

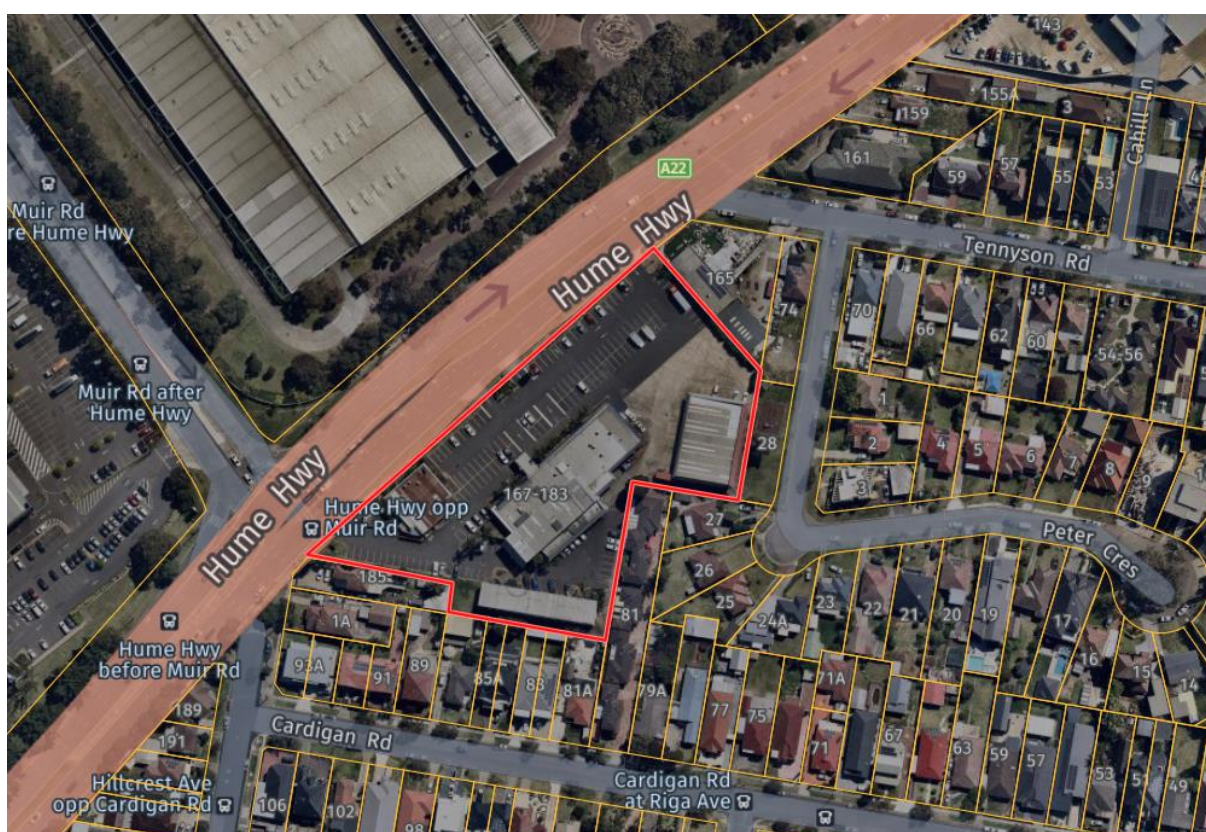
4 November 2021

Dear Amita,

**Subject: Peer Review- Value Uplift Analysis- 167 Hume Highway Greenacre**

Atlas Urban Economics is acting on behalf of Iris Capital (the landowner) for the redevelopment of 167 Hume Highway Greenacre (subject site). The landowner would like to enter into a Voluntary Planning Agreement (VPA) with the Canterbury Bankstown Council (Council).

**Figure 1: Subject site**



A Letter of Offer to Council was made on the 16<sup>th</sup> of September 2021, with supporting documents and information (Appendix A).

Council has engaged HillPDA to peer review the VPA offer for the subject development application and planning proposal for a rezoning.

The purpose of HillPDA's peer review is to provide assurance around the accuracy, consistency, and transparency of the VPA prepared by Atlas Urban Economics and an independent opinion on the validity of the assumptions and methodology used.

This peer review was completed in three parts:

1. Reviews the Atlas Urban Economics approach, assumptions and VPA rationale
2. Reviews the VPA offer to the Council
3. Provides an independent appraisal of the value uplift and commentary on the affordable housing provision

## Background

The landowner has lodged a planning proposal to increase the height and FSR of the land. The landowner is seeking to increase the FSR to 1.3:1 and increase the height up to 20m. A summary of the planning proposal is shown below.

**Table 1: Planning proposal**

Existing	Current LEP Controls	Proposed 2018	Gateway
Area	11,744	11,744	11,744
Zoning	B6 Enterprise Corridor		
Height	11–14 metres (3–4 storeys)	11, 14 and 18m (3, 4 and 5 storeys)	11, 17 and 20 metres (3, 5 and 6 storeys)
FSR	1.00:1	1.25:1	1.30:1
Non Resi FSR		0.25:1	0.30:1
Resi		1:1	1:1
Total GFA	11,744.00	14,680.00	15,267.20
GFA Uplift over base FSR		2,936.00	3,523.20

## VPA offer

The VPA offer for the planning proposal is as follows:

50% uplift value \$1,438,475 to be used for:

- Works in-kind deducted of the uplift value:
  - \$50,000 for the upgrade of public facilities within Peter Reserve
  - \$20,000 for the delivery of a new bus stop
- The Developer will dedicate 617sqm of land, which will be incorporated into Peter Reserve. The Community Value of the park is estimated at \$2,300,000 based on a Cost Benefit Analysis.
- A Developer Credit of \$931,525 offset against S7.11 or s7.12
 

@ 50% (Monetary Contribution	\$1,438,475	
	Works in kind	
Minus	\$20,000 for bus stop	
	\$50,000 for open space embellishment	
	= Infrastructure Need for Public Purpose	\$ 1,368,475
Minus	Community Value	\$2,300,000
Developer Credit to be applied against cl.6 (Set off against any amounts determined pursuant to sections 7.11, 7.12 or 7.24 of the Act).		(\$931,525)

Source: Voluntary Planning Agreement - 167 Hume Highway Chullora\_V1

## VPA Methodology and offer

The methodology applied to establish the value of the 600sqm open space uses development site sales to quantify the uplift in site value. This establishes an uplift value of \$2,876,950 (\$816/sqm GFA) for the difference between the notional LEP scheme and the Planning Proposal.

As per the VPA policy, the landowner and the Council share the land value uplift 50/50 and therefore the public benefit is \$1,438,475.

A review of the comparable development site sales market research is accurate and reasonably supported with evidence. However, there is a difference in the calculation of uplift in areas which will be detailed further below.

For the dedication of the land component, the VPA offer has not provided a market land value. Instead, the VPA offer applies a high-level Cost Benefit Analysis (CBA) of a 600sqm local park to quantify in dollar terms the community benefits of this local park. This VPA letter does not provide the CBA cashflow that establishes this 'social' value but states the value includes 'social benefits' of a local park and an increase in surrounding house prices. The social value of the park is estimated at \$2.3mil.

This CBA approach is inconsistent with the Canterbury Bankstown VPA Policy 2020. Under cl2.5 of the VPA Policy the value for the purposes of the VPA is the market value of the land determined in accordance with Division 4 of Part 3 of the Land Acquisition (Just Terms Compensation) Act 1991.

## HillPDA Approach

There is no existing residential GFA on the subject site, however, Bankstown LEP 2015 allows Residential Flat Buildings (RFBs) in B6 Enterprise Zone only as part of a mixed-use development, but it must protect existing commercial GFA.

We have calculated the existing permissible residential GFA on the site as 8,405sqm and uplift in residential GFA as 2,745sqm (as advised by Council).

**Table 2: GFA Uplift Calculations**

Items	Provision under BLEP 2015
Existing site area (A1)	11,750m2 (Source: Pathway and Exponare)
Total permissible (commercial + residential) GFA @1:1 FSR (B1)	11,750m2
Existing commercial GFA (estimated) (C1)	3,345m2
Permissible Residential GFA under BLEP 2015 (D1)	<b>8,405sqm (B1-C1)</b>
Planning Proposal	Provision under the Planning Proposal
Revised Site Area (11,750 (A1) less 600sqm open space) (A2)	11,150sqm
Total permissible GFA @ 1.3:1 (B2)	14,495sqm
Min commercial GFA 0.3:1 (C2)	3,345sqm
Permissible Residential GFA Under PP (D2)	11,150sqm
Residential GFA uplift (E2)	<b>2,745sqm (D2-D1)</b>

## VPA Uplift Value

Based on the residential uplift of 2,745 (Table 2), the uplift in land value is \$ 3,156,750 of which is shared 50/50 which equates to \$ 1,578,375.

**Table 3: HillPDA VPA Approach**

GFA Uplift (E2)	2,745sqm
\$/sqm GFA Rate (assumed residential value of land) (1)	\$1,150
Value of uplift	\$3,156,750
50/50 share (a)	<b>\$1,578,375</b>

1. Atlas VPA Letter 16/9/21 Table 3

## Open Space

To derive the market value of the 600sqm open space we have adopted the NSW Valuer General data for 27 Peter Cres, Greenacre and added a 10% premium to acquire.

**Table 4: NSW Valuer General**

Address	Area	Zoning	Purchase price	Sale Date	Adjusted land value	\$/sqm site
12 Terry St Greenacre	796	Low Density Residential	\$1,060,000	Jun-20	\$890,000	\$1,332
194 Noble Ave Greenacre	686	Low Density Residential	\$950,000	May-20	\$778,000	\$1,385
6 Lamson Pl Greenacre	853	Low Density Residential	\$800,000	Apr-20	\$577,000	\$938
110 Northcote Rd Greenacre	626	Low Density Residential	\$800,000	Apr-20	\$643,000	\$1,278
15 Lauma Ave Greenacre	701	Low Density Residential	\$885,000	Apr-20	\$740,000	\$1,262
36 Tennyson Rd Greenacre	892	Low Density Residential	\$860,000	Mar-20	\$579,000	\$964
7 Solomon Ct Greenacre	834	Low Density Residential	\$1,400,000	Mar-20	\$999,000	\$1,679
5 Fairland Ave Greenacre	632	Low Density Residential	\$1,350,000	Feb-20	\$702,000	\$2,136
36 Chiswick Rd Greenacre	708	Low Density Residential	\$865,000	Dec-19	\$741,000	\$1,222
65 Boronia Rd Greenacre	623	Low Density Residential	\$710,000	Oct-19	\$658,000	\$1,140
Median						<b>\$1,270</b>

Source NSW Valuer General

Using the median land value, we assess the market value of the dedicated land to be \$838,200. This market value of the open space assumes there is no transfer of FSR to the revised site area.

**Table 5: Market Value of Land**

Site Area to be dedicated	600
Land Value \$/sqm site	\$1,270
Land Value	\$762,131
Say	\$762,000
Plus 10% premium	\$76,200
Land Value	<b>\$838,200</b>

Based on the 50/50 share this implies the VPA should include a monetary contribution or works in kind to the value of \$740,175. The landowner has agreed to \$50k for the embellishment of open space and a further \$20k for the construction of a new bus stop.

**Table 6: VPA Summary**

VPA 50/50 share (Table 3)	\$1,578,375
Less Land Value of 600sqm land to be dedicated (Table 5)	\$838,200
Monetary contribution or works in kind (a-b)	<b>\$ 740,175</b>
Works in kind the landowner has agreed to	\$50,000 embellishment of open space \$20,000 for new bus stop
Monetary contribution or works in kind balance	<b>\$670,175</b>

### Affordable housing

The VPA policy 2020 Cl2.6 also makes a provision for affordable housing:

*'Where a Planning Proposal is seeking an uplift of residential floor space that exceeds **1,000 sqm of gross floor area** (as defined in the applicable local environmental plan), the equivalent of at least **5 percent of the increased residential floor space** should be dedicated to Council in the form of residential dwellings for the purposes of affordable housing, or as a cash payment for the purposes of affordable housing...'p14*

At present, the VPA offer excludes the provision of affordable housing or cash payment in lieu.

Based on the VPA uplift in residential GFA 2,745sqm the 5% affordable housing contribution equates to 137sqm of GFA.

**Table 7: Affordable housing**

Items	Provision under the Planning Proposal
Site area	11,150sqm (site area is reduced as the part land dedicated to council)
Residential uplift GFA (E2)	<b>2,745sqm</b>
5% contribution of for residential GFA uplift	<b>137sqm</b>

HillPDA was advised by the Council that this affordable housing contribution is in addition to the VPA.

A review of rent apartment sales in the area shows a new apartment is sells for between \$8,600/sqm NSA to \$9,100sqm NSA (Table 8).

**Table 8: Recent new build apartment sales Greenacre**

Address	Property Type/Category	Bed	Sale Price	\$/sqm NSA	Sale Date
211/114 Northcote Road, Greenacre	Unit	1	\$495,000	\$8,684	28-Jul-21
303/114 Northcote Road, Greenacre	Unit	1	\$510,000	\$8,947	25-Feb-21
311/114 Northcote Road, Greenacre	Unit	1	\$520,000	\$9,123	23-Jun-21

Source: Corelogic 2021

Adopting an 85% efficiency of the residential GFA would show 116/sqm NLA for affordable housing which would be valued at **\$986,000**.

**Table 9: Affordable housing value**

Affordable Housing GFA	137 sqm GFA
Market Rate of New Units (a) (adopted lower reasonable rate)	\$8,500

GFA to NLA Efficiency	85%
NLA of Affordable Housing (b)	116 sqm NLA
<b>Affordable housing value (a x b)</b>	<b>\$986,000</b>

Under the affordable housing policy, the Council should receive either the equivalent of 137/sqm of GFA or a cash contribution to the Council's affordable housing policy.

## Summary

Based on our assessment we would recommend the following VPA be considered.

**Table 10: Summary**


VPA	
VPA 50/50 share	\$1,578,375
Less Land Value of 600sqm land to be dedicated	\$838,200
Monetary contribution or works in kind (a-b)	<b>\$740,175</b>
Works in kind the landowner has agreed to	\$50,000 embellishment of open space \$20,000 for new bus stop
Monetary contribution or works in kind balance	<b>\$670,175</b>
<b>Affordable Housing Contribution</b>	
Dedication of GFA to affordable housing	<b>137sqm GFA or</b>
Monetary contribution of Affordable housing	<b>\$986,000</b>

The Council should consider our VPA findings above and revise the VPA with the landowner.

Given the number of changes, this revised VPA could impact the viability of their project which may result in this project not proceeding and the Council not receiving the land dedication for open space.

Yours sincerely,

Signed by



**Martin Hill**

**Director**

BSc (Hons), Master of Real Estate (UNSW),  
Master of Property Development (UTS),  
Certified Practising Valuer (Unrestricted),  
Fellow of Australian Property Institute

[Martin.Hill@hillpda.com](mailto:Martin.Hill@hillpda.com)



## APPENDIX A: SUPPORTING DOCUMENTS

- Value Uplift Report (Atlas, 16 September 2021).
- Canterbury Bankstown LPP Meeting Report and minutes.
- Council Ordinary Meeting Report of 11 December 2018 and minutes.
- Council Ordinary Meeting Report of 25 August 2020 and minutes.
- Canterbury Bankstown Planning Agreements Policy (June 2020).
- Gateway Determination, 20 August 2021.
- Proponent's Letter of Offer, 5 August 2020.
- Canterbury Bankstown VPA Policy 2020 (as amended)