



Developer Contributions Feasibility Assessment

Dubbo Northwest URA

Prepared for
Dubbo Regional Council

May 2024

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1.0 INTRODUCTION

HillPDA was commissioned by Dubbo Regional Council (Council) to conduct a feasibility study of proposed development contribution rates in the North-west Urban Release Area (The Precinct). The study tested the development viability impacts of different contribution rates.

1.1 The North-West Urban Release Area

The North-West Urban Release Area (URA) is located on the northwestern outskirts of the Dubbo urban area. It is positioned approximately 2km away from both the Dubbo Central Business District (CBD) and the Dubbo Regional Airport, 4km from the Dubbo Health and Education Precinct and 3km from the proposed Narromine Road Urban Release Area. It is anticipated this precinct will have 4,500 – 5,500 residential lots and accommodate a population of 12,500 - 17,500 people from 2024 to 2041.

Currently, Bunglegumbie Road passes through the centre of the precinct, which connects to Narromine Road via Thompson Street. However, future connectivity will be enhanced through the planned extension of the Newell Highway, including a third crossing of the Macquarie River (known as the New Dubbo Bridge Project), which will be delivered in the eastern section of the precinct.

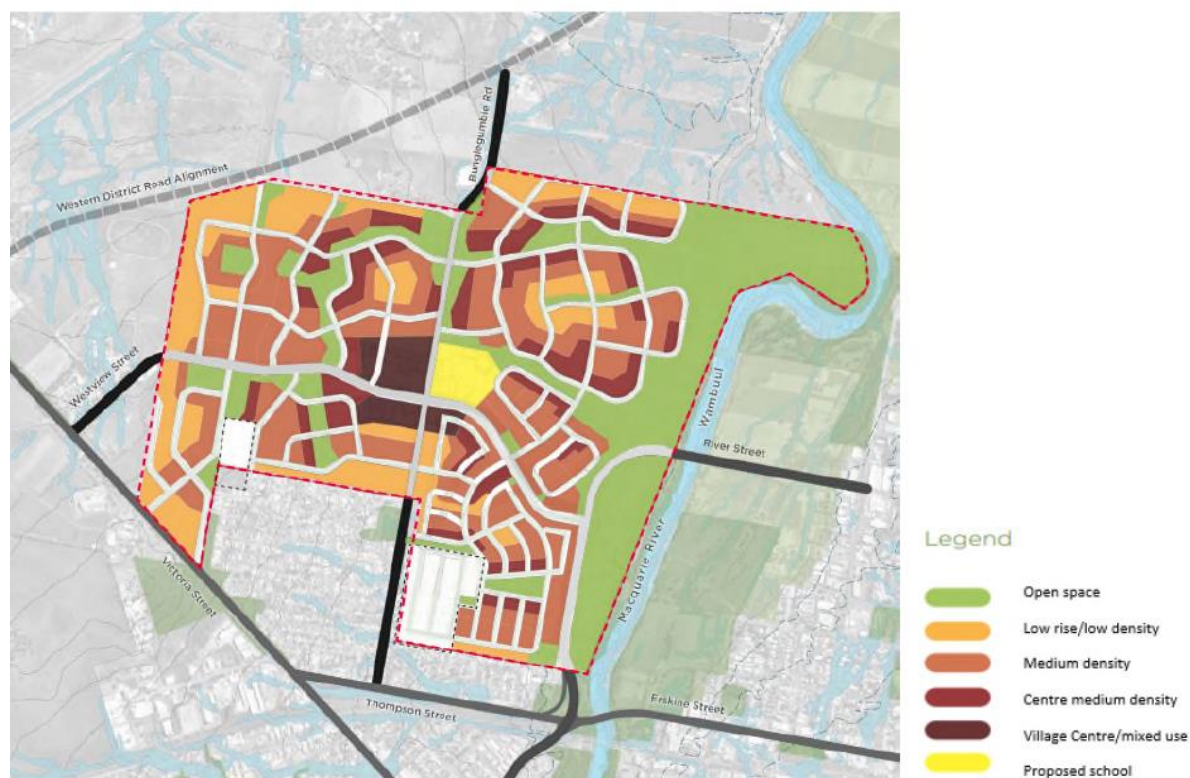
The majority of the land within the North-West URA is classified as Urban Release Area (URA) under the provisions of the Dubbo Local Environment Plan 2022. Strategic planning is crucial for this area and other nearby lands to ensure the creation of supportive neighbourhoods that can accommodate future growth and leverage the strategic location and opportunities offered by this precinct.

The vision for the North-West Residential Urban Release Area in Dubbo is to establish a prominent residential growth zone that addresses the increasing housing needs of the city's thriving urban population. This vision entails driving residential development opportunities, offering a wide range of housing choices and ensuring the availability of housing options for the future.

There is a clear recognition of the growing demand for housing diversity and choice within this area and across Dubbo as a whole. The intention is to provide a variety of housing options at different price points, thereby promoting a dynamic housing market in Dubbo.

A site responsive Indicative Layout Plan has now been prepared for the precinct and is shown in the figure below.

Figure 1: Indicative Layout Plan of NWURA



Source: Precinct Plan North-West Dubbo Urban Release Area

1.2 Required infrastructure

Council has prepared a draft Section 7.11 plan which identifies the infrastructure required to service this population. This is estimated at \$130m comprising the following components:

■ Roads	\$69,426,600
■ Open spaces	\$45,750,000
■ Plan Preparation & Administration	\$2,500,000
■ TOTAL (approx.)	\$130,000,000

Water and sewer charges are not part of the 7.11 plan and are administered under a different act.

1.3 Purpose of this study

The purpose of this study is to conduct a feasibility analysis that would identify the impacts on development viability of different contribution plan rates. The current levy is around \$13,400 per lot but the question is what the impacts would be on affordability and feasibility should the levy be increased to \$20,000 or \$30,000.

\$20,000 per lot is the current cap set by State Government but Council believes that \$30,000 per lot is a necessary levy to meet the costs of infrastructure required to service the future population. The current \$20,000 cap has been in place for the past 15 years or so and we understand that there is a reasonable level of probability that State Government would support the cap being raised to \$30,000.

Notwithstanding, there is a question on the impacts of raising the levy on development costs, the feasibility of development and/or possible adverse impacts on the demand for housing.

1.4 Current contribution rates

Current contribution rates in the various release areas in Dubbo are summarised in the table immediately below.

Table 1: Current developer contribution rates 2023-24

	Southlakes	Miriam	Huntingdale	North-West URA	Central-West URA
Roads	\$7,335	\$7,335	\$7,335	\$7,335	\$7,335
Open Space	\$5,436	\$4,244	\$5,928	\$5,792	\$5,928
Stormwater	\$1,421	\$0	\$0	\$0	\$0
Water	\$6,697	\$6,697	\$6,697	\$6,697	\$6,697
Sewer	\$6,697	\$6,697	\$6,697	\$6,697	\$6,697
Total	\$27,586	\$24,973	\$26,657	\$26,521	\$26,657

Source: Dubbo Regional Council and HillPDA.

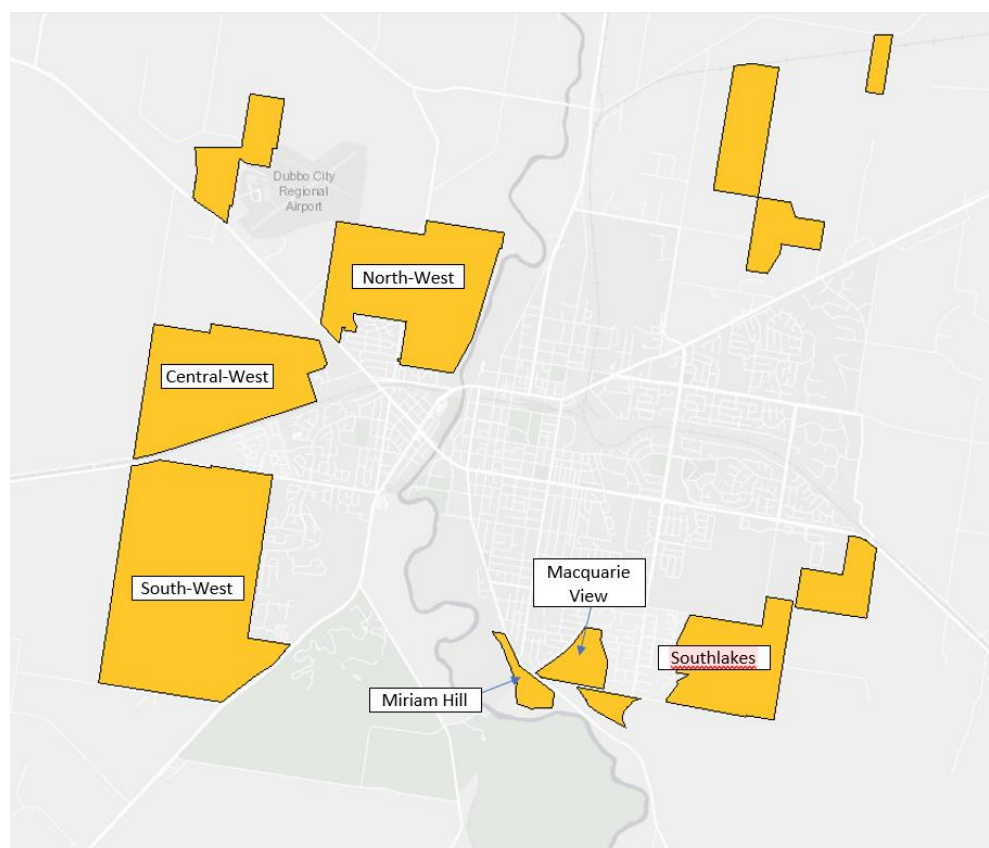
*Notes: Roads are the same LGA-wide. Open Space differs slightly in each of the release areas.

