Sawyers Gully Precinct Study Area

Supply, Demand and Needs Assessment, May 2021

REMPLAN

Project undertaken for
Newquest Property Pty Ltd

May 2021

Supply, Needs and Demand Assessment:

Sawyers Gully Precinct Study Area

This project has been conducted by REMPLAN

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May 2021

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RESOURCES

All modelling has been undertaken using REMPLAN™ software that has been authored by Principal Research Fellow (ret.), Ian Pinge, at La Trobe University Bendigo.

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Contents

Disclaimer ii

1 Project Background and Understanding 8

1.1 Overview 8

1.2 Project Background 8

1.3 Proposed Development 10

1.4 Local Area and Surrounds 12

1.5 Implications 15

2 Population and Demographic Overview 16

2.1 Introduction 16

2.2 Population and Population Projections 16

2.3 Demographic Overview 19

2.4 Implications 25

3 Residential Land Supply 27

3.1 Historical Dwelling Analysis 27

3.2 Relevant Planning Documents 28

3.3 Available and Future Product Assessment 33

3.4 Building and Dwelling Approvals 38

3.5 Recent Housing Supply in Cessnock 39

3.6 Implications 39

4 Demand Assessment 41

4.1 Population Projections 41

4.2 Projected Dwelling Approvals 41

4.3 Residential Market Analysis 42

4.4 Implications 43

5 Assessment of Need 45

5.1 Supply and Demand Comparison 45

5.2 Summary and Implications 47

Executive Summary

This report was commissioned by Newquest Property Pty Ltd in March 2021, to undertake a needs assessment for the residential development of 'Sawyers Gully Precinct'. This report has been updated to include the findings of the Cessnock Housing Strategy and the Urban Growth Management Strategy particularly relating to the following statements:

<u>Cessnock Urban Growth Management Plan</u>

> *"Based on the existing and projected demand for 400- 500 lots per annum and the existing, zoned, undeveloped residential land, it is estimated that there is between 17-24 years of greenfield land supply currently zoned across the Local Government Area"*[1].
>
> *"With the application of a 600m2 lot size (larger than the minimum in many areas) and, factoring in infill development, dual occupancies and multi–unit developments, it is estimated that we have at least 20 years of land supply available"*.

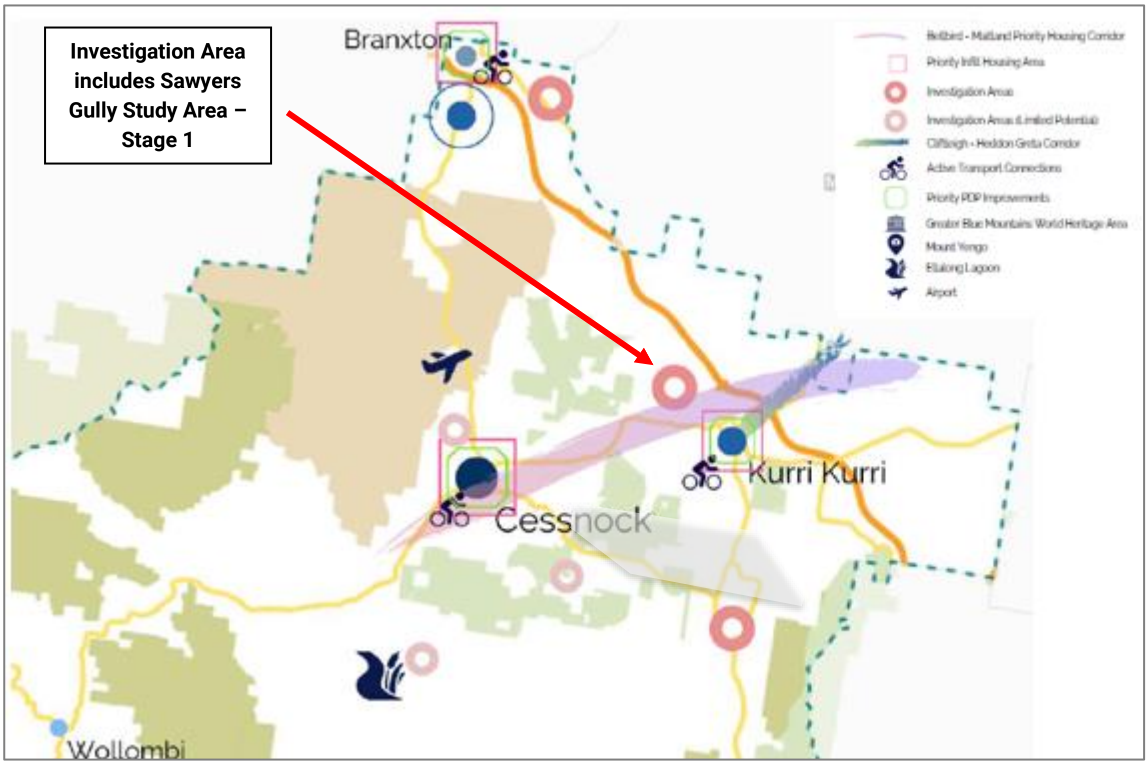
<u>Cessnock Housing Strategy</u>

> *"Council does have a significant role to play in terms of land supply, regulatory efficiency and the assessment of (some) developments and their design outcomes"*[2].

Site Location and Characteristics

The site is located in the 'Sawyers Gully to Kurri Kurri' rural precinct, with surrounding land uses consisting of predominantly low-density residential within a regional location. The Sawyers Gully Study Area – Stage 1 has been identified as an "Investigation Area in the Cessnock City Council Local Strategic Planning Statement.

Figure 1-1 Gingers Lane Location Map



Source: Cessnock City Council, Local Strategic Planning Statement, 2036. Page 20.

[1] *Cessnock Urban Growth Management Plan, Page 4.*
[2] *Cessnock Housing Strategy, Page 5*

The closest township is Kurri Kurri with larger community centres in Maitland and Cessnock located within a 16-minute drive. The subject site is located within minutes of the Hunter Expressway providing access to several large population and economic centres in NSW's north east including as far as Newcastle, Lake Macquarie, Central Coast, Port Stephens, and Singleton within an hour's drive.

Sawyers Gully Precinct Stage 1 - North Gingers Lane Precinct is well located as a continued expansion of current residential patterns of development in close proximity to existing infrastructure such a schools, hospitals and employment nodes.

Population Overview

The population of Cessnock is projected by the New South Wales Department of Planning (DoP) to grow significantly from 56,700 in 2016 to 80,050 by 2041, an increase of 23,350 people or 41.1%, while the population of the Hunter Region is expected to grow by 19.0%. To support population growth of 23,350 additional residents between 2016 and 2041, NSW DoP projects Cessnock will require an additional 11,500 dwellings by 2041.

Based on the Department of Planning (DoP) 2019 population projections[3]:

- Cessnock LGA is expected to experience the highest level of population *growth* in the Hunter Region between 2016 and 2041, increasing by 41.1% (annual average of 1.4%). An increase of 23,350 residents.
- Maitland is projected to experience the second highest, increasing by 32.4% (annual average of 1.1%) over the 25 years. An increase of 25,654 residents.

The latest estimated resident population (ERP) has recently been released demonstrating higher than expected population growth, as of June 2020:

- Cessnock was 61,256 persons. Between 2010 and 2020 the ERP of Cessnock increased by 9,952 people, this equates to an annualised growth rate of 1.8%.
- Maitland ERP was 87,395. Between 2010 and 2020 the ERP of Maitland (C) increased by 18,834 people. This equates to an annualised growth rate of 2.5%.
- The latest 2020 ERPs illustrate:
  - Cessnock 2020 ERP of 61,256 is 2,192 higher than the DoP 2021 projection of 60,064. The population growth over the last 10 years of 1.8% is significantly higher than the 1.4% projected between 2016 and 2041.
  - Maitland ERP of 87,395 is 2,503 higher than the 2021 projection of 84,892. The population growth over the last 10 years of 2.5% is more than double the 1.1% projected between 2016 and 2041.

Figure 1-2 incorporates the latest 2020 estimated resident population into the Departments projections, with the 2020 base population fundamentally impacting the Departments future projections. REMPLAN has simply applied the same growth rate to the forecast years and the same proportion of implied dwelling to support this growth.

Figure 1-2 REMPLAN updated Projections, 2006 to 2041

Key Population Projections	2016	2021	2026	2031	2036	2041	Change
Population	56,700	60,050	65,550	72,000	77,300	80,050	23,350
Dwellings	24,000	25,800	28,450	31,500	34,100	35,500	11,500
REMPLAN*							
Population	56,700	63,620	69,447	76,280	81,896	84,809	28,109
Dwellings	24,000	27,334	30,141	33,373	36,127	37,610	13,610

** Same growth rate as applied by State Government*

[3] *https://www.planning.nsw.gov.au/Research-and-Demography/Population-projections/Projections*

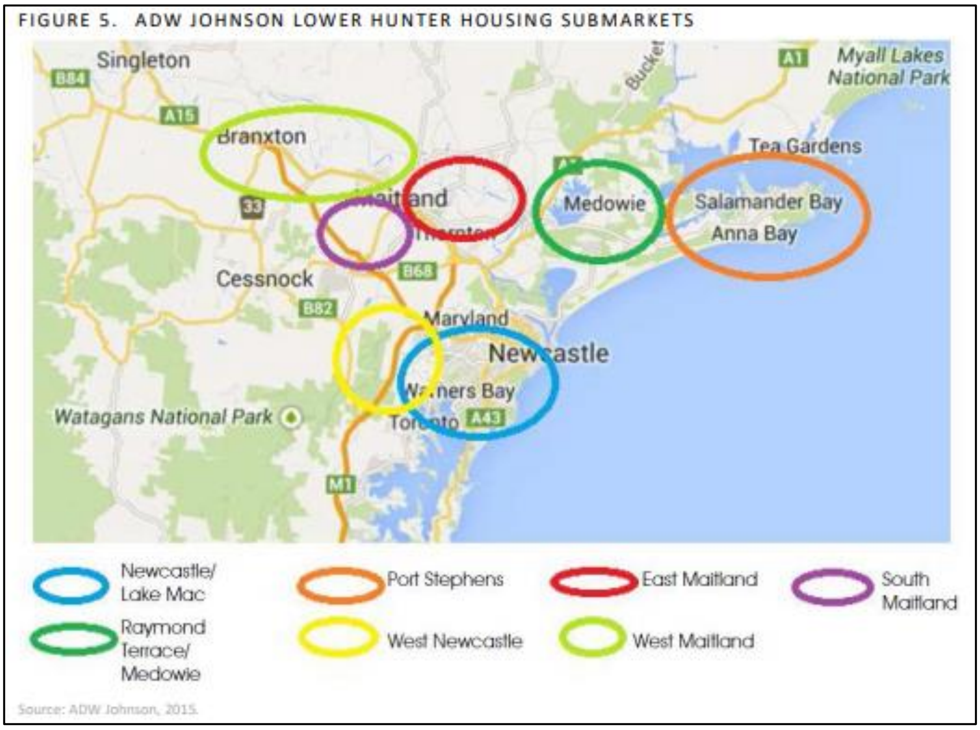
Based on the table above, the population is projected to increase by 28,100 people, instead of 23,350, with the implied dwellings being 13,610 instead of 11,500. This shortfall in dwellings needs to be addressed by Council, particularly given the estimated 2021 population is expected to be over 3,500 more people than determined by the Department. This is an immediate issue that requires further investigation.

The characteristics of Cessnock's population indicate younger residents with a high proportion of families with children. Relative to the Hunter Region, the LGA is a lower income area with increased sensitivity to housing prices and living costs with the implication that future land and dwelling development in the LGA remains affordable and accessible. In addition to having a high profile of families, the number of elderly and retiree aged residents in Cessnock is expected to double through to 2041.

Market Overview

The Cessnock Urban Housing Strategy[4] includes the findings of a report prepared by ADW Johnson (2015) noting population growth and demand for land in the Lower Hunter is driven by access to employment, services, affordability, amenity and lifestyle, including areas located as close as 20 minute's drive from the eastern urban areas of Cessnock such as Kurri Kurri and Heddon Greta. The urban growth areas in the east of Cessnock LGA are often more accessible to employment than the new urban growth areas on the western periphery of Maitland.

Figure 1-3 Lower Hunter Housing Submarket



Source: Cessnock Urban Housing Study, SGS Economics & Planning. 2020. Page 21

The latest population figures demonstrate both Cessnock and Maitland have been experiencing levels of population growth that have been exceeding the State Government's forecasts and expectations, with Maitland's growth being more than twice the projected levels. The provision of appropriate product to continue to support growth in key locations is key to being able to meet the associated demand requirements.

The Sawyers Gully Precinct is strategically located adjacent to the Hunter Expressway, with direct access at the Hart Road Interchange, providing access to areas as far as the Central Coast, Singleton and Port Stephens within an hour drive. In ***Figure 1-3*** the site is located on the outer periphery of the South Maitland bubble and

[4] *Cessnock Urban Housing Study, SGS Economics & Planning. 2020. Page 20.*

south of the West Maitland bubble. This is attractive to working families who from the site have broad access to employment nodes and recreational facilities across a substantial region.

Overall, the subject site development creates more affordable allotments in an area with lower incomes while maintaining reasonable access to employment centres via the expressway.

As a regional area, the Cessnock residential market is characterised by larger lots. However, in recent years properties sizes have gravitated towards smaller lots given pressure from housing affordability and council planning priorities to move towards more compact communities. Council expects future developments to consist primarily of detached properties with an increasing reliance on dual occupancy projects in and around existing population centres.

The proposed development of 700-800 sqm and 1,500-2,000 sqm lots would provide an alternative to the traditional acreage lots that are typical of the area, supporting changing demographic needs and providing more affordable residential options in a location that is proximate to employment, infrastructure and services.

Implications - Statement of Need

Based on the official State Government, DoP population projections[5], Cessnock is expected to grow significantly through to 2041, with an implied 11,500 new dwellings (or 460 per annum) to support this population growth. The latest estimated resident population figures demonstrate that the DoP forecast are considered to be very conservative and at risk of potentially underestimating future population growth and the number of dwellings that will be required to support additional residents.

Based on past dwelling approvals over the past ten years, there have been an average of 431 dwellings approved per year, which is less than what is needed to support the conservative population projections. Notably, the intensity of approvals has been significantly higher of the last three years and this will need to be sustained to support continued demand to meet projection targets.

Section 2.2 has identified that the Department has underestimated their 2021 projected population (and therefore subsequent years), with the actual 2020 estimated resident population of 62,256 already obtaining 5,536 more residents than projected in 2016 and almost 2,200 people higher than the projected 2021 figure of 60,064. Based on a similar rate of growth, the 2021 estimated resident population is expected to be in the order 63,620 residents – or 3,570 people and 1,534 dwellings more than the Departments 2021 forecasts. By 2021, the Department projected a population of 60,050 in 25,800 dwellings, which based on realised growth already in place, actual growth is more likely to be in the order of 63,600 residents requiring 27,334 implied dwellings.

Actual growth has been substantial and has outstripped projections generating a shortfall in new dwellings needed by 2021 to meet an additional 3,750 residents. The difference between the 24,000 dwellings to support the 56,700 people in 2016 and the estimated 27,334 dwellings to support 63,620 people by 2021 is 3,334 dwellings or **667 dwellings per annum** – well in excess of the "***demand for housing in Cessnock is likely to remain between 400- 500 dwellings per annum"***.

In addition, it is noted that not all development / building approvals are converted into the supply of a constructed dwelling and not all dwellings are constructed on vacant lots, in addition there is typically a significant time lag between the approval process and construction of the dwelling – the supply being bought to the market. It is imperative that while a significant level of supply is identified within the LGA, there also needs to be a level of certainty regarding what can actually be bought to the market from a planning and commercial viability perspective – not all identified future land supply will translate into the construction of dwellings.

[5] *https://www.planning.nsw.gov.au/-/media/Files/DPE/Factsheets-and-faqs/Research-and-demography/Population-projections/2019-Cessnock.pdf*

Cessnock is an area popular with young families with children and persons of working age and provides the opportunity for new detached properties to support and meet the region's projected population growth. As noted, historical dwelling approvals are below the level needed to support population projections. To allow population growth to reach its full potential, Council needs to identify additional potential supply which can be brought to the market in the near future.

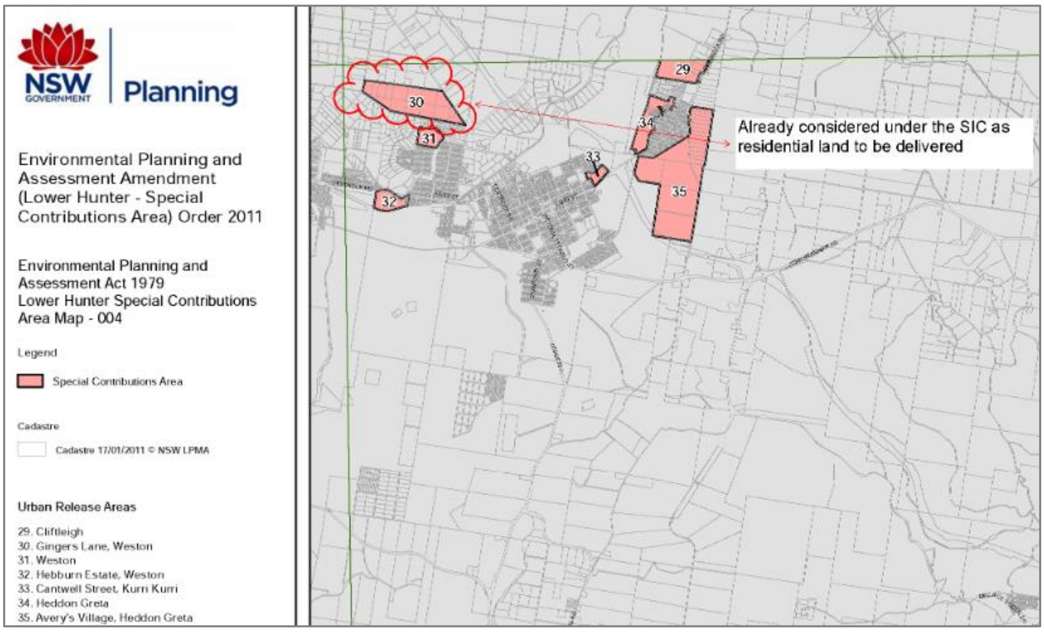
The site is located in the 'Sawyers Gully to Kurri Kurri' rural precinct and would be considered a potential extension of the Weston housing character in the area, as it is well located to services and infrastructure for the development to be bought forward in the supply sequence as more intensified uses. The proposed rezoning of the Gingers Lane subject area to provide lots of a minimum of 1,500 sqm lots.

Deliberate actions by Local and State Agencies that reflect their intentions for Stage 1 to be residential include:

- Sawyers Gully Precinct was formerly mapped as an Urban Release Area (URA) by the State Government. This has identification has since expired. URAs are required to pay Special Infrastructure Contributions to fund infrastructure across the Hunter Region (***Figure 1-4***);
- Upgrade to Hunter Water Waste Water Treatment Plant to provide capacity of Stage 1 within this Study Area;
- Previous rezoning was endorsed by Council, though discontinued by previous applicant (developer) at the height of the Global Financial Crisis in 2008.
- Cessnock City Council Local Strategic Planning Statement identifying the Sawyers Gully Study Area – Stage 1 as an "Investigation Area".

The proposed Stage 1 - North Gingers Lane Precinct is well located as a continued expansion of current residential patterns of development near existing infrastructure such a schools, hospitals, and employment nodes. The site is also adjacent to the Hunter Expressway providing access to areas as far as the Central Coast, Singleton and Port Stephens within an hour drive for access to employment nodes and recreational facilities across a substantial region. In addition, the site's location in the Cessnock LGA, within a regional environment in the context of the broader Hunter Region, creates more affordable plots in an area with lower incomes while maintaining reasonable access to employment centres via the expressway.

Figure 1-4 NSW Department of Planning, Lower Hunter – Special Contributions Area (expired) [6]



[6] https://www.planning.nsw.gov.au/-/media/Files/DPE/Other/draft-environmental-planning-and-assessment-amendment-lower-hunter-special-contributions-area-order-2011.pdf?la=en

Based on an assessment of need undertaken in this report, there is sufficient land supply if all identified supply is developed and bought to the market. REMPLAN has estimated, there is between 15.6 and 19.5 years of supply across the LGA depending on the level of population growth. The low demand scenario is in line with an expected twenty-year supply across Cessnock as per council's Urban Growth Management Strategy. However, at a conversion rate of 60%, there is insufficient supply to meet market demand. At a 60% conversion rate, there is estimated to be between 9.4 and 11.7 years of supply across the LGA.

