Parramatta CBD, North Parramatta and Harris Park Community Facility Needs Study

Final Report

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Parramatta City Council

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Final Report

Contact:
Steve Rossiter
steve@elton.com.au
(02) 93872600

Sydney
02 9387 2600

Level 6
332 – 342 Oxford Street
Bondi Junction NSW 2022

www.elton.com.au
consulting@elton.com.au
Sydney | Canberra | Darwin
ABN 56 003 853 101

Prepared by	Steve Rossiter, Jenny Vozoff and Erin Alexandre
Reviewed by	Steve Rossiter
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Executive Summary

Introduction

This report documents the initial findings of a needs assessment and best practice analysis for the provision of community facilities in Parramatta City. The assessment and analysis identifies the community facilities that will be required to meet the needs of the growing workforce and resident population within Parramatta's CBD, North Parramatta and Harris Park, as well as considering the wider population across the Western Sydney region.

This needs assessment commenced with a review of relevant Council strategies and plans and other documents relevant to this study which provided insight into community needs and community facility provision requirements in Parramatta. For further details see chapter two of this report.

Space shortages and utilisation issues

The study also involved a review of existing facility provision in the Parramatta CBD, North Parramatta and Harris Park. Council's existing rate of facility provision across the LGA is around 33 square metres per 1,000 (this includes community centres, halls, and meeting rooms). While there are currently no nationally accepted guidelines for community centre provision in Australia, based on contemporary practice research and experience it is suggested that somewhere around 70 to 80 square metres per 1,000 people is desirable. This existing rate of provision can be placed in further context by examining rates of provision for community centre space for other local government areas. Liverpool LGA has approximately 85sqm per 1,000 people, while Blacktown LGA and the Hills Shire LGA both have 80sqm per 1,000 people.

Together with stakeholder input, an analysis of the existing population, and consideration of future population growth a number of community facility gaps and key issues were identified. For further details see chapters three to five of this report.

Space shortages and utilisation issues identified included:

» A shortage of flexible, multipurpose community space in the study area, particularly the CBD

» A shortage of affordable, larger capacity meeting space in the CBD

» Existing demand for group meeting and activity space in Harris Park for use by community groups

» A shortage of existing community facility space in North Parramatta

» A shortage of space to offer community groups looking to hire rooms

The review also identified that the Harry Todd Band Hall is significantly underutilised (currently at 25% capacity for regular bookings).

A high demand for child care and other children's services was identified in Harris Park including long day care, after school care and playgroup. The capacity of Jubilee Lane Child Care Centre is well below community needs (there is currently a 300 child wait list for this facility) and high demand for long day care also exists in the Parramatta CBD. The projected population growth along with the upcoming changes to childcare licensing that will increase staff to child ratios for 2-3 year olds (from 1:8 to 1:5) means this demand is expected to increase significantly. Therefore, a key priority for community space in Parramatta should be for accessible and affordable child care. It is assumed that this demand will be met through a combination of not-for-profit, Council and private sector provision.

Population growth and change

The existing gaps in provision identified above are likely to be exacerbated with population growth. The projected residential populations for the CBD and North Parramatta (27,500 and 20,000 respectively) are equivalent to the existing population of the Caroline Chisholm Ward, the Lachlan Macquarie Ward, and towns like Lismore, Dubbo and Nowra. Thinking of the range of social infrastructure those places require to support their populations helps provide some context for the future demand Parramatta is likely to experience. In addition to this, demographic data for Parramatta suggests a greater tendency for family households to live in apartments creating a different scale and type of demand than is usually associated with higher density areas.

Key facility recommendations

Based on the needs assessment and analysis, this report has identified the key facility recommendations for the Parramatta CBD, North Parramatta and Harris Park areas. The recommended facilities are conceived as a network that fit in and complement a hierarchy of community facilities that serve regional, district and local community needs. The recommendations also reflect Parramatta as a regional centre, with a role to play in the provision of space for both local and regional/peak community organisations.

The different roles of community facilities are discussed in more detail in chapter six, and are outlined briefly below:

» Regional facilities provide premier community and civic space to serve municipality or wider area. This includes range of activity and meeting spaces and space for community, civic and cultural events (1 for every 100,000-300,000 people, approximately 1,500 – 4,500 square metres GFA)

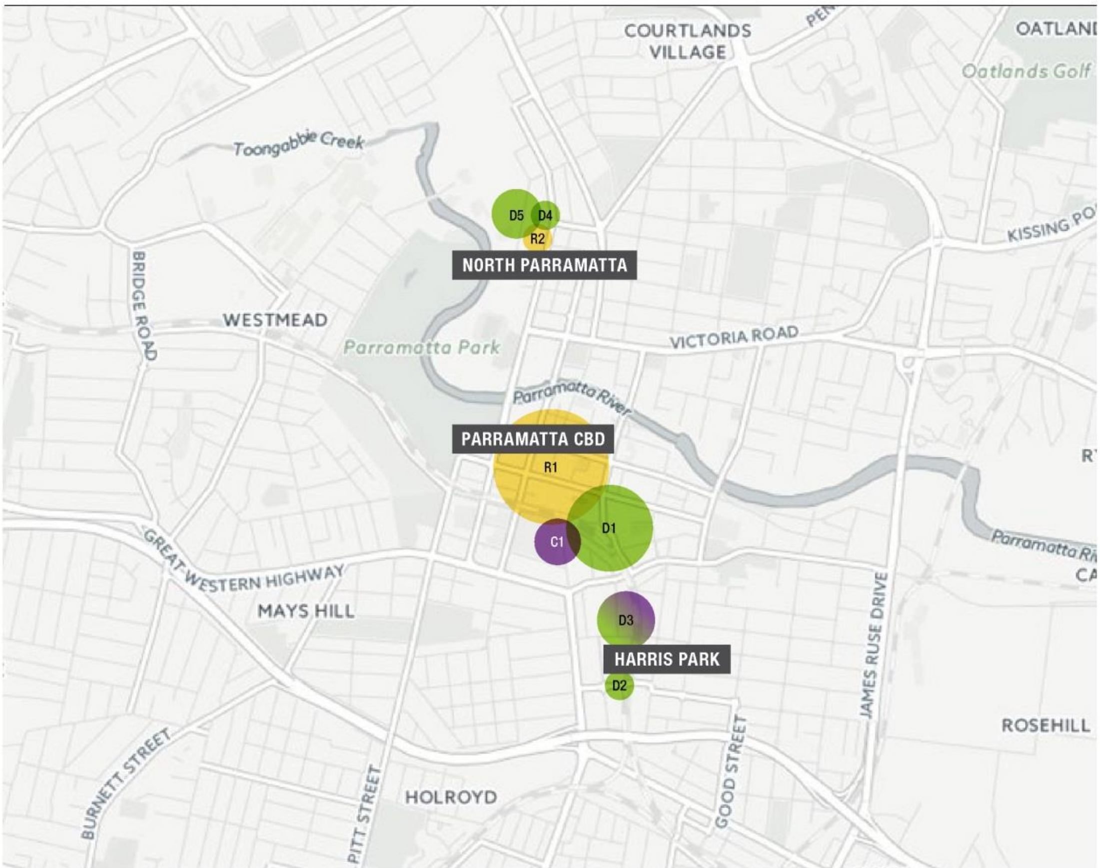
» District multipurpose community centres provide a range of flexible, multipurpose spaces that include a variety of activity and program areas as well as space for a diverse range of services to be provided both on a permanent and sessional or outreach basis. In addition to structured spaces for formal activities and programs, district multipurpose community centres should also provide space for informal gathering and interaction and be known as community meeting places. Along with 'anchor' facilities such as libraries and/or recreation centres, and perhaps space for youth activities, could form the foundation of a district 'community hub' (1 for every 20,000-30,000 people, approximately 1,200-2,500 square metres GFA)

» Local community centres provide flexible, multipurpose space that can accommodate a variety of activity and program areas as well as space for services to be provided both on a permanent and sessional or outreach basis. Could include community hall/meeting space and flexible space used for youth, seniors, community arts (1 for every 10,000-20,000 people, approximately 600-1,000 square metres GFA).

The recommendations include details of floor space and initial capital cost estimates for consideration by Council. The proposed recommendations include the potential for redevelopment of Marion Street car park and the Jubilee Park child care centre, and assumes disposal of the existing community centre site on Albion Street. They also include the potential for incorporating multipurpose community centre space and long day child care as part of Parramatta Square multistorey building. The recommendations also include the potentially gifted assets from UrbanGrowth NSW in Parramatta North.

The recommendations are outlined in the map below. For further detailed recommendations see chapter seven of this report.

Facilities recommendations



REGIONAL COMMUNITY CENTRE SPACE

R1) Flexible meeting and activity space includes large divisible hall to accommodate 150 plus people (1,900sqm)

R2) Incubator space for community organisations in 'gifted' Administration Building (830sqm)

DISTRICT / LOCAL COMMUNITY CENTRE SPACE

D1) Meeting and activity spaces (1,500sqm)

D2) Multipurpose community centre as part of the redevelopment of the Marion St car park (500sqm)

D3) Family and Children's Centre at Jubilee Park Child Care Centre and Harry Todd Band Hall (1,000sqm)*

D4) New multipurpose community centre (500sqm)

D5) Community recreation hall in gifted building (830sqm)

CHILDCARE

C1) Council operated long day care in Parramatta CBD (700sqm)

* Family and Children's Centre also includes childcare

Source: Google Maps, internet searches and community directories

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Leading practice

Leading practice in social infrastructure provision recognises that community facilities need to be seen and planned for as part of a network. Planning for individual community facilities in isolation is undesirable and can easily lead to duplication, inefficiencies, and a failure to maximise existing resources. A network of community facilities (made up of regional, district and neighbourhood or local facilities) should be planned to address the majority of community needs and have the capacity to adapt and change as those needs evolve.

Each facility in the network should not only have its own role and function but that specific role and function should be viewed as part of a broader citywide network. Any individual community facility cannot be reasonably expected to meet every conceivable community need.

This approach is consistent with leading practice approaches including the City of Melbourne who in their Community Infrastructure Plan focus on the development of multipurpose co-located hubs developed in response to population growth and emerging needs and that provide facilities to meet neighbourhood, district and city wide needs.

Leading practice also shows that flexible, multipurpose space is critical in places like Parramatta where the population is changing and growing rapidly. Social infrastructure needs the capacity to adapt and should be designed for multiple purposes in a flexible way to address community needs in a manner that is both efficient and effective. This approach is consistent with the City of Sydney's approach outlined in more detail in Appendix B 'Best Practice Interviews'.

While this report recognises the importance of good quality and well-designed community buildings, leading practice research also emphasises the importance of programming and management in maximising efficiency and utilisation of flexible, multipurpose community spaces. While community buildings should be designed to be flexible and multipurpose, programming provides the real adaptive qualities that can address community needs in a way that is more nimble and responsive.

Application of standards

In social infrastructure planning, numerical standards have traditionally been used to provide an initial indication of requirements for a given population. They are usually expressed as the number of facilities, places, or floor space required for a population of a given size. This report suggests a recommended square metre provision of around 70 to 80 square metres per 1,000 people.

However, as outlined in greater detail in chapter six of this report, a purely mathematical application of standards is undesirable, as standards should be adapted to reflect the local context and should take into consideration existing infrastructure in the area along with other practical constraints. For example, taking into consideration the high costs of floor space in the city centre as well as the provision of other spaces available in the CBD (including library and civic spaces), this report has suggested a slightly lower rate of provision in the CBD than the recommended 80sqm per 1,000 people. In comparison, this report has recommended a slightly higher rate of provision than the recommended standard in Harris Park, due to the area's traditional role in community service delivery along with an identified community need in that area. For more information on the application of standards for the CBD, Harris Park and North Parramatta, please see Facilities Recommendations Summary Tables on pages 44-47.

Future space requirements

In addition to the recommendations outlined above, other key considerations for the future provision of community facilities in Parramatta identified during this study include:

» Spaces for social connection and interaction are particularly important in Parramatta. Additionally, any community facility planned for Harris Park should be culturally inclusive, with a strong focus on social and cultural cohesion.

» There are significant potential synergies between the proposed library and possible community centre space in Parramatta Square with an opportunity for shared spaces. There is a strong need to capitalise on the potential for this facility to be a 21st century library and community space incorporating flexible, multipurpose meeting, learning and activity spaces.

» There is a need to maximise asset efficiency through a coordinated approach to facility and space provision – with Council, Western Sydney University, the proposed redevelopment of Parramatta Stadium, and local schools all having a role to play in community access to activity, leisure and learning space. In addition, Council may have a role as a 'space broker' to facilitate access to spaces for community use.

» There is a need to consider the whole of the Parramatta LGA as well as adjoining LGA facilities, to ensure a coordinated approach to social infrastructure provision across the whole of the City of Parramatta.

1 Introduction

1.1 Background and context

The City of Parramatta is Sydney's second CBD, with its important contributions to the economic, social, cultural, health and educational sectors in the local area, the Western Sydney region and Greater Sydney as a whole.

These functions will only strengthen over the next twenty years as NSW government and Council plans for the city's future development are realised. Through a combination of urban renewal, rezoning and reuse of government land, up-zoning within the CBD and expansion of city boundaries, the residential and worker population will be significantly increased.

These changes will also be accompanied by changes to the demographic and cultural composition of the city's populations. The City of Parramatta is now planning to ensure there will be sufficient community facilities located within close proximity to Parramatta's CBD to support the wellbeing of these new populations.

Council currently is a significant provider of community facilities within the Parramatta CBD, as well as providing regional services to Western Sydney residents. It is anticipated that the CBD will continue to provide significant community services (both government and non-government) to local and regional residents, reflecting its significance as a key regional centre in Greater Western Sydney.

1.2 Purpose of this report

This report documents the initial findings of a needs assessment and best practice analysis for the provision of community facilities in Parramatta city. The assessment and analysis identifies the community facilities that will be required to meet the needs of the growing workforce and resident population within Parramatta's CBD, North Parramatta and Harris Park, as well as considering the wider population across the Western Sydney region.

Definition of community facilities

For the purpose of this report, community facilities can be defined as spaces used by the community for formal programs, activities and service delivery and for informal gathering and social connection.

The primary focus of this report has been on three types of community facilities, including:

» Multipurpose community space – which may include activity, training and function spaces for a wide range of community activities

» Family services and child care buildings

» Community service office space.

This report recognises Parramatta as a regional centre, with a role to play in the provision community and civic space to serve the municipality or wider area. This includes range of activity and meeting spaces and space for community, civic and cultural events.

1.3 Report structure

This study includes:

» Chapter 2: A summary of relevant Council strategies and plans and other documents relevant to this study

» Chapter 3: An analysis of existing population characteristics and of existing community facility provision in Parramatta CBD, Harris Park and North Parramatta. This chapter also provides an analysis of the suitability of these facilities in providing for the LGA's current population

» Chapter 4: Population forecasts for Parramatta CBD, Harris Park and North Parramatta as well as worker population projections

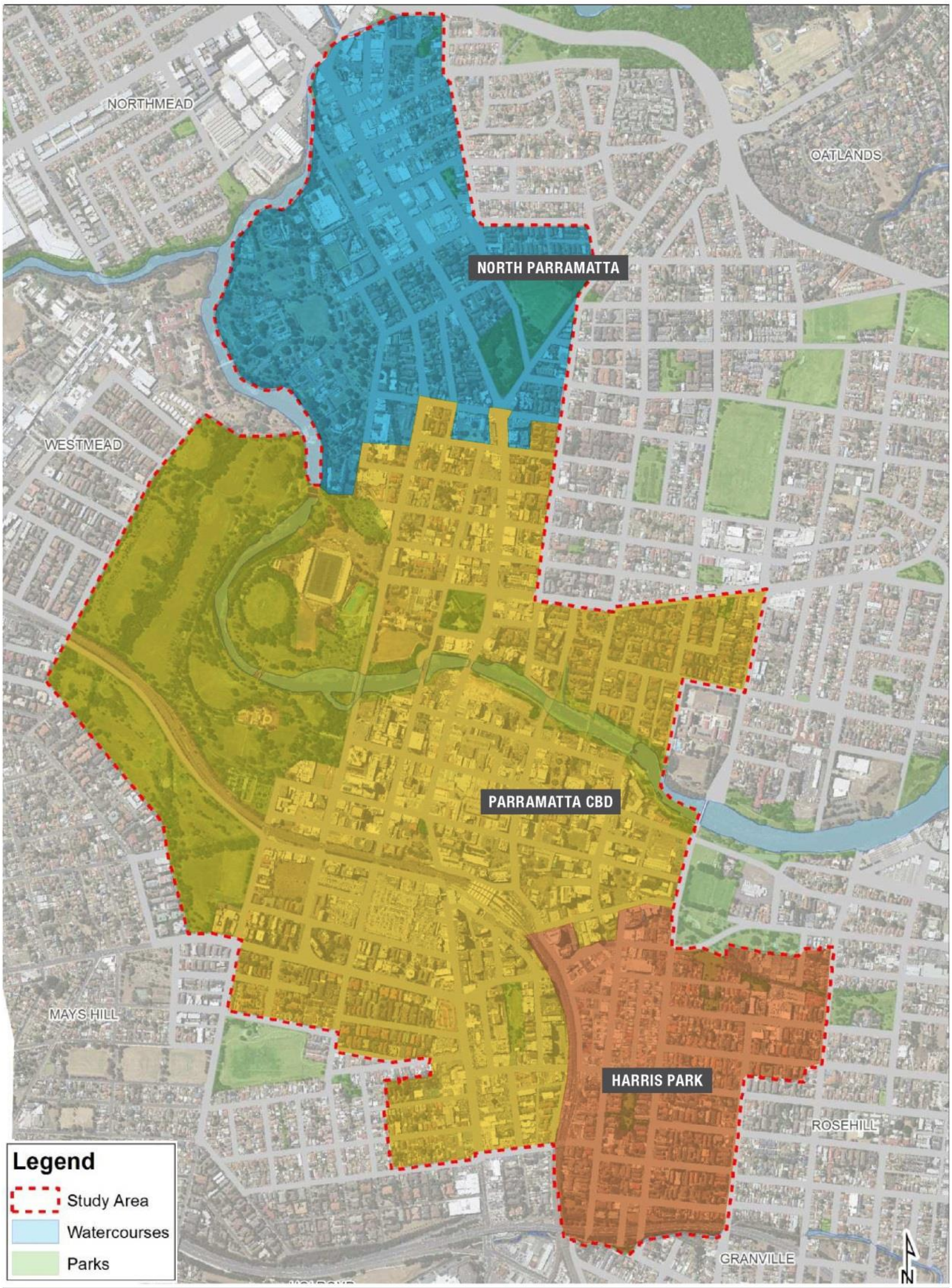
» Chapter 5: A summary of key issues

» Chapter 6: A summary of the principles, guidelines and benchmarks used to guide the planning of social infrastructure based on Australian and international best practice and practical experience

» Chapter 7: Key facility recommendations for the Parramatta CBD, North Parramatta and Harris Park areas along with initial capital cost estimates for the recommended facilities

» Chapter 8: Concluding remarks

Study area



Source: Google Maps, internet searches and community directories

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2 Policy context

This chapter includes a summary of relevant Council strategies and plans and other documents relevant to this study. These documents provide insight into community needs and community facility provision requirements in Parramatta.

Parramatta CBD Planning Strategy

The Parramatta CBD Planning Strategy establishes principles and actions to guide the new planning framework for the CBD. It also provides an implementation plan for the delivery of the planning framework. This Strategy is a consolidation of the recommendations outlined in the Parramatta City Centre Planning Framework Study (2014) and the draft Parramatta Auto Alley Planning Framework Study (2014). The Strategy proposes expanding the city centre boundary and develops draft planning controls and recommendations in order to meet Parramatta's growth targets for additional dwellings and jobs. The actions detailed in this Strategy will inform a future Planning Proposal to amend the planning controls for the CBD. This includes undertaking an Infrastructure Needs Assessment (for both local and regional infrastructure) which responds to the increased development.

Actions outlined in the Strategy relevant to this study include:

Directions for the provision of social infrastructure	» Expansion of the CBD boundaries » Increase in FSRs to predominantly 10:1 and 6:1 across the CBD » Removal of any height controls, except in some key areas » Investigation of potential sun access controls to key public spaces » Expansion of the commercial core and potentially opening it up to some residential uses (subject to commercial also being provided) » Setting an employment growth target of 27,000 additional jobs and residential growth target of 7,500 additional dwellings by 2036 for the CBD » Investigation of infrastructure needs, including funding mechanisms » Promotion of tower slenderness and design excellence

Revitalising Parramatta: Civic Improvement Plan, Amendment No.4

The Civic Improvement Plan for the Parramatta city centre describes the civic infrastructure required to support future growth and development in the city centre and outlines a framework for the development contributions associated with future development in the city centre.

Objectives and projects relevant to this study are listed in the table below:

Relevant Public domain projects	» Provide a high level arts and cultural facility » Build on and extend existing and identified social/cultural/recreational cluster areas including opportunities in the development of Parramatta Square » Continue to support the growth of creative industries within the city centre » Encourage the development of flexible spaces and places to cater for a range of arts and cultural activity
Special City Centre Projects	Special projects for the Parramatta city centre include: » Parramatta River Foreshore Park improvements » Multipurpose arts and cultural facility providing a theatre, dance studio, outdoor performance space, writing studio, media centre, visual arts studios and music rooms » Community centre and meeting spaces (Parramatta Square) » Library and information centre upgrades (Parramatta Square) » A multipurpose community facility, incorporating flexible spaces providing social and recreational opportunities for young people, child care and after hours school care, counselling and support services, and facilities for homeless people. » Recreational facilities including upgrading the aquatic leisure centre

Social Infrastructure Priority Needs: Parramatta CBD

The draft *Social Infrastructure Priority Needs: Parramatta CBD* document identifies key priorities for social infrastructure in the Parramatta CBD based on an analysis of current and future populations and the capacity of current social infrastructure. (It should be noted that this is an internal Council document based on officer level assessment of current gaps in services). The document highlights the need for a new library facility, multipurpose community space and Council or not for profit run child care facilities.

The document also emphasises the importance of a child and youth friendly public domain – as more young people are living in medium and high density housing with minimum private open space.

These and other social infrastructure demands outlined in the document are listed in the table below:

Key social infrastructure demands relevant to this study	» Child care centre – fully fitted out ready for Council or appropriate not for profit to manage » Community facility – with multipurpose meeting and activity space, high quality kitchen, office space for community service providers » New Library facility with flexible, multipurpose spaces » Low cost office space for social enterprises in the CBD » Recreation facilities for residents and workers – ideally co-located with community facilities to maximise utilisation » There is a demand for a high quality, year round aquatic and indoor recreation facility in the CBD » Embellishment of key sporting and passive reserves in the CBD (Ollie Webb and Robin Thomas Reserves) » Child and youth friendly public space improvements

Parramatta 2038 Community Strategic Plan

Parramatta 2038 is a long-term Community Strategic Plan for the City of Parramatta. The Plan sets out a vision for a Greater Parramatta and provides six strategic objectives to help realise this vision.

These are outlined in the following table, along with some general directions for community facility provision in Parramatta as identified in the Plan.

Vision	Parramatta will be the driving force and heart of Australia's most significant economic region; a vibrant home for diverse communities and a centre of excellence in research, education and enterprise.
Six Strategic Objectives	» Economy » Environment » Connectivity » People and Neighbourhoods » Culture and Sport » Leadership and Governance

Directions for the provision of social infrastructure	» Improve sporting and recreation facilities - healthy lifestyles and physical activity for residents, workers and visitors is a key priority » Improve access to quality learning opportunities » Create opportunities to foster a sense of belonging and foster social networks » Encourage local creative enterprises, attract events, encourage active engagement

Community Facilities: Policy Framework and Future Directions 2013

This document was prepared by Elton Consulting and provides a broad strategic framework for the provision of community facilities across Parramatta City. It identifies requirements for improved community facilities in the Parramatta CBD, including a major cultural centre, a flexible, multipurpose community facility and an upgraded library with increased capacity. It also identifies a need for greater library space and multipurpose community space.

The report also provides future directions for priority suburbs. While future directions are not provided for the Parramatta CBD or North Parramatta, the document does provide opportunities and directions for Harris Park.

Future directions for Harris Park as outlined in the report include the potential for a mixed use redevelopment of an existing Council owned car park on Marion Street, including a purpose built community facility offering an expanded child care centre, multipurpose meeting and activity space and a high quality kitchen, able to be used for catering events in the activity space. The facility would also ideally include offices and associated spaces for the Harris Park Community Centre or other community service providers.

Given the high density context of the site, the report suggests a compact, and possibly multistorey, facility should be considered.

Parramatta Safety Plan 2014-2018

The Parramatta Safety Plan 2014-2018 was developed to enhance the safety of residents, workers and visitors to the Parramatta LGA. The Plan recognises that there is value and long-term benefit in taking a holistic community development approach to community safety and crime prevention. The Plan looks at investments in health, education and community development as a way to prevent crime in the LGA.

Relevant strategies and actions	» Scope opportunities to implement new activities, spaces and events throughout the week to attract workers into the CBD during lunch and after work » Scope opportunities to implement new activities, spaces and events to attract families and young people in the CBD to interact in positive, creative, fun and productive ways » Review the outcomes of the 2011 Community Facilities study and scope opportunities to progress neighbourhood hub facilities as per report recommendations, Council capacity and other Council adopted plans and strategies

Integration of Homeless People and Young People within Urban Public Space in Parramatta CBD

This report supports Parramatta City Council's policy of inclusiveness, as detailed in the Access and Equity Policy document. It aims to assist Council in planning for future public space in a way that leads to the integration of homeless people, young people and other marginalised groups. The report highlights the importance of incorporating a combination of appropriate physical design, activities and administrative processes into the planning of public space. Design elements relevant to the planning of community facility space include:

Relevant design elements	» Provide access to showers, washing and clothes washing facilities, preferably 24 hours in a supervised near-by facility within easy walking distance of public space s » Provide storage facilities and lockers for storage of possessions and bedding by homeless people, with appropriate administration » Provide interactive equipment such as chess sets and tables, table tennis, exercise equipment to provide for healthy lifestyle, casual social interaction, and constructive engagement by diverse groups » Provide well equipped children's play areas with covered seating for carers » Integrate public space with the library and other community facilities, with consideration of the needs of those who use community facilities » Consider development of a youth centre or youth area including free wi-fi, recharge opportunities for mobile phones, areas to safely congregate and graffiti walls.

Parramatta City Council Access and Equity Policy 2013

The Parramatta City Council Access and Equity Policy aims to enhance the relationships between Council and disadvantaged groups in the Parramatta LGA. Importantly, the Policy seeks to ensure people from disadvantaged groups have appropriate and equitable opportunities to access Council's full range of information, activities, services and facilities.

Key principles, relevant to this study include:

» New information, programs and services will reflect and accommodate requirements of disadvantaged groups in the community as appropriate

» Council employees will work in partnership with Government and Non-Government organisations who provide services to disadvantaged groups, to support and encourage local service delivery to meet local needs

Generations X, Y and Z in Parramatta

Elton Consulting was commissioned by Parramatta Council to research and produce a document on Generations X, Y and Z to inform planning for the future. This research report includes three generation profiles which present information on the main attributes and aspirations of Generations X, Y and Z.

Based on this research this document presents a number of important issues and challenges for Council which have implications for the planning of community facilities. In summary, these include:

Relevant strategies and actions	» Supporting working parents through adequate provision of affordable childcare » Supporting young people in their transitions – from high school to tertiary education / work, and from work to further education and training (for instance through access to information and counselling on careers and managing finances). » Supporting learning in the wider community through access to technology and targeted educational strategies to enable confident and informed use of technology by generations X, Y and Z. » Helping young people to keep fit, healthy and socially active – through provision of community and recreational facilities, open space areas, and activities and services targeting children and young people and their family/friends (including counselling support, relationship counselling and mental health services). » Supporting intergenerational communication and leadership, for instance through school reading and sports programs, and initiatives focusing on sustainability and human rights. » Supporting greater tolerance of community diversity – through art, celebrations and events » Supporting social interaction through opportunities for people of all ages and backgrounds to come together (including no or low cost events for young people and families).

Parramatta Key Workers: Final Report 2015

The Parramatta Key Workers report was commissioned to assist Council officers to examine key worker issues and future demand in Parramatta. The report emphasises the need for affordable housing to provide opportunities for Key Workers to work and live locally and for better public transport connections to reduce overall living costs and increase the labour force pool available.

The report does not directly address the need for social infrastructure to support the Key Worker population. However, with Key Workers expected to play an important role in the future given the Parramatta's expected population and employment growth, it will be important to provide affordable health and community services, affordable childcare and affordable recreational activities in order to support this sector of the community.

Early Education and Care Services Needs Analysis for Parramatta LGA 2015

The *Early Education and Care Services Needs Analysis for Parramatta LGA* prepared for Council by Families at Work analyses the current and future resident and worker populations for Parramatta LGA to calculate possible demand for long day care and before/after school care.

Based on these calculations the report identifies a current potential undersupply of 864 long day care places and 77 before/after school care places and a potential undersupply of at least 2,898 long day care places and 671 before/after school care places in 2036.

The report projects the following unmet demand 2036 demand for child care places.

Table 1 2036 demand for child care places

Area	Long Day Care 2036 undersupply (resident)	Before/after school care 2036 undersupply
Parramatta CBD	1,362	344
Harris Park	77	58
North Parramatta	78	-12

Early Education and Care Services Needs Analysis for Parramatta LGA, Families at Work, 2015

Policy context – key implications

- Previous studies have identified significant inadequacies in the current provision of library facilities and community facilities in the LGA
- Existing Council strategies and plans such as the *Revitalising Parramatta: Civic Improvement Plan, Amendment No.4, Social Infrastructure Priority Needs: Parramatta CBD, Parramatta CBD Planning Strategy, Parramatta 2038 Community Strategic Plan, Community Facilities: Policy Framework and Future Directions* and the *Early Education and Care Services Needs Analysis for Parramatta LGA* provided background information on community needs and interests and identified issues relating to community needs and facility gaps, including inadequacies in the current provision of:
  - Library facilities with flexible, multipurpose spaces in the LGA
  - Multipurpose community space - with multipurpose meeting and activity space
  - Council or not for profit run child care facilities
  - Low cost office space for social enterprises in the CBD
  - Recreational facilities for residents and workers – there is a demand for a high quality, year round aquatic and indoor recreation facility in the CBD
- Council strategies and plans also identified the need to support the growth of creative industries within the city centre.
- The *Community Facilities: Policy Framework and Future Directions* identified the possible redevelopment of existing Council owned car park on Marion Street as a purpose built community facility offering an expanded child care centre, multipurpose meeting and activity space and a high quality kitchen.
- In addition to the directions outlined in the above Council strategies and plans, there are a number of recent developments that will impact on the amount of community facility space available. These include:
  - The potential loss of community meeting space at Parramatta Swim Centre as part of the stadium redevelopment
  - The *Community Facilities Hiring Policy* adopted by Council on 23 November 2015 restricts the use of certain Council owned venues.
  - An increased demand on Council facilities due to the development of a new Western Sydney University Parramatta City Campus – this campus will include approximately 7,000 new students.
  - The redevelopment of Parramatta Square with the inclusion of a new Civic Building and Community Centre and Library space

3 Existing situation

This chapter provides a snapshot of existing factors to be considered in the planning of community facilities in Parramatta CBD, Harris Park and North Parramatta. This includes:

» Existing population characteristics

» Existing community facility provision in Parramatta CBD, Harris Park and North Parramatta.

A review of the existing facility provision, together with stakeholder input and an analysis of the existing population, informed the identification of community facility gaps in the study area.

3.1 Existing population characteristics

Population characteristics such as age structure, family structure, cultural background, income and levels of advantage/disadvantage are of particular interest when planning for community facilities as these factors can indicate levels and types of community need. Community facility offerings (the programs, services and activities provided) should respond to community interests and needs and therefore facilities must be planned and designed to include the necessary spaces and amenities to successfully accommodate these.

Population characteristics

In 2011, Parramatta CBD, Harris Park and North Parramatta together had a population of approximately 36,190. Table 1 provides a demographic analysis of the three suburbs – Parramatta CBD, Harris Park and North Parramatta based on 2011 ABS census data. A comparison of the demographics data for each of the three suburbs indicates the following characteristics.

In 2011, North Parramatta was characterised by:

» An older population indicated by the high proportion of people aged 60+ and a lower proportion of people aged 18-34 years

» A high proportion of single parent families and lone person households

» Greater home ownership (outright and with a mortgage)

» A lower proportion of people born overseas

In 2011, Parramatta CBD was characterised by:

» A high proportion of young adults and couples without children

» A higher proportion of high density dwellings

» A greater proportion of renters

In 2011, Harris Park was characterised by:

» A high proportion of couples with children

» In particular, a high proportion young families indicated by a higher proportion of 0-4 year olds and a higher proportion of 25-34 year olds

» A higher proportion of family and group households and a correspondingly higher household size

» A greater proportion of renters

» A greater proportion of people born overseas (predominantly Indian and Chinese) and correspondingly a greater proportion of people who speak a language other than English at home

» A more disadvantaged area, indicated by a lower SEIFA rating

Characteristics of the study area population are outlined in greater detail in the table below.

Table 2 Characteristics of the study area

Area	Harris Park	Parramatta CBD	North Parramatta
Population number	**5,071**	**19,301**	**11,818**
Age groups	**%**	**%**	**%**
0-4 years	8.6	7.2	7.1
5-11 years	5.7	5.1	6.9
12-17 years	3.8	3.3	5.2
18-24 years	10.5	12.4	9.7
25-34 years	37.6	35.7	23.5
35-59 years	24.9	27.2	32.5
60+	8.8	9.2	15.1
Family	**%**	**%**	**%**
Couple with children	46.9	40.8	42.2
Couples without children	37.2	42.1	35.0
Single parent families	11.5	12.8	19.1
Household structure	%	**%**	**%**
Family households	68.3	60.1	58.9
Lone person	23.6	23.6	29.0
Group	8.1	7.6	5.3
Average household size	2.6	2.0	2.0
Housing	**%**	**%**	**%**
Detached	9.9	12.4	23.0
Attached (townhouse etc)	25.1	16.0	42.0
Flat, unit apartment	64.9	70.6	34.4
Owned outright	10.5	10.9	15.1
Owned with mortgage	17.8	21.5	28.8
Rented	66.3	58.0	46.8
Cultural background	**%**	**%**	**%**
Percentage overseas born	70.4	63.3	44.6

Area	Harris Park	Parramatta CBD	North Parramatta
Speaks language other than English at home	72.0	64.0	46.1
Country of birth (other than Australia)	India (39.9%) China (5.3%) Lebanon (3.2%) Philippines (2.3%) Afghanistan (2.1%)	India (21.5%) China (14.7%) Philippines (1.8%) South Korea (1.8%) New Zealand (1.6%)	China (5.8%) India (5.2%) Iran (2.7%) Lebanon (2.6%) New Zealand (2.4%)
SEIFA index of relative socio-economic disadvantage	941.0	983.7	991.8

Population characteristics – key implications

This demographic analysis demonstrates that the population of the study area is very diverse. This points to a need for access to a full range of social infrastructure to meet the spectrum of life cycle needs. It also points to a need for flexible, multi-purpose facilities that cater to a broad range of interests and can adapt as needs change.

Key observations include:

- Smaller dwellings and an associated lack of private open space in Harris Park and Parramatta CBD indicate a greater need for easy access to high quality public open space and to spaces for hire for private functions, celebrations and to meet friends outside the home.
- The higher proportion of lone person households in North Parramatta highlights the need for public places that promote social interaction and community participation. Social infrastructure can make an important contribution to overcoming social isolation and engendering a sense of belonging in communities where increasing numbers of people live alone and are seeking social contact outside the home.
- The high proportion of people renting in Harris Park and Parramatta CBD, and associated high level of turnover within the population, indicates a need for places and activities that enable people to meet and connect with others, especially for more long-term residents. Community facilities and open space play an important role in these areas by providing a place to make new friendships and build support networks.
- The high proportion of young families and children aged 0-4 in Harris Park indicates a need for childcare facilities and family support services in this area.
- The greater proportion of people born overseas (predominantly Indian and Chinese) and correspondingly a greater proportion of people who speak a language other than English at home in Harris Park indicates a need for cultural support services in this area, as well as facilities that promote social interaction and community participation in order to build support networks.

3.2 Existing facilities

The following table shows the existing Council owned and Council leased facilities in Parramatta CBD, Harris Park and North Parramatta. It also provides a breakdown of the existing floor space areas for the existing Council owned facilities.

Table 3 Existing Council owned facilities

Existing Council owned facilities	Information provided by Council
Program Room - Parramatta Swimming Centre	Site is part of proposed NSW Government stadium redevelopment. Future of pool on this site is uncertain
Clubhouse - Parramatta Swimming Centre	Site is part of proposed NSW Government stadium redevelopment. Future of pool on this site is uncertain
Heritage and Visitor Information Centre (Seminar Room - Heritage Gallery Room)	The Seminar Room and Heritage Gallery Room are both available to book until recently. With the closure of Council facilities (as part of the Parramatta Square development) the Form Dance Group now permanently occupies the Seminar Room. In addition the Heritage Centre may potentially be divested following delivery of 'Discovery Centre' function for Council. Final location TBC
Riverside Theatres	Site to potentially be redeveloped following delivery of 'Riverbank' project for Council. Final location TBC
Parramatta Town Hall (Includes a Main Hall, Stage, Jubilee Hall and two meeting rooms)	Will form part of the Parramatta Square redevelopment. Building to remain. Final use is TBC
70 Macquarie Street – Currently used for Men's Group Survivors & Mates Support Network (SAMSN)	Commercial Property tenanted through subsidised rent to Men's Group SAMSN Limited. Site is subject to redevelopment.
Harry Todd Band Hall	Leased to long term occupant on peppercorn rent. Rental agreement expired. Utilisation of building is low. Adjoins Jubilee Child Care Facility
Harris Park Community Centre	Community Centre located within former cottage. Capacity (size) issues for building
Child Care Centre - Jubilee Lane	Council run facility. Capacity of centre well below market needs / demand
Multi Storey Car Parks Hunter St - 4 commercial properties	Retail tenancies on ground floor house Council's Meals on Wheels service (2 tenancies) as well as Community groups such as Parramatta Clay & Arts (1 tenancy) and Parramatta Arts Society (1 tenancy). Future of the site is subject to Council's pending Parking Strategy.
Existing Council leased facilities	**Information provided by Council**
Council investigating alternative accommodation for community information services, senior leisure and learning	Temporary accommodation for community services which will become part of the redevelopment at Parramatta Square.
60 Macquarie Street – Currently used for Artist Studios	Rented accommodation by Council to support service delivery

20 O'Connell Street – Medical / Consulting Suites at the Jessie Street Centre	Council occupy a ground floor suite on a 99 year lease. The use of the site is restricted to medical suites and consulting rooms. Currently vacant due to the restriction on use.
Existing Facility	Floor area
Program Room - Parramatta Swimming Centre	87 sqm
Clubhouse - Parramatta Swimming Centre	50 sqm
Heritage and Visitor Information Centre	199 sqm
Riverside Theatres	1060 sqm*
Parramatta Town Hall	564 sqm**
Harry Todd Band Hall	225 sqm
Harris Park Community Centre	112 sqm
Child Care Centre - Jubilee Lane	450 sqm
Total floor area of existing facilities	**2746 sqm**

* includes stage area

** Rooms only - excludes toilets, kitchens and dressing rooms etc.

The list above shows the Harris Park Community Centre is the only true community centre (as opposed to a function or performance facility or a hall for hire) in the CBD, Harris Park and North Parramatta area. The Harris Park Community Centre has its physical limitations that inhibit greater community utilisation and the Harry Todd Band Hall does not appear to operate in a way that maximises community use. Furthermore, with the previously described changes reducing community use of the pool facilities and the Town Hall, the need for multipurpose community centre space in the CBD is accentuated.

As the above inventory shows, there is a real lack of multipurpose community space in the CBD, Harris Park and North Parramatta. As the next section of the report shows, demand for this type of space is projected to increase significantly over the next 20 years.

4 Future demand

This chapter presents population forecasts for Parramatta CBD, Harris Park and North Parramatta as well as worker population projections. Considering population growth is important when planning community facilities to ensure they will meet the needs of the community at their completion and into the future.

This study considers projections for 2036, based on Forecast id data and NSW Government information on the expected dwelling numbers for the Cumberland East Hospital precinct as part of UrbanGrowth NSW rezoning project in Parramatta North.

This chapter also presents standards for community facility provision and applies these to the projected populations, to determine a recommended rate of provision (by floor area) for community facility space.

4.1 Population projections

The population projections predict a further 20,322 residents living in Harris Park, North Parramatta and the Parramatta CBD in 2036.

Table 4 Population projections

Area	2011 population projection	2036 population projection	Growth rate %
Parramatta CBD	19,301	27,497	42.4%
Harris Park	5,071	8,105	59.8%
North Parramatta	11,818	20,910	76.9%
Total	36,190	56,512	56.1%

To put the figures above in context, the projected CBD population of 27,497 is equivalent to the existing population of the existing Caroline Chisholm Ward, the Lachlan Macquarie Ward, and towns like Lismore, Dubbo and Nowra. Thinking of the range of social infrastructure those places require to support their populations helps to put the requirements for the Parramatta CBD into some context.

In addition to this, the worker population (Parramatta CBD only) is expected to increase from 49,000 in 2011 to 76,000 in 2036. The impacts of worker demand on community facility provision need to be considered. Key assumptions about worker demand include:

» High users of long day care child care

» Moderate users of library facilities

» Low to moderate users of community facilities and services – although likely to be relatively high participants in health and wellbeing activities at community centres such as yoga, Pilates and exercise classes.

4.3 Future population characteristics

Future population characteristics are influenced most heavily by the type and size of the dwellings constructed. To understand the likely characteristics of the future population, the characteristics of people living in higher density housing in Sydney have been examined. This examination has drawn on two sources:

» An analysis of the characteristics of people living in multi-unit residential development across Greater Sydney undertaken by the City Futures Research Centre[1]

» Analysis of the characteristics of apartment dwellers living in urban transformation areas or new higher density developments, using the examples of Pyrmont, Zetland, Rhodes and Meadowbank.

Both data sets are based upon the 2011 ABS Census of Population and Housing. The demographic information for this study can be found in Appendix C.

An analysis of these areas shows that the profile of residents living in higher density dwellings across Sydney differs markedly from that of residents of Greater Sydney as a whole. Specific areas of general difference include:

» Different tenure patterns, with a much higher proportion of dwellings in private rental and a lower proportion that is owner occupied

» A high proportion of young adults (25-34), along with an under-representation of both children under 15 and older adults 65+

» A different household structure, with a significantly higher proportion of households comprising couples without children and single persons, and a correspondingly much smaller proportion of households comprising families with children (although as commented on below this may not necessarily be the case for Parramatta).

» The City Futures report has also found that there is significant spatial variation in the household profile of apartment dwellers:

  > Eastern suburbs, North Shore and locations near the ocean or harbour had a higher proportion of older people and lone person households

  > While there was a higher concentration of families with children living in apartments in western suburbs such as Liverpool, Fairfield, Canterbury and Auburn (with this trend also being observed in Parramatta)

» A higher proportion of residents born overseas, with a particularly high proportion born on the Asian continent

» High rates of labour force participation and high proportions of the workforce engaged in professional or managerial roles.

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[1] Troy, L., Easthope, H., Randolph, B. & Pinnegar, S. 2015. *Renewing the Compact City: Interim Report*, City Futures Research Centre, UNSW. retrieved from: http://www.be.unsw.edu.au/high-density-living/projects/renewing-compact-city [accessed 08/07/15]

Changing Parramatta

"Parramatta is experiencing a changing demographic profile from a suburban community with an employment centre to a diverse, urban location with a large employment, residential and education base at its heart. There is a high proportion of non- English speaking communities, including large Chinese and Indian communities located in central Parramatta.

Despite the dominant high density dwelling form, the household size is quite high, and this may relate to the cultural preferences for intergenerational living as well as the practical needs of families newly arrived from overseas. With this continuing urbanisation into the future, the demographic profile of the Parramatta CBD is likely to look more like the City of Sydney over time, attracting a younger population of diverse cultural groups"

Parramatta CBD, North Parramatta and Harris Park Community Facilities Needs Study Brief, Parramatta City Council

Image source: Parramatta City Council

5 Summary of key issues

This section summarises some of the key issues to emerge from both the analysis of existing conditions and consideration of future population growth for the study area.

Overall

» Community facilities need to be viewed as part of a network that covers not only the 3 areas of this study, but also the city, as well as a network of spaces that also includes non-Council provision

» Like many other local governments, many of Council's community assets are ageing and not fit for purpose, struggling to meet contemporary standards and requiring costly ongoing maintenance

» Council may have a role not only as a facility provider but also as a 'space broker' to facilitate access to spaces (including those owned by others) for community use. Parramatta Square, with the presence of Council, Western Sydney University and the nearby Arthur Phillip School and Parramatta Primary School presents an opportunity for this brokerage approach

» As a regional centre, Parramatta has a role to play in the provision of space for both local and regional/peak community organisations

» Consideration of the impacts of CBD space costs and how this may impact on the capacity to provide some community uses in this setting. While feasibility testing will need to be undertaken it will be important to ensure that any cost benefit analysis is holistic and considers community benefits and social impacts as well as financial costs

» The importance of viewing North Parramatta, the CBD and Harris Park as both unique places and part of a network with community demands met by a network of facilities distributed across the three areas

» Acknowledgement of the need for maximising asset efficiency through a coordinated approach to facility and space provision particularly in the CBD with Council, Western Sydney University, the proposed redevelopment of Parramatta Stadium, Arthur Phillip School, Parramatta Primary School and the new school proposed for the Old Kings School site all having a role to play in community access to activity, leisure and learning space

» Need to consider whole of LGA as well as adjoining LGA facilities to ensure a coordinated approach to social infrastructure provision across the whole of the City of Parramatta

» It is critical to consider both the physical asset dimension as well as facility programming and management to ensure maximum community benefit is achieved from Council's community facilities.

Space shortages and utilisation issues

» There is a lack of flexible, multipurpose community space in the study area, particularly the CBD, especially space that enables both indoor and outdoor activity

» There is a lack of affordable, larger capacity meeting space in the CBD. Once groups get beyond 30-40 people it becomes difficult to access affordable space in the city centre. Council's *Community Facilities Hiring Policy* (which is not yet adopted by Council) may result in further restrictions in community use for some venues including the Parramatta Town Hall. In addition there will also be the potential loss of facility space at the Parramatta Swimming Centre as the site is part of the proposed NSW Government stadium redevelopment

- The relocation of the senior leisure and learning and meeting rooms from the Council Chamber building and the recently adopted Hiring Policy, will result in further demand for community meeting space. Council does not have any further spaces to offer community groups looking to hire rooms. This could include groups such as AA, weight loss, religious and cultural groups. Space for hire in a central location accessible by public transport is therefore needed if Council is to continue in offering these services to the community
- There is a lack of existing community facility space in North Parramatta and questions remain over the appropriateness of the facilities offered by Urban Growth NSW to adequately address community demand
- In Harris Park there is existing demand for group meeting and activity space for use by community groups with current spaces small and in high demand
- Harry Todd Band Hall has been underutilised due to the historic management arrangements with the Parramatta City Community Band organisation. Modest works are being conducted in early 2016 to enable this Hall to help accommodate community organisations being relocated from the Council Chamber building as well.

Child care

- There is high demand for child care and children's services in Harris Park including long day care, after school care and playgroup. The capacity of Jubilee Lane Child Care Centre is well below community needs (there is currently a 300 child wait list for this facility)
- High demand for long day care also exists in the Parramatta CBD
- With upcoming changes to childcare licensing that will increase staff to child ratios for 2-3 year olds (from 1:8 to 1:5) there will be a corresponding further increase in demand for childcare places. Together with already identified shortages, demographic changes are also contributing to growing demand. Harris Park contains many young families living in apartments, where often both parents work and grandparents care for the children. This indicates there may also be demand for activities or services to support grandparents as well as the pre-school aged children

Population growth and change

- Recognition of existing gaps in provision that are likely to be exacerbated with population growth. These include flexible, multipurpose meeting and activity space, larger affordable meeting space in the CBD, and child care and related services (including long day care, after school care and playgroup)
- An understanding of the substantial future demand for a range of social infrastructure in both the CBD and North Parramatta based on residential population projections of 27,500 and 20,000 respectively – both of which are equivalent to reasonable sized towns
- Acknowledgement of changing demographics and the potentially unique circumstances of Parramatta with an apparent greater tendency for family households (including multi-generational households) to live in apartments creating a different scale and type of demand than what may normally be associated with higher density areas

Future space requirements

- It is recognised that spaces for social connection and interaction are important in Parramatta. This includes safe, inclusive space that can accommodate a range of groups and uses
- The proposed library in Parramatta Square is recognised as a key potential anchor and attractor, although its capacity to incorporate general, flexible, multipurpose meeting and activity space remains somewhat unclear

- There are significant potential synergies between the library and possible community centre space in Parramatta Square with the opportunity for shared spaces such as group learning and study space, training rooms, informal meeting/community lounge space, community language resources etc.
- It is important that any community facility planned for Harris Park is seen as culturally inclusive with a strong focus on social and cultural cohesion
- Recognition of the significant role that a library will play in Parramatta Square and the CBD and a strong need to capitalise on this potential through the development of a 21st century library and community space that addresses future library trends and incorporates flexible, multipurpose meeting, learning and activity spaces.

6 Planning for the future

This chapter presents a framework for planning community facilities in urban areas. It highlights key trends and guiding principles to assist with future planning for Parramatta CBD and surrounds. The chapter also presents an approach to quantifying community centre floor space requirements which can form the basis of later feasibility testing.

6.1 Key trends

The following graphic summarises some of the key social infrastructure trends that influence planning for community facilities in Parramatta CBD and surrounds.

Trend	Explanation
Size and scale	Many local governments have moved away from providing small, single purpose community spaces and are moving towards the provision of larger, but fewer, facilities and spaces. Larger facilities and spaces can provide a wider range of activities, programs and services to a wider range of community members, are more likely to be activated across the week and to attract higher rates of utilisation.
Location	Leading practice favours the clustering of social infrastructure in central, accessible locations to enhance accessibility and connectivity with related uses. Well used facilities and spaces tend to be located in places that are readily accessible by public transport and where people already tend to congregate, such as shopping centres and schools.
Co-location	The co-location of community facilities and services, involving shared use of buildings among a number of facility types as well as service providers, is a commonly identified objective of most recent planning efforts. Co-location has potential advantages in pooling resources to provide better facilities than may be available if provided separately and can also enhance synergies between services and encourage greater integration of service delivery.
Community hubs	A model of social infrastructure provision that incorporates the trend for size, scale and co-location is the 'community hub'. A community hub is an integrated, multipurpose public gathering and activity place where a variety of activities occur and where a wide range of community needs can be met in both formal and informal ways.
Multipurpose and multifunction	To make the best use of limited resources, and ensure that facilities are utilised as much as possible, facilities and spaces need to provide for multiple uses and serve a range of population groups, as well as being capable of adapting as needs change over time.
Community development	Community facilities and spaces are recognised as providing an important focus for community building activities and enhancing the connections and relationships among people in order to strengthen common values and promote collective goals.
Placemaking and community identity	Successful social infrastructure contributes to the creation of vital public spaces that help engender a sense of place and distinctive community identity. Well-designed facilities and spaces enhance the physical quality and appearance of public places, helping to reinforce a place's identity and making it a more attractive environment for people to gather and interact with each other.
Sustainability	Social infrastructure is increasingly being used to showcase sustainable building methods and design. In addition to environmental sustainability, financial sustainability has become a core focus area in the provision of social infrastructure. In an environment of limited resources, authorities are becoming increasingly interested in exploring ways to decrease costs in relation to developing, operating and maintaining community facilities and spaces,
Partnerships	While local governments have traditionally been a key provider of local social infrastructure, resource and practical constraints have combined to necessitate seeking partnership opportunities. Partnerships may be sought for the capital development of facilities, or more commonly for the delivery of programs and services from them.

6.2 Principles

There are a number of factors that have been found to influence the success of community facilities, considered in terms of achieving high levels of utilisation, being well recognised as a source of social support in their community and contributing to the identity and sense of place of the area.

These factors, relating to the location and design of community facilities, are presented below as principles to guide the planning and design of new community facilities in Parramatta CBD and surrounds. The principles reflect some of the key trends in community facility planning outlined above and the characteristics of successful community facilities identified through case study research, literature review and project experience.

The principles are presented below on the following pages.

Table 8: Principles for community facility provision in Parramatta CBD and surrounds

A co-ordinated network of facilities	Community facilities should not be planned in isolation but be considered as a broader network of facilities that work together to meet a broad range of community needs, across a district or sub-region. Planning and delivering facilities as a network allows facilities to provide a different range of offerings, with the option for each facility to include unique, specialist services or amenities and avoid duplication of services, programs, spaces and amenities.
Central to catchment and equitable access	Community facilities should be central and accessible to the population they are intending to serve. The facility building should also comply with the principles of universal design by facilitating access to and use of the facility and its spaces by all individuals and groups (regardless of age, ability, cultural background or level of social or economic advantage/disadvantage).
Location to promote visibility and accessibility	To be well used and serve identified social needs, community facilities should be highly visible. Ideally, they should be on a main street with ground floor street frontage for optimum visibility and accessibility. Enabling an awareness of what happens inside also promotes usage. Accessibility and visibility through main street locations with a ground floor presence can be important to maximising utilisation and enhancing accessibility.
Clustered/co-located	The community hub model, which involves co-locating facilities on neighbouring sites or in a single building, is a key approach for consideration for Parramatta. Community hubs provide a range of offerings and can, therefore, become key focal gathering points within a community; attracting a range of users and promoting social connection and cohesion.
Flexibility and multiple use	Community facilities should be designed and built to maximise flexibility in use, so they can respond and adapt as needs change. Flexibility is enhanced by providing multi-purpose spaces capable of accommodating a diversity of uses, thereby enabling a range of activities and groups to use the facility. Multi-use facilities are also more dynamic and capable of responding and adapting to the changing needs and preferences of the community.
Serving identified social needs	Community facilities should address the social needs of the particular community in which it is located by offering programs, activities and services that respond to the needs and interests of the people that live and work in that community. The planning and design of a community centre should reflect the potential programs, activities and services envisaged.

Inclusive and welcoming	Facilities should be welcoming and accessible to people of all ages, cultural backgrounds, abilities, income levels and interests. Effective programming can ensure activities and services are provided for a broad range of people. In doing so, facilities can also play a role in helping to bring together different groups in the community.
Contribute to public domain and sense of place	Community facilities should contribute to urban vitality, local identity and sense of place, and become important focal points and gathering places for the community. A strong connection between the facility and the broader community can be fostered through development of facilities on landmark sites and with distinctive architecture, quality design and the incorporation of public art.
Near open space for activities and events	Locations adjacent to open space including town squares, village centres and parks increase the range of activities that can occur on community facilities land such as markets, festivals and similar events. Locating community facilities near open space areas is another approach to enhancing utilisation, flexibility of use and providing opportunities for a wider range of community building activities.
Connected to public transport, pedestrian and cycling networks	Public transport enhances accessibility for all population groups. As a principle, community facilities should ideally be located within 400 metres walking distance of a regular public transport stop. Linking to pedestrian and cycling networks provides another avenue to promote the accessibility of facilities to all groups in the population and is a further means to encourage sustainable behaviour and a healthy and active lifestyle.
Of sufficient size and design to enable expansion and adaptation	It is difficult to precisely predict the absolute requirements for community facilities for a future population. Assumptions about demand are based on current projections regarding future populations. These projections may change and therefore affect requirements for community facilities land. Past experience has shown that it is important to provide some flexibility in the provision of community facility space.
Safety and security	Community facilities should be designed in accordance with Crime Prevention through Environmental Design (CPTED) principles. They should provide a high degree of personal safety for people entering and leaving the building, especially at night. Locating facilities in activated areas such as urban centres ensures higher levels of passive surveillance and increased security.
Avoidance of conflict with neighbouring uses	Master planning processes can provide an opportunity to locate community facilities uses in areas where impacts on residential and other uses can be minimised. In greenfield areas siting facilities to incorporate some form of separation and/or buffering from residential areas is often an important consideration in reducing any potential future conflict.
Financial and environmental sustainability	Community facilities should be financially sustainable and provide value for money for their users, owners and operators. Key considerations include building design that reduces ongoing operating and maintenance costs as well as design that considers cost recovery including the incorporation of space for lease for either community or compatible commercial uses. Environmentally sustainable facility buildings typically have lower operating costs and are, therefore, are also a more financially sustainable option as well as providing an opportunity for Council's to lead by example, demonstrate new sustainable materials and technologies and become leading practice projects with an educational role.

6.3 Planning standards

In social infrastructure planning, numerical standards have traditionally been used to provide an initial indication of requirements for a given population. They are usually expressed as the number of facilities, places, or floor space required for a population of a given size.

In Australia, there is no set of nationally agreed or endorsed standards for social infrastructure for either greenfield or urban renewal areas. The standards that are most commonly used have been developed in different states for varying purposes and include:

- NSW Department of Planning (2009) Draft local development contribution guidelines
- Growth Centres Commission (2006), Growth Centres Development Code, New South Wales
- Parks and Leisure Australia (2012), Benchmarks for Community Infrastructure: A PLA WA Working Document
- Victorian Government Growth Areas Authority (2009), Guide to Social Infrastructure Planning
- Queensland Government, Office of Urban Management (2007), SEQ Regional Plan 2005-2026, Implementation Guideline no. 5 – Social Infrastructure Planning
- Library standards in NSW, Queensland and Victoria – for example State Library of New South Wales (2012) *People Places: A guide for Public Library Buildings in New South Wales* – third edition.

Amongst these sources, there are wide discrepancies and little consistency amongst the various standards proposed. Many of the standards are quite old and no longer represent contemporary or 'best practice' models of provision. Importantly, they have generally been developed for use in suburban or greenfield areas on the urban fringe (with the exception of the library standards). There are no well-regarded sets of standards that have been published for inner city or renewal areas, although some local government areas have tried to adapt the greenfield standards to their own locality.

Standards can contribute to an assessment of social infrastructure requirements in providing an initial and transparent estimate of the scale of likely requirements. However, the use of standards is heavily conditioned by the following factors:

- Firstly, the standards to be used need to be adapted to reflect the local context in which they are used, including the composition of the population, travel distances and the availability of existing facilities and services that may not fit into the neat categories implicit in the standards. Importantly, the standards need to recognise the high cost and general scarcity of land in inner city areas compared to greenfield areas. This creates pressures to make the most efficient use of space through clever design and to focus on the quality, not quantity, of spaces. There is a requirement to look at models that can capitalise on smaller land parcels and can fit readily into the existing fabric of a neighbourhood, rather than to apply the larger footprint models characteristic of outer suburban areas. Planning also needs to recognise opportunities for embellishment or upgrading of existing facilities to increase their quality and utilisation, and the ways in which staffing and programming might increase capacity, rather than just increasing floorspace or land area, as the standards suggest. In inner city areas, the focus should be on quality, efficient use of space, and best practice models, not a fixed approach to floorspace or land size.
- Secondly, contemporary practice in social infrastructure planning suggests that a purely mathematical application of standards is undesirable as a primary means of identifying need. Standards focus just on the quantity or size of facilities required and fail to account for the quality of facilities, the programs, activities and services they provide, or more innovative models of delivery. They rely just on numbers of people and do not account for more complex indicators of

need such as age, socio-economic status, household structure, health and levels of disadvantage. In this sense they provide a very simplistic and rough estimate of need, which may be useful as an initial indication of the likely scale of future requirements, but which should not be relied upon in isolation.

For these reasons, standards should be applied with some flexibility and caution, and be supplemented by other considerations of need and in relation to existing infrastructure in the area. Importantly, standards should be interpreted in conjunction with objectives and guiding principles for social infrastructure that are based on leading practice research and experience. Many of the standards commonly used were developed prior to current best practice and do not reflect the move towards co-located, flexible, multi-purpose space. Furthermore, for projects like Parramatta CBD, standards need to also consider practical constraints including costs of floor space in city centre and other high value locations and the impacts this may have not only on the amount of space provided but on the model of facilities proposed.

6.4 Determining rates of provision

Determining an appropriate rate of provision for future community facilities requires finding a balance between community benefit and cost to Council. Tending toward the extreme at either end of that spectrum will lead to an unsustainable approach to facility provision. Too great an emphasis on community benefit may lead to an over-provision of space that requires burdensome ongoing operational costs for Council; conversely, an over emphasis on cost may mean that some of the most important types of spaces that facilitate community connection and social inclusion may be threatened as they do not appear to be income generating. To help find a point of balance within these extremes, a number of considerations need to be taken into account.

Key considerations in determining an appropriate rate of provision include:

» Council's existing rate of provision across the LGA that has recently been documented as around 33 square metres per 1,000 (includes community centres, halls, and meeting rooms)

» The regional role of CBD community facilities for both the Parramatta LGA and the Western Sydney region

» The outcomes of local consultation including an understanding of unmet demand and gaps in provision for particular areas

» The social and cultural preferences of the Parramatta population and the tendency for greater family and multi-generational occupation of apartment dwellings

» Higher density urban living and the need for communal spaces for activities that in other environments may be undertaken within the home. This includes children's birthday parties, group gatherings and meetings (such as strata) that cannot be easily accommodated in smaller footprint apartment dwellings

» The urban context and the requirement to consider different facility models and spatial requirements that are appropriate for a higher density and urban centre context

» The importance of a quality over quantity in urban settings with the related understanding of the importance of both the physical/spatial dimension as well as the role of programming and management in maximising efficiency and utilisation of flexible, multipurpose community spaces.

The first point above regarding existing rate of provision is an important starting point when considering future provision. This existing rate for community centre space of approximately 33 square metres per 1,000 people can be used as a baseline to help understand future provision. Based on the presented consultation findings and previous studies, it appears that the current rate of provision for community centre space is inadequate to meet current community needs and is also highly unlikely to address the needs of a growing and changing study area population.

The existing rate of provision can be placed in further context by examining rates of provision for community centre space for other local government areas.

Table 9: Comparative rates of provision for community centres – existing and proposed

Local Government Area	Community centre standard (square metres per 1,000 people)
Liverpool (NSW)	85
Blacktown (NSW)	80
Hills Shire (NSW)	80

While there are currently no nationally accepted guidelines for community centre provision in Australia, the above comparison, although not exhaustive, suggests that somewhere around 70 to 80 square metres per 1,000 people is desirable and consistent with contemporary practice and provides a starting point for testing in the local Parramatta context.

Comparative standards provide a starting point in quantifying required community centre space. This can be supplemented by considering community facilities as a network that serve regional, district and local community needs. The City of Sydney, for example, has recently adopted a different approach where it looks at a network of facilities of different levels planned to serve various population catchments. While the specifics of the City of Sydney policy are still being finalised it is understood that it proposes an approach along the following lines:

» Provision of a district level multipurpose community centre for district population catchments of between 20,000 and 30,000 of between 1,200 and 2,500 square metres

» Provision of a local level community centre for local population catchments of between 10,000 and 20,000 of between 600 and 1,000 square metres.

The following table outlines an approach that is informed by the City of Sydney community facilities planning and the rates of provision outlined above and also recognises Parramatta CBD's role as an important regional centre in not only Parramatta LGA but Western Sydney more broadly.

6.6 Community centre planning approach

In the context of the discussion above, the following table provides additional direction to guide community centre planning for the study area. The table reflects the approaches outlined in the previous section of this report.

Facility type	Description	Proposed standard
Regional	Provides premier community and civic space to serve municipality or wider area. Includes range of activity and meeting spaces and space for community, civic and cultural events. Typically include large auditorium space/theatres, exhibition space, function rooms, rehearsal areas, studio space meeting and group activity space.	1:100,000-300,000 people Approximately 1,500 – 4,500 square metres GFA
District multipurpose community centre	Provides a range of flexible, multipurpose spaces that include a variety of activity and program areas as well as space for a diverse range of services to be provided both on a permanent and sessional or outreach basis. Ideally provides a balance between access to support services, information and referral as well as a range of activities and programs that are focused on lifelong learning, healthy living, social connections, arts, culture, etc. In addition to the structured spaces for formal activities and programs, district multipurpose community centres should also provide space for informal gathering and interaction and be known as community meeting places. Along with 'anchor' facilities such as libraries and/or recreation centres, and perhaps space for youth activities, could form the foundation of a district 'community hub'. May also incorporate district level performance and community arts spaces and community health/service centre and Early Childhood Health facility.	1:20,000-30,000 people Approximately 1,200-2,500 square metres GFA
Local community centre	Provides flexible, multipurpose space that can accommodate a variety of activity and program areas as well as space for services to be provided both on a permanent and sessional or outreach basis. Centres ideally provide a balance between access to support services, information and referral and a range of activities and programs that are focused on developing community networks and lifelong learning, healthy living, arts and culture, etc. Could include community hall/meeting space and flexible space used for youth, seniors, community arts.	1 for every 10,000-20,000 people Approximately 600-1,000 square metres GFA.

Facility type	Description	Proposed standard
Community hall or meeting room	Basic spaces for community activities and meetings for smaller populations.	1 for 5,000 – 10,000 people Only provided if not sufficient demand for a local community centre

While not the focus of this project, and not included in the table above, it is important to note that the State Library of New South Wales, through their People Places publication provide clear planning standard advice for the provision of public libraries. Unlike for community centres, the State Library standards are well recognised in New South Wales and across Australia as robust planning standards for library provision.

Future planning for Parramatta, should consider the additional efficiencies and community benefit that could be gained from planning for the library and community centre (particularly for Parramatta Square) in concert to provide an integrated, community space or community hub that reflects many of the key trends, guiding principles and leading practice in community facility provision.

7 Recommendations

This section identifies the key facility recommendations for the Parramatta CBD, North Parramatta and Harris Park areas. As noted in the introduction and throughout this report, the recommended facilities are conceived as a network that fit in and complement a hierarchy of community facilities that includes regional, district and local spaces. The recommended floor spaces are based on feedback from the consultation processes regarding what spaces are lacking and which have been in most demand, standards for facility provision used by other local government areas and approaches to type and size of facilities used by other relevant councils such as the City of Sydney (see Appendix B Best Practice Interviews).

This section of the report also includes initial capital cost estimates for the recommended facilities. Those estimates are important considerations for Council. While this report attempts to clarify needs and identify requirements based on those needs, the consideration of costs may necessitate Council to reconsider what it provides, how it provides it and the precise nature and size of space that finds the right balance between meeting community needs and viability and feasibility for Council.

The capital cost estimates provided in this report utilised previous project cost information and the latest floor space cost estimates using recognised sources such as Rawlinson's Construction Handbook 2015. The cost estimates include capital construction costs only and excludes land acquisition costs.

These cost estimates are preliminary and should be considered indicative only. More detailed quantity surveying and feasibility analysis will be required as this project progresses.

Facilities Recommendations Summary Table

Area	Facility type	Key features	Floor area (sqm)	Role	Population served (2036)	Rate of provision – sqm/1000 (approximate)	Existing or planned	Discussion
Parramatta CBD	Multipurpose community centre space integrated with Library and Child Care as Community Hub	Flexible and affordable meeting, event and activity space. Includes large divisible hall to accommodate 150 plus people	1,900	Regional	City of Parramatta - 236,864	15	Preliminary designs for Parramatta Square suggest provision of 606 square metres of community meeting space and seniors space that can be counted towards community centre provision. Future role of Town Hall as meeting space will also need to be resolved. Given its constraints, the Town Hall will only be able to partially meet needs of community.	▪ 3,400sqm is total community centre floor space requirement for both regional and district/local needs. Because of co-location and urban centre location this could be reduced to approximately 2,500 square metres through efficient design ▪ Details of entry area – although not formally counted as community centre space, this area should be designed to encourage informal gathering, meeting, etc. ▪ Civic facility – any meeting/gallery space associated with the Council Chambers should be designed for flexible and multipurpose use ▪ Both the Entry area and Civic facility are in addition to the 3,400sqm ▪ The preferred and most ideal location for the large divisible hall is on Parramatta Square
		Smaller spaces for local meetings, groups, activities to cater for needs of CBD population	1,500	District/local	Parramatta CBD – 27,497	65	Affordable and group community meeting and activity space currently identified as a gap in the CBD.	▪ Likely to be significant opportunities for floor space efficiencies with design that capitalises on co-location opportunities ▪ Some space for local activities may be able to be provided in other locations in CBD
		Long Day Care (60 place)	700	District/local (part)	Parramatta CBD residential (27,497) and worker populations (76,000)	Addresses part of demand only	Assume that demand will be met by a mix of non-for-profit, Council and private sector.	▪ Requires examination of contemporary models of city centre child care especially regarding floor space requirements and provision of space for outdoor play ▪ There is opportunity to provide for both the significant increase in workforce and residents within the Parramatta CBD and surrounds. This opportunity exists for

		Council within Parramatta Square and other sites within the CBD to manage Long Day Care facilities.
Total floor area (sqm)	4,100	

Application of standards

When considering the proposed standard of 80 square metres per 1,000 people, the floor space proposed for the Parramatta CBD falls slightly short of this suggested standard. Applying this rate of provision would require approximately 1,787sqm floor space for the district/local space and approximately 3,550sqm floor space for the regional space. Whereas this table proposes 1,500sqm for district/local space and 2,400sqm (1,900sqm+ 500sqm in North Parramatta) for regional floor space.

It is important to recognise standards as a useful starting point when planning for social infrastructure – however, it is also important to consider practical constraints including costs of floor space in the city centre and to consider other spaces available in the CBD including library and civic spaces.

Area	Facility type	Key features	Floor area (sqm)	Role	Population served (2036)	Rate of provision – sqm/1000 (approximate)	Existing or planned	Discussion
Harris Park	Family and Children's Centre and new multipurpose community centre	Redevelop Jubilee Park site including Harris Park Child Care Centre and Harry Todd Band Hall to create a Family and Children's Centre including 60 place LDC, OOSH, playgroup, meeting space, activity rooms, sessional outreach and office space for compatible family services.	1,000 (comprised of 700sqm for child care and 300sqm for community centre)	District/local	Harris Park (8,105) and Rosehill (5,256)	65	Existing child care facility unable to meet demand. Harry Todd Band Hall has potential for greater utilisation	▪ Design of Family and Children's Centre should enable general hall space to be used by child care and playgroup during day but also allow general community use after hours ▪ It is important to note that this expansion will not meet the total demand for child care.
		As part of any redevelopment of Marion Street, Council should include the provision of additional community group meeting space and office space for generalist community organisations	500	Local	Harris Park (8,105)	65	Existing community centre unable to meet demand for group meetings and activities due to lack of adequate space for group meetings	▪ Assumes disposal of existing community centre site on Albion Street - due to its size and building constraints, Albion Street is currently not meeting community demand adequately ▪ Due to high density and the lack of Council assets in the area this site provides an excellent opportunity to realise community facilities in Harris Park ▪ If vertically or horizontally integrated into a future development, appropriate noise insulation and management of the community centre will be required.
Total floor area (sqm)			1,500					

Application of standards

When considering the proposed standard of 80 square metres per 1,000 people, the floor space proposed for Harris Park is slightly higher than this suggested standard. Applying this rate of provision would require approximately 868sqm for district/local space and 526sqm for local space. Whereas this table proposes 1,000sqm for district/local space and 500sqm for local space. As mentioned in the previous table, it is important to consider the context and location of the proposed facilities when applying standards. In this case, the traditional role of Harris Park in providing key community services has resulted in an allocation of a slightly higher amount of floor space than the suggested standards would recommend.

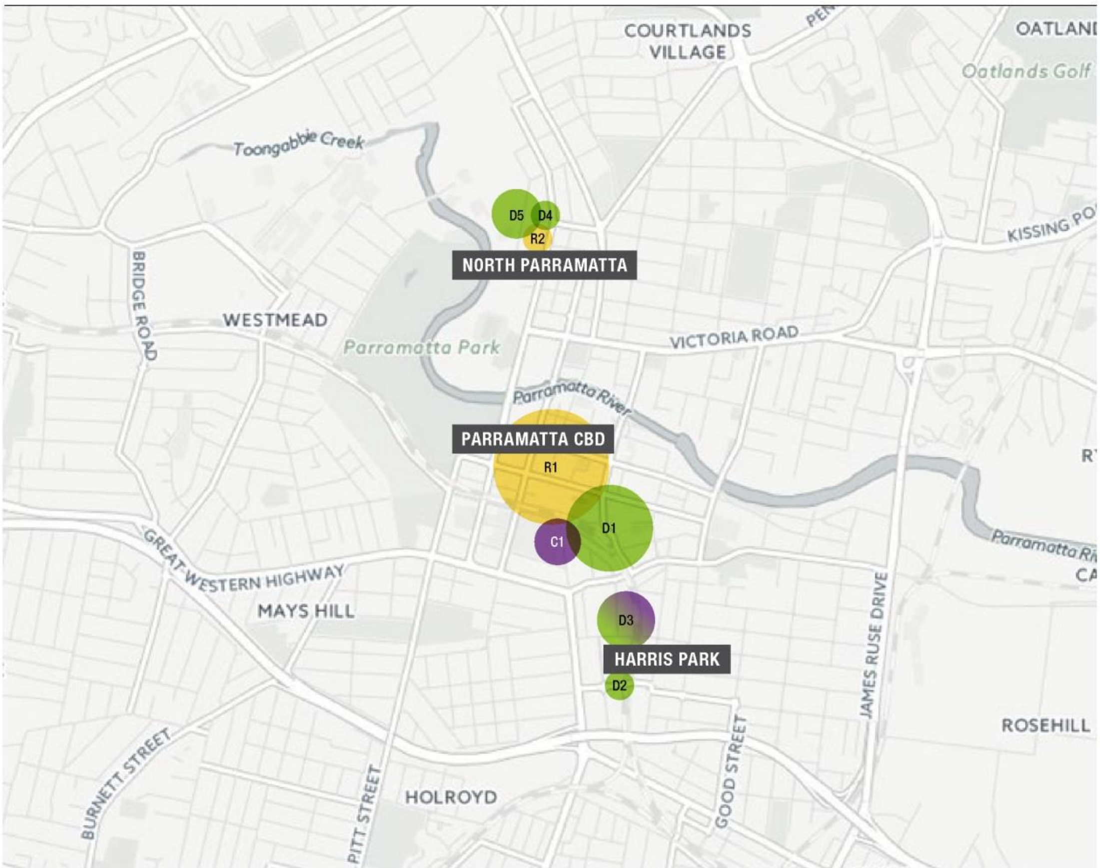
Area	Facility type	Key features	Floor area (sqm)	Role	Population served (2036)	Rate of provision – sqm/1000 (approximate)	Existing or planned	Discussion
North Parramatta	Multipurpose Community Centre	New contemporary multipurpose community centre in central, visible, accessible location (programmed space)	500	District/local	North Parramatta (20,910)	65	No existing community facility space in area other than community rooms at pool	▪ Further testing of suitability of 'gifted' buildings is required including ongoing maintenance costs
	Community recreation hall	Community use of recreation hall (hall for hire)	830	District/local				▪ Gifted building by UrbanGrowth NSW ▪ Assumes gifted buildings will be renovated to acceptable community use standards by UrbanGrowth prior to handover
	Not for profit incubator	Incubator space for community organisations utilising administration building 'gifted' from UrbanGrowth	500	Regional	Parramatta LGA and Western Sydney			▪ Gifted building by UrbanGrowth NSW ▪ Opportunity for capacity building with experienced organisations co-located with newer, growing organisations and emerging groups
Total floor area (sqm)			1,830					

Application of standards

1359

Applying the proposed standard of 80 square metres per 1,000 people for North Parramatta shows that the proposed rate of provision supports this standard almost exactly. The application of 80sqm per 1,000 people would allow for 1,359sqm of district/local floor space. This table shows a proposed rate of 1,330sqm of district/local space, only slightly less than when applying the suggested standard.

Facilities recommendations



REGIONAL COMMUNITY CENTRE SPACE

R1) Flexible meeting and activity space includes large divisible hall to accommodate 150 plus people (1,900sqm)

R2) Incubator space for community organisations in 'gifted' Administration Building (830sqm)

DISTRICT / LOCAL COMMUNITY CENTRE SPACE

D1) Meeting and activity spaces (1,500sqm)

D2) Multipurpose community centre as part of the redevelopment of the Marion St car park (500sqm)

D3) Family and Children's Centre at Jubilee Park Child Care Centre and Harry Todd Band Hall (1,000sqm)*

D4) New multipurpose community centre (500sqm)

D5) Community recreation hall in gifted building (830sqm)

CHILDCARE

C1) Council operated long day care in Parramatta CBD (700sqm)

* Family and Children's Centre also includes childcare

Source: Google Maps, internet searches and community directories

ELTON CONSULTING

7.1 Initial capital cost estimates

Capital cost estimates provided in this report are preliminary. They utilised previous project cost information and the latest floor space cost estimates using recognised sources such as Rawlinson's Construction Handbook 2015. These cost estimates are preliminary and should be considered indicative only. More detailed quantity surveying and feasibility analysis will be required as this project progresses.

The following table identifies preliminary capital costs.

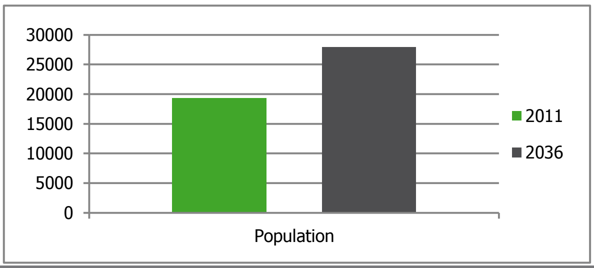
Area	Faciliity	Floor area	Esimated cost per sqm	Total cost	Comments
Parramatta CBD	Multipurpose community centre (regional and district space)	3,400	$5,700	$19.38 million	Incorporated as part of Parramatta Square, multistorey building
	Long day care child care	700	$5,700	$3.99 million	Incorporated into multistorey building The opportunity exists for Council within Parramatta Square and other sites within the CBD to manage Long Day Care facilities.
Harris Park	Family and Children's Centre	1,000	$1,040	$1.04 million	Involves redevelopment of existing child care site and refurbishment/enhancement of Harry Todd Band Hall. Excludes issues associated with asbestos, major building faults, requirements for lifts etc.
	Multipurpose community centre (Marion Street car park)	500	$3,000	$1.5 million	Community space incorporated into mixed residential/commercial development
North Parramatta	Multipurpose community centre	500	$3,000	$1.5 million	Community space incorporated into mixed residential/commercial development

7.2 Summary of area recommendations

Parramatta CBD

<table>
<tr><td>Existing Situation
Existing Council facilities</td><td>Proposed
Future Population</td></tr>
<tr><td>

Facility	Floor Area (sqm)
Parramatta Town Hall	564

Proposed changes to the community facilities hiring policy (not yet adopted by Council) may limit future community use of the town hall
</td><td>


</td></tr>
<tr><td>Identified Needs and Gaps

- Lack of flexible, multipurpose community space
- Lack of larger, affordable meeting and event space
- Demand for Long Day Care child care
- Parramatta CBD plays an important regional role in community facility and service provision, serving wider Western Sydney as well as the Parramatta LGA
</td><td>Proposed Provision

Community centre – total 3,400 sqm
Regional – Flexible meeting and activity space, large divisible hall to accommodate 150 plus people (1,900 sqm) (Note: Parramatta LGA 2036 population projection is 236,864)
District – Space for local meetings, groups, activities (1,500 sqm)

Child care
60 place long day care centre (700 sqm)
</td></tr>
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Capital cost estimates

For the total community centre floor space recommended, the preliminary estimated capital cost is $19.38 million. This reflects both the floor space required (3,400 square metres) and the high cost per square metre ($5,700) for the CBD for high quality facilities. This cost estimate requires considerable more testing but this initial assessment does raise a number of issues:

» Reductions through co-location

» Greater community utilisation of space already identified in Library project

» Utilisation is also affected by programming and management

» This is an estimate of total space required – this does not necessarily equate with the total space that Council should provide

» Consideration of Town Hall for community use

» Council as space broker – work with other providers of community space

» Other more affordable locations within the CBD – management/maintenance implications

Harris Park

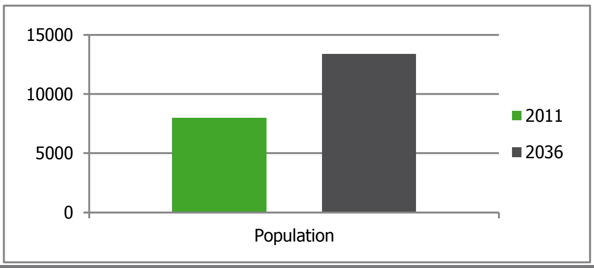
Existing Situation

Existing Council facilities

Facility	Floor Area (sqm)
Harry Todd Band Hall	225
Harris Park Community Centre	112
Jubilee Park Child Care Centre	450

Proposed

Future Population – Harris Park and Rosehill



Identified Needs and Gaps

- Lack of meeting, group, activity space for community groups and gatherings
- Space for family and children's services including family support, OOSH, playgroup
- Ensuring the supply of inclusive, accessible community facilities for all members of the community
- Demand for Long Day Care child care
- Proximity to CBD creates additional demand for facilities and services beyond immediate residential catchment

Proposed Provision

Community centre
District/local – Family and Children's Centre (Jubilee Park) includes 60 place LDC, OOSH, playgroup, meeting space, activity rooms, office space with meeting and activity space (Band Hall) available for general community use (1,000 sqm)
District/local – Multipurpose community centre (Marion Street car park) includes group meeting and activity space and office space for generalist community organisations (500 sqm)

Capital cost estimates

This initial estimate proposes an indicative cost of approximately $1.04 million for the redevelopment of the child care centre and the refurbishment of the Harry Todd Band Hall. More detailed analysis of building condition, site constraints and development capacity are required to substantiate costs for the creation of a Family and Children's Centre on the Jubilee Park site.

The proposed Marion Street facility involves incorporation of community space into a mixed use building on the site. Cost estimates of $1.5 million have been made of a 500 square metre community space. Key to the success of these types of spaces is good position within the building in a way that addresses the guiding principles for community facilities including visibility, access, main street location, safety and security, etc.

