

July 12 2024



Strategic Planning Team, City Futures
Shoalhaven City Council
Shoalhaven NSW
Via: council@shoalhaven.nsw.gov.au

RE: UDIA Submission to Shoalhaven Strategic Growth Principles

Dear Strategic Planning Team

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.

UDIA has appreciated working closely with Shoalhaven City Council (SCC) over the last 12 months to understand Council's plans for a new Land Use Planning Scheme. We welcome the opportunity to comment on the Draft Strategic Growth Principles as part of this wider scheme.

Based on discussions with SCC, we note that these Principles are anticipated to become embedded into SCC's Local Strategic Planning Statement (LSPS) following Council endorsement. We offer our comments on the drafted materials, which includes feedback on each of the specific draft Principles in the policy. However, we would like to provide some overarching comments up front. Our industry is seeking clarity on the role that these Strategic Principles are expected to serve in the future decision-making processes for Development Applications and Planning Proposals in the Shoalhaven.

There are many layers of strategic planning in NSW, of which the LSPS is one. The LSPS is impactful for its role in shaping Local Environmental Plans and Development Control Plans over time. For that reason, Industry is concerned about the weight that these Principles will be afforded in the development assessment process, noting anecdotally other instances where Councils have used the LSPS as grounds for refusal. If these principles have the potential to evolve to become grounds for refusal in the Shoalhaven, then we would encourage SCC to more deeply consider how they communicate this as early as possible. The development industry needs to be alerted to any enhanced expectations for it to comply with these Principles. This includes simple clarifications as to whether, in development fronts where

several Principles could apply, there is an expectation for developers to demonstrate compliance to the Principles.

For the purpose of our feedback below, UDIA will treat the Principles as though they will be applied as grounds to refuse a development. However, our core recommendation to SCC is to provide greater clarity on the level of enforceability of these Principles, and to recommend that SCC builds in flexibility to still allow growth to be achieved sensibly throughout the Shoalhaven. Our comments provide some examples of how flexibility could be encouraged.

Comments on Shoalhaven's Draft Strategic Growth Principles

Growth Principle & UDIA NSW Comments
<p>1. Housing supply is informed by an established evidence base, including local population forecasts and historic development activity.</p> <p>UDIA supports this principle and encourages its use towards supporting the development of policies for smaller housing products, amidst increased demand for these smaller housing types.</p> <p>UDIA would appreciate the chance to comment on any evidence base that SCC are employing to predict future housing needs. Evidence must be well considered, reliably sourced, and reflect contemporary industry experiences. This will include using the most up to date housing targets prescribed by the State Government, as opposed to being informed by backward looking, historical data that has been inconsistent and a poor indicator of future demand patterns.</p> <p>We encourage SCC to engage closely with the industry and the State Government through the Urban Development Program and other initiatives related to the housing pipeline, such as the Housing Pipeline Audits, to ensure the data being used by SCC is consistent.</p>
<p>2. Housing diversity is increased to provide the dwelling types needed to meet the identified housing needs of Shoalhaven's communities.</p> <p>Industry has long expressed interest in building greater density in the Shoalhaven where it makes sense and where it is permitted. UDIA is therefore encouraged by the sentiment of this Principle.</p> <p>While medium density development has been limited in the Shoalhaven, there is ongoing interest in both increasing densities in identified town centres (Nowra, Bomaderry, Berry, and Ulladulla), and exploring diverse housing types in greenfield locations. Our members have advised us that most of the opportunity for diverse products in Shoalhaven is in townhouses, terrace houses, and dual occupancies. As many of these housing typologies are already permissible in Shoalhaven's residentially zoned lands, allowing greater permissibility of these types is likely to generate a positive response from developers, assuming they are feasible. This form of housing can also be built utilising the existing skill set of the housing industry, removing another barrier.</p>

UDIA notes that housing diversity should also go hand-in-hand with conversations around housing for the future work force. With a desire to increase the employment capacity base in Shoalhaven, as is implied by Principle 12, housing must be considered in relation to the future needs of future employees.

3. Housing affordability is improved through an increased supply of permanent Affordable Rental Housing.

UDIA would request the alteration of the phrase “permanent” to “in perpetuity” to align with most other Strategies related to Affordable Housing, if “in perpetuity” Affordable Housing is what is being suggested by this principle.

UDIA notes recent State policies to incentivise Affordable housing by offering bonuses (which are not permitted in the Shoalhaven) which do not require an “in perpetuity” tenure, rather a 15-year period hold. Therefore, this clarification/distinction is important to make.

UDIA is a strong advocate for Affordable Housing that is supplemented by incentives to the private market. UDIA would be keen to work collaboratively with SCC on what these might look like, with one example being a fixed (and agreed to) offset in local contributions that are payable on developments that provide Affordable Housing in excess of what has been mandated by Council.

