PORT STEPHENS LGA AND MEDOWIE LAND SUPPLY ANALYSIS

A review of residential land supply proposed in Port Stephens LGA with a specific focus on Medowie

March 2011

urbis

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FIGURES:

TABLES:

Introduction

Urbis has been instructed by Eureka Funds Management to undertake an analysis of future land supply throughout Port Stephens Local Government area to assist in determining the quantum of Rural Residential/ Large Lot Residential land proposed in the LGA. The review is in response to correspondence received from the Department of Planning stating "It appears that there is sufficient land already identified in Port Stephens for rural residential development".

Eureka Funds Management is proposing a Rural Residential/ Large Lot Residential subdivision on a single holding in Boundary Road Medowie. The development proposal put forward for the subject site is a mixture of Rural Residential lots in the order of 4,000sq.m and Large Lot Residential allotments generally in the order of 1,000 to 1,500sq.m. As the proposal is a mix of Rural Residential and Large Lot Residential, it is not appropriate to consider the proposal solely in the context of "rural residential' development but rather as a component of the overall land supply and traditional housing market.

This land supply review incorporates the following:

- Demographic analysis providing an overview of the Port Stephens LGA and Medowie demographic profile, population forecasts / targets, dwelling forecasts / targets and migration data.
- Overview of proposed major land releases throughout the LGA.
- In depth review of Medowie and proposed land releases.
- LGA wide analysis of proposed land supply versus forecast land requirements.

Executive Summary

From review of the available market information, population data and land supply provision we are of the opinion that:

- The proposed Boundary Road Medowie residential subdivision should be classified primarily as a large lot residential development with a small component of rural residential;
- The projected land supply within Port Stephens LGA will not be sufficient to meet the requirements of the forecast population growth under the Lower Hunter Regional Strategy, and population growth targets to date have not been met;
- Of all locations throughout Port Stephens LGA, Boundary Road Medowie is proposed to accommodate the only notable content of new Large Lot Residential /Rural Residential supply over the next 25 years.
- The subject site comprises a significant development in one ownership which is not constrained like many other development areas in Medowie that are impacted by fragmented ownership and environmental constraints that limit their ability to be delivered;
- The proposed development will help to address the undersupply of housing in Port Stephens and will provide suitable stock for families who make up the majority of residents that have moved to Medowie in recent years.

In support of our key findings and recommendations we outline below a summary of our research:

- Port Stephens LGA has experienced consecutive periods of population growth as per ABS Census data and timelines. The region accommodates a relatively high proportion of families with Medowie in particular popular with young families. As at 2006 the average household size in Medowie was 3.0 people with Port Stephens LGA 2.6 people.
- The population of Port Stephens LGA is forecast to grow from 63,300 in 2006 to 85,400 people by 2031 reflecting average annual growth of 884 people per annum. Based on projected population growth and the declining average household size and current dwelling supplies, 13,584 new dwellings are forecast to be required by 2031. This reflects an average annual requirement of 647 new dwellings per year between 2010 and 2031.
- The Department of Planning under the Lower Hunter Regional Strategy are targeting the production of 12,500 dwellings in Port Stephens LGA by 2031. This includes 3,300 dwellings in centres, 2,000 dwellings in infill locations and 7,200 dwellings in new release areas
- The Draft Port Stephens Community Settlement Strategy (2010) indicates potential for 12,993 new dwellings within the LGA including 6,613 in infill/zoned locations and 6,380 in new release areas.
- The Draft Port Stephens CSS has identified the potential to accommodate 12,993 dwellings in the LGA by 2031 with the majority of new releases contained within proposals at Medowie, Kings Hill and Wallalong.
- Over the past 5 years there has been an ongoing shortfall of land supply in the LGA with only 70 lots rezoned for residential purposes
- Most of the identified land release areas are still at preliminary planning stages or have to date only been identified as future releases in the Lower Hunter Regional Strategy, Metropolitan Development Program and / or Draft Port Stephens Community Settlement Strategy.
- The majority of development identified appears to be of a low density nature with average yields of 10+ to 15+ dwellings a hectare. There appears limited interest in development of medium density proposals and there are no notable new rural residential land supplies outside of Medowie.
- The major release area will be Kings Hill in North Raymond Terrace which is to accommodate 4,500 lots, most being small to medium size parcels under 750sq.m. Only a minor content (less

than 5%) will be in the form of large lot residential. The focus being provision of standard size low density lots.

- Wallalong has been identified as a new urban centre in an attempt to partially accommodate projected shortfalls in greenfield land supply. The release is forecast to yield a total of 3,167 dwellings over a 25-30 year development horizon. Draft Port Stephens CSS indicates initial estimates of dwelling yields averaging 10+ dwellings per hectare indicating a focus on low density lots.
- Boundary Road Medowie is the largest land release proposal in Medowie outside of the consolidated infill / expansion yield of the 8 precincts proposed within the Medowie Strategy. Medowie is proposed to accommodate a higher content of large lot residential land than all other proposed releases combined. This is considered to reflect not only the physical character of Medowie but also market demand, particularly from families that desire greater space.
- Medowie has been identified by the NSW State Government as a future growth area under the LHRS which has set a target of 3,000 new dwellings by 2036. The Medowie Strategy which was released subsequent to the LHRS states an indicative yield of 3,134 dwellings. This is to include a broad range of housing lots ranging in size from 300sq.m to 1,500sq.m. The proposed residential land supply is spread across 8 precincts
- A relatively high component (25%) of the dwelling yield is proposed as small lot medium density development (300 to 400 spm) with a similar content (26.5%) proposed for larger allotments of between 1,000sq.m to 1,500sq.m. The remainder is to accommodate typical low density housing on lots ranging between 500sq.m to 800sq.m. The type of supply proposed appears to be guided more by planning and design considerations instead of market drivers with medium density development not highly sought after in such locations.
- Close to 27% of the proposed development yield in Medowie (793 lots) is proposed as large lot residential however extensive supply issues have been identified which will limit timing and potential to realise subdivision and sale of these allotments. These include:
  - Size and configuration of proposed large lot residential pockets
  - Fragmented ownership
  - Environmental considerations such as flooding, vegetation, threatened flora and fauna, bushfire and conservation issues
  - Timing of supply
  - Ability of small sites to fund required infrastructure individually or agree to consolidate with other small owners.
- The Draft CSS projection of 6,380 dwellings being available by 2031 is unlikely to be realised in full based on continued delays in release timing and considerable issues (environmental, infrastructure, fragmented ownership, market considerations etc) which will ultimately reduce the aggregate yield estimate.
- The Draft CSS forecasts that 6,380 new dwellings will be available in Port Stephens LGA by 2031. Having regard to ongoing timing delays and a likely reduction in yields due to development limitations, the release areas are anticipated to yield in the order of 4,973 lots by 2031. Combined with proposed new dwellings in the infill/zoned locations, total anticipated yield is thus reduced to 11,586 dwellings. This yield will potentially decrease further subsequent to more in depth analysis of the infill and zoned locations during the DA process.
- The reduced yield total of 11,586 dwellings indicates a shortfall 914 lot shortfall below the LHRS target, and a 2,207 dwelling shortfall below the new release target of 7,200 lots.
- It was noted that 13,584 new dwellings will be required by 2031 based on population projections, projected household size and current dwelling supplies. Port Stephens LGA is thus projected to

experience a significant supply shortfall of 1,998 dwellings by 2031. This deduces to an average annual deficit of around 95 dwellings per annum and represents over 17% of the new supply required. This shortfall exceeds the LHRS projections by an additional 1,034 dwellings.

- With regards to large lot land provision, the identified land release proposals throughout Port Stephens LGA are planned to offer primarily small to medium sized allotments well below 800sq.m in size. The provision of large lot residential land sized between 1,000 – 1,500 sqm in Port Stephens LGA will be either ancillary to the traditional low density scale lots in each proposal or excluded completely. As such, the offering of large lot residential land within Port Stephens is relatively low. Certainly we are not aware of any developments of a rural residential nature.
- Therefore, going forward there are no known plans to make available a notable supply of large lot residential or rural residential land within Port Stephens LGA. In terms of rural residential land, whilst only a relatively modest supply is forecast to meet demand levels, there is anticipated to be a shortfall of 508 lots by 2031.
- The Boundary Road Medowie proposal by Eureka Funds Management provides an opportunity to lessen the impact of the forecast undersupply by augmenting the supply pipeline with a readily developable site that could be realised in the short term. The large lot residential product offer is considered well suited to market and there are no issues resulting from fragmented ownership which are prevalent throughout the identified development zones in the township. It is noted that if the maximum likely Boundary Road Medowie yield of 350 lots were to be approved, a considerable land supply shortfall (1,648 lots) would still remain by 2031.

1 Demographic Overview

To assist in determining likely dwelling requirements in Port Stephens LGA (and Medowie) in line with timelines indicated in the Lower Hunter Regional Strategy, a demographic review has been undertaken. This has included an analysis of the following:

- Demographic profiling to assess key population features such as household size, income, population and age categories.
- Population forecasting to determine indicative growth rates at 5 year intervals to 2036 (in line with timing of the Lower Hunter Regional Strategy).
- Migration data to highlight where residents in Port Stephens LGA are relocating from.
- Residential land / dwelling requirements based on population projections correlated with likely household size.
- Review of dwelling targets set by the Lower Hunter Regional Strategy and cross referenced against dwelling requirements as determined by population projections and household size.

