Affordable Housing & Feasibility Assessment

810 Pacific Highway, Gordon

Prepared for inclusion in the Environmental Impact Statement (EIS)

State Significant Development (SSDA) Application

Ecove Group Pty Ltd

January 2026

Important Notice

Solve Property staff responsible for this report

Version	Authors	Date	Review
Outline/framework	RB	6 December 2025	GB
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Executive Summary

1.1 Purpose and Scope

This independent report evaluates the economic feasibility and viability of the proposed mixed-use redevelopment at 810 Pacific Highway, Gordon, within the framework of the New South Wales Transport Oriented Development (TOD) program.

The report has been prepared specifically for inclusion in the Environmental Impact Statement (EIS) accompanying the State Significant Development Application (SSDA).

The assessment analyses the implications of Ku-ring-gai Council's target 10% Affordable Housing (AH) contribution under Clause 6.14 of the Ku-ring-gai Local Environmental Plan 2015 (KLEP).

The analysis is undertaken in strict accordance with section 7.32(3)(c) of the Environmental Planning and Assessment Act 1979 (EP&A Act), which requires that any planning condition, including affordable housing obligations, be reasonable and proportionate having regard to demonstrated development viability.

Employing transparent, open-book modelling, corroborated by independent market valuations from leading firms and comprehensive scenario sensitivity testing, the report establishes a defensible basis for a proportionate AH framework.

Central to the findings is the critical need to reconcile ambitious policy objectives – particularly the delivery of increased housing supply and diversity in high-accessibility, transit-oriented locations – with the practical realities and constraints of site-specific development.

The report concludes that any Council-imposed AH contribution should be strictly limited to the genuine planning uplift enabled by recent TOD controls, namely the increase in permissible Floor Space Ratio (FSR) from the pre-existing baseline of 3:1 to 6.5:1.

This approach is essential to preserve project deliverability and avoid sterilising the significant housing uplift intended by State policy.

The scope of the assessment is comprehensive, encompassing a detailed review of the statutory and planning context, development scheme assumptions, revenue and cost inputs validated against market evidence, feasibility modelling outcomes and available statutory pathways for AH delivery.

The report draws on prior proponent submissions dated 24 April 2025 and 21 May 2025, as well as supporting technical reports.

Particular attention is given to potential inconsistencies in the translation of Council's Affordable Housing Policy and Contributions Scheme into the operative provisions of the KLEP, reinforcing that feasibility testing must prioritise site-specific conditions over generic or theoretical benchmarks to facilitate orderly and economic development.

1.2 Planning and Statutory Context

The subject site is located within the Gordon TOD precinct governed by the KLEP, triggering a 10% AH dedication requirement for any development incorporating more than 1,000 m^2 of residential gross floor area (GFA).

This local obligation interacts with the overarching Housing State Environmental Planning Policy (Housing SEPP), which imposes its own baseline AH requirement (typically 15% of total GFA under the TOD incentive pathway) as a precondition for accessing heightened development standards.

Notably, application of the Council's AH policy exhibits variability across the Gordon precinct, with certain sites - including Council-owned land - benefiting from reduced or nil obligations despite comparable or even superior development potential.

This inconsistency raises legitimate questions of equity, transparency, and alignment with broader TOD objectives, such as promoting housing diversity and affordability proximate to high-quality public transport nodes.

Section 7.32 of the EP&A Act confers discretion on consent authorities to vary AH conditions where necessary to ensure they are reasonable and do not compromise viability, without requiring rigid adherence to nominated policy rates.

The TOD program and Housing SEPP collectively prioritise the expeditious delivery of additional dwelling capacity to address acute housing shortages, provided cumulative planning obligations do not undermine economic feasibility.

Previous submissions have highlighted that Council's current approach may insufficiently recognise these statutory flexibilities, risking frustration of State-level strategic planning goals.

Importantly, the site already benefits from an approved and substantially commenced development consent permitting an FSR of 3:1 with no associated AH obligation.

This existing entitlement establishes a lawful baseline that must be credited when calculating any additional uplift attributable to recent planning reforms.

1.3 Development Scheme and Site Constraints

The proposed concept scheme comprises a 28-storey mixed-use tower delivering 180 residential apartments, approximately 1,324 m^2 of ground-floor supermarket and ancillary retail GFA and six levels of basement parking.

The overall scheme achieves an FSR of approximately 8.45:1 on the 2,357 m^2 site, which presents severe topographic challenges including a 12-metre level differential from Pacific Highway frontage to the rear Radford Place alignment.

Accessing the TOD bonuses amplifies a range of complex site-specific constraints, including exceptionally deep basement excavation, permanent dewatering measures to manage high groundwater tables and flood risks, extensive rock removal, relocation of high-voltage infrastructure in coordination with Ausgrid, prolonged traffic and construction management on a classified State road with limited rear access, retention of a heritage-listed façade and delivery of a new public east-west pedestrian thoroughfare requiring coordination with adjoining properties.

These factors, comprehensively documented in supporting technical investigations and the Estimated Development Cost (EDC) report prepared by Newton Fisher Group, dated 17 November 2025, result in construction costs materially exceeding typical benchmarks. The EDC has construction costs of $142.59 million (exclusive of GST), supplemented by contingencies, escalation at 4% per annum to assumed 2026 commencement, and professional fees.

1.4 Revenue and Cost Assumptions

Residential revenue assumptions are robustly evidenced by concurrent independent valuations from CBRE, M3 Property, and Cushman & Wakefield, converging on achievable sales rates of $15,500 to $16,500 per square metre of Net Saleable Area (NSA).

These rates are supported by transactional evidence from comparable Gordon projects (e.g., Northgrove at 26-30 McIntyre Street achieving circa $16,000/$m^2$ for quieter, boutique product) and recent Pacific Highway-fronting resales ($10,429-$13,750/m^2).

By contrast, superior North Shore centres such as Lindfield and St Leonards routinely achieve $19,000-$20,000/m^2, underscoring the locational disadvantages of highway exposure, obstructed views and prevailing softer market conditions in Gordon.

Commercial GFA is valued at approximately $16,992/$m^2$, with a standard 25% revenue discount applied to any dedicated AH units.

Resulting gross realisation across scenarios ranges from $260 million to $283 million - below the more optimistic rates embedded in Council's comparable viability assessments.

Cost inputs are derived directly from the EDC report, augmented by evidenced site-specific premiums for basement complexity, infrastructure upgrades and mixed-use construction inefficiencies.

Where applicable, **feasibility inputs have been directly informed by the Atlas modelling commissioned by Council**, with selected inputs applied on a like-for-like basis to reflect the proposed development concept.

A target profit margin of 20% on total development costs is adopted as the minimum threshold to satisfy lender and equity requirements for a high-risk TOD project of this nature.

1.5 Feasibility Outcomes and Key Findings

Feasibility modelling contrasts three scenarios under section 7.32 of the Environmental Planning and Assessment Act 1979 and clause 6.14 of the Ku-ring-gai Local Environmental Plan 2015:

- **Option A – Full Council Affordable Housing**
  Application of a 10% Council affordable housing contribution to the full 6.5:1 residential GFA, in addition to the Housing SEPP requirement, resulting in a cumulative affordable housing outcome of approximately 4,572 sqm.

- **Option B – Council Affordable Housing Limited to Local Uplift**
  Application of the 10% Council affordable housing contribution limited to the uplift from 3:1 to 6.5:1 FSR, in addition to the Housing SEPP requirement, resulting in a cumulative affordable housing outcome of approximately 3,802 sqm.

- **Option C – Housing SEPP Affordable Housing Only**
  Delivery of affordable housing solely in accordance with the Housing SEPP incentive pathway (15% of total gross floor area for a minimum of 15 years), with no additional local affordable housing contribution under clause 6.14 of the KLEP. This delivers approximately 2,986 sqm of affordable housing and is the preferred option from a feasibility standpoint.

Both Option A and Option B fall short of the 20% viability benchmark, recording profit margins of approximately 10.4% and 14.8%, respectively (with Option B being the next preferred development scenario after Option C).

Limiting Council affordable housing to the local residential uplift (Option B) delivers a measurable improvement relative to Option A, increasing marketable residential NSA, lifting net revenue by $9.4 million, and improving residual land value from $11.2 million to $20.6 million. Notwithstanding this uplift, overall returns remain below accepted feasibility thresholds of 20%

Only Option C, which delivers affordable housing solely in accordance with the Housing SEPP, approaches a viable outcome, achieving a profit margin of approximately 19.4% and a residual land value of $30.6 million. This outcome highlights the sensitivity of project feasibility to additional Council-imposed affordable housing contributions beyond those mandated under State policy.

Table 0.1. Feasibility Scenario Comparison (Figures in $ Millions)

Scenarios	Option A	Option B	Option C
YIELD			
Marketable Residential NSA (M2)	12,552	13,206	13,897
Infill AH NSA (M2)	2,530	2,530	2,530
Council AH NSA (M2)	1,345	691	0
REVENUE			
Residential Sales	$207.11	$217.90	$229.30
Affordable Housing Revenue	$31.31	$31.31	$31.31
Commercial / Retail Sales	$22.50	$22.50	$22.50
Gross Revenue	$260.92	$271.71	$283.11
Net Revenue	**$235.57**	$245.11	$255.19
COSTS			
Acquisition and Sales Costs	$30.22	$30.33	$30.45
Legal, Finance & Other Costs	$40.64	$40.64	$40.64
Construction Costs	$142.59	$142.59	$142.59
Net Project Costs	**$213.45**	**$213.56**	**$213.68**
PROFIT & LOSS			
Target Profit (20% Project Costs)	37.39	37.41	37.44
Profit	22.11	31.55	41.51
Profit Margin	10.4%	14.8%	19.4%
Residual Land Value	11.22	20.63	30.58

Source: Solve Property

Importantly, the analysis demonstrates that even a Council affordable housing contribution applied only to the residential uplift materially constrains viability when layered on top of the mandatory 15% Housing SEPP requirement. The proposal nevertheless delivers a substantial affordable housing outcome under this framework, with 2,530 m² NSA of in-fill affordable housing provided.

Critically, pushing affordable housing requirements beyond demonstrated feasibility thresholds does not enhance delivery outcomes; rather, it materially increases the risk of project non-delivery, resulting in the loss of both market and affordable housing supply and directly undermining the objectives of the TOD program and the Housing SEPP.

1.6 Public Interest Considerations and Recommendations

Development feasibility is properly characterised as a public interest matter, not merely a private commercial concern.

The public interest case for enabling the proposed redevelopment is reinforced by the core objectives of Ku-ring-gai Council's Affordable Housing Policy and the NSW Government's Transport Oriented Development (TOD) program, which seek to increase housing supply in accessible locations, deliver affordable housing outcomes alongside market housing, and support sustainable, transit-oriented communities. In this context, ensuring the subject site can deliver both additional dwellings and an affordable housing component is directly aligned with these objectives.

Pursuant to sections 4.17 and 7.32 of the EP&A Act, consent authorities must ensure imposed conditions do not frustrate strategic planning objectives, sterilise permissible development capacity, or impede the orderly and economic use of land.

An AH framework that renders the project unviable would be antithetical to these statutory tests and to the overriding policy imperative of expanding housing supply, including affordable components, in well-located, transit-accessible centres.

Moreover, the imposition of excessive Council affordable housing conditions risks undermining the overall viability of the project to the extent that it may prevent the development from proceeding to market.

This would result in the non-delivery of both market and affordable dwellings, further exacerbating housing supply shortages and affordability pressures within Gordon and the broader Ku-ring-gai LGA, where demand for well-located housing remains acute amid ongoing State-wide supply constraints.

Accordingly, it is recommended that any Council AH obligation be strictly confined to the FSR uplift from 3:1 to 6.5:1, calibrated at a rate well below 10% (or preferably nil) consistent with modelling outcomes, and delivered in-kind or monetarily via a registered Community Housing Provider.

This proportionate approach improves economic viability, enables delivery of 180 new dwellings (inclusive of affordable units), captures public benefits attributable to planning change and advances broader strategic housing objectives without jeopardising the project's realisation.

2 Introduction

2.1 Purpose of Report

This report has been prepared by Solve Property Group Pty Ltd (Solve) on behalf of Ecove Group Pty Ltd (Ecove) to independently assess the economic feasibility and development viability of the proposed mixed-use redevelopment at 810 Pacific Highway, Gordon, within the framework of the New South Wales Transport Oriented Development (TOD) program and the recently amended planning controls.

The report has been prepared for inclusion in the EIS, accompanying the proposed State Significant Development (SSD) application, addressing matters in relation to the application, quantum and calculation basis of affordable housing contribution requirements applying to the site.

In this context, the report examines whether Ku-ring-gai Council's adopted affordable housing contribution framework can be applied to the subject site in a manner that is reasonable, proportionate and deliverable, while still achieving meaningful affordable housing outcomes consistent with the objectives of the Housing SEPP, the TOD program and Council's Affordable Housing Policy, properly applied having regard to feasibility and statutory discretion.

2.2 Scope of Assessment

The scope of this assessment has been deliberately framed to address matters directly relevant to the consent authority's exercise of discretion under the EP&A Act, with particular regard to sections 4.17 and 7.32, and to support a reasoned determination of affordable housing contribution requirements for the subject site.

