

Continuing the Transformation of Central Sydney - Upgrading Sydney Square

File No: X096110

Summary

The City has been progressively implementing the transformation of Central Sydney in a staged manner, including: the installation of Light Rail along George Street and initial pedestrianisation between Wynyard and Town Hall (\$220M); the pedestrianisation of George Street between Town Hall and Central (\$43.5M); the pedestrianisation of George Street from Wynyard to Circular Quay (\$30M - underway); redevelopment of Circular Quay (in planning) and creating a new public square adjacent to Central Station (in planning).

These projects involved working in close partnership with the NSW Government, Australian Government, private sector and key stakeholders.

In the Town Hall precinct, the City has undertaken major upgrades to Town Hall (internal and external building works totalling \$72M) and the pedestrianisation of George Street has provided new space for people in front of the Town Hall. This now enables the City to progress the next phase in the transformation of Central Sydney, namely the upgrading of Sydney Square.

Sydney Square is the public space between Sydney Town Hall and St Andrews Cathedral.

Constructed in the 1970s, the 4,500 square metre public space provides little amenity for pedestrians seeking shade and respite. The aging pebblecrete surface is at odds with the high-quality granite paving throughout George Street and the lighting infrastructure and street furniture are nearing end of life and require replacement.

Council owns the northern side of Sydney Square and Town Hall Arcade to approximately one metre out from the façade of the shops on the northern side of the Arcade. The remainder of the square and Arcade is owned by the St Andrew's House Corporation including St Andrew's House and public carpark. The City-owned shops on the northern side of the Arcade are the subject of a long-term lease to the St Andrew's House Corporation.

The City, St Andrew's House Corporation, the Anglican Church Property Trust Diocese of Sydney (St Andrew's Cathedral) and St Andrew's Cathedral School are lifelong neighbours with a collective stewardship and shared objectives.

All adjoining owners are committed to working with the City as partners to upgrade Sydney Square and surrounds to improve the square's utilisation, amenity and connection with consideration of the Town Hall Arcade, the interface to the George Street Light Rail Station and the relationship with the state and local significant heritage buildings.

With the long-term lease over a portion of the arcade expiring in 2030 and a shared desire to implement the pressing recommendations of the adopted Town Hall Square Public Domain Plan, there is an opportunity to prioritise the delivery of the upgrade of Sydney Square and surrounds as the first phase of the Town Hall Precinct public squares.

This report recommends Council endorsement to develop a concept design for an upgraded Sydney Square in consultation with St Andrew's House Corporation, St. Andrew's Cathedral, St Andrew's Cathedral School and the community.

In parallel the City will manage any variation of the current lease with St Andrew's House Corporation as may be required to facilitate the redevelopment of Sydney Square, develop the commercial terms of a new long-term lease over the City's portion of the Arcade and revise and update a management agreement for Sydney Square to take effect upon completion of the Square.

The draft Long-Term Financial Plan being submitted to Council in May 2023, includes an allocation of \$35 million for the redevelopment of Sydney Square.

The construction of a future Town Hall Square will require a large financial commitment of well over \$200 million. The capital costs would be greater than any recent undertaking of the City, and will reduce our future operating income from the site. The City is yet to acquire all the properties required for the future square. A project of this size will require funding contributions from the State and/or Federal Government to ensure that the City remains financially sustainable. Funding for the project also requires significant pre-planning, and the City will need to continue to optimise its commercial property portfolio in order to set aside funds towards the cost of construction, while ensuring our long-term financial sustainability.

For these reasons it is recommended that construction of the future Town Hall Square not commence any earlier than 2035 and that the period available for commercial and retail leases in these properties be extended to coincide with the earliest date that these sites are to be required for construction to commence.

Recommendation

It is resolved that:

- (A) Council endorse the continued transformation of Central Sydney and the staged development and delivery of Sydney Square within the Town Hall Public Domain Precinct, with Sydney Square and the surrounding public areas including Druitt Street and Bathurst Streets as the next phase in the overall transformation program;
- (B) Council develop a concept design for the upgrade and redevelopment of Sydney Square working with St Andrew's House Corporation, St Andrew's Cathedral School, the Anglican Church Property Trust Diocese of Sydney (St Andrew's Cathedral) and the community;
- (C) authority be delegated to the Chief Executive Officer to negotiate, execute and administer variations of the current Town Hall Arcade lease to St Andrew's House Corporation (expiring on 1 February 2030 with registration number AR943044) as may be required to support alignment of the redevelopment of Sydney Square planned for 2027;
- (D) Council note the Chief Executive Officer will negotiate a heads of agreement with St Andrew's House Corporation for a new long-term lease over the City owned portion of Town Hall Arcade which will be the subject of a future report to Council;
- (E) Council note the Chief Executive Officer will negotiate a comprehensive management agreement to support the ongoing operation of a revitalised Sydney Square with St Andrew's House Corporation and St Andrew's Cathedral which will be the subject of a future report to Council;
- (F) Council note the delivery of the future Town Hall Square is to be commenced no earlier than 2035;
- (G) Council note that the period available for commercial and retail leases in the buildings at 540 and 546 George Street, the Coronation Hotel, Park House, Pittway Arcade, 307 Pitt Street and the future property acquisition to complete the area required for the future Town Hall Square, be extended to coincide with the earliest date that these sites are to be required for construction to commence of a future Town Hall Square;
- (H) Council note that all leases extending beyond 1 July 2035 will contain a specific 'demolition clause' that enables the City to take early possession of the premises with an agreed notice period of 12 months;
- (I) Council note that increased rental revenue, due to the extension of the available commercial lease terms for properties associated with the future Town Hall Square, will be allocated to a specific reserve towards the construction costs of a future Town Hall Square; and
- (J) Council note regular updates and briefings will be provided to Council.

