

24 April 2025

Ed Paterson
Director Planning, Environment & Communities
Kiama Municipal Council
PO Box 75, Kiama NSW 2533

Via email: ed.paterson2@kiama.nsw.gov.au

Dear Ed,

Re: UDIA NSW submission to Kiama Draft Local Housing Strategy (Version 2)

Urban Development Institute of Australia NSW (UDIA) is the state's leading development industry body. We represent leading participants in the industry and have more than 450 members across the entire spectrum of the industry including developers, financiers, builders, suppliers, architects, contractors, engineers, consultants, academics, state government bodies, and local government. We also have established regional chapters across Western Sydney, Lower Hunter, Central Coast, and Illawarra-Shoalhaven.

We appreciate the opportunity provided by Kiama Municipal Council (KMC) to comment on the Draft Local Housing Strategy (LHS) currently on public exhibition, which continues the important conversation around growth in the Kiama Local Government Area (LGA). We appreciate KMC's reasons for reassessing the 2024 Draft Growth and Housing Strategy and encourage efforts to achieve the right balance of timeliness and efficiency in its finalisation, which will provide the necessary development certainty to industry.

Consistent with how we provided feedback on the Draft Growth and Housing Strategy, we have segmented this submission in three areas:

- Supported Actions within the LHS
- Concerns with the LHS
- Other Comments

Overall, in respect of the draft LHS, UDIA provides the following key recommendations to KMC:

- 1) Council to collaborate with UDIA and our members on opportunities to support feasibility through future Development Control Plan and Contributions Plan reviews.
- 2) Council should re-base how sites are identified in the LHS to allow both LSPS sites and new greenfield sites to be assessed under one consistent tiered approach.
- 3) Council to undertake a critical review of the 20 actions listed as "short-term" or "ongoing" in the Action and Implementation Plan and reprioritise the list based on UDIA's feedback to better align with available Council resources.
- 4) Council to clarify references to master planning in the Local Housing Strategy to ensure clear differentiation is made with the Action to develop a Kiama URA Structure Plan.
- 5) Council to include, in Table 7 and Table 8, a brief description of the expected role of Council for each development front.
- 6) Council addresses Affordable Housing demand by initiating work on a Kiama Affordable Housing Strategy.
- 7) Council reconsider how the Non-Negotiable principle on land dedication is referenced in the Strategy and provide more detailed information on how future active and passive open space is provided, and the preferred way for developers to approach this.

We look forward to engaging with Council on each of those recommendations.

Supported Actions within the LHS

UDIA commends KMC on many elements of the LHS, which have responded to the themes and issues raised in UDIA's 2024 submission. We call particular attention to the following.

- **Bombo Quarry:** The revised timeframe attributed to Bombo Quarry, which was recommended in our previous submission, has now been confirmed by Council staff. The revised delivery timeframe of 10 – 15 years for Bombo Quarry should also be made clear across the community to ensure realistic community expectations, and to ensure no undermining of other housing initiatives that are more advanced to support housing delivery takes place.
- **Pipeline Identification:** We commend the clearer stratification of the housing pipeline through maintaining the delineation of tiers based on the development readiness of identified sites and removing the confusing 'timeframes' such as "immediate" or "short term" that had been attributed to sites. While it would be preferable for more

definitive times to be attached to sites (as in, in terms of 'years to delivery'), the tiered approach at least provides an indication of where a project is along the pipeline.

- **Expanded Scope:** The expansion of the LHS to include (and speak more positively to) projects identified as 'new opportunities' is welcomed, as these will play an important role in KMC's ability to meet its housing targets. These new opportunities are discussed further within this submission.

UDIA draws attention to other items in the LHS that we believe positively contribute to the objectives of growth in Kiama and encourage KMC to feature them in the finalised LHS.

- **Local Strategic Planning Statement:** It is positive to see a commensurate update to the Local Strategic Planning Statement (LSPS), which will ensure that there is less confusion surrounding site identification across the two reports. This appropriately positions the LHS to direct the future of growth in the Kiama LGA, and the prompt finalisation of the LSPS following the public exhibition phase would also be beneficial.
- **Sydney Water:** UDIA continues to encourage a constructive and early relationship between KMC and Sydney Water with respect to planning for sites that have been identified as potentially requiring a capacity assessment. It is reassuring to see that KMC is providing early identification and growth intelligence to Sydney Water, and we would strongly support this to continue upon the LHS finalisation. It is worth noting that the development industry will also continue providing our own data and projections to Sydney Water to support ongoing alignment with existing data.
- **Infill Feasibility:** The LHS has stated, as a focus, making infill sites more feasible. This is welcomed as it acknowledges one of the leading constraints on infill development. Additionally, KMC's appetite to leverage the now finalised Low and Mid-Rise Housing Policy is supported, although we note recent admissions that this policy has the potential to struggle to support short-term housing supply due to feasibility challenges. UDIA is committed to provide KMC with information on the main contributors to feasibility pressures and we support the Actions in Table 9 that propose reviews into Kiama's DCP and Contributions Plans. These will provide opportunities for industry to provide feedback on these controls and will help to support and incentivise the types of development that are desired in Kiama. UDIA would welcome an opportunity to workshop these opportunities formally with KMC.