Water and sewer are not levied under Section 7.11 but are levied under a separate act.

Stormwater is only levied in Southlakes, with future review.

The table above shows little variation in contribution levels between the release areas. The difference between the high and low amounts is around \$2,600, which is no more than 1% of the market value of a new residential lot. As a result there appears to be little competitive advantages or disadvantages with any particular release area. All release areas are reasonably price competitive and any variation in end sale values is likely to be reflection of the desirability to live there rather than the cost of infrastructure and development. The release areas in Dubbo are depicted in the figure below.

Figure 2: Dubbo Release Areas



Source: Dubbo Council

The danger of course is that a sudden rise in contributions in any particular release area, without similar increases in other areas, would put that particular release area at a competitive disadvantage. Under this scenario it may be difficult for a developer to pass the cost increase onto the end buyers due to being competitively disadvantaged. If that is the case, then the feasibility of development is undermined and the market take-up in the area would fall. This is explored later in the report.

2.0 MARKET RESEARCH

This Chapter analyses future development activity and end sale values of the residential land markets within Dubbo. The purpose is to provide evidence for an indicative land cost on a per hectare basis in the NWURA and estimate the potential revenue from the development. This research provides valuable information about current market rates informs the feasibility modelling.

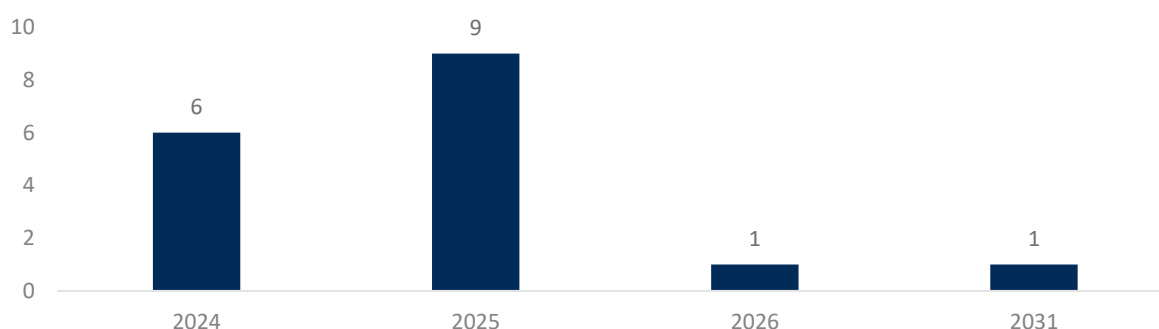
Specifically, we have undertaken market research in Dubbo and associated urban releases areas on the following:

- Residential development pipeline,
- Residential development site sales,
 - Analysis of residential development site sales or englobo land sales for residential subdivisions provide an indication of the rate which developers are currently paying in the market. Englobo land is characterised by:
 - › Undeveloped, or has minimal development,
 - › Largely unserviced,
 - › Zoned to allow for subdivision into smaller parcels
- Residential subdivisions sales
 - This section analyses the sale values achieved in the Dubbo and surrounding areas. Our research has considered a range of values for residential land lots, recent sales activity, and asking prices of relevant residential land estates. This will provide indicative revenue achieved by hypothetical developments.

2.1 Development pipeline

Analysis of the development pipeline indicates there are 17 development applications in the pipeline anticipated to be delivered between 2024 and 2031. Demonstrated in Figure 3, the majority of projects (15) will be completed across 2024 and 2025. There is a reduction in the development pipeline between 2026 and 2031 before a project is set to be completed.

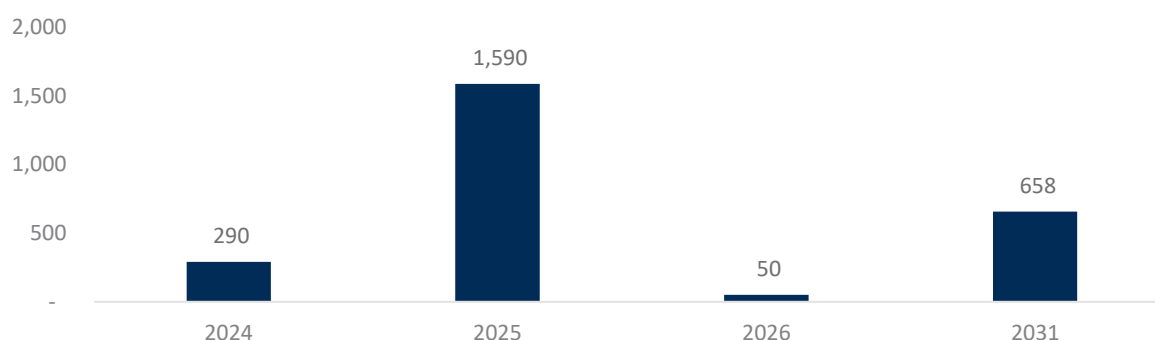
Figure 3: Number of projects in the development pipeline



Source: Cordell Connect, HillPDA 2023

As shown in Figure 4, the majority of lots is to be delivered in 2025 driven by the Keswick Estate Stage 5 release of 783 residential lots. However, due to the large development scale, we expect this to be released in stages as the second release of 36 lots is currently being marketed. The development pipeline in 2024 comprises six projects averaging 48 lots each. The development pipeline in 2031 is one development of 658 lots which we anticipate would be released in stages similar to Keswick Estate. The development pipeline for Dubbo is anticipated to remain consistent with several estates continuing to release lots in separate stages.

Figure 4: Expected development pipeline for Dubbo



Source: Cordell Connect, HillPDA 2023

2.2 Development site sales

Developers are able to achieve a lower \$/lot rate when purchasing englobo land and submitting the DA afterwards. Therefore, we analysed large site sales of comprising 4 hectares and above that could be subdivided.

Sales in the South-West URA ranged between \$69,785 and \$144,444/ha with an average of \$104,215/ha. Sales in the North-West URA comprised of R2 and RU2 zoned land sales ranged between \$72,900 and \$350,617/ha with an average of \$177,698/ha. This rate is driven by the high Spears Drive \$/ha rate of \$350,617/ha which is an outlier for the area. Removing the outlier, sales in the NWURA average \$120,058/ha.

Recent sales land outside of an URA in Dubbo ranged between \$15,933 and \$174,571/ha with an average of \$79,105/ha. The sales were mostly RU2 rural zoned land with one sale on R5 large lot zoning. These sales comprised of mainly farms with some sales consisting of only houses. There was a difference between sales of large site sales in URAs than sales not in an URA, largely driven by land zoning factors. Table 2 below details the large site sales evidence.

