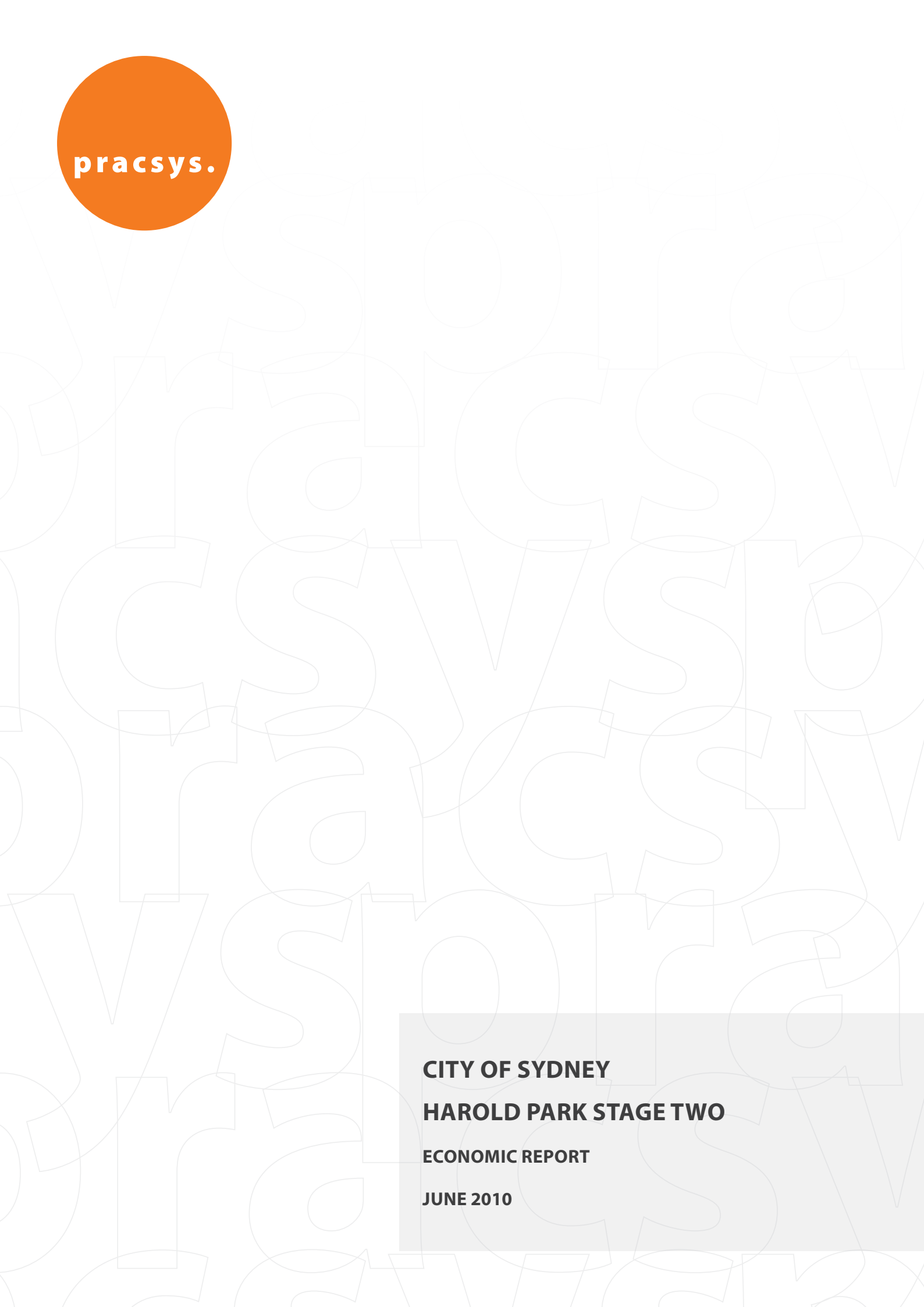


ATTACHMENT 9:

Harold Park Economic Study, **Pracsys Pty Ltd**

The logo for pracsys. is a solid orange circle containing the text "pracsys." in a white, lowercase, sans-serif font.

pracsys.

The background of the entire page is a repeating pattern of the letters 'C', 'S', 'I', 'D', 'E', 'Y' in a light grey, outlined, sans-serif font, arranged in a grid-like fashion.

**CITY OF SYDNEY
HAROLD PARK STAGE TWO
ECONOMIC REPORT
JUNE 2010**

DISCLAIMER

This report has been prepared for the **City of Sydney**. The information contained in this report has been prepared with care by the authors and includes information from apparently reliable secondary data sources which the authors have relied on for completeness and accuracy. However, the authors do not guarantee the information, nor is it intended to form part of any contract. Accordingly all interested parties should make their own inquiries to verify the information and it is the responsibility of interested parties to satisfy themselves in all respects.

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CONTENTS

1	EXECUTIVE SUMMARY	1
2	INTRODUCTION	2
3	HAROLD PARK MASTER PLAN	3
4	RETAIL IMPACT	4
	Expenditure Analysis	5
	Future Retail Demand	6
	Harold Park Site Retail Demand	7
5	AFFORDABLE HOUSING	9
	Option 1	9
	Option 2	10
	Option 3a	10
	Option 3b	12
	Option Summary	12
6	NET COMMUNITY BENEFIT	13
	Ongoing Employment Generation	14
	Employment Quality	15
	Construction Employment	17
	User Expenditure	17
	Benefits of Retail Provision	17
	Property Value Implications	18
	Density Targets	19
	Employment Self-Sufficiency	20
	Harness Racing Industry	20
	Summary of Economic Effects compared with Base Case	21
7	CONCLUSION	22

1 EXECUTIVE SUMMARY

The subject of the master planning exercise is the 10.63 hectare Harold Park Paceway and former Rozelle Tram Depot site. The NSW Harness Racing Club is seeking to relocate from the site and use the proceeds from the sale of the site to support the racing industry. The site presents a significant opportunity to play a role in achieving Sydney City's 55,000 dwelling target and creating a sought-after, diverse and vibrant precinct.

The master plan accommodates 116,800m² of residential floorspace within a variety of buildings, with heights ranging from three to eight storeys. 1,200 dwellings of a range of types and sizes can be developed on the site, equating to 113 dwellings per hectare across the whole site.

The tram shed redevelopment has capacity for 7,053m² of retail space including a small supermarket, supporting approximately 303 jobs. An additional 4,009m² of mezzanine capacity along with an ancillary building could be used for commercial office space, accommodating 223 jobs within a range of small to medium sized knowledge-intensive businesses.

The assessment of retail impact determined that 7,053m² is an appropriate amount of retail floorspace for the Harold Park site. The analysis indicates that Harold Park once developed could accommodate at least 7,500m² of retail floorspace onsite to service the convenience needs of the local residents, workers and commuters, without impacting upon other retail centres within the catchment. In addition, the growing catchment means that there will be future demand for retail space within the locality (beyond 2011), which is likely to boost the productivity of Harold Park tenancies.

