

28 August 2024

Therese Manns  
General Manager  
North Sydney Council  
200 Miller Street  
North Sydney, NSW, 2060

Dear Ms Manns,

**Public Benefit Offer (PBO) 166-178, 184-192 and 198-214 Military Road, Neutral Bay**

I refer to the Planning Proposal (PP) relating to land at 166-778, 184-192 and 198-214 Military Road, Neutral Bay (the Site), the purpose of which is to amend planning controls under the *North Sydney Local Environmental Plan 2013* (NSLEP 2013) as they relate to the Site.

The proposed amended controls are intended to facilitate the site's future redevelopment as a high-quality mixed-use development that comprises upgraded retail, commercial space and residential accommodation. The proposal also includes delivery of a new 730m<sup>2</sup> community centre, two additional through-site links and upgrade to the existing through site link to the future plaza, as well as pedestrian footpath widening and embellishment at ground level to Military Road.

As set out in the Planning Proposal report, amendments to the NSLEP 2013 required to achieve the proposed outcome are as follows:

- Increase the maximum building height from 16m to facilitate four slender towers over a two-storey podium. The increased height is proposed to be specific to the location of each tower:
  - Tower 2A-1: 42m (11 storeys);
  - Tower 2A-2: 45m (12 storeys);
  - Tower 2B-2: 36m (9 storeys);
  - Tower 2B-2: 45m (12 storeys); and
  - Through site links to remain at 16m to accommodate podium.
- Increase the minimum non-residential floor space from 0.5:1 to 1.2:1.

No change is required to the site's land zoning as the proposed uses are permissible in the MU1 Mixed Use zone.

The purpose of this letter is to set out the public benefits that Arkadia Property Services Pty Ltd, is willing to offer to support the Planning Proposal. Subject to agreement on these items it is envisaged that the public benefit offer would be formalised by the preparation and execution of a Planning Agreement affecting the site.

In formulating this public benefit offer consideration has been given to North Sydney Council's Voluntary Planning Agreements Policy (Direction 3. Our Innovative City)(Policy), as re-adopted by Council 26 September 2022 and the Department of Planning, Housing and Infrastructure's (DPHI) Practice Note on Planning Agreements published in February 2021 (Practice Note). We submit that the PP and the following public benefits meet the objectives stated in item 1.2 of Council's Policy. Further, that the components of our offer are directed towards meeting three objectives outlined in section 3.1 of the Practice Note, being:

- *Meeting the demands created by the development for new or augmented public infrastructure, amenities and services.*
- *Securing off-site benefits for the community so that development delivers a net community benefit.*
- *Compensating for the loss of or damage to a public amenity, service, resource or asset by development through replacement, substitution, repair or regeneration.*

Predicated on the favourable consideration of the PP by Council, we submit the following offer subject to the terms of the Planning Agreement that ensues, the details and values of which will be validated following the valuation principles set out in Council's Voluntary Planning Agreement Policy.

We note that the items outlined in this PBO equate to a total estimated value of approximately \$17,048,875. Separate to this we note that any future development application over the site will:

- Pay the remaining s7.11 development contribution amount following offset by the value of the public benefits listed in this PBO, as applicable to each stage of development;
- Generate additional employment opportunities;
- Deliver housing to contribute to meeting North Sydney Council’s housing target set by the State Government; and
- Arkadia is willing to commit to up to 15% of apartments delivered across the four towers as affordable and / or key worker housing for 15 years, managed by a registered Community Housing Provider (CHP). The development’s location is well suited to housing employees of the Mater Hospital and Royal North Shore Health Precinct.

