



Our ref: DOC21/329417

Mr Adrian Pilton  
Commissioner and Panel Chair  
Independent Planning Commission  
C/O Mr Steven Barry  
Director  
Officer of the Independent Planning Commission

**By email:** [Steve.Barry@ipcn.nsw.gov.au](mailto:Steve.Barry@ipcn.nsw.gov.au)

**Subject:** further information regarding MLC Building (former), North Sydney, requested by IPC Panel

Dear Mr Pilton

On behalf of the Heritage Council of NSW, I thank you for the opportunity to provide further information on issues regarding the SHR listing of the MLC Building (former), North Sydney. Please find advice on the questions below

**Question 1.**

Given the relative significance of the Miller Street and Denison Street wings and that the building owner has submitted that retention of the Miller Street wing, with demolition and redevelopment of the Denison Street wing, could not work [*in part*] due to the constraints imposed by the 2.4m floor-to-ceiling heights in the Miller Street wing, which would have to tie in with any new development on the Denison Street side (transcript of Commission's meeting with the building owner

<https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/transcripts-andmaterial/2021/mlc-north-sydney/210412-building-owner-meeting-transcript.pdf>, page 27, line 15):

*Does the Heritage Council/Heritage NSW have an opinion on whether this would constitute a significant physical constraint on a possible future Denison Street development, as asserted by the building owner?*

**Response - by PTW who provided the Heritage Assessment report for the Heritage Council's Peer Review**

The cross- section shown on the attached scanned Investa drawing (1604\_001.pdf) assumes that the zone for mechanical ducts would be continuous across the whole ceiling plane.

Usually major ducts run in zones or bands, allowing higher areas of ceiling between the bands.

Further, the tenant services zone (assuming that this is for electrical services) could be designed, in most areas, to run between the ducts with some crossovers that could be expressed as bulkheads.

Therefore, the ceiling plane could be profiled to provide areas that are closer to 2700mm high rather than an overall 2400mm high.

Further, some clients may choose to leave service trays/runs exposed and expressed.

In terms of differing floor to floor heights between the existing Miller Street wing and a potential new Denison Street wing, the Indicative Scenario 3 acknowledged the difference in floor levels and provided a separate (although adjacent) core for the new wing- please see p18 (reference to separate core in text);p22 section;pp26-27 area tables where level 01 Miller Street has RL of 66.856 and level 01 new Denison Street wing has RL of 66.866) as the “starting levels” for the two wings.

We used the DA floor to floor heights of 3.87m for the new Denison Street wing but as noted in the Investa response, contemporary floor to floor heights vary between 3.75 – 3.9m.

Using 3.75m would reduce the difference between the new wings.

Nevertheless, the tenancy layouts on p27 of our report, in response to the tenancy sizes nominated in the Urbis report, do not need the floors of the two wings to be contiguous.

#### **Question 1B**

*Is the Heritage Council/Heritage NSW aware of the reasons why the earlier development application for redevelopment of the Denison Street wing did not proceed?*

Heritage Council considers that North Sydney Council would be in the best position to comment on this matter. Never-the-less it would seem that the decision to refuse the earlier development was based on the proposed scheme overshadowing Brett Whitely Place. Since this decision the North Sydney Council LEP has been amended to allow overshadowing of Brett Whitley Place from 105 Miller Street North Sydney.

#### **Question 2.**

*Is Urbis able to clarify why it may be that its experience of the North Sydney market appears to differ from the data presented by the building owner?*

#### **Response - by Urbis who provided the Economic Assessment report for the Heritage Council's Peer Review**

Overall, I believe that we have a similar alignment in terms of the market conditions and their impact on the current building as is. Furthermore, we agree that when taking account of the likely maintenance and rectification works based on cost estimates provided by the owner, a full heritage listing is likely to be unviable (as per our advice dated 4 February 2021). We did however recommend in our advice that the assumptions on rectifications works presented by the owner should be reviewed to ensure an alternative cost effective option is not available.

From our review of the material presented, Urbis' market advice broadly aligns with the work prepared by Ethos Urban in relation to:

- Building grades and market positioning
- Current market conditions and trends in North Sydney towards high grade (Premium and A Grade) office stock
- The current market preferences of tenants for A Grade accommodation over B Grade Accommodation

- Market rental levels for B Grade office buildings quoted by Ethos Urban are generally in line with the range quoted by Urbis, however we note that they have quoted a slightly lower rate for A Grade office accommodation, albeit still within our adopted range.

Therefore, based on what was presented by Mr Cikuts, there is no significant or material difference of opinion between Urbis and Ethos Urban on market conditions or the viability of retaining the existing building with a full heritage listing in place.

The key difference between Urbis' advice and the evidence presented by Mr Cikuts is on the option to keep a part of the building fronting Walker Street and to demolish and rebuild a modern extension on Denison Street (Option 3 in our advice). The point of this option would be to bring the whole building to an A Grade standard whilst maintaining the heritage façade on Miller Street, which aligns with the advice provided by PTW.

Mr Cikuts does not address Option 3 and is silent on the potential viability of a hybrid heritage / development model. Therefore, it appears that he may not have considered this as an option. I do note however that the Mr Philip Vivian of Bates Smart does discuss the options for extension from a design perspective, however these comments would be best reviewed by PTW.

As such, I do not believe that Mt Cikuts has addressed the questions in our recommendations on Page 20 of our 4 February 2021 report, which I include below for reference:

#### *Recommendations*

*Based on our analysis, we make the following recommendations to the Heritage Council NSW:*

- *Given the range of remediation costs produced by the owner in the Development Application and response to the proposed State Significant Heritage listing, Urbis recommends that further assessment of remediation options be undertaken by an independent engineer to assess the viability of different approaches to resolve potential issues associated with the repairs to the building façade, fire rating, external masonry tiles and flooding. The key objective of this assessment would be to ensure that different approaches are considered that may reduce the cost to the owner to maintain the building in its current form.*
- *In the event that remediation costs outlined in the WT Partnership are confirmed by a detailed engineering assessment, making the retention of the building unviable for the owner, the Heritage Council should consider if a hybrid development that retains part of the existing structure along Miller Street and development of a new building on Denison Street*
- *Would provide a suitable heritage outcome for the site. This would require a further assessment through a detailed design, costing and feasibility study to confirm that the option is viable and able to be delivered on the site.*

#### **Final comments**

Heritage Council notes that during the site inspection of the MLC Building on Tuesday 13 April 2021 and in their subsequent presentation to the IPC, the owner's representative and proponent for demolition and construction of a new building on the site made a number of assertions regarding ceiling heights and fire rating. Specifically, in order to gain increased ceiling heights to allow for refurbishment to an A-grade office facility, they claimed it would be necessary to remove the fire proofing from the ceiling to the floor plate. They argued that the resultant increase in loading would require significant reinforcement of the steel structure of the building.

Heritage Council wishes to point out that this is an assertion only and has not been tested. As you will recall this issue was raised in the Heritage Council's meeting with the IPC Panel and while the Panel has not specifically requested our input on this matter, the Heritage Council remains willing to commission independent advice regarding this issue. We also note that the matter of the building's fire rating was raised in the PTW Peer Review report on Pages 14 and 15 of this report. In particular the report states:

**Fire Rating (p 42)**

*'The structural fire rating is below the mechanical services, and thus must be removed to allow the replacement of mechanical services as well as to provide contemporary flexibility of services'*

**PTW Comment:**

Drawings of the building section both in the DA and for the 1998 refurbishment indicate a sheet of plasterboard, fibre cement or the like, providing fire rating to the steel structure. Removal and replacement would seem possible above the new ceilings that appear from photographs to be part of the 2012 refurbishment.

Once again thank you for allowing the Heritage Council to provide additional input and clarification to the deliberations of the Panel.

Yours sincerely



Frank Howarth  
**Chair, Heritage Council of NSW**  
28 April 2021