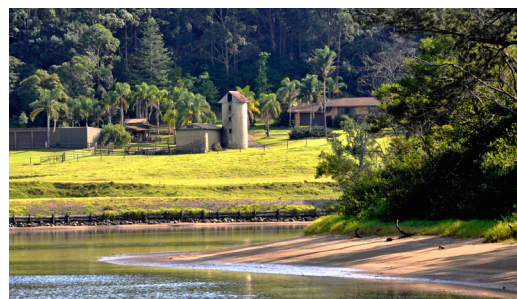


Unlocking the Illawarra-Shoalhaven

Illawarra-Shoalhaven Strategy
2019-20

COAST, Manyana. Fountaindale Group





UDIA NSW 2019–20 Business Strategy

The UDIA NSW Business Strategy provides key pillars for business and policy direction. Two pillars, Creating a Greater Sydney Mega Region, and a 30-minute city are pertinent to furthering NSW policy strategies. Our NSW Policy Agenda for 2019-20 has five goals, including Unlocking the Regions. The NSW Policy Agenda develops this by articulating some key directions where we will focus further policy efforts:

- Turbocharge regional jobs and economic opportunities through investment in the regions commencing with the Hunter, Illawarra, Shoalhaven and Queanbeyan.
- Commence investigations and funding into fast connections to the regions to boost affordability and economic growth.
- Plan and invest in regional infrastructure to enable growth of strong regions.
- Develop a loans program to unlock catalytic infrastructure in the NSW regions.
- Provide a certain and affordable bio-certification pathway that balances the efficient development of regions with sustainability.
- Support missing middle development in the regions.

The Illawarra-Shoalhaven Strategy 2019-20 is the local manifestation of the UDIA's NSW Business Strategy and NSW Policy Agenda.

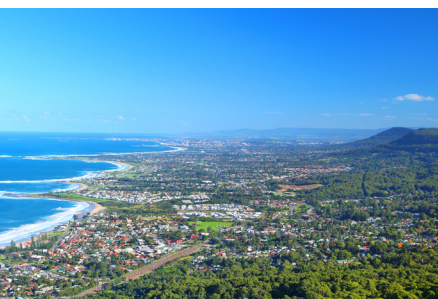
The NSW Government estimates that 35,400 dwellings will be needed in the Illawarra-Shoalhaven by 2036. Two-thirds of these new homes will be in Wollongong and Shellharbour. Over 60,000 more people will be added to a regional population of half a million.

The Illawarra-Shoalhaven is quickly transforming into one of the most attractive lifestyle and employment destinations in NSW. Wollongong City Council's economic development strategy has seen a huge investment in the city centre, with thousands of mixed use developments emerging in the last few years, and more to come. Shellharbour, Kiama and Shoalhaven Councils also have big plans for their city centres.

In this push for revitalisation we must not forget about the driving force behind growth – the thousands of homes being built in West Dapto, Calderwood, Shell Cove and Moss Vale Road. UDIA can see growing threats to the creation of liveable, affordable and connected communities in these areas, such as extra taxes on developers and a slow response from government to changes in the kind of homes new homebuyers want. We must ensure infrastructure keeps up with housing.

UDIA is keen to work with the government to enable the region to meet its full potential.

Steve Mann
CEO
Urban Development Institute of Australia NSW





There is so much to be excited about as a developer working in the Illawarra-Shoalhaven. We have a close-knit development community and good working relationships with local government decision-makers. In most cases, there is recognition that housing supply in release areas and town centres should be supported.

