

**ITEM 3. GREEN SQUARE AND SOUTHERN AREAS RETAIL STUDY –
REPORT ON SUBMISSIONS****FILE NO: S052315****SUMMARY**

Council on 12 May 2008, and the Central Sydney Planning Committee (CSPC) on 8 May 2008, resolved to place the draft *Green Square and Southern Areas Retail Study 2008* ('the draft Study') on public exhibition for a minimum 28 days. The draft Study was exhibited between 28 May and 25 June 2008 and fourteen submissions were received.

The primary issues raised in the submissions were that:

- the draft Study underestimates the amount of supportable retail floorspace;
- retail development should be permitted outside the centres nominated in the recommended hierarchy; and
- the recommended car parking rate for retail development in the Green Square Town Centre was too high from environmental and sustainability perspectives, and too low from a commercial competition perspective.

Submissions also discussed the proposed development of the 'Gazcorp' site (296-298 Botany Road, Alexandria) for a discount department store, and the *Choice Free Zone* report released by the Urban Taskforce Australia in May 2008.

Other submissions were generally supportive of the draft Study's findings and recommendations and the development of the Green Square Town Centre as a major centre.

The submissions have been reviewed in collaboration with the draft Study consultants, Jones Lang LaSalle and HASSELL. A summary of each submission and a response is included in the table at **Attachment C** to the subject report.

It is considered the key recommendations of the draft Study do not need amendment as a result of the submissions received.

It is recommended that the Study be noted as final and placed on the Council's website to inform the preparation and assessment of development applications in the Study Area. For the Green Square Urban Renewal Area, it is also recommended that the Study replace the previous study, the *Green Square Retail Development Potential Study* (December 2000), referenced in section 2.8 Activity Centres of the *South Sydney Development Control Plan 1997: Urban Design – Part G: Special Precinct No.9 - Green Square*.

The previous resolutions of Council and the CSPC of May 2008 to endorse the key recommendation of the Study for a retail hierarchy that supports the Green Square Town Centre and additional retail floorspace in this centre is also put forward again to provide clear direction to future retail development in the Study Area. Other recommendations of the Study will continue to inform the preparation of the City Plan.

RECOMMENDATION

It is resolved that Council:

- (A) note the *Green Square and Southern Areas Retail Study*, dated September 2008 and shown at **Attachment A** to the subject report, for publication on the Council's website;
- (B) endorse the following principal recommendations of the *Green Square and Southern Areas Retail Study*, dated September 2008 as information to be considered in the preparation and assessment of development applications in the Green Square Urban Renewal Area and the Southern Industrial Area. In particular;
 - (i) a retail hierarchy that complements and supports the Green Square Town Centre as a major centre;
 - (ii) that the allocation of retail floor space in the Green Square Town Centre be increased to an appropriate quantum; and
 - (iii) having regard to (i) and (ii) above, that any retailing within the Green Square Urban Renewal Area and the Southern Industrial Areas should be of a minor, ancillary nature outside of the proposed retail centres;
- (C) note that other recommendations of the *Green Square and Southern Areas Retail Study*, dated September 2008, such as parking rates, will continue to inform the preparation of the City Plan; and
- (D) intend that the *Green Square and Southern Areas Retail Study*, dated September 2008, replace the *Green Square Retail Development Potential Study* (December 2000) referenced in the *South Sydney Development Control Plan 1997: Urban Design – Part G: Special Precinct No.9 - Green Square*, and be construed to be this document.

ATTACHMENTS

Attachment A: The *Green Square and Southern Areas Retail Study* prepared by Jones Lang LaSalle and HASSELL and dated September 2008. (*Note: This attachment will be circulated separately from the Agenda Paper and to Councillors only and will be available on Council's website and at the One Stop Shop and Neighbourhood Service Centres.*)

Attachment B: Resolutions of Council of 12 May 2008, and the Central Sydney Planning Committee of 8 May 2008 to place the draft *Green Square and Southern Areas Retail Study* on public exhibition.

