



**Rothesay Avenue Development Pty Ltd**

**ABN 68 165 264 808**

Mr Roy Newsome  
Acting General Manager  
Council of the City of Ryde  
Binary Centre  
3 Richardson Place  
NORTH RYDE NSW 2113

20 October 2016

Dear Roy,

**RE: SHEPHERDS BAY, MEADOWBANK  
PROPOSED VPA FOR STAGE A – LETTER OF OFFER  
COMMERCIAL-IN-CONFIDENCE**

We refer to the recent discussions and correspondence relating to the above matter and now set out below our revised final and formal offer to enter into a Voluntary Planning Agreement with the City of Ryde Council in respect of the development of the Stage A site, located at the junction of Church Street, Well Street and Parsonage Street.

Please note that the name "Holdmark" is used below to refer to the developer for Stage A. The actual developer is intended to be Rothesay Avenue Development Pty Ltd which will therefore be the entity which enters into the VPA with Council.

This letter of offer supersedes all previous correspondence and discussions regarding this matter.

**1. PUBLIC BENEFIT ASSOCIATED WITH STAGE A**

**Offer 1**

- Although the project viability is marginal at the Design Excellence competition-winning height (20 storeys), as a sign of our good faith, and our sincere commitment to creating a high-quality building, we advise that if development consent is granted for a 20-storey tower building or higher (with an unamended 7-storey podium building), we will provide as key worker affordable housing 4% of the GFA comprising levels 16 to 20 inclusive (ie 4% of 5 levels @ 668.4sqm of GFA per level = **4% of 3342 sqm**).

A handwritten signature in blue ink, appearing to be "ADME", located in the bottom right corner of the page.

### Offer 2 – Option (i)

- As discussed with the Council General Manager at the meeting held on 1 March 2016, this VPA offer relates to the GFA of **2672 sqm** contained within the four additional levels added to Holdmark's proposed design for Stage A compared to the scheme which won the Design Excellence Competition (refer to diagram attached and entitled "Church Street Elevation").
- In this regard, provided development consent is granted for all of this additional GFA of 2672 sqm (resulting in a 24-level tower building), Holdmark is prepared to provide community benefits to Council to a total value of **\$4.13million**
- If the height/GFA of the building is reduced, thereby reducing the extra GFA of 2672 sqm currently sought, the sum of \$4.13m reduces proportionately. Accordingly, if only 2000sqm of additional GFA was approved, the sum available for Council would be  $\$4.13\text{m} \times (2000/2672) = \$3.09\text{ million}$ .
- At Council's discretion, Holdmark is prepared to allocate this amount of \$4.13 million to provide Council with affordable key worker housing apartments (to an agreed value) and provide the residual amount (if any) as a monetary benefit.

### Offer 2 - Option (ii)

- We understand that Council may be interested in reducing, by two levels, the height of the northern wing of the Stage A building (the "podium building"). Holdmark is prepared to consider this reduction which would probably be achieved by deleting Levels 1 and 4. A plan and an elevation are attached (drawings DA 18A dated 05/03/16 and DA 26B dated 20/4/16) to illustrate in principle the extent of building envelope reduction offered.
- Our architects have advised that the removal of two levels of the podium building would result in a reduction in total GFA of **882 sqm**. On this basis, provided that development consent is granted for all of the 2672 sqm of additional GFA proposed for the Tower building, the net additional GFA would be  $(2672-882)\text{sqm} = 1790\text{sqm}$ . Accordingly, the amount of \$4.13 million offered as per Offer 2- Option (i) above would be reduced by \$1.36 million (calculated as  $\$4.13\text{million} \times 882/2672$ ), resulting in a revised offer of **\$2.77 million**.
- The same proportional reduction provisions apply in this case as set out in the third dot point of Offer 2 - Option (i) above. If the extra GFA of 2672sqm is reduced to Nil by virtue of the determination of our application, then there is no remaining monetary benefit available to provide to Council.





## Conditions of Offer

Holdmark is prepared to enter into a VPA with the City of Ryde Council to reflect the above Offers on the conditions set out below.

