
PLANNING PROPOSAL - PP_2014_COFFS_005_00 FOR ISLES INDUSTRIAL ESTATE, COFFS HARBOUR

Purpose:

The purpose of this report is to present a Planning Proposal (PP) – PP_2014_COFFS_005_00 for Council's consideration.

The report recommends that Council seek a Gateway Determination from NSW Planning and Environment (P&E) to place the PP on public exhibition. The report also recommends that a further report on this matter is considered by Council following exhibition of the PP. The PP is included as Attachment 1 to this report.

Background

The change in land use zone from a 4A Industrial zone under Coffs Harbour City Local Environmental Plan (LEP) 2000 to a B5 Business Development zone under Coffs Harbour LEP 2013 was primarily triggered by two events.

The first trigger was a requirement by the State Government that local Councils replace their existing LEPs with an LEP in accordance with the Standard Instrument (Local Environmental Plan Order) 2006. This change necessitated a new suite of zones that complied with the requirements of the Standard Instrument (SI), and which were less flexible at the local level than previously was the case.

For each zone, the Standard Instrument sets out 'core' objectives for development, and certain mandated permitted or prohibited land uses. Councils can include additional local objectives to supplement core objectives where appropriate.

The Land Use Table in the Standard Instrument mandates certain permitted and prohibited land uses in certain zones. In addition to the mandated uses, Councils can modify the land use table to permit (with or without consent) or prohibit the other land uses.

The second trigger was the findings of the Coffs Harbour Industrial Lands Strategy (ILS) 2009. The ILS was developed to guide the future development of industrial lands within the Local Government Area (LGA).

The ILS Investigated the structural drivers for industrial development by analysing population projections and labour market profiles associated with the supply and demand of industrial land stock. The social, environmental and economic impacts of industrial land provision were also analysed.

The ILS provides informed advice on the preferred location, size, zoning and amount of industrial land required for sustainable employment generation and industry functioning and is used to guide Council's future release of land for industrial purposes.

The ILS includes a clearly defined industrial lands hierarchical structure to ensure that each industrial zone provides for land uses that are consistent with the role and function of identified industrial areas or precincts. This hierarchical structure is required to ensure that each industrial zone provides for land uses that are consistent with the role and function of identified industrial areas or precincts and to limit commercial and retail uses such as bulky goods to specific areas (i.e. B5 zoned lands).

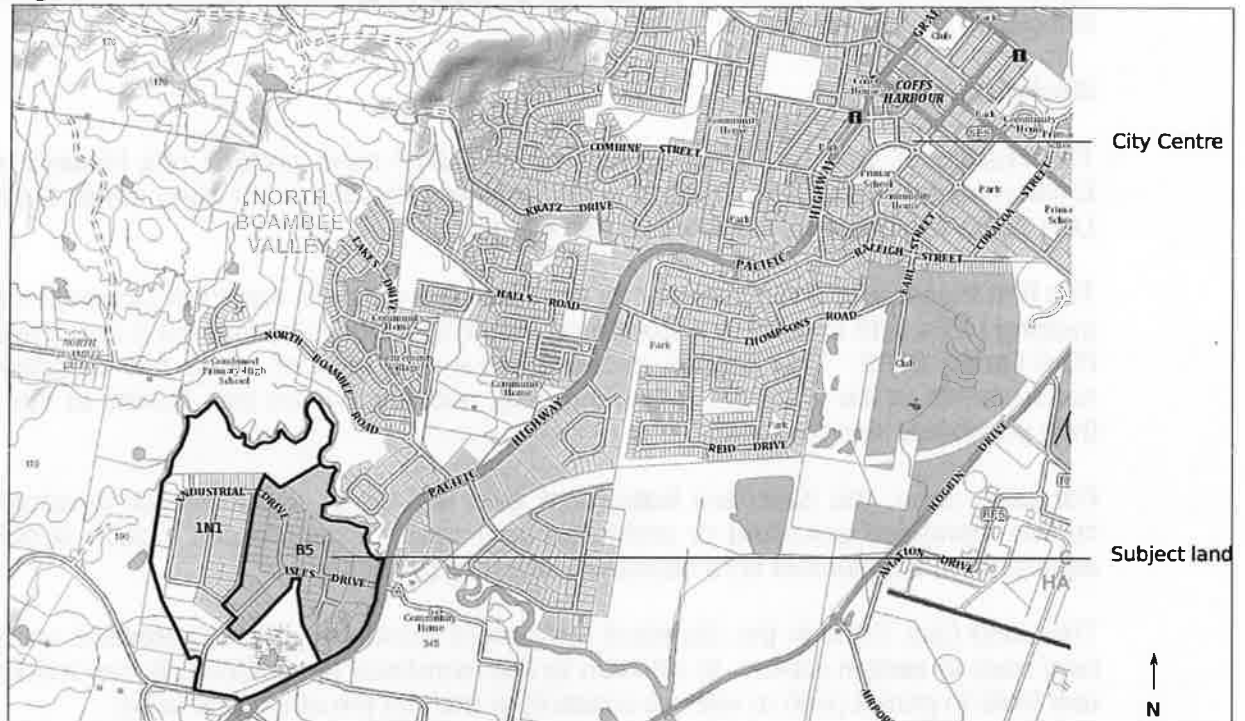
The ILS recommended the need to discourage retail development in industrial zones and a review of the permitted uses within industrial zones as part of the preparation of the new LEP.