The shortfall in meeting the expected twenty years of supply will be driven by population growth rates above official projections not just in Cessnock but in neighbouring regions such as Maitland. This will result in consumption of land at a rate faster than expected without replenishing the identified supply. As previously iterated the expected growth for the ten years to 2021 was 1.4%, while actual growth has been reported at 1.8% in Cessnock. Further reductions from failure to convert land supply from larger lot demand by consumers also further reduces supply availability. The volume of lots available have estimated based on a 600 sqm sub-division assumption, however between 2015 and 2020 an estimated 78.9% of properties in Cessnock were larger than 600 sqm. Specifically, an estimated 20.5% of sales were for properties larger than 2,000 sqm. Both planning documents, the urban growth management strategy and housing strategy, have policies to promote smaller lot sizes while increasing housing diversity. While this is important, recent demand in the last five years has shown a sizeable demand for larger dwellings not taken into consideration for by the planning documents. Buyers unable to seek appropriate housing sizes may look to other regional areas or choose smaller floor plates closer to employment nodes and lifestyle centres in Newcastle, Lake Macquarie or elsewhere over Cessnock properties. This mismatch between policy and market demand can and will lead to further reduction of viable and competitive land supply capable of meeting market needs.

Demand for housing in the regional areas of the Hunter Regions are driven by several factors including low to moderate income earners requiring access to lower cost housing that is proximate to employment, community infrastructure and services. When planning for future residential development of Cessnock, both the appropriateness of location and different types of housing (lot sizes, owner-occupiers and renters) to meet local community needs and lifecycles are necessary, or there will be the risk of these residents being dislocated to more affordable locations outside the region.

The rezoning of the Gingers Lane site is needed to meet Cessnock's future land development demand. The site's proximity to the existing settlement of Kurri Kurri fulfills two of council's planning priorities of building compact (non-rural) communities (in the context of the regional location) and to develop near existing infrastructure. Based on this assessment, it is considered that from the demand, sequencing, and product perspective there is the requirement to rezone the subject area at Gingers Lane to support Cessnock's future population projections and subsequent dwelling requirements.

A major driver of identifying future supply within the planning districts will be proximity to employment nodes, services and ability to deliver appropriate housing product to suit future lifecycle and demographic needs. The release of new residential land and appropriate community services may be enough to stimulate further economic growth and residential demand above historic levels.

Conclusion

The actual level of growth that has been experienced over the last 10 years compared to what is projected for the 25 years from 2016 and 2041 has implications for Council being able to support this continued rate of growth into the future. By having the DoP forecasts, now four and half years old, as a base to assess future demand may potentially underestimate actual market need. This may lead to a supply-constrained market, generally translating into higher prices, in a community where affordability is a major consideration and concern.

The population growth that has been experienced in the Cessnock LGA and its neighbouring LGA of Maitland is significant, particularly in regard to the larger Hunter population centres of Newcastle and Lake Macquarie not achieving the population growth forecasts to 2021. These Hunter regions are being sought not because of the

LGA boundary, but the market drivers such as lifestyle, product, price and amenity. The site is within proximity to Maitland which is experiencing higher than forecast population growth, and the site is located with ease of access to the Expressway, to the general population the LGA boundary isn't the driver for demand, but accessibility to services and infrastructure as well as amenity, lifestyle and affordability.

While directives from State Government Planning organisations are important, it is also equally important to understand that planning policies shouldn't compromise market dynamics and support a situation of product supply (proposed smaller lots and infill development) not meeting market demand or expectations, this will lead to supply constrained upward market pricing pressures for product that is in demand in an environment that while there has been a high level of supply identified, there is the risk that the identified supply does not align with demand. Taking into consideration the lot sizes that has supported demand over the last five years (lots less than 600sqm account for about 20% of all sales), coupled with the higher than anticipated population growth the following statement may not provide an adequate evaluation of assessing demand in the region:

With the application of a 600m2 lot size (larger than the minimum in many areas) and, factoring in infill development, dual occupancies and multi–unit developments, it is estimated that we have at least 20 years of land supply available.

There is an apparent push-pull of market dynamics versus planning policies and directives of state government. The basis of 600sqm lots and infill development for future demand evaluation does not align with the market dynamics or demographic drivers that are specific to Cessnock.

A blanket approach planning directive can lead to a mismatch of market drivers and dynamics, with inappropriate supply being approved and leaving a gap for product that is in demand. The Cessnock LGA has a demonstrated market and demographic driven demand for stock where in the past five years 80% of dwelling sales have been for lots over 600sqm. A supply constrained markets for product that is in demand by future residents can lead to supply and demand pressures, generally translating to increased prices (or moving to a neighbouring LGA with suitable product). While there may be a large supply pipeline in Cessnock based on a 600sqm baseline, the requirement to support larger lots will translate into additional land needing to be identified, particularly in the short term, to support the continued population growth that is higher than what has been forecast by State Government.

Our professional view is Council should be aiming for solid growth (population and housing) in locations that are proximate to employment nodes, services with the ability to deliver appropriate housing product to suit future lifecycle and demographic needs. More residential land with appropriate community services is imperative in the short term to support further economic growth and meet higher-than-expected residential demand between actual population growth and official population projections.

Therefore, a change of zoning of key sites is imperative to support future growth and prosperity of the region. The subject site is considered appropriate to support the next wave of population growth and development in Cessnock.

1 Project Background and Understanding

1.1 Overview

This report was commissioned by Newquest Property Pty Ltd in June 2020, to undertake a needs assessment to support the residential development of 'Sawyers Gully Precinct'. This report immediately continues analysis from a previously commissioned opportunities assessment.

The needs and demand assessment provides an independent assessment of the need and demand for residential land in the Sawyers Gulley precinct. The report identifies the supply and demand for residential land in the proximate area and includes:

- ***Population and Demographic Overview*** – Provides an overview of the demographics of the local government area and the broader region and how this has changed over the last five years, and an analysis of the Department of Planning, Industry, and Environment LGA Population Forecasts.

- ***Supply assessment*** - explores the size and depth of the residential market, identifying the existing and potential land supply (existing, planned and proposed) for residential development.

- ***Demand Assessment*** - The demand assessment provides an analysis of:
    - Projected demand required to support population growth, based on State Government projections.
    - Market conditions to provide insight as to how the residential market has been performing, and
    - Develop demand projections to 2041.

- ***Assessment of Need*** - provide an assessment of land supply, dwelling yields, demand and the need for the rezoning of the Sawyers Gully to support the next wave of population growth and development in Cessnock.

1.2 Project Background

In March 2021, the Urban Growth Management Strategy and Housing Strategy for Cessnock were released providing important key policies and strategic objectives for current and future land supply management and development in Cessnock. These documents provide insight into eighteen land sites reported to provide at least twenty years of supply to the LGA while also providing opportunities to contest these findings and demonstrate that despite the identified supply there remains unresolved and unidentified gaps and issues in sequencing, conversion from lot to development and sub-regional supply availability in the LGA sufficient to justify need and the value of the Sawyers Gully subject site.

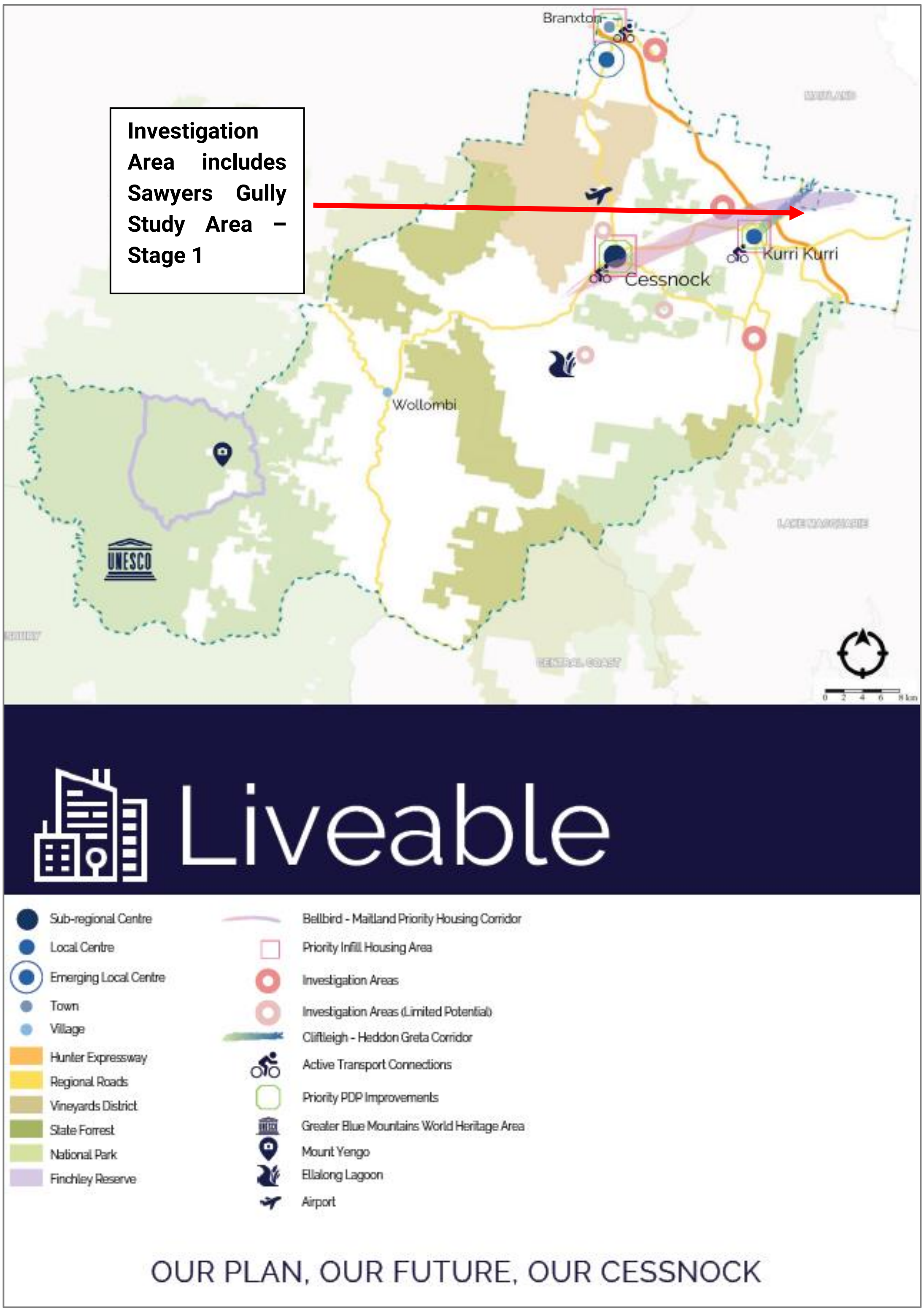
The Urban Growth Management Strategy identified 9,432 lots under their yield scenarios. Independent investigation by Perception Planning revised this lot yield to the order of 8,194 possible lots. This is a difference of 1,238 lots.

These documents follow Council's Cessnock Local Strategic Planning Statement (LSPS), which sets out the 20-year vision for land use in the Cessnock LGA; the special characteristics which constitute Cessnock's local identity; shared community values to be maintained and enhanced; and how growth and change will be managed in the future. Within this study a number of Investigation Areas have been identified, including proximity to the Gingers Lane Precinct. See Figure 1-1.

The "Cessnock Housing Preferences Study", generated by SGS in January 2020, provides insights into the housing preferences of residents of Cessnock in terms of particular types of properties, their features and location that are most important to them, and the trade-offs they might make between these attributes given their financial constraints. In addition, it compares these preferences to the current supply of housing in the municipality to identify where there is a mismatch between demand (preferences) and supply.

Together, these documents provide insights specifically relating to the both the need for additional land supply, and the type of dwellings proposed for developed at the site.

Figure 1-1 Cessnock City Council Urban and Planning Areas



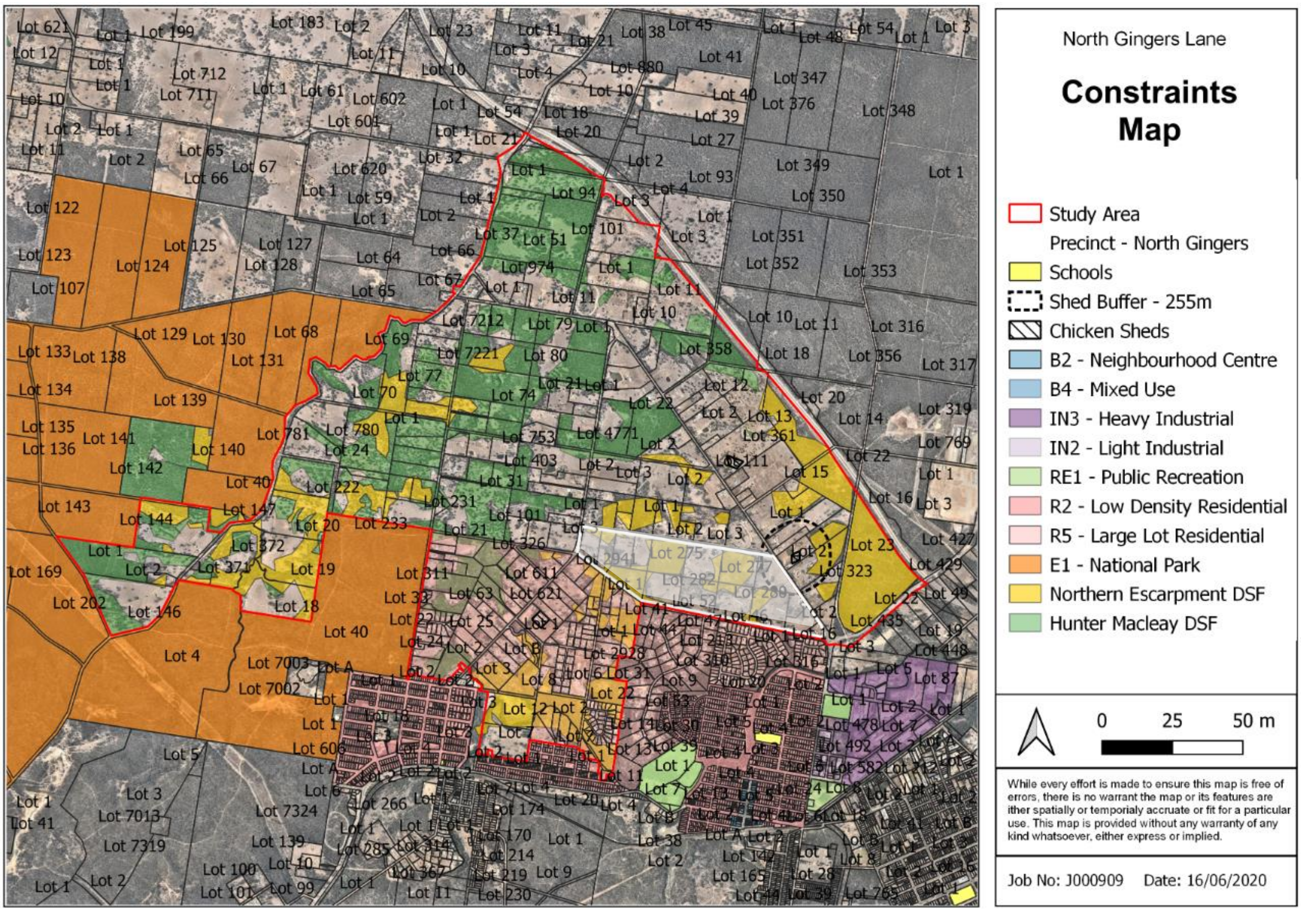
Source: Cessnock City Council Local Strategic Planning Statement, 2036. Page 20.

1.3 Proposed Development

The proposed structure plan is for development of the ‘Sawyers Gulley Precinct’ for residential uses. In ***Figure 1-2***, ‘Sawyers Gully Precinct’ is identified by the red outline, referred to as the ‘Study Area’.

The development of residential uses for the Sawyers Gulley Precinct would require specific rezoning of the ‘Precinct – North Gingers Lane’ from Rural Landscape (RU2) to a mix of Low Density Residential (R2), Large Lot Residential (R5) and Environmental Conservation (E2). The proposed Stage 1 ‘North Gingers Lane’ outlined by the white polygon.

Figure 1-2 Sawyers Gully Precinct Study Area Constraint Map



Source: Supplied by Perception Planning

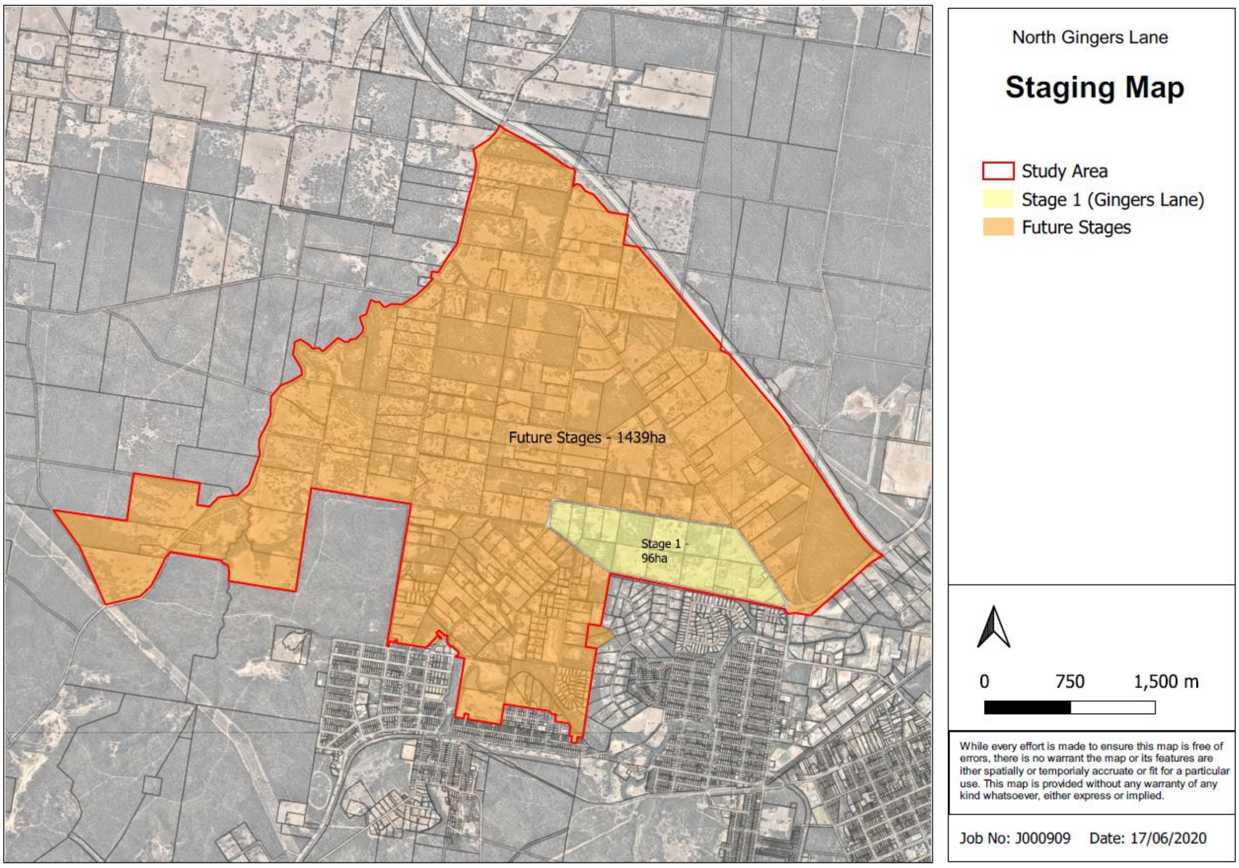
1.3.1 **Stage 1 – North Gingers Lane**

Figure 1-3 identifies the proposed staging plan of development for the Sawyers Gully Precinct, illustrating North Gingers Lane as Stage 1 of proposed development. The North Gingers Lane precinct has previously been identified as The North Gingers Lane Investigation Area by both the Cessnock Citywide Settlement Strategy and the 2006 Lower Hunter Regional Strategy (the area bound by Gingers Lane, Sawyers Gully Road, Metcalf Lane and Frame Drive at Sawyers Gully). This Precinct has received previous rezoning support by Council, however, was discontinued by the then landowner.

1.3.2 **Residual Stages**

While the North Gingers Lane Precinct is proposed as Stage 1 of development (See ***Figure 1-3***), the residual stages of development will be informed by a staging and sequencing plan that is currently being prepared.

Figure 1-3 Staging Plan



Source: Supplied by Perception Planning

Figure 1-4 Gingers Lane Site Location and Proposed Subdivision

Source: Supplied by Perception Planning

In addition, Figure 1-4 the figure illustrates the proposed estate subdivision. The proposed development is a continuation of established residential development patterns in the region, providing a diversity of housing options proximate to hard and soft infrastructure and services. Given the site is amalgamated and well progressed in the planning stages, the development of this site would assist in meeting the short-term needs within the region.

The area currently consists of rural residential properties, with the residential uses occupying approximately a quarter of the site. It is noted there has been a 255 meter 'Chicken Shed Buffer' applied across the north east corner of the site.

