

SAVE MARRICKVILLE

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Save Marrickville submission on Employment Zones proposed reform

30 June 2021

Dear Department of Planning, Industry and Environment

Please consider this submission by the Save Marrickville resident group on the proposal for a simplified employment zones framework, to replace the existing Business (B) and Industrial (IN) zones with five new employment zones and three supporting zones, under the Standard Instrument Principal Local Environment Plan (2006) (SI LEP).

Our group has significant concerns regarding possible unintended consequences of the proposed reforms which we seek to address, including:

- A possible developers' loophole for Build to Rent (BTR) residential development in Industrial zones
- Greater flexibility in land use in industrial zones leading to loss of industrial lands to commercial/ retail, through lack of clear definition on what land use is allowed
- Proposed Special Purpose (SP4) zones becoming a major loophole for developers to exploit, leading to loss of industrial land to residential and commercial development
- Whether live entertainment venues should be located in industrial or commercial zones.

1. Introduction

Save Marrickville resident group seeks to represent the interests of Marrickville community members, to achieve good planning and a positive built environment for our suburb, in the interests of current and future residents. Save Marrickville is constructive in its approach to planning reform and development proposals, and has a membership of over 600 local residents and households, as well as an active facebook group.

Save Marrickville has worked closely with Planning NSW, Inner West Council, the office of the Minister for Planning, and stakeholders including local residents and industrial land tenants, to preserve industrial lands in the Inner West Council area from proposals to rezone these lands for high rise residential development. The eight hectare Carrington Road precinct industrial area was one of the most significant precincts in Marrickville which has previously been proposed for rezoning to high density residential. There are also major industrial lands around Sydenham Road.

2. Possible loophole for Build to Rent residential development on industrial land

The public material prepared by Planning NSW regarding the Employment Zones proposed reform includes a FAQ on Build to Rent housing. The Department's prepared response provided for this FAQ states that:

"BTR is allowed anywhere where residential flat buildings are permitted, as well as in the current zones of B3 commercial Core, B4 Mixed Use zones and B8 Metropolitan Centre zones."

This seems clear, but the response then goes on to state:

"The provisions for BTR will also apply under the employment zones."

Put together, these sentences are ambiguous, and the Build to Rent housing page does not provide clarification. There are two possible meanings intended by Planning NSW.

The first possible meaning is that under the new Employment Zones, BTR will be allowed only in the equivalent of B3, B4 and B8 zones, as presumably is the case now, and will not be allowed in industrial land zones, the equivalent of IN. If this is the case, then this meaning needs to be made unambiguously clear in public information about the proposed reform, and reflected in the SI LEP.

The second possible meaning is that BTR will be allowed in all employment zones, including industrial. If this is the intent of NSW Planning, Save Marrickville will advocate strongly against such a provision, as we believe will other resident groups and Local Governments.

Allowing BTR in industrial zones will be quickly exploited as a loophole by developers, who will seek to have industrial land transitioned and developed as residential, so as to achieve the resulting additional land value and windfall profit. This loophole would inevitably lead to a major loss of industrial lands, which is counter to Planning NSW's stated aims of the proposed employment zones reform.

3. Flexibility leading to loss of industrial land through lack of clear definition

Save Marrickville appreciates the intention for zoning to be able to accommodate the type of land use required by new and emerging industries, including tech start-ups and creative industries.

There is also clearly merit in industrial businesses, who produce a product in their industrial zone premises, to be able to sell their product directly to the public, which has been a practice for many years. There are multiple examples in our area, from clothing to ceramics to bagels.

The risk is that without clear definition of what business can be carried out in the industrial premises, individual businesses will exploit the ambiguity to transform their business from predominantly industrial, where they make a product, to predominantly commercial/ retail, where they sell a product. Such an outcome would inevitably increase the value and rental achieved on the properties, as retail is generally more valuable than industrial, and legitimate and traditional businesses would be forced out of the industrial zone by increased rentals. There would therefore be a steady loss of industrial land, counter to the stated aims of the proposed employment zones reform.

To illustrate this point, it could easily be envisaged that a microbrewery would wish to use more flexible land use to increase their retail/ entertainment business. At present, Save Marrickville understands that breweries are quite rightly established in industrial zones; their primary land use

is industrial, in that most of their business involves making beer and other alcohol and related products. A number of breweries have established bars on their industrial premises, as a side business, to sell the beer they produce directly to the public.

