

Item 3.

Guideline to Preparing Site Specific Planning Proposal Requests in the City of Sydney Employment Lands Investigation Areas - Strategic Review and Revocation

File No: S108285

Summary

This report recommends that Council switch off consideration of any further changes of use planning proposals in the 'investigation areas' of the Southern Employment lands. This brings Council into alignment with the recent planning priorities announced by the Greater Sydney Commission in the Greater Sydney Region Plan for our District.

The City of Sydney's southern employment lands comprises 265 hectares of some of the most strategically located employment land in the Sydney Metropolitan area. It is critical to servicing the nation's premier central business district and the country's busiest port and airport. Located in the suburbs of Rosebery and Alexandria, it is the only remaining land zoned exclusively for employment uses in the City of Sydney.

In June 2014, Council adopted the City of Sydney Employment Lands Strategy 2014-2019 (Strategy) which formed the basis for the rezoning of much of the land in the local government area (LGA). The Strategy identified two 'investigation areas', where requests for site specific planning proposals will be considered to permit residential uses. Although these areas are not zoned for market housing, Council adopted the Guideline to Preparing Site Specific Planning Proposal Requests for the City of Sydney Employment Lands Investigation Areas (Guideline) in 2015 to allow consideration of planning proposal requests to rezone sites.

The investigation areas are critical places for urban services. Urban services are businesses that support the growth, functioning and liveability of cities, and include a diverse mix of services that have a strong direct relationship with local businesses and communities and need to be in proximity to their suppliers and customers.

One of the greatest risks to employment land in the City of Sydney is speculative land purchase of relatively cheap non-residential land with the ambition of converting this land into 'higher value uses'. Land in the investigation areas is particularly vulnerable to this pressure.

The Greater Sydney Region Plan - A Metropolis of Three Cities and the Eastern City District Plan, released in March 2018, provides strategic direction for employment lands, called 'industrial' and 'urban services' land in the plans. Planning Priority E12 in the District Plan is: "Retaining and managing industrial and urban services land". This Planning Priority delivers on Objective 23 of the Region Plan: "Industrial and urban services land is planned, retained and managed".

This Planning Priority and Objective follow the findings of the Greater Sydney Commission (Commission) that employment lands in the Eastern City District are critical, are scarce, and are under development pressure. This has led to the Commission's definitive policy position that all employment land be retained in the District. A different approach is to be taken in the Western and Central City districts owing to the relatively large supply of these lands.

In response to the Planning Priority and Objective in the District Plan, the City has reviewed its approach in its employment lands 'investigation areas' to align it with the Commission's strategic directions. The review concluded the City's Guideline for the investigation areas is now inconsistent because of its implicit support for rezoning requests that would displace employment uses in favour of residential uses.

This report therefore recommends that Council's 2015 approval of the Guideline to Preparing Site Specific Planning Proposal Requests for the City of Sydney Employment Lands Investigation Areas be revoked and that further rezoning of employment land in the local government area not be supported.

Recommendation

It is resolved that:

- (A) Council revoke its approval of the Guideline to Preparing Site Specific Planning Proposal Requests in the City of Sydney Employment Lands Investigation Areas, as shown at Attachment A to the subject report; and
- (B) Council note that the City of Sydney will write to the Minister for Planning requesting a revision of the Ministerial Direction - 1.1 Business and Industrial Zones to ensure that it aligns with Region and District Plan priorities and objectives to retain industrial and urban services land.

