KIAMA HOUSING SUPPLY FEASIBILITY ANALYSIS

KIAMA MUNICIPAL COUNCIL

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Please note this report was originally completed and submitted (as a final copy) to Kiama Municipal Council in March 2022. Subsequent to the completion of our report, the Department of Planning and Environment (DPE) released revised population and implied dwelling demand projections. For the purpose of this assessment, we have updated the report to reflect the most current projections as assessed by DPE. However, we have not undertaken any updated analysis to other components of the report (i.e., market/ sales analysis, feasibility modelling, economic commentary).

EXECUTIVE SUMMARY

BACKGROUND

To meet projected housing/ population estimates in accordance with the Illawarra-Shoalhaven Regional Plan 2041, Kiama Municipal Council (KMC) are seeking to understand what the most appropriate and sustainable method of increasing housing supply will be to cater for projected population growth across its key centres. However, the creation of additional housing within the Kiama municipal region has been identified as a particular item of interest amongst existing community members.

To date, utilisation of existing planning controls across sites that allow for higher density housing typologies (including duplex, townhouse, villa and/or apartment development) has been slow and development applications are often met with objection from community members. Other factors such as demographics, characteristics of existing housing, cost of land/ housing amongst others are sighted as potential roadblocks to the development of additional housing. This study aims to understand what the drivers are for housing across the region, what the potential hindrances to development are and how they can be addressed.

PURPOSE & APPROACH

AEC Group (AEC) have been commissioned by KMC to inform the preparation of the Housing Strategy with a focus on understanding current and anticipated housing supply and demand and the feasibility of housing supply. The study aims to provide KMC with robust evidence-based analysis that:

- Identifies the theoretical additional housing supply capacity within the LGA inclusive of earmarked land release areas as identified in the Kiama Local Strategic Planning Statement (LSPS).
- Identifies the potential yields and dwelling mix for potential housing development.
- Tests and determines the feasibility of different housing typologies within the existing land zones.
- Identifies the barriers and limitations to delivering feasible housing supply under the current planning controls.
- Investigates and tests what needs to change in order for housing development to become feasible.

KEY FINDINGS

Kiama LGA (including all the proposed release areas) has feasible additional capacity for a further 4,985 dwellings, however if the release areas are excluded, there is only feasible additional capacity for a further 1,874 dwellings falling short (by 1,897 dwellings) of the DPEs 2022 implied dwelling demand of 3,771 by 2041.

Originally outlined in the Kiama LSPS, Kiama LGA was slated to absorb 8.3% (2,850) of the 34,500 proposed new dwellings earmarked for the Illawarra-South Coast region until 2036. However, the Kiama LSPS also notes the dwelling projections for Kiama LGA decreased to 1,400 dwellings (based on DPE population projections prepared in 2019). More recently, the DPE released their latest figures (for the period of 2021-41) indicating implied dwelling demand for the Kiama LGA increasing from 1,400 to 3,771 dwellings.

It is concluded that Kiama LGA has theoretical additional dwelling capacity to meet dwelling demand numbers, as determined by DPE, should all of the earmarked release areas be included, however if the release areas were to be excluded (and particularly noting the uncertain timing of when Bombo Quarry could viably be rezoned/ redeveloped), then Kiama LGA does not have feasible capacity to meet implied dwelling demand to 2041, falling short by 1,897 dwellings.

Per the KMC prepared “Technical Paper Two – Growth & Residential Development”, the release areas have potential for approximately 3,074 additional dwellings. Our analysis indicates this figure may be difficult to achieve as some of the identified release area sites have natural watercourses/ riparian lands traversing the site grounds, there is significant planning risk revolving around Bombo Quarry and when this site could come online and insufficient sewer capacity, services and infrastructure to some regions throughout the LGA.

The majority of risk lies with Bombo Quarry given it has been earmarked to deliver the majority of new housing for Kiama LGA. It remains unclear in terms of how long it would take for the site to be rehabilitated, rezoned, filled and

consequently redeveloped but also around what the most appropriate land uses for the site. The LSPS outlines the site could potentially deliver ~2,000 dwellings, however we are not advised of any detailed feasibility modelling/ concept designs or scheme supportive of this figure which could be subject to material variation.

Further, Bombo Quarry remains somewhat isolated from the key settlements with little to no amenity. More suitable potential land uses would appear to be more employment based (including hi-technology, industrial and large format retail for example).

Therefore, going forward the onus lies with the release areas to deliver the bulk of housing demand as implied by DPE to 2041. Essentially, the release areas provide KMC with a 'blank canvas' allowing for inclusion of flexible rezoning possibilities for key sites which may include increased numbers of integrated/ villa/ townhouse typologies as an example.

Consequently, in order for KMC to successfully meet their housing targets, it would appear that additional release areas may need to be considered for rezoning to potentially alleviate any potential bottlenecks from arising in housing supply.

The current proportion of occupied separate houses in Kiama is 78.5%, followed by semi-detached, row or terrace houses at 11.5% and flats/ apartments at 8.4% (the remainder comprising other forms of dwellings, i.e., studios). Going forward, its likely these ratios shall adjust sympathetic of any potential demographic changes but also as affordability becomes a more important consideration. Based on the findings from the analysis on effective housing demand, a Gap Analysis has been undertaken based on the ratio of 60% separate houses, 25% for semi-detached, row or terrace houses and 15% for flats/ apartments which is considered to be more aligned to the projected demographic and household formation profile of the Kiama Study Area.

Another key consideration is the need to provide an appropriate balance of typologies that best suit the communities needs and preferences. For example, the need and requirement for separate houses in a region such as Kiama is unlikely to change dramatically over the short to medium term and therefore this form of dwelling typology (separate houses) will need to be delivered. Whilst dual occupancy could theoretically be delivered to meet the entirety of dwelling projections, not all residents will want to reside in a dual occupancy dwelling.

RFBs have not been identified as being feasible (based on existing planning controls) and therefore unable to meet likely demand going forward. Other than increasing height and FSR controls in order to make projects more feasible, it is unlikely a larger number of projects will commence unless input costs decrease, and end sale values rise to point where projects become feasible once again. The lack of high-density feasibility is primarily attributed to high 'as is' land costs, presently elevated construction costs and a number of planning controls that are considered to hinder development feasibility. However, it is acknowledged that end sale values for apartments have been rising (albeit at a slower pace as compared with land costs).

Furthermore, a possible review/ amendment of existing planning controls to allow for increased development density within key settlements. Furthermore, a number of planning controls have been identified which could be impeding development. Suggested planning amendments that could potentially stimulate increased development activity are outlined as follows:

#	Planning Recommendations
1	• Include 'Residential flat buildings' in the list of permissible uses in R3 – Medium Density Residential zones of the LEP (Item 3 - Permitted with consent).

2	• Consider reducing the requirement of visitor car parking from 1 space per every 2 dwellings to:
	  ○ No visitor spaces are required for 4 or less dwellings,
	  ○ 1 visitor space for is required every 5 dwellings or part thereof.

3	• Consider discounting the rate of car parking required in B2 Local Centres, particularly on small and narrow sites.
4	• Align the requirements for balcony sizes with the Apartment Design Guide. • Currently this is 8m², 10m² and 12m² for 1, 2 and 3+ bedroom apartments.
5	• Consider revising sections of the DCP to reflect a closer alignment with the Low Rise Housing Diversity Code. Consider a slight increase in the allowable FSR for Dual Occupancies (to say 0.5:1 or 0.55:1).

#	Planning Recommendations
6	• Consider clauses that incentivise site amalgamations such as additional FSR/ height with increased lot sizes for the development of Residential Flat Buildings and shop-top housing in R3/ B1/ B2 zones and multi-dwelling typologies in an R2 zone.
7	• Consider removing the requirement for adaptable housing on dual occupancies. • Consider including a requirement for adaptable housing in multi-dwelling residential/RFBs with 5 or more dwellings at a designated rate (say 1 per 5 or 1 per 10 dwellings). Or, Consider defining that all adaptable housing is to be designed and constructed in accordance with Australian Standard 4299 – Adaptable Housing, incorporating as a minimum all essential features to satisfy Classification Level C of that Standard. Or, Consider including a clause that adaptable housing for Dual Occupancies and Multi-dwelling residential is only required on land with less than 20% slope. • This is to acknowledge the challenges in achieving suitable universal design on steep sites and minimise constraints on smaller developments. • Encourage dwelling houses and dual occupancies to provide universal housing design with an emphasis on Liveable Housing Design Guidelines.
8	• Consider including controls that encourage and address the development of dual occupancies and terraces on sloping sites, including specific controls for high side, low side and cross fall lots.
9	• Following a detailed study of the area consider adopting site specific DCP controls that encourage appropriate development in this area.
10	• Following a detailed study of the Gerringong Town Centre, if opportunities to increasing residential densities are identified, consider adopting site specific DCP controls that encourage this growth.

Source: Studio GL, AEC (2022).

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TERMINOLOGY

Term	Reference
ADG	Australian Design Guide
Council/ KMC	Kiama Municipal Council
COVID-19	Coronavirus disease (COVID-19)
DCP	Development Control Plan
DPE	NSW Department of Planning and Environment
FSR	Floor Space Ratio
GFA	Gross Floor Area
Ha	Hectares
ISR	Illawarra Shoalhaven Region
Integrated Housing	Typically refers to a denser form or residential development (i.e., row houses).
KDPA	Kiama dwelling potential analysis
Study Area	The area within the boundaries of the Kiama LGA
LEP	Local Environmental Plan
LGA	Local Government Area
LSPS	Local Strategic Planning Statement
RLV	Residual Land Value.
the Housing Strategy	Local Housing Strategy being prepared by Kiama Municipal Council
the Settlement(s)	Reference to the six towns within Kiama LGA forming the subject of this study.
the/this Study	This document being the Kiama Housing Supply Feasibility Analysis
UFM	Urban Feasibility Model

1. INTRODUCTION

1.1. BACKGROUND

In 2020, KMC adopted the Kiama LSPS which establishes a 20 year-vision for land use in the Kiama Local Government Area (Kiama LGA). It includes a set of Planning Priorities and actions to be undertaken to achieve these Priorities. The LSPS requires KMC to prepare a Local Housing Strategy (Housing Strategy) and in 2021 KMC commenced the background work to the Housing Strategy.

The Housing Strategy will detail how and where future housing will be provided in the local areas of Kiama to accommodate expected future population growth. The Housing Strategy gives consideration to demographic factors, local housing supply and demand, land-use opportunities and constraints. Of particular importance to the Kiama community is the management of development across identified greenfield sites in the Kiama LGA.

An important piece of technical analysis that supports the Housing Strategy involves determining the extent of housing supply that can be developed within Kiama, otherwise referred to as the dwelling 'supply capacity'. In August 2021, NSW Department of Planning and Environment (DPE) prepared a high-level desktop analysis for KMC which modelled the potential dwelling supply capacity for the Kiama LGA. This analysis excluded the release area lands throughout Kiama LGA.

In late 2021, KMC went to the market seeking a consultant to provide a housing feasibility supply analysis to inform the Housing Strategy across the Kiama LGA. More particularly, the analysis was to cover the six settlement areas of Kiama, Kiama Downs, Minnamurra, Gerroa, Jamberoo and Gerringong and include the greenfield sites that were excluded from the DPE supply capacity analysis.

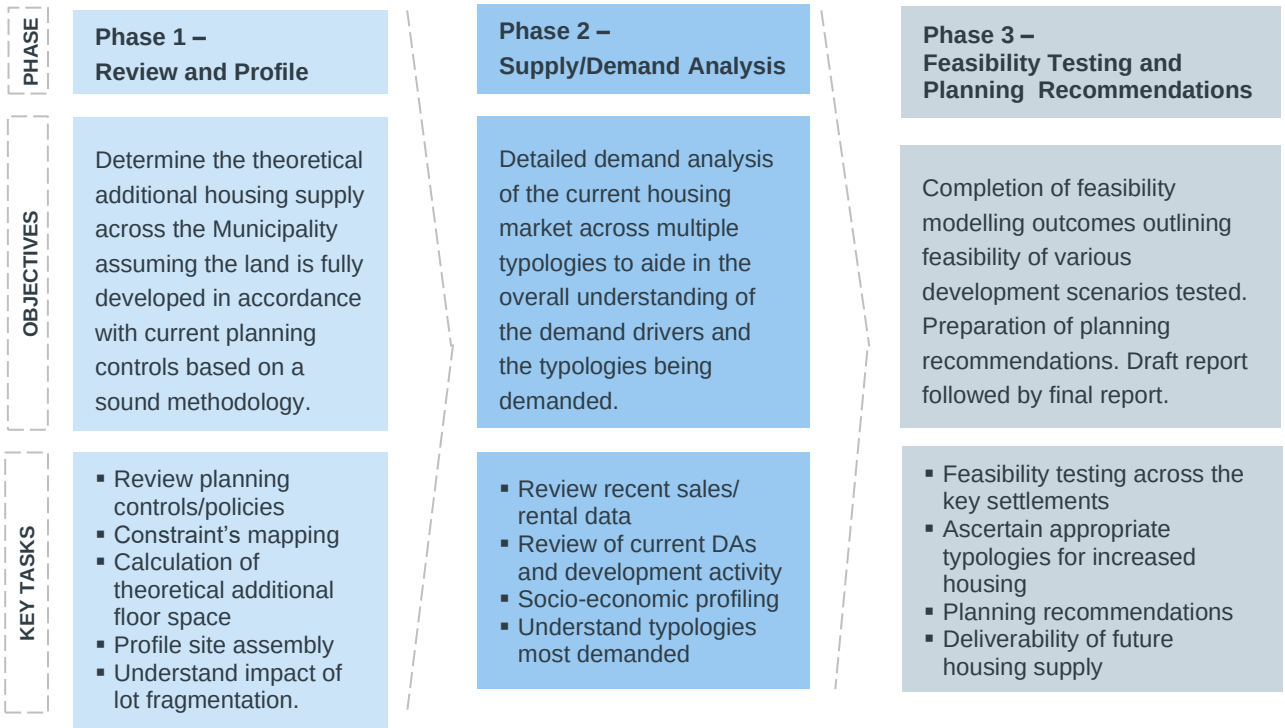
In December 2021, AEC Group together with Studio GL were engaged by KMC as the consultant team to undertake the Kiama Housing Feasibility Analysis, being the subject of this report.

1.2. PURPOSE OF THIS STUDY

This Study informs KMC's preparation of the Housing Strategy with a focus on understanding current and anticipated housing supply and demand including the feasibility of housing supply.

1.3. APPROACH

The approach adopted to completing this project is based on the following methodology:



2. KIAMA STUDY AREA PROFILE

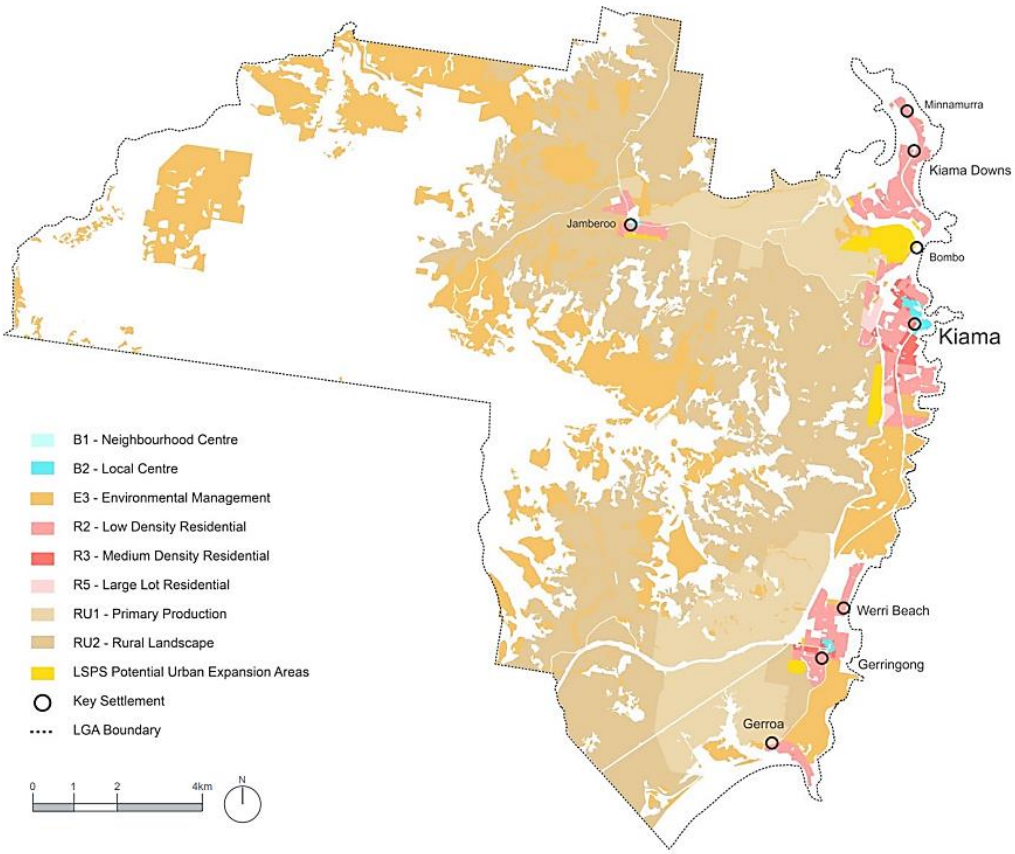
2.1. THE KIAMA STUDY AREA

The Kiama LGA is located on the south coast of New South Wales (NSW) in the Illawarra Shoalhaven Region (ISR) and is situated ~45km south of Wollongong and ~160km south of the Sydney CBD. Kiama is an important regional centre in the ISR and is the largest centre between Shellharbour City Centre and Nowra town centre. The Princes Highway is the arterial road providing vehicular travel into the LGA. Railway travel is provided via the South Coast rail line however services are less frequent to those provided to Wollongong and Shellharbour stations. According to the DPE, the population of Kiama LGA is anticipated to reach 30,847 by 2041 representing an increase of 6,917 residents or +29% (based upon 2021 population figures), equating to average projected growth of about 346 persons per annum.

Kiama is well known for its attractive rural and coastal amenity and its proximity to Wollongong and Greater Sydney. Other factors contributing to the attractiveness and liveability of the Kiama Region has been the positive externalities of COVID-19 resulting in the rise (and ongoing acceptability) of 'work from home'. Combining this improved liveability factor with historically low interest rates, government stimulus/ grants, low levels of stock being listed (and increased demand), has created markedly strong conditions for housing growth in the region. A majority of land within Kiama LGA [~67%] is zoned for either primary production, environmental conservation and/ or recreation uses, and this is clearly shown in Figure 2.1 with green shaded areas. Land suitable for low, medium, high residential density land uses (including mixed use but excluding rural zoned land) comprises ~36% of total land area.

The Kiama LGA forms the basis of this Study and the suburbs of Kiama, Kiama Downs, Minnamurra, Jamberoo, Gerroa and Gerringong form the primary focal point, representing the "Kiama Study Area" and are highlighted in Figure 2.1 as blue shaded areas. As noted earlier, a number of release area lands identified within the LSPS have also been included within this Study.

Figure 2.1: Kiama Study Area and Key Settlements



Source: Studio GL (2022).

The key settlements form the 'precinct of assessment' in this instance as they are the most populous and have appropriate zoning in place to allow for greater densification as opposed to the remaining rural regions of the LGA. A brief profile of each of the Settlements is provided in the following pages including an analysis of the number of dwellings and land zoning.

