

7 Luddenham Road Planning Proposal

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Outcome	<i>We plan for our future growth</i>
Strategy	<i>Facilitate development in the City that considers the current and future needs of our community</i>
Service Activity	<i>Facilitate appropriate land use outcomes for our city that are consistent with our Local Strategic Planning Statement</i>

Previous Items: 1- Luddenham Road Planning Proposal- Councillor Briefing- 06 Sep 2021 7:00PM

Procedural note: Section 375A of the Local Government Act 1993 requires that a division be called in relation to this matter.

Proponent: HB + B Property Pty Ltd (Board of Directors- Kurt Beckhaus, David Beslich, Ben Beslich, Peter Hansen and Richard Hansen)

Major Landowner: Atilol Holdings (Sole Director- Lolita Younis)

Other landowners:

- Joseph & Josephine R Dimech
- Edward F Morphett and Mary M Blackwell
- Sahab & Stephen Nahlous
- Michael & Sandra Cassa
- Beryl L Middelbrook & Neville E Middlebrook
- Emelie Nahlous
- Croatia Culture Association Bosna St Marys

Executive Summary

The purpose of this report is to introduce a Planning Proposal that seeks to amend planning controls within Penrith Local Environmental Plan (LEP) 2010 for 221 – 325, Luddenham Road, Orchard Hills (the site). The Planning Proposal was lodged by the proponent HB+B Property Pty Ltd.

The Planning Proposal seeks to amend Penrith Local Environmental Plan (LEP) 2010 by rezoning the site from RU2 Rural Landscape under the Penrith Local Environmental Plan 2010 to IN1 General Industrial and IN2 Light Industrial and amend the Minimum Lot Size map to reduce the minimum lot size from 40 hectares to 1000m2.

A memo was sent on 7 October 2020 informing Councillors of the submission of the original planning proposal, a further memo was sent to Councillors on 5 February 2021 and Councillors were briefed on 6 September 2021 on the amended planning proposal. A memo was sent to Councillors on 17 September responding to the questions Councillors raised at the briefing.

The Local Planning Panel has provided advice on the Planning Proposal. The Panel generally supported the Planning Proposal in terms of site-specific merit and strategic consistency. The Panel have provided advice regarding relationship of the site to other

industrial land, the desire for short term supply to be met, the need for smaller lot sizes, the need to manage potential land use conflicts, and servicing and contributions.

HB+B has been in discussions with all adjoining landowners regarding the purchase of their properties. During these discussions they have informed the landowners of the planning proposal and the proposal to rezone their properties. They will also be conducting on site meetings with these landowners commencing 11th October 2021.

Council officers have completed an assessment of the proposal and the justification and rationale for the proposed changes are supported. It is recommended that Council endorse the Planning Proposal (provided as Attachment 1) to commence the Gateway process. A Gateway Determination will allow the public exhibition and community and agency consultation to occur once any Gateway conditions are met.

Background

HB+B Property Pty Ltd lodged a Planning Proposal on 26 August 2020 that sought to rezone 221-227 & 289-317 Luddenham Road (see Attachment 2), Orchard Hill from RU2 Rural Landscape to IN1 General Industrial and apply a minimise lot size of 2500m², to facilitate the development of the Alspec Industrial Business Park which is proposed to incorporate the following:

- twenty-four (24) high-quality warehouse buildings across fourteen (14) lots, each accompanied with an ancillary office, associated parking and business identification signage for legibility and easy way-finding,
- landscaped internal estate roads including two roundabouts, a cul-de-sac and entry roads for improved amenity, and
- electrical easement, an environmental zone and basins.

As the site did not have complete frontage to Luddenham Road, and the initial proposal would surround existing rural residences and the Croation Club, the proponent was requested to undertake a broader precinct approach to the rezoning.

As the proponent was proposing to fund enabling infrastructure, confirmation from Sydney Water was also requested to ensure proposed water and wastewater infrastructure could access the Sydney Water network and not impact on the broader staging and delivery of the servicing for the Aerotropolis.

