282-284 Victoria Avenue

Economic Impact Assessment

Prepared for Alton Property Group

January 2021

Contents

Tables

Figures

Quality Assurance

Report Contacts

Nicholas Hill

Associate

B. Science, M Human Geography, Macquarie University (2012) M.A Property Development, University of Technology Sydney (2015)

Nick.Hill@hillpda.com

Supervisor

Adrian Hack

Principal, Urban and Retail Economics

M. Land Econ. B.Town Planning (Hons). MPIA

Adrian.Hack@hillpda.com

Quality Control

Adrian Hack

Principal, Urban and Retail Economics

M. Land Econ. B.Town Planning (Hons). MPIA

Adrian.Hack@hillpda.com

Reviewer

Signature		Dated	20/01/21

Report Details

Job Number	C21062
Version	Final
File Name	330-340 Victoria Avenue, Chatswood Planning Proposal
Date Printed	20/01/21

EXECUTIVE SUMMARY

HillPDA was commissioned by Alton Property Group to undertake an economic assessment (the study) of a Planning Proposal for the redevelopment of several two-storey buildings located at 282-284 Victoria Avenue Chatswood in the Local Government Area (LGA) of Willoughby.

The Subject Site has a site area of 2,127sqm and is located at the eastern side of North Shore railway line. This location has been recommended and endorsed by the Department of Planning, Industry and Environment (DPIE) for rezoning to mixed-use where significant uplift in employment was provided. Development in accordance with the Planning Proposal would potentially increase employment on the site by 278 jobs representing a 39% increase from that already provided onsite. As such, the Planning Proposal is consistent with the recommendations by DPIE for Chatswood CBD Strategy.

The site is centrally located opposite Chatswood Chase Shopping Centre within 600m of Chatswood Rail and Bus Interchange and Chatswood Metro station and within 300m of The Concourse. This location provides an opportunity to transform the urban experience of Chatswood CBD in a way that few remaining sites have the capacity.

The Planning Proposal

The Planning Proposal seeks to rezone the Subject Site from its current B3 – Commercial Core zoning to B4 – Mixed Use which would allow the development of a range of land uses.

Specifically, the Planning Proposal seeks to provide a mix of land uses, including commercial, community, retail, and residential. In total, around 12,762sqm of mixed-use gross floor area (GFA) would be developed, with this being comprised of:

- 6,381sqm GFA of residential space, equating to an estimated 87 apartments.
- 6,381sqm GFA of non-residential space. This is proposed to be comprised of retail (shop front) and hotel uses.

Strategies and targets

State strategies 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 the Eastern City and Northern District through growth and investment support. Meeting this need requires increased housing in centres, close to centres and close to public transport.

Specifically, these two documents identify the following targets:

- 1,250 additional dwellings across the LGA between 2016-21 (250 per annum)
- 6,300 to 8,300 additional jobs in Chatswood Strategic Centre by 2036.

Evidently, the Planning Proposal would provide additional housing stock in proximity to existing and proposed rail and bus nodes and hence contribute to delivering a 30-minute city. It would further increase appropriate employment within Chatswood Strategic centre, contributing to its employment targets and creating a more vibrant and attractive centre, increasing the viability and productivity of the centre and businesses.

The Willoughby Housing Strategy indicates that Willoughby would require around an additional 6,700 dwellings between 2016-36, representing an annual increase of 338 dwellings over the period. The Strategy states that the proposed changes to Chatswood CBD could yield 5,000 additional dwellings, while across the LGA 7,891 additional dwellings could be achieved. It was considered that around 6,300 of these dwellings could be feasibly developed. As such, the Housing Strategy concluded that the LGA could reach its 6,700 additional dwellings target by 2036 (although 400 short based on current feasibility testing).

This additional capacity of 5,000 dwellings, even with the identified planning amendments, is questionable given the mixed-use area identified in the Strategy has several constraints to redevelopment viability. These constraints are (1) the presence of medium-high density strata buildings and the difficulties and cost in negotiating with multiple owners (2) the requirement and costs associated with amalgamating sites and (3) the allocation of at least FSR 1:1 of the floorspace to non-residential purposes outside the prime retail area.

To assess this, HillPDA undertook a high-level assessment of the ability of proposed mixed-use changes to Chatswood CBD to attain this capacity of 5,000 dwellings. Under the most realistic scenario (Scenario 2), it was estimated that around 3,850 additional dwellings could be achieved. However, assuming 60% of sites are developed this decrease to around 2,310 dwellings.

Overall, the additional capacity of the LGA would also reduce from 7,891 dwellings to between 5,200 and 6,750 dwellings. Assuming an 80% viability rate for feasible development for the other focus areas, as identified in the Housing Strategy, this could reduce the number of feasible dwellings across the LGA to between 4,620 and 6,160 over the period.

This is lower than the 6,700 additional dwellings required in the Willoughby Housing Strategy. As such, additional supply will likely be required for Willoughby to meet is dwellings targets. Retaining the potential for shop top housing within Area 5 along Victoria Avenue as identified in Clause 4.1B and 31 in Schedule 1 of the Willoughby LEP 2012 would increase the potential for additional dwellings in the CBD and LGA as such, its retention should be considered.

The Planning Proposal would also facilitate the development of additional housing, commercial floorspace and employment generation on the Subject Site in a location that was identified by the DPIE for mixed-use development. The outcome for this recommendation was the requirement that any development significantly increases employment on the site, which the Planning Proposal would achieve with a 39% increase in employment onsite.

In short, the Planning Proposal would support a transit-oriented, more vibrant and diversified strategic centre with higher employment densities and will have several positive benefits for the surrounding area including increased employment, economic and street frontage activity during the construction and post-construction phases, discussed further below.

Additionally, the Planning Proposal would also be maximising the land use opportunities provided around the new Chatswood Metro station, opening in around 2024, and contribute to the area becoming a place that people want to work in, visit and call home. Moreover, the recent COVID-19 pandemic has placed greater emphasis on providing services where people live and greater stress on traditional commercial office and retail bricks and motor shops. Increased residential densities within major centres can counter this trend increasing the activity, vibrancy, and viability of local businesses.

Increased residential provision

The Planning Proposal would provide additional apartment style dwellings within Chatswood Strategic Centre. It would contribute towards addressing the current latent demand in the LGA between 2006-19, estimated at 2,465 dwellings. At the same time, it is estimated that Willoughby will fall short of its dwelling targets by 2026 by between 1,638 and 3,321 dwellings.

The Planning Proposal would contribute to Willoughby accelerating its housing supply, providing greater diversity, and housing choice for its community. This is particularly relevant for the significant growth in couple only, one parent and lone person households. These household types are forecast to grow by 5,112 equating to around 75% of total forecast growth in households by 2036. As these household types have a greater propensity to reside in smaller dwellings due to affordability and space requirements there will be a growing demand for appropriately located apartment style dwellings like that proposed.

Of the growth in residents to 2036, around 43% is projected to be persons aged 60 years and over. This will result in a greater demand for smaller style dwellings near retail, commercial, community and health services, allowing these residents to “downsize” from their larger sperate houses and age in place while remaining near their family and friends.

Furthermore, increased dwelling provision in the LGA will help place downward pressure on dwelling prices thereby increasing affordability in the LGA. Strata dwellings provide a more affordable housing option in Willoughby LGA having a median price 56% lower than the median price of non-strata dwellings. The Planning Proposal would provide this more affordable dwelling option for residents in a location that is highly accessible being located near retail, commercial, essential services and public transport options.

The Planning Proposal would provide 87 apartment style dwellings in a location with high access to essential services and existing public transport. As such it would contribute to Willoughby meeting its dwelling targets while providing a type of dwelling which meets its changing community needs at a price point which is more affordable than larger style dwellings.

Economic impacts

It is estimated that current uses on the Subject Site generate 200 jobs, $12.8m in salaries and $17m in Gross Value Added every year.

The below table summarises the economic benefits of retaining the current uses onsite in comparison to the development of the Subject Site in accordance with the Planning Proposal.

Table 1: Economic Impact of Planning Proposal

	Planning Proposal	Net Increase
Total jobs created on site	278	+ 78
Total staff remuneration ($m/annum)	$18.7m	+ $5.9m
Gross Value Added in Willoughby LGA	$24.7m	+ $7.7m
Design and construction costs	$79.5m	
Total economic activity in the LGA generated by design & construction	$135.3m	
Job years in the LGA generated from design and construction	300	
Additional whole-of Government revenue	$27.5m	

The Planning Proposal provides a significant economic benefit over the Base Case as it would provide $19m in salaries for the 278 workers on the Subject Site and contribute $25m in Gross Value Added every year. Moreover, design and construction would generate additional economic activity in the local economy (+$135m) and jobs (+300 job years directly and indirectly in the Willoughby LGA).

1.0 INTRODUCTION

HillPDA was commissioned by Alton Property Group to undertake an economic assessment (the study) of a Planning Proposal for the redevelopment of several two-storey buildings located at 282-284 Victoria Avenue Chatswood in the Local Government Area (LGA) of Willoughby.

