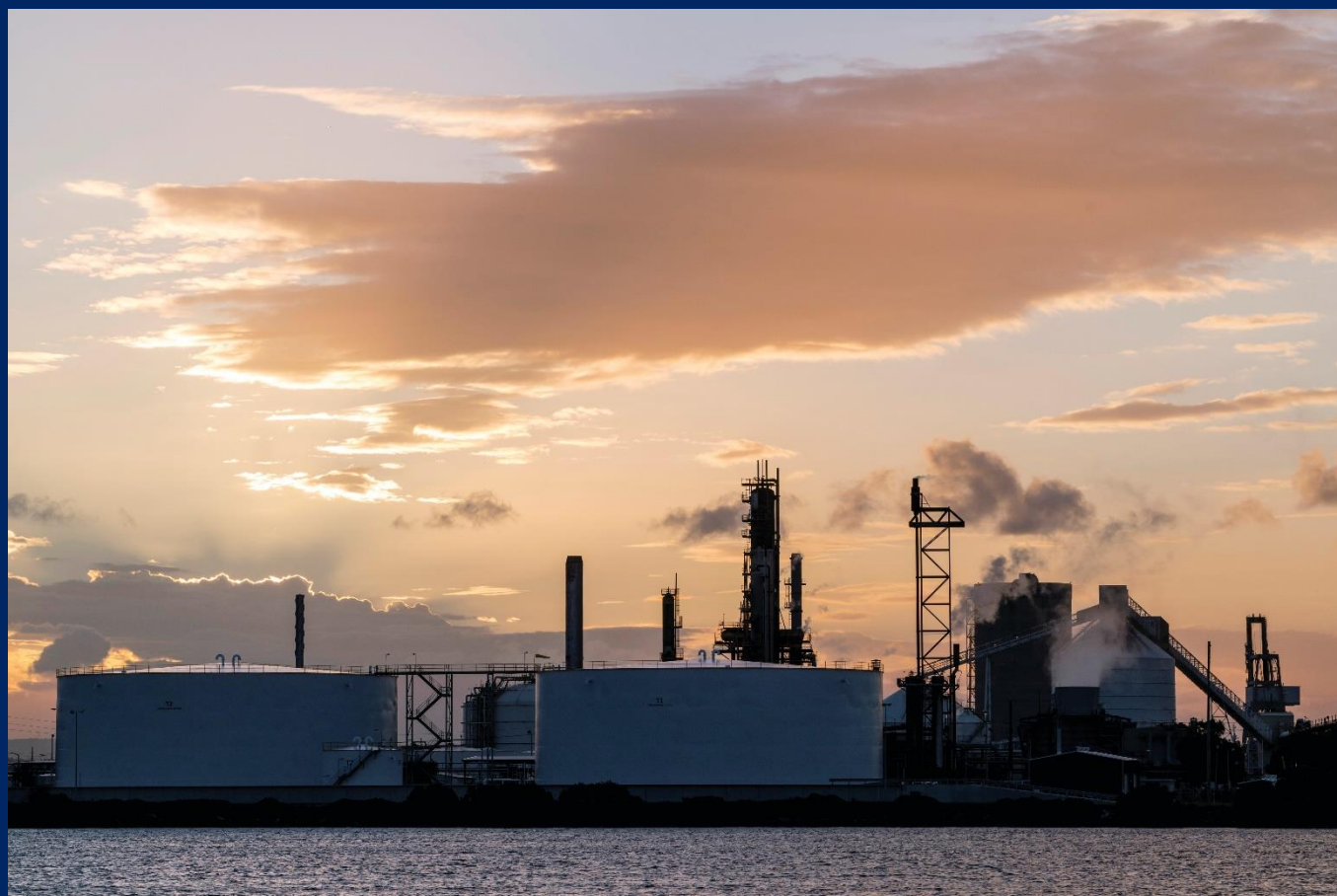


A guideline for local employment land strategies

July 2022





Acknowledgement of Country

The Department of Planning and Environment acknowledges that it stands on Aboriginal land. We acknowledge the Traditional Custodians of the land and we show our respect for Elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

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Introduction

This guideline supports the development of strategies that will shape the future of employment land in your local government area (LGA). It sets out a process to help you prepare these strategies and create a robust evidence base to inform the strategy and associated actions. We've developed the guideline for local councils in NSW.

