



16 August 2024

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Via email: jessicar@kiama.nsw.gov.au

RE: UDIA NSW Submission to Draft Kiama Growth and Housing Strategy

Dear Jane

The Urban Development Institute of Australia NSW (UDIA) is the peak industry body representing the leading participants in urban development across NSW. UDIA invests in evidence-based research that informs our advocacy to state, federal and local government, so that development policies and critical investment are directed to where they are needed the most. Together with our over 450 member organisations, we shape the places and cities where people will live for generations to come. UDIA also has active Regional Chapters across the Greater Sydney Megaregion, in Western Sydney, the Hunter, Central Coast, and the Illawarra-Shoalhaven.

We would like to offer our strong support to Kiama Municipal Council (KMC) on the delivery of its Draft Growth and Housing Strategy ("the Strategy"). We have engaged consistently with Council staff throughout the drafting of the Strategy including through previous correspondence addressed to KMC's CEO, and through engagement with KMC's Director of Planning, Environment & Communities via our UDIA Chapter Committees. We have attached that letter, as the overarching comments remain relevant to our feedback in this submission.

Strategic documents like Housing Strategies were designed to align priorities across government, infrastructure delivery agencies, industry, and community. It is invaluable to the Kiama Local Government Area (LGA) that a precedent is now being set through the Strategy, which starts a real conversation around planning for growth in Kiama. The housing crisis is impacting all participants to the delivery of housing and requires all participants to unify around common goals. Delivering housing must be the highest priority of all participants to this process, and we are pleased that the Strategy provides a stepping stone towards that in Kiama.

We appreciate that KMC has invested significant time to prepare a comprehensive, well considered, and collaborative Strategy in what is a relatively short period of time. However, we do take the opportunity to express concerns with some elements of the Strategy and suggest opportunities for improvement.

We hope that all comments provided through our submission are considered to ensure the finalised Strategy provides greater balance and a clearer emphasis on the growth goals that KMC is seeking to achieve. In summary, UDIA provides the following key recommendations:

- 1. Council to work with UDIA to organise a Kiama Developers Forum which would include Council, Industry, and key delivery agencies providing contemporary updates on local planning matters including infrastructure capacity and need.**
- 2. Council to work closely with industry to track, monitor and review its quarterly performance against the Growth and Housing Strategy, to ensure tier classifications of sites are kept updated.**
- 3. Council to revise the timeframe it has attributed to Bombo Quarry in the Strategy to a 15–20 year delivery window, to more accurately reflect it as a significant opportunity for long-term growth.**
- 4. Council to expand the Strategy to include all sites identified in the developer Expressions of Interest that are not fundamentally constrained and can contribute to housing in Kiama within the Housing Accord timeframe.**
- 5. Council to incorporate the above points into the Strategy upon its finalisation.**

Supported Actions in the Strategy

As noted above, UDIA has been pleased with the high level of engagement undertaken by KMC which has informed several positive actions in the draft Strategy. Specifically, we would like to call out Actions 1.2 and 3.1, which note engagement opportunities with industry. We were greatly encouraged to see our institute mentioned alongside other Peak Bodies and stand keen to work with KMC throughout the Strategy's implementation.

In this regard, we recommend KMC continue to work with UDIA's Southern Chapter to host a Developers Forum specific to Kiama, similar to that which is delivered annually by the Department of Planning, Housing and Infrastructure for the Illawarra-Shoalhaven region. We envisage this could include Council, Government agencies (e.g., Sydney Water), and local developers, with a focus on data and information sharing around infrastructure and strategic planning, that would be supplemented by questions and data-driven discussions around growth scenarios in the LGA.

Recommendation 1: Council to work with UDIA to organise a Kiama Developer's Forum which would include Council, Industry, and key delivery agencies providing

contemporary updates on local planning matters including infrastructure capacity and need.

Other actions that UDIA recommend include:

1	The roll out of a second Expression of Interest for developers and landowners that may have missed out on the first opportunity. This acknowledges the time constraints of Local Elections and that KMC is looking to identify as many sites as possible, as early as possible.
2	<p>UDIA strongly supports the development of an Infrastructure Advocacy Strategy as a tool that will support KMC's own advocacy for grant funding. We are also pleased to hear that this will align with the timing of the revised UDP, as it looks to deliver an Infrastructure Opportunity Plan (IOP) for the Illawarra-Shoalhaven.</p> <p>We encourage KMC to prioritise this work to ensure its representation on the UDP and in the IOP is contemporaneous and aligns with its work on the Strategy. It is pivotal that Kiama's infrastructure needs are prioritised as highly as Wollongong, Shellharbour, and Shoalhaven's, given they historically have not. Using the Strategy to elevate Kiama's needs is encouraging to see. It was equally encouraging to see KMC acknowledging the opportunities new housing can provide to enable the funding of infrastructure (on page 45). Having clear and interrelated strategies for both housing and infrastructure is a good strategic planning approach.</p>
3	UDIA supports KMC's intention to increase the use of site-specific Planning Agreements and Section 7.11 Contributions Plans, which provide industry with greater certainty and clarity as to where their local contributions are being spent.
4	<p>Given that many Government agencies and departments have placed feasibility in the 'too hard' basket in light of the current economic headwinds, UDIA is encouraged to see KMC tackle this issue through suggested changes to the Kiama DCP (in Action 2.4). This action aligns with UDIA's recent research report <i>Making TODs Work</i>¹, which recommended a review into construction regulation to ensure they are fit for purpose and adding value to construction outcomes.</p> <p>We do caution against any change to parking rates and ask KMC to demonstrate that it conducts the requisite demand/needs analyses to understand how much private parking might be demanded in future residential developments.</p>
5	<p>UDIA was pleased to see Action 3.3, which noted that KMC was considering methods to monitor the housing pipeline and track progress against the Strategy. We are very keen to understand how KMC intends to do this, including which metrics it will use to measure success.</p> <p>While the Illawarra-Shoalhaven Urban Development Program (UDP) is the main source of data surrounding the availability of development sites, we note that it can</p>

¹ UDIA NSW 'Making TODs Work' Research Report <https://www.udiansw.com.au/wp-content/uploads/2024/06/Making-TODs-Work-June-2024.pdf>

sometimes miss the granularity of issues facing a local area like Kiama. A lack of this critical information creates market inefficiency, which impacts sales price. Without consistent information, inaccurate and unfair pricing takes place, which explains why the Illawarra-Shoalhaven continues to be an inefficient market, and housing prices are too high.

With a Strategy soon to be in place, UDIA would recommend that KMC uses this opportunity to engage closely with industry to create a clear plan to track and monitor the residential development pipeline, with a priority on ensuring that site classifications remain contemporary. This will maximise transparency with both community and with industry.

Recommendation 2: Council to work closely with industry to track, monitor and review its quarterly performance against the Growth and Housing Strategy, to ensure tier classifications of sites are kept updated.

UDIA's Concerns with the Strategy

UDIA and its members have examined the Strategy and take the opportunity to share some of the concerns we have with KMC's approach. A longer list is provided in the tables below however we commence by specifically calling out our concerns with Bombo Quarry.

Concerns with the treatment of Bombo Quarry in the Strategy

UDIA acknowledges the role that Bombo Quarry will play in the delivery of housing into the future, understands its strategic identification for housing supply in Kiama, and supports its overarching vision. However, industry continues to express strong doubt over yields in the short to medium timing that have been attributed to Bombo Quarry in the Strategy.

We know that a Bombo Quarry landowner's group has been meeting regularly and detailed studies and masterplans are being undertaken. However, there was a recent admission by these landowners, in a briefing to the community, that remediation works would take in the order of 5 – 7 years in the Quarry. The landowners therefore could not commit to a house being delivered in the Quarry within the next 10 years.

In light of more information, including no short-term plan to cease operations in the Quarry, we continue to strongly caution KMC around its expectations for the Quarry to deliver housing. Given this strong recent feedback, UDIA does not believe the Quarry will make any contribution to housing in Kiama during the next decade, and especially not during the Housing Accord period which has tasked Kiama to deliver 900 new homes over the next 5 years.

UDIA recommends that KMC revises the timeframe attributed to Bombo Quarry in the Strategy. A 15-20 year project timeframe would enable more fulsome and thoughtful

planning, enabling a far more ambitious approach, for example, when it comes to the quantum of housing it could deliver. With a more expansive timeframe, there is the opportunity to hold further discussions with industry and agencies around the capacity to coordinate infrastructure, and make the Quarry bolder in its housing density, diversity, and affordability, as well as amenity.

The UDIA also notes that there were various references in the Strategy to employment land within Bombo Quarry, and that the proposed masterplan does not provide for employment or industrial land. UDIA continues to support the provision of a significant amount of employment land within Bombo Quarry to ensure that local jobs and employment opportunities complement the need for housing in the LGA.

Recommendation 3: Council to revise the timeframe it has attributed to Bombo Quarry in the Strategy to a 15–20 year delivery window, to more accurately reflect it as a significant opportunity for long-term growth.

Noting that the Quarry’s delivery timeframe should be significantly extended, UDIA acknowledges that KMC needs greater confidence in other short- and long-term sites to deliver sufficient housing to meet local targets. However, UDIA takes this opportunity to outline two major concerns that may be impacting this confidence.

