

25 February 2020

Mr Michael Lennon
The Chair
State Planning Commission Assessment Panel
GPO Box 1815,
Adelaide SA 5001

Dear Michael,

DRAFT PLANNING AND DESIGN CODE – PHASE 3 - SUBMISSION

I write as Managing Director, Head of Real Estate, Asset Management of Moelis Australia. Moelis Australia owns over \$1 billion of shopping centre real estate in South Australia. Over \$70m has been invested in developing and refurbishing these shopping centres over the last 3 years and in doing so has created over several hundred jobs and generated dozens of new businesses. The shopping centres include a 50% share of Westfield Marion, a super regional shopping centre, along with three sub regional shopping centres that are listed below.

- Westfield Marion – 297 Diagonal Road, Oaklands Park;
- Armada Arndale - 470 Torrens Rd, Kilkenny;
- Armada Ingle Farm - corner of Montague and Walkleys Road, Ingle Farm;
- Armada Hollywood Plaza – Cnr Winzor Street and Spains Road Salisbury Downs.

Moelis Australia has recently been briefed on the draft Planning and Design Code (Phase 3) as it applies to our land holdings in South Australia. As an active investor in South Australia, we do not have an issue with removal of excessive regulation, where it supports continued investment in currently zoned shopping centre retail locations. As drafted, Moelis Australia considers the Code will allow for opportunistic retail proposals to be approved, contrary to centre based approaches that have been built around accessibility, the aggregation of commercial and community services and amenity. Therefore, Moelis strongly objects to the establishment of a new system and Code which:

- further dilutes the established centres hierarchy and significant investment made within the existing centres
- allows for easier 'bypassing' of the policies in place through development applications, either through application processes or weaker suite of policies that allow large scale out of centre shops and bulky goods and that do not adequately protect from impacts on established centres.

Recent examples of unjustified rezoning of land include the land for the Kings Junction Shopping Centre and the approval of the Kaufland Supermarket at Prospect at the expense of meaningful urban renewal. Both approvals have occurred in locations where there was already an oversupply of retail facilities in this area. The proposed Kings Junction Shopping Centre development is larger than the two nearby regional shopping centres (Tea Tree Plaza and Elizabeth Town Centre) making the proposed centre superfluous to the needs of the local community, particularly as Parabanks, Mawson Lakes, Ingle Farm and Hollywood Plaza Shopping Centres already service that trade area more than adequately.

The Planning and Design Code is an opportunity to rectify this within the SA Planning System and Moelis Australia urges the Commission to ensure this is achieved. These do not provide certainty for both investors and the community which is what the planning system should provide.

Moelis Australia has introduced substantial interstate and offshore investment in South Australia in the last 10 years, including from significant global investment houses such as Abu Dhabi Investment Council and Singapore Press Holdings REIT (SPHREIT). These houses were influenced to place their investment into South Australia by us, on the basis of the well defined, consistent and well planned town planning regime which has existed in South Australia for many decades. The recent rezoning of substantial tracts of previously zoned industrial, business and residential land to allow for high-density retail uses, where the northern suburbs of Adelaide are more than adequately supplied already, has shaken the confidence of our investment base, particularly those offshore investment houses mentioned above, because this weakens their investment here. If this destabilisation of the previously predictable town planning regime continues,

we are relatively confident that our clients will instruct us to re-weight out of South Australia and invest elsewhere. There was, and is, substantial provision of retail in the northern suburbs, plainly more than is required to service the local population. So why the South Australian planning authorities would seek to undermine the significant investments that both interstate and offshore institutions have already made in South Australia, by weakening the town planning requirement in established suburbs and retail locations is difficult to comprehend. Whatever the reason, it makes it significantly more difficult for us to encourage our clients to continue to invest in South Australia.

Further, more detailed analysis has identified several other specific issues of concern to Moelis Australia which we object to:

1. Suburban Activity Centre Zone – Hierarchy scale
2. Building Heights Limits for the Ingle Farm Shopping Centre
3. Off Street Vehicle Parking Rates – Application of Designated Areas
4. Public Notification across the Zones

I have expanded on these points below.