The guideline refers to employment land as land that could be used for activities that generate jobs. In the new zoning framework, it includes land zoned:

- E1 – Local Centre
- E2 – Commercial Centre
- E3 – Productivity Support
- E4 – General Industrial
- E5 – Heavy Industrial
- MU1 – Mixed Use
- W4 – Working Waterfront
- SP4 – Enterprise.

Employment also takes place where business and employment use are permitted as an ancillary outcome – for example, in special purpose, rural or residential zones.

If a council asks us to review their strategy then we will consider how the strategy aligns with regional and district planning and the likelihood of successful implementation. Following this guideline will ensure you consider these elements.

We recommend you engage with our place and region teams prior to commencing an employment land strategy.

Why prepare an employment land strategy?

Employment land strategies provide the basis for future land use decisions in an LGA. They are produced in the context of the relevant regional or district plan and translate the broader strategic context into a clear rationale to either continue or change the employment zoning applied to different areas of land in an LGA.

An employment land strategy can help to:

- provide strategic direction for employment land in the LGA
- anticipate land use changes and planning proposals
- identify how jobs targets set in regional or district plans will be achieved
- implement a 'review and manage' or 'retain and manage' approach for precinct plans

- address a related action in a local strategic planning statement
- respond to infrastructure investment
- understand how centres interrelate or help to establish a centres hierarchy within the LGA.

The local environmental plan (LEP) translates the intent of the strategy into statutory controls; therefore, employment land strategies must provide clear information, guidance and strategic direction on land use in employment areas. They will also provide direction in terms of considering any planning proposals relating to employment land.

Employment land strategies may trigger an update to the local strategic planning statement or an LEP review.

How does this fit with an economic development strategy?

An economic development strategy articulates a council's commitment and approach to long-term economic growth. It sets a broader range of goals and accompanying actions than an employment land strategy – focusing on more than planning actions that will enable the council to support its economic aspirations.

You'll need to be aware of the goals and actions of the economic development strategy to ensure your work supports council's overall ambitions.

How do I prepare an employment land strategy?

Preparing an employment land strategy begins with the collation of an evidence base that shows how employment lands are used in your LGA, within the context of broader planning for your district or region. You will understand the trends that might be impacting how and where people and businesses work in your LGA and beyond, and what might happen without council intervention.

You will need to establish council's strategic intent for employment land in your LGA – the situation today, and the aspirations for council and the community in terms of employment land. This will help you to understand what needs to change, what elements can be optimised, and what level of council intervention is required.

You will then establish the actions that will achieve the strategic intent.