Modelling of three affordable housing scenarios demonstrates varying financial impact. Provision of housing under the Affordable Rental Housing SEPP is not considered feasible due to the upfront costs, reduced sales revenue and length of time involved. A floorspace percentage or land area levy may be feasible depending on required profit margins and land sale value. Option 2, in which a 4,000m² land parcel is donated to an affordable housing provider, has the least impact on achievable profit whilst also enabling the housing provider to build a separate building to the specification it requires.

Net community benefit analysis compares a range of potential costs and benefits associated with the proposed Harold Park redevelopment with its current use as a venue for Harness Racing. Impacts considered include ongoing employment and construction employment generation, increase in expenditure for local retailers, increase in retail supply to meet growing catchment demand, property value uplift associated with proximity to open space and other amenities, industry output, provision of open space, accessibility and impacts on traffic. The study shows that the master plan redevelopment creates added benefit for the community in many areas, and where possible attempts to mitigate negative impacts.

In terms of Strategic Rationale for development, the 10.63 hectare Harold Park site is in an ideal position to assist the City in providing live/work opportunities to meet significant dwelling and employment targets for the City of Sydney over the next 20 years. In the context of growing demand for housing and an ever-increasing supply shortage, the master plan could provide high amenity, well-connected and diverse new housing options to accommodate up to 3,000 new residents.

2 INTRODUCTION

The subject of the master planning exercise is the 10.63 hectare Harold Park Paceway and former Rozelle Tram Depot site owned by the NSW Harness Racing Club within the suburb of Forest Lodge. The Club is seeking to relocate from the site and use the proceeds from the sale of the site to support the racing industry.

The City of Sydney commissioned an Economic Analysis and Impact Study to identify the type, mix and scale of land uses most appropriate for the site and which will contribute to the City's target of 55,000 new dwellings and 58,000 jobs by 2031 as determined by the NSW Government in its Metropolitan Strategy, City of Cities: A Plan for Sydney's Future and the Draft Sydney City Subregional Strategy.

The study is reported in two parts. The purpose of the Stage One Report was the initial comparison of numerous options to inform the development of the draft master plan. It made assumptions about the possible development of the site to ascertain potential dwelling and job yields, contribution to strategic planning targets, capacity for retail development, potential resulting land values and indicative built form options. All estimates were based on a range of explicit assumptions.

The purpose of this report is to examine the master plan scenario and its implications, strengths and weaknesses. Retail impact analysis updates previous work to reflect the user populations (residents, workers and visitors) arising as a result of the master plan yields.

Analysis of three affordable housing options tests the relative viability of including a proportion of affordable housing within the Harold Park residential development. The

options include a levy of 4% of gross floorspace, a levy of 4,000m² of land area, and provision of affordable dwellings under the Affordable Rental Housing SEPP, with associated floor space ratio (FSR) bonuses and National Rental Affordability Scheme (NRAS) incentives.

Finally the study analyses a range of potential costs and benefits associated with the proposed Harold Park redevelopment, including assessment of local and regional economy effects and net state welfare effects. The analysis compares the use of the site for mixed use residential development under the masterplan scenario with its current use as a venue for Harness Racing.

3 HAROLD PARK MASTER PLAN

The preferred master plan option for the Harold Park redevelopment is referred to as the 'Cliff Edge Park' version. The master plan aims to create an urban design outcome that respects the site's heritage, extends view corridors, provides additional public open space as part of an existing green corridor, enhances movement corridors, fits with the surrounding urban character including height considerations, and provides a critical mass of

housing to accommodate growing demand for higher density inner urban living.

A major feature of the master plan is the 3.76 hectares of public open space, stretching from Jubilee Park in the north to Wigram Road in the south. This public open space, including a forecourt to the redeveloped tram shed commercial and retail hub, creates a new north-south linkage along the cliff edge.

Figure 1: Harold Park Master Plan



Source: Government Architect's Office

The plan accommodates 116,800m² of residential floorspace within a variety of buildings, with heights ranging from three to eight storeys. Accounting for building setbacks, private open space and balconies, 1,200 dwellings of a range of types and sizes could be developed on the site. This equates to 113 dwellings per hectare.

The commercial and retail development is restricted to the tram sheds and ancillary building, with the assumption that the ground level of the tram sheds will contain retail uses and the mezzanine level and ancillary building will contain commercial office floorspace. Retail gross floor area totals 7,424m² and commercial office gross floor area totals 4,220m². Combining residential, retail and commercial development gives a master plan floor space ratio of 1.2 over the 105,992m² Harold Park site.

It is assumed that resident parking spaces will be in multi-level underground facilities below the residential buildings. Car bays for workers and visitors to the commercial and retail space will be located underneath the tram sheds, and there will be additional parking on the street for guests of Harold Park residents.

4 RETAIL IMPACT

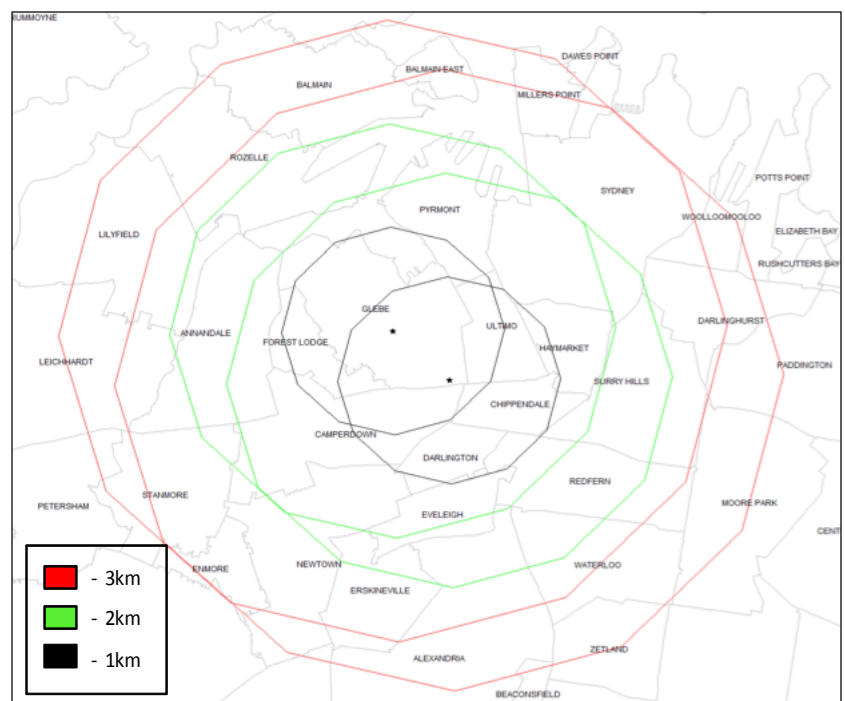
Retail impact assessment aims to determine an appropriate amount of retail floorspace to be accommodated at the Harold Park site which will serve the local user population and activate the area but not adversely impact surrounding centres within the hierarchy. This section has been updated from the Stage One Report to reflect the user populations arising from the master plan yields.

