
Economic Impact Assessment

37-39 PAVESI STREET SMITHFIELD
MERINO INVESTMENTS PTY LTD

Colliers International Consultancy Pty Ltd / 20th October 2016

Version 1.2

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EXECUTIVE SUMMARY

Colliers International has been commissioned by Merinos Investment Pty Ltd to prepare an economic impact assessment to support a planning proposal for 37-39 Pavesi Street Smithfield (referred to as the 'subject site').

The planning proposal seeks to change the subject site's current zoning IN2 Light Industrial to that of R2 Low Density Residential. This assessment presents a case for change in respect to land use zoning, from an economic and market perspective.

In presenting this case, we have:

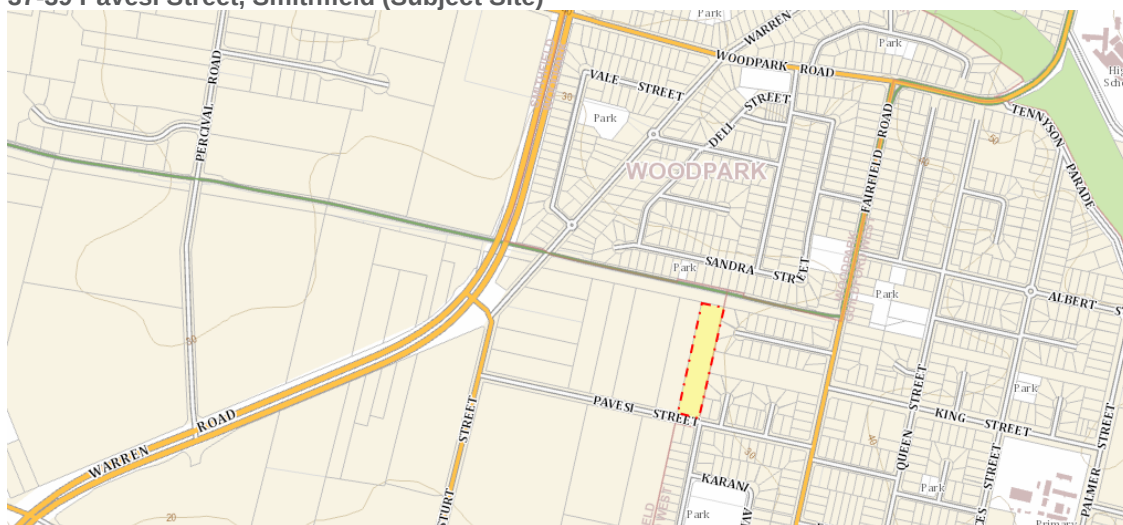
1. Reviewed the subject site, having regard for its attributes, location and overall setting;
2. Considered the government policy and strategy stance;
3. Reviewed the industrial and residential markets in order to identify the trends and drivers which are expected to have a bearing on relevance of the subject site from an industrial and residential perspective;
4. Addressed the statutory requirements pertaining to change in land use (from an industrial land use).

This report has been updated to reflect a change in the proposed development scheme (as requested by Cumberland Council) and also in response to comments made by Cumberland Council pertaining to Section 117 (2) directions at the Cumberland Independent Hearing and Assessment Panel Meeting on the 10th August 2016.

SUBJECT SITE AND PROPOSED DEVELOPMENT

Encompassing an area of 8098.5m², the subject site with street address 37-39 Pavesi Street Smithfield and legal description Lot 36 DP 10958 is located on the eastern periphery of the Smithfield Industrial Precinct, and is within the Cumberland Council boundary (formerly Holroyd City Council). It is positioned approximately 5.4km south-west of Parramatta CBD and around 9.7 km south of Blacktown CBD. Zoned IN2 Light Industrial, the subject site is currently unoccupied and does not support any operational employment.

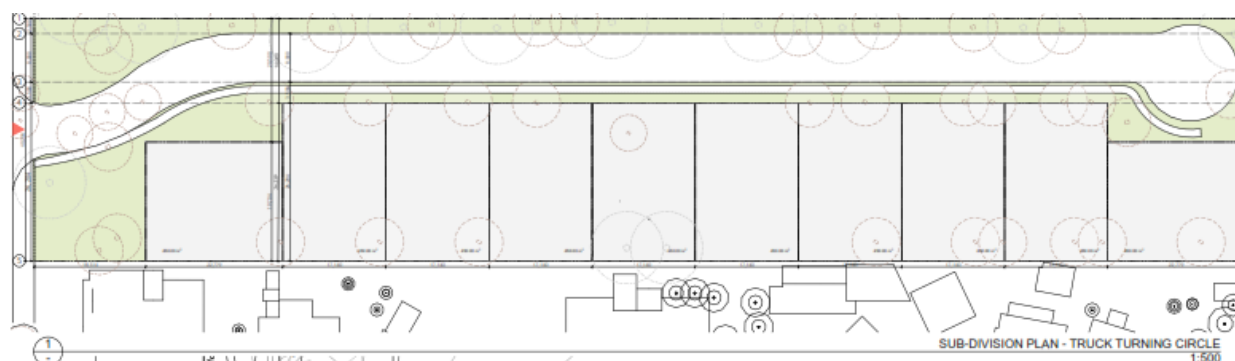
37-39 Pavesi Street, Smithfield (Subject Site)



Source: Six Maps (NSW Government)

The proposed development (following the amendment to the subject site's land use zoning) will comprise a total of 10 individual lots, entailing 20 new and contemporary duplex dwellings. These dwellings will include integrated garages and private backyard space for future residents.

Sub-division Plan as at 6th October 2016



Source: Form Architects



The proposed development considers the need to create a seamless interface with residential dwellings to the east, and through a western internal road passage and tree line, will provide the necessary buffer between Smithfield Industrial Precinct to the west and existing residential provision to the east. The design enhances the environmental profile of the immediate area, through the introduction of vegetation and landscaping.

GOVERNMENT AND PLANNING CONTEXT

In order to obtain an understanding of the government vision, objectives and goals (i.e. government and planning context), Colliers International has reviewed the following relevant plans and strategies:

- S117 Ministerial Directions;
- Sydney Metropolitan Plan – A Plan for Growing Sydney’;
- Holroyd Local Environment Plan (2013); and
- Draft Holroyd Residential Development Strategy (2012).

In all, the underlying message in all of the strategic plans is linked back to the directions, goals and objectives of the Sydney Metropolitan Plan which include:

- Accelerate housing supply across Sydney (Direction 2.1);
- Accelerate urban renewal across Sydney – providing homes closer to jobs (Direction 2.2); and
- Improve housing choice to suit different needs and lifestyles (Direction 2.3).

The proposed development adheres with the government’s vision and intended direction and objectives, in that it:

- Delivers new housing in an area that has been starved of supply for a sustained period of time;
- Provides greater housing diversity to suit the needs of a range of households and lifestyles – provides an alternative to detached dwellings;
- Provides potential housing options for workers in the area (i.e. provides homes closer to jobs);
- Seeks to reposition the subject site, given that its relevance as an industrial going concern has been permanently undermined by a traffic controlling device;
- Provides the required buffer zone between existing residential provision to the east and the Smithfield Industrial Precinct to the west;
- Assists Cumberland Council (formerly Holroyd City Council) in achieving prescribed housing and population targets;



- Removes large commercial vehicles from the local road network and therefore providing additional capacity for residents; and
- Through the introduction of new residents into the area, the proposed development provides direct support for existing centres and towns e.g. Merrylands Town Centre.

INDUSTRIAL MARKET SITUATION

We have assessed the subject site's relevance as an industrial going concern. In demonstrating this, we have:

1. Identified and reviewed broader trends and drivers which are influencing the industrial market;
2. Developed an understanding of employment land take-up and absorption trends across Sydney;
3. Assessed the Holroyd LGA and Smithfield situation; and
4. Considered the traits of the subject site and surrounds (i.e. constraints).

Key findings pertaining to our review of industrial market conditions include:

1. Changes in the management supply chains and consolidation have coerced some major industrial operations to Western Sydney. This has altered the distribution of industrial floorspace demand in Sydney;
2. The release of new land adjoining major infrastructure items has accommodated the need for cost-effective, well connected, large and custom premises. It has also enabled businesses to achieve cost-savings; and
3. Infrastructure investment continues to reshape and influence the spatial distribution of industrial floorspace demand in Sydney. Major investment items such as the M7 and the future Moorebank Intermodal Terminal are placing greater emphasis behind western Sydney locations and precincts.

In relation to Holroyd LGA and the Smithfield Industrial Precinct, the following has been observed:

1. While it is located in Western Sydney, employment land take-up has not been substantial in Holroyd LGA, with just 47.6 hectares of take-up recorded over the seven years to 2014, all of which in the Greystanes Industrial Estate. Notably, this is synonymous with an established industrial region – over 92% of zoned and serviced industrial land in Holroyd LGA has been developed and
2. Specific to the Smithfield, we note that the Smithfield Industrial Precinct is functional, has experienced limited withdrawals and on the most part (with the exception of the subject site and just a few premises) is largely tenanted. As at January 2015, just 2.6 hectares of zoned land remained undeveloped in the precinct. While lower than designated industrial locations such as Wetherill Park (\$20.3m per annum) and Greystanes/Pemulwuy (\$16.2m per annum), the overall level of investment has remained solid in the Smithfield Industrial Precinct – the value of industrial-based building approvals has averaged \$9.4 million per annum since 2002.

So, while it is contiguous to the successful Smithfield Industrial Precinct, the subject site's relevance as an industrial concern has been permanently undermined, owing to site-specific constraints and a traffic controlling device. The subject site has been physically severed and removed from the precinct and more importantly, the Cumberland Highway (and therefore the Sydney Orbital Road System). A traffic controlling device positioned to the west of the subject site has restricted access to the subject site for larger commercial vehicles (as shown below). Given that road access and connectivity is imperative for businesses operating on industrial zoned land, the site's employment relevance has been permanently extinguished.

Traffic Controlling Device - Pavesi Street Smithfield



Source: Google Maps (street view)

As a result, access to site is obtained via an indirect route, using 'local' roads which are not entirely suitable for large vehicles – via Fairfield Road (from Woodpark Road) or via Sturt Street, McCredie Road and then Fairfield Road. Compared to adjoining properties, the connection between Cumberland Highway and the subject premises is indirect and improvised, meaning that the site is inferior from an industrial perspective. Moreover, it is also apparent that there are pinch-points along the Sturt Street and McCredie Road route which are not ideal for large vehicles. As presented in the satellite image below, if a large truck were to turn left from McCredie Road onto Fairfield Road, it would require both lanes on McCredie Road. In addition to not being ideal, this type of turning manoeuvre presents potential safety implications (is hazardous) for other vehicles and users of the road (including residents and cyclists).

Corner of McCredie Road and Fairfield Road Smithfield



Source: Nearthmap: Colliers International

The rezoning of the subject site would have a minor impact on the supply of employment land in the West Central region, the Cumberland Council and even the Smithfield Industrial Precinct, with the subject site representing less than 0.1% of the total employment land within the Holroyd LGA and just 0.0148% of stock in the West Central region (i.e. developed and undeveloped zoned employment land stock).

Moreover, by providing the required 20 metre buffer between residential offer to the east and industrial uses to the west, the proposed development will provide sufficient separation to mitigate the negative externalities associated with some industrial operations. In effect, it will preserve the relevance of remaining industrial provision within the Smithfield Industrial Precinct.

THE NEED FOR MORE RESIDENTIAL USES

We have justified the need for more residential uses on the following basis:

- There is a relatively large undersupply of dwellings in the Holroyd LGA, which has underscored dwelling price and rent escalation in the area;
- A period of sustained undersupply and price/rental growth has deteriorated housing affordability (both for owner-occupier and renters);



- According to Department of Planning and Environment, the resident population of the Holroyd LGA is expected to expand by an additional 23,400 persons between 2016 and 2031. To accommodate this growth, there is a need for an additional 9,450 dwellings, which given the historical experience (i.e. housing stock only expanded by 627 dwellings over the five years to 2011), the likelihood of achieving the prescribed target is negligible.
- The dwelling mix in the proposed development will be more in line with future demographic trends and drivers, which include an ageing local population, increased settlement from international workers and continued solid representation amongst couple families with children.

