

20 April 2020

Mr Matthew Lennartz
Executive Manager – Planning and Government
Meriton

matthewl@meriton.com.au

Dear Matthew,

Strategic Positioning Statement – Little Bay/Malabar Precinct

As requested, I have attached my independent merit based advice on the progressing of the Little Bay/Malabar Precinct and in the context of the Meriton Planning Proposal currently under consideration.

Do not hesitate to contact me for any clarification/further information.

Yours sincerely,



Sam Haddad
SG HADDAD ADVISORY

STRATEGIC POSITIONING STATEMENT

LITTLE BAY / MALABAR PRECINCT

(RANDWICK CITY COUNCIL)

OVERVIEW

The Little Bay / Malabar Precinct, located in the Randwick City Council LGA, offers a transformational opportunity to establish an integrated community neighbourhood centre that facilitates and supports the delivery of the government planning strategies for the sustainable growth of Greater Sydney. This unparalleled precinct presents a one-off opportunity never seen before in Sydney with ownership, location, scale, access and amenity all aligning that will deliver sound planning outcomes in accordance with established Government policies and substantial economic benefits for the state of NSW as the majority landowner.

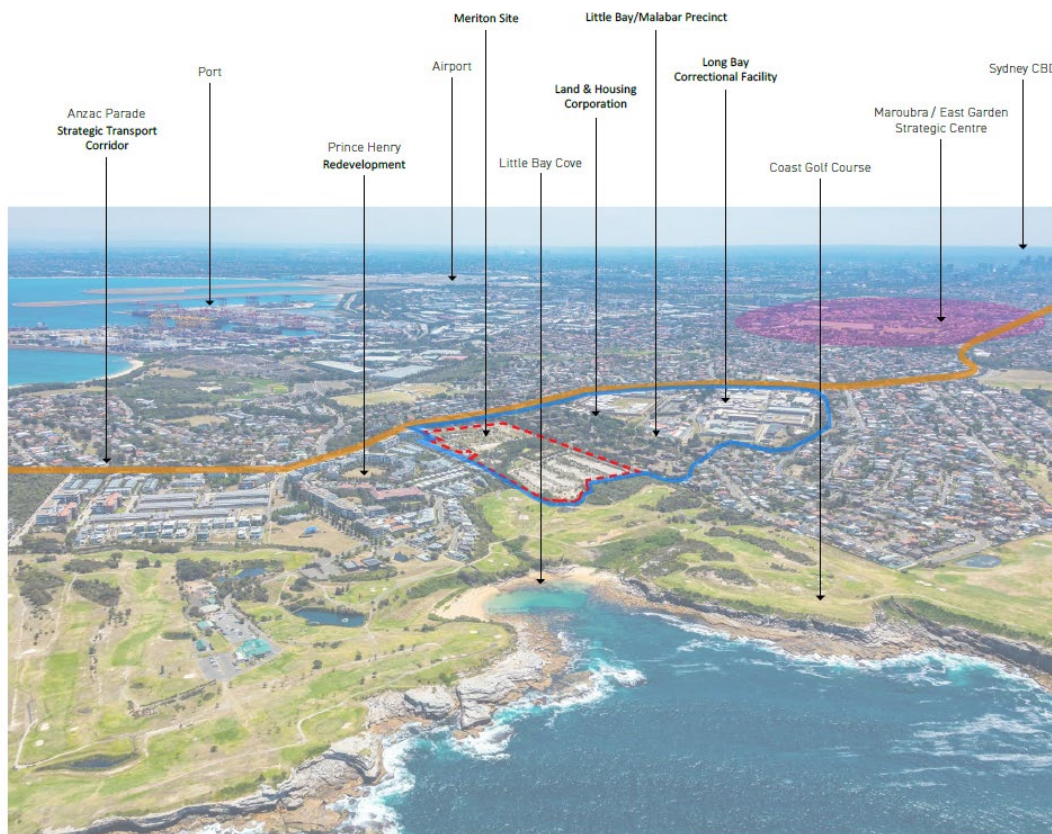


Figure 1 – Location Overview (PTW, 2020)