1.4 Local Area and Surrounds

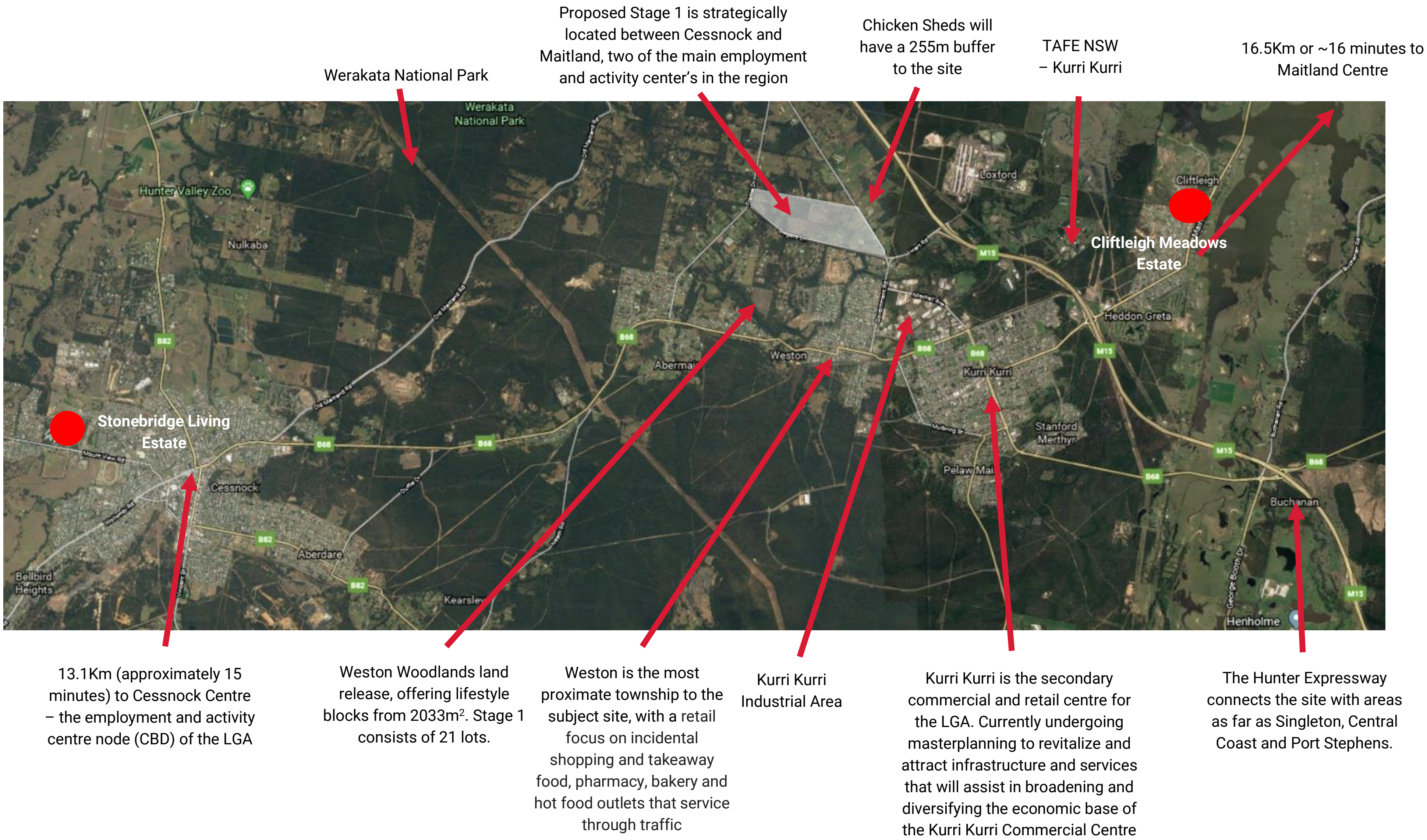
Cessnock LGA is in the Lower Hunter along with Newcastle, Maitland, Port Stephens and Lake Macquarie LGAs. Together these LGAs comprise the greater urban area of Newcastle with this area having the potential to accommodate 160,000 more people over the next 25 years. The Hunter Regional Plan (2016) projects an additional 13,150 people and a need for 6,592 additional jobs. The Hunter Regional Plan advocates for Cessnock as a regionally significant centres' location with potential for employment land clusters.

The Cessnock LGA has a long history of coal mining, manufacturing, construction, agriculture (e.g., grazing, poultry), viticulture and related tourism activities, all of which are still its primary employment sectors. With the decline in the prominence of traditional industries such as mining and manufacturing in the Cessnock LGA, diversification into the visitor economy has proven critical to rebuilding a sustainable and resilient community. As a result, tourism is now the largest employer in the Cessnock LGA.

Cessnock City is a large municipality accommodating growing townships, productive agricultural land and extensive areas of National Parks and State Forests. The eastern portion of the municipality sits within the Greater Newcastle Metropolitan Area, incorporating larger settlements of Cessnock and Kurri Kurri.

The subject site is located 2.8km (~4 minutes) to Kurri Kurri township and 13.1km (~14 minutes) from the centre of Cessnock while Maitland City is located 16.5 kilometres to the site's northeast. In addition, the site is located a minute from the Weston Road exit of the Hunter Expressway (M15), providing access to Newcastle, Lake Macquarie, Central Coast, Singleton and Port Stephens, including the airport, within an hour's drive.

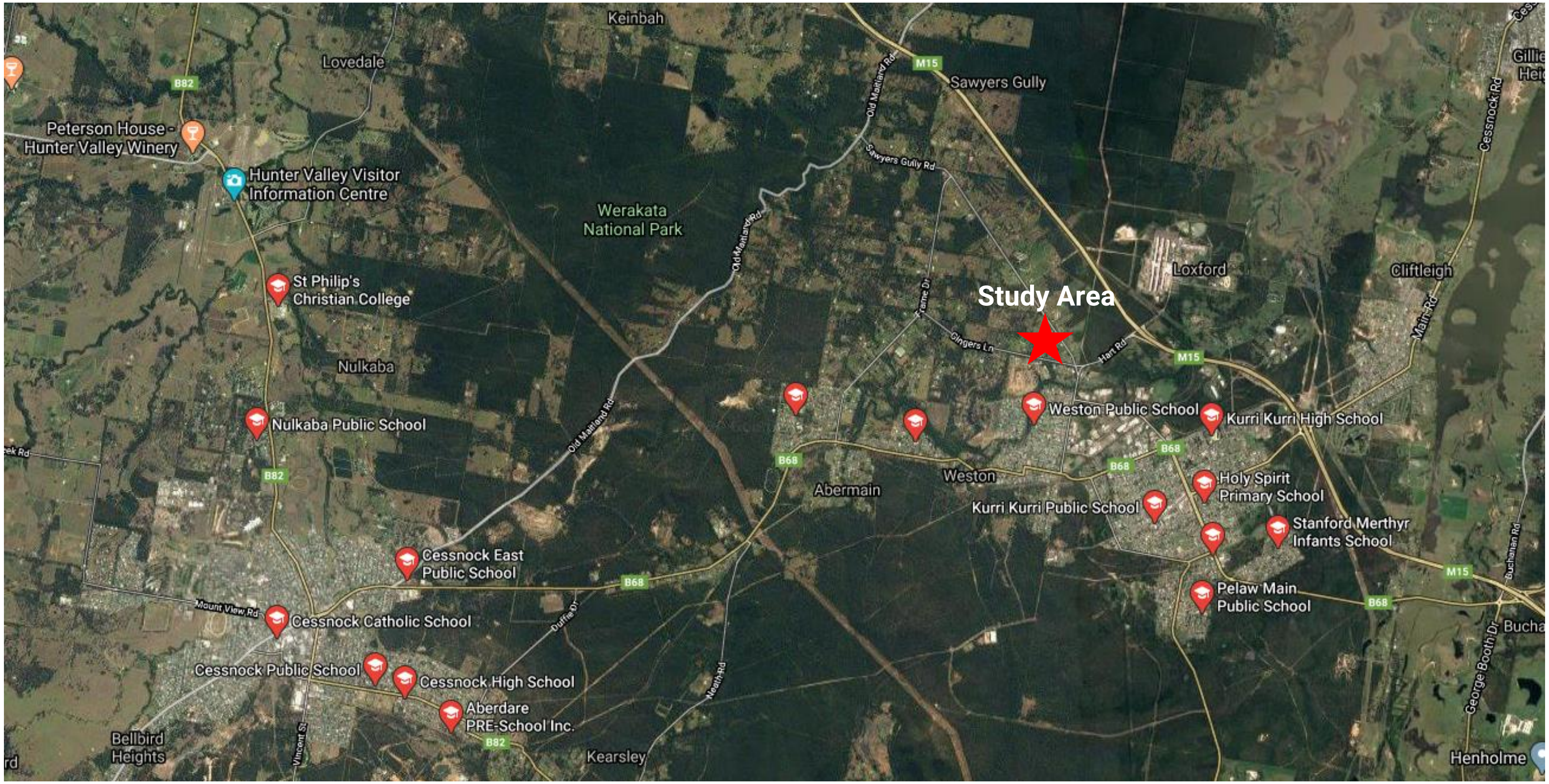
Figure 1-5 Commercial, Residential and Surrounding Land Uses



The presence of local schools provides critical infrastructure to attract families to the region. There are a number of proximate schools to the site in Kurri Kurri including three primary schools, one high school, and several other infant and preschools in the area. In addition, a TAFE is located on the northside of the expressway. This TAFE campus has a focus on sustainable development, building design, energy and water management and has received awards for wines produced onsite by viticulture students.

Additional schools and tertiary institutions are located in Maitland and Cessnock.

Figure 1-6 Local Schools in Kurri Kurri Area



1.5 Implications

The surrounding land uses of the site are led by low-density residential in a regional location. The closest township is Kurri Kurri with larger community centres in Maitland and Cessnock townships located within a 16-minute drive. The subject site has a total lot yield of 304 lots, and is located within minutes of the Hunter Expressway providing access to several large population, employment and economic centres in NSW's north east including as far as Newcastle, Lake Macquarie, Central Coast, Port Stephens, and Singleton within an hour's drive.

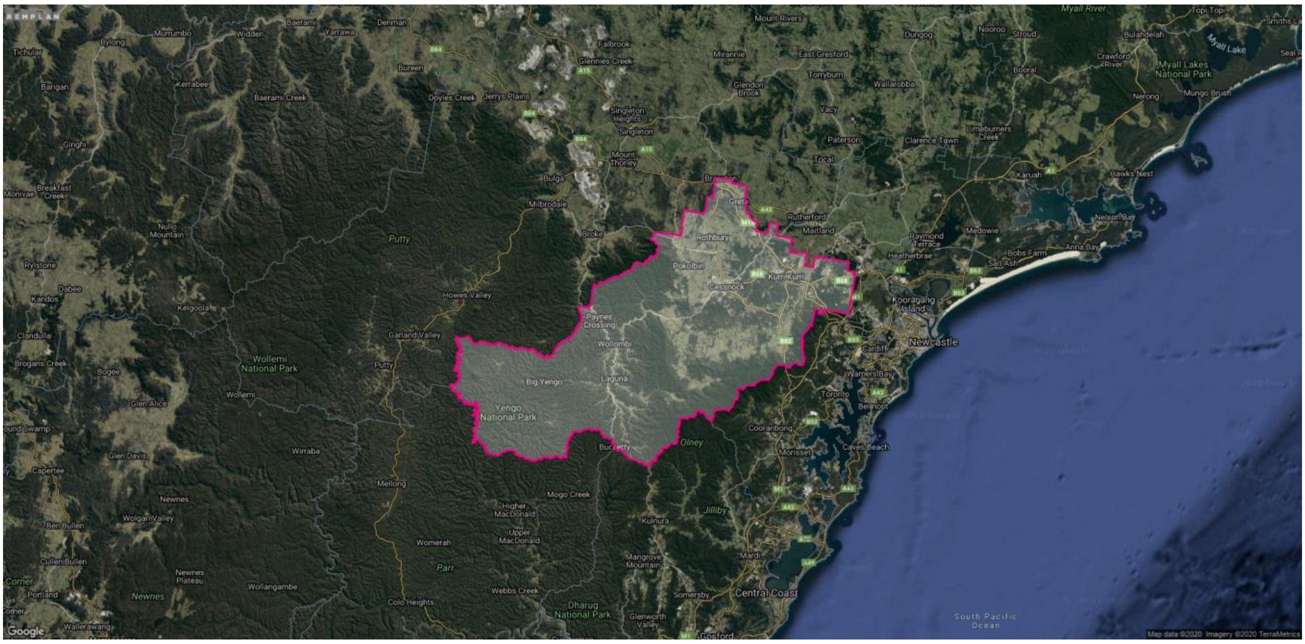
The proposed development is a continuation of established residential development patterns in the region, providing a diversity of housing options proximate to hard and soft infrastructure and services. The site strategically located between Cessnock and Maitland, two of the main employment and activity centres in the region as well as proximity to existing infrastructure such a schools, hospitals and employment nodes. The development of this site would assist in meeting the short-term needs within the region.

2 Population and Demographic Overview

2.1 Introduction

This section provides an analysis of the key demographic features and population projections for the local government area (LGA) of Cessnock. Where appropriate, the characteristics of the region have been benchmarked against NSW's Hunter Region[7].

Figure 2-1 Cessnock LGA



2.2 Population and Population Projections

The latest estimated resident population (ERP) has recently been released, with both Cessnock and Maitland experiencing a higher-than-expected population growth. Cessnock's 2020 ERP of 61,256 persons represents 8.1% of the Hunter Region's 756,256 residents and 0.7% of New South Wales. As at June 2020[8]:

- Cessnock population was 61,256 persons. Between 2010 and 2020 the ERP of Cessnock increased by 9,952 people, this equates to an annualised growth rate of 1.8%.
- Maitland's ERP was 87,395. Between 2010 and 2020 the ERP of Maitland (C) increased by 18,834 people. This equates to an annualised growth rate of 2.5%

The New South Wales Department of Planning (DoP) released their latest population projections in 2019[9]:

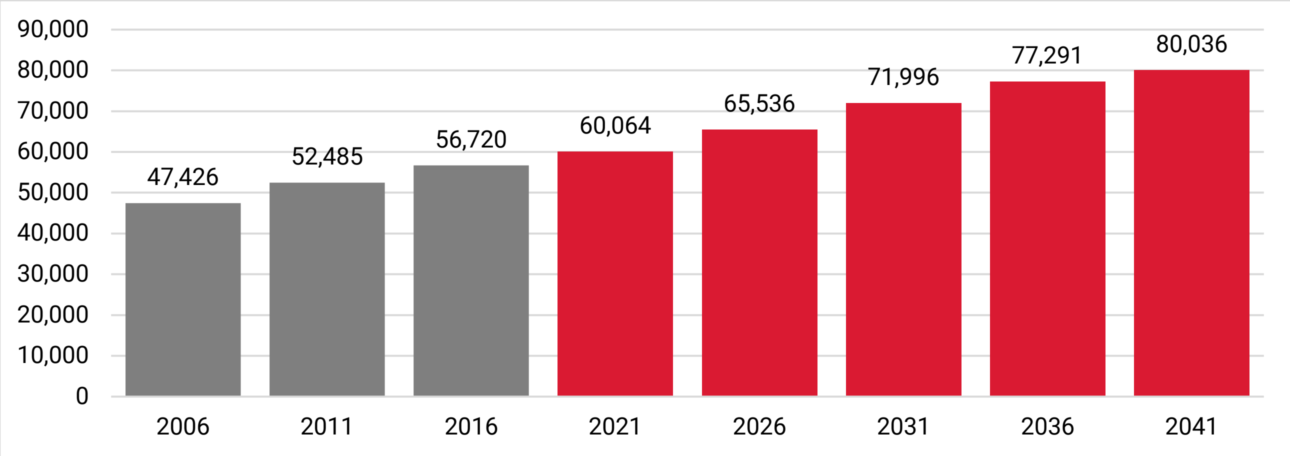
- Cessnock LGA is expected to experience the highest level of population *growth* in the Hunter Region increasing from 56,700 in 2016 to 80,050 by 2041, an increase of 23,350 people or 41.1% (annual average of 1.4%). See ***Figure 2-2***.
- To support population growth of 23,350 additional residents between 2016 and 2041, NSW DoP projects Cessnock will require an additional 11,500 dwellings by 2041. See ***Figure 2-5***.
- The population of the Hunter Region is expected to grow by 19.0% (annual average of 0.7%).
- Maitland is projected to experience the second highest, increasing by 32.4% (annual average of 1.1%) over the 25 years. An increase of 25,654 residents.

[7] Hunter Region boundary - https://remplan.co/2SelLhx

[8] Australian Bureau of Statistics Dataset: ERP and components by LGA (ASGS 2020), 2017 to 2020

[9] https://www.planning.nsw.gov.au/Research-and-Demography/Population-projections/Projections

Figure 2-2 Cessnock Population and Population Projections, 2006 to 2041



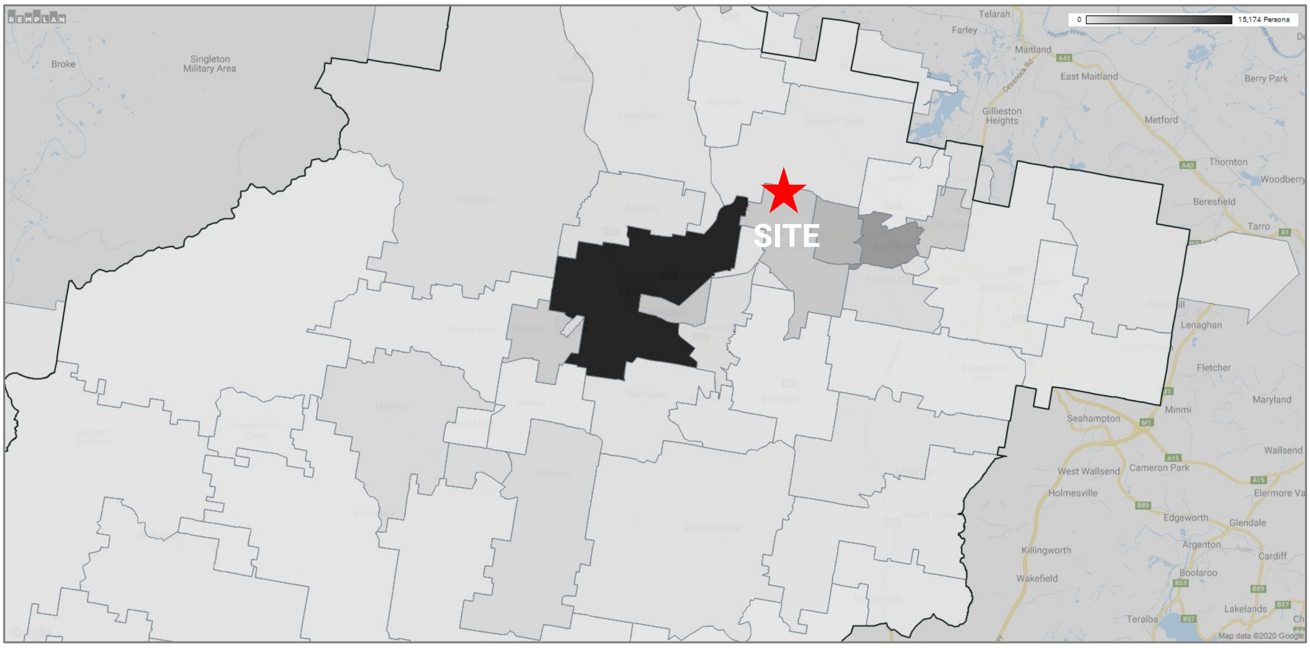
Source: ABS, Regional Population Growth & NSW DPIE, Population Projections

According to the NSW Government, Cessnock's population growth is driven by natural change (+9,700 residents) and net migration into the area (+13,650). By age group:

- Working age residents are estimated to increase by 31.1%
- Children aged 14 and under is estimated to increase by 3,250 or 27.3%.
- Elderly and retiree aged residents are expected double through to 2041.

Population growth is a significant driver of demand for new or additional services, infrastructure and residential product within the community. Alongside population increase in working age residents and young families, the population of Cessnock is expected to age with the number of elderly or retired residents expected to double through to 2041. Appropriate facilities and infrastructure are also important and consideration for aging in place drives demand for appropriate housing.

Figure 2-3 Cessnock Population Density by Locality



Source: REMPLAN Community

Figure 2-4 Cessnock Key Population Projections, 2006 to 2041

Key Population Projections	2016	2021	2026	2031	2036	2041	Change
Population	56,700	60,050	65,550	72,000	77,300	80,050	**23,350**
Households	21,800	23,450	35,850	28,650	31,050	32,300	**10,500**
Household Size*	2.52	2.48	2.45	2.42	2.39	2.38	-
Dwellings**	24,000	25,800	28,450	31,500	34,100	35,500	**11,500**

**Average number of persons per occupied private dwelling*

***Implied Dwellings required if the population forms dwellings in the same way as in 2016*

Source: ABS, Regional Population Growth & NSW DPIE, Population Projections

To support population growth of 23,350 additional residents between 2016 and 2041, NSW DPIE expects Cessnock will require an additional 11,500 dwellings by 2041.

