

# LUNNEY WATT & ASSOCIATES PTY LTD

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Our Ref: 18V0226

14 December 2018

Ms Clara Edwards  
Associate  
Holding Redlich Lawyers  
Level 65, MLC Centre  
19 Martin Place  
SYDNEY NSW 2000

Email: [Clara.Edwards@holdingredlich.com](mailto:Clara.Edwards@holdingredlich.com)

Dear Ms Edwards,

**RE: 41 WARRIEWOOD ROAD, WARRIEWOOD – DESKTOP VALUATION ADVICE  
RELATING TO CERTAIN LAND TO BE DEDICATED TO NORHTERN BEACHES  
COUNCIL**

You have instructed me to provide a “desktop” valuation advice relating to certain land which is to be dedicated to Northern Beaches Council (**Council**) to assist in negotiations with the Council. I have not undertaken an inspection of the land to be dedicated (**Dedication Land**) and have prepared this letter of advice based on a desktop review of aerial photography<sup>1</sup> and my general knowledge of the area.

You have instructed me that the Dedication Land has an area of 3,977m<sup>2</sup> and is proposed to be dedicated to the Council to enable its use as part of a Creek Line Corridor. You have instructed me that the dedication is required pursuant to a condition of development consent for the development of the Parent Parcel which is owned by your client.

## Land Particulars and Description

The Parent Parcel, known as 41 Warriewood Road, Warriewood is legally described as Lot 32 Section C in Deposited Plan 5464. The Registered Proprietor of the Parent Parcel is Woolwich Pty Ltd (**Woolwich**).

<sup>1</sup> Available via various sources such as but not limited to [www.nearmap.com](http://www.nearmap.com), [www.redsquare.eac.com.au](http://www.redsquare.eac.com.au) and [www.sixmaps.com.au](http://www.sixmaps.com.au).

Deposited Plan 5464 records the total area of the Parent Parcel as 2.6ha. The Deposited Plan also depicts an easement for sewerage purposes which traverses the Parent Parcel from the south east boundary to the north west boundary approximately 35-45 metres from the Warriewood Road frontage.

The Parent Parcel is irregular in shape and is located to the southern side of Warriewood Road at Warriewood. It has a gentle fall to the rear boundary which adjoins Narrabeen Creek. The Parent Parcel is approximately 50% cleared. The balance has a moderate cover of remnant native vegetation.

The Parent Parcel is located approximately 1km west of Warriewood Beach and Mona Vale Hospital and 800m northwest of Warriewood Cinema Centre.

Surrounding development to the north includes established residential development and directly adjoining the Parent Parcel are englobed medium density residential development sites. The adjoining site to the east is currently under construction.

The Dedication Land is located to the rear of the Parent Parcel and comprises an irregular shaped parcel having a width of 25m on the north western boundary and 63.7m on the south eastern boundary and a total area of 3,977m<sup>2</sup>. It is identified as Lot 231 in a plan of subdivision prepared by Craig & Rhodes<sup>2</sup>.

An aerial photograph identifying the Parent Parcel and an extract from the plan of subdivision as prepared by Craig & Rhodes identifying the Parent Parcel and the Dedication Land is located below in **Appendix 1** to this advice.

## **Town Planning**

The whole of the Parent Parcel is zoned "R3-Medium Density Residential" (**R3**) pursuant to Pittwater Local Environmental Plan 2014 (**PLEP**).

The objectives and land use table of the R3 zone are as follows:

### ***Objectives of zone***

- *To provide for the housing needs of the community within a medium density residential environment.*
- *To provide a variety of housing types within a medium density residential environment.*
- *To enable other land uses that provide facilities or services to meet the day to day needs of residents.*
- *To provide for a limited range of other land uses of a low intensity and scale, compatible with surrounding land uses.*

## ***2 Permitted without consent***

*Home businesses; Home occupations*

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<sup>2</sup> Plan dated 22/11/2017 Ref 063-16P L07 (00) obtained from the Northern Beaches Council Website Development Application Tracker.



