

Economic Benefits Statement

Huntlee New Town Stage 2 SSDA

Huntlee New Town, (Branxton, North Rothbury)

SSD - 70748466

Submitted to NSW Department of Planning, Housing and
Infrastructure
on behalf of Huntlee Pty Ltd



'Gura Bulga'

Liz Belanjee Cameron

'Gura Bulga' – translates to Warm Green Country. Representing New South Wales.



'Dagura Buumarri'

Liz Belanjee Cameron

'Dagura Buumarri' – translates to Cold Brown Country. Representing Victoria.



'Gadalung Djarri'

Liz Belanjee Cameron

'Gadalung Djarri' – translates to Hot Red Country. Representing Queensland.

Ethos Urban acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, waters and culture.

We pay our respects to their Elders past, present and emerging.

In supporting the Uluru Statement from the Heart, we walk with Aboriginal and Torres Strait Islander people in a movement of the Australian people for a better future.

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Summary of Economic Benefits

Huntlee is a planned new residential community in the Lower Hunter Region that will support 20,000 residents upon completion. The Stage 2 State Significant Development application (SSDA) will continue to realise the vision for this new community as a vibrant and well connected neighbourhood that will support both existing residents and attract new residents to the region.

The Huntlee Stage 2 SSDA will support the following economic benefits:

- **Provide significant direct investment:** The proposed development will directly invest an additional \$484.7 million into the local economy during construction.
- **Catalyse employment opportunities:** The proposed development will have the capacity to support +2,350 direct and indirect jobs during the construction phase. Once complete, additional operational jobs will be supported through functions associated with key real estate services and operations.
- **Support greater economic activity:** During construction the project will support significant economic activity estimated at \$421.9 million in value added output to the local and regional economy.
- **Support the delivery of housing supply and improved affordability:** The proposed 5,000 lots will deliver a significant provision of new housing supply to the local and regional area. These new homes will contribute to improved housing supply, affordability, choice and diversity available to existing and future residents.
- **Increased retail expenditure benefits:** Once complete and fully occupied, the project could support an estimated +\$246.5 million in additional retail expenditure each year, benefitting local businesses and stimulating economic activity overall.
- **Delivering on the vision and strategic objectives of state and local government policies:** The project will support the strategic directions for the region, including attracting new residents to the area, and support the concept of a 15-minute neighbourhood, by delivering housing within a strategically planned area that will offer employment and community services close to resident's homes.



+5,000 residential lots

To be delivered upon completion of the Stage 2 concept plan

Direct investment of +\$484.7 million

During the construction phase of the project

+2,350 direct and indirect jobs during construction

+\$421.9 million in value added

Direct and indirect value added during the construction phase of the project

+\$246.5 million in retail expenditure each year

Based on 14,000 additional residents and retail expenditure of \$17,610 per capita each year

Support 45% of implied dwelling requirements

In Cessnock and Singleton LGAs by 2041

1.0 Introduction

1.1 Purpose of this report

This Economic Benefits Statement supports an Environmental Impact Statement and State Significant Development Application (SSDA) that seeks consent for the Huntlee New Town Stage 2 development, comprising the concept development for the Stage 2 sites including Villages 2 and 3, land off Old North Road and the Town Centre North area, and the detailed development for the central and southern areas of Village 2. The proposal represents the next phase of an extensive planning, assessment and consultation process completed to date for the development of the Huntlee New Town site.

The purpose of this report is to provide a summary of the economic benefits (including jobs estimates) associated with the proposed Stage 2 SSDA of Huntlee New Town. Specifically, this Economic Benefits Statement responds to the Secretary's Environmental Assessment Requirements (SEARS) which detail the following requirements for the SSDA:

"an estimate of the retained and new jobs that would be created during the construction and operational phases, including details of the methodology to determine the figures provided".

This SEARS requirement is addressed in **Section 2.1** of this report.

1.2 The Subject Site

The Subject Site forms a large component of the 1,622 hectare Huntlee New Town, situated to the south of Branxton in the Hunter Valley. It is located approximately 20km north of Cessnock, 23km south-east of Singleton, and 55km north-west of Newcastle.