The precinct comprises of some 65ha of land within 11KM of the Global City of Sydney CBD, consolidated into two ownerships: the NSW State Government's (53ha) and Meriton's (12.3ha). Meriton's site along Anzac Parade, under single ownership, is 12.3ha in total developable area already zoned for residential purposes and represents one of the largest residential landholdings in the eastern district of Sydney. The Meriton site directly adjoins over 53 hectares of government owned land to the north comprising of Land

and Housing Corporation (LACH) social housing establishment and the Long Bay Correctional Facility, both of which have been flagged for redevelopment in recent years.

This 65ha-consolidated precinct would enable the planning and development of a residential/mixed use urban centre supported by existing, planned and future transport infrastructure initiatives to place the Cities growing population in close proximity to jobs, services and transport underpinned by the 30-minute City Concept. The scale of the site and ownership structure will allow for a planned outcome that provides integrated open space, community facilities and exceptional amenity, whilst optimising the value of the precinct to deliver urban residential, employment and associated development.

Meriton has an active Planning Proposal lodged in June 2019 that would facilitate some 1,900 residential apartments, as well as supporting commercial/retail uses and other facilities would act as a catalyst to the renewal of the entire precinct. Notwithstanding that the full realisation of the precinct development potential may take some time, it is essential that forward precinct planning be progressed and agreed in the immediate term, so that upfront certainty and forward implementation can be efficiently undertaken to provide best planning outcomes as well as highest uplift opportunities.

Early precinct planning also provides the opportunity to synchronise and facilitate the early provisions of state infrastructure particularly transport related. The sheer scale of the site and predominant ownership by Government will also enable planning for and integrated delivery of essential transport, social and community infrastructure such as the bus services, metro extension, Schools, open space and community facilities that would otherwise need to be secured via complex infrastructure or VPA arrangements.

PLANNING AND DEVELOPMENT OPPORTUNITIES

STRATEGIC CONTEXT

The Precinct is strategically located on a major transport corridor and/or with access or relationship to key centres including key employment centres, trade gateways, education and health precincts – Port Botany, Sydney Airport, Randwick, Eastgardens, Maroubra Junction, Bondi Junction, Green Square and the Sydney CBD. The renewal of the precinct for urban residential intensification will significantly strengthen government planning policies of increasing housing supply at the appropriate locations; improve housing affordability; and facilitate the 30-minute city concept of jobs close to home. The Economic Benefits Report (June 2019) submitted with the Meriton Planning Proposal located the site within a 30-minute drive to up to 900,000 jobs.