The analysis identifies the current user populations accessing retail and consumer services at existing centres in proximity to Harold Park; determines user expenditure patterns on retail goods and services and confirms the current retail and consumer services floorspace and employment provision, using City of Sydney Floor Space and Employment Survey data.

Users are separated into resident, worker and visitor categories. Existing residents within 1km, 2km and 3km catchments of Broadway Shopping Centre and Glebe Point Road are counted in dwellings according to Census 2006 for travel zones¹ (as identified in figure 2). Worker numbers are also counted using travel zones, and separated by the location in which they work: within a walking catchment (approximately 800 metres) of Broadway and Glebe Point Road, or within the wider Statistical Local Area (SLA) identified as 'Sydney – West'.

Resident and worker spending on retail is extrapolated from the ABS Household Expenditure Survey (HHES), adjusting for income levels, Consumer Price Index (CPI) increases and non-retail spend. A list of detailed retail categories are aggregated into three categories in order to be matched against

Figure 2: Catchment map



survey categories: Convenience, Comparison and Dining/Entertainment. Convenience retail includes groceries and food not consumed within cafés or restaurants. Comparison retail covers categories such as clothing, books and leisure goods, often of greater monetary value and purchased less frequently. Dining/Entertainment includes meals out (i.e. in restaurants), drinks in licensed premises, movies and cultural events.

Existing retail floorspace is confirmed using the City of Sydney Floor Space and Employment Survey, with a small amount of additional floorspace included for areas not within the survey boundary (i.e. Booth Street, Annandale). This enables floorspace provision to be matched with expenditure to verify demand and turnover per square metre. Assuming

¹ Transport Data Centre, NSW Transport and Infrastructure, <http://www.transport.nsw.gov.au/tdc/>

existing retail is commercially viable and supported by a mix of user spending, and knowing how much retail can be supported by resident and worker spending, the remaining floorspace is assumed to be supported by visitor spending.

EXPENDITURE ANALYSIS

Table 1 looks at the various user groups within the catchment, showing estimated visits per year, total annual spending on retail, retail spending retained within the precinct and the amount of retail floorspace supported.

Table 1: Expenditure Analysis (2006)

User Type	Number	Annual Visits	Annual Spend (\$)	Retained Spend (\$)	Retail Supported (m ²)
Residents - 1km	16,898	878,710	440,516,754	289,993,236	38,666
Residents - 2km	31,592	1,642,801	719,744,763	317,732,668	42,364
Residents - 3km	44,907	2,335,153	1,144,178,122	160,573,232	21,410
Total Residents	93,397	4,856,664	2,304,439,639	768,299,136	102,440
Workers - 800m	21,046	1,010,202	253,218,345	65,924,821	8,790
Workers - SLA	30,805	1,478,620	370,632,534	66,806,713	8,908
Total Workers	51,850	2,488,822	623,850,879	132,731,534	17,698
Visitors		4,874,832	306,306,451	306,306,451	40,841
Total	145,248	12,220,318	3,234,596,969	1,207,337,121	160,978

Source: Pracsys Analysis of ABS Census and HHES

Currently residents within 1km, 2km and 3km of Broadway and Glebe Point Road support 102,440m² of retail space, with residents within 1km of the identified centres estimated

to spend the largest portion of annual retail expenditure within the catchment per head, and more expenditure leakage occurring as residents reside further out.

Workers within the SLA and more specifically within walking distance of the retail centres are estimated to support 17,698m² of retail space. A large proportion of their expenditure occurs outside the catchment at centres near their place of residence. Visitors support 40,841m² of retail space, comprised almost totally of comparison spending and dining/entertainment spending.

Table 2: Resident and Worker Contribution

Retail Type	Floor space supported
Convenience	96%
Comparison	69%
Meals Out	56%
All Types	75%

Source: Pracsys Expenditure Modelling

Table 2 shows the proportion of current retail floorspace that is estimated to be supported by expenditure from residents and workers in the catchment. Convenience retail is purchased frequently and close to home or work, meaning that visitors only account for a very small proportion (4%). In contrast, the dining street at Glebe Point Rd attracts visitors from further afield than the 3km catchment area, as does the shopping centre at Broadway. It is estimated that visitors account for 31% of comparison retail floorspace, and 44% of meals/dining floorspace in the area. Due to the diversity of comparison retail and dining on offer throughout the City of Sydney and surrounding hubs, resident spending in these categories is dispersed rather than retained solely in the precinct.

FUTURE RETAIL DEMAND

Future retail demand is estimated using a three step method. Firstly, future catchment populations (residents within households and workers) are determined using Transport Data Centre employment and population projections for Transport Zones (TZs). Secondly, the estimated resident and worker populations of Harold Park are added to these projections to reach a total. Then, assuming visitor numbers remain constant, future floorspace demand resulting directly from growth in catchment residents and workers can be determined.

At 5 year intervals to 2031, future household and worker numbers, annual visits, annual spending, retained spending and floorspace supported are calculated. Table 3 shows growth in users over time, while table 4 shows total and cumulative floorspace supported.

Table 3: Growth in User Group Numbers

Users	2011	2016	2021	2026	2031
Households - 1km	19,079	20,488	21,610	22,942	24,109
Households - 2km	36,420	37,934	40,028	41,490	43,325
Households - 3km	49,108	51,491	54,147	56,613	59,063
Workers -SLA employed	31,508	33,367	35,864	37,090	38,278
Workers -Walking catchment	22,175	23,901	26,873	28,772	30,704
Visits (assume no growth)	4,874,832	4,874,832	4,874,832	4,874,832	4,874,832

Table 4: Retail Floorspace Demand Growth

Users	2006	2011	2016	2021	2026	2031
Floorspace supported (m ²)	160,978	175,121	182,769	191,373	194,826	202,109
Floorspace growth (m ²)		14,143	7,648	8,604	3,453	7,283
Total new floorspace from 2006 (m ²)		14,143	21,791	30,395	33,848	41,130

Source: Pracsys Expenditure Modelling

The table shows that the growth in residents and workers could support an additional 41,130m² of retail floorspace by 2031, to a total of 202,109m². This is disaggregated into Convenience, Comparison and Entertainment/ Dining below.

Table 5: Floorspace Categories

Floorspace (m ²)	Current	2031	Difference
Convenience	52,959	72,431	19,472
Comparison	71,025	84,967	13,942
Meals/Dining	36,994	44,711	7,717
Total	160,978	202,109	41,130

Source: Pracsys Expenditure Modelling

Assuming that visitor numbers also increase over time, comparison retail floorspace and entertainment/dining floorspace could be expected to grow at a greater rate than the figures in table 5 above, which account only for resident and worker spending.

HAROLD PARK SITE RETAIL DEMAND

Analysis of the future redeveloped Harold Park site demonstrates the amount of retail floorspace which could be supported solely by new residents and workers (accommodated within the tram sheds and paceway development). Assuming a total of 1,204 dwellings on site and 526 jobs (based on floor space capacity of the tram sheds), table 6 below outlines annual visits, annual spend and total retail supported by these users.

Table 6: Harold Park User Spend

User Type	Number	Annual Visits	Annual Spend (\$)	Retail supported (m ²)
Harold Park Households	1,204	62,608	35,934,797	4,791
Harold Park Workers	526	25,248	6,388,214	852
Total	1,730	87,856	42,323,012	5,643

Source: Pracsys Expenditure Modelling

Applying a retail spending retention rate reflecting the type and scale of retail possible onsite, enables the potential retail floorspace supported at Harold Park by Harold Park users to be determined.

If an estimated 1,000 commuters were to embark and disembark at the Jubilee Park station each week, and the retail onsite was in an accessible location to capture a proportion of their spending, it is estimated that Harold Park could accommodate approximately 2,076m² of retail space onsite through resident, worker and commuter spending.

Table 7: Harold Park Retained Spend

User Type	Number	Annual Visits	Annual Spend (\$)	Retained Spend (\$)	Retail (m ²)
Harold Park Dwellings	1,204	62,608	35,934,797	12,670,086	1,689
Harold Park Workers	526	25,248	6,388,214	2,182,374	291
Commuters	1,000	48,000	2,400,000	720,000	96
Total	2,730	135,856	44,723,012	15,572,460	2,076

Source: Pracsys Expenditure Modelling

This equates to just 5% of the additional 41,130m² of retail floorspace required by the whole catchment by 2031. If residents and workers from the surrounding locality were also to utilise the retail at Harold Park, a greater amount of floorspace could be supported. For example, residents within 1km of the site and workers within 800 metres of the site are estimated to support approximately 50,000m²

of retail floorspace currently. As these user group numbers grow, table 8 identifies the amount of new retail floorspace that they alone can support at five-year increments.

Table 8: Retail Floorspace Supported by 1km Catchment

Retail Supported (m ²)	2006	2011	2016	2021	2026	2031
Total Retail Supported	47,456	52,918	56,862	60,671	64,511	67,990
Total Floorspace Growth		5,462	3,945	3,808	3,841	3,478

Source: Pracsys Expenditure Modelling

If the 1km catchment's additional retail requirement to 2011 (5,462m²) is accommodated at Harold Park in addition to the 2,019m² supported by Harold Park site users, the 7,058m² NLA of tram shed retail (as per floorspace capacity) should be commercially viable.

The analysis indicates that Harold Park once developed could accommodate at least 7,500m² of retail floorspace onsite to service the convenience needs of the local residents, workers and commuters, without impacting upon other retail centres within the catchment. In addition, the growing catchment means that there will be future demand for retail space within the locality (beyond 2011), which is likely to boost the productivity of Harold Park tenancies.

5 AFFORDABLE HOUSING

Three options for including a proportion of affordable housing within the Harold Park residential development have been assessed. The options are as follows:

- 1) An affordable housing levy of 4% of Harold Park gross floor area is to be paid as either a monetary contribution or as built dwellings. The monetary value of the contribution, at a \$/m² rate, is determined on the basis of the land value uplift associated with the potential development.
- 2) An affordable housing 'levy' is applied that requires the dedication of land suitable for the construction of a residential flat building comprising 50 dwelling units. For the purposes of carrying out this study, it has been assumed that the site of the former 'mixed use' building to the south of the tram sheds (with a land area of 4,139m²) will be donated to an affordable housing provider.
- 3) Affordable housing is provided under the Affordable Rental Housing SEPP. As the SEPP FSR bonus does not apply to mixed use or open space zones, this is to be applied to floorspace in the General Residential zone only (which has an original FSR of 2:1 under the master plan yields). The following scenarios apply:
 - a) Assume a 0.2:1 FSR bonus for the provision of 20% affordable housing on top of a base FSR of 1.8:1 for land to be zoned General Residential (total FSR 2:1)
 - b) Assume a 0.5:1 FSR bonus for the provision of 50% affordable housing on top of a base FSR of 1.5:1 for land to be zoned General Residential (total FSR 2:1)

OPTION 1

In option 1, 4% of gross development floorspace must either be built and donated as affordable housing, or built and sold on the open market but with a monetary levy paid to an affordable housing provider which equates to the land value uplift from the 4% development.

Total gross floor area in the master plan (residential + commercial + retail) is 129,607m², of which 4% equates to 5,184m². It is assumed that the 3,050m² dedicated to studio apartments would become affordable housing, with the remaining 2,134m² of affordable floorspace to be made up of one bedroom apartments. The 4% would equate to the following floorspace and dwelling mix to be donated as affordable housing.

Table 9: Affordable component (4% of GFA)

Type	Area (m ²)	Dwellings
Studio	3,050	61
1 bed	2,134	28
Total	5,184	89

Source: Pracsys analysis

It is also assumed that the developer would not be required to provide car parking for the affordable dwellings, which based on the applied parking rates, would reduce the total number of residential spaces by 39 bays.

The major difference between the original master plan and option 1 occurs with respect to sales revenue. Under option 1, the developer still pays the costs of building the 89 affordable dwellings but does not receive any revenue from these dwellings.

Under option 1, whether the developer builds the dwellings and donates them to an affordable housing provider, or builds the dwellings and donates the monetary value of the land uplift to an affordable housing provider, the cost to the developer (or passed on to the landowner) is the same. The only difference that would occur would be a reduction in the cost of marketing and commissions paid for the sale of the dwellings, were the developer to sell them on the open market.

OPTION 2

In option 2, a site suitable for the construction of 50 affordable housing units will be donated to an affordable housing provider. The site will no longer be developed by a private developer, instead the affordable housing provider will develop to their own specifications to accommodate upward of 50 affordable dwellings. For the purposes of this study the mixed use building to the south of the Tram Sheds, comprising about 7,845m² of residential floorspace, has been chosen as the site to be dedicated by the developer.

Removing that land parcel from the development mix reduces the total private dwellings by 80. Assuming that the same dwelling type mix is required, table 10 shows the number and mix of dwellings under option 2.

Table 10: Dwellings - Affordable Option 2

Dwelling Type	Mix (%)	Units	Floor area (m ²)
Studio	5%	56	2,800
1 bed	20%	220	16,500
2 bed	56%	628	62,800
3 bed	20%	220	28,600
Total	100%	1,124	110,700

Source: Pracsys analysis

The reduction in floorspace and dwellings reduces the amount of sales revenue that can be achieved, however it also reduces the cost of development, as opposed to Affordable Option 1 in which development costs are still incurred. It is assumed that the developer will only be required to provide parking bays for the buildings that it develops, which results in 77 less car bays to be constructed.

Affordable option 2 maybe be preferable to option 1. It has less of a negative impact on the viability of the project and would enable an affordable housing provider to build a separate building to the specifications it requires.

