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Ken Gouldthorp
General Manager
North Sydney Council
PO Box 12
NORTH SYDNEY NSW 2059

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Dear Mr Gouldthorp

Military Road Corridor Planning Study – Stage 1 Neutral Bay Town Centre

The Property Council welcomes the opportunity to provide comments to North Sydney Council (Council) on the Military Road Corridor Planning Study (Stage 1 Neutral Bay Town Centre). We apologise for lateness of our submission, due to further feedback from our members being necessary.

As Australia's peak representative of the property and construction industry, the Property Council's members include investors, owners, managers and developers of property across all asset classes. We are pleased to provide the following comments on the draft planning study for your consideration.

The Military Road Corridor represents a significant opportunity for Council to achieve its long term housing and jobs targets until 2036 that have been identified by the North District Plan and will be developed over time. Adoption of a staged approach to future planning of the corridor, that is currently focussed on Neutral Bay but also investigating other parts of the corridor in later stages, is supported.

It is concerning the Council's primary motivation for the development of new planning controls for corridor is to prevent "developers lodging ad-hoc planning proposals and may potentially seek approval via the NSW Government and bypass Council". As the public authority responsible for the implementation of the *Greater Sydney Metropolitan Plan* and *North District Plan*, Council has an obligation to plan for the future needs of the North Sydney community. That includes providing adequate zoned land for the housing and jobs that will be required in coming years.

PROSPERITY | JOBS | STRONG COMMUNITIES

The strategic planning outcome of the Military Road Corridor should attempt a balance between preserving the qualities of Neutral Bay that the community highly values, such as open space, community facilities, village atmosphere, and ensure there is an adequate supply of additional homes and job creation. We request that Council deliver that balanced planning outcome.

It is appropriate that Council has sought to maintain and grow Neutral Bay as an employment centre and is applauded. The development of planning controls designed to increase the amount of commercial and retail floor space should be tested to ensure that they are economically viable based on realistic estimates of land values and construction costs. The increase in building height and density for sites along the corridor has rightly been focused on the key traffic intersections of Military Road with Wycombe Road and Rangers Road with a transition down to the adjacent residential zones.

It is proposed that minimum floor space ratio for non-residential land uses will be used to achieve the main objective of the planning strategy. These must be informed having regard to demand for office space and other factors such as market rents. The aim should be to provide appropriate planning controls that support the accommodation of more workers in the precinct, and deliver low commercial tenancy vacancy rates.

The identification of four key sites capable of additional development uplift within the Neutral Bay Town Centre is supported. The draft planning study indicates that these sites have been identified to deliver additional public open space and community facilities. In return, the future planning controls would increase the maximum building height and non-residential FSR.

Based on the information contained within the draft planning study, we understand the planning controls and expected public benefits to be delivered for each key site is as follows:

Site	Planning Controls	Public Benefits
Site 1 – Grosvenor Lane North	8 storeys 2.2:1 FSR non-residential uses.	Underground public carpark Public plaza Protect solar access to open space
Site 2 – Grosvenor Lane South	2 towers:- 12 storeys each 1.7:1 FSR non-residential uses Incorporate heritage item into development	1,000sqm community facility 600sqm creative uses space 14 secured bicycle spaces Public domain improvements Through site links Expansion of tree canopy
Site 3 – Rangers Road	2 towers:- 12 & 8 storeys 2.2:1 FSR non-residential uses	1,000sqm public plaza 900sqm recreational facility 14 secured bicycle spaces Through site link to Yeo St. Activate street edges Expansion of tree canopy
Site 4 – Barry Street	2 towers:- 6 & 8 storeys 1.7:1 FSR non-residential uses	Underground public carpark Extension of public domain across May Gibbs Place to May Lane into Barry Street. Protection of solar access Active street frontages Investigate adaptive re-use of fire station for community use.

Achievement of these benefits for the community and industry should be achieved through negotiation of planning agreements that accompany planning proposals for the variation of the planning controls for each site.

The time for Council to be clear about what it expects for contributions is now at the same time it releases draft upzoning plans. Council must provide an indicative costing for the public benefits that are expected to be provided with the development of each key site to provide certainty.

Once a proposal is released (even as a draft plan) it has the potential to encourage speculative buying of land or seeking options. The release of this plan will create development activity and as such, the draft plan must set out its expectations for contributions, as it will allow the industry to determine if there is sufficient height and density increase to make that infrastructure feasible.

It is vital that Council look at development feasibility and uplift potential and at the same time ensure realistic community expectations around infrastructure delivery.

We would like to remind Council of the recently issued draft Planning Agreement Practice Note that was released for consultation by the Department of Planning, Industry and Environment, which includes several principles that are relevant to these sites, namely:

- Planning agreements should not be used as a means of general revenue raising or to overcome revenue shortfalls;
- Planning agreements must not include public benefits wholly unrelated to the particular development; and
- Value capture should be the primary purpose of a planning agreement.

We submit that it would be preferable if Council investigated the infrastructure/public domain upgrades that arise from the desired increase in density along the corridor and cost those works and upgrades. It should then outline a mechanism to apportion costs to each of the uplift sites so there is an understanding of what will need to be contributed at the start of the process.

The process of negotiation of a planning agreement to Council's satisfaction, preparing a planning proposal and awaiting its finalisation and then preparation and assessment of a development application will add significant costs and risk any development project on these sites. Council should consider how this process can be undertaken concurrently to reduce the overall timeframe between lodgement of a planning proposal and attaining a development consent.

Beyond the information provided within the draft planning study, the community benefits and other infrastructure requirements must be clearly set out and detailed for each key site. This is important for the landowners to determine what is expected in return for Council accepting a future planning proposal for that site. Council should also clearly indicate whether the full cost of these facilities are expected to be borne by each development or whether some of the cost of these benefits will be apportioned to the existing residents/community. That way, Council is best placed to offset other contributions against credit for works provided in kind.

It is also important that Council implements a transparent process about the potential of other development contributions that could be levied against a future development consent. Development contributions add significant cost to the redevelopment of infill sites that must be factored in from the outset. We recommend Council give greater consideration to the impact of its contribution rates (for both commercial and residential development) on the viability of development projects. This is particularly critical in the current economic climate in the wake of COVID-19.

We look forward to the current stage of this project progressing further and reviewing the next stage when it is released for public exhibition.

Should you have any questions concerning the content of the submission, please contact Troy Loveday, Senior Policy Advisor, on 0414 265 152 or tloveday@propertycouncil.com.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jane Fitzgerald', with a stylized flourish at the end.

Jane Fitzgerald
NSW Executive Director
Property Council of Australia