

# J W SMITH

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My Ref:

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Productivity Commission  
Email: [housing@pc.gov.au](mailto:housing@pc.gov.au)

Dear Sir or Madam

## **Re: Inquiry into First Home Ownership**

Please find below a brief comment on the affect that planning and land use policies in New South Wales have on the cost of residential land in the Hastings Municipality.

You need go no further than examine the Hastings Urban Growth Strategy (HUGS) to see the delays caused by the state government regulations and local government's difficulty in complying with these requirements

A draft HUGS was first published in 1999 but the planning process had started some time before that as a Vegetation Management Plan and a Study of the Urban Growth Options Assessment Under the Principles of Ecologically Sustainable Development were published with the draft HUGS. The basic conclusion of the strategy was that there were two areas that could be suitable for large area urban release. The first was Area 13 west of Port Macquarie and Area 14 further to the south between the villages of Lake Cathie and Bonny Hills.

The Hastings Urban Growth Strategy was released in 2001 confirming the recommendations of the drat document.

This was at a time when real estate industry representatives had been warning the Council of an impending land shortage in the Municipality that was already starting to show up with rising prices. These warnings have come true as there is now an acute land shortage throughout the Municipality.

It is now at least five years since work on these urban releases was started and a draft master plan for Area 14 has been exhibited that proposes the rezoning of only 75 hectares of new urban areas out of approximately 700 hectares of potentially urbanised land in Area 14. It is not expected that any land will be developed until after 2006.

The planning for Area 13 is further behind with a projected release date of 2007 and beyond. This means that there will have been a shortage of residential land for over five years if these projected dates are achieved.

No one knows how high the price of land will be by then but I have included below three graphs that show the effect of the shortage of the past two years in the Camden Haven (a collection of adjoining villages), Bonny Hills and Lake Cathie located in the southern part of the Municipality.

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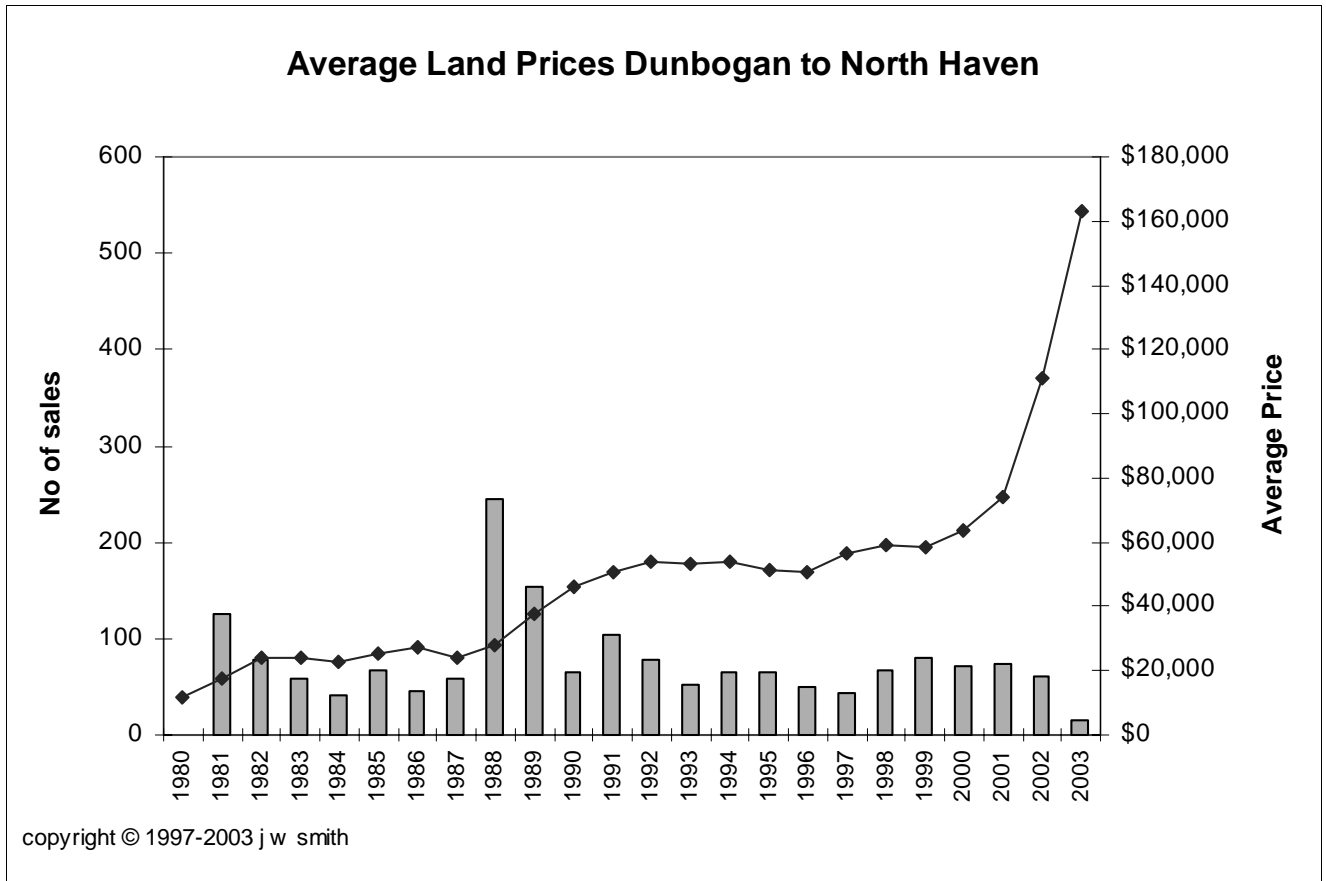
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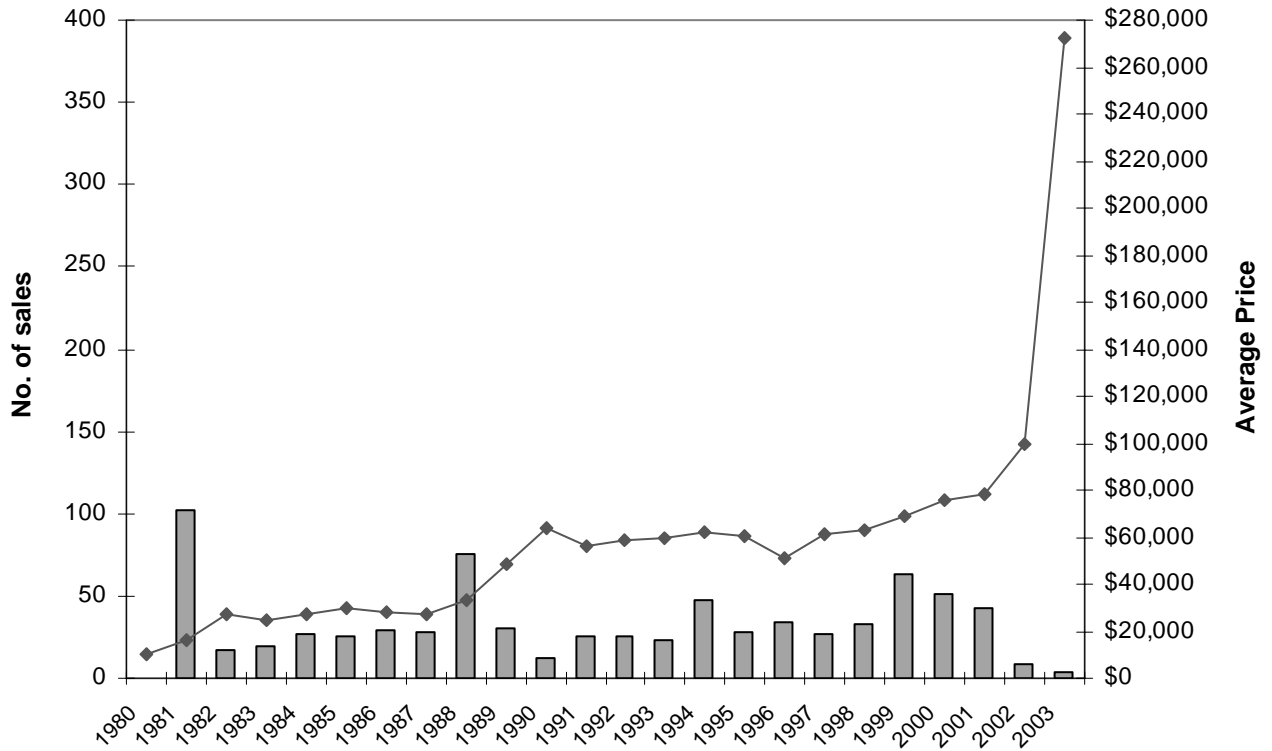
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Council have not been inactive over the past four years but the processes required by the State Government regulations do not allow a timely response to meet the needs of the housing industry.

Rezoning of land is not rocket science and these unnecessary time delays only distort an already heated market.

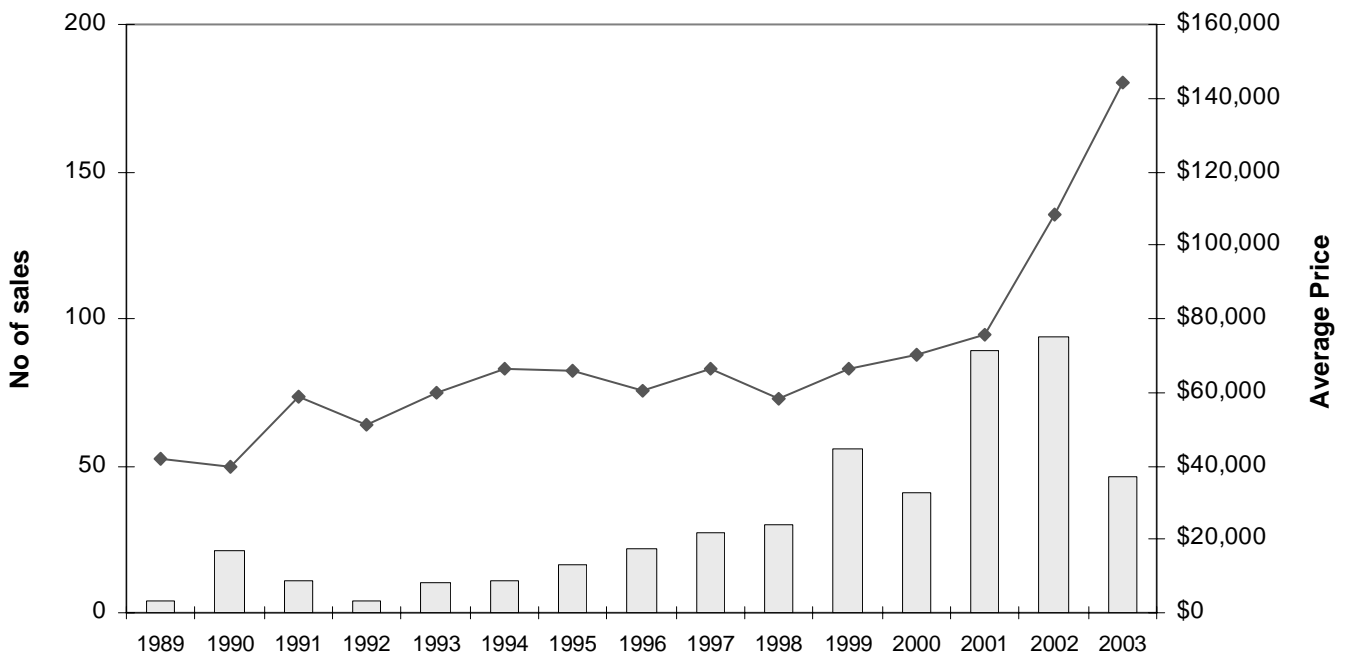


### Average Land Prices Bonny Hills



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### Average Land Prices Lake Cathie



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If you look at the Camden Haven Chart (Dunbogan to North Haven) during the 1987-1989 boom there was a ample supply of land available evidenced by the 457 sales over three years. The land was spread through a number of estates with different developers competing in the market. Prices were slow to rise initially because of the availability and competition. Other market forces

such as comparative prices in other coastal areas and rising development costs did lead to substantial rises by 1993 even though the boom in volume of sales had ended by 1990.

The latest boom started in the Camden haven started in 1998. There has always been a delay of between 1 and 2 years after the Sydney market has risen for the flow on to affect this area.. From 1998-2002 there were 352 vacant land sales over a 5-year period. Available land was not as plentiful and in the later years was concentrated in the hands of 2 developers. By 2003 there has been an absolute scarcity with prices rising at a rate not experienced before.

The situation in Bonny Hills has been similar to the Camden Haven. In Lake Cathie the price rises have not been as spectacular even though it is closer to the regional centre of Port Macquarie and the average price in 1997 was higher than the other villages.. Comparative to the Camden Haven that has four times the population there were still 221 sales with land generally available until 2003 in a variety of estates controlled by different developers.

The price rises for the three villages between 1998-2003 were:

Village	1998-2002 in \$	1998-2002 in %	2003 in \$	2003 in %
Camden Haven	\$55,500	96%	\$52,000	46%
Bonny Hills	\$48,500	79%	\$162,000	147%
Lake Cathie	\$41,500	63%	\$36,000	33%

The stunning rise in Bonny Hills prices in 1993 has been distorted by a very small sample of top quality land sales and cannot be taken to be indicative of increase in general prices.

Yours faithfully

JOHN SMITH