### 3 Permitted with consent

*Attached dwellings; Bed and breakfast accommodation; Boarding houses; Building identification signs; Business identification signs; Centre-based child care facilities; Community facilities; Dual occupancies; Dwelling houses; Environmental protection works; Exhibition homes; Group homes; Health consulting rooms; Home-based child care; Home industries; Multi dwelling housing; Neighbourhood shops; Places of public worship; Residential flat buildings; Respite day care centres; Roads; Secondary dwellings; Semi-detached dwellings; Seniors housing; Serviced apartments; Veterinary hospitals.*

### 4 Prohibited

*Any development not specified in item 2 or 3.*

The Parent Parcel is located within an area identified on the Urban Release Area Map pursuant to the LEP as being within the “Warriewood Valley Release Area” (WVRA) and being located within the “Buffer Area”. The area generally in line with the Dedication Land is identified as a “Creekline Corridor”. The Parent Parcel is identified on the Urban release Area Map as “Buffer Area 1e”.

An extract of the Urban Release Area Map indicating the Parent Parcel outlined in red is located at **Appendix 2** to this advice.

Pursuant to clause 6.1 of PLEP, development of land within the WVRA is permitted in accordance with the Warriewood Valley Strategic Review Report and the Warriewood Valley Strategic Review Addendum Report. Clause 6.1(3) indicates the dwelling density for the Parent Parcel is 32 dwellings per hectare.

Also, clause 6.1(4) of PLEP indicates that development consent must not be granted for development unless the proposed development will not have any significant adverse impact on any of the following:

- (a) Opportunities for rehabilitation of aquatic and riparian vegetation, habitats and ecosystems within creek line corridors,*
- (b) The water quality and flows within creek line corridors.*

Other Town Planning controls include Maximum Height of Building control of 10.5m and 8.5m within the area that is 12.5 metres measured from the boundary Warriewood Road.

Approximately 60% of the Parent Parcel, to the rear of the Parent Parcel, is identified as being affected by biodiversity considerations. Approximately 40% of the Parent Parcel, also toward the rear portion, is identified as being affected by Acid Sulfate Soils (Class 3 and 4).

I note that the Dedication Land is not identified on the Council’s Acquisition Map pursuant to the PLEP.

An extract of the aforementioned Planning Control Maps with the Parent Parcel outlined in blue is located at **Appendix 3** to this advice.



## Flooding

By reference to the Narrabeen Lagoon Flood Study, dated September 2019, which was prepared on behalf of the Council by BMT WBM Pty Ltd (**Flood Study**), it appears to me that the Parent Parcel and Dedication Land are affected by flooding with the rear portion of the land being affected by the 1:20 year flood extents. An extract of the Flood Study is located at **Appendix 3** to this advice.

## Environmental Issues

In the absence of an environmental report, I have for the purposes of this report assessed the value on the basis that the site is free of environmental matters of concern.

Please note that neither myself nor Lunney Watt & Associates Pty Limited are expert in identifying environmental hazards or compliance requirements affecting property and while the land appears suitable for the existing use, no soil tests or environmental studies have been made available to me. Please note, therefore that my valuation is subject to there being no surface or sub-surface soil problems including instability, toxic or hazardous wastes or building material hazards (including asbestos) in or on the property that would adversely affect its existing or potential use, or reduce its marketability and value. Should any problem be known or arise, then the valuation should be referred back to me for comment.

## The Development Application

The Parent Parcel has the benefit of an approved Development Application which was granted by the Land and Environment Court on 8 March 2017. The application is for the Torrens Title subdivision of the Parent Parcel into 2 lots to provide for the excision and dedication of the creekline corridor to the Council and the creation of a Residue Lot. Further, it provides for the subdivision of the Residue Lot into 29 residential lots and a community lot.

Condition C13 of the Development Consent<sup>3</sup> requires the Dedication Land to be dedicated as a contribution pursuant to Section 94 of the Environmental Planning and Assessment Act 1979.

The Warriewood Valley Development Contributions Plan Amendment 16 Revision 2<sup>4</sup> (CP) as referred to in Clause C13c of the consent states at page 47:

*"With respect to development sites which partially comprises creek line corridor land, Council will require, by condition of consent, a 25 metre wide corridor to be dedicated to Council as part of the development. The value of this land will directly offset the total monetary contribution payable. Table 4 lists the properties with creek line corridor land required to be dedicated to Council as well as the value attributed to the land. Creek line corridor land has been valued by a registered valuer as at June 2015."*

Table 4 of the CP indicates that the land value rate applicable to Parent Parcel is \$53.39/m<sup>2</sup>. I note that if the rate of \$53.39/m<sup>2</sup> were to be applied to the Dedication Land Area of 3,977m<sup>2</sup>, a value (or Section 94 offset) of \$212,332 would be derived.