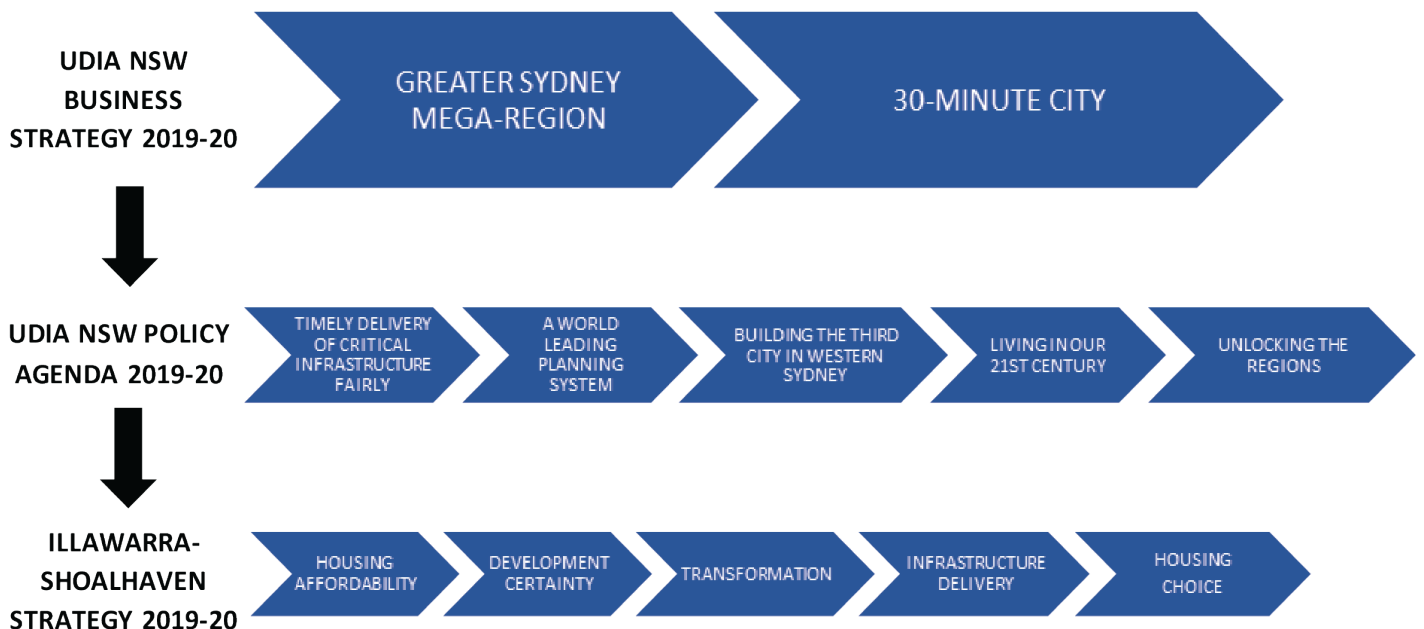
However, we face a number of challenges too. The region is one of the least affordable in NSW and indeed Australia. There can be complacency at times about housing supply given the large urban release areas at West Dapto, Shell Cove, Calderwood and Moss Vale Road. Developer charges are steadily increasing, which, when coupled with steady supply and strong demand, will inevitably make housing even less affordable for homebuyers.

The keys to improving this situation lie in the five pillars of our Illawarra-Shoalhaven Strategy 2019-20. We need sensible, certain developer charges, more certainty from planning authorities, infrastructure delivery timed with growth, and a diversity of housing types and lot sizes. We also need to push for major rail upgrades, including faster services and new connections to Western Sydney.

With these in place, we will all be able to focus on a very positive outlook for our region.

K.T.

Keiran Thomas
Southern Region Manager
Urban Development Institute of Australia NSW



01. Improving housing affordability

The Illawarra-Shoalhaven has some of the least affordable housing in NSW (table below). It takes more than 12 years to save a deposit, and more than half a household's income to service a mortgage. Rental stress is also high.

Despite this, local and State governments continue to apply upward pressure to house prices by increasing developer charges. Local infrastructure contributions in the West Dapto Urban Release Area (which will deliver almost 20,000 new homes) have increased by 50% in the last two years, and are proposed to increase further in 2020.

A revised Special Infrastructure Contribution is being prepared and is likely to be higher than the current rate set in 2011. In addition, the region is one of the hardest

hit by the increased costs from biodiversity offsets under legislation introduced in late 2018. Lastly, several councils in the region are considering applying SEPP 70 affordable housing requirements across their LGAs.

At present housing is 32% cheaper in the Illawarra compared to Sydney. This will attract more buyers from Sydney and put further pressure on prices. The current short-term decrease in house prices may briefly improve affordability but will stifle supply in the long term and ultimately worsen affordability as fewer projects become feasible to deliver.