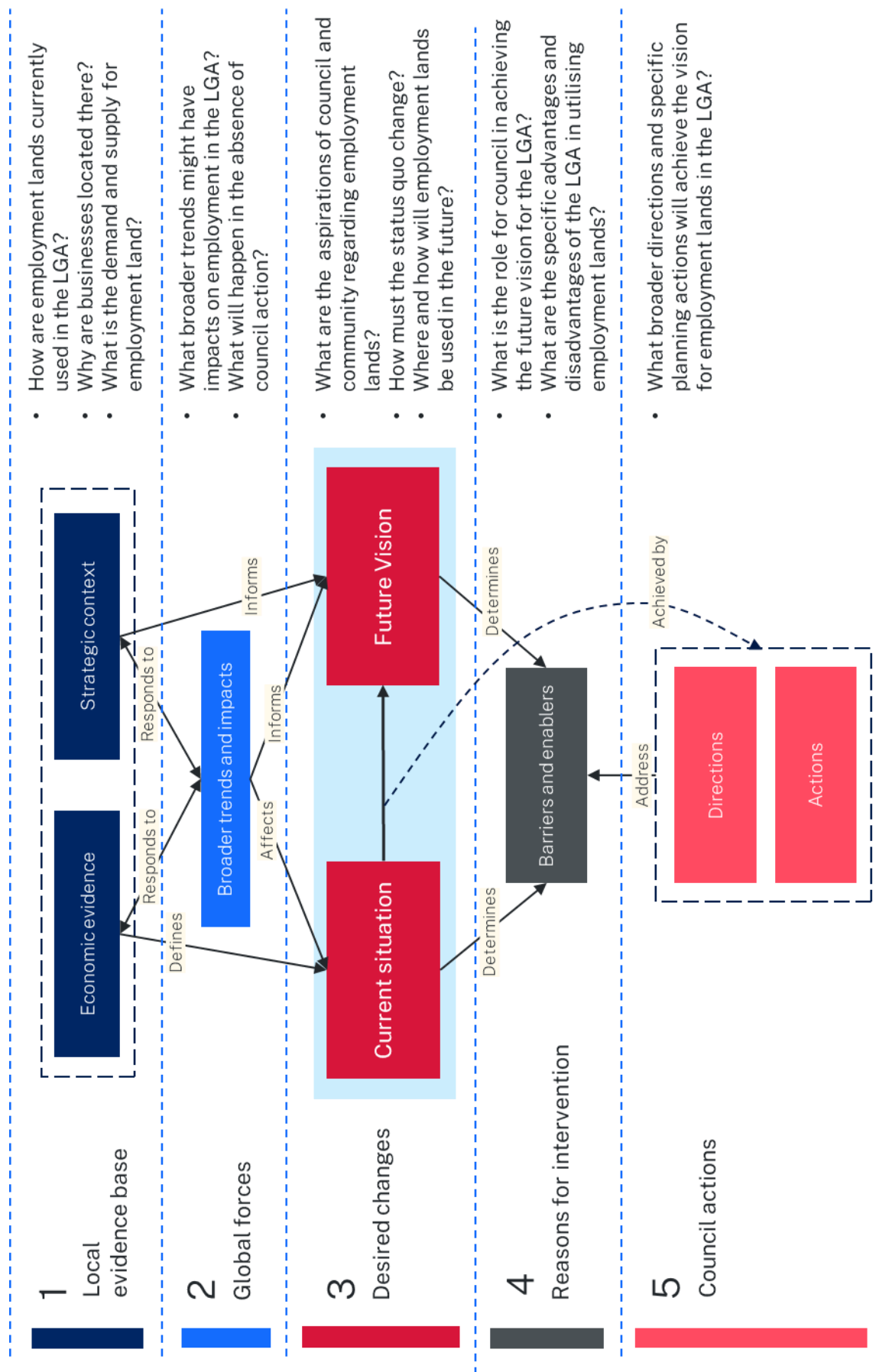


Figure 1 How to prepare an employment land strategy

Evidence base

Strategic planning benefits from robust evidence that can be disaggregated at an employment precinct-level to enable meaningful decision-making, such as justifying a future zoning change.

The Employment Lands Development Monitor defines a precinct as an area zoned for industrial land or similar. However, for the purposes of an employment land strategy, you may choose to focus on centres and corridors zoned for employment uses or as mixed use to fully understand the employment context in your LGA.

Table 1 summarises the data and documents that could inform an employment land strategy.

Table 1: Key data to establish an evidence base

Strategic context	Land use context	Employment and economic context	Market context
• State economic strategies • Regional economic development strategies • Regional plans • District plans • Local or regional economic development strategies • Local strategic planning statements	• Land use zones, available zoned and serviced land including developed, undeveloped and underdeveloped land • Business activities including range, scale and type of businesses • Floor space availability by type and capacity • Committed infrastructure investment	• Jobs by sector and location • Resident workforce and 'employed in LGA' by occupation, industry, type and qualification • Journey-to-work patterns and major catchment • Economic output of LGA, district or region.	• Rental rates and land values • Take-up rates by sector • Vacancy rates • Vacant land: serviced, zoned, designated • Investment pipeline • Demand for type of land, floor area or floor plate

Ultimately, you need to understand how employment land is used in your LGA – that is, the nature and role of precincts in the LGA and the broader district or region – and what attracts (or repels) businesses to locate in your LGA.

Strategic context

Understanding the strategic context requires you to consider Commonwealth and state policies, legislation, planning instruments and planning strategies. You'll need to understand how these elements influence planning, employment land use, economics, housing and infrastructure relevant in the LGA.

From this understanding, use the employment land strategy to identify:

- the context provided in regional or district planning for each precinct
- the context of previous strategies that apply to your LGA or neighbouring employment areas
- any broader objectives that might impact employment land or precincts
- any relevant ministerial directions.

Land use context

Precinct zoning

The nature of existing land uses depends on the planning controls in place. Use this process to consider if current zoning is appropriate for the precinct.

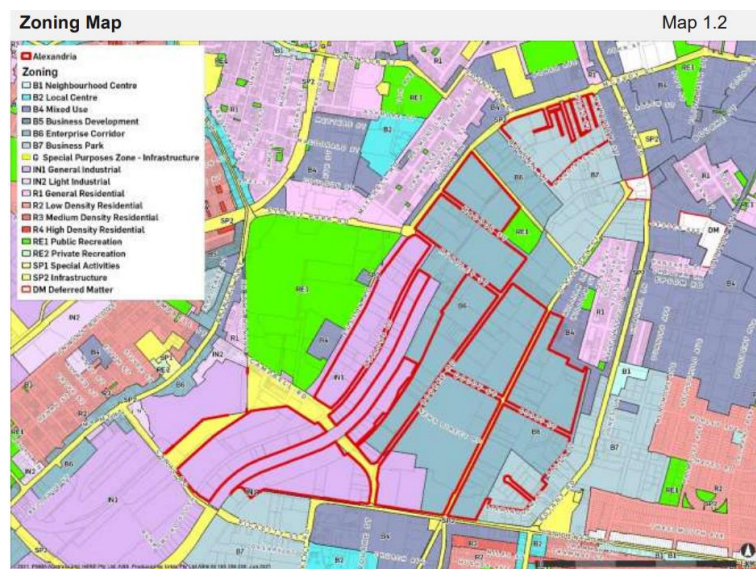


Figure 2: Example zoning map

Start with the LGA's zoning map, which provides an initial indication of how land is zoned within a precinct and how this zoning might influence the precinct's boundaries. Assess whether the zoning permits the kind of land uses that are occurring on the ground today, and whether they will match the objectives for a precinct in the future. To do this, survey local businesses, undertake site visits or analyse satellite maps and street view.

A more in-depth employment land strategy might interrogate the land uses and categorise them by industry to understand the nature of each precinct.

If you need to better understand the precinct's built form, look at building heights, densities and vacant or underutilised land, which will build a picture of the capacity for redevelopment.

In less established precincts it is worthwhile looking at the amount of zoned land, serviced land and land identified for employment uses that has not yet been zoned. The Employment Lands Development Monitor incorporates much of this analysis for Greater Sydney, the Hunter and Central Coast.

Precinct features

Understanding the features of the precinct will help you understand any barriers or enablers to employment growth, alongside the trends that inform changes that may need to occur. Each precinct differs – to understand its features, look at:

- key transport infrastructure such as rail or motorway connections, or how easily trucks can access the precinct
- the types of businesses and how they influence each other – for example a rock-climbing gym, microbrewery or distillery in an industrial precinct may create car and foot traffic that conflicts with more traditional industrial uses
- surrounding land uses, such as a nearby residential development – this could either create tensions if industrial uses cause noise or odours, but could also be an opportunity if a commercial, retail or entertainment precinct is desired
- any committed infrastructure investments.

Once you understand the precinct's zoning and features, consider how the new employment zoning framework could optimise economic activity. For example, a review of the existing land use permissions allows you to consider if these are still fit for purpose, align with the strategic vision for an area or are appropriate for the observable trends and economic context.

Consider your findings in the context of the trends that could impact employment in the precinct and make a decision if there are land use or transport factors that may be a barrier to or an enabler for future employment.

This analysis should create a robust data suite to make decisions about development standards, land use permissibility including agglomeration opportunities or ancillary uses, road or transport demands and corridor functionality and the relationship with the rest of the LGA and beyond.

Employment and economic context

Undertaking a demographic analysis of employment trends will help you to understand employment and economic activity in your LGA. This involves understanding the nature of the workforce in your LGA and can be supported by an analysis of the Census data as it is released.

The department has prepared data packs that provide a template and example of the type of analysis that councils would find helpful. This is based on 2011 and 2016 census data, as more recent data is released councils will need to consider the more recent data. The department will share these packs on request.

The economic and employment context helps understand the LGA more broadly as well as how jobs are distributed across the precincts, councils could use either destination zone or SA2 level data to demonstrate data across precincts.

Reviewing journey-to-work patterns and understanding the location and skill set of workers and main catchment areas will help you understand the type of jobs and skills that businesses will attract or indicate further actions for the strategy.

Utilising the gross value-added data by sector will help councils understand high-value industries and specialisations in individual precincts. Similarly, an understanding of tenants will clarify any specialisations.

You can also benchmark employment indicators with neighbouring LGAs or within the district to understand what attracts employers to the LGA. You'll be able to determine if there are economic assets and strengths to draw on. For example, Sydney Airport is an economic asset that see aviation jobs located in Mascot.

Considering how these factors change over time or may change will help you to understand if the land may be used for different uses in the future.

Market context

You will need to understand the supply and demand factors for employment land, which indicate if there is sufficient supply to meet current and future demand.

Begin by reviewing rental rates and land values. Talk to commercial real-estate agents in your area, and review periodic reports about rental and vacancy rates. If land values and rents are increasing, supply may be constrained. You can also utilise the Employment Lands Development Monitor to understand the amount of serviced, zoned, and designated employment land.

Review planning proposals and development applications that relate to employment sites to build a picture of the investment pipeline. If there are vacant sites and a low investment pipeline, talk to businesses or review the sites to understand the reasons behind the lack of investment – this may need to be addressed in the strategy. For example, the zoning might be different from what the industry is seeking for that precinct.

The take-up rate of employment land and take-up rate by sector indicates how each precinct might be used in the future.

Also consider the capacity for densification by looking at factors such as site coverage across lots or building heights relative to controls. This might indicate the capacity for businesses to expand rather than move, or vice versa.

Consider a market sounding analysis, which can clarify the influence of large local employment projects in a region and each project's requirements.

You should also consider the supply and demand of employment land needs on a regional scale. Most businesses have many options around where to establish. If the local dynamics in your LGA differ from the broader region, explore the enablers or barriers that need to be optimised or resolved.

Trends and changes

You will also need to understand broader trends that could impact future employment in the LGA, how employment uses may change and what changes will be necessary for planning controls. This includes:

- population and demographic changes
- technology changes that impact specific businesses and economies more generally
- the requirements for businesses and the relationship with to other businesses
- population impacts on population-serving industries
- macroeconomic changes in the global economy
- broader economic development issues such as skills
- contemporary events and changes.

You can identify trends by reviewing academic research, consulting with businesses, considering contemporary events, and reviewing broader policy shifts. From this, you'll understand how employment land uses may change, what could occur if there is no change in approach, and what this might mean for the viability of particular land uses. Critically, consider the implication of trends and changes on businesses and employment over time to understand if potential impacts are structural or transient.

Use the employment land strategy to explain these trends and their impacts to allow stakeholders to engage with the strategy's assumptions and the required level of action.

Stakeholder engagement

Ground your strategy in market reality. Consistently engaging with stakeholders will help you to develop actions that can be achieved in the current environment. Speak to people throughout the development of the strategy, and involve a wide-cross section of stakeholders, such as:

- businesses located on employment land
- development industry participants and landowners in employment precincts
- State and Commonwealth agencies, where relevant
- any businesses or industry representatives that your council is seeking to attract to the LGA.

Use this process to:

- fully understand the insights from the evidence base and how the trends are impacting business
- ensure the approach aligns with state, regional and market needs, while clearly managing expectations
- understand NSW Government infrastructure delivery priorities and plans from infrastructure delivery agencies
- align with NSW Government land use planning priorities, as articulated in region and district plans.

Develop the future vision

You should develop a vision for the future of the employment land in your LGA – this can be the starting point from which the rest of the strategy follows.

Your review of the evidence base and trends will establish the story of the current situation in the LGA, and emerging challenges and opportunities. From this, and the broader strategic context, the aspirations around what needs to change and what needs to be enhanced should be clear.

Use the vision statement as the overarching motivator of the strategy. From this, develop principles based on objectives that will inform future directions and strategies. At this stage think about

- the spatial outcomes and land use needs to be addressed in the LGA
- the economic challenges in the LGA and broader aspirations in the context of strategic policy
- how the LGA will be continually economically attractive for employment
- the role of your council, the NSW Government and other stakeholders
- the relationship between the strategy and other economic issues.

Barriers and Enablers to achieving the vision

Moving towards the vision requires councils to take advantage of enablers for growth and overcome barriers to growth. The enablers and barriers identified for growth could include:

- | | | |
|--------------------------------|---|-----------------------------|
| • Land Supply | • Labour force – availability and skill | • Road capacity, motorways, |
| • Quality of the public domain | • Serviced land availability | • Policies |
| • Public Transport | • Access to customers | • Utilities access |
| • Public Health | • Economic infrastructure | • Environmental values |
| • Education | • Intermodal facilities | • Digital capacity |
| • Freight | • Tourism infrastructure | |

You'll be able to understand these factors and the impact they have from the evidence base. Some enabling elements for some industries may be barriers for others. For example, a quality public area and footpaths may be a barrier for heavy logistics who utilise the maximum road capacity but is an enabler for commercial uses. A residential population may support health and education uses but is a barrier to heavy industrial uses due to potential for land use conflicts and amenity impacts.

In some cases, the presence of a series of barriers may mean land is no longer fit-for-purpose and new zoning should be considered. For example, E4 land may already accommodate large format retail uses, which may lend itself to an E3 zone provided this aligns with the strategic vision set within higher order strategic plans.

Directions and actions

When setting directions and actions, consider how wider economic development objectives or aspirations relate to specific planning, land use and transport outcomes.

Directions

Directions articulate land use planning principles for the employment lands in the LGA. They should represent the long-term goals for employment in the LGA and be consistent with the relevant regional plan. Directions are influenced by the strategic intent in the strategy and how this intent will relate to the land use matters addressed by the employment land strategy.

Directions should clarify how competition between land uses and any trade-offs will be managed, to provide sufficient detail to inform a planning proposal assessment.

Actions

Actions are the measures councils will undertake to implement the vision and directions. They should be within your council's control and influence and supported by an implementation plan.

Types of actions

Several types of actions can be utilised and may be separately addressed in a wider economic development strategy, these are described in more detail in the supporting paper 'Writing actions':

- Policy
- Governance
- Advocacy
- Public works
- Financial (taxation)
- Investment attraction
- Regulation
- Targeted research
- Information, communication and technology
- Business and community development
- Asset management

Writing actions

Each action you write should clarify the outcome sought and the task(s) required to achieve that outcome. You should also include evidence as to why the action is being pursued – the evidence. For each action, include, at a minimum:

- action title
- the rationale for the action, based on evidence and consultation
- intended outcome
- principal tasks
- responsibility and partners (as relevant)
- resources and budget
- timing.