<sup>3</sup> Obtained from Council's Development Application Tracker N0491/16

<sup>4</sup> As provided in your instructions



In my opinion, the rate of \$53.39/m<sup>2</sup> which is set out in the CP is of no significance for the purpose of determining the current market value of the Dedication Land. This is no more than a budget estimate in the CP. In my experience it is common for budget estimates in a CP to significantly overstate or understate the value of land which is to be acquired pursuant to a Section 94 Contribution Plan. My opinion in this regard is also consistent with relevant case law.<sup>5</sup>

### Valuation Rationale

You have instructed to provide “desk top” valuation advice to assist your client in undertaking negotiations with the Council in respect of the Dedication Land.

In providing this advice, I have researched and analysed a number of sales of land in the locality of the Parent Parcel. There is a lack of directly comparable properties to the Dedication Land.

The sales to which I have had regard are summarised in the table below.

Sale	Address	Area	Sale Date	Sale Price	Analysed Land Value	Comments
1.	10 Fern Creek Rd, Warriewood (Lot 6 DP 736961)	1.014ha	28/7/16	\$7,500,000	\$732/m <sup>2</sup>	An irregular shaped englobo allotment zoned “R3” located in the WVRA. DA lodged for 20 Lot Community Subdivision and a residue lot on 15 December 2015 and approved on 20 June 2016. Residue lot has DA for a 13 unit residential flat building lodged 11/10/16 and approved 13/4/17. Not flood liable or biodiversity constrained.
2.	45-49 Warriewood Rd, Warriewood (Lot 1 & 2 DP 349085)	2.155ha	25/1/2018	\$16,450,000	\$763/m <sup>2</sup> of land area	A two lot englobo allotment zoned “R3” located adjoining to the Parent Parcel. No DA appearing on the Council Development Tracker. Identified as “Buffer 1G & 1F in the CP with approximately 1,471m <sup>2</sup> to be dedicated for Creekline Corridor.

<sup>5</sup> See, for example, *Seawizz Holdings v Liverpool Council* (LEC), *Maloney v Minister for Planning* (LEC) and *Hoy v Coffs Harbour Council* (LEC).

3.	23-27 Warriewood Rd, Warriewood (Lot 27,28,29 Sec C DP 5464)	2.5331ha	9/9/2015	\$16,000,000	\$632/m <sup>2</sup> of land area	A two lot englobo allotment zoned "R3" located close to the Parent Parcel. DA for construction of a residential aged care facility lodged 30/12/16 and approved 13/7/17. Further DA for mixed use residential on Lot 25 & 27 is proposed with residential flat buildings, semi detached housing and dwelling houses. Identified as "Buffer 1L in the CP, with approximately 4,281m <sup>2</sup> to be dedicated for Creekline Corridor.
4.	3 Boondah Rd, Warriewood (Lot 2 DP 552465)	0.6165ha	15/12/17	\$2,460,000	\$399/m <sup>2</sup>	An irregular shaped parcel of land. Zoned RU2 and backing onto Narrabeen Creek. The sale property is wholly flood liable with the majority affected by the 1:20 year flood. Contained a dated dwelling and previously utilised a plant nursery. Purchased by the Council by negotiation for the purposes of a Sports Facility.

The Dedication Land and rear portion of the Parent Parcel appears to suffer a range of development constraints including flooding and biodiversity including flooding and biodiversity constraints and is unlikely to be suitable for built form development. Notwithstanding this situation this land still has an intrinsic value as part of the Parent Parcel and may be capable of various ancillary uses.

I have not been able to identify any recent sales within the immediate or general locality of the Parent Parcel which was all similarly constrained. Fortunately there are some sales which include areas of constrained land and unconstrained land and it is possible to analyse these sales in manner to determine the value of the constrained land.