- A. The Offer 2-Option (i) offer is based upon development consent being granted for the full GFA contained in our draft Stage A DA (ie **22,357 sqm**), (as indicatively shown on attached plan No DA37B dated 20/4/16). If the eventual determination of the Stage A DA resulted in a lower GFA than 22,357sqm, the monetary calculation reduction provisions set out in the third dot point of the offer apply. When the total GFA is equal to or less than 19,685sqm (= 22,357sqm – 2672sqm) Offer 2-Option (i) no longer applies.
- B. The Offer 2-Option (ii) offer is based upon development consent being granted for GFA of **21,475 sqm**. If the eventual determination of the Stage A DA resulted in a lower GFA than 21,475sq, monetary calculation reduction provisions set out in the third dot point of the offer apply. When the total GFA is equal to or less than 19,685sqm (= 21,475sqm – 1790sqm) Offer 2-Option (ii) no longer applies.
- C. For the avoidance of doubt, Offer 2 [Options (i) or (ii)] is in addition to Offer 1.
- D. Council must allocate resources in order to finalise a VPA within 2 calendar months of the Council meeting at which the Council resolves to accept any of the offers set out above (assuming the Council does resolve to accept this VPA offer), such VPA then being executed by both parties and held in escrow subject to determination of the Stage A DA.
- E. “Transfer Provisions” for any affordable housing apartments are to be included in the VPA with a trigger point for transfer to be identified (after Occupation Certificate and/or registration of the Strata Title Subdivision)
- F. The payment of the monetary amount agreed will be a condition precedent to the procurement of the Occupation Certificate for the Stage A building. No monetary bond or guarantee will be provided by Holdmark in respect of the benefits since the requirement to provide the benefit prior to the issue of the Occupation Certificate will act as the Council’s guarantee regarding the provision of the benefit.
- G. From the date of the DA consent for Stage A, CPI provisions are to apply to the sum of \$4.13 million [for Offer2-Option (i)] or \$2.77 million [for Offer 2-Option (ii)] or such reduced amounts as may result from the application of the monetary reduction provisions set out in each offer above
- H. The value of the affordable housing apartments ultimately selected for transfer to Council is to be calculated using the market sale price. (Refer Appendix A to this letter.) The total market sale price of the selected apartments will then be deducted from the total value offered (\$4.13m or \$2.77m or other amount as the case may be) and the residual amount (if any) will be paid to Council by Holdmark.



- I. The locations of the key worker affordable housing apartments to be transferred to Council are to be agreed between Holdmark and the Acting General Manager of Council, both parties acting reasonably, and are to be selected from apartments on the first three residential levels above ground. Parking spaces in accordance with Council's DCP will be included with each apartment selected.
- J. For the avoidance of doubt, no security is to be provided by Holdmark for the fit-out of the key worker affordable housing apartments. The fit-out of the apartments will be to the same standard as the other apartments in the Stage A development and does not include loose furnishings.
- K. VPA is to include provisions to exclude GST payment on the apartments to be transferred to Council
- L. The above Offer 2 offer is only applicable if our Development Application is approved as follows:

<b>ITEM</b>	<b>OFFER 2-OPTION (i)</b>	<b>OFFER 2- OPTION (ii)</b>
Non-residential GFA	4,756 sqm Maximum	4,756 sqm Maximum
Total GFA	22,357 sqm or other area calculated in accordance with the provisions of Offer 2- Option (i) set out above	21,475 sqm or other area calculated in accordance with the provisions of Offer 2- Option (ii) set out above
Envelope Height limit	RL 96.00 for a 24-storey tower, reduced by 3.1m for every level less than 24	RL 96.00 for a 24-storey tower, reduced by 3.1m for every level less than 24
Car Park spaces	427 for 22,357 sqm of GFA	410 for 21,475 sqm of GFA

- M. For the avoidance of doubt, neither Offer 2-Option(i) nor Offer 2-Option(ii) applies if the eventual DA consent does not approve any additional height in the tower building compared to the scheme which won the Design Excellence Competition (refer Appendix B to this letter).
- N. For the avoidance of doubt, Offer 1 does not apply if the eventual DA consent does not approve a minimum of 20 storeys of height in the tower building and 7 storeys of height in the podium building.