Parramatta North

Existing Situation

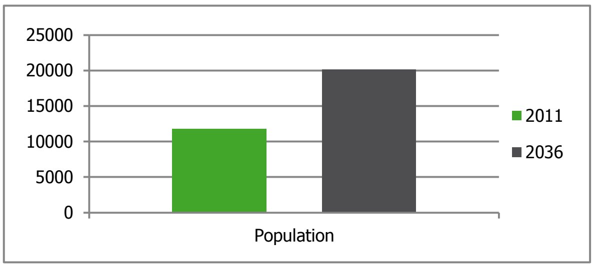
Existing Council facilities

Facility	Floor Area (sqm)
Parramatta Swimming Centre – program room	87
Parramatta Swimming Centre – Clubhouse	50
Heritage and Visitor Information Centre	199
Riverside Theatre	1060

With the proposed redevelopment of the area around the Parramatta Swimming Centre the two small community spaces there will be lost.
Other facilities do not function as community centres. In effect there is no general community centre – activity or meeting rooms space in North Parramatta

Proposed

Future Population – North Parramatta



Approximately 75% of population growth in the Parramatta North area is projected to be from the Parramatta North Urban Renewal Area

Identified Needs and Gaps

- Lack of meeting, group, activity space for community groups and gatherings
- Proximity to CBD creates additional demand for facilities and services beyond immediate residential catchment
- Future growth will bring significant additional demand

Proposed Provision

Community centre
District/local – New contemporary multipurpose community centre in central, accessible, visible location (500 sqm)
Community recreation
District/local – Refurbishment/upgrade of existing recreation hall to create flexible community activity space (830 sqm)
Community organisations/services
Regional – Creation of a community organisation hub providing office space to community organisations providing services in the Parramatta area (500sqm)

Capital cost estimates

Costs for the Harris Park facilities have not factored in rehabilitation costs of gifted community buildings (Administration Building and Recreation Hall) as it is assumed that a condition of acceptance of those facilities is that Urban Growth will carry out the necessary work to provide them to Council in a use-ready state for the intended community uses.

The proposed new contemporary multipurpose community centre involves incorporation of community space into a mixed use building on the site. Cost estimates of $1.5 million have been made of a 500 square metre community space. As noted earlier, key to the success of these types of spaces is good position within the building in a way that addresses the guiding principles for community facilities including visibility, access, main street location, safety and security, etc.

7.3 Additional recommendations

CBD

The preliminary cost estimates provided as part of this report suggest that significant capital investment will be required (in the Parramatta CBD) in particular to meet projected population demands for community centre space. A key and timely consideration, and potentially alternative option, is to what extent additional community space can be incorporated into the evolving plans for a library and civic space at Parramatta Square. The analysis undertaken in this report suggests that the amount of community centre (meeting and activity space) currently incorporated into the library design is insufficient to meet projected community needs. However, with some additional space allocation and an emphasis on flexible, co-located, multipurpose spaces and active facility management and programming, it is likely that incorporation of additional space into the library design will be the most efficient and effective way for Council to address the community's needs for meeting and activity space. **Therefore, a key recommendation of this study is that the brief for the Parramatta Square Library and Civic Centre be reconsidered and adapted to include more community centre floor space.**

It is further recommended that existing spaces planned for the Library and Civic Centre be designed to meet the principles for community facilities outlined in this study including to be flexible, multipurpose, inclusive and welcoming etc.

Council **engage with both Western Sydney University and Department of Education and Communities regarding public access to community meeting, activity and training space in the Parramatta City Centre** to identify the role and process for each key stakeholder in the provision of space.

North Parramatta

Council continue to **negotiate with UrbanGrowth NSW regarding the provision of community facility space at the Parramatta North Urban Renewal Area site**. Given the proposed 'gifting' of heritage buildings to Council, due diligence on asset condition, liabilities and ongoing operational and building costs requiring ongoing Council financial contribution need to be assessed.

Planning for the potential redevelopment of the Parramatta Swim Centre **consider the replacement and potential enhancement of community meeting and activity space** to be provided as part of an integrated network of space across the city centre.

LGA-wide

Council to **consider the development of an LGA wide social infrastructure strategy** to create a clearly defined, strategic approach to social infrastructure provision considering the significant population growth, demographic change and urban/infrastructure projects planned for the City of Parramatta over the next 20 years

For the potential of multipurpose community spaces to be fully maximised, active management and programming of community facilities is required. Council should **consider not only its management approaches but also its leasing and licensing policies** to ensure that all aspects of facility planning and management are working together to promote greater community utilisation and maximum facility efficiency.

In recognition of the increasing difficulty and impracticality of Council providing all required community meeting and activity space, it is **recommended that Council consider a 'space broker' model** where Council collects information about all spaces available for community use (Council and non-Council) and works with other providers to facilitate community access to meeting and activity space.

8 Concluding remarks

Community facility provision requires balancing community needs and costs to Council. While needs assessments can identify required facility space to meet future population needs, the provision of that space is dependent on a wide range of considerations. Facility provision in Parramatta is relatively unique. The City of Parramatta is large and growing with much of that future growth being in CBD and urban locations. Future residents will live in higher density environments and will have different needs for space and social infrastructure than those in the more traditional established suburbs.

Parramatta is also different in that it occupies an important strategic position as the major regional centre for Sydney's growing West. The December 2015 light rail announcement, relocation of Government jobs and facilities such as the Powerhouse Museum, development of Western Sydney University and new models of urban school provision in the Parramatta CBD will continue a wave of change and innovation across the City and Western Sydney.

There are many great opportunities for the growth and evolution of the City of Parramatta. With those opportunities come some challenges and a complexity that requires a high degree of collaboration, coordination and communication to forge the internal and external partnerships that will be necessary to maximise opportunities and minimise risk. Community facilities provision may be one part of a much bigger picture for Parramatta, but it is one element that can significantly add to the quality of place and help forge a genuine identity for Parramatta.

In terms of the CBD, Council's focus on the redevelopment of Parramatta Square provides a great opportunity for an innovative approach to community space that will not only meet community needs but could help to activate the square and create a unique place identity for this important civic, urban space. There is an opportunity for Council to work collaboratively internally and with external parties to create an integrated design concept that is future proofed, adaptable, flexible and helps to address both current community space shortfalls as well as the increased demand that will come from a growing CBD population.

Preliminary cost estimates suggest that capital investment in the vicinity of $20 million will be required (in the Parramatta CBD) to meet projected population demands for community centre space. A key, timely and potentially alternative consideration, is to what extent additional community space can be incorporated into the evolving plans for a library and civic space at Parramatta Square. The analysis undertaken in this report suggests that the amount of community centre (meeting and activity space) currently factored into the library design is insufficient to meet projected community needs. However, if that initial design concept can be amended to include additional community space with an emphasis on flexible, co-located, multipurpose spaces and active facility management and programming, it is likely to be possible to achieve the desired social outcomes with less space provision creating an efficient and effective solution to the community's needs for meeting and activity space.

While those internal partnerships and common solutions are essential, also important is working with Western Sydney University, Department of Education, Powerhouse Museum and others to identify how this network of spaces (some provided by Council and some by others) can be fully utilised as community assets that can contribute to the continued growth and evolution of the Parramatta community.

9 Appendices

A Case studies

A-1 Community Centres

Surry Hills Library and Community Centre, Sydney

The Surry Hills Library and Community Centre is located in a prominent location on the main commercial strip in the village centre, co-located with shops, restaurants and other services.

The project involved close consultation with the local community, which overwhelmingly wanted a place for all community members to share. A gap in childcare services in the area was also identified during the planning process.

The centre co-locates a number of facilities in multi-storey building with a small site area of 700 square metres. Facilities include:

- A branch library on the ground floor with a collection tailored to local community interests
- A café at the entrance to the library
- A neighbourhood centre providing information and referral services targeting disadvantaged groups
- A number of meeting rooms available for hire
- A commercial kitchen
- A flexible hall suitable for a variety of uses
- A childcare centre on the third (top) floor
- An adjoining open space which provides an outdoor meeting space and venue for small events and weekly markets.

The community's desire for a welcoming, shared space was also transcribed through the building design. The building's main feature is a glass façade, which allows community members to view the activities occurring within the building from the street. It provides a strong indoor-outdoor connection and natural surveillance of the street and adjacent open space. The childcare centre provides outdoor roof-top play areas and entry arrangements providing secure access. The building also incorporates many leading practise environmental features and has won many awards for its innovative design and sustainability features.

The library is staffed by Council and the neighbourhood facility managed by a not-for-profit community organisation – Surry Hills Neighbourhood Centre. The childcare centre is run by a separate independent operator.

Figure 1 Surry Hills Library and Community Centre, Sydney

Surry Hills Library and Community Centre

Image: John Gollings

Figure 2 Roundhouse Community Arts and Recreation Centre, Vancouver

Image: Elton Consulting

Roundhouse Community Arts and Recreation Centre, Vancouver

The Roundhouse Community Arts and Recreation Centre is a 4,580 square metres multipurpose community facility. It contains a diverse range of spaces including:

» A performance centre

» A large exhibition hall with a flexible layout

» Woodworking, pottery and dance studios

» A full size gymnasium

» A cafe area

» Various other multipurpose spaces.

A key project objective for the Roundhouse Community Arts and Recreation Centre was to provide for the needs of families and children living in a high density environment. The project sought to develop a community facility model that would:

» Integrate arts, community, cultural and recreation uses

» Provide an oasis in a high density residential area for the community to express their creativity and energy through different means

» Serve the needs of widely divergent local and regional communities.

An advisory committee composed of neighbourhood representatives, heritage supporters, members of the arts community and Vancouver Board of Parks and Recreation staff oversaw the planning and delivery of the centre. The success of the centre has in part been attributed to the collaborative, community led approach to the planning process.

A post occupancy evaluation, undertaken as part of the ongoing management and review process, revealed extensive community uptake of the centre and a strong sense of community ownership. This process is aimed at ensuring the centre continues to successfully cater to community needs into the future by changing and adapting as required.

Green Square, Sydney (planned community facilities)

Green Square is one of the fastest growing parts of Sydney. 10,000 new apartments are planned for completion within Green Square over the next four years. On completion, this new community is forecast to reach 61,000 residents, and have the highest population density in Australia.

The City of Sydney has committed $440 million over the next 10 years to build world-class community facilities and infrastructure for Green Square. Construction of Green Square Town Centre is now underway which is planned as a new commercial, retail and cultural hub.

The City of Sydney conducted a design competition for the new Green Square library. The winning Stewart Hollenstein design includes an outdoor plaza with multiple sites for play, work and rest. Some of the buildings are below ground while bookshelves sit outdoors in the plaza. The design includes an amphitheatre, a storytelling garden, water play zone and wide open spaces for festivals.

Studies indicated there is a high demand for childcare within the community. A 74-place early education and childcare centre will be built in an adaptively reused Outpatient Building at the former South Sydney Hospital site at Joynton Avenue, Zetland. The centre will cater for children aged from 6 weeks to 6 years. Completion is planned for mid to late 2016. This will provide capacity for one of the two childcare centres required in Green Square.

The former hospital site will also become a creative heart for Green Square. The 3-storey former nurses' quarters known as the Esme Cahill Building will be transformed into a creative hub with artists' studios, workshops, classrooms, gallery spaces and areas for the community to hire. Other community facilities at the site will include a community shed, a park and community housing.

> Green Square Library is designed to be a "library of the future, a place that holds more than books – a vibrant, egalitarian 'living room' for the whole community" (*Green Square Management Plan 2014*)

Churchill inter-generational community hub, Latrobe

The Churchill and District Community Hub opened in May 2009 and provides a single point of access to a number of services such as maternal and child health centre, council service centre, library, Churchill Preschool, Pooh Corner Child Care Centre, Churchill Neighbourhood Centre and other facilities for the community including a parenting room, community kitchen and meeting rooms for the town and district's residents

As usage has increased over time, it has become clear that residents can easily access the Hub and it offers time savings and convenience by having a variety of services and facilities operate from the one centralised location. Council reported increased interest in the services that are provided from the Hub. For example, council's library has seen a dramatic increase in new library users and borrowings.

Details of organisations operating from the hub:

» Poor Corner provides long day care and occasional care for children aged between 0-5 years

» Neighbourhood House provides a range of popular adult education and life skills

» Maternal Child and Health provides monitoring and support to children and parents from birth to 5 years of age

» Churchill Central Preschool

» Churchill Library/Service Centre is a fully integrated service point offering access to all council services from one service point.

A-2 Multi-tenanted facilities

Ross House, Melbourne

Ross House is a self-managed and community-owned non-profit building (the only one of its kind in Australia) where community groups can grow and connect. The five-storey heritage-listed building in Melbourne's CBD, provides affordable, accessible office space to over 60 small non-profit groups working towards environmental and social justice 'through advocacy, campaigning, community education and the provision of resources and information'. Office space is available for use at below market rates. An even larger number of groups use the building's other facilities, such as meeting rooms, mail boxes, photocopiers and fax machines.

Small community groups have access to networks, shared resources and shared experiences. The model 'aims to reduce the insecurities and financial pressures that so often hamper the activities of small community organisations'.

Funds for purchase of the building were made available through the RE Ross Trust. ANZ Trustees purchased the building from the State Electricity Commission on behalf of the Trust in April 1985. Ross House is managed by its members through the Ross House Association. The Association's role is to maintain the building, develop the resources available and to encourage the development of the community within the building. All tenants are required to be members of the Association and many other users of the building's resources are also members.

Groups seeking to use the facility are prioritised, depending on their size, structure and organisational aims. Criteria considered during tenancy application includes how the organisation:

» supports the need to remove disadvantage

» believes in advocacy, information sharing and co-operative methods

» is committed to self-help

» encourages participation in shared decision making

» supports the aims of Ross House

» is not for profit, non-government, and not a religious body or political party

» is small with fewer than 15 full-time staff

Collective Purpose, Sydney

Collective Purpose is a collaborative, co-working space created by three leading and innovative mental health and not-for-profit organisations: BEING l Mental Health and Wellbeing Consumer Advisory Group; Way Ahead (formerly the Mental Health Association NSW) and Mental Health Carers –ARAFMI NSW. These organisations have been collaborating since 2006 as Partners in Mental Health (PiMH). In 2014 they decided to strengthen their relationship through the development of shared support arrangements. The Collective Purpose Hub in William Street, Woolloomooloo, is one of these arrangements.

The operational model was inspired by the New Zealand Wise Group model. Since late 2013, Collective Purpose has been working collaboratively on a Partners in Change initiative to develop a shared services model of operation which can streamline services, provide efficiency and value for money and provide quality services while ensuring sustainability. This involves managing the separate financial operations of the three current partners, and combining identified financial operations that can be effectively shared. A central priority of this initiative has been to create a dynamic co-working office hub environment (titled Collective Purpose) that will foster collaboration, innovation and provide a space where other like-minded organisations and people can work together. The refurbished offices provide flexible co-working spaces and include meeting and training rooms that can be hired by the public.

A-3 Alternative approaches to facility provision

Space brokering model, Sunshine Coast Council, QLD

This approach, as adopted by Sunshine Coast Council, proposes Council act as a conduit to non-Council facilities for community groups and organisations needing space. In this scenario, should demand exceed the capacity of Council facilities, Council would act as a space broker – locating and negotiating the use of other spaces with, for example, school principals, ministers or club owners in the area.

Sunshine Coast Council is actively involved in finding space for community groups in their area. If suitable space is not available for a group at any Council-owned facility, Council will act as a space broker, searching for other suitable space (for example, at schools or clubs). Council will not only inform the group of alternative spaces available, they will negotiate community use with the facility owner.

The use of non-Council spaces can be a sustainable approach to community facility provision as it provides an alternative to building brand new facilities to meet community need.

Schools as community centres, Victoria Avenue Public School

The benefits of school-community partnerships are becoming more widely recognised and understood. There is strong evidence internationally and locally that school-community partnerships support a range of enhanced outcomes for young people, parents, schools and communities. In Australia, school-community partnerships are recognised in government policy as important and worthy of investment. The NSW Department of Education and Communities *Community Use of School Facilities Policy* outlines a number of the benefits of school-community partnerships, including:

» access to services to support families and communities

» enhanced co-operation and goodwill between the school and the community

» the provision of additional extracurricular learning opportunities

» better access for communities and schools to state-of-the-art facilities

» opportunities for parents and the broader community to become better informed about and participate in the school's operation and activities

» more effective use of valuable school facilities and

» opportunities for the community to play a positive part in school security through out-of-hours use of the facilities.

The Victoria Avenue Public School in Concord West provides an example of a joint venture between the NSW Department of Education and Communities, the City of Canada Bay and the Sydney Local Health District which encourages the shared use of school facilities by the community.

The school and community precinct was developed to service a broad rand of community needs and includes a 47-place child care centre catering for children from birth to school age, early childhood health services, Outside School Hours Care, shared use of the playing fields and a communal hall. When school facilities are not in use, the Department of Education and Communities encourages community and education groups to use school facilities in accordance with the Community Use of School Facilities policy.

The Community Use of School Facilities policy outlines a number of guidelines for community use of school facilities and includes requirements such as Child Protection compliance in all agreements where the use of facilities involves direct contact with children. The policy describes an appropriate use of a school facility as 'any non-prohibited use that benefits the community' and also recommends consultation with representative parent bodies and local community groups when determining appropriate community uses.

Use of facilities may include:

» children’s services e.g. Out of School Hours Care

» community language schools

» dance, music or drama lessons

» community education and training

» community productions

» community meetings

» sporting events

» vacation care.

B Best practice interviews

B-1 City of Sydney

Community hub model

- » There is a trend away from specific purpose and names spaces e.g. senior citizens' or youth facilities, towards adaptable, flexible spaces.
- » Flexible spaces offer opportunities to better serve communities if there is a focus on innovative programming, greater facility usage and renewing the physical spaces. This contributes to the activation and vibrancy of spaces and supports innovative uses.
- » However an issue with flexible spaces is that some uses are not always complementary e.g. cultural and arts spaces such as live music venues may need longer rehearsal times than traditional booking practices currently allow. Or older buildings may require physical adaptations to host live music.
- » While a community hub model makes sense operationally, local communities also need local facilities. Therefore it is important to have a hierarchy with the right mix or balance of sizes and types and incorporate principles such as walkability.

Libraries

- » Both Ultimo and Surry Hills community centres incorporate a library at their heart to activate the hub around life-long learning, skills development, computer usage and creative spaces.
- » There is a trend for community centres such as libraries to act as a 'community living rooms' – offering different spaces where people can be quiet or noisy.
- » The Green Square library has been designed to activate and provide a 'heart' to Green Square plaza. It will include a café, Neighbourhood Service Centre, external amphitheatre, and rooms and spaces for community hire, such as a music room and computer training lab. A *Management Plan* sets out conditions of use to ensure safe and successful management and operations within the residential area.

> "When it all boils down to it, building a library or a community facility in high density areas must be accessible, flexible and provide a big lounge room for people. Apartment living limits people's capacity to get away from each other, hang out in the backyard, make noise. Students who co-share can't get privacy to study. People want a place they can run a business from, use devices while grabbing a coffee, play musical instruments – you can't fit a piano in most apartments" (City of Sydney).

Creative spaces

- » There is a growing demand for creative, quality and affordable spaces. The CoS now provides affordable space in properties owned by the City to support the professional development and programing of creative organisations and practitioners. Examples of this include:
  - > Oxford Street Cultural and Creative Spaces – where 18 commercial office and retail spaces in Darlinghurst are offered at affordable rates to a range of not-for-profit and commercial creative organisations and enterprises
  - > William Street Creative Hub – where two city-owned properties have been transformed into a mix of commercial and affordable spaces for cultural and creative enterprises. In addition to

affordable working spaces, the hub also provides residential tenancies where artists can live and work.

- The CoS also makes available some other temporarily vacant properties for short term creative projects, including through the Creative Spaces website.
- Some of the challenges around innovative community spaces such as rooftop courts, can include noise, operating hours and sharing usage.

Population thresholds for community centres

- The City of Sydney (CoS) has not adopted specific catchments or population benchmarks but research is underway to determine the best approaches for different types of infrastructure.
- The CoS takes account of the resident, visitor, student and employee populations when determining community facility needs.
- Workforce and residential demands are taken into consideration when planning for childcare needs.
- Open space planning also incorporates the needs of workers. However, other community facilities are mainly sized for the residential population.

Management and delivery

- CoS uses a combination of traditional management models including direct operation (Surry Hills community centre, Ultimo Community Centre), the Accommodation Grants Program and subsidised lease models.
- Traditional development models include direct development and use of VPAs. Greater use of partnerships is expected in future e.g. with State governments over education projects and before and after school care.

Childcare

- In terms of childcare, CoS operates the following models:
  - Library – Community Centre – Childcare (Surry Hills)
  - Library – Community Centre – Childcare – OSHC – Program space – Space for hire – Sport and rec uses – retail (Ultimo)
  - Community Centre (including space for OSHC) - Childcare – Program spaces - Gymnasium (Pyrmont)
  - Baby health clinic – Rooms for hire (used after school as OSHC and during day for a range of uses including by seniors) (Reginald Murphy Centre, Potts Point)
  - Childcare – Community space for hire (Bourke Street, Darlinghurst)
  - Library – Neighbourhood Service Centre – café – spaces and rooms for hire – plaza – amphitheatre (planned for Green Square)
  - Stand-alone Childcare centre as one of many uses around a central plaza (planned for Green Square).
- All these models reportedly work well from Council's perspective, as would the addition of family and children's services uses. The mix at Ultimo Community Centre works particularly well.
- The most interesting and successful mix of services and activities was said to be the OSHC and 'seniors' which sometimes shared OSHC programed activities at the Potts Point centre.
- Co-location with schools is also considered a good mix.

- All buildings where childcare is offered are owned by Council and services are either provided by Council or by not-for-profit organisations. Council also leases the two childcare facilities in the Ultimo Community Centre to commercial operators.
- CoS has adopted a rate of $20m^2$ per child in determining the size of childcare centres.
- CoS aims for childcare centres to be located at ground levels, so outdoor areas can be as natural as possible, with access to sunshine, fresh air and a natural environment. Where a ground floor position is not possible, Council prefers a podium or similar setting with access to sunshine and fresh air and a simulated natural environment. Council often works with a developer to help create more natural environments.

B-2 City of Melbourne

Hub model

- The key concept underpinning the recent delivery of community infrastructure across the City of Melbourne is 'community hubs'. This approach results in better access, greater efficiency and improved service delivery to the community.
- The City of Melbourne (CoM) tends to refer to a 'hub' as any facility that has more than one service operating out of it. These could be either be a mix of services that directly complement each other such as family and children's services, or a facility with a variety of services such as Docklands Community Centre which includes a community boating hub on the ground floor and a family services centre on the second floor.

Activation

- The CoM has found that some level of commercial practice such as a social enterprise café helps with activating and attracting people to use the community hub.
- They have also adopted the Canadian model of having an 'Animator' – a staff person whose role is to promote the facility through organising events, advertising the spaces and encouraging the community to take advantage of the services and spaces available.

Mix of services

- There is currently no CoM community hub which includes children's services.
- The Carlton recreation centre shares an entrance and foyer with a childcare facility. However this hasn't worked as well as hoped with fewer people using the childcare facility. CoM are reviewing this model.
- The CoM are exploring the inclusion of children's services within the 'hub' model – taking into consideration safety and risk issues.

Population thresholds

- The CoM has not adopted specific catchments or population benchmarks to determine the best approaches for different types of infrastructure.
- Two of the last three facilities the CoM developed have been retrofitted.
- The CoM takes a more opportunistic approach to the provision of community facilities.

Prioritising needs

- The CoM conducts extensive community engagement to assess community needs and aspirations when planning community facilities.

- This includes the 'Participate Melbourne' website, surveys, interviews, forums, facilitated sessions and submissions.
- They also analyse demographic information using ABS data.

Delivery and management

- Wherever possible, the CoM looks to partner in the delivery of community facilities – for example the Docklands Library and Community Centre was a facility developed in partnership with a number of developers.
- Preference is to wholly manage community facilities (other than childcare) as it provides a continuity of management for tenants and users.

Schools as community centres

- The CoM is currently working very closely with the Victorian Department of Education and Training in exploring shared use of school facilities – in particular looking at cooperative arrangements around the use of school libraries.
- There is one particular school which has capacity for 700-800 students but currently only has 100 students. This school has let out half of its floor space to not-for-profit organisations.

C Higher density population characteristics

This table provides an overview of the characteristics of people living in higher density housing in Sydney. This examination has drawn on two sources:

» An analysis of the characteristics of people living in multi-unit residential development across Greater Sydney undertaken by the City Futures Research Centre

» Analysis of the characteristics of apartment dwellers living in urban transformation areas or new higher density developments, using the examples of Pyrmont, Zetland, Rhodes and Meadowbank.

Both data sets are based upon the 2011 ABS Census of Population and Housing.

Table 5 Comparison of key indicators across multi-units in Sydney, urban transformation areas and Greater Sydney as a whole

	Multi-unit dwellings Greater Sydney %	Selected urban transformation areas %	Greater Sydney as a whole %
Tenure (occupied dwellings only)			
Unoccupied private dwellings	8.9	8.3 – 11.8	7.1
Owner occupied	34.5	36-50	65.2
Private rental	47	49-61	31.6
Age			
Under 15	12.9	8-11	19.2
25-34	31.3	34 - 38	15.4
35-54	27.3	21 - 29	28.4
65+	8.2	3.3 - 6.2	12.7
Household composition			
Lone person	34.4	22 -36	21.5
Couple only	27.3	33-36	22.6
Family with children	28	20-29	47.0
Group household	9.3	7.5 -15	4.1
Cultural diversity			
% born overseas	55	49 - 76	34.2
Country of birth – Asian continent	30.8	24 - 52	13.1

Employment			
Labour force participation rate	73.7	61-71	61.7
Professional / manager	45.5	48 - 59	38.8
Median weekly household income		$1419 - $2186	$1447

City Futures and ABS Census

www.elton.com.au

Infrastructure Funding Models Study

Prepared for: Parramatta City Council

Date: May 2016

Project No 10379

Infrastructure Funding Models Study

May 2016

Prepared for

Parramatta City Council

By

GLN Planning Pty Ltd
ABN 39 585 269 237

Level 10, 66 King Street Sydney NSW 2000
GPO Box 5013 Sydney NSW 2001

P [02] 9249 4100
F [02] 9249 4111
E info@glnplanning.com.au
W glnplanning.com.au

GLN Planning Pty Ltd
ABN 39 585 269 237

Level 10, 66 King Street Sydney NSW 2000
GPO Box 5013 Sydney NSW 2001

P [02] 9249 4100
F [02] 9249 4111
E info@glnplanning.com.au
W glnplanning.com.au

CPP
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Executive Summary

The Parramatta CBD is expected to receive a significant amount of development in the future. This will likely include developments accommodating thousands of new residents and workers. These developments will generate increased infrastructure demands.

The costs of the new and enlarged facilities to meet these demands will be met from a variety of funding sources. The contributions developers pay to the local council will be a primary source.

This report examines the opportunities for Parramatta City Council to extract contributions from the future CBD developments. It examines the conventional contributions mechanisms that are available as well as the opportunities for implementing alternative or innovative tools such as value sharing.

A 3% section 94A levy currently applies to development on land throughout the CBD area. The section 94A mechanism has historically been preferred because of its simplicity and low risk of legal challenge.

An analysis of projected income from a mix of conventional section 94 / section 94A approaches showed that:

- Continuation of the current 3% section 94A levy would yield the lowest income of all the approaches ($165 million)
- Combinations of section 94 contributions and section 94A levies on different developments would yield higher levies (between $193 million and $232 million)
- A 4.5% section 94A levy on all new development would yield the highest income of all the options ($247 million).

The impacts of the various options on the viability of mixed use development were examined. If Council was to implement a section 94A levy of 4.5% or a new section 94 contributions plan, some Parramatta CBD projects would move from being viable to being on the cusp of achieving the necessary development benchmarks to make them worthwhile to proceed.

Council has estimated that the future CBD infrastructure upgrades will cost at least $835 million.

Application of a section 94A levy to future development, even at the 4.5% level will only yield a fraction of the income needed to meet this cost. As a result, GLN Planning investigated alternative or non-traditional contributions schemes that are operating in other development areas in Sydney. We tested the potential for so-called ‘value sharing’ schemes to provide additional funds to meet the infrastructure costs, and also tested the impacts of a ‘Phase 1 / Phase 2’ value sharing scheme on the viability of hypothetical CBD developments.

Our investigation of these alternative schemes concluded that:

- Significant additional development contributions to fund infrastructure could be received by Council through implementing a value sharing scheme.
- Phase 1 value sharing may negatively impact on viability of some projects as it introduces an unanticipated development cost. However whether the impact results in viability benchmarks being unable to be achieved will depend on the level of sharing and the time since the site was purchased. Our research indicates that a 10-20% level of Phase 1 value sharing could be tolerated in the current market.
- The larger developments – that is, developments above 12:1 – would remain viable with Phase 2 value sharing at any level. It would be unreasonable however to expect developers to tolerate Phase 2 value sharing to exceed 50%.

Optimum strategy using currently available contributions mechanisms

The optimum contributions strategy for the anticipated future development in the Parramatta CBD, using the current tools, is outlined below:

(a) Continue the current practice of requiring developers to carry out works on and near their development sites where it is reasonable to do so.

(b) Continue the current practice of consent authorities imposing a section 94A levy on all eligible development, but seek the support of the Minister for Planning to allow the maximum levy to be increased from 3% to 4.5%.

(c) Continue to negotiate VPAs with developers to extract additional public benefits associated with new developments.

If on the other hand the Council was unsuccessful in obtaining the Minister's support for a maximum 4.5% levy, and Council still wanted to achieve a higher financial return than the current 3% levy, it could pursue a hybrid contributions strategy that allowed section 94 contributions to be imposed on mixed use development, and a section 94A levy on wholly non residential (i.e. commercial and retail) development.

This approach however would be more resource intensive and may down the track potentially expose Council to legal challenge on the reasonableness of its contributions in individual development approvals. These risks however can be managed.

We therefore recommend that Council prepare a draft section 94A contributions plan that authorises a levy of up to 4.5% on future CBD development and seek the Minister for Planning's endorsement to amend the EP&A Regulation to allow the levy.

Council could then choose to impose a lesser levy on straight commercial office development in order to retain the Parramatta's competiveness in the Sydney suburban office market.

In the event that Council is unsuccessful in gaining the Minister's approval for an increased levy, we recommend that Council pursue a mixed or hybrid contribution strategy of:

(a) Section 94 contributions applying to all residential and mixed use development

(b) A 3% section 94A levy applying to all development that does not include a residential component.

Strategy for implementing Council's value sharing scheme

Council is considering implementing a 2-phase value sharing scheme on developments in the Parramatta CBD area in order to help fund the significant CBD infrastructure upgrades.

If Council was to proceed with its value sharing scheme, based on our investigations of similar schemes and our assessment of viability impacts, we recommend that Council incorporate the following elements in the scheme:

(a) Retain the 3% section 94A levy in preference to seeking the Minister's approval for a higher (4.5%) levy.

(b) Develop, in consultation with the Department of Planning and Environment, a planning scheme that provides a choice for the developer between pursuing an 'as-of-right' development under current general planning controls and infrastructure contributions; or pursuing a development under different planning controls that also have value sharing contributions attached to them.

(c) Prepare a comprehensive infrastructure plan containing details of the different facilities and amenities that will be delivered using the proceeds from value sharing.

(d) Prepare guidelines that contain details of the value sharing scheme and that show how developers can participate in the scheme.

(e) Adopt a floor space value in the range of $700 to $750 per square metre of GFA for the purpose of assessing value to be shared.

(f) Consider carefully the rate of Phase 1 value sharing that is implemented. Our investigations of hypothetical developments based on recent average sales data show that larger developments could absorb up to a 20% Phase 1 value sharing contribution and probably meet viability benchmarks. Sites recently purchased for smaller developments (ie. development that achieves 6.9:1 FSR including incentives) could potentially absorb a 10% Phase 1 value share. Developments on sites that have been held for several years would likely be able to absorb 20% or more Phase 1 value share regardless of the size of the development.

(g) The Phase 2 value sharing rate be set at no more than 50%.

(h) The arrangement for the developer to provide public benefits is achieved and formalised through the negotiation of a VPA between the developer and the Council.

(i) Value sharing contributions that are paid by developers be held in a dedicated account that has accountability and reporting protocols that at least reflect the accounting requirements for section 94 and section 94A monies.

1. Introduction

1.1 Background

The Parramatta Central Business District (**CBD**) is located centrally in the demographic heart of the Sydney Metropolitan Area and performs a key economic, social and cultural role. The Parramatta CBD is of metropolitan significance as a regional employment centre, and it will continue to increase in importance as Western Sydney's population continues to grow.

A planning strategy adopted in 2015 by the Parramatta City Council (**Council**) sets targets for 27,000 additional jobs and 7,500 additional dwellings in the CBD area by 2036.

Significant growth in jobs and dwellings is expected to place further demands on Council to provide new infrastructure or augment existing infrastructure, such as open space, community facilities, and local road improvements.

Council has engaged GLN Planning to prepare an infrastructure funding model study to determine the most appropriate mechanism to fund and / or deliver new infrastructure to meet the demands of anticipated growth in the Parramatta CBD.

This study:

- Recommends a strategy to fund local infrastructure that utilises the suite of funding mechanisms currently available under existing legislation.
- Explores the opportunities for alternative funding mechanisms which may be appropriate to apply to future development in and around the Parramatta CBD.
- Is to inform the future direction of infrastructure funding for the Parramatta CBD Planning Framework Review.

1.2 Project objectives

The purposes of this project are as follows:

- Review the currently available contributions mechanisms in terms of potential income, impacts on development feasibility, and risks for implementation.
- Recommend a fair, appropriate and workable development contributions system to apply to development in the Parramatta CBD area.
- Investigate alternative and innovative infrastructure funding mechanisms and models, including specifically schemes that capture some of the uplift in value of development sites as a result of the additional floor space rights.
- Identify any legislative or other regulatory changes needed to implement the preferred infrastructure funding strategy.

1.3 Structure of report

This report is arranged as follows:

Part 1 (this part) provides an outline of the objectives and background of this project.

Part 2 discusses the planning and future development of the Parramatta CBD, including the infrastructure anticipated to be required to support the development.

Part 3 discusses the infrastructure contributions and delivery mechanisms currently available under the Environmental Planning and Assessment Act 1979 (**EP&A Act**) that could be applied to the Parramatta CBD developments, and a comparison of the projected income each of these regimes would generate based on the growth targets set for the Parramatta CBD.

Part 4 examines the development viability impacts associated with implementing the different contributions mechanisms currently available under the EP&A Act.

Part 5 discusses a commentary on alternative funding models for the delivery of infrastructure in the Parramatta CBD, specifically 'value sharing' schemes, including the associated advantages and disadvantages of these schemes. This part also tests the viability impacts of a value sharing scheme that has been proposed by Council.

Part 6 provides a conclusion to the study as well as a series of recommendations for Council's consideration to optimise the collection of contributions on development within the CBD whilst maintaining feasible development outcomes.

2. Development profile and infrastructure demands

Substantial new development is expected to occur in the Parramatta CBD in the future.

Planning policies are being prepared to cater for significant population growth requiring some 1.4 million additional square metres of gross floor area to be constructed in the area by 2036. Council's proposed planning controls facilitate additional floor space of over 2 million square metres on the assumption not all sites will turn over for development.

Council is currently investigating the infrastructure that will be need to support this level of growth.

Council's approach is that the future development should meet most or all of the cost of the infrastructure upgrades through development contributions.

The formulation of an effective infrastructure funding and development contributions strategy is inextricably linked to the type, amount, and rate of development expected to occur in an area. This part of the report therefore describes the anticipated development for the Parramatta CBD.

2.1 CBD development framework

2.1.1 Background

In recent years Council has undertaken studies of future development opportunities in the Parramatta CBD.[1]

The objective of these studies was to review the current planning framework and identify opportunities, constraints and market conditions impacting on development; and from this develop draft planning controls and recommendations to ensure Parramatta will fulfil its role as Sydney's western CBD.

These studies and previous resolutions of the Council formed the basis of the Parramatta CBD Planning Strategy. This strategy was adopted by Council in April 2015.

Key actions in the strategy will inform a Planning Proposal currently being prepared by Council to amend the planning controls for the CBD include the following:

1. Expansion of the CBD boundaries
2. Increase in floor space ratios (**FSR**s) to predominantly 10:1 and 6:1 across the CBD
3. Implementation of density bonuses above these FSRs for developments that achieve design excellence and high environmental performance
4. Removal of any height controls, except in some key areas
5. Investigation of potential sun access controls to key public spaces
6. Expansion of the 'Commercial Core' around Parramatta station
7. Setting an employment growth target of 27,000 additional jobs and residential growth target of 7,500 additional dwellings by 2036 for the CBD
8. Investigation of infrastructure needs, including funding mechanisms
9. Promotion of tower slenderness and design excellence.

[1] Draft Parramatta City Centre Planning Framework Study (2014) and the Draft Parramatta Auto Alley Planning Framework Study (2014)

A number of technical studies have been undertaken to give effect to these key actions, including this infrastructure funding models study.

In order to address point 8 above, the economic analysis undertaken by SGS Economics and Planning proposed a 'value capture' mechanism be applied to land or development which benefits from any uplift as a consequence of modified planning controls (e.g. increases in FSR). This study considers the ability to apply such a mechanism under current NSW legislation including relevant NSW examples, and whether legislation changes may be required to enable value sharing to be established as a viable infrastructure funding mechanism.

At the time that it adopted the CBD Strategy, Council decided that it would seek the Minister for Planning's approval to impose a higher section 94A levy of 4.5% on all development throughout the CBD as the primary means of funding CBD infrastructure upgrades. Also at that time Council considered that value sharing could be a funding mechanism that could apply to only those sites where extra development rights were permitted beyond those allowed under the CBD Strategy.

Since that time, information has been prepared showing that the cost of CBD infrastructure upgrades is likely to exceed $800 million, and that a conventional section 94A levy is unlikely to generate sufficient income to cover that cost. This study therefore examines the potential development viability impacts of value sharing on developments complying with the densities allowed under the CBD Strategy.

2.1.2 Parramatta CBD Strategy

The CBD Strategy applies to the area shown in **Figure 1** over page.

A single Planning Proposal to give effect to the Parramatta CBD Planning Strategy is due to be completed by the end of 2015 and placed on exhibition by mid 2016.

The Planning Proposal will among other things include provisions that increase the maximum FSR and height controls applying to residential development. The proposed FSRs will be generally 10:1 throughout the CBD area, with some exceptions. There is proposed to be no FSR limit on non residential or office development.

The Planning Proposal will continue to prohibit residential development in the B3 Commercial Core.

The location of the B3 Commercial Core zoned land is shown in **Figure 2**.

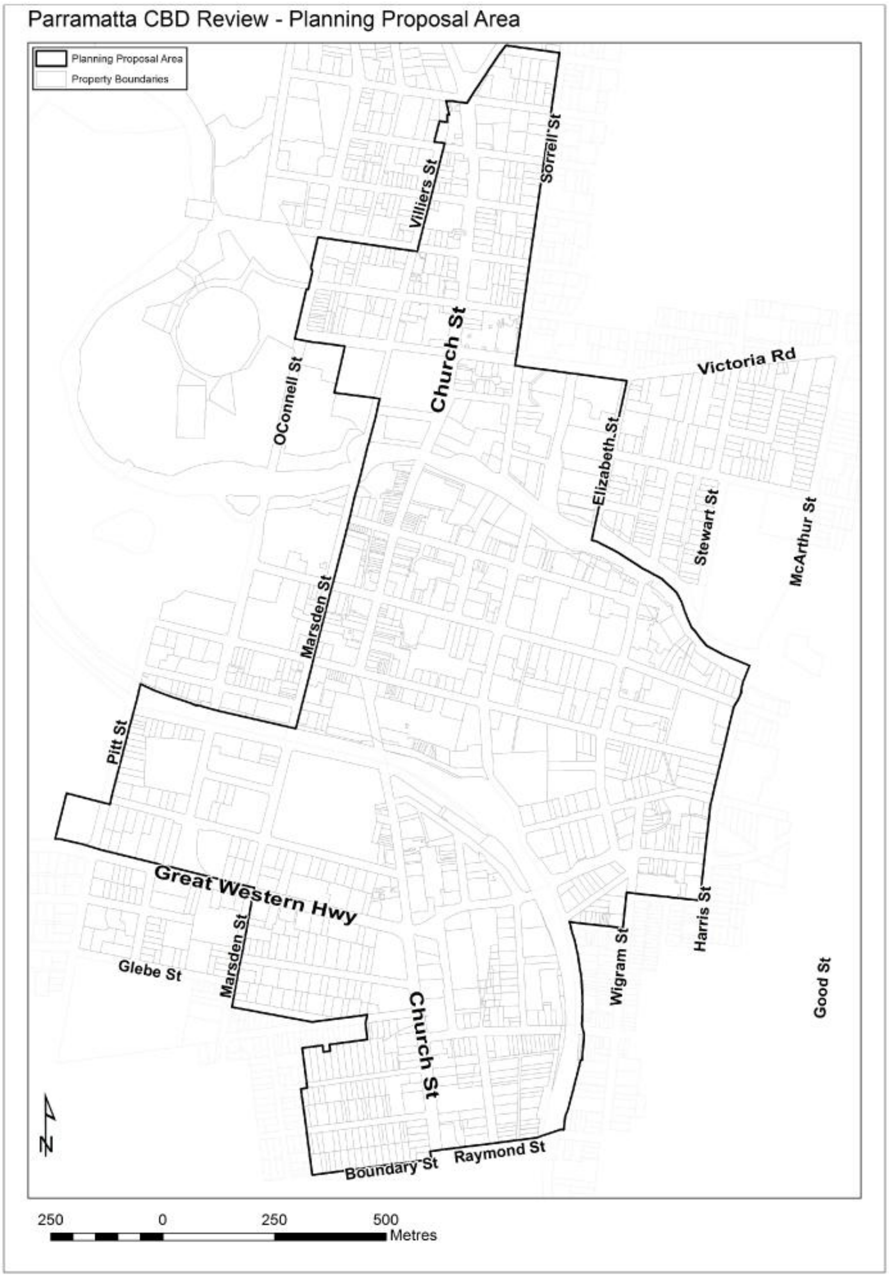
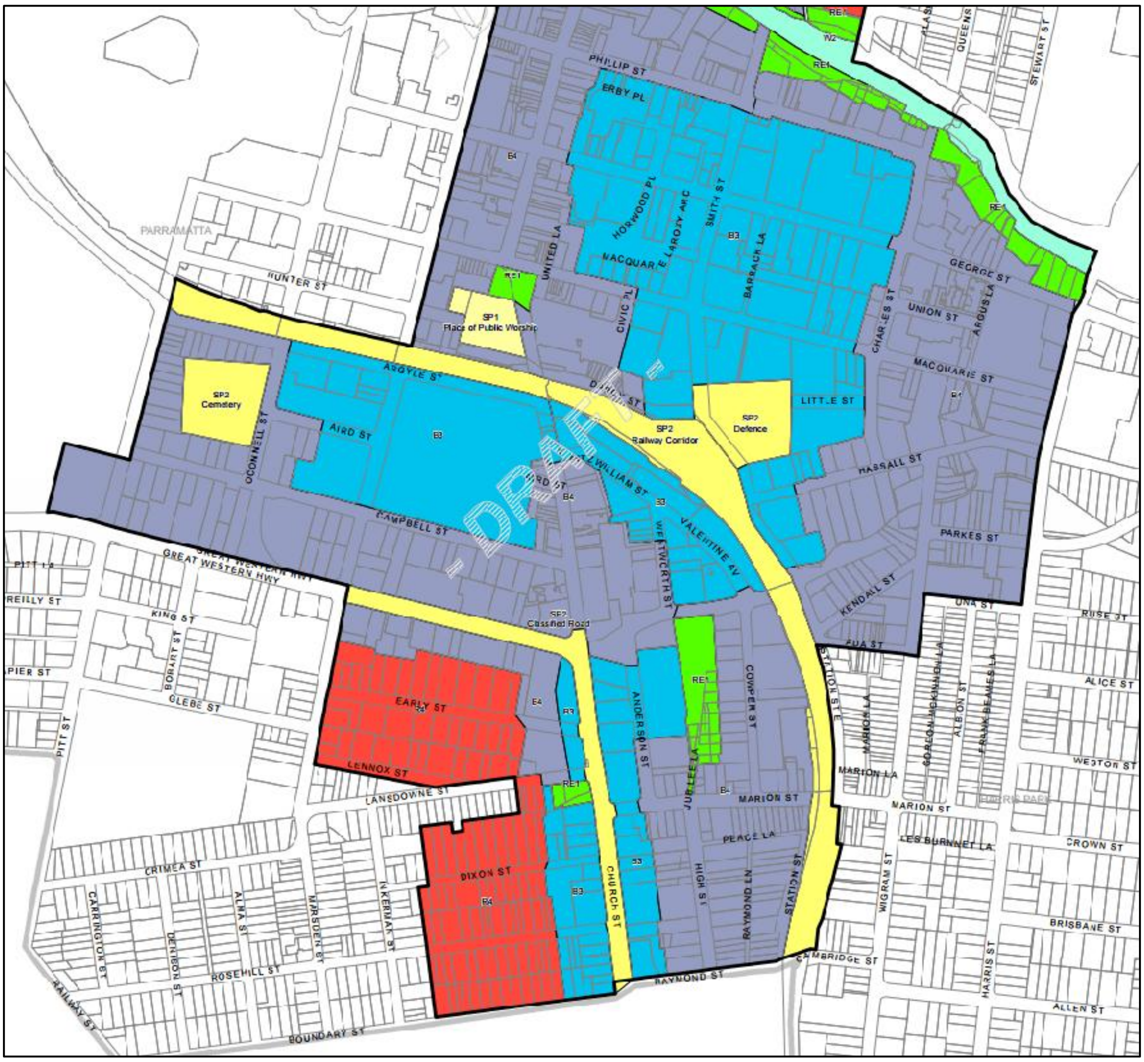


Figure 1   Parramatta CBD Strategy area



Source: Draft Parramatta CBD Planning Proposal, 2016

Figure 2 Commercial Core zoned area

2.2 Current and anticipated development

The CBD area currently has the following development:

- Approximately 4,769 residential dwellings
- Approximately 1,188,312 square metres of commercial, retail and other non-residential development.

The CBD Strategy identified the following targets to 2036:

- 27,000 additional jobs
- 7,500 additional dwellings.

The following floor space, in absolute terms, would need to be developed to achieve these targets:

- 648,000 square metres of commercial floor space[2]
- 750,000 square metres of residential floor space.[3]

The controls proposed in the Parramatta CBD Strategy provide ample capacity for these targets to be met.

Table 1 shows the development capacity that will be allowed under the draft CBD Planning Proposal.

Table 1 Development potential under the CBD Planning Strategy

	Additional floor space yield (square metres)	Estimated potential additional job / dwelling yield
No residential allowed in Commercial Core		
Commercial	1,753,980	48,721 jobs
Residential	2,996,315	19,976 dwellings
TOTAL	**4,750,295**	

The CBD Strategy provides the capacity to achieve the planning targets for dwellings and jobs.

Council has also received numerous Planning Proposals that seek floor space potential above that allowed for in the CBD Strategy.

2.3 Anticipated infrastructure demands

Council is investigating the infrastructure needs that will be generated by the development expected to occur under the CBD Planning Strategy. This work is underway at the time of writing this report but initial estimates have indicated the value of infrastructure works to be in the order of $835 million.

In discussions with Council officers, it is possible that the future infrastructure requirements for the new CBD development may comprise similar projects to those contained in the CBD Civic Improvement Plan that underpins the current Council's section 94A contributions plan. This plan applies to all CBD development with a development cost above $250,000.

The Civic Improvement Plan includes the current types of projects:

- Aquatic centre and stadium minor works
- Car park refurbishments and lighting
- Cycleways and other cycling facilities
- Heritage Centre refurbishments
- Heritage conservation works
- Library resources, refurbishments and fittings

[2] Assuming an average density of 24m^2 GFA per worker.
[3] Assuming an average of 100m^2 per dwelling.

- Local area traffic management schemes
- Parramatta Discovery Centre relocation
- Parramatta River foreshore improvements
- Pedestrian bridges
- Pedestrian safety facilities
- Playgrounds
- Public art
- Riverside Theatres refurbishments
- Roads and traffic upgrades
- Shared zones
- Streetscape works such as street trees, lighting and street furniture.

3. Conventional development contributions mechanisms

3.1 Introduction

Development contributions are requirements imposed on, or arrangements negotiated with, developers of land to provide land, works, and / or money for infrastructure that is generated by or that is related to new development.

Development contributions are:

- required to address the additional demands on infrastructure caused by new development;
- are usually imposed as conditions of development consent to mitigate the impacts of development on public infrastructure; and
- are a tool to address the provision of infrastructure where developers of land will not or cannot provide that infrastructure.

There are several available mechanisms available to councils to require developers to address the impacts on local infrastructure caused by their developments.

The mechanisms include contributions of land or money or works required in conditions of development consent, or in negotiated agreements with developers.

3.2 Comparison of available mechanisms

3.2.1 Consent conditions requiring works

These are conditions may be imposed by a consent authority on any development, and are authorised under section 80A(1)(f) of the EP&A Act.

A consent authority can require a developer to carry out works, either / both within and outside of the development site, relating to any matter referred to in section 79C (1) applicable to the development.

They are conditions for works to be carried out. Conditions requiring contributions of money cannot be authorised by section 80A(1)(f). Only conditions authorised by section 94 or section 94A can require contributions of money by a developer.

Section 80A conditions are not strictly development contributions, but they do work in conjunction with development contributions. For instance, section 80A conditions may include works that are already listed in a contributions plan, but if the works are also listed in a section 94 contribution plan the section 94 contribution for that development must be adjusted to reflect the works that are required in kind by the section 80A condition. No such adjustment is required where the development is the subject of a section 94A levy.

Generally speaking, section 80A conditions can only require works or activities to be undertaken that are *entirely required* by the development to mitigate that development's environmental impacts. It is usually therefore only works that are immediately proximate to the development site that can be the subject of a section 80A condition.

Typical uses of section 80A conditions include requiring developers to carry out the following:

- new and upgraded road access to the development site
- perimeter footpaths fronting the development site

- drainage (inter-allotment, reticulation and trunk types)
- creation of easements on a development site
- traffic management devices to enable access to a development
- provision of support services (for example for seniors housing developments)
- environmental monitoring activities
- making satisfactory arrangements with utility / energy infrastructure providers (including, for example, rights of way).

The works can be of a public nature (i.e. be provided on public land) and could also be transferred to a council or other public authority ownership following completion. They could also be works on private land and which will remain on private land.

Councils should use section 80A conditions for the delivery of development-generated local infrastructure wherever it is reasonable and practical to do so, in preference to delivering that same infrastructure via section 94 or section 94A contributions. This is because it shifts the responsibility of provision (and therefore risk of any cost overruns) entirely from the council to the developer.

3.2.2 Consent conditions requiring money and / or land

While section 80A conditions of consent can require works from a developer, sections 94 and 94A conditions of consent can require the payment of money and / or the dedication of land free of cost for the provision of local public amenities and services, provided these are set out in an operational Contributions Plan. Voluntary planning agreements under section 93F of the EP&A Act can require any combination of works, land and money but these are voluntary arrangements. Planning agreements are discussed in section 3.2.3.

Section 94 contributions can be monetary or land contributions required by councils from developers for the provision of public amenities and services. Section 94A levies are monetary contributions only.

Table 2 below compares attributes of the two alternative types of development contributions that may be imposed as conditions of consent by consent authorities.

Table 2 Section 94 contributions and section 94A levies comparison

Section 94 contributions	Section 94A levies
Nexus necessary – developers pay their fair share of the cost of public work.	**No nexus necessary – developer pays a tax**
A section 94 contributions plan defines the consequences of development in terms of its generation of needs for specific local infrastructure, and then authorises the development to make land or works contributions consistent with the development's share of demand for that infrastructure.	Section 94A levies are simply a flat rate tax on development. Council must spend the tax revenue on the delivery of local infrastructure identified in the contributions plan that authorised the levy.

Development only pays a reasonable contribution towards the cost of infrastructure in any particular case Despite the provisions of a contributions plan, a council must still consider the circumstances of each development to determine whether it is reasonable to require the contribution in that case, and whether the contribution authorised by the contributions plan is reasonable in that case. However, a Council can only impose a contribution condition in accordance with a Contributions Plan. This is because a condition may be disallowed or amended by the Land and Environment Court on appeal if it is considered to be unreasonable in the particular circumstances of the case (s94B(3)).	**Levy does not necessarily have to relate to the specific demands generated by the development** A contributions plan authorising a section 94A levy must include a statement about the relationship between expected development and infrastructure demand. But that relationship or connection does not need to be reflected in the plan's works schedule. Provided a plan, duly prepared in accordance with the EP&A Act and EP&A Regulation, authorises the levying of development then that is all that is required. No assessment is required of whether it is reasonable to require the levy in the particular circumstances of the development. The reasonableness of a condition cannot be disallowed or amended by the Land and Environment Court on appeal (s94B(4)).
Works schedule in a contributions plan determined on basis of demand To satisfy the nexus argument, the Section 94 contributions plan works schedule must be linked to expected development. It must therefore be derived from needs analyses and studies that determine the nature and scale of local infrastructure that will be required to meet future development.	**Any works schedule acceptable** Preparation of a section 94A contributions plan works schedule is more straightforward. It may, for example, relate to a council's prevailing capital works priorities. Levies received may be directed toward funding part or all of the cost of individual items in that schedule. There does not need to be a connection between the contribution rate and works items, but facilities still need to be provided in a 'reasonable time'.
More complex calculation To fulfil the nexus requirement the calculation of a section 94 contribution can be complex. As indicated above, the appropriateness and reasonableness of the contribution must be considered. This involves, in the case of each application, for example, determination of any credits for previous demand and the use of indexed rates.	**Simpler calculation** Calculation is more straightforward. The levy is calculated as a percentage of the cost of the development, and this relies on an accurate development cost report. Clause 25J of the EP&A Regulation provides particulars on the matters that must (and those that must not) be included in the calculation of the cost of development for the purposes of calculating the levy.
Determination of existing demand is necessary S94 contributions must be reasonable and relate only to the net increase in demand for infrastructure occasioned by the particular development. To establish the net increase in demand, the consent authority must account for any existing demand that exists on the development site.	**No determination of existing demand** As there is no need to establish a nexus between the development and the infrastructure the subject of the levy, there is no need for an assessment of existing demand. The flat rate tax levy, if authorised by the contributions plan, can apply each time the same parcel of land is developed.

Intensification of use relevant As the nexus must be established in order to calculate the net increase in demand for infrastructure, the level of intensification of a use is a necessary component of this assessment.	**Intensification of use relevant** Despite the fact that nexus need not be considered, for applications relating to refitting or refurbishing premises, Council must establish whether or not there is proposed to be an enlargement, expansion or intensification of the use. Clause 25J of the EP&A Regulation provides that 'where the development involves an enlargement, expansion or intensification of a current use of land', the costs of fittings and furnishings should be included in the cost of work.
Settlement of contributions liability can be made through money, land or works The contributions that are imposed are payment of money, or the dedication of land, or both. The liability may be settled through these methods, or it can be settled by the developer providing works-in-kind or material public benefits.	**Settlement of contribution through money only** A s94A condition can only be for a monetary contribution and can only be settled by the payment of that contribution, unless a Planning Agreement is entered into.
Residential development contributions are capped In the case of land in the City of Parramatta LGA, residential section 94 contributions are capped at $20,000 per dwelling, in accordance with the Direction made by the Minister for Planning in August 2012. No cap applies to non-residential development.	**Levy rates must not exceed prescribed maximums** Under the EP&A Regulation, levies for all types of development in the Parramatta CBD are capped at 3 percent of the cost of development. The maximum levy that can be imposed on development elsewhere in the Parramatta LGA outside of the CBD area is 1 percent.
Contributions may only be applied to 'essential works' in certain circumstances Where a council has prepared a contributions plan that authorises a section 94 contribution above the cap: • the contributions plan will need to be reviewed by IPART; and • the contributions that are collected can only be directed towards items on the 'essential works list'.	**No 'essential works' limits on types of works that may be the subject of levy funding** The 'essential works' limitation does not apply. In accordance with s94A(3) money that is collected must "be applied toward the provision, extension or augmentation of public amenities or public services (or towards the recouping the cost of their provision, extension or augmentation)."

Councils can apply a 'mix and match' approach in applying the conventional contributions types. They can adopt contributions schemes that authorise section 94 contributions to apply certain types or areas of development and section 94A levies to apply to other types or areas of development.

However, either a section 94 contribution or a section 94A levy may apply to a single development, but not both. Potential issues may arise where a mixed residential and non-residential development is proposed, and the council had adopted a contributions plan that authorised section 94 and section 94A contributions on different developments. In these cases, the contributions plan would need to be clear about which of the contribution types applied to the development.

This is particularly relevant for the Parramatta CBD area where much of the future development is likely to have a mixed-use multi-storey character containing both residential and non-residential components. For example, if the development needed to address some of its car parking demand by making a cash contribution, in lieu of providing physical spaces, then the full costs of this are most often met by the consent authority imposing a section 94 contribution not a section 94A levy. If Council however preferred a section 94A levy regime for the CBD that reflects the current practice, then individual development parking shortfalls can be managed through other means (for example through a voluntary planning agreement).

3.2.3 Voluntary planning agreements

The preceding discussion relates to powers of consent authorities in requiring developers to do certain things at the point of development consent. Section 94 contributions and 94A levies comprise the mandatory contributions system.

Voluntary planning agreements (**VPA**s) are the discretionary contributions system in NSW. These are agreements that can be negotiated between developers and planning authorities. They cannot be imposed on a developer.

A VPA is a voluntary arrangement between a developer of land and one or more councils and / or other planning authorities whereby the developer is required to:

- dedicate land free of cost, or
- pay a monetary contribution, or
- provide any other material public benefit, or
- provide any combination of the above,

to be used for or applied towards the provision of a public purpose.

The VPA can be offered by a person lodging a DA or a section 96 modification to a DA, or by a person lodging a Planning Proposal.

Contributions can include dedication of land, payment of money, or the carrying out of works or any combination of these. The VPA between a council and a developer can, if the parties agree, authorise that section 94 contributions or section 94A levies not apply to development on the land covered by the agreement.

Other key features of VPAs include:

- Development consent can't be refused on the grounds that a developer refuses to enter into a VPA.
- May be registered on the title to land if the parties and all persons who have an estate or interest in the land agree to its registration.
- It is not necessary to establish a nexus between the development and the public purposes included in a VPA.

One of the main advantages of planning agreements is that they can enable flexible arrangements for the provision of local infrastructure in connection with new developments. With flexibility comes a responsibility to act fairly and consistently. Councils have a duty to act with probity and transparency in planning agreement negotiations and in the interests of the wider community.

Important principles underlying a council's use of VPAs are as follows:

- Planning decisions should not be bought or sold through planning agreements. The development should be acceptable on its planning merits and not rely on the developer's offer of public purposes as compensation for inferior urban outcomes.
- Planning agreements must be voluntarily entered into. The council's officers or representatives should not create an impression that a favourable planning or development decision is tied to successful negotiation of a planning agreement.
- The council should not allow the interests of individuals or interest groups to outweigh the wider public interest when considering a proposed planning agreement.
- The council should not seek benefits under planning agreements that are unrelated to particular development, nor should the council give undue weight to a proposed planning agreement when considering a Planning Proposal or a DA.
- The council should not improperly rely on its statutory position in order to extract unreasonable public benefits from developers.

Tensions regularly arise between Council's role as a planning / consent authority and as a beneficiary of infrastructure provided by developers. There needs to be discipline in managing these conflicts. Parramatta City Council manages negotiation of VPAs through its 2008 Planning Agreements Policy.

VPAs are now widely used in the NSW planning system to achieve many different public purposes associated with new development. They are most useful in the development process where both the planning authority and the developer see value in entering into an agreement that clarifies and improves on mandatory contributions requirements.

VPAs are an underpinning feature of value sharing schemes that are currently operating in certain development areas in Sydney (refer to discussion in section 5.6). If Council was to embark on its own value sharing scheme then it would likely also need to rely on VPAs to achieve the scheme objectives.

3.3 Estimated income from current mechanisms

We tested the potential income that could be generated by applying the different mandatory contributions mechanisms to the anticipated future Parramatta CBD developments, i.e. section 94 contributions and section 94A levies.

The following contributions strategies were tested:

1. Impose section 94A levies on development at the current rate of 3% of cost of development (this is the base case)
2. Impose section 94A levies on development at the higher rate of 4.5% of cost of development
3. Impose section 94 contributions on development
4. Impose section 94 contributions on all residential and the non-residential components of mixed use development, and impose section 94A levies on development comprising of only non-residential development at the current rate of 3% of cost of development
5. Impose section 94 contributions on all residential development and the non-residential component of mixed use development, and impose section 94A levies on straight non-residential development at the higher rate of 4.5% of cost of development

Options 1, 3 and 4 can be implemented by Council without Ministerial approval. Options 2 and 5 require the Minister's approval for a higher section 94A levy.

The income analysis was based on extracting contributions from the anticipated floor space that is required to meet the CBD Strategy housing targets. Section 94 contributions would be based on the net increase in floor space attributable to those targets; while section 94A levies would be based on both replacement and additional floor space.

All section 94 contributions attributable to residential development in the analysis are assumed to be $20,000 per dwelling which is consistent with current State government policy. In the event that the section 94 cap was increased or removed entirely, the income from a section 94 approach would be greater.

The detailed results of this analysis and the assumptions underpinning the projected income are contained in **Appendix A**.

The summary results are shown in **Table 3**. The income results are in 2015 dollars and do not account for escalation of development costs.

Table 3 Summary of estimated income from different combinations of available mechanisms

Option		Projected income ($million)	Approval of Minister required?
1	3% section 94A levy (base case)	$165.2	No
2	4.5% section 94A levy	$247.7	Yes
3	Section 94 contribution	$193.2	No
4	• Section 94 contribution on all residential • Section 94 contribution on non residential component of mixed use development • 3% section 94A levy on straight non residential development	$206.6	No
5	• Section 94 contribution on all residential • Section 94 contribution on non residential component of mixed use development • 4.5% section 94A levy on straight non residential development	$232.4	Yes

Continuation of the current section 94A levy scheme yields the lowest income. However, if the Council was permitted to impose a higher 4.5% levy, this would yield the highest income.

A section 94 scheme, whether operating alone or in conjunction with section 94A levies (options 3, 4 and 5), would yield a higher income than the current section 94A scheme. In the case of option 4, this is projected to yield some $41 million more contributions than the base case. However, the preparation and administration of the section 94 contributions plan would require more Council resources than a flat rate levy. There is also the possibility of unreasonableness appeals being brought against Council for DAs approved under any section 94 scheme.

Option 5 could be rejected on the grounds that it requires the Minister's approval and a greater income would likely be received from just imposing a universal 4.5% section 94A scheme (option 2).

A value sharing scheme based on the increased land and development values as a result of the change in controls proposed in the draft CBD Planning Proposal (discussed in Part 5) presents Council with an opportunity to raise significant *additional* revenue from development in the CBD area.

3.4 Summary of opportunities and constraints of the conventional contributions mechanisms

A 3% section 94A levy currently applies to development on land throughout the CBD area.

In order to meet the extra infrastructure demands that will be generated by the development to be allowed under the CBD Strategy, Council has resolved to investigate increasing the section 94A levy to 4.5%.

Councils and other consent authorities can mandatorily require either section 94 contributions or section 94A levies from development to meet the cost of new infrastructure that is required for new development.

The section 94A mechanism is preferred because of its simplicity and low risk of challenge.

An analysis of projected income from a mix of section 94 / section 94A schemes showed that:

- The current 3% section 94A levy would yield the lowest income
- Combinations of section 94 contributions and section 94A levies on different developments would yield higher levies
- A 4.5% section 94A levy would yield the highest income of all the options.

VPAs are a discretionary mechanism for councils and developers to negotiate the provision of contributions and can be used on an opportunity basis to achieve better and / or more flexible contributions outcomes.

Council currently pursues an 'open for business' philosophy, and does not wish to impose a development contributions regime that discouraged investors in major development projects in the CBD. The impacts of pursuing different types and mixes of contributions mechanisms on the feasibility of development is examined in the following two parts of this report.

4. Conventional contributions development feasibility analysis

4.1 Introduction

At present, Council applies a section 94A levy of 3% on development costs to all development in the Parramatta CBD exceeding $250,000.

This part of the report examines a range of alternatives to this business-as-usual approach in terms of the impacts on development viability.

This part discusses the following:

- key viability benchmarks used by the development industry
- approach taken to model viability of development
- impacts that various contribution frameworks would have on development within the CBD.

4.2 Land acquisition and viability measures

The cost to purchase a development site is already reasonably established in most areas based on subtracting from the net sale price of the apartments in a building, the known costs of development (including land, construction and development contributions, marketing, statutory fees and professional fees/costs) based on the existing planning controls.

The development feasibility will cashflow these costs and revenues with the aim of achieving a target Internal Rate of Return (**IRR**) of 20% and Profit Margin of around 20%.

IRR and Profit Margin are key benchmarks used by developers and their financiers to determine the viability of a development project (refer **Table 4**). Both IRR and Profit Margin are used to determine the amount that can be paid for the land to meet the benchmark returns for the development to proceed.

A development feasibility analysis will cashflow these costs and revenues with the aim of achieving a target IRR of at least 20% and Profit Margin of around 20%[4].

Table 4 Development feasibility benchmarks

Internal Rate of Return	IRR is effectively the interest rate at which the net present value of costs (negative cash flows) of the investment equals the net present value of the benefits (positive cash flows) of the investment. IRR is calculated before interest (i.e. interest is typically not included in the calculation) and accordingly the longer the period for completion of a project before revenue offset costs, the more the IRR will be eroded.
Profit Margin	Profit Margin is calculated by dividing profit (i.e. forecast net revenue minus the total forecast development costs) by total development costs. The return on costs is typically expressed as an amount and a percentage and would be used by all developers and financiers to measure the investment and return of a particular project.

[4] These targets are often referred to as a hurdle rate. These targets may be higher depending on various factors such as experience of developer, market conditions, risk of project etc. and are typically viewed by financial institutions when considering to finance proposed developments.

Both IRR and Profit Margin are benchmarks used to determine the amount that can be paid for the land to meet the benchmark returns for the development to proceed. Within any area developers will also measure the comparative value of an investment by calculating the 'site value' and comparing that to recent acquisitions. Site value is used as a ready reckoner and simply divides the number of dwellings achievable on the site by the proposed purchase price of the land.

The site value is relevant where the proposal incorporates residential dwellings. The planning controls in the Parramatta CBD require the inclusion of retail / commercial floor space in any mixed-use development. However, this retail / commercial floor space is often provided to the minimum required by the controls[5] in order to maximize the floor space for residential apartments. A developer may simply 'net off' the projected revenue against the costs for construction of this floor space and car parking (i.e. costs will equal revenue), particularly if there is no pre-commitment by an anchor tenant or other user group to occupy constructed tenancies. This means that financial return of a project is almost exclusively determined based on residential yield.

4.3 Impact of an increase in contributions

As previously mentioned, a developer determines the price they can afford to pay to acquire a site based on the net revenue generated from development of the site less development and statutory costs and development margin (that represents the risk and reward of doing the development). The price a developer offers has to be enough to entice a land owner to sell.

Development contributions are typically treated by developers as a statutory cost that is factored into the development feasibility when considering the acquisition of land. They are one component that informs the value of land when acquiring a site.

Where land is acquired based on the existing controls, any changes to costs, including increased contribution costs, will either need to be offset against cost savings in the development (i.e. reduce the cost of construction by reducing the specification of works) or directly reduce the profits anticipated by the developer potentially making the project unviable.

When development costs change (such as an increase in material costs or a new development contributions plan being put in place) this will influence the acquisition cost a developer can offer a landowner. Where these cost changes are known to a developer prior to a development site being purchased, this will impact on the purchase price a developer is willing to offer to acquire the land. However, owners may well not want to sell their land if they think it is undervalued based on recent or previous similar sales. Similarly, significant increases in contribution costs for developing in a particular area can result in investment dollars and development activity moving to other areas with a lower cost base until these are exhausted or the market improves in the original area to enable higher offers.

Alternatively, where development costs change after the site has been acquired but before the development has been approved, these can have significant impacts on the ongoing viability of the project. Either the developer has to find a way to offset the increase in costs either by an increase in revenue (i.e. an increase sales prices or increasing yield) or a reduction in costs (i.e. specifying a lower standard of materials for construction).

Conversely, any Planning Proposal which significantly increases the development yield on a site will result in a windfall gain to the developer as the project will achieve more dwellings at no additional acquisition costs, unless the developer has negotiated through an agreement a higher

[5] This is based on the permissible uses within the B3 Commercial Core and B4 Mixed Use zones of Parramatta City Centre Local Environmental Plan 2011 and Section 4.3.3.2 of Parramatta Development Control Plan 2011.

purchase price if the Planning Proposal is successful. These Planning Proposals are the catalyst that typically requires re-evaluation and redirection of expenditure of the capital works programme to provide for an unanticipated new population, and on occasion the outcomes of broader planning studies, particularly traffic.

As the acquisition of the land is typically the first step in any project, any subsequent increases in costs including changes to the contributions need to be communicated early to existing and potential developers.

4.4 Development viability modelling

In order to understand the impacts of implementing a new contributions framework within the Parramatta CBD, a suite of models have been developed based on a hypothetical development of a site within the CBD. These models have been used to demonstrate the impact the various contribution regimes will have on the viability of the development (i.e. project IRR and Profit Margin) as well as the contributions Council could expect to collect from this development. In all cases, the modelling has assumed the same acquisition price for the site based on the existing planning controls.

The models provide for a base case development outcome (this is assumed to be 10:1 FSR is applied under the CBD Strategy) and Planning Proposal uplift outcome (assumed 15:1 FSR applied) for each of the different contribution frameworks that could be applied.

The different contribution frameworks modelled include:

- 3% section 94A applied to development permissible under the CBD Strategy
- 3% section 94A applied to a Planning Proposal seeking an additional 5:1 FSR on top of the CBD Strategy
- 4.5% section 94A applied to development permissible under the CBD Strategy
- 4.5% section 94A applied to a Planning Proposal seeking an additional 5:1 FSR on top of the CBD Strategy
- Section 94 contribution based on $20,000 per unit applied to development permissible under the CBD Strategy
- Section 94 contribution based on $20,000 per unit applied to Planning Proposal seeking an additional 5:1 FSR on top of the CBD Strategy

As the basis for applying the base case and Planning Proposal uplift scenarios, a site of 3,000m^2 was adopted and included the provision of 5,000m^2 of mixed use floor (non residential) space with the remainder of GFA being developed as a mix of apartments including 1, 2 and 3 bedroom units (that resulted in an overall average apartment size of 100m^2).

A full list of the other guiding assumptions and development yields informing the viability assessments is provided at **Appendix B**.

We reiterate that in this hypothetical development, the inherent value that contributes to the profit generated for the project is the residential component. Given the current buoyancy of the market for mixed use development in Parramatta, the cost of delivering mixed use component (non residential) has been netted out to match the expected revenue that could be generated from the sale of this space (as discussed earlier).

The contributions able to be collected and impacts on the viability of the hypothetical project are provided in **Table 5**.

Table 5 Development viability testing results

Scenario No.	Contributions option	Contribution generated	Developers profit	IRR	Margin
1	Section 94A @ 3% - Building controls as per CBD Strategy (base case)	$3.17m	$28.74m	20.0%	18.1%
2	Section 94A @ 3% - Planning Proposal for additional 5:1 FSR	$4.69m	$67.02m	30.1%	30.7%
3	Section 94A @ 4.5% - Building controls as per CBD Strategy	$4.75m	$27.13m	19.3%	17.0%
4	Section 94A @ 4.5% - Planning Proposal for additional 5:1 FSR	$7.04m	$64.63m	29.3%	29.3%
5	Section 94 ($20,000 / unit cap) – Building controls as per CBD Strategy	$5.46m	$26.41m	18.9%	16.4%
6	Section 94 ($20,000 / unit cap) – Planning Proposal for additional 5:1 FSR	$8.66m	$62.99m	28.7%	28.3%

Key observations on the viability of the tested hypothetical project against the various contributions options include the following:

- If the section 94A levy increased to 4.5% or if the Council implemented a $20,000 per dwelling section 94 contribution, developments that are within the floor space limits of the CBD Strategy would remain on the fringe of the viability benchmarks. In other words, some developments would have marginal viability. This would occur until there was a market adjustment to the underlying land values of development sites in the CBD due to the increased contributions payable.
- In the short term, this additional contribution cost would either translate to either lower offers being put to landowners to acquire sites (which may stagnate the market as motivation to sell will be reduced) or, alternatively, increase the need for developers to pursue a Planning Proposal to improve yields to offset the proportion contribution cost applied to the development that is permissible under the CBD Strategy to remain competitive in acquiring sites.
- The above observations are relevant to developers who purchase land today. In the event that developers have ‘land-banked’ for a period of time (assume at least a year reliance on commercial rents to offset holding costs), development proposals in accordance with the CBD Strategy are likely to achieve well above the viability benchmarks, provided they include a residential component. This is due to the significant growth in residential values that has occurred over the last few years.
- In the case of the particular hypothetical development that was tested, a section 94 contribution would yield a higher income than a higher section 94A levy. However, the overall analysis of the CBD in section 3 suggests that total section 94A levies from all CBD development would be higher than section 94, if the levy was increased to 4.5%.

4.5 Commercial development

The above development feasibility analysis focussed on the impact of new contribution regimes on mixed use development that includes dwellings. This focus was applied given the significant development interest and preference that has been shown within the Parramatta CBD to deliver a higher amount of residential and mixed use development compared to straight commercial development.

Given Parramatta's role as the second CBD of Sydney, the impact of increased contributions on straight commercial development still needs to be considered.

The Parramatta City Centre Plan is a section 94A contributions plan that authorises a contribution of 3% of the cost of construction to fund the delivery of a works program in the order $211 million. As shown below, this rate is typically the minimum standard for commercial office development in Sydney suburban centres.

With the exception of Burwood Town Centre, the contributions for commercial space in Parramatta CBD are generally consistent with other centres whether levied under a section 94 or section 94A plan, as shown in **Table 6**.

Table 6 Comparison of key centre contribution rates for commercial development

Major Centre	Contribution Regime	Contribution/ 100m² commercial GFA
North Sydney	S94 levied per worker	$13,164[6]
St Leonards	S94 levied per m² of new GFA	$14,200[7]
Chatswood Town Centre	S94A @ 3% cost of construction	$13,335[6]
Macquarie Park	S94 levied per m² of new GFA	$13,002[7]
Burwood	S94A @ 4% cost of construction	$17,780[6]
Parramatta	**S94A @ 3% cost of construction**	**$13,335[8]**

The feasibility of commercial development in different centres is influenced by a number of factors including:

- Business operational benefits – Does the centre have any strategic advantages and service catchments, is it a speciality centre that supports the colocation of services
- Location attributes – Does the location provide a high level of amenity, access to services, transport, distance from the CBD, is it appealing/accessible for staff to access?.
- Quality and size of space – Is there variety in floorplates, what standard of finishes, how modern is the building?

[6] Based on contribution per 100m² identified in the *2015/16 Fees and Charges update for S94 Costs*, North Sydney 2015.
[7] Based on contribution per 100m² identified in the 2015 update of the *City of Ryde Section 94 Development Contribution Plan 2007*, City of Ryde 2015.
[8] Contribution value has been based on an assumption of cost for construction of new commercial GFA of $3,300 per m² and cost of construction of new commercial office fitout of $1,145/m² based on costs from *Australian Construction Handbook*, Rawlinsons 2015.

- Building costs and rental costs.

The Parramatta CBD has a number of strategic locational advantages and offers a range of commercial space types that makes it attractive in its own right compared to other centres.

The recent economic review prepared by Urbis[9] illustrates that the Parramatta already provides a competitive rental offering compared to other centres as shown in **Table 7** below.

Table 7 Comparison of Centre market rents

Centre	A Grade Office Space Gross Face Rent ($/m²)
Sydney CBD	$730 - $1,020
North Sydney	$670 - $840
Macquarie Park	$390 - $445
Chatswood	$520 - $610
Parramatta CBD	**A Grade $450 - $555** **B Grade $365 - $460**

Source: *Achieving A-Grade Office Space in the Parramatta CBD – Economic Review*, Urbis, August 2015 as amended by GLN

The report also notes that compared to other centres such as Macquarie Park, commercial development in Parramatta attracts 20 to 30% higher rents. However it incurs 40% higher development costs likely due to land values and the additional cost of a 'traditional' office tower construction compared to low-rise campus-style development prevalent in business parks such as Macquarie Park. This may have been an issue in attracting significant commercial development to the Parramatta CBD. As such, the imposition of a greater contributions on commercial development would increase the overall building costs. From a development feasibility perspective, this increased cost would have to be offset by either an increase in rents or reduction in overall building costs. Both of these situations would lead to a reduction in the competitiveness of the Parramatta CBD in being able to attract more commercial development compared to other centres.

4.6 Potential equity issues for contributions on non residential development

Section 4.5 highlighted the need for caution in implementing a higher section 94A levy on commercial development. If the Council decides to pursue a 'hybrid' contributions approach for non residential development similar to options 4 or 5 discussed in section 3.3, then it should also consider the equity impacts of this approach.

The hybrid approach is a section 94 contribution applying to employment floor space in a mixed use employment and residential development, and a section 94A levy applying to employment floor space where no residential use is also in the development. With the hybrid approach there is a concern that a developer of a mixed use development might bring an unreasonableness appeal against the Council by showing that the per worker section 94 contribution rate is

[9] *Achieving A-Grade Office Space in the Parramatta CBD*, Urbis August 2015.

significantly more than the rate applying to a straight non residential development under a section 94A scheme.

To reduce this risk Council should, as part of formulating any hybrid contributions strategy, calculate the contribution amounts that would apply to mixed use and straight non residential developments, and adjust the contribution rates so that similar amounts of non residential floor space are subject to similar contributions regardless of whether the requirements is by way of a section 94 contribution or a section 94A levy.

4.7 Summary

As with the imposition of a new cost or significant change in market conditions, the application of a new contributions framework with higher contributions will erode the viability of projects.

In the instance of Parramatta CBD, after the increase of the section 94A levy to 4.5% or a new section 94 contributions plan, projects would move from being viable to being on the cusp of achieving the necessary development benchmarks to make it worthwhile to proceed or alternatively force developers to accept a lower margin for the same risk profile.

This would occur until the underlying land market adjusts (through ongoing land exchanges) to take the new contribution regime into account. In the meantime, if market conditions remain buoyant (particularly the residential market), it is likely that Council would continue to receive Planning Proposals to extend development rights above those proposed in the CBD Strategy to offset the contribution costs and allow developers to remain competitive in acquiring sites from land owners.

However, the imposition of an increase in contributions on solely commercial development would impact on development feasibility of those projects and could reduce the competitive advantages of the Parramatta CBD in attracting new commercial development compared to other established centres.

5. Value sharing and development viability impacts

5.1 Introduction

This part investigates alternative funding models for funding the infrastructure required to meet the demands of future Parramatta CBD development.

The discussion addresses 'value sharing' as the primary alternative funding mechanism. Value sharing relies on increases to value of properties brought about by planning or infrastructure decisions. Value sharing is therefore tied to property ownership and / or development.

There are of course other ways that governments can fund infrastructure. These relate to general fees, charges and taxation policy of governments and are beyond the scope of this study.

5.2 What is value sharing?

A value sharing levy or betterment levy scheme may be described as a tax imposed on a land owner on the unearned increment in land price growth that accrues due to a planning or infrastructure decision.

A value sharing scheme would obtain a portion of the value released through new zoning and other public improvements so the communities that create this value share in the wealth it generates.[10]

5.3 Types of value sharing schemes

Demonstrating nexus, or the relationship between a development and the imposition of any contributions regime, is an important pre-condition for the value sharing schemes that have been implemented in jurisdictions locally and across the world.

Value sharing schemes are typically tied to a recent or proposed transport infrastructure project. Such infrastructure generates value uplift. The extent of uplift will vary depending on many factors including the level of improved accessibility provided to the land by the transport project and the distance of the land from the infrastructure. Value sharing programs linked to transport projects commonly hypothecate a portion of the land value increase to help pay for the infrastructure.[11]

Australian examples of transport-linked value sharing schemes include the Gold Coast Light Rail and Melbourne CBD Underground Loop projects.

Value sharing schemes that are not linked to a transport infrastructure project can be linked to a planning decision. For instance where the planning authority makes a decision that provides development rights to land owners that generate an increase in the value of land. This could be rezoning of land that enables a more intense use of the land (for example, rezoning from rural to urban use), or that enables a more intense development of the land (such as an increase in the maximum height allowance). Bonus floor space schemes also fall into this category.

Local examples of value sharing schemes not explicitly linked to transport projects are discussed in the next section.

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[10] Langley J (2015), *Value Capture Roadmap*, p5
[11] ibid., p7

5.3.1 Local examples

Value sharing as an infrastructure funding tool is not new, but examples of its successful implementation in Australia are few. There has not been much political appetite over the years for these types of schemes, with governments preferring instead to continue to rely on entrenched indirect taxation such as land tax and stamp duties on land transfers to fund capital works. Property and development groups typically resist further imposts on the development of land without some reform of the indirect taxes such as stamp duty.

There are no broad-based value sharing schemes operating in NSW that traverse local government boundaries, although a possible exception is the Special Infrastructure Contribution (or **SIC**). The SIC can be interpreted as a type of value sharing levy, as it is a tax flatly applied to residential or industrial zoned land at the time the land is first developed for those urban purposes.

The SIC currently applies to most greenfield development areas on Sydney's fringe. It does not apply to land that is used in accordance with its pre-urban zoned status (for example, for rural purposes), and only applies when development consent is granted for urban purposes. Different rates apply depending on whether the development is residential or industrial. The dollar rate is the same regardless of the underlying land value of the property – underlying land values between the South West and North West Growth Centres vary significantly. The value sharing aspect of the SIC is that some of the increase in value associated with the up-zoned land is captured through the developer paying a standard levy to the State Government, which is then applied to providing new road infrastructure and other purposes that are the responsibility of the State Government.[12]

There are some examples of value sharing schemes in NSW that have been connected with bonus floor space schemes in higher density housing and employment nodes in Sydney including Green Square (in City of Sydney LGA), Sydney Olympic Park (in Auburn LGA), Macquarie Park (in Ryde LGA), Waverley LGA, Randwick LGA and Rhodes (in Canada Bay LGA). These are locally based schemes in most cases implemented by the local council. The common elements of these schemes are that developers are can secure extra development rights in exchange for part of the uplift in site value being shared by the local community via land, works or cash contributions for a range of public purposes.

The public purposes envisaged in these schemes include roads, stormwater drainage, public domain and open space, community and cultural facilities, and affordable housing/ affordable housing is a particular focus of the schemes operating in the City of Sydney and Waverley LGAs.

These contributions are usually additional to the usual development contributions that are compulsorily required as part of the development consent (i.e. section 94 or 94A contributions).

Some other councils have tried to pursue similar types of schemes over the years but have met resistance by the Department of Planning and Environment when trying to effect these schemes through inserting provisions in LEPs.

More detail on the local value sharing schemes currently operating in Sydney development areas, and their potential transferability to development sites in the Parramatta CBD, is provided in section 5.6 of this report.

[12] Current State Government policy is that SIC funds are applied to roads infrastructure, land for emergency and justice purposes and regional open space

5.3.2 Tax increment financing and growth area bonds

Tax increment financing (**TIF**) and growth area bonds (**GAB**s) are types of value sharing schemes that have been promoted by developer and infrastructure lobby groups as a means of funding infrastructure for greenfield and renewal areas.

Both involve quarantining the revenue received from increased property taxes generated by rezoning and development in an area and applying the funds to service and pay out loans taken out to fund infrastructure provided to serve that development. This essentially involves determining a baseline land value for a precinct to determine the baseline revenue that would be generated by rates in the instance there were no changes to planning controls.

The increase in land value, and subsequent increase in the revenue stream from rates, is then determined for a specified period of time (say the anticipated length of development). Bonds, to raise money to forward fund the necessary infrastructure to support development generated by the change in planning controls, are then sold on the basis of guaranteeing a return at the maturity of the bonds, from the increase in rate / tax revenue as a result of the increase in land value. At the end of the bond period, the increased rate / tax revenue stream reverts back to rating / taxing authority.

TIF schemes have been successfully used in the United States where they are usually just one part of the funding mix.

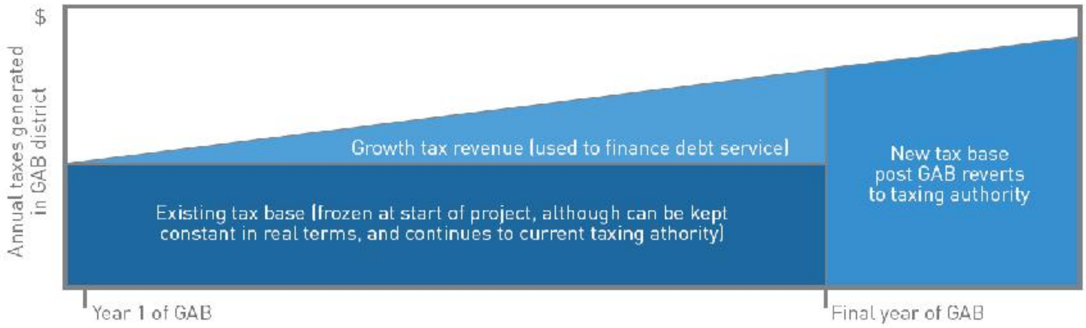
A typical scheme includes the following elements:

- Identify a suitable growth area bond precinct and establish a growth area bond authority
- Prepare a plan for the area that describes its infrastructure needs, and the costs of the infrastructure
- Calculate the property tax revenues currently derived from the area
- Issue bonds to fund the infrastructure works for the area
- Repay the bonds from the incremental increase in property taxes (above the revenue previously collected) generated by the new infrastructure and development in the area
- Once the bonds are repaid, all property tax revenue for the area returns to the Government.

Figure 3 over page illustrates the concept.

The main advantage of this type of scheme is that it ties the increased Government revenue attributable to development to paying back loans for infrastructure provided in the early stages of the development process. Governments fund infrastructure with a bond, then repay it with the growth in property taxes generated by that investment. The forward-funding of infrastructure creates a positive feedback loop where development happens sooner because of the early infrastructure provision, thus generating a greater rate of increases in property taxes. In this scenario, property taxes can be viewed as ‘working harder’.

At a local council level, a TIF-like scheme could be implemented based on a change in planning controls assuming an increase in land values. Alternatively, it could be supported with the support of a special rate variation. However, such a scheme would require leadership by State Government and partnership with local councils.



Note: GAB = Growth Area Bond
Sources:
Growth Area Bonds: New Solutions for Funding Infrastructure, Property Council of Australia (NSW), 2010
Realising New Funding for Infrastructure and Urban Renewal: Capturing Value, Consult Australia and SKM (2013)

Figure 3 Growth area bonds

5.4 Opportunities for State government-led schemes

These schemes require State government leadership and implementation.

Value sharing is recommended by Infrastructure NSW (**INSW**) as one of six strategies to help deliver infrastructure in the State Infrastructure Strategy.

INSW sees value sharing as a vehicle for taxpayers to recoup some of the value brought about by Government investment in major infrastructure. Some infrastructure projects, especially in transport, can increase the value of nearby landholdings and other assets over time. Where the taxpayer has made a financial contribution, it is desirable that a share of this value should be recovered by Government. INSW sees the challenges for value capture mechanisms as including identifying the beneficiaries, quantifying the gains and crystallising cashflows to Government. INSW however does not see value capture as a short term substitute for more conventional funding strategies.

The State Government has historically been hesitant in pursuing value sharing schemes in conjunction with major infrastructure projects. Some of the reasons for this are:

- Significant local land owner and developer resistance to what is seen as an additional tax on development and land transfer activity.
- Stamp duty already applies to the changing value of land on transfer. Increasing land values over time mean additional consolidated revenue for the State Government. State treasuries traditionally prefer to see these receipts accumulate in the pool of consolidated revenue rather than in a tied area-specific fund that would accompany a tax increment financing / growth area bond scheme for a particular area.

Because of this hesitancy there have been missed opportunities for implementation of State-led value sharing schemes. Value sharing is predicated on value uplift. Land value uplift generally commences when a firm decision is made to proceed with a transport infrastructure project. The formulation and implementation of a value capture scheme needs to occur well before the new infrastructure is operational, so as to not miss out on the value uplift. Some of the opportunity for value sharing income associated with the new rail links in north west and south west Sydney will have already been lost because land sales along the routes have built in the value that will be derived from the yet-to-be-completed infrastructure.

There have however been some promising moves against this trend recently. There have been media reports that Commonwealth and State Governments are actively considering different potential value sharing mechanisms linked to major transport investment.

Speaking at a funding announcement on the Gold Coast light rail project the Prime Minister said in October 2015 that 'we have to look creatively at how we sharing the value that arises from the increase in property values and the improvement in the utility of adjacent land from the building of infrastructure like this'.[13]

The State Government is examining value capture levies as a key funding source for new light rail links connecting to the Parramatta CBD, particularly the route from Westmead to Sydney Olympic Park via Camellia. The mechanisms being considered include betterment levies, special infrastructure contributions and parking space levies.[14]

The Parramatta light rail project offers some promise of government action on a broad-based value capture scheme. Council should monitor these developments and, if a government-led scheme does materialise, the recommendations for a local scheme outlined in this report may need to be reviewed.

5.5 Why should Council extract some of the value uplift that results from planning decisions?

The value of land is directly related to the uses and densities permitted on that land.

Given the much higher value of residential floor space in highly accessible locations like Parramatta CBD, relative to industrial or business zoned land, rezoning sites to facilitate residential uses would result in a significant increase in the land value.

Similarly, decisions by planning authorities that enable development on land in high-demand locations to be carried out at a greater density can often also lead to a significant increase in land value.

There are philosophical public policy reasons why the landowner / developer should not receive all of this un-earned financial benefit - or 'windfall' gain – that has resulted from a government decision:

- These planning decisions will lead to developments that generate infrastructure impacts. The extra infrastructure required by development might not be able to be provided using conventional development contributions mechanisms. Sharing the value uplift from planning decisions between the developer and the community provides a valid funding source for the infrastructure needed by the extra development.
- Sharing value uplift can be justified on economic development grounds. The value uplift would not have occurred without the planning decision. It is reasonable for the prime beneficiary of this uplift (the land owner) to return some of the value to the community so that it can be reinvested in infrastructure that in turn adds value to other land in the area and allows more economic development of land and healthier local economy.

[13] *Australian Financial Review*, 11 October 2015
[14] ibid, 21 October 2015

Despite the State Government's previous reluctance to investigate or implement comprehensive value sharing schemes, several Sydney councils have acted to implement local schemes. These schemes are described in the next section of this report.

5.6 Review of value sharing schemes

GLN Planning investigated local value sharing schemes operating, or in the implementation stage, in the Sydney metropolitan area.

This section summarises the results of that review. The full analysis is shown in **Appendix C**.

The schemes that were reviewed are listed in **Table 8** below:

Table 8 Local value sharing schemes

Scheme	Applies to
Southern Employment Lands Affordable Housing	Certain land in Alexandria and Rosebery that is zoned B7 under Sydney Local Environmental Plan 2012
Green Square Urban Renewal Area Community Infrastructure Scheme	Certain land in Alexandria, Zetland and Beaconsfield zoned R1, B2, B4, B6 and B7 under Sydney Local Environmental Plan 2012
Green Square Town Centre Infrastructure Strategy	Land surrounding Green Square railway station that is zoned 4a General Industrial under the City of Sydney Planning Scheme Ordinance 1971
Macquarie Park Corridor Access and Open Space Infrastructure	Land in Macquarie Park that is currently zoned B3 and B4 under Ryde Local Environmental Plan 2014
Waverley Variation Floor Space Infrastructure Scheme	• Certain land zoned B3, B4 and R4 in Bondi Junction under Waverley Local Environmental Plan 2012 • Certain land zoned B4, B1 and R3 in Bondi Beach under Waverley Local Environmental Plan 2012

5.6.1 How do the schemes work?

The schemes provide the opportunity for developers of land to voluntarily participate in an alternative land use control framework.

A person may seek approval for development under the zones, FSRs and height controls that currently apply to the land, or they may seek approval for a different development under an alternative set of controls. The presumption in all of the schemes is that the alternative set of controls allow different types or higher density of development that increase the value of the land.

If the developer wishes to utilise the alternative set of controls then that developer can do so if an offer is made to the council to make contributions of land, works and / or cash for provision of local infrastructure.

Local infrastructure includes new and widened roads, pedestrian and streetscape facilities, new parks, community facilities, stormwater management facilities. In some cases, the local infrastructure includes affordable housing managed by a community housing provider.

The offer of local infrastructure is secured through a VPA between the developer / land owner and the Council.

In some of the schemes the value uplift is triggered when the alternative planning controls are activated or 'switched on' after the statutory planning instrument (i.e. the LEP) is made. In other schemes (Green Square Urban Renewal Area and Waverley), the activation of value uplift is more aligned to the approval of the DA.

Table 9 summarises how value is captured in each of the schemes.

Table 9 Summary of how value is captured in the schemes

Scheme	How value is captured
Southern Employment Lands Affordable Housing	A developer can have a Planning Proposal approved that allows: • residential development where it is not currently permitted, and / or • permits a greater intensity of development through increased floor space or height controls. The Planning Proposal proceeds only if the developer offers to share the 'planning gain' that accrues from the decision. The planning gain is calculated using a series of standard rates contained in a guidelines document. The rates, derived from an analysis by a land valuer, are a proxy for calculating the difference between value of the land before rezoning or before changes to height and FSR controls, and the value of the land following rezoning. The council requires 50% of the planning gain to be shared with the community by the developer providing works, land, or money up to that amount. The VPA that secures these arrangements is tied to the Planning Proposal. The amending LEP is not made until the VPA is entered into and is registered on the land title.
Green Square Urban Renewal Area Community Infrastructure Scheme	The LEP has a base and maximum FSR applying to all land in the renewal area. The maximum floor space can only be achieved in designated areas shown on the FSR maps and where the developer provides community infrastructure through direct provision and cash contributions. Additional floor space allowed is prescribed in clauses in the LEP. The value of the contribution is calculated based on standard rates published in a guidelines document and the amount of additional floor space above the base allowed in the LEP. The contribution may be provided in-kind or in cash. Regardless, the first $100 per square metre of additional floor space must be made as a cash contribution towards Green Square Town Centre infrastructure. The VPA that secures these arrangements is tied to the DA.
Green Square Town Centre Infrastructure Strategy	The area is currently zoned Industrial under a 1971 planning ordinance. Two LEPs have been made that zones land for residential, retail, commercial and other non-industrial uses. The new B4 Mixed Use zone is 'deferred' and remains zoned Industrial until the developer offers to

Scheme	How value is captured
	enter into a VPA with the Council to deliver, or make an appropriate contribution toward, town centre infrastructure. The appropriate monetary contribution has been calculated for each site in the planning area; and has been based on the expected shortfall in funding available for the necessary upgrades. This amount is then broken up based on each site area's allowance of residential, retail and other non residential floor space, and standardised contribution rates that are included in the town centre infrastructure strategy. The VPA that secures these arrangements is tied to the Planning Proposal. The amending LEP is not made until the VPA is entered into and is registered on the land title.
Macquarie Park Corridor Access and Open Space Infrastructure	This scheme is predicated on the need to provide more open space and a more permeable and extensive local street network in the Macquarie Park employment area. The scheme operates in a similar way to the Green Square Town Centre model. Additional floor space allowed under the LEP is achieved through the consent authority being satisfied that there will be adequate provision for recreation areas and an access network. Adequate provision means the development making an equitable contribution (in cash, works or land) toward the provision of the recreation and access network described in the DCP. The types and amount of contribution would be confirmed in a VPA accompanying the DA. Monetary Contribution = total additional gross floor area x contribution rate. The contribution rate is $250 per square metre of floor area, which is a proxy meant to reflect 50% of the increase in value assumed to result from the rezoning. The scheme also sets out the value of different works in kind and land dedications that may be offered by the applicant and offset against the total cash contribution.
Waverley Variation Floor Space Infrastructure Scheme	DAs in certain parts of Bondi Junction and Bondi Beach that propose up to 15% extra floor space above that permitted under the FSR controls in the LEP may be approved if: • The development is acceptable on planning grounds, and • The developer enters into a VPA with the Council to provide public benefits (cash, works or land) in the surrounding area. On this basis, the planning controls are varied in the instance that the requirements of Clause 4.6 are satisfied. The contribution to be negotiated in the VPA will be 50% of the increase in net value to the development arising from the increase in FSR beyond that allowed under the LEP. The formula for calculating the value uplift from the bonus floor space is: Marginal net sale proceeds less Marginal cost to construct Council's VPA policy includes a step-by-step methodology that shows how the value uplift is calculated.

5.7 Calculation of value sharing contribution

As shown in **Table 9**, there are various ways a value sharing contribution can be based upon and calculated. On balance, schemes like the *Green Square Urban Renewal Area Community Infrastructure Scheme* and the *Macquarie Park Corridor Access and Open Space Infrastructure Scheme* that utilise a standard $/m^2 rate for additional GFA provides the simplest and cost effective methodology to implement. This is primarily due to there not being a need to individually calculate the value uplift as a result of individual planning decisions.

It is also considered that setting a consistent and standard rate, rather than a site-by-site value analysis, would establish a clear signal for the market and developers to respond to. This would allow for a level playing field that the same contribution amount should be factored into future feasibility investigations for sites in the Parramatta CBD.

From a Council perspective, a standard rate also improves transparency in the levying of a value sharing contribution rather than by site by site negotiation. It would also allow Council to better project potential funding that could be obtained from value sharing contributions in the Parramatta CBD.

On this basis, GLN Planning was requested to recommend a reasonable $/m^2 of gross floor area (**GFA**) rate that could be used for a value sharing scheme in the Parramatta CBD.

The analysis initially drew on a sample of 10 sites zoned B4 Mixed Use with recently completed developments. Site areas ranged from 500m^2 to 6,000m^2 with apartment yields ranging from 19 dwellings to 591 dwellings. Land transaction date, including date of sale and sale amount was also provided. Land transactions had occurred for these sites between 2002 and 2015, some with development consent, some before development consent.

A $/m^2 rate of approved GFA was determined for each site by dividing the land sales price by the approved GFA[15]. Based on this sample of sites and transaction data, which corresponded to a period of significant downturn during the GFC and a period of significant upswing around 2013/14, developers paid on average $655/m^2 of GFA.

At the direction of the Council's Infrastructure Funding Review Committee, GLN Planning was asked to review more recent sales transactions to determine if there was any difference in the prices recently being paid for GFA entitlements identified in the CBD Strategy. On this basis, Council was able to provide sales transaction and development approval data for land identified as B4 Mixed Use in the CBD Strategy area for the 2 year period 2014 to 2015. This time period was chosen because it broadly corresponded to the time when information about the increased FSR limits in the CBD Strategy was publicly available.

The data was segmented into sites with the two main FSR ceilings permitted under the CBD Strategy (i.e. 6:1 and 10:1), as well as whether the sites had or did not have DA approvals for mixed use developments. Very small sites were excluded – a minimum lot size of 600m^2 was assumed to be representative of interest in consolidating sites to allow a reasonable size of development.

A total of 39 transactions comprised this data set.

The $/m^2 rate paid for GFA under the existing controls or DA approvals in place was first reviewed. From this analysis, which showed values as high as $2,850/m^2 of GFA, it was apparent that

[15] Note the majority of these mixed use development only included token retail or commercial components to satisfy the requirement for 'mixed use development'. It is also assumed that the market for smaller retail and commercial space was not in high demand and as such, this GFA netted itself out in terms of cost to construct and revenue from the sale of this space.

development would be significantly constrained or unfeasible if only the GFA entitlement under the existing planning controls (or DAs approved under these controls) was constructed. As such, the $/m² rate was adjusted to reflect the GFA entitlements that were identified under the CBD Strategy. The average, adjusted $/m² rates are shown in **Table 10** below.

Table 10 Summary of $/m² of GFA rates paid during 2014 and 2015

Site Circumstance	Average ($/m² GFA)	Highest ($/m² GFA)	Lowest ($/m² GFA)
Sites with DA approval	$823	$1,167	$532
Sites with no DA	$805	$2,132	$104

The data shows that average, adjusted site values reflective of recent market conditions and expectations were $823/m² for DA approved sites and $805/m² for sites with no DA.

It is considered that the 'no-DA' rate of $805/m² of GFA rate would be the more appropriate rate to use for the purposes of modelling the impacts of various value sharing regimes on development viability.

5.8 Potential value sharing schemes

The draft CBD Planning Proposal being prepared by Council will significantly change the existing planning controls, including FSR. For instance, the FSR of certain sites will increase from 6:1 to 10:1 in the CBD core and from 2:1 to 6:1 on the periphery of the CBD area.

In addition to this increase in development right, Council's draft CBD Planning Proposal will also include 'incentive clause' provisions which will allow:

(a) an additional 15% increase in FSR for 'Design Excellence'; and

(b) an additional 0.5:1 FSR for 'High Performing Buildings' applicable to mixed use development on sites with a 10:1 FSR.

On top of this, the draft CBD Planning Proposal will also nominate a number of 'opportunity sites' that can benefit from an additional 3:1 FSR increase.

These changes will generate the potential for significant uplift in land values as a result of the increase in permitted development rights. In order to raise part of the funding required to deliver the Council's significant infrastructure program required to support development in the CBD, Council has identified a 2 phase approach for value sharing. In principle this approach is as follows:

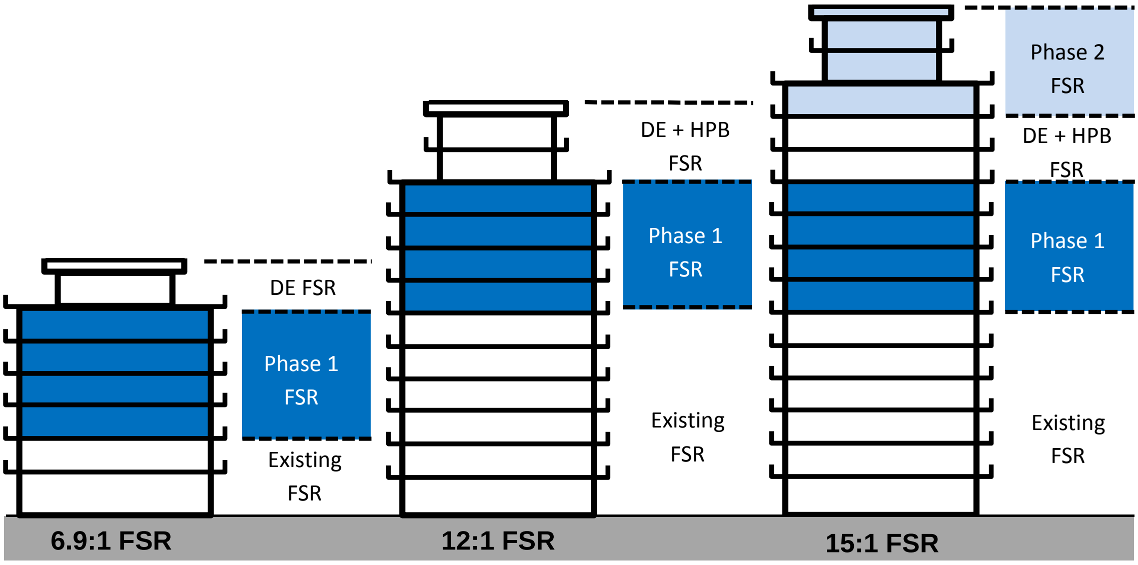
- **Phase 1** value sharing is where the developer and the community share in the value uplift created by the extra floor space entitlements that will be permitted when the draft CBD Planning Proposal comes into effect;
- **Phase 2** value sharing is where the developer and the community share in the value uplift created by the extra floor space entitlements that will be permitted by the 'opportunity sites' provisions when the draft CBD Planning Proposal comes into effect.

In effect, the draft CBD Planning Proposal will usher in three maximum FSR outcomes:

- **6.9:1 FSR sites** – Where the existing FSR control is increased to 6:1 plus an additional 0.9:1 (ie. 15%) from the 'design excellence' incentive. This outcome would only involve Phase 1 value sharing on the increase of GFA from the existing FSR to 6:1 FSR. Incentive FSR for 'High Performing Buildings' do not apply in this case.

- **12:1 FSR sites** – Where the existing FSR control is increased to 10:1 plus an additional 1.5:1 from the 'design excellence' incentive and an additional 0.5:1 from the 'High Performing Buildings' incentives. This outcome would only involve Phase 1 value sharing on the increase of GFA from the existing FSR to 10:1 FSR.
- **15:1 FSR sites** – Where the existing FSR control is increased to 10:1 plus an additional 1.5:1 from the 'Design Excellence' incentive, an additional 0.5:1 from the 'High Performing Buildings' incentive and an additional 3:1 from the 'Opportunity Sites' provisions.

These outcomes are diagrammatically shown below.



DE = Design Excellence Incentive FSR
HBP = High Performing Buildings Incentive FSR

Figure 4 Draft CBD Planning Proposal typical FSR outcomes

Based on these three typical FSR outcomes, following consideration of the contributions able to be generated by conventional means, Council identified three possible value sharing regimes mixed with a section 94A approach, as follows:

- Application of section 94A at 4.5% of the cost of construction over the full development delivered plus Phase 2 value sharing at 50% of the value on floor space delivered in excess of 12:1 FSR GFA.
- Application of section 94A at 3% of the cost of construction over the full development delivered plus Phase 1 value sharing at 10% of the value on floor space delivered between existing controls and the new controls (excluding incentive FSR) and Phase 2 value sharing at 50% of the value on floor space delivered in excess of 12:1 FSR GFA.
- Application of section 94A at 3% of the cost of construction over the full development delivered plus Phase 1 value sharing at 50% of the value on floor space delivered between existing controls and the new controls (excluding incentive FSR) and Phase 2 value sharing at 50% of the value on floor space delivered in excess of 12:1 FSR GFA.

5.9 Impact on development feasibility

5.9.1 Assumptions

The impact on development viability of the three different value sharing regimes was modelled for each of the typical maximum FSR GFA outcomes shown in Figure 4.

The potential revenue that would be generated under each regime was also calculated. Again, as per the previous modelling carried out for the conventional contribution approaches, a hypothetical development of a 3,000m² site was assumed for each FSR scenario.

This time, a standard value rate of $805/m² of GFA was applied to the additional GFA above the existing controls as per the Phase 1 and Phase 2 approaches described earlier.

Additional allowances were made for the increase in the cost of construction that would likely result from the design excellence and building performance obligations. A full list of assumptions that underpin the hypothetical development model are included in **Appendix D**.

5.9.2 Results

A summary of the contributions and viability impacts is shown in **Table 11**.

Table 11 Summary of value sharing regimes at $805/m² of additional GFA

Scenario		Contribution Generated	Developer Profit	IRR	Margin
Base Case – 6.9:1 FSR with S94A @ 3% and no VS		**$2.21M**	**$18.20M**	**20.0%**	**17.3%**
A	6.9:1 FSR with S94A @ 4.5% and no VS	$3.31M	$17.08M	19.2%	16.1%
B	6.9:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 10%	$3.17M	$17.21M	19.3%	16.4%
C	6.9:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 20%	$4.14M	$16.23M	18.6%	15.4%
D	6.9:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 50%	$7.04M	$13.29M	16.4%	12.6%
Base Case – 12:1 FSR with S94A @ 3% and no VS		**$3.84M**	**$35.22M**	**20.0%**	**18.3%**
E	12:1 FSR with S94A @ 4.5% and no VS	$5.77M	$33.34M	19.4%	17.1%
F	12:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 10%	$4.81M	$34.31M	19.7%	17.8%
G	12:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 20%	$5.78M	$33.33M	19.4%	17.3%
H	12:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 50%	$8.62M	$30.44M	18.3%	15.8%

Scenario		Contribution Generated	Developer Profit	IRR	Margin
I	15:1 FSR with S94A @ 4.5% and Phase 2 VS on 3:1 FSR @ 50%	$10.76M	$53.93M	25.9%	23.6%
J	15:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 10% and Phase 2 VS on 3:1 FSR @ 50%	$9.34M	$55.34M	26.3%	24.5%
K	15:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 50% and Phase 2 VS on 3:1 FSR @ 50%	$13.21M	$51.48M	25.0%	22.8%

The 2014-15 land transaction data demonstrated that the potential FSRs contained in the Architectus study (exhibited in late 2014) and adopted in the CBD Strategy have generally been factored into the price paid for land by developers and speculators, rather than the FSRs currently allowed under the existing LEP. As a result, any attempt by Council to extract a Phase 1 value sharing contribution on a development that did not exceed CBD Strategy FSR allowances will adversely affect viability.

This is shown in our base case where developments approved under the CBD Strategy FSR and paying only a 3% section 94A levy would achieve an IRR of 20%. This is a general minimum benchmark for lending authorities and represents the risk to reward appropriate for the development. If Council applied an additional 10% value sharing to Phase 1 floor space the IRR would reduce to 19.3% for the 6.9:1 FSR development scenario and to 19.8% for the 12:1 FSR development scenario. At this level, these developments would be considered to be on the cusp of being viable[16].

Impacts on development viability with increased Phase 1 value sharing rates worsen to the point of being unviable as the development has to offset a greater contribution with the same revenue. These impacts will be most felt in the instance the residential property market flattens (i.e. static price growth) or declines for those that may have purchased sites.

In this instance, if the Council was to implement Phase 1 value sharing on developments that only achieve the CBD Strategy FSR, this:

- May render projects unviable and stall development unless a DA is already in place.
- Encourage developers to lodge Planning Proposals to exceed the CBD Strategy FSRs to offset the cost of the Phase 1 value sharing.
- Could stall future land transactions as developers would no longer be able to pay the current market rate and no longer provide the same incentives to landowners (unless they were under duress to sell). Although this would likely correct itself over time.

On the other hand, if the development site had been acquired and held for a lengthier period of time, say before the CBD Strategy was public knowledge, it is likely that the site had been acquired for less and as such, may be able to offset the imposition of a Phase 1 value sharing contribution.

[16] This is ultimately dependent on the price a developer paid for land. If they had paid over the general average of $805/m2 of GFA, the impacts would be more severe. Conversely, if they paid under that rate, the impacts would be reduced and development more viable.

In the instance where the Parramatta residential market continues to experience growth, it is likely that the viability of all projects will improve and offset the imposition of a Phase 1 value sharing contribution.

Developments that achieve FSR outcomes above the CBD Strategy allowances – i.e. Phase 2 value sharing - are not nearly as sensitive to value sharing imposts. This is on the basis a developer acquired a site based on the 12:1 FSR outcome intimated in the CBD Strategy. These results suggest greater room for the application of Phase 2 value sharing but it is also reasonable to assume that there would be higher viability benchmarks for a larger, more risky development that would have greater exposure to changes in market conditions. We suggest adopting a 25% IRR and Profit Margin for projects exceeding the CBD Strategy FSR would be reasonable.

The results for developments exceeding CBD Strategy FSR mask a reality that <u>any</u> Phase 1 value sharing on such development reduces IRR, but any Phase 2 value sharing still allows the development to meet or beat viability benchmarks. Again, this will depend on the price developers have paid for land.

From the above it is evident that Council should use caution in designing its value sharing scheme.

Projects that seek to utilise GFA up to but not exceeding CBD Strategy entitlements will have their viability adversely affected, although value sharing at the 10-20% level could probably be tolerated in the current buoyant economic environment.

It must be stressed however that developments of sites bought in recent times, at or above average rates, that are only able to achieve an FSR of 6.9:1 (including incentives) are far more sensitive to the impacts of Phase 1 value sharing and as such, these projects could likely only tolerate sharing at the 10% level in the current market.

Conversely, a development exceeding CBD Strategy GFA allowances could tolerate Phase 2 value sharing at or above 50%. Although Phase 2 value sharing on a development at or above the 50% level is technically feasible, there is no precedent for value sharing at levels above 50% and would bring into question the notion of equity in the risk and reward taken by developers.

5.10 Recommended floor space value and value sharing rates

If the Council proceeds to implement its value sharing scheme then we recommend that it comprise the following features:

- *Adopt a floor space value in the range of $700 to $750 per square metre of GFA for the purpose of assessing value sharing*

  Whilst analysis of land transfers since 2014 identified a higher average $/m^2 GFA rate has been paid, it is considered that the recommended rate is reflective of the average rate paid through the full property cycle and is based on a significant sample size. The period since 2014 reflects a time of significant growth in apartment prices in the property cycle. It also represents a time where allowances under the CBD Strategy were public knowledge and this could have helped drive speculation in the market.

  The previous analysis of 10 key sites identified by Council reflected a sample of land transactions between 2002 and 2014 and provided an average rate of $655/m^2 of GFA. This rate is considered to be more reflective of full property cycle movements however is limited in sample size. A more recent, larger sample revealed an average rate of $805/m^2 of GFA As such, a mid point in the order of $700 - $750 / m^2 should be more a more reasonable ‘through the cycle’ rate for the purposes of a value sharing scheme.

- *Given the land transactions within the CBD over the last 2 years, a cautious approach should be taken to any Phase 1 value sharing rate – we recommend that the rate should be no more than 20% on larger projects, and 10% on smaller projects. Developments on sites that have been held for several years would more readily absorb a 20% or more Phase 1 value sharing rate, regardless of FSR.*

  As demonstrated in the modelling results, any application of Phase 1 value sharing will have an impact on development viability for sites purchased in the last two years. If applied at a lower rate (say 10%) for recently purchased sites, it is evident that whilst there will be impacts on development viability, the resultant IRR would still likely be considered to be feasible. This would be dependent upon the price that was ultimately paid for the land and if any opportunities to reduce construction costs. As such, it is considered that caution should be applied when considering value sharing to Phase 1 for sites purchased in the last two years given that value sharing at 10% delivers borderline results (19.8%) against the benchmarks used by developers and financiers). Developments on sites that have been held for several years would more readily absorb 20% or more Phase 1 value sharing, regardless of FSR.

- *A maximum 50% Phase 2 value sharing rate*

  From the modelling of developments that achieve an FSR of 15:1 or greater, even after adopting a higher benchmark for development viability (i.e. IRR of 25%), development would still remain viable if a value sharing of 50% was adopted. It is possible there could be a greater tolerance however a value sharing greater than 50% would be hard to politically justify and may disincentivise developers.

5.11 Implementation issues

5.11.1 Risks of value uplift not materialising

The potential for value sharing as an alternative or additional funding source needs to be tempered with an understanding of the current and future economic circumstances.

A value sharing scheme is predicated on there being positive movement in the value of land in a planning area. Rapid price escalation and land speculation have been features of the Sydney residential land market in recent times. This scenario is likely to be a factor that has driven the lodgement of recent Planning Proposals seeking substantially higher floor space development rights on numerous sites in the CBD.

The application of extra development rights to land does not automatically lead to higher land values. Wider economic circumstances and cycles (e.g. interest rates, taxation policy, international money markets) and complex forces of supply and demand in metropolitan development sub-markets all impact both positively and negatively on land values over time.

It is possible that by the time Council was to commence its value sharing scheme that the project pipeline for major developments in the Parramatta CBD for the next 10-15 years will have been established. As the value sharing scheme proposed by Council would only apply to sites that will be developed further down the track, it could be many years before significant infrastructure dividends from the scheme is realised. If land values stagnate or decline for a period rather than increase like they have done recently then this timeframe would extend further.

In other words, if the recent price escalation and developer activity does not continue, this would be a risk to the success of the value sharing scheme. There is a risk that a scheme introduced at an inopportune time in the property cycle may fail.

5.11.2 Probity

Another important issue is the need for any value sharing scheme to be transparent, equitable and applied consistently.

Developers and the community should be made familiar with the purposes and operation of the scheme in order for Council to avoid perceptions of 'cash for floor space' deals. This perception will be difficult to quell anyway, so the responsibility is with Council to work with stakeholders to establish the need for the scheme and the benefits to the wider community that will be achieved by the scheme.

The principles that underpin the draft Macquarie Park scheme are a good example for the Council to follow, that is:

- Nexus: That some of the benefit afforded to sites is captured by the community to provide essential infrastructure required as a result of increased densities in the area.
- Transparency: There is a clear understanding of what infrastructure is to be funded and how contribution rates and community benefit are calculated and applied to individual sites.
- Equity: Both infrastructure and incentives for development are based on equity and fairness.
- Practical: The implementation of the mechanism must be practical and occur in a timely fashion to avoid delays and provide certainty for commercial dealings.
- Feasibility: The contributions must not create development opportunities which are not economically viable.

6. Conclusion and recommendations

6.1 Recommended scheme using conventional mechanisms

There are various contributions tools that are available under the current NSW planning system to facilitate the delivery of development-generated infrastructure by developers.

The optimum contributions strategy for the anticipated future development in the Parramatta CBD, **using only the current conventional development contributions mechanisms**, is outlined below:

- Continue the current practice of requiring developers to carry out works on and near their development sites where it is reasonable to do so.
- Continue the current practice of consent authorities imposing a section 94A levy on all eligible development, but seek the support of the Minister for Planning to allow consent authorities to impose a 4.5% levy instead of the current 3%. This approach has the advantage of it being the contributions mechanism currently imposed on development (albeit at a higher rate), and is thus familiar to developers.
- Continue to negotiate VPAs with developers to extract additional public benefits associated with new developments.

If on the other hand the Council was unsuccessful in obtaining the Minister's support for a 4.5% levy, and it still wanted to achieve a higher financial return than the current 3% levy, it could pursue a hybrid contributions strategy that allowed:

- Section 94 contributions to be imposed on mixed use development, which is expected to be the majority of the development.
- A section 94A levy on wholly non residential (i.e. commercial and retail) development.

However the disadvantage of this approach is that it is a more complex system to set up and manage. The relationship (nexus test) has to be determined for all the anticipated different development types to be subject to section 94 contributions and the Council is potentially exposed to legal challenge on the reasonableness of its contributions in individual development approvals. These risks however can be managed.

We therefore recommend that Council prepare a draft section 94A contributions plan that authorises a levy of up to 4.5% on future CBD development and seek the Minister for Planning's endorsement to amend the EP&A Regulation to allow the higher levy to be imposed on developments.

This approach, if successful, will provide a robust mechanism for an increase in development contributions revenue with minimal risk of legal challenge. It would also be necessary for Council to consider its position on encouraging solely commercial development in the CBD and whether a levy of less than 4.5% on these developments is needed to achieve this goal.

If Council is unsuccessful in gaining the Minister's approval for an increased levy, we recommend that Council pursue a mixed or hybrid contribution strategy of:

(a) Section 94 contributions applying to all residential and mixed use development

(b) A 3% section 94A levy applying to all development that does not include a residential component.

It is recommended that Council take the following action to ensure a robust section 94 contributions plan is prepared that minimises risk of legal challenge:

(a) Prepare a comprehensive infrastructure schedule and costs that is linked to a well – researched demand analysis to justify the schedule.

(b) Carry out a thorough demand assessment of worker and visitor use of facilities in the infrastructure schedule to provide a robust argument for costs apportionment.

(c) Analysis of the contribution rates that would generally be attributable to the worker population under both the section 94 and section 94A plans to ensure it is generally aligned and equitable.

6.2 Potential for value sharing schemes as an alternative or additional infrastructure funding source

Council officers advised that the estimated costs for the infrastructure that will be required for the future Parramatta CBD development exceeds $800 million.

They have also advised us that continuing with the business-as-usual approach of imposing a 3% section 94A levy on CBD development will only yield a small fraction of the funds needed to meet this cost. A change to a 4.5% levy will improve the result, but a substantial funds shortfall will still remain. Council therefore wants to explore alternative or additional mechanisms to bridge the funding gap. Value sharing is one such mechanism.

Although value sharing has become a topical urban issue in recent times, there has historically been little appetite for State or Commonwealth Governments for pursuing a revenue model that extracts some of the uplift in value from planning or infrastructure decisions. Governments have so far been reluctant to act because of the difficulty in defining beneficiaries of planning and infrastructure decisions, likely community resistance, and treasuries being reluctant to tie revenue to particular areas and projects.

The proposed Parramatta light rail network offers potential as a catalyst infrastructure project that could underpin a value capture scheme. Such a scheme is currently under active consideration by the State Government. Council should monitor developments in this space in terms of potential effects on any local value capture scheme it may wish to implement.

Some Sydney local councils are implementing their own value sharing schemes. Whereas international examples of value sharing schemes are usually linked to major transport infrastructure projects, the local schemes are linked to the value uplift on sites that emanates from decisions that allow more valuable development types or increased intensity of development.

We reviewed 5 local schemes. In all but the Waverley scheme the extra floor space opportunities are secured when the statutory plan that allows those opportunities is activated or ‘switched on’. This is important in sending a clear signal to the market that the full site value can only be achieved once the property is rezoned or the developer takes up the opportunity for bonus floor space through a formal VPA. If this is not done then it is highly likely that sites will be bought and sold on the basis that 100% of the extra value is secured by the land owner, and not shared with the community.

It is necessary for any local value sharing scheme to be supported by legislation provisions or a statutory plan such as an LEP that invokes a general power to allow additional development floor space to be approved in exchange for the provision of infrastructure or payment of infrastructure contributions.

A statutory scheme that shows all the candidate sites for bonus floor space has maximum transparency. This is the approach followed in the City of Sydney (in the Green Square Urban Renewal Area and the Green Square Town Centre) and in the City of Ryde (in the Macquarie Park Corridor). These bonus floor space schemes provide a good model for Council in structuring a similar scheme for the Parramatta CBD.

6.3 Development viability testing of Council's value sharing proposals

Council officers provided us with a 2-phase concept for a value sharing scheme that could apply to Parramatta CBD development sites in the future. GLN Planning tested the impacts of different value sharing regimes in terms of the contributions generated and the viability of hypothetical developments on sites with the typical FSR outcomes anticipated by Council. The typical FSR outcomes include:

(a) 6.9:1 FSR with only Phase 1 value sharing applied to FSR in excess of the current controls;

(b) 12:1 FSR with only Phase 1 value sharing applied to FSR in excess of the current controls; and

(c) 15:1 FSR with Phase 1 value sharing applied to FSR in excess of the current controls and Phase 2 value sharing applied to additional FSR allowed for 'opportunity sites'.

This analysis was also compared to the contributions generated and viability outcomes that would result from the Council imposing a traditional section 94A levy scheme on the same hypothetical developments instead of, or in combination with, Phase 1 and 2 value sharing.

Table 11 showed a summary of the contributions and development viability outcomes of the various tested scenarios with the adoption of a 'value sharing' rate of $805/m^2 of GFA. In light of the impacts of the different value sharing regimes on the hypothetical development at this rate, a revised rate of $750/m^2 has been recommended to be a more reasonable 'through the cycle' rate for the purposes of a value sharing scheme.

The following is a summary of the results of our testing with the adoption of $750/m^2 of GFA as for the different value sharing regimes (detailed results are shown in **Appendix D**):

For the 6.9:1 FSR development:

- The total development contribution ranged between $2.2 million and $6.7 million.
- The highest contribution would be in the instance of the developer sharing 50% of the value uplift created by the draft CBD Planning Proposal (i.e. a Phase 1 value share). However, that development would not likely be seen as viable by lending authorities because of the low profit margin and diminished IRR well below industry benchmarks.
- Negative impacts on viability are reduced in instances where the contribution is either a section 94A levy at 4.5%, or where it is a combination of Phase 1 value sharing at the 10% level. These hypothetical developments would likely to be seen as viable in the current market, with the total contribution being $3.3 million, $3.1 million and $4 million, respectively.

For the 12:1 FSR development:

- The total development contribution ranged between $3.9 million and $8.3 million.
- The highest contribution would be in the instance of the developer sharing 50% of the value uplift created by the draft CBD Planning Proposal (i.e. a Phase 1 value share). However,

being a larger and more risky development than the 6.9:1 FSR development, its viability would likely be seen as marginal.

- Negative impacts on viability are reduced for the other scenarios, with a similar viability benchmarks and contributions amounts being achieved where the contributions imposed were a 4.5% levy or a combination 3% levy / 20% Phase 1 value share. These hypothetical developments would likely to be seen as viable in the current market, with the total contribution being $5.8 million and $5.6 million, respectively.

For the 15:1 FSR development:

- The total development contribution ranged between $9 million and $12.6 million.
- While this hypothetical development is the largest and riskiest of the three, viability benchmarks are likely to be easily achieved where any contributions scheme involved both Phase 1 and 2 value sharing.
- The favourable viability results are due to the assumption that the site purchase price was based on development yield that would be achieved under the draft CBD Planning Proposal

In considering the parameters of a value sharing scheme, it will be necessary for Council to balance the feasibility impacts on development against the significant shortfall in funding that will be available to deliver necessary infrastructure support the significant population growth that is expected.

This will have to be assessed on CBD wide basis, not just on individual hypothetical development sites. In this regard, when the proportion of sites that will deliver a 6.9:1 FSR outcome versus a 12:1 FSR and above outcome is considered, the standard application of a section 94A contribution at 4.5% with only Phase 2 value sharing may deliver a lower contribution pool than the application of a section 94A contribution at 3% accompanied by a Phase 1 and Phase 2 value sharing regime.

It is our understanding that in progressing a potential value sharing scheme, Council will be considering the impacts on feasibility including impacts on the limited number of sites which have been recently purchased in the last two years, and on the larger number of sites that have been held for longer periods. Council will also be considering the overall cost of infrastructure required to be funded to support development in the CBD and potential pool of contributions to fund these works.

6.4 Way forward for Council to pursue a local value sharing scheme

Council is considering implementing a 2-phase value sharing scheme on developments in the Parramatta CBD area in order to help fund the significant CBD infrastructure upgrades.

If Council was to proceed with its value sharing scheme, based on our investigations of similar schemes and our assessment of viability impacts, we recommend that Council incorporate the following elements in the scheme:

(a) Retain the 3% section 94A levy in preference to seeking the Minister’s approval for a higher (4.5%) levy.

(b) Develop in consultation with the Department of Planning and Environment a town planning scheme that provides a choice for the developer between pursuing an ‘as-of-right’ development under current general planning controls and infrastructure contributions; or pursuing a development under different planning controls that also have value sharing contributions attached to them.

(c) Prepare a comprehensive infrastructure plan containing details of the different facilities and amenities that will be delivered using the proceeds from value sharing.

(d) Prepare guidelines that contain details of the value sharing scheme and that show how developers can participate in the scheme.

(e) Adopt a floor space value in the range of $700 to $750 per square metre of GFA for the purpose of assessing value to be shared.

(f) Consider carefully the rate of Phase 1 value sharing that is implemented. Our investigations of hypothetical developments based on recent average sales data show that larger developments could absorb up to a 20% Phase 1 value share with the community and probably meet viability benchmarks. Smaller developments on sites purchased in the last two years could absorb a 10% Phase 1 value share. Developments on sites that have been held for several years would readily absorb 20% or more Phase 1 value share, regardless of FSR.

(g) The Phase 2 value sharing rate be set at no more than 50%.

(h) The arrangement for the developer to provide public benefits is achieved through the negotiation of a VPA between the developer and the Council.

(i) Value sharing contributions that are paid by developers be held in a dedicated account that has accountability and reporting protocols that at least reflect the accounting requirements for section 94 and section 94A monies.

Glossary of terms and abbreviations

CBD	Central business district
DA	Development application
DPE	Department of Planning and Environment
EP&A Act	Environmental Planning and Assessment Act 1979
EP&A Regulation	Environmental Planning and Assessment Regulation 2000
FSR	Floor space ratio
GFA	Gross floor area
GAB	Growth area bonds
INSW	Infrastructure New South Wales
IPART	Independent Pricing and Regulatory Tribunal
IRR	Internal rate of return
LEP	Local Environmental Plan
LGA	Local Government Area
SIC	Special Infrastructure Contribution
TIF	Tax increment financing
VPA	Voluntary Planning Agreement
VS	Value sharing

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APPENDIX A

Estimated Income Analysis

(Standard schemes)

Scenario - Current Dwelling and Job Targets

Scenario Summary

Detail	Amount
Residential (floorspace m2)	750,000
Mixed Use (floorspace m2)	75,000
Commercial (floorspace m2)	573,000
No. Dwellings	7,500
No. Employees (Commercial)	23,875
No. Employees (Mixed Use)	3,125
Cost of works - Commercial (additional)	$1,432,500,000
Cost of works - Commercial (replacement)	$1,048,500,000
Cost of works - Commercial carparking	$286,500,000
Cost of works - Mixed Use	$187,500,000
Cost of works - Mixed Use carparking	$37,500,000
Cost of works - Residential	$2,137,500,000
Cost of works - Residential carparking	$375,000,000

Contributions Generated

S94	**$193,200,000**
$20,000/Dwelling	$150,000,000
Employee	$43,200,000
Section 94A @ 3%	**$165,150,000**
Section 94A @ 4.5%	**$247,725,000**
Combination S94 and S94A @3%	**$206,570,000**
$20,000/Dwelling	$150,000,000
Employees in Mixed Use	$5,000,000
Commercial S94A @ 3%	$51,570,000
Combination S94 and S94A @4.5%	**$232,355,000**
$20,000/Dwelling	$150,000,000
Employees in Mixed Use	$5,000,000
Commercial S94A @ 4.5%	$77,355,000

Notes:

All contributions generated are indicative only for discussion purposes.

Commercial floorspace based on Council/SGS calculations for purposes of S94A contribution calculation, employee numbers calculation and S94 contribution calculation.

Residential floorspace based on Council/SGS calculations for purposes of S94A contribution calculation and dwelling numbers for S94 contribution calculation.

100m2 GFA per apartment assumed to determine dwelling numbers for S94 contribution calculation.

Mixed use floorspace was based on 10% of the total residential floor space in order to deliver residential development in the B4 zone.

Number of employees based on Council/SGS rate of 1 employee per 24m2 of commercial GFA.

For purposes of determining a S94 contribution for commercial development, assumed 5 employees are equivalent to 1 resident in terms of demand/utilisation of local infrastructure as per City of Sydney approach/studies. A contribution of $20,000 per dwelling and assumed occupancy rate of 2.5 people per dwelling was used to determine a contribution rate of $8,000/resident. This equates to $1,600/employee.

In order to achieve the total additional floorspace of 1,398,000 (as per Council/SGS data), assumed that there will need to be knockdown and replacement of existing residential and commercial developments to realise true potential of sites. As such, assumed that an additional 30% of the total additional floorspace would also be delivered as part of replacement of existing devleopment for the purposes of determining S94A contributions based on the total construction costs in the Parramatta CBD.

Costs

Commercial floorspace (new and replacement)at $2,500/m2 (Rawlinsons 2015)

Residential floorspace at $2,850/m2 (Rawlinsons 2015)

Mixed use floorspace at $2,500/m2 (Rawlinsons 2015)

Underground carparking at $50,000/space applied to Council's carparking controls rates to overall floorspace and dwellings (Rawlinsons 2015)

APPENDIX B

Standard contributions approach development feasibility analysis

Scenario 1 - S94A Levy 3% CBD Strategy Controls

Summary Sheet

SITE DETAILS	
Address	Representative
Floor Space Ratio	10.0
Land Area	3,000
Site Value	79,762
Number of Dwellings	273

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$697,985	$208,466,667
GST	62,168	16,971,970
Less Selling Costs	16,022	4,374,083
NET REVENUE	$685,423	$187,120,614
COSTS		
Land (including acquisition costs)	79,762	21,775,000
Acquisition costs	5,728	1,563,778
Construction	386,628	105,549,517
Consultants	15,465	4,221,981
Section 94A - Commercial	1,969	537,500
Section 94A - Residential	9,630	2,628,986
Statutory Fees & Contributions	7,807	2,131,430
On Costs	11,599	3,166,486
Marketing	15,272	4,169,333
Cost before Interest	533,861	145,744,009
Finance (incl Loan Est Fees)	46,287	12,636,271
TOTAL DEVELOPMENT COSTS	580,148	$158,380,280
TOTAL PROJECT SURPLUS	18.1%	$28,740,333
PROJECT IRR BEFORE INTEREST	20.0%	

Scenario 1 - S94A Levy 3% CBD Strategy Controls

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	10.0	:1
Achievable FSR	30,000	m2
Land Area	3,000	m2
Site Value	79,762	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS					
Cost Items			Cost ($)	Period Commencing (month)	Term (months)
LAND					
Land Purchase			21,775,000		
Loan Establishment Costs			22,825		
Stamp Duty			1,464,740		
Legals	0.4%		76,213		
LAND ACQUISITION COSTS - Deposit			2,177,500	1	1
LAND ACQUISITION COSTS - Settlement			21,161,278	2	1
CONSTRUCTION COSTS	2,000		105,549,517	12	20
PROFESSIONAL FEES	4%	const costs	4,221,981	1	31
APPLICATION FEES					
DA Fees			502,018	3	1
CC Fees			194,920	12	1
Section 94			3,166,486	31	1
LPI Fees			37,275	31	1
LAND TAX/RATES					
Land Tax/Rates	Year 1		465,739	10	1
Land Tax/Rates	Year 2		465,739	22	1
Land Tax/Rates	Year 3		465,739	34	1
ONCOSTS		3.0% construction cost	3,166,486	2	30
MARKETING		2% gross revenue	4,169,333	12	19
		TOTAL COST	145,744,009		

UNIT MIX AND SALES									
Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	45	60	3,105	45	Yes	590,000	26,550,000	16%	15%
2 bedroom	208	80	19,136	208	Yes	700,000	145,600,000	76%	75%
3 bedroom	20	120	2,760	20	Yes	920,000	18,400,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	273		30,001	381	Yes		208,466,667	100%	100%
Average m2/unit	80								
ADDITIONAL INCLUSIONS									
Other visitor parking				55					
TOTAL YIELD	273		30,001	436			208,466,667		
		FSR	10.0						
		Target Floorspace	30,000						

Scenario 1 - S94A Levy 3% CBD Strategy Controls

Calculations

REVENUE		
GROSS REVENUE		**208,466,667**
GST		**16,971,970**
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	4,169,333
Legals (On Settlement)	$750 per lot	204,750
TOTAL - SELLING COSTS		**4,374,083**
NET REVENUE		**187,120,614**

STAMP DUTY		
LAND VALUE THRESHOLD		**TAX**
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	1,464,740
	TOTAL	**1,464,740**

CONSTRUCTION COSTS				
Build Costs	**Rates $/m2**	**FSR +15%**	**UG Parking 50,000**	**Grade Parking**
Apartments	2,850	71,252,850	13,650,000	0
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			2,730,000	0
TOTALS		**83,752,850**	**21,796,667**	**0**
TOTAL CONSTRUCTION COST				**105,549,517**

CAR PARKING	
Unit Type	**No. Spaces**
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

CONTRIBUTIONS		
SECTION 94A		**3%**
COSTS		
Retail	10,416,667	$312,500
Commercial	7,500,000	$225,000
Residential	87,632,850	$2,628,986
TOTAL VALUE	**105,549,517**	
TOTAL CONTRIBUTION		**$3,166,486**

RATES	
Council Rates	47,615
Land Tax	418,124
TOTAL RATES	**465,739**

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		132,595
LSL	**0.35%**	**369,423**
TOTAL DA FEES		**502,018**

LPI FEES			
Strata	Base Fee 1,321	Per Dwg fee 132	
TOTAL LPI FEES			**37,275**

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	194,920
TOTAL CC FEES	**194,920**

Scenario 1 - S94A Levy 3% CBD Strategy Controls

Assumed Development Cashflow

DEVELOPMENT SUMMARY	
IRR Before Interest	20.00%
Surplus	$28,740,333
% Surplus on D.C	18.15%
Max Loan Balance Debt/Equity	-$157,096,331
Debt/Equity	100.00%

Numbers bellow expressed in nearest $,000

gln planning

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	2,178	136	0	0	0	0	0	0	0	0	$2,314	0	$0	$0	$0	$0	$2,314	-$2,314	$0	-$2,314	1
Budget	Dec-15	2	21,161	136	0	0	0	0	0	0	106	0	$21,403	0	$0	$0	$0	$0	$21,403	-$21,403	-$12	-$23,729	2
Budget	Jan-16	3	0	136	502	0	0	0	0	0	106	0	$744	0	$0	$0	$0	$0	$744	-$744	-$124	-$24,596	3
Budget	Feb-16	4	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$128	-$24,966	4
Budget	Mar-16	5	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$130	-$25,338	5
Budget	Apr-16	6	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$132	-$25,711	6
Budget	May-16	7	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$134	-$26,087	7
Budget	Jun-16	8	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$136	-$26,465	8
Budget	Jul-16	9	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$138	-$26,844	9
Budget	Aug-16	10	0	136	0	0	0	0	0	466	106	0	$707	0	$0	$0	$0	$0	$707	-$707	-$140	-$27,692	10
Budget	Sep-16	11	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$144	-$28,078	11
Budget	Oct-16	12	0	136	0	195	5,277	0	0	0	106	219	$5,934	0	$0	$0	$0	$0	$5,934	-$5,934	-$146	-$34,157	12
Budget	Nov-16	13	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$178	-$40,074	13
Budget	Dec-16	14	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$209	-$46,021	14
Budget	Jan-17	15	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$240	-$52,000	15
Budget	Feb-17	16	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$271	-$58,009	16
Budget	Mar-17	17	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$302	-$64,050	17
Budget	Apr-17	18	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$334	-$70,122	18
Budget	May-17	19	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$365	-$76,226	19
Budget	Jun-17	20	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$397	-$82,362	20
Budget	Jul-17	21	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$429	-$88,529	21
Budget	Aug-17	22	0	136	0	0	5,277	0	0	466	106	219	$6,204	0	$0	$0	$0	$0	$6,204	-$6,204	-$461	-$95,195	22
Budget	Sep-17	23	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$496	-$101,429	23
Budget	Oct-17	24	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$528	-$107,696	24
Budget	Nov-17	25	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$561	-$113,996	25
Budget	Dec-17	26	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$594	-$120,328	26
Budget	Jan-18	27	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$627	-$126,694	27
Budget	Feb-18	28	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$660	-$133,092	28
Budget	Mar-18	29	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$693	-$139,524	29
Budget	Apr-18	30	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$727	-$145,989	30
Budget	May-18	31	0	136	0	0	5,277	3,166	37	0	106	0	$8,723	0	$0	$0	$0	$0	$8,723	-$8,723	-$760	-$155,473	31
Budget	Jun-18	32	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$810	-$156,282	32
Budget	Jul-18	33	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$814	-$157,096	33
Budget	Aug-18	34	0	0	0	0	0	0	0	466	0	0	$466	70	$208,467	$16,972	$4,374	$187,121	$466	$186,655	-$818	$28,740	34
			23,339	$4,222	$502	$195	$105,550	$3,166	$37	$1,397	$3,166	$4,169	$145,744	70	$208,467	$16,972	$4,374	$187,121	$145,744	$41,377	-$12,636	$28,740	
			Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs		Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net	Monthly Interest		

Scenario 2 - S94A Levy 3% CBD Strategy Controls + 5:1 FSI

Summary Sheet

SITE DETAILS	
Address	Representative
Floor Space Ratio	15.0
Land Area	3,000
Site Value	79,762
Number of Dwellings	433

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$696,189	$319,366,667
GST	62,480	27,053,788
Less Selling Costs	15,501	6,712,083
NET REVENUE	$659,586	$285,600,795
COSTS		
Land (including acquisition costs)	50,289	21,775,000
Acquisition costs	3,611	1,563,778
Construction	361,307	156,446,017
Consultants	14,452	6,257,841
Section 94A - Commercial	1,241	537,500
Section 94A - Residential	9,598	4,155,881
Statutory Fees & Contributions	5,736	2,483,745
On Costs	10,839	4,693,381
Marketing	9,629	4,169,333
Cost before Interest	466,703	202,082,475
Finance (incl Loan Est Fees)	38,110	16,501,477
TOTAL DEVELOPMENT COSTS	504,813	$218,583,952
TOTAL PROJECT SURPLUS	30.7%	$67,016,844
PROJECT IRR BEFORE INTEREST	30.1%	

Scenario 2 - S94A Levy 3% CBD Strategy Controls with Planning Proposal +5:1 FSR

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	15.0	:1
Achievable FSR	45,000	m2
Land Area	3,000	m2
Site Value	79,762	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS

Cost Items		Cost ($)	Period Commencing (month)	Term (months)
LAND				
Land Purchase		21,775,000		
Loan Establishment Costs		22,825		
Stamp Duty		1,464,740		
Legals	0.4%	76,213		
LAND ACQUISITION COSTS - Deposit		2,177,500	1	1
LAND ACQUISITION COSTS - Settlement		21,161,278	2	1
CONSTRUCTION COSTS	2,000	156,446,017	12	20
PROFESSIONAL FEES	4% const costs	6,257,841	1	31
APPLICATION FEES				
DA Fees		740,723	3	1
CC Fees		287,459	12	1
Section 94		4,693,381	31	1
LPI Fees		58,347	31	1
LAND TAX/RATES				
Land Tax/Rates	Year 1	465,739	10	1
Land Tax/Rates	Year 2	465,739	22	1
Land Tax/Rates	Year 3	465,739	34	1
ONCOSTS	3.0% construction cost	4,693,381	2	30
MARKETING	2% gross revenue	4,169,333	12	19
	TOTAL COST	**202,082,475**		

UNIT MIX AND SALES

Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	45	60	3,105	45	Yes	590,000	26,550,000	16%	15%
2 bedroom	208	80	19,136	208	Yes	700,000	145,600,000	76%	75%
3 bedroom	20	120	2,760	20	Yes	920,000	18,400,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	**273**		**30,001**	**381**	**Yes**		**208,466,667**	**100%**	**100%**
Average m2/unit	80								
ADDITIONAL INCLUSIONS									
Other visitor parking				55					
TOTAL YIELD	**273**		**30,001**	**436**			**208,466,667**		
		FSR	10.0						
		Target Floorspace	45,000						

ADDITIONAL UNIT MIX AND SALES (based on additional 5:1 FSR after Planning Proposal

Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
RESIDENTIAL									
1 bedroom	30	60	2,070	30	Yes	590,000	17,700,000	19%	15%
2 bedroom	120	80	11,040	120	Yes	700,000	84,000,000	75%	75%
3 bedroom	10	120	1,380	10	Yes	920,000	9,200,000	6%	10.0%
4 bedroom		130	0	0	Yes	0	0		0.0%
TOTAL	**160**		**14,490**	**160**	**Yes**		**110,900,000**	**100%**	**100%**
Average m2/unit	29								
ADDITIONAL INCLUSIONS									
Other visitor parking				32					
TOTAL YIELD	**160**		**14,490**	**192**			**110,900,000**		
COMBINED YIELD	**433**		**44,491**	**628**			**319,366,667**		
		FSR	14.8						
		Target Floorspace	45,000						

Scenario 2 - S94A Levy 3% CBD Strategy Controls + 5:1 FSR

Calculations

REVENUE		
GROSS REVENUE		319,366,667
GST		27,053,788
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	6,387,333
Legals (On Settlement)	$750 per lot	324,750
TOTAL - SELLING COSTS		6,712,083
NET REVENUE		285,600,795

STAMP DUTY		
LAND VALUE THRESHOLD		TAX
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	1,464,740
	TOTAL	1,464,740

CONSTRUCTION COSTS				
Build Costs	Rates $/m2	FSR +15%	UG Parking 50,000	Grade Parking
Apartments	2,850	112,549,350	21,650,000	0
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			4,330,000	0
TOTALS		125,049,350	31,396,667	0
TOTAL CONSTRUCTION COST				156,446,017

CAR PARKING	
Unit Type	No. Spaces
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

CONTRIBUTIONS		
SECTION 94A		3%
COSTS		
Retail	10,416,667	$312,500
Commercial	7,500,000	$225,000
Residential	138,529,350	$4,155,881
TOTAL VALUE	156,446,017	
TOTAL CONTRIBUTION		$4,693,381

RATES	
Council Rates	47,615
Land Tax	418,124
TOTAL RATES	465,739

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		193,162
LSL	0.35%	547,561
TOTAL DA FEES		740,723

LPI FEES			
Strata	Base Fee 1,321	Per Dwg fee 132	
TOTAL LPI FEES			58,347

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	287,459
TOTAL CC FEES	287,459

Scenario 2 - S94A Levy 3% CBD Strategy Controls with Planning Proposal +5:1 FSR

Assumed Development Cashflow

DEVELOPMENT SUMMARY	
IRR Before Interest	30.12%
Surplus	$67,016,844
% Surplus on D.C	30.66%
Max Loan Balance Debt/Equity	-$216,988,067
Debt/Equity	100.00%

Numbers bellow expressed in nearest $,000

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	2,178	202	0	0	0	0	0	0	0	0	$2,379	0	$0	$0	$0	$0	$2,379	-$2,379	$0	-$2,379	1
Budget	Dec-15	2	21,161	202	0	0	0	0	0	0	156	0	$21,520	0	$0	$0	$0	$0	$21,520	-$21,520	-$12	-$23,911	2
Budget	Jan-16	3	0	202	741	0	0	0	0	0	156	0	$1,099	0	$0	$0	$0	$0	$1,099	-$1,099	-$125	-$25,135	3
Budget	Feb-16	4	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$131	-$25,624	4
Budget	Mar-16	5	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$133	-$26,116	5
Budget	Apr-16	6	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$136	-$26,610	6
Budget	May-16	7	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$139	-$27,107	7
Budget	Jun-16	8	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$141	-$27,607	8
Budget	Jul-16	9	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$144	-$28,109	9
Budget	Aug-16	10	0	202	0	0	0	0	0	466	156	0	$824	0	$0	$0	$0	$0	$824	-$824	-$146	-$29,079	10
Budget	Sep-16	11	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$151	-$29,589	11
Budget	Oct-16	12	0	202	0	287	7,822	0	0	0	156	219	$8,688	0	$0	$0	$0	$0	$8,688	-$8,688	-$154	-$38,431	12
Budget	Nov-16	13	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$200	-$47,031	13
Budget	Dec-16	14	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$245	-$55,676	14
Budget	Jan-17	15	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$290	-$64,366	15
Budget	Feb-17	16	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$335	-$73,101	16
Budget	Mar-17	17	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$381	-$81,882	17
Budget	Apr-17	18	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$426	-$90,708	18
Budget	May-17	19	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$472	-$99,581	19
Budget	Jun-17	20	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$519	-$108,500	20
Budget	Jul-17	21	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$565	-$117,465	21
Budget	Aug-17	22	0	202	0	0	7,822	0	0	466	156	219	$8,866	0	$0	$0	$0	$0	$8,866	-$8,866	-$612	-$126,942	22
Budget	Sep-17	23	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$661	-$136,004	23
Budget	Oct-17	24	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$708	-$145,112	24
Budget	Nov-17	25	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$756	-$154,268	25
Budget	Dec-17	26	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$803	-$163,471	26
Budget	Jan-18	27	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$851	-$172,723	27
Budget	Feb-18	28	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$900	-$182,022	28
Budget	Mar-18	29	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$948	-$191,371	29
Budget	Apr-18	30	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$997	-$200,767	30
Budget	May-18	31	0	202	0	0	7,822	4,693	58	0	156	0	$12,932	0	$0	$0	$0	$0	$12,932	-$12,932	-$1,046	-$214,745	31
Budget	Jun-18	32	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$1,118	-$215,864	32
Budget	Jul-18	33	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$1,124	-$216,988	33
Budget	Aug-18	34	0	0	0	0	0	0	0	466	0	0	$466	70	$319,367	$27,054	$6,712	$285,601	$466	$285,135	-$1,130	$67,017	34
			23,339	$6,258	$741	$287	$156,446	$4,693	$58	$1,397	$4,693	$4,169	$202,082	70	$319,367	$27,054	$6,712	$285,601	$202,082	$83,518	-$16,501	$67,017	
			Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs		Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net	Monthly Interest		

Scenario 3 - S94A Levy 4.5% CBD Strategy Controls

Summary Sheet

SITE DETAILS	
Address	Representative
Floor Space Ratio	10.0
Land Area	3,000
Site Value	79,762
Number of Dwellings	273

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$697,985	$208,466,667
GST	62,168	16,971,970
Less Selling Costs	16,022	4,374,083
NET REVENUE	$685,423	$187,120,614

COSTS		
Land (including acquisition costs)	79,762	21,775,000
Acquisition costs	5,728	1,563,778
Construction	386,628	105,549,517
Consultants	15,465	4,221,981
Section 94A - Commercial	2,953	806,250
Section 94A - Residential	14,445	3,943,478
Statutory Fees & Contributions	7,807	2,131,430
On Costs	11,599	3,166,486
Marketing	15,272	4,169,333
Cost before Interest	539,660	147,327,252
Finance (incl Loan Est Fees)	46,378	12,661,139
TOTAL DEVELOPMENT COSTS	586,038	$159,988,390
TOTAL PROJECT SURPLUS	17.0%	$27,132,223
PROJECT IRR BEFORE INTEREST	19.3%	

Scenario 3 - S94A Levy 4.5% CBD Strategy Controls

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	10.0	:1
Achievable FSR	30,000	m2
Land Area	3,000	m2
Site Value	79,762	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS					
Cost Items			Cost ($)	Period Commencing (month)	Term (months)
LAND					
Land Purchase			21,775,000		
Loan Establishment Costs			22,825		
Stamp Duty			1,464,740		
Legals	0.4%		76,213		
LAND ACQUISITION COSTS - Deposit			2,177,500	1	1
LAND ACQUISITION COSTS - Settlement			21,161,278	2	1
CONSTRUCTION COSTS	2,000		105,549,517	12	20
PROFESSIONAL FEES	4%	const costs	4,221,981	1	31
APPLICATION FEES					
DA Fees			502,018	3	1
CC Fees			194,920	12	1
Section 94			4,749,728	31	1
LPI Fees			37,275	31	1
LAND TAX/RATES					
Land Tax/Rates	Year 1		465,739	10	1
Land Tax/Rates	Year 2		465,739	22	1
Land Tax/Rates	Year 3		465,739	34	1
ONCOSTS		3.0% construction cost	3,166,486	2	30
MARKETING		2% gross revenue	4,169,333	12	19
		TOTAL COST	147,327,252		

UNIT MIX AND SALES									
Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	45	60	3,105	45	Yes	590,000	26,550,000	16%	15%
2 bedroom	208	80	19,136	208	Yes	700,000	145,600,000	76%	75%
3 bedroom	20	120	2,760	20	Yes	920,000	18,400,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	273		30,001	381	Yes		208,466,667	100%	100%
Average m2/unit	80								
ADDITIONAL INCLUSIONS									
Other visitor parking				55					
TOTAL YIELD	273		30,001	436			208,466,667		
		FSR	10.0						
		Target Floorspace	30,000						

Scenario 3 - S94A Levy 4.5% CBD Strategy Controls

Calculations

REVENUE		
GROSS REVENUE		208,466,667
GST		16,971,970
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	4,169,333
Legals (On Settlement)	$750 per lot	204,750
TOTAL - SELLING COSTS		4,374,083
NET REVENUE		187,120,614

STAMP DUTY		
LAND VALUE THRESHOLD		TAX
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	1,464,740
	TOTAL	1,464,740

CONSTRUCTION COSTS				
Build Costs	Rates $/m2	FSR +15%	UG Parking 50,000	Grade Parking
Apartments	2,850	71,252,850	13,650,000	0
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			2,730,000	0
TOTALS		83,752,850	21,796,667	0
	TOTAL CONSTRUCTION COST			105,549,517

CAR PARKING	
Unit Type	No. Spaces
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

CONTRIBUTIONS		
SECTION 94A		4.5%
COSTS		
Retail	10,416,667	$468,750
Commercial	7,500,000	$337,500
Residential	87,632,850	$3,943,478
TOTAL VALUE	105,549,517	
TOTAL CONTRIBUTION		$4,749,728

RATES	
Council Rates	47,615
Land Tax	418,124
TOTAL RATES	465,739

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		132,595
LSL	0.35%	369,423
TOTAL DA FEES		502,018

LPI FEES			
Strata	Base Fee 1,321	Per Dwg fee 132	
TOTAL LPI FEES			37,275

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	194,920
TOTAL CC FEES	194,920

Scenario 3 - S94A Levy 4.5% CBD Strategy Controls

Assumed Development Cashflow

DEVELOPMENT SUMMARY	
IRR Before Interest	19.26%
Surplus	$27,132,223
% Surplus on D.C	16.96%
Max Loan Balance Debt/Equity	-$158,696,109
Debt/Equity	100.00%

Numbers bellow expressed in nearest $,000

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	2,178	136	0	0	0	0	0	0	0	0	$2,314	0	$0	$0	$0	$0	$2,314	-$2,314	$0	-$2,314	1
Budget	Dec-15	2	21,161	136	0	0	0	0	0	0	106	0	$21,403	0	$0	$0	$0	$0	$21,403	-$21,403	-$12	-$23,729	2
Budget	Jan-16	3	0	136	502	0	0	0	0	0	106	0	$744	0	$0	$0	$0	$0	$744	-$744	-$124	-$24,596	3
Budget	Feb-16	4	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$128	-$24,966	4
Budget	Mar-16	5	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$130	-$25,338	5
Budget	Apr-16	6	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$132	-$25,711	6
Budget	May-16	7	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$134	-$26,087	7
Budget	Jun-16	8	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$136	-$26,465	8
Budget	Jul-16	9	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$138	-$26,844	9
Budget	Aug-16	10	0	136	0	0	0	0	0	466	106	0	$707	0	$0	$0	$0	$0	$707	-$707	-$140	-$27,692	10
Budget	Sep-16	11	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$144	-$28,078	11
Budget	Oct-16	12	0	136	0	195	5,277	0	0	0	106	219	$5,934	0	$0	$0	$0	$0	$5,934	-$5,934	-$146	-$34,157	12
Budget	Nov-16	13	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$178	-$40,074	13
Budget	Dec-16	14	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$209	-$46,021	14
Budget	Jan-17	15	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$240	-$52,000	15
Budget	Feb-17	16	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$271	-$58,009	16
Budget	Mar-17	17	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$302	-$64,050	17
Budget	Apr-17	18	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$334	-$70,122	18
Budget	May-17	19	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$365	-$76,226	19
Budget	Jun-17	20	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$397	-$82,362	20
Budget	Jul-17	21	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$429	-$88,529	21
Budget	Aug-17	22	0	136	0	0	5,277	0	0	466	106	219	$6,204	0	$0	$0	$0	$0	$6,204	-$6,204	-$461	-$95,195	22
Budget	Sep-17	23	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$496	-$101,429	23
Budget	Oct-17	24	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$528	-$107,696	24
Budget	Nov-17	25	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$561	-$113,996	25
Budget	Dec-17	26	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$594	-$120,328	26
Budget	Jan-18	27	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$627	-$126,694	27
Budget	Feb-18	28	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$660	-$133,092	28
Budget	Mar-18	29	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$693	-$139,524	29
Budget	Apr-18	30	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$727	-$145,989	30
Budget	May-18	31	0	136	0	0	5,277	4,750	37	0	106	0	$10,306	0	$0	$0	$0	$0	$10,306	-$10,306	-$760	-$157,056	31
Budget	Jun-18	32	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$818	-$157,874	32
Budget	Jul-18	33	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$822	-$158,696	33
Budget	Aug-18	34	0	0	0	0	0	0	0	466	0	0	$466	70	$208,467	$16,972	$4,374	$187,121	$466	$186,655	-$827	$27,132	34
			23,339	$4,222	$502	$195	$105,550	$4,750	$37	$1,397	$3,166	$4,169	$147,327	70	$208,467	$16,972	$4,374	$187,121	$147,327	$39,793	-$12,661	$27,132	
			Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs		Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net	Monthly Interest		

Scenario 4 - S94A Levy 4.5% CBD Strategy Controls + 5:1 F

Summary Sheet

SITE DETAILS	
Address	Representative
Floor Space Ratio	15.0
Land Area	3,000
Site Value	79,762
Number of Dwellings	433

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$696,189	$319,366,667
GST	62,480	27,053,788
Less Selling Costs	15,501	6,712,083
NET REVENUE	$659,586	$285,600,795
COSTS		
Land (including acquisition costs)	50,289	21,775,000
Acquisition costs	3,611	1,563,778
Construction	361,307	156,446,017
Consultants	14,452	6,257,841
Section 94A - Commercial	1,862	806,250
Section 94A - Residential	14,397	6,233,821
Statutory Fees & Contributions	5,736	2,483,745
On Costs	10,839	4,693,381
Marketing	9,629	4,169,333
Cost before Interest	472,123	204,429,165
Finance (incl Loan Est Fees)	38,195	16,538,336
TOTAL DEVELOPMENT COSTS	510,318	$220,967,500
TOTAL PROJECT SURPLUS	29.3%	$64,633,295
PROJECT IRR BEFORE INTEREST	29.3%	

Scenario 4 - S94A Levy 4.5% CBD Strategy Controls with Planning Proposal +5:1 FSR

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	15.0	:1
Achievable FSR	45,000	m2
Land Area	3,000	m2
Site Value	79,762	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS					
Cost Items			Cost ($)	Period Commencing (month)	Term (months)
LAND					
Land Purchase			21,775,000		
Loan Establishment Costs			22,825		
Stamp Duty			1,464,740		
Legals	0.4%		76,213		
LAND ACQUISITION COSTS - Deposit			2,177,500	1	1
LAND ACQUISITION COSTS - Settlement			21,161,278	2	1
CONSTRUCTION COSTS	2,000		156,446,017	12	20
PROFESSIONAL FEES	4%	const costs	6,257,841	1	31
APPLICATION FEES					
DA Fees			740,723	3	1
CC Fees			287,459	12	1
Section 94			7,040,071	31	1
LPI Fees			58,347	31	1
LAND TAX/RATES					
Land Tax/Rates	Year 1		465,739	10	1
Land Tax/Rates	Year 2		465,739	22	1
Land Tax/Rates	Year 3		465,739	34	1
ONCOSTS		3.0% construction cost	4,693,381	2	30
MARKETING		2% gross revenue	4,169,333	12	19
		TOTAL COST	**204,429,165**		

UNIT MIX AND SALES									
Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	45	60	3,105	45	Yes	590,000	26,550,000	16%	15%
2 bedroom	208	80	19,136	208	Yes	700,000	145,600,000	76%	75%
3 bedroom	20	120	2,760	20	Yes	920,000	18,400,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	**273**		**30,001**	**381**	**Yes**		**208,466,667**	**100%**	**100%**
Average m2/unit	80								
ADDITIONAL INCLUSIONS									
Other visitor parking				55					
TOTAL YIELD	**273**		**30,001**	**436**			**208,466,667**		
		FSR	10.0						
		Target Floorspace	45,000						

ADDITIONAL UNIT MIX AND SALES (based on additional 5:1 FSR after Planning Proposal									
Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
RESIDENTIAL									
1 bedroom	30	60	2,070	30	Yes	590,000	17,700,000	19%	15%
2 bedroom	120	80	11,040	120	Yes	700,000	84,000,000	75%	75%
3 bedroom	10	120	1,380	10	Yes	920,000	9,200,000	6%	10.0%
4 bedroom		130	0	0	Yes	0	0		0.0%
TOTAL	**160**		**14,490**	**160**	**Yes**		**110,900,000**	**100%**	**100%**
Average m2/unit	29								
ADDITIONAL INCLUSIONS									
Other visitor parking				32					
TOTAL YIELD	**160**		**14,490**	**192**			**110,900,000**		
COMBINED YIELD	**433**		**44,491**	**628**			**319,366,667**		
		FSR	14.8						
		Target Floorspace	45,000						

Scenario 4 - S94A Levy 4.5% CBD Strategy Controls + 5:1 FSR

Calculations

REVENUE		
GROSS REVENUE		**319,366,667**
GST		**27,053,788**
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	6,387,333
Legals (On Settlement)	$750 per lot	324,750
TOTAL - SELLING COSTS		**6,712,083**
NET REVENUE		**285,600,795**

STAMP DUTY		
LAND VALUE THRESHOLD		**TAX**
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	1,464,740
	TOTAL	**1,464,740**

CONSTRUCTION COSTS				
Build Costs	**Rates $/m2**	**FSR +15%**	**UG Parking 50,000**	**Grade Parking**
Apartments	2,850	112,549,350	21,650,000	0
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			4,330,000	0
TOTALS		**125,049,350**	**31,396,667**	**0**
TOTAL CONSTRUCTION COST				**156,446,017**

CAR PARKING	
Unit Type	**No. Spaces**
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

CONTRIBUTIONS		
SECTION 94A		**4.5%**
COSTS		
Retail	10,416,667	$468,750
Commercial	7,500,000	$337,500
Residential	138,529,350	$6,233,821
TOTAL VALUE	**156,446,017**	
TOTAL CONTRIBUTION		**$7,040,071**

RATES	
Council Rates	47,615
Land Tax	418,124
TOTAL RATES	**465,739**

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		193,162
LSL	**0.35%**	**547,561**
TOTAL DA FEES		**740,723**

LPI FEES			
Strata	Base Fee 1,321	Per Dwg fee 132	
TOTAL LPI FEES			**58,347**

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	287,459
TOTAL CC FEES	**287,459**

Scenario 4 - S94A Levy 4.5% CBD Strategy Controls with Planning Proposal +5:1 FSR

Assumed Development Cashflow

DEVELOPMENT SUMMARY	
IRR Before Interest	29.30%
Surplus	$64,633,295
% Surplus on D.C	29.25%
Max Loan Balance Debt/Equity	-$219,359,265
Debt/Equity	100.00%

Numbers bellow expressed in nearest $,000

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	2,178	202	0	0	0	0	0	0	0	0	$2,379	0	$0	$0	$0	$0	$2,379	-$2,379	$0	-$2,379	1
Budget	Dec-15	2	21,161	202	0	0	0	0	0	0	156	0	$21,520	0	$0	$0	$0	$0	$21,520	-$21,520	-$12	-$23,911	2
Budget	Jan-16	3	0	202	741	0	0	0	0	0	156	0	$1,099	0	$0	$0	$0	$0	$1,099	-$1,099	-$125	-$25,135	3
Budget	Feb-16	4	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$131	-$25,624	4
Budget	Mar-16	5	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$133	-$26,116	5
Budget	Apr-16	6	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$136	-$26,610	6
Budget	May-16	7	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$139	-$27,107	7
Budget	Jun-16	8	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$141	-$27,607	8
Budget	Jul-16	9	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$144	-$28,109	9
Budget	Aug-16	10	0	202	0	0	0	0	0	466	156	0	$824	0	$0	$0	$0	$0	$824	-$824	-$146	-$29,079	10
Budget	Sep-16	11	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$151	-$29,589	11
Budget	Oct-16	12	0	202	0	287	7,822	0	0	0	156	219	$8,688	0	$0	$0	$0	$0	$8,688	-$8,688	-$154	-$38,431	12
Budget	Nov-16	13	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$200	-$47,031	13
Budget	Dec-16	14	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$245	-$55,676	14
Budget	Jan-17	15	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$290	-$64,366	15
Budget	Feb-17	16	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$335	-$73,101	16
Budget	Mar-17	17	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$381	-$81,882	17
Budget	Apr-17	18	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$426	-$90,708	18
Budget	May-17	19	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$472	-$99,581	19
Budget	Jun-17	20	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$519	-$108,500	20
Budget	Jul-17	21	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$565	-$117,465	21
Budget	Aug-17	22	0	202	0	0	7,822	0	0	466	156	219	$8,866	0	$0	$0	$0	$0	$8,866	-$8,866	-$612	-$126,942	22
Budget	Sep-17	23	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$661	-$136,004	23
Budget	Oct-17	24	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$708	-$145,112	24
Budget	Nov-17	25	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$756	-$154,268	25
Budget	Dec-17	26	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$803	-$163,471	26
Budget	Jan-18	27	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$851	-$172,723	27
Budget	Feb-18	28	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$900	-$182,022	28
Budget	Mar-18	29	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$948	-$191,371	29
Budget	Apr-18	30	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$997	-$200,767	30
Budget	May-18	31	0	202	0	0	7,822	7,040	58	0	156	0	$15,279	0	$0	$0	$0	$0	$15,279	-$15,279	-$1,046	-$217,092	31
Budget	Jun-18	32	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$1,131	-$218,223	32
Budget	Jul-18	33	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$1,137	-$219,359	33
Budget	Aug-18	34	0	0	0	0	0	0	0	466	0	0	$466	70	$319,367	$27,054	$6,712	$285,601	$466	$285,135	-$1,142	$64,633	34
			23,339	$6,258	$741	$287	$156,446	$7,040	$58	$1,397	$4,693	$4,169	$204,429	70	$319,367	$27,054	$6,712	$285,601	$204,429	$81,172	-$16,538	$64,633	
			Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs		Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net	Monthly Interest		

Scenario 5 - S94 Capped at $20,000/Unit CBD Strategy Contr

Summary Sheet

SITE DETAILS	
Address	Representative
Floor Space Ratio	10.0
Land Area	3,000
Site Value	79,762
Number of Dwellings	273

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$697,985	$208,466,667
GST	62,168	16,971,970
Less Selling Costs	16,022	4,374,083
NET REVENUE	$685,423	$187,120,614
COSTS		
Land (including acquisition costs)	79,762	21,775,000
Acquisition costs	5,728	1,563,778
Construction	386,628	105,549,517
Consultants	15,465	4,221,981
Section 94 - Commercial	0	0
Section 94 - Residential	20,000	5,460,000
Statutory Fees & Contributions	7,807	2,131,430
On Costs	11,599	3,166,486
Marketing	15,272	4,169,333
Cost before Interest	542,262	148,037,523
Finance (incl Loan Est Fees)	46,419	12,672,294
TOTAL DEVELOPMENT COSTS	588,681	$160,709,818
TOTAL PROJECT SURPLUS	16.4%	$26,410,796
PROJECT IRR BEFORE INTEREST	18.9%	

Scenario 5 - S94 Capped at $20,000/Unit CBD Strategy Controls

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	10.0	:1
Achievable FSR	30,000	m2
Land Area	3,000	m2
Site Value	79,762	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS			
Cost Items	Cost ($)	Period Commencing (month)	Term (months)
LAND			
Land Purchase	21,775,000		
Loan Establishment Costs	22,825		
Stamp Duty	1,464,740		
Legals 0.4%	76,213		
LAND ACQUISITION COSTS - Deposit	2,177,500	1	1
LAND ACQUISITION COSTS - Settlement	21,161,278	2	1
CONSTRUCTION COSTS 2,000	105,549,517	12	20
PROFESSIONAL FEES 4% const costs	4,221,981	1	31
APPLICATION FEES			
DA Fees	502,018	3	1
CC Fees	194,920	12	1
Section 94	5,460,000	31	1
LPI Fees	37,275	31	1
LAND TAX/RATES			
Land Tax/Rates Year 1	465,739	10	1
Land Tax/Rates Year 2	465,739	22	1
Land Tax/Rates Year 3	465,739	34	1
ONCOSTS 3.0% construction cost	3,166,486	2	30
MARKETING 2% gross revenue	4,169,333	12	19
TOTAL COST	**148,037,523**		