We will continue to contribute to the Illawarra Shoalhaven Urban Development Program Committee to ensure housing supply volumes help to improve affordability.

CoreLogic Housing Affordability Report – June Quarter 2018

SA3 Region	Dwelling price to income ratio	Yrs to save a 20% deposit based on saving 15% of household income	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Wollongong	10.4	13.8	55.3%	32.5%
Dapto-Port Kembla	9.3	12.5	49.8%	35.8%
Kiama-Shellharbour	9.1	12.1	48.5%	33.3%
Newcastle	8.4	11.2	44.8%	30.6%
Campbelltown	8.1	10.9	43.4%	28.1%
Camden	6.7	9.0	36.0%	23.2%

UDIA will work with State and Local Government to:

1. Finalise the Special Infrastructure Contribution plan for the Illawarra-Shoalhaven at a manageable level balancing infrastructure provision and housing affordability.
2. Scrutinise the items and costs in local development contribution plans to make sure they are efficient and reasonable.
3. Monitor the terms of Voluntary Planning Agreements to avoid the shifting of maintenance obligations from local councils onto the industry.
4. Identify and address changes in cost from the new biodiversity offset regime.
5. Ensure affordable housing strategies and SEPP 70 are applied to the region in a way that does not reduce development feasibility.



02. Fostering a consistent and transparent policy environment

Key to the successful growth of the Illawarra-Shoalhaven is the consistent and transparent application of reasonable policies for road design, stormwater, flooding, landscaping, biodiversity, heritage, and open space.

Our Committee will focus particularly on the consistent application of planning and infrastructure policies across projects and over time.

We will give feedback to councils on these policy issues during Developer Forums co-hosted with local councils. Each year we organise a forum for Wollongong/Shellharbour and Shoalhaven. We have excellent working relationships with Wollongong, Shellharbour and Shoalhaven Councils and will work on fostering more discussion with Kiama Council in 2019-20.

We will also make submissions on new or amended policies as they arise to ensure a consistent and transparent policy environment for our members to operate in.

The Illawarra-Shoalhaven Urban Development Program requires the local councils to report on rezonings and lot approvals, but at present there is no accountability for NSW Government timeframes for planning proposals and the assessment of major projects. This is something UDIA will be advocating for in 2019-20.

Finally, we will work with councils to review the conditions being imposed on subdivision development applications, as we feel that some of the detail being requested may be unnecessary or more appropriate at a later stage in the development process.

UDIA will work with State and Local Government to:

1. Monitor planning and engineering policies to ensure they are applied consistently between projects and over time for each project.
2. Co-host Developer Forums with local councils focused on greenfield development coordination.
3. Monitor the determination times for rezonings and developments applications through the Illawarra Shoalhaven Urban Development Program.
4. Review the consent conditions imposed on subdivisions to make sure the requirements are reasonable and align with the most appropriate stage in the development process.

03. Supporting the transformation of the region

Our industry plays a significant role in the development of the region, and will contribute significantly to its transformation over the next few decades by building the homes, streets, parks, offices, factories and shops that our community will use. As such, UDIA has a vision to unlock the region and build liveable, affordable and connected communities.

Our ArkiCity app which has been developed in collaboration with the University of Wollongong (UOW) SMART Infrastructure Facility is close to finalisation and will help the community share its ideas for the transformation of the region.

We will continue to advocate for the funding and delivery of the South West Illawarra Rail Link (SWIRL) by adding to the body of research being developed by the Illawarra Business Chamber and the UOW SMART Infrastructure Facility and advocating for a Greater Wollongong City

Deal. We will look to apply our Urban AI project to visualise future growth in a 3D synthetic city model along the SWIRL.

UDIA's City Life Labs Urban AI project applies machine learning in the construction of a predictive model which will quantify the economic dividend in terms of dwellings and employment growth from the SWIRL. It will support the NSW Government's detailed planning for communities along the rail line.

UDIA supports the provision of high-speed rail to Wollongong and Nowra and will be advocating to Government(s) for this line to be built.

