

Adrian Checchin
Mirvac
Lvl 28, 200 George St
Sydney NSW 2000

5 April 2017

Dear Adrian,

Subject: 55 Coonara Avenue, West Pennant Hills

This letter is an addendum to the earlier Study undertaken by HillPDA dated January 2016 in relation to the site at 55 Coonara Avenue, West Pennant Hills.

Mirvac has submitted a planning proposal to rezone its site at 55 Coonara Avenue, West Pennant Hills for predominantly residential use. The Site is located within 800m of the future Cherrybrook Station (under construction) and the land is currently zoned B7 (Business Park).

The current business park was purpose designed and built for IBM some 30 years ago for their Australian headquarters and data recovery service. The property comprises seven inter-connected low-rise buildings of approximately 34,000sqm GFA and 1,600+ car spaces on a 25.87 hectare site adjoining the Cumberland forest.

As documented in the HillPDA report nothing has changed and there are considerable challenges in maintaining the Site for commercial office uses once the existing tenants vacate the Site for the following reasons:

- The Sydney and the North West Metropolitan Office Market are currently characterised by competition for tenants, compressed yields, and high incentives. Further, the implications of a major increase in supply at Barangaroo and other key high value locations is filtering down and impacting demand for space in suburban office markets.
- The changes in floorplate and location amenity attributes that tenants expect in modern commercial space are not found at the Site and locale. This includes flexible floorplates, public transport connectivity, local dining and retail as well as end of trip facilities. The subject Site which has been used as a sole tenancy on a site with poor access to any outside amenity means that it is difficult to meet the demands of current and future potential tenants in the market.

- The competitive offer of the Site is poor against competing sites in the North West market. The North West commercial office market is dominated by large business parks at Macquarie Park, Norwest, Rhodes and the regional city of Parramatta. The other centres offer much greater amenity, transport access, retail offerings and flexible range of employment space compared to the Site.
- Availability of competitive sites remains high. The loss of approximately 34,000sqm of commercial floor space on the Site is inconsequential to the historic and forecast growth in Parramatta, Norwest and Macquarie Park employment areas which combined will provide more than double this space every year with sufficient capacity to meet that growth over the next 3 decades or more.
- **Job loss is insignificant against job gains** that are expected in the Hills Shire. 1,200 to 1,700 jobs loss represents less than 2.6% of total job gains of 65,000 by 2036. Many of these jobs will locate in Box Hill (16,000 jobs) and around the train stations – particularly Castle Hill (9,500 more jobs), Showground (7,700 more jobs), Norwest and Bella Vista (20,000 to 25,000) and Rouse Hill (3,500).

With IBM intending to vacate the Site, the cost in retrofitting the buildings to incorporate more mixed uses and flexible spaces (while complying with BCA and planning requirements) would be financially difficult. Even if these buildings were upgraded to contemporary standards the likelihood of long term vacancies would be high due to nil to low demand for such space in such a location from any possible commercial users. There would be a high risk of long-term vacancy and property neglect. Hence the loss of 1,700 jobs may be seen as a theoretical or imaginary number as much as a real one.

Employment generation on the site into the future as a business park is challenging and doubtful. Council and State Government have responsibly initiated changes to the planning controls in other areas including existing employment zones, in response to the new rail infrastructure and in new release areas that will significantly increase employment and job creation opportunities more than offsetting any loss of employment opportunities on the site.

As established, the likelihood of long term vacancies on the subject site after IBM's departure would be high due to nil to low demand for this type of space in this location. Long-term vacancies are typically

associated with property neglect, sterilisation and urban blight - a high risk with maintaining the B7 zone.

As such the Planning Proposal offers a more intensive and efficient use of the Site and would create additional business opportunities in this locality for additional future residents. The loss of employment lands will be somewhat moderated by the proposed retail/commercial component included in the Planning Proposal.

The Planning Proposal is aligned with state and local planning policy objectives to provide higher density, mixed use development in close proximity to train stations and encourage urban renewal in degraded or neglected parts of the city (a clear risk with maintaining the B7 zone as discussed above).

Transit oriented development (TOD) involves higher density mixed-use projects adjacent/integrated with major public transport nodes and forms the basis of many State government future plans. Planned effectively, TOD brings revitalisation of underutilised precincts and significant economic and social benefits to the wider community¹. Some examples of successful TOD developments which have addressed previous areas of sterilisation include:

- Central Park;
- Green Square;
- Harold Park; and
- Rhodes Peninsula.

Sydney is not the only major city encouraging mixed use development. A previous paper issued by the Hong Kong Planning Department (Working Paper 15, 2002) explored recent examples of mixed use development in the U.S. and Singapore identified factors favouring mixed use developments in growing an economy; with increased flexibility of land uses to compliment greater integration. Examples include Oakland in California, Special Long Island City Mixed Use District in New York, and Quebec in Canada. The Urban Redevelopment Authority (URA) in Singapore has also encouraged mixed use development across major city locations (Master Plan, 2014)².

As illustrated in the above, well planned urban renewal is crucial for sustainable development and ensuring economic vibrancy. Thus from a policy perspective the Planning Proposal is consistent with TOD and

¹ <http://property.cbre.com.au/insights/category/retail/page/3/>

² The benefits of mixed use in the Southern Industrial Area, Deloitte, 2015

urban renewal. The Planning Proposal is also more suited to future needs and State Government's direction, particularly given the site's proximity to significant rail infrastructure.

Of relevance in assessing a Planning Proposal is the Environmental Planning and Assessment (EPA) Act (1979). A key object of the act is the "promotion and co-ordination of the orderly and economic use and development of land" (Section 5) which has a similar nuance to Section 79(C) in respect of economic impacts.

On this basis maintaining the B7 zone would undermine the very objects of the Act given the lack of demand for B7 uses on this particular site in this location.

Clearly there is an obligation for Council to act rather than "do nothing" or seek alternative unviable uses to ensure the objects of the EPA Act are not being undermined.

The 'do nothing' or seek alternative unviable uses scenario for the Site poses a high risk of social detriment, sterilisation, property neglect and urban blight as the above cases have shown. The onus is on the planning authority to mitigate these risks. To do nothing in the face of likely social costs is either bad planning or at the very least shows a lack of planning or regard for the reality of the situation. The Planning Proposal alleviates these risks and helps to ensure the economic vibrancy of the site and the locality as well as meeting market demand and State dwelling targets and objectives (i.e. higher density urban living near major public transport services).

The Planning Proposal represents a considered, thought out and appropriate response to a problem of economic decline and social and economic change and seeks to promote the orderly and economic use and development of land.

Yours sincerely



Adrian Hack

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Principal, HillPDA