UNIT MIX AND SALES									
Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	45	60	3,105	45	Yes	590,000	26,550,000	16%	15%
2 bedroom	208	80	19,136	208	Yes	700,000	145,600,000	76%	75%
3 bedroom	20	120	2,760	20	Yes	920,000	18,400,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	**273**		**30,001**	**381**	**Yes**		**208,466,667**	**100%**	**100%**
Average m2/unit	80								
ADDITIONAL INCLUSIONS									
Other visitor parking				55					
TOTAL YIELD	**273**		**30,001**	**436**			**208,466,667**		
		FSR	10.0						
		Target Floorspace	30,000						

Scenario 5 - S94 Capped at $20,000/Unit CBD Strategy Controls

Calculations

REVENUE		
GROSS REVENUE		208,466,667
GST		16,971,970
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	4,169,333
Legals (On Settlement)	$750 per lot	204,750
TOTAL - SELLING COSTS		4,374,083
NET REVENUE		187,120,614

STAMP DUTY		
LAND VALUE THRESHOLD		TAX
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	1,464,740
	TOTAL	1,464,740

CONSTRUCTION COSTS				
Build Costs	Rates $/m2	FSR +15%	UG Parking 50,000	Grade Parking
Apartments	2,850	71,252,850	13,650,000	0
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			2,730,000	0
TOTALS		83,752,850	21,796,667	0
TOTAL CONSTRUCTION COST				105,549,517

CAR PARKING	
Unit Type	No. Spaces
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

CONTRIBUTIONS		
SECTION 94 ($20K Cap/Unit)		$20,000
Units		
Retail	0	$0
Commercial	0	$0
Residential	273	$5,460,000
TOTAL UNITS	273	
TOTAL CONTRIBUTION		$5,460,000

RATES	
Council Rates	47,615
Land Tax	418,124
TOTAL RATES	465,739

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		132,595
LSL	0.35%	369,423
TOTAL DA FEES		502,018

LPI FEES			
Strata	Base Fee 1,321	Per Dwg fee 132	
TOTAL LPI FEES			37,275

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	194,920
TOTAL CC FEES	194,920

Scenario 5 - S94 Capped at $20,000/Unit CBD Strategy Controls

Assumed Development Cashflow

DEVELOPMENT SUMMARY	
IRR Before Interest	18.92%
Surplus	$26,410,796
% Surplus on D.C	16.43%
Max Loan Balance Debt/Equity	-$159,413,799
Debt/Equity	100.00%

Numbers bellow expressed in nearest $,000

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	2,178	136	0	0	0	0	0	0	0	0	$2,314	0	$0	$0	$0	$0	$2,314	-$2,314	$0	-$2,314	1
Budget	Dec-15	2	21,161	136	0	0	0	0	0	0	106	0	$21,403	0	$0	$0	$0	$0	$21,403	-$21,403	-$12	-$23,729	2
Budget	Jan-16	3	0	136	502	0	0	0	0	0	106	0	$744	0	$0	$0	$0	$0	$744	-$744	-$124	-$24,596	3
Budget	Feb-16	4	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$128	-$24,966	4
Budget	Mar-16	5	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$130	-$25,338	5
Budget	Apr-16	6	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$132	-$25,711	6
Budget	May-16	7	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$134	-$26,087	7
Budget	Jun-16	8	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$136	-$26,465	8
Budget	Jul-16	9	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$138	-$26,844	9
Budget	Aug-16	10	0	136	0	0	0	0	0	466	106	0	$707	0	$0	$0	$0	$0	$707	-$707	-$140	-$27,692	10
Budget	Sep-16	11	0	136	0	0	0	0	0	0	106	0	$242	0	$0	$0	$0	$0	$242	-$242	-$144	-$28,078	11
Budget	Oct-16	12	0	136	0	195	5,277	0	0	0	106	219	$5,934	0	$0	$0	$0	$0	$5,934	-$5,934	-$146	-$34,157	12
Budget	Nov-16	13	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$178	-$40,074	13
Budget	Dec-16	14	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$209	-$46,021	14
Budget	Jan-17	15	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$240	-$52,000	15
Budget	Feb-17	16	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$271	-$58,009	16
Budget	Mar-17	17	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$302	-$64,050	17
Budget	Apr-17	18	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$334	-$70,122	18
Budget	May-17	19	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$365	-$76,226	19
Budget	Jun-17	20	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$397	-$82,362	20
Budget	Jul-17	21	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$429	-$88,529	21
Budget	Aug-17	22	0	136	0	0	5,277	0	0	466	106	219	$6,204	0	$0	$0	$0	$0	$6,204	-$6,204	-$461	-$95,195	22
Budget	Sep-17	23	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$496	-$101,429	23
Budget	Oct-17	24	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$528	-$107,696	24
Budget	Nov-17	25	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$561	-$113,996	25
Budget	Dec-17	26	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$594	-$120,328	26
Budget	Jan-18	27	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$627	-$126,694	27
Budget	Feb-18	28	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$660	-$133,092	28
Budget	Mar-18	29	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$693	-$139,524	29
Budget	Apr-18	30	0	136	0	0	5,277	0	0	0	106	219	$5,739	0	$0	$0	$0	$0	$5,739	-$5,739	-$727	-$145,989	30
Budget	May-18	31	0	136	0	0	5,277	5,460	37	0	106	0	$11,016	0	$0	$0	$0	$0	$11,016	-$11,016	-$760	-$157,766	31
Budget	Jun-18	32	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$822	-$158,588	32
Budget	Jul-18	33	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$826	-$159,414	33
Budget	Aug-18	34	0	0	0	0	0	0	0	466	0	0	$466	70	$208,467	$16,972	$4,374	$187,121	$466	$186,655	-$830	$26,411	34
			23,339	$4,222	$502	$195	$105,550	$5,460	$37	$1,397	$3,166	$4,169	$148,038	70	$208,467	$16,972	$4,374	$187,121	$148,038	$39,083	-$12,672	$26,411	
			Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs		Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net	Monthly Interest		

Scenario 6 - S94 Cap at $20k/Unit CBD Strategy Controls +

Summary Sheet

SITE DETAILS	
Address	Representative
Floor Space Ratio	15.0
Land Area	3,000
Site Value	79,762
Number of Dwellings	433

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$696,189	$319,366,667
GST	62,480	27,053,788
Less Selling Costs	15,501	6,712,083
NET REVENUE	$659,586	$285,600,795
COSTS		
Land (including acquisition costs)	50,289	21,775,000
Acquisition costs	3,611	1,563,778
Construction	361,307	156,446,017
Consultants	14,452	6,257,841
Section 94 - Commercial	0	0
Section 94 - Residential	20,000	8,660,000
Statutory Fees & Contributions	5,736	2,483,745
On Costs	10,839	4,693,381
Marketing	9,629	4,169,333
Cost before Interest	475,864	206,049,094
Finance (incl Loan Est Fees)	38,254	16,563,779
TOTAL DEVELOPMENT COSTS	514,117	$222,612,873
TOTAL PROJECT SURPLUS	28.3%	$62,987,922
PROJECT IRR BEFORE INTEREST	28.7%	

Scenario 6 - S94 Cap at $20k/Unit CBD Strategy Controls + 5:1 FSR

Input Sheet

gln planning

SITE DETAILS		
Address	Representative	
Floor Space Ratio	15.0	:1
Achievable FSR	45,000	m2
Land Area	3,000	m2
Site Value	79,762	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS				
Cost Items		**Cost ($)**	**Period Commencing (month)**	**Term (months)**
LAND				
Land Purchase		21,775,000		
Loan Establishment Costs		22,825		
Stamp Duty		1,464,740		
Legals	0.4%	76,213		
LAND ACQUISITION COSTS - Deposit		2,177,500	1	1
LAND ACQUISITION COSTS - Settlement		21,161,278	2	1
CONSTRUCTION COSTS	2,000	156,446,017	12	20
PROFESSIONAL FEES	4% const costs	6,257,841	1	31
APPLICATION FEES				
DA Fees		740,723	3	1
CC Fees		287,459	12	1
Section 94		8,660,000	31	1
LPI Fees		58,347	31	1
LAND TAX/RATES				
Land Tax/Rates	Year 1	465,739	10	1
Land Tax/Rates	Year 2	465,739	22	1
Land Tax/Rates	Year 3	465,739	34	1
ONCOSTS	3.0% construction cost	4,693,381	2	30
MARKETING	2% gross revenue	4,169,333	12	19
	TOTAL COST	**206,049,094**		

UNIT MIX AND SALES									
Unit Type	**No.**	**Dwelling Floor Space m2**	**Total FSR+15%**	**Car Parking**	**Basement Parking Yes**	**Price ($)**	**Total ($)**	**Actual Mix**	**Preferred Mix**
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	45	60	3,105	45	Yes	590,000	26,550,000	16%	15%
2 bedroom	208	80	19,136	208	Yes	700,000	145,600,000	76%	75%
3 bedroom	20	120	2,760	20	Yes	920,000	18,400,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	**273**		**30,001**	**381**	**Yes**		**208,466,667**	**100%**	**100%**
Average m2/unit	80								
ADDITIONAL INCLUSIONS									
Other visitor parking				55					
TOTAL YIELD	**273**		**30,001**	**436**			**208,466,667**		
		FSR	10.0						
		Target Floorspace	45,000						

ADDITIONAL UNIT MIX AND SALES (based on additional 5:1 FSR after Planning Proposal									
Unit Type	**No.**	**Dwelling Floor Space m2**	**Total FSR+15%**	**Car Parking**	**Basement Parking Yes**	**Price ($)**	**Total ($)**	**Actual Mix**	**Preferred Mix**
RESIDENTIAL									
1 bedroom	30	60	2,070	30	Yes	590,000	17,700,000	19%	15%
2 bedroom	120	80	11,040	120	Yes	700,000	84,000,000	75%	75%
3 bedroom	10	120	1,380	10	Yes	920,000	9,200,000	6%	10.0%
4 bedroom		130	0	0	Yes	0	0		0.0%
TOTAL	**160**		**14,490**	**160**	**Yes**		**110,900,000**	**100%**	**100%**
Average m2/unit	29								
ADDITIONAL INCLUSIONS									
Other visitor parking				32					
TOTAL YIELD	**160**		**14,490**	**192**			**110,900,000**		

COMBINED YIELD	**433**		**44,491**	**628**			**319,366,667**		
		FSR	14.8						
		Target Floorspace	45,000						

Scenario 6 - S94 Cap at $20k/Unit CBD Strategy Controls + 5:1 FSR

Calculations

REVENUE		
GROSS REVENUE		**319,366,667**
GST		**27,053,788**
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	6,387,333
Legals (On Settlement)	$750 per lot	324,750
TOTAL - SELLING COSTS		**6,712,083**
NET REVENUE		**285,600,795**

STAMP DUTY		
LAND VALUE THRESHOLD		**TAX**
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	1,464,740
	TOTAL	**1,464,740**

CONSTRUCTION COSTS				
Build Costs	**Rates $/m2**	**FSR +15%**	**UG Parking 50,000**	**Grade Parking**
Apartments	2,850	112,549,350	21,650,000	0
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			4,330,000	0
TOTALS		**125,049,350**	**31,396,667**	**0**
		TOTAL CONSTRUCTION COST		**156,446,017**

CAR PARKING	
Unit Type	**No. Spaces**
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

CONTRIBUTIONS		
SECTION 94 ($20K Cap/Unit)		**$20,000**
Units		
Retail	0	$0
Commercial	0	$0
Residential	433	$8,660,000
TOTAL UNITS	**433**	
TOTAL CONTRIBUTION		**$8,660,000**

RATES	
Council Rates	47,615
Land Tax	418,124
TOTAL RATES	**465,739**

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		193,162
LSL	**0.35%**	**547,561**
TOTAL DA FEES		**740,723**

LPI FEES			
Strata	Base Fee 1,321	Per Dwg fee 132	
TOTAL LPI FEES			**58,347**

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	287,459
TOTAL CC FEES	**287,459**

Scenario 6 - S94 Cap at $20k/Unit CBD Strategy Controls + 5:1 FSR

Assumed Development Cashflow

DEVELOPMENT SUMMARY	
IRR Before Interest	**28.73%**
Surplus	**$62,987,922**
% Surplus on D.C	**28.29%**
Max Loan Balance Debt/Equity	**-$220,996,113**
Debt/Equity	**100.00%**

Numbers bellow expressed in nearest $,000

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	2,178	202	0	0	0	0	0	0	0	0	$2,379	0	$0	$0	$0	$0	$2,379	-$2,379	$0	-$2,379	1
Budget	Dec-15	2	21,161	202	0	0	0	0	0	0	156	0	$21,520	0	$0	$0	$0	$0	$21,520	-$21,520	-$12	-$23,911	2
Budget	Jan-16	3	0	202	741	0	0	0	0	0	156	0	$1,099	0	$0	$0	$0	$0	$1,099	-$1,099	-$125	-$25,135	3
Budget	Feb-16	4	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$131	-$25,624	4
Budget	Mar-16	5	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$133	-$26,116	5
Budget	Apr-16	6	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$136	-$26,610	6
Budget	May-16	7	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$139	-$27,107	7
Budget	Jun-16	8	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$141	-$27,607	8
Budget	Jul-16	9	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$144	-$28,109	9
Budget	Aug-16	10	0	202	0	0	0	0	0	466	156	0	$824	0	$0	$0	$0	$0	$824	-$824	-$146	-$29,079	10
Budget	Sep-16	11	0	202	0	0	0	0	0	0	156	0	$358	0	$0	$0	$0	$0	$358	-$358	-$151	-$29,589	11
Budget	Oct-16	12	0	202	0	287	7,822	0	0	0	156	219	$8,688	0	$0	$0	$0	$0	$8,688	-$8,688	-$154	-$38,431	12
Budget	Nov-16	13	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$200	-$47,031	13
Budget	Dec-16	14	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$245	-$55,676	14
Budget	Jan-17	15	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$290	-$64,366	15
Budget	Feb-17	16	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$335	-$73,101	16
Budget	Mar-17	17	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$381	-$81,882	17
Budget	Apr-17	18	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$426	-$90,708	18
Budget	May-17	19	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$472	-$99,581	19
Budget	Jun-17	20	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$519	-$108,500	20
Budget	Jul-17	21	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$565	-$117,465	21
Budget	Aug-17	22	0	202	0	0	7,822	0	0	466	156	219	$8,866	0	$0	$0	$0	$0	$8,866	-$8,866	-$612	-$126,942	22
Budget	Sep-17	23	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$661	-$136,004	23
Budget	Oct-17	24	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$708	-$145,112	24
Budget	Nov-17	25	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$756	-$154,268	25
Budget	Dec-17	26	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$803	-$163,471	26
Budget	Jan-18	27	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$851	-$172,723	27
Budget	Feb-18	28	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$900	-$182,022	28
Budget	Mar-18	29	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$948	-$191,371	29
Budget	Apr-18	30	0	202	0	0	7,822	0	0	0	156	219	$8,400	0	$0	$0	$0	$0	$8,400	-$8,400	-$997	-$200,767	30
Budget	May-18	31	0	202	0	0	7,822	8,660	58	0	156	0	$16,899	0	$0	$0	$0	$0	$16,899	-$16,899	-$1,046	-$218,712	31
Budget	Jun-18	32	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$1,139	-$219,851	32
Budget	Jul-18	33	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$1,145	-$220,996	33
Budget	Aug-18	34	0	0	0	0	0	0	0	466	0	0	$466	70	$319,367	$27,054	$6,712	$285,601	$466	$285,135	-$1,151	$62,988	34
			23,339	**$6,258**	**$741**	**$287**	**$156,446**	**$8,660**	**$58**	**$1,397**	**$4,693**	**$4,169**	**$206,049**	**70**	**$319,367**	**$27,054**	**$6,712**	**$285,601**	**$206,049**	**$79,552**	**-$16,564**	**$62,988**	
			Land	**Professional Fees**	**DA Fees**	**CC Fees**	**Construction Costs**	**Section 94 Costs**	**LPI Fess**	**Statuory Costs**	**Oncosts**	**Marketing**	**Total Costs**		**Gross Revenue**	**GST**	**Selling Costs**	**Net Revenue**	**Monthly Outlays**	**Net**	**Monthly Interest**		

APPENDIX C

Review of value sharing schemes summary

Value Capture Schemes Summary

Southern Employment Lands Affordable Housing

Area of application

Applies to certain land in Alexandria and Rosebery that is zoned B7 under Sydney Local Environmental Plan 2012

How does the scheme work?

The subject areas are zoned B7. No residential development is currently permitted.

A previous employment lands strategy had identified the areas as being potentially suitable for residential development.

Developers of land in these areas may obtain approval for a Planning Proposal that allows residential development (under a B4 zoning) and / or permits a greater intensity of development through increased floor space or height limits.

Where a change to planning controls through a Planning Proposal can be supported on its planning merits, the value uplift (or 'planning gain') will be equally shared between the landowner/developer and the public.

A VPA between the developer and Council that addresses the public benefit offer needs to have been negotiated, agreed, entered into and registered on the land title before the rezoning is made.

The incentive to provide affordable housing is provided at the point of rezoning, because it is at that point that the increased value associated with residential permissibility is absorbed into the sale price of land.

Scheme operation is described in the City's *Guideline to Preparing Site Specific Planning Proposal Requests in the City of Sydney Employment Lands Investigation Areas*.

The incentive scheme is part of the wider Employment Lands Affordable Housing Program administered by the Council.

The scheme differs from the City's Green Square value capture schemes in that the higher floor space allowances are not set out in the LEP.

What infrastructure / public benefits are delivered by the scheme?

Scheme is predicated on the idea that the southern employment lands are first and foremost an employment area. Increased land values caused by gentrification in the area will have an impact on housing affordability for workers in lower paid or 'key worker' jobs in the employment lands.

Planning studies undertaken by the Council identified a need for around 720 affordable housing units in the area.

Council is acting on this need by providing incentives for affordable housing to be created by way of rezoning of and allowing greater intensity of development.

Contributions for affordable housing may be one or more of the following methods:

- The dedication of land
- The provision of works for public purposes
- The provision of completed affordable housing dwellings
- The paying of cash

How is the value that is to be captured by the Council calculated?

The planning gain is calculated using a series of rates to calculate the difference between value of the land before rezoning or before changes to height and FSR controls, and the value of the land following rezoning.

The rates are the result of land valuations that were undertaken by an independent consultant.

The rates for Planning Proposals to permit residential uses are as follows:

% of non-residential floor space retained in the rezoning request	Contribution rate for a change of zone request (**R1**) ($ per m2)
76% -100%	$0
51% -75%	$200
26% -50%	$650
0 -25%	$1100

Additional floor space type	Contribution rate for additional or bonus floor space requested (**R2**) ($ per m2)
Residential	$2400
Non residential	$600

Total value of planning gain is calculated by:

(applicable R1 rate * current FSR * site area)

+

(% residential split * residential R2 rate * additional residential floor space'}

+

(% non-residential split * non-residential R2 rate * additional non-residential floor space)

The Council in the VPA requires 50% of the planning gain to be provided as a contribution.

Other comments on the scheme

The scheme is underpinned by:

- A land use planning framework that hasn't yet given away value-generating development rights
- Research which justifies the need for the infrastructure scheme
- An infrastructure delivery strategy with priorities that will be provided from proceeds of the value capture scheme
- Clear guidelines concerning how a developer can achieve a rezoning, and how the developer contributions are equitably calculated.

The scheme is part of a suite of interrelated initiatives to achieve more affordable housing across the City of Sydney.

The scheme is in addition to provisions in the LEP that require or promote the provision of affordable housing by developers. These other provisions:

- Allow, without a rezoning, mixed use developments in which the residential component is affordable housing. Market-based housing is only allowed through a rezoning.
- Require an affordable housing levy contribution of up to 3% of the floor space proposed in a DA.

The scheme also is in addition to contributions required to be paid by the developer under section 94 of the EP&A Act.

Potential transferability to Parramatta CBD

Potential transferability is high, whether the Council decides to pursue a comprehensive, area-wide scheme, or a scheme for site-specific developments.

The Southern Employment Lands Affordable Housing scheme is predicated on incremental Planning Proposals seeking additional development rights.

The infrastructure program for Parramatta CBD is yet to be determined. While the Southern Employment Lands scheme is focused on delivering affordable housing, a similar Parramatta scheme could relate other infrastructure such as public domain, traffic improvements, through site links and lanes.

Apart from the infrastructure program needing to be prepared, a similar Parramatta scheme would also need to address the following:

- Whether the value capture calculation would be based on standard rates
- Guidelines on how a developer can achieve a rezoning and can participate in the value capture scheme.

Green Square Urban Renewal Area Community Infrastructure Scheme

Area of application

Applies to land zoned R1, B2, B4, B6 and B7

How does the scheme work?

This scheme is enabled under clause 6.14 of Sydney Local Environmental Plan 2012.

The LEP allows for a base and a maximum FSR. Additional floor space (called 'community infrastructure floor space') up to the 'maximum' can only be achieved where 'community infrastructure' is provided.

'Community infrastructure' is recreation areas, recreation facilities (indoor), recreation facilities (outdoor), public roads, drainage or flood mitigation works.

The clause states that the additional floor space can only be approved if the development of the land *includes development for the above purposes*.

In practice the Council accepts offers of cash as well as 'development' for community infrastructure.

The Council has published Development Guidelines covering the scheme. Staff advise that this document will soon form a Schedule in the Sydney DCP.

The Guidelines explain the steps involved for an applicant to gain approval for additional floor space. The document also provides a contribution rate for each square metre of additional residential and non-residential floor space that is achieved over the base FSR.

The contribution is secured by a VPA during the DA process.

What infrastructure / public benefits are delivered by the scheme?

The scheme was introduced when the Green Square Urban Renewal Area was rezoned from predominantly industrial purposes in the late 1990s. The scheme has been critical in delivering essential infrastructure to support projected growth in Green Square.

Section 5.2 – Green Square of Sydney DCP 2012 details the type and location of community infrastructure needed to support the redevelopment and growth of the area.

The infrastructure includes new public streets, dedicated setbacks to facilitate future road widening, open space and parks, public transport amenities, pedestrian and bike links, parks, community facilities and stormwater management facilities to sustain the urban renewal project.

The scheme works in conjunction with the section 94 contributions plan applying to the area. That plan is not expected to generate sufficient funds to provide all the community infrastructure required in the urban renewal area.

Developers are mandatorily levied section 94 contributions and affordable housing contributions in the consent. In addition, developers negotiate provision of community infrastructure contributions under a VPA.

How is the value that is to be captured by the Council calculated?

The contribution required is relative to the scale of the proposed development. The less 'additional' floor space sought by the landowner, the lower the contribution.

The contribution is calculated based on standard rates in the Development guidelines document and the amount of additional floor space above the base allowance, as follows:

	$ rate / m^2 incl. GST
Residential GFA	$475
Retail GFA	$275
Other non-residential GFA	$200

The contribution may be provided 'in-kind' or by way of monetary contribution. Regardless, the first $100 per square metre must be made as a cash contribution towards Green Square Town Centre infrastructure.

Other comments on the scheme

The Scheme does not allow or incentivise landowners to exceed what has been established as an appropriate built form outcome in consultation with the community, that is, there is no floor space 'bonus' for contribution. Floor space that can be achieved in addition to the 'base' floor space is clearly stated in the LEP.

This avoids any concerns or perceptions in in the wider community that floor space is for sale in the planning system.

The Guidelines state that 'proposed development must be acceptable in terms of environmental capacity, compliance with development controls and must have little or no impact on adjoining properties and the surrounding area. The development proposal must be acceptable on a merit assessment before the City can agree to a package of community infrastructure associated with the development'.

Staff advise that the scheme is relatively easy to administer with clear guidelines to support the collection of funds and their direction to a suitable public benefit.

The scheme doesn't rely on a plan making process which can be costly and time consuming.

Potential transferability to Parramatta CBD

The scheme's potential for transferability to Parramatta CBD depends on whether the Council intends to pursue a comprehensive area-wide bonus floor space scheme, or whether it intends to pursue value capture on a site-by-site basis.

The Green Square schemes all provide a good model for a comprehensive area-wide scheme. The scheme's standard $/m rate for additional GFA provides the simplest and cost effective methodology to implement a value capture scheme. The standard rate approach allows for a level playing field that the same contribution amount should be factored into future site feasibility investigations.

Green Square Town Centre Infrastructure Strategy

Area of application

Applies to land surrounding Green Square railway station that is zoned 4a General Industrial under the City of Sydney Planning Scheme Ordinance 1971

How does the scheme work?

The following LEPs:

- Sydney Local Environmental Plan (Green Square Town Centre) 2013
- Sydney Local Environmental Plan (Green Square Town Centre—Stage 2) 2013

Both zone land in the centre B4 Mixed Use.

However the land is 'deferred' from a B4 zone and remains zoned Industrial until developers offer to enter into a VPA with the Council to deliver, or make an appropriate contribution toward, town centre infrastructure.

The ‘appropriate’ contribution is established by the Green Square Town Centre Infrastructure Strategy which identifies the required contribution for each site.

Until land is ‘un-deferred’, the planning controls for land are Zone 4a General Industrial under the City of Sydney Planning Scheme Ordinance 1971 which does not allow residential development.

The following steps are taken to un-defer land:

- Landowner approaches the council with a request to un-defer their site
- the council negotiates with the land owner on how the contribution is to be delivered (some in-kind, some monetary)
- a VPA is publicly exhibited, executed and registered on the title of the land
- the council requests the Minister ‘un-defer’ the site
- the maps are changed and once published on the Government’s website the un-deferral is complete.

What infrastructure / public benefits are delivered by the scheme?

The infrastructure includes:

- community and recreation facilities, such as the Green Square Town Centre Library and the aquatic centre at Epsom Park
- civic spaces, in particular the Green Square Town Centre Plaza
- stormwater management facilities
- public art

Council has been able to plan infrastructure delivery in parallel with development.

The VPAs that are negotiated usually include a mixture of land, works and cash. Many developers are choosing to provide their contribution 'in-kind' by building roads and footpaths as they develop their own site.

How is the value that is to be captured by the Council calculated?

The contribution was established by valuing the required infrastructure and dividing the costs between sites based on their development potential under the 'deferred' controls.

For example, as site that allowed for 10% of the floor space across the precinct is required to pay 10% of the total value of the precinct's infrastructure. In this way, the scheme works in a similar way to section 94 apportioned contributions. Except that these are additional contributions to section 94.

The respective site contribution amounts are contained in Schedule 5 of the Green Square Town Centre Infrastructure Strategy. The total value of expected development contributions is $73.2 million which equates to the assessed shortfall of funding for the infrastructure after section 94 contributions have been taken into account. This amount is then broken up based on each site area's allowance of residential, retail and other non-residential floor space, and standardised contribution rates as follows:

	\$ rate / m^2 incl. GST
Residential GFA	$475
Retail GFA	$275
Other non-residential GFA	$200

Other comments on the scheme

The value uplift is activated when the site zoning is un-deferred. It is the creation of the residential development opportunity which creates most of the value in the site. The un-deferral process therefore helps in managing land value and speculation.

The infrastructure strategy provides a clear indication of the contribution required for each individual site. This enables developers to 'factor-in' those costs before committing to development and/or purchasing the land.

The approach relies on a thorough master-planning of a precinct. Where there is uncertainty about what sites the planning controls should be for a site (such as zoning, height and FSR) then the appropriate contribution cannot be assigned to a site.

Potential transferability to Parramatta CBD

The scheme's potential for transferability to Parramatta CBD depends on whether the Council intends to pursue a comprehensive area-wide bonus floor space scheme, or whether it intends to pursue value capture on a site-by-site basis.

All the Green Square schemes provide a good model for a comprehensive area-wide scheme. The scheme's standard $/m rate for additional GFA provides the simplest and cost effective methodology to implement a value capture scheme. The standard rate approach allows for a level playing field that the same contribution amount should be factored into future site feasibility investigations.

Macquarie Park Corridor Access and Open Space Infrastructure

Area of application

Applies to land in Macquarie Park that is currently zoned B3 and B4 under Ryde Local Environmental Plan 2014.

How does the scheme work?

The Macquarie Park Corridor supports business park and commercial uses. The area however suffers from poor access at peak travel times and limited open space provision for the workers in the area.

These deficiencies are planned to be addressed by a more permeable street and pedestrian network, and through the provision of new open space.

The revised access and open space network is articulated in the Council's DCP.

The LEP allows sites to be developed with increased FSR and heights. For example, standard FSRs applying to land in Macquarie Park range between 1:1 and 3:1; and the LEP allows further FSR of between 0.5:1 and 2:1 depending on location.

Approval for increased FSR and / or height can only be granted where the consent authority is satisfied that:

(a) there will be adequate provision for recreation areas and an access network, and

(b) the configuration and location of the recreation areas will be appropriate for the recreational purposes of the precinct, and

(c) the configuration and location of the access network will allow a suitable level of connectivity within the precinct.[1]

Developers can satisfy these requirements by entering into a VPA with the Council to provide recreation or access infrastructure in accordance with the DCP, or make a cash contribution in lieu of provision.

What infrastructure / public benefits are delivered by the scheme?

The scheme provides for:

- The construction of new roads identified in the DCP
- The purchase of key sites to develop roads identified in the DCP
- The embellishment of open identified in the DCP
- The purchase of key sites for use as open space as identified in the DCP
- The embellishment of through-site links identified in the DCP

[1] Ryde Local Environmental Plan 2014, clause 6.9

- Additional new roads, through site links and open space in Macquarie Park at Councils discretion
- Administration of this scheme.

The scheme is designed to achieve the following:

- 4.1 km of 20m wide roads
- 3.6 km of 14m wide roads
- 3.4 km of 8m wide pedestrian links
- 111 m of road widening; and
- 3.5 hectares of open space.

The total cost of the required infrastructure was estimated at $107 million in 2013. The funding strategy assumes that 85% of this amount will come from the increased floor space scheme.

How is the value that is to be captured by the Council calculated?

Monetary Contribution = total additional gross floor area x contribution rate

'Additional gross floor area' is any of the increased floor space permitted under the LEP.

The contribution rate is $250 per square metre. This represents approximately 50% of the increased value projected to accrue to each square metre of extra floor space permitted under the LEP.

The total contribution amount will be reduced where the developer offers and the Council accepts land or works that are identified in the infrastructure scheme.

The assumed values used in the calculation of offsets are as follows:

- Land to be dedicated to Council for the purpose of road or open space - $250 per square metre.
- Embellishment of road, finished to Council's specifications - $380 per square metre.
- Embellishment of open space, finished to Council's satisfaction – $400 per square metre.

Other comments on the scheme

The scheme has the following desirable elements common to other schemes we have reviewed:

- A land use planning framework that hasn't yet given away value-generating development rights.
- An infrastructure delivery strategy including priorities that will be provided from the proceeds of the scheme.
- Guidelines for how developers participate in the scheme.
- There is built-in equity in that all landowners receiving the benefit of increased height and FSR will contribute whether there is infrastructure on their land or not.
- Both the infrastructure and the contributors are spread over a broad district, which emphasises the planning value of the scheme. This is distinct from a site by site approach.

The scheme is in addition to contributions required from the land developers under section 94 of the EP&A Act. These contributions go towards other infrastructure in the Ryde LGA which have a nexus with the Macquarie Park development. There is no double-dipping between the schemes.

The alternative of providing the DCP's recreation and access infrastructure solely through a conventional section 94 / 94A contributions scheme was rejected because:

- Much of the new development would be replacing existing floor space. Section 94 contributions would be limited because they can only be applied to the net increase in floor space.
- If all the net additional floor space was required to meet all of the cost of the infrastructure, then the contributions would be so high that it would make Macquarie Park unviable as a place to invest.

Section 94A levies would need to be 8% of the projected development costs in order to afford the infrastructure. This also would send investment elsewhere.

Potential transferability to Parramatta CBD

The scheme's potential for transferability to Parramatta CBD depends on whether the Council intends to pursue a comprehensive area-wide bonus floor space scheme, or whether it intends to pursue value capture on a site-by-site basis.

The Macquarie Park scheme provides a good model for a comprehensive area-wide scheme. The scheme's standard $/m rate for additional GFA provides the simplest and cost effective methodology to implement a value capture scheme. The standard rate approach allows for a level playing field that the same contribution amount should be factored into future site feasibility investigations.

The Macquarie Park scheme also contains a set of principles that would be relevant to any local value capture scheme any council would implement:

Nexus: That some of the benefit afforded to sites is captured by the community to provide essential infrastructure required as a result of increased densities in the area.

Transparency: There is a clear understanding of what infrastructure is to be funded and how contribution rates and community benefit are calculated and applied to individual sites.

Equity: Both infrastructure and incentives for development are based on equity and fairness.

Practical: The implementation of the mechanism must be practical and occur in a timely fashion to avoid delays and provide certainty for commercial dealings.

Feasibility: The contributions must not create development opportunities which are not economically viable.

Waverley Variation Floor Space Infrastructure Scheme

Area of application

Applies to:

- land zoned B3, B4 and R4 in Bondi Junction
- certain land zoned B4, B1 and R3 in Bondi Beach

under Waverley Local Environmental Plan 2012

How does the scheme work?

The scheme applies to areas likely to experience substantial multi-storey redevelopment.

The scheme is described in the Waverley Council Planning Agreement Policy 2014.

DAs in these areas that propose up to 15% extra floor space above that permitted under the FSR controls in Waverley Local Environmental Plan may be approved if:

- The development is acceptable on planning grounds, and
- The developer enters into a VPA with the Council to provide public benefits (cash, works or land) in the surrounding area.

Significant variations (above 15%) are not encouraged but could be achieved through a Planning Proposal.

What infrastructure / public benefits are delivered by the scheme?

The infrastructure that is to be provided using the proceeds of value capture is addressed in Council's 'Complete Streets' program. Also, 10% of the contributions will be in the form of a monetary contribution for the purpose of providing affordable housing units managed by a community housing provider.

Complete Streets is a comprehensive plan to enhance Bondi Junction through greening, upgrading footpaths and public places and improving connections for cycling, walking and access to public transport.

More information on the Complete Streets program can be found at http://www.waverley.nsw.gov.au/building/current_projects/bondi_junction_projects/complete_streets

Improving the street environment for residents and visitors is important because of the extra demands on the street environment generated by the additional development.

How is the value that is to be captured by the Council calculated?

The contribution to be negotiated will be 50% of the increase in net value to the development arising from an increase in FSR beyond that allowed under clause 4.4 of the LEP.

The formula for calculating the value uplift from the bonus floor space is:

Marginal net sale proceeds

less

Marginal cost to construct

'Marginal net sale proceeds' in general terms is the difference between the total value of the apartments without the bonus floor space and the total value of the apartments with the bonus floor space. This must be calculated by 2 registered valuers – the average of the 2 values will be used in the calculation.

A recommended method to calculate the 'Marginal cost to construct' is the pro-rata of the total building cost based on bonus floor space divided by total GFA plus a pro-rata of the car parking cost based on number of parking spaces allocated to the bonus units divided by total car parking spaces. Land costs and site costs such as landscaping and driveways are excluded (as these are needed regardless of the bonus floor space. GST is also excluded. Section 94A and interest costs are included.

Other comments on the scheme

The policy was adopted in late 2014, and has not yet been tested with an actual DA.

The scheme had its genesis with a DCP-based affordable housing incentive scheme that operated for over a decade until FSRs were transferred from the DCP to the LEP. That scheme set up the local practices of:

- linking increases in FSR controls to contributions for public amenities (i.e. affordable housing), and
- a contribution amount that reflected 50% of the value uplift generated by the FSR variation.

Council staff advised that the scheme was well supported by developers, and that the scheme achieved around 30 affordable housing units. The unit are managed by community housing providers.

The 15% benchmark for maximum additional floor space emanates from the average floor space variations approved under the DCP affordable housing program.

Potential transferability to Parramatta CBD

Potential transferability is high.

The scheme is predicated on incremental DAs seeking additional development rights. Incremental sites value capture is favoured by Parramatta City Council.

There is however a concern that, because the VPA is tied to a DA then it may unravel because of the applicant's appeal rights.

A developer could, for example, lodge and have approved a DA on a site that has 15% extra floor space and an accompanying value capture VPA. Soon after that, the developer or anyone else could lodge another DA that was more or less identical except without a VPA offer. Council would likely refuse the DA without the VPA but the developer could argue in an appeal that the clause 4.6 variation was acceptable regardless of the VPA. In other words the development was acceptable on planning rounds, and the VPA was not crucial to the DA being approved.

Such a scenario is less likely if the VPA offer is secured at the Planning Proposal, provided the rezoning which grants the extra floor space rights is not made until the VPA is signed and entered onto the land title.

APPENDIX D

Value sharing development feasibility analysis and assumptions

1.0 Introduction

GLN was previously instructed to model the impacts of development feasibility that would likely be experienced under different contribution regimes that could be applied under Section 94 and Section 94A of the EP& Act (See **Appendix B**). Following review of the different contribution regimes, as an alternative method to fund part of the significant infrastructure works required in the Parramatta CBD, Council identified a series of different scenarios for the application of a Value Sharing scheme to the development of B4 Mixed Use land within the Parramatta CBD. Council essentially identified two opportunities for Value Sharing including:

1. **Phase 1** – Imposition of Value Sharing where a developer proposes to exceed the existing controls (ie. 6:1 FSR GFA) to achieve the new floorspace ratio (ie. 10:1) in the draft Planning Proposal. This scale of development would also benefit from an additional 2:1 FSR as a result of incentive clauses however Council does not intend to apply Value Sharing to this GFA.

2. **Phase 2** – Imposition of Value Sharing where a developer proposes to exceed the draft Planning Proposal controls (including incentive GFA) up to a maximum of 15:1 for 'Opportunity Sites'.

In response to these proposed approaches, the following scenarios were modelled:

- **Base case 1 6.9:1 FSR** – Development of the hypothetical site to achieve a development outcome achieving a 6.9:1 FSR GFA outcome with S94A contributions levied at 3% of the cost of construction. This GFA outcome represent the 6:1 FSR entitlement shown in Council's draft Planning Proposal. The land acquisition value determined in this scenario was then used for Scenarios A, B, C and D as a constant to reflect the situation where developers have purchased land and new contribution regimes have been put in place.

- **Scenario A** – Development that achieves an 6.9:1 FSR GFA outcome with the application of S94A contributions at 4.5% of the cost of construction of the entire development.

- **Scenario B** – Development that achieves an 15:1 FSR GFA outcome with the application of S94A contributions at 3% of the cost of construction of the entire development plus Value Sharing on Phase 1 at 10% of the value of the additional GFA above the draft Planning Proposal controls (ie. 4:1 FSR GFA). This assumes that the base FSR for the site before the draft Planning Proposal was 2:1. Council considers this to be reasonable representation of the likely FSR uplifts in the CBD for this scenario.

- **Scenario C** – Development that achieves an 15:1 FSR GFA outcome with the application of S94A contributions at 3% of the cost of construction of the entire development plus Value Sharing on Phase 1 at 20% of the value of the additional GFA above the draft Planning Proposal controls (ie. 4:1 FSR GFA). This assumes that the base FSR for the site before the draft Planning Proposal was 2:1. Council considers this to be reasonable representation of the likely FSR uplifts in the CBD for this scenario.

- **Scenario D** – Development that achieves an 15:1 FSR GFA outcome with the application of S94A contributions at 3% of the cost of construction of the entire development plus Value Sharing on Phase 1 at 50% of the value of the additional GFA above the draft Planning Proposal controls (ie. 4:1 FSR GFA). This assumes that the base FSR for the site before the draft Planning Proposal was 2:1. Council considers this to be reasonable representation of the likely FSR uplifts in the CBD for this scenario.

- **Base case 2 12:1 FSR** – Development of the hypothetical site to achieve a development outcome achieving a 12:1 FSR GFA outcome with S94A contributions levied at 3% of the cost of construction. This GFA outcome represent the 10:1 FSR entitlement shown in Council's draft Planning Proposal as well as the additional 2:1 FSR that would be achieved under the incentive provisions for 'Design Excellence' and 'High Performing Buildings'. The land acquisition value determined in this scenario was then used for each of the other scenarios as a constant to reflect the situation where developers have purchased land and new contribution regimes have been put in place.

- **Scenario E** – Development that achieves an 12:1 FSR GFA outcome with the application of S94A contributions at 4.5% of the cost of construction of the entire development.

- **Scenario F** – Development that achieves an 12:1 FSR GFA outcome with the application of S94A contributions at 3% of the cost of construction of the entire development plus Value Sharing on Phase 1 at 10% of the value of additional GFA above the existing controls (ie. 4:1 FSR GFA).

- **Scenario G** – Development that achieves an 12:1 FSR GFA outcome with the application of S94A contributions at 3% of the cost of construction of the entire development plus Value Sharing on Phase 1 at 20% of the value of additional GFA above the existing controls (ie. 4:1 FSR GFA).

- **Scenario H** – Development that achieves an 12:1 FSR GFA outcome with the application of S94A contributions at 3% of the cost of construction of the entire development plus Value Sharing on Phase 1 at 50% of the value of additional GFA above the existing controls (ie. 4:1 FSR GFA).

- **Scenario I** – Development that achieves an 15:1 FSR GFA outcome with the application of S94A contributions at 4.5% of the cost of construction of the entire development plus Value Sharing on Phase 2 at 50% of the value of the additional GFA above the draft Planning Proposal controls (ie. 3:1 FSR GFA).

- **Scenario J** – Development that achieves an 15:1 FSR GFA outcome with the application of S94A contributions at 3% of the cost of construction of the entire development plus Value Sharing on Phase 1 at 10% of the value of additional GFA above the existing controls (ie. 4:1 FSR GFA) and Phase 2 at 50% of the value of the additional GFA above the draft Planning Proposal controls (ie. 3:1 FSR GFA).

- **Scenario K** – Development that achieves an 15:1 FSR GFA outcome with the application of S94A contributions at 3% of the cost of construction of the entire development plus Value Sharing on Phase 1 at 50% of the value of additional GFA above the existing controls (ie. 4:1 FSR GFA) and Phase 2 at 50% of the value of the additional GFA above the draft Planning Proposal controls (ie. 3:1 FSR GFA).

These scenarios were modelled as a hypothetical development of a 3,000m^2 site within the Parramatta CBD with various assumptions informing the feasibility analysis (see **Appendix B**). An analysis of land transactions and DA approvals in the Parramatta CBD within the 2014 to 2015 period was carried out to identify an average dollar rate that had been paid for per m2 of GFA in the Parramatta CBD on B4 land (this rate is discussed earlier in the report). For modelling purposes, a rate of \$805/m^2 of GFA was adopted to determine the likely contributions generated in each of the scenarios as well as to model the impact on development feasibility following the imposition of Value Sharing schemes. Increments of approximately \$50/m^2 GFA were then modelled for consideration by Council in determining the appropriate rate for any Value Sharing scheme that was pursued.

The results of the application of these different rates on contribution income generated and impacts on resultant development feasibility are summarised in the tables below. From review of the tables, it is evident that the application of different $/m^2 GFA rates do not have the greatest impact on development achieving the feasibility benchmarks but rather the imposition of Phase 1 Value Sharing

The summary sheets from each of the modelled scenarios follow these tables in **Section 2.0**.

1.1 Contribution income and development feasibility at $\$805/m^2$ of additional GFA

Contributions scenario		Contribution generated	Developers profit	IRR	Margin
Base Case 1 – 6.9:1 FSR with S94A @ 3% and no VS		**$2.21M**	**$18.20M**	**20.0%**	**17.3%**
A	6.9:1 FSR with S94A @ 4.5% and no VS	$3.31M	$17.08M	19.2%	16.1%
B	6.9:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 10%	$3.17M	$17.21M	19.3%	16.4%
C	6.9:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 20%	$4.14M	$16.23M	18.6%	15.4%
D	6.9:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 50%	$7.04M	$13.29M	16.4%	12.6%
Base Case 2 – 12:1 FSR with S94A @ 3%		**$3.84M**	**$35.22M**	**20.0%**	**18.3%**
E	12:1 FSR with S94A @ 4.5% and no VS	$5.77M	$33.34M	19.4%	17.1%
F	12:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @10%	$4.81M	$34.31M	19.7%	17.8%
G	12:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @20%	$5.78M	$33.33M	19.4%	17.3%
H	12:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @50%	$8.62M	$30.44M	18.3%	15.8%
I	15:1 FSR with S94A @ 4.5% and Phase 2 VS on 3:1 FSR @ 50%	$10.76M	$53.93M	25.9%	23.6%
J	15:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 10% and Phase 2 VS on 3:1 FSR @ 50%	$9.34M	$55.34M	26.3%	24.5%
K	15:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 50% and Phase 2 VS on 3:1 FSR @ 50%	$13.21M	$51.48M	25.0%	22.8%

1.2 Contribution income and development feasibility at $750/m^2 of additional GFA

Contributions scenario		Contribution generated	Developers profit	IRR	Margin
Base Case – 6.9:1 FSR with S94A @ 3% and no VS		**$2.21M**	**$18.20M**	**20.0%**	**17.3%**
A	6.9:1 FSR with S94A @ 4.5% and no VS	$3.31M	$17.08M	19.2%	16.1%
B	6.9:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 10%	$3.11M	$17.28M	19.4%	16.4%
C	6.9:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 20%	$4.01M	$16.34M	18.7%	15.6%
D	6.9:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 50%	$6.71M	$13.62M	16.7%	12.9%
Base Case – 12:1 FSR with S94A @ 3%		**$3.84M**	**$35.22M**	**20.0%**	**18.3%**
E	12:1 FSR with S94A @ 4.5% and no VS	$5.77M	$33.34M	19.4%	17.1%
F	12:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @10%	$4.74M	$34.37M	19.8%	17.9%
G	12:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @20%	$5.64M	$33.46M	19.4%	17.4%
H	12:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @50%	$8.29M	$30.77M	18.4%	16.0%
I	15:1 FSR with S94A @ 4.5% and Phase 2 VS on 3:1 FSR @ 50%	$10.51M	$54.18M	25.9%	23.7%
J	15:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 10% and Phase 2 VS on 3:1 FSR @ 50%	$9.03M	$55.66M	26.4%	24.6%
K	15:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 50% and Phase 2 VS on 3:1 FSR @ 50%	$12.63M	$52.06M	25.2%	23.0%

1.3 Contribution income and development feasibility at $700/m^2$ of additional GFA

Contributions scenario		Contribution generated	Developers profit	IRR	Margin
Base Case – 6.9:1 FSR with S94A @ 3% and no VS		**$2.21M**	**$18.20M**	**20.0%**	**17.3%**
A	6.9:1 FSR with S94A @ 4.5% and no VS	$3.31M	$17.08M	19.2%	16.1%
B	6.9:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 10%	$3.05M	$17.34M	19.4%	16.5%
C	6.9:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 20%	$3.89M	$16.49M	18.8%	15.7%
D	6.9:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 50%	$6.41M	$13.93M	16.9%	13.2%
Base Case – 12:1 FSR with S94A @ 3%		**$3.84M**	**$35.22M**	**20.0%**	**18.3%**
E	12:1 FSR with S94A @ 4.5% and no VS	$5.77M	$33.34M	19.4%	17.1%
F	12:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @10%	$4.68M	$34.44M	19.8%	17.9%
G	12:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @20%	$5.52M	$33.58M	19.5%	17.4%
H	12:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @50%	$7.99M	$31.08M	18.5%	16.1%
I	15:1 FSR with S94A @ 4.5% and Phase 2 VS on 3:1 FSR @ 50%	$10.28M	$54.40M	26.0%	23.8%
J	15:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 10% and Phase 2 VS on 3:1 FSR @ 50%	$8.75M	$55.94M	26.5%	24.7%
K	15:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 50% and Phase 2 VS on 3:1 FSR @ 50%	$12.11M	$52.58M	25.4%	23.3%

1.4 Contribution income and development feasibility at $655/m^2 of additional GFA

Contributions scenario		Contribution generated	Developers profit	IRR	Margin
Base Case – 6.9:1 FSR with S94A @ 3% and no VS		**$2.21M**	**$18.20M**	**20.0%**	**17.3%**
A	6.9:1 FSR with S94A @ 4.5% and no VS	$3.31M	$17.08M	19.2%	16.1%
B	6.9:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 10%	$2.99M	$17.40M	19.4%	16.5%
C	6.9:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 20%	$3.78M	$16.60M	18.9%	15.8%
D	6.9:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 50%	$6.14M	$14.20M	17.1%	13.5%
Base Case – 12:1 FSR with S94A @ 3%		**$3.84M**	**$35.22M**	**20.0%**	**18.3%**
E	12:1 FSR with S94A @ 4.5% and no VS	$5.77M	$33.34M	19.4%	17.1%
F	12:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @10%	$4.63M	$34.49M	19.8%	17.9%
G	12:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @20%	$5.42M	$33.69M	19.5%	17.5%
H	12:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @50%	$7.72M	$31.35M	18.6%	16.6%
I	15:1 FSR with S94A @ 4.5% and Phase 2 VS on 3:1 FSR @ 50%	$10.08M	$54.61M	26.1%	23.9%
J	15:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 10% and Phase 2 VS on 3:1 FSR @ 50%	$8.49M	$56.20M	26.6%	24.9%
K	15:1 FSR with S94A @ 3% and Phase 1 VS on 4:1 FSR @ 50% and Phase 2 VS on 3:1 FSR @ 50%	$11.63M	$53.05M	25.6%	23.5%

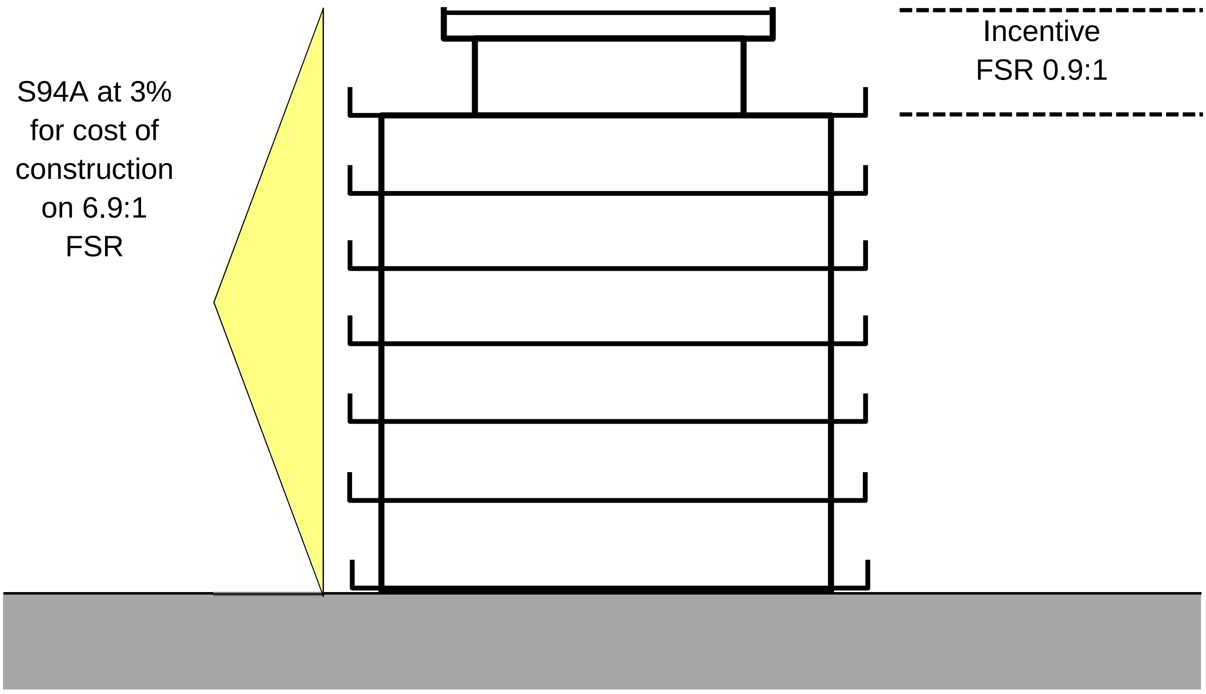
2.0 Scenario Model Summary Sheets

This section includes the model summary sheets for each of the two base case and each of 11 Value Sharing scenarios proposed by Council. Diagrams representing the application of the different contribution and Value Sharing regimes are provided followed by a feasibility Summary sheet, Key Inputs sheet, Calculations sheet and Cashflow sheet. The Model Summary sheets utilise the $805/m2 of GFA rate (discussed in the main body of this report) for the purposes of determining the different value sharing contributions. This rate is then modified by percentage rates (ie. 10%, 20%, 50%) for the purposes of modelling the different scenarios.

2.1 6.9:1 FSR Base Scenario

Hypothetical development to achieve 6.9:1 FSR GFA outcome with application of S94A at 3% of cost of construction. Whilst the draft Planning Proposal will typically apply a 6:1 FSR control, it will also provide for additional incentive FSR of 0.9:1 FSR for 'Design Excellence' that is required for any building in excess of 40 metres in height.

Council considers it unlikely that developers will not choose to take up the additional FSR incentives given the likelihood that 6.9:1 developments would exceed the 40 metre height limit and that the costs of achieving their 'Design Excellence' criteria are not overly onerous and are offset by the increase in GFA permitted.



6.9:1 Base Scenario - S94A Levy 3% on 6.9:1 FSR GFA

Summary Sheet

SITE DETAILS	
Address	Representative
Floor Space Ratio	6.9
Land Area	3,000
Site Value	66,110
Number of Dwellings	172

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$696,802	$137,766,667
GST	66,805	11,490,517
Less Selling Costs	16,769	2,884,333
NET REVENUE	$717,394	$123,391,816
COSTS		
Land (including acquisition costs)	66,110	11,371,000
Acquisition costs	4,610	792,839
Construction	428,343	73,675,042
Consultants	17,134	2,947,002
Section 94A - Commercial	3,125	537,500
Section 94A - Residential	9,699	1,668,251
Value Sharing Contribution	0	0
Statutory Fees & Contributions	6,953	1,195,882
On Costs	12,850	2,210,251
Marketing	16,019	2,755,333
Cost before Interest	564,844	97,153,101
Finance (incl Loan Est Fees)	46,761	8,042,955
TOTAL DEVELOPMENT COSTS	611,605	$105,196,055
TOTAL PROJECT SURPLUS	17.3%	$18,195,783
PROJECT IRR BEFORE INTEREST	20.0%	

6.9:1 Base Scenario - S94A Levy 3% on 6.9:1 FSR GFA

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	6.9	:1
Achievable FSR	20,700	m2
Land Area	3,000	m2
Site Value	66,110	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS					
Cost Items			**Cost ($)**	**Period Commencing (month)**	**Term (months)**
LAND					
Land Purchase			11,370,978		
Loan Establishment Costs			16,583		
Stamp Duty			736,458		
Legals	0.4%		39,798		
LAND ACQUISITION COSTS - Deposit			1,137,098	1	1
LAND ACQUISITION COSTS - Settlement			11,026,719	2	1
CONSTRUCTION COSTS			73,675,042	12	20
PROFESSIONAL FEES	4%	const costs	2,947,002	1	31
APPLICATION FEES					
DA Fees			352,527	3	1
CC Fees			136,966	12	1
Section 94			2,205,751	31	1
Value Sharing			0	31	1
LPI Fees			1,321	31	1
LAND TAX/RATES					
Land Tax/Rates	Year 1		235,023	10	1
Land Tax/Rates	Year 2		235,023	22	1
Land Tax/Rates	Year 3		235,023	34	1
ONCOSTS		3.0% construction cost	2,210,251	2	30
MARKETING		2% gross revenue	2,755,333	12	19
		TOTAL COST	**97,153,078**		

UNIT MIX AND SALES									
Unit Type	**No.**	**Dwelling Floor Space m2**	**Total FSR+15%**	**Car Parking**	**Basement Parking Yes**	**Price ($)**	**Total ($)**	**Actual Mix**	**Preferred Mix**
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	29	60	2,001	29	Yes	590,000	17,110,000	17%	15%
2 bedroom	131	80	12,052	131	Yes	700,000	91,700,000	76%	75%
3 bedroom	12	120	1,656	12	Yes	920,000	11,040,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	**172**		**20,709**	**280**	**Yes**		**137,766,667**	**100%**	**100%**
Average m2/unit	79								
ADDITIONAL INCLUSIONS									
Other visitor parking				34					
TOTAL YIELD	**172**		**20,709**	**315**			**137,766,667**		
		FSR	6.9						
		Target Floorspace	20,700						

6.9:1 Base Scenario - S94A Levy 3% on 6.9:1 FSR GFA

Calculations

REVENUE		
GROSS REVENUE		137,766,667
GST		11,490,517
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	2,755,333
Legals (On Settlement)	$750 per lot	129,000
TOTAL - SELLING COSTS		2,884,333
NET REVENUE		123,391,816

STAMP DUTY		
LAND VALUE THRESHOLD		TAX
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	736,458
	TOTAL	736,458

CONSTRUCTION COSTS				
Build Costs	Rates $/m2	FSR +15%	UG Parking 50,000	Grade Parking
Apartments	2,850	44,770,650	8,600,000	
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			1,720,000	0
ESD Costs	0	0		
Design Comp		150,000		
Design Cost	25	517,725		
TOTALS		57,938,375	15,736,667	0
TOTAL CONSTRUCTION COST				73,675,042

CONTRIBUTIONS		
SECTION 94A		3.0%
COSTS		
Retail	10,416,667	$312,500
Commercial	7,500,000	$225,000
Residential	55,608,375	$1,668,251
TOTAL VALUE	73,525,042	
TOTAL CONTRIBUTION		$2,205,751

CAR PARKING	
Unit Type	No. Spaces
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		94,665
LSL	0.35%	257,863
TOTAL DA FEES		352,527

RATES	
Council Rates	24,979
Land Tax	210,044
TOTAL RATES	235,023

LPI FEES			
Strata	Base Fee	Per Dwg fee	
	1,321	132	
TOTAL LPI FEES			1,321

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	136,966
TOTAL CC FEES	136,966

VALUE SHARING		
GFA Element	GFA	Base Value
4:1 CBD Strategy	0	$0
3:1 Above Strategy	0	$0
Calculation		
Rate/additional m2 GFA		$805
CBD Strategy Rate		10%
Above CBD Strategy Rate		50%
TOTAL CONTRIBUTION		$0

6.9:1 Base Scenario - S94A Levy 3% on 6.9:1 FSR GFA

Assumed Development Cashflow

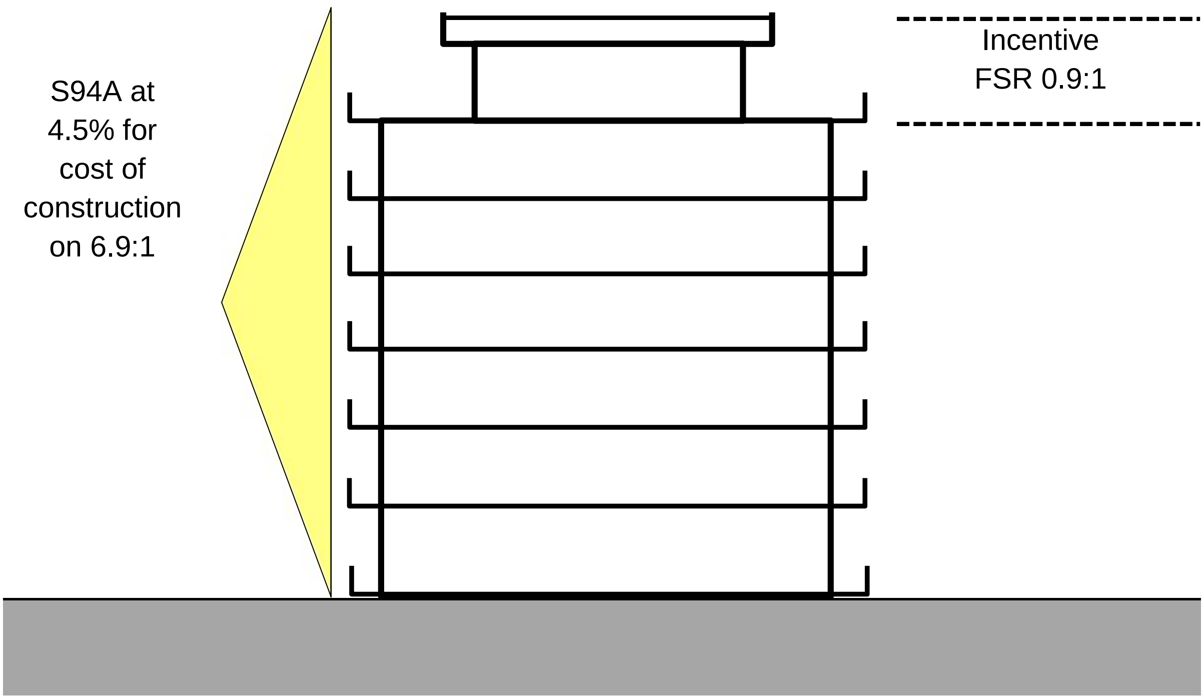
DEVELOPMENT SUMMARY	
IRR Before Interest	**20.04%**
Surplus	**$18,195,783**
% Surplus on D.C	**17.30%**
Max Loan Balance Debt/Equity	**-$104,417,171**
Debt/Equity	**100.00%**

Numbers bellow expressed in nearest $,000

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	Value Sharing	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	1,137	95	0	0	0	0	0	0	0	0	0	$1,232	0	$0	$0	$0	$0	$1,232	-$1,232	$0	-$1,232	1
Budget	Dec-15	2	11,027	95	0	0	0	0	0	0	0	74	0	$11,195	0	$0	$0	$0	$0	$11,195	-$11,195	-$6	-$12,434	2
Budget	Jan-16	3	0	95	353	0	0	0	0	0	0	74	0	$521	0	$0	$0	$0	$0	$521	-$521	-$65	-$13,020	3
Budget	Feb-16	4	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$68	-$13,257	4
Budget	Mar-16	5	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$69	-$13,494	5
Budget	Apr-16	6	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$70	-$13,733	6
Budget	May-16	7	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$72	-$13,974	7
Budget	Jun-16	8	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$73	-$14,215	8
Budget	Jul-16	9	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$74	-$14,458	9
Budget	Aug-16	10	0	95	0	0	0	0	0	0	235	74	0	$404	0	$0	$0	$0	$0	$404	-$404	-$75	-$14,937	10
Budget	Sep-16	11	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$78	-$15,184	11
Budget	Oct-16	12	0	95	0	137	3,684	0	0	0	0	74	145	$4,134	0	$0	$0	$0	$0	$4,134	-$4,134	-$79	-$19,397	12
Budget	Nov-16	13	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$101	-$23,496	13
Budget	Dec-16	14	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$122	-$27,616	14
Budget	Jan-17	15	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$144	-$31,757	15
Budget	Feb-17	16	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$165	-$35,920	16
Budget	Mar-17	17	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$187	-$40,104	17
Budget	Apr-17	18	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$209	-$44,311	18
Budget	May-17	19	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$231	-$48,539	19
Budget	Jun-17	20	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$253	-$52,789	20
Budget	Jul-17	21	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$275	-$57,062	21
Budget	Aug-17	22	0	95	0	0	3,684	0	0	0	235	74	145	$4,233	0	$0	$0	$0	$0	$4,233	-$4,233	-$297	-$61,592	22
Budget	Sep-17	23	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$321	-$65,910	23
Budget	Oct-17	24	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$343	-$70,251	24
Budget	Nov-17	25	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$366	-$74,614	25
Budget	Dec-17	26	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$389	-$79,000	26
Budget	Jan-18	27	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$411	-$83,409	27
Budget	Feb-18	28	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$434	-$87,841	28
Budget	Mar-18	29	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$458	-$92,296	29
Budget	Apr-18	30	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$481	-$96,774	30
Budget	May-18	31	0	95	0	0	3,684	2,206	0	1	0	74	0	$6,060	0	$0	$0	$0	$0	$6,060	-$6,060	-$504	-$103,338	31
Budget	Jun-18	32	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$538	-$103,876	32
Budget	Jul-18	33	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$541	-$104,417	33
Budget	Aug-18	34	0	0	0	0	0	0	0	0	235	0	0	$235	70	$137,767	$11,491	$2,884	$123,392	$235	$123,157	-$544	$18,196	34
Budget	Sep-18	35	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$18,196	35
Budget	Oct-18	36	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$18,196	36
			12,164	**$2,947**	**$353**	**$137**	**$73,675**	**$2,206**	**$0**	**$1**	**$705**	**$2,210**	**$2,755**	**$97,153**	**70**	**$137,767**	**$11,491**	**$2,884**	**$123,392**	**$97,153**	**$26,239**	**-$8,043**	**$18,196**	
			Land	**Professional Fees**	**DA Fees**	**CC Fees**	**Construction Costs**	**Section 94 Costs**		**LPI Fess**	**Statuory Costs**	**Oncosts**	**Marketing**	**Total Costs**		**Gross Revenue**	**GST**	**Selling Costs**	**Net Revenue**	**Monthly Outlays**	**Net**	**Monthly Interest**		

2.2 Scenario A

Hypothetical development to achieve 6.9:1 FSR GFA outcome with application of S94A at 4.5% of cost of construction. Whilst the draft Planning Proposal will typically apply a 6:1 FSR control, it will also provide for additional incentive FSR of 0.9:1 FSR for 'Design Excellence' that is required for any building in excess of 40 metres in height.



Scenario A - S94A Levy 4.5%

Summary Sheet

SITE DETAILS	
Address	Representative
Floor Space Ratio	6.9
Land Area	3,000
Site Value	66,110
Number of Dwellings	172

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$696,802	$137,766,667
GST	66,805	11,490,515
Less Selling Costs	16,769	2,884,333
NET REVENUE	$717,394	$123,391,818

COSTS		
Land (including acquisition costs)	66,110	11,371,000
Acquisition costs	4,610	792,841
Construction	428,343	73,675,042
Consultants	17,134	2,947,002
Section 94A - Commercial	4,688	806,250
Section 94A - Residential	14,549	2,502,377
Value Sharing Contribution	0	0
Statutory Fees & Contributions	6,953	1,195,883
On Costs	12,850	2,210,251
Marketing	16,019	2,755,333
Cost before Interest	571,256	98,255,979
Finance (incl Loan Est Fees)	46,862	8,060,282
TOTAL DEVELOPMENT COSTS	618,118	$106,316,261
TOTAL PROJECT SURPLUS	16.1%	$17,075,557
PROJECT IRR BEFORE INTEREST	19.2%	

Scenario A - S94A Levy 4.5%

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	6.9	:1
Achievable FSR	20,700	m2
Land Area	3,000	m2
Site Value	66,110	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS					
Cost Items			Cost ($)	Period Commencing (month)	Term (months)
LAND					
Land Purchase			11,371,000		
Loan Establishment Costs			16,583		
Stamp Duty			736,460		
Legals	0.4%		39,799		
LAND ACQUISITION COSTS - Deposit			1,137,100	1	1
LAND ACQUISITION COSTS - Settlement			11,026,741	2	1
CONSTRUCTION COSTS			73,675,042	12	20
PROFESSIONAL FEES	4%	const costs	2,947,002	1	31
APPLICATION FEES					
DA Fees			352,527	3	1
CC Fees			136,966	12	1
Section 94			3,308,627	31	1
Value Sharing			0	31	1
LPI Fees			1,321	31	1
LAND TAX/RATES					
Land Tax/Rates	Year 1		235,023	10	1
Land Tax/Rates	Year 2		235,023	22	1
Land Tax/Rates	Year 3		235,023	34	1
ONCOSTS	3.0% construction cost		2,210,251	2	30
MARKETING	2% gross revenue		2,755,333	12	19
		TOTAL COST	**98,255,979**		

UNIT MIX AND SALES									
Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	29	60	2,001	29	Yes	590,000	17,110,000	17%	15%
2 bedroom	131	80	12,052	131	Yes	700,000	91,700,000	76%	75%
3 bedroom	12	120	1,656	12	Yes	920,000	11,040,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	**172**		**20,709**	**280**	**Yes**		**137,766,667**	**100%**	**100%**
Average m2/unit	79								
ADDITIONAL INCLUSIONS									
Other visitor parking				34					
TOTAL YIELD	**172**		**20,709**	**315**			**137,766,667**		
		FSR	6.9						
		Target Floorspace	20,700						

Scenario A - S94A Levy 4.5%

Calculations

REVENUE		
GROSS REVENUE		**137,766,667**
GST		**11,490,515**
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	2,755,333
Legals (On Settlement)	$750 per lot	129,000
TOTAL - SELLING COSTS		**2,884,333**
NET REVENUE		**123,391,818**

STAMP DUTY		
LAND VALUE THRESHOLD		**TAX**
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	736,460
	TOTAL	**736,460**

CONSTRUCTION COSTS				
Build Costs	**Rates $/m2**	**FSR +15%**	**UG Parking 50,000**	**Grade Parking**
Apartments	2,850	44,770,650	8,600,000	
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			1,720,000	0
ESD Costs	0	0		
Design Comp		150,000		
Design Cost	25	517,725		
TOTALS		**57,938,375**	**15,736,667**	**0**
TOTAL CONSTRUCTION COST				**73,675,042**

CONTRIBUTIONS		
SECTION 94A		**4.5%**
COSTS		
Retail	10,416,667	$468,750
Commercial	7,500,000	$337,500
Residential	55,608,375	$2,502,377
TOTAL VALUE	**73,525,042**	
TOTAL CONTRIBUTION		**$3,308,627**

CAR PARKING	
Unit Type	**No. Spaces**
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		94,665
LSL	**0.35%**	**257,863**
TOTAL DA FEES		**352,527**

RATES	
Council Rates	24,979
Land Tax	210,044
TOTAL RATES	**235,023**

LPI FEES			
Strata	Base Fee	Per Dwg fee	
	1,321	132	
TOTAL LPI FEES			**1,321**

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	136,966
TOTAL CC FEES	**136,966**

VALUE SHARING		
GFA Element	**GFA**	**Base Value**
4:1 CBD Strategy	0	$0
3:1 Above Strategy	0	$0
Calculation		
Rate/additional m2 GFA		$0
CBD Strategy Rate		0%
Above CBD Strategy Rate		0%
TOTAL CONTRIBUTION		**$0**

Scenario A - S94A Levy 4.5%

Assumed Development Cashflow

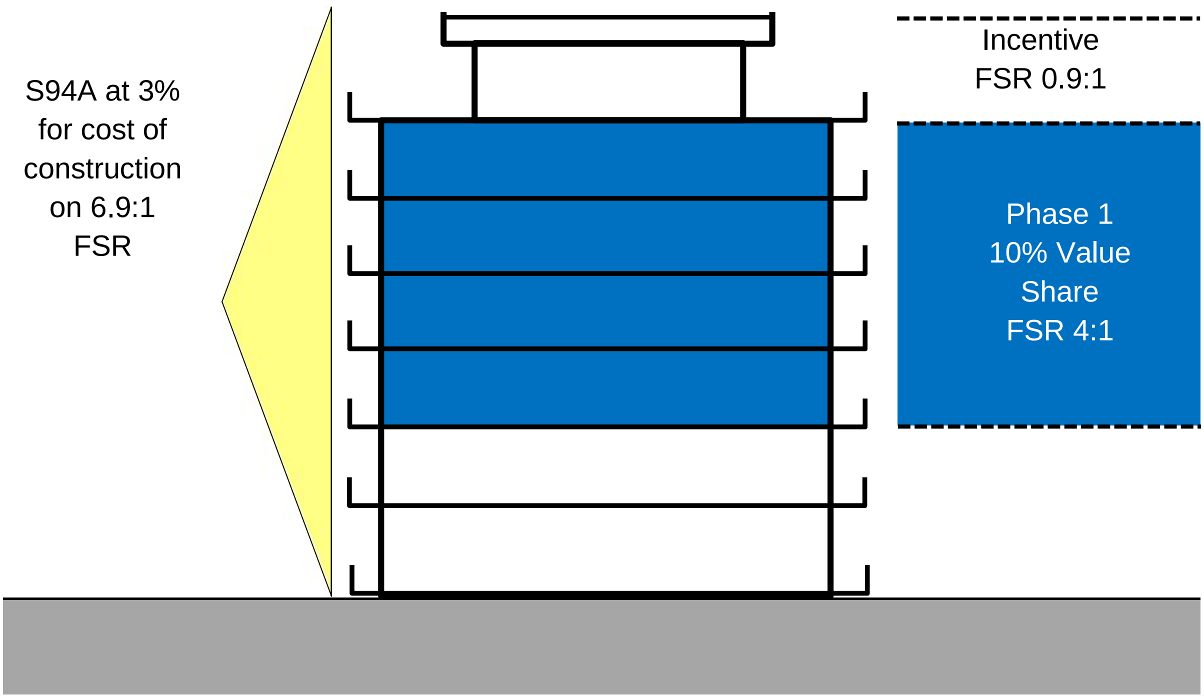
DEVELOPMENT SUMMARY	
IRR Before Interest	19.21%
Surplus	$17,075,557
% Surplus on D.C	16.06%
Max Loan Balance Debt/Equity	-$105,531,594
Debt/Equity	100.00%

Numbers bellow expressed in nearest $,000

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	Value Sharing	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	1,137	95	0	0	0	0	0	0	0	0	0	$1,232	0	$0	$0	$0	$0	$1,232	-$1,232	$0	-$1,232	1
Budget	Dec-15	2	11,027	95	0	0	0	0	0	0	0	74	0	$11,195	0	$0	$0	$0	$0	$11,195	-$11,195	-$6	-$12,434	2
Budget	Jan-16	3	0	95	353	0	0	0	0	0	0	74	0	$521	0	$0	$0	$0	$0	$521	-$521	-$65	-$13,020	3
Budget	Feb-16	4	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$68	-$13,257	4
Budget	Mar-16	5	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$69	-$13,494	5
Budget	Apr-16	6	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$70	-$13,733	6
Budget	May-16	7	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$72	-$13,974	7
Budget	Jun-16	8	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$73	-$14,215	8
Budget	Jul-16	9	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$74	-$14,458	9
Budget	Aug-16	10	0	95	0	0	0	0	0	0	235	74	0	$404	0	$0	$0	$0	$0	$404	-$404	-$75	-$14,937	10
Budget	Sep-16	11	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$78	-$15,184	11
Budget	Oct-16	12	0	95	0	137	3,684	0	0	0	0	74	145	$4,134	0	$0	$0	$0	$0	$4,134	-$4,134	-$79	-$19,397	12
Budget	Nov-16	13	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$101	-$23,496	13
Budget	Dec-16	14	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$122	-$27,616	14
Budget	Jan-17	15	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$144	-$31,757	15
Budget	Feb-17	16	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$165	-$35,920	16
Budget	Mar-17	17	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$187	-$40,104	17
Budget	Apr-17	18	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$209	-$44,311	18
Budget	May-17	19	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$231	-$48,539	19
Budget	Jun-17	20	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$253	-$52,789	20
Budget	Jul-17	21	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$275	-$57,062	21
Budget	Aug-17	22	0	95	0	0	3,684	0	0	0	235	74	145	$4,233	0	$0	$0	$0	$0	$4,233	-$4,233	-$297	-$61,592	22
Budget	Sep-17	23	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$321	-$65,910	23
Budget	Oct-17	24	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$343	-$70,251	24
Budget	Nov-17	25	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$366	-$74,614	25
Budget	Dec-17	26	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$389	-$79,000	26
Budget	Jan-18	27	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$411	-$83,409	27
Budget	Feb-18	28	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$434	-$87,841	28
Budget	Mar-18	29	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$458	-$92,296	29
Budget	Apr-18	30	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$481	-$96,774	30
Budget	May-18	31	0	95	0	0	3,684	3,309	0	1	0	74	0	$7,162	0	$0	$0	$0	$0	$7,162	-$7,162	-$504	-$104,441	31
Budget	Jun-18	32	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$544	-$104,985	32
Budget	Jul-18	33	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$547	-$105,532	33
Budget	Aug-18	34	0	0	0	0	0	0	0	0	235	0	0	$235	70	$137,767	$11,491	$2,884	$123,392	$235	$123,157	-$550	$17,076	34
Budget	Sep-18	35	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$17,076	35
Budget	Oct-18	36	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$17,076	36
			12,164	$2,947	$353	$137	$73,675	$3,309	$0	$1	$705	$2,210	$2,755	$98,256	70	$137,767	$11,491	$2,884	$123,392	$98,256	$25,136	-$8,060	$17,076	
			Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs		LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs		Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net	Monthly Interest		

2.3 Scenario B

Hypothetical development to achieve 6.9:1 FSR GFA outcome with application of S94A at 3% of cost of construction PLUS Value Sharing on Phase 1 (4:1 FSR GFA) at 10%. In this scenario, the draft CBD Planning Proposal intends to increase the FSR from the current 2:1 control to a proposed 6:1 FSR, resulting in an FSR uplift of 4:1.



Scenario B - S94A Levy 3% PLUS Value Sharing @ 10% of 4:1 GFA of CBD Strategy

Summary Sheet

SITE DETAILS	
Address	Representative
Floor Space Ratio	6.9
Land Area	3,000
Site Value	66,110
Number of Dwellings	172

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$696,802	$137,766,667
GST	66,805	11,490,515
Less Selling Costs	16,769	2,884,333
NET REVENUE	$717,394	$123,391,818

COSTS		
Land (including acquisition costs)	66,110	11,371,000
Acquisition costs	4,610	792,841
Construction	428,343	73,675,042
Consultants	17,134	2,947,002
Section 94A - Commercial	3,125	537,500
Section 94A - Residential	9,699	1,668,251
Value Sharing Contribution	5,616	966,000
Statutory Fees & Contributions	6,953	1,195,883
On Costs	12,850	2,210,251
Marketing	16,019	2,755,333
Cost before Interest	564,844	97,153,104
Finance (incl Loan Est Fees)	46,850	8,058,132
TOTAL DEVELOPMENT COSTS	611,693	$105,211,236
TOTAL PROJECT SURPLUS	16.4%	$17,214,583
PROJECT IRR BEFORE INTEREST	19.3%	

Scenario B - S94A Levy 3% PLUS Value Sharing @ 10% of 4:1 GFA of CBD Strategy

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	6.9	:1
Achievable FSR	20,700	m2
Land Area	3,000	m2
Site Value	66,110	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS					
Cost Items			**Cost ($)**	**Period Commencing (month)**	**Term (months)**
LAND					
Land Purchase			**11,371,000**		
Loan Establishment Costs			**16,583**		
Stamp Duty			**736,460**		
Legals	**0.4%**		**39,799**		
LAND ACQUISITION COSTS - Deposit			**1,137,100**	1	1
LAND ACQUISITION COSTS - Settlement			**11,026,741**	2	1
CONSTRUCTION COSTS			**73,675,042**	12	20
PROFESSIONAL FEES	**4%**	**const costs**	**2,947,002**	1	31
APPLICATION FEES					
DA Fees			**352,527**	3	1
CC Fees			**136,966**	12	1
Section 94			**2,205,751**	31	1
Value Sharing			**966,000**	31	1
LPI Fees			**1,321**	31	1
LAND TAX/RATES					
Land Tax/Rates	**Year 1**		**235,023**	10	1
Land Tax/Rates	**Year 2**		**235,023**	22	1
Land Tax/Rates	**Year 3**		**235,023**	34	1
ONCOSTS		**3.0% construction cost**	**2,210,251**	2	30
MARKETING		**2% gross revenue**	**2,755,333**	12	19
		TOTAL COST	**98,119,104**		

UNIT MIX AND SALES									
Unit Type	**No.**	**Dwelling Floor Space m2**	**Total FSR+15%**	**Car Parking**	**Basement Parking Yes**	**Price ($)**	**Total ($)**	**Actual Mix**	**Preferred Mix**
NON RESIDENTIAL									
Retail		**2,500**	**2,500**	83	Yes	10,416,667	10,416,667		
Commercial		**2,500**	**2,500**	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	29	60	2,001	29	Yes	590,000	17,110,000	17%	15%
2 bedroom	131	80	12,052	131	Yes	700,000	91,700,000	76%	75%
3 bedroom	12	120	1,656	12	Yes	920,000	11,040,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	**172**		**20,709**	**280**	**Yes**		**137,766,667**	**100%**	**100%**
Average m2/unit	**79**								
ADDITIONAL INCLUSIONS									
Other visitor parking				34					
TOTAL YIELD	**172**		**20,709**	**315**			**137,766,667**		
		FSR	**6.9**						
		Target Floorspace	**20,700**						

Scenario B - S94A Levy 3% PLUS Value Sharing @ 10% of 4:1 GFA of CBD Strategy

Calculations

REVENUE		
GROSS REVENUE		137,766,667
GST		11,490,515
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	2,755,333
Legals (On Settlement)	$750 per lot	129,000
TOTAL - SELLING COSTS		2,884,333
NET REVENUE		123,391,818

STAMP DUTY		
LAND VALUE THRESHOLD		TAX
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	736,460
	TOTAL	736,460

CONSTRUCTION COSTS				
Build Costs	Rates $/m2	FSR +15%	UG Parking 50,000	Grade Parking
Apartments	2,850	44,770,650	8,600,000	
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			1,720,000	0
ESD Costs	0	0		
Design Comp		150,000		
Design Cost	25	517,725		
TOTALS		57,938,375	15,736,667	0
TOTAL CONSTRUCTION COST				73,675,042

CONTRIBUTIONS		
SECTION 94A		3.0%
COSTS		
Retail	10,416,667	$312,500
Commercial	7,500,000	$225,000
Residential	55,608,375	$1,668,251
TOTAL VALUE	73,525,042	
TOTAL CONTRIBUTION		$2,205,751

CAR PARKING	
Unit Type	No. Spaces
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		94,665
LSL	0.35%	257,863
TOTAL DA FEES		352,527

RATES	
Council Rates	24,979
Land Tax	210,044
TOTAL RATES	235,023

LPI FEES			
Strata	Base Fee	Per Dwg fee	
	1,321	132	
TOTAL LPI FEES			1,321

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	136,966
TOTAL CC FEES	136,966

VALUE SHARING		
GFA Element	GFA	Base Value
4:1 CBD Strategy	12,000	$9,660,000
3:1 Above Strategy	0	$0
Calculation		
Rate/additional m2 GFA		$805
CBD Strategy Rate		10%
Above CBD Strategy Rate		0%
TOTAL CONTRIBUTION		$966,000

Scenario B - S94A Levy 3% PLUS Value Sharing @ 10% of 4:1 GFA of CBD Strategy PLUS

Assumed Development Cashflow

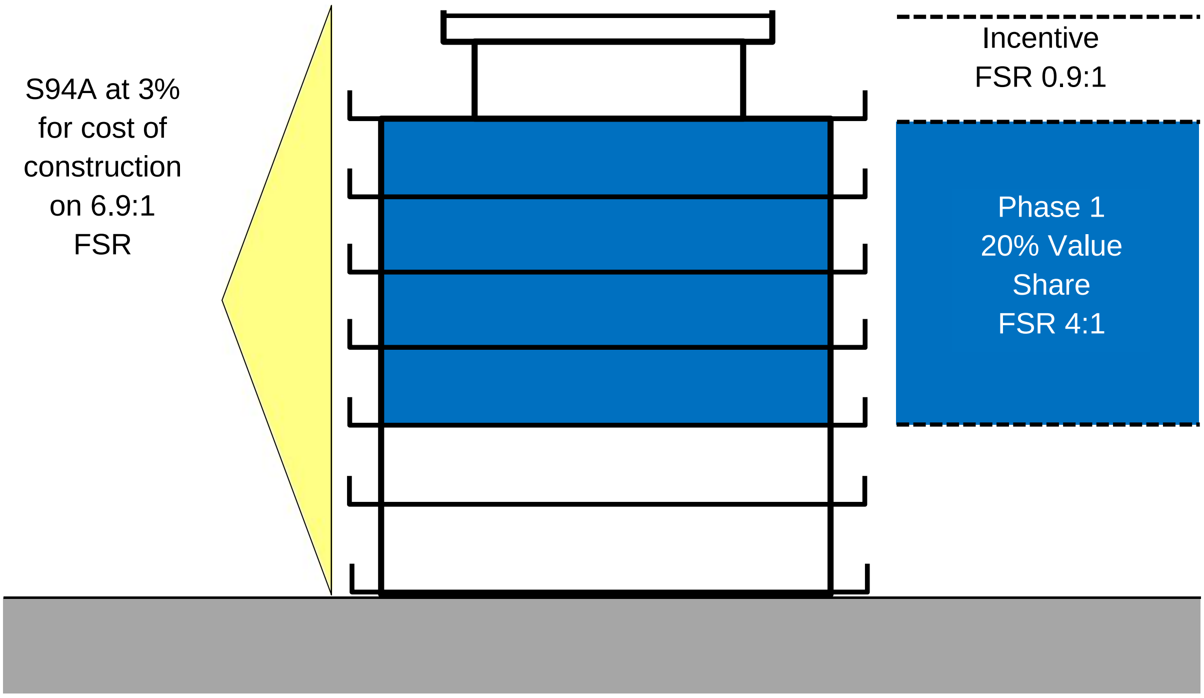
DEVELOPMENT SUMMARY	
IRR Before Interest	**19.31%**
Surplus	**$17,214,583**
% Surplus on D.C	**16.21%**
Max Loan Balance Debt/Equity	**-$105,393,289**
Debt/Equity	**100.00%**

Numbers bellow expressed in nearest $,000

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	Value Sharing	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	1,137	95	0	0	0	0	0	0	0	0	0	$1,232	0	$0	$0	$0	$0	$1,232	-$1,232	$0	-$1,232	1
Budget	Dec-15	2	11,027	95	0	0	0	0	0	0	0	74	0	$11,195	0	$0	$0	$0	$0	$11,195	-$11,195	-$6	-$12,434	2
Budget	Jan-16	3	0	95	353	0	0	0	0	0	0	74	0	$521	0	$0	$0	$0	$0	$521	-$521	-$65	-$13,020	3
Budget	Feb-16	4	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$68	-$13,257	4
Budget	Mar-16	5	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$69	-$13,494	5
Budget	Apr-16	6	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$70	-$13,733	6
Budget	May-16	7	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$72	-$13,974	7
Budget	Jun-16	8	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$73	-$14,215	8
Budget	Jul-16	9	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$74	-$14,458	9
Budget	Aug-16	10	0	95	0	0	0	0	0	0	235	74	0	$404	0	$0	$0	$0	$0	$404	-$404	-$75	-$14,937	10
Budget	Sep-16	11	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$78	-$15,184	11
Budget	Oct-16	12	0	95	0	137	3,684	0	0	0	0	74	145	$4,134	0	$0	$0	$0	$0	$4,134	-$4,134	-$79	-$19,397	12
Budget	Nov-16	13	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$101	-$23,496	13
Budget	Dec-16	14	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$122	-$27,616	14
Budget	Jan-17	15	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$144	-$31,757	15
Budget	Feb-17	16	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$165	-$35,920	16
Budget	Mar-17	17	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$187	-$40,104	17
Budget	Apr-17	18	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$209	-$44,311	18
Budget	May-17	19	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$231	-$48,539	19
Budget	Jun-17	20	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$253	-$52,789	20
Budget	Jul-17	21	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$275	-$57,062	21
Budget	Aug-17	22	0	95	0	0	3,684	0	0	0	235	74	145	$4,233	0	$0	$0	$0	$0	$4,233	-$4,233	-$297	-$61,592	22
Budget	Sep-17	23	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$321	-$65,910	23
Budget	Oct-17	24	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$343	-$70,251	24
Budget	Nov-17	25	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$366	-$74,614	25
Budget	Dec-17	26	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$389	-$79,000	26
Budget	Jan-18	27	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$411	-$83,409	27
Budget	Feb-18	28	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$434	-$87,841	28
Budget	Mar-18	29	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$458	-$92,296	29
Budget	Apr-18	30	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$481	-$96,774	30
Budget	May-18	31	0	95	0	0	3,684	2,206	966	1	0	74	0	$7,026	0	$0	$0	$0	$0	$7,026	-$7,026	-$504	-$104,304	31
Budget	Jun-18	32	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$543	-$104,847	32
Budget	Jul-18	33	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$546	-$105,393	33
Budget	Aug-18	34	0	0	0	0	0	0	0	0	235	0	0	$235	70	$137,767	$11,491	$2,884	$123,392	$235	$123,157	-$549	$17,215	34
Budget	Sep-18	35	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$17,215	35
Budget	Oct-18	36	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$17,215	36
			12,164	**$2,947**	**$353**	**$137**	**$73,675**	**$2,206**	**$966**	**$1**	**$705**	**$2,210**	**$2,755**	**$98,119**	**70**	**$137,767**	**$11,491**	**$2,884**	**$123,392**	**$98,119**	**$25,273**	**-$8,058**	**$17,215**	
			Land	**Professional Fees**	**DA Fees**	**CC Fees**	**Construction Costs**	**Section 94 Costs**		**LPI Fess**	**Statuory Costs**	**Oncosts**	**Marketing**	**Total Costs**		**Gross Revenue**	**GST**	**Selling Costs**	**Net Revenue**	**Monthly Outlays**	**Net**	**Monthly Interest**		

2.4 Scenario C

Hypothetical development to achieve 6.9:1 FSR GFA outcome with application of S94A at 3% of cost of construction PLUS Value Sharing on Phase 1 (4:1 FSR GFA) at 20%. In this scenario, the draft CBD Planning Proposal intends to increase the FSR from the current 2:1 control to a proposed 6:1 FSR, resulting in an FSR uplift of 4:1.



Scenario C - S94A Levy 3% PLUS Value Sharing @ 20% of 4:1 GFA of CBD Strategy

Summary Sheet

SITE DETAILS	
Address	Representative
Floor Space Ratio	6.9
Land Area	3,000
Site Value	66,110
Number of Dwellings	172

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$696,802	$137,766,667
GST	66,805	11,490,515
Less Selling Costs	16,769	2,884,333
NET REVENUE	$717,394	$123,391,818
COSTS		
Land (including acquisition costs)	66,110	11,371,000
Acquisition costs	4,610	792,841
Construction	428,343	73,675,042
Consultants	17,134	2,947,002
Section 94A - Commercial	3,125	537,500
Section 94A - Residential	9,699	1,668,251
Value Sharing Contribution	11,233	1,932,000
Statutory Fees & Contributions	6,953	1,195,883
On Costs	12,850	2,210,251
Marketing	16,019	2,755,333
Cost before Interest	564,844	97,153,104
Finance (incl Loan Est Fees)	46,938	8,073,304
TOTAL DEVELOPMENT COSTS	611,781	$105,226,408
TOTAL PROJECT SURPLUS	15.4%	$16,233,410
PROJECT IRR BEFORE INTEREST	18.6%	

Scenario C - S94A Levy 3% PLUS Value Sharing @ 20% of 4:1 GFA of CBD Strategy

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	6.9	:1
Achievable FSR	20,700	m2
Land Area	3,000	m2
Site Value	66,110	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS					
Cost Items			Cost ($)	Period Commencing (month)	Term (months)
LAND					
Land Purchase			11,371,000		
Loan Establishment Costs			16,583		
Stamp Duty			736,460		
Legals	0.4%		39,799		
LAND ACQUISITION COSTS - Deposit			1,137,100	1	1
LAND ACQUISITION COSTS - Settlement			11,026,741	2	1
CONSTRUCTION COSTS			73,675,042	12	20
PROFESSIONAL FEES	4%	const costs	2,947,002	1	31
APPLICATION FEES					
DA Fees			352,527	3	1
CC Fees			136,966	12	1
Section 94			2,205,751	31	1
Value Sharing			1,932,000	31	1
LPI Fees			1,321	31	1
LAND TAX/RATES					
Land Tax/Rates	Year 1		235,023	10	1
Land Tax/Rates	Year 2		235,023	22	1
Land Tax/Rates	Year 3		235,023	34	1
ONCOSTS		3.0% construction cost	2,210,251	2	30
MARKETING		2% gross revenue	2,755,333	12	19
		TOTAL COST	**99,085,104**		

UNIT MIX AND SALES									
Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	29	60	2,001	29	Yes	590,000	17,110,000	17%	15%
2 bedroom	131	80	12,052	131	Yes	700,000	91,700,000	76%	75%
3 bedroom	12	120	1,656	12	Yes	920,000	11,040,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	**172**		**20,709**	**280**	**Yes**		**137,766,667**	**100%**	**100%**
Average m2/unit	79								
ADDITIONAL INCLUSIONS									
Other visitor parking				34					
TOTAL YIELD	**172**		**20,709**	**315**			**137,766,667**		
		FSR	6.9						
		Target Floorspace	20,700						

Scenario C - S94A Levy 3% PLUS Value Sharing @ 20% of 4:1 GFA of CBD Strategy

Calculations

REVENUE		
GROSS REVENUE		**137,766,667**
GST		**11,490,515**
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	2,755,333
Legals (On Settlement)	$750 per lot	129,000
TOTAL - SELLING COSTS		**2,884,333**
NET REVENUE		**123,391,818**

STAMP DUTY		
LAND VALUE THRESHOLD		**TAX**
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	736,460
	TOTAL	**736,460**

CONSTRUCTION COSTS				
Build Costs	**Rates $/m2**	**FSR +15%**	**UG Parking 50,000**	**Grade Parking**
Apartments	2,850	44,770,650	8,600,000	
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			1,720,000	0
ESD Costs	0	0		
Design Comp		150,000		
Design Cost	25	517,725		
TOTALS		**57,938,375**	**15,736,667**	**0**
TOTAL CONSTRUCTION COST				**73,675,042**

CONTRIBUTIONS		
SECTION 94A		**3.0%**
COSTS		
Retail	10,416,667	$312,500
Commercial	7,500,000	$225,000
Residential	55,608,375	$1,668,251
TOTAL VALUE	**73,525,042**	
TOTAL CONTRIBUTION		**$2,205,751**

CAR PARKING	
Unit Type	**No. Spaces**
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		94,665
LSL	**0.35%**	**257,863**
TOTAL DA FEES		**352,527**

RATES	
Council Rates	24,979
Land Tax	210,044
TOTAL RATES	**235,023**

LPI FEES			
Strata	Base Fee	Per Dwg fee	
	1,321	132	
TOTAL LPI FEES			**1,321**

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	136,966
TOTAL CC FEES	**136,966**

VALUE SHARING		
GFA Element	**GFA**	**Base Value**
4:1 CBD Strategy	12,000	$9,660,000
3:1 Above Strategy	0	$0
Calculation		
Rate/additional m2 GFA		$805
CBD Strategy Rate		20%
Above CBD Strategy Rate		0%
TOTAL CONTRIBUTION		**$1,932,000**

Scenario C - S94A Levy 3% PLUS Value Sharing @ 20% of 4:1 GFA of CBD Strategy

Assumed Development Cashflow

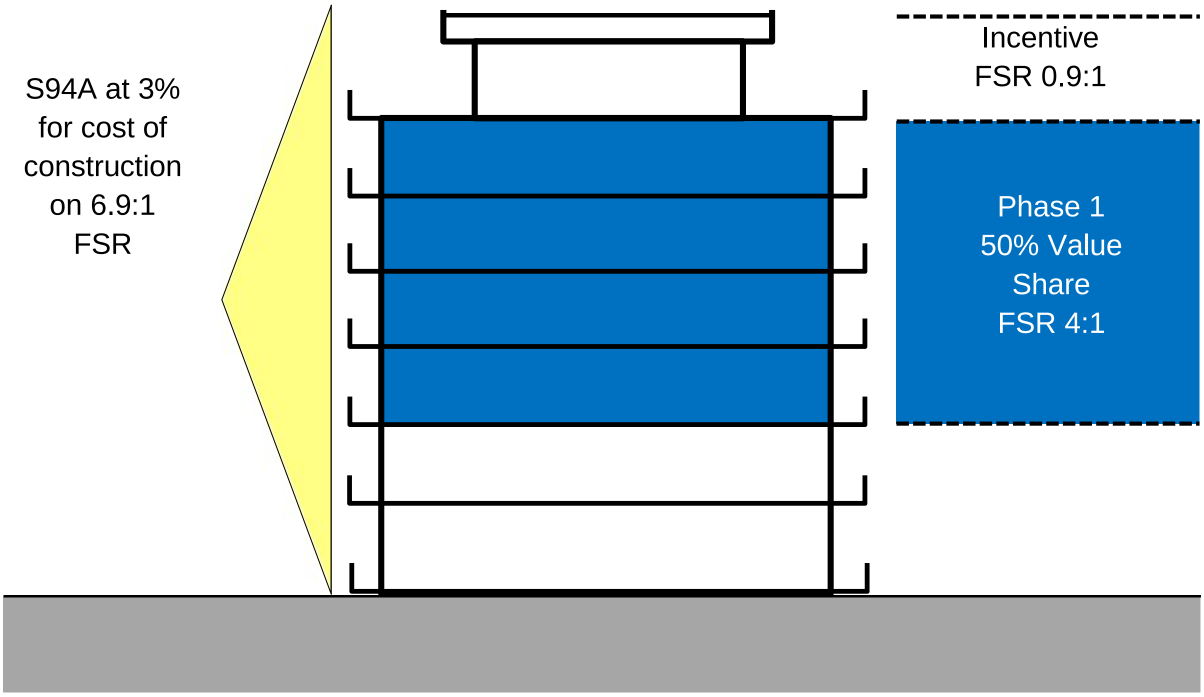
DEVELOPMENT SUMMARY	
IRR Before Interest	18.59%
Surplus	$16,233,410
% Surplus on D.C	15.15%
Max Loan Balance Debt/Equity	-$106,369,378
Debt/Equity	100.00%

Numbers bellow expressed in nearest $,000

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	Value Sharing	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	1,137	95	0	0	0	0	0	0	0	0	0	$1,232	0	$0	$0	$0	$0	$1,232	-$1,232	$0	-$1,232	1
Budget	Dec-15	2	11,027	95	0	0	0	0	0	0	0	74	0	$11,195	0	$0	$0	$0	$0	$11,195	-$11,195	-$6	-$12,434	2
Budget	Jan-16	3	0	95	353	0	0	0	0	0	0	74	0	$521	0	$0	$0	$0	$0	$521	-$521	-$65	-$13,020	3
Budget	Feb-16	4	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$68	-$13,257	4
Budget	Mar-16	5	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$69	-$13,494	5
Budget	Apr-16	6	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$70	-$13,733	6
Budget	May-16	7	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$72	-$13,974	7
Budget	Jun-16	8	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$73	-$14,215	8
Budget	Jul-16	9	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$74	-$14,458	9
Budget	Aug-16	10	0	95	0	0	0	0	0	0	235	74	0	$404	0	$0	$0	$0	$0	$404	-$404	-$75	-$14,937	10
Budget	Sep-16	11	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$78	-$15,184	11
Budget	Oct-16	12	0	95	0	137	3,684	0	0	0	0	74	145	$4,134	0	$0	$0	$0	$0	$4,134	-$4,134	-$79	-$19,397	12
Budget	Nov-16	13	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$101	-$23,496	13
Budget	Dec-16	14	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$122	-$27,616	14
Budget	Jan-17	15	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$144	-$31,757	15
Budget	Feb-17	16	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$165	-$35,920	16
Budget	Mar-17	17	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$187	-$40,104	17
Budget	Apr-17	18	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$209	-$44,311	18
Budget	May-17	19	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$231	-$48,539	19
Budget	Jun-17	20	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$253	-$52,789	20
Budget	Jul-17	21	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$275	-$57,062	21
Budget	Aug-17	22	0	95	0	0	3,684	0	0	0	235	74	145	$4,233	0	$0	$0	$0	$0	$4,233	-$4,233	-$297	-$61,592	22
Budget	Sep-17	23	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$321	-$65,910	23
Budget	Oct-17	24	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$343	-$70,251	24
Budget	Nov-17	25	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$366	-$74,614	25
Budget	Dec-17	26	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$389	-$79,000	26
Budget	Jan-18	27	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$411	-$83,409	27
Budget	Feb-18	28	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$434	-$87,841	28
Budget	Mar-18	29	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$458	-$92,296	29
Budget	Apr-18	30	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$481	-$96,774	30
Budget	May-18	31	0	95	0	0	3,684	2,206	1,932	1	0	74	0	$7,992	0	$0	$0	$0	$0	$7,992	-$7,992	-$504	-$105,270	31
Budget	Jun-18	32	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$548	-$105,818	32
Budget	Jul-18	33	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$551	-$106,369	33
Budget	Aug-18	34	0	0	0	0	0	0	0	0	235	0	0	$235	70	$137,767	$11,491	$2,884	$123,392	$235	$123,157	-$554	$16,233	34
Budget	Sep-18	35	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$16,233	35
Budget	Oct-18	36	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$16,233	36
			12,164	$2,947	$353	$137	$73,675	$2,206	$1,932	$1	$705	$2,210	$2,755	$99,085	70	$137,767	$11,491	$2,884	$123,392	$99,085	$24,307	-$8,073	$16,233	
			Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs		LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs		Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net	Monthly Interest		

2.5 Scenario D

Hypothetical development to achieve 6.9:1 FSR GFA outcome with application of S94A at 3% of cost of construction PLUS Value Sharing on Phase 1 (4:1 FSR GFA) at 50%. In this scenario, the draft CBD Planning Proposal intends to increase the FSR from the current 2:1 control to a proposed 6:1 FSR, resulting in an FSR uplift of 4:1.



Scenario D - S94A Levy 3% PLUS Value Sharing @ 50% of 4:1 GFA of CBD Strategy

Summary Sheet

SITE DETAILS	
Address	Representative
Floor Space Ratio	6.9
Land Area	3,000
Site Value	66,110
Number of Dwellings	172

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$696,802	$137,766,667
GST	66,805	11,490,515
Less Selling Costs	16,769	2,884,333
NET REVENUE	$717,394	$123,391,818
COSTS		
Land (including acquisition costs)	66,110	11,371,000
Acquisition costs	4,610	792,841
Construction	428,343	73,675,042
Consultants	17,134	2,947,002
Section 94A - Commercial	3,125	537,500
Section 94A - Residential	9,699	1,668,251
Value Sharing Contribution	28,081	4,830,000
Statutory Fees & Contributions	6,953	1,195,883
On Costs	12,850	2,210,251
Marketing	16,019	2,755,333
Cost before Interest	564,844	97,153,104
Finance (incl Loan Est Fees)	47,202	8,118,822
TOTAL DEVELOPMENT COSTS	612,046	$105,271,926
TOTAL PROJECT SURPLUS	12.6%	$13,289,893
PROJECT IRR BEFORE INTEREST	16.4%	

Scenario D - S94A Levy 3% PLUS Value Sharing @ 50% of 4:1 GFA of CBD Strategy

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	6.9	:1
Achievable FSR	20,700	m2
Land Area	3,000	m2
Site Value	66,110	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS					
Cost Items			Cost ($)	Period Commencing (month)	Term (months)
LAND					
Land Purchase			11,371,000		
Loan Establishment Costs			16,583		
Stamp Duty			736,460		
Legals	0.4%		39,799		
LAND ACQUISITION COSTS - Deposit			1,137,100	1	1
LAND ACQUISITION COSTS - Settlement			11,026,741	2	1
CONSTRUCTION COSTS			73,675,042	12	20
PROFESSIONAL FEES	4%	const costs	2,947,002	1	31
APPLICATION FEES					
DA Fees			352,527	3	1
CC Fees			136,966	12	1
Section 94			2,205,751	31	1
Value Sharing			4,830,000	31	1
LPI Fees			1,321	31	1
LAND TAX/RATES					
Land Tax/Rates	Year 1		235,023	10	1
Land Tax/Rates	Year 2		235,023	22	1
Land Tax/Rates	Year 3		235,023	34	1
ONCOSTS	3.0% construction cost		2,210,251	2	30
MARKETING	2% gross revenue		2,755,333	12	19
		TOTAL COST	**101,983,104**		

UNIT MIX AND SALES									
Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	29	60	2,001	29	Yes	590,000	17,110,000	17%	15%
2 bedroom	131	80	12,052	131	Yes	700,000	91,700,000	76%	75%
3 bedroom	12	120	1,656	12	Yes	920,000	11,040,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	**172**		**20,709**	**280**	**Yes**		**137,766,667**	**100%**	**100%**
Average m2/unit	79								
ADDITIONAL INCLUSIONS									
Other visitor parking				34					
TOTAL YIELD	**172**		**20,709**	**315**			**137,766,667**		
		FSR	6.9						
		Target Floorspace	20,700						

Scenario D - S94A Levy 3% PLUS Value Sharing @ 50% of 4:1 GFA of CBD Strategy

Calculations

REVENUE		
GROSS REVENUE		**137,766,667**
GST		**11,490,515**
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	2,755,333
Legals (On Settlement)	$750 per lot	129,000
TOTAL - SELLING COSTS		**2,884,333**
NET REVENUE		**123,391,818**

STAMP DUTY		
LAND VALUE THRESHOLD		**TAX**
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	736,460
	TOTAL	**736,460**

CONSTRUCTION COSTS				
Build Costs	**Rates $/m2**	**FSR +15%**	**UG Parking 50,000**	**Grade Parking**
Apartments	2,850	44,770,650	8,600,000	
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			1,720,000	0
ESD Costs	0	0		
Design Comp		150,000		
Design Cost	25	517,725		
TOTALS		**57,938,375**	**15,736,667**	**0**
TOTAL CONSTRUCTION COST				**73,675,042**

CONTRIBUTIONS		
SECTION 94A		**3.0%**
COSTS		
Retail	10,416,667	$312,500
Commercial	7,500,000	$225,000
Residential	55,608,375	$1,668,251
TOTAL VALUE	**73,525,042**	
TOTAL CONTRIBUTION		**$2,205,751**

CAR PARKING	
Unit Type	**No. Spaces**
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		94,665
LSL	**0.35%**	**257,863**
TOTAL DA FEES		**352,527**

RATES	
Council Rates	24,979
Land Tax	210,044
TOTAL RATES	**235,023**

LPI FEES			
Strata	Base Fee	Per Dwg fee	
	1,321	132	
TOTAL LPI FEES			**1,321**

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	136,966
TOTAL CC FEES	**136,966**

VALUE SHARING		
GFA Element	**GFA**	**Base Value**
4:1 CBD Strategy	12,000	$9,660,000
3:1 Above Strategy	0	$0
Calculation		
Rate/additional m2 GFA		$805
CBD Strategy Rate		50%
Above CBD Strategy Rate		0%
TOTAL CONTRIBUTION		**$4,830,000**

Scenario D - S94A Levy 3% PLUS Value Sharing @ 50% of 4:1 GFA of CBD Strategy

Assumed Development Cashflow

DEVELOPMENT SUMMARY	
IRR Before Interest	16.40%
Surplus	$13,289,893
% Surplus on D.C	12.07%
Max Loan Balance Debt/Equity	-$109,297,644
Debt/Equity	100.00%

Numbers bellow expressed in nearest $,000

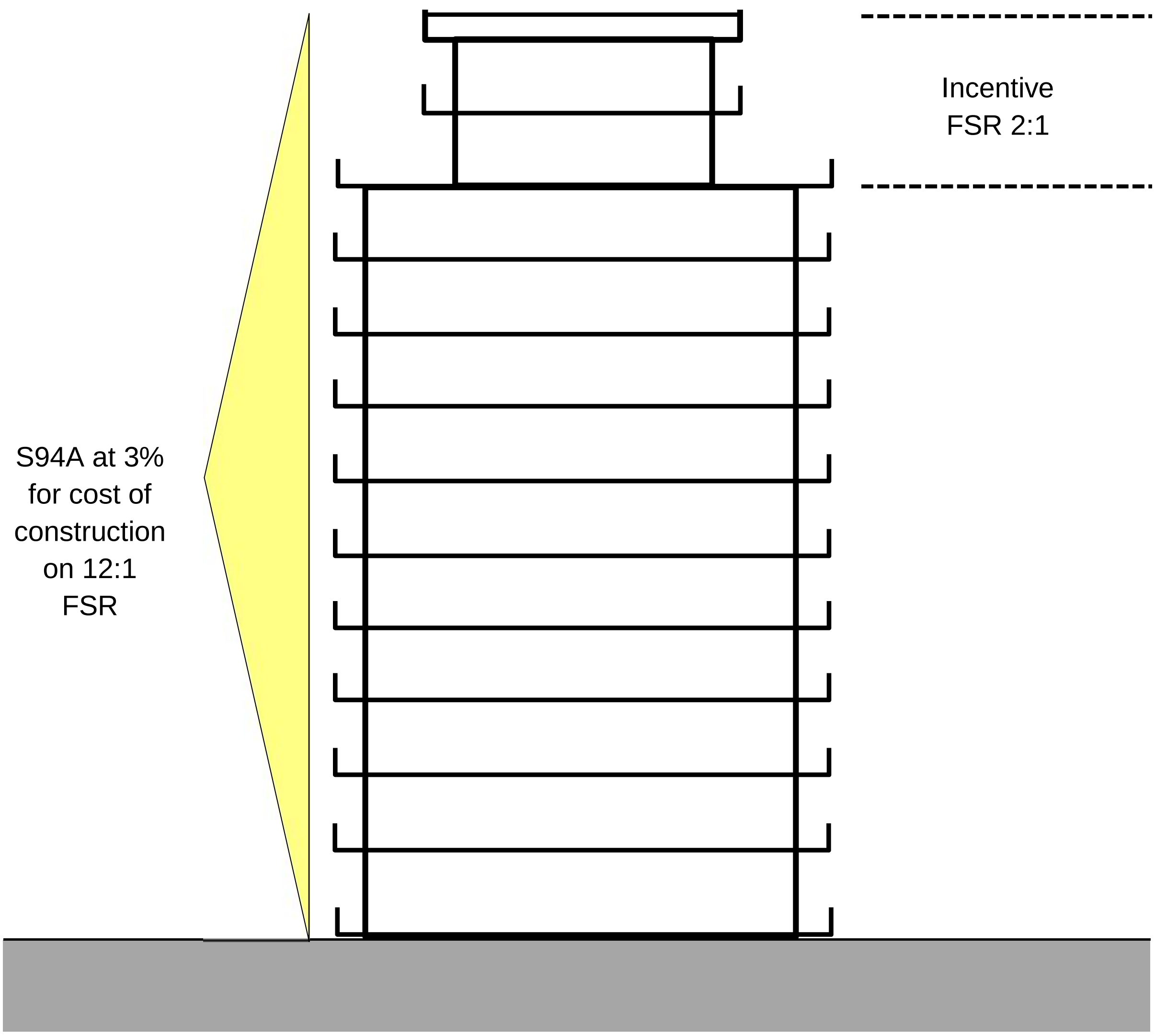
Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	Value Sharing	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	1,137	95	0	0	0	0	0	0	0	0	0	$1,232	0	$0	$0	$0	$0	$1,232	-$1,232	$0	-$1,232	1
Budget	Dec-15	2	11,027	95	0	0	0	0	0	0	0	74	0	$11,195	0	$0	$0	$0	$0	$11,195	-$11,195	-$6	-$12,434	2
Budget	Jan-16	3	0	95	353	0	0	0	0	0	0	74	0	$521	0	$0	$0	$0	$0	$521	-$521	-$65	-$13,020	3
Budget	Feb-16	4	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$68	-$13,257	4
Budget	Mar-16	5	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$69	-$13,494	5
Budget	Apr-16	6	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$70	-$13,733	6
Budget	May-16	7	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$72	-$13,974	7
Budget	Jun-16	8	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$73	-$14,215	8
Budget	Jul-16	9	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$74	-$14,458	9
Budget	Aug-16	10	0	95	0	0	0	0	0	0	235	74	0	$404	0	$0	$0	$0	$0	$404	-$404	-$75	-$14,937	10
Budget	Sep-16	11	0	95	0	0	0	0	0	0	0	74	0	$169	0	$0	$0	$0	$0	$169	-$169	-$78	-$15,184	11
Budget	Oct-16	12	0	95	0	137	3,684	0	0	0	0	74	145	$4,134	0	$0	$0	$0	$0	$4,134	-$4,134	-$79	-$19,397	12
Budget	Nov-16	13	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$101	-$23,496	13
Budget	Dec-16	14	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$122	-$27,616	14
Budget	Jan-17	15	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$144	-$31,757	15
Budget	Feb-17	16	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$165	-$35,920	16
Budget	Mar-17	17	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$187	-$40,104	17
Budget	Apr-17	18	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$209	-$44,311	18
Budget	May-17	19	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$231	-$48,539	19
Budget	Jun-17	20	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$253	-$52,789	20
Budget	Jul-17	21	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$275	-$57,062	21
Budget	Aug-17	22	0	95	0	0	3,684	0	0	0	235	74	145	$4,233	0	$0	$0	$0	$0	$4,233	-$4,233	-$297	-$61,592	22
Budget	Sep-17	23	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$321	-$65,910	23
Budget	Oct-17	24	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$343	-$70,251	24
Budget	Nov-17	25	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$366	-$74,614	25
Budget	Dec-17	26	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$389	-$79,000	26
Budget	Jan-18	27	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$411	-$83,409	27
Budget	Feb-18	28	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$434	-$87,841	28
Budget	Mar-18	29	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$458	-$92,296	29
Budget	Apr-18	30	0	95	0	0	3,684	0	0	0	0	74	145	$3,998	0	$0	$0	$0	$0	$3,998	-$3,998	-$481	-$96,774	30
Budget	May-18	31	0	95	0	0	3,684	2,206	4,830	1	0	74	0	$10,890	0	$0	$0	$0	$0	$10,890	-$10,890	-$504	-$108,168	31
Budget	Jun-18	32	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$563	-$108,731	32
Budget	Jul-18	33	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$566	-$109,298	33
Budget	Aug-18	34	0	0	0	0	0	0	0	0	235	0	0	$235	70	$137,767	$11,491	$2,884	$123,392	$235	$123,157	-$569	$13,290	34
Budget	Sep-18	35	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$13,290	35
Budget	Oct-18	36	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$13,290	36
			12,164	$2,947	$353	$137	$73,675	$2,206	$4,830	$1	$705	$2,210	$2,755	$101,983	70	$137,767	$11,491	$2,884	$123,392	$101,983	$21,409	-$8,119	$13,290	
			Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs		LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs		Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net	Monthly Interest		

2.6 12:1 FSR Base Scenario

Hypothetical development to achieve 12:1 FSR GFA outcome with application of S94A at 3% of cost of construction. Whilst the draft Planning Proposal will typically apply a 10:1 FSR control over the majority of the CBD area, it will also provide for additional incentive FSR of:

- 1.5:1 FSR for 'Design Excellence' that is required for any building in excess of 40 metres in height; and
- 0.5:1 for 'High Performance Buildings'.

Council considers it unlikely that developers will not choose to take up the additional FSR incentives given the likelihood that 10:1 developments would exceed the 40 metre height limit and that the costs of achieving their 'High Performance Building' criteria are not overly onerous and are offset by the increase in GFA permitted.



Base Scenario - S94A Levy 3% on 12:1 FSR GFA

Summary Sheet

SITE DETAILS	
Address	Representative
Floor Space Ratio	12.0
Land Area	3,000
Site Value	78,551
Number of Dwellings	338

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$698,047	$253,856,667
GST	61,137	20,664,210
Less Selling Costs	15,771	5,330,633
NET REVENUE	$674,147	$227,861,823
COSTS		
Land (including acquisition costs)	78,551	26,550,354
Acquisition costs	5,673	1,917,631
Construction	379,488	128,266,993
Consultants	15,180	5,130,680
Section 94A - Commercial	1,590	537,500
Section 94A - Residential	9,781	3,306,010
Value Sharing Contribution	0	0
Statutory Fees & Contributions	7,771	2,626,602
On Costs	11,385	3,848,010
Marketing	15,021	5,077,133
Cost before Interest	524,441	177,260,913
Finance (incl Loan Est Fees)	45,494	15,376,981
TOTAL DEVELOPMENT COSTS	569,935	$192,637,893
TOTAL PROJECT SURPLUS	18.3%	$35,223,930
PROJECT IRR BEFORE INTEREST	20.0%	

Base Scenario - S94A Levy 3% on 12:1 FSR GFA

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	12.0	:1
Achievable FSR	36,000	m2
Land Area	3,000	m2
Site Value	78,551	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS			
Cost Items	Cost ($)	Period Commencing (month)	Term (months)
LAND			
Land Purchase	26,550,354		
Loan Establishment Costs	25,690		
Stamp Duty	1,799,015		
Legals 0.4%	92,926		
LAND ACQUISITION COSTS - Deposit	2,655,035	1	1
LAND ACQUISITION COSTS - Settlement	25,812,950	2	1
CONSTRUCTION COSTS	128,266,993	12	20
PROFESSIONAL FEES 4% const costs	5,130,680	1	31
APPLICATION FEES			
DA Fees	608,563	3	1
CC Fees	236,224	12	1
Section 94	3,843,510	31	1
Value Sharing	0	31	1
LPI Fees	66,908	31	1
LAND TAX/RATES			
Land Tax/Rates Year 1	571,636	10	1
Land Tax/Rates Year 2	571,636	22	1
Land Tax/Rates Year 3	571,636	34	1
ONCOSTS 3.0% construction cost	3,848,010	2	30
MARKETING 2% gross revenue	5,077,133	12	19
TOTAL COST	177,260,913		

UNIT MIX AND SALES									
Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	56	60	3,864	56	Yes	590,000	33,040,000	17%	15%
2 bedroom	257	80	23,644	257	Yes	700,000	179,900,000	76%	75%
3 bedroom	25	120	3,450	25	Yes	920,000	23,000,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	338		35,958	446	Yes		253,856,667	100%	100%
Average m2/unit	80								
ADDITIONAL INCLUSIONS									
Other visitor parking				68					
TOTAL YIELD	338		35,958	514			253,856,667		

FSR	12.0
Target Floorspace	36,000

Base Scenario - S94A Levy 3% on 12:1 FSR GFA

Calculations

REVENUE		
GROSS REVENUE		**253,856,667**
GST		**20,664,210**
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	5,077,133
Legals (On Settlement)	$750 per lot	253,500
TOTAL - SELLING COSTS		**5,330,633**
NET REVENUE		**227,861,823**

STAMP DUTY		
LAND VALUE THRESHOLD		**TAX**
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	1,799,015
	TOTAL	**1,799,015**

CONSTRUCTION COSTS				
Build Costs	**Rates $/m2**	**FSR +15%**	**UG Parking 50,000**	**Grade Parking**
Apartments	2,850	88,230,300	16,900,000	
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			3,380,000	0
ESD Costs	22	791,076		
Design Comp		150,000		
Design Cost	25	898,950		
TOTALS		**102,570,326**	**25,696,667**	**0**
TOTAL CONSTRUCTION COST				**128,266,993**

CONTRIBUTIONS		
SECTION 94A		**3.0%**
COSTS		
Retail	10,416,667	$312,500
Commercial	7,500,000	$225,000
Residential	110,200,326	$3,306,010
TOTAL VALUE	**128,116,993**	
TOTAL CONTRIBUTION		**$3,843,510**

CAR PARKING	
Unit Type	**No. Spaces**
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		159,629
LSL	**0.35%**	**448,934**
TOTAL DA FEES		**608,563**

RATES	
Council Rates	58,004
Land Tax	513,631
TOTAL RATES	**571,636**

LPI FEES			
Strata	Base Fee	Per Dwg fee	
	1,321	132	
TOTAL LPI FEES			**66,908**

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	236,224
TOTAL CC FEES	**236,224**

VALUE SHARING		
GFA Element	**GFA**	**Base Value**
4:1 CBD Strategy	0	$0
3:1 Above Strategy	0	$0
Calculation		
Rate/additional m2 GFA		$805
CBD Strategy Rate		10%
Above CBD Strategy Rate		50%
TOTAL CONTRIBUTION		**$0**

Base Scenario - S94A Levy 3% on 12:1 FSR GFA

Assumed Development Cashflow

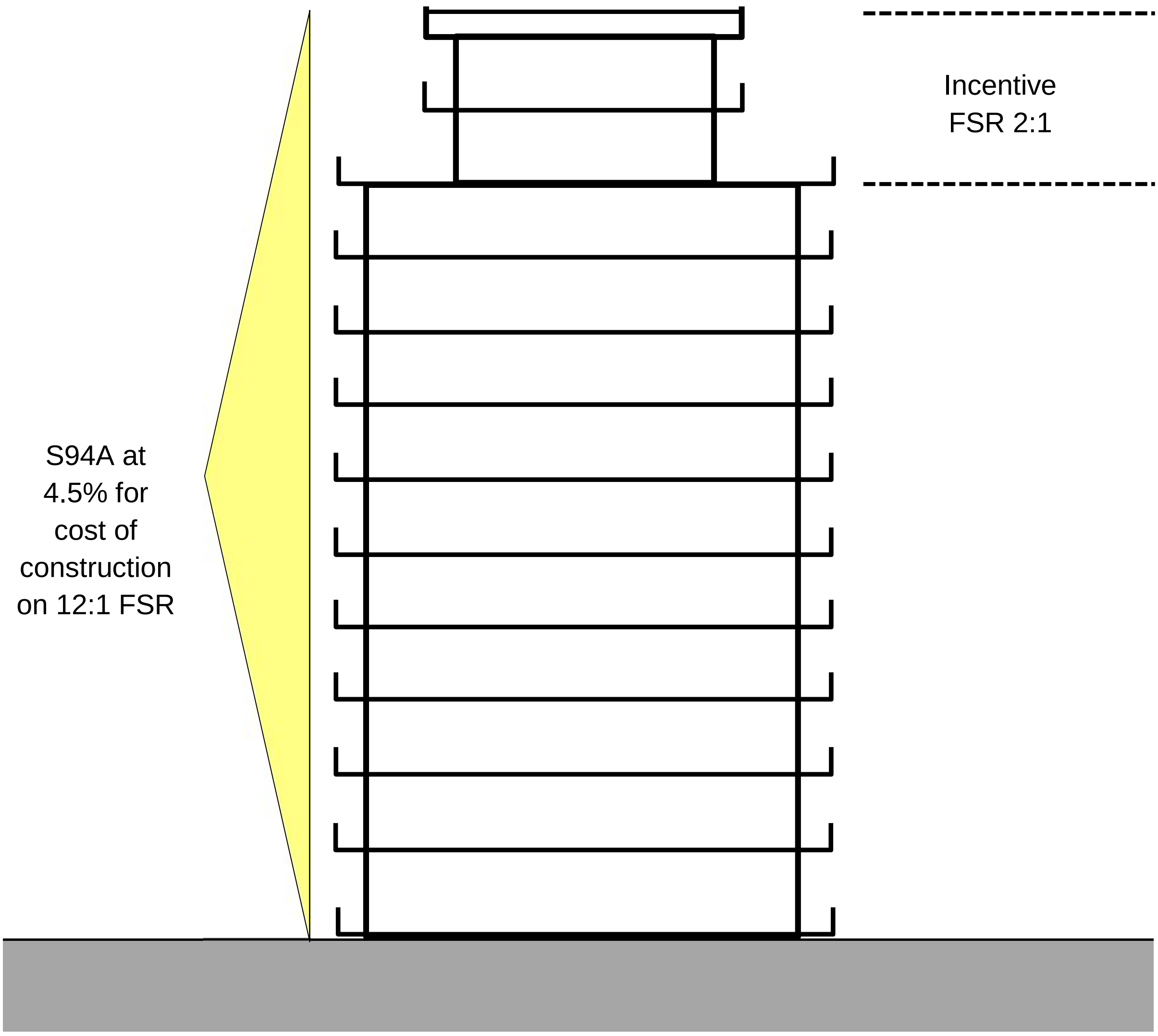
DEVELOPMENT SUMMARY	
IRR Before Interest	**20.10%**
Surplus	**$35,223,930**
% Surplus on D.C	**18.29%**
Max Loan Balance Debt/Equity	**-$191,071,096**
Debt/Equity	**100.00%**

Numbers bellow expressed in nearest $,000

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	Value Sharing	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	2,655	166	0	0	0	0	0	0	0	0	0	$2,821	0	$0	$0	$0	$0	$2,821	-$2,821	$0	-$2,821	1
Budget	Dec-15	2	25,813	166	0	0	0	0	0	0	0	128	0	$26,107	0	$0	$0	$0	$0	$26,107	-$26,107	-$15	-$28,942	2
Budget	Jan-16	3	0	166	609	0	0	0	0	0	0	128	0	$902	0	$0	$0	$0	$0	$902	-$902	-$151	-$29,995	3
Budget	Feb-16	4	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$156	-$30,445	4
Budget	Mar-16	5	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$159	-$30,897	5
Budget	Apr-16	6	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$161	-$31,352	6
Budget	May-16	7	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$163	-$31,809	7
Budget	Jun-16	8	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$166	-$32,269	8
Budget	Jul-16	9	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$168	-$32,730	9
Budget	Aug-16	10	0	166	0	0	0	0	0	0	572	128	0	$865	0	$0	$0	$0	$0	$865	-$865	-$170	-$33,766	10
Budget	Sep-16	11	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$176	-$34,236	11
Budget	Oct-16	12	0	166	0	236	6,413	0	0	0	0	128	267	$7,211	0	$0	$0	$0	$0	$7,211	-$7,211	-$178	-$41,625	12
Budget	Nov-16	13	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$217	-$48,816	13
Budget	Dec-16	14	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$254	-$56,045	14
Budget	Jan-17	15	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$292	-$63,311	15
Budget	Feb-17	16	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$330	-$70,615	16
Budget	Mar-17	17	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$368	-$77,957	17
Budget	Apr-17	18	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$406	-$85,337	18
Budget	May-17	19	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$444	-$92,756	19
Budget	Jun-17	20	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$483	-$100,214	20
Budget	Jul-17	21	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$522	-$107,710	21
Budget	Aug-17	22	0	166	0	0	6,413	0	0	0	572	128	267	$7,546	0	$0	$0	$0	$0	$7,546	-$7,546	-$561	-$115,817	22
Budget	Sep-17	23	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$603	-$123,394	23
Budget	Oct-17	24	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$643	-$131,011	24
Budget	Nov-17	25	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$682	-$138,668	25
Budget	Dec-17	26	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$722	-$146,365	26
Budget	Jan-18	27	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$762	-$154,101	27
Budget	Feb-18	28	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$803	-$161,878	28
Budget	Mar-18	29	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$843	-$169,696	29
Budget	Apr-18	30	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$884	-$177,554	30
Budget	May-18	31	0	166	0	0	6,413	3,844	0	67	0	128	0	$10,618	0	$0	$0	$0	$0	$10,618	-$10,618	-$925	-$189,096	31
Budget	Jun-18	32	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$985	-$190,081	32
Budget	Jul-18	33	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$990	-$191,071	33
Budget	Aug-18	34	0	0	0	0	0	0	0	0	572	0	0	$572	70	$253,857	$20,664	$5,331	$227,862	$572	$227,290	-$995	$35,224	34
Budget	Sep-18	35	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$35,224	35
Budget	Oct-18	36	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$35,224	36
			28,468	**$5,131**	**$609**	**$236**	**$128,267**	**$3,844**	**$0**	**$67**	**$1,715**	**$3,848**	**$5,077**	**$177,261**	**70**	**$253,857**	**$20,664**	**$5,331**	**$227,862**	**$177,261**	**$50,601**	**-$15,377**	**$35,224**	
			Land	**Professional Fees**	**DA Fees**	**CC Fees**	**Construction Costs**	**Section 94 Costs**		**LPI Fess**	**Statuory Costs**	**Oncosts**	**Marketing**	**Total Costs**		**Gross Revenue**	**GST**	**Selling Costs**	**Net Revenue**	**Monthly Outlays**	**Net**	**Monthly Interest**		

2.7 Scenario E

Hypothetical development to achieve 12:1 FSR GFA outcome with application of S94A at 4.5% of cost of construction.



Scenario E - S94A Levy 4.5% on 12:1 FSR GFA

Summary Sheet

SITE DETAILS	
Address	Representative
Floor Space Ratio	12.0
Land Area	3,000
Site Value	78,551
Number of Dwellings	338

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$698,047	$253,856,667
GST	61,137	20,664,210
Less Selling Costs	15,771	5,330,633
NET REVENUE	$674,147	$227,861,823
COSTS		
Land (including acquisition costs)	78,551	26,550,354
Acquisition costs	5,673	1,917,631
Construction	379,488	128,266,993
Consultants	15,180	5,130,680
Section 94A - Commercial	2,385	806,250
Section 94A - Residential	14,672	4,959,015
Value Sharing Contribution	0	0
Statutory Fees & Contributions	7,577	2,561,015
On Costs	11,385	3,848,010
Marketing	15,021	5,077,133
Cost before Interest	529,932	179,117,081
Finance (incl Loan Est Fees)	45,580	15,406,135
TOTAL DEVELOPMENT COSTS	575,512	$194,523,216
TOTAL PROJECT SURPLUS	17.1%	$33,338,608
PROJECT IRR BEFORE INTEREST	19.4%	

Scenario E - S94A Levy 4.5% on 12:1 FSR GFA

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	12.0	:1
Achievable FSR	36,000	m2
Land Area	3,000	m2
Site Value	78,551	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS					
Cost Items			**Cost ($)**	**Period Commencing (month)**	**Term (months)**
LAND					
Land Purchase			26,550,354		
Loan Establishment Costs			25,690		
Stamp Duty			1,799,015		
Legals	0.4%		92,926		
LAND ACQUISITION COSTS - Deposit			2,655,035	1	1
LAND ACQUISITION COSTS - Settlement			25,812,950	2	1
CONSTRUCTION COSTS			128,266,993	12	20
PROFESSIONAL FEES	4%	const costs	5,130,680	1	31
APPLICATION FEES					
DA Fees			608,563	3	1
CC Fees			236,224	12	1
Section 94			5,765,265	31	1
Value Sharing			0	31	1
LPI Fees			1,321	31	1
LAND TAX/RATES					
Land Tax/Rates	Year 1		571,636	10	1
Land Tax/Rates	Year 2		571,636	22	1
Land Tax/Rates	Year 3		571,636	34	1
ONCOSTS	3.0% construction cost		3,848,010	2	30
MARKETING	2% gross revenue		5,077,133	12	19
		TOTAL COST	**179,117,081**		

UNIT MIX AND SALES									
Unit Type	**No.**	**Dwelling Floor Space m2**	**Total FSR+15%**	**Car Parking**	**Basement Parking Yes**	**Price ($)**	**Total ($)**	**Actual Mix**	**Preferred Mix**
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	56	60	3,864	56	Yes	590,000	33,040,000	17%	15%
2 bedroom	257	80	23,644	257	Yes	700,000	179,900,000	76%	75%
3 bedroom	25	120	3,450	25	Yes	920,000	23,000,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	**338**		**35,958**	**446**	**Yes**		**253,856,667**	**100%**	**100%**
Average m2/unit	80								
ADDITIONAL INCLUSIONS									
Other visitor parking				68					
TOTAL YIELD	**338**		**35,958**	**514**			**253,856,667**		

FSR	12.0
Target Floorspace	36,000

Scenario E - S94A Levy 4.5% on 12:1 FSR GFA

Calculations

REVENUE		
GROSS REVENUE		**253,856,667**
GST		**20,664,210**
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	5,077,133
Legals (On Settlement)	$750 per lot	253,500
TOTAL - SELLING COSTS		**5,330,633**
NET REVENUE		**227,861,823**

STAMP DUTY		
LAND VALUE THRESHOLD		**TAX**
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	1,799,015
	TOTAL	**1,799,015**

CONSTRUCTION COSTS				
Build Costs	**Rates $/m2**	**FSR +15%**	**UG Parking 50,000**	**Grade Parking**
Apartments	2,850	88,230,300	16,900,000	
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			3,380,000	0
ESD Costs	22	791,076		
Design Comp		150,000		
Design Cost	25	898,950		
TOTALS		**102,570,326**	**25,696,667**	**0**
TOTAL CONSTRUCTION COST				**128,266,993**

CONTRIBUTIONS		
SECTION 94A		**4.5%**
COSTS		
Retail	10,416,667	$468,750
Commercial	7,500,000	$337,500
Residential	110,200,326	$4,959,015
TOTAL VALUE	**128,116,993**	
TOTAL CONTRIBUTION		**$5,765,265**

CAR PARKING	
Unit Type	**No. Spaces**
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		159,629
LSL	**0.35%**	**448,934**
TOTAL DA FEES		**608,563**

RATES	
Council Rates	58,004
Land Tax	513,631
TOTAL RATES	**571,636**

LPI FEES			
Strata	Base Fee	Per Dwg fee	
	1,321	132	
TOTAL LPI FEES			**1,321**

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	236,224
TOTAL CC FEES	**236,224**

VALUE SHARING		
GFA Element	**GFA**	**Base Value**
4:1 CBD Strategy	0	$0
3:1 Above Strategy	0	$0
Calculation		
Rate/additional m2 GFA		$0
CBD Strategy Rate		0%
Above CBD Strategy Rate		0%
TOTAL CONTRIBUTION		**$0**

Scenario E - S94A Levy 4.5% on 12:1 FSR GFA

Assumed Development Cashflow

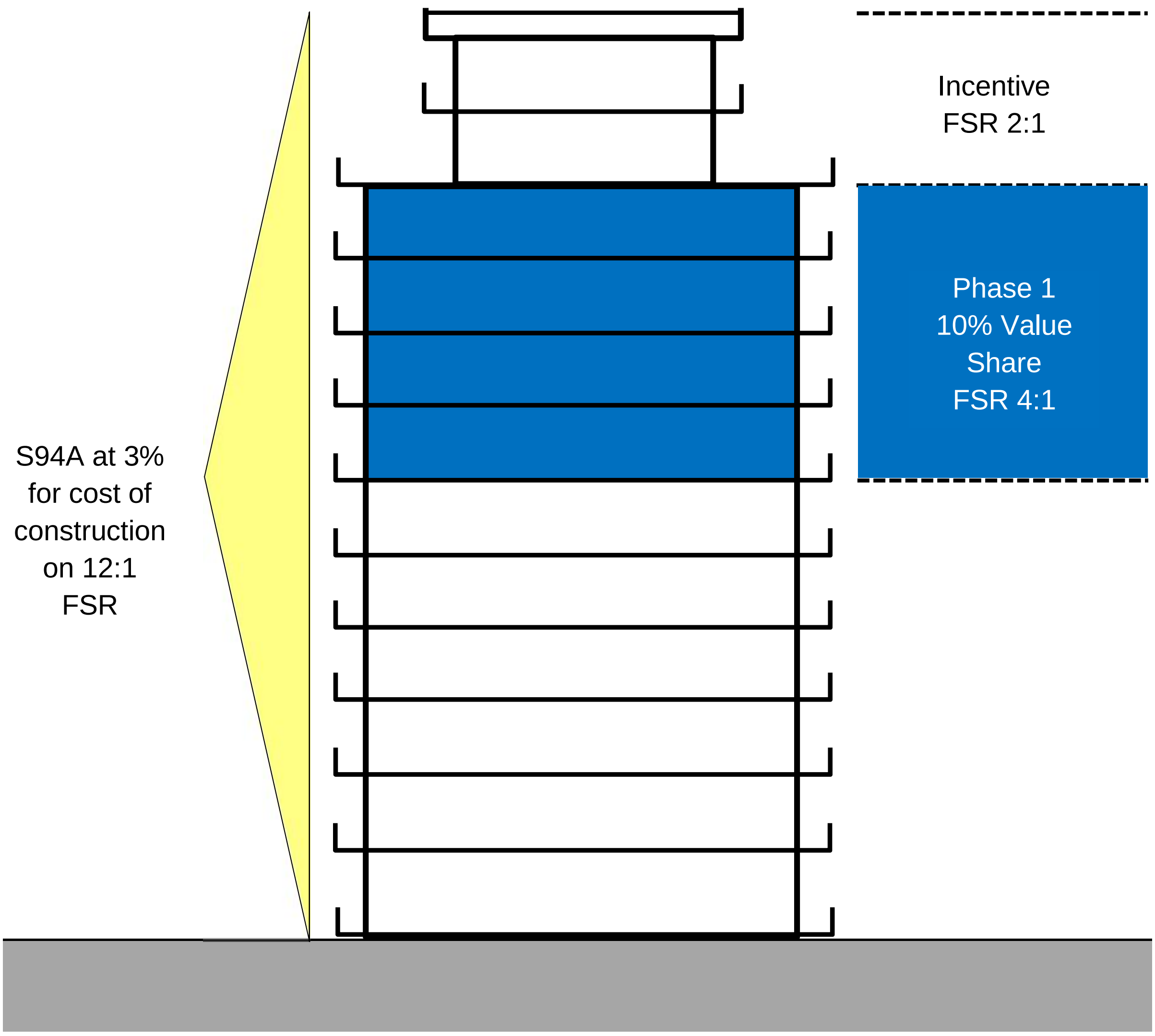
DEVELOPMENT SUMMARY	
IRR Before Interest	19.38%
Surplus	$33,338,608
% Surplus on D.C	17.14%
Max Loan Balance Debt/Equity	-$192,946,650
Debt/Equity	100.00%

Numbers bellow expressed in nearest $,000

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	Value Sharing	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	2,655	166	0	0	0	0	0	0	0	0	0	$2,821	0	$0	$0	$0	$0	$2,821	-$2,821	$0	-$2,821	1
Budget	Dec-15	2	25,813	166	0	0	0	0	0	0	0	128	0	$26,107	0	$0	$0	$0	$0	$26,107	-$26,107	-$15	-$28,942	2
Budget	Jan-16	3	0	166	609	0	0	0	0	0	0	128	0	$902	0	$0	$0	$0	$0	$902	-$902	-$151	-$29,995	3
Budget	Feb-16	4	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$156	-$30,445	4
Budget	Mar-16	5	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$159	-$30,897	5
Budget	Apr-16	6	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$161	-$31,352	6
Budget	May-16	7	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$163	-$31,809	7
Budget	Jun-16	8	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$166	-$32,269	8
Budget	Jul-16	9	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$168	-$32,730	9
Budget	Aug-16	10	0	166	0	0	0	0	0	0	572	128	0	$865	0	$0	$0	$0	$0	$865	-$865	-$170	-$33,766	10
Budget	Sep-16	11	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$176	-$34,236	11
Budget	Oct-16	12	0	166	0	236	6,413	0	0	0	0	128	267	$7,211	0	$0	$0	$0	$0	$7,211	-$7,211	-$178	-$41,625	12
Budget	Nov-16	13	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$217	-$48,816	13
Budget	Dec-16	14	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$254	-$56,045	14
Budget	Jan-17	15	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$292	-$63,311	15
Budget	Feb-17	16	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$330	-$70,615	16
Budget	Mar-17	17	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$368	-$77,957	17
Budget	Apr-17	18	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$406	-$85,337	18
Budget	May-17	19	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$444	-$92,756	19
Budget	Jun-17	20	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$483	-$100,214	20
Budget	Jul-17	21	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$522	-$107,710	21
Budget	Aug-17	22	0	166	0	0	6,413	0	0	0	572	128	267	$7,546	0	$0	$0	$0	$0	$7,546	-$7,546	-$561	-$115,817	22
Budget	Sep-17	23	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$603	-$123,394	23
Budget	Oct-17	24	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$643	-$131,011	24
Budget	Nov-17	25	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$682	-$138,668	25
Budget	Dec-17	26	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$722	-$146,365	26
Budget	Jan-18	27	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$762	-$154,101	27
Budget	Feb-18	28	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$803	-$161,878	28
Budget	Mar-18	29	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$843	-$169,696	29
Budget	Apr-18	30	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$884	-$177,554	30
Budget	May-18	31	0	166	0	0	6,413	5,765	0	1	0	128	0	$12,474	0	$0	$0	$0	$0	$12,474	-$12,474	-$925	-$190,952	31
Budget	Jun-18	32	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$995	-$191,947	32
Budget	Jul-18	33	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$1,000	-$192,947	33
Budget	Aug-18	34	0	0	0	0	0	0	0	0	572	0	0	$572	70	$253,857	$20,664	$5,331	$227,862	$572	$227,290	-$1,005	$33,339	34
Budget	Sep-18	35	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$33,339	35
Budget	Oct-18	36	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$33,339	36
			28,468	$5,131	$609	$236	$128,267	$5,765	$0	$1	$1,715	$3,848	$5,077	$179,117	70	$253,857	$20,664	$5,331	$227,862	$179,117	$48,745	-$15,406	$33,339	
			Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs		LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs		Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net	Monthly Interest		

2.8 Scenario F

Hypothetical development to achieve 12:1 FSR GFA outcome with application of S94A at 3% of cost of construction PLUS Value Sharing on Phase 1 (4:1 FSR GFA) at 10%. In this scenario, the draft CBD Planning Proposal intends to increase the FSR from the current 6:1 control to a proposed 10:1 FSR, resulting in an FSR uplift of 4:1.



Scenario F - S94A Levy 3% PLUS Value Sharing @ 10% of 4:1 GFA of CBD Strategy

Summary Sheet

SITE DETAILS	
Address	Representative
Floor Space Ratio	12.0
Land Area	3,000
Site Value	78,550
Number of Dwellings	338

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$698,047	$253,856,667
GST	61,137	20,664,242
Less Selling Costs	15,771	5,330,633
NET REVENUE	$674,147	$227,861,791
COSTS		
Land (including acquisition costs)	78,550	26,550,000
Acquisition costs	5,673	1,917,605
Construction	379,488	128,266,993
Consultants	15,180	5,130,680
Section 94A - Commercial	1,590	537,500
Section 94A - Residential	9,781	3,306,010
Value Sharing Contribution	2,858	966,000
Statutory Fees & Contributions	7,577	2,560,992
On Costs	11,385	3,848,010
Marketing	15,021	5,077,133
Cost before Interest	524,245	177,194,922
Finance (incl Loan Est Fees)	45,536	15,391,053
TOTAL DEVELOPMENT COSTS	569,781	$192,585,975
TOTAL PROJECT SURPLUS	17.8%	$34,309,816
PROJECT IRR BEFORE INTEREST	19.7%	

Scenario F - S94A Levy 3% PLUS Value Sharing @ 10% of 4:1 GFA of CBD Strategy

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	12.0	:1
Achievable FSR	36,000	m2
Land Area	3,000	m2
Site Value	78,550	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS					
Cost Items			Cost ($)	Period Commencing (month)	Term (months)
LAND					
Land Purchase			26,550,000		
Loan Establishment Costs			25,690		
Stamp Duty			1,798,990		
Legals	0.4%		92,925		
LAND ACQUISITION COSTS - Deposit			2,655,000	1	1
LAND ACQUISITION COSTS - Settlement			25,812,605	2	1
CONSTRUCTION COSTS			128,266,993	12	20
PROFESSIONAL FEES	4%	const costs	5,130,680	1	31
APPLICATION FEES					
DA Fees			608,563	3	1
CC Fees			236,224	12	1
Section 94			3,843,510	31	1
Value Sharing			966,000	31	1
LPI Fees			1,321	31	1
LAND TAX/RATES					
Land Tax/Rates	Year 1		571,628	10	1
Land Tax/Rates	Year 2		571,628	22	1
Land Tax/Rates	Year 3		571,628	34	1
ONCOSTS	3.0% construction cost		3,848,010	2	30
MARKETING	2% gross revenue		5,077,133	12	19
		TOTAL COST	**178,160,922**		

UNIT MIX AND SALES									
Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	56	60	3,864	56	Yes	590,000	33,040,000	17%	15%
2 bedroom	257	80	23,644	257	Yes	700,000	179,900,000	76%	75%
3 bedroom	25	120	3,450	25	Yes	920,000	23,000,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	**338**		**35,958**	**446**	**Yes**		**253,856,667**	**100%**	**100%**
Average m2/unit	80								
ADDITIONAL INCLUSIONS									
Other visitor parking				68					
TOTAL YIELD	**338**		**35,958**	**514**			**253,856,667**		
		FSR	12.0						
		Target Floorspace	36,000						

Scenario F - S94A Levy 3% PLUS Value Sharing @ 10% of 4:1 GFA of CBD Strategy

Calculations

REVENUE		
GROSS REVENUE		**253,856,667**
GST		**20,664,242**
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	5,077,133
Legals (On Settlement)	$750 per lot	253,500
TOTAL - SELLING COSTS		**5,330,633**
NET REVENUE		**227,861,791**

STAMP DUTY		
LAND VALUE THRESHOLD		**TAX**
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	1,798,990
	TOTAL	**1,798,990**

CONSTRUCTION COSTS				
Build Costs	**Rates $/m2**	**FSR +15%**	**UG Parking 50,000**	**Grade Parking**
Apartments	2,850	88,230,300	16,900,000	0
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			3,380,000	0
ESD Costs	22	791,076		
Design Comp		150,000		
Design Cost	25	898,950		
TOTALS		**102,570,326**	**25,696,667**	**0**
		TOTAL CONSTRUCTION COST		**128,266,993**

CONTRIBUTIONS		
SECTION 94A		**3.0%**
COSTS		
Retail	10,416,667	$312,500
Commercial	7,500,000	$225,000
Residential	110,200,326	$3,306,010
TOTAL VALUE	**128,116,993**	
TOTAL CONTRIBUTION		**$3,843,510**

CAR PARKING	
Unit Type	**No. Spaces**
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		159,629
LSL	**0.35%**	**448,934**
TOTAL DA FEES		**608,563**

RATES	
Council Rates	58,004
Land Tax	513,624
TOTAL RATES	**571,628**

LPI FEES			
Strata	Base Fee	Per Dwg fee	
	1,321	132	
TOTAL LPI FEES			**1,321**

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	236,224
TOTAL CC FEES	**236,224**

VALUE SHARING		
GFA Element	**GFA**	**Base Value**
4:1 CBD Strategy	12,000	$9,660,000
3:1 Above Strategy	0	$0
Calculation		
Rate/additional m2 GFA		$805
CBD Strategy Rate		10%
Above CBD Strategy Rate		0%
TOTAL CONTRIBUTION		**$966,000**

Scenario F - S94A Levy 3% PLUS Value Sharing @ 10% of 4:1 GFA of CBD Strategy

Assumed Development Cashflow

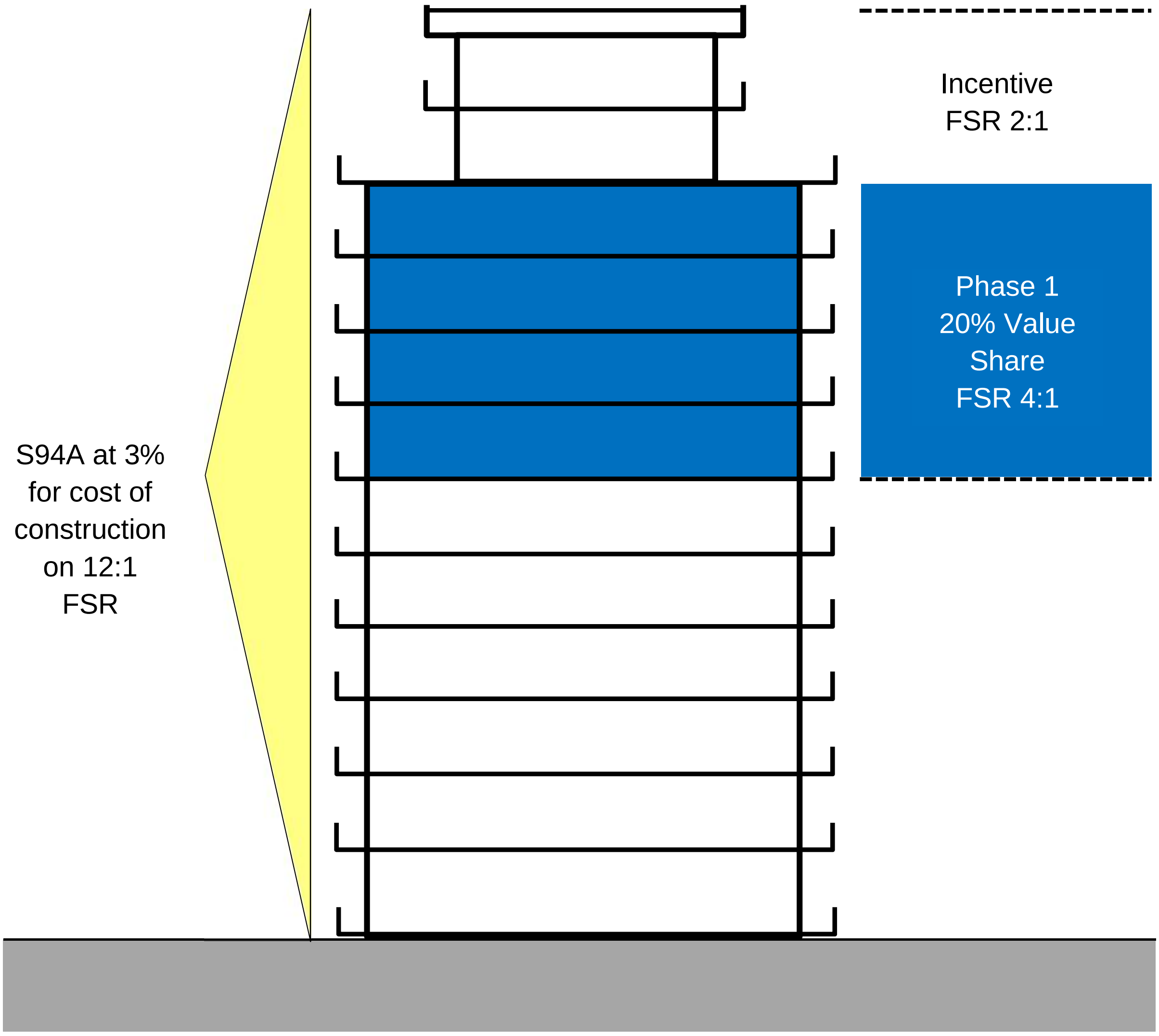
DEVELOPMENT SUMMARY	
IRR Before Interest	**19.75%**
Surplus	**$34,309,816**
% Surplus on D.C	**17.73%**
Max Loan Balance Debt/Equity	**-$191,980,449**
Debt/Equity	**100.00%**

Numbers bellow expressed in nearest $,000

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	Value Sharing	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	2,655	166	0	0	0	0	0	0	0	0	0	$2,821	0	$0	$0	$0	$0	$2,821	-$2,821	$0	-$2,821	1
Budget	Dec-15	2	25,813	166	0	0	0	0	0	0	0	128	0	$26,106	0	$0	$0	$0	$0	$26,106	-$26,106	-$15	-$28,942	2
Budget	Jan-16	3	0	166	609	0	0	0	0	0	0	128	0	$902	0	$0	$0	$0	$0	$902	-$902	-$151	-$29,995	3
Budget	Feb-16	4	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$156	-$30,445	4
Budget	Mar-16	5	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$159	-$30,897	5
Budget	Apr-16	6	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$161	-$31,352	6
Budget	May-16	7	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$163	-$31,809	7
Budget	Jun-16	8	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$166	-$32,268	8
Budget	Jul-16	9	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$168	-$32,730	9
Budget	Aug-16	10	0	166	0	0	0	0	0	0	572	128	0	$865	0	$0	$0	$0	$0	$865	-$865	-$170	-$33,766	10
Budget	Sep-16	11	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$176	-$34,236	11
Budget	Oct-16	12	0	166	0	236	6,413	0	0	0	0	128	267	$7,211	0	$0	$0	$0	$0	$7,211	-$7,211	-$178	-$41,624	12
Budget	Nov-16	13	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$217	-$48,816	13
Budget	Dec-16	14	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$254	-$56,044	14
Budget	Jan-17	15	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$292	-$63,310	15
Budget	Feb-17	16	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$330	-$70,614	16
Budget	Mar-17	17	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$368	-$77,957	17
Budget	Apr-17	18	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$406	-$85,337	18
Budget	May-17	19	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$444	-$92,756	19
Budget	Jun-17	20	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$483	-$100,213	20
Budget	Jul-17	21	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$522	-$107,709	21
Budget	Aug-17	22	0	166	0	0	6,413	0	0	0	572	128	267	$7,546	0	$0	$0	$0	$0	$7,546	-$7,546	-$561	-$115,816	22
Budget	Sep-17	23	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$603	-$123,394	23
Budget	Oct-17	24	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$643	-$131,011	24
Budget	Nov-17	25	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$682	-$138,668	25
Budget	Dec-17	26	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$722	-$146,364	26
Budget	Jan-18	27	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$762	-$154,101	27
Budget	Feb-18	28	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$803	-$161,878	28
Budget	Mar-18	29	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$843	-$169,695	29
Budget	Apr-18	30	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$884	-$177,553	30
Budget	May-18	31	0	166	0	0	6,413	3,844	966	1	0	128	0	$11,518	0	$0	$0	$0	$0	$11,518	-$11,518	-$925	-$189,996	31
Budget	Jun-18	32	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$990	-$190,986	32
Budget	Jul-18	33	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$995	-$191,980	33
Budget	Aug-18	34	0	0	0	0	0	0	0	0	572	0	0	$572	70	$253,857	$20,664	$5,331	$227,862	$572	$227,290	-$1,000	$34,310	34
Budget	Sep-18	35	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$34,310	35
Budget	Oct-18	36	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$34,310	36
			28,468	**$5,131**	**$609**	**$236**	**$128,267**	**$3,844**	**$966**	**$1**	**$1,715**	**$3,848**	**$5,077**	**$178,161**	**70**	**$253,857**	**$20,664**	**$5,331**	**$227,862**	**$178,161**	**$49,701**	**-$15,391**	**$34,310**	
			Land	**Professional Fees**	**DA Fees**	**CC Fees**	**Construction Costs**	**Section 94 Costs**		**LPI Fess**	**Statuory Costs**	**Oncosts**	**Marketing**	**Total Costs**		**Gross Revenue**	**GST**	**Selling Costs**	**Net Revenue**	**Monthly Outlays**	**Net**	**Monthly Interest**		

2.9 Scenario G

Hypothetical development to achieve 12:1 FSR GFA outcome with application of S94A at 3% of cost of construction PLUS Value Sharing on Phase 1 (4:1 FSR GFA) at 20%. In this scenario, the draft CBD Planning Proposal intends to increase the FSR from the current 6:1 control to a proposed 10:1 FSR, resulting in an FSR uplift of 4:1.



Scenario G - S94A Levy 3% PLUS Value Sharing @ 20% of 4:1 GFA of CBD Strategy

Summary Sheet

SITE DETAILS	
Address	Representative
Floor Space Ratio	12.0
Land Area	3,000
Site Value	78,550
Number of Dwellings	338

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$698,047	$253,856,667
GST	61,137	20,664,242
Less Selling Costs	15,771	5,330,633
NET REVENUE	$674,147	$227,861,791

COSTS		
Land (including acquisition costs)	78,550	26,550,000
Acquisition costs	5,673	1,917,605
Construction	379,488	128,266,993
Consultants	15,180	5,130,680
Section 94A - Commercial	1,590	537,500
Section 94A - Residential	9,781	3,306,010
Value Sharing Contribution	5,716	1,932,000
Statutory Fees & Contributions	7,577	2,560,992
On Costs	11,385	3,848,010
Marketing	15,021	5,077,133
Cost before Interest	524,245	177,194,922
Finance (incl Loan Est Fees)	45,581	15,406,225
TOTAL DEVELOPMENT COSTS	569,826	$192,601,147
TOTAL PROJECT SURPLUS	17.3%	$33,328,644
PROJECT IRR BEFORE INTEREST	19.4%	

Scenario G - S94A Levy 3% PLUS Value Sharing @ 20% of 4:1 GFA of CBD Strategy

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	12.0	:1
Achievable FSR	36,000	m2
Land Area	3,000	m2
Site Value	78,550	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS					
Cost Items			Cost ($)	Period Commencing (month)	Term (months)
LAND					
Land Purchase			26,550,000		
Loan Establishment Costs			25,690		
Stamp Duty			1,798,990		
Legals	0.4%		92,925		
LAND ACQUISITION COSTS - Deposit			2,655,000	1	1
LAND ACQUISITION COSTS - Settlement			25,812,605	2	1
CONSTRUCTION COSTS			128,266,993	12	20
PROFESSIONAL FEES	4%	const costs	5,130,680	1	31
APPLICATION FEES					
DA Fees			608,563	3	1
CC Fees			236,224	12	1
Section 94			3,843,510	31	1
Value Sharing			1,932,000	31	1
LPI Fees			1,321	31	1
LAND TAX/RATES					
Land Tax/Rates	Year 1		571,628	10	1
Land Tax/Rates	Year 2		571,628	22	1
Land Tax/Rates	Year 3		571,628	34	1
ONCOSTS		3.0% construction cost	3,848,010	2	30
MARKETING		2% gross revenue	5,077,133	12	19
		TOTAL COST	**179,126,922**		

UNIT MIX AND SALES									
Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	56	60	3,864	56	Yes	590,000	33,040,000	17%	15%
2 bedroom	257	80	23,644	257	Yes	700,000	179,900,000	76%	75%
3 bedroom	25	120	3,450	25	Yes	920,000	23,000,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	**338**		**35,958**	**446**	**Yes**		**253,856,667**	**100%**	**100%**
Average m2/unit	80								
ADDITIONAL INCLUSIONS									
Other visitor parking				68					
TOTAL YIELD	**338**		**35,958**	**514**			**253,856,667**		
		FSR	12.0						
		Target Floorspace	36,000						

Scenario G - S94A Levy 3% PLUS Value Sharing @ 20% of 4:1 GFA of CBD Strategy

Calculations

REVENUE		
GROSS REVENUE		**253,856,667**
GST		**20,664,242**
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	5,077,133
Legals (On Settlement)	$750 per lot	253,500
TOTAL - SELLING COSTS		**5,330,633**
NET REVENUE		**227,861,791**

STAMP DUTY		
LAND VALUE THRESHOLD		**TAX**
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	1,798,990
	TOTAL	**1,798,990**

CONSTRUCTION COSTS				
Build Costs	**Rates $/m2**	**FSR +15%**	**UG Parking 50,000**	**Grade Parking**
Apartments	2,850	88,230,300	16,900,000	0
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			3,380,000	0
ESD Costs	22	791,076		
Design Comp		150,000		
Design Cost	25	898,950		
TOTALS		**102,570,326**	**25,696,667**	**0**
TOTAL CONSTRUCTION COST				**128,266,993**

CONTRIBUTIONS		
SECTION 94A		**3.0%**
COSTS		
Retail	10,416,667	$312,500
Commercial	7,500,000	$225,000
Residential	110,200,326	$3,306,010
TOTAL VALUE	**128,116,993**	
TOTAL CONTRIBUTION		**$3,843,510**

CAR PARKING	
Unit Type	**No. Spaces**
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		159,629
LSL	**0.35%**	**448,934**
TOTAL DA FEES		**608,563**

RATES	
Council Rates	58,004
Land Tax	513,624
TOTAL RATES	**571,628**

LPI FEES			
Strata	Base Fee	Per Dwg fee	
	1,321	132	
TOTAL LPI FEES			**1,321**

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	236,224
TOTAL CC FEES	**236,224**

VALUE SHARING		
GFA Element	**GFA**	**Base Value**
4:1 CBD Strategy	12,000	$9,660,000
3:1 Above Strategy	0	$0
Calculation		
Rate/additional m2 GFA		$805
CBD Strategy Rate		20%
Above CBD Strategy Rate		0%
TOTAL CONTRIBUTION		**$1,932,000**

Scenario G - S94A Levy 3% PLUS Value Sharing @ 20% of 4:1 GFA of CBD Strategy

Assumed Development Cashflow

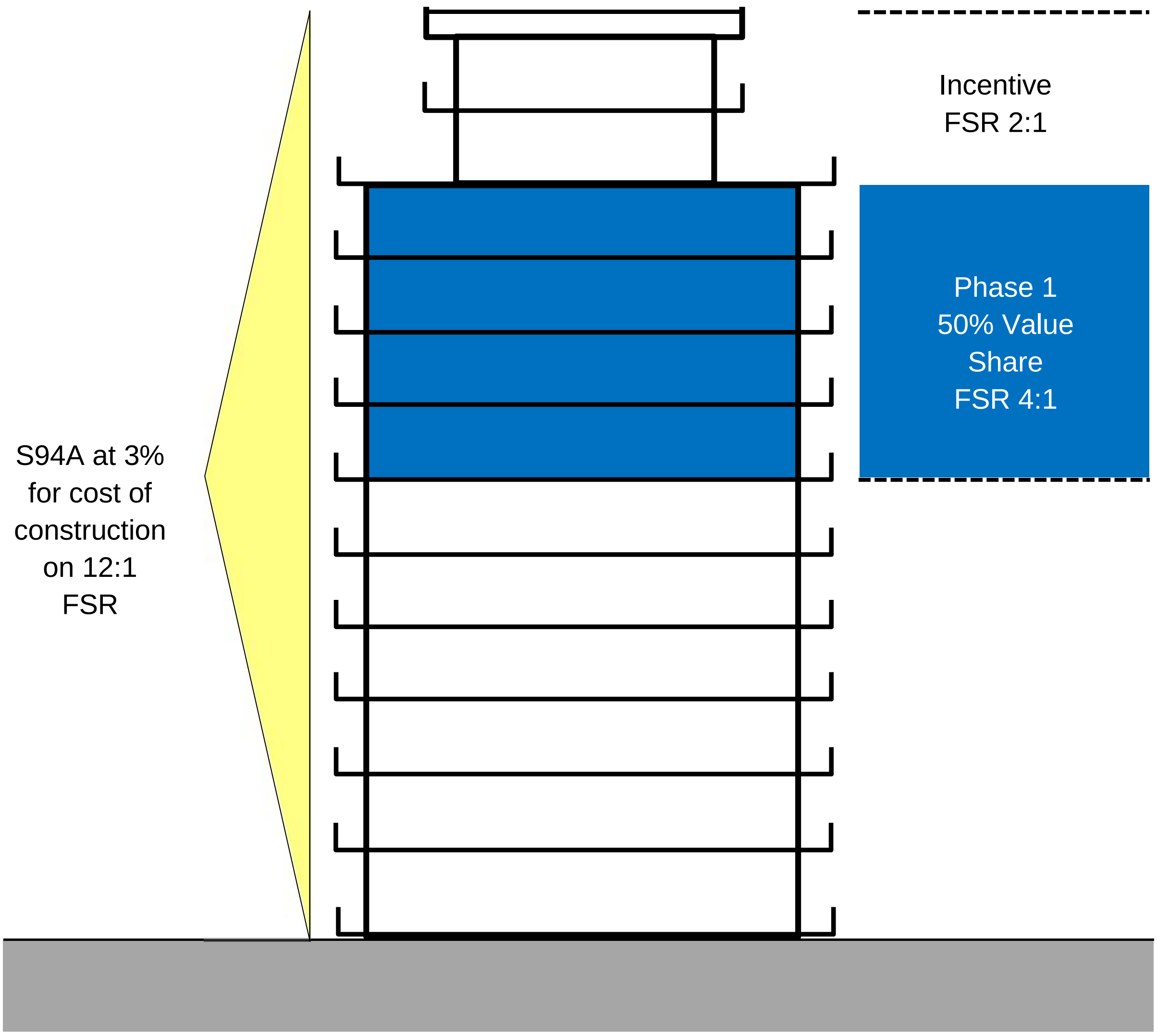
DEVELOPMENT SUMMARY	
IRR Before Interest	**19.37%**
Surplus	**$33,328,644**
% Surplus on D.C	**17.13%**
Max Loan Balance Debt/Equity	**-$192,956,537**
Debt/Equity	**100.00%**

Numbers bellow expressed in nearest $,000

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	Value Sharing	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	2,655	166	0	0	0	0	0	0	0	0	0	$2,821	0	$0	$0	$0	$0	$2,821	-$2,821	$0	-$2,821	1
Budget	Dec-15	2	25,813	166	0	0	0	0	0	0	0	128	0	$26,106	0	$0	$0	$0	$0	$26,106	-$26,106	-$15	-$28,942	2
Budget	Jan-16	3	0	166	609	0	0	0	0	0	0	128	0	$902	0	$0	$0	$0	$0	$902	-$902	-$151	-$29,995	3
Budget	Feb-16	4	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$156	-$30,445	4
Budget	Mar-16	5	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$159	-$30,897	5
Budget	Apr-16	6	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$161	-$31,352	6
Budget	May-16	7	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$163	-$31,809	7
Budget	Jun-16	8	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$166	-$32,268	8
Budget	Jul-16	9	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$168	-$32,730	9
Budget	Aug-16	10	0	166	0	0	0	0	0	0	572	128	0	$865	0	$0	$0	$0	$0	$865	-$865	-$170	-$33,766	10
Budget	Sep-16	11	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$176	-$34,236	11
Budget	Oct-16	12	0	166	0	236	6,413	0	0	0	0	128	267	$7,211	0	$0	$0	$0	$0	$7,211	-$7,211	-$178	-$41,624	12
Budget	Nov-16	13	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$217	-$48,816	13
Budget	Dec-16	14	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$254	-$56,044	14
Budget	Jan-17	15	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$292	-$63,310	15
Budget	Feb-17	16	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$330	-$70,614	16
Budget	Mar-17	17	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$368	-$77,957	17
Budget	Apr-17	18	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$406	-$85,337	18
Budget	May-17	19	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$444	-$92,756	19
Budget	Jun-17	20	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$483	-$100,213	20
Budget	Jul-17	21	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$522	-$107,709	21
Budget	Aug-17	22	0	166	0	0	6,413	0	0	0	572	128	267	$7,546	0	$0	$0	$0	$0	$7,546	-$7,546	-$561	-$115,816	22
Budget	Sep-17	23	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$603	-$123,394	23
Budget	Oct-17	24	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$643	-$131,011	24
Budget	Nov-17	25	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$682	-$138,668	25
Budget	Dec-17	26	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$722	-$146,364	26
Budget	Jan-18	27	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$762	-$154,101	27
Budget	Feb-18	28	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$803	-$161,878	28
Budget	Mar-18	29	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$843	-$169,695	29
Budget	Apr-18	30	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$884	-$177,553	30
Budget	May-18	31	0	166	0	0	6,413	3,844	1,932	1	0	128	0	$12,484	0	$0	$0	$0	$0	$12,484	-$12,484	-$925	-$190,962	31
Budget	Jun-18	32	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$995	-$191,957	32
Budget	Jul-18	33	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$1,000	-$192,957	33
Budget	Aug-18	34	0	0	0	0	0	0	0	0	572	0	0	$572	70	$253,857	$20,664	$5,331	$227,862	$572	$227,290	-$1,005	$33,329	34
Budget	Sep-18	35	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$33,329	35
Budget	Oct-18	36	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$33,329	36
			28,468	**$5,131**	**$609**	**$236**	**$128,267**	**$3,844**	**$1,932**	**$1**	**$1,715**	**$3,848**	**$5,077**	**$179,127**	**70**	**$253,857**	**$20,664**	**$5,331**	**$227,862**	**$179,127**	**$48,735**	**-$15,406**	**$33,329**	
			Land	**Professional Fees**	**DA Fees**	**CC Fees**	**Construction Costs**	**Section 94 Costs**		**LPI Fess**	**Statuory Costs**	**Oncosts**	**Marketing**	**Total Costs**		**Gross Revenue**	**GST**	**Selling Costs**	**Net Revenue**	**Monthly Outlays**	**Net**	**Monthly Interest**		

2.10 Scenario H

Hypothetical development to achieve 12:1 FSR GFA outcome with application of S94A at 3% of cost of construction PLUS Value Sharing on Phase 1 (4:1 FSR GFA) at 50%. In this scenario, the draft CBD Planning Proposal intends to increase the FSR from the current 6:1 control to a proposed 10:1 FSR, resulting in an FSR uplift of 4:1.