The ILS and draft LEP went through two separate public exhibition processes. On the basis of this review process a large area in the Isles Industrial Estate was rezoned from Industrial 4A under Coffs Harbour City LEP 2000 to B5 Business Development under Coffs Harbour LEP 2013.

Description of Item:

The PP relates to land contained within the Isles Industrial Estate, the location of which is shown in Figure 1 below:

Figure 1 – Location of the Isles Industrial Estate



Coffs Harbour LEP 2013 was made on 27 September 2013. Coffs Harbour LEP 2013 is based on the Standard Instrument (Local Environmental Plan) Order 2006, which comprises additional land use zones to those under the former Coffs Harbour City LEP 2000.

The ILS (2009) and the Business Centres Hierarchy Review (BCHR) (2011) were prepared to assist Council in the application of the new land use zones under the Standard Instrument Template. On the basis of such strategic assessments, the B5 Business Development Zone was applied in two locations – at Homebase located on Mastracolas Road / Pacific Highway Coffs Harbour North, and in the North Boambee Valley area surrounding the Pacific Highway.

The B5 zone at North Boambee Valley replaced the Industrial 4A zoning that applied under the former Coffs Harbour City LEP 2000. This was seen as appropriate at the time given that bulky goods premises were specifically excluded from the IN1 Industrial zone under the Standard Instrument LEP. The two B5 precincts have traditionally attracted this type of development, and the IN1 zone was seen to limit this type of development to these locations.

Since the introduction of Coffs Harbour LEP 2013, a number of landowners in the Isles Industrial Estate (North Boambee Valley B5 precinct) have strongly objected to the application of the B5 zone on their land. The landowners have expressly stated a desire for the land to be reverted to an industrial zoning (IN1), as much of the land in the estate has been developed for, and is intended for, industrial purposes. Figure 2 below illustrates the properties for which objections have been received in relation to the application of the B5 zone.

Figure 2 - properties that have recently objected to the B5 zone (green shaded properties objected to B5 zone)



Anecdotal evidence suggests that while there is currently little demand for bulky goods premises in the estate, there is a demand for general industrial land uses in this location. The PP has examined these issues, and seeks to retain the B5 zone on lots facing the Pacific Highway to the south of Isles Drive, with the balance of the Industrial Estate zoned IN1. This would retain the highest profile land in a B5 zone.

The PP (rezoning) proposes to:

- rezone lands within the Isles Industrial Estate from a B5 Business Development zone to an IN1 General Industrial zone;
- provide land for development that is in keeping with the environmental and servicing capacity of the land; and
- reduce the potential for land use conflict between properties within the Isles Industrial Estate.

The zoning arrangement for the subject lands as proposed is shown in Figure 3 below:

Figure 3 – proposed zoning under this Planning Proposal



Sustainability Assessment:

Any amendment to Coffs Harbour LEP 2013 needs to address environmental, social, civic leadership and economic sustainability criteria as follows:

- **Environment**

The Isles Industrial Estate B5 zoned precinct is subject to the following environmental constraints:

- parts of the precinct is classified as a “low risk” for Acid Sulfate Soils;
- land within the northern parts of the precinct contains primary koala habitat (surrounding Newports Creek);
- the estate is located in the Coastal Zone under the Coastal Protection Act and is subject to the provisions of State Environmental Planning Policy 71 – Coastal Protection;
- some land within the precinct is bushfire prone; and
- some land within the precinct has the potential to flood.