Attachments

- Attachment A.** Guideline to Preparing Site Specific Planning Proposal Requests in the City of Sydney Employment Lands Investigation Areas

Background

1. The City of Sydney's southern employment lands comprises 265 hectares of some of the most strategically located employment land in the Sydney Metropolitan area that is critical to servicing the nation's premier central business district and the country's busiest port and airport. It is the only remaining land zoned exclusively for employment uses in the City of Sydney.
2. The southern employment lands accommodates a wide variety of employment generating activities including manufacturing, wholesale trade, transport and logistics related industries, postal activities and warehousing. It does not allow for market residential uses, though does allow for affordable housing. Retention of this land and making space for more businesses is critical to support emerging new industries such as high tech, creative spaces and retail and distribution facilities.
3. In June 2014, Council adopted the City of Sydney Employment Lands Strategy 2014-2019. The Strategy underpinned extensive rezoning in the southern employment lands from predominantly industrial zones to business zones that allow for a wider range of business activities and employment opportunities. Some industrial land was retained to ensure industrial activities that need to locate close to the CBD, Port Botany and Sydney Airport can continue to do so.
4. Two 'investigation areas' were identified within the southern employment lands, as shown at Figure 1, and are identified in the Guideline to Preparing Site Specific Planning Proposal Requests for the City of Sydney Employment Lands (Guideline), adopted by the Council in 2015. The Guideline provides planning proposal requests will be considered to rezone sites in the investigation areas where development would support the wider objectives for the area.
5. A key objective of the Guideline is to facilitate, over the long term, high quality mixed use precincts in investigation areas that incorporate employment generating uses, including cultural and community uses, as well as market housing and affordable rental housing. These two areas were considered the most suitable for these uses because of their proximity to public transport.

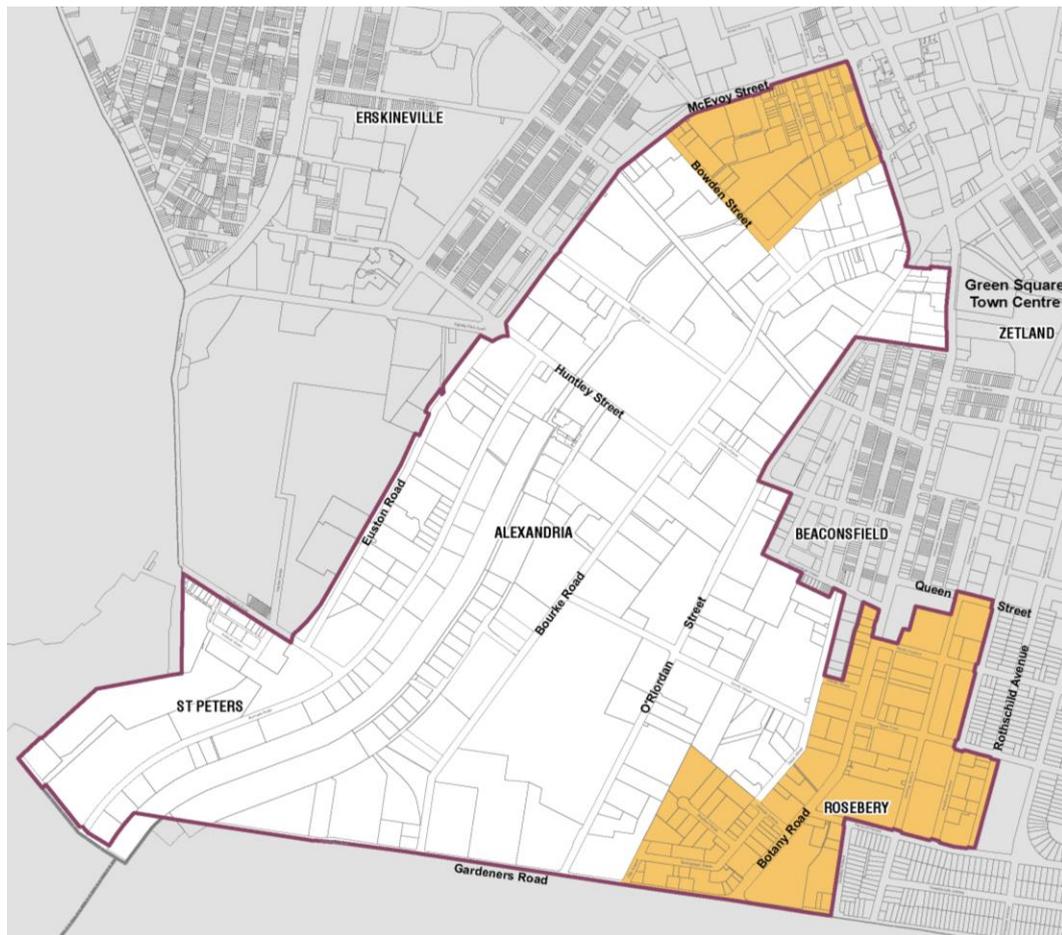


Figure 1 - Employment Lands Investigation Areas (North and South)

