



Economic Directions for Planning Proposal at 67-75 Lords Road, Leichhardt

Inner West Council

December 2022





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Executive Summary

A planning proposal was lodged for a site at 67-75 Lords Road, Leichhardt in August 2022. The planning proposal seeks to rezone the site consistent with the controls envisaged by the Parramatta Road Corridor Urban Transformation Strategy (PRCUTS). These including:

- Rezoning the site from IN2 Light Industrial to R3 Medium Density Residential
- Increasing the floor-space ratio control from 1:1 to 2.4:1
- Applying a height of buildings control of 30 metres (no height of building control currently applies)

The planning proposal also seeks to include site-specific provisions which require that at least 2,000 square metres be provided as non-residential uses, that various non-residential uses be listed as additional permitted uses (indoor recreation facilities, office and business premises, light and creative industries, restaurants, etc.), and that at least 5% of residential floor space be provided as affordable housing.

This report seeks to test the validity of the planning proposal by examining what is being proposed and its strategic merit from an economics perspective. This report does not peer review any of the economics material provided in support of the planning proposal (Economic Impact Statement, Market Research Advice or Market Demand Letter) as these are only supplementary to the planning proposal and do not address the broader strategic planning concerns associated with the proposal.

The planning proposal has revealed a policy dichotomy whereby most State-led policies support the rezoning of the site for residential uses, but Local-led policies support the site's retention of industrial land uses (many of which have been endorsed by the State). The State-led policies, particularly PRCUTS, are likely to take precedence in the assessment of the planning proposal.

While there is consistent demand for industrial floor space in the Inner West Local Government Area (LGA), with the commenced construction of a new industrial development at 231-233 Catherine Street, Leichhardt¹, serving as just one piece of evidence of this demand for industrial floor space, the proposed residential land uses are still valid on the site. In addition to being supported by a State-level strategic plan, the site is located in close proximity to public transport, public open space and commercial amenities. Nonetheless, the planning proposal in its current form should *not* be supported.

The planning proposal could provide an opportunity for residential and light industrial/ urban services uses to co-exist on the site. Instead, the planning proposal could provide a greater quantum of non-residential floor space that is configured in a manner that is supportive of light industrial or urban services uses.

This review makes the following recommendations to Inner West Council in the amendment and assessment of the planning proposal:

¹ <https://www.colliers.com.au/en-au/properties/construction-commenced-a-grade-commercial-industrial-space-for-pre-lease/aus-231-233-catherine-street-leichhardt-nsw-2040/aus66014870>

1. The provision of a larger quantum of non-residential land uses should be explored. The exact quantum should be negotiated with Council and consider urban design and traffic inputs. However, in any instance it should be noted that a previous planning proposal for the site sought to provide 3,000 square metres of non-residential floor space.
2. The planning proposal should not incorporate higher intensity economic activities such as business or office premises in order to both secure the provision of light industrial/urban services land uses and to not detract from other proximate centres in Leichhardt.
3. Provide, at a minimum, double floor-to-ceiling heights to facilitate light industrial uses (or floor-to-ceiling heights, that through design testing, can demonstrate their adaptability to a range of uses, including light industrial). This should apply to the quantum of non-residential floor space that is used for lower intensity economic activity.
4. If at-grade or off-street vehicular access cannot be provided to lower intensity economic activity tenancies, separate basement-to-tenancy access should be provided so that the delivery, dispatch and manoeuvring of goods can be completed with ease.
5. Require the proponent to provide a revised Economic Impact Assessment (EIA) that provides a robust and more transparent discussion of how employment numbers are derived, particularly for the non-residential, independent living units and work-from-home component of the development.

Further, the planning proposal also proposes that 5% of residential floor space be provided as affordable housing. SGS has completed high-level feasibility modelling which indicates that a higher quantum of affordable housing can be provided without compromising the project's feasibility. It is recommended that a larger quantum of affordable housing be provided or, the applicant be required to provide a feasibility assessment and confirm the affordable housing provision prior to the planning proposal being publicly exhibited.

1. Strategic Context

1.1 Department of Planning and Environment Plans and Strategies

The Parramatta Road Corridor Urban Transformation Strategy

The *Parramatta Road Corridor Urban Transformation Strategy 2016* (PRCUTS) forms a part of the NSW Government's 30-year plan for the renewal of the Parramatta Road Corridor. The Corridor spans 20 kilometres from Granville in the west to Camperdown in the east and identifies eight (8) precincts along the Corridor which are envisioned for renewal. This includes the Taverners Hill Precinct, where Lords Road is located within and is identified as an area for 'urban renewal opportunity'. This Strategy aims to implement seven (7) primary land use and transport principles to accommodate 27,000 new homes and 50,000 new jobs in a range of industries across the corridor by 2050. These principles for transformation of the corridor include:

1. **Housing choice and affordability:** Plan for a diversity of housing types to accommodate a wide range of community needs, including affordable housing, family housing, student housing and seniors' housing.
2. **Diverse and resilient economy:** Plan for and position the Corridor to attract new businesses and to support existing businesses to create a diversity of jobs and promote jobs closer to homes;
3. **Accessible and connected:** Reshape and better connect places and associated movement networks to better serve customers and encourage sustainable travel;
4. **Vibrant communities and places:** Promote quality places and built form outcomes to transform the Corridor over time;
5. **Green spaces and links:** Embellish existing open spaces and provide new active and passive open spaces to support the recreational needs of the community and to encourage healthy and active lifestyles
6. **Sustainability and resilience:** Create liveable local Precincts along the Corridor that are sustainable, resilient and which make Sydney a better place;
7. **Delivery:** Deliver, drive and facilitate action.

PRCUTS does not rezone land or modify development controls in the Corridor. Rather, it provides a framework for priority precinct, council-led, and or proponent-led rezoning applications. The Strategy is given statutory force by way of a Ministerial direction under s9.1 of the Environmental Planning and Assessment Act 1979, which requires all future planning proposals to be consistent with the strategy.

An 'Implementation Tool Kit' supports the PRCUTS which aims to assist local council's and stakeholders, and to provide guidance towards rezoning and the infrastructure required to support land use change. This toolkit comprises four (4) documents: The 'Implementation Plan 2016-2023'; the 'Planning and Design Guidelines'; the 'Urban Amenity Improvement Plan', and; the 'Infrastructure Schedule'. Of relevance, the PRCUTS 'Planning and Design Guidelines' provides specific land zoning, building height and FSR recommendations for the subject site (67-75 Lords Road, Leichhardt), including:

- R3 Medium Density Residential zone;

- 30m maximum building height - equivalent to eight storeys;
- 2.4:1 maximum FSR (p. 219).

However, the subject site was not included in the 'release area' under the Implementation Plan 2016-2023. Progression of a planning proposal for areas outside of the 'release area' needed to satisfy, amongst other things, the 'Out of Sequence Checklist'.

In 2021, the PRCUTS 'Implementation Update 2021' was released as a supplement to the 'Implementation Plan 2016-2023' (which forms part of the Tool Kit). This document provides additional actions arising from changes to the strategic context of the Corridor since PRCUTS was released in 2016. The Implementation Update 2021 has expanded the urban release area to include all land within the Corridor and has amended the matters to be considered in the 'Out of Sequence Checklist'. This means that the subject site is now designated as being part of the 'release area'.

Implications for the planning proposal at 67-75 Lords Road Leichhardt

The subject site now forms part of PRCUTS release area, meaning that the State-wide strategic planning framework provides in-principle support for a rezoning on the subject site that is consistent with the planning and design controls envisaged in the strategy, subject to satisfaction of the 'Out of Sequence' checklist.

Ministerial Directions

The Minister has issued a series of directions that require councils to ensure planning proposals give effect to particular principles, aims, objectives or policies and requires them to be consistent or substantially consistent with the terms of the direction (or provide justification why the proposal is not consistent).

There are over 40 Ministerial Directions that need to be considered in an assessment of a planning proposal. For the purposes of this planning proposal, two Ministerial Directions are of key importance.