## **2. DRAFTING OF PLANNING AGREEMENT**

- A. Holdmark agrees to pay 100% of the external legal costs incurred by Council in respect of the drafting and finalisation of the VPA up to a maximum amount of \$10,000.
- B. Holdmark accepts liability for the legal costs as per item 2A above in circumstances where:
  - (i) Holdmark unilaterally elects, of its own free will, to not execute the VPA; or

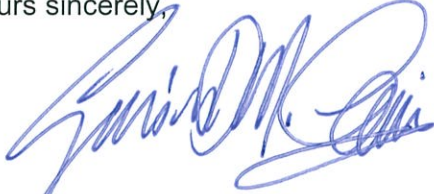


(ii) Both parties jointly agree to not execute the VPA

If Council unilaterally elects not to execute the VPA, Holdmark will not pay any of the Council's legal costs.

This letter of Offer expires at 5.00pm on 27 October 2016.

Yours sincerely,



**GAVIN D M CARRIER**  
Head of Development  
Rothesay Avenue Development Pty Ltd

## APPENDIX A

### RATIONALE FOR VALUING KEY WORKER AFFORDABLE HOUSING APARTMENTS

It is understood that Council's proposed approach to valuing the apartments to be transferred to it is to simply adopt the construction cost only. Council has advised in its letter dated 1 September 2016 that "Construction Cost" reflects what it would cost Council to provide the Material Public Benefit (apartments) but this is, in fact, not correct. There are two options for a Council to procure affordable housing apartments by itself as follows:

1. Purchase completed apartments
2. Buy a property and develop it to provide apartments

In respect of Option 1, then Council simply pays the market price for the apartments

In respect of Option 2, there is an opportunity for a Council (with the appropriate development expertise) to potentially procure apartments at lower than market price but there is a large component of development risk associated with this. Such risk includes:

- Successfully locating and purchasing a suitable development site in the desired location (very difficult in current market)
- Successfully undertaking the design and obtaining all the necessary approvals (very time-consuming)
- Arranging the financing as required
- Obtaining the optimum construction pricing from builders (very difficult in current heated construction market)
- Avoiding unforeseen liabilities (eg contamination, in-ground archaeology, poor soil conditions affecting loadbearing capacity, unidentified groundwater, disputes with neighbours, etc)
- Managing the building process to avoid cost overruns

The potential result if the above risks are not successfully managed and controlled is that the final cost of developing the apartments could actually end up being more than the market price (many developers have been bankrupted in this way).

Accordingly, given that Councils have a duty of care to the community to manage their funds carefully and responsibly, Option 2 is an unlikely scenario for adoption by a Council. Thus, the realistic cost to the Council/community of procuring affordable housing apartments is actually the market price.

***Thus, when apartments are dedicated to a Council by a developer, the public benefit value must be the market price.***





## APPENDIX B

### RATIONALE FOR NOT OFFERING A MONETARY VPA BENEFIT FOR DESIGN EXCELLENCE COMPETITION SCHEME

- A. Holdmark was required to undertake the Design Excellence competition as a condition of consent in the Concept Plan Approval
- B. As required, the Brief for the Design Competition was prepared in collaboration with the Government Architect's Office and was formally approved by them. A copy of the finalised Brief was provided to Council on 10 July 2015.
- C. Each of the three competing architectural teams provided a design which complied with the existing Concept Plan consent. Each team was free to provide alternative design solutions and all of them decided to do so.
- D. Quoting from the report of the Jury (a copy of which was provided to Council on 25 September 2015):  
*"The Jury.....formed the unanimous view that the current envelope that applies to the site alongside the restriction on dwelling numbers (62 dwellings) would deliver a lesser design solution that would not achieve the best response to the contextual and amenity issues facing the site"*  
AND  
*"The Jury has reviewed the complying envelope and considers that it may have negative impacts on neighbouring amenity in terms of views and interaction with the public domain.....and is not capable of achieving a high quality amenity or outcome"*  
AND  
*"the [conforming] envelope itself is not considered to enable the achievement of Design Excellence"*  
AND  
*"the conforming scheme indicated, at best, a feasibility of 4.71% where a 20% feasibility was understood to be the industry norm"*
- E. The 3-person Jury included Council's nominated representative, Gabrielle Morrish, as well as the GAO nominated representative, Olivia Hyde.
- F. The Jury unanimously selected the Cox-Kennedy design as the winner, stating:  
*"the taller form is sensitively located to terminate river and bridge vistas but also to draw massing away from where view impacts occur"*  
AND  
*"The Jury considers that the increased height of this scheme is considered appropriate when accompanied by the provision of the proposed public square and in relation to the surrounding area"*
- G. Holdmark had no involvement whatsoever in the judging of the competition or the selection of the winning design. Whatever design was judged to be the winner was the direct result of complying with Condition 1 of the Concept Plan Consent - not any request by Holdmark to vary the envelope. This was recognised by the Council General Manager at the meeting held on 1 March 2016 at which she stated that any VPA should be only for the *"increase in envelope from the winning design (20 storeys) to the current proposal (24 storeys)"*
- H. Thus, a VPA relating to the uplift from the Concept Plan consent envelope to the Competition Scheme envelope is not appropriate. It is, however, appropriate for the uplift from the competition envelope to the 75W envelope and that is what has been offered to Council. It should also