The proponent was also requested to revise the Planning Proposal to respond to the need for smaller industrial lots. The planning proposal minimum lot size of 2500m² has been reduced to 1000m² and a minimum lot density control proposed.

To respond to the Local Planning Panels concerns regarding the timing of development, the planning proposal now includes a sunset clause that will require development to commence within a set timeframe.

Sydney Water have confirmed that development will be able to access water and wastewater services and also confirmed that the proposal will not take capacity reserved for other development within the area, particularly the Aerotropolis and the Mamre Precinct in the Western Sydney Employment Area.

The Site

The subject site is located at 221 – 325, Luddenham Road, Orchard Hills. The site has a total area of 146.6ha and consists of 9 lots of rural residences and associated farms buildings, and the Bosna Croatian Club's Luddenham Oval. A location plan is provided as Attachment 2

The site is located within the Orchard Hills Investigation Area approximately 4km south of the Mamre Road interchange with the M4 Motorway. The site is located directly north of the future Western Sydney freight line, east of the Sydney Metro West Rail line and proposed M9 Motorway (Outer Sydney Orbital Corridor), south of the Sydney Metro West Stabling Yard, approximately halfway between the new metro stations at Orchard Hills and Sydney Science Park and to the west of the Erskine Park and Mamre West industrial precincts.

The surrounding locality is characterised by rural landscape with industrial land uses approximately 1.4km east and low-density residential uses 1.7km north east of the site. The ROC Waste Management Facility is located directly to the northeast of the site. The locality can be described as an area undergoing substantial transition from a rural landscape to an urbanised precinct.

The Planning Proposal

The intended outcome of this Planning Proposal is to amend PLEP 2010 as follows:

- rezone the site from RU2 Rural Landscape to IN1 General Industrial (approx. 81ha) and IN2 Light Industrial (approx. 18ha),
- amend the Minimum Lot Size Map to reduce the minimum lot size from 40 hectares to 1000m²,
- Introduce a Minimum Lot Density Control of:
 - 50 lots for land zoned IN1, and
 - 60 lots for land zoned IN2.
- Include a sunset clause that will require development to commence within a set timeframe
- maintain the current RU2 Rural Landscape that is applied to part of the western part of the site, and
- maintain the E2 Environmental Conservation zone that is applied to part of the north-western part of the site.

The current and proposed zones are provided in Attachment 3

The proposed amendment will facilitate redevelopment of the land to enable the development of industrial warehouses, initially across three stages, which will incorporate the following:

- twenty-four (24) high-quality warehouse buildings across fourteen (14) lots, each accompanied with an ancillary office, associated parking and business identification signage for legibility and easy way-finding,
- landscaped internal estate roads including a two roundabouts, a cul-de-sac and entry roads for improved amenity, and
- electrical easement and an environmental zone and basins

Key Considerations

Local Strategic Planning Statement

The Planning Proposal is consistent with Council's Local Strategic Planning Statement (LSPS), that was adopted by Council in March 2020, after a rigorous assurance program undertaken by the Greater Sydney Commission.

The LSPS provides a line of sight with the Western City District Plan, and the Region Plan. These strategic plans define the Metropolitan Rural Area (MRA), and identify significant

planning initiatives including the Western Sydney Aerotropolis, urban investigation areas and the Greater Penrith to Eastern Creek Growth Area (GPEC).

The site is within the Penrith 'Economic Triangle', west of the north-south corridor between St Marys and Western Sydney Aerotropolis and located in the southern portion of Orchard Hills Urban Investigation Area.

The Planning Proposal demonstrates consistency with the LSPS specifically:

- Planning Priority 1: Align development, growth and infrastructure
- Planning Priority 9: Support the North South Rail Link and emerging structure plan
- Planning Priority 11: Support the planning of the Western Sydney Aerotropolis
- Planning Priority 12: Enhance and grow Penrith's economic triangle

Draft Employment Lands Strategy (Also on the agenda at this meeting)

The Planning Proposal is consistent with Council's Draft Employment Lands Strategy. The draft Employment Lands Strategy (ELS), that was exhibited in June 2021, is intended to help guide Council's future planning. The development of this strategy is an immediate action (Action 12.1) identified in the Penrith Local Strategic Planning Statement (LSPS) under Planning Priority 12 to 'Enhance and grow Penrith's economic triangle'.

