

Section 59 Report

Local Government Area: Camden

File Number: 11/18328

Name of Draft Plan

CAMDEN LOCAL ENVIRONMENTAL PLAN 2010 (AMENDMENT NO. 13) - NARELLAN TOWN CENTRE

Subject Land Description

Narellan Town Shopping Centre, located at 339 and 326 Camden Valley Way, Narellan, Camden, Sydney.

Purpose of Plan

The purpose of the plan is to allow the existing Narellan Town Shopping Centre to expand, creating approximately 45,000sqm of additional retail floor space by:

1. Rezoning the Landturn 'Triangle' site from a B5 – Business Development Zone to a B2 – Local Centre Zone
2. Increasing the maximum height control for part of the site from 9.5m to 15m and to 25 m across the balance of the site.
3. Removing a certain maximum retail gross floor area restriction applying to part of the site;
4. Rezoning the section of Camden Valley Way adjoining the subject land from Zone SP2 Infrastructure (Classified Road) to Zone B5 Business Development.
5. Amending the applicable floor space ratio to extend the maximum permissible floor space ratio of 1:1 (which currently applies to the majority of the subject land) to the remainder of the site, and allowing an additional 0.5:1 FSR for shop top housing

State Electorate and Local Members

Federal Government Representative for Macarthur: Russell Matheson, MP, who has made no direct representation on the draft LEP.

State Government Member for Camden: Chris Patterson, MP, who has made no direct representation on the draft LEP.

NSW Government Lobbyist Code of conduct.

- There have been no known meetings or communications with registered lobbyists.

Consistency with the Gateway Determination

A conditional Gateway determination was issued on 3 February 2012 to allow the planning proposal to proceed (copy tagged **D**). This determination, amongst other things, required the council to:

- Give consideration to and justification for the proposed expansion of the town centre in the context of the retail hierarchy of the Camden LGA and the broader South West Growth Centre. This consideration was to form part of the material to be placed on public exhibition and was to consider:

- an assessment of the potential impacts on the existing centres in the Camden LGA; and
- an assessment of the long term economic impacts on future planned centres within the South West Growth Centre, in particular the planned major centre at Leppington (condition 1).
- Give additional consideration to urban design and identify appropriate maximum FSR and building height controls for the site in the context of the future role and function of the Narellan Town Centre. Urban design work was to include consideration of traffic, parking and access; noise impacts; and, stormwater and drainage (condition 2).
- Review the proposed B2 Local Centre zoning following completion of the additional economic considerations (condition 3).
- Give consideration to the proposed rezoning of part of Camden Valley Way to facilitate the construction of a pedestrian bridge (condition 4).

The remaining determination conditions (numbered 5 to 8) concerned: consultation (2 conditions), public hearing requirements and the timeframe for completing the LEP. It is considered that council has complied with conditions 5 to 8.

Subsequently, council provided the Regional Branch relevant advice to satisfy conditions 1 to 4 – in particular, the following studies: Hill PDA Peer Review of Narellan Town Centre Economic Impact, Deep End Services Economic Impact Assessment. It was agreed that council had complied with these determination conditions. However, as council had amended the planning proposal, a revised Gateway determination was issued on 4 October 2012.

A copy of the October 2012 determination is attached (tagged **C**).

Agency Consultation

Council complied with the Gateway determination and consulted with the nominated State agencies. Council received responses from: Liverpool Council, Campbelltown Council, the Mine Subsidence Board, Sydney Water, Police, RMS and Transport NSW.

Both Liverpool Council (two responses) and Campbelltown objected to the proposal. The issues raised by Liverpool and Campbelltown Councils are discussed in the Key Issues section of this report.

Apart from certain advice, the State agencies did not raise any objections to the proposal proceeding, however:

- The RMS offered no objections on the basis that the proponent would enter into an agreement for particular road works as part of the approval process for a separate development application for the “Landturn” site. The proponent is in the final stages of finalising an agreement with the RMS (see email advice of 26.413 tagged **VPA**) and it is considered that plan may proceed to finalisation irrespective of the agreement status.; and
- The Mine Subsidence Board (MSB) raised an issue about the proposed height of buildings standard in the existing B2 area and possible future subsidence matters. The Board’s issues are relevant to any future

development applications and the Board will have the ability (via concurrence roles and their own legislation) to ensure relevant standards are met.

A copy of all agency submissions is attached (tagged **SUB**).

Community Consultation

The Planning Proposal was placed on public exhibition and notified from 17 October 2012 to 16 November 2012.

During the public exhibition period, Council received a total of 10 submissions, including five submissions from the community, three from adjoining councils and two from consultants on behalf of shopping complexes in Campbelltown.

Of those received from the local community, one (1) submission objected to a loss of Camden's semi-rural character, two (2) were in support, two (2) further submissions (2) concerned detailed design issues.

Council has provided a schedule of all submissions received and its response to these (tagged **Sub 2**). Council's responses to community submissions are considered adequate and their response to council and shopping complex submissions is outlined in the next section.