If industrial land use was more flexible but also not clearly defined (or not defined), a micro-brewery could easily transition to being primarily a large bar and entertainment venue, providing restaurant facilities and potentially even applying for a Hotel or Club license with gaming machines. Under this scenario the production of beer would be reduced to a minor or incidental component of the business and land use, and most products sold may no longer be produced on site. Clearly, this would erode industrial land.

A potential solution would be to clearly define and regulate what proportion of floor space can be used for industrial use only, in premises within an industrial zone, and what proportion can be used for retail of products made on the premises. One option to consider would be to regulate at least 80% of floor space to be industrial use, with up to 20% for retail/ commercial, with the retail to only involve products produced on site.

Save Marrickville would be interested to engage with Planning NSW and other stakeholders to discuss appropriate definitions, regulation and the correct balance between industrial and non-industrial business activity in industrial premises.

4. Special Purposes zones loophole for large scale redevelopment as residential and commercial
Save Marrickville is concerned about the proposed Special Purpose zone of SP4, as this zone could be applied to the few larger industrial areas remaining in the Inner West Council Area, and the Eastern Sydney Region. This represents a large and unnecessary risk for the future of zoned industrial land.

This loophole effectively undermines all planning protection and certainty of industrial zoned land, as it can be used by the current or any future NSW Government to facilitate large-scale 'urban renewal' redevelopments. If this SP4 zoning were gazetted, it would not be too long before Ministers and government agencies were invited to consider "exciting new opportunities for urban renewal" of remaining industrial land precincts through unsolicited proposals by Sydney's larger developers companies. Mirvac has already shown a keen interest with proposals to develop Carrington industrial precinct as high density residential. We recommend that SP4 be removed from the proposed reforms to better protect the current industrial zones.

In Marrickville and Sydenham, we are fortunate to have some of the few remaining large (~8 hectares) inner city industrial areas. These areas are invaluable considering their location and scarcity of such lands due to residential densification and rental pressures. When considering changing the current employment zones it is important to consider how businesses interact within the current IN1 and IN2 zoning ie. the clustering effects of related businesses situated in geographical proximity.

The [Made in Marrickville report](#) surmised that the clustering effects within the IN1 and IN2 zones of Marrickville's Carrington Road industrial precinct plays a pivotal effect on productivity and cross-business interaction, that would be difficult to achieve in greenfield sites. Any changes or weakening of these zones that could exclude certain businesses and/or allow for unfettered

commercial/retail opportunities will greatly weaken how the industrial ecosystem currently operates.

5. Entertainment venues and industrial land

Save Marrickville supports live entertainment and the creation of more live entertainment venues in our City, where so many music venues have been lost over the last two decades, due to factors including the introduction of gaming machines to hotels, and rising property prices which have led to Hotels and Clubs which were live venues being redeveloped into residential apartments.

However, there needs to be careful consideration of whether industrial land should be converted to land used for entertainment. Live entertainment venues are traditionally located in commercial and retail precincts, for good reasons including proximity to related businesses such as restaurants and licensed bars, as well as public transport and car parking near commercial centres.

As with transitioning industrial land to residential or retail, allowing industrial land to be used as entertainment venues will inevitably lead to the loss of industrial land. An entertainment venue with live music can most likely generate more revenue and pay more rent than a panel-beater, so the panel-beater will be forced out to the fringes of Sydney. And we need panel-beaters nearby.

Save Marrickville sees considerable risk around this issue. While appreciating the merit of more entertainment venues, we would appreciate discussion with Planning NSW on whether they should be located in industrial zones. We would be keen to identify other initiatives, including in planning regulation reform, to make possible more performance venues in our area and Sydney.

6. Recommendations

To protect industrial land, reform to employment zones through SI LEP and other regulation and related documents:

1. Do not permit Build to Rent or any other residential land use in Industrial zoned land.
2. Place clear definitions and boundaries around flexible use of industrial lands so that industrial premises do not become de facto commercial/ retail or entertainment; including that a minimum of 80% of floor space in industrial zoned premises must be industrial use.
3. Remove the Special Purpose (SP4) zone from the proposed reform.
4. Have live entertainment venues located in commercial/ retail and not industrial zoned land.

Contact

Thank you for considering Save Marrickville's submission regarding the Employment Zones proposed reform. We can be contacted on [REDACTED]

Yours sincerely

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Save Marrickville