from the Program and forward them to Homes & Place, generally on a quarterly basis;
  - (b) the Program Steering Committee is to provide advice and recommendations in all matters relating to administration of the Program; and

- (c) Homes & Place will provide an annual audit to the City detailing the activities and outcomes resulting from the funds management and allocation.
145. This report recommends CSPC note the draft Program. The requirement for contribution to affordable housing in the attached Planning Proposal relies on the adoption of an affordable housing program.

Affordable rental housing in the B7 Business Park zone

146. In the proposed B7 Business Park zone, which covers the Parramatta Road employment lands, as well as some lands in the southern employment lands, the attached Planning Proposal includes provision to allow affordable rental housing, where:
- (a) it is provided in accordance with the affordable housing Program;
  - (b) it is compatible with current and future development in the vicinity;
  - (c) no residential uses are provided adjacent to an existing or proposed road; and
  - (d) it will not adversely impact on the environment.
147. Given the high return for residential uses in the inner-city, permitting market provided housing in the proposed B7 Business Park zone would likely result in the majority of employment generating uses being displaced over time.
148. 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.
149. The proposed B7 Business Park lands are serviced by an appropriate level of public transport, including the 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 the 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.
150. 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.
151. This approach is generally consistent with Division 5 of SEPP (Affordable Rental Housing) 2009 which permits affordable housing in land use zones that may otherwise not permit residential uses. This is subject to certain locational requirements, as well as the issue of a site compatibility certificate provided by the Director-General of the Department of Planning and Environment.
152. 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 attached Planning Proposal includes provision that the SEPP would not apply either in the remainder of the southern employment lands.

153. Following consideration of submissions to the public exhibition of the draft controls, a change is proposed to the exhibited drafting instructions for the LEP clause, shown at Appendix E to Attachment A. The change clarifies the clause applies only for affordable housing provided by a public authority or a social housing provider which includes a community housing provider. This is consistent with the SEPP.
154. The DCP amendment includes controls to guide development for affordable housing in the B7 Business Park zone. Controls are to ensure appropriate amenity for future residents of affordable housing dwellings and to ensure residential development does not impact on the employment function of the zone.
155. It is uncertain how much affordable rental housing is likely to occur in the B7 Business Park zone. In consulting with community housing providers, a common theme is 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 where other type of residential development is not permitted.

Site specific planning proposal requests in investigation areas

156. In addition to the affordable housing provisions proposed in the attached Planning Proposal, and in accordance with the Employment Lands Strategy adopted by Council in June 2014, site specific planning proposal requests will be considered in the two 'investigation areas' shown at Figure 4. The aim is to allow for some private residential development, but only where it supports the broader objectives for the employment lands.
157. The draft *Guideline to Preparing Site Specific Planning Proposal Requests in the City of Sydney Employment Lands Investigation Areas* (the draft Guideline), shown at Attachment D, provides a transparent framework for the consideration of site specific planning proposal requests. The purpose of the draft Guideline is to:
  - (a) provide a framework for sharing the planning gain resulting from changes to planning controls to fund infrastructure delivery, including the delivery of affordable housing;
  - (b) provide land use and built form principles to guide the preparation of site specific planning proposal requests;
  - (c) provide a transparent and consistent approach to the evaluation of site specific planning proposal requests;
  - (d) describe the City's priorities for infrastructure to support growth; and
  - (e) describe the process for preparing a site specific planning proposal request, including required supporting documentation, applicable fees, preparation of planning agreement and the decision making process.
158. In the inner-city, the value of land is directly related to the uses and densities permitted. Given the much higher value of residential floor space relative to industrial or business zoned land, rezoning sites to facilitate residential uses and/or increased development capacity would result in a significant increase in the value of the land. The increase in land value is referred to as a planning gain.



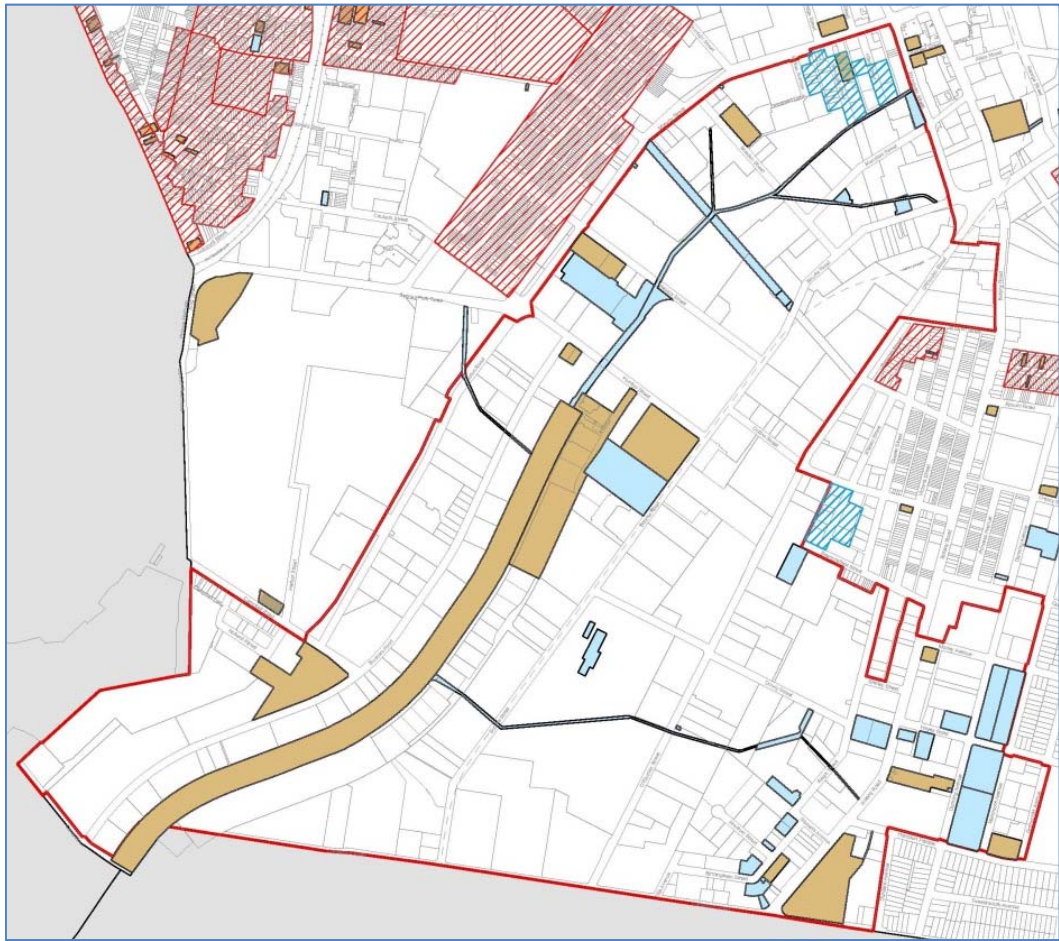
159. The draft Guideline is to ensure that where a site specific planning proposal request to change the planning controls, and where it can be supported on its planning merits, the planning gain will be equally shared between the landowner/developer and the public. This is to ensure the adequate provision of infrastructure to support growth in the southern employment lands.
160. To ensure an equitable and transparent approach, it is proposed to use standard rates to establish the planning gain. The rates have been established with reference to:
- (a) the land value increase on a site resulting from a change from the B7 Business Park zone to the B4 Mixed Used zone considering the amount of non-residential use retained; and
  - (b) the land value increase on a site resulting from an increase in the FSR of that site.
161. Once the planning gain is established the amount is equally shared between the landowner/developer and the public, that is 50 per cent will be directed towards a public benefit with the remaining 50 per cent being retained by the landowner/developer.
162. The City and the landowner/developer are to reach agreement about the public benefit that funds are to be directed towards. The public benefit will typically be secured in a planning agreement between the Council and the landowner/developer.
163. Where possible and practical, the benefit will be directed towards an on-site affordable rental housing outcome to ensure that as the area changes a significant proportion of housing is available for low to moderate income households. This is critical to support employment growth resulting from the wider rezoning of the employment lands.
164. The draft Guideline provides the matters the City will consider and the tests that may be applied in determining the merits of a site specific planning proposal request. Key considerations include:
- (a) consistency with state and local planning policies - proposals are to demonstrate consistency with the key strategic directions and actions of state and local planning policies, including *Sustainable Sydney 2030* directions and targets;
  - (b) employment outcomes - the proposal is to demonstrate sympathy with the predominantly employment-based nature of the area and ensure the retention of employment on a site;
  - (c) consistency with established urban design principles - the Guideline provides urban design principles, and an indicative built form and public domain layout plan to guide discussion about the form of development; and
  - (d) the public benefit of the request.