1.1 Demographic Profile

Table 1 illustrates the change in demographic profile of residents in Medowie and the Port Stephens LGA from 2001 to 2006, based on ABS Census data. Key points to note from this information include:

- Average household size in Medowie is trending down, from 3.1 people in 2001 to 3.0 in 2006. The Port Stephens Community Settlement and Infrastructure Strategy 2007 (CSIS) has suggested that Medowie's average household size is likely to reduce to 2.7 by 2031.
- Average household income is considerably higher in Medowie than the Port Stephens LGA. This may partially reflect the high numbers of seniors in the LGA in contrast to Medowie.
- The most prominent age categories in Medowie are the 0-13 (27%), 40-59 (27%) and 25-39 (23%) categories. Port Stephens age distribution is slightly older with high proportions in the 40-59% (28%) and 60+ (23%). This is illustrated in the average age in the Port Stephens LGA being 7.4 years older than Medowie. Medowie is essentially an area popular with young families.
- Both Medowie and Port Stephens LGA have experienced aging populations, with a decrease evident in the 0-13 and 25-39 age groups, and an increase in the 40+ group. Average age has increased 2.4 years in Medowie and 2 years in the Port Stephens LGA between 2001 and 2006.
- Medowie has a high proportion of families with children, at a total of 62.7%. Port Stephens has a lower proportion of families with children at 51.4%, with the difference reflected in a higher proportion of couple families with no children throughout the LGA.
- The occupation type for employed Medowie residents remained mostly consistent between 2001 and 2006, with the majority of residents employed in white collar jobs. Likewise, Port Stephen's residents are mostly employed in white collar jobs, however the proportion declined by 2.5% between 2001 and 2006.
- Medowie accommodates a slightly higher rate of residents who have completed or are undertaking an Advanced Diploma, Associate Degree, Bachelor Degree or Higher in contrast to the Port Stephens LGA (additional 4%). However both areas have experienced an increase in the proportion of residents with qualifications.

Table 1 – Change in Demographic Profile Over Time (2001 to 2006)

Change in Demographic Profile Over Time (2001 to 2006)				
	Medowie		Port Stephens LGA	
	2001	2006	2001	2006
Average Household Size	3.1	3.0	2.6	2.6
Average Household Income	$57,641	$70,732	$46,424	$56,961
Age Distribution				
Aged 0-13	29.8%	27.4%	22.7%	20.9%
Aged 15-24	13.1%	13.5%	11.3%	13.3%
Aged 25-39	26.0%	23.2%	19.5%	16.6%
Aged 40-59	24.2%	26.9%	26.3%	27.6%
Aged 60+	7.0%	10.4%	20.2%	23.1%
Average Age	29.4	31.9	37.3	39.3
Housing Status				
Owner	28.9%	26.2%	43.6%	40.1%
Puchaser	45.0%	49.0%	28.6%	31.2%
Renter	26.1%	24.3%	27.8%	27.5%
Loan Mortgage Repayments				
% of Household Income	20.8%	25.3%	27.2%	29.8%
Household Structure				
Couple family with no children	28.1%	32.8%	40.2%	41.8%
Couple family with children under 15	51.3%	41.0%	36.4%	28.8%
Couple family with no children under 15	6.7%	12.9%	7.4%	12.6%
One parent family with children under 15	10.7%	8.8%	11.4%	10.0%
One parent family with no children under 15	2.6%	4.2%	3.7%	6.1%
Other	0.7%	0.3%	1.0%	0.7%
Occupation Type				
White Collar	62.6%	62.1%	63.5%	61.0%
Blue Collar	37.4%	37.9%	36.5%	39.0%
Tertiary Education				
Bachelor Degree or Higher	8.1%	9.1%	7.1%	8.1%
Advanced Diploma or Associate Degree	8.1%	9.5%	6.0%	7.3%
Undertaking Tertiary Education	3.6%	3.1%	2.3%	2.2%
Total	19.9%	21.8%	15.5%	17.7%

Source : ABS Census of Population and Housing 2006; Urbis

1.2 Population Forecasts

Regional population forecasts for NSW are provided by the NSW Department of Planning (DoP) – Transport and Population Data Centre (TPDC). The most recent updates were released in April 2010 and include forecasts up until 2036. These numbers are based on 2006 Census data and take into account long run average rates of fertility, mortality and migration. Note that the 2010 population forecasts replace forecasts released by DoP in 2008.

Table 2 presents the historical (2001-2006) and forecast (2011-2036) population figures for Port Stephens LGA and the Lower Hunter Region.

It is expected that Port Stephens LGA will experience average annual growth of 1.1% between 2006 and 2036. Particularly strong growth is expected until 2016, due mostly to high levels of net migration, with growth rates of 1.9% from 2006-2011 and 1.5% between 2011-2016. Growth is expected to moderate somewhat beyond 2016, with the population expanding by 0.8% per annum on average from 2016 to 2036.

Port Stephens LGA supported a population of 63,600 people as at 2006 which is forecast by the NSW DoP to increase to 85,400 by 2031. Average annual growth is forecast at 884 people per annum.

Table 2 – Population Forecasts (2006 – 2036)

Study Area Population Forecasts (2006-2036)							
	Estimated Resident Population (No.)						
	2006	2011	2016	2021	2026	2031	2036
Port Stephens LGA	63,300	69,400	74,500	78,700	82,300	85,400	87,900
Lower Hunter Region	517,600	545,700	573,200	600,500	627,200	652,800	675,900
		Average Annual Growth (No.)					
		2006-2011	2011-2016	2016-2021	2021-2026	2026-2031	2031-2036
Port Stephens LGA		1,220	1,020	840	720	620	500
Lower Hunter Region		5,620	5,500	5,460	5,340	5,120	4,620
		Average Annual Growth (%)					
		2006-2011	2011-2016	2016-2021	2021-2026	2026-2031	2031-2036
Port Stephens LGA		1.9%	1.5%	1.1%	0.9%	0.8%	0.6%
Lower Hunter Region		1.1%	1.0%	1.0%	0.9%	0.8%	0.7%

Source: ABS, NSW DoP, Urbis

It is noted that the Draft Port Stephens Community Settlement Strategy includes population forecasts prepared by ‘id Consulting’ in 2009. These projections forecast a considerably higher population expectation of 94,500 people by 2031 deducing to an average growth rate in excess of 1.6% per annum between 2006 and 2031. This forecast is 9,100 greater than the NSW DoP projection.

The growth rates within the Draft CSS appear based on the assumption that all proposed developments identified in the LGA are undertaken as per forecast development timelines. For example, the Strategy indicates that by 2031, the Kings Hill development will have yielded 1,850 of the total 4,500 allotments proposed. Population growth appears based on multiplying the completed lots by the adopted average household size (2.5 persons per household) throughout the period to 2031. For Kings Hill this translates into an approximate population increase of 2,625 people by 2031.

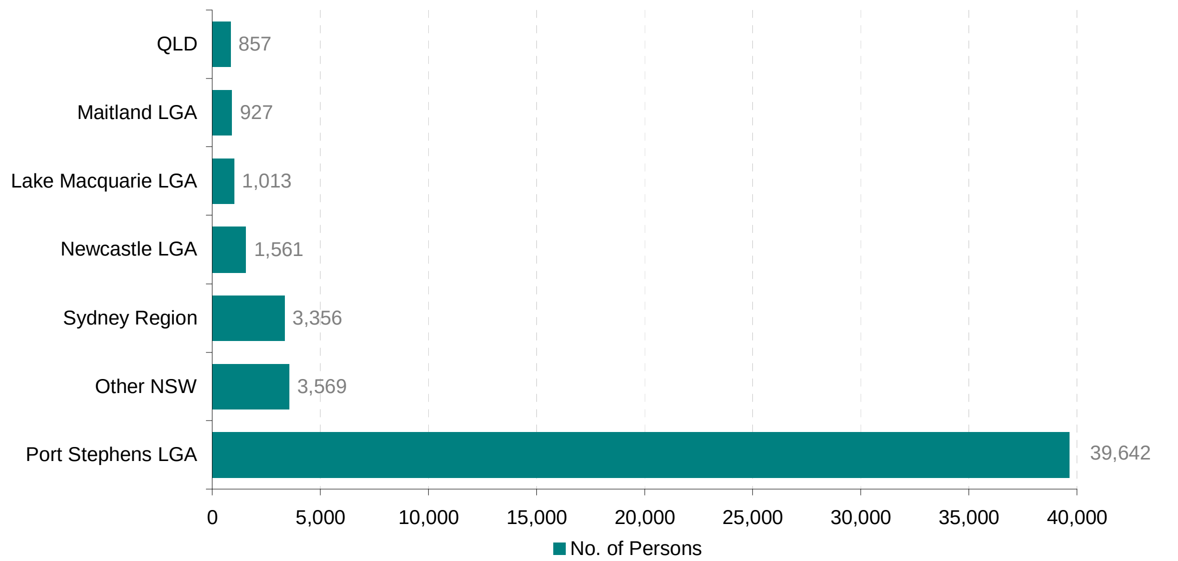
This approach to assess population growth is considered a ‘best case scenario’ as it does not appear to have due regard to long run average rates of fertility, mortality and migration and assumes that all proposed development will be completed. This is considered the main reason why there is a considerable variance from the DoP projection.

1.3 Migration

Analysis of migration inflows into the Port Stephens LGA from 2001 to 2006, represented in Figure 1 below, help to clarify the key regions where residents are moving from, who will contribute to residential demand. Internal migration within Port Stephens LGA itself made up the most significant proportion (74.5%), with substantial numbers moving from “Other NSW” (areas within NSW not specified) (6.7%), and from Sydney (6.3%). A significant proportion of people have come from other LGA’s within the Hunter, equating to a total 8.3% new inflows, with most from Newcastle, Lake Macquarie and Maitland. This suggests that new residential development in the Port Stephens LGA is likely to draw from these locations.

Figure 1 – Primary Source Locations of Migration Inflow to Port Stephens LGA

Primary Source Locations of Migration Inflow to The Port Stephens LGA (2001-2006)



Source : Urbis

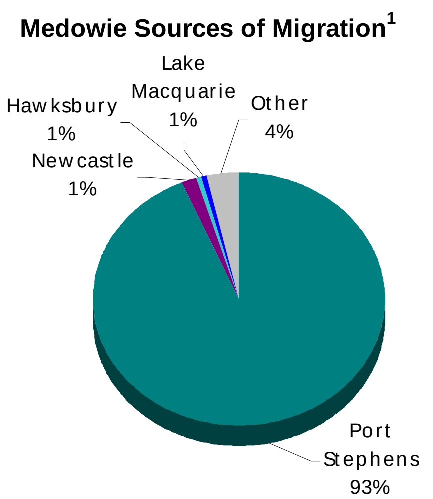
Analysis of 2006 ABS Census migration data, showing those who moved into Medowie between 2001 and 2006 from other NSW locations, is illustrated in Figure 2. A high proportion relocated from within Port Stephens LGA itself (94%), with only a modest content coming from Newcastle, Hawkesbury and Lake Macquarie.

