

12 September 2017

The Secretary  
Department of Planning and Environment  
320 Pitt Street  
SYDNEY NSW 2000

Dear Madam,

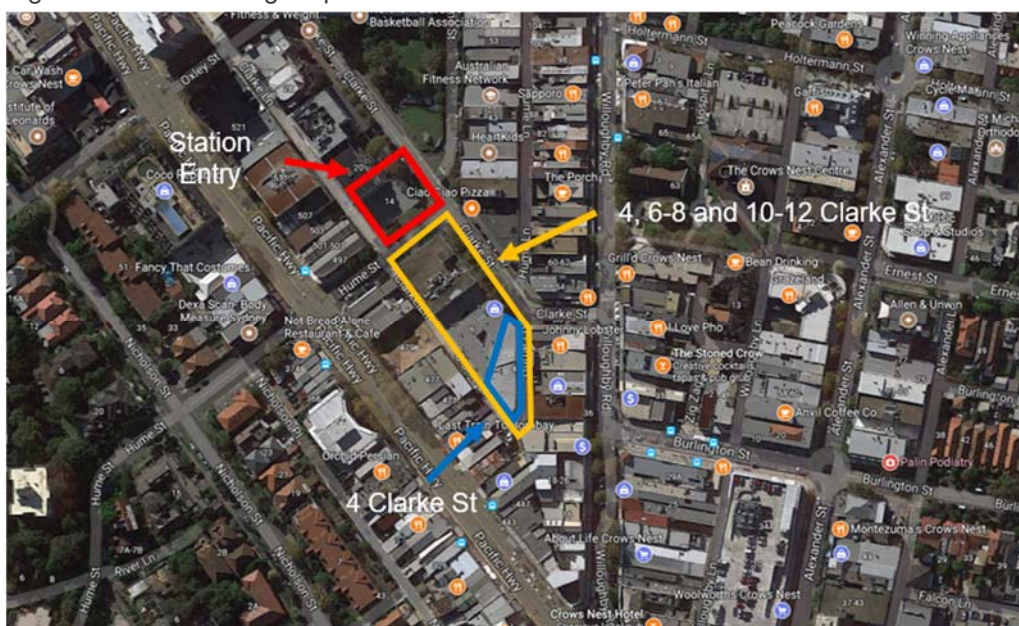
## **SUBMISSION IN RESPECT OF: ST LEONARDS AND CROWS NEST STATION PRECINCT STAGE 1 - THE STRATEGIC EMPLOYMENT REVIEW**

### **INTRODUCTION**

This letter has been prepared on behalf of Clarke St Crows Nest Holdings (Client) the owner of 4 Clarke St, Crows Nest (Site). The Site has a total land area of 669m<sup>2</sup> and is shown in the map below.

The Client also controls a significant stake in the adjoining 6-8 Clarke St strata building which when amalgamated with 4 Clarke St will represent one of the largest land holdings so close to the new Crows Nest station entrance.

Figure 1 – Landholding Map



The Client have engaged Urbis to review the St Leonards and Crows Nest Station Precinct Stage 1 – The Strategic Employment Review undertaken by SGS Renewal Corridor Strategy released August 2017 (Employment Review). Our submission has specifically considered and responded to the Employment Review as it is highlighted in the Interim Statement document from the Department that this is what formed part of Stage 1 and that the other documents released are initial and will be finalised as part of Stage 2.

The following is a brief synopsis of the Site and development opportunity:

- The Site located adjacent to the new metro tunnel and approximately 50m from the new entry on the corner of Hume and Clarke Streets;
- It is bounded by three streets / lanes and provides an excellent opportunity to develop residential accommodation due to its access to natural ventilation, sun light and Hume St park;
- Views and natural light can be optimised for residential accommodation due to the retention of the low scale on Willoughby Rd
- Car parking can be provided as it is not above the metro tunnel with rear lane access limiting traffic impacts;
- Provides a retail link through to Willoughby Rd from the New Metro creating an activated pedestrian thoroughfare;
- The existing tenancy leases are short term or have demolition clauses allowing for the development opportunity to be unlocked in a short period of time (unlike many other commercial buildings in single ownership or strata buildings);
- Increased residential density will support and encourage the growth in the area of population serving industry along with retail;
- The site is already well linked to transport, with the new Metro providing significantly improved links to the highest job density suburbs in NSW being Central Sydney (#1 – 7mins), North Sydney (#2 – 2mins), Green Square / Mascot (#3), St Leonards (#5 – 600m away), Chatswood (#7 – 5mins) And Macquarie Park (#16 – 13mins);
- Planning has commenced with the adjoining 6-8 Clarke St to allow for the amalgamation of the sites; and
- A Vision Statement for the site and surrounds was presented to the Department in January 2017 with the electronic model provided to assist the department.