1. Suburban Activity Node Zone – Hierarchy Scale.

The Hollywood Plaza and Ingle Farm Centres are currently located within District Centre Zones. The Suburban Activity Node Zone identifies the scale of activity centre inconsistently between Desired Outcome 1 (neighbourhood) and Performance Outcome 1 (neighbourhood and district). It is important that the zone clearly articulates a scale that accommodates the existing scale for both Hollywood Plaza and Ingle Farm, and does not effectively “downgrade” them within the hierarchy. It is noted that this is likely to be of concern to other District level centres across Adelaide.

Moelis Australia objects to any changes that effectively downgrades the scale of the Hollywood Plaza and Ingle Farm Shopping Centres. This will have significant impacts on the value of each centre and we seek that these two centres retain their District (sub-regional) catchment function and scale within any future zone.

2. Building Height limits for the Ingle Farm Shopping Centre

Moelis Australia support the proposal for centres to have a low to medium scale as this is reflective of contemporary centres and aids in providing opportunities for mixed use development, such as residential, above shops and offices. This is a key aim in activating centres and providing for well-located and serviced alternative housing options.

It is noted that the Update Report identifies that this will be changing from the consultation draft of the Code so that where existing Development Plans contain policies that identify a height limit for a centre, this is adopted as a Technical and Numerical Variation. Whilst this approach is understood in sensitive locations (such as character areas), this is of concern to Moelis Australia for the Hollywood Plaza centre, which currently has a policy limitation for single storey development (Salisbury Downs Policy Area 4). This is considered a dated policy approach and inconsistent with the adjacent General Neighbourhood Zone policy which provides for buildings up to 2 levels (9 metres).

There does not appear to be any character reasons for the height limitation and the residential interface (particularly impacts relating to bulk, scale and shadowing) can be suitably assessed and considered having regard to Performance Outcomes / Deemed-to-Satisfy Criteria 3.2 and 3.3 within the Suburban Activity Node Zone.

Moelis Australia objects to the revision of this important design issue and seeks the retention of the building heights currently afforded by the Draft Phase 3 version of the Code. We also object to ongoing changes to the Code during the consultation process, particularly in light of a lack of clarity as to how the changes specifically affect specific locations. We seek specific engagement on how these changes will impact our centres before the Code is finalised.

3. Off-Street Parking Vehicle Parking Rates – Application of Designated Areas

The existing Development Plan policies provide for reduced parking ratios for Designated Areas. This is Ministerial Policy and is applied to various corridor zones, activity centres and mixed use zones across metropolitan Adelaide.

Analysis of Table 2 within the Transport, Access and Parking General Development Module has identified that the criteria for the application of Designated Area parking ratios have altered by removing criteria (a) which relates to:

- (a) *within 200 metres of any section of road reserve along which a bus service operates as a high frequency public transit service*

This has implications for the Ingle Farm Shopping Centre and will attract higher parking ratios than the current policy. We would imagine that this is also likely to be an issue for other activity centres, corridor zones and mixed use zones across Adelaide. There is no rationale for this Ministerial policy change in the consultation documentation.

Moelis Centres objects to the removal of this criteria and its impact on increased parking requirements for the Ingle Farm Shopping Centre.

4. Public Notification across the Zones

Initial reviews have identified concerns about the changes to public notification for development within centres which resulted in notification for (amongst other things) minor proposals where they were adjacent to a property in another zone (even if that zone is also a non—residential zone or the use is envisaged).

It is noted that the Update Report has identified this issue as an unintended consequence and Moelis Australia seeks to ensure that this matter is addressed as part of the post-consultation amendments so that, in the very least, centres are not required to undergo additional consultation than the current planning system, as this would arguably be contrary to the intent of the reforms.

Moelis Australia respectfully objects to any changes which result in additional notification of development proposals within its centres and seeks confirmation in writing that this will not be the case for its centres, before the Code is finalised and implemented.

I trust that this submission is favourably considered and would be happy to discuss our concerns further with either yourself or Department staff. If required please contact Jeff Pickthall on [REDACTED] or myself below.

Sincerely



Chris Monaghan
Managing Director
Head of Real Estate Asset Management
Moelis Australia