I have analysed Sale 2 and Sale 3 to derive a different rate for the "creek line corridor" land from the balance of those sale properties as follows:



*Sale 2 – 45-49 Warriewood Road, Warriewood - \$16.45M (\$763/m<sup>2</sup> overall)*

Creek corridor land 1,471m <sup>2</sup> x \$200/m <sup>2</sup>	\$ 294,200
Balance 20,079m <sup>2</sup> x \$804.60/m <sup>2</sup>	<u>\$16,155,563</u>
Total (as)	<b>\$16,450,000</b>

*Sale 3 – 23-27 Warriewood Road, Warriewood - \$16M (\$632/m<sup>2</sup> overall)*

Creek corridor land 4,281m <sup>2</sup> x \$200/m <sup>2</sup>	\$ 856,200
Unconstrained land 21,050m <sup>2</sup> x \$719.42/m <sup>2</sup>	<u>\$15,143,791</u>
Total (as)	<b>\$16,000,000</b>

Note the difference in the analysed value of the developable land (\$719/m<sup>2</sup> v \$804/m<sup>2</sup>) is logical and would be expected by reason of market gain between September 2015 and January 2018 (the two respective sale dates).

I also note that the Parent Parcel was acquired by your client in May 2016 for \$12M. The Parent Parcel comprises a total area of 2.6ha on an overall (or average) basis the actual sale of the Parent Parcel may be analysed to reflect a rate of \$462/m<sup>2</sup>.

As I have indicated above, significant parts of the Parent Parcel are constrained by biodiversity issues and flooding. Indeed your client's proposed development plan (see Appendix 1) seeks to undertake built form development over an area of only approximately 50% of the Parent Parcel.

I have analysed the actual sale of the Parent Parcel as follows:

Potentially developable land 13,000m <sup>2</sup> (50%) x \$725/m <sup>2</sup> <sup>6</sup>	\$ 9,425,000
Constrained Land 13,000m <sup>2</sup> (50%) x \$198/m <sup>2</sup>	<u>\$ 2,574,000</u>
Total (as)	<b>\$12,000,000</b>

The foregoing analysis demonstrates:

- i) In the case of Sale 2 and Sale 3, the value of the constrained and undevelopable land was \$200/m<sup>2</sup>, and
- ii) In the case of the actual sale of the Parent Parcel the value (and price paid) by your client for the constrained, non-developable part of the Parent Parcel was \$198/m<sup>2</sup>.

Sale 4 above was acquired by the Council for public recreation purposes. Whilst constrained (being entirely flood liable) it appears to me that the sale property enjoyed a so-called dwelling entitlement under its "RU4" zoning<sup>7</sup>.

<sup>6</sup> The rate of \$725/m<sup>2</sup> is supported by the forgoing analysis of Sale 2 and Sale 3 and also the contemporaneous sale of Sale 1, an unconstrained "R3" development site in July 2016 at a rate of \$732/m<sup>2</sup>.

<sup>7</sup> Noting that the sale property contained a dated dwelling.

In my opinion Sale 4 is of some assistance to determine the market value of the Dedication Land.

I consider that significant downward adjustment is required to the rate of \$399/m<sup>2</sup> to bring into account the lesser constraints and superior development potential (dwelling entitlement) which was enjoyed by Sale 4.

Although subjective, it is my opinion that a downward adjustment in the order of 50% is required to Sale 4.

If a downward adjustment of 50% were to be made, an adjusted value (i.e. indicative market value of the Dedication Land) of \$200/m<sup>2</sup> would be derived.

Although not a primary consideration, I am also aware of other sales of constrained "Creek Corridor" and "Riparian" land within other developing localities throughout the North West Growth Centre of Sydney.

The Hills Shire has recently acquired numerous properties within the Box Hill release precinct. I am aware of numerous sales within the Box Hill release precinct which reflect values of:

- \$100/m<sup>2</sup> for creek corridors (creek bed and banks)
- \$125/m<sup>2</sup> for riparian corridors either side of a creek corridor

I appreciate that it is difficult to draw a meaningful comparison between Box Hill and Warriewood. One would reasonably expect the value of constrained land at Warriewood to significantly exceed that at Box Hill.

### **Conclusion**

For the foregoing reasons I have formed the opinion that the current market value of the Dedication Land is \$200/m<sup>2</sup>. On this basis I have calculated the market value of the Dedication Land as follows:

$$3,977\text{m}^2 \times \$200/\text{m}^2 \quad \$795,400$$

I consider that the estimated acquisition cost, in the CP, at the rate of \$53.39/m<sup>2</sup> significantly underestimates the market value of the Dedication Land. This is less than half the rate which is demonstrated on the analysis of the clearly inferior (and less valuable) properties within the Box Hill release precinct within the North West Growth Centre of Sydney.

