

HADRON  
GROUP

# Economic Impact Assessment

67-75 LORDS ROAD, LEICHHARDT



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## Executive Summary

Hadron Group was commissioned by Platino Properties (the proponent) to undertake this Economic Assessment of a Planning Proposal to rezone 67-75 Lords Road, Leichhardt (the subject site) from E4 General Industrial (FSR 1:1) to R3 Medium Density Residential with an FSR of 2.4:1 and RE1 Public Recreation.

The site is known as Lords Road Industrial Precinct and is located at the western end of Lords Road. The site is rectangular in shape covering an area of 10,691sqm. The site currently accommodates a range of light industrial and commercial uses including warehousing / storage facilities, small scale manufacturing, joinery and furniture restoration businesses, and private recreation facilities.

The existing built form comprises a series of brick warehouse style buildings to a maximum height of 11.5m with frontages to the east and west. A smaller building is located on the southeast corner of the site facing Lords Road and Davies Lane. Existing access is via two driveways from Lords Road which provide access to car parks on the eastern and western side of the main buildings.

### The Planning Proposal

The development will provide a mix of studio, one-bedroom, two-bedroom and three-bedroom units. The units will include a total of approximately 220 dwellings, including approximately 60 seniors independent living units and affordable housing equivalent to at least 5 per cent of total residential floorspace. The total floor space is estimated at approximately 21,600sqm and includes a minimum of 1,700sqm GFA of non-residential uses predominantly at the ground floor level.

The development will be split across four buildings; two buildings (up to 8 storeys) along the boundary with The Greenway / Inner West Light Rail line and two buildings (up to 6 storeys) along the boundary with the laneway / rear of properties located on Davies Street.

### Alignment with local and state planning – residential uses

The subject site is identified in the Taverners Hill Precinct of the Parramatta Road Corridor Urban Transformation Strategy (PRCUTS) and is recommended for rezoning from E4 General Industrial to R3 Medium Density Residential with an FSR of 2.4:1 and height of 30m and RE1 Public Recreation. The Planning Proposal is consistent with these recommendations and PRCUTS recommendation for a minimum of 5 per cent affordable housing provision.

The Planning Proposal is consistent with state and local government strategies in providing a diverse housing mix close to employment, transport and amenities. Analysis of available data shows that the Inner West LGA has a relatively low penetration rate for seniors housing. The Planning Proposal will help address pent-up and growing demand for this category of housing through the provision of approximately 60 units. The Planning Proposal will also help the Inner West LGA meet its five year housing supply targets, providing half of the forecast supply for Leichhardt suburb over the five years to 2025/26.

The Planning Proposal is consistent with state and local government strategies in providing significant levels of open space onsite; 1,000sqm of open space for public use (accessible from Lords Road), and 570sqm for private residential use. In addition, residents will have access to private rooftop gardens with a combined area of approximately 850sqm. The development will also provide pedestrian connections and measures to integrate the site with surrounding streets and spaces, which is consistent with state and local government directions to improve accessibility.

### Alignment with local and state planning – non-residential uses

The Metropolitan and District plans both outline a retain and manage approach to existing industrial and urban services lands while explicitly excluding PRCUTS lands. Inner West Council's *Employment and Retail Lands Strategy* however adopts a policy to retain and manage existing industrial and urban services land that includes PRCUTS

lands. The same approach is adopted in the Local Strategic Planning Statement and Local Housing Study and it is noted that the DPIE has required that the Strategy be amended to be consistent with PRCUTS.

The Planning Proposal sees a rezoning to R3 Medium Density Residential but deviates from PRCUTS recommendation in seeking a site specific planning control to allow a minimum of 1,700sqm of employment uses onsite. The inclusion of employment uses is taken specifically to address the concerns of Inner West Council and local community about the loss of employment land.

The buildings currently onsite are nearing the end of their economic life. They appeal to businesses seeking cheap rents in the Inner West who only require a basic set-up. The majority of businesses currently occupying the site are providing storage facilities for local businesses or small-scale light manufacturing, they are not providing essential urban services for local populations. The site's location within a residential area requiring access through residential streets makes its unsuitable for many industrial and urban services uses requiring larger trucks and multiple trips, or which create significant externalities e.g., noise or pollution.

The Planning Proposal will provide flexible non-residential floorspace suitable for both light industrial and commercial uses. The site currently has good access for light industrial uses and will continue to do so under the Planning Proposal. The site would be suitable for a mix of light industrial uses supporting local populations as well as commercial space for professionals, which is aligned with the occupational composition of the local population. The provision of jobs close to home is consistent with both local and state planning.

The Planning Proposal will include light industrial floorspace as part of a mixed use development. While this will lead to a short-term reduction in light industrial floorspace in the area and broader LGA, it will be an example of the recommendation in Inner West Council's *Employment and Retail Lands Strategy* for provision of light industrial and urban services uses that are compatible with more vulnerable land uses in 'other zones'.

## Economic implications of Planning Proposal

The Planning Proposal will provide just over 20 per cent of the employment floorspace available under the current zoning. However, while potential employment levels under the Planning Proposal are expected to be around 30 per cent less than under the current zoning, the wage incomes earned, and gross value added, are expected to be comparable. This is because the site is expected to attract higher value uses.

The table below compares the benefits of the continued use of the subject site for E4 uses to the Planning Proposal.

*Comparison of economic impacts of Project vs base case*

	Base Case	Planning Proposal	Net Benefit
Total jobs generated	147	105	-42
Total salaries generated	\$8.8m	\$9.1m	-\$0.4m
Industry value added (to GDP)	\$16.7m	\$16.6m	-\$0.1m
Construction costs		\$130m	\$130m
Economic activity from construction		\$383.2m	\$383.2m
Job years in construction		1,017	1,017

Source ABS data, Platino Properties, Hadron Group analysis

The Planning Proposal therefore will provide comparable levels of economic activity while also meeting demand for approximately 220 dwellings units (including 60 seniors units) in a sought-after area close to transport, jobs and amenities.

## Other benefits of Planning Proposal

There are many benefits associated with providing jobs closer to home (or homes closer to jobs), 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.



## 1 Project description and context

Hadron Group has been commissioned by Platino Properties to undertake an Economic Impact Assessment for a proposed development at 67-75 Lords Road, Leichhardt.

### 1.1 SUBJECT SITE

The site is part of the Taverners Hill Precinct as identified in the Parramatta Road Corridor Urban Transport Strategy (PRCUTS). The site is outside of the PRCUTS – Stage 1 boundary and is therefore not planned for release until post-2023.

Figure 1 illustrates the land uses surrounding the site. To the north of the site is Lambert Park, a purpose-built soccer stadium which is home to the APIA Leichhardt Tigers Football Club. The southern boundary of the site at Lords Road faces garages belonging to single-storey properties on Kegworth Street. The eastern boundary of the site is separated by a laneway from the rear of single-storey properties located on Davies Street, while the Inner West Light Rail and Hawthorne Canal run alongside the western boundary of the site. Land surrounding this infrastructure is zoned RE1 and forms part of 'The GreenWay', an environmental and active travel corridor linking the Cooks River at Earlwood with the Parramatta River at Iron Cove.

The site is within a 400m walking radius of two light rail stops – Marion and Taverners Hill – and bus routes on Marion Road and Parramatta Road. The site is just outside an 800m walking radius of Summer Hill and Lewisham train stations.

