

22 April 2020

Mr Carey McIntyre
The General Manager
Shellharbour City Council
Locked Bag 155
Shellharbour City Centre NSW 2529

Via email: council@shellharbour.nsw.gov.au

Dear Carey,

Re: Shellharbour Local Strategic Planning Statement

The Urban Development Institute of Australia (UDIA) NSW is the leading industry body representing the key participants in the development sector in NSW, with over 500 member companies including developers, planners, engineers, state agencies and local government.

UDIA counts Shellharbour City Council (Council) as a long-time and highly valued member of the organisation, and we are grateful for the ongoing collaborative working relationship between industry and Council. We were pleased to host a free webinar with Council on the LSPS during the exhibition period and would like to acknowledge Council officers Jessica Lintern and Geoff Hoynes for their engagement with the industry.

UDIA is generally supportive of the vision and priorities in the LSPS. We commend Council for preparing a Local Housing Strategy prior to the LSPS so that the LSPS is clearly guided by housing needs and priorities. Unfortunately, many of the concerns UDIA raised in our submission on the Local Housing Strategy were not addressed in the final version of that Strategy. Therefore, the same concerns have been translated into the LSPS.

UDIA NSW offers the following recommendations, which are expanded upon below:

- 1. Review the assumptions behind population, dwelling volume and dwelling type forecasts to 2038 to reflect historic population growth rates and current market demand data.**
- 2. Focus LSPS actions on the current real barriers to a diversity of housing supply in the greenfield areas of the LGA, including too few R3 and R4 zoned sites, and excessive minimum lot size and parking requirements (among others).**
- 3. Support a merit-based approach to planning proposals on all land, including rural land.**
- 4. Consider additional permitted uses on fragmented employment land (including residential uses), as well as potential new employment land supply on rural land close to residential areas.**
- 5. Accelerate the delivery of local infrastructure and identify these accelerated timeframes in the LSPS to give industry the confidence to invest in the LGA.**

Population Growth and Housing Demand

UDIA has previously expressed concerns with the assumptions underpinning population and dwelling demand forecasts in the Local Housing Strategy. Council adopted a conservative annual population growth rate of 1.2% when the Shellharbour LGA population grew an average of 1.5% per annum in the five years to 2016.

Given the ongoing housing affordability crisis in Sydney, the rise of remote working, and the ageing population seeking retirement destinations, UDIA is confident that the Shellharbour population will grow by at least 1.5% per annum to 2038 and recommends that Council's assumptions be amended to reflect this.

As a consequence, Council's dwelling volume demand forecast also needs to be revised upwards. Given decreasing household sizes, UDIA recommends that Council increase the forecast dwelling volume demand growth from 1.3% to at least 1.6%.

Recommendation 1: Review the assumptions behind population, dwelling volume and dwelling type forecasts to 2038 to reflect historic population growth rates and current market demand data.

Medium Density Housing

UDIA has previously supplied Council with a copy of its quarterly Residential Developer Market Intelligence report which shows extremely strong approvals, rent and sale price growth for multi-unit dwellings in the Shellharbour LGA. This indicates a latent demand for more multi-unit dwellings far above the small rise (or even decrease) anticipated by Council.

The proposed rezoning of three sites from R2 to R3 is commended and is something the UDIA has been recommending for many years in the Shellharbour LGA. However, it should not come at the expense of reducing the ability for multi-dwelling housing in the R2 zone. Council should also demonstrate clearly how this volume of rezoned land meets the forecast future demand for R3. UDIA suggests that more R3 zoned land would be required to meet the forecast.

In addition, a favourable zoning alone will not guarantee the uptake of medium density development. There are real barriers to housing diversity across the LGA, including excessive minimum lot size controls and parking requirements. At the very least, a detailed review of these controls in order to facilitate medium density development should be an action in the LSPS.

Recommendation 2: Focus LSPS actions on the current real barriers to a diversity of housing supply in the greenfield areas of the LGA, including too few R3 and R4 zoned sites, and excessive minimum lot size and parking requirements (among others).

Rural Lands and Employment Lands

The LSPS states that Council will not consider further residential rezonings of rural land because there is sufficient existing residential supply in the LGA for the next decade. However, Council should provide more evidence that the existing supply will meet the needs of the community in terms of diversity of housing stock. For example, Council should demonstrate there is sufficient supply of large-lot rural residential land.

UDIA notes that Council will prepare a Rural Lands Strategy and we recommend that the LSPS be revised to soften the wording on rural rezonings until that Rural Land Study is completed. UDIA believes that all councils should support a merit-based approach to planning proposals throughout their LGAs, including on rural land.

Recommendation 3: Support a merit-based approach to planning proposals on all land, including rural land.

UDIA strongly supports the action to prepare an Employment Lands Strategy, and recommends that Council consider additional permitted uses on fragmented employment land (including residential uses), as well as potential new employment land supply on rural land close to residential areas.

Recommendation 4: Consider additional permitted uses on fragmented employment land (including residential uses), as well as potential new employment land supply on rural land close to residential areas.

Infrastructure Delivery Timeframes

Since Council prepared the LSPS, the Shellharbour economy has been severely affected by the COVID-19 health and economic crisis. UDIA is advocating for a housing-led economic recovery through its Project Bounce Back action list for government. One of the key actions is to invest in catalytic infrastructure projects, while preparing business cases and designs so projects are ready to go.

UDIA's analysis indicates that in 2019 Council had almost \$49 million in s7.11 contributions held as a restricted asset, and that Council had only spent 55% of the contributions collected over the past three financial years. We encourage Council to consider accelerating the delivery of local infrastructure and to identify these accelerated timeframes in the LSPS to give industry the confidence to invest in the LGA. UDIA is advocating for funding support from the NSW Government to support local infrastructure delivery.

Recommendation 5: Accelerate the delivery of local infrastructure and identify these accelerated timeframes in the LSPS to give industry the confidence to invest in the LGA.

Thank you for considering UDIA NSW's comments on the draft Shellharbour LSPS. Should you have any questions or wish to discuss further, please contact me on 0435 243 182, or by email at kthomas@udiansw.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'K. Thomas', with a stylized flourish at the end.

Keiran Thomas
Southern Region Manager
UDIA NSW