

BYLES CREEK PLANNING STUDY - ECONOMIC IMPLICATIONS ANALYSIS

ELTON CONSULTING
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SUMMARY OF ECONOMIC IMPLICATIONS

Table ES. 1 summarises the key economic implications and likely level of impact to the land values and property owners as a result of the recommendations from the Byles Creek Planning Study (the Study).

The below findings take into account the residential lot audit, property groupings, constraints assessment and property market research undertaken by AEC. The approach undertaken was effectively an assessment of the economic impacts on the privately owned properties between ‘current state’ and ‘future state’ assuming the recommendations from the Study are implemented.

Table ES. 1. Summary of Economic Implications

Recommendation	Description	Level of Impact	Economic Implications
1. Environmental Zoning	Rezone all land from R2 - Low Density Residential to E4 – Environmental Living within the Study Area.	Minimal impact.	The difference in land uses permitted between an R2 and E4 zone would not impact the primary residential use of the properties and therefore unlikely to have a material impact on the land values on a precinct level based.
2. Minimum Lot Size	Increase minimum lot size from 600sqm to 40ha for land proposed to be zoned as E4 – Environmental Living.	Minimal impact to the Study Area as a whole.	Only five sites were identified to have potential for subdivision within the Study Area. Although there may be an impact on these owners on an individual lot-by-lot basis, a change in the minimum lot size will have a minimal impact to the Study Area as a whole as most lots appear to be fully developed.
3. Minimum Subdivision Lot Size Objectives	Strengthen the wording of Clause 4.1 objectives with the LEP to protect and enhance existing bushland and significant native vegetation.	Minimum impact.	An update to the objectives of Clause 4.1 is unlikely to impact the land values of private residential property owners in the Study Area. However, it may lead to additional environmental reports to be attached to future development applications, resulting in additional costs and time.
4. Riparian Land	Insert a new Local Provision Clause – Riparian Lands, for incorporation into the LEP, and provide supporting map.	Minimal impact to the land values in the Study Area.	Although the proposed riparian buffer zones impact the developable areas of land parcels, the zoning of land or the permissibility of uses is not impacted. Furthermore, the current DCP controls already restricts development of waterfront land as part of the DA process. As such, and the mapping overlay only serves to further enforce this provision. It is not expected to have a significant impact on land values to property owners in the Study Area.
5. Community Education and Awareness Programs	Increase community engagement and activity to help increase community awareness, foster a sense of ownership, and obtain community ‘buy-in”, as well as personal connection to the natural environment.	No financial impact.	Community education programs will increase awareness and likely to result in a positive social outcome for the community, however, there is no perceived impact on land values to the property owners.

Source: AEC, Elton Consulting.



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1. INTRODUCTION

1.1 BACKGROUND

The Byles Creek corridor has been identified as environmentally significant due to the unique environmental, social and aesthetic values of the area. The corridor provides connectivity between the vegetation along Byles Creek and Lane Cove National Park. The connectivity of this corridor ensures the ability for native fauna to disperse between nearby reserves and the national park as well as providing habitat.

The corridor has been subject to a number of studies and reviews. Most recently, in August 2020, the Byles Creek Land Acquisition Strategy Review assessed the environmental and social values of Byles Creek corridor in order to review the strategic approach towards land acquisition within the catchment of Byles Creek. Based on the ecological values of the corridor, the Strategy Review concluded that the current extent of the RE1 zoning was appropriate to protect the biodiversity values and ecosystem functionality of the corridor with no additional land required to be acquired. Further, the current zoning is sufficient in terms of satisfying the objectives and terrestrial biodiversity provisions of the Hornsby Local Environmental Plan 2013.

However, following Hornsby Shire Council's (Council) considerations of the findings of the Strategy Review and significant community comment, Council resolved to progress the review of the suitability of the planning controls applicable to privately owned residential properties adjoining open space zoned land within the Byles Creek corridor with regard to protection and maintenance of the environmental values of the land.

Council engaged a suitably qualified, multidisciplinary team, led by Elton Consulting, to undertake this review, which is the subject of Byles Creek Planning Study ('the Study'). The outcomes of this Study will be used to inform any recommendations for changes to planning controls, including the *Hornsby Local Environmental Plan 2013* (LEP) and the *Hornsby Development Control Plan 2013* (DCP).

AEC Group Pty Ltd (AEC) formed part of the team led by Elton Consulting to specifically assess the potential economic implications of the recommendations of the Study.

1.2 OBJECTIVES

The objectives of the Study include:

- An assessment of the suitability of the current planning controls in protecting the environmental qualities of the Byles Creek corridor area;
- Development of a strategy that will minimise the impact of residential development and reflect the environmental, social and aesthetic qualities of the adjoining the Byles Creek corridor; and
- To identify, through a comparison with development controls of other Council areas, recommendations for improvements to Hornsby's planning controls to protect the environmental, social and aesthetic qualities.

The objectives of this report, which forms part of the Study, is to specifically assess the potential economic implications of the recommendations of the Study, particularly the economic impacts on the private residential landowners which adjoin the public open space zoned land of the Byles Creek corridor.

1.3 APPROACH

AEC was engaged to prepare supporting advice (this Report) as part of the Study. It involved assessing the economic implications to the privately owned properties within the Study Area as a result of changes to the planning controls based on the Study recommendations.

AEC's assessment has been prepared on a 'precinct level' basis and not on an 'individual property' basis as the project is intended to assess the 'Study Area' and not individual properties. Therefore, AEC's approach in undertaking the economic analysis involved the following:

- **Residential Lot Audit and Property Groupings** – The purpose was to audit all lots within the Study Area and group the property types based on their potential to be subdivided and developed for housing. The reason this

factor was chosen as the basis for property groupings is because changes to planning control affecting subdivision are likely to have the greatest impact on utility value and economic returns to the private landowners. The groupings created include the following:

- Properties with 'No Further Subdivision Potential'
- Properties 'Unlikely to be Subdivided'
- Properties that represent 'Potential Subdivision Land'
- **Assessment of Property Constraints** – EcoLogical Australia Pty Ltd undertook an ecological survey of Study Area as part of the first phase of work. The survey results were able to highlight and map the ecological and natural constraints impacting the Study Area and particularly the privately owned land adjoining the open space zoned land within the Byles Creek Corridor. AEC also reviewed existing constraints mapping (e.g. flooding, bushfire etc) to assess the current state constraints affecting the properties in the Study Area.
- **Input into Formulation of Recommendations** – AEC's preliminary assessment of the extent of properties potentially impacted from changes to planning controls, and based on an iterative process with Elton Consulting, AEC provided input into consideration of the Study recommendations.
- **Review of the Study Recommendations and Assessment of Economic Implications** – Upon production of the recommendations, with benefit of the residential lot audit, property groupings, constraints assessment and property market research involving analysis of residential sales evidence in the locality, AEC was able to provide a considered opinion of the potential economic implications of the Study recommendations. The approach was effectively an assessment of the economic impacts on the privately owned properties between 'current state' and 'future state' assuming the recommendations from the Study are implemented.