The ELS identifies the existing function of land within Penrith's Economic Triangle and notes that land within the north-south corridor will form a new enterprise arc from St Marys to the Western Sydney Airport and Aerotropolis.

The site is within the Penrith 'Economic Triangle', west of the north-south corridor between St Marys and Western Sydney Aerotropolis and located in the southern portion of Orchard Hills Urban Investigation Area.

The Planning Proposal demonstrates consistency with the ELS specifically:

- Action 6 - Planning future employment land near access points on motorways.
- Action 13 - Planning a mix of lot sizes to allow local businesses to start-up and scale-up.
- Action 19 - Working with local servicing agencies to ensure a pipeline of serviced employment land is available for timely and balanced development.

Provision of Enabling Infrastructure at no cost to Government

The proposal includes the provision of enabling infrastructure upfront and at no cost to government. Further information will be required to determine the mechanism to deliver this and will be secured throughout the process and ahead of public exhibition.

Providing this infrastructure will ensure that development will occur once rezoning has occurred and supports that the key justification that there is a critical undersupply of serviced industrial land.

Sydney Water confirmed that development will be able to access water and wastewater services. Sydney Water has also confirmed that the proposal will not take capacity reserved for other development within the area.

Sydney Water is aware of the proposal and has included it within its strategic planning for this area.

As Luddenham Road is set to become a State Road, the proponent will need to enter into an agreement with Transport for NSW to fund the upgrade of the intersection of Luddenham

Road and Paton Lane. Should a Gateway Determination be sought, the Planning Proposal would be referred to Transport for NSW as a condition of a Gateway Determination.

Should the need to upgrade the intersection occur prior to the transfer of Luddenham Road to State control, the proponent will need to enter into an agreement with Council to fund upgrade the intersection of Luddenham Road and Patons Lane.

Economic Considerations

The Economic Benefits Report submitted with the planning proposal that based its analysis on DPIE's Employment Lands Development Monitor data for the Western Sydney Catchment, estimated there is currently a total of 5,006ha of unconstrained net land supply available for industrial development in the Western Sydney catchment. Of this 5,006ha, approximately 405 ha are zoned and serviced (i.e. shovel-ready), approximately 1159 ha are zoned but not yet serviced, and approximately 3,440 ha represent potential future industrial land supply.

At the same time, diminishing industrial land supply in Greater Sydney, combined with unprecedented infrastructure investment in Western Sydney, is projected to drive demand for an average of 184 ha of industrial land per annum in the Western Sydney catchment between 2021 and 2061.

Comparing the average annual take-up rate for the catchment of 184 ha per annum against the 5,006 ha of land supply indicates that the catchment has only:

- 2.2 years of zoned undeveloped serviced land supply
- 6.3 years of zoned undeveloped unserviced land supply, and
- 18.7 years of unconstrained potential industrial land supply.

These supply years are all below the NSW Department of Planning, Industry and Environment's (DPIE) stated supply standards of 5-7 years for zoned serviced land, 8-10 years for zoned unserviced land, and 20 years for potential future land supply as per the Employment Lands Development Monitor. This therefore indicates a need for additional industrial land in the Western Sydney catchment, particularly "shovel-ready" land that is zoned and serviced.

Beyond meeting the pressing need for additional industrial land supply, the Planning Proposal will:

- Generate a total of 566 jobs over the four-year development phase, while contributing \$283 million to Gross Value Added
- Support a total of 6,600 direct and indirect jobs once operational, and contributing a total of \$492 million in Gross Value Added in each year of operation
- Providing shovel-ready industrial land for smaller operators who have not been able to compete with the institutional owners in the Mamre Road Precinct
- Increasing the diversity of industrial development by accommodating smaller sites and end users that complement the Mamre Road Precinct's larger scale sites and end users
- Delivering highly accessible industrial land that will have access to future road, rail and aviation infrastructure.
- Complementing the existing industrial uses and activities in the WSEA, and
- Supporting the growth of the manufacturing sector in Western Sydney through the proposed long-term tenure of Alspec at the site.

