

Cessnock Urban Housing Study

Final report

Cessnock City Council
May 2017



Independent insight.



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EXECUTIVE SUMMARY

SGS Economics and Planning was commissioned by Cessnock City Council in February 2016 to prepare an Urban Housing Study for the Cessnock local government area (LGA). The Study is one of four background studies that will inform the Cessnock City Planning Strategy Project. The other three studies include an Employment Lands Study, a Rural Lands and Rural Living Study and a Vineyard District Study.

Policy context

The 2006 Lower Hunter Regional Strategy (LHRS) directed Councils to plan for more compact settlements with an increased share of growth in established areas. The Strategy contained ambitious dwelling projections that suggested significant dwelling supply throughout the Lower Hunter including Cessnock LGA. The Cessnock City Wide Settlement Strategy (2010) reflected the LHRS direction by identifying the need to contain the urban footprint by promoting urban development within existing settlements where existing infrastructure can be used. The recently released Hunter Regional Plan (2016) continues to advocate for new housing growth to be focussed in and around established towns and centres and suggests that Cessnock could accommodate an additional 6,500 dwellings between 2016 and 2036.

Future population growth in Cessnock will be impacted by both the recent decline in the mining sector and growth of employment in the Hunter Region in locations other than Cessnock. The Hunter Expressway has improved accessibility to Cessnock, adding to its attractiveness as a residential location. Although the Maitland's southern and western growth fronts – which are competitor locations for residential growth – also benefit from this improved accessibility. As a result, demand for housing in Cessnock in the medium term is likely to remain modest at 300 to 400 dwellings per year.

Recent housing supply in Cessnock

Analysis of recent housing supply, based on development applications, suggests Cessnock has seen around 330 dwellings approved per year over the past five years with detached housing being the dominant form of this supply (refer to Table 1). Dual occupancy dwellings have averaged around 60 dwellings per annum, although this form of housing appears to have been declining over the 2012 to 2016 period. Multi-dwelling housing has averaged around 10 dwellings per annum. Around 20% of the total dwellings approved were classified by Council as either dual occupancy or multi dwelling housing development.

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 and may warrant closer examination to determine whether additional housing in these locations presents any issues with respect to rural land uses.

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

TABLE 1. INDICATIVE HOUSING SUPPLY BASED ON DEVELOPMENT APPLICATIONS, 2012-2016

	Single dwellings	Secondary dwelling	Dual occupancy dwellings	Multi dwelling	Boarding house rooms	Total
2012	227		96	4		327
2013	317	1	91	8		417
2014	210	7	46	28	2	293
2015	168	8	25	13		214
2016	339	9	34	13		395
Total	1,261	25	292	66	2	1,646
Average	252	6	58	13	2	329

Source: SGS analysis of data provided by Cessnock City Council, 2017.

Housing Demand

Based on population projections, released by the Department of Planning and Environment (DP&E), demand for additional housing in Cessnock between 2011 and 2036 is estimated at around 7,500 dwellings or approximately 300 additional dwellings per year (see Table 2). Analysis of household and housing types suggests that approximately 60% of these additional dwellings are likely to be detached houses and 40% semi-detached dwellings or other housing forms. It is estimated that approximately 80% of these new dwellings will have three or more bedrooms, and 20% will have two bedrooms or fewer. The number of one bedroom dwellings is forecast to double between 2011 and 2036.

TABLE 2. PROJECTED DWELLING DEMAND FOR CESSNOCK, 2011 TO 2036

Cessnock		2011	2016	2021	2026	2031	2036	Change 2011 - 2036	AAGR 2011 - 2036
No. of private dwellings	Separate house	18,102	19,286	20,270	21,093	21,989	22,792	4,690	0.93%
	Semi-detached	958	1,310	1,783	2,275	2,815	3,376	2,418	5.17%
	Flat/unit/apartment	612	726	819	904	997	1,088	476	2.33%
	Other	143	157	169	180	192	202	58	1.38%
	Total Private Dwellings	19,816	21,478	23,042	24,452	25,993	27,459	7,643	1.31%

Capacity for housing

To meet demand an average of 300 additional dwellings will need to be built each year in Cessnock to 2036. Should growth exceed projections – and Cessnock captures a larger share of the region’s growth – 400 dwellings per annum might be used as a guide for a ‘high growth’ scenario.

Cessnock has significant capacity for greenfield development. The timing and likelihood of realising dwellings in some estates is unknown due to the significant capacity in estates that are already approved, and uncertainty around the timing and delivery of enabling infrastructure. The greenfield areas that are ‘active’, or at least rezoned, have capacity for 14,500 dwellings (which significantly exceeds the total estimated 20 year dwelling demand for housing in infill *and* greenfields in Cessnock).

A significant share of recent development proposals have been for infill locations (in the order of 60% of recent new supply). While there is no evidence that planning controls are a barrier to additional supply in areas zoned R2, R3 and B4, this trend is likely to continue. Supply constraints for infill development, and in particular medium density housing, are more likely to be related to limitations in the size and depth of the building and development industry engaged in providing this type of housing product.

Many of Cessnock's villages feature zoned and subdivided land that could provide capacity for new dwellings in these smaller settlements. Council might consider proposals for expanding these settlements even further as a more efficient alternative to greenfield growth. Growing Cessnock's villages should be supported for growth where it will improve the viability of existing facilities (e.g. schools, shops, sports fields and community centres). Growth should be discouraged around villages and localities with minimal existing facilities and/or high infrastructure costs. These principles reflect the directions within the CWSS.

There is limited information on the extent of 'unused' dwelling entitlements. Preliminary mapping has been undertaken in an effort to better understand this issue, but further work is required. The use of a sunset clause in relation to existing holdings would provide a way to partially reduce the problem of dwelling entitlements which may be at odds with a desirable settlement future or planning policy, and would be consistent with the approach taken to this issue by neighbouring Councils.

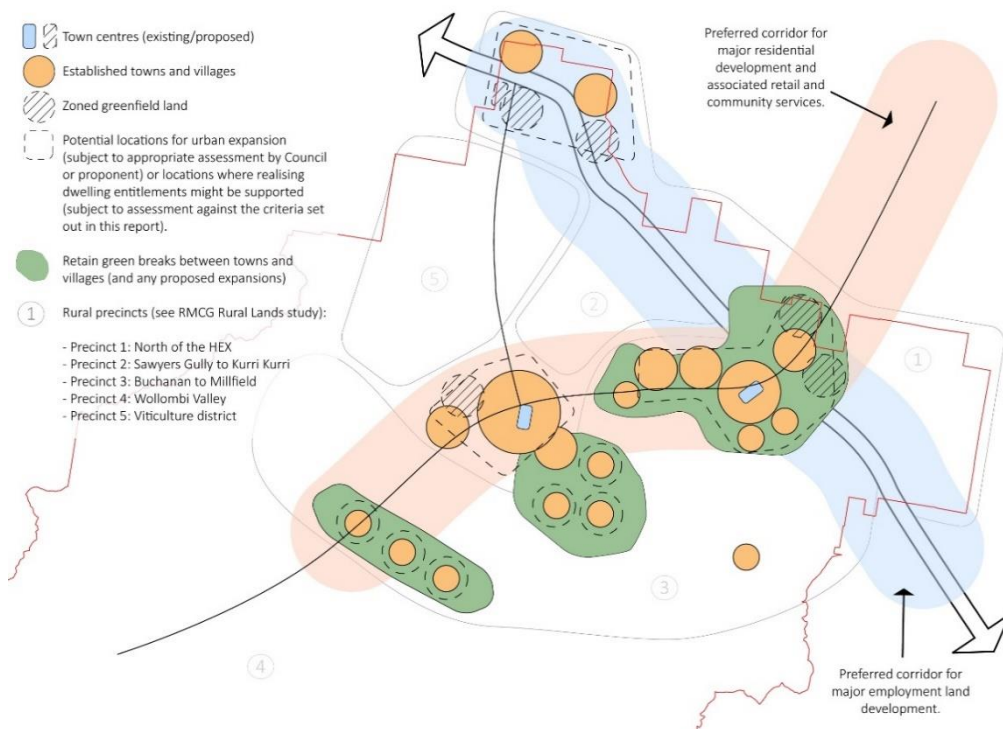
Cessnock LGA covers a wide area. Its towns and village are spread out, separated by undeveloped or undevelopable land. It is important that Cessnock Council manage new settlement and development in such a way as to minimise the cost of developing and servicing new development, and thereby free up resources to deal with past infrastructure deficiencies.

Directions

Chapter 6 draws on the analysis presented in the preceding chapters and outlines a series of directions for planning for urban housing in Cessnock. The underlying principle for these directions is to draw on the opportunities presented by the existing settlements in terms of infrastructure and services, and direct growth towards locations that minimise resource uses, both development infrastructure and transport resources. These directions include:

- Refinement of a structure plan for housing and employment across the municipality (refer to Figure 1)
- Encouraging growth in and around Cessnock's established areas, including medium density and shop top housing
- Managing the sequencing of greenfield development and 'out of sequence' proposals
- Addressing the issues of dwelling entitlements and paper subdivisions
- Planning for continued growth in and around Cessnock's established villages, and
- Identification of preferred locations for rural residential development.

FIGURE 1 BROAD STRUCTURE PLAN FOR CESSNOCK



1 INTRODUCTION

1.1 Project context

SGS Economics and Planning was commissioned by Cessnock City Council in February 2016 to prepare an Urban Housing Study for the Cessnock Local Government Area (LGA). The Cessnock Urban Housing Study is one of four background studies that will inform the Cessnock City Planning Strategy Project. The aim of the broader Planning Strategy Project is to:

provide a solid foundation of evidence to inform the future sustainable strategic land use development of the Cessnock Local Government Area (LGA) and to develop a comprehensive set of strategic recommendations based on that evidence which will guide the preparation of future major amendment(s) of Cessnock Local Environmental Plan (LEP) 2011 and Cessnock Development Control Plan (DCP) 2010.

The other three studies that will complement this Urban Housing Study include an Employment Land Study, a Rural Lands and Rural Living Study and a Viticulture and Vineyards Study. The focus of this study is 'urban' housing - that is, housing within established settlements and in existing and emerging greenfields areas.

1.2 Objectives of the Urban Housing Study

This report explores a range of issues and provides directions in relation to future housing supply and demand in Cessnock. The project brief for the combined background studies included the following objectives that are relevant to housing in Cessnock:

- Facilitate a liveable, desirable and sustainable place for residing, working and visiting over the next 50 years;
- Identify the most likely rate of population growth in the LGA over a 30 year time frame;
- Identify the most likely changes in demographics in the LGA over a 30 year time frame;
- Identify the quantity and location of sufficient land across the LGA for housing targets as identified by local and regional population and demographic assumptions;
- Ensure that a range of housing types and choices are provided across the LGA to suit the projected demographics;
- Ensure that housing is affordable to all current and future sections of the community;
- Ensure that housing land has appropriate access to infrastructure and services;

We note that while this particular study cannot deliver on all these objectives, the evidence and analysis contained within this report will be a key input towards the development of a planning strategy that will address Council's aspirations.

1.3 Structure of the report

The remainder of this report is structured as follows:

- **Chapter 2** provides a review of existing policy
- **Chapter 3** provides analysis of recent housing supply, drawing on Council's development data
- **Chapter 4** provide housing demand projections
- **Chapter 5** considers capacity for housing in different contexts, and relative infrastructure issues
- **Chapter 6** concludes this report with a set principles/directions to aid in the development of future housing policy in Cessnock.

The report has three appendices. Appendix A contains mapping of the locations of recent planning applications. Appendix B outlines the assumptions and methods used for the housing demand modelling presented in Chapter 6. Appendix C provide a review of the 'Expressions of Interest' provided to Council as part of the study process.

2 POLICY CONTEXT

This chapter provides an overview of the existing policy context relevant to housing in the Cessnock LGA, and the extent to which they might influence the trends and drivers shaping housing supply and demand.

2.1 Regional policies

Over the past decade a series of NSW Government policy and strategy documents have been published with the aim of providing some strategic direction for housing in the Hunter Region:

- Lower Hunter Regional Strategy, 2006
- Hunter Strategic Infrastructure Plan, 2013
- State Infrastructure Strategy Update, 2014
- Hunter Regional Plan, 2016

Each is discussed in turn.

Lower Hunter Regional Strategy (2006)

The Lower Hunter Regional Strategy (LHRS) was the NSW Government's strategic land use planning framework to guide the sustainable growth of housing and jobs in the Lower Hunter over the 25 years from 2006 to 2031. This document has now been superseded by the Hunter Regional Plan. However, the LHRS provided context for direction taken by Council in its existing strategies.

The vision of the LHRS was "balancing environmental, economic and social outcomes so that quality of life can be enhanced without burdening future generations" (Department of Planning 2006, p9). The primary purpose of the LHRS is to ensure that adequate land is available and appropriately located to accommodate the projected housing and employment to meet expected demand. The LHRS suggested 75 per cent of all new housing be delivered in new release areas and the remaining 25 per cent in existing urban areas. The LHRS advocated for more compact settlements to ensure that a better balance between new release and infill development was achieved.

The Strategy promoted Newcastle as the regional city of the Lower Hunter, supported by a hierarchy of major regional centres that included Charlestown, Cessnock, Maitland and Raymond Terrace and the emerging major regional centres of Morisset and Glendale-Cardiff.

The key elements of the LHRS were informed by the NSW Government's housing and population projections and the Neighbourhood Planning Principles. The outline of the Neighbourhood Planning Principles and NSW Government's strategic housing actions are outlined in Table 3.

The LHRS provided housing projections by location type (Table 4). In line with the aspiration to reduce the greenfield share of growth, the LHRS suggested 40 per cent of additional dwellings could be accommodated in existing urban areas. The housing projections were published as a guide for local government to enable increased housing densities in and around centres to support existing infrastructure and services and facilitate revitalisation.

For Cessnock, of the total 21,700 dwellings forecast to 2031, 90% to be delivered in new release areas. Achieving this total implies a significant increase in dwelling growth above past trends (at least 200%). The projections have now been revised down through the draft Plan.

TABLE 3. NEIGHBOURHOOD PLANNING PRINCIPLES AND HOUSING ACTIONS

Neighbourhood planning principles	Housing actions
A range of land uses to provide the right mix of houses, jobs, open space, recreational space and green space.	Sufficient land and development capacity will be identified and rezoned to provide for an additional 69,000 dwellings in new release areas and 46,000 dwellings in existing urban areas and centres to meet forecasted demands for an additional 115,000 dwellings over the next 25 years.
Easy access to major town centres with a full range of shops, recreational facilities and services along with smaller village centres and neighbourhood shops.	Councils will revise their local environmental plans to be consistent with the identified urban footprint within the Regional Strategy.
Jobs available locally and regionally, reducing the demand for transport services.	Promote consolidation in the larger and specifically nominated centres such as Newcastle City Centre, Charlestown, Maitland, Cessnock, Glendale-Cardiff, Raymond Terrace and Morisset at appropriate densities.
Streets and suburbs planned so that residents can walk to shops for their daily needs.	Councils will revise their local environmental plans to be consistent with the dwelling capacity projections for their local government area (refer to Table 2).
A wide range of housing choices to provide for different needs and different incomes. Traditional houses on individual blocks will be available along with smaller, lower maintenance homes for older people and young singles or couples.	Implement an Urban Development Program to monitor housing supply and demand, including the quality of planning and development, and coordinate the staged release of new release areas, infrastructure and human services.
Conservation lands in and around the development sites, to help protect biodiversity and provide open space for recreation.	Ensure that planning and design of new release areas is based on the Neighbourhood Planning Principles.
Public transport networks that link frequent buses into the rail system.	Councils will plan for a range of housing types of appropriate densities, locations and suitability that are capable of adapting and responding to the ageing of the population. The Department of Planning and the Department of Housing in cooperation with councils will investigate options for affordable housing within the Region consistent with the outcomes of the NSW Affordable Housing Strategy.

Source: NSW Government, 2006

TABLE 4. LHRS DWELLING PROJECTIONS, 2006-31

Centres	Centres and corridors	Urban infill	Total infill	New release	Total dwellings
Cessnock	500	1,500	2,000	19,700	21,700
Maitland	2,000	3,000	5,000	21,500	26,500
Port Stephens	3,300	2,000	5,300	7,200	12,500
Newcastle	12,200	2,500	14,700	5,800	20,500
Lake Macquarie	14,000	7,000	21,000	15,000	36,000
Total	32,000	16,000	48,000	69,200	117,200

Source: NSW Government, 2006.

In the centres hierarchy of the LHRS, Cessnock is identified as a 'major regional centre' being a "concentration of business, high order retailing, employment, professional services and generally including civic functions and facilities. It is a focal point for subregional road and transport networks and services a number of districts" (p. 15).

In terms of regional challenges, the Lower Hunter is characterised by an ageing population which is growing at a faster rate than the NSW average with a high rate of out migration by young people. The Strategy suggested these characteristics have implications for the region's social diversity and future infrastructure needs, including health, education, transport and the provision of a variety of housing types. Overall, it noted that development trends are producing low density, dispersed development which are increasingly at odds with the concentration of employment and services within centres.

Other population and housing challenges for the Lower Hunter Region identified in the LHRS include:

- Providing sufficient land and development opportunities to provide housing for the future growth of the population.
- Achieving higher residential densities in and around major centres to maximise proximity to employment and services and the use of existing infrastructure, while maintain amenity.
- Providing housing choice and affordability in the right locations reflecting changes in population and associated reduction in household occupancy rates.
- Ensuring quality urban design and amenity that is sensitive to and complements the character and lifestyle of the Region's towns and new urban areas.
- Refocusing the housing industry in the Region to increase the amount of total housing provided in the existing urban areas so that a more sustainable balance between the need for greenfield land releases and the ability of existing urban areas to meet housing demands is created.
- Providing a framework for planning and delivering new and upgraded regional infrastructure and facilities for the growing population and ageing demographic.

Hunter Strategic Infrastructure Plan (2013)

The Hunter Strategic Infrastructure Plan (HSIP) is part of a Commonwealth-funded initiative undertaken by Hunter Councils focusing on productivity, sustainability and liveability of the Lower Hunter Local Government Areas of Newcastle, Lake Macquarie, Maitland, Cessnock and Port Stephens. The HSIP aims to provide the strategic infrastructure framework to inform future urban and economic growth of the Hunter metropolitan area.

The HSIP identifies infrastructure challenges and opportunities for improvement. Key challenges affecting housing supply and the liveability in the region include:

- Underutilisation of public and private sector investment in infrastructure impacting on affordability and sustainability
- Significant areas of zoned land (industrial and residential) unable to be economically serviced and developed within reasonable timeframes
- The need for more innovative and risk-sharing funding mechanisms to deliver infrastructure in a timely manner.

The adequate provision of health and education facilities to meet population projections to 2036 is an opportunity identified in the HSIP to leverage the provision of housing.

In response to the key issues and opportunities, the HSIP identifies the following overarching goals to deliver national infrastructure priorities in the region:

- Develop a comprehensive, integrated and credible 20 year infrastructure plan for Hunter metropolitan area;
- Provide infrastructure input into the current review of regional land use strategies
- Integrate qualitative and quantitative analysis of infrastructure on a regional scale
- Formulate a staging and sequencing plan based on 0-5 year and 6-20 year increments on optimising land use and infrastructure considerations, and
- Demonstrate the case for an ongoing program of systematic data collection, analysis and reporting on regional infrastructure capacity and capability progressively linked to regional economic modelling.

In order to achieve the goals, the HSIP has identified the following strategic infrastructure targets:

- Effective east-west and north-south transport corridors to support growth and investment
- Efficient and effective connections to key nodes and facilities
- Improved national and global connections
- Adequate supply of fit-for-purpose social infrastructure, including education and health
- Greater internal connectivity and access, and
- Identified growth corridors with clear sequencing strategies for investment.
- An Integrated Infrastructure Planning Tool (IIPT) for urban development is being developed as an outcome of the HSIP. (Further details at <http://www.hunterinfrastructureplan.com.au/plan/>)

State Infrastructure Strategy Update (2014)

The State Infrastructure Strategy Update (2014) has been developed to guide the necessary infrastructure across NSW to support housing and jobs. The Strategy outlines opportunities for investment in transport infrastructure, health and education in order to support the growth of the growing regional population.

The Strategy identified residents of the Hunter Region as making 2.1 million daily trips of which 83.1% are made by private vehicle. In the Central Coast, where 1.2 million daily trips are undertaken, 79.6% are made by private vehicle. In order to plan for regional infrastructure investment, the strategic direction for regional transport is to “improve regional producers’ access to markets through investments supporting freight productivity”. The Strategy emphasises the need for the NSW Government to actively encourage opportunities to leverage further private, council and or Commonwealth contributions to infrastructure.

Key infrastructure opportunities identified in the Strategy of relevance to the Hunter Region include:

- Develop corridor strategies for the New England Highway by mid-2016
- Establish a Regional Freight Road Corridor Fund, with investment priorities guided by freight productivity needs within the four proposed corridor strategies
- Deliver further rounds of the Fixing Country Roads program
- Establish a Fixing Country Rail program to tackle constraints on the rail network that reduce the efficiency of freight connections
- Accelerate the road network, planning and investment to support the development of regional growth areas.

Hunter Regional Plan 2036 (2016)

The Hunter Regional Plan outlines a vision to grow the Hunter economy over the next twenty years. It superseded the government’s previous regional plan, the Lower Hunter Regional Strategy,

The *Hunter Regional Plan* (2016) identifies the Hunter region as the largest regional economy in Australia. This includes an emphasis on resource industries and agriculture as well as growing employment in service industries, tourism and managing industrial lands to support manufacturing, construction, transport and supply chain industries. Unlike the earlier LHRS (2006), the Hunter Regional Plan incorporates consideration of the impacts of the Hunter Expressway.

The Plan identifies population, dwelling and employment projections for Cessnock LGA to 2036. By 2036, the population is forecast to reach 69,250 (+13,150) with an additional 6,350 dwellings. Employment is projected to reach 25,497 by 2036 which is an increase of 6,592 jobs.

The Cessnock LGA is mostly within the area broadly defined as Greater Newcastle (see Figure 2). This implies it is to be a focus for increased connectivity with other locations and centres within this identified area. The settlement axis from Cessnock to Kurri Kurri and beyond towards Maitland is highlighted as a corridor supporting a growth area.

Cessnock and Kurri Kurri centres are identified as strategic centres, with Branxton and Huntlee as ‘locally significant centres’. The Pokolbin viticulture area is identified as a ‘Critical Industry Cluster’.

Priorities for the strategic centres are:

Cessnock:

- Retain an administrative, retail and service function for the Local Government Area.
- Investigate opportunities to leverage the heritage character of the centre, and growth in wine tourism in Pokolbin.
- Provide additional housing in the adjoining town.
- Implement the Cessnock CBD masterplan.

Kurri Kurri:

- Retain a retail and service function for surrounding communities.
- Leverage its proximity to the Hunter Expressway and existing significant industrial land.
- Investigate opportunities for urban renewal of the town centre and new housing opportunities.
- Develop and implement a masterplan for Kurri Kurri CBD.

- Goal 2: A biodiversity-rich natural environment
 - Protect and connect natural areas
 - Sustain water quality and security
 - Increase resilience to hazards and climate change

- Goal 3: Thriving communities
 - Create healthy built environments through good design
 - Enhance access to recreational facilities and connect open space
 - Identify and protect the region’s heritage
 - Revitalise existing communities

- Goal 4: Greater housing choice and jobs
 - Create a compact settlement
 - Promote housing diversity
 - Grow centres and renewal corridors
 - Promote the economic functions of employment land
 - Monitor housing and employment supply and demand
 - Deliver infrastructure to support growth and communities
 - Strengthen the economic self-determination of Aboriginal communities

The directions in the Hunter Regional Plan 2036 are high level and open to interpretation. Those relevant to this study are briefly considered below.

Relevant Direction	Implications for Cessnock Housing Study
Plan for greater land use compatibility	Ensure planning for future housing supply avoids introducing land use conflicts with existing uses.
Revitalise existing communities	Focus planning efforts of ensuring sufficient opportunities for new housing in and around existing settlements, include medium density housing.
Create a compact settlement	As above. Out of sequence and dispersed housing should be avoided.
Grow centres and renewal corridors	As above.
Monitor housing and employment supply and demand	Estimates of demand and supply are outlined in the report.

2.2 Local policies

City Wide Settlement Strategy 2010

The City Wide Settlement Strategy (CWSS) was adopted by Council in September 2010. The CWSS sets out strategic directions to inform the preparation of the *Cessnock Local Environmental Plan (LEP) 2011* and implement the outcomes and actions from the LHRs 2006. The CWSS was developed for the management of population and employment growth. It provides strategic direction for the future role of centres and villages, employment, industry and residential land.

The CWSS outlines the settlement hierarchy for the LGA which are zoned accordingly under Cessnock LEP 2011. The Cessnock LGA features three towns: Cessnock, Kurri Kurri and Branxton.

Cessnock is the largest settlement in the LGA with 38.5% of the LGAs population (ABS, 2006). The Cessnock commercial precinct was identified as a regional centre in the LHRs and is a Strategic Centre in the Hunter Regional Plan. Kurri Kurri is the second largest settlement containing 27.5% of the LGA population. Kurri Kurri was recognised as a town centre in the LHRs. The CWSS anticipated the F3 highway extension generating significant growth in the region, particularly in Branxton in the north of the LGA at the boundary of the Singleton and Maitland LGAs. It should be noted that the LHRs did not anticipate the Hunter Expressway, which is not mentioned in that document.

The strategic directions of the CWSS included containing the urban footprint to that identified in the LHRS and adopting a residential hierarchy to define residential densities and dwelling types across the Cessnock LGA. The CWSS noted that Council will focus on increasing development yields in targeted areas across the LGA which are already zoned for settlement growth to increase dwelling capacity projections.

In relation to delivering housing in new release areas and urban infill, the CWSS outlined the following strategic directions:

- Adopt the dwelling capacity projections for the Cessnock LGA as outlined in the Lower Hunter Regional Strategy 2006
- Identify suitable areas to meet the dwelling capacity projections (urban release areas, medium density precincts and infill housing)
- Provide a timing schedule for the orderly release of land within the urban release areas.
- Support an increase in affordable housing units across the LGA.

The CWSS suggested that development of rural residential land in the LGA creates isolated communities that have no relationship with the rural environment and the resulting disperse settlement patterns would not lead to the development of a sustainable settlement hierarchy.

Council has developed a series of directions that respond to the implications of rural residential development including:

- Recognise the role of existing rural-residential lands and some rural small holdings land in the settlement hierarchy as providing increased lifestyle choice for large lot residential land.
- Support the direction in the Lower Hunter Regional Strategy by limiting the development of further rural-residential land. Provide increased opportunity for lifestyle choice within the confines of existing zoned land.
- Recognise that connection to full reticulated systems is a positive contribution towards the development of sustainable communities.

The Strategy notes that new release areas in the Cessnock LGA will be co-ordinated by the Department of Planning via an Urban Development Program. New release areas will be designed as per the Neighbourhood Planning Principles outlined in the LHRS.

The Strategy suggests infill housing will be achieved through redevelopment, urban consolidation and the rezoning of small land areas in established urban locations and indicates that around 1000 additional infill dwellings will be medium density.

Affordable housing issues are also highlighted, including ageing affordable housing stock, declining affordability, low resident incomes, and a lack of capacity to introduce more affordable housing stock.