1. Our concerns with the rationale being used to exclude sites from the Strategy.
2. Our concerns with the overall scope of the draft Strategy.

Concerns with rationales for not including sites in the Strategy

KMC has noted that it would like to avoid developers going through state appeal and approval pathways, and the Strategy provides an ideal opportunity for KMC to ensure they have control over their own development footprint. However, this is not and should not be the primary driver for identification (or not) of significant developer-led opportunities. A major case in point is South Kiama, a proposal that KMC initially and continually refused, now being the only project that will have the ability to deliver significant housing during the Accord period.

Our concerns with the rationales being applied is amplified when noting that Bombo Quarry is tiered as “land under consideration for rezoning,” while other sites that are similarly progressed or further advanced in the pipeline have not been considered at all. The inconsistency applied has left many in industry confused about KMC’s overall approach.

UDIA does not support KMC's reliance on there being sufficient land as a justification for discounting sites in the Strategy, especially following further information on Bombo Quarry. When exhibited, Bombo Quarry was a large-scale site earmarked for housing and hence five sites were omitted on the basis that there was "sufficient supply in other areas." One of these, Springside Hill, was explicitly called out by KMC in Item 15.1 of the July 16 Business Papers to not be included in the Strategy. However, now with more information around the Quarry, Springside Hill presents the only significant opportunity to deliver a significant quantum of Kiama's housing supply, 25% of which is Social and Affordable Housing, outside of those already identified in the draft Strategy, while also being a site that is not facing fundamental constraints.

Additionally, rationales applied to some sites not included in the Strategy, for example the height and FSR controls that were mentioned for two sites, are inappropriate considerations for rationalising where housing should or should not be strategically located. These issues can and should be left to resolution during the Development Application stage.

UDIA urges KMC to re-examine the role of the developer's Expressions of Interest by reintroducing all sites that are not fundamentally constrained, that were identified through the EOI, into the Strategy upon its next exhibition.

We note other concerns with rationales in the Strategy below.

1	Kiama Town Centre is heavily referenced for its strong potential to deliver a bulk of housing. Again, referencing our UDIA report <i>Making TODs Work</i> , we would caution that there are significant feasibility challenges across the entire development industry that is making higher density developments unviable, including new developer contributions, high labour and construction costs, time delays from complex concurrence and referrals, and slow planning approvals which generate increased holding costs. Until economic challenges resolve, UDIA cautions that the focus on the Town Centre for housing may be unviable in the short term.
2	UDIA is concerned by the timing of Local Government elections, and that decisions about final sites that are included in the Strategy become politically driven decisions rather than merit driven. The timing is unfortunate, but we hope that KMC is provisioning for this potential outcome by ensuring all stakeholders are equally listened to, including the potential future community of Kiama, throughout the Strategy's ongoing development.
3	UDIA is highly concerned that the rationales applied in the Strategy set an ongoing precedent for Planning Proposals in Kiama that might not yet be identified or not yet revealed to either KMC or industry. There is a major backlog of housing that will continue to need to be addressed after the National Housing Accord period, and

there must be sufficient opportunities built into the system for Proponent-Initiated Planning Proposals (PIPs) to remain in discussion.

For example, we know that Councils adopt a conservative approach to growth that is normally founded on a lack of external bodies advice on infrastructure capacity, such as recent concerns surrounding Sydney Water's lack of identification of Kiama in their Growth Servicing Plans. We are pleased that these conversations have progressed. However, under the Water Competition Act, developers are within their rights to approach competitors to Sydney Water as part of their proposals. The lack of infrastructure should not be used as a rationale to discount developments from strategic identification if the developer has a proposed Strategy for dealing with this which is in their legal purview to do.

Industry should be given the opportunity to find innovative ways to deliver key services on their site, and we encourage KMC to not use this as a reason for dismissal going forward. This line of reasoning will dissuade PIPs being brought forward in the future which may be able to help Kiama reach relevant local targets. The Strategy risks becoming outdated quickly if there is a continued effort to not allow projects to be brought forward for these reasons. We encourage using the Strategy as a tool for starting conversations around future infrastructure planning, not to end them.

Concerns that the scope of the draft Strategy is too limited

As it has been noted in the Strategy, outside of endorsing Strategies, planning proposals and development applications, Council does not control the delivery of dwellings. Development feasibility and other market conditions will determine whether a development proposal reaches delivery. Broadly speaking there is a gap of 10% between approvals and delivery, and there is often a significant lag time of 18 months from approval to completion. This narrative heavily featured in UDIA's previous letter to the CEO, and led to our key theme that the Strategy's scope needs to be broadened to anticipate the challenges with delivering against zoned capacity.

