



# INNER WEST COUNCIL

2 October 2019

Ms Laura Locke  
A/Director Eastern and South Districts  
Greater Sydney, Place and Infrastructure  
Department of Planning, Industry and Environment  
GPO Box 39  
Sydney NSW 2001

Dear Ms Locke,

**Re: Application for Site Compatibility Certificate – 1-3 White Street, Lilyfield  
(SCC\_2019\_IWEST\_001\_00)**

I write in response to your letter dated 19 September 2019 advising that an application for a site compatibility certificate (SCC) has been received for 1-3 White Street, Lilyfield, under *State Environmental Planning Policy (Affordable Rental Housing) 2009* (ARHSEPP).

The application has been reviewed by Council officers and the following comments are made:

**1. The draft Employment and Retail Lands Strategy and Study reinforce the importance of industrial land within the LGA**

Inner West Council is currently exhibiting a draft Employment and Retail Lands Strategy (draft EaRLS), prepared by Hill PDA, which will inform the management of employment lands and commercial centres within the LGA. The evidence base for the draft EaRLS is contained within the draft Employment and Retail Lands Study (the draft Study).

The draft EaRLS forecasts that by 2036 an additional 316,000sqm of gross floor area will be needed to accommodate industries and businesses in the employment lands (land zoned B5 Business Development, B6 Enterprise Corridor, B7 Business Park, IN1 General Industrial, IN2 Light Industrial and SP Special Purpose). It acknowledges that a significant amount of industrial and urban service land has been lost to residential uses in Inner West in recent years, and recommends that all remaining employment lands be protected and additional opportunities sought for light industrial and urban service uses in other zones. Action 3.1.1 of the draft EaRLS is that Council adopt a clear position statement that there is to be no rezoning of industrial land.

**2. Moore Street is a key industrial precinct and is forecast to have a substantial floorspace deficit**

The subject site is within the Moore Street Industrial Precinct. The draft Study notes that the precinct's size and mix of uses make it one of the key industrial precincts in the northern part of the LGA and as such it must be protected and managed into the future to accommodate a diverse range of industrial and urban services. The draft Study recommends that no additional residential uses should be permitted in the precinct.

The floorspace and employment projections to 2036 demonstrate that depending on the take up of available capacity under current planning controls, there will be a shortfall of industrial and urban services floorspace in the Moore Street Industrial Precinct of between 7,844sqm and 60,113sqm.

### **3. Compatibility with surrounding uses**

The ARHSEPP requires that a SCC only be issued if the Secretary is of the opinion that the development concerned is compatible with the surrounding land uses, having regard to the existing and approved uses in the vicinity of the development. The report by Pacific Planning, supporting the subject SCC application, states that the capability of the site to accommodate the long term operation of the current use and a range of other industrial uses is constrained. It notes that since demolition of the building at 5-7 White Street (SCC issued under the ARHSEPP in 2016), complaints have been received from a wider area regarding the full-time operation of refrigeration units on site and truck movements. It reasonably anticipates that future residents of 5-7 White Street will find the refrigeration noise disturbing and will apply pressure for reductions in noise levels or running time which will further constrain current and future operations on the site. The demonstrated conflict between existing IN2 uses and residential development provides strong evidence that residential on the subject site would be incompatible with the surrounding land uses, notably the IN2 land to the west and south.

In determining compatibility of residential development with surrounding uses, clause 37(6)(b) also requires consideration of the impact on the preferred future uses of the surrounding land. The draft Study builds upon the recommendation of the 2014 Leichhardt Industrial Lands Study, undertaken by SGS Economics and Planning, that the Moore Street precinct be rezoned from IN2 to IN1 to maximise its industrial nature. Furthermore, the draft Study identifies that consolidation of the existing LEPs (Ashfield, Marrickville and Leichhardt) into a comprehensive LEP for Inner West, may result in the loss of 'general industrial' as a permitted use in IN2 land within the former Leichhardt LGA. Accordingly, it recommends rezoning large land holdings in the core of the precinct to IN1 so as to maintain the availability of land for general industrial uses, with the IN2 land on the periphery of the precinct (including the subject site) providing an important buffer to the adjoining residential area. It is therefore anticipated that land within the vicinity of the subject site may accommodate industrial activities that generate greater amenity impacts and are more incompatible with residential uses.

In addition to recommending that the precinct be rezoned to IN1, the 2015-16 Industrial Precinct Planning work undertaken for Leichhardt Council by SGS and urban design consultants Architectus, recommended that the controls be amended to facilitate intensification of development. The urban design work identified the potential for the precinct to accommodate an FSR of 2:1 (up from the existing maximum permitted FSR of 1:1) with the creation of new street/laneway connections. Residential development at 1-3 White Street would restrict this intensification.

### **4. Erosion of industrial land supply and introduction of land use conflict**

The draft Study states that the issuing of SCCs for residential uses on industrial land is of concern. It notes that the ability to reduce industrial land supply through the use of a SCC is inconsistent with the direction of the Greater Sydney Commission to retain industrial lands and recommends that Council advocate for the amendment of the criteria for SCCs to exclude industrial land.

The 2016 SCC application for 5-7 White Street concluded that the proposed scheme would not establish an adverse precedent, assuming that no other sites in the precinct were owned by community housing providers and therefore in a position to utilise Division 5 of the ARHSEPP. Council's submission advised that this was ill-considered as clause 35 does not require land to be owned by a community housing provider but that development be carried out by or on behalf of a public authority or social housing provider or in collaboration with the Land and Housing Corporation. The submission highlighted that any owner of land in the precinct that satisfies the locational criteria of clause 34 could collaborate with a

community housing provider on a proposal for a residential flat building. The subject application is evidence of this.

Council's response to the SCC application for 5-7 White Street raised concern that if the Secretary were satisfied that the development was compatible with surrounding land uses, this could lead to the gradual encroachment of residential development and deterioration of the precinct's industrial function. Support of the current application would facilitate this anticipated encroachment and provide further justification for subsequent applications. This is of particular concern given that almost the entire Moore Street Industrial Precinct satisfies the locational criteria of Division 5 of the ARHSEPP.

## **5. Provision of affordable housing**

Inner West Council is actively working to facilitate the provision of affordable housing within the LGA. The 2017 Affordable Housing Policy seeks to secure affordable housing in association with new development proposals. The policy requires that 15% of GFA for developments with a GFA of 1,700m<sup>2</sup> or greater, or where a development is capable of resulting in 20 or more dwellings, be dedicated to affordable housing (by providing affordable units directly or an equivalent in cash contribution) and for 30% of GFA for development on government land. It is intended to review this policy as part of the development of a new Inner West Local Environmental Plan and in doing so introduce updated planning provisions that continue to pursue more affordable housing across the Inner West. This review will be informed by the recommendations of the recently exhibited draft Housing Strategy which identifies actions and mechanisms, both planning and non-planning, to deliver affordable housing.

The draft Housing Strategy identifies significant opportunities for value capture in the Inner West LGA, particularly in major urban redevelopment areas including The Bays Precinct, and precincts within the Parramatta Road Corridor Urban Transformation Area and the former Sydenham to Bankstown Urban Renewal Area. It also recommends maintaining and building partnerships with community housing providers to investigate opportunities for joint ventures for affordable housing on low-cost sites or other opportunity sites, including Council and state government owned land.

In January 2018, Council was identified as a local government area in need of affordable housing under SEPP 70. Inclusion in SEPP 70 is critically important as it provides the legislative mechanism that allows Council to impose conditions relating to provision of affordable housing on development consents. Council will prepare a draft affordable housing contributions scheme for approval by the Planning Minister and incorporate this into its new LEP.

While the proposed scheme would go some way to reducing the affordable housing deficit in the area, it will inhibit future industrial floorspace and employment growth in the precinct, as well as the recommended intensification of use (rezoning of parcels in the core to IN1), and place pressure on remaining floorspace both within the precinct and the local area. While the importance of delivering affordable housing is acknowledged, it should not be at the cost of industrial land and the ability of the area to adequately provide for industrial uses, particularly given that this important land use is already under persistent threat from other land uses across the subregion.

Residential development, including affordable housing, has a degree of flexibility in where it locates, while industrial uses are less flexible, requiring strategically-located land suitable for and allocated to such purposes and capable of accommodating growth and intensification. While the subject site may be a suitable location for residential development in terms of its proximity to transport and services, this should not outweigh the importance of the land's industrial function. Preserving the land for industrial purposes will facilitate the provision of additional industrial floorspace to accommodate uses identified as having increasing demand for the area's industrial land which will be crucial in addressing the forecast deficits.

While clause 38(1)(a) of the ARHSEPP requires that at least 50 per cent of accommodation approved under Division 5 be affordable housing for 10 years, the SCC issued for 5-7 White Street, Lilyfield required all residential accommodation established on the site to be affordable rental housing for a minimum of 30 years. The subject application only proposes to satisfy the minimum requirements of the ARHSEPP and as such will not contribute to addressing the LGA's affordable housing supply gap in the medium and long terms. This is unacceptable given that the trade-off for the short-term contribution of affordable housing is the permanent loss of valuable industrial land.

For the reasons outlined above, Council officers urge the Secretary not to support the SCC application for 1-3 White Street, Lilyfield.

Should you have any queries in relation to this matter, please contact Leah Chiswick, Executive Strategic Planner on 9367 9232 or [leah.chiswick@innerwest.nsw.gov.au](mailto:leah.chiswick@innerwest.nsw.gov.au).

Yours sincerely,



**Daniel East**  
Manager– Strategic Planning and Policy