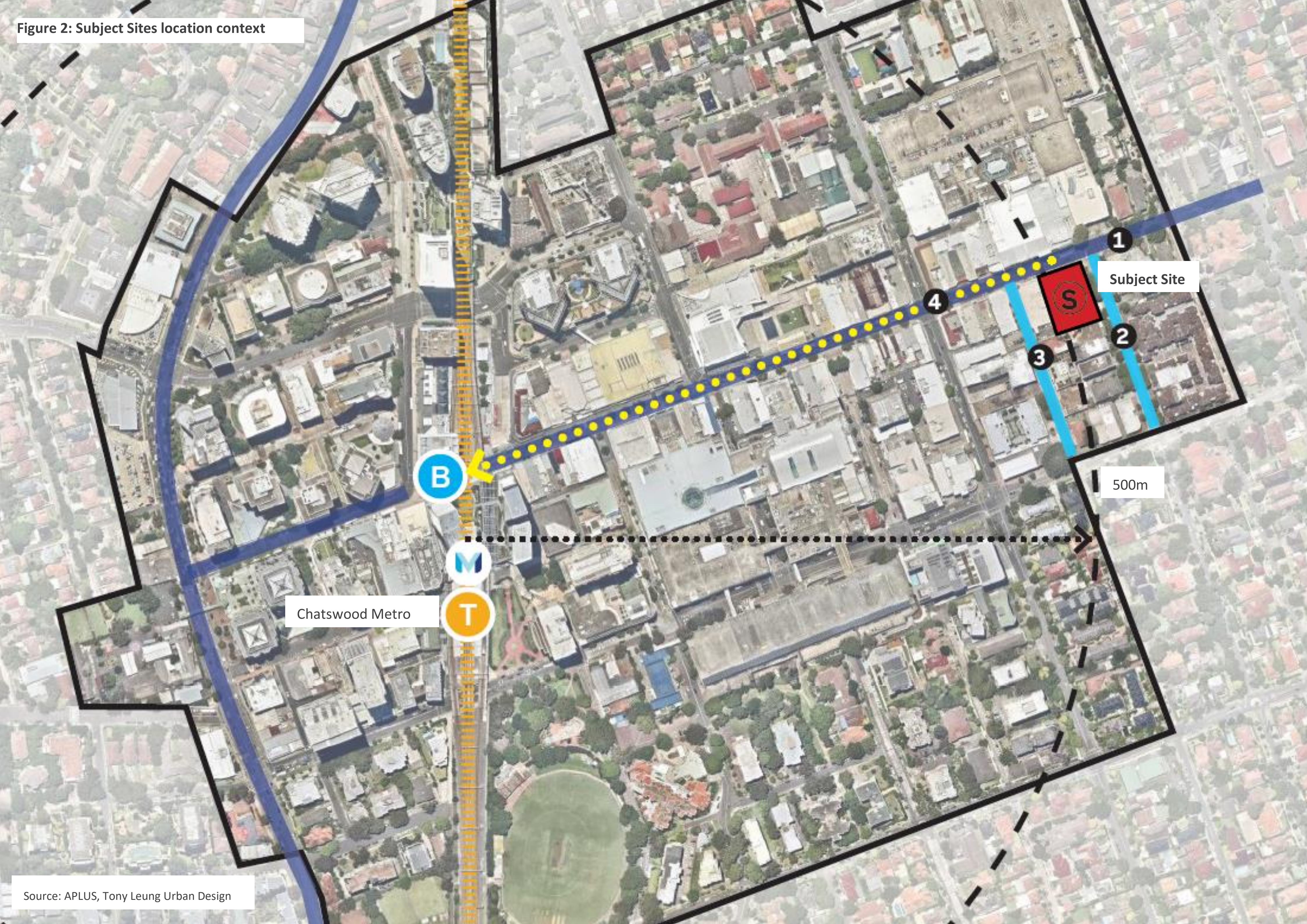
Figure 1: Subject Site

Source: HillPDA

The Subject Site has a site area of 2,127sqm and is strategically located at the eastern side of North Shore railway line. This location has been recommended and endorsed by the Department of Planning, Industry and Environment (DPIE) for rezoning to mixed-use where significant uplift in employment was provided.

The site is further centrally located 500m from the Chatswood Rail and Bus Interchange, Chatswood Metro station, along Victoria Ave retail street and near The Concourse and Chatswood Chase Shopping centre. This location provides the opportunity to transform the urban experience of Chatswood CBD in a way that few remaining sites have the capacity.

Figure 2: Subject Sites location context



Source: APLUS, Tony Leung Urban Design

1.1 The Planning Proposal

The Planning Proposal seeks to rezone the Subject Site from its current B3 – Commercial Core zoning to B4 – Mixed Use which would allow the development of a range of land uses.

Specifically, the Planning Proposal seeks to provide a mix of land uses, including commercial, community, retail, and residential. In total, around 12,762sqm of mixed-use gross floor area (GFA) would be developed, with this being comprised of:

- 6,381sqm GFA of residential space, equating to an estimated 87 apartments.
- 6,381sqm GFA of non-residential space. This is proposed to be comprised of retail (shop front) and hotel uses.

1.2 Purpose and study structure

The purpose of this study is to assess and quantify, where possible, the economic impact that would eventuate from development under the Planning Proposal. This is achieved through assessing and comparing the economic contribution of the subject site from its current built form and land uses to that which would eventuate from its redevelopment as proposed under the Planning Proposal.

Although the study assesses State and local planning documents/strategies it does not include any specific planning or policy recommendations which would require consideration of a range of other factors which will be explored in other specialist studies being undertaken in the preparation of the Planning Proposal.

To meet the requirements of the brief, the study is set out in the following manner:

- **Chapter 2 |** undertakes an assessment of State and local planning policies of relevance to the Planning Proposal from a housing and economic perspective.
- **Chapter 3 | Increased residential provision:** undertakes a review of the current population and household projections, median rents, median income levels and the development pipeline to provide a robust argument for the need for increased residential provision within the locality of the Planning Proposal to increase housing affordability and meet dwelling targets.
- **Chapter 4 |** Examines the economic contribution that the subject currently generates. This is referred to as the "Base Case". The Chapter then examines the economic implication that development under the Planning Proposal would have during the construction phase and post-construction. The economic implications are compared to the Base Case (estimated previously).

2.0 POLICY CONTEXT

This Chapter analyses State and local planning strategies, it further identifies areas where the Planning Proposal assists in achieving the intent of these strategies from a housing and economic perspective.

2.1 Greater Sydney Region Plan

The Greater Sydney Region Plan – *A Metropolis of Three Cities* (Region Plan) was finalised in March 2018 by the Greater Sydney Commission. The vision of the Region Plan is to create a metropolis of three cities, specifically the Western Parkland City, Central River City and the Eastern Harbour City. The subject site is located within the Eastern Harbour City.

A core intent of the Region Plan is to give people greater housing choice and establish more jobs closer to where people live, to develop a more accessible and walkable city and create the conditions for a stronger economy. The Plan prioritises providing greater housing supply. 'Providing ongoing housing supply and a range of housing types in the right locations will create more liveable neighbourhoods and support Greater Sydney's growing population.' The NSW Government has identified that Greater Sydney would require additional 725,000 homes by 2036 to meet its population projections and an additional 817,000 jobs.

Key to delivering this supply of homes is providing a range of housing types, tenures and price points to meet demand, including houses, apartments, terraces and villas; dwellings owned outright, mortgaged or rented; and homes occupied by single people, families and groups. A range of housing types provides for the needs of community members at all stages of life. People can age in place as they move into smaller homes in their own neighbourhoods, while young adults leaving home can stay close to their families and communities. While employment growth is to have a strong focus on key economic corridors, health and education precincts and strategic/local centres.

Specifically, The Planning Proposal would be addressing the following objectives in the Region Plan:

- ***Objective 10 - Greater housing supply***

  This objective emphasises providing increased dwelling supply with a range of housing types in the right locations to create more liveable neighbourhoods and support Greater Sydney's growing population.

  The objective aims to achieve this through providing dwellings where development is feasible; where existing or proposed infrastructure is present; and in targeting areas that are in proximity to employment and recreation areas. The development of a mixed-use development with a residential component is in accordance with this objective. The Planning Proposal would provide around 87 new dwellings with a range of sizes and configurations. As such, the Planning Proposal would be contributing to achieving this objective.

  Furthermore, increased housing supply would be more appropriate within centres with high connectivity through public transport. The Subject Site is within walking distance to the public transport hub of the Chatswood Rail and Bus Interchange. The proximity to these existing and planning public infrastructure increase the sites appropriateness to urban renewal and deification.

- ***Objective 11 - Housing is more diverse and affordable***

  The Planning Proposal would provide a mix of apartments of varying sizes and bedroom numbers. This would increase dwelling diversity in the locality, providing a range of housing options and price points for persons downsizing or entering the market. As such, the Planning Proposal is in accordance with this objective.

- ***Objective 12 - Great Places that bring people together***

  This objective emphasises that well-designed places bring the community together, enhancing social cohesion and overall enjoyment. Great places focus on the public realm and open spaces that attract residents, workers, visitors, enterprise and investment. They recognise and celebrate the local character of the place, its people, and include the green infrastructure that supports the sustainability of the region and people's wellbeing. The Planning Proposal would provide a community library and open space that will deliver public benefits to the surrounding worker and resident community.

- ***Objective 14 - A Metropolis of Three Cities – integrated land use and transport creates walkable and 30-minute cities***

This objective emphasises the development of a diverse economy across Greater Sydney and the 30-minute city concept. The Planning Proposal would provide upwards of 8,883sqm of employment space which would generate approximately 278 jobs. This would significantly increase the economic output and employment diversity within the Chatswood locality.

A recent study has found Sydney siders on average spend 70 minutes commuting to work each day. This objective aims to reduce this commute time to 30 minutes by providing increased employment opportunities, housing and transport options in close proximity to each other. The Planning Proposal would provide increased employment and housing options within or near Chatswood and Sydney CBD's, Crows Nest / St Leonards and North Sydney employment areas and existing transport options, as such, it is in accordance with this objective.

- ***Objective 15 - (the) Eastern Economic Corridor (is) better connected and more competitive***

This objective aims to capitalise of a number of committed and potential transport infrastructure projects to increase the size of the labour market and boost productivity. The Planning Proposal would generate around 278 jobs increasing both the number and diversity of jobs within the Chatswood Strategic Centre. The Planning Proposal would also make Chatswood more attractive for increased investment, helping it capitalise on the development of the Sydney Metro and return on investment.

2.2 North District Plan

The North District Plan maps out the 20-year vision for the North District of Greater Sydney. The North District encompasses the LGAs of Hornsby, Hunter's Hill, Ku-ring-gai, Lane Cove, Mosman, Northern Beaches, North Sydney, Ryde and **Willoughby**.

By 2036, it is projected that the District will have a population of 1.083 million, representing an additional 196,350 persons over the 20-year period from 2016.

To house this growth, an additional 92,000 dwellings are required over a 20-year period to 2036, representing an average annual target of 4,600 dwellings. Specifically, the District Plan targets an additional 25,950 dwellings to be provided within the District over the next five years. The target for Willoughby LGA over this period is 1,250 dwellings or 250 per annum.