Table 2: Dubbo large site sales

Release Area	Address	Sold price	Sold date	Size (ha)	Price/ha	Zoning	Comments
N/a	13R Nulla Road Dubbo	\$700,000	28/04/2022	9.3	\$75,269	RU2	North of NWURA
N/a	41L Minore Road Dubbo	\$1,501,000	27/12/2021	21.02	\$71,408	RU2	Improved land West of SWURA
N/a	18R Rosedale Road Dubbo	\$1,435,000	7/03/2022	40.13	\$35,759	RU2	Far West of SWURA
N/a	20R Buddens Road Dubbo	\$850,000	27/02/2023	53.35	\$15,933	RU2	Far West of SWURA. Further away from Dubbo City in inferior location
N/a	57L Bunglegumbie Road Dubbo	\$905,000	4/11/2022	10.1	\$89,604	RU2	West of NWURA. Improved with house
N/a	4L Sandy Pines Road Dubbo	\$900,000	31/05/2022	11.21	\$80,285	RU2	Far West of NWURA
N/a	54L Narromine Road Dubbo	\$1,730,000	10/02/2022	9.91	\$174,571	RU2	Improved with house built in 2016. West of NWURA
N/a	92L Bunglegumbie Road Dubbo	\$1,300,000	22/09/2023	9.77	\$133,060	RU2	Far west of NWURA
N/a	2L Euston Lane Dubbo	\$940,000	12/07/2023	10.11	\$92,977	RU2	Improved with house west of NWURA
N/a	56R Rosedale Road Dubbo	\$800,000	29/09/2021	36.06	\$22,185	R5	West of SW URA

Release Area	Address	Sold price	Sold date	Size (ha)	Price/ha	Zoning	Comments
North-West	Spears Drive Dubbo	\$1,420,000	2/06/2023	4.05	\$350,617	R2	Potentially development site. No DA on site. Southern part of URA
North-West	20R Bunglegumbie Road Dubbo	\$2,219,250	9/11/2022	11.78	\$188,391	R2	Owned by Dubbo Council.
North-West	6R Bunglegumbie Road Dubbo	\$1,150,000	3/03/2023	11.63	\$98,882	R2/RE1	Improved by house with large shed
North-West	27R Bunglegumbie Road Dubbo	\$1,770,000	13/03/2019	24.28	\$72,900	RU2	Just North of NWURA. Improved with house
South-West	13L Narromine Road Dubbo	\$19,000,000	8/07/2022	202.5	\$93,827	E4/RU2/R2/R5	Majority R2 zoned. Part of site in South-West URA (zoned R2)
South-West	18R Joira Road Dubbo	\$1,100,000	16/07/2021	10.11	\$108,803	R2	House in Southwest Dubbo
South-West	21R Joira Road Dubbo	\$940,000	28/01/2021	13.47	\$69,785	R2	House in Southwest Dubbo
South-West	20L Chapmans Road Dubbo	\$1,950,000	22/04/2021	13.5	\$144,444	R2/R5	Lodging/hostel

Source: Corelogic RP Data, Realestate, Domain, Mecone Mosaic

2.3 Residential subdivision sales

The following section analyses the trends and factors influencing the residential markets, as well as the sale values achieved in Dubbo. Specifically, we have undertaken market research of land subdivision sales in residential land estates.

2.3.1 Southlakes Estate

The Southlakes Estate in the Southlakes URA in Southeast Dubbo is set to deliver 1,600 new homes in a combination of land, and house & land packages. The lots range between 400-2,000sqm lots delivered over multiple stages. Stages 37 38, 41, 42 and 43A are currently being available.

Recent transactions and asking prices for land indicated a rate between \$338-\$402/sqm for 600-750sqm lots. Larger lots of 750-950sqm are sold at a lower rate of between \$270-\$329/sqm.



Table 3: Summary of sale rates for Southlakes Estate

	count	\$/sqm site area			Sale price		
		median \$/sqm	low \$/sqm	high \$/sqm	median rate	low \$	High \$
400-600	-	-	-	-	-	-	-
600-750	12	\$376	\$338	\$402	\$235,000	\$230,000	\$253,000
750-950	8	\$310	\$270	\$329	\$253,125	\$248,000	\$256,000
950+	-	-	-	-	-	-	-

Source: HillPDA analysis, 2023

2.3.2 Huntingdale Estate

The Huntingdale Estate in Southwest Dubbo is located next to SWURA. The project will be delivered in multiple stages with stage 7 completely sold.

Stage 8 containing 21 lots is currently being marketed with larger sized lots ranging between 803-900sqm. Asking prices for land indicated a rate between \$332-\$455/sqm for 750-950sqm lots.



Table 4: Summary of sale rates for Huntingdale Estate

	count	\$/sqm site area			Sale price		
		median \$/sqm	low \$/sqm	high \$/sqm	median rate	low \$	High \$
400-600	-	-	-	-	-	-	-
600-750	-	-	-	-	-	-	-
750-950	10	\$345	\$332	\$355	\$291,450	\$285,000	\$299,000
950+	-	-	-	-	-	-	-

Source: HillPDA analysis, 2023

2.3.3 Grangewood Estate

The Grangewood Estate in Southwest Dubbo next to SWURA is adjacent to the Dubbo Golf Course. The project will be delivered over multiple stages with stages 22 and 23 have completely sold with stage 23 containing lots ranging between 802-1,147sqm.

Stage 24 containing 21 lots is currently being marketed with a mixture of battleaxe lots. The lots are larger sized lots ranging between 902-1,143sqm.

Asking prices for available land lots indicated a rate between \$349-\$442/sqm for 750-950sqm lots. Larger lots of 950+ sqm are sold at a lower rate of between \$321-\$391/sqm. This included two lots that are battle axe lots with a lower \$/sqm rate.



Table 5: Summary of sale rates for Grangewood Estate

	count	\$/sqm site area			Sale price		
		median \$/sqm	low \$/sqm	high \$/sqm	median rate	low \$	High \$
400-600	-	-	-	-	-	-	-
600-750	-	-	-	-	-	-	-
750-950	5	\$423	\$349	\$442	\$384,920	\$329,000	\$398,600
950+	7	\$344	\$321	\$391	\$340,714	\$319,000	\$323,000

Source: HillPDA analysis, 2023

2.3.4 Kintyre Heights Estate

The Kintyre Heights Estate is an eco-focused development with large amounts of nature reserve surrounding the development. The estate is located in the SWURA. The estate offers land lots where purchasers can choose their own builder.

The project contains large lot sizes ranging between 2,000-7,000sqm. Stage 1 containing 20 lots has started marketing with lots ranging between 2,001-4,108sqm. Asking prices for available land lots indicated a rate between \$204-\$250/sqm for 2,000-4,000sqm lots. Larger lots of 4,000-6,000sqm were advertised at a lower rate of between \$146-\$150/sqm.



Table 6: Summary of sale rates for Kintyre Heights Estate

	count	\$/sqm site area			Sale price		
		median \$/sqm	low \$/sqm	high \$/sqm	median rate	low \$	High \$
2,000-4,000	11	\$240	\$204	\$250	\$503,636	\$500,000	\$525,000
4,000-6,000	6	\$149	\$146	\$150	\$600,000	\$600,000	\$600,000
6,000+	-	-	-	-	-	-	-

Source: HillPDA analysis, 2023

2.3.5 Keswick Estate

The Keswick Estate located in SEURA in southeast Dubbo is an estate marketed by the Dubbo Regional Council. The estate offers land lots where purchasers can choose their own builder.

Stage 5 release 2 contains 36 lots (35 single-service and 1 dual-serviced lot) ranging between 600-941sqm. Asking prices for available land lots indicated a rate between \$370-\$381/sqm for 600-750sqm lots. Lots of 750-950sqm were advertised at a higher rate of between \$373-\$393/sqm.



Table 7: Summary of sale rates for Keswick Estate

	count	\$/sqm site area			Sale price		
		median \$/sqm	low \$/sqm	high \$/sqm	median rate	low \$	High \$
400-600	-	-	-	-	-	-	-
600-750	31	\$377	\$370	\$381	\$274,184	\$223,000	\$282,000
750-950	5	\$383	\$373	\$393	\$350,722	\$350,000	\$351,204
950+	-	-	-	-	-	-	-

Source: HillPDA analysis, 2023

2.3.6 Delroy Park

The Delroy Park Estate located in Southwest Dubbo was started in 1997 with stages continued to be developed. The estate offers land lots where purchasers can choose their own builder.

The estate is currently on in stage 14 with stage 18 being released in the future. Stage 14 comprises 90 fully serviced lots ranging between 605-1,447sqm. Sold and asking prices for available land lots indicated an average rate of \$454/sqm for 600-750sqm lots. Lots of 750-950sqm were advertised at a lower rate of between \$359-\$426/sqm. There was one larger sized lot sold for \$254/sqm.



Table 8: Summary of sale rates for Delroy Park Estate

	count	\$/sqm site area			Sale price		
		median \$/sqm	low \$/sqm	high \$/sqm	median rate	low \$	High \$
400-600	-	-	-	-	-	-	-
600-750	24	\$454	\$423	\$504	\$287,083	\$275,000	\$305,000
750-950	10	\$386	\$359	\$426	\$346,000	\$305,000	\$350,000
950+	1	\$254	\$254	\$254	\$375,000	\$375,000	\$375,000

Source: HillPDA analysis, 2023

3.0 FEASIBILITY ANALYSIS

3.1 Feasibility methodology

To undertake the feasibility modelling, we used an in-house bespoke Excel model which calculates the Residual Land Value (RLV) of a hypothetical development by subtracting, from the anticipated net sales revenue, the anticipated costs of development plus a margin for profit and risk. For comparison, this is then expressed as a benchmark dollar rate per lot or per square metre of land.

The RLV calculated from the hypothetical feasibility is the maximum price that a developer would pay for the site to still generate their required return given the levels of risk associated with development. Development is deemed viable when the RLV is greater than the current 'as is' market value of the site – ie the value of the site with its existing improvements assuming no redevelopment potential.

To assess feasibility, an accurate 'as is' value for sites is essential. To arrive at these current prices within our modelling, we have analysed market values (as discussed in the previous chapter).