Moreover, with a pronounced skew to detached dwellings (around 87% of private occupied dwellings as at August 2011), little in the way of new additions and a sustained period of undersupply (despite weak population growth), the Smithfield region is in dire need of more housing supply and diversity. Overall, the proposed development will provide more housing stock and diversity to a market deprived of supply. As a result, it is expected that this will:

- Accommodating aspiring home owners who have been priced out of inner and middle ring suburbs in Sydney;
- Owing to a wider range of housing options, promote greater household diversity in the region; and
- Provide opportunities for older residents in the area to “trade down”, particularly important, as the 65+ cohort is anticipated to experience significant growth in the future.

It is of our professional opinion, that the case for more housing and greater diversity in the Smithfield-Wetherill Park SA2 region and moreover, the Cumberland Council is compelling.

NET COMMUNITY BENEFITS

This report has identified the economic and community benefits that will be derived from the proposed development of 37-39 Pavesi Street, Smithfield. The following benefits are expected from the requested repositioning and ensuing development:

- The provision of necessary residential infrastructure to meet the needs of a growing population and changing demographic in the Holroyd LGA;
- Provide much needed supply and diversity in a location which has been deprived of additions and diversity;
- The delivery of homes closer to jobs in the Smithfield Industrial Precinct – promote self-containment and alleviate road congestion;
- Reduce large commercial vehicle from Fairfield Road and other local network roads;
- Through a 20 metre set-back and tree-line, provide a definitive buffer between residential and industrial uses along Pavesi Street;



- Provide an additional source of potential labour supply for local businesses (increase the talent pool);
- The repositioning of a site which has lost its employment and operational relevance as an industrial going concern (primarily due to a traffic controlling device and other micro, site-specific factors);
- Through population growth and greater household diversity, generate more expenditure and support investment and jobs growth amongst local businesses;
- Support various professional service industries during the planning and design phase of the project e.g. consulting, architecture, engineering, planning and so forth;
- Supplement a diverse range of trade, professional and construction-based businesses during the construction phase e.g. construction managers, labourers, bricklayers, surveyors as well as plumbers, electricians, heating and ventilation trades; and
- An increase in tax revenue (rates, stamp duty) for local and state government, supporting increased and improved services and amenity within the Holroyd LGA.

In this report, we have also addressed the evaluation criteria set out in the Net Community Benefit format endorsed by the Department of Planning and Environment for planning proposals (from page 41 of this report). Overall, the proposed development delivers a range of community and economic benefits to the immediate area and broader Cumberland Council, including supporting and preserving the viability of existing employment lands in the Smithfield Industrial Precinct via the creation of a required buffer zone. In addition to the positive residential outcomes, the proposed development will also:

1. Support the viability of existing centres and towns e.g. Merrylands Town Centre;
2. Remove large commercial vehicles from the local road network;
3. Improve the appearance, visual amenity and interface between the subject site and the streetscape; and
4. Promote greater utilisation of public transport and provide an opportunity for local workers to live close to work.

Finally, we have demonstrated that the planning proposal is consistent with Section 117 Directions, having regard for the Sydney Metropolitan Strategy (2014). Specifically, we have assessed the planning proposal against the following:

- Direction 1.1: Business and Industrial Zones;
- Direction 3.1: Residential Zones; and
- Direction 7.1: Implementation of 'A Plan for Growing Sydney'.



CONCLUSION

Our examination has demonstrated that the proposed development will provide much needed housing and diversity for the Cumberland Council (former Holroyd LGA) and more specifically, the Smithfield region. Through the provision of medium-density dwellings, the proposed development will accommodate a range of different household types, and be congruent with the future needs of the community.

Owing to the road controlling device which has disconnected the subject site from adjoining employment lands, it is now obsolete from an industrial perspective. Direct access to the Cumberland Highway, which is a major north-south arterial road and the main connector to the Sydney Orbital Road System from Smithfield, from the subject site has been severed. Given that the majority of industrial-based operations require a large commercial vehicle, the relevance of the subject site from an industrial and employment perspective has been permanently eradicated.

The subject site was on the market for over two years, and numerous development applications for permissible uses including a mosque and industrial complex were not supported by Council because of the potential negative economic, environmental and amenity impacts that these uses would have on the existing (adjoining) residential townhouses and homes. Overall, it was considered that the proposed uses would undermine or detract from the value of adjoining residential lands. Therefore, while already compromised by the traffic control device, it is through these rejections, that the site's worth as an industrial site has been undermined.

The proposed development will also improve housing choice and present affordable dwelling options for existing and future residents of the Cumberland Council (former Holroyd City Council). More specifically, it may provide greater opportunity for future and existing residents to own their own home, provide affordable rental accommodation and provide trade-down activity for existing mature residents of the LGA.

Overall, it is noted:

1. The proposed rezoning and ensuing development enhances and provides an appropriate, sympathetic and functional transition between the residential and industrial zonings i.e. it provides relief for both zonings and permits each use to function without interference;
2. The proposed residential rezoning provides a favourable and positive environmental and economic outcome for Cumberland Council (former Holroyd City Council) relative to the current obsolete environmental and economic outcomes rendered from the site;
3. The proposed residential rezoning is to be viewed as an addition to the existing residential neighbourhood, enhancing and promoting additional housing stock and typology mix;

Evidently, the case for the planning proposal and redevelopment of the site is compelling.



INTRODUCTION

OBJECTIVE OF RESEARCH

Colliers International has been commissioned by Merinos Investment Pty Ltd to prepare an economic impact assessment to support a planning proposal for 37-39 Pavesi Street Smithfield (referred to as the 'subject site').

The planning proposal seeks to change the subject site's current zoning IN2 Light Industrial to that of R2 Low Density Residential. This assessment presents a case for change in respect to land use zoning, from an economic and market perspective.

In presenting this case, we have:

1. Reviewed the subject site, having regard for its attributes, location and overall setting;
2. Considered the government policy and strategy stance;
3. Reviewed the industrial and residential markets in order to identify the trends and drivers which are expected to have a bearing on relevance of the subject site from an industrial and residential perspective;
4. Addressed the statutory requirements pertaining to change in land use (from an industrial land use).

Having regard for these core elements, Colliers International has considered the role and importance of the proposed land use change and subsequent development in assisting Cumberland Council in achieving prescribed housing targets, but also greater housing supply and dwelling diversity.

The proposed repositioning of the subject site is congruent with prevailing, emerging and future market forces, in both the industrial and residential markets. The subject site's relevance as an industrial going-concern has been undermined. Moreover, as a result of the site's location and the specific constraints (e.g. the permanent road chicane which precludes large commercial vehicles movements from the Cumberland Highway), the requested R2 Low Density Residential zoning is coherent with surrounding residential uses to the east and more importantly, complies with the needs of local residents.

We note, this report has been updated to reflect a change in the proposed development scheme (as requested by Cumberland Council) and also in response to comments made by Cumberland Council pertaining to Section 117 (2) directions at the Cumberland Independent Hearing and Assessment Panel Meeting on the 10th August 2016.

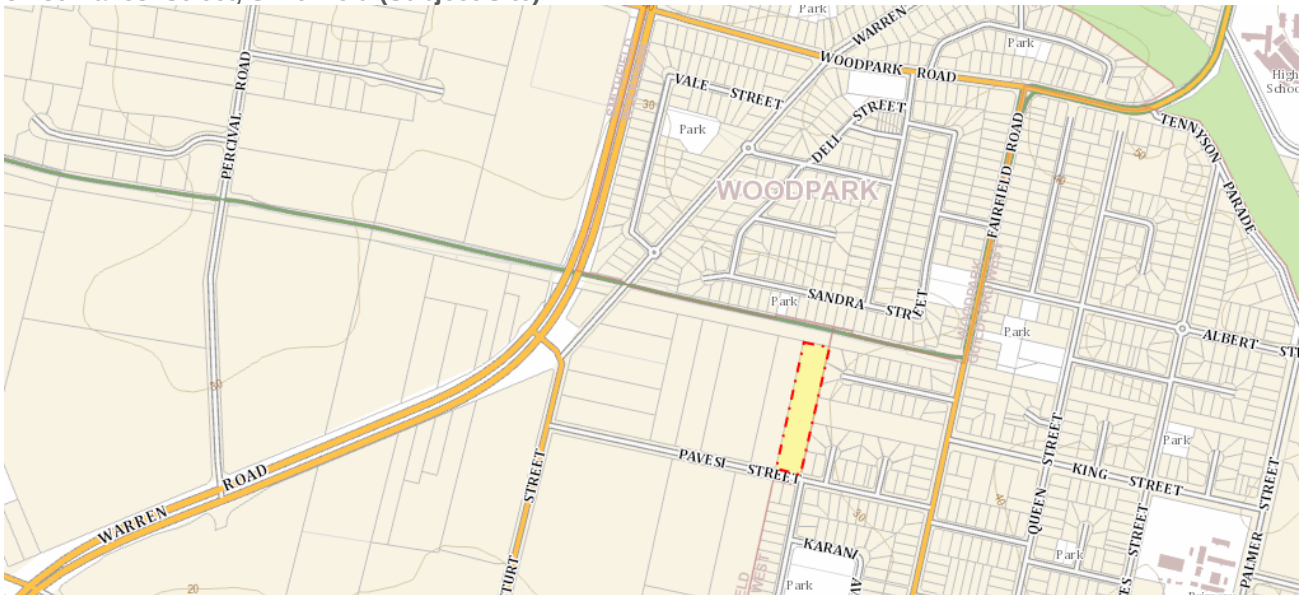
SUBJECT SITE

Encompassing an area of 8098.5m², the subject site with street address 37-39 Pavesi Street Smithfield and legal description Lot 36 DP 10958 is located on the eastern periphery of the Smithfield Industrial Precinct, and is within the Cumberland Council border (formerly Holroyd City Council). It is positioned approximately 5.4km south-west of Parramatta CBD and around 9.7 km south of Blacktown CBD. Direct access to the Cumberland Highway is constrained by a permanent road Chicane on Pavesi Road, which effectively isolates the subject site from the remainder of the industrial precinct.

In its entirety, the subject site is enclosed by:

- Residential dwellings to the east;
- Above-ground water pipes and the Liverpool-Parramatta Transit way to the north;
- Industrial premises to the west; and
- Pavesi Street to the south.

37-39 Pavesi Street, Smithfield (Subject Site)



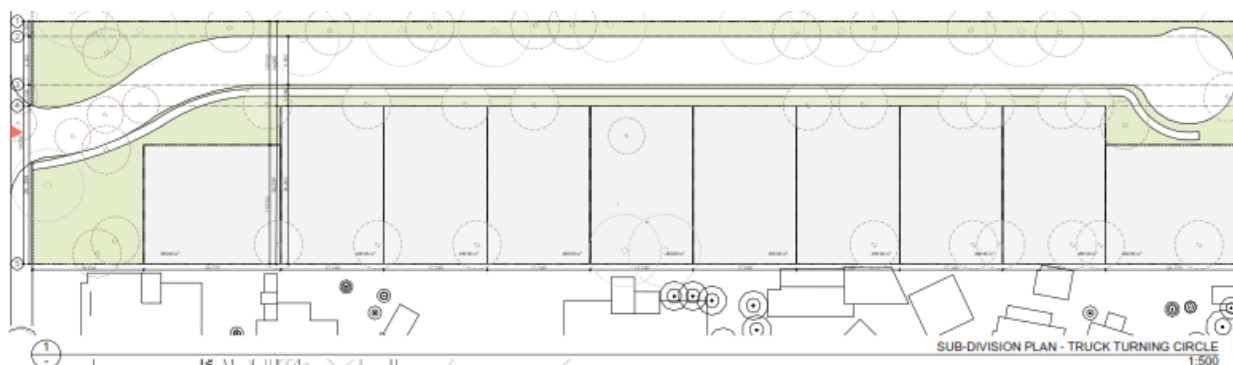
Source: Six Maps (NSW Government)

The site is currently unoccupied and therefore does not support employment.

PROPOSED DEVELOPMENT

The proposed development (following the amendment to the subject site's land use zoning) will comprise a total of 10 individual lots, entailing 20 new and contemporary duplex dwellings. These dwellings will include integrated garages and private backyard space for future residents. Access to Pavesi Street will be granted via an internal thoroughfare, which is to be positioned on the western perimeter of the subject site. An indicative sub-division plan of the proposed development is provided below.

Sub-division Plan as at 6th October 2016



Source: Form Architects

The proposed development considers the need to create a seamless interface with residential dwellings to the east, and through a western internal road passage and tree line, will provide the necessary buffer between Smithfield Industrial Precinct to the west and existing residential provision to the east. The design enhances the environmental profile of the immediate area, through the introduction of vegetation and landscaping.

