



22 March 2024

Ms Beth Morris
Acting Manager Strategic Planning
Sutherland Shire Council 4-20 Eton Street, Sutherland NSW 2232

Dear Ms Morris,

**FEASIBILITY STUDY FOR TSA HOLISTIC COMMUNITY CENTRE & RESIDENTIAL MIXED-USE DEVELOPMENT
23 KIORA ROAD & 2-6 WILLOCK AVENUE, MIRANDA**

This letter responds to a request from Sutherland Shire Council dated 16 February 2024 for further information (Council RFI) regarding the Planning Proposal submitted for land at 23 Kiora Road & 2-6 Willock Avenue, Miranda (the Site).

Council's query as extracted from the Council RFI is set out below:

Feasibility Study

"At present the justification focuses on urban design outcomes and the social and economic impacts to support the proposed additional height and FSR controls. In support of the application a feasibility study is required to demonstrate the viability of the planning proposal under existing and proposed controls."

- This planning proposal requests an amendment to the maximum floor space ratio standard from 2:1 to 5.5:1 in order to enable a commercially viable development of the site which enables the delivery of an enhanced and fit for purpose community facility through which the important work of The Salvation Army (TSA) can be conducted for the benefit of the Sutherland community.
- This increase in the permissible FSR on the site to 5.5:1 will enable a redevelopment that is consistent with the intent and desired outcomes identified for the Miranda Strategic Centre.
- The project will deliver a total of 13,454m² of GFA. Of this total, **14%** of the GFA will deliver floor area for the purpose of community benefit (comprising the key worker apartments and a 1,500m² purpose-built community centre).



- The purpose-built community facility will deliver **over \$4m of annual community benefit**, which will continue to escalate into perpetuity. The current TSA facility Miranda is self-funding, and this ongoing \$4m community benefit will supplement and reduce the burden on Council and other Government agencies to deliver critical community & social infrastructure.
- The following Feasibility Summary outlines the commercial model that has been agreed with TSA for the redevelopment of its land holdings which will deliver a new Holistic Community Centre, Affordable housing and other key deliverables for TSA.
- The Joint Venture model recognises an agreed land value for TSA which is utilised to deliver much needed critical Community and Social Infrastructure to allow TSA to continue to expand its vital role within the Sutherland Shire. The Project Development Agreement between TSA and Formus ensures that TSA will retain ownership of the land through the development and delivery phase of the newly created TSA Community Stratum and the Residential Stratum. TSA will then retain ownership of the ground floor facility and associated infrastructure on a permanent basis.
- The feasibility has been structured so that TSA is not required to fund any aspect of the development, so no funds are diverted from the delivery of services to those in need. In that regard, the FSR requested of 5.5:1 is critical to generating sufficient revenue to enable the delivery of the Community Centre along with its fit out and additional residential units for Affordable Housing to TSA at nil cost. A reduction in the FSR would result in TSA receiving less or having to contribute capital thereby diverting funds from core service delivery.



Feasibility Summary Model

Note: Costs excl GST

Income	Comments	\$
Gross Revenues	Revenue from apartment sales, no revenue is achieved from the commercial stratum as it is dedicated to community uses	\$133,673,501
Less GST		-\$11,916,840
Net Revenue		\$120,198,164
Costs	Comments	\$
Land Cost	Figure represents TSA Returns and deliverables in the form of Assets delivered to TSA, outlined below in lieu of a land payment.	\$17,500,000
Construction Costs	Cost to deliver mixed-use project including TSA Community spaces and carspaces.	\$56,706,683
Contingency	Equivalent to 5% of Project Costs	\$4,167,977
Professional Fees	Design & Construction, Certification, Legal, Professional Fees & Marketing Fees, Survey & Subdivision etc	\$6,911,492
Statutory Fees	Statutory and Land holding Costs	\$1,539,408
Other Costs	incl. Demolition, Landscaping, Infrastructure, Latent Defects Insurance	\$4,886,196
Marketing Costs	Marketing, Sales and Legal & Conveyancing costs	\$2,155,480
Selling Costs	Commissions, Conveyancing	\$2,819,768
Finance Costs		\$6,899,783
Total Costs		\$103,586,787
Development Returns		
Development Profit		\$18,169,874
Development Margin		17.54%



TSA Returns – Deliverables

- Formus will deliver a combination of major community infrastructure, access to affordable housing, development contributions and other revenue components to TSA to allow them to deliver all facilities and amenities as outlined within the Planning Proposal.
- The following list outlines the key components for TSA in recognition for the land value which is incorporated into the Joint Venture and form the basis of the Commercial agreement.

The Salvation Army Scope of Works

TSA Returns from the development of the 5.5:1 Scheme – Equivalent Land Cost

Scope	Cost	Commentary
Consolidated TSA Construction Costs - TSA Ground Level Construction Costs (1,500sqm) including underground car parking for 20 car spaces, structure and share of overall building services, infrastructure, landscaping and outdoor amenity etc.	\$8,356,000	Design & Construction of entire Ground Level Holistic Community Centre including underground secure car parking, loading dock facilities, services, structure, facades and other Salvation Army facilities and amenities on the ground floor. Works includes all consultants, professional fees, advisors and pre- development costs etc
TSA Fit out	\$4,250,000	Contribution to TSA for all design development, consultants and professional fees, contractors fit out works allowance for Holistic Community Centre, outdoor and indoor amenity and all services to be delivered for new operation.
Balance of land value recognition to TSA to retain affordable apartments within the development.	\$4,894,000	Balance of the agreed land value to be utilised by TSA to retain residential product and fund the relocation of TSA facilities offsite during the construction and re establishment back to the new Holistic Community Centre upon completion. Funds will be used to establish and expand upon the critical social infrastructure delivered by TSA
TSA Total Returns	\$17,500,000	
TSA Total Returns / Proposed Apartment	\$150,862	



Project Vision – The Need for Community Infrastructure and Diverse Residential Housing

At its heart, the proposal involves constructing a brand new, purpose-built holistic community centre that provides essential services to continue to support vulnerable and disadvantaged individuals throughout the Sutherland Shire Council area. The new holistic community centre will be a purpose-built facility allowing TSA to connect to a wider range of community groups and provide greater support for more people. It is TSA's mission to reduce the duration of crises experienced by those vulnerable individuals and families by providing the critical support they require in a timely manner. This significant community benefit will be funded by the income generated by the residential apartments, with the scale of the project being directly correlated to the ability to deliver the facility and these services.

In this regard, a Public Benefit Offer has also been prepared to accompany the planning proposal comprising the following:

- Works in Kind:
 - TSA community facility, including emergency assistance, rehabilitation services, disaster relief, youth programs, job training, housing assistance, and counselling facilities;
 - Public domain and footpath upgrades;
- Footpath widening via easement for public access;
- Monetary Contributions:
 - Housing and Productivity Contribution;
 - Affordable Housing Contribution; and
- Sustainability commitments.

Additionally, the project will incorporate new residential apartments of superior quality in accordance with the Apartment Design Guide, which will complement the renewed Salvation Army facilities. The residential dwellings located above the TSA community facility will then provide the much-needed diverse housing options, situated in proximity to public transport, retail shops, schools, and other amenities. The future apartments will offer a diverse range of housing options including a proportion of key worker (affordable) housing situated in proximity to public transportation, retail shops, schools, and other amenities. The overall mixed-use development is designed to meet the changing needs of the growing population of Sutherland Shire and the Miranda Centre.



 **FORMUS**

Yours sincerely,

Formus Property Pty Ltd

Ben Fairfax
Managing Director