

LANE COVE WEST 166 EPPING RD

Economic Impact Assessment



Prepared for EPIC Doncaster Pty Ltd

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EXECUTIVE SUMMARY

HillPDA was commissioned by EPIC Doncaster Pty Ltd to undertake this Economic Impact Assessment of a Planning Proposal relating to 166 Epping Road, Lane Cove West.

The subject site currently accommodates a three storey commercial office building that provides a net leasable area of 7,129sqm. The building looks to be early 1980s in a campus style bush setting. There are current vacancies in the building but if it was fully leased it would accommodate around 285 jobs.

Redevelopment of the site is not viable under the current LEP controls given the cost to acquire, demolish, design and construct a commercial building at FSR 1:1 being only marginally larger than the existing building. The planning proposal seeks to amend the LEP to enable a larger taller building and include residential to make redevelopment viable.

The Planning Proposal would facilitate a mixed-use development comprising residential and employment uses (office space and a café/restaurant) at a ratio of 77% and 23% with a combined floor space ratio of 3.92:1. Total residential floor space would be around 27,725sqm GFA providing 316 apartments. Employment uses would amount to 8,151sqm GFA accommodating around 422 jobs.

The Planning Proposal is consistent with State Government policies by contributing to additional housing stock within proximity to Strategic Centres and major employment precincts including North Ryde, Macquarie Park, Chatswood and St Leonards. Moreover these strategic centres can be accessed within 30minutes via public transport (i.e. bus services), for example North Ryde Town Centre and its Metro Station can be accessed within 10minutes from the subject site. Evidently the Planning Proposal is aligned with the Sydney region and district planning directions.





The Planning Proposal is expected to generate over 400 job years directly on site during the construction period. Due to national input output linkages almost than 1,790 job years are expected to be generated.

The planning proposal will deliver 14% more employment GFA than currently provided on site. It will be in a more modern form with a higher employment density ratio. Also a proportion of residents in the apartments are expected to spend a majority proportion of their working hours at home. In total around 422 workers are expected on site assuming the spaces are fully leased. This is a net increase of 137 above the base case or 'do nothing' option.

Workers remuneration is expected to be \$33.2m every year – some \$10m more than the base case. Gross value added (contribution to the local economy) is expected to be \$57.4m a year – some \$16m above the base case.

Just over 600 people will live on site and generate almost \$10m in retail expenditure. Much of this is expected to benefit existing retailers in Lane Cove.

Figure: Summary of quantified economic impacts (\$m/ann in constant 2018 dollars)

	Jobs on Site 	Staff Remuneration 	Gross Value Added 	Residents and workers Spend 
Base Case	285	\$23.5	\$41.5	\$0
Planning Proposal	422	\$33.2	\$57.4	\$9.8

It should be noted the base case assumes the building is fully occupied. The economic output (ie jobs on site, remuneration, GVA) from the existing uses would be significantly lower than the base case estimates provided above given the building is largely vacant. Evidently, the differential between the existing uses and the planning proposal would be far greater, with the planning proposal providing a substantially higher economic outcome.

Other economic benefits or impacts of the planning proposal include the following:

- Investment stimulus in the local area
- Provision of more jobs closer to home
- Contribution towards increasing local housing supply
- Assisting housing diversity and affordability
- Provision of more housing within 30 minute commute time of major employment zones including North Ryde, Macquarie Park, Chatswood, St Leonards, North Sydney and Sydney CBD
- Provision of more housing with a strong level of public transport services – mainly frequent bus services along Epping Road between Macquarie Park and Chatswood thereby improving transport sustainability
- Public benefits including:
 - Affordable housing (making up 10% of the proposed dwellings)
 - A monetary contribution of \$0.5m towards upgrading the immediate surrounding walking tracks (including the Great Northern Walk)
 - 459sqm of public open space along the site's northern boundary (with access to the walking trails provided)
 - A monetary contribution of \$0.1m to Council for the purchase of a 15 seat electric bus for community use
 - A monetary contribution of \$2.0m to Council to be used towards improving public infrastructure facilities in Lane Cove.

INTRODUCTION

1.0 INTRODUCTION

HillPDA was commissioned by EPIC Doncaster Pty Ltd to undertake this Economic Impact Assessment ('the Study') of the Planning Proposal relating to 166 Epping Road, Lane Cove (referred to the subject site hereafter).

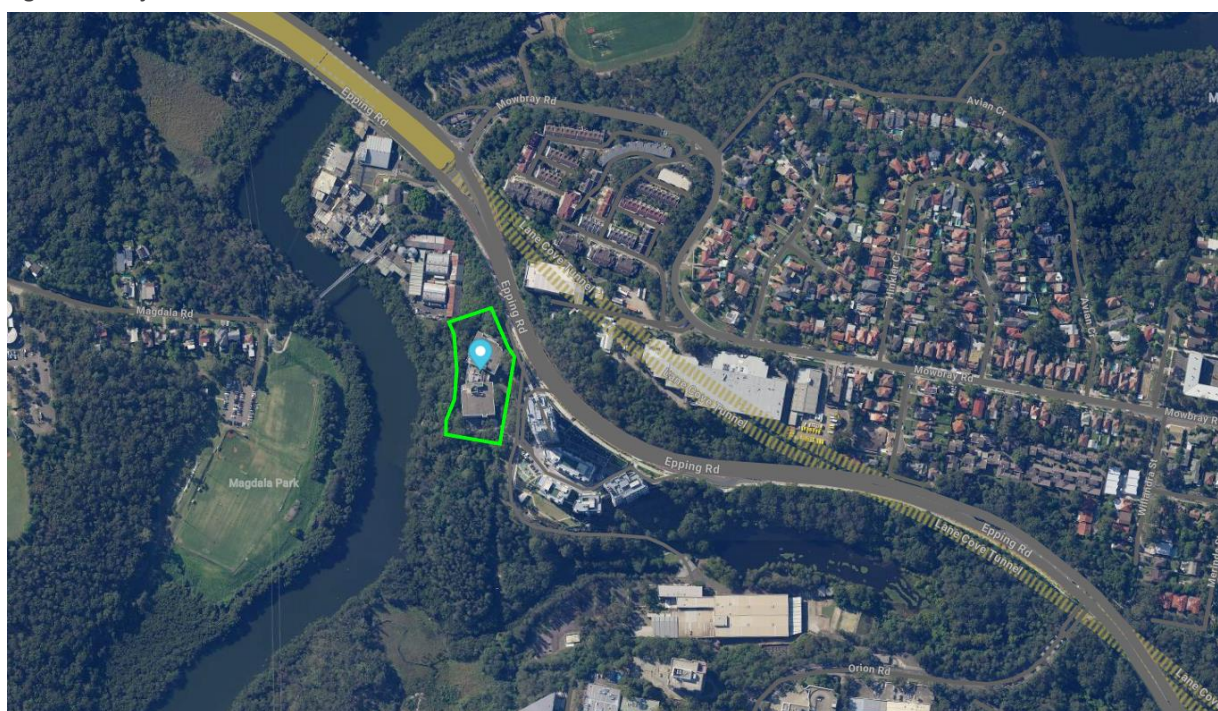
1.1 The subject site

The subject site occupies over 0.9Ha of land in Lane Cove. The site is located on Epping Road a major arterial road with access from a slip road. The site is surrounded by bushland and is adjacent to the large scale residential development by Meriton development named Arise. The site also benefits from river views.

Low to medium density residential uses are provided to the north of the site and Epping Road. The Lane Cove West Business Park is located 250 m south of the site and has separate access from Sam Johnson Way. As such the site is somewhat removed from the core industrial precinct and lacks the benefit of any associated economies of agglomeration.

The site is located a 2.6km from North Ryde Train Station (or 3 minute drive) and benefits from regular CBD bus services.

Figure 1: Subject site



Source: Mecone Mosaic Beta 2019

The subject site currently accommodates a three storey commercial office building that provides a total floor area of 7,129sqm. Estimated number of workers on site if fully leased is 285 based on 1 worker per 25sqm of Gross Floor Area (GFA).

The subject site is in close proximity to educational establishments including Mowbray Public School and Lane Cove West Public School, medical services including Royal North Shore Hospital (one of NSW's largest public hospitals providing an extensive range of surgical and medical services for patients in Northern Sydney region and surrounding suburbs as well as being a major teaching hospital), North Shore Private and Macquarie

Hospital as well as recreational uses such as the Lane Cove River, Lane Cove National Park, Chatswood Golf Course, Rotary Athletics Field, Lane Cove gymnastics Club and Pumphouse Lane Cove Bushwalk, which in turn is connected with Lane Cove Valley Walk. It is therefore ideally located to accommodate a mixed use development given the site's proximity to strong amenities and transport, river aspect as well as acting as a natural transition of the existing large scale residential development immediately to the east of the site.

