31 December 2019

Acting Executive Director
Planning Implementation
planning.implementation@delwp.vic.gov.au

+++Submitted via Engage Victoria web site

Dear [Name],

Submission to the Draft Melbourne Industrial and Commercial land Use Plan

I am responding on behalf of [Name] Council’s Chief Executive Officer, to your letter dated 14 November 2019 seeking submissions on the above Draft document.

Thank you for the opportunity to comment on the Draft Melbourne Industrial and Commercial land Use Plan. Given the challenging time of year for release of the Draft document and the timeframe for submissions being 31 December 2019, the information below and in the online questionnaire represents officer’s views and these have not been endorsed at a Council meeting. This submission comprises:

+ This letter
+ The attached table commenting on specific parts of the Draft document

Council acknowledges the importance of a sustainable and successful economy together with the need for increased job opportunities and encouraging investment as Melbourne grows. The release of Plan Melbourne triggered several initiatives, including further zone reforms which have potential to reshape commercial and industrial areas. At the regional level, Council has been participating in the Eastern Region Land Use Framework Plan and awaits its release. At the local level, industrial and commercial land uses are being guided by Council’s planning strategies, which broadly include:

+ Structure Plans and Urban Design Framework Plans for activity centres, taking in commercial and some industrial areas. Plans are in place for: Box Hill Metropolitan Activity Centre (currently under review), Burwood Heights Major Activity Centre, Tally Ho Major Activity Centre, Nunawading (Major) and Mitcham Activity Centres (review commencing early 2020), Blackburn Activity Centre, Megamile, and Burwood Village Activity Centre.
+ Urban Design Guidelines for the City’s 53 Neighbourhood Activity Centres
+ An Industrial Strategy plus a recent review of the industrial precincts
+ A Retail Strategy
+ Recent review of the Commercial 1 Zone for Tally Ho (consultation proposed in 2020).

The broad context of the City of Whitehorse for the Draft document is as follows:

Industrial land context
+ Whitehorse is an established area with limited land availability and decreasing land affordability
+ There are low vacancy rates for existing industrial premises. Table ES1, (p iv) indicates that aside from the inner areas, the Eastern Region has the lowest vacant industrial land supply at 135.6 hectares.
+ There is currently no new industrial land proposed.
+ With State government zone reforms and market forces, it is increasingly challenging to discourage non-industrial uses locating in industrial areas. Some of these have little or no relationship or economic benefit to the precinct.

**Commercial land context**

+ There are few large sites for new commercial land except for:
  - Rezoning of industrial land, which Council seeks to retain as industrial
  - Surplus government land
  - Recent rezoning to allow commercial uses have included the former brickworks at Burwood Heights (Commercial 1 Zone) and development of the Station Street / Cambridge Street site in Box Hill (Mixed Use Zone).
+ There are low vacancy rates for existing commercial premises.
+ There is strong demand for a wide array of uses through zone reforms, particularly for residential rather than commercial uses, creating potential for a significant imbalance for supply and forecast demand for these spaces in some locations such as the Box Hill Metropolitan Activity Centre (MAC). For example, the MAC currently has approximately 18-20 years residential supply but only 4-6 years office supply. In Tally Ho the commercial zone reforms pertaining to residential development has prompted Council to review the application of the Commercial 1 Zone to this key employment node. In this context, Council notes that its housing needs into the future are well catered for by Council's Housing Strategy 2014 and Neighbourhood Character Study 2014 which establishes areas future growth.
+ There is intensification of some existing commercial areas to improve the commercial offer and to better utilise commercially zoned land, usually through greater building height and improved building layout. Whitehorse generally supports this evolution while being conscious of the need to manage (residential) interface issues and allowing height in appropriate places.

In regard to Council’s industrial precincts, the general findings from the **Whitehorse Industrial Precinct Review 2019** include:

+ Whitehorse’s industrial precincts, and other middle suburban industrial areas, are strategically important in accommodating higher value adding businesses close to the markets they service, while also providing local employment opportunities for an increasing number of higher skilled workers living within Whitehorse. These precincts also play an important role in meeting the needs of households for a range of light industrial services across the automotive and building services sectors.