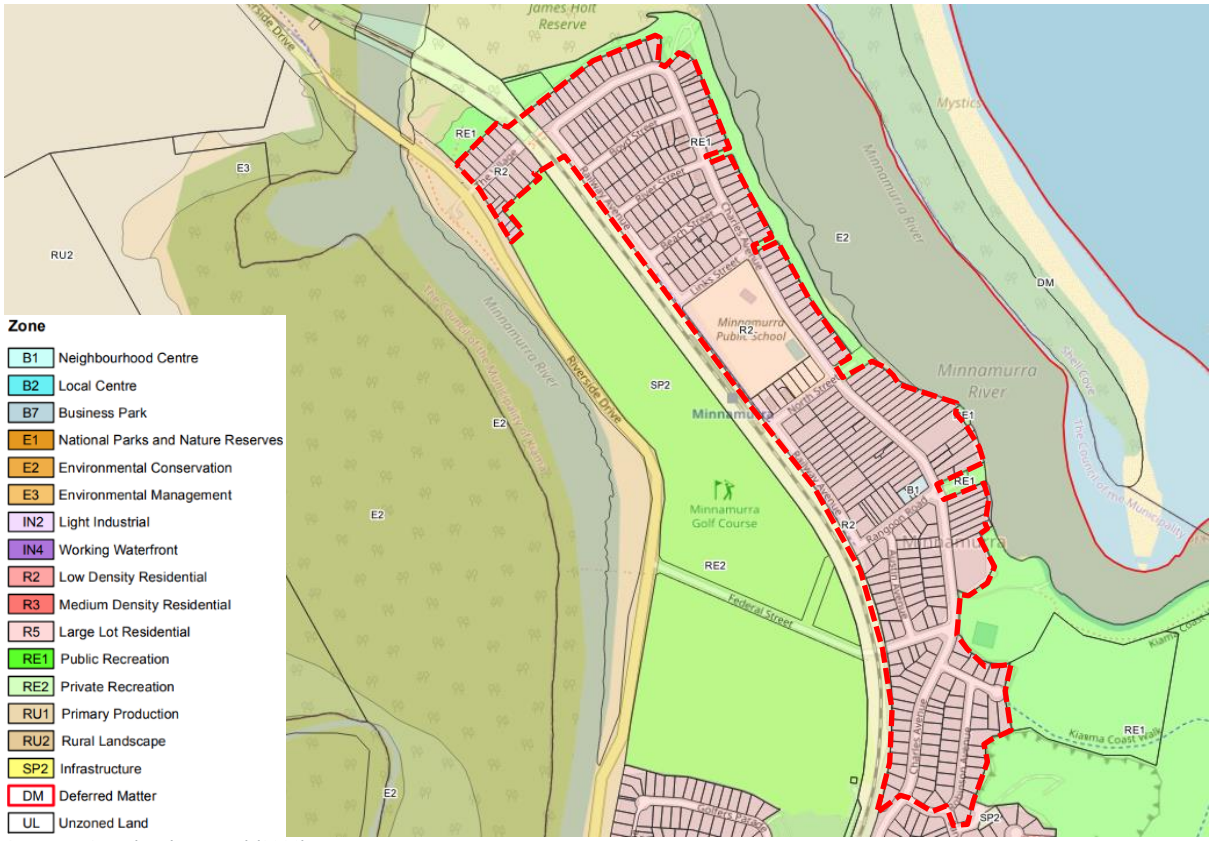
2.1.1. Minnamurra

A brief profile of Minnamurra and its housing and zoning details follows.

Minnamurra	
▪ Minnamurra is the northernmost settlement situated within the Kiama LGA and is a geographically constrained suburb (in that it is largely bound by Minnamurra River to the east and open space to the west). ▪ Amenities within the suburb include a number of reserves, Kiama Golf Course and Minnamurra Railway Station (electrified line).	
Existing Residential Dwelling Data (occupied dwellings)	
Detached single occupancy residential dwellings	247 representing 85% of total dwellings
Semi-detached /duplex dwellings	34 representing 12% of total dwellings
Flats or apartments	10 representing 3% of total dwellings
No. of Residents	760 residents
Total Private Dwellings	360 private dwellings (occupied + vacant dwellings)
Zoned Land Analysis	
E2 Environment Conservation	87.2 Ha and representative of 46% (by area).
R2 Low Density Residential	33.2 Ha and representative of 17% (by area)
B1 Neighbourhood Centre	1,204m² and representative of 0.06% (by area)
Land Available for Development	
▪ Perusal of aerial mapping over the suburb (undertaken 17/2/2022) reveals there are approximately 2 vacant sites suitable for development.	

Source: AEC, Landchecker, ABS (2022).

Figure 2.2: Minnamurra Precinct of Assessment



Source: NSW Planning Portal (2022).

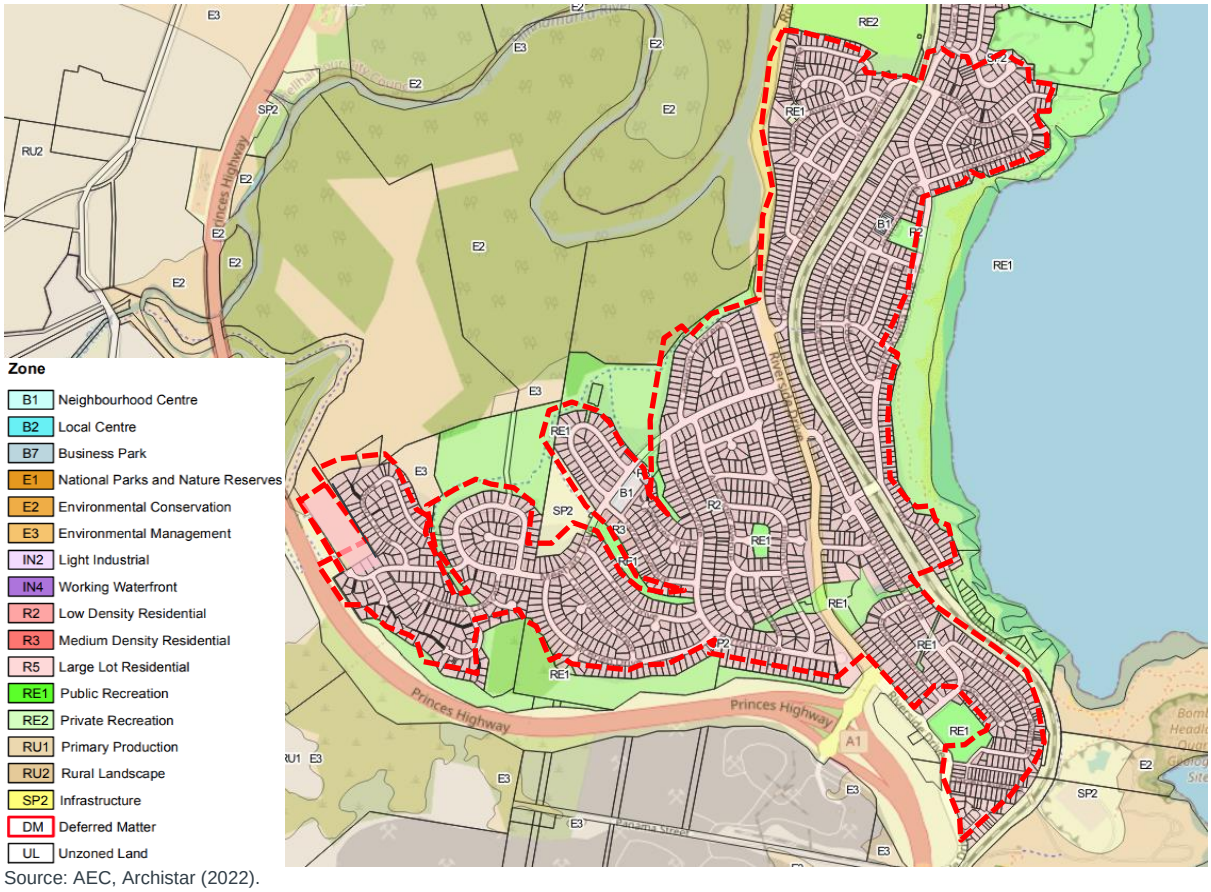
2.1.2. Kiama Downs

A brief profile of Kiama Downs and its housing and zoning details follows.

Kiama Downs	
▪ Kiama Downs is bound by Minnamurra River, Kiama Golf Club and a public reserve to the north, Jones Beach and South Pacific Ocean to the east, Bombo Quarry to the south and Princes Highway to the west. ▪ It is situated between Minnamurra and Bombo. Retail amenity within the suburb is generally confined to Johnson Street comprising a bakery, cafe, pharmacy, supermarket, take-away store, and general practice. ▪ The suburb is divided by the South Coast Railway Line, but it is not serviced by a train station. There are three overpasses for vehicular crossing between the eastern and western parts of the suburb.	
Existing Residential Dwelling Data (occupied dwellings)	
Detached single occupancy residential dwellings	1,562 representing 93% of total dwellings
Semi-detached /duplex dwellings	87 representing 5% of total dwellings
Flat or apartment	30 representing 2% of total dwellings
No. of Residents	5,004 residents
Total Private Dwellings	1,938 private dwellings (occupied + vacant dwellings)
Zoned Land Analysis	
R2 Low Density Residential	163 Ha and representative of 42% (by area)
E2 Environment Conservation	134 Ha and representative of 34% (by area).
B1 Neighbourhood Centre	7,141m² and representative of 0.18% (by area)
R3 Medium Density Residential	6,987m² and representative of 0.18% (by area)
Land Available for Development	
▪ The analysis of the suburb reveals there are few current vacant sites suitable for redevelopment including a notable R2 zoned site situated at Henry Parkes Drive (442/DP1201831) with a land area of 3.12 hectares.	

Source: AEC, Landchecker, ABS (2022).

Figure 2.3: Kiama Downs Precinct of Assessment



Source: AEC, Archistar (2022).

2.1.3. Kiama

A brief profile of Kiama and its housing and zoning details follows.

Kiama

- Kiama is identified as a Regional Centre within the Illawarra Shoalhaven Regional Plan and is an important commercial, administrative and cultural hub. It is located along the Princes Highway and benefits extensive coastline access being a driver of its visiting tourism economy, predominantly from Sydney-based visitors.
- The suburb and its town centre are the largest within the LGA, with the most diverse range of housing typologies.
- The suburb of Kiama (similar to adjoining suburbs) has a naturally hilly topography affording many sites with pleasant ocean, beach, river and/ or vista views.
- Basalt is a naturally occurring geological subsurface material that is common to Kiama. It adds to the construction costs for development of built forms that generally require ground excavation (i.e., those designed with basements for RFB's or mixed use buildings)
- It has numerous heritage-listed buildings (concentrated around the town centre) which constrain development.
- The Kiama railway station is currently the southern-most electrified station on the South Coast rail line.
- The suburb is dominated by detached housing, typically single storey weatherboard and brick-veneer in construction. Older-style, brick 'walk-up' unit blocks are also common, along with single storey villas and two storey townhouse typologies. More recently, duplexes have become more common.
- Owing to the large visitor economy, caravan parks and other short-term accommodation are prevalent.

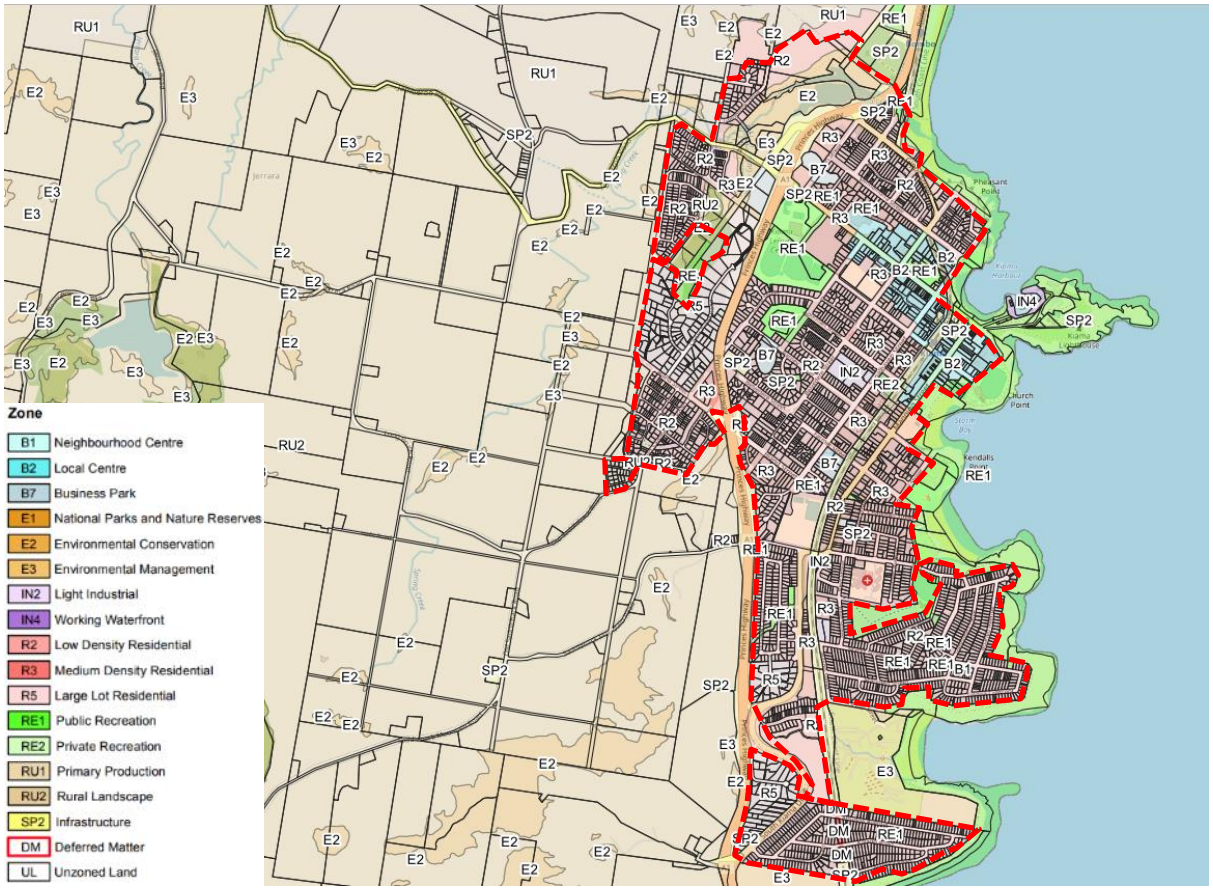
Existing Residential Dwelling Data (occupied dwellings)	
Detached single occupancy residential dwellings	1,855 representing 61% of total dwellings
Semi-detached /duplex dwellings	667 representing 22% of total dwellings
Flat or apartment	462 representing 15% of total dwellings
Other	34 representing 1% of total dwellings
No. of Residents	7,700 residents
Total Private Dwellings	3,943 private dwellings (occupied + vacant dwellings)
Zoned Land Analysis	
R2 Low Density Residential	225 Ha and representative of 23% (by area)
R3 Medium Density Residential	57 Ha and representative of 6% (by area)
R5 Large Lot Residential	30 Ha and representative of 3% (by area)
B2 Local Centre	25 Ha and representative of 2.5% (by area)
B1 Neighbourhood Centre	6,319m² and representative of 0.1% (by area)

Land Available for Development

- Perusal of aerial mapping over the suburb (undertaken 17/2/2022) reveals there are approximately 33 vacant sites suitable for development.

Source: AEC, Landchecker, ABS (2022).

Figure 2.4: Kiama Precinct of Assessment



Source: AEC, Archistar (2022).

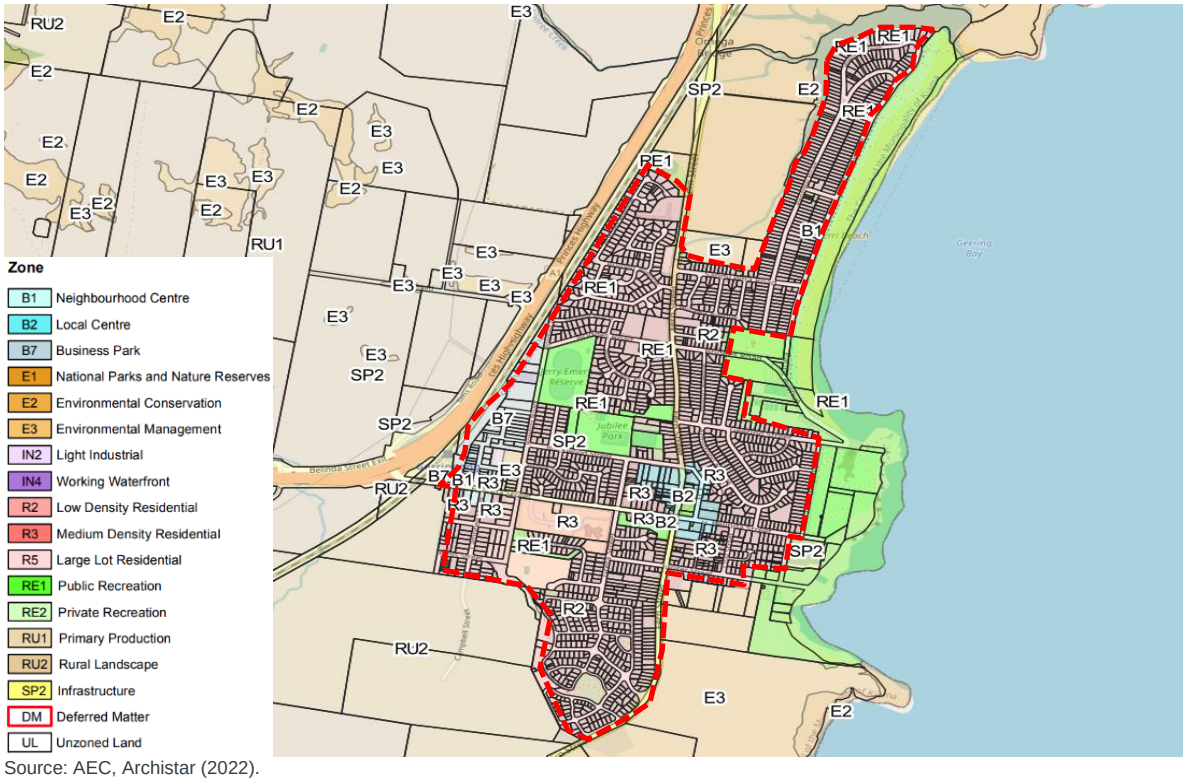
2.1.4. Gerringong

A brief profile of Gerringong and its housing and zoning details follows.

Gerringong	
▪ Gerringong is the next major settlement following Kiama within the LGA. Its town centre is generally concentrated along Fern Street, Belinda Street, Noble Street and Blackwood Street. ▪ A buffer of rural and/or environmental conservation zoned land separates Gerringong from Kiama to the north and Gerroa to the south. This separation resulted from intentional planning intervention by KMC to maintain a separate distinctive nature and character for each settlement. ▪ The train station of Gerringong is a non-electrified station and is located at the edge of the settlement.	
Existing Residential Dwelling Data (occupied dwellings)	
Detached single occupancy residential dwellings	1,146 representing 86% of total dwellings
Semi-detached /duplex dwellings	54 representing 4% of total dwellings
Flat or apartment	131 representing 10% of total dwellings
No. of Residents	3,966 residents
Total Private Dwellings	1,686 private dwellings (occupied + vacant dwellings)
Zoned Land Analysis	
E3 – Environmental Conservation and RU1 – Primary Production	272 Ha and representative of 25% (by area)
R2 Low Density Residential	142 Ha and representative of 13% (by area)
R3 Medium Density Residential	13 Ha and representative of 1% (by area)
B2 Local Centre	6 Ha and representative of 0.6% (by area)
B1 Neighbourhood Centre	6,069m² and representative of 0.1% (by area)
Land Available for Development	
▪ Analysis of the suburb reveals there are a number of vacant and/or underdeveloped sites that could accommodate low, medium and mixed-use housing typologies some of which include 14 Campbell Street, 35 Belinda Street and 105-109 Fern Street (comprising two contiguous lots with same owner). ▪ Other vacant sites have been identified which may have appropriate zoning in place however remain unlikely suitable for development due to having Riparian Lands and Watercourses classifications such as the 8,526m² site situated at 20 Campbell Street.	