1.2 Purpose of the Study

The purpose of this Study is to provide a market and economic assessment of the Planning Proposal. As part of this assessment the Study explores the market drivers for residential uses as well as the economic viability / impact of retaining the current zoning versus amending the zoning to facilitate a large scale mixed use development.

1.3 Planning proposal

The Planning Proposal would facilitate a mixed use development comprising residential and employment uses (office space and a café/restaurant) at a ratio of 77% and 23% with a combined floor space ratio of 3.92:1. Total residential floor space would be around 27,725sqm GFA providing 316 apartments. Employment uses would amount to 8,151sqm GFA accommodating around 422 jobs.

1.4 Study structure

To meet the requirements of the project brief and fully consider the economic impact associated with the Planning Proposal, the Study is set out in the following manner:

- **Chapter 2** undertakes a review of the planning and legislative background and assesses the economic principles for the shift in the composition of the floor space offering in the context of the planning policies reviewed earlier
- **Chapter 3** considers employment trends as it relates to the future of Lane Cove
- **Chapter 4** undertakes a review and analysis of the demographic and housing characteristics in the Lane Cove LGA. The chapter provides justification for the provision of additional residential supply within the LGA to meet the current and future needs of the resident population
- **Chapter 5** considers and quantifies the economic impacts associated with the construction of the proposed development
- **Chapter 6** assesses, and where possible quantifies, the potential economic benefits of developing the subject site in accordance with the Planning Proposal against the base case or “do nothing” option across key economic performance indicators including jobs and contribution to economic output.

CONTEXTUAL REVIEW

2.0 CONTEXTUAL REVIEW

This Chapter undertakes an appraisal of the planning and legislative context for the proposed rezoning based on State, Subregional and local planning guidelines. It considers matters relating to the Planning Proposal and development from an economic perspective only.

2.1 State planning policy

2.1.1 Greater Sydney Regional Plan

The *Greater Sydney Region Plan* (the Plan) was developed by the Greater Sydney Commission (GSC) and released in March of 2018. The Plan sets out a vision, objectives, strategies and actions for a metropolis of three cities across Greater Sydney over the next 40 years. These three cities are referred to as the Eastern Harbour City, Central River City and Western Parkland City.

The subject site is located in the Eastern Harbour City. Substantial population growth is anticipated to occur in the Eastern Harbour City (from 2.4 million people in 2016 to 3.3 million people by 2036) which will necessitate urban renewal, with increased infrastructure and services, open spaces and public places. The Plan stipulates sympathetic infill development will be required with a focus on improved local connections.

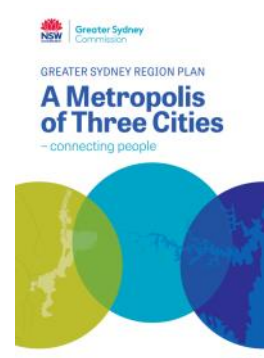


Table 1: Relevant directions and objectives – Greater Sydney Region Plan

Relevant directions	Relevant objectives
A city supported by infrastructure	<ul style="list-style-type: none"> Infrastructure supports the three cities Infrastructure aligns with forecast growth – growth infrastructure compact Infrastructure adapts to meet future needs Infrastructure use is optimised
A city for people	<ul style="list-style-type: none"> Services and infrastructure meet communities' changing needs Communities are healthy, resilient and socially connected Greater Sydney's communities are culturally rich with diverse neighbourhoods
Housing the city	<ul style="list-style-type: none"> Greater housing supply Housing is more diverse and affordable
A city of great places	<ul style="list-style-type: none"> Great places that bring people together Environmental heritage is identified, conserved and enhanced
A well-connected city	<ul style="list-style-type: none"> A Metropolis of Three Cities – integrated land use and transport creates walkable and 30-minute cities

Source: Greater Sydney Regional Plan, Greater Sydney Commission, 2018

Delivery of these directions and objectives will mean that homes in Lower North Shore Sydney will become increasingly connected to jobs and essential services. These jobs and essential services will be concentrated within the following centre hierarchy identified in the Region Plan:

CENTRES			OTHER
METROPOLITAN	STRATEGIC	LOCAL	COMMERCIAL OFFICE PRECINCT
			
ROLE Metropolitan centres are the economic focus of Greater Sydney, fundamental to growing its global competitiveness and where government actions and investment, including transport, will be focussed. The intent of these centres is to deliver very high levels of development and amenity. Metropolitan centres occur in two forms: single centres or a cluster of centres.	Strategic centres vary in size, location and mix of activities. They enable access to a wide range of goods, services and jobs. Strategic centres are expected to accommodate high levels of private sector investment, enabling them to grow and evolve. They will become increasingly important parts of the region's structure.	Local centres are important for day-to-day access to goods and services.	These precincts are components of metropolitan or strategic centres containing standalone office buildings. Generally commercial office precincts contain at least 100,000 square metres of office floor space.



Lane Cove behaves as a local centre. Local centres create a strong sense of place within the local community and play an important role in providing access to goods and services close to where people live. Well planned urban renewal projects such as the Planning Proposal will enhance Lane Cove's vibrant local centre status.

2.1.2 North District Plan

The Greater Sydney Commission released the North District Plan in March 2018. The Plan supports the actions and outcomes of the Greater Sydney Region Plan with additional 'Planning Priorities' that are focussed on the North District. These two plans are coordinated and integrated, particularly in relation to key objectives, strategies and priorities.

The subject site forms part of the North District. The North District will continue to grow over the next 20 years with demand for an additional 92,000 dwellings over this period. This will be provided through urban renewal, around new and existing infrastructure, land release and infill developments. Over the past 10 years, the North District has had an annual average dwelling completion rate of 2,950. Forecast supply of housing growth in the North District has identified the potential for dwelling completions above this annual average in the next five years. As a result the District Plan targets an additional 25,950 dwellings to be provided within the District over the next five years. Lane Cove LGAs target over this period is 1,900 dwellings. The Plan also stipulates the importance of diversifying the housing stock to include more apartments to reflect changing housing preferences and improve housing affordability.

Through its objectives, strategies and corresponding analysis, the Greater Sydney Commission, promotes a range of considerations that are particularly important to consider in the context of this analysis.

Table 2: North District Plan

Theme	Reference	Summary
Providing housing supply, choice and affordability with access to jobs, services and public transport.	Planning Priority N5	<p>The District Plan stresses that, “<i>Planning for housing needs to consider the type of dwellings required to respond to expected changes in household and age structures. The number of single person households is expected to increase by 31,750 to 2036. The number of single parent and couple-only households in particular, is also expected to increase by 2036. This requires more smaller homes, group homes, adaptable homes of universal design...</i>”</p> <p>Through providing more housing and different dwelling types, this direction aims to reduce pressure on rising housing prices. It also identifies a five year housing supply target for Lane Cove LGA of 1,900 to 2021.</p>
Creating and renewing great places and local centres, and respecting the District’s heritage	Planning Priority N6	<p>Great places include the public realm such as open space, streets, centres and neighbourhoods and the interface with the private realm including residential, commercial and industrial streetscapes. Lane Cove has been identified as one of the District’s ‘great places’. Growth and renewal will in turn increase opportunities to expand and to explore innovative public places. Providing a more vibrant and diversified centre with a mix of residential uses and supporting services is key to achieving this objective.</p>
Retaining and managing industrial and urban services land	Planning Priority N11	<p>In the North District, given the limited supply of industrial and urban services land existing needs to be safe-guarded and efficiently managed. It should be noted that despite the industrial zoning of the subject site, commercial uses currently occupy the site. The redevelopment proposes to retain the commercial uses on site, with the potential to lead to increased employment and a greater economic outcome.</p>
Delivering integrated land use and transport planning and a 30-minute city	Planning Priority N12	<p>Mixed use development is the co-location of residential, commercial and recreational spaces adjacent to a major transport node, coupled with open and accessible design principles to effectively support the creation of a 30 minute city.</p>
Protecting and improving the health and enjoyment of Sydney Harbour and the District’s waterways	Planning Priority N15	<p>The Plan states ‘enhancing community access to the coast and waterways within the District and, in particular, the foreshores of Sydney Harbour, should be prioritised’. The Planning Proposal provides a visual and physical connection to the river.</p>
Delivering high quality open space	Planning Priority N20	<p>Urban renewal needs to consider opportunities to deliver new, improved and accessible open spaces and recreation. High density development (over 60 dwellings per hectare) should be located within 200 metres of open space and all dwellings should be within 400 metres of open space. The Planning Proposal will provide a link to the adjacent bushland and river with potential links to the Pumphouse Lane Cove Bushwalk. Recreational facilities Rotary Athletic Field and Magdala Park are also within the vicinity of the site.</p>
Establishing a target for housing provision in the right locations	Planning Priority C5	<p>The District Plan identifies a “priority in providing housing supply, choice and affordability, with access to jobs, services and public transport”. New housing must be in the right places to meet demand for different housing types, tenure, price points, preferred locations and design. Housing supply must be coordinated with local infrastructure to create liveable, walkable and cycle-friendly neighbourhoods with direct, safe and universally designed pedestrian and cycling connections to shops, services and public transport.</p>

The proposed development is consistent with the policy directions of the North District Plan by contributing to mixed use development; supporting the creation of a 30 minute city, enhancing the communities access to open space and the river as well as increasing housing supply.