For the purpose of the feasibility testing we have assumed a hypothetical four hectare parcel of land is subdivided into 50 by 600 square metre residential lots. The land includes an existing homestead that would be demolished.

3.2 Assumptions

In undertaking the modelling, HillPDA have a general and location specific assumptions around the timing and delivery of projects. Where applicable market evidence has been used to inform the adopted inputs. Assumptions are as follows:

Project costs

- The price of the land acquisition is \$125,000 per hectare (equivalent to \$10,000 per residential lot). Land is exchanged in Month Zero and settled in Month 2.
- D.A. is submitted in Month 5
- Construction or civil works commences in Month 14 and takes 10 months to complete. Works include earthworks, internal roads (including drainage, kerb and gutter, footpaths and landscaping) and reticulation of services (water, sewer and power).
- Construction cost is assumed at \$1.55m per hectare plus 7% contingency
- Professional fees and application fees were included at 7.5% of construction cost
- Marketing and advertising were included at 1% of end sale values
- Legal and accounting fees were included at 0.5% of construction
- Section 7.11 was included at \$14,600/lot under the base case
- Water and sewer contributions were included at \$13,394/lot
- Statutory land holding costs were included at \$6,000 per annum
- Construction costs and half the professional fees are assumed to be paid by debt with interest at 7% per annum charged monthly in arrears. Line fees are charged at 0.5% per annum during construction

Project revenue

- Lots are settled over three months after construction at \$255,000 per lot
- GST is deducted at one eleventh of the end sale price less the original land value under the consideration method

- Sales commission of 2% and other costs (legal, etc) at 0.5% are paid at settlement

Hurdle rates

- A target development margin of 16% was assumed. The target development margin is also known as the profit/risk margin which is calculated at profit divided by total project cost.
- A target internal rate of return of 18% was assumed.
- These hurdle rates reflect industry standards for residential land subdivision in a reasonably proven market where the land being acquired is appropriately zoned but no development application has yet been submitted and the land is serviceable.

3.3 Development Options

Development options refer to varying the Section 7.11 charge. For the purpose of the testing we have modelled four options being:

- Option 1: Section 7.11 charge remaining at \$13,600 per lot
- Option 2: Section 7.11 is charged at \$20,000 per lot
- Option 3: Section 7.11 is charged at \$30,000 per lot
- Option 4: Same as Option 3 but the end sale value of the lots are increased by \$15,000 to largely cover the cost of the increase in Section 7.11 charge

3.4 Feasibility results

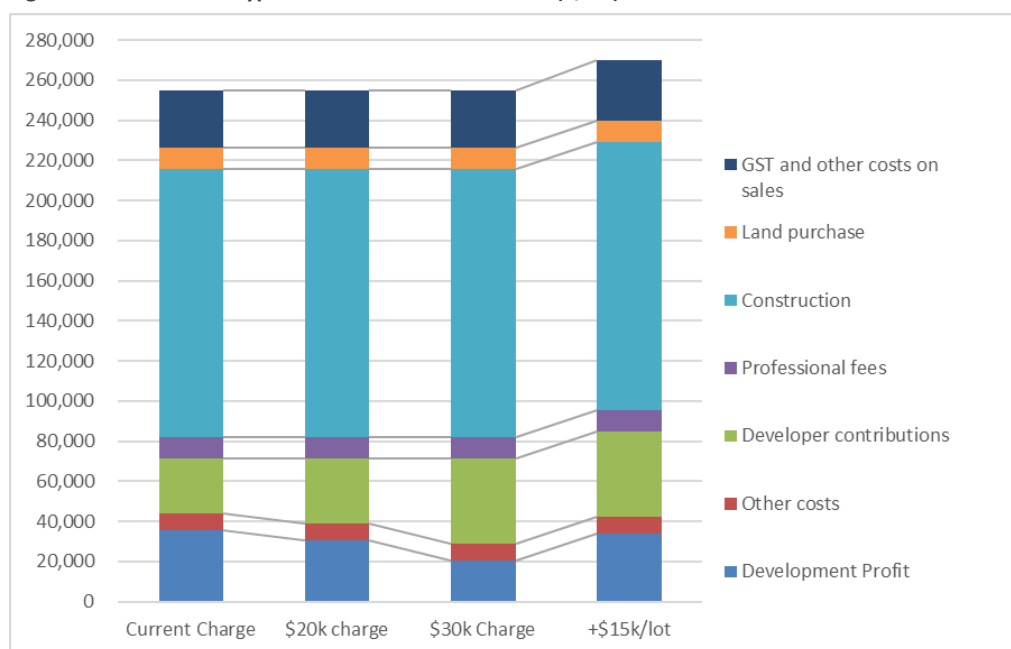
The individual RLV models are shown in Appendix B but are summarised in the table immediately below. The revenue and cost numbers are shown on a per lot basis.

Table 9: RLV model of hypothetical subdivision of land (\$/lot)

	Current Sec 7.11 Charges	Sec 7.11 = \$20,000/lot	Sec 7.11 = \$30,000/lot	\$30,000/lot + \$15k price increase
REVENUE				
Gross Revenue	255,000	255,000	255,000	270,000
Less GST	-22,231	-22,231	-22,231	-23,595
Less sales commissions	-5,100	-5,100	-5,100	-5,400
Less other costs on sales	-1,269	-1,269	-1,269	-1,343
Net Sales Revenue	226,400	226,400	226,400	239,662
COSTS				
Land Purchase Price	10,000	10,000	10,000	10,000
Other acquisition costs	460	460	460	460
Construction	133,750	133,750	133,750	133,750
Professional fees	10,763	10,763	10,763	10,764
Developer contributions	27,434	32,726	42,526	42,526
Advertising and marketing	2,550	2,550	2,550	2,700
Land holding costs	225	225	225	225
Finance costs including interest	5,436	5,436	5,436	5,436
Total Project Costs	190,618	195,910	205,710	205,860
PERFORMANCE INDICATORS				
Profit	35,783	30,491	20,691	33,802
Development margin	18.8%	15.6%	10.1%	16.4%
Target development margin	16.0%	16.0%	16.0%	16.0%
Project IRR	29.9%	25.0%	16.8%	25.5%
Project NPV (18% disc. Rate)	11,369	6,945	-1,248	0
FEASIBLE	Feasible	Marginally Feasible	Marginally Weak	Marginally Feasible

The differences is better illustrated in the chart immediately below.

Figure 5: RLV chart of hypothetical subdivision of land (\$/lot)



As shown above without a change in the end sale value the increase in Section 7.11 charge undermines viability. In the case of Option 3 (\$30,000/lot) the development profit has fallen to 10% which is considered to be unviable given the level of project risk. A 10% margin may be acceptable in cases where development consent has been achieved and some level of pre-sales. Even then there is still procurement risk. Without development consent and some level of pre-sales a 10% margin is considered to be too low and a developer is unlikely to acquire the land on that basis. Under this scenario the land is likely to continue to be used for agricultural purposes until there is some improvement in market conditions or uplift and end sale values.

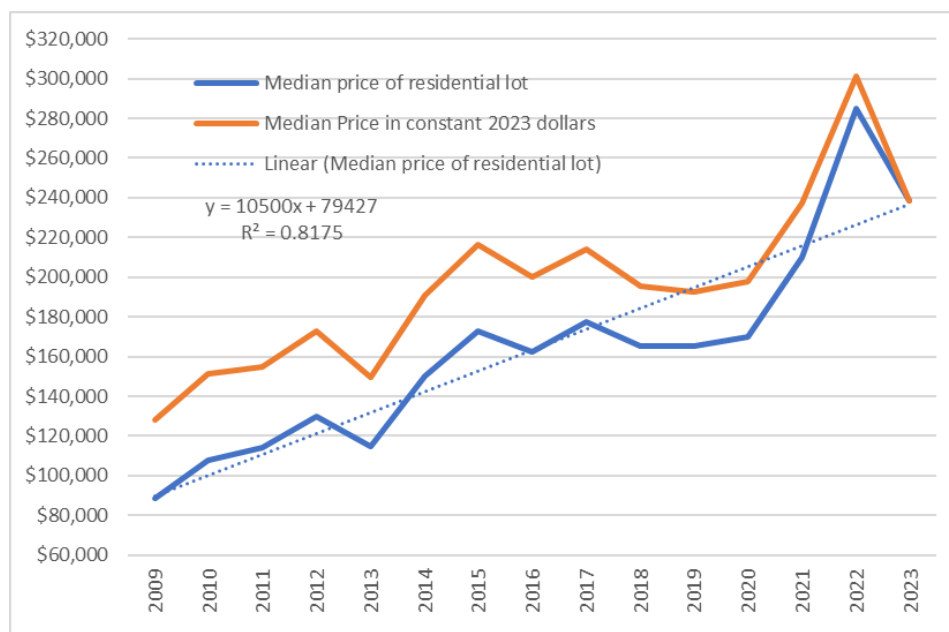
Option 4 however shows a margin of 16.4% which is viable. This is the case where the end sale value of the lots increased by \$15,000 largely to cover the increase in Section 7.11 charge. The question then is whether or not the hypothetical developer can increase the end sale value of the lots, or would it put him/her at a competitive disadvantage, resulting in a slower pre-sales rate and thereby undermining feasibility and/or delaying the project.