1.4 LIMITATIONS AND ASSUMPTIONS

The following limitations and assumptions apply to this Report:

- This report is not a valuation report and not intended to be a value assessment of individual properties in the Study Area.
- The economic assessment of implications is undertaken on a 'precinct' basis and not on an 'individual property' basis.
- AEC undertook roadside assessments, desktop research, reviewed aerial imagery, mapping and have not internally inspected the properties within the Study Area.
- AEC have, where possible, tried to prepare a 'quantitative' assessment of the economic impacts and where such assessment is not possible to quantify numerically, a qualitative assessment involving commentary has been provided describing the likely economic impacts.
- AEC have assumed for property groupings which meet minimum development controls permitting subdivision that subdivision is permissible and can occur. However, an influencing factor that underpins property owners' decision to reside in the Study Area is the desire to live near or adjoining a natural bush setting. This desire, in certain circumstances, has influenced land not being subdivided in an effort to minimise impact on the natural environment even though subdivision may be permitted and represents a higher and better use economically.

2. THE STUDY AREA

2.1 OVERVIEW

The Study Area comprises private properties zoned 'R2 Low Density Residential' and select few with a dual zoning of 'R2 Low Density Residential' and 'RE1 Public Recreation' under the provisions of Hornsby Local Environmental Plan 2013 (HLEP) which surround the Byles Creek corridor open space zoned land.

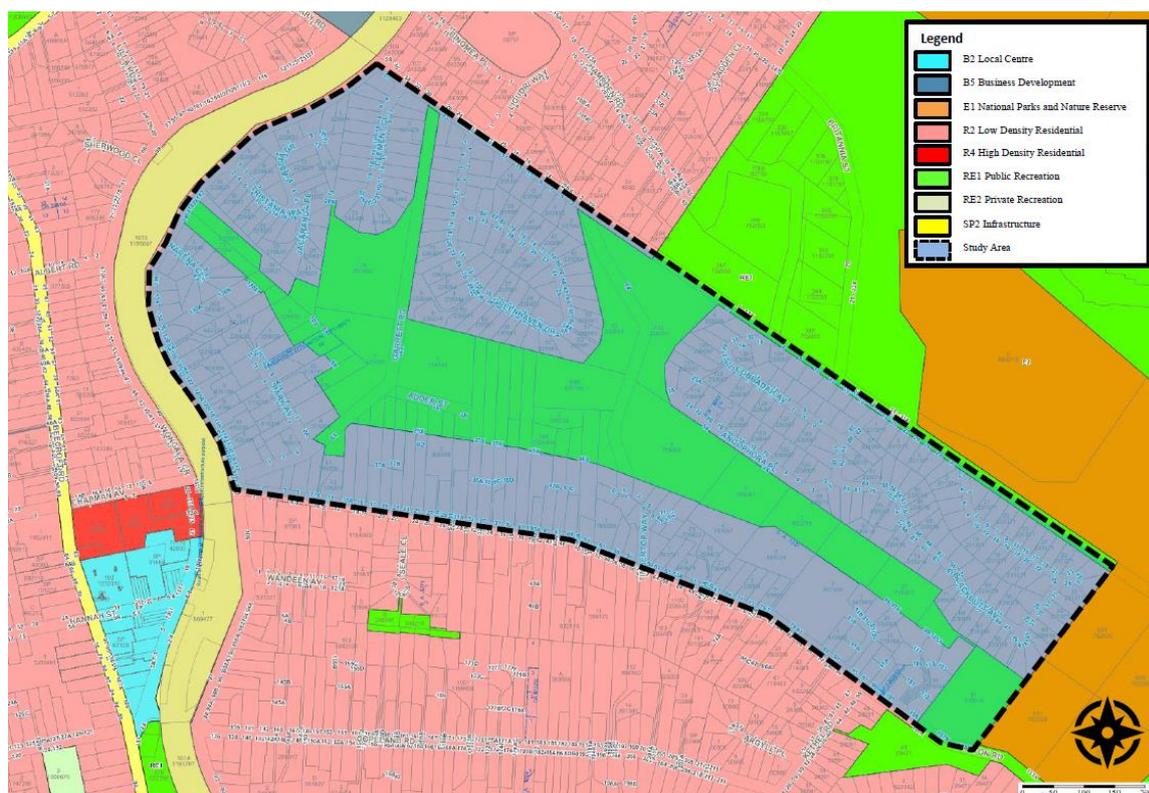
Development in the Study area is generally characterised by single or two storey detached dwellings comprising mixed vintages including some post-federation period homes, selection of modern residences and then a range of housing having been constructed during in the 1970's and 1980's, some having undergone refurbishment. A number of larger estates appear to have tennis courts and backyard swimming pools based on aerial imaging.

The extent, age and position of housing improvements on the individual properties are factors which can influence the ability of certain residential lots to be subdivided and are factors which AEC have considered at a high-level in preparing the property groupings.

The majority of land along the existing Byles Creek corridor is zoned RE1 Public Recreation and comprises intact dense native vegetation. Properties not adjoining the Byles Creek corridor but within the Study area are less impacted by the ecological sensitivities and based on the lot audit not likely to have subdivision potential.

Figure 2.1 below indicates the Study Area, which is bounded by Malton Road, Sutherland Road, Azalea Grove, Kurrajong Street and Lane Cove National Park.

Figure 2.1: Byles Creek Catchment Study Area and Zoning



Source: Hornsby Shire Council.

2.2 LAND USE CLASSIFICATIONS AND DEVELOPMENT CONTROLS

In accordance with information obtained from the NSW Planning Portal, Hornsby LEP and DCP, the current zoning and development controls relevant to the Study Area and a brief synopsis of each, are provided in the following table.

Table 2.1. Land Use Classifications, Byles Creek Study Area

Zoning	R2 – Low Density Residential
Objectives	<ul style="list-style-type: none"> To provide for the housing needs of the community within a low-density residential environment. To enable other land uses that provide facilities or services to meet the day to day needs of residents.
Permitted without Consent	Environmental protection works; Home occupations
Permitted Use With Council Consent	Boarding houses; Building identification signs; Business identification signs; Centre-based child care facilities; Community facilities; Dwelling houses; Educational establishments; Emergency services facilities; Exhibition homes; Flood mitigation works; Group homes; Home-based child care; Home businesses; Information and education facilities; Oyster aquaculture; Places of public worship; Pond-based aquaculture; Public administration buildings; Recreation areas; Recreation facilities (outdoor); Respite day care centres; Roads; Tank-based aquaculture; Tourist and visitor accommodation; Veterinary hospitals; Water reticulation systems
Prohibited	Backpackers' accommodation; Farm stay accommodation; Hotel or motel accommodation; Serviced apartments; Any other development not specified above.
Floor Space Ratio	Nil prescribed.
Minimum Lot Size	600 sqm (excluding access handle land area for 'hatchet' shaped lots)
Minimum Lot frontage	15 metres (3.5 metres for the access handle)
Building Height Limit	8.5 metres
Zoning	RE1 – Public Recreation
Objectives	<ul style="list-style-type: none"> To enable land to be used for public open space or recreational purposes. To provide a range of recreational settings and activities and compatible land uses. To protect and enhance the natural environment for recreational purposes. To protect and maintain areas of bushland that have ecological value.
Permitted without Consent	Environmental protection works
Permitted Use With Council Consent	Aquaculture; Building identification signs; Business identification signs; Camping grounds; Car parks; Caravan parks; Cemeteries; Centre-based childcare facilities; Community facilities; Emergency services facilities; Environmental facilities; Flood mitigation works; Kiosks; Public administration buildings; Recreation areas; Recreation facilities (indoor); Recreation facilities (major); Recreation facilities (outdoor); Respite day care centres; Roads; Water reticulation systems
Prohibited	Any development not specified above.