Source: AEC, Landchecker, ABS (2022).

Figure 2.5: Gerringong Precinct of Assessment



Source: AEC, Archistar (2022).

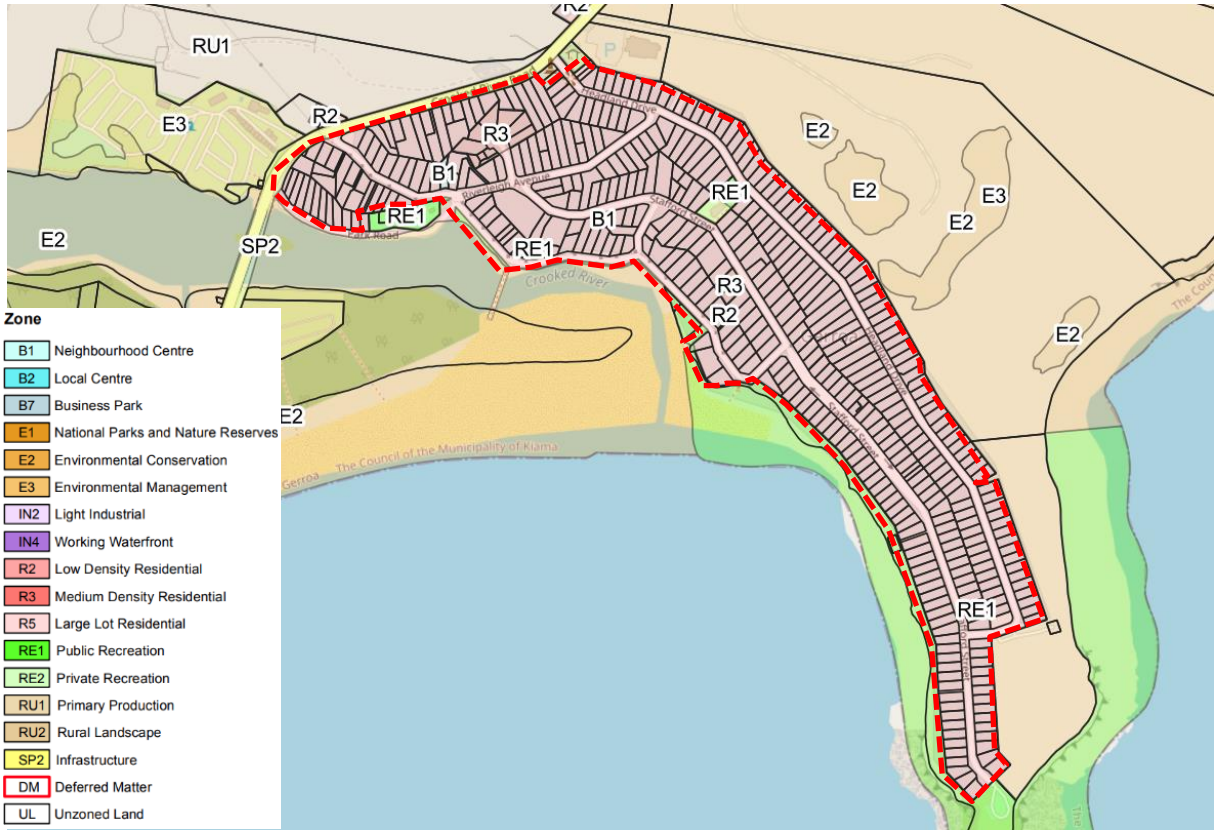
2.1.5. Gerroa

A brief profile of Gerroa and its housing and zoning details follows.

Gerroa	
▪ Gerroa is the southernmost settlement within Kiama LGA and the smallest (in terms of population). ▪ Comprised mostly of low-density residential housing, the suburb also has a small cluster of local retail stores (however Gerringong shopping facilities are considered primary). ▪ The topography of Gerroa has a moderate rise from Crooked River through to Crooked River Road affording many of the dwellings with a pleasant south-east aspect over Seven Mile Beach and Berry's Bay. ▪ Amenities in the suburb include Gerringong Golf Club, Black Head Reserve and Seven Mile Beach amongst others.	
Existing Residential Dwelling Data (occupied dwellings)	
Detached single occupancy residential dwellings	1,562 representing 93% of total dwellings
Semi-detached /duplex dwellings	87 representing 5% of total dwellings
Flat or apartment	30 representing 2% of total dwellings
No. of Residents	673 residents
Total Private Dwellings	513 private dwellings (occupied + vacant dwellings)
Zoned Land Analysis	
E2 Environmental Conservation, C1 National Parks, RU1 Primary Production and RU2 Rural Landscape	864 Ha and representative of 92% (by area)
R2 Low Density Residential	39 Ha and representative of 4% (by area)
B1 Neighbourhood Centre	1,172m² and representative of 0.01% (by area)
R3 Medium Density Residential	8,870m² and representative of 0.1% (by area)
Land Available for Development	
▪ Perusal of aerial mapping over the suburb (undertaken 17/2/2022) reveals there are approximately 6 vacant sites suitable for development.	

Source: AEC, Landchecker, ABS (2022).

Figure 2.6: Gerroa Precinct of Assessment



Source: AEC, Archistar (2022).

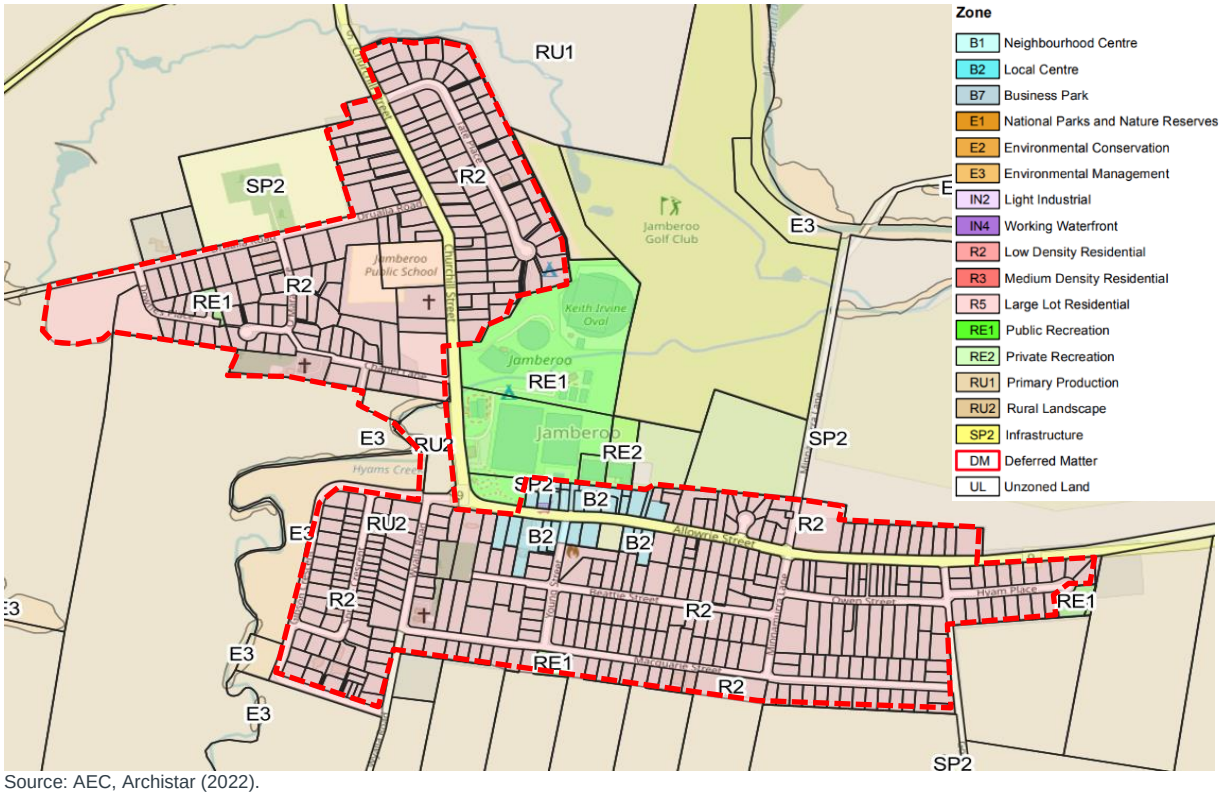
2.1.6. Jamberoo

A brief profile of Jamberoo and its housing and zoning details follows.

Jamberoo	
▪ Jamberoo is the largest suburb (geographically) within the Kiama LGA with the majority of the land zoned for rural and/or conservation purposes. The majority of medium density and/or small lot housing is situated around the Jamberoo village centre. Housing typologies (excluding rural dwellings) are generally characterised by detached low density houses with limited examples of semi-detached/duplex development. ▪ Current planning controls require a minimum lot size of 400m² per dwelling for dual occupancy (whereas the remainder of Kiama LGA only requires 300m² per lot). ▪ Commercial/ retail amenity is generally confined along Allowrie Street (the main arterial road leading through the town). Housing is generally of low-density to that found along the coastal townships. ▪ It is understood that development within Jamberoo is constrained by currently insufficient sewer capacity impacting the entire suburb.	
Existing Residential Dwelling Data (occupied dwellings)	
Detached single occupancy residential dwellings	1,562 representing 93% of total dwellings
Semi-detached /duplex dwellings	87 representing 5% of total dwellings
Flat or apartment	30 representing 2% of total dwellings
No. of Residents	1,636 residents
Total Private Dwellings	684 private dwellings (occupied + vacant dwellings)
Zoned Land Analysis	
C2-C3 Environmental Conservation, C1 National Parks, RU1 Primary Production and RU2 Rural Landscape	564 Ha and representative of 99% (by area).
R2 Low Density Residential	64 Ha and representative of 1% (by area)
B2 Local Centre	2 Ha and representative of 0.04% (by area)
Land Available for Development	
▪ Perusal of aerial mapping over the suburb (undertaken 17/2/2022) reveals there are approximately 10 vacant sites suitable for development.	

Source: AEC, Landchecker, ABS (2022).

Figure 2.7: Jamberoo Precinct of Assessment



Source: AEC, Archistar (2022).

3. TOWN PLANNING CONTEXT

The following Town Planning Context section has been predominantly prepared by Studio GL. A copy of the full assessment prepared by Studio GL has been appended to this report.

This section is a review of relevant statutory and strategic plans/policies that control or influence dwelling supply capacity and feasibility outcomes within the Kiama LGA. The commentary is limited to controls and strategies impacting housing typologies that are relevant to this Study and include:

- Residential land lots
- Single residential dwellings
- Dual occupancies
- Multi-unit housing, which includes:
  - Townhouse/Villas
  - Residential Apartments
- Development land that can accommodate the above listed typologies

3.1. LOCAL PLANNING POLICIES

Kiama Local Environmental Plan 2011 and Kiama Development Control Plan 2020

The Kiama Local Environmental Plan 2011 (Kiama LEP) guides development and planning decisions within the Kiama LGA. The Kiama Development Control Plan 2020 (Kiama DCP) identifies general and site-specific controls for all development in the Kiama Municipality. For the purposes of this Study, the key planning controls within the Kiama LEP and DCP include land use zoning, limits to the permissible floor space ratio (density), lot size and building height, identification of heritage listed items, building setbacks and parking requirements.

In general, Kiama LGA is dominated by a rural landscape character with higher residential density along the coastal fringes. The predominant residential zone in each centre is R2 Low Density Residential, with R3 Medium Density Residential zones found largely in Kiama and Gerringong. Large areas of B2 Local Centre with Shop top housing are also found within the town centres of Kiama and Gerringong.

The predominant controls permitting residential development are outlined in Table 3.1.

Table 3.1: Predominant Planning Controls Permitting Residential Development

Planning Criteria	B2 Local Centre	R2 Low Density Residential	R3 Medium Density
Typologies Permitted	▪ Shop top housing	▪ Dual occupancies ▪ Dwelling houses ▪ Multi dwelling housing (terraces only) ▪ Semi-detached dwellings ▪ Secondary dwellings	▪ Attached dwellings ▪ Multi dwelling housing
FSR range (x :1)	0.5 to 2.5	0.45 to 0.50	0.7 to 2.5
Building Height Range (metres)	18.5 to 19	8.5	8.5 to 24
Minimum Lot Size (Per Lot/Dwelling)	N/A	▪ Land subdivision - 350m² to 800m² ▪ Manor House/Terrace – 300m² to 400m²	▪ Land subdivision – 450m² ▪ Manor House/Terrace – 200m² ▪ Attached dwellings – 150m²
Car Parking	▪ 1 space per 1 or 2 bed dwelling ▪ 2 spaces per 3 bed dwelling ▪ +1 visitor space for every 2 dwellings in the project (applies to multi-dwelling housing, residential flat buildings and shop top housing)		

Source: Studio GL (2022).

Kiama Town Centre

The predominant land use zone within the Kiama Town Centre is B2 Local Centre. It permits the development of residential apartments above commercial/retail uses that are required at the ground floor level. It is also noted that several areas in the north- west of the town centre are zoned medium density residential.

Density controls, in the form of FSR, within the town centre range across 6 categories from 0.5:1 to 2.5:1. The sites with the highest permissible development density are those belonging to the Council Chambers and a part of Lot 71 located along Havilah Place and the western fringe of the town centre.

Lots zoned B2 Local Centre within the town centre are encouraged to have development built-to-alignment to reinforce a strong and continuous street frontage. The setbacks for R3 Medium Density Residential vary depending on the number of storeys, habitable/ non-habitable rooms and type of street frontage.

The high parking requirements, especially visitor parking requirements (1 space per every 2 dwellings), for Medium Density Residential and Shop top housing limits the amount of potential residential development. Fine grain lots within the town centre limits the development of mixed-use sites, which generally require site are of between 800m^2 to 1,500m^2 to accommodate sufficient room for a functional basement car park (including ramps and circulation area), built form interest and variety and quality design outcomes (as recommended by the Kiama Town Centre Study). Consolidation of many small single sites to create larger developments also poses a risk of detrimental impact to the character of the town centre.

Further, parts of Kiama are located on hard basalt rock, which significantly increases the cost of excavation for basement parking or deep building foundations.

The undulating topography allows a large number of properties within Kiama to capture views of the foreshore, but also results in certain developments being prominent and clearly visible from the main streets impacting visual amenity and generally met with community objections.

Kiama – Kendalls Beach Precinct

Area surrounding Kendalls Beach, east of the railway line is predominantly zoned R3 Medium Density Residential, which permits the development of multi-dwelling housing and attached dwellings. The LEP applies two different FSR's in the land zoned R3 Medium Density Residential, 0.7:1 and 1:1. This area currently consists largely of single dwelling houses or other low density residential houses and has not been developed to its full capacity.

A small block of land adjacent to the railway line and land immediately south of Bonaira Street, are zoned R2 Low Residential. Subdivision of this land for the development of dual occupancy and terrace housing requires a minimum area of 300m² each dwelling lot.

Gerringong Town Centre and Surrounding Region

The predominant land use zone within the Gerringong Town Centre is B2 Local Centre, surrounded by areas of land zoned R3 Medium Density Residential. A number of sites within the town centre have been identified as heritage items with local significance, including the Gerringong Town Hall, St George Anglican Church and the former Ocean View Inn. With the exception of the heritage sites, which have a lower FSR (0.7:1 & 0.9:1), all other sites zoned B2 Local Centre have an FSR of 1.5:1.

Location Specific Controls have been set within the Kiama DCP 2020 for Gerringong Town Centre, to guide the development in this area. The controls make provisions for setbacks and building heights for new development along Noble Street, Belinda Street and Myamba Street. A number of height restrictions are set based on identified views that are desirable to retain.

Gerringong – East of Railway Station

The area east of the railway station is predominantly zoned R2 Low Density Residential with certain parcels of land zoned R3 Medium Density Residential, including a large retirement facility, a motel, two large empty lots and a few other dwelling houses. Despite the provisions set by the zoning and other LEP controls, the lots have not been developed to their full potential.

The Medium Density land provides an interface with various other zones, including B1 Neighbourhood Centre, RU2 Rural Landscape and B7 Business Park. The design of these lots will have to be sensitive to these other zones.

Jamberoo

The predominant zoning permitting residential development in the centre of Jamberoo is R2 Low Density Residential. The area is surrounded by vast rural lands zoned RU2 Rural Landscape and RU1 Primary Production. There are no areas of land zoned R3 Medium Density Residential. Despite the identified B2 Local Centre zoning, there is minimal Shop top housing within the village centre. Many sites within the village centre have been listed as heritage items with local significance.

With the exception of a seniors living precinct within the Wyalla Road release area residential allotment precinct, the minimum lot size for all low-density development in Jamberoo is 800m², which is significantly higher than the lot sizes for R2 Low Density Residential in other centres (usually 450m²).

Location specific development controls have been established within the Kiama DCP 2020 for the Wyalla Road release area residential allotment precinct to guide the development in this area.

Gerroa

The coastal town of Gerroa is predominantly zoned R2 Low Density Residential. There are 11 lots in total with the R3 Medium Density Zoning, however most of these sites have been developed with medium density housing and the remaining R3 sites with low density housing.

Minnamurra

The predominant land use zone permitting residential development in the suburb of Minnamurra is R2 Low Density Residential. The residential development is largely surrounded by low lying land along the riverfront to the north and west.

There are currently limited points of entry into the suburb. Without a reconfiguration of the urban structure, any increase in density in Minnamurra would have adverse traffic impacts. While the suburb is serviced by a railway station, it currently has a very small catchment area.

Minnamurra consists of a long continuous coastal development strip, surrounded by water to the east and west. The land is situated over a low-lying area which is affected by riverine and overland flooding. This limits any additional residential development in the area.

Kiama Downs

The suburb of Kiama Downs is predominantly zoned R2 Low Density Residential. There are 6 lots in total with the R3 Medium Density Zoning, all of which have been developed with medium density development.

SUMMARY POINTS

Any application for development in the Kiama Municipality will need to address the provisions contained in the Kiama DCP. Throughout the Kiama DCP, the following headings of assessment are generally considered for any development application:

Objectives:

- Mandatory Controls.
- Performance Criteria.
- Acceptable Solutions.

Pertinent clauses found within the DCP relevant to this Study include the following items in Table 3.2.

Table 3.2: Pertinent Clauses within DCP

Dual Occupancy	• 6.4.10 *Lots must have a minimum frontage of 15m for dual occupancy development. The minimum width will be measured at the building line for irregular shaped lots.* • 6.4.12 *Dual occupancy development is not permissible in unsewered or un-serviced areas.* • 6.4.15 *Battle axe blocks must have a minimum frontage and access handle width of 5m for consideration of dual occupancy development.*

Medium Density	• 6.5.1 *Lots must have a minimum frontage of 25m wide. The minimum width will be measured at the building line for irregular shaped lots.*
	• 6.5.15 *75% of dwellings within a development must have a dual aspect (e.g., 2 sides of the dwelling/building).*
	• 6.5.21 *Apartments are required to have the following minimum internal areas to ensure flexibility of use:*
	  ○ Studio - 35m²
	  ○ 1 bedroom - 50m²
	  ○ 2 bedroom - 70m²
	  ○ 3 bedroom - 90m²
	• 6.5.39 *All apartments are required to have primary balconies as follows:*
	  ○ Studio – Minimum 8m²
	  ○ 1 bedroom - Minimum 16m²
	  ○ 2 bedroom - Minimum 20m²
	  ○ 3 bedroom - Minimum 24m²

Source: Kiama DCP (2020).