OPTION 3A

In option 3, affordable housing is provided under the rules of the Affordable Rental Housing SEPP. As the SEPP FSR bonus does not apply to mixed use or open space zones, this is applied to floorspace in the General Residential zone only (which has an original FSR of 2:1 under the master plan yields).

In option 3a, the developer receives a 0.2:1 FSR bonus on top of a base FSR of 1.8:1 in order to provide 20% of dwellings within the general residential zone as affordable housing. Dwellings within the former mixed use building

south of the tram sheds will be developed as normal under the original scheme.

The general residential zone is 55,350m² in land area, meaning that a base FSR of 1.8:1 equates to 99,630m² of residential floorspace. The bonus of 0.2:1 equates to 11,070m² of additional floorspace, bringing the total residential floorspace allowance to 110,700m² (or an FSR of 2:1).

To receive the bonus, 20% of all dwellings in the general residential zone must be provided as affordable housing under the Affordable Rental Housing SEPP. This requires affordable dwellings to be rented for a period of 10 years at a maximum of 80% of the median market rental price achieved in the area. The National Rental Affordability Scheme (NRAS) provides approximately \$8,000 per dwelling per annum in federal and state government funding as an incentive and to cover the costs associated with managing the rentals.

Table 11 shows the number and mix of dwellings in the general residential zone.

Table 11: Dwellings - Affordable Option 3a

Dwelling Type	Mix (%)	Units	Floor area (m ²)
Studio	5%	56	2,800
1 bed	20%	220	16,500
2 bed	56%	628	62,800
3 bed	20%	220	28,600
Total	100%	1,124	110,700

Source: Pracsys analysis

Out of the 1,124 dwellings in this zone, 20% must be affordable, equating to 225 dwellings. It is assumed that all studio dwellings will be included, along with 169 of the 1 bedroom units to make a total of 225.

Table 12: Dwelling Types

Total Dwellings	1,124
Affordable %	20%
Affordable Dwellings	225
Studio	56
1 bed	169

Source: Pracsys analysis

The major difference between the original master plan and option 3 occurs with respect to sales revenue. Under option 3a, the developer still pays the costs of building the 225 affordable dwellings but does not receive any revenue from these dwellings.

If initial sales income were the only income received under option 3, it would appear not to be feasible due to the vast reduction in the number of dwellings for sale. However, the rental and NRAS incentive per affordable dwelling must also be accounted for, as well as the sale price of the affordable dwellings after the mandatory ten years of rental.

As interest will be foregone while waiting to recoup cost outlays, and the length of time involved is greater than 10 years, this reduces the net present value of the future income. In addition, the dwellings have to be managed by an affordable housing provider so in order to receive the rental income and NRAS funding, the developer must become a provider. This would not be an option for many developers who would not see the value or have the capability to diversify away from core business.

If the developer handed the affordable dwellings to an existing affordable housing provider and only received the income from the sale of the dwellings after 10 years of rent, the NPV of the future income falls.

OPTION 3B

In option 3b, the developer receives a 0.5:1 FSR bonus on top of a base FSR of 1.5:1 in order to provide 50% of dwellings within the general residential zone as affordable housing.

The general residential zone is 55,350m² in land area, meaning that a base FSR of 1.5:1 equates to 83,025m² of residential floorspace. The bonus of 0.5:1 equates to 27,676m² of additional floorspace, bringing the total residential floorspace allowance to 110,700m² (or an FSR of 2:1). To receive the bonus, 50% of all dwellings in the general residential zone must be provided as affordable under the Affordable Rental Housing SEPP.

Out of the 1,124 dwellings in this zone, 50% must be affordable, equating to 562 dwellings. It is assumed that all studio dwellings will be included, along with all one bedroom units and 286 of the two bedroom units to make a total of 562. This means that the developer must pay to construct these dwellings but receives no initial sales revenue from 562 dwellings.

Table 13: Dwelling Types

Total Dwellings	1,124
Affordable %	50%
Affordable Dwellings	562
Studio	56
1 bed	220
2 bed	286

Source: Pracsys analysis

OPTION SUMMARY

Table 14 provides a summary of the number of affordable dwellings that would be accommodated under each of the four options compared with the original master plan. Options 3a and 3b assume that the developer receives rent, NRAS incentives and future sales revenue as an affordable housing provider.

Table 14: Summary of Affordable Options

Options	Original	Affordable 1	Affordable 2	Affordable 3a	Affordable 3b
Total Dwellings	1,200	1,200	1,174+	1,200	1,200
Affordable Dwellings	0	89	50+	225	562
Impact (compared with original)	0	- 26%	- 10%	- 41%	- 138%

Source: Pracsys analysis

The summary shows that modelling of three affordable housing scenarios demonstrates varying impact. Provision of housing under the Affordable Rental Housing SEPP would not be considered feasible due to the upfront costs, reduced sales revenue and length of time involved.

A floorspace percentage or land area levy as seen in options 1 and 2 may be feasible depending on required profit margins and land sale value. Option 2, in which a land parcel suitable for accommodating 50 affordable housing units is donated to an affordable housing provider, generates the lowest reduction in value compared with the original master plan (a reduction of 10%) and enables the housing provider to build a separate building to the specification it requires.

6 NET COMMUNITY BENEFIT

This section presents an analysis of a range of potential costs and benefits associated with the proposed Harold Park redevelopment based on the preferred master plan option. The analysis includes assessment of local and regional economy effects and net state welfare effects, and compares the use of the site for the mixed use residential development under the master plan with its current use as a venue for Harness Racing. Where possible, the implications of the master plan development are assessed against the base case in which the existing zone (public open space) is retained.

Current situation

The subject of the master planning exercise is the 10.63 hectare Harold Park Paceway site and former Rozelle Tram Depot. The Paceway includes an 800 metre racing track, a grandstand, administrative buildings and parking space. The Paceway hosts Harness Racing events which attract public attendance, but is closed to the public when events are not in process. The tram sheds are the heritage listed former Rozelle Tram Depot, currently unused and with public access prohibited.

The site is currently zoned open space under the Leichhardt Local Environmental Plan 2000, but the zoning and planning controls must be changed in order to facilitate the sale and development in line with the master plan.

The NSW Harness Racing Club is seeking to relocate from the site and use the proceeds from the sale of the site to support the racing industry. It is believed that the harness racing industry in NSW is struggling to receive adequate revenue to cover costs such as necessary facility upgrades and prize money which acts as an incentive for participation

in the sport. It is intended that the sale of the high amenity inner city Harold Park site should generate sufficient return to move operations to another venue such as Menangle Park including the construction of a new training facility; upgrade of regional venues and a significant boost in prize money.

Master plan Redevelopment

The master plan option involves development of 1,200 residential dwellings within 116,800m² of floorspace, with building heights ranging from three to eight storeys. It is assumed that all dwellings will be apartments of a range of sizes in accordance with the Sydney Metropolitan Strategy targets for medium to high density in inner urban areas and around transport nodes. The majority of residential development will occur within the paceway portion of the site, to be zoned general residential, with an additional four storey mixed use residential building to be constructed to the south of the tram sheds within a mixed use zone.

Refurbishment of the tram sheds could accommodate 7,053m² of retail NLA and 4,009m² of commercial office NLA while retaining the heritage value of the buildings. This could provide retail amenity, employment opportunities and an active community meeting place linking the site with the Jubilee Park light rail station.

Redevelopment of the site will also result in the provision of 3.76 hectares of public open space parkland, running north from Jubilee Park to Wigram Road at the south of the site and including a large forecourt to the tram shed retail node.

ONGOING EMPLOYMENT GENERATION

Current situation

The SLA in which Harold Park is located is called 'Sydney – West', and it was estimated that at the time of the 2006 ABS Census, there were 83 jobs within the SLA in the ANZSIC Industry category 'Horse and Dog Racing Activities'. There were also 2,486 jobs in the ANZSIC Industry category 'Gambling Activities'.

As the SLA also contains Star City Casino and Wentworth Park which accommodates sporting events and greyhound racing, it is expected that 'horse and dog racing' jobs were spread between Harold Park and Wentworth Park, and 'gambling activities' were predominantly located at Star City. Harold Park also contains food and beverage provision, estimated as the equivalent of 10 full time positions. Thus for the purpose of the analysis, it is assumed that when operating as a harness racing facility, Harold Park supports in the order of 70 full time employment positions.

Master plan Redevelopment

It is estimated that redevelopment of the tram sheds could support 223 commercial office jobs and 303 retail jobs. Retail tenancies will be located on the ground floor of the tram shed buildings, while commercial offices will locate on the mezzanine levels. The total ground floor retail net lettable area (NLA) equates to 7,053m² and the commercial NLA, including 492m² within an ancillary building, equates to 4,009m².

Assuming that a supermarket of 1,700m² occupies part of the retail floorspace at an employee to floorspace ratio of 48m² per employee, and the remaining floorspace is devoted to retail services and specialty shops at a ratio of 20m² per job, the tram sheds could house 303 retail jobs. At a ratio of 18m² of floorspace per office employee, the commercial floorspace could accommodate 223 jobs, for a total Harold Park population of 526 employees.

Based on these assumptions, the redevelopment of Harold Park would generate a net increase of 456 jobs. As the retail impact analysis demonstrates that there will be increased demand for retail provision from a growing residential population, it can be assumed that the new retail jobs at Harold Park are a result of job growth rather than the transfer of jobs from another location.

The relatively small scale of the commercial development means that the site would be attractive for small and medium businesses. To an extent this may involve the transfer of businesses from home-based offices that require a dedicated commercial address, complete with retail amenity and public transport access. It may also see the transfer of firms from CBD locations, attracted by lower rents, greater accessibility and proximity to the Health and Education precinct and Pymont Information Communications Technology (ICT) precinct. While this scenario would not result in a net increase in commercial office jobs within the locality, the move to Harold Park must represent a benefit to the firms involved, whether productivity increase, cost reduction or greater employee amenity.

EMPLOYMENT QUALITY

The value of the employment under the base case and the master plan redevelopment can be estimated through analysis of the wages income, industry output and export value of the types of industries likely to locate at Harold Park. Indicative industry types and employment numbers have been applied to the commercial and retail land uses to get an idea of possible supply chain opportunities and quality employment impacts.

For this analysis, a range of 3 digit ANZSIC industries have been chosen from which firms could potentially lease or purchase commercial office floorspace within the tram shed redevelopment. The industries generally represent knowledge-intensive producer services, which are to an extent considered 'footloose' but benefit from locating in proximity to clients and colleagues (such as in the Sydney CBD). They also represent creative industries and industries that would benefit from a location near the Health and Education Precinct around the University of Sydney and the Pyrmont ICT precinct. Table 15 shows a potential industry breakdown of the 526 jobs that could be accommodated in the tram sheds and ancillary building in a range of small to medium sized firms.

Table 15: ANZSIC Industry Employment

Industry	Employment
Supermarket & Grocery Stores	35
Retail	180
Educational Support Services	20
Health services	30
Architectural, Engineering and Technical Services	30
Legal and Accounting Services	23
Advertising Services	30
Management and Related Consulting Services	30
Internet Publishing and Broadcasting	30
Computer System Design and Related Services	40
Telecommunications Services	20
Internet Service Providers and Web Search Portals	30
Creative and Performing Arts Activities	28
Total	526

Source: Pracsys analysis of master plan yields and ABS ANZSIC Industries 2006

Applying detailed industry categories enables comparison of potential income. Average income for each 3 digit ANZSIC industry type, using the mean income received by industries operating in the Sydney – West SLA, is multiplied by the number of potential jobs in that industry to be accommodated at the precinct. This generates a total possible annual income - based on averages - for the master plan option.

The analysis can also estimate total potential business output and export income arising from the Harold Park redevelopment. ABS National Accounts data identifies the contribution to the economy of each industry or sector measured using output and export indicators.

By comparing the output and export value of each industry, with the number of people employed in Australia in that industry, a measure of average output and export value per (full-time equivalent) employee can be derived. Multiplying these averages by the number of potential jobs in that industry to be accommodated at the precinct generates a total possible annual output.

Table 16 shows the number of employees, wages per annum, export income per annum and business output per annum associated with the current situation and with master plan redevelopment of Harold Park.

Table 16: Comparison of Master plan and Base Case

Productivity Indicator	Master plan	Harness Racing	Difference
Employment (#)	526	70	456
Wages per annum (\$)	26,211,068	2,527,200	23,683,868
Export Income per annum (\$)	2,464,767	345,458	2,119,309
Output per annum (\$)	77,915,442	11,271,898	66,643,544

Source: Pracsys analysis of ABS Census and National Accounts

The table shows that the additional jobs in knowledge industries that could be supported by the master plan redevelopment could generate \$23 million in wages, \$2 million in export income and \$66 million in output above the amounts currently being generated by harness racing at Harold Park.

It must be reiterated that the total income amounts above are based on average rates

of income for specific industries recorded in the Sydney - West SLA in the 2006 Census, multiplied by the number of industry jobs. Total output and export amounts are based on average rates of output per employee for specific industries recorded in the Australian national accounts, multiplied by the number of industry jobs.

The analysis is primarily for comparative purposes and to demonstrate the value of the high quality employment that could be attracted to the Harold Park precinct redevelopment due to its highly accessible location. The theory of agglomeration economics states that businesses choose to agglomerate (or locate close to other businesses i.e. within a CBD) in order to share infrastructure, be close to suppliers and markets, and benefit from knowledge spillovers. These are examples of positive externalities which have been shown to generate increased industry productivity.

Agglomeration benefits can be fostered in activity centres but need a critical mass of activity to be successful. If strategic employment is encouraged to co-locate around infrastructure (like Hospitals and Universities), these knowledge precincts can provide an alternative employment location to a CBD as well as maximising leverage from infrastructure investment (such as public transport). The high levels of output and income estimated for industries within the Harold Park redevelopment arise partly as a result of productivity benefits associated with the inner urban knowledge-intensive location.