3.5 Impact over time

It is important to note that if the new levy was applied to all development fronts at the same time then any future developments would not be at a competitive disadvantage to any other new developments. There may be some competitive disadvantage to existing development fronts such as Southlakes and developments that have submitted applications ahead of the levy increase. However this would only be a short term condition. Eventually all new developments would be subject to the same levy.

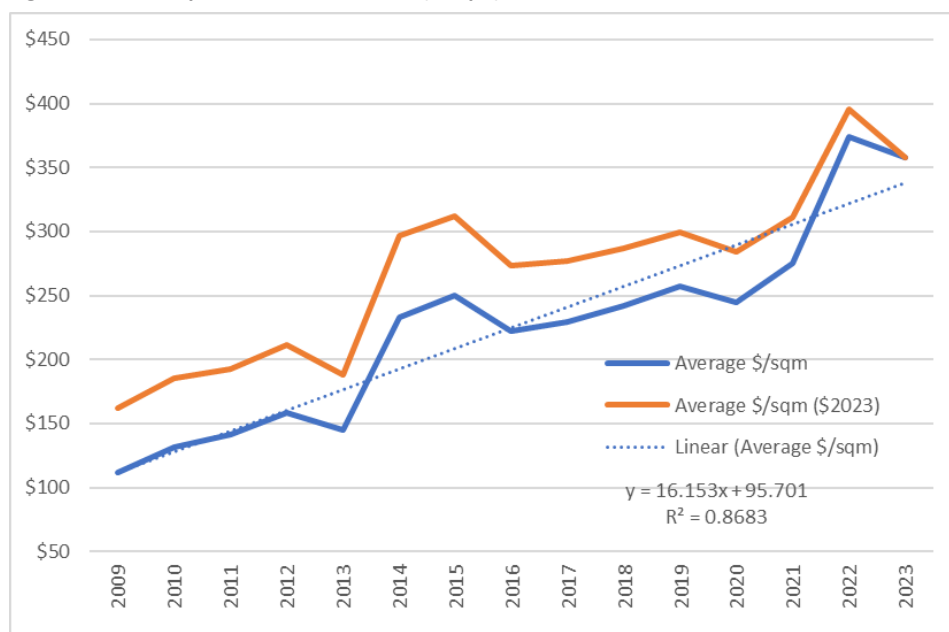
The chart immediately below shows the growth in end sale value of residential lots over the past 15 years.

Figure 6: Median price of residential lots (500sqm to 1,000sqm) in Dubbo



Source: CoreLogic RPData and HillPDA

Figure 7: Median price of residential lots (\$/sqm) in Dubbo



Source: CoreLogic RPData and HillPDA

The above charts show that in Dubbo the end sale value of residential lots has increased considerably over the past 15 years – well above the inflation rate. Based on the long-term trend line (or line of best fit as shown by the dotted line in the above charts), the median price has increased \$10,500 per annum – equivalent to \$16.15 per square metre. In other words, a \$15,000 to \$16,000 increase in the price of a residential lot to pay for the increase Section 7.11 levy would be made good by one and half years growth in end sale values.

3.6 Impact on medium-density housing

The impact of the levy on medium-density housing is mixed depending on product type. Currently the levy on a two by two-bedroom dual occupancy dwellings on a single house lot is \$8,758. This is the levy on two individual dwellings, each 2-bedrooms, less the levy paid on the lot.

If the levy was increased to the \$20,000 cap the net difference would be:

$$\$12,857 \times 2 - \$20,000 = \$5,714$$

At \$30,000 cap the levy would be

$$\$19,285.71 \times 2 - \$30,000 = \$8,571$$

Hence under this scenario the levy is a little lower than under the current rate. That said, the levy is higher on the developer that created the lot and hence may have passed some of that cost onto the buyer.

3.7 Conclusion

Increasing the Section 7.11 levy on land development may have some adverse impact on feasibility but this is likely to be short term.

Provided that the levy is increased simultaneously in all release areas then there would be no competitive advantages and disadvantages between release areas.

Given that the average house block increases in value at more than \$10,000 a year the rise in the levy would be easily absorbed in land price rises over time.

APPENDIX A : LAND SALES

A.1 Land subdivision sales

Table 10: Southlakes Estate sales

Address	Sold price	Sold date	Land size (sqm)	\$/sqm
56 Sea Crescent, Southlakes Estate,	\$255,000	13/11/2023	816.8	\$312
59 Delta Road, Southlakes Estate	\$252,000	17/10/2023	804.9	\$313
40 Freshwater Drive, Southlakes Estate	\$223,000	17/10/2023	659	\$338
Lot 4219, 7 Tide Crescent, Dubbo	\$255,000	10/10/2023	810	\$315
7 Tide Crescent, Southlakes Estate	\$255,000	25/09/2023	810	\$315
53 Cove Circuit, Southlakes Estate	\$238,000	25/09/2023	620.5	\$384
51 Cove Circuit, Southlakes Estate	\$238,000	25/09/2023	603	\$395
67 Azure Avenue, Dubbo	\$255,000	18/05/2023	686	\$372
9 Pelagic Court, Dubbo	\$253,000	6/06/2023	629	\$402
Lot 4216 Stage 42 Southlakes Estate	\$248,000	For sale	706.4	\$351
Lot 4331 Stage 43A Southlakes Estate	\$252,000	For sale	765.9	\$329
Lot 4349 Stage 43A Southlakes Estate	\$248,000	For sale	917.7	\$270
Lot 4360 Stage 43A Southlakes Estate	\$252,000	For sale	802.7	\$314
Lot 4365 Stage 43A Southlakes Estate	\$256,000	For sale	820.6	\$312
Lot 3708 Stage 37 Southlakes Estate	\$230,000	For sale	603	\$381
Lot 3709 Stage 37 Southlakes Estate	\$223,000	For sale	612.5	\$364
Lot 3710 Stage 37 Southlakes Estate	\$230,000	For sale	601.3	\$383
Lot 3713 Stage 37 Southlakes Estate	\$230,000	For sale	601.3	\$383
Lot 3716 Stage 37 Southlakes Estate	\$230,000	For sale	601.3	\$383
Lot 3723 Stage 37 Southlakes Estate	\$232,000	For sale	609.1	\$381

Source: Southlakes, Realestate

Table 11: Huntingdale Estate sales

Address	Sold price	Sold date	Land size (sqm)	\$/sqm
Lot 802 Huntingdale Estate	\$292,500	For sale	853.2	\$343
Lot 803 Huntingdale Estate	\$285,000	For sale	802.6	\$355
Lot 804 Huntingdale Estate	\$285,000	For sale	802.6	\$355
Lot 807 Huntingdale Estate	\$285,000	For sale	804.9	\$354
Lot 808 Huntingdale Estate	\$285,000	For sale	804.9	\$354
Lot 814 Huntingdale Estate	\$292,000	For sale	839.3	\$348
Lot 815 Huntingdale Estate	\$293,000	For sale	843.1	\$348
Lot 819 Huntingdale Estate	\$299,000	For sale	900	\$332
Lot 820 Huntingdale Estate	\$299,000	For sale	900	\$332
Lot 821 Huntingdale Estate	\$299,000	For sale	900	\$332

Source: Realestate

Table 12: Grangewood Estate sales

Address	Sold price	Sold date	Land size (sqm)	\$/sqm
Lot 2406 Grangewood Estate	\$385,000	For sale	984.2	\$391
Lot 2408 Grangewood Estate	\$398,600	For sale	902.3	\$442

Address	Sold price	Sold date	Land size (sqm)	\$/sqm
Lot 2409 Grangewood Estate	\$399,200	For sale	906	\$441
Lot 2418 Grangewood Estate	\$319,000	For sale	988.1	\$323
Lot 2419 Grangewood Estate	\$323,000	For sale	1007	\$321
Lot 2421 Grangewood Estate	\$329,000	For sale	942.5	\$349
Lot 2406 Grangewood Estate	\$385,000	For sale	984.2	\$391
Lot 2408 Grangewood Estate	\$398,600	For sale	902.3	\$442
Lot 2409 Grangewood Estate	\$399,200	For sale	906	\$441
Lot 2415 Grangewood Estate	\$331,000	For sale	983.6	\$337
Lot 2418 Grangewood Estate*	\$319,000	For sale	988.1	\$323
Lot 2419 Grangewood Estate*	\$323,000	For sale	1007	\$321