I trust the foregoing advice is sufficient for your requirements.

Yours faithfully,



**David Lunney B.Com(L.Ec) AAPI**  
**Certified Practising Valuer**  
**Director**

### *Annexures*

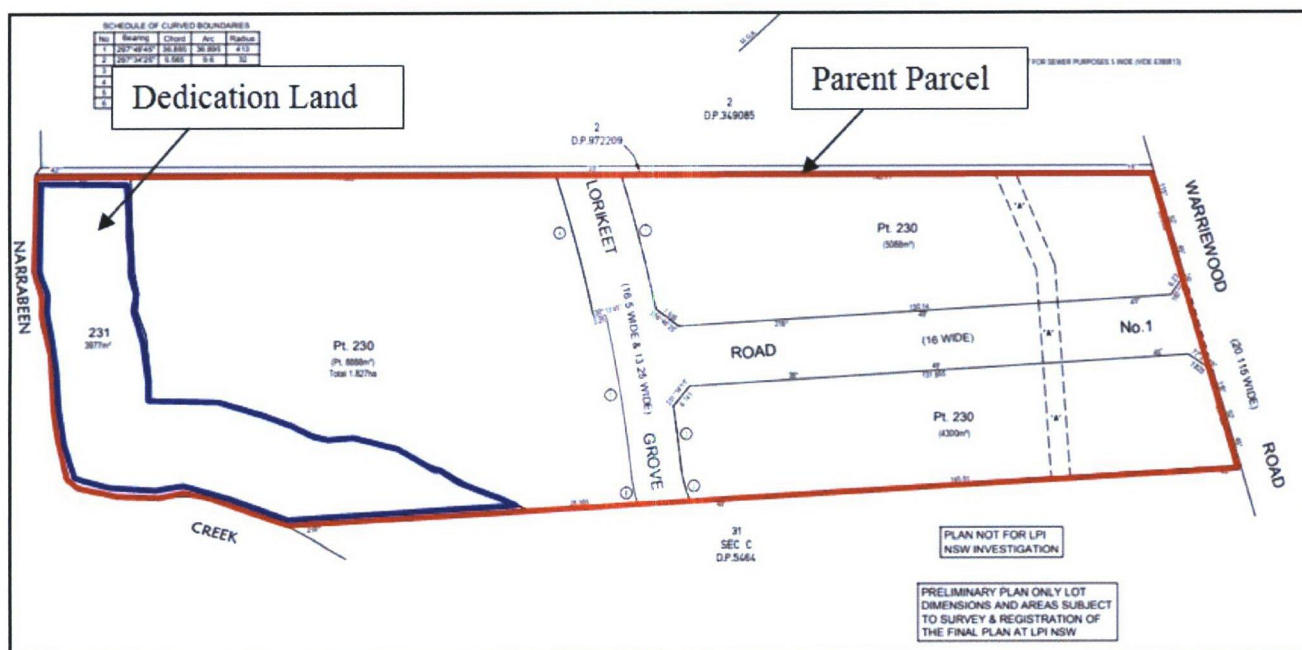
1. *Aerial Plan of Parent Parcel and Extract of Plan of Subdivision*
2. *Extract of Urban Release Area Map*
3. *Extracts from PLEP Development Control Maps and Flood Plan*



