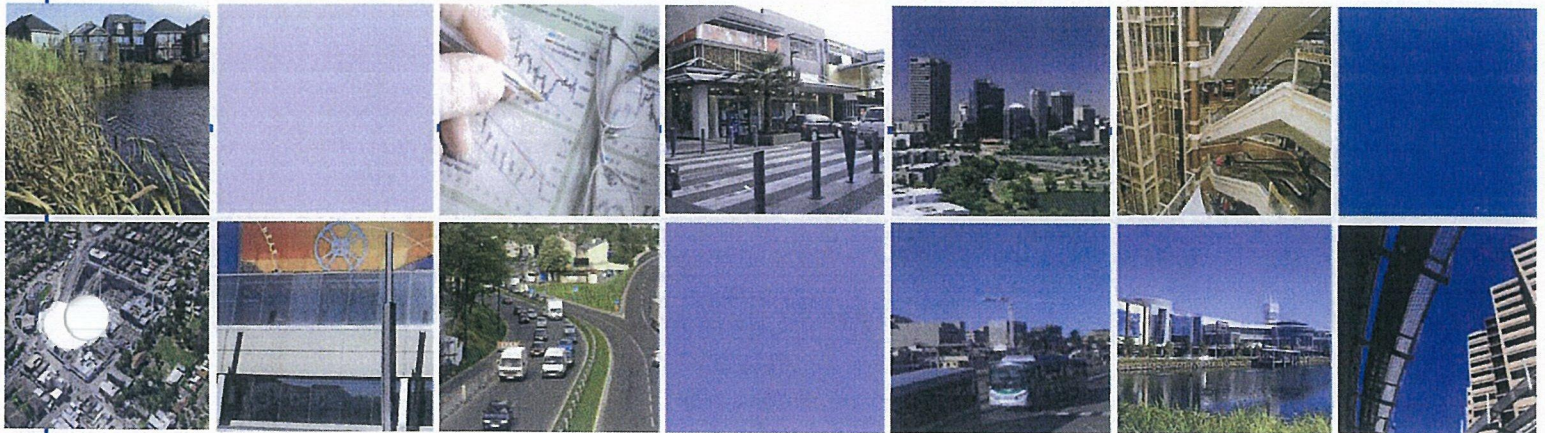


Industrial Rezoning Economic Justification

15-33 Brighton Avenue, Croydon Park

March 2014



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Executive Summary

The objective of this report is to provide an economic justification for a planning proposal to rezone land at 15-33 Brighton Avenue, Croydon Park from industrial to allow high density residential and employment generating uses at ground level. This report provides a detailed response to a resolution of Canterbury Council requesting further detailed consideration of employment at this particular site.

Section 117(2) of the Environmental Planning and Assessment Act 1979 (the Act) allows for a rezoning of business or industrial land use zones when justified by a study (prepared in support of the planning proposal) which gives consideration to the objective of this direction.

This report fulfils this requirement. Accordingly, we address the three objectives of Section 117 Direction *1.1 Business and Industrial Zones*. The report demonstrates that the subject site with its current industrial zoning does not and cannot be expected to significantly contribute 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.*

If the current zone does not evidently achieve these objectives, then it follows that rezoning to allow a different form of development is necessary to prevent the area from dereliction.

The findings of this report therefore support a planning proposal to rezone land under the NSW Gateway and addresses strategic planning criteria and considerations regarding rezoning land from industrial to residential, as follows:

1. A comprehensive review of traditional 'employment lands' and other employment generating land use zones at local government area (LGA) and sub- regional level including '*Towards 2032 - City of Canterbury Economic Development & Employment Strategy*' (EDES) 2009.

2. Comparisons with provision of employment lands in relation to infrastructure, market demand and wider metropolitan strategic initiatives.
3. An economic appraisal of the site suitability for industrial or other employment purposes.
4. Written justification against the principles of Metropolitan Strategic Priorities, Industrial Lands Strategic Assessment Criteria and relevant Section 117 Ministerial Planning Directions.