The Subject Site comprises a number of allotments located in both Cessnock and Singleton Local Government Areas (LGAs). It has a combined area of approximately 541.71ha, is irregular in shape and is generally extended to the west and south of the approved Huntlee Town Centre. The site is bound to the west by the Black Creek and floodplain. An aerial photo of the Subject Site is provided at **Figure 1**.

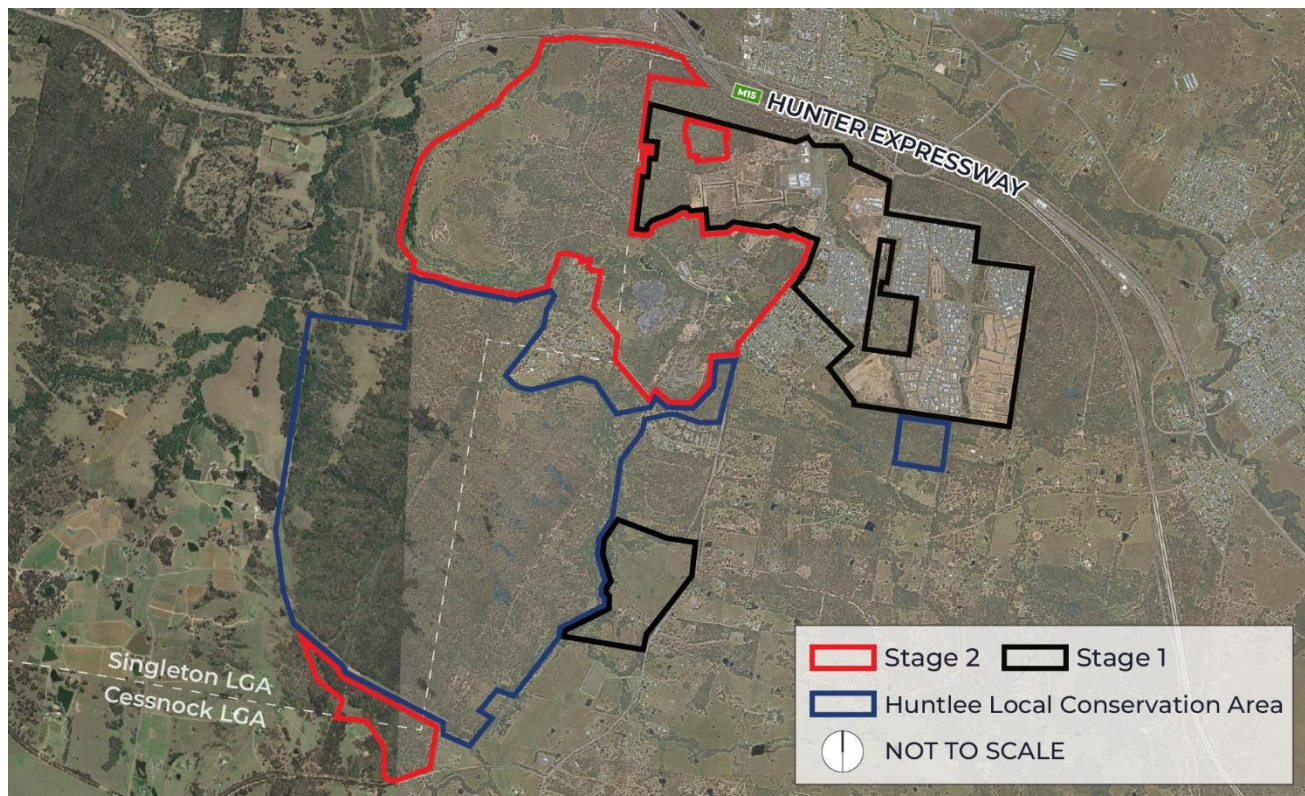


Figure 1 Huntlee New Town – Stages

Source: Ethos Urban

1.3 Project background

The Huntlee site has been under development since December 2010, when listed as a State Significant site. The Huntlee Stage 1 Project Approval (MP10-0137) was obtained in April 2013. On 24 April 2013, development consent was granted for Stage 1.