Cessnock Local Environmental Plan 2011

The *Cessnock Local Environmental Plan 2011 (LEP 2011)* guides the development of housing provision in the Cessnock LGA. It aims to provide the statutory implementation tool of the LHRS and CWSS within Cessnock LGA. An aim of the plan is to “provide opportunities for a range of new housing and housing choice in locations that have good access to public transport, community facilities and services, retail and commercial services and employment opportunities, including opportunities for the provision of adaptable and affordable housing” (*LEP 2011*).

The residential zoning represents the settlement hierarchy of the LGA. Residential uses are permitted in the B4 Mixed Use, R1 General Residential, R2 Low Density Residential, R3 Medium Density Residential, R5 Large Lot Residential and RU5 Village zones. “Shop top housing” is permissible in the B1 Neighbourhood Centre, B2 Local Centre, B3 Commercial Core and B4 Mixed Use zones. (In general the B4 zone has been used as a transitional zone between commercial area and medium density residential, with the exception the area zone B4 in Huntlee.) Dwelling houses are permissible in the RU2 and RU4 zones.

Under the *Cessnock LEP 2011*, the settlement hierarchy comprises of:

- Towns: Cessnock, Kurri Kurri, Greta, Heddon Greta, Weston and Branxton and their associated urban settlements with have a residential land use hierarchy;

- Villages: Millfield, Paxton, Ellalong, Abernethy, Kitchener, North Rothbury, Greta, Neath, Kearsley, Mulbring and Wollombi which generally have an RU5 rural village land use zoning.

The location of the residential settlement areas reflect the residential hierarchy under the CWSS. There is a mix of housing options in Cessnock's towns, with a general pattern of low density residential present in the villages and rural residential and greenfield sites located on the periphery of existing towns and villages.

Cessnock Development Control Plan 2010

The *Cessnock Development Control Plan 2010* (DCP 2010) complements the statutory provisions under the *Cessnock LEP 2011* by providing more detailed development guidelines.

Part D2 Urban Housing under the *Cessnock DCP 2010* outlines the controls for residential development in the Cessnock LGA. It sets out the controls for design elements including building design, landscape and site facilities and covers a variety of housing forms such as boarding houses, dual occupancies, and multi dwelling houses. The *Cessnock DCP 2010* does not address controls for residential flat buildings or shop top housing as applicants are referred to *State Environmental Planning Policy 65 Design Quality of Residential Flat Development*. For seniors housing, applicants are referred to *State Environmental Planning Policy (Housing for Seniors or People with a Disability) 2004*. The DCP reflects its origin as a compilation of earlier separate DCPs and policies and compared to more recent planning instruments, it requires revision in order to reflect contemporary standards and to provide clearer direction to developers and the community.

The objectives of Part D2 Urban Housing under the *DCP 2010* are to:

- Provide a user friendly document with flexible performance-based criteria to guide development
- Encourage high quality urban design and residential amenity in urban housing development
- Support the efficient use of residential land and expand the variety of housing options available
- Set appropriate environmental criteria for solar access, privacy, noise, vehicular access, parking and open space
- Ensure that the impact of urban housing proposals on the amenity of adjoining properties is a prime and initial consideration of applicants when preparing their development proposals
- Encourage an increased community acceptance of urban housing in its various forms and to minimise associated conflict, and
- Encourage ecologically sustainable development.

Cessnock Council's strategic documents identify that the LGA is experiencing urban expansion and population growth. Parts E and F of the DCP contain specific development controls for the urban release areas of Paxton, Heddon Greta, Nulkaba, Bellbird Heights, North Cessnock and Kitchener.

DCP 2010 details existing Council policies, guidelines and performance standards for reducing land use conflict such as those arising from new residential development, resource industries and rural operation.

The DCP sections reflect its development over time and there is some inconsistency in content and detail, for example, between the sections addressing specific Urban Release Areas (some of which are located in a different section altogether).

2.3 Summary

The now superseded LHRS directed Councils to plan for more compact settlements and increase the share of growth in established areas. Notably however, the LHRS projections suggested only 10% of Cessnock's housing growth would be infill, yet the aspiration was an overall target for the Lower Hunter of 40% infill. Unfortunately there are inaccuracies in the LHRS dwelling projections relative to projected population growth which lead to an overestimate of the required supply.

The Cessnock City Wide Settlement Strategy identified the need to contain the urban footprint by promoting urban development within existing settlements where there is already servicing infrastructure in place, and address the impacts of rural residential development.

The more recent Hunter Regional Plan continues to advocate for new housing growth to be focussed in and around established centres (although provides limited guidance on the tools to encourage this or stop out of centre growth). The Plan places considerable emphasis on the concept of the Hunter Regional City as the central urban

core of the Hunter Region, and a separate strategy document was prepared to detail the aspirations for this area. The plan includes projections that 6500 additional dwellings will be constructed in Cessnock between 2016 and 2036.

The recent decline of the mining sector will moderate growth in Cessnock. However, growth in employment in locations accessible from Cessnock (particularly in the east and north) via the Hunter Expressway, or employment growth areas in Maitland, such as Greenhills, could underpin demand for housing. As much as the improved accessibility might improve the attractiveness of Cessnock as a residential location this has been offset to some degree by increased congestion in the western transport corridor through Wallsend. Overall, growth is likely to be modest, relative to areas such as Maitland to the north.

3 RECENT HOUSING SUPPLY TRENDS

This chapter considers recent housing supply trends in Cessnock based on planning applications data provided by Council for the period 2012 to 2016. This data is for dwelling and subdivision approvals rather than dwelling completions and as such reflects potential for new dwellings rather than actual dwelling supply. It does however provide a reasonable indication of the quantum, mix and location of likely new housing supply, and trends and changes over time.

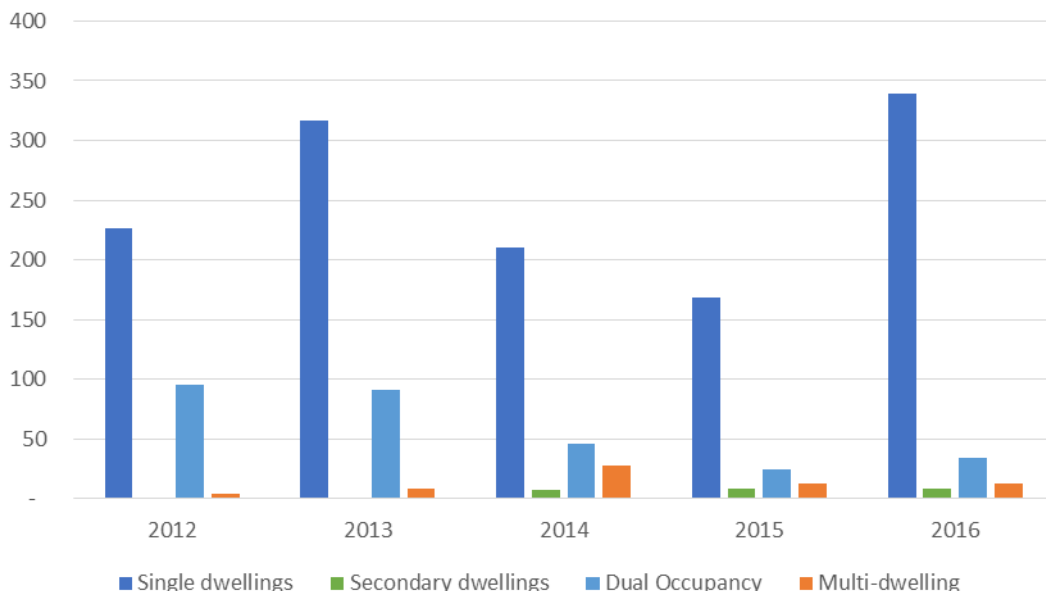
Combined mapping on both dwelling and subdivision approvals granted between 2012 and 2016 are provided in Appendix A.

3.1 Development approvals for new dwellings

Analysis of development applications data provided by Council suggests that around 360 dwellings were approved, on average, each year from 2012 and 2015 (see Figure 3 and Table 5).

Single dwellings have been the most common dwelling type averaging 250 dwellings approved per year although the number has varied from over 300 dwellings approved in 2013 and 2016 and less than 200 approved in 2015. A recent decline in approvals may be due to the slowdown in mining activity in the Upper Hunter. Dual occupancy development has made a significant contribution to dwelling approvals although the number appears to be declining over the period. Approvals for multi dwelling housing (primarily attached townhouses) and secondary dwellings are relatively modest.

FIGURE 3. COUNT OF APPROVED DWELLINGS BY DWELLING TYPE (2012 TO 2016)



Source: SGS based on data provided by Cessnock Council, 2017.

TABLE 5. DWELLINGS IN APPROVED DEVELOPMENT APPLICATIONS (2012 TO 2016)

	Single dwellings	Secondary dwelling	Dual occupancy	Multi dwellings	Boarding house rooms	Total
2012	227	-	96	4	-	327
2013	317	1	91	8	-	417
2014	210	7	46	28	51	342
2015	168	8	25	13	-	214
2016	339	9	34	13	-	395
Total	1,261	25	292	66	51	1,695
Share to total dwellings approved	74%	1%	17%	4%	3%	
Average (2012 to 2015)	252	5	58	13	10	339

Source: Based on data provided by Cessnock Council, 2016.

Analysis by land use zone¹

The table below provides a breakdown of these approvals by zone. The majority of dwelling approvals in this five year period (655) were in areas zoned R2 Low Density Residential. The remainder of approvals were in areas zoned Mixed Use (109), Medium Density Residential (55), Village (142), Rural Landscape (117) and Large Lot Residential (119).

The combined total of dwellings approved in zones where housing might be expected – the Neighbourhood Centre, Mixed Use, Low Density, Medium Density, Village and Large Lot Residential zones – was 1500 dwellings or 90% of the total dwellings approved. This suggests the majority of dwelling approvals were granted on land primarily designated for residential purposes or mixed uses. The remaining 10% of approved dwellings were mostly on land zoned Rural Landscape (9%) and Small Lot Primary Production (1%). Evidently opportunities for rural living have also been an attraction for Cessnock.

TABLE 6. DWELLINGS IN APPROVED DEVELOPMENT APPLICATIONS BY ZONE (2012 TO 2016)

	Single dwelling	Secondary dwelling	Dual occupancy	Multi dwellings	Boarding house rooms	Total	%
B1 - Neighbourhood Centre	3	-	-	-	-	3	0%
B4 - Mixed use	109	1	-	7	51	168	10%
E2 - Environmental Conservation	3	1	-	-	-	4	0%
R1 - General Residential	36	-	-	-	-	36	2%
R2 - Low Density Residential	655	7	189	35	-	886	52%
R3 - Medium Density Residential	55	8	76	10	-	149	9%
R5 - Large Lot Residential	119	2	5	1	-	127	7%
RU2 - Rural Landscape	117	-	18	11	-	146	9%
RU4 - Primary Production Small Lot	22	2	-	-	-	24	1%
RU5 - Village	142	4	4	2	-	152	9%
Total	1,261	25	292	66	51	1,695	100%

Source: SGS based on data provided by Cessnock Council, 2016.

¹ NOTE: The mapping of approved development application and subdivisions is based on the approximate longitude and latitude of the street address provided on the application. In some cases the address information is incomplete or referred to streets that do not exist in the databased used. There are likely to some errors in this mapping.

By location

To consider the distribution of approved development applications the locations were mapped using the street addresses. This required reconciling (sometimes incomplete) address data with geographic coordinates. This process may have introduced some errors however for the purpose of assessing broader trends is appropriate. The mapping shows recent housing supply in Cessnock LGA is concentrated in four localities:

- In the north of the Cessnock LGA: Branxton, Greta and Huntlee urban release area
- In a band from Abermain through Weston, Kurri Kurri, Heddon Greta and Cliftleigh
- In and around Cessnock town centre
- In three villages to the south of Cessnock town centre: Millfield, Paxton and Ellalong.

Greenfield housing development is concentrated in three areas: Huntlee, Cliftleigh and Bellbird (Bellbird North and Bellbird Heights) immediately west of the Cessnock town centre.

More detailed maps of approved development and subdivision applications are provided at Appendix A.

The 10 suburbs with the largest number of dwelling approvals are shown in Table 7. Cessnock had the largest number of approvals with 477. Heddon Greta and Cliftleigh had a combined total of 325 and North Rothbury had 206. Secondary dwellings and dual occupancies are not uncommon in most established suburbs.

The mapping of applications reveals patterns of new housing development that is generally dispersed rather than in or near existing centres and village. The main locations of this dispersed development are:

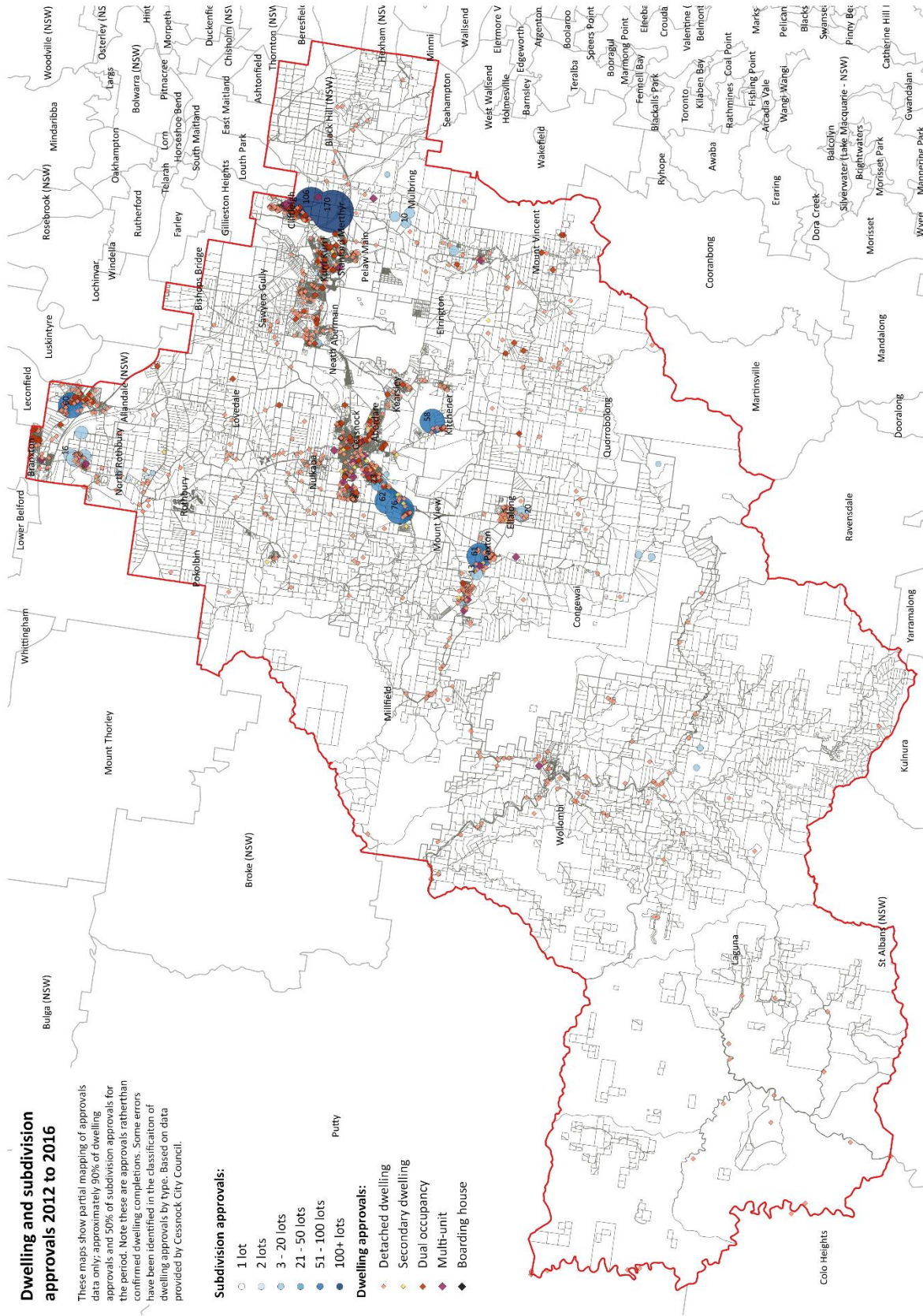
- An area between Branxton and Cessnock
- An area south west of Kitchener and Elrington (Mount Vincent in the mapping in Appendix A)
- The Wollombi Valley.

TABLE 7. APPROVED DWELLINGS, 2012 TO MAY 2016, TOP 10 SUBURBS

	Single dwelling	Secondary dwelling	Dual occupancy	Multi dwellings	Boarding house rooms	Total	%
Cessnock	291	8	97	30	51	477	28%
North Rothbury*	193	1	0	12		206	12%
Cliftleigh	202		0	3		205	12%
Heddon Greta	60		56	4		120	7%
Greta	64	1	21	0		86	5%
Ellalong	62	1	1	0		64	4%
Kurri Kurri	16	2	38	4		60	4%
Weston	50		9	0		59	3%
Millfield	48	2	1	3		54	3%
Abermain	29		6	0		35	2%
All others locations	246	10	63	10		329	19%
Total	1261	25	292	66	51	1695	100%

Source: SGS based on data provided by Cessnock Council, 2016. *Includes Huntlee.

FIGURE 4. DEVELOPMENT AND SUBDIVISION APPLICATIONS, 2012 TO 2016



Source: SGSEP, based on data provided by Cessnock City Council, 2017.

3.2 Subdivision approvals

The total count of new lots approved in Cessnock for the period 2012 to 2016 is estimated in Table 8. This data includes development applications marked by Council as residential subdivision and rural subdivision that would result in an additional residential lot. Development applications for industrial subdivision, strata-subdivision, and applications which do not result in additional residential Torrens title lots were not included in this analysis.

The data suggest approvals were given for almost 2,700 new lots in the period 2012 to 2016. A large proportion of these lots are associated with Stage 1 of the Huntlee urban release area, accounting for 1,437 lots. On average an additional 500 residential lots were approved each year between 2012 and 2016 although the annual figure is quite variable.

TABLE 8. APPROVED RESIDENTIAL LOT SUBDIVISIONS, 2012 TO 2016

	2012	2013	2014	2015	2016	Total	Average
Other lots	123	175	403	386	110	1,197	
Huntlee only				1,473		1,473	
Total lots	123	175	403	1,859	110	2,670	534

Source: Data provided by Cessnock Council, 2016.

The spatial distribution of subdivision applications (see Figure 3) aligns somewhat with that of dwelling approvals, with the four regions described earlier also hosting a significant proportion of all new lots created. (Note that only 50% of subdivision approvals are shown on this mapped due to insufficient data.)

After the Low Density Residential zone the largest number of new lots were approved in the Village zone (214 lots) and R5 Large Lot Residential zone (194) suggesting moderate demand for new allotments outside of Cessnock's major towns (see Table 9).

TABLE 9. DEVELOPMENT APPLICATIONS FOR SUBDIVISION – COUNT OF ADDITIONAL LOTS

	2012	2013	2014	2015	2016	Total
B4 Mixed Use		-		-	16	16
R2 Low Density Residential	79	162	197	227	9	674
R3 Medium Density Residential	2	-	9	5	2	18
R5 Large Lot Residential	23	6	2	125	-	156
RU2 Rural Landscape	19	7	20	21	-	67
RU4 Small Lot Primary Production	-		51		1	52
RU5 Village	-	-	124	8	82	214
Total	123	175	403	386	110	1,197

Source: SGS based on data provided by Cessnock Council, 2016.

3.3 ABS building approvals

To check the validity of SGS's analysis of Council's data it was compared to the ABS dwelling approvals data. The ABS data suggests slightly lower levels of dwelling approvals in all years, suggesting there might be an over count arising from SGS's analysis.

Based on the ABS Census data the change in dwellings for the period 2006 to 20011 in Cessnock was 1,786 which is a rate of 350 dwellings per year.

TABLE 10. ABS BUILDING APPROVALS AND COUNCIL APPROVALS COMPARED, 2012 TO 2015

	Council data	ABS data
2012	363	304
2013	427	423
2014	370	314
2015	287	285
Average (2012 to 2015)	362	332

Source: Based on data provided by Cessnock Council, 2016.

3.4 Summary

Analysis of recent housing supply based on development applications suggests Cessnock has seen around 350 dwellings approved per year in the past five years with detached housing being the dominant form of this supply. Dual occupancy dwelling have averaged around 70 dwellings per annum, although this form of housing has been declining over the 2012 to 2015 period. Multi dwelling housing has averaged a stable 30 dwellings per annum.

Around 26% of the total dwellings approved were classified by Council as either dual occupancy or multi dwelling development.

The mapping of planning applications and analysis by suburb found that the majority of new dwellings 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 residential or mixed use zones. The remaining 10% that were approved on land zoned Rural Landscape and Small Lot Primary Production may warrant closer examination to determine whether or not housing in these locations might compromise rural land uses. This issues will be considered in the Rural Lands and Rural Living study.

Around 3,200 lots were created in 2012 to 2015. Comparing subdivision approvals to dwelling approvals to give a rough estimate of subdivided but undeveloped lots suggested there might be around 1300 such lots at Huntlee, around 150 and 200 underdeveloped lots in each of Bellbird, Heddon Greta and Buchanan and 100 in Paxton.

4 HOUSING DEMAND

This chapter provides an overview of housing demand for the Cessnock LGA including the total number of dwellings required to accommodate forecast population growth, the type of households expected, and types of dwellings required, and the mix by number of bedrooms.

4.1 Regional dwelling demand

Demand projections for the five LGAs in the Lower Hunter area are summarised in the table below. Cessnock has the smallest projected dwelling demand at 360 per annum. In Cessnock's nearest neighbour, Maitland, projected dwelling demand is double that identified for Cessnock.

Past dwelling supply trends as evidenced from ABS data suggest these projections broadly align with the quantum and distribution of growth in the period 2001 to 2011. In the case of Maitland the projected growth is somewhat higher than the past trend whereas in the case of Port Stephens projected demand is lower than past growth.

TABLE 11. ANNUAL DWELLING DEMAND (AND PAST SUPPLY FORM ABS DATA)

LGA	Dwelling demand (BTS, 2012)	Supply 2001 to 2006 (ABS)	Supply 2006 to 2011 (ABS)
Cessnock	360	200	360
Maitland	780	650	510
Port Stephens	550	550	330
Newcastle	490	500	500
Lake Macquarie	770	550	790
Total	2,950	2,450	2,480

Source: BTS, 2012, ABS Census, 2001, 2006 and 2011.

This data provides an indication of expected growth but there is every possibility individual LGAs will achieve higher or lower levels of growth than projected. For example, Cessnock might attract a larger share of regional demand if other locations, particularly Maitland, were unable to provide sufficient dwellings due to supply challenges (though Maitland does have a significant supply pipeline). Conversely, if Cessnock is unable to provide a competitive offer in terms of price and/or amenity, its growth might be lower than these projections. Infrastructure costs and timing of provision are also a significant factor that will influence the ability of LGAs to respond to demand pressures.

4.2 Dwelling demand for Cessnock

Bureau of Transport Statistics projections

Table 12 below shows the most current Bureau of Transport Statistics (BTS) population and housing forecasts for Cessnock LGA over 30 years. The BTS estimates a 33% increase in population over to 2041 at an average annual growth rate (AAGR) for total population of 0.96%. This represents a population increase of 17,443 people over 30 years, or 580 people per year.

Dwelling numbers are projected to increase by 39% from 2011 to 2041, with an additional 7,806 dwellings over 30 years, which is an average annual increase of 260 dwelling per year.

TABLE 12. BTS FORECAST (2011-2041)

	2011	2016	2021	2026	2031	2036	2041	Change '11 – 41	% change	AAGR '11 – 41
Total Population	52,485	55,902	59,532	63,011	66,379	68,259	69,928	17,443	33.23%	0.96%
Private Occupied Dwellings	20,201	21,758	23,344	24,828	26,325	27,225	28,007	7,806	38.64%	1.10%

Source: BTS, 2014.

Department of Planning and Environment projections

The Department of Planning and Environment (DP&E) produces its own forecasts. These forecasts, shown in Table 13, have similar population projections to 2031 to those of the BTS (around 66,000 people). The average increase in the DP&E forecast is for an additional 695 people per year. The DP&E dwelling forecasts is for an additional 6,700 dwellings over the 20 years between 2011 and 2031, representing an AAGR of 1.32%, and an average annual increase of 335 dwellings.

TABLE 13. DP&E FORECAST (2011-2031)

	2011	2016	2021	2026	2031	Change 2011-31	% change 2011-31	AAGR 2011-31
Total Population	52,500	55,900	59,550	63,000	66,400	13,900	26.47%	1.17%
Household size	2.54	2.50	2.48	2.46	2.44	0.10		
Implied dwellings	22,250	23,950	25,700	27,300	28,950	6,700	30.1%	1.3%

Source: DP&E, 2014.

Hunter Regional Plan projections

The *Draft Hunter Regional Plan* did not contain population or dwelling projections for the Cessnock LGA, however the final plan – released in October 2016 – provided projections to 2036 for Cessnock, which are presumably based on the DP&E projections cited above. These forecasts suggests that between 2016 and 2036 an additional 13,150 people and 6,350 dwellings will be added. This is equivalent to approximately 320 dwellings per annum.

Lower Hunter Regional Strategy

In the LHRS the majority of new dwellings forecast for Cessnock were in greenfield land release areas. Around 2,000 dwellings between 2006 and 2031 were forecast to occur in centres and/or through urban infill development.

The average annual rate of increase in dwellings implied by these figures is over 850 dwellings – significantly higher than the more recent projections cited above and the supply trends noted in the previous chapter.

TABLE 14. LOWER HUNTER REGIONAL STRATEGY (2006) PROJECTIONS (2006-2031)

	Centres and Corridors	Urban Infill	New release	Total
Additional dwellings 2006-2031	500	1500	19,700	21,700

Source: Department of Planning, 2006

The *Lower Hunter Regional Strategy* allocated 11,500 dwellings to three new release areas in the Cessnock LGA (see Table 14). Table 2 illustrates that Branxton-Huntlee and Bellbird are identified as key locations for greenfield residential development, with Cessnock a minor contributor.

TABLE 15. LOCATION OF GREENFIELD DEVELOPMENT, LHRS (2006)

	Branxton-Huntlee	Bellbird	Cessnock
Additional dwellings 2006-2031	7,200	4,000	300

Source: Department of Planning, 2006

Projections used to inform this Urban Housing Study

This report adopts DP&E's population projections to forecast dwelling demand to 2036. The population forecasts provided by BTS, DP&E and in the Hunter Regional Plan are very similar.

The projections in the LHRS are now 10 years old and appear high and unrealistic in light of more recent projections and observed rates of housing supply.

The table below compares these projections to recent supply data on an annualised basis. The projected demand of around 300 dwellings per year is similar to the growth experienced between 2006 and 2011.

TABLE 16. ANNUAL DWELLING SUPPLY AND DEMAND PROJECTIONS

LGA	Supply 2001 to 2006 (ABS)	Supply 2006 to 2011 (ABS)	Projected supply (LHRS, 2006)	Projected demand (MDP*, 2011)	Projected demand (DP&E 2014)	Projected demand (DP&E 2016)
Cessnock	199	357	868	406	300	320

Source: Metropolitan Development Program, 2011, ABS Census, 2001, 2006 and 2011, LHRS, SGSEP.