+ Given the limited supply of vacant development sites, Whitehorse relies upon the reuse and redevelopment of existing properties to accommodate business and employment growth. This requires a balance between providing affordable, older style industrial accommodation that may not always be the most efficient, and ensuring a supply of contemporary premises. The combined industrial precincts currently have a vacancy rate of 2.6%, indicating that the current building stock is generally well matched to the needs of businesses.

+ The number of higher skilled workers (bachelor degree or above) employed in Whitehorse’s industrial precincts increased by 44% from 3,516 to 5,051 workers, which is similar to the Monash Technology Precinct (43%) and other precincts in neighbouring municipalities. This broad trend
towards higher skilled employment may continue in order to support demand for more contemporary industrial buildings with a higher proportion of office space (noting that some offices may be taking up sites approved for ‘warehousing’ and not meeting other planning requirements for car parking etc.) as well as dedicated offices. It is possible that this data may also reflect conditions of ‘underemployment’ where there has been an increase in part time roles and workers may not be employed to their full capacity.

+ Property market conditions across Whitehorse’s industrial precincts are generally healthy with an overall vacancy rate of 2.6%, below the 3% considered to represent a balance between supply and demand. Council’s rates data indicates that over the period 2014-2018, the site value of properties has increased by an average of between 6% and 14% per annum across the precincts.

Turning to the Draft document, Council officers provide the following broad feedback. Specific feedback on particular sections of the draft is included in the attached table:

+ The focus of Draft is on growth and strategic areas. The context of established middle ring suburban areas is that there are limited opportunities for additional rezoning of land for commercial and industrial purposes. The Draft would benefit from greater discussion and guidance for these existing industrial areas and their future sustainability.

+ The emphasis of the Draft is on industrial areas. Greater discussion and more direction is needed on commercial areas rather than deferring to existing practice notes etc. (refer page 36). It would be beneficial to also have some analysis on how industrial and commercial areas interrelate.

+ There is growing rate of underemployed workers as a result of the number of part-time jobs growing faster than the number of full-time jobs. The shift from manufacturing to services such as retail, health and tourism has changed the nature of work with full time jobs being replaced by part-time jobs. The Draft therefore needs to clarify data on job numbers: are these full EFTs and if not, can the data be disaggregated into part time, full time and casual job numbers?

+ Implementation of the strategies accompanying each principle requires clarification as to who is responsible for implementing the strategies and the timeframes. Will implementation be a State government responsibility, except where planning for locally significant areas is referenced in the document? What role will local government and other stakeholders have?

+ Industrial areas need to have integrity and capacity to function as genuine industrial areas into the future (appreciating the changing nature and trends in manufacturing and industry types). The range of non-industrial uses suited to industrial areas therefore needs review. As much as commercial zoned land is under threat from uses such as a disproportionate amount of residential / apartment development (and this issue is recognised in the Draft), equally there are a raft of non-industrial uses cannibalising industrial space with little or no synergy to these area, but largely locating there as other zones are space and cost prohibitive.

+ There is speculative redevelopment of older industrial properties as larger manufacturing premises close. These sites fragment into multiple very small “warehouses”, taking advantage of the low parking rates associated with the ‘warehouse’ use. While creating newer, higher quality spaces, the end tenant is unknown and frequently the premises are too small for warehousing and become occupied by businesses with much higher parking demands. Monitoring and enforcement of future tenants, associated parking issues, health regulations and the like becomes
very difficult. Warehouse requirements could be reviewed to minimise risk of non-warehouse, non-industrial uses taking occupancy.

+ It is unclear why the monitoring of commercial areas (refer page 21) does not appear to factor in the Commercial 2 (and the recent Commercial 3) and Mixed Use Zone. Acknowledging the Mixed Use Zone is a residential zone, there is considerable scope for commercial development.

+ Sustainable development principles need to be applied to development/redevelopment of industrial land much more strongly than it has in the past. This needs to be embedded in planning schemes at State level. Similarly urban design guidelines are needed to improve the amenity and function of industrial areas as places of employment for people.

+ The impacts on business from construction of major transport infrastructure initiatives are potentially significant to Whitehorse, in particular to Box Hill, and the need for careful consideration and a fully consultative and transparent process with stakeholders is reinforced.