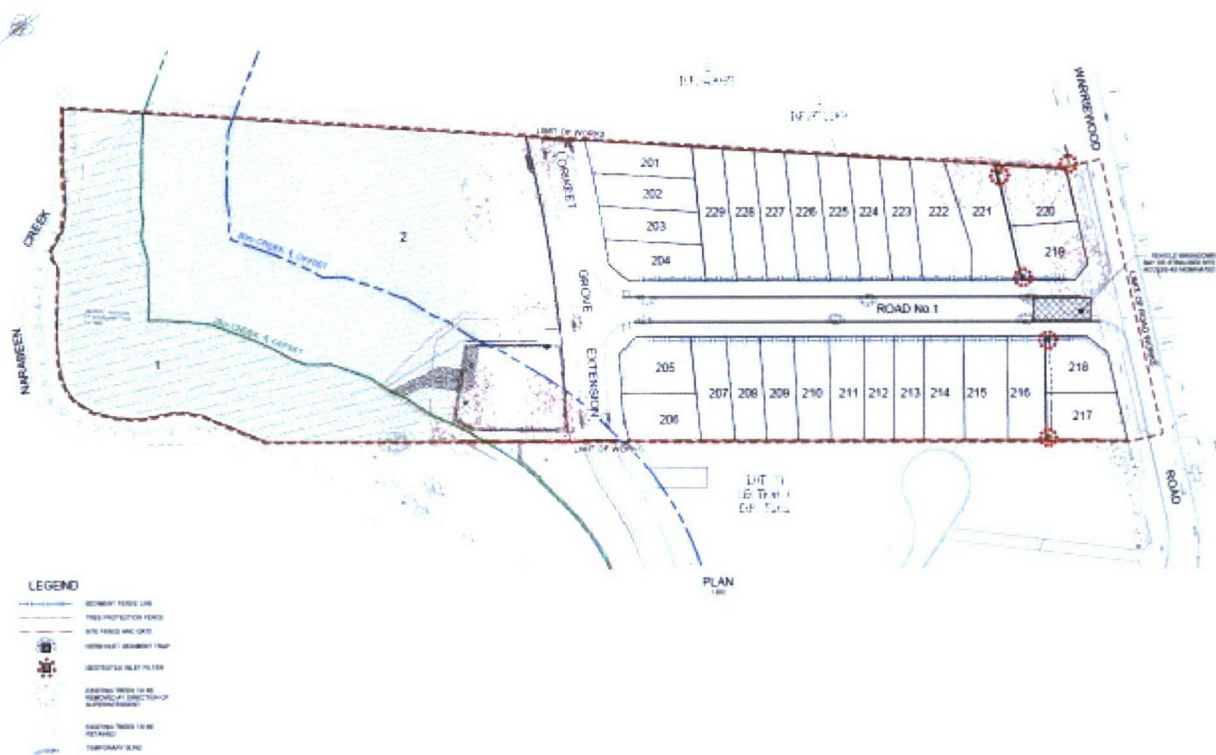
***Limiting Conditions & Liabilities***

*This valuation advice is for the use only of the party to whom it is addressed, and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation advice. No responsibility will be accepted for photocopied signatures. Neither the whole nor any part of this valuation or any reference thereto may be included in any published documents, circular or statement, nor published in part or in full in any way, without written approval of the form and context in which it may appear. No liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the property market subsequent to the date of valuation. This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 3 months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. I confirm that I am a member of the Australian Property Institute and have the relevant experience and qualifications to value the class of property being valued. I confirm that neither myself nor Lunney Watt & Associates Pty Limited have a pecuniary interest that could conflict with the valuation of the property and the opinion expressed is free of any bias in this regard.*