Specifically, the report includes:

- a review of the statutory planning framework applying to the site, including the Ku-ring-gai Local Environmental Plan 2015 (KLEP 2015), Council's Affordable Housing Policy and Contributions Scheme, the Housing SEPP and the TOD framework
- an examination of the existing development consent at 3:1 FSR, which represents a lawful and realistic baseline development entitlement and carries no affordable housing obligation
- analysis of the incremental uplift in development capacity created by amended local planning controls (to 6.5:1 FSR) and by the Housing SEPP incentive pathway (up to 8.45:1 FSR)
- independent market benchmarking of residential revenue assumptions, including comparison of Council's adopted assumptions with Tier-1 valuation advice from CBRE, M3 Property and Cushman & Wakefield

- assessment of construction cost, programme, risk and finance inputs, including site-specific physical and servicing constraints that materially differentiate the subject site from the generic assumptions relied upon in Council's affordability modelling
- feasibility modelling and sensitivity testing of alternative affordable housing contribution methodologies, including testing the impact of Council-imposed affordable housing contributions across a range of outcomes
- identification of a lawful, proportionate and deliverable affordable housing contribution framework, consistent with the viability requirements of section 7.32(3)(c) of the EP&A Act.

2.3 Relationship to the Environmental Impact Statement

This report forms part of the technical evidence base supporting the EIS and is intended to inform the planning justification and assessment of conditions of consent.

In particular, the findings of this report are relevant to:

- the assessment of affordable housing impacts and public benefits
- the evaluation of economic feasibility as a public-interest planning consideration, rather than a purely commercial matter
- the consent authority's determination of whether, and in what form, an affordable housing contribution should be imposed under clause 6.14 of KLEP 2015.

The report should be read in conjunction with:

- the architectural and urban design documentation
- the Estimated Development Cost (EDC) Report
- the Planning Assessment prepared for the SSD application.

2.4 Report Structure

For clarity, the report is structured to:

- outline the methodology and key assumptions underpinning the feasibility assessment
- summarise the principal findings and implications for housing delivery
- describe the planning and statutory context applying to the site
- assess policy intent, equity considerations and site-specific constraints
- review revenue, cost and risk inputs against independent market evidence
- present feasibility outcomes and sensitivity testing
- identify a lawful, proportionate and policy-consistent affordable housing contribution framework.

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3 Methodology and Definitions

3.1 Methodology Background

This assessment has been prepared to evaluate whether affordable housing contribution requirements can be accommodated without compromising project deliverability, while still delivering a meaningful and policy-consistent affordable housing outcome for the Gordon precinct and the broader Ku-ring-gai Local Government Area.

The methodology responds directly to the statutory requirement under section 7.32(3)(c) of the Environmental Planning and Assessment Act 1979 (EP&A Act), which provides that any affordable housing contribution must be reasonable and have regard to development viability.

In the context of a State Significant Development (SSD), the assessment also has regard to the broader public-interest considerations under section 4.17 of the EP&A Act, including whether imposed conditions would frustrate strategic planning objectives or sterilise development capacity.

The assessment is undertaken having regard to:

- the planning controls under the Ku-ring-gai Local Environmental Plan 2015 (KLEP 2015), as amended by the State Environmental Planning Policy Amendment (Ku-ring-gai Station Precincts) 2025 (effective November 2025)
- Council's locally negotiated Transport Oriented Development (TOD) framework and associated Affordable Housing Contributions Scheme
- the State-wide incentive provisions under Chapter 2, Part 2, Division 1 of the State Environmental Planning Policy (Housing) 2021 (Housing SEPP), which provide non-discretionary increases in floor space ratio and height in exchange for the delivery of affordable housing.

Under the Housing SEPP incentive pathway, developments may access a 30 per cent increase in floor space ratio and height, provided that 15 per cent of total gross floor area is delivered as affordable housing and managed by a registered Community Housing Provider for a minimum period of 15 years.

In addition to testing development feasibility under alternative affordable housing scenarios, the methodology also critically examines the assumptions, structure and application of Council's adopted affordability and viability model.

This includes assessing whether the manner in which affordable housing contributions are calculated and applied aligns with statutory principles of reasonableness, proportionality and planning nexus, particularly where cumulative obligations arise from the combined operation of local and State mechanisms.

3.2 Assessment Methodology

Viability testing adopts an industry-standard Residual Land Value (RLV) framework to assess whether the proposed development can support affordable housing contributions while remaining commercially viable and capable of securing finance.

This approach is consistent with:

- the Ku-ring-gai Affordable Housing Contributions Scheme – Schedule 2 (as a reference framework, not a determinative benchmark)
- NSW Department of Planning, Housing and Infrastructure guidance for affordable housing contributions under Division 7.2 of the EP&A Act
- lender and investor requirements for mixed-use developments within TOD precincts on Sydney's Upper North Shore.

The modelling framework evaluates:

- development yield based on permissible floor space ratio and height under the amended KLEP and Housing SEPP
- gross development value derived from market-supported revenue assumptions, not generic strategic benchmarks
- total development costs, including site-specific premiums, programme risk and financing costs
- resulting profit and risk margins relative to accepted viability and financeability thresholds.

The methodology is designed to identify whether a development is theoretically feasible and to test whether proposed affordable housing obligations can be reasonably imposed in practice while having regard to statutory discretion and real-world delivery risk.

3.3 Feasibility Modelling Framework

Feasibility modelling has been undertaken on a transparent, open-book basis, using:

- independently supported revenue assumptions derived from Tier-1 valuation advice
- construction cost estimates prepared by a registered Quantity Surveyor, adjusted to reflect the site's physical, servicing and staging constraints
- realistic programme and finance assumptions reflecting current market conditions and lender requirements
- profit and risk margins consistent with financing expectations for mixed-use TOD developments.

The modelling explicitly tests the cumulative effect of:

- the fixed 15 per cent affordable housing requirement under the Housing SEPP, applied to total gross floor area
- varying levels of Council affordable housing contribution, tested using different calculation methodologies.

3.4 Key Modelling Inputs and Assumptions

Key assumptions underpinning the modelling include:

- Revenue: derived from independent Tier-1 valuation advice and transactional evidence, rather than generic or policy-led benchmarks (refer to relevant Appendices)
- Construction Costs: based on the Estimated Development Cost (EDC) report prepared by Newton Fisher Group (dated 17 November 2025), reflecting site-specific constraints including basement complexity, steep topography, infrastructure relocation and access limitations
- Feasibility: Where applicable, feasibility inputs have been directly informed by the Atlas modelling commissioned by Council, with selected inputs applied on a like-for-like basis to reflect the proposed development concept.
- Profit and Risk: assumed within the range generally required to secure debt and equity finance for Upper North Shore TOD projects, having regard to project complexity and market conditions
- Programme and Finance: reflecting realistic construction duration, holding costs, financing structure and prevailing lending conditions.

3.5 Sensitivity Testing Approach

Sensitivity testing has been undertaken to assess the robustness of feasibility outcomes.

The purpose of sensitivity testing is to identify viability thresholds and breakpoints relevant to the statutory test in section 7.32(3)(c) of the EP&A Act, rather than to lock in a single contribution outcome prematurely.

This approach recognises that the appropriate affordable housing contribution, if any, must be informed by demonstrated feasibility, not by nominal policy rates applied in isolation. Where final inputs remain subject to confirmation or refinement, assumptions are framed conservatively and tested through sensitivity analysis, consistent with the statutory requirement to assess downside viability risk.

3.6 Transparency and Open-Book Review

All modelling inputs, assumptions and outputs have been made available to Council on an open-book basis, consistent with Clause 12.3 of Ku-ring-gai Council's Affordable Housing Policy.

This transparent approach enables the consent authority and its advisers to independently test, interrogate and verify the feasibility findings against statutory requirements and public-interest considerations.

3.7 Definitions

For the purposes of this report, the following definitions apply:

- Affordable Housing (AH): housing for very low, low or moderate income households as defined under the EP&A Act and relevant State Environmental Planning Policies, including affordable housing required under the Housing SEPP and any affordable housing contribution imposed under clause 6.14 of KLEP 2015
- Baseline Development Entitlement: the development capacity authorised under an existing and substantially commenced development consent at 3:1 FSR, which carries no affordable housing obligation
- Floor Space Ratio (FSR) Uplift: the increase in permissible development capacity above the baseline development entitlement, including the uplift from 3:1 to 6.5:1 FSR under amended local planning controls
- Housing SEPP Affordable Housing: the mandatory requirement to deliver 15 per cent of total gross floor area as affordable housing for a minimum period of 15 years in exchange for access to the Housing SEPP incentive provisions
- Council Affordable Housing Contribution: any affordable housing requirement imposed under clause 6.14 of the KLEP 2015, whether delivered as a dedication of dwellings or a monetary equivalent, subject to statutory discretion and development viability
- Gross Development Value (GDV): the total estimated revenue generated from the completed development, calculated on a net saleable area basis and informed by prevailing market evidence
- Residual Land Value (RLV): the notional value attributable to the land after deducting all development costs, statutory contributions, affordable housing obligations and an appropriate developer profit margin from the gross development value
- Total Development Cost (TDC): all costs required to deliver the completed development, including construction, professional fees, finance, statutory contributions, holding costs and allowances for risk and contingencies.
- Transport Oriented Development (TOD): the NSW Government initiative and locally implemented planning framework that facilitates increased residential density and housing delivery within designated station precincts, including Gordon.

4 Planning & Statutory Context

This chapter summarises the current and amended statutory framework applying to the subject site, including the applicable height, floor space ratio (FSR), key sites mapping and affordable housing requirements.

The chapter also establishes the statutory context for assessing the reasonableness, proportionality and viability of affordable housing contributions under Division 7.2 and section 7.32 of the Environmental Planning and Assessment Act 1979 (EP&A Act).

The chapter draws on statutory controls, Council policy documents, State policy initiatives and prior submissions to explain how the current affordable housing framework has been applied to the site, including the interaction between clause 6.14 of KLEP 2015 and the Housing SEPP incentives.

It also identifies the policy-to-scheme misalignment previously raised in the proponent's submissions of 24 April 2025 and 21 May 2025, including Council's reliance on generic feasibility assumptions rather than market evidence.

4.1 Site Description and Local Context

The subject site is located at 810 Pacific Highway, Gordon (Lot 12 DP 631351) and occupies a prominent corner position at the intersection of Pacific Highway, Dumaresq Street and Radford Place within the Gordon station precinct.

The site has an area of approximately 2,357 m² and is characterised by a pronounced cross-fall of approximately 12 metres from Pacific Highway down to the rear lane (Radford Place).

The site is located approximately 200 metres walking distance from the Gordon Railway Station entrance, providing access to public transport, employment and services.

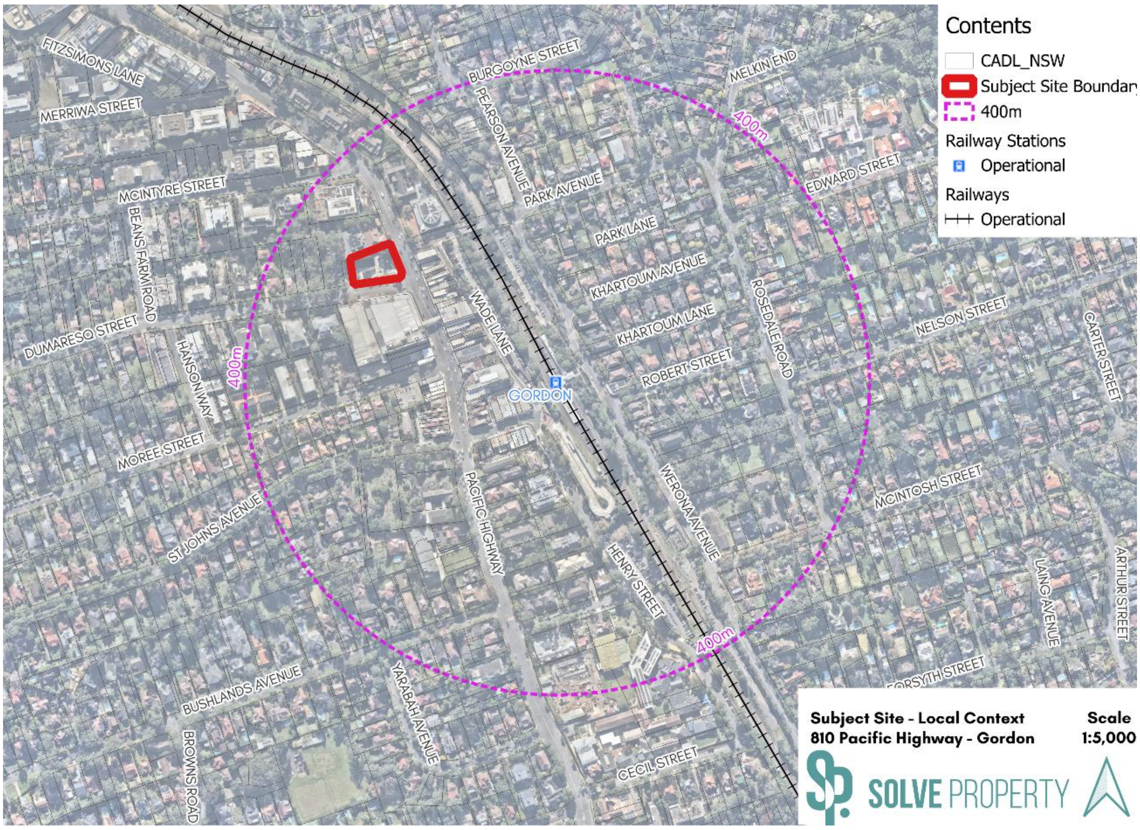
It is situated directly opposite the Gordon Centre and adjacent to Council-owned civic and community uses, reinforcing its strategic role within the town centre.