Finally, UDIA will be supporting all four local councils in their plans to revitalise their city centre precincts. We would like to add to this agenda with a 'Gateways Strategy' focused on improving the visitor experience when entering Wollongong along Keira, Crown and Corrimal Streets.

UDIA will work with all stakeholders to:

1. Finalise the ArkiCity app for urban space visualisation, developed in collaboration with the UOW SMART Infrastructure Facility.
2. Complete an Urban AI analysis of the dwelling and jobs growth possible from the South West Illawarra Rail Link.
3. Contribute to the regional push for a Greater Wollongong City Deal.
4. Advocate for the funding of the Sydney-Wollongong-Nowra high-speed rail line option being considered by the NSW Government.
5. Propose a Gateway Strategy to Wollongong City Council and the NSW Government for the major entry roads to Wollongong city centre.

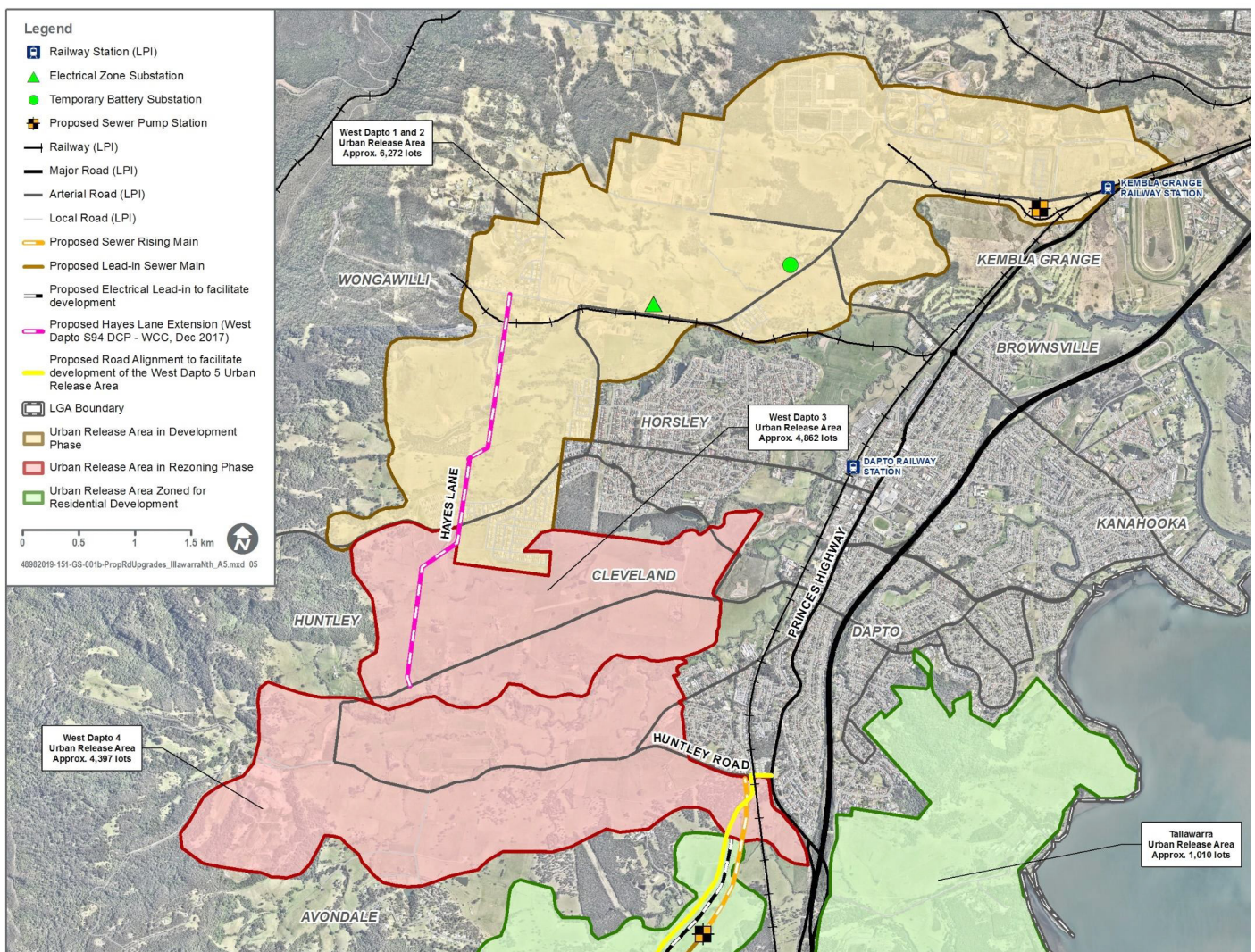
04. Ensuring infrastructure keeps up with demand in urban release areas