2.2 Local planning policy

2.2.1 Lane Cove's Local Environmental Plan (LEP) 2009

The Lane Cove LEP 2009 is the statutory planning instrument for the Lane Cove LGA and generally governs development standards such as zoning, building height, floor space, lot size and permissibility, amongst others. The Lane Cove LEP 2009 aims to:

- (a) to establish, as the first land use priority, Lane Cove's sustainability in environmental, social and economic terms, based on ecologically sustainable development, inter-generational equity, the application of the precautionary principle and the relationship of each property in Lane Cove with its locality,
- (b) to preserve and, where appropriate, improve the existing character, amenity and environmental quality of the land to which this Plan applies in accordance with the indicated expectations of the community,
- (c) in relation to residential development, to provide a housing mix and density that:
 - (i) accords with urban consolidation principles, and
 - (ii) is compatible with the existing environmental character of the locality, and
 - (iii) has a sympathetic and harmonious relationship with adjoining development,
- (d) in relation to economic activities, to provide a hierarchy of retail, commercial and industrial activities that enables the employment capacity targets of the Metropolitan Strategy to be met, provides employment diversity and is compatible with local amenity, including the protection of the existing village atmosphere of the Lane Cove Town Centre,
- (e) in relation to the management of open space, public and privately-owned bushland, riparian and foreshore land:
 - (i) to protect and, where possible, restore all bushland areas, including all rare and threatened species and communities, and
 - (ii) to protect and, where possible, restore all riparian land along, and the inter-tidal zones and foreshores of, the Lane Cove River and Sydney Harbour and their tributary creeks, and
 - (iii) to make more foreshore land available for public access, and
 - (iv) to link existing open space areas for public enjoyment,
- (f) in relation to conservation:
 - (i) to protect, maintain and effectively manage public and privately-owned watercourses and areas of riparian land, foreshores and bushland and, where possible, restore them to as close a state to natural as possible, and
 - (ii) to ensure that development does not adversely affect the water quality or ecological systems of riparian land or other areas of natural environment, and
 - (iii) to control all new buildings to ensure their compatibility with surrounding existing built form and natural environmental character, and
 - (iv) to conserve heritage items,

(g) in relation to community facilities, to provide for the range and types of accessible community facilities that meet the needs of the current and future residents and other users,

(h) in relation to the principle of integrating land use and transport, to relate development to sustainable traffic levels,

(i) in relation to accessibility, to increase the number of accessible properties and facilities in Lane Cove,

(j) in relation to housing, to increase the number of affordable dwellings in Lane Cove and to promote housing choice.

The existing uses on the subject site as well as the Planning Proposal were/are designed to be consistent with the aims outlined above.

The subject site is currently zoned IN2 Light Industrial. The objectives of the IN2 zone are described below.

- To provide a wide range of light industrial, warehouse and related land uses.
- To encourage employment opportunities and to support the viability of centres.
- To minimise any adverse effect of industry on other land uses.
- To enable other land uses that provide facilities or services to meet the day to day needs of workers in the area.
- To support and protect industrial land for industrial uses.
- To ensure that landscaping is a significant element in development viewed from the public domain and neighbouring properties.
- To recognise the close proximity of this zone to adjoining residential areas and seek to mitigate potential conflict between industrial and residential uses.

Development Permitted with consent:

Car parks; Centre-based child care facilities; Community facilities; Depots; **Food and drink premises**; Garden centres; Hardware and building supplies; Industrial training facilities; Light industries; Medical centres; **Neighbourhood shops**; Oyster aquaculture; Places of public worship; Recreation areas; Recreation facilities (indoor); Respite day care centres; Roads; Self-storage units; Sex services premises; Signage; Tank-based aquaculture; Vehicle body repair workshops; Vehicle repair stations; Vehicle sales or hire premises; Warehouse or distribution centres

Development Prohibited

Pond-based aquaculture Any development not specified in item 2 or 3.

Based on the above, the existing commercial use on the site is prohibited. As such the site operates under the existing use rights thereby limiting redevelopment potential, with the current 1:1 FSR and 18m height controls further impeding redevelopment potential.

2.2.2 Section 9.1 – Ministerial Directions

Section 9.1 relates to Business and Industrial zones. The objectives of the direction are as follows:

- Encourage employment growth in suitable locations
- Protect employment land in business and industrial zones
- Support the viability of identified strategic centres.

This direction applies when a planning proposal would affect land within an existing or proposed business or industrial zone. As such this report will address the five key requirements of Direction 117, these being:

- Follow the objectives of the Direction;
- Retention of existing business and industrial zones;

- No net loss of potential floorspace for employment uses and related public services in business zones;
- Not reduce the potential floorspace area for industrial uses in industrial zones; and
- Be in accordance with a Strategy approved by the Director General of the DP&I.

The following table assesses the consistency of mixed use development on the subject site, against the five key requirements of the Direction for strategies concerning employment lands.

Table 3 - Consistency of Planning Proposal with Section 9.1 Business & Industrial Zones

Relevant Matters	Comment and Consistency
Objectives of the Direction	The site is currently underutilised and limits potential uses and intensification opportunities. The Planning Proposal will retain commercial uses on site and will result in a net increase of employment uses. This coupled with more intensive use of space will increase the job potential on site which is consistent with the objectives of this direction.
Retain existing business and industrial zones	The Planning Proposal would result in a net increase of employment uses and jobs on site. Moreover, the site is largely under-utilised and abuts a predominantly residential area to the south and east, which impacts on its ongoing suitability for many business/ industrial uses. Rezoning the land for mixed uses will provide a transition zone between the surrounding employment and residential areas including the adjacent mixed use development by Meriton.
No net loss of potential floorspace for employment uses and related public services in business zones	As above the Planning Proposal would result in a net increase in floorspace for employment uses as well as job potential. A mixed use development would also create additional demand for local services - thereby supporting the viability of business services in the town centre as well as surrounding precincts.
Not reduce the potential floorspace area for industrial uses in industrial zones	This is not applicable as although the existing zone is industrial the current uses on site are commercial. It is highly improbable that the site would be redeveloped under the current LEP since this option is not financially viable given the value of the existing buildings, the costs of demolition and construction, project timing / cost of money and the sale value of the completed buildings. The proposed development will retain existing employment uses on site and support a more vibrant, diversified and sustainable building with higher employment densities.
In accordance with a Strategy approved by the Director General of DP&I	The proposed rezoning and subsequent mixed use development responds to and contributes to accommodating the population, housing and employment growth set out in the North District Plan.

2.3 Summary of the planning considerations

The above strategies and policies give impetus to the need to create housing and employment opportunities. This is evident in the Regional and District Plans which emphasise the need to increase the productivity of Eastern Harbour City through growth and investment support. Meeting this need requires increased housing in or near centres as well as proximity to public transport. Evidently the Planning Proposal will contribute to providing additional housing stock within proximity to Strategic Centres and major employment precincts including North Ryde, Macquarie Park, Chatswood and St Leonards. These strategic centres can be accessed within 30minutes via public transport (i.e. bus services).

Evidently, the Planning Proposal is consistent with relevant strategic and statutory planning controls and will facilitate the development of additional commercial floorspace on the subject site. The Planning Proposal will support a more vibrant and diversified precinct with higher employment densities. The Planning Proposal will also have a number of positive benefits for the surrounding area including increased employment and economic activity during the construction and post-construction phases.



EMPLOYMENT TRENDS

3.0 EMPLOYMENT TRENDS AND FEASIBILITY

The following Chapter undertakes a review and analysis of employment trends and forecasts in Lane Cove. The intent of the Chapter is to provide justification for the provision of mixed use development.