It concludes that the site does not meet three key objectives of encouraging employment growth, protecting employment land and supporting the viability of centres. As a consequence the strategic importance of this site for continued industrial use has reached the end of its 'economic' industrial life. The site is at risk of vacancy and dereliction if alternative land use zoning is not considered.

Section 1: Context

MacroPlan Dimasi has been commissioned to consider the economic relevance and function of land at 15-33 Brighton Avenue, Croydon Park with regard for employment in response to a resolution of City of Canterbury Council:

That further consideration of this particular site be deferred for further clarification by the applicant with regard to loss of employment, zoning changes, height changes, planning approvals, traffic and the impact on the local area. This information is to come back to Council when completed by applicant.

[Extraordinary Council Meeting on 31 October 2013]

This report considers the specific attributes of the current industrial zone to assess potential use of this site that meets the demographic and economic profile of Croydon Park and Canterbury Local Government Area (LGA), now and in the future.

In the context of a potential transformation of this land for residential use, the report considers the broader market conditions affecting the future of industrial land.

The site location presents a number of strengths, which support its redevelopment for residential mixed used; particularly compatibility with adjoining residential land, access to public transport, community infrastructure, open space and local shops nearby on Georges River Road, which provides a range of day to day services for the local surrounding population.

Figure 1. Location and Site Context

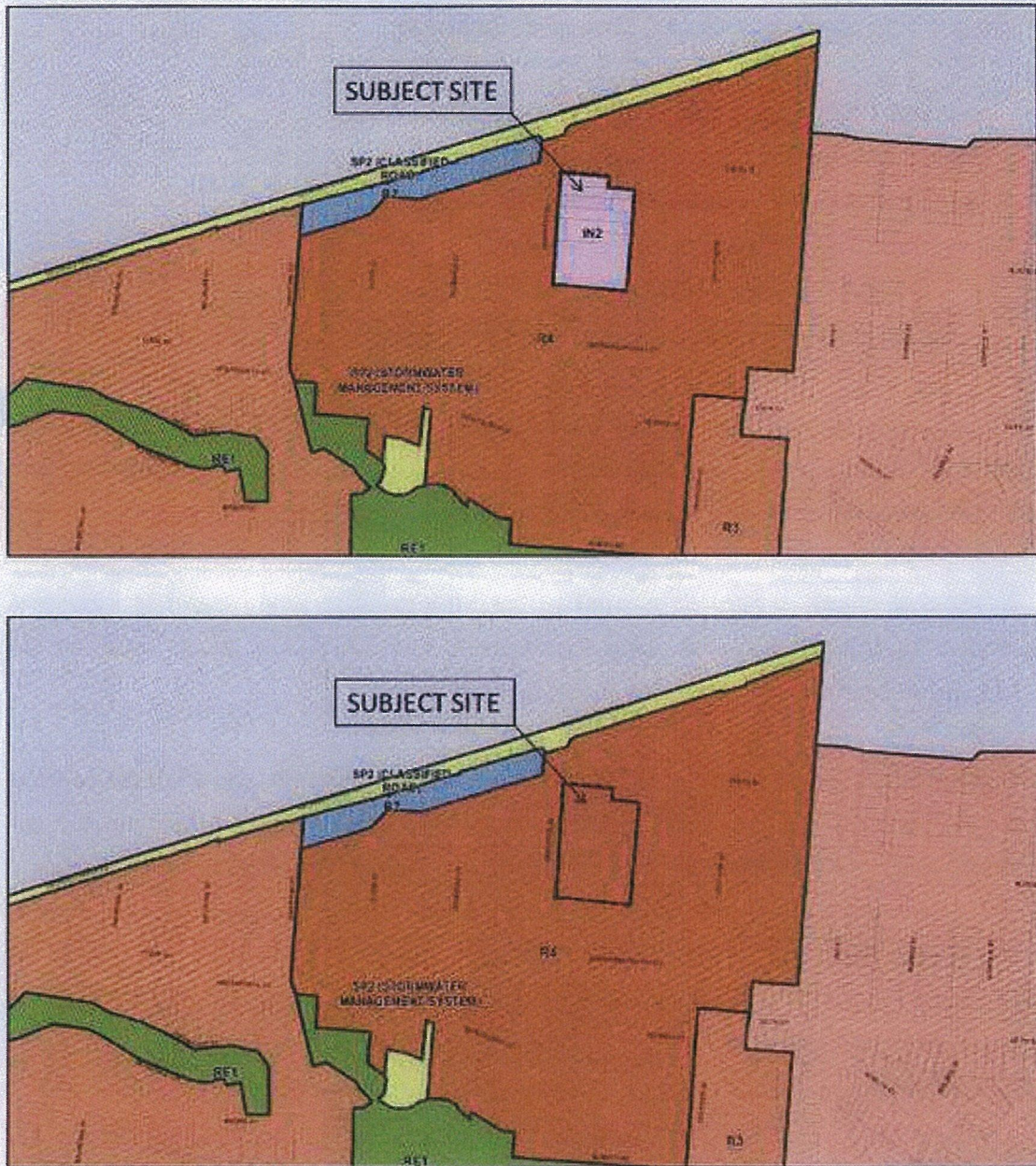


Source: MacroPlan Dimasi NSW Six Maps

Notwithstanding the current industrial zoning, the use of this site for ongoing industrial purposes is significantly constrained. The site is isolated from other major industrial development; freight, distribution and infrastructure. It is accessible by a local road shared with adjoining residential use.

All of these constraints combined have led to a lack of market demand for industrial redevelopment as it presents a significant financial investment risk. The current and proposed land use zone plans applicable to the site are compared below:

Figure 2. Current and Proposed Land Use Zone



Source: Canterbury City Council /Legislation NSW/ MacroPlan Dimasi