Direction 1.5: Parramatta Road Corridor Urban Transformation Strategy

The objectives of this direction are to:

- facilitate development within the Parramatta Road Corridor that is consistent with the Parramatta Road Corridor Urban Transformation Strategy, the Parramatta Road Corridor Implementation Tool Kit, and the Parramatta Road Corridor Urban Transformation Implementation Update 2021,
- provide a diversity of jobs and housing to meet the needs of a broad cross-section of the community, and
- guide the incremental transformation of the Parramatta Road Corridor in line with the delivery of necessary infrastructure.

This Ministerial Direction stipulates that planning proposals within the PRCUTS must give effect to the objectives of the Ministerial Direction, be consistent with the strategic actions and planning & design guidelines of PRCUTS, and be consistent with the PRCUTS Implementation Update 2021. Further, any planning proposal also needs to provide satisfactory arrangements for infrastructure and be consistent with the relevant District Plan (in this instance the Eastern City District Plan).

However, the Ministerial Direction also provides recourse for inconsistencies should a study, prepared in support of the planning proposal, justify that better outcomes can be delivered than identified in PRCUTS having regard to the vision and objectives of PRCUTS itself.

Direction 7.1: Business and Industrial Zones

The objectives of this direction are to:

- encourage employment growth in suitable locations,
- protect employment land in business and industrial zones, and
- support the viability of identified centres.

This Ministerial Direction stipulates that planning proposals must give effect to the objectives of the Ministerial Direction, retain the areas and locations of existing business and industrial zones and not reduce the total potential floor space area for industrial uses in industrial zones.

Similar to Ministerial Direction 1.5, this Ministerial Direction also provides recourse for inconsistencies. In this instance, inconsistencies can be accepted if the planning proposal is justified by a strategy approved by the Planning Secretary or in accordance with the relevant Regional Strategy, Regional Plan or District Plan prepared by the Department of Planning and Environment. In this instance, PRCUTS and the associated Ministerial Direction (1.5) can be used to justify inconsistencies with Ministerial Direction 7.1.

Implications for the planning proposal at 67-75 Lords Road Leichhardt

Despite Ministerial Direction 7.5 seeking to preserve industrial and business zoned land, Ministerial Direction 1.5 takes precedence and seeks to implement the objectives of PRCUTS. This means that a planning proposal consistent with PRCUTS is supported by the Ministerial Directions.

1.2 Greater Cities Commission Plans & Strategies

Greater Sydney Region Plan

The *Greater Sydney Region Plan* (GSRP) is a metropolitan strategy that responds to the current and future planning challenges of the Greater Sydney region. The aim of the GSRP is to transform Greater Sydney into a metropolis of three cities: Western Parkland City, Central River City and the Eastern Harbour City over the next 40-year period. This vision will be progressed via a series of objectives centred on infrastructure and collaboration, liveability, productivity and sustainability. Inner West Council area is located in the Eastern Harbour City District. The focus for this District is innovation and global competitiveness to underpin its continued growth.

The GSRP includes *Objective 23: industrial and urban services land is planned, retained and managed* which recognises the value of industrial lands within a city where it is not necessarily the number of jobs provided, but the operational role and function industrial lands play that is of importance.

Industrial lands support and enable a city to develop and businesses to grow. Industrial lands can include a range of activities from major freight and logistics, heavy manufacturing, light industry, to urban services and creative uses.

The principles for managing industrial and urban services land across Greater Sydney, as identified in the GSRP, includes:

- Retain and manage – all existing industrial and urban services land should be safeguarded from competing pressures, particularly residential and mixed-use zones
- Review and manage – review all industrial and urban services land under this approach to either confirm its retention or manage uses to allow sites to transition to higher-order employment activities and seek appropriate controls to maximise business and employment outcomes.
- Plan and manage – in land release areas identify additional industrial and urban service land.

The GSRP notes that land subject to the *Parramatta Road Corridor Urban Transformation Strategy* is not subject to the industrial lands strategies and actions of the GSRP.

Implications for the planning proposal at 67-75 Lords Road Leichhardt

Despite the Greater Sydney Region Plan actioning the Inner West LGA to retain and manage its industrial lands, the Plan allows PRCUTS to take precedence over the strategies and actions of the Plan.

Eastern City District Plan

The Eastern City District Plan (ECDP) is a 20-year strategy, that aims to manage growth in the District. The ESDP informs local level strategic planning, assessment of planning proposals and gives effect to the GSRP.

The ECDP include the following planning priorities:

Planning Priority E9 – growing international trade gateways

To grow our international trade gateways, it is identified that industrial precincts and essential transport corridors must be protected and supported for growth.

Planning Priority E12 – retain and managing industrial and urban services land

Directly supporting objective 23 from the GSRP, this planning priority acknowledges the contribution these lands provide to businesses and trade in the District and Greater Sydney. For small, inner-city industrial precincts, it is stated the value of these sites should not be underestimated due to the relatively affordable rent of the site and the significant proportion of urban service that is provided to the local community.

It is expected future employment growth in urban services will require more floor space or additional land. As urban services are less likely to locate in multi-storey buildings or increase their floor space efficiency, this could become a future pressure point.

A benchmark of three-square metres of urban services land per person has been identified in the ECDP. While the Inner West LGA meets this benchmark, it is noted that the District per person amount is below the benchmark and future employment growth in the Inner West will place demand on urban service zoned land. The per capita amount is expected to decrease between 2016 and 2036 for the Eastern City District.

The principle of 'retain and manage' is specifically identified for this District, where all existing industrial land and urban services should be safeguarded from competing pressures, especially residential and mixed-use zones.

The ECDP encapsulates this principle in two actions that state:

- Action 51: retain and manage industrial and urban services land, in line with the Principles for managing industrial and urban services land in the Eastern City District by safeguarding all industrial zoned land from conversion to residential development, including conversion to mixed use zones. In updating local environmental plans, councils are to conduct a strategic review of industrial land.
- Action 52: facilitate the contemporary adaptation of industrial and warehouse buildings through increased floor to ceiling heights.

It is noted in the ECDP that the land subject to the Parramatta Road Corridor Urban Transformation Strategy is not subject to the industrial land strategies and directives of the ECDP. The need for collaboration in planning has been recognised under the ECDP. Planning Priority E2 Working Through Collaboration identifies the Parramatta Road Corridor Urban Transformation Strategy as a project that involved a collaborative process between various agencies.

Implications for the planning proposal at 67-75 Lords Road Leichhardt

While the Eastern City District Plan seeks to retain and manage its industrial lands, the Plan exempts lands subject to the PRCUTS from this action. The Plan considers this a collaborative approach to planning and by extension support the implementation of PRCUTS.

Greater Cities Commission – Industrial Lands 'Retain and Manage' Policy Review (2022)

Under the Greater Sydney Region Plan – A Metropolis of Three Cities, the Greater Cities Commission (GCC), previously Greater Sydney Commission, supported a Retain and Manage Policy for industrial lands in Greater Sydney. At the time, only eight per cent of land across Greater Sydney was zoned for industrial related uses² and pressure to convert to residential land uses was growing ever more present. It was noted that industrial and urban services land house a variety of businesses that not only contribute jobs to local economies but also allow for a range of operations to occur that contribute to the functioning of the city every day.

From June 2021 to June 2022, the GCC led a multi-agency review of the Retain and Manage Policy in response to the NSW Productivity Commission's 2021 White Paper and recommendation 7.5³. Key outcomes from the review included:

The Retain and Manage Policy is needed for the protection of industrial lands in Greater Sydney. The existing Policy will continue to apply.

