

Employment Lands Strategy Guideline - Centre planning

Supporting paper to the Employment Land Strategy Guideline

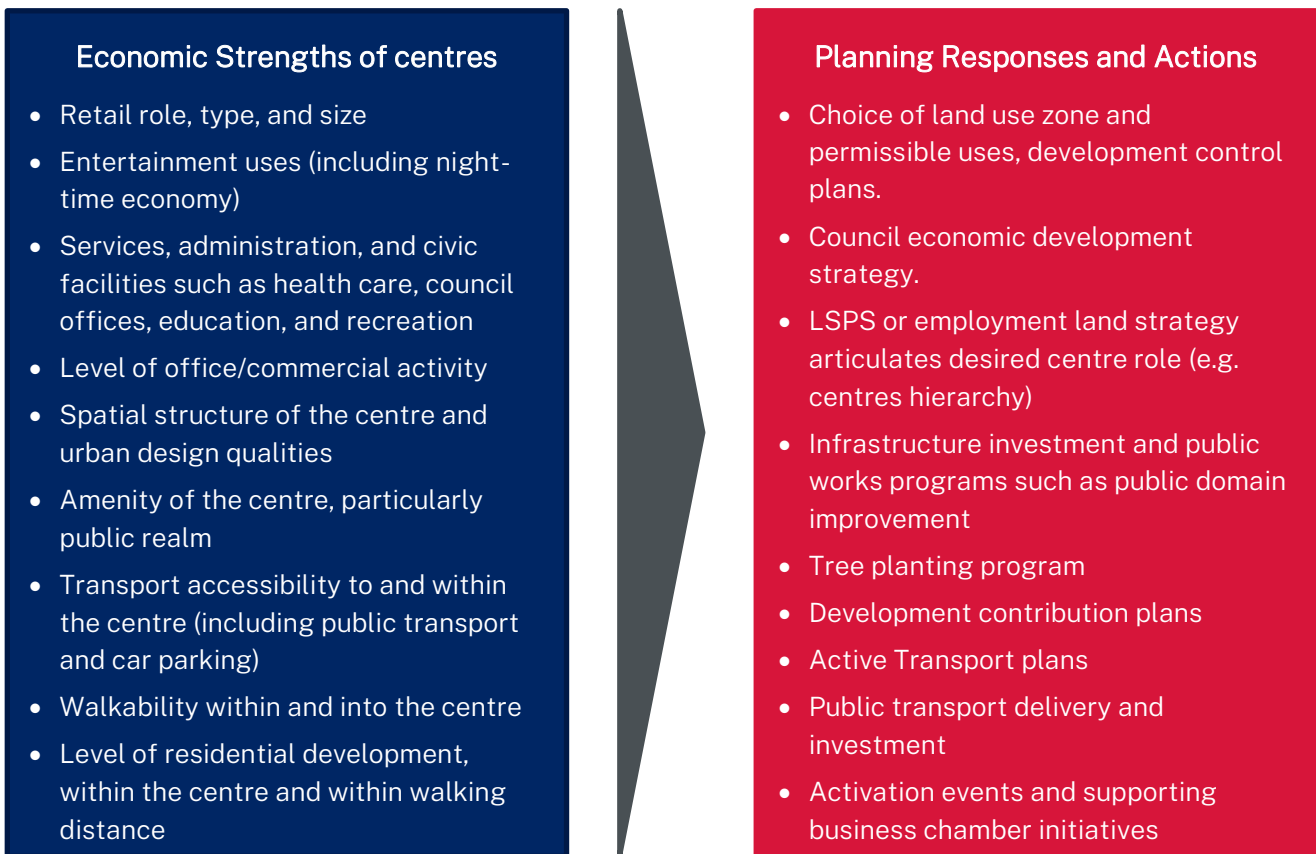
This paper is a supporting paper to the Employment Land Strategy Guideline. It provides councils with an approach for planning centres as part of the development of an employment land strategy.

Overview

In Greater Sydney, around 68% of all jobs are within the metropolitan, strategic, and major local centres. Understanding the economic conditions of centres is central to an employment land strategy. In regional areas, the importance of the principal centres is often magnified, as they can also have a role as the visible heart of the community.

Employment land strategies should articulate the importance of centres and the actions that may be necessary to ensure land use and transport planning activities facilitate growth and opportunity. Councils should seek to understand the characteristics and dynamics of activities in centres and their enabling attributes.

The economic strengths of a centre is influenced by a range of factors. These have differing planning responses, which are summarised below:



A centre-specific assessment or strategy for each centre may help councils understand the degree these considerations enable or create barriers to economic activity. For Greater Sydney, the 2018 Greater Sydney Region Plan requires an assessment for all metropolitan and strategic centres. Outside of Greater Sydney region plans provide guidance for policy outcomes, but do not require councils to prepare plans for centres.