Prior to this submission, development applications for a mosque and industrial complex were not supported by the former Holroyd City Council. It was considered that these uses would have an adverse impact on adjoining and existing residential uses to the east of the subject site – negative impacts being economic, environmental and social in nature.

GOVERNMENT POLICY OVERVIEW

In order to establish the necessary policy context relevant to the Cumberland Council (formerly Holroyd City Council) and the proposed repositioning of the subject site, Colliers International has undertaken a literature review of relevant government plans and strategies. Policies, strategies and plans examined include:

- s117 Ministerial Direction;
- Sydney Metropolitan Strategy to 2031 – ‘A Plan for Growing Sydney’ (2014);
- Holroyd Local Environment Plan (2013);
- ‘Living Holroyd’ – Community Strategic Plan (2013);
- Holroyd Economic Development Strategy (2014); and
- Draft Holroyd Residential Development Strategy (2012).

SECTION 117 MINISTERIAL DIRECTIONS

The purpose of this report is to fulfil the requirements of S117, specifically 1.1 - Business and Industrial Zones, 3.1 - Residential Zones and 7.1 - Implementation of a Plan for Growing Sydney.

The objectives, application (where and when), requirements and consistency considerations for each relevant direction are summarised in the schedule below.

Direction	Element	Description
1.1 Business and Industrial Zones	Objective	The objectives of this directions are to: a. Encourage employment growth in suitable locations; b. Protect employment land in business and industrial zones; and c. Support the viability of identified strategic centres.

	Where and when it applies	This direction applies to all relevant planning authorities. This direction applies when a relevant planning authority prepares a planning proposal that will affect land within an existing or proposed business or industrial zone (including the alteration of any existing business or industrial zone boundary).
	Requirements	A planning proposal must: - Give effect to the objectives of this direction, - Retain the areas and locations of existing business and industrial zones, - Not reduce the total potential floor space area for employment uses and related public services in business zones, - Not reduce the total potential floor space area for industrial uses in industrial zones, and - Ensure that the proposed new employment areas are in accordance with a strategy that is approved by the Director-General of the Department of Planning.
	Consistency	A planning proposal may be inconsistent with the terms of this direction only if the relevant planning authority can satisfy the Director-General of the Department of Planning (or an officer of the Department nominated by the Director-General) that the provisions of the planning proposal that are inconsistent are: - Justified by a strategy which: - which gives consideration to the objective of this direction, and

		ii. identifies the land which is the subject of the planning proposal (if the planning proposal relates to a particular site or sites), and iii. is approved by the Director-General of the Department of Planning, or b. justified by a study (prepared in support of the planning proposal) which gives consideration to the objective of this direction, or c. in accordance with the relevant Regional Strategy or Sub-Regional Strategy prepared by the Department of Planning which gives consideration to the objective of this direction, or d. of minor significance.
3.1 Residential Zones	Objective	The objectives of this directions are to: a. to encourage a variety and choice of housing types to provide for existing and future housing needs, b. to make efficient use of existing infrastructure and services and ensure that new housing has appropriate access to infrastructure and services, and c. to minimise the impact of residential development on the environment and resource lands.
	Where and when it applies	This direction applies to all relevant planning authorities. This direction applies when a relevant planning authority prepares a planning proposal that will affect land within: (a) an existing or proposed residential zone (including the alteration of any existing residential zone boundary),

		(b) any other zone in which significant residential development is permitted or proposed to be permitted.
	Requirements	A planning proposal must include provisions that encourage the provision of housing that will: a. broaden the choice of building types and locations available in the housing market, and b. make more efficient use of existing infrastructure and services, and c. reduce the consumption of land for housing and associated urban development on the urban fringe, and d. be of good design. A planning proposal must, in relation to land to which this direction applies: a. contain a requirement that residential development is not permitted until land is adequately serviced (or arrangements satisfactory to the council, or other appropriate authority, have been made to service it), and b. not contain provisions which will reduce the permissible residential density of land.
	Consistency	A planning proposal may be inconsistent with the terms of this direction only if the relevant planning authority can satisfy the Director-General of the Department of Planning (or an officer of the Department nominated by the Director-General) that the provisions of the planning proposal that are inconsistent are: a. justified by a strategy which:

		iv. gives consideration to the objective of this direction, and v. identifies the land which is the subject of the planning proposal (if the planning proposal relates to a particular site or sites), and vi. is approved by the Director-General of the Department of Planning, or b. justified by a study prepared in support of the planning proposal which gives consideration to the objective of this direction, or c. in accordance with the relevant Regional Strategy or Sub-Regional Strategy prepared by the Department of Planning which gives consideration to the objective of this direction, or d. of minor significance.
7. Implementation of A Plan for Growing Sydney.	Objective	The objective of this direction is to give legal effect to the planning principles; directions; and priorities for subregions, strategic centres and transport gateways contained in A Plan for Growing Sydney.
	Where and when it applies	This direction applies to land comprising of the following local government areas: Ashfield, Auburn, Bankstown, Blacktown, Blue Mountains, Botany Bay, Burwood, Camden, Campbelltown, Canada Bay, Canterbury, City of Sydney, Fairfield, Hawkesbury, Holroyd , Hornsby, Hunters Hill, Hurstville, Kogarah, Kuring-gai, Lane Cove, Leichhardt, Liverpool, Manly, Marrickville, Mosman, North Sydney, Parramatta, Penrith, Pittwater, Randwick, Rockdale, Ryde, Strathfield, Sutherland, The Hills, Warringah, Waverley, Willoughby, Wollondilly and Woollahra.

		This direction applies when a Relevant Planning Authority prepares a planning proposal.
	Requirements	Planning proposals shall be consistent with: a. the NSW Government's A Plan for Growing Sydney published in December 2014..
	Consistency	A planning proposal may be inconsistent with the terms of this direction only if the Relevant Planning Authority can satisfy the Secretary of the Department of Planning & Environment (or an officer of the Department nominated by the Secretary), that the extent of inconsistency with A Plan for Growing Sydney: a. is of minor significance, and b. the planning proposal achieves the overall intent of the Plan and does not undermine the achievement of its planning principles; directions; and priorities for subregions, strategic centres and transport gateways.

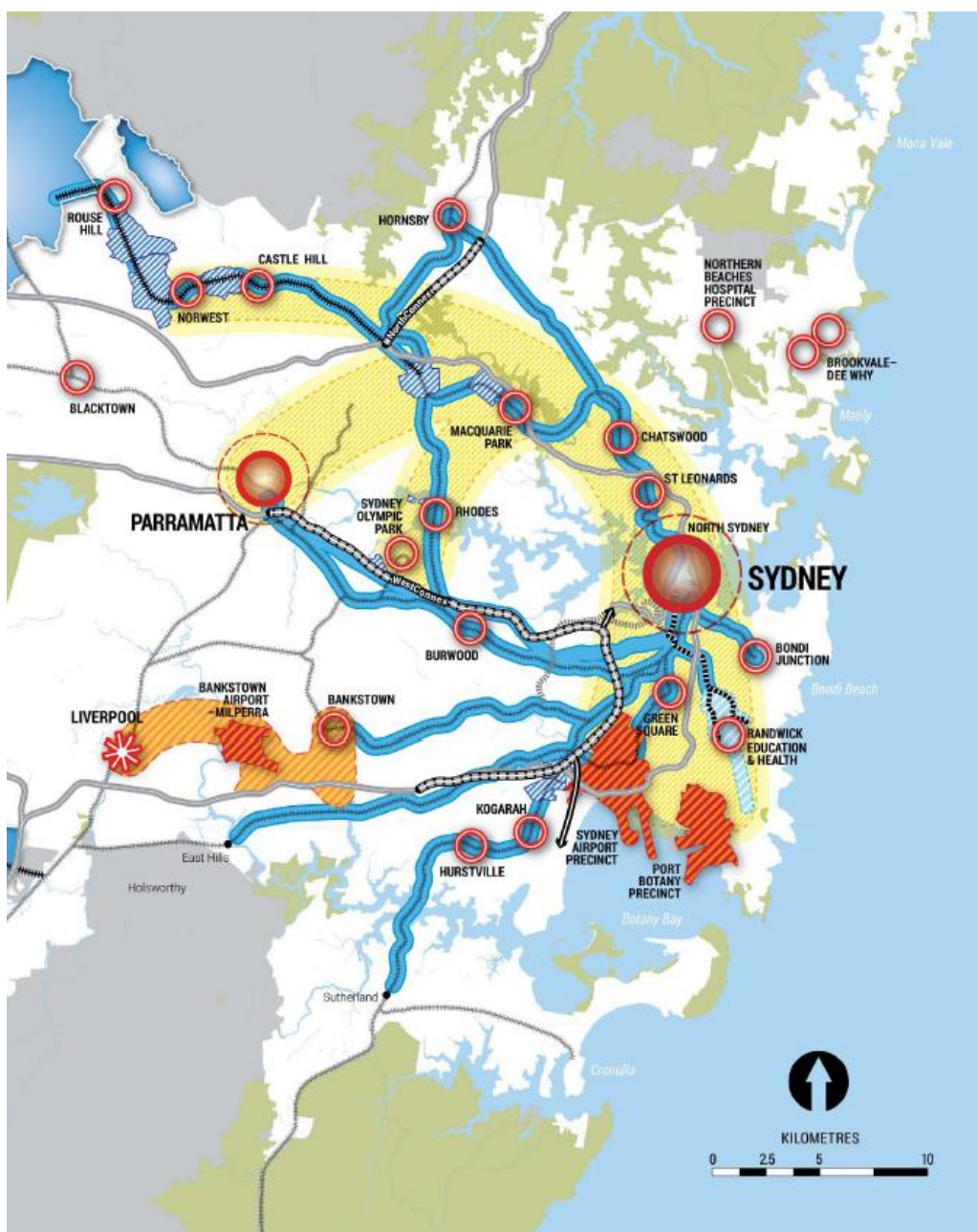
This review of the subject site gives consideration to Section 117 Ministerial Directions, specifically 1.1 - Business and Industrial Zones, 3.1 - Residential Zones and 7.1 - Implementation of a Plan for Growing Sydney.

A specific review of s117 Ministerial Directions is provided in the final section of this report.

SYDNEY METROPOLITAN STRATEGY TO 2031 – 'A PLAN FOR GROWING SYDNEY' (2014)

Released in December 2014, 'A Plan for Growing Sydney' is the cornerstone reference for land-use planning in Sydney. It provides guidance in relation to where people will live and work, and how we move around the city. It presents an overarching strategy for accommodating Sydney's future growth. It balances the need for more housing, but also facilitates the creation of resilient communities within a highly-liveable city context, whilst protecting the environment and natural biodiversity.

A Vision for Sydney – ‘A plan for Growing Sydney’



Source: DP&E (2014)

It states that new housing will be located close to jobs, public transport, community facilities and services, and acknowledges the need to for housing choice in regards to location, size and typologies to suit a range of lifestyles and budgets. Most importantly, more intensive housing development across the city will be matched with infrastructure and service provision, open space and renewed bushland to support healthy lifestyles and community life.

A Plan for Growing Sydney also provide a framework for strengthening the global competitiveness of Sydney, to accommodate investment and jobs growth. It considers infrastructure projects and improvements to public transport, freight routes and other key assets such as airports.

More broadly, the strategy outlines a number of related directions, including:

- Direction 2.1: Accelerate housing supply across Sydney;
- Direction 2.2: Accelerate urban renewal across Sydney – providing homes closer to jobs; and
- Direction 2.3: Improve housing choice to suit different needs and lifestyles.

This planning proposal is congruent with the directions outlined above. Through the delivery of 20 medium density dwellings, the proposed development will accelerate housing supply, encourage urban renewal, provide homes closer to jobs and improve the housing composition in the Cumberland Council.

[HOLROYD LOCAL ENVIRONMENT PLAN \(2013\)](#)

The Holroyd Local Environment Plan (LEP) 2013 is the key reference for local planning and land use in the Holroyd LGA. Through various planning controls, the plan seeks to achieve the following targets relevant to the proposed development:

- Rezone land to accommodate over 15,000 new dwellings (over 40,000 new residents) over the next 20 years;
- Include development standards that allow for more dense development.