Recommendation #1: Council to collaborate with UDIA and our members on opportunities to support feasibility through future DCP and Contributions Plan reviews.

Concerns with the LHS

UDIA takes this opportunity to outline some of our concerns with the draft LHS.

Housing Targets & New Greenfield Sites

While we commend KMC's response to submissions by better identifying a long-term housing pipeline, as a key housing strategy must, we are still concerned by the lack of housing opportunities in Kiama over the next five years, and Kiama's ability to contribute to the 900 homes target set by the state under the National Housing Accord.

Once Bombo Quarry is removed from Table 7, there are fewer than 800 greenfield homes identified through the original LSPS projects. Also, challenges with apartment feasibility and land fragmentation will likely mean that the most realistic housing opportunities in Kiama over the next five years will remain in greenfield sites. There is therefore significant pressure on the identified sites to deliver housing quickly and to their full capacity, which rarely occurs (refer to UDIA's 2024 submission on the Growth and Housing Strategy). Our concern therefore is focused on the frequent references in the LHS to the existence of "sufficient supply."

UDIA is hence keen to see greater reflection into how the 2,400 homes classified as "New Greenfield Sites" in Table 8 are weighted. UDIA urges KMC to re-evaluate the role that these new sites can play in supporting Kiama's 5-year housing targets as we believe some could deliver homes within the next five years with appropriate planning and infrastructure investment. Upon finalisation of the LHS, UDIA would encourage those sites listed as New Greenfield Sites to be tiered under the same framework as the identified sites. This will help support their maximum delivery within a 5-year window and would enable closer attention from an infrastructure and connectivity perspective to be considered.

UDIA reiterates messaging from our 2024 submission that identification in the LHS does not equate to a planning approval, and hence this flexibility being provided in the LHS in these early stages will be better than having to do so retrospectively.

Recommendation #2: Council should re-base how sites are identified in the LHS to allow both LSPS sites and new greenfield sites to be assessed under one consistent tiered approach.

The Action and Implementation Plan

UDIA are concerned about the size and scale of the proposed Action and Implementation Plan. UDIA maintains the most critical objective of the LHS is to direct Kiama's growth and housing, and we would therefore encourage any actions that do not directly contribute to this central objective to be reconsidered and scrutinised more closely by KMC.

Of the list of 26 action items, 8 are listed as ongoing actions and 12 are noted as short-term actions with an implementation timeframe of 1-2 years. KMC is proposing to lead on 13 of these 20 actions. However, there is no transparency or clarity in the LHS of how KMC will intend to resource the implementation of these actions, and further, how they might reprioritise these actions if delivery circumstances changed (e.g., if housing in one of the identified short-term projects faces an unexpected, significant barrier to its delivery). There are also acknowledged financial and resource constraints at KMC, which increases UDIA's concern that some of these actions can be implemented in the short-term.

UDIA has provided our own analysis of the short-term actions in the Action and Implementation Plan below, noting where items should be prioritised as either high (immediate), medium (near term) or low (later or removed). Where specific items are not included in the table, UDIA does not hold a specific view.

Noting the future workload and cost involved in delivering the planning framework for a new urban release area, we would also recommend that assistance from DPHI could be used to support KMC in the High Priority tasks we have noted.

Action Item No.	Industry view on importance of Action (High/Medium/Low)	UDIA's Comments
1	LEP Review Low Priority	While an LEP review is important to support feasibilities, the need for this action has likely been overridden by the recent Low and Mid Rise Housing reforms. We appreciate that the LHS was drafted before the Mid-Rise portion of the policy was finalised, however we believe that KMC could now review the necessity for this action item.
2	DCP Review High Priority <i>see Recommendation #1</i>	UDIA supports this action and would offer to collaborate through a page-turn workshop of the DCP to ensure the controls in the DCP can enable housing delivery and support the housing fronts identified in the final LHS. Actioning this early would also save time