Preparing strategic plans for centres takes time and significant resources, so many councils have a prioritised program for their delivery. It is unlikely that an employment land strategy can provide detail on all the economic issues for all the centres within an individual local government area.

Centres and employment land strategies

An employment land strategy should outline council’s prioritised approach to the management of growth and change of employment land within and outside centres in a local government area. Planning for centre-based employment will require an assessment of all centres across the local government area:

1. for employment outcomes
2. as to their land-use characteristics and dynamics
3. for future growth opportunities
4. for state and local government policy directions

Understanding these issues and identifying the planning response (actions) needs to be in the context of growing existing businesses, attracting new businesses, and investment. Conclusions should be reflected in the local strategic planning statement and, where relevant, incorporated into the local environmental plan. Planning responses may require councils to prepare more detailed strategic plans for individual centres, in which case the employment land strategy should outline the priorities of the local government in managing growth and change across all centres in the local government area.

The next section outlines the expectations as to how these 4 issues, above, should be considered in an employment land strategy.

Centres and their economic importance

Councils should seek to outline the relative economic importance of centres for employment, potentially both at the local government level and regionally in their employment land strategy. Council may seek to establish a centres hierarchy to help articulate their vision for each centre in the local government area. This informs the prioritisation of actions to support growth in economic activity. This will require information on:

- existing employment in centres, and historic trends, in the context of total employment for the local government area.
- existing employment by major categories, covering population-serving, health and education, knowledge and industrial, where this information will assist in emphasising the diversity of jobs and their location across the local government area.

Centre characteristics and dynamics

Having a detailed understanding of the general characteristics and dynamics of centres can help council discern their strengths, opportunities, and potential barriers to growing economic activity. This will require information on:

- existing floorspace provision for centres by major land use categories, which will also assist in informing the role of the centre
- vacancy rates (time series)
- planned and committed commercial developments (floorspace) by type
- planned and committed non-commercial development (floorspace), such as a hospital expansion
- estimates of employment arising from planned and committed developments
- planned and committed infrastructure which can support the expansion of centres
- the level of housing within the centre and within a walkable catchment (approximately 800 metres)
- the status of planning for individual centres and the major economic findings.
- The objective of these assessments is to determine if the insights gained can inform how centres are evolving and what types of action may be required to grow economic activity.

Future growth potential

Understanding further growth opportunities is best achieved by segmenting the investigations to reflect the differing activities:

- **Retail economics** is a well-developed area and includes an understanding of per capita retail provision. The Greater Cities Commission completed Sydney-wide retail projects for Greater Sydney in 2015. Understanding of local population and/or dwelling projections for the trade catchments of the centres is the starting point.
 - A specialist urban economic consultancy can assist councils undertake an assessment of projected retail demand for the local government area, potentially with some indication of general demand levels for major centres. This would typically include in-centre and in-home surveys, which seek to understand local household expenditure patterns that are then linked to Australian Bureau of Statistics (ABS) data on retail trade (such as ABS Cat. 8501.0).
 - Retail planning needs to consider areas outside the boundaries of a single local government area, both for demand and impacts of competing centres. Demand is influenced by the catchment of both centres and specific tenants, for example, for supermarkets a simple catchment benchmark is around 3,000 dwellings, whereas for Ikea it is about one million people.. Accessibility plays a major factor in potential demand.
- **Office projections** are difficult to estimate because development does not follow population. The Sydney Harbour CBD continues to dominate office development, with other markets operating as a spill-over, where supply and rents are a major contributing factor. Consequently, there are only 10 major office precincts across Greater Sydney. Therefore, analysis should focus on historic office take-up rates and market soundings on the potential for additional development.
- **Industrial activity** can be a large element of a centre, such as at Brookvale in Greater Sydney. Growth opportunities can be examined for levels of vacant land and/or historical trends in changes in employment densities and levels of industrial renewal.

Councils also need to consider supply issues, reflecting development economics. An assessment of centres for an employment land strategy should determine the need to augment supply for the differing land categories, remembering that supply can be increased through vertical, not just horizontal, change.

Councils should also consider whether planning controls may be barriers to allowing certain uses to locate in centres.

Implication of government policy settings

Regional plans provide the policy settings for centres across the state. Planning proposals are to be consistent with or give effect to the Region Plans. Attachment 1 summarises the policy directions in each regional plan.

Responding to state government policy settings usually occurs at the time of preparing detailed strategic plans for a centre. However, an overarching critique of how well existing strategic plans and local planning controls reflect government policy can inform the extent of opportunities to improve economic activity in centres. The table below gives some guidance as to how the policy positions may influence council’s considerations.