UDIA understands that there are little to no significant development consents that are active in Kiama. As it is rare to consistently have a sweet spot where developer ownership and intentions align with developable and (relatively) unconstrained land, particularly in a region like Kiama, we again encourage KMC to re-examine the role of the developer's Expressions of Interest, an initiative strongly supported by UDIA, to identify all short-term housing opportunities. This will ensure that proponents will still be able to undertake vital planning and infrastructure discussions, particularly given the risk that identified sites could become less viable to achieve in the future (as per point 6 below).

Recommendation 4: Council to expand the Strategy to include all sites identified in the developer Expressions of Interest that are not fundamentally constrained and can contribute to housing in Kiama within the Housing Accord timeframe.

The following points are provided as further justifications for this recommendation.

4	We continue to challenge the notion that the 900 new homes target over the Accord period can be met by existing residentially zoned land or tweaks to zoned land, as discussions around the potential capacity for new housing does not take into account the real intentions of landowners. Reference is again made to the lack of active development consents that exist within Kiama, meaning it is highly unlikely that housing targets will be met in the first two years of the Accord period.
5	UDIA is concerned that there is a lack of acknowledgement of potential future demand pressures facing the Kiama Municipality. Specifically, following the recent COVID period, the desirability of Regional NSW as a place to live and work increased significantly. KMC should acknowledge the value in overpreparing, from a housing supply perspective, to ensure the region is not caught out by a general lack of available accommodation. The Strategy provides a crucial opportunity to set a contingency plan that is above Kiama's local housing target by broadening the Strategy.
6	The Kiama Local Strategic Planning Statement (LSPS) has been the only precedent for guiding strategic planning in Kiama prior to this Strategy. Hence, we were concerned to see that Rowllins Road and Macquarie Street, which were identified sites in the LSPS, have not been included in this Strategy. This not only creates inconsistency between KMC's strategic documents, but also sets a disappointing precedent. Industry would seek certainty that this same action is not repeated in future iterations for sites that are identified in the Strategy once it is finalised. However, given that further information may brand sites genuinely ineligible for residential development, KMC is encouraged to canvas a broader suite of sites in the Strategy as contingency to that, noting that very few dwellings identified in the LSPS have been delivered.

Other Concerns with the Strategy

7	<p>As flagged, we are cognisant that KMC was operating off a faster time frame than desired ahead of the National Housing Accord period. As a result, the Strategy has shown some signs of being rushed. For example, sites that are serviceable and identified in Tier 1a in the Strategy lack a more robust description of what their process to deliver houses looks like going forward. Outside of noting them in the Strategy, we question how KMC will be working with these landowners to ensure development progresses in a desirable timeframe.</p> <p>For example, sites identified should be supported by evidence and data that conversations with Agencies e.g., Sydney Water, have been held, and that there is positive advice on available capacity and serviceability. This should be clearly</p>
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	stated in the Strategy for transparency or provided through the previously recommended Developer Forum.
8	UDIA notes references that KMC makes to “immediate housing supply” throughout the Strategy for those sites that have only had Development Application (DA) approval. As noted in our attached letter, there are several more processes following a DA approval that must be completed before a site can be considered imminently deliverable. While this may be the case on a site-by-site basis, UDIA would still caution against misleading terminology such as “immediate.”
9	<p>UDIA expresses concerns with the comments on Page 41 around “character values” and asks for greater clarity on what this term means in the context of the Strategy. Equally, terms like “near” existing centres and “negative impacts” appear without clear emphasis on their interpretation.</p> <p>KMC must continue to acknowledge, and equally share with its community, that new development will result in some change in character. Developers work hard to enhance character at many opportunities along the pipeline and are sensitive to it particularly in a place like Kiama. However, we are concerned that extra layers of legislation and assessment could be applied that use character to constrain growth. UDIA would recommend removing these to avoid perpetuating potentially negative connotations associated with the activities of the development industry.</p>
10	The Strategy as drafted shows a limited understanding of Social and Affordable Housing supply and need in Kiama. The Strategy must acknowledge that more needs to be done with the Community Housing sector to understand current status and future needs, and thus deliver a needs analysis of future Social and Affordable Housing targets to supplement broader housing targets and strategies.

UDIA thanks KMC for the opportunity to provide feedback on the Strategy. We again hope that our concerns and recommendations are taken into consideration and incorporated into the Strategy. I invite you to contact Nathan Boulous, UDIA NSW Southern Regional and Research Manager at nboulous@udiansw.com.au should you wish to discuss the contents in this submission further.

With thanks,



Stuart Ayres
Chief Executive Officer
UDIA NSW