



**CrownGroup**

11 October 2019

Meredith Wallace  
General Manager  
Bayside Council  
PO Box 21  
Rockdale NSW 2216

**RE: Eastlakes Shopping Centre – Offer of Public Benefit in connection MP09\_0146 MOD 4  
Modification to Eastlakes Shopping Centre Mixed Use Development**

Dear Ms Wallace,

This letter is an offer of public benefit (OPB) to accompany a Modification Application to the Department of Planning and Environment (DPE) under the transitional Part 3A provisions for the site at 19A Evans Avenue, Eastlakes (the site).

This letter outlines the scope of the proposed modification, and associated OPB in response to consultation with key stakeholders including but not limited to Council, the shopping centre retailers, and local residents. We propose the OPB once agreed by Bayside Council, inform the preparation of a Voluntary Planning Agreement (VPA). Following public exhibition, the intent would be to execute the VPA once the modification application is determined.

**For:** Modification to the project approval to modify the southern site, including redesign of the podium, revised building envelopes, increased building height above podium and additional basement parking.

**At:** 19A Evans Avenue, Eastlakes - the land legally described as Lot 30 in DP1246820.

**Details:** In association with the modification proposal for the site, the land owner, Crown Group, make the following OPB:

1. Provision of public domain upgrades including new paving, roundabout between Evans and Racecourse Avenue and street tree plantings for Council owned land immediately adjacent to the proposed development capped to \$100,000 (extent to be agreed with Council) to improve safety and amenity for residents.
2. An additional monetary contribution capped at \$1,550,000 to be used exclusively for upgrades to or establishment of new community facilities and public spaces within a 2km radius of the site. This is to include park upgrades within the centre.
3. A commitment to an Affordable Housing contribution equivalent to 10% of the total number of additional apartments proposed in the Modification Application, equivalent to an estimated market value of \$3,000,000 (refer to Value Assessment attached).



## CrownGroup

Crown Group as the developer would be responsible for the delivery of the proposed public domain improvements in their entirety, for item 1 above. The detailed design of the upgrades and embellishment works will be subject to negotiations with Bayside Council as part of the assessment of the Modification Application.

The Table below provides further details of the material public benefits:

Item.	Description	Contribution Estimate (\$)
1	Public domain upgrades surrounding site	\$100,000
2	Upgrades to community facilities and public spaces within a 2km radius of the site	\$1,550,000
3	Affordable Housing Contribution (equivalent to the market value of 10% of the additional apartments)	\$3,000,000
	<b>Total Package Benefits</b>	<b>\$4,650,000</b>

This offer of public benefit is submitted for consideration by the Department of Planning and Environment (DP&E) and to further discuss with Bayside Council. Prior to drafting a formal VPA, our intent is to seek agreement with Council on the proposed public benefit offer. Following agreement between the parties on the terms of the OPB, a VPA will be drafted suitable for public exhibition. Should you wish to discuss any aspect of this letter, please feel free to contact the undersigned.

Regards,



William Lam  
Development Director

Ph: 02 9925 0088

Email: [williamlam@crowngroup.com.au](mailto:williamlam@crowngroup.com.au)



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3 October 2019

Ms Lani Bezzina  
Assistant Development Manager  
Crown Group  
Level 29, 1 Market Street,  
Sydney NSW 2000

Dear Lani,

## **RE: AFFORDABLE HOUSING CONTRIBUTION ADVICE FOR EASTLAKES SOUTH - 19A EVANS AVENUE, EASTLAKES NSW 2018**

We have been instructed by Crown Group to provide advice for **internal review purposes only** as to the value of a proposed Affordable Housing contribution (as at the date of this letter) to be made as part of an offer of public benefit (OPB) to accompany a Modification Application to the Department of Planning and Environment (DPE).

The application is made under the transitional Part 3A provisions of Section 7SW of the EP&A Act for the site at 19A Evans Avenue, Eastlakes and legally described as Lot 30 in DP1246820 (subject property).

### **Key Assumptions**

In providing our value assessment, we have been instructed to make the following key assumptions:

- The Affordable Housing contribution is assumed to be representative of 10% of the total uplift in apartment yield as per instructions.
- The total proposed uplift is 69 apartments, therefore **seven (7) apartments (rounded)** will be analysed in the value assessment (as per instructions) to assess a **monetary contribution to be provided in lieu of Affordable Housing**.
- The apartment mix has been assumed to be 4 x studios, 2 x 1 bedroom and 1 x 2 bedroom apartments as per instructions and all apartments are to include one (1) car space each.
- All apartments are assumed to be provided on the basis of being Affordable Rental Housing (ARH) apartments, that is, they are required to be managed by a community housing provider and leased for between 20% and 25% below the market rent for a similar property in the same area for a 10 year period.
- We note that this preliminary letter has been prepared to advise Crown Group as to monetary value in lieu of seven (7) ARH apartments as calculated above for internal view purposes only.
- We have relied upon the information provided to us by Crown Group in providing this assessment, and assume it is current and accurate.



## Methodology

In providing our value assessment of the seven (7) ARH apartments, we have assessed the apartments on two (2) basis:

1. **Direct Comparison:** The value on an average apartment value basis that a potential buyer would pay for seven (7) ARH apartments on an individual basis. We have assessed the apartments based on a regular residential apartment basis (i.e. no ARH covenant) and then discounted the value by an appropriate rate (being 20%) to account for the ARH covenant restrictions.
2. **Capitalisation of Rental Income:** The value that a potential investor would pay to secure the seven (7) ARH apartments on an individual basis on the basis construction has been completed. This is based on a potential gross income basis (discounted by 20% as per ARH apartment requirements) capitalised at an appropriate investment yield.

A summary of our evidence and calculations follows overleaf.

## Sales Evidence

In assessing the value of the ARH apartments, we have had consideration to the following sales evidence of individual secondary apartment stock in the immediate and surrounding areas. We note that there is not a high volume of modern apartment sales in Eastlakes therefore we have had consideration to both older stock in Eastlakes and to more modern stock in adjoining suburbs including Botany, Mascot Alexandria and Pagewood.

Studio Image	Address	Baths	Cars	Internal Area	Sale Date	Sale Price	Sale Rate (\$/sq.m)	Description
	811/95-97 Dalmeny Avenue, Rosebery	1	0	42 sq.m	Jul-19	\$420,000	\$10,000	Represents a level 8 studio apartment located within a modern residential apartment complex identified as "Genesis". High quality finishes. Superior location to the subject property, however does not include a car space.
	3.03/27-29 Robey Street, Mascot	1	1	36 sq.m	Mar-19	\$495,000	\$13,750	An "off-the-plan" apartment sale in Mascot within the "Parc Mascot" development by Adamo Properties. A studio apartment with a 17 sq.m south-facing balcony and storage. Slightly superior location to the subject property.
	231/16 Pemberton Road, Botany	1	1	38 sq.m	May-18	\$530,000	\$13,947	An "off-the-plan" apartment sale in Botany within the "Pemberton on the Park" development by Toplace. A studio apartment with a 9 sq.m north-facing balcony. Slightly superior location to the subject property.
	24/51-63 Euston Road, Alexandria	1	1	40 sq.m	May-18	\$510,000	\$12,750	An older style studio apartment with below average quality finishes for the locality. Located on the first floor. Complex comprises of an integrated Euro-style laundry and a swimming pool. Approximately 8 sq.m of balcony. Superior location to the subject property.

One (1) Bedroom								
Image	Address	Baths	Cars	Internal Area	Sale Date	Sale Price	Sale Rate (\$/sq.m)	Description
	15/28 Evans Avenue, Eastlakes	1	1	50 sq.m	Aug-19	\$495,000	\$9,900	The most recent sale of a one (1) bedroom apartment in Eastlakes. Located on level three (3) of an older style brick residential flat building with basic finishes. Well kept for its age. Combined bathroom/laundry. Similar location to the subject property. Overall inferior.
	8/78 Mascot Drive, Eastlakes	1	1	50 sq.m	Jun-19	\$425,000	\$8,500	The sale of a first floor one (1) bedroom apartment in Eastlakes. Older style apartment with dated finishes. Well kept for its age. Similar location to the subject property. Overall inferior to the subject property.
	18/28 Evans Avenue, Eastlakes	1	1	50 sq.m	Nov-18	\$505,000	\$10,100	The sale of a one (1) bedroom apartment in Eastlakes. Located on level three (3) of an older style brick residential flat building with basic finishes. Well kept for its age. Separate laundry on the ground floor. Similar location to the subject property. Overall inferior.
	4209/42-44 Pemberton Street, Botany	1	2	60 sq.m	Sep-19	\$580,000	\$9,667	The sale of a modern one (1) bedroom apartment in Botany. Located on the ground floor and includes a tandem car space for two (2) cars. Good quality finishes. Superior location to the subject property. Overall superior.
	G01/104B Bay Street, Pagewood	1	1	70 sq.m	Feb-19	\$640,000	\$9,143	A modern ground floor residential apartment with good quality finishes. Larger apartment with a study area of 6 sq.m. Courtyard area of 10 sq.m. Basement storage space of approx. 15 sq.m. Superior location to the subject property.
	E2404/53 Wilson Street, Botany	1	1	52 sq.m	Mar-19	\$550,000	\$10,577	A modern top floor residential apartment located within "Tailor's Walk" development with good quality finishes. Comprises of balcony area of 8 sq.m, accessed via bedroom and living room. Separate internal laundry room and storage room. Superior location to the subject property.
	226/32 Jasmine Street, Botany	1	1	60 sq.m	Mar-19	\$640,000	\$10,667	A modern second floor residential apartment with good quality finishes. Comprises of a 10sq.m study area, separate internal laundry, 2 sq.m of storage and an expansive balcony. Superior location to the subject property.

Two (2) Bedroom								
Image	Address	Baths	Cars	Internal Area	Sale Date	Sale Price	Sale Rate (\$/sq.m)	Description
	6/6 Maloney Street, Eastlakes	1	1	70 sq.m	Aug-19	\$595,000	\$8,500	Old two (2) bedroom apartment within an old red brick residential flat complex. Located on the first floor. Presents in good conditions for its age. Similar location to the subject property. Overall inferior given age.
	1/289 Gardeners Road, Eastlakes	1	1	75 sq.m	Aug-19	\$600,000	\$8,000	Old ground floor two (2) bedroom apartment within a 3-storey residential flat building complex. Dated finishes, albeit with a new stove in the kitchen. Combined bathroom / laundry. Similar location to the subject property. Overall inferior.
	21/68 Mascot Drive, Eastlakes	1	1	75 sq.m	Aug-19	\$620,000	\$8,267	A recently renovated old two (2) bedroom apartment within an old red brick residential flat building. Located on the top floor of a 3-storey complex. Separate bathroom and laundry. Awkward floor plan. Similar location to the subject property. Overall inferior.
	9/24 Evans Avenue, Eastlakes	1	1	78 sq.m	Mar-19	\$605,000	\$7,756	A recently renovated apartment within an old red brick residential flat building complex. Located on the top floor. Presents in very good condition given its age. Comprises of separate internal laundry and a covered balcony. Similar location to the subject property.
	9/30 Barber Avenue, Eastlakes	1	1	70 sq.m	Mar-19	\$550,000	\$7,857	A recently renovated apartment within an old red brick residential flat building complex. Located on the second floor. Presents in very good condition given its age. Includes a covered balcony and a carport. Similar location to the subject property.
	11/39 Mascot Drive, Eastlakes	1	1	78 sq.m	Jan-19	\$610,000	\$7,821	An older style residential apartment within an old brick residential flat building. Presents in good condition for its age. Comprises of internal laundry within the bathroom and a balcony. Similar location to the subject property.

## Rental Evidence

In assessing the market rental for the residential apartments as part of our valuation calculations, we have had regard to: advertised asking rental prices for apartments in Eastlakes and surrounding suburbs from enquiries made with local agents.

We note that details of specific rental deals were unable to be provided to us by property agents because of privacy and confidentiality agreements typically entered into between the parties involved in a residential tenancy agreement. However, we provide below a selection of advertised asking rents in the local market overleaf.

Photo	Address	Beds	Baths	Car	Rent (\$/wk)	Comment
	170A Bay Street, Pagewood	0	1	0	\$460	Studio granny flat, inclusive of utilities. Newly renovated with good quality finishes. Slightly superior location. No car.
	103/791-795 Botany Rd, Rosebery	0	1	0	\$460	Modern larger studio apartment, with semi-closed bedroom. Good quality finishes. Superior location. No car.
	102/3 Wyndham Street, Alexandria	0	1	0	\$500	New modern studio apartment with high quality finishes. Far superior location. No car.
	11/2 Maloney Street, Eastlakes	1	1	1	\$350	Older style apartment with dated, poor quality finishes.
	5/23 Mascot Drive, Eastlakes	1	1	1	\$410	Fully renovated with modern interiors. Located within an older building.
	2/7 Mascot Drive, Eastlakes	1	1	1	\$360	Older style apartment with dated style of finishes but very good condition for its age.
	204/619-629 Gardeners Road, Mascot	1	1	1	\$580	Modern apartment in a newer complex. Superior location in Mascot.
	122/3-9 Church Avenue, Mascot	1	1	1	\$560	Circa. 8-10 year old apartment with good quality finishes in good condition for its age. Superior location in Mascot.
	12/285 Gardeners Road, Eastlakes	2	1	1	\$500	Older style apartment with dated style of finishes but very good condition for its age. Only one (1) bathroom.
	22/68 Mascot Drive, Eastlakes	2	1	1	\$490	Older style apartment with dated style of finishes in average condition for its age. Only one (1) bathroom.
	1 Finch Drive, Pagewood	2	2	1	\$670	New Meriton development. Good quality finishes and strong level of amenity (gym, pool, etc). Superior location.



## Calculations - Direct Comparison

In assessing the ARH apartment values, we have assessed the apartments on the basis of market value (without ARH covenants) given the lack of ARH apartment sales in the locality and discounted them by 20%. This discount is based on our research across the broader Sydney market is standard discount applied by purchasers.

A summary of our calculations follows:

Type	No. Units	Average Unit Value	Total Value	Average ARH Value	Total ARH Value
Studio (1 car)	4	\$475,000	\$1,900,000	\$380,000	\$1,520,000
1 Bedroom (1 car)	2	\$575,000	\$1,150,000	\$460,000	\$920,000
2 Bedroom (1 car)	1	\$700,000	\$700,000	\$560,000	\$560,000
<b>Total</b>	<b>7</b>	<b>\$535,714</b>	<b>\$3,750,000</b>	<b>\$428,571</b>	<b>\$3,000,000</b>
Discount for Affordable Housing	20%	<b>-\$107,143</b>	<b>-\$750,000</b>		
<b>Total (Adjusted)</b>		<b>\$428,571</b>	<b>\$3,000,000</b>		

We have adopted a total cumulative apartment value (without ARH covenants) of **\$3,750,000**, which has been discounted to an adopted ARH value of **\$3,000,000**.

## Calculations – Capitalisation of Rental Income

As a secondary method, we have assessed the value of the ARH apartments on the basis that they are required to be managed by a community housing provider and leased for 20% below the market rent for similar apartments.

We have applied a **gross market yield of 4.25%** to the discounted rent, in line with the residential apartment investment market expected for an apartment restricted by an Affordable Housing covenant.

A summary of our calculations follows

Type	No. Units	Market Rent (\$/unit/wk)	Discounted Rent (AH - \$/wk)	Discounted Rent (AH - \$ p.a.)	Total AH Unit Value	Ave. AH Unit Value
Studio (1 car)	4	\$375	\$300	\$62,400	\$1,468,235	\$367,059
1 Bedroom (1 car)	2	\$475	\$380	\$39,520	\$929,882	\$464,941
2 Bedroom (1 car)	1	\$575	\$460	\$23,920	\$562,824	\$562,824
<b>Total</b>	<b>7</b>	<b>\$432</b>	<b>\$346</b>	<b>\$125,840</b>	<b>\$2,960,941</b>	<b>\$422,992</b>

The total value of the ARH apartments reflected in our Capitalisation of Rental Income approach is \$2,950,000 (rounded) which broadly supports our direct comparison calculations.



## Calculations – Summary

Based on our two (2) basis of valuation, we have adopted the following ARH apartment values and in turn, total ARH contribution value.

Type	No. Units	Average ARH Value	Total ARH Value
Studio (1 car)	4	\$380,000	\$1,520,000
1 Bedroom (1 car)	2	\$460,000	\$920,000
2 Bedroom (1 car)	1	\$560,000	\$560,000
<b>Total</b>	<b>7</b>	<b>\$428,571</b>	<b>\$3,000,000</b>

We have adopted a total ARH contribution value of **\$3,000,000**.

## Conclusion

In conclusion, we have assessed the ARH contribution value based on seven (7) ARH apartments (being 4 x studios, 2 x 1 bedroom and 1 x 2 bedroom apartments) to be **\$3,000,000**.

If you have any questions please don't hesitate to contact me at (02) 8233 7616 or [csakr@urbis.com.au](mailto:csakr@urbis.com.au).

Yours sincerely,

Chehade Sakr  
Senior Valuer