Our report considers the implications for Canterbury's long term strategy for ensuring job creation and growth with respect to development tendencies and demand, current stocks of employment land, and the impacts of emerging and future trends.

Further, we assess the role and function of the land at Brighton Avenue against the principle strategic planning strategies including:

- *Draft Metropolitan Strategy for Sydney to 2031;*
- *Employment Lands Development Program;*
- *SEPP Western Sydney Employment Area;*
- *Long Term Transport Master Plan;*
- *State Infrastructure Strategy; and*
- *Canterbury Economic Development and Employment Strategy 2009*

Our study is framed by its regard for current Government policy to protect and enhance employment lands, as stated in Ministerial Direction 1.1 under Section 117 of the Environmental Planning and Assessment Act 1979 (The Act).

A first port of call in relation to matters for consideration when rezoning industrial land is to initially establish why the subject site ought not to be retained for industrial/employment purposes in established areas.

Our report addresses local employment demands and trends, the broader context for interpreting the relevance of employment land across the LGA and South sub-region, and the specific suitability of the subject site for ongoing industrial usage.

Our report finds that, in light of current employment trends and having regard for the evolving stock of industrial land within the South sub-region and the specific locational constraints of the subject site, its usefulness as employment land has now expired.

The land's redundancy as a contributor to the LGA's or sub-region's industrial employment capacity compels Council to consider its suitability for other uses.

Section 2: Government Policy Overview

The purpose of this section is to examine and critique the legislative and policy background for employment lands in western Sydney.

Draft Metropolitan Strategy 2031

The Draft Metropolitan Strategy focuses on boosting housing delivery and jobs growth. This strategy provides a strategic planning framework to 2031 to meet the needs of a growing and increasingly aging population, with a significant emphasis on the role of Greater Western Sydney. The strategy acknowledges that our economy will continue to shift away from manufacturing to a stronger finance and services focus.

Strategic growth is intended to be driven through subregional delivery plans, which will focus on measuring short to medium term outcomes to 2021 as well as longer term targets to be measured at 2031. Delivery plans will replace the current draft subregional strategies.