+ The commercial floor space estimates for Box Hill MAC seem low and may require review as they are not consistent with Council’s recent work in this area. Further, while more compact in area than the Monash / Clayton NEIC, there is merit in this high performing MAC being considered a NEIC.

+ Additional Regionally Significant commercial and industrial areas are suggested such as Megamile commercial area and the Clarice Road, Box Hill South and Redlands Drive, Mitcham industrial areas. Further, while the Tally Ho Major Activity Centre is regarded as Regionally Significant, it receives very little discussion about it very significant and thriving key office employment node in the eastern region. The Tally Ho commercial zone has 120,000 square metres of NLA with approx. 105,000 square metres of commercial space, a vacancy rate of only 3% and generates (in 2016) around 3750 jobs.

I trust the above submission will be fully considered and provides useful insights to finalise the Draft document.

Yours sincerely

Coordinator Strategic Planning
Planning and Building Department

Copy: All Councillors
Having reviewed the draft document, Council officers make the following feedback.

<table>
<thead>
<tr>
<th>Reference</th>
<th>Comment</th>
</tr>
</thead>
</table>
| Page 6  | The Draft notes:  
- that job’s growth has occurred across all sectors (except manufacturing) as a response to serving the needs of the growing population  
- that the retail, accommodation and food services account for approximately 22% of jobs across metro Melbourne.  

There is growing rate of underemployed workers as a result of the number of part-time jobs growing faster than the number of full-time jobs. The shift from manufacturing to services such as retail, health and tourism has changed the nature of work with full time jobs being replaced by part-time jobs. The data in the report is unclear: are these full EFTs or does the data reflect part time, full time and casual job numbers?  

Typically the retail, accommodation and food services sector is associated with seasonal and casual work. |
| Page 8: | Is working from home a significant change with increasing digitisation of work? This does not seem to be recognised as a factor. |
| Page 9: | Regarding factors that will change the future of work, how businesses transform and the jobs that will be on offer is unknown. It is important that policies and plans are fluid enough to foster innovation. |
| Page 10: | Support the six broad ‘Economic Building Blocks for Victoria’, however livability should not just be ‘encouraged’ which implies livability has a lower priority and might be compromised. |
| Page 14: | - With the LXRP and proposed NELP & SRL, the City of Whitehorse has and will continue to experience a period of significant disruption. This may have a detrimental impact on affected local businesses and over time may cause business closure. How do we manage potential vacancies or sites for sale? Are the replacement owners/business going to have different requirements?  
- While supporting transport improvements and efficiency, Council remains concerned about:  
  - the impact of NELP/transport on parkland, amenity and livability  
  - The impact of the SRL on development sites in Box Hill and the need for certainty on station location and integration with existing train, bus and pedestrian networks.  
  - The impact of the LXRP on the heritage values of the Mont Albert shopping precinct.  
  - Longer distance commutes across the metropolitan area for employees and transport of goods / goods and jobs become less localised, contrary to the 20 minute neighbourhoods policy. |
| Page 16: | - The lack of job growth in manufacturing in the Eastern Region may create or longer commute to other regions.  
- The Whitehorse Industrial Precinct Economic Review identified a 2.6% per annum jobs growth over 2011-2016, = indicating stronger growth of WCC in the region |
| Page 17: | “Population serving industries will grow …and retailing and business services that support these sector will require premises in commercial areas close to growing populations”. Does this place pressure on sites along the Mega Mile with large store foot prints and car parking. What is the future of bulky goods retailing like the regionally significant Mega Mile in the current format (see page 76 feedback) and what guidance can the Draft document provide for its future use? |
| Page 19: | Can the Lexton Road precinct leverage from the close proximity of the Box Hill MAC? Likewise the Rooks Rd and Blackburn industrial areas and their relationship to MegaMile (as per the structure plan recommendation). This would be a valuable case study on the synergy between the two areas for economic growth, particularly given the large land parcels available. |
| Page 21: | - Why isn’t Commercial 2 (potentially Commercial 3) and Mixed Use Zoned land also being considered  
- The Whitehorse Industrial Precinct Economic Review identified vacancy rates of 2.6%. Industrial land in Whitehorse is therefore in short supply, has excellent access to transport routes and areas are therefore sought after. Informal consultation with businesses in the Bulleen Industrial park who will be displaced with the NELP project have identified their preference is to relocated to industrial precincts in close proximity (Lexton Rd, Joseph Street, Blackburn) |
- Reference is made to a 40% increase in land values in Melbourne’s west over the last 12 months. In places such as the Eastern Region, this has arguably already occurred changing the costs to business (purchase, set up, rents, rates, etc.) and therefore the business types and scale that can feasibly establish.

