

1 February 2018

Mr. Huw Williams
Director, Property & Development Projects
Suite 801, 1 Castlereagh Street
Sydney, NSW, 2001

e: huw.williams@acequity.com.au

Dear Huw,

Re: 1 Crescent Street, Holroyd (PGR_2016_HOLRO_002_00)

MacroPlan Dimasi has previously assessed the economic implications of the above Planning Proposal which incorporates:

- The rezoning of existing B5-zoned land to allow a mix of commercial, retail and residential land uses.
- The creation of 13,000m² of employment floor space, creating over 300 new jobs.
- A substantial 'public benefits contribution' incorporating:
 - A pedestrian bridge across Woodville Road to improve connectivity and provide safe access to Granville station, whilst also providing a link for Granville residents to access the site and Merrylands.
 - An on-site transport corridor (SP2 Infrastructure zone) provision to support future bus routes between Merrylands, Parramatta and Granville.
 - A new bus stops adjacent to the pedestrian bridge.
 - Improved pedestrian and cycle accessibility including provision of new links to the regional cycleway and improvements of others.
 - The rehabilitation and beautification of the adjacent A'Becketts Creek that runs along the northern boundary of the site.
 - The widening of Crescent Street to provide a right turn facility into the site.
 - A monetary contribution to the upgrade of Woodville Road/Parramatta Road intersection.
 - The creation and upgrade of major public open space, involving approximately 11,000m² (35% of the site) to be allocated as publicly accessible open space, including a plaza with proposed playground, a water play area and a large contiguous, landscaped green space.
 - 7,714m² of this area is set aside as parkland to be dedicated to Cumberland Council.
 - The upgrade of the adjacent Holroyd sportsground to create a potential 6-hectare parkland to incorporate potential tennis and/or basketball courts and other facilities.

Our previous assessments concluded that the existing B5-zoning presents significant market and economic constraints for the site's development and that a greater employment dividend could be achieved via the proposed rezoning.

Our employment forecasts for the site's development under its proposed zoning were largely endorsed by an independent assessment undertaken for Council by Hill PDA.

We have recently been informed that, in endorsing the planning proposal's progression to final gateway determination, the Department of Planning and Environment (DP&E) has requested that the proposal be updated to:

"investigate and propose the maximum HOB and FSR controls for the site ... taking into consideration ... that the rezoning will not compromise the [Parramatta Road Urban Transformation] Strategy in terms of:

- *economic impact on the proposed development of the Granville core precinct; and*
- *its ability to deliver the envisaged densities for the rest of the Parramatta Road Corridor."*

Under the Parramatta Road Transformation Strategy, the Granville precinct is earmarked to accommodate 5,400 new homes and 7,200 new jobs by 2050. Areas proximate to Granville Rail Station are identified for increased densities to achieve these outcomes.

Consistent with the Strategy, the rate of redevelopment at Granville, assisted through the amalgamation of land titles, has been significant, specifically in recent years. The market has been quick to respond to new opportunities created by the Parramatta Road Transformation Strategy's vision.

The rate of redevelopment is evidence that the value proposition for redeveloping underutilised land at Granville has met market expectations. This proposition is determined by economic circumstances (primarily relating to the cost of site amalgamations, the cost of construction and the end-price per/m² achievable for finished product). It is unlikely to be impacted by the introduction of new land that can be developed for higher density purposes. In an under-supplied market, this introduction will favourably impact the cost of new sites, allowing the market to deliver housing more affordably.

It is important to note that the housing and employment targets nominated in the Strategy do not represent 'limits' and should not be interpreted as such. Indeed, the Sydney market has been incapable of meeting its housing needs for an extended period, and arbitrary 'caps' on housing production should not be 'read into' strategies such as the Parramatta Road Transformation Strategy.

It is self-evident that any increase in supply, whether in proximity to the Granville precinct or more broadly across the market, takes upward pressure off prices or, more precisely, will assist in meeting the objective of delivering housing more affordably.

We assume that government policy is not designed to maintain upward pressure on prices by restricting development outside priority precincts.

More specific to the Granville precinct, development which enhances the local environment (through improved open space, and through better pedestrian, cycle and other transport linkages) will increase long-term demand in the area and the likelihood that residential targets will be met.

The rezoning of land at Holroyd, therefore, is more likely to have a positive impact on the market's capacity to deliver housing across the Granville precinct than the reverse.

Notably also, the rate of development at Granville, in our opinion, is unlikely to have a substantial impact on market activity elsewhere along the Parramatta Road corridor, or vice versa. Unlike other precincts at the eastern 'end' of Parramatta Road, Granville is somewhat isolated, separated from Auburn and Homebush by large tracts of industrial and business land. Granville effectively operates as its own sub-market. Its rate of development will be more impacted by its own economic factors (land costs and achievable unit prices) than by events elsewhere along the Corridor. Accordingly, the rezoning of land at Holroyd is also unlikely to impact the market's ability to deliver the envisaged densities and housing outcomes for the rest of the Parramatta Road Corridor.

We therefore submit that the rezoning of land at Crescent Street, Holroyd is most unlikely to inhibit or compromise the achievement of planning targets at Granville, or elsewhere along the Parramatta Road Corridor. To the contrary, the release of new land for redevelopment purposes at such a strategic location is more likely to have a positive market impact.

This matter, in our opinion, does not warrant further market testing or investigation and should not delay the Crescent Street Planning Proposal's progression to final gateway clearance. The merit of the rezoning is well understood. No further economic justification is required.

Yours sincerely,



Wayne Gersbach
General Manager - NSW