

8.8. Military Road Corridor Planning Study

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ATTACHMENTS: Nil

PURPOSE:

To present Council with a scoping framework as the basis to proceed with a revised Military Road Corridor Planning Study in response to Council's rescission of the previously adopted Study for the precinct.

EXECUTIVE SUMMARY:

Between 2018 and 2021, Council prepared a planning study to guide and manage change and growth in the Neutral Bay town centre. Key objectives to this study were to:

- address the decline in employment floor space in the centre
- facilitate carefully planned development while maintaining the village atmosphere of the centre; and
- leverage a range of community benefits and public domain improvements from planned and limited growth.

The resulting study was adopted by Council in February 2021.

At its meeting on 24 January 2022, Council resolved to rescind this study and to create an updated strategic development framework by engaging with the community and stakeholders to prepare "a revised recommendation that has a better balance between development height and the provision of additional public open space".

This report represents the start of this process by presenting a scoping framework as the basis to guide the commencement this new planning work.

FINANCIAL IMPLICATIONS:

The Council's draft budget includes funding of \$150,000 in the 2022/23 financial year towards the completion of this work, including consultation.

RECOMMENDATION:

1. THAT Council endorse the scoping framework outlined in this report as the basis to commence work commence a revised planning study for the Neutral Bay Town Centre to

guide and manage change and to influence community benefits and public domain improvements.

LINK TO COMMUNITY STRATEGIC PLAN

The relationship with the Community Strategic Plan is as follows:

1. Our Living Environment

1.4 Public open space and recreation facilities and services meet community needs

2. Our Built Infrastructure

2.2 Vibrant centres, public domain, villages and streetscapes

3. Our Future Planning

3.1 Prosperous and vibrant economy

3.4 North Sydney is distinctive with a sense of place and quality design

3.5 North Sydney is regulatory compliant

5. Our Civic Leadership

5.1 Council leads the strategic direction of North Sydney

5.2 Council is well governed and customer focused

5.3 Community is informed and consulted

BACKGROUND

In 2018, Council resolved to commence the preparation of a planning study for the Military Road Corridor that addressed various development and public domain matters.

Subsequently, between 2018 and 2021, Council prepared a planning study to guide and manage change and growth in the Neutral Bay Town Centre. Key objectives of this study were to address the decline in employment floor space in the centre, facilitate carefully planned development while maintaining the village atmosphere of the centre and leverage a range of community benefits from planned and managed growth. The resulting study, the *Military Road Corridor Future Directions Report* (referred in this report as the *Military Road Corridor Planning Study*) was adopted by Council in February 2021.

During this time, three distinct consultation processes were undertaken at different stages of the development of the Planning Study to help inform and refine its development. These are outlined further below.

At its meeting on 24 January 2022, Council formally rescinded this study and resolved the following:

1. *THAT Council notes the submissions received and the issues raised during the exhibition.*
2. *THAT Council notes the strong community feedback on the height and scale of the existing report received during the recent election.*

3. *THAT Council does not adopt the Future Directions Report (dated 22 February 2021), as amended, as the strategic development framework for the Neutral Bay town centre.*
4. *THAT Council conduct a briefing on the rescission of the Future Directions Report prior to proceeding to Point 5 below.*
5. *THAT Council adds to its program and budget, the creation of an updated strategic development framework for the Military Road Corridor including Neutral Bay centre by engaging with the community and stakeholders to prepare a revised recommendation that has a better balance between development height and the provision of additional public open space.*

A Councillor briefing was conducted on 2 May 2022 to discuss the history of this matter, the various issues the Study sought to address and potential future directions.

CONSULTATION REQUIREMENTS

Community engagement will be undertaken in accordance with Council's Community Engagement Protocol.

DETAIL

When the *Military Road Corridor Planning Study* process commenced in 2018, there was a recognition that the Neutral Bay precinct was experiencing significant development pressure. It was also acknowledged that there was ongoing erosion of employment floor space facilitated by Council's existing planning controls. There was benefit in preparing a planning study to address these matters and to ensure that development sought to meet the needs and expectations of the community as well as ensuring that tangible public benefits could be derived from any future development. In preparing a revised planning study 'to better balance between development height and the provision of additional public open space', these same drivers will need to be addressed.