CONSTRUCTION EMPLOYMENT

The Housing Industry Association estimated in December 2009 that every million spent on construction generates nine direct construction jobs and 37 jobs in the broader economy including within building materials suppliers, manufacturers, and the finance sector².

Based on this assumption, the estimated \$432.8 million in direct construction costs (residential, tram sheds, parking) needed for the Harold Park redevelopment would generate 3,895 direct jobs over the life of the project (for example, 1,298 jobs per annum assuming a three year development lifespan). It must be noted that construction jobs are temporary for the duration of construction and are labour-intensive, meaning high multipliers.

Construction would also generate 16,014 indirect jobs as a result of flow-on effects to other industries. Because it is difficult to pinpoint where flow-on effects are felt, multipliers should not be counted as a benefit to the community in which the development occurs, however it is worthwhile noting as many of the indirect jobs are likely to be located within the Sydney Metropolitan Area.

If revenue from the sale of the site is used to construct new facilities at Menangle Park and other regional harness racing venues, these construction costs would also generate construction jobs for those communities during the development process.

USER EXPENDITURE

Under the master plan option, the redevelopment of Harold Park would create a new user population consisting of 1,204 dwellings, upward of 2,000 residents and 526 employees. The households are estimated to spend \$35 million per annum and the workers are estimated to spend \$6.4 million per annum on retail within the vicinity of their place of residence and work.

While some of this expenditure would be captured by the new retail within the Harold Park tram sheds, the tram sheds are not proposing to provide a full range of comparison goods or dining/entertainment. This means that the new population would increase the expenditure available for retail tenancies elsewhere in the locality – potentially increasing the return for tenancies in Broadway Shopping Centre and Glebe Point Road.

A proportion of the wages associated with industries of employment locating in the tram sheds – potentially \$26 million per annum – could also be injected into the local economy in sectors besides retail.

BENEFITS OF RETAIL PROVISION

As seen in the retail impact analysis, the growing user populations (residents, workers and visitors) within a 3km catchment of Glebe Point Road and Broadway Shopping Centre are estimated to support an additional 41,130m² of retail floorspace by 2031. Of this floorspace, 19,472m² will arise from convenience retail demand.

The Harold Park master plan proposes 7,053m² of retail NLA within the refurbished tram sheds,

² HIA Economics Group: The Economic Multiplier Effects of Housing, December 2009, www.economics.hia.com.au

including a potential supermarket of 1,700m². This would satisfy 17% of future catchment demand, preventing expenditure leakage out of the area. This would also benefit other local businesses, as consumers would prefer to carry out the majority of their retail and services needs without leaving the catchment.

The tram sheds would operate as a neighbourhood retail node located within walking distance of a large number of dwellings. This provides benefits to the residents of these households in the form of reduced travel time; reduced costs associated with car trips and potentially even health benefits from the activity of walking. The location of the tram sheds adjacent to the Jubilee Park light rail station means that commuters disembarking at the rail station can easily access convenience shopping needs after work. The retail node also creates a safe and active link between the station and nearby dwellings, in contrast to the current fenced-off, unused and vandalised tram sheds.

PROPERTY VALUE IMPLICATIONS

The increase in the land value of the Harold Park site itself does not represent a net state welfare effect, as it reflects the private business revenues associated with the developer and landowner. However, the positive amenity associated with the development, in particular the high quality urban design, vast new areas of open space and greater permeability would have a positive effect on the land value for adjoining landowners. This is referred to as the proximate principle, in which there is an increase in the value of properties surrounding certain amenities, such as rivers, shops and, in the particular case of Harold Park, public open space.

Using an economic method known as hedonic price modelling in conjunction with GIS spatial analysis, it is possible to conduct detailed analysis of the impacts of open spaces on surrounding property values. Hedonic pricing is an economic technique that can be used to identify and quantify the various influences on a property's sale price, thereby enabling estimation of the value of residential location adjacent or close to parks and public open space.

The land value uplift associated with proximity to amenities occurs on a sliding scale, with views and reduced distance producing higher percentage impacts. The scale and quality of the amenity also has an impact (i.e. the size of the park). International research studies have found land value uplifts in the order of 3-10% associated with proximity to green spaces - which informs part of the rationale for providing public parks (like Central Park in New York or Regents Park and Hyde Park in London) in dense urban areas.

With 3.76 hectares of parkland provided for in the master plan, which may incorporate features such as a community garden, a sports field, local playground and picnic facilities, the redevelopment of Harold Park is likely to have a positive impact on property values in proximity to the site. In contrast, current operations mean that the racetrack is closed to the public and creates a barrier between many residences and Federal Park, Bicentennial Parks, Rozelle Bay and the light rail station.

Proximity to shops and employment can also have a small impact on property price values. Although the benefit of the tram sheds development is likely to be negligible due to its scale and the proximity to many existing

retail and employment opportunities; it would appear positive when compared to the sheds in their current rundown unused state. In addition, the history and heritage associated with the tram sheds structure could result in a very unique and vibrant retail and community meeting place.

DENSITY TARGETS

Table 17 below shows the contribution that 1,204 dwellings and 526 jobs would make toward the targets set for the City of Sydney. The job impact is based on a net of 456 jobs, accounting for the loss of the existing paceway jobs. Based on the sub-regional strategy numbers, Harold Park would cover 2% of target dwellings and almost 1% of target jobs.

Table 17: Contribution to targets

Contribution to targets	Sustainable Sydney 2030	Subregional Strategy
City of Sydney Targets		
Dwellings	48,000	55,000
Employment	97,000	58,000
Harold Park Provision		
Dwellings: 1,204	2.5%	2.2%
Employment: 456	0.5%	0.8%

Source: Master plan yields, Sustainable Sydney 2030 and NSW Department of Planning

The benefits to the community of achieving the densification targets include the reduction of social and environmental impacts while increasing population and economic growth.

With the population of Sydney set to increase by 1.1 million in the next 25 years, it is vital that this population has somewhere to live and is directed to the most efficient and effective locations. Planning for a large proportion of additional dwellings and jobs to locate in corridors, centres, transport nodes and key regeneration areas means improved access, opportunities for collaboration, better use of existing infrastructure and the promotion of sustainable transport.

The community often perceives that increased density causes negative effects such as increased local traffic, reduction in open space, access difficulties and urban form which is out of character with the surrounding area or overshadows existing dwellings. In the case of the Harold Park redevelopment, the master plan attempts to mitigate some of these factors and actually creates an improvement on the existing situation with respect to others. There will be relatively minor traffic impacts to major roads and negligible overshadowing impacts. New development will encroach upon some private views while other private views will be enhanced.

With respect to traffic impacts associated with the new resident and worker populations, it is expected that the existing light rail and the future light rail extension will play a role in mitigating these impacts. Removing the barrier of the racing track and unused tram shed will make the light rail station much more accessible by households to the south and west of the site. The location of the commercial floorspace adjacent to the rail station, in conjunction with a low ratio of car bay to floorspace provision, means that tram shed workers will be encouraged to arrive by light rail. The master plan also recommends a

ratio of car bays to dwellings which will target the site towards people with a medium to low dependence on car travel.