Source: Hornsby LEP (2013).

3. ECONOMIC IMPLICATIONS OF RECOMMENDATIONS

Table 3.1 summaries the recommendations developed for the Byles Creek Study Area, following a period of community consultations and ecological assessments.

Table 3.1. Summary of Recommendations

Recommendation	Expected Outcome
<p>1. Environmental Zoning</p> <p>Rezone all land within the Study Area currently zoned R2 – Low Density Residential proposed to E4 – Environmental Living.</p>	<p>To ensure environmental protection and enhancement is a key matter of consideration for new development and gives statutory weight to this consideration.</p> <p>To ensure careful consideration is given to compatibility of development with the ecological significance of the area.</p>
<p>2. Minimum Lot Size</p> <p>Increase minimum lot size for land proposed to be zoned as E4 – Environmental Living to 40ha.</p> <p>Review and update Minimum Lot Size Clause 4.1 objectives to support project objectives.</p>	<p>To prevent any further subdivision of land with special environmental values within the Study Area.</p>
<p>3. Minimum Subdivision Lot Size Objectives</p> <p>Strengthen the wording of Clause 4.1 objectives with the LEP to protect and enhance existing bushland and significant native vegetation.</p>	<p>Strengthening the clause objectives will ensure that adequate consideration is given to bushfire constraints and protection of bushland, biodiversity, and significant landscape features.</p>
<p>4. Riparian Land</p> <p>Insert a new Local Provision Clause – Riparian Land into the Hornsby LEP 2013 and provide supporting riparian corridor mapping.</p> <p>Provide a supporting map which identifies Byles Creek and prescribed Core Riparian Zone (CRZ) for first, second and third order watercourses which occur in the Study Area:</p> <ul style="list-style-type: none"> • 1st Order – 10m (each side of the watercourse) • 2nd Order – 20m (each side of the watercourse) • 3rd Order – 30m (each side of the watercourse) 	<p>Protect and maintain the ecological habitat accommodated by the waterways and associated riparian corridors within Byles Creek and the surrounding Study Area.</p> <p>Ensure that all development along the riparian corridor have consideration for the environmental impacts to the waterway.</p> <p>Ensure a consistent approach to protection, management and enhancement of the waterway and supporting habitat such as the incorporation of locally occurring riparian vegetation.</p>
<p>5. Community Education Programs</p> <p>Increase community engagement and activity to help increase community awareness, foster a sense of ownership, and obtain community ‘buy-in’, as well as personal connection to the natural environment.</p> <p>These can include:</p> <ul style="list-style-type: none"> • supporting educational material • interpretive signage • workshops (such as DIY nest-boxes) • free materials such as plants, nest boxes and other habitat features. 	<p>The support and “buy-in” of the local community are essential when implementing new and existing environmental planning controls on private land.</p> <p>Community involvement is necessary in order to increase awareness of the importance of protecting and enhancing the environmental and ecological values of Byles Creek.</p>

Source: Elton Consulting.

3.1 RECOMMENDATION 1 – ENVIRONMENTAL ZONING

The change from **R2 – Low Density Residential** to **E4 – Environmental Living** will allow a similar type of development (i.e. low-density housing), and therefore there is minimal change to the 'highest and best use'. The E4 zone has more focus on environmental objectives to protect and preserve the ecological and environmental values of the Byles Creek corridor.

The current R2 – Low Density Residential and proposed E4 – Environmental Living zones under the Hornsby Local Environmental Plan 2013 were compared to identify the changes in zoning and whether there will be any potential economic implications to landowners of the Study Area.

3.1.1 Objectives of the Zone

Table 3.2. Objectives of R2 and E4 zoning, Hornsby LEP 2013

Objectives	R2 Low Density Residential (R2)	E4 Environmental Living (E4)
	<ul style="list-style-type: none"> To provide for the housing needs of the community within a low-density residential environment. To enable other land uses that provide facilities or services to meet the day to day needs of residents. 	<ul style="list-style-type: none"> To provide for low-impact residential development in areas with special ecological, scientific or aesthetic values. To ensure that residential development does not have an adverse effect on those values. To permit development that is compatible with the character infrastructure capacity and access limitations of the area.

Source: Hornsby LEP (2013).

In reviewing the objectives of the current R2 and recommended change in zoning to E4 for the Byles Creek Study Area, it is noted that while both zones identify the provision of housing as an objective, the E4 zone takes into consideration environmental influences, ensuring that development does not have any adverse impacts on special ecological, scientific or aesthetic values.

The R2 zone allows for 'low density' residential development, whereas E4 indicates residential development to be 'low-impact'. While it can be argued that these are interrelated, 'low density' refers to the physical form of new development (height, footprint etc), whereas 'low-impact' implies minimal effects as a result of proposed development. Additional environmental reports and/or studies may be required under the E4 zoning to demonstrate that there are minimal adverse impacts to the environment as a result of new or additions/alterations to residential development.

Economic impacts of these differences in objectives are considered **non-tangible** to the market. From the community consultations undertaken by Elton Consulting, it is observed that all landowners that participated in the surveys identified that the environmental features of the corridor, including the bushlands, native flora and fauna, and wildlife are important characteristics to property owners in the Study Area. Residences on large parcels of land with a green and leafy outlook were also identified as an important characteristic. As such, it can be assumed that owners value the ecological aspects of the area, which largely aligns to the objectives of the E4 zoning.

Furthermore, it should also be noted that the E4 zoning will not have any bearing on the application of the *State Environmental Planning Policy (Exempt and Complying Development Codes) 2008* (Codes SEPP) for land within the Study Area, where:

- The current heritage conservation area overlay already restricts application of the Codes SEPP (including both exempt and complying development)
- An E4 land use zoning does not comprise an "Environmentally Sensitive Area" for the purposes of applying the provisions of the Codes SEPP.

