

30 June 2021

Director Employment Zones
NSW Department of Planning, Industry and Environment
Locked Bag 5022
PARRAMATTA NSW 2124

Dear Sir/Madam,

Submission: Employment Zones Reform

Thank you for providing the opportunity to make a submission on the proposed *Employment Zones Framework* which is currently on public exhibition until 30 June 2021. Mirvac are a multi-faceted property group with significant holdings across New South Wales in Retail, Commercial, Industrial and Residential sites.

Mirvac is generally supportive of the proposed employment zone reforms, and DPIE's intentions to extinguish current barriers within the planning system to support productivity. The position paper released by the Department proposes that *Employment Zones Framework* will replace and consolidate eight existing Business (B) and Industrial (IN) zones with 5 new employment zones and 3 supporting zones under the Standard Instrument LEP (SI LEP) as listed in **Table 1**.

Table 1 Proposed Employment Zones Framework

New Employment Zones	Supporting Zones
E1 - Local Centre	MU - Mixed Use
E2 - Commercial Centre	W4 - Working Foreshore
E3 - Productivity Support	SP4 - Local Enterprise
E4 - General Industrial	
E5 - Heavy Industrial	

We understand that consolidation of various zones is intended to promote flexibility in land uses which aligns with Mirvac's intention for its key assets and sites. This submission supports the *Employment Zone Reforms*, but also seeks greater certainty over the Department's role in the translation of land use zones. We endorse the ongoing involvement of the NSW Department of Planning in implementing the reformed zones through the use of a SEPP. We believe that the Department's oversight is key to ensuring that correct land-use decisions are made in translating the employment zones, with particular regard to the applicability of the proposed E2 Commercial Centre Zone.

1.0 Recommendations/Proposed Changes

The position paper sets out that local Council's will work with the Department to translate their existing zones into the new employment zones. Whilst we understand that the Department will offer guidance in this translation of zones, it is imperative that the Department ensures that the translation of zones do not result in loss of permissible land uses for sites, or in there being an imbalance in the division of existing zones (and therefore less land available for certain uses).

1.1 Proposed E1 Local Centre Zone

Mirvac strongly supports the retention of a B8 Metropolitan Centre Zone (or equivalent) in order to recognise the significance of major city cores such as Sydney CBD, City of Parramatta, and the forthcoming Bradfield City. Our belief is that the role and function of these city cores warrants zoning distinction from more general local centres – with particular regard to intensity of land uses and the role of tourism. We would encourage that the B8 zone is maintained or that an equivalent zone is proposed in order to ensure maximum flexibility of land uses in major city centres.

1.2 Proposed E2 Commercial Centre Zone

The Proposed *Employment Zones Framework* sets out that the E2 Commercial Centre zone is intended to replace existing B3 (Commercial Core) zones, with potential to extend to B2 (Local Centres), B4 (Mixed Use) and B7 (Business Park) zones.

The amalgamation of these zones, and simplification of controls is welcomed, however Mirvac believe that key to the success of the future zones is balance in the translation of existing zones. If balance is not achieved there may be unintended additional restrictions for particular sites. This submission seeks to highlight potential limitations for future retail, and Build-to-Rent projects.

1.2.1 Retail

Mirvac owns a number of significant retail centres, including but not limited to; Birkenhead Point, Rhodes, Broadway and Harbourside, which are of relevance to this submission. Many of Mirvac's retail centre assets are currently within B4 (Mixed use) zones and the nature of the zone permits flexibility for a range of commercial, educational, visitor accommodation, residential accommodation or medical uses. These centres are constantly changing as society changes and maximum flexibility is needed in order to allow them to evolve and attract investment.

To support the long-term viability of these assets we recommend that the employment zone reforms seek to maintain flexibility for large shopping centres in order to allow for change and to facilitate their evolution. We are mindful that translation of zones could result in a loss of flexibility for shopping centre / retail assets - particularly where a B4 zone may be re-designated as E2 (Commercial Core). The position paper sets out this zone will avoid mandating residential uses, and accordingly, the draft instrument removes express reference to uses that are permitted within the B4 zone such as boarding houses, seniors housing, and shop top housing.

Mirvac advocates large retail centres being nominated within the proposed MU (Mixed use) Zone in order to ensure maximum flexibility and to facilitate future evolution, and renewal of these assets.

1.2.2 Build to Rent

Mirvac are strong advocates for the Build-to-Rent (BTR) residential sector, having recently completed LIV Indigo at Sydney Olympic Park, Australia's first large-scale Build-to-Rent project.

We note that the *Environmental Planning and Assessment Amendment (Build-to-rent Housing) Regulation 2021* provides that consent authorities must be satisfied that any BTR development within the B3 Zone has to be capable of being converted to commercial premises. On this basis, the structure of a building is required to have commercially appropriate slab to slab heights which exceed residential standards and increase development costs.

If the proposed E2 (Commercial Core) includes a direct translation of the B3 zone requirement for readiness to convert built-to-rent developments, and expands this requirement to existing B2, B4, B7 and B8 zones, it will effectively result in a net increase in land where the conversion requirements for BTR apply. It therefore has significant potential to limit the land available/number of sites where BTR development can be viably achieved. It is noted that this would be particularly the case for sites located within the Sydney CBD which are currently zone B8, not subject to the conversion requirement and excluded from the State Significant Development planning pathway.

We welcome the introduction of E2 (Commercial Centre) land use zone, but maintain that in translating land use zones, there should not be an increase in the amount of land which is subject to the BTR caveat for conversion. We welcome further discussion on how B3 and E2 land use zones will be translated.

1.3 Potential for new mixed use development

Mirvac are concerned that two of the zones within the proposed *Employment Zones Framework* have objectives which do not encourage new mixed-use development of scale.

The E1 Local Centre Zone is intended to replace B1 (Neighbourhood Centre) and B2 (Local Centre) zones. The draft standard instrument sets out that one of the proposed objectives for the E1 Local Centre zone is:

‘To ensure that development is compatible with the amenity, character and scale of surrounding neighbourhoods.’

The MU Mixed Use Zone is intended to replace B4 Mixed Use, B2 Local Centre and B8 Metropolitan Centre zones. The draft standard instrument sets out that one of the proposed objectives is:

‘To minimise conflict between land uses within this zone and land uses within adjoining zones’

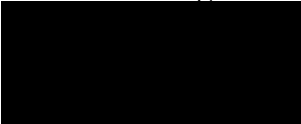
Both of these zone objectives may provide grounds for new development applications to be refused more readily, since they provide for compatibility and minimisation of conflict with site context. It is recommended that these objectives are reviewed and amended to allow for interpretation of the desired future character of mixed-use areas.

2.0 Conclusion

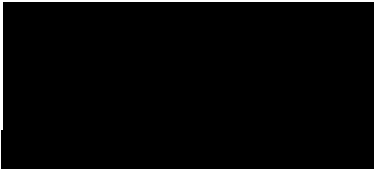
In conclusion, Mirvac are broadly supportive of the proposed reforms - in particular the objective to consolidate existing zones to allow more flexibility in permissible uses. We believe that the success of these new zones will not be in their creation but in their implementation by Councils and the Department. The Department should ensure that there is full oversight into the translation of the land use zones, in order to ensure that the reforms do not result in additional areas of constraint and restriction – particularly with regard to prospective Built-to-Rent and Shopping Mall assets. We also encourage that the translation of zones should not result in a net loss of land being capable of residential use.

Thank you for the opportunity to make this submission and please do not hesitate to contact us on the numbers below, should you have any queries.

Yours sincerely,



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