Moreover, this planning proposal is also consistent with the core objectives of the R2 Low Density Residential zoning, which include:

- To provide for the housing needs of the community within a low density residential environment.
- To enable other land uses that provide facilities or services to meet the day to day needs of residents.
- To allow residents to carry out a range of activities from their homes while maintaining neighbourhood amenity.

Overall, the proposed redevelopment, incorporating a medium-density residential format is congruent with the objectives pertaining to housing supply and standards of the Holroyd LEP (2013). It will contribute to the housing target prescribed for the Holroyd LGA (and now the Cumberland Council) and provide greater housing choice for its



current and future residents. The dwellings will also be delivered in accordance with the quality standards prescribed for new housing development by the 2013 Holroyd Development Control Plan, Part B Residential Controls.

The supply of 20 new residential dwellings at 37-39 Pavesi Street Smithfield will support local businesses through greater local expenditure and retention. Being located in close proximity to the Smithfield Industrial Park, as well as being accessible due to the bus routes along Fairfield Road, the subject site also provides an additional source for labour supply for businesses operating in the Cumberland Council.

Moreover, in its current state and owing market forces and site-specific constraints (analysis provided in the Industrial Market Overview section), the subject site is not meeting the objectives of its current zoning setting, being IN2 Light Industrial, in that it does not:

- Provide a wide range of light industrial, warehouse and related land uses;
- Encourage employment opportunities and support the viability of centres;
- Enable other land uses that cater for the day-to-day needs of workers in the area; and
- Support or protect industrial land for industrial uses.

DRAFT HOLROYD RESIDENTIAL DEVELOPMENT STRATEGY (2012)

The Draft Holroyd Residential Development Strategy (RDS) provides a strategic framework to guide residential development in the Holroyd LGA. Through thorough research, detailed analysis and in-depth stakeholder consultation, the strategy identifies areas that can accommodate residential development in the future.

The core objectives of this strategy include:

- Deliver on the objectives and goals identified in the Sydney Metropolitan Strategy and the West-Central Sub-regional Strategy;
- Recommend and inform Council's local environmental and development control plans;
- Align housing supply with demand, with a view of meeting housing targets prescribed by the Department of Planning and Environment;
- Ensure that residential development occurs in a manner that promotes environmental, social and economic imperatives; and
- Ensure that future development responds to community needs and expectations.

The proposed development is consistent with the objectives of the RDS in that it contributes to housing targets imposed on Holroyd LGA through the provision of more housing; it aligns housing supply with demand from a spatial distribution perspective and finally, is consistent with the needs of a growing and ageing local population.

INDUSTRIAL MARKET OVERVIEW

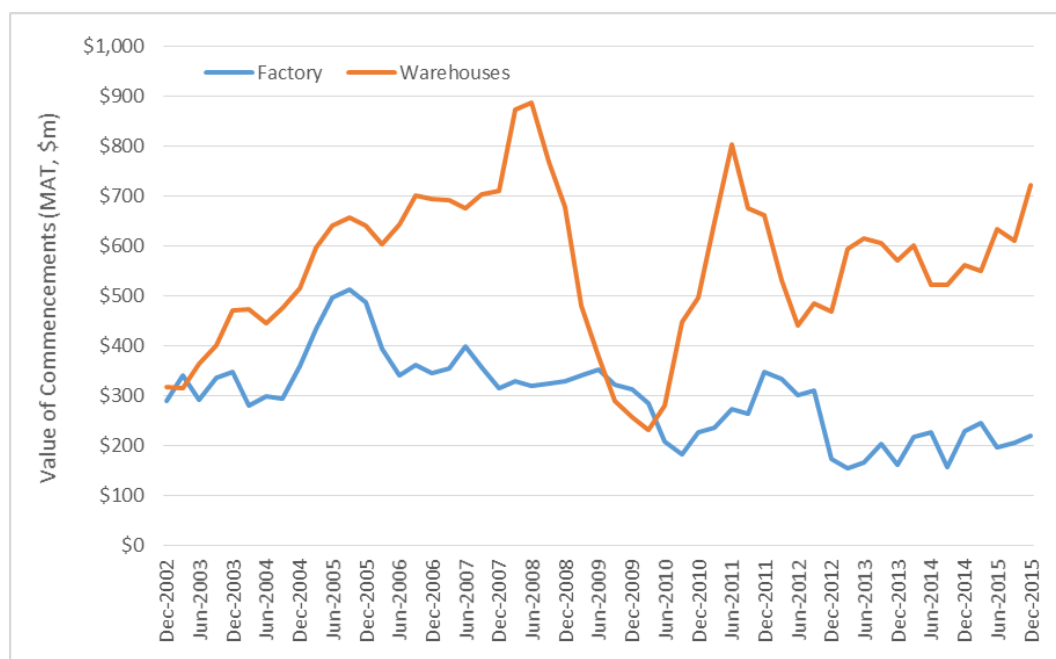
In this section of the report, we assess the relevance the subject site as an industrial going concern. In order to demonstrate that the site is now obsolete from an industrial perspective, we have:

1. Identified and reviewed broader trends and drivers which are influencing the industrial market;
2. Developed an understanding of employment land take-up and absorption trends across Sydney;
3. Assessed the Holroyd LGA and Smithfield situation; and
4. Considered the traits of the subject site and surrounds (i.e. constraints).

CURRENT MARKET SITUATION

Since the Global Financial Crisis the combined pipeline of factory and warehousing projects across New South Wales has recovered. However, annual factory and warehouse commencements, being almost equal at around \$300 million in 2002 are over \$500 million apart as at December 2015. This divergence has been in response to a diminishing manufacturing sector, which has permitted warehouse and logistics-based development to emerge as the dominant format.

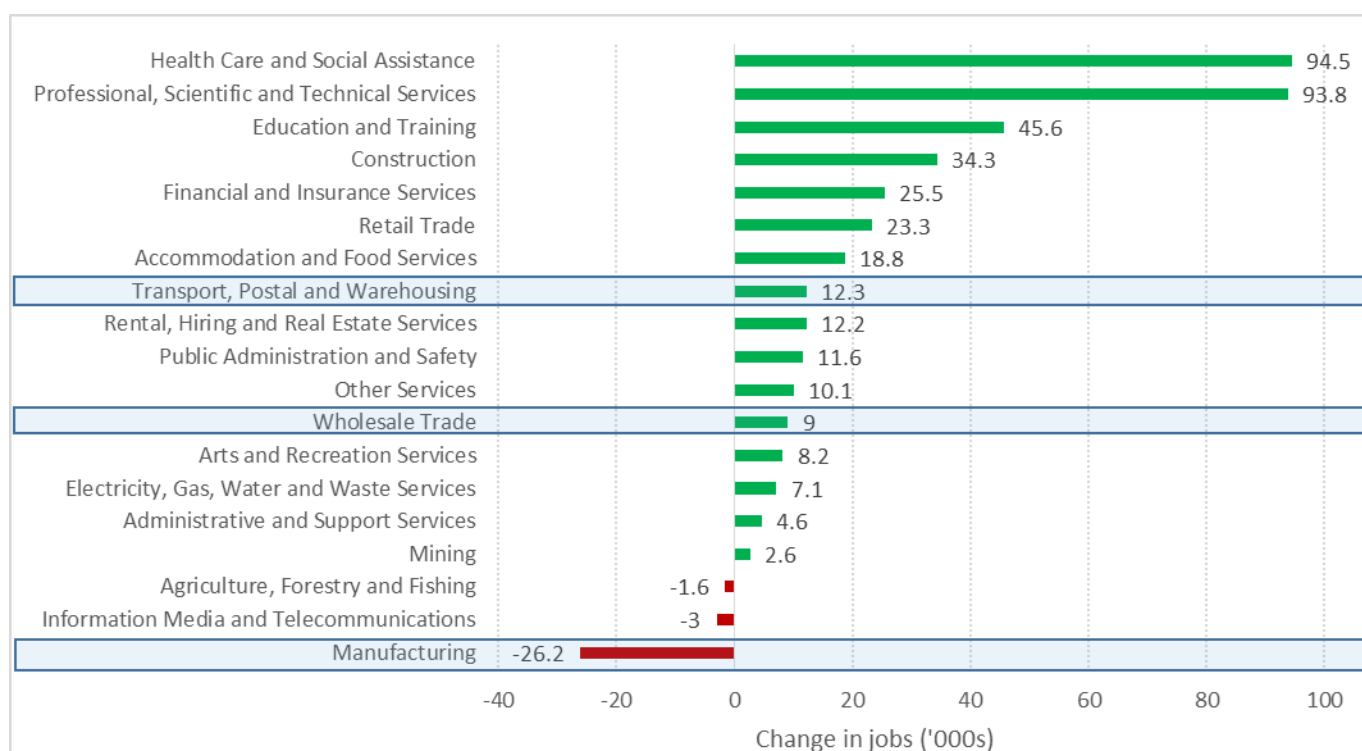
Value of Warehouse and Industrial Commencements (\$, moving annual total), New South Wales (2002-2015)



Source: ABS 8752.0 – Building Activity, Australia

Significant growth in transport, logistics and warehouse activity is also apparent in employment data. While the manufacturing sector has been in a state of decline (shedding 26,200 jobs over the ten years to November 2015), the number of workers in Transport, Postal and Warehousing (+12,300 jobs) and Wholesale Trade (+9,000 jobs) has increased in Greater Sydney.

Change in Number of Employed Persons by Industry, Greater Sydney (November 2005 – November 2015)



Source: ABS 6291.0.55.003 – Labour Force, Australia, Detailed, Quarterly

There are a host of drivers that have influenced the location and quantum of industrial floorspace demand in Greater Sydney, including:

1. Changes in the management supply chains and industry consolidations – both of these factors have contributed to the rise in demand for new warehouse facilities. As the need for an extensive distribution network has moderated (owing to changes in operational practices and improvements to infrastructure), locations which have been able to facilitate consolidation have benefitted. This driver has redistributed demand for industrial floor space throughout Sydney, predominantly from inner and middle ring locations out to Western Sydney.
2. The release of new industrial land adjacent to major road and terminal infrastructure – in addition to enabling the delivery of new, contemporary and customised industrial buildings, the release of new land next to major infrastructure

items has enabled industrial businesses to move out to western Sydney, in turn facilitating another wave of cost-savings for these businesses.

Industrial Face Rents by Region, Sydney (2016)

Market	Average net face rent (\$/sqm)	Average Yield (%)
West	\$123	6.9%
South	\$168	6.4%
South west	\$115	7.1%
North	\$175	7.0%

Source: Colliers International (2016)

3. Infrastructure investment – the commitment to and development of new infrastructure has impacted the spatial distribution of demand for industrial floorspace. Prompted initially by the Sydney Orbital Road Network, investment across a range of infrastructure items (e.g. Western Sydney Infrastructure Plan, Badgerys Creek Airport and Moorebank Intermodal Terminal) has pushed demand for industrial floorspace out to western Sydney. With sustained pressure for urban renewal in inner and middle rings in Sydney, it is expected that the rate at which this gravitation occurs will gather momentum. Moreover, solid population growth in Sydney's Growth Centres has provided businesses with required labour input.

As a result, many industrial businesses have relocated to western Sydney, as evidenced by employment land absorption figures published in the Employment Land Development Program. Over the seven years to 2014, take-up of employment land was most pronounced in West Central (45% of total) and South West region (29%).

Employment Land Take-up by Region (hectares), 2008-2014

Subregion	Total take-up (hectares)	Proportion (%)
West Central	386.9	45%
South west	250.4	29%
West	177.3	21%
South	25.3	3%
Central	11.1	1%
Total	851.0	100%

Source: Employment Land Development Program (2015)

HOLROYD LGA AND SMITHFIELD SPECIFIC

While it is located in Western Sydney, employment land take-up has not been substantial in Holroyd LGA, with just 47.6 hectares of take-up recorded over the seven years to 2014, all of which in the Greystanes Industrial Estate. To a degree, this low rate of absorption is synonymous with an established industrial region, which has little in the way of new developable land – as at January 2015, over 92% (752.8 hectares) of the 817.4 hectares of zoned employment land in Holroyd LGA was developed.

More importantly, withdrawals from industrial stock has been limited, suggesting that demand for industrial floorspace is solid in Holroyd LGA. Notably, while this may be the case at an aggregate level across the LGA, there may be some divergence or disparity from precinct to precinct within the LGA, and can vary on site specific basis.