3.1.2 Permitted and Prohibited Uses

Table 3.3. Permitted Uses under R2 and E4 zoning, Hornsby LEP 2013

	R2 Low Density Residential	E4 Environmental Living
Permitted without Consent	Environmental protection works; Home occupation	Environmental protection works; Home occupation
Permitted Uses	Boarding houses; Building identification signs; Business identification signs; Centre-based child care facilities; Community facilities; Dwelling houses; Educational establishments; Emergency services facilities; Exhibition homes; Flood mitigation works; Group homes; Home-based child care; Home businesses; Information and education facilities; Oyster aquaculture; Places of public worship; Pond-based aquaculture; Public administration buildings; Recreation areas; Recreation facilities (outdoor); Respite day care centres; Roads; Tank-based aquaculture; Tourist and visitor accommodation; Veterinary hospitals; Water reticulation systems	Building identification signs; Business identification signs; Dwelling houses; Flood mitigation works; Group homes; Home-based childcare; Oyster aquaculture; Pond-based aquaculture; Roads; Tank-based aquaculture; Tourist and visitor accommodation; Water reticulation systems
Prohibited Uses	Backpackers' accommodation; Farm stay accommodation; Hotel or motel accommodation; Serviced apartments; Any other development not specified in item 2 or 3 (above).	Backpackers' accommodation; Farm stay accommodation; Hotel or motel accommodation; Industries; Service stations; Serviced apartments; Warehouse or distribution centres; Any other development not specified in item 2 or 3 (above).

Source: Hornsby LEP 2013.

The majority of the land uses permitted under R2 but prohibited under E4 are land uses that are not likely to be developed in the Study Area or uses that would not ordinarily attract more value to the land if such uses were contemplated on the land. Within table 3.3 above, the land uses in 'red' text are not listed in either the R2 or E4 zones.

Boarding houses, centre-based childcare facilities and exhibition homes can be found within a residential neighbourhood context however given the characteristics of the Study Area, it is unlikely such development would proceed given the land size and other demand drivers required. These uses are not observed in the Study Area currently.

Educational establishments, respite day care centres and veterinary hospitals whilst permitted as non-residential land uses, are not likely to fit within the neighbourhood context of the Byles Creek residential area. Their land requirements, parking and traffic impacts will render such uses not likely to occur in the neighbourhood. These uses are also not observed in the Study Area currently.

Places of public worship, community facilities, public administration buildings, recreation areas, recreation facilities are all non-commercial type uses and the current residential land values will provide a barrier to entry for acquisition.

Whilst the list of prohibited uses under E4 (as compared to R2) are numerous, the likelihood that these land uses will occur within the Study Area is low. Also, the ability that these prohibited land uses can compete with the incumbent low density residential land use is also low. For these reasons the value implications we consider from the market's perspective would be **immaterial**.

3.1.3 Market Analysis

To understand whether there is a value difference perceived by the market between R2 and E4 zoned land, the following was undertaken:

- Review Valuer General (VG) land assessments from a sample of R2 zoned land and compared to land value assessed by the VG of E4 zoned land.

- VG land value comparison samples were not able to be found within the Hornsby LGA and therefore AEC 'paired' land value samples from other LGA's where R2 and E4 zoned land was generic and represented minimal difference in land size and were ideally lots that lie side-by-side with the differentiating factor being the zoning. In most circumstances, AEC found that the E4 zoning was related to bushfire related designation.
- In addition to 'pairing' land value assessments, AEC consulted with the VG's office to understand their approach to assessing value on R2 and E4 zoned land. Based on informal discussion, the VG's confirmed that it is the highest and best use of the land which is a key determining factor affecting value. On the basis that the utility and use of the land is not altered from its highest and best use then the value assessments on the land for rating purposes should be the same/similar despite the zoning difference of R2 and E4. AEC note that the approach taken by the VG is along the same approach taken for valuation of property for market purposes.

Based on the above investigations and analysis undertaken, AEC confirm the value implications we consider from the market's perspective for a change in zoning from R2 to E4 would be **immaterial**.

3.2 RECOMMENDATION 2 – MINIMUM LOT SIZE

The number of lots within the Byles Creek Study Area that have the potential for subdivision are in a minority, and as such the impact of a change in the minimum lot size control is **unlikely to have a significant economic impact to the Study Area as a whole**. Individual property owners (depending on their intentions for development) may subsequently experience a decrease in their property values.

A change in the minimum lot size controls within the Study Area will have an impact on a landowner's ability to subdivide their land and therefore reduce their development potential.

Under existing controls within the R2 Low Density Residential zone, the minimum lot size in the Study Area is 600sqm, which is higher than other areas of the LGA of 500sqm. A change in the minimum lot size to 40ha (in line with other E4 zoned land in the LGA) ensures that no lots within the Study Area will have the potential for subdivision.

Properties within the Byles Creek Study Area are on larger parcels of land, characterised by residences of large footprints and prime improvements (e.g. outdoor pools, tennis courts etc). Selected lots also have dual zoning of R2 and RE1 (Public Recreation). Constraints due to size, existing improvements, limited developable areas (due to RE1 zoning) and access issues are also factors which will limit subdivision potential.

3.2.1 Residential Lot Analysis – Potential for Subdivision

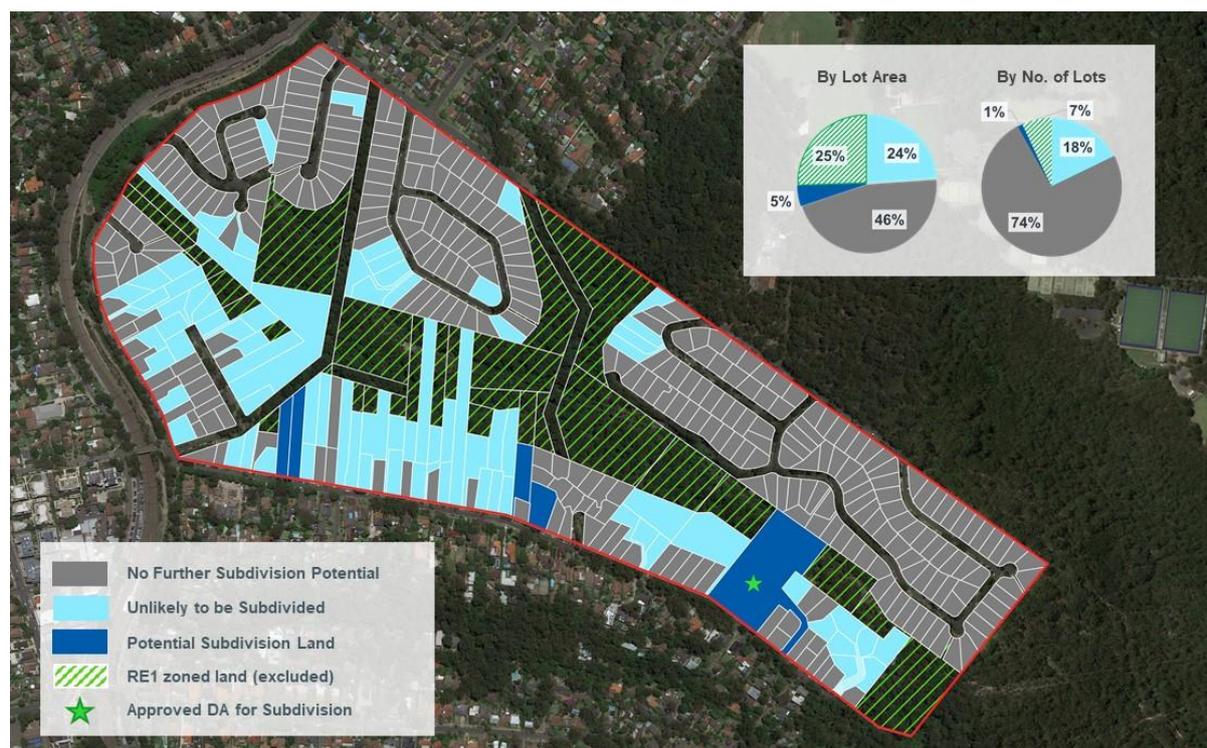
An analysis was undertaken to identify the lots that may be impacted by a change in minimum lot sizes. The methodology and assumptions used to identify these lots is outlined in Appendix B.

