

Preliminary report on the status, qualities and potential of the site of the Victoria Cross metro station in North Sydney

May 2019

1 PLANNING STATUS

In the past year there have been four reports relevant to the Victoria Cross metro station site on the corner of Miller Street and Berry Street, North Sydney ('the Lendlease site').

- 1 Sydney Metro's EIS on the development potential of the site, by Bates Smart¹
- 2 The North Sydney Council's 'masterplan' for the 'Ward Street Precinct'²
- 3 The North Sydney Council's public domain strategy³
- 4 THIS report by the Committee for North Sydney.

Of the four reports, the Bates Smart analysis is by far the most thorough. It investigates essentially one question: how to meet the railway requirements for the site while maximising the market value of the site's commercial development potential.

Of the four reports, THIS report, by the Committee for North Sydney, is the shortest and least well documented, since we did not have a six-figure budget. However, THIS report can assimilate the other three reports and produce a synthesis.

The findings of the investigations of the Committee for North Sydney, and the analyses of the three other reports, are clear and striking.

1.1 Lendlease is developing the key site in North Sydney

The Committee for North Sydney did not start out with a view that the Lendlease site is unique. However, our own investigations, and those of the North Sydney Council, have confirmed that the development of this site will largely determine – positively or negatively – the future character and success of the North Sydney city centre.

- Jeremy Bingham gave an entertaining and devastating critique of the North Sydney city centre in 1980: 'It's a mish mash!'.⁴ His analysis of the causes and results of *planning neglect* are still relevant, and accurate. Rather than the present empty boosterism, we need long-term visions and strategies for what is possible. Many opportunities have been missed in recent years, but the city centre still has exceptional potential.
- Suddenly, with the Metro, this becomes the key site in North Sydney. It anchors four of the five major developments in the North Sydney city centre in the past decade. It anchors Miller Street itself, defining the city's principal axis from Pacific Highway to Berry Street. It is the only reasonably level, sheltered, sunny site in the entire city centre. It will be the site of a major metro station connecting North Sydney to Barangaroo, Martin Place and Pitt Street, and to Chatswood and the north west.

¹ Bates Smart for Sydney Metro. 2018. *Victoria Cross environmental impact statement*.

² Hassell for the North Sydney Council. 2018. *Ward Street Precinct master plan*. North Sydney Council.

³ North Sydney Council (with Aspect Studios et al). 2018. *Place book. North Sydney CBD public domain strategy, Stage 1, public spaces vision*. North Sydney Council

⁴ Jeremy Bingham' in Margaret Park (Editor). 2001. *Voices of a landscape: planning North Sydney*. North Sydney Council, pages 14-17; <https://committeefornorthsydney.org.au/who-said-that/>

- Despite carefully avoiding the subject, the two North Sydney Council reports (2 and 3 listed above) indirectly confirm the outstanding significance of this site. In their search for a heart for North Sydney, and for high quality space that redefines the city centre, they failed to find a site that comes close to the significance of the Lendlease site.

1.2 No value capture

The business plan developed by Sydney Metro, and now enforced by Treasury, is perverse: it refuses to capture the value created around the metro station site, then exploits the site to the point that property values are diminished in the vicinity.

- The *value* of Sydney Metro's project (its contribution to the public, civic and economic life of the city centre) begins with a distinct deficit. Tower Square was compulsorily acquired because of its minimal development potential (as a result of development rights being transferred to 65 Berry Street in 1980). This created an opportunity for a massive 'uplift' by ministerial fiat, now realised. If we ever know the facts, the profit on Tower Square in North Sydney is likely to be a significant proportion of the total returns that Sydney Metro will receive from all of its property dealings.
- This so-called 'value capture' (better described as 'value extraction') was achieved at a high cost to the city centre. Tower Square was a two-storey complex of diverse, modest, small businesses – the cost structure was low because the development potential was low – a complex of shops and services of the kind essential to life in a city centre. It was on a level site, with excellent sunlight at all times of the year, designed to provide interesting spaces with sun and shade. Sydney Metro's business plan required that this, the best people place in North Sydney, be acquired and administratively granted an FSR of 12. The loss to the city centre is tangible.
- Obviously, the advent of the metro station itself confers value on nearby properties. Instead of 'capturing' a small proportion of this windfall through simple, traditional mechanisms such as a levy or a business improvement district, Sydney Metro's business plan dictates that all positive externalities from the metro will be privatised by the neighbours, while Sydney Metro will extract as much value as possible from their own site – thus needlessly imposing negative externalities in the form of congestion, shadows and wind turbulence on the neighbours and on the city centre as a whole.
- Lendlease now finds itself being the vehicle to exploit this site, at the expense of the neighbours, at the expense of the civic potential of this site, and at the long term cost to the future character of the city centre.