Policy Position	Implication for employment land strategies where applicable
<p>Centres as the primary places for commerce, retail, social activity, and regional services</p>	<p>Council will need flexibility in planning controls to cater for a wide range of uses, therefore potentially using multiple land-use zones.</p> <p>Opportunities for expansion, both horizontal and vertical, are likely to require significant attention.</p> <p>Council will need to recognise this position in the local strategic planning statement to create a line of sight for decision making and consequently reflect it in both the local environmental plan and any development control plan.</p>
<p>Assess retail supply and demand</p>	<p>Ideally, employment land strategies will be informed by an ongoing council monitoring program of changes to supply, augmented by regular assessments of demand for retail, office, and industrial activity. Councils should refer to the NSW Government’s annual reporting on changes to industrial supply (implied demand).</p>
<p>Attract housing in and around centres</p>	<p>Ideally, plans for housing will be informed by both council and NSW Government monitoring programs, together with regular market soundings on viability.</p>
<p>Target commercial activities in a specific centre</p>	<p>Primarily an issue for centre-specific strategic plans</p>
<p>Grow centres</p>	<p>A policy expectation for growth, as exists for the strategic centres for Greater Sydney, implies the need for monitoring supply and demand and the need to develop strategic plans for those centres and review them regularly (5-year reviews).</p>
<p>Centres hierarchy</p>	<p>Requires clear expectations and, more particularly, clear outcomes. Policy settings and the use of planning controls/development control plans are required to guide expectations. Historically, this concept has reflected the retail hierarchy, which is increasingly becoming blurred.</p>
<p>Principles for new centres</p>	<p>Understanding supply and demand and informing the marketplace is an important starting point. It is equally important to give a local context to the directions from regional plans within the local strategic planning statement. This clarifies local expectations.</p>

Policy Position	Implication for employment land strategies where applicable
Support a health and education precinct in or adjacent to centres	Attracting complementary activity including student/worker accommodation is the central issue. Focus on understanding the flexibility of zones to accommodate these uses.
Walkability	Connectivity, amenity (shade and safety), as well as compliance with disability access standards, are some of the issues to assess. There are several tools that can support such assessments, particularly for obtaining initial overall performance levels to rank the importance of walkability. Potentially, these issues can be covered in councils' design codes and/or development control plans.
Enhanced public realm	This is primarily an issue for centre-specific strategic plans, where the actions are twofold. Firstly, investments to enhance the quality of the public realm and secondly, design standards to enhance the interaction between activity, buildings and the public realm, which would most likely be included in a development control plan.
Enhanced access to the centres	It is likely that regular monitoring of traffic volumes by council and Transport for NSW will show the status of the road network supporting centres at any point in time. There are also accessibility tools available, such as through AURIN, which can demonstrate the levels of accessibility across a local government area. These overarching assessments, combined with an understanding of where population growth is occurring, can provide a first-order assessment of transport priorities for recognition and investigation.
Improved public transport	As above, complemented with advice on performance levels from Transport for NSW
Manage car parking	This is primarily an issue for centre-specific strategic plans, though local chambers of commerce could provide preliminary advice as to the extent of the issue as a barrier. Responses are not limited to more car parking but should reflect wider transport management plans.

Outcomes and assessment for employment land strategies

When preparing an employment land strategy, it is important to consider at whom the actions are aimed. There are 2 primary areas:

1. The decisions of businesses where the objective is to grow existing businesses, attract new business, and attract investment
2. The decisions of state government, including those seeking support to:
 - co-locate government investments for health, education, recreation, and entertainment facilities

- undertake transport investment decisions
- update planning controls.

An employment land strategy for centres should, at a minimum, provide direction on:

- projected retail floorspace demand for a 10- and 20-year time horizon, reflecting NSW Government population project periods
- the level of supply for retail development for a 10-year time horizon
- the demand for office development, informed, in the first instance, by market soundings and historic trends
- council community facilities asset planning for facilities that will be located in centres for a 10-year time horizon
- the findings from market soundings with local health districts and the Department of Education on commitments and/or planning investigations for new or expanded health and education facilities
- the findings from market soundings and other research regarding the opportunities and potential barriers for retail, office, and industrial development within the principal centres across the local government area
- the ability of the council’s local environmental plan to support the development needs and business activity for centres across the local government area required for the next 10 years, with some consideration of a 20-year horizon, particularly for councils with greenfield areas.
- That employment offerings on the fringe of centres and out of centre complement the mix of uses within centres.