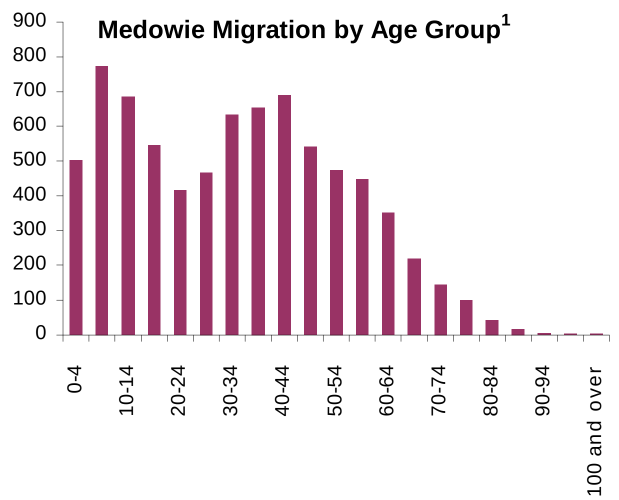
Of the 7,721 people that relocated to Medowie, 88% were under 59, with high representations from those in the 0-14 bracket and 30-44 age bracket.

This indicates that families from the Port Stephens LGA appear to be the most significant group moving into Medowie.

Figure 2 – Medowie Migration Information

Medowie Migration Information (2006)





1. ABS 2006 data showing residents who had moved in last year

Source : 2006 Census of Population and Housing; Urbis

1.4 Residential Land Demand

Dwelling demand forecasts are based on Department of Planning population projections and expected changes to household sizes, illustrated in Table 3.

For the purpose of our analysis, we have assumed that the average household size for the Port Stephens LGA is likely to decline from 2.6 per household (2006 census data) to 2.35 by 2031. This is likely to result in demand for a total of approximately 36,304 dwellings by 2031, equating to 13,584 new dwellings being required (current dwelling numbers totalling approximately 22,720). This reflects an average annual requirement in the order of 647 new dwellings per year between 2010 and 2031.

The draft Port Stephens Community Settlement Strategy (released July 2010) states that building approvals from 2002-03 to 2008-09 show a total of 3,924 dwelling approvals in Port Stephens LGA with Hunter Water data showing that 3,637 dwellings were completed over the same period. This equates to 560 dwellings approvals and 520 completions on an annualised basis. This completion data does not indicate the ratio of low and medium density dwellings.

It is noted that there has been a slowdown of approvals and building completions in recent years.

Table 3 – Dwelling Demand Forecasts (2006-2036)

Dwelling Demand Forecast (2006-2036)							
	2006	2011	2016	2021	2026	2031	2036
Port Stephens LGA							
Population Forecasts	63,300	69,400	74,500	78,700	82,300	85,400	87,900
Average Household Size	2.60	2.55	2.50	2.45	2.40	2.35	2.35
Dwelling Requirements		27,236	29,834	32,158	34,315	36,304	37,366
Annual Additional Dwellings Required		578	520	465	431	398	213

Source: ABS, NSW DoP, Urbis

1.5 DoP Lower Hunter Regional Strategy Targets

The Department of Planning have set population and dwelling targets for the Lower Hunter Region, as set out in the Lower Hunter Subregional Strategy released in October 2006. As opposed to forecasts, which are based on analysis and modelling of particular variables such as fertility, mortality and migration, targets reflect Government policy positions, and thus the two can differ.

Table 4 sets out the Lower Hunter region population targets comparative to forecasts. It illustrates that if birth rates, death rates and net migration trends continue at current rates, targets for a total population of 677,600 in 2031 are not likely to be met based on forecast growth, with the shortfall equating to approximately 24,800 people.

Table 4 – Lower Hunter Regional Strategy Population Targets vs Forecasts

Lower Hunter Regional Strategy Population Targets vs Forecasts

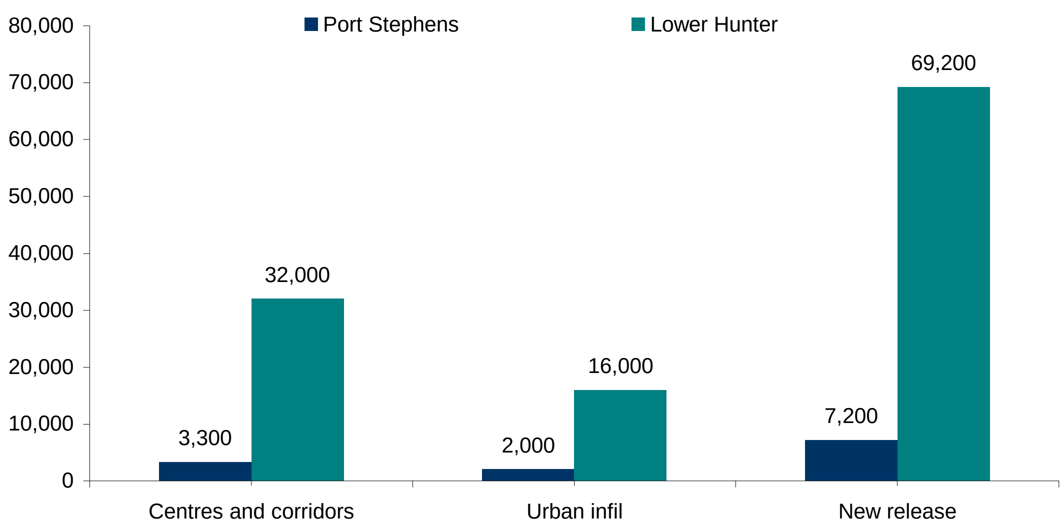
	Resident Population (No.)					
	2006	2011	2016	2021	2026	2031
DoP Population Targets - Lower Hunter	517,600	549,600	581,600	613,600	645,600	677,600
DoP Population Forecasts - Lower Hunter	517,600	545,700	573,200	600,500	627,200	652,800
Difference		-3,900	-8,400	-13,100	-18,400	-24,800
		Average Annual Growth (%)				
		2006-2011	2011-2016	2016-2021	2021-2026	2026-2031
DoP Population Targets - Lower Hunter		1.2%	1.2%	1.1%	1.0%	1.0%
DoP Population Forecasts - Lower Hunter		1.1%	1.0%	1.0%	0.9%	0.8%

Source: ABS, NSW DoP, Urbis

The LHRS sets out dwelling targets for each of the LGA's, with the aggregate for the Lower Hunter and Port Stephens targets listed below in Figure 3. Of the 117,200 dwellings to be produced in the Lower Hunter by 2031, 11%, or 12,500 are targeted in Port Stephens LGA. Of these, 42% (5,300) are to be located in centres, corridors or urban infill areas and 58% (7,200) in new release areas.

Figure 3 – Lower Hunter Regional Strategy Dwelling Targets

Lower Hunter Regional Strategy Dwelling Targets - Port Stephens and Lower Hunter



Source : NSW DoP, Urbis

1.6 Summary

Key points relating to future dwelling supply requirements emerging from the demographic review are as follows:

- Port Stephens LGA has experienced consecutive periods of population growth as per ABS Census data and timelines. The region accommodates a relatively high proportion of families with Medowie in particular popular with young families. As at 2006 the average household size in Medowie was 3.0 people with Port Stephens LGA 2.6 people. By 2031 the average household size is expected to reduce to 2.35 people.

- The population of Port Stephens LGA is forecast to grow from 63,300 as at 2006 to 85,400 people by 2031 reflecting average annual growth of 884 people per annum. Based on projected population growth and a decline of the average household size, 13,584 new dwellings are forecast to be required by 2031. This reflects an average annual requirement of 647 new dwellings per year between 2010 and 2031.
- The Department of Planning under the Lower Hunter Regional Strategy are targeting the production of 12,500 dwellings in Port Stephens LGA by 2031.

2 Port Stephens LGA Land Releases

The LHRS forecasts that by 2031, Port Stephens will require an additional 12,500 dwellings to meet future demand requirements. Of this, 7,200 are to be accounted for within new release areas with the remaining 5,300 to be located within existing centres and infill locations. The Draft Port Stephens CSS has identified a total potential land supply of 12,993 lots by 2031 which comprised 6,613 lots within infill/zoned areas and 6,380 lots in future release areas.

Based on NSW DoP population growth projections, a decline in average household sizes and the current dwelling supply in the LGA, we anticipate than 13,584 new dwellings will be required in Port Stephens by 2031. This equates to 1,034 more dwellings than the LHRS forecast.

In order to determine the potential of Port Stephens LGA to provide an adequate supply of land to meet the forecast dwelling requirements by 2031, we have undertaken a review of current and future land supply throughout the region.

The Department of Planning has issued correspondence stating that "It appears there is sufficient land already identified in Port Stephens for rural residential development" and we understand this view is also for standard residential lots. Our review will examine this statement in the context of all residential land proposals.

Information regarding land release areas has been obtained from the Lower Hunter Regional Strategy, Port Stephens Council (Draft CSS and the Medowie Strategy), the Metropolitan Development Program 2008/09 (MDP), Urban Development Institute of Australia (UDIA), developers, land owners and from publicly available information.

The main new release areas throughout Port Stephens LGA are highlighted within Table 12 of the Draft Port Stephens CSS which outlines the unzoned release areas including details pertaining to anticipated timing, duration, yield by 2031 and average dwelling yield per hectare. Details from this table have been reproduced in Table 5 below. Location of the land releases is depicted in Figure 4.