Scenario H - S94A Levy 3% PLUS Value Sharing @ 50% of 4:1 GFA of CBD Strategy

Summary Sheet

SITE DETAILS	
Address	Representative
Floor Space Ratio	12.0
Land Area	3,000
Site Value	78,550
Number of Dwellings	338

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$698,047	$253,856,667
GST	61,137	20,664,242
Less Selling Costs	15,771	5,330,633
NET REVENUE	$674,147	$227,861,791
COSTS		
Land (including acquisition costs)	78,550	26,550,000
Acquisition costs	5,673	1,917,605
Construction	379,488	128,266,993
Consultants	15,180	5,130,680
Section 94A - Commercial	1,590	537,500
Section 94A - Residential	9,631	3,255,309
Value Sharing Contribution	14,290	4,830,000
Statutory Fees & Contributions	7,577	2,560,992
On Costs	11,385	3,848,010
Marketing	15,021	5,077,133
Cost before Interest	524,095	177,144,221
Finance (incl Loan Est Fees)	45,713	15,450,946
TOTAL DEVELOPMENT COSTS	569,808	$192,595,167
TOTAL PROJECT SURPLUS	15.8%	$30,436,623
PROJECT IRR BEFORE INTEREST	18.3%	

Scenario H - S94A Levy 3% PLUS Value Sharing @ 50% of 4:1 GFA of CBD Strategy

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	12.0	:1
Achievable FSR	36,000	m2
Land Area	3,000	m2
Site Value	78,550	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS					
Cost Items			Cost ($)	Period Commencing (month)	Term (months)
LAND					
Land Purchase			26,550,000		
Loan Establishment Costs			25,690		
Stamp Duty			1,798,990		
Legals	0.4%		92,925		
LAND ACQUISITION COSTS - Deposit			2,655,000	1	1
LAND ACQUISITION COSTS - Settlement			25,812,605	2	1
CONSTRUCTION COSTS			128,266,993	12	20
PROFESSIONAL FEES	4%	const costs	5,130,680	1	31
APPLICATION FEES					
DA Fees			608,563	3	1
CC Fees			236,224	12	1
Section 94			3,792,809	31	1
Value Sharing			4,830,000	31	1
LPI Fees			1,321	31	1
LAND TAX/RATES					
Land Tax/Rates	Year 1		571,628	10	1
Land Tax/Rates	Year 2		571,628	22	1
Land Tax/Rates	Year 3		571,628	34	1
ONCOSTS		3.0% construction cost	3,848,010	2	30
MARKETING		2% gross revenue	5,077,133	12	19
		TOTAL COST	181,974,221		

UNIT MIX AND SALES									
Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	56	60	3,864	56	Yes	590,000	33,040,000	17%	15%
2 bedroom	257	80	23,644	257	Yes	700,000	179,900,000	76%	75%
3 bedroom	25	120	3,450	25	Yes	920,000	23,000,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	338		35,958	446	Yes		253,856,667	100%	100%
Average m2/unit	80								
ADDITIONAL INCLUSIONS									
Other visitor parking				68					
TOTAL YIELD	338		35,958	514			253,856,667		
		FSR	12.0						
		Target Floorspace	36,000						

Scenario H - S94A Levy 3% PLUS Value Sharing @ 50% of 4:1 GFA of CBD Strategy

Calculations

REVENUE		
GROSS REVENUE		253,856,667
GST		20,664,242
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	5,077,133
Legals (On Settlement)	$750 per lot	253,500
TOTAL - SELLING COSTS		5,330,633
NET REVENUE		227,861,791

STAMP DUTY		
LAND VALUE THRESHOLD		TAX
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	1,798,990
	TOTAL	1,798,990

CONSTRUCTION COSTS				
Build Costs	Rates $/m2	FSR +15%	UG Parking 50,000	Grade Parking
Apartments	2,850	88,230,300	16,900,000	0
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			3,380,000	0
ESD Costs	22	791,076		
Design Comp		150,000		
Design Cost	25	898,950		
TOTALS		102,570,326	25,696,667	0
TOTAL CONSTRUCTION COST				128,266,993

CONTRIBUTIONS		
SECTION 94A		3.0%
COSTS		
Retail	10,416,667	$312,500
Commercial	7,500,000	$225,000
Residential	108,510,300	$3,255,309
TOTAL VALUE	126,426,967	
TOTAL CONTRIBUTION		$3,792,809

CAR PARKING	
Unit Type	No. Spaces
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		159,629
LSL	0.35%	448,934
TOTAL DA FEES		608,563

RATES	
Council Rates	58,004
Land Tax	513,624
TOTAL RATES	571,628

LPI FEES			
Strata	Base Fee	Per Dwg fee	
	1,321	132	
TOTAL LPI FEES			1,321

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	236,224
TOTAL CC FEES	236,224

VALUE SHARING		
GFA Element	GFA	Base Value
4:1 CBD Strategy	12,000	$9,660,000
3:1 Above Strategy	0	$0
Calculation		
Rate/additional m2 GFA		$805
CBD Strategy Rate		50%
Above CBD Strategy Rate		0%
TOTAL CONTRIBUTION		$4,830,000

New Scenario H - S94A Levy 3% PLUS Value Sharing @ 50% of 4:1 GFA of CBD Strategy

Assumed Development Cashflow

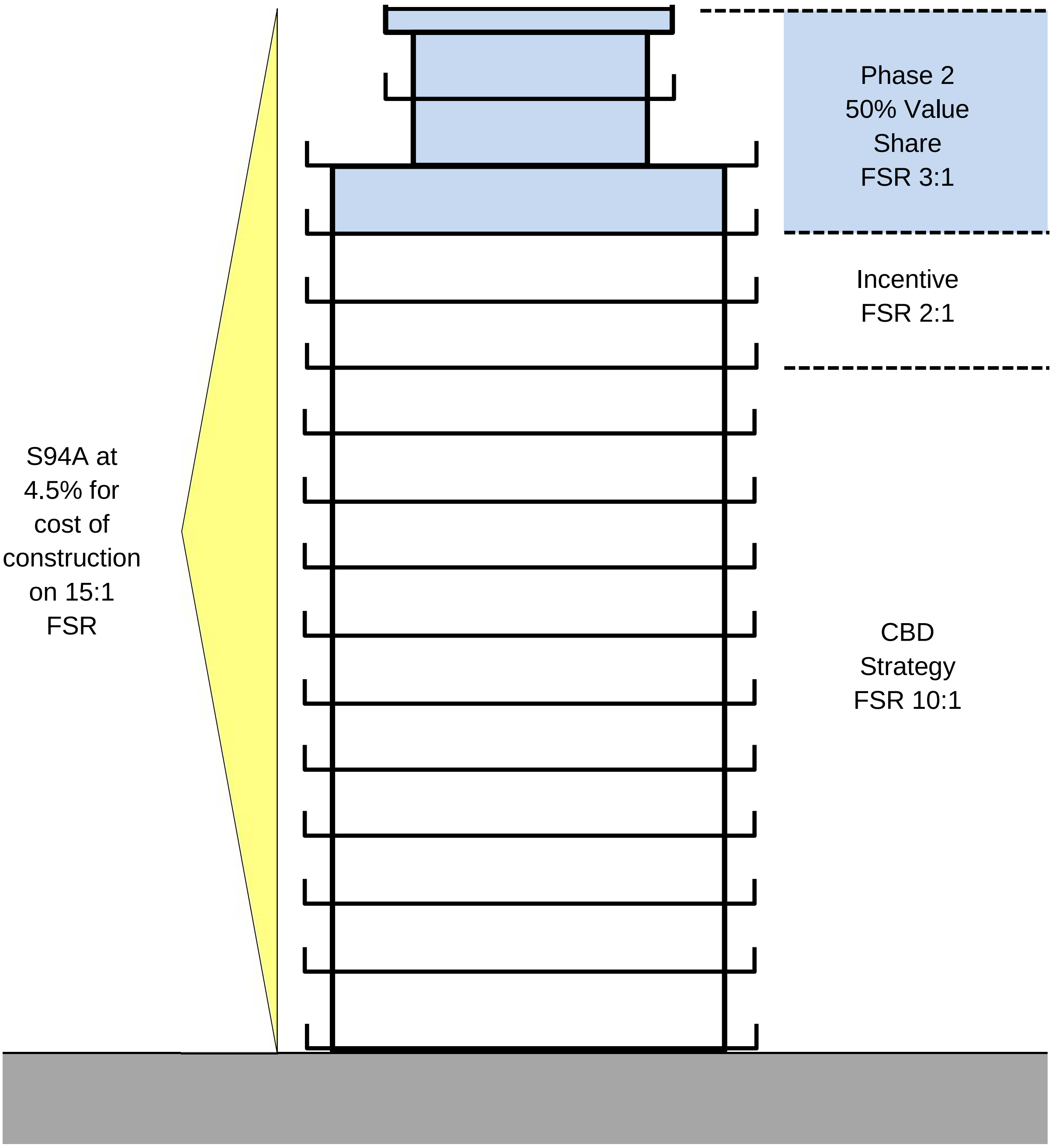
DEVELOPMENT SUMMARY	
IRR Before Interest	**18.27%**
Surplus	**$30,436,623**
% Surplus on D.C	**15.42%**
Max Loan Balance Debt/Equity	**-$195,833,573**
Debt/Equity	**100.00%**

Numbers bellow expressed in nearest $,000

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	Value Sharing	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	2,655	166	0	0	0	0	0	0	0	0	0	$2,821	0	$0	$0	$0	$0	$2,821	-$2,821	$0	-$2,821	1
Budget	Dec-15	2	25,813	166	0	0	0	0	0	0	0	128	0	$26,106	0	$0	$0	$0	$0	$26,106	-$26,106	-$15	-$28,942	2
Budget	Jan-16	3	0	166	609	0	0	0	0	0	0	128	0	$902	0	$0	$0	$0	$0	$902	-$902	-$151	-$29,995	3
Budget	Feb-16	4	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$156	-$30,445	4
Budget	Mar-16	5	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$159	-$30,897	5
Budget	Apr-16	6	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$161	-$31,352	6
Budget	May-16	7	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$163	-$31,809	7
Budget	Jun-16	8	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$166	-$32,268	8
Budget	Jul-16	9	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$168	-$32,730	9
Budget	Aug-16	10	0	166	0	0	0	0	0	0	572	128	0	$865	0	$0	$0	$0	$0	$865	-$865	-$170	-$33,766	10
Budget	Sep-16	11	0	166	0	0	0	0	0	0	0	128	0	$294	0	$0	$0	$0	$0	$294	-$294	-$176	-$34,236	11
Budget	Oct-16	12	0	166	0	236	6,413	0	0	0	0	128	267	$7,211	0	$0	$0	$0	$0	$7,211	-$7,211	-$178	-$41,624	12
Budget	Nov-16	13	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$217	-$48,816	13
Budget	Dec-16	14	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$254	-$56,044	14
Budget	Jan-17	15	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$292	-$63,310	15
Budget	Feb-17	16	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$330	-$70,614	16
Budget	Mar-17	17	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$368	-$77,957	17
Budget	Apr-17	18	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$406	-$85,337	18
Budget	May-17	19	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$444	-$92,756	19
Budget	Jun-17	20	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$483	-$100,213	20
Budget	Jul-17	21	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$522	-$107,709	21
Budget	Aug-17	22	0	166	0	0	6,413	0	0	0	572	128	267	$7,546	0	$0	$0	$0	$0	$7,546	-$7,546	-$561	-$115,816	22
Budget	Sep-17	23	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$603	-$123,394	23
Budget	Oct-17	24	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$643	-$131,011	24
Budget	Nov-17	25	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$682	-$138,668	25
Budget	Dec-17	26	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$722	-$146,364	26
Budget	Jan-18	27	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$762	-$154,101	27
Budget	Feb-18	28	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$803	-$161,878	28
Budget	Mar-18	29	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$843	-$169,695	29
Budget	Apr-18	30	0	166	0	0	6,413	0	0	0	0	128	267	$6,974	0	$0	$0	$0	$0	$6,974	-$6,974	-$884	-$177,553	30
Budget	May-18	31	0	166	0	0	6,413	3,793	4,830	1	0	128	0	$15,331	0	$0	$0	$0	$0	$15,331	-$15,331	-$925	-$193,809	31
Budget	Jun-18	32	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$1,009	-$194,819	32
Budget	Jul-18	33	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	-$1,015	-$195,834	33
Budget	Aug-18	34	0	0	0	0	0	0	0	0	572	0	0	$572	70	$253,857	$20,664	$5,331	$227,862	$572	$227,290	-$1,020	$30,437	34
Budget	Sep-18	35	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$30,437	35
Budget	Oct-18	36	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$30,437	36
			28,468	**$5,131**	**$609**	**$236**	**$128,267**	**$3,793**	**$4,830**	**$1**	**$1,715**	**$3,848**	**$5,077**	**$181,974**	**70**	**$253,857**	**$20,664**	**$5,331**	**$227,862**	**$181,974**	**$45,888**	**-$15,451**	**$30,437**	
			Land	**Professional Fees**	**DA Fees**	**CC Fees**	**Construction Costs**	**Section 94 Costs**		**LPI Fess**	**Statuory Costs**	**Oncosts**	**Marketing**	**Total Costs**		**Gross Revenue**	**GST**	**Selling Costs**	**Net Revenue**	**Monthly Outlays**	**Net**	**Monthly Interest**		

2.11 Scenario I

Hypothetical development to achieve 15:1 FSR GFA outcome with application of S94A at 4.5% of cost of construction PLUS Value Sharing on Phase 2 (3:1 FSR GFA) at 50%. In this scenario, the draft CBD Planning Proposal identifies the site as an 'Opportunity Site', eligible for an additional 3:1 FSR above the proposed 10:1 FSR.



Scenario I - S94A Levy 4.5% PLUS Value Sharing @ 50% on 3:1 FSR GFA

Summary Sheet

SITE DETAILS	
Address	Representative
Floor Space Ratio	15.0
Land Area	3,000
Site Value	97,253
Number of Dwellings	433

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$696,189	$319,366,667
GST	61,477	26,619,697
Less Selling Costs	15,501	6,712,083
NET REVENUE	$660,589	$286,034,886

COSTS		
Land (including acquisition costs)	61,316	26,550,000
Acquisition costs	4,429	1,917,605
Construction	366,483	158,687,094
Consultants	14,659	6,347,484
Section 94A - Commercial	1,862	806,250
Section 94A - Residential	14,614	6,327,919
Value Sharing Contribution	8,366	3,622,500
Statutory Fees & Contributions	6,503	2,815,997
On Costs	10,994	4,760,613
Marketing	9,629	4,169,333
Cost before Interest	490,490	212,382,295
Finance (incl Loan Est Fees)	37,182	16,099,968
TOTAL DEVELOPMENT COSTS	527,673	$228,482,263
TOTAL PROJECT SURPLUS	23.6%	$53,930,124
PROJECT IRR BEFORE INTEREST	25.9%	

Scenario I - S94A Levy 4.5% PLUS Value Sharing @ 50% on 3:1 FSR GFA

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	15.0	:1
Achievable FSR	45,000	m2
Land Area	3,000	m2
Site Value	97,253	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS					
Cost Items			Cost ($)	Period Commencing (month)	Term (months)
LAND					
Land Purchase			26,550,000		
Loan Establishment Costs			25,690		
Stamp Duty			1,798,990		
Legals	0.4%		92,925		
LAND ACQUISITION COSTS - Deposit			2,655,000	1	1
LAND ACQUISITION COSTS - Settlement			25,812,605	2	1
CONSTRUCTION COSTS	2,000		158,687,094	15	22
PROFESSIONAL FEES	4%	const costs	6,347,484	1	36
APPLICATION FEES					
DA Fees			751,234	3	1
CC Fees			291,533	15	1
Section 94			7,134,169	36	1
Value Sharing			3,622,500	36	1
LPI Fees			58,347	36	1
LAND TAX/RATES					
Land Tax/Rates	Year 1		571,628	10	1
Land Tax/Rates	Year 2		571,628	22	1
Land Tax/Rates	Year 3		571,628	36	1
ONCOSTS	3.0% construction cost		4,760,613	2	35
MARKETING	2% gross revenue		4,169,333	15	22
		TOTAL COST	216,004,795		

UNIT MIX AND SALES									
Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	45	60	3,105	45	Yes	590,000	26,550,000	16%	15%
2 bedroom	208	80	19,136	208	Yes	700,000	145,600,000	76%	75%
3 bedroom	20	120	2,760	20	Yes	920,000	18,400,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	273		30,001	381	Yes		208,466,667	100%	100%
Average m2/unit	80								
ADDITIONAL INCLUSIONS									
Other visitor parking				55					
TOTAL YIELD	273		30,001	436			208,466,667		
		FSR	10.0						
		Target Floorspace	45,000						

ADDITIONAL UNIT MIX AND SALES (based on additional 5:1 FSR after Planning Proposal									
Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
RESIDENTIAL									
1 bedroom	30	60	2,070	30	Yes	590,000	17,700,000	19%	15%
2 bedroom	120	80	11,040	120	Yes	700,000	84,000,000	75%	75%
3 bedroom	10	120	1,380	10	Yes	920,000	9,200,000	6%	10.0%
4 bedroom		130	0	0	Yes	0	0		0.0%
TOTAL	160		14,490	160	Yes		110,900,000	100%	100%
Average m2/unit	29								
ADDITIONAL INCLUSIONS									
Other visitor parking				32					
TOTAL YIELD	160		14,490	192			110,900,000		
COMBINED YIELD	433		44,491	628			319,366,667		
		FSR	14.8						
		Target Floorspace	45,000						

Scenario I - S94A Levy 4.5% PLUS Value Sharing @ 50% on 3:1 FSR GFA

Calculations

REVENUE		
GROSS REVENUE		**319,366,667**
GST		**26,619,697**
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	6,387,333
Legals (On Settlement)	$750 per lot	324,750
TOTAL - SELLING COSTS		**6,712,083**
NET REVENUE		**286,034,886**

STAMP DUTY		
LAND VALUE THRESHOLD		**TAX**
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	1,798,990
	TOTAL	**1,798,990**

CONSTRUCTION COSTS				
Build Costs	**Rates $/m2**	**FSR +15%**	**UG Parking 50,000**	**Grade Parking**
Apartments	2,850	112,549,350	21,650,000	0
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			4,330,000	0
ESD Costs	22	978,802		
Design Comp		150,000		
Design Cost	25	1,112,275		
TOTALS		**127,290,427**	**31,396,667**	**0**
TOTAL CONSTRUCTION COST				**158,687,094**

CONTRIBUTIONS		
SECTION 94A		**4.5%**
COSTS		
Retail	10,416,667	$468,750
Commercial	7,500,000	$337,500
Residential	140,620,427	$6,327,919
TOTAL VALUE	**158,537,094**	
TOTAL CONTRIBUTION		**$7,134,169**

CAR PARKING	
Unit Type	**No. Spaces**
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		195,829
LSL	**0.35%**	**555,405**
TOTAL DA FEES		**751,234**

RATES	
Council Rates	58,004
Land Tax	513,624
TOTAL RATES	**571,628**

LPI FEES			
Strata	Base Fee	Per Dwg fee	
	1,321	132	
TOTAL LPI FEES			**58,347**

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	291,533
TOTAL CC FEES	**291,533**

VALUE SHARING		
GFA Element	**GFA**	**Base Value**
4:1 CBD Strategy	0	$0
3:1 Above Strategy	9,000	$7,245,000
Calculation		
Rate/additional m2 GFA		$805
CBD Strategy Rate		0%
Above CBD Strategy Rate		50%
TOTAL CONTRIBUTION		**$3,622,500**

Scenario I - S94A Levy 4.5% PLUS Value Sharing @ 50% on 3:1 FSR GFA

Assumed Development Cashflow

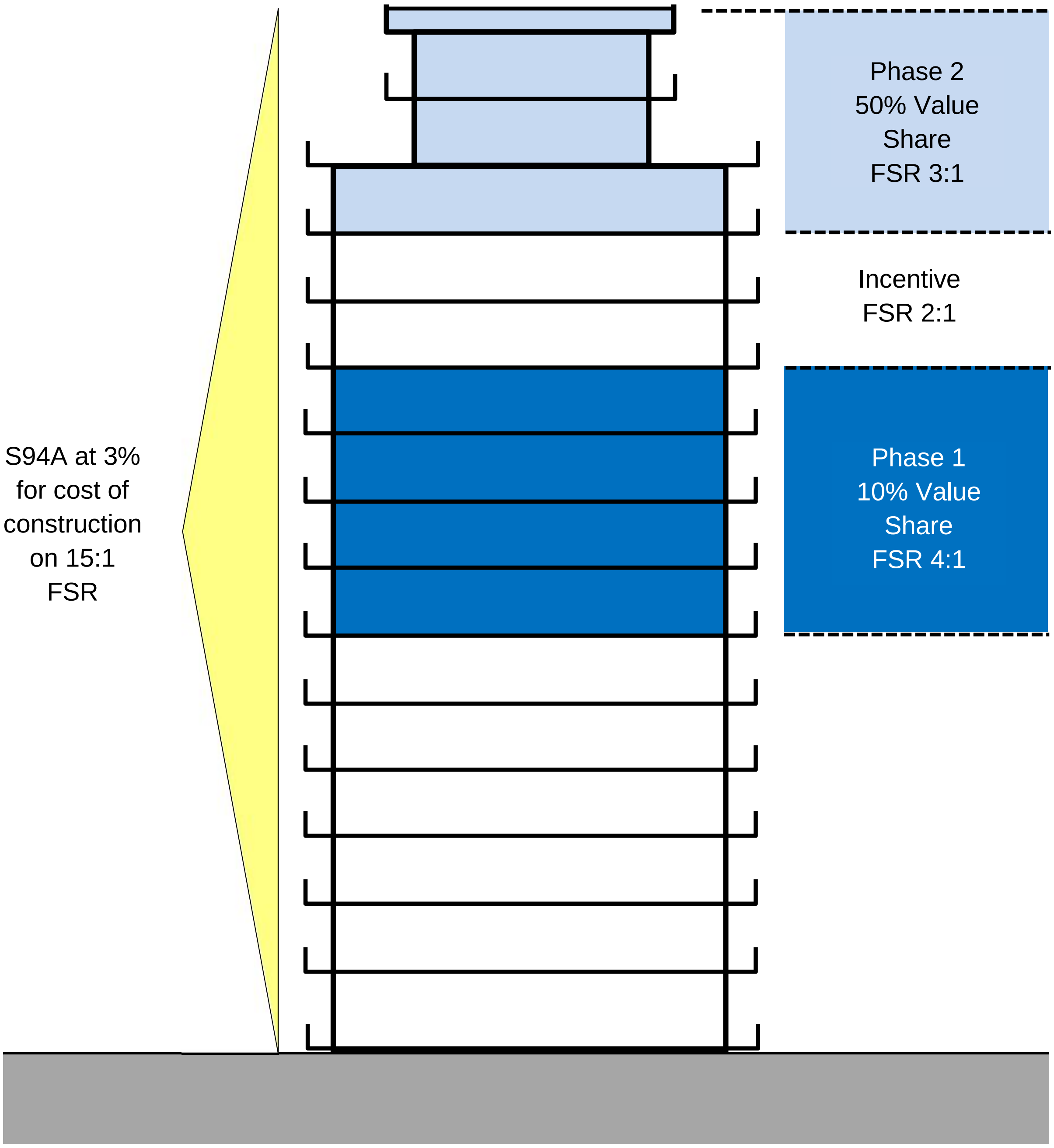
DEVELOPMENT SUMMARY	
IRR Before Interest	**25.85%**
Surplus	**$53,930,124**
% Surplus on D.C	**23.24%**
Max Loan Balance Debt/Equity	**-$211,899,574**
Debt/Equity	**100.00%**

Numbers bellow expressed in nearest $,000

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	Value Sharing	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	2,655	176	0	0	0	0	0	0	0	0	0	$2,831	0	$0	$0	$0	$0	$2,831	-$2,831	$0	-$2,831	1
Budget	Dec-15	2	25,813	176	0	0	0	0	0	0	0	136	0	$26,125	0	$0	$0	$0	$0	$26,125	-$26,125	-$15	-$28,971	2
Budget	Jan-16	3	0	176	751	0	0	0	0	0	0	136	0	$1,064	0	$0	$0	$0	$0	$1,064	-$1,064	-$151	-$30,185	3
Budget	Feb-16	4	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$157	-$30,655	4
Budget	Mar-16	5	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$160	-$31,127	5
Budget	Apr-16	6	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$162	-$31,601	6
Budget	May-16	7	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$165	-$32,078	7
Budget	Jun-16	8	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$167	-$32,558	8
Budget	Jul-16	9	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$170	-$33,040	9
Budget	Aug-16	10	0	176	0	0	0	0	0	0	572	136	0	$884	0	$0	$0	$0	$0	$884	-$884	-$172	-$34,096	10
Budget	Sep-16	11	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$178	-$34,586	11
Budget	Oct-16	12	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$180	-$35,078	12
Budget	Nov-16	13	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$183	-$35,573	13
Budget	Dec-16	14	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$185	-$36,071	14
Budget	Jan-17	15	0	176	0	292	7,213	0	0	0	0	136	190	$8,006	0	$0	$0	$0	$0	$8,006	-$8,006	-$188	-$44,265	15
Budget	Feb-17	16	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$231	-$52,211	16
Budget	Mar-17	17	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$272	-$60,197	17
Budget	Apr-17	18	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$314	-$68,226	18
Budget	May-17	19	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$355	-$76,296	19
Budget	Jun-17	20	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$397	-$84,408	20
Budget	Jul-17	21	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$440	-$92,563	21
Budget	Aug-17	22	0	176	0	0	7,213	0	0	0	572	136	190	$8,287	0	$0	$0	$0	$0	$8,287	-$8,287	-$482	-$101,331	22
Budget	Sep-17	23	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$528	-$109,574	23
Budget	Oct-17	24	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$571	-$117,860	24
Budget	Nov-17	25	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$614	-$126,189	25
Budget	Dec-17	26	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$657	-$134,561	26
Budget	Jan-18	27	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$701	-$142,976	27
Budget	Feb-18	28	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$745	-$151,436	28
Budget	Mar-18	29	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$789	-$159,940	29
Budget	Apr-18	30	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$833	-$168,488	30
Budget	May-18	31	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$878	-$177,080	31
Budget	Jun-18	32	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$922	-$185,717	32
Budget	Jul-18	33	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$967	-$194,399	33
Budget	Aug-18	34	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$1,012	-$203,127	34
Budget	Sep-18	35	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$1,058	-$211,900	35
Budget	Oct-18	36	0	176	0	0	7,213	7,134	3,623	58	572	136	190	$19,102	70	$319,367	$26,620	$6,712	$286,035	$19,102	$266,933	-$1,104	$53,930	36
			28,468	**$6,347**	**$751**	**$292**	**$158,687**	**$7,134**	**$3,623**	**$58**	**$1,715**	**$4,761**	**$4,169**	**$216,005**	**70**	**$319,367**	**$26,620**	**$6,712**	**$286,035**	**$216,005**	**$70,030**	**-$16,100**	**$53,930**	
			Land	**Professional Fees**	**DA Fees**	**CC Fees**	**Construction Costs**	**Section 94 Costs**		**LPI Fess**	**Statuory Costs**	**Oncosts**	**Marketing**	**Total Costs**		**Gross Revenue**	**GST**	**Selling Costs**	**Net Revenue**	**Monthly Outlays**	**Net**	**Monthly Interest**		

2.12 Scenario J

Hypothetical development to achieve 15:1 FSR GFA outcome with application of S94A at 3% of cost of construction PLUS Value Sharing on Phase 1 (4:1 FSR GFA) at 10% Phase 2 (3:1 FSR GFA) at 50%. In this scenario, the draft CBD Planning Proposal identifies the site to benefit from an increase in FSR from the current 6:1 to 10:1. It is also identified as an 'Opportunity Site', eligible for an additional 3:1 FSR above the proposed 10:1 FSR.



Scenario J - S94A Levy 3% PLUS Value Sharing @ 10% of 4:1 GFA + Value Sharing @ 50% of 3:1 GFA

Summary Sheet

gln planning

SITE DETAILS	
Address	Representative
Floor Space Ratio	15.0
Land Area	3,000
Site Value	97,253
Number of Dwellings	433

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$696,189	$319,366,667
GST	61,477	26,619,697
Less Selling Costs	15,501	6,712,083
NET REVENUE	$660,589	$286,034,886
COSTS		
Land (including acquisition costs)	61,316	26,550,000
Acquisition costs	4,429	1,917,605
Construction	366,483	158,687,094
Consultants	14,659	6,347,484
Section 94A - Commercial	1,241	537,500
Section 94A - Residential	9,743	4,218,613
Value Sharing Contribution	10,597	4,588,500
Statutory Fees & Contributions	6,503	2,815,997
On Costs	10,994	4,760,613
Marketing	9,629	4,169,333
Cost before Interest	484,998	210,004,239
Finance (incl Loan Est Fees)	37,182	16,099,968
TOTAL DEVELOPMENT COSTS	522,181	$226,104,206
TOTAL PROJECT SURPLUS	24.5%	$55,342,180
PROJECT IRR BEFORE INTEREST	26.3%	

Scenario J - S94A Levy 3% PLUS Value Sharing @ 10% of 4:1 GFA + Value Sharing @ 50% of 3:1 GFA

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	15.0	:1
Achievable FSR	45,000	m2
Land Area	3,000	m2
Site Value	97,253	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS					
Cost Items			Cost ($)	Period Commencing (month)	Term (months)
LAND					
Land Purchase			26,550,000		
Loan Establishment Costs			25,690		
Stamp Duty			1,798,990		
Legals	0.4%		92,925		
LAND ACQUISITION COSTS - Deposit			2,655,000	1	1
LAND ACQUISITION COSTS - Settlement			25,812,605	2	1
CONSTRUCTION COSTS	2,000		158,687,094	15	22
PROFESSIONAL FEES	4%	const costs	6,347,484	1	36
APPLICATION FEES					
DA Fees			751,234	3	1
CC Fees			291,533	15	1
Section 94			4,756,113	36	1
Value Sharing			4,588,500	36	1
LPI Fees			58,347	36	1
LAND TAX/RATES					
Land Tax/Rates	Year 1		571,628	10	1
Land Tax/Rates	Year 2		571,628	22	1
Land Tax/Rates	Year 3		571,628	36	1
ONCOSTS	3.0% construction cost		4,760,613	2	35
MARKETING	2% gross revenue		4,169,333	15	22
		TOTAL COST	214,592,739		

UNIT MIX AND SALES									
Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	45	60	3,105	45	Yes	590,000	26,550,000	16%	15%
2 bedroom	208	80	19,136	208	Yes	700,000	145,600,000	76%	75%
3 bedroom	20	120	2,760	20	Yes	920,000	18,400,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	273		30,001	381	Yes		208,466,667	100%	100%
Average m2/unit	80								
ADDITIONAL INCLUSIONS									
Other visitor parking				55					
TOTAL YIELD	273		30,001	436			208,466,667		
		FSR	10.0						
		Target Floorspace	45,000						

ADDITIONAL UNIT MIX AND SALES (based on additional 5:1 FSR after Planning Proposal									
Unit Type	No.	Dwelling Floor Space m2	Total FSR+15%	Car Parking	Basement Parking Yes	Price ($)	Total ($)	Actual Mix	Preferred Mix
RESIDENTIAL									
1 bedroom	30	60	2,070	30	Yes	590,000	17,700,000	19%	15%
2 bedroom	120	80	11,040	120	Yes	700,000	84,000,000	75%	75%
3 bedroom	10	120	1,380	10	Yes	920,000	9,200,000	6%	10.0%
4 bedroom		130	0	0	Yes	0	0		0.0%
TOTAL	160		14,490	160	Yes		110,900,000	100%	100%
Average m2/unit	29								
ADDITIONAL INCLUSIONS									
Other visitor parking				32					
TOTAL YIELD	160		14,490	192			110,900,000		

COMBINED YIELD	433		44,491	628			319,366,667		
		FSR	14.8						
		Target Floorspace	45,000						

Scenario J - S94A Levy 3% PLUS Value Sharing @ 10% of 4:1 GFA + Value Sharing @ 50% of 3:1 GFA

Calculations

REVENUE		
GROSS REVENUE		319,366,667
GST		26,619,697
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	6,387,333
Legals (On Settlement)	$750 per lot	324,750
TOTAL - SELLING COSTS		6,712,083
NET REVENUE		286,034,886

STAMP DUTY		
LAND VALUE THRESHOLD		TAX
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	1,798,990
	TOTAL	1,798,990

CONSTRUCTION COSTS				
Build Costs	Rates $/m2	FSR +15%	UG Parking 50,000	Grade Parking
Apartments	2,850	112,549,350	21,650,000	0
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			4,330,000	0
ESD Costs	22	978,802		
Design Comp		150,000		
Design Cost	25	1,112,275		
TOTALS		127,290,427	31,396,667	0
TOTAL CONSTRUCTION COST				158,687,094

CONTRIBUTIONS		
SECTION 94A		3.0%
COSTS		
Retail	10,416,667	$312,500
Commercial	7,500,000	$225,000
Residential	140,620,427	$4,218,613
TOTAL VALUE	158,537,094	
TOTAL CONTRIBUTION		$4,756,113

CAR PARKING	
Unit Type	No. Spaces
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		195,829
LSL	0.35%	555,405
TOTAL DA FEES		751,234

RATES	
Council Rates	58,004
Land Tax	513,624
TOTAL RATES	571,628

LPI FEES			
Strata	Base Fee	Per Dwg fee	
	1,321	132	
TOTAL LPI FEES			58,347

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	291,533
TOTAL CC FEES	291,533

VALUE SHARING		
GFA Element	GFA	Base Value
4:1 CBD Strategy	12,000	$9,660,000
3:1 Above Strategy	9,000	$7,245,000
Calculation		
Rate/additional m2 GFA		$805
CBD Strategy Rate		10%
Above CBD Strategy Rate		50%
TOTAL CONTRIBUTION		$4,588,500

Scenario J - S94A Levy 3% PLUS Value Sharing @ 10% of 4:1 GFA + Value Sharing @ 50% of 3:1 GFA

Assumed Development Cashflow

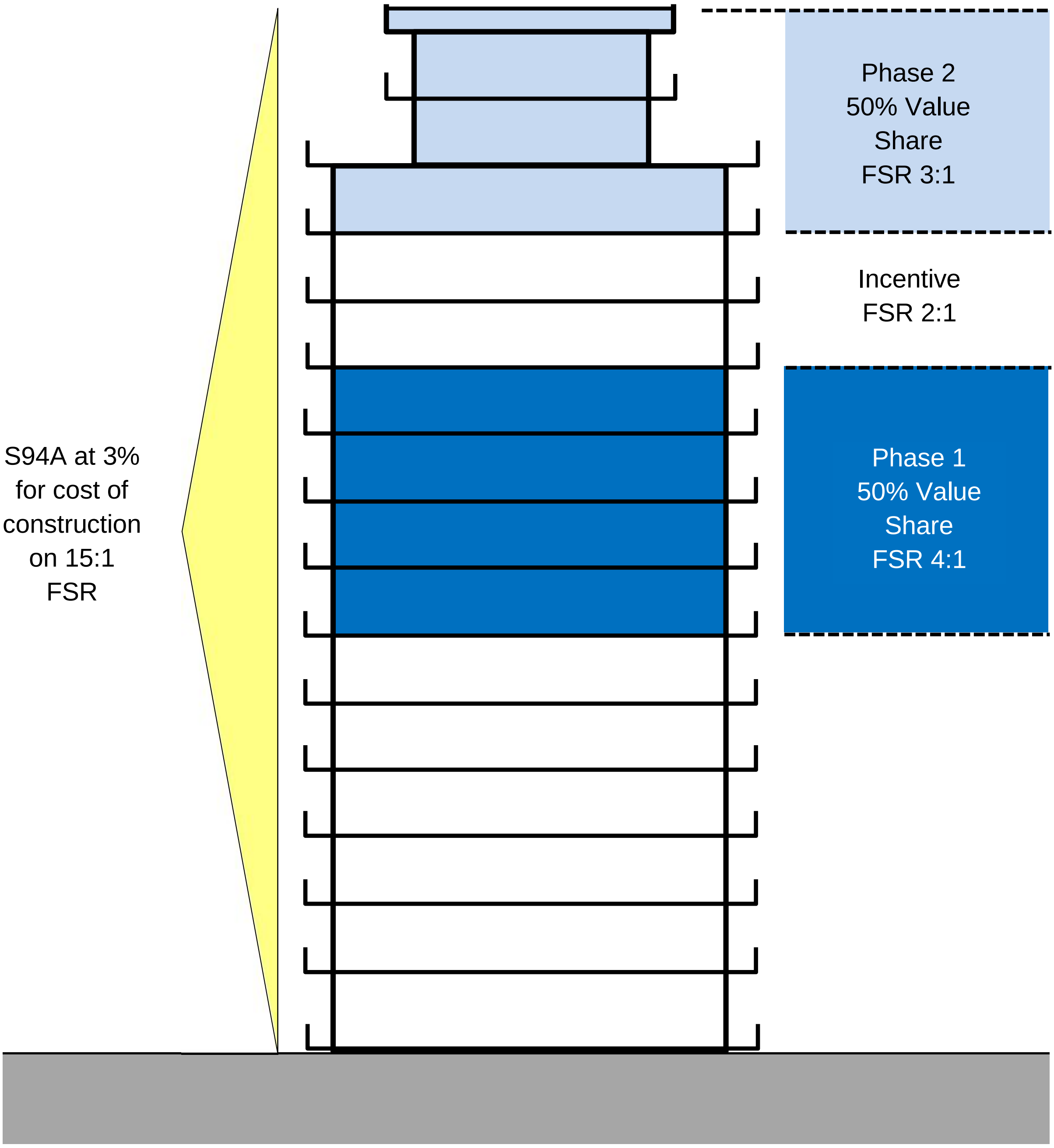
DEVELOPMENT SUMMARY	
IRR Before Interest	**26.32%**
Surplus	**$55,342,180**
% Surplus on D.C	**23.99%**
Max Loan Balance Debt/Equity	**-$211,899,574**
Debt/Equity	**100.00%**

Numbers bellow expressed in nearest $,000

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	Value Sharing	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	2,655	176	0	0	0	0	0	0	0	0	0	$2,831	0	$0	$0	$0	$0	$2,831	-$2,831	$0	-$2,831	1
Budget	Dec-15	2	25,813	176	0	0	0	0	0	0	0	136	0	$26,125	0	$0	$0	$0	$0	$26,125	-$26,125	-$15	-$28,971	2
Budget	Jan-16	3	0	176	751	0	0	0	0	0	0	136	0	$1,064	0	$0	$0	$0	$0	$1,064	-$1,064	-$151	-$30,185	3
Budget	Feb-16	4	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$157	-$30,655	4
Budget	Mar-16	5	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$160	-$31,127	5
Budget	Apr-16	6	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$162	-$31,601	6
Budget	May-16	7	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$165	-$32,078	7
Budget	Jun-16	8	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$167	-$32,558	8
Budget	Jul-16	9	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$170	-$33,040	9
Budget	Aug-16	10	0	176	0	0	0	0	0	0	572	136	0	$884	0	$0	$0	$0	$0	$884	-$884	-$172	-$34,096	10
Budget	Sep-16	11	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$178	-$34,586	11
Budget	Oct-16	12	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$180	-$35,078	12
Budget	Nov-16	13	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$183	-$35,573	13
Budget	Dec-16	14	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$185	-$36,071	14
Budget	Jan-17	15	0	176	0	292	7,213	0	0	0	0	136	190	$8,006	0	$0	$0	$0	$0	$8,006	-$8,006	-$188	-$44,265	15
Budget	Feb-17	16	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$231	-$52,211	16
Budget	Mar-17	17	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$272	-$60,197	17
Budget	Apr-17	18	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$314	-$68,226	18
Budget	May-17	19	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$355	-$76,296	19
Budget	Jun-17	20	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$397	-$84,408	20
Budget	Jul-17	21	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$440	-$92,563	21
Budget	Aug-17	22	0	176	0	0	7,213	0	0	0	572	136	190	$8,287	0	$0	$0	$0	$0	$8,287	-$8,287	-$482	-$101,331	22
Budget	Sep-17	23	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$528	-$109,574	23
Budget	Oct-17	24	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$571	-$117,860	24
Budget	Nov-17	25	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$614	-$126,189	25
Budget	Dec-17	26	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$657	-$134,561	26
Budget	Jan-18	27	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$701	-$142,976	27
Budget	Feb-18	28	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$745	-$151,436	28
Budget	Mar-18	29	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$789	-$159,940	29
Budget	Apr-18	30	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$833	-$168,488	30
Budget	May-18	31	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$878	-$177,080	31
Budget	Jun-18	32	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$922	-$185,717	32
Budget	Jul-18	33	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$967	-$194,399	33
Budget	Aug-18	34	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$1,012	-$203,127	34
Budget	Sep-18	35	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$1,058	-$211,900	35
Budget	Oct-18	36	0	176	0	0	7,213	4,756	4,589	58	572	136	190	$17,689	70	$319,367	$26,620	$6,712	$286,035	$17,689	$268,345	-$1,104	$55,342	36
			28,468	**$6,347**	**$751**	**$292**	**$158,687**	**$4,756**	**$4,589**	**$58**	**$1,715**	**$4,761**	**$4,169**	**$214,593**	**70**	**$319,367**	**$26,620**	**$6,712**	**$286,035**	**$214,593**	**$71,442**	**-$16,100**	**$55,342**	
			Land	**Professional Fees**	**DA Fees**	**CC Fees**	**Construction Costs**	**Section 94 Costs**		**LPI Fess**	**Statuory Costs**	**Oncosts**	**Marketing**	**Total Costs**		**Gross Revenue**	**GST**	**Selling Costs**	**Net Revenue**	**Monthly Outlays**	**Net**	**Monthly Interest**		

2.13 Scenario K

Hypothetical development to achieve 15:1 FSR GFA outcome with application of S94A at 3% of cost of construction PLUS Value Sharing on Phase 1 (4:1 FSR GFA) at 50% Phase 2 (3:1 FSR GFA) at 50%. In this scenario, the draft CBD Planning Proposal identifies the site to benefit from an increase in FSR from the current 6:1 to 10:1. It is also identified as an 'Opportunity Site', eligible for an additional 3:1 FSR above the proposed 10:1 FSR.



Scenario K - S94A Levy 3% PLUS Value Sharing @ 50% of 4:1 GFA + Value Sharing @ 50% of 3:1 GFA

Summary Sheet

gln planning

SITE DETAILS	
Address	Representative
Floor Space Ratio	15.0
Land Area	3,000
Site Value	97,253
Number of Dwellings	433

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$696,189	$319,366,667
GST	61,477	26,619,697
Less Selling Costs	15,501	6,712,083
NET REVENUE	$660,589	$286,034,886

COSTS		
Land (including acquisition costs)	61,316	26,550,000
Acquisition costs	4,429	1,917,605
Construction	366,483	158,687,094
Consultants	14,659	6,347,484
Section 94A - Commercial	1,241	537,500
Section 94A - Residential	9,743	4,218,613
Value Sharing Contribution	19,521	8,452,500
Statutory Fees & Contributions	6,503	2,815,997
On Costs	10,994	4,760,613
Marketing	9,629	4,169,333
Cost before Interest	484,998	210,004,239
Finance (incl Loan Est Fees)	37,182	16,099,968
TOTAL DEVELOPMENT COSTS	522,181	$226,104,206
TOTAL PROJECT SURPLUS	22.8%	$51,478,180
PROJECT IRR BEFORE INTEREST	25.0%	

Scenario K - S94A Levy 3% PLUS Value Sharing @ 50% of 4:1 GFA + Value Sharing @ 50% of 3:1 GFA

Input Sheet

SITE DETAILS		
Address	Representative	
Floor Space Ratio	15.0	:1
Achievable FSR	45,000	m2
Land Area	3,000	m2
Site Value	97,253	
Any 1 parcel over $3M	Yes	
LVR (Debt/Equity)	100%	
Date to start feasibility	Oct-15	

DEVELOPMENT COSTS					
Cost Items			**Cost ($)**	**Period Commencing (month)**	**Term (months)**
LAND					
Land Purchase			26,550,000		
Loan Establishment Costs			25,690		
Stamp Duty			1,798,990		
Legals	0.4%		92,925		
LAND ACQUISITION COSTS - Deposit			2,655,000	1	1
LAND ACQUISITION COSTS - Settlement			25,812,605	2	1
CONSTRUCTION COSTS	2,000		158,687,094	15	22
PROFESSIONAL FEES	4%	const costs	6,347,484	1	36
APPLICATION FEES					
DA Fees			751,234	3	1
CC Fees			291,533	15	1
Section 94			4,756,113	36	1
Value Sharing			8,452,500	36	1
LPI Fees			58,347	36	1
LAND TAX/RATES					
Land Tax/Rates	Year 1		571,628	10	1
Land Tax/Rates	Year 2		571,628	22	1
Land Tax/Rates	Year 3		571,628	36	1
ONCOSTS		3.0% construction cost	4,760,613	2	35
MARKETING		2% gross revenue	4,169,333	15	22
		TOTAL COST	**218,456,739**		

UNIT MIX AND SALES									
Unit Type	**No.**	**Dwelling Floor Space m2**	**Total FSR+15%**	**Car Parking**	**Basement Parking Yes**	**Price ($)**	**Total ($)**	**Actual Mix**	**Preferred Mix**
NON RESIDENTIAL									
Retail		2,500	2,500	83	Yes	10,416,667	10,416,667		
Commercial		2,500	2,500	25	Yes	7,500,000	7,500,000		
RESIDENTIAL									
1 bedroom	45	60	3,105	45	Yes	590,000	26,550,000	16%	15%
2 bedroom	208	80	19,136	208	Yes	700,000	145,600,000	76%	75%
3 bedroom	20	120	2,760	20	Yes	920,000	18,400,000	7%	10.0%
4 bedroom	0	130	0	0	Yes	0	0		0.0%
TOTAL	**273**		**30,001**	**381**	**Yes**		**208,466,667**	**100%**	**100%**
Average m2/unit	80								
ADDITIONAL INCLUSIONS									
Other visitor parking				55					
TOTAL YIELD	**273**		**30,001**	**436**			**208,466,667**		
		FSR	10.0						
		Target Floorspace	45,000						

ADDITIONAL UNIT MIX AND SALES (based on additional 5:1 FSR after Planning Proposal									
Unit Type	**No.**	**Dwelling Floor Space m2**	**Total FSR+15%**	**Car Parking**	**Basement Parking Yes**	**Price ($)**	**Total ($)**	**Actual Mix**	**Preferred Mix**
RESIDENTIAL									
1 bedroom	30	60	2,070	30	Yes	590,000	17,700,000	19%	15%
2 bedroom	120	80	11,040	120	Yes	700,000	84,000,000	75%	75%
3 bedroom	10	120	1,380	10	Yes	920,000	9,200,000	6%	10.0%
4 bedroom		130	0	0	Yes	0	0		0.0%
TOTAL	**160**		**14,490**	**160**	**Yes**		**110,900,000**	**100%**	**100%**
Average m2/unit	29								
ADDITIONAL INCLUSIONS									
Other visitor parking				32					
TOTAL YIELD	**160**		**14,490**	**192**			**110,900,000**		

COMBINED YIELD	**433**		**44,491**	**628**			**319,366,667**		
		FSR	14.8						
		Target Floorspace	45,000						

Scenario K- S94A Levy 3% PLUS Value Sharing @ 50% of 4:1 GFA + Value Sharing @ 50% of 3:1 GFA

Calculations

REVENUE		
GROSS REVENUE		319,366,667
GST		26,619,697
SELLING COSTS		
Sales Commission (On Settlement)	2% on gross rev	6,387,333
Legals (On Settlement)	$750 per lot	324,750
TOTAL - SELLING COSTS		6,712,083
NET REVENUE		286,034,886

STAMP DUTY		
LAND VALUE THRESHOLD		TAX
Minimum	Maximum	
14,000		0
14,000	30,000	0
30,000	80,000	0
80,000	300,000	0
300,000	1,000,000	0
1,000,000		FALSE
3,000,000	Premium Property Tax	1,798,990
	TOTAL	1,798,990

CONSTRUCTION COSTS				
Build Costs	Rates $/m2	FSR +15%	UG Parking 50,000	Grade Parking
Apartments	2,850	112,549,350	21,650,000	0
Retail	2,500	6,250,000	4,166,667	
Commercial	2,500	6,250,000	1,250,000	
Visitor Parking			4,330,000	0
ESD Costs	22	978,802		
Design Comp		150,000		
Design Cost	25	1,112,275		
TOTALS		127,290,427	31,396,667	0
TOTAL CONSTRUCTION COST				158,687,094

CONTRIBUTIONS		
SECTION 94A		3.0%
COSTS		
Retail	10,416,667	$312,500
Commercial	7,500,000	$225,000
Residential	140,620,427	$4,218,613
TOTAL VALUE	158,537,094	
TOTAL CONTRIBUTION		$4,756,113

CAR PARKING	
Unit Type	No. Spaces
1 bed/studio	1.0
2 bed	1.0
3+ bed	1.0
Shops	30
Commercial	100
Visitor parking	In any case, min 1 visitor space is required

DA FEES		
CONSTRUCTION COST THRESHOLDS		
50,001	250,000	0
250,001	500,000	0
500,001	1,000,000	0
1,000,001	10,000,000	0
More than $10,000,000		195,829
LSL	0.35%	555,405
TOTAL DA FEES		751,234

RATES	
Council Rates	58,004
Land Tax	513,624
TOTAL RATES	571,628

LPI FEES			
Strata	Base Fee 1,321	Per Dwg fee 132	
TOTAL LPI FEES			58,347

CC FEES	
CONSTRUCTION COSTS	
Exceeding $200,000	291,533
TOTAL CC FEES	291,533

VALUE SHARING		
GFA Element	GFA	Base Value
4:1 CBD Strategy	12,000	$9,660,000
3:1 Above Strategy	9,000	$7,245,000
Calculation		
Rate/additional m2 GFA		$805
CBD Strategy Rate		50%
Above CBD Strategy Rate		50%
TOTAL CONTRIBUTION		$8,452,500

Scenario K - S94A Levy 3% PLUS Value Sharing @ 50% of 4:1 GFA + Value Sharing @ 50% of 3:1 GFA

Assumed Development Cashflow

DEVELOPMENT SUMMARY	
IRR Before Interest	25.03%
Surplus	$51,478,180
% Surplus on D.C	21.95%
Max Loan Balance Debt/Equity	-$211,899,574
Debt/Equity	100.00%

Numbers bellow expressed in nearest $,000

Budget/ Actual	Oct-15	Month	Land	Professional Fees	DA Fees	CC Fees	Construction Costs	Section 94 Costs	Value Sharing	LPI Fess	Statuory Costs	Oncosts	Marketing	Total Costs	Sales	Gross Revenue	GST	Selling Costs	Net Revenue	Monthly Outlays	Net Cashflow	Monthly Interest 6.25%	Total Funds Cashflow	Period
Budget	Oct-15	0	0	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0	$0	$0	$0	$0	$0	0
Budget	Nov-15	1	2,655	176	0	0	0	0	0	0	0	0	0	$2,831	0	$0	$0	$0	$0	$2,831	-$2,831	$0	-$2,831	1
Budget	Dec-15	2	25,813	176	0	0	0	0	0	0	0	136	0	$26,125	0	$0	$0	$0	$0	$26,125	-$26,125	-$15	-$28,971	2
Budget	Jan-16	3	0	176	751	0	0	0	0	0	0	136	0	$1,064	0	$0	$0	$0	$0	$1,064	-$1,064	-$151	-$30,185	3
Budget	Feb-16	4	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$157	-$30,655	4
Budget	Mar-16	5	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$160	-$31,127	5
Budget	Apr-16	6	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$162	-$31,601	6
Budget	May-16	7	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$165	-$32,078	7
Budget	Jun-16	8	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$167	-$32,558	8
Budget	Jul-16	9	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$170	-$33,040	9
Budget	Aug-16	10	0	176	0	0	0	0	0	0	572	136	0	$884	0	$0	$0	$0	$0	$884	-$884	-$172	-$34,096	10
Budget	Sep-16	11	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$178	-$34,586	11
Budget	Oct-16	12	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$180	-$35,078	12
Budget	Nov-16	13	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$183	-$35,573	13
Budget	Dec-16	14	0	176	0	0	0	0	0	0	0	136	0	$312	0	$0	$0	$0	$0	$312	-$312	-$185	-$36,071	14
Budget	Jan-17	15	0	176	0	292	7,213	0	0	0	0	136	190	$8,006	0	$0	$0	$0	$0	$8,006	-$8,006	-$188	-$44,265	15
Budget	Feb-17	16	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$231	-$52,211	16
Budget	Mar-17	17	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$272	-$60,197	17
Budget	Apr-17	18	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$314	-$68,226	18
Budget	May-17	19	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$355	-$76,296	19
Budget	Jun-17	20	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$397	-$84,408	20
Budget	Jul-17	21	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$440	-$92,563	21
Budget	Aug-17	22	0	176	0	0	7,213	0	0	0	572	136	190	$8,287	0	$0	$0	$0	$0	$8,287	-$8,287	-$482	-$101,331	22
Budget	Sep-17	23	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$528	-$109,574	23
Budget	Oct-17	24	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$571	-$117,860	24
Budget	Nov-17	25	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$614	-$126,189	25
Budget	Dec-17	26	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$657	-$134,561	26
Budget	Jan-18	27	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$701	-$142,976	27
Budget	Feb-18	28	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$745	-$151,436	28
Budget	Mar-18	29	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$789	-$159,940	29
Budget	Apr-18	30	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$833	-$168,488	30
Budget	May-18	31	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$878	-$177,080	31
Budget	Jun-18	32	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$922	-$185,717	32
Budget	Jul-18	33	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$967	-$194,399	33
Budget	Aug-18	34	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$1,012	-$203,127	34
Budget	Sep-18	35	0	176	0	0	7,213	0	0	0	0	136	190	$7,715	0	$0	$0	$0	$0	$7,715	-$7,715	-$1,058	-$211,900	35
Budget	Oct-18	36	0	176	0	0	7,213	4,756	8,453	58	572	136	190	$21,553	70	$319,367	$26,620	$6,712	$286,035	$21,553	$264,481	-$1,104	$51,478	36
			28,468	**$6,347**	**$751**	**$292**	**$158,687**	**$4,756**	**$8,453**	**$58**	**$1,715**	**$4,761**	**$4,169**	**$218,457**	**70**	**$319,367**	**$26,620**	**$6,712**	**$286,035**	**$218,457**	**$67,578**	**-$16,100**	**$51,478**	
			Land	**Professional Fees**	**DA Fees**	**CC Fees**	**Construction Costs**	**Section 94 Costs**		**LPI Fess**	**Statuory Costs**	**Oncosts**	**Marketing**	**Total Costs**		**Gross Revenue**	**GST**	**Selling Costs**	**Net Revenue**	**Monthly Outlays**	**Net**	**Monthly Interest**		

3.0 Model Assumptions

Parramatta Council has identified some $835 million worth of infrastructure improvements as a result of the greatly increased development potential to be implemented through the CBD Planning Proposal. The Planning Strategy to increase the heights and floor space ratios have made it clear that part of the funding for this infrastructure will come from a review of Section 94A contributions and/or use of a Value Share mechanism for those development utilising the additional floor space bonuses. This Paper summarises the assumptions undertaken in the modelling to test the impact of these contributions on the developers. The results of the modelling have ben separately provided to Council.

3.1 Approach

Feasibility modelling has been used to test the impacts on developer returns by varying the Section 94A and Value Sharing regimes applicable to existing and additional floor space being considered as part of the Parramatta CBD Planning Proposal.

Two base scenarios were prepared to reflect the different FSR outcomes typically envisaged by Council for the CBD area being:

- **6.9:1 FSR Development** - Application of 6:1 FSR to B4 land outside of the CBD core with an additional 0.9:1 FSR as a result of the proposed incentive clause for 'Design Excellence'.
- **12:1 FSR Development** – Application of 10:1 FSR to B4 land in the CBD core with additional 2:1 FSR as a result of the proposed incentive clauses for 'Design Excellence' (1.5:1) and 'High Performance Buildings' (0.5:1 FSR).

For each base scenario, the Residual Land Value (being the price a developer could afford to pay for the land) was determined by modelling the cash flow of all revenue generated from the hypothetical development less associated costs of development (such as finance, construction costs, contributions, marketing etc) to achieve the development and finance industry benchmarks of Internal Rate of Return and Profit Margin of a minimum of 20%. These acquisition costs were then adopted as a constant for each of the scenarios that were modelled.

3.2 Benchmarks

The key benchmarks used in the feasibility assessment include **Developer Profit**, **Development Margin** and **Internal Rate of Return** (IRR). These benchmarks are reflective of the risk and reward to incentivise developers to commit to (and banks to finance) a development proposal. Typically, a benchmark of 20% for IRR and Development Margin is considered to be representative of a feasible development opportunity.

This benchmark of 20% was applied to all scenarios delivering an FSR outcome of 12:1 or below. When considering the impact of the different contribution scenarios of development in excess of a 12:1 FSR outcome, the discussion around development feasibility sought to adopt a higher benchmark (IRR of 25%) to represent the additional risk involved with larger scale developments.

3.3 Development Scheme Assumptions

In preparing the feasibility the following development assumptions were made:

- Delivery of 2,500m^2 Retail GFA and 2,500m^2 Commercial GFA to meet the planning controls requiring a mixed use development outcome. It is often the case that these components are not profitable unless significant pre-commitment is secured. As such, developers will seek only to ensure that the cost of construction is covered by revenue generated by the sale of these components of development.
- Apartment mix achieves (as close as possible):
- 15% of 1 Bedroom Apartments with an average area of 60m^2
- 75% of 2 Bedroom Apartments with an average area of 80m^2
- 10% of 3 Bedroom Apartments with an average of 120m^2
- The area of apartments have been increased by an additional 15% to reflect common areas, circulation space and balcony areas.
- Car parking is provided as basement levels to the development.
- Car parking is at one space per apartment. This allows flexibility in the marketing and configuration of apartment products to meet a variety of price points.
- Car parking for commercial GFA is provided at 1 space per 100m^2 GFA.
- Car parking for retail GFA is provided at 1 space per 30m^2.
- Visitor car parking is provided at 1 space per 5 apartments.
- Margin Scheme using the purchase price applied for GST for the sale of apartments.

3.4 Revenue Assumptions

In preparing the feasibility the following revenue assumptions were made:

- Net revenue equals gross revenue less GST, less sales commission and legals.
- Revenue generated from commercial and retail development is netted off against the cost of construction.
- Average sales price of 1 Bedroom Apartments of $590,000 ($9,800/m^2) based on 6 listed off the plan apartments in Parramatta CBD in September/October 2015. See attached Sales Summary Sheet.
- Average sales price 2 Bedroom Apartments of $700,000 ($8,750/m^2) based on 13 listed off the plan and new apartments in Parramatta CBD in September/October 2015. See attached Sales Summary Sheet.
- Average sales price 2 Bedroom Apartments of $920,000 ($7,660/m^2) based on 7 listed off the plan and new apartments in Parramatta CBD in September/October 2015. See attached Sales Summary Sheet.
- No allowance for escalation in sales prices or costs has been made over life of the project.
- Any increase in sales prices will likely improve feasibility outcomes. Conversely, any decrease in sales prices will have a negative impact on feasibility outcomes.
- Assumed that 100% of apartments are ‘sold’ prior to registration of Subdivision Plan.
- GST is included on residential sales.
- Sales commission of 2% paid at settlement.
- Legal costs paid on settlement of $750 per apartment.

3.5 Cost Assumptions

In preparing the feasibility the following cost assumptions were made:

- Based on 100% financing (debt) at 6.25%. Considered to be a more conservative assumption to reflect worst case for interest.
- Loan establishment costs based on fixed fee and 0.06% of land acquisition cost paid at settlement in Month 2.
- Land acquisition legal costs at 0.4% of land acquisition paid at settlement in Month 2.
- Stamp Duty paid at settlement in Month 2.
- Apartment cost of construction at $2,850/m^2$ (Rawlinsons 2015). This cost includes a development margin to cover Tier 1 Developers entering into Design and Construct contracts. Inclusive of contingency and allowance for site works and servicing.
- Retail and commercial cost of construction at $2,500/m^2$ (Rawlinsons 2015).
- Basement carparking cost at $50,000/space (Rawlinsons 2015).
- High Performance Building cost of construction at $22/m^2$ (Council advice provided).
- Design Excellence costs of $150,000 for design competition (Council advice provided) and allowance of $25/m^2$.
- No escalation for construction costs have been assumed.
- DA, LSL and CC Fees as per Council's Fees and Charges.
- Professional Fees at 4% of cost of construction.
- Land Tax over 3 year period at Statutory Rate.
- S94 costs as per scenario descriptions.
- Strata Fees based on base fee of $1,321 plus one drawing per apartment at $132/drawing.
- GST is included on residential sales.
- Sales commission of 2% paid at settlement.
- Legal costs paid on settlement of $750 per apartment.

Recent Apartment Sales/Prices September - October 2015

1 Bedroom Apartments

Address	Developer	Condition	Bedrooms	Bathrooms	Parking	Sale/Asking Price	Sales Date	Source
330 Church Street	Meriton	Off Plan	1	1	0	$662,000	Current	http://www.domain.com.au/project/690/altitude-parramatta-nsw
330 Church Street	Meriton	Off Plan	1	1	1	$683,000	Current	http://www.domain.com.au/project/690/altitude-parramatta-nsw
2 Morton Street		Off Plan	1	1	1	$533,000	Current	http://www.domain.com.au/project/993/promenade-parramatta-nsw
2 Morton Street		Off Plan	1	1	1	$555,000	Current	http://www.domain.com.au/project/993/promenade-parramatta-nsw
805/118 Church Street		Off Plan	1	1	1	$570,000	Current	http://www.domain.com.au/805-118-church-street-parramatta-nsw-2150-2012386042?sp=12
806/118 Church Street		New	1	1	1	$556,500	9/09/2015	http://www.domain.com.au/806-118-church-street-parramatta-nsw-2150-2012194673?sp=13
		Average	**1**	**1**	**0.8333**	**$593,250**		
			Adopted Sales Price			**$590,000**		

2 Bedroom Apartments

Address	Developer	Condition	Bedrooms	Bathrooms	Parking	Sale/Asking Price	Sales Date	Source
330 Church Street	Meriton	Off Plan	2	2	1	$797,000	Current	http://www.domain.com.au/project/690/altitude-parramatta-nsw
2 Morton Street		Off Plan	2	2	1	$725,000	Current	http://www.domain.com.au/project/993/promenade-parramatta-nsw
2 Morton Street		Off Plan	2	2	1	$685,000	Current	http://www.domain.com.au/project/993/promenade-parramatta-nsw
710/2 Morton Street		Off Plan	2	2	1	$690,000	Current	http://www.domain.com.au/710-2-morton-street-parramatta-nsw-2150-2012332144?sp=10
35/105 Church Street		Modern	2	2	1	$655,000	19/10/2015	http://www.domain.com.au/35-105-church-street-parramatta-nsw-2150-2012312667?sp=3
19/51A High Street		New	2	2	2	$600,000	2/10/2015	http://www.domain.com.au/19-51a-high-street-parramatta-nsw-2150-2012241149?sp=13
810/36 Cowper Street		Modern	2	2	1	$675,000	26/09/2015	http://www.domain.com.au/810-36-cowper-street-parramatta-nsw-2150-2012216244?sp=18
5/8 Elizabeth Street		New	2	2	1	$670,000	26/09/2015	http://www.domain.com.au/5-8-elizabeth-street-parramatta-nsw-2150-2012225576?sp=0
905/8 Cowper Street		Modern	2	2	1	$650,000	23/09/2015	http://www.domain.com.au/905b-8-cowper-street-parramatta-nsw-2150-2012235251?sp=3
3/11-13 Hunter Street		New	2	2	1	$770,000	18/09/2015	http://www.domain.com.au/3-11-13-hunter-street-parramatta-nsw-2150-2012156620?sp=6
7/4589 Church Street			2	2	1	$630,000	8/09/2015	http://www.domain.com.au/7-459-church-parramatta-nsw-2150-2012026879?sp=14
1/69 High Street		New	2	1	1	$651,000	4/09/2015	http://www.domain.com.au/1-69-high-street-parramatta-nsw-2150-2012209174?sp=15
51/20 Victoria Road		New	2	2	2	$790,000	2/09/2015	http://www.domain.com.au/51-20-victoria-road-parramatta-nsw-2150-2012184147?sp=16
		Average	**2**	**1.92307692**	**1.1538**	**$691,385**		
			Adopted Sales Price			**$700,000**		

3 Bedroom Apartments

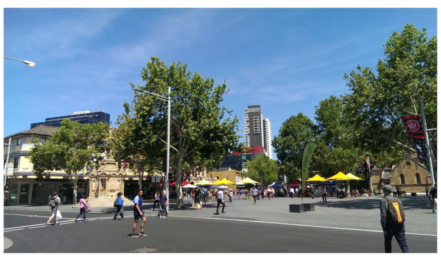
Address	Developer	Condition	Bedrooms	Bathrooms	Parking	Sale/Asking Price	Sales Date	Source
330 Church Street	Meriton	Off Plan	3	2	2	$1,299,000	Current	http://www.domain.com.au/project/690/altitude-parramatta-nsw
20-24 Kendall Street		Off Plan	3	2	2	$850,000	Current	http://www.domain.com.au/20-24-kendall-street-parramatta-nsw-2150-2012357595?sp=8
Macquarie Street		Off Plan	3	2	2	$1,050,000	Current	http://www.domain.com.au/parramatta-nsw-2150-2011485687?sp=17
14/9-11 Cowper Street		Modern	3	2	1	$710,000	2/10/2015	http://www.domain.com.au/14-9-11-cowper-street-parramatta-nsw-2150-2012222334?sp=14
46/20 Victoria Road		New	3	2	1	$833,000	23/09/2015	http://www.domain.com.au/46-20-victoria-road-parramatta-nsw-2150-2012259448?sp=1
6/27 Stewart Street		New	3	2	2	$850,000	17/09/2015	http://www.domain.com.au/6-27-stewart-street-parramatta-nsw-2150-2012226820?sp=8
604/36 Cowper Street			3	2	2	$838,000	14/09/2015	http://www.domain.com.au/604-36-cowper-st-parramatta-nsw-2150-2012133555?sp=11
		Average	**3**	**2**	**1.7143**	**$918,571**		
			Adopted Sales Price			**$920,000**		

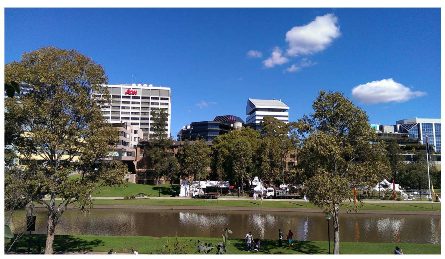
City of Parramatta

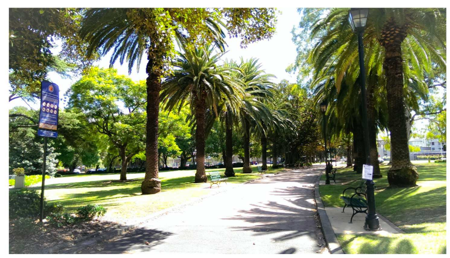
Discussion Paper

Infrastructure Planning and Funding in the Parramatta CBD

March 2017







PARRAMATTA
WE'RE BUILDING AUSTRALIA'S NEXT GREAT CITY

Executive summary

Sitting at the heart of Greater Sydney's 'Central City', Parramatta CBD will grow significantly over the coming decades. This means city infrastructure such as green spaces, recreational facilities, arts and cultural destinations, and community spaces will face greater demands than ever before, necessitating clear infrastructure planning that aligns with City of Parramatta Council's ('Council') vision of being a liveable, sustainable, productive, and leading city.

Council has developed a draft list of the local infrastructure that the city will need in order to provide high-quality spaces and services that meet the needs of the CBD's growing community of residents, workers and visitors. Council is now seeking feedback on this needs analysis which, led by Council's *Statement of Vision and Priorities*, responds to the following themes:

- **Managing growth and transport** to improve accessibility, navigation and connectivity, which will provide a better city experience for pedestrians and active transport users.
- **Promoting green spaces and the environment** by creating and maintaining green spaces and transitioning towards a resilient city. The focus will be on developing Parramatta River as a key green public space for residents, workers and visitors, serving as a 'green' trail throughout the city.
- **Providing opportunities for recreation and leisure activities** to promote healthy and active lifestyles and maintaining a reputation as a premier sporting destination.
- **Creating a strong economy with a strong city centre,** which relies on improving the city's public domain backbone of streets and laneways, as well as flood management. There is also is a push towards becoming a Smart City.
- **Having a community focus** that fosters and celebrates a sense of community through the new Civic Centre, community centres and spaces, and childcare facilities.
- **Supporting arts, culture, celebrations and destinations** which enrich people's lives by creating a collective sense of identity for the community and spaces to spark new ideas and imagination.

The local infrastructure identified to support growth in the CBD and the realisation of these priorities will cost approximately $1 billion over the next 40 years. This exceeds Council's estimated income from user charges (section 94a developer contributions), taxes (rates), and potential Government grants. The total estimated income from these sources will likely fall in the range of $449 - $605 million between 2016 and 2056. This means there is an anticipated funding gap of between $394 - $549 million.

- This paper describes potential options for Council to reduce the funding gap, and feedback is welcomed on the funding options considered - in particular whether they are fair, equitable and transparent. Some of these options are currently used by Council (such as rates, developer contributions and grants), while others would represent new funding opportunities (such as City Deals and a planning uplift value share (PUVS) mechanism).

In particular, this paper focuses on funding options that Council can readily influence, and highlights the difference between user charges (i.e. meaning that those who benefit from something should pay for it) and taxes. Value sharing is a type of user / beneficiary charge that is currently not being implemented in Parramatta CBD, and this paper will provide more detail on value sharing and how it might apply in the CBD.

While the funding options considered may be able to raise a significant amount of funds, there remains a funding gap. The identified local infrastructure needs of the Parramatta CBD represent an unprecedented level of investment, and finding the right mix of funding mechanisms will require innovative thinking and approaches.

Council welcomes your feedback on this discussion paper and the funding options considered, as well as on the draft infrastructure list. All submissions will be considered in Council's decision making process relating to CBD infrastructure planning and funding.

If you would like to provide feedback, visit www.cityofparramatta.nsw.gov.au.

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1 Introduction

1.1 What this paper is about

This paper identifies that Parramatta CBD will grow significantly over the next 40 years, and will need additional local infrastructure of all kinds costing approximately $1 billion. Council cannot meet this requirement under its current revenue stream, creating a funding gap.

This paper introduces the additional infrastructure needs and assesses several options to reduce the funding gap. It highlights the challenges and opportunities of these options, and recommends a value sharing mechanism as a potential way forward.

This paper aims to provide the community with an understanding of infrastructure planning and funding in the CBD by:

- Providing an overview of the plans and strategies put in place by Council, the State Government and the Greater Sydney Commission, which all identify Parramatta's strategic importance.
- Highlighting that Parramatta CBD is set to grow significantly over the coming decades and identifying what infrastructure is needed to support this growth.
- Assessing several funding options, identifying challenges and opportunities, and demonstrating that a value share mechanism shows strong potential to help reduce the funding gap.
- Determining how a value share mechanism would work in a fair, equitable and transparent manner.
- Outlining a way forward and inviting the community and industry to provide feedback on Council's work to date.

1.2 How this paper was written

This paper is the result of a highly collaborative effort between City of Parramatta Council and Aurecon Australasia Pty Ltd. Aurecon also undertook an independent review of Council's original analysis around value sharing; this is provided as **Appendix A** to this paper, and provides further information on assumptions, market feasibility analysis and results. Council staff have undertaken a draft needs analysis identifying what local infrastructure will be needed in the CBD and this is included at **Appendix B**.

Parts of this work were also informed by discussions with staff of the Department of Planning and Environment and Greater Sydney Commission, and interviews with developers and real estate agents.

1.3 How to get involved

Council welcomes your feedback on this discussion paper, especially on the infrastructure list and the funding options considered. All submissions will be considered in Council's decision making process relating to CBD infrastructure planning and funding.

If you would like to provide feedback, visit www.cityofparramatta.nsw.gov.au.

2 Planning for growth in Parramatta CBD

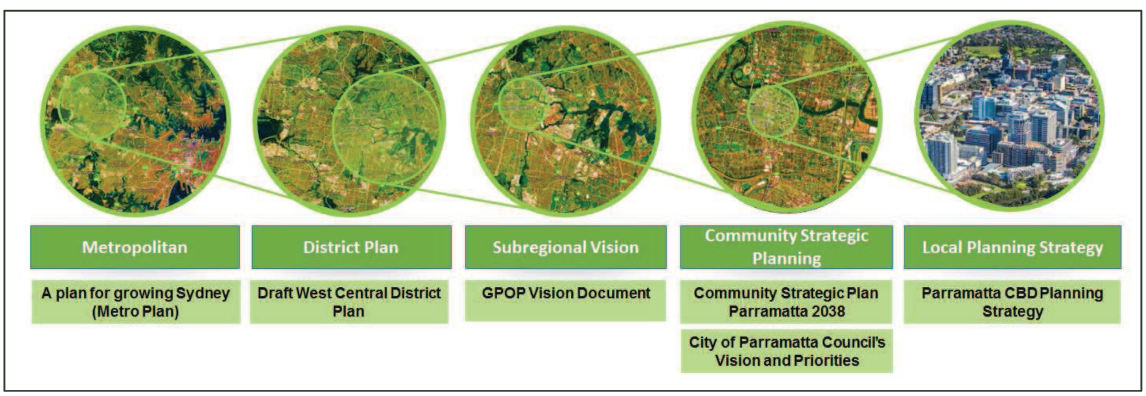
The NSW Government has identified Greater Parramatta to the Olympic Peninsula (GPOP) and surrounds as Sydney's Central City[3][4], with employment and population forecast to grow significantly over the coming decades. Parramatta CBD is one of four important precincts within GPOP.

Council and the NSW State Government are preparing for this growth and have developed several plans and frameworks outlining the vision for Parramatta. This vision seeks to transform the city into a sustainable, liveable, and productive world class city.

2.1 Frameworks guiding growth in Parramatta CBD

Great cities need a plan for growth. There are many examples of cities that have expanded too quickly without any kind of planning. The results are chaotic at best, and greatly threaten the quality of life in that city[5]. In order to transform Sydney's Central City (with Parramatta CBD at its heart) into a world class city, a series of plans and frameworks have been developed by the Greater Sydney Commission, NSW State Government and Council, which all agree on the need to grow the city while also addressing the impacts arising from that growth. The following sections outline this clear strategic line of sight in more detail.

Figure 1: Summary of Strategic Planning for Parramatta CBD



[3] West Central District Plan (http://greater.sydney/west-central-district)
[4] Greater Sydney Commission Greater Parramatta to Olympic Peninsula Vision (http://www.greater.sydney/gpop)
[5] How to make a great city, McKinsey&Company (2013)

A Plan for Growing Sydney[6]

The NSW State Government envisions the transformation of Sydney's metropolitan area over the next 20 years in *A Plan for Growing Sydney* (The Metro Plan). The Metro Plan provides key directions and actions that will make Sydney more productive, liveable and sustainable.

The Metro Plan identifies Parramatta as a new priority growth area and a second CBD[7]. The NSW State Government commits in the Metro Plan to working with Council to review expansion opportunities in Parramatta CBD such as updating building height controls and removing other barriers to growth.

The result will be a city with a strong commercial centre supported by infrastructure together creating a dynamic and diverse place to work, live and play.

Draft West Central District Plan

The Greater Sydney Commission (GSC) has released draft District Plans for the six regions that make up the Sydney Metropolitan area. City of Parramatta sits within the West Central District, which also includes Blacktown, Cumberland and The Hills Local Government Areas. This area is forecasted to grow from 971,000 residents in 2016 to 1.5 million in 2036 (roughly 27,500 more people every year from now until 2036).

The *Draft West Central District Plan*, like the Metro Plan, has the priority of developing Parramatta CBD as the GSC seeks to "collaborate to create, own and deliver GPOP" [Greater Parramatta and the Olympic Peninsula; refer next section].

Greater Parramatta and the Olympic Peninsula Vision Document

The Greater Sydney Commission has also released a Vision Document for Greater Parramatta and the Olympic Peninsula ("GPOP")[9]. In line with the Metro and District plans, this document positions Parramatta as Sydney's "Central City", and identifies GPOP as "the geographic and demographic centre of Sydney". The Parramatta CBD and Westmead form one of four key precincts within GPOP.

BOX 1: Greater Sydney Commission's vision for Parramatta CBD

"The revitalised Parramatta CBD will be GPOP's commercial and civic centre. It will grow with a strong commercial core, an identifiable CBD skyline, a sound mix of finance, insurance, accountancy, legal, real estate, convention, public administration and IT services and a lively night-time economy. The revitalised Parramatta River will be the CBD's centrepiece and will connect to the prestigious commercial address of Parramatta Square via the Civic Link. Parramatta CBD will be designed as our central '30-minute city'"

GPOP Vision (Pg. 30)

[6] http://www.planning.nsw.gov.au/Plans-for-your-area/Sydney/A-Plan-for-Growing-Sydney
[7] Direction 1.2 of the plan being to "Grow Greater Parramatta – Sydney's second CBD"

[9] http://www.greater.sydney/gpop

Community Strategic Planning: *Parramatta 2038*

Council's current long-term Community Strategic Plan is *Parramatta 2038*[10]. This plan closely aligns with metropolitan and regional plans in terms of planning for major growth in Parramatta CBD. It envisions four major transformational opportunities for Parramatta:

- Development of Parramatta CBD, Westmead, Camellia and Rydalmere
- A light rail network and local and regional ring roads
- Parramatta River entertainment precinct
- A connected series of parks and recreation spaces

Community Strategic Planning: City of Parramatta Council's *Statement of Vision and Priorities*

City of Parramatta Council released a *Statement of Vision and Priorities* in December 2016, following its formation through the amalgamation of parts of the former Parramatta City Council and The Hills, Hornsby, Auburn and Holroyd Councils.

While the Statement outlines the Council and community's vision and priorities for the area as a whole, its guidance for the CBD is clear. It supports a strategic vision for a Parramatta CBD which includes a strong city centre, effective transport and a focus on sustainability and equity. Council's new *Vision and Priorities* are referenced in Figure 2.

Parramatta CBD Planning Strategy and background work

In 2015, the former Parramatta City Council adopted the *Parramatta CBD Planning Strategy*[11], which, through careful consideration of urban design and economic outcomes, envisioned Parramatta's CBD as a world class city.

It concluded that significant changes to local planning controls would be required to drive change and growth in the CBD, and provided a clear implementation plan for delivery of a new planning framework for the Parramatta CBD.

This Strategy envisioned the preparation of a major Planning Proposal to change planning controls in the CBD to allow for significant growth and development, and help to realise the strategic vision laid out across all levels of planning for the CBD. This Planning Proposal is described in more detail in the next section.

BOX 2: Former Parramatta City Council's vision for Parramatta CBD

"Parramatta will be Australia's next great city, defined by landmark buildings and high quality public spaces with strong connections to regional transport. It will respect its heritage, be an exemplar in design excellence, facilitate job growth and ensure its streets are well activated."

Parramatta CBD Planning Strategy 2015

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[10] https://www.cityofparramatta.nsw.gov.au/sites/council/files/inline-files/Community%20Strategic%20Plan%202038.pdf

[11] https://www.cityofparramatta.nsw.gov.au/sites/council/files/inline-files/Appendix_2_Parramatta_CBD_Planning_Strategy.pdf

Figure 2: Extract from Council's *Statement of Vision and Priorities*, 2016

2.2 Planning Proposal for the Parramatta CBD

The clear strategic line of sight for Parramatta CBD described in the previous section is given statutory (legal) expression through a major Planning Proposal for the Parramatta CBD. Planning Proposals are the legal mechanism for changing planning controls, like land use zoning, height and floor-space ratio (FSR) controls. This section explains in more detail the changes proposed under the Parramatta CBD Planning Proposal, which was endorsed by the former Parramatta City Council in April 2016, and is currently awaiting a "Gateway Determination" from the Department of Planning and Environment to allow public exhibition and community consultation.

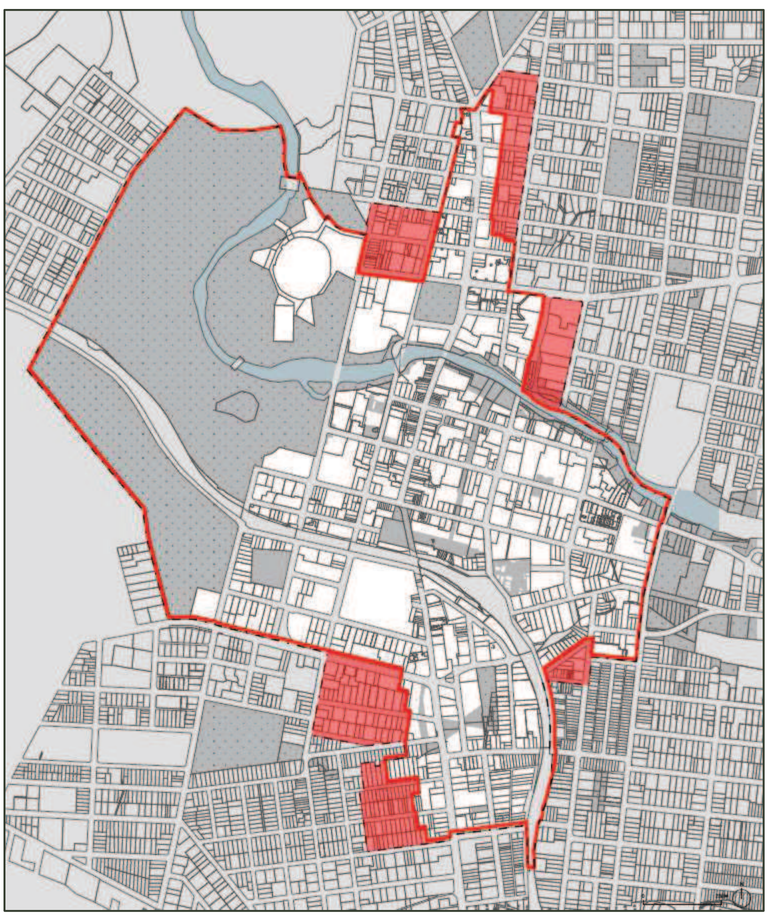
An expanding CBD

The CBD Planning Proposal proposes to expand the boundary of Parramatta's statutory "City Centre" as shown in the red shaded areas of Figure 3 below.