*MDP = Metropolitan Development Program

4.3 Projections by household and dwelling type

The SGS housing demand model uses population projections to predict the likely mix of household types in the future, and resulting demand for different dwelling types (separate dwellings, semi-detached dwellings, and apartments). The dwelling mix estimates are based on an assessment of the propensities for different household types to occupy particular dwelling types.

Household types projections

Table 17 shows the projected population of the Cessnock LGA and projections of persons living in various household types. Couple families with children are consistently the largest household type by population between 2011 and 2036. However, this household type is forecast to have the lowest growth rate, increasing by 0.32% per annum. The fastest growing household types are one parent households, forecast to increase by 1.99% per annum, and couple families with no children, forecast to increase at a rate of 1.7% per annum, between 2011 and 2036.

TABLE 17. POPULATION PROJECTIONS BY HOUSEHOLD TYPE

Household type	2011	2016	2021	2026	2031	2036	2011- 2036 change	AAGR
Couple family with children	23,208	23,102	23,511	24,089	24,666	25,142	1,934	0.32%
Couple family with no children	10,302	11,676	12,782	13,601	14,548	15,695	5,393	1.70%
One parent family	7,759	8,884	9,845	10,756	11,750	12,690	4,931	1.99%
Other family	829	894	952	1,036	1,156	1,238	410	1.62%
Group household	975	1,023	1,125	1,200	1,285	1,391	416	1.43%
Lone person household	4,451	4,960	5,458	5,866	6,291	6,594	2,143	1.58%
Other	4,976	5,361	5,827	6,251	6,706	7,080	2,104	1.42%
Total Persons	52,500	55,900	59,500	62,800	66,400	69,830	17,330	1.15%

Source: SGS Economics and Planning, 2016.

Dwelling type projections

Table 18 shows the projected number of dwellings in Cessnock between 2011 and 2036. The total number of private dwellings is expected to increase by 7,643 from 2011 by 2036. Around 60% of these dwellings are forecast to be separate houses and 40% more compact housing forms. The highest rate of growth is expected to occur in semi-detached dwellings (5.17% AAGR). These medium density dwelling types are typically smaller than separate houses and are demanded by couples, lone person households, or small families and the projected rate of growth reflects the growth of smaller households (see Table 17).

TABLE 18. DWELLING PROJECTIONS BY DWELLING STRUCTURE

Dwelling structure	2011	2016	2021	2026	2031	2036	2011 - 2036 Change	AAGR
Separate house	18,102	19,286	20,270	21,093	21,989	22,792	4,690	0.93%
Semi-detached	958	1,310	1,783	2,275	2,815	3,376	2,418	5.17%
Flat/unit/apartment	612	726	819	904	997	1,088	476	2.33%
Other	143	157	169	180	192	202	58	1.38%
Total Private Dwellings	19,816	21,478	23,042	24,452	25,993	27,459	7,643	1.31%

Source: SGS Economics and Planning, 2016.

Affordable and social housing

Although specific figures were not available consultation with Community Housing Providers confirmed that there is demand for affordable housing. Pacific Link (CHP) recently built a small medium density project in Cessnock under the Affordable Housing SEPP and in the process of developing a Memorandum of Understanding with Council.

Wait times for social housing in Cessnock are between five and 10 years for one and four bedroom dwellings and 10 or more years for two and three bedroom dwellings².

4.4 Housing markets

A report prepared by ADW Johnson (2015) describes the characteristics of housing sub-markets in and around Maitland which extends to the northern and eastern portions of Cessnock. Although the work doesn't explicitly consider or describe housing sub-market throughout the Cessnock LGA it provides some insights.

The ADW Johnson report notes that demand for land in the Lower Hunter is driven by access to employment and services, affordability, amenity and lifestyle. Accessibility has been noted as a key element driving market growth with various federally or state funded infrastructure projects improving connections to Newcastle and Sydney and the expansion of the Hunter Expressway, which has provided residents in Cessnock with better access to services, facilities and employment outside the LGA. Although accessibility of growth areas along the New England Highway through Maitland has been hampered by congestion which has only partially been relieved by the Expressway.

The report also suggests the decline of the mining sector is having an effect on settlement patterns in the Hunter Region with softening demand for 'urban' residential land and while demand for rural residential development on the periphery of towns and villages remains strong. The major employment anchors driving future dwelling growth include Newcastle Port industrial complex, Beresfield Thornton area, Rutherford/Aberglassyn, the University of Newcastle, the John Hunter Hospital, the Newcastle City Centre, the Newcastle Airport and the Cardiff/Glendale employment area.

There are areas located as close as 20 minutes drive from the eastern urban areas of Cessnock such as Kurri Kurri and Heddon Greta. The 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.

ADW describe a series of housing submarkets around the Maitland and Cessnock LGAs (see Figure 5 and Table 4). Analysis of potential supply of greenfield lots and take up suggests that in 2014 there were an estimated 40,000 lots available in the four sub-markets that adjoin Cessnock, being West Newcastle, West Maitland, East Maitland and South Maitland. Based on sales data and industry consultation ADW suggest that some 8000 of these lots are likely to be developed in the five years to 2019, leaving theoretical capacity for a further 31,500 lots. However, due to various constraints they conclude a more realistic capacity ('achievable supply') to 2019 of 23,000 lots.

Based on this assessment the West Newcastle and South Maitland submarket appear to be the most constrained while the West Maitland market has considerable capacity. They conclude that limited supply in one submarket may affect others: "If supply is constricted and competition driven up in these catchments, land values will very likely increase and the markets may tend to crossover more than in the past" (p. 31). Demand for housing in Cessnock is thus likely to be influenced by demand and supply in adjacent LGAs.

² Data from NSW Department of Family and Community Services: <http://www.housingpathways.nsw.gov.au/how-to-apply/expected-waiting-times/hunter-new-england>

TABLE 19. CAPACITY OF GREENFIELD HOUSING SUBMARKETS AROUND CESSNOCK

Growth area	Lots (December 2014)	Lots projected to be developed to 2019	Theoretical supply of lots in 2019	Estimate of achievable supply of lots in 2019
West Newcastle	8,800	3,555	5,245	Less than 1,000
West Maitland	19,930	2,220	17,710	17,710
East Maitland	5,000	1,150	3,850	3,175
South Maitland	6,006	1,347	4,659	1,459
Total	39,736	8,272	31,464	23,344

Source: ADW Johnson, 2015.

The average residential lot sales price for the five lower Hunter LGAs was \$200,000 in 2014 and has been stagnant or in decline since 2007 (ADW Johnson 2015). This is supported by Monteath and Powys (2014) who found “The median sale price for vacant residential lots in the Lower Hunter fell from \$190,000 in 2007 to \$180,000 in 2009, then stabilised to \$185,000 and \$182,500 in 2010 and 2011 before increasing to \$193,000 in 2013” (p20).

FIGURE 5. ADW JOHNSON LOWER HUNTER HOUSING SUBMARKETS



Source: ADW Johnson, 2015.

UDIA Lower Hunter state of the land assessment

The Urban Development Institute of Australia (UDIA) commissioned Monteath & Powys to prepare a Lower Hunter state of the land report in 2014. The report suggests that the Hunter is experiencing an under supply of residential land to meet market needs and expectations. Their analysis compared housing supply patterns to the projections identified in the *Lower Regional Hunter Strategy 2006*. They note that in 2008 the Department of Planning “projected an annual increase of 3,200 dwellings and 5,640 residents for Lower Hunter between 2006 and 2011, as well as an overall declining occupancy rate from 2006 to 2031” (UDIA, 2014 pi). However the actual annual growth was 2,483: 29% lower than the projection; while the annual population growth was 6,759: 20% higher than projected. Based on this evidence the report suggested that the annual shortfall in dwelling supply in the Lower Hunter could be in the order of 5,800 dwellings per year. However, the report comes with the following caveat:

A total potential dwelling shortfall ... is a simplistic calculation that does not account for the composition of net migration, changing structure of households, changes in the proportion of occupied to unoccupied dwellings, changes in persons in non-private dwellings, the net rate of natural increase ... and does address any inherent limitations to projecting dwelling and population. (p. 26)

The report doesn't address the issue of overly optimistic dwelling projections in the LHRS. The suggestion of undersupply is also at odds with land price trends which should be increasing (rather than decreasing) if supply had not kept pace with demand.

4.5 Summary

Table 20 provides a summary of projected housing demand in Cessnock to 2036.

Using the population projections prepared by the Department of Planning and Environment, there will be an estimated demand for an additional 7,643 dwellings by 2036 from the 2011 base – approximately 300 additional dwellings per annum. 60% these dwellings are forecast to be separate houses and 40% in more compact forms such as dual occupancy, semi-detached, townhouse and some flat dwellings.

Driving demand for separate houses and more compact dwellings are increases in couple no children, one parent and lone person households. Together these households are estimated to account for 40% of the population (28,000 people) in Cessnock by 2036.

TABLE 20. SUMMARY OF DWELLING DEMAND FOR CESSNOCK LGA

Cessnock		2011	2016	2021	2026	2031	2036	2011 - 2036 Change	AAGR
Persons living in household types	Couple family with children	23,208	23,102	23,511	24,089	24,666	25,142	1,934	0.32%
	Couple family with no children	10,302	11,676	12,782	13,601	14,548	15,695	5,393	1.70%
	One parent family	7,759	8,884	9,845	10,756	11,750	12,690	4,931	1.99%
	Other family	829	894	952	1,036	1,156	1,238	410	1.62%
	Group household	975	1,023	1,125	1,200	1,285	1,391	416	1.43%
	Lone person household	4,451	4,960	5,458	5,866	6,291	6,594	2,143	1.58%
	Other*	4,976	5,361	5,827	6,251	6,706	7,080	2,104	1.42%
Total Persons		52,500	55,900	59,500	62,800	66,400	69,830	17,330	1.15%
No. of private dwellings	Separate house	18,102	19,286	20,270	21,093	21,989	22,792	4,690	0.93%
	Semi-detached / row / terrace / townhouse	958	1,310	1,783	2,275	2,815	3,376	2,418	5.17%
	Flat / unit / apartment	612	726	819	904	997	1,088	476	2.33%
	Other	143	157	169	180	192	202	58	1.38%
	Total Private Dwellings		19,816	21,478	23,042	24,452	25,993	27,459	7,643

Source: SGS Economics and Planning. *'Visitor from within Australia', 'Relationship type not applicable' and 'Overseas Visitor'.

5 HOUSING CAPACITY

This chapter is concerned with the extent to which existing land use planning and infrastructure provision might support the realisation of housing supply to meet demand in the Cessnock LGA.

The first section describes a series of 'housing supply scenarios' approximating the housing supply challenge that Cessnock faces in the short to medium term. The range of scenarios described assume differing proportions of development in infill, greenfield and rural contexts.

This is followed by a discussion of the capacity of Cessnock's greenfield areas, infill areas and an examination of the issues of dwelling entitlements and paper subdivisions.

5.1 Housing supply scenarios

The location of future housing in Cessnock will vary depending on the relative supply of infill and greenfield housing and the supply and price points of alternative options in other housing sub-markets in the Lower Hunter Region.

From the available data it was not possible to determine the proportion of recent growth in Cessnock that occurred in greenfield areas compared to established areas. Using the approvals by suburb, assuming development approvals in the suburbs of Bellbird, Bellbird Heights, Cliftleigh, Heddon Greta and North Rothbury are 80% greenfields and those in Cessnock are 40% greenfield, the implied proportion of recent housing supply in new greenfield areas is around one third of the total new dwelling supply.

It was noted in Chapter 3 that around 10% of the total number of dwellings approved between 2012 and 2015 were located on land zoned RU2 Rural Landscape and RU4 Small Lot Primary Production.

The remaining 60% of new dwelling growth has therefore occurred in established settlement as a result of the development of vacant sites or redevelopment of existing site to achieve higher densities, both within the existing urban footprint.

Based on this broad assessment, the split of recent supply between established areas (including the development of vacant sites), greenfield areas and rural locations would be roughly 60%, 30% and 10% respectively. This mix might be thought of as a 'business as usual' scenario for housing supply, that is, assuming housing supply trends in the future are similar to those of the recent past. In the absence of any significant change to the underlying drivers of demand for housing, existing planning controls and/or development feasibility, this is a reasonable assumption for the 'base case' future dwelling supply.

Cessnock's projected demand for housing of approximately 6000 dwelling over 20 years translates to 300 dwellings per annum. Splitting these 300 dwellings across the three locational categories using these proportions provides an indication of the annual rate of supply needed to keep pace with demand.

This 'business as usual' scenario and two alternative scenarios – 'high infill' and 'low infill' – are described in Table 16. The 'high infill' scenario assumes a higher proportion dwelling supply comes from established areas. This scenario might arise if consumer preferences and housing markets shift towards a greater share of housing occurring in established towns and centres (and/or local planning policies influenced this outcome). This could include a larger share of medium density or compact housing which is more likely to be built close to established employment and services. The 'low infill' scenario assumes a shift towards more greenfield housing in future. This scenario would reflect a shift in housing preferences and supply to Cessnock's greenfield areas that might occur as a result of additional greenfield supply being brought to market at attractive price points, or alternatively, housing markets encountering barriers to realising the same rate of infill development as past trends.

Constructing these scenarios provides an indication of the possible future dwelling supply scenario that Council might expect, depending on housing market conditions and a wide variety of factors that will influence future supply and demand for housing in Cessnock.

The final column in Table 21 shows the possible range of average annual housing supply rates for the next 10 to 20 years based on these scenarios.

TABLE 21. HOUSING SUPPLY SCENARIOS – DWELLING SUPPLY BY LOCATION TYPE

	'Business as usual'			'High infill'			'Low infill'			Range
	Proportion	Annual supply	20 year supply	Proportion	Annual supply	20 year supply	Proportion	Annual supply	20 year supply	Annual supply
Established	60%	180	3600	70%	210	4200	50%	150	3000	150 - 210
Greenfield	30%	90	1800	25%	75	1500	40%	120	4800	75 - 120
RU2 and RU4	10%	30	600	5%	15	300	10%	30	600	15 - 30
Total	100%	300	6000	100%	300	6000	100%	300	6000	

Source: Metropolitan Development Program, 2011, ABS Census, 2001, 2006 and 2011, LHRS, SGSEP.

If Cessnock were to attract a larger share of regional housing growth 300 dwellings per annum could prove insufficient. The three housing supply scenarios described above could be recalibrated to include a total supply of 400 dwellings per year as a plausible 'higher growth' outcome compared to recent trends. The resulting split of dwellings by location assuming higher growth is shown in the higher growth scenarios in the table below.

TABLE 22. HIGHER GROWTH DWELLING SUPPLY SCENARIOS

	'Business as usual'			'High infill'			'Low infill'			Range
	Proportion	Annual supply	20 year supply	Proportion	Annual supply	20 year supply	Proportion	Annual supply	20 year supply	Annual supply
Established	60%	240	4800	70%	280	5600	50%	200	4000	200 - 280
Greenfield	30%	120	2400	25%	100	2000	40%	160	3200	100 - 160
RU2 and RU4	10%	40	800	5%	20	400	10%	40	800	20 - 40
Total	100%	400	8000	100%	400	8000	100%	400	8000	

Source: Metropolitan Development Program, 2011, ABS Census, 2001, 2006 and 2011, LHRS, SGSEP.

The range of dwellings (the final columns in the tables above) should provide Council with a plausible indication of likely supply requirements, accounting for a variety of factors that influence housing supply and demand both within and beyond Council's control.

5.2 Capacity in greenfield areas

Cessnock's greenfield areas are located in three broad precincts: 'West' which includes those greenfield areas in and around Cessnock town centre; 'East' which includes areas adjacent to Kurri Kurri (and falls within the Maitland South housing sub-market referred to earlier in this report); and the North which includes Huntlee and greenfield land around Greta (and falls within the Maitland East housing sub-market). The locations of these sites are illustrated in Figure 6.

The CWSS (2010) estimated potential supply of 20,000 lots for residential development over 15 greenfield areas although these were based on the LHRS projections for dwellings, which in the case of Cessnock is unrealistically high (Table 23). Based on the scenarios described above the demand for greenfield dwellings could be in the order of 1500 to 2500 dwellings over the next 20 years.

'On paper' there is significant capacity to accommodate demand for housing in greenfield areas in Cessnock. The Huntlee estate alone has capacity for three times the estimated demand for greenfield dwellings if all stages of that development are realised (see Staging Plan at Figure 7).

The 'status' of Cessnock's potential release areas is shown in the final column of Table 23.

As of 2016, 14 of 16 greenfield areas have been either brought to the market or granted a rezoning to allow residential development. The total capacity of the 14 areas (net of existing approvals) is 14,500 dwellings.

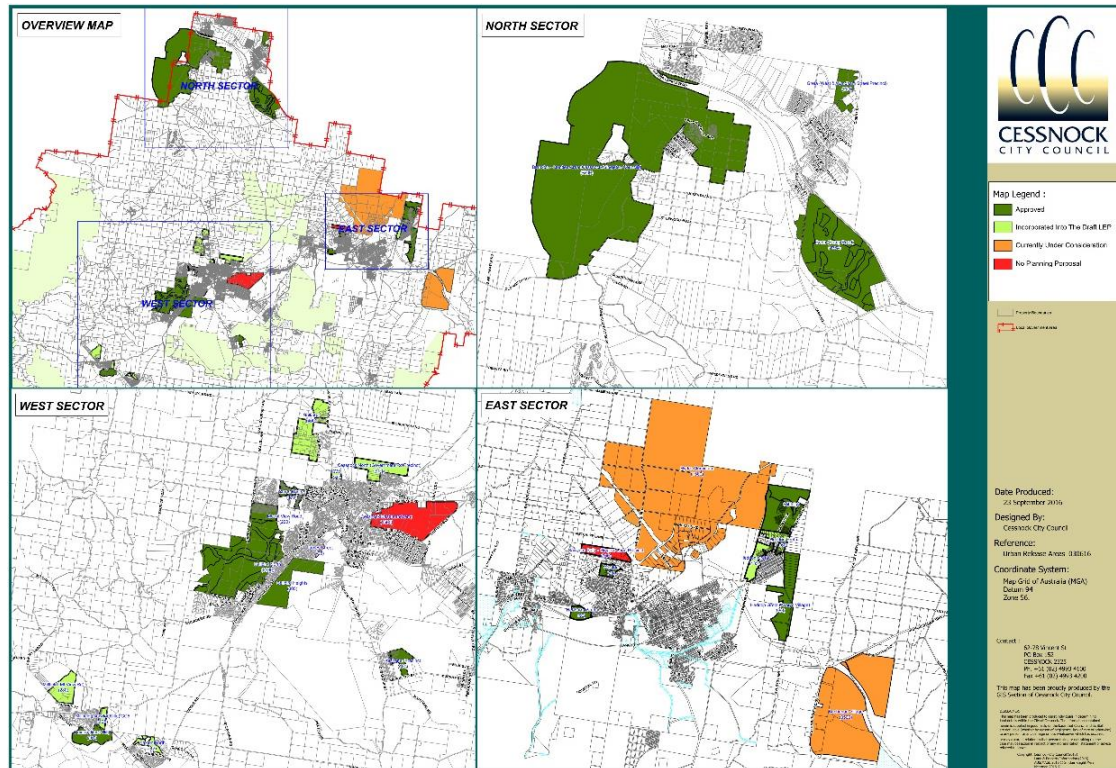
This 'capacity' figure significantly exceeds the projected demand for greenfield development to 2036 in the scenarios outlined above. However, it is likely that not all greenfield area listed will progress beyond the rezoning stage. The costs associated with providing trunk infrastructure to greenfield areas, and modest greenfield dwelling demand relative to potential supply, is likely to prevent some greenfield developments progressing to completion.

TABLE 23. GREENFIELD AREAS OF CESSNOCK LGA

Area	Estimated total capacity	Status in 2016**	Estimated remaining capacity
West Precincts			
Bellbird North	3,500	Zoned - 84 lots delivered	3,416
Bellbird Heights	305	Zoned – no lots delivered	305
Nulkaba	400	Zoned – 16 lots delivered	384
Cessnock North (Government Road)	370	Zoned – no lots delivered	370
Cessnock East	1,500*	Unzoned	na
Milfield-Paxton (RoseHill)	100	Zoned – 4 (development) lots delivered	96
Milfield-Paxton (Mount View)	159	Zoned – no lots delivered	159
Milfield (Crawford Avenue)	125	Zoned – no lots delivered	125
Kitchener Precinct	100	Zoned – 59 lots delivered	41
East Precincts			
Cliftleigh	977	Zoned - 283 lots delivered and 180 dwellings approved ('12 - '15)	694
Heddon Greta	135	Zoned – 61 lots delivered	74
Heddon Greta (Avery Village)	960	Zoned - 214 lots delivered	960
Sawyers Gully	900*	Unzoned	Na
North Precinct			
Branxton Huntlee	6,705	Zoned - 174 lots delivered	6,531
Greta (Camp Road)	1,364	Zoned - no lots delivered	1,364
Greta (Wyndham Street)	234	Zoned - no lots delivered	234
Total lot yield	17,834		14,753

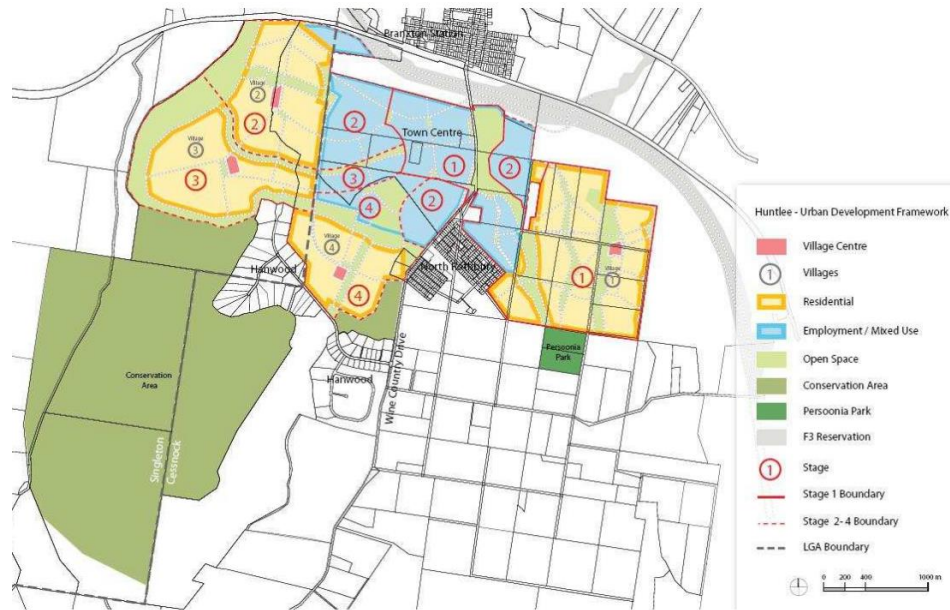
Source: * Estimated lots - Cessnock City Council, 2010; ** CCC Land Development Monitor March 2016.

FIGURE 6. SITES IDENTIFIED AS POTENTIAL URBAN AREAS



Source: Cessnock City Council, 2016

FIGURE 7. HUNTLEE STAGING PLAN



Source: Department of Planning and Infrastructure, 2013

5.3 Capacity for infill development

The CWSS advocated increasing dwelling density through urban infill in towns and villages. The Strategy identifies capacity for 2,300 infill dwellings to 2031. This total includes 500 dwellings in commercial areas (300 in Cessnock, 50 dwellings in Kurri Kurri/Weston, 50 dwellings in Branxton and 100 dwellings in Huntlee), 1,000 medium density dwellings (550 in Cessnock, 300 in Kurri Kurri, 50 in Weston and 100 in Branxton) and between 826 and 1216 additional dwellings provided via ‘small area rezonings’ of sites exist within the established urban footprint (400 to 800 dwellings across 6 separate sites in Cessnock, 100 dwellings in Millfield, 45 dwellings in Paxton North and 246 dwellings in Nulkaba).

The review of recent development applications found a significant proportion of new housing supply is likely to have occurred on sites within established urban areas. Around 330 dwellings approved between 2012 and May 2016 – 20% of the total dwellings approved – were on land zoned R3 Medium Density Residential or B4 Mixed Use. A significant number of dwellings approved on R2 zoned land (Low Density Residential) are also likely to be in established areas of Cessnock’s towns and villages rather than greenfield areas with this zone. On balance, a significant proportion of Cessnock’s recent dwelling supply could be considered infill development within the existing urban footprint.

The Cessnock town centre, Kurri Kurri, Weston and Branxton all contain significant areas zoned R3 Medium Density Residential which permit dual occupancies, secondary dwellings and multi-dwelling housing (but not residential flat buildings). The R2 zone, which applies to a significant proportion of Cessnock’s residential land, also permits dual occupancies and secondary dwellings. Minimum lot size controls for urban areas of Cessnock are typically 450 sqm with the LEP providing an exemption from this requirement for dual occupancies (applying a minimum of 300 sqm per lot per dwelling instead).

Given Cessnock has significant areas of land zoned R1, R2 and R3 with relatively modest densities, there would appear to be considerable capacity for infill development through either the subdivision of larger lots, or the development of dual occupancies or, where they are permissible, medium density developments.

Residential flat buildings are permissible in the B2 and B4 zone however this form of infill development is less likely given the relatively higher construction costs and modest sales and/or rental revenues for apartments in Cessnock.

Infill development in Cessnock’s villages

Cessnock’s villages have been identified by Council as potential opportunities for residential growth. A number of these villages are located on main transport corridors and in close proximity to established centres with higher order shopping and services, however others are quite isolated from these services. Development within the more

accessible villages has the potential to utilise existing infrastructure (as opposed to extend infrastructure services to new areas) and could support existing or new commercial and retail services. Heddon Greta, Kearsley, Neath and Greta are all proximate to established areas and have reticulated sewer. The villages of Ellalong, Millfield, Paxton, Abernethy, Mulbring and Wollombi are more isolated. Abernethy, Mulbring and Wollombi do not have reticulated sewer systems.

In terms of past growth the villages of Heddon Greta, Greta, Millfield, Paxton and Ellalong all attracted planning applications for 50 or more dwellings each between 2012 and May 2016. These larger villages generally have undeveloped zoned land for residential development (zoned R2 Low Density Residential or RU5 Village), although this land is not necessarily subdivided (or serviced) for housing allotments (this matter is discussed in more detail below).

Kearsley, Abernethy and Mulbring have seen more limited growth, although this reflects the smaller size of these villages and fewer services. Neath has attracted only one dwelling approved in recent years.

Together the villages of Greta, Millfield, Paxton, Ellalong, Kearsley, Abernethy and Mulbring accounted for at least 15% of the recent supply of approved dwellings. Adding dwellings approved in the established areas of Heddon Greta (as opposed to the greenfield area to the north east of the town), the proportion of dwellings approved in Cessnock's villages would be closer to 20% of all dwellings.

Cessnock's R2 and RU5 zones which typically apply in these villages permit semi-detached dwellings, secondary dwellings and seniors housing. Dual occupancies are not permitted in the RU5 Village zone. Accordingly, these localities can deliver some diversity in housing product.

It is difficult to assess the capacity of Cessnock's villages for additional dwellings. Comparing zoning maps and aerial photography suggests there are still some areas of land zoned for residential development but undeveloped in the villages of Greta, Millfield, Paxton, Ellalong and Kearsley. Capacity analysis of these areas would require lot level data dwelling data to identify those lots that are zoned but without existing dwellings. (This might be possible using rates data if this can be reconciled with the unique parcel identifiers associated with the cadastral data.)