3.1 Employment forecast

Employment growth is a straight indicator of demand for employment uses since most employment land uses will offer employment opportunities. The table below presents the recent projected employment growth within Lane Cove LGA by industry type out to 2036. Lane Cove LGA employs almost 17,000 workers with this projected to increase to almost 19,300 workers by 2036.

The industries forecast with the strongest growth from 2016 to 2036 include Education and Training and Arts; and Recreational Services. Education and Training; Professional, Scientific and Technical Services; Health Care; Retail Trade; and the Construction industries are the most represented industries and experience the greatest increase in absolute terms. The demand for these industries will require commercial floorspace in well located areas in close proximity to services including retail and public transport.

More generally, the retail and commercial activities associated with the scheme will present a range of new local employment opportunities, including jobs in such sectors as education, professional services, hospitality, health, finance, marketing, administration and so on. Further to this the proposed mixed use development project provides new local employment and business opportunities in the short-term (ie, construction phase) and on a permanent basis (ie, during the site's on-going operational phase) - which would be expected to employ many local construction and transport workers.

Table 4: Employment Forecasts Lane Cove LGA

Industry	2016	2036	Change
Education and Training	1,048	1,463	39.6%
Arts and Recreation Services	260	363	39.6%
Electricity, Gas, Water and Waste Services	35	46	32.7%
Rental, Hiring and Real Estate Services	298	376	26.2%
Construction	1,238	1,533	23.9%
Financial and Insurance Services	621	765	23.2%
Accommodation and Food Services	934	1,126	20.6%
Public Administration and Safety	422	497	17.7%
Other Services	508	593	16.6%
Administrative and Support Services	988	1,150	16.5%
Professional, Scientific and Technical Services	2,869	3,267	13.9%
Retail Trade	1,499	1,666	11.1%
Agriculture, Forestry and Fishing	31	34	10.1%
Health Care and Social Assistance	2,737	2,977	8.8%
Manufacturing	1,421	1,464	3.0%
Wholesale Trade	1,222	1,243	1.7%
Information Media and Telecommunications	496	486	-2.0%
Transport, Postal and Warehousing	225	168	-25.2%
Printing (including the Reproduction of Recorded Media)	71	37	-48.7%

Mining	-	-	-
Grand Total	16,922	19,254	14%

Source: TfNSW Employment Forecast Lane Cove LGA

Over this same period, industries to experience minimal or negative growth in the LGA were Transport, Postal and Warehousing; Printing; Wholesale Trade; and Manufacturing. Combined, over the ten years, there were around 40 fewer residents employed in these industries.

This trend was reflective of the wider Eastern City District where residents employed in the industries of manufacturing and wholesale trade decreasing by 8,756 persons or 22% over the same period.

The above industries are typically located within industrial precincts or zonings. As such, a decrease in this type of employment would likely have a corresponding reduction in the demand for additional industrial land or a conversion to alternate uses.

Implementation of the Planning Proposal would be an extremely important project for the local economy and employment base. More generally, the professional and commercial activities associated with the scheme will present a range of new local employment opportunities which are more aligned with current employment trends, including jobs in such sectors as education, professional services, hospitality, health, finance, marketing and administration services.

3.2 Industrial sector trends

The advance of modern technologies has been changing the methods of manufacturing production and the pattern of world trading. The global economy today consists of more sophisticated linkages between businesses which are designed to enable the efficient sharing of information and the delivery of goods through a global supply chain.

Globalisation and the free movement of people, goods and services have increased the amount of competition and resulted in a decline in the proportion of domestic jobs within manufacturing industries.

The role of manufacturing in Australia has by necessity moved up the value chain. Successive waves of restructuring and job shedding over a number of decades has seen the sector move from being labour intensive to capital and knowledge intensive. Manufacturing firms are increasingly employing more professional and technical services staff and utilising more office and R&D space in facilities. Successful modern manufacturing enterprises are as much involved in administrative and commercial activities as in physical production. Those manufacturing sub-sectors that produce more basic products and face the strongest competition from overseas have declined in relative importance including textiles, clothing and footwear, simple metal fabrication and other transport equipment.

Non-food manufacturing in Australia has declined progressively over the past three decades. In 1975 it contributed 14.8% to GDP¹. In 2012 its contribution represented only 5.8% of total GDP. In 1976 the Non-Food Manufacturing Sector in Australia employed 954,000 workers which comprised 17.7% of total employed persons. By 2011 employment had declined to 709,000 and its proportion of the total working population had decreased from 17.7% to 7.2%².

As a result of the industrial trends described above the development of industrial land in NSW has generally occurred at a rate slower than employment growth. In manufacturing and wholesale trade, growth has with only a few exceptions either declined or remained stagnant.

¹ ABS 5206.0 Australian National Accounts

² ABS Census 2011 and 1976 (excluding not stated or inadequately described)

However, demand for industrial lands for transport and storage related industries has shown some growth. Industrial floorspace used primarily for transport and storage, particularly those with low inventory turnover, are gravitating to inexpensive land and low cost buildings. Large-scale transport, storage and warehousing sector (or logistics) have locational needs that are determined by efficient supply chains, access to customers and suppliers, land availability and main road access. This describes firms that have specific land and infrastructure needs and potentially buffer distance requirements from residential or other sensitive land uses. Consequently, the subject site is not as attractive a site for these industrial uses as areas such as Western Sydney.

Industrial locations next to major centres and transit nodes such as the subject site are expected to be replaced over time by higher valued land uses, which include residential and other employment uses. Low employment generating industrial uses are increasingly unnecessary in close proximity to major centres. Improving the economic performance of a local centre such as Lane Cove requires the evolution of industry enabling higher and better uses to occupy these higher valued locations.

3.3 Commercial market considerations

The traditional campus style office building at the subject site has become somewhat outdated as the commercial market has orientated towards diversified centres with higher employment densities. Moreover there are opportunities for Lane Cove to respond to these changes and to key employment trends which are discussed in the table below. Lane Cove can complement rather than directly compete with established and growing commercial centres at Macquarie Park, St Leonards and Chatswood which maintain a competitive edge over Lane Cove West.

Table 5: Recent Industry Trends

Sector	Trend
Manufacturing Sector	<ul style="list-style-type: none"> – Decline of traditional manufacturing over the past two decades. However, more recent economic conditions have accelerated this trend with an annual average decline in manufacturing jobs, sustained high Australian dollar and lower levels of consumer confidence persisting since the GFC in 2008. – Changing focus from ‘making’ to ‘creating’. – An over representation of jobs in the manufacturing sector is particularly vulnerable to the decline of this sector.
Transport, Postal and Warehousing Sector	<ul style="list-style-type: none"> – Technology leading to larger warehouses with lower employment densities. – Consolidation of facilities to achieve economies of scale resulting in larger facilities and in turn sites.
Service Sector	<ul style="list-style-type: none"> – This is a rapidly growing sector. Lane Cove LGA’s economy has seen the effects of this shift, though the employment base remains heavily reliant upon the manufacturing and retail trade sectors as at the last Census. Growth in the services sector within Lane Cove has the potential to create greater job diversity in the region as this sector has a high proportion of ‘white collar’ or professional roles. Within Lane Cove LGA between 2006 and 2016 ‘white collar’ employment increased substantially.
Agriculture	<ul style="list-style-type: none"> – The contribution of the sector is declining, with this trend expected to continue with the shift to a low carbon economy
ICT and Creative Industry Sectors	<ul style="list-style-type: none"> – This sector will continue to grow in the future. – Businesses in this sector benefit from agglomeration and locations with good access to a range of services, amenities and transport choices.

Health Care and Social Services	<ul style="list-style-type: none"> – Growing and ageing population will drive strong growth in demand for health care and in particular, aged care. The increased demand for such services is likely to impact the subject site given its proximity to major hospitals and in time create a need for higher and better uses. – Growing prosperity of the population also generating demand for health services. – Increasing workforce participation amongst female workers will drive demand for childcare services.
Professional Services	<ul style="list-style-type: none"> – Rapid growth sector due to restructuring of the economy towards services rather than goods.
Retail Trade	<ul style="list-style-type: none"> – Future retail development will continue to be focused around residential growth.

Source: Broader Western Sydney Employment Area, Urbis, 2013; HillPDA

Based on the above the Planning Proposal would include commercial uses that are more aligned with current market industry trends. The commercial spaces will also contribute to meeting the needs of residents within Lane Cove and the broader area. It would result in a net increase of employment uses through more intensive use of space which in turn would increase job potential on site. This is consistent with the objectives of this direction.

3.4 Feasibility of commercial floorspace

An understanding of development feasibility is a planning matter because it's central to the likelihood of redevelopment. It is unrealistic to set planning targets (such as housing, jobs, etc) that can't be delivered if development is unviable.