165. This report recommends the CSPC note the officer's recommendation to Council's Planning and Development Committee on 24 March 2015 that the draft Guideline:
- (a) be publicly exhibited; and
  - (b) be adopted as an interim policy, noting it will guide discussions with landowners and developers seeking to provide infrastructure in association with a site specific planning proposal request in the employment lands investigation areas.

### Heritage

166. The European history of the southern employment lands is characterised by the transformation from an area of polluting industries relocated from the City, to warehouse and distribution industries supporting the City and airport. The attached Planning Proposal will facilitate further change towards an area of higher density employment and, potentially, residential uses in appropriate locations.
167. To improve the understanding of the City's industrial and warehouse heritage and ensure Sydney's industrial past is appropriately protected from increasing development pressure, the City engaged consultants to undertake the *City of Sydney Industrial and Warehouse Building Study* (heritage study).
168. The heritage study was reported to Council and the CSPC in October 2014, together with a planning proposal (heritage planning proposal) for the heritage listing of items and a conservation area in the southern employment lands. A map showing proposed items (in blue) and existing items (in brown) is shown at Figure 7. The proposed conservation area in the north of the employment lands is shown hatched blue.

**Figure 7:** Existing and proposed heritage items in the southern employment lands



169. A Gateway Determination was issued by the delegate for the Minister for Planning on 19 December 2014. The heritage planning proposal and heritage inventory sheets for each proposed listing will be on public exhibition in the coming months. Following consideration of submissions, the heritage planning proposal will be reported back to Council and the CSPC for further consideration.
170. The Planning Proposal that is the subject of this report does not propose additions to Schedule 5 – Heritage of the Sydney LEP.
171. There is no change to the heritage provisions of the attached Planning Proposal as a result of submissions.

### **Storm water and flood risk management**

172. 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.

173. In March 2014, Council adopted the final Alexandra Canal Flood Study, Floodplain Risk Management Study and Floodplain Risk Management Plan. These documents are a comprehensive suite of flood management measures for the Alexandra Canal catchment. The documents have been prepared in line with the NSW Government's *Floodprone Land Policy and Floodplain Development Manual* (2005) and will inform future amendments to the Sydney LEP, including a Flood Planning Map detailing flood planning levels.
174. While future amendment to planning controls may be required, the attached 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 appropriate flood planning level and demonstrate the proposed development minimises the risk of flooding.
175. The DCP amendment includes additional provisions relating to stormwater and flood risk management.
176. Some submissions note the need to address flooding in the area to allow for more intense forms of development. There is no change to the provisions of the attached Planning Proposal and DCP amendment as a result of submissions.

### **Contamination**

177. Given the industrial past of the southern employment lands, it is likely that many sites will have some level of contamination.
178. Preliminary investigations by the City, including a desktop analysis of past uses and a development application history, show that it is likely that land can be made suitable for uses proposed by the attached Planning Proposal.
179. Consistent with *State Environmental Planning Policy No 55 – Remediation of Land* (SEPP 55), future development applications will be required to be accompanied by a site assessment to be undertaken by an assessor licensed by the relevant State agency 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.
180. There is no change to the relevant provisions of the attached Planning Proposal and DCP amendment as a result of consideration of these submissions.

### **Retail and centres based planning**

181. Under the current controls, opportunities for retail in industrial zones are generally limited to those that service the working population. The attached Planning Proposal will result in more diverse retail uses being permitted, specifically in the proposed B6 Enterprise Corridor and B7 Business Park zones.
182. Clause 7.23 - *Large retail development outside of Green Square Town Centre and other planned centres* of the Sydney LEP will continue to apply. The clause limits the gross floor area of shops and markets outside of planned centres to 1,000 square metres. This clause ensures major retail development locates in planned centres where they support significant private and public investment in infrastructure and promote economic activity.

183. Unexpectedly rapid growth in the Green Square Urban Renewal Area and growth expected to result from the proposed rezoning of the employment lands is likely to result in additional demand for large floor plate food retail and grocery shopping. In 2015, 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 also incorporate the Moore Park SupaCenta, which was not previously identified in the retail catchment precinct. The review would potentially lead to amendments to current planning controls and/or the identification of additional centres in the City south retail hierarchy.
184. Submissions relating to the City's retail strategies and provisions within the Sydney LEP 2012 are discussed later in this report.

#### **Development requiring preparation of a development control plan**

185. The attached Planning Proposal proposes to amend clause 7.20 of the Sydney LEP 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.
186. 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. Given the relatively simple nature of the built form and the low intensity of the land use, such a requirement is not necessary. Built form and landscape provisions in the Sydney DCP and the attached Planning Proposal can ensure the design quality of industrial development is appropriate.
187. There is no change to the relevant provisions of the attached Planning Proposal and DCP amendment as a result of consideration of submissions.

#### **Sensitive development on busy roads**

188. 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.
189. The DCP amendment 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.
190. Some change to the exhibited draft Planning Proposal and DCP amendment is proposed as a result of consideration of these submissions and is discussed later in this report.

#### **Land use conflicts – Noise mitigation**

191. 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 those that require high operational flexibility, for example, long operating hours, early truck movements or noisy activities, such as the use of power tools.

