

Proposed Rural Living Development, Tarran Valley Estate, Maldon (Amendment C36)

Expert Witness Statement Demand and Supply Analysis

November 2015

Prepared by

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1. Name and Address

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2. Area of Expertise and Experience

I am a Property Consultant specialising in property market demand and supply analysis and commercial property appraisals. I have been in private consultancy practice for over 17 years' experience including undertaking planning and property appraisals, demand and supply analysis, market analysis and development feasibility for a range of residential, commercial projects and activity centre precincts throughout various areas of metropolitan Melbourne, regional Victorian townships and in other national metropolitan areas.

My qualification and employment experience are summarised as follows:

2.1 Qualifications

- Bachelor of Arts (Honours - Geography), University of Melbourne
- Bachelor of Planning and Design (Planning), University of Melbourne
- Master of Urban Planning, University of Melbourne

2.2 Experience

- 7 years as Associate Director, Property and Development Services at Sweett (Australia) Pty Ltd (formerly known as BurnsBridge Sweett Pty Ltd).
- 7 years as Associate at Foresite Pty Ltd.
- 5 years as a Town Planning Consultant and Research Analyst at WSC Consultants Pty Ltd.

3. Scope of Work and Instructions

3.1 Instructions

I have been instructed to review and provide an updated assessment of the demand and supply of rural residential property associated with the proposed rezoning of the subject site for residential development in the context of Maldon and the Mount Alexander Shire.

3.2 Process and Methodology

In preparing this assessment I have reviewed the following documents and reports:

- Australian Bureau of Statistics, Census of Housing and Population Data 1996, 2001, 2006 and 2011, www.abs.gov.au.

- Mount Alexander Planning Scheme, Mount Alexander Shire Council, www.mountalexander.vic.gov.au.
- Mount Alexander Rural Living Strategy 2006, Mount Alexander Shire Council, 2006.
- Mount Alexander Urban Living Strategy October 2004, Mount Alexander Shire Council
www.mountalexander.vic.gov.au/Files/Mount_Alexander_Urban_Living_Study.pdf.
- Urban Development Program, Regional Residential Report for the Shire of Mount Alexander, Department of Environment, Land, Water and Planning, 2012.
- Residential Land Demand and Supply Analysis, Phillip DeAraugo Integrated Strategic Urban Planning for the Sustainable Development Unit, September 2010
- Planning permit applications in open, potable water supply catchment areas, Department of Sustainability & Environment, November 2012.
- Loddon Mallee South Regional Growth Plan – Southern Region” (2013).
- Rural Residential development, Planning Practice Note 37, Department of Environment, Land, Water and Planning, June 2015.
- Towns in Time 2011, Department of Sustainability & Environment, <http://www.dse.vic.gov.au/DSE/dsenres.nsf/LinkView/E05D934749B13CE2CA256D3B0005539F5D8F38B915AF5AA1CA256D1A0022BDE9>.
- ABS 2011 Census Journey to Work Data from TableBuilder
- Estimated Residential Population (ERP) Regional Population Growth, Australia, 2011, ABS catalogue 3218.0, compiled by ID Consultants.
- City of Greater Bendigo Population Projections, 2015, City of Greater Bendigo, www.id.com.au/bendigo/forecastid.
- Sponge Cities and Small Towns: a new economic partnership paper July 2005, Trevor Budge, <http://www.latrobe.edu.au/csarc/fact2/refereed/budge.pdf>.
- Policy Implications of the development of teleworking in Victoria July 2006, Department of Infrastructure, <http://www.grassroots.org.au/news/items/2006/08/94633-upload-00001.pdf>.
- Tourism Profiles for Local Government Areas in Regional Australia, Tourism Australia www.tra.australia.com.
- Victoria’s Regional Tourism Strategy 2013-2016, Tourism Victoria, December 2013.
- Provincial Victoria – Emerging Trends in Jobs and Population, Victorian Government, 2005.
http://www.business.vic.gov.au/busvicwr/_assets/main/lib60018/provvic_trends_jobs_population.pdf.
- Moving Forward: Making Provincial Victoria the Best Place to Live, Work and Invest, Victorian Government 2005
http://www.business.vic.gov.au/busvicwr/_assets/main/lib60139/pv-movingforward.pdf.
- Valuer-General Victoria, “A Guide to Property Values, 2014”.