The Importance of Industrial and Urban Services Land

6. Ensuring the protection of land for industrial uses and urban services is critical to the efficient function of a city. Urban services, in contrast to industrial uses, typically service nearby residential populations and have a stronger direct relationship with local businesses. They are businesses and services that support the growth, functioning and liveability cities, and include a diverse mix of uses such as storage, building construction, postal services, building support services, motor vehicle services, printing, waste management, courier services, concrete batching plants and can also be new economy or creative uses.
7. Where there is inadequate land zoned specifically for industrial and/or urban service uses to locate, urban services are placed in direct competition with residential and retail uses for land. This has resulted in urban services being priced out of inner city areas.
8. Much of the City's urban services are located in land zoned B7 - Business Park, B6 - Enterprise Corridor and B5 - Business Development zones under the Sydney Local Environmental Plan 2012; however, there are important pockets located in some of the City's B4 - Mixed Use zones.

9. Industrial and urban services land in the Eastern City District (District) provides cost competitive and well located land for industries and services that support businesses in the Harbour CBD, other centres and Greater Sydney's two existing international trade gateways of Port Botany and Sydney Airport. Demand for this land will increase with population growth. Good local access to these services reduces the need to travel to other areas, minimising congestion on the transport system and provides for more efficient services and goods delivery.
10. The Eastern City District Plan (District Plan) estimates the District has 1,497 hectares of industrial and urban services land. This represents approximately 11 per cent of Greater Sydney's total stock of industrial and urban services land. This land contributed approximately \$15.4 billion or six per cent to NSW Gross Domestic Product in 2015. It also accommodates approximately 123,000 jobs, or 15 per cent of the total jobs in the District.
11. The largest industrial and urban services precincts in the District are clustered around the trade gateways of Port Botany and Sydney Airport/Mascot, with large tracts at South Strathfield/Enfield and Alexandria (the City's southern employment lands). Outside the Harbour CBD, Mascot, Alexandria and Botany are the most significant employment precincts in the District in terms of job generation.

Region and District Plans require that industrial and urban services land is retained and managed

12. The Greater Sydney Region Plan - A Metropolis of Three Cities (the Region Plan) and the District Plan provides clear high-level direction about how to plan for industrial and urban services land. Planning Priority E12 in the District Plan is: "Retaining and managing industrial and urban services land". This Planning Priority delivers on Objective 23 of the Region Plan: "Industrial and urban services land is planned, retained and managed."
13. The District Plan also includes a number of corresponding principles and actions so that priorities and objectives can be achieved. Action 51 in the District Plan states:

"Retain and manage industrial and urban services land, in line with the Principles for managing industrial and urban services land in the Eastern City District by safeguarding all industrial zoned land from conversion to residential development, including conversion to mixed use zones. In updating local environmental plans, councils are to conduct a strategic review of industrial land."
14. The City conducted a comprehensive review of industrial lands in 2014 and at that time Council adopted the City of Sydney Employment Lands Strategy 2014-2019 which formed the basis for the rezoning of much of the industrial land in the LGA in 2015 to the zonings that exist today and the Guideline. Any further review of these industrial lands is not envisaged in the short to medium term.
15. This action delivers on the following key principle in the Region Plan:

"Retain and Manage: All existing industrial and urban services land should be safeguarded from competing pressures, especially residential and mixed-use zones. This approach retains this land for economic activities required for Greater Sydney's operation, such as urban services. Specifically these industrial lands are required for economic and employment purposes."