The Planning Proposal will not make any changes to the existing controls around the Park Edge Highly Sensitive Area adjacent to the world heritage-listed Old Government House and Domain Parramatta Park, the Stadium/Sports and Leisure Precinct and surrounds. However, these areas will still remain as part of the City Centre boundary.

Consideration of a further expansion of the city centre boundary will be undertaken as part of future planning studies in the CBD.

Figure 3: Expanded CBD footprint under the CBD Planning Proposal



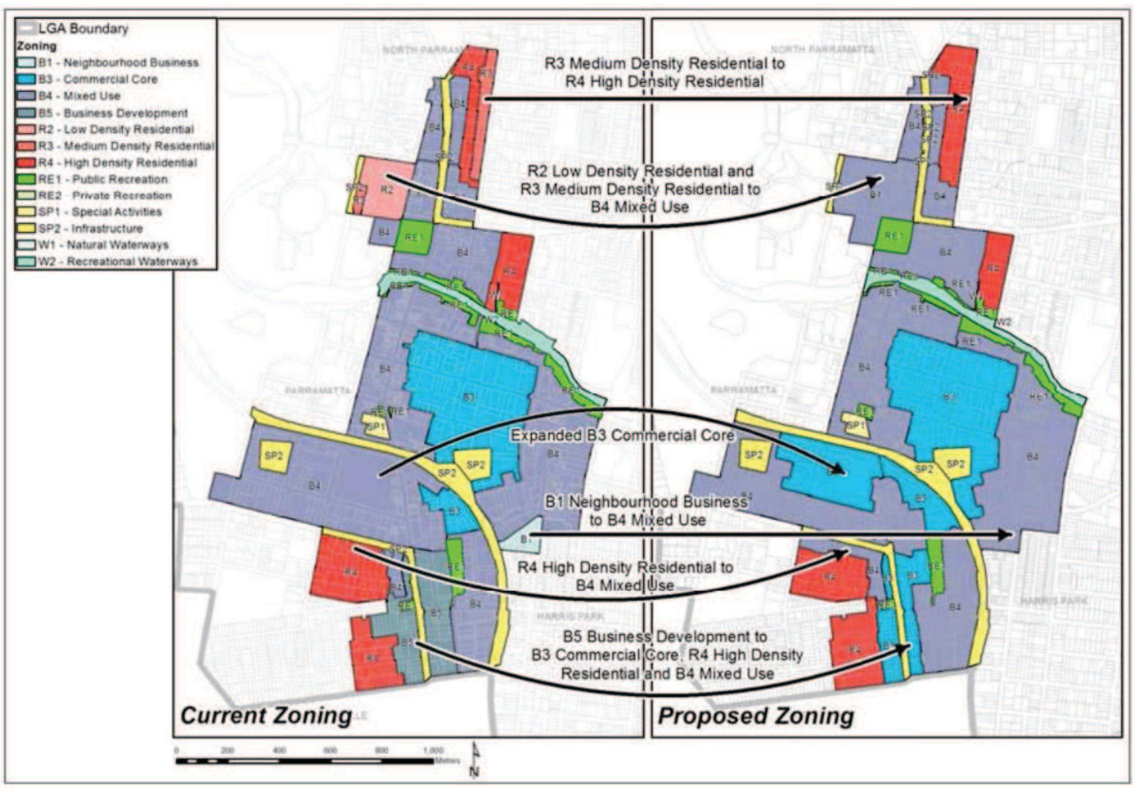
A changing CBD

The CBD Planning Proposal proposes changes to existing land use zones to protect and grow a strong commercial core, surrounded with vibrant mixed use areas.

These changes include expansion of the commercial core (bright blue) zone and changing some low and medium density residential zones surrounding the core to mixed use (purple) zones. These changes are shown in more detail at Figure 4 below.

In addition, the proposal will respond to several key issues facing Parramatta CBD in its new role as the heart of Greater Sydney's Central City. These issues include lifting environmental performance of buildings, creating active streets, protecting solar access to key public spaces, facilitating design excellence, responding to airspace operations issues, maintaining heritage protections, and managing flood risks.

Figure 4: Land use zoning changes under the CBD Planning Proposal

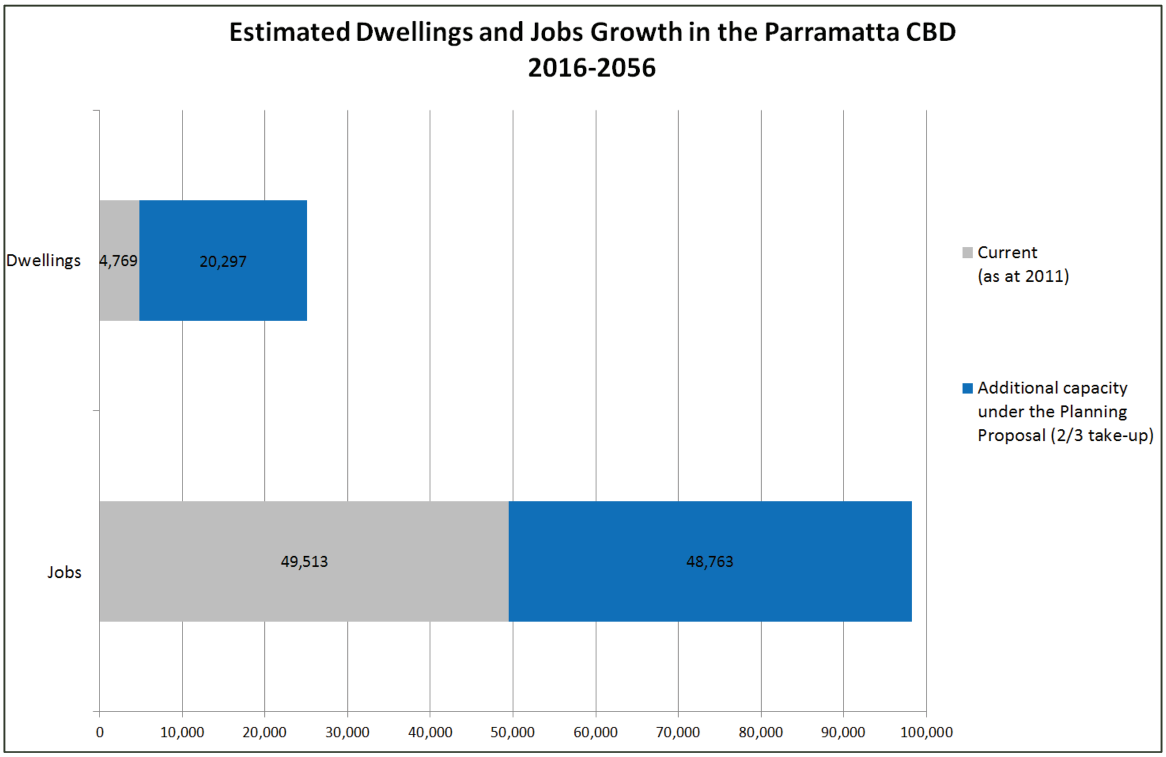


A growing CBD

Along with changes to land use controls, the CBD Planning Proposal also proposes to amend the existing planning controls of height and density. The key purpose of these changes is to meet the employment and housing targets outlined in the Parramatta CBD Planning Strategy.

As shown in Figure 5 below, the CBD Planning Proposal releases capacity for about **48,700 additional workers** and **42,600 additional residents**[12]. This estimate is based on two-thirds take-up of the total floor space area released under the Planning Proposal, and is estimated to occur over the period from 2016-2056 (40 years). This growth means that all types of infrastructure in the CBD will experience new pressures and demands.

Figure 5: Estimated growth in dwellings and jobs the Parramatta CBD to 2056



The Planning Proposal will allow for significant development of the built environment in Parramatta's CBD, but this will generate a need for significant investment in new and upgraded local infrastructure. Without this investment in infrastructure, growth in the CBD will not occur in a well-managed and appropriately-serviced way, and the strategic vision for the heart of Greater Sydney's Central City will not be achieved. Chapter 3 will focus in more detail on this topic.

[12] Based on 2.1 persons/dwelling.

3 Infrastructure Needs in the Parramatta CBD

3.1 What the community has told us about the CBD, growth and infrastructure

Council's *Statement of Vision and Priorities* identifies 'creating a strong economy with a strong city centre', as a key priority that drives the conversation around infrastructure needs of the growing centre of a sustainable, liveable and productive city.

Addressing this priority will specifically involve:

- Creating a city centre that generates jobs and attracts business and investment
- Creating a well-connected, efficient city that attracts knowledge intensive jobs and promotes Parramatta as a centre for ideas
- Ensuring that Parramatta Square is a key economic driver for the CBD
- Working with key partners to create a high value-adding, employment hub and driving force behind the generation of new wealth for Western Sydney.

However, growing a city centre that is **economically** strong is only part of the picture. The community has clearly told Council that growth in Parramatta must be **well-managed**, and that we must **harness the benefits of growth for all.** This acknowledges that all stakeholders in the CBD – whether residents, businesses, workers, visitors, landowners or developers – will benefit when appropriate infrastructure is provided to service the growth in the CBD. Servicing growth in the Parramatta CBD will include providing better spaces, experiences and transport as follows:

Better Spaces

- Create innovative spaces and places for the community
- Create a place that encourages social connectivity and is inclusive and accessible for all
- Ensure that green and open spaces are created, protected and maintained in line with population growth

Better Experiences

- Provide a variety of cultural experiences and attractions unique to Parramatta which make it a destination of choice for residents and visitors
- Create a green city by creating and maintaining green spaces, bushland and waterways for residents and visitors to enjoy
- Create a resilient city that uses less energy and water as the city grows – doing more with less

Better Transport

- Create more active travel options and maintaining accessible and high quality facilities to promote healthy and active lifestyles
- Work with government partners to improve connections and traffic flow
- Manage the parking and transport needs of residents, visitors and workers

These actions will benefit the CBD's growing community of businesses, workers, residents and visitors. These actions will also benefit landowners and developers, as they will improve the Parramatta CBD's attractiveness, competitiveness and land values, and because the increased densities that benefit developers and landowners will not be supportable without these improvements to infrastructure.

After briefly touching on important regional infrastructure projects, this chapter will lay out the local infrastructure which is necessary to allow increased densities and growth in the CBD to occur.

3.2 State-led infrastructure projects

Due to its metropolitan and regional importance Parramatta is and will continue to be the focus of significant State-led infrastructure investment.

Many of these State-led infrastructure projects are outlined in the *Parramatta Strategic Framework*[13], and regional infrastructure investment in Parramatta CBD will allow the city to grow over the coming decades. Key regional projects include:

- Major transport projects (like Parramatta Light Rail and Sydney Metro West),
- Major investment in new and upgraded educational facilities (like the Parramatta Schools projects),
- Major Cultural Facilities (like the relocation of the Museum of Applied Arts and Sciences),
- Major sporting facilities (Western Sydney Stadium), and
- Major utility upgrades.

These State-led projects are important city-shaping infrastructure elements which will help to effectively service and manage the growth of Parramatta CBD.

Council remains an important partner and stakeholder on these activities. However, it is not generally the responsibility of Council to fund and deliver major regional infrastructure projects. Therefore, this paper focuses on **local** infrastructure, and a few locally-led aspects of State-led projects (for example, works led by Council resulting from the Parramatta Light Rail project).

[13] http://www.greater.sydney/news/parramatta-strategic-framework - a joint endeavour by Infrastructure NSW, the Department of Planning and Environment, Office of the Government Architect, the former Parramatta City Council and consultants Terroir.

3.3 Local infrastructure needs of the CBD

The growing Parramatta CBD will require all kinds of local infrastructure projects, including both new infrastructure and upgrades to existing assets.

Six of the eight priorities identified in Council's *Statement of Vision and Priorities,* have direct implications for infrastructure provision in the CBD, Therefore, this Discussion Paper organises the projects around these six priorities as follows:

- Managing Growth and Transport
- Promoting Green Spaces and the Environment
- Providing Opportunities for Recreation and Leisure
- Creating a Strong Economy with a Strong City Centre
- Having a Community Focus
- Supporting Arts and Culture, Celebrations and Destinations

(Please note that many of the local infrastructure projects identified are related to more than one of these priorities.)

The other two priorities identified in the *Statement* are less directly related to infrastructure provision in the CBD, but still underpin all of Council's actions relating to planning for growth in the CBD. These two priorities are *Building a Stronger, More Innovative Council for our Community's Future* and *Creating Vibrant Neighbourhoods and Precincts.*

The following sections will describe the infrastructure needs under each of the above six priorities. **Appendix B** of this Discussion Paper contains the *Draft Parramatta CBD Infrastructure Needs Analysis,* including projects descriptions, estimated costs and timelines.

Managing Growth and Transport

Managing growth and transport in Parramatta CBD will require improvements to accessibility, navigation and connectivity. Of particular importance will be improving the experience of pedestrians and active transport users.

Many projects needed for the Parramatta CBD have already been identified through the City Ring Road[14] vision. The City Ring Road is mainly comprised of Victoria Road, and O'Connell, Parkes and Harris Streets, and will help create an identifiable boundary to the city centre with entrances and thresholds, while also simplifying traffic flow, and reducing through-traffic and congestion in the CBD. Projects related to the City Ring Road include pedestrian improvement projects, intersection upgrades, median islands and road widenings.

A program of other road widenings will also be needed in association with further development of public and private transport options throughout the CBD.

New and upgraded active transport connections are also needed to span the Parramatta River and improve connectivity. These include improvements to Gasworks Bridge and Barry Wilde Bridge, as well as a new pedestrian bridge at Morton Street.

More detail on each of the required projects associated with *Managing Growth and Transport* can be found in **Appendix B**.

Promoting Green Spaces and the Environment

Green spaces and the environment will be promoted throughout the CBD as it develops, with a particular focus around the Parramatta River as a key green public space for residents, workers and visitors to enjoy.

Under the *Parramatta City River Strategy*[15]*,* Council is planning for upgrades to every section of the Parramatta River foreshore from the Marsden Street Weir to Parramatta Quay. This includes major projects at River Square and Parramatta Quay (on which Council will partner with key State agencies), public domain upgrades to the river foreshore throughout the CBD precinct, and improved active transport links to and along the foreshore.

A naturalisation project at Brickfields Creek and a river pool have been identified as requirements for Council to further its aim of returning swimming to Parramatta's natural waterways and to broaden recreational options in the CBD.

Upgraded parking and access paths at Lake Parramatta and significant investment in the CBD portion of the Parramatta Ways project will also help Council work to this priority, as will a major street tree planting project to help green the CBD.

More detail on each of the required projects associated with *Promoting Green Spaces and the Environment* can be found in **Appendix B**.

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[14] http://www.designparramatta.com.au/projects/

[15] https://www.cityofparramatta.nsw.gov.au/sites/council/files/2016-11/River%20City%20Strategy%20Volume%2001%20Report%20Part1.pdf

Providing Opportunities for Recreation and Leisure

As the CBD grows, Council will need to provide new and improved opportunities for recreation and leisure to the community.

A new aquatic and leisure centre is needed to support the growing CBD community and to provide a range of accessible, sustainable, attractive and safe recreation opportunities.

An increased number of residents and the shortage of potential new recreation sites in the high-density CBD mean that our existing green open spaces must be significantly upgraded to meet new demands. These upgrades include improvements to sportsgrounds – like all-weather playing surfaces, better lighting and improved amenities – and provision of new multi-purpose outdoor spaces as well as playgrounds.

More detail on each of the required projects associated with *Providing Opportunities for Recreation and Leisure* can be found in **Appendix B**.

Creating a Strong Economy with a Strong City Centre

All of the projects described in this paper underpin this priority, but of particular importance are three key needs: improving the public domain, streets and laneways of the CBD, addressing flooding issues and undertaking Smart City initiatives.

The backbone of any city is its streets and major public spaces, which in Parramatta CBD are the river foreshore (see 3.3.2), the Civic Link, and Parramatta Square. The public domain of Parramatta Square will serve as the heart of the new city centre, and the upcoming Civic Link project will connect Parramatta Square and the river to complete the CBD's core of world-class public spaces. Major CBD streets and laneways also need upgrades to create great places for the community, cope with additional foot traffic and elevate them to the standards of a world-class city centre.

Major infrastructure works will be needed to address both localised overland flooding issues, as well as flooding risks associated with the river itself. These works will help to protect people and property in the CBD, as will installation of an early flood warning system. This system also connects to Council's vision for Parramatta as a Smart City, which raises several needs for infrastructure like improved CCTV, multi-function street poles, and utilities rationalisation.

More detail on each of the required projects associated with *Creating a Strong Economy with a Strong City Centre* can be found in **Appendix B**.

Having a Community Focus

The local community of the Parramatta CBD will grow by an estimated 42,600 additional residents over the next 40 years. This growing community will need all sorts of new and upgraded community facilities.

A key need of the growing Parramatta CBD is the new Civic Centre at 5 Parramatta Square, which has been the subject of a recent international design competition, and will provide state of the art library and community facilities.

Aside from the major facility at Parramatta Square, a wide variety of new community spaces are needed throughout the CBD. These include a new community centre, new childcare centres, and flexible community rooms of various sizes located throughout the CBD and CBD fringe. Because the growing CBD will impact on community facilities in North Parramatta, provision is also made here for a contribution towards those facilities.

As the CBD develops, we will also need better infrastructure for assisting disadvantaged community members with food and amenities.

More detail on each of the required projects associated with *Having a Community Focus* can be found in **Appendix B**.

Supporting Arts and Culture, Celebrations and Destinations

Many cultural infrastructure projects and facilities will be required to support arts, culture, celebrations and destinations in the new Parramatta CBD.

A key major cultural project will be modernising and expanding Riverside Theatres, to accompany the public domain river foreshore projects outlined in a previous section. Expansion of Parramatta Artists Studio and a new world class art exhibition and gallery space will elevate the place of the arts in the Parramatta CBD, providing new and improved spaces for production and presentation of diverse art forms. Aboriginal cultural infrastructure will showcase the local Darug peoples' sites of significance, history and contemporary connections to Parramatta. An incubator in the new Civic Link will house cultural organisations focusing in media, digital and creative industries, and provision is also made for appropriate storage of and public access to cultural and archaeological materials (as

Council's collections grow due to increased construction in the CBD).

More detail on each of the required projects associated with *Supporting Art and Culture, Celebrations and Destinations* can be found in **Appendix B.**

3.4 Funding the CBD's infrastructure needs

The preceding sections – along with the detailed *Draft Parramatta CBD Infrastructure Needs Analysis* at **Appendix B** – lay out what is needed to transform Parramatta CBD into a world class city centre over the next 40 years. This list presents exciting opportunities and challenges for Council and the community.

The total cost of local infrastructure needs in the CBD is currently estimated at approximately **$1 billion**.

It is important to remember that infrastructure planning for a growing centre is a dynamic process. The estimates contained in the *Draft Infrastructure Needs Analysis* reflect Council's current knowledge about the needs and costs of infrastructure in the CBD, and will continue to be refined as Council and its partners progress the planning and delivery of CBD infrastructure projects.

The *Draft Infrastructure Needs Analysis* reflects what will be an unprecedented level of investment in local infrastructure for the Parramatta CBD, and finding the right mix of mechanisms to fund this infrastructure will require innovative thinking and approaches. This will be the focus of the following chapters of this paper.

3.5 Chapter 3 discussion questions

1. Has Council considered the right types of local* infrastructure projects in its *Draft Parramatta CBD Infrastructure Needs Analysis* at Appendix B?
2. In your mind, what are the most important local* infrastructure priorities for Parramatta CBD?
3. Is there anything you feel is missing from the draft list?

**Remember that Council is not directly responsible for infrastructure like schools, hospitals and public transport. While Council advocates for the community and partners on projects where appropriate, provision of these types of infrastructure are generally the responsibility of the NSW State Government.*

4 Infrastructure Funding Options

4.1 Introduction

This chapter will explore different funding options that Council might use in meeting the approximately $1 billion local infrastructure funding requirement laid out in the last chapter.

First, it is helpful to clearly establish the difference between infrastructure funding and financing. In 2012, Infrastructure Australia, an independent Federal Government body that has the mandate to prioritise and progress nationwide infrastructure, commissioned a paper entitled *Infrastructure Finance and Funding Reform*[16]. It clearly explains the difference between financing and funding of infrastructure projects. The term *funding*, as defined in this paper, refers to sourcing an amount of money to fund infrastructure. However, *financing* refers to the way in which debt and/or equity is raised for the delivery and operation of an infrastructure project, with the expectation to 'pay back' the borrowed amount with interest.

The Infrastructure Australia report also presents a useful framework for considering who should pay for infrastructure and how those arrangements should be structured. The idea proposed in this report was supported and improved in the recent 'Value Capture' discussion paper released by the Australian Government in November 2016[17]. Together, these papers highlight an Australia-wide infrastructure investment backlog, mainly as a result of funding constraints from its two main sources – **user charges** and **taxes**. This chapter will address each of these funding source types in turn, beginning with user or "beneficiary" charges.

4.2 Beneficiary charges

Beneficiary charges can be explained as, 'those who benefit from infrastructure should pay for it'. Beneficiary charges include both *direct* and *indirect* user charges.

Infrastructure projects have both direct and indirect beneficiaries. Take, for example, a museum, which has direct users/beneficiaries in the form of ticket holders who may be residents, workers or visitors and who directly benefit due to increased utility (satisfaction) from visiting the museum. However, the museum also has indirect users/beneficiaries including property owners; for example, store owners may benefit from increased shoppers due to increased foot traffic from people visiting the museum, and home owners may see an uplift in the value of their property due to their proximity to the museum. Indirect users may never set foot in the museum but may benefit from positive externalities (an economic term for benefits enjoyed by a third party).

This paper suggests that the most appropriate way to fund the infrastructure projects listed in Appendix B is by moving towards a 'beneficiary-pays' (charges) model to demonstrate stronger links between infrastructure funding sources and those who benefit.

4.3 Principles of beneficiary charges

The core challenge of a beneficiary charges model is defining who the direct and indirect users are, their 'willingness-to-pay' for the associated benefits, and how much they should be charged.

There are many ways of pricing shared costs or benefits; prices might be developed with reference to the following methods:

[16] http://infrastructureaustralia.gov.au/policy-publications/publications/Infrastructure-Finance-Reform-Issues-Paper-Report-prepared-by-the-Infrastructure-FWG-2012.aspx
[17] http://investment.infrastructure.gov.au/whatis/Value-Capture-Discussion-Paper.pdf

- **Market prices:** Prices in existing markets are the best indicator of consumer demand and supplier provision. Market prices may be changed by new demand or preferences due to an infrastructure initiative under consideration.
- **Hedonic prices:** In the context of land use planning, hedonic prices are derived from factors that determine land values such as changes to site accessibility or changes to existing planning controls. These factors ultimately drive changes in land values which may be realised when the infrastructure project under consideration is planned or implemented.
- **Revealed preference:** This method analyses consumer's purchasing habits to uncover their preferences. Travel cost methods use information about how much people are willing to pay to visit locations, to infer to how much they value changes in those attributes. (For example, the costs that people are willing to incur to visit Parramatta CBD for recreation is an indication of the benefits provided by the CBD infrastructure.)
- **Stated preference:** This principle explains the assumed choices and sacrifices of beneficiaries by using questionnaires to obtain a value based on the results. This method indirectly includes the inputs of the project users or beneficiaries in its planning process.

The application of these principles and concepts must be within the established regulatory framework or other governmental requirements to estimate a value to the benefits of the infrastructure project. The use of these principles and concepts also vary from project to project and the nature of the project will essentially determine which principle or combination of principles to use. This paper recommends that the collective use of the above principles and concepts is fundamental in developing beneficiary charging.

4.4 Types of beneficiary charges

Council already has a few beneficiary charges in place, such as developer contributions and a variety of other service fees and charges, where the collected charges are typically reinvested into infrastructure or facilities.

Developer contributions

Developer contributions are a form of *direct* beneficiary charge, in that the developer benefits from being able to develop in an area and, in return, is required to contribute towards infrastructure, in either monetary terms or works in kind, as a way of remediating the impact of their development on the community. Essentially, developer contributions reflect a 'user charges' system in that those who create the demand for infrastructure help pay for the provision of that infrastructure. Developer contributions are levied on developers for efficiency, but are passed through to property owners (on sale of property) and ultimately residents (through ownership or rent). These contributions are collected by Council through Section 94 and 94A of NSW Environmental Planning and Assessment Act (EP&A) 1979.

Section 94 Contributions

Section 94 contributions require a direct connection (a "nexus") to be established between the development and the infrastructure it is contributing towards (through monetary contributions and/or works in kind).

Section 94 contributions are limited by "caps" set by the NSW State Government. The relevant cap for Parramatta CBD is $20,000 per dwelling (for dwellings in in-fill development areas), which has been set by a Ministerial Direction. Any upward changes to Section 94 contributions as a funding source are likely to be controversial across government and industry, and would require support at the State level to progress amendment.

City of Parramatta Council does not currently use Section 94 contributions in the CBD. Should Council attempt to prepare a section Section 94 contributions plan that authorises a Section 94 contributions above the cap, the contributions plan would need to be reviewed by IPART and the contributions collected could only be directed towards items on the "essential works" list. In order for the Parramatta CBD to achieve its potential as the heart of Greater Sydney's Central City, a broader range of infrastructure is needed than that of the "essential works" list.

Section 94A Contribution

Section 94A contributions do not require a direct nexus to be established, and instead take the form of a levy based on a percentage of the total cost of development.

Currently in the Parramatta CBD the Section 94A levy is 3% of the cost of development (where the cost of development exceeds $250,000; the levy is not progressive). The cost of development is determined in accordance with Clause 25J of the Environmental and Planning Assessment Regulation 2000 (EP&A Reg.).

Despite the significant additional capacity offered under the Parramatta CBD Planning Proposal, the current 3% levy will be insufficient on its own to fund the local infrastructure requirements associated with Parramatta's new role as the heart of Greater Sydney's Central City. Council has estimated the potential range of Section 94A contributions under the Parramatta CBD Planning Proposal at $207 - $323 million.[18] This range reflects two site consolidation scenarios – the low range being minimal site consolidation and the high range being a greater amount of site consolidation.

Summary of Council's Past Work on Section 94 and 94A Contributions

Council has considered increasing developer contributions, and with the input of consultants GLN Planning modelled the impacts this would have on market feasibility and ability to raise funding for local infrastructure. The main finding was that increasing Section 94A contributions to 4.5% would only marginally increase funding, and that changes to Section 94 contributions are complex as a relationship (nexus) needs to be formed for all different types of developments and brings in a number of legal issues.[19]

Fees and charges

Fees and charges are (mostly) direct charges for providing services. Fees and charges are levied by Council on all chargeable services, requests, applications, approvals, licences, hire bookings and memberships. Fees and charges tend to have relatively fixed levy-base, so these sources are unlikely to grow substantially and support the funding requirement of major infrastructure projects. Furthermore, they would not relate generally directly to the provision of local infrastructure.

4.5 Taxes

Taxes are mandatory payments that usually have no direct link with infrastructure, though tax revenue can go towards funding projects that benefit the community as a whole. Types of taxes include income tax, GST and capital gains tax, land tax, transfer of assets duty, and Council rates; these taxes are governed by different levels of governments.

[18] Refer to Council Business Papers 27 June 2016, Item 7.4 for further discussion.
[19] Refer to Council Business Paper 27 June 2016, Item 7.4, Attachment 2 for further discussion.

Federal taxes

Income tax, GST and capital gains tax are collected by the Federal Government. Tax payers rarely know specifically how their tax dollars are being spent. It is unlikely that federal taxes will go directly to spending the types of local infrastructure outlined in Appendix B.

Land tax

Land tax is collected by the NSW State Government, and applies to land regardless of whether income is earned from the land. Payment of land tax generally arises when the sale or transfer of land occurs. Land tax would not generally be directed towards local infrastructure projects.

Transfer of land or business duty

Transfer of land or business duty (formerly known as stamp duty) is a duty levied by the NSW State Government on the sale or transfer of land, including improvements and, business assets, and a declaration of trust over dutiable property in NSW. The buyer or seller is liable to pay the duty, and must be paid within three months from the transfer arising. When purchasing property 'off the plan', the duty must be paid within a three month period from the date of completion of the agreement, the assignment of the whole or any part of the purchaser's interest under the agreement, the expiration of 12 months after the date of the agreement, whichever occurs first. Stamp duty is not currently directed towards local infrastructure provision, nor is a change towards this outcome expected.

Box 3: ACT Taxation Reform Plan Example

The ACT Taxation Reform Plan 2012 makes taxes fairer, simpler and more efficient. On July 1 2012, the ACT Government announced it would phase out stamp duty and increase reliance on rates. This is part of key tax reforms undertaken by the ACT Government to generate wider economic benefits. This option was open to the ACT Government since it collects both rates and stamp duty – unlike City of Parramatta Council.

[20]

Council Rates

Rates are an important source of Council revenue that can be used to provide essential infrastructure

[20] http://www.cmd.act.gov.au/open_government/inform/act_government_media_releases/barr/2012/fairer,_simpler_and_more_efficient_taxes

and services such as waste collection, drainage maintenance, public parks, and building inspections and construction certificates. These rates are determined in accordance with the provisions of the Local Government Act 1993, and in NSW, are calculated by land value[21], multiplied by a rate-in-the-$, (that is the rate multiplied by value of the land). The Act also restricts rate revenue growth by rate pegging that is set by the Independent Pricing and Regulatory Tribunal (IPART) which sets the maximum increase allowed in each Council's general revenue for the financial year. It applies to general income in total, not specifically to individual ratepayers, and means these rates may vary by higher or lower than the rate peg. (Note rate pegging does not apply to storm water, waste collection, water and sewerage charges.)

IPART sets the rate peg each year and in doing so, they consider the Local Government Cost Index (LGCI), which measures price changes over the previous year for the goods and labour an average Council will use, as well as productivity changes over the same period. The increase approved by IPART for 2016/17 is 1.8%, on the basis that LGCI was 1.78% and no adjustment for productivity.

Notwithstanding the above, Council can apply for a special variation to the rate peg, which if accepted, allows Council to increase their general revenue by more than the rate peg. Note that IPART accepted a special variation requested by the former Parramatta City Council in 2011. As part of the request, Council sought to replace an existing time-limited special variation of 4.9% from 2013/14 onwards with a special variation of a similar size to be incorporated into its rate base permanently. This was approved, and the 4.9% increase in general income is to be allocated as such:

- 2 percentage points applying to all ratepayers as part of the Council's financial sustainability strategy
- 2.9 percentage points applying to certain business ratepayers for the CBD Infrastructure and Economic Development special rates.

Table 1 summarises the types of rates that Council currently implements that could potentially fund local infrastructure, and their potential to raise revenue, stability and limitations.

The rate at which Council revenue grows is generally a reflection of (Council) budgetary requirements. However, 'rate pegging' limits how much the Council can spend on local infrastructure and other facilities. When there is a positive revenue growth through general growth, it can be used to fund local infrastructure and other assets.

Council has estimated the potential for rates growth under the Parramatta CBD Planning Proposal which is likely to be directed towards funding infrastructure at $111 - $151 million over the expected build-out period (2016-2056). This estimate is based on the rate types laid out in Table 1, and represents a combination of projecting a proportion of revenue from general rates towards infrastructure, as well as applying the current special infrastructure rates to the growth envisioned under the Planning Proposal. The range represents different possibilities for how much of general rates revenue might be directed towards capital works. This growth in rates will make an important contribution to funding local infrastructure, but would not address the entire $1 billion funding requirement.

[21] Land values are issued every four years and are defined under Section 64 of the Valuation of Land Act 1916.

Table 1: Summary of Council rate types and their potential to help fund local infrastructure in the CBD

Rate	Potential to Raise Revenue*	Stability and Predictability	Limitation
Ordinary Rate	High	Stable and predictable Depends on external economic conditions	Ad valorem** subject to a minimum Only a proportion of ordinary rates will go to funding infrastructure
Special Rates for Open Space	High	Stable and predictable Depends on external economic conditions	Part ad valorem and part base amount (fixed amount)
Special Rates for CBD Infrastructure	Medium	Stable and predictable Depends on external economic conditions	Limited tax base
Special Rates for Economic Development	Medium	Stable and predictable Depends on external economic conditions	Limited tax base
Annual Charges for Storm Water & Waste Management services	Low	Stable and predictable Depends on external economic conditions	Limited tax base Directed towards storm water and waste management

**High is defined as having a tendency to expand annually, is stable and has been a predictable source of revenue over the last five years*
Medium is defined as having a slight tendency to expand and has been a predictable source of revenue over the last five years
Low is defined as less stable and a less predictable source of revenue

*** Ad valorem rates are not fixed, but depend on property value as determined by the NSW Valuer General.*

Limitations of Council funding

Council has limited taxation powers beyond rates, which limits tax as a source of funding for local infrastructure. Furthermore, taxes are not cost-less – increased taxes reduce the money available to spend on other goods and services – representing a deadweight loss[22] to the economy.

The likelihood of borrowing is also limited due to increases in the Council's net debt positions, which will generally have an adverse effect on their ability to maintain good credit ratings. Even if Council were to take on debt to fund the infrastructure projects described here, it would have to have an appropriate funding stream to pay back the debt. Any increase in Council revenue will provide a stronger capacity for Council to borrow funds and subsequently deliver local infrastructure.

While Council does hold some reserves, this infrastructure plan identifies new infrastructure needs that are generally *beyond* Council's current funding and operational planning. Council's reserves are largely already earmarked for particular projects. In reality, Council only has an approximately $1-2m yearly operating surplus.

4.6 Government support

Generally, both federal and state governments can be a source of limited funding for local infrastructure.

Direct Funding by the State Government

As part of its *State Infrastructure Strategy*[23], the NSW State Government made a proposal to directly fund infrastructure projects in Parramatta that are seen as having an influence on a regional scale, such as light rail, Western Sydney Stadium, Museum of Applied Arts & Sciences, and public school upgrades. Much of the funding for these projects will come from taxes and levies imposed by the NSW Government through its Office of State Revenue. These projects have been excluded from the *Draft Infrastructure Needs Analysis* at Appendix B, as Council is not generally responsible for funding these larger-scale projects.

The NSW State Government is also making indirect contributions to the economy by locating State Government agencies in Parramatta CBD, providing revenue to building owners in the form of rent, and additional pedestrian foot traffic that supports local businesses and employment. Council benefits from these economic activities.

Federal

The Federal Government has not directly funded local infrastructure in Parramatta – other than the National Broadband Network (NBN), which operates under a beneficiary charges model. However, similar to State Government, the Federal Government has indirectly contributed to the economy by locating its agencies such as the Australian Taxation Office (ATO) and courts in Parramatta CBD.

Grants

Government grants and subsidies are made under various circumstances to support community initiatives that achieve goals and objectives consistent with government policy. Grants may be covered by legislation or regulation, or be subject to cabinet, ministerial or administrative discretion. They range in their accountability requirements from highly complex arrangements to the relatively informal.

For local councils in Australia, grants are awarded by both Federal and State governments. For example, the Roads to Recovery Programme, is a grant from the Federal Government to local councils through the state local government grants commission. The State Government also provides grants and smaller-scale funding on a project-by-project basis. However, such grant funding arrangements vary from project to project and year to year, and are therefore not predictable.

Private grant / gift funding is rare in Australia, especially for local infrastructure. Therefore, grants, if any, have to come from State or Federal governments for specific projects that have an impact on a region wide scale and are less likely to be directed to local infrastructure. This means it is unlikely that grants will be able to fund most of the projects listed in Appendix B, though they may contribute towards individual projects on an ad-hoc basis.

Council has estimated the potential contribution from State grants towards individual infrastructure projects listed in Appendix B at around $131 million over the expected build-out period of 2016-2056 – only a small part of the total need of approximately $1 billion.

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[22] http://library.bsl.org.au/jspui/bitstream/1/611/1/Costs_of_taxation.pdf

[23] https://www.nsw.gov.au/improving-nsw/projects-and-initiatives/state-infrastructure-strategy/#resource-allocation

City Deals

City Deals are partnerships between the Australian Government and State, Local and Territory governments for investments or projects that enhance quality of life and the knowledge-based economy. These deals provide cities of all sizes with a level playing field to receive funding for investments through coordinated governance, strategic planning, investment and reform.

The Australian Government has so far committed to early City Deals for Townsville, Launceston, and Western Sydney. As of 21 October 2016, the Prime Minister, Malcolm Turnbull, and the then-NSW Premier, Mike Baird, signed a Memorandum of Understanding to formalise a partnership to work together on the Western Sydney City Deal. It will involve “deliver[ing] a Western Sydney Airport and leverage[ing] other key infrastructure investments to catalyse jobs growth and better transport links”.[24]

Further details on how the Australian Government intends to roll out a City Deals program will be released in 2017. At this stage, the Australian Government has yet to indicate support for a City Deals partnership involving GPOP or Parramatta CBD.

4.7 Summary: establishing the funding gap

This chapter has reviewed potential funding sources which could contribute to funding the approximately $1 billion local infrastructure requirement outlined in Chapter 3. The potential impact of these sources is summarised in Table 2 below, which demonstrates that the combined expected funding sources are insufficient to meet the anticipated $1 billion local infrastructure requirement. As shown in Figures 6 and 7 **a funding gap of roughly $394 - $549 million remains**.

All levels of governments are experiencing budgetary constraints. It is unlikely, for example, that the NSW State Government will take on additional borrowings to help fund local infrastructure, as its increased debt position will impact its current AAA credit rating. To service the gap, alternative funding sources need to be considered.

This funding gap must be considered by landowners and developers in the CBD, as this infrastructure is required to service the needs of a rapidly growing and densifying CBD. An appropriate mix of funding sources must be identified in order for the densities proposed under the Parramatta CBD Planning Proposal to proceed.

The next chapter explores another type of beneficiary charge that could help address the local infrastructure funding gap. Chapter 5 will introduce the definition, forms and benefits of planning uplift value sharing.

[24] https://cities.dpmc.gov.au/western-sydney-city-deal/documents/44846/download

Table 2: Chapter 4 Summary table – Funding options

Chapter 4 Summary Table: Funding options			
Type of funding		**Likelihood of contributing to Local Infrastructure**	**Estimated Contribution**
Beneficiary Charges	Section 94	Not recommended due to capping and scope of works	n/a
	Section 94a	**High likelihood**	**$207 - $323 million**
	Fees and Charges	No	n/a
Taxes	Federal Taxes	Unlikely	n/a
	Land Taxes	Unlikely	n/a
	Stamp Duty	Unlikely	n/a
	Council Rates	**High likelihood**	**$111 - $151 million**
Government Support	Direct State Funding	No (more likely for regional infrastructure projects)	n/a
	Federal Funding	Unlikely	n/a
	Grants	**High likelihood (only for some projects)**	**$131 million**
	City Deals	Unknown	n/a

Figure 6: Infrastructure Funding Needs for Parramatta CBD (Low estimated potential income)

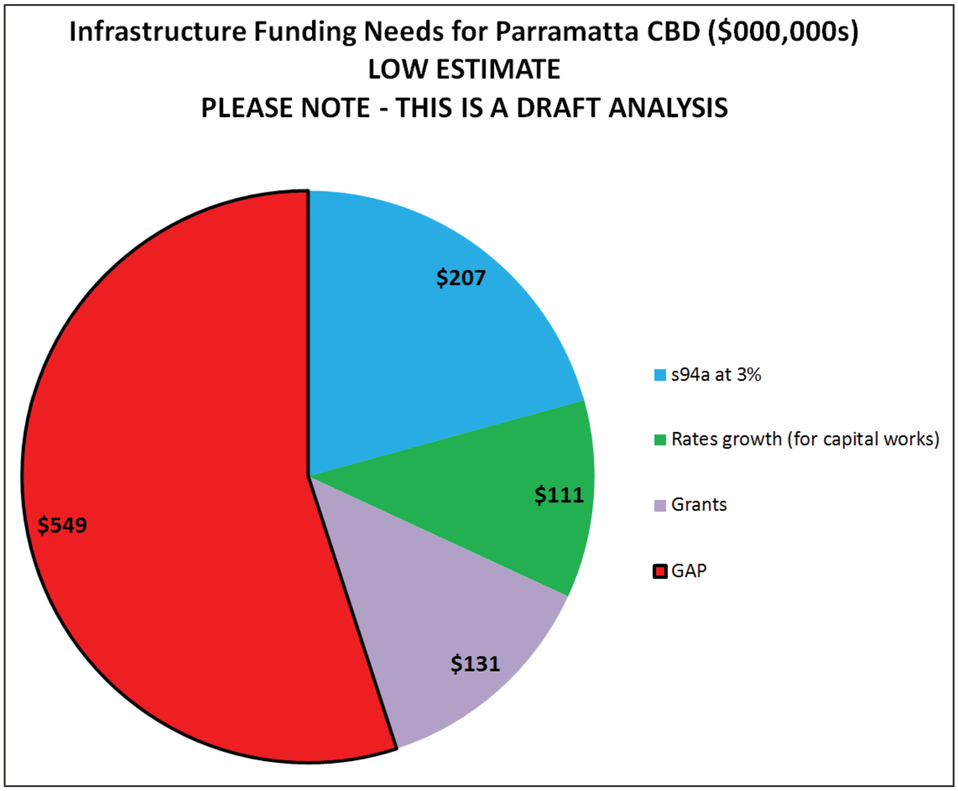
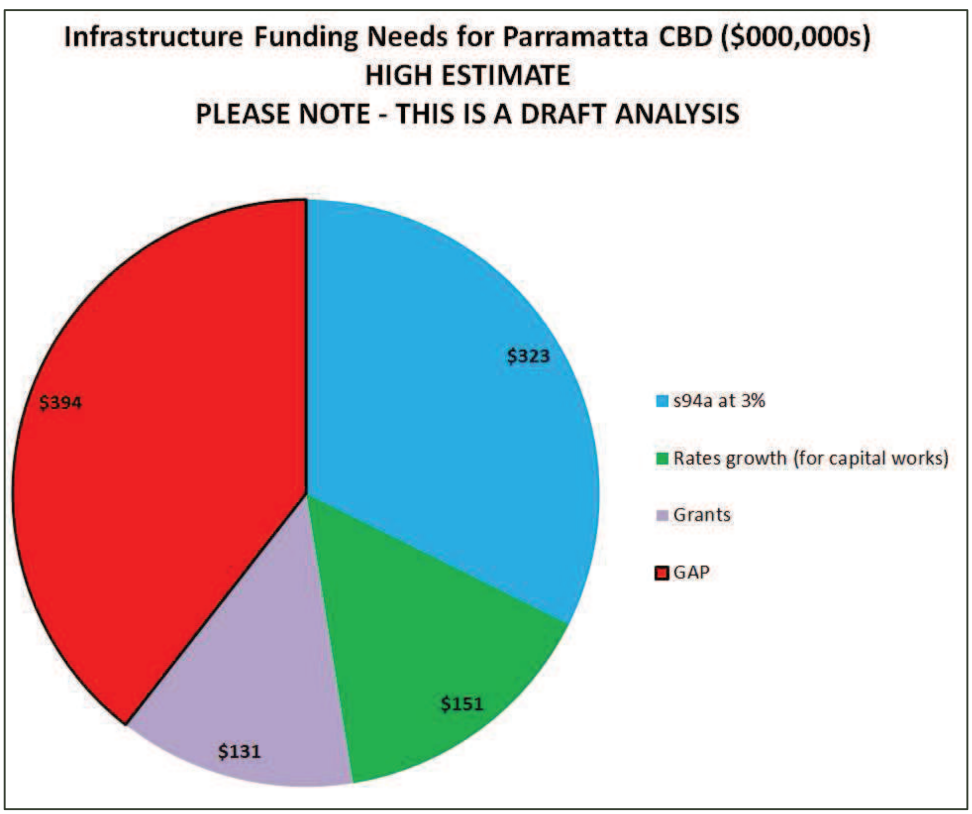


Figure 7: Infrastructure Funding Needs for Parramatta CBD (High estimated potential income)



5 Value Sharing: Harnessing the Benefits of Growth for all

5.1 Introduction

Value sharing is a funding strategy that seeks to raise contributions towards the capital cost of infrastructure from those who benefit from planning decisions or from the provision of infrastructure. Value sharing could be an important way for Council to alleviate (though not fully resolve) the funding gap for infrastructure provision.

Value sharing is not a tax. It is a mechanism that offers the potential to generate new funding streams by tapping into the value created by infrastructure or planning decisions for beneficiaries. This in turn can allow governments to deliver new infrastructure which they would not otherwise be able to fund, or to enable borrowings (financing) to bring forward planned infrastructure ahead of time. Delivering projects earlier also brings forward the benefits of those projects. Implementing value sharing could ensure that projects would be in a better position to deliver an adequate level of return.

Even though value sharing can help alleviate funding constraints, it is unlikely to provide enough funding for all required infrastructure – it is not a "silver bullet" to fund all infrastructure.[25]

5.2 What is value sharing?

Value sharing is an alternative way of funding infrastructure projects. It is an approach that seeks to fund the planned infrastructure project by capturing some of the benefits that are generated from implementing the project or from related planning decisions. Well-planned public infrastructure such as the Parramatta CBD projects can create benefits for a diverse range of stakeholders, including property owners, developers and occupiers, public transport users and operators, businesses and employees, and government. Value generally accrues:

- Directly to those who use the infrastructure through improved quality of service or
- Indirectly to those in proximity to the infrastructure.

Infrastructure projects exist within broader networks of economic activity, which means that the infrastructure will create benefits for individuals, businesses and governments beyond those who directly use the infrastructure. This can lead to increased value of residential and commercial properties and land surrounding the new infrastructure; growth in commercial activities for businesses; and improved connections between individuals and businesses, encouraging greater market competition, and opening up new employment and labour market opportunities.

Broad forms of value sharing arising from infrastructure investment include the following:

- **User charging,** which is a targeted way of ensuring users who derive benefits from infrastructure investment, such as a new motorway, rail line or utility asset, make a contribution to the provision, maintenance and operation of that asset. A charge is applied for the use of a specific asset each time the asset is used. The price charged typically depends on the use made of the asset and the length of time the asset is being used. Examples of user charges include various toll roads, access charges for ports, retail electricity, gas, water and telecommunications network usage charges, and public transport fares. As will be discussed further in this chapter (see Sections 5.4 - 5.5), value sharing based on a density-bonus scheme is also a type of user charge, as planning decisions to increase density create benefits for particular groups of users.

25 https://blogs.crikey.com.au/theurbanist/2016/02/22/is-value-capture-the-silver-bullet-for-funding-infrastructure/

- **Sale or rent of a public asset,** such as government-owned land or development rights. This form of value sharing occurs when government owns or acquires land in the vicinity of the infrastructure project, and after construction, the land, air rights, or rights to develop the land are sold or leased.

The key principle of value sharing is that increased land values arising from government decisions should be shared with the government and public in order to defray the resulting infrastructure costs.

Growing acceptance of user charges

As mentioned above, value sharing is one example of a user charge. There has been growing acceptance of the "user pays" principle as technological advancements have reduced the transaction costs of exclusion and charging for use.[26] Funding sources, therefore, should reflect benefits to users, with public funding (taxes) making up the shortfall between user charges and the overall costs of the infrastructure (construction and operation).

Value Sharing in Australia

Value sharing as a method of funding infrastructure has been around for well over 100 years in Australia – notably to fund the Sydney Harbour Bridge[27]. In NSW, value sharing as a method of funding infrastructure projects is still not widely used, though there are examples as discussed in this paper.

Recent examples of value sharing across Australia include:

- The upgrades to Chatswood station in Sydney and Melbourne Central were a joint development form of value sharing between the developer and the local Council. The developer provided the infrastructure, in return for air rights.
- In Queensland, the Gold Coast City Council established a land value sharing scheme, which was based on a charge applied to certain areas that benefited from the Gold Coast Rapid Transit Stage 1 project, and helped fund the project.
- In Western Australia, a Metropolitan Regional Improvement Tax has been in place since 1959 to help fund the cost of land for roads, public spaces and other public facilities in greater Perth. This levy is an additional 0.14% charge on the aggregate taxable value of all metropolitan properties in excess of $300,000. The revenue from the levy is hypothecated (legally directed) to fund the acquisition of land by government for parks and transport corridors.
- The Macquarie Park Corridor Access and Open Space infrastructure scheme allows sites to be developed with increased floor space and heights provided that there will be adequate provision for recreation areas, and an access network. Similar to the Green Square Scheme discussed later in this paper, this mechanism operates in addition to the Section 94 contributions plan and the provisions are formally satisfied under a Voluntary Planning Agreement (VPA).
- The Waverley Variation Floor Space Infrastructure Scheme allows developments in certain areas to achieve up to 15% additional floor space above that permitted under existing planning controls, provided the developer enters a VPA with Council to provide affordable housing units.

5.3 Strategic endorsement of value sharing

The Australian Government's discussion paper[25] sets out the strategic justification for value capture (or value sharing) – at least from the point of view of value uplift arising from land transport infrastructure investment. Similar arguments apply to other infrastructure, to the extent that there are beneficiaries of local infrastructure.

Infrastructure Australia's paper *Capturing Value – Advice on making value capture work in Australia*[25] discussed the role value sharing can play in infrastructure funding. Value sharing can be used "as part of both a project funding mix and a broader policy agenda". It allows for more equitable and sustainable funding while creating an incentive structure to engage the local community throughout the planning, project development and delivery process.

Value sharing mechanisms have recently received a great deal of attention with the following statements from significant public sector bodies. It is noted that these statements more often relate to value sharing associated with transport investments, rather than planning uplifts.

Department of Prime Minister and Cabinet: Supports the concept and notes that all levels of

[26] http://www.pc.gov.au/research/supporting/public-infrastructure-financing/public-infrastructure-financing.pdf
[27] https://bitre.gov.au/publications/2015/files/is_069.pdf

[25] http://infrastructureaustralia.gov.au/policy-publications/publications/files/Capturing_Value-Advice_on_making_value_capture_work_in_Australia-acc.pdf

government can do more to realise the potential benefits of value capture.[30]

Commonwealth Department of Infrastructure and Regional Development:
Assessment of proposals for public funding of transport projects should include consideration of what proportion of the project can be funded by the beneficiaries of the infrastructure through targeted contributions and what proportion of the project should be funded by the broader community.[31]

Infrastructure Australia:
Infrastructure Australia in 2016 said that:

"… value capture can work in Australia and should be regularly considered for all public infrastructure projects, but with realistic expectations about the role it can play in funding the infrastructure we need." [32]

"All governments should routinely consider land value capture in public infrastructure investments".[33]

Federal Productivity Commission:
The Australian Government should encourage direct user charging and value capture measures (such as betterment levies and property development charges) where justified. When the benefits from infrastructure accrue to more than users, governments should also consider value capture initiatives — such as betterment levies and property development — so that wider beneficiaries contribute to funding.[34]

The then-NSW Minister for Planning:
"Councils should be able to capture a reasonable share of the uplift in value from a rezoning, to help pay for community facilities and amenities."[35]

Infrastructure New South Wales:
Infrastructure NSW supports the use of targeted value capture mechanisms, including special purpose property levies, in situations where there is a clear link to new infrastructure.[36]

Greater Sydney Commission – Western Central draft District Plan Nov 2016:
"We will continue to work across government on the amount, mechanisms and purpose of value capture to create a more consistent approach to capturing value for public benefit, complementary with other existing mechanisms".[37]

IPART:
IPART recommends that councils capture 50% of the uplift in land value from a rezoning decision through negotiations with the developers. These funds can be used to fund community benefits in the local government area.[38]

Infrastructure Victoria:
"…individuals and businesses who receive significant financial benefits from planning decisions made by government should also contribute to providing infrastructure the community needs". [39]

[30] Better Cities, Department of Prime Minister and Cabinet, May 2016.
[31] Department of Infrastructure and Regional Development, Principles for Innovative Financing, March 2016. http://investment.infrastructure.gov.au/whatis/Principles_for_Innovative_Financing_Mar2016.pdf
[32] Infrastructure Australia 2016, Capturing Value - Advice on making Value Capture Work in Australia, from http://infrastructureaustralia.gov.au/policy-publications/publications/Capturing-Value.aspx
[33] Infrastructure Australia: Australian infrastructure Plan February 2016.
[34] (Chapter 4 – Funding Mechanisms Infrastructure report 2014)
[35] (Media Release 4 November 2016)
[36] (State Infrastructure Strategy 2014)
[37] (Section 1.2.3 - Infrastructure funding and delivery)
[38] https://www.ipart.nsw.gov.au/files/sharedassets/website/shared-files/local-government-tribunal-briefings-full-tribunal-2016/ipart-submission-to-the-draft-voluntary-planning-agreement-policy-22-december-2016.pdf
[39] http://www.infrastructurevictoria.com.au/node/84

Box 4: Case study in value sharing - Infrastructure Funding at Green Square

The Green Square Urban Renewal Area is subject to significant transformation from a heavy industrial area to a high density residential area surrounding the Green Square Town Centre. This renewal has so-far progressed over 20 years, originally starting in 1996.

As a consequence of the transformation, an array of new public infrastructure is being provided or funded by the new development, including new roads and traffic improvements, recreation and community facilities, drainage and flood mitigation works. Some of these are being funded Section 94 developer contributions under the *City of Sydney Development Contributions Plan 2015* and its predecessor plans. Other works may involve land dedication or works provided in-kind, formalised by Voluntary Planning Agreements.

Sydney Local Environmental Plan 2012 enables additional floor space at Green Square to be sought above the amounts set out on the Floor Space Ratio Map if the development includes Green Square community infrastructure. “Green Square community infrastructure” is specifically defined within the LEP and includes recreation areas, indoor and outdoor recreation facilities, public roads, drainage or flood mitigation works. The provisions of the LEP are supplemented by Sydney Development Control Plan 2012 and, more specifically, a Development Guideline “Providing Community Infrastructure in Green Square”.

This Development Guideline sets out the processes involved if a proponent seeks to access the additional floor space within Green Square. The development guideline also sets out a dollar value per square metre of additional floor space which is used to calculate the value of any additional floor space depending on the type of development proposed. At the time of publication of this Discussion paper, the rates were $475/sqm (residential floorspace), $275/sqm (retail floorspace) and$200 (other non-residential floorspace).

These values are applied to the additional floorspace sought by a developer to formulate the total value of the contribution. This value is then used to identify particular works that could be delivered by the developer either physically on-site in accordance with the Development Control Plan, or off-site by way of a monetary contribution. A proportion of the contribution always forms a monetary payment towards infrastructure within the Green Square Town Centre. The outcome of this process is formalised by a Voluntary Planning Agreement with an offer from the developer to provide certain Green Square community infrastructure and/or a monetary payment towards the infrastructure.

Box 5: Case study in value sharing - Infrastructure Funding at Macquarie Park

Macquarie Park is undergoing transformation from a traditional large campus-style business park to a higher density commercial and mixed use area. The traditional large lots in private ownership historically limit the permeability of the area and, consequently, rely mainly on private car as the dominant form of transport.

As a consequence of the transformation, new infrastructure – primarily new roads and open space areas – will be provided. Some of these are being funded Section 94 developer contributions under the Ryde Section 94 Development Contributions Plan 2007 (as amended). Other works may involve land dedication or works provided in-kind, formalised by Voluntary Planning Agreements.

Ryde Local Environmental Plan 2014 enables additional building height and floor space at Macquarie Park to be sought above the amounts set out on the Floor Space Ratio Map if the development includes adequate provision for recreation areas and an access network. The amount of additional building height and floor space available throughout the corridor is prescribed on the “Macquarie Park Corridor Precinct Incentive Height of Buildings Map” and “Macquarie Park Corridor Precinct Incentive Floor Space Ratio Map”

The provisions of the LEP are supplemented by Ryde Development Control Plan 2014 and, more specifically, provisions in Part 4.5 of the DCP. The DCP sets out the type and preferred location of the access network and recreation areas throughout the Macquarie Park corridor which would be subject to dedication or provision by the developer in accordance with the DCP. The DCP also sets out the procedure to implement the planning incentives mechanism.

A dollar value per square metre of additional floor space is used to calculate the value of any additional floor space depending on the type of development proposed, and this amount is set out in the annual Fees and Charges document published by the council. This value is then used to identify particular works that could be delivered by the developer either physically on-site in accordance with the Development Control Plan, or off-site by way of a monetary contribution.

The outcome of this process will be formalised by a Voluntary Planning Agreement with an offer from the developer to provide certain infrastructure on-site where relevant and in accordance with the DCP and/or a monetary payment towards the infrastructure where the infrastructure is located elsewhere in Macquarie Park.

5.4 Why value sharing is not a tax

Value sharing mechanisms only apply to parties who benefit (albeit indirectly) from proposed infrastructure, so should not be regarded as a tax. If a scheme has a threshold before which value sharing is not applicable (i.e. in a density bonus scheme) developers also would have the option of not exceeding this threshold. This also supports the proposition that such a scheme is not a tax.

Economic theory states that the primary purpose of a user charge is to recoup the costs of a good or a service. This is in contrast to taxes which are used to raise revenue irrespective of benefits. Charges also have a clear and direct nexus to benefits. Taxes do not. When thinking about value sharing as a charge, therefore, it is necessary to identify the service being provided and the benefits that accrue; this highlights the importance of clearly linking value sharing mechanisms with infrastructure planning.

5.5 The benefits of density

A key group of benefits accruing from the planning context in the Parramatta CBD are the benefits of density.

When governments undertake planning changes that create density (i.e. a "service"), a charge can be used to recoup the costs of providing this service, such as the costs of stronger local infrastructure. This recognises the economic opportunity of providing this service and allows property owners to contribute to the locale. Density allows for economies of agglomeration or the benefits that arise when households and firms locate near each other.[40] These benefits include the following:

Amenity

High density areas benefit from increased amenity as providers of goods and services can enjoy economies of scale. Social infrastructure and public spaces will attract more funding if it is likely to impact a greater number of people. Public services also tend to be better in more populated areas. Moreover, density increases demand for products and services creating a viable environment for shops, restaurants, bars and cafes. Empirically, higher-amenity cities are also higher-growth cities.[41]

Convenience

Density creates convenience. When personal services are within a short distance, residents and workers enjoy a higher quality of life. Increased density reduces the need for driving, which reduces petrol spend, eases traffic congestions and cuts air pollution.

Speed

Speed is a function of location. The accessibility of a location determines how mobile residents and workers can be and how quickly goods and services can reach that area. Higher-density areas are more fast-paced than lower-density areas, whether in terms of information sharing or travel.

5.6 Conclusion

Local infrastructure is required to support a certain level of density, such as that being established in the Parramatta CBD through the Parramatta CBD Planning Proposal. As the population grows, it will trigger the need for additional infrastructure, which can be partly funded by a value sharing mechanism (even though the resulting infrastructure will be used by all).

The next chapter will examine in more specific detail how Council has sought to apply value sharing under the Parramatta CBD Planning Proposal, in an effort to partly fund the infrastructure requirements outlined in this paper.

[40] National Bureau of Economic Research 2007
[41] http://scholar.harvard.edu/files/glaeser/files/consumer_city.pdf

6 Council's Proposed Value Sharing Mechanism

6.1 Introduction

As outlined in Chapter 2, the former Parramatta City Council endorsed the draft Parramatta CBD Planning Proposal in April 2016 to be submitted for "Gateway Determination" from the NSW Department of Planning and Environment, so as to enable public exhibition.

An important part of the CBD Planning Proposal is a proposed Planning Uplift Value Share (PUVS) mechanism to suit the infrastructure needs of the CBD. This PUVS mechanism is essentially a density bonus scheme, in which incentive density (FSR) controls are achievable, provided that development makes an appropriate contribution to Community Infrastructure (i.e. local infrastructure projects such as those listed in Appendix B).

Without providing appropriate infrastructure to meet the needs of the growing CBD, the proposed densities will not be able to be supported. Furthermore, developers stand to gain much from the provision of this infrastructure, as it will make the CBD a functional and attractive place to live, work, do business and play; this will only serve to further increase the competitiveness and land values of the Parramatta CBD.

In summary, and as outlined in the previous chapter, the proposed densities and accompanying infrastructure directly and indirectly benefits developers.

Before proceeding any further with the PUVS mechanism in the Parramatta CBD Planning Proposal, Council has resolved to undertake further work on its proposed approach to value sharing, including an independent peer review of Council's work on value sharing so far, as well as community consultation on the matter, which is the key purpose of this discussion paper. This chapter will introduce and explain Council's past work on value sharing (Sections 6.2 – 6.4), and share the results of the independent peer review undertaken by Aurecon and Land Econ Group (Section 6.5); please also refer to the peer review report at **Appendix A**.

6.2 Introducing Council's proposed mechanism

As introduced in the case studies in the previous chapter, the principle of value sharing by way of a density bonus scheme is in place in several council areas across Greater Sydney. Locations where value sharing is currently used include the City of Sydney at Green Square; City of Ryde at Macquarie Park; Burwood Council in Burwood Town Centre; Inner West (former Leichhardt) Council and Waverley Council. Some of these programs have been established for over 10 years (e.g. Green Square) while others have recently commenced within the last two years (e.g. Macquarie Park).

In these cases, the application of value sharing has been localised to a limited area and not applied at the scale of a full CBD environment. The Parramatta CBD Planning Proposal contains provisions seeking to apply a value sharing mechanism based on incremental density across the entire Parramatta CBD area.

The proposed value sharing mechanism is intended to apply to new residential development within the Parramatta CBD seeking to develop beyond the current density controls. Non-residential (i.e. commercial) development is excluded from the value sharing mechanism, in order to promote commercial uses in the CBD.

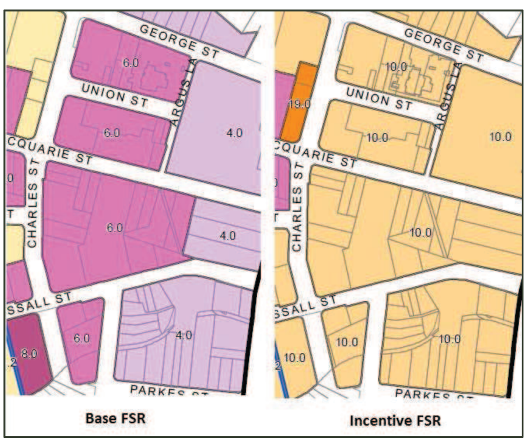
The proposed value sharing mechanism is based on sharing a portion of the uplift in density controls (and therefore land value) proposed under the Parramatta CBD Planning Proposal. Such a mechanism can be referred to as a "Planning Uplift Value Share" (PUVS) mechanism (as opposed to value uplift related to transport or other major infrastructure provision). The purpose of the proposed PUVS mechanism is to share part of the economic value gained from the increase in development rights with the community. The monetary contributions generated through the PUVS mechanism would then assist Council in providing necessary infrastructure in the Parramatta CBD over the next 40 years (refer to the *Draft Parramatta CBD Infrastructure Needs Analysis* at **Appendix B**).

The following subsections explain the general approach of the proposed PUVS mechanism in more detail.

Phase 1 Value Sharing

The Parramatta CBD Planning Proposal seeks to introduce "Base" and "Incentive" FSR controls for sites within the CBD. Base controls are generally the current Floor Space Ratio (FSR) controls under Parramatta Local Environmental Plan (LEP) 2011. Incentive controls are generally (though not always) increased FSR controls, and are achievable provided that a contribution to Community Infrastructure is made. An example of the Base and Incentive FSR maps from the draft LEP maps are shown in Figure 8 below.

Figure 8: Example of Base and Incentive FSR maps[42]



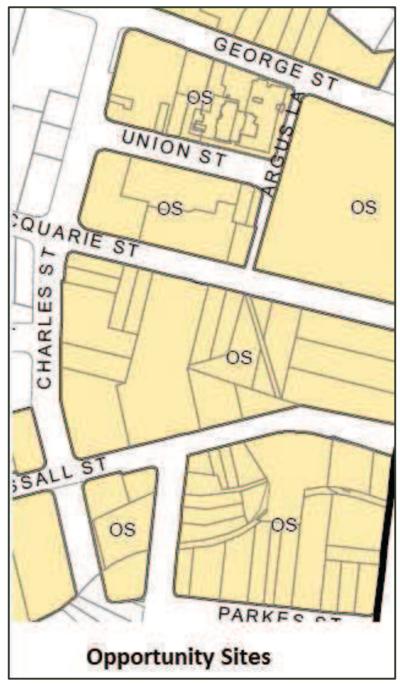
Under the proposed PUVS mechanism, a value sharing contribution is made based on the uplift between the Base and Incentive FSR controls. This contribution is referred to as "Phase 1 value sharing".

Phase 2 Value Sharing

The Parramatta CBD Planning Proposal also proposes amendments to the existing planning controls through the identification of "Opportunity Sites". Opportunity Site FSR controls are applied to a significant portion of land zoned B4 (Mixed Use) within the City Core area, with the intent to allow additional residential development within this zone. An example of the Opportunity Site FSR controls is shown in Figure 9 below.

Identification as an Opportunity Site means that a site is eligible for an additional 3:1 FSR on top of the Incentive FSR, provided that an additional contribution to Community Infrastructure is made. This contribution is made based on the uplift between the Incentive and Opportunity Site FSR controls, and is referred to as "Phase 2 value sharing".

Figure 9: Example of Opportunity Site Map[43]



Summary

All development – including residential development – can achieve the Base FSR without being subject to the PUVS mechanism. The PUVS mechanism would only apply when a residential development seeks to develop beyond the Base FSR controls, with value sharing contributions made based on the difference between the Base and Incentive FSRs (otherwise known as Phase 1 value sharing), and on the difference between the Incentive and Opportunity Site FSR controls (otherwise known as

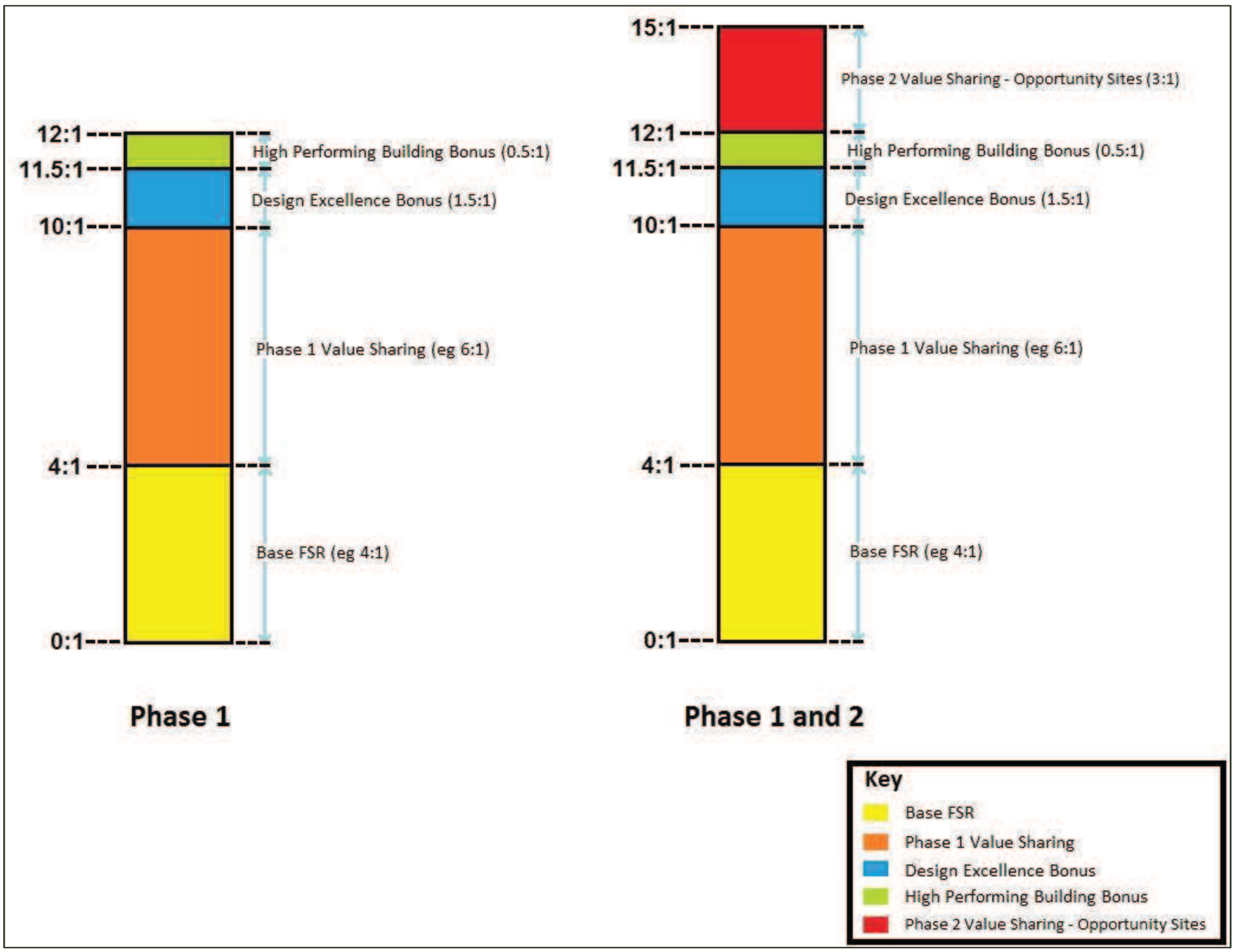
[42] Note: numbers on this example image indicate FSRs (e.g. 6.0 signifies 6:1 FSR).

[43] Note: "OS" on this example map indicates an Opportunity Site area.

Phase 2 value sharing, and only if the site is identified as an Opportunity Site).

Figure 10, below, summarises the proposed PUVS mechanism in terms of floor space. Other FSR schemes in the Planning Proposal include a Design Excellence bonus scheme (up to 15% bonus FSR on Incentive FSR), and High Performing Buildings bonus scheme (additional 0.5:1 FSR for meeting certainly environmental sustainability requirements). Both of these operate separately to the proposed PUVS scheme, so are not discussed in further detail here. However, they are shown in Figure 10 to demonstrate how all of the FSR schemes are proposed to work together in the CBD.

Figure 10: Summary of Proposed FSR controls and PUVS mechanism



6.3 Modelling Council's proposed approach

During 2015-2016, Council and consultants GLN Planning undertook development feasibility testing of a number of hypothetical development scenarios to determine the effect of introducing a Phase 1 and Phase 2 PUVS mechanism as outlined in the previous section.

Given that sales data over the preceding two years indicated that property transactions generally occurred on the basis of the potential controls outlined in the Parramatta CBD Planning Strategy (rather than existing statutory controls under the Parramatta LEP 2011) the base case used in the testing was modelled to reflect this.

The results of the development feasibility modelling undertaken by GLN and Council were based on a conservative land value uplift rate of $750/sqm.[44]

Table 3, below, shows the funding potential under the proposed PUVS, using multiple rate scenarios for Phase 1 and Phase 2 (with rates being a set percentage of the $750/sqm value rate). As previously mentioned in Section 4.4, this low and high range reflects two site consolidation scenarios – the low range being minimal site consolidation and the high range being a greater amount of site consolidation.

Table 3: Revenue potential under a Phase 1 and Phase 2 value sharing mechanism

Phase Scenario	Rate (% of $750/sqm)	Potential revenue (low range)	Potential revenue (high range)
Phase 1			
1	50%	$483 million	$589 million
2	40%	$387 million	$471 million
3	30%	$290 million	$353 million
4	20%	$193 million	$235 million
5	10%	$97 million	$118 million
Phase 2			
1	50%	$44 million	$133 million

Further Options Analysis

In early 2016, Council formed an Infrastructure Funding Review Committee to further review its work on the proposed PUVS mechanism. The Committee recommended that Council concurrently analyse two options for infrastructure funding as part of its review of the Parramatta CBD Planning Framework:

i. 4.5% section 94A levy to apply to the whole development (subject to Ministerial approval), plus 50% value capture for Phase 2 (being $375/m²); and

ii. 3% section 94A levy to apply to the whole development, plus 20% value capture for Phase 1 uplift (being $150/m²) and 50% value capture for Phase 2 uplift (being $375/m²); and

The financial implications for Council of each of these two Options are shown in Table 4 and 5 below.

Table 4: Revenue potential under funding option (i)

Option (i) No Phase 1, Phase 2 @50%, S94A @4.5%

Source	Rate	Low Range	High Range
S94A	4.5%	$310.5 million	$484.5 million
Phase 2	50%	$44 million	$133 million
Revenue potential		$354.5 million	$617.5 million

Table 5: Revenue potential under funding option (ii)

Option (ii) Phase 1 @20%, Phase 2 @50%, S94A @ 3%

Source	Rate	Low Range	High Range
S94A	3%	$207 million	$323 million
Phase 1	20%	$193 million	$235 million
Phase 2	50%	$44 million	$133 million
Revenue potential		$444 million	$691 million

The above tables demonstrate that Phase 1 value sharing generates significantly more revenue than a 1.5% increase in the section 94A levy. Therefore, Option (ii) - which uses Phase 1 value sharing - would generate significantly more income than Option (i) - which uses the 4.5% section 94A levy.

Development Feasibility Testing

GLN Planning and Council also undertook development feasibility testing of various scenarios of value sharing and section 94A charges.[45] The key outcomes of this testing are summarised as follows:

- 10-20% Phase 1 value sharing could likely be tolerated in the current market by those who have purchased land at above average rates, while a higher Phase 1 value sharing rate could likely be tolerated by those who have purchased land at below average rates.

[44] See Council Business Papers 27 June 2016, Item 7.4 for further discussion of this rate.

[45] See Council Business Paper 27 June 2016, Item 7.4 for further discussion of this feasibility testing.

- Sites which were acquired and held for a lengthier time would be more likely to be able to absorb a higher Phase 1 value sharing cost.
- Phase 2 value sharing at 50% will still enable higher (i.e. more risky) developments to meet lending authority benchmarks.

In addition, since late 2016, eight recent Voluntary Planning Agreements in the CBD have been negotiated on the basis of 20% Phase 1 value sharing. This further underscores the feasibility of Council's proposed approach, and how it is being applied in practice.

6.4 Council's proposed implementation of the PUVS

As part of the Parramatta CBD Planning Proposal, Council has proposed three key implementation mechanisms which would work together to formalise the proposed PUVS mechanism. These three mechanisms are provisions in Council's Local Environmental Plan (LEP), a Development Guideline containing the value sharing rates and Voluntary Planning Agreements.

Local Environmental Plan (LEP) provisions

As outlined previously in this chapter, the proposed LEP provisions to enact the PUVS mechanism would include Base, Incentive and Opportunity Site FSR controls. These controls would be contained in statutory maps as part of the LEP. The maps would be accompanied by an LEP clause which outlines that the Incentive and Opportunity Site FSR controls are only achievable if Community Infrastructure is provided. The conditions by which Community Infrastructure can be provided will be set out in more specific detail in a Development Guideline (see next section). This is similar to the approach used by the City of Sydney for Green Square.

Development Guideline

Alongside the LEP provisions, a separate Development Guideline would lay out in clear detail the value sharing rates on a "per square metre" basis for both Phase 1 and Phase 2 value sharing. The Development Guideline would highlight how community infrastructure is to be provided, which could be through dedication of land, monetary contributions, construction of infrastructure, provision of materials for public benefit and/or use, or a combination of these.[27] The main purpose of this Development Guideline would be to ensure certainty, transparency and fairness for Council and developers.

Voluntary Planning Agreements

The third key implementation component for the proposed PUVS mechanism is an update to Council's Voluntary Planning Agreement (VPA) policy. This update would articulate that VPAs are the intended way of formalising the PUVS mechanism for each individual development. Each individual development's contribution under the PUVS mechanism would be formally described and agreed to in a VPA for that site. All contributions collected under Voluntary Planning Agreements must be spent or utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

6.5 Peer Review of Council's work on value sharing

As part of this project, Aurecon working with Land Econ Group undertook an independent Peer Review of Council's work on value sharing to date (as described in Sections 6.2 – 6.4). The peer review report is included at **Appendix A** of this Discussion Paper.

The peer review covered interviews with selected real estate agents and developers that are active in the Parramatta and greater Sydney market, and critically examined core documents:

- Parramatta CBD Planning Framework: Economic Analysis (2014) by SGS Economics and Planning
- Parramatta CBD Infrastructure Funding Models Study (2016) by GLN Planning
- Council staff reports and other relevant materials

The review highlighted that real estate development is a highly cyclical business, where developers are eager to apply for additional floor space during strong market conditions, but tend to hold back when the market conditions are weak as building higher may not necessarily translate to more profits. Because of the unpredictability of income flow, the review recommends that Council views the value sharing mechanism source as an important supplemental rather than primary source of funding for the construction of local infrastructure and

[27] https://www.planningportal.nsw.gov.au/understanding-planning/voluntary-planning-agreements

amenities in the Parramatta CBD. It also recommends a method for reviewing the rate, based on a selected residential market index (see more detail in recommendations below).

Market Feasibility

As noted in the peer review, several interviews were conducted with selected real estate agents and developers active in the Parramatta and greater Sydney market. The responses indicate some slowing of the Western Sydney apartment market but with no expectation of serious oversupply and resulting dramatic downturn. The reasons cited include:

- Population growth pushing out from the more developed portions of the Sydney region.
- Government policy support and planned infrastructure investment in and around Parramatta.
- Central location of the Parramatta CBD.
- High housing cost in the Sydney region.
- Major development projects being constructed that will elevate the market perception of the Parramatta CBD when completed.

However, there are early signs of a slowing apartment market due to some foreign governments beginning to slow capital outflow, which has been a factor in the Parramatta apartment market, making local banks more restrictive on financing for apartment investment, combined with expectations of higher global interest rates due to USA election results.

In addition, developers expressed their concerns on a value sharing mechanism needing to be easily predictable, flexible to market conditions, and that Council implement speedy development approval processes (which in some cases can take up to 18 months).

Review of Developer Responses

The interviews undertaken with three real estate agents and two developers active in the Parramatta and Greater Sydney market indicated some slowing of the Western Sydney apartment market, but with no expectation of serious oversupply resulting in a dramatic downturn. The peer review also reviewed and responded directly to past comments from the development community regarding Council's proposed value sharing strategy; these comments are addressed in turn in Section 2.4 of the Peer Review (Appendix B).

Recommendations of the Peer Review

Council is generally supportive of the peer review recommendations, and subject to consultation, proposes to adopt them as part of the CBD Planning Proposal. Balancing the continued local market optimism with the need for caution due to macroeconomic considerations, the recommendations based upon the peer review are as follows:

- **Implement the PUVS mechanism as promptly as possible to provide Council with an additional source of funding for community infrastructure** during this up-market cycle and the development community with cost predictability as the market moves toward less certain times.
- **Provide the developer community with cost predictability** through smoothing the implementation of PUVS over five years,
  - Set the Phase 1 (Incentive) contribution to a maximum of $150 per square metre for new residential developments that seek to develop beyond the existing planning controls up to the incentive controls.
  - Set the Phase 2 (Opportunity) contribution to a maximum of $375 per square metre for new residential developments that seek to develop beyond the incentive controls up to the opportunity site controls, applicable to certain areas in Parramatta CBD.

  This will allow developers to internalise this contribution into their pro forma calculations, and the impact will be on the amount they are willing to pay for land going forward. For future major projects, removing the uncertainty of the amount of PUVS contribution and the time required for negotiations will allow Council to continue to communicate its "open for business" attitude essential for the continued rapid transition into a world class city.
- **Re-evaluate the PUVS process after five years of implementation to make sure the contributions reflect market conditions,** and are on track to assist in meeting funding requirements for community infrastructure.
- **Build flexibility into the PUVS mechanism that provides Council with the option to either suspend or reduce the dollar per square metre contributions** for a finite one to two year period should a selected residential market index decline in five of six successive quarters. In the event of a severe real estate recession, this provides Council with an efficient tool to temporarily lower development cost and therefore reduce the mechanism's impact on

residential development and construction industries operating in Parramatta CBD. In effect, this operates as a concession to developers to account for the volatility inherent in the property market.

- **Apply the PUVS mechanism on residential development in excess of existing planning controls only,** as per Council's intent of creating a commercial core through improving the appeal of commercial developments.

This set of recommendations balances two objectives. First, it provides a revenue stream for the construction of CBD infrastructure essential to elevate Parramatta's position at the heart of Greater Sydney's Central City. Second, it provides the development community with cost predictability for five years. The developers will quickly internalise this added costs into their pro forma calculations, and the impact will be on the amount they are willing to pay for land going forward. For future major project removing the uncertainty of the amount of value sharing cost burden and the time required for negotiations will allow Council to continue to communicate its "open for business" attitude essential for the rapid creation of Greater Sydney's Central City.

Responding to the Peer Review recommendations

Together with the feedback received during this consultation period, Council will consider the recommendations from the independent Peer Review in making decisions around infrastructure planning and funding in the CBD. Please refer to section 7.2 for a more detailed discussion of next steps.

6.6 Value sharing's contribution to closing the funding gap

The Peer Review undertaken by Aurecon and Land Econ Group has recommended value sharing rates of $150 for Phase 1 and $375 for Phase 2 (i.e. 20% and 50% of the benchmark $750/sqm). If these rates were to be applied to development in the CBD, the funding gap established in Chapter 4 would be reduced (though not entirely resolved).

Based on two-thirds build-out of the Planning Proposal and the site consolidation scenarios previously discussed in this report, setting a Phase 1 Value Sharing rate at $150/sqm (20%) would yield an estimated **$193 - $235 million**.

Based on two-thirds build-out of the Planning Proposal and the site consolidation scenarios previously discussed in this report, setting a Phase 1 Value Sharing rate at $375/sqm (50%) would yield an estimated **$44 - $133 million**.

Figures 11 and 12 demonstrate the impact of this recommendation on the funding gap established in Chapter 4. The funding gap is reduced from an estimated **$394 - $549 million** to **$26-$312 million**.

Figure 11: Value sharing's potential impact on the funding gap (low estimated income

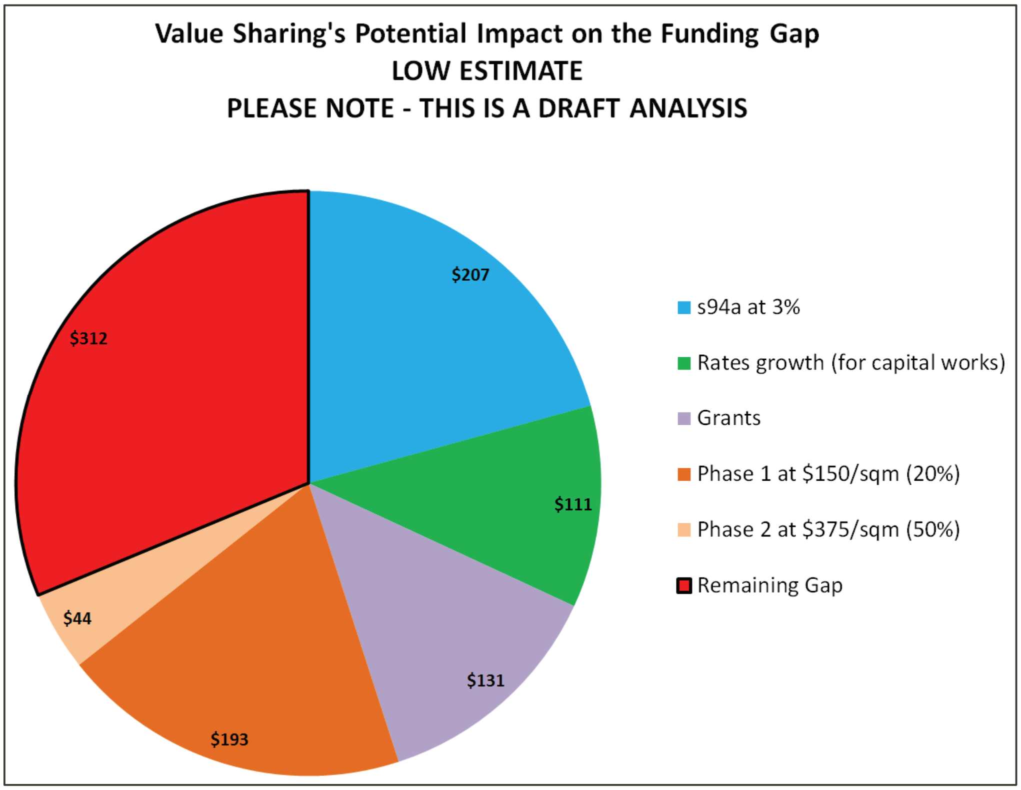
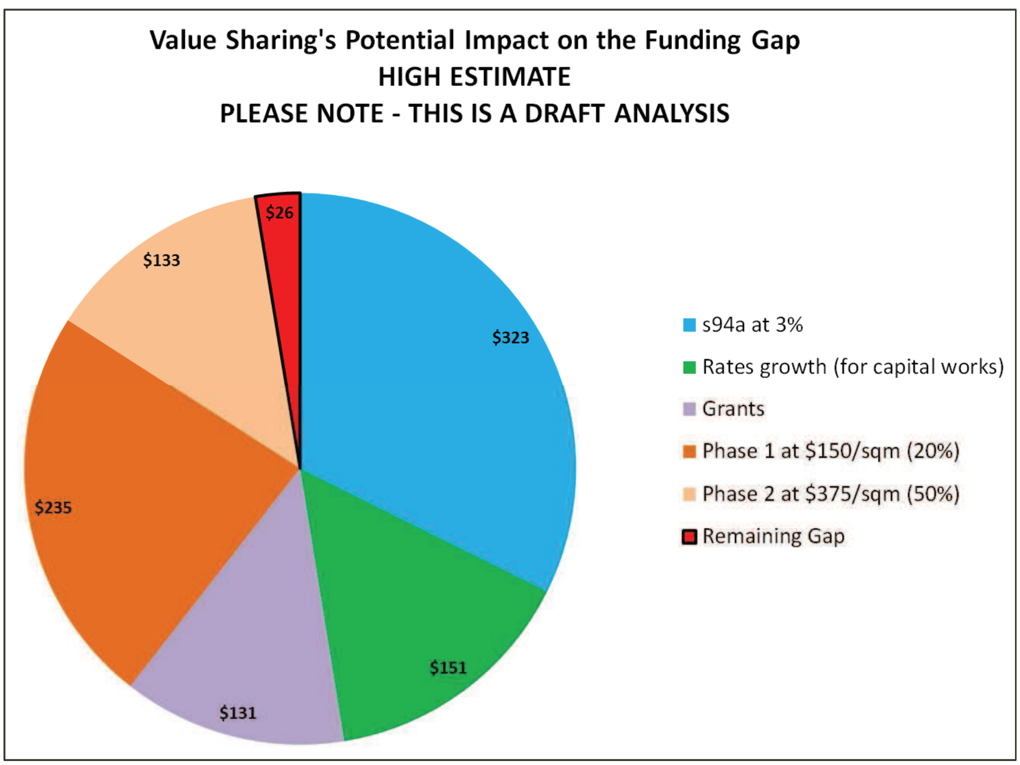


Figure 12: Value sharing's potential impact on the funding gap (high estimated income)



6.7 Chapter 6 discussion questions

4. What are your views on using value sharing to fund infrastructure?
5. Do the proposed value sharing charges strike an appropriate balance between public and private interests?
6. Are there other infrastructure funding mechanisms that should be considered by Council instead of (or in addition to) the PUVS?*

* *Remember that Council has limited powers to raise revenue. Stamp duty, land taxes and special area levies are the responsibility of the State Government. Refer to Chapter 4 for further discussion.*

7 Discussion Questions and Next Steps

7.1 Discussion questions

This discussion paper has posed the following questions:

1. Has Council considered the right types of local* infrastructure projects in its *Draft Parramatta CBD Infrastructure Needs Analysis* at Appendix B?
2. In your mind, what are the most important local* infrastructure priorities for Parramatta CBD?
3. Is there anything you feel is missing from the draft infrastructure needs analysis?
4. What are your views on using value sharing to fund infrastructure?
5. Do the proposed value sharing charges strike an appropriate balance between public and private interests?
6. Are there other infrastructure funding mechanisms that should be considered by Council instead of (or in addition to) the PUVS?**

** Remember that Council is not directly responsible for infrastructure like schools, hospitals and public transport. While Council advocates for the community and partners on projects where appropriate, provision of these types of infrastructure are generally the responsibility of the State Government.*

*** Remember that Council has limited powers to raise revenue. Stamp duty, land taxes and special area levies are the responsibility of the State Government.*

7.2 Next steps

This Discussion Paper (including the Peer Review and Draft Parramatta CBD Infrastructure Needs Analysis included in the appendices) are being exhibited during March 2017.

Council welcomes your feedback on the matters outlined in this Discussion Paper. Please visit Council's 'On Exhibition' webpage for more information about making a submission:

https://www.cityofparramatta.nsw.gov.au/about-parramatta/news/on-exhibition

In moving forward, Council will consider all submissions and input received during this consultation period, as well as the peer review recommendations.

The immediate next step for this project will be reporting to Council on the outcomes of the consultation period.

Pending the outcomes of Council's decision at that meeting, the intended next step is for preparation of a detailed draft CBD Infrastructure Strategy containing an updated CBD Works Schedule, as well as the appropriate funding implementation mechanisms.

It is intended that the draft CBD Infrastructure Strategy would then be exhibited alongside the CBD Planning Proposal (pending receipt of a Gateway Determination from the Department of Planning and Environment), at which point the community will have further opportunity to comment on issues on planning and funding infrastructure in the Parramatta CBD.

aurecon

PARRAMATTA

WE'RE BUILDING AUSTRALIA'S NEXT GREAT CITY

DRAFT PARRAMATTA CBD INFRASTRUCTURE NEEDS ANALYSIS

Summary Table

Priority	Cost Estimate
Growth and Transport	$139,200,000
Green Spaces and Environment	$211,030,000
Recreation and Leisure	$101,100,000
Strong economy and City Centre	$369,414,000
Community Focus	$79,749,500
Arts and Culture	$98,200,000
TOTAL ESTIMATE	**$998,693,500**

Notes on exhibited information
1. Infrastructure Planning is an iterative process. The projects identified in this needs analysis reflect Council's understanding of CBD Infrastructure Needs at the time of publication, and are subject to change as work progresses on infrastructure planning in the CBD.
2. This is a Needs Analysis which seeks to identify local infrastructure projects for which Council is likely to be responsible for funding all or part, as well as some regional projects for which there may also be Council funding implications; the projects listed reflect Council's understanding of CBD infrastructure needs.
3. Project costs are best estimates at time of publication, and are subject to change as more detailed planning progresses. Costs have been estimated in 2016/17 dollars. More information including CPI adjustment, operational/maintenance costs, and other modelling will be included in the forthcoming draft Parramatta CBD Infrastructure Strategy.
4. The "Council Funding" column indicates whether it is expected that Council will pay for "All" or "Part" of the project (with Council funds coming from various sources including rates, developer contributions, VPAs, etc). Projects marked as "Part" funding indicate potential funding by another level of Government, and are subject to agreement from the relevant agencies.
5. Some projects listed here are already underway. However, these projects are appropriate for inclusion in the needs analysis, as they are associated with growth consistent with the aims of the CBD Planning Framework.

Disclaimer: The costs provided in this needs analysis are high level estimates only. Costs are generally based on experience with similar projects, benchmarking or analysis undertaken in other strategic work. Significant further cost planning will be required on a project by project basis.

MANAGING GROWTH AND TRANSPORT

Number	Type of works	Project Description	Location	Cost Estimate	Council Funding	Timeline	Corporate Plan Link	Related Project, Policy or Strategy
1	**Pedestrian Improvement**	Pedestrian and Street Lighting under Parkes Street rail overbridge	Parkes Street at Railway Bridge	$100,000	ALL	Short	C1.2 - Implementing programs focused on safer local roads, managing traffic congestion and the regular turnover of traffic in commercial centres	City Ring Road
2		Closure of Cowper Street at Parkes Street and a pedestrian fence along the south side of Parkes Street between the rail bridge and Wentworth Street	Intersection of Parkes St and Cowper St	$1,500,000	PART	Short	C1.2 - Implementing programs focused on safer local roads, managing traffic congestion and the regular turnover of traffic in commercial centres	City Ring Road
3		Widen footpath on north side of Hassall St to accommodate pedestrian volume. Hassall St one-way westbound from between the driveway for No.2 and Station Street. Traffic Signal changes.	Hassall Street, immediately east of Station Street	$400,000	ALL	Short	C1.2 - Implementing programs focused on safer local roads, managing traffic congestion and the regular turnover of traffic in commercial centres	Council-approved Master Plan (14/12/2015)
4	**Median Islands**	Median Island in Marsden St between Macquarie St and George St to ensure driveways are left in/left out; includes kerb realignment and new tree planting on the west side of the street.	Marsden Street between Macquarie Street and George Street	$1,000,000	ALL	Long	C1.2 - Implementing programs focused on safer local roads, managing traffic congestion and the regular turnover of traffic in commercial centres	Identified as part of ongoing CBD traffic management
5		Median Island in Parkes Street between Wigram Street and Harris Street to ensure driveways are all left in/left out	Parkes Street between Wigram Street and Harris Street	$200,000	ALL	Long	C1.2 - Implementing programs focused on safer local roads, managing traffic congestion and the regular turnover of traffic in commercial centres	City Ring Road
6	**Intersection Upgrades**	Intersection upgrades	10 locations throughout CBD	$7,000,000	PART	Short	C1.2 - Implementing programs focused on safer local roads, managing traffic congestion and the regular turnover of traffic in commercial centres	Integrated Transport Plan
7		Intersection upgrade and road widening at Harris and Parkes St.	Intersection of Harris Street and Parkes Street	$5,000,000	ALL	Medium	C1.2 - Implementing programs focused on safer local roads, managing traffic congestion and the regular turnover of traffic in commercial centres	City Ring Road
8	**CBD Road Widenings**	Road widening for eastbound right turn bay for traffic turning from Parkes Street into Wigram Street.	Intersection of Parkes Street and Wigram Street	$3,000,000	ALL	Medium	C1.2 - Implementing programs focused on safer local roads, managing traffic congestion and the regular turnover of traffic in commercial centres	City Ring Road
9		Road widening in Church Street to provide additional northbound right turn lane into Parkes Street. Minor widening on the north east corner is also required.	Intersection of Church St, Great Western Highway and Parkes St	$6,000,000	PART	Medium	C1.2 - Implementing programs focused on safer local roads, managing traffic congestion and the regular turnover of traffic in commercial centres	City Ring Road
10	**CBD Road Widenings**	Other road widenings associated with growth throughout North Parramatta and CBD	Throughout North Parramatta and CBD	$50,000,000	ALL	Medium-Long	C1.2 - Implementing programs focused on safer local roads, managing traffic congestion and the regular turnover of traffic in commercial centres	CBD Planning Proposal project
11	**Bridge Improvement**	Duplicate Gasworks (Macarthur St) Bridge including a pedestrian and bike path on the east side; to be progressed as Light Rail plans are finalised	Gasworks Bridge	$25,000,000	PART	Medium	C1.5 - Managing and maintaining civil infrastructure to ensure it is safe, effective and accessible, including roads, footpaths, drainage systems, bridges and street furniture	City Ring Road
12		Morton Street Pedestrian Bridge	Morton Street over the Parramatta River	$15,000,000	PART	Short	C1.5 - Managing and maintaining civil infrastructure to ensure it is safe, effective and accessible, including roads, footpaths, drainage systems, bridges and street furniture	Elizabeth Street Precinct Planning
13		Barry Wilde Bridge biking and pedestrian upgrade	Barry Wilde Bridge	$20,000,000	ALL	Short-Medium	C1.5 - Managing and maintaining civil infrastructure to ensure it is safe, effective and accessible, including roads, footpaths, drainage systems, bridges and street furniture	River Strategy
14	**Smart Parking**	Smart wayfinding, ticketless parking, onstreet smart metering, and parking data capture	Throughout CBD	$5,000,000	ALL	Medium	C1.2 - Implementing programs focused on safer local roads, managing traffic congestion and the regular turnover of traffic in commercial centres	Smart Cities Program
			Total	$139,200,000				

PROMOTING GREEN SPACES AND THE ENVIRONMENT

Number	Type of works	Project Description	Location	Cost Estimate	Council Funding	Timeline	Corporate Plan Link	Related Project, Policy or Strategy
1	CBD Street Trees	Street Tree Planting Project to continue the City of Trees Project	All Streets within City Centre	$750,000	ALL	Short	D4.9 - Protecting, enhancing and proactively maintaining trees in the city streetscape.	Design Parramatta Public Domain Framework, City of Trees project
2	River Square and surrounds	River Square	South Bank between Lennox Bridge and Barry Wilde Bridge	$54,000,000	PART	Short	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
3		Sorrell Street foreshore parcel - public domain upgrade including terraced landscape and access way (parcel opposite River Square)	North Bank between Lennox Bridge and Barry Wilde Bridge	$14,000,000	PART	Short	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
4		New footbridge across the Parramatta River	Next to Barry Wilde Bridge	$10,000,000	PART	Short	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
5		Relocate sewer pipe across the Parramatta River	Next to Barry Wilde Bridge	$2,000,000	PART	Short	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
6	Parramatta Quay upgrades supporting works	Charles Street Weir - redesigned weir and river crossing to include improved active transport movement and hydraulic flows	Charles Street Weir	$10,000,000	ALL	Short	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
7		Charles Street Square and ferry terminus surrounds	Surrounding Ferry terminus	$15,000,000	PART	Short	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
8	Parramatta River Foreshore Parcel upgrades	Ferry terminus to Gas Works Bridge South bank parcel upgrades	East of Ferry Terminus to Gas Works Bridge, South side of the River	$2,000,000	ALL	Short	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
9		Northern Terrace parcel foreshore upgrades	Queens Ave Steps to Elizabeth St	$10,000,000	ALL	Short	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
10		Playground parcel foreshore upgrade	North bank, east of Barry Wilde Bridge	$5,000,000	ALL	Medium	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
11		Southern foreshore parcel upgrade	Wilde Ave to Charles St Weir	$15,000,000	ALL	Medium	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
12		Justice Precinct parcel foreshore upgrade	Foreshore between Marsden St and O'Connell St	$3,000,000	ALL	Long	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
13		Kings School parcel Foreshore upgrade	Foreshore between new school and river	$4,000,000	ALL	Medium	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
14		Marsden St. Weir Upgrades	Marsden St. Weir	$5,000,000	ALL	Long	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
15	Links to Parramatta River CBD Foreshore	Harrisford Link	East of Ferry Terminus, South bank (near existing State Heritage Item Harrisford House)	$1,000,000	ALL	Short	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
16		Stewart Street Link	North Bank, East of Charles St Weir	$1,980,000	ALL	Short	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
17		O'Connell Street underpass links	Links between between foreshore and Parramatta Park/Old Kings Oval foreshore	$10,000,000	PART	Medium	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
18		Escarpment Boardwalk	North Bank, East of Charles St Weir, connected to foreshore by Stewart Street Link	$11,300,000	PART	Short	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
19	Enhanced swimming and recreational opportunity	Enhanced swimming and recreational opportunity associated with the Parramatta River	Location to be confirmed	$15,000,000	ALL	Medium	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
20	Prince Alfred Square	Improving facilities for events, protecting heritage assets including significant trees, and improving overall amenity and passive recreational use	Prince Alfred Square	$4,500,000	ALL	Short	D1.3 - Ensure a range of active recreation, leisure and sporting opportunities is available for all ages, genders, ethnicities, ability levels and socio-economic groups	Prince Alfred Square Masterplan
21	Brickfields Creek Naturalisation	Brickfields Creek naturalisation project	North bank, east of Barry Wilde Bridge	$1,500,000	ALL	Short	A5.6 - Activating lanes, retail precincts and riverbank	River Strategy Program
22	Parramatta Ways	Parramatta Ways links in the CBD - local delivery of Sydney "Green Grid" project	Throughout CBD	$15,000,000	ALL	Short	C1.1 Developer and implement River City network of pathways (Parramatta Ways) to improve connectivity	Sydney Green Grid Project
23	Lake Parramatta Upgrade	Lake Parramatta new overflow parking facilities and access paths	Lake Parramatta	$1,000,000	ALL	Short	D1.3 - Ensure a range of active recreation, leisure and sporting opportunities is available for all ages, genders, ethnicities, ability levels and socio-economic groups	Lake Parramatta Reserve Plan of Management
			Total	$211,030,000				

PROVIDING OPPORTUNITIES FOR RECREATION AND LEISURE

Number	Type of works	Project Description	Location	Cost Estimate	Council Funding	Timeline	Corporate Plan Link	Related Project, Policy or Strategy
1	**Aquatic and Leisure Centre**	New modern aquatics and leisure centre	Location to be confirmed pending outcomes of Council's site investigations	$60,000,000	PART	Medium	D1.3 - Ensure a range of active recreation, leisure and sporting opportunities is available for all ages, genders, ethnicities, ability levels and socio-economic groups	CBD Pool relocation and expansion project
2	**New CBD Sportsgrounds**	New sports grounds - 2 full size ovals (overlay 4 full size rectangular fields) are needed; includes construction, civil works, amenities, flood lighting, parking and related infrastructure.	Location(s) to be confirmed	$10,000,000	ALL	Long	D1.3 - Ensure a range of active recreation, leisure and sporting opportunities is available for all ages, genders, ethnicities, ability levels and socio-economic groups	Preliminary findings - Open Space and Recreation audit
3	**Existing CBD Sportsgrounds Upgrades**	Improve capacity of existing sportsground playing surfaces	Throughout CBD	$2,000,000	ALL	Short	D1.2 - Providing strategic planning and asset management for high quality open space including parks, reserves, playground and sporting grounds.	Preliminary findings - Open Space and Recreation audit
4		Amenities and facilities associated with sportsground use	Throughout CBD	$4,500,000	ALL	Short	D1.2 - Providing strategic planning and asset management for high quality open space including parks, reserves, playground and sporting grounds.	Preliminary findings - Open Space and Recreation audit
5		Sportsground floodlighting	Throughout CBD	$1,000,000	ALL	Short	D1.2 - Providing strategic planning and asset management for high quality open space including parks, reserves, playground and sporting grounds.	Preliminary findings - Open Space and Recreation audit
6		All weather recreation synthetic playing surface at existing sites	Throughout CBD	$10,000,000	ALL	Medium	D1.3 - Ensure a range of active recreation, leisure and sporting opportunities is available for all ages, genders, ethnicities, ability levels and socio-economic groups	Preliminary findings - Open Space and Recreation audit
7	**CBD Park Improvements**	Upgrade the quality of parks within the city to cater for increased demand and bring up to a world-class city standard	Throughout CBD	$6,000,000	ALL	Medium	D1.2 - Providing strategic planning and asset management for high quality open space including parks, reserves, playground and sporting grounds.	Preliminary findings - Open Space and Recreation audit
8		Multi-purpose outdoor spaces for active recreation (e.g. half-court basketball sites)	Throughout CBD	$600,000	ALL	Medium	D1.2 - Providing strategic planning and asset management for high quality open space including parks, reserves, playground and sporting grounds.	Preliminary findings - Open Space and Recreation audit
9		Pavilion and Open Space improvements at Robin Thomas Reserve	Robin Thomas Reserve	$3,500,000	ALL	Short	D1.3 - Ensure a range of active recreation, leisure and sporting opportunities is available for all ages, genders, ethnicities, ability levels and socio-economic groups	Robin Thomas Masterplan
10	**CBD Playgrounds**	New playground at Belmore Park	Belmore Park	$700,000	ALL	Short	D1.3 - Ensure a range of active recreation, leisure and sporting opportunities is available for all ages, genders, ethnicities, ability levels and socio-economic groups	Preliminary findings - Open Space and Recreation audit
11		Other new CBD Play Spaces	3x locations to be confirmed	$2,100,000	ALL	Medium-Long	D1.3 - Ensure a range of active recreation, leisure and sporting opportunities is available for all ages, genders, ethnicities, ability levels and socio-economic groups	Preliminary findings - Open Space and Recreation audit
12		Existing playground upgrade	Location to be confirmed	$700,000	ALL	Short	D1.3 - Ensure a range of active recreation, leisure and sporting opportunities is available for all ages, genders, ethnicities, ability levels and socio-economic groups	Preliminary findings - Open Space and Recreation audit
			Total	$101,100,000				

CREATING A STRONG ECONOMY WITH A STRONG CITY CENTRE

Number	Type of works	Project Description	Location	Cost Estimate	Council Funding	Timeline	Corporate Plan Link	Related Project, Policy or Strategy
1	**Parramatta Square**	Parramatta Square Public Domain	Parramatta Square	$36,500,000	ALL	Short	Major Priority: Parramatta Square	Parramatta Square Urban Design Guidelines
2	**Civic Link**	Civic Link Public Domain	2 blocks from Macquarie St to Phillip St	$40,000,000	ALL	Medium	A5.10 - Maintaining the spaces and public domain to the standard that supports the economic growth of the City	Civic Link Project
3	**Major upgrades to bring public domain of major CBD streets up to world class city standard (including paving, tree cells and multi-function poles)**	George Street Public Domain (including paving, tree cells and multi-function poles)	George Street (btw O'Connell & Harris)	$23,500,000	ALL	Medium	A5.10 - Maintaining the spaces and public domain to the standard that supports the economic growth of the City	Design Parramatta Public Domain Framework
4		Macquarie Street Public Domain (including paving, tree cells and multi-function poles)	Pitt to Church St (non Light Rail)	$10,000,000	ALL	Medium	A5.10 - Maintaining the spaces and public domain to the standard that supports the economic growth of the City	Design Parramatta Public Domain Framework
5		Macquarie Street Public Domain - Council-led works on light rail affected blocks (including paving, tree cells and multi-function poles)	Harris St to Church St (Light Rail)	$18,000,000	ALL	Short	A5.10 - Maintaining the spaces and public domain to the standard that supports the economic growth of the City	Design Parramatta Public Domain Framework
6		Church Street Public Domain (including paving, tree cells and multi-function poles)	Macquarie St to Auto Alley (non Light Rail)	$18,000,000	ALL	Medium	A5.10 - Maintaining the spaces and public domain to the standard that supports the economic growth of the City	Design Parramatta Public Domain Framework
7		Church Street Public Domain - Council-led works on light rail affected blocks (including paving, tree cells and multi-function poles)	Macquarie St to North Parramatta (Light Rail)	$28,000,000	ALL	Short	A5.10 - Maintaining the spaces and public domain to the standard that supports the economic growth of the City	Design Parramatta Public Domain Framework
8		Phillip Street Public Domain (including paving, tree cells and multi-function poles)	Phillip Street (btw Marsden and Charles Square)	$14,000,000	ALL	Medium	A5.10 - Maintaining the spaces and public domain to the standard that supports the economic growth of the City	Design Parramatta Public Domain Framework
9		Smith and Station Streets Public Domain (including paving, tree cells and multi-function poles)	Macquarie St to Hassall St	$14,000,000	ALL	Long	A5.10 - Maintaining the spaces and public domain to the standard that supports the economic growth of the City	Design Parramatta Public Domain Framework
10		Wentworth/Valentine Streets Public Domain (including paving, tree cells and multi-function poles)	Wentworth and Valentine Streets	$10,500,000	ALL	Long	A5.10 - Maintaining the spaces and public domain to the standard that supports the economic growth of the City	Design Parramatta Public Domain Framework
11		Hassall Street and Station Street (including paving, tree cells and multi-function poles)	Hassall St from Harris to Station St Station St from Hassall to Parkes St	$11,000,000	ALL	Long	A5.10 - Maintaining the spaces and public domain to the standard that supports the economic growth of the City	Design Parramatta Public Domain Framework
12		O'Connell Street - in conjunction with Western Sydney Stadium redevelopment (including paving, tree cells and multi-function poles)	Ross St to Macquarie St	$16,000,000	PART	Medium	A5.10 - Maintaining the spaces and public domain to the standard that supports the economic growth of the City	Design Parramatta Public Domain Framework
13		Charles Street (including paving, tree cells and multi-function poles)	Macquarie St to Phillip St	$6,500,000	ALL	Medium	A5.10 - Maintaining the spaces and public domain to the standard that supports the economic growth of the City	Design Parramatta Public Domain Framework
14	**Develop and Improve CBD Laneway Network to bring (including paving, tree cells and multi-function poles)**	Freemason Arms and Justice Lanes (including paving, tree cells and multi-function poles)	Freemason Arms and Justice Lanes	$4,000,000	ALL	Medium	A5.10 - Activating lanes, retail precincts and riverbank	Lanes Strategy
15		Erby Place & Lane 13 (including paving, tree cells and multi-function poles)	Erby Place & Lane 13	$4,000,000	ALL	Medium	A5.10 - Activating lanes, retail precincts and riverbank	Lanes Strategy
16		Wentworth Car Park Lanes (including paving, tree cells and multi-function poles)	Lanes around and through Wentworth Car Park	$5,000,000	ALL	Long	A5.10 - Activating lanes, retail precincts and riverbank	Lanes Strategy
17		Macquarie Street Lanes (including paving, tree cells and multi-function poles)	Lanes North of Macquarie Street, between Smith and Harris Streets	$5,000,000	ALL	Medium	A5.10 - Activating lanes, retail precincts and riverbank	Lanes Strategy
18	**Major program of works responding to CBD flooding issues**	Integrated program of works to address localised flooding and water quality issues	Throughout CBD	$40,000,000	ALL	Short	B1.1 - Setting policy direction to manage current and future environmental issues	Council's Floodplain Risk Management Activities
19		Large-scale flood mitigation program of works to address flooding from the Parramatta River	Throughout CBD	$40,000,000	ALL	Medium	B1.1 - Setting policy direction to manage current and future environmental issues	Council's Floodplain Risk Management Activities
20	**Flood Warning System**	Flood Warning System - installation of Phase 1	Priority area in CBD	$114,000	ALL	Short	B1.1 - Setting policy direction to manage current and future environmental issues	Council's Floodplain Risk Management Activities
21		Flood Warning System - 3 major expansions and upgrades as CBD grows	Throughout CBD	$600,000	ALL	Medium-Long	B1.1 - Setting policy direction to manage current and future environmental issues	Council's Floodplain Risk Management Activities
22	**Smart Cities**	CCTV and associated works	Throughout CBD	$2,200,000	ALL	Short	D4.10 Developing and maintaining clean and attractive streets and public spaces where people feel safe	Smart Cities Program
23		Rationalisation of utilities (e.g. undergrounding power in Auto Alley and North Parramatta)	Throughout CBD	$20,000,000	ALL	Short-Medium	B1.1 - Setting policy direction to manage current and future environmental issues	Smart Cities Program
24		Multi-function poles for non-major streets	Throughout CBD	$2,500,000	ALL	Short	A5.14 - Maintaining the spaces and public domain to the standard that supports the economic growth of the City	Smart Cities Program
			Total	$369,414,000				

HAVING A COMMUNITY FOCUS

Number	Type of works	Project Description	Location	Cost Estimate	Council Funding	Timeline	Corporate Plan Link	Related Project, Policy or Strategy
1	**Civic Centre at 5 Parramatta Square**	Civic Centre including facilities new CBD library, community meeting space, and experience centre	5 Parramatta Square	$67,000,000	ALL	Short	D3.1 - Providing high quality services and engaging with the local community	Community Facilities Needs Study and 5 Parramatta Square project
2	**New Childcare Centres**	2 new CBD childcare centres	Locations to be confirmed	$4,000,000	ALL	Short	D3.1 - Providing high quality services and engaging with the local community	Community Facilities Needs Study
3	**Flexible Community Spaces**	Community rooms of various sizes, including kitchen facilities & accessibility requirements	Throughout CBD	$3,000,000	ALL	Medium-Long	D3.1 - Providing high quality services and engaging with the local community	Community Facilities Needs Study
4	**New Community Facilities in Harris Park**	Expansion of Jubilee Park Childcare Centre to create a Family & Children's Centre - daycare, OOSH, playgroup, meeting space, activity rooms, and facilities for related services	Jubilee Lane	$3,000,000	ALL	Short	D3.1 - Providing high quality services and engaging with the local community	Community Facilities Needs Study
5		District level community facility for Harris Park, including childcare centre	Marion Street	$1,500,000	ALL	Short-Medium	D3.1 - Providing high quality services and engaging with the local community	Community Facilities Needs Study
6	**CBD Contribution to New Community Facilities in North Parramatta**	New multi-purpose community centre sufficient in design and capacity to accommodate multiple user groups	North Parramatta	$450,000	ALL	Short	D3.1 - Providing high quality services and engaging with the local community	Community Facilities Needs Study
7		Incubator for multiple Community Organisations in the gifted "Admin Building"	North Parramatta	$75,000	ALL	Short	D3.1 - Providing high quality services and engaging with the local community	Community Facilities Needs Study
8		Community facility in the gifted "Hall" - fit-out	North Parramatta	$124,500	ALL	Short	D3.1 - Providing high quality services and engaging with the local community	Community Facilities Needs Study
9	**Homelessness Support Projects**	Infrastructure for food provision to disadvantaged members of the community	Prince Alfred Square	$500,000	ALL	Short	D3.1 - Providing high quality services and engaging with the local community	Homelessness Policy
10		Upgrade amenities for homeless (laundry, showers, etc)	Within existing non-profit facilities in CBD	$100,000	ALL	Short	D3.1 - Providing high quality services and engaging with the local community	Homelessness Policy
			Total	$79,749,500				

SUPPORTING ARTS AND CULTURE, CELEBRATIONS AND DESTINATIONS

Number	Type of works	Project Description	Location	Cost Estimate	Council Funding	Timeline	Corporate Plan Link	Related Project, Policy or Strategy
1	**Anchor Arts Production and Presentation Facilities**	Expanded Parramatta Artists Studio: Cross-arts professional production facility with art studios, workshop facilities, wet/dry areas, collaboration between old and new technologies	Civic Link	$5,000,000	ALL	Medium	E2.2 - Grow Creative Industries and provide opportunities for creative practice and cultural production.	Cultural Discussion Paper and current project "Planning Parramatta's Cultural Infrastructure"
2		Art Exhibition and Gallery Space: exhibition space (including some double-height) and back of house facilities.	Civic Link	$7,600,000	PART	Medium	E2.2 - Grow Creative Industries and provide opportunities for creative practice and cultural production.	Cultural Discussion Paper and current project "Planning Parramatta's Cultural Infrastructure"
3	**Anchor Performing Arts Facility**	Modernised and expanded performing arts anchor facility, including presentation and production incorporating the new Riverside Theatres	River foreshore	$77,000,000	PART	Long	E4.1 - Undertaking strategic planning for Riverside Theatres as a regional centre for performing arts in Western Sydney and as the key anchor arts and cultural venue in Parramatta CBD	State Infrastructure Strategy (Chapter 9) Create in NSW Parramatta Strategic Framework Council's Cultural Planning Program
4	**Aboriginal Cultural Projects**	Aboriginal Cultural Infrastructure	River Foreshore or North Parramatta	$2,000,000	ALL	Medium	E1.6 - Interpreting the stories of Parramatta.	Cultural Discussion Paper and current project "Planning Parramatta's Cultural Infrastructure"
5		Aboriginal Cityscape Cultural Walk: An interpretative walk of Parramatta including new public artwork, sites of importance and digital tour to showcase local Darug peoples' sites of significance, history and contemporary connection to Parramatta	Throughout CBD	$1,000,000	ALL	Short	E1.6 - Interpreting the stories of Parramatta.	Cultural Discussion Paper and current project "Planning Parramatta's Cultural Infrastructure"
6	**Creative Industries Cluster**	Creative Industries Incubator: incorporates media/digital center, cultural organisations such as Western Sydney Centre for Writing and CuriousWorks, hot desk office space and production offices for film and screen.	Civic Link	$4,600,000	ALL	Medium	E2.2 - Grow Creative Industries and provide opportunities for creative practice and cultural production.	Cultural Discussion Paper and current project "Planning Parramatta's Cultural Infrastructure"
7	**Cultural Collections Storage**	Publicly accessible storage for cultural collections and archaeological items	Location to be confirmed	$1,000,000	ALL	Short	E1.6 - Interpreting the stories of Parramatta.	Cultural Discussion Paper and current project "Planning Parramatta's Cultural Infrastructure"
			Total	$98,200,000				

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Parramatta CBD Infrastructure Funding

Peer Review

City of Parramatta

28 February 2017
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Bringing ideas to life

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Document prepared by:

Aurecon Australasia Pty Ltd
ABN 54 005 139 873
Level 5, 116 Military Road
Neutral Bay NSW 2089
PO Box 538
Neutral Bay NSW 2089
Australia

T +61 2 9465 5599
F +61 2 9465 5598
E sydney@aurecongroup.com
W aurecongroup.com

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Author signature		Approver signature	
Name	Bill Lee	Name	Mike Luger
Title	Land Economist	Title	Project Director

Executive Summary

Parramatta central business district (CBD) is forecasted to grow significantly over the coming decades as it transitions into a world class city. This will mean new residential and commercial developments as well as additional community infrastructure will be required to provide a good environment for people to work, play and live. Community infrastructure is typically funded by local council rates revenue, development contributions, and other funds from State Government Agencies. However, the City of Parramatta Council's (Council) potential income towards infrastructure from these sources is estimated to be between $449 - $605 million, which will be insufficient to meet the additional community infrastructure cost of approximately $1 billion.

As a result, Council has invested considerable time and resources in planning for the future and exploring ways they can reduce the community infrastructure funding gap. This included developing several frameworks and papers on changing existing planning controls for the CBD, and undertaking a study (by GLN Planning) to explore funding options. The GLN Planning study suggested implementation of a planning uplift value share (PUVS) mechanism. The PUVS would apply to residential apartment developments in the CBD in excess of the existing planning controls under a two-phase approach, which essentially involves a reallocation of benefits from the developer to the community in the form of community infrastructure. Our review of these documents indicate that the policy steps were carefully considered, well researched and consistent in approach, and that a PUVS mechanism (implemented via voluntary planning agreements) is an important funding source for additional community infrastructure that will support the overall CBD strategy.

Following the amalgamation of local government areas in May 2016, the NSW State Government appointed an Administrator of the new City of Parramatta Council, who has called for an independent review of the proposed PUVS mechanism for fairness, equity and transparency.

This document provides the requested independent review of the work undertaken to date and in particular the recommendations based on the funding study by GLN Planning. Our review found two issues with some of the model runs, in the form of arithmetic errors and understatement of total development costs, which had a minor impact on project viability outcomes. Other than these minor issues, our opinion is that the study was comprehensive, well researched, thoughtfully modelled, and provided some words of caution and accomplished its primary objective of comparing the likely revenue generation potential of different value sharing mechanisms based on a development pro forma model of hypothetical projects. Aurecon also gleaned some insight into the residential property market by undertaking one-on-one interviews with developers and real estate agents.

Our findings indicate there is continued local market optimism, however, there is a need for caution due to macroeconomic considerations centred mainly on the stage in the business cycle that a PUVS mechanism would be implemented. This is mainly for two reasons: (i) in a strong upswing in the business cycle there tends to be more resilience of the business sector and individuals to absorb government imposts; and (ii) the real estate and property market is inherently risky lending itself to a level of unpredictability where revenues are concerned. Accordingly, our recommendations for implementing the PUVS mechanism are as follows:

- **Implement the PUVS mechanism as promptly as possible to provide Council with an additional source of funding for community infrastructure** during this up-market cycle and the development community with cost predictability as the market moves toward less certain times.

- **Provide the developer community with cost predictability** through smoothing the implementation of PUVS over five years,

  - Set the Phase 1 (Incentive) contribution to a maximum of $150[1] per square metre for new residential developments that seek to develop beyond the existing planning controls up to the incentive controls.

  - Set the Phase 2 (Opportunity) contribution to a maximum of $375 per square metre for new residential developments that seek to develop beyond the incentive controls up to the opportunity site controls, applicable to certain areas in Parramatta CBD.

  This will allow developers to internalise this contribution into their pro forma calculations, and the impact will be on the amount they are willing to pay for land going forward. For future major projects, removing the uncertainty of the amount of PUVS contribution and the time required for negotiations will allow Council to continue to communicate its "open for business" attitude essential for the continued rapid transition into a world class city.

- **Re-evaluate the PUVS process after five years of implementation to make sure the contributions reflect market conditions,** and are on track to assist in meeting funding requirements for community infrastructure.

- **Build flexibility into the PUVS mechanism that provides Council with the option to either suspend or reduce the dollar per square metre contributions** for a finite one to two year period should the selected residential market index decline in five of six successive quarters. In the event of a severe real estate recession (see Section 2.3 for more detail), this provides Council with an efficient tool to temporarily lower development cost and therefore reduce the mechanism's impact on residential development and construction industries operating in Parramatta CBD. In effect, this operates as a concession to developers to account for the volatility inherent in the property market.

- **Apply the PUVS mechanism on residential development in excess of existing planning controls only**, as per Council's intent of creating a commercial core through improving the appeal of commercial developments.

At the time of writing, there was limited published information regarding the Special Infrastructure Contributions (SIC) levy proposed by the NSW State Government to assist in the funding of regional projects including construction of Parramatta Light Rail. However, the State Government has indicated publically that the levy may require a contribution of $200 per square metre for areas that benefit from the light rail project (which includes the Parramatta CBD). In the event that the SIC levy materialises, it is expected that this would be *in addition* to the PUVS mechanism. This means that if a developer wants to develop beyond existing planning controls and in an area that benefits from the light rail project, then they will need to make essentially *two* contributions, one to Council under the PUVS mechanism (for community infrastructure), and the second to State Government through the SIC levy (for regional infrastructure). It is important for both transparency and statutory reasons that any contributions under the PUVS mechanism and the SIC levy remain completely separate.

On assessing the impacts the PUVS mechanism will have on the residential market, this review understands that real estate development is a cyclical business. During strong market conditions,

[1,] Contributions will be indexed against a residential market index sourced from the Australian Bureau of Statistics, rather than a Consumer Price Index, as detailed in this review

where higher demands (in excess of supply) causes prices to increase, developers have a greater interest for developing beyond existing planning controls as it provides them with greater return. Therefore a PUVS mechanism, in most instances, won’t significantly impact excess developer profit margins if set above base planning controls. In this regard, the PUVS mechanism is an effective alternative funding strategy for Council to source funds towards community infrastructure in a relatively fair and transparent manner. However, the converse is true under weak market conditions, and is likely to generate little to no funding. Because real estate market fluctuations make the income flow from PUVS funding unpredictable, our recommendation is that Council views this source as an important supplemental rather than primary source of funding for the construction of community infrastructure.

Contents

Figures

Tables

1 Introduction

This document provides an independent review of a series of frameworks and papers that acknowledge Parramatta CBD will undergo significant growth over the next 20 years, bringing about new developments, and the need for additional community infrastructure. The City of Parramatta Council's (Council) potential income towards infrastructure from these sources is estimated to be between $449 - $605 million, which will be insufficient to meet the additional community infrastructure cost of approximately $1 billion.

While most of the documents provide policy intentions and background for the reviewer, the '*Infrastructure Funding Model Study and Appendices'* by GLN Planning and the recommendations from the Parramatta CBD Infrastructure Funding Review Committee warranted focused attention because the planning uplift value share (PUVS) mechanism, when implemented, will have financial consequences on:

- Future residential developments within Parramatta CBD
- Council's ability to fund community infrastructure and amenities important for the creation of a world class city

The findings from this review will provide Council with a way forward on implementing a PUVS mechanism that is fair, equitable and transparent.

2 Review of documents

As part of this review, Council provided a series of documents, and for convenience, we divided these into three groups:

- **Policy and planning documents** prepared by Council and consultants, and provided primarily to communicate policy development background.
- **Core documents** analyse the PUVS mechanism and recommendations from Council's Parramatta CBD Infrastructure Funding Review Committee's meeting minutes.
- **Feedback** from developers and community about the proposed value sharing mechanism and strategy.

This review focuses on the core documents, which inform our final recommendations.

2.1 Review of Policy and Planning Documents

We reviewed the following documents to gain an understanding of the Council's motivations for changing the existing planning controls and amending policies to allow these to changes to materialise. The work to date by Council and its consultants were well prepared and of high professional quality, and are summarised below.

Auto Alley Precinct – Economic Advice

Prepared for Parramatta City Council by SGS Economics & Planning, October 2013

This study provides the market economics perspective for protecting the Auto Alley Precinct intended to accommodate future CBD office expansion, since residential development is now able to support higher land values and displace future office development.

> "Therefore, taking a longer-term view, it is important that Council 'holds the line' on commercial development in Auto Alley to 'future proof' the CBD from future commercial floor space shortages. Taking a medium to long-term perspective development controls should allow for at least 400,000 square metres (GFA) of employment only floor space in Auto Alley (in addition to any residential development potential allowed). Any employment related floor space in the mixed use zone would be in addition to this allowance."

This study further cites that Auto Alley has the advantage of providing larger floor plate office sites and the potential to accommodate a substantial cluster of office only buildings where the critical mass provides agglomeration economies of scale and enhances market appeal.

Parramatta CBD Planning Framework: Economic Analysis Draft Report

Prepared for Parramatta City Council by SGS Planning and Economics, August 2014

This economic analysis is a companion document to the '*Planning Framework Study'* by Architectus (September, 2014), and it examines three interrelated questions:

- How can Parramatta compete with other centres to attract employment?
- How can Parramatta protect its capacity to accommodate employment and housing in the future?
- What are the dynamic market implications for Parramatta's planning framework?

Parramatta, in order to become a world class city must compete for office development with newly emerging suburban centres. The study indicates:

> "In the short term, Parramatta is unlikely to attract many large commercial office buildings (e.g. greater than 30,000 square metres) due to the limited scale of growth in the office market, and need for high proportions of pre-commitment before office developments get off the ground, and competition from other centres noted above. This is not to say additional large office developments will not locate in Parramatta, but that the process of attracting such development needs to be viewed as a long-term undertaking.
>
> Parramatta's planning framework has been built on a clear and consistent strategy to maintain a commercial core (employment only) as a focus for future employment growth. In the face of pressure for residential development it is important that Council takes a clear position to either 'hold the line' on this policy, or, to change policy and accept a mix of uses.
>
> If the development potential in the Parramatta CBD is increased as a result of changes to planning controls (rezoning and/or increases in permissible densities or heights) Council would be justified in seeking to sharing part of the value uplift created by these changes, and to use the proceeds of this value sharing for broader public benefit (for example: upgrades to the public domain, public transport improvements, affordable housing, open space provision, public art, and so on)."

This study suggests that for Council to preserve a commercial core within the CBD, the use of a PUVS mechanism to fund public improvements in support of that objective is justified on economic grounds. The selective or weighted imposition of a value sharing mechanism on residential development due to uplift in floor space ratio (FSR) would skew the development economics away from residential and improve the appeal of commercial developments. Without policy protection, the current robust residential market demand, in part powered by foreign investment, has the potential to erode the CBD's future capacity to become a true employment centre.

Parramatta City Centre Planning Framework Study

Prepared for Parramatta City Council by Architectus (and SGS Economics and Planning) and adopted by Council for exhibition on 8 September 2014

This study relates to the development of Parramatta CBD, in summary it:

- Reviewed the current planning framework that controls the development of Parramatta CBD
- Identified the opportunities, constraints and market conditions that are impacting on development in the Parramatta CBD
- Developed and recommended a planning framework that Council can implement to firmly establish Parramatta CBD and a real alternative to Sydney CBD as an employment and mixed-use centre.

Value sharing recommendations from this study:

- The proposed FSR controls to become the base, and additional higher FSR controls can only be achieved by sharing the value of the uplifts. That is any additional new FSR is to be purchased by landowners based on 50% of the nominated dollar value per sqm of GFA. The dollar value is to be scheduled to provide certainty and reviewed annually.
- This is to operate for residential uses only, not employment uses.
- This system will operate in addition to the existing Section 94A contributions."

On 8 September 2014, Council adopted for public exhibition the recommendations and planning controls from this study (with some amendments), they include adjustments to the city centre boundary, outlining primary built form controls, changed land use mix, introducing a sharing of value uplift resulting from higher FSR controls, maximum floor plates to insure tower slenderness, and incentives for design excellence.

The Draft Auto Alley Planning Framework

Prepared by Parramatta City Council and adopted for exhibition by Council at the meeting on 22 October 2014

This is a planning policy document designed to guide the transformation of the former Auto Alley along Church Street (South of Great Western Highway) into an important and integral part of the future CBD through rezoning and uplift in FSR. However, it explicitly states:

"Existing controls will be maintained until such time that a land owner:

- Contributes to and/or provides public infrastructure/benefits as per Draft Public Domain Plan
- Partakes in a Design Excellence Competition for their site."

This framework supports the economic advice provided by SGS Economics & Planning in October 2013, that Auto Alley will become an important part of growing Parramatta CBD, and that a PUVS mechanism is integral to Council's expansion plans.

Parramatta CBD Planning Strategy

Prepared by Parramatta City Council and adopted by Council at the meeting on 27 April 2015

The objectives of the CBD Planning Strategy are as follows:

- To set the vision for the growth of the Parramatta CBD as Australia's next great city.
- To establish principles and actions to guide a new planning framework for the Parramatta CBD.
- To provide a clear implementation plan for delivery of the new planning framework for the Parramatta CBD.

This strategy document confirms the Council's objective to share in the value uplift due to higher FSR controls. It states:

> "That additional higher FSR controls than those proposed in this Strategy can only be achieved by sharing the value of the uplift. That is any additional new FSR is to be purchased by landowners based on 50% of the nominated dollar value per sqm of GFA. The dollar value is to be scheduled to provide certainty and reviewed annually. Such a system would apply for residential uses only, not employment uses. Further, the system would operate in addition to any section 94A contributions payable."

Parramatta City Council Section 94A Development Contribution Plan (Amendment No. 4)

Adopted by City of Parramatta Council on 27 April 2015 and commenced 20 May 2015

This is the legal and administrative document under Section 94A of the Environmental Planning and Assessment Act 1979 (EP&A Act) that lays out the development contributions framework for areas outside the Parramatta CBD and within the former Parramatta City Council boundaries. Note there are also other contributions plans, which apply outside the CBD to those areas amalgamated under the new City of Parramatta boundaries. The primary purposes of this plan are:

- To authorise the imposition of a condition on certain development consents and complying development certificates requiring the payment of a development contribution pursuant to Section 94A of the Act.
- To assist Council in providing the appropriate public facilities that are required to maintain and enhance amenity and service delivery within the area covered by this Plan.
- To publicly identify the purposes for which the development contributions are required.

This document provides detailed instructions and forms to establish the cost of the development, which would be used as a basis for a Section 94A contribution. For works to be performed by Council, it provides a schedule of projects and cost estimates plus a set of maps indicating where the works will be performed.

Parramatta Civic Improvement Plan (CIP) Amendment No. 4

Prepared by Regional Cities Taskforce and initially adopted by Parramatta City Council on 11 July 2007; most recent Amendment (No. 4) adopted on 27 July 2015

This plan provides a description, both in text and graphic form, of the civic infrastructure needed and desired to support the growth and development of the Parramatta CBD and outlines the framework for funding contribution. The plan indicates:

> "The public domain projects, special city centre projects, and Parramatta Square projects for the city centre are to be funded in part by monetary contributions levied from new development in the city centre under Section 94A of the Environmental Planning and Assessment Act 1979 (EP&A Act), and by other sources of funds sought by Council."

The public domain projects totalled $169 million in cost, and the Parramatta Square Project amounted to an additional $42 million. Note the CIP corresponds to an old strategic planning context for Parramatta CBD, it does not reflect current plans which envision a major step change in the scale of growth projected for in the CBD.

Summary of Review of Policy and Planning Documents

Over the past two and a half years, Council has undertaken a series of policy steps to facilitate the ability of the Parramatta CBD to evolve into a world class city. Aurecon are of the view that the above mentioned documents indicate that the policy steps were carefully considered, well researched and consistent in approach. In short, a value sharing mechanism based on planning uplift (i.e. PUVS) implemented through voluntary planning agreements is an important funding source for additional community infrastructure that will support the overall CBD strategy.

2.2 Review of Core Documents

This review focusses on two core documents that, together, provide an evaluation of the PUVS mechanism.

Infrastructure Funding Model Study and Appendices

Prepared for Parramatta City Council by GLN Planning, May 2016

The recommendations for this review are based on the analysis undertaken in this study, whose key objectives were to:

- Investigate alternative and innovative infrastructure funding mechanisms and models, including specifically schemes that share some of the uplift in value of development sites as a result of the additional FSR.
- Compare both the viability impacts on development projects and the revenue generation likelihood of alternative value sharing mechanisms.
- Recommend a fair, appropriate and workable development contributions system to apply to development in the Parramatta CBD area.

At the core of this study is the application of GLN's real estate development pro-forma model to test the impact of value sharing mechanisms on the financial viability of hypothetical developments planned for different heights and FSR. This modelling and its results are detailed in the Appendices and summarised in the main report. In our review, we uncovered two issues with some of the model runs that had a minor impact on project viability conclusions – these were found in *Appendix D: Value Sharing Development Feasibility Analysis and Assumptions:*

1. In a number of the summary sheets for the different scenarios, the gross revenue per unit was shown to be less than net revenue per unit. This is shown in Figure 1. The arithmetic error appears to be related to the allocation of GST between the residential units and the commercial portion of the mixed-use project. Since most of the numbers shown in the summary sheet were not used as drivers in the model, this misstatement does not appear to have materially affected the model outcome.
2. In the summary sheets of scenarios B, C and D, again housed in Appendix D, the model omitted one key row in summing total development cost. It was the all-important row identifying "value sharing contribution" cost. In Scenario D, the total development cost was shown as $105.3 million instead of the $110.1 million if the $4.83 million in value sharing contribution was included (refer to Figure 1 below). Fortunately, the amount of project surplus brought forward was the correct amount linked to a back sheet. However, because the total development cost was understated by $4.83 million, the percentage of project surplus (net revenue less total development cost) was over stated by a half percent, 12.6% instead of 12.1%. The following additional impacts also arise from the above issue:
    a. In Scenarios B and C, the value sharing costs were lower so the impacts on percentage of project surplus were also lower.
    b. In Scenario B, the correct project surplus percentage should have been 16.2% instead of the 16.4% indicated.
    c. In Scenario C, it should have been 15.1% instead of the 15.4% indicated. These minor errors did not appear to have a material impact on the conclusions of the analysis.

Scenario D - S94A Levy 3% PLUS Value Sharing @ 50% of 4:1 GFA of CBD Strategy

Summary Sheet

gln planning

SITE DETAILS	
Address	Representative
Floor Space Ratio	6.9
Land Area	3,000
Site Value	66,110
Number of Dwellings	172

REVENUE	Average/ Unit ($) Ex Retail	Development ($) Inc Retail
GROSS REVENUE	$696,802	$137,766,667
GST	66,805	11,490,515
Less Selling Costs	16,769	2,884,333
NET REVENUE	$717,394	$123,391,818
COSTS		
Land (including acquisition costs)	66,110	11,371,000
Acquisition costs	4,610	792,841
Construction	428,343	73,675,042
Consultants	17,134	2,947,002
Section 94A - Commercial	3,125	537,500
Section 94A - Residential	9,699	1,668,251
Value Sharing Contribution	28,081	4,830,000
Statutory Fees & Contributions	6,953	1,195,883
On Costs	12,850	2,210,251
Marketing	16,019	2,755,333
Cost before Interest	564,844	97,153,104
Finance (incl Loan Est Fees)	47,202	8,118,822
TOTAL DEVELOPMENT COSTS	612,046	$105,271,926
TOTAL PROJECT SURPLUS	12.6%	$13,289,893
PROJECT IRR BEFORE INTEREST	16.4%	

Sheet 1 of 4

#1

$696,802
– 66,805
– 16,769

$613,228 (not $717,394)

#2

Value sharing contribution not included in summation of total development costs

#2

Project surplus overstated as it does not include value sharing contribution – once included this figure reads 12.1%

Figure 1 Two minor issues with the developer pro forma model developed by GLN Planning (May 2016). Example shown here is based on Scenario D.

Other than these minor issues, our opinion is that the study was comprehensive, well researched, thoughtfully modelled, provided some words of caution and accomplished its primary objective of comparing the likely revenue generation potential of different value sharing mechanisms based on a development pro forma model of hypothetical projects.

Minutes of the City Council Meeting of 27 June 2016 responding to the Parramatta CBD Infrastructure Funding Review Committee Report

The outcomes of the Parramatta CBD Infrastructure Funding Review Committee meeting held on 1 March 2016 were reported to Council on 27 June 2016. The report detailed the GLN Study, the findings of the Committee and also subsequent analysis undertaken by Council officers. The key recommendations of that report were as follows:

- That Council adopt the following recommendations of the Parramatta CBD Infrastructure Funding Review Committee meeting held on 1 March 2016, as follows:
  - That the Committee notes the legal advice received from Council's Legal Services Manager that confirms Council's ability, with the concurrence of the State Government, to amend the Parramatta LEP as proposed to introduce the value sharing scheme and that preparation of necessary clauses and maps include consultation with the NSW Department of Planning and Environment and also the NSW Parliamentary Counsel's Office.
  - That the value sharing rates be included in a Draft Development Guideline which is to be exhibited alongside the Parramatta CBD Planning Proposal and that the Guideline include a mechanism to enable a regular review of the rates from time to time.
  - Further, that the Parramatta CBD Infrastructure Funding Review Committee be dissolved given that it has completed its core function.
- That Council, with respect to infrastructure funding for the Parramatta CBD:
  - endorse a 3% Section 94A levy to apply to all applicable developments, **plus 46.7% value sharing for Phase 1 uplift (being $350/m2) and 50% value sharing for Phase 2 uplift (being $375/m2); and**
  - that the Phase 1 uplift incorporate any SIC levy as determined by the State Government, but only if a minimum 20% (or higher) value sharing rate (being $150/m2 or higher) is maintained for local infrastructure.
- That Council notes that it requires approximately $835 million for local infrastructure to make Parramatta Australia's next great city, and that there is a funding gap of between $512 and $628 million if Council relies solely on the current section 94A levy of 3% to fund this infrastructure.

This Council report builds on the study by GLN Planning and applies various value sharing strategies that only apply to the residential component of developments;

- Phase 1 ("Incentive") PUVS where development seeks to increase existing planning controls to incentive planning controls. The value share contribution is only applicable to the incremental portion of the uplift.
- Phase 2 ("Opportunity sites") PUVS builds on conditions set under Phase 1, and allows an additional 3:1 FSR in areas that meet certain criteria such as minimum land area and site width. Again, only the incremental portion of uplift is subject to the value sharing mechanism.
- Other FSR schemes include the Design Excellence bonus (additional 1.5:1 FSR), and High Performing Buildings bonus (additional 0.5:1 FSR) – both of which are unaffected by the value sharing mechanism.

These strategies were applied to the entire Parramatta CBD to estimate a low to high funding range to fund community infrastructure and amenities that were estimated at that point in time to cost a total of $835 million (estimate based on preliminary information available at the time).

Council provided infrastructure funding estimates based on assumed development yields contained in CBD Planning Proposal (which has also been used to estimate future CBD transportation demand).

Table 1 Infrastructure funding potential under a Phase 1 and Phase 2 value sharing mechanism

Phase/Scenario	Rate	Potential Income	
		Low range ($ million)	High range ($ million)
Phase 1			
1	50%	483	589
2	40%	387	471
3	30%	290	353
4	20%	193	235
5	10%	97	118
Phase 2			
1	50%	44	133

Source: City of Parramatta Council Meeting 27 June 2016

The **low funding** estimate of each range assumed that each parcel would develop independently with no property consolidation to facilitate larger projects. The residential yield, which would be subject to the Phase 1 value sharing mechanism, reflects the site-by-site difference between the base FSR and the incentive FSR. Smaller parcels would be subject to a sliding scale FSR constraint to limit maximum yield attainable. Since on an area basis the actual development yield (across the city) almost never reaches planning capacity, an additional assumption was made that at build-out the development yield would only reach two-third of planning capacity. The resulting yield was approximately 1.29 million square metres of floor space. This amount of floor space was multiplied by the different value sharing rates to provide the low end funding estimate for each rate.

The **high funding** estimate of each range assumed that developers and/or land owners are able to consolidate property to avoid the sliding scale penalty imposed upon smaller parcels. Again, the residential yield, which would be subject to the Phase 1 value sharing mechanism, reflects the site-by-site difference between the base FSR and the incentive FSR, and the development yield at build-out is assumed to be two-thirds of planning capacity. The resulting yield was approximately 1.57 million square metres of floor space. This amount of floor space was multiplied by the different value sharing rates to provide the high end funding estimate for each rate.

From Council's perspective, the CBD has a finite amount of land and the 2016 CBD Planning Proposal defines the FSR capacity of this land. Given the high expectations of Parramatta CBD, Council expects essentially all developments will require some reasonable percentage of the permitted FSR. Should a development be delayed or lost, another will take its place at a later date perhaps in the next development cycle. In development economics terms, Council has very low discount rate (essentially zero) for the time value of money. From this perspective, applying a PUVS mechanism against a sample of achievable development capacity is a reasonable approach to estimate the amount of funding for community infrastructure.

However, when considering these potential ranges of alternative income, we advise that consideration needs to be given to the importance of the discount rate or the time value of money. The discount rate accounts for the time value of money since a dollar today is worth more than a dollar next year because it has the capacity to earn interest or an alternative form of return on investment. If Parramatta had $100 million for community infrastructure today rather than 20 years in the future, it could achieve its objectives much sooner. For this reason, developments lost in a business cycle results in loss of revenue in present value terms.

From our reading of GLN's analysis and experience with real estate market cycles, we want to highlight that, in present value terms, a higher value sharing contribution will not necessarily lead to a proportionately higher level of funding for community infrastructure. The IFRC assumes there is a constant relationship between value sharing rate and range of revenue generated, however, this is a simplified assumption that may not hold true. Higher value sharing contributions could cause more projects to be either postponed or reduced in scale resulting in lower revenue for the Council on a present value basis.

For the same parcel of land, the same construction cost and the same selling prices, the PUVS contribution to Council is effectively viewed by the developer as a higher development cost. As this amount climbs, in order to maintain the level of profit/project rate of return required by either the developer or an external financier, several outcomes may result:

- **Land value adjustments may result in delayed funding for Council**. If the developer has not already acquired the land, they will reduce the land price offer. The seller, upon seeing recent transaction amounts, may not accept the lower offer. The result is the project comes to a halt at least until the landowner's expectations adjust to the new reality, which is likely to take several years. The result could be cancelation of the current project, possibly replaced by a new project some years later, resulting in delayed funding for Council and lost funding on a present value basis.
- **Developers decide to build smaller to protect profit margins and result in reduced funding for Council.** In designing a high-rise development, the developer will test the return at alternative heights on a pro forma basis. The test would likely include the additional cost of construction, PUVS contributions, additional sales price, interest cost should the sales be slow and other factors. A rigorous developer may test dozens of alternative heights and unit mix configurations in order to optimise return. The additional (value sharing) contributions required on additional heights may cause the developer to build a somewhat smaller building, especially if the overall market softens and presales decline. The result is a lower level of value sharing funding than estimated.
- **Compromise in quality of materials used for developments may mean potential buyers look elsewhere.** Another possible strategy to offset the higher cost, particularly if the developer already owns the land, is to reduce the cost of the building, such as less common area or less expensive features within the limitations established by the State Government's Apartment Design Guidelines. However, there is a likely consumer market response to a less expensive building in terms of lower selling price and/or slower sales.

In summary, the relationship between PUVS mechanism and community infrastructure funding to Council is not constant on a present value basis. Because the added cost has an impact on individual development decisions at the margin, as the rate climbs some projects may fall away, be postponed or require less FSR resulting in lower infrastructure funding generated for Council. Since as a percentage of development cost the value sharing contribution is likely in the one to five percent range according to GLN Planning, the impact is marginal. The primary influencing factor on funding flow over the next 20 or 30 years will be the number and depth of recessions in the Parramatta residential market.

This PUVS mechanism has been conceived during a period of robust residential real estate market condition with brisk sales and climbing prices. The mechanism is effective if the market stays strong. However, based upon over four decades of analysing real estate markets mostly in North America and from observing the quarterly changes in the residential market index (see Section 2.3) in the Sydney region, our view is that real estate markets are cyclical. Each up cycle is more or less offset by a down cycle. Even Silicon Valley, arguably the strongest economic region in the world over the last 40 years, has had severe down cycles for residential real estate. Because PUVS elevates the viability threshold of development projects, the impact of the down cycles will be amplified. As sales prices fall and absorption slows, projects will be halted more quickly. During the rebound phase, they will rekindle more slowly. While value sharing contributions recommended by the Committee, when computed as a percentage of total project development cost, are not high, they will have some impact at the margin in the Parramatta CBD residential development market.

2.3 Residential market index

Council may wish to build in to the PUVS mechanism a concession that, in the event of a severe and sustained real estate recession[2], either: (i) suspends or (ii) reduces the PUVS contribution for a finite one to two year period to lower development cost, and therefore mitigate the recession's impact on the real estate development and construction industries in Parramatta.

To implement this approach an independent benchmark reference to identify when a sustained downturn is happening in the property market is required. We recommend using a *residential market index*, which has the following attributes:

- It is provided by a trusted source with no vested interests other than to provide objective data.
- It is a source that is easily accessible and ideally free or of nominal cost.
- It covers not only Parramatta but also the areas that compete with Parramatta for residential sales in the Sydney region.
- It provides quarterly data, so as to not overly burden Council with unnecessary detail.
- It measures not only the median price of residential sales but also median price per square metre as not to be influenced by the changing size of property being constructed. (Note, although with a sufficiently large sample, the median size of apartments is not likely to change very much.)

The Australian Bureau of Statistics compiles and publishes the Residential Property Price Index for Eight Capital Cities including Sydney covering all dwelling types including established houses and attached dwellings (flats, units and apartments and semi-detached, row and terrace houses). As the PUVS mechanism will be applicable to high density residential developments (i.e. apartments), we recommend Council use the Attached Dwellings Index (see Figure 2) to closely monitor the market and determine if there is a need to suspend or reduce the PUVS contribution. As an observation, we note the Sydney residential market has not had five quarters of decline within six successive quarters since the index was first compiled in 2003.

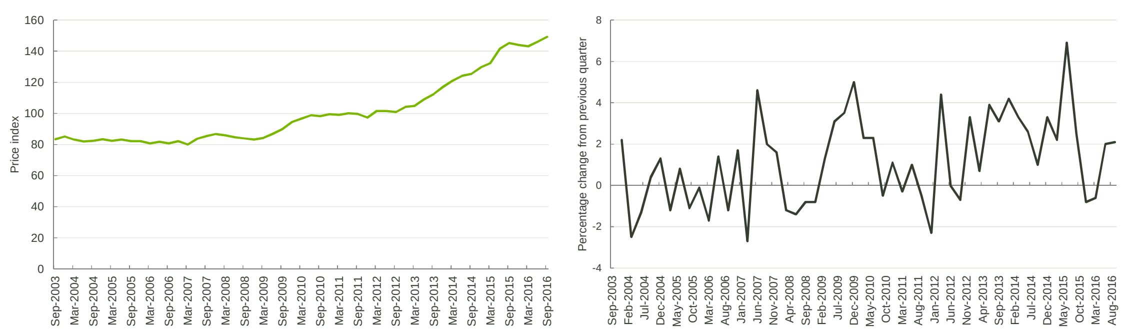

Figure 2 Residential property price index for attached dwellings: eight capital cities – Sydney

Source: Australian Bureau of Statistics table 6416.03 based on the period from September 2003 to September 2016 and indexed quarterly.

[2] For the purposes of the PUVS policy, the definition of a severe and sustained recession might be negative growth in five of six successive quarters.

2.4 Review of Developer and Community Responses

Public Forum Minutes from the Meeting of City of Parramatta Council held on 27 June 2016

We received one document that covered the development community responses in the public forum discussion on the proposed value sharing strategy. Some of the concerns raised primarily by developers and Aurecon's comments are listed below:

- The proposed infrastructure plan is ambitious.
  - Agreed, but great cities are built by leaders who have a clear vision for growth and investment in community infrastructure
- Value sharing mechanism is a form of tax that will have a negative impact on the viability of projects.
  - PUVS is not a tax because it is based upon voluntary agreements with property owners who elect to gain land value due to planning uplift.
- The strategy will cool the development climate in Parramatta as some developers perceive a value sharing mechanism will significantly reduce profit margins, which may shift interests elsewhere.
  - The impact is largely on the landowners who will still gain much value from the planning uplift. Since the impact is likely one to five percent of development cost, providing cost certainty going forward is the key to maintaining a favourable development climate.
- A standard value sharing contribution will impose an uneven and therefore unfair burden on development properties because of their variation in size, location, purchase date, etc.
  - Having individually negotiated contributions, which is the most likely alternative process, would be costly and time consuming for both sides. In addition, individual negotiations lack transparency and can create suspicions of favouritism or corruption.
- Previous time and efforts spent in negotiating Voluntary Planning Agreements (VPAs) become wasted sunk cost.
  - Existing VPAs that already receive some level of Council endorsement will not be re-negotiated under a newly introduced PUVS mechanism. Furthermore, VPAs in the CBD are generally currently being negotiated in line with Council's work to date on value sharing.
- There is no direct link between cost of development and the benefits received from the contribution, made through the value sharing mechanism, to the construction of community infrastructure – therefore unfair.
  - The details of the individual infrastructure and public amenity projects and their costs and benefits have yet to be presented. These matters are explored in the Discussion Paper.
- More time is required for response.
  - Given that real estate markets fluctuate and the Sydney region is currently in a "hot" market, it may not be in the interest of the development community to delay this policy implementation and their projects' required approvals.

The objections and criticisms are to be expected, and one of the key purposes of the Administrator's request for a Peer Review and compilation of a Discussion Paper was to encourage informed debate on both the community infrastructure and funding options.

Results of interviews with selected real estate agents and developers on 1 and 2 December 2016

Our interviews with three real estate agents and two developers active in the Parramatta and greater Sydney market indicate some slowing of the Western Sydney apartment market but with no expectation of serious oversupply resulting in a dramatic downturn. The reasons cited include:

- Population growth pushing out from the more developed portions of the Sydney region.
- Government policy support and planned infrastructure investment in and around Parramatta.
- Central location of Parramatta CBD
- High housing costs in the Sydney region means developers are looking elsewhere and Parramatta is seen as a good alternative
- Major development projects being constructed that will elevate the market perception of the Parramatta CBD when completed.

However, there are early signs of a slowing residential market due to some foreign governments beginning to slow capital outflow, which has been a factor in the Parramatta residential market, local banks being more restrictive on financing for apartment investment, and expectation of higher global interest rates due to USA election results.

The developers we interviewed saw the impact of PUVS as falling primarily on the property owners. A developer will run his/her project pro forma to compute how much he/she can pay for the land parcel. To the extent that value sharing adds to project development cost, the developer will simply offer less for the site. A developer will also typically purchase an option on the site and only complete the transaction once all approvals have been secured and major cost items are defined. For these reasons, a skilled developer is not likely to directly pay for the value sharing contribution but will pass that on to the landowner and seller.

The landowner stands to gain a substantial amount of land value from the planning uplift, and the proposed value sharing policy provides him/her with the voluntary option to partake in that value gain while sharing a portion of that gain with Council. The eventual home buyer, if he or she has done the homework, will realise that his/her investment in the Parramatta CBD has substantial long-term value appreciation potential because of the planned investments in transport infrastructure, community infrastructure and public amenities.

3 Conclusions

Over the past two and a half years, Council has undertaken a series of policy steps to facilitate the ability of the Parramatta CBD to evolve into a world class city. The reviewed documents indicate that the policy steps were carefully considered, well researched and consistent in approach. In short, a value sharing mechanism based on planning uplift implemented through voluntary planning agreements is an important funding source (for community infrastructure) that will support the overall CBD strategy.

Balancing the continued local market optimism with the need for caution due to macroeconomic considerations, our recommendations based upon this review are as follows:

- **Implement the PUVS mechanism as promptly as possible to provide Council with an additional source of funding for community infrastructure** during this up-market cycle and the development community with cost predictability as the market moves toward less certain times.
- **Provide the developer community with cost predictability** through smoothing the implementation of PUVS over five years,
  - Set the Phase 1 (Incentive) contribution to a maximum of $150[3] per square metre for new residential developments that seek to develop beyond the existing planning controls up to the incentive controls.
  - Set the Phase 2 (Opportunity) contribution to a maximum of $375 per square metre for new residential developments that seek to develop beyond the incentive controls up to the opportunity site controls, applicable to certain areas in Parramatta CBD.

  This will allow developers to internalise this contribution into their pro forma calculations, and the impact will be on the amount they are willing to pay for land going forward. For future major projects, removing the uncertainty of the amount of PUVS contribution and the time required for negotiations will allow Council to continue to communicate its "open for business" attitude essential for the continued rapid transition into a world class city.
- **Re-evaluate the PUVS process after five years of implementation to make sure the contributions reflect market conditions,** and are on track to assist in meeting funding requirements for community infrastructure.
- **Build flexibility into the PUVS mechanism that provides Council with the option to either suspend or reduce the dollar per square metre contributions** for a finite one to two year period should the selected residential market index decline in five of six successive quarters. In the event of a severe real estate recession (see Section 2.3 for more detail), this provides Council with an efficient tool to temporarily lower development cost and therefore reduce the mechanism's impact on residential development and construction industries operating in

[3] Contributions will be indexed against a residential market index sourced from the Australian Bureau of Statistics, rather than a Consumer Price Index, as detailed in this review

Parramatta CBD. In effect, this operates as a concession to developers to account for the volatility inherent in the property market.

- **Apply the PUVS mechanism on residential development in excess of existing planning controls only**, as per Council's intent of creating a commercial core through improving the appeal of commercial developments.

At the time of writing, there was limited published information regarding the Special Infrastructure Contributions (SIC) levy proposed by the NSW State Government to assist in the funding of transport projects including construction of Parramatta Light Rail. However, the Transport for NSW website has advises that the levy may require a contribution of $200 per square metre for areas that benefit from the light rail project (which includes the Parramatta CBD). In the event that the SIC levy materialises, it is expected that this would be *in addition* to the PUVS mechanism. This means that if a developer wants to develop beyond existing planning controls and in an area that benefits from the light rail project, then they will need to make essentially *two* contributions, one to Council under the PUVS mechanism (for community infrastructure), and the second to State Government through the SIC levy (for regional transport infrastructure). It is important for both transparency and statutory reasons that any contributions under the PUVS mechanism and the SIC levy remain completely separate.

On assessing the impacts the PUVS mechanism will have on the residential market, this review understands that real estate development is a cyclical business. During strong market conditions, where higher demands (in excess of supply) causes prices to increase, developers' have a greater interest for developing beyond existing planning controls, as it provides them with greater return. Therefore a PUVS mechanism, in most instances, won't significantly impact developer profit margins and is an effective strategy for raising funds towards community infrastructure in a relatively fair and transparent manner. However, the converse is true under weak market conditions, and is likely to generate little to no funding. Because real estate market fluctuations makes the income flow from PUVS funding unpredictable, our recommendation is that Council views this source as an important supplemental rather than primary source of funding for the construction of community infrastructure.

Aurecon Australasia Pty Ltd
ABN 54 005 139 873
Level 5, 116 Military Road
Neutral Bay NSW 2089
PO Box 538
Neutral Bay NSW 2089
Australia

T +61 2 9465 5599
F +61 2 9465 5598
E sydney@aurecongroup.com
W aurecongroup.com

Aurecon offices are located in:
Angola, Australia, Botswana, China,
Ghana, Hong Kong, Indonesia, Kenya,
Lesotho, Macau, Mozambique,
Namibia, New Zealand, Nigeria,
Philippines, Qatar, Singapore, South Africa,
Swaziland, Tanzania, Thailand, Uganda,
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planning
consulting
strategy

5 October 2019

Our Ref: 11122_Ltr_CIFS_LEPclause.docx

Mr Roy Laria
Land Use Planning Manager
City of Parramatta Council

By email: rlaria@cityofparramatta.nsw.gov.au

Dear Roy,

PROPOSED PARRAMATTA CBD LEP COMMUNITY INFRASTRUCTURE PROVISIONS

1 Background

I refer to Council's request for advice on the 'community infrastructure' provisions in the Parramatta CBD Planning Proposal, specifically in relation to the Gateway Determination conditions issued by the Department of Planning, Industry and Environment (DPIE).

The Gateway Determination issued for the Planning Proposal included a number of conditions, including the following:

Condition No. 1(m):

> *1. (m) in relation to infrastructure funding:*
>
> *...*
>
> *iii. amend the explanation of provisions to clarify that community infrastructure is only able to be provided on the development site; and*
>
> *iv. consider a funding mechanism to support the provision of community infrastructure, such as the preparation of a new section 7.11 contributions plan or a potential increase to the levy under the current section 7.12 contributions plan.*

This letter addresses condition No. 1.(m)(iii).

Please note that in relation to condition No. 1.(m)(iv), our work on the different funding mechanisms is continuing.

2 Effect of implementing condition 1.(m)(iii)

The primary effect of amending the draft LEP provisions so that community infrastructure is only able to be provided on the development site would restrict the type and scale of infrastructure that could be provided by developers on the development site.

The list of infrastructure in Council's draft *Parramatta CBD Infrastructure Needs Analysis* was reviewed to determine which items could possibly be delivered as part of a development on a development site.

A summary of on-site community infrastructure opportunities is shown in **Attachment 1**.

Attachment 1 shows that a minimum of $150 million worth of community infrastructure could be delivered through adjusting the draft LEP's community infrastructure provisions to reflect the Gateway condition.

However, this amount could be significantly increased if Council was to redefine one of the items in the infrastructure plan.

Item 4 in the 'Providing Opportunities for Recreation and Leisure' category is for the upgrade of parks in the CBD and surrounds. The item, with a value of $218m, is described as:

> *Upgrade the quality of parks within the city to cater for increased demand and bring up to a world-class city standard*

Council could instead redefine the item and adjust the item description to the following (or similar):

> *Embellishment of open spaces and public squares provided as part of developments*

This redefinition would enable developers to provide new city parks and public squares (at ground level) or accessible podium public spaces (above ground level) on development sites.

Even if 50% of the funding was divided between upgrading existing parks and providing new spaces on development sites, this action would potentially enable $259 million of community infrastructure to be provided on development sites.

3 Alternative wording that would meet the Gateway condition

GLN Planning is aware of LEPs applying to other Sydney suburban centres that contain provisions for extra floor area linked to the provision of community infrastructure, and that have been in place for several years, and that meet the requirements of the Gateway condition.

A summary of these provisions is included in Table 1.

Table 1 Community infrastructure provisions in other LEPs

LEP, relevant clause and area of application	Relevant wording
Burwood LEP 2012 Clause 4.4A Applies to the 2 'key areas' comprising the core and frame of the Burwood CBD	**4.4A Exceptions to floor space ratio** (1)-(4) ... (5) Despite clause 4.4, the floor space ratio for a building on land in Area 1 or Area 2 may exceed the floor space ratio shown for the land on the Floor Space Ratio Map if: (a) the floor space ratio for the building does not exceed: (i) 6.6:1—if the building is in Area 1, or (ii) 4.95:1—if the building is in Area 2, and (b) the gross floor area of the part of the building used for the purpose of residential accommodation does not exceed the following percentage of the gross floor area of the building: (i) 40 percent—if the building is in Area 1, or (ii) 70 percent—if the building is in Area 2. (6) Subclause (5) applies in relation to proposed development only if: (a) the proposed development on the land includes development resulting in community infrastructure or the use of land as community infrastructure, and (b) the consent authority is satisfied that the community infrastructure is appropriate for the Burwood Town Centre, taking into account the nature of the community infrastructure and its value to the community working or residing in the Burwood Town Centre. (7)-(8) ... (9) In this clause, community infrastructure means any of the following: (a) a recreation area, (b) a community facility, (c) an information and education facility.
Penrith LEP 2010 Clause 8.7 Applies to 11 'key sites' in the Penrith CBD	**8.7 Community infrastructure on certain key sites** (1) The objectives of this clause are: (a) to allow higher density development on certain land in the City Centre where the development includes community infrastructure, and (b) to ensure that the greater densities reflect the desired character of the localities in which they are allowed and minimise adverse impacts on those localities. (2) This clause applies to land identified as a key site on the Key Sites Map. (3) Despite clauses 4.3, 4.4 and 8.4 (5), the consent authority may consent to development on land to which this clause applies (including the erection of a new building or external alteration to an existing building) that exceeds the maximum height shown for the land on the Height of Buildings Map or the floor space ratio for the land shown on the Floor Space Ratio Map, or both, if the proposed development includes community infrastructure. (4) ... (5) In deciding whether to grant development consent under this clause, the consent

LEP, relevant clause and area of application	Relevant wording
	authority must have regard to the following: (a) the objectives of this clause, (b) whether the development exhibits design excellence, (c) the nature and value of the community infrastructure to the City Centre. (6) In this clause, community infrastructure means development for the purposes of recreation areas, recreation facilities (indoor), recreation facilities (outdoor), recreation facilities (major), public car parks or public roads.

DPIE through its Gateway Determination report has implicitly endorsed the Penrith approach:

> *A funding mechanism to provide community infrastructure funding as part of development has been implemented in other local government areas. For example, the Penrith LEP contains a provision where community infrastructure is delivered on identified key sites. However, the difference between the Parramatta model and the Penrith model is that within the Parramatta model, there is a broad collection of funds to contribute towards infrastructure projects, whereas in the Penrith model community infrastructure is provided on the development site only.*

Department of Planning and Environment, *Parramatta CBD Planning Proposal Gateway Determination Report*, pp29-30

As described in section 2 above, there are numerous opportunities for infrastructure types listed in the CBD infrastructure plan to be provided on the site where the development is proposed.

Our preliminary assessment shows the opportunity for $259 million worth of community infrastructure could be provided this way.

While community infrastructure provisions (clause 8.7) under the Penrith LEP applies to particular 'key sites', similar provision wording could be included in the Parramatta CBD LEP. This is because, as demonstrated in section 2, there are many opportunities for community infrastructure to be provided on numerous development sites in the LEP area.

Accordingly, in order to meet Gateway Determination condition 1(m)(iii), we recommend that Council update the relevant clauses in the draft Parramatta CBD Planning Proposal / draft LEP to generally reflect the approach used in clause 8.7 of Penrith Local Environmental Plan 2010.

Should you require clarification in relation to this quote, please do not hesitate to contact me (02) 9249 4100.

Yours faithfully

GLN PLANNING PTY LTD

GREG NEW
DIRECTOR

ATTACHMENTS

Attachment 1

ATTACHMENT 1

Community infrastructure that potentially could be accommodated on a development site

No.	Type of works	Details	Total value of potential opportunities
Providing Opportunities for Recreation and Leisure			
5	Playspaces	District and local playspaces in and in close proximity to CBD	$3,950,000
6	Active recreation facilities	Recreation courts, exercise equipment, youth facilities and dog parks [b]	$830,000
	Sub total		*$4,780,000*[a]
Creating A Strong Economy with a Strong City Centre			
26	Major program of works responding to CBD flooding issues	Integrated program of works to address localised flooding and water quality issues [c]	$20,000,000
30	Smart Cities	CCTV and associated works	$2,200,000
	Sub total		*$22,200,000*
Having a Community Focus			
2	New Childcare Centres	4 new Early Learning Centres of 80 places each	$16,000,000
4	Flexible Community Space	6,800 sqm of flexible community space	$46,920,000
5	Youth Space	2,000sqm of youth space	$13,800,000
6	Low-cost leasable office space	3,000sqm low-cost leasable office space (to allow non-Council community services providers and social enterprises to locate in Parramatta CBD)	$7,035,000
7	Homelessness Support Projects	Infrastructure for food provision to disadvantaged members of the community (Prince Alfred Square)	$500,000
8		Upgrade amenities for homeless (laundry, showers, etc) within existing non-profit facilities in CBD	$100,000
	Sub total		*$84,355,000*
Supporting Arts and Culture, Celebrations and Destinations			
2	Anchor Arts Production and Presentation Facilities	Expanded Parramatta Artists Studio: Cross-arts professional production facility with art studios, workshop facilities, wet/dry areas, collaboration between old and new technologies	$5,000,000
3		Art Exhibition and Gallery Space: exhibition space (including some double-height) and back of house facilities.	$7,600,000
4	Aboriginal Cultural Projects	Aboriginal Cultural Infrastructure which	$2,000,000

ATTACHMENT 1

Community infrastructure that potentially could be accommodated on a development site

No.	Type of works	Details	Total value of potential opportunities
		acknowledges Parramatta's role as a meeting place within the Sydney basin, as well as its history as a place of contact and conflict, contributes to future growth and positive outcomes for Aboriginal people, and helps all people experience Aboriginal culture in Parramatta	
6	Creative Industries Cluster	Creative Industries Incubator: incorporates cultural organisations such as Western Sydney Centre for Writing and CuriousWorks, and office space (for example hot desking for creative industries).	$4,600,000
7	Screen Culture / Digital Media Centre	Incorporating a public screening presentation facility for screen culture and digital arts; digital media production facility; digital media education centre (potential tertiary institution partnership opportunity); suite of leasable spaces to house local screen/digital arts creative organisations and enterprises.	$20,000,000
	Sub total		*$39,200,000*
	Total		$150,535,000

Source: *Parramatta CBD Infrastructure Needs Analysis*

Notes:

a There is the potential to provide a much greater value of on-site items in this category. See discussion below.

b Small allocation. This could be significantly increased to allow recreation facilities (e.g. rooftop outdoor courts) to be provided on development sites.

c Potential opportunity to provide basement detention tanks / on site stormwater harvesting to reduce runoff rates in trunk drainage network. Assume 50% of cost can be allocated to these development site opportunities. Requires testing with Council engineers