Eight Draft Guiding Principles for industrial lands have been outlined and will be further developed with the next iteration of the Region Plan⁴. The Guiding Principles include:

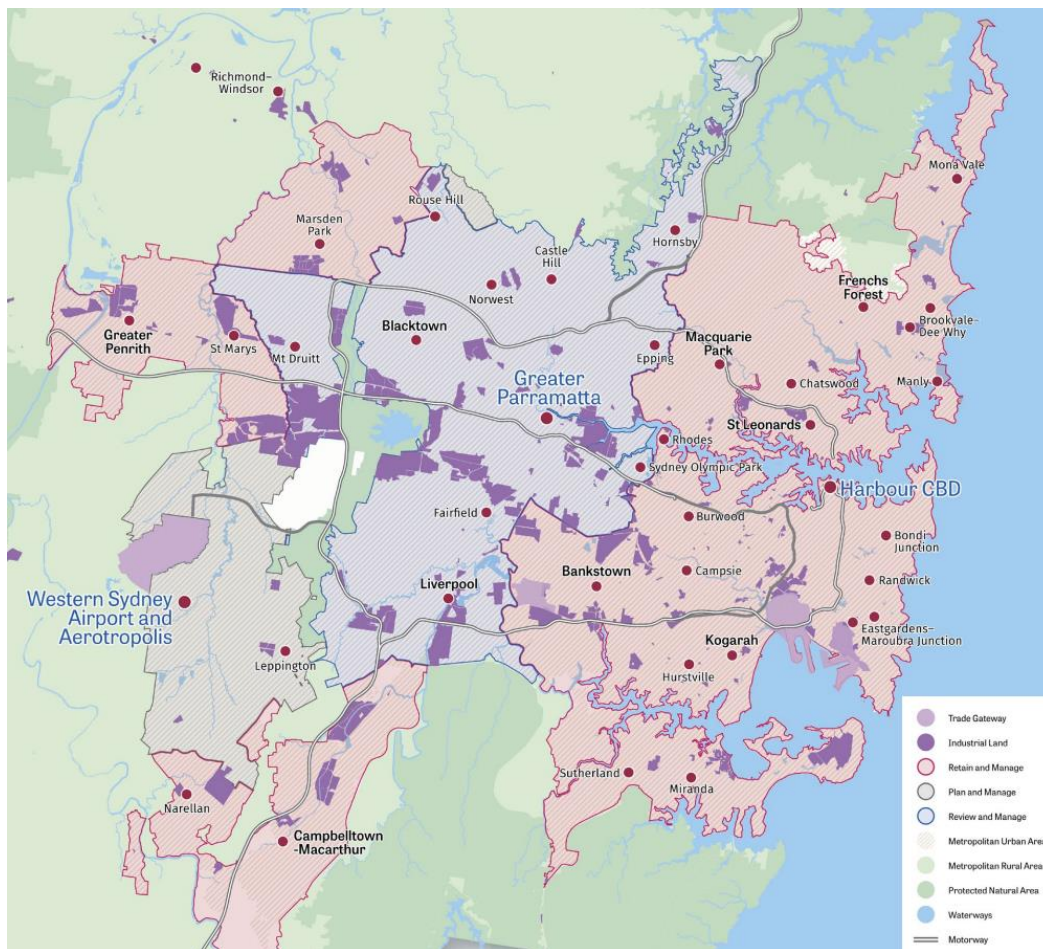
² Greater Sydney Commission, 2018, A Metropolis that Works, p. 5

³ Recommendation 7.4 and 7.5 Progress reforms to rationalise employment zones and evaluate alternative ways to manage industrial land and urban services.

⁴ Greater Cities Commission, 2022, Industrial Lands 'Retain and Manage' Policy Review, p. 5

1. Ensure there is sufficient industrial land and floor area to meet needs now and into the future
2. Support ‘sustainability aspirations’ that minimise delivery and logistics timeframes
3. Ensure access to intermediate goods and services is efficient and resilient
4. Boost economic activity to support current and emerging industries
5. Encourage innovation
6. Provide business certainty to foster business investment and productivity
7. Service population needs
8. Consider a transition to alternative land uses only if the other seven Principles are not compromised.

FIGURE 1: APPROACHES TO PLANNING FOR INDUSTRIAL AND URBAN SERVICES LAND IN URBAN AREAS- THE INNER WEST REMAINS UNDER THE ‘RETAIN AND MANAGE’ POLICY



Source: GCC Industrial Lands ‘Retain and Manage’ Policy Review 2022 – Review Findings Paper, p. 5

Implications for the planning proposal at 67-75 Lords Road Leichhardt

The Greater Cities Commission has reaffirmed their commitment to retaining and managing industrial land in inner city areas. However, the policy review does not override the Eastern City District Plan's exemption for lands subject to PRCUTS.

1.3 Inner West Council Plans and Strategies

Inner West Local Environmental Plan 2022

The subject site is zoned IN2 Light Industrial under the *Inner West Local Environmental Plan 2022*. This zone has the following objectives:

- To provide a wide range of light industrial, warehouse and related land uses.
- To encourage employment opportunities and to support the viability of centres.
- To minimise any adverse effect of industry on other land uses.
- To enable other land uses that provide facilities or services to meet the day to day needs of workers in the area.
- To support and protect industrial land for industrial uses.
- To encourage industrial uses to meet the needs of the community.
- To maintain and encourage waterfront industrial and maritime activities.

It is noted that while the harmonised Inner West LEP 2022 slightly amended the objectives of the IN2 Light Industrial zone from the previous Leichhardt LEP 2013, no fundamental or consequential changes were made.

Implications for the planning proposal at 67-75 Lords Road Leichhardt

The Inner West Local Environmental Plan 2022 sets the current land use vision for the subject site.

Inner West Local Strategic Planning Statement

Our Place Inner West – Local Strategic Planning Statement (LSPS) provides the land use planning framework for the Inner West to 2036. The LSPS states a vision to be a place of creative, connected, sustainable and productive neighbourhoods, and is guided by the following planning priorities:

- An Ecologically Sustainable Inner West
- Unique, liveable, networked neighbourhoods
- Sustainable Transport
- Creative Communities and a Strong Economy
- Caring, happy, healthy communities
- Progressive Local Leadership.

A key principle of this vision is productivity, and relates to the efficient use of resources and delivery of goods and services. Inner West will ensure productivity continues to grow by retaining industrial lands;

by protecting employment lands and target industries from incompatible uses, and improving connectivity to employment and within supply chains.

The LSPS indicates that by 2036, the Inner West will need an additional 300,000sqm of gross floor area to accommodate industry and business in the employment lands, and an additional 30,000sqm of office and retail area. It was emphasised that industrial and urban service land will be important in providing goods and services to meet the local communities' needs, as well as having a significant role through relationships and supply lines with local and regional businesses.

In line with the District Plan, it was noted that the Inner West aims to retain and manage a diversity of employment space, in particular currently zoned industrial land, to protect it from inappropriate uses such as residential. Further to this, investigation in the Local Housing Strategy confirms that dwelling projections can be met even if the lands currently zoned for industrial and urban services are protected from conversion to residential or mixed-uses.

This is highlighted in Planning Priority 9, which aims to retain, protect, and increase industrial lands by:

- Preparing LEP provisions to preserve industrial and urban services land and provide additional opportunities to provide urban services
- Preparing DCP controls for retail and industrial lands to encourage high quality internal and external design with innovative architecture, lettable space that addresses streets and public spaces and varied/flexible floorplates
- Examining how to consider creative and cultural spaces to be a public benefit that can be measured and delivered through DCP controls, development contributions and voluntary planning agreements for business, contemporary industrial and mixes use schemes

Implications for the planning proposal at 67-75 Lords Road Leichhardt

The Local Strategic Planning Statement underscores the high level of demand for industrial floor space in the Inner West LGA and its importance in goods and services to meet the local communities' needs. To that effect, the Statement is not supportive in converting industrial floor space to residential land uses.

Inner West Local Housing Strategy

The Inner West Housing Strategy is a high-level strategy providing direction for the provision of housing for communities within the LGA.

The plan indicates that Council will develop density bonuses for the provision of affordable housing on employment or industrial land, but only where the employment function of the land is not diminished. This is to be included in an updated Affordable Housing Policy under the Inner West LEP, and aims to increase in the delivery of affordable housing in the LGA. The Strategy further identifies the potential for the conversion of industrial land to support affordable housing, which is inconsistent with the District Plan.

In line with the LSPS, the Strategy identifies the following key action which aims to retain and protect industrial land:

- Action 4G- Review the overall aims of the LEP and include housing directions in the zone objectives for residential and business zones. Also review industrial zones objectives to highlight their protection – jobs and urban services close to homes

Implications for the planning proposal at 67-75 Lords Road Leichhardt

The Local Housing Strategy notes that the Inner West can meet its short-term housing target without converting industrial land, including industrial land subject to PRCUTS, to residential zoned land. Further, the Strategy also highlights the need to investigate for potential anomalies in the calculation of yields in PRCUTS to inform the development of medium (10 year) and long-term (20 year) housing targets. To that effect, the Strategy is not supportive of the planning proposal.