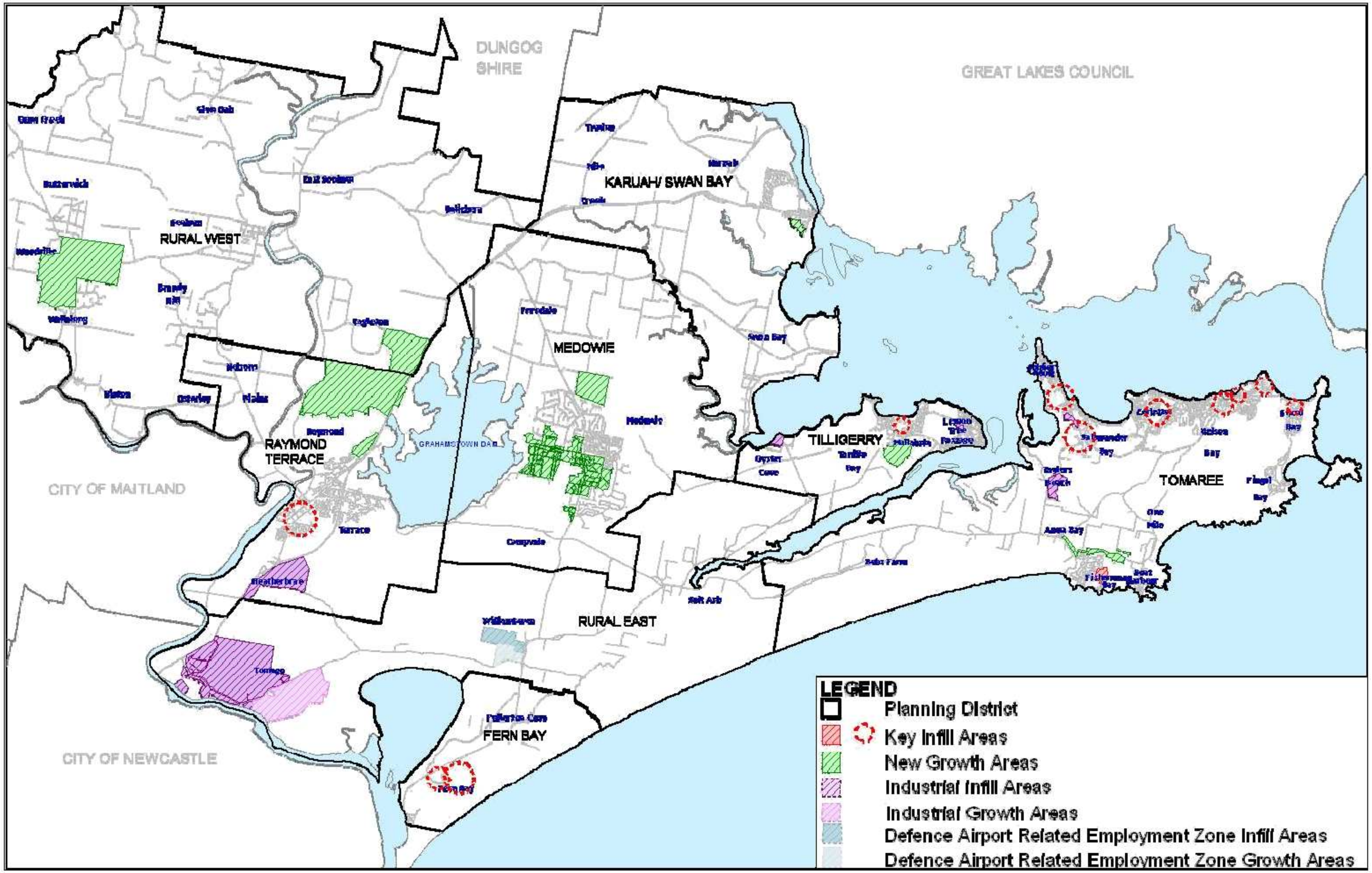
Table 5 – Unzoned Potential Development 2010 - 2031

Unzoned (Release Areas) Potential Development 2010 - 2031

Locality	Development Type	Timing	Duration (years)	Forecast Dwellings by 2031	Indicative Annual Supply	Average / ha Dwelling Yield	Anticipated Completion
Kings Hill	New Town	2014	25-30	1,850	109	15+	2044
Rees James Road, Raymond Terrace	New Neighbourhood	2011	10-15	295	20	Not Advised	2026
Wallalong	New Town	2015	25-30	1,050	66	10+	2045
Medowie	New Neighbourhoods	2009	20-25	2,040	93	15+	2034
Karuah	New Neighbourhoods	2020	25-30	124	11	10+	2050
Tilligerry - Lemon Tree Passage, Mallabula, Oyster Cove, Tanilba Bay	New Neighbourhoods	2010	15-20	155	8	Not Advised	2030
Anna Bay	New Neighbourhoods	2010	15	271	18	12 to 15	2025
Salamander Bay, Corlette, Soldiers Point, Taylors Beach	New Neighbourhoods	2013	10	265	27	12 to 15	2023
Fern Bay, Fullerton Cove	New Neighbourhoods	Not Advised	15-20	330	17	Not Advised	Not Advised
Total Unzoned				**6,380**	**369**		

Source : Draft Port Stephens Community Settlement Strategy; Urbis

Figure 4 – Draft Port Stephens Community Settlement Strategy 2010 – Urban Release Areas



The CSS forecasts that if all proposed yields are achieved that 6,380 dwellings will be provided in new release locations by 2031. This reflects an 820 dwelling deficit from the 7,200 new dwelling requirement indicated within the LHRS.

This shortage is further compounded by the following factors:

- Continued delays in zoning and development release timing.
- Based on the assumption that 100% of the land proposed for release will be developed.

2.1 Continued Delays in Release of New Areas

The CSS data relating to the potential new dwelling supply is understood to have been prepared in 2009. At the time it was forecast that 3 of the developments would come online throughout 2009 and 2010 (including Medowie) with one further proposal to enter the market in 2011. It is understood that the majority of these locations are yet to be released and as such there is unlikely to be any considerable new land supply for some time.

In April 2010, the NSW UDIA Hunter Chapter forecast there will be no new Greenfield lot production between 2010/11 to 2012/13 throughout all of Port Stephens LGA. This is exacerbated by the fact that only 70 or so lots have been rezoned in the past 5 years and highlights ongoing shortfalls in new supply going forward.

Of the proposed future releases, 77% of new dwellings to be supplied by 2031 are planned within the areas of Medowie, Kings Hill and Wallalong. Full details of the proposed supply in Medowie are provided in Section 3 of this report with a high level overview of all 3 locations provided below.

Medowie was been identified by the NSW State Government as a future growth area under the LHRS which set a construction target of 3,000 dwellings by 2036. The Medowie Strategy was released subsequently to the LHRS in 2009 providing a higher level of detail and stating an indicative yield of 3,134 dwellings. This is to include a broad range of housing lots ranging in size from 300sq.m to 1,500sq.m. The proposed residential land supply is to be spread across 8 precincts

A relatively high component (25%) of the dwelling yield is proposed as small lot medium density development (300 to 400sqm) with a similar content (26.5%) proposed for larger allotments of between 1,000sq.m to 1,500sq.m. The remainder is to accommodate typical low density housing on lots ranging between 500sq.m to 800sq.m.

Of the major release areas in Port Stephens, Medowie has progressed furthest in terms of planning, and was forecast under the Draft CSS to be released in 2009. However, to date there have been no applications to develop any of the precincts and it is understood there are ongoing issues relating to infrastructure provision, fragmented ownership, environmental uncertainties and the like. As such, it is anticipated that actual releases may still be a number of years from being realised.

Assuming there is land released in Medowie until 2014, the indicative supply to 2031 will be in the order of 1,581 dwellings based on an average annual availability of 93 lots per the Draft CSS. This reflects a reduction of 22.5% (459 dwellings).

Kings Hill was identified as a priority release area in the Lower Hunter Regional Strategy and is expected to yield approximately 4,500 lots. It is thus the most significant land release in Port Stephens LGA and is expected to be developed over six stages, taking up to 30 years. By 2031 the CSS forecasts that 1,850 lots will have been released reflecting an average annual supply of 109 lots.

Enquiries have indicated that the development will aim to provide a variety of housing types to suit a mix of purchasers, specifically first, second and third home buyers, empty nesters and retirees. As a result, there is a preference in providing standard residential lots sizes of between 300 to 750 sq.m. There is also a provision of mixed use and medium density lots (between 400 and 450 sq.m), particularly focused around Village Centres, with densities of approximately 20 dwellings per hectare.

There also appears to be the provision of “lifestyle residential” lots, sized around 1,400sq.m. While detailed information regarding the breakdown of lot types is not available, we have estimated that some

5% of total stock will be "lifestyle residential" lots given the expansive scale of the proposal. This equates to some 225 lots.

The Local Environmental Plan for the Kings Hill development was approved in December 2010. We are advised that the proponents (Mondell Property Group) expect to submit a development application for the preliminary stages in late 2011 for the first 500 homes in Stage 1. As such, the first land release is expected to be a number of years from realisation with the CSS anticipating release in 2014. Whilst we understand there have been no DA's lodged to date, this timeframe for initial release is considered feasible.

Wallalong has been identified as a new urban centre in an attempt to partially accommodate projected shortfalls in greenfield land supply. On 25 August 2009, Port Stephens Council made a resolution to support the identification of Wallalong as a new town. Wallalong was not listed within the LHRS

To date, limited details of the proposal have been released with planning still at an inception stage. Wallalong is forecast to yield a total of 3,167 dwellings with the Draft Port Stephens CSS indicating initial estimates of dwelling yields averaging 10+ dwellings per hectare. This indicates a primary focus on the provision of low density housing.

The Draft CSS anticipates a development horizon of 25-30 years from commencement in 2015. By 2031 it is anticipated that 1,050 dwellings will be released on this basis reflecting an average release of 66 lots per annum.

Given the very preliminary stage of the Wallalong proposal, commencement / release of the area in 2015 is considered unrealistic given requirements for extensive planning considerations involved in the rezoning process. Timeframes are expected to be blown out given the requirement for further studies relating to a number of unresolved issues such as drainage, ecological assessment, bushfire prone land, sloping lands, agricultural land capability, infrastructure provision / co-ordination and staging of the development.