Reconciling the latest 2020 ERP's and the State Government's forecasts (***Figure 2-5***):

- The Cessnock 2020 ERP of 61,256 is 2,192 higher than the 2021 projection of 60,064. Population growth over the last 10 years of 1.8% is significantly higher than the 1.4% projected between 2016 and 2041.
- Maitland ERP of 87,395 is 2,503 higher than the 2021 projection of 84,892. The population growth over the last 10 years of 2.5% is more than double the 1.1% projected between 2016 and 2041.
- The major population centres of Newcastle and Lake Macquarie are experiencing growth levels that will leave them short of the 2021 projected populations.
  - The population of Newcastle has increased by 6,656 in the four years between 2016 and 2020, which implies population would need to increase by another 5,160 residents in the year to 2021 to meet DoP forecasts;
  - The population of Lake Macquarie has increased by 5,443 in the four years between 2016 and 2020, implying an increase of an additional 2,230 residents in the 12 months to 2021 to meet DoP forecasts.

Figure 2-5 Cessnock Key Population Projections, 2006 to 2041

	2016	2020 ERP	2021	Diff 2020 and 2021	2026	2031	2036	2041
Cessnock (C)	56,720	62,256	60,064	-2,192	65,536	71,996	77,291	80,036
Dungog (A)	9,101	9,664	9,243	-421	9,348	9,412	9,435	9,421
Lake Macquarie (C)	202,332	207,775	210,005	2,230	214,506	220,912	225,184	232,689
Maitland (C)	79,063	87,395	84,892	-2,503	91,052	96,982	101,042	104,717
Mid-Coast (A)	91,801	94,395	94,941	546	97,621	99,162	99,962	100,087
Muswellbrook (A)	16,462	16,355	17,082	727	17,578	17,938	18,186	18,338
Newcastle (C)	160,707	167,363	172,523	5,160	179,189	186,909	192,809	199,680
Port Stephens (A)	71,115	74,506	72,816	-1,690	75,462	77,531	79,164	82,068
Singleton (A)	23,576	23,380	23,779	399	23,868	23,829	23,667	23,383
Upper Hunter Shire (A)	14,344	14,167	14,194	27	13,948	13,615	13,200	12,712
Hunter Region	725,221		759,539		788,108	818,286	839,940	863,131

Figure 2-6 incorporates the latest 2020 estimated resident population into the Departments projections, with the 2020 base population fundamentally impacting the Departments future projections. REMPLAN has simply applied the same growth rate to the forecast years and the same proportion of implied dwelling to support this growth.

Based on the table below, the population is projected to increase by 28,100 people, instead of 23,350, with the implied dwellings being 13,610 instead of 11,500. This shortfall in dwellings needs to be addressed by Council, particularly given the estimated 2021 population is expected to be over 3,500 more people than determined by the Department. This is an immediate issue that requires further investigation.

Figure 2-6 REMPLAN updated Projections, 2006 to 2041

Key Population Projections	2016	2021	2026	2031	2036	2041	Change
Population	56,700	60,050	65,550	72,000	77,300	80,050	23,350
Dwellings	24,000	25,800	28,450	31,500	34,100	35,500	11,500
REMPLAN*							
Population	56,700	63,620	69,447	76,280	81,896	84,809	28,109
Dwellings	24,000	27,334	30,141	33,373	36,127	37,610	13,610

** Same growth rate as applied by State Government*

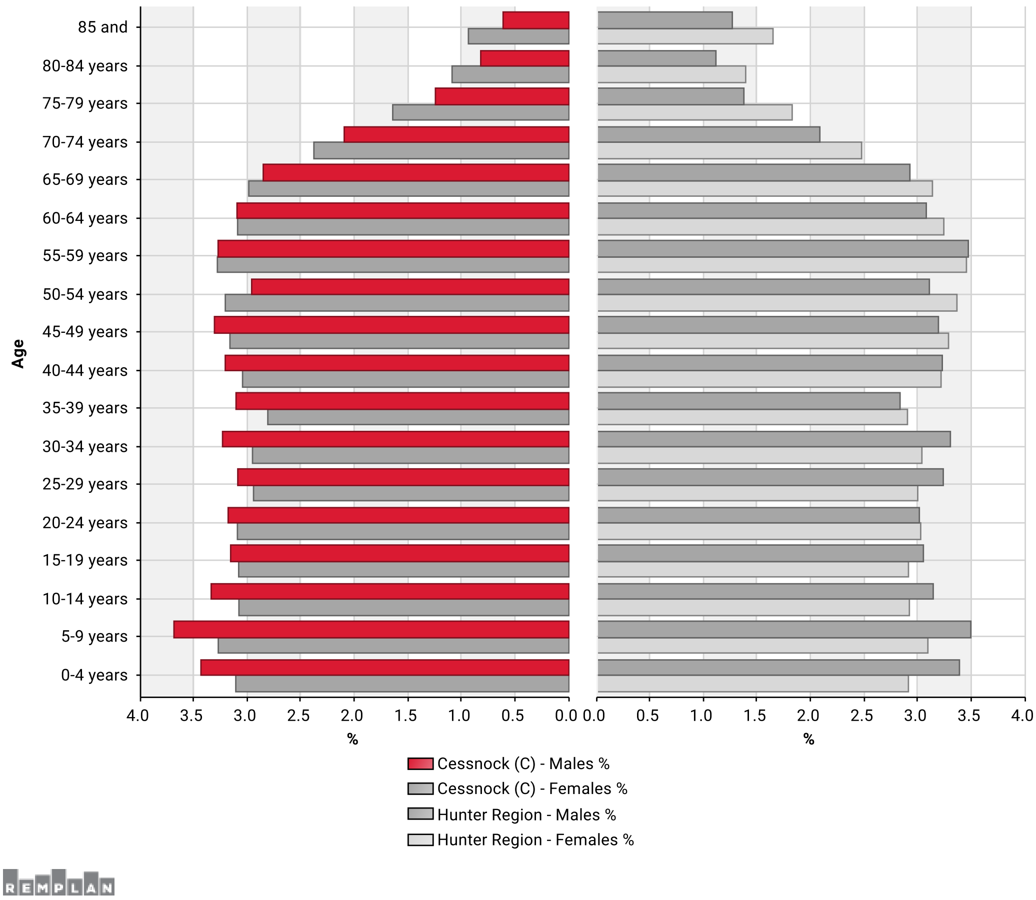
A quarter of Cessnock's population is located in the town of Cessnock itself. The Sawyers Gully locality (home to the site of the development) has an estimated population at the time of census of 498 residents (0.9% of the city's total). The following map shows the population distribution by locality in Cessnock.

2.3 Demographic Overview

2.3.1 Age and Gender Distribution

The distribution of the population by age and gender in Cessnock and Hunter Region is illustrated in Figure 2-7. The median age for residents living in Cessnock is 38 years which is in line the with state median. The Cessnock is younger than the median age of 41 years for the Hunter Region.

Figure 2-7 Population Pyramid for Cessnock and Hunter Region



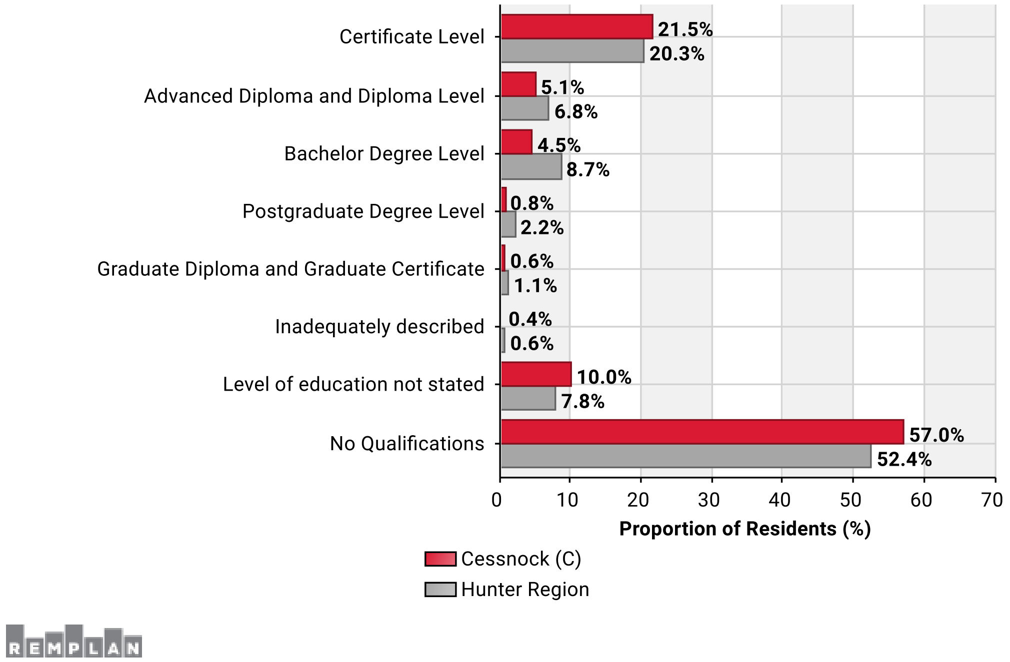
Source: REMPLAN Community using 2016 ABS Census

Cessnock has a lower representation of persons aged 65 years and over than the broader Hunter Region (16.4% vs. 19.5% of the total respective populations). This reflects that the region as an attractive location for retirees and those in the later stages of their working life. This subsequently impacts on the types of residential product required to support residents aging in place, as they progress through the downsizing cycle (smaller and easier to manage properties) and eventually assisted living options.

2.3.2 Qualifications

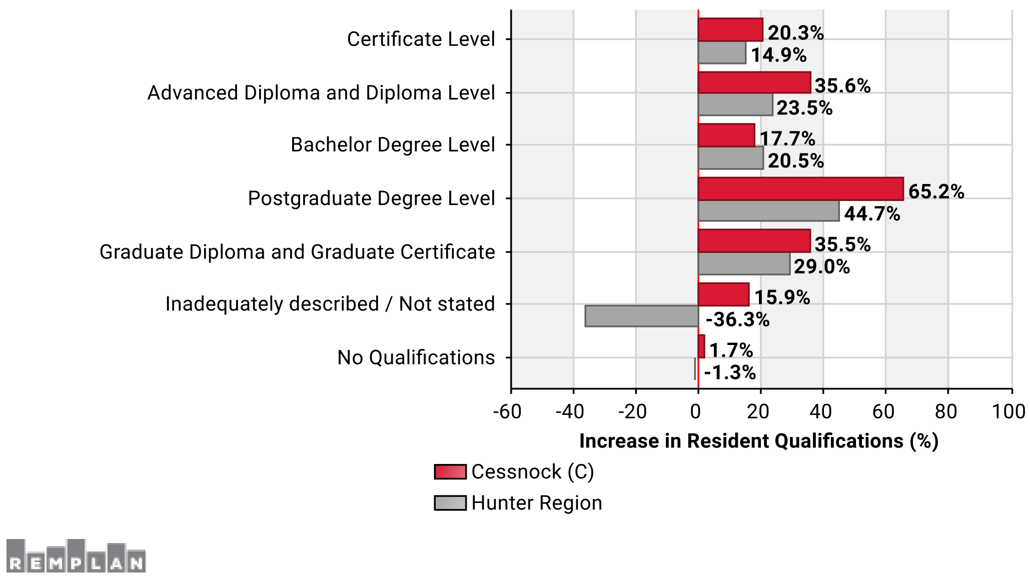
Of those residents living within Cessnock, 32.5% identified as having a formal qualification in the 2016 ABS Census, compared to 39.2% in Hunter Region. The most common form of qualification in the LGA is a Certificate at 21.5% of the population, which is higher than 20.3% of the Hunter Region who hold certificate-level qualifications. Cessnock has substantially lower share of its residents with bachelor's degree or higher level qualifications than the broader region (5.9% compared to 12.0%).

Figure 2-8 Resident Qualifications for Cessnock and Hunter Region



Between 2011 and 2016, there was a substantial increase in the number of residents with a formal qualification in Cessnock, marginally higher than that the Hunter Region. In particular, the number of residents with a postgraduate degree increased by 65.2%, compared to 44.7% in Hunter Region. The number of people without a qualification in Cessnock also slightly increased during this period in contrast to the Hunter Region.

Figure 2-9 Change in Qualifications, 2011 to 2016

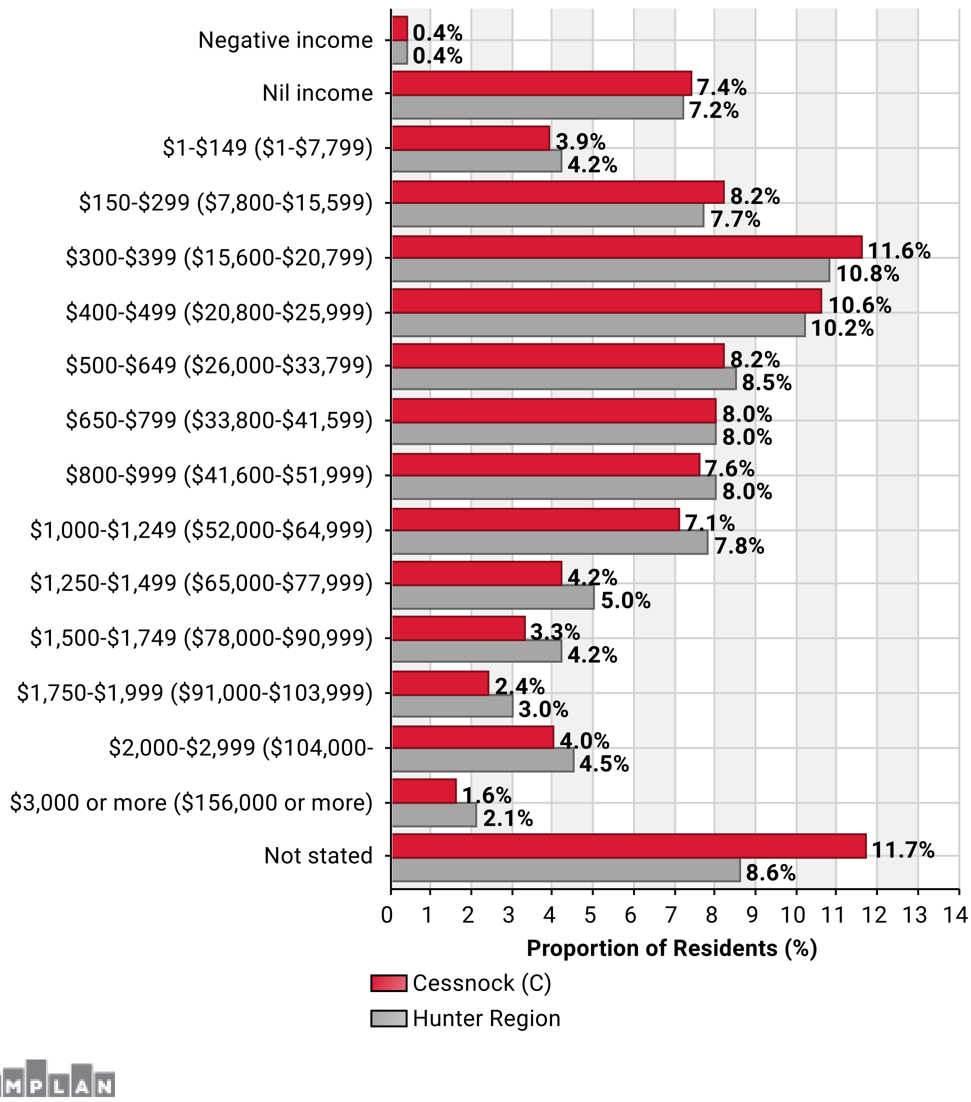


In comparison to the Hunter Region, the qualification profile of Cessnock's residents has seen a significant shift increase in all qualification types except for bachelor's degrees.

2.3.3 Income Profile

Based on the 2016 Census, the median weekly income for residents living in Cessnock is $539, comparatively lower than $592 in Hunter Region; this is reflective of the type of occupations and industries of employment within the LGA. Since 2011, median incomes have increased in the LGA from $471 and in Hunter Region from $511. There has been consistent growth in median weekly wages in the LGA and the broader Hunter Region between 2011 and 2016; median incomes increased by 14.4% in the LGA compared to 15.9% in Hunter Region. The increase in median income is also reflective of the change in higher qualification level of residents.

Figure 2-10 Working Resident Income Profile of Cessnock and Hunter Region

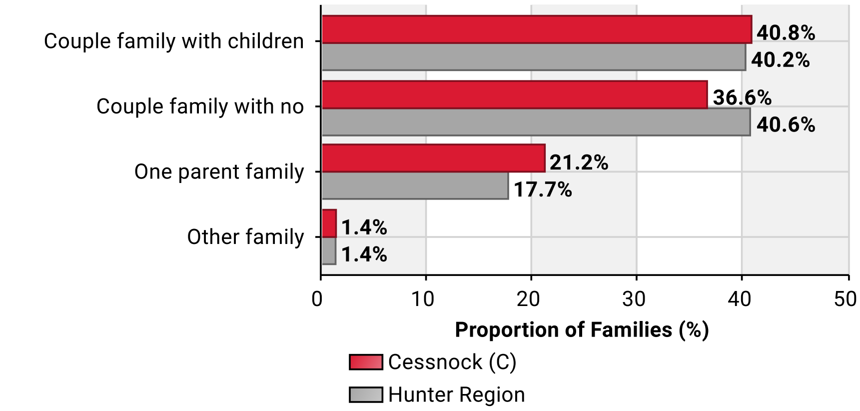


Cessnock is experiencing a change in qualification and the proportion of residents earning a higher income. These demographics support the potential development of higher end residential product. However, given median incomes in Cessnock are relatively lower than the Hunter Region, availability of affordable housing stock remains a concern for the LGA.

2.3.4 **Household Composition**

The 2016 Census recorded 14,389 families living in Cessnock. Most families in the LGA are couple families with children (40.8%) approximately the same share as those in the Hunter Region (40.2%). In contrast, the broader Hunter Region has a higher proportion of couples without children (40.6%) than Cessnock.

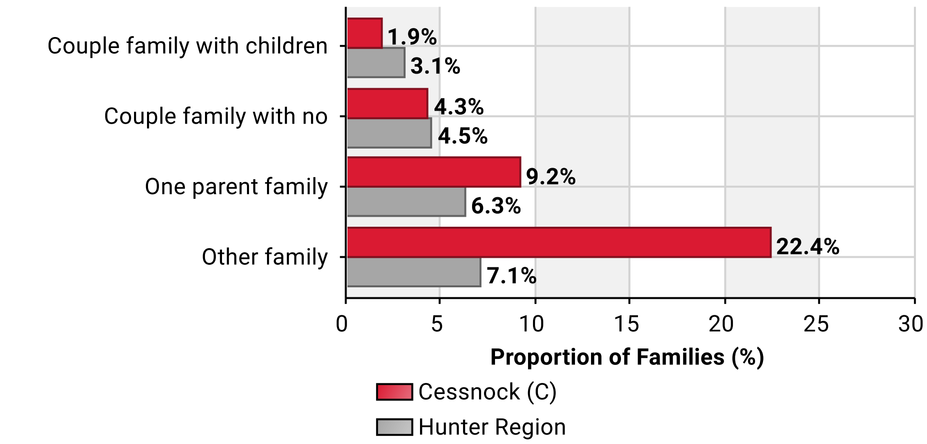
Figure 2-11 Family Composition of Cessnock and Hunter Region



The profile of families in Cessnock is in line with the median age of the LGA. The greater share of families with children suggest greater need for dwellings with larger floor plates and dwelling size.

Between 2011 and 2016, there was a significant increase in one parent and other families.

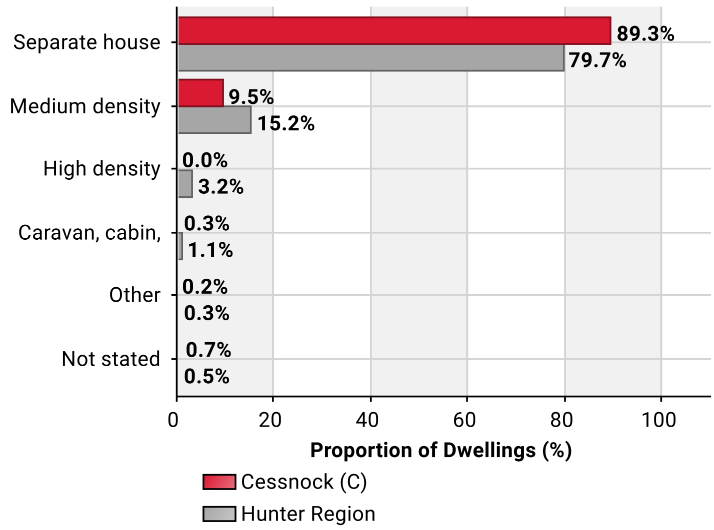
Figure 2-12 Change in Family Composition, 2011 to 2016



2.3.5 **Dwelling Structure**

Of the 22,671 dwellings in Cessnock, the majority are detached dwellings (89.3%), higher than the Hunter Region at 79.7%, conversely, Cessnock has a lower share of medium to high-density dwellings than the broader region. Separate detached dwellings appear to be a defining attribute of dwellings in the Cessnock area.