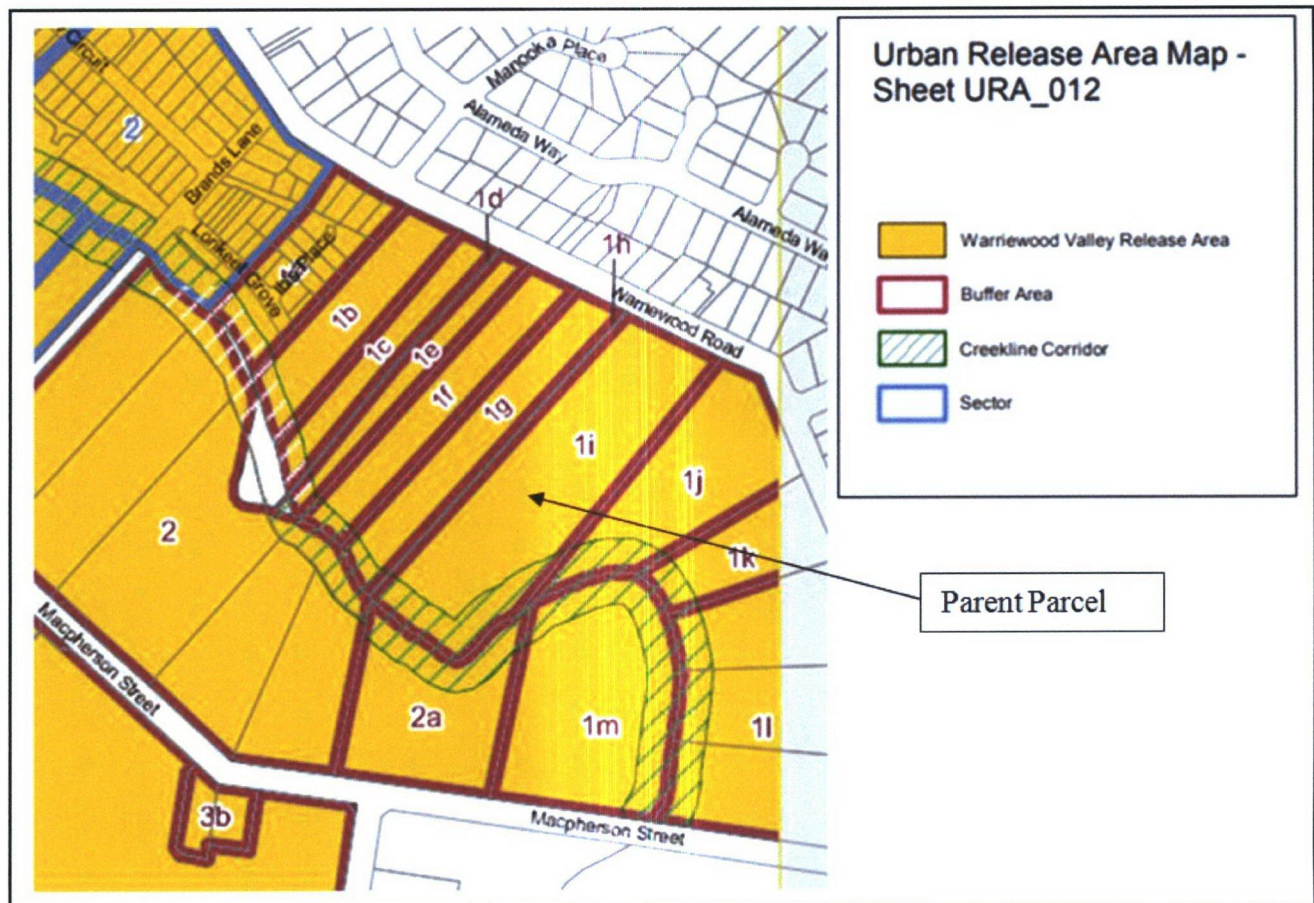
## Appendix 1 – Aerial Plan of Parent Parcel and Extract of Plan of Subdivision