To support the new housing and employment targets, the District Plan identifies several new transport initiatives, of which, Sydney Metro is one. Sydney Metro is a new rail line that will connect Rouse Hill to Bankstown. Specifically, a new station would be provided within Chatswood, around 300m from the subject site. This station would increase the connectivity of the subject site to surrounding housing, cultural and employment location. This will increase its accessibility for its future resident, worker and visitor communities to and from the site while also contributing to Sydney achieving its 30-minute city planning objective.

The District Plan also highlights that Willoughby Council will monitor and support the delivery of Willoughby's five-year housing target of 1,250 homes and investigate local opportunities to address demand and diversity (of housing) in and around local centres and infill areas. The Planning Proposal assists Council in working with the Greater Sydney Commission and Transport for NSW to identify urban renewal opportunities that connect to the Sydney Metro while also contributing to their housing targets.

The subject site is located within Chatswood Strategic Centre. Over the 2016-36 period, a target of an additional 6,300 to 8,300 jobs are forecast for this area. To attain these targets additional floorspace capacity will be required within the strategic centre of sufficient quality to attract tenants. The Planning proposal would provide 8,883sqm of high-quality non-residential space within the strategic centre, which would generate around 78 additional jobs contributing to the centre reaching its employment targets.

Employment space provided in the Planning Proposal would also support the District in achieving the following planning priorities:

- Planning Priority N7: Growing a stronger and more competitive Harbour CBD
- Planning Priority N8: Eastern Economic Corridor is better connected and more competitive
- Planning Priority N10: Growing investment, business opportunities and jobs in strategic centres.

By maximising the land use opportunities within Chatswood Strategic Centre and in proximity to d existing transport nodes and the new Sydney Metro stations, the Planning Proposal is in accordance with the priorities and objectives of the District Plan.

2.3 Draft Willoughby Local Strategic Planning Statement (LSPS)

The Willoughby Local Strategic Planning Statement (LSPS) sets a 20-year vision with priorities and actions for land-use planning in the Willoughby Local Government Area. Some key statistics in the LSPS include:

1. The population in 2016 of 78,000 is expected to grow by almost 14,000 people to about 92,000 in 2036.
2. The number of dwellings is expected to grow by over 6,700 from 2016 to 2036
3. An additional 10,600 jobs are anticipated in the LGA by 2036.

The LSPS provides several priorities and actions to attain the vision for Willoughby. The Planning Proposal supports the following priorities:

- Priority 1: Increasing housing diversity to cater to families, the aging population, diverse household types and key workers
- Priority 2: Increasing the supply of affordable housing
- Priority 9: Developing Chatswood CBD as a key commercial centre and integral part of the Eastern Economic Corridor

Additionally, the Planning Proposal contributes to Willoughby attaining its dwelling, population and employment projections identified in the LSPS.

2.4 Chatswood CBD Planning and Urban Design Strategy 2020

The Chatswood CBD Strategy builds upon a previous 2018 Strategy. Overall, it aims to establish a strong framework to guide future private and public development as the CBD grows over the next 20 years. It aims to provide capacity for future growth, achieve exceptional design and a distinctive, resilient, and vibrant CBD. The Strategy will inform changes to Willoughby LEP and DCP.

The Strategy notes that:

1. **without a modification to planning controls, there is a risk that the market will fail to deliver the desired jobs growth** (at 8,500 additional jobs by 2036). Lifting height controls, strengthening the commercial zoning east of the railway and applying a broad 10:1 FSR would allow the stock of office space to grow by up to 127,000 square metres and accommodate up to 8,500 new office jobs over the next 20 years. However, even taking into account strong rental growth forecast for the next five years,

only a limited number of identified potential sites are considered to be financially viable in the current market**. Therefore it is important to set a clear direction in the CBD Strategy.

2. if Chatswood is to be restored as a strong office centre, lifting FSR restrictions – but applying height, setback, separation and design excellence controls – has the potential to lift stock additions to 193,000 square metres, exceeding its job target by 2,500 jobs.
3. BIS-Oxford Economics identified the need for approximately 170,000sqm of office floorspace supply over 20 years to sustain the commercial role of Chatswood. **Even with the protection proposed in this Strategy, there will still be viability challenges**.
4. it would be highly unlikely that Chatswood could achieve even the baseline target of 6,300 additional jobs by 2036 that is set out in the Greater Sydney Commission's (GSC) North District Plan.
5. satisfactory level of commercial in B4 Mixed use zone is commercial floor space ratio of 1:1 typically resulting in two levels of commercial uses. The Planning Proposal would provide 6,381sqm of non-residential employment floorspace over six levels, exceeding the proposed two-level non-residential component by four storeys.
6. active street frontages along Victoria Avenue while hotel, retail and commercial uses are identified as uses increasing the diversity and vibrancy of centres. The Planning Proposal is in accordance with these two recommendations of the Strategy.

The Planning Proposal would support Chatswood achieving its commercial floorspace requirements and hence employment targets. The Strategy notes that commercial viability within the centre is challenged, development of the Planning Proposal with its proposed uses is supported in order to offset sites which will not be developed due to viability issues in the short term. It must be noted that significant investment such as that proposed by the Planning Proposal can increase the attractiveness of the centre to further investment, further contributing the centre attaining its floorspace and employment targets.

The Strategy also notes that active street frontages should be maintained along Victoria Avenue with retail, hotel and commercial uses are among those noted as increase diversity and vibrancy in the centre. The design and proposed land uses in the Planning Proposal is in accordance with these recommendations.

The Strategy states that Chatswood CBD could provide an additional 5,000 dwellings within its identified mixed-use area. To achieve this a number of dwellings, it recommends a number of revised zoning and planning controls for consideration in an amendment of the Willoughby LEP.

However, this additional capacity of 5,000 dwellings even with the identified planning amendments this dwelling figure is questionable given the mixed-use area identified in the Strategy has several circumstances which reduce redevelopment viability, these being (1) the presence of high-medium density strata buildings and the difficulties and costs in acquiring them (2) the requirement and costs associated with amalgamating sites and (3) the allocation of at least 1:1 of the floorspace to non-residential purposes.

2.5 Willoughby Local Housing Strategy 2019

The Willoughby Housing Strategy is a step towards a 20-year plan to guide future housing in Willoughby over the period. The Strategy guides the quantity, location and type of future residential development within Willoughby. Specifically, an additional 6,700 dwellings are forecast to be required in the LGA over the 20-year period to 2036. These additional dwellings are suggested to be accommodated predominantly within three identified focus areas. Focussing housing growth in these three areas is intended to protect the low-density zones in order to ensure an ongoing mix of housing.

Of note to this study is focus area 2 which proposes B4 Mixed Use zone surrounding the B3 Commercial Core of the Central Business District as identified in The Chatswood CBD Planning and Urban Design Strategy to 2036.

The Strategy notes that this area could yield up to 5,000 additional dwellings. However, given the high number of existing high-density strata buildings, the provision of non-residential space within a development (usually 1:1) and the high costs associated with the amalgamation of lots it is likely that this dwelling yield is lower. A high-level assessment of the capacity of this proposed mixed-use area is undertaken in Chapter 3.

The DPIE recommended expanding this potential mixed-use area to include the CBD ore area east of the rail line, but only where this results in 'demonstrable, significant and assured job growth'. The DPIE would then endorse the proposal.

The Subject Site is located within this area CBD Core area east of the rail line. As such development of the Planning Proposal would support continued employment and dwelling growth within an identified growth area.

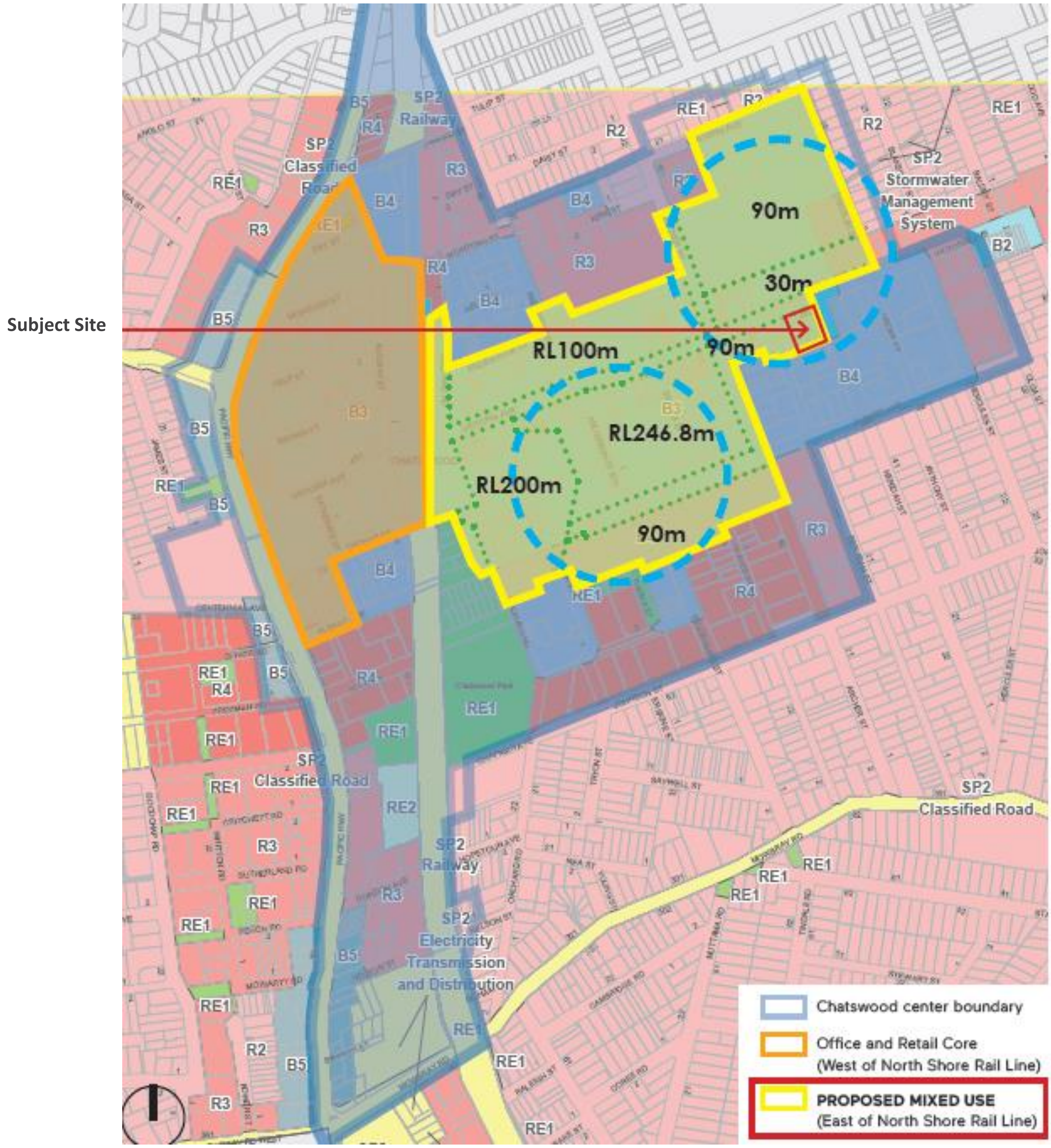
2.6 NSW DPIE endorsement of the Chatswood CBD Planning and Urban Design Strategy