The department has prepared example actions that are detailed in the writing action supporting paper, an example is below. These are designed to help council understand how to structure an action and the evidence base required to justify an action.

Expanding the list of permissible uses and/or changes to local FSR/height controls in an employment zone for an industrial precinct

Basis for action (evidence)

The principal conclusion underpinning this action is that current planning controls unnecessarily constrain the attraction of appropriate activities in an employment zone applying to an industrial precinct – delivering on the ‘manage’ element of the State governments industrial policy as outlined in Objective 23 of the Greater Sydney Region Plan. Such a conclusion would require a council wide industrial land review, and could include the following inputs:

- A floorspace assessment combined with a land use survey, providing an understanding of the role, function, and evolution of the industrial precincts within the local government area,
- Land use survey, with specific attention to identifying prohibited uses,
- Business survey,
- A survey of real estate agents (commercial specialists), aimed at gaining an understanding of the changing needs of businesses together with tenancy profiles, to elicit information on issues such as the need for changed building heights to accommodate high-tech/automated warehouses,
- An assessment of current permissible uses and planning controls against the standard instrument, in the context of the findings from the analysis above,
- Some of the investigations above may be part of follow-on studies arising from the initial findings of an employment land strategy.

Intended outcome

Create an enabling planning system that attracts a greater diversity of activities.

Expanding the list of permissible uses and/or changes to local FSR/height controls in an employment zone for an industrial precinct

Principal delivery tasks

Undertake an amendment to the LEP in line with the process outlined in the *Local Environmental Plan Making Guideline* to adjust principal development controls to be fit for future uses

Planning proposals

Any action seeking to change an LEP requires a planning proposal and should align with the requirements outlined in the NSW Government's *Local Environmental Plan Making Guideline* (December 2021).

Departmental Review

You can present employment land strategies to the department for review, **this is optional**. We will consider whether the strategy:

- aligns with strategic planning and is consistent with higher-level plans
- is based on a robust evidence base and an understanding of market reality
- is likely to succeed with actions under council control and influence; the agreement of collaboration partners; and a clear implementation strategy.

The table below summarises a potential review approach that the department may undertake

Alignment	Reasonable	Successful
Clear link between economic context, enablers, barriers, actions	Strategy uses relevant information, methodology and data sources to define the strategic and economic setting.	Actions are under council's direct control and influences.
Baseline land use and demographic projections are aligned with common planning assumptions and/or government databases	Council has engaged with a diverse range of businesses located in the employment zones, as well as other industry and business representatives in developing the ELS.	Actions utilise the standard instrument LEP and new employment zone framework
Actions aligned to trends and enablers identified by private sector	Market soundings and property market assessment have informed conclusions and actions of the ELS.	Collaboration partners agreed to clear roles and responsibilities through consultation.
Actions are aligned to higher-level plans	ELS provides evidence that actions will influence supply and demand in the intended way.	Actions address main barriers to and enablers for growth in the strategy
Baseline data is categorised with standard industry classifications	ELS provides reasons for believing actions will address barriers to growth	Strategy identifies directions that are not contingent on single, difficult, or unlikely actions
Infrastructure proposals (including timing) aligns with government commitments. If not, what evidence for changed assumptions.	ELS provides reasons for believing actions will support the enablers.	ELS implementation plan sets out each action's rationale, how it will meet objectives, what it will achieve, and tasks required (action, timing, responsibility, risk).

Supporting papers

We will occasionally prepare supporting papers to support the preparation of local employment strategies. Papers already prepared include:

- Writing actions
- Centres planning
- Example precinct profiles
- Data packs relating to 2016 Census (available on request).

For more information

For more information or assistance, contact employment.zones@planning.nsw.gov.au.