Whilst the condition is not too bad the existing building on the subject site is a circa 1970s or 1980s campus style commercial building and may account for the building's current high vacancy rate. Redeveloping the site to contemporary market standards and complying with BCA requirements would not be financially viable.

A mixed-use development with a large component of residential is more viable given that in this location residential space has around twice the value of commercial space and a similar design and build cost. Hence residential apartments, particularly apartments on the upper levels with commanding city and water views would cross-subsidise the cost of replacing the existing commercial spaces.

The background is a dark blue gradient. Faintly visible in the background are a hand holding a pen, a calculator, and a document with a line graph. The text 'RESIDENTIAL NEED' is centered in a white rectangular box.

RESIDENTIAL NEED

4.0 RESIDENTIAL NEED

The following Chapter undertakes a review and analysis of the demographic and housing characteristics within Lane Cove LGA. The intent of the Chapter is to provide justification for the provision of additional residential supply within the LGA to meet the current and future needs of the resident population. The basis for this justification is sourced from the Regional Plan for Growing Sydney which provides the core directions in the provision of housing within Sydney. These directions are:

1. Objective 10: Greater housing supply
2. Objective 11: Housing is more diverse and affordable.

The North District Plan also provides priorities for increased housing across the District, this planning priority is:

“Planning Priority E5: Providing housing supply, choice, and affordability, with access to jobs, services and public transport”

4.1 Population trends and forecasts

The Lane Cove LGA had an estimated resident population of over 36,000 at 2016. It experienced population growth of 2.7% per annum between 2011 and 2016. This is higher than the 1.9% growth experienced across Greater Sydney over this period, demonstrating the appeal of this region.

Transport of NSW population forecasts indicate Lane Cove LGA’s population will increase by approximately 13,661 persons between 2016 and 2036, or an average of 683 persons per annum.

Consistent with national trends, Lane Cove LGA is expected to experience an aging population with a greater proportion of residents aged 65+ over the next 20 years (i.e. 15% in 2036 compared to 13% in 2016). Regionalised comparison analysis reveals, however, that Lane Cove’s age profile over the next 20 years is expected to comprise of a greater proportion of working aged residents (i.e. 66% for Lane Cove LGA in 2036 compared to 54% for the Sydney Metropolitan).

Moreover 61% of net growth in Lane Cove’s population is forecast to comprise the 15-64 year age group, with stronger growth expected to occur from 2026-2036. These projections are shown in the Tables 5 and 6 below.

Table 6 : Population Trends by Age Group, Lane Cove LGA, 2016 to 2036

Age group (years)	2016		2026		2036	
	No.	Share	No.	Share	No.	Share
0 to 14	6,937	19%	8,102	19%	9,244	19%
15 to 64	24,430	68%	27,764	66%	32,816	66%
65 and over	4,720	13%	6,012	14%	7,689	15%
Total	36,088	100%	41,878	100%	49,749	100%

Source: Population and household forecasts, 2016 to 2036, TPS May 2019

Table 7 : Population Growth Trends by Age Group, Lane Cove LGA, 2011-2036

Age group (years)	2016-2026 Change		2026-2036 Change		2016-2036 Change	
	No.	Share	No.	Share	No.	No.
0 to 14	1,165	20%	1,142	15%	2,307	17%
15 to 64	3,334	58%	5,051	64%	8,385	61%
65 and over	1,292	22%	1,677	21%	2,969	22%
Total	5,791	100%	7,870	100%	13,661	100%

Source: Population and household forecasts, 2011 to 2036, TPS May 2019

Analysis of population trends and forecasts for Lane Cove highlight that additional demand will be generated locally for a range of property types such as residential, commercial, retail, community and recreation. A resident population which is largely of working age will create an emphasis on providing local employment opportunities in order to reduce travel times to and from their workplace.

4.2 The need for more housing

4.2.1 Greater housing supply

Comparing the increase in housing supply against the population increase within the Lane Cove LGA over the last 10 years reveals that housing supply has remained below demand. Applying an average dwelling size of 2.5 persons per dwelling equates to a demand for an additional 2,250 dwellings to accommodate the population growth. Evidently over this ten-year period the implied dwelling undersupply in the LGA is estimated at around 228 dwellings. Housing undersupply undermines housing affordability and diversity in the locality.

Table 8 : Estimated Accumulated Dwelling Undersupply

Supply	
Housing Stock 2006	12,177
Housing Stock 2016	14,199
Change 2006-2016	2,022
Implied Demand	
Average Number of Persons per dwelling	2.5
Population 2006	30,427
Population 2016	36,051
Population Growth	5,624
Implied dwelling demand	2,250
Accumulated dwelling undersupply (supply less demand)	-228

Source: ABS 2016 time series data, HillPDA

4.2.2 Projected dwelling growth

The DP&E project that Lane Cove would require an additional 6,400 dwellings between 2016 and 2036, to house the additional 14,950 residents. This represents an annual increase or target of 320 dwellings.

A five-year housing target of 25,950 additional dwellings has been set out in the North District Plan, equating to an annual target of 5,190 dwellings.

The Planning Proposal will contribute to meeting these targets and accelerate this process through introducing another housing provider in the Lane Cove market.

In the LEP Review Phase 1 Assurance Letter received from the Greater Sydney Commission it was noted that *“The DPE’s housing supply forecast confirms that Lane Cove Council’s housing supply is on track to deliver 2,490 new dwellings between 2016/17 to 2020/21 which is above the minimum 0-5 year target of 1,900. This has been established by adding completions from July 2016 - September 2018 and a pro-rata of DPE’s housing supply forecast from 2017/18 - 2021/22 (2,800 dwellings).”*

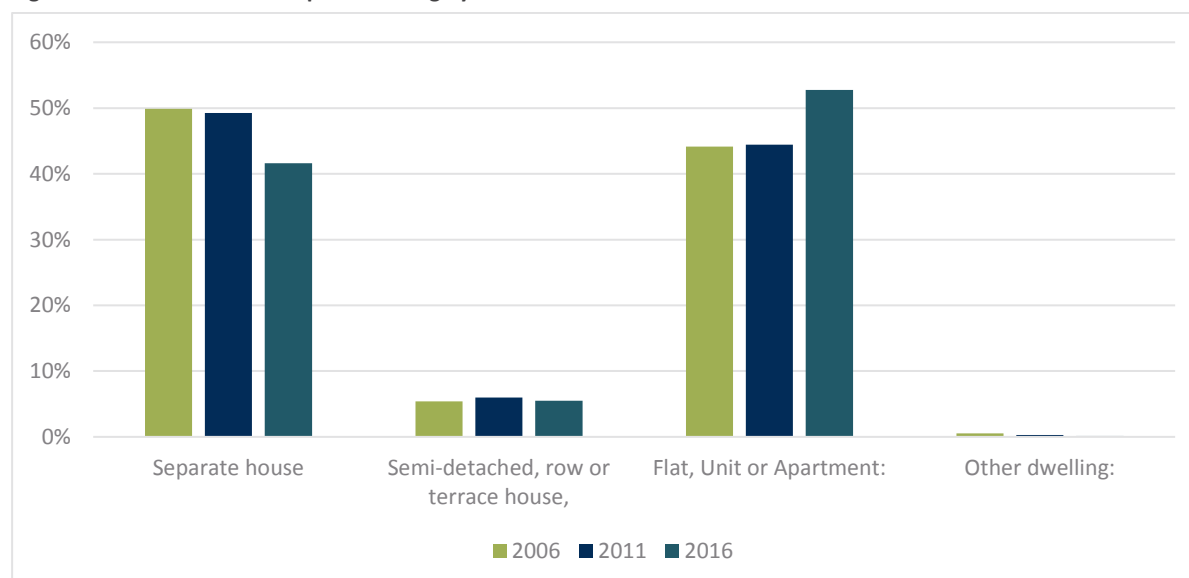
However given the time to complete a development from early planning proposal stage (in the order of 4 to 5 years or more) a longer term view is essential to accommodate population growth and housing in the LGA (6,400 additional dwellings required by 2036).

Given the site’s local considerations (discussed in more detail below) the highest and best use is residential with some supporting services. The planning proposal provides an opportunity to revitalise or renew the precinct and provide a more vibrant and diversified centre with a mix of residential uses and supporting services which would otherwise be under-utilised.

4.2.3 Changing housing choices

Detached dwellings were the dominate dwelling type in Lane Cove LGA as of 2006. However, the proportion of detached dwellings has decreased over the past two inter-censal periods (50% in 2006 compared to 42% in 2016).