Figure 3.1 outlines the lots which have the potential for subdivision.

While a number of lots had the minimum size required for subdivision (i.e. greater than 1,200 sqm), other factors such as the inclusion of accessways, shape of the lots, developable area (excluding RE1 land), and the quality of existing improvements render the lots **unlikely** to have subdivision potential based on our professional judgement.

Note: *this assessment is high-level in nature and not intended to be on an individual lot-by-lot assessment basis. The decision to submit an application for subdivision is ultimately up to the landowners, regardless of the constraints outlined by AEC. Individual assessments of each lot are not within the scope of the Study.*

Figure 3.1. Lots with Subdivision Potential, Byles Creek Study Area



Source: AEC

From a desktop aerial review and review of planning and environmental constraints, there are only five lots within the Study Area that AEC have identified to have potential for subdivision. One lot identified has a current development consent for the subdivision one lot into five (79-87 Malton Road, Beecroft), specifically marked in Figure 3.1. and therefore has secured the benefit to commence the subdivision as per the approval, as long as the DA remains valid or once activated with substantial commencement of works.

There are 433 lots in the Study Area, comprising a total of 657,924 sqm. The land parcels with potential for subdivision comprise 5% of the total area within the Study Area, or 1% if calculated by number of lots. Thus, the economic impact of the change in minimum lot size for the Study Area as a whole is expected to be **minimal**, and only impacts a handful of sites. The land at 79-87 Malton Road will not be impacted as the subdivision and building envelopes have already been approved by the Land and Environment Court, however the Development Consent is due to lapse and therefore will be subject to any planning control changes once it expires.

On an individual basis, however, the economic impact to the landowners with additional subdivision potential may potentially be significant. Impact to individual landowners are not in scope of this Study, however a high-level analysis comparing various development sites with and without subdivision potential have been undertaken to understand the magnitude of this change. There is a lack of development site sales observed for large residential parcels of land without subdivision potential, as such E4 zoned sites were included for comparison.

Table 3.4. Development Site Sales

Address	Zoning	Sale Price	Size (sqm)	Rate/sqm	Rate per Lot	Description
No Subdivision Potential						
35D Malton Road, Beecroft	R2	\$1,250,000 (Nov-20)	2,426	\$515/sqm	N/A	Vacant parcel on irregular shaped lot with long access way. DA approved plans for contemporary residence.
320 Old Northern Road, Castle Hill	E4	\$900,000 (Apr-21)	2,182	\$412/sqm	N/A	Vacant parcel within close proximity to metro station and shopping centre.

Address	Zoning	Sale Price	Size (sqm)	Rate/sqm	Rate per Lot	Description
41 Pioneer Place, Castle Hill	E4	\$1,550,000 (Jun-20)	2,046	\$758/sqm	N/A	Vacant parcel with DA approval for five-bedroom home within E4 zoning.
65A Roland Avenue, Wahroonga	E4	\$1,290,000 (May-20)	3,000	\$430/sqm	N/A	Vacant parcel with building area of approx., 1,000 sqm with E4 zoning.
Subdivisional Land						
92 Cardinal Avenue, West Pennant Hills	R2	\$2,965,000 (Jun-21)	1,570	\$1,889/sqm	\$1,482,500 per lot	Sold with DA approval for two lot subdivision of 778 sqm and 791 sqm. Existing improvements include two separate dwellings on one title.
16A Thorn Street, Pennant Hills	R2	\$2,855,000 (May-21)	2,106	\$1,356/sqm	\$951,667 per lot	Sold with three-lot subdivision DA approval, ranging from 522 sqm to 544sqm (excl. accessway).
11 Fleur Close, West Pennant Hills	E4	\$1,700,000 (Apr-21)	6,513	\$261/sqm	N/A	No DA approval in place, however minimum lot size in The Hills Shire LGA is 2,000 sqm, indicating a potential three-lot subdivision.
46A Lyndon Way, Beecroft	R2	\$2,950,000 (Mar-21)	1,631	\$1,809/sqm	\$1,475,000 per lot	Sold with DA approved two lot subdivision, to redevelop the tennis court. Lot 1: 755 sqm, Lot 2: 601 sqm.
101-103 Wongala Crescent, Pennant Hills	R2	\$1,645,000 (Jan-21)	1,448	\$1,136/sqm	\$822,500 per lot	DA Approval for two lot subdivision while maintaining existing residence and construct an additional dwelling. Lot sizes are 660sqm and 808 sqm.
54 Somerset Street, Epping	R2	\$2,400,000 (Nov-20)	1,227	\$1,227/sqm	\$1,200,000 per lot	DA approved two lot subdivision.
10 York Street, Beecroft	R2	\$3,450,000 (Oct-20)	2,149	\$1,605/sqm	\$1,150,000 per lot	Sold with DA approval for three luxury residences.

Source: Domain, RealEstate.com.au.

The above analysis indicates that a larger residential parcel with no subdivision potential generally achieves an analysed sales rate of less than \$800/sqm, whereas a large parcel with a DA approval for subdivision ranges from \$1,100/sqm up to \$1,800/sqm. Large vacant blocks are generally sold with DA approvals in place in order to maximise their sale realisation.

Consideration also needs to be made with regards to the development application processes and other purchaser preferences within the Byles Creek area. If properties with subdivision potential within the Study Area were listed on the market, the likelihood of these being purchased by developers looking to subdivide may not be stronger than owner occupiers looking for larger residences with an environmental outlook. This is due to a number of reasons:

- Development applications for subdivision in this corridor have historically been met with strong community resistance, leading to a long, costly and uncertain development application period. This is evidenced through the public feedback received for the DA for the subdivision at 79-87 Malton Road, and the single dwelling application for 65D Malton Road (although not an application for subdivision, it is the legacy of a previous subdivision and requires clearing of a significant number of trees).
- Landowners indicated during the community consultation undertaken by Elton Consulting that an important characteristic of residential lands in the Byles Creek corridor included the size of the land parcels, which are larger with plenty of space and distance between residences, within close proximity to natural bushland and native wildlife. These values are likely to be mirrored by future potential landowners in the Study Area.

