

8.3 Mudgee and Gulgong Urban Release Strategy 2023 Update - Post Exhibition

REPORT BY THE MANAGER STRATEGIC PLANNING
TO 19 JULY 2023 ORDINARY MEETING
GOV400103, LAN900145

RECOMMENDATION

That Council:

1. **receive the report by the Manager Strategic Planning on the Mudgee and Gulgong Urban Release Strategy 2023 Update - Post Exhibition; and**
2. **adopt the Urban Release Strategy 2023 Update.**

Executive summary

The purpose of this report is to consider the submissions received and adopt the Urban Release Strategy 2023 Update (URS 2023), prepared by HillPDA on behalf of Council.

The updated URS provides a framework for the timing, location and delivery of residential land in Mudgee and Gulgong to 2041 based on the adopted Comprehensive Land Use Strategy and land already zoned in the Mid-Western Regional Local Environmental Plan 2012. The URS does not make recommendations in terms of the specific amendments to the Comprehensive Land Use Strategy or specific sites to be rezoned.

Seventeen public submissions and comments from DPE were received in response to the public exhibition period. It must be highlighted that many of the submissions sought the rezoning of land or the inclusion as an Urban Release Area, the scope of the URS was to consider land already zoned and opportunities identified in the adopted Comprehensive Land Use Strategy. Accordingly, such submission were out of the scope of the URS 2023 Update.

If the URS 2023 is adopted, staff will commence engagement with landowners within URAs, including the education of the planning proposal and development application process for those relevant URAs with the aim to bring lots to market. Further, as outlined in the URS 2023 the Mudgee supply will be exhausted before 2041, accordingly, staff will need to program the time for the preparation of a land use strategy to identify the location of the future residential land supply for Mudgee. It must be highlighted the URS details an 18 year land supply of R1 General Residential and a 25 year supply of R2 Low Density Residential.

Detailed Report

To assist in the understanding of the role of the URS, the below strategic land use planning framework has been provided.

STRATEGIC LAND USE PLANNING FRAMEWORK

Local Strategic Planning Statement 2020

Council's first Local Strategic Planning Statement (LSPS) was adopted in 2020. Local planning is informed by and must be consistent with the state planning objectives. The LSPS is part of Council's commitment to manage future growth in an environmentally, socially and economically

responsible way and builds on the Mid-Western Community Plan and Council's current land-use strategy, the Comprehensive Land Use Strategy Parts A, B and C. It describes how the directions and actions in the Central West and Orana Regional Plan will be implemented locally.

Comprehensive Land Use Strategy 2010

The Comprehensive Land Use Strategy (CLUS) was endorsed by the Department of Planning in 2011 following a long and extensive investigation into planning and land use and the desired future direction of the LGA. The CLUS provided the necessary strategic framework to guide planning over the next 25 years for the Mid-Western region. The most referenced aspect of the CLUS are the Town Structure Plans. These are maps for each of Gulgong, Mudgee, Rylstone and Kandos which visually represent the outcomes of the strategy. The CLUS recommended the preparation of an Urban Release Strategy for residential land to assist in infrastructure planning.

Mid-Western Regional Local Environmental Plan 2012

The CLUS provided the basis for the Mid-Western Local Environmental Plan 2012 (MWLEP). The primary purpose of this LEP was to consolidate the Mid-Western Regional Interim LEP 2008, Rylstone LEP 1996 and Merriwa LEP 1992 into the Standard Instrument LEP format. The intent of the MWLEP2012 was to provide the statutory framework consistent with the standard template LEP enforced by the Department of Planning and Environment. To meet the demand driven by the resource boom at the time, Council rezoned land identified on the Mudgee and Gulgong Town Structure Plans.

Mudgee and Gulgong Urban Release Strategy 2023 Update

The URS 2023 seeks to provide an updated overview of housing supply and demand in Mudgee and Gulgong. The purpose of this strategy is to:

- Assess the supply and demand of residential land and the status of previously-identified urban release areas (URAs)
- Recommend any required changes to facilitate anticipated demand shortfalls
- Inform Council's strategic planning works and servicing, and
- Provide a framework for the systematic release of residential land to manage the balance of supply and demand over the study period (2021-2041).