192. 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.
193. To assist in noise management over the long transition likely to occur, the attached DCP amendment 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 attached DCP amendment requires development to mitigate its impacts.
194. Some change to the exhibited Planning Proposal and DCP amendment is proposed as a result of consideration of these submissions and is discussed later in this report.

### **Urban ecology**

195. Large industrial sites, warehouses and generally less intensely used sites that characterise much of the southern employment lands can provide habitat for 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.
196. The attached DCP amendment 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.
197. 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.
198. Submissions noted the positive benefits of preserving ecological corridors. There is no change to the relevant provisions of the attached Planning Proposal and DCP amendment as a result of consideration of these submissions.

### **Green roofs and walls**

199. 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.
200. Given the limited amount of green open space in the southern employment lands, it is essential that softening of hard surfaces through the landscaping of roofs and podium levels and vertical surfaces be encouraged. Green roofs and facades can significantly contribute to 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 recreation.
201. The DCP amendment includes controls to encourage the provision of green roofs and walls. It also includes a schedule to provide practical guidance to developers on how a green roof or wall can be implemented.

202. No submissions were received relating to green roofs and walls.

## KEY IMPLICATIONS

### Metropolitan Planning – Directions and Targets

203. In December 2014, the NSW Government published *A Plan for Growing Sydney* (the Sydney Plan), the new overarching strategic plan for the Sydney metropolitan area to 2031. Given the significance of the Sydney Plan and its particular relevance to the City's southern employment lands, a strategic review of the draft controls was undertaken to establish:

- (a) if the draft controls remained relevant in the context of the Sydney Plan; and
- (b) if amendments would be required to the draft controls flowing from the Sydney Plan.

204. The *Review of the NSW Government's Plan for Growing Sydney* is shown at Appendix K of Attachment A.

205. The Sydney Plan establishes four overarching goals to guide the NSW Government's vision for Sydney as a strong global city and a great place to live. The overarching goals include:

- (a) a competitive economy with world-class services and transport;
- (b) a city of housing choice with homes that meet our needs and lifestyles;
- (c) a great place to live with communities that are strong, healthy and well connected; and
- (d) a sustainable and resilient city that protects the natural environment and has a balanced approach to the use of land and resources.

206. Subregional plans are currently being developed by the NSW government, in consultation with stakeholders. Subregional planning is the link between the big picture planning directions set out in the Sydney Plan and detailed planning controls for local areas. The subregional plans are expected to detail housing and employment targets for each subregion.

207. In the absence of the new subregional plan, the City's review defers to those targets within the *Draft Metropolitan Strategy for Sydney to 2031* (draft strategy), which was released by the NSW Government in March 2013, for interim analysis.

208. The City's review concludes that the attached Planning Proposal and supporting controls remain consistent with the Sydney Plan which recognises growth is to be supported by a more dispersed approach to employment generation where jobs are located close to where people will live. This has a dual purpose of providing new communities with good access to services and infrastructure and ensuring firms have access to a reliable labour force.

209. The Sydney Plan also places significant emphasis on enhancing the capacity of Sydney's gateways and freight networks, including the airports and Port Botany, recognising the economic importance of providing both short and long term growth opportunities for these facilities.

210. In the southern employment lands, the draft controls will actively contribute to the achievement of the overarching goals and directions of the Sydney Plan by protecting strategically significant employment lands and locating jobs close to the projected residential populations in Green Square and in Mascot Town Centre, being 53,000 and 11,000 residents, respectively.
211. With regard to job targets in the future subregional plan, it is likely that the City of Sydney will continue as the principal location of future jobs growth in the Sydney metropolitan area. Considering the significance of the southern employment lands in terms of supporting the airport and port and providing 'out of centre' floor space for industry and business, as well as analysis which shows the limiting impact a mixed use zoning would have on employment generation, a B4 Mixed use zone is not supported in the employment lands.
212. With regard to dwelling projections, the City is well advanced of dwelling targets provided by the draft strategy and there is therefore no clear or urgent argument for why strategically important employment lands should be immediately released in favour of residential development.

### **Sustainable Sydney 2030**

213. *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. Renewal of the employment lands aligns with the following *Sustainable Sydney 2030* strategic directions and objectives:
- (a) Direction 1 - A Globally Competitive and Innovative City – the draft controls will strengthen the City's role in the Australian economy and provide opportunities for growth and innovation.
  - (b) Direction 3 - Integrated Transport for a Connected City – the draft controls locate growth opportunities 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 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.
  - (e) Direction 8 - Housing for a Diverse Population – The draft controls and affordable housing program include provisions to support the delivery of affordable housing close to where people work.
  - (f) Direction 9 - Sustainable Development, Renewal and Design – The draft controls promote development that is well designed and fit for purpose.



### **Economic Development Strategy**

214. 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*.
215. 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.
216. 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, Information Communication Technology (ICT) and freight and logistics.

### **Creative City, Cultural policy and Action Plan 2014 – 2024**

217. In August 2014, Council adopted the *Creative City, Cultural Policy and Action Plan (2014 – 2024)* (Cultural Policy) to guide the cultural development of the City over the next decade. The Cultural Policy expands on *Sustainable Sydney 2030* Direction 7 - A Cultural and Creative City, which recognises the importance of culture and creativity to our community and its centrality to the daily life of the City. The development of the Cultural Policy has been a critical step in articulating community priorities and creating a road map for their delivery.
218. The southern employment lands create a number of opportunities for expanding the cultural offer of the City. A particular challenge for cultural activities is their inability to financially compete with residential or commercial uses for floor space, that is, they often cannot afford the rents of floor space in the inner-city. In not permitting residential uses in the employment lands, floor space will remain relatively affordable and will offer more opportunities to accommodate cultural uses.
219. In addition, the 'just out of centre' location of some parts of the southern employment lands, particularly the north B7 Business Park zone, means they enjoy easy access to the services and amenities generally located in the Green Square Town Centre, but at much lower rents.

### **PUBLIC CONSULTATION**

220. The review of the employment lands substantially commenced in 2012. The review is informed by an extensive consultation program with stakeholders, including landowners, peak bodies, business operators, real estate agents, resident groups, Sydney Airport and Port Botany and government organisations. A chronology of the project, and the various stages of consultation that has informed it, is provided at Attachment G.
221. The draft Planning Proposal, DCP amendment and draft Affordable Housing Program were publicly exhibited from 5 November 2014 to 15 December 2014, a period of six weeks. The public exhibition was notified:

- (a) by advertisement in the *Sydney Morning Herald* and relevant local newspapers;
  - (b) on the City of Sydney 'Have Your Say' website;
  - (c) by a letter to all landowners and occupiers in and around the impacted areas; and
  - (d) by an email to stakeholders who had previously registered interest in the review and for whom contact details were available.
222. Exhibition materials were made available at all of the City's customer service centres and on the City's website. A direct phone number was provided on all exhibition material so that stakeholders could speak with the relevant Council staff about any questions or concerns with the exhibition materials. Resident groups were invited to receive a briefing on the exhibition documents.
223. A total of 59 submissions were received and are summarised, together with the City's response at Appendix L of Attachment A. The key issues arising from submissions are discussed below.
224. Some submissions are concerned that the recommendations of the Study, shown at Appendix B to Attachment A, are not implemented by the draft Planning Proposal, particularly the recommendation that the areas to the north and south-east of the southern employment lands, now identified as 'investigation areas' shown at Figure 4, should be zoned B4 – Mixed Use.
225. While recognising the potential for a B4 – Mixed use zoning to permit residential development in limited areas of the employment lands, the Study articulated a clear vision for the zone as a 'genuine mixed use precinct' and made a number of recommendations about what should be included in it and what should be achieved in developing new planning controls for it. Notably these recommendations, provided at page 58 of the Study, provide that zoning should:
- *ensure that as the rezoning of these precincts creates increased land values, a portion of the value uplift is directed towards works or services aimed at achieving the objectives of Sustainable Sydney 2030;*
  - *ensure the objectives of the zone achieve the vision for the zone by actively encouraging a genuine mix of affordable residential and non-residential uses; and*
  - *ensure the zone provides flexibility to support both employment and appropriate residential uses; and*
  - *undertake a character, heritage and urban design assessment of the proposed mixed use precincts, recognising that appropriate controls will need to be developed...*

226. While the Study provides the broader evidence for land use change and the principles as to what and where employment lands might be needed and accommodated, in preparing statutory controls and establishing appropriate zoning a range of matters are taken into consideration, including, but not limited to:
- (a) the recommendations of the Study;
  - (b) State Government directions and projects;
  - (c) the Directions and targets of Sustainable Sydney 2030;
  - (d) submissions made to the public exhibition of the Background Paper, Study and draft Strategy;
  - (e) the particular characteristics of sites, blocks and precincts;
  - (f) subdivision patterns;
  - (g) environmental constraints;
  - (h) existing uses and built form; and
  - (i) the findings and recommendations of the various technical studies, as attached to the Planning Proposal.
227. The statutory controls also needed to respond to the limitations of the Standard Instrument (LEP) in achieving the City's objectives and vision for the employment lands.
228. Upon review of all relevant material, and additional analysis of the impact a B4 zoning would have on the employment generating capabilities of the land, it is concluded that the B7 zone, not the B4 zone, is the most appropriate zone to achieve the recommendations of the Study, because:
- (a) residential uses are likely to be environmentally incompatible with the existing uses in the employment lands and result in land use conflicts and/or long term pressure on the operational viability of some uses that need to locate in the zone;
  - (b) market residential uses are also economically incompatible with the long term vision for the employment lands. Markedly higher returns that developers receive from developing a residential product as opposed to a commercial product will displace employment generating uses over time and limit the potential for jobs growth. This would undermine the goal of a 'genuine mixed use precinct';
  - (c) the B7 zone will allow some residential to locate in the zone, specifically affordable housing;

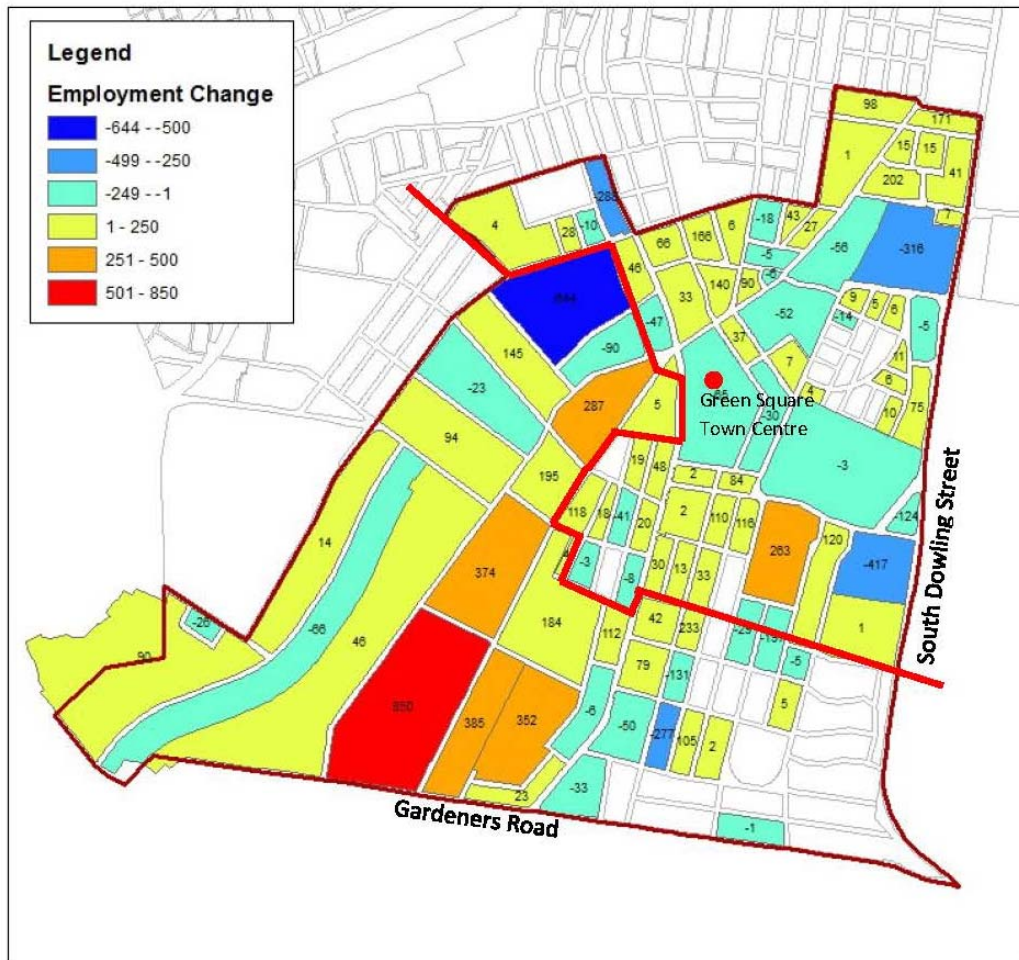
- (d) market housing can be considered on a site-by-site basis, with specific controls being developed to respond to the unique and often complex context of the site. The Employment Lands Strategy, which sits outside of the proposed statutory controls, recognises some potential for market residential in 'investigation areas' in the long term. The Guideline, shown at Attachment D, provides a framework for the consideration of site specific planning proposal requests where it would not unreasonably impact on the employment generating potential of the area and would contribute to the objectives of the employment lands.