3.3 RECOMMENDATION 3 - MINIMUM SUBDIVISION LOT SIZE OBJECTIVES

Clause 4.1 of the Hornsby LEP is as follows:

The objectives of this clause are as follows:

- (a) *To provide for the subdivision of land at a density that is appropriate for the site constraints, development potential and infrastructure capacity of the land;*
- (b) *To ensure that lots are of a sufficient size to accommodate development.*

The recommendation to strengthen the objectives under this clause to ensure adequate consideration is given to environmental constraints is **unlikely to impact the property values of the private residential landowners in the Study Area** as it is not expected to significantly impact development potential, as consideration to ‘site constraints’ is already required under the clause. This may, however, impact the way future subdivision applications across the Hornsby Shire are assessed for approval and may require additional environmental reports to be accompanied with future development applications, which will result in landowners incurring additional time and costs at the application stage.

3.4 RECOMMENDATION 4 – RIPARIAN LAND

The provision of a new Riparian Lands Clause and supporting mapping overlay in the LEP, supported by associated updates to the DCP to provide 10m vegetated buffers, may impact the developable areas of certain residential lots within the Study Area.

Figure 3.2 shows the riparian buffer zones, as recommended by Eco Logical Australia, against the property lots within the Study Area.

Figure 3.2. Proposed Riparian Buffer Zones, Byles Creek Study Area



Source: Ecological, AEC.

The buffer zone overlaps a total of 28 property lots. Upon review of these lots, the existing improvements on the majority of these impacted lots are not within the buffer zone. However, there are **13** properties that are developed either partially or wholly within the buffer zone, along the south-west corner of the Study Area (along Malton Road). These properties are all considered fully developed, with the exception of 79-87 Malton Road (with DA approved) and 65D Malton Road. As such, the proposed Riparian mapping overlay is expected to have **minimal impact** to the Study Area as a whole.

A mapping overlay and accompanying clause does not change or otherwise affect the zoning of land or the permissibility of uses, and only applies as a matter for consideration in the assessment of a development where an application would already be required.

Furthermore, the current DCP controls already restricts development of waterfront land as part of the DA process. As such, the new Clause and mapping overlay serves to further enforce riparian buffer provisions which exist in the DCP.

Accordingly, this recommendation is **not expected to have a significant impact on land values** to property owners in the Study Area.

3.5 RECOMMENDATION 5 – COMMUNITY EDUCATION AND AWARENESS PROGRAMS

Through the provision of community education programs, awareness of the importance of the Byles Creek corridor will be increased which is likely to enhance and protect the ecological and environmental values of the corridor. Whilst this will result in a positive social outcome for the community, there is **no perceived impact on land values** to the property owners.

3.6 OTHER ECONOMIC IMPLICATIONS

Two other minor economic implications of implementing all the recommendations for Council to consider include the following:

- **Reduction in Council Rates** – The ‘downzoning’ of land within the Study Area through the restriction on subdivision is likely to impact the 4 residential lots identified in our mapping to have subdivision potential. If the Valuer General reflects the inability to subdivide these lots in their land value assessment then there is likely to be a reduction in the statutory land value which conversely results in a reduction in council rates collected based on the standard rates formula being applied.
- **Additional DA Preparation Costs** – Depending on the nature of the development application, certain types of activities proposed by landowners adjoining the Byles Creek corridor and within or adjoining the Riparian corridor may be requested to obtain additional environment related consultant reports to accompany a development application which has an impact of increasing preparation time and costs associated with a development application for a landowner in the Study area.

3.7 SUMMARY OF ECONOMIC IMPLICATIONS

Table 3.5 summarises the key economic implications and level of impact to the land values and property owners as a result of the draft recommendations from the Byles Creek Planning Study.

Table 3.5. Summary of Economic Implications of Draft Recommendations

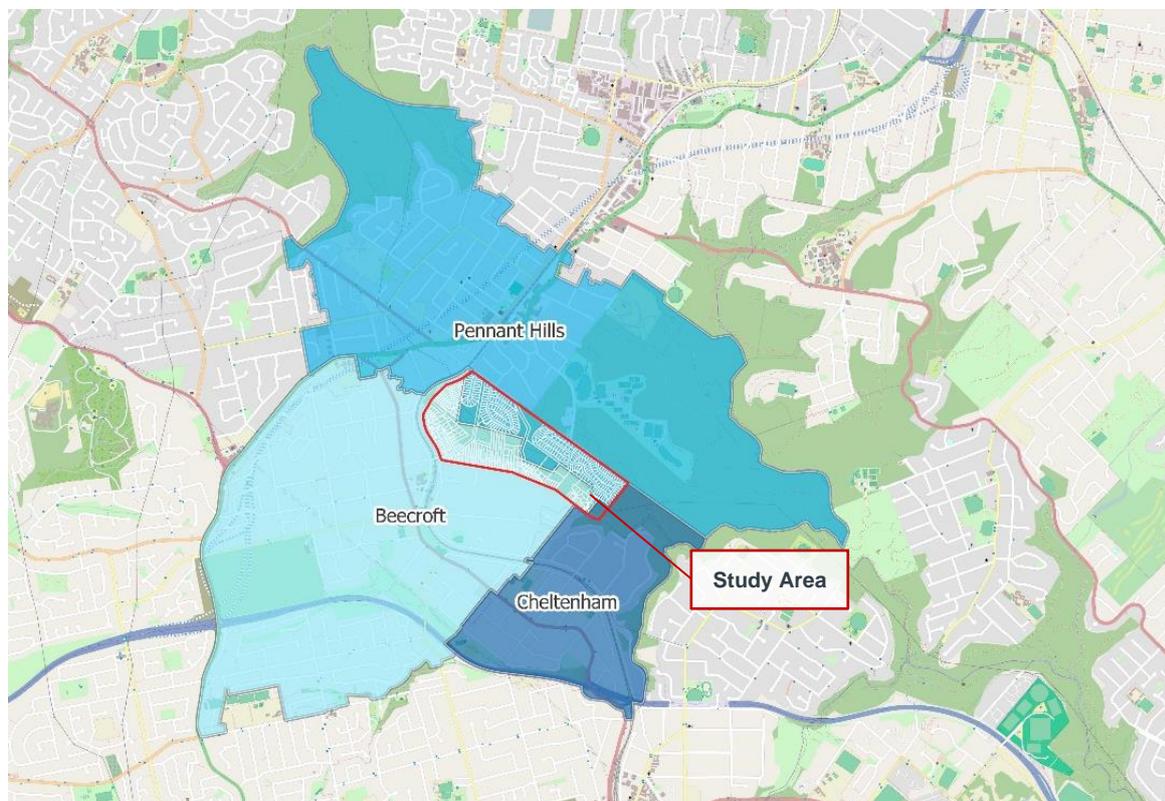
Recommendation	Description	Level of Impact	Economic Implications (on a Precinct Level)
1. Environmental Zoning	Rezone all land from R2 – Low Density Residential to E4 – Environmental Living.	Minimal impact.	The difference in land uses permitted between an R2 and E4 zone would not impact the primary residential use of the properties and therefore unlikely to have a material impact on the land values on a precinct level based.
2. Minimum Lot Size	Increase minimum lot size from 600sqm to 40ha for land proposed to be zoned as E4 – Environmental Living.	Minimal impact to the Study Area as a whole.	Only five sites were identified to have potential for subdivision within the Study Area. Although there may be an impact on these owners on an individual lot-by-lot basis, a change in the minimum lot size will have a minimal impact to the Study Area on a precinct level with most lots appearing to be fully developed.
3. Minimum Subdivision Lot Size Objectives	Strengthen the wording of Clause 4.1 objectives with the LEP to protect and enhance existing bushland and significant native vegetation.	Minimum impact.	An update to the objectives of Clause 4.1 is unlikely to impact the land values of private residential property owners in the Study Area. However, it may lead to additional environmental reports to be attached to future development applications, resulting in additional costs and time.
4. Riparian Land mapping overlay	Insert a new Local Provision Clause – Riparian Lands, for incorporation into the LEP, and provide supporting map.	Minimal impact to the land values in the Study Area.	Although the proposed riparian buffer zones impact the developable areas of land parcels, the zoning of land or the permissibility of uses is not impacted. Furthermore, the current DCP controls already restricts development of waterfront land as part of the DA process. As such, and the mapping overlay only serves to further enforce this provision. It is not expected to have a significant impact on land values to property owners in the Study Area.
5. Community Education and Awareness Programs	Increase community engagement and activity to help increase community awareness, foster a sense of ownership, and obtain community ‘buy-in’, as well as personal connection to the natural environment.	No financial impact.	Community education programs will increase awareness and likely to result in a positive social outcome for the community, however, there is no perceived impact on land values to the property owners.