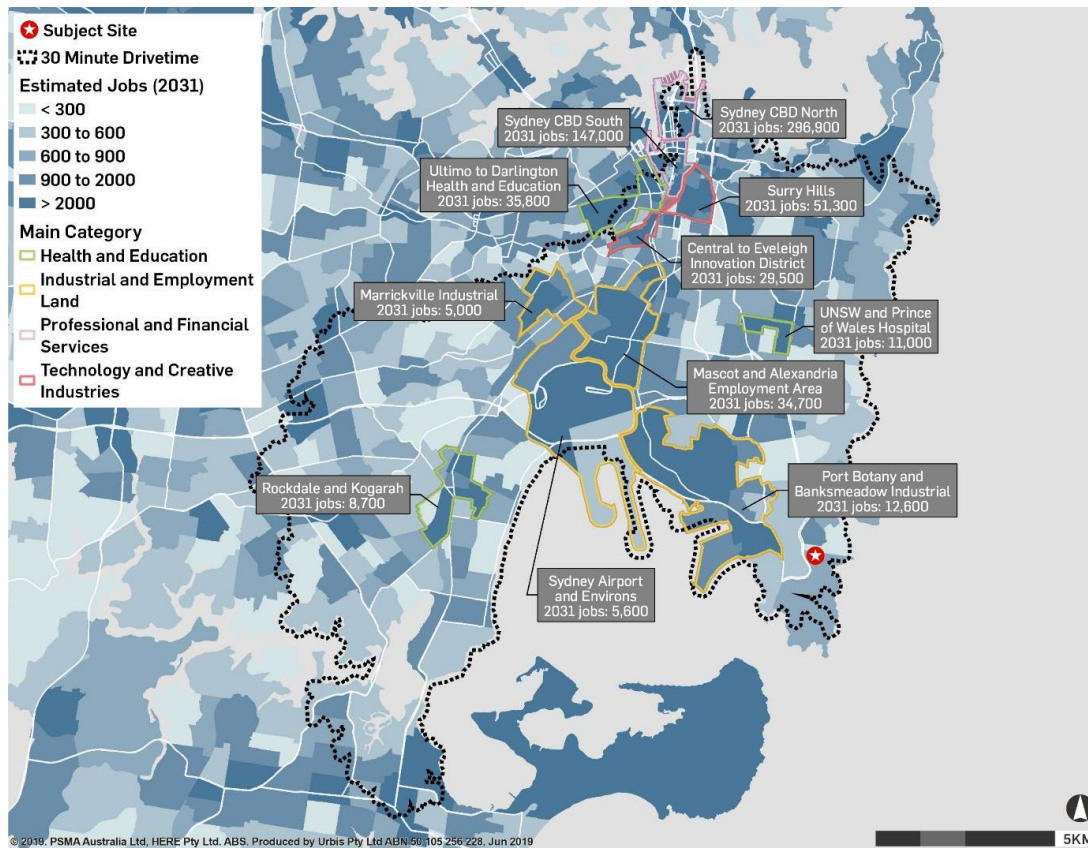


Figure 2 – Access to Jobs (Urbis, 2019)

Land Use and Activity

1. The site is located within the revised boundary for the Anzac Parade Corridor Planned Precinct. The Department of Planning and Environment (DPE) identified growth opportunity within the precinct, leveraging off the area's excellent access to regional services and proximity to surrounding employment precincts. As of As of December 2013, investigation for the precinct was placed on hold.
2. The Port Botany employment precinct falls within the LGA to the south-west and is located within 1km of the subject site.
3. Activity, including retail, commercial and community uses, is focused around the strategic centres located within and in the immediate vicinity of the LGA.
4. Secondary retail and other services are mostly located within local centre nodes across the LGA.

Key

- Subject Site
- Study Area Boundary
- LGA Boundary
- Open Space
- Golf Course
- Planned Precinct
- Employment Precinct
- Strategic Centres
- Local Centres
- Key Activity Corridor
- Key Site

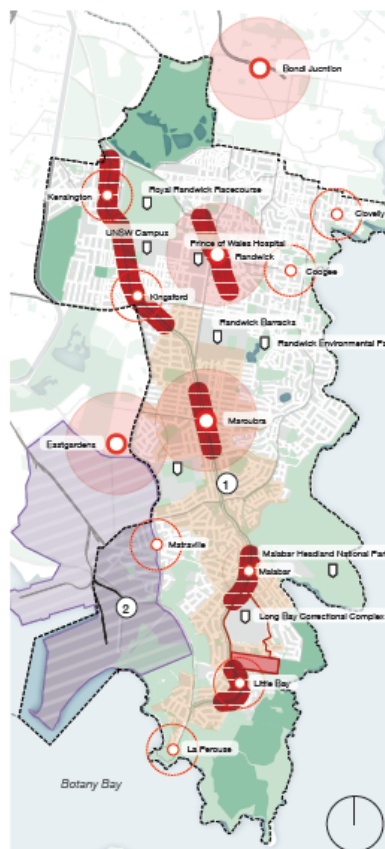


Figure 3 – Landuse and Activity (SJB, 2019)