### **Expansion of residential uses**

229. A number of submissions argue that residential uses should be permitted more broadly throughout the southern employment lands. Most of these submissions come from landowners in the investigation areas, shown in Figure 4, however, there are also some submissions from landowners in the proposed B6 Enterprise Corridor zone who also see a role for residential on their land.
230. The Study provides the broad evidence for land use change and the principles as to what and where employment lands might be needed and accommodated. It also provides some evidence for residential development in some parts of the employment land where it contributes to the broader objectives of the employment lands.
231. Notwithstanding this and despite the notable demand for land zoned for residential development, the attached Planning Proposal takes a strategic approach to urban renewal which balances the need to provide housing with the need to ensure that there is adequate and suitable land for jobs growth and for the range of services and facilities that the growing population needs.
232. As discussed above, residential development is not generally supported in the employment lands because it is incompatible with their primary purpose, which is to support employment generating uses in the long term.
233. Aside from the environmental incompatibilities, where land use conflict can reduce the viability of non-residential uses, the displacement of employment uses in favour of more profitable residential uses is also of great concern.
234. Under current market conditions, in areas such as the Green Square Urban Renewal Area, where the zoning allows for residential uses, there has been little success in retaining sites for wholly employment generating purposes. In addition, where sites are being developed for residential uses there can be significant resistance to providing even a small amount of commercial or retail space in a development. This is because of markedly higher returns that developers receive from developing a residential product as opposed to a commercial product.

235. Figure 8 is derived from the City's *Floorspace and Employment Survey 2012* (FES 2012) and shows the total change in job numbers in the Green Square and City South Village area between 2007 and 2011. Land to the north of the red line is within the urban renewal area and is generally zoned for mixed uses. About 700 net jobs located in this area between 2007 and 2011, which is a growth rate of around 7.5 per cent or 1.5 per cent per annum. In the southern employment lands, which are generally south of the red line and zoned for industrial purposes, but also include some land in the urban renewal area zoned for employment purposes, the net jobs growth is around 2,100 jobs, which is a growth rate of around 12 per cent or about 2.4 per cent per annum.
236. Over time, the employment generating uses that were locating in Green Square will be displaced by residential uses, that is, employment generating uses that are now in Green Square will steadily be replaced by residential development. In addition, the potential for employment generating uses that may have located in Green Square in future is displaced, that is, the land will no longer be available for employment generating uses. Importantly, once this land is developed for residential purposes and subdivided it can almost never be converted for commercial uses in the future. This puts the burden on government to be cautious about allowing residential uses on those lands that may be needed for productive purposes in the future.
237. In the southern employment lands, permitting residential uses would almost certainly have a similar impact that it has had in the Green Square urban renewal area. While the southern employment lands fall largely outside of the 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 NSW Government metropolitan planning strategies. Restricting residential development is essential to ensuring employment uses can continue to locate in the area.

Figure 8: Total change in job numbers, 2007 to 2012

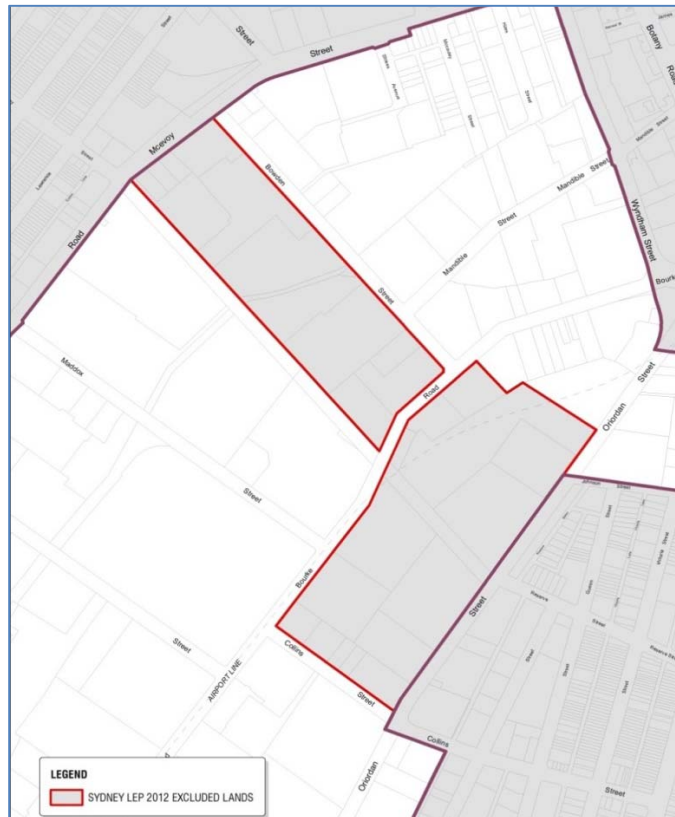


238. Notwithstanding the above, the attached Planning Proposal and the Employment Lands Strategy do provide avenues for limited residential growth, both market and affordable housing. In the B7 Business Park, affordable housing is permitted subject to it not unreasonably impacting on employment generating uses. In 'investigation areas', site specific planning proposal requests will be considered for rezoning to B4 Mixed Uses and for increases to heights and FSRs. The Guideline, provided at Attachment D, provides a framework for the consideration of site specific planning proposal requests.
239. In the proposed B6 Enterprise Corridor zone, residential development in all its forms is not supported. The proposed B6 zone has two main functions. First, it is to accommodate a range of employment generating uses, including industrial uses in the long term. It is expected in the short to medium term the B6 zone will remain largely industrial in nature, with a slow transition towards higher value employment uses in the longer term.
240. Second, the B6 zone will insulate the significantly reduced IN1 General industrial zone from more sensitive land uses, specifically, residential uses that are located, or will locate, at the peripheries of the southern employment lands. This is reflected in the additional zone objective to be added to the land use table which seeks to ensure uses locating in the B6 zone support the viability of the adjoining industrial zone for industrial uses.

**Excluded lands**

241. Following the consideration of the draft Planning Proposal by the Planning and Development Committee on 17 June 2014, Council received a number of submissions from land owners about the proposed rezoning of land in the areas currently excluded from the Sydney LEP and subject to the South Sydney Local Environmental Plan 1998 (South Sydney LEP 1998). The excluded lands are shown at Figure 9.

**Figure 9:** Lands excluded lands from Sydney LEP 2012



242. The primary concerns raised in submissions were that residential development would not be achievable under the proposed B6 Enterprise Corridor zone, despite it currently being achievable under the current zoning. Submissions assert that the land is suitable for residential development and should be zoned B4 Mixed use.
243. The land was excluded from the Sydney LEP by the then Minister for Planning, Minister Kelly, prior to its public exhibition in 2010. Before its exclusion, Council had adopted a draft LEP for submission to the Department of Planning for public exhibition that identified the land with a proposed IN1 General Industrial zoning, similar to the zoning proposed for the land to the north, south and east of it. The exclusion was made following landowner representations that, because of its impact on land values, rezoning to IN1 General Industrial should not progress ahead of an employment lands study to determine the area's future.

244. While residential development is permitted on the excluded lands under the South Sydney LEP 1998, it is noted that this is subject to the development demonstrating consistency with the objectives of the zone, which state that residential development must be 'on appropriate development sites' and that any residential component of a development must not 'adversely affect the operation of existing lawful operating industrial uses'.
245. Following the Study, and consideration of all relevant information, the most appropriate zoning for the excluded land has been determined as being B6 Enterprise Corridor, with a small portion being located in the B7 Business Park zone.
246. There is no change to the relevant provisions of the attached Planning Proposal and DCP amendment as a result of consideration of these submissions.

### **The impact of sensitive land uses on existing industrial uses**

247. Some submissions raise concerns about the impact that sensitive land uses, such as residential uses, might have on the operational viability of existing industrial uses. An example of this is the concrete batching plant that is currently located in the identified investigation area in the north of the southern employment lands. Concrete batching plants need to locate close to the inner City because of the limited time they have to deliver their product to a development site. Where located close to residential development, the noise, dust and early truck movements created by concrete batching plants can result in land use conflicts which, over time, can make it difficult for the plant to maintain operations.
248. Submissions from NSW Ports and Sydney Airport also note the importance of retaining sufficient land to accommodate the range of industrial uses that may be associated with the operations of the port and airport. The submission from NSW Ports recommends that the provisions of the draft controls be strengthened to ensure the protection of existing industrial activities from the impacts that sensitive land uses may have on their ability to operate in the long term.
249. It is noted the Study provides strong evidence for the reduction of the amount of land zoned for industrial purposes and a commensurate increase in the amount of land zoned for flexible employment uses, including some areas where some residential development may be suitable.
250. While some heavier industrial uses are scattered through the southern employment lands, the most suitable area for the proposed identified quantum of industrial land is at the southwest of the southern employment lands where the bulk of these uses already exist, it provides good accessibility to airport and road networks, including the proposed WestConnex interchange, and where there is less potential for land use conflict from sensitive uses and higher density employment uses. In addition, no residential development is proposed in the B6 Enterprise Corridor zone and, generally, industrial activities will continue to be able to locate in those areas in the long term.



251. In the proposed B7 Business Park zones there is some identified potential for residential uses. These areas are located close to public transport, have smaller sub-division patterns which generally do not lend themselves to industrial activity, and already have a strong presence of higher value employment uses. Residential uses are generally able to co-locate with the types of employment generating activity that is expected to locate in these areas over time.
252. In the immediate term, the proposed controls will permit affordable housing in the B7 Business Park zone. In the longer term, the City will consider requests for site specific planning proposals for market housing where it contributes to the broader objectives for the area.
253. While there is no requirement by the City that existing industrial uses in the B7 Business Park zones move out of the areas, it is recognised that residential uses may have some impact on their long term viability.
254. The attached planning controls include a number of provisions to ensure that, as new development locates in the B7 Business Park zone, it adequately mitigates any impact it may have on existing or planned employment uses. Likewise, with any future site specific planning proposal request, the impact on existing employment uses will also be considered.
255. Following consideration of submissions, some additions are recommended to the attached controls. The changes specifically consider hours of operation and truck access requirements of existing and approved employment uses and the health and wellbeing of future residents.
256. On a similar issue, some submissions also raised concerns about the impact sensitive land uses might have on land values and that, over time, they would price out industrial uses.
257. While it is understood that where land is proposed as a 'higher' zone the value of the land will generally increase, the Study provides evidence of less demand for relatively expensive inner-City industrial land. Retaining too much industrial land may result in keeping that land cheaper for longer, but it would not respond to the other needs of business and industry and the types of employment generating uses that will seek to locate in the area over the next 20 years.

#### **Public domain requirements and incentive provisions**

258. Some submissions raise concerns about the identification of public domain requirements on their land. In some cases they argue that they are unreasonable and would result in future development of the site being unviable. Other submissions argue that the requirements were unachievable and would slow urban renewal.
259. Balanced and sustainable urban renewal cannot occur if infrastructure delivery does not keep pace with development. The attached DCP amendment identifies an expanded public domain network to improving movement throughout the southern employment lands. This is critical to ensure that over time additional development, such as that that will result from the rezoning, can be supported.

260. The expanded public domain network will encourage more sustainable forms of transport, providing an expanded network of pedestrian and cycle paths which will link workers and residents to public transport nodes, services and recreation. The expanded road network will provide better east-west connectivity through the area, assist in moving local traffic off major road corridors and will break up the large subdivision pattern, reducing the long distances between roads, which generally disincentives walking and cycling. Importantly, this will improve the amenity of the area over time, which is of benefit not only to the wider community, but also the businesses that will locate in the area.
261. While it is appreciated that some landowners do not see a role for the public domain in their immediate plans, it is noted that sites can be bought, sold and redeveloped for a range of different purposes multiple times over a long period of time. Certainly the studies supporting the attached Planning Proposal identify change in the type of development that will seek to locate in the southern employment lands, albeit over a long period.
262. An important role of the DCP amendment is to coordinate how future development, that may be more intense in nature, responds and works towards an identified future vision for the employment lands. By identifying the best location for public domain, it ensures that over time the infrastructure needed to support the strategic vision is delivered as development occurs. Where it is not delivered as opportunities arise with new development, it risks not being delivered at all.
263. This is the approach taken in the Green Square urban renewal area. When rezoned from industrial to mixed uses in 1998, the area was similar to what the southern employment lands is today. It was characterised by industrial development, large lots and poor accessibility which was not fit to support the projected growth. To ensure that infrastructure was delivered to support the urban renewal, the new planning controls identified a future road and pedestrian and cycle network that would be delivered as new development occurred. This approach has been critical in delivering the improved network that is emerging in Green Square.
264. Some submissions seek clarity about how the incentive for the dedication of land for public roads would work. In some cases submissions are concerned that the incentive may not be enough to offset the cost of land dedication.
265. The proposed planning controls will result in three height and/or floor space incentives operating in the employment lands:
- (a) the existing design excellence clause that applies where development is over 25 metres in height and/or has a capital value of more than \$100 million and/or is located in the proposed B6 or B7 zone, is a site of more than 5,000sqm and is proposing a predominantly commercial use;
  - (b) the existing community infrastructure scheme, that applies where land is located in both the southern employment lands and in the Green Square urban renewal area; and
  - (c) the proposed incentive for public domain dedication, that applies to land in the proposed B6 Enterprise Corridor where the City identifies a need for dedication of land for public domain.

266. While incentives are important to achieve good public domain outcomes in the urban renewal areas, the City is also mindful that incentives must be carefully balanced with the impacts additional development capacity may have.
267. Following further consideration of the proposed incentive for public domain dedication, which was publicly exhibited as a 15 per cent incentive for the dedication of public roads only, a number of changes are recommended to achieve the stated objective of the clause and better balance its outcomes. Proposed changes include:
- (a) broadening the application of the provision so that it applies to all sites where land may be dedicated for public domain, not only public roads - this follows consideration of submissions that identified concerns about the impact that requirements for dedication for the liveable green network, footpaths and through site links may have on development potential of certain sites;
  - (b) clarifying that only a total of 15 per cent additional height or additional floor space can be achieved on a site, that is:
    - (i) where design excellence is required, and 10 per cent additional height or floor space is being sought under that clause, additional height or floor space of up to five per cent can be achieved on the site for public domain dedication; but
    - (ii) where design excellence is not required, and additional height or floor space is not being sought under that clause, up to 15 per cent of floor space or height can be achieved on the site for public domain dedication; and
  - (c) exclude areas in Green Square, where the provision of community infrastructure is incentivised by additional floor space under Clause 6.14 of the Sydney LEP – this affects a small area in the southern employment lands where land proposed to be zoned B6 is also located in Green Square.