If recent past trend are any indication, Cessnock's villages have the potential to make an important contribution to future dwelling supply.

FIGURE 8. CESSNOCK'S TOWNS AND VILLAGES

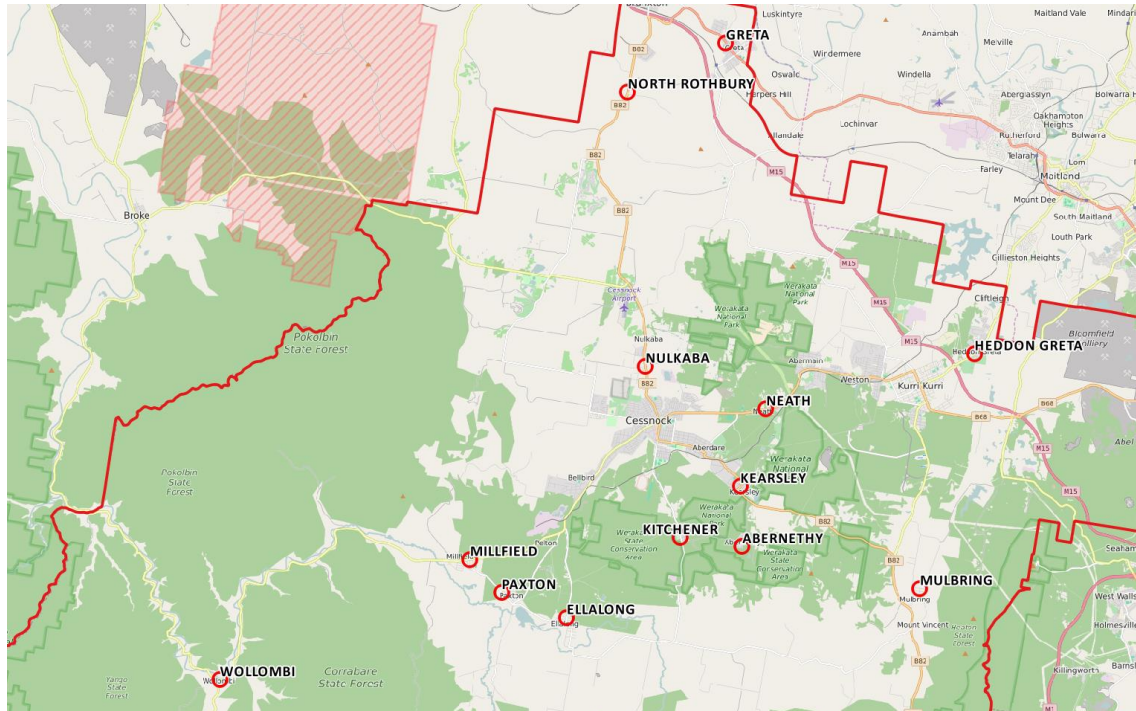


FIGURE 9. EXAMPLES OF VILLAGES WITH VACANT ZONED LAND: ELLALONG



FIGURE 10. EXAMPLE OF VILLAGES WITH VACANT ZONED LAND: GRETA



5.4 Dwelling Entitlements and Paper Subdivisions

A 'dwelling entitlement' provides a right to make an application for the construction of a dwelling house on a parcel of land.

A 'paper subdivision' is the term used to describe land parcels that are recognised on paper only. In most cases, they remain undeveloped and have no formed roads, drainage or services.

Background on dwelling entitlements

The 2010 City Wide Settlement Strategy reviewed aspects of dwelling entitlements and, amongst other matters, recommended retention of the existing 40ha minimum lot size for subdivision and dwelling entitlements as it relates to existing rural and the vineyards district. This is reflected in the Cessnock LEP 2011, where Council maintained a minimum lot size for subdivision of 40ha for rural land zoned RU2 - Rural Landscape and RU4 - Primary Production Small Lots. 14% of rural lots in the LGA are greater than 40ha. For land zoned E2 - Environmental Conservation, a minimum lot size of 80ha was introduced. Clause 4.1 of the Cessnock LEP 2011 and the supporting Minimum Lot Size Map(s) specifies minimum lot size for the subdivision of land.

To prevent further fragmentation of rural and environmental protection land and to protect rural landowners' dwelling entitlement, the 'existing holding' provision was also retained for the purpose of identifying lots with a dwelling entitlement that are less than the 40ha minimum lot size. An existing holding is land that was a 'holding' at 31 December 1984, either as an individual lot or an aggregation of adjoining or adjacent lots held in the same ownership at that date, whether or not there has been a change of ownership of the holding since then.

Despite these restrictions, some land owners still have access to a dwelling entitlement through a 'concession allotment' entitlement or as a result of being mapped on the Dwelling Entitlement Map.

Entitlement to a concessional allotment allowed for the creation of an allotment of not more than 2 ha intended to be used primarily for the purpose of a dwelling house if the allotment to be excised was from an existing holding. Subdivision provisions to allow 'concessional lots' were removed from the LEP in 2007.

Finally, areas considered suitable to provide for limited additional dwelling entitlements through a diverse range of rural lot sizes for agricultural activity and rural living options on the periphery of existing villages in acknowledgement of the limitations to further residential growth, were identified and mapped on the Dwelling Entitlement Map supporting the Cessnock LEP 2011.

The 2016 Cessnock Rural Lands Study outlines the history of past decision making that has led to a much larger number of lots with dwelling entitlements than could be expected from the application of the Lot Size Map only. The Study estimated that of the 10,509 properties in the rural and environmental zones of the LGA, there are a total of 7,691 dwelling entitlements. Of these approximately 75% of entitlements are located in the RU2 zone, with approximately 28% of entitlements on properties of less than 2 ha. The extent to which these entitlements have led to the construction of dwellings is not known, and consequently it is not possible to determine the residential potential for additional dwellings ('available entitlements').

In addition, it is not known how many existing holdings contain several lots that are each below the minimum lot size. In these cases, the landowner can sell each of the constituent lots even though they may not have a dwelling entitlement (because the existing single dwelling entitlement is attached to the holding). Should the holding be close to an urban settlement or there is a large concentration of such lots, pressure may arise to rezone the land and/or amend the minimum lot size to permit dwellings on each lot. Such a situation may not be desirable due to the high likelihood of infrastructure deficiencies or be contrary to well considered settlement practice by dispersing urban development (see below under 'Paper Subdivisions').

Impact of Clause 4.2A

Clause 4.2A allows more dwellings in rural areas than might result from the Minimum Lot Size map alone. Nonetheless Clause 4.2A exists to protect the entitlements of land owners that existed prior to the adoption of the 2011 LEP. The potential additional supply is heavily discounted by the existence of a dwelling on the subject land (Clause 4.2A only has effect if no dwelling house has been erected on the land in question), market demand, access difficulties and the willingness of landowners to construct dwellings on their land.

Clause 4.2A does have the potential effect of distorting policies aimed at managing the growth of towns and villages as a number of localities to which Clause 4.2A applies are on the periphery of urban areas. Clause 4.2A may also impact on policies seeking to retain landscape values by managing the development of additional dwellings, such as within the Vineyards, other scenic areas, and prime agricultural land.

Council has a considerable legacy arising from past decisions and practices which permitted dwelling entitlements in rural and environmental zonings. This is common to many Local Government Areas. The magnitude of this legacy is difficult to quantify because many dwelling entitlements have already been taken up and many entitlements may not be taken up due to economic, personal and topographic reasons.

The presence of dwelling entitlements causes difficulties in Council implementing sound planning practice based on contemporary experience and planning policy, because it introduces “an exception to the rule”.

The impact of dwelling entitlements varies depending on the locations, and includes:

- Reduction in agricultural viability
- Environmental and landscape impacts
- Infrastructure and service provision issues
- Pressure to improve infrastructure in low priority locations
- Impediments to more intensive planned development (urban expansion) on the periphery of towns and villages
- Low cost housing in undesirable and/or isolated locations.

The use of a sunset clause in relation to existing holdings would provide a way to reduce the magnitude of this issue, and would be consistent with neighbouring Councils.

Available dwelling entitlements

The 2011 City Wide Settlement Strategy and the 2016 Rural Lands Study have attempted to identify the extent of land with dwelling entitlements. The potential number of lots has been quantified by land use zone. This information is provided in Table 24 and Figure 11.

TABLE 24. DWELLING ENTITLEMENTS

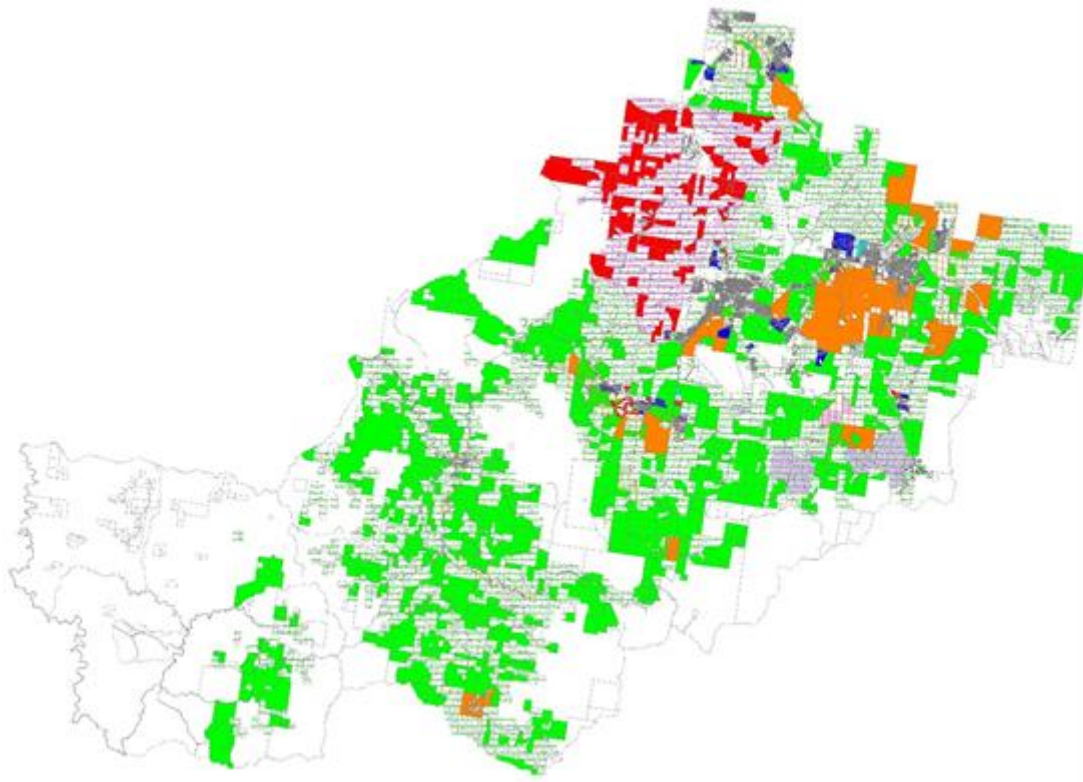
TABLE 2: PROPERTY SIZE AND DWELLING ENTITLEMENTS BY RURAL AND ENVIRONMENTAL ZONE

Property size	RU2		RU3	RU4		E2		E3	E4	DM	Total	
	Properties	Dwelling entitlements	Properties	Properties	Dwelling entitlements	Properties	Dwelling entitlements	Properties	Properties	Properties	Properties	Dwelling entitlements
<2ha	2,286	2,157	4	1371	884	222	235	3	2	165	3,888	3,276
2-40ha	3,046	2,969	47	563	515	187	136	8	4	1093	3,855	3,620
>40ha	793	643	93	98	82	112	70	14	1	397	1,111	795
Total	6,125	5,769	144	2,032	1,481	521	441	25	7	1655	10,509	7,691

Source: 2016 Cessnock Rural Lands Study

In Figure 11, the hatched areas of the map are where landowners may have a dwelling entitlement. The solid coloured areas on the map are lots that are too small to accommodate further subdivision under the current planning controls and are not eligible for dwelling entitlements.

FIGURE 11. POTENTIAL LOCATIONS OF DWELLING ENTITLEMENTS



Source: Cessnock City Council, 2016

However, it is important to know the actual number of entitlements that have not been used and those which are unavailable for one reason or another. Preliminary mapping has been undertaken in an effort to better understand this issue, but further work is required (see Appendix C).

Paper subdivisions

There are also 'paper subdivisions' in Cessnock without supporting infrastructure. Due to fragmented ownership of the land, lack of services, and, in many cases the isolated location of the land, it is often frequently not practical or desirable to permit the construction of dwellings on these subdivisions. In cases where land is in a location where development is feasible or desirable, it is often extremely difficult to co-ordinate the owners of the land to support and finance a scheme to provide the services and infrastructure required to support development.

The NSW Government has investigated the above issue and developed a mechanism to facilitate the ability of the owners to act collectively to provide services and infrastructure (Section 155 and Schedule 5 of the Environmental Planning and Assessment Act). To date this mechanism has not been widely applied because of the complexity and the length of time taken to bring together and develop a collective view amongst the landholders and complete the necessary processes.

Within Cessnock LGA, there are paper subdivisions in Millfield, Neath, Ellalong, Abernethy, Richmond Vale and Elrington. With the exception of Richmond Vale which is zoned E2, these areas are zoned RU2.

Often these subdivisions are reflective of the prevailing lot size of the adjacent settlement and the road reservations are extensions of the existing road patterns. However, the subdivisions may be affected by environmental hazards such as flooding or bushfire, or environmental constraints such as threatened flora and fauna, and the presence of these characteristics typically render the development of the land unviable or undesirable.

Paper subdivisions are problematic when the constituent lots are in multiple ownerships. Because each lot in a paper subdivision has its own title it can be sold to individual owners. These new owners often apply pressure for the land to be rezoned and services to be provided. Should they be successful, new urban or rural residential areas may be established, potentially at significant public cost and not necessarily in a desirable location

Paper subdivisions at Millfield, Neath, Ellalong, Abernethy are located on the periphery of existing towns or villages but lack physical infrastructure including formed or sealed roads. In Millfield, the creation of a new subdivision plan (Rural Res) that amalgamates small lots into more viable parcels has been undertaken. A similar approach could be considered for paper subdivisions at Neath, however, access and bushfire consideration and fragmented ownership could limit such undertakings

The Richmond Vale and Elrington paper subdivisions are isolated from existing settlements. Richmond Vale comprises 154 lots and is located adjacent to HEZ on land that is heavily vegetated. Whereas Elrington comprise 85 lots adjacent to the Werakata National Park that are partially cleared and used for cattle grazing. Both subdivisions comprise a single existing holding.

It is important Council has a clear policy regarding locations for development and consistently interprets this policy so it is clear to the public that there is minimal likelihood of paper subdivisions ever being developed outside the development areas.

Services and infrastructure

In relation to dwelling entitlements in the areas adjacent to, or near existing villages and towns, it is important that the extent of spare infrastructure capacity and the cost of infrastructure upgrades are known. This work would need to be done on a location by location basis because of the differences between settlements. It should also identify the extent to which any additional infrastructure capacity is likely to be consumed by future 'planned' development and how much unused capacity might remain to cater for the take up of dwelling entitlements. For each item of infrastructure, the source of funding for capacity improvements would need to be identified; whether it is user paid or provided out of public funds.

The calculation and apportionment of these costs will assist in determining the benefits and disadvantages of facilitating the realisation of dwelling entitlements in specific locations and the mechanisms for addressing these. Most physical infrastructure costs, such as sewer and water reticulation by the Hunter Water Corporation tend to be on a user pays basis. Council is probably the organisation most exposed to costs being borne out of public funds. This is because the costs of upgrading infrastructure such as poorly formed unsealed roads and drainage systems is often difficult to capture with scattered development; when subdivision consent has already been given and the application of Section 94 development contributions is problematic. In addition, Council is more exposed to political pressure to absorb these costs.

The Hunter Water Corporation undertook a significant program of reticulated sewer provision to villages in the Cessnock area during the 1990s and early 2000s. It may be that this program has led to surplus water and sewer capacity in these areas. Despite their small size a number of these villages have their own school, shop, sports field and community centre. Where consistent with good planning practice, enhancing the growth of these villages may assist in maintaining and improving the viability of these facilities. On the other hand, growth should not be encouraged around those villages and localities with minimal existing facilities and/or high infrastructure costs to accommodate additional growth.

The larger 'rural residential/lifestyle lots' with dwelling entitlements on the periphery of urban areas may present challenges for the long term growth and expansion of these settlements; the fragmented land ownership and the siting of existing dwellings will reduce the ability for such areas to be developed more intensively in the future (as has already occurred in Nulkaba).

Accordingly, Council may wish to review the conditions under which it permits development/dwellings on these lots, through the use of clear building siting, environmental and other controls.

In relation to less intensive rural areas most infrastructure provision operates on a user pays basis. Many are not serviced by Hunter Water Corporation for sewer or water reticulation and are self-sufficient in this respect.

The implications of more dwellings in less intensively settled rural areas for Council services are:

- Waste collection and management is generally funded by a separately identifiable waste management user charge.
- More intensive rural settlement (i.e. more dwellings in a given locality) may increase pressure for roads to be improved and sealed, often at public cost
- Generally additional community, recreation and civic facilities are unlikely to be required beyond minor upgrades, due to increased demand on the existing facilities in towns and villages.

The presence of dwelling entitlements causes difficulties in Council implementing sound planning practice based on contemporary experience and planning policy, because it introduces “an exception to the rule”.

The impact of dwelling entitlements varies depending on the locations, and includes:

- Reduction in agricultural viability
- Environmental and landscape impacts
- Infrastructure and service provision issues
- Pressure to improve infrastructure in low priority locations
- Impediments to more intensive planned development (urban expansion) on the periphery of towns and villages
- Low cost housing in undesirable and/or locations.

Unfortunately, Council appears to be limited in the extent to which it can reduce the scope of dwelling entitlements in rural and environmental zones because of the ‘mandatory’ nature of Clause 4.2A of the Standard Instrument LEP.

5.5 Water and sewer infrastructure

The release of greenfield land on the market is dictated by the provision of trunk infrastructure and in particular water and sewer. In the past it has fallen on the Hunter Water Corporation (HWC) to provide a reticulated water and sewer systems. In 2006 the Water Industry Competition Act enabled private entities to construct, own and operate water and wastewater infrastructure. HWC estimate that around 15,000 housing lots will be serviced via private water infrastructure arrangements in the next 20 years (HWC, 2016). Both Huntlee and Bellbird North and Bellbird Heights greenfield areas in Cessnock have pursued this private infrastructure approach.

Consultation with HWC suggested there is no formal or adopted servicing or staging strategy for the roll out of water infrastructure in Cessnock. It is understood that HWC will contemplate servicing new urban areas provided relevant costs are met by the developer. However HWC is wary of the risks of ownership of water infrastructure on multiple development fronts or where the rate of development is slow. Under these circumstances the income from new infrastructure assets can be modest relative to their cost.

HWC has complete or commenced several projects intended to increase capacity for growth in these parts of the LGA. These include the Branxton Wastewater Treatment Works Upgrade (\$48 million, complete), the Cessnock Water Supply upgrade (\$5 million underway) and the Paxton Wastewater Treatment Works (\$18 million, complete).

HWC has also recently invested in the corridor between Maitland and Huntlee (including the Tarro to Beresfield watermain replacement, the Maitland North Rothbury water supply upgrade, the Farley Wastewater Treatment Works Upgrade and a series of water system upgrades with a total cost in excess of \$60 million³). These projects *may* benefit proposed greenfield areas in the north of Cessnock at Greta.

5.6 Summary

To meet projected demand for new dwellings, an average of 300 additional dwellings per year will need to be built in Cessnock; or a total of 6,000 additional dwelling to 2036. Should growth exceed projections – and Cessnock captures a larger share of the region’s growth – a figure of 400 dwellings per annum (8,000 to 2036) might be used as a guide for a high growth scenario. Six scenarios for accommodating this growth were considered as a means of exploring the likely range of dwellings that might be anticipated in infill, greenfield and rural contexts.

Cessnock has significant capacity for greenfield development. The timing and likelihood of realising dwellings in some estates is unknown due to the significant capacity in those estates already approved, and uncertainty around enabling infrastructure. The seven greenfield areas that are ‘active’ or at least rezoned have capacity for 14,000 dwellings which significantly exceeds the total estimated 20 year dwelling demand for Cessnock.

A significant share of recent past development proposals have been for infill locations (in the order of 60% of recent new supply). There is no reason to suggest that planning controls are a barrier to additional supply in areas zoned R1, R2, R3 and B4 and therefore this trend is likely to continue. Supply constraints for infill development, and in particular medium density housing, are more likely to be relative to the limited depth of the building and development industry in catering to infill development in Cessnock. Industry consultation (UDIA/HIA) revealed very

³ More details of these projects is provided at <http://www.hunterwater.com.au/Major-Projects/>

little about active builders/developers in the infill context in Cessnock. Development economics and market acceptance may also be constraints.

It is difficult to assess the capacity of the villages without more detailed data of the location/number of existing dwellings on zoned land, but preliminary analysis would suggest there is some capacity for growth. The larger villages (e.g. Heddon Greta, Greta, Millfield, Paxton and Ellalong) have recently attracted a reasonable share of past development activity. Council might consider options for expanding these further where this might provide more efficient than greenfield growth. Enhancing the growth of these villages may assist in maintaining and improving the viability of existing facilities (e.g. schools, shops, sportsfields and community centres) but growth should not be encouraged around villages and localities with minimal existing facilities and/or high infrastructure costs.

With respect to paper subdivisions Council should have a clear policy regarding locations for development and consistently interpret this policy so it is clear there is minimal likelihood of paper subdivisions ever being developed outside the desired or planned development areas.

Cessnock LGA covers a wide area. Its towns and village are spread out, often separated by intervening undeveloped or undevelopable land. Many of its roads, rural and urban, are not of contemporary standard and require upgrades. These factors contribute to the costs for providing and maintaining infrastructure and services to Cessnock LGA being higher than a less topographically constrained area and one with more compact settlement patterns. Accordingly, it is important that Cessnock manage new settlement and development in such a way as to minimise the cost of developing and servicing new development, and to free up resources to deal with past infrastructure deficiencies.

6 DIRECTIONS

Drawing on the analysis presented in the preceding chapters, this section outlines the recommended directions for planning for urban housing in Cessnock.

6.1 Regional perspective on supply

The opening of the Hunter Expressway has enhanced connectivity of the northern areas of the Cessnock LGA and other centres in the Lower Hunter Region. Given employment and services are concentrated in Greater Newcastle the Expressway is an important strategic link for Cessnock. Existing settlements and greenfield areas in close proximity to the Expressway – Huntlee, Branxton, Greta, Heddon Greta and Kurri Kurri – are now more attractive locations, relative to the central and southern areas of the LGA. In the case of Huntlee, Greta and Heddon Greta, there are significant reserves of greenfield land supply.

Notwithstanding this development, opportunities for greenfield growth in the Maitland LGA will compete with those in Cessnock. Greenfield areas in Maitland include Chisholm, Gillieston Heights, Aberglasslyn, Louth Park/Waterforde Estate and Mount Harris. As highlighted earlier in this report, there is overlap between housing sub-markets in the west and south of Maitland and the north and east of Cessnock. The relative attractiveness and price points of land and new housing in Cessnock's and Maitland's greenfield areas will play a role in determining the balance of growth between the two LGAs. In recognition of the substitutability of different local housing sub-markets across the region, we believe it would be prudent to plan for around 400 dwellings per year in the Cessnock LGA (when 300 would appear to be sufficient) based on the following ranges for different locations:

Supply type	Annual supply range
Established	200 - 280
Greenfield	100 - 160
RU2 and RU4	20 - 40
Total	Approx. 400

These figures should inform the sequencing of development, in particular planning and service and infrastructure provision for the 3-5 year tranches of short, medium and long term greenfield and dispersed

6.2 Structure plan

The application of these directions requires a spatial strategy or structure plan that describes a preferred pattern of development for Council, stakeholders and the community. A preliminary broad structure plan for the LGA that draws on the findings of this study and the early findings of the employment land study and the precincts described in the Rural Lands study (see Figure 12).

The principles that have informed the structure plan includes:

- Identification of a preferred corridor for residential development (and associated retail and community services, and trade and light industry services) from east to west (Maitland through to the villages west of Cessnock town centre).
- Drawing on the employment lands study, the identification of a preferred corridor for major employment land development adjacent to the Hunter Expressway.
- Acknowledgement of the existing pattern of towns and villages as the fundamental structuring elements for residential growth and service provision for the LGA.
- Identification of broader areas around these existing settlements that might be contemplated for 'in-sequence' additional residential growth to support existing towns and villages based on the principle of minimising the need for and costs of additional community and development infrastructure and services (subject to further examination) and enhancing .

- Recognition that a number of major greenfield areas have been approved and are likely to contribute to housing supply to a significant extent (e.g. those areas zoned at Huntlee, Bellbird, Heddon Greta and Greta). Realising the ‘full’ capacity of these areas will depend on market preferences and competition from alternative locations (from both alternative greenfield developments and infill development).
- The desire to retain ‘green breaks’ between Cessnock’s villages and towns.

6.3 Support housing growth in Cessnock’s established settlements

Cessnock’s established centres and village have accommodated a significant share of recent past housing growth. The analysis of recent supply suggested that, despite the significant supply of greenfield land, 60% of new dwellings in Cessnock occurs in established settlements. These locations typically feature good access to existing social and community infrastructure and capacity within existing utility infrastructure.

Where there is sufficient capacity within existing infrastructure, additional housing in established areas is more ‘cost effective’ than greenfield growth that can require the provision of significant new infrastructure.

Housing supply in and around established settlement in Cessnock can be supported in a number of ways:

- Supporting medium density housing developments
- Supporting secondary dwellings in established areas
- Supporting the provision of shop top housing on shopping strips
- Rezoning land that is within or at the edge of established areas to permit housing
- Calibrating Section 94 contributions to reflect the lower cost to Council of accommodating growth in established areas, and
- Working with community housing providers to encourage the provision of affordable housing in accessible locations.