*Figure 1: Subject site location*

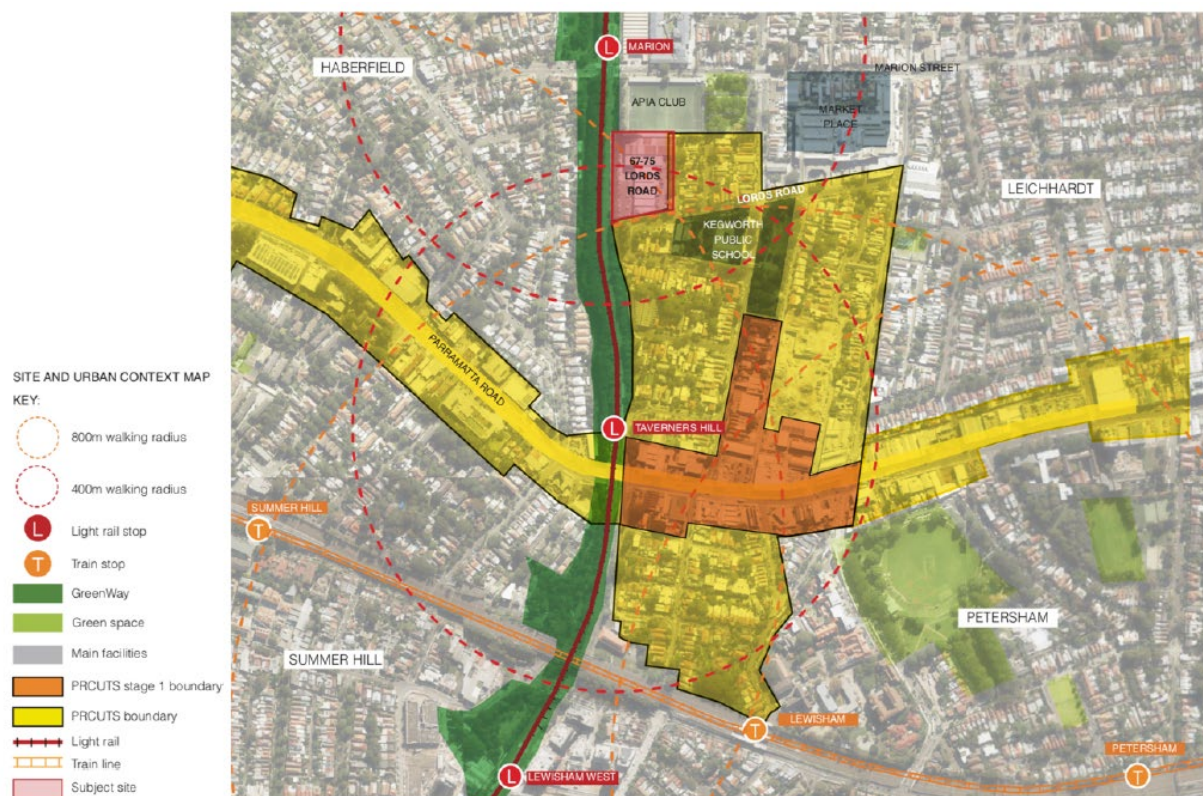


*Source: FPD Pty Ltd 2022, Planning Proposal Scoping Report*

### 1.2 PLANNING CONTEXT

The site is identified as part of the Taverners Hill Precinct under the Parramatta Road Corridor Urban Transformation Strategy (PRCUTS). However, the site is outside of land identified for release as part of Stage 1 of PRCUTS (2016-2023). The properties facing the site on Lords Road, Kegworth Street and Davies Street are all part of the Taverners Hill Precinct. Figure 2 illustrates the site in relation to the overall PRCUTS boundary, the Stage 1 boundary and public transport infrastructure.

Figure 2: Planning context



Source: FPD Pty Ltd 2022, Planning Proposal Scoping Report

The site is currently zoned E4 – General Industrial with a FSR of 1:1 under the Leichhardt LEP 2022. However, the site is recommended for rezoning in PRCUTS to R3 – Medium Density Residential with a FSR of 2.4:1 and a maximum height of 30m (67-73 Lords Road) and RE1 Public Recreation Reserve (75 Lords Road). The Planning Proposal is consistent with the PRCUTS zoning, maximum height and FSR controls. However, the PRCUTS did not envisage retention of employment uses on the site. To enable this to occur it is proposed that a site-specific planning control be applied which requires a minimum 1,500sqm of non-residential floor space and allows a mix of non-residential uses including recreation facility (indoor), office premises, business premises, light industry, industrial retail outlet, and restaurant or café.

## 1.3 CURRENT USES

The site currently accommodates a range of light industrial and commercial uses including warehousing / storage facilities, small scale manufacturing, joinery and furniture restoration businesses, and private recreation facilities.

There is currently 9,979sqm of floor space on the site and the site accommodates 19 tenancies. Currently there are 11 occupied tenancies employing an estimated 79.5 full time equivalent employees.

The existing built form comprises a series of brick warehouse style buildings to a maximum height of 11.5m with frontages to the east and west. A smaller building is located on the southeast corner of the site facing Lords Road and Davies Lane. The buildings are nearing the end of their useful life. Existing access is via two driveways from Lords Road which provide access to car parks on the eastern and western side of the main buildings.

## 1.4 PLANNING PROPOSAL

The indicative land use mix comprises approximately 160 residential dwellings, including affordable housing, approximately 60 independent living units for seniors and a minimum of 1,700 sqm GFA of non-residential uses across four buildings; two buildings (up to 8 storeys) along the boundary with The Greenway / Inner West light rail