Figure 2-13 Dwelling Structure of Cessnock and Hunter Region



Reflective of the rising population in the region, there has been significant increase in the number of dwellings in the Cessnock LGA over the past five years, from 20,905 in 2011 to 22,671 in 2016, an increase of 1,766 dwellings.

Figure 2-14 Cessnock, Dwelling Structure, 2016 and 2011

	2016		2011		Change	
	Persons	%	Persons	%	Persons	%
Separate house	20,244	89.3%	19,010	90.9%	1,234	6.1%
Medium density	2,162	9.5%	1,723	8.2%	439	20.3%
High density	0	0.0%	0	0.0%	0	-
Caravan, cabin, houseboat	77	0.3%	114	0.5%	-37	-48.1%
Other	40	0.2%	35	0.2%	5	12.5%
Not stated	148	0.7%	23	0.1%	125	84.5%
Total	**22,671**	**100.0%**	**20,905**	**100.0%**	**1,766**	**7.8%**

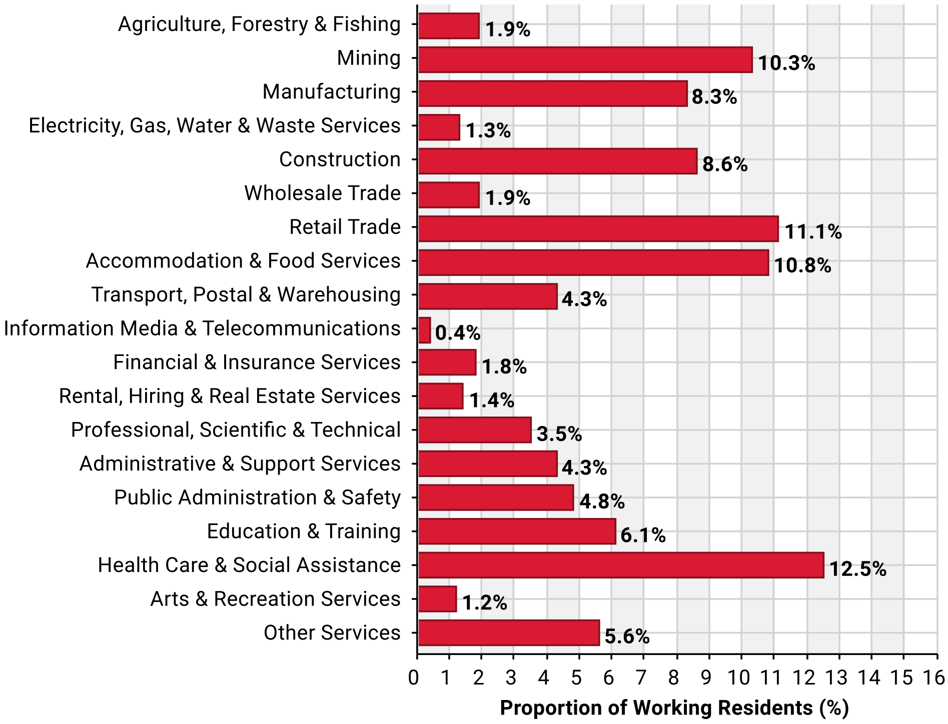
Medium density dwellings increased by 439 or 7.8% over the five years, and accounting for 15% of new dwelling stock post after 2011. Despite this, most of the dwelling growth in Cessnock are detached sperate dwellings (69.9%).

2.3.6 **Work Profile**

2.3.6.1 Industry

There are 21,313 employed residents in Cessnock, regardless of place of work. The most common industries of employment are 'Health Care & Social Assistance' (2,664 persons or 12.5%), 'Retail Trade' (2,363 persons or 11.1%), 'Accommodation & Food Services' (10.8%) and 'Mining' (10.3%).

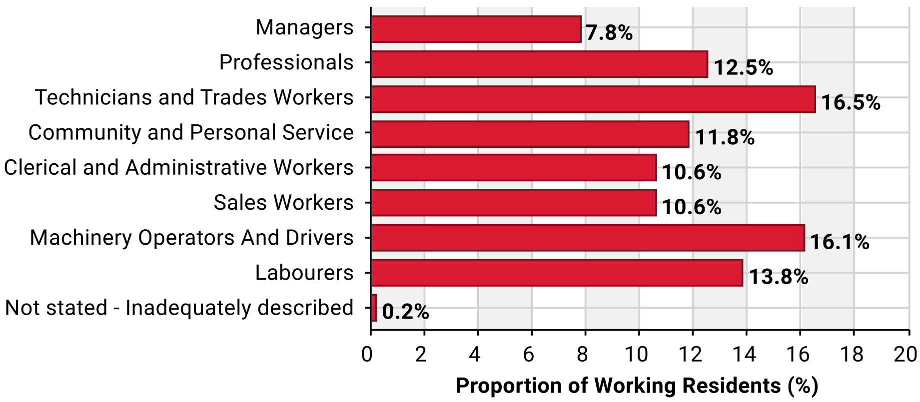
Figure 2-15 Cessnock, Employed Residents by Industry, 2016



2.3.6.2 Occupation

The most common occupations of employment in Cessnock are ‘Technicians and Trades Workers’ (3,513 persons or 16.5%), ‘Machinery Operators and Drivers’ (3,430 persons or 16.1%), and ‘Labourers’ (13.8%).

Figure 2-16 Cessnock, Employed Residents by Industry, 2016



2.4 Implications

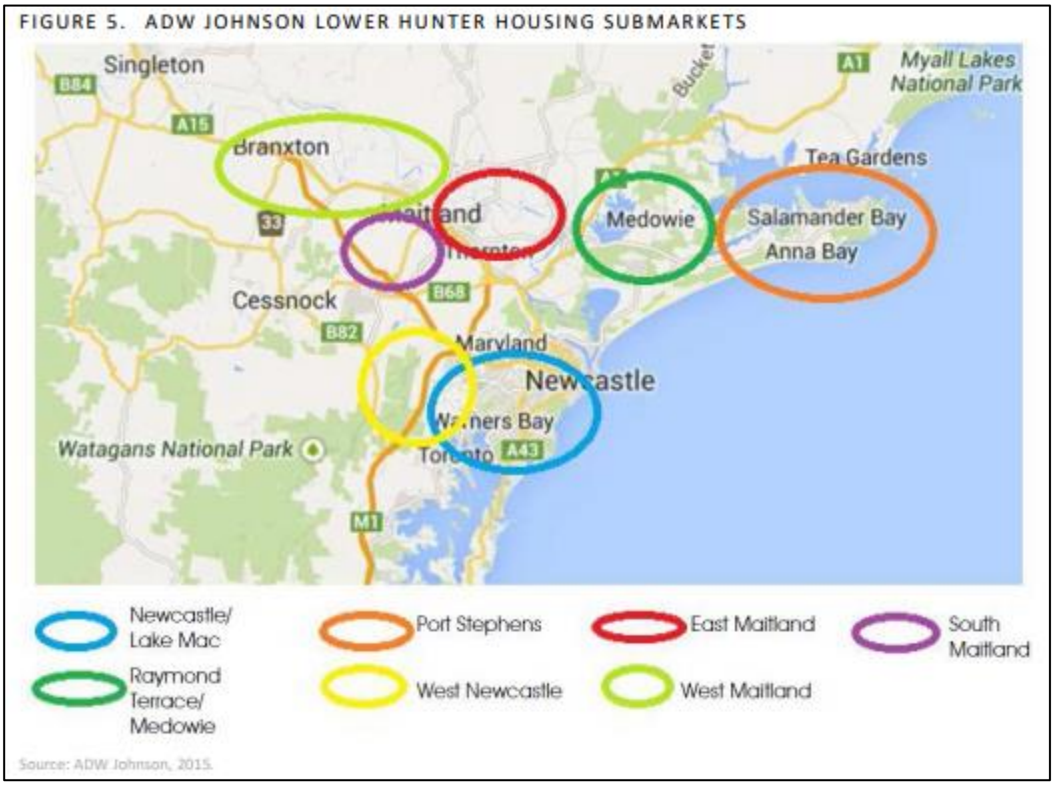
Based the Department's population projections, Cessnock is expected to grow significantly through to 2041, with an implied 11,500 new dwellings (or 460 per annum) to support this growth. The latest estimated resident population figures demonstrates the Departments forecasts are considered to be very conservative and at risk of potentially underestimating future population growth and the number of dwellings that will be required to support additional residents.

The actual level of growth that has been experienced over the last 10 years in contrast to official projections for the 25 years from 2016 and 2041 has implications for Council being able to support this continued rate of growth into the future. By having the Departments forecasts as a base to assess future supply to support demand may potentially supress population growth and placing unnecessary pressure of a demand led supply constrained market, generally translating into higher process, in a community where affordability is a major consideration and concern.

Population growth in Cessnock LGA and its neighbouring LGA of Maitland is significant, particularly in context of the larger Hunter population centres of Newcastle and Lake Macquarie not achieving their population growth forecasts to 2021. These Hunter regions are being sought not because of the LGA boundary, but the market drivers such as lifestyle, product, price and amenity. The site is within proximity to Maitland which is experiencing higher than forecast population growth, and the site is located with ease of access to the Expressway, to the general population the LGA boundary isn't the driver for demand, but accessibility to services and infrastructure as well as amenity, lifestyle and affordability.

Based on the ADW Johnson report, cited in the Cessnock Urban Housing Study the Sawyers Gully Precinct is strategically located on the outer periphery of the South Maitland bubble and south of the West Maitland bubble.

Figure 2-17 Lower Hunter Housing Submarket[10]



Source: Cessnock Urban Housing Study, SGS Economics & Planning. 2020. Page 21

The resident population of Cessnock are characteristically younger residents with a higher proportion of families with children. Relative to the Hunter Region, the LGA is a lower income area with increased sensitivity to housing prices and living costs with the implication that future land and dwelling development in the LGA remains affordable and accessible.

In addition to having a high profile of families, the number of elderly and retiree aged residents in Cessnock is expected to double through to 2041. Smaller properties at the subject area can be more affordable to purchase or rent and financially less intensive to maintain.

The Cessnock Urban Housing Strategy[11] illustrates the findings of a report prepared by ADW Johnson (2015) which notes that demand for land in the Lower Hunter is driven by access to employment and services, affordability, amenity, and lifestyle. In Cessnock, areas as close as 20 minutes' drive from the eastern urban areas of the LGA such as Kurri Kurri and Heddon Greta are examples of such areas meeting the residential demand as identified by the report. These urban growth areas in the east of the Cessnock LGA are often more accessible to employment than the new urban growth areas on the western periphery of Maitland.

[11] Cessnock Urban Housing Study, SGS Economics & Planning. 2020. Page 20.

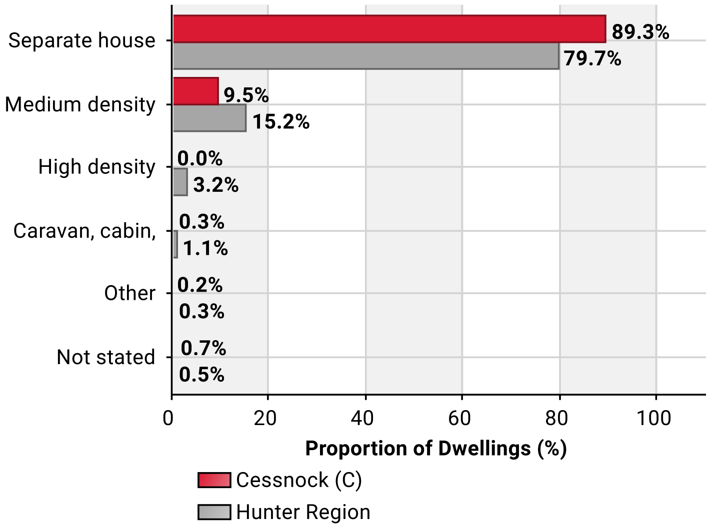
3 Residential Land Supply

This section assesses residential property market trends at both a regional and local looking at existing and changes in property supply as well as product distribution.

3.1 Historical Dwelling Analysis

Based on the 2016 Census, there were 22,671 occupied dwellings in Cessnock, the majority being detached dwellings, 89.3%, which is higher than the Hunter Region at 79.7%, conversely, Cessnock has a lower share of medium to high-density dwellings than the broader region. Separate detached dwellings appear to be a defining attribute of dwellings in the Cessnock area.

Figure 3-1 Dwelling Structure of Cessnock and Hunter Region



At the 2016 Census, Cessnock had a population of 55,561 persons. This represents 7.8% of the Hunter Region's 707,675 residents and an increase of 4,721 persons or 9.3% since 2011. Reflective of the population increase in the region, there has been significant increase in the number of dwellings in the Cessnock LGA over the past five years, from 20,905 in 2011 to 22,671 in 2016, an increase of 1,766 dwellings.

Figure 3-2 Cessnock, Dwelling Structure, 2016 and 2011

	2016		2011		Change	
	Persons	**%**	**Persons**	**%**	**Persons**	**%**
Separate house	20,244	89.3%	19,010	90.9%	1,234	6.1%
Medium density	2,162	9.5%	1,723	8.2%	439	20.3%
High density	0	0.0%	0	0.0%	0	-
Caravan, cabin, houseboat	77	0.3%	114	0.5%	-37	-48.1%
Other	40	0.2%	35	0.2%	5	12.5%
Not stated	148	0.7%	23	0.1%	125	84.5%
Total	**22,671**	**100.0%**	**20,905**	**100.0%**	**1,766**	**7.8%**

Medium density dwellings increased by 439 or 7.8% over the five years, and accounting for 15% of new dwelling stock post after 2011. Despite this, most of the dwelling growth in Cessnock are detached sperate dwellings (69.9%).

The average number of residents per dwelling in Cessnock is 2.56 persons per household at 2016; slightly down from 2.59 persons per household in 2011.

Most dwellings in Cessnock are owned outright (38.4%), owned with a mortgage (33.2%) or rented (20.9%). Homeownership with or without a mortgage is more common in Cessnock than in the Hunter Region.

Figure 3-3 Cessnock, Number of Usual Residents, 2016 and 2011

	2016		2011		Change	
	Dwellings	%	Dwellings	%	Persons	%
One person	4,827	24.9%	4,343	23.8%	484	11.1%
Two persons	6,572	33.9%	6,295	34.5%	277	4.4%
Three persons	3,107	16.0%	2,946	16.2%	161	5.5%
Four persons	2,861	14.8%	2,694	14.8%	167	6.2%
Five persons	1,351	7.0%	1,320	7.2%	31	2.3%
Six persons	459	2.4%	451	2.5%	8	1.8%
Seven persons	98	0.5%	98	0.5%	0	0.0%
Eight or more persons	89	0.5%	86	0.5%	3	3.5%
Total	**19,364**	**100.0%**	**18,233**	**100.0%**	**1,131**	**6.2%**

3.2 Relevant Planning Documents

3.2.1 Hunter Regional Plan 2036[12]

The Hunter Regional Plan 2036 was released by the NSW Government in 2018 and guides local planning across the five Greater Newcastle Council. The NSW Government's vision for the Hunter is "the leading regional economy in Australia with a vibrant new metropolitan city at its heart".

To achieve this vision the Government has set four goals for the region:

- The leading regional economy in Australia
- A biodiversity–rich natural environment
- Thriving communities
- Greater housing choice and jobs.

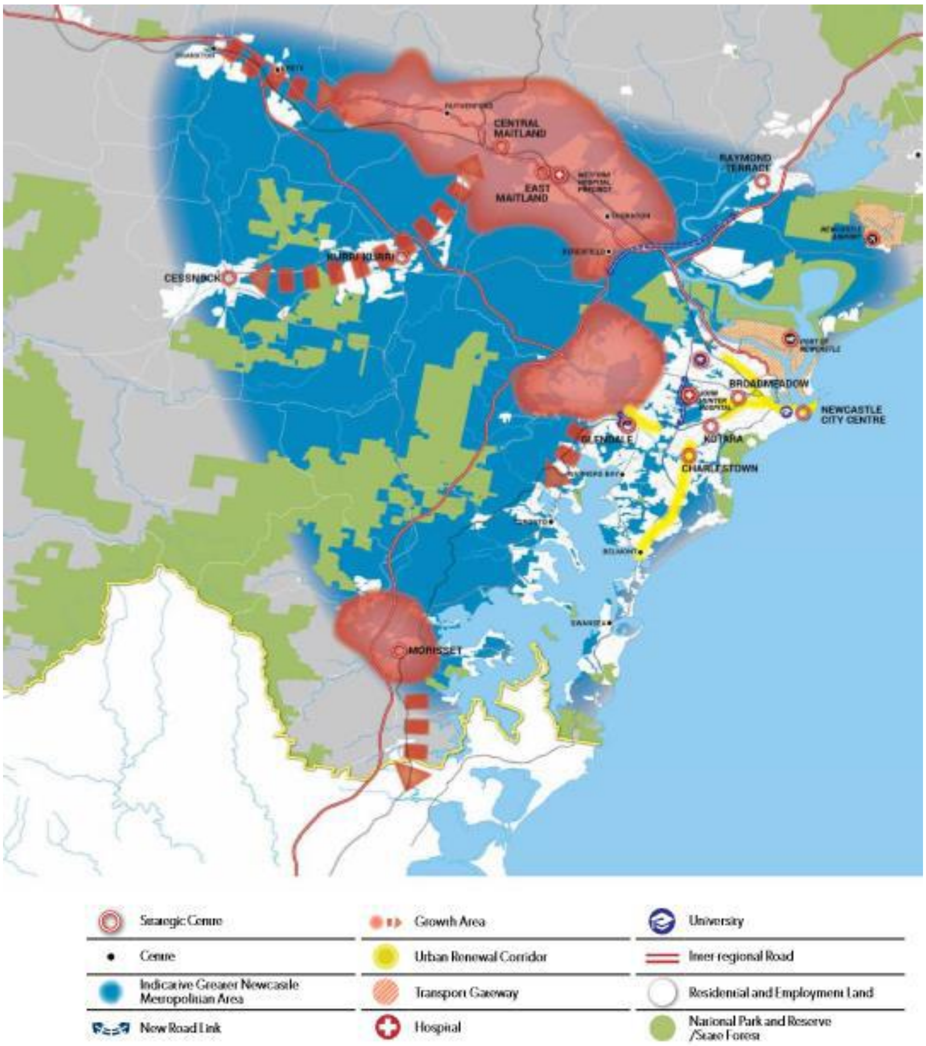
The Greater Newcastle Metropolitan Plan sits under Hunter Regional Plan 2036 and sets out strategies and actions that will drive growth across Cessnock, Lake Macquarie, Maitland, Newcastle and Port Stephens Local Government Areas (LGAs).

The Plan identifies Cessnock, Kurri Kurri, Branxton and Greta as lifestyle centres where rural setting needs to be protected. The total new dwellings for Cessnock are projected to increase by 6,350 by 2036, with 40 per cent greenfield and 60 per cent infill developments. The Plan suggests that the 60 per cent infill development target may be achieved a variety of housing types, including secondary dwellings, apartments, townhouses and villas. The focus of housing delivery in existing urban areas will be within strategic centres and along urban renewal corridors in the metro core.

The Greater Newcastle Metropolitan Plan illustrates large areas and growth corridors implied for future residential development through the Hunter Region, including the corridor from Cessnock to Maitland which is adjacent to the Sawyer Gully Precinct.

[12] https://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans/Hunter/Hunter-regional-plan

Figure 3-4 Greater Newcastle 2036, Hunter Regional Plan



Source: As appears in Cessnock City Planning Strategy Housing Study 2017

3.2.2 **Local Strategic Planning Statement 2036**

Cessnock's 'Local Strategic Planning Statement 2036' (adopted on 17 June 2020) lists 31 planning priorities for future LGA development across four development themes: Liveable, Productive, Sustainable and Unique. The planning priorities are outlined in **Figure 3-5**.

The first planning priority in Cessnock's 'Local Strategic Planning Statement 2036' is to ensure urban compactness in existing Cessnock townships. Urban compactness refers to community design to keep residents near everything needed for daily living including shopping, education, housing, and work. Council's goal is to develop a variety of housing stock to provide appropriate housing stock throughout various resident life stages. The target of Council's Liveable Priority is to increase density proximate to existing infrastructure thus limiting urban sprawl and minimise loss of greenfield.