Transport and Traffic

The site should benefit from the proposed investment and upgrade to transport infrastructure due to the development of Western Sydney International (Nancy Bird – Walton Airport) and the Western Sydney Aerotropolis.

Luddenham Road will be upgraded from Mamre Road through to Elizabeth Drive into a 4-6 lane major arterial road and is also identified as a rapid bus corridor. Mamre Road is being upgraded to 4-6 lanes to address development within the Mamre Road Precinct.

The site is located approximately halfway between new Metro Stations at Orchard Hills and Sydney Science Park, with the Metro proposing an initial 5-minute peak hour frequency.

The service provided by Sydney Metro West and bus services on the rapid bus corridor should provide future workers with a viable public transport service that will provide an alternative travel option to car travel.

Patons Lane is the key access point for vehicles accessing the site and the intersection with Luddenham Road will require upgrading to a signalised intersection to service traffic generated from the development. A secondary vehicular access point off Luddenham Road at the southern part of the site could be provide as left in left out arrangement, if required. The intersection of Patons Lane and the primary Site Access Road will need to be upgraded to a roundabout treatment to provide vehicular access into the site.

Both intersections would be expected to accommodate future traffic growth in 2035 as assessed under an Ultimate State scenario. The intersection of Patons Lane and Luddenham Road is anticipated provide a satisfactorily level of service, which is a Level of Service (LOS) of C, as a signalised intersection. The intersection of Patons Lane and the primary Site Access Road is anticipated to also provide satisfactorily level of service (LOS of C) as a roundabout treatment.

Visual Impact

Luddenham Road is the only through road from which close views to the site are available and accessible. Public domain views are from moving viewing situations and for short periods of time.

There are a limited number of private domain views that could be potentially affected by the proposed development, most notably the residences located on Luddenham Road. Based on a review of block model photomontages the proposed development does not dominate the view composition.

The proposed development would create a continuation of the industrial and urban visual character that exists to the east. Further, the visual character of the landscape west and south of the site will change due to the construction of infrastructure including the Outer Sydney Orbital and rail lines.

The changes to the visual character and context of the site are considered appropriate given its proximity to the Western Sydney Employment Area, Western Sydney Aerotropolis and future road and rail routes.

Other Land use considerations

Industrial Lot size and diversity

There is a shortage of small to medium size industrial lots in the Penrith LGA. Smaller businesses are having difficulty find suitable premises to start-up and existing local businesses to scale-up.

Whilst the planning proposal seeks to apply a minimum lot size of 1000m² to promote the supply of smaller industrial lots, this lot size control does not prohibit larger lot sizes.

To ensure that this planning proposal contributes to a greater supply of small to medium industrial lots, a Minimum Lot Density Control is included in the planning proposal to promote the supply of smaller industrial lots and limit the dominance of large industrial lots.

A density control stipulates the minimum total number of lots that would need to be provided on the site. The Lot Density Control proposed, is:

- 50 lots for land zoned IN1, and
- 60 lots for land zoned IN2.

The proposed rate for the IN1 zone allows for the provision of some larger lots as the concept masterplan for the Alspec Industrial Business Park requires at least one 9-hectare lot for the Alspec Manufacturing premises.

The proposed rate for the IN2 zone results in an average lot size of approximately 2500m² and would allow for larger lots with a 60-metre lot width to front Luddenham Road.

An indicative layout design prepared by the proponent to test the minimum lot density requirement consisted of 79 lots of between 1000m² and 5000m² and 32 lots greater than 5000m².

Local Planning Panel Advice

Section 2.19 of the Environmental Planning and Assessment Act 1979 (EPA Act) requires Councils to refer Planning Proposals to the Local Planning Panel for advice, prior to a decision being taken by Council to submit the proposal to DPE for Gateway assessment.