Specific to the Smithfield, we note that the Smithfield Industrial Precinct is functional, has experienced limited withdrawals and on the most part (with the exception of the subject site and just a few premises) is largely tenanted. As at January 2015, just 2.6 hectares of zoned land remained undeveloped in the precinct (based on the Employment Land Development Program). According to BTS data, the precinct engaged around 4,700 workers as at August 2011, and more importantly, encompassed 413 employing businesses as at June 2015 (i.e. Smithfield Industrial SA2 region). Bureau of Transport Statistics employment projections indicate that jobs growth will be sustained in the Smithfield Industrial Precinct (as denoted by the 1285 and 1286 travel zones), expanding by 120 jobs between 2016 and 2036 (from 5,195 to 5,309 jobs). Although this job gain may appear minute, a positive employment outcome for a precinct dominated by the manufacturing industry is in fact a solid outcome.

Value of Industrial Building Approvals (\$m), Selected Industrial Locations (2002-2015)

Year	Smithfield Industrial	Greystanes - Pemulwuy	Wetherill Park Industrial
2002	12.9	0.0	30.1
2003	4.6	20.5	14.4
2004	9.3	28.5	17.2
2005	11.3	67.8	24.0
2006	2.5	31.6	33.1
2007	3.1	0.0	31.5
2008	9.1	18.7	16.4
2009	7.7	0.0	56.4
2010	9.4	8.8	10.5
2011	6.1	0.0	5.3
2012	9.2	0.1	20.4
2013	9.3	0.7	4.7
2014	25.7	12.7	15.0
2015	10.8	36.7	5.8
Annual avg.	9.4	16.2	20.3

Source: ABS 8731.0 – Building Approvals, Australia

Moreover, the value of industrial building approvals has been consistent, averaging around \$9.4m per annum since 2002. While this level of investment is low compared to designated industrial locations such as Wetherill Park (\$20.3m per annum) and Greystanes/Pemulwuy (\$16.2m per annum), it is expected to continue over the forecast period – investment is a lead indicator of relevance.

In all, Colliers International believes that the Smithfield Industrial Precinct is successful as:

1. It offers a variety of building formats and sizes for industrial businesses;
2. Is relatively affordable (at around \$85-105 per square metre);
3. Is well-connected to the Sydney Orbital Road network via the Cumberland Highway; and
4. It has access to labour resources owing to solid population growth in Holroyd LGA and western Sydney.

The prospect for industrial investment at the subject site is negligible. While it is part of the Smithfield Industrial Precinct, it has been physically severed from the precinct and more importantly, the Cumberland Highway (and therefore the Sydney Orbital Road System). A traffic controlling device positioned to the west of the subject site has restricted access to the subject site for larger commercial vehicles (as shown below).

Traffic Controlling Device - Pavesi Street Smithfield



Source: Google Maps (street view)

As a result, access to site is obtained via an indirect route, using 'local' roads which are not entirely suitable for large vehicles – via Fairfield Road (from Woodpark Road) or via Sturt Street, McCredie Road and then Fairfield Road. Compared to adjoining properties, the connection between Cumberland Highway and the subject premises is indirect and improvised, meaning that the site is inferior from an industrial perspective. Moreover, it is also apparent that there are pinch-points along the Sturt Street and McCredie Road route which are not ideal for large vehicles. As presented in the satellite image below, if a large truck were to turn left from McCredie Road onto Fairfield Road, it would require both lanes on McCredie Road. In addition to not being ideal, this type of turning manoeuvre presents potential safety implications for other vehicles and users of the road (including residents and cyclists).

Corner of McCredie Road and Fairfield Road Smithfield



Source: Nearmap: Colliers International

The rezoning of the subject site would have a minor impact on the supply of employment land in the West Central region, the newly formed Cumberland Council (previously the Holroyd City Council) and even the Smithfield Industrial Precinct, with the subject site representing less than 0.1% of the total employment land within the Holroyd LGA and just 0.0148% of stock in the West Central region (i.e. developed and undeveloped zoned employment land stock). Moreover, by providing the required 20 metre buffer between residential offer to the east and industrial uses to the west, the proposed development will provide sufficient separation to mitigate the negative externalities created by industrial operations. As such, it will preserve the relevance of remaining industrial provision within the Smithfield Industrial Precinct.

THE NEED FOR RESIDENTIAL USES

This section identifies and justifies the need for more housing supply in the Cumberland Council (formerly Holroyd City Council), and more specifically, within the immediate locality of the subject site. We also demonstrate that the proposed development comprising of 20 new attached-duplex dwellings is consistent with the overarching directions pertaining to housing in the current Metropolitan Strategy.

THE NEED FOR MORE HOUSING IN HOLROYD LGA

There is a need for more housing in Holroyd LGA (and the newly formed Cumberland Council). The Holroyd LGA has been subject to an extended period of solid population growth. According to ABS data, the resident population of Holroyd LGA has expanded at an average rate of 2.2% or approximately 2,225 residents per annum between 2005 and 2015. Notably, this rate of population growth has exceeded that observed in the Greater Sydney region over the same period (1.6% per annum).

Population Growth, Holroyd LGA and Greater Sydney (2005 – 2015)

Year	Holroyd LGA	Annual Growth	Greater Sydney	Annual Growth
2005	91,042		4,217,563	
2006	92,752	1.9%	4,256,161	0.9%
2007	95,335	2.8%	4,325,525	1.6%
2008	98,038	2.8%	4,409,562	1.9%
2009	100,097	2.1%	4,492,380	1.9%
2010	102,076	2.0%	4,555,516	1.4%
2011	104,079	2.0%	4,608,949	1.2%
2012	106,164	2.0%	4,676,118	1.5%
2013	108,834	2.5%	4,755,029	1.7%
2014	111,032	2.0%	4,837,661	1.7%
2015	113,294	2.0%	4,920,970	1.7%

Source: ABS 3218.0 – Regional Population Growth, Australia

Several factors underpinned exceptionally high levels of population growth during this period. A significant housing affordability advantage (relative to inner and middle ring suburb markets) provided an opportunity for low-to-moderate income households to become home owners, who at the time, would have been otherwise locked out of inner and middle ring housing markets in Sydney. Secondly, accessibility, in the form of public transport and major road

infrastructure was also significant in the Holroyd LGA, which served as a major attractor. Finally, the Holroyd LGA has been a popular destination for international settlers, which has and remains an important source of population growth.

In contrast, and particularly prior to 2012, housing additions in Holroyd LGA were low (relative to demand or population growth). According to Census data, the number of private occupied dwellings in the Holroyd LGA expanded by just 611 dwellings over the five years to 2011. Comparing the rise in housing stock against population gains over the same period, it is evident that supply fell well short of demand. Utilising a conservative average household size of 2.8 persons per dwellings, the high-level dwelling shortage for this period alone would have been approximately 3,418 dwellings.

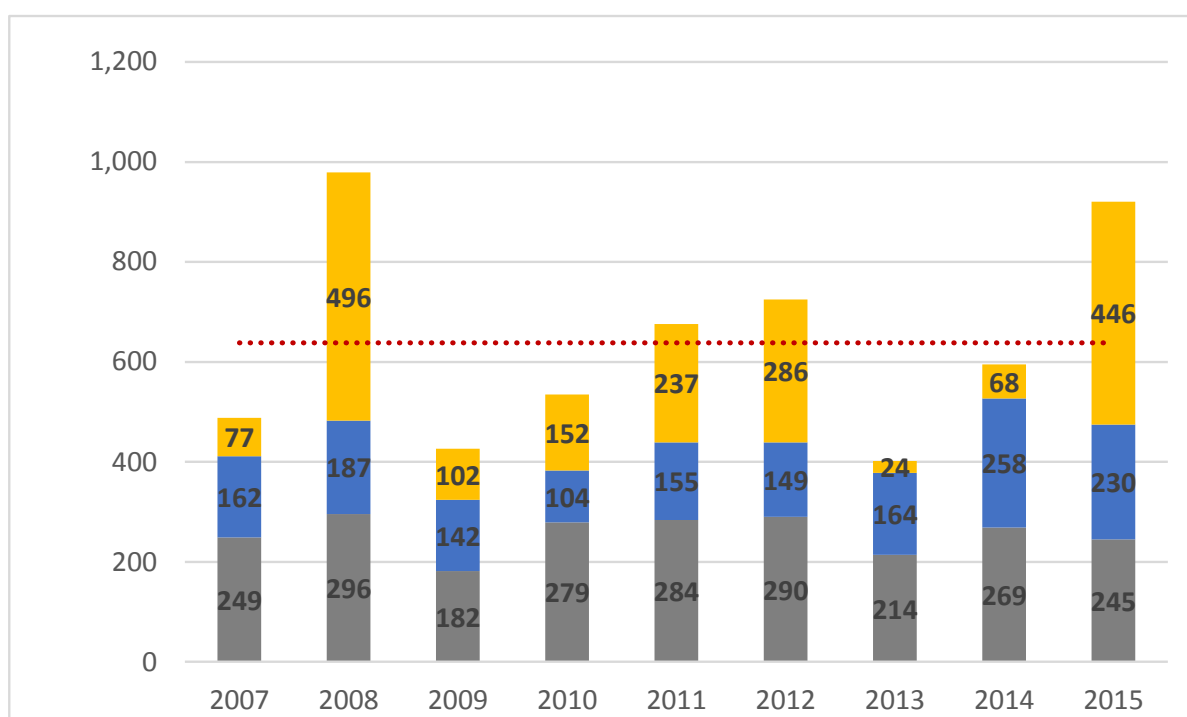
Accumulated Dwelling Position and Outcome, Holroyd LGA (2006-2011)

Supply	
Housing stock, 2011	33,013
less housing stock, 2006	32,386
Change, 2006-2011	627
Implied demand	
Average number of persons per dwelling	2.8
Population gain, 2006-2011	11,327
Implied demand (number of dwellings)	4,045
Dwelling Outcome	
Accumulated Dwelling Position (shortage)	-3,418
<i>i.e. supply less implied demand</i>	

Source: Census 2006 & 2011; ABS population; Colliers International

It must be noted that the building response has only been recent, with over 1,500 dwellings approved over the two years to June 2015. However, this coincided with a broader, Sydney-wide housing market recovery and subsequent, residential construction upturn. Additionally, some of this new housing would have mitigated by population growth post-2012, which remained high at 2.2% per annum.

Annual number of residential dwellings Approved, Holroyd LGA (2007 – 2015)

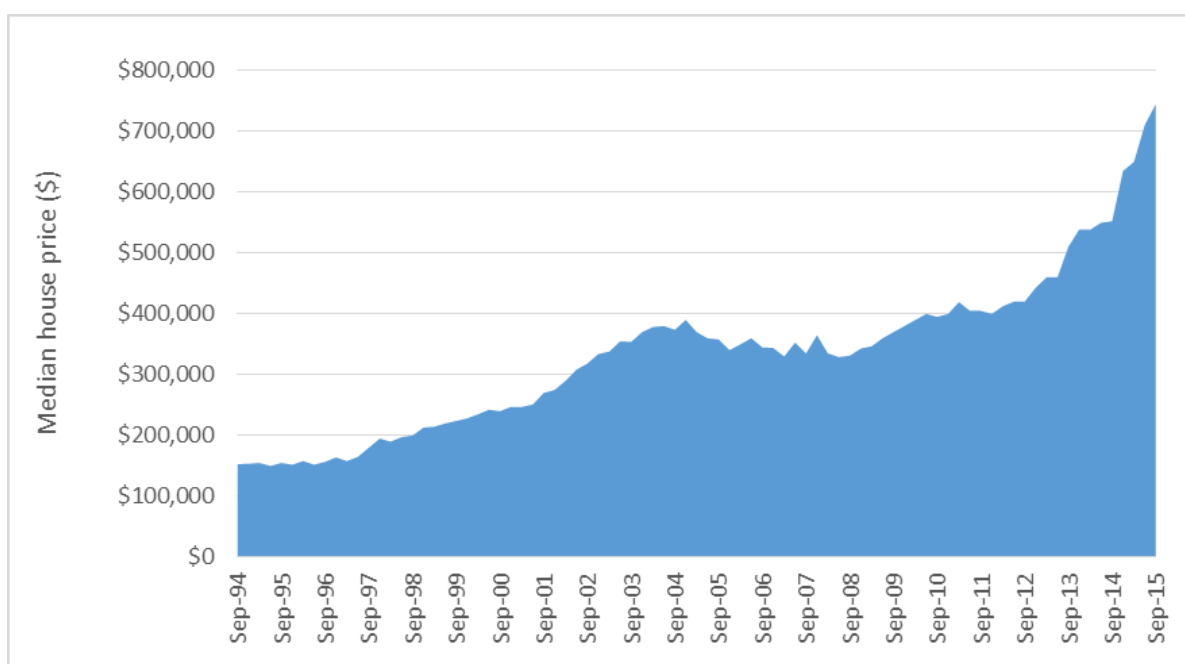


Source: ABS 8731.0 - Building Approvals, Australia

A sustained period of undersupply has resulted in house price escalation and significant rental growth, which are both symptoms of a market in need of housing supply.