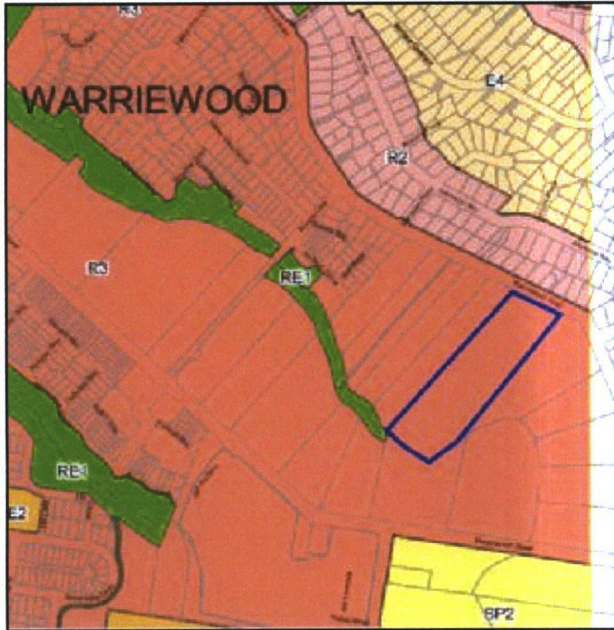


## Appendix 2 – Extract of Urban Release Area Map

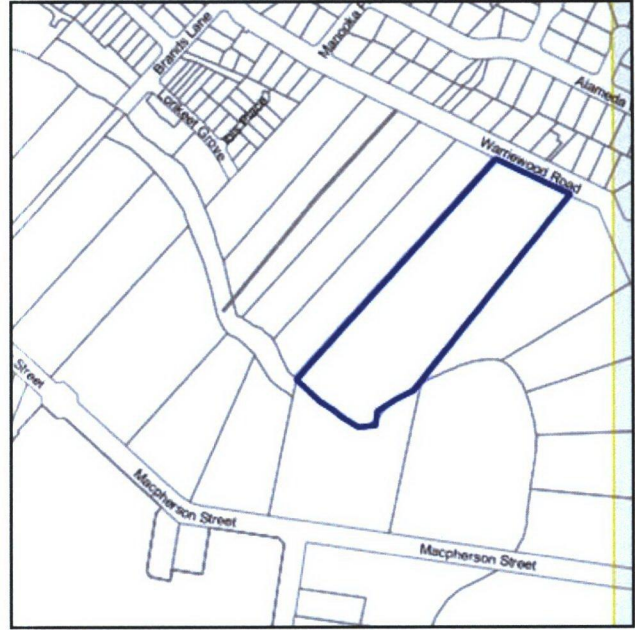




## Appendix 3 – Extracts from PLEP Development Control Maps and Flood Plan



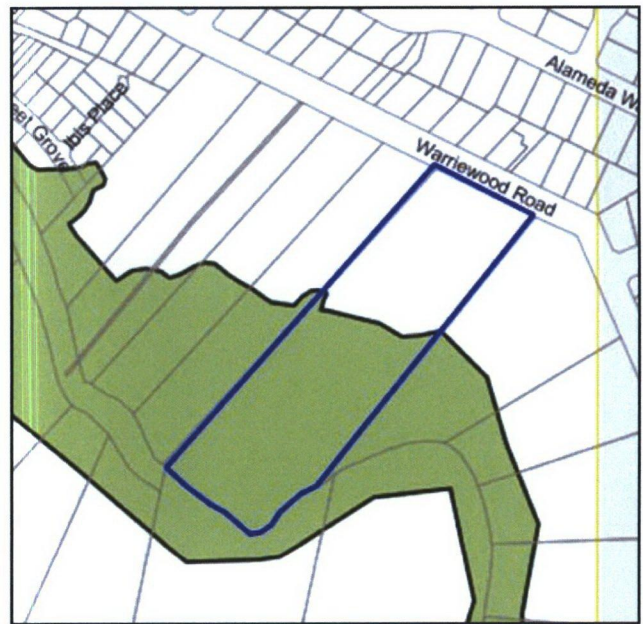
PLEP - Land Zoning Map no. 12  
"R3-Medium Density Residential"



PLEP - Land Acquisition Map no. 12



PLEP - Height of Building Map no. 12  
"K - Area 6"

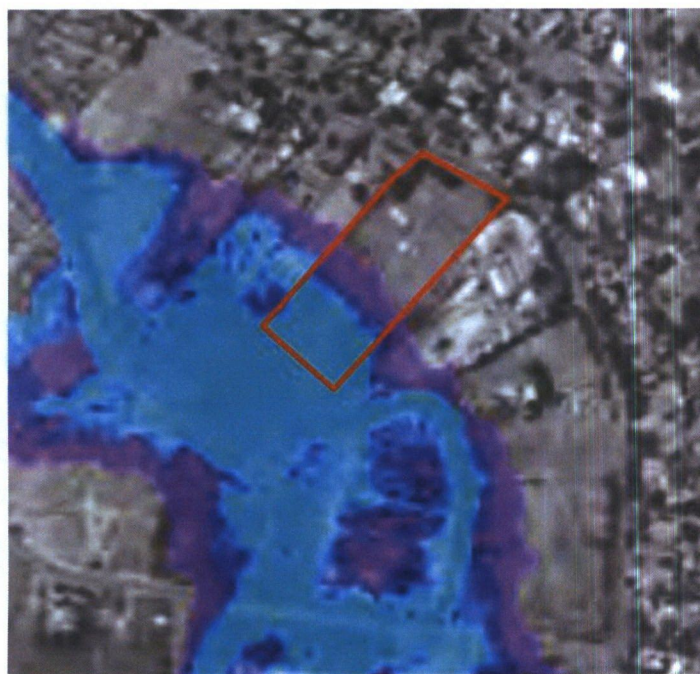


PLEP - Biodiversity Map no. 12








PLEP – Acid Sulfate Soils Map no. 12  
Class 3 and Class 4



#### LEGEND

 Catchment Boundary

#### Peak Flood Inundation Extent

-  20% AEP Event
-  5% AEP Event
-  1% AEP Event
-  0.2% AEP Event
-  PMF Event

Extract Narrabeen Lagoon Flood Study - September 2013 – BMT WBM Pty Ltd