**Valuing public benefits**

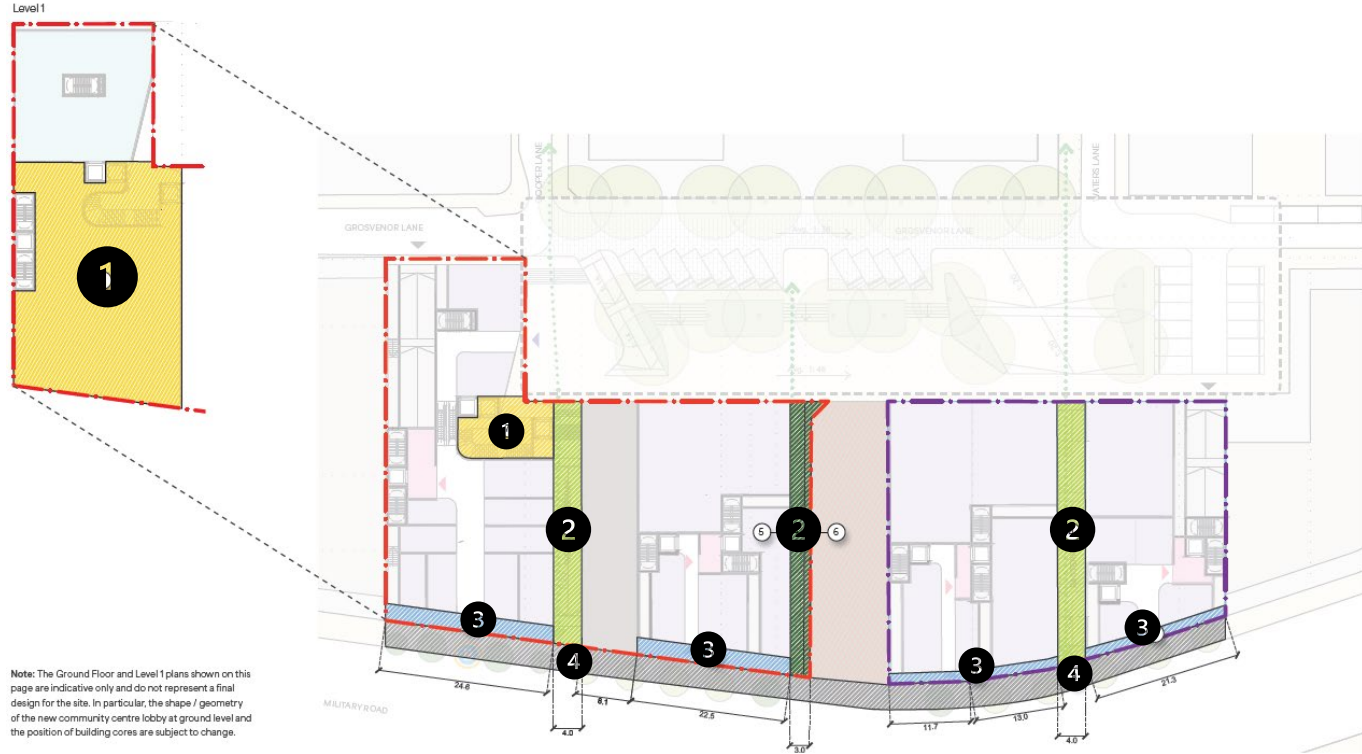
The methodology for valuing public benefits under a planning agreement is detailed in Council’s Policy (Appendix 1, Procedures relating to the use of planning agreements, item 3). In broad terms the advice of a professional valuer and/or quantity surveyor is called for, depending on the type of public benefit. For the purpose of this submission and discussion, however, Arkadia has formulated estimated valuations. We intend to validate these numbers in accordance with the Policy, with further consultation with an appropriate professional advisor on economic and social benefits following discussion with Council.

**Existing Council-owned community centre land**

Site 2A is proposed to include the lot owned by Council, at 190-192 Military Road. This lot is 318m<sup>2</sup> in area. 81m<sup>2</sup> of this land is proposed by Arkadia to be retained by Council as widening of the adjacent existing through site link. The remaining 237m<sup>2</sup> would therefore contribute to the proposed development volume. Notwithstanding this, the two new through site links equate to 296m<sup>2</sup> in area, exceeding the quantum of Council owned land proposed be occupied by development envelope. These links are in addition to the Military Road footpath widening land. Arkadia has considered these facts in preparing the PBO, outlined in detail below.

**The public benefits**

The proposed public benefits are itemised below, with locations identified in **Figure 1** and areas identified in **Figure 2**.



**Figure 1** Locations of public benefits

Source: Ethos Urban

Item	Description	Area
<b>//// Ground level footpath widening along Military Road (within site boundary)</b>		
①	2.5m footpath widening within Site 2A	115 sqm
②	1.5m footpath widening within Site 2B	68 sqm
<b>//// New through-site links in the form of laneways that connect Military Road with the future Grosvenor Plaza</b>		
③	Western Laneway (Site 2A) - 4m wide, open to the sky, aligns with Cooper Lane	143 sqm
④	Eastern Laneway (Site 2B) - 4m wide, partially covered, aligns with Waters Lane	153 sqm
<b>//// Upgrades to existing through-site link</b>		
⑤	Central Laneway (Site 2A) - Widening of existing through-site link	81 sqm
⑥	Central Laneway (Site 2A) - Upgrades to existing through-site link	39 sqm
<b>//// New community centre</b>		
⑦	Community centre, including ground floor lobby	876 sqm (GBA) 730 sqm (GFA)
<b>//// Public domain upgrades along Military Road frontage (outside of site boundary)</b>		
⑧	Public domain upgrades along Military Road (outside of site boundary)	449 sqm