Consideration of Key Issues

Both Liverpool and Campbelltown Councils, as well as BBC Consulting Planners and Urbis (acting on behalf of the Macarthur Square Shopping Centre and the Campbelltown Mall Shopping Centre, respectively), objected to the proposal due to the perceived adverse impact upon the viability of existing and planned business centres within the South West of Sydney (including Oran Park and Leppington, within the South West Growth Centre Area). These objections included particular reference to:

1. inconsistencies with the former Metropolitan Strategy 2036 and the Draft South West Subregional Strategy, primarily concerning retail centre hierarchy, and the failure of the department to adequately consider the existing and planned retail hierarchy in issuing the Gateway determination;
2. inconsistencies in the proposal's supporting economic studies, particularly concerning assumptions about the trade area, timing of planned development and an underestimation of both the level of threat to other centres and an underestimation of potential retail floor area following rezoning of the site.
3. the creation of uncertainty over future public and private investment (particularly infrastructure) in recognised centres and that Narellan is not served by heavy rail - nor supported by adequate public transport services - thereby inducing greater private motor vehicle usage and dependency (particularly as there is a lack of high density housing at Narellan and, therefore, a small resident population within the shopping centre's walkable catchment).

In light of these concerns, SGS Planning was commissioned to review the supporting studies and the key submissions (tagged SGS Review). Each issue is addressed below, making references to the following studies (tagged studies):

- Deep End Services – Retail Analysis August 2011
- Hill PDA Peer Review November 2011
- Deep End Service – Economic Impact Assessment May 2012
- Hill PDA Peer Review (EIA) July 2012
- SGS Peer Review May 2013 (commissioned by the Department)

1. Retail Centre Hierarchy

The Draft South West Subregional Strategy identifies Narellan as a town centre. However, the strategy does not preclude town centres expanding to meet anticipated growth. This approach is further reinforced by the draft Metropolitan Strategy 2031 which is currently on exhibition. This strategy also indicates that, and encourages, centres will grow over time to respond to greater demand.

The planning proposal is supported by detailed economic studies (i.e. DeepEnd Services and a peer review by Hill PDA) that demonstrate there is sufficient demand within the local primary trade area to justify the proposed level of expansion and that currently 35% of retail spending “escapes” to areas outside the primary trade area (on average over 7km distant). The economic analysis allows for a portion of local demand (between 20%-25%, Hill PDA) to continue to be satisfied by higher-order centres (Macarthur and Liverpool). The SGS Review considers that the trade areas adopted are reasonable.

Therefore, the growth of the Narellan town centre is to service the local catchment area – an area in which the population already needs to travel long distances for over a third of its retail expenditure and which is expected to accommodate significant greenfield growth in the short, medium and long term. In addition, the economic studies that analysed the growth in demand allowed for demand within the trade area to still escape to the major centres of Campbelltown/Macarthur and Liverpool. This ensures that the growth in size and status of Narellan will not be to the detriment of the higher-level role which is played by these major centres.

In light of the above, the expansion of Narellan town centre is considered as a balanced response to growing demand and, as such, is not inconsistent with the Draft South West Subregional Strategy, the draft Metropolitan Strategy 2031 or the existing retail hierarchy.

2. Impact on Centres and Veracity of Supporting Economic Studies

The relevant studies were prepared by recognised and appropriately qualified consultants: DeepEnd Services and Hill PDA. The subsequent submissions made to council, addressing economic and technical matters, were also reviewed by Hill PDA. The SGS Review reviewed each of these studies and the submissions received from Liverpool and Campbelltown Councils and on behalf of Macarthur Square Shopping Centre and Campbelltown Mall Shopping Centre.

There is general consensus that the proposal will impact on other centres in the Macarthur region, but there is not consensus on the precise impact level. The SGS Review is a review of relevant reports and submissions only and does not deliver its own impact assessment. For each study/submission, the SGS Review agrees with

some aspects and disagrees with others. In the absence of any, one, consensus view, reference below is made largely to the Hill PDA Peer Review. This is because the Hill PDA Peer Review took probably the most conservative approach (assuming that the impact of expansion is more widely distributed rather than mainly felt within the existing Narellan town centre) than the other studies and, as such, is more likely to identify significant levels of impact.

- Hill PDA forecast that no centres will experience a strong or significant impact (greater than 15%). The following centres will be impacted in a moderate to high (10-15%) range: Camden, Harrington Plaza, Mount Annan, Spring Farm, Oran Park. The impact on Macarthur Square and Campbelltown (the subject of submissions) is in the low to moderate range of 9.5% and 4.7%, respectively. Hill PDA considers that the impacts are 'within acceptable normal competitive range' and should be viewed as a matter of competition not being a relevant matter for consideration.