Note: The balcony areas required by KMC for apartments is substantially larger (double the area requirement) than that prescribed by the NSW Apartment Design Guide (ADG), as shown in Table 3.3.

Table 3.3: Kiama DCP Minimum Balcony Areas

Dwelling Type	KMC Minimum Area	ADG Minimum Area	Difference in Area (%)	KMC Minimum Depth	ADG Minimum Depth	Difference in Area (%)
Studio	8m²	4m²	+50%	-	-	-
1 Br Unit	16m²	8m²	+50%	3m	2m	+50%
2 Br Unit	20m²	10m²	+50%	3m	2m	+50%
3 Br Unit	24m²	12m²	+50%	3m	2m	+50%

Source: Kiama DCP (2020), Apartment Design Guide (2015).

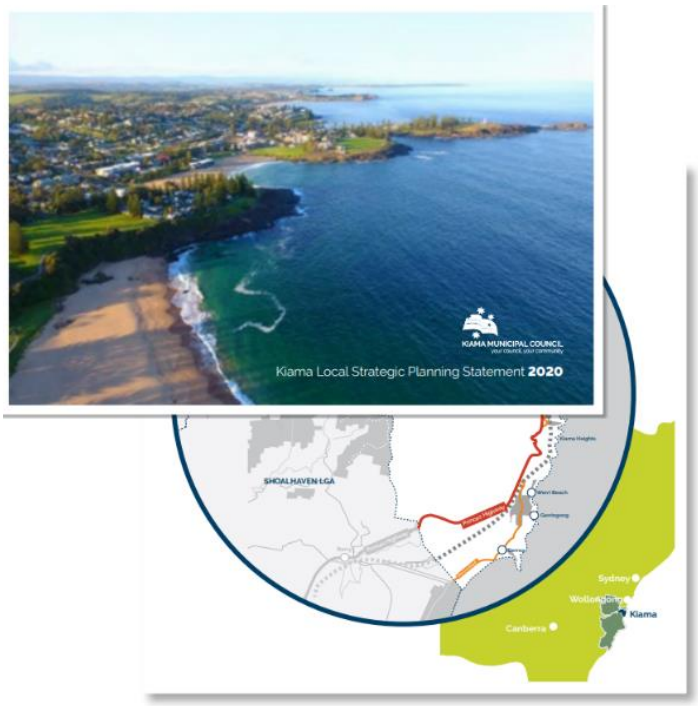
The requirement to incorporate larger balconies in accordance with the DCP can potentially decrease the apartment yield a project can derive and can increase costs by approximately $252,000 and $756,000 (depending on number of apartments) as shown in Table 3.4.

Table 3.4: Increase in Construction Costs in Kiama LGA

Project Size	Unit Allocation	Difference in Cost
30-unit project	10% - 1-Bedroom 20% - 2-Bedroom 70% - 3-Bedroom	+$252,000
60-unit project		+$504,000
90-unit project		+$756,000

Source: AEC

Kiama Local Strategic Planning Statement 2020



The Kiama LSPS is a 20-year planning vision, emphasising land use, transport and sustainability objectives in alignment with the directions set out in the Illawarra-Shoalhaven Regional Plan.

It identifies how future growth and change is to be managed in the Kiama LGA. In addition to providing the vision, the document outlines planning priorities (PP1) and actions that inform the comprehensive reviews of both the Kiama LEP and the DCP.

In line with the Theme 1 of the report which is to 'Manage sustainable growth', PP1 seeks to manage the demand and supply of housing. The LSPS outlines the need for a balanced mix of housing types, including infill redevelopment and acknowledges the need for planning for housing stock to focus on smaller dwellings and apartments.

Several greenfield sites in the LGA have been identified for future expansion. The major site is located at Bombo Quarry and is estimated to potentially provide up to 2,000 new dwellings when fully developed for residential purposes. Other future expansion lots are located in Jamberoo, Gerringong, Kiama and Kiama Downs.

The Kiama LSPS notes the strength of its historic buildings and the importance of preserving the unique character and heritage of its towns and villages. This resonates with the issues raised by the community, who are concerned about the disappearance of heritage due to over-development. Further, the LSPS highlights the community's low support for residential development within town centres.

SUMMARY POINTS

- The LSPS encourages review and amendment of existing LEP and development controls in appropriate areas of the town to support improvement in infill redevelopment feasibility.
- The LSPS identifies new greenfield sites for possible future expansion.

In accordance with the Kiama LSPS, a number of sites have been identified for potential future expansion. In total, there are 9 sites with a combined land area of 1,788,973m² or 178.9 hectares. The Bombo Quarry site is the largest at 1,083,711m² or 108.3 hectares, however given the quarry is yet to be fully exhausted of quarrying material and when taking into consideration the requirement of quarry rehabilitation post usage, the timing of delivery for any potential housing remains a longer term proposition.

Presently, the future expansion sites are generally zoned either E2, E3, RU1, RU2 and SP2 which do not support residential housing lot subdivision. Any hypothetical rezoning of the sites would be envisaged to predominantly comprise R2 and R3 zoning with smaller components of B1 and/or B2 zoning to guide the development of new local centres to support the proposed new housing.

A summary of the sites that have been earmarked for future expansion is shown in Table 3.5.

Table 3.5: Sites Earmarked for Potential Greenfield Expansion

Greenfield Site	Title Details	Property Address	Area
1	Part of Lot 442 DP1201831	Henry Parkes Drive, Kiama Downs	20,838m²
2	Part of Lots 101 & 102 DP1110563	Riversdale Drive, Kiama Downs	18,171m²
3	Lot: 8 DP31576, Lot: 7 DP 1121098 PT 4 DP553706, Lot 0 SP62590 Lot 5 DP 1135747, Lots 52-54 DP1012601 Lots 100 & 101 DP1121118 Part of Lots 101 & 102 DP1110563	Bombo Quarry	1,083,711m²
4	Lots 3 & 4 DP1018217	17 Dido Street, Kiama	20,017m²
5	Lot 1 DP707300, Lot 5 DP740252 Lot: 102 DP1077617, Part of Lot 1 DP625748, Part of Lot 101 DP1077617	Weir Street, Kiama	418,270m²
6	Lot 1 DP1106703, Lot 12: DP1166490 Lots 6 & 7 DP1161126 Lots 14, 15, 17-20 Sec: 2 DP910891	Rowlins Road, Gerringong	11,383m²
7	Part of Lot 2 DP1168922	48 Campbell Street, Gerringong – West Elambra	138,169m²
8	Lot 31 DP602586	15 Drualla Road, Jamberoo	4,000m²
9	Lot 1 DP 719625, Part of Lot 3 DP773150 Part of Lot 25 DP773151 Part of Lot 42 DP773152 Part of Lot 24 DP773153 Part of Lot 2 DP1183082 Part of Lots 1 & 6 DP710456	Macquarie Street, Jamberoo	74,414m²
Total			**1,788,973m²**

Source: Kiama LSPS (2020).

Based on figures sourced from *Technical Paper Two – Growth & Residential Development*, the above identified release areas could potentially accommodate some ~3,074 lots. It is noted, Site 6 is unlikely to be completely or predominantly redeveloped as there is a natural watercourse and riparian lands traversing the site.

Site 3 (Bombo Quarry) is still an operating mine, and the potential redevelopment of the site would take substantial time noting the requirement to rehabilitate, fill and subsequently redevelop the site for residential housing.

Furthermore, KMC advise Jamberoo is currently impacted by insufficient sewer capacity which will likely impede further residential development in Jamberoo potentially impacting Sites 8 and 9.

3.2. REGIONAL PLANNING POLICIES

Illawarra-Shoalhaven Regional Plan 2041

The Illawarra-Shoalhaven Regional Plan 2041 (the Plan) provides a 20-year strategic vision and direction for land use planning priorities and decisions, addressing future needs for housing, jobs, infrastructure and a healthy environment for the Illawarra-Shoalhaven region. The strategy identifies four key themes in achieving the vision of an "innovative, sustainable, resilient, connected, diverse and creative region". These four themes are:

- A productive and innovative region
- A sustainable and resilient region
- A region that values its people and places
- A smart and connected region

The Plan anticipates a growth in the region's population of at least 100,000 by 2041, with Kiama's population expected to increase by 3,997 people. It highlights the need for future development to consider sustainability, feasibility, water and wastewater capacity and the protection of existing character when delivering new housing and associated infrastructure.

The Plan recognises the continuing growth in the region's ageing population, the decreasing household sizes, and the increase in home-based working due to the COVID-19 pandemic, which would impact the demand in the type of housing. It encourages an increase in the diversity and affordability of the range of housing available to cater to the needs of all generations and demographics.

The Plan identifies a need for an additional 58,000 dwellings in the entire Illawarra-Shoalhaven region by 2041. The local housing strategies seek to identify the appropriate locations to manage this growth, which would be balanced between infill and greenfield development. Bombo Quarry lands have been identified as a new urban release area to support additional housing for the Kiama LGA. The Plan encourages retention of existing scenic and natural areas through appropriate planning controls and seeks to ensure existing centres do not expand into 'surrounding non-urban hinterlands'.

While strategic centres are identified as priority locations for new housing opportunities, the Plan acknowledges that the centres of Kiama and Gerringong seek to rely primarily on infill development. It recommends the Local Housing Strategy explores ways to incentivise redevelopment in these centres to accommodate projected housing demand.

SUMMARY POINTS

- The plan encourages infill development within the centres of Kiama and Gerringong.
- Development controls are to be reviewed to ensure they create flexible and feasible conditions for increased housing supply.
- The Local Housing Strategies should set urban growth boundaries that delineate areas of acceptable urban growth.

4. SOCIO-DEMOGRAPHIC PROFILE

This section provides an overview of the socio-demographic profile of the Kiama Study Area to understand population, housing and dwelling-specific trends for the region benchmarked against NSW and surrounding LGAs. This analysis provides insight into the profile of residents and resultant demand for housing.

KEY OBSERVATIONS

- The family composition for couple/ family with no children in Kiama LGA is the largest cohort at 45.7% as compared with NSW (36.6%) and Kiama LGA has comparatively high dwelling ownership with no mortgage at 46.2% in 2016 as compared with NSW (32.2%).
- Separate houses within Kiama LGA remain the dominant housing typology at 78.5% as compared with NSW at 66.4%. 3-bedroom dwellings in Kiama LGA are the most common at 41.6% of housing stock.
- 39.7% (or 1 in every 2.5 persons) of Kiama LGAs population are over the age of 55 (23.5% of which are over 65) as compared with NSW at 28.1% (or 1 in every 3.5 persons) (of which 16.2% are over 65).
- An ageing population has a direct influence on the type of housing required in Kiama LGA into the future. i.e., older residents often attracted to smaller, maintenance friendly accommodation and generally single level as compared to those in the working population and/ or those with families within the residence.

The basis of the demographic analysis is the Australian Bureau of Statistics (ABS) geographical level known as Statistical Area Level 2 (SA2), which broadly comprises 2-3 suburbs per SA2. SA2s represent the smallest ABS geographical areas which can be analysed over a time series (e.g., 2006, 2011, 2016) and are considered to be the most useful geographical area to examine changing socio-demographic characteristics of an area.

The SA2s of Kiama and Kiama Hinterland-Gerringong (which includes Jamberoo) have been selected as the basis for demographic analysis. Analysis of these SA2s allows us to understand the nature of households within the key settlements of the Kiama Study Area over the 2006-2016 period. Based on the 2016 Census (2021 Census data not yet available), a socio-economic snapshot of the key settlements is shown in Table 4.1.

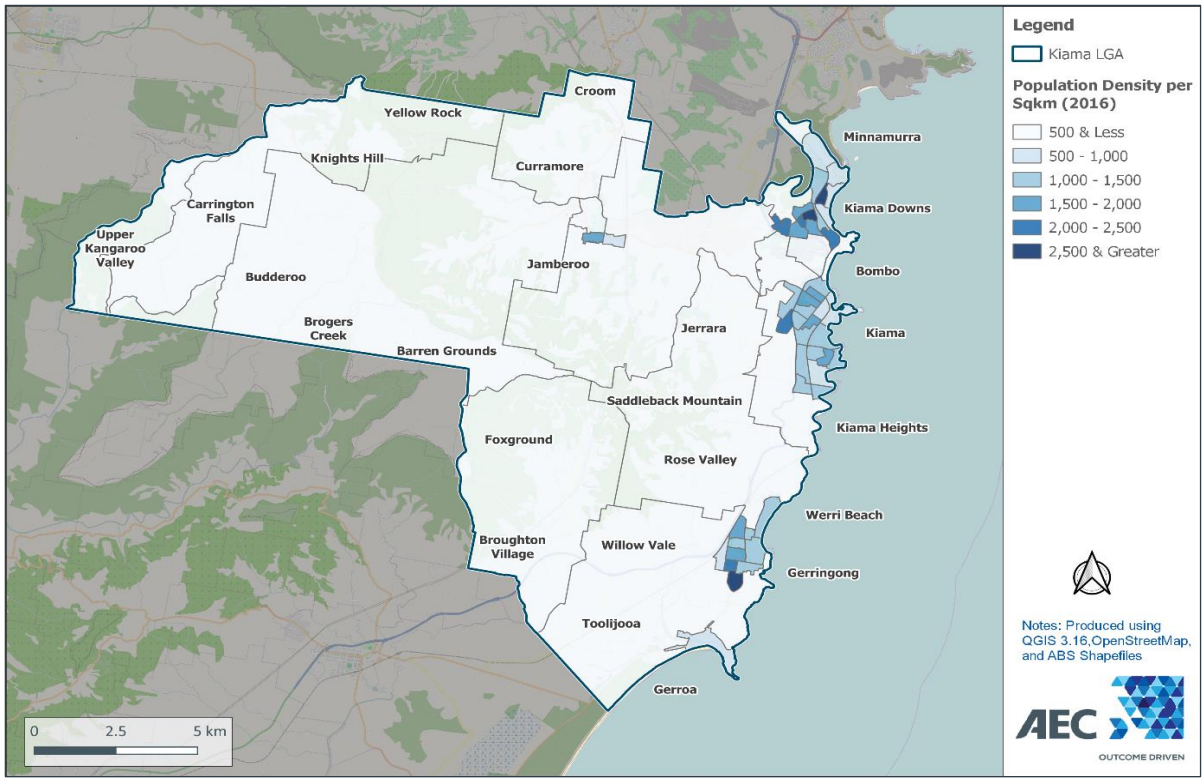
Table 4.1: Socio-Economic Snapshot of Kiama Study Area Key Settlements

Category	Minnamurra	Kiama Downs	Kiama	Gerringong	Gerroa	Jamberoo
Population and Age Data						
Population	760	5,004	7,700	3,966	673	1,636
Average Age	48	42	50	45	51	49
Largest Age Cohort	55-64	55-64	55-64	55-64	65-74	55-64
Household Income and Method of Travel to Work						
Median Household Weekly Income	$1,508	$1,836	$1,306	$1,496	$1,448	$1,703
% Travelled to Work by Car	87.9%	87.8%	84.9%	87.8%	81.9%	89.5%
Composition of Housing and No. of Dwellings						
% of Separate Houses	85%	93%	58%	85%	81%	93%
% of Semi-detached Houses	11%	5%	24%	4%	6%	2%
% of Apartments	3%	2%	17%	10%	6%	1%
No. of Dwellings	360	1,938	3,943	1,686	513	684
% Housing Owned Outright	53.2%	44.5%	45.2%	40.6%	48.5%	55.3%
Land Zoning Information						
Top 3 Largest Zoning Categories	E2 – 46% R2 – 17% SP2 – 14%	R2 – 42% E2 – 34% RE1 – 16%	R2 – 22% RU2 – 22% RU1 – 15%	E3 – 25% RU1 – 24% R2 – 13%	E2 – 27% RU2 – 20% E3 – 18%	RU2 – 35% E2 – 25% E3 – 19%

Source: AEC, Landchecker (2022), ABS (2017a).

Population density has been observed to be highest in the coastal settlements of Kiama Downs, Kiama, Gerringong, Minnamurra and to a lesser extent Gerroa and Jamberoo. These towns also form the primary focus of the Study. Figure 4.1 highlights the population density per square kilometre for the Kiama LGA.

Figure 4.1: Population Density per SqKm



Source: AEC.

4.1. DWELLINGS

Dwelling Growth

In 2016, just over 3,200 dwellings were recorded in the Kiama SA2, comprising just over 39% of the Kiama LGAs overall housing stock. Dwelling growth in the Kiama SA2 has been relatively strong over the 10 years to 2016 with an additional 559 dwellings have been delivered over this period with an average annual growth rate of 2.4% over 2006-2011 and 1.5% over the 2011-2016 period.

The Kiama Hinterland-Gerringong SA2 recorded just over 2,900 dwellings in 2016, just over 35% of the Kiama LGA housing stock. Similar overall dwelling growth has been observed in the Kiama Hinterland-Gerringong SA2 from 2006 to 2016 with 557 dwellings delivered over this period however the majority of growth was delivered from 2011 to 2016 period at an average annual growth rate of 2.6% compared to 1.7% from 2006 to 2011.

The Kiama LGA recorded average annual dwelling growth rate of 1.7% from 2006 to 2011 and 1.6% from 2011 to 2016.

Table 4.2: Kiama Catchment Area, Dwellings Growth (2006-2016)

Area	2006	2011	2016	Change (%)		Avg Annual Growth	
				2006-11	2011-16	2006-11	2011-16
Kiama SA2	2,684	3,017	3,243	12.4%	7.5%	2.4%	1.5%
Kiama Hinterland-Gerringong SA2	2,357	2,563	2,914	8.7%	13.7%	1.7%	2.6%
Kiama LGA	7,068	7,678	8,293	8.6%	8.0%	1.7%	1.6%

Source: ABS (2017c).

Dwelling Structure

Detached houses are the primary housing typology observed in the Kiama SA2, accounting for 60% of all dwellings. Semi-detached typologies account for almost 22% of all dwellings whilst higher-density apartment typologies account for about 16% of dwellings. The proportion of semi-detached housing typologies has steadily grown over the 2006-2016 period, rising from just 10% in 2006 to circa 21.5% in 2016.

Detached houses comprise an even greater proportion of dwellings in the Kiama Hinterland-Gerringong SA2 at 88% of all dwellings in 2016. Very little other typologies are observed; apartments accounting for almost 7% of dwellings and semi-detached typologies accounting for about 4%. This dwelling mix has remained relatively constant over the 2006-2016 period with only slight increases in medium and higher-density typologies observed.

Table 4.3: Kiama Catchment Area, Dwelling Structure (2006-2016)

Dwellings Structure	Kiama SA2			Kiama Hinterland-Gerringong SA2		
	2006	2011	2016	2006	2011	2016
Separate house	68.6%	64.1%	60.0%	91.4%	89.4%	88.0%
Semi-detached, row/terrace, townhouse	10.0%	16.6%	21.5%	2.7%	3.7%	3.8%
Flat, Unit or Apartment	18.8%	16.0%	15.8%	5.1%	5.5%	6.8%
Other dwelling	2.7%	3.3%	2.7%	0.7%	1.4%	1.4%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: ABS (2017c).
Note: We caution that changes in ABS methodologies and dwellings classifications may lead to discrepancies in data between years and slight discrepancies may occur due to rounding.

In the broader Kiama LGA, detached houses account for approximately 78% of all dwellings, followed by semi-detached typologies (around 11%) and higher-density apartments (just over 9%) as of 2016.