1.3 No local voice

For reasons that can only be guessed at, early on, the North Sydney Council dealt itself out of the metro project. It has consistently refused to be a player in the most significant current project in the city centre.

- In public statements, and in its actions (and inaction) – though not in resolutions of the Council – the North Sydney Council has adopted the role of an observer, accepting whatever the Government and Sydney Metro propose.
- An example of this approach is the decision that planning staff would attend meetings and briefings of Sydney Metro, over a period of years, on the basis of confidentiality. We were told that the staff attending these discussions and briefings felt constrained not to report their content to the Council – an astonishing failure of local representation.
- As a direct result, the two major reports commissioned by the North Sydney Council, listed above, avoid consideration of the merits, implications and consequences of – and any alternatives to – the most dramatic interventions in the North Sydney city centre by NSW agencies, including the compulsory acquisition of the metro station site, the loss of Tower Square, and the plans for access to the proposed road tunnel under the city centre, which would intensify the role of Berry Street as an expressway onramp.

Recommendation

- Consider the significance of the site from a city-centre-wide perspective.
- Consider the opportunities the site offers.
- Engage with the North Sydney Council (it's never too late).

2 THE No1 ADDRESS IN NORTH SYDNEY

North Sydney has a centre but no civic heart. If the centre is Victoria Cross, the intersection of the Pacific Highway, Miller Street and Mount Street, the Post Office tower is probably the main expression of centrality. But this large, busy intersection is relatively formless, not bounded by buildings, falling away steeply to the south west, windswept, full of traffic, and pedestrian unfriendly. Nowhere else is there a combination of spaces and buildings that suggests the heart of the city, and in any event there is a dearth of public space other than roads.

The North Sydney Council expresses, in its Ward Street masterplan, an aspiration to create public space, using council land, property swaps and developer contributions in the block north of Berry Street. The plan demonstrates how desperate the situation is: this public space is small, landlocked and shaded – and it requires massive development incentives, permitting towers up to 57 storeys, for there to be any hope of successful negotiations with owners.

The North Sydney Council's public domain study looked everywhere for public space and again demonstrated how desperate the situation is. There were only two real options: the closure of Mount Street at the Post Office, which is sloping, exposed to sea breezes, and out of the way; and the closure of Miller Street with major impacts on bus routes and private parking garages. Neither of these sites were assessed in terms of sunlight, slope or exposure to winds.

The one site these studies systematically ignored is by far the best, by their own criteria. That site is the Lendlease site: well located on Miller Street, level, sheltered and with exceptional sunlight by North Sydney standards. The sunlight and shadow study carried out by the Committee for North Sydney shows how special this site is: see the next section.

To realise the potential of this site as the No 1 address in North Sydney, by virtue of its *potential* as the central civic location in the city, there needs to be a commitment to two principles:

- the exceptional physical qualities of the site – previously demonstrated by the now-demolished Tower Square – should be recognised in the creation of a relatively small but high quality public space, and
- this is the best location for the city's most important civic functions, whether cultural, recreational, administrative or non-government.

In seeking the maximum return – no matter the impacts on the neighbours and the character of the city centre – Sydney Metro seemed unable to consider these principles. The decision was made to accept the constraints of local development standards and rules about overshadowing certain sites, and to fill the resulting envelope. That approach has now been crystallised in the proposed office tower, which has received concept planning approval and is the subject of the contract between Sydney Metro and Lendlease.

However, if those constraints are relaxed and varied, and if some of the North Sydney Council's aspirations are factored into new options, it is possible to see those principles being implemented without reducing the economics of the site – particularly because some of the negative externalities will be exceeded by the positive effects (and increased values) of building-in public and civic assets.

Recommendation

- Explore the potential for greater public values on the site, within the current parameters of the planning approval and the contract between Sydney Metro and Lendlease.
- Explore variations in the regulatory constraints to allow greater public values on the site, and potential synergies with possible changes on nearby sites and places.

3 ASSESSING THE SITE

The Committee for North Sydney has completed an initial study of sunlight and shade on the Lendlease site. The study demonstrates objectively and empirically that the site has exceptional qualities.

To provide a brief illustration of the sunlight qualities of the site, the following diagrams show shadows cast on the vacant Lendlease site by buildings to the east, north and west, at the middle hours of the day, for the summer and winter solstice, for the equinox, and for dates in between. The site is so located – or, rather, the buildings to the east, north and west are so located – that this site receives more sunlight, for more of the time, at more times in the year, than any comparable site in the North Sydney city centre. Specifically, the site is in full (or very nearly full) sunlight between 12 noon and 2 pm, every day of the year.

These miniature diagrams are just indications: we have produced larger diagrams and animations giving a very clear picture of the sunlight qualities of the site. Nevertheless, they are sufficient to show what the North Sydney Council's two studies implied: that the Lendlease site is exceptional, and is a better location for both public space and civic functions than any other site in the North Sydney city centre.

