

Item 3.4**Town Hall Square****File No: S051491****Minute by the Lord Mayor**

To Council:

In 1982, Council supported the proposal of former Lord Mayor Doug Sutherland to acquire properties on George and Park Streets to deliver a square opposite Town Hall. In 1989, that plan evolved under Lord Mayor Jeremy Bingham by extending the acquisition area to deliver a Town Hall Precinct and our Council has continued to purchase buildings as the opportunities arose.

In 2004, I was elected as Lord Mayor with an Independent Team committed to light rail on George Street.

The City's work to transform noisy, traffic-choked George Street began in 2007, when Jan Gehl's Public Space Public Life report suggested 3 city squares at Circular Quay, Town Hall and Railway Square, all linked by a light-rail and pedestrian boulevard. This idea was then further developed by the City as part of Sustainable Sydney 2030.

Since 2015, the City has spent over \$300 million transforming George Street between Central Station and Circular Quay as part of the light rail transformation. When complete the fully pedestrianised George Street will have reclaimed over 26,000 square metres of space for people including adjacent streets such as Devonshire, Barlow, Ultimo, Hay, Central, Wilmont, Hunter, Margaret, Bond, Jamison, Bridge, Dalley and Alfred Streets.

The City has planted 100 extra trees and provided wide, granite-paved footpaths, modern street furniture and lighting. Most importantly, there are people everywhere – on our seats, having conversations, on their devices, or just watching passers-by.

George Street revitalisation has attracted over \$8 billion worth of private investment including businesses like Paspaley, Cartier, Louis Vuitton, Burberry as well as Ernst and Young and Salesforce which also has a new public plaza, to name a few.

Sydney Square between Town Hall and St Andrew's Cathedral

In May 2023, Council unanimously resolved to develop a concept design for Sydney Square between Town Hall and St Andrew's Cathedral in accordance with the Town Hall Precinct Public Domain Plan and Sustainable Sydney 2030-2050: Continuing the Vision, as the next stage in the transformation of Central Sydney. That work is under way.

Council has committed \$35 million towards the staged upgrade of around 6,500 square metres of public space at Sydney Square and the scope of works will be reported to Council later this year. Constructed in the 1970s, we need to bring this area up to the same standard as our recent work in George Street with new granite paving, seating, trees and planting.

Investment in Sydney Square will complement the City's work on George Street and the \$72 million the City has spent upgrading Town Hall since I was elected Lord Mayor, which has given life to this important civic building for another 100 years.

Accelerating Town Hall Square

The City remains committed to the long-term vision for a Town Hall Square opposite the Town Hall.

When the City negotiated the commercial leases in these buildings, we were severely affected by the financial impacts of the pandemic and not in a position to deliver the Square and in May 2023, Council unanimously resolved to extend the commercial leases and allocate the rental revenue into a reserve to help cover the costs of creating the future Town Hall Square project. These buildings are all around 50 years old and the cost to maintain them is increasing, particularly given that they were designed to standards which have changed substantially over the years.

In Sydney and in global cities around the world, Covid-19 has resulted in higher vacancy rates in older office and retail buildings. Tenants prefer to move into recently developed blue ribbon floor space. Leases on the Town Hall Square site buildings currently cover their maintenance and operating costs. However, I have recently been informed that the cost to upgrade these buildings to current standards and expectations – to retain tenants and entice new ones – has become prohibitive. Contributing to this are rising building costs and changes in legislation increasing compliance standards.

The cost of maintenance, compliance and upgrades is likely to exceed the income these buildings generate. Investment in the long-term leases of buildings we intend to demolish for the future Town Hall Square is not prudent.

In addition, more people have returned to the city for work and to visit. Nightlife has increased and is planned to increase further under our proposals for Special Entertainment Precincts that include areas around Town Hall. The completion of the new Metro Station, Gadigal on Park Street, is also bringing thousands of commuters to the area.

I believe Council must re-evaluate projects and adapt to changing circumstances to maximise benefits for the City and its communities.

Rather than budgeting for a program of maintenance and upgrade, I am asking the Chief Executive Officer to investigate and report on financially responsible options to accelerate the delivery of Town Hall Square as part of the upcoming budget and with a view to beginning demolition works this term.

Recommendation

It is resolved that:

(A) Council note that:

- (i) since 2015, the City has spent over \$300 million transforming George Street between Central Station and Circular Quay as part of the light rail transformation and when complete will have reclaimed over 26,000 square metres of road space for people;
- (ii) the City remains committed to the long-term vision for a Town Hall Square and for over 3 decades has been progressively acquiring properties to achieve this vision;

- (iii) the existing aging commercial buildings on the future Town Hall Square are expected to cost more in maintenance, compliance, and upgrades than the income they will generate. This will require Council to re-evaluate the project and adapt to changing circumstances to maximise benefits for the City and its communities; and
 - (iv) the City of Sydney is also developing a concept design for Sydney Square between Town Hall and St Andrew's Cathedral in accordance with the Town Hall Precinct Public Domain Plan and Sustainable Sydney 2030-2050: Continuing the Vision, as the next stage in the transformation of Central Sydney; and
- (B) the Chief Executive Officer be requested to investigate options to accelerate the delivery of Town Hall Square for Council's consideration as part of the 2025/26 budget that will include a full project scope and costings, and for demolition to start this term.

COUNCILLOR CLOVER MOORE AO

Lord Mayor