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Update to addendum to Riverwood Demographics & Retail Study: consideration of comments

SGS Economics and Planning has been engaged by NSW Land and Housing Corporation to provide a letter responding to comments received during the exhibition of a planning proposal for the redevelopment of the Riverwood housing estate. This letter responds to the key concerns raised by stakeholders during the planning proposal's exhibition. The proposed development is to replace the existing 59 dwellings in Block 28.1 and 28.2, located on the west side of Belmore Road between Washington Avenue and Roosevelt Avenue, as shown in Figure 1. The proposal is for a total of 414 apartment units and a retail area consisting of:

- 207 private units
- 83 affordable housing units, 50% of which are keyworker housing units
- 124 social units
- A small supermarket with a 1,000sqm GFA

The planning proposal seeks to introduce additional permitted uses (APU) for the subject site: Land identified as 'APU 26': Permit neighbourhood shops (with a maximum 250 square metres per shop), a single neighbourhood supermarket (with a maximum of 1,000 square metres) and permit food and drink premises (no floor space cap). The APU is an opt in mechanism, subject to market demand.

FIGURE 1: LOCATION OF APUs IN THE RIVERWOOD ESTATE



Source: Architectus (2023)

Concerns raised during public exhibition

Concern One: More non-residential floor space will be provided in the Estate than what is envisaged by the master plan and the retail study.

The APU included in the proposed planning controls seeks to provide flexibility in the controls so that some non-residential land uses may be provided.

Being an opt in mechanism, APU 26 permits non-residential floor space but does not require it. The table below shows maximum non-residential provision with the assumption that that the entire ground floor is used for non-residential purposes and using a 75% efficiency rate.

TABLE 1 HYPOTHETICAL MAXIMUM NON-RESIDENTIAL FLOOR SPACE (SQM) THAT CAN BE PROVIDED IN THE RIVERWOOD ESTATE

APU Area	Working assumption as part of proposal	Maximum theoretical potential
APU 26	1,000	9,726

Source: Architectus (2023) and SGS (2023)

The final quantum of non-residential floor space to be provided on site is not yet known and would be subject to market conditions and developer's discretion. Hypothetically, any quantum of non-residential floor space up to the maximum outlined could be provided on site. However, it is unlikely that this would be more than the working assumption of 1,000 sqm. Further to this, my understanding is that the site is to be developed in single stage, any non-residential component would be subject to an economic impact assessment at that time.

Concern Two: That the proposal will create a new centre, and will therefore compete with (and detract from) the existing Riverwood local centre.

The Estate is in close proximity to the Riverwood Town Centre; a centre located around the Riverwood Rail Station on Belmore Road. The centre includes a suburban shopping centre (Riverwood Plaza) and a diverse mix of non-residential uses along Belmore Road.

Concern was raised that the provision of retail in the Estate will negatively impact on the Riverwood Town Centre which is to remain the primary retail centre in the suburb of Riverwood. A negative impact would essentially mean that an unreasonable amount of retail trade would be directed to the Estate to the extent that the role and function of the Riverwood Town Centre would be compromised.

In case law there is an established principle that impacts can only legitimately be considered as planning issues if they affect the viability, role and function of a centre or centres as a whole. It is generally accepted that an impact is acceptable if centre turnover reduction is below 10%. Where a centre is anchored by a specific retailer (such as a supermarket), the turnover impact on that anchor is a legitimate consideration and again an impact on turnover of 10% in the first year of operation is the generally accepted threshold.

2021 Demographics & Retail Study

Some sections of the 2021 Demographics & Retail Study are relevant to the concerns specified above. These are sections that deal with the retail gap analysis and the retail impact assessment.

In order to gauge how much retail floor space is required to satisfy the demand induced by the development of the Riverwood Estate, future retail needs were assessed through the application of a retail simulation (gravity) model. The retail gaps in the Riverwood SA2 (which includes both the Riverwood Estate and Riverwood Town Centre) were compared under a scenario where the Riverwood Estate redevelopment does not proceed, and another scenario where it does. The difference in the gap is inferred to be the retail quantum required to service the incoming population of the Riverwood Estate. This modelling showed that if we are only concerned about providing for the needs of net additional on-site residents around 750 square metres of retail floor space is required.