		<p>later, as industry would be confident that the proposed changes would be in line with its needs when these changes are publicly exhibited. As part of the review, Council to also consider additional provisions to allow for the delivery of a greater diversity of housing in greenfield areas.</p>
3	Infrastructure Framework High Priority <i>Consider merging with similar actions (Action 4 and Action 22).</i>	<p>An Infrastructure Framework is essential to know what assets are required, how much they will cost, how long they will take to build, and who will build them. Housing cannot be unlocked without this clarity.</p>
4	Collaborate with DPHI on Infrastructure High Priority <i>Consider merging with similar actions (Action 3 and Action 22).</i>	<p>While we note that this is a task of high importance, it serves more as an ongoing task given the UDP is a dynamic committee. As the pre-eminent forum for collating housing data and discussing infrastructure prioritisation, it would be beneficial for KMC to dedicate significant time to ensure they are well represented in the UDP.</p>
5	Update Contributions Plan High Priority <i>see Recommendation #1</i>	<p>An important task that, as KMC notes in the LHS, relates to many other items and hence deserves to be highly prioritised.</p>
6	Update Planning Agreement Policy Low Priority <i>See Recommendation #6</i>	<p>As it is currently drafted, Action 6 fails to hold any significant weight. If this Action were re-drafted to provide more clarity around work that better establishes demand for Affordable Housing, such as future work on an Affordable Housing Strategy, this may justify this Action being prioritised.</p>
7	Develop Structure Plan High Priority	<p>Action 7 is a critical action of Council. Industry needs to understand the servicing and infrastructure plan in order to effectively and efficiently deliver housing. This is hard to do without a Structure Plan. It is also difficult to comment on the prioritisation of sites without a better understanding of the status of infrastructure and transport, which would inevitably be identified as part of a review of the Kiama LGA through a Structure Plan.</p> <p>A Structure Plan is necessary to ensure all surrounding developments integrate with each other from an urban design perspective, and that the infrastructure</p>

		needs of these developments are well understood. This should be a high priority for Council.
10	Kiama Vegetation Study Low Priority	While having its own benefits, a Vegetation Study at this time would distract from the central objective of delivering housing. UDIA recommends removing this Action from the list.
12	Sydney Water Capacity Analysis High Priority	Water and sewer have the longest lead time from a planning perspective, meaning early engagement and efficient delivery are critical.
19	Collaboration on Affordable Housing Opportunities Medium Priority	Collaboration with ISJO and other councils on regional Affordable Housing opportunities makes sense, as this should be coordinated at a regional level as opposed to a project-by-project basis.
20	Support Planning Proposals High Priority	Prioritising greenfield planning proposals that can genuinely deliver housing supply within the next 5 years is supported. Cognisance of how Voluntary Planning Agreements work in practice and the financial arrangements that are commonplace across the State is critical.
21	Monitor Housing and Land Supply Medium Priority	Monitoring DAs has been established as part of the Council League Tables, although there is value in tracking completions data on hand. Where existing available data sources for these insights exist, Council staff should not divert from more pressing priorities.
22	Participate in UDP Medium Priority <i>Consider merging with similar actions (Action 3 and Action 4).</i>	This is an important task and should not be a major impost on time, however it should be merged with similar actions (3 & 4 as noted) to avoid over complicating the action plan.
23	Advocate for changes to BASIX Low Priority	UDIA recommends removing Action 23 from the list as advocating to the State Government on policy matters is outside the central objective of delivering new housing.
24	Advocate for boarding housing dwellings to be let at affordable rents Low Priority	UDIA recommends removing Action 24 from the list as advocating to the State Government on policy matters is outside the central objective of delivering new housing.
25	Advocate to the State Governments new regulatory framework Low Priority	UDIA recommends removing Action 25 from the list as advocating to the State Government on policy matters is outside the central objective of delivering new housing.

26	Explore opportunities to partner with CHPs on Council's catalyst sites Low Priority <i>See Recommendation #6</i>	<p>As this is not a specific strategy, it should therefore not fall within Council's business as usual plan. Before this is considered, a broader Affordable Housing Strategy should be developed, to enable a clear strategy position for the provision of more Community Housing.</p>
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Recommendation #3: Council to undertake a critical review of the 20 actions listed as “short-term” or “ongoing” in the Action and Implementation Plan and reprioritise the list based on UDIA’s feedback to better align with available Council resources.

We list further concerns from the LHS here.