Attachment C: Table of Submissions and Responses

BACKGROUND

1. The draft Green Square and Southern Areas Retail Study, dated February 2008, (the draft Study) was undertaken by Jones Lang LaSalle and HASSELL as part of the City Plan work program. The objective of the draft Study is to inform the preparation of City Plan Local Environmental Plan (LEP) and Development Control Plan (DCP) controls to guide retail development in the southern areas of the City and ultimately enhance the role of the Green Square Town Centre (GSTC) as a major centre.
2. Council on 12 May 2008, and the Central Sydney Planning Committee (CSPC) on 8 May 2008, resolved to place the draft Study on public exhibition for a minimum 28 days. Key principles of the draft Study relating to the proposed retail hierarchy and additional retail floorspace in the GSTC were also endorsed, and it was noted that other recommendations of the draft Study would be considered in the City Plan Review. A copy of the resolutions of Council and CSPC are contained within **Attachment B** to the subject report.
3. The draft Study was placed on non-statutory exhibition between 28 May and 25 June 2008. The exhibition generated fourteen submissions, which are described in the following paragraphs and in the Submissions Table located at **Attachment C** to **this report**.

KEY IMPLICATIONS

4. Following public exhibition of the draft Study and review of submissions it is considered that no amendments to the Study's principal findings and recommendations are required. The key recommendations of the draft Study and how they are proposed to be integrated into the City Plan are discussed later in this section.
5. In response to the exhibition fourteen submissions were received from:
 - (a) Landcom;
 - (b) The Ministry of Transport;
 - (c) The City of Botany Bay Council;
 - (d) Redfern Waterloo Authority;
 - (e) The NSW Department of Housing;
 - (f) The NSW Police Force (Investment and Commercial Services); and
 - (g) eight landowners from within the Study Area.
6. These submissions are summarised and responded to in the table at **Attachment C** to the subject report. The main points are discussed below.

Supportable retail floorspace in the Study Area

7. Several submissions assert that the draft Study's assessment of supportable retail floorspace in the Study Area is too low. The draft Study does not investigate the total retail floorspace supportable. Instead, the Study's primary objective is to determine the demand for supermarket based centres, and analyse how many centres could be supported. This is a different analysis than the total retail demand analysis employed in two separate submissions that suggest that retail should be provided at a rate of 2.1 sqm retail floorspace /person and 2.48 sqm retail floorspace /person.
8. The draft Study finds that the existing supermarket centres at Surry Hills and Eastlakes, a new Major Centre at the GSTC and three new Village Centres would meet supermarket demand in the Study Area at 2021 and that these centres would have a combined floorspace of approximately 59,000 sqm. This figure does not include other retail that already exists outside of the centres, or retail floorspace that will be developed outside of centres in the future. The draft Study assumes that neighbourhood centres and main street retailing, for example, will occur outside of the centres as supported by demand. The figure identified in the draft Study is therefore only part of the total retail space supportable. The draft Study's calculations also use a definition of retail space that does not include showrooms, services (such as travel agencies, accountants, optometrists) or ancillary commercial space, which also contributes to the discrepancy.
9. One submission asserted that up to 2.48 sqm retail floorspace / person is supportable in the Study Area. The Study consultants advised that this rate would not apply to the Study Area. It is estimated that total retail provision in metropolitan Sydney is approximately 2.2 sqm / person. This figure would not be supportable in the Study Area, given its position in close proximity to other major centres, such as Central Sydney, Broadway, Bondi Junction and Eastgardens. These higher order centres reduce the total retail floor space required within the Study Area to service the population.
10. As such, it is considered the draft Study's recommended hierarchy of retail centres does not underestimate the amount of retail floorspace supportable. However, appropriate amendments have been made to the Executive Summary of the Study at **Attachment A** to this report to discuss this issue.

Retail development outside of the nominated centres

11. Submissions assert that the proposed centre-based controls are too prescriptive and will not allow for retail development outside of the nominated centres.
12. The main aim of the Study is to provide recommendations on the distribution of supermarket based centres, having regard to the NSW State Government's *Metropolitan Strategy's Centres Policy*. Outside of the nominated centres, the Study does not recommend the prohibition of convenience strips and ground floor retail where local demand can be demonstrated.

13. The proposed City Plan LEP and DCP controls will provide enough flexibility to achieve this outcome. It is not proposed to prohibit minor and ancillary retail development outside of the centres. Within the Zone B4 Mixed Uses zone, the Zone R1 General Residential zone and the Zone IN1 General Industrial Zone, 'neighbourhood shops' and other retail and service-related land uses will be permissible with consent. The proposed controls will allow for the development of neighbourhood centres, convenience retail and active frontages. The proposed City Plan DCP will provide guidance on the development of retail floorspace outside of the centres, and will require that development over a certain size be supported by an Economic Impact Assessment to assess any adverse impact on the viability of the nominated centres.