A number of modifications (Mod 1 – Mod 21) have been submitted with the NSW Department of Planning, Housing and Infrastructure, with the most recent modification approved in October 2022 for revised open space provision and subdivision changes to Stage 1.

The broader Huntlee New Town redevelopment area has a site area of approximately 1,700ha, with Stage 1 comprising an area of approximately 355ha. Stage 1 is within the Cessnock Local Government Area.

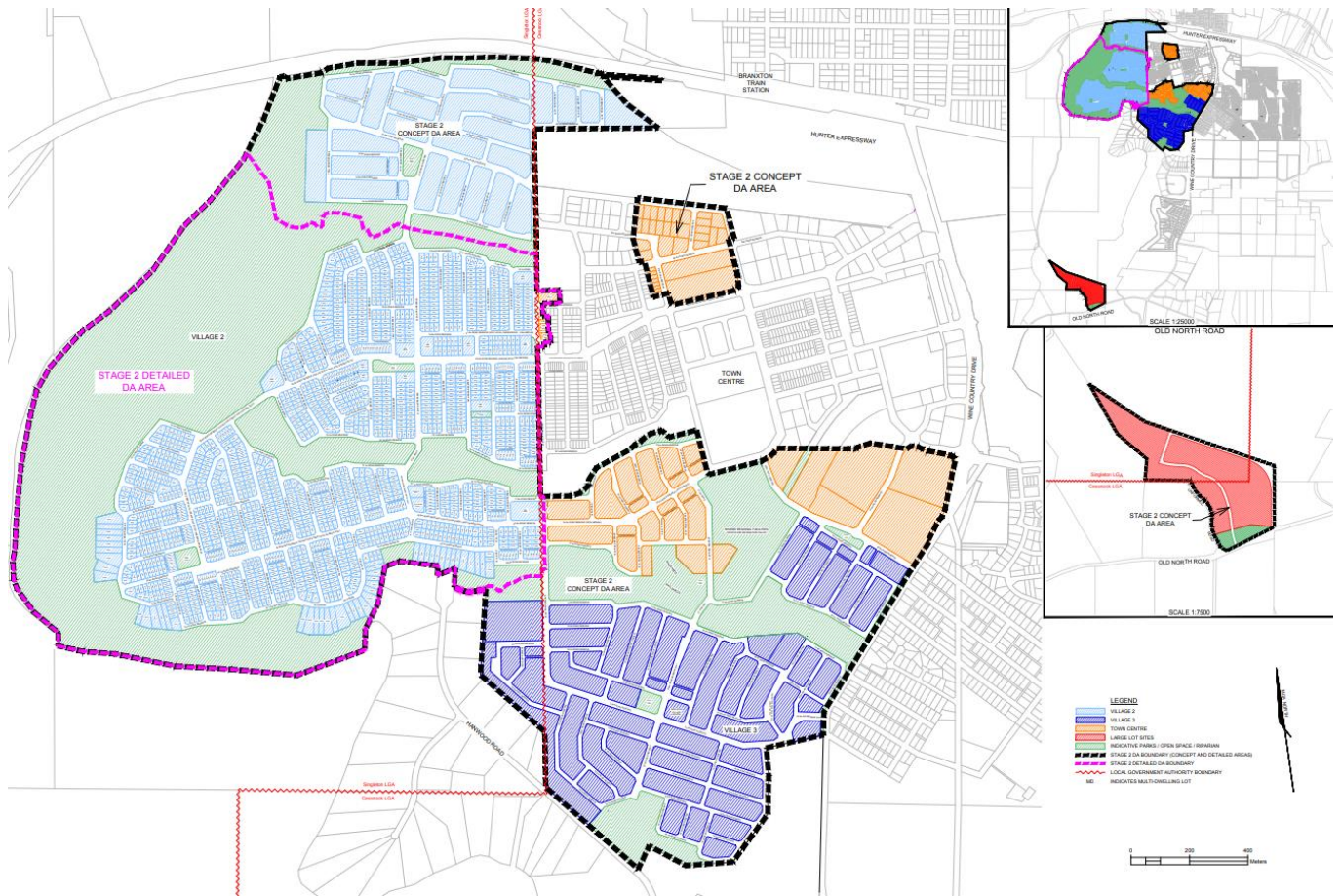
In October 2018, a Biodiversity Certification was issued. In April 2022, Huntlee Stage 2 was declared a State Significant Development (SSD).