- **Master Planning:** There are references throughout the document to “master planning,” which require clarity as to the role that KMC are ascribing to the process of master planning for identified greenfield and infill sites. While we welcome KMC’s role in reviewing and inputting into the master planning process, it is UDIA’s view that industry is best positioned to lead any planning work for sites in their ownership, even if they have been identified in the LHS. KMC’s role with planning instruments and ensuring that instruments are set up to adequately and efficiently assess proponent-led works is where efforts should be focused. UDIA would hence encourage KMC to clarify and better define master planning, to avoid any confusion when comparing this to Structure Plans.
- **Clarification on Roles & Responsibilities:** Further to the above point, while the Structure Plan will clarify a project’s capacity to deliver, including clarification on staging, timing, and infrastructure, one of the elements that could be better clarified in the LHS is the expected role of KMC in each project, which does not currently exist. Providing greater definition of Council’s role is important to ensure landowners understand the roles and responsibilities of each party, particularly where there may be ramifications on the role of the landowner. The industry also needs capacity to allow proponent led rezonings and recommends flexibility in Council’s approach to allow this to be accommodated.
- **Definitions:** In Table 1 of the LHS, words appear to take a unique definition. This is despite many of these definitions, such as Affordable Housing, Build-to-Rent and Community Housing Provider, already existing in either the Environmental, Planning & Assessment Act or in a State Environmental Planning Policy. It is important that KMC revert to these wherever possible and reference the source.

- **Affordable Housing:** The LHS does not establish any demand benchmark for Affordable Housing in Kiama. A better housing mix will reduce housing demand and affordability pressures on the entire LGA. However, it is important to first understand the need for Affordable Housing in the area now and in the future. It is noted that other councils have Affordable Housing targets and strategies and conduct targeted consultation/education around Affordable Housing. KMC should look to incorporate a more detailed action item on Affordable Housing, such as delivery of an Affordable Housing Strategy, before considering a contribution scheme (as per Action 6). This will ensure Kiama is not addressing Affordable Housing with a piecemeal, site-by-site approach, and would enable a genuine conversation around Affordable Housing to be led by Council.
- **Non-Negotiables for Greenfield:** KMC's non-negotiables for greenfield development include guidelines for what KMC will and won't accept from greenfield development proposals. While this is an understandable objective, we take some concern with the sixth item in this list, which notes that any dedication of land can not introduce a financial burden to KMC. The document makes some confusing references to "in-perpetuity funding" to support land dedications but provides no clear policy of how such a fund would be managed. We note this is likely because there are no comparable precedents set by neighbouring councils. The result of this is that developers will be unlikely to dedicate land at all and would revert to keeping riparian corridors as part of a residential lot and will then sell the lot with a vegetation management plan that has obligations for future owners. Further, in the case of places zoned for community use, if developers are not ready to dedicate their land for future community use with these additional caveats, then a community would potentially miss out on social infrastructure.

The industry generally supports arrangements for dedication of active and passive open space that is tied to contribution plans, with mechanisms for in-kind provision. It may be that this particular aspect of the non-negotiables list was intended for dedication in addition to those lands identified in a contributions plan. However, this is unclear, and the item should be reviewed with more detail provided.

Recommendation #4: Council to clarify references to master planning in the Local Housing Strategy to ensure clear differentiation is made with the Action to develop a Kiama URA Structure Plan.

Recommendation #5: Council to include, in Table 7 and Table 8, a brief description of the expected role of Council for each development front.

Recommendation #6: Council addresses Affordable Housing demand by initiating work on a Kiama Affordable Housing Strategy.

Recommendation #7: Council reconsider how the Non-Negotiable principle on land dedication is referenced in the Strategy and provide more detailed information on how future active and passive open space is provided, and the preferred way for developers to approach this.

Other Comment/s

We provide this additional comment for KMC's consideration while finalising the LHS. It is noted that in the Council Paper endorsing public exhibition of the LHS, KMC has engaged an external consultant to assist in preparing the LHS. While we appreciate that this intends to assist a resourcing shortfall, UDIA would urge any introduction of external consultants to be met with strong leadership from KMC to ensure local experiences are included and local relationships are maintained throughout the finalisation of the LHS.

Conclusion

UDIA would like to thank Kiama Council for the opportunity to provide feedback into its draft Local Housing Strategy. UDIA has been a major proponent of the delivery of a Kiama Local Housing Strategy and are pleased to be supporting its finalisation with our industry informed feedback. We hope this continues a long-standing, collaborative relationship between Council and industry, and congratulate KMC on this milestone.

We would be more than happy to discuss the contents of our submission with you. To do so please contact Nathan Boulous, UDIA Southern Regional and Research Manager at nboulous@udiansw.com.au.

Kind regards,



Stuart Ayres
Chief Executive Officer
UDIA NSW