Inner West Employment and Retail lands Strategy

The Inner West Employment and Retail Lands Strategy provides a strategic approach for the management of land. The document sets out the following principles to guide the planning of employment and retail lands:

1. Centres are distinctive and productive
2. Industrial and urban services lands are protected and managed
3. Spaces for business are suitable and available
4. The planning framework is clear.

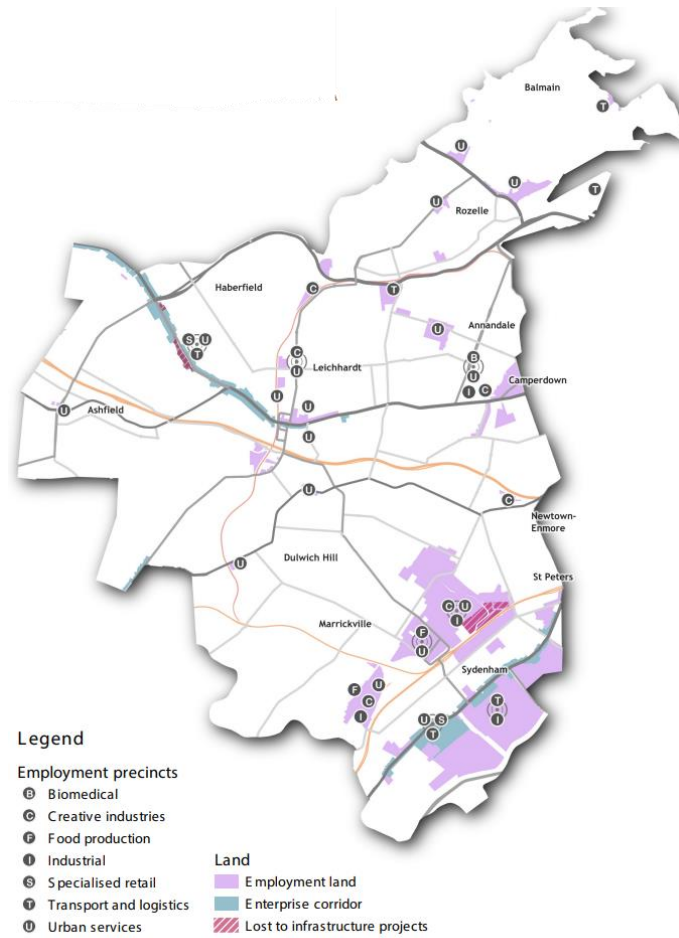
The strategy highlights that the intent and role of the IN2 Light Industrial zone is to provide light industrial, warehouse and related land uses, while encouraging employment opportunities, supporting the viability of centres, minimising any adverse effect of industry on other land uses, providing facilities or services to meet the day to day needs of workers, and supporting and protecting industrial land for industrial uses. It was also emphasised that the net change in additional floorspace demand to 2036 for industrial-manufacturing land is 67,938 sqm, and 964 sqm for industrial-wholesale land.

Key guiding principles related to industrial land include:

1. **Industrial and urban services lands are protected and managed** - Employment lands will be retained and managed so that businesses have confidence to locate and expand there. A diversity of industrial parcel sizes and versatile spaces ensures that growth of industry clusters can be supported.
2. **Spaces for business are suitable and available** - Loss of industrial and urban services land in the wider Inner Sydney region means the protection of urban services corridors is more important than ever. Prioritising employment outcomes in out-of-centre mixed-use development can deliver a pipeline of well-located and suitably configured employment floor space. Successful implementation can be achieved through considered stakeholder involvement.

Figure 2 identifies the function of the Lords Road site as an employment lands precinct, which provides a space for urban services and creative industries.

FIGURE 2: EMPLOYMENT PRECINCTS ROLE AND FUNCTION



Source: HillIPDA

Implications for the planning proposal at 67-75 Lords Road Leichhardt

The Employment and Retail Lands Strategy supports the retention of industrial land uses and highlights that over 68,000 square metres of industrial floor space will be demanded in the LGA to 2036 – heightening the need to protect the existing stock of industrial land. To that effect, the Strategy would not support a planning proposal that seeks to rezone industrial land to residential uses.

Leichhardt Industrial Land Study

In 2014, SGS Economics and Planning were commissioned by then Leichhardt Council to conduct an industrial lands study for the Leichhardt Local Government Area (LGA). The study included all land zoned IN2 Light Industrial under the *Leichhardt Local Environmental Plan 2013*.

The aim of the study was to provide Council with baseline information against which to assess future planning proposals to rezone industrial land, in relation to the State and Local planning policy contexts, and changing economic conditions, infrastructure, and demographics.

At the time, Leichhardt had eleven identified industrial precincts throughout the LGA. These varied in size and use, however the predominant characteristic was that they serviced local industrial needs.

Due to Leichhardt's close proximity to Sydney CBD and improving transport links and identified development possibilities in the Bays Precinct and Parramatta Road Corridor, the LGA's remaining industrial land was identified as being under pressure to develop for non-industrial uses, in particular residential.

State Government strategic planning objectives at the time sought to retain significant strategic industrial lands and use policy to effectively prevent the loss of industrial land where it cannot be clearly justified.

It was forecast that the LGA would not have sufficient land within existing precincts to accommodate future demand of industrial space. Leichhardt was projected to have a shortfall of between 7,570 sqm and 54,965 sqm by 2036.

The study concluded that all of the LGA's industrial lands be retained and protected from re-zoning and that additional industrial floorspace be provided, and that Council's planning controls be revised to facilitate the protection and growth of industrial precincts.

Recommendations from the study included:

- Protect Leichhardt's industrially-zoned precincts for their important employment and service functions
- Develop a profile and plan for each industrial precinct
- Develop clear vision for the future of the Camperdown precinct and maintain industrial zoning
- Ensure adequate provision of industrial land for population-serving industries
- Ensure the vision for Leichhardt's industrial lands considers possible impacts of the Bays Precinct redevelopment
- Work with neighbouring councils to ensure a sub-regional approach to industrial land provision.

Implications for the planning proposal at 67-75 Lords Road Leichhardt

The Industrial Lands Study recommends that industrial lands be retained and protected from re-zoning and that additional industrial floorspace be provided given strong demand. This component of the Study maintains its relevance given similar findings in subsequent analyses of industrial land in the To that effect, the Study would not be supportive of rezoning the subject site from industrial to residential land uses.

Leichhardt Industrial Precinct Planning Study

In 2016, SGS Economics and Planning were engaged by Leichhardt Council to undertake an investigation into Leichhardt's industrial precincts, providing recommendations for the future planning and management of the local government area's industrial-zoned (IN2) land. The report built on the Industrial Lands Study from 2014.

The report included five key components that shaped the recommendations:

- Overview of the economic context and influences on industrial lands in the LGA and inner-Sydney
- Detailed profile of each precinct
- High-level feasibility analysis of built form options
- Multi-criteria assessment of development options within three key precincts
- Assessment of risk that considered the implications of multiple land use scenarios within each of the key precincts.

Specifically assessing Leichhardt's industrial precincts, the following key issues were identified:

- There is a shortage of industrial land at a subregional level
- There is a shortage of local services within Leichhardt
- There is a need to provide sufficient floorspace and appropriate built form configurations to support emerging uses
- Industrial precincts are under threat from other uses.

The study found that there was a need to provide additional industrial floorspace in the LGA. It also suggested that the risks, if new zones and land uses are introduced to Leichhardt's existing industrial precincts, must be considered.

Recommendations from the study suggested two options for the LGA. The first being a business-as-usual approach with retention of IN2 categories in the majority of the industrial precincts. The second recommended option assumed that with continued pressure to redevelop industrial precincts, driven by development aspirations such as those contained in the Parramatta Road Corridor Strategy, Council should take the lead in considering alternative land use arrangements or consider options that may deliver additional floorspace. Strategy Five included being proactive in aligning Tebbutt Street/Parramatta Road precinct with the future of the PRCUTS; and Strategy Six was to retain and protect all other industrial precincts. Both options supported the maintenance of the IN2 zoning of the Lords Road site.