As such, release of Wallalong is more realistically anticipated in 2020. Based on the average annual release rate of 66 lots per annum indicated within the Draft CSS, only 726 dwellings will be available by 2031. This reflects a 31% reduction (324 dwellings).

Based on continued delays in timing of the major land release areas, Table 5 has been updated to reflect the impact of timing delays on land supply to 2031.

As a result of continued delays in new land supplies becoming available, a reduced potential yield of 5,597 dwellings is forecast by 2031. This reflects a reduction of 793 dwellings (12.3%) indicating a shortfall of 1,603 new dwellings from the 7,200 dwelling target within the LHRS.

Table 6 – Unzoned Land Supply Potential Timing & Yield 2010 - 2031

Unzoned Land Supply Potential Timing & Yield 2010 - 2031

Locality	Development Type	Timing	Duration (years)	Forecast Dwellings by 2031	Indicative Annual Supply	Average / ha Dwelling Yield	Anticipated Completion
Kings Hill	New Town	2014	25-30	1,850	109	15+	2044
Rees James Road, Raymond Terrace	New Neighbourhood	2011	10-15	295	20	Not Advised	2026
Wallalong	New Town	2020	25-30	726	66	10+	2050
Medowie	New Neighbourhoods	2014	20-25	1,581	93	15+	2039
Karuah	New Neighbourhoods	2020	25-30	124	11	10+	2050
Tilligerry - Lemon Tree Passage, Mallabula, Oyster Cove, Tanilba Bay	New Neighbourhoods	2010	15-20	155	8	Not Advised	2030
Anna Bay	New Neighbourhoods	2013	15	271	18	12 to 15	2028
Salamander Bay, Corlette, Soldiers Point, Taylors Beach	New Neighbourhoods	2013	10	265	27	12 to 15	2023
Fern Bay, Fullerton Cove	New Neighbourhoods	Not Advised	15-20	330	17	Not Advised	Not Advised
Total Unzoned				**5,597**	**369**		

Source : Draft Port Stephens Community Settlement Strategy; Port Stephens Council; Urbis

2.2 Assumption that all Proposed Land will be Developed

A fundamental issue in quantifying future land supply at preliminary planning stages is the misconception that all land identified for urban use will result in an equivalent number of dwelling completions. There are a considerable number of factors which typically prevent this from occurring. Such factors can include the following:

- Environmental constraints and limitations
- Infrastructure provision
- Fragmented property ownership
- Topography
- Market conditions and drivers

It is quite often the case that initial forecasts of development yields are reduced / inhibited by one or a multiple of the above factors. Port Stephens Council have undertaken varying degrees of planning reviews for the Medowie, Kings Park and Wallalong release areas which have indicated all are affected to some extent by the above factors. Medowie and Wallalong in particular are understood to be considerably affected by environmental factors. It is therefore likely that actual total development yields and timing of the proposals will be impacted resulting in a decrease from the Draft CSS projections to 2031.

A number of issues have been identified with regards to potential land supply in **Medowie** including the size and irregular configuration of proposed residential pockets, fragmented ownership, environmental considerations such as flooding, vegetation, threatened flora and fauna, bushfire and conservation issues, timing of supply and the ability of small sites to fund required infrastructure individually or agree to consolidate with other small owners.

The actual yield of **Wallalong** is likely to reduce subsequent to further studies with a number of unresolved issues in relation to drainage, ecological assessment, bushfire prone land, sloping lands, agricultural land capability, infrastructure provision / co-ordination and staging of the development.

Kings Hill is located within close proximity to Williamtown Airbase and there have been ongoing issues in relation to noise. These relate in particular to a new Strikefighter aircraft program that has required re-drawing of noise maps outlining the impact of the new fighter jets. The full impact of this program and any other potential issues will be further investigated during the DA process and as such may impact on the total development yield and timing.

The following land release example was prepared by the UDIA in relation to the Northlakes Residential Estate in Cameron Park. Whilst Cameron Park is located outside of Port Stephens LGA it is located within the Lower Hunter region which commonly displays environmental issues and the like. The case study highlights the impact on development yield from the layers of conservation requirements placed on a site at rezoning and DA stages.

Case Study
Northlakes Residential Estate, Cameron Park

- Total Site Area: 324ha
- Estate forms part of the Northlakes Urban Release Area (NURA) and was identified to cater for future urban growth in Lake Macquarie in 1990.
- Intensive investigations over 6 years culminated in a rezoning in 1996 which allowed for 198ha of residential 2(a), with remaining uses predominantly environmental protection and open space.
- Post rezoning masterplanning determined a residential yield of 1800 lots.
- This yield was reduced significantly through the DA process – due principally to riparian corridors determined by the relevant NSW Government Department.
- Subsequently, total residential yield for the entire site will only be 1500 lots.

	Area (Ha)	Rezoning Lot Yield	Rezoning Lots per Ha	DA Lot Yield	DA Lots per Ha
Overall Site	324	1800	5.5	1500	**4.6**
Area Zoned Residential	198	1800	9.0	1500	**7.5**

The Cameron Park case study results in an approximate 17% yield reduction during the DA process from 1,800 lots to 1,500 lots. Such a reduction is not considered uncommon and given inherent issues affecting the major releases in Port Stephens, actual yield reductions in the order of 15% - 20% are considered a possibility.

The major land release areas of Medowie, Kings Hill and Wallalong are anticipated to be the most affected by the uncertainties outlined so a 15% reduction has been applied to these locations only. Whilst there may be an impact to the other release areas noted, given the smaller scale the impact is likely to be lessened considerably.

Applying a 15% reduction to the Medowie, Kings Hill and Wallalong yields forecast in Table 6 results in a reduced aggregate supply of 4,973 dwellings by 2031 across the LGA. This reflects a reduction of 624 dwellings, representing 11% of the total LGA new release yield.

With regard to the 7,200 new release area dwelling target identified in the LHRS, a shortfall of 2,207 new dwellings is therefore evident.

2.3 Rural Residential Land Supply

Port Stephens Local Environmental Plan 2000 zoning classifications indicate that rural residential lots exceed 2,000sq.m but are broadly sized between 2,000sq.m to 2 hectares. Anything larger is typically classified as 'rural'.

Based on a review of available data pertaining to all main land release proposals in Port Stephens LGA, there are no rural residential land releases with lots exceeding 2,000sq.m proposed. The Draft CSS states that no major releases of rural residential land are proposed.

The Draft CSS states that there are only 122 vacant rural residential lots through the LGA. The Strategy assumes that demand for rural residential land is in the order of 30 lots per annum indicating that all vacant lots could potentially be absorbed within a four year period.

Assuming demand of 30 lots per annum to 2031, there will potentially be demand for 630 rural residential lots. Assuming a take-up of the 122 vacant lots currently available, there will potentially be unmet demand for 508 rural residential lots (24 lots per annum on average to 2031).

2.4 Summary

- The LHRS has identified that 12,500 new dwellings will be required in Port Stephens LGA to support population growth to 2031. This includes 3,300 dwellings in centres, 2,000 dwellings in infill locations and 7,200 dwellings in new release areas
- The Draft Port Stephens CSS has identified the potential to accommodate 12,993 dwellings in the LGA by 2031 with the majority of new releases contained within proposals at Medowie, Kings Hill and Wallalong.
- Over the past 5 years there has been an ongoing shortfall of land supply with only 70 lots rezoned for residential purposes
- Most of the identified release areas are still at preliminary planning stages or have only to date been identified as future releases in the LHRS, MDP and Draft CSS.
- The majority of development identified appears to be of a low density nature with average yields of 10+ to 15+ dwellings a hectare.
- The Draft CSS projection of 6,380 dwellings being available by 2031 is unlikely to be realised in full based on continued delays in release timing and considerable issues (environmental, infrastructure, fragmented ownership, market considerations etc) which will ultimately reduce the aggregate yield estimate.
- The Draft CSS forecasts that 12,993 new dwellings will be available within the LGA by 2031 including 6,613 in infill/zoned locations and 6,380 in new release areas. Having regard to ongoing timing delays and a likely reduction in yields due to development limitations, the release areas are anticipated to yield in the order of 4,973 lots by 2031. Combined with proposed new dwellings in the infill/zoned locations, total anticipated yield is thus reduced to 11,586 dwellings – a 914 dwelling shortfall below the LHRS target of 12,500 dwellings and 2,207 dwellings below the new release target of 7,200 lots.
- Based on NSW DoP population growth projections, a decline in average household sizes and the current supply of dwellings noted, we anticipate that 13,584 new dwellings will be required in Port Stephens LGA by 2031. This reflects an even greater shortfall compared to the LHRS dwelling projections with 1,998 new dwellings potentially required.
- There are no major rural residential land releases proposed in Port Stephens LGA and by 2031 there is anticipated to be a shortfall of 508 lots.

3 Medowie Overview

Of all locations throughout Port Stephens LGA, Medowie is proposed to accommodate the only notable content of new Large Lot Residential /Rural Residential supply over the next 25 years. The Lower Hunter Regional Strategy has set a target of over 3,000 dwellings to be constructed in Medowie by 2036, which has been incorporated into the Port Stephens Community Settlement and Infrastructure Strategy (CSIS) 2007. These are to include a broad cross section of dwelling types ranging from small lot medium density housing to rural small holding / environmental living allotments supporting freestanding dwellings.

The Medowie Strategy was subsequently released in 2009 to provide a means of identifying the best ways to manage urban growth and deliver the desired outcomes of the Lower Hunter Regional Strategy, the draft Lower Hunter Regional Conservation Plan and the CSIS. The strategy is the guiding document for Council in its consideration of rezoning requests for urban development in Medowie and will also facilitate the preparation of a Development Control Plan for the area.

The strategy provides an indication of residential development capacity in Medowie and highlights the anticipated number and type of dwellings / allotments that can be accommodated as part of the urban centre. Excluding the Boundary Road Medowie site, the large residential lot themed component of the Medowie Strategy accounts for 25% of the total allotment capacity identified in Medowie. In order to achieve this number, considerable issues relating to fragmented ownership and disjointed configuration will need to be resolved. Such issues do not impact on the Boundary Road Medowie site.