Consultation with appropriate government agencies and other branches/departments of Council confirm that these environmental matters can be addressed as part of a development application subsequent to any rezoning process. Appropriate mitigation measures can be implemented at this time to ensure that no adverse environmental impacts are associated with any subsequent development of the subject lands.

The PP aims to ensure the City's development is carried out in an environmentally sustainable manner.

- **Social**

The PP reflects Council's long term strategic vision for the City as endorsed in the ILS 2009, Employment Lands Strategy (ELS) 2008, BCHR 2011 and the Coffs Harbour 2030 Plan.

- **Civic Leadership**

The PP process will be undertaken in accordance with the provisions of the *Environmental Planning and Assessment (EP&A) Act 1979*, as well as the EP&A Regulation 2000.

The PP also seeks to implement appropriate and relevant strategies of the Coffs Harbour 2030 Plan to achieve the following objective:

- **Objective:** *LP 2 We have a strong and diverse economy*

Strategy: *LP 2.1 Maximise opportunities for workforce participation*

Comment:

The PP will enable employment activities that will assist in achieving this strategy. The eventual construction of buildings will provide employment and post construction employment through opportunities such as trade apprenticeships. In addition, the PP will increase the opportunity for industrial development which has a more competitive market in the Coffs Harbour LGA than bulky goods.

Considering and implementing this community endorsed strategy as part of this PP ensures that the PP is consistent with the 2030 plan.

- **Economic**

The continued economic growth and development of the City is supported by the PP. The proposal applies to lands that are suitable for general industrial uses to service the South Coffs Harbour area.

Broader Economic Implications

The PP aims to rezone the lands to a more suitable zone which will expand the development opportunities for the lands.

The PP provides additional industrial development options and opportunities in the South Coffs Harbour area and beyond.

Delivery Program/Operational Plan Implications

There are no immediate financial implications or operational impacts on Council by proceeding with the PP.

Risk Analysis:

The PP has assessed and documented the constraints that affect the land. The PP has demonstrated that the constraints affecting the land can be managed effectively, therefore minimising associated risks.

Consultation:

Consultation through public exhibition of the associated documents, as well as consultation with a number of State government bodies and stakeholders will be necessary should Council endorse the PP and should P&E endorse the gateway process.

Related Policy and / or Precedents:

The following Council Planning strategy documents are relevant to this report, and have been addressed by the PP:

- Coffs Harbour LEP 2013;
- Coffs Harbour 2030 Plan;
- Local Growth Management Strategy (Our Living City Settlement Strategy 2009);
- Local Growth Management Strategy (Industrial Lands Strategy 2009);
- Local Growth Management Strategy (Business Centres Hierarchy Review 2011); and
- Local Growth Management Strategy (Employment Lands Strategy (2008)).

Statutory Requirements:

Council is undertaking this process in accordance with the NSW P&E's guidelines associated with PPs.

The statutory process under the EP&A Act 1979 and Regulations must be followed in the preparation of the PP and its exhibition, including compliance with the following documents:

- Standard Instrument (Local Environmental Plan Order 2006).
- Mid North Coast Regional Strategy and Growth Area Maps 2009;
- State Environmental Planning Policies (SEPPs);
- Directions issued by the Minister for Planning under Section 117(2) of the EP&A Act 1979; and
- Environmental Planning and Assessment Act 1979 and EPA Regulations 2000.

Issues:

The following are the key issues associated with the PP:

- **Industrial Lands Strategy (2009) and Employment Lands Strategy (2008)**

The main objectives of the ILS 2009 was to:

- assist Council in preparing its new LEP in accordance with the Standard Instrument;
- establish the existing supply of, and future demand for industrial lands;
- provide a strategic framework for the provision of future industrial lands;
- provide a recommended zoning scheme for existing and future industrial lands; and
- assess the current and future employment opportunities and economic impacts of industrial lands within the LGA.

The ILS recommended the establishment of a hierarchy of industrial areas, which amongst other matters sought to limit bulky goods retailing to specific areas. It also sought to separate incompatible land uses.