South Subregional Priorities 2031 relevant to this proposition include:

- *enhance the subregion's role in housing and jobs delivery through urban renewal around Major Centres and accessible local centres, while maintaining the values of Sydney's fringing bushland, coast and waterways*
- *facilitate re-development for more intense housing in appropriate existing areas, particularly in and around centres on the Strategic Transit Network*

Specifically in relation to Employment and Productivity the Draft Metropolitan strategy outlines the following policy under Objective 13: Provide a well-located supply of industrial lands:

- a) Provide new industrial lands to meet future demand.*
- b) Industrial lands will better link with supply chains and markets.*

- c) *Sydney's industries will be supported to adapt to changing local, national and global markets.*
- d) *There will be better access to Strategic Centres, the Western Sydney Employment Area and key economic infrastructure as supported by the Long Term Transport Master Plan and State Infrastructure Strategy.*
- e) *Proposals to rezone existing industrial lands must be consistent with the Industrial Lands Strategic Assessment Checklist (Criteria Table 1, page 49).*

A checklist for justification of rezoning industrial zoned land to other uses is therefore provided under Objective 13 of the Draft Metropolitan Strategy 2013.

Figure 3. Checklist for justification of rezoning industrial zoned land

**Criteria Table 1: Industrial Lands Strategic Assessment
Checklist for rezoning of existing industrial land to other uses**

- Is the proposed rezoning consistent with State and/or council strategies on the future role of industrial lands?
- Is the site:
 - near or within direct access to key economic infrastructure?
 - contributing to a significant industry cluster?
- How would the proposed rezoning impact the industrial land stocks in the subregion or region and the ability to meet future demand for industrial land activity?
- How would the proposed rezoning impact on the achievement of the subregion/region and LGA employment capacity targets and employment objectives?
- Is there a compelling argument that the industrial land cannot be used for an industrial purpose now or in the foreseeable future and what opportunities may exist to redevelop the land to support new forms of industrial land uses such as high-tech or creative industries?
- Is the site critical to meeting the need for land for an alternative purpose identified in other NSW Government or endorsed council planning strategies?

Source: Draft Metropolitan Strategy 2013

Notwithstanding the existing role of the South sub region, the West Central & North West Sydney sub regions are the dominant location for recent industrial development. This position will be strengthened by the future development of key infrastructure. The scale of outer western subregion's industrial land supply is huge, comprising more than 3,000 hectares of zoned and unzoned industrial lands in the pipeline.

Figure 4. Key Economic Activities- Metropolitan Context



Source: Draft Metropolitan Strategy 2013

Draft South Sub Regional Strategy 2007

It is acknowledged that the Draft South Sub Regional Strategy (2007) will be replaced by a new Action Plan under the Metropolitan Strategy 2031.

This will update and augment the strategic direction of all employment lands in the context of the Sydney metropolitan area. Under the Draft South Sub Regional Strategy the land at Brighton Avenue, is amongst a very broad range of sites categorised as land to be retained for industrial purposes.

The 2007 draft sub regional document, which has never been fully adopted in final format, indicated:

35) Croydon Park (Manufacturing-light)

This precinct is approximately 1.5 ha in size and houses industrial businesses such as Blue Circle Southern Cement and Australia Post (Croydon Park Delivery Centre) as well as building supplies. This area is considered to [be] strategic and should be retained.

As at 2014, Australia Post no longer operates out of Croydon Park. This reflects broader market conditions where central fragmented industrial areas have gone into decline while new large scale high tech industry, warehousing and logistics continues to grow in western Sydney.

This old draft strategy does not take into consideration the wider trends now affecting the re-location of industrial land in response to costs, infrastructure investment and workforce trends.

Further, many comparable parts of the Sydney metro area, which once performed as industrial areas are proving to be redeveloped as highly successful mixed residential areas that attract and retain a local population, close to employment in the City with access to high frequency public transport. For example: Green Square in City of Sydney and Clemton Park, locally in Canterbury LGA.

The opportunity for a more suitable future use of a number of industrial sites that present limited scope for ongoing industrial redevelopment have been considered in local studies, which analyse the specific performance and function of all industrial zoned land in Canterbury.

There is growing evidence, which provides a clearer understanding of the strategic role and function of various industrial land parcels; many of which are reaching the end of their life for industrial use.