In August of 2019, the DIPE endorsed the Chatswood CBD Planning and Urban Design Strategy with the following relevant conditions:

That mixed used development can be permitted within appropriate parts of the remaining CBD Core area (i.e. east of the North Shore rail line), but only where this results in demonstratable, significant and assured job growth, thereby aligning with the key objective of the District Plan to support job growth.

As seen in the figure below this recommendation would include the subject site within this proposed mixed-use area. The Planning Proposal would also increase employment generated on the site by 78 jobs or 39% increase, representing a significant jobs growth and potential within Chatswood CBD. As such, the Planning Proposal is s consistent with the recommendations by DPIE for Chatswood CBD Strategy.

Figure 3: NSW DPIE proposed mixed-use area for Chatswood CBD



Source: APLUS, Toney Leung Urban Design

2.7 Willoughby Local Environmental Plan (LEP) 2012

The Willoughby regulates the ways in which all land, both private and public may be used and protected across the LGA through zoning and development controls.

Of relevance to this study is:

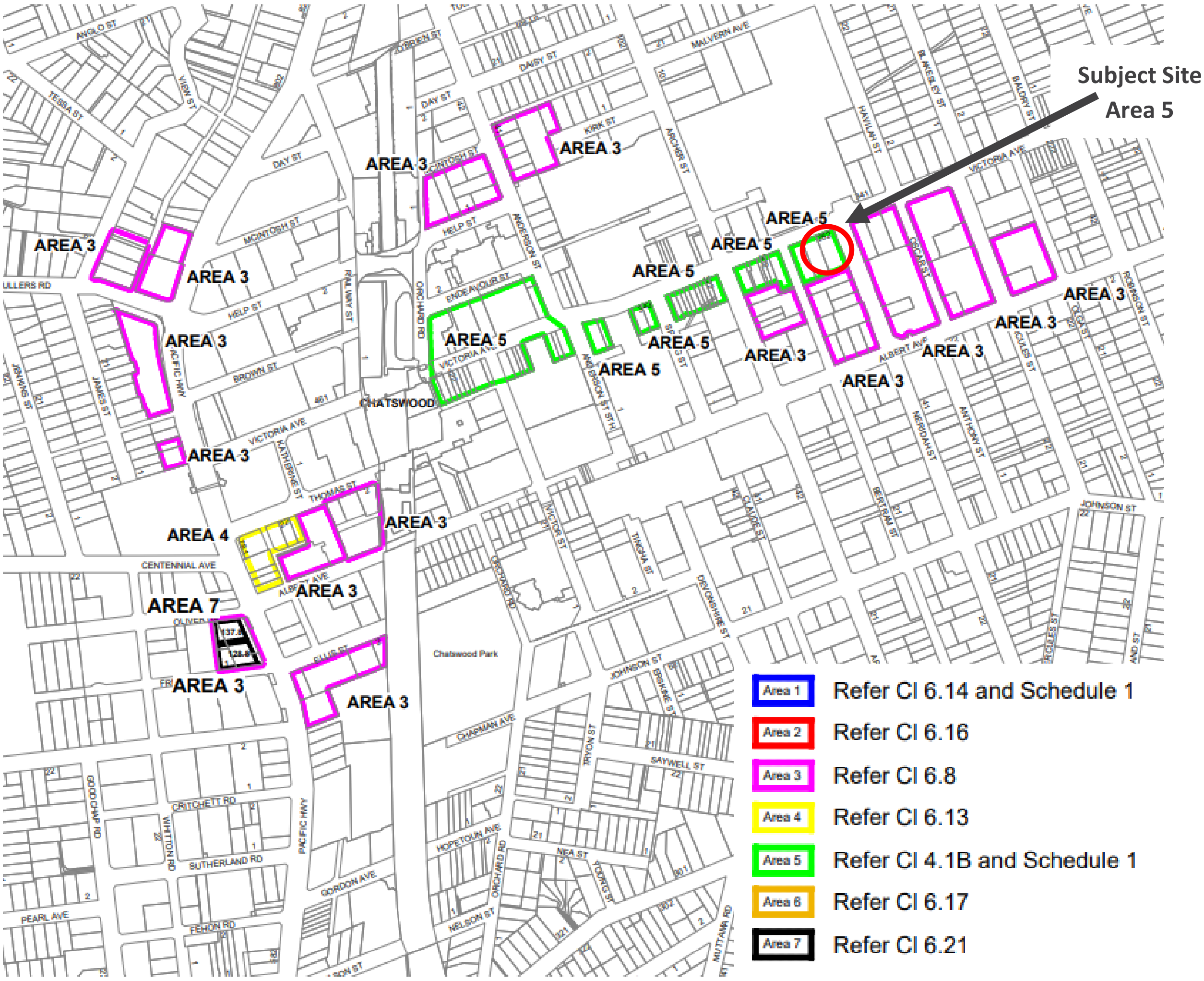
Cause *31 Use of certain land at Victoria Avenue*, Chatswood within *Schedule 1 Additional permitted uses*. This Clause identifies land along Victoria Avenue which shop top housing is allowed if the below two criteria are met. These being:

1. This clause applies to land at Victoria Avenue, Chatswood, being “Area 5” on the Special Provisions Area Map (refer to figure below).
2. Development for the purpose of shop top housing is permitted with development consent if the ground level and first level of the development are used for the purpose of retail premises or business premises.

The Subject Site meet these two criteria. This Clause contributes to the LGA meeting its housing targets, increasing the character/vibrancy of the main street and viability of non-residential uses within the centre. This mixed-use development is supported by the DPIE which recommended the allowance of mixed-use developments within the CBD Core zoning east of the railway line.

Despite these positive benefits, this clause is proposed to be removed. It is recommended that this clause be reviewed with the intention of being retained.

Figure 4: Victoria Avenue, Chatswood shop top housing area



Source: Willoughby LEP 2012

The subject Site also is in accordance with Clause *4.1B Minimum subdivision lot size for shop top housing* which states:

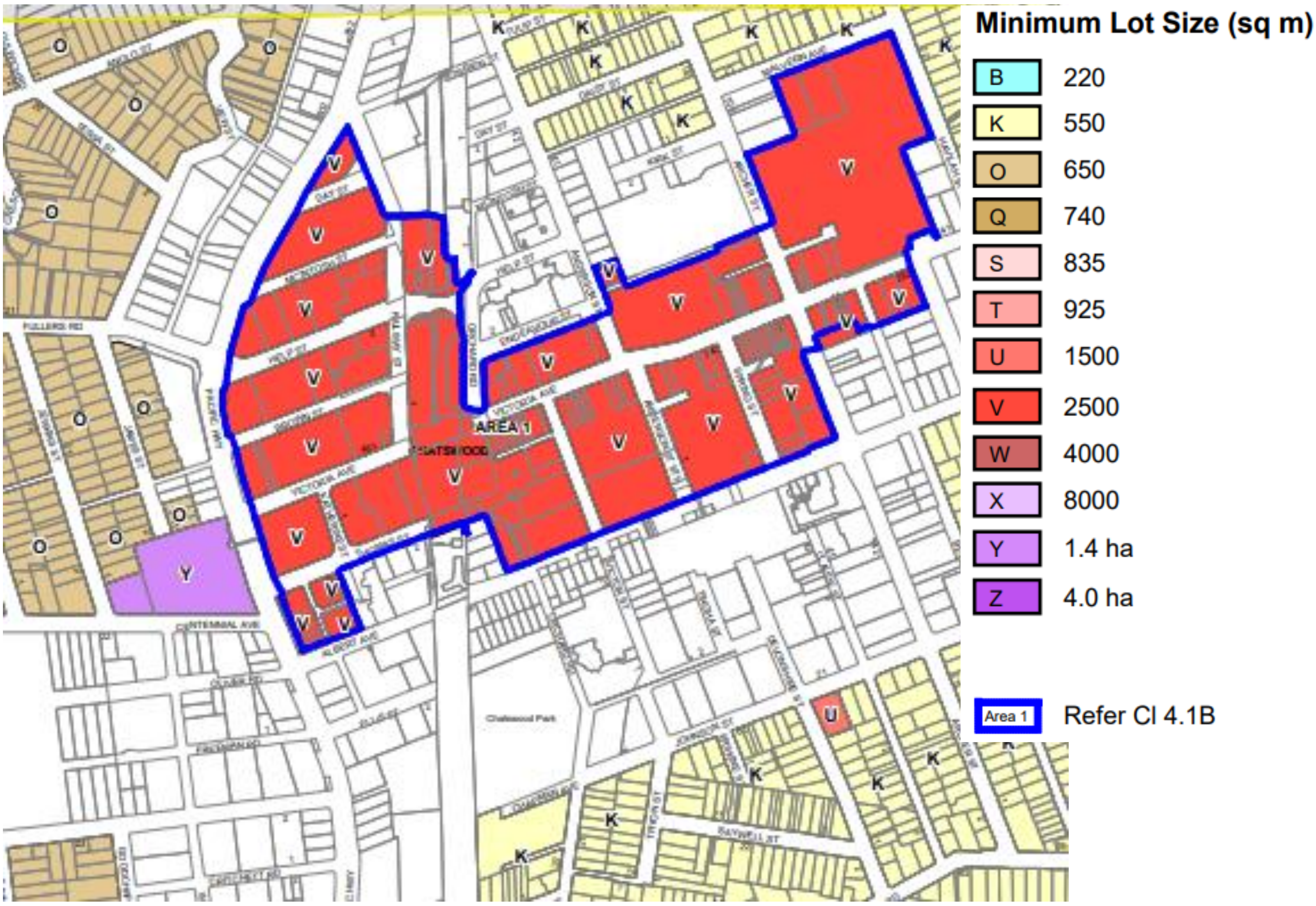
(1) Despite clause 4.1, development consent may be granted for the subdivision of shop top housing on a lot—

(a) on which development for the purpose of shop top housing is permitted under Schedule 1, and

(b) that comprises land identified as "Area 1" on the Lot Size Map (see figure below), even if the size of any or all lots resulting from the subdivision is less than the minimum size shown on the Lot Size Map in relation to that land.

The Subject Site also meets Clause 4.1B of the LEP.

Figure 5: Minimum lot size and Area 1



Source: Willoughby LEP 2012

2.8 Summary

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 the Eastern City and Northern District through growth and investment support. Meeting this need requires increased housing in centres, close to centres and close to public transport. Evidently, the Planning Proposal would provide additional housing stock in proximity to existing and proposed rail and bus nodes and hence contributes to delivering a 30-minute city. While its employment potential would further increase appropriate employment within Chatswood Strategic centre, contributing to it reaching its employment targets and creating a more vibrant and attractive centre increasing the viability and productivity of the centre and businesses.

In short, the Planning Proposal would support a transit-oriented, more vibrant and diversified strategic centre with higher employment densities and will have several positive benefits for the surrounding area including increased employment, economic and street frontage activity during the construction and post-construction phases, discussed further in Chapter 4. These outcomes directly support employment, housing and other economic targets w and objectives in the reviewed local and State planning documents.

3.0 INCREASED RESIDENTIAL PROVISION

The following Chapter undertakes a review of the socio-demographic and housing characteristics within the Willoughby 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 partly sourced from the Greater Sydney Regional Plan which places emphasis on:

1. Accelerating housing supply across Sydney
2. Accelerating urban renewal across Sydney
3. Improve housing choice to suit different needs and lifestyles.

3.1 Willoughby dwelling affordability

3.1.1 Dwelling price growth

The former *A Plan for Growing Sydney* acknowledged 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 2020, the median sale price for strata dwellings within Willoughby LGA was almost $1.2 million. This was $22,1000 or 23% higher than the median strata dwelling recorded in Greater Sydney ($972,000).

In comparison, the median sale price for non-strata dwellings was over $2.7 million in 2020. This was $1.1 million or 73% higher than that recorded for Greater Sydney ($1.6 million).

Strata dwellings provide a more affordable option for residents and key workers within the LGA. This is evident with strata dwellings having a median value of $1.2 million in 2020, which was 56% lower than the median price of non-strata dwellings.

Table 2: Median sale price, March ($'000)

	2010	2020	Growth ($)	Growth (%)
Willoughby LGA (non-strata)	1,348	2,724	1,376	102%
Willoughby LGA (strata)	589	1,193	604	103%
Greater Sydney (non-strata)	566	1,575	1,009	178%
Greater Sydney (strata)	450	972	522	116%

Source: NSW Rent and Sales Report

3.1.2 Rental and mortgage stress

Housing stress is a metric used to describe a situation where the cost of housing is high relative to 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 income[1].

[1] NSW Affordable Housing Ministerial Guidelines 2016-2017

While this figure provides a useful benchmark of housing affordability, the definition of affordability varies according to a household's individual circumstances.

As seen in the table below, housing mortgage stress within Willoughby has decreased from 2006 to 2016. As of 2016, the median mortgage repayment was 29% of the median household income. Of course, with the median cost so close to the 30% benchmark there will be a fair proportion of households under stress.

The trend in the rental market is considerably more negative with renting households experiencing stress increasing over the period, as shown in the table below.

Table 3: Rental and mortgage stress

	2006	2016
Willoughby median household income	$86,684	$118,092
Willoughby median mortgage repayment	$28,596	$34,524
Willoughby mortgage repayment as a proportion of income	33%	29%
Greater Sydney median mortgage repayment as % of income	35%	29%
Willoughby median rent	$18,720	$30,160
Median rent repayment as a proportion of median income	22%	26%

Source: 2016 Census - Time Series Data, HillPDA

Although increased dwelling supply is not a silver bullet in addressing housing stress, as recognised in "*A Plan for Growing Sydney*" increased supply can put downward pressure on dwelling prices and the number of households experiencing stress. The proposed dwellings in the Planning Proposal can contribute to increased affordability within the LGA.

3.1.3 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 the Greater Sydney median household income.

The median household income for Willoughby LGA was around $118,090 in 2016. Based on household income the affordable housing thresholds have been calculated as follows.

Table 4: Household income and affordability Willoughby

Category	Household income	
	Weekly	Yearly
Median income	$2,271	$118,092
Very low household income (50% of median household income)	$1,136	$59,046
Low household income (80% of median household income)	$1,817	$94,474
Moderate income household (120% of median household income)	$2,725	$141,710

Source: 2016 ABS Census, HillPDA

To assess the ability of a very low income and low income households 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.

Very low income household rental affordability

A very low income household within Willoughby, that is, a household that earns 50% of the median household income could afford to pay $341/week[2] on rental repayments in 2016.

This was only 69% of the median market rent for a one bedroom apartment and 52% of market rent for a two bedroom apartment within the LGA.

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 $545/week[3] on rental repayments.

At this rate, the household could afford to the median market rent for a one bedroom apartment and only 84% of market rent for a two bedroom apartment within the LGA.

Table 5: Rental affordability against Willoughby median household income - 2016

Household income category	Median household income (2016)	Median household at affordability category	Rental affordability at 30% of median income	1 bedroom apartment market rent	Rental affordability as proportion of market rent	2 bedroom apartment market rent	Rental affordability as proportion of market rent
Very low	$118,092	$59,046	$341	$495	69%	$650	52%
Low	$118,092	$94,474	$545	$495	110%	$650	84%

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.

3.2 Accelerate the supply of housing

3.2.1 Estimated accumulated dwelling undersupply 2006-19

Comparing the increase in housing supply against the population increase within Willoughby LGA over the period between 2006-19, reveals that housing supply has remained below demand.

Our analysis indicates that the high-level implied dwelling undersupply in the LGA is estimated at around 2,465 dwellings. Housing undersupply undermines housing affordability and diversity within the locality.

The additional 87 residential dwellings in the Planning Proposal could contribute to addressing this existing latent demand.

[2] 30% of annual income directed towards rental repayment
[3] 30% of annual income directed towards rental repayment

Table 6: Estimated accumulated dwelling undersupply 2006-19

Supply	
Housing stock, 2006	27,178
Housing stock, 2019	31,348
Change 2006-2019	4,170
Implied demand	
Average number of persons per dwelling	2.65
Population, 2006	63,605
Population, 2019	81,189
Population growth	17,584
Implied dwelling demand	6,635
Accumulated dwelling undersupply (supply less demand)	-2,465

Source: ABS, Profile ID, NSW DPIE, HillPDA

3.2.2 Dwelling approvals versus completions 2013-2Q 2020

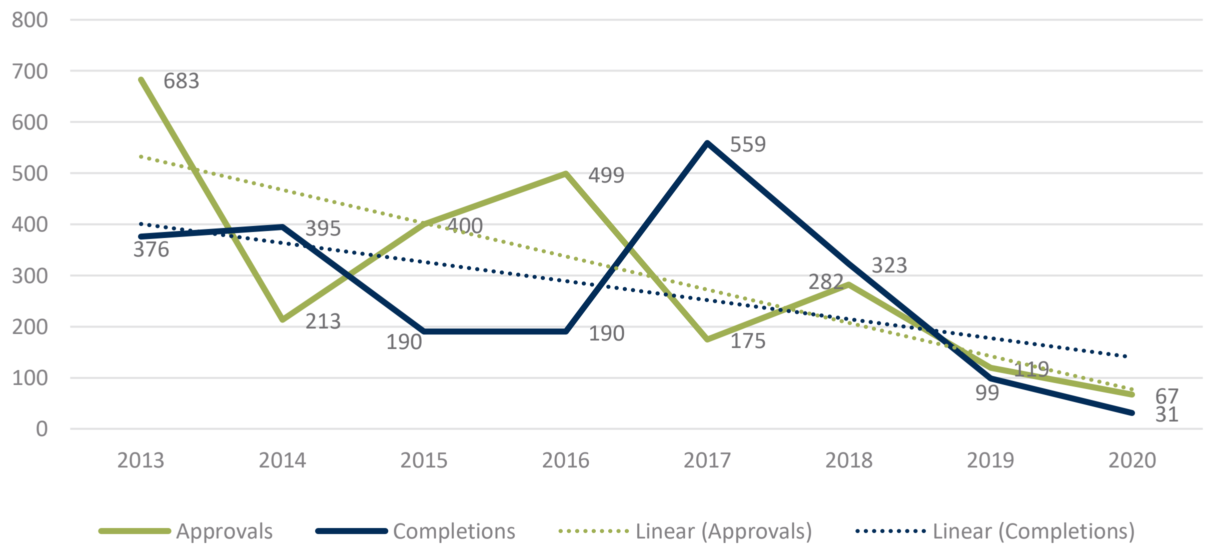
The number of dwellings approved and completed are linked. On average the number of dwellings approved is higher with completion lagging approvals. Approvals should be higher as projects are some projects are postponed, take several years to commence/complete or do not proceed to the development phase.

This can be seen in the figure below, with over the six seven and a half years the number of approvals averaging around 305 dwellings per annum while the number completed each year averaged around 270 dwellings. Analysis of the number of approvals versus completions reveals that, on average, 89% of approved dwellings proceed and are developed.

Interestingly as seen below, there has been a significant reduction in the number of approved dwellings since 2017 with completions following. If this tends continues, Willoughby is unlikely to attain its dwellings targets identified by the DPIE and in its housing strategy.

The additional 87 residential dwellings in the Planning Proposal could contribute to any shortfall in dwelling supply over the short-term.

Figure 6: Willoughby dwelling approvals and completions (2013-2020 2Q)



Source: NSW DPIE, HillPDA

3.2.3 Dwelling projections

Over the 20-year period from 2016, it is projected that between an additional 6,758 to 9,824 dwellings would be required in the Willoughby to maintain pace with population growth. This equates to an average of between 338 to 491 additional dwellings per annum.

Assessment of dwellings completed between 2016-2020 Q2 (**Error! Reference source not found.**) reveals that W illoughby has an existing **shortfall of between 319 and 1,008 dwellings from meeting these targets**.

Increased supply, like that provided in the Planning Proposal, is required for the Willoughby to make up this shortfall and meet its dwelling targets.

Table 7: Willoughby residential dwelling projections

Forecast source	2016	2036	Total change	Annual change	Required approvals per annum
Housing Strategy 2019	30,367	37,125	6,758	338	381
NSW DPIE 2019	30,871	40,695	9,824	491	553

Source: Profile id, NSW DPIE

3.2.4 Dwelling supply and demand

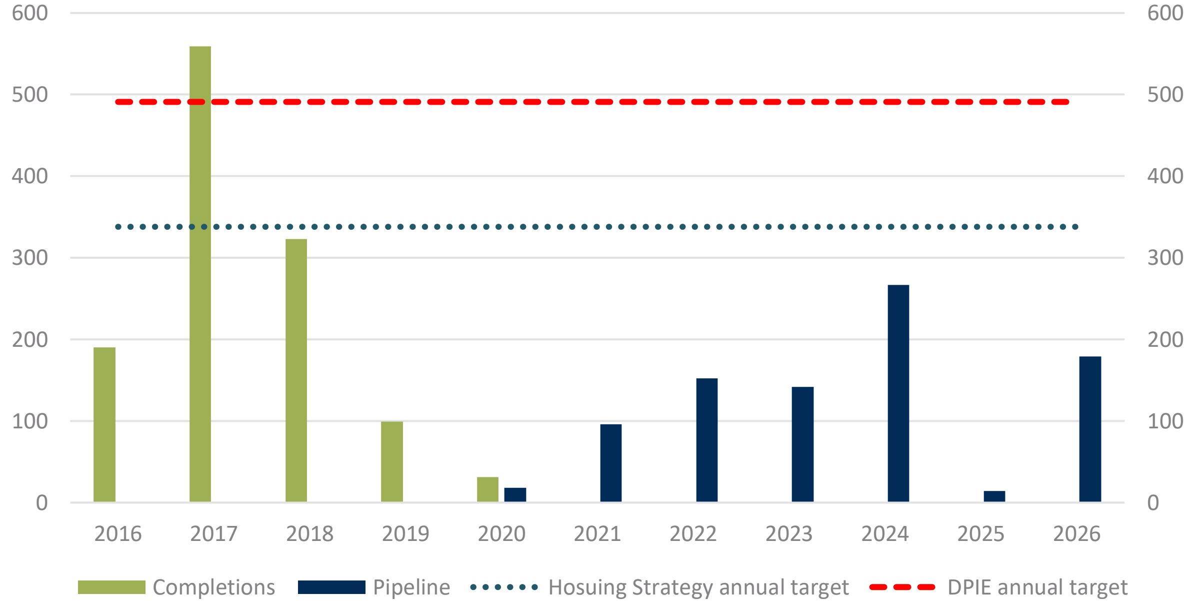
As discussed previously, Willoughby requires between an additional 338 and 491 dwellings per annum to meet its projected targets. We have undertaken a high-level assessment of the current likelihood that Willoughby will meet its dwelling targets over the 2016-26 period a total of between 20,995 to 25,695 dwellings.

This has been done by totalling the number of dwellings completed between 2016-20202Q and the number of dwellings within the development pipeline using CordellConnect. Please note, that CordellsConnect only provides data on strata dwellings. As such, we have also assumed an additional 10 non-strata dwellings completed annually to 2026, in line with the average completed between 2013-20 2Q.

If all these dwellings were to eventuate over the period from 2016-2026 a total of 2,080 dwellings would be completed across the Willoughby. **This would imply that the LGA would fall short of its projected dwelling targets by between 1,638 and 3,321 dwellings over the period**.

Increased residential supply is likely needed in the short term for the LGA to meet its dwelling targets. This can be achieved through accelerating urban renewal projects within existing centres and such as that proposed by the Planning Proposal.

Figure 7: Residential completions and pipeline



Source: NSW DPIE, CordellsConnect, HillPDA – count of dwellings with stated as having Construction; Building Approval; Development
* includes an allowance for 10 non-strata dwellings per annum in line with the average between 2013-20.

3.3 Improve housing choice and provide choice that meets the community's needs

3.3.1 Dwelling structure 2006-16

Dwellings in Willoughby increased by around 2,819 over the ten years to 2016, representing a proportional increase of 10% over the period. Although separate housing remained the dominate dwelling type (45% of stock in 2016) most of this growth was recorded in high density dwellings (92% of growth).

The preference for higher density living in Willoughby is further evident when comparing the proportion that high-density dwellings comprise in the LGA to that recorded for Greater Sydney, 41% versus 24%. This may also reflect the affordability of higher density dwellings within high demand areas within Sydney core.

Increased apartment dwellings, such as that proposed in the Planning Proposal, would be meeting local buyer preferences at a more affordable price point than larger detached dwellings which are in more limited supply.

Table 8: Dwellings structural change 2006-16

Dwelling type	Willoughby					Greater Sydney
	2006	2016	% in 2016	Change	% change (06-16)	2016
Separate house	13,612	13,356	45%	-256	-2%	55%
Medium density	3,797	4,210	14%	413	11%	20%
High density	9,655	12,261	41%	2,606	27%	24%
Other	110	94	0%	-16	-15%	1%
Dwelling structure not stated	0	72	0%	72		0.4
Total	**27,174**	**29,993**	**100%**	**2,819**	**10%**	**100%**

Source: Profile id

3.3.2 Household composition 2016-36

Households within Willoughby are projected to increase by around 6,771 or 23% over the 20-year period to 2036. Most of this growth is forecast within single parent, couple only and lone person households, which combined represent 75% of the forecast growth.

This analysis highlights that Willoughby will likely require more smaller style dwellings, such as apartments, to meet the changing needs of its community. Specifically, these dwelling will be required for the significant growth in lone person, single parent, and couple only households. The Planning Proposal will make a strong contribution towards the changing housing needs of the LGA residents.

Table 9: Household composition projections 2016-36

Household composition	Willoughby						Greater Sydney	
	2016	%	2036	%	Change16-36	Change %	2036 #	2036 %
Couple families with dependents	10,551	36%	11,707	33%	1,156	11%	912,441	35%
Couples without dependents	7,850	27%	10,084	28%	2,234	28%	573,939	22%
Group households	1,594	6%	1,955	5%	361	23%	108,323	4%
Lone person households	6,046	21%	8,397	24%	2,351	39%	629,310	24%
One parent family	2,109	7%	2,636	7%	527	25%	291,072	11%
Other families	770	3%	912	3%	142	18%	109,634	4%
Total households	**28,920**	**100%**	**35,691**	**100%**	**6,771**	**23%**	**2,624,718**	**100%**

Source: Profile id

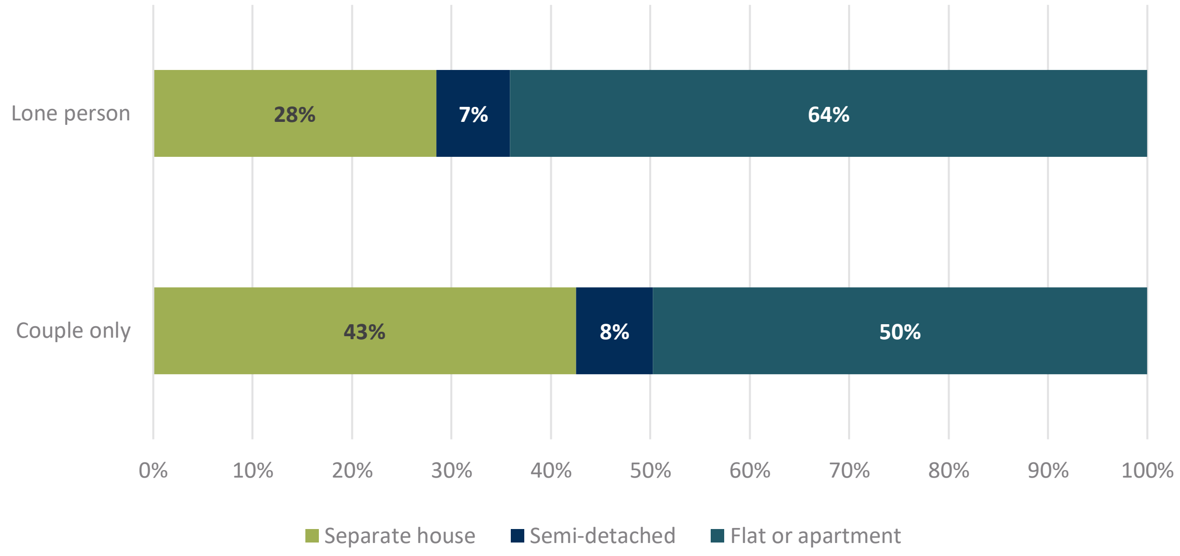
3.3.3 Current housing typology preference for lone person and couple only households

As stated before, Willoughby's dwelling profile is dominated by separate houses while apartments are significantly increased over the last decade. As seen in the figure below lone person and couple only households had a greater propensity to reside within smaller dwellings such as apartments.

With couple only and lone person households forecast to increase by 4,585 households, representing 68% of the growth over the next 20 years, there will be a growing demand for smaller style dwellings to suit their needs.

The Planning Proposal would provide apartment style dwellings which can increase the amount and availability of smaller style dwellings for these household types which may prefer to live within apartment style dwellings. Increased supply would allow these households greater choice to live within a dwelling that suits their needs and affordability levels.

Figure 8: Housing type preference for couple only or lone person household type (2016)



Source: ABS 2016

3.3.4 Population projections by age cohort 2016-36

The population of Willoughby is forecast to increase by an additional 13,830 residents or 18% over the 20-year period to 2036. Of this, around 43% of this growth is forecast to be in residents aged 60 years and over.

Residents within this age-cohort may have a greater propensity to seek to "downsize" from their larger sperate houses to a smaller style dwelling which is near retail, commercial, community and health services. Over the coming decade, increased supply of smaller dwellings such as apartments near essential and services may be required to allow Willoughby's older residents to age in place.

Additionally, residents aged 18-34 years are to comprise 28% of the forecast growth in population. Providing dwellings that are more affordable for these residents will be essential to ensure they are able to purchase or find rental dwellings within the LGA.

The Planning Proposal would provide additional dwellings, providing the choice for older residents to age in place closer to their families, friends and essential services. It will also provide smaller dwellings increasing affordability for younger residents either looking to purchase or rent within the LGA.

Table 10: Population projections by age cohort 2016-36

Age cohort	2016	2036	Change 16-36	Change %
Babies and pre-schoolers (0 to 4)	5,287	5,563	276	5%
Primary schoolers (5 to 11)	7,415	7,236	-179	-2%
Secondary schoolers (12 to 17)	4,928	5,808	880	18%
Tertiary education and independence (18 to 24)	6,577	8,581	2,004	30%
Young workforce (25 to 34)	12,269	14,135	1,866	15%
Parents and homebuilders (35 to 49)	18,236	19,941	1,705	9%
Older workers and pre-retirees (50 to 59)	9,045	10,379	1,334	15%
Empty nesters and retirees (60 to 69)	7,069	8,206	1,137	16%
Seniors (70 to 84)	5,402	9,166	3,764	70%
Elderly aged (85 and over)	1,790	2,833	1,043	58%
Total persons	**78,018**	**91,848**	**13,830**	**18%**

Source: Profile id

3.4 Housing Strategy Chatswood CBD dwelling capacity

The Willoughby Housing Strategy states that the proposed changes to Chatswood CBD could yield 5,000 additional dwellings, while across the LGA 7,891 additional dwellings could be achieved. Of these, aorund 6,300 were found to be feasible. As such, the Housing Strategy concluded that the LGA could reach is 6,700 additional dwelling targets by 2036.

To achieve this additional capacity figure changes to the current zoning, building height and FSR controls are recommended. It is also noted that this estimate assumes 100% take up of sites, which is highly unlikely.

Even with the identified planning amendments this dwelling figure is questionable given the mixed-use area identified in the Strategy has several circumstances which reduce redevelopment viability, these being (1) the presence of high-medium density strata buildings and the difficulties and cost in acquiring them (2) the requirement and costs associated with amalgamating sites and (3) the allocation of at least 1:1 of the floorspace to non-residential purposes.

HillPDA undertook a high-level assessment of the residential capacity of the lots that that are proposed for mixed-use zoning.

Three development scenarios were undertaken, these being:

- **Scenario 1 – Unconstrained redevelopment**: assumes all proposed mixed use lots are redeveloped to at the recommend revised FSR. This assumes no constraints to redevelopment.
- **Scenario 2 - Non-residential FSR uplift:** this is a constrained scenario where strata sites which had a non-residential uplift in their FSR which was 3.5 greater than their original FSR were redeveloped while non-strata lots were developed if they were double their original FSR
- **Scenario 3 - Strata sites excluded:** This constrained scenario assumes that no sites which are currently strata are redeveloped, all other sites are redeveloped to their proposed FSR.

Assumptions included:

1. Part of a sites' potential FSR was allocated to non-residential floorspace – assumed at 1:1, in line with the Chatswood CBD Urban Design Strategy recommendations. This space was excluded from the calculations.
2. Units calculated at an average unit size of 100sqm Gross Floor Area
3. Used ABS 2016 Census data at the SA1 level to calculate existing dwellings with around an additional 215 dwellings to account for the mixed us development at Hercules and Victoria Avenue. This equated to a total existing dwelling yield of around 3,100 dwellings.

Table 11: Proposed Chatswood CBD mix-use (total apartments)

	Scenario 1	Scenario 2	Scenario 3
Total dwelling capacity	10,347	6,952	5,054
Current supply	3,100	3,100	3,100
Additional capacity	7,247	3,852	1,954
Assumed development take-up (60% of sites)	4,348	2,311	1,172

As seen in the table above it is estimated that:

- Under Scenario 1, around 7,250 additional dwellings could be achieved. However, assuming only 60% of sites are developed this decrease to around 4,350 dwellings.
- Under Scenario 2, it is estimated that around 3,850 additional dwellings could be achieved. However, assuming only 60% of sites are developed this decrease to around 2,310 dwellings.
- Under Scenario 3, it is estimated that around 1,955 additional dwellings could be achieved. However, assuming only 60% of sites are developed this decrease to around 1,172 dwellings.

Scenario 2 is the most probable scenario. If it were to eventuate the capacity of Chatswood CBD would be reduced by between 1,150 and 2,690 dwelling from the 5,000 estimate in the Willoughby Housing Strategy.

Overall, the additional capacity of the LGA would also reduce from 7,891 dwellings to between 5,200 and 6,750 dwellings. Assuming an 80% viability rate for feasible development for the other focus areas, as identified in the Housing Strategy, this could reduce the number of feasible dwellings across the LGA to between 4,620 and 6,160 over the period. This is significantly lower than the 6,700 additional dwellings required in the Willoughby Housing Strategy. As such, additional supply will likely be required for Willoughby to meet is dwellings targets.

3.5 Key findings

Key findings include:

- Strata dwellings provide a more affordable dwelling option being with the median price being 56% lower than the median price of non-strata dwellings in 2020
- There is rental and mortgage stress present in the LGA with increased supply being one leaver that can increase affordability
- An estimated historic unmet demand for dwellings of 2,265 between 2006-19
- Currently, Willoughby is between 319 and 1,008 dwellings short from meeting its Housing Strategy and DPIE targets
- By 2026 Willoughby is forecast to fall short of its dwelling targets by between 1,638 and 3,321
- Single parent, couple only and lone person households, represent 75% of the forecast growth in households – these household types have a higher propensity to reside in apartment style dwellings
- 43% of the forecast population growth will be residents aged 60 years and over. Provision of smaller dwellings like apartments in a location close to transport and essential services will provide the opportunity for these residents to “downsize’ and age in place in close proximity to essential retail, medical and commercial services
- residents aged 18-34 years are to comprise 28% of the forecast growth in population. Providing dwellings that are more affordable for these residents will be essential to ensure they are able to purchase or find rental dwellings within the LGA
- Increased dwelling supply is required for the LGA to meet its dwelling targets and capacity as identified in the Housing Strategy.

4.0 ECONOMIC IMPACT ASSESSMENT

The following Chapter assesses and where possible quantifies the potential economic impacts of Planning Proposal measured against the “do nothing” or “retain current zoning” option.

4.1 The Base Case “Do Nothing”

For the purpose of the assessment, we have defined the base case as the ‘do nothing’ option. The existing FSR is around 2.5:1, which means it is already developed to its highest and best use. Without a rezoning, the site would not be redeveloped. The site comprises two buildings. No. 282 on the corner of Neridah Street is a six level building being 5 levels of commercial office space above ground floor retail and car parking. No. 284 is a three storey building being 2 levels of shop top commercial space above ground floor retail and car parking.

Assuming an average rate of 27sqm of space per worker and few vacancies we estimate that there are 200 existing jobs on site. It is estimated that these jobs would generate an estimated 12.8m in salaries and contribute $17m to the local Gross Regional Product (GRP).

4.2 Employment

The Planning Proposal would support permanent employment post-construction in two ways. Firstly the provision of 6,831sqm of employment space would jobs in retail, hospitalities and a range of commercial, medical, personal, business and other services. Secondly, there would be residents that work at home. An ABS survey (Cat 6275.0) found that across Australia 7.6% of paid workers undertake the majority of their paid work at home. Journey to work data at the LGA level in 2016 shows a slightly lower number of around 6.8%.

The table below provides an estimate of the number of jobs that would be supported on the Subject Site in accordance with the Planning Proposal.

Table 12: Planning Proposal employment generation

Land Use	Employment Density*	GLA (sqm)**	Units	Jobs
General Retail	1 / 26 sqm	851	sqm	33
Commercial Suites	1 / 20 sqm	4,786	sqm	239
Work at Home***	1 / 13 units	83	units	6
Total				**278**

* Various including City of Sydney Floor Space Survey 2017 and ABS Retail Survey 1998-99
** Assumes GLA equals 90% of GFA
***Home Based Businesses (ABS Locations of Work 2008 Cat 6275.0 and ABS Census 2016 Community Profile) and assuming 1.1 working residents per household which calculates to around 1 job per 13 dwellings.

Based on the table above, the Planning Proposal is forecast to provide 278 jobs on the Subject Site after full development. These are jobs in full and part-time positions. This provides 78 more jobs than the Base Case.

The total remuneration of workers on site would amount to approximately $18.7 million as shown in the table immediately below. This is $6m more in salaries than the Base Case.

Table 13: Potential salaries

Land Use	No. of Workers	Average Annual Remuneration*	Total Wages
General Retail	33	$34,300	$1.1
Commercial Suites	239	$71,500	$17.1
Work at Home**	6	$72,800	$0.5
Total	**278**	**$67,157**	**$18.7**

* IBIS World Industry Reports
** Median wage for resident worker in Willoughby LGA (Economy.ID).

4.3 Gross Value Added

Gross value added 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 wealth of the country, state or region – its contribution to gross regional product (GRP).

We estimate the gross value added from the planning proposal to be in the order of $25m every year as shown in the table immediately below. This is around $7.7m more than the Bas Case.

Table 14: Gross Value Added

Value Add	No. Of Workers	GVA/ Worker*	Gross Value Add
General Retail	33	$49,700	$1.6
Commercial Suites	239	$93,900	$22.5
Work at Home**	6	$91,000	$0.6
Total	**278**	**$88,638**	**$24.7**

* IBIS World Industry Reports and HillPDA Estimate.
** Assumed 25% more than remuneration

4.4 Economic impacts from design and construction

The economic impact assessment from design and construction is carried out using national input-output tables and LGA location quotients, to develop LGA specific multipliers. These multipliers illustrate the level of additional economic activity generated by a source industry, at the local government area level.

HillPDA estimates the total capital investment value (design and construction) of the proposed development to be around $80m as shown in the table immediately below.

Table 15: Estimated design and construction cost

Description	FEBA (sqm)*	$/sqm**	$m
Demolition and Clearing	5,956	200	1.2
Residential floors	7,018	4,000	28.1
General Retail	1,170	3,000	3.5
Commercial Suites	5,849	3,000	17.5
Fitout	5,615	1,000	5.6
Basement car parking	5,743	1,600	9.2
Site costs and external works @	2.0%		1.3
Contingencies @	10.0%		6.6
Design and other professional fees @	8.8%		6.4
TOTAL			**79.5**

* Fully enclosed building area – assumed to be 10% higher than GFA
** Various sources including Rawlinsons Construction Handbook 2020, RLB Digest 2020 and various quantity survey reports of proposed buildings with similar scale and market standards

The construction industry is a significant component of the economy accounting for 6.8% of Gross Domestic Product (GDP) and employing just over one million workers across Australia[4]. 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.

The economic impact assessment is carried out using national input-output tables and LGA location quotients, to develop specific multipliers at the LGA. These multipliers illustrate the level of additional economic activity generated by a source industry, at the local government area level.

There are two types of multipliers:

- Production induced: which is made up of first round effects (all outputs and employment required to produce the inputs for construction) and industrial support effects (induced extra output and employment from all industries to support the production of the first round effect) and
- 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.

Table 16: Estimated Local Economic Multipliers

	Direct Effects	Production Induced Effects	Consumption Induced Effects	Total
Output multipliers	1	0.251	0.376	1.628
Output ($million)	**79.5**	**20.9**	**31.3**	**135.3**

Source: ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0), Economy.ID.

$79.5m of design and construction would generate a further $21m of activity in production induced effects and $31m in consumption induced effects. Total economic activity in the Willoughby LGA generated by the design and construction of the proposed development would be approximately $135m.

[4] IBIS World 2020 and ABS Input Output tables 2018

4.4.1 Construction employment

HillPDA calculates that every million dollars of design and construction directly generates 2.37 full time positions over 12 months[5]. Based on the estimated CIV of $79.5m, approximately 189 job years[6] would be directly generated.

Through production and consumption induced (multiplier) impacts additional job years would be generated. At a national level around 770 job years would be generated, both directly and indirectly, as a result of the planning and development of the site under the planning proposal. However these job years are spread across the country. At the LGA level HillPDA estimates total job years generated to be 300 as shown in the table immediately below.

Estimated LGA job multipliers

	Direct Effects	Production Induced Effects	Consumption Induced Effects	Total
Employment No. per $million	2.374	0.554	0.839	3.767
Total job years created	**189**	**44**	**67**	**300**

Source: ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0), Economy.ID

The ABS notes 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." In particular it may leave the impression that resources used for production would not have been utilised elsewhere in the economy. Nevertheless, the estimates illustrate the high flow-on effects of construction activity.

4.4.2 Financial impacts on whole of government

State and local government stand to receive additional revenue from development which is estimated at $27.5 million. The details are shown in the table immediately below:

Table 17: Impact on whole of government revenue

Source of Revenue	Total ($m)
GST from Residential Apartments *1	10.3
Stamp Duty Revenue *1	14.9
Developer Contributions *2	2.0
Payroll Tax during Construction *3	0.4
Total	**27.5**

*1 Assuming average end sale price per dwelling of $1.3m ($20,000/sqm internal GSA)
*3 Source: Council's Section 7.11 and 7.12 plans
*3 Assuming 50% of construction workers do not attract payroll tax due to varying business sizes

4.5 Other economic impacts

4.5.1 Impacts on the Chatswood CBD

The Planning Proposal would provide around 87 new residential dwellings on site. Assuming 95% of the dwellings are occupied and an average occupancy rate of 2.26 persons per dwelling we estimate 187 permanent residents on site when fully developed.

[5] Source: Hill PDA and ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0)
[6] Note: One job year equals one full-time job for one full year

These residents would generate demand for local retail and commercial goods and services. With an assumed average retail spend of $16,022 per capita[7] the residents would spend around $3.0m every year on retail goods and services. Chatswood town centre is expected to be the major beneficiary of this additional retail spend.

Workers on site will spend a further $1.9m per annum based on an assumed level of expenditure of $7,000 per annum in the Chatswood town centre[8]. This is an increase of $0.5m above the base case.

4.5.2 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. The direct investment in the Subject Site would support a wide range of economic multipliers as outlined above which would in turn support investment in associated industries. It would also raise the profile of Corrimal to potential investors.

The provision of medium density residential development on the Subject Site would increase the economic benefits of the scheme to surrounding businesses, services and the financial feasibility of public transport. The benefits of residential uses are recognised in planning policy. Residents would also create further demand for retail, commercial and transport services increasing these services viability.

The proposed development would create additional business opportunities in this locality associated with future residents and the commercial and retail uses on site. It would increase the profile of this area and in so doing increase the financial feasibility of mixed use development, potentially acting as a catalyst on surrounding sites. From an economic perspective this is a good outcome given that it maximises the potential of this edge-of-centre site and creates a greater economic benefit from it.

4.6 Summary and implications

The below table summarises the economic benefits of retaining the Subject Sites' current uses in comparison to the development of the Subject Site in accordance with the Planning Proposal.

Table 18: Economic impact of Planning Proposal

	Planning Proposal	Net Increase
Total jobs created on site	278	+ 78
Total staff remuneration ($m/annum)	$18.7m	+ $5.9m
Gross Value Added in Willoughby LGA	$24.7m	+ $7.7m
Design and construction costs	$79.5m	
Total economic activity in the LGA generated by design & construction	$135.3m	
Job years in the LGA generated from design and construction	300	
Additional whole-of Government revenue	$27.5m	

The Planning Proposal provides a significant economic benefit over the base case as it would provide $19m in salaries for 278 workers on the subject site and contribute $25m in gross value added every year. Moreover, design and construction would generate additional economic activity in the local economy (+$135m) and jobs (+300 job years directly and indirectly in the Willoughby LGA).

[7] This is equivalent to average Chatswood resident based on Marketinfo 2017 adjusted to 2020 dollars.

[8] A recent survey by URBIS found that CBD workers spend an average of $11,000 per annum in the CBD.
See *"https://insideretail.com.au/news/office-workers-big-spenders-201407"*
We have adopted a more conservative assumption to reflect the lower level of retail offer.

Disclaimer

1. This report is for the confidential use only of the party to whom it is addressed ("Client") for the specific purposes to which it refers and has been based on, and takes into account, the Client's specific instructions. It is not intended to be relied on by any third party who, subject to paragraph 3, must make their own enquiries in relation to the issues with which this report deals.
2. HillPDA makes no representations as to the appropriateness, accuracy or completeness of this report for the purpose of any party other than the Client ("Recipient"). HillPDA disclaims all liability to any Recipient for any loss, error or other consequence which may arise as a result of the Recipient acting, relying upon or using the whole or part of this report's contents.
3. This report must not be disclosed to any Recipient or reproduced in whole or in part, for any purpose not directly connected to the project for which HillPDA was engaged to prepare the report, without the prior written approval of HillPDA. In the event that a Recipient wishes to rely upon this report, the Recipient must inform HillPDA who may, in its sole discretion and on specified terms, provide its consent.
4. This report and its attached appendices are based on estimates, assumptions and information provided by the Client or sourced and referenced from external sources by HillPDA. While we endeavour to check these estimates, assumptions and information, no warranty is given in relation to their reliability, feasibility, accuracy or reasonableness. HillPDA presents these estimates and assumptions as a basis for the Client's interpretation and analysis. With respect to forecasts, HillPDA does not present them as results that will actually be achieved. HillPDA relies upon the interpretation of the Client to judge for itself the likelihood of whether these projections can be achieved or not.
5. Due care has been taken to prepare the attached financial models from available information at the time of writing, however no responsibility can be or is accepted for errors or inaccuracies that may have occurred either with the programming or the resultant financial projections and their assumptions.
6. This report does not constitute a valuation of any property or interest in property. In preparing this report HillPDA has relied upon information concerning the subject property and/or proposed development provided by the Client and HillPDA has not independently verified this information except where noted in this report.
7. In relation to any valuation which is undertaken for a Managed Investment Scheme (as defined by the Managed Investments Act 1998) or for any lender that is subject to the provisions of the Managed Investments Act, the following clause applies:

   This valuation is prepared on the assumption that the lender or addressee as referred to in this valuation report (and no other) may rely on the valuation for mortgage finance purposes and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risk for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that the lender is providing mortgage financing at a conservative and prudent loan to value ratio.
8. HillPDA makes no representations or warranties of any kind, about the accuracy, reliability, completeness, suitability or fitness in relation to maps generated by HillPDA or contained within this report.
9. Please note that the above forecasts have ignored the recent impacts of the COVID 19 pandemic. For the purpose of this report it has been assumed that the pandemic would be temporary in that its impacts would diminish over the next couple of years.

SYDNEY

Level 3, 234 George Street
Sydney NSW 2000
GPO Box 2748 Sydney NSW 2001
t: +61 2 9252 8777
f: +61 2 9252 6077
e: sydney@hillpda.com

MELBOURNE

Suite 114, 838 Collins Street
Docklands VIC 3008
t: +61 3 9629 1842
f: +61 3 9629 6315
e: melbourne@hillpda.com

WWW.HILLPDA.COM