In relation to owner occupation affordability, the median house price in Holroyd LGA was \$542,000 as at December 2011, increasing on average by 6.5% per annum over five calendar years to 2011. Considering that the average annual income of residents in the Holroyd LGA is \$62,868 (well below the Sydney average of \$75,244), it would be reasonable to presume that home ownership is a challenging proposition in the Holroyd LGA. Moreover, given that median house prices in Holroyd LGA have increased by a significant 16.5% per annum since 2011, it is likely that the housing affordability proposition has also diminished markedly.

Median House Price, Holroyd LGA (1994-2015)



Source: NSW Housing Rental Report (2016)

Higher mortgage repayments relative to household income also indicates a need for a greater housing supply in Holroyd LGA. As at 2011, median annual household mortgage repayments totaled \$24,969 (ABS), while annual household income was \$62,868, meaning that the mortgage to household income ratio was significantly high (in excess of 39% of household budget). Despite a reduction in interest rates (and to historically low levels), the share of household income attributed to mortgages has not decreased since 2006. Moreover, given the recent appreciation in dwelling prices in the Holroyd LGA (and therefore the need for a larger mortgage to purchase a property), it is expected that the ownership proposition would have since deteriorated further.

Mortgage Affordability (%), Holroyd LGA (as at August 2011)

	August 2011
Mortgage payment (annual)	24,696
Household income (annual)	62,868
Mortgage payment to income ratio (%)	39.3%

Source: ABS Census; Colliers International

Given that around 35% of dwellings are occupied by renters (as at August 2011), Colliers International anticipates that sustained rental growth between 2006 and 2011 would have eroded disposable incomes of renting households in Holroyd LGA. According to NSW Housing data, median weekly rents increased by 9.6% per annum over the five years to June 2011, from \$240 to \$380 per week – this rate of growth exceeded the Greater Sydney average of 8.0% per annum over the corresponding period. While rental growth has eased (averaging 3% per annum since 2011), today's median weekly rent is around \$485 per week for three bedroom house (based on NSW Housing figures), which represents a significant outlay for an ordinary household.

Rental growth - all dwellings, Holroyd LGA and Greater Sydney (2006 & 2011)

	2006	2011	Annual growth rate (%)
Holroyd LGA	\$240	\$380	9.6%
Greater Sydney	\$300	\$440	8.0%

Source: NSW Housing Rental Report (2016)

Furthermore, over the five years to 2011, household incomes in the Holroyd LGA only expanded by 3.9%, which is significantly below rental growth over the same period (9.2% per annum). As a result, the share of household income dedicated to housing in the form of rents increased from 23% to 29% over the five years to 2011.

Rent to Income Ratio, Holroyd LGA (2006-2011)

	2006	2011
Rental cost (annual)	\$11,700	\$18,200
Household income (annual)	\$51,896	\$62,868
Rent to income ratio (%)	22.5%	28.9%

Source: Census 2006 & 2011; Colliers International

The pressure for more housing in the Holroyd LGA (and now the Cumberland Council) is not expected to subside. Department of Planning and Environment projections indicate that the resident population of Holroyd LGA will expand by 23,400 persons between 2016 and 2031. Without a corresponding rise in dwelling additions, population gains are expected to result in further deterioration in housing affordability. To accommodate these future residents, the Department of Planning and Environment prescribe a 9,450 dwelling increase in housing stock during this period. Given that dwelling additions totaled 627 over the five years to 2011, it is difficult to accept that the 'required' level of supply will be achieved over a fifteen year period.

In the absence of housing supply, median house prices and rents are expected to continue rising over the immediate future. While comprising of just 20 dwellings, every development which raises dwelling stock in Holroyd LGA is contributing to the containment of housing affordability (renting and owner occupation). As such, through the delivery of 20 duplexes, the proposed redevelopment will help maintain housing affordability in the LGA.

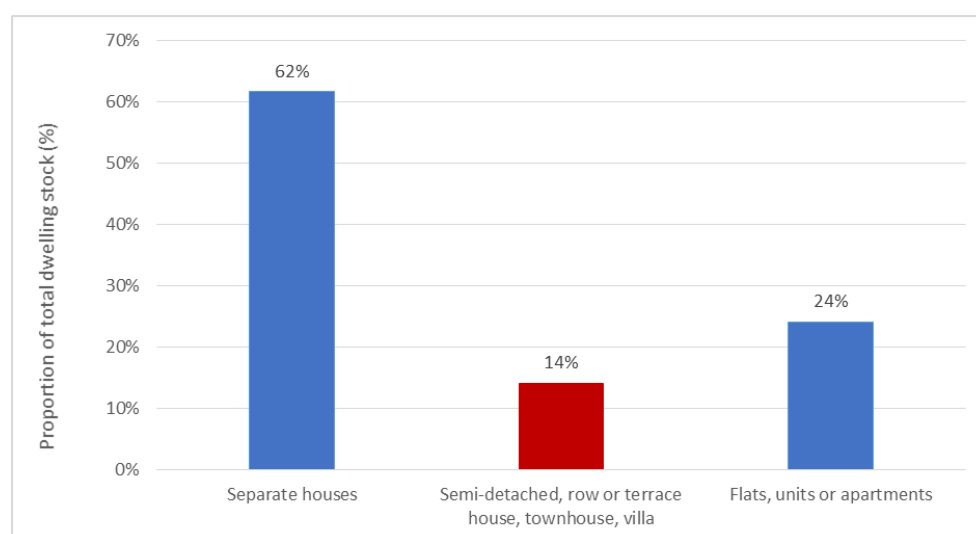
Overall, there is a compelling case for more housing supply in the Holroyd LGA to satisfy current population trends of growth and household formation.

PROMOTE GREATER HOUSING DIVERSITY

It is implied in the new Metropolitan Strategy that there is a need to improve housing choice to suit a variety of household and lifestyle types. Put simply, the objective of Direction 2.3 is to promote greater housing diversity for the purpose of accommodating Sydney's growing population and evolving demographic profile. Furthermore, it is noted in the Metro Strategy that there is a shortage of medium density dwellings in Sydney.

As at Census 2011, separate houses represented the modal dwelling structure in the Holroyd LGA, accounting for 61.5% of total private occupied dwellings. At the time, the share of medium density residential dwellings in the LGA was high relative to Greater Sydney (14.3% compared to 12.8%). However, given the recent spate of apartment approvals (particularly over the past three years), it is expected that representation from medium density housing will contract over the immediate future.

Number of Private Occupied Dwellings by Structure, Holroyd LGA (2011)

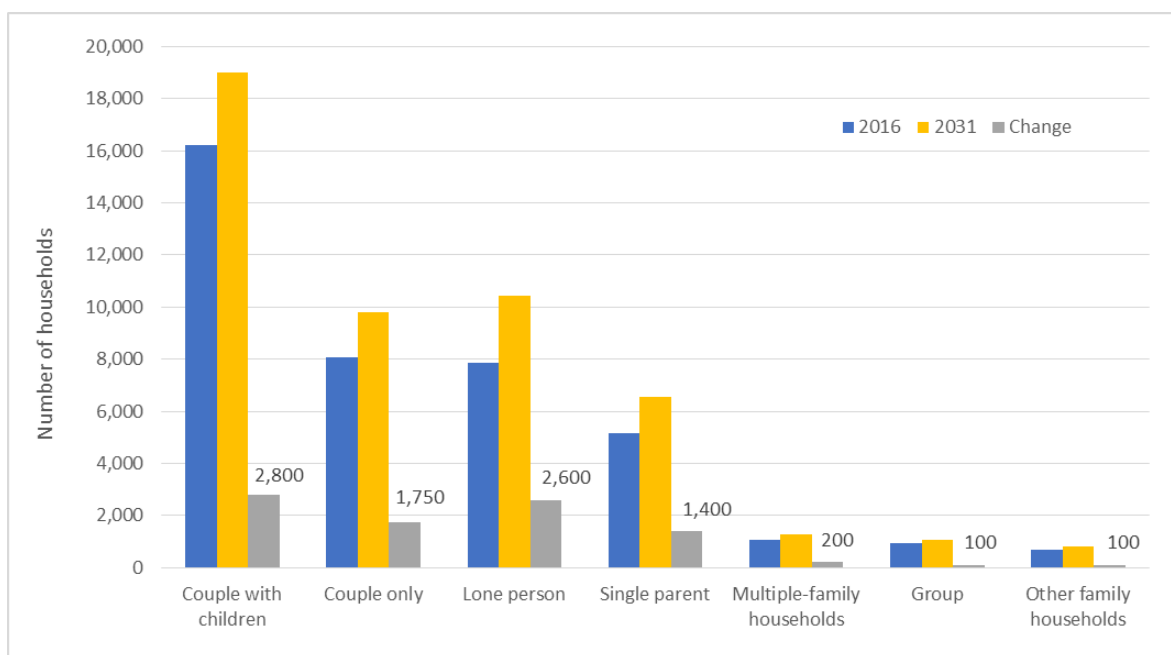


Source: Census 2011

The importance of greater housing diversity, and more specifically the provision of medium density housing, is a result of the following key socio-demographic trends and drivers:

- In Holroyd LGA, representation amongst couple families with dependent children is expected to remain high. As presented in Department of Planning and Environment projections, this group is earmarked to account for around 39% of total households in Holroyd LGA as at 2031. Given that this structure usually consists of at least 3-4 members, it is expected that families with children will continue to be a valuable source of housing demand in the future, particularly for dwellings with at least three bedrooms and some private backyard/recreational space. Given the relative cost-advantage presented by medium density dwellings (over larger established detached dwellings), a lack of suitable duplex and villa provision is expected to have an adverse impact on the growth potential in the Holroyd LGA.

Household and Family Composition, Holroyd LGA (2016 & 2031)



Source: Department of Planning and Environment

- The need for labour resources in Sydney will attract workers from other states and countries. For those employed in western Sydney, Cumberland Council (formerly Holroyd City Council) presents as one logical and suitable destination – especially given its popularity amongst overseas settlers in Sydney. As these workers are typically aged between 25 and 35 years of age, and therefore represent the next wave of family couples with children, it is anticipated that this group will be a valuable source of future housing demand, particularly for medium-density dwellings at some point in the future.

- An ageing local demographic is expected to result in higher demand for new dwellings in Holroyd LGA, of the medium and high density variety. In exchange for the family home, senior households tend to opt for low maintenance dwellings and on occasions within the same locality or near family. While the majority of demand from this cohort will be directed to new apartments, there are some who will want a non-strata dwelling, with multiple bedrooms and a small yard. As such, it is anticipated that some of the demand from this cohort will be directed towards new medium density dwellings. In the absence of provision, it is likely that some locals will be denied an opportunity to trade-down with the locality.