- Maldon Property Market Listings, www.realestate.com.au as of 4 Nov 2015.
- Department of Transport, Planning and Local Infrastructure, Victoria in Future 2015 population and household projections, 6 Aug 2015.
- Mount Alexander Shire Building Department, Building permit data, 2008
- Victorian Building Authority, Building Permit Activity Data, 2009 to Oct 2015.
- Mount Alexander Planning Scheme Amendment C61.
- Rural Land Study, EnPlan, dated 21 January 2014.
- APM PriceFinder property sales database Nov 2015.

I have undertaken an inspection of the site and surrounding areas in Maldon and on 6 November 2015.

3.3 Persons assisting with this work

I have been assisted by Mr Jason Buckland, Property Advisor and Town Planner of my office in the preparation of this evidence. However the views and conclusions outlined in this evidence are my own.

4. Demand and Supply Issues of Maiden Gully and Greater Bendigo

I attach my report titled, *Proposed Rural Living Development, Tarran Valley Estate, Maldon, Amendment C36, Mount Alexander Shire, Demand and Supply Analysis*, November 2015 and present it as my evidence.

5. Conclusions

From a review and update of an analysis of Demand and Supply in Maldon and Mount Alexander Shire more widely it is submitted that there is strategic justification and that planning scheme amendment C36 should be supported with the following conclusions and key findings summarising my assessment and review:

1. This demand and supply analysis of rural living and low density residential property within and around the Maldon Township forms part of the request for an Amendment C36 to the Mount Alexander Planning Scheme to rezone the Tarran Valley land from a Farming Zone to a Rural Living Zone to facilitate rural living development.
2. This Demand and Supply Analysis has been reviewed and updated having regard to the most recently available census and other data available. Overall the assessment has not significantly changed from the previous analysis titled, *Proposed Rural Living Development, Tarran Valley Estate, Demand and Supply Analysis*, dated September 2008 prepared by Foresite Pty Ltd.

3. The Tarran Valley Estate is proposed on a 125 hectare vacant parcel of land situated immediately south-east of the township of Maldon. Amendment C36 proposes to rezone the subject land from a Farming Zone to a Rural Living Zone to facilitate rural living development. It also seeks as considered by the C36 Panel, to amend the Schedule to the RLZ to provide a 1.0 ha minimum lot size for subdivision and apply a Development Plan Overlay and Schedule 8 – Tarran Valley, Castlemaine- Maldon Road, Maldon (DPO8) and Environmental Significance Overlay and Schedule 8 – Tarran Valley – Biodiversity Protection and Enhancement(ESO8) to the subject land. All other existing overlays remain unchanged.
4. The proposed development plan, dated May 2014 (Version 30) provides for the subdivision of the land into 42 lots ranging in size from 1.2 hectares on cleared areas of the site to approximately 22.8 hectares on heavily vegetated areas of the site depending upon site conditions and service capability within the development area.
5. Following a review of referral authority comments relating to domestic wastewater disposal, the proposal will now provide reticulated sewer to all lots in the subdivision excluding proposed lots 34-36 and 42 (Lots 34 and 36 will be connected to sewer by grinder and Lots 35 and 42 exceed 20ha and will be able to dispose of waste on-site). The connection of the lots to reticulated sewerage in our view will make the lots similar in appeal to smaller serviced general residential lots offered to the market.

Conclusions of Demand and Supply Assessment

6. In line with the *Planning Practice Note 37: Rural Residential Development* (June 2012) guideline “to identify projected population and household increases and housing needs over a 10 year period for the area” this Demand and Supply Analysis has established that 50 additional dwellings will be required in the form of Rural Living over the next 10 years for Maldon or 5 dwellings per annum. The total number of lots to be released as part of the Tarran Valley development is 42 – comprising 8.4 years of supply at this rate of demand, less than 10 years supply in line with the PPN37, Rural Residential Development, June 2015.
7. The assessment further concluded that 5 additional dwellings is the *minimum projected requirement* for rural living dwellings per annum. A range of other likely drivers could lead to a greater demand for dwellings including:
 - The lack of alternate consolidated, good quality supply of vacant rural residential lots within 5 kilometres of Maldon (refer section 5.13 of this report).
 - The continued growth in the population of Castlemaine as a key place of work for Maldon residents and lack of residential and rural residential land supply in Castlemaine.
 - The Tarran Valley estate rural living development in Maldon is of a scale that is different to other small lots being developed for rural living in Maldon and will therefore generate a demand of its own.

8. Given the continued growth in population in Castlemaine and a lack of supply of residential and rural residential land to service the Castlemaine area it is conceivable that a portion of demand for residential land in Castlemaine will be taken up by available supply in nearby Maldon. Castlemaine is also a significant place of employment for the workforce residing in Maldon with 21.8% of Maldon's workforce working in Castlemaine.
9. On the basis of a similar projection of demand for residential dwellings in Castlemaine, in the order of 60 dwellings per annum is required to meet demand. Even if 10% of the Castlemaine projected demand for dwellings was taken up by available supply in nearby Maldon due to constraints in supply on Castlemaine this would comprise 6 dwellings per annum taken up in Maldon. Assuming Tarran Valley Estate absorbed say 30% of this overflow (i.e. 2 lots per annum). This further analysis therefore concludes the order of project demand could be 7 lots per annum or 70 lots over a 10 year period. The total number of lots to be released as part of the Tarran Valley development of 42 could therefore comprise 6 years of supply under this scenario.
10. In conclusion the minimum projected requirement for rural living dwellings per annum in Maldon is 5 new dwellings per annum or 50 over a 10 year period. Given a range of other factors will likely lead to a greater demand for dwellings including constraints in rural living lot supply in Maldon, Castlemaine and the Calder Freeway corridor, and the scale and fully serviced nature of the Tarran Valley proposal, further analysis has confirmed that demand could be 7 lots per annum or 70 lots over a 10 year period. The 42 lots proposed in Tarran Valley development could therefore comprise between 6 and 8.4 years of supply under this analysis.
11. Our assessments of alternate supply of vacant rural landholdings within 5 kilometres of Maldon has concluded that rural residential development in Maldon is severely constrained due to lack of consolidated landownership, fire hazard and interface and amenity issues including the adjacent State Parks and historic reserves that form an edge to the urban area as well as wastewater management, land capability constraints and the heritage overlays effecting the central township area. Urban expansion is also further limited by the planning objectives of the Maldon Framework Plan, which aims to protect the views and vistas to Mount Tarrengower and the views of the historic reserves and mining landscapes adjacent to the township. These constraints will therefore significantly limit the number of opportunities in and around Maldon to create further residential lots to cater for market demand.
12. It is therefore submitted that the Tarran Valley proposal would provide a very different product to the Maldon property market in the form of a well-planned, environmentally sensitive, high quality Rural Living development.

Summary of Findings

13. In summarising the findings of the Demand and Supply Analysis report, key findings are noted as follows:
- There is an increasing demand for rural living within the Mount Alexander Shire with key influencing factors including:
 - The natural heritage and town character of Maldon provide an attractive option for people looking to move to a rural area who are specifically seeking out a rural living lifestyle.
 - Demographic trends such as the ageing nature of Maldon's population, increase in tourism, decrease in average household size, large percentage of in-migration in the last 5 years and increase in the number of unoccupied dwellings, all lead to an increase in demand for residential housing options in Maldon.
 - The population of Maldon is forecast to increase at an average rate of 1.2% per annum over the next 10 years, providing an additional 147 people or 74 new households to the town.
 - Added to the assessed dwelling numbers from population growth forecasts, our assessment has further included additional dwelling requirements not directly associated with population growth. Associated factors of note therefore include:
 - The high proportion of unoccupied dwellings in the area reflecting a significant growth in demand for holiday homes or homes for semi-permanent residents in Maldon; and
 - The relative affordability of homes in regional Victoria compared to metropolitan Melbourne and coastal areas of Victoria.
 - Our assessment therefore concluded that the number of additional Rural Living dwellings required in Maldon over the next 10 year period is 50, or 5 per annum. The Tarran Valley Estate of 42 lots therefore equates to 8.4 years of supply. This is the **minimum projected requirement** for rural living dwellings per annum. A range of other likely drivers will likely lead to a greater demand for dwellings.
 - Given the continued growth in population in Castlemaine and a lack of supply of residential and rural residential land to service the Castlemaine area it is very conceivable that a portion of demand for residential land in Castlemaine will be taken up by available supply in nearby Maldon. Assuming Tarran Valley Estate absorbed say 30% of demand from Castlemaine, due to constraints in supply (i.e. 2 lots per annum) this would increase the likely order of demand to around 7 lots per annum. The lots to be released as part of the Tarran Valley development of 42 could therefore comprise 6 years of supply under this scenario.

- On this basis, a master planned, larger scale rural living development will provide the best outcome for both providing new housing to meet demand, but also to meet the demand more specifically for rural living.
- Alternative areas for the supply of a Rural Living zone were considered as part of the analysis. It was determined that whilst there are other vacant lots available in Maldon, significant constraints limit their suitability for a rural living development, including: –
 - The sites cannot provide the scale and opportunity of a well-planned rural living development. Use of such lots encourages ad hoc, unplanned infill development.
 - The sites identified are mostly in-fill sites or are currently in use for operational farms and existing dwellings.
 - There are interface issues with the forest and adjoining land uses (i.e. industrial, refuse station, fire hazard buffers) as well as native vegetation and topographical constraints.
 - Most of these areas require significant upgrade to existing gravel roads and services including due to waste water land capability, services and infrastructure with significant costs limiting viable development outcomes.
 - Maldon and the surrounding hinterland areas (i.e. within approximately a 12km radius) are within the Cairn Curran Water Supply Catchment and subdivision below 40ha will not be approved by Goulbourn Murray Water without provision of a reticulated sewerage connection. This significantly restricts further residential subdivision and supply in rural areas surrounding Maldon (refer 5.37 of this report for further detailed explanation).
 - Many of the land titles are not consolidated in single ownerships. Therefore, whilst on a plan there appears the opportunity to construct dwellings on each of these lots, the current ownership patterns limit rural living development.
 - The majority of the identified areas would require a re-zoning and/ or planning permit to allow for rural living development. This process is lengthy and any application and approval for rezoning land to Rural Living Zone in alternative areas of Maldon would see a significant lead time to the release of lots to the market.
 - In addition State Government planning policy to retain high quality agricultural land discourages approvals for residential dwellings on farm zoned land which are not required to support agricultural uses undertaken on the land.
 - The lack of supply is further reflected in low building approval numbers and lots being offered for sale.
- Of those areas identified where rural living could potentially be supported, the overall size of these landholdings would not allow for such a well planned development as Tarran Valley will be able to provide. All of these alternative

areas would also require re-zoning like Tarran Valley, and hence, would also need to go through the same Planning Scheme amendment process and be able to respond to the same Rural Living policies.

- The development of Tarran Valley will also help to ease the current lack of available residential vacant lot supply in Maldon and provide a wider range of housing options for those looking to enter the housing market.
- It is submitted that the Tarran Valley estate rural living development in Maldon is of a scale that is different to other small lots being developed for rural living in Maldon and will therefore generate a demand of its own and will assist in Council's management of small rural lots within the Farming zone areas.

14. The analysis also specifically responds to the queries raised by the Advisory Committee in relation to:

- *The extent of demand for lots that are likely to result from rezoning the land to the Rural Living Zone.*

15. Response:

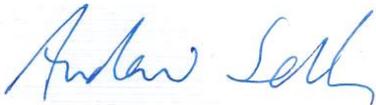
- The 10 year supply required to meet rural residential demand is at a minimum 50 new dwellings in the Rural Living zone. Tarran Valley Estate is to provide for 42 dwellings, comprising 8.4 years of supply at this rate of demand, less than 10 years supply in line with the PPN37, Rural Residential Development, June 2015.
- Further analysis has concluded that this is the minimum projected requirement for rural living dwellings per annum. Having regard to a range of further influencing factors including the lack of supply in the Castlemaine area, the project demand could be 7 lots per annum or 70 lots over a 10 year period. The total number of lots to be released as part of the Tarran Valley development of 42 could therefore comprise 6 years of supply under this scenario.
- In conclusion the minimum projected requirement for rural living dwellings per annum in Maldon is 5 new dwellings per annum or 50 over a 10 year period. Given a range of other factors will likely lead to a greater demand for dwellings including constraints in rural living lot supply in Maldon, Castlemaine and the Calder Freeway corridor, and the scale and fully serviced nature of the Tarran Valley proposal, further analysis has confirmed that demand could be 7 lots per annum or 70 lots over a 10 year period. The 42 lots proposed in Tarran Valley development could therefore comprise between 6 and 8.4 years of supply under this analysis.

16. It is therefore submitted that the development of Tarran Valley Estate will not provide an oversupply of housing to the market of Maldon and surrounding region, and is in fact required to meet the future demand for housing required to support employment and population growth the Maldon and Castlemaine areas.

6. Declaration

I have made all the inquiries that I believe are desirable and appropriate and that no matters of significance which I regard as relevant have to my knowledge been withheld from the Advisory Committee.

Mr Andrew Sells
Associate Director
Sweett (Australia) Pty Ltd



13 November 2015