The revised proposal has a much smaller dwelling yield and in line with this, has smaller on-site additional population numbers to drive retail floorspace demand. Although the retail modelling has not been re-run since the writing of the original report in 2020, I would suggest that for the revised proposal, the on-site retail needs for the net new incoming population would be modest and would not amount to more than a small retail offering. Retail provision as part of this development will also serve the existing population within the estate and this would be a desirable outcome from a place-making

perspective if this is focussed on meeting the needs of on-site residents and there are no significant trading impact on the Riverwood town centre. This raises the question of how much retail floorspace is tolerable on site before unacceptable impacts are experienced at the Riverwood town centre.

Previous impact testing completed for the 2020 Demographic and Retail report ran two tests based on floorspace scenarios provided by LAHC. The two scenarios are:

- **Scenario 1** - 5,200 square metres of non-residential floor space (of which 1,800 square metres is provided as retail floor space)
- **Scenario 2** - 11,500 square metres of non-residential floor space (of which 7,155 square metres is provided as retail floor space)

Both scenarios tested result in trading impacts at the town centre. However these impacts are well below the threshold of significance.

Although the tipping point floorspace level was not tested specifically, under scenario 2 even at floorspace levels well above the 1,000sqm in the revised proposal, the town centre impact is still below the threshold for significance. Population growth in the catchment and per capita expenditure growth work together to soften the impact resulting from the floorspace additions.

Key Considerations in response to the comments received

There are two key considerations which need to be made in finalising the planning proposal and in addressing the concerns raised during public exhibition. There are:

- The volume of retail floor space to be provided
- The role and function of the Riverwood Estate

Although the retail impact testing has not been updated, I would suggest that for the revised proposal, the on-site retail needs for the net new incoming population would be modest and would likely equate to a small retail offering. However, I also accept that retail provision as part of this development could serve the existing population within the estate which could be a desirable outcome from a place making perspective if this is focussed on meeting the needs of on-site residents and there are no significant trading impacts on the Riverwood town centre.

The testing of scenarios with higher on-site floorspace levels shows that much higher levels of on-site provision are possible without significantly affecting the Riverwood Town Centre. A high-range scenario with 7,155sqm of retail floorspace at the Riverwood Estate had a turnover impact on the Riverwood town centre of -3.7%, this is well below generally accepted significant impact thresholds. The APUs included in the proposed planning controls seek to provide flexibility in the controls so that that some non-residential land uses are provided. The working assumption of 1,000sqm non-residential floorspace is well below previously tested impact scenarios.

As a guiding principle, on-site provision of non-residential floorspace should be aimed at meeting the local and convenience retail needs of on-site residents and it should not function as a retail destination that would draw from a broader catchment. On-site provision of around 1,000 sqm gives sufficient

allowance for a small (metro style) supermarket and/ or convenience store (or food and drink premises) without approaching levels that would significantly impact on the Riverwood Town Centre.

The Riverwood Master Plan does not (and nor should it) set out to create a new retail destination at the Riverwood Estate. The primary purpose for the provision of non-residential uses is to provide on-site amenity for the incoming population.

The retail modelling completed in the Demographics & Retail Study demonstrates that the difference between the retail floor space required to meet the demand of the incoming population and levels that would unreasonably impact the Riverwood Town Centre is very large. If the intention is that the retail provision in the Riverwood Estate is focused on meeting the local and convenience retail needs of incoming residents, then this provision should not seek to approach this tipping point for significant impact in terms of floorspace volumes. Similarly, it should not seek to provide retail functions that clearly go beyond 'local convenience retail'. This would exclude most uses that fall under the 'household goods', 'clothing' and 'department store' commodity categories. The commodity group with perhaps the greatest potential overlap with the town centre is the 'supermarket' category – particularly if a supermarket were to be developed on Belmore Road. In this respect, it is appropriate to limit supermarket retail to a smaller scale 'metro' format of less than 1,000 sqm.

Kind regards,



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