Population Projections by Age, Holroyd LGA (2016-2031)

Age cohort	2016	2031	Annual growth rate (%)
0-19	30,150	36,700	1.3%
20-34	27,000	28,600	0.4%
35-49	23,500	28,400	1.3%
50-64	17,150	21,050	1.4%
65+	14,750	21,300	2.5%
Total	112,550	136,050	1.3%

Source: Department of Planning & Environment

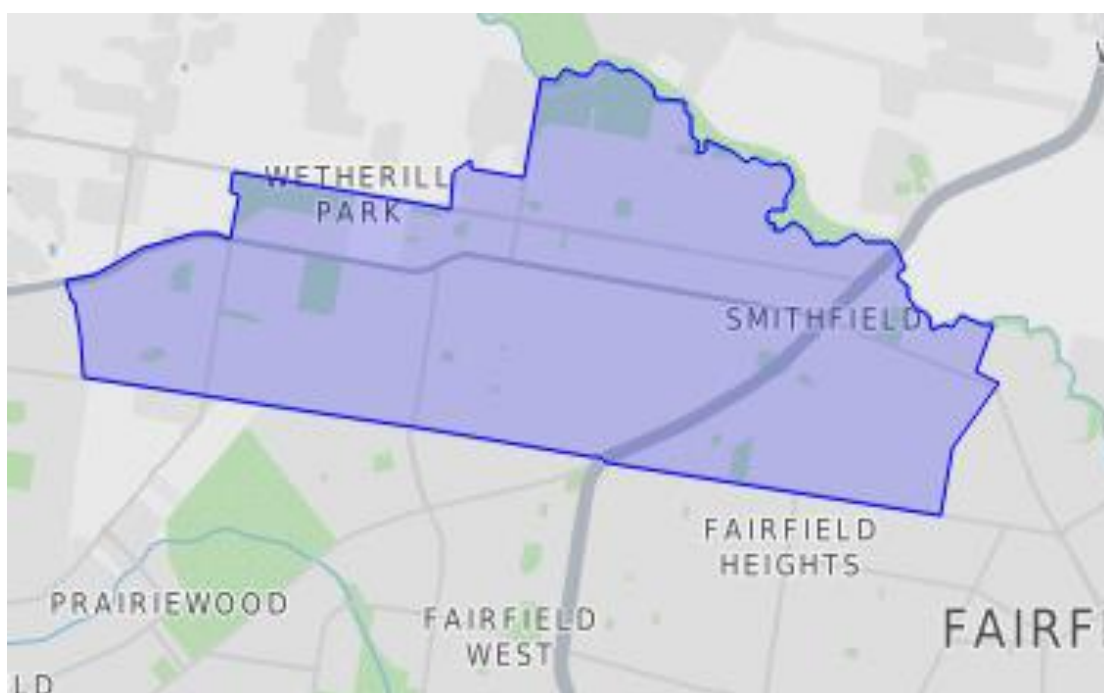
There are second round impacts from not providing sufficient dwelling stock. By not catering for population growth in Holroyd LGA, it is expected that expenditure on goods and services (in real terms) will stagnate in the future. As such, local businesses will curtail investment and expansion plans, which will have implication on jobs growth within the Cumberland Council (formerly Holroyd City Council) in the future.

Overall, it is evident that the need for greater housing diversity in the Holroyd LGA is significant. While there has been an adjustment in apartment supply through higher approvals, there has yet to be a response from the medium-density segment. The proposed development offers an opportunity for the supply of this type of dwelling.

THE NEED FOR HOUSING IN SMITHFIELD

With reference to the Smithfield-Wetherill Park SA2 region, there is a need for more housing, particularly in the form of medium density dwellings.

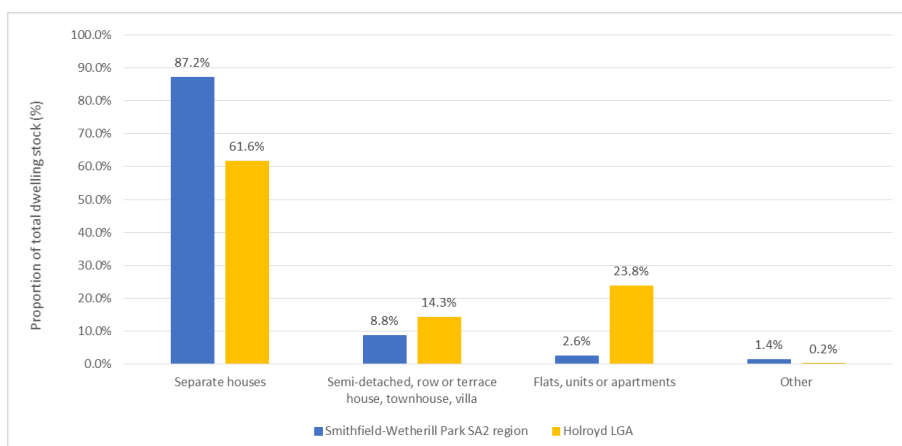
Smithfield-Wetherill Park SA2 region



Source: MapData Services Pty Ltd

The skew to detached dwellings is more pronounced in the Smithfield-Wetherill Park region relative to the Holroyd LGA. According to Census 2011, around 87% of private occupied dwellings were separate houses in the SA2 region, compared to 61.6% in Holroyd LGA. Notably, just 8.8% of dwellings in Smithfield are medium-density in nature. Given this lack in diversity, it is expected that the Smithfield component of the broader Cumberland Council will not be able to attract and accommodate some household types in the future. As such, it was place the immediate region at a significant disadvantage relative to the rest of the Cumberland Council.

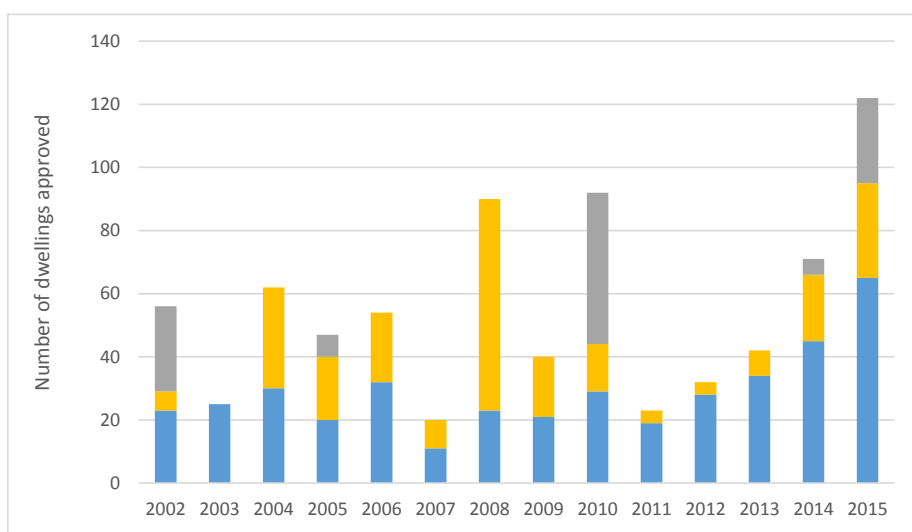
Comparison of Dwelling Structure Composition – Smithfield-Wetherill Park SA2 vs. Holroyd LGA (2011)



Source: Census 2011

With the exception of 2015, residential building activity has also been weak in the Smithfield-Wetherill Park. Of the 776 dwellings approved since 2002, over 52% have been for detached dwellings i.e. primarily knock-down rebuilds. As such, there have been limited new housing additions since the turn of the millennium.

Residential Building Approvals (number), Smithfield-Wetherill Park SA2 region



Source: ABS 8731.0 – Building Approvals, Australia

Combined, a lack of housing diversity and limited housing additions have restricted population growth in the Smithfield-Wetherill Park SA2 region. Compared to an average growth rate of 2.2% per annum across the Holroyd LGA, the resident population of the Smithfield-Wetherill park region expanded by just 0.9% per annum over the decade to 2015.

Estimated Resident Population and Growth, Smithfield-Wetherill Park and Holroyd LGA

Year	Smithfield-Wetherill Park	Annual Growth	Holroyd LGA	Annual Growth
2005	16,950		91,042	
2006	16,897	-0.3%	92,752	1.9%
2007	16,933	0.2%	95,335	2.8%
2008	17,212	1.6%	98,038	2.8%
2009	17,474	1.5%	100,097	2.1%
2010	17,646	1.0%	102,076	2.0%
2011	17,698	0.3%	104,079	2.0%
2012	17,804	0.6%	106,164	2.0%
2013	18,044	1.3%	108,834	2.5%
2014	18,273	1.3%	111,032	2.0%
2015	18,506	1.3%	113,294	2.0%

Source: ABS 3218.0 – Regional Population Growth, Australia

While population growth was weak, negligible dwelling additions in the Smithfield-Wetherill Park would have resulted in the formation of dwelling stock deficiency in the locality. We note that over the six years to 2011:

1. The stock of private occupied dwellings increased by just 174 dwellings;
2. The resident population expanded by a total of 801 persons; and

Therefore, at an average household size of 2.8 persons per dwelling (as per Census 2011), the accumulated dwelling shortage for this period would have been in the vicinity of 110 dwellings for this period alone

Pent-up demand for housing has coerced house price appreciation (in excess of income growth) and rental growth in the Smithfield area. According to RPData, the median house price for Smithfield rose by 4% per annum over the five year period to 2011, which was on par with Holroyd LGA (4% per annum), but higher than household income growth during same period – household incomes in the Smithfield-Wetherill Park region expanded by just 2.7% per annum between 2006 and 2011. Moreover, weekly median rents expanded by 6.8% per annum (from \$216 to \$300 per week), which would have affected the household income of the renters in the area – who occupy 28% of private occupied dwelling stock in the area.



Overall, the proposed development will provide more housing stock and diversity to a market deprived of supply. As a result, it is expected that this will:

- Accommodating aspiring home owners who have been priced out of inner and middle ring suburbs in Sydney;
- Owing to a wider range of housing options, promote greater household diversity in the Cumberland Council region; and
- Provide opportunities for older residents in the area to “trade down”, particularly important, as the 65+ cohort is anticipated to experience significant growth in the future.

It is of our professional opinion, that the case for more housing and greater diversity in the Smithfield-Wetherill Park SA2 region and moreover, the newly formed Cumberland Council (and former Holroyd City Council) is compelling.

NET COMMUNITY BENEFITS

This section of the report outlines the economic benefits derived from the proposed redevelopment at 37-39 Pavesi Street Smithfield. It also addresses the required net community benefit test for planning proposals, as imposed by the Department of Planning and Environment.

STATEMENT OF ECONOMIC BENEFITS

The proposed development of 37-39 Pavesi Street Smithfield is expected to yield the following economic benefits:

- The provision of necessary residential infrastructure to meet the needs of a growing population and changing demographic in the Holroyd LGA;
- Provide much needed supply and diversity in a location which has been deprived of additions and diversity;
- The delivery of homes closer to jobs in the Smithfield Industrial Precinct – promote self-containment and alleviate road congestion;
- Reduce large commercial vehicle from Fairfield Road and other local network roads;
- Through a 20 metre set-back and tree-line, provide a definitive buffer between residential and industrial uses along Pavesi Street;
- Provide an additional source of potential labour supply for local businesses (increase the talent pool);
- The repositioning of a site which has lost its employment and operational relevance as an industrial going concern (primarily due to a traffic controlling device and other micro, site-specific factors);
- Through population growth and greater household diversity, generate more expenditure and support investment and jobs growth amongst local businesses;
- Support various professional service industries during the planning and design phase of the project e.g. consulting, architecture, engineering, planning and so forth;
- Supplement a diverse range of trade, professional and construction-based businesses during the construction phase e.g. construction managers, labourers, bricklayers, surveyors as well as plumbers, electricians, heating and ventilation trades; and
- An increase in tax revenue (rates, stamp duty) for local and state government, supporting increased and improved services and amenity within the Cumberland Council (formerly Holroyd City Council).

Overall, through redevelopment of the subject site, the positive economic impacts will be vast and varied. The proposed development will support economic growth within the immediate locality, but also support the broader Cumberland Council, a notion endorsed in the Sydney Metropolitan Strategy (2014).

NET COMMUNITY BENEFIT TEST

The Department of Planning and Environment has provided guidance on conducting a Net Community Benefit Test. We now assesses the planning proposal for 37-39 Pavesi Street Smithfield Holroyd against the prescribed evaluation criteria.

Evaluation criteria (set out by the DP&E) and subsequently, the benefit to the community are outlined below.