Employment Lands Development Program

The NSW Government in conjunction with the Department of Planning and Infrastructure produce this program's outputs, which outline the provision of employment lands throughout NSW. Particular emphasis is placed on Greater Sydney and its subregions.

The ELDP report is generated in order to evaluate the following:

- Supply of employment lands
- Demand of employment lands
- Jobs in employment lands

MacroPlan Dimasi has utilised information provided in this report in order to understand employment land trends in the context of employment capacity of western Sydney, which includes the key competitor areas for industrial development across the metropolitan Sydney area.

SEPP Western Sydney Employment Area

In 2008, the NSW state government finalised and published the SEPP Western Sydney Employment Area. The purpose of the SEPP was to identify potential future employment land and increase capacity for western Sydney. The SEPP identified and rezoned an additional 826 ha of new employment land in the region. The majority of rezoning had been concentrated around the M4 and M7 road infrastructure. Further investigation lands have also been identified south of Erskine Park. The Western Sydney Employment Lands comprise of ten precincts:

- Erskine Park Employment Lands (existing)
- Eastern Creek (existing)
- Former Wonderland site (existing)
- Quarantine Station (existing)
- Huntingwood West (existing)
- 'Raceway' precinct (existing)
- Huntingwood (existing)
- Greystanes Northern & Southern Employment Lands (existing)
- South of Warragamba Pipeline i.e. Sydney's Water Pipeline (newly zoned)
- Ropes Crossing (newly zoned)

Canterbury Economic Development and Employment Strategy (EDES) 2009

This long term strategy to 2032 explored the strategic importance of individual precincts in order to provide a clearer strategy for its employment lands. This plan provides a better understanding of the changing dynamics of various employment sectors and their future needs.

The site at Brighton Avenue is one of a number of fragmented industrial areas. Such sites all share a number of characteristics, which limit their role and function for industrial purposes.

Significantly, many of the smaller sites are close to or below one hectare in size. Surrounding uses, which are incompatible with industrial activity, include residential and public recreation. Most have very limited vehicular access.

A number of these sites have therefore already been redeveloped to a use, which is compatible with the surrounding area (Clemton Park) or otherwise have become vacant premises (e.g. closed shoe factory at 677 Canterbury Road).

Our appraisal considers findings regarding the role and function of this fragmented site; providing comment in terms of suitability for long term employment usage and advice on opportunities for redevelopment in the context of broader industry and employment.

S.117 Planning Direction - 1.1 Business and Industrial Zones

This direction applies to all planning authorities when considering the rezoning of employment land. This direction states:

Objectives

(1) The objectives of this direction 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 this direction applies

(2) This direction applies to all relevant planning authorities.

When this direction applies

(3) 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).

What a relevant planning authority must do if this direction applies

(4) A planning proposal must:

- (a) give effect to the objectives of this direction,
- (b) retain the areas and locations of existing business and industrial zones,
- (c) not reduce the total potential floor space area for employment uses and related public services in business zones,
- (d) not reduce the total potential floor space area for industrial uses in industrial zones, and
- (e) ensure that proposed new employment areas are in accordance with a strategy that is approved by the Director-General of the Department of Planning.

Consistency

(5) 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:
 - (i) 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.

Note: In this direction, "identified strategic centre" means a centre that has been identified as a strategic centre in a regional strategy, sub-regional strategy, or another strategy approved by the Director General.

Further consideration of the strategic relevance of the subject site is provided in subsequent sections of this report. Suffice to say at this stage, the subject land has not been identified as strategically important. Due to its relative isolation and small size, its preservation will not encourage or protect employment growth in Canterbury. The S.117 Direction therefore should not prohibit the consideration of rezoning this land on its own merits.

Having identified the policy and strategic context in which the continued use of the subject site must be considered, the remainder of this report has regard for Sydney's broader industrial trends and their implications for continued industrial activity at Brighton Avenue.

We return, in later sections, to assess the site against the NSW Checklist for rezoning existing industrial land, as required under Objective 13 of the Draft Metropolitan Strategy 2031.