Car parking rate for retail development in the GSTC

14. Two submissions suggested that the recommended car parking rate of 3-3.5 spaces/100 sqm retail floorspace in the GSTC was too low and that achieving a higher rate of car parking would be critical to the success of the GSTC. One submission argued that the car parking rates in the GSTC should be competitive with the rate approved at the 'Gazcorp' site (296-298 Botany Road, Alexandria) of approximately 5 spaces/100 sqm retail floorspace. Conversely, the Ministry of Transport's submission did not support the recommended car parking rate and argued that the rate would encourage further private vehicle usage.
15. The draft Study's recommended car parking rate is from a perspective of retail commercial competitiveness only. This recommended rate will be considered in the context of other planning objectives, the separate City Plan review of car parking rates and the recommendations of the pending Green Square Transport Management and Accessibility Plan.

Retail development on the 'Gazcorp' site (296-298 Botany Road, Alexandria)

16. Several submissions referenced both the approved retail development on the 'Gazcorp' site, which includes a full-line supermarket, and the proposal to increase the retail floorspace which is currently being considered by the City. Submissions were supportive of the draft Study's approach to create and protect viable centres and recognised the importance of concentrating retail floorspace in the GSTC to encourage its success and achieve its 'Planned Major Centre' status. In terms of the 'Gazcorp' site, it was submitted that both the approved and proposed retail development on this site posed some risk to the success of the GSTC. However, other submissions asserted that the 'Gazcorp' site would operate as part of the GSTC given its close proximity, and the draft Study should be amended to discuss the relationship between the two sites in a more positive way.
17. In response, it is considered that customers to the GSTC would be best served if the majority of retail floor area in the GSTC was developed in an integrated, complementary manner and not separated by major arterial roads. At present there is no proposed above ground or below ground connection from the 'Gazcorp' site to GSTC. The City's peer review of the 'Gazcorp' site's Economic Impact Assessment found that the sites would operate together as one centre if customers could travel between the sites. For the 'Gazcorp' site to operate as part of an enlarged GSTC, patrons would need to be able to cross easily and safely from one side of Botany Road to the other.

18. As measures to address this are not proposed given the nature of the intersection, it is considered that these two sites would operate separately and therefore compete with each other. Furthermore, given the proximity of the 'Gazcorp' site to the GSTC, it was not considered appropriate to recognise the site in the draft Study as a centre type within the recommended hierarchy of neighbourhood centres.

The *Choice Free Zone* Report and the ACCC Public Inquiry

19. Submissions referenced the recent *Choice Free Zone* Report released by the Urban Taskforce Australia in May 2008, and suggested that the draft Study's methodology was in contradiction to the recommendations of the Report.
20. In response, *Choice Free Zone* does not reflect the NSW Department of Planning's or the City of Sydney's planning policies and should not steer the direction of such documents as the draft Retail Study for the reasons discussed.
21. *Choice Free Zone* was prepared for the Urban Taskforce Australia, as a submission to the Australian Competition and Consumer Commission (ACCC)'s *Inquiry into the Competitiveness of Retail Prices for Standard Groceries*, July 2008. The Urban Taskforce is a NSW-based industry organisation representing property developers, equity financiers and others with an interest in property development. The premise of the Report is that NSW planning controls restrict retail competition between supermarkets in particular, which results in higher grocery prices.
22. The ACCC provided its report to the Assistant Treasurer and Minister for Competition Policy and Consumer Affairs on 31 July 2008. In summary the ACCC inquiry found that while competitiveness between supermarkets is affected by planning controls, other factors, such as restrictive leasing practices by major supermarket providers, also affect competition between supermarkets. The inquiry also found that while planning controls for retail development can be restrictive, they are fundamental in protecting amenity and achieving orderly planning.
23. The work being undertaken as part of the City Plan Review is guided by the NSW State Government's *Metropolitan Strategy* and seeks to achieve the objectives of the City's *Sustainable Sydney 2030* Vision. Centres policy is also fundamental in achieving the City's vision for Green Square and the surrounding area. Strategies for public domain and public transport infrastructure improvements, cycle and walking connections, open spaces and green connections rely heavily on the enhancement of centres. Support of identified mixed use centres is critical to achieving the desired urban structure for the area and the *Sustainable Sydney 2030* Vision.

Key Recommendations

24. Following the review of submissions, minor amendments have been made to the Study to clarify the Study's assessment of retail demand. The recommendation for 'Incentives for Good Design' in Section 9 has been deleted because the strategies listed are not being considered as part of the City Plan Review. The Study has been re-dated for September 2008.
25. The key recommendations of the draft Study therefore remain. These recommendations and how they are proposed to be integrated into the City Plan are discussed below.