Attachments

Attachment A. Plan of Sydney Square Project Extent

Attachment B. Project Details (Confidential)

Background

1. In 2006, Council engaged Gehl Architects to conduct a Public Space and Life Study of central Sydney. This study looked quantitatively and qualitatively at public spaces in the heart of our city. The study recommended creating three city squares connected by a revitalised George Street.
2. In 2008, Sustainable Sydney 2030 clearly articulated a vision for 'Three Linked City Squares', based on the recommendations of the 2007 study.
3. In 2017, Gehl Architects completed an urban design analysis of the Town Hall precinct, including both Sydney Square and Town Hall Square. The report details principles and objectives for the design of both squares.
4. The Public Space Public Life Study 2020, also by Gehl Architects, in collaboration with the City, is a review of the previous study. Council noted the updated study, which reaffirmed the need for the Three Squares following the completion of the light rail and the ongoing pedestrianisation of George Street and post Covid-19, to encourage the community back to the city centre.
5. In 2022, Sustainable Sydney 2030-2050: Continuing the Vision expanded on the Three Linked City Squares concept and included this project as one of the 10 project ideas.
6. The Town Hall Public Domain Plan area is at Sydney's civic and retail heart; defined as the area between Liverpool Street to the south, Harbour Street and the Western Distributor to the west to Druiitt Street, George Street to King Street in the north, and Elizabeth Street to the east.
7. The City has over many years shaped the transformation of the city working collaboratively and providing funding support to the NSW Government of the City's strategic objectives particularly pedestrianisation outcomes including light rail, George Street (north and south), future plans for Hunter Street area, Central Square and consideration of Circular Quay with the State Government.
8. The Town Hall precinct is undergoing significant change with public and private investment driving growth including the 2024 delivery of new Metro stations which will intensify the interchange role of streets and bring additional people to the precinct daily.
9. The adopted Town Hall Public Domain Plan (2021) is part of a broader City Centre Public Domain planning process developing plans for eight specific precincts each with identified project opportunities being implemented across the city.
10. The Plan responds to issues and delivers on the Sustainable Sydney 2030 vision. By establishing a long-term vision for streets and spaces it provides a framework for advocacy, stakeholder engagement and community consultation, as well as guiding public and private development projects.
11. To achieve the Plan's project outcomes, partnership and collaboration with State agencies and adjoining landowners will be imperative. The efficient functioning of the city, including services and loading will also be a prime consideration developing the project proposals.

Sydney Square

12. Sydney Square, first conceived in the early 1960s, is the civic space at the centre of a 19,658 square metre City block bound by George and Drutt Street Streets to the east and north, and Kent and Bathurst Streets to the west and south.
13. Sydney Square and the Town Hall Arcade connecting to the Town Hall Station concourse was completed in 1973 followed by St Andrew's House and Town Hall House in late 1976 and 1977.
14. The City, St Andrew's House Corporation and the Anglican Church Property Trust Diocese of Sydney each own land upon which Sydney Square is built. The City owns the northern side of Sydney Square and Town Hall Arcade to approximately one metre out from the façade of the shops on the northern side of the Arcade. The remainder of the square and Arcade is owned by St Andrew's House Corporation. Refer to Attachment A - Plan of Sydney Square Project Extent.
15. In 1977, the St Andrew's House Corporation entered into a 21-year lease over the City's owned portion of the Town Hall Arcade. In 2000 the Town Hall Arcade was refurbished with a new access through to the corner of Bathurst and Kent Streets with the parties entering a 20-year lease with a 10-year option which expires on 1 February 2030.
16. An operational agreement for the control and management of Sydney Square between the City and St Andrew's House Corporation was last updated on 22 August 1983. This agreement reflects current ownership patterns of the square.
17. Constructed in the 1970s, the square provides little amenity for pedestrians seeking shade and respite. The aging pebblecrete surface is at odds with the high-quality granite paving throughout George Street and the lighting infrastructure and street furniture are nearing end of life and require replacement.
18. All adjoining owners are committed to working with the City as partners to upgrade Sydney Square and surrounds to improve the square's utilisation, amenity and connection with consideration of:
 - (a) creating a unique and vibrant Square aligned to the City's vision;
 - (b) increasing activation of the Town Hall Arcade;
 - (c) the interface with George Street Light Rail,
 - (d) connectivity through Town Hall Station to Metro North and South; and
 - (e) an update of the Sydney Square management agreement.
19. A staged approach will require immediate commencement of a concept design with input from St Andrew's House Corporation, St Andrew's Cathedral and St Andrew's Cathedral School to meet the construction commencement target of 2027.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