## SPECIFICS OF OUR SUBMISSION

The Interim Statement did provide several attaching documents however given the statement indicates the documents are not finalised, the comments in reference to these have been kept general, however specific items have been addressed in the Employment Review that has been indicated as forming Stage 1. Generally, it is highlighted to the Department that:

- The Site is Torrens Title and not Strata Title as noted in the Preliminary Urban Design Analysis; and
- The mapping in the various documents is not consistent (and vague), however it is recommended that the site is definitively included within the St Leonards Centre and Crows Nest Station Area as it is located approximately 50m from the new entry on the corner of Hume and Clarke Streets and not in the Crows Nest village area.

The specific items of our submission regarding the Employment Review are discussed below.

### 1. EXISTING EMPLOYMENT FLOORSPEACE SUPPLY APPEARS INCORRECT

The Employment Review provides the Existing Employment Floorspace Supply (sqm) table at the third page of the executive summary. It notes the Total Supply of Crows Nest employment floorspace to be 335,000m<sup>2</sup>, whilst St Leonards is 462,000m<sup>2</sup>. Comparatively this does not intuitively seem correct. St Leonards has many commercial office buildings exceeding 10 storeys in height within the core commercial area stretching from the Forum in the west to Oxley St in the east. Whilst Crows Nest commercial / office precinct is of substantially lesser scale and with retail generally of mixed use / shop top housing.

### 2. STRATA TITLE LIMITING DEVELOPMENT

The Employment Review correctly notes in the SWOT analysis in the executive summary and then again on page 54 of the Employment Review that many B and C grade office spaces are strata titled in the St Leonards and Crows Nest centres. The Site is not strata titled (although incorrectly noted in some cases). This therefore allows for our Site to be redeveloped in a comparatively short period of time. Additionally, it should be highlighted that the new Strata Laws that have been implemented will alleviate some of the difficulties of developing properties with Strata Title.

Under the heading of Regional Policy – A Plan for Growing Sydney on page 5 of the Employment Review it is noted that as a challenge and opportunity is unlocking future employment and housing opportunities associated with the Sydney Metro Crows Nest. The Site provides an opportunity to unlock future employment and housing.

### 3. OPPORTUNITIES FOR START UPS

The SWOT analysis in the executive summary notes that new business start-ups are attracted to the Precinct location. It is important to note that despite this identified opportunity, Crows Nest has a relative high existing vacancy rate of 10.2% with the stock generally of a lower grade. With the future provision of new and improved stock to the market the asking rents will increase (to justify the development investment) and therefore not cater to this start-up market.

#### 4. COMMERCIAL & RETAIL / RESIDENTIAL MIX USE

Large scale mixed use buildings incorporating a high percentage of commercial are advised against. The owners of larger commercial assets are generally institutional funds. The creation of a stratum subdivision of the commercial asset and the associated management of the building, shared services etc. with the residential component create significant disincentives for these funds to invest. They will prioritise clean titles to add to their portfolio rather than encumbered schemes. This will therefore likely result in these types of developments not occurring due to financial backing being unavailable.

#### 5. 2036 DEMAND SUPPLY EQUATION

The Existing Employment Floorspace Supply / 2036 Supply Equation By Sub-Precinct and Broad Land Use table provided on page 3 of the executive summary and then again as Table 13 on page 70 of the Employment Review provides a distribution of the existing employment floorspace. The table has introduced an Institutional employment use to the existing employment floorspace supply types and removed the Health and Education use. Clarification is sought as to why Institution Employment has been introduced and Health and Education removed and if it is substituted, why in the 2036 Demand & Supply equation table (table 15, page 70) no Institutional is nominated for the Health & Education Precinct.

Additionally, clarification is sought in further detail as to how the distribution of employment floorspace has been formulated in the 2036 Demand Supply equation table provided on page 8 of the executive summary and then again in as Table 14 on page 70 of the Employment Review. As noted in item 1. The employment floorspace total areas already seemed comparatively too high in Crows Nest and then this is further exacerbated with the disproportionate allocation of Employment floorspace to Crows Nest. This is especially evident with the allocation of the Institutional employment floorspace use. What appears to be an incorrect heading, Table 13 heading is “2036 Supply Equation by Sub-Precinct and Broad Land Use (Metro + H&E Scenario)” whilst the figures are the same as the “Existing Employment Floorspace Supply” on the third page of the Executive Summary.

On page 58 of the Employment Review in table 10 the floorspace per job is provided. These areas seem very inefficient. In calculating the future floorspace required, can it be confirmed if these areas were applied?