Hierarchy of Retail Centres

26. The draft Study defines a retail hierarchy of centres for the trade area that will meet the demands of the future population and ensure the GSTC emerges as a vibrant and viable centre. A map of the recommended hierarchy of centres appears at Figure 5 of the Retail Study (on page 76), which is located at **Attachment A** to this report. The draft Study recommends that significant retail development (namely supermarkets) be contained within the following village centres:
- (a) Victoria Park, Zetland (where a development application for a supermarket has been approved);
 - (b) Crown Square (the former ACI Site), Waterloo (where development of a supermarket has commenced);
 - (c) the GSTC as a 'Planned Major Centre'; and
 - (d) Ashmore Estate, Erskineville (where a supermarket and small centre is planned for in the Ashmore Estate DCP). The recommended village centre at Ashmore Estate is outside of the Study Area, but will service the residents in the west of the Study Area.
27. This hierarchy assumes that lower-order neighbourhood centres and mixed use strips may be supportable outside of the nominated centres, where they can demonstrate they are supportable and where they do not negatively affect the viability of the nominated hierarchy of centres. The draft Study identifies several small villages and neighbourhood centres (which do not contain a supermarket) to provide local shopping opportunities throughout the Study Area.
28. Council and CSPC, in endorsing the draft Study for exhibition in May 2008, also endorsed the nominated hierarchy of centres and resolved that retail development outside of these centres should be limited and should not compete with the identified centres. The subject report also recommends endorsement for the hierarchy.

Increased retail in the GSTC

29. The draft Study recommends that the amount of permissible retail floorspace in the GSTC be increased from 16,500sqm to 26,250sqm (net lettable area) and that a second anchor retailer, most suitably a discount department store, be permitted within the GSTC. Further work is being undertaken by the Study consultants to allocate the additional retail floorspace to the individual 'development sites' within the GSTC and develop guidelines for both the location and design of future retail development in the GSTC. This work is being informed by the GSTC Public Domain Concept Design undertaken by McGregor + Partners, and is intended to be used to draft relevant City Plan LEP and DCP controls.

Car parking in the GSTC

30. The draft Study reviews car parking rates of provision in shopping centres within the vicinity and comparable to the GSTC, and establishes that rates in the order of 3-3.5 spaces/100sqm of net lettable retail floorspace would be necessary to ensure that GSTC can be competitive from a retail perspective.

31. The recommended car parking rate is provided from the perspective of increasing the viability of GSTC retail development in a competitive market. The case for parking rates of this order needs to be balanced against other considerations. These include the separate City Plan review of car parking rates and any relevant recommendations of the pending Green Square Transport Management and Accessibility Plan, being undertaken for the Ministry of Transport, with the City of Sydney as a key partner.

Bulky goods retailing

32. The draft Study also examined the bulky goods retailing market, particularly in the Southern Industrial Area. The draft Study found that further bulky goods retail development in the Study Area is unlikely to be supportable, and recommends that any infill bulky goods retailing should be contained along O'Riordan Street to consolidate the street's existing role.

Proposed City Plan Controls

33. Work undertaken in the preparation of the City Plan LEP for the Green Square Urban Renewal Area and the Southern Industrial Area proposes land use controls that focus on creating the nominated centres and limiting significant retail development outside of these centres. The proposed zoning controls have been subject to discussion at the City Plan Working Group and have been noted by Council and the CSPC for public exhibition and subsequent progression into the City Plan. The following main zoning proposals for the City Plan are made:
 - (a) for the Green Square Urban Renewal Area, the two nominated 'Village Centres' at Crown Square/Danks Street and Victoria Park are proposed to be zoned Zone B2 Local Centre. This zone allows for supermarket development and other supporting retail;
 - (b) most 'development sites' within the GSTC are proposed to be zoned Zone B4 Mixed Uses, with the controls also including specific land use requirements for each site. These controls will allow for a supermarket and a discount department store on the appropriate sites, to be identified in the additional work being undertaken to allocate the recommended additional floorspace;
 - (c) the 'Small Village' on Botany Road, Rosebery is proposed to be zoned Zone B4 Mixed Uses, which is an appropriate zone for the existing small supermarket in this location, and will allow the centre to develop as required as the immediate local population increases; and
 - (d) in relation to bulky goods development, this land use is proposed to be prohibited in all land use zones, including industrial zones, with the exception on a specific area of industrial land along O'Riordan Street within the Southern Industrial Area. Some bulky goods development will also be permitted in Zone B5 Business Development to the south-west of the GSTC.