Figure 2: Lane Cove LGA occupied dwelling by structure



Source: ABS 2016 Time Series Data

There has been a corresponding trend in each household type towards living in apartments with apartments becoming the most dominate dwelling type in 2016 demonstrating the demand for this type of housing stock and changing preferences of local residents. The table below demonstrates the significant proportional increase in couples with dependants residing in apartments from 12% in 2006 to 18% in 2016. It should be noted, however, there is an increase of people living in apartments across all household types.

The Planning Proposal would provide additional dwelling types in a sought out location to meet the changing preferences of local residents.

Table 9: Proportion of households living in apartments by household type

Household type	2006	2011	2016	% increase
Couple families with no children	24%	26%	29%	5%
Couples families with children	12%	15%	18%	6%
One parent families	6%	7%	6%	0%
Other families	2%	2%	1%	-1%
Lone person households	40%	35%	33%	-7%
Group households	7%	37%	6%	-1%
Other households	9%	5%	6%	-3%

Source: ABS 2016 Time Series Data

NSW DP&E projects that the LGA will accommodate an additional 5,950 households by 2036. Of this growth, 6% households will be couples with children households who, as identified above, have shifted towards apartment style living. There are several reasons for this shift including affordability (lower prices compared to detached houses); better access to employment hubs and amenities; two working parent households creating a spatial leash and compelling working parents to live closer to home; and shifting preferences.

The Planning Proposal would be providing a product with a range of bedroom types and configurations that would respond to current demand and shifting preferences.

Table 10: Household type projections Lane Cove LGA

	2016	2021	2026	2031	2036	Growth	Proportional Growth
Couple only	3,500	3,750	4,000	4,400	4,850	1,350	38.6%
Couple with children	4,950	5,400	5,750	6,250	6,700	1,750	35.4%
Single parent	1,000	1,100	1,200	1,350	1,500	500	50.0%
Other family households	150	150	150	200	200	50	33.3%
Multiple-family households	350	400	400	450	500	150	42.9%
Lone person	3,800	4,150	4,550	5,150	5,750	1,950	51.3%
Group	700	700	750	800	900	200	28.6%
Total	14,450	15,650	16,800	18,600	20,400	5,950	41.2%

Source: NSW DP&E

In response to these social trends there are four housing submarkets that are driving the need for smaller dwellings:

- The first sub-market comprises young adults that grew up in the LGA that are looking to move out of home. These households will generally be single persons or couples without children. Without housing choices these people are usually forced to locate further west of the LGA. A large proportion of these buyers are expected to come from Lane Cove, North Sydney and Willoughby LGAs.
- The second sub-market refers to office commuters, both owner occupiers and renters, that select Lane Cove because of its proximity to major employment areas including Macquarie Park / North Ryde, North Sydney, Chatswood, St Leonards and Sydney CBD and the high level of public transport options available including the high frequency of bus services. Many of these commuters will also be in the first sub-market.
- The third sub-market comprises older people who have been living in the area for some time. Now that their children have left these people are in a position to release capital in their property and

downsize into a smaller dwelling to meet their changing lifestyle needs including closer proximity to retail, medical, other commercial services and public transport.

- The last sub-market relates to property investors. The continued strong demand within the Northern Sydney suburbs and the strong capital gains experienced in Lane Cove suburb makes investment in this area attractive.

Providing a diverse range of housing options suiting a wide variety of household types, including apartment living will also promote a more diverse community which is arguably more sustainable in the long term, as they are able to maintain a range of services and facilities useful to all age groups.

4.3 Housing stress and affordability

4.3.1 Lane Cove LGA house prices

The Regional Plan acknowledges that Sydney's housing prices are high compared to other Australian capital cities. The Plan highlights that governments can “help to put downward pressure on prices (by) accelerating the supply and the variety of housing across Sydney, such as apartments and townhouses, will make it easier for people to find homes to suit their lifestyle and budget”.

Delivering houses in greenfield and urban renewal locations will help people to live closer to family and friends, to workplaces and schools, and to the services they use on a daily or weekly basis”.

In the September quarter of 2018, the median sale price for strata dwellings within the Lane Cove LGAs reached \$745,000. This was \$230,000 higher than the median strata dwelling recorded in 2010 and 3% higher than the Greater Sydney median (\$720,000).

In comparison the median sale price for non-strata dwellings was close to \$2.7 million in 2018 – more than double the median price in 2010. This was \$1.8 million (194%) higher than Greater Sydney (\$900,000).

Strata dwellings provide a more affordable option for residents and key workers within the LGA. This is evident with strata dwellings having a median price well below the median price of non-strata dwellings. Accordingly the Planning Proposal will offer a more affordable housing alternative and will contribute to improving housing affordability.

Table 11: Median sale price (\$'000)

	2010	2018	Growth (\$)	Growth (%)
Lane Cove LGA (strata)	515	745	230	45%
Greater Sydney (strata)	453	720	267	59%
Lane Cove LGA (non-strata)	1,348	2,650	1302	97%
Greater Sydney (non-strata)	565	900	335	59%

Source: NSW Rent and Sales Report September Quarter 2018

4.3.2 Mortgage and rental stress

Housing stress is a metric used to describe a situation where the cost of housing is high relative to the household income. As a rule of thumb, housing stress is defined as where housing costs (rent or mortgage repayments) are 30% or more of gross household income³. While this figure provides a useful benchmark of

³ NSW Affordable Housing Ministerial Guidelines 2016-2017

housing affordability, the definition of affordability varies according to a household's individual circumstances. As seen in the table below, housing mortgage stress within Lane Cove LGA has decreased from 2006 to 2016. As of 2016, the median mortgage repayment was 25% of the median household income, indicative of a fair proportion of households that would be considered as being under stress. The trend in the rental market is considerably more negative with renting households experiencing stress increasing over the period, although it still remains below the benchmark.

The rental price growth has exceeded household income growth in the Lane Cove LGA over this ten year period, with rent as a share of annual household income increasing from 17% in 2006 to 22% in 2016 (refer to table below).

With significant population growth anticipated in the Lane Cove LGA over the next decade, the absence of additional new residential stock would only exacerbate increasing rental prices. As such the Planning Proposal will facilitate in alleviating some of the rental pressure experienced in this locality by increasing supply.

Table 12: Rental and Mortgage Stress

	2006	2016
LGA median household income (\$)	91,364	123,188
LGA median mortgage repayment (\$)	26,004	31,200
LGA mortgage repayment as a percentage of income	28%	25%
Greater Sydney median mortgage repayment as % of income	35%	29%
LGA median rent (\$)	15,340	27,040
Median rent repayment as a proportion of median income	17%	22%

Source: 2016 ABS time series

4.3.3 Rental affordability

NSW Family and Community Services outline the eligibility criteria for affordable housing in their 2016/17 NSW Affordable Housing Ministerial Guidelines. In this document household income is the defining criteria for affordable housing eligibility, with the median income for Greater Sydney used as a benchmark.

The 2016/17 Guidelines define affordable housing for very low, low, and moderate income households. These categories have been applied to this analysis and are as follows:

- Very low-income household is less than 50% of Greater Sydney median household income
- Low-income household is more than 50% but less than 80% of Greater Sydney median household income
- Moderate income household is between 80% and 120% of Greater Sydney median household income.

The median household income for the Lane Cove LGA was around \$123,188 in 2016. Based household income the affordable housing thresholds have been calculated as follows:

Table 13 : Household Income and Affordability Lane Cove LGA

Category	Household income	
	Weekly	Yearly
Median income	\$2,369	\$123,188
Very low household income (50% of median household income)	\$1,185	\$61,594
Low household income (80% of median household income)	\$1,895	\$98,550
Moderate income household (120% of median household income)	\$2,843	\$147,826

Source: 2016 ABS Census, HillPDA

To assess the ability of very low income and low income household's to meet the median rental repayment for the LGA, we applied the following methodology:

- Multiplied household incomes by 30% and divide by 52 to calculate the weekly rent that household can reasonably afford to pay without experiencing housing stress and
- Compared Step 1 to the LGA market rent in that year.

4.3.4 Very low income household rental affordability

A very low income household within Lane Cove LGA, that is, a household that earns 50% of the median household income could afford to pay \$355/week on rental repayments in 2016. This was only 71% of the median market rent for a one bedroom apartment, 63% of market rent for a two bedroom apartment and 44% of market rent for a three bedroom apartment within the LGA.

4.3.5 Low income household rental affordability

A low income household, that is, a household that earns 80% of the household median income could afford to pay \$569/week on rental repayments. This was only 90% of market rent for a two bedroom apartment and 63% of market rent for a three bedroom apartment within the LGA.