Page 24: The map is missing a key site being the rezoning of 20 hectares at 78 Middleborough Road, Burwood East from Special Use Zone (Extractive Industry), initially to the Priority Development Zone in 2006 and later to commercial and residential zones.

Page 25: The discussion about the changing nature of commercial space seems superficial. It overlooks that the Commercial 1 zone includes a broad range of uses where, for example, a disproportionate amount of residential / apartment growth (which is as of right) can dominate employment uses if a balance is not addressed through planning controls.
  - Council supports mechanisms to redress the risk of creating an imbalance between commercial and residential growth through review of the commercial zones
  - Planning reforms such as combining the Business 1 and 2 zones now threaten the integrity of established, high performing business activity centres such as Tally Ho with uses such as accommodation being as of right.

Page 26: The discussion overlooks the impact that significant amounts of residential development can have.

Page 29: Omits comment about the Eastern Region where demand is also strong and the commercial land supply limitations. What data does DELWP have on latent demand in the east?

Page 31: Support “accommodation or retail uses which are best located in activity centres” provided the balance between accommodation (such as apartments) to employment generating uses is appropriate. This issue is identified in the Draft and is particularly relevant to Box Hill MAC

Support “Key industrial areas need to be retained as a source of business activity and employment.” This principle could apply to more than just “Key” industrial areas. Are “Key” industrial areas sufficiently defined? / Are these State and Regionally significant areas?

Support “Review the commercial zones to better understand how they are applied and operating. In particular consideration should be given to the role and function of dwellings as a section 1 use in the Commercial 1 Zone and the role and purpose of the Commercial 2 Zone and how it applies and operates, particularly in industrial locations.” Particular examples include: Tally Ho, Box Hill, Megamile and Bennettswood

Support: “Develop and put in place a process for ongoing monitoring of commercial land use and development.”

Page 32: The principles and strategies do not indicate responsibilities – Federal, State, local or other? Generally support the four broad principles.

Principle 2 should refer to all commercial and industrial areas, not just "Key industrial and commercial areas"

Principle 2/Strategy 4 “Avoid the approval of non-industrial land uses that will prejudice the availability of land in identified industrial areas for future industrial uses.” This does not go far enough seems to refer to future industrial land rather than speak to the principle of “recognising and retaining” [existing] key industrial and commercial areas. This strategy is best placed under principle 1 and include a new strategy similar to the dot point relating to commercial areas to ‘prioritise industrial activity over non-industrial / non-industrial related activities on industrial land’ (i.e.: not allow, places of worship, gyms, and some indoor rec centres)

Principle 3 / Strategy 4: In an established area such as Whitehorse and other middle ring municipalities where there is limited opportunity for land supply for commercial and) industrial purposes- the words “where strategic analysis can clearly demonstrate that the land is no longer required for industry, business or employment purposes” are construed as meaning that Council can justifiably reject any future rezoning of commercial and industrial land. This is generally supported to maintain diversity in the municipality, but may warrant clarification if this is not intended.

Principle 4 The wording is unclear. “in areas identified for these purposes.” Does areas mean ‘zones’? Does these purposes simply mean ‘industrial and commercial’ purposes?

Page 33-35: Criteria for regionally significant industrial and precincts
- The focus is on industrial areas; Criteria for commercial areas seems token.
  - Industrial:
    + Regionally significant areas. It is unclear which level of government would be responsible for the planning? The criteria seem broad and there are no thresholds specified. It is therefore unclear if any of Whitehorse’s industrial areas would meet the criteria; the Blackburn, Rooks
Road, Clarice Road and Redland Drive are potential candidates. Both Lexton Road and Joseph St precincts have proximity to Box Hill MAC and PFN respectively.