34. As resolved by Council and the CSPC in May 2008, the intention is to limit retail development outside of the centres identified in the Retail Hierarchy to that of a “minor, ancillary nature”. The proposed zoning controls aim to prevent supermarket development from occurring outside of the nominated centres. Outside of the centres, the only land use zone in which a supermarket will be permissible is Zone B4 Mixed Uses, and it is intended to introduce a cap on the floorspace of retail developments in this zone.
35. Internal City of Sydney legal advice indicates that this type of control would best be situated in the City Plan DCP. It is therefore proposed to include a control in the DCP that limits the floorspace of any retail development in Zone B4 Mixed Uses to a maximum of 750sqm. This cap would allow for convenience stores and some larger floorplate retail, but would preclude supermarket development in areas outside of the centres.
36. It is also proposed to include in the City Plan DCP details about the total size and retail mix of the centres and guidelines for designing retail development. To further strengthen the roles of the hierarchy of centres, the centres have also been identified in the proposed Urban Strategies for the Green Square Urban Renewal Area and the Southern Industrial Area.

The Retail Study and its role in the assessment of development applications

37. Following the placement of the Study on Council’s website as a final document, it is intended that the Study be used to inform the assessment of the economic impact of development applications for retail development in the Study Area.
38. Under Section 79C of the *Environmental Planning and Assessment Act 1979*, the consent authority must consider, amongst other things, the likely impact of the development “including environmental impacts on both the natural and built environments, and social and economic impacts in the locality”. It is considered the Study can inform this assessment. Similarly, the Study can inform the preparation of an Economic Impact Assessment submitted in support of a development application for retail development in the Study Area.
39. It is recommended that the Study replace the previous study undertaken for the Green Square Urban Renewal Area, *Green Square Retail Development Potential Study (December 2000)*, referenced in section 2.8 Activity Centres of the *South Sydney Development Control Plan 1997: Urban Design – Part G: Special Precinct No.9 - Green Square* to inform the assessment of development applications within Green Square. A reference to the Study is also proposed in the “Development” section on the Council’s website.

Strategic alignment with Sustainable Sydney 2030

40. The recommendations of the draft Study, as implemented through City Plan, are aligned with the directions and strategies presented in the *Sustainable Sydney 2030 Vision*. In particular, the strategy to create local centres in the Study Area will promote sustainable outcomes for the communities and the environment, as people will be able to walk to local centres for a variety of shopping needs. Creating centres also allows the City to concentrate investment in public domain and public transport facilities, which promote objectives to achieve greener, connected neighbourhoods.

41. *Sustainable Sydney 2030* identifies ten existing and proposed activity hubs where shops, cafes, markets, libraries, government services and employment are centrally located within walking distance of every City resident. The GSTC is identified as one of the activity hubs, and the draft Study's identification of GSTC as a major centre in the retail hierarchy for the southern areas of the City is consistent with this strategy.

BUDGET IMPLICATIONS

42. The *Green Square Town Centre Infrastructure Strategy* calculates developer contribution amounts on a floorspace type (commercial, residential and retail) by site basis. The draft Study's recommendation to increase retail floorspace in the GSTC may therefore affect the total value of infrastructure contributions envisaged under the Infrastructure Strategy. Once the specific location of additional retail floorspace in the GSTC is determined, the potential implications for the Infrastructure Strategy will need to be assessed.

RELEVANT LEGISLATION

43. *Environmental Planning and Assessment Act 1979* and *Environmental Planning and Assessment Regulation 2000*.

CRITICAL DATES / TIME FRAMES

44. Integration and refinement of the draft Study's recommendations in the City Plan will be in accordance with City Plan timeframes. The City Plan is programmed for reporting to Council and the CSPC in early 2009 to seek endorsement for public exhibition.

PUBLIC CONSULTATION

45. The draft Study was placed on non-statutory exhibition between 28 May and 25 June 2008, similar to other studies undertaken to inform the City Plan. The exhibition was intended to inform the public of the City's work leading up to the City Plan, which will be placed on statutory exhibition in 2009, following appropriate endorsements.
46. The public exhibition included the placing of an advertisement in the local *Central* newspaper. Letters advising of the exhibition were sent to all landholders in the GSTC and all invitees to the Study consultation meetings held in August 2007. The public exhibition material was placed on Council's website, with fliers and hard copies of the draft Study made available for viewing at Council's CBD and Redfern locations and at the Totalisator (Tote) building in Victoria Park, Zetland. A copy of the draft Study was also sent to the Rosebery Residents Action Group on request.

MICHAEL HARRISON

Director City Strategy and Design

(Jane Grose, Specialist Planner)