Evaluation Criteria	Quality Community Benefit
Will the LEP be compatible with agreed State and regional strategic direction for development in the area (e.g. land release, strategic corridors and development within 800 metres of a transit node)?	Yes. The proposal is consistent with the directions of the Sydney Metropolitan Strategy (2014), regional and local government policies and strategies. Specifically, the planning proposal is consistent with the objectives, goals and directions relating to: - Increasing residential supply; - Improving housing diversity; - Providing homes closer to jobs; and - Revitalisation of existing suburbs. In addition to delivering much needed housing for the Smithfield area, the proposed development will also deliver greater housing diversity in the immediate area and broader Cumberland Council (in terms of the typology mix), and therefore enable the area to accommodate a wider range of household types and lifestyles. An increase in the number of dwellings and resident population will ultimately increase household expenditure, and assist local businesses within the Merrylands Town Centre and the Merrylands West Local Centre.
Is the LEP located in a global/regional city, strategic centre or corridor nominated within the Metropolitan Strategy	Yes. The subject site is contiguous to the Smithfield Industrial Precinct. However, a traffic control device to the west of the subject site has severed it from the Cumberland Highway and more broadly, from a functional Smithfield Industrial Precinct. Relying on the local road system which is inadequate for large commercial vehicles, the relevance of the subject site as an industrial going concern has been undermined permanently.

or another regional/sub-regional strategy?	The proposed redevelopment will support revitalisation of the Merrylands Town Centre and sustained trade in Merrylands West, through an increase in the residential population and subsequently, household expenditure.
Is the LEP likely to create a precedent or create or change the expectations of the landowner or other landholders?	The proposed rezoning is not expected to be a catalyst for other planning proposals in the Smithfield Industrial Precinct. The request to change land zone is based on the fact that the site, due to specific constraints pertaining to accessibility, is redundant from an industrial perspective, and not on the basis of the entire precinct undergoing transition.
Will the LEP facilitate a permanent employment generating activity or result in a loss of employment lands?	The subject site currently does not support an operational workforce – the site is not tenanted. As such, a repositioning of the subject site will not result in a loss of employment for the immediate area. Encompassing a total area of 8098.5m², the subject site comprises less than 0.1% of employment land in Holroyd LGA, and less than 0.0148% of employment land within the Central West region (i.e. developed and undeveloped zoned employment land). Overall, the official withdrawal of the subject site will have a negligible impact on the region's capacity to deliver employment.
Will the LEP impact upon the supply of residential land and therefore housing supply and affordability?	Yes. The proposed development will provide housing supply and diversity in a location that has been starved of suitable and adequate housing supply over a sustained period of time. An increase in medium density housing stock will provide an affordable alternative to the dominant dwelling typology in the Smithfield-Wetherill Park SA2 region, being detached housing, which tends to be more expensive. The provision of alternative housing typologies will also cater for a broader spectrum of households in the future, and permit trade-down within the locality and the broader Cumberland Council.
Is the existing public infrastructure (roads, rail, utilities) capable of servicing the proposed site? Is there good pedestrian and cycling access? Is public transport currently	Yes. It is anticipated that the existing public infrastructure will be capable of servicing the new residents in the proposed development. The subject site is within walking distance of bus stops along Fairfield Road. In relation to road infrastructure, the introduction of 20 residential dwellings and their private vehicles to the area will be accommodated via the removal of large commercial vehicles (that would have otherwise supported operations of a

available or is there infrastructure capacity to support future public transport?	business on the subject site) from local roads such as McCredie and Fairfield Roads.
Will the proposal result in changes to the car distances travelled by customers, employees and suppliers? If so, what are the likely impacts in terms of greenhouse gas emissions, operating costs and road safety?	Yes. The proposed development will offer workers in the Smithfield Industrial Precinct with an opportunity to reside within walking distance of their workplace, which would effectively, remove some cars from the road. Moreover, the substitution which is expected to occur between large commercial vehicles and private cars would render a better environmental outcome from a greenhouse omission standpoint.
Are there significant Government investments in infrastructure or services in the area where patronage will be affected by the proposal? If so, what is the expected impact?	To a degree, yes. The planning proposal may result in a slight increase in public transport or bus service utilisation. However, it is believed that this development alone would not trigger the need for additional services or capacity. Notably, an Increase in public transport patronage will increase the amount of revenue raised for the government, and support the viability of existing services. In terms of other government investments and infrastructure, the proposed development may result in increased patronage of existing public schools. However, as advised by representatives from the Department of Education and Communities, there are public schools in the area that are presently operating at a level below capacity.
Will the proposal impact on land that the Government has identified a need to protect (e.g. land with high biodiversity values) or have other environmental impacts? Is the land constrained by environmental factors such as flooding?	No. There are no known constraints over the land.

Will the LEP be compatible/ complementary with surrounding land uses? What is the impact on amenity in the location and wider community? Will the public domain improve?	Yes. The repositioning of the subject site will ensure that the site is compatible with existing residential uses to the east. Through a 20 metre internal roadway and elaborate tree line on the western perimeter of the site, the proposed development will also provide the necessary transition and buffer between the Smithfield Industrial Precinct to the west and residential uses to the east. At present, the site is unoccupied. Its interface with the street is a large driveway and metallic fence. Its appearance is not complementary with residential uses to the east. As such, the proposed development, through the delivery of landscaping and new dwellings will improve the overall appearance, amenity and the public domain of the area surrounding the subject site.
Will the proposal increase choice and competition by increasing the number of retail and commercial premises operating in the area?	No. The proposed development does not include retail or commercial uses. However, the introduction of new residents into Smithfield will help support the viability of local centres and towns i.e. Merrylands Town Centre and Merrylands West Neighbourhood centre.
If a stand-alone proposal and not a centre, does the proposal have the potential to develop into a centre in the future?	No. The proposed development is purely for residential uses and will not provide competition to existing centres in the area.
What are the public interest reasons for preparing the draft plan? What are the implications of not proceeding at that time?	This planning proposal seeks to provide new homes in a location starved of housing supply. It will also represent a valuable source of medium density dwellings, which are not common in Smithfield (relative to detached dwellings). The provision of alternative housing typologies will no doubt cater for a greater range of household types and lifestyles in the Cumberland Council region (a direction of the new Metropolitan Plan). In the absence of repositioning, and given that a previous DA for industrial-based investment and uses (i.e. a permissible use with consent) had been rejected by the local authority, the site will no doubt remain unutilised. Given that it is severed from the Smithfield Industrial Precinct (via a road controlling device), the site will continue to deteriorate and inevitably become dilapidated. Its relevance as an industrial going concern has been extinguished.

ADDRESSING S117 DIRECTIONS

In this section we confirm that the planning proposal for 37-39 Pavesi Street Smithfield is consistent with Section 117 Directions, having regard for the Sydney Metropolitan Strategy (2014). Specifically, we assess the planning proposal against the following:

- Direction 1.1: Business and Industrial Zones;
- Direction 3.1: Residential Zones; and
- Direction 7.1: Implementation of 'A Plan for Growing Sydney'.

DIRECTION 1.1 - BUSINESS AND INDUSTRIAL ZONES

The objectives of Direction 1.1 - Business and Industrial Zones include:

- a) encourage employment growth in suitable locations;
- b) protect employment land in business and industrial zones; and
- c) support the viability of identified strategic centres.

At present, there is no employment at the subject site. Despite being located in an active and functional industrial precinct (i.e. Smithfield Industrial Precinct), the subject site has been completely disconnected from the precinct and more importantly, Cumberland Highway via a traffic controlling device (or road chicane). Situated in-line with the western perimeter of the subject site on Pavesi Street, this device prohibits access to the subject site for large commercial vehicles – which is absolutely necessary for a functional industrial site. This permanent impediment has undermined the relevance of the subject site as an industrial going-concern, and extinguished its usefulness from an employment standpoint. As such, the repositioning of the subject site to residential purposes would not effectively result in a reduction in employment land for the area (as the site had already lost its employment relevance).

While the repositioning of the subject site will not render an on-site operational workforce in the future, by providing the necessary buffer between residential dwellings and remaining industrial stock, it will support and preserve continued operations throughout the remainder of the Smithfield Industrial Precinct i.e. its development and the provision of a buffer will encourage employment growth in a suitable location being the Smithfield Industrial Precinct. In essence, the change in land use zone for the subject site will protect and support remaining and functional employment lands to the west of the subject site.

Furthermore, the proposed development (through an increase in household expenditure) will support the viability of other neighbouring strategic employment centres, such as the Merrylands Town Centre and the Merrylands West local



centre, which is consistent with the Sydney Metropolitan Plan. Finally, through a multiple-dwelling format (i.e. duplexes), the proposed development will preserve other employment-generating sites in the area.

DIRECTION 3.1 – RESIDENTIAL ZONES

The objectives of Direction 3.1 – Residential Zones are:

- a. encourage a variety and choice of housing types to provide for existing and future housing needs;
- b. make efficient use of existing infrastructure and services and ensure that new housing has appropriate access to infrastructure and services, and;
- c. minimise the impact of residential development on the environment and resource lands.

Some of the socio-demographic and market trends that are expected to have a bearing on housing choice and demand in the Holroyd LGA include:

- Continued domination from couple families with children;
- An influx of migrant workers to supplement an ageing and retiring local workforce; and
- Sustained growth amongst senior age cohorts and increased trade-down activity.

Specific to the Smithfield-Wetherill Park SA2 region, negligible housing additions has constrained population growth over the past decade. Moreover, a confined dwelling structure (i.e. extreme skew to separate houses) has limited the scope of household types residing in the region. Through the provision of more housing and a dwelling structure that is grossly under-represented in the area, the proposed development is expected to contribute to the housing needs of existing and future residents of Cumberland Council (and former Holroyd City Council) and Smithfield region.

Furthermore, serviced by several bus routes on Fairfield Road, the proposed development advocates greater utilisation of public transport. Finally, a tree-line along the western perimeter of the site will boost the local environment and have minimal impact on resource lands.

DIRECTION 7.1 – IMPLEMENTATION OF A 'PLAN FOR GROWING SYDNEY'

The objective of Direction 7.1 - Implementation of A Plan for Growing Sydney is to

“Give legal effect to the planning principles; directions; and priorities for subregions, strategic centres and transport gateways contained in A Plan for Growing Sydney”.

Overall, the case for rezoning of the subject site is compelling, as its relevance as an industrial going-concern has been undermined. It is imperative that government endorses the proposed development, which will support the provision of more housing and greater diversity to Cumberland Council and more specifically, the former Holroyd LGA and Smithfield regions.



Through higher expenditure and better household diversity (as medium density dwellings appeal to a range of potential households), the proposed development will support the Merrylands Town and West Merrylands Local Centres and deliver on the goals and directions outlined in the Sydney Metropolitan Strategy, including and not limited to:

- Goal 2: A city of housing choice with homes that meet our needs and lifestyles;
- Direction 2.1: Accelerate housing supply across Sydney;
- Direction 2.3: Improve housing choice to suit different needs and lifestyles;
- Direction 3.1: Revitalise existing suburbs; and
- Direction 3.3: Creating healthy built environments.

Overall, the redevelopment will promote public transport utilisation, encourage and preserve employment in the right location, provide greater housing choice and will support surrounding strategic centres.

CONCLUDING REMARKS

Our examination has demonstrated that the proposed development will provide much needed housing and diversity for the Cumberland Council and more specifically, the former Holroyd City Council and Smithfield regions. Through the provision of medium-density dwellings, the proposed development will accommodate a range of different household types, and congruent with future needs.

Owing to the road controlling device, the subject site is now obsolete from an industrial and employment perspective. Direct access to the Cumberland Highway, which is a major north-south arterial road and the main connector to the Sydney Orbital Road System from Smithfield, from the subject site has been permanently severed. Given that the majority of industrial-based operations require a large commercial vehicle, the usefulness of the subject site from an industrial and employment perspective has been completely extinguished and eradicated.

The subject site was on the market for two years, and numerous development applications for permissible uses including a mosque and industrial complex were refused by Council due to potential negative economic, environmental and amenity impacts that these uses would render on existing (adjoining) residential townhouses and homes. Overall, it was considered that the proposed uses would undermine or detract from the value of adjoining residential lands. Therefore, while already compromised by the traffic control device, the refusal of these development applications for permissible uses presents as confirmation that the site's worth as an industrial going-concern has been permanently undermined.

The proposed development will also enhance housing choice and present affordable dwelling options for existing and future residents of Cumberland Council (and former Holroyd LGA). More specifically, it may provide greater opportunity for future and existing residents to own their own home, provide affordable rental accommodation and provide trade-down activity for existing mature residents in the Cumberland Council.



Overall, it is noted:

1. The proposed rezoning and ensuing development enhances and provides an appropriate, sympathetic and functional transition between the residential and industrial zonings i.e. it provides relief for both zonings and permits each use to function without interference;
2. The proposed residential rezoning provides a favourable and positive environmental and economic outcome for the Cumberland Council region relative to the current obsolete environmental and economic outcomes rendered from the site;
3. The proposed residential rezoning is to be viewed as an addition to the existing residential neighbourhood, enhancing and promoting additional housing stock and typology mix;

Evidently, the case for the planning proposal and redevelopment of the subject site for medium density residential purposes is compelling.