

Attachment B31

Feasibility and Economic Benefits Letter of Assurance – Waterloo Estate (South) – Land and Housing Corporation



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Secretary
Department of Planning, Industry and Environment
4 Parramatta Square, 12 Darcy Street
Parramatta NSW 2150

26 March 2020

Dear Secretary,

Subject: Planning Proposal – Waterloo South – Key Requirement 25 – Feasibility and Economic Benefits

HillPDA was engaged by Land and Housing Corporation (LaHC) to provide a detailed financial model for the proposed renewal of the Waterloo Estate in Redfern NSW. HillPDA's engagement was part of a wider team of consultants working collaboratively to develop an economically viable solution to the overarching principles and objectives of the Waterloo Estate redevelopment.

The financial model was informed by the following experts; Turner (Architects), Colliers International (market research) and MBM (quantity surveying) to develop a masterplan. The modelling for the Waterloo Estate contained various iterations and peer reviews which HillPDA performed throughout the project.

In November 2019, the rezoning planning pathway for Waterloo changed from a State Significant Precinct process led by the Department of Planning, Industry and Environment to a Planning Proposal process led by the City of Sydney.

This change along with the outcome of discussions between LaHC and City of Sydney resulted in an agreement to proceed with the preparation and lodgement of a Planning Proposal for Waterloo South only, approximately 65% of the original site area. The design changes focused on a reduction in the maximum building height from 40 to 32 stories, more public open space with the introduction of a centralised park opposite the new Waterloo Metro Quarter and wider streets.

As requested by LAHC HillPDA has conducted this further peer review of financial modelling undertaken by LaHC for the updated scheme for the Waterloo South Estate planning proposal to the City of Sydney.

The purpose of HillPDA's peer review is to provide assurance around the accuracy, consistency and transparency of the financial modelling undertaken by LaHC and provide an independent opinion on the validity of the inputs and preferences used in the financial modelling.

After the review, HillPDA was able to verify that the information contained within the sub-consultants' reports had been correctly entered – in that they correspond to the information provided in the LaHC model input sheets – and also that the calculations were accurately and consistently performed.

We can confirm based on the input assumptions provided by the above experts, that the financial modelling results demonstrate a commercially viable development, achieving the overarching principles and objectives of LAHC to deliver increased community benefit and social housing in a prudent commercial manner.

Finally, HillPDA would note at the time of drafting this letter the COVID-19 pandemic is affecting Australia in numerous ways. This advice was provided considering a regular functioning property market. At this early stage, HillPDA is unsure of the full implications that the COVID-19 risk will make on the property market and industry.

Yours sincerely,

Signed by



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