**Figure 2 Areas of public benefits**

Source: Ethos Urban

1. **New community centre:** Construction and delivery to Council of a warm shell 730m<sup>2</sup> community centre within Tower 2A-1 to replace the existing Neutral Bay Community Centre on the site. The community centre will be located at Level 1, with a ground floor lobby providing direct access to the new plaza. Lift and stairs will provide access to Level 1. The community centre will be equipped with amenities and a kitchenette, storage rooms for furniture and IT services subject to further discussion of requirements with Council. Arkadia will provide a peppercorn lease of this space to Council for 40 years.

**Value:** \$9,350,000

**Timing:** Upon completion of the Tower 2A-1 Stage and with delivery of total residential GFA of 14,724m<sup>2</sup> as per Urban Design Report submitted with this PP.

2. **Publicly accessible through site links:** Construction of two additional through site links, dedicated as volumetric stratum to Council (to facilitate development above as per Site 2B). An easement is proposed to be established in benefit to Arkadia to facilitate seating and awnings within links adjacent to retail.

2.1. **Western pedestrian link (Site 2A).** The western link aligns with Cooper Lane and will be 4m wide, with embellishment including paving and accessible level change management (including public lift) and will be open to sky.

2.2. **Eastern pedestrian link (Site 2B).** The eastern link aligns with Waters Lane and will be 4m wide, with embellishment including paving and accessible level change management, and will be partially covered by building above, 50% of this will be retained and 50% dedicated.

2.3. **Upgrade and widening of existing pedestrian link.** Arkadia will upgrade the existing central through site link that is adjacent the heritage item. The upgrade will involve increase of width to 3m, embellishment including paving and accessible level change management and be open to sky.

**Value:** \$8,487,500

**Timing:** Upon completion of the relevant adjacent Stage and with delivery of total residential GFA of 14,724m<sup>2</sup> as per Urban Design Report submitted with this PP.

**3. Military Road footpath widening:** Additional ground floor setback to the Military Road boundary, dedicated as volumetric stratum to Council (to facilitate development envelope above the ground floor).

**3.1. Site 2A footpath widening.** 2.5m additional footpath width, within the existing boundary, provided to the full width of the Site 2A frontage to Military Road, at the ground floor. The surface will be embellished and finished to match item 4 below.

**3.2. Site 2B footpath widening.** 1.5m additional footpath width, within the existing boundary, provided to the full width of the Site 2B frontage to Military Road, at the ground floor. The surface will be embellished and finished to match item 4 below.

**Value:** \$4,575,000

**Timing:** Upon completion of the relevant adjacent Stage and with delivery of total residential GFA of 14,724m<sup>2</sup> as per Urban Design Report submitted with this PP.

#### **4. Public Domain Improvements and Landscaping:**

**4.1.** The existing footpath to the full Site 2A and Site 2B frontage is proposed to be upgraded with embellishments include paving, wayfinding, accessibility measures and a 1m wide landscaped strip where feasible with street trees at regular intervals, subject to detailed design.

**Value:** \$2,586,375

**Timing:** Upon completion of the relevant adjacent Stage and with delivery of total residential GFA of 14,724m<sup>2</sup> as per Urban Design Report submitted with this PP.

In keeping with the Department's Practice Note these benefits, valued in total at \$24,998,875 not only relate to the objectives set out for planning agreements but also provide facilities and services related to or arising from the future development of the Site.

The land within Site 2A and owned by Council is valued at \$7,950,000. Deducting this from the total value of public benefits noted above, the remainder is \$17,048,875.

We note that this package of benefits proposed is predicated upon gazettal of the Planning Proposal in its current form, with delivery of various contributions further predicated on the future redevelopment of the site consistent with the Indicative Concept Design that accompanies the PP.

Should, for any reason, this not be achieved, or should the nature and components of the Planning Proposal be changed to reduce the scheme, then Arkadia would reserve the right to review and amend the value of the benefits offered (which are proposed to be a deduction to the s7.11 contribution cost).

The PP for this Site will facilitate its redevelopment, contributing to Council's vision for the Neutral Bay Town Centre and providing significant direct social and economic outcomes. This includes delivery of housing and employment directly adjacent to existing and future public and road transport.

We thank Council for the opportunity to submit this PBO and welcome further opportunity to discuss. We trust that this initial public benefit offer is of sufficient detail and clarity to commence discussion with view to formalising a Planning Agreement for exhibition alongside the PP.

Yours sincerely,



**Ric O'Connell**  
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