Rezoning land for housing is not enough in itself. What needs to be the focus is the number of lots that are both rezoned and serviced. UDIA is concerned that service infrastructure (roads, water, wastewater, energy) is not keeping up with the lots that are otherwise ready to be supplied to the market.

Our 2018 Building Blocks for the Illawarra-Shoalhaven report identified that a \$179 million investment in catalyst

infrastructure could deliver 12,000 extra homes in West Dapto in three years (image below).

The Illawarra-Shoalhaven Urban Development Program needs to apply more scrutiny to infrastructure delivery programs. UDIA will also improve communication with utilities by inviting them to join the Illawarra Committee for 2019-20.



UDIA will work with State and Local Government to:

1. Advocate for the funding and delivery of the catalyst infrastructure identified in the UDIA's Building Blocks for the Illawarra Shoalhaven 2018 report.
2. Convert the Building Blocks report into a specific servicing strategy for urban release areas in the Illawarra-Shoalhaven.
3. Push the Illawarra Shoalhaven Urban Development Program to monitor infrastructure delivery and coordinate it with housing supply.
4. Include utilities in the membership of the UDIA Illawarra Committee to foster regular communication with the industry.

05. Diversifying housing choice

The Local Housing Studies prepared by local councils have identified detached single dwellings as the dominant dwelling type across the region.

There has been an apartment boom in Wollongong, but the lack of medium density housing is a problem across the whole region. Increasing land and housing costs, as well as generational change, are changing the type of housing demanded by new homebuyers. Local councils need to foster medium density housing and smaller lot

sizes through their LEP and DCP controls.

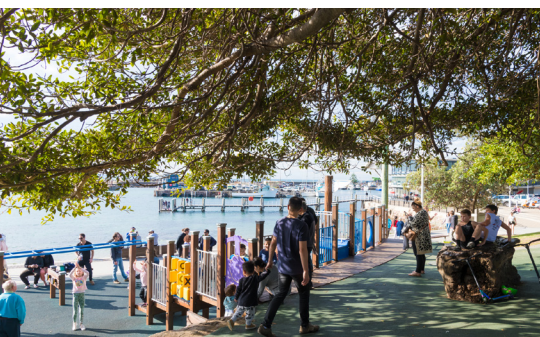
The Low-Rise Medium Density Housing Code has been deferred in all four local council areas in the Illawarra-Shoalhaven. UDIA is a strong supporter of the Code and will push for its commencement as soon as possible.

Finally, UDIA believes that the Illawarra-Shoalhaven Urban Development Program has a role to play in monitoring the size of lots.



UDIA will work with the State Government to:

1. Ensure Local Housing Strategies, Local Strategic Planning Statements, Development Control Plans and Local Environmental Plans across the region encourage a diverse range of housing types.
2. Advocate for the commencement of the Low Rise Medium Density Housing Code.
3. Educate council staff, councillors and the community on the range of housing types that can be delivered, their benefits, and the challenges to their delivery under current planning controls.
4. Advocate to monitor lot sizes through the Illawarra-Shoalhaven Urban Development Program.





Shell Cove Marina, Frasers Property Australia & Shellharbour City Council



Policy Contacts:

Keiran Thomas
Southern Region Manager
kthomas@udiansw.com.au

Elliott Hale
General Manager, Policy,
Media and Government Relations
ehale@udiansw.com.au

Established in 1963, the Urban Development Institute of Australia (UDIA) is the leading industry group representing the property development sector. Our 550 members include developers, engineers, consultants, local government, and utilities. Our advocacy is focused on housing the next generation in liveable, affordable, and connected cities.