Vehicular access to the site is provided from Radford Place, enabling basement access and servicing while minimising traffic impacts at the Pacific Highway and Dumaresq Street frontages.

Figure 4.1. Subject Site – 810 Pacific Highway Gordon (Lot 12 DP 631351)

Source: Nearmap, Solve Property

Figure 4.2. Local Context



Source: Nearmap, Solve Property.

4.2 Existing Development Consent and Baseline Entitlement (3:1 FSR)

The subject site benefits from an existing and substantially commenced development consent (DA-0610-17, as modified on 20 November 2025) for an eight-storey mixed-use development comprising 55-56 residential apartments above ground-floor retail, including a full-line supermarket, basement parking and associated works.

That approval was granted under:
- a 3:1 floor space ratio (FSR)
- a maximum building height of 26.5 metres.

Importantly:
- no affordable housing obligation applies to the approved development
- early works including demolition, excavation, shoring and piling have been approved and are scheduled to commence
- the approval represents a lawful and realistic fallback development position that could proceed independently of any planning uplift.

For the purposes of this assessment, the approved 3:1 scheme establishes a baseline planning entitlement that must be credited when assessing the nexus and proportionality of any additional affordable housing contribution.

4.3 Ku-ring-gai Local Environmental Plan 2015 (KLEP 2015)

The site is zoned E1 Local Centre under the Ku-ring-gai Local Environmental Plan 2015, within which shop-top housing is permissible with consent.

In 2025, the KLEP 2015 was amended to implement Council's locally negotiated Transport Oriented Development (TOD) framework through a self-repealing State Environmental Planning Policy made on 14 November 2025.

Under the amended controls:
- the site is subject to a base FSR of 6.5:1 and a maximum building height of 73.5 metres

Council's Affordable Housing Contributions Scheme, adopted on 21 October 2025 and implemented via clause 6.14 of the KLEP 2015, applies a mapped affordable housing contribution rate of 10% for the subject site.

Clause 6.14(5) provides that the consent authority may impose such a condition, confirming the discretionary nature of the power and the need to apply the provision in a manner consistent with statutory principles of reasonableness and viability.

4.4 Council Affordable Housing Policy and Contributions Scheme

Council's Affordable Housing Policy, adopted on 15 April 2025, acknowledges that Council does not have a primary role in delivering affordable housing and instead sets a framework to facilitate delivery by others.

The associated Contributions Scheme establishes monetary contribution rates and in-lieu mechanisms, but has been developed using generic feasibility assumptions, including:

- residential revenue benchmarks of $18,000–$20,000/m² NSA
- standardised cost inputs that do not account for site-specific constraints.

As documented in the proponent's submissions dated 24 April 2025 and 21 May 2025, these assumptions are not supported by market evidence and do not adequately account for the subject site's cost and delivery constraints.

5 Policy Intent, Equity and Site Constraints

5.1 Policy Objectives for Affordable Housing and TOD

The policy intent of Ku-ring-gai Council's Affordable Housing Policy and the NSW Government's Transport Oriented Development (TOD) program is to:

- increase housing supply in accessible locations
- deliver affordable housing outcomes alongside market housing
- support sustainable, transit-oriented communities.

These objectives are widely supported. However, the achievement of these objectives depends on the economic feasibility of development, noting that infeasible contribution settings risk sterilising sites and resulting in non-delivery of both market and affordable housing outcomes.

5.2 Economic and Physical Constraints of the Site

The subject site is affected by significant physical and economic constraints that materially increase development costs and risk, including:

- steep topography with an approximate 12-metre cross-fall
- extensive subsurface rock requiring major excavation and retention works
- a high groundwater table necessitating permanent basement tanking and dewatering
- relocation of high-voltage infrastructure
- restricted construction access and traffic management along a classified State road
- permanent loss of city and district views due to recently approved 83-93 metre towers on adjoining sites.

5.3 Planning Nexus and Incremental Uplift Considerations

As a matter of established planning practice, contributions of this nature should relate to net additional development capacity created by planning change.

Applying an affordable housing contribution to development capacity already secured under an approved and substantially commenced 3:1 consent, or to development capacity beyond the incremental local planning uplift without proper adjustment for the separate affordable housing obligation imposed under the Housing SEPP, results in a cumulative affordable housing burden that lacks a clear and proportionate planning nexus to the incremental uplift enabled by amended local controls.

Limiting Council's affordable housing contribution to the incremental uplift from 3:1 to 6.5:1 FSR provides a proportionate and defensible value-capture mechanism. This approach also aligns with the statutory requirement under section 7.32(3)(c) of the EP&A Act that contributions must have regard to development viability and must not render development unviable.

Further, in the SSD context, feasibility is not advanced as a purely commercial issue. It is a relevant public-interest planning consideration under section 4.17 of the EP&A Act, particularly where the operation of a contribution mechanism would constrain or frustrate the delivery of otherwise permissible housing outcomes in a strategically located centre.

5.4 Inconsistent Application of Affordable Housing Rates Across Precincts

Within the Gordon precinct, the majority of sites identified on the Affordable Housing Map are subject to materially lower contribution rates in the range of 2–5%, with only a small number of sites, including the subject site, mapped at 10%.

Council-controlled sites within the precinct are subject to lower or nil obligations, despite benefiting from materially stronger development fundamentals. This differential treatment is noted on a comparative basis and reinforces the need for a site-responsive and feasibility-based application of affordable housing provisions.

In these circumstances, the application of a flat 10% contribution without calibration to feasibility, and without adjustment for the approved baseline entitlement or the cumulative Housing SEPP requirement, risks undermining the policy intent of both Council's Affordable Housing Policy and the TOD framework by increasing the likelihood of non-delivery.

Clause 6.14 of the Ku-ring-gai Local Environmental Plan 2015 establishes a two-stage framework for affordable housing. While the consent authority is required to consider the Ku-ring-gai Affordable Housing Principles when determining a development application, the imposition of an affordable housing contribution is expressly discretionary.

This discretion is confirmed by the use of the permissive term "may" in clause 6.14(5), which authorises—but does not mandate—the imposition of a condition requiring an affordable housing contribution.

In exercising this discretion, the consent authority must have regard to the circumstances of the site, the nature of the development and the broader public interest.

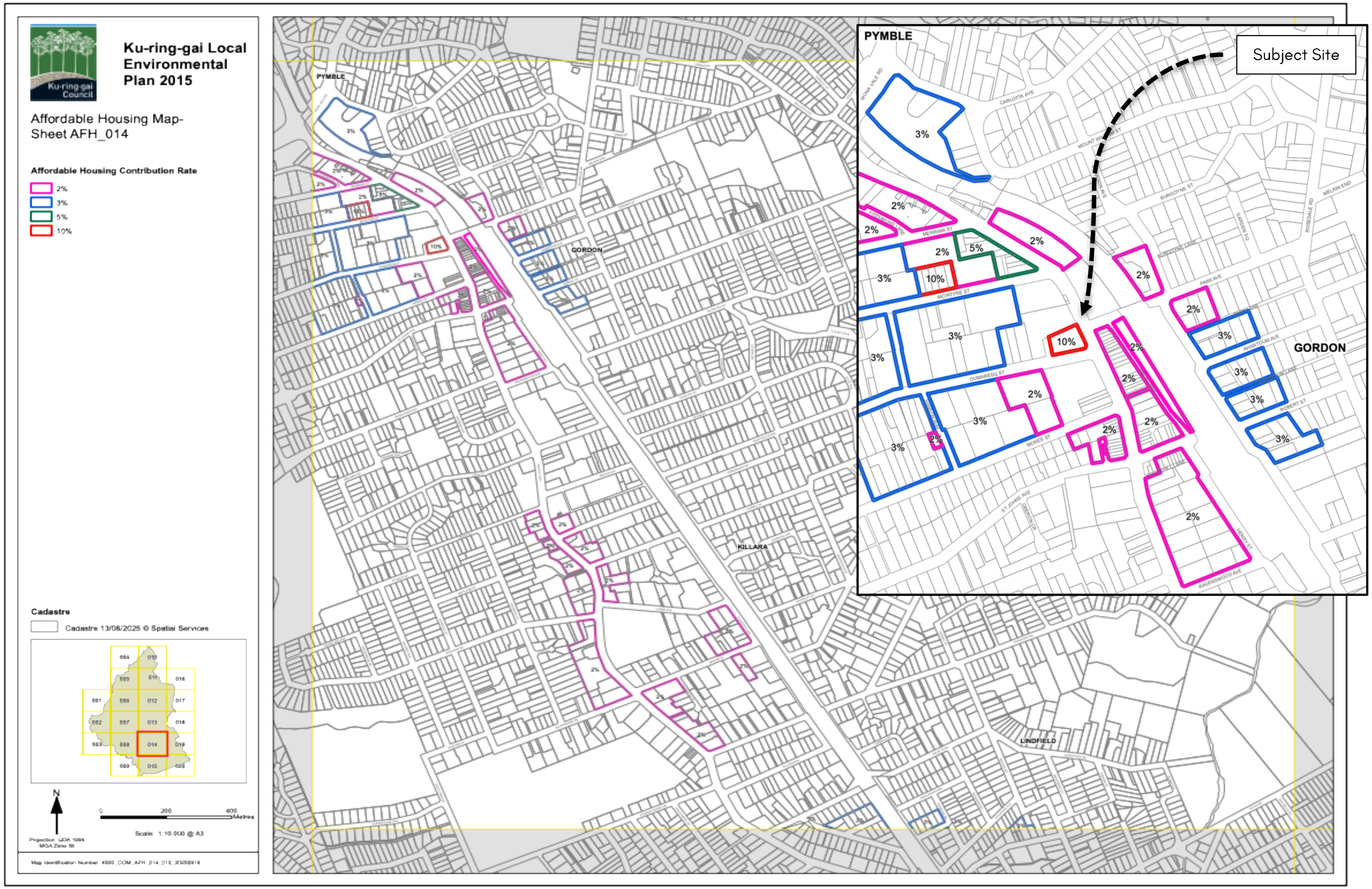
In these circumstances, although the consent authority is empowered to impose a condition under clause 6.14, it is not obliged to do so, and there are reasonable grounds for the consent authority to consider whether such a condition should be modified or not imposed in the circumstances of this site.

Relevant considerations informing the proper exercise of discretion include:

- the anomalous application of a 10 per cent affordable housing rate to the subject site
- the existence of an approved and substantially commenced development consent at 3:1 FSR
- the lack of a clear planning nexus between a flat contribution and the incremental uplift enabled by amended controls
- the delivery of affordable housing within the proposal itself through a registered Community Housing Provider
- the demonstrated economic infeasibility of applying a flat contribution rate in addition to the fixed Housing SEPP requirement.

These matters reinforce that the application of clause 6.14 must be site-responsive, proportionate and informed by feasibility, consistent with both Council's policy framework and the statutory discretion conferred by the EP&A Act.

Figure 5.1. Affordable Housing Contribution Rate – nominated sites – Gordon



Source: Affordable Housing Map – Sheet AFH_014 – Ku-ring-gai Local Environmental Plan 2015

6 Development Scheme and Construction Assumptions

This chapter describes the subject site's physical characteristics, the existing approved development scheme, and the proposed redevelopment under the amended Transport Oriented Development (TOD) controls and Housing SEPP incentive pathway. It also identifies the construction-related assumptions and site-specific constraints that materially affect feasibility and distinguish the subject site from the generic assumptions relied upon in Council's affordability modelling.

The matters addressed in this chapter are central to understanding why the site has a limited capacity to absorb cumulative affordable housing obligations without undermining deliverability, despite its strategic TOD location.

6.1 Site Characteristics and Constraints

The subject site comprises approximately 2,357 m² and is located at 810-818 Pacific Highway, Gordon. It occupies a prominent corner position at the intersection of Pacific Highway, Dumaresq Street and Radford Place and is directly opposite the Gordon Centre within the Gordon station precinct.

The site is characterised by a pronounced cross-fall of approximately 12 metres from Pacific Highway down to Radford Place. This topography has significant implications for excavation methodology, basement depth, retaining structures, construction sequencing and programme risk.

The site previously accommodated a multi-storey commercial office building dating from the 1980s. That building has now been substantially demolished and the site is secured with hoarding.

Vehicular access and servicing are provided via Radford Place to the rear. This rear access is critical to managing construction and operational traffic impacts on Pacific Highway, which is a classified State road with limited tolerance for disruption.

Key physical and servicing constraints affecting the site include extensive subsurface rock requiring large-scale excavation, shoring and retention works; a high groundwater table necessitating permanent basement tanking and ongoing dewatering; high-voltage infrastructure traversing the site requiring relocation; restricted construction access and complex traffic management along Pacific Highway; the mandated delivery of a new publicly accessible east-west pedestrian link through the site; and the loss of city and district views resulting from recently approved 83-93 metre towers on adjoining sites, including the Gordon Centre and Council-owned land.

Collectively, these constraints are material cost drivers and materially increase construction risk relative to generic feasibility assumptions.

6.2 Existing Development Rights and Approved Scheme (3:1 FSR)

Under pre-TOD planning controls, the site has a baseline development entitlement of 3:1 floor space ratio (FSR) and a maximum building height of 26.5 metres.

Box 1: Approved Development Consent – Baseline Entitlement (3:1 FSR)

Total GFA: 7,053.27 m² (maximum permitted 7,071 m²)

Commercial GFA: 1,724.1 m²

Residential GFA: 5,329.17 m²

Affordable Housing Requirement: Nil

Source: SEE 2017, RPS

In 2018, development consent was granted for an eight-storey mixed-use development comprising approximately 55-56 residential apartments above ground-floor retail, including a full-line supermarket, basement parking and associated works.

That consent has been substantially commenced, with the most recent modification approved on 20 November 2025, and authorises early works including demolition, excavation, shoring and piling.

No affordable housing obligation applies to the approved development.

For the purposes of this assessment, the approved 3:1 scheme represents a lawful and realistic baseline development outcome. It establishes the starting point against which any planning uplift and associated value capture must be assessed.

6.3 Proposed TOD / Housing SEPP Development Scheme

The proposed redevelopment seeks to utilise the amended planning controls applying to the Gordon station precinct, together with the Housing SEPP incentive pathway.

Box 2: Proposed SSD Development – TOD and Housing SEPP Pathway

Site area: 2,357 m²

Total GFA at 6.5:1 FSR: 15,320.5 m²

Residential GFA at 6.5:1 FSR: 13,996.3 m²

Total GFA at 8.45:1 FSR: 19,916.65 m²

Residential GFA at 8.45:1 FSR: 18,592.45 m²

Housing SEPP affordable housing (15% of total GFA): 2,987.5 m²

Source Solve Property

Under the amended KLEP 2015 controls, the site is capable of development at 6.5:1 FSR, subject to compliance with relevant provisions.

In addition, the proposal seeks to utilise the Housing SEPP incentive pathway, which permits a 30 per cent increase in FSR and height where 15 per cent of total gross floor area is delivered as affordable housing for a minimum period of 15 years.

The operative SSD scheme therefore assumes development at up to 8.45:1 FSR, incorporating a new full-line supermarket, ancillary retail tenancies, approximately 180 residential apartments, and multi-level basement parking.

For clarity, the Housing SEPP incentives are tested in this report as part of the feasibility assessment, not to justify built-form outcomes.

6.4 Baseline 3:1 FSR versus Uplift to 6.5:1 and 8.45:1 FSR

For clarity, it is necessary to distinguish between three separate components of development capacity at the subject site: the pre-existing baseline entitlement at 3:1 FSR, authorised under an approved and substantially commenced development consent and carrying no affordable housing obligation; the local planning uplift from 3:1 to 6.5:1 FSR enabled by the amended KLEP 2015 controls; and the additional State-based incentive density from 6.5:1 to 8.45:1 FSR enabled by the Housing SEPP, which carries a fixed affordable housing requirement.

The residential uplift from the approved 3:1 scheme to the 6.5:1 planning control represents the only uplift attributable to local planning change and is therefore the appropriate reference point for any Council-imposed affordable housing contribution.

The Housing SEPP incentive represents a separate State-based mechanism, contingent on delivery of a fixed 15 per cent affordable housing contribution applied to total gross floor area and operating independently of Council's local contribution framework.

Applying Council's affordable housing contribution to development capacity beyond the local planning uplift — including to the approved baseline entitlement or without adjustment for the separate Housing SEPP requirement — results in a disproportionate cumulative contribution outcome and materially increases development risk.

6.5 Construction Staging and Delivery Constraints

The site exhibits significant construction staging constraints that have been acknowledged in prior submissions but not incorporated into Council's generic affordability modelling.

These include:

- complex excavation and retention works across a steeply sloping site
- deep multi-level basement construction driven by flood planning requirements
- permanent basement tanking and dewatering due to high groundwater
- construction of the mandated public pedestrian link, including coordination with adjoining sites; prolonged traffic management and cranage along Pacific Highway
- relocation of high-voltage infrastructure.

These constraints materially extend programme duration and increase preliminaries, financing and risk exposure. They also increase the likelihood of programme slippage and construction cost escalation relative to generic feasibility assumptions.

6.6 Market and Design Factors Affecting Feasibility

In addition to physical constraints, the site is affected by market and design factors that materially influence feasibility. These include the permanent loss of city and district views due to recently approved taller developments on adjoining sites; overshadowing and reduced solar access relative to earlier planning assumptions; and increased competitive supply within the Gordon town centre.

These factors suppress achievable residential values relative to the generic assumptions relied upon in Council's modelling. They are directly relevant to achievable residential pricing and absorption and are consistent with the independent valuation evidence summarised in the preceding chapter.

7 Revenue Assumptions & Benchmarking

This chapter reviews the residential revenue assumptions adopted by Ku-ring-gai Council and its adviser, Atlas Urban Economics, in the context of affordable housing feasibility testing. Those assumptions are benchmarked against independent Tier-1 valuation advice and contemporaneous transactional market evidence.

The analysis demonstrates that Council's adopted gross realisation rates materially exceed achievable market outcomes for the subject site at 810-818 Pacific Highway, Gordon, and therefore overstate development feasibility. This has direct implications for the reasonableness and viability of applying Council's affordable housing contribution to the full residential gross floor area, particularly when considered alongside the fixed affordable housing obligation imposed under the Housing SEPP.

7.1 Overview of Revenue Assessment

Council's affordability modelling relies on residential revenue assumptions that are materially above what is achievable for the subject site, particularly having regard to:

- the site's Pacific Highway frontage
- increased noise, traffic and amenity impacts relative to off-highway residential locations
- the approval of 83-93 metre towers on adjoining sites, which permanently obstruct city and district views previously assumed to support higher values.

This assessment tests Council's assumptions against independent valuation advice and market evidence, consistent with accepted feasibility practice and the statutory requirement under section 7.32(3)(c) of the EP&A Act that affordable housing contributions must have regard to development viability.

7.2 Council and Atlas Urban Economics Assumptions

Council's original affordability model, commissioned and prepared by Atlas Urban Economics, adopted gross realisation rates in the range of \$18,000-\$20,000 per square metre (NSA).

During technical meetings held on 16 April 2025, Council officers revised this assumption upward to approximately \$20,000/m² NSA, citing anecdotal commentary from selling agents and selective sales evidence drawn from Lindfield and Roseville.

This approach does not adequately account for the subject site's specific characteristics, including:

- its Pacific Highway frontage, which is consistently discounted in Upper North Shore apartment markets
- higher noise and traffic exposure relative to quieter residential streets
- the approval of multiple 83–93 metre towers on adjoining sites, including the Gordon Centre and Council-owned land, resulting in permanent loss of city and district views.

These factors materially differentiate the subject site from the locations relied upon in Council's benchmarking and undermine the relevance of the sales evidence used to justify higher assumed rates.

7.3 Independent Tier-1 Valuation Evidence

In response to Council's adopted assumptions, the proponent obtained formal valuation advice from three independent Tier-1 valuation firms in April–May 2025.

All three valuers independently concluded that gross realisation rates of $18,000–$20,000/m² NSA are not achievable for apartments at the subject site, given its location, frontage and emerging competitive supply.

The independent conclusions were as follows:

- Cushman & Wakefield (30 April 2025)
  Achievable average rates of $15,500–$16,500/m² NSA, noting that Council's assumed rates exceed current market indicators for Gordon, particularly given the Pacific Highway frontage and the loss of views resulting from approved adjoining towers
- CBRE Valuations (2 May 2025)
  Achievable rates of $14,500–$16,500/m² NSA, identifying Northgrove (26–30 McIntyre Street, Gordon) as the only directly comparable new apartment project in the suburb, achieving approximately $15,700/m² NSA in a quieter, superior location
- M3 Property (28 April 2025)
  Achievable rates of $15,500–$16,500/m² NSA, observing that existing Gordon sales evidence generally falls within $10,000–$15,000/m², with new apartments attracting only a modest premium of approximately 10–15%.

Each valuer emphasised the inferior positioning of Pacific Highway-fronting apartments relative to quieter residential streets in Gordon and nearby suburbs such as Lindfield and Roseville, which historical sales evidence consistently demonstrates to be superior apartment markets. Accordingly, the subject site cannot reasonably be expected to achieve sales rates comparable to those recorded in those locations.

7.4 Supporting Transactional Sales Evidence

The independent valuation conclusions are corroborated by extensive contemporaneous market evidence, including 116 arm's-length resale transactions in Gordon recorded in 2025 year-to-date, together with current off-the-plan pricing from directly comparable developments.

Key evidence includes:

- Established apartments on or near Pacific Highway, Gordon
  Predominantly achieving \$10,000–\$13,000/m² (internal area)
  Examples include:
  - 206/888A Pacific Highway – \$12,308/m²
  - 303/888C Pacific Highway – \$10,429/m²
- Northgrove, 26-30 McIntyre Street, Gordon
  Boutique, off-highway project marketing three-bedroom apartments at approximately \$15,700/m² NSA, despite a superior location and outlook
- Finlay House, Pacific Highway, Turramurra
  A comparable mixed-use highway-fronting project achieving approximately \$16,000–\$16,600/m² NSA.

In addition, publicly available NSW Government sales data for strata dwellings in Gordon (postcode 2072) provides independent market corroboration of the Tier-1 valuation evidence relied upon in this report. The June 2025 quarter median sale price of approximately \$950,000 for strata dwellings is materially below the implied apartment values arising from Council's assumed gross realisation rates, even allowing for a reasonable premium for new product. Accordingly, the NSW Government's published sales evidence does not support the pricing levels embedded in Council's affordability assumptions.

By contrast, the higher rates relied upon by Council (in the order of \$19,000–\$21,000/m²) are associated with materially superior locations, including elevated, view-secure sites in Lindfield and Roseville or projects significantly closer to the Sydney CBD, and are not comparable to the subject site.

7.5 Implications for Feasibility and Affordable Housing Assessment

The evidence set out in this chapter demonstrates that Ku-ring-gai Council's adopted residential revenue assumptions materially overstate achievable market outcomes for the subject site and fundamentally undermine the reliability of the feasibility conclusions drawn from Atlas Urban Economics' modelling.

When corrected to reflect independent Tier-1 valuation advice and contemporaneous transactional sales evidence, it is clear that the application of the amended local planning controls — namely development at 6.5:1 FSR coupled with a 10 per cent affordable housing contribution in perpetuity under clause 6.14 of the KLEP 2015 - falls below the generally accepted feasibility benchmark.

This conclusion applies even before consideration is given to the site's exceptional physical constraints, construction risk and financing requirements.

The transactional sales evidence presented in Sections 7.3 and 7.4 further reinforces this position. Achievable pricing for Pacific Highway-fronting apartments in Gordon is materially below the revenue levels assumed by Council and Atlas, such that the feasibility deficit associated with the local LEP control framework is exacerbated rather than mitigated when real market conditions are applied.

In this context, the Housing SEPP uplift does not represent surplus or discretionary development capacity capable of absorbing additional local contributions. Rather, it is the critical enabling mechanism that allows affordable housing to be delivered at all on this site. Applying Council's local affordable housing contribution framework on top of the LEP control envelope, without regard to feasibility or market evidence, would negate the very uplift intended to facilitate housing and affordable housing delivery.

Accordingly, the evidence confirms that:

- the local LEP control framework of 6.5:1 FSR with a 10 per cent affordable housing requirement is not feasible for the subject site and
- affordable housing delivery is only made viable through the State-based Housing SEPP uplift, which must therefore be protected from additional local value-capture demands.

8 Cost, Risk and Finance Inputs

This chapter outlines the cost, risk and finance assumptions adopted in the feasibility modelling and contrasts these with the generic assumptions relied upon in Council's affordability analysis.

It identifies the site-specific factors that materially increase development cost, programme risk and financing exposure, and which must be considered when assessing the reasonableness and viability of any affordable housing contribution under section 7.32(3)(c) of the EP&A Act. Importantly, these factors directly affect the project's capacity to secure funding and proceed to construction and therefore go to deliverability as a matter of public interest rather than purely commercial preference.

The cost and risk inputs described in this chapter are informed by the Estimated Development Cost (EDC) report prepared by Newton Fisher Group, noting that final values remain subject to further confirmation through detailed quantity surveying and procurement.

8.1 Site-Specific Cost Premiums

The subject site is affected by a range of abnormal, site-specific cost premiums that materially increase total development cost and construction risk beyond base construction assumptions. These factors have been consistently identified in the proponent's submissions to Council and supported by technical investigations; however, they are not reflected in Council's generic affordability modelling.

Key site-specific cost premiums include:

- deep basement construction and permanent dewatering driven by a high groundwater table and flood planning requirements
- major cut-and-retain works and extensive rock excavation associated with the approximately 12-metre level change between Pacific Highway and Radford Place
- relocation of high-voltage infrastructure traversing the site, including coordination with Ausgrid and relevant authorities
- prolonged traffic management, cranage and staging requirements along Pacific Highway, a classified State road, compounded by restricted rear-lane access
- construction of a publicly accessible east-west pedestrian link, including heritage façade retention and coordination with adjoining sites
- mixed-use construction inefficiencies arising from the integration of supermarket, retail, residential and basement components, which are not comparable to a single-use residential development

Based on preliminary quantity surveyor inputs and earlier cost planning, these premiums represent a material uplift to the project cost base and significantly increase construction and delivery risk.

Final allowances remain subject to further quantity surveyor verification, design development and procurement outcomes.

These cost premiums are reflected in the detailed cost breakdown contained within the EDC report, which underpins the feasibility modelling presented in this assessment.

8.2 Estimated Development Cost - Summary

The base construction costs adopted in the feasibility modelling are derived from the Estimated Development Cost (EDC) report prepared by Newton Fisher Group, dated 17 November 2025. The report provides an objective assessment of the EDC for the proposed development, based on architectural drawings prepared by PBD Architects and supporting documentation.

The EDC has been prepared in accordance with applicable legislative and regulatory requirements, including the Environmental Planning and Assessment Regulation 2000 (as amended December 2021), the EP&A Act, relevant SEPPs, Planning Circulars and SEARs, as well as the AIQS Practice Standard for State significant projects in NSW and the Australian and New Zealand Standard Method of Measurement (ANZSSM 2022).

The scope of the EDC includes building construction and associated infrastructure, demolition works, and fixed or mobile plant and equipment, but excludes costs payable under conditions imposed by the EP&A Act, costs associated with separate development consents, land acquisition, marketing and sales, ongoing maintenance, and GST (reported separately).

Key assumptions include a builder-developer procurement model, delivery in a single stage with a 2026 commencement, allowances for an additional low-rise level (eight apartments), and structural assumptions comprising shored basements and an in-situ concrete frame.

A summary of the EDC is provided in Table 8.1.

Table 8.1. EDC Report Summary

Item	Cost (EXCL. GST)	Methodology
Demolition & Remediation	$523,300	
Construction (Item A)	$126,480,600	Elemental and rates build-up
Mitigation of Impact Items	Not Applicable	
Consultant Fees	$6,350,195	5% of Construction Cost
Authorities Fees (LSLL)	$349,261	0.25% of Construction Cost
Plant & Equipment (Item B)	Not Applicable	
Furniture, Fittings, and Equipment (FF&E)	Not Applicable	
Contingency	$6,350,195	5% of Construction Cost
Escalation	$2,540,078	4% pa, commencement in 2026
TOTAL EDC (EXCL. GST) for SSD/SSI	**$142,593,629**	
GST	$14,259,363	
TOTAL EDC (INCL. GST) for Non-SSD/SSI	**$156,852,992**	
Gross Floor Area (AIQS)	40,786 m^2	Assessed based on Items A & B above
Construction Cost only \$/m^2 GFA (AIQS)	\$3,101/m^2	Assessed based on Items A & B above

Source: Newton Fisher Group.

8.3 Cumulative Contribution Burden and Reasonableness under Section 7.32

In assessing the reasonableness of any affordable housing contribution under Division 7.2 of the Environmental Planning and Assessment Act 1979, it is necessary to have regard to the cumulative effect of all contributions and dedications required of the development.

In this case, the proposed development is subject to multiple statutory and policy-based contribution requirements, including:

- a mandatory affordable housing requirement of 15 per cent of total gross floor area under the Housing SEPP as a precondition to accessing the incentive pathway
- development contributions under section 7.11 of the EP&A Act
- substantial infrastructure, public domain and servicing obligations associated with TOD delivery
- materially elevated construction, financing and risk costs arising from the site's physical constraints, as documented in this chapter.

When considered cumulatively, these obligations represent a significant surrender of development capacity and project value for public benefit prior to the imposition of any additional affordable housing contribution under clause 6.14 of the KLEP.

Section 7.32(3)(c) of the EP&A Act expressly requires that any affordable housing condition be reasonable, having regard to any other dedication or contribution required to be made by the applicant. A contribution that is reasonable in isolation may become unreasonable when assessed in combination with other statutory obligations.

As demonstrated in this assessment, the imposition of an additional local affordable housing contribution beyond the Housing SEPP requirement materially exacerbates development risk and undermines project viability. In this context, the cumulative contribution burden exceeds what can reasonably be supported by the development, within the meaning of section 7.32(3)(c).

9 Feasibility Results and Sensitivity Analysis

This chapter presents the results of the updated open-book feasibility modelling, undertaken to assess whether the proposed development can accommodate affordable housing contributions without rendering the development unviable, consistent with the statutory requirement under section 7.32(3)(c) of the Environmental Planning and Assessment Act 1979 (EP&A Act).

The modelling draws on the evidence-based revenue, cost, programme and risk inputs established in Chapters 6, 7 and 8 and has been prepared to isolate the impact of alternative affordable housing contribution methodologies while holding all other assumptions constant.

The modelling has been prepared by reference to, and is broadly consistent with, the affordability modelling framework previously adopted by Council and its consultant, Atlas Urban Economics, including assumptions within the Ku-ring-gai Affordable Housing Contributions Scheme. Adjustments have been made only where necessary to reflect updated market evidence, revised cost inputs and the specific physical constraints of the site.

9.1 Modelling Framework and Scenario Overview

Feasibility modelling has been undertaken to test the viability implications of alternative affordable housing contribution approaches, having regard to:

- the approved and substantially commenced 3:1 FSR development, which represents the baseline entitlement
- the amended 6.5:1 FSR planning control, which constitutes the local planning uplift
- the Housing SEPP incentive pathway.

For consistency and comparability, all feasibility scenarios test the same operative SSD development scheme, incorporating a full-line supermarket, ancillary retail, 180 residential apartments, and multi-level basement parking.

The approved 3:1 FSR scheme is treated as a baseline entitlement for the purposes of assessing planning nexus, uplift and contribution proportionality, but is not re-tested as a deliverable scenario. The subject site benefits from an existing approval at 3:1 FSR, representing 5,329.17 m^2 of residential gross floor area once the commercial component is excluded. This approved outcome provides a legitimate and established fallback development position which generates no affordable housing contribution.

9.2 Affordable Housing Contribution Methodologies Tested

The feasibility modelling tests alternative affordable housing contribution methodologies to isolate their impact on development viability.

9.2.1 Option A – Application to Base 6.5:1 Residential Floor Space

Under this approach, the local affordable housing contribution imposed by Council under clause 6.14 and delivered by the proponent is calculated on the base 6.5:1 residential gross floor area of the development, and is applied in addition to the fixed affordable housing requirement imposed under the Housing SEPP incentive pathway at 8.45:1.

While the Council-imposed contribution is not calculated on the Housing SEPP incentive floor space, the combined operation of the two mechanisms results in a cumulative affordable housing burden that materially exceeds what is contemplated by either mechanism in isolation. This approach captures:

- residential floor space already secured under the approved 3:1 FSR development consent, through its inclusion within the 6.5:1 base envelope
- the full Housing SEPP affordable housing requirement applied to total gross floor area at 8.45:1.

As a result, Option A lacks a clear nexus to incremental local planning uplift, produces a disproportionate cumulative contribution outcome, and materially undermines development feasibility.

Based on the feasibility modelling, Option A falls well below accepted viability benchmarks. Applying Council's local affordable housing contribution across the base 6.5:1 residential floor space, in addition to the fixed Housing SEPP requirement, results in an affordable housing burden that exceeds feasible limits. Under this scenario, the development fails to achieve lender-acceptable viability and is therefore unlikely to proceed to delivery.

9.2.2 Option B – FSR Uplift-Only

Under Option B, Council's affordable housing contribution is applied only to the incremental residential uplift between:

- the approved 3:1 FSR baseline scheme
- the 6.5:1 FSR planning control under the amended KLEP 2015.

The Housing SEPP affordable housing requirement, being 15% of total gross floor area, is applied separately and in full.

This methodology provides a clear nexus to planning change, avoids double counting and reflects established value-capture principles. Applying the Council's 10% contribution rate solely to this uplift band produces an affordable housing requirement of approximately 827 m^2. This approach reflects a proportional value-capture mechanism tied to land-use uplift, is consistent with the operation of affordable-housing contribution schemes in NSW and avoids double-counting density already secured under an approved consent.

Option B, although below the generally accepted feasibility benchmark, represents a materially improved outcome relative to Option A by limiting Council's affordable housing contribution to the incremental uplift between 3:1 and 6.5:1 FSR. Importantly, Option B further reduces development risk compared to Option A.

9.2.3 Option C – Housing SEPP Affordable Housing Only

Under Option C, affordable housing is delivered exclusively in accordance with the Housing SEPP incentive pathway, being 15 per cent of total gross floor area, without the imposition of any additional local affordable housing contribution under clause 6.14 of the KLEP 2015.

This option represents the most financially viable scenario tested in which affordable housing delivery is enabled without undermining overall development feasibility, whilst also further reducing risk.

9.3 Key Inputs and Assumptions

To ensure transparency and alignment with established benchmarks, the feasibility modelling incorporates a range of inputs drawn from reliable sources, with adjustments where necessary to reflect current market conditions and site-specific factors.

These inputs prioritise consistency with Atlas and Council frameworks, while incorporating updated construction estimates to account for revised costing that captures existing site constraints and development challenges.

They form the foundation for revenue, cost, and risk calculations across both options. The 20% target profit margin serves as a benchmark hurdle rate, reflecting industry standards for assessing viability in high-density, mixed-use developments like this one.

Revenue assumptions, particularly for residential sales, are grounded in market evidence, ensuring a realistic assessment.

Below is a summary of the primary inputs, along with their values, sources, and notes.

Revenue Assumptions

- AH Revenue Discount: 25% – Indicative of being transferred to a CHP – AH revenue discount consistent with previous Atlas modelling commissioned by Council
- Commercial Rate ($\$/m^2$ GFA) – \$16,992 – Consistent with previous Atlas modelling commissioned by Council.

- Market Residential Rate ($\$/m^2$ NSA): $16,500 – Representing the upper bound of independent valuation advice and research conducted by Solve Property.

Sales and Marketing

- Sales & Marketing (%): 1.0% – Consistent with previous Atlas modelling commissioned by Council and Ku-ring-gai Affordable Housing Contribution Scheme.
- Selling Costs (%): 2.50% – Consistent with previous Atlas modelling commissioned by Council and Ku-ring-gai Affordable Housing Contribution Scheme.

Tax and Rates

- GST Rate (%): 9% – Consistent with previous Atlas modelling commissioned by Council.

Acquisition and Land

- Acquisition Costs: $1,652,500 – Consistent with previous Atlas modelling commissioned by Council.
- Cost of Land: $26,500,000 – Consistent with previous Atlas modelling commissioned by Council.

Finance and Debt

- Debt Ratio: 100.0% – Consistent with Ku-ring-gai Affordable Housing Contribution Scheme.
- Loan Costs: $639,368 – Based on 0.35% of peak debt (100% debt financed) – consistent with Ku-ring-gai Affordable Housing Contribution Scheme.
- Interest: Interest during construction has been assessed on a high-level, conservative basis appropriate for comparative feasibility testing and applied consistently across all scenarios. Consistent with previous Atlas modelling commissioned by Council.

Legal and Valuation

- Legals and Valuation Cost: $150,000 – Consistent with previous Atlas modelling commissioned by Council.

Developer Contributions

- Developer Contributions (Full): $53,500 – Consistent with previous Atlas modelling commissioned by Council.

Construction Costs

- Construction Cost: Based on EDC – Estimated Development Cost report provided by Newton Fisher Group dated 17 November 2025.

Profit and Viability

- Target Profit Margin: 20% – Consistent with previous Atlas modelling commissioned by Council Ku-ring-gai Affordable Housing Contribution Scheme benchmark hurdle rates.

9.3 Feasibility Scenario Comparison

This section compares the viability outcomes of Option A, Option B, and Option C, as summarised in Table 9.2.

All three scenarios assume an identical built form, yield and cost base, with feasibility outcomes driven solely by differences in the quantum and treatment of affordable housing.

Table 9.21. Feasibility Scenario Comparison (Figures in $ Millions)

Scenarios	Option A	Option B	Option C
YIELD			
Marketable Residential GFA (M2)	14,805	15,575	16,391
Marketable Residential NSA (M2)	12,552	13,206	13,897
Infill AH GFA (M2)	2,986	2,986	2,986
Infill AH NSA (M2)	2,530	2,530	2,530
Council AH GFA (M2)	1,586	816	0
Council AH NSA (M2)	1,345	691	0
REVENUE			
Residential Sales	$207.11	$217.90	$229.30
Affordable Housing Revenue	$31.31	$31.31	$31.31
Commercial / Retail Sales	$22.50	$22.50	$22.50
Gross Revenue	$260.92	$271.71	$283.11
Selling Costs	$6.52	$6.79	$7.08
GST	$18.83	$19.81	$20.85
Net Revenue	**$235.57**	**$245.11**	**$255.19**
ACQUISITION AND SALES COSTS			
Cost of Land	$26.5	$26.5	$26.5
Acquisition Costs	$1.65	$1.65	$1.65
Sales and Marketing Costs	$2.07	$2.18	$2.29
OTHER COSTS			
Loan Costs	$0.64	$0.64	$0.64
Interest Cost	$30.22	$30.22	$30.22
Legals and Valuation Cost	$0.15	$0.15	$0.15
Developer Contributions	$9.63	$9.63	$9.63
CONSTRUCTION COSTS			
Demolition & Remediation	$0.52	$0.52	$0.52
Construction	$126.48	$126.48	$126.48
Consultant Fees	$6.35	$6.35	$6.35
Authorities Fees (LSLL)	$0.35	$0.35	$0.35
Contingency	$6.35	$6.35	$6.35
Escalation	$2.54	$2.54	$2.54
Construction Cost (excl GST)	$142.59	$142.59	$142.59
Net Project Costs	**$213.45**	**$213.56**	**$213.68**
PROFIT & LOSS			
Target Profit (20% Project Costs)	37.39	37.41	37.44
Profit	22.11	31.55	41.51
Profit Margin	10.4%	14.8%	19.4%
Residual Land Value	11.22	20.63	30.58

Source: Various, including Draft Affordable Housing Allocation – 810 Pacific Highway (11/26/25)

The modelling demonstrates that both Option A and Option B fall short of the 20% target profit margin, recording profit margins of approximately 10.4% and 14.8% respectively. In both scenarios, elevated overall development costs continue to erode profitability. These impacts are compounded by fixed and largely inelastic cost items, including land acquisition costs of $26.5 million, within a market context where residential sales rates are constrained by independent valuation evidence.

Option B, importantly, represents a clear improvement over Option A, increasing marketable residential floor area, lifting net revenue and improving residual land value.

Option C is the preferred scenario, achieving a profit margin of approximately 19.4%. This scenario highlights the sensitivity of feasibility to changes to affordable housing allocations and establishes a viable baseline against which the other scenarios can be assessed.

9.5 Effective Affordable Housing Yield

A critical outcome of the modelling is that, even where Council's affordable housing contribution is reduced below 10 per cent or to nil, the proposal continues to deliver a substantial affordable housing outcome due to the fixed Housing SEPP requirement.

This analysis demonstrates that:

- the planning uplift is already being significantly captured for public benefit through the Housing SEPP mechanism
- reducing Council's contribution to a feasible level does not undermine overall affordable housing delivery
- applying excessive cumulative contributions increases the risk of non-delivery and results in no housing or affordable housing outcome.

9.6 Delivery Risk and Public-Interest Implications

If cumulative affordable housing obligations exceed feasible thresholds, there is a material risk that:

- development finance cannot be secured
- construction is delayed or abandoned
- neither market housing nor affordable housing is delivered.

This risk is heightened by the site's physical complexity, extended programme duration and capital intensity, as outlined in previous chapters.

The policy intent of both the Housing SEPP and the Ku-ring-gai Local Environmental Plan 2015 is clear and aligned. As outlined in Chapter 5.1, the planning framework seeks to increase housing supply in accessible locations, deliver affordable housing outcomes alongside market housing, and support sustainable, transit-oriented communities within centres such as Gordon.

The feasibility assessment undertaken for this report has been prepared with those objectives in mind and reflects a genuine effort to identify a pathway that enables delivery of both housing and affordable housing on the subject site. However, the modelling demonstrates that the combined application of the Housing SEPP affordable housing requirement and the local affordable housing contribution contemplated under clause 6.14 of the KLEP cannot be realised in practice without rendering the development unviable.

In this context, the issue is not a lack of policy alignment or intent, but the economic reality of delivering development on a constrained site within current market conditions. The evidence shows that the aspirational affordable housing outcomes generated by the cumulative operation of State and local mechanisms exceed feasible thresholds and materially increase the risk of non-delivery.

Of the scenarios tested, Option C represents the preferred scenario for delivering a feasible and meaningful quantum of affordable housing on the site while also lowering risks and enabling the broader housing outcomes sought for the Gordon centre (through delivery of both market- and affordable housing).

Importantly, this conclusion is consistent with the statutory framework. Clause 6.14(5) of the KLEP provides that the consent authority may impose a condition requiring an affordable housing contribution, rather than mandating such a contribution in all circumstances. This discretionary wording expressly enables the consent authority to make a determination based on sound evidence, including demonstrated development viability and the public interest.

In circumstances where the evidence establishes that the cumulative application of affordable housing mechanisms would sterilise development capacity and frustrate delivery of both market and affordable housing, reliance on the Housing SEPP pathway alone represents a proportionate, lawful and evidence-based outcome that best advances the underlying policy objectives.

Appendices

Appendix A: Independent Valuation Advice

Fw: Gordon Revenue Modelling

From Mark Abraham <mark@ecove.com.au>
Date Wed 16/04/2025 15:27
To Bassam Aflak <ba@ecove.com.au>

FYI

From: Khan, Tahir @ Sydney <Tahir.Khan@cbre.com.au>
Sent: Wednesday, April 16, 2025 3:22 pm
To: Mark Abraham <mark@ecove.com.au>
Subject: RE: Gordon Revenue Modelling

Hi Mark,

Based on the sales evidence listed below, it appears that an average rate of $18,000/sqm of NSA for a Pacific Hwy position at Gordon is above current market expectations.

As you can see from the below, superior North Shore locations such as Lindfield achieve a lower rate. Locations such at St Leonards are ranging between $19-$20k/sqm which have superior views and have a closer proximity to the Sydney CBD.

I note there is limited evidence of new projects within Gordon at this stage, the only publicly advertised one is "Northgrove" at 26-30 McIntyre Street – a superior location off the main road. This is a relatively boutique development with 31 approved units. The asking price for a 131 sqm 3 bed unit is from $2.1 mill – approx. $16,000/sqm.

Given limited sales of brand new apartments, I've also provided sales of modern apartments along Pacific Highway, which indicate a range of $10,429 to $13,750 per sqm.

Hope this helps.

Regards,
Tahir

Street Address	Suburb	Sale Date	Sale Price	Bed	Bath	Car	Year Built	Floor Si
206/888A PACIFIC HIGHWAY	GORDON	01 May 2024	$640,000	1	1	1	2020	52
111/888B PACIFIC HIGHWAY	GORDON	31 Jan 2025	$890,000	2	2	1	2020	74
210/888B PACIFIC HIGHWAY	GORDON	16 Apr 2024	$676,000	1	1	1	2020	58
307/888B PACIFIC HIGHWAY	GORDON	28 Jun 2024	$655,000	1	1	1	2020	51
406/888B PACIFIC HIGHWAY	GORDON	06 Sep 2024	$900,000	2	2	1	2020	83
509/888B PACIFIC HIGHWAY	GORDON	16 Sep 2024	$660,000	1	1	1	2020	48
303/888C PACIFIC HIGHWAY	GORDON	23 Aug 2024	$1,700,000	3	2	2	2020	16[illegible]

"Balfour Place"
376-384 Pacific Highway, Lindfield

LOCATION

The site is situated on the eastern alignment of the Pacific Highway, approximately 270 metres north east from its intersection with Bent Street. It is located approximately 13 kilometres north of the Sydney CBD.

The site is situated approximately 350 metres south east of Lindfield Railway Station.

BRIEF DESCRIPTION

A 6- storey mixed use building to comprise a Coles supermarket, occupying 4,590 sqm, two (2) specialty stores, and 62 residential apartments, consisting of 13 x 1, 34 x 2 and 15 x 3 bedrooms.
The development will provide car parking for 323 vehicles to include 249 commercial, 74 residential and 31 bicycle spaces.

The apartments are to comprise a high level of finish including; timber flooring, stone benchtops, Miele appliances, wine cellars and DRAC. The apartments will have access to a communal podium courtyard and rooftop garden.

Designed by Rothelowman, built by Growthbuilt and developed by Third.i Group.

Works commenced in 2022 and completion is expected circa mid 2025.

PRE SALES SUMMARY

Sales launched in early 2022 with 59 sales completed during launch.

Unit		Internal Area (sqm)			$ Price			Analysis Int. $psm		
Type	Qty.	Min.	Avg.	Max.	Min.	Avg.	Max.	Min.	Avg.	Max.
1Bed	16	52	61	72	$845,500	$959,500	$1,099,500	$14,655	$15,765	$17,114
1Bed+Study	8	61	71	77	$975,500	$1,021,125	$1,075,500	$13,432	$14,523	$15,992
2Bed	11	77	86	98	$1,296,000	$1,523,636	$1,866,000	$15,636	$17,854	$22,935
2Bed+Study	3	92	99	109	$1,416,000	$1,466,000	$1,496,000	$13,725	$14,812	$15,391
3Bed	12	103	126	165	$1,989,000	$2,523,917	$3,265,000	$16,303	$19,995	$22,993
3Bed+Study	6	118	125	139	$2,181,600	$2,459,333	$2,648,600	$17,158	$19,789	$22,149
4Bed	3	213	234	244	$4,000,000	$4,496,667	$4,995,000	$18,422	$19,224	$20,471
	59		97.4			$1,749,356			$17,956	

"Audrey"
13-19 Canberra Avenue, St Leonards

LOCATION

The site is situated along the western alignment of Canberra Avenue, at its intersection with Duntroom Avenue, in St Leonards. It is located approximately 6 kilometres north of the Sydney CBD.

St Leonards Railway Station is located approximately 450 metres north of the site.

BRIEF DESCRIPTION

The proposed development comprises a 12-storey mixed use building containing 79 residential units (1 x studio, 26 x 1 bedroom, 23 x 2 bedroom and 29 x 3 bedroom), plus one (1) x 60 place child care centre and retail facility.

Common building amenities include a lap pool, sauna, cinema and green landscaped central spine throughout the development.

Basement car parking will be provided over four (4) levels, accommodating 134 vehicles.

The apartments are to comprise a medium to high level of finish including; integrated Miele appliances, reconstituted stone benchtops and splashback, gas cooktop and full integrated dishwasher. Each apartment will benefit from views of the park, harbour or city.

Designed by SJB Architects, built and developed by Hypecorp Property Group.

Construction has commenced and completion is circa mid 2025.

ASKING PRICES & PRE SALE SUMMARY

Sales launched in late 2021 with 49 sales completed to date.

Unit		Internal Area (sqm)		$ Price		
Type	Qty.	Avg.	Min.	Avg.	Max.	Avg.
1+S Bed, 1 Bath	16	59	$930,000	$1,024,688	$1,125,000	$17,368
1+S Bed, 1 Bath, No Car	10	53	$825,000	$897,500	$970,000	$16,934
2+S Bed, 2 Bath	23	85	$1,420,000	$1,634,913	$2,100,000	$19,274
2+S+MPR Bed, 2 Bath	2	139	$2,400,000	$2,400,000	$2,400,000	$17,266
3 Bed, 2 Bath	13	106	$1,720,000	$2,284,269	$3,450,000	$21,534
3+S Bed, 2 Bath	14	110	$2,000,000	$2,249,857	$2,548,000	$20,413
3+S Bed, 3 Bath Penthous	1	192	$5,050,000	$5,050,000	$5,050,000	$26,302
Studio, 1 Bath, No Car	1	49	$750,000	$750,000	$750,000	$15,306
	80	86.0		$1,684,581		$19,628

"Elation"
1-3 Holdsworth Avenue & 10-12 Marshall Avenue, St Leonards

LOCATION

The site is situated upon the south western corner of the intersection with Marshall Avenue and Holdsworth Avenue, in St Leonards. It is located approximately 6.3 kilometres north of the Sydney CBD.

The site is situated approximately 450 metres south of St Leonards Railway Station.

BRIEF DESCRIPTION

The proposed development comprises a part 10 and 12-storey residential building, containing 96 apartments (29 x 1 bedroom, 45 x 2 bedroom, 18 x bedroom and 4 x 4 bedroom), plus 400 sqm of communal open space. Basement car parking will be provided over four (4) levels, accommodating 110 vehicles.

The apartments are to comprise a high level of finish including; timber grained cabinetry, fully integrated kitchens, European oak floorboards, engineered stone benchtops, Miele kitchen appliances, timber grained wardrobes and 100% wool carpets to the bedrooms. Each apartment benefits from views of the park, harbour or city.

Designed by PTW Architects, built and developed by New Golden Leonards Pty Ltd.

Expected commencement is mid 2024 and completion is circa mid 2028.

PRE SALES SUMMARY

Sales launched in late 2022 with 20 to 30 sales completed during launch. Below is a summary of asking prices.

Unit	Int. Area (sqm)	$ Price Range			Analysis Int. $psm
Type	Avg.				Range
1Bed	51	$820,000	-	$1,120,000	$16,078 - $21,961
2Bed	80	$1,320,000	-	$1,550,000	$16,500 - $19,375
3Bed	95	$1,800,000	-	$2,400,000	$18,948 - $25,263
	51-95	$820,000		$2,400,000	$19,000

"Northcote Collective"
2-6 Northcote Street, Naremburn

LOCATION

The site is situated on the north western corner of Northcote Street and Evans Lane, in Naremburn. Naremburn is located on the lower North Shore of Sydney, approximately 6 kilometres north of the Sydney CBD.

St Leonards Railway Station is located approximately 250 metres south west of the site. The proposed Crows Nest Metro Station is to be located approximately 600 metres to the south-east.

Royal North Shore Hospital is located approximately 600 metres to the west.

BRIEF DESCRIPTION

The proposed development comprises of 2 x stages; Stage 1 refers to a 9-storey shop top housing building containing 58 residential apartments (24 x 1 bedroom, 24 x 2 bedroom, 10 x 3 bedroom) and ground floor business and retail premises; Stage 2 is a 4-storey commercial building along Northcote Road.

The apartments are to comprise a high level of finishes including; Stone island benches, stone splash backs, V-Zug appliances, feature tapware and ducted air conditioning. Shared communal areas include rooftop alfresco dining amenities, comprising a barbecue, bar and table seating, and outdoor swimming pool.

The development is to provide basement car parking for 96 vehicles including 13 visitor spaces.

Designed by Rothelowman, built and developed by Abadeen Group.

Expected commencement is late 2023 and completion is circa mid 2026.

PRE SALES SUMMARY

Sales launched in Q3 2022 with 23 x sales completed to date (Oct 24).

Unit		Internal Area (sqm)			$ Price			Analysis Int. $psm		
Type	Qty.	Min.	Avg.	Max.	Min.	Avg.	Max.	Min.	Avg.	Max.
1Bed	4	58	58	58	$1,125,000	$1,145,000	$1,165,000	$19,397	$19,741	$20,086
2Bed	13	74	78	105	$1,490,000	$1,614,154	$1,925,000	$18,333	$20,704	$22,143
3Bed	2	101	105	108	$2,200,000	$2,325,000	$2,450,000	$21,782	$22,234	$22,685
3Bed_2T	2	105	108	111	$2,500,000	$2,575,000	$2,650,000	$23,810	$23,842	$23,874
	23		77.6			$1,616,478			$20,840	

Tahir Khan AAPI CPV
Senior Director
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From: Mark Abraham <mark@ecove.com.au>
Sent: Wednesday, 16 April 2025 2:19 PM
To: Khan, Tahir @ Sydney <Tahir.Khan@cbre.com.au>
Subject: Gordon Revenue Modelling

External

Hi Tahir,

As discussed, Ecove is delivering a project 810 Pacific Highway Gordon in conjunction with Aldi.

Recently, Council published draft planning controls that propose the following on this mixed use site:

- 6:1 FSR
- 54.5m height limit
- 10% Affordable Housing to be dedicated to Council

Refer to attached maps. The site is the corner of Dumaresq St.

Ecove have been engaging with Council to remove or reduce the 10% affordable housing. Council's economic assessment advisor Atlas Economics issued a public report justifying that $18,000 is the appropriate revenue rate per sqm for this location.

Despite Ecove providing sales evidence to the contrary and noting other factors, we demonstrated using Atlas's modelling that 10% is not viable, not even at $18,000 per sqm.

Atlas in a meeting held on 16 April 2025 now stated that $18,000 per sqm is too low and it should be an average of $20,000 per sqm. They have relied on "anecdotal" evidence from real estate agents and sales in Roseville and Lindfield.

Their justification is that the building will be 15 levels and taller than other buildings but does not consider that the adjacent Gordon Centre and Council sites will each have 25 to 28 storey buildings that remove any perceived height and value benefit.

We understand that we can't complete a full valuation at this stage given the time required to respond, however, could you please give us a letter of your view of the above assumptions and the likely range on where the rates should be set.

Thanks & regards,

Mark Abraham
Ecove Group

Sources: Tahir Khan AAPI CPV, Senior Director - CBRE Valuations Pty Ltd

Mark Abraham
Ecove Group

ecove®

T 02 9763 0444 | M 0404 474 676 | W ecove.com.au

From: Frank Melani <frank.melani@m3property.com.au>
Sent: Thursday, 17 April 2025 1:01 PM
To: Mark Abraham <mark@ecove.com.au>
Cc: Matthew Maruca <Matthew.Maruca@m3property.com.au>
Subject: RE: Gordon Revenue Modelling

Hi Mark,

I hope you are well and apologies for the delay.

We have reviewed the commentary provided below in relation to the reflective rates proposed to be achieved along Pacific Highway, Gordon.

We have reviewed comparable market evidence within Gordon and specifically along Pacific Highway and note that the proposed reflective rates of internal area for residential apartments in the range of circa \$18,000/m² to \$20,000/m² is considered above current market indicators.

In addition, we acknowledge existing sales evidence of residential apartments along Pacific Highway, Gordon within the last 12 months have been transacting within the range of \$10,000/m² and \$15,000/m².

Lastly, we note that there is limited off the plan projects currently marketed for sale in Gordon. However, we note new apartments will attract a premium of circa 10-15% along the Pacific Highway, therefore, being in the estimated range of \$14,500/m² and \$16,500/m².

Should you have any questions in relation to the above, please don't hesitate to contact me.

Kind regards,

Frank Melani

Managing Valuer - Residential Development

02 8234 8100 | +61 411 383 919

Level 39, 25 Martin Place, Sydney NSW, 2000
frank.melani@m3property.com.au | m3property.com.au

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From: Mark Abraham <mark@ecove.com.au>
Sent: Thursday, 17 April 2025 12:59 PM
To: Frank Melani <frank.melani@m3property.com.au>
Cc: Matthew Maruca <Matthew.Maruca@m3property.com.au>
Subject: Gordon Revenue Modelling

Hi Frank,

Hope you are well.

Ecove is delivering a project 810 Pacific Highway Gordon in conjunction with Aldi.

Recently, Council published draft planning controls that propose the following on this mixed use site:

- 6:1 FSR
- 54.5m height limit
- 10% Affordable Housing to be dedicated to Council

Refer to attached maps. The site is the corner of Dumaresq St.

Ecove have been engaging with Council to remove or reduce the 10% affordable housing. Council's economic assessment advisor Atlas Economics issued a public report justifying that $18,000 is the appropriate revenue rate per sqm for this location.

Despite Ecove providing sales evidence to the contrary and noting other factors, we demonstrated using Atlas's modelling that 10% is not viable, not even at $18,000 per sqm.

Atlas in a meeting held on 16 April 2025 now stated that $18,000 per sqm is too low and it should be an average of $20,000 per sqm. They have relied on "anecdotal" evidence from real estate agents and sales in Roseville and Lindfield.

Their justification is that the building will be 15 levels and taller than other buildings but does not consider that the adjacent Gordon Centre and Council sites will each have 25 to 28 storey buildings that remove any perceived height and value benefit.

We understand that we can't complete a full valuation at this stage given the time required to respond, however, could you please give us a letter of your view of the above assumptions and the likely range on where the rates should be set.

Sources: Frank Melani, Managing Valuer – M3 Property

ABN 18 090 139 076

Level 22, 1 O'Connell Street
SYDNEY NSW 2000
AUSTRALIA

Telephone: +61 2 8243 9999
cushmanwakefield.com.au

23 April 2025

Mark Abraham
Ecove Group Pty Limited
Locked Bag 1451
Meadowbank NSW 2114

Via email to: mark@ecove.com.au

Dear Mark,

PROPERTY: **810 PACIFIC HIGHWAY, GORDON NSW 2072**
CLIENT NAME: **ECOVE GROUP PTY LIMITED**

Basis of Advice

We refer to the signed letter of instruction dated 17 April 2025 requesting Cushman & Wakefield Valuations to provide Value Advice for the above-mentioned property, for internal reporting purposes only.

Our specific instructions are to provide:

- Assessment of an average residential rate per square metre of NSA range for a hypothetical project within the subject location.

We understand that there is a DA Consent approved on the site; however, the underlying planning considerations are in the process of being re-assessed (from which the DA was initially approved under) and as such, we have been advised by the Instructing Party that a materially larger proposal could be sought under the potential revised planning. We note that we have not been provided with any specific plans or documents to reflect what the potential development could look like or yield; however, we have been specifically instructed to disregard the existing DA and assess the average residential rate per square metre of NSA range on the basis of hypothetical apartments within a redevelopment of the parent project ((under the revised draft planning amendments (heightened FSR and building heights)). Our assessment provides an indicative gross realisation rate (NSA) range with a number of assumptions noted herein. Our assessment is for internal reporting purposes only.

The Reliance Party needs to be acutely aware that the Advice herein is based on information provided by the Instructing Party only. We have not been provided with any plans detailing unit types, areas, configurations, level of finish, view profiles and parking (amongst other considerations) and as such, we have assessed some critical assumptions herein to which we have based our assessment. Should plans or a formalised proposal be prepared, which should differ materially from our assumptions within our assessment herein, then the value range noted herein may vary.

This advice is made subject to the general limitations, conditions and qualifications contained within.

Date of Inspection and Advice

23 April 2025

Reliance & Purpose

This advice has been prepared for the private and confidential use of the Ecove Group Pty Limited ("Reliance Party/s") to assist with their ongoing discussions with Council and is suitable for internal reporting purposes only.

This advice is not, under any circumstances, to be used for any other purpose including mortgage security or submitted to any other recipient.

It should not be relied on for any other purpose or by any other party not named herein and should not be reproduced in whole or part without the express written consent of Cushman & Wakefield.

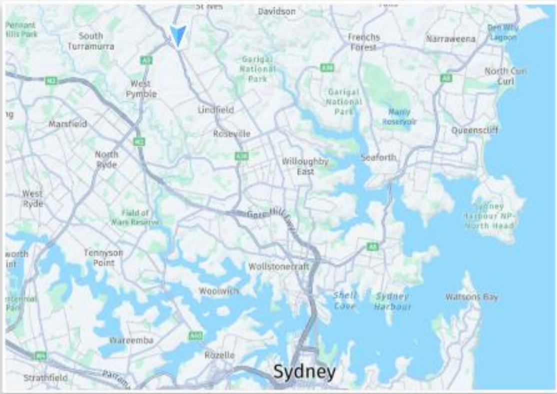
Overview

The subject allotment is situated on the corner of the Pacific Highway, Dumaresq Street and Radford Place (rear lane access) and is located within the established Gordon Town Centre. The site benefits from proximity to key local amenities including Gordon Centre (directly opposite the site). Typical surrounding development comprises traditional 'shop-top' style retail, commercial and residential uses along the Pacific Highway as well as some Council and Municipal buildings. Further surrounding development comprises a mixture of medium to high density older and newer style residential apartment developments, townhouse developments and older and newer low-density dwellings.

Gordon is a well-established upper north shore suburb situated approximately 17 kilometres northwest of the Sydney GPO and approximately 6.5 kilometres northwest of Chatswood. The subject property is located approximately 350 metres north of Gordon Railway Station, which provides direct rail services to Sydney CBD and other northern suburbs.

A location overview of the subject property is shown below:

Source: Nearmap.com

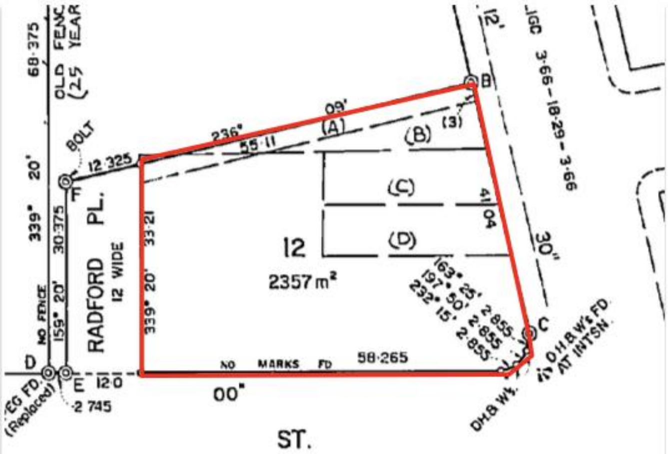


Source: Nearmap.com

The subject property is known as Lot 12 in Deposited Plan 631351. By reference to the Deposited Plan, the site comprises a land area of 2,357.0m², with a 41.04 metre frontage to the Pacific Highway and with the benefit of rear lane access via Radford Place. The natural landform is noted to slope from its Pacific Highway frontage down to Radford Place (although noting the site was excavated to allow for the previous improvements).

The site was formerly improved with a multi-level commercial office building; however, the improvements have been since mostly demolished (in circa 2023) and now comprise a fenced development site with only a part of the former improvements remaining on-site.

An extract of the Deposited Plan is as follows.



Current Town Planning and Relevant Approvals

As it relates to the subject property, we summarise pertinent planning considerations as follows:

- Zoned 'E1 Local Centre' under the Ku-ring-gai Local Environmental Plan 2015.
- Height of Building: 26.5 metres.
- Floor Space Ratio (FSR): 3:1.
- Key Sites Map: Area 1 (see Section 4.4(2E) of KLEP 2015).
- Acid Sulfate Soils: Class 5.

The site was also DA Approved (DA0610/17 with modifications) for an 8-Storey mixed-use project containing 55 apartments and retail/commercial uses on the lower level. This DA was achieved on the basis of the underlying planning parameters noted above. Based on the information detailed herein, this DA has been disregarded.

Transport Oriented Development & Council Response

The New South Wales (NSW) Government's Transport Oriented Development (TOD) Program, introduced in May 2024, aims to address the state's housing crisis by increasing residential density within 400 metres of 37 selected metro and rail stations (including Roseville, Lindfield, Killara, and Gordon in Ku-ring-gai). This initiative seeks to create more sustainable, connected communities by providing housing close to public transport, jobs, and amenities.

Ku-ring-gai Council initially opposed the plan due to concerns about impacts on various aspects including heritage areas and tree canopy. After public consultation and negotiation, the Council reached an agreement with the state in late 2024, allowing for locally tailored planning controls. In early 2025, the Council endorsed a preferred scenario that supports town centre development while protecting local character and green space.

Revised Town Planning

Ku-ring-gai Council published a notice of an extraordinary meeting, which was held on 31 March 2025 to discuss community feedback on the alternate housing scenarios proposed by Council instead of the state-led TOD provisions, as well as a preferred scenario for public exhibition. We have been provided with information by the Instructing Party, noting that Council has published draft planning controls that propose the following revised planning considerations on the subject site:

- Height of Building: 54.5 metres.
- Floor Space Ratio (FSR): 6:1.
- 10% Affordable Housing to be dedicated to Council.

As per the information provided, we also note that if a site includes a site area of 9,500m² and a minimum requirement of community infrastructure is provided (3,000m² of community infrastructure (GFA) or 2% of the GFA dedicated to Affordable Housing) and 1:1 FSR provided for non-residential uses, then an increased building height of up to 93 metres and FSR of up to 6.5:1 can be achieved.

Detailed below are some extracts of the proposed planning maps for the subject site, as provided by the Instructing Party (Building Height Map – Left) (FSR Map – Right).

The above planning considerations are purely based on information provided by the Instructing Party and our assessment herein has been made on the basis of a project completed in-line with the revised planning as approved (as specifically instructed).

The Instructing Party has advised they intend to revise the proposed redevelopment of the site, upon finalisation of revised planning in-line with the above. There is a material difference between the current planning scheme and the proposed revised scheme and as such, the existing DA (which was initially approved under the current planning parameters), could be notably higher in terms of project size. Whilst we have not been provided with any proposed plans for development of the subject site, we have been advised by the Instructing Party that under this scheme the site could support a development of circa 15-Storeys.

Recent Apartment Sales Evidence

In determining our assessment of an average Gross Realisation rate (NSA) range for a hypothetical development on the subject site as noted herein, we have had regard to a selection of sales in the general vicinity of the subject as detailed below. The data below has been collated between June 2023 up until the date of this assessment.

Project	Status/Age	Unit Mix			Achieved Rates ($/m²)		
		Type	No.	Avg. (m²)	Low	High	Average
'Altessa 888' – 870-898 Pacific Highway, Gordon	Complete 2020	1 Bed	8	50.8	$11,500	$13,200	$12,521
		2 Bed	4	81.0	$10,768	$12,192	$11,300
		3 Bed	2	98.0	$15,532	$16,667	$16,099
		Total / Avg.	14	66.1	$10,768	$16,667	$12,683
'Vertice' - 904-914 Pacific Highway, Gordon	Complete 2018	1 Bed	3	55.7	$10,259	$13,500	$11,959
		2 Bed	6	80.0	$9,620	$10,850	$10,345
		Total / Avg.	9	71.9	$9,620	$13,500	$10,883
'Octavia' - 8 Buckingham Road, Killara	Complete 2019	1 Bed+S	1	75.0	$9,600	$9,600	$9,600
		2 Bed	7	83.9	$11,209	$16,747	$13,694
		2 Bed+S	1	93.0	$17,419	$17,419	$17,419
		3 Bed	1	115.0	$13,478	$13,478	$13,478
		Total / Avg.	10	87.0	$9,600	$17,419	$13,635
'Village Lane' – 305 Pacific Highway, Lindfield	Complete 2023	1 Bed	2	56.0	$15,357	$16,196	$15,777
		2 Bed	6	76.8	$14,605	$20,800	$17,418
		Total / Avg.	8	71.6	$14,605	$20,800	$17,007
'Easton' - 7-11 Havilah Road, Lindfield	Complete 2024	1 Bed	3	54.0	$15,818	$16,923	$16,277
		2 Bed	7	79.3	$18,395	$21,566	$19,873
		3 Bed	4	113.8	$23,448	$28,236	$25,059
		Total / Avg.	14	83.7	$15,818	$28,236	$20,584
'Parq' – 10-16 Gilroy Street, Turramurra North	Complete 2019	2 Bed	4	76.0	$13,014	$17,752	$15,287
		Total / Avg.	4	76.0	$13,014	$17,752	$15,287

Of the evidence contained above, we summarise each unit type range below. We have amalgamated any apartment type with a Study to the base category.

	Evidence Range
1 Bed	$9,600/m² to $16,923/m²
2 Bed	$9,620/m² to $21,566/m²
3 Bed	$13,478/m² to $28,236/m²

We also summarise the average sale rate per square metre of NSA per project in the table below.

	Average NSA Rate
'Altessa 888'	$12,683
'Vertice'	$10,883
'Octavia'	$13,635
'Village Lane'	$17,007
'Easton'	$20,584
'Parq'	$15,287

Value Advice & Rationale

In assessing an average Gross Realisation rate (NSA) range for a hypothetical project on the subject site, we have utilised the Direct Comparison (DC) approach.

As noted herein, we have been specifically instructed to assess a hypothetical rate range for a project to be completed on the basis of the revised planning controls noted herein. Our assessment of a rate range provides our indicative assessment of revenues achievable within the subject location and subject to the assumptions noted herein. We have not been provided with specific development plans noting internal layouts, proposed finish, unit type, view profiles etc and as such, we have had to make various assumptions, which we have noted below.

In assessing the site herein, we have made the following critical assumptions:

- The apartments to include a typical internal layout, internal/external areas and level of finish, commensurate with similar projects in the subject location.
- A typical apportionment of parking provided.
- Some elevated view profiles (although, we note that adjoining development within draft planning controls include building heights either similar or well above the subject proposed height (north (83.5 metres), east (51.5 metres and 83.5 metres) and west (83.5 metres and 51.5 metres), while south includes a base height limit of 38.5 metres, which in itself would take up a notable amount of view profile; however, as noted in the information provided, if certain conditions are satisfied (minimum site area of 9,500m² and a certain level of community infrastructure provided), then a height limit of up to 93 metres could be achieved and if this height limit and density was to be achieved to the south, it would materially impact the view profiles from the subject hypothetical project). As such, we consider the majority of the view profile will be obstructed.

Gross Realisation Assessment

In ascribing an average gross realisation rate (NSA) for a hypothetical development on the subject site, we have adopted the Direct Comparison approach as the primary method of assessment. This approach identifies comparable sales on a per square metre of Net Saleable Area (NSA) basis and compares the equivalent rates to the potential subject to establish an appropriate value range.

For the purposes of this advice, we have assessed an average hypothetical rate to be applied to the project and this is done so on an essentially completed basis assuming the apartments are complete as at the date of assessment and provided with unencumbered individual Strata title.

In ascribing a gross realisation rate (NSA) range, we have had regard to the evidence as detailed herein and provide the following summary of the evidence.

	Average NSA Rate
'Altessa 888'	$12,683
'Vertice'	$10,883
'Octavia'	$13,635
'Village Lane'	$17,007
'Easton'	$20,584
'Parq'	$15,287

Of the evidence, we have had particular regard to the following projects noted overleaf.

- **'Altessa 888'** – This comprises a modern project (albeit, 5-years old) within general proximity to the subject site, with similar Pacific Highway frontage, albeit is within an inferior position (not within the Gordon Town Centre) and includes more notable road exposure. Includes a generally typical level of finish for the subject location and a typical unit mix. We consider this project to be inferior to the subject overall and as such, the subject hypothetical unit NSA rate range would warrant higher values above this project.
- **'Vertice'** – This comprises a modern/semi-modern project (7-years old) within general proximity to the subject site, with similar Pacific Highway frontage, albeit is within an inferior position (not within the Gordon Town Centre) and includes more notable road exposure. Includes a generally investment standard level of finish for the subject location and a typical unit mix. We consider this project to be inferior to the subject overall and as such, the subject hypothetical unit NSA rate range would warrant higher values above this project.
- **'Village Lane'** – This comprises a modern project within a superior location compared to the subject. Includes similar Pacific Highway frontage. Internal finish is considered to be above typical finishes within the general location. In immediate proximity to Lindfield Town Centre. We consider this project to be superior to the subject overall and as such, the subject hypothetical unit NSA rate range would warrant lower values below this project.
- **'Easton' –** This comprises a modern project within a far superior location compared to the subject. Includes superior street positioning with no main road frontage in a quiet street. Still within proximity to Lindfield Town Centre and Station. Internal finish is considered to be above typical finishes within the general location. We consider this project to be superior to the subject overall and as such, the subject hypothetical unit NSA rate range would warrant lower values below this project.

In ascribing an average Gross Realisation rate (NSA) range to the subject hypothetical project, we have also considered the following specific characteristics of the subject site:

- Pacific Highway frontage.
- The land falls to the rear/west, potentially preserving some view profiles.
- Positioning within Gordon Town Centre and proximity to local amenities and infrastructure.

Having regard to the above, in addition to the commentary/assumptions herein and with regard to the sales evidence, we consider the following average gross realisation rate (NSA) range to be appropriate for a development on the subject site.

Gross Realisation Range (NSA)			
$/m² NSA Range	$15,500/m²	to	$16,500/m²

The adopted range is considered to fall within the sales appropriately.

General Limitations, Conditions & Qualifications

This advice does not constitute a valuation. Whilst all relevant enquiries have been made and particular information obtained to prepare this advice under the scope instructed, the Reliance Party/s recognise that we have not been instructed to conduct a valuation and provide full calculations and a valuation report at this stage.

Cushman & Wakefield is necessarily limited by the agreed scope in providing this advice and we do not warrant that we have identified or verified all of the matters which a full audit, valuation, extensive examination or 'due diligence' investigation might disclose. Accordingly, the reliance parties recognise any limitations, qualifications, assumptions or conditions contained within this advice and we reserve the right to review this advice subject to provision of further information or clarification of the qualifications, conditions and assumptions noted within.

This advice is current at the date of this advice only. The timing and extent of market movements is impossible to accurately predict, and we do not attempt to do so. The assessed advice provided herein may change significantly and unexpectedly over a relatively short period as a result of general market movements, or factors specific to the subject property identified herein. We do not accept any duty to protect your financial interests against such movements.

Given the nature of the advice and as agreed under our engagement letter, the Reliance Party/s agree to indemnify and hold harmless Cushman & Wakefield Valuations, the Valuer(s) or any of its directors, agents or employees for any loss or any action for loss arising from reliance on this qualified and limited advice to the extent that loss does not result from fraud, negligence or failure to use due care and skill. Our aggregate liability to the Reliance Party/s, any related or associated entities, in connection with this advice is limited to an amount equal to the Fee.

This advice is not intended to be used as financial advice, express or implied, and we confirm that the undersigned and Cushman & Wakefield are not licensed to provide financial product advice under the Corporations Act 2001.

Unless otherwise stated, all amounts stated herein are net of GST, are on a before tax basis and are before acquisition or selling expenses.

The counter-signatory verifies that this advice is genuine and issued and endorsed by Cushman & Wakefield. The value range expressed in this report, however, has been arrived at by the prime signatory acting as the valuer.

We trust that the above satisfies your immediate requirements, however, should you have any queries in respect of our advice, please do not hesitate to contact the undersigned.

Yours sincerely

Cushman & Wakefield (Valuations) Pty Ltd

Dylan Dinte MRICS AAPI CPV
Director | Residential Development

Nicholas Garnsey AAPI CPV
Divisional Director | Government, Legal & Corporate

Sources: Dylan Dinte – Director, Residential Development and Nicholas Garnsey – Divisional Director, Government, Legal & Corporate, Cushman & Wakefield

Appendix B: Solve Property – Research

Resales / Established Market

- Reviewed over 200 records for calendar year 2025 YTD. After excluding non-transactional entries (e.g. transfers, trusts, duplicates), there were approximately 116 genuine sales transactions.
- There are a few outliers (penthouses, unusually high results), but most resales sit around $10,000 to $13,000 per sqm (internal).
- Based on logic that new development pricing equals established unit prices plus a 30% premium, this broadly aligns with Cushman's view of $15,500 to $16,500 per sqm.

Off-the-Plan (OTP)

- There are limited new developments in Gordon and surrounding suburbs.
- Northgrove, Gordon (26-30 McIntyre Street): Asking from around $1.9M for a 3-bedroom unit. Based on the lodged DA, this equates to approximately $15,700 per sqm (internal).
- Lindfield: Two projects are currently marketed, but neither provides price information on their websites or on realestate.com.au.
- Turramurra: Two contrasting products. The Gilroy (17-21 Gilroy Road) is a more premium, boutique offering, while Finlay House (1456-1456A Pacific Highway) is a more typical apartment project aimed at the broader market. Their pricing reflects this, at approximately $25,000 per sqm vs $16,000 per sqm respectively.
- Roseville: There are many projects, though this is effectively a different market (more aligned with Chatswood/Roseville).

Table A.1. OTP Sales

New OTP project(s)										
Project	Address	Bed	Bath	Car	Price		Int	Ext		$ per sqm (int)
Northgrove	26-30 McIntyre Street, Gordon, NSW 2072	3	2	2	$ 1,900,000		120.7	12.5	3 Bed	$ 15,742
Northgrove	26-30 McIntyre Street, Gordon, NSW 2072	3	2	2	No info		161.2	12	3 Bed with Multi-Purpose Room	
Northgrove	26-30 McIntyre Street, Gordon, NSW 2072	4	3	3	No info		241.5		4 Bedroom with Private Rooftop	
Lindfield House	59-63 Trafalgar Ave, Lindfield, NSW 2070	1	1	1	No info					
Lindfield House	59-63 Trafalgar Ave, Lindfield, NSW 2070	2	2	1	No info					
Lindfield House	59-63 Trafalgar Ave, Lindfield, NSW 2070	3	2	2	No info					
Lindfield House	59-63 Trafalgar Ave, Lindfield, NSW 2070	4	2	2	No info					
Easton	7-11 Havilah Road, Lindfield, NSW 2070	2	2	1	No info					
Easton	7-11 Havilah Road, Lindfield, NSW 2070	3	2	1	No info					
The Gilroy	17-21 Gilroy Road, Turramurra, NSW 2074	3	2	2	$2.55M	100-110			3 Bed	$ 24,286
The Gilroy	17-21 Gilroy Road, Turramurra, NSW 2074	3	2	2	$3.5M	130-150			3 Bed with Multi-Purpose Room	$ 25,000
The Gilroy	17-21 Gilroy Road, Turramurra, NSW 2074	4	3	2	$4.6M	160-170			4 Bed	$ 27,879
The Gilroy	17-21 Gilroy Road, Turramurra, NSW 2074	4	3	2	$6-7M	140			Penthouse	$ 46,429
Finlay House	1456-1456A Pacific Highway, Turramurra	1	1	1	$ 740,000	45	8			$ 16,444
Finlay House	1456-1456A Pacific Highway, Turramurra	2	2	1	$ 1,101,000	66	10			$ 16,682
Finlay House	1456-1456A Pacific Highway, Turramurra	3	2	2	$ 1,573,000	95	18			$ 16,558
Finlay House	1456-1456A Pacific Highway, Turramurra	4	2	2	$ 2,239,000					

Sources: Solve Property (5 December 2025)