Source: AEC

APPENDIX A: PROPERTY MARKET ANALYSIS

The Study Area spans across the suburban boundaries of Beecroft, Pennant Hills and Cheltenham.

Figure A. 1: Suburbs surrounding the Study Area



Source: AEC.

A brief market commentary on each suburb is detailed below.

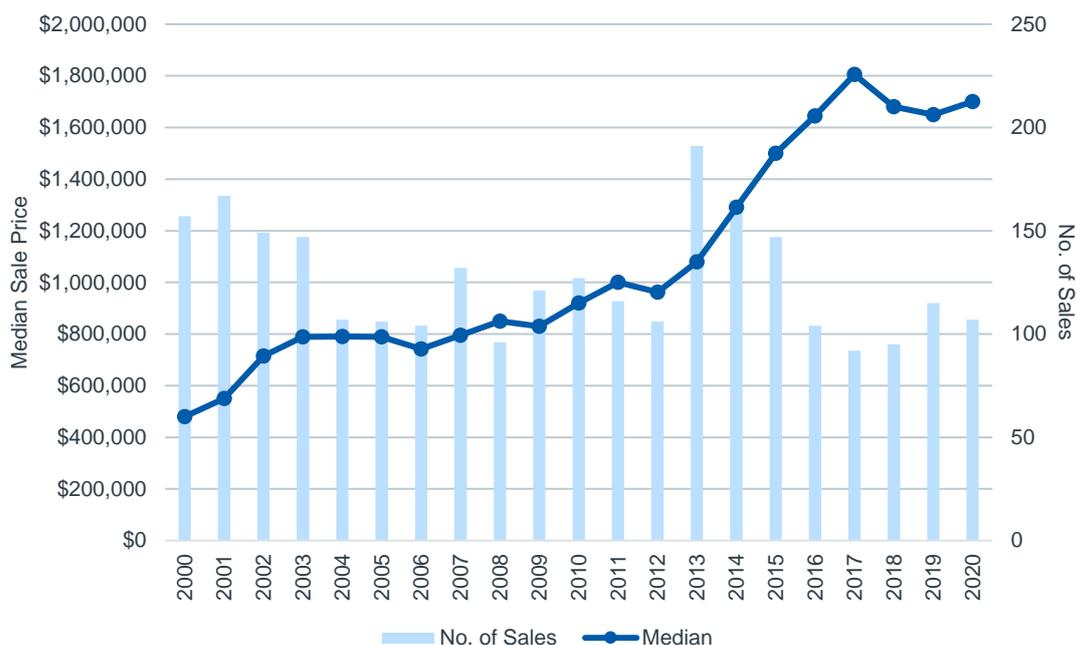
Beecroft

Beecroft is located approximately 22 kilometres north-west of the Sydney CBD and 12 kilometres north of Parramatta CBD, with reasonably good bus and rail transportation links. Beecroft station is on the Northern line of the train network. There are a number of shops and offices located between Beecroft Road and Beecroft station, including Beecroft Place which is anchored by Woolworths.

According to the 2016 ABS Census, 90.0% of total dwellings were separate houses, 3.7% were semi-detached dwellings, whilst 6.0% of total dwellings were flats or apartments. The average number of bedrooms of 3.7 per dwelling is higher than the NSW average of 3.0, with 58.9% of dwellings with four or more bedrooms in Beecroft.

In 2020, there were 107 sales with a median house price of \$1,700,000. The sales price ranged from \$650,000 to \$4,000,000.

Figure 3.3: Sales and Growth Chart, Beecroft (2000 – 2020)



Source: Price Finder (2021), AEC.

Pennant Hills

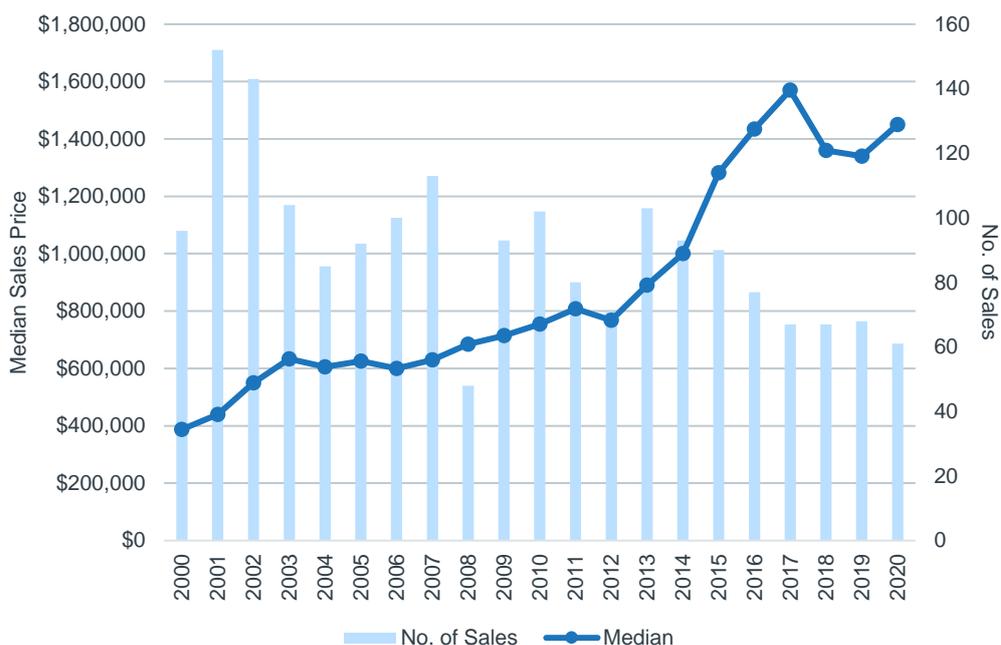
Pennant Hills is located 20 kilometres north-west of the Sydney CBD and is considered as one of the major commercial centres of Hornsby Shire Council, along with Hornsby and Carlingford.

