

# NEW CANTERBURY RD

## Economic Impact Assessment



Prepared for Angus Developments Pty Ltd

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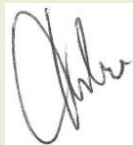
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## EXECUTIVE SUMMARY

HillPDA was commissioned by Angus Developments Pty Ltd to undertake an economic impact assessment (the study) of a planning proposal pertaining to land located at 466-480 New Canterbury Road and 26-38 Hercules Street, Dulwich Hill (planning proposal site).

The planning proposal site is comprised of a primary and secondary site. The primary site is the properties located at 474-480 New Canterbury Road and 26-38 Hercules Street, Dulwich Hill, an area comprising around 3,519sqm of land. While the secondary site comprises four parcels of land located at 466-472 Canterbury Road, Dulwich Hill.

The planning proposal seeks amendments to the local planning guidelines to allow for a mixed use development consisting of commercial, community, residential and commercial/retail space on the primary site (subject site).

### Planning proposal history

A planning proposal prepared by Angus Developments was submitted to the former Marrickville Council on 27 July 2016. In July 2017, the now Inner West Council (Council) considered a report recommending the development intent of the planning proposal be supported and a copy be forwarded to the Minister for Planning for a Gateway determination. The Council report also made several urban design recommendations and suggested amendments to the proposed controls. At the same meeting, the Council Administrator determined to “defer consideration of the planning proposal until the finalisation of the Sydenham to Bankstown Urban Renewal Corridor Strategy is adopted”

On 1 August 2017, the proponent lodged a rezoning review application for the planning proposal with the Department because Council had failed to indicate its support for the planning proposal within 90 days.

The rezoning review was put to the panel on 12 October 2017. The panel recommended the proposal should proceed to Gateway with amendments.

The Gateway Determination was issued on 2 November 2018 and as part of the Gateway determination process, a number of conditions were identified that are required to be addressed prior to the planning proposal proceeding.

This study responds to condition (J) as requested by the Department of Planning and Environment (NSW DP&E). This condition states that the proponent should:

*“(J) Undertake an economic impact analysis assessing the loss of industrial zoning and urban service uses on the site with regards to the local economy”.*

## The planning proposal

The planning proposal, that is the subject of this report, proposes the following land uses and development yields:

**Table 1: Indicative development yield**

Land use	Yield
Employment space (sqm)	1,428
Residential apartments (units)	135
Parking spaces	175
Public open space/cycle way	Yes
Retention of church	Yes

## Increased residential provision

The State government acknowledges that Sydney's housing prices are high compared to other Australian capital cities. It was highlighted that the governments can *"help to put downward pressure on prices (by) accelerating the supply and the variety of housing across Sydney, such as apartments and townhouses, will make it easier for people to find homes to suit their lifestyle and budget<sup>1</sup>".*

Strata dwellings within the Inner West LGA provide a more affordable option for its residents and key workers. This is evident in the median strata price being 48% lower than the median price of non-strata dwellings in the LGA. Increased supply and variety of apartments within the LGA would continue in providing a more affordable product for current and future residents. Furthermore, increased supply would help to place downward pressure on apartment prices which have witnessed significant growth in recent years.

The *Eastern City District Plan* identifies a five year dwelling target for the LGA of 5,900 additional dwellings – equating to an annual increase of 1,180 dwellings, while the NSW DP&E identifies the need for an additional 995 dwelling per annum for the LGA to meet its 20 year target (19,900 additional dwellings).

Assessment of the number of dwellings completed in 2016/17 and the strata pipeline reveals that additional supply is needed in order for the LGA to meet these targets. Advancement of the planning proposal would contribute to the LGA in meeting these targets, while also providing a range of apartment sizes and bedroom types for the projected growth in household types.

The NSW DP&E project that an additional 18,500 households will be accommodated in the LGA over the next 20 years (from 2016). Of this growth in households, 51% or 5,350 households will be lone person households, while 23% and 12% will be couples with dependents and couples without dependents, respectively.

The historic dominance of apartments in the LGA has witnessed an increasing trend in households transitioning to live in apartment style dwellings. Of this, around 13,750 households or 74% was attributed to lone persons, couples without dependents and single parent families. These household types and couples with dependants have had an increasing propensity to reside in apartments style dwellings in the LGA. Reasons for this preference include affordability, availability and changing lifestyle preferences (place rather than space).

The planning proposal would assist in providing dwelling types and mix that would cater to the changing preferences of the local community and the projected growth in these household types.

Furthermore, analysis on rental affordability in the LGA highlights that households on very low and low incomes are unable to afford market rent for a one, two and three bedroom dwellings in the LGA. If left unabated the

<sup>1</sup> A Plan for Growing Sydney

housing affordability gap will continue to widen. As identified by the State government, increased residential supply can place downward pressure on housing prices and rents.

Advancement of the planning proposal would increase dwelling supply and capacity in the LGA helping to alleviate the housing affordability gap and rental stress.

## Loss of industrial and urban service zoned land

The planning proposal would provide a mix of commercial, community, retail and residential uses on the subject site. Currently, the site is identified as an employment precinct<sup>2</sup>. Such precincts are intended to provide land for industrial and urban services which typically are unable to locate themselves within commercial centres as a result of particular locational and operational characteristics of these industries.

The former Marrickville Council released an employment lands strategy in 2014 (2014 strategy). The 2014 strategy estimated that, under each reasonable scenario<sup>3</sup>, the LGA's employment precincts had a total capacity of between 298,698sqm and 380,162sqm of floorspace. It then concluded that this capacity was sufficient to accommodate future demand under each reasonable scenario, with a residual capacity of between 195,130sqm and 276,594sqm remaining in its precincts in 2036.

As such, the supply and demand analysis in the 2014 strategy highlights that loss of the industrial zoning in the Dulwich Hill precinct would not significantly impact the ability of the former LGA to accommodate any additional industrial/urban services or those displaced by the planning proposal as:

1. There was sufficient capacity in the surrounding precincts to absorb the loss of industrial zoned land and floorspace under the proposal (0.5ha and 4,485sqm, respectively)
2. There was sufficient capacity in the surrounding precincts to accommodate the projected total net increase in floorspace demand, with significant residual capacity
3. The planning proposal proposes that around half of the Dulwich Hill Precinct be rezoned as B5 – Business Development. This zoning is considered as an “employment land” zoning. Therefore, this zoning would be reducing the overall impact and loss of employment land in the LGA, resulting from fruition of the planning proposal.

In addition, we applied a similar methodology to that used in the 2014 strategy however with updated 2016 TPA employments forecast. Our high level modelling suggests that over the next 20 years the former LGAs employment precincts could experience demand for around an additional 100,000sqm.

Subtracting the demand from the estimated medium capacity scenarios in the 2014 Strategy, the former LGA could accommodate this demand, with a residual capacity for around 198,930sqm to 280,395sqm.

This indicates that there is a sufficient amount of appropriately zoned land within the former LGA's employment precincts to accommodate the projected demand. Additionally, even with the removal of the industrial zoning in the Dulwich Hill precinct, there would be sufficient capacity in the surrounding precincts to absorb any displaced industrial and urban services.

As such, from the above analysis and local strategy, this study considers the economic impact of loss of industrial land in the Dulwich Hill precinct, as proposed under the planning proposal, is likely to have an insignificant impact on the local economy or the ability of the former LGA to accommodate industrial or urban services in the near future.

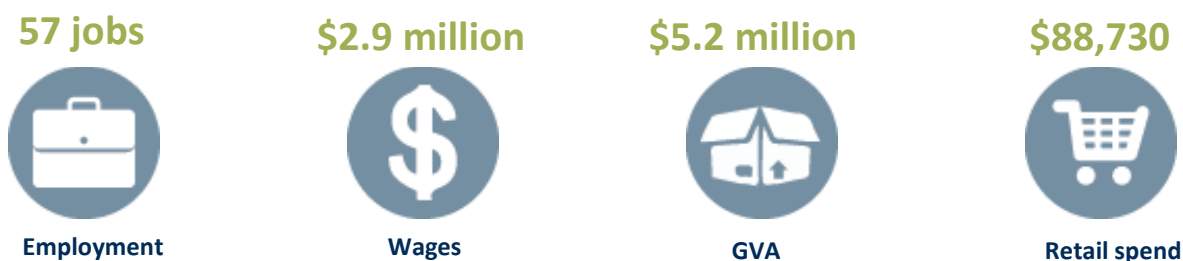
<sup>2</sup> For the purpose of this assessment an employment precinct is predominately comprised of land zoned for industrial purposes

<sup>3</sup> The 2014 Strategy recommended that the medium capacity scenarios were the most appropriate for strategic planning purposes



## Planning proposal site - current economic contribution

The site currently provides around 4,370sqm of employment space and a detached residential dwelling of around 115sqm. The economic benefits of the base case (do nothing or maintain existing building) area as follows:



## Potential economic contribution

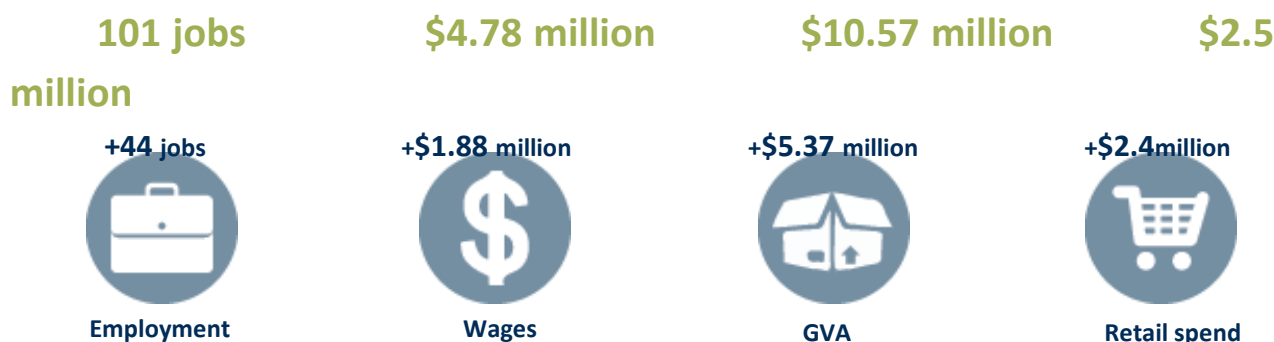
The planning proposal would generate economic benefits during both the construction and post construction phase.

Based on a construction cost of \$52 million, the economic benefits from construction are estimated at:

1. \$169 million total economic activity generated through construction multiplier impacts
2. 112 jobs years directly in construction on site
3. A total of 445 job years would be generated due to production and consumption induced multipliers
4. Almost \$260,000 more revenue for existing retailers in the locality from construction workers on site.

## Potential economic contribution

The economic benefits of the planning proposal post construction are estimated as follows:



The planning proposal would also have additional economic benefits, these being:

- Providing a catalyst for further investment in the locality
- Activation of the local area through increased pedestrian and cycle traffic with increased security and increased trading opportunities for surrounding retailers
- Contributing to increasing housing diversity and affordability in the LGA and District
- Providing jobs closer to home and contributing to the LGAs employment targets
- Contribute to transit orientated development objectives by concentrating more people near the train station and commercial services, thereby reducing the reliance on private motor vehicle travel and increasing the use of public transport

- Contributing to Sydney achieving the 30-minute city concept.
- Potential economic contribution post-construction.

**As such, the planning proposal is supportable from an economic impact perspective.**

# INTRODUCTION

# 1.0 INTRODUCTION

HillPDA was commissioned by Angus Developments Pty Ltd to undertake an economic impact assessment (the study) for a planning proposal pertaining to land located at 466-480 New Canterbury Road and 26-38 Hercules Street, Dulwich Hill (planning proposal site). The planning proposal seeks to amend the development standards under the Marrickville Local Environmental Plan 2011 (MLEP 2011) to allow for the erection of a mixed use development.