Figure 3-5 Cessnock Planning Priorities

Liveable	Productive	Sustainable	Unique
Planning Priority 1: Urban areas are compact.	**Planning Priority 8:** Important agricultural land is protected.	**Planning Priority 18:** Protect and enhance lands of environmental value.	**Planning Priority 24:** The rural landscape of the area is retained and enhanced.
Planning Priority 2: Housing is diverse, adaptable and affordable and our urban areas facilitate affordable living.	**Planning Priority 9:** Land uses in rural areas are protected from incompatible land uses and supporting industries are encouraged.	**Planning Priority 19:** Strengthen and protect biodiversity corridors.	**Planning Priority 25:** The scenic and rural landscape of the Cessnock LGA Vineyards District is preserved.
Planning Priority 3: The character and vitality of our town centres and villages is protected and enhanced.	**Planning Priority 10:** The economic value of wine tourism is acknowledged.	**Planning Priority 20:** Rehabilitate waterways, improve water quality and water security.	**Planning Priority 26:** Heritage-based tourism is facilitated and promoted.Planning Priority 27:Nature-based and recreational tourism is facilitated and promoted.
Planning Priority 4: Our community is safe, healthy and active.	**Planning Priority 11:** A variety of niche tourism opportunities are encouraged.	**Planning Priority 21:** Adapt to climate change and build climate resilience.	**Planning Priority 28:** Our region is internationally acclaimed for its events, festivals and hosting functions.
Planning Priority 5: Infrastructure and services meet the needs of the community and are appropriately funded.	**Planning Priority 12:** Our City has a refined hierarchy of commercial centres.	**Planning Priority 22:** Our Aboriginal cultural heritage is protected and celebrated.	**Planning Priority 29:** Our commercial centres and villages are tourist destinations in their own right.
Planning Priority 6: Opportunities for rural, large lot and environmental living are provided in appropriate locations.	**Planning Priority 13:** Our town centres are the focus of local commerce.	**Planning Priority 23:** Developments are suitable, minimise environmental impact and respond to environmental characteristics.	**Planning Priority 30:** Our villages retain their unique qualities that reflect their histories.
Planning Priority 7: Urban development is encouraged in areas with existing infrastructure.	**Planning Priority 14:** Industrial land is developed in an orderly manner and meets future development needs.		**Planning Priority 31:** Growth of our villages occurs in a way that protects their character and setting in the rural and environmental landscape.
	Planning Priority 15: Our industrial land fosters economic growth, business diversity, and employment opportunities.		
	Planning Priority 16: Key infrastructure is leveraged to support economic growth.		
	Planning Priority 17: Our City embraces technology and innovation.		

Source: Cessnock City Council, Local Strategic Planning Statement

The rezoning of the Study Area is in line with Councils goals. The Study Area exists on the outskirts of Kurri Kurri and contributes to Council's aim of achieving a high infill scenario and have 70% of new development as infill within established settlements. Compact centres reduce transport costs and living costs by living closer to community centres. In an LGA with a higher need for affordable housing this is beneficial to future residents at a rezoned site. Additional planning priorities are met in Priority 7; where infill development is encouraged in areas with existing infrastructure.

3.2.3 **Cessnock Housing Preferences Study, SGS (January 2020)**

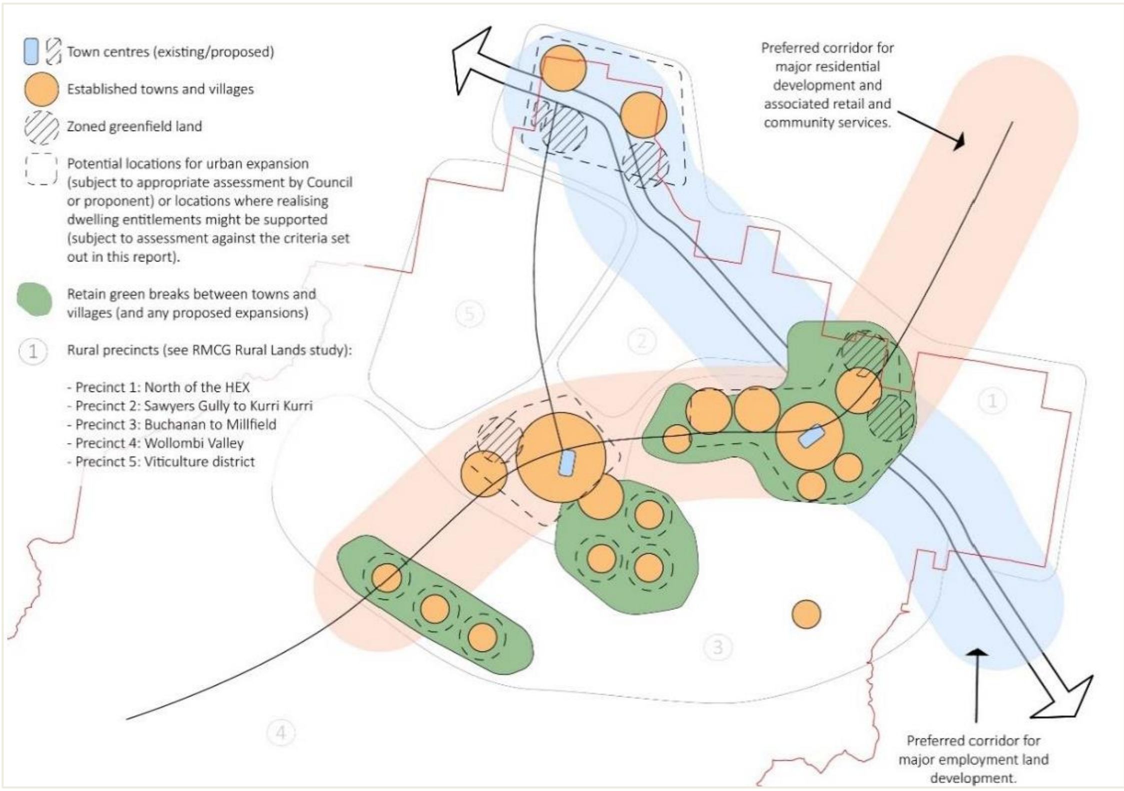
SGS Economics and Planning was engaged by Cessnock Council to prepare a Housing Preference Study. This study provides insights into the housing preferences of residents of Cessnock and it compares these preferences to the current supply of housing in the municipality to identify where there is a mismatch between demand (preferences) and supply.

Misalignment between the housing preferences and the existing housing stock can and do arise. On the demand-side, misalignment can happen as preferences change over time with lifestyles and local household demographics. Demographic shifts include an ageing population, the rise of single person households, and changes to 'traditional' family structures. On the supply side, misalignment can happen when property developers build too much or too little of particular housing types. Developers might not have enough information about residential preferences or there could be certain business and risk factors associated with certain housing types[13].

The report supports and encourages Council's role in facilitating new housing development that meet the expectations and requirements of potential new residents as well as those aging in place. This includes encouraging a greater diversity of housing in Cessnock; and ensuring planning controls are not creating barriers to development.

Cessnock City's broad structure development plan includes an identified preferred growth corridor between Cessnock and Maitland. The Sawyers Gully overlaps partially with the preferred growth corridor plus areas adjacent to the Hunter Highway as preferred corridor for major employment and land development. The plan uses projections older than the projections reported in Section 2.1 with an implied increase of dwellings of 6,350 to 2036.

Figure 3-6 Broad Structure Plan for Cessnock



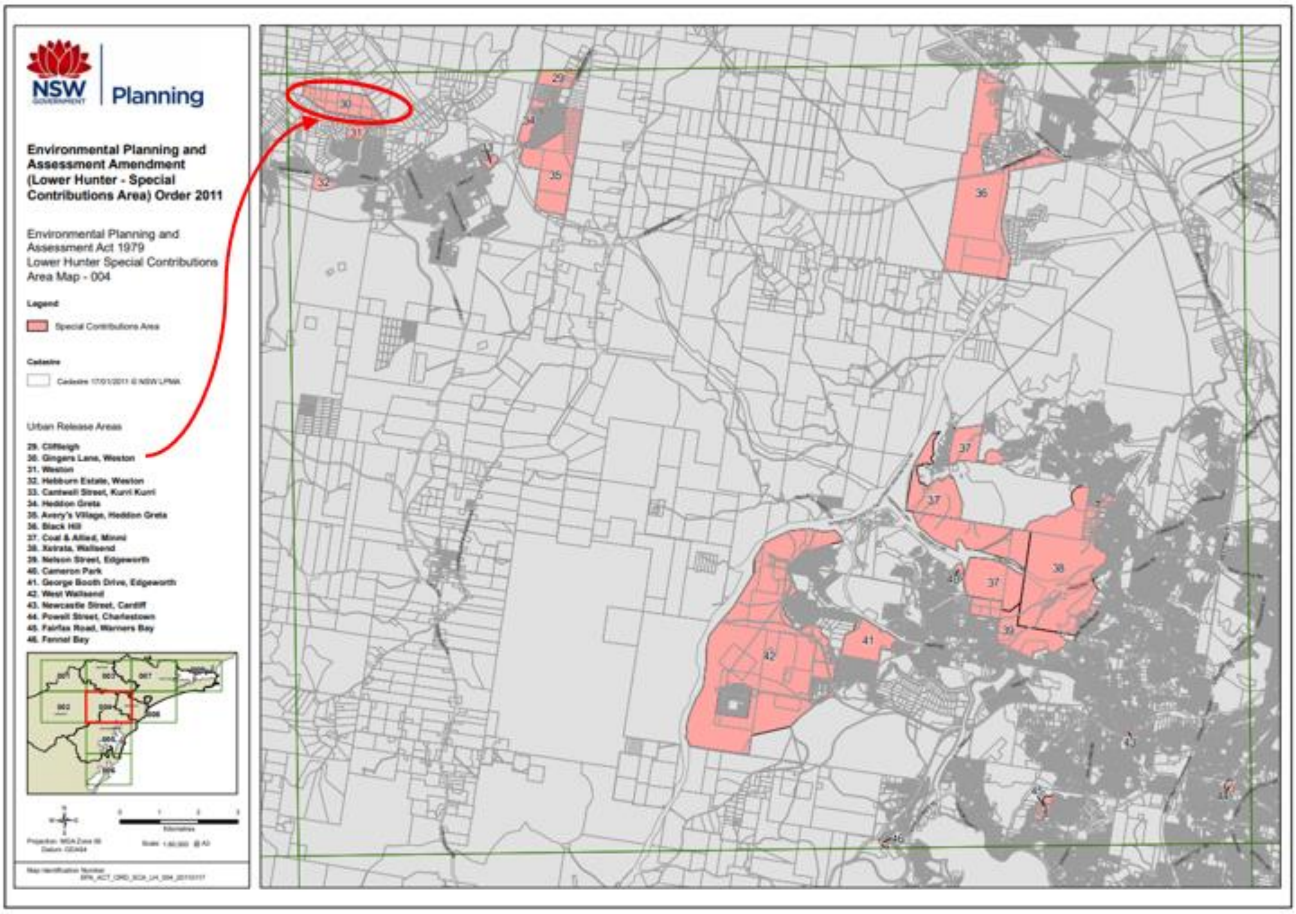
Source: Cessnock City Planning Strategy Housing Study 2017

[13] Cessnock Housing Preferences Study, SGS Economics and Planning (2020), Page iv

3.2.4 NSW Department of Planning – Lower Hunter Special Contributions Area

The Environmental Planning and Assessment Amendment (Lower Hunter – Special Contributions Area) Order 2011 was a Draft Special Infrastructure Contribution (SIC) Scheme which covered 69 urban release areas of various sizes across 4,291 square kilometres of the Lower Hunter. It was proposed for lands rezoned to residential and industrial purposes. The subject site has been identified as one of the "Urban release Areas".

Figure 3-7 Approved and Projected Dwellings by Type[14]



3.2.5 Previous Rezoning Support

Stage 1 of the 'Sawyers Gully Precinct Study Area' was previously supported by Council to seek a rezoning, and is anticipated for future development in existing planning schemes including the State Government's Urban Release Areas. In anticipation of this project, upgrades to Hunter Water Waste Water Treatment Plant have already occurred to provide capacity. While previous rezoning was endorsed by Council, it was subsequently discontinued by a previous applicant (developer) for various reasons at the height of the Global Financial Crisis in 2008. Any new applications for development of the study area, in particular Stage 1 North Gingers Lane precinct, is a reaffirmation of agreed development permissions.

3.2.6 Housing Strategy

The Cessnock Housing Strategy provides policy objectives in future land development including needs for housing affordability, housing diversity particularly towards attached and smaller floor plate dwellings, improving

[14] https://www.planning.nsw.gov.au/-/media/Files/DPE/Other/draft-environmental-planning-and-assessment-amendment-lower-hunter-special-contributions-area-order-2011.pdf?la=en

efficiencies and effectiveness of the delivery of new housing products. Cessnock desires more compact housing options by prioritising infill over greenfield development.

The proposed development of 700-800 sqm and 1,500-2,000 sqm lots would provide an alternative to the traditional acreage lots that are typical of the area, supporting changing demographic needs and providing more affordable residential options in a location that is proximate to employment, infrastructure and services.

3.2.7 **Urban Growth Management Strategy**

According to the Urban Growth Management Strategy released in March 2021, the Department of Planning estimate that an additional 9,250 dwellings will be required in the 20 years to 2036; this equates to 460 new dwellings per annum. The report states "Based on the existing and projected demand for 400- 500 lots per annum and the existing, zoned, undeveloped residential land, it is estimated that there is between 17-24 years of greenfield land supply currently zoned across the Local Government Area." (page 4). Based on the latest population estimates, REMPLAN has estimated the population by 2021 will be closer to 63,620 people, with 27,334 implied dwellings, a difference of 3,334 dwellings or 667 dwellings per annum.

Based on the State Governments projections, the strategy indicates Council has at least 20 years greenfield land available for residential development and is aware of implications this can cause around managing development on multiple fronts in procuring the infrastructure needed to support excessive development fronts. Notably, council did identify there were 11 years supply for village lifestyle land allotments which provides an opportunity for any proposed land fulfilling this specific demand.

The strategy provided a register of available and future land supply over eighteen identified sites in Cessnock is capable of providing 9,432 lots. Subsequent independent land supply assessment by Perception Planning has identified 8,194 lots, a difference of 1,238 lots.

Section 2.2 has identified that the Department has underestimated their 2021 projected population (and therefore subsequent years), with the 2020 estimated resident population of 62,256 being 5,536 more residents than 2016 and already almost 2,200 people higher than the projected 2021 figure of 60,064. Based on a similar rate of growth, the 2021 estimated resident population is expected to be in the order 63,620 residents – or 3,570 people and 1,534 dwellings more than the Departments 2021 forecasts. By 2021, the Department has projected a population of 60,050 in 25,800 dwellings, which this is more likely to be 63,600 residents requiring 27,334 implied dwellings.

There is a potential shortfall by 2021 of 3,750 residents, which will be required to be forecast for a further 20 years. The difference between the 24,000 dwellings to support the 56,700 people in 2016 and the estimated 27,334 dwellings to support 63,620 people by 2021 is 3,334 or 667 per annum – well in excess of the "***demand for housing in Cessnock is likely to remain between 400- 500 dwellings per annum"***

3.3 Available and Future Product Assessment

Based on the desktop analysis undertaken as part of the reporting process, the supply of residential land is sufficient for predicted market need. There are, however, justifiable concerns over sequencing should certain developments fail to materialise and due to limited supply at a sub-regional assessment within the LGA. Cessnock City Council's Land Supply data contained in Cessnock City Council's Urban Growth Management Strategy. The strategy identified 9,432 lots under accepted yield scenarios. Independent investigation by Perception Planning revised this lot yield to the order of 8,194 possible lots. This is a difference of 1,238 lots.

The following table outlines the lots by lot classification as identified by Cessnock and revised by Perception Planning. More detailed land supply data is available in the Urban Growth Management Strategy.

Figure 3-8 Land Supply Data by Lot Classification

Classification	Commuter Urban	Established URA	Rural/Village Lifestyle	TOTAL
Total Area (CCC) (ha.)	1,112.3	974.6	262.7	
Total Area (PP) (ha.)	1,219.8	699.0	288.3	
Reaming Developable Land (CCC) (ha.)	953.7	395.6	71.4	
Zoned Residental (PP) (ha.)	386.5	440.1	159.2	
Subdivision Approved Land (PP) (ha.)	0.0	78.7	54.8	
Subdivision Approved Land for Lots (PP) (ha.)	0.0	62.9	43.9	
Remaining Dev Land (PP) (ha.)	386.5	361.4	61.3	
Approved Lots	1,791	2,071	752	
Released Lots	470	1,069	366	
Unreleased Lots	800	752	179	
Lot Yield Scenarios (CC)	2,164	6,528	740	**9,432**
Remaining Yield (PP)	2,164	5,045	985	**8,194**
Difference	**0**	**-1,483**	**245**	**-1,238**

CCC = Cessnock City Council estimates
PP = Perception Planning estimates
Source: Perception Planning

The following table outlines the lots by lot classification as identified by Cessnock and revised by Perception Planning.

The following table shows the identified land supply by precinct location. Based on Perception Planning's review of available land supply, estimated lot availability in West Precincts is significantly reduced, and marginally reduced in East Precincts.

Figure 3-9 Land Supply Data by Development Precinct

Precinct	East Precincts	North Precincts	West Precincts	TOTAL
Total Area (CCC) (ha.)	450.8	1,112.3	786.4	
Total Area (PP) (ha.)	187.6	1,219.8	799.6	
Reaming Developable Land (CCC) (ha.)	116.0	953.7	351.1	
Zoned Residental (PP) (ha.)	143.0	386.5	456.3	
Subdivision Approved Land (PP) (ha.)	57.5	0.0	76.0	
Subdivision Approved Land for Lots (PP) (ha.)	46.0	0.0	60.8	
Remaining Dev Land (PP) (ha.)	85.5	386.5	337.2	
	1,900	1,791	923	
Approved Lots	1,131	470	304	
Released Lots	772	800	159	
Unreleased Lots				
Lot Yield Scenarios (CC)	1,598	2,164	5,670	**9,432**
Remaining Yield (PP)	1,552	2,164	4,478	**8,194**
Difference	**-46**	**0**	**-1,192**	**-1,238**

CCC = Cessnock City Council estimates
PP = Perception Planning estimates
Source: Perception Planning

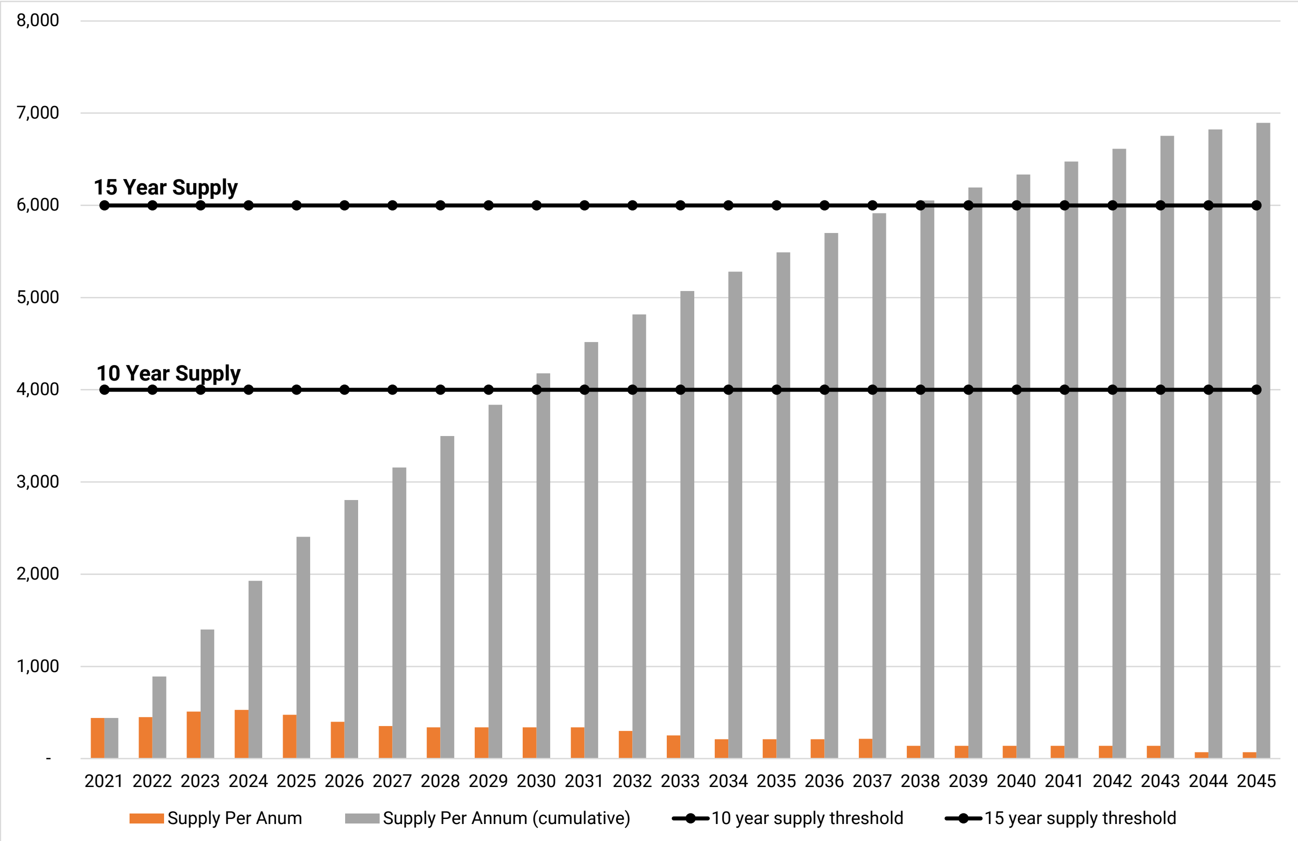
Cessnock City Council's land supply data register include eighteen residential estates across Cessnock. Of these, there are approximately five estates with at least 500 lots each available in the next 25 years to 2045. Bellbird Estate is the largest estate and can deliver 4,260 lots according to Cessnock. However, Perception Planning has estimated that Bellbird is realistically capable of delivering 2,755 lots by 2045.