3.1 Medowie Strategy

Adopted on 24 March 2009, the Medowie Strategy incorporates the following key features in relation to residential development:

- A Structure Plan identifying a network and hierarchy of neighbourhoods building on the existing places such as schools, shops and open space.
- An Urban Capacity Report identifying the potential capacity of the Structure Plan in terms of an approximate yield for the purpose of calculating infrastructure needs. It includes a split in dwelling numbers and types, area and desired type and mix of commercial land and activities, and the area and type of parks and open space.
- An Implementation Strategy which establishes a set of criteria for staging of development of the town, additional criteria for rezoning requests over and above that outlined in the CSIS 2007 and Draft CSS in 2010.

A range of residential land uses are identified within the Medowie Strategy which are proposed to be located in a number of proposed precincts listed in the Structure Plan. The land use types are summarised in Table 6.

The yield and location of each residential land use type is listed in Table 7. An overall yield of 3,134 lots across 8 precincts has been determined, which is dominated by standard residential and home enterprise lots which together represent 49% of the total yield. Villas and townhouses also account for 25% of the total with the remaining 26% including the rural small holdings, environmental living and environmental management categories.

Table 7 – Medowie Strategy Land Use summary

Medowie Strategy Residential Land Use summary		
Land Use	Comments	Lot Size
Standard Residential Lots	The majority of proposed lots are Standard Residential Lots	500-600sqm
Villas and Town Houses	These lots are located around the town centre, near retail/commercial areas and facing parks. Villas and town houses are to be provided to the market in superlots of 1,500-2,400 sqm	300–400 sqm
Home Enterprise	These lots are suitable for separate building or workshop in addition to a dwelling. These are located on the approach into the town, with high visability and accessibility to passing trade	700-800 sqm
Rural Small Holdings	The lots are to act as a buffer between the town and rural residential lots, maintaining the street character of established streets	1,000-1,500sqm
Environmental Living	These lots are to act as a buffer to Environmental Management Lots, with restricted site coverage to retain vegetation	1,000-1,500sqm
Environmental Management	These lots are existing lots, that are partially or fully affected by a habitat corridor. The aim is to enable dwellings to exist among retained vegetation safely. The objective is for the landowner to enter into an agreement with the Council or Department of Environment and Climate Change to manage vegation over an agreed area across the site	n/a

Source : Medowie Strategy 2009; Urbis

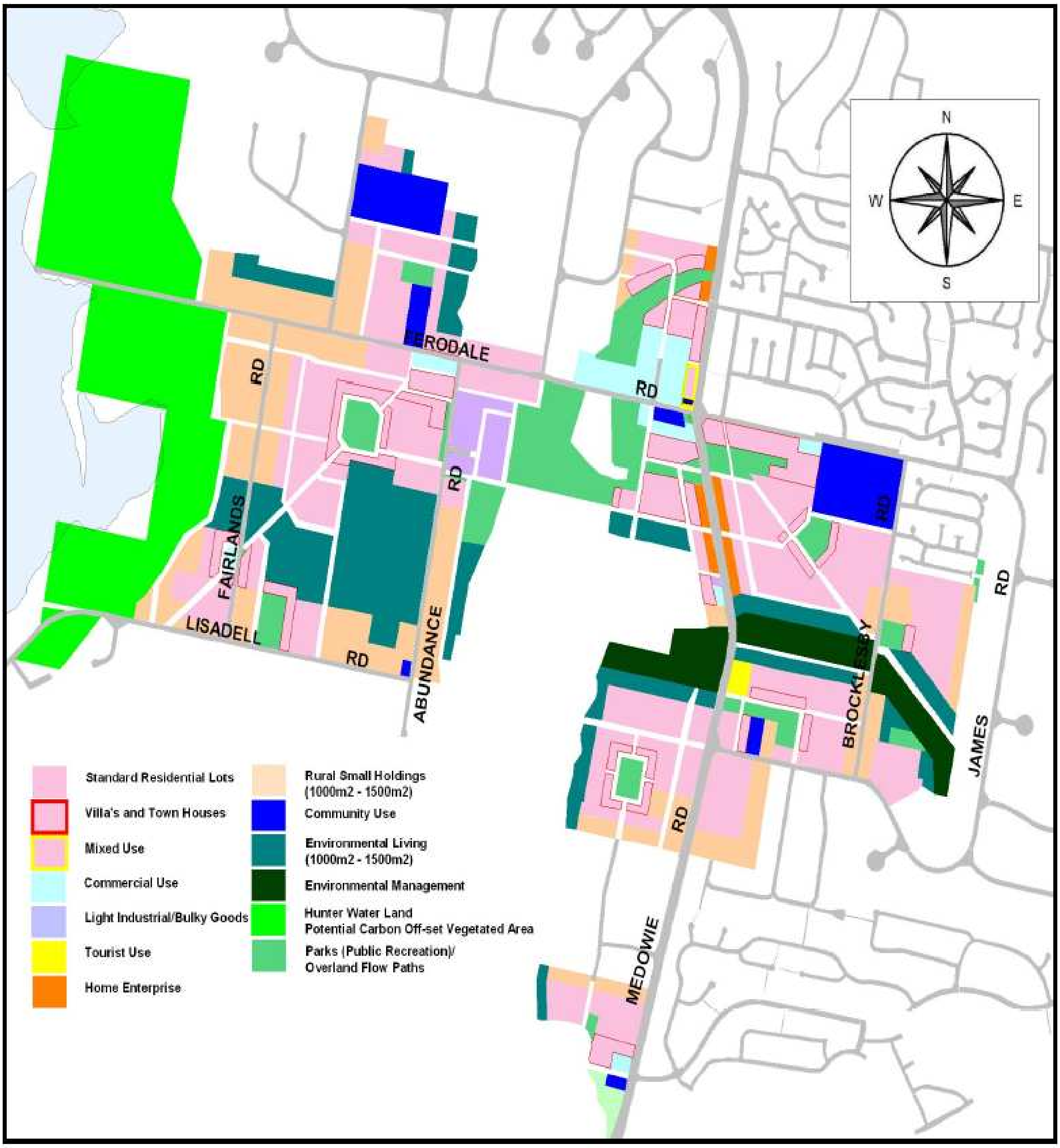
Table 8 – Port Stephens CSIS 2007 – Urban Capacity

Medowie Strategy Residential Land Use summary							
	Total	Standard Residential Lots	Villas and Town Houses	Home Enterprise	Rural Small Holdings	Environmental Living	Environmental Management
Town Centre North	**173**	35	124	7	7	0	0
Town Centre South	**191**	16	144	11	0	20	0
Wirreanda Neighbourhood	**589**	353	173	15	28	13	7
Brocklesby Rd East and West	**715**	429	102	0	81	82	21
South Street	**130**	76	35	0	13	6	0
Waropara Road	**226**	158	12	0	30	26	0
Fairlands	**625**	258	95	0	190	82	0
Abundance	**485**	164	106	0	72	143	0
Total	**3,134**	**1,489**	**791**	**33**	**421**	**372**	**28**

Source : Medowie Strategy 2009; Urbis

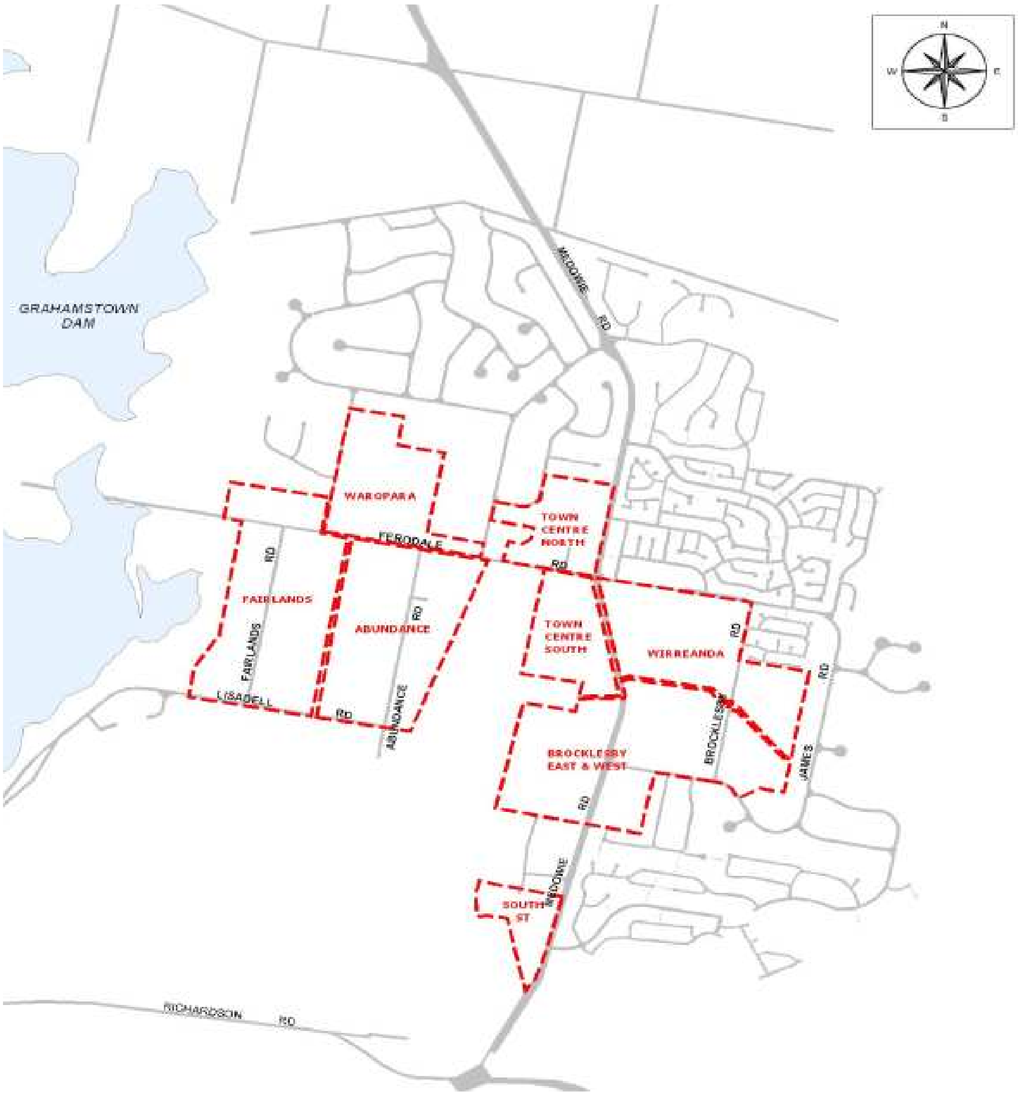
The main spread of large lot residential themed allotments sized between 1,000sq.m and 1,500sq.m is throughout the precincts of Brockles Road East and West, Fairlands and Abundance. Geographically, these precincts are located within the southern and south western components of the township. The illustrations in Figures 11 and 12 respectively identify location by land use type and precinct.

