

Attachment E

**Draft Letter of Offer for Public Benefit –
Waterloo Estate (South)**



25 January 2021

Monica Barone
Chief Executive Officer
City of Sydney
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SYDNEY NSW 2001

Email: mbarone@cityofsydney.nsw.gov.au

Dear Monica

Re: Waterloo Estate (South) - Public infrastructure requirements

Thank you for your letter of 23 December 2020 regarding the provision for public infrastructure requirements at Waterloo. As indicated in your letter, we are also keen to resolve the final terms of an agreement with the City of Sydney regarding supporting infrastructure for the renewal of the Waterloo Estate.

In the most recent meeting with Council staff on 19 January 2021, in respect to community benefits, Council advised the NSW Land and Housing Corporation (LAHC) that it was proceeding with an alternative planning proposal, which Council had developed. It is important to note the LAHC lodged planning proposal was developed in response to Council and community feedback and was supported by 27 technical studies. In fact, LAHC has significantly reduced the heights of buildings, created more public space and spent over six months meeting regularly with Council to respond to their concerns. LAHC does not support Council's proposal and is submitting the attached offer based on the planning proposal it lodged in May 2020.

LAHC has very little information on Council's proposal including the additional work undertaken by Council during the Waterloo South assessment phase. To date we have not received the proposed draft Local Environmental Plan and Development Control Plans. More importantly, from what information LAHC has seen, it appears Council's proposal is financially unviable and in LAHC's view does not provide the level of public amenity LAHC is passionate about delivering.

It is therefore critical to state, that the key elements of the LAHC planning proposal, including built form, cannot be separated from LAHC's ability to commit to the proposed infrastructure, as this is key to LAHC's commitment to deliver on the renewal. We note that the public infrastructure envisaged by the LAHC planning proposal is in the order of \$140M - \$150M.

In line with your request, we have attempted to clarify the matters raised and, as mentioned above, the commitments contained within the table attached are conditional on Council's support for a planning proposal consistent with that submitted by LAHC to Council in May 2020.

Should you wish to discuss the matters raised in this letter, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Michael Cassel'.

Michael Cassel
Chief Executive
NSW Land and Housing Corporation

The following table outlines Land and Housing Corporation's (LAHC) position on the public infrastructure in response to the City of Sydney's letter dated 23 December 2020. Note the site is not presently included in the City of Sydney's Development Contributions Plan 2015, however the proposal is to amend the Sydney Local Environmental Plan (LEP) 2012, which is assumed that this plan will apply to future development on the site.

3,048 dwelling total will generate an approximate (depending on mix) contribution liability under the above plan of \$30-40M, this is noting social housing does not incur a contribution.

City of Sydney position	LAHC Response
Parks	
<ul style="list-style-type: none"> The proposed provision of a minimum 2ha of public open space is agreed. The large park in the north west corner and the small park in the south-west of the Waterloo Estate (South) are to be embellished to the City's specifications and dedicated to the City. The City will offset any contributions paid under the City's 7.11 Contributions Plan for: <ul style="list-style-type: none"> land, at a cost of \$200/sqm (approximately \$4.4M) embellishment to an agreed value. 	<ul style="list-style-type: none"> The quantum of open space is agreed. LAHC proposes to dedicate 2.57ha of RE1 zoned land. It is noted that this will service the entire Waterloo Estate and as such the offset credit should be applied to the wider area. Embellishment standard and works in kind offset should be set at \$1,000/sqm consistent with City Developer Contributions Plan rate. Land value should be recognised and offset at \$4,000/sqm given zoning of RE1 and dedication. Offset = \$25.7M embellishment and \$102.8M land value Total Offset = \$128.5M
Roads	
<ul style="list-style-type: none"> The proposed construction and dedication to Council of all new roads on LAHC owned land is agreed. All new roads are to be constructed to the City's Sydney Streets Code and technical specifications. All existing streets within the precinct are also to be upgraded to be consistent with the City's requirements in order to achieve broader objectives including adjustment of levels, undergrounding of services, new footway paving, street trees, seating and the like. All road works are to be free of cost to Council, with no offset against any contributions paid under the City's 7.11 Contributions Plan. 	<ul style="list-style-type: none"> Dedication for new roads agreed. All new roads consistent with LAHC masterplan to be assessed against the Development Control Plan, City's Sydney Streets Code and technical specifications. All existing streets to be upgraded. No offset sought against any contributions payable under the City's 7.11 Contributions Plan.
Community Facilities	
<ul style="list-style-type: none"> A monetary contribution towards provision of community facilities should form part of the public benefit offer. Potential dedication of land within the Waterloo Estate (South) for the use of the future community should be considered as part of the public benefit offer. 	<ul style="list-style-type: none"> LAHC is proposing approximately 6,700sqm of community facilities inclusive of a 2,500sqm multipurpose community facility. The 2,500sqm facility is envisaged by the 2015 Contributions Plan. LAHC is proposing a value of \$19M, which should be fully offset.

City of Sydney position

LAHC Response

Sustainability Measures

- Overall, the development across the site is to achieve 6-star Green Star communities rating.
 - Residential development, for which an incentive is awarded under the Sydney LEP 2012, is to achieve the following:
 - Low-rise (3 storey units) - BASIX Energy 55
 - Mid-rise (4-5 storey units) - BASIX Energy 45
 - High-rise (6 storey units and above) - BASIX Energy 35
 - BASIX Water 45 for all buildings, with a stretch goal of BASIX Water 55 for apartments, which is to be achieved if they have access to a recycled water solution.
 - The commercial component of buildings is to achieve the following:
 - NABERS Energy Commitment Agreement of 5.5 stars for the base building of commercial office buildings with a net lettable area of 1,000sqm or more. A base building rating covers the performance of the building's central services and common areas, which can be influenced by building design and the building services;
 - NABERS Water rating of 4.5 stars for commercial office buildings with a net lettable area of 1,000sqm or more.
 - All buildings are to be dual reticulated and capable of connecting to a future water recycling facility.
- LAHC has provided a study outlining sustainability commitments.
 - LAHC notes that an LEP cannot require higher than BASIX minimums and is of the view that these should not form part of any planning agreement.
 - As per Waterloo South Planning Proposal 6-star Green Star Communities rating and a 5-star Green Star Design & As-Built for buildings rating is proposed.
 - LAHC will target opportunities to deliver beyond the compliance targets for BASIX Energy and BASIX Water.
 - LAHC will achieve a NABERS Energy rating of 5.5 stars and NABERS Water rating of 4.5 stars for commercial areas
 - LAHC will maximise opportunities for the installation of solar photovoltaic systems.
 - LAHC will, where possible, include green roofs to provide amenity, improve microclimate conditions and create comfortable communal spaces.
 - **LAHC's proposal is generally consistent with the exception of higher than mandated BASIX targets and water recycling. LAHC is prepared to work with the City on these of the view that BASIX and water recycling measures are not appropriate for a voluntary planning agreement.**