A peer review of the consistency of planning and developing the Little Bay Precinct for a neighbourhood residential, mixed used centre with state government policies and planning strategies, conclude on merit evidence justifiable consistency. In summary, renewal of the Precinct is consistent with the

- Premier's and State priorities of increasing housing supply and affordability; and integrating infrastructure planning.
- Greater Sydney Commission's (GSC)– *Greater Sydney Region Plan 2018* and the *Eastern City District Plan* in particular: it will significantly contribute to some additional 157,000 homes to be completed by 2036; being close to some 1 million jobs; providing housing diversity and access to key strategic centres. The GSC's Plan specifically identifies Little Bay as demonstrating potential to provide housing and deliver on the housing supply targets for the district.
- Key actions and principles of the Council's endorsed Local Strategic Planning Statement and Housing Strategy which identifies the Meriton site for its strategic merit and the LACH site for 10+year housing supply.

Accordingly, as per the supporting planning statement, it is undeniable that the Merion site and broader precinct benefit from significant strategic planning merit which is further underpinned by the scale, ownership arrangements and availability of the land for redevelopment.

In regards to support transport infrastructure, the Precinct is located on Anzac Parade which is identified as a strategic transport corridor with potential for increased bus transport and associated connectivity improvements in the immediate term. The NSW Government has released its *Future Transport Strategy 2056* which provides an overview on initiatives in the immediate 10 and 20 years and beyond. Of particular relevance in that regard are: Rapid Bus Link to La Perouse; light rail extension to Maroubra Junction; and mass transit/train link from Harbour CBD to Malabar.

Movement

1. Anzac Parade is a key vehicular movement corridor that runs north-south through the LGA and defines the western boundary of the subject site and study area.
2. Currently under construction, the future light rail line runs from the Sydney CBD to the north-west area of the Randwick LGA, terminating at Kingsford and Randwick.
3. A potential extension of the light rail from Kingsford to Maroubra is identified for future investigation.
4. A potential metro link between the Harbour CBD to Malabar, in the vicinity of the subject site, is identified for future investigation.

Key

- Subject Site
- Study Area Boundary
- LGA Boundary
- Open Space
- Anzac Parade Corridor
- Light Rail - Under Construction
- Future Light Rail Stop
- Light Rail - Under Investigation
- Potential Future Metro Link

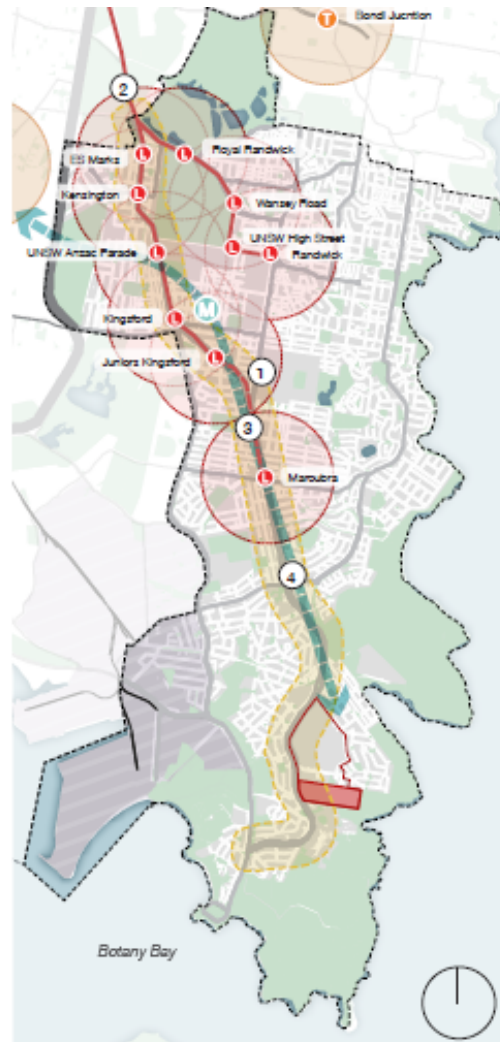


Figure 4 – Movement (SJB, 2019)

The renewal of the Precinct overtime would provide a significant stimulus to progressing such initiatives and deliver its strategic outcomes. The staged progression of the Precinct by approving Meriton's proposal which will take 10+years to deliver can provide the nexus to transport improvements which can align with delivery.