Table 14 : Rental affordability against Lane Cove LGA median household income - 2016

Year	Very low household income at 50% of median household income	Low household income at 80% of median household income
Median household income (2016)	\$123,188	\$123,188
Median household at affordability category	\$61,594	\$98,550
Rental affordability at 30% of median income	\$355	\$569
1 bedroom apartment market rent	\$500	\$543
Rental affordability as a proportion of market rent	71%	105%
2 bedroom apartment market rent	\$560	\$630
Rental affordability as a proportion of market rent	63%	90%
3 bedroom apartment market rent	\$800	\$900
Rental affordability as a proportion of market rent	44%	63%

Source: 2016 ABS, NSW Department of Housing rent tables, HillPDA *30% of household income directed towards rental repayment

If left unabated the housing affordability gap will continue to widen. Increased residential supply can place downward pressure on housing prices and rents as acknowledged in the former A Plan for Growing Sydney. Advancement of the planning proposal would increase dwelling supply and capacity within the LGA helping to alleviate the housing affordability gap and rental stress.

4.4 Locational considerations

In providing justification for the provision of residential dwellings on the subject site, there are a few other locational factors for consideration. These include the following:

- The Planning Proposal is in close proximity to some of Sydney's largest employment precincts and Strategic Centres including Macquarie Park, North Ryde, Chatswood and St Leonards. Moreover these Strategic Centres can be accessed within 30minutes via public transport (i.e. regular bus services).

- The Planning Proposal will also provide a visual and physical connection to the river. Improving the community's access to open spaces and waterways which will in turn provide a number of positive social and health benefits for the community.
- The subject site is in close proximity to the Lane Cove commercial centre. Increased residential densities within the local area would increase the potential for the centre to capture additional retail expenditure, increasing its viability;
- Access to urban amenities is strongly related to the desirability of an area and is a key aspect in contributing to the liveability of a built environment. The Planning Proposal include some 8,150sqm of commercial uses (including a café/restaurant) to service the new and existing residents within Lane Cove. As such residents on site will benefit from access to strong amenities provided on and within the vicinity of the site (i.e. The Village Lane Cove) which will increase the desirability of Lane Cove as a place to live and work.
- The Planning Proposal will act as a natural transition to the existing large scale residential development (Arise by Meriton) immediately to the east of the site.
- Proximity to educational establishments including Mowbray Public School and Lane Cove West Public School; medical services including Royal North Shore Hospital (one of NSW's largest public hospitals providing an extensive range of surgical and medical services for patients in Northern Sydney region and surrounding suburbs as well as being a major teaching hospital), North Shore Private and Macquarie Hospital; as well as recreational uses such as the Lane Cove River, Lane Cove National Park, Chatswood Golf Course, Rotary Athletics Field, Lane Cove gymnastics Club and Pumphouse Lane Cove Bushwalk, makes the site both a suitable and desirable location to live.



CONSTRUCTION IMPACTS

5.0 CONSTRUCTION IMPACTS

This Chapter considers and where possible quantifies economic impacts associated with the construction of the proposed development.

5.1 Economic impacts during construction

Total construction cost has been estimated at \$178m based on the following assumed rates:

Table 15: Estimated construction costs

	GFA (sqm)	\$/sqm	\$m
Residential	27,725	3,800	105
Retail	525	2,700	1
Commercial	7,626	2,700	21
Fitout	6,757	1,000	7
Car Parking (spaces)	507	55,000	28
Site costs, Landscaping & contingencies @ 10%			16
Total	35,876	4,967	178

Source: Rawlinsons Construction Handbook 2018, RLB Digest 2017, HillPDA estimate

The construction industry is a significant component of the economy accounting for 5.96% of Gross Domestic Product (GDP) and employing just over one million workers across Australia⁴. The industry has strong linkages with other sectors, so its impacts on the economy go further than the direct contribution of construction. Multipliers refer to the level of additional economic activity generated by a source industry.

There are two types of multipliers:

Production induced: which is made up of:

- first round effect: which is all outputs and employment required to produce the inputs for construction, and
- an industrial support effect: which is the induced extra output and employment from all industries to support the production of the first round effect.

Consumption induced: which relates to the demand for additional goods and services due to increased spending by the wage and salary earners across all industries arising from employment.

The source of the multipliers adopted in this report is ABS Australian National Accounts: Input-Output Tables 2016-17 (ABS Pub: 5209.0). These tables identify first round effects, industrial support effects and consumption induced multiplier effects at rates of \$0.62, \$0.66 and \$0.91 respectively to every dollar of construction.

The table below quantifies the associated economic multipliers resulting from the construction process. The estimated construction cost for the proposed scheme of \$178m will generate further economic activity described as:

- First round effects of \$110m;

⁴ Source: IBIS World Construction Industry Report 2018

- Industrial supported effects of \$118m; and
- Consumption induced effects of \$161m.

The table below quantifies associated economic multipliers resulting from the construction process.

Table 16: Construction Output Multipliers

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Output multipliers	1	0.620	0.661	0.905	3.186
Output (\$million)	178	110	118	161	568

Source: HillPDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2016-17 (ABS Pub: 5209.0)

Note that the multiplier effects are national, and not necessarily local. The ABS states that:

“Care is needed in interpreting multiplier effects; their theoretical basis produces estimates which somewhat overstate the actual impacts in terms of output and employment. Nevertheless, the estimates illustrate the high flow-on effects of construction activity to the rest of the economy. Clearly, through its multipliers, construction activity has a high impact on the economy.”

In particular the multiplier impacts can leave the impression that resources would not have been used elsewhere in the economy had the development not proceeded. In reality many of these resources would have been employed elsewhere. Note that the NSW Treasury guidelines state:

“Direct or flow on jobs will not necessarily occur in the immediate vicinity of the project – they may be located in head office of the supplier or in a factory in another region or State that supplies the project”⁵.

Nevertheless, economic multiplier impacts represent considerable added value to the Australian economy.

5.2 Construction related employment

Every one million dollars of construction work undertaken generates 2.5 job years directly in construction⁶. Based on the estimated construction cost 445 job years⁷ would be directly generated by the proposed development as shown in the table below.

⁵ Source: Office of Financial Management Policy and Guidelines Paper: Policy and Guidelines: Guidelines for estimating employment supported by the actions, programs and policies of the NSW Government (TPP 09-7) NSW Treasury

⁶ Source: ABS Australian National Accounts: Input – Output Tables 2017-18 (ABS Pub: 5209.0) adjusted to 2019 dollars

⁷ Note: One job year equals one full-time job for one year

Table 17: Construction employment

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Multipliers	1	0.731	0.851	1.434	4.016
Employment No. per \$million	2.497	1.826	2.125	3.581	10.029
Total Job Years Generated	445	325	379	638	1,787

Source: HillPDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2016-17 (ABS Pub: 5209.0) adjusted by CPI to \$2018

The ABS Australian National Accounts: Input-Output Tables 2016-17 identified employment multipliers for first round, industrial support and consumption induced effects of 0.73, 0.85 and 1.43 respectively for every job year in direct construction. Including the multiplier impacts the proposal is forecast to generate a total of 1,787 job years directly in construction and indirectly through multiplier impacts.



ECONOMIC IMPACTS

6.0 ECONOMIC IMPACTS

This Chapter examines the economic benefits of the proposal such as employment generation, increased workers' expenditure, other economic multipliers as well providing a high level review of the non-monetary attributes and social benefits associated with the proposal.

6.1 The base case

The base case is referred to as the do nothing option. The existing use on the site is a commercial building with a total estimated floor area of 7,129sqm GFA⁸. The building is currently largely vacant however for the purposes of this Study we have adopted a more conservative approach and assumed the commercial building is fully occupied.

The existing building area of 7,129 sqm is only 20% lower than the site area. The LEP allows for an FSR of 1:0 which equates to 9,128sqm of floor space. It is highly improbable that the site would be redeveloped to its maximum potential under the LEP. Given the 'as is' value of the existing buildings, the costs of demolition and construction, project timing / cost of money and the sale value of the completed buildings it would not be financially viable. It is therefore reasonable to assume that the base case is a 'do nothing' option.

The existing buildings on the site could employ 285 workers if it was fully occupied⁹. Total remuneration of staff would be \$23.5m per annum based on an average remuneration of \$82,500 per worker¹⁰. Gross value added (GVA) of an industry refers to the value of outputs less the costs of inputs. It also measures the contribution that the industry makes to the country's wealth or gross domestic product (GDP). At an average of \$145,400 per worker total GVA is estimated at \$41.5m.

6.2 Employment generation

Development under the planning proposal would support permanent employment post-construction through the operation of commercial uses. The table below provides an estimate of the number of jobs that would be accommodated on site.