6.4 Managing greenfield development sequencing and ‘out of sequence’ proposals

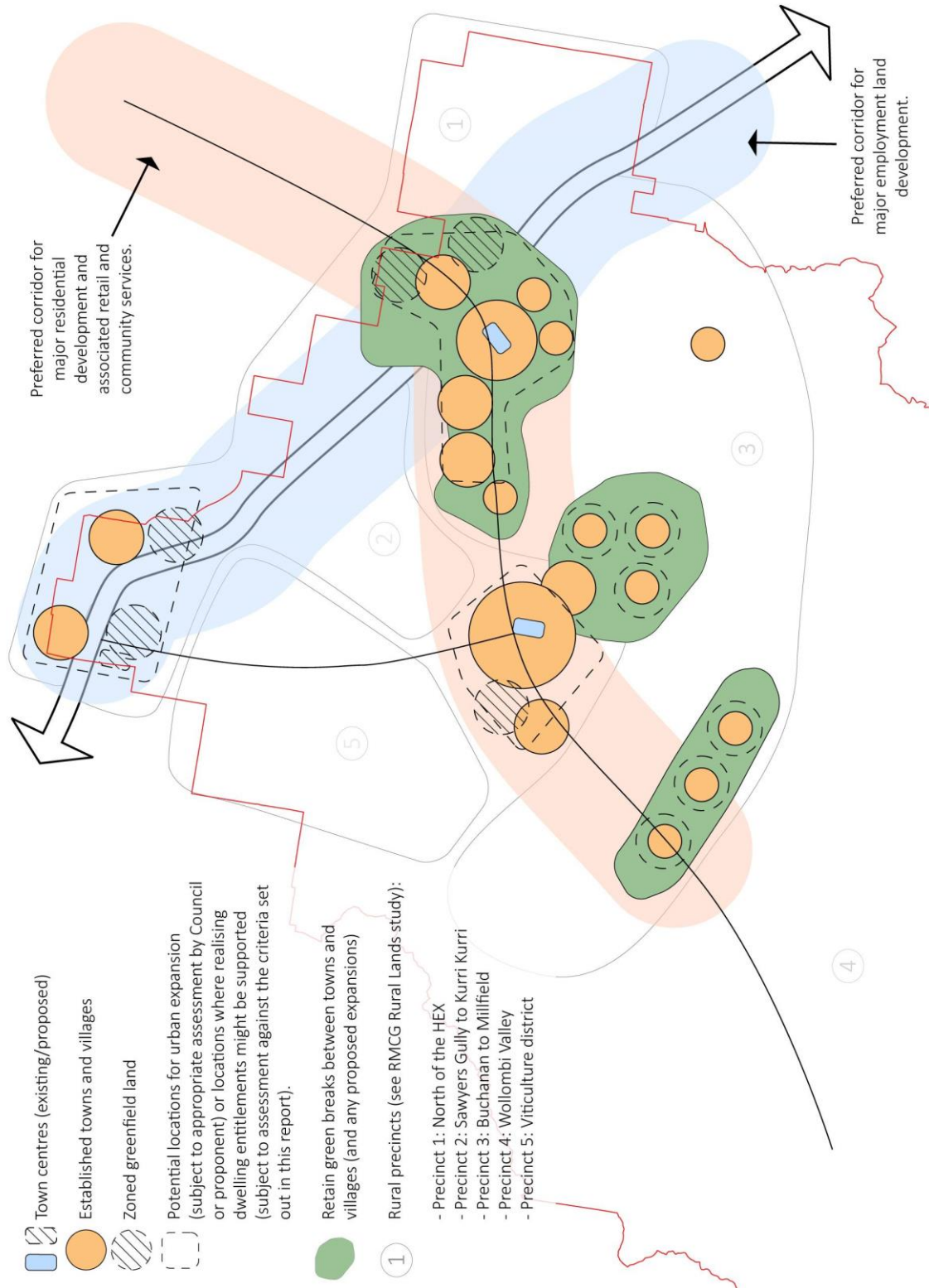
All Planning Proposals for new residential development should be subject to a rigorous assessment that is based on the Department of Planning and Environment’s Guide to Preparing Local Environmental Plans and Guide to Preparing Planning Proposals. A clear net community benefit should be demonstrated by the applicant before such proposals proceed to the gateway stage.

A challenge for Cessnock is responding to multiple proposals for new greenfield development that are often opportunistic rather than strategic in their design. Where these developments are dispersed, and away from established settlements, this can lead to somewhat ‘hidden’ wider community costs not typically met by the developer or future residents. These include costs for state government services (e.g. additional school buses, public transport, police services) and infrastructure (e.g. water and sewer), but also for Council in having to undertake additional minor road maintenance or extend services which would otherwise be cheaper to provide adjacent to established communities (e.g. waste collection, senior citizens, recreation facilities, libraries).

A potentially significant issue for a regional LGA like Cessnock is the impact on existing centres and communities, or more accurately the ‘opportunity cost’, of dispersed development. For example, every new resident in a new remote subdivision is one that might have otherwise been part of an extension to the existing townships of Cessnock or Kurri Kurri, where they would have contributed to local community and sporting clubs, spent their money in existing local shops and sent their kids to existing local schools; all with less need for driving.

In order to address this issue Council needs to adopt a preferred sequencing strategy that identifies the most efficient approach to accommodating residential growth and supports other planning objectives (e.g. planning cohesive communities, efficient service provision, minimising environmental damage, promoting housing choice, ensuring housing affordability, etc.).

FIGURE 12. STRUCTURE PLAN FOR CESSNOCK



Development sequencing

Establishing a preferred sequence would preferably be agreed between Council, infrastructure providers and the State Government. The sequence should be based on the most cost effective development sequence, aligned with Council's own infrastructure staging plans, and any plans of infrastructure providers. It should also take into consideration the capacity of existing community infrastructure, the capacity of existing development infrastructure (water, sewer, roads, etc.) and accessibility to existing services and facilities. The principle which should drive the preferred sequence is the minimisation of costs to the broader community of extending new local social services at both state and local level (including child care, senior citizens, recreation facilities, libraries, school transport) and extending 'hard' infrastructure (including making water and sewer infrastructure, drainage networks, major and minor roads, and electricity supply).

The development monitoring (Direction 25) and infrastructure co-ordination mechanisms (Direction 26) proposed in the Hunter Regional Plan should help to progress this issue.

The sequencing should indicate areas that might be developed in the short (e.g. 5 years), medium (10 years) and longer term (20 years) and provide the market with a clear indication that there is sufficient capacity for the longer term to accommodate demand. (Noting that there is already 'theoretical' capacity for an additional 17,000 lots – see Table 23 above – which represents significantly more than the anticipated demand for greenfield housing over the next 20 years.) This preferred sequencing plan should assist Council to actively manage the number of areas under development at any one time to optimise the capacity to provide infrastructure in a timely manner.

While some proposals might include private *utility* infrastructure, this does not alleviate the need to consider the broader infrastructure requirements of future residents (e.g. retail, community infrastructure, sporting facilities, and regional open space). The provision of private utility infrastructure does not necessarily mean greenfield development is exempt from the need to consider the optimal development sequence.

Out of sequence development

Once a benchmark sequence for development is established, Council will be in a better position to consider alternative or 'out-of-sequence' proposals on their individual merits. The following framework for assessing out of sequence development might be applied:

1. Proponents of proposals for out-of-sequence development should be required to demonstrate why 'bringing forward' the development in the sequence, or introducing a new development front not yet considered in the sequence, would provide a net community benefit, relative to the benchmark sequence.
2. If there are any additional costs associated with bringing forward infrastructure provision relative to the 'benchmark sequence' to accommodate the proposed development front, the proponent should be required to compensate service providers for these additional costs. (The benchmark sequence will set the standard for the most cost efficient and coordinated approach to delivering infrastructure.) When a variation from the benchmark sequence is anticipated to cause extra costs, proponents would be required to prepare cost impact assessments for affected parties (Council, infrastructure providers, other agencies). These could include the costs to centres or communities of them 'growing slower' than anticipated by an 'in-sequence' development. The method of compensation for any additional costs would be a matter for negotiation between the proponent and the affected bodies.

6.5 Dwelling entitlements and paper subdivisions

In relation to dwelling entitlements and paper subdivisions Council should consider:

- Introducing a sunset subclause into Clause 4.2A of the Cessnock LEP 2014 in order to remove the dwelling entitlement for existing holdings after a set period of time.
- Reviewing the existing advisory material produced by Council for owners of "dwelling entitlements" to ensure it is clear in content and process description, and manages expectations about the extent of dwelling entitlement and the development guidelines that may apply to such dwellings (noting they may be located in sensitive rural or environmental locations), i.e. a dwelling entitlement does not confer any reasonable expectation that a dwelling will be approved on the site, and the merit of any proposal must still be considered, including that proposals with unacceptable impacts on the natural and human/rural environments are not likely to be

supported.

- Many dwelling entitlements may be affected by the absence of legal access to the subject lot, i.e. they are surrounded by other privately owned property with no access such as a public road or right of way, or access is extremely difficult utilising roads/carriageways that are not trafficable without specialist vehicles or which create environmental damage. As a result, Council might consider adding the following additional wording to Clause 4.2 subclause 3(a): *“and the consent authority is satisfied that there will be appropriate vehicular access to the lot from a sealed road maintained by the consent authority”*.
- Reviewing the Cessnock Development Control Plan to ensure that adequate development requirements apply to dwellings in sensitive rural or environmental locations. This might include such matters as dwelling siting guidelines in the context of vegetation, landscape protection, and to permit potential further subdivision (in the case of locations on the urban periphery).
- Introducing a Section 94A Plan to apply (amongst other matters) to the development of dwellings in zones outside of urban areas in order to assist Council meet the range of additional infrastructure costs resulting from non-urban residential development.
- In assessing applications for dwelling entitlements Council should have regard to:
 - Potential for the entitlement to result in a significant reduction in agricultural viability
 - Environmental and landscape impacts
 - Infrastructure and service provision costs (and who will pay)
 - The potential for the entitlement to create pressure to improve infrastructure in or extend services to ‘low priority’ locations
 - The potential for the entitlement to be an impediments to more intensive planned development in the future
 - The potential for the entitlement to result in the provision of low cost housing in an undesirable and/or isolated locations.

6.6 Cessnock’s villages

The share of past growth which has been accommodated in Cessnock’s villages should not be underestimated. The villages will continue to provide opportunities for new housing in the context of an existing established village structure and, in the case of the larger villages, existing services and community infrastructure. In relation to further supporting residential growth Council should consider:

- Extending ‘greenfield’ area provisions of the Cessnock LEP 2011 as appropriate to include the future expansion areas of towns and villages in order to manage development more effectively through comprehensive development control plans under the provisions of Clause 6.3 of the LEP
- Identify those villages with existing infrastructure capacity and therefore that are suited to infill or expansion in the short to medium term
- Support the concept of a corridor based on the ‘beads’ of villages between Bellbird and Kurri Kurri, and continuing through to Maitland.

6.7 Rural residential development

In Cessnock, rural residential estates have been developed in response to market demand and predominately led by the landowner rather than strategic direction from Council. As a result, the rural settlement landscape of the LGA consists of a number of ad hoc individual subdivisions on the fringe of residential areas or villages making urban expansion difficult. Where rural residential development is remote from existing settlements, extending existing infrastructure can be expensive and a high cost to Council and ultimately to rate payers (CWSS, 2010). Rural residential development can also impact on the rural character.

Figure 13 explores this in further detail by examining the need for LEPs to promote sustainable growth and address arising issues such as land use conflicts that arise from rural residential development.

FIGURE 13. WHY RURAL RESIDENTIAL DEVELOPMENT REQUIRES SPECIAL CONSIDERATION

The following extract (from a planning practice note published in Victoria) highlights the reasons that rural residential development might be subject to more rigorous assessment compared to infill or greenfield residential development:

The planning scheme should ensure that reasonable opportunities are found for rural residential development, as part of providing for housing diversity and choice.

However, rural residential development can have environmental, social and economic costs that are significantly higher than those of standard residential development.

Land use conflicts between agricultural activities and the amenity expectations of rural residential dwellers should be minimised. Significant impacts to primary production or to the environmental or cultural values of a rural area should be avoided. Finite and valuable natural resources present on the land should not be lost.

The local environment and landscape should have the capacity to absorb more intensive use and development without significant or irreversible harm to its values or to the new use and development. Demand for costly or inefficient community services or infrastructure should not be generated.

Source: Extract from Planning Practice Note 37: Rural Residential Development (Department of Environment, Land, Water and Planning, June 2015.)

The Rural Land Study provides an analysis of the rural areas to identify candidate area for rural living (subject to more detailed assessment). This assessment was based on the following of considerations:

- Proximity to urban centres
- Proximity to major transport routes
- Fragmented rural land with clusters of small properties (< 10ha)
- Consideration of natural hazards such as flooding and bushfire, and
- Avoiding land being used for commercial agriculture or with potential for commercial horticulture.

Three investigation areas were identified through spatial analysis and inspection of rural lands (see Figure 18 in that report):

- Land around Branxton and Greta
- Land to the north of Weston and Kurri, and
- Land to the north of Mulbring.

Council might undertake further investigations to confirm the suitability of these areas for rural residential development. This assessment might then form the basis of a 'sequencing plan' that identifies preferred locations and timing for the development of rural residential areas. The sequence would be design to ensure that any required infrastructure can be delivered efficiently, and in locations where new development will have minimum impact on the existing rural activity and the landscape character.

Proposals for rural residential development in locations not identified in the sequencing plan could be considered, but Council should require the applicant to demonstrate how the proposal will result in a net community benefit compared to the planned sequence. That is, based on an objective assessment of all benefits (e.g. land value uplift) and all costs (e.g. cost to provide and maintain public infrastructure) the might result for the proposal, will it result in a net benefit compared to the established sequence.

6.8 Housing affordability and affordable housing

Given the concentration of hospitality, mining, health and education industries and associated employment in Cessnock, affordable housing for key workers and those on low and very low incomes will be in demand.

Cessnock can continue to provide a supply of well serviced lower cost land and housing for the Lower Hunter Region. Sound planning and strategy is important to ensure that costs are contained and affordable housing is delivered. Council needs to work closely with the development industry to ensure appropriate product is developed.

Of concern is the use of dwelling entitlements on rural and environmental land as a source of land for low cost housing. Much of the land concerned is in locations that are relatively isolated, with poor access to community services and jobs, as well as high transport costs because of the need to travel to service centres. Without careful

attention, communities of disadvantage may be created in inappropriate locations.

The lack of affordable housing in the Sydney basin, and increasing housing prices in the Lower Hunter Region is likely to increase pressure on locations that can potentially supply lower cost land and housing, and Cessnock LGA has some of the lowest cost housing in the Lower Hunter Region as well as a relatively high proportion of lower income and disadvantaged people. The delivery of affordable housing is an important strength of the Cessnock housing market to date, and should be continued. Cessnock is already a more affordable locality in the Lower Hunter and has consistently experienced the lowest median sales prices for dwelling and units over the six years to 2012.

In order to complement land use planning strategy's role in providing affordable housing, it is important that Council respond to the challenge of affordable housing in partnership with relevant agencies and NGO's. It is also important that land use planning addresses existing affordability issues, by ensuring land supply and by encouraging housing in highly accessible locations.

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NSW Government (2016) Hunter Regional Plan

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APPENDIX A: MAPPING PLANNING AND SUBDIVISION APPLICATIONS 2012 - 2016

Dwelling and subdivision approvals 2012 to 2016

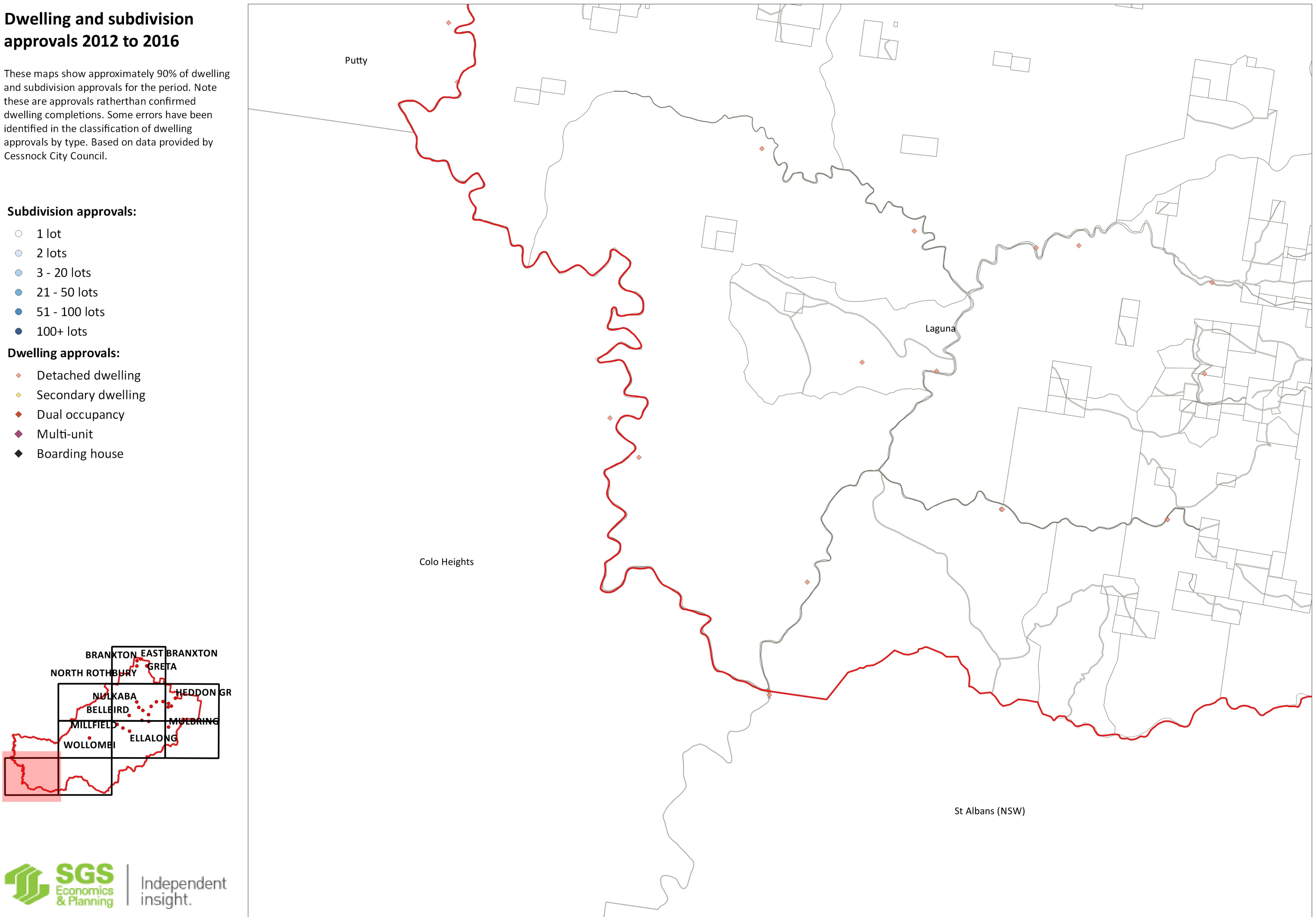
These maps show approximately 90% of dwelling and subdivision approvals for the period. Note these are approvals rather than confirmed dwelling completions. Some errors have been identified in the classification of dwelling approvals by type. Based on data provided by Cessnock City Council.

Subdivision approvals:

- 1 lot
- 2 lots
- 3 - 20 lots
- 21 - 50 lots
- 51 - 100 lots
- 100+ lots

Dwelling approvals:

- ◇ Detached dwelling
- ◇ Secondary dwelling
- ◇ Dual occupancy
- ◇ Multi-unit
- ◇ Boarding house



Dwelling and subdivision approvals 2012 to 2016

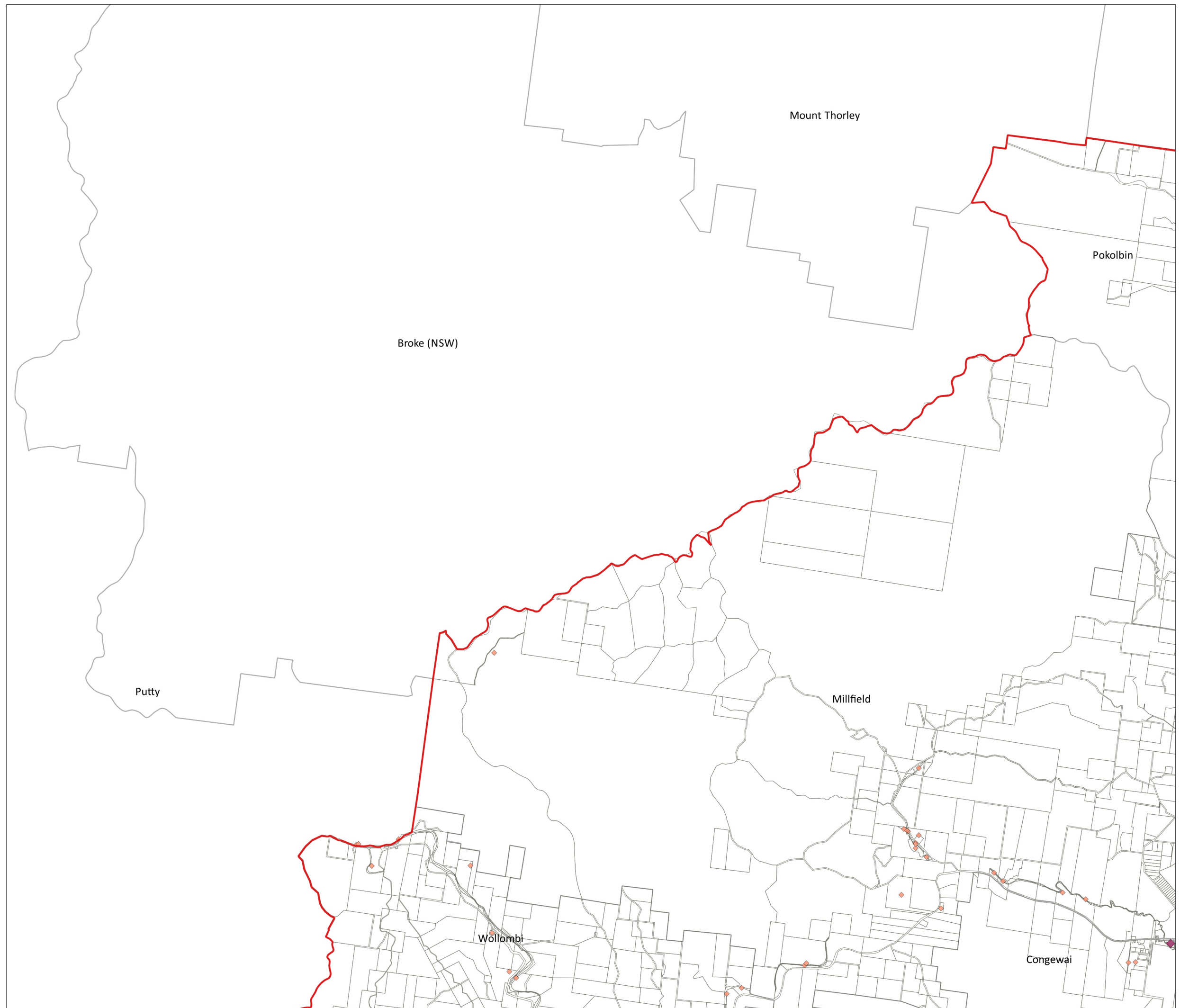
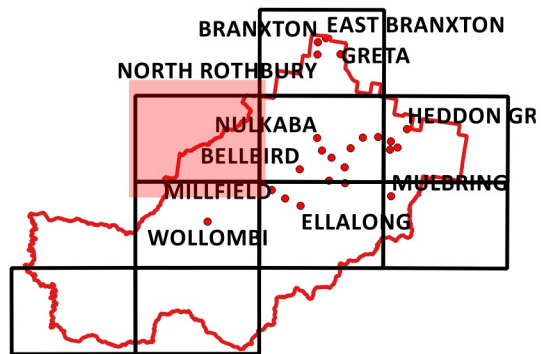
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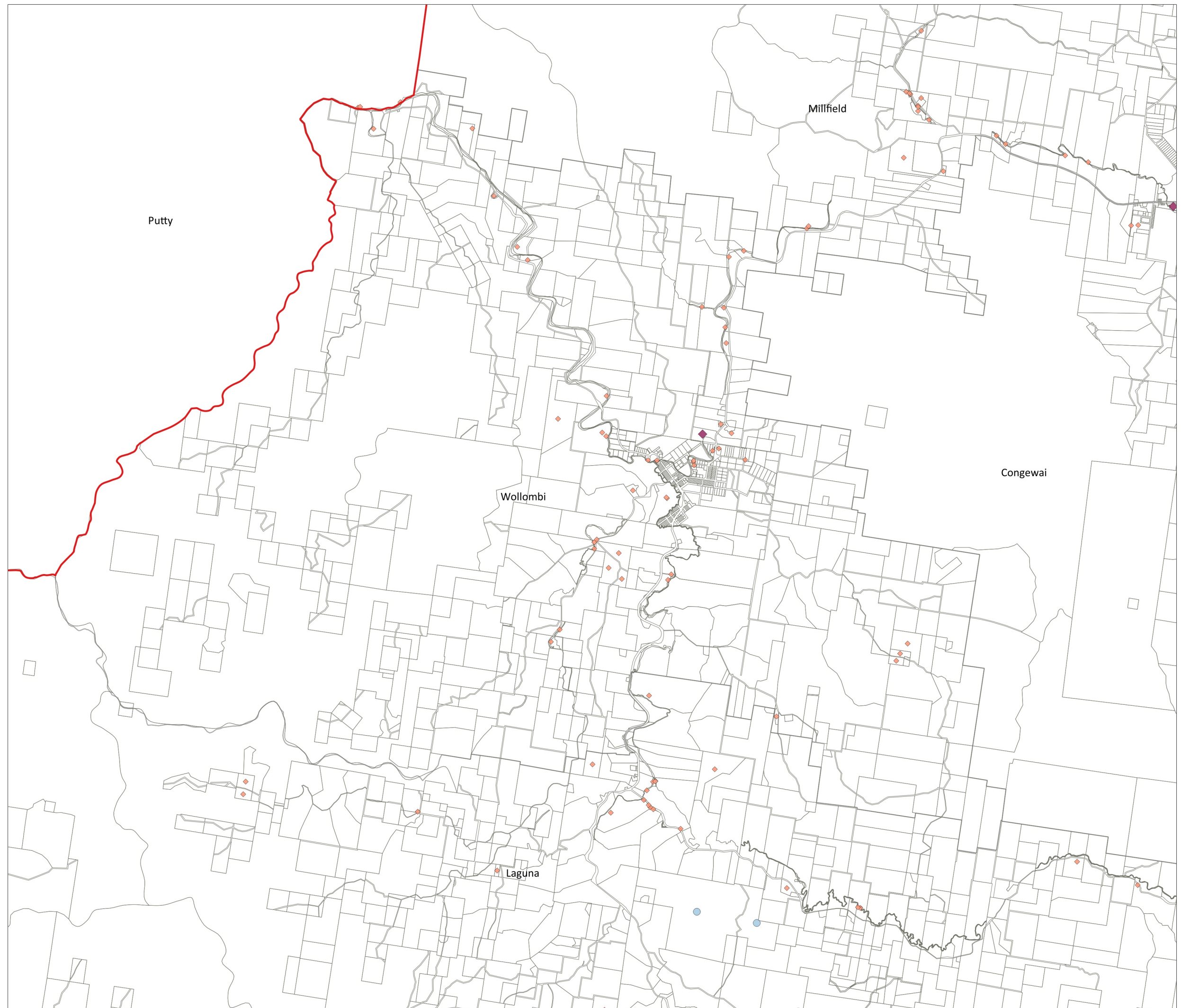
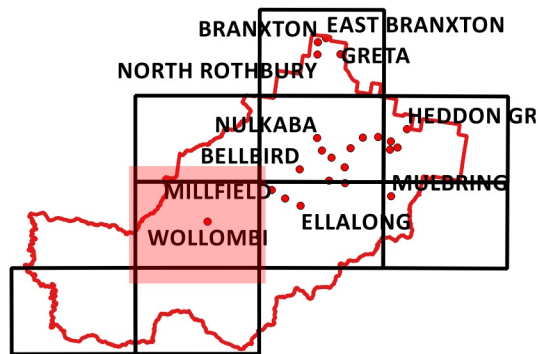
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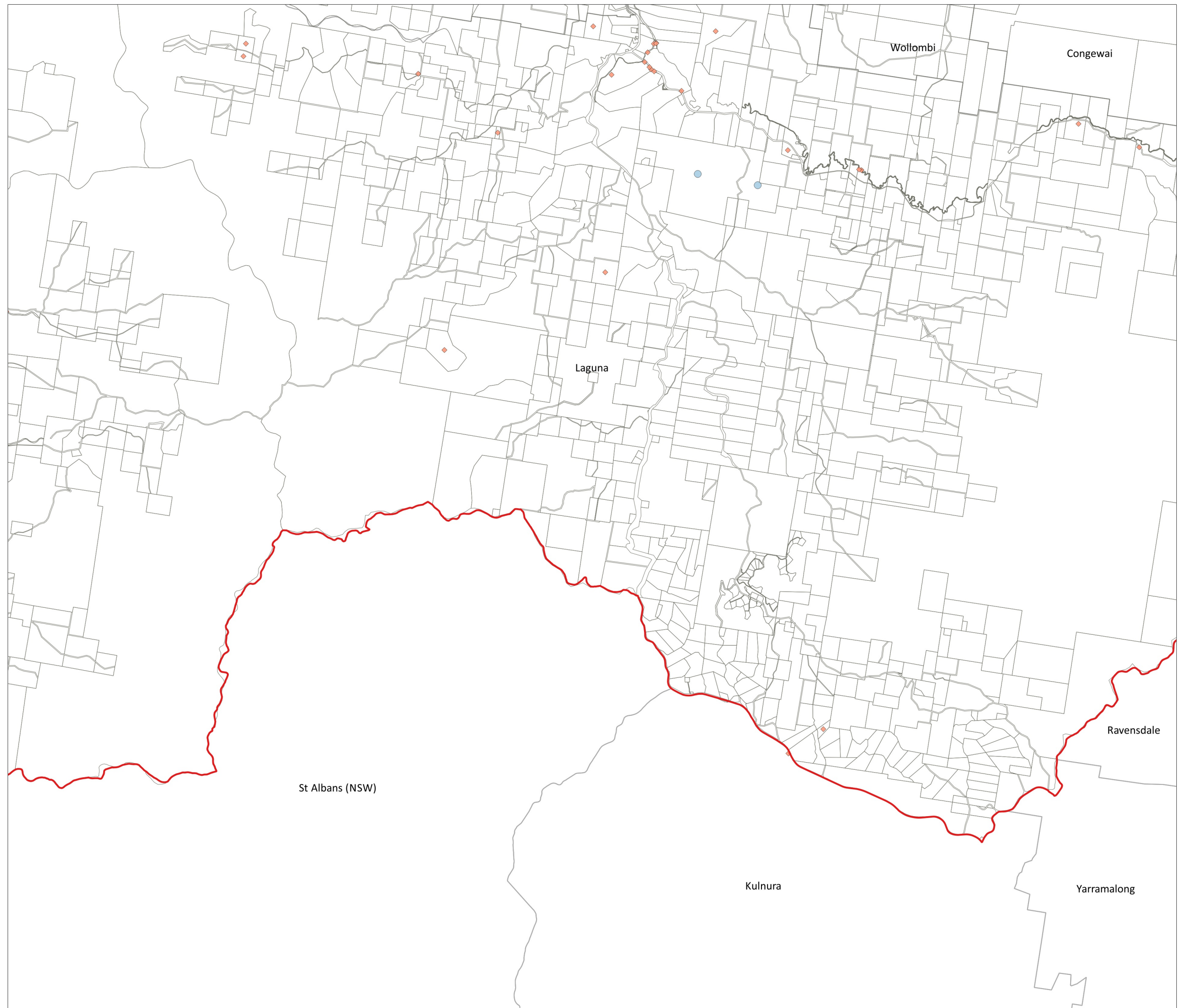
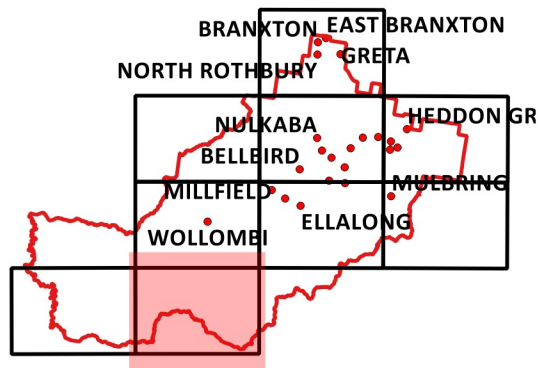
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Dwelling and subdivision approvals 2012 to 2016