1.4 Proposed development

This SSDA proposes the following works for the Huntlee New Town:

- A Concept Master plan for the Stage 2 site, comprising:
 - Overall Stage 2 development footprint, including:
 - The remaining Town Centre North area,
 - Villages 2 and 3, and
 - A large lot residential area located to the south of the site on Old North Road;
 - Proposed land use and development yield, including the provision for residential subdivision of approximately 5,000 lots;
 - Associated new road network and required upgrades to existing network;
 - Site-wide open space and riparian areas;
- Detailed development of Village 2 Central and South and eastern connection to the Town Centre, comprising:
 - Demolition and clearing of existing built form structures;
 - Clearing of existing vegetation within proposed development footprints;
 - Open space, recreation, community and riparian areas;
 - Construction of road and access infrastructure;
 - Bulk earthworks;
 - Stormwater and drainage works;
 - Utilities and services, including
 - Sewer and potable water reticulation;
 - Electricity and communications infrastructure;
 - Subdivision to facilitate approximately 1,750 lots across the Village 2 Central and South areas and Town Centre development lots, comprising approximately 1,730 residential lots, eight (8) medium density superlots, two (2) commercial/mixed use lots and open space areas; and
 - Select clearing and grading to establish temporary Asset Protection Zones where development interfaces with the Concept Master plan area.

Figure 2 demonstrates the location of the Stage 2 Concept and Detailed areas, in the context of the surrounding development.



2.0 Economic Benefits of the Development

This chapter provides estimates of the economic benefits associated with the construction and operation of the proposed development.

2.1 Increased employment opportunities

2.1.1 Input-output methodology

Economic impacts associated with the proposed development have been prepared with input-output modelling undertaken with reference and compliance to best-practice guidelines.

Input-output tables are a 'map' of the economy that track the flow of products, services, and payments through the many industries, households, government organisations and foreign transactions that make up the Australian economy.

Every industry requires inputs from many other industries, plus the inputs of workers and machinery and equipment to produce output. Input-output modelling uses averages derived from the ABS Input Output Tables to estimate the impact on all industries when one industry expands its production. The modelling used in this report is based on the 2020/21 ABS National Accounts release.

As with all economic models, input-output models (I/O models) have a number of limitations, which include the following inherent assumptions: unlimited supplies of all resources including labour and capital, prices remaining constant, technology is fixed in all industries, and import shares are fixed.

Having regard for these limitations, the modelling used for the purposes of this assessment applies the Simple Multiplier effect measure. The Simple Multiplier effects measure estimates the expansion of other industries required to support the initial (direct) increase in the original industry; and does not include the additional impacts of extra wages and employment income being spent across the economy (spill-over effects).

Use of the Simple Multiplier effect measure is in-line with best practice industry standards and reflects a more conservative position. As consumption induced effects are tentative and unobservable, it is considered good practice to exclude them from I/O impact analysis, using the 'simple multiplier' instead of the 'total multiplier' (which includes the 'simple multiplier' plus consumption induced effects).

Results from the modelling should be interpreted as indicative of the potential impact likely to result from the proposed development on the Australian economy.

The modelling provides estimates of the following economic benefits as a result of the project:

- **Construction Employment** - direct construction job-years supported by construction of the development and indirect job-years supported across all other industries over the construction period.

'Job-years' is defined as the number of full-time equivalent (FTE) jobs supported over the construction period. i.e. if construction is over 10 years, 100 job-years is equivalent to 10 FTE jobs per year. Only applies to construction employment.
- **Ongoing Employment** - direct and indirect FTE jobs supported by the ongoing operation of the project annually.
- **Value Added** - direct and indirect value added generated during the construction and operational phase of the project.