Dwelling Ownership

The vast majority of households in the Kiama SA2 are owner-occupiers with just over 73% of households owning their home outright or with a mortgage. Renters account for just over a quarter of all households. By comparison, a higher proportion of owner occupiers are observed in the Kiama Hinterland-Gerringong SA2 with about 80% of households being owner occupiers whilst renters comprise just under one fifth of all households.

In the broader Kiama LGA, owner-occupiers account for 78% of households (either owning their home outright or with a mortgage) with almost 20% of households being renters.

Table 4.4: Kiama Catchment Area, Dwellings Ownership (2006-2016)

Dwellings Ownership	Kiama SA2			Kiama Hinterland-Gerringong SA2		
	2006	2011	2016	2006	2011	2016
Owned outright	46.1%	45.2%	46.6%	48.4%	46.6%	48.1%
Owned with a mortgage	25.5%	26.1%	26.7%	31.2%	30.9%	30.9%
Rented	25.5%	25.9%	23.4%	18.1%	20.6%	19.4%
Other tenure type	3.0%	2.8%	3.3%	2.3%	1.8%	1.6%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: ABS (2017c).
Note: Slight discrepancies may occur due to rounding.

5. KIAMA HOUSING PROFILE

Kiama is major tourism hub along NSWs South Coast. The Kiama local centre accommodates a number of hospitality operators which also primarily services the tourism sector. That said, Kiama is an important local centre irrespective of the tourism economy, servicing the surrounding Kiama LGA in a variety of business, retail and administrative capacities. Some of the more popular and visited regions of Kiama LGA include the majority of the centres forming the basis of this study including Minnamurra, Kiama, Gerroa, Gerringong and Jamberoo.

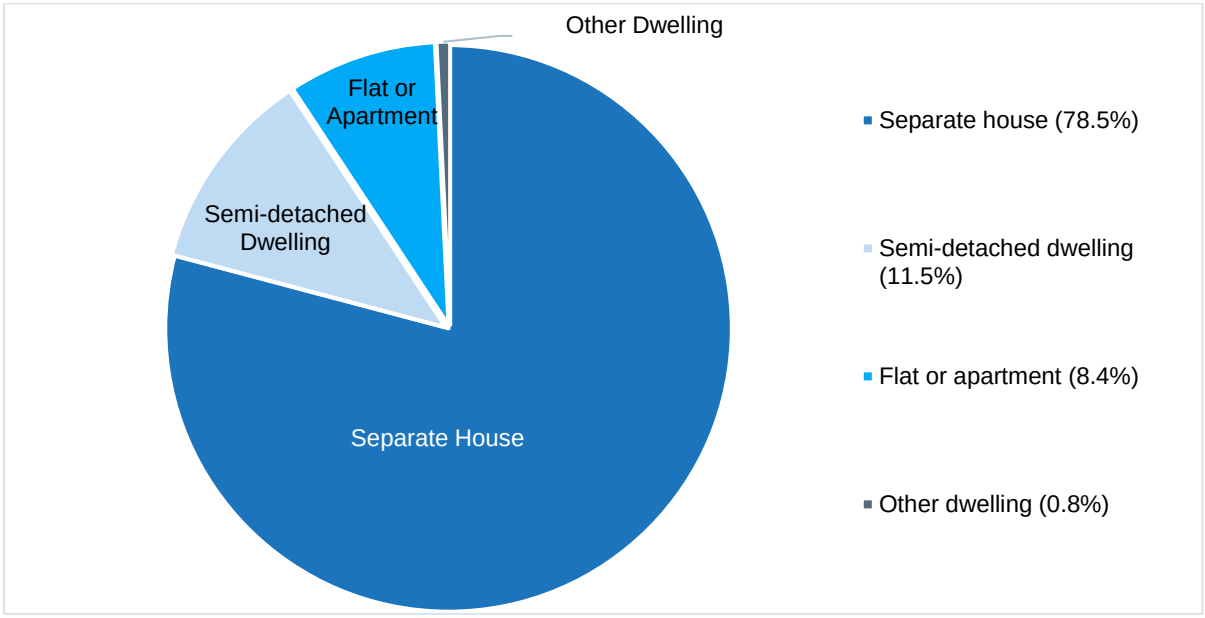
KEY OBSERVATIONS:

- Data from the NSW Valuer General reflected unimproved land values year on year growth (to 1 July 2021) in the Kiama LGA of 53.5%, the highest recorded in the state of NSW.
- As of December 2021, Gerroa had the highest median house price of $2,756,500 in the LGA (whilst noting limited sales transactions over the preceding 12 months with wide-ranging price variances). Kiama Downs had the lowest median house price at $1,165,000.
- Average house price growth (between 2011-2021) across the Study centres ranged between 132% (Kiama) to 268% (Gerroa). Capital appreciation for housing prices in calendar year 2021 alone ranged between 30.07% (Kiama) and 43.60% (Jamberoo).
- The median house price for Kiama LGA is $1,330,000 (reached the $1,000,000 point in May 2021) is substantially higher than surrounding LGAs (Wollongong being second highest at $947,000 but with a far greater range of prices reflecting the different typologies and sub-precincts).
- Based on median household income, housing affordability is indicated to be between $500,000-$535,000. To purchase a home in the Kiama LGA at its current median price, a household income being far higher at $155,000-$160,000 would be required assuming 20% deposit and mortgage finance rate of 3.5%.

5.1. KIAMA'S CURRENT HOUSING

Based on the 2016 Census, Kiama LGA comprised 9,380 private dwellings. Of the occupied private dwellings identified for Kiama LGA, 78.5% were separate houses, 11.5% were semi-detached, row or terrace houses, townhouses etc, 8.4% were flat or apartments and 0.8% were other dwellings as shown in Figure 5.1.

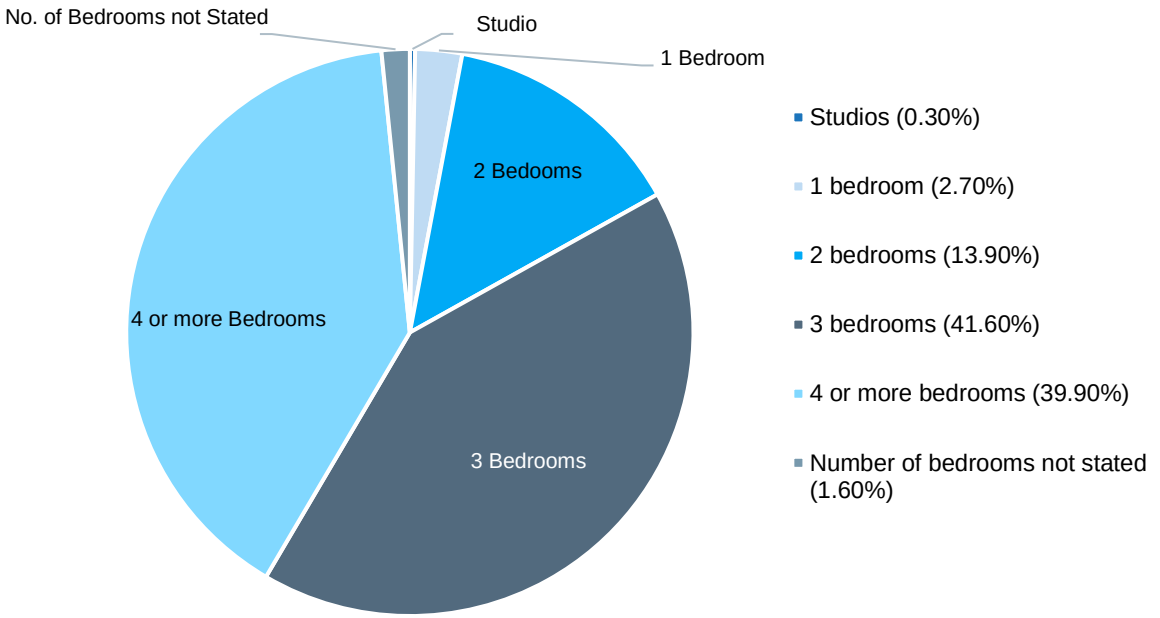
Figure 5.1: Kiama LGA Dwelling Composition



Source: ABS (2017a).

Of the occupied private dwellings in the Kiama LGA, 2.7% had 1 bedroom, 13.9% had 2 bedrooms and 41.6% had 3 bedrooms. The average number of bedrooms per occupied private dwelling was 3.4. The average household size was 2.5 persons as shown in Figure 5.2.

Figure 5.2: Number of Bedrooms per Dwelling



Source: ABS (2017a).

5.2. TYPICAL RESIDENTIAL PRODUCT WITHIN THE REGION

Housing throughout the Kiama region consists predominantly of 1-2 storey detached dwellings constructed over the 1970-1980 period. Most detached houses are situated on large blocks with generous setbacks. In elevated locations, many houses comprise two-storeys to enable coastal views and vistas (where available).

Medium density (villa's, townhouses and dual occupancies) to high density housing (flats and apartments) have become more prevalent in recent years however still under-represent the broader market as contrasted with surrounding local government areas. Photographic samples of typical dwelling types found throughout the Study Area are depicted in Table 5.1.

Table 5.1: Kiama Study Area, Typical Dwelling Types

Typical Dwelling Types	
Low Density (freestanding)	**Low Density (attached/duplex)**
	

Typical Dwelling Types

Medium Density (townhouses)

Medium Density (villas)

High Density (apartments)

Rural/ Acreage Estates

Terrace Housing

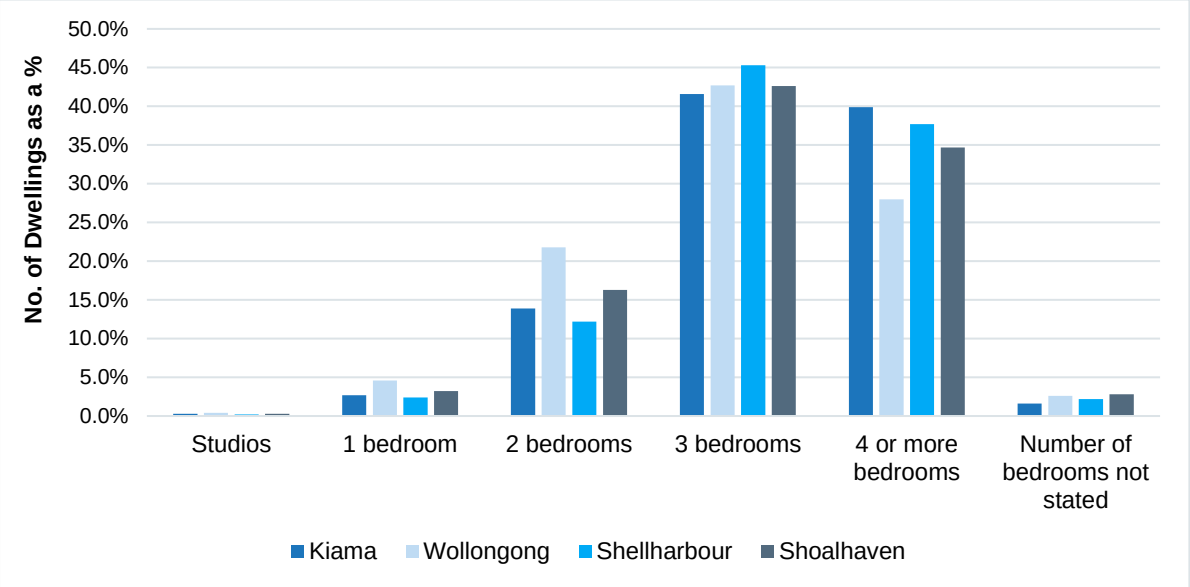
Small Lot Housing

Source: Realestate.com.au (2021).

Across the Kiama, Wollongong, Shellharbour and Shoalhaven LGAs, the number of bedrooms per dwelling is fairly consistent. The main exceptions being the percentage of 1-2 bedroom dwellings being highest in Wollongong (largely attributed to a higher proportion of apartment dwellings in the region).

Wollongong also exhibited the lowest percentage of 4 or more bedrooms per dwelling at 28% versus 39.9% for Kiama as shown in Figure 5.3.

Figure 5.3: Number of Bedrooms (as a %) per Dwelling for Kiama and Surrounding LGAs

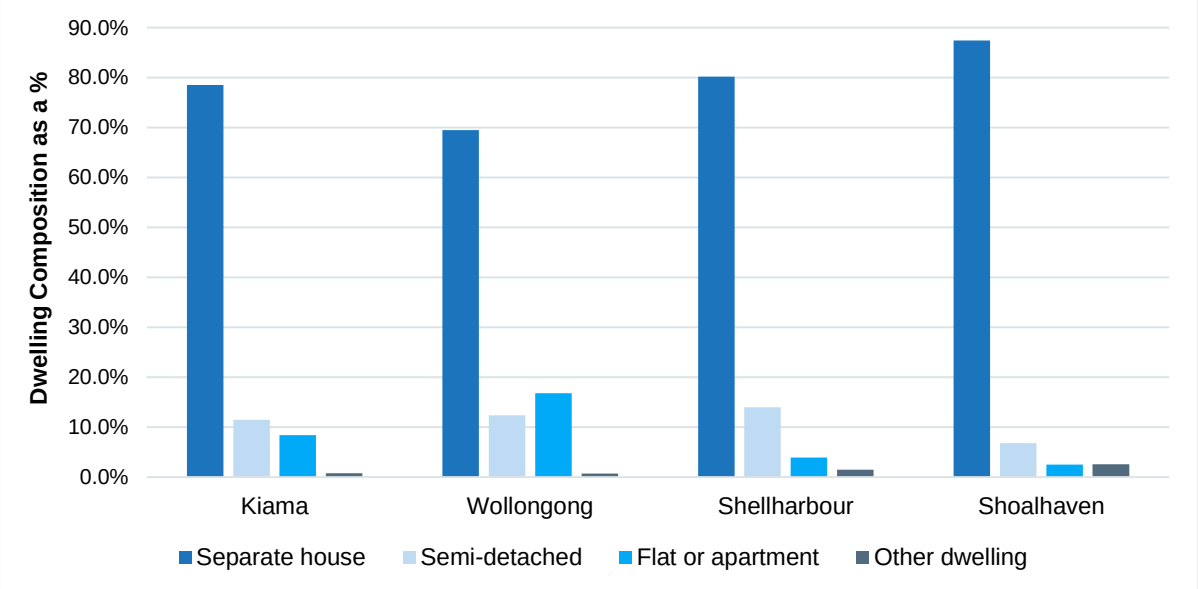


Source: ABS (2017a)

Shoalhaven was observed to have the highest proportion of separate houses at 87.4% whilst Wollongong had the lowest proportion as shown in Figure 5.4. Kiama had 69.5% of total dwellings being separate houses. Semi-detached and other dwellings are fairly consistent between each of the LGAs however Wollongong has the highest proportion of flats or apartments by a large margin at 16.8% as compared with Kiama (8.4%), Shellharbour (3.9% and Shoalhaven (2.6%).

The key observation from Figure 5.4 is that housing typologies throughout the region are generally skewed towards detached housing which represents a lack of housing diversity. The issue of limited housing diversity is not an exclusive problem experienced within the Illawarra-Shoalhaven region but occurs throughout Australia in various suburban, coastal and regional settings. Diversity of housing is important as different households have differing needs. Diversity of housing ensures the housing needs of a cross section of the community is met from an accommodation perspective and price point as differing dwelling types offer different entry price points. The graduation of housing types (smaller to larger) and age (older to newer) also allows the needs of a household's life-cycle to be met.

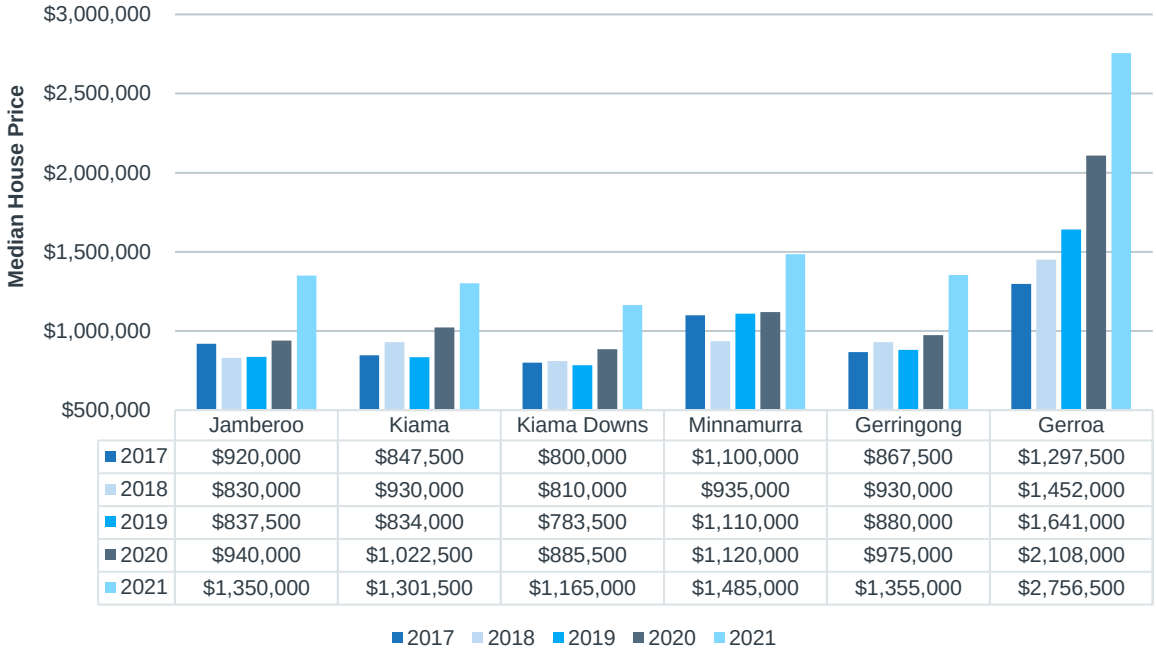
Figure 5.4: Percentage of Dwelling Typologies for Kiama and Surrounding LGAs



Source: ABS (2017a).

Kiama has historically been popular as a tourist destination as well as an attractive location to own a holiday house or a location to retire (50.6% of Kiama LGAs population is over 50 whilst for Greater Sydney it is 31% and 34.6% for NSW). House prices in Kiama (and many other regions) experienced strong capital growth since the mid-2020s as the onset of COVID-19 set in. Supported by the desire for more living space and/ or proximity to lifestyle regions became increasingly prioritised due to the uncertainty of how severe the disease would be (officially declared a pandemic by the World Health Organisation on 11 March 2020) and how long it would remain in motion.

Figure 5.5: Median House Price Comparison – Key Settlements



	Jamberoo	Kiama	Kiama Downs	Minnamurra	Gerringong	Gerroa
2017	$920,000	$847,500	$800,000	$1,100,000	$867,500	$1,297,500
2018	$830,000	$930,000	$810,000	$935,000	$930,000	$1,452,000
2019	$837,500	$834,000	$783,500	$1,110,000	$880,000	$1,641,000
2020	$940,000	$1,022,500	$885,500	$1,120,000	$975,000	$2,108,000
2021	$1,350,000	$1,301,500	$1,165,000	$1,485,000	$1,355,000	$2,756,500

Source: Pricefinder, Residex (2022).

To highlight the strength of the property market in the Kiama region, recently released data from the NSW Valuer General reflected year on year growth (to 1 July 2021) in unimproved land values in the Kiama LGA of 53.5%, the highest recorded in the state of NSW.