DEVELOPMENT POTENTIAL CONTEXT

A high-level structure plan for the entire precinct has been undertaken. The proposed development by Meriton is couched in the context and appreciation of the future development potential of the broader precinct including the Long Bay Correctional Complex and the LACH social housing to the north of the site.



Figure 6 & 7 – Concept Scheme for Precinct (SJB, 2019)

The high-level structure plan is an appropriate and transformative development setting for the precinct. In particular:

- The high-level structure plan appropriately reflects the precinct setting particularly in regards to its coastal and unique landscape feature.
- The plan provides for a primary open space corridor through the precinct spine providing recreational and passive and active open space opportunities.
- Densities are distributed to maximise transport nodes proximity and orderly development interfacing.

Conservative estimates of potential development for the precinct (in addition some 1,900 apartments on the Meriton site) are as follows:

- Estimated dwellings – 10,000
- Retail – 30,000 m² GFA
- Commercial – 32,000 m² GFA
- Provisions for school and community facilities
- Provision for extensive integrated open space
- Provision for access and transport arrangements

BROADER GOVERNMENT BENEFITS

With the majority of the precinct (80%) being owned by the Government with inefficient/uneconomic uses that are not suited to the location, there is a substantial opportunity to rezone and redevelop the land for more suitable uses that align with broader Government initiatives. Initial estimates suggest that applying

the same land use and density principles from the Meriton proposal could generate a total government realisation of up to \$7 billion as a guiding estimate based on current land prices and tax structures. This could be substantially increased depending on the ultimate land use controls, timing, delivery arrangements, and associated infrastructure provision (I.e. Metro).

Furthermore, the Economic Benefits Report submitted with Meriton's PP has been supplemented by a Supplemental Economic Benefits Analysis prepared by Urbis (January 2020). Key results from the supplemental analysis indicate that Meriton's proposal has the potential to result in:

- 0.66% reduction in house prices across the Sydney Basin
- Overall cost saving of \$215 million in avoided upfront public infrastructure investment compared to a greenfield development of similar size
- An additional \$7.3 million in public amenity and open space, representing an effective cost saving to government.

These benefits would be exponentially increased across the residual component of the Government land depending on the ultimate scale of the site. Based on a potential housing of 10,000 dwellings, the infrastructure saving would be in excess of \$1.1Billion.

Accordingly, despite the redevelopment of the precinct aligning with key planning and government strategies, the underlying direct economic benefit for Government could be in well in excess of \$10Bn. In addition, delivery of the precinct would generate 10,000's of jobs and critical housing supply in the right location.

WAY FORWARD

The Little Bay Precinct comprises almost 65ha of land of state significance in terms of its urban renewal potential and contribution to housing and employment supply and housing affordability. The renewal of the Precinct is entirely consistent with state planning policies and strategies. There are significant value adding benefits to the state both directly and indirectly from its urban renewal.

The current proposal by Meriton on part of the precinct is sufficiently advanced with supporting documentation to be approved as the catalyst for the activation of the entire precinct with the substantial opportunity to value-add through a continuation of the master planning and zoning process across the Government land. Notwithstanding the time frame for the renewal of the precinct, an early structure plan for its entirety and a decision on the future of government owned sites will provide certainty and maximise opportunity to deliver best planning and development outcomes.

It is appropriate therefore that a precinct wide approach be adopted under the auspice of the state government and a landowner led structural planning and development process be initiated to extend the work of Meriton across the precinct.