1. Objectives

The same objectives for a *Military Road Corridor Planning Study* should be retained as they remain relevant, however, a new objective should be included to reflect Council's January 2022 resolution. Broadly, these objectives are:

1. To address the decline of employment land in the centre which result from Council's current planning controls.
2. To facilitate carefully planned development which may include targeted modest increases in height and density while maintaining and enhancing the village atmosphere of the centre.
3. To secure a range of community benefits from planned and limited growth.

4. *To ensure that the scale of growth proposed, has a better balance between development height and the provision of additional public open space compared with the rescinded Planning Study. (new)*

2. Community and Stakeholder Engagement

Given the first two points in Council's resolution on 24 January 2022, community engagement in the preparation of a new planning study is important.

The rescinded study included three distinct consultation points. These occurred as follows:

1. *July/August 2018* – a preliminary consultation process was undertaken to understand local values, issues and aspirations. Almost 500 survey responses were received during this time.
2. *August/September 2019* – consultation on a discussion paper which outlined some preliminary built form options and public domain ideas. A series of diverse engagement methods was adopted including the mail out of 11,343 reply paid envelopes seeking feedback, 227 emails to existing subscribers, social media and engagement with Precinct Committees. A total of 268 responses was received during this period as well as a significant social media feedback.
3. *April/July 2020* – consultation regarding the final draft built form, height, density and public domain improvements. Over 11,400 individual letters were sent to local residents and stakeholders in addition to over 300 individual letters to previous subscribers as well as the usual social media and newspaper advertisements. Unfortunately, this process was somewhat impacted by the Covid restrictions and the usual face to face discussions which were utilised with the preceding engagement processes, were not able to occur. Notwithstanding this, 435 responses to the exhibition were received.

Given this extensive consultation, and in particular, an understanding of the local values, issues and aspirations that has been gained from this previous engagement process, much of this initial engagement will not need to be undertaken again. There is a wealth of feedback that Council can review and use as input to inform a renewed planning study, in the context of the objectives of this work as outlined previously in this report.

It may be possible to synthesise the significant community feedback received since 2018, landowner aspirations and the most recent Council resolution, to prepare a draft strategy that 'better balances development height and the provision of additional public open space'.

3. Public Benefits/Funding

3a. General Revenue

There are significant demands on Council's limited financial capacity to fund major improvements to town centres. Land in particular, is an expensive resource in the Sydney

context and its acquisition is generally beyond Council's financial means given other pressing financial demands on Council. The types of public assets/facilities contemplated by the previous Military Road Corridor Study, would be beyond Council's general revenue capacities given the extent of its wider budgetary responsibilities and demands.

3b. Local Infrastructure Contributions Funding

There is capacity in the local infrastructure contributions regime (section 7.11 and 7.12 contributions) to fund certain public infrastructure. However, it should be noted that such contributions are capped at \$20K per additional residential unit. In addition, there are various regulatory guidelines around how such funds are apportioned and distributed. Such contribution collected in any new development in Neutral Bay will generally be required to be split between the various components of the Plan (transport, open space, community facilities, public domain and administration) as well as geographically throughout the North Sydney Local Government Area.

So whilst representing a useful contribution to any wider public domain/community asset investment towards local infrastructure in the Neutral Bay Town Centre, such contributions compete with other worthwhile public projects throughout North Sydney and are generally limited to fund only the extent of growth experienced in a precinct. In a well-established local government area such as North Sydney, section 7.11/7.12 contributions should be seen as embellishment funding rather than a sole or primary funding source for significant public investment. In an established area like North Sydney, local infrastructure contributions require a very significant proportion of Council co-funding to finance projects identified in the Contributions Plan. In addition, the entire contributions framework is currently under review and Council has received reports on this process outlining its uncertain future.

3c. Voluntary Planning Agreements

One of the key parameters influencing the Military Road Planning Study framework, was the balance between development density increases and any opportunities to negotiate embellishments and improvements to the Neutral Bay Town Centre, especially relating to the dedication of land, but also the provision of other facilities.