As part of the Gateway determination process, a number of conditions have been identified that are required to be addressed prior to the planning proposal proceeding. This study responds to condition (J) as requested by the Department of Planning and Environment (NSW DP&E). This condition states that the proponent should:

*“(J) Undertake an economic impact analysis assessing the loss of industrial zoning and urban service uses on the site with regards to the local economy”.*

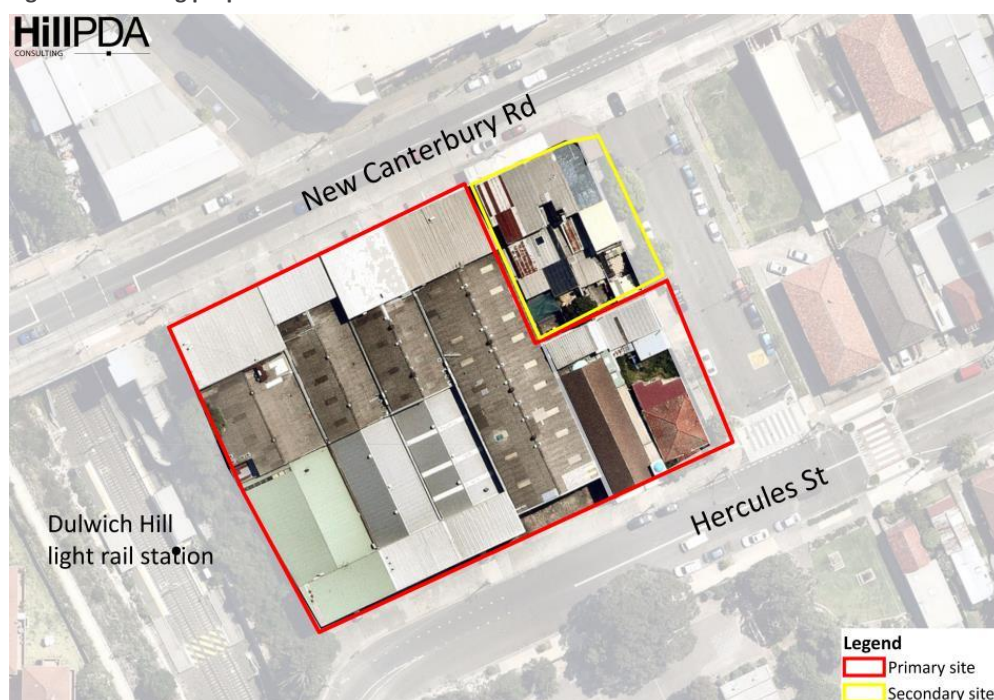
## 1.1 Planning proposal site

The planning proposal site is comprised of a primary and secondary site. The primary site is the properties located at 474-480 New Canterbury Road and 26-38 Hercules Street, Dulwich Hill, an area comprising around 3,518sqm of land. While the secondary site comprises four parcels of land located at 466-472 Canterbury Road, Dulwich Hill.

Currently, the planning proposal site forms a 0.5 hectare industrial precinct known as Dulwich Hill, New Canterbury Road. The precinct is fully developed however contains a range of uses including light industrial, warehousing, commercial, shop top housing, a detached residential dwelling and a place of worship. Some of these uses limit the potential of the precinct to further intensification of uses or redevelopment.

The proposed development, subject of this study, is contained in the primary site (subject site) which contains a mixture of light industrial, bulky goods, wholesaling a detached residential dwelling and a place of worship.

Figure 1: Planning proposal site



Source: HillPDA

## 1.2 Planning proposal history

A planning proposal prepared by Angus Developments was submitted to the former Marrickville Council on 27<sup>th</sup> July 2016. In July 2017, the now Inner West Council (Council) considered a report recommending the development intent of the planning proposal be supported and a copy be forwarded to the Minister for Planning for a Gateway determination. The Council report also made several urban design recommendations and suggested amendments to the proposed controls. At the same meeting, the Council Administrator determined to “defer consideration of the planning proposal until the finalisation of the Sydenham to Bankstown Urban Renewal Corridor Strategy is adopted”.

On the 1<sup>st</sup> August 2017, the proponent lodged a rezoning review application for the planning proposal with the Department because Council had failed to indicate its support for the planning proposal within 90 days.

The rezoning review was put to the Sydney Eastern City Planning panel on 12<sup>th</sup> October 2017 and the Panel recommended the proposal should proceed to Gateway and be amended as follows:

- Incorporate Council staff recommendations detailed in their report on the planning proposal to Council’s meeting of 25th July 2017;
- Ensure active street frontage to New Canterbury Road;
- Create opportunities for the retention of existing and new employment uses on the site;
- Provide a through-site link that supports Council’s Greenway Master Plan;
- Include a flexibility provision enabling the variation of different zoning, height and FSR mapping controls across the site by up to 1 m horizontally; and
- Ensure the flexibility provision enabling 1 m variation should not apply to the open space

Having amended the planning proposal, in light of the Panel’s recommendations, the proponent submitted the proposal to the NSW DP&E for Gateway determination. The NSW DP&E has supported the planning proposal’s amendment to the MLEP 2011, subject to a number of conditions. This study responds to condition (j) which stipulates the proponent should:

*“Undertake an economic impact analysis assessing the loss of industrial zoning and urban service uses on the site with regards to the local economy”.*

## 1.3 The planning proposal

The proposal intends to amend the Marrickville LEP 2011 by:

- Rezoning the site from IN2 Light Industrial to part RE1 Public Recreation, Part B5 Business Development, part R4 High Density Residential and part RE2 Private Recreation;
- Increasing the FSR for the site from 0.95:1 to between 2.2:1 and 3.3:1 over most of the site and not place an FSR requirement on the proposed RE2-zoned part of the site
- Introducing a range of maximum building heights across the site from 9.5m (three storeys) to 32m (nine storeys);
- Amending schedule 1 Additional Permitted Uses to permit:
  - Residential flat buildings within B5-zoned land on the basis that this development is not located at the ground floor of a development fronting New Canterbury Road;
  - Introducing shops on part of the site adjacent to the light rail station (at 478-480 New Canterbury Road); and
  - Introducing a new local clause allowing flexibility in the height controls to be applied across the site up to 1m horizontally

Amending Schedule 1 Additional Permitted Uses to include the following:

**Use of certain land at 466-480 New Canterbury Road and 26-38 Hercules Street, Dulwich Hill**

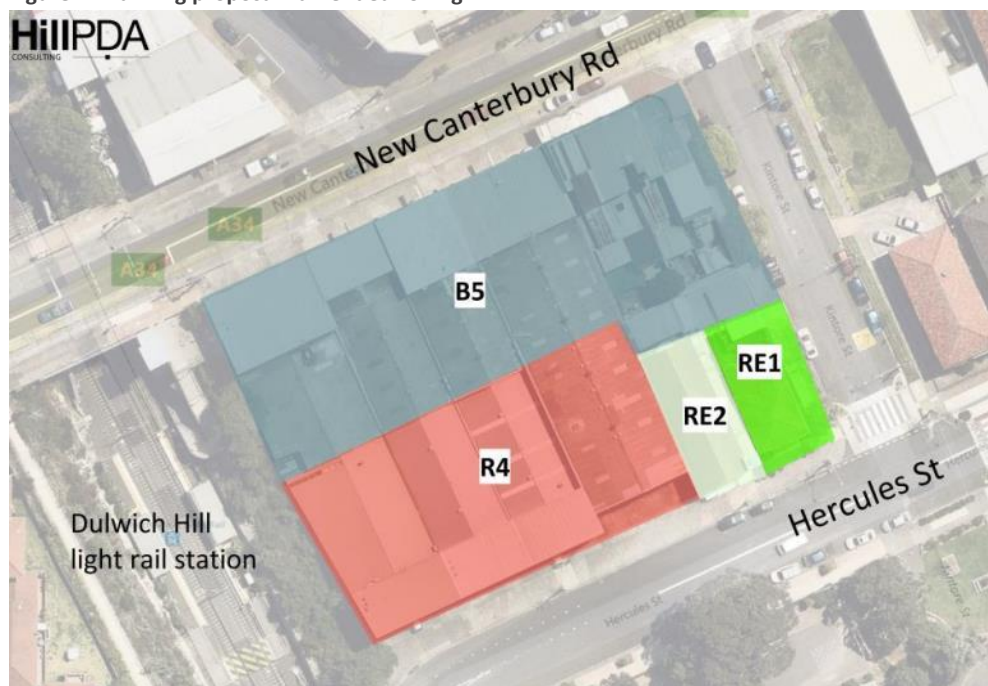
1. This clause applies to land at 466-480 New Canterbury Road and 26-38 Hercules Street, Dulwich Hill, being lots 1,2,3 and 4 DP542147; lots 1,2 and 4 DP540366; Lots 1,2,3,5,6 and 7 DP236603; and Lot 14 Section 4 DP932.
2. Development for the following purposes is permitted with consent:
  - a. Residential flat buildings, as part mixed use development, on land zoned B5 Business Development but only if:
    - i. Any dwelling located on the ground floor will not have frontage to New Canterbury Road;
  - b. Neighbourhood shops on land at 478-480 New Canterbury Road, Dulwich Hill, being Lots 1 and 2 DP236603 in Zone B5 Business Development; and
  - c. Vehicular and pedestrian access, car parking and site facilities on the land at 34-38 Hercules Street and the rear of 474 New Canterbury Road, Dulwich Hill in Zone R4 High Density Residential to service the development on the land at 474-480 New Canterbury Road, Dulwich Hill in Zone B5 Business Development.

It is proposed to include an additional Clause in LEP 2011 to read:

**Development on certain land at New Canterbury Road, Dulwich Hill**

1. The objective of this clause is to ensure that development on land at New Canterbury Road, Dulwich Hill allows some flexibility in relation to the exact boundary between different height limits across the site so that the boundary between different height limits may be varied in any horizontal direction by up to 1m;
2. This clause applies to land bounded by New Canterbury Road, Kintore Street, Hercules Street and the light rail corridor to the west.
3. Despite Clause 4.3(2), the height of any building on land identified in subclause (2) may exceed the maximum height shown for the land on Height of Buildings Map by no more than any greater height limit on the Height of Buildings Map which occurs in any horizontal direction of no greater than 1m from the boundary between the different height limits.

Figure 2: Planning proposal - amended zoning



Source: HillPDA

The planning proposal, that is the subject of this report, proposes the following land uses and development yields:

1. Around 11,107sqm of residential gross floor area (GFA) – equating to 135 residential apartments
2. Around 573sqm of commercial GFA
3. Around associated 854sqm of retail GFA – proposed to be a neighbourhood supermarket
4. Around 175 parking spaces
5. Private and public open space
6. Retention of church

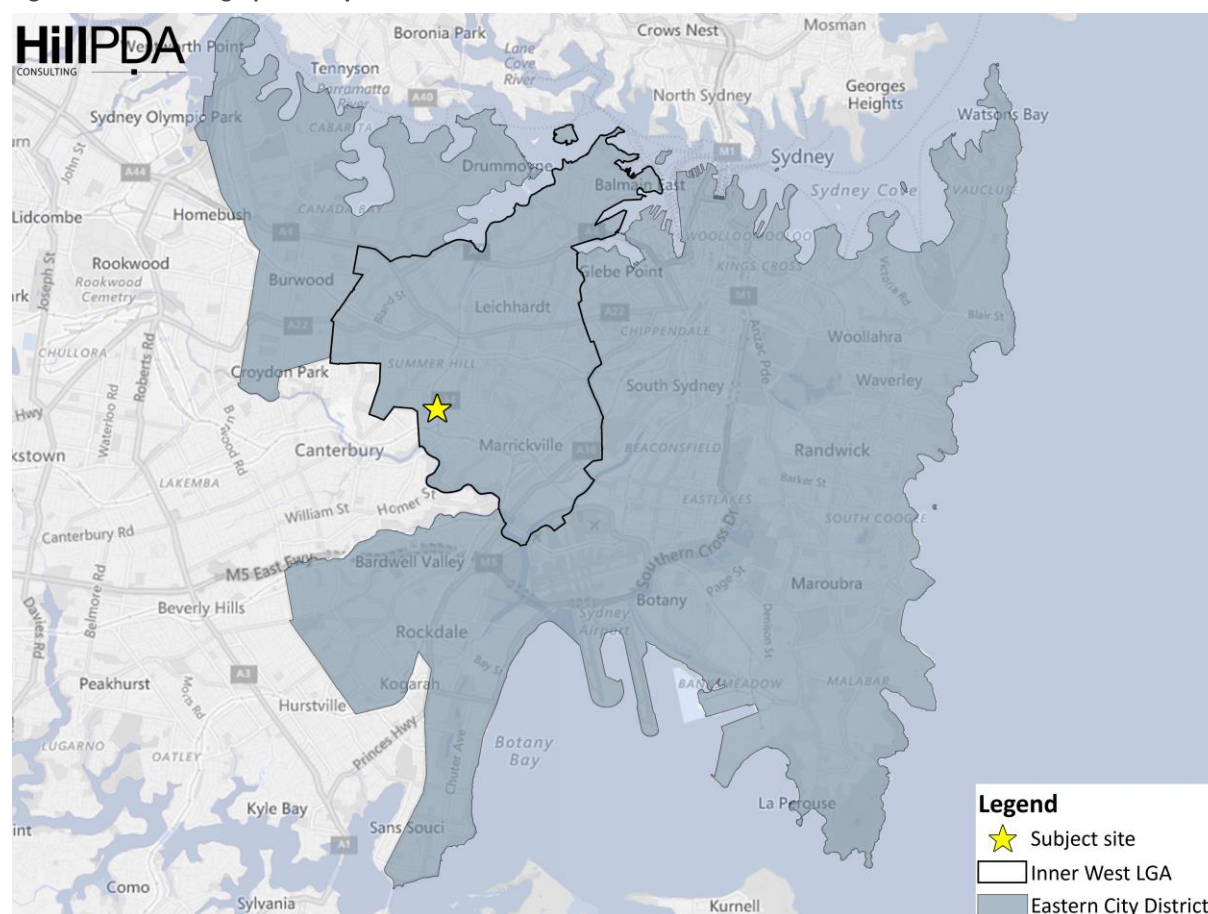


## 2.0 SOICO-DEMOGRAPHIC REVIEW

The following undertakes a review of local socio-demographic characteristics and trends in the Inner West and wider Eastern City District<sup>4</sup> which are likely to influence the demand for additional industrial and urban service land.

The geographic boundaries analysed in this Chapter are presented in the figure below.

**Figure 3: Socio-demographic analysed boundaries**



Source: HillPDA

### 2.1 Resident population employment characteristics

Over the last ten years, employed residents in the Inner West LGA has increased by 14,290. This represented a 17% increase over the period, reaching a total of 99,574 employed residents in 2016.

Over the period, industries to experience negative growth in the LGA were transport, postal and warehousing; wholesale trade; and manufacturing. Combined, over the ten years, there were around 3,000 fewer residents employed in these industries representing a 24% decrease.

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

<sup>4</sup>Comprises the LGAs of Bayside, Burwood, City of Canada Bay, City of Sydney, Inner West, Randwick, Strathfield, Waverley, and Woollahra

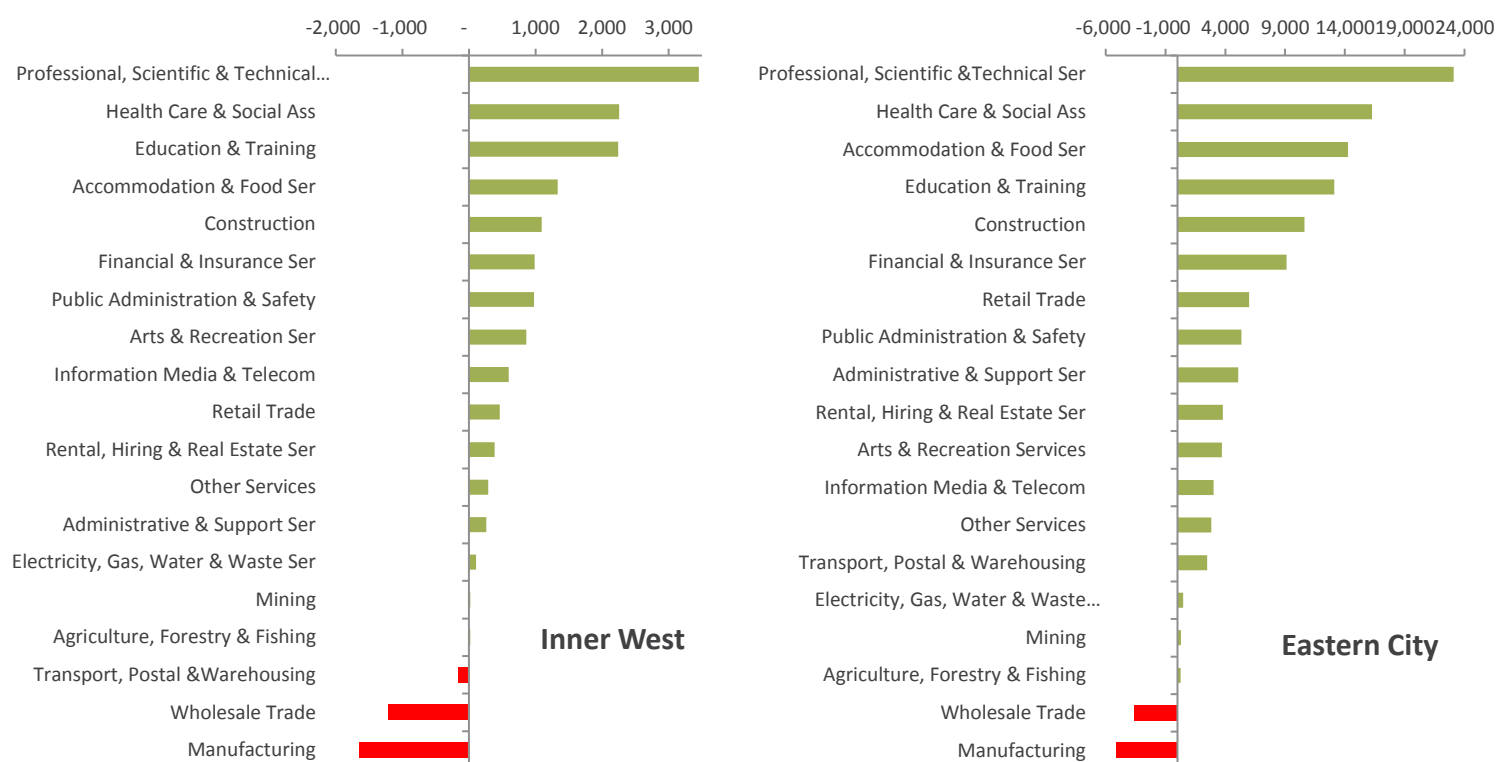


The above industries are typically located within industrial precincts or zonings. As such, a decrease in this type of employment would likely have a corresponding reduction in the demand for additional industrial land or a conversion to alternate uses.

The top five industries which working residents worked in included professional, scientific and technical services health care and social assistance; education and training; accommodation and food services; and construction while retail was also in the top ten.

The planning proposal would provide commercial and retail space. This would increase the type of space and employment opportunities that are more aligned with the employment preferences of the surrounding population.

**Figure 4: Change in resident industry of employment 2006-2016**



Source: 2016 ABS, HillPDA

### 2.1.1 Resident population employment by occupation

Of the additional 14,260 employed residents over the last ten years, 80% were within “white collar” occupations (11,250 residents). This is compared to “blue collar” occupations which only comprised 1% of the growth (146 residents).

The low net growth in blue collar occupations may have a direct impact on the amount of additional employment land required to support the local resident employment base.

Although, blue collar occupations comprised 18% of the growth in employed residents across the Eastern City District, white collar occupation comprised the bulk of the growth (63%).

**Table 2: Resident population employment by occupation 2006-2016**

	Occupation	Inner West			Eastern City District		
		2006	2016	Change	2006	2016	Change
White Collar	Managers	12,737	16,318	3,581	57,803	81,889	24,086
	Professionals	29,612	37,400	7,788	122,632	174,510	51,878
	Clerical & Administrative	12,893	12,773	-120	58,877	65,113	6,236
	<b>Sub-total WC</b>	<b>55,242</b>	<b>66,491</b>	<b>11,249</b>	<b>239,312</b>	<b>321,512</b>	<b>82,200</b>
Blue Collar	Technicians & Trades	7,933	8,449	516	35,832	44,657	8,825
	Machinery Operators & Drivers	2,817	2,466	-351	13,099	14,120	1,021
	Labourers	4,878	4,859	-19	21,772	28,443	6,671
	<b>Sub-total BC</b>	<b>15,628</b>	<b>15,774</b>	<b>146</b>	<b>70,703</b>	<b>87,220</b>	<b>16,517</b>
<b>Total occupations</b>		<b>85,309</b>	<b>99,569</b>	<b>14,260</b>	<b>382,686</b>	<b>506,818</b>	<b>124,132</b>

Source: 2016 ABS, HillPDA

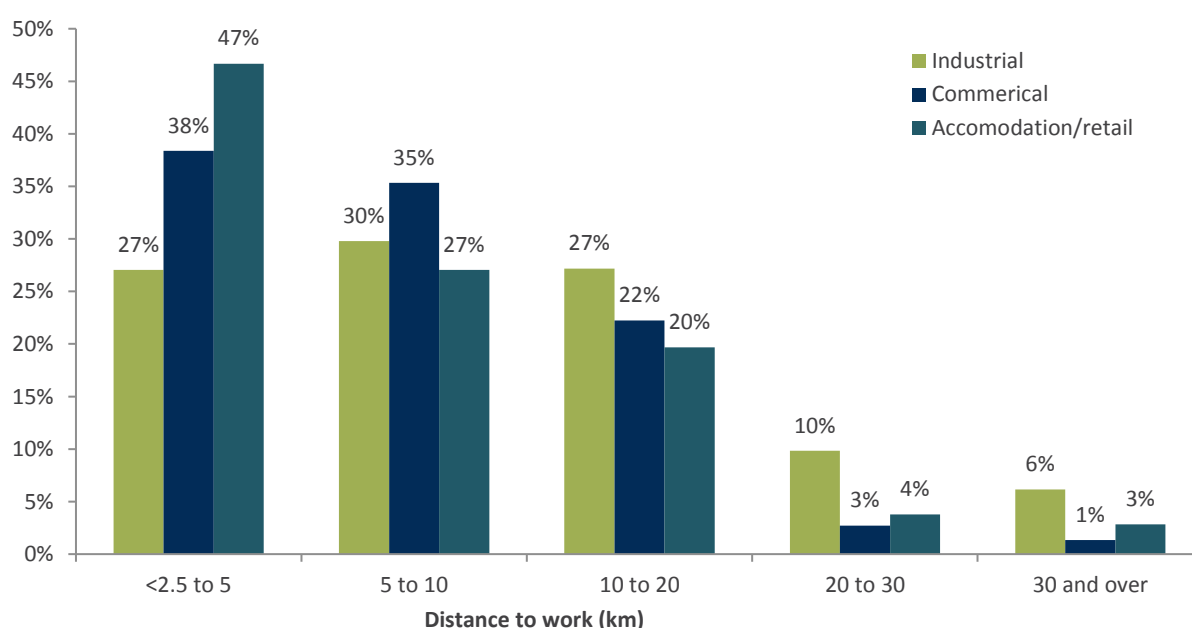
### 2.1.2 Distance to work – residents to work

A core concept of the Greater Sydney Regional Plan<sup>5</sup> is to plan for a 30 minute city. This would be partly achieved through increasing housing supply, providing jobs closer to where people live, developing a more accessible and walkable city and creating conditions for a stronger economy.

As seen in the figure below, residents employed in accommodation/retail and commercial industries have a greater propensity to live within 30 minutes of their place of work, with around 88-90% respectively living within 15 kilometres of their place of work. This is compared to persons employed in typically industrial industries of which only 75% live within 15 kilometres of their place of work.

The planning proposal would assist in developing a 30-minute city by providing employment opportunities closer to where people live and on a majority public transit node.

**Figure 5: Eastern City Distance to work 2016 – residents to work**



Source: HillPDA, ABS 2016

<sup>5</sup> The Greater Sydney Region Plan – A Metropolis of Three Cities (Region Plan) was finalised in March 2018 by the Greater Sydney Commission

## 2.2 Local workforce characteristics

Over the last ten years, there around an additional 2,840 jobs was generated within the Inner West LGA. This represented a 4.8% increase over the period, reaching a total of 62,400 jobs in 2016.

As of 2016 the top five employment generating industries in the LGA were:

1. Health Care and Social Assistance - 8,210 jobs
2. Retail Trade - 7,083 jobs
3. Education and Training - 5,458 jobs
4. Accommodation and Food Services - 5,370 jobs
5. Professional, Scientific and Technical Services - 5,187 jobs.

Industries that could be accommodated within the employment space provided by the planning proposal are within the top five employment generating industries.