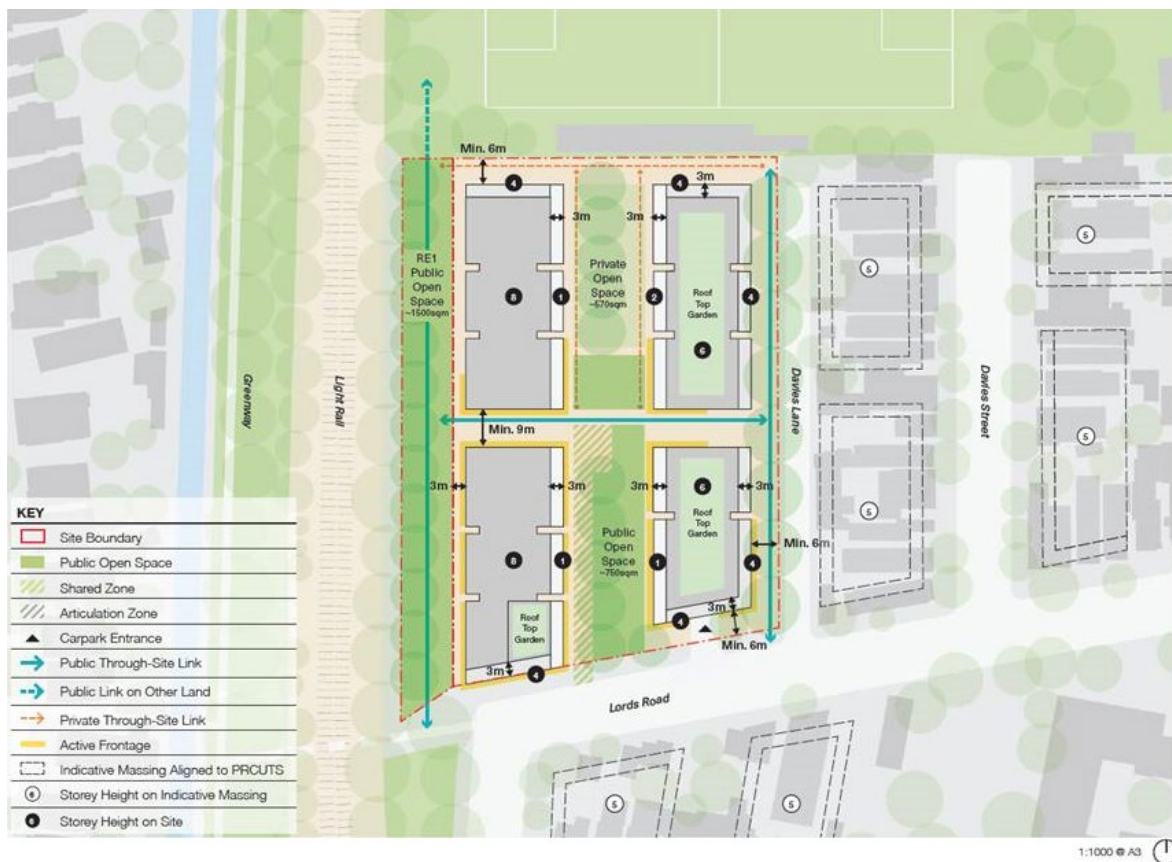


line and two buildings (up to 6 storeys) along the boundary with the laneway / rear of properties located on Davies Street. See Figure 3.

The proposed main access is between the two buildings facing Lords Road. Publicly accessible open space will also be provided between these buildings, while private open space will be provided in the northern part of the site surrounded by the three other buildings.

The buildings range in height from 2 storeys to 8 storeys. The heights are consistent with the Parramatta Road Implementation Tool Kit Planning and Design Guidelines which allow for a maximum height of 30m on the site. The buildings transition in height from east to west to create a better interface with surrounding uses. All the buildings are setback from surrounding uses at 5-storeys, with the exception of the townhouses which are only 2-storeys.

Figure 3: Concept Plan



Source: SJB Architects

## 1.5 REPORT STRUCTURE

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

- Chapter 2 assesses the economic principle of the Planning Proposal in the context of the relevant planning policies
- Chapter 3 considers the current and projected demographic and employment profile of Leichhardt suburb and the Inner West LGA
- Chapter 4 undertakes an assessment of the economic implications of retaining the Subject Site's current zoning versus proceeding with the Planning Proposal.

## 2 Policy and Legislative Context

This section discusses the alignment of the Planning Proposal with State and local plans and policies.

### 2.1 STATE PLANNING

#### 2.1.1 Parramatta Road Corridor Urban Transformation Strategy (2016)

Parramatta Road Corridor Urban Transformation Strategy (PRCUTS) was released by NSW UrbanGrowth in November 2016. PRCUTS establishes a vision, Integrated Land Use and Transport Plan and land use and planning principles to support the Corridor's transformation. PRCUTS is supported by a section 9.1 Ministerial Direction.

The site is located within the Taverners Hill Precinct which has the following vision:

*"Taverners Hill will be an urban village with walking and cycling links via the GreenWay, access to many public transport modes and many neighbourhood parks, squares and leafy streets."*

The following land use directions were identified for the Precinct:

- Maintain an employment focus on both sides of Parramatta Road, Tebbutt Street, Upward Street and George Street
- Retention of the existing low density character across the remainder of the Precinct, and
- Encourage appropriately scaled infill residential development in select locations to attract and retain people in the core of the Precinct.

And the following planning controls:

- R3 Medium Density zone
- 30m maximum height of buildings
- 2.4:1 maximum FSR.

An Implementation Update for PRCUTS was issued by DPIE in July 2021. This update supplements PRCUTS with additional actions and reflects the changes to the strategic context of the Parramatta Road corridor since the Strategy was released in 2016 and to encourage the progression of Planning Proposals consistent with PRCUTS within the corridor.

The Planning Proposal is consistent with the PRCUTS vision and land use directions and in its provision of a minimum of five per cent of new housing as Affordable Housing. However, the Planning Proposal diverges from PRCUTS recommendations by providing for a minimum of 1,700sqm net lettable floorspace of non-residential uses at the ground floor level.

#### 2.1.2 Greater Sydney Region Plan, A Metropolis of Three Cities (2018)

The Greater Sydney Region Plan sets the vision for Greater Sydney towards 2036. The Plan consists of a liveability, productivity and sustainability framework comprising 10 directions and 40 objectives.

The Planning Proposal is consistent with the Greater Sydney Region Plan in providing additional housing within 30-minutes' access to Sydney CBD and Burwood through its accessibility to light rail, rail and bus infrastructure. It will also increase housing diversity with dwelling provisions to include both affordable and seniors housing. The Planning Proposal will provide open space and meeting facilities appropriate to the needs of residents and the local community. The proximity of the site to The GreenWay and The Bay Run will support walkability and other active transport modes and the proposed linkage through Lambert Park and through the site will increase the permeability of the area.

While the Planning Proposal is not consistent with Objective 23 to retain and manage existing industrial and urban services land, the Greater Sydney Plan explicitly states the land covered by PRCUTS is not subject to the industrial land strategies and actions of the Plan. The Planning Proposal is therefore consistent with the Plan.

## 2.1.3 Eastern City District Plan (2018)

The Eastern City District Plan has been developed to support the Greater Sydney Region Plan. It contains planning priorities and actions for implementing the Greater Sydney Region Plan at a district level.

The Planning Proposal is consistent with the Eastern City District Plan in aligning housing supply with the delivery of infrastructure including the Inner West Light Rail and future rapid bus services along Parramatta Road. It is also consistent with the Plan in providing additional housing choice within easy access to jobs, services and public transport and by identifying and delivering social infrastructure that meets the changing needs of the community. The Planning Proposal is also consistent with the Plan in prioritising and promoting sustainability through targeting a 5 star energy rating, enhancing access to active transport links, and increasing canopy cover onsite.

While the Planning Proposal is not consistent with Planning Priority E12: “Retaining and managing industrial and urban services land” this priority does not apply to the subject site, and it is therefore consistent with the Plan which reiterates the Greater Sydney Region Plan’s position in excluding sites within the Parramatta Road corridor from its employment provisions.

## 2.1.4 Draft Greener Places Design Guide

The Draft Greener Places Design Guide framework provides information on how to design, plan, and implement green infrastructure in urban areas throughout NSW. The draft guide provides a consistent methodology to help State and local government, and industry create a network of green infrastructure.

The Premier’s Priority Greener Public Spaces seeks to increase the proportion of homes in urban areas within 10 minutes’ walk of quality green, open and public space. The Guide includes a performance indicator for medium-to-low density areas (< 60 dwellings / ha) of being able to access a local park within a 5 minute walk / 400m walking distance. In terms of distribution, the Guide targets a performance indicator of 0.3 to 2ha public local open space within 400m of most houses.

## 2.2 LOCAL PLANNING

### 2.2.1 Inner West Council Local Strategic Planning Statement (2020)

The Inner West Local Strategic Planning Statement (LSPS) seeks to guide land use planning and development for the Inner West local government area to 2036. The LSPS provides a locally relevant response to the NSW Government’s strategic plans including the Greater Sydney Region Plan – A Metropolis of Three Cities and the Eastern City District Plan.

The LSPS identifies that land within the Parramatta Road corridor will play an important role in meeting the projected need for housing post 2026, which is consistent with PRCUTS and with the Planning Proposal. However, the LSPS states that the Inner West Local Housing Strategy identifies how this need could be met without rezoning existing industrial and urban services lands for residential or mixed-uses. The LSPS therefore sets out Council’s intention to apply the retain and manage policy to industrial and urban services lands in the Parramatta Road corridor, including the Taverners Hill Precinct. The Planning Proposal is not consistent with this aspect of the LSPS.