### **Affordable housing**

268. In response to the proposed provisions and strategies to promote the delivery of affordable housing, the City received six submissions of support from CHPs, including a submission from *Shelta*, a peak body representing social and affordable housing providers.
269. The City agrees that as employment growth occurs it will generate additional demand for housing for key workers. The attached Planning Proposal includes two provisions to facilitate affordable housing in and around the southern employment lands. In addition, site specific planning proposal requests will be considered in investigation areas, shown in Figure 4, where affordable housing forms a substantial component of the proposal.
270. Some submissions from CHPs, as well as a submission from the City of Sydney as a landowner in the area, raise concerns that affordable housing would be unable to locate on the ground floor of development.

271. The intent of locating affordable housing off the ground floor is to ensure that the employment functions of the zone are not undermined, that commercial activity is retained along street frontages and that the public domain does not 'read' as a residential area.
272. Notwithstanding this, it is reasonable that affordable housing could be provided at the ground floor as long as commercial activity is retained where it fronts an existing or planned street. Some change is recommended to the drafting instructions, shown at Appendix E of Attachment A, to facilitate this.
273. Some submissions from landowners argue that there was a lack of justification for the affordable housing requirements in the Planning Proposal, that there is no guarantee of their success and that they may impact on the viability of development.
274. 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.
275. It found that while the type of jobs that are likely to locate in the southern employment lands in the next 20 years 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 are likely to be for very low to moderate income earners. Low paid workers will continue to experience difficulties in finding affordable and appropriate housing close to work. Moreover, these new workers will generate demand for services generally staffed by lower income earners, such as childcare workers and shop assistants.
276. The price of land in the southern employment lands will increase as a result of the rezoning, with landowners being the beneficiaries of those increases. The increase in land value in and around the southern employment lands will have an impact on the affordability of housing, particularly for low and moderate income earners within the City. Redevelopment in and around the southern employment lands will continue to produce upward pressures on property values and on purchase and private rental accommodation costs, beyond the means of low to moderate income groups.
277. Without provision of more affordable forms of housing, the market can be expected to continue to produce more expensive housing, so that housing will only be affordable to households on relatively high incomes. Lower income households would need to move out of the area or may be prevented from finding housing in the area close to new employment opportunities.
278. Recognising there is no 'silver bullet' for the complexities of delivering affordable housing through the planning framework, the needs analysis recommends a combination of mechanisms be implemented to maximise affordable rental housing opportunities.
279. While it is noted that the various mechanisms proposed are not all commonplace, it does not follow that they will not be successful and should not be attempted. Finding new and innovative approaches to delivering affordable housing is critical to address its chronic under provision in the inner-city. The rationale for each approach is discussed earlier in this report.

280. The ongoing viability of development is a critical consideration in developing new planning controls. The requirement for contribution to affordable housing is established with reference to:
- (a) the affordable housing needs analysis; and
  - (b) the long term successful operation of the Green Square Affordable Housing Program that currently operates in the Green Square urban renewal area and which overlaps the southern employment lands in the north.
281. As evidenced by the successful operation of the Green Square Program since the rezoning of Green Square in 1998, it is unlikely that the contribution would have detrimental impact on the viability of development. As it is being imposed as land values are generally increasing in the area in response to the proposed rezoning, future land owners and prospective purchasers will be forewarned of the expected contribution and it will be factored into the land value accordingly.
282. Some submissions are concerned that the requirement in the Employment Lands Strategy that 50 per cent of any market housing resulting from requests for site specific planning proposals in investigation areas should be affordable is unreasonable.
283. The Strategy does recognise some potential for residential uses in the area in the long term and provides an avenue for limited residential growth (both market and affordable) in 'investigation areas'. The prerequisite for consideration is that any residential development would not unreasonably impact on the employment generating potential of the area and would contribute to the objectives of the employment lands, in particular those objectives that seek to provide affordable housing to a growing workforce.
284. Further to the Strategy, the draft *Guideline to Preparing Site Specific Planning Proposal Requests in the City of Sydney Employment Lands Investigation Areas*, shown at Attachment D, provides a framework for sharing the benefit of any site specific planning proposal for the rezoning of land in investigation areas.

#### **Retail uses outside of centres**

285. A number of submissions advocate a relaxation of the current large floor plate retail and bulky good restrictions in the Sydney LEP.
286. The Sydney LEP requires that retail development in the south of the LGA, that is not located in an identified centre, can have a maximum floor space of 1,000 square metres. This control was informed by major research, including the *Minor Retail Development in Green Square and the Southern Areas Research Paper* by SGS Economics in 2010.
287. The retail provisions are to ensure that not only the retail needs of the future population can be met, but that the Green Square Town Centre, and other identified centres, will emerge as vibrant and viable nodes of economic and social activity.

288. The City is currently reviewing its retail strategies, including the 1,000 square metre cap, to consider its relevance in the context of recent development applications and a higher growth rate than expected in the Green Square urban renewal areas. While potentially supported at a later date, amendment to retail provisions ahead of a solid evidence base for their alteration is not supported.
289. A submission from the Moore Park SupaCenta objects to the wording of the Schedule 1 amendment which limits the amount of floor space to be used on the site for 'shops' to a total of 1,000 square metres. They argue that the proposed amendments allow other bulky goods centres along O'Riordan Street to have up to 1,000 square metres of floor space *per tenancy* and that this creates inequity.
290. For background, 'shops' are not currently permitted in those areas where bulky goods are located, specifically along O'Riordan Street and at the Moore Park SupaCenta.
291. The draft controls propose that along O'Riordan Street, that is to be in the B6 Enterprise Corridor zone, that 'shops' be permitted.
292. On the Moore Park SupaCenta site, which is proposed to remain zoned B5 Business Development, 'shops' will continue to be prohibited from the land use table, but will allow a maximum of 1,000 square metres of floor space for 'shops' on the site.
293. Under the Sydney LEP, land within the southern retail catchment area is capped to 1,000 square metres of floor space for 'shops'. The LEP clause is not explicit about whether the cap applies as a maximum for a site or as a maximum tenancy size for multiple shops on each site. That clarification forms part of a pre-amble to the provisions of the Sydney DCP which indicate the LEP clause intends to restrict tenancy size.
294. The Moore Park SupaCenta is not inside the southern retail catchment area and is therefore not subject to the cap in the Sydney LEP or the more detailed retail provisions of the Sydney DCP. Notwithstanding this, in developing the draft controls it is reasonable to allow some minor relaxation of the prohibition of 'shops' on the site. It was not intended to facilitate a wide expansion of general retail uses on the site, particularly given the potential traffic impacts and lack of appropriate infrastructure.
295. The Moore Park SupaCenta was not within the study area of the major research that informed the 1,000 square metre cap in the Sydney LEP. This is primarily because 'shops' have, to date, not been permitted on the site. It was therefore considered that there would be no expansion of general retail uses in that location.
296. Ahead of the outcome of the City's review of its retail strategies, and a better understanding of the potential impacts of an expansion of general retail uses on the site, no change is recommended to the draft controls.