The issue of a reduction in open space and accessibility associated with high density areas is counteracted by the provision of 3.76 hectares of parks and community open space. Accessibility and permeability are significantly greater under the master plan than with the existing paceway, with new internal roads and a green spine running from north to south and linking to Bicentennial Park. Although zoned open space, the paceway is currently closed to the public out of hours.

The urban form attempts to fit with the area topography by varying building heights and limiting height in areas which may overshadow existing dwellings. Height limits of eight storeys toward the middle of the site mean that view corridors are maintained. Building footprints of varying sizes will create interest and enable imaginative built form solutions.

EMPLOYMENT SELF-SUFFICIENCY

Creating mixed use precincts and increasing residential density in inner urban areas aims to improve live/work opportunities and reduce costs and time involved with long daily commutes.

Employment self-sufficiency is an indicator of the sustainability of a place or city. It is expressed as a percentage of jobs in the geographic area relative to residents in that area who are employed in the workforce. The closer to 100%, the more sustainable the place, because less residents are required to travel out of their residential area for employment, using less scarce transit resources (roads and public transport) and creating less negative externalities (e.g. pollution and congestion).

In 2006, the employment self-sufficiency of the City of Sydney was 459%. This means that for every one working resident living in the City, there were 4.6 jobs. The implication is that 309,634 workers were commuting in to the city each day, a number which will continue to grow as the population grows, unless density is dramatically increased within the suburbs surrounding the CBD.

The 1,204 dwellings to be developed at Harold Park could potentially house 2,400 residents. Assuming all are working professionals that currently commute to the CBD from other local governments, the benefit of Harold Park would be a reduction in the employment self-sufficiency of the City of Sydney from 459% to 442% - or 306,634 commuters down from 309,000. While the numbers do not look significant, it highlights the depth of the live/work imbalance alongside the knowledge that many roads are already operating at capacity during peak times.

HARNESS RACING INDUSTRY

The redevelopment of Harold Park means a loss to the area of a form of recreation, and the need for the community to travel much further distances in order to attend harness racing events. While this reduces the diversity of employment and activity within the locality, advice from the NSW Harness Racing Club suggests that visitor numbers have been falling for some years. The Club believes that the greatest potential benefit for the harness racing industry will arise from the achievement of a significant sales price for the Harold Park land. This will enable investment in facility upgrades and greater prize money to revive participation levels.

It could be argued that if the sale (and subsequent redevelopment) did not occur, lack of funds may put the future of harness racing at Harold Park in jeopardy in the longer term, meaning that either way the community would lose the opportunity to access the sport.

SUMMARY OF ECONOMIC EFFECTS COMPARED WITH BASE CASE

Table 18 presents a summary of the identified economic effects arising from the master plan redevelopment compared with retaining the current situation. The impacts are quantified where possible, however some impacts can only be represented qualitatively.

Table 18: Summary of Economic Effects

Area of Impact	Master plan Redevelopment	Paceway
Ongoing Employment Generation	526	70
Wages per annum (\$)	\$26.2 million	\$2.5 million
Export Income per annum (\$)	\$2.5 million	\$345,458
Output per annum (\$)	\$77.9 million	\$11.27 million
Direct Construction Employment	3,895 jobs over life of project	0 jobs
Indirect Construction Employment	16,014 jobs	0 jobs
Population Retail Expenditure	\$42 million spent per annum by Harold Park residents and workers	\$0 spent
Retail Supply	17% of future catchment retail demand supplied onsite	0% of retail supplied
Surrounding Property Value Uplift (%)	3-10% depending on views and proximity to parklands	0% uplift
Contribution to Dwelling Targets	2.2%	0%
Contribution to Job Targets	0.8%	0%
Traffic Impact	Increase in peak hour traffic from site and minor impact to major road network. Increased use of light rail and reduction in commute distance travelled by new resident population	Larger traffic flows at off-peak times to account for racing events (i.e. Friday nights)
Public Open Space Provision	3.76ha of community parks	No public access to site
Accessibility/Permeability	Internal roads and north-south green spine, access to and from light rail through tram sheds	No public access through site
Urban Form/Heights	Heights limited to 8 storeys, public view corridors preserved. Some private view loss, some private view improvements	No height impediments, some public and private views obstructed by grandstand
Employment Self-Sufficiency	Potential reduction of 2,400 commuters	No benefit
Harness Racing Industry	Sale of land for investment in industry but loss of harness racing sport for local community	Retention of harness racing sport for local community but potential future collapse of industry

Source: Pracsys Analysis

7 CONCLUSION

The 10.63 hectare site, 2.5km from Central Sydney and adjacent to the Jubilee Park Light Rail station, presents a significant opportunity to play a role in achieving Sydney City's 55,000 dwelling target and creating a sought-after, diverse and vibrant precinct. A potential 1,200 new dwellings of various sizes could be accommodated on the paceway site. Increasing residential density in existing inner urban areas, particularly those on good transport routes with access to wide-ranging types of amenity, contributes to the 'green, global and connected' objectives of Sustainable Sydney 2030.

The site could be a well-connected, high amenity and potentially more affordable location for small to medium sized knowledge-intensive firms requiring proximity to the Sydney CBD, Sydney Education and Health precinct and Pyrmont-Ultimo ICT precinct. The redevelopment of the tram sheds and the ancillary commercial building would enable 4,000m² of commercial office space (and 223 office jobs) to be accommodated at Harold Park.

Retail analysis has shown that the growing resident, worker and visitor catchments surrounding Harold Park could support the 7,000m² of retail floorspace (and 303 retail jobs) that could be contained in the refurbished tram sheds. This would provide convenience amenity for local residents, workers and commuters, and create an active, vibrant link between the residential area and the Jubilee Park light rail station. Based on the forecast growing catchment population (and increasing demand for retail and consumer services), retail provision at Harold Park is not expected to negatively impact upon existing retail nodes.

Net community benefit analysis identifies potential costs and benefits associated with the Harold Park redevelopment and with the current harness racing facility. Redevelopment to accommodate mixed use residential, commercial and retail development will result in greater ongoing employment and construction employment, including higher quality employment generating productivity benefits associated with the inner urban knowledge-intensive location.

Greater user populations will increase expenditure available for capture by local retailers, and the increase in retail supply will assist in meeting the growing catchment demand. It is estimated that surrounding property value uplift associated with open space and other amenities will be in the order of 3-10% depending on views and proximity to Harold Park. The study shows that the master plan redevelopment creates added benefit for the community in many areas, such as the provision of open space and accessibility, and where possible attempts to mitigate negative impacts relating to traffic, view corridors and increased dwelling density.

Redevelopment of Harold Park would enable people to live, work and recreate within the site itself or surrounding employment and activity nodes, reducing travel times and associated social and environmental costs.