Source: Raine&Horne, Realestate

*Battle axe lots

Table 13: Kintyre Heights Estate sales

Address	Sold price	Sold date	Land size (sqm)	\$/sqm
Lot 3 Kintyre Heights	\$515,000	For sale	2409	\$214
Lot 4 Kintyre Heights	\$500,000	For sale	2027	\$247
Lot 5 Kintyre Heights	\$500,000	For sale	2040	\$245
Lot 6 Kintyre Heights	\$500,000	For sale	2017	\$248
Lot 7 Kintyre Heights	\$500,000	For sale	2017	\$248
Lot 8 Kintyre Heights	\$500,000	For sale	2011	\$249
Lot 9 Kintyre Heights	\$500,000	For sale	2025	\$247
Lot 10 Kintyre Heights	\$525,000	For sale	2569	\$204
Lot 11 Kintyre Heights	\$500,000	For sale	2050	\$244
Lot 12 Kintyre Heights	\$500,000	For sale	2001	\$250
Lot 13 Kintyre Heights	\$500,000	For sale	2001	\$250
Lot 14 Kintyre Heights	\$600,000	For sale	4025	\$149
Lot 15 Kintyre Heights	\$600,000	For sale	4000	\$150
Lot 16 Kintyre Heights	\$600,000	For sale	4004	\$150
Lot 17 Kintyre Heights	\$600,000	For sale	4004	\$150
Lot 18 Kintyre Heights	\$600,000	For sale	4006	\$150
Lot 19 Kintyre Heights	\$600,000	For sale	4108	\$146

Source: Domain

Table 14: Keswick Estate sales

Address	Sold price	Sold date	Land size (sqm)	\$/sqm
Lot 201 Keswick Estate	\$276,000	For sale	743.9	\$371
Lot 204 Keswick Estate	\$276,000	For sale	744.6	\$371
Lot 205 Keswick Estate	\$284,696	For sale	749.2	\$380
Lot 206 Keswick Estate	\$350,000	For sale	897.2	\$390
Lot 207 Keswick Estate	\$270,000	For sale	712.6	\$379
Lot 208 Keswick Estate	\$270,000	For sale	712.6	\$379
Lot 209 Keswick Estate	\$270,000	For sale	712.6	\$379
Lot 210 Keswick Estate	\$270,000	For sale	712.6	\$379
Lot 211 Keswick Estate	\$270,000	For sale	712.6	\$379
Lot 212 Keswick Estate	\$270,000	For sale	712.6	\$379

Address	Sold price	Sold date	Land size (sqm)	\$/sqm
Lot 213 Keswick Estate	\$270,000	For sale	712.6	\$379
Lot 214 Keswick Estate	\$270,000	For sale	712.6	\$379
Lot 215 Keswick Estate	\$270,000	For sale	712.6	\$379
Lot 216 Keswick Estate	\$270,000	For sale	712.5	\$379
Lot 217 Keswick Estate	\$282,000	For sale	740	\$381
Lot 218 Keswick Estate	\$282,000	For sale	740	\$381
Lot 219 Keswick Estate	\$282,000	For sale	740	\$381
Lot 222 Keswick Estate	\$282,000	For sale	740	\$381
Lot 223 Keswick Estate	\$282,000	For sale	740	\$381
Lot 224 Keswick Estate	\$282,000	For sale	740	\$381
Lot 225 Keswick Estate	\$282,000	For sale	740	\$381
Lot 226 Keswick Estate	\$282,000	For sale	740	\$381
Lot 227 Keswick Estate	\$351,204	For sale	928.5	\$378
Lot 228 Keswick Estate	\$351,204	For sale	928.5	\$378
Lot 229 Keswick Estate	\$276,000	For sale	739.9	\$373
Lot 230 Keswick Estate	\$276,000	For sale	739.9	\$373
Lot 231 Keswick Estate	\$276,000	For sale	739.9	\$373
Lot 232 Keswick Estate	\$276,000	For sale	739.9	\$373
Lot 233 Keswick Estate	\$276,000	For sale	739.9	\$373
Lot 234 Keswick Estate	\$276,000	For sale	739.9	\$373
Lot 235 Keswick Estate	\$351,204	For sale	941.2	\$373
Lot 236 Keswick Estate	\$223,000	For sale	601.9	\$370
Lot 237 Keswick Estate	\$350,000	For sale	889.9	\$393
Lot 240 Keswick Estate	\$276,000	For sale	743.9	\$371
Lot 249 Keswick Estate	\$276,000	For sale	744.6	\$371
Lot 252 Keswick Estate	\$284,696	For sale	749.2	\$380

Source: Dubbo Regional Council, Domain

Table 15: Delroy Park Estate sales

Address	Sold price	Sold date	Land size (sqm)	\$/sqm
1401 Delroy Park Stage 14a	\$295,000	Sold	650	\$454
1402 Delroy Park Stage 14a	\$285,000	Sold	612	\$466
1403 Delroy Park Stage 14a	\$295,000	Sold	650	\$454
1404 Delroy Park Stage 14a	\$345,000	For sale	947	\$364
1405 Delroy Park Stage 14a	\$280,000	For sale	615	\$455
1406 Delroy Park Stage 14a	\$280,000	For sale	615	\$455
1407 Delroy Park Stage 14a	\$340,000	Sold	947	\$359
1408 Delroy Park Stage 14a	\$275,000	Sold	650	\$423
1409 Delroy Park Stage 14a	\$275,000	Sold	612	\$449
1410 Delroy Park Stage 14a	\$275,000	Sold	650	\$423
1411 Delroy Park Stage 14a	\$280,000	Sold	612	\$458
1412 Delroy Park Stage 14a	\$285,000	Sold	650	\$438
1413 Delroy Park Stage 14a	\$350,000	For sale	912	\$384
1414 Delroy Park Stage 14a	\$305,000	For sale	754	\$405

Address	Sold price	Sold date	Land size (sqm)	\$/sqm
1415 Delroy Park Stage 14a	\$280,000	For sale	608	\$461
1416 Delroy Park Stage 14a	\$285,000	Sold	648	\$440
1417 Delroy Park Stage 14a	\$285,000	Sold	648	\$440
1418 Delroy Park Stage 14a	\$285,000	Sold	648	\$440
1419 Delroy Park Stage 14a	\$290,000	Sold	648	\$448
1420 Delroy Park Stage 14a	\$350,000	Sold	914	\$383
1421 Delroy Park Stage 14a	\$290,000	For sale	640	\$453
1422 Delroy Park Stage 14a	\$290,000	For sale	640	\$453
1423 Delroy Park Stage 14a	\$295,000	For sale	640	\$461
1424 Delroy Park Stage 14a	\$375,000	Sold	1474	\$254
1425 Delroy Park Stage 14a	\$370,000	For sale	869	\$426
1426 Delroy Park Stage 14a	\$305,000	For sale	605	\$504
1427 Delroy Park Stage 14a	\$295,000	For sale	605	\$488
1428 Delroy Park Stage 14a	\$350,000	For sale	888	\$394
1429 Delroy Park Stage 14a	\$350,000	For sale	913	\$383
1430 Delroy Park Stage 14a	\$285,000	For sale	637	\$447
1431 Delroy Park Stage 14a	\$295,000	For sale	637	\$463
1432 Delroy Park Stage 14a	\$350,000	For sale	913	\$383
1433 Delroy Park Stage 14a	\$295,000	Sold	650	\$454
1434 Delroy Park Stage 14a	\$285,000	Sold	612	\$466
1435 Delroy Park Stage 14a	\$295,000	Sold	650	\$454

Source: Delroy Park

APPENDIX B : FEASIBILITY MODELS

Residual Version 7

Program Written by HillPDA Land Economists (Updated February 2021)

Licensed to:
HillPDA

1. Introduction				
1.01 Project Name	Dubbo Feasibility Model			
1.02 Address	Urban Release Area	Existing residential dwellings	1	
1.03 Description or Option	Current Sec 7.11 Charges	New residential dwellings	50	
1.04 Report Prepared By	HillPDA	Ratio of new dwellings to existing	50.0	
1.05 Report Prepared For	Dubbo Regional Council	No. of floors		
1.06 Site Area	40,000 sqm	Min no. of parking levels		
1.07 Gross developable area (GDA)	40,000 sqm =	FSR	1.00 : 1	
1.08 Net developable area	100.0% of GFA =	40,000 sqm		
1.09 Gross saleable area (GSA) =	75.0% of GFA =	30,000 sqm		

2. Milestones				
2.01 Start Date (Enter Date for Contract Exchange)	Jan-24	(ie month 0, settlement is assumed 2 months later)		
2.01 D.A. Submission	5	3 months after settlement		
2.01 Start construction in month	14	9 months for approvals		
2.01 End construction in month	24	10 months construction period		
2.01 Project completion in month (Last Sales Period)	27	3 months selling period		