Council sought economic advice when preparing the Planning Study to determine broad thresholds for density increases and how these may provide opportunities for land dedication and other benefits from private landowners that may represent mutually beneficial outcomes.

It follows that Council's expressed desire to better balance development height and the provision of additional public open space, will require reduced expectations for such community benefits.

In this context, given the initial consultation outcomes, in which Council received 497 survey responses, the community identified that 'beautiful public spaces' as the highest ranked future need, it is worthwhile pursuing this as the priority need/benefit in a renewed study.

All other initial feedback received with regard needs and aspirations, will of course, be considered. Public open space/plaza space will, however, be prioritised.

Council's ownership of the Grosvenor Lane car park should be considered as a central component and driver in the renewed planning study with opportunities for its re-imagination to serve either entire or in part, a new public space for the town centre. There may be more cost effective, modest treatments that capture the objectives of the public domain treatments for the car park as recommended in the rescinded *Military Road Planning Study*.

4. Process

Given that Council has spent the best part of 3 years preparing the *Military Road Corridor Study*, it's useful to consider the revised work as an extension of this rather than a completely new and independent planning study. In this sense, commencing the revised study as a new study will not be necessary given the enormous amount of work that has already been conducted and consultation undertaken.

The following are the broad steps that are contemplated in the preparation of the revised planning study.

- a. *Review previous consultation outcomes as input into the revised study.* There is a rich source of community and stakeholder input that remains relevant to assist in shaping the outcomes of this revised work. It is not considered necessary to conduct preliminary consultation as previous consultation outcomes remain reasonably contemporary.
- b. *Identify gaps in knowledge and information.* Given the modified scope and outcomes being sought by Council's resolution of January 2022, it will be necessary to identify whether the new directions sought, will require any new or additional information, including internal and/or external advice.
- c. *Prepare studies/modelling as necessary to fill gaps and work towards achievement of revised objectives of the study.*
- d. *Community/stakeholder consultation with revised study.* This will require the preparation of a new engagement strategy that will be formulated consistent with Council's *Community Engagement Protocol*. There may be one or two community engagement steps required in this process.
- e. *Use results of consultation to review and refine study outcomes.*
- f. *Report final recommendations to Council.*

5. Timeframes

The absolute timeframe required to undertake this revised work is difficult to estimate with any degree of accuracy until detailed scoping is conducted. These processes are sometimes unpredictable given the dynamic nature of the various steps of the process. Notwithstanding this, it is considered reasonable to conclude that the required studies, modelling, consultation and reporting processes will take in the order of 18 months to finalise.

6. Planning Proposals in the Interim

A previously reported, North Sydney Council has a strong and consistent practice of guiding and managing growth on the basis of comprehensive planning studies that are the subject of community consultation and technical analysis. This approach has served Council well for many years and it sends a strong message to the development industry that growth is responsibly managed by Council and speculative *ad hoc* planning proposals are not supported without an endorsed framework that foreshadows and guides changes to the prevailing planning controls. It also helps manage community expectations and achieve a level of community engagement in the change process.

The North Sydney Local Strategic Planning Statement (LSPS) draws together the priorities and actions for future land use planning, and present an overall land use vision for the North Sydney LGA for the next 20 years. The LSPS must be considered as part of the LEP making process (planning proposals) and forms part of the strategic merit test for a Gateway Determination.

A key action (L1.5) in the LSPS is:

Council will only support Planning Proposals that are consistent with Council's endorsed planning studies, that have identified growth being delivered in locations that support the role of centres and have critical infrastructure and services in place to support the North Sydney community."

Council does not have an endorsed planning study to guide growth and change for Neutral Bay.

Whilst many Planning Proposals seeks to provide worthwhile community benefits in the form of public domain improvements in the locality, such offers cannot be allowed to fundamentally influence the Council's regulatory responsibilities.

In the absence of an endorsed planning study it is recommended that Council continue to reinforce the provisions of its LSPS in dealing with any Planning Proposal for the precinct.