Table 18: Forecast employment on site

Land Use	Employment Density* ¹	NLA (sqm)	Units	Forecast Jobs	Employment Density Jobs/sqm (GFA)
Retail* ²	1 / 24 sqm	446	sqm	19	1 / 28 sqm
Commercial * ³	1 / 17 sqm	6,311	sqm	370	1 / 20 sqm
Work at Home* ⁴	1 / 9 units	303	units	33	
Total				422	

*1. Sources include ABS Retail Survey 1998-99, IBIS World reports, National Quality Framework and Hill PDA Research;

*2. Assumes net lettable area = 85% of GFA and fully occupied.

*3. Assumes net lettable area = 83% of GFA and fully occupied.

*4. Work at Home: 7.6% of workers undertake majority of their work at home (ABS Locations of Work 2008 Cat 6275.0) and assuming 1.4 working residents per household and 4% of apartments are vacant (Lane Cove Community Profile ABS Census 2016) translates to 1 job per 9 occupied dwellings.

⁸ Measured from Six Viewer

⁹ A lower employment density of 25 has been assumed given the older campus style nature of the existing commercial building.

¹⁰ IBIS World Reports 2018, HillPDA estimate

Based on the table above, the proposed development is estimated to accommodate 422 jobs on site. These are jobs in full, part-time and casual positions.

Current employment on site is estimated at around 285 workers. Hence redevelopment under the planning proposal will provide a net increase of 137 jobs from the base case scenario.

6.3 Workers remuneration

Based on IBIS World Industry Reports and ABS Census, HillPDA has estimated total remuneration of workers at approximately \$23.5m per annum. A breakdown by land use is shown in the table below.

Table 19: Total salaries from development

Land Use	Jobs	Avg Annual Wage*	Total (\$m)
Retail	19	\$33,995	\$0.6
Commercial	370	\$82,500	\$30.5
Work at Home	33	\$61,000	\$2.0
Total	422	\$78,671	\$33.2

* Sources include IBIS World reports, PayScale - Salary Research Industry Index (Australia); ABS Input-Output Tables 2016-17 and HillPDA

The proposed development will increase total remuneration of workers on site to \$33.2m (2018 dollars). This further equates to \$9.7m more remuneration than what could be achieved under the base case scenario.

6.4 Gross value added (GVA)

We forecast the GVA under the planning proposal to be around \$57.4m every year (measured in 2018 dollars) based on the following table.

Table 20: Gross Value Added from development

Land Use	Jobs	GVA / Worker	Gross Value Added (\$m)
Retail	19	\$58,912	\$1.1
Commercial	370	\$145,400	\$53.8
Work at Home**	33	\$74,400	\$2.5
Total	422	\$136,001	\$57.4

Source: Ibis World Reports; HillPDA 2019

The GVA of the current uses on site is estimated to be \$41.5. Development would provide a further \$15.9m every year in GVA (measured in current 2018 dollars) more than the base case scenario.

6.5 Expenditure from residents and workers

The Planning Proposal will provide around 316 new residential apartments on site. Assuming 96% of the apartments are occupied and an average occupancy rate of 2.02 persons per apartment¹¹ we estimate 613 residents will live on the subject site.





11. ABS Census 2016 Table Builder (occupants in apartments by bedroom number in Lane Cove LGA)

These residents would generate demand for local retail and commercial goods and services. With an assumed average retail spend of \$16,000 per capita¹² the residents would spend around \$9.8 million every year on retail goods and services. A large proportion of this is expected to be captured by businesses in Lane Cove.

6.6 Summary of quantified economic impacts

A summary of the quantified economic impacts is shown in the diagram below. It should be noted the base case assumes the building is fully occupied. The economic output (ie jobs on site, remuneration, GVA) from the existing uses would be significantly lower than the base case estimates provided below given the building is largely vacant. Evidently, the differential between the existing uses and the planning proposal would be far greater, with the planning proposal providing a substantially higher economic outcome.

Figure 3: Summary of quantified economic impacts (\$m/ann in constant 2018 dollars)

	Jobs on Site 	Staff Remuneration 	Gross Value Added 	Residents and workers Spend 
Base Case	285	\$23.5	\$41.5	\$0
Planning Proposal	422	\$33.2	\$57.4	\$9.8

6.7 Other Economic Impacts

Other economic benefits of the planning proposal include the following.

6.7.1 Public benefits

As part of the proposal, the developers are offering additional contributions in the form of a Voluntary Planning Agreement (VPA). Public benefits include:

- affordable housing - 10% of the proposed dwellings be used for affordable housing for a minimum term of 20 years (most likely rental levels would be capped by caveat on title or some other appropriate mechanism);
- a monetary contribution of \$0.5m towards upgrading the immediate surrounding walking tracks including the Great Northern Walk;
- 459sqm of public open space along the site's northern boundary (with access to the walking trails also provided);
- a monetary contribution of \$0.1m to Council for the purchase of a 15 seat electric bus for community use; and
- a monetary contribution of \$2.0m to Council to be used towards improving public infrastructure facilities in Lane Cove.

12. Assumed 6% higher than average resident spend in Lane Cove West (based on Marketinfo 2017 expenditure data).

6.7.2 Investment stimulus

Where a significant property investment decision has been made it is generally viewed as a strong positive commitment for the local area. Such an investment can in turn stimulate and attract further investment to the immediate area.

The proposed development would create additional business opportunities in this locality in mixed use development with residential apartments. It would increase the profile of this area and in doing so increase the financial feasibility of future development, potentially acting as a catalyst on surrounding sites.

6.7.3 Jobs closer to home

There are many benefits associated with providing jobs closer to home as discussed, most notably a reduced need to travel and the knock on benefits associated with this in terms of reduced pressure on infrastructure. A reduction in the number and length of journeys made, in particular those made in private vehicles, has environmental benefits. There are also lifestyle benefits related to increased free time, reduced travel related stress and a reduced likelihood of road related accidents.

6.7.4 Housing supply

The *North District Plan* seeks to “Providing housing supply, choice and affordability, with access to jobs, services and public transport”¹³. With a rapidly growing residential population, the supply of housing (and particularly of low cost housing) is under pressure. The impact of Sydney’s well documented low housing supply and high market demand has been to drive the cost of housing upwards.

The proposed development would deliver 316 new residential apartments in the locality, creating additional housing supply in a highly sought after location.

The Planning Proposal will also contribute to housing supply by introducing another provider in the Lane Cove market. Multiple producers will ensure the market is not monopolised, encouraging greater competition and a healthy rate of supply. Further to the above 10% of the new residential units will be set aside for affordable housing.

6.7.5 Housing choice

Providing a diverse range of housing options suiting a wide variety of household types, including apartment living will also promote a more diverse community which is arguably more sustainable in the long term, as they are able to maintain a range of services and facilities useful to all age groups. Apartments also offer a more affordable housing alternative to detached houses. Moreover 10% of the new residential units will be set aside for affordable housing for low to moderate-income households.

Furthermore the introduction of high density residential uses on a vacant site will also create activity after work hours and on weekends. This activity improves passive surveillance increasing the sense of security and also encourages local businesses to extend trading hours to capture the additional expenditure generated in the locality.

6.7.6 Improving the visual appeal of the locality and connection to the river

The proposed development will facilitate in rejuvenating and activating this part of Lane with a contemporary and yet functional urban site and would improve the visual appeal of the area. As such the proposal aligns with planning policy, delivering visual, environment environmental and economic benefit to the locality. The

¹³ Central District Plan p12

development will also provide a visual and physical connection to the river. Improving the community's access to open spaces and waterways will in turn provide a number of positive social and health benefits for the community.

6.7.7 Mixed use development

As mentioned above, the subject site benefits from good accessibility and is within 30 minutes of key Strategic Centres and Sydney's largest employment precincts. Lane Cove is located some distance from the more congested Centres of Chatswood and St Leonards. Being less congested also provides an opportunity to maximise development potential without exacerbating existing levels of traffic in centres that are already suffering from significant road congestion.

The regular bus services provides a genuine alternative to the private car for local residents and workers in accessing jobs, shops and services. Furthermore, an improved range of shops and services on the Site should help to reduce the number of journeys made by local residents who shop in other Centres due to the lack of a range of goods and services currently on offer.

The principal of building higher density developments, in locations close to transit nodes is accepted as delivering environmental benefits. These benefits are associated with providing a genuine alternative to the private car, thereby reducing the number of journeys made by private vehicle and thus reducing vehicle emissions. The provision of an improved range of services, the provision of a mix of uses on the site would also support a reduction in vehicle emissions and improve transport safety.

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