Value Added is defined as the wages, salaries, and supplements plus gross operating surplus (income earned by businesses) required in producing the extra output (construction investment and operating output/turnover). This represents the standard measure of economic contribution, that is, the increase in economic activity as measured by gross domestic product (GDP).

Estimates of the economic benefits of the proposed development will be realised across the national economy, given the scale and diversity of the New South Wales economy, a large proportion of these benefits will be realised locally. The benefits have been prepared for:

- **Construction Phase:** Economic activity during the construction phase of the project which will be spread across the construction program.
- **Operational Phase:** Ongoing economic activity once the project is completed.

2.1.2 Construction phase

It is estimated that the direct capital investment required to realise the proposed development will be in the order of \$484.7 million. This estimate is based on the preliminary cost report prepared by Rider Levett Bucknall and relates to direct construction costs only (excludes consultant fees, preliminaries and margins etc).

Based on a construction cost of \$484.7 million, the construction phase is expected to directly support employment of 720 job-years and deliver a direct value-add to the economy of \$192.6 million.

When the multipliers are taken into account, total state-wide economy effects over the construction program are forecast to be employment of 2,350 job-years and a total direct value-add to the economy of \$421.9 million.

Table 1 Construction phase economic benefits

	Construction Phase (spread over construction period)		
	Direct	Indirect	Total
Output (\$M)	\$484.7	\$533.2	\$1,018.0
Employment (job-years)	720	1,630	2,350
Value Added (\$M)	\$192.6	\$229.2	\$421.9

Source: ABS, National Accounts 2020/21; Ethos Urban Research

Job-years - Number of FTE jobs supported over the construction period. i.e. if construction is over 10 years, 100 job-years is equivalent to 10 FTE jobs per year.

2.1.3 Ongoing phase

Upon completion, the proposed 5,000 lots and associated dwellings will support a provision of ongoing jobs. These jobs will be supported through the following:

- Once complete and fully occupied, Stage 2 of Huntlee New Town will support additional on-site employment through the provision of home-based businesses and Work from Home (WFH) practices.

Based on results from the September 2023 Transport Opinion Survey prepared by the University of Sydney Institute of Transport and Logistics Studies, 21% of total Australian working hours were recorded as WFH hours. It should be noted that this rate has started to stabilise and represents the equivalent of around one day of WFH per full-time working week.

- The sales and continued operation of Stage 2 of Huntlee New Town will support ongoing employment through real estate services and operations including jobs associated with maintenance, operations and other population serving services.

It is also noted that a provision of non-residential uses through two commercial/mixed use lots will be supported in Stage 2 of Huntlee New Town. While these uses are not yet defined, it can be expected that these will support a greater provision of ongoing full time employment once complete and operational. Based on typical workspace ratios, this would include for example:

- One worker for every 30 square metres of additional retail floorspace.
- One worker for every 16-20 square metres of additional commercial office floorspace.
- One worker for every 85 square metres of additional general community floorspace.

2.2 Retail expenditure benefits

Once complete and fully occupied, the development will accommodate additional residential population on site. This resident population would support an increase in retail expenditure that will be directed to local businesses.

Based on the proposed Stage 2 SSDA, the development will support 5,000 lots. Assuming each lots supports a single dwelling and adopting the average household size of 2.8 persons per dwelling (based on the Primary Study Area defined within the Community Infrastructure Needs Assessment prepared by Ethos Urban), the total Stage 2 area could support an estimated 14,000 residents at full occupancy.

A review of retail expenditure per capita by residents within the local area is in the order of \$17,610 each year on average (2024 dollars). Accordingly, with 14,000 new residents at the site, a total of \$246.5 million in additional retail expenditure could be generated each year (see **Table 2**). This would include spending on food, liquor and groceries, food catering, non-food items and services. This additional retail expenditure will support existing and future business and retail facilities both within Huntlee and in surrounding communities.