The URS identifies that with the forecast influx of the employment-generating workforces, the zoned and serviced supply is in low in both Mudgee and Gulgong, with both general residential and large lot zoned and serviced residential land being exhausted within the first few years of the study period. Works to prioritise servicing works and add more land to the 'zoned and serviced' category is therefore required in the short-term.

PUBLIC SUBMISSIONS

The Mudgee and Gulgong Urban Release Strategy 2023 Update was placed on public exhibition for 28 days, 17 submissions were received and have been provided as Attachment 1. The issues raised have been summarised in the table following and a staff comment provided. Further, an email providing comments was received from the DPE, the email is provided as Attachment 2.

The email from DPE provides Council with matters for consideration in future rezonings. DPE also stated the URS 2023 would '*benefit from further clarifying how additional demand driven by employment generating projects has been incorporated into the projected future demand figures*'. Table 45: *Overview of dwelling demand projection findings*, details the breakdown of population projection and project demand. It should be highlighted that project demand is going to continually change, Council is monitoring this on a monthly basis.

Site	Issue raised in the submission	Staff comment
<p>Shepherds Lane and Old Mill Road, Gulgong</p>	<p>Inclusion in the URS 2023 due to proximity to Gulgong, water and electricity are available, new dwellings located on Shepherds Lane and Old Mill Road, sealed road frontage, not flooded during 2022-2023. Subject site included in Area D of the Rural lifestyle opportunities – 5km offset area surrounding Gulgong.</p>	<p>The objective of the URS 2023 was not to identify additional land, rather it considered land already zoned under the MWLEP and future R1 General Residential, R2 Low Density Residential and R5 Large Lot Residential (with a minimum of 2 or 5 hectares) identified on the town structure plans of the CLUS, accordingly the proposal is out of scope. It should be noted the site located within/partially of Area D of the Rural lifestyle opportunities – 5km offset area surrounding Gulgong, that provides future consideration of R5 Large Lot Residential (with a 12 hectare minimum) opportunity.</p>
<p>106 Spring Flat South Land and 72 Spring Flat Road, Spring Flat (Lot 2 and Lot 3 DP 1266982)</p>	<p>The two lots should be included in the URS 2023 as a R5 Large Lot Residential opportunity with a minimum lot size of 5 hectares.</p>	<p>The objective of the URS 2023 was not to identify additional land, rather it considered land already zoned under the MWLEP and land identified as an opportunity under the CLUS. Accordingly, the proposal is out of scope.</p>
<p>199 Black Lead Lane, Gulgong (Lot 3 DP 1143877)</p>	<p>Does rezoning occur when landowner wish? Landowners have constructed dwellings on the sites and do not wish to rezone and subdivide.</p> <p>Renewable energy project low-skilled construction workforces will not reside in the area and will move onto other sites. Permanent workforces are much less than stipulates in the Environmental Impact Statements, as demonstrated in the case of the Beryl Solar Farm. Tables that show renewable project construction and operational workforces are misleading as forecasting of future housing demand.</p>	<p>The subject site is identified as a future R1 General Residential opportunity under the CLUS. Potential rezoning of the site would be landowner initiated and would need to satisfy water and sewer infrastructure servicing. Areas identified as opportunities under the CLUS cannot necessarily be serviced by water and sewer infrastructure.</p> <p>To draft the URS 2023 assumptions were established to assist with informing future housing supply demands. Council acknowledges there are uncertainties around both the construction and permanent workforces of not only renewable developments within the region, but also other employment generating developments. Accordingly, Council internally monitors State Significant Developments tracking through the planning process.</p>
<p>38 Hill End Road, Caerleon (Lot 18 DP 1113002, Lot 1 DP 1181749 and Lot 10 DP 1147292).</p>	<p>Submission references a Scoping Report submitted, accompanied by a Housing Market Study prepared by HillPDA.</p> <p>Master plan shows a variety of proposed land uses, being Rural Residential, Employment and Residential lands. Master plan designed to avoid land use conflict.</p> <p>Reference is made to the Draft Mudgee Large Lot Residential Strategy.</p> <p>Significant supply of R1 General Residential land held by one developer.</p> <p>Proximity to Caerleon, significant portion of housing supply is located in M18 (one developer),</p> <p>Availability of Council resources to carry out investigations detailed in Chapter 8.</p> <p>URS does not provide a path forward to address housing shortfalls, infill development and tourism industry.</p>	<p>The submitted Scoping Report is progressing in accordance with DPEs Guideline.</p> <p>The design of the Masterplan is noted. The proposed additional employment lands is consistent with the CLUS. Council will engage with the landowner during the preparation of the Employment Lands Strategy.</p> <p>The Draft Mudgee Large Lot Residential Strategy has not progressed for a number of reasons, including the need for Council to observe and understand market demand for R5 Large Lots. It must be noted Council has 73 lots of development applications approved. Further, Council needs to prepare an Employment Lands Strategy to identify the location of the future location of employment lands.</p> <p>Council previously made the decision to rezone the area of M18 and invested in infrastructure servicing for this area.</p> <p>The scope of the URS was not to identify any path forward for housing supply. A path forward for identifying the location of future housing supply</p>

