

Relevant Information for Council

FILE: X020058 **DATE:** 9 December 2022

TO: Lord Mayor and Councillors

FROM: Kim Woodbury, Chief Operating Officer

THROUGH: Monica Barone, Chief Executive Officer

SUBJECT: Information Relevant To Item 6.6 – Sale of City Owned Land - Proposed Lot 22, Part 19-21 Lachlan Street, Waterloo

For Noting

This memo is for the information of the Lord Mayor and Councillors.

Background

At the meeting of the Corporate, Finance, Properties and Tenders Committee on 5 December 2022, further information was sought on the sale of a portion of City owned land, surplus to the infrastructure needs for which it was acquired, to an adjoining owner.

Valuation

The City engaged independent valuation firm, Preston Rowe Patterson in January 2021 to provide valuation advice prior to the City issuing a letter granting owners consent to lodgement of a development application.

Upon development consent on 1 November 2021 the City re-engaged Preston Rowe Patterson Valuers (PRP) and land economists, Atlas Economics (AE), to assess market value of the City's surplus land, being proposed Lot 22, part 19-21 Lachlan Street, Waterloo in isolation (no amalgamation with the adjoining developer land) and on an amalgamated basis.

The final valuation reports were issued in January 2022 to inform negotiations.

PRP provided a letter update of their valuation in June 2022 following the purchaser's agreement in principle on price on 31 May 2021 subject to a Heads of Agreement.

The City and purchaser proceeded to develop a non-binding head of agreement subject to each party's respective final approvals.

Ensuring maximum value for the sale of public land

The City having received independent valuation advice is satisfied that the sale of the surplus portion of land to the adjoining owner/developer for amalgamation as required under Sydney Development Control Plan 2012 Lachlan Precinct provisions represents the best financial outcome for the City.

This is supported by the addendum letter prepared by valuers Preston Rowe Patterson which is provided at Confidential Attachment A.

Development Application process

In February 2021 following valuation and independent planning advice the City provided consent as owner to the lodgement of a development application by the adjoining owner/developer that included 19-21 Lachlan Street, Waterloo.

The Owner's consent letter noted:

- (a) both parties were currently in negotiations for sale of the surplus portion of the land which is subject to Council resolution and contract, and
- (b) that the City prohibits any access by the applicant pursuant to and for the purposes of the development application until such time that the sale of the portion of the Land is completed and the applicant is the registered proprietor of the Land.

Prior to issuing owner's consent the City, engaged Ethos Urban to review the development application against the planning controls for the land as an amalgamated site and as a stand-alone site.

Potential yield - amalgamated and as a standalone site

The table below shows the:

- (a) potential gross floor area yield on an amalgamated site basis as provided by the development consent and
- (b) the maximum theoretical gross floor area under different development scenarios where Proposed Lot 22 is developed 'in isolation'. providing the maximum theoretical gross floor area.

The amalgamated site is identified with a base FSR of 1.5:1. The site is also mapped as within Area 6. – Under clause 6.14 of the SLEP 2012, sites within Area 6 may achieve an additional 0.5:1 FSR for the provision of community infrastructure, resulting in a total eligible FSR of 2:1.

If the surplus land were to be developed 'in isolation' for only commercial purposes, then a maximum FSR of 1.8:1 would apply to give a maximum gross floor area of 522 m².

If the surplus land were to be developed 'in isolation' for mixed commercial and residential then a maximum FSR of 1.5:1 would apply to give a maximum gross floor area 435 m².

Proposed Lot 22 has an area of 290m².

	Amalgamated Site Proposed lot 22, 19-21 Lachlan St 25-27 Lachlan St, 1, 1A, 3 and 5 Amelia St	Apportioned Proposed Lot 22	Stand-alone site Proposed Lot 22 'in isolation' Commercial only	Stand-alone site Proposed Lot 22 'in isolation' Mixed Use
Site Area	1,782.70m ² (City 290m ² plus Developer land 1,492.7m ²)	290m ²	290m ²	290m ²
Floor Space Ratio				
Base Floor Space Ratio	1.5:1		1.5:1	1.5:1
Bonus Floor Space Ratio				
End of Trip Community Infrastructure	-		.3:1	-
	.5:1		-	-
Maximum FSR	2:1		1.8:1 (Maximum theoretical)	1.5:1 (Maximum theoretical)
GFA (Total)	3,565.4m ² 1.99:1FSR (consent D/2020/1457)	580.0m ²	522.0 (Maximum theoretical)	435.0 (Maximum theoretical)
Residential	3,072.90m ² (consent D/2020/1457)	499.88m ²	N/A	375.00m ²
Commercial	492.50m ² (consent D/2020/1457)	80.12m ²	522m ²	60.00m ²

In the case of the development in isolation scenarios the actual achievable gross floor area will be challenged by:

- the narrow width of proposed lot 22 that varies from 7-8 metres;
- circulation and balconies for residential
- setbacks due to restriction on residential uses below 8 metres above street level for noise and acoustic concerns; and
- a minimum building depth of 10 metres for non-residential uses to accommodate amenities, storage, back of house and other spatial requirements for non-residential uses.

Memo from Kim Woodbury, Chief Operating Officer

Prepared by: Nicholas Male-Perkins, Commercial Manager

Attachments

Attachment A. Addendum Valuation Letter (Confidential)

Approved

A handwritten signature in black ink, appearing to read "P.M. Barone", with a long horizontal flourish extending to the right.

MONICA BARONE

Chief Executive Officer

Document is Restricted