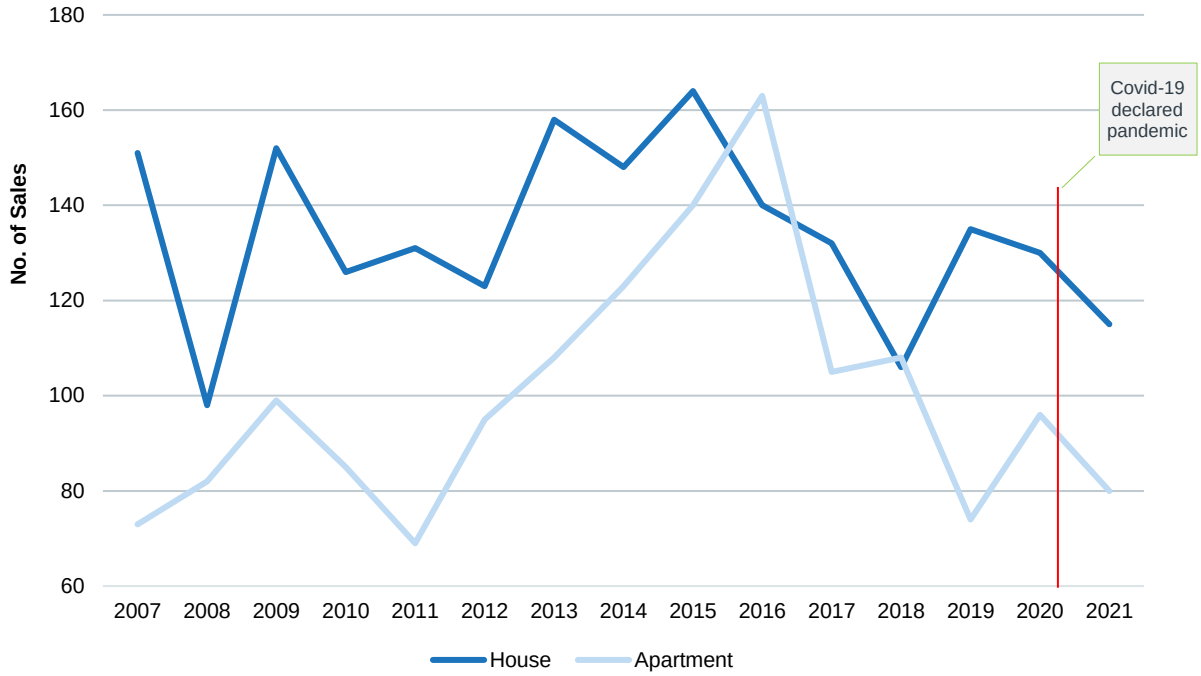
As a whole, the South Coast region of NSW reflected a residential land value increase of 30.3%, as compared with 24% for wider NSW. Surrounding south coast LGAs also experienced strong growth in land values with Shoalhaven recording 49.2%, Eurobodalla recording 30.4%, Bega Valley recording 29.3%, Wollongong recording 24.5%, Wingecarribee recording 21.7%, Shellharbour recording 20.2% and Wollondilly recording 18.2%.

Another factor which contributed to the strong capital appreciation (amongst aforementioned reasons), has been the declining sales volumes (no. of transactions) recorded. Between 2007-2021, annual sales volumes peaked in Kiama LGA for houses in 2015 at 164 transactions and peaked for apartments in 2016 at 163 transactions. For both typologies, volumes have been on a downwards trajectory since, with houses reflecting 115 transactions and apartments reflecting 80 transactions over 2021.

As demand for housing in the region has intensified, the number of available dwelling listings has decreased with affordability and lack of housing supply contributing to reducing sales volumes. Further, the general uncertainty associated with pandemic on people's lives also forced some households to reconsider/defer decisions to sell or buy property.

A graph depicting the historic sales volumes for houses and apartments in the Kiama LGA is shown in Figure 5.6.

Figure 5.6: Historical House and Apartment Sales Volume by Year (Kiama LGA)



Source: Pricefinder (2022).

5.3. COMPARISON WITH ADJOINING REGIONS

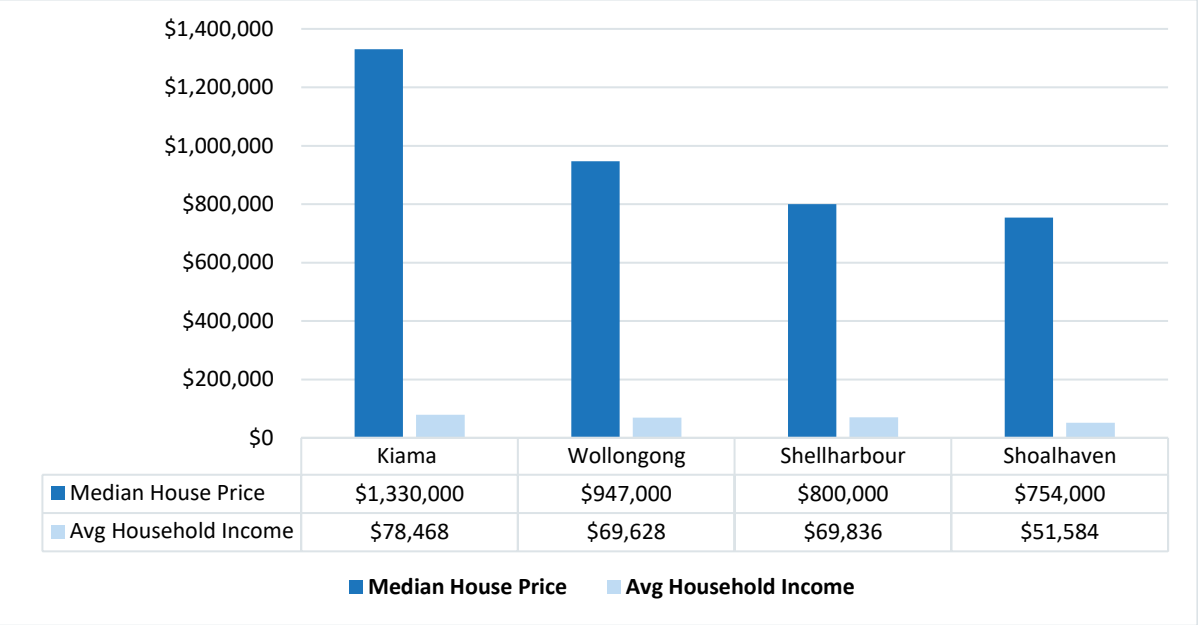
Kiama LGA has the highest median price of $1,330,000 as compared with neighbouring LGAs of Wollongong ($947,000), Shellharbour ($800,000) and Shoalhaven ($754,000). However, Kiama LGA (as at 2016 Census date) also had the highest annual household income at $78,468 whilst Shellharbour is $69,836, Wollongong is $69,628 and Shoalhaven's is $51,584 as shown in Figure 5.7. Represented as a ratio, Kiama's income to median house price is 16.9, Shoalhaven's is 14.6, Wollongong's is 13.6 and Shellharbour's is 11.5.

As a measure of housing affordability, the generally accepted measure of housing stress is where more than 30% of a household's income goes towards rental or mortgage payments. Each of the LGAs noted above are technically in excess of this percentage with Kiama at 30.6%, Shellharbour at 31.7%, Wollongong at 33.6% and Shoalhaven at 35.3%. Furthermore, this result is despite Kiama LGA having the highest average household income.

Kiama has the highest number of houses owned outright at 46.2% followed by Shoalhaven (43.8%), Wollongong (34.8%) and Shellharbour (34.3%).

Of the four LGAs, Kiama has the lowest proportion of residents aged between 20-39 at 18.4% followed by Shoalhaven (18.7%), Shellharbour (23.8%) and Wollongong (26.5%). Furthermore, Kiama has one of the highest percentage of households without children at 45.7% (Shoalhaven is 48.8%) whilst Shellharbour and Wollongong have 31.7% and 36.3% respectively.

Figure 5.7: Median House Price Versus Average Household Income



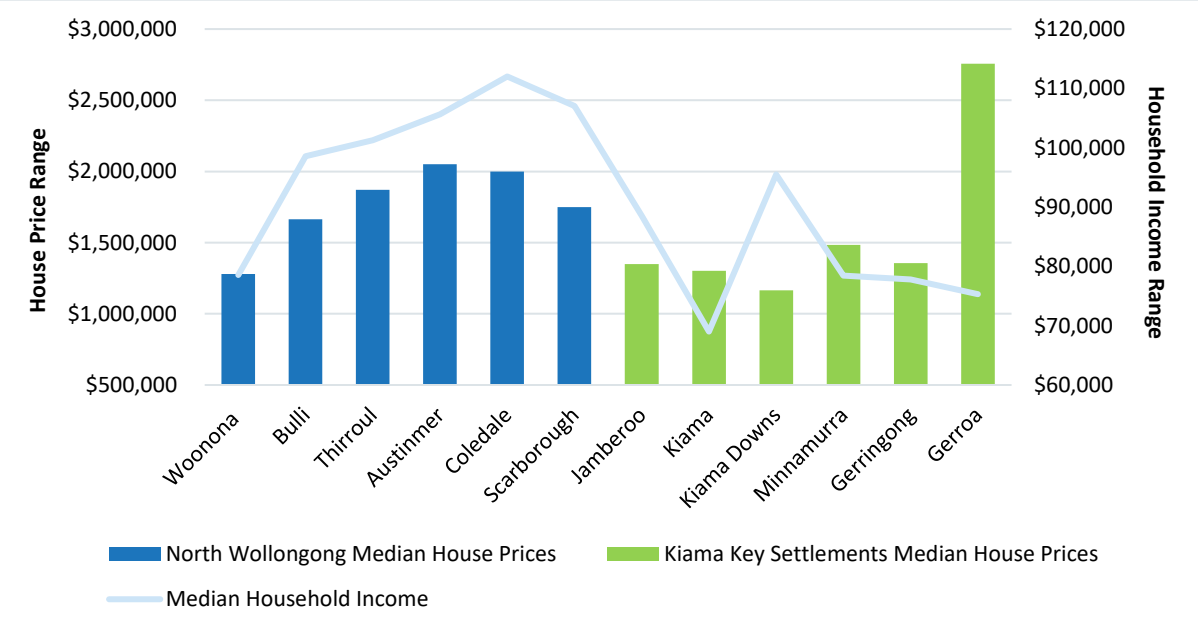
	Kiama	Wollongong	Shellharbour	Shoalhaven
Median House Price	$1,330,000	$947,000	$800,000	$754,000
Avg Household Income	$78,468	$69,628	$69,836	$51,584

Source: Residex (2022). ABS (2017a).

The northern suburbs of Wollongong including Woonona, Thirroul and Austinmer (amongst others) are considered to share similar characteristics with the Kiama Study Area, in terms of higher levels of household income and median house prices exceeding that of surrounding regions. However, notable differences between the two is that the northern suburbs of Wollongong have higher household incomes (ranging between $78,572 - $112,008 p.a.) and a younger median age (38-42) as opposed to $78,468 and 47 years of age, respectively for Kiama LGA.

Anecdotally, it would appear the northern suburbs of Wollongong generally achieve higher median house prices (as compared with the Kiama Study Area, excepting Gerroa) due to Wollongong's proximity to Sydney being far closer (and resulting in a shorter drive/ commute times) coupled with proximity to more substantial amenities offered at nearby Wollongong city centre. A graph highlighting the difference in median house prices for various suburbs in the northern Wollongong region as well as annual household income follows in Figure 5.8.

Figure 5.8: Median House Price and Income Comparison Kiama and North Wollongong Suburbs

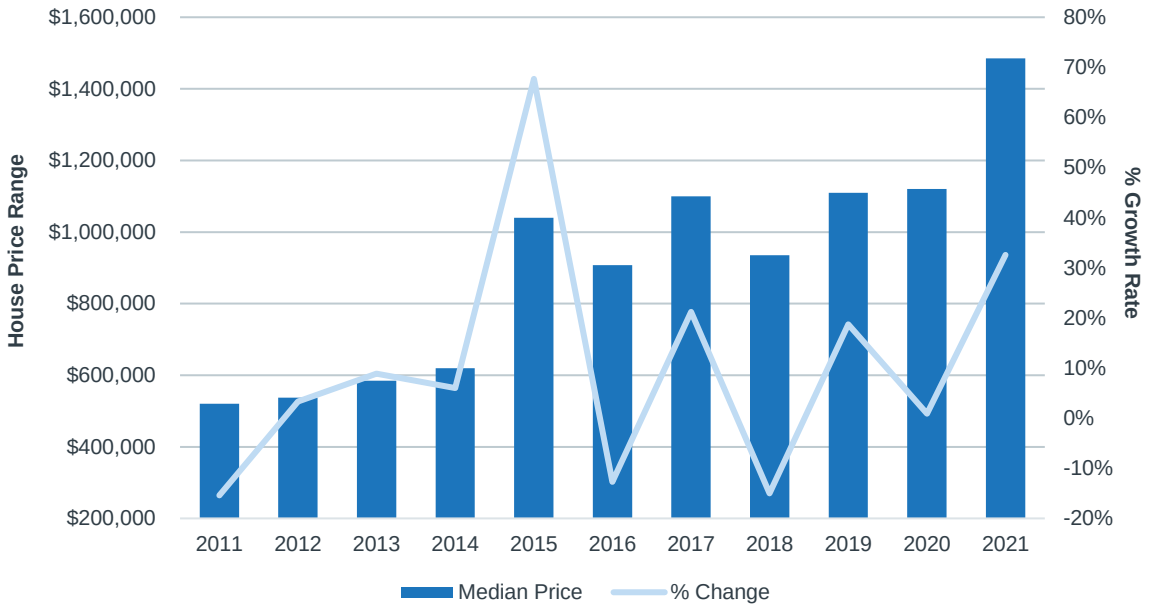


Source: Residex (2022). ABS (2017a).

5.4. MINNAMURRA

Minnamurra experienced strong capital growth over the preceding 12 months to December 2021 of 32.60%, reflecting a median house price of $1,485,000 (according to Pricefinder). Despite the strong market conditions, sales volumes for houses have been comparatively low at 5 recorded transactions in 2021 (noting there were 10 in 2020 and 20 in 2019). Recent non-waterfront house transactions reflected a range in prices between $1,800,000 and $2,115,000. The sole non-waterfront townhouse sale sold for $951,756.

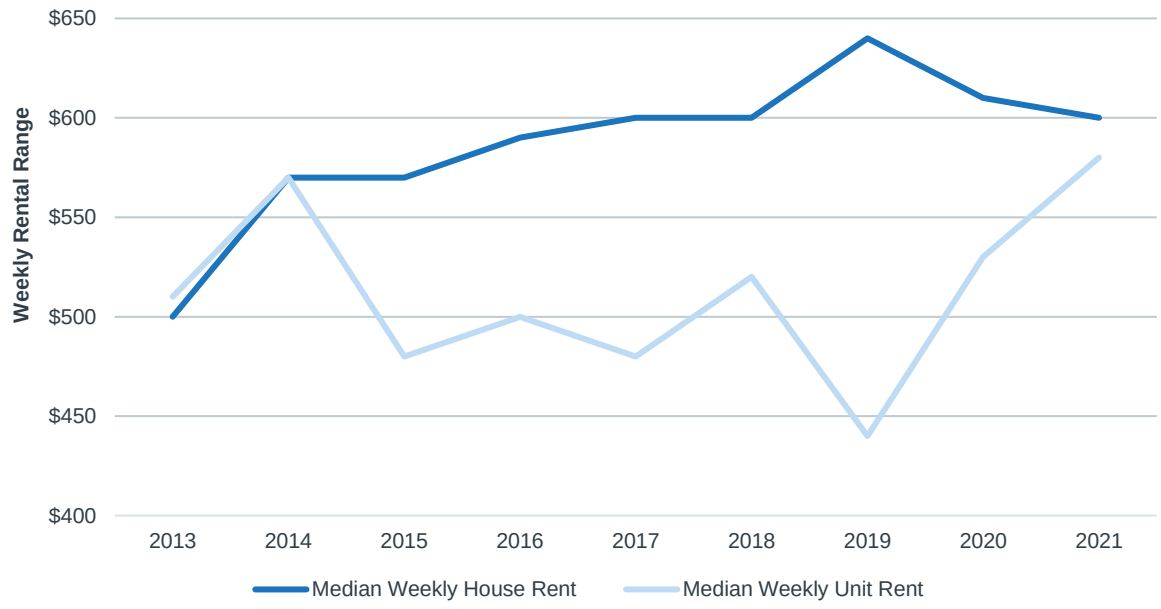
Figure 5.9: Minnamurra Median House Price Movement (2011-2021)



Source: Pricefinder (2022).

During the 12 months to December 2021, the median weekly house rental declined by -2% to $600 per week. Apartments (and/or other forms of strata title dwellings) reflected an increase of 9% to $580 per week (according to Residex). Minnamurra is a thinly traded market and figures can become distorted where transactions are limited.

Figure 5.10: Minnamurra Median Weekly House/Unit Rental Movement (2013-2021)



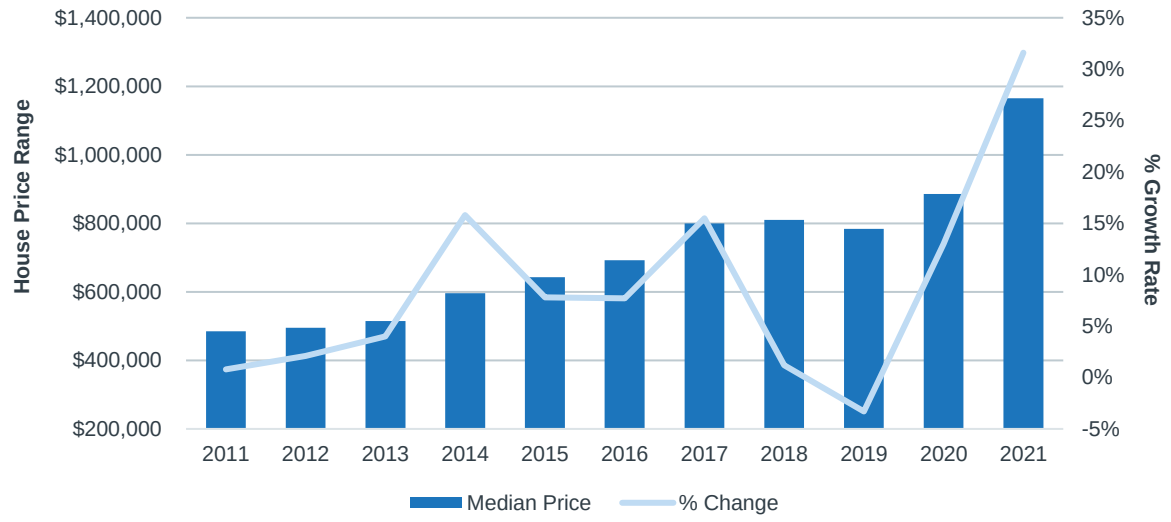
Source: Residex (2022).

5.5. KIAMA DOWNS

Kiama Downs experienced strong capital growth over the preceding 12 months to December 2021 of 31.60%, reflecting a median house price of $1,165,000 (according to Pricefinder). Despite the strong market conditions, sales volumes for houses have been comparatively low at 46 recorded transactions in 2021 (noting there were 70 in 2020 and 80 in 2019).

Of the recent house transactions observed, a range in prices between $1,150,000 and $1,930,000 were most common whilst a recent waterfront transaction sold for $3,600,000. The sole villa transaction for 2021 sold for $830,000 comprising 3 bedrooms, 1 bathroom and single garage. Duplexes reflected a range in prices between $915,000 and $1,400,000 and generally comprise 3 bedrooms, 2 bathrooms and double garage. Townhouse development is reasonably common throughout Kiama Downs and typically reflects a range in prices between $617,000 and $1,250,000 depending on age, size, condition and number of bedrooms.