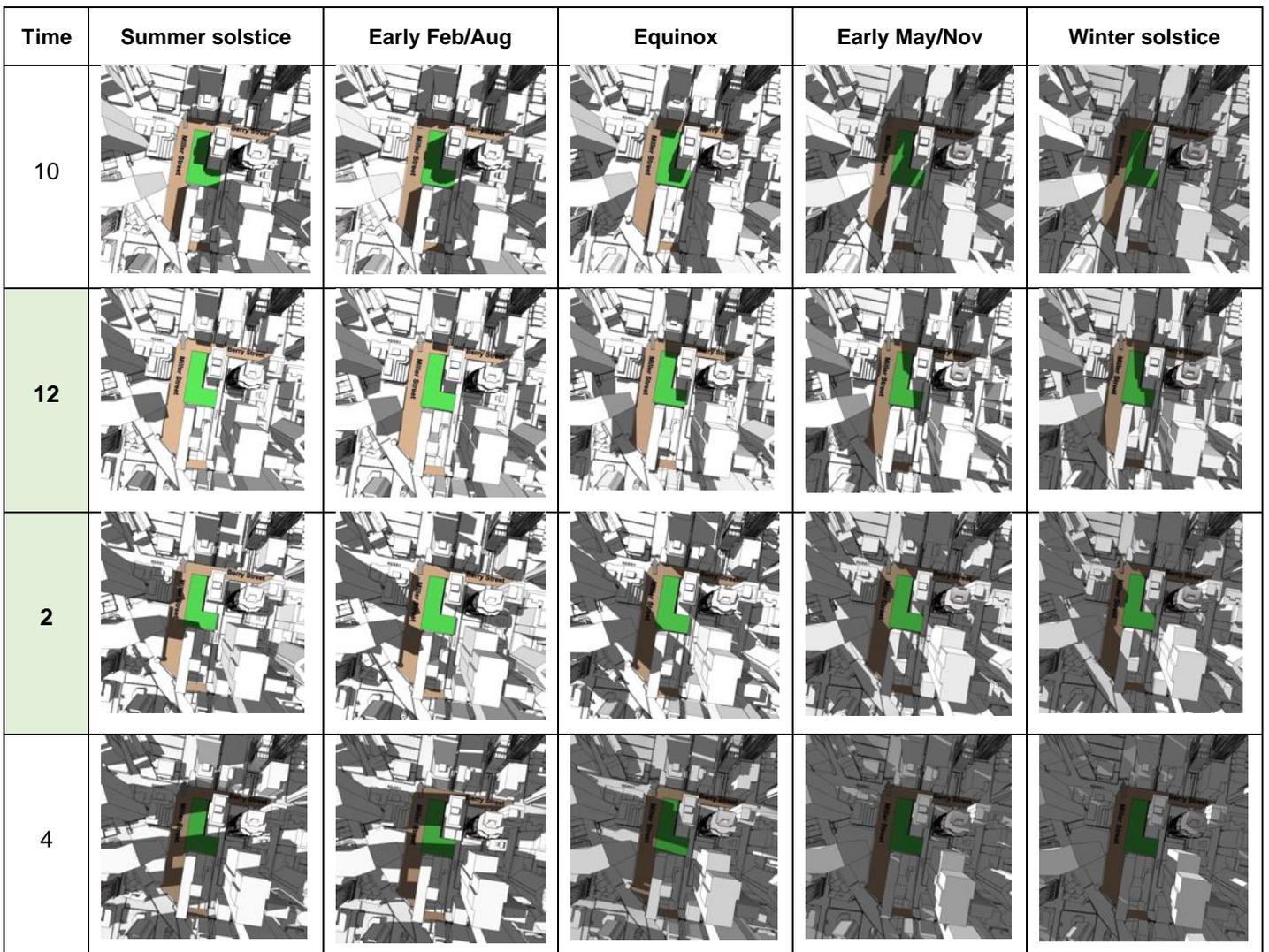


Figure 1: Sunlight and shadows on the vacant Lendlease site through the day and the year.

Recommendation

- Begin a dialogue with the North Sydney Council and others to consider the measures that would kickstart the transformation of the North Sydney city centre into a place where people want to be.
- Begin a dialogue with the North Sydney Council and others to define the attributes and activities of a place that would be seen as the civic heart of the city.
- Given the site's qualities and location within the North Sydney city centre, consider how its development can confirm this as the No 1 place in the city.

4 Background material

[Not included in this version of the report.]

5 Some relevant items on the website of the Committee for North Sydney

- <https://committeefornorthsydney.org.au/a-lendlease-commercial-tower-whats-at-stake/>
- <https://committeefornorthsydney.org.au/premier-your-choice/>
- <https://committeefornorthsydney.org.au/is-this-the-future/>
- <https://committeefornorthsydney.org.au/actions/real-value-capture/>