Figure 5 – Medowie Structure Plan – Land Use Activities



Source: Medowie Strategy 2009

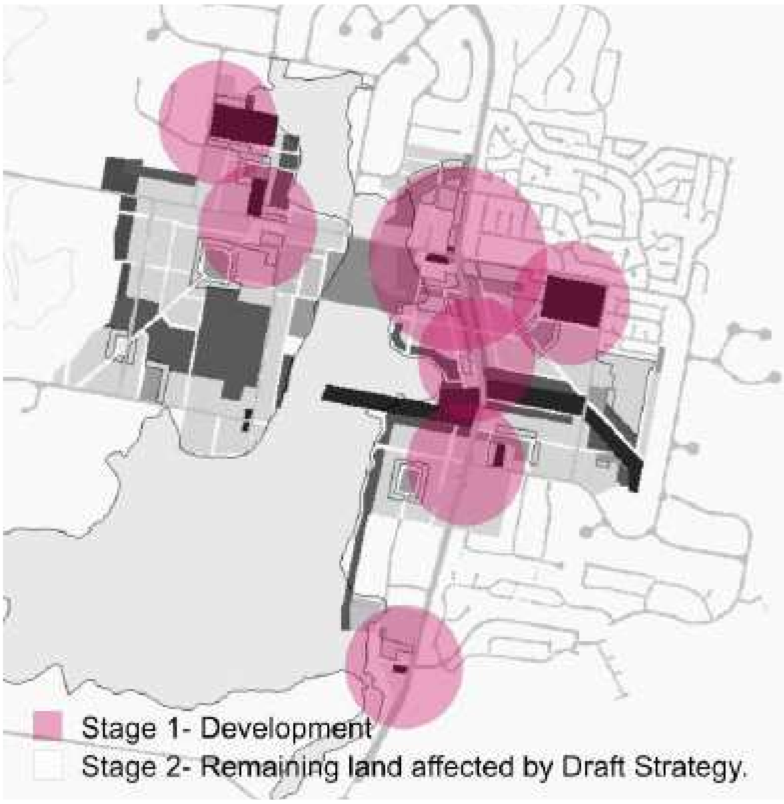
Figure 6 – Medowie Strategy – Urban capacity areas of the structure plan



Source: Medowie Strategy 2009

An indicative staging plan has been produced as a guide to implantation of the Medowie Strategy. A copy is included in Figure 13. This indicates that initial preference will be for the development of the northern component of the identified locations which is in contrast to the location of the proposed large lot residential component. The majority of the Rural Small Holdings appear to be in Stage 2 of the Staging Plan, but for small pockets in Warapara, the northern section of Abundance, Wireanda and South Street.

Figure 7 – Medowie Strategy Staging Plan



Source: Medowie Strategy 2009

3.2 Large Lot Residential Land Supply in Medowie

The Medowie Strategy states that the proposed land use supply and mix identified in the Structure Plan is based on urban design principles. Accordingly, the type of supply appears to be guided more by planning and design considerations than market drivers. A number of issues have been identified with regards to the type of land supply offer in Medowie over the next 25 years including the quantum and quality of large lot residential land proposed.

3.2.1 Current and Proposed Volume of Supply

At present there is a limited supply of large lot residential stock available on the market with our research indicating very few allotments sized between 1,000 – 1,500sq.m currently listed for sale.

Most of the available supply is located in the 'Pacific Dunes' development with the remainder located throughout existing areas of Medowie (with these lots typically in excess of 2,000sq.m). Pacific Dunes is the only major development to have been undertaken recently within the region being a master planned Golf Course Community located within the south eastern component of Medowie. The estate is set on 135 hectares and features an 18 hole golf course, 450 low density residential allotments including 45 rural residential parcels (typically 2,000sq.m in size). Pacific Dunes is understood to have been initially released circa 2004 with 160 being taken up in total to this date. In addition to Pacific Dunes no other large lot or rural residential proposals have been identified for release in the short term.

As noted, future large lot residential themed supply sized between 1,000-1,500sq.m will be classed as either rural small holdings or environmental living with a collective total 793 lots. Assuming all of this supply is made available, an equated average of 31.7 allotments per annum will be available over the course of the 25 year Medowie Strategy timeline. This total supply is considered low given it represents the vast majority of large lot residential supply proposed for the entire Port Stephens LGA.

A similar content of medium density villa and townhouse stock (791 lots) is proposed within the Structure Plan for Medowie. Whilst this type of stock may accord with the urban design principles applied to Medowie centre, such stock from a market standpoint is not considered desirable to the vast majority of potential purchasers which our research indicates to be first home buyers, secondary purchasers and families. As noted in section 1, Medowie accommodates a high proportion of young families whom ideally seek residential accommodation larger in scale in terms of land and buildings to medium density stock. In addition, the regional setting of Medowie primarily lends itself to purchasers seeking standard and large lot residential allotments. Accordingly, the proposed content of medium density stock identified for Medowie in the Structure Plan should ideally be scaled down or assumed to be developed late within the timeline to 2036. Market demand would suggest that an additional supply of large lot residential stock to counter the difference would be supportable over the Medowie Strategy timeline.

3.2.2 Size and Configuration of Proposed Large Lot Residential Pockets

As per the Structure Plan, future supply will likely be in the form of multiple small scale infill subdivisions. These subdivisions will be unable to take advantage of the benefits available to master planned precincts such as Pacific Dunes and the Boundary Road Medowie site.

It is important to note that these planned areas are located along main and collector roads, are linear in shape and are affected by multiple land ownership. These characteristics are likely to affect the ability for them to be designed as communities, to be effectively planned in a coordinated manner, and to be released to market. Experience in other similar locations have demonstrated delays in release and increased cost of development sites due to fragmented ownership which provides real potential of increased land prices that are ultimately passed onto the end consumer.

3.2.3 Fragmented Ownership

A considerable hurdle in being able to release the identified large lot residential land is fragmented ownership. The proposed strips which are to accommodate these lots are in well established locations on the outskirts of the existing township where most properties are held by separate proprietors and broadly sized between 1 and 4 hectares.

To provide an indication of the level of fragmented ownership, we have reviewed the sizing and ownership pattern of land along the eastern side of Abundance Road which is proposed to accommodate rural small holdings. This strip is highlighted in Figure 14 . Typical fragmented ownership issues are highlighted below where all 13 properties forming part of the strip are owned separately:

Address	**Lot Number**	**Lot Size**	**Owner**
61 Abundance Road	L2/DP839153	10,000 sqm	Hill
59 Abundance Road	L1/DP839153	Approx 10,000 sqm	Eslick
57 Abundance Road	L3/DP839153	16,200 sqm	Witenden
53 Abundance Road	LB/DP103783	38,000 sqm	Grauss
49 Abundance Road	Lot C/DP398335	26,400 sqm	Warrington
47 Abundance Road	Lot B/DP398335	8,106 sqm	Bottomley
45 Abundance Road	Lot A/DP 398335	13,600 sqm	n/a

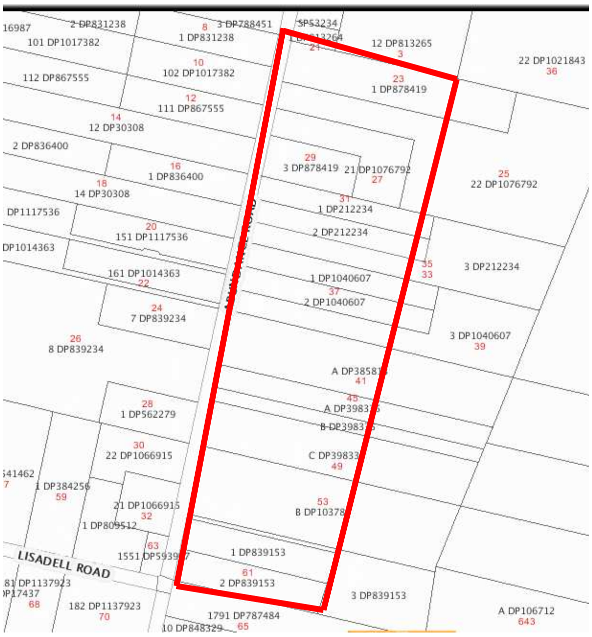
41 Abundance Road	LA/DP385813	32,600 sqm	Public Trustee
39 Abundance Road	L3/DP1040607	23,800 sqm	Nelson
37a Abundance Road	L2/DP1040607	10,000 sqm	Davies
37 Abundance Road	L1/DP1040607	10,000 sqm	Finlayson
35 Abundance Road	L2/DP212234	35,300 sqm	Kittle
31 Abundance Road	L1/DP212234	8,460 sqm	Stark

In order to realise development agreement will be required between the current proprietors and developer/s. Such issues which may arise out of this process could potentially include:

- Owners unwilling to divest
- Unrealistic expectations of purchase price – inflated prices will inevitably be passed on to purchasers of completed products.
- Time delays during the acquisition / negotiation process

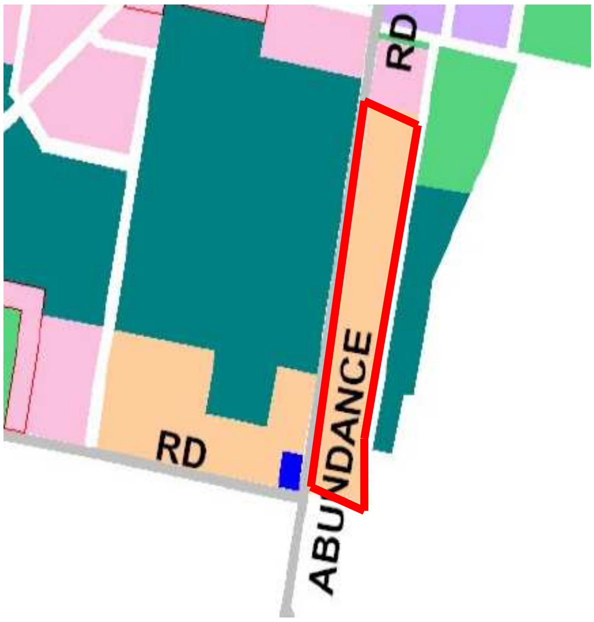
As such, fragmented ownership is considered a potentially substantial hurdle in being able to develop a timely and competitive priced large lot residential product. The Boundary Road Medowie site is not subject to fragmented ownership issues and accordingly development could be potentially be undertaken without the related issues.