Implications for the planning proposal at 67-75 Lords Road Leichhardt

The Industrial Precinct Planning Study underscores the importance of industrial floor space in Leichhardt and the important social and economic advantages of locating such land uses throughout the LGA. The Study seeks to primarily protect industrial land uses from rezoning but acknowledges that development pressures may warrant alternative approaches to the way industrial land is managed. The study would not support the planning proposal in its current form, but does allow Council to explore alternative solutions that may provide similar functions to industrial floor space.

2. Current and Proposed Uses

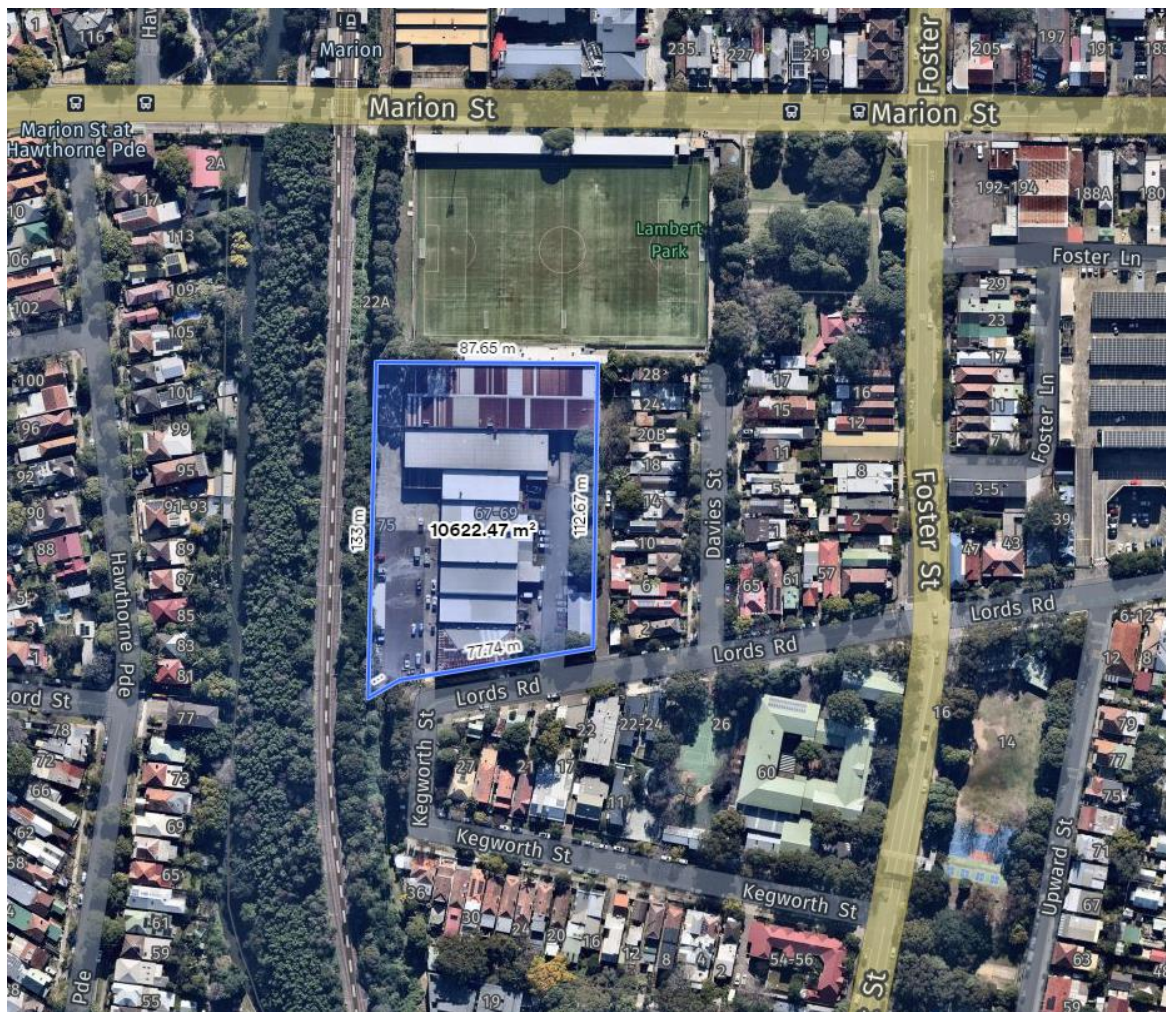
2.1 The site

Site Context

The subject site is located at 67-75 Lords Road, Leichhardt. This site is approximately 10,620 square metres in area and fronts Lords Road to the south, Davies Lane (unofficial name) to the east, the Inner West Light Rail corridor to the west and Lambert Park to the north. The site contains light industrial uses but is largely surrounded by residential land uses and is in close proximity to recreational, educational and commercial/retail land uses.

The site and its surrounds are shown in Figure 2: Site Context below.

FIGURE 2: SITE CONTEXT



Source: Nearthmap (2022)

Similar light industrial uses are not located immediately adjacent to the site (the site is a standalone industrial precinct). However, there is IN2 Light Industrial zoned land across Leichhardt, including along Parramatta Road and parcels of land on Moore Street and Marion Street.

More generally, IN2 Light Industrial zoned land in the Inner West LGA is generally contained within Marrickville and Sydenham, and to a lesser degree in Leichhardt, Camperdown, and Rozelle.

Lords Road itself is bisected by Tebbutt/Foster Street, with areas to the east of this intersection providing ingress and egress into Leichhardt Marketplace (as well as residential properties on the south) and a connection to another collector street (Flood Street). Areas to the west of the Tebbutt/Foster intersection are generally quieter with only the subject site providing non-residential uses and no access to other collector streets other than Tebbutt Street.

Current Uses

The site currently contains 9,979 square metres of light industrial floor space (warehouse-style buildings), car parking and vehicle circulation areas. There are 19 separate tenancies on the site, of which eight are currently vacant. It is noted that there are no current public-facing listings for the vacant tenancies, indicating that the leasing of vacant tenancies is not openly being pursued.

The size of the tenancies varies from 150 square metres to over 1,000 square metres. However, it is noted that while some tenancies are smaller, a high degree of interaction occurs between the tenancy and the adjacent vehicle circulation and parking areas, meaning that these areas are effectively productive extensions of the tenancy itself.

Of the occupied tenancies, the following industries are located on the site:

- Recycled materials manufacturing
- Wood product manufacturing
- Furniture manufacturing
- Construction material storage
- Engineering parts storage
- General storage
- Head office – fashion and garments industry
- Martial arts gymnasium

The following table below lists the closest suburb to the subject site where these uses are also provided.

Use	Suburb
Recycled materials manufacturing	Marrickville
Wood product manufacturing	Leichhardt
Furniture manufacturing	Leichhardt
Construction material storage	Leichhardt
Engineering parts storage	Marrickville

General Storage	Leichhardt
Head Office – fashion/garments industry	Leichhardt
Martial arts gymnasium	Leichhardt

This table demonstrates that there is pre-existing demand within Leichhardt for these light industrial uses. It also indicates that the vacancy of eight tenancies may not simply be attributed to a lack of demand. This peer review has not ascertained why there are high vacancies, but it is important to understand the following to determine whether vacancy is driven by lack of demand or other factors. This includes:

- Price point compared to similar products in the local area
- Quality of fit out and general maintenance of units (or more specifically, whether the building and facilities provided on an industrial site are what the market is demanding)
- Whether they have been actively marketed for tenanting or withheld from the market

2.2 Proposed Uses

Current Planning Proposal

The planning proposal lodged on 31 August 2022 seeks to amend the Inner West Local Environmental Plan 2022 by:

- Rezoning the site from IN1 Light Industrial to R3 Medium Density Residential
- Increasing the floor-space ratio control from 1:1 to 2.4:1
- Applying a height of buildings control of 30 metres (no height of building control currently applies)
- Inserting a site-specific control which requires the provision of at least 2,000 square metres of non-residential uses
- Including the following land uses as additional permitted uses:
 - Recreation facility (indoor)
 - Office premises
 - Business premises
 - Light industry
 - Creative industry
 - Industrial retail outlet
 - Restaurant or café.
- Inserting a site-specific control which requires that at least 5% of residential floor space be provided as affordable housing

This planning proposal would facilitate the site's redevelopment from a light industrial estate to a mixed-use development comprising of ground floor non-residential uses and up to 7 storeys of residential land uses above (facilitating approximately 220 residential apartments).