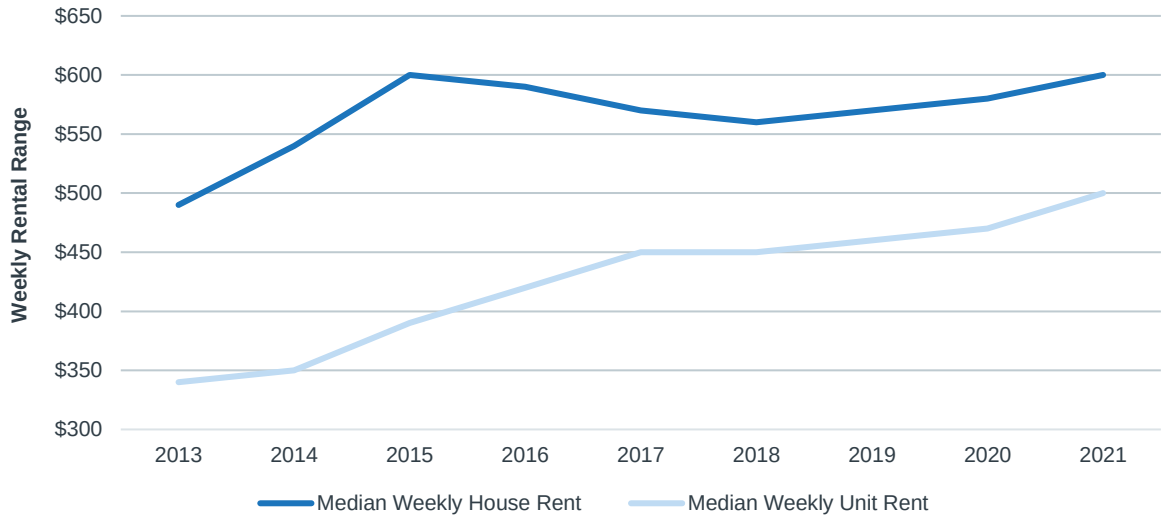
Figure 5.11: Kiama Downs Median House Price Movement (2011-2021)



Source: Pricefinder (2022).

During the 12 months to December 2021, the median weekly house rental increased by 3% to $600 per week whilst for apartments (and/or other forms of strata title dwellings) reflected an increase of 6% to $500 per week (according to Residex).

Figure 5.12: Kiama Downs Median Weekly House/Unit Rental Movement (2013-2021)



Source: Residex (2022).

5.6. KIAMA

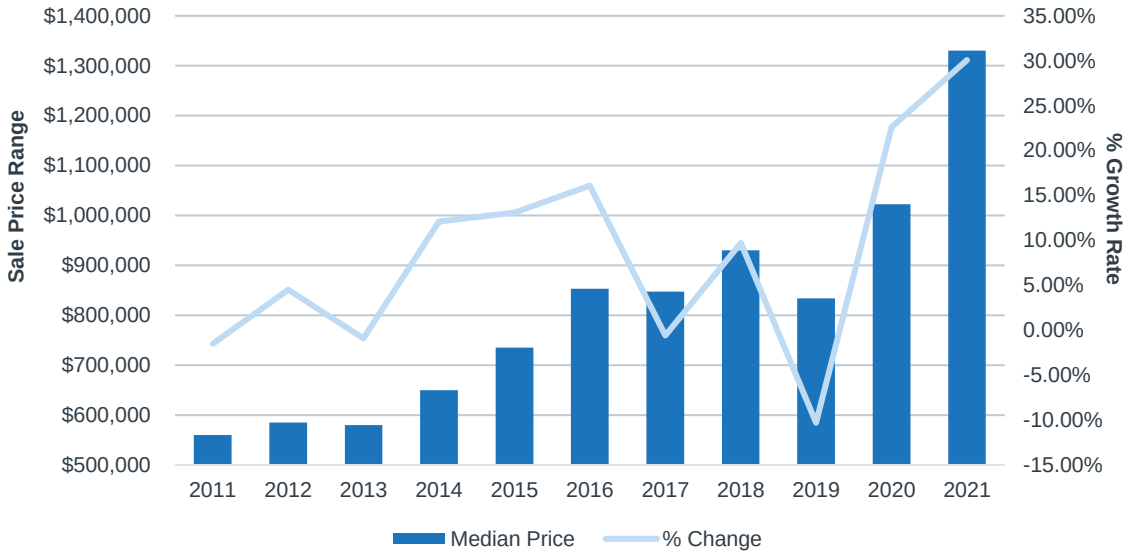
Kiama experienced strong capital growth over the preceding 12 months to December 2021 of 30.07%, reflecting a median house price of $1,330,000 (according to Pricefinder).

During the same period, the median weekly house rental increased by 8% whilst for apartments (and/or other forms of strata title dwellings) reflected an increase of 4% (according to Residex). Despite the strong market conditions, sales volumes for houses have been comparatively low at 101 recorded transactions in 2021 (noting there were 130 in 2020 and 135 in 2019). Typical houses in Kiama are observed to have transacted between $1,250,000 and $1,750,000 whilst more exclusive residences with ocean/ beach views have been reflecting prices between $4,600,000 and $6,325,000 in recent months.

Duplexes and townhouses are becoming increasingly prevalent throughout Kiama (with more transactional activity observed for townhouses). Duplexes reflect sale prices between $1,200,000 and $2,300,000 (partial water views) whilst townhouses reflect a range in prices between $574,000 and $1,520,000 depending on age, condition, size, number of bedrooms and views amongst other factors. Apartment development is also fairly prevalent around the Kiama town centre including Terralong, Collins, Manning and Minnamurra Street's.

Observed apartment prices range between $595,000 and $2,600,000. The larger apartments with ocean/ beach views achieve the highest prices. Typically, modern apartments within close proximity to the beach transact in the low $1m range.

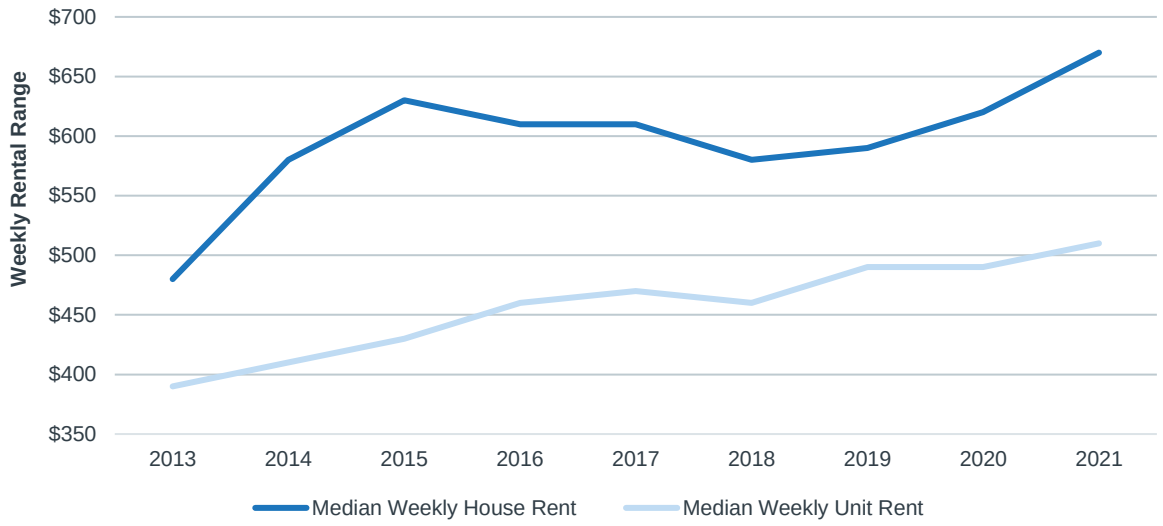
Figure 5.13: Kiama Median House Price Movement (2011-2021)



Source: Pricefinder (2022).

During the 12 months to December 2021, the median weekly house rental increased by 8% to $670 per week whilst for apartments (and/or other forms of strata title dwellings) reflected an increase of 4% to $510 per week (according to Residex).

Figure 5.14: Kiama Median Weekly House/Unit Rental Movement (2013-2021)



Source: Residex (2022).

5.7. GERRINGONG

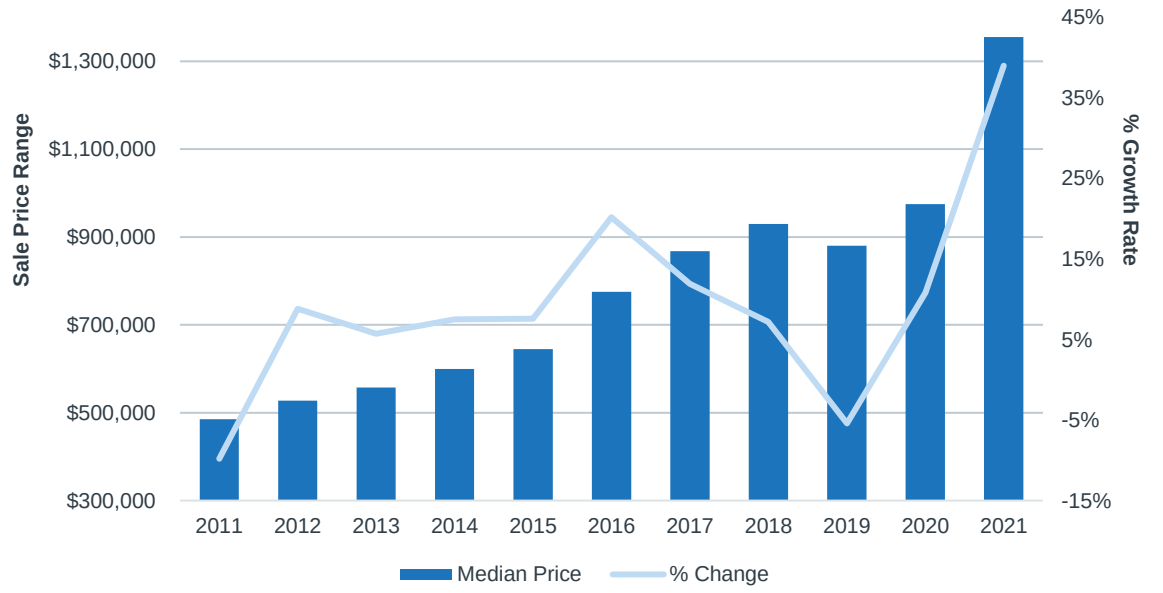
Gerringong experienced strong capital growth over the preceding 12 months to December 2021 of 39%, reflecting a median house price of $1,335,000 (according to Pricefinder). Over the course of 2021, there were 68 recorded transactions within Gerringong, which is fairly typical when contrasted with historic volume data.

Recent transactional evidence observed in Gerringong indicate typical freestanding houses without water views sell between $1,300,000 and $1,700,000.

Freestanding houses with water views are observed to transact between $2,600,000 and $3,500,000. Over the preceding 12 months, 2 townhouse sales have been noted, both of which are situated in Fern Street and include two bedrooms each, reflecting a range of prices between $840,000 and $855,000.

Of the duplex transactions observed, the four identified transactions over the preceding 12 months reflect a price range between $965,000 and $1,000,000. Apartments reflect a broader range of sale prices between $605,000 and $1,735,000 depending on number of bedrooms, size and views amongst other factors.

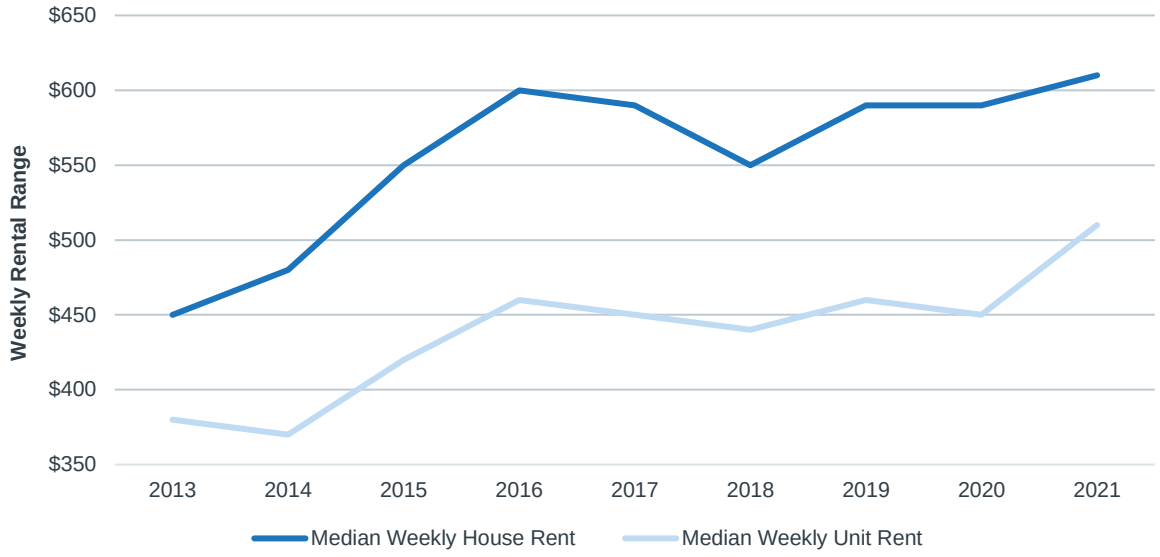
Figure 5.15: Gerringong Median House Price Movement (2011-2021)



Source: Pricefinder (2022).

During the 12 months to December 2021, the median weekly house rental increased by 3% to $610 per week whilst for apartments (and/or other forms of strata title dwellings) reflected an increase of 13% to $510 per week (according to Residex).

Figure 5.16: Gerringong Median Weekly House/Unit Rental Movement (2013-2021)



Source: Residex (2022).

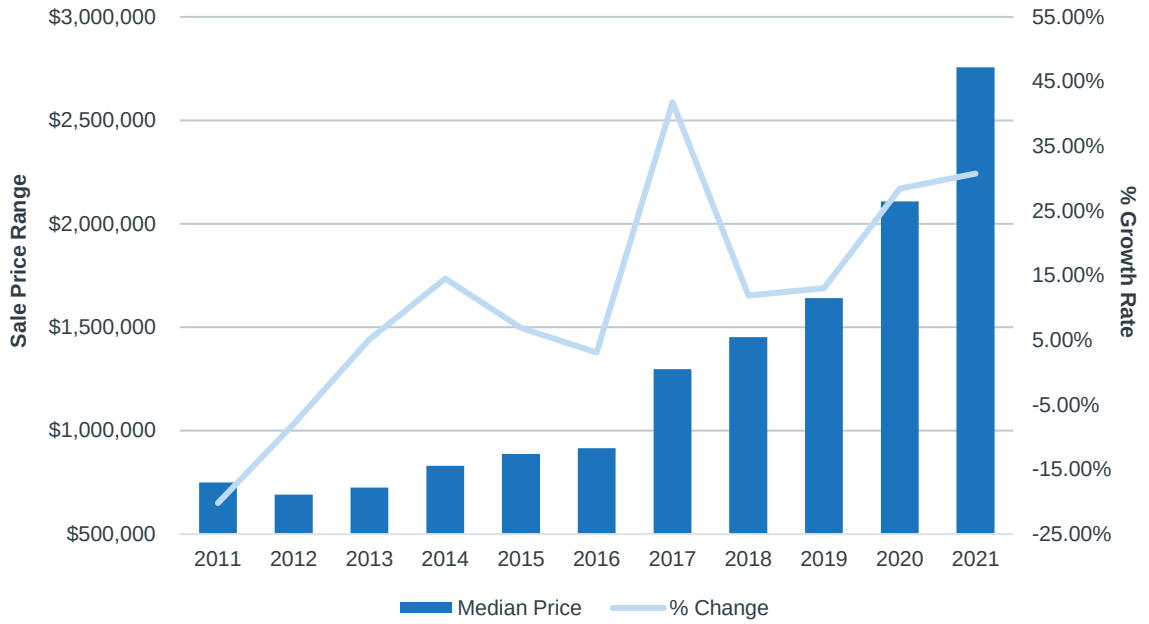
5.8. GERROA

Gerroa experienced strong capital growth over the preceding 12 months to December 2021 of 31%, reflecting a median house price of $2,756,500 (according to Pricefinder). During the same period, the median weekly house rental increased by 10%. Apartments (and/or other forms of strata title dwellings) reflected an increase of 8% (according to Residex).

Recent transactional evidence observed in Gerroa indicate typical freestanding houses without water views have sold between $1,300,000 and $1,400,000. Typical freestanding houses with water views have recently transacted between $2,200,000 and $5,500,000 with a sole outlier transaction of $7,100,000. The sole duplex transaction observed, reflected a price of $3,100,000 whilst noting the property is situated directly opposite Seven Mile Beach and benefits from uninterrupted water/beach views.

The only identified recent apartment transaction for $980,000 was for a 2-bedroom apartment situated along Burke Parade directly opposite Seven Mile Beach and with uninterrupted beach/water views. No recent villa or townhouse transactions were evident.

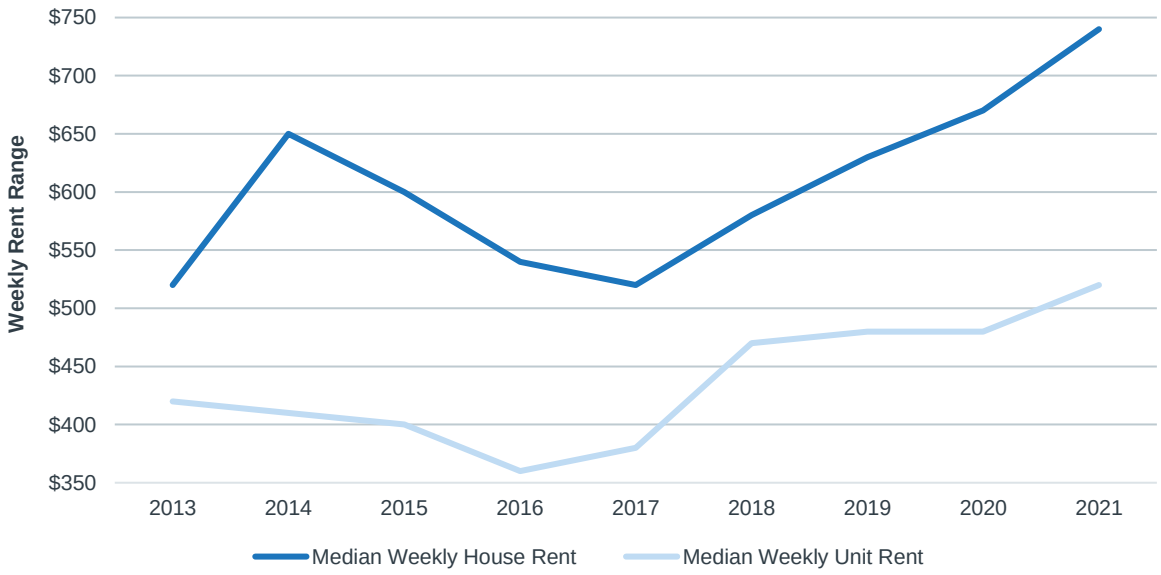
Figure 5.17: Gerroa Median House Price Movement (2011-2021)



Source: Pricefinder/ Residex (2022).

During the 12 months to December 2021, the median weekly house rental increased by 10% to $740 per week whilst for apartments (and/or other forms of strata title dwellings) reflected an increase of 8% to $520 per week (according to Residex).