Key Implications

Planning for industrial and urban services land

16. The City of Sydney is currently preparing a Local Strategic Planning Statement (LSPS), as required by the Environmental Planning and Assessment Act 1979. The LSPS must include or identify the basis for strategic planning in the City of Sydney, having regard to economic, social and environmental matters; including the planning and actions required for achieving those planning priorities. The Department of Planning and Environment requires that the statement is exhibited as soon as July 2019.
17. The LSPS forms the bridge between the Region and District Plans and the City's planning controls. The LSPS must align with the Plans, and as such will need to ensure the retention and management of industrial and urban services land and other land uses across LGA.
18. To guide the implementation of its policy direction the Commission has published its first 'thought leadership paper', A Metropolis That Works, which are expected to be accompanied by additional research papers that respond to the changing nature of industrial and urban services, their spatial requirements, their strategic value, and their role in the District.
19. A Metropolis That Works identifies the following key considerations in understanding the roles of industrial and urban services land:
 - (a) A growing city needs to be a working city. It needs spaces that allow it to function, make and create.
 - (b) A changing city needs spaces which offer capacity for innovation, adaptability and resilience in preparing for future needs, opportunities and challenges including the digital economy and technological change.
 - (c) The value of industrial and urban services land should not be based only on the volume and types of jobs generated, but to the operational role and function it plays throughout the city.
 - (d) The provision of sufficient industrial land with access to markets and users across the whole metropolitan area is integral to delivering the 30-minute city.
 - (e) A working global city needs spaces to ensure key economic uses can survive and thrive within ready access of customers and markets.
 - (f) Industrial precincts should be identified as valuable and strategic places in Region, District and Local Environment Plans.
 - (g) A 'no regrets' approach is required in any decisions affecting industrial and urban services land, with the ramifications of any displacement of activity fully understood and strategically managed.

Revocation of the Guideline to Preparing Site Specific Planning Proposal Requests for the City of Sydney Employment Lands

20. As above, the District Plan Planning Priority and Objective follow the findings of the Commission that employment lands in the Eastern City District are critical, are scarce, and are under development pressure. This has led to the Commission's definitive policy position that all employment land be retained in the District. A different approach is to be taken in the Western and Central City districts owing the relatively large supply of these lands.
21. In response to the Planning Priority and Objective in the District Plan, the City has reviewed the Guideline for its 'investigation areas' to align it with the Commission's strategic directions. The review concluded the City's Guideline is inconsistent because of its implicit support for rezoning requests that would displace employment uses in favour of residential uses.
22. This report therefore recommends Council's 2015 approval of the Guideline be revoked and that further rezoning of employment land in the LGA not be supported.

Local Planning Direction for Business and Industrial Zones (Ministerial Direction)

23. Councils are required to follow certain directions issued by the Minister for Planning when preparing planning proposals for new Local Environment Plans. Direction 1.1 applies to business and industrial zones and applies when a planning proposal will affect land within an existing or proposed business or industrial zone. An objective of this Direction is to protect employment land in business and industrial zones. However, exceptions to this Direction may be made in some circumstances.
24. One of the greatest risks to employment land in the City of Sydney is speculative land purchase of relatively cheap industrial land with the ambition of converting this land into 'higher uses', in particular residential uses.
25. By allowing exceptions, the Ministerial Direction conflicts with the strategic direction of the District Plan, that is, priorities, objectives and actions that require the retention of industrial and urban services land. If exceptions continue to apply, sites will continue to come under pressure to rezone land for residential uses and employment land will be lost.
26. A recommendation of this report is that Council note the City of Sydney will write requesting the Minister for Planning revise the Ministerial Direction to ensure that it aligns more strongly with District Plan Priority and Objective to retain industrial and urban services land.

Strategic Alignment - Sustainable Sydney 2030 Vision

27. Sustainable Sydney 2030 is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This report is aligned with Direction 1 - A Globally Competitive and Innovative City, which notes retention of employment land is critical to protect and provide opportunities for urban services that serve local communities, and to support emerging new industries such as high tech industries and creative spaces.

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