20. Sustainable Sydney 2030-2050: Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
- (a) Direction 1 - Responsible governance and stewardship - Sydney Square sits between two important civic landmarks, Sydney Town Hall and St Andrew's Cathedral. Sydney Square's generally poor presentation does not reflect the importance of these buildings and their role in our community. In particular, post light rail, this area is not delivering on the amenity needed by our community.
 - (b) Direction 3 - Public places for all - improvements to Sydney Square will encourage better use of the square and increase amenity for the community and will benefit our two important heritage buildings. The future Town Hall Square addresses a shortfall of public gathering places at the heart of our city.
 - (c) Direction 4 - Design excellence and sustainable development - a refurbishment of the square will lift its design quality to match that of George Street, Sydney Town Hall and St Andrew's Cathedral.
 - (d) Direction 5 - A city for walking, cycling and public transport - Sydney Square and Town Hall Arcade provide access to Town Hall Station and the light rail. Improving legibility and access will benefit both the square and the stations.
 - (e) Direction 8 - A thriving cultural and creative life - Sydney Square has the potential to host events, markets and other cultural activities, as well as to be a place of respite in a busy city environment. An adaptable square design will create opportunities for increased usage, in particular activation of its edges.

Organisational Impact

21. The recommendations the subject of this report do not have any organisational impact and can be accommodated within current staffing levels.

Risks

22. Working with landowners and State authorities will take time to develop concepts and commercial arrangements.
23. Failure to resolve ongoing management of the square would frustrate the City's ability to achieve our 2030-2050 vision and fully realise its potential as a public space.

Social / Cultural / Community

24. The revitalisation of Sydney Square creates increased opportunities for community enjoyment and enables cultural experiences in a city where public space is in great demand.
25. High quality public domain including pedestrian links and recreational spaces has a positive effect on the health of workers and residents.

Environmental

26. The development of the precinct is aligned with the City's leadership in environmental sustainability and climate action through maximising tree canopy and greening linkage improvements between city, parklands, and harbour.

Economic

27. High quality public spaces and amenity are key contributors to the competitiveness of cities to do business and attract investment.

Financial Implications

28. The draft Long Term Financial Plan being considered by Council in May 2023, includes an allocation of \$35 million for the redevelopment of Sydney Square including the Drutt Street pedestrian areas.
29. The current and draft 10-year Long Term Financial Plans reflect:
 - (a) revenue from the Town Hall Arcade stratum of lease;
 - (b) revenue generated from the current portfolio of properties within the future Town Hall Square and the associated operational costs including maintenance;
 - (c) annual building asset renewal costs for the current portfolio of properties within the future Town Hall Square; and
 - (d) property acquisition for the future Town Hall Square.
30. Future iterations of the Long Term Financial Plan will capture the matters for noting and the recommendations within this report, including establishment of a specific reserve to accumulate funds towards the costs of constructing a future Town Hall Square.

Relevant Legislation

31. Project delivery will be in accordance with relevant planning and approval legislation and regulations, including the Environmental Planning and Assessment Act 1979 (NSW) and Roads Act 1993 (NSW).
32. Leases are administered and managed under the Conveyancing Act 1919 (NSW) and Retail Leases Act 1994 (NSW).
33. Local Government Act 1993 (NSW).
34. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
35. Attachment B to the subject report contains confidential commercial information which if disclosed, would confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business.

36. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its' ratepayers.

Critical Dates / Time Frames

37. The development of concept designs for Sydney Square and surrounds including Druitt Street will commence upon adopting the recommendations within this report.
38. Indicative milestones for the delivery of Sydney Square are:
- (a) Draft concept design - end 2024
 - (b) Draft development and leasing agreement for Sydney Square and Town Hall Arcade - end 2024
 - (c) Community consultation - early 2025
 - (d) Detailed design and development approvals - mid 2027
 - (e) Construction completion - mid 2029

Public Consultation

39. Extensive community consultation and engagement was undertaken as part of Sustainable Sydney 2030 and Sustainable Sydney 2030-2050: Continuing the Vision.
40. Public consultation will be undertaken as part of design development and the planning approval process for the project.

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