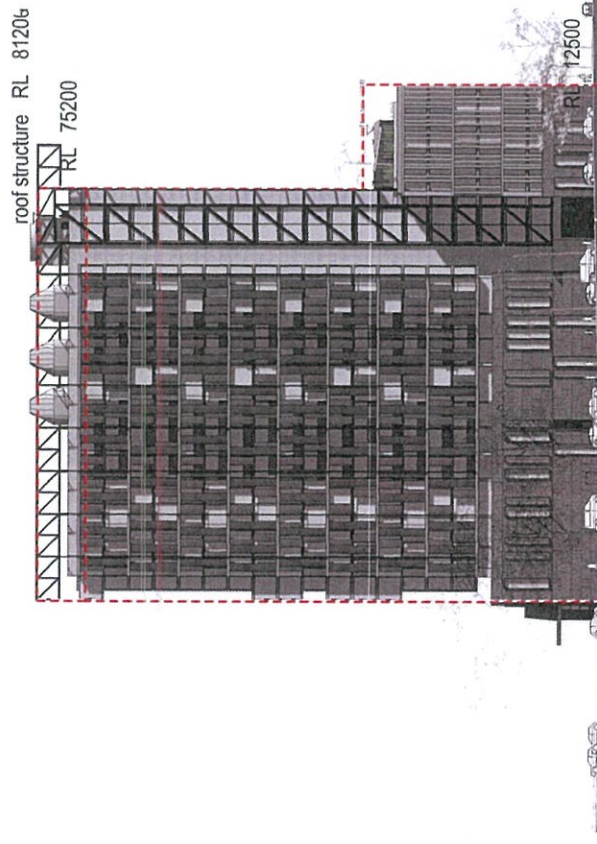
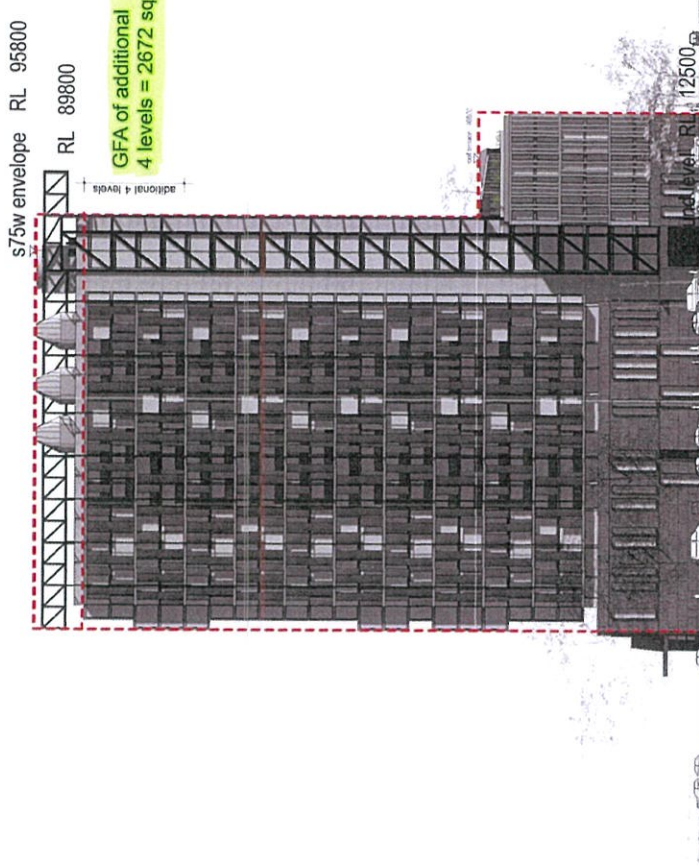
be noted that many millions of dollars of valuable public benefits are already included in the design solution for Stage A including: sun-drenched public plaza; roadway upgrades; street activation; improved pedestrian safety; better views for residents of neighbouring properties; new, much-needed convenience retailing within easy walking distance for thousands of local residents; etc