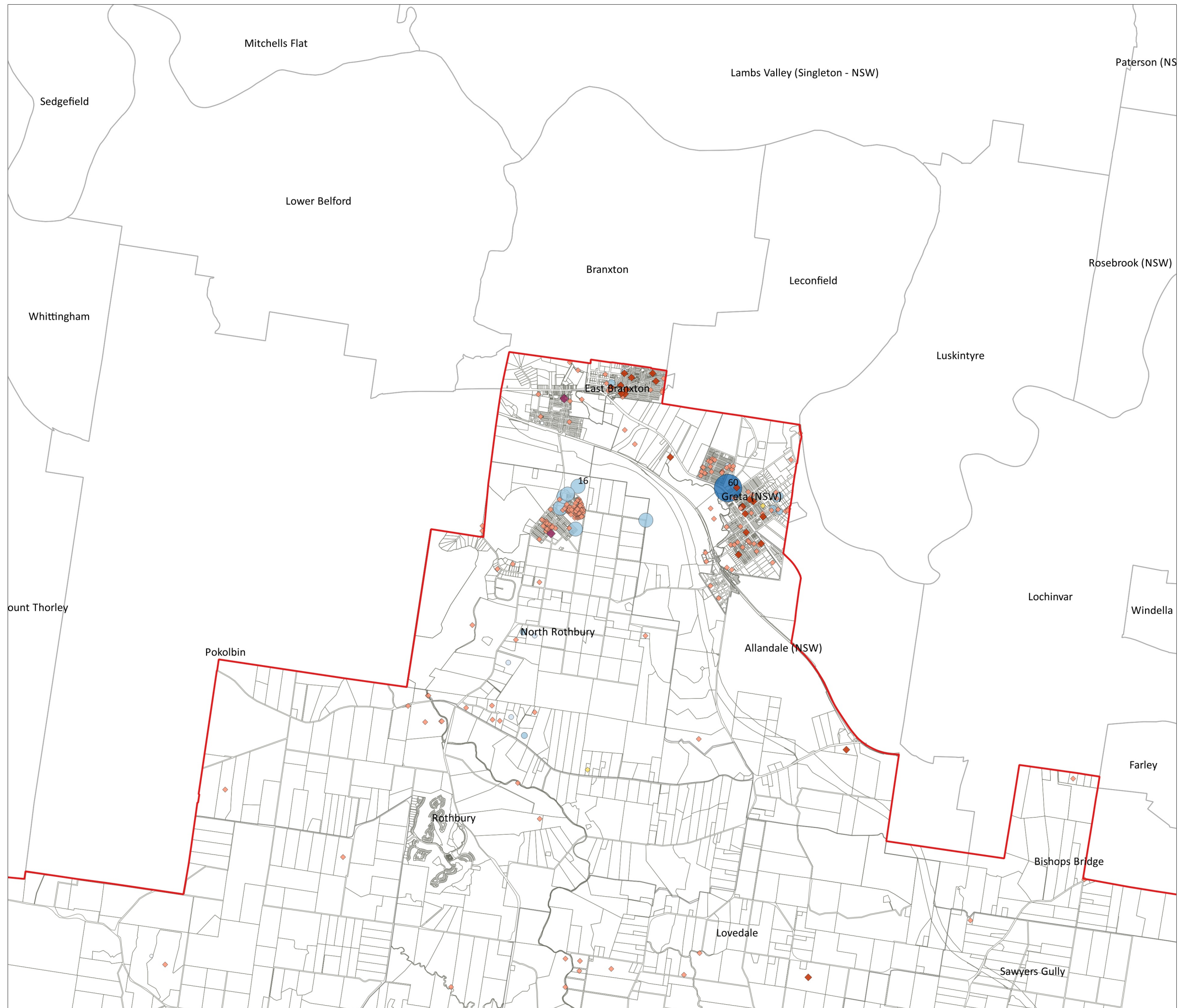
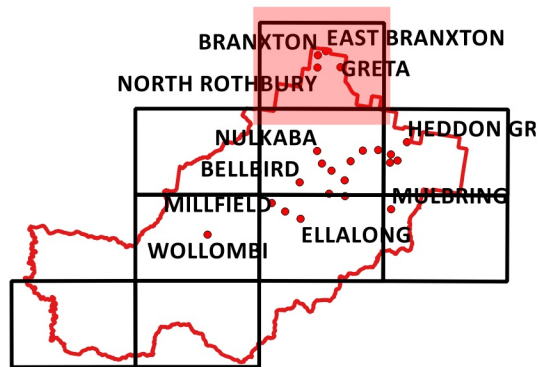
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Dwelling and subdivision approvals 2012 to 2016

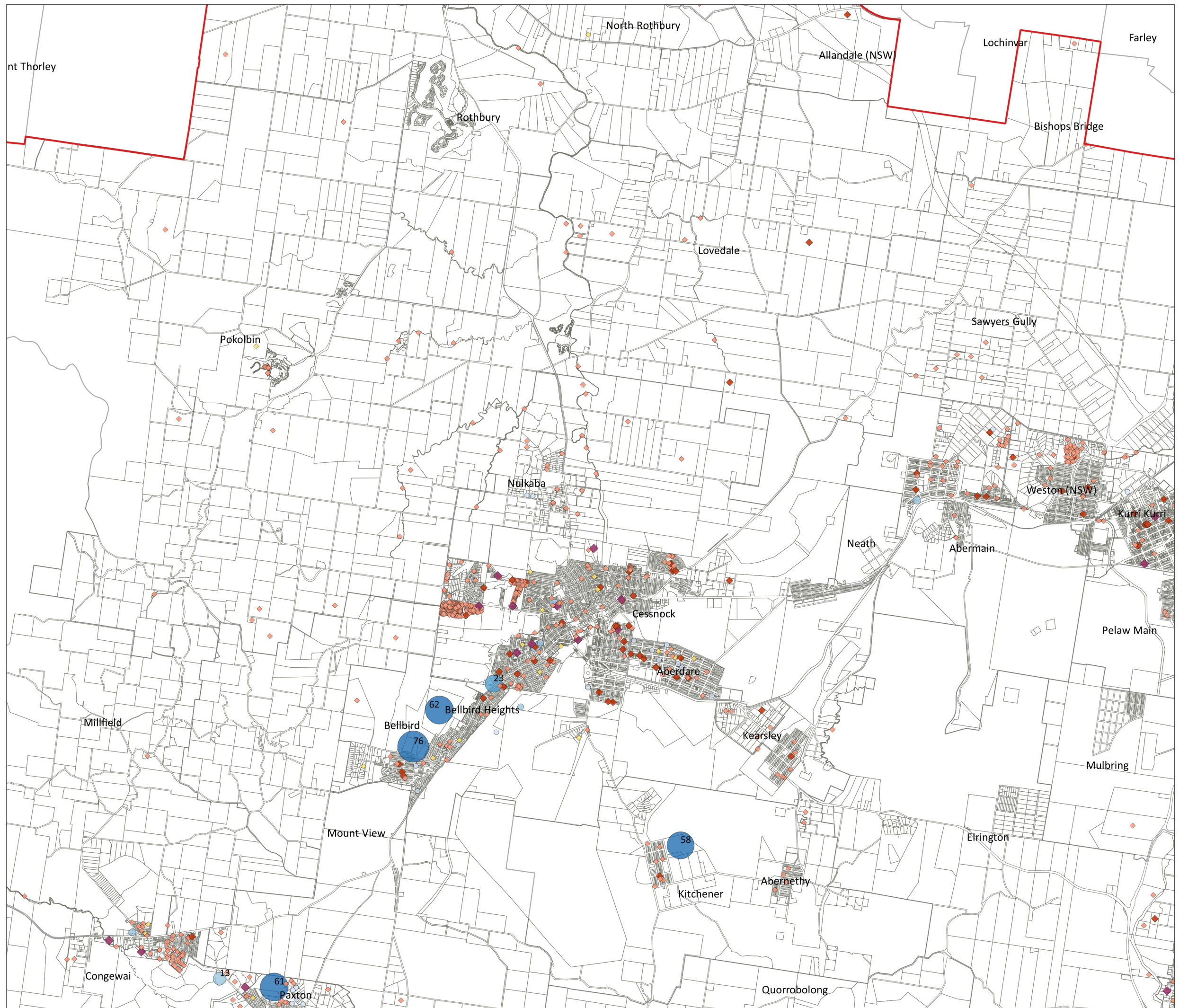
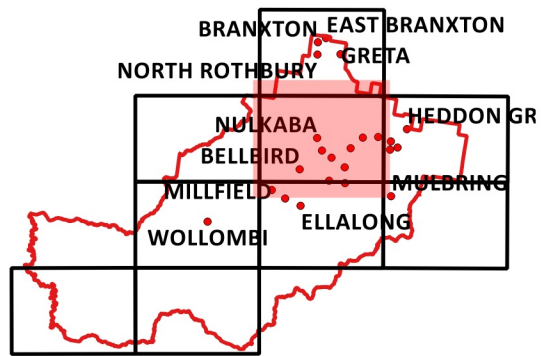
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Subdivision approvals:

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- 2 lots
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- 21 - 50 lots
- 51 - 100 lots
- 100+ lots

Dwelling approvals:

- ◇ Detached dwelling
- ◇ Secondary dwelling
- ◇ Dual occupancy
- ◇ Multi-unit
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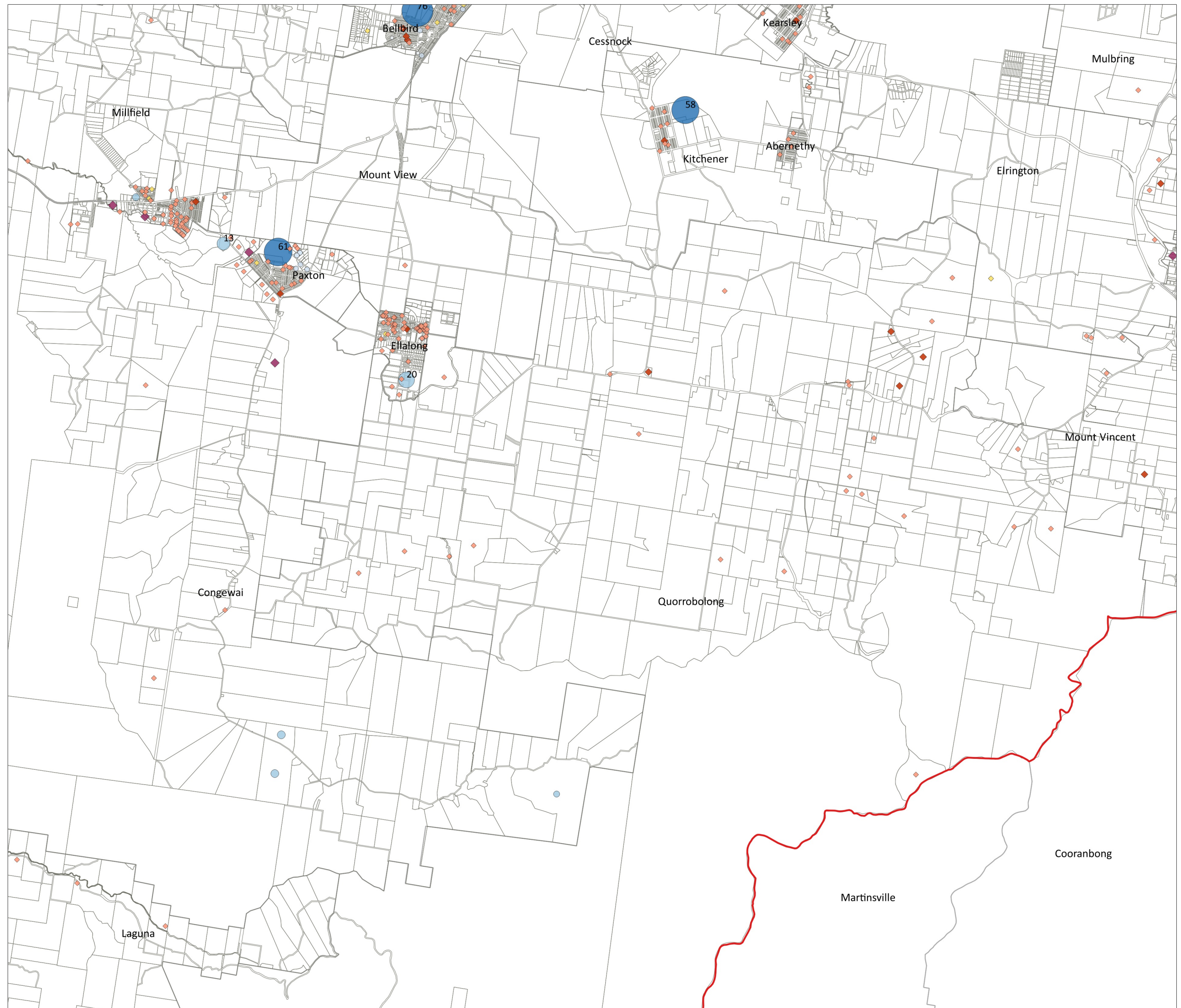
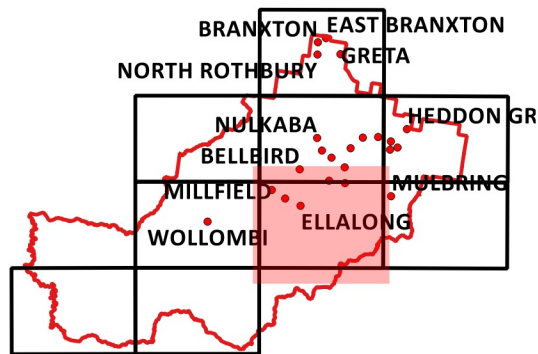
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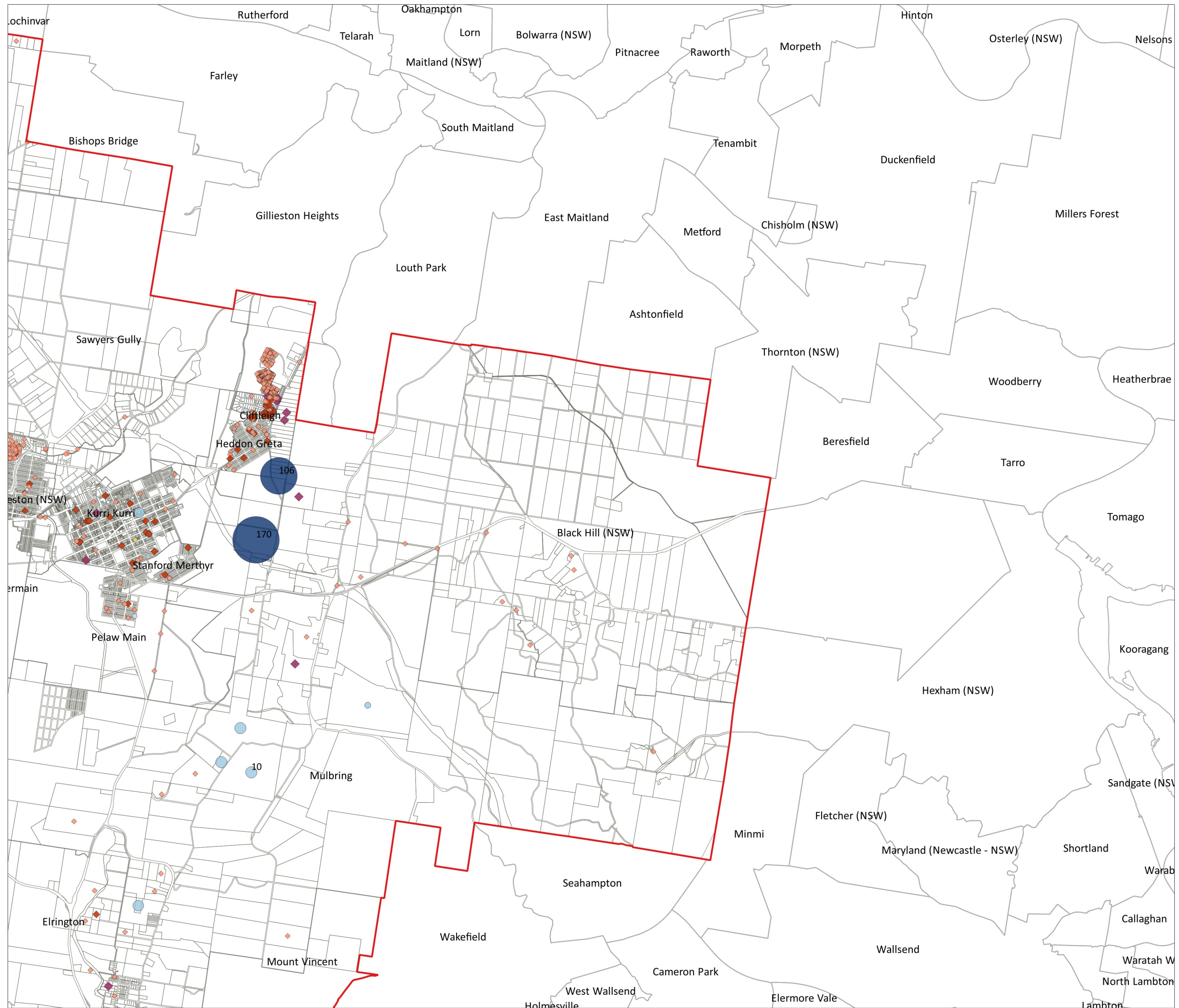
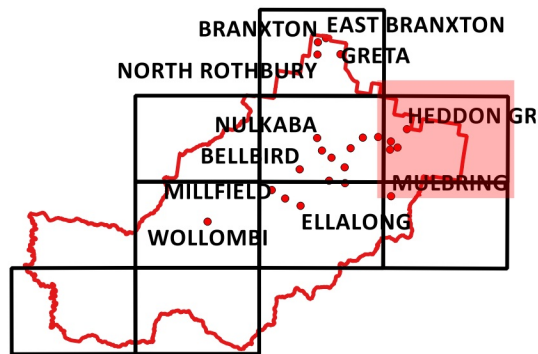
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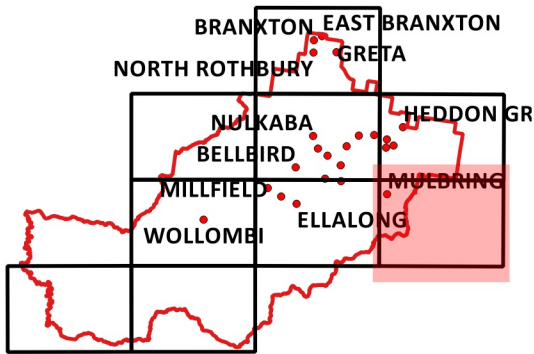
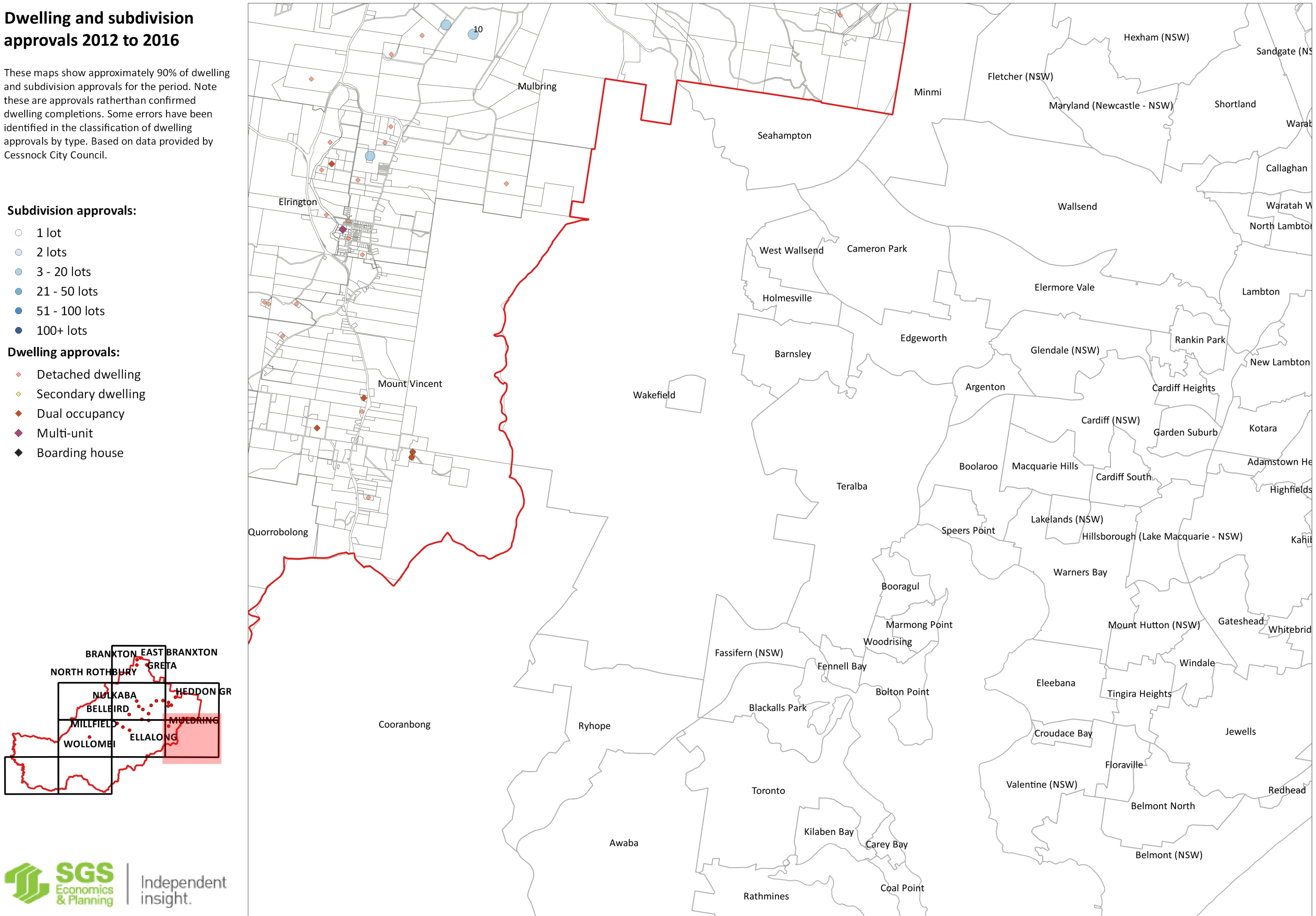
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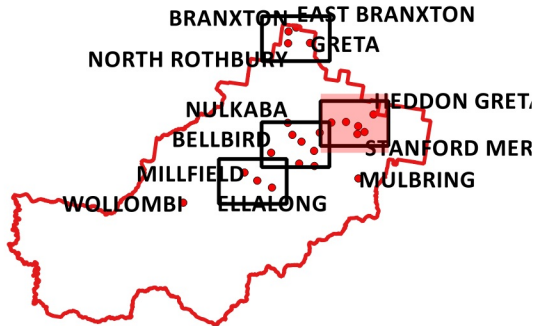
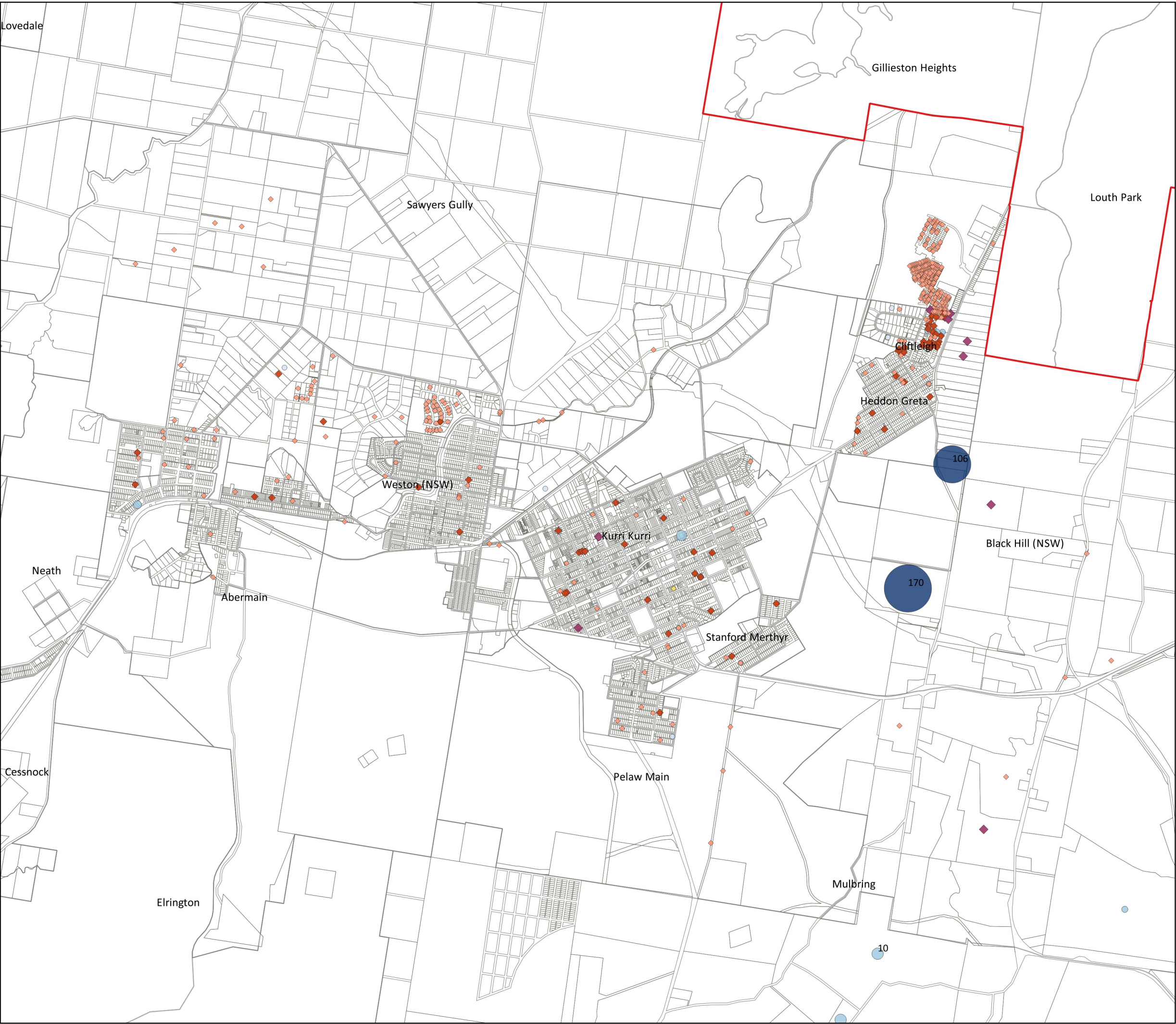
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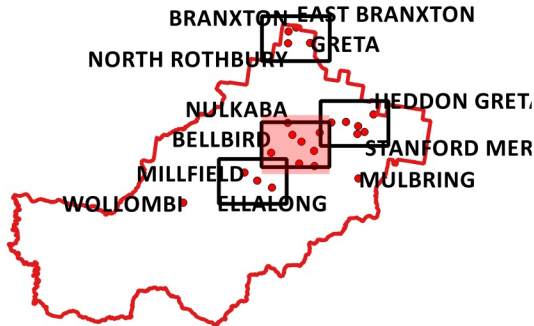
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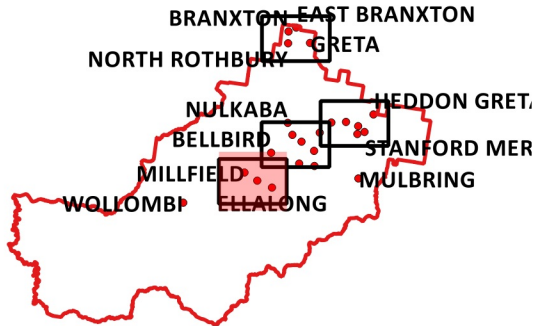
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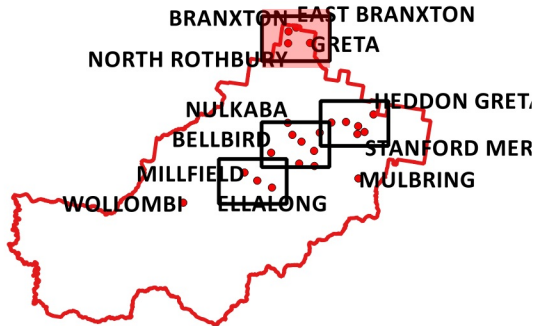
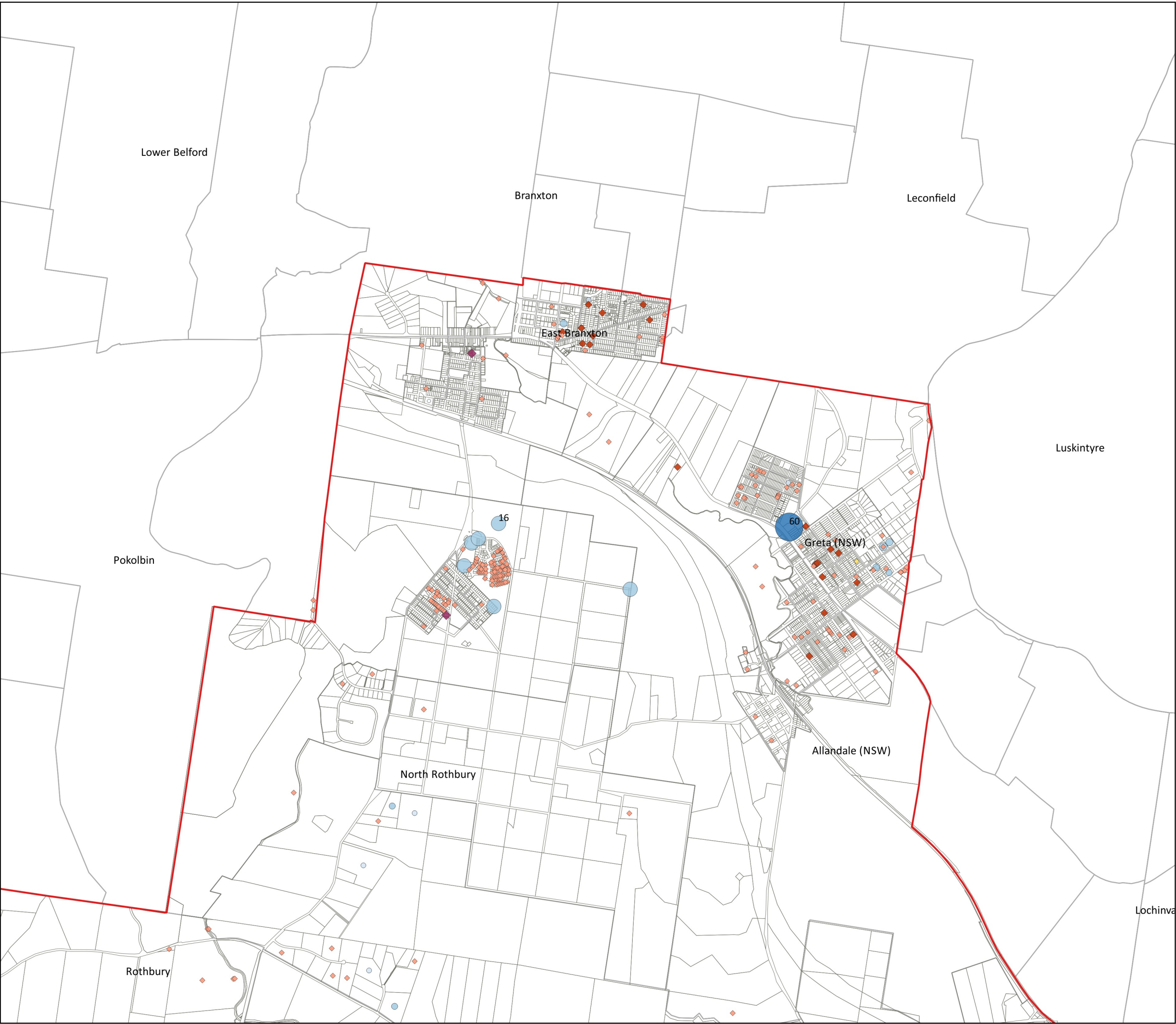
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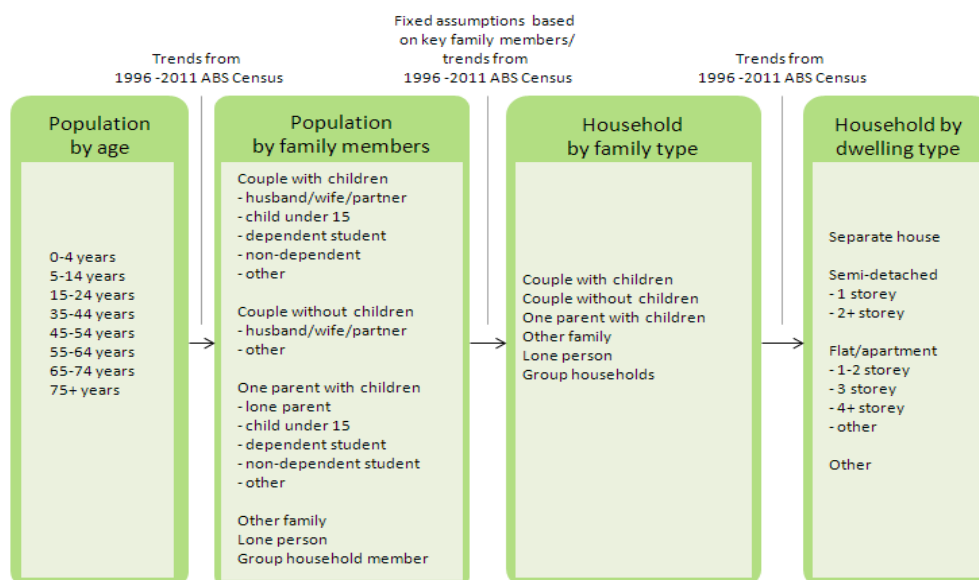