On 22 September 2021, the Planning Proposal was considered by the Penrith Local Planning Panel. Attached 4 to the report is the Local Planning Panel Advice. The Panel generally supports the Planning Proposal and recommended that further consideration be given to certain matters. These matters and their planning responses are provided below:

- a. The complementary role in relation to other industrial land should be made clearer in the Planning Proposal, in terms of supply and demand.

Planning Response

The proponent has provided analysis that highlights that the proposed lot density control ensures this planning proposal complements other industrial land by providing a greater number of lots less than 5000m² in size than compared to industrial development in surrounding the industrial precincts of the Western Sydney Employment area. The proposed lot density control will result in 70% of lots being less than 5000m². In comparison, only 48% of lots in WSEA are less than 5000m².

- b. To give effect to the strategic desire of short-term supply to meet need, appropriate provisions be considered to ensure this outcome is achieved (e.g. requirements for servicing, potential sunset provision etc.).

Planning Response

A sunset clause is now included in the planning proposal. A sunset clause supports the justification that the planning proposal will result in shovel ready development and will ensure land banking does not occur.

- c. Confirming the boundary of the OSO future corridor with TfNSW.

Planning Response

The planning proposal already takes into consideration the future OSO corridor. However, it is highly likely that a condition of the Gateway determination will be to refer the Planning Proposal to TfNSW for assessment. TfNSW can confirm the boundary of OSO during this assessment.

- d. The provisions, such as the allocation of IN2 and IN1 zoning of the land and minimum lot sizes, should favour smaller-scale local demand.

Planning Response

The minimum lots size and proposed minimum lot density control will ensure that future development provides smaller lots for smaller scale local demand. An indicative layout design prepared by the proponent to test the minimum lot density requirement consisted of 79 lots of between 1000m² and 5000m² and 32 lots greater than 5000m². This highlighted the effectiveness of the minimum lot density control in promoting the supply of smaller industrial lots. The minimum lot size control also allows for additional smaller lots to be supplied should there be a higher level of market demand for smaller lots in the future than currently exists.

- e. Further consideration be given to IN2 zoning along the western side of Luddenham Road, as a land use buffer to the east, to better manage potential land use conflicts.

Planning Response

We believe that potential land use conflicts can be better managed through a site specific DCP than applying the IN2 zone to the western side of Luddenham Road. A site specific DCP can contain provisions that locate the smaller lot sizes on Luddenham Road to create a land use buffer to manage potential land use conflicts. IN1 zone also provides a greater variety of permissible land uses to respond to market needs.

- f. Support for a site-specific DCP, and this include appropriate landscape and vegetation buffers around the site.

Planning Response

If a gateway determination is issued, a site specific DCP will be prepared. Appropriate landscape and vegetation buffers will be included in the DCP.

- g. Servicing and contributions including suitable provisions related to road works, future potential corridors, all utility provision and staging.

Planning Response

The proponent will fund key enabling infrastructure such as water and wastewater services at no cost to government. An appropriate mechanism, will be determined should a gateway determination be sought, to seek contributions for:

- upgrade of Patons Lane and the provision of a roundabout at the primary site access and Patons Lane, and other road infrastructure, and
- Drainage and Stormwater Management Infrastructure

The proponent will also need to enter into an agreement with the State Government to fund intersection upgrades for Patons Lane and Luddenham Road intersection as Luddenham Road will become a State Road.

2. In addition to the above, the Panel notes that the Planning Proposal for 211- 235 Luddenham Road, Orchard Hills is still subject to confirmation from Sydney Water that the proposal will not take away the capacity existing zoned land to be serviced.

Planning Response

Sydney water has confirmed that the proposal will not take capacity reserved for other development within the area.

Sydney Water has provided the advice that they have been aware of the proposal and included it within its strategic planning for this area.

Development Control Plan

Should a gateway determination be sought by Council, a site-specific development control plan would need to be prepared to:

- address the interface with Luddenham Road and manage any potential land use conflict with land to the east
- Manage landscape and vegetation buffers around the site
- determine appropriate minimum lot widths and building setbacks
- determine minimum lots for Strata Subdivision
- define the road layout

The development control plan will be required to be exhibited with the planning proposal.

Developer Contributions

Development contributions will need to be levied for the provision of key local infrastructure. As HB+B has been in discussions with all adjoining landowners regarding the purchase of their properties, an appropriate mechanism, either a Site-Specific Contributions Plan (If rezoning applies to multiple landowners) or Voluntary Planning Agreement (if the rezoning applies to a single landowner), will be determined should a gateway determination be sought, to seek contributions for:

- upgrade of Patons Lane and the provision of a roundabout at the primary site access and Patons Lane, and other road infrastructure, and
- Drainage and Stormwater Management Infrastructure
- the upgrade of the intersection of Luddenham Road and Patons Lane, should the need to upgrade the intersection occur prior to the transfer of Luddenham Road to State control.

Any contribution mechanism will be required to be exhibited with the planning proposal.

Financial Implications

There are no financial implications for Council associated with this stage of the process.

Risk Implications

There are no risk implications for Council associated with this stage of the process.

Next Steps

Should Council sponsor the Planning Proposal, the Planning Proposal will be amended in accordance with the changes outlined in this report and then submitted to DPIE with a request to issue a Gateway Determination to allow the proposal to proceed to public exhibition and agency consultation. A further report detailing the outcomes of the public exhibition will be presented to Council after the exhibition period. Should no significant issues be raised during the public exhibition period that would warrant Council to change its sponsorship of the Planning Proposal, this report will also be seeking Council's endorsement of final Planning Proposal.

As part of Council's Gateway Determination, delegation will be sought to allow Council to make the LEP amendment.

Following receipt of the Gateway Determination, flooding and traffic technical studies will be finalised by the proponent. A site-specific DCP will also be prepared by the proponent in consultation with Council officers. Upon completion of the supporting information and DCP controls, the Planning Proposal would be publicly exhibited in accordance with the requirements of the Gateway Determination and other relevant legislation.

Conclusion

Council is in receipt of a Planning Proposal to amend LEP 2010. The Planning Proposal relates to the land known as 221-235 Luddenham Road, Luddenham. The purpose of the proposed changes is to facilitate development of the development of the Alspec Industrial Business Park.

It is recommended that Council endorses that the Planning Proposal be forwarded to DPE with a request to issue a Gateway Determination to allow the proposal to proceed to agency and public consultation.

RECOMMENDATION

That:

1. The information contained in the report on Luddenham Road Planning Proposal be received
2. Council endorse the Planning Proposal at Attachment 1 to this report, subject to any further changes resulting from Item 4 below.
3. Council officers forward the Planning Proposal to the Minister for Planning with a request to issue a Gateway Determination. (The submission will include a request to issue Council with Delegation for plan making authority).
4. The General Manager be granted delegation to make any necessary changes to the Planning Proposal referred to in Item 2 above:
 - a. prior to Council's submission of the Planning Proposal to the Minister for Planning to request a Gateway Determination.

- b. as a result of negotiated changes sought by DPIE in the lead up to the issuing of the Gateway Determination.
 - c. prior to public exhibition in response to the conditions of the Gateway Determination or negotiations with public authorities and other stakeholders.
- 5. A Development Control Plan be prepared for the subject site, to be publicly exhibited concurrently with the Planning Proposal.
 - 6. Council publicly exhibit the Planning Proposal for a period to be specified in the Gateway Determination, and in accordance with the community consultation requirements of the Environmental Planning and Assessment Act 1979 and the Environmental Planning and Assessment Regulation 2000.
 - 7. A further report be presented to Council following the public exhibition

ATTACHMENTS/APPENDICES

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|-------------------------------------|----------|----------------------|
| 1. Luddenham Road Planning Proposal | 87 Pages | Attachments Included |
| 2. Location Plan | 1 Page | Attachments Included |
| 3. Current and Proposed Zoning Plan | 1 Page | Attachments Included |
| 4. Local Planning Panel Advice | 12 Pages | Attachments Included |