- I. Moreover, it is unlikely that any building which complies with the currently approved envelope would ever be built given the fact that the return has been estimated to be around 4-5% (refer Jury report on Design Competition).
- J. The competition-winning design is on the cusp of being viable/unviable (refer Jury report on Design Competition) so provides no capacity to offer any monetary VPA benefits.





# CHURCH STREET ELEVATION



COMPETITION HEIGHT

DA SCHEME

Envelope  
sought in S75W

Well street

Personage street

church street

BUILDING A  
BUILDING B  
441 sqm



Car entry only  
nr. OB



level 04  
road use development @  
8 personage street RYDE

**HOLDMARK**  
Holdmark Property Group  
Suite 25-3 Cliffrack Ave, Macquarie Park NSW 2113  
p - 01 8 9888 7040 f - 01 8 9888 9829

**COX**  
COX richardson architects  
level 6 / 150 Clarence street Sydney 2039  
p - 01 2 9207 9209 f - 01 2 9204 5044

**Kennedy associates architects**  
level 3 / 1 South street Brisbane 4000  
p - 01 2 9207 9495 f - 01 2 9207 8477

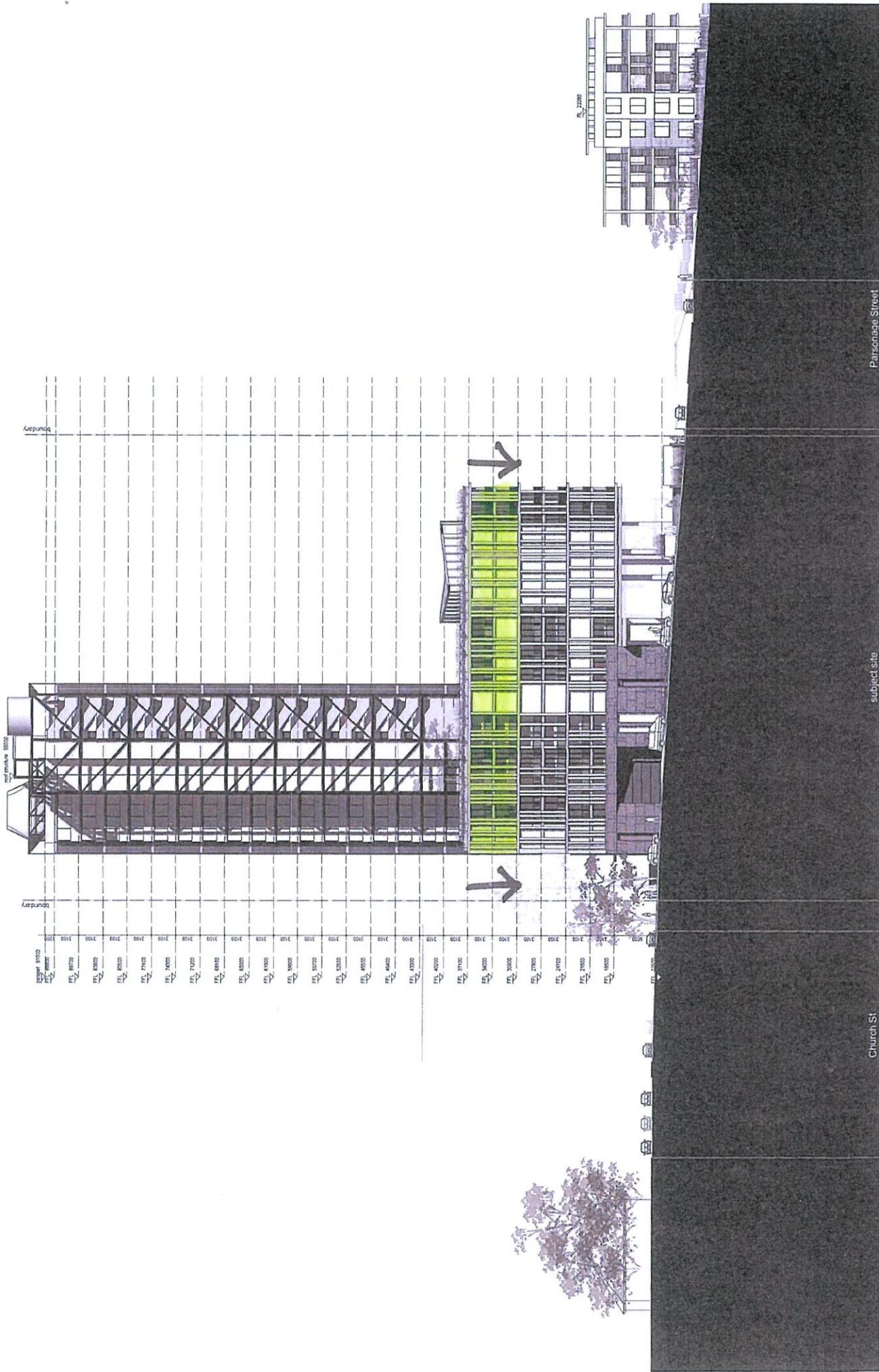
**NOTE:**  
This plan shows the information only for information purposes and are subject to further design development and change.  
Window, window, doors, and furniture are illustrative only.  
Lower panels, if shown, are illustrative only.  
Any fixtures mentioned are illustrative only and subject to change.  
Accumulations shown on the facade are illustrative only and are subject to further design development and change.  
Storage provisions and stairs are not necessarily shown on this drawing but are subject to change.