4. Identified Urban Release Areas will deliver the majority of new housing supply and support new communities with essential infrastructure.

UDIA expresses concerns with this principle.

If SCC only intends to take into account existing Urban Release Areas (URA), it runs the risk of not meeting required housing needs both now and in the future. A critical downfall of the planning pipeline is the lack of sufficient agency planning for future (i.e., 5+ year) housing supply. By only focusing on identified URA's, SCC runs the risk of continuing to perpetuate the shortfall in housing and the constraints caused by infrastructure delays.

While, in the short term, the focus on getting existing URAs moving is critical, UDIA cautions that if this principle does get embedded in the LSPS, it will become difficult to reverse course and include new URAs in the future.

UDIA member feedback on the existing URAs is that they are facing delivery challenges which means they are unlikely to deliver the 4,900 homes target over the Accord period. To address this, SCC is encouraged to include (in alignment to Principle 2) the assurance that infrastructure networks could also cater for increased demand that might arise from increasing densities.

Should this Principle be embedded into the LSPS, UDIA would welcome greater engagement with SCC to ground truth realities being experienced in existing URAs (particularly Moss Vale Road

North & South, Nowra, and Ulladulla) and to work through how they could unlock housing as a matter of priority.

5. Additional greenfield development will be focussed on cleared, unvegetated land, strategically located to make efficient and cost-effective use of existing and planned infrastructure.

UDIA is concerned by this Principle's potential application, particularly on future greenfield development.

It is critically important that SCC reveals to industry the analysis that has been undertaken to map how much undeveloped land is cleared and unvegetated, and hence whether this principle (if applied strictly) could be impinging on a majority of current and future development fronts. To avoid contradictions to other Principles, UDIA recommends this Principle note that sites have (and can) obtain biodiversity offsets to meet their environmental obligations, to avoid any misapplication.

Additionally, new development already requires the allowance of some native vegetation removal that is supported by relevant biodiversity assessments and offsets. Should SCC seek to avoid impacts to vegetated land, UDIA would request that this is supplemented by greater efforts to undertake strategic conservation planning that looks at more holistic biodiversity conservation within the Shoalhaven.

6. Increase residential densities and deliver master-planned urban consolidation in strategic centres.

UDIA is encouraged by this principle, although notes there should be opportunities for industry led facilitation of master planning, and that this should not be discounted by this Principle.

UDIA will also be writing to SCC separately on our suggestions for how to action this Principle in one of these areas in particular, Ulladulla. Planning controls are currently perversely impacting the capacity for approved high-density developments to progress, and UDIA would like to offer recommendations on how to progress development at density in the town centre.

7. Facilitate an increase in housing diversity in established neighbourhoods to provide a greater variety of homes which contribute to existing and desired future character.

Development by its nature will always result in change of the existing character within a neighbourhood. UDIA suggests that SCC consider a rephrasing of this Principle to remove the negative sentiment implied by increases to development.

Industry is cognisant of building communities that leave positive impressions on new and existing communities. We are concerned that this adds unjust scope for critique to industry, that must address neighbourhood concerns through the development process irrespective of this Principle. It is also worth noting that there is an inherent contradiction between increasing diversity and variety in housing, with the maintenance of existing character.

Additionally, retaining character is a concept that is rooted in subjectivity. Character alignment is fundamentally subjective, and often not merit-based. UDIA would caution against the use of phrases such as “desired character” for that reason. To ensure this principle does not risk contravening other Principles, SCC should focus their efforts towards designing desirable future characters, while allowing planning controls around heritage for example, to continue to serve its role in maintaining existing character.

Should this Principle remain as drafted, UDIA urges SCC to exhibit examples of development that have been able to address character appropriately, to provide some guidance/framework for future developments to be assessed against.

8. New residential development will conserve, protect, and manage significant habitats and areas of high biodiversity value.

There is no UDIA comment for this principle, although we do note that it does not provide significant changes given that these requirements are already established and legislated both at the state level and federally.

9. New residential development will avoid areas of known environmental risks and minimise impacts on emergency management.

UDIA notes that this Principle is closely aligned with current work from several State Agencies to review flooding legislation, which are adopting an overly risk-averse approach in the interim period while flood planning levels are re-assessed. UDIA has established our own Flooding Taskforce that will offer industry feedback as these are being developed.

10. Ecologically sustainable development will provide resilient and climate appropriate neighbourhoods and dwellings.

UDIA notes that there is some cross-over with the BASIX State Environmental Planning Policy and this Principle.

We thank Shoalhaven City Council for this important step and encourage an open dialogue with UDIA on future implications. Should you wish to discuss this submission with us, I encourage you to reach out to Nathan Boulous, UDIA’s Southern Regional & Research Manager at nboulous@udiansw.com.au.

Kind regards,



Stuart Ayres
Chief Executive Officer
UDIA NSW