APPENDIX B: SGS HOUSING MODEL

Method assumptions

The underlying demand⁴ for particular dwelling types for the Cessnock LGA has been estimated using the SGS 'propensity-based model'. The propensity to belong to a particular household is expected to change over time with decreasing fertility rates and lifestyle choices. Typically, the forecast result will ascribe the decreasing prevalence of traditional family units (composed of a mother, father and two children). The method used to encapsulate these forecast changes in the relationship between population and dwellings is shown in FIGURE 14.

FIGURE 14. SUMMARY OF SGS HOUSING MODEL



Source: SGS, (2015).

Population by age groups is translated into family members using trends observed in the 1996 to 2011 ABS Census. This captures gradual changes in the formation of families (for example, an increase in lone person households and more complex family structures in general), and shifts in population demographics (such as an ageing population).

Family members are then translated into households by family type. For *Couple families with or without children*, *One parent families* and *Lone person households*, an indicator family member is used to determine the number of households (for example, the number of *Couple families with children* equals half the number of parents). For *Other families* and *Group households* the average household size trends observed in the 2006 to 2011 ABS Census has been used.

Finally, households by family type are translated into underlying demand for dwellings by structure type based on trends evident in the 2006 to 2011 ABS Census. This approach captures changes in implied

⁴ Underlying demand because it is based on the future population. This is usually higher than effective demand where housing choices are income and supply constrained.

consumer preferences such as a shift in preference towards more attached housing forms as household's trade-off dwelling size for higher accessibility and amenity.

The inputs into the model are sourced from ABS Census data. Population by age is translated into family types based on the propensity of persons in each age group to live in a particular family type. The propensity is based historical Census data (2006-2011), which is trended using an OLS linearly proportioned estimate. This data is then trended using an Ordinary Least Squares⁵ linearly proportioned estimate.

In general, dwelling demand is estimated using the following equation:

$$D_i = \alpha_j + \beta_j X_j$$

Where D = no. of dwellings
i = dwelling type
j = family type
 α = estimated constant
 β = Census based preferences
X = no. of households









⁵ Ordinary Least Squares is a method of estimating the unknown parameters in a linear model.

APPENDIX C: MAPPING FOR DWELLING ENTITLEMENTS ANALYSIS

The following maps were prepared to assist with the identification of lots with dwelling entitlements that are 'available'.

The mapping shows:

1. Concessional allotments and lots that exceed the minimum lot sizes for a dwelling for the RU2, RU4, R5 and E2 zones. These are the various coloured lots on the maps. These base layers were provided by Council.

 RU2 2HA (Clause 12.4 1989 LEP)	 E2 greater than 80ha
 RU4 2HA (Clause 12.4 1989 LEP)	 RU4 greater than 40ha
 R5 - LEP89 1c greater than 4000m2	 RU2 greater than 40ha
 R5 - LEP89 1c2 greater than 4Ha	 Dwelling entitlements map (LEP)

2. Lots which are likely to already have a dwelling were then blanked out. The assessment of existing dwellings was based on:
 - A database of residential waste collection records (white lots with black outline), and
 - Recent construction certificates (white lots with red outline).
3. Properties that are mentioned in Council's 'dwelling entitlements letters' database are identified with grey hatching. These are lots that have been referred in in correspondence about dwelling entitlements.

Based on this analysis the coloured lots are entitled to a dwelling, subject to the normal planning approval process. This includes some of the lots in the 'letters' database.

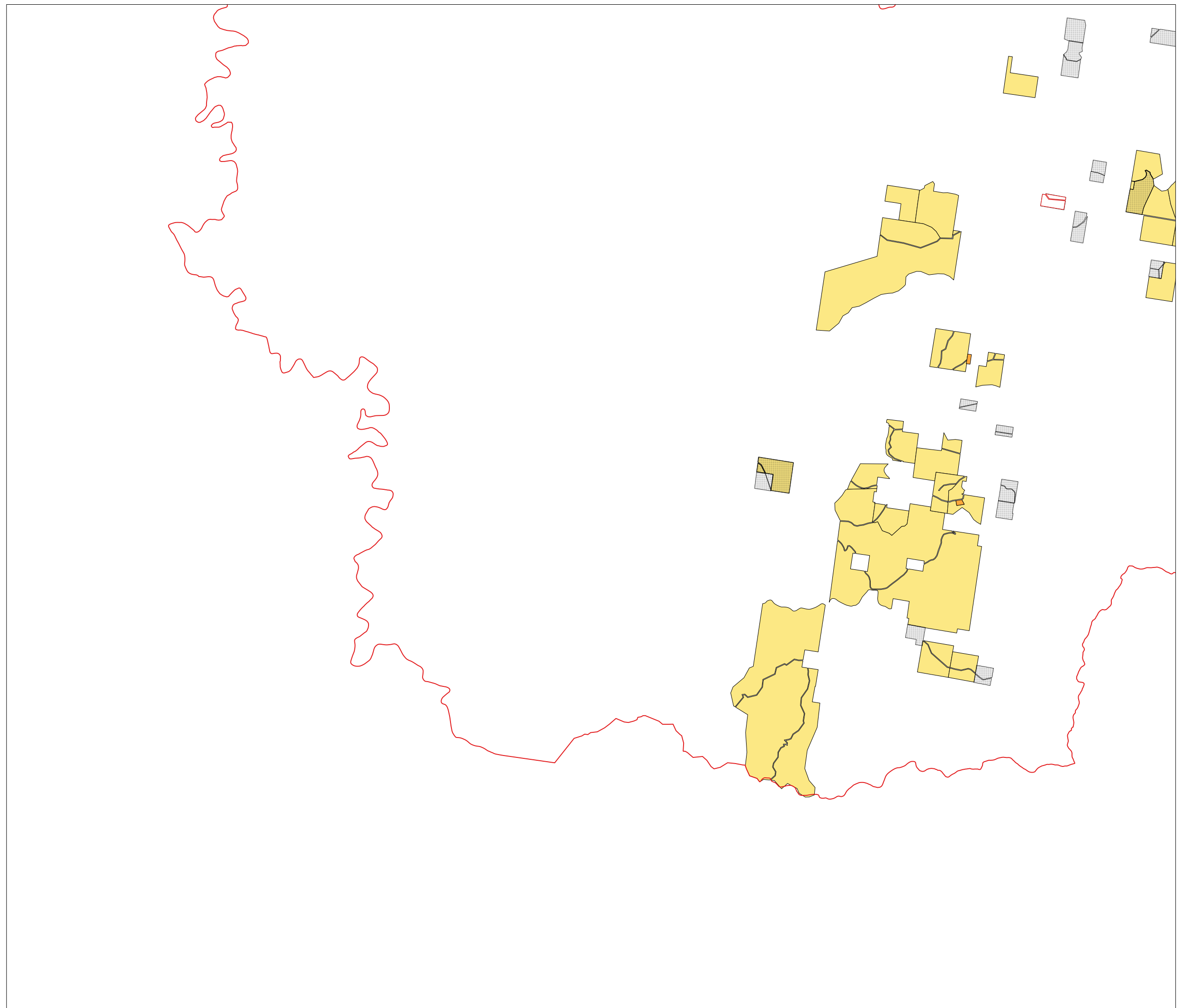
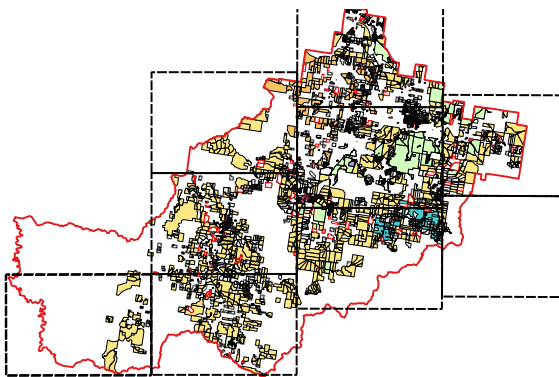
To determine whether there are any entitlements on the uncoloured and grey hatched lots would require reviewing the 'letters' to see if the advice suggested there was a dwelling entitlement.

For lots that are part of an 'existing holding' this will require further work to determine whether or not there is a dwelling on another part of the holding. As we understand it there is no GIS layer of existing holdings at present.