At the time the ILS was prepared (during the mid-late 2000's), it found that: *"the dominant industry is service or light industry, predominantly bulky goods, and automotive uses. There are also a number of light manufacturing uses that exist within the estate. The estate also contains a church, and a service centre containing a petrol station and several fast food takeaway facilities. The estate is relatively new, and is continuing to expand at a consistent rate. The major focus for the area appears to be the continuation of light/ service industry with a particular focus on bulky goods"*.

Of particular interest is Section 10.3.4. of the ILS which outlines suggested industry targets for Coffs Harbour to progress its economic development. These include:

- encouraging distributions operations that serve the area between Sydney and Brisbane; and
- providing suitable land for light and high technology or advanced manufacturing.

The location of the Isles Industrial Estate has advantages for both of the above, given its location:

- at the southern extremity of the Coffs Harbour urban area allowing heavy transport movements 24 hours a day without disturbing the amenity of nearby residences;
- adjacent to the connection to the proposed highway bypass which will increase the value of the above; and
- adjacent to the Coffs Harbour Health Campus, which could act as a trigger with the development of health related industrial and service enterprises.

This indicates that the Isles Industrial Estate is of strategic importance for transport oriented business, including logistics, warehousing and distribution.

The ELS took a cautious approach to bulky goods retailing, stating that *"the presence of out-of-centre retailing, particularly in the form of Big Box Retail and Bulky Goods Retail could potentially impact the viability of businesses and industry in town centres. In addition the spatial distribution of different retailing formats could contribute to unsustainable travel patterns and negative land-use conflicts. This not only impacts on the local community, but it also impacts on the competitiveness of local business and industry."*

The ELS noted the importance of the Isles Estate, stating: *"The precinct is strategically positioned with respect to the highway, is able to offer large lots and occupies a premium position in the local industrial land market.....The precinct should be preserved as a strategic industrial area. Care should be taken to recognise the role and function of the Isles precinct in the local industrial land market place and zoned accordingly."*

The ILS took a more permissible approach to bulky goods development. It identified that there was increasing bulky goods retail development in the Isles Industrial Estate in response to local demand. Accordingly, the ILS recommended that the Isles Industrial Estate should be zoned partly IN1 and part B5 under the Coffs Harbour LEP 2013 on the basis of existing demand, broad demand trends and supply analysis and land suitability.

It should be noted that since the ILS was undertaken there has been a considerable amount of development in the Isles Industrial Estate, including the development of a new section to the west of Engineering Drive. Many of the lots marked as vacant in the ILS report are now occupied.

- **Adoption of ILS 2009 and the making of Coffs Harbour LEP 2013**

At the time the ILS was adopted (2009), most of the industrial zoned land, especially in the Isles Industrial Estate was vacant/undeveloped and at that time it would have been suitable for large floor plate bulky good's type development. However, in the years between the adoption of the ILS in 2009 and the making (i.e. gazettal) of the Coffs Harbour LEP in 2013, much of that land has been developed for 'traditional' industrial land uses.

- **The Business Centres Hierarchy Review (2011)**

The BCHR was undertaken in 2011 comprising of a review of previous studies as well as site inspections to identify whether the existing hierarchy which protects the Coffs Harbour City Centre as the primary retail and commercial centre of the LGA is appropriate for the future growth of Coffs Harbour as a regional city.

In reference to the B5 zone, the BCHR concluded: *"Localities where the B5 Business Development Zone is appropriate are in the south of the City along parts of Isles, Mansbridge and Cook Drives, and in the north at Homebase. The allocation of land to this zone is potentially in excess of what would normally occur without impacting excessively on other centres; however it recognises that bulky goods retailing is already widespread in these areas. The expansion of the spatial area zoned B5 beyond these allocations is very undesirable."*

The BCHR adopted a cautious approach to the B5 zone and bulky goods developments.

Further, the review was focused on business zones and did not investigate industrial zone related issues.

- **Landowners Concerns**

The logical development concept for the remaining vacant lots appears to be industrial bays of a similar scale and land use to surrounding development. While the industrial buildings are permissible in the B5 zone with development consent under Coffs Harbour LEP 2013, a wide range of industrial land uses are not permissible under the B5 zone. This is seen by some landowners, and their agents, as a significant burden on their land.

Notwithstanding the public exhibition of the draft LEP and ILS, it is considered by some owners/agents that the change in zone from industrial to B5 in this area was inappropriate. This has led to inequities in so far as surrounding land is already developed for industrial purposes and that the remaining undeveloped land is not of a sufficient size to support the 'large floor plate' bulky goods concept and associated car parking required under a B5 zone.