+ Local industrial precincts: Council responsibility is noted. Council has undertaken this planning work in its industrial strategy. Further review of its industrial areas as undertaken in 2019.

Page 36: Support that Box Hill MAC is regarded as having State significant commercial areas. The large and growing health and education sectors are also places of employment, making Box Hill more akin to a NEIC. Support in principle, Major Activity Centres being places of regional significance. Suggest these may require review to establish any additional centres.

Support the sentiment about Neighbourhood activity centres. Many however do not serve the surrounding local community, particularly those which were once thriving groups of shops that are now targeted by accountants, other offices with inactive frontages, “massage” premises and hair dressers / beauty salons, etc. due to cheaper rents.

Page 73-75: Eastern Region Overview
- Monash and Whitehorse show the greatest increase in population, jobs and GRP in the region between 2006 and 2016. Compared to Monash, which contains the large scale NEIC, Whitehorse’s growth has been one of consolidation and intensification of key activity centres such as Box Hill (for business and residential) and other areas identified for growth in its strategies. This growth is being guided by Council’s existing planning strategies.
- With 60% (=58,200) of new jobs in the region expected to be in Whitehorse and Monash this highlights the need for continued careful planning and guiding of investment, and ensuring key employment nodes are protected from non-commercial and non-industrial uses.

The Draft notes that with population growth, Whitehorse is expected high job growth in healthcare/social assistance, retail trade, education/training, professional/scientific/ technical services & manufacturing.
  - The Whitehorse Industrial Precinct Review identifies that the estates are becoming more diverse resulting more employment creating demands for parking, transport amenity and access to services. These trends are likely to continue and traditional manufacturing business will slowly phase out – relocate to other estates with like-minded business operations.

Page 76: Mega Mile – largely consists on bulky good retailing. It still has a role to play as the internet helps people to find what they want to buy but the vast majority of consumers still like to visit the showroom before they commit themselves to large purchases such as furniture and white goods.

The future of the Mega Mile may be impacted by the following:
  - Retention of anchor tenants
  - Existing and future population in the catchment and their expenditure.
  - Access to arterial roads and freeways, ease of entry and egress from the main road, without negotiating service roads, and full directional signage for the main entry and exit. Increased traffic as a result of population growth had traffic diversion from disruption projects may impact this.
  - Growth of Box Hill and whether the demand for commercial space will go beyond the MAC boundary and further consolidate along the rail corridor.

Add Clarice Road / Middleborough Road, Box Hill South employment area to the second paragraph.

- Add employment numbers for the Box Hill MAC (and for Ringwood), not just floor space. 2016 Employment in the Box Hill MAC was 18,500 jobs

Page 77: The report estimates “182,860 square metres of commercial floor space with significant retailing, office, accommodation, restaurant, civic, health and education [emphasis added] facilities”. This does not seem correct. Our current work on the Box Hill MAC toward review of the Structure Plan estimates employment floor space at 564,000 square metres. This includes Office, retail, industrial, education, health and entertainment/recreation floor space. Refer p16 of the following Appendix to the Box Hill MAC Analysis & Options report [May 2019]


- Suggest adding Tally Ho Major Activity Centre as a regionally significant employment node – it has over 120,000 square metres of NLA with approx. 105,000 square metres of commercial space, a vacancy rate of only 3% and generates (in 2016) around 3750 jobs. The hub is highly accessible to tram, road and bus transport and specialises in technology and computer related industries. Tally Ho also has supporting professional, financial, insurance and government services. It has government offices and headquarters for large corporations. There has been significant investment in new and refurbishment of existing buildings to deliver a high quality building stock
• Regarding the statement: “Manningham has the lowest supply of zoned industrial land in the region, none of which is vacant. The vast majority of this land is located within one precinct, where Manningham and Templestowe Roads intersect. This land is proposed to be used as an interchange for the North East Link.” This needs further commentary on this issue and the consequent loss of industrial land as the impact on neighbouring Councils in the region such as Whitehorse, but also Maroondah and Monash for example is potentially significant.