1:200 @ A2  
DA 18 A  
08/2018 DA submission



1531 - working building v04





Level 1500

Boundary

Level 1500  
Level 1400  
Level 1300  
Level 1200  
Level 1100  
Level 1000  
Level 900  
Level 800  
Level 700  
Level 600  
Level 500  
Level 400  
Level 300  
Level 200  
Level 100

Level 1500

Level 1400

Level 1300

Level 1200

Level 1100

Level 1000

Level 900

Level 800

Level 700

Level 600

Level 500

Level 400

Level 300

Level 200

Level 100

Level 0

Level -100

Level -200

Level -300

Level -400

Level -500

Level -600

Level -700

Level -800

Level -900

Level -1000

Level -1100

Level -1200

Level -1300

Level -1400

Level -1500

Church St

subject site

Parsonage Street

well street elevation

© 2023 Holdmark Architects

8 parsonage street RYDE

**HOLDMARK**

Holdmark Property Group  
Suite 225-4 Cliffwood Ave, Macquarie Park NSW 2113  
p + 61 2 9889 5540 f + 61 2 9888 5829

**COX**

COX ARCHITECTS  
Level 6 / 1155 Clarence Street Sydney 2038  
p + 61 2 9887 9599 f + 61 2 9564 5444

**Kennedy Associates Architects**

Kennedy Associates Architects  
Level 3 / 1 Booth Street Annandale 2038  
p + 61 2 9557 6466 f + 61 2 9557 9477

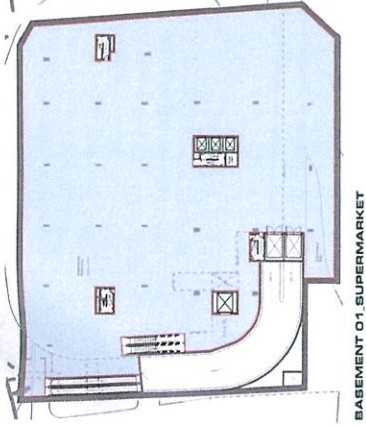
**NOTES:**  
Several layouts shown are indicative only for information purposes and are subject to further design development and change.  
Workshop, parking, and other details are shown for information only.  
All dimensions and levels shown are approximate.  
Any fixtures, materials, and finishes are indicative only and subject to change.  
Storage allocations and areas are not necessarily shown on this drawing and are subject to change.