Table 2 *Estimated resident retail expenditure at full occupancy*

Measure	Value
Estimated number of new residents	14,000
Per capita retail expenditure on local retail per annum (\$)	\$17,610
Increase in expenditure on local retail per annum (\$)	\$246,540,000

Source: Marketinfo, Ethos Urban

Note: Figures rounded

2.3 Other economic benefits

2.3.1 Benefits to the housing market and community

The Stage 2 SSDA for Huntlee New Town will support 5,000 lots, leading to the delivery of an estimated 5,000 dwellings upon completion. This includes 1,735 lots and 8 which are medium/high density lots as part of the detailed DA. The remaining 3,258 lots across the Stage 2 area will primarily support low density dwellings.

The proposed scale and mix of dwellings will support additional housing supply and diversity in the Hunter Region that can accommodate the growth of a range of occupiers, including families, singles and downsizers. Overall, the proposed Stage 2 SSDA can support greater housing choice in the Hunter Region through an increased range of dwelling supply across a range of typologies and price points.

In 2023, the median house price in Cessnock and Singleton LGAs was \$625,000 and \$688,000, respectively (Pricerfinder). These prices have increased significantly in recent years, including a 62.8% increase in the median house price in Cessnock and a 55.0% increase in the median house price for Singleton between 2019 and 2023.

Housing affordability remains a social, economic and political challenge, particularly within NSW. The ability to provide for increased housing stock and diversity (across a range of sizes and price points) in key strategic centres and locations, will support affordability and result in increased community benefits. This challenge is prevalent within the local area, whereby more than 10% of households in Cessnock and Singleton LGAs have mortgage repayments of more than 30% of household income (ABS Census 2021). This is even more prevalent in the 30% of renter households across the two LGAs which have rental payments equating to more than 30% of income. Reflecting the decline in economic conditions in the past 12 months, it is likely the figures summarised from the 2021 Census may understate housing affordability challenges for households.

Additional residential supply will assist in ensuring housing stock is available across a range of price points which will help to support housing affordability in the local area and broader Hunter Region. Affordable living is a key strategic objective of the Hunter Regional Plan 2041, which includes ensuring that residents have access to a greater choice of more affordable and secure homes, both within existing and new communities, such as Huntlee.

Importantly, the proposed 5,000 lots (and associated dwellings) will support housing targets and planned growth within the Hunter Region. Specifically, the NSW Population, Housing and Implied Dwelling Projections 2022 outline that the combined population of Singleton and Cessnock LGAs will increase by +22,098 residents between 2024 and 2041. This includes an implied dwelling requirement for +11,057 new dwellings by 2041.

Accordingly, the proposed 5,000 lots included as part of the Stage 2 SSDA will make a positive economic contribution to housing supply, by delivering 45% of the implied future dwelling requirement for the region and ensuring that existing and future residents in the local and regional area can access contemporary homes across a range of types and price points.

Overall, the Stage 2 SSDA will continue to support the growth and future vision of Huntlee, which is planned to support 20,000 residents and a modern, vibrant community on completion.

2.3.2 Alignment with strategic policies

The planned delivery of 5,000 residential lots as part of the Stage 2 SSDA is aligned with State and Local Government strategic planning policies and objectives, through supporting the following:

- Delivering a true 15-minute neighbourhood by providing new homes close to services and jobs, within an identified new residential community under the Hunter Regional Plan 2041.

- Contribute positively to housing delivery across the Hunter Region, with an additional +101,800 dwellings required by 2041 as identified in the Hunter Regional Plan 2041, including +11,057 within the combined Singleton and Cessnock LGAs specifically.
- Improve housing choice, diversity and affordability outcomes through the delivery of 5,000 lots including a proportion of medium and high density lots.
- Deliver a range of lot types that will support detached dwellings and medium-high density lots that will attract a range of occupiers, including aligning with the needs of the Singleton and Cessnock LGAs, with an ageing population and increasing rate of lone person households, as well as families both with and without children.

Overall, the proposed development is consistent with state and local planning policy objectives through supporting population and dwelling growth across the Hunter Region overall. Specifically, Huntlee is identified within state strategic planning documents as a planned new residential community that will support the changing needs of the local and regional area and attract new residents.