### 2.2.2 Inner West Local Housing Study and Strategy (2020)

The Inner West Local Housing Strategy was adopted by Council in April 2020 and has been developed to inform the LSPS and Inner West LEP and DCP. Taverners Hill is identified in the Housing Strategy as a medium term investigation area which is likely to translate into additional housing over 2021-2026. However, the Strategy’s yield projections exclude all industrial and urban services zoned lands in the precinct. This is based on Council’s review of how dwelling yields were calculated in PRCUTS which they found to be based on an average dwelling size which did not reflect the area’s demand composition. Consequently, Council concluded that the potential housing yield from

PRCUTS was significantly higher than originally estimated and the housing targets could be met without rezoning employment lands.

The Planning Proposal is consistent with the Strategy's vision for Taverners Hill, but not for the site as the Strategy specifically excludes the rezoning of employment lands. The Planning Proposal is also not consistent with the Strategy's 15 per cent affordable housing target. The Planning Proposal will provide 5 per cent affordable housing which is consistent with the level that was found to be feasible under the proposed height and FSR in analysis prepared to support PRCUTS.

It is noted that the Department of Planning and Environment has endorsed the Local Housing Strategy but requires the strategy to be amended to be consistent with PRCUTS. The Planning Proposal will thereby be consistent with the final amended version of the LHS, and in any event, the provisions of PRCUTS prevail to the extent of any inconsistency with the approach identified by Inner West Council.

### 2.2.3 Inner West Community Strategic Plan: Our Inner West 2036

The Inner West Community Strategic Plan (CSP): Our Inner West 2036, identifies the community's vision for the future, long-term goals, strategies to get there and how to measure progress towards that vision. The Plan has five strategic directions:

- Strategic direction 1: An ecologically sustainable Inner West
- Strategic direction 2: Unique, liveable, networked neighbourhoods
- Strategic direction 3: Creative communities and a strong economy
- Strategic direction 4: Caring, happy, healthy communities
- Strategic direction 5: Progressive local leadership

The Planning Proposal is consistent with directions 1, 2 and 4. The design targets a 5-star energy rating and there will be increased canopy cover on site. The development will include public and private open space and improved connections with surrounding residential areas and Lambert Park which will help foster social interactions. The provision of common space will encourage interactions between the seniors housing residents, the other residents and the local community, helping to support everyone's wellbeing.

The Planning Proposal is supportive of strategic direction 5 in that it reflects Council's and the community's desire to retain employment uses on site by including non-residential employment uses at the ground floor level.

The Planning Proposal is supportive of strategic direction 3 by providing flexible employment space to accommodate a mix of commercial, light industrial and creative uses, as well as work-at-home opportunities. The job provision under the Planning Proposal is more aligned with the composition of the local workforce and projected employment growth and the estimated incomes and gross value added generated are comparable to the site's potential under its current uses. However, the potential job creation on the site is lower under the Planning Proposal than under the base case of continued E4 zoning due to the extent of the loss of employment floorspace.

### 2.2.4 Employment and Retail Lands Strategy (EARLS)

Inner West Council has prepared an [Employment and Retail Lands Strategy \(EARLS\)](#) for the management of land to maximise productivity, facilitate job growth and contribute to the long term prosperity of the Inner West LGA. The EARLS states that one of the key uses of the employment lands in the Inner West is the provision of essential urban services for local residents and that a significant extent of industrial and urban services lands has been lost to residential uses in recent years. The EARLS proposes that the remaining industrial and urban services lands should be retained and managed so that industries have confidence to locate and expand. In addition, the Strategy recommends opportunities be sought to provide for light industrial and urban services uses, that are compatible with more vulnerable land uses, in other zones.

The EARLS is supported by an [Employment and Retail Lands Study](#) which provides recommendations for each employment precinct. In the Study, the Lords Road Precinct is identified as both an important manufacturing area



accommodating manufacturing and factories (pg. 446) and a multi-use industrial and urban services estate (pg. 366). The Study recommends that the precinct retain its E4 zoning.

The subject site accommodates a range of light industrial and commercial uses including warehousing/storage facilities, small scale manufacturing, joinery and furniture restoration businesses, and private recreation facilities. With the exception of the private recreational facilities, these are businesses supporting other businesses and are not providing services directly to local residents. The site has good access for regular deliveries by small trucks. However, the site's location within a residential area requiring access through residential streets makes its unsuitable for many industrial and urban services uses requiring larger trucks and multiple trips, or which create significant externalities e.g., noise or pollution.

The EARLS and the accompanying Study are consistent with the Inner West Council LSPS and Inner West Local Housing Strategy 2020 in applying the retain and manage policy to industrial and urban services land. The Planning Proposal is therefore not consistent with the EARLS.

**Note: While the Planning Proposal is not consistent with the EARLS, it is consistent with state planning which specifically excludes lands identified under PRCUTS from the retain and manage direction identified for industrial lands in the Greater Sydney Region Plan and the Eastern City District Plan.**

## 2.2.5 Former Leichhardt Council employment and industrial lands studies

The analysis in the EARLS is informed by reports prepared for the former Leichhardt Council by SGS Economics (2011<sup>1</sup>, 2014<sup>2</sup>, 2015<sup>3</sup>).

The *Employment Lands Study* recommended the Lords Road Precinct be retained for industrial uses due to its proximity to the Rozelle Goods Line. The site was identified as inappropriate for residential development due to its proximity to the freight line and inappropriate for retail and commercial uses due to its proximity to Leichhardt Market Place centre. The Rozelle Goods Line was subsequently converted to the Inner West Light Rail which removed the identified constraint to residential development. The site remains inappropriate for large scale retail uses however due to its proximity to Leichhardt Marketplace centre.

The *Industrial Lands Study* included an audit of industrial precincts within the Leichhardt Council LGA which was used to determine the floorspace, industry type and broad land-use categorisation (BLC) of each precinct. The Lords Road Precinct was identified as having a 98% BLC of Local Light Industrial, which is defined as including 'a wide range of businesses that service other business (components, maintenance and support) and subregional populations. For example, car service and repair, joinery, construction and building supplies, and domestic storage'.

SGS forecast future demand for industrial floorspace (2014-2036) by applying LGA-level employment growth rates by BLC (converted from ANZSIC categories used in Transport for NSW's employment projections), to current precinct floorspace by BLC. The projected growth in demand for Local Light Industrial floorspace between 2014 and 2036 was 33,115sqm, just over half of the total projected increase in demand for industrial floorspace. A supply shortfall range was then estimated assuming different development scenarios for each precinct up to the maximum allowable under their current zoning. The overall estimated supply shortfall of industrial land for the LGA at 2036 ranged from 7,570sqm to 54,965sqm.

An alternative population-driven approach was also used based on the correlation between an area's population and the amount of floorspace that exists for each BLC category. The projected increase in demand for the Local Light Industrial BLC category was only 9,274sqm under this approach. The overall estimated 'population servicing' increase in floorspace was 33,909sqm, but this included urban services, light manufacturing, freight and logistics, retail – bulky goods and business park uses. These are largely uses for which the site is either unsuitable due to its location within a residential area or for which it is not zoned.

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<sup>1</sup> SGS Economics (2011), Employment Lands Study

<sup>2</sup> SGS Economics (2014), Industrial Lands Study

<sup>3</sup> SGS Economics (2016), Leichhardt Industrial Precinct Planning – Interim Report

## 2.2.5.1 Industrial land studies – Implications for the Planning Proposal

The need to protect industrial and urban services lands from urban encroachment is identified as both a regional and subregional problem, hence the retain and manage policy in the Metropolitan and District plans. The retain and manage policy looks to protect key strategic employment precincts (e.g., those with connections to major transport links) as well as to ensure local residents can access the urban services they need. The site is not a key strategic employment precinct, and SGS's population-based projections suggest that a significant portion of the projected shortfall in Local Light Industrial land in the former Leichhardt LGA was not required by businesses providing 'essential urban services to local residents'.

Following delivery of the Industrial Lands study, Leichhardt Council commissioned SGS to consider options for addressing the projected shortfall in industrial lands capacity. The *Industrial Precinct Planning Interim Report* (endorsed by Leichhardt Council on 8 March 2016) considered the feasibility of increasing the supply of industrial land at selected precincts through the addition of a) industrial uses, b) industrial and commercial uses, c) industrial, commercial and residential uses. It was found that it was not feasible to provide additional floorspace through industrial development alone and that adding residential to the mix was the easiest way to generate additional industrial floorspace. However, on account of the perceived risk of fundamentally altering the function of industrial precincts the report recommended that most E4 zonings be protected.

As SGS acknowledge,<sup>4</sup> there are examples globally where precincts successfully mix residential, retail, commercial and light industrial uses. Where land use conflicts arise for local industrial uses it's where they 'may be noisy or have high truck movements, such as concrete batching plants or local distribution centres requiring 24-hour access by heavy vehicles' or are 'emerging manufacturing industries that may require larger floorplates, use chemicals, make noise or have significant potential to grow.' The Lords Road Precinct is surrounded by residential uses and is a small precinct not suitable for larger floorplates. These land use conflicts are therefore already present.

The Planning Proposal will see flexible light industrial floorspace provided as part of a mixed use development. While this will lead to a short-term reduction in light industrial floorspace in the LGA, it would be an example of the EARLS recommendation of providing for light industrial and urban services uses that are compatible with more vulnerable land uses in other zones.

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<sup>4</sup> <https://www.sgsep.com.au/publications/insights/we-need-to-plan-intelligently-for-sydneys-future-jobs>

## 3 Baseline Research

### 3.1 DEMOGRAPHIC PROFILE

This section presents the age, household and dwelling profiles for Leichhardt suburb, the Inner West LGA and Greater Sydney as at Census 2021.

- Leichhardt suburb has a higher share of persons aged under 15 years (19.1 per cent) than both the Inner West LGA and Greater Sydney and a lower share of persons aged over 65 years (12.4 per cent).
- The Inner West LGA has a higher share of working age people (71.3 per cent) than both Leichhardt suburb (68.6 per cent) and Greater Sydney (66.4 per cent) and a lower share of people aged under 15 years.
- Family households in Leichhardt suburb comprise a higher share of households (67.6 per cent) than for the Inner West LGA (62.2 per cent), but lower than for Greater Sydney (72.6 per cent). Correspondingly, the average household size for Leichhardt suburb (2.4 persons) is higher than for the Inner West LGA (2.3 persons) but lower than for Greater Sydney (2.7 persons).
- Leichhardt suburb has a lower share of flats/apartments (29.0 per cent) than Greater Sydney (30.7 per cent) or the Inner West LGA (42.4 per cent). Leichhardt suburb's dwelling composition includes a higher share of both separate dwellings and semi-detached dwellings than the Inner West LGA.
- Leichhardt suburb and Inner West LGA have a larger proportion of smaller properties (two or less bedrooms) than Greater Sydney. This corresponds to the smaller average household size but is also likely to partly reflect housing affordability considerations.

Table 1: Demographic profile, as at Census 2021

	Leichhardt Suburb	Inner West LGA	Greater Sydney
<b>Key statistics</b>			
Total population – no	15,158	182,818	5,231,147
Population density – persons per km2	5,830	5,194	423
Average household size	2.4	2.3	2.7
Median age	37	38	37
<b>Age distribution</b>			
0-4 years	6.7%	5.0%	6.0%
5-14 years	12.4%	9.6%	12.4%
15-64 years	68.6%	71.3%	66.4%
65+ years	12.4%	14.1%	15.2%
<b>Household composition</b>			
Family Households	67.6%	62.2%	72.6%
Couple family with no children	25.7%	26.7%	24.4%
Couple family with children	30.9%	25.8%	36.0%
One parent family	9.8%	8.5%	11.0%
Other family	1.2%	1.3%	1.3%
Lone person household	26.4%	30.3%	23.2%
Group household	6.1%	7.5%	4.2%
<b>Dwelling composition</b>			
Flat or apartment - total	29.0%	42.4%	30.7%

	Leichhardt Suburb	Inner West LGA	Greater Sydney
<i>Flat or apartment in a four or more</i>	11.3%	13.6%	16.7%
Semi-detached house	33.6%	27.1%	12.8%
Separate house	36.5%	28.8%	55.8%
<b>Dwelling composition by no. of bedrooms</b>			
None (includes bedsitters)	1.3%	2.0%	0.9%
One bedroom	11.4%	14.1%	8.1%
Two bedrooms	39.6%	38.9%	25.7%
Three bedrooms	35.2%	29.1%	30.9%
Four bedrooms or more	12.0%	15.0%	33.1%

Source: ABS (2021), Census of Population and Housing

^ Totals do not equal 100% as exclude not applicable and not stated

## 3.2 POPULATION PROJECTIONS

Table 2 presents population and household projections for Leichhardt suburb and the Inner West LGA:

- The populations of Leichhardt suburb and the Inner West LGA are forecast to increase by around 1 per cent per annum between 2021 and 2041. Both areas are forecast to experience an ageing in their populations, with persons aged over 65 accounting for over 15 per cent of their respective populations by 2041.
- Both Leichhardt suburb and the Inner West LGA are forecast to see increasing shares of lone person households and reductions in the shares of couple families, both with and without dependents. Consequently, the average household size in both regions is projected to decline.
- The projected shift in the demographic supports the provision of smaller properties including flats and apartments.

Table 2: Population and household projections, 2021-2041

	Leichhardt Suburb		Inner West LGA	
	2021	2041	2021	2041
<b>Population</b>	<b>16,647</b>	<b>20,142</b>	<b>203,693</b>	<b>247,881</b>
0-4 years	7.6%	6.7%	6.0%	5.7%
5-14 years	11.7%	10.2%	9.4%	8.9%
15-64 years	69.0%	67.8%	72.0%	70.0%
65+ years	11.7%	15.3%	12.6%	15.5%
<b>Households</b>	<b>6,553</b>	<b>8,465</b>	<b>81,583</b>	<b>102,416</b>
Average household size	2.48	2.29	2.42	2.33
Couple families with dependents	30.6%	27.6%	26.1%	24.8%
Couples without dependents	23.8%	20.4%	25.4%	24.3%
Group households	8.6%	8.1%	9.6%	8.9%
Lone person households	26.4%	33.6%	27.9%	30.8%
One parent family	8.1%	7.9%	8.0%	8.2%
Other families	2.5%	2.5%	3.0%	2.9%

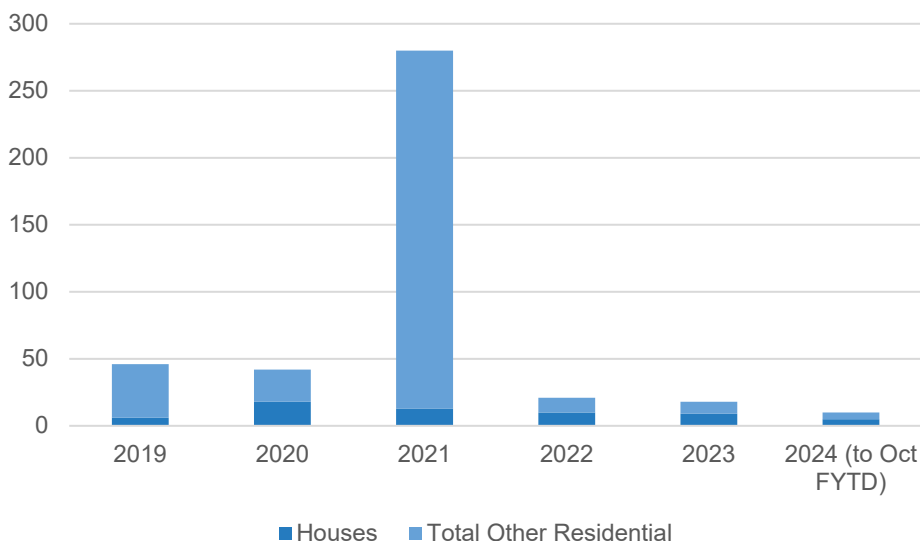
Source: forecast.id (2022), Inner West Council population forecast



## 3.3 HOUSING SUPPLY

Figure 4 illustrates dwelling approval numbers for Leichhardt between financial years 2019 and 2024 (up to October). Aside from 2021, when approvals were boosted by the Ara project at 141 Allen Street, total annual dwelling approvals have been below 50 units in recent years.

Figure 4: Residential<sup>^</sup> dwelling approvals (no) – Leichhardt (financial years)



Source: ABS Building Approvals series, <sup>^</sup> excludes aged care facilities (but not ILUs) and boarding houses.

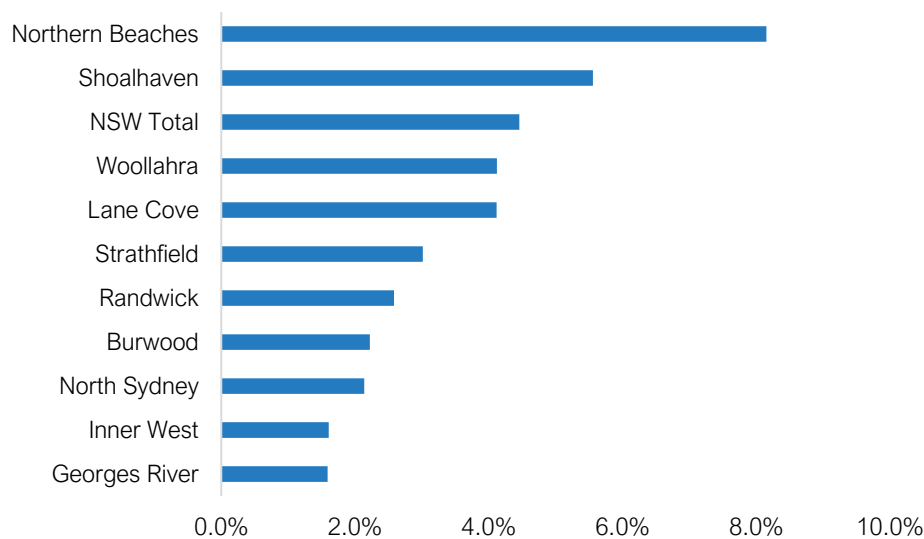
The PRCUTS includes a target of 451 dwellings over 2016-2023 for the Taverners Hill Precinct. The Oasis Leichhardt and Leichhardt Green developments on George Street and Upward Street were completed in 2018 delivering a combined 410 dwellings. These developments were already proceeding at the time of the release of PRCUTS. The bulk of land scheduled for Stage 1 release (2016-2023) bounds Parramatta Road and was recommended for mixed uses. These sites have yet to be redeveloped in line with PRCUTS. Over 2023-2050 the PRCUTS envisages a further 900 dwellings being delivered in Taverners Hill Precinct. The Planning Proposal would deliver just under a quarter of this projected supply (approximately 220 dwellings), which would contribute significantly to meeting the State governments targets.

## 3.4 SENIORS HOUSING

As at Census 2021, there were an estimated 429 retirement village dwellings (self-contained) in the Inner West LGA and a population aged over 60 years of 34,690. This equated to a Seniors Housing market penetration rate<sup>5</sup> of only 1.6 per cent, well below many other Inner Sydney LGAs and the NSW overall rate. This implies a considerable shortfall in the supply of Seniors Housing in the Inner West as at Census 2021.

<sup>5</sup> Calculated as the proportion of the LGA's over 60 population that is resident in Seniors Housing, assuming an average household density of 1.3 persons per Independent Living Unit (ILU) i.e., retirement village dwelling (self-contained). Source: Knight Frank (2017), 'Seniors Living Insights'

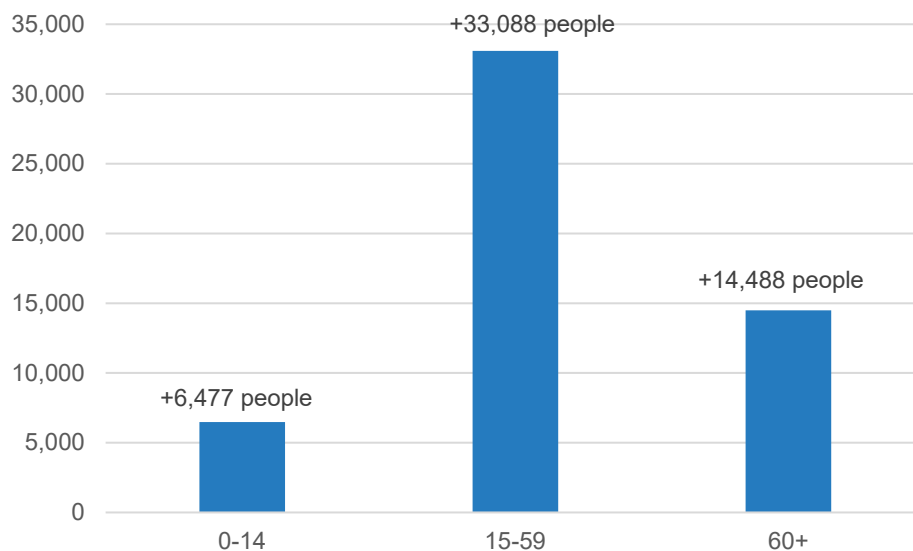
Figure 5: Seniors Housing - Market Penetration Rates - selected LGAs – 2021



Source: ABS (2021), Census of Population and Housing

The Planning Proposal will deliver approximately 60 seniors independent living units that will help to address this shortfall in supply and cater to the needs of the Inner West's ageing population.

Figure 6: Population Growth Projections - Inner West - 2021 to 2041 (% change)



Source: forecast.id (2023), Inner West Council population forecast

## 3.5 EMPLOYMENT PROJECTIONS

Leichhardt suburb is identified in the Eastern City District Plan as a key local centre, with employment centres such as Burwood and the Sydney CBD within a 30-minute commute by public transport. The Planning Proposal will leverage Leichhardt suburb's strategic position to provide both housing and employment uses close to existing road, rail, bus and light rail transport infrastructure.

The most recent employment projections from Transport for NSW's Transport Performance and Analytics (TPA) branch show employment in the Leichhardt - Annandale SA2 growing at an annual rate of 1.4 per cent over the 10 years to 2026, before slowing to annual rate of 0.2 per cent over the 10 years to 2036. The corresponding growth projections for the Inner West LGA are slightly lower over the 10 years to 2026, at 1.0 per cent, but slightly higher over the 10 years to 2036, at 0.4 per cent.

*Table 3: Employment projections*

Area	2016	2026	2036	% change (2016-2036)
Leichhardt – Annandale SA2	12,156	13,860	14,083	15.8%
Haberfield – Summer Hill SA2	3,924	4,377	4,516	15.1%
Dulwich Hill – Lewisham SA2	3,114	3,493	3,608	15.9%
Petersham – Stanmore SA2	5,649	6,096	6,308	11.7%
Inner West LGA	72,254	79,358	82,551	14.3%
Eastern City District	929,718	1,134,075	1,134,075	22.0%
Greater Sydney	2,449,930	3,098,268	3,088,268	26.5%

Source: Transport for NSW, Travel Zone Projections 2022 (TZP22)

Note: TZP22 is based on the best available data as at early to mid-2022. It includes the impacts from the COVID-19 pandemic and does not include results from the ABS 2021 Census, as the relevant data had not been released at the time of TZP22 production.

Table 5 below illustrates the projected industry level employment shares and growth contribution in the Inner West LGA between 2016 and 2036. Strong growth is projected in the population-serving industries of health care and social assistance, retail, construction and education and training. While construction is expected to see an increase in its employment share between 2016 and 2036, the shares of other uses which traditionally locate in industrial areas are expected to decline e.g., manufacturing, wholesale trade, and transport, postal and warehousing.

Aside from population-serving industries, the strongest projected employment growth contribution comes from the professional, scientific and technical services sector. This is aligned with the occupational composition of the Inner West LGA population illustrated in Table 4, which shows that 41.0 per cent of employed people aged 15 years and over were classified as professionals as at Census 2021, compared to a Greater Sydney average of 29.3 per cent. The share in the Leichhardt SA2 (where the site is located) is even higher at 42.0 per cent.

*Table 4: Share of occupation categories as at Census 2021 – Leichhardt SA2, Inner West LGA, Greater Sydney*

Occupation	Leichhardt SA2	Inner West LGA	Greater Sydney
Professionals	42.0%	41.0%	29.3%
Managers	21.5%	18.7%	15.2%
Clerical and Administrative Workers	10.7%	11.7%	13.8%
Community and Personal Service Workers	7.0%	7.3%	9.3%
Technicians and Trades Workers	6.9%	7.6%	10.5%
Sales Workers	6.2%	6.1%	7.8%
Labourers	2.7%	4.0%	6.8%
Machinery Operators and Drivers	1.7%	2.3%	5.6%

Source: ABS (2021), Census of Population and Housing

Table 5: Employment forecasts by industry - top 15 industries – Inner West LGA

Industry	2016 % of total	2036 % of total	Contribution to total growth (2016-2036)
Health Care and Social Assistance	13.4%	15.3%	28.6%
Retail Trade	11.8%	10.5%	1.7%
Construction	9.8%	9.4%	6.4%
Professional, Scientific and Technical Services	9.7%	11.9%	27.6%
Accommodation and Food Services	8.5%	7.2%	-2.1%
Education and Training	8.1%	8.6%	12.8%
Public Administration and Safety	6.3%	6.7%	9.6%
Other Services	5.0%	5.0%	4.4%
Transport, Postal and Warehousing	4.2%	3.9%	2.0%
Wholesale Trade	3.6%	2.9%	-2.1%
Administrative and Support Services	3.3%	3.3%	3.6%
Food Product Manufacturing	2.7%	2.1%	-1.8%
Arts and Recreation Services	2.3%	2.5%	3.5%
Information Media and Telecommunications	2.0%	1.8%	0.0%
Rental, Hiring and Real Estate Services	2.0%	2.0%	2.1%
Other industries*	7.4%	6.9%	3.7%

Source: Transport for NSW, Travel Zone Employment Projections 2022 (TZP22)

Note: TZP22 is based on the best available data as at early to mid-2022. It includes the impacts from the COVID-19 pandemic and does not include results from the ABS 2021 Census as the relevant data had not been released at the time of TZP22 production.

\*Sum of remaining industry groups

Weak projected employment growth for industries which traditionally locate in industrial areas suggests that there will not be significant demand for heavy manufacturing and freight and logistics lands over the forecast horizon. It does not imply that there will not be demand for Local Light Industrial uses to support other businesses, as population-serving industries will also require support. However, many of these types of uses can successfully co-locate with residential and commercial uses without land use conflict.

The Planning Proposal would provide flexible non-residential floorspace suitable for both light industrial and commercial uses. The site currently has good access for light industrial uses for dispatch, pickup and delivery using small trucks and will continue to do so under the Planning Proposal. The site would be suitable for a mix of light industrial uses supporting population serving businesses which are expected to see strong growth over the forecast horizon, as well as providing commercial space for professionals which is aligned with the occupational composition of the local population. The provision of jobs close to home is consistent with both local and state planning.



## 4 Economic Benefits

This Chapter considers and where possible quantifies economic impacts associated with the construction and post construction stages of the proposed development. Specifically, this section addresses the following:

- Potential employment and economic benefits generated during the construction of the proposed development
- Potential employment and economic benefits generated in the ongoing operation of the proposed development
- Additional economic benefits.

### 4.1 BASE CASE

In considering the net benefits of the Planning Proposal, it is important to establish the Base Case benefits. The site is zoned E4 and currently provides 9,979sqm of floorspace at an FSR of 1:1. Currently, 8 of the 19 available tenancies are vacant, with Covid-19 having a significant impact on demand. The current buildings are nearing the end of their useful life, but many businesses only require basic stock and are attracted by low rents.

An audit of the site was undertaken by the proponent in 2018 when the site was mostly tenanted. At the time the site was used for a range of uses including storage, warehousing, light industrial and associated office space, a gym and Kung Fu Academy. Approximates rates of usage at that time have been assumed for the Base Case.

### 4.2 PROJECT CASE

The Planning Proposal would see a site-specific planning control applied which requires a minimum 1,700sqm of non-residential floor space and allows for the following uses: recreation facility (indoor), office premises, business premises, medical centre, light industry, industrial retail outlet, and restaurant or café.

For the economic analysis, 2,217sqm net lettable area (NLA) of non-residential uses has been assumed based on SJB's concept design (13 May 2022). The intention is for the floorspace to be flexible to allow for the indicated range of uses. For this analysis, it has been assumed that approximately 950sqm is used for light industry or industrial retail outlet uses, while approximately 1,000sqm is used for office premises, business premises or medical centre uses. In addition, 50sqm is assumed for a café and 220sqm for an indoor recreational facility.

*Table 6: Planning Proposal floorspace assumptions*

Land use	Scale (NLA/units)	% of non-residential uses
Light industry / urban services	948 sqm	42.8%
Café or restaurant	50 sqm	2.3%
Commercial uses	998 sqm	45.0%
Indoor recreational facility	222 sqm	10.0%
Total non-residential uses	2,217sqm	100%
Seniors housing	60 units	N/A
Work-at-home	170 units	N/A
<b>Total</b>		

Source: Platino Properties

### 4.3 ECONOMIC IMPACTS DURING CONSTRUCTION

A Draft Indicative Cost Plan was prepared for the Planning Proposal in June 2022 with an estimated budget for the main construction works of \$130 million.

The construction industry is a significant component of the economy accounting for 7.4 per cent of Gross Domestic Product (GDP) and employing around 1.1 million workers across Australia. 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 and there are two types: production induced, and consumption induced. Production induced multipliers comprise the outputs and employment required to produce the inputs for construction (first-round effects) and the induced extra output and employment from all industries required to support the production of these first-round effects (industrial support effects). Consumption induced multipliers relate 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 cat. no. 5209.0). These tables identify first round effects, industrial support effects and consumption induced multiplier effects at rates of \$0.62, \$0.66 and \$0.67 respectively for every dollar of construction.

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

*Table 7: Construction output multipliers (\$2022)*

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Output multipliers	1.0	0.6	0.7	0.7	2.9
Output (\$million)	130	81	86	87	383

Source: ABS cat. no. 5290.0 (2016-17 Input-Output Tables), Hadron Group analysis

An estimated construction value of \$130 million would generate a further \$167 million of activity in production induced effects and \$87 million in consumption induced effects. Total economic activity generated by construction of the project is estimated at \$383 million.

Multiplier effects tend to overstate employment and output effects. However, they are widely used for the purpose of Economic Impact Assessments due to their ease of use. The ABS notes that the most significant limitation of impact analysis using multipliers is the implicit assumption that the economy has no supply-side constraints – that the extra output can be produced without taking resources from other activities.

It should also be recognised that these are national multipliers and that inter-industry linkages tend to be shallower in small regions, therefore only a portion of the benefits would be expected to flow to the regional economy.

Every million dollars of construction work undertaken generates 2.3 job years directly in construction. Based on the estimated construction cost, 304 job years would be directly generated by the Planning Proposal.

*Table 8: Construction employment multipliers*

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Employment No. per \$million	2.3	1.6	1.7	2.1	7.8
Total job years created	304	208	227	277	1017

Source: ABS cat. no. 5290.0 (2016-17 Input-Output Tables), Hadron Group analysis

The ABS Australian National Accounts: Input-Output Tables 2016-17 identifies employment multipliers for first round, industrial support and consumption induced effects of 0.60, 0.75 and 1.1 respectively for every job year in direct construction.

Total employment generated by construction of the Planning Proposal is estimated at 1,017 job years.

## 4.4 ECONOMIC IMPACTS POST CONSTRUCTION

### 4.4.1 Employment generation

The Planning Proposal would support permanent employment post-construction through the provision of non-residential floorspace at the ground floor level, through workers supporting residents in the seniors housing, and through residents who usually work from home.

The table below provides an estimate of the jobs that would be supported onsite.

Table 9: Employment on site post-construction

Land use	Scale (NLA/units)	Worker per sqm / unit	Employment
Light industry / urban services	948 sqm	65	15
Café or restaurant	50 sqm	25	2
Commercial uses	998 sqm	20	50
Indoor recreational facility	222 sqm	90	2
Seniors housing	60 units	2.5	24
Work-at-home	170 units	15	12
<b>Total</b>			<b>105</b>

Source: Platino Properties, benchmarking data, Hadron Group analysis

The Planning Proposal is estimated to support 105 jobs onsite comprising 15 light industry / urban services workers, 2 cafe workers, 50 office workers (commercial uses), 2 workers at an indoor recreational facility, 24 workers associated with the seniors housing and 12 work-at-home opportunities.

Under the current zoning it is estimated that the site could support 147 jobs onsite comprising 120 light industry / urban services workers, 14 workers in creative industries and 13 workers based at indoor recreational facilities across 9,979sqm of floorspace (NLA).

### 4.4.2 Total salaries

The total remuneration of workers is estimated at \$9.1 million per annum. A breakdown by land use is shown in the table below.

Table 10: Total salaries on site post-construction

Industry	Employment	Average Annual Wage (\$)	Total Wages (\$m)
Light industry / urban services	15	65,340	952,726
Café or restaurant	2	36,520	72,869
Commercial uses	50	101,462	5,061,153
Indoor recreational facility	2	43,253	106,546
Seniors housing	24	85,711	2,057,065
Work-at-home	12	76,991	893,623
<b>Total</b>	<b>105</b>	<b>87,478</b>	<b>9,143,983</b>

Source: Australian Bureau of Statistics, Hadron Group analysis

In comparison, the estimated total salaries onsite under the base case are \$8.77 million, comprising \$7.85 million from light industry / urban services, \$0.36 million from creative uses and \$0.56 million from indoor recreational uses.

## 4.4.3 Gross value added

The 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).

We forecast the GVA associated with the development to be approximately \$16.6 million every year including \$10.6 million from commercial activity, \$2.3 million associated with the delivery of seniors housing, \$1.8 million from light industry / urban services activity and \$1.6 million generated from residents working at home.

Table 11: Gross value added post-construction

Industry	Employment	IVA / Worker (\$)	Industry Value Added (\$m)
Light industry / urban services	15	124,845	1,820,363
Café or restaurant	2	51,814	103,385
Commercial uses	50	211,980	10,574,098
Indoor recreational facility	2	61,088	150,480
Seniors housing	24	97,800	2,347,209
Work-at-home	12	141,571	1,643,198
<b>Total</b>	<b>105</b>	<b>159,178</b>	<b>16,638,733</b>

Source: Australian Bureau of Statistics, Hadron Group analysis

The estimated total GVA under the base case assuming full occupancy for light industry / urban services uses is comparable to that under the Planning Proposal, at \$16.71 million.

The following table illustrates the economic impacts of the Planning Proposal compared to a Base Case which is assumed to be the Subject Site being successfully marketed to achieve full occupancy in its current form.

Table 12: Comparison of economic impacts of Project vs base case

	Base Case	Planning Proposal	Net Benefit
Total jobs generated	147	105	-42
Total salaries generated	\$8.8m	\$9.1m	-\$0.4m
Industry value added (to GDP)	\$16.7m	\$16.6m	-\$0.1m
Construction costs		\$130m	\$130m
Economic activity from construction		\$383.2m	\$383.2m
Total job years in construction		1,017	1,017

Source ABS data, Platino Properties, Hadron Group analysis

This comparison assumes that there will still be sufficient demand for the industrial site in its current form. The potential employment under the Base Case is higher than under the Planning Proposal reflecting the fact that the maximum employment floorspace provision under the current zoning is higher than would be provided under the Planning Proposal. PRCUTS recommended the site be only used for residential dwellings. The Planning Proposal is able to deliver on PRCUTS housing targets for the site while also maintaining levels of economic activity (incomes and GVA generated) that are comparable with those achievable under the site's current zoning.



There are many benefits associated with providing jobs closer to home (or homes closer to jobs), 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.

Providing jobs closer to home also meets the Greater Sydney Commission's 30min cities direction, where residents live within 30 minutes of their jobs, education and health facilities, services and great places.

The Planning Proposal will also help address the undersupply of seniors housing in the LGA. The development's concierge model enables more older persons to age in place as recommended by the Royal Commission into Aged Care and enables a far more efficient provision of home care services, than in the family home. Supporting more people to age in place bring social benefits for older persons and the broader community and has the potential to reduce government outlays.

## 4.5 CONCLUSION

The Planning Proposal will:

- allow for the development of the site in accordance with PRCUTS. The Planning Proposal is consistent with PRCUTS except in including a site-specific control to allow a minimum of 1,700sqm of non-residential floorspace at ground floor levels.
- contribute significantly to the PRCUTS vision for Taverners Hill as an urban village by providing a mix of housing typologies, public and private open space, community facilities and increased connectivity to cycling and walking paths.
- provide a comparable level of economic activity (incomes and gross value added) as could be achievable under the site's current uses and support around 100 jobs.

The Planning Proposal therefore delivers on PRCUTS, while also addressing Inner West Council's concern about a loss of employment lands. The proposed flexible non-residential floorspace would be suitable for many of the existing uses at the site.