DA 26 B

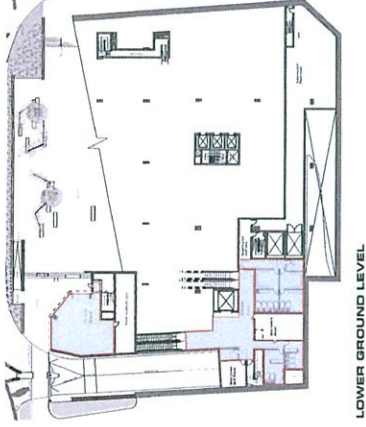
B - 2024/16 DA submission

15/11 - elevations.rvt

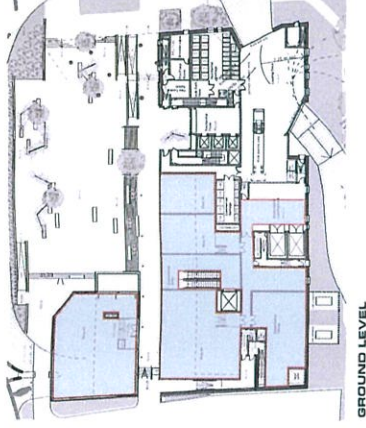




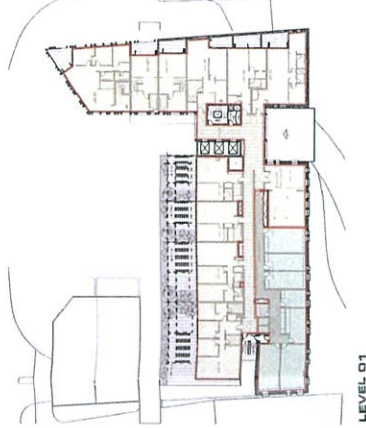
BASEMENT 01, SUPERMARKET



LOWER GROUND LEVEL



GROUND LEVEL



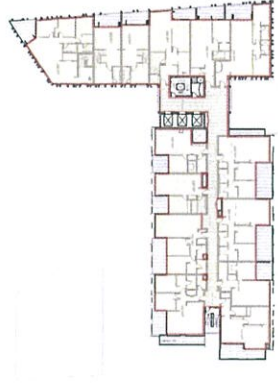
LEVEL 01



LEVEL 02



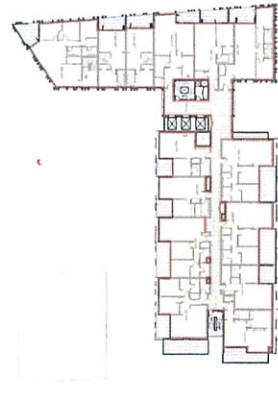
LEVEL 03



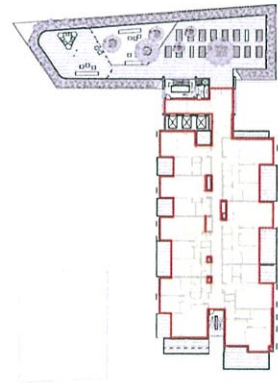
LEVEL 04



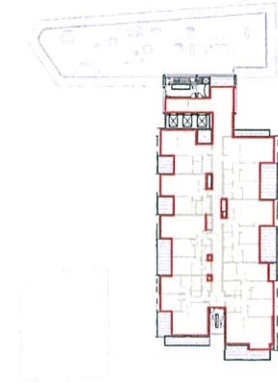
LEVEL 05



LEVEL 06



LEVEL 07.0B



LEVEL 08.23

**Gross Floor Area Counts**

GFA - residential	17,601.1 sqm
GFA - office spaces	600.6 sqm
GFA - retail	4,155.3 sqm
GFA - total	22,357.1 sqm

GFA summary  
mixed use development @

8 parsonage street RYDE

**HOLDMARK**  
Holdmark Property Group  
Suite 2/2-4 Giffnock Ave, Macquarie Park NSW 2113  
p + 61 2 9889 5540 f + 61 2 9888 5629

**COX**  
COX richardson architects  
level 6 / 115 clarence street, sydney, 2038  
p + 61 2 9257 9599 f + 61 2 9254 1544

**Kennedy**  
Kennedy associates architects  
level 3 / 1 booth street, annandale 2038  
p + 61 2 9657 6466 f + 61 2 9557 6477

**NOTES:**  
Internal layouts shown are indicative only for information purposes and are subject to further design development and change.  
All dimensions and levels shown are approximate.  
Landscape, if shown, are indicative only.  
Articulations shown on the facade are indicative only and are subject to further design development and change.  
Storage allocations and areas are not necessarily shown on the drawings and are subject to change.

DA 37 B  
B 204/16 DA submission