3. Revenue	Land use	Lots or sqm	Base Rate	\$ Value	
3.01 Residential lots	Residential	50	255,000	\$12,750,000	
3.02 .				\$0	
3.03 .				\$0	
3.04 .				\$0	
3.05 .				\$0	
3.06 .				\$0	
3.07 .				\$0	
3.08 .				\$0	
3.09 .				\$0	
3.10 .				\$0	
Total Gross Revenue		50	255,000		\$12,750,000
4. Less Costs on Sales					
4.01 Less Affordable housing units	-	(of residential sales)		\$0	
4.02 Less GST on residential sales %	10.00%	Consideration method		(\$1,111,546)	
4.03 Less Commissions	2.00%	(of sales revenue)		(\$255,000)	
4.04 Less other costs on sales	0.50%	(of sales revenue)		(\$63,433)	
Total Costs on Sales					(\$1,429,979)
Total Net Revenue (A+B)					\$11,320,021

5. Land Acquisition Costs (net of GST)				
5.01 Total Purchase Price of lots (assumes 10% upfront and balance on settlement)				\$500,000
5.02 No. of lots				1
5.03 Stamp duty	NSW	State		\$17,990
5.04 Other acquisition costs @	1.00%	of land purchase price		\$5,000
TOTAL				\$522,990

6. Construction Costs (net of GST)		#Lots or sqm	Base Rate	\$Total	
6.01 Demolition		250	200	\$50,000	
6.02 Land subdivision and civil works		4	1,550,000	\$6,200,000	
6.03 .		-	-	\$0	
6.04 .		-	-	\$0	
6.05 .		-	-	\$0	
6.06 .		-	-	\$0	
6.07 .		-	-	\$0	
6.08 Site costs and external works @	0.00%	of above construction costs		\$0	
6.09 Building escalation @	0.00%	of above construction costs		\$0	
6.10 Contingency @	7.00%	of above construction costs		\$437,500	
Total Construction Costs					\$6,687,500

7. Design, application fees and contributions		Units	\$/unit		
7.01 Professional & application fees @	7.50%	of construction costs		\$501,563	
7.02 Marketing costs @	1.00%	of end sales		\$127,500	
7.03 Project legal and accounting fees @	0.50%	of above construction and fees		\$36,583	
7.04 Section 7.11 Contributions		49	14,600	\$715,400	
7.05 Water and Sewer headworks contribution		49	13,394	\$656,306	
7.06 .		-	-	\$0	
7.07 .		-	-	\$0	
Total design, application fees and contributions					\$2,037,351

8. Statutory land holding costs	6,000	per annum*		\$11,250	
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9. Project finance				
9.01 Establishment Costs @	0.00%	of drawdowns		\$0
9.02 Interest at Nominal Rate of	7.00%	per annum**		\$239,908
9.03 Line Fees @	0.50%	of drawdowns during construction		\$31,884
Total Project finance costs				\$271,792

Total Project costs (net of GST) (D+E+F+G+H)				\$9,530,884	
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PERFORMANCE INDICATORS				
Profit (C-I)				\$1,789,137
Development Margin (J/I)				18.8%
Project NPV @	18.00%	discount rate		\$568,452
Project IRR				29.9%
Residual Land Value based on	16.00%	target development margin		\$732,707
Residual Land Value based on achieving a 18% target IRR (zero NPV)				\$1,090,465

- Land holding costs calculated from Month 3 to building completion
- Interest cost applies only to construction and professional fees during construction (assumed to be 50% of total fees)

Residual Version 7

Program Written by HillPDA Land Economists (Updated February 2021)

Licensed to:

HillPDA

1. Introduction				
1.01 Project Name	Dubbo Feasibility Model			
1.02 Address	Urban Release Area		Existing residential dwellings	1
1.03 Description or Option	Sec 7.11 = \$20,000/lot		New residential dwellings	50
1.04 Report Prepared By	HillPDA		Ratio of new dwellings to existing	50.0
1.05 Report Prepared For	Dubbo Regional Council		No. of floors	
1.06 Site Area	40,000		Min no. of parking levels	
1.07 Gross Floor Area (GFA)	40,000	sqm =	FSR	1.00 : 1
1.08 Fully enclosed building area (FEBA) =	100.0%	of GFA =	40,000	sqm
1.09 Gross saleable area (GSA) =	75.0%	of GFA =	30,000	sqm

2. Milestones				
2.01 Start Date (Enter Date for Contract Exchange)	Jan-24	(ie month 0, settlement is assumed 2 months later)		
2.01 D.A. Submission	5	3 months after settlement		
2.01 Start construction in month	14	9 months for approvals		
2.01 End construction in month	24	10 months construction period		
2.01 Project completion in month (Last Sales Period)	27	3 months selling period		

3. Revenue	Land use	Lots or sqm	Base Rate	\$ Value	
3.01 Residential lots	Residential	50	255,000	\$12,750,000	
3.02 .				\$0	
3.03 .				\$0	
3.04 .				\$0	
3.05 .				\$0	
3.06 .				\$0	
3.07 .				\$0	
3.08 .				\$0	
3.09 .				\$0	
3.10 .				\$0	
Total Gross Revenue		50	255,000	\$12,750,000	A
4. Less Costs on Sales					
4.01 Less Affordable housing units	-	(of residential sales)		\$0	
4.02 Less GST on residential sales %	10.00%	Consideration method		(\$1,111,546)	
4.03 Less Commissions	2.00%	(of sales revenue)		(\$255,000)	
4.04 Less other costs on sales	0.50%	(of sales revenue)		(\$63,433)	
Total Costs on Sales				(\$1,429,979)	B
Total Net Revenue (A+B)				\$11,320,021	C

5. Land Acquisition Costs (net of GST)					
5.01 Total Purchase Price of lots (assumes 10% upfront and balance on settlement)				\$500,000	
5.02 No. of lots				1	
5.03 Stamp duty	NSW	State		\$17,990	
5.04 Other acquisition costs @	1.00%	of land purchase price		\$5,000	
TOTAL				\$522,990	D

6. Construction Costs (net of GST)	#Lots or sqm	Base Rate	\$Total	
6.01 Demolition	250	200	\$50,000	
6.02 Land subdivision and civil works	4	1,550,000	\$6,200,000	
6.03 .	-	-	\$0	
6.04 .	-	-	\$0	
6.05 .	-	-	\$0	
6.06 .	-	-	\$0	
6.07 .	-	-	\$0	
6.08 Site costs and external works @	0.00%	of above construction costs	\$0	
6.09 Building escalation @	0.00%	of above construction costs	\$0	
6.10 Contingency @	7.00%	of above construction costs	\$437,500	
Total Construction Costs			\$6,687,500	E

7. Design, application fees and contributions	Units	\$/unit		
7.01 Professional & application fees @	7.50%	of construction costs	\$501,563	
7.02 Marketing costs @	1.00%	of end sales	\$127,500	
7.03 Project legal and accounting fees @	0.50%	of above construction and fees	\$36,583	
7.04 Section 7.11 Contributions	49	20,000	\$980,000	
7.05 Water and Sewer headworks contribution	49	13,394	\$656,306	
7.06 Housing & productivity contribution (commercial)	-	-	\$0	
7.07 .	-	-	\$0	
Total design, application fees and contributions			\$2,301,951	F

8. Statutory land holding costs	6,000	per annum*	\$11,250	G
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9. Project finance					
9.01 Establishment Costs @	0.00%	of drawdowns		\$0	
9.02 Interest at Nominal Rate of	7.00%	per annum**		\$239,908	
9.03 Line Fees @	0.50%	of drawdowns during constructi		\$31,884	
Total Project finance costs				\$271,792	H

Total Project costs (net of GST) (D+E+F+G+H)	\$9,795,484	I
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PERFORMANCE INDICATORS					
Profit (C-I)				\$1,524,537	J
Development Margin (J/I)				15.6%	K
Project NPV @	18.00%	discount rate		\$347,245	
Project IRR				25.0%	
Residual Land Value based on	16.00%	target development margin		\$461,971	
Residual Land Value based on achieving a 18% target IRR (zero NPV)				\$861,214	

1. Land holding costs calculated from Month 3 to building completion
2. Interest cost applies only to construction and professional fees during construction (assumed to be 50% of total fees)

Residual Version 7

Program Written by HillPDA Land Economists (Updated February 2021)

Licensed to:
HillPDA

1. Introduction				
1.01 Project Name	Dubbo Feasibility Model			
1.02 Address	Urban Release Area		Existing residential dwellings	1
1.03 Description or Option	Sec 7.11 = \$30,000/lot		New residential dwellings	50
1.04 Report Prepared By	HillPDA		Ratio of new dwellings to existing	50.0
1.05 Report Prepared For	Dubbo Regional Council		No. of floors	
1.06 Site Area	40,000		Min no. of parking levels	
1.07 Gross Floor Area (GFA)	40,000	sqm =	FSR	1.00 : 1
1.08 Fully enclosed building area (FEBA) =	100.0%	of GFA =	40,000	sqm
1.09 Gross saleable area (GSA) =	75.0%	of GFA =	30,000	sqm