Previous Planning Proposals

2014 Planning Proposal

In 2014 a planning proposal was lodged for the site (but not including 75 Lords Road) seeking the following amendments to the Leichhardt Local Environmental Plan:

- Rezoning the site from IN2 Light Industrial to R3 Medium Density Residential
- Increasing the floor-space ratio control from 1:1 to 2.4:1

At its meeting on 26 August 2014, Council resolved not to support the planning proposal due to a range of issues including:

- The loss of industrial land would dilute Council's ability to provide sufficient industrial land to accommodate demand and would result in a net loss of jobs
- The planning proposal is inconsistent with Ministerial Direction 1.1 Business and Industrial Zones
- The supporting reports (including the social impact assessment and economic justification report) inadequately justify the rezoning
- A lack of strategic alignment with both state and local planning strategies
- An overdevelopment of the site with the bulk and scale of the development to adversely impact on adjoining sites

2018 Planning Proposal

In 2018 a planning proposal was lodged for the site seeking the following amendments to the Leichhardt Local Environmental Plan:

- Rezoning the site from IN2 Light Industrial to R3 Medium Density Residential
- Increasing the floor-space ratio control from 1:1 to 2.4:1
- Applying a height of buildings control of RL 35 metres (no height of building control currently applies)
- Inserting a site-specific control which requires the provision of at least 3,000 square metres of non-residential land uses
- Including the following land uses as additional permitted uses:
 - Recreation facility (indoor)
 - Office premises
 - Business premises
 - Light industry
 - Industrial retail outlet
 - Restaurant or café.
- Allowing the floor-space ratio control to exceed 2.4:1, but only if any additional floor space is to be used as a community multi-use facility

Following the Local Planning Panel's recommendation, the planning proposal was rejected by Council on 13 February 2019. The reasons for the rejection include, but are not limited to:

- The proposal failing to pass the 'strategic merit test'

- The proposal failing to meet all of the six (6) criteria when assessed against the Parramatta Road Implementation Plan 2016 - 2023 'Out of Sequence Checklist'
- The PRCUTS short-term dwelling target for Taverner's Hill can be surpassed without the proposal proceeding
- In the context of persistent demand and a low and decreasing supply of industrial land the proposal would dilute Council's ability to provide sufficient industrial land to accommodate demand, resulting in:
 - Inconsistencies with the Leichhardt Industrial Lands Study 2014, Leichhardt Employment and Economic Development Plan and the Leichhardt Industrial Precincts Planning Report
 - a net loss of jobs in the local government area
 - the loss of an economically viable employment precinct containing local services, light industrial and other non-industrial activities which contribute to the diversity of the economy, community activities and employment opportunities

2.3 Appraisal of Proposed Uses

In appraising the proposed uses, relative to the current uses on the site, a three-part test has been used to inform decision-making:

1. Is the current use no longer needed? (including from a supply/ demand perspective, vacancy perspective and policy perspective)
2. Is the proposed use valid? (is there strategic rationale or policy that supports the proposed use)
3. Can the current and proposed land uses co-exist? (is there scope for the current land uses to be incorporated into the proposed development in some way if they aren't already?)

Is the current use no longer needed?

No

Several studies, including the Inner West Local Strategic Planning Statement, Inner West Employment and Retail Lands Strategy, Leichhardt Industrial Lands Study and the Leichhardt Precinct Planning Study all underscore the importance and high demand for industrial floor space in the LGA. Vacancies for industrial land in the Inner West are low and it is noted that vacancies on the site are unlikely to be due to low demand – rather it is possible that vacant tenancies are being withheld from the market. To that effect, industrial land in the Inner West still serves an important purpose that is both needed and thriving.

Is the proposed use valid?

Yes

The subject site is in close proximity to public transport (light rail and bus), public open space (Greenway and Lambert Park) and amenities (Leichhardt Marketplace). Further the site is surrounded by residential and recreational uses. The proposed residential land uses are also supported by PRCUTS. To that effect, the proposed land uses are valid and could be supported.

Can the current and proposed uses co-exist?

Yes – with amendments

The current planning proposal does not adequately explore whether residential and industrial land uses can be co-located on the site. While the site could operate as a mixed-use development, this would not alleviate the loss of industrial floor space on site. Further, the quantum of non-residential floor space proposed does not lend itself to diverse and flexible land uses, particularly given the design arrangement shown in the reference scheme. While a fairly novel concept, residential and industrial land uses could co-locate on a site given appropriate planning controls and design parameters. This will be explored further in subsequent sections of this report.

Proposed public benefits

It is noted that the planning proposal, as submitted by the proponent, lists the following public benefits to be provided by the proposed development:

- Minimum 5% of residential floor space to be delivered as affordable housing in perpetuity
- Minimum 2,000sqm of non-residential floor space
- At least 60 dwellings to be delivered as independent living units for seniors housing
- 1,000sqm of publicly accessible open space fronting Lords Road
- A publicly accessible east-west through site link
- A secondary Greenway pathway with potential to connect to Marion Street Light Rail to the north
- Provision of a footpath on the western side of Davies Lane.

With the exception of the affordable housing provision, the other deliverables do not appear to be ‘public benefits’. The provision of non-residential floor space or other types of housing are not explicit benefits to the public as these uses still income-generating uses for the proponents.

Similarly, the provision of publicly accessible areas, while beneficial to site permeability and/or the provision of public open space more generally, do not impact on the development potential of the site and can be imposed as a condition of consent. Further, the appropriateness of ‘public open space’ that has only one street frontage and is surrounded by residential land uses is questionable given potential land use conflicts and a lack of street address. Nonetheless, the embellishment of these public open spaces may be considered a public benefit, if it can be concluded that the provision of these is not primarily to service the proposed development and goes some way to address the public open space requirements of PRCUTS.

While the proposed ‘public benefits’ may be beneficial, they should not be seen as true public benefits that compensate for the intensification of land uses on the site and should not be relied on in support of the planning proposal.

Employment Generation

It is noted that the planning proposal has been submitted with an associated Economic Impact Assessment (EIA) that estimates employment on the site as a result of the proposed development. The EIA claims that a total of 105 jobs will be located on site comprising of:

- 65 light industry/urban services jobs
- 2 jobs in the café or restaurant
- 50 commercial jobs
- 2 jobs in the indoor recreational facility
- 24 jobs in the seniors housing component
- 12 jobs attributed to work-from-home

This report does not seek to peer review the EIA. However, it is noted that the methodology and data used in ascertaining the employment estimates have not been stated. Particular concern is raised with the jobs attributed to the seniors housing component, as this is purported to be delivered as independent living units which do not employ people on-site, and the work-from-home employment, as it is difficult to ascertain whether work-from-home employment is attributed to the administrative place of employment, as opposed to where some of the work may be completed.

The proponent should provide a revised Economic Impact Assessment (EIA) that provides a robust and more transparent discussion of how employment numbers are derived, particularly for the non-residential, independent living units and work-from-home component of the development.

3. Affordable Housing Considerations

3.1 Context

The planning proposal seeks to introduce an LEP provision which would require that ‘a minimum of 5% of residential floor space would be provide as affordable housing in perpetuity through a Community Housing Provider’ (sic).

The planning proposal alludes to planning agreement offer as a means to secure public benefits. However, it is noted that no planning agreement offer has been made and it is unclear whether the affordable housing contribution would be included as part of any offer. It is noted that the Inner West Affordable Housing Policy requires that affordable housing be secured via a planning agreement or an affordable housing scheme in the LEP. SGS supports either of these mechanisms as a means to secure the delivery of affordable housing on the site.