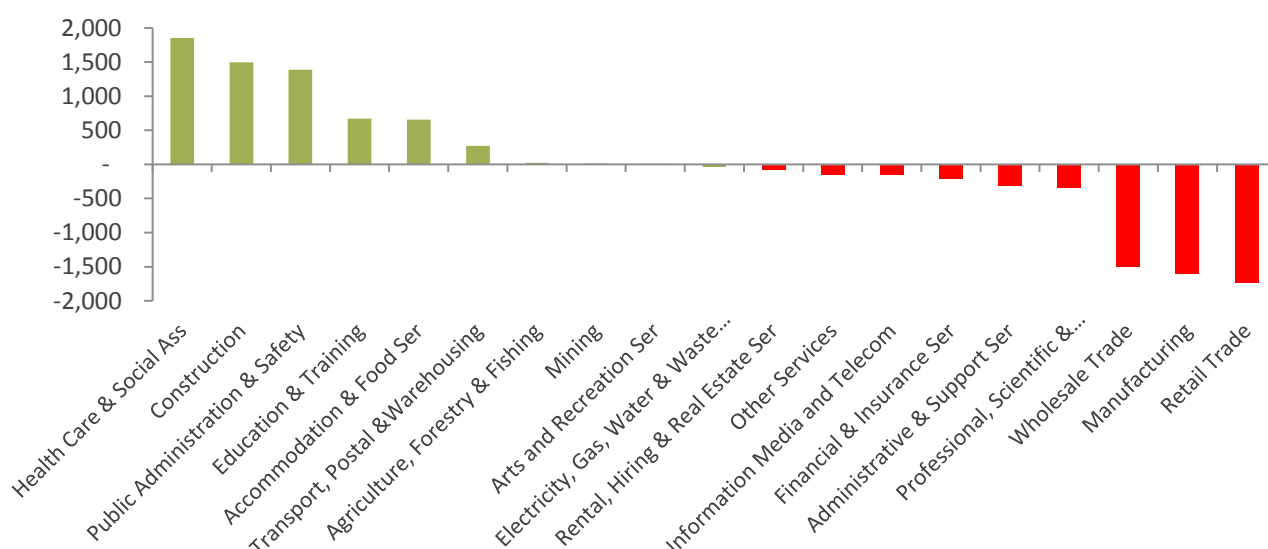
Over the previous ten years (2006 to 2016), the top five growth industries were:

1. Health Care and Social Assistance – 1,851 additional jobs
2. Construction – 1,496 additional jobs
3. Public Administration and Safety – 1,389 additional jobs
4. Education and Training – 668 additional jobs
5. Accommodation and Food Service – 654 additional jobs.

The top five industries that experienced the most retraction in employment, were:

1. Administrative and Support Services – 315 fewer jobs
2. Professional, Scientific and Technical Services – 350 fewer jobs
3. Wholesale Trade – 1,503 fewer jobs
4. Manufacturing – 1,605 fewer jobs
5. Retail Trade – 1,739 fewer jobs.

**Figure 6: Change in employment 2006-16, Inner West LGA**



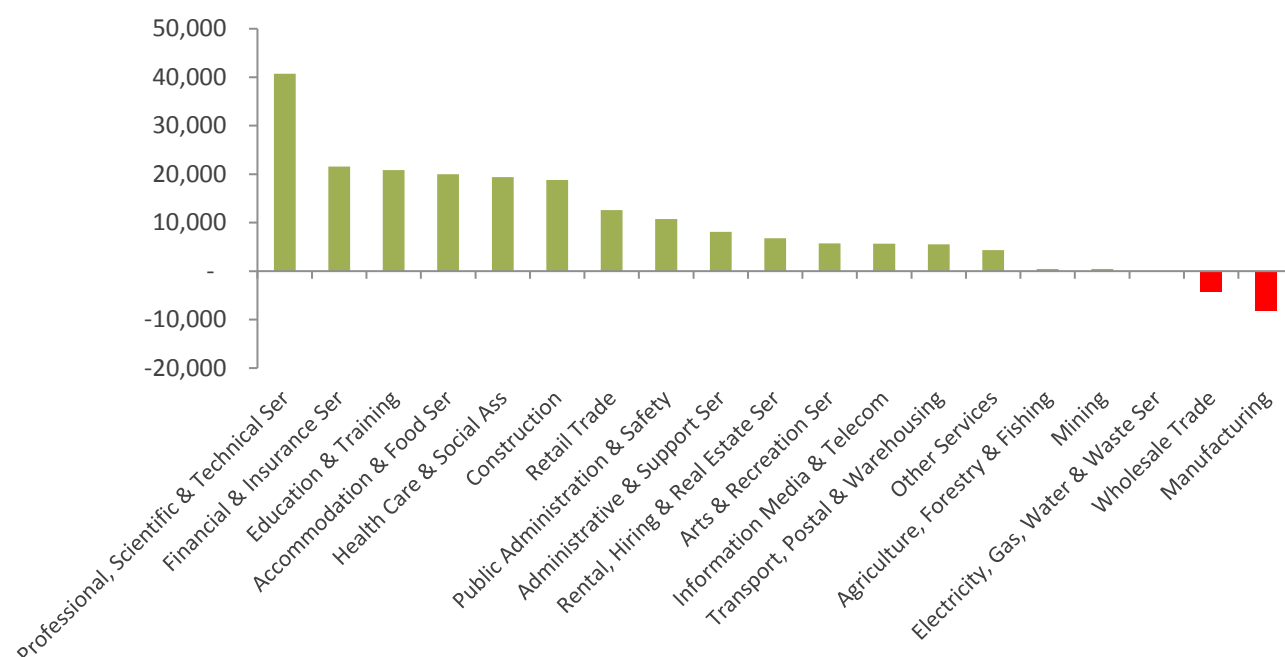
Source: 2016 ABS, HillPDA

Over the ten years from 2006 to 2016 the Inner West experienced a significant decline in employment generated in manufacturing and wholesaling – a trend experienced across the District. This trend could have implications on the demand for existing and additional industrial zoned land within the Inner West and District locality.

Notwithstanding the decline in some ‘white collar’ industries in Inner West LGA (such as commercial services) there was an overall increase in the District in all such industries.

The provision of commercial and retail space in the planning proposal would be meeting employment trends across the District while also helping to provide opportunities in the Inner West within industries which have experienced some decline.

**Figure 7: Change in employment 2006-16, Eastern City District**



Source: 2016 ABS, HillPDA

### 2.2.1 Industry value added and worker productivity, Inner West 2017

As of 2017, industries in the LGA contributed around \$7.6 billion to the LGAs GDP (\$10.5 billion). The top five contributing industries as of 2017 were:

1. Professional, Scientific and Technical Services - \$771.1 million
2. Health Care and Social Assistance - \$749.0 million
3. Manufacturing - \$651.7 million
4. Construction - \$593.6 million
5. Retail Trade - \$569.8 million.

The planning proposal would be providing employment space that could be occupied by businesses that are in the above top five economic generators.

Manufacturing was the third largest contributing industry in 2017. However its contribution has decreased over the last 17 years, given that employment has significantly decreased over the last decade, this trend is likely to continue. As such it is important to provide appropriate space that would be occupied by uses that will continue to contribute and grow the local economy.

Worker productivity by industry is calculated by dividing the industry value add by the number of persons employed in that industry. It shows which industries generate the most value add per employee<sup>6</sup>.

The top five industries by worker productivity in the LGA were:

1. Financial and Insurance Services - \$364,485/worker
2. Rental, Hiring and Real Estate Services - \$343,891/worker
3. Wholesale Trade - \$205,112/worker
4. Mining - \$196,952/worker
5. Information Media and Telecommunications - \$192,236/worker.

The top five worker productivity industries are different to the top value added industries. The commercial component of the planning proposal could accommodate employment within a number of these industries, significantly increasing the economic productivity of the site.

**Table 3: Industry value added and worker productivity 2017**

Industry	Value added (\$m)	Worker productivity (\$)
Agriculture, Forestry and Fishing	15.9	109,921
Mining	2.4	196,952
Manufacturing	651.7	116,021
Electricity, Gas, Water and Waste Services	19.3	188,948
Construction	593.6	75,847
Wholesale Trade	506.5	205,112
Retail Trade	569.8	68,921
Accommodation and Food Services	382.5	55,494
Transport, Postal and Warehousing	342.9	140,474
Information Media and Telecommunications	270.8	192,236
Financial and Insurance Services	505.4	364,485
Rental, Hiring and Real Estate Services	464.2	343,891
Professional, Scientific and Technical Services	771.1	127,856
Administrative and Support Services	392.7	166,836
Public Administration and Safety	521.6	103,933
Education and Training	494.2	66,486
Health Care and Social Assistance	749.0	70,415
Arts and Recreation Services	90.7	52,772
Other Services	250.4	66,176
<b>Total Industries</b>	<b>7,595</b>	<b>101,406</b>

Source: Economy id, HillPDA

<sup>6</sup> Economy id

### 2.2.2 Number of businesses

In 2017 there were around 18,545 businesses within the Inner West LGA, representing a 978 increase over that recorded in 2014 (17,567 businesses). Over this period the top five growth industries in terms of the number of new businesses were:

1. Financial and Insurance Services – 217 new businesses
2. Professional, Scientific and Technical Services - 194 new businesses
3. Construction - 165 new businesses
4. Transport, Postal and Warehousing – 162 new businesses
5. Health Care and Social Assistance – 143 new businesses.

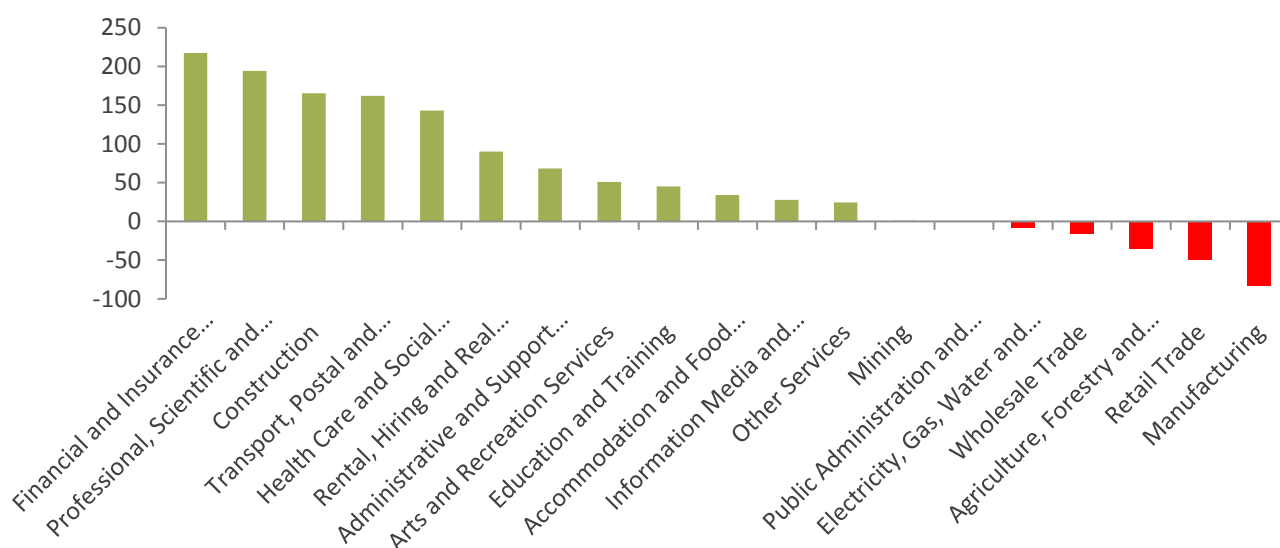
The growth in the number of businesses in the transport, postal and warehousing industry, would have a positive impact on industrial precincts within the LGA and wider District.

The industry of accommodation and food services, which includes cafes and restaurants, also recorded strong positive growth over the period with 34 new businesses.

The industries of manufacturing and wholesale each recorded negative growth with 83 and 17 fewer businesses, respectively.

The planning proposal would be providing commercial and retail space that is more in accordance with the type of businesses that are seeking to be located within the LGA.

**Figure 8: Change in number of businesses by industry – Inner West 2014-2017**



Source: Economy id, HillPDA

### 2.2.3 Employment self-containment

Self-containment measures the proportion of local workers in the local area who also live in the Inner West LGA. It indicates the level at which the resident workers meet the labor requirements of the local industries or businesses.

In 2016, the Inner West LGA had a self-containment rate of around 31%, that is, 31% of its workforce also lived in the LGA.

As seen in the table below, industries typically located within industrial precincts predominantly had the lowest containment rates (under 23%) while commercial and retail industries had higher rates.

The provision of commercial and retail employment space in the proposed development would be providing employment opportunities for local residents, negating the necessity for them to travel extended distances for work.

**Table 4: Employment self-containment 2016**

Industry	Total local workers	Local workers residing in the Inner West Council area	Self-containment rate (%)
Mining	19	13	68.4
Arts and Recreation Services	1,272	783	61.6
Professional, Scientific and Technical Services	5,161	2,691	52.1
Information Media and Telecommunications	1,274	633	49.7
Electricity, Gas, Water and Waste Services	117	44	37.6
Agriculture, Forestry and Fishing	86	32	37.2
Administrative and Support Services	1,806	669	37.0
Education and Training	5,431	1,990	36.6
Rental, Hiring and Real Estate Services	1,211	424	35.0
Accommodation and Food Services	5,347	1,865	34.9
Financial and Insurance Services	1,209	392	32.4
Other Services	2,916	868	29.8
Retail Trade	7,059	2,073	29.4
Health Care and Social Assistance	8,192	2,264	27.6
Construction	4,753	1,085	22.8
Wholesale Trade	2,017	447	22.2
Transport, Postal and Warehousing	2,239	485	21.7
Manufacturing	4,119	872	21.2
Public Administration and Safety	4,363	893	20.5
<b>Total industries</b>	<b>62,354</b>	<b>19,543</b>	<b>31.3</b>

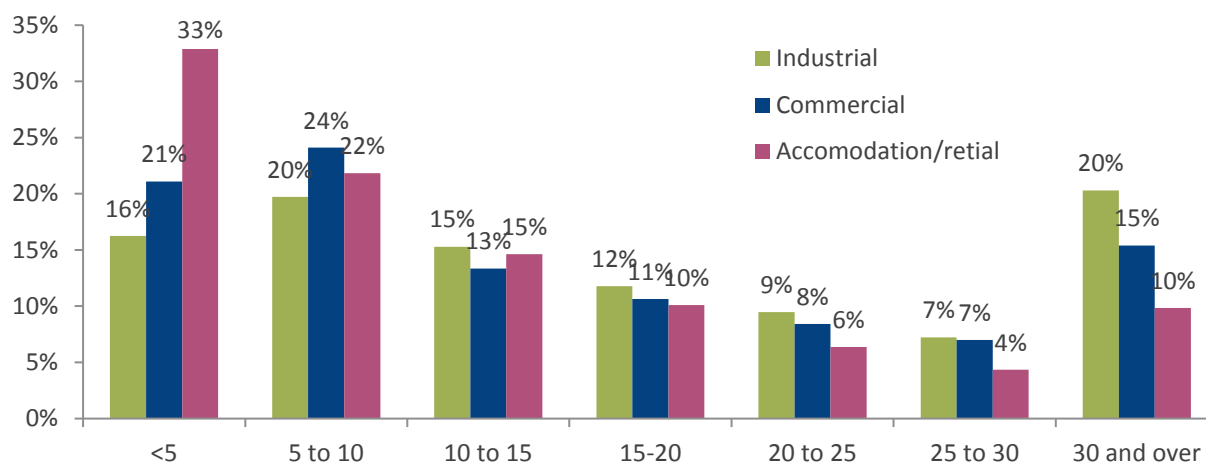
Source: Economy id, HillPDA

#### 2.2.4 Distance to work – workers

As seen in the figure below, workers employed in accommodation/retail and commercial industries have a greater propensity to live within 30 minutes of their place of work, with around 60-70% respectively living within 15 kilometres of their place of work. This is compared to persons employed in typically industrial industries of which only 50% live within 15 kilometres of their place of work.

The planning proposal would assist in developing a 30-minute city by providing employment opportunities closer to where people live and on a majority public transit node.

**Figure 9: Distance workers travel to work in Eastern City District**



Source: ABS 2016, HillPDA

## 2.3 Key findings

1. Over the last ten years, residents seeking employment in the industries of transport, postal and warehousing; wholesale trade; and manufacturing has significantly declined, a trend being experienced across the District
2. The planning proposal will provide jobs in the commercial, retail and services industries that better match future jobs more suited to local working residents
3. Residents working in commercial and accommodation/retail jobs on average travel shorter distances to access their jobs (from their place of residence) when compared to typical industrial jobs. As such, increased provision of opportunities for employment in commercial/retail industries would be contributing to Sydney obtaining the 30-minute city concept
4. Employment generated in manufacturing and wholesale trade within the Inner West and wider District has significantly decreased over the last ten years
5. Commercial and retail related employment has continued to increase across the Eastern City District over the previous ten years
6. The number of manufacturing and wholesale businesses in the Inner West has decreased over the last three years – while commercial related and accommodation/food service businesses have increased
7. Although manufacturing was a major contributing industry to the Inner Wests GDP in 2017, it has steadily decreased over the last 17 years in line with its decreased employment generation. This trend is likely to continue as the local resident and workforce shifts towards a more technical and population serving economy
8. The majority the top worker productivity industries could be accommodated within the development, further increasing its economic output over that currently generated.

Overall the planning proposal would provide commercial and retail space. This would increase the type of space and employment opportunities that are more aligned with the employment preferences of the surrounding working population.



## 3.0 INCREASED RESIDENTIAL JUSTIFICATION

The following Chapter undertakes a review and analysis of the demographic and housing characteristics within Inner West LGA. The intent of the Chapter is to provide justification for the provision of additional residential supply within the LGA to meet the current and future needs of the resident population.

The basis for this justification is sourced from the *Regional Plan for Growing Sydney* which provides the core directions in the provision of housing within Sydney. These directions are:

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

The *Eastern City District Plan* also provides priorities for increased housing across the District, this planning property is:

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

### 3.1 Greater housing supply

Comparing the increase in housing supply against the population increase within the Inner West LGA over the last five years reveals that housing supply has remained below demand. Applying an average dwelling size of 2.4 persons per dwelling, the high level implied dwelling undersupply in the LGA is estimated at around 1,680 dwellings.

Housing undersupply undermines housing affordability and diversity within the locality.

**Table 5: Estimated accumulated dwelling undersupply**

Supply	
Housing stock, 2011	70,917
Housing stock, 2016	74,288
Change 2011-2016	3,371
Implied demand	
Average number of persons per dwelling	2.4
Population, 2011	169,917
Population, 2016	182,043
Population growth	12,126
Implied dwelling demand	5,053
Accumulated dwelling undersupply (supply less demand)	1,682

Source: ABS 2016 time series data, HillPDA

#### 3.1.1 Dwelling projections

The NSW DP&E project that over the next 20 years the Inner West would require an additional 19,900 dwellings to accommodate the projected increase in population. This represents an annual increase or target of 995 dwellings.

A five year housing target of 5,900 additional dwellings has been set out in the Eastern City District Plan, equating to an annual target of 1,180 dwellings.

**Table 6: Inner West LGA dwelling projections**

Year	2016	2021	2026	2031	2036	Growth	Annual increase
Dwellings	86,450	91,550	95,800	101,100	106,350	19,900	995

Source: NSW DP&E 2016 dwelling projections

### 3.1.2 Residential dwelling pipeline

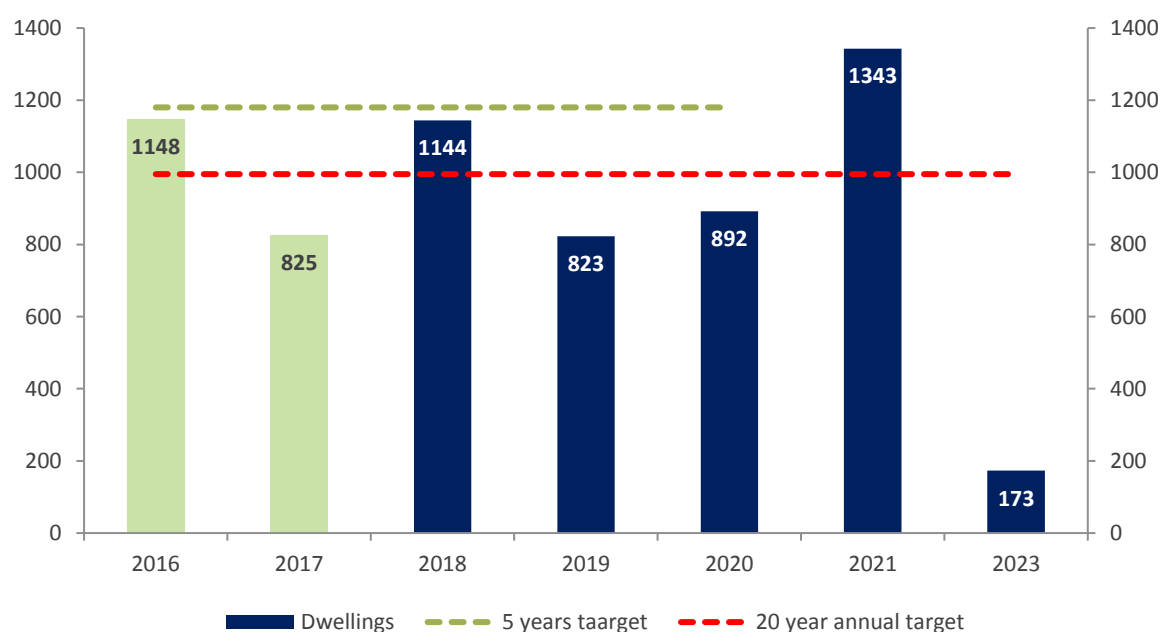
As discussed previously, the LGA would need to provide 995 per annum over the next 20 years to meet the targets identified by the DP&E or an additional 1,180 per annum as identified in the Eastern City *District Plan* over the five year, including 2016.

After allowing for dwellings that were completed in 2016-17 and dwellings in the development pipeline<sup>7</sup>, the LGA would remain 1,068 dwellings short of its five year target and 617 dwellings short of its 20 year target, over the 2016-2023 period.

This projected undersupply coupled with our estimated existing latent demand further increases the need for additional residential supply in order for the LGA to meet these dwelling targets and increase local affordability.

This can be achieved through accelerating housing supply within the LGA in appropriate locations like that proposed under the planning proposal.

**Figure 10: Residential pipeline (May 2018 onwards is strata dwellings)**



Source: Greater Sydney Regional Housing Activity (2016-April 2018), CordellConnect (Development to be completed from May 2018>), HillPDA

## 3.2 Housing diversity and affordability

The former *A Plan for Growing Sydney*<sup>8</sup> acknowledged that Sydney's housing prices were high compared to other Australian capital cities. The Plan highlighted that governments could "help to put downward pressure on prices

<sup>7</sup> Developments included are those which have a status of Building Application; Building Approval; Construction; Contract Let; Development Application; Development Approval; Rezoning Application; Rezoning Approval; or Site Preparation in Progress

<sup>8</sup> The former planning document released in 2016 which formed the basis for the *Greater Sydney Regional Plan 2018*

*(by) accelerating the supply and the variety of housing across Sydney, such as apartments and townhouses, will make it easier for people to find homes to suit their lifestyle and budget”.*

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

In 2018, the median sale price for strata dwellings in the Inner West LGA reached around \$811,000, while the median across the Eastern City District was around \$965,000. As such the median value in the LGA was around \$154,000 lower than that for the wider District.

The median value in the LGA was also around \$20,000 lower than the median strata dwelling recorded across Greater Sydney (\$831,000).

In comparison, the median sale price for non-strata dwellings in the LGA was just over \$1.6 million. This was \$400,000 million higher than that recorded for the District and Greater Sydney (~\$2 million and \$1.2 million, respectively).

Strata dwellings provide a more affordable option for residents and key workers within the LGA. This is evident with strata dwellings having a median value that was \$751,000 or 48% lower than the median price of non-strata dwellings in the LGA.

The price of a strata dwelling in the LGA was also significantly below the median recorded for the wider District and Greater Sydney region.

### 3.2.1 Housing stress and affordability

Housing stress is a metric used to describe a situation where the cost of housing is high relative to the household income. As a rule of thumb, housing stress is defined as where housing costs (rent or mortgage repayments) are 30% or more of gross household income<sup>9</sup>.

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

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

The trend in the rental market is considerably more negative with renting households experiencing stress increasing over the period, although it still remains below the benchmark.

**Table 7: Rental and mortgage stress**

	2006	2016
LGA median household income	\$65,780	\$106,184
LGA median mortgage repayment	\$24,000	\$31,200
LGA mortgage repayment as a proportion of income	36%	29%
Greater Sydney median mortgage repayment as % of income	35%	29%
LGA median rent	\$13,780	\$24,960
Median rent repayment as a proportion of median income	21%	24%

Source: 2016 ABS time series

<sup>9</sup> NSW Affordable Housing Ministerial Guidelines 2016-2017

### 3.2.2 Rental affordability

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

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

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

The median household income for the Inner West LGA was around \$106,185 in 2016. Based household income the affordable housing thresholds have been calculated as follows.

**Table 8: Household income and affordability North Sydney LGA**

Category	Household income	
	Weekly	Yearly
Median income	\$2,042	\$106,184
Very low household income (50% of median household income)	\$1,021	\$53,092
Low household income (80% of median household income)	\$1,634	\$84,947
Moderate income household (120% of median household income)	\$2,450	\$127,421

Source: 2016 ABS Census, HillPDA

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

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

#### 3.2.2.1 Very low income household rental affordability

A very low income household within North Sydney LGA, that is, a household that earns 50% of the median household income could afford to pay \$306/week<sup>10</sup> on rental repayments in 2016.

This was only 58% of the median market rent for a one bedroom apartment, 47% of market rent for a two bedroom apartment and 33% of market rent for a three bedroom apartment within the LGA.

#### 3.2.2.2 Low income household rental affordability

A low income household, that is, a household that earns 80% of the household median income could afford to pay \$490/week<sup>11</sup> on rental repayments.

This was only 88% of the median market rent for a one bedroom apartment, 65% of market rent for a two bedroom apartment and 53% of market rent for a three bedroom apartment within the LGA.

<sup>10</sup> 30% of annual income directed towards rental repayment

<sup>11</sup> 30% of annual income directed towards rental repayment

**Table 9: Rental affordability against Inner West LGA median household income - 2016**

Year	Very low household income at 50% of median household income	Low household income at 80% of median household income
Median household income (2016)	\$106,184	\$106,184
Median household at affordability category	\$53,092	\$84,947
Rental affordability at 30% of median income	\$306	\$490
1 bedroom apartment market rent	\$530	\$560
Rental affordability as a proportion of market rent	58%	88%
2 bedroom apartment market rent	\$650	\$750
Rental affordability as a proportion of market rent	47%	65%
3 bedroom apartment market rent	\$923	\$923
Rental affordability as a proportion of market rent	33%	53%

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

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

### 3.2.3 Apartment dwellings by household type

Apartments have remained the dominate dwelling type within the LGA over the ten year period from 2006. In 2016 of the 74,288 occupied private dwellings, 30,447 dwellings or 41% were apartments, representing a 23% proportional growth from that recorded in 2006.

The historic dominance of apartments within the LGA has witnessed an increasing trend in households transitioning to live within apartment style dwellings. Of note, is the significant proportional increase in couples without dependants, where 42% of this household type resided in apartment dwellings – up from 31% in 2006.

All other household types have increased proportionally by 1% to 5% towards living in apartment style dwellings. The planning proposal would be providing a dwelling type and mixture that would be catering to the changing preferences of the local community.

**Table 10: Proportion of households living in apartments by household type**

Household type	2006	2016
Couple families with dependents	17%	21%
Couples without dependents	31%	42%
Group households	39%	44%
Lone person households	53%	58%
One parent family	31%	33%
Other families	41%	42%

Source: 2016 ABS time series

### 3.2.4 Household type projections

The NSW DP&E projects that the LGA will accommodate an additional 18,500 households by 2036. Of this, around 13,750 households or 74% was attributed to lone person, couples without dependents and single parent. As

identified above, these household types have an increasingly propensity to reside within apartments style dwellings. This propensity would also result from affordability, availability and changing preferences.

The planning proposal would be providing a product with a range of bedroom types and configurations that would be catering for these future household types.

**Table 11: Inner West household projections 206-36**

Household type	2016	2021	2026	2031	2036	Growth #	% Growth
Couple only	17,900	18,650	19,350	20,450	21,550	3,650	20%
Couple with children	19,800	21,050	21,700	22,400	23,050	3,250	16%
Single parent	7,100	7,750	8,250	8,800	9,350	2,250	32%
Other family households	1,200	1,200	1,250	1,300	1,350	150	13%
Multiple-family households	1,900	2,000	2,050	2,150	2,250	350	18%
Lone person	25,400	27,300	29,050	31,200	33,250	7,850	31%
Group	6,950	7,050	7,250	7,550	7,950	1,000	14%
<b>Total</b>	<b>80,250</b>	<b>85,000</b>	<b>88,900</b>	<b>93,850</b>	<b>98,750</b>	<b>18,500</b>	<b>23%</b>

Source: NSW DP&E 2016 Dwelling Projections

### 3.3 Accessibility to jobs, services, and public transport

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

- The subject site is located in close proximity to existing transport infrastructure and is within 400 metres of sixteen State bus stops. The site is also adjacent to Dulwich Grove light railway station and is in close proximity, less than 800 metres, from two other light rail stations and Dulwich Hill railway station.
- The connectivity of the subject site through existing transport infrastructure allows future residents increased accessibility to employment, retail facilities and public infrastructure surrounding the site and throughout Sydney
- The subject site is within 800 metres of surrounding schools including Dulwich Hill preschool, Dulwich Hill public schools, Trinity Grammar school, St Maroun's college and St Paul of the Cross Catholic primary school
- The subject site is in close proximity to Dulwich Hill village. Increased residential densities within the local area would increase the potential for the Village to capture additional retail expenditure, increasing its viability and attracting further investment
- The site is in close proximity to a number of surrounding public and private recreation areas.

Figure 11: Surrounding characteristics of subject site



Source: HillPDA

## 4.0 LOSS OF LOCAL EMPLOYMENT / URBAN SERVICE LAND

The following Chapter assess the impact that rezoning of the Dulwich Hill industrial precinct, which contains the subject site, would have upon the ability of the former Marrickville LGA to accommodate future employment that is typically located in industrial/urban service land (referred to as employment precincts).

### 4.1 Surrounding employment precincts

The subject site is located within a 0.5 hectare employment precinct, referred to as Dulwich Hill. The precinct is fully developed. Surrounding the site, within the former Marrickville LGA, there was 169 hectares of land zoned as an employment precinct<sup>12</sup>. Of this around 6 hectares was undeveloped. While the Inner West LGA current contains around 277 hectares of zoned land, of which 9 hectares was undeveloped.

Furthermore, within the Eastern City District there is 938 hectares of employment precinct zoned land, with 31 hectares being undeveloped. While within a five kilometre radius of the subject site there is around 480 hectares of appropriately zoned land, of which 12 hectares is undeveloped, while 1,836 hectares is located within 10 kilometres of the subject site. Of this land around 80 hectares is currently undeveloped.

From the above, there is a significant amount of land zoned for industrial and urban service purposes both within the former Marrickville LGA, Inner West LGA, Eastern City District and surrounding locality (five to 10 kilometres).

The amount of underdeveloped land within the surrounding locality would be more than sufficient to accommodate for any urban service or industrial uses displaced by the proposed rezoning of the 0.5 hectare site.

**Table 12: Amount of land zoned as an employment precinct surrounding subject site**

	Jan-17 (Ha)		
	Undeveloped	Developed	Total
Former Marrickville LGA	6	163	169
Inner West LGA	9	268	277
Eastern City District	31	906	938
Precincts within 5km of SS	12	468	480
Precincts within 10km of SS	80	1,756	1,836

Source: ELDM 2017

Employment precincts surrounding the subject site can be seen in the figure below.

<sup>12</sup> Now forms part of the Inner West LGA – combination of the former Marrickville, Leichhardt and Ashfield LGAs





The results of the capacity analysis revealed that Marrickville's industrial land had a capacity of between 90,245sqm GFA and 880,629sqm GFA across four development scenarios (Minimum, Medium 40, Medium 60 and maximum development scenarios). Of this, the Dulwich Hill precinct could only provide a further 193sqm under the medium scenarios and 650sqm under the maximum scenario.

To assess any future deficit in supply, the 2014 Strategy estimated the amount of additional floorspace to be accommodated within the LGA's industrial precincts. This was undertaken under three scenarios using the former Bureau of Transport Statistics (BTS)<sup>13</sup> employment projections, with the third being a higher adjusted scenario.

Employment number was converted to floorspace using average employment densities - with this figure being subtracted from each of the capacity scenarios determined previously.

The 2014 Strategy recommended that the medium capacity scenarios were the most appropriate for strategic planning purposes.

The results showed:

- Scenario 1: Using the BTS 2012 forecast employment numbers, there is capacity to accommodate the floorspace forecast in all precincts. Under the medium scenario's there was residual capacity of between 309,590sqm to 391,055sqm
- Scenario 2: Using the BTS 2014 forecast employment numbers, under the medium scenario's there was residual capacity of between 200,290sqm to 281,754sqm
- Scenario 3 - SGS Adjusted: In the adjusted scenario under the medium scenario's there was residual capacity of between 168,520sqm and 249,985sqm.

The above findings highlight that loss of the industrial zoning in the Dulwich Hill precinct, which provided 4,485sqm of floorspace with capacity for an additional 193sqm, would not significantly impact the ability of the former LGA to accommodate any additional industrial/urban services or those displaced by the planning proposal as:

1. There is sufficient capacity in the surrounding precincts to absorb the loss of industrial zoned land
2. There was sufficient capacity in the surrounding precincts to accommodate the projected total net increase in floorspace demand, with significant residual capacity.

### 4.3 High level updated employment precinct floorspace demand

The Transport Performance and Analytics (TPA), the former BTS, have released updated employment figures for the former Marrickville LGA.

By 2036, the differences between the 2016 projections and 2012 projections are:

1. Employment in the LGA is forecast to increase by an additional 1,580 jobs under the 2016 projections
2. Manufacturing jobs are forecast to increase by 268 (2016), while the 2012 forecast was 1,473 jobs
3. Transport and warehousing is forecast to increase by 185 jobs while the 2012 forecast was a 163 decrease.
4. Wholesale employment is forecast to decrease by 86 jobs while the 2014 forecast was a 670 increase.

By 2036, the differences between the 2016 projections and 2014 projections are:

1. The 2014 projections forecast a higher overall net employment growth in the LGA – 385 more jobs than the 2016 projections (5,349 net growth)
2. Manufacturing jobs is forecast to increase by 268 jobs (2016), while the 2014 projected a 456 job decrease

<sup>13</sup> Now known as the Transport Performance and Analytics (TPA)

3. Transport and warehousing is forecast to increase by 185 jobs while the 2014 projects stated a 241 increase
4. Wholesale employment is forecast to decrease by 86 jobs while the 2014 forecast was a 995 increase.

#### 4.3.1 Employment projections and high level floorspace demand

In total the TPA forecast an increase in the former Marrickville LGA of 5,350 jobs over the next 20 years. However, not all of this employment would be accommodated in the employment precincts.

To estimate the additional floorspace in the former LGA's employment precincts, we proportioned net employment growth by industry category based on our experience, the 2014 Strategy methodology and land use findings.

Employment in the employment precincts was then translated into required floorspace based on industry standard employment densities, those used within the 2014 Strategy and the City of Sydney floorspace and employment survey 2012.

Please note that the 2014 Strategy states that floorspace attributed to administrative and support services is forecast to grow by 15,606sqm under the 2012 projections and by 32,158sqm in the 2014 forecast yet employment in this industry was forecast to increase by only 40 jobs and 100 jobs respectively. This calculates to an employment density of 322sqm to 390sqm per worker, which is exceptionally low.

Based on the 2016 employment projections, we have estimated that over the next 20 years the former LGA would accommodate an additional 100,000sqm of employment floorspace in its employment precincts.

**Table 13: Employment and floorspace forecasts – former Marrickville LGA**

	2016	2036	Change	Floorspace directed toward employment precincts
Agriculture, Forestry and Fishing	36	38	2	176
Mining	11	11	-1	-30
Manufacturing	3,808	4,040	231	16,191
Electricity, Gas, Water and Waste Services	63	86	23	2,274
Construction	2,799	3,558	758	15,170
Wholesale Trade	2,121	2,076	-45	-2,372
Retail Trade	4,298	5,132	835	2,921
Accommodation and Food Services	2,249	2,764	515	772
Transport, Postal and Warehousing	2,265	2,514	248	37,266
Information Media and Telecommunications	676	724	48	96
Financial and Insurance Services	446	558	112	112
Rental, Hiring and Real Estate Services	477	623	145	1,525
Professional, Scientific & Technical Services	2,629	3,964	1,334	8,006
Administrative and Support Services	834	916	82	577
Public Administration and Safety	1,360	1,765	405	810
Education and Training	2,647	3,608	961	2,882
Health Care and Social Assistance	2,854	3,873	1,019	3,056
Arts and Recreation Services	863	1,167	304	1,823
Other Services	1,792	2,010	217	6,080
<b>Sub-total</b>	<b>32,232</b>	<b>39,426</b>	<b>7,193</b>	<b>97,334</b>
<b>Total*</b>				<b>99,768</b>

Source: 2016 TPA employment forecasts, HillPDA -\*includes a allowance for vacant floorspace of say around 2.5%

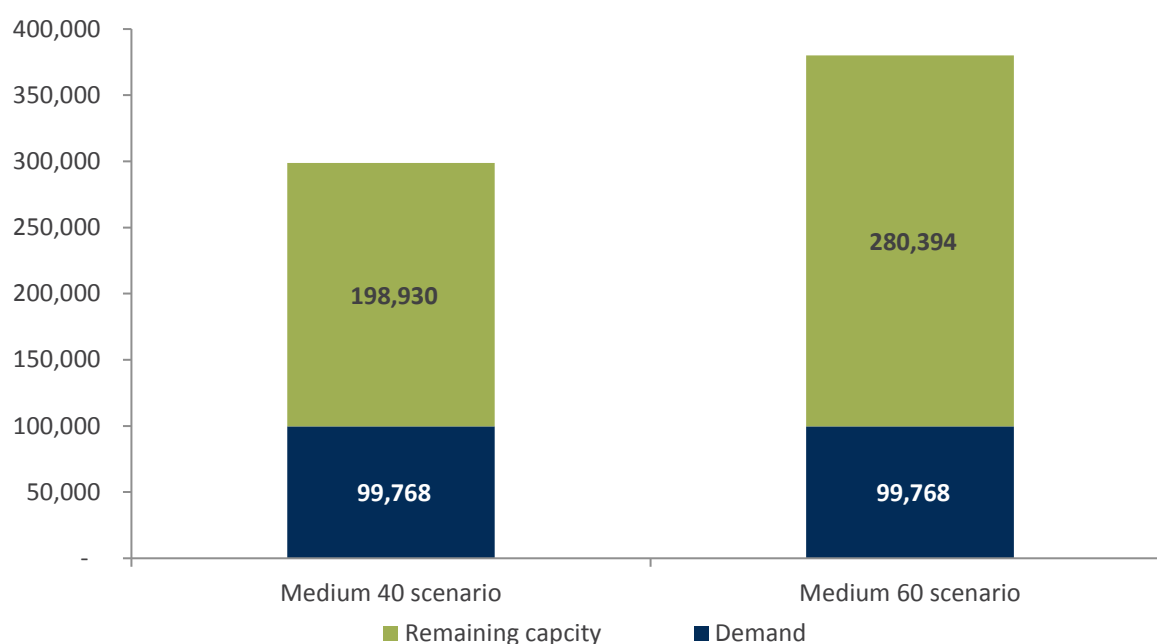
#### 4.3.2 Updated floorspace demand conclusion

Using the 2016 TPA employment projections as a base case, our high level updated modelling suggests that the former LGA is likely to experience demand for around an additional 108,750sqm to be accommodated in its employment precincts over the next 20 years.

Subtracting the demand from the capacity, as estimated under the medium scenarios in the 2014 Strategy<sup>14</sup>, reveals that the former LGA would still have the capacity for an additional 198,930sqm to 280,395sqm of floorspace. This highlights that there is currently a sufficient amount of appropriately zoned land within the former LGA's employment precincts.

Additionally, even with the removal of the industrial zone in the Dulwich Hill precinct, there would be sufficient capacity in the surrounding precincts to absorb any displaced industrial and urban services. As such, the loss of the Dulwich Hill precinct is likely not to have a significant negative impact on the local economy or the ability of the former LGA to accommodate industrial or urban services in the future.

**Figure 13: Supply-demand gap analysis**



Source: 2016 TPA employment projections, Marrickville employment lands strategy 2014, HillPDA

## 4.4 Key findings

Currently, there is a significant amount of land zoned for industrial and urban service purposes within the former Marrickville LGA, Inner West LGA, Eastern City District and surrounding locality (within five to 10 kilometres). The amount of underdeveloped land within the surrounding locality (9 to 80 hectares) would be more than sufficient to accommodate any urban service or industrial uses displaced by the proposed rezoning of the 0.5 hectare site.

An employment land strategy undertaken for the former Marrickville LGA in 2014 found that Marrickville's employment precinct's had capacity to accommodate between 101,137sqm GFA and 891,522sqm GFA under four development scenarios (a Minimum, Medium 40, Medium 60 and maximum development scenarios). Of this, the Dulwich Hill precinct could only provide a further 193sqm under the medium scenarios and 650sqm under the maximum scenario.

The 2014 Strategy then forecast the amount of additional floorspace required to support various employment forecasts. These floorspace projections were then subtracted from the estimated capacity. It was recommended that the medium capacity scenarios were the most appropriate for strategic planning purposes.

As such, the results showed:

<sup>14</sup> The 2014 Strategy estimated a capacity of between 298,698sqm and 380,162sqm under the Medium 40 and Medium 60 scenarios, respectively

- Scenario 1: Using the BTS 2012 forecast employment numbers, there is the capacity to accommodate the floorspace forecast in all precincts. Under the medium scenarios there was residual capacity of between 309,590sqm to 391,055sqm
- Scenario 2: Using the BTS 2014 forecast employment numbers, under the medium scenario's there was residual capacity of between 200,290sqm to 281,754sqm
- Scenario 3 - SGS Adjusted: In the adjusted scenario under the medium scenario's there was residual capacity of between 168,520sqm and 249,985sqm.

As such, the supply and demand analysis in the 2014 strategy highlights that loss of the industrial zoning in the Dulwich Hill precinct would not significantly impact the ability of the former LGA to accommodate any additional industrial/urban services or those displaced by the planning proposal as:

1. There was sufficient capacity in the surrounding precincts to absorb the loss of industrial zoned land
2. There was sufficient capacity in the surrounding precincts to accommodate the projected total net increase in floorspace demand, with significant residual capacity.

Using the 2016 TPA employment projections as a base case, we undertook a high level update to estimate the amount of additional floorspace directed towards Marrickville's employment precincts. Our modelling suggests that the former LGA could experience demand for an additional 100,000sqm in the employment precincts over the next 20 years.

Subtracting the demand from the capacity, as estimated under the medium scenarios in the 2014 Strategy, reveals that the former LGA would still have the capacity for around an additional 198,930sqm to 280,395sqm of floorspace. This highlights that there is currently a sufficient amount of appropriately zoned land within the former LGAs employment precincts.

Additionally, even with the removal of the industrial zoning in the Dulwich Hill precinct, there would be sufficient capacity in the surrounding precincts to absorb any displaced industrial and urban services. As such, from the above analysis, this study considers the economic impact of loss of industrial land in the Dulwich Hill precinct, as proposed under the planning proposal, is likely not to have a significant negative impact on the local economy or the ability of the former LGA to accommodate industrial or urban services in the near future. It is noted however, that the former Marrickville LGA now forms part of the newly formed Inner West LGA, and which would benefit from an updated holistic employment lands study and strategy.

## 5.0 CURRENT ECONOMIC CONTRIBUTION

This Chapter estimates the current economic contribution of the Dulwich Hill employment precinct. Economic impacts include employment generation, wages and IVA, increased retail spend from local residents and workers.

Please note to assess the full economic potential of the precinct we have undertaken the following analysis assuming no vacancies. For the purpose of the economic assessment the 'do nothing' or 'current business' scenario is referred to as the "base case".

### 5.1 Dulwich Hill Precinct

The Dulwich Hill precinct provides floorspace comprising a mix of light industrial, bulky goods, retail, community and residential uses. Using Google street view and the 2014 Marrickville employment lands strategy land use survey, we have estimated at the following floorspace provision:

- 2,248sqm of light industrial/manufacturing floorspace
- 1,237sqm of bulky good/wholesaling floorspace
- 585sqm of main street retail floorspace<sup>15</sup>
- 115sqm of residential floorspace
- 300sqm of community space (Church).

In total the precinct provides around 4,370sqm of employment floorspace.

#### 5.1.1 Employment generation

Based on the above land uses in the precinct, it is estimated that at capacity the precinct would generate or accommodate 57 jobs.

**Table 14: Dulwich Hill precinct employment generation**

Land use	Floorspace (GFA)	Sqm/Employee	No. Workers
Light industrial/manufacturing	2,248	100	22
Bulky goods/wholesale	1,237	80	15
Retail	585	40	15
Community	300	70	4
<b>Total Employment</b>	<b>4,370</b>		<b>57</b>

Source: Marrickville employment lands strategy 2014, HillPDA

#### 5.1.2 Remuneration

Based on ABS Australian Industry tables, HillPDA has estimated a combined annual remuneration at approximately \$2.9 million for workers on site. The details by land use are provided in the table below.

<sup>15</sup> 2014 Strategy states that 13% of the precincts floorspace was retail space, this is indicated to be located in properties 466-470 New Canterbury Road



**Table 15: Estimated remuneration (\$2017)**

Land use	No. Workers	Average Wage	Total Remuneration
Light industrial/manufacturing	22	\$66,169	\$1.49
Bulky goods/wholesale	15	\$46,927	\$0.73
Retail	15	\$33,405	\$0.49
Community	4	\$36,933	\$0.16
<b>Total</b>	<b>57</b>		<b>\$2.86</b>

Source: 2016/17 ABS Australian Industry tables cat 81550DO001 and 81550DO002 – Manufacturing, Retail trade and Personal and other services industries, HillPDA

### 5.1.3 Gross Value Added

Gross Value Added (GVA) of an industry refers to the value of outputs less the costs of inputs. It measures the contribution that the industry makes to the country's wealth or gross domestic product (GDP).

Based on Economy Id worker productivity figures for the Inner West LGA, HillPDA has estimated the combined GVA generated from land uses under the base case at approximately \$5.2 million per annum. The details by land use are provided in the table below.

**Table 16: Estimated Gross Value Added**

Land use	No. Workers	Industry / Value Add / Worker	Industry Value Add (\$m)
Light industrial/manufacturing	22	\$116,021	\$2.61
Bulky goods/wholesale	15	\$78,113	\$1.10
Retail	15	\$71,220	\$1.04
Community	4	\$76,345	\$0.33
<b>Total</b>	<b>57</b>		<b>\$5.18</b>

Source: Economy Id - Manufacturing, Retail Trade, Basic Material Wholesaling, Other Store-Based Retailing, and Personal and Other Services and HillPDA

### 5.1.4 Retail expenditure from workers on site

Workers on site would generate additional sources of retail expenditure for local retailers in the locality. This would be spent predominately on convenience-related items such as lunches, coffees, snacks and so on. A recent survey conducted by URBIS found that workers in Sydney CBD on average spent \$230 per week on retail items. This average spend encompasses clothing, internet, and supermarket purchases. For workers in the precinct, HillPDA has applied a more conservative spend of \$15 a day or \$75 a week for 46 working weeks generated by each worker. As such, we have estimated an annual retail expenditure of \$39,230. The majority of this would be captured by retail services within and around Dulwich village.

### 5.1.5 Retail expenditure from residents

The precinct current contains a single detached dwelling, assuming an average occupancy of 2.6 persons<sup>16</sup> per detached dwelling, it is estimated that at most three persons could reside within the dwelling.

Assuming an average spend of \$16,500<sup>17</sup> total retail spend generated by residents on site would be around \$49,500 (\$2017).

<sup>16</sup> Based on Inner West community profile persons living within occupied detached dwellings

<sup>17</sup> Market info 2017 Data

## 6.0 ECONOMIC IMPACT

This Chapter examines the economic impacts of the Planning Proposal and post construction. Economic impacts include employment generation, wages and IVA, increased retail spend from local residents and workers, increased demand for retail floorspace and impacts on government revenue

### 6.1 Proposed development options

As previously stated, the planning proposal proposes the following land uses and development yields:

1. Around 11,107sqm of residential gross floor area (GFA) – equating to 135 residential apartments
2. Around 573sqm of commercial GFA
3. Around associated 854sqm of retail GFA – proposed to be a neighbourhood supermarket
4. Around 175 parking spaces
5. Private and public open space
6. Reinstatement of church.

### 6.2 Construction economic benefits

HillPDA has estimated the construction cost at around \$65.9 million based on the following project elements:

**Table 17: Estimated construction cost by Option**

	Land use	\$/unit	\$ (m)
Demolition and clearing (sqm)	3,485	150	1
Residential apartments (units)	135	380,000	51
Open space*	1,424	50	1.07
Non-residential (sqm)	1,428	3,000	4
Car Parking (spaces)	175	50,000	9
<b>Total</b>			<b>\$65.9</b>

Source: HillPDA, Rawlinson's 2018, \*include one million of throughway embellishments

#### 6.2.1 Construction multiplier effects

The construction industry is a significant component of the economy accounting for 6.7% of Gross Domestic Product (GDP) and employing almost one million workers across Australia<sup>18</sup>. The industry has strong linkages with other sectors, so its impacts on the economy go further than the direct contribution of construction. Multipliers refer to the level of additional economic activity generated by a source industry.

There are two types of multipliers:

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

<sup>18</sup> Source: IBIS World Construction Industry Report 2015



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

The source of the multipliers adopted in this report is ABS Australian National Accounts: Input-Output Tables 2015-16 (ABS Pub: 5209.0). From these tables HillPDA identified first round effects, industrial support effects and consumption induced multiplier effects at rates of \$0.62, \$0.68 and \$0.93 respectively to every dollar of construction. The table below quantifies associated economic multipliers resulting from the construction process.

**Table 18: Construction multipliers (\$m)**

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Output multipliers	1	0.6260	0.6790	0.9340	3.2390
<b>Output (\$million)</b>	<b>\$66</b>	<b>\$41</b>	<b>\$45</b>	<b>\$62</b>	<b>\$214</b>

Source: HillPDA Estimate from ABS Australian National Accounts: Input-Output Tables 2015-16 (ABS Pub: 5209.0)

The estimated direct construction cost of \$66 million would generate a further \$86 million of activity in production induced effects and \$62 million in consumption induced effects. Total economic activity generated by construction of the two development options could be in the range of \$214 million.

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

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

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

*“Direct or flow on jobs will not necessarily occur in the immediate vicinity of the project – they may be located in head office of the supplier or in a factory in another region or State that supplies the project”<sup>19</sup>.*

Despite these riders, the construction industry provides considerable added value to the Australian economy.

### 6.2.1 Construction related employment

Every one million dollars of construction work undertaken generates 2.15 job years directly in construction<sup>20</sup>. Based on an estimated construction cost \$66 million the proposal would directly generate 142 job years<sup>21</sup> in construction.

<sup>19</sup> Source: Office of Financial Management Policy & Guidelines Paper: Policy & Guidelines: Guidelines for estimating employment supported by the actions, programs and policies of the NSW Government (TPP 09-7) NSW Treasury

<sup>20</sup> Source: ABS Australian National Accounts: Input – Output Tables 2015-16 (ABS Pub: 5209.0) adjusted to 2018 dollars

<sup>21</sup> Note: One job year equals one full-time job for one year

**Table 19: Construction employment**

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Multipliers	1	0.741	0.839	1.384	3.970
Employment No. per \$million*	2.154	1.597	1.808	2.981	8.540
<b>Total job years created</b>	<b>142</b>	<b>105</b>	<b>119</b>	<b>197</b>	<b>563</b>

Source: HillPDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2015-16 (ABS Pub: 5209.0)

From the ABS Australian National Accounts: Input-Output Tables 2015-16 HillPDA identified employment multipliers for first round, industrial support and consumption induced effects of 0.74, 0.84 and 1.38 respectively for every job year in direct construction.

Including the multiplier impacts, the proposal would generate a total of 563 job years directly and indirectly.

### 6.2.2 Retail expenditure from construction workers

Construction workers on site would generate additional sources of retail expenditure. This would be spent predominately on convenience-related items such as lunches, coffees, snacks and so on. For construction workers, HillPDA has applied a more conservative spend<sup>22</sup> of \$10 a day or \$50 a week for 46 working weeks generated by each worker during the construction period.

We have estimated that:

- 142 construction job years would be directly supported on the site over the course of the development
- The workers on site will spend an average of \$2,300 per annum in the locality.

On this basis, existing retailers in the local area of the subject site could enjoy around \$326,620 revenue from construction workers on site during the period of construction.

### 6.2.1 Other construction impacts

The construction process may lead to short-term negative impacts in the locality such as increased traffic, noise, dust and so on. We have assumed that the development would take the necessary steps to mitigate the extent of these impacts.

## 6.3 Post-construction economic benefits

The development would generate economic benefits post-construction through the employment space provided and residents on site. The following estimates the economic benefits that could provide post-construction.

Please note, that the planning proposal does not encompass the entire Dulwich Hill precinct (planning proposal site). To properly compare against the base case, we have included employment floorspace, as provided in the remaining precinct, to each development option.

### 6.3.1 Employment generation

Following construction, the planning proposal would provide employment, primarily through the provision of around 573sqm of commercial office space and 854sqm of retail space (proposed to be a small neighbourhood supermarket).

<sup>22</sup> URBIS found that workers in Sydney CBD on average spent \$230 per week

It must be noted that there is some employment uses within the secondary site (please refer to Figure 1). These uses are not subject to the planning proposal and will remain in operation post development of the planning proposal. As such, their economic impacts, assessed previously, have been included in this section.

The residential component would also accommodate some jobs. According to ABS 7.6% of workers undertake the majority of work at home (ABS Locations of Work 2008, Cat 6275.0). There is an average of 1.5 working residents per household in Inner West LGA (ABS Census 2016) but HillPDA has applied a more conservative rate of 1.1 workers per household given smaller household sizes in apartments.

The table below provides an estimate of the number of jobs that would be supported across the planning proposal site following construction and occupation, under each development option.

**Table 20: Estimated employment generation of planning proposal development options and precinct**

Land use	Floor area (GFA)	Sqm/Employee	Employment
Commercial	573	18	32
Retail (pp)	854.2	21	41
Retail (existing)	585	40	15
Community (existing)	300	70	4
Home Based Businesses	128		10
<b>Total</b>	<b>2,440</b>		<b>101</b>

Source: HillPDA, \*assumes a 5% vacancy rate of the 135 apartments

As indicated in the table above, the proposed development could facilitate the creation of around 101 jobs on site – an increase of around 44 jobs above the base case.

### 6.3.2 Remuneration

Based on ABS Australian Industry tables, HillPDA has estimated a combined annual remuneration for workers across the planning proposal site, under each development option. The details by land use are provided in the table below.

**Table 21: Estimated salaries (\$m 2017)**

Land use	Average Wage	Remuneration (\$m)
Commercial	\$73,084	\$2.33
Retail (pp)	\$30,088	\$1.22
Retail (existing)	\$33,405	\$0.49
Community (existing)	\$36,933	\$0.16
Home Based Businesses	\$60,000	\$0.58
<b>Total</b>		<b>\$4.78</b>

Source: 2016/17 ABS Australian Industry tables cat 81550DO001 and 81550DO002, IBIS World Industry Reports, HillPDA

As indicated in the table above, following construction of the proposed development the planning proposal site could generate a combined annual remuneration of approximately \$4.78 million per annum – an increase of around \$0.1.92 million per annum above the base case

### 6.3.3 Gross Value Added

GVA of an industry refers to the value of outputs less the costs of inputs. It measures the contribution that the industry makes to the country's wealth or gross domestic product (GDP).

Based on Economy Id worker productivity figures for the Inner West LGA, HillPDA has estimated the GVA generated from land uses across the planning proposal site, under each development option. The details by land use are provided in the table below.

**Table 22: Estimated Gross Value Add (\$m 2018)**

Land use	Gross Value Added / Worker	GVA (\$m)
Commercial	\$197,671	\$6.29
Retail (pp)	\$53,908	\$2.19
Retail (existing)	\$71,220	\$1.04
Community (existing)	\$76,345	\$0.33
Home Based Businesses	\$74,400	\$0.72
<b>Total</b>		<b>\$10.57</b>

Source: Economy Id, IBIS World Industry Reports, HillPDA

As indicated in the table above, following construction of the proposed development the planning proposal site could generate combined GVA of approximately \$6.93 million per annum – an increase of around \$5.39 million per annum above the base case.

### 6.3.4 Impact on whole-of-government revenue

Based on the table below the planning proposal is likely to contribute around an additional \$26 million to government revenue.

**Table 23: Impact on whole-of-government revenue (\$m)**

Source of Revenue	Revenue (\$m)
GST from Residential Apartments *1	9.8
Stamp Duty Revenue *2	10.3
Developer Contributions *3	2.7
Payroll Tax during Construction *4	0.9
Payroll Tax over 10yrs post construct *5	0.9
Land Tax Revenue (over 10yrs) *6	1.5
<b>Total</b>	<b>26.1</b>

\*1 Assuming average apartment sale price of \$800,000

\*2 Assuming average apartment sale price of \$800,000

\*3 Section S7.11 or S7.12 + Other

\*4 Assuming 50% of workers do not attract payroll tax due to varying business sizes

\*5 Assuming 50% of workers do not attract payroll tax due to varying business sizes

\*6 Assuming 20% of buyers are subject to land tax

### 6.3.5 Retail expenditure from workers onsite

Workers on site would generate additional sources of retail expenditure. This would be spent predominately on convenience-related items such as lunches, coffees, snacks and so on. HillPDA has applied a conservative spend<sup>23</sup>

<sup>23</sup> URBIS found that workers in Sydney CBD on average spent \$230 per week

of \$15 a day or \$50 a week for 46 working weeks generated by retail and community workers and \$20 a day for commercial workers.

As such, we have estimated an annual retail expenditure of \$70,402 per annum, around \$31,173 per annum over that generated under the base case. The majority of this would be captured by retail services within and around Dulwich village.

### **6.3.6 Retail expenditure from residents**

The planning proposal would benefit Dulwich Hill village and surrounding retail centres existing retailers by increasing the resident population and hence retail expenditure. HillPDA estimates an additional 196 residents would live on site based on an average occupancy of 1.95<sup>24</sup> and a 5% vacancy rate.

Assuming an average spend of \$17,100<sup>25</sup> total retail spend generated by residents on site would be \$4.3 million (\$2018).

Of course, not all of this expenditure will be captured by existing retailers in the locality but HillPDA would expect a rate of around 60% would be captured in the local area.

When combined with workers on site, the planning proposal site would provide sources for an increase in retail sales captured by surrounding retailers likely in the order of \$2.5 million.

This represents around an additional \$1.47 million in retail expenditure per annum over that generated under the base case.

## **6.4 Other economic benefits**

### **6.4.1 Investment stimulus**

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

The planning proposal would create additional business opportunities in this locality associated with future residents. It would increase the profile of this area and in doing so increase the financial feasibility of future development, potentially acting as a catalyst on surrounding sites.

### **6.4.2 Jobs closer to home**

There are many benefits associated with providing jobs closer to home, 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 GSC 30min cities direction, where residents live within 30 minutes of their jobs, education and health facilities, services and great places.

<sup>24</sup> ABS 2016 Inner West community profile – average number of persons in occupied apartments

<sup>25</sup> Marketinfo 2017 Expenditure Data – assumed impact year of 2022 and real time growth of 1% per annum

### **6.4.3 Transit Orientated Development (TOD)**

High density mixed use development close to major transport nodes meets urban consolidation objectives. It results in improved efficiencies, reduces dependency on private motor vehicle usage and encourages the use of public transport.

### **6.4.4 Housing supply**

With a rapidly growing residential population, the supply of housing (and particularly of low cost housing) is under pressure. The impact of Sydney's well documented low housing supply and high market demand has been to drive the cost of housing upwards.

The proposed development would deliver 106 new residential apartments in the locality, creating additional housing supply in a highly sought after location.

The planning proposal will also contribute to housing supply by introducing another provider in the Inner West market. Multiple producers will ensure the market is not monopolised, encouraging greater competition and a healthy rate of supply.

The Eastern City District Plan has set a five year housing target of 5,900 additional dwellings to be completed in Inner West LGA. This equates to an additional 1,180 dwellings per annum. The planning proposal would provide 135 new apartments (+134 dwellings) contributing to the LGA in meeting this target.

### **6.4.5 Housing choice**

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

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

### **6.4.6 Cycle way activation**

The construction of a mixed use development comprising uses such as commercial, retail and residential located on the site would create increased pedestrian traffic having the effect of further activating the local area. The planning proposal would provide a public cycle way running alongside the railway line between New Canterbury Road and Hercules Street. Activation by users of the cycle way would have the benefits of increasing security, increasing trade for retailers through increased passing trade and increase investment within the local area.

## **6.5 Conclusion**

The planning proposal would provide approximately 854sqm of retail floorspace, 573sqm of commercial space and 135 residential apartments. The provision of these land uses onsite would increase the economic output of the wider precinct.

Specifically, over that already generated under the base case the planning proposal would generate an additional 44 jobs; \$1.92 million per annum in wages; contribute \$10.57 million per annum to local economy or GDP and around \$26 million to whole-of-government revenue.

Non-resident workers onsite would also generate an estimated \$70,402 per annum in retail expenditure that would be captured by local retailers. This is around \$31,000 per annum greater than that already estimated to be generated under the base case.

In addition, the planning proposal would generate economic benefits resulting from the resident's onsite (estimated at 250 persons). These economic benefits primarily relate to increased residential expenditure which could be captured by retailers in the locality, including those in Dulwich Hill village. This is estimated at an additional \$1.4 million per annum over the base case.

The planning proposal would have additional economic benefits, these being:

- Providing a catalyst for further investment in the locality
- Activation of the local area through increased pedestrian and cycle traffic with increased security and increased trading opportunities for surrounding retailers
- Contributing to increasing housing diversity and affordability in the LGA and District
- Providing jobs closer to home and contributing to the LGAs employment targets
- Contribute to transit orientated development objectives by concentrating more people near the train station and commercial services, thereby reducing the reliance on private motor vehicle travel and increasing the use of public transport
- Contributing to Sydney achieving the 30-minute city concept.

**As such, the planning proposal is supportable from an economic impact perspective.**

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