Feedback from landowners and their agents has raised the following issues:

- The B5 zoning has devalued their land because it has made it difficult to sell, tenant and/or expand an existing enterprise; and
- Bulky goods retailing and light industrial activities experience land use conflict (i.e. through heavy vehicle movements).

The content of the submissions indicates significant concern amongst landowners that their property/business prospects have been impeded or devalued as a result of the change of zoning from 4A Industrial under Coffs Harbour City LEP 2000 to B5 Business Development under Coffs Harbour LEP 2013.

While no independent property valuation evidence is available, and no independent analysis of the relative demand for industrial and bulky goods retail land has been undertaken, submissions have set out that the establishment or development of certain businesses has been impeded by the extent of B5 zoned land.

The submissions state that relative demand for industrial land uses is greater than for bulky goods retail, and provides details of certain buildings, proposed developments and leases that have not proceeded due to the B5 zoning that has been applied to the land.

The submissions also state that the reduced ability to utilise or lease sites has reduced rental and capital values of properties, reducing the equity of their owners and their ability to borrow funds for business purposes.

- **2014 Land Use Survey**

In 2013/2014 Council officers undertook a survey of the development occupying the land within the Isles Industrial Estate. The survey identified the nature of each development and assessed whether the occupying land use was permissible under a B5 and/or IN1 zone.

The findings of this survey indicate that almost all developments would be permissible within the IN1 zone, with very few permissible within the B5 zone.

- **Review of B5 zoning Isles Industrial Estate (2014)**

This report reviewed the relevance of the B5 Business Development zoning on lands in the Isles Industrial Estate in North Boambee Valley since the introduction of Coffs Harbour LEP 2013. The review included an examination of land uses in the estate, many of which were established in between the adoption of the ILS 2009 and the introduction of Coffs Harbour LEP 2013. The review provided background information to inform the PP and is included as Attachment 2 to this report.

The review notes that a number of changes to consumer spending have occurred since the ILS was produced, namely:

- *"The growth of household retail consumption has reduced due to the global financial crisis and the consequent propensity of households to increase savings and reduce debt;*
- *A more cautious approach by financial institutions to lend money for developments, including retail and bulky goods developments whose viability is often dependent on securing future tenants, and*
- *The impact of the internet on retailing. While this impact is still relatively low, it is increasing. Households are ordering goods direct via the internet and using the internet for price comparison. This is having an impact on the nature of retailing, increasing competition and reducing retail (such as bulky goods) margins. It is not yet clear what the eventual impact on retailing patterns will be, however it is likely to place downward pressure on the demand for retail floorspace per capita.*

These changes have had the effect of reducing the per capita demand for retail floorspace."

The review goes on to say that *"it seems likely the future savings patterns of households will more closely resemble those evident prior to the "boom" years of the 1980's-2000's than those immediately prior to the global financial crisis.*

Notwithstanding the above, the pressure on retail profit margins will continue to favour lower rent bulky goods formats relative to more conventional commercial centres. This will lead to a continuing demand for bulky goods floorspace, although probably not at the growth level experienced in the past. Consumers appear to favour one stop bulky goods centres or clusters which provide variety and comparison shopping similar to Homebase at Park Beach. The exception is freestanding major destination stores such as Bunnings and Masters."

Due to previous planning controls which allowed bulky goods retailing within the precinct, there is mix of bulky goods and "industrial" land uses through the Estate. Anecdotal evidence suggests that there is now a higher demand for general industrial land uses in the Isles Industrial Estate relative to the demand for bulky goods premises.

- **Options to Move Forward**

The Review of the B5 zoning in the Isles Industrial Estate (2014) has identified a number of issues relating to the coexistence of the B5 and IN1 zones at the Isles Industrial Estate.

There is not a simple solution to this land use zoning dilemma that will satisfy all parties. Several options are available:

Option 1: Continue with the existing land use zoning pattern.

This option is not preferred as it would continue the existing LEP issue that has been described in this Report.

Option 2: Reduce the area zoned B5 to high profile locations. Industrial uses could then occupy the lower profile locations while still taking advantage of high transport accessibility and the strategic location of the Estate.

This option is preferred as there is evidence to support the need for lower rent bulky goods in high profile locations as well as this zone being potentially in excess of that needed in the local marketplace.