3.2 Council Policy

Inner West Council’s Affordable Housing Policy dated May 2022 identifies an ongoing need for further affordable housing within the LGA. The Policy finds that ‘the market is not providing new affordable housing for the vast majority of very low, low, and moderate income households who need it in the Inner West LGA’.

Council accordingly enters into planning agreements to acquire housing for the purpose of providing it to key workers in the area. This policy enables affordable housing to be provided in perpetuity, forming an important part of community infrastructure in the area, in line with local and regional strategic plans and legislation. Part 2.4 of the Policy provides that ‘Council will seek to achieve a target of 15% of all new residential floor space to be provided as affordable housing’, however notes that this may be constrained by development feasibility.

Two other relevant policies include provision for certain proportions of affordable housing:

- The Parramatta Road Corridor Implementation Plan (2016-2023)⁵, which states that **a minimum of 5% of new housing is to be provided as Affordable Housing**, or in line with Government policy of the day.
- The Greater Cities Commission’s discussion paper on the Six Cities Region, in preparation for the new Region Plan due to be delivered in 2023, states that “The Commission will work with local councils, state and federal agencies and industry to improve delivery of affordable housing, including new financing mechanisms, with a **10% affordable housing target for new rezonings** where there will be a housing uplift⁶”.

⁵ <https://www.landcom.com.au/assets/Publications/Parramatta/20c9891a16/parramatta-road-implementation-plan-2016-2023.pdf>

⁶ https://gsc-public-1.s3.ap-southeast-2.amazonaws.com/s3fs-public/Six-Cities-Region-DP-07092022.pdf?VersionId=ZkT8ajUiark_cYLSRfnJAeQBODVfsaj

Council’s Planning Agreements Policy provides that a planning agreement may be entered into for the purposes of providing, amongst other things, affordable housing. It considers that 50% of uplift in the RLV of a site affected by a planning proposal can be considered as the VPA contribution.

However, for the purposes of this study, the feasibility analysis has sought to understand how much affordable housing could be provided onsite whilst maintaining feasibility overall. It is key to note that, because the affordable housing contribution is a ‘cost’ of development, the higher that contribution, the higher the developer’s costs for margin and risk are. This is because that margin is calculated on a proportion of all costs of development, including itself, any development contributions, and the residual land value anticipated to be paid for the site under the development scenario. While this may seem circular, it represents the increases in cost required for a developer in light of the increases in complexity that higher-value development entails.

3.3 Methodology

The analysis sought to understand the quantum of affordable housing which the proposed development could deliver whilst remaining feasible. The method used is referred to as the residual land value method and seeks to understand the amount that a rational developer would pay for the site.

It is calculated by deducting all development costs (the developers margin for profit and risk, construction and site preparation costs, professional fees, marketing and finance costs, statutory fees and charges, inclusionary requirements and costs associated with any impact mitigation measures) from anticipated revenues.

Key feasibility assumptions are outlined within Table 1 below.

TABLE 1: KEY FEASIBILITY ASSUMPTIONS

Assumption	Reasoning and evidence
<i>Residential realisable value</i>	\$16,000 per square metre of saleable area Taken from the nearby Ara development advertised at the time of writing, as well as the proponent’s Market Demand Letter dated 5 August 2022
<i>Non-residential realisable value</i>	Commercial realisable values were taken at \$9,500 per square metre of saleable area. This was taken from the proponent’s Market Demand Letter dated 5 August 2022. Industrial properties in the locality are currently indicating rentals of between \$250 and \$320 per square metre per annum, gross.
<i>Construction costs</i>	Rawlinsons Australian Construction Handbook 2022 and September Quarterly Update

<i>Affordable housing contributions</i>	Calculated as a percentage of residential gross realisable value, with adjustments made for GST
<i>Margin and risk</i>	20% of total development cost (including RLV)

Source: SGS (2022)

3.4 Recommendation

The high-level feasibility testing undertaken by SGS indicates that there is potential capacity for more affordable housing than is currently proposed on the site without impacting on the development feasibility on the site. As a next step, the applicant should provide Council with detailed feasibility modelling that demonstrates the development considerations, cost and revenue assumptions and testing of different levels of affordable housing, to support the proponent’s application. This should test higher levels of affordable housing than is currently being proposed, noting the objectives of Council’s Affordable Housing Policy and Planning Agreement Policy.

It is noted that this high-level feasibility analysis was undertaken independent of the proposal and based on assumptions made without knowledge of specific development or holding costs. However, it serves to test whether what is proposed is broadly appropriate, or whether there is scope for Council to require the proponent to provide more detail regarding their feasibility assumptions and/or revisit the proposal to provide higher levels of affordable housing.

Council should continue negotiating for a greater quantum of affordable housing, with a provision of 5-10% facilitating the feasible development of the site whilst still providing more affordable housing than what is proposed in the planning proposal. This is in line with all past and current strategic plans.

Council should request that the applicant provide detailed development feasibility outputs to justify the proposed provision of affordable housing.

It is also noted that additional affordable housing could potentially be provided without impacting on the site’s development feasibility, even if the quantum of non-residential floor space is increased from 2,000 square metres to 3,000 square metres.

4. Options Review

4.1 Statutory direction

Principle: The planning proposal should not be supported in its current form.

Competing land use visions

As documented in Chapter 1 of this report, both state-led and local-led strategic planning directive can support both the sites retention as light industrial estate and a rezoning which introduces residential land uses on the site.

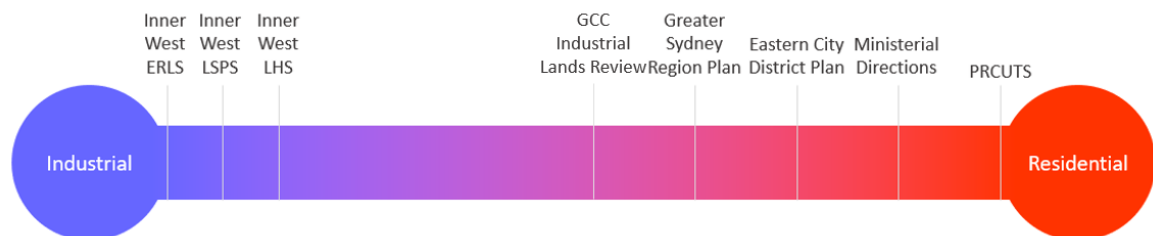
Local-led strategic planning (Local Strategic Planning Statement and Local Retail & Employment Lands Strategy) in particular favours the site’s retention for light industrial uses. In addition to an under-provision of industrial lands in the Inner West LGA, numerous Council strategies underscore that the housing target set under PRCUTS for the Taverners Hill precinct can be achieved without the complete rezoning of each site within the precinct. To that effect, local strategies seek to preserve industrial/business-zoned land in the Taverners Hill precinct and rely on already residential zoned land to meet the PRCUTS housing target.

Some State-led strategic planning could also support the retention of industrial uses on the subject site. The Greater Sydney Region Plan (and by extension the Eastern City District Plan) sets the objective of retaining and managing industrial and urban services land. Similarly, Ministerial Direction 7.1 seeks to not reduce the total potential floor space area for industrial uses in industrial zones. However, in both instances PRCUTS takes precedence wherever any inconsistencies in application occur.

PRCUTS is the main strategy that supports the rezoning of the site to include residential uses, with Ministerial Direction 1.5 giving legislative effect to the strategy. This legislative backing perforates into other State-led strategic planning where, despite objectives to protect industrial lands, PRCUTS takes precedence.

The following figure shows the placement of various strategies and policies in relation to whether they support residential or industrial land uses on the subject site.

FIGURE 3: LAND USE PREFERENCE OF VARIOUS STRATEGIES/POLICIES



Source: SGS (2022)

Council should support the introduction of some residential land uses. By taking this position, Council has greater leverage in negotiating enhanced outcomes for the site than what is currently proposed, particularly if it remains as the planning proposal authority (there is a risk that Council would not be the planning proposal authority if it objects entirely to the planning proposal while DPE supports it – Council should have a clear and consistent position on the planning proposal).