Pennant Hills railway station is on the Northern Line of the trains network. Shops and the local Pennant Hills Library are located at the north-west of the railway line. Restaurants and cafes are located around Yarrara Road. Pennant Hills Marketplace, a local shopping centre, is located along Hillcrest Road. Residential houses are found in all areas in Pennant Hills, with recent modern apartments and office towers found along Pennant Hills Road. A significant commercial/industrial area can be found along Pennant Hills Road.

Residex suburb report (2021) indicates that there are 3,321 dwellings in the suburb of Pennant Hills, where 73% of total dwellings were separate houses, 10% were semi-detached dwellings, 11% were units. The average number of bedrooms per dwelling is 3.4 rooms.

In 2020, there were 61 sales, with a median house price of \$1,450,000. The sales price ranged from \$600,000 to \$2,215,000.

Figure 3.4: Sales & Growth Chart, Pennant Hills (2000 – 2020)



Source: Price Finder (2021), AEC.

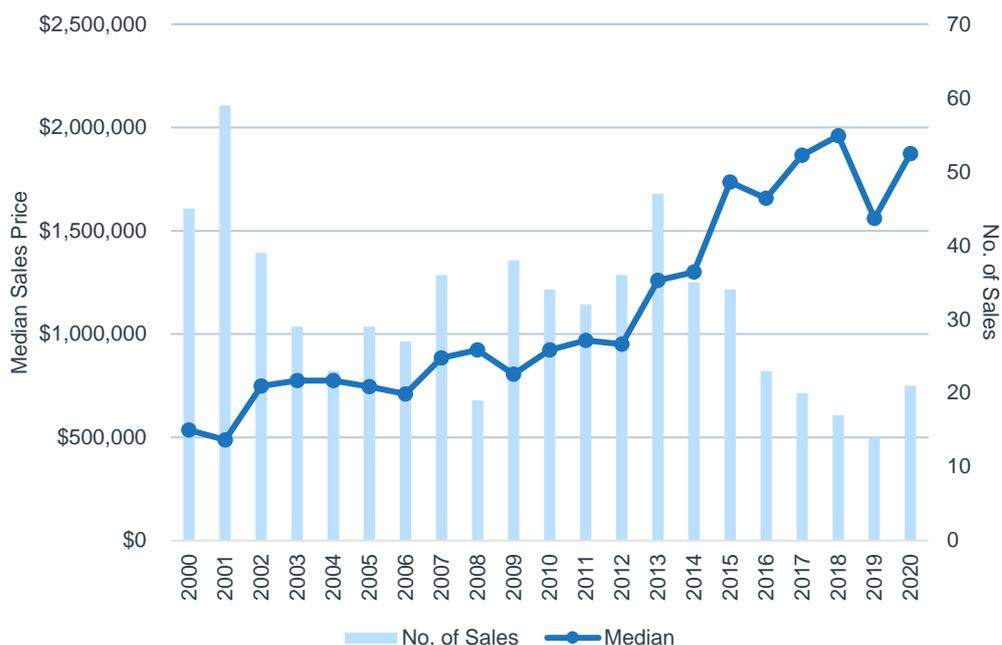
Cheltenham

Cheltenham is a small residential suburb 21 kilometres north-west of Sydney CBD. Cheltenham shares a postcode with Beecroft and is occasionally considered part of that suburb.

According to Residex (2021), there are 839 dwellings in the suburb, with 93% being separate dwellings, 1% semi-detached, and 6% of other dwelling types. ABS 2016 Census data indicates that the average number of bedrooms per dwelling in Cheltenham is 3.9 rooms, higher than the averages of NSW and Australia. Similarly, the average number of people per household is also higher than NSW and Australia, being 3.2 people.

In 2020, there were 21 sales, recording a median sales price of \$1,873,000. The sales price ranged from \$1,350,000 to \$3,200,000.

Figure 3.5: Sales & Growth Chart, Cheltenham (2000 – 2020)



Source: PriceFinder (2021) AEC.

Sales Activity within the Study Area

With borrowing costs at historic lows, there has been a spike in the housing market over the past six months. Low borrowing costs, travel restrictions and the ability to work from home have been the most significant factors in driving the surge in the demand in houses across Australia.

In the last 12 months until March 2021, there were 17 sales in the Study Area, achieving a median sales price of approximately \$1,787,000. This is higher than the median house prices of Beecroft, Pennant Hills and Cheltenham.

The majority of these sales were 5 bedrooms dwellings, with one instance of a vacant land sale observed at 35D Malton Road, Beecroft. The vacant land was 2,378 sqm in size, with 1,442 sqm zoned R2 and 936 sqm zoned RE1, and achieved a sales of \$525.74/sqm (or \$867.13/sqm of R2 zoned land).

The property at 78 Greenhaven Drive in Pennant Hills sold on 5th March 2021, achieving the highest sale price in the Study Area in the last 12 months of \$2,750,000.

Figure 3.6: Recent sales in the Study Area, March 2021



Source: PriceFinder/AEC.

APPENDIX B: LOT GROUPINGS METHODOLOGY

In analysing the various residential lots within the Study Area, we have examined the characteristics (size, shape, dimensions) of each lot to determine whether there is any further development potential by identifying residential subdivision controls per the DCP.

The Study Area has a minimum lot size requirement of 600 sqm, and a minimum lot width of 15 metres. Driveway access handles in low density residential areas should have a minimum total width of 3.5 metres (Table 6.4(a) of the DCP).

AEC has identified the lots that are greater than 1,200 sqm to determine which sites have the potential to be subdivided. It is understood that access ways are excluded from the calculation from minimum lot areas. As such, lots with an area of exactly 1,200 sqm would not result in complying subdivision but for the purposes of this exercise we have used this benchmark as an initial filtering.

The classifications for the purposes of this exercise include:

- Lots that are fully developed (single residential dwellings with no subdivision potential);
- Lots that have the potential to be subdivided (lots meeting the minimum lot size and width requirements with no other physical constraints identified);
- Lots that are unlikely to be subdivided (lots meeting the minimum requirements but has identified constraints such as terrestrial biodiversity, high quality improvements etc).

The phases of grouping the residential lots in classifications include:

- **Stage 1:** Preliminary filter based on size (lots greater than 1,200 sqm)
- **Stage 2:** Desktop Aerial Review, taking into the following factors:
 - Subdivision and density patterns
 - Existing Improvements and Remaining Developable Area (excl. RE1 zoned land)
 - Access considerations etc
- **Stage 3:** Environmental Constraints (including riparian buffer zones etc)
- **Stage 4:** Planning Constraints (other planning constraints that may be applicable).

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OUTCOME DRIVEN

