

From: system@acelo.com on behalf of William Power
Sent: Friday, 2 November 2018 12:04 PM
To:
Subject: Submission Details for company Property Council of Australia (org_comments)
Attachments: 291985_Aerotropolis LUIP Stage One Submission PCA .pdf; 291985_Attachment 1_ lack of Industrial Land in Western Sydney Letter_ PCA Submission.pdf

Confidentiality Requested: no

Submitted by a Planner: no

Disclosable Political Donation:

Agreed to false or misleading information statements: yes

Name: William Power

Organisation: Property Council of Australia (Property Council of Australia)

Govt. Agency: No

Email:

Address:

Content:

See attached documents

IP Address: - 61.14.108.166

Submission: Online Submission from company Property Council of Australia (org_comments)
https://majorprojects.acelo.com/?action=view_activity&id=291985

Submission for Job: #9552

https://majorprojects.acelo.com/?action=view_job&id=9552

Site: #0

https://majorprojects.acelo.com/?action=view_site&id=0

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Aerotropolis Stage One Land Use and Infrastructure Plan

Property Council of Australia

November 2018

Aerotropolis Stage One Land Use and Infrastructure Plan

The Property Council of Australia recognises the importance of the Western Sydney Airport and the development of the land surrounding the airport site. The airport and the land are important not only for Western Sydney but for the whole of Sydney and the city's economic future.

The development of the Aerotropolis' nine precincts will be critical to jobs in Western Sydney and achieving the vision of a 30-minute Sydney. The initial precinct planning in the Aerotropolis Stage One Land Use and Infrastructure Plan (LUIIP) for the Aerotropolis Core, South Creek and the Northern Gateway will be critical for land release and development that can provide jobs and establish a strong economic foundation for the region before a plane takes off from Western Sydney Airport.

The Northern Gateway Precinct will also support the development of the Western Economic Corridor and provide critical employment land supply particularly to support logistics, transport and warehousing. The Elizabeth Drive corridor must also be included in the Northern Gateway as a key East/West connection which must be advanced together with the planned North/South connection to the Airport Northern Gateway.

To confront the changing focus of employment in Sydney and the dramatic undersupply of employment land, the LUIIP must encourage investment and harness the existent demand for land.

The key to a strong economic outlook for this area of Sydney will be:

- The unlocking and servicing of key employment land, especially in the short to medium term
- Infrastructure sequenced with land development
- A coordinated approach from all Government agencies
- Certainty in decision-making to generate investment opportunities led by occupier demand.

The LUIIP includes approaches or policies to address most of these issues and the implementation will be critical.

The development of this land is particularly important in the context of the considerable undersupply of employment land in Sydney with the Western City the only area of Sydney with enough land to meet demand.

The growth forecast illustrates a challenging future. Most additional floorspace development is driven by floorspace types that require a degree a separation from other competing land uses and important freight transport connections. The Western City is the only district where forecast land demand is not anticipated to exceed supply, however, it is anticipated this excess capacity will be consumed by demand moving from the eastern districts.

The LUIIP does recognise the growth and change that will occur in Western Sydney as Greater Sydney moves towards a metropolis of three cities. To confront the changing focus of

employment in Sydney and the dramatic undersupply of employment land, the LUIIP must encourage investment and harness the existent demand for employment land.

It is understood that with limited planning resources and constrained infrastructure investment, most development in the Aerotropolis region must be sequenced. The Property Council and its members have been cooperative with both the Greater Sydney Commission and the Department of Planning in forming a long-term vision for the economic productivity of Sydney's employment land including in Greater Western Sydney region and the Western Sydney Employment Area, however it is felt that short to medium term land release and servicing is sometimes over looked in this process.

This can be partly addressed through a clear and accessible out of sequence planning regime; one that supports innovative development and other growing areas in the Aerotropolis region. Some areas, including the Mamre road precinct, should be also excluded from the planned sequencing of land development as currently outlined in the LUIIP, and instead be developed immediately to alleviate land supply pressures. Other areas, including the Badgerys Creek Precinct, should be included with the stage one land planning and release process of the Northern Gateway Precinct to bring forward planning of the East / West connection along Elizabeth Drive and unlock land supply and enable development ready sites to begin.

In addition to these issues, this submission will focus on:

- The changing nature of employment land and investment and lack of land supply in the Sydney basin
- The use of the PMF line in South Creek Precinct
- The need to design the proposed Special Infrastructure Contribution (SIC) in line with what is already in place in the region

Employment land in Sydney and the importance of the Aerotropolis region

Western and Central City districts contain the greatest amount of employment land, together representing 73% total employment lands

The focus of the development of the Aerotropolis is on commercial and employment land development, an important aspect of planning for Sydney's growth.

The Western and Central City districts contain the greatest amount of employment land, together representing 73% total employment lands. These districts also contain 90% of undeveloped land, although most of this land is currently un-serviced.

There is very limited stock of undeveloped land in the east of the city with collectively only 2% of

zoned land in the North, Eastern, City and South districts remaining undeveloped in 2017. These districts also contain the oldest employment lands and are often rezoned for more viable development.

Average lot size within employment land precincts becomes higher moving further west from the centre. This reflects the changing role of employment precincts from the smaller inner-city operations of the older precincts, towards the need for larger facilities for freight and logistics and warehousing uses of modern precincts.

Newer industrial areas in the west of the city, whilst providing space for large industrial activities, also have the greatest diversity of lot sizes to suit a range of industrial supporting activities which is important for enabling occupiers to conduct efficient, cost effective operations.

The industries creating demand for land are also changing, with increasing growth in the transport, postal and warehousing industries driven by the growing goods economy. There will also be an important focus on research, defence and aerospace industries. Manufacturing still also has a large footprint in the western city, particularly in the triangle between Blacktown, Liverpool and Parramatta. These jobs will, with the right investment and support, transition to new industries more focused in advanced manufacturing.

It is this context that places a critical focus and importance on facilitating the development of land in the nine Aerotropolis precincts. The future of land supply that can facilitate job growth, the faster and cheaper delivery of goods and a strong economic future for Sydney is concentrated in this area of Sydney.

The undersupply of employment land

Recent work conducted by SGS Economics and Planning and commissioned by the Property Council confirmed that the only area of Sydney with sufficient supply of employment land is the Western City with most of this land proposed rather than zoned or serviced. That means Australia's largest city has a dramatic undersupply of development ready employment land.

The consequences of this undersupply of suitable land are profound. The market is currently experiencing significant demand from the transport and logistics industries as well as light and advanced manufacturing and wholesale trade; but a lack of appropriate serviced land is increasing prices creating an affordability problem and forcing companies to find suitable sites in other States.

Industry data shows us that there is only currently real supply of 295 hectares which equates to 1.97 years supply. This land is also for the whole Sydney metropolitan area and is often located in undesirable locations for many occupiers, places such as Kurnell, Mt Kuringai and Oran Park.

Much of Sydney's undeveloped employment land in western Sydney, is owned by private owners who only release land periodically further restricting supply.

Currently we are seeing an average take up 150 hectares per annum with 81 per cent of land take up occurring in Western Sydney.

There must be a concerted effort in Western Sydney to zone and service appropriate employment land to unlock much needed supply and the Aerotropolis region is critical in this regard. This will reduce the increasing affordability issue for occupiers which is putting pressure on some businesses to seek alternative premises in other states such as Victoria.

Figure one and two show the increasing gap in rental cost between Sydney, Brisbane and Melbourne and how this will undermine future investment in Western Sydney.

- The rental rate in Sydney is 30% higher than the long-term average difference between Sydney / Melbourne Rents
- Equates to an average net rent some 61% higher in Sydney than Melbourne

To address this growing issue and enable the development of employment land, a facilitative planning environment is required, one that plans and sequences development with trunk infrastructure while also allowing innovative, development ready projects to occur out of sequence.

Figure One

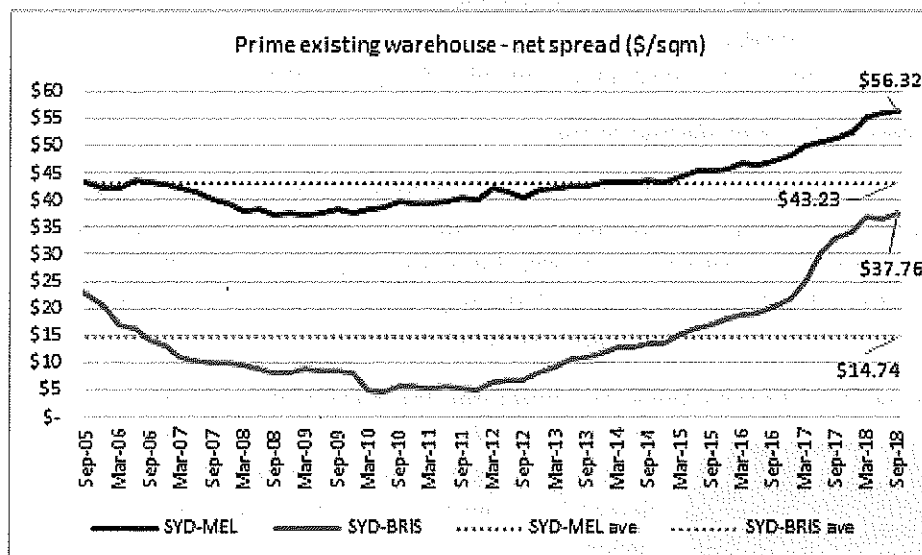
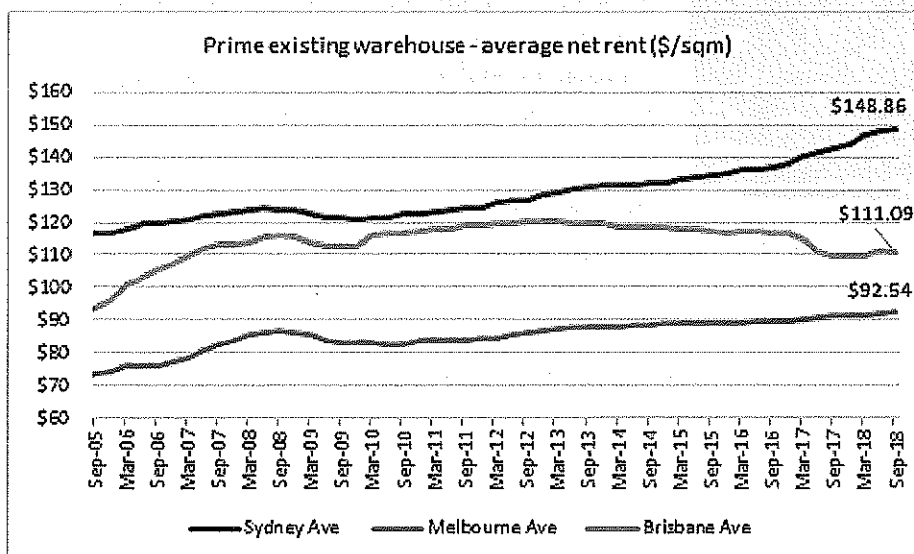