4.2 Proposal enhancement

While it is acknowledged that the subject site may (subject to any environmental constraints, such as flooding) be appropriate for residential uses (surrounded by residential uses, close to public open space, public transport, retail, etc.), the planning proposal in its current form should not be supported. A more optimal land use outcome can be achieved on the site if greater consideration is given to the loss of critical industrial floor space. The following recommendations are made to ensure that an optimal land use and economic outcome eventuates on the site.

Non-residential land uses

Quantum

While the subject site represents a fraction of the Inner West industrial land supply, greater consideration should be given to mitigating the proposed development's impact on industrial floor space supply in the LGA.

Council should seek to negotiate a high quantum of non-residential floor space to be provided on the site. It is noted that the previous 2018 planning proposal sought to incorporate a minimum 3,000 square metres of non-residential floor space, indicating that at some point in time it was envisaged that the site could provide more non-residential floor space than what is currently proposed. Council should work collaboratively with the proponent to seek a greater quantum of non-residential land uses on the site. However, this needs to be done in a considered manner such that they appropriate typology of non-residential land uses are provided and similarly so that the non-residential element of the development does not detract from competing markets (such as the Leichhardt Marketplace & Marion Road precinct).

Due consideration should be given to the subsequent recommendations of this report, including, but not limited to the mix of non-residential uses, tenancy size and tenancy design. In lieu of this, it is also recommended that the proponent provide a more detailed and accurate economics study demonstrating what role the non-residential component of the development will play in the broader Inner West economy.

Mix

It is noted that the planning proposal seeks to introduce the following additional permitted uses:

- Recreation facility (indoor)
- Office premises
- Business premises
- Light industry
- Creative industry

- Industrial retail outlet
- Restaurant or café.

The argument that these additional permitted uses may assist in recouping lost industrial floor space is a misnomer, as is articulated below. It is noted that design and financial imperatives of business and industrial land are vastly different. The design considerations will be considered in the subsequent section of this report.

Industrial precincts are able to support land-intensive economic activity as the per square metre cost of land (either rented or purchased) required to support uses on the site is relatively low. Non-industrial business uses, such as retail or office space, are typically not as land intensive and accordingly are subject to a higher per square metre cost of land. Cushman and Wakefield market reports⁷ for the second and third quarters of 2022 indicated that the least expensive commercial offices in Sydney commanded rentals of approximately \$420 per square metre per annum, with the most expensive industrial rentals being \$320 per square metre per annum. This is in line with SGS research which indicated that industrial rentals in the Leichhardt area were around \$300 per square metre per annum, as well as the proponent's estimation of the local commercial office market which estimates values between \$400 and \$600 per square metre.

Should both business and industrial uses be permitted on a single site, it would be in the landowner's interest to maximise the per square metre cost of land so as to attract higher financial returns. For that reason, the extensive list of additional permitted uses will not realistically provide any light industrial floor space, as this type of economic activity will have to compete with higher order business uses. Generally, the proposed additional permitted uses can be categorised as either 'higher intensity' and 'lower intensity' economic activity. This distinction is made in the table below.

TABLE 2: ECONOMIC INTENSITY OF PROPOSED ADDITIONAL PERMITTED USES

Lower Intensity Economic Activity	Higher Intensity Economic Activity
Light Industry	Office Premises
Industrial Retail Outlet	Business Premises
Recreation Facility (indoor)	Restaurant or Café

Source: SGS (2022)

Within the context of broader strategic planning being undertaken by Council for Leichhardt, including both the implementation of PRCUTS in that precinct and the actions of the Inner West Employment & Retail Lands Strategy, it is understood that the subject site does not fall within an activity node within the suburb. Given the concerted focus to cluster business, office and retail activity along Norton Street (1 kilometre east of the subject site), the provision of substantial quantum of business or office floor space may undermine this objective.

⁷ Cushman and Wakefield, *Marketbeat Sydney*, 2022

In order to secure some industrial floor space on the site and provide a quantum of business/office floor space that does not undermine identified centres in Leichhardt, the planning proposal would benefit from an amendment to both the minimum non-residential provision and the additional permitted uses. Subject to additional urban design testing and site reconfiguration, Council should seek to restrict the provision of higher intensity economic activity on this site, as defined in this report. The provision of these uses may detract from the cluster of commercial uses in and surrounding Leichhardt Marketplace and Norton Street. Office and business premises should not be included as additional permitted uses on the site and the focus should be on providing lower intensity economic uses, with restaurants or cafes provided only if they are ancillary or supportive of the other non-residential land uses on the site.

Design considerations

Context

Further, the draft site-specific development control plan includes the following design considerations related to the provision of non-residential land uses and the interface between different land uses:

2.5 Non-residential floor space

Objectives

- 1) To provide flexible non-residential floor space to accommodate a range of uses.*
- 2) To provide activation and passive surveillance of the public domain.*

Controls

- 1) Non-residential floor space is to be designed to be flexible so that it can be adapted to accommodate a range of different uses and scales including creative industries, commercial, education, and community uses.*
- 2) The design of non-residential floorspace is to promote flexibility of use.*
- 3) Non-residential uses are to provide for a high level of activation, and where possible address the surrounding streets and the central public open space.*

2.6 Integration of land uses

Objectives

- 1) To provide appropriate separation of residential and non-residential uses on the site to manage potential land use conflicts.*
- 2) To ensure non-residential uses do not adversely impact on the residential amenity within the site or the surrounding area.*

Controls

- 1) Non-residential uses are to include appropriate design and acoustic measures to ensure they do not have a significant adverse impact on the amenity of the surrounding area or future residents of the development.*
- 2) Building entries and lobbies for residential and non-residential uses are to be separated where possible.*
- 3) Car parking and loading for non-residential uses is to be separated from residential car parking within the basement area.*

Further, the appended urban design study, which includes a reference scheme of the proposed concept, has non-residential land uses located at ground floor across 8 tenancies. It is noted that the largest of these tenancies is 412 square metres.

The proposed planning and design controls in the planning proposal, draft development control plan and reference scheme neither secure nor encourage the provision of light industrial uses or any uses ancillary to light industrial uses.

The proposed planning and design controls fail to acknowledge that light industrial uses warrant a different design response to that of generic ground-floor business premises or office uses that are found as part of other mixed-use developments. To that effect, while 'light industry' and 'industrial retail outlet' is proposed as an additional permitted use, the design response is not conducive to that type of land use and these land uses are unlikely to materialise on the site.

Tenancy size

The size of the tenancies is not generally conducive to light industrial uses. While the existing size contains several tenancies of around 400 square metres, the vehicle circulation areas adjacent to the tenancies are effectively extensions of the tenancies themselves. This cannot be achieved under the proposed scheme where only limited number of car parking spaces is provided and is provided in a basement with no direct access to the tenancy.

If more direct tenancy-to-vehicle access cannot be secured, Council should seek to ensure that tenancies are larger or delivered in a manner where they can be more readily scaled up or down.

Tenancy Design

Industrial land uses are not physically structured in the same way as business uses. They typically require more space both horizontally and vertically to cater for the diversity of activity that can take place on site. For example, the construction materials/engineering parts/general storage uses currently on site, while varying in tenancy size, all require high floor to ceiling heights to allow for stacking and vertical manoeuvring. Both the manufacturing and storage uses on the site also require easy store-to-vehicle access to facilitate the delivery or dispatch of goods. Further, all economic uses currently on the site (with the exception of the martial arts gym) are likely to have industry and customer linkages far wider than Sydney's Inner West, and thus private vehicle usage is likely to be high.

To secure the provision of some industrial uses on the site, Council should seek to incorporate the following design responses in the site-specific development control plan:

1. Provide, at a minimum, double floor-to-ceiling heights to facilitate light industrial uses. This should apply to the quantum of non-residential floor space that is used for lower intensity economic activity.
2. If at-grade or off-street vehicular access cannot be provided to lower intensity economic activity tenancies, separate basement-to-tenancy access should be provided so that the delivery, dispatch and manoeuvring of goods can be completed with ease.
3. Investigate, if possible and if supported by a traffic study, more generous car parking rates for the non-residential uses only.

Further, all of the proposed development control plan controls under Section 2.6 Integration of land uses are supported.

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