Preliminary mapping for analysis of dwelling entitlements

v1 - 26 September 2016

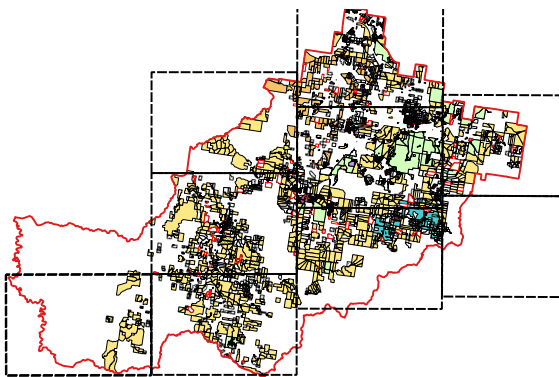
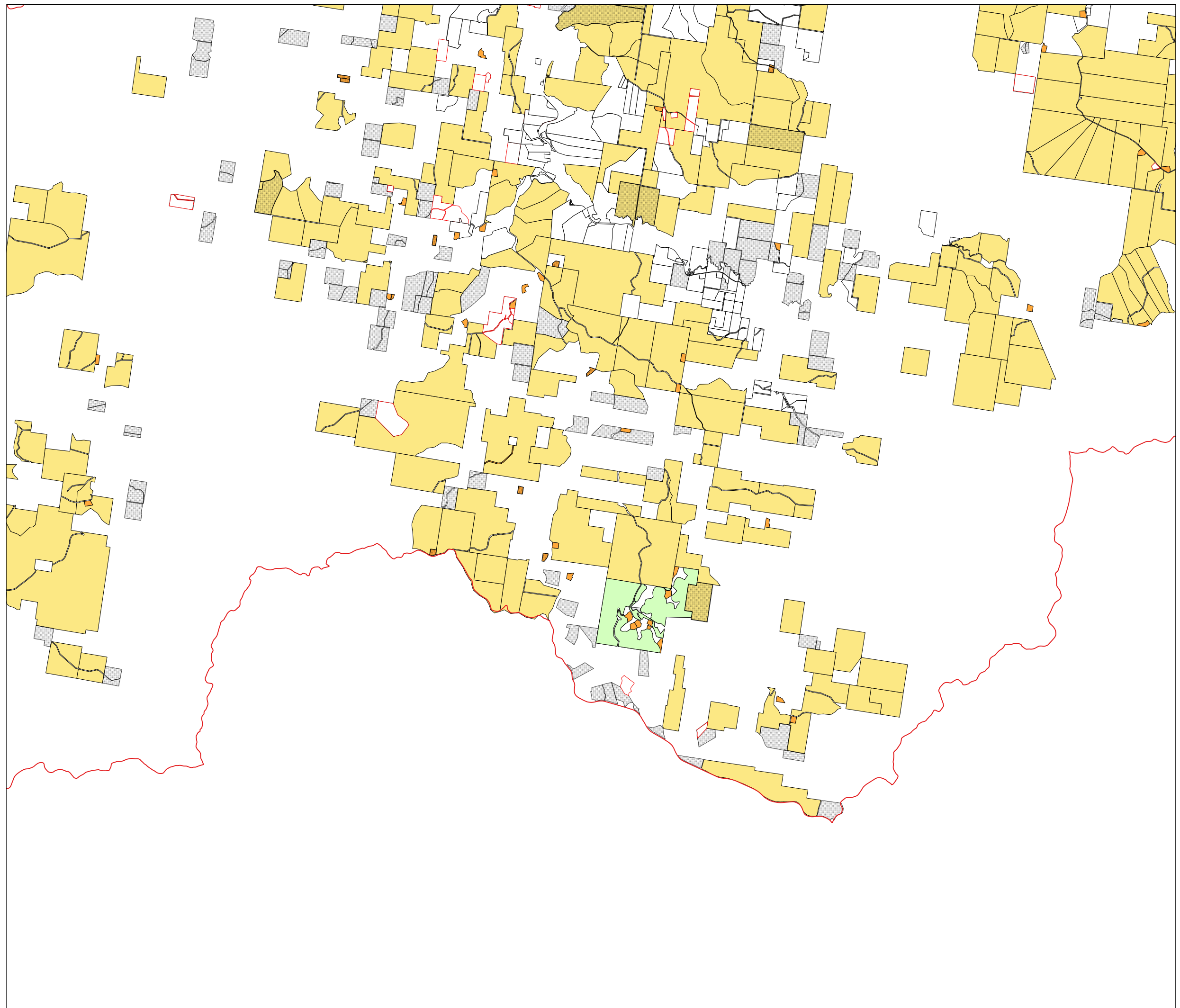
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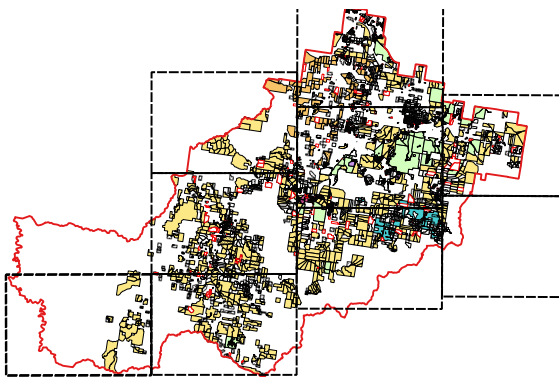
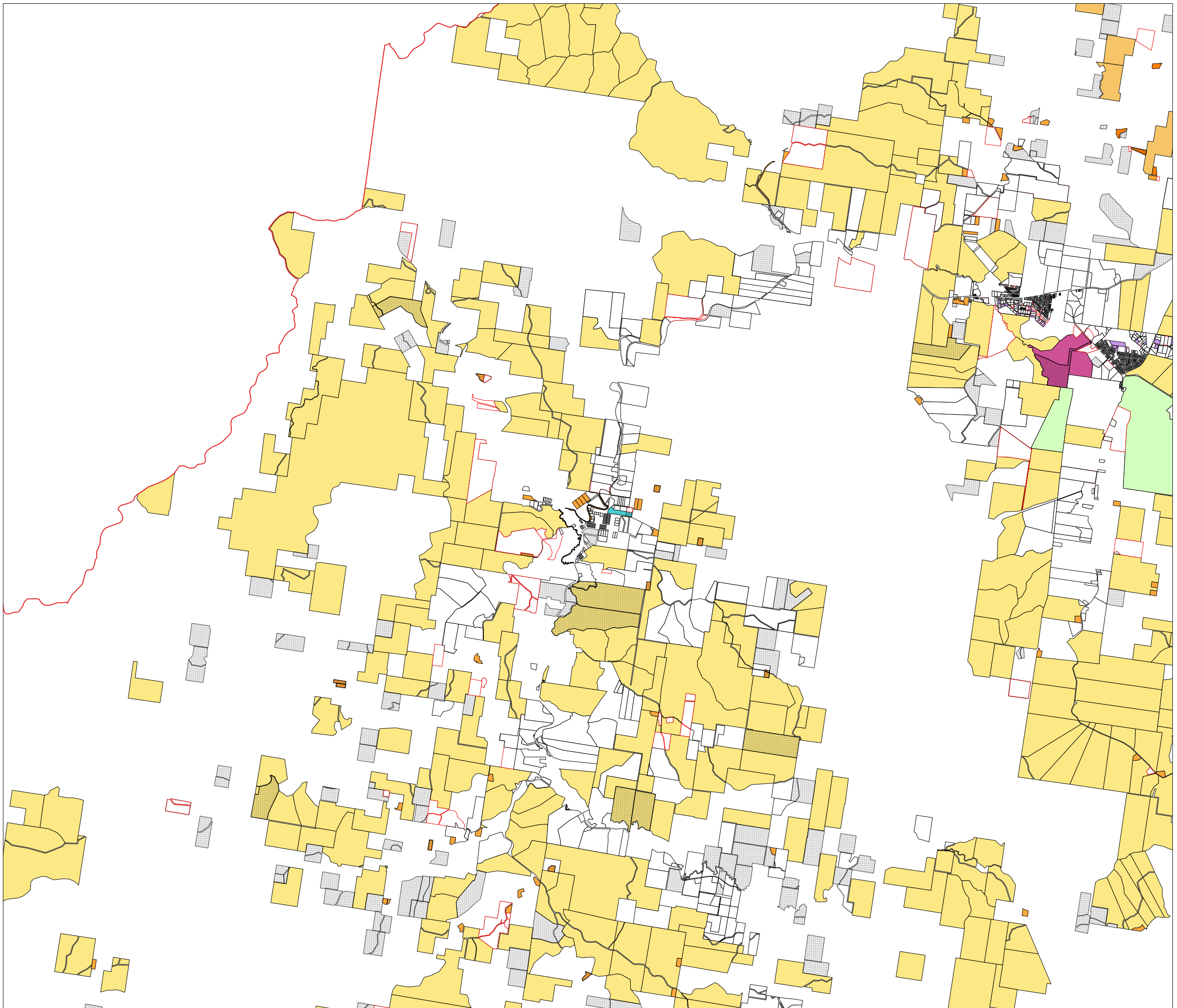
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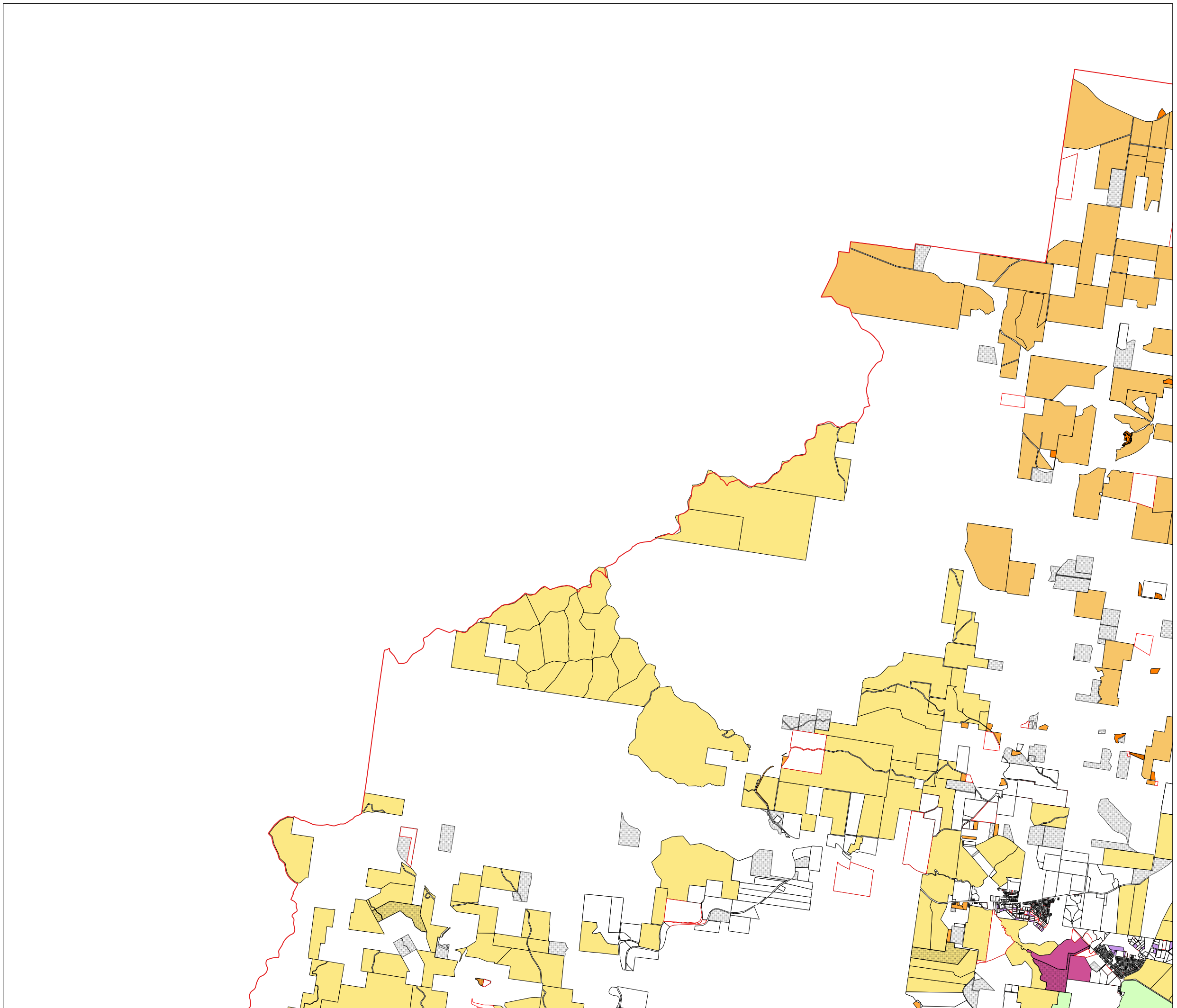
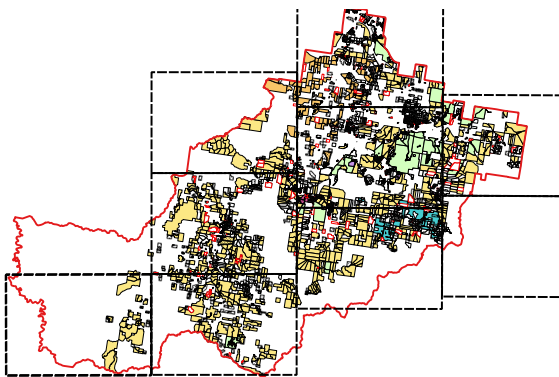
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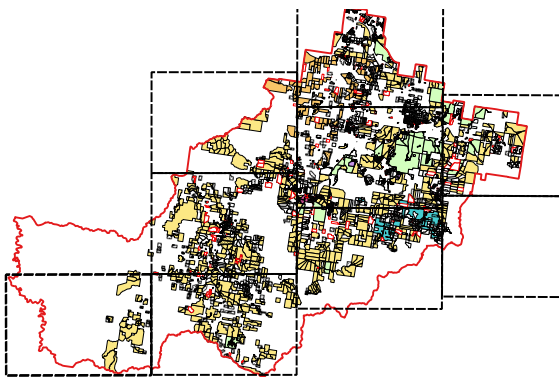
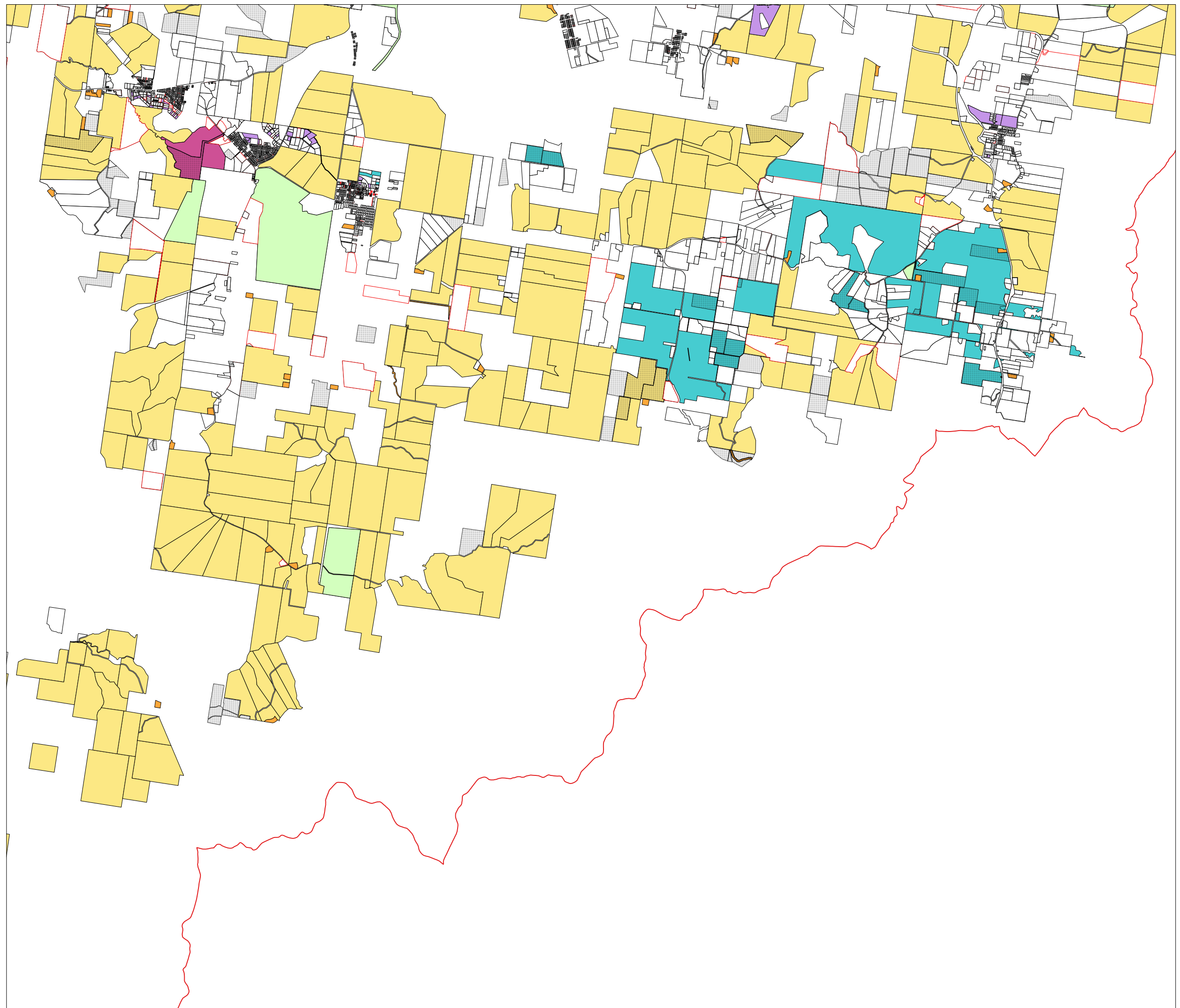
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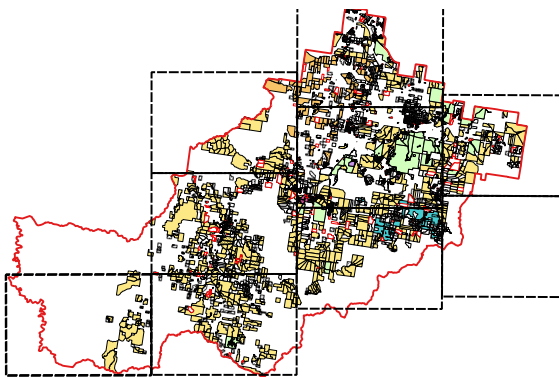
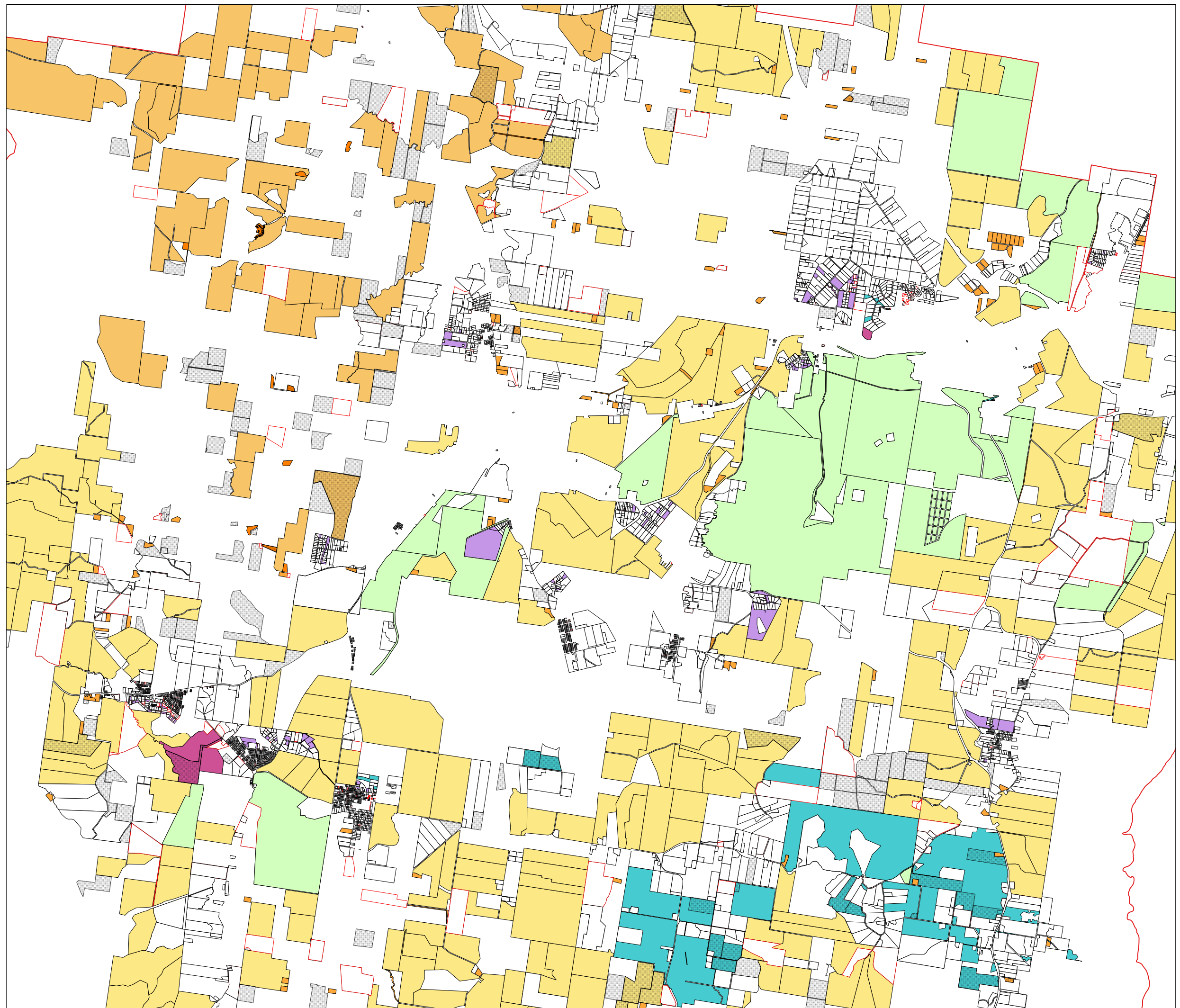
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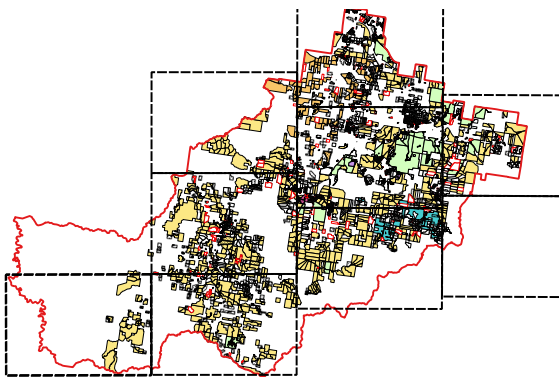
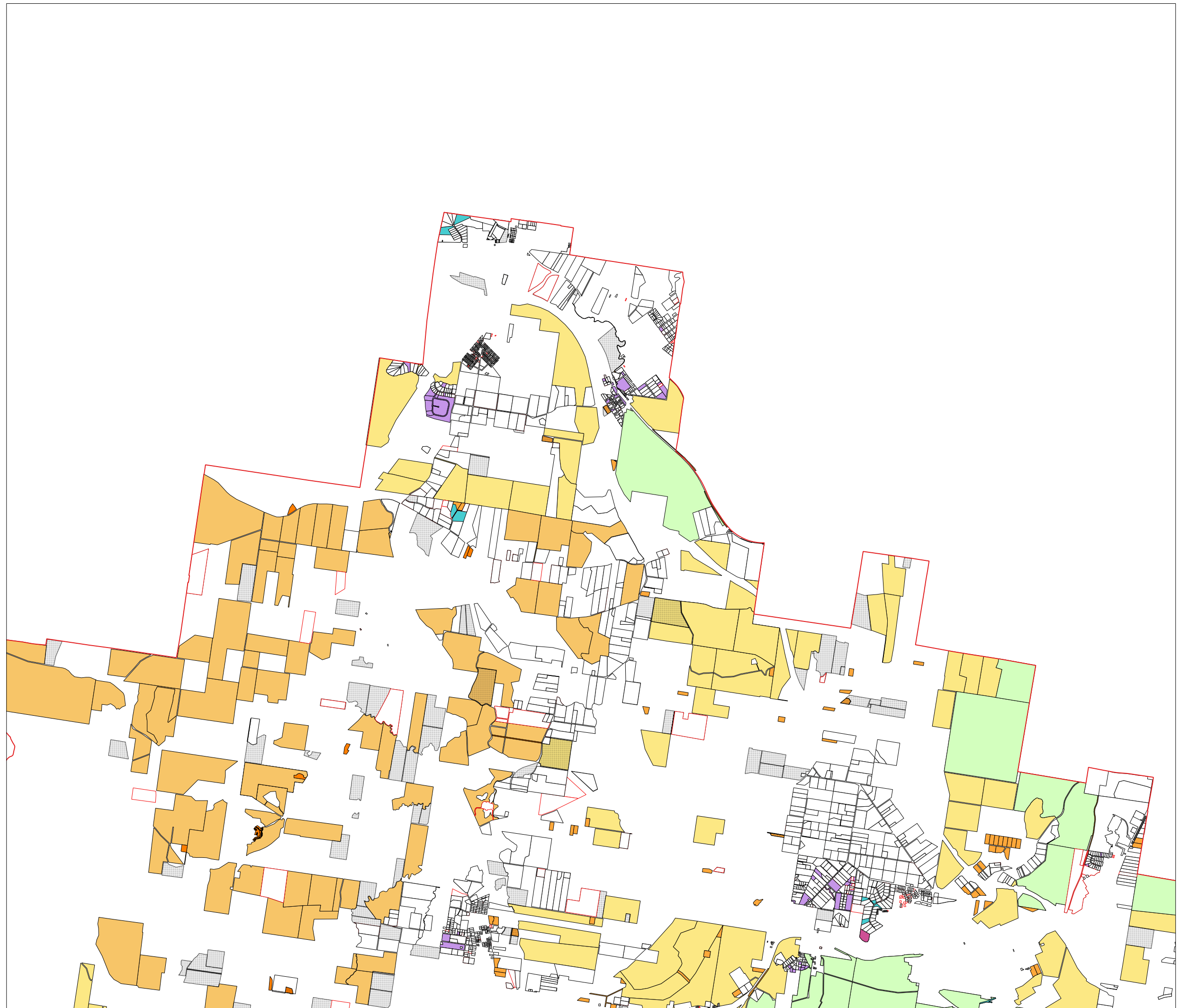
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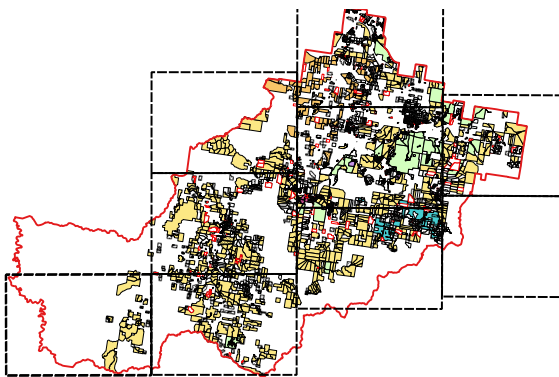
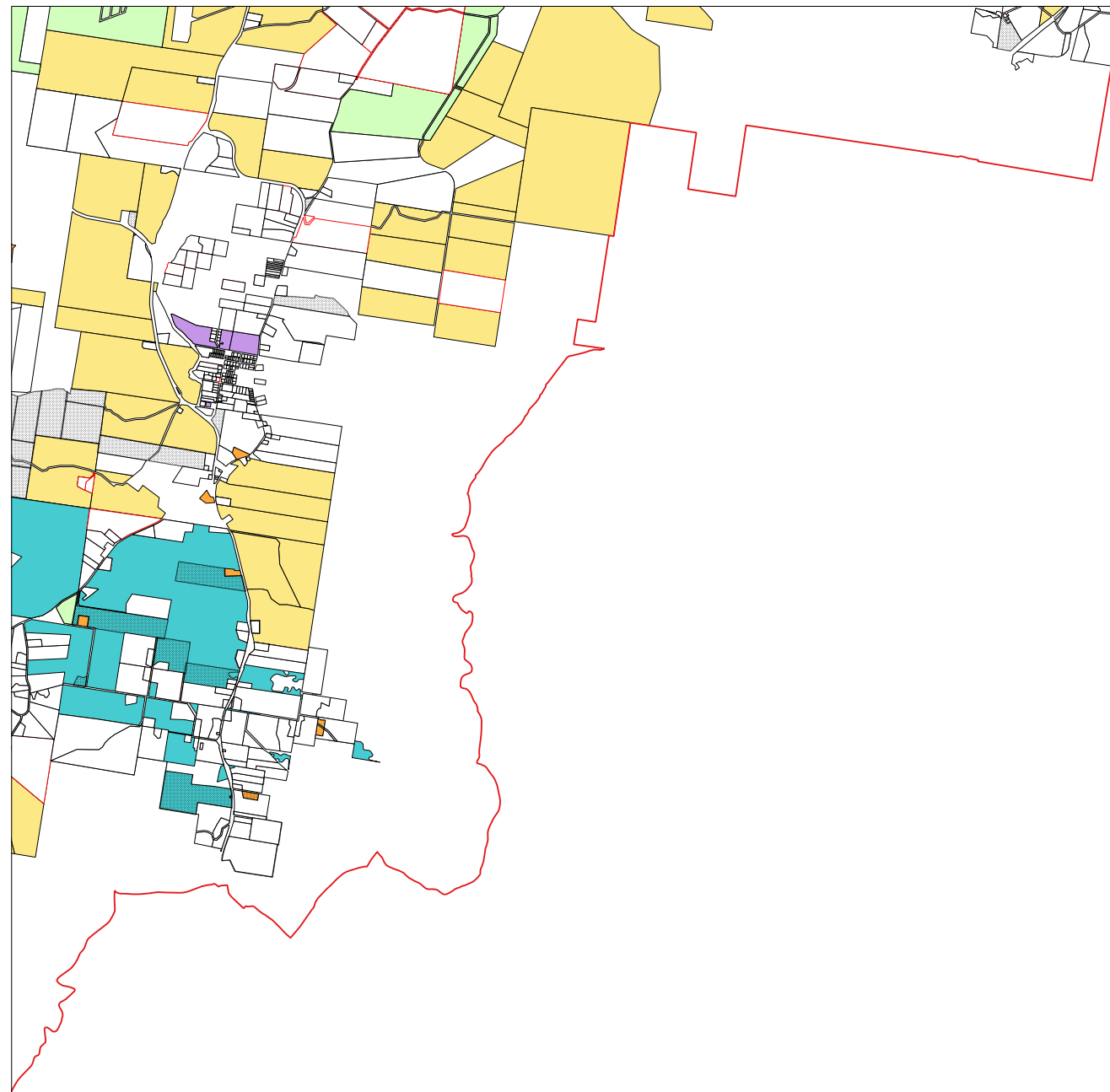
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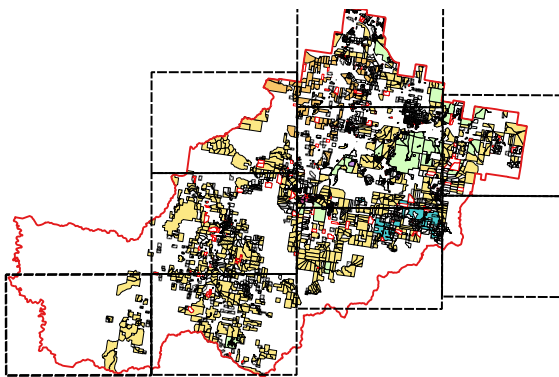
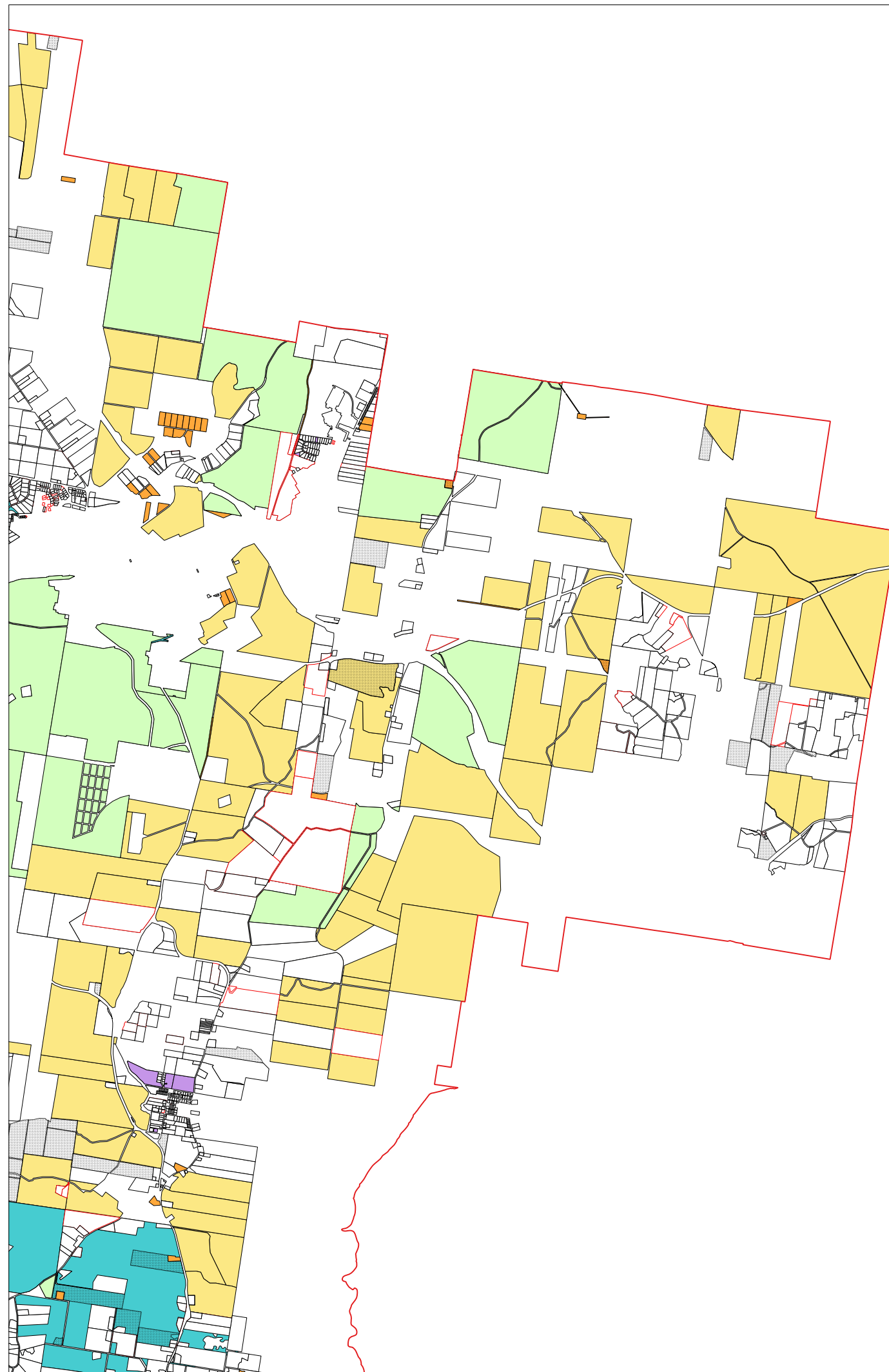
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