Additional considerations

In undertaking the assessments outlined in this paper, councils should consider:

- **Retail surveys:** For Greater Sydney, data on the level of retail provision is available from a 2015 survey of approximately 1,400 centres. The reports on the survey (refer to the Greater Sydney Commission website, under the tab ‘Background’) provide per capita provision levels of retail development for each local government area. This data, together with an understanding of the level of development since 2015 and current population projections, can provide one of the principal inputs to understanding the demand for additional retail development within each local government area. Councils can undertake more detailed retail planning assessment to provide a more quantified outlook for each local government area. Such assessments also have the potential to highlight issues such as escape expenditure and how centres in nearby local government areas affect the provision of retail development within a council area.
- **Private sector delivery:** Understanding future demand is important when undertaking detailed centres strategic plans. However, the detailed planning and development for retail and office development is driven by the marketplace, so the notion of creating supply is different than

that for, say, industrial development, where state and local government can designate land for future development.

- For **retailing**, economic assessments can indicate the need for additional supply, and potentially in which centres. Exactly where and how development occurs is market-driven, so an open dialogue with potential retail developers is important.
- In greenfield areas, state and local governments will need to identify and designate locations for new centres. In these instances, it is critical to take a long-term view of potential demand and thus floorspace needs. Planning for centres in established areas shows that the major centres are continually evolving and expanding.
- For **office development**, which is usually a focus for knowledge workers, there are very few successful examples of governments facilitating office precincts. For any new commercial development, project viability is critical, so while there may be evidence of demand, creating supply maybe challenging. This is why market soundings are necessary to understand the barriers to investment.
- **Health and education facilities** are generally a function of government investment. They in turn often attract significant complementary private sector activities. To maximise agglomeration activities, the benefits of which are documented in the Greater Sydney Region Plan, actions are required to facilitate the attraction of development opportunities within or adjacent to centres. For the Central Coast, Greater Sydney, and Illawarra–Shoalhaven regional plans, this outcome is supported in the policy directions of the plans.
- **Infrastructure implications:** Transport networks have a significant impact on the economic viability of centres. An employment land strategy should provide direction on this issue. Regional land use and transport plans provide some direction as to planned and committed transport investments, as well as the outcomes reflecting the ‘movement and place’ principle. Importantly, Transport for NSW should be involved in investigations of the influence of transport networks as a barrier to or enabler for economic opportunities.
- **Delineation of centres:** In delineating the boundaries of a centre, for planning purposes, councils need to consider the purpose of defining the centre. For the Greater Sydney Region Plan, one consideration was the importance of the place as a focus for employment and how activity would affect transport systems. Hence the delineation of many centres, such as at Brookvale and Narellan, included adjacent industrial areas.
- **Public policy considerations for retail activity:** In seeking to maximise the economic benefits of retail development, it is beneficial to consider what the public policy reasons are for intervening in retailing activities. Four public policy consideration are suggested:
 - **Supply:** Ensuring supply generally matches demand is important for a well functioning market and to provide the community with good access to goods and services. The market drives delivery, so the role of governments should seek a good understanding of macro supply and demand issues, particularly an understanding of population changes and required retail provision.
 - **Innovation:** Retail formats have evolved and continue to do so. Planning regulations need to allow for this innovation, which is primarily a state government responsibility. There is

often tension when the market sees innovation, making a change to wider spatial policy objectives necessary. This includes the issue of out-of-centre retailing.

- **Infrastructure efficiency:** Retail activity has significant impacts on transport networks and their performance. Co-location objectives reflect both the need to gain the benefits of agglomeration as well as city efficiency. Co-location of activities also provides benefits to the community when non-commercial facilities are part of a centre, such as libraries, community facilities, hospitals, and council offices.
- **Public realm:** As part of new developments, private-public space (such as an internal mall) should add value to the public realm, instead of turning its back on it.

Attachment 1 – Summary assessment of NSW regional plans for centres policy

Policy position	Central Coast (2016)	Central West and Orana (2017)	Far West (2017)	Greater Newcastle (2018)	Greater Sydney (2018)	Hunter (2016)	Illawarra Shoalhaven (2021)	New England North West (2017)	North Coast (2017)	Riverina Murray (2017)	South East and Tablelands (2017)
Centres as the primary places for commerce, retail, social activity and regional services					Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assess retail supply and demand				Yes	Yes			Yes		Yes	Yes
Attract housing in and around centres	Yes	Yes			Yes	Yes	Yes			Yes	Yes
Target commercial activities in a specific centre	Multiple			Newcastle	Multiple		Multiple				
Grow centres	Yes				Yes	Yes		Yes	Yes	Yes	Yes
Centres hierarchy		Yes			Yes					Yes	
Principles for new centres					Yes	Yes	Yes	Yes		Yes	
Support health & education precinct in adjacent to centre	Yes				Yes		Yes				
Walkability				Yes	Yes		Yes				
Enhanced public realm					Yes	Yes	Yes				
Enhanced access to the centres	Yes	Yes	Yes		Yes	Yes				Yes	
Improved public transport	Yes		Yes	Yes	Yes	Yes		Yes	Yes		Yes
Manage car parking				Yes	Yes						