#### 6. ST LEONARDS AND CROWS NEST CHARACTER AND GROUPING

The Employment Review in several instances groups St Leonards and Crows Nest into the same category e.g. p.18 says under the heading of “*and business parks remain an attractive alternative to traditional employment centres*” that “Macquarie Park, is a major competitor for St Leonards and Crows Nest”. The character of the two suburbs are very different, Crows Nest is a generally residential suburb, with a small commercial precinct of low scale and generally population serving, health (Mater Hospital related) and education (Northern Sydney Institute of TAFE). Whilst St Leonards has a predominant commercial core with part high density and knowledge intensive, with a broad range of tenant sizes up to IBM, Primary Health Care, Ramsay Health care.

The grouping of these precincts can lead to a loss of the character in Crows Nest and with the focus of the Employment Review on employment floorspace, it ignores the existing residential character and risks creating a sterile suburb that loses the characteristics that attract residents and visitors to Crows Nest.

## **7. DEMAND AND SUPPLY CONCLUSION CROWS NEST**

The Employment Review indicates on page 71 in the Key implications to 2036 that “demand for office floorspace in Crows Nest is modest”. This is also supported with the current vacancy in employment floorspace to be the highest in the investigation area at 10.2%. Further it is noted that development is limited due to the low rise, fine grain nature of Crows Nest and also as noted in item 2 the significant amount of Strata Title. This contradicts the disproportionate allocation of employment floorspace nominated as noted in item 5.

The area contains predominantly residential and retail uses with population serving employment space. To impose a disproportionate supply of “Institutional” employment space (see item 5 for ambiguity of Institutional employment space) would substantially change the character that Crows Nest is known for the and the residents and visitors to the suburb enjoy.

## **8. CROWS NEST VILLAGE SUB-PRECINCT EXTENT**

The Crows Nest Village precinct is nominated in Figure 40 on page 76 as extending east along Clarke St up to the Metro Station and incorporating the Site. The properties at 4-12 Clarke St (3 properties) provide a significant development opportunity within 50m of the new station entry and adjacent to the metro tunnel. With Crows Nest Village nominated as “no change to controls” on Page 78 maintaining the sub-precinct and the recommendation in the Employment Review would remove any development opportunity for the site and would undermine the investment in the new Metro Station, intent of A Plan for Growing Sydney, the Draft North District Plan and the Priority Growth Area of St Leonards and Crows Nest. It is recommended that 4-12 Clarke St are included in the area defined as St Leonards Core (St Leonards Centre and Crows Nest Station in Interim Statement).

## **SUMMARY**

We thank the Department for the opportunity to make a submission in response to this Stage 1 of the St Leonards and Crows Nest Station Precinct. Our submission has specifically considered and responded to the Employment Review as it is highlighted in the Interim Statement document from the Department that this is what formed part of Stage 1 and that the other documents released are initial and will be finalised as part of Stage 2.

We have raised concerns around the basis for the existing employment floorspace supply and the 2036 forecasts and conclusions. Of greatest concern is the disproportionate allocation of employment floorspace to Crows Nest that does not reflect current demand and the likely future demand. This will likely lead to supply of new space at higher rents that will not be rented, increasing vacancy or be deemed not viable and therefore not developed. Additionally, it runs contrary to the existing character of Crows Nest as a residential area with retail, population serving employment uses, health (Mater Hospital related) and education (Northern Sydney Institute of TAFE related). Crows Nest provides very good access to many of the main employment centres of Sydney, with the Metro further improving this connection to allow new residents to travel by Metro to work and other destination.

Our Site and the adjoining two properties (6-8 Clarke and 10-12 Clarke) that form the island site are located away and in a topographically lower location from Willoughby Road, and across the road from the new Metro Station. They provide a fantastic opportunity to realise the vision and objectives of the investment in the new Metro Station, and intent of A Plan for Growing Sydney, the Draft North District



Plan and the Priority Growth Area of St Leonards and Crows Nest. We therefore request the island site is nominated in the St Leonards Centre and Crows Nest Station area.

The Site provides a fantastic opportunity to provide residential accommodation, with the added benefits of being Torrens title and planning has commenced with the adjoining 6-8 Clarke St to allow for the amalgamation of the sites. The Site can provide employment floorspace and quality residential accommodation and could be feasible and development ready, however the appropriate uses, height and densities need to be nominated. We recommend that the employment floorspace existing on the site being 1,028sqm is replaced with improved commercial/retail space with anything further than 15% employment floorspace requirement having an impact on the feasibility and possibly render the re-development unviable. Our Client is willing to discuss this submission further and share further information should that assist in the finalisation of the Strategy.

Should you have any questions regarding this submission, please contact myself on [swhite@urbis.com.au](mailto:swhite@urbis.com.au) (8233 9955).

Yours sincerely,

A handwritten signature in black ink that reads "Stephen White". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Stephen White  
Director