

City land values slump

Owners claim millions lost over new code

MILLIONS of dollars have been slashed from Sydney city land values, it was claimed yesterday.

The president of the Building Owners and Managers Association, Mr. W. J. Gately, said 20 per cent would be a conservative estimate of the overall devaluation.

Many properties were now worth only a third of last year's values, he said.

Mr. Gately said building and parking codes set out in the City Council's Strategic Plan could halt development in Sydney and cause legal battles that would last for years.

The codes could cost developers millions of dollars on a single project.

Banks, breweries, retailers and owners of the hundreds of small buildings between Circular Quay and Central railway could incur tremendous losses.

Small sites, which last year were worth \$200 a square foot, might now be worth only \$50 or \$60.

Sites which under the old codes could contain an 11-storey building were now allowed to support one only half or a third that size.

Mr. Gately said the planners had been too brutal to enforce their concepts.

The parking code was one of

the most contentious points in the plan.

This required a developer to contribute to council parking station projects. It could cost the developer of an Australian Square-size complex \$900,000, to be paid in cash without chance of any financial return.

Unless rents could be substantially increased, which seemed unlikely, this sum would have to be deducted from the amount a developer could afford to pay for land.

A second point was that building approvals gained under old building codes would expire on July 18 unless the projects were "substantially commenced."

Applications would then have to be renewed, probably in accordance with the new parking and building codes.

Mr. Gately said protracted legal battles were likely over the definition of "substantial."

If legal battles ensued, the costs to developers could be millions of dollars.

One of the heaviest costs to a developer was interest on capital between purchase of land and the first letting. In normal circumstances this delay could be two years and cost the developer almost \$200,000.

If court battles or uncertainty among authorities substantially extended this time the interest costs could have a further adverse effect on the land market.

The director of the Strategic Plan project, Mr. George Clarke, said some depreciation of land values might occur.

"It should also be remembered that the city has shown self-destructive tendencies and some corrective medicine is essential," he said.

"Had we not acted the State Planning Authority, or some other body, probably would — and it seems likely they would have been tougher than we have been."

PRESSURE

Mr. Clarke said the plan tried to take a realistic attitude towards Sydney's problems.

"The codes incorporated an encouragement to developers and owners to amalgamate small sites into areas which could be viably developed within the concepts of Sydney's needs."

A new approach to development might be required so that owners of small sites could band together in a co-operative to achieve attractive plot ratios.

A city councillor, Mr. Andrew Briger, an architect, said the plan was essential for Sydney's survival.

"No doubt pressures will be applied," he said. "How council withstands these pressures remains to be seen."

Pressures are likely from almost every sector of business.

The chairman of Lowe's stores, Mr. Stephen Lowe, said: "Perhaps the codes would cost us a lot of money if we wanted to sell. But we don't want to sell."

"However, we will be watching the developments and if the scheme doesn't suit retailers as a group, a lot more will be heard on the subject."

"The same situation has been seen in Point Piper. On one side of a road, a fellow can build tower blocks of units and on the other his neighbor can't do a thing with his land."

"What happens to the second fellow and the value of his dirt? You can work it out yourself."