Hill PDA's consideration that these impacts are within the acceptable normal competitive range is challenged by the SGS Review which says that particular attention should be paid to the impact on Camden, Mount Annan and Macarthur Square. As such, the following is noted:

- The Hill PDA (2012) Review estimates that most centres will experience a growth in trade with only Camden (5.9%), Mt Annan (1.0%) and Macarthur Square (2.0%) to experience negative growth during this immediate period.
- In relation to Macarthur Square, this centre is outside of the catchment for the local trade area. Whilst the negative impact is acknowledged, the growth of Narellan to take trade away from this centre, as per the discussion above, is supported from a planning viewpoint as it means residents within the trade area will have far less distance to travel for retail services. In this regard, the economic impacts of the proposal need to be balanced against the broader public benefit of providing shops and other services in closer proximity to a growing population base.
- Both Camden and Mt Annan are within the trade area and closer attention to the impact on these centres is warranted. In this regard, it is noted that the Macarthur area is expected to experience accelerated levels of growth in the short, medium and longer term with the expansion of the south west growth centre. The expansion of Narellan into a larger Town Centre will support this general level of growth and it is accepted that smaller village centres such as Mt Annan and Camden will retain their existing village status. Both Hill PDA and Deep End confirm that over the longer term, all centres (except Camden) will experience a growth in retail demand. While it is acknowledged that Camden town centre is projected to experience a 0.1% decline in growth, this is considered to be a negligible amount. In the long term (i.e. to 2036), the Macarthur region will experience a significant 50,000 sqm undersupply of retail floor space assuming all proposed development is realised (Hill PDA Economic Impact Assessment).

- Therefore, whilst the expansion of Narellan into a larger town centre to meet a growing regional demand, and capable of competing with Macarthur Square and other regional centres, is supported, care will need to be taken to manage the impact on the smaller centres in close proximity to Narellan.

Some of the submissions opposing the development also made reference to the perceived impact on planned, but yet to be developed, centres of Oran Park and Leppington.

The Hill PDA Peer Review (2011) considered this and stated:

“ we agree that there is a demonstrable need for additional DDS [Discount Department Store] floorspace in Narellan. Given the forecast population of the SWGC of at least 300,000 people at least 7-8 DDSs will be required. On this basis, the provision of additional DDS floorspace in Narellan will have no impact on developing further DDS based shopping centres in Oran Park, Leppington and other possible locations in the SWGC.”

The Peer Reviews (both 2011 and 2012) also noted that the provision of a department store at Narellan may impact on the ability of Leppington to attract such a facility, however, that plans for Leppington are, at present, insufficiently known. The Department's Strategies and Land Release Division (who are responsible for the planning and delivery of Oran Park and Leppington) has reviewed the proposal at key stages, and the subsequent reports, and raised no concerns in relation to the development of these centres.

The Peer Review 2012 considered the impact of Narellan expansion on other planned centres in the South West Growth Centre and found that, given the level of population growth anticipated, development of town centres at Catherine Field and Catherine Field North would remain viable.

On this basis, it is considered that concerns regarding the impact on other centres and the veracity of assessments do not warrant not proceeding with the proposal, but they do warrant some attention being paid to the impact of expansion in Narellan on smaller nearby centres.

3. Narellan Town Centre

Narellan is currently a recognised centre which includes services such as a library, council office, community health centre, police station, RMS Office, schools and a child care centre, open space and parks, cinemas and doctors surgeries.

The proposal intends to expand an existing shopping centre by predominately increasing height controls and rezoning adjoining land from a business development zone (which currently permits 11,300 sqm of retail floor space) to a local centre zone. Accordingly, the claim in submissions that the site is unworthy of expansion because of a lack of recognition as a centre is made with little foundation. In these circumstances, it is considered that the proposal would not induce any uncertainty over private and public investment.

It is acknowledged that the site lacks ready access to heavy rail, however, there are in fact no heavy rail services within the primary trade area. In the absence of such services Narellan has the region's best regular bus services and, in the future, is expected to be the major hub for bus services to growth areas. The expansion of Narellan town centre is being supported by improvements to access of bus services thought the proposed Narellan Town Centre Development Control Plan.

It is also acknowledged that Narellan does not hold significant areas of land zoned for medium to high density housing. While this is the case, council has recently rezoned land adjoining the site for medium density housing and is in the process of seeking improvements in pedestrian links to the centre from nearby housing development.

In terms of the provision of infrastructure to support the proposed development, it is noted that the proponent is to fund road works to cater for increased traffic demand, resulting in better traffic flows within the area. It is anticipated that the proposal and these works will be beneficial in reducing the current need for residents to travel to access retail services in other locations.

On this basis, it is considered that concerns that Narellan town centre would not support the expansion do not warrant not proceeding with the proposal.

State Environmental Planning Policies

The Proposal is considered not to be inconsistent with any State Environmental Planning Policies.

Section 117 Ministerial Directions

Any inconsistencies with relevant section 117 directions have been addressed in previous reports.



Peter Goth
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Sydney West Region