Figure 5.18: Gerroa Median Weekly House/Unit Rental Movement (2013-2021)



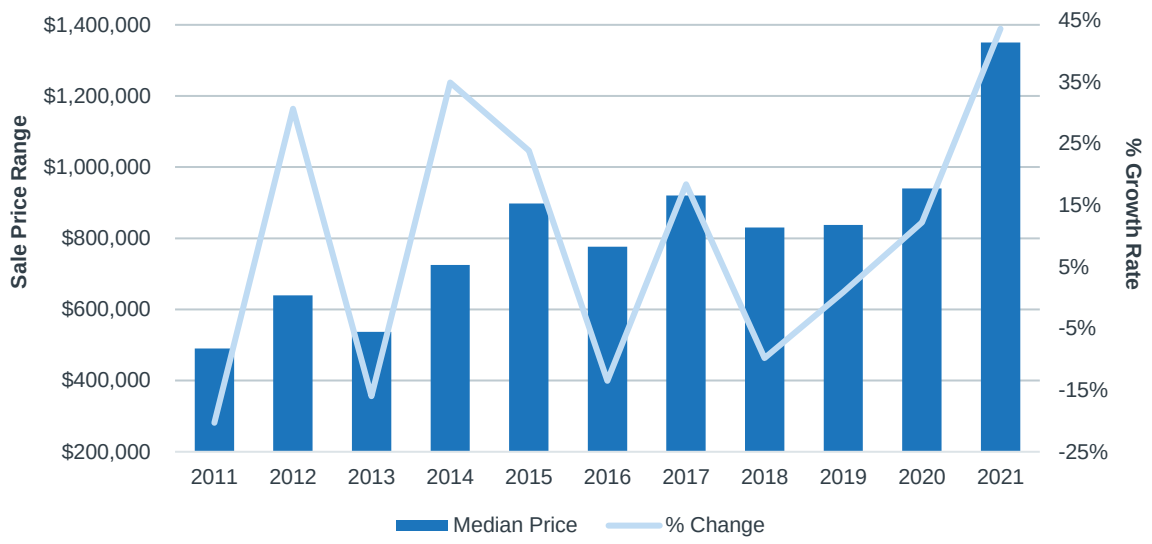
Source: Residex (2022).

5.9. JAMBEROO

Jamberoo experienced strong capital growth over the preceding 12 months to December 2021 of 43.60%, reflecting a median house price of $1,350,000 (according to Pricefinder).Recent transactional evidence observed in Jamberoo indicates typical freestanding houses sell between $980,000 and $1,400,000. Larger 'acreage' style residences have been observed to transact between $2,500,000 and $7,600,000.

Other forms of housing including apartments, duplexes, townhouses and apartments are less common in Jamberoo, however a 2020 transaction for a villa in Churchill Street reflected a sale price of $785,000 whilst a duplex in the same street also sold for $725,000 in 2020. Given the higher proportion of residents throughout Kiama LGA over the age of 55, the preference for single storey housing is likely to increase over the medium term.

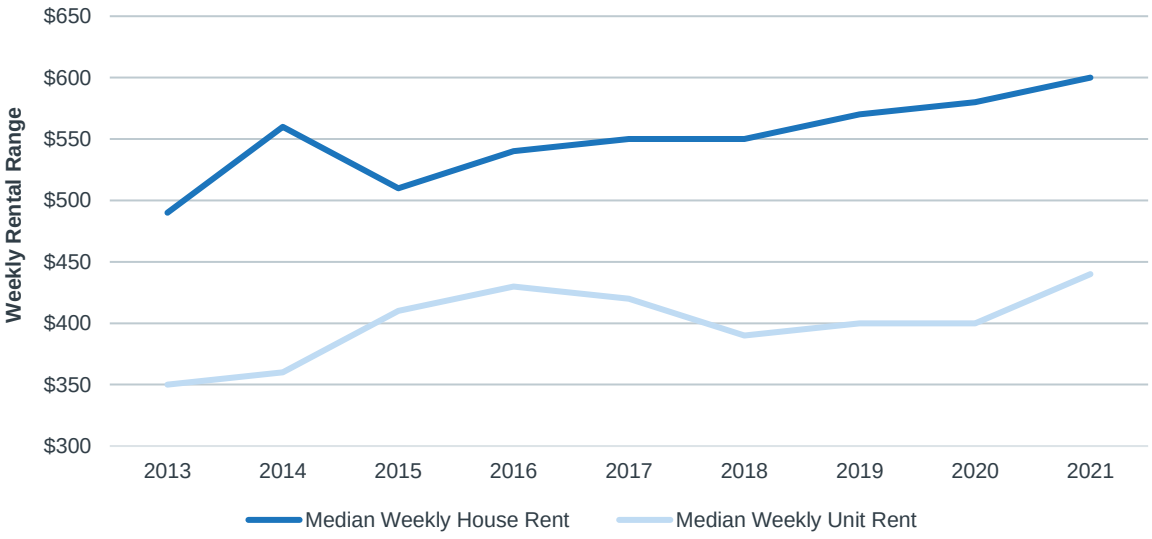
Figure 5.19: Jamberoo Median House Price Movement (2011-2021)



Source: Pricefinder (2022).

During the 12 months to December 2021, the median weekly house rental increased by 3% whilst for apartments (and/or other forms of strata title dwellings) reflected an increase of 10% (according to Residex).

Figure 5.20: Jamberoo Median Weekly House/Unit Rental Movement (2013-2021)



Source: Residex (2022).

5.10. HOUSING AFFORDABILITY

Housing affordability issues are not restricted to the Kiama LGA and are becoming a more important consideration for many LGAs throughout the Illawarra-Shoalhaven region and broader economy.

Based on Kiama LGAs average household income of $78,468 (shown in Table 5.2 as range between $75,000 and $80,000), a deposit of 20% and mortgage rate at 3.50%, the maximum purchasing capacity is between $501,064 and $534,468. This is materially lower than the current median house price of $1,330,000.

It is acknowledged the household income is based on historic data compiled from the 2016 Census. However, it is unlikely household income has increased to between $155,000 and $160,000 since 2016 which is what is required to purchase at the current median house price (based on the aforementioned metrics used).

Table 5.2: Housing Affordability in Kiama

Household Income	Household Income (Weekly)	Rental (% income)	Weekly Rental	Ownership* (% income)	Monthly	Principal Loan	Deposit	Home Affordability
$60,000	$1,154	30%	$346	30%	$1,500	$334,042	$66,808	$400,851
$65,000	$1,250	30%	$375	30%	$1,625	$361,879	$72,376	$434,255
$70,000	$1,346	30%	$404	30%	$1,750	$389,716	$77,943	$467,659
$75,000	**$1,442**	**30%**	**$433**	**30%**	**$1,875**	**$417,553**	**$83,511**	**$501,064**
$80,000	**$1,538**	**30%**	**$462**	**30%**	**$2,000**	**$445,390**	**$89,078**	**$534,468**
$85,000	$1,635	30%	$490	30%	$2,125	$473,227	$94,645	$567,872
$90,000	$1,731	30%	$519	30%	$2,250	$501,064	$100,213	$601,276
$95,000	$1,827	30%	$548	30%	$2,375	$528,901	$105,780	$634,681
$100,000	$1,923	30%	$577	30%	$2,500	$556,737	$111,347	$668,085
$105,000	$2,019	30%	$606	30%	$2,625	$584,574	$116,915	$701,489
$110,000	$2,115	30%	$635	30%	$2,750	$612,411	$122,482	$734,893
$115,000	$2,212	30%	$663	30%	$2,875	$640,248	$128,050	$768,298
$120,000	$2,308	30%	$692	30%	$3,000	$668,085	$133,617	$801,702
$125,000	$2,404	30%	$721	35%	$3,646	$811,909	$162,382	$974,291
$130,000	$2,500	30%	$750	35%	$3,792	$844,385	$168,877	$1,013,262
$135,000	$2,596	30%	$779	35%	$3,938	$876,862	$175,372	$1,052,234
$140,000	$2,692	30%	$808	35%	$4,083	$909,338	$181,868	$1,091,205
$145,000	$2,788	30%	$837	35%	$4,229	$941,814	$188,363	$1,130,177
$150,000	$2,885	30%	$865	35%	$4,375	$974,291	$194,858	$1,169,149
$155,000	**$2,981**	**30%**	**$894**	**35%**	**$4,521**	**$1,006,767**	**$201,353**	**$1,208,120**
$160,000	**$3,077**	**30%**	**$923**	**40%**	**$5,333**	**$1,187,707**	**$237,541**	**$1,425,248**

Source: AEC

Home affordability at median household income
Amount of household income required to purchase at current median house prices

6. THEORETICAL ADDITIONAL HOUSING CAPACITY

Theoretical additional housing capacity can be defined as the estimated number of additional dwellings that could, in theory, be accommodated within a specific region based on current planning controls (i.e., zoning, FSR and permissible building height).

KEY OBSERVATIONS:

- The potential additional dwelling capacity across the Kiama Study Area is assessed to be 9,002 lots/ dwellings (or 5,891 excluding the release areas) based on existing planning controls.
- It is anticipated the dual occupancy typology can potentially deliver the greatest number of additional dwellings at 3,455 followed by residential flat buildings at 1,583 dwellings.
- Subdivision potential including release area lands can potentially deliver an additional 3,144 housing lots.
- Additional capacity for townhouses and integrated housing is limited with total potential for a combined further 188 dwellings.

The method adopted to calculate the theoretical additional housing involves the following steps:

Step 1 Calculated Total Land Area

Determine the 'Total' land area within the LGA.

Step 2 Determine Unconstrained Land Area

(a) Determine the land area within the LGA that is 'Constrained'. 'Constrained' land for the purposes of this assessment includes land that is:

- Improved with existing strata complexes;
- Social infrastructure;
- Community facilities;
- Riparian/flood/biodiversity classified land;
- Slope affected land[1];and
- Heritage listed properties

(b) Deduct the 'Constrained' land area from the 'Total' land area to arrive at the 'Unconstrained' land area.

Step 3 Determine Developable Land Area

(a) From the 'Unconstrained' land area, identify and determine the sum total of land lots which are considered fully improved and unlikely to be developed further (i.e., land not likely to deliver additional housing). Referred to as the 'Fully Developed' land.

(b) Deduct the 'Fully Developed' land area from the total (minus the Constrained land) land area to arrive at the 'Developable' land area (i.e., land capable of delivering additional housing through its development/redevelopment).

Step 4 Determine the Theoretical Additional Housing Capacity

(a) Determine the 'highest and best use' of the Developable land area. This involves reviewing the existing planning and development controls to determine the future development typology that represents the highest density and legally permissible building typology per zoning category. (i.e., dual occupancy development in an R2 Low Density Residential zone,

[1] Sites affected by a gradient in land typography greater than 20 degrees

RFB's in the R3 Medium Density zone). This is referred to as the 'Highest and Best Use Typology'

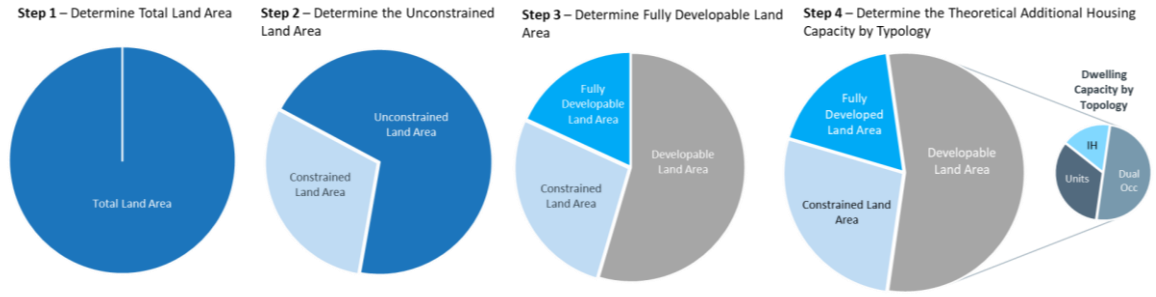
(b) Based on Highest and Best Use Typology for each zoning classification, calculate the development density (based on FSR, building height and other development controls) to arrive at a 'maximum GFA'.

(c) Based on an appropriate accommodation mix assumption, determine the number of dwellings that can be developed within the GFA referred to as the 'Dwelling Capacity'.

(d) Deduct from the 'Dwelling Capacity' the sum total of all existing dwellings on the Developable land area to arrive at the 'Theoretical Additional Housing Capacity'. It represents the 'net' additional amount because redevelopment of the Developable land area will inevitably result in the loss of existing dwellings to be replaced with the redevelopment of new dwellings (i.e., if the Dwelling Capacity results in 2 (two) dwellings from a dual occupancy development which replaces 1 (one) single dwelling house, then the equivalent Theoretical Additional Housing Capacity for this property is 1 (one) dwelling).

The process explained above to assess the theoretical additional capacity is diagrammatically outlined in Figure 6.1.

Figure 6.1: Phases of Assessing Additional Capacity



Source: AEC.
Note: IH – Integrated Housing.

DPE Kiama Dwelling Potential Analysis

In August 2021, DPE prepared the 2021 Kiama Dwelling Potential Analysis (KDPA). Using the Urban Feasibility Model (UFM) Version 3.0, which calculates the theoretical maximum number of dwellings that could be built if every lot was developed or redeveloped to the maximum extent possible under current planning controls.

The KDPA identifies that 51% of the dwelling potential is for dual occupancy development, 42% for residential apartment development (up to 4 storeys), 4% for integrated housing with the remainder for residential subdivision as highlighted in Table 6.1.

Table 6.1: DPE Kiama Dwelling Potential Analysis, 2021

Zone	Development Type					Total	Percentage
	Subdivision	Integrated Housing	Dual Occupancy	Townhouse	RFB (up to 4 storey)		
B1	-	-	-	-	50	**50**	**0.53%**
B2	-	-	-	-	817	**817**	**8.61%**
R2	172	366	4,814	-	-	**5,352**	**56.38%**
R3	-	-	-	-	3,221	**3,121**	**32.88%**
R5	30	42	80	-	-	**152**	**1.60%**
Total	**202**	**408**	**4,894**	**-**	**3,988**	**9,492**	**100%**

Source: DPE (2021).

It is important to note, the DPE Kiama Dwelling Potential Analysis does not include the release area lands.

AEC Theoretical Additional Housing Capacity

The Kiama Study Area can potentially accommodate 9,002 net additional lots/ dwellings (or 5,891 excluding the release area lands) based on current planning controls as tabulated in Table 6.2.

Table 6.2. AEC Additional Dwelling Capacity Assessment

Zone	Subdivision	Integrated Housing	Dual Occupancy	Townhouse	Residential Flat Building	Total
B1	0	0	0	0	51	**51**
B2	0	0	0	0	556	**556**
R2	3,144	182	3,455	0	0	**6,781**
R3	0	0	0	6	1,583	**1,589**
R5	12	0	13	0	0	**25**
Total	**3,156**	**182**	**3,468**	**6**	**2,190**	**9,002**
Total (ex. land release)	**45**	**182**	**3,468**	**6**	**2,190**	**5,891**

Source: AEC.

Table Notes & Assumptions:

- *Residential Flat Buildings (RFBs) also include shop top housing dwellings.*
- *KMC have informed AEC of existing water/ sewer capacity constraints in Jamberoo which will severely limit development potential. The modelling and assessment have been prepared on the basis that any potential additional dwelling capacity identified for Jamberoo could be delivered without material increase in time or cost.*

Key Comparison Comments between AEC and DPE Capacity Results and Approach:

DPE UFM excludes Dwelling Capacity Potential from the Urban Land Release Areas

- AEC has undertaken the dwelling capacity calculations including the capacity within the urban release area sites. The UFM was prepared without the urban release area capacity. Therefore, any comparative analysis between the DPE dwelling capacity results and AEC's dwelling capacity results should be on the figures which exclude the capacity associated with the urban release areas.

Constrained Land Treated the Same Way

- As with AECs assessment of theoretical additional housing capacity, DPEs model accounts for the potential additional housing that can be accommodated rather than total potential housing capacity (based on current planning controls). Similarly, DPE exclude sites deemed to be 'constrained' including those comprising community assets, heritage classification, existing strata schemes, aged care facilities, larger shopping facilities, schools etc.

RFBs Dwelling Capacity the Key Difference

- The key difference in AEC and DPEs assessments relate to the number of potential RFBs (2,190 (AEC) - v - 3,988 (DPE)).

DPE UFM Calculations Based on Model Algorithms and Non-Auditable by AEC

- AEC directly queried DPE on the model and a run-through demonstration of the model given by DPE staff. Further, an outline of model input assumptions was provided by DPE. Despite this consultation with DPE, the inner working and algorithms of the model were not transparent and therefore a 'like-for-like' comparison between AEC's calculations and DPE's calculations regarding additional dwelling capacity was unable to be undertaken given the calculations were not able to be audited by AEC.

AEC's Approach Excludes Flood Prone and Land Slip Site whereas the UFM is Not Undertaken to this Detail

- AEC have excluded sites that are substantially flood prone and those with a gradient equal to or greater than 20 degrees (to the extent where development potential is compromised). Of the 431 sites identified as flood and/or slope affected, AEC have excluded 123 sites (where development potential is compromised) from this assessment.

Apartment Density Assumptions Slightly Different

- The potential differences in apartment yield between the two approaches could be influenced by the assumptions used within the UFM including average apartment sizes adopted, efficiency ratios applied, and development/ consolidation patterns used for sites that can accommodate RFBs. An RFB test site sample conducted by AEC indicated a yield of 75 apartments based on an average GFA per apartment of 80m^2 and when compared to the UFM, the same test site was verbally advised to accommodate 90 apartments which reflects an average GFA per unit of 67m^2. Assuming the same GFA is adopted by AEC and within UFM (based on current FSR and Building Height limits), this comparison of density would suggest the UFM model is utilising a more optimistic density assumption which would result in a higher dwelling capacity output.

Urban Release Lands

According to the Illawarra Shoalhaven Urban Development Program Update 2018, Kiama LGA has potential for 617 net additional dwellings across the earmarked release areas as shown in Table 3.5.

KMC advise that the Drualla Road project (Jamberoo) is currently under construction whilst Golden Valley Road (Jamberoo) and Henry Parkes Drive (Kiama Downs) projects have been rezoned with DAs submitted. The Iluka (Kiama Downs) project had its rezoning application rejected.

The remaining sites (West of Elambra Estate and South Kiama Drive) have had Gateway Determinations issued whilst the Spring Creek project has been rezoned however restricted from being developed due to Title encumbrances.

Table 6.3: Kiama Greenfield Dwelling Production and Forecast

Release Area	Potential	17/18	18/19	19/20	20/21	21/22	5 yr Total	Remaining Capacity >5 yrs
Drualla Road (Jamberoo)	15	-	15	-	-	-	15	**0**
Golden Valley Road (Jamberoo)	47	-	-	47	-	-	47	**0**
Henry Parkes Drive (Kiama Downs)	25	-	-	25	-	-	25	**0**
Iluka (Kiama Downs)	9	-	9	-	-	-	9	**0**
West of Elambra Estate	350	-	-	-	-	-	0	**350**
South Kiama Drive	8	8	-	-	-	-	8	**0**
Spring Creek	163	-	-	-	-	-	0	**163**
Total	**617**	**8**	**24**	**72**	**0**	**0**	**104**	**513**

Source: Illawarra Shoalhaven Urban Development Program Update 2018

In addition to the above sites, additional release area sites that have been earmarked include South Kiama and Bombo Quarry, which combined, are anticipated to deliver 2,455 net additional lots.

6.1. HOUSING SUPPLY CAPACITY ANALYSIS - BY SETTLEMENT

The theoretical housing capacity for a particular region is determined by estimating the number of dwellings (across multiple typologies) that could, in theory, be accommodated in that specific region. This is based on current planning controls (i.