Figure Two



Meeting the demand for employment land in the Aerotropolis precincts

Out of Sequence Development

The LUIIP provides an important planning structure for envisioning future development of the Aerotropolis and surrounding region. The existence of an out of sequence process for the development of land is welcome, however the process is currently unclear and overly onerous.

Innovative development that can service international tenants, lock in investment, save energy and provide local jobs should be encouraged and facilitated out of sequence with the planned development process of the wider Aerotropolis to extend investment to the whole region.

This process should be made clear and not designed so that investment or innovation is stifled. The Property Council is happy to work with the Department on a process that supports the strategic vision of the region while encouraging out of sequence development and investment.

Land release and development sequencing

Due to the dire lack of supply of employment land in Sydney, the Property Council believes that certain precincts should be available for development immediately and other precincts should be brought forward and developed concurrently with the Northern Gateway including the Badgerys Creek Precinct and the Elizabeth Drive corridor, particularly lands north of Elizabeth Drive which are affected by aircraft noise and not suitable for noise sensitive land uses.

More employment land needs to be unlocked in the short term. This must be done out of sequence with the development plan for the Aerotropolis region to meet current market demand and encourage investment across the region.

The Mamre Road precinct must be excluded from the wider Aerotropolis development plan and be available for development immediately

It is acknowledged in the LUIIP that the Mamre Road Precinct is affected by aircraft noise and is not suitable for noise sensitive land uses. It is connected to the Western Sydney Employment Area and the potential Western Sydney Freight Line.

This precinct must be excluded from the wider precinct development plan for the Aerotropolis region and be available for development immediately. The unlocking of land in this precinct will meet short term demand and allow for immediate investment in the region.

Developing the Mamre road precinct now, as the Northern Gateway precinct is also progressed, will allow for development and investment to occur from both the North East and North West of the region increasing the number of jobs available in the short term, the capacity to fund infrastructure and providing investment options for large, international tenants who otherwise may look to other States (see letter at Appendix One).

This precinct can also benefit from pre-existing infrastructure to further facilitate development and reduce cost for Government.

The immediate release of this land could be facilitated through the Western Sydney Development Authority who will coordinate this work and align the provision of trunk infrastructure with the zoning of the land with the support of the Western Sydney Planning Partnership.

To further facilitate land supply, the Badgerys Creek precinct should be also be released in the first stage of land release and development. This approach will release further critical land for development in the short to medium term, enable complementary Airport related employment uses and support development of the broader precinct and airport. This precinct (North of Elizabeth Drive) is also impacted by the Airport noise contours and is part of the important east / west corridor along Elizabeth Drive which must be advanced together with the Northern Gateway.

By developing this precinct in the first stage, an impactful and vibrant entry point can be created for the Aerotropolis Core replacing existing waste processing areas. This will also support the development of a required North/South arterial road from Elizabeth Drive. The road will provide access to the airport while also making best use of the M12.

PMF line in South Creek

In consultation with the Department of Planning and Environment, the Property Council and its members have made clear that the use of the Probable Maximum Flood line (PMF) in the South Creek precinct is strongly opposed.

The adoption of the PMF line is contrary to:

- PCC 1 in 100-year ARI LEP maps and DCP
- NSW Floodplain Development Manual
- standard/accepted engineering practice

References to this are:

- DP&E Planning Circular PS 07-003 on 31 January, (2007)
- NSW Floodplain Development Manual
- PCC DCP Part C3 Water Management
- Nepean Flood Evacuation Plan
- Report of the Hawkesbury Nepean Floodplain Management Committee (2006)
- Australian Institute for Disaster Reliance's Flood Information to Support Land Use Planning (2017)

The application of the PMF line has produced significant confusion and uncertainty in the development sector. The message the sector has received is that the application is precautionary, allowing for sufficient land to conduct an investigatory study into a renewed approach to the treatment of wastewater in the region. However, the PMF line is not the appropriate mechanism by which to outline a green grid or development limit.

The use of the PMF line is unprecedented and has the potential to cost the region economically, result in a substantial reduction in the employment generation potential of the Aerotropolis and adds significant uncertainty to the development process in the region.

The application of the PMF line has produced significant confusion and uncertainty in the development sector.

The Department of Planning and Environment must provide further clarity on the proposed boundary including any research or technical studies that have already been performed

The Property Council contends that the PMF line should not be used in the South Creek precinct and that the 1 in 100 ARI line should instead be adopted.

The effect of the PMF line

By using the PMF line instead of the 1 in 100-year line, land that would otherwise be development ready has been quarantined. This will have an impact on the jobs, investment, and long-term future of the area. Nearly 200,00 jobs could be lost if the PMF line is used and development is stifled. Given the increase in population Greater Western Sydney will see over the next 20 years, these jobs are desperately needed.

Table One demonstrates the potential investment and job cost should the PMF line be adopted instead of the 1 in 100-year ARI line. The overall cost to the region is significant.

The choice is not however, between a sound economic outcome and a sound ecological one, both can be achieved through the adoption of the 1 in 100-year line.

Ecological impact

The management of green corridors and the heat island effect is important as Sydney grows and develops. However, this is not most effectively achieved through using the PMF line instead of the 1 in 100yr ARI line.

The South Creek Precinct within the 1 in 100yr ARI comprises of 1,621 hectares, nearly ten times the size of Centennial Park – this allows adequate green corridors to be achieved as a vegetated corridor, providing;

- Waterway Orientated development
- A walkable creek catchment
- Creek connections and waterfront activities
- Social infrastructure and connectivity

By following the 1 in 100yr ARI line, more green space can also be protected and managed through the proceeds of development. These proceeds can assist in maintaining and managing

critical green space, however the adoption of the PMF line places this investment at risk and undermines the full potential of the green corridor

The South Creek Precinct within the 1 in 100yr ARI comprises of 1,621 hectares, nearly ten times the size of Centennial Park

The Heat Island effect is an important issue as areas of Sydney become more developed, however a green corridor will have a minimal impact on the reduction of the heat island effect for the surrounding community.

Green corridors only have a very localised effect of up to 200 metres (Urban Green Cover Technical Guidelines, OEH, 2015, pg. 50), however there are more effective ways of mitigating the heat island effect. A more practical approach to mitigating heat

island effect is through the design and development of built forms.

Through simple changes to the colour, design and operation of buildings in the area, the heat island effect can be dramatically decreased. These sympathetic design responses should be encouraged and implemented in place of quarantining productive land.

Table One - Land Affected by proposed South Creek Precinct from stage one LUIIP

Description	Area (Ha)	Industrial Built Form (sqm)	Industrial Built Form Value	Job Impacts		
		50% site coverage	\$600sqm			
South Creek Precinct 1%AEP affected land	1633 (For comparison, Centennial Park = 189 ha)			Construction x 201/Ha	Direct x 34/Ha	Indirect x 1.2/Ha
South Creek Precinct between PMF and 1%AEP affected land	679 (6,790,000 sqm)	3,395,000 sqm of built space	\$2,037,000,000 (\$2 Billion of construction value)	136,311	23,086	27,703

Infrastructure provision, funding and SIC

Although the final list of infrastructures required for the Stage One LUIP is still unknown, any Special Infrastructure Contribution must be transparent and comparable to SICs already imposed in the region, including the Western Sydney Employment Area.

The SIC must also be designed in the context of the myriad of other costs and charges placed on development and not place at risk the feasibility of development. Doing so will undermine the economic outcomes for the region.

The Property Council is happy to consult further with the Department on the design of a Special Infrastructure Contribution for the Stage One release precincts.

Contact

William Power | NSW Deputy Executive Director

Property Council of Australia

[REDACTED]

[REDACTED]

Appendix One

Attached Letter – From Ferm Calzado-Munoz, Real Estate Manager Ceva Logistics, outlining the need for more unlocked industrial zoned land in Western Sydney to facilitate investment.

Appendix Two – Map of affected land due to use of PMF Flooding Line