### **Height and Floor space**

297. Some submissions argue that FSRs and heights should be increased and that without the increase there is no incentive for urban renewal.

298. The economic study, shown at Appendix F to Attachment A, finds that there is no apparent demand for widespread intensification of densities and heights in the employment lands. While some forms of industrial, business or retail activity may require larger envelopes, they are the exception rather than the rule.
299. A blanket increase in heights and densities ahead of any apparent demand is likely to result in inflated land values which do not reflect the commercial realities of the area.
300. Where the required change is minor, it may be facilitated by a variation at the development application stage, where appropriate. Where it is more substantial, the landowner may seek to lodge a site specific planning proposal request to change the planning controls.

### **Gardeners Road and arising land use conflicts**

301. A submission from Botany Council references concerns regarding the location of the proposed IN1 General Industrial zones adjacent to Gardeners Road and the conflict of industrial land uses in this region with the changing higher density residential development that is occurring in the region through the Mascot Station Town Centre Precinct Area.
302. The Employment Lands Study shows that industrially zoned land close to the City and the airport and the port continues to play a critical role in the local and state economy, as well as a practical role by ensuring inner City residents can continue to access industrial services. The rationale for continuing the IN1 zone in this area is:
  - (a) it consolidates heavier uses where they already exist; 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.
303. While it is agreed that the interface between residential development and other uses is an important consideration in preparing new zoning and planning controls, it is noted that the area has a long history of industrial activity and is located along a busy state road. To that extent, new residents must have a reasonable understanding that they may not enjoy the same level of amenity that they may have in a more suburban setting.
304. Notwithstanding this, industrial activities are required to operate within established guidelines and must also respect adjacent land uses, including residential uses. Any proposed redevelopment will require a development application which will be subject to merit assessment and, where appropriate, conditions of consent can be applied to mitigate any impact.

### **Promoting renewal of the Alexandra Canal**

305. One submission raises concerns that the draft controls do not maximise opportunities to activate the foreshore of the Alexandra Canal for recreation purposes.

306. 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.
307. 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.
308. 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.
309. The attached DCP amendment 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, it includes indicative future roads and links to improve access to the canal east and north through the proposed B6 Enterprise Corridor zone.
310. There is no change to the relevant provisions of the attached Planning Proposal and DCP amendment as a result of consideration of these submissions.

### **WestConnex and the Plan for Growing Sydney**

311. A submission from a major landowner in the employment lands raises concerns that the recommendations of the Study, the technical studies and the draft Planning Proposal should be reviewed in light of the release of the NSW Government's *Plan for Growing Sydney* (Sydney Plan). The submission also argues that the draft Planning Proposal does not consider the major infrastructure projects such as WestConnex and the second Sydney Airport on the employment lands.
312. Given the significance of the Sydney Plan and its particular relevance to the southern employment lands, a strategic review of the Planning Proposal and DCP amendment was undertaken to establish its consistency with the Sydney Plan's directions. The *Review of the NSW Government's Plan for Growing Sydney* is shown at Appendix K of Attachment A.
313. The review concludes that the attached Planning Proposal and supporting controls remain consistent with State Government directions which recognise growth is to be supported by a more dispersed approach to employment generation where jobs are located close to where people will live.
314. With regard to WestConnex, there has long been land reserved in the Sydney LEP for the purpose of a road. While there were uncertainties about where the interchange might be identified exactly as the Planning Proposal was being prepared, it was a known possibility that it would locate within the proposed IN1 General Industrial zone.



315. The potential for industrial activity to re-locate to the western suburbs of Sydney quicker than otherwise expected should WestConnex progress was also understood, and provided additional weight to the argument for the proposed reduction in the amount of land currently zoned IN1 General Industrial.
316. While the extent of the impact that WestConnex may have on the employment lands cannot be fully understood ahead of detailed traffic modelling and a better understanding of the associated road upgrades is provided, it is unlikely that it would result in the need for significant review of the proposed land use and planning controls.
317. The City is continuing its work with Roads and Maritime Services and Transport for NSW to ensure that planning controls in the southern employment lands will remain responsive to changing transport and traffic drivers as they emerge in the area.
318. Sydney's second airport at Badgerys Creek was announced in April 2014. While there is little confirmed information publicly available on its planning and timing, the Australian Government suggested in its announcement that construction is expected to begin in 2016 and will be completed by mid-2020s.
319. The airport at Badgerys Creek is proposed to start out as a smaller sized airport with a single runway which will serve the expected moderate demand in the short term, but eventually will develop into a full scale airport with parallel runways as demand increases. It is anticipated that while some industrial operations and services that support Kingsford Smith Airport may move from the inner-city to western Sydney in future, Kingsford Smith is still to remain Sydney's primary passenger and airfreight gateway and will require land to locate associated services.
320. The attached Planning Proposal acknowledges the likely reduction of demand for industrial activity over time by proposing a reduced IN1 General Industrial zone. However, given the growth projections in the Airport Masterplan (Kingsford Smith Airport), it also recognised other uses associated with the airport that may be less industrial in nature will continue to locate in the area in the long term. This is supported by the submission received from Sydney Airport Corporation which notes the importance of the Sydney Airport in the national economy and the need to accommodate airport related uses in the long term.

## **BUDGET IMPLICATIONS**

321. Demand for infrastructure will increase as the intensity of uses increases. The Infrastructure Plan, provided at Appendix I to Attachment A, identifies an indicative cost estimate of the likely infrastructure requirements, including, but not limited to, roads and open space.
322. Some of the roads may be achieved through the floor space incentive provision in the attached Planning Proposal. However, it is recognised the scope for this is limited to where there is demand for additional floor space.

323. 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 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 mid-2015.

#### RELEVANT LEGISLATION

324. *Environmental Planning and Assessment Act 1979* (EP&A Act) and *Environmental Planning and Assessment Act 2000*.

#### CRITICAL DATES / TIME FRAMES

325. The Gateway Determination requires that the amendment to the Sydney LEP is completed by 17 September 2015.
326. To improve the plan-making process, the Minister for Planning delegated her plan making powers under Section 59 of the Act to Council in December 2012.
327. The Gateway Determination for the draft Planning Proposal is shown at Attachment E and authorises Council to exercise this delegation and liaise directly with Parliamentary Counsel to draft and make the local environmental plan. If the attached Planning Proposal is approved by Council and the CSPC, the City will commence this process. Once this process is complete and the plan is made, the amendment to Sydney LEP 2012 will come into effect when published on the NSW Legislation website.
328. If approved by Council, the DCP and the Affordable Housing Program will come into effect on the same day as the amendment to Sydney LEP 2012.

#### GRAHAM JAHN, AM

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