Between 2021 and 2045, the average annual lot supply is estimated by Perception Planning at 276 lots per annum. Annual lot release is expected to taper further into time, falling below 200 lots per annum by 2038. More than 400 lots per annum are anticipated under current identified land supply scenarios through to 2026.

Regardless of demand, there is expected to be 4,178 lots supplied within Cessnock over the next ten years and 5,490 lots in the first fifteen years. Similarly, within the Cessnock's East Precinct anticipated supply is in the order of 1,052 lots within ten years and 1,402 lots in the first fifteen years.

Figure 3-10 shows the cumulative supply of land supply over the next 25 years (in grey) in Cessnock LGA. The black lines show the level of supply after ten and fifteen years respectively. Later in this report, these thresholds will be used to test if supply is sufficient to meet demand.

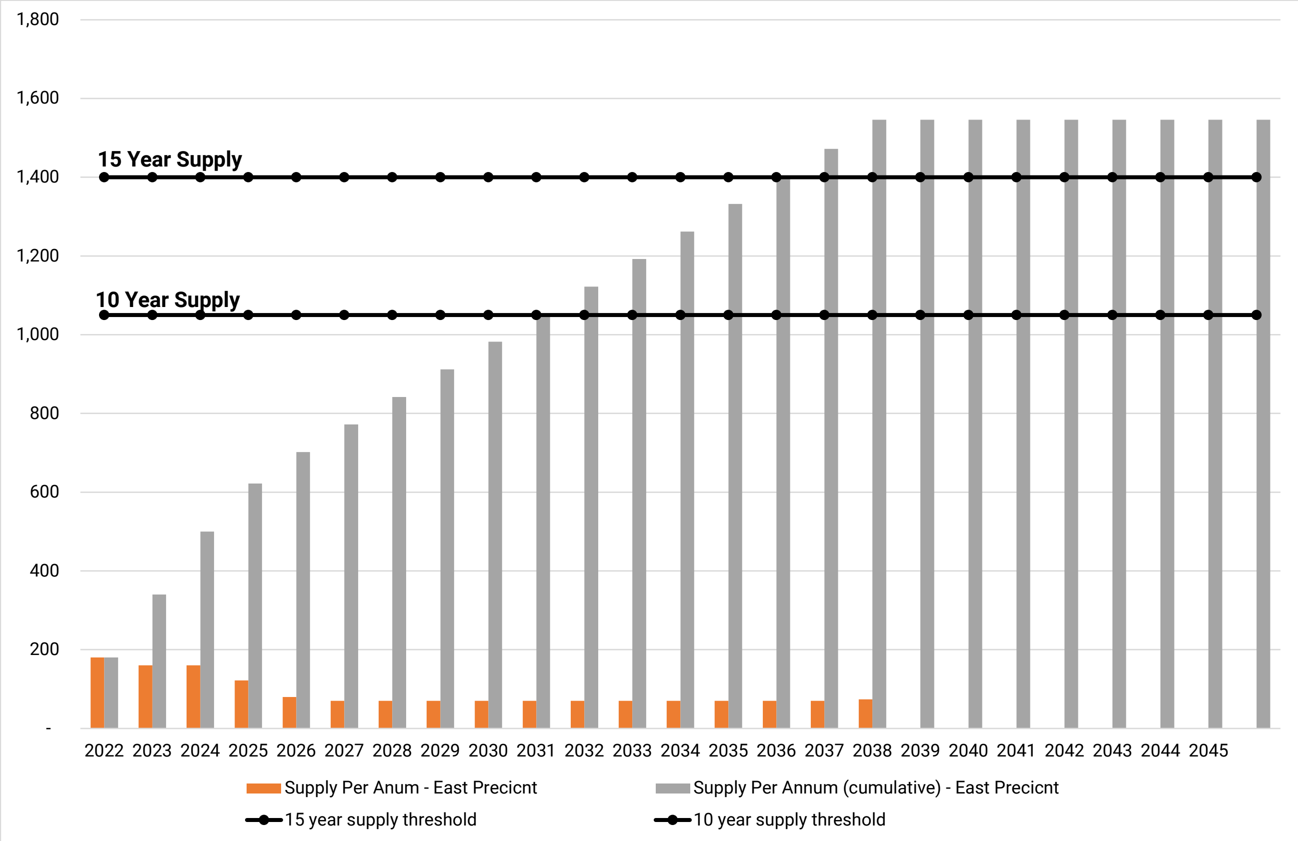
Figure 3-10 Cessnock Land Supply 2021 to 2045



Source: Perception Planning

Figure 3-11 shows the cumulative supply of land supply over the next 25 years (in grey) for the East Precincts area. The black lines show the level of supply after ten and fifteen years respectively. Later in this report, these thresholds will be used to test if supply is sufficient to meet demand. Additionally, the following figure also shows complete exhaustion of new land supply for east precincts after 2038.

Figure 3-11 Cessnock East Precincts Land Supply 2021 to 2045



Source: Perception Planning

3.3.1 Lot to Dwelling Conversion Rate

Identified lots are not strictly guaranteed to be converted to dwellings. Based on ABS Dwelling Approvals and ABS Dwelling Completions, the average conversion rate between 2011 and 2016 in Australia was 54.2%. In other words, 54.2% of dwelling approvals were successfully converted to dwellings. In New South Wales, typically less than 50% of approvals are completed. Due to a time lag between approval and completion, additional active approvals may yet to be converted to dwellings and thus absent in official statistics. This implies the 'true' conversion rate may be slightly higher than reported.

In this report's demand and supply assessment section, a conversion rate of 60% reflecting a national profile of dwelling conversion is used to validate the suitability of current supply scenarios to meet market demand.

Figure 3-12 Dwelling Completion to Approval Conversion Rates by State, 2011 to 2020

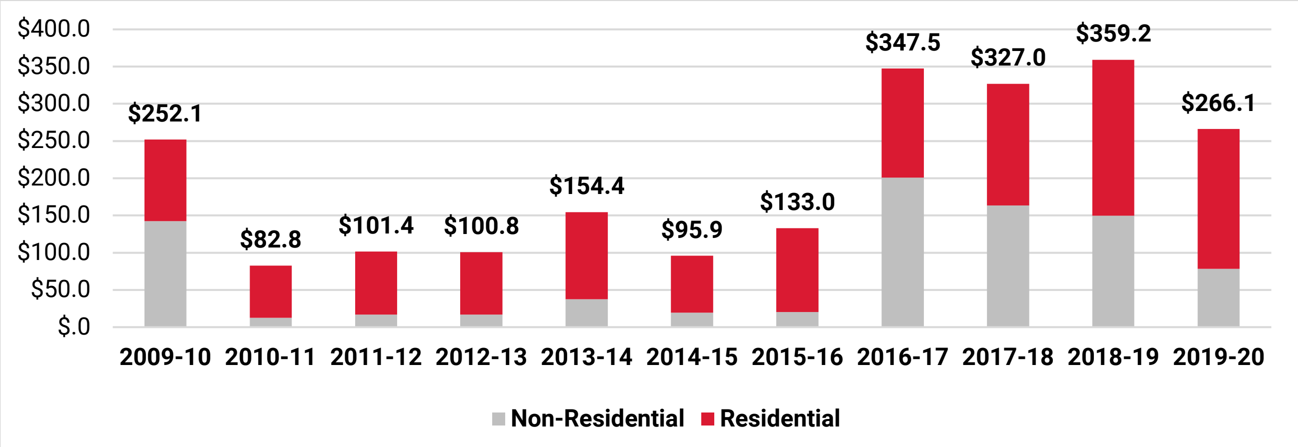
Year	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
					Completions				
2011	16,198	33,834	18,351	7,882	16,779	2,026	479	1,814	97,363
2012	16,019	30,251	18,245	6,547	15,511	1,835	559	1,667	90,634
2013	19,412	28,225	19,673	6,295	17,211	1,544	741	1,724	94,825
2014	21,272	30,117	19,229	7,347	20,093	1,694	750	1,516	102,018
2015	25,203	31,475	23,554	7,988	24,557	2,310	779	1,440	117,306
2016	25,249	33,674	23,427	6,968	19,843	2,057	702	1,023	112,943
2017	28,393	34,828	23,870	7,123	13,477	1,628	547	982	110,848
2018	30,340	38,574	25,585	7,907	13,191	2,184	469	1,144	119,394
2019	28,405	37,119	21,105	7,222	10,874	2,301	373	1,232	108,631
2020	23,268	38,548	19,778	7,436	10,401	2,741	360	1,309	103,841
Year					Approvals				
2011	34,433	52,295	27,664	10,058	19,917	2,556	1,322	5,510	153,755
2012	38,828	52,121	28,938	8,375	21,690	2,010	1,920	3,794	157,676
2013	49,175	49,833	35,932	10,652	28,690	1,898	2,294	4,801	183,275
2014	55,584	60,895	40,173	11,778	33,088	2,551	2,000	3,938	210,007
2015	71,532	68,669	50,856	11,370	28,660	2,793	1,666	4,189	239,735
2016	74,688	68,756	47,781	12,109	21,913	2,171	1,278	6,158	234,854
2017	72,355	70,373	42,352	12,252	19,564	2,688	813	4,346	224,743
2018	64,868	67,981	39,906	11,820	15,892	3,047	728	7,160	211,402
2019	51,457	57,881	30,985	11,607	15,191	3,164	559	4,996	175,840
2020	50,410	62,582	33,238	11,523	18,514	3,480	700	4,999	185,446
Year					Conversion Rate				
2011	47.0%	64.7%	66.3%	78.4%	84.2%	79.3%	36.2%	32.9%	63.3%
2012	41.3%	58.0%	63.0%	78.2%	71.5%	91.3%	29.1%	43.9%	57.5%
2013	39.5%	56.6%	54.8%	59.1%	60.0%	81.3%	32.3%	35.9%	51.7%
2014	38.3%	49.5%	47.9%	62.4%	60.7%	66.4%	37.5%	38.5%	48.6%
2015	35.2%	45.8%	46.3%	70.3%	85.7%	82.7%	46.8%	34.4%	48.9%
2016	33.8%	49.0%	49.0%	57.5%	90.6%	94.7%	54.9%	16.6%	48.1%
2017	39.2%	49.5%	56.4%	58.1%	68.9%	60.6%	67.3%	22.6%	49.3%
2018	46.8%	56.7%	64.1%	66.9%	83.0%	71.7%	64.4%	16.0%	56.5%
2019	55.2%	64.1%	68.1%	62.2%	71.6%	72.7%	66.7%	24.7%	61.8%
2020	46.2%	61.6%	59.5%	64.5%	56.2%	78.8%	51.4%	26.2%	56.0%

Source: ABS, Building Approvals & ABS, Small Area Dwelling Completions

3.4 Building and Dwelling Approvals

The total value of building approvals during 2019-20 was $266.1 million, consisting of $187.8 million in 'Residential' building approvals and $78.3 million in 'Non-Residential' building approvals. Building approvals during 2018-19 represent a peak level of activity for Cessnock and have been consistently high for Cessnock over the past four years. Prior to 2016-17, building approvals in Cessnock were relatively modest.

Figure 3-13 Building Approvals, 2009-10 to 2019-20

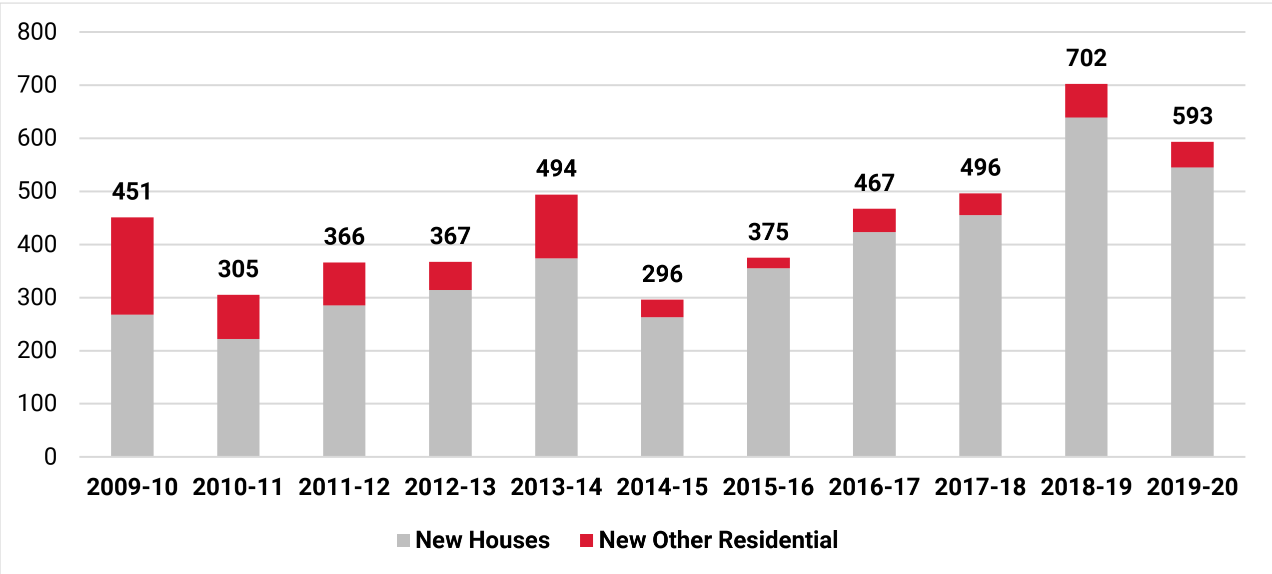


Source: ABS, Building Approvals, Cat. 8731.0

Substantial 'Non-Residential' approvals over the past three years has generally accounted for between 40 to 60 percent of total building approvals. 'Non-Residential' approvals are for buildings not intended for residence such as commercial, industrial and public infrastructure facilities. The large volume of 'Non-Residential' approvals is either in anticipation of future economic and / or demographic growth or in response to it.

There were 593 new dwelling approvals during the 2019-20 financial year, comprising 545 houses and 48 "other" (unit) dwellings, a decrease of 109 approvals over the previous year. Approvals peaked in 2018-19 at 702 dwellings. Before that dwelling approvals in Cessnock have increased year-on-year since 2014-15 and have averaged 432 per year over the past decade. Given the regional nature of Cessnock, separate house approvals have historically accounted for 87% of total dwelling approvals.

Figure 3-14 Dwelling Approvals, 2009-10 to 2019-20



Source: ABS, Building Approvals, Cat. 8731.0

Approvals are used to indicate market demand and depth of activity within the local area. However, approvals do not automatically materialise into actual construction as market forces, changes in circumstances and contracts may fall through from time-to-time. Additionally, there is usually a significant lag between approval and construction.

3.5 Recent Housing Supply in Cessnock

The Cessnock Urban Housing Study Report[15] provides an analysis of housing supply, suggesting Cessnock has experienced around 330 dwellings approved per year over the past five years with detached housing being the dominant form of this supply. Spatial analysis of development application data and analysis by suburb found that the majority of new dwellings in Cessnock were approved in and around four established or emerging towns, or clusters of towns and villages:

- Cessnock;
- the cluster of Branxton, Greta and Huntlee.
- the band from Abermain through Weston, Kurri Kurri, Heddon, Greta and Cliftleigh; and
- the villages of Millfield, Paxton and Ellalong.

About 90% of approved dwellings were located in R2 Low Density and R3 Medium Density residential or B4 Mixed Use zones. The remaining 10% of dwellings were approved on land zoned RU2 Rural Landscape and RU4 Small Lot Primary Production.

Around 2,700 new residential lots were approved in the 2012 to 2016 period.

3.6 Implications

Land that is identified in land use and urban development strategies or is zoned for development by planning authorities does not always directly translate into residential development (housing construction) as planned within the proposed timelines, this can be attributed to factors such as the landowners intent and the ability to amalgamate a number of sites into a larger developable footprint. Assessing the potential future supply of a region, based on identification of lots without development application, development intent and fragmentation of individual lot ownership (amalgamation issues and implications) can potentially lead to overestimating supply that may not be viable or feasible and potentially overstate the future supply capacity of a region.

A key planning objective and outcome for Councils is to have 5-10 years of supply identified, zoned and ready to be bought to the market, an additional 10-15 years supply zoned and with proposed intent to develop; and a further 10-year supply of future urban designated land. As such, it is a common approach to provide an adequate supply of land to support population (and employment) growth.

Perception Planning have investigated land supply reported by Cessnock City Council and have challenged the volume of identified land supply as too optimistic. Under this revision by Perception Planning, land supply in the LGA area has been reduced from 9,432 lots to 8,194 lots.

Through strategic planning controls and policy, Council can achieve a balanced outcome to retain and attract new residents. There needs to be several development fronts bought to the market across the LGA at any given time, providing a competitive environment from both the supply and demand perspective and not producing a supply driven pricing strategy.

In addition to having a high profile of families, the number of elderly and retiree aged residents in Cessnock is expected to double through to 2041. These residents have not typically been undertaking typical downsizer

[15] Cessnock Urban Housing Study, SGS 2017, Page i

purchases of smaller attached dwellings, with a higher demand for detached housing (on smaller lots) as these retires are attracted to the area, as opposed to density living.

The site is located within the emerging villages and clusters that have been experiencing the majority of dwelling approvals. The proposed rezoning to a mix of R2 - low density residential (700-800sqm) and R5 - Large Lot Residential (1,500-2000sqm) provides an opportunity to meet Council planning priorities, bring developable supply to the market and meet changing market preferences for a diversity of dwelling types and sizes in the area.

4 Demand Assessment

This section assesses population projections, dwelling approvals and residential trends and the implications for residential demand for the region.

4.1 Population Projections

Population projections were detailed in Section 2.2. Population growth is a significant driver of demand for services, infrastructure and residential product. In addition to having a high profile of families, the number of elderly and retiree aged residents in Cessnock is expected to double through to 2041 Appropriate facilities and infrastructure are also important and consideration for aging in place drives demand for appropriate housing.

4.2 Projected Dwelling Approvals

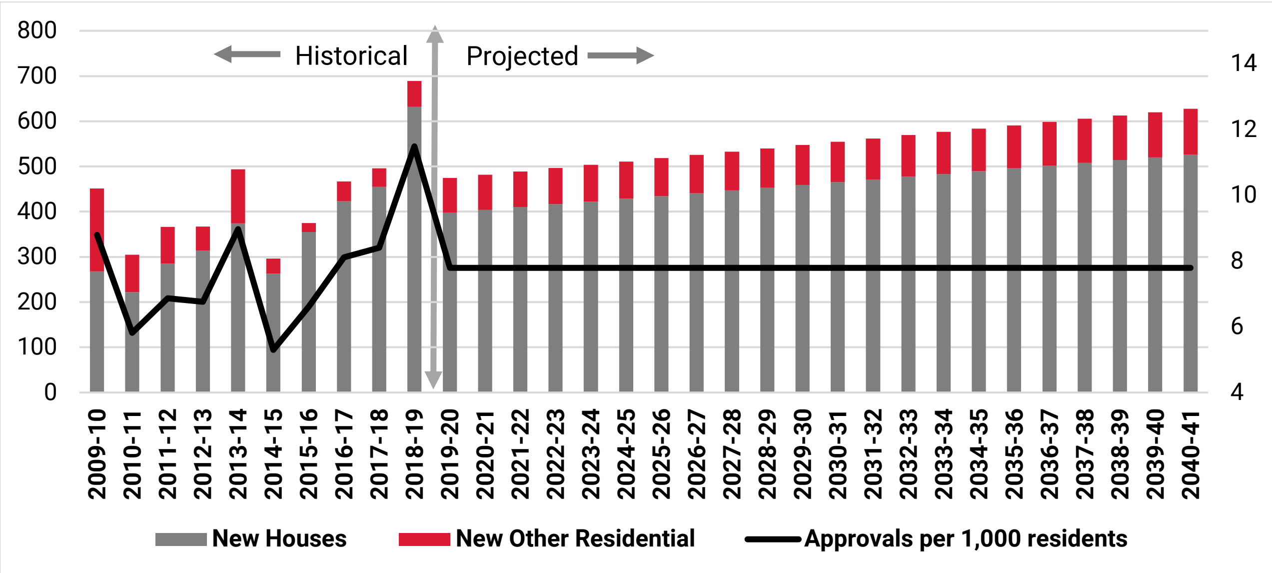
Based on a ten-year average to 2019-20 there were an average of 432 dwelling approvals per annum. There were 593 new dwelling approvals during the 2019-20 financial year, comprising 545 houses and 48 “other” (unit) dwellings.

Figure 4-1 Cessnock Dwelling Approvals

Approvals	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
New Houses	268	222	285	314	374	263	355	423	455	639	545
New Other Residential	183	83	81	53	120	33	20	44	41	63	48
Total	**451**	**305**	**366**	**367**	**494**	**296**	**375**	**467**	**496**	**702**	**593**

Based on a ten-year average of dwelling approvals in Cessnock, for every 1,000 residents there are an average of eight approvals in the LGA annually. Therefore, it is estimated that in the order of 12,043 approvals would be required in Cessnock by 2041, an average of 573 new approvals per year.

Figure 4-2 Cessnock Dwelling Approvals to 2041



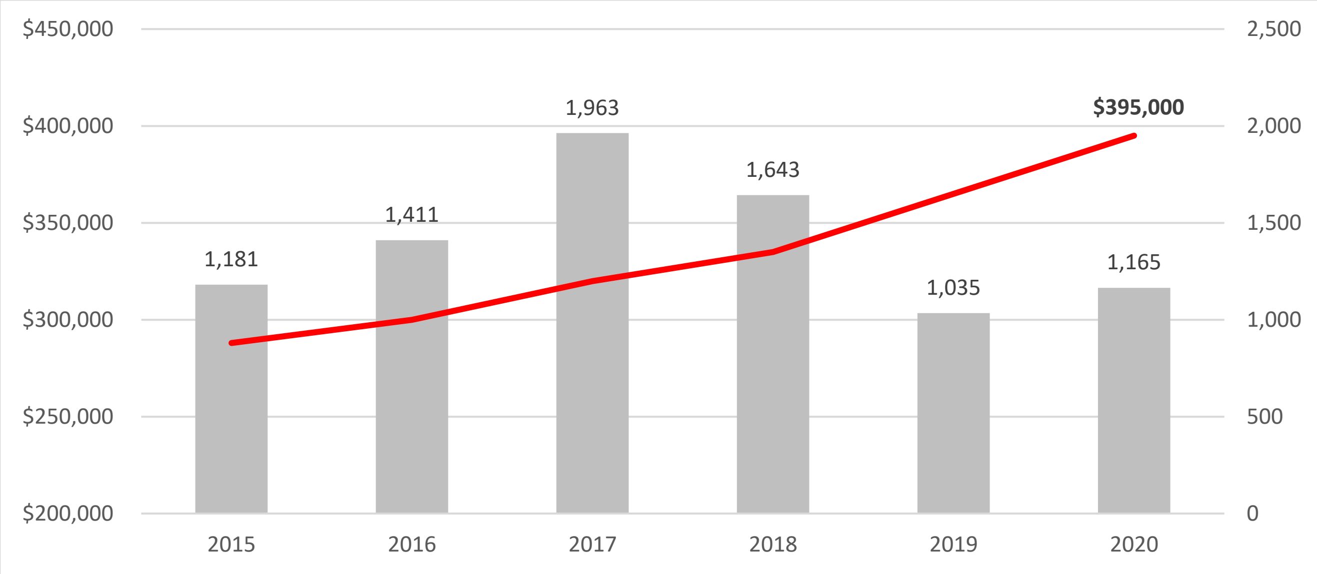
Extrapolated by REMPLAN

As identified in the Urban Growth Management Strategy, Cessnock City Council is advised to plan for between 400 to 500 new dwellings per year. This range has been used to inform land supply scenarios in Section 5.

4.3 Residential Market Analysis

As of 2020, the median dwelling price in Cessnock is $395,000; with annual increases in dwelling prices of approximately 6.5% per year since 2015. Despite rising dwelling prices, the volume of sales has fallen since a peak of 1,963 sales in 2017.

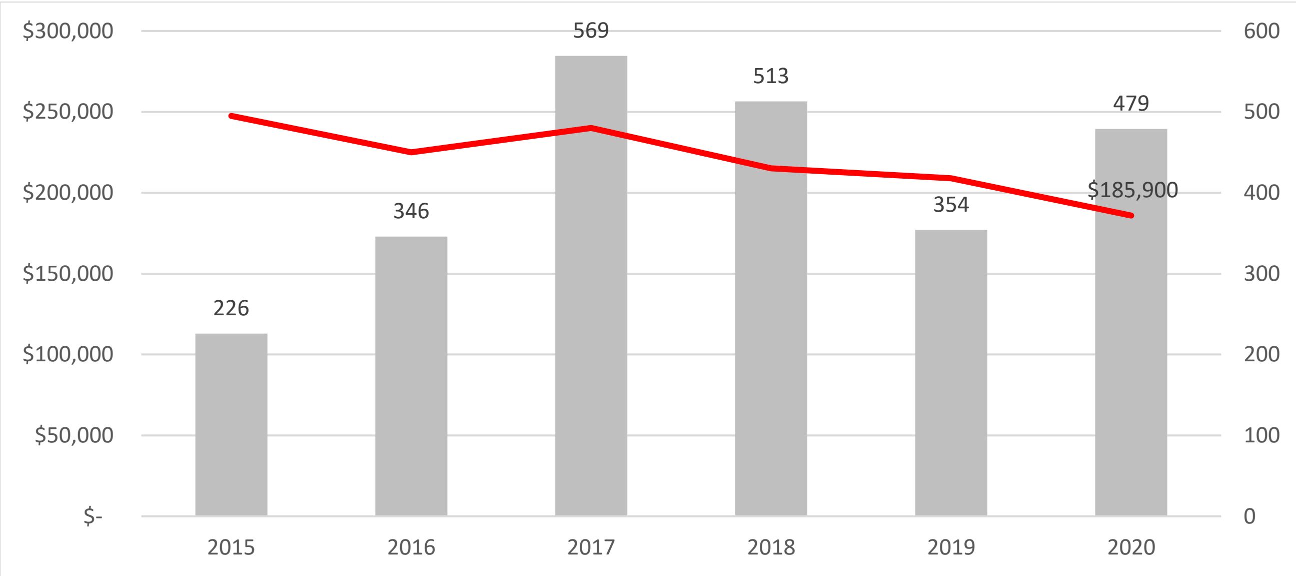
Figure 4-3 Median Dwelling Price and Sale Counts, 2015 to 2020



Source: REMPLAN Property

Land prices in Cessnock appear to have fallen significantly since 2018 with the availability of significantly larger lot sales with lower prices per sqm. As of 2020, the median land price is estimated at $185,900.

Figure 4-4 Median Land Sales Price and Sale Counts, 2015 to 2020*



Source: REMPLAN Property

The most common dwelling lot size sold in Cessnock is between 750-849 m^2. Since 2015, the share of dwellings sold in Cessnock sold between 750-849 m^2 has fluctuated between 16.8% of sales in 2015 to 15.8% of sales in 2020. Sales of larger properties over 1,000 m^2 has consistently accounted for between 31% and 40% of dwelling sales. This implies demand for smaller properties has increased over time and demand for larger properties has weakened. This can be used to justify the rezoning of the subject site from RU2 Rural Residential to R2 Residential.

Figure 4-5 Dwelling Sales by Lot Size, 2015 to 2020

Lot Size	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020	Average
<500	107	148	192	171	139	113	10.1%	11.1%	10.4%	11.4%	13.0%	9.5%	10.9%
500-549	53	65	112	95	79	66	5.0%	4.9%	6.0%	6.3%	7.4%	5.6%	5.9%
550-599	35	62	106	64	42	49	3.3%	4.7%	5.7%	4.3%	3.9%	4.1%	4.3%
600-649	94	133	141	120	84	119	8.9%	10.0%	7.6%	8.0%	7.8%	10.0%	8.7%
650-699	57	60	97	56	54	77	5.4%	4.5%	5.2%	3.7%	5.0%	6.5%	5.1%
700-749	55	45	84	63	52	48	5.2%	3.4%	4.5%	4.2%	4.8%	4.0%	4.4%
750-849	177	212	300	239	189	188	16.8%	16.0%	16.2%	15.9%	17.6%	15.8%	16.4%
850-999	73	102	156	96	99	103	6.9%	7.7%	8.4%	6.4%	9.2%	8.7%	7.9%
1,000-1,999	176	210	238	246	165	219	16.7%	15.8%	12.9%	16.4%	15.4%	18.4%	15.9%
2,000+	228	292	426	352	170	207	21.6%	22.0%	23.0%	23.4%	15.8%	17.4%	20.5%
Total	1,055	1,329	1,852	1,502	1,073	1,189	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: REMPLAN Property

It is noted that reporting for future demand analysis applies a 600sqm lot size, citing this is larger than the minimum in many areas[16], however allotments less than 600sqm only account for an average of 20.6% of all sales over the last five years. The proposed development is proposed to have allotments of 700-800 sqm and 1,500-2,000 sqm which aligns with the categories that account for around 36% of market demand, as opposed to the lower level of demand that is experienced for smaller allotments.

Market demand drivers need to be accounted for when considering future supply if Council wants to continue to attract residents based on market drivers and dynamics.

4.4 Implications

As a regional area, the Cessnock residential market is characterised by larger lots. However, in recent years property sizes have gravitated towards smaller lots given pressure from housing affordability and Council planning priorities to move towards more compact communities. Council expects future developments to consist primarily of detached properties with an increasing reliance on dual occupancy projects in and around existing population centres. So much so, Cessnock in their Urban Growth Management Strategy derived future lot supply based on an average lot size of 600 sqm. However, based on past sales as much 78.9% of property sales in Cessnock in between 2015 and 2020 were for lots for more than 600 sqm. In fact, 20.5% of lot sales were for properties at least 2,000 sqm in size. This suggests that land consumption may in practice is likely to consume future land supply at a rate faster than predicted by Council's own land supply scenarios as provided in Urban Growth Management Strategy thus lowering the 'practical' years of supply identified in the strategy.

Cessnock Council anticipates between 11,500 new dwellings are needed in the LGA by 2041 to support population growth, equal to 460 dwellings built per year through 2041. Based on past dwelling approvals over the past ten years 446 dwellings are approved per year; lower than the dwellings needed to support population projections. Notably, the intensity of approvals has been significantly higher of the last three years but needs to be sustained with continued demand to continue to meet projection targets, in significant locations.

Section 2.2 has identified that the Department has underestimated their 2021 projected population (and therefore subsequent years), with the 2020 estimated resident population of 62,256 being 5,536 more residents than 2016 and already almost 2,200 people higher than the projected 2021 figure of 60,064. Based on a similar rate of growth, the 2021 estimated resident population is expected to be in the order 63,620 residents – or 3,570 people and 1,534

[16] Urban Growth Management Strategy, Page 4.

dwellings more than the Departments 2021 forecasts. By 2021, the Department has projected a population of 60,050 in 25,800 dwellings, which this is more likely to be 63,600 residents requiring 27,334 implied dwellings.

Actual growth has been substantial and has outstripped projections generating a shortfall in new dwellings needed by 2021 to meet an additional 3,750 residents. The difference between the 24,000 dwellings to support the 56,700 people in 2016 and the estimated 27,334 dwellings to support 63,620 people by 2021 is 3,334 dwellings or **667 dwellings per annum** – well in excess of the "***demand for housing in Cessnock is likely to remain between 400-500 dwellings per annum"***.

5 Assessment of Need

Based on the analysis undertaken for this report, there is a theoretical large supply of residential land identified in Cessnock with a number of competitive products available now and in short-term pipeline. As a general guideline, a key planning objective and outcome for Councils is to have 5-10 years of supply identified, zoned and ready to be bought to the market, an additional 10-15 years supply zoned; and a further 10 years supply of future urban designated land – that is a 25-30 year potential planning horizon.

5.1 Supply and Demand Comparison

Land that is identified in land use and urban development strategies or is zoned for development by planning authorities does not always directly translate into residential development (housing construction) as planned within the proposed timelines. Assessing the potential future supply of a region, based on identification of lots without development application, development intent and fragmentation of individual lot ownership (amalgamation issues and implications) can potentially lead to estimating supply that may not be viable or feasible and potentially overstate the future supply capacity of a region.

The following table summarises the scenario assessment by each scenario. Cessnock planning documents have identified a significant land supply pipeline and development along development corridors. It has been noted throughout the report that not all identified land supply will be converted to development activity. The following provides a scenario-based assessment, including the sensitivity of 60% conversion rate of identified supply into dwellings.

Three scenarios of varying population growth have modelled sensitivity in demand for lots in Cessnock.

- **Low Scenario:** Assumes an LGA population growth as reported by the latest DPIE projections
- **Medium Scenario:** Assumes a dwelling uptake based on the average expected uptake of between 400 and 500 dwellings per annum as reported in the Urban Growth Management Strategy with a small increase over time in dwelling demand per year.
- **High Scenario:** Assumes a LGA population growth rate above estimates reported by the latest DPIE projections but reflective actual growth rates over the past ten years. Under this scenario there is a need for 525 dwellings per annum.

Figure 5-1 Years of Supply Scenarios – Cessnock

	Low	Medium	High
Annual Lot Take-up	420 dwellings	460 dwellings	525 dwellings
Average Household Size	2.22 persons per dwelling	2.22 persons per dwelling	2.22 persons per dwelling
Average Annual Population Growth	934 persons	1,023 persons[17]	1,168 persons[14]
Available Lots	8,194 lots	8,194 lots	8,194 lots
Years of Supply	**19.5 years**	**17.8 years**	**15.6 years**
60% conversion	4,916 lots	4,916 lots	4,916 lots
Years of Supply	**11.7 years**	**10.7 years**	**9.4 years**

Based on the above assessment, there is sufficient land supply if all identified supply is developed and bought to the market. There is estimated to be between 15.6 and 19.5 years of supply across the LGA. The low demand scenario is in line with an expected twenty-year supply across Cessnock as per council's Urban Growth Management Strategy. However, at a conversion rate of 60%, there is insufficient supply to meet market demand. At a 60% conversion rate, there is estimated to be between 9.4 and 11.7 years of supply across the LGA.

[17] *Implied annual population increase*

The shortfall in meeting the expected twenty years of supply will be driven by population growth rates above official projections not just in Cessnock but in neighbouring regions such as Maitland. This will result in consumption of land at a rate faster than expected without replenishing the identified supply. As previously iterated the expected growth for the ten years to 2021 was 1.4%, while actual growth has been reported at 1.8% in Cessnock. Further reductions from failure to convert land supply from larger lot demand by consumers also further reduces supply availability. The volume of lots available have estimated based on a 600 sqm sub-division assumption, however between 2015 and 2019 an estimated 79.4% of properties in Cessnock were larger than 600 sqm. Specifically, an estimated 29.4% of sales were for properties larger than 2,000 sqm. Both the documents, the urban growth management strategy and housing strategy, have policies to promote smaller lot sizes while increasing housing diversity which while important doesn't reflect market demand in the last five years. Buyers unable to seek appropriate housing sizes may look to other regional areas or choose smaller floor plates closer to employment nodes and lifestyle centres in Newcastle, Lake Macquarie or elsewhere over Cessnock properties. This mismatch between policy and market demand can and will lead to overestimating growth and suppress population growth.

In addition to the site being located in the area identified as "the band from Abermain through Weston, Kurri Kurri, Heddon, Greta and Cliftleigh" or the 'Eastern Precinct', has significantly less supply capable of meeting localised demand, with the subject site at Sawyers Gully identified as potential future capacity, but not yet zoned, and therefore not included as potential future capacity.

Three scenarios of varying population growth have modelled sensitivity in demand for lots in East Precincts.

- **Low Scenario:** Assumes population growth as reported in the latest DPIE projection estimates for Cessnock. An annual growth of 1.7% matches the DPIE growth rate LGA-wide.
- **Medium Scenario:** Assumes a dwelling uptake based on the average expected uptake of between 400 and 500 dwellings per annum as reported in the Urban Growth Management Strategy with a small increase over time in dwelling demand per year. Eastern Precinct is assumed to demand dwellings proportional to its size to the rest of the LGA.
- **High Scenario:** Assumes a LGA population growth rate above estimates reported by the latest DPIE projections but reflective actual growth rates over the past ten years. Under this scenario there is a need for 168 dwellings per annum.

Figure 5-2 Years of Supply Scenarios – East Precincts

	Low	Medium	High
Annual Lot Take-up	96 dwellings	142 dwellings	168 dwellings
Average Household Size	2.22 persons per dwelling	2.22 persons per dwelling	2.22 persons per dwelling
Average Annual Population Growth	214 persons	317 persons	373 persons
Available Lots	1,552 lots	1,552 lots	1,552 lots
Years of Supply	**16.2 years**	**10.9 years**	**9.2 years**
60% conversion	931 lots	931 lots	931 lots
Years of Supply	**9.7 years**	**6.5 years**	**5.5 years**

Based on Perception Planning validation of Cessnock City Council's Land Supply Data, the number of available lots in East Precinct is estimated at 1,552 lots, that is, there is between 9.2- and 16.2-years supply – if all the lots in East Precinct translate into dwellings. This scenario is considered unlikely, based on a conversion rate of 60% of identified supply being bought to the market, there is between 5.5- and 9.7-years supply identified.

As Cessnock has prioritised land supply in other areas of Cessnock, particularly in the north-western areas such as Greta and Bellbird Park, the East Precincts has insufficient to meet forecasted demand for this sub-region of the Cessnock LGA. This lack of sufficient sequencing for this sub-region will cause issues for attracting new residents in this sub-region of Cessnock. East Precincts is also affected by higher-than-expected population growth consuming land at a rate faster than anticipated.

The subject site is located in an area that has been experiencing a high level of demand within the LGA, where there is limited supply identified over the next 25 years. The subject site is available to be brought to the market in the short term, supporting the next wave of development in a key location proximate to existing infrastructure and services such as the Hunter Expressway and employment centres in Maitland and beyond as well as the previous upgrades to Hunter Water Wastewater Treatment Plant undertaken in anticipation of future development including the Sawyers Gully subject site.

5.2 Summary and Implications

Cessnock's land supply policy and strategy were based on projections that Cessnock's population was expected to require an additional 11,500 new dwellings by 2041. However, by readjusting projections to match actual growth suggest the population is projected to increase by 28,100 people, instead of 23,350, with the implied dwellings being 13,610 instead of 11,500. This shortfall in dwellings needs to be addressed by Council, particularly given the estimated 2021 population is expected to be over 3,500 more people than determined by the Department. This is an immediate issue that requires further investigation.

Cessnock is an area popular with young families with children and persons of working age and the need for new detached properties is essential to meeting the region's population projections. However, historical dwelling approvals have been lower than the number of dwellings required to meet the population projections adequately. Only in the last three years has the intensity of development been achieved and this needs to be sustained by new developments that are ready to be bought to the market in the short term. To allow population growth to reach its full potential, Council needs to identify additional potential supply which can be brought to the market in the near future.

The need for new dwelling product is essential to meet development within Cessnock. An identified minimum of 8,194 lots are available for the LGA's needs. This land is identified from Cessnock's Urban Growth Management Study and subsequently revised by independent review by Perception Planning. This level of lot supply is sufficient for the LGA's needs at between 16.4 years to 20.5 years of supply available. At a 60% conversion rate, however, available land supply has been reduced to as little as 9.8 years to 12.3 years.

This does not consider whether there is sufficient land within different communities of Cessnock. In particular, land supply in the East Precincts area which include the subject site area, has significantly less land supply available in future allotments. Based on Perception Planning validation of Cessnock City Council's Land Supply Data, the number of available lots in East Precinct is estimated at 1,552 lots, that is, there is between 9.7- and 17.0-years supply – if all the lots in East Precinct translate into dwellings. This scenario is considered unlikely and based on a conversion rate of 60% of identified supply being bought to the market, there is as little as 5.8- and 10.2-years supply identified depending on the intensity of localised demand within the eastern precinct.

Appropriateness of lots for dwelling development is subject to market conditions and constraints as well as land-use suitability and feasibility. This further supplants the need for additional pipeline supply and identify different land product that may more competitively meet demand's quantitative and qualitative needs and fulfil sequencing gaps in the market.

The Sawyers Gully Precinct will add to the available pool of housing lots as a competitive product located or adjacent to two development corridors in Cessnock. The precinct project will provide a competitive product extending available land supply within the region, by providing a comparable mix of R2 residential dwellings products suitable for a variety of family and household types.

The rezoning of the Gingers Lane site is needed to meet Cessnock's future land development. The site's proximity to the existing settlement of Kurri Kurri fulfills two of council's planning priorities of building compact communities and to build near existing infrastructure. The site is also adjacent to the Hunter Expressway providing access to areas as far as the Central Coast, Singleton and Port Stephens within an hour drive. This is attractive to working families who from the site have broad access to employment nodes and recreational facilities across a substantial region. Overall, the sub-division of the land creates more affordable plots in an area with lower incomes while maintaining reasonable access to employment centres via the expressway.

There is a clear demand and need for the rezoning of the subject site to support the next wave of population growth and development in Cessnock.