Option 3: Recognise the strategic nature of the Isles Industrial Estate and zone the entire Estate 1N1.

This option is not preferred. The disadvantage of this option is that opportunities for the expansion of bulky goods retailing in the Estate would be severely curtailed and that existing bulky goods operations that have established in good faith under the B5 and 4A zonings could only continue under "existing use rights". It should be noted that this situation already exists for certain industrial uses within the B5 zone that operate under existing use rights since the inception of Coffs Harbour LEP 2013.

Option 4: Amend the land uses permissible in the 1N1 and B5 zones. While this option may relieve restrictions on businesses operating under existing use rights, it does not address the LEP issue that has been described in this Report.

This option is not preferred as the objectives of the zone would be diminished.

The Review of the B5 zoning in the Isles Industrial Estate (2014), previous studies and submissions received from businesses/property owners indicates there is merit in consolidating the spatial area within the Isles Industrial Estate zoned B5.

Option 2 is the preferred way forward and offers the greatest benefits and least disadvantages of the options. It enables bulky goods retailing to continue to develop but provides greater scope for the continued operation and expansion of industrial uses in a strategic location.

Option 2 therefore has two sub options:

- (i) The northern side of Isles Drive as far west as Industrial Drive could be zoned 1N1 under this option, and provide high profile locations for industrial enterprises.
- (ii) The second sub option is retaining the B5 zone on lots facing the Pacific Highway to the south of Isles Drive, with the balance of the Industrial Estate zoned IN1. This option would retain the highest profile land in a B5 zone.

Option 2 sub option (ii) is preferred and offers the best outcome in maintaining the integrity of the industrial area while providing opportunities for B5 zone development in the highest visibility location. Sub option (i) has the disadvantage of eroding the integrity and strategic benefits of the industrial area.

Option 2 sub option (ii) therefore contains the recommended course of action, and supports the recommended zoning layout within the PP.

The location of the Isles Industrial Estate just north of the connection to the proposed highway bypass is of strategic importance to the LGA. It provides an opportunity for transport and logistics/distribution related industries and those industries reliant on flexible transport options to establish and grow while minimising their impact on other urban areas. Option 2(ii) contains the recommended course of action, as it provides greater scope for this strategic advantage to be capitalised upon for the long term benefit of the Coffs Harbour LGA.

Implementation Date / Priority:

The timeframe for a PP is established in the EP&A Act. The timeframe is triggered once the matter is forwarded to NSW P&E by Council (i.e. after Council endorsement).

Recommendation:

1. That Council endorse the Review of B5 Zoning Isles Industrial Estate as contained in Attachment 2 to this report.
2. That Council endorse and forward Planning Proposal PP_2014_COFFS_005_00 to NSW Planning and Environment seeking a "Gateway Determination" for the rezoning of lands within the Isles Industrial Estate, North Boambee Valley as shown in Attachment 1 of this report.
3. That subject to the "Gateway Determination" from NSW Planning and Environment, Council place the Planning Proposal on public exhibition.
4. That a further report be considered by Council following the outcome of the public exhibition.
5. That the affected landowners be informed of Council's decision.

Attachments:

ATT1 Isles Industrial Estate Planning Proposal

ATT2 Isles Industrial Estate Preliminary Review of B5 Zoning

**COFFS HARBOUR CITY COUNCIL
ORDINARY MEETING
18 DECEMBER 2014**

RESOLUTION NO. 369

Minutes confirmed at Council meeting: 12 February 2015
To view Report, double-click on Agenda Report link below

Agenda Report

**CP14/46 PLANNING PROPOSAL - PP_2014_COFFS_005_00 FOR
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369 RESOLVED (Sultana/Palmer) that:

1. Council endorse the Review of B5 Zoning Isles Industrial Estate as contained in Attachment 2 to this report.
2. Council endorse and forward Planning Proposal PP_2014_COFFS_005_00 to NSW Planning and Environment seeking a "Gateway Determination" for the rezoning of lands within the Isles Industrial Estate, North Boambee Valley as shown in Attachment 1 of this report.
3. Subject to the "Gateway Determination" from NSW Planning and Environment, Council place the Planning Proposal on public exhibition.
4. A further report be considered by Council following the outcome of the public exhibition.
5. The affected landowners be informed of Council's decision.

The **MOTION** on being put to the meeting was carried unanimously.