Figure 8 – Example Land Ownership Fragmentation



Land Segmentation and Ownership Structure

Source: Department of Lands Six Database 2010



Selected Rural Living Supply

Source: Medowie Strategy 2009

3.2.4 Environmental Considerations

Whilst the Structure Plan has been compiled to best account for environmental considerations, there are still a number of issues which will potentially limit or inhibit residential development. This has been recognised by classifying 372 of the potential large residential lots as ‘environmental living’. This represents 47% of large residential lots identified under the Strategy.

These lots are intended to protect the integrity of habitat corridors of native vegetation whilst permitting dwellings with minimum clearing of vegetation. Lots in this location will act as a buffer to environmental management lots and will have restrictions relating to site coverage. The retained vegetation will be required to be managed for protection from bushfire risk as well as for conservation.

The primary constraint identified in the Medowie Strategy is flooding which affects a vast component of the central and southern components of the township. Other environmental concerns include:

- Native vegetation
- Threatened flora and fauna
- Bushfire
- Fauna habitat significance; and
- Conservation significance of vegetation patches

Most if not all of these considerations impact to some extent on the large residential lots proposed which limits the potential to realise a development outcome. In addition, the limitations placed on the environmental living lots will potentially reduce saleability on the open market.

3.2.5 Timing of Supply

The structure plan proposes to yield the proposed dwellings over a 20 to 25 year timeframe. This theoretically equates to the release and provision of an average 120 dwellings per year. The focus will be on developing the key centres identified before moving to the surrounding lands. Accordingly, the Medowie Strategy Staging Plan indicates that the majority of large lot residential supply will be released in the latter Stage 2 of the plan.

The staging is also dependant on availability and access to infrastructure. With the proposed large residential lots positioned in more peripheral locations it is likely that additional time will be required to facilitate extension of services to support development.

The result is a delay in any large lot residential land being supplied to a market which is already undersupplied.

3.3 Summary

- Medowie has been identified by the NSW State Government as a future growth area under the Lower Hunter Regional Strategy. The LHRS has set a target of 3,000 dwellings to be constructed in Medowie by 2036. The Medowie Strategy was subsequently released which provided a higher level of detail and stated an indicative yield of 3,134 dwellings. This is to include a broad range of housing lots ranging in size from 300sq.m to 1,500sq.m. The proposed residential land supply is spread across 8 precincts
- A relatively high component (25%) of the dwelling yield is proposed as small lot medium density development (300 to 400sqm) with a similar content (26.5%) proposed for larger allotments of between 1,000sq.m to 1,500sq.m. The remainder is to accommodate typical low density housing on lots ranging between 500sq.m to 800sq.m. The type of supply proposed appears to be guided more by planning and design considerations over market drivers with medium density development typically poorly sought after in such locations.
- A number of issues have been identified with regards to the type of supply offer in Medowie over the next 25 years including the quantum and quality of large lot residential supply proposed. These include:
  - The current and future supply levels of large lot residential land in Medowie
  - Size and configuration of proposed large lot residential pockets

  - Fragmented ownership
  - Environmental considerations such as flooding, vegetation, threatened flora and fauna, bushfire and conservation issues
  - Timing of supply
  - Ability of small sites to fund required infrastructure individually or agree to consolidate with other small owners.
- Over the short to medium term there will be very limited availability of new release large lot residential land which is exacerbated by dwindling current supplies.
- There are no proposals for rural residential land exceeding 2,000sq.m throughout the LGA and accordingly the Boundary Road Medowie proposal is well positioned to assist in helping to satisfy unmet future demand.

4 Residential Demand vs Supply

Sections 1 to 3 analysed forecast future dwelling / land requirements across Port Stephens LGA and assessed the indicative volume of total supply proposed to 2031. The demand side has been determined by analysing population projections against average household size whilst supply has been determined by an analysis of strategic planning documentation and a review of identified residential releases areas. Table 8 compares the level of projected demand with the expected level of future supply as at 2031 for Port Stephens LGA.

Table 9 – Future Dwelling Demand versus Supply (2031)

Port Stephens Forecast Dwelling Supply versus Demand Requirements (2031)	
	Port Stephens LGA
Demand	
Projected Demand for Dwellings - 2031	36,304
Supply	
Current Supply (2010)[1]	22,720
Future Supply Pipeline	11,586
Project Dwelling Supply - 2031	34,306
Supply Shortfall	-1,998
Indicative Yield of North Medowie Proposal	350
Revised Supply Shortfall	-1,648

1 - Estimated from information from the 2006 ABS census data and Cordell Connect

Source: ABS, NSW DoP, Urbis

It is estimated that Port Stephens LGA currently accommodates in the order of 22,720 dwellings and by 2031 will require 36,304 dwellings. This equates to an additional supply requirement of 13,584 dwellings. The proposed supply pipeline to 2031 in Port Stephens LGA equates to 11,586 new dwellings.

Port Stephens LGA is thus projected to experience a significant supply shortfall of 1,994 dwellings by 2031. This deduces to an average annual deficit of around 95 dwellings per annum and represents over 17% of the new supply required.

Medowie, being the second largest growth area identified, is anticipated to satisfy a considerable content of the dwelling demand projected over the next 25 years. However, components of the yield proposed for Medowie (the high proportion of medium density housing) may not be supportable in terms of market demand and may therefore be artificially inflating the forecast yield. Quality larger lot residential is traditionally more sought after in such locations. In addition, the development limitations identified in Section 3.2 will likely reduce the total yield.

To assist in lessening the supply shortfall, the Boundary Road Medowie large residential lot proposal can be used to augment the future supply pipeline. The Boundary Road Medowie site provides a viable market alternative / addition to the majority of proposed low and medium density projects and enables an opportunity to develop a superior master planned product offer in comparison to the scattered and linear-shaped ‘rural small holdings’ and ‘environmental living’ areas identified in the Structure Plan.

The maximum identified yield within Boundary Road Medowie is 350 lots, however we note that a lower development yield may eventuate once detailed planning investigations are completed. Even with the inclusion of the Boundary Road Medowie proposal to the total supply, a revised supply shortfall of 1,648 lots is still evident. As such, inclusion of the Boundary Road Medowie proposal will not only assist in helping to resolve the short to medium term large lot supply shortage, but will also contribute to lessening the overall supply shortfall forecast throughout the LGA.

5 Conclusions

The Department of Planning has issued correspondence stating that “It appears there is sufficient land already identified in Port Stephens for rural residential development”. As noted, the development proposal put forward for the subject site is primarily a Large Lot residential subdivision with a small component of Rural Residential development. This is different to typical “rural residential” product that is found in non-urban areas. It is therefore not appropriate to consider the proposal solely in the context of “rural residential’ development but rather as a component of the overall land supply and traditional housing market.

Research suggests that by 2031 there will be a total land supply shortage of 1,998 lots in Port Stephens LGA. This is based on forecast population growth, anticipated average household size and proposed land releases. On an annualised basis the supply shortfall deduces to 95 lots per annum.

This estimate is considered somewhat conservative as it assumes that the proposed yields within all infill and zoned locations will be realised. As noted within the Draft Port Stephens CSS this is unlikely to be the case given varied constraints such as environmental limitations, service provision / timing, disjointed ownership, market conditions, demographic factors and the like. As such, the actual shortfall will more than likely exceed 1,994 dwellings which will create additional supply issues once areas that have a higher degree of constraint are identified and removed from the potential supply

This future supply shortage will be an extension of the current undersupply. It is of note that Port Stephens Council had rezoned only 70 lots for residential purposes in the past 5 years until gazettal of the Kings Hill LEP in December 2010. Accordingly, current supply targets are not being met.

With regards to large lot land provision, the identified land release proposals throughout Port Stephens LGA are planned to offer primarily small to medium sized allotments well below 1,000sq.m in size. The provision of large lot residential land sized between 1,000 – 1,500 sqm in Port Stephens LGA is either ancillary to the traditional low density scale lots in each proposal or excluded completely. As such, the offering of large lot residential land within Port Stephens is relatively low. Certainly we are not aware of any developments of a rural residential nature which is supported by comments within the Draft CSS.

Therefore, going forward there are no known plans to make available a notable supply of Large Lot Residential or Rural Residential land within Port Stephens LGA.

The Boundary Road Medowie proposal provides an opportunity to lessen the impact of the forecast undersupply by augmenting the supply pipeline with a readily developable property that could be released in the short term. The large lot residential product offer is considered well suited to market and there are no issues resulting from fragmented ownership which are prevalent throughout the identified development zones in the township. It is noted however that even including the maximum likely Boundary Road Medowie yield of 350 lots, there will remain a considerable shortfall of land supply (1,648 lots) by 2031.

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