• “While there is remaining zoned vacant supply in Whitehorse and Monash, there is evidence of buildings being demolished and the land being recycled for new industrial uses”. Again, this is a very superficial comment. What is the changing nature of these redevelopments eg: larger sites being developed for a series of smaller factoriettes? Smaller business opportunities? Changing nature of industries? Any erosion of industrial uses / what types of businesses are occupying these new spaces?

Page 77:
• The lack of available and future unzoned industrial land for Melbourne’s East can in turn inhibit the potential for growth / attract new industries to the region. Specifically in Whitehorse, the industrial zones are very established with very little turnover and limited ability to expand. The report could highlight the opportunity for these established areas to transform and redevelop into higher quality, more sustainable places for industry

• Concerned that the issue of industrial land availability may be exacerbated with future major transport infrastructure disruption & possible business closure? – (page 14 comments)

Page 78
Whitehorse existing commercial floor space is state as approximately 698,700m2 with a forecast requirement (2016-2031) of 315,500m2, being the highest requirement of all Eastern region councils.

• There is no data given for available or future supply (as given with industrial land). One paragraph does read (in relation to Melbourne’s Eastern region): ‘As there are no future commercial areas identified in the region, council will need to look at ways to accommodation project demand for commercial floor space within existing commercial areas, as well as considering areas that could accommodation future floor space requirements through rezonings.’

• Figure 24 omits a key site being the rezoning of 20 hectares at 78 Middleborough Road, Burwood East from Special Use Zone (Extractive Industry), initially to the Priority Development Zone in 2006 and later to commercial and residential zones.

• Does this take into account Mixed Use Zoned land?

• Discussion should mention Tally Ho as a key commercial area.

• Regarding the comment “there are no future commercial areas identified in the region” – Does this consider large land parcels currently used for commercial uses but currently residentially zoned (eg: Burvale Hotel site).

Page 80
• The planning framework for industrial and commercial land focusses on industrial land – again there is limited guidance for commercial areas.

• In the strategy dot point 1 – delete reference to ‘sensitive’ from ‘sensitive uses’ as this has a particular meaning around uses such as residential and child care centres, etc. There are however a range of non industrial uses that are limiting, disrupting and cannibalising industrially zoned land (due to cheaper rents and land values relative to commercial and residential areas) and impacting on genuine business opportunities. Uses that should be discouraged in these areas and are having the most impact on our industrial areas are Eg:–

  • Places of Worship; Gymnasiums; play centres; dance schools; some restricted recreation;

  • ‘blind kitchens’ for uber eat type delivery; some office uses; cafes and bars servicing

  • markets well beyond the industrial area; quasi retail outlets with very minor manufacturing

  • component;

  As industrial land is in such short supply and the nature of industry is changing, every opportunity needs to be provided for appropriate businesses in industrial areas

• Speculative redevelopement of larger industrial properties into multiple very small “warehouse” factoriettes where the end tenant is unknown and taking advantage of the low parking rates associated ‘warehouse’ use. Frequently these spaces, which are often too small for warehousing are occupied by businesses with much higher parking demands. Properties are fragmented and monitoring and enforcement of future tenants, associated parking issues, health requirements, etc is very difficult. Warehouse requirements should be reviewed eg: one mechanism might be to set a minimum area to minimise risk of non-warehouse, non- industrial uses taking occupancy

Page 81
Map 10 Industrial areas
• Clarice Road and Redland Drive industrial areas have good access to the PFN and should be marked as Regionally significant in an established urban context such as Whitehorse. In this location, scope for additional industrial zoned land is highly unlikely making remaining areas of reasonable size vital to retain and add to industrial diversity in the region.

• The industrial land shown for Nunawading and Rooks Road seems to include the commercial land that is part of Megamile. Include this portion of land in Map 11.
<table>
<thead>
<tr>
<th>Page 82</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Map 11 – Commercial Areas</strong></td>
</tr>
<tr>
<td>- The map and legend needs to be consistent with Map 10 and page 36 to identify State and Regionally significant areas rather than reflect ‘existing’ land.</td>
</tr>
<tr>
<td>- Megamile has been omitted and should be shown as Regionally significant.</td>
</tr>
</tbody>
</table>