2. Milestones				
2.01 Start Date (Enter Date for Contract Exchange)	Jan-24	(ie month 0, settlement is assumed 2 months later)		
2.01 D.A. Submission	5	3 months after settlement		
2.01 Start construction in month	14	9 months for approvals		
2.01 End construction in month	24	10 months construction period		
2.01 Project completion in month (Last Sales Period)	27	3 months selling period		

3. Revenue	Land use	Lots or sqm	Base Rate	\$ Value	
3.01 Residential lots	Residential	50	255,000	\$12,750,000	
3.02 .				\$0	
3.03 .				\$0	
3.04 .				\$0	
3.05 .				\$0	
3.06 .				\$0	
3.07 .				\$0	
3.08 .				\$0	
3.09 .				\$0	
3.10 .				\$0	
Total Gross Revenue		50	255,000	\$12,750,000	A
4. Less Costs on Sales					
4.01 Less Affordable housing units	-	(of residential sales)		\$0	
4.02 Less GST on residential sales %	10.00%	Consideration method		(\$1,111,546)	
4.03 Less Commissions	2.00%	(of sales revenue)		(\$255,000)	
4.04 Less other costs on sales	0.50%	(of sales revenue)		(\$63,433)	
Total Costs on Sales				(\$1,429,979)	B
Total Net Revenue (A+B)				\$11,320,021	C

5. Land Acquisition Costs (net of GST)				
5.01 Total Purchase Price of lots (assumes 10% upfront and balance on settlement)				\$500,000
5.02 No. of lots				1
5.03 Stamp duty		NSW	State	\$17,990
5.04 Other acquisition costs @		1.00%	of land purchase price	\$5,000
TOTAL				\$522,990

6. Construction Costs (net of GST)		#Lots or sqm	Base Rate	\$Total	
6.01 Demolition		250	200	\$50,000	
6.02 Land subdivision and civil works		4	1,550,000	\$6,200,000	
6.03 .		-	-	\$0	
6.04 .		-	-	\$0	
6.05 .		-	-	\$0	
6.06 .		-	-	\$0	
6.07 .		-	-	\$0	
6.08 Site costs and external works @	0.00%	of above construction costs		\$0	
6.09 Building escalation @	0.00%	of above construction costs		\$0	
6.10 Contingency @	7.00%	of above construction costs		\$437,500	
Total Construction Costs				\$6,687,500	E

7. Design, application fees and contributions		Units	\$/unit		
7.01 Professional & application fees @	7.50%	of construction costs		\$501,563	
7.02 Marketing costs @	1.00%	of end sales		\$127,500	
7.03 Project legal and accounting fees @	0.50%	of above construction and fees		\$36,583	
7.04 Section 7.11 Contributions		49	30,000	\$1,470,000	
7.05 Water and Sewer headworks contribution		49	13,394	\$656,306	
7.06 Housing & productivity contribution (commercial)		-	-	\$0	
7.07 .		-	-	\$0	
Total design, application fees and contributions				\$2,791,951	F

8. Statutory land holding costs	6,000	per annum*	\$11,250	G
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9. Project finance				
9.01 Establishment Costs @	0.00%	of drawdowns	\$0	
9.02 Interest at Nominal Rate of	7.00%	per annum**	\$239,908	
9.03 Line Fees @	0.50%	of drawdowns during constructi	\$31,884	
Total Project finance costs				\$271,792

Total Project costs (net of GST) (D+E+F+G+H)	\$10,285,484	I
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PERFORMANCE INDICATORS				
Profit (C-I)				\$1,034,537
Development Margin (J/I)				10.1%
Project NPV @	18.00%	discount rate		(\$62,399)
Project IRR				16.8%
Residual Land Value based on	16.00%	target development margin		(\$52,676)
Residual Land Value based on achieving a 18% target IRR (zero NPV)				\$17,675,203,156

- Land holding costs calculated from Month 3 to building completion
- Interest cost applies only to construction and professional fees during construction (assumed to be 50% of total fees)

Residual Version 7

Program Written by HillPDA Land Economists (Updated February 2021)

Licensed to:
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1. Introduction				
1.01 Project Name	Dubbo Feasibility Model			
1.02 Address	Urban Release Area		Existing residential dwellings	1
1.03 Description or Option	\$30,000/lot + \$15k price increase		New residential dwellings	50
1.04 Report Prepared By	HillPDA		Ratio of new dwellings to existing	50.0
1.05 Report Prepared For	Dubbo Regional Council		No. of floors	
1.06 Site Area	40,000		Min no. of parking levels	
1.07 Gross Floor Area (GFA)	40,000	sqm =	FSR 1.00 : 1	
1.08 Fully enclosed building area (FEBA) =	100.0%	of GFA =	40,000	sqm
1.09 Gross saleable area (GSA) =	75.0%	of GFA =	30,000	sqm

2. Milestones				
2.01 Start Date (Enter Date for Contract Exchange)	Jan-24	(ie month 0, settlement is assumed 2 months later)		
2.01 D.A. Submission	5	3 months after settlement		
2.01 Start construction in month	14	9 months for approvals		
2.01 End construction in month	24	10 months construction period		
2.01 Project completion in month (Last Sales Period)	27	3 months selling period		

3. Revenue	Land use	Lots or sqm	Base Rate	\$ Value	
3.01 Residential lots	Residential	50	270,000	\$13,500,000	
3.02 .				\$0	
3.03 .				\$0	
3.04 .				\$0	
3.05 .				\$0	
3.06 .				\$0	
3.07 .				\$0	
3.08 .				\$0	
3.09 .				\$0	
3.10 .				\$0	
Total Gross Revenue		50	270,000		\$13,500,000
4. Less Costs on Sales					
4.01 Less Affordable housing units	-	(of residential sales)		\$0	
4.02 Less GST on residential sales %	10.00%	Consideration method		(\$1,179,728)	
4.03 Less Commissions	2.00%	(of sales revenue)		(\$270,000)	
4.04 Less other costs on sales	0.50%	(of sales revenue)		(\$67,164)	
Total Costs on Sales					(\$1,516,892)
Total Net Revenue (A+B)					\$11,983,108

5. Land Acquisition Costs (net of GST)				
5.01 Total Purchase Price of lots (assumes 10% upfront and balance on settlement)				\$500,000
5.02 No. of lots				1
5.03 Stamp duty	NSW	State		\$17,990
5.04 Other acquisition costs @	1.00%	of land purchase price		\$5,000
TOTAL				\$522,990

6. Construction Costs (net of GST)		#Lots or sqm	Base Rate	\$Total	
6.01 Demolition		250	200	\$50,000	
6.02 Land subdivision and civil works		4	1,550,000	\$6,200,000	
6.03 .		-	-	\$0	
6.04 .		-	-	\$0	
6.05 .		-	-	\$0	
6.06 .		-	-	\$0	
6.07 .		-	-	\$0	
6.08 Site costs and external works @	0.00%	of above construction costs		\$0	
6.09 Building escalation @	0.00%	of above construction costs		\$0	
6.10 Contingency @	7.00%	of above construction costs		\$437,500	
Total Construction Costs					\$6,687,500

7. Design, application fees and contributions		Units	\$/unit		
7.01 Professional & application fees @	7.50%	of construction costs		\$501,563	
7.02 Marketing costs @	1.00%	of end sales		\$135,000	
7.03 Project legal and accounting fees @	0.50%	of above construction and fees		\$36,620	
7.04 Section 7.11 Contributions		49	30,000	\$1,470,000	
7.05 Water and Sewer headworks contribution		49	13,394	\$656,306	
7.06 Housing & productivity contribution (commercial)		-	-	\$0	
7.07 .		-	-	\$0	
Total design, application fees and contributions					\$2,799,489

8. Statutory land holding costs	6,000	per annum*		\$11,250	
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9. Project finance				
9.01 Establishment Costs @	0.00%	of drawdowns		\$0
9.02 Interest at Nominal Rate of	7.00%	per annum**		\$239,909
9.03 Line Fees @	0.50%	of drawdowns during construction		\$31,884
Total Project finance costs				\$271,793

Total Project costs (net of GST) (D+E+F+G+H)				\$10,293,022
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PERFORMANCE INDICATORS				
Profit (C-I)				\$1,690,086
Development Margin (J/I)				16.4%
Project NPV @	18.00%	discount rate		\$397,866
Project IRR				25.5%
Residual Land Value based on	16.00%	target development margin		\$538,173
Residual Land Value based on achieving a 18% target IRR (zero NPV)				\$913,872

1. Land holding costs calculated from Month 3 to building completion
2. Interest cost applies only to construction and professional fees during construction (assumed to be 50% of total fees)

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