	<p>URS 2023 should consider areas within proximity to a mapped area should be released or considered for rezoning.</p> <p>Precedent set by rezoning land not identified by the CLUS or the URS 2014 by M25.</p> <p>Request that Council consider the subject site as a standalone Urban Release Area and request that the Draft URS be put back on notification, enabling our client to assess the supplementary information provided by Council.</p>	<p>and housing typology would be a Housing Strategy.</p> <p>The subject sites proximity to Caerleon is acknowledged, however the existing water and sewer infrastructure servicing has been designed and construction accordingly. The site is located at the extremity of Council's serviced land supply.</p> <p>A focus of Chapter 8 is the water and sewer infrastructure servicing of areas currently constrained. Council is currently undertaking water and sewer modelling to inform concept designs. The budget for the preparation of Development Servicing Plans is within this year's Operational Plan, accordingly, Council can deliver on the key recommendation in Chapter 8.</p> <p>The URS 2023 discusses infill development, this refers to development located outside the identified URAs, for instance in the area zoned R3 Medium Density around the Mudgee town centre.</p> <p>Council monitors the fluctuating number of properties utilised for short-term rental accommodation. The release of an additional land supply is not a sound land use response. This matter would be more appropriately considered in the preparation of a Housing Strategy.</p> <p>The scope of the Draft URS was not to consider areas adjoining mapped area. If Council were to identify additional areas to provide a land/housing supply, this would be done with a Housing Strategy.</p> <p>M25 Large Lot Residential zoned land was not identified in the CLUS, the anticipated demand was stipulated in the URS 2014. Council and DPE supported the three planning proposals (including M25) as there was not a current supply of this zoned land with the minimum lot size, unlike the case of the R1 General Residential and R2 Low Density Residential.</p> <p>The proposal is out of the scope of the URS 2023, accordingly it is not necessary for Council to place the document back on public exhibition. If Council wanted to consider this site to provide a residential land supply, the site, along with all other land around the urban limit should be considered in the preparation of a Housing Strategy.</p>
<p>34 Bruce Road, Mudgee (Lots 42 and 49 DP 756894).</p>	<p>Site is identified as 'urban purposes' under the CLUS.</p> <p>Adjoining land uses are detailed.</p>	<p>Council is currently undertaking water and sewer modelling to inform concept designs. This process will assist staff in advising the community of the timing of future rezoning and development of URAs.</p> <p>Council acknowledges the term 'urban purposes' is mentioned on the Mudgee Town Structure Plan, but detail is the text is limited, accordingly the lot size consistent with the adjoining was applied.</p>
<p>Two areas identified in red within the submission on the Eastern side of</p>	<p>Delivery of additional residential land within Mudgee and Gulgong.</p> <p>'Rural lifestyle opportunities' not considered.</p>	<p>The objective of the URS 2023 was not to identify additional land, rather it considered land already zoned under the MWLEP and land identified as an opportunity under the CLUS.</p>

<p>Gulgong.</p>	<p>Dwelling entitlement matter.</p> <p>Gulgong appears to have higher rates of land ownership in comparison to rentals, therefore increased appetite for home ownership, may in fact increase demand for larger lots and varied housing choice.</p> <p>Temporary workers' accommodation should be considered the last alternative and in particular if large centres are located within close proximity.</p> <p>Areas have initiated investigations into potential rezoning.</p>	<p>Council is happy to discuss the impact of dwelling entitlement of existing lots on land supply with the proponent.</p> <p>Council delivers 'rural lifestyle opportunities' zoned R5 Large Lot Residential with two different minimum lot sizes, in two differing locations. 12 hectare opportunities are located within the 5km offset and 2-5/6 hectare opportunities adjoin the urban area. The URS 2023 includes land zoned and identified for R5 Large Lot Residential with a minimum lot size 2-5/6 hectares, adjoining the urban area. If Council were to consider a differing minimum lot size for those identified 'rural lifestyle opportunities' within the 5km offset, this would require further strategic work to be undertaken separate to this URS 2023.</p> <p>The comment regarding homeownership is noted, Council will monitor the take-up of lots by lot size and supply.</p> <p>Council's established strategic position regarding temporary workers' accommodation, it is satisfactory for construction workforces to be accommodated in temporary accommodation and in the case of the Central-West and Orana Renewable Zone, the Region can't accommodate the volume of the forecast construction workforce. However, Council supports the location of the permanent work within towns in market housing.</p> <p>Staff have been in discussion with proponents regarding rezoning, however the sites are located outside the scope of the URS 2023.</p>
<p>3B Sydney Road, Burrundulla (part of Lot 3 and 4 DP 1069441 and Lot 6 DP 1269918)</p>	<p>The URS 2023 'omits, without explanation, consideration of a parcel' of land located to the north of M22.</p>	<p>The objective of the URS 2023 was not to identify additional land, rather it considered land already zoned under the MWLEP and land identified as an opportunity under the CLUS. The subject site is not identified in the CLUS for a residential opportunity.</p>
<p>24 Plenty Road, Spring Flat (Lot 1 DP 724827 and Lot 1 DP 725541)</p>	<p>Support the URS 2023, provided proposed subdivision plan for the subject lots and adjoining land. The submission also provides justification for the proposed layout.</p>	<p>Support is noted. The proposed subdivision layout for the subject lots will assist Council in developing the water and sewer infrastructure model and concept designs.</p>
<p>78 Tinja Lane, Mudgee (Lot 11 DP 592746)</p>	<p>Inclusion of the subject lot as an URA. Previously identified in an earlier Local Environmental Plan.</p>	<p>The objective of the URS 2023 was not to identify additional land, rather it considered land already zoned under the MWLEP and land identified as an opportunity under the CLUS.</p> <p>The zoning of the site is consistent under previous Local Environmental Plans.</p>
<p>118 Abattoirs Road, Menah (Lots 201 and 202 DP809600)</p>	<p>Subject lots should be considered for a Large Lot 2 hectare land supply.</p> <p>The forecast demand for 2 hectare lots is lower than that in the URS 2014.</p>	<p>The objective of the URS 2023 was not to identify additional land, rather it considered land already zoned under the MWLEP and land identified as an opportunity under the CLUS. The subject lots are located outside these area.</p> <p>Council is aware that the demand for 2 hectare lots are lower than previously stated, this demand is yet to be tested. Council will monitor the take-up of these lots closely to ensure strategic land use decisions are made in a timely manner and a supply is planned for.</p>

<p>2589 Castlereagh Highway, Gulgong (Lot 8 and Lot 11 DP 1172228)</p>	<p>URS 2023 does not identify a clear definitive urban fringe</p> <p>Maintain the existing RU4 Primary Production Small Lot zoning to the western portion of the subject site with a reduction in minimum lot size provision from 20 hectares to 8 hectares.</p> <p>Eastern portion of the subject site be rezoned to R5 Large Lot Residential with a subsequent minimum lot size provision ranging from 2-6 hectares.</p>	<p>The URS 2023 does not define the urban edge as the objective of the URS 2023 was not to identify additional land, rather it considered land already zoned under the MWLEP and land identified as an opportunity under the CLUS. The subject lots are located outside these area.</p> <p>The CLUS identifies rural lifestyle opportunities, Figure 4-4 Rural lifestyle opportunities around Gulgong. This figure demonstrates the subject lots are constrained (not mapped as an opportunity or Class 3 land, otherwise unconstrained), therefore were not considered for rural lifestyle opportunities. As mentioned in an above comment rural lifestyle opportunities within the 5km off-set of towns are not subject to the scope of the URS 2023.</p>
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CHANGES TO DOCUMENT POST PUBLIC EXHIBITION

Minor edits were made to the document post exhibition, these included replaced terminology used to describe the lot typology with the zones names to avoid any confusion. The two examples are the replacement of the term *'large lot'* to *'low density'* and *'lifestyle block'* to *'large lots'*.

Figure 2 and 3 have been replaced with new maps with road names to assist in the identification of the Urban Release Areas.

A minor error was made in relation to URA 18, the error was made in the pre-constraints supply analysis, and this correction has been made. Specifically, this changes the (URA 18, R1 450sqm) zoned area from 111 hectares to 101.8 hectares, reduces the potential yield from 999 lots to 916 lots, and reduces the overall zoned area for the URA from 259.6 hectares to 250.4 hectares. It also reduces the total potential lot yield in the table from 5,311 to 5,229. This change also makes changes to Tables 40 and 55.

The URS 2023 with these changes tracked has been provided at Attachment 3. A clean copy (with changes accepted) of the URS 2023 has been provided as Attachment 4 for adoption.

NEXT STEPS

The staff recommendation is to adopt the URS 2023. There are staff operational tasks that will commence, which include engagement of landowners within URAs and education of the development application process and planning proposal process for those relevant URAs with the aim to bring lots to market. Engagement with landowners of land identified for a future residential land supply under in the Town Structure Plan of the CLUS. Program the land use strategy work to identify the future residential land supply for Mudgee.

Disclosure of Interest

Nil

Community Plan implications

Theme	Looking After Our Community
Goal	Vibrant towns and villages
Strategy	Make available diverse, sustainable, adaptable and affordable housing options through effective land use planning

Strategic implications

Council Strategies

Mid-Western Regional Local Strategic Planning Statement, Our Place 2040
Mid-Western Regional Council Comprehensive Land Use Strategy 2010 Part A, B and C

Council Policies

The adoption of the URS 2023 will not require any change to relevant policies.

Legislation

Environmental Planning and Assessment Act 1979
Mid-Western Regional Local Environmental Plan 2012

Financial implications

Nil

Associated Risks

Underestimating demand for additional residential land and dwellings/lots could have a negative impact on the community through price increases or dislocation. However, overestimating demand can also negatively impact the community through Council funding additional infrastructure works that may not be required.

SARAH ARMSTRONG
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ALINA AZAR
DIRECTOR DEVELOPMENT

19 June 2023

Attachments:

1. Submissions. (separately attached Book 2)
2. DPE comments. (separately attached Book 2)
3. URS 2023 tracked changes. (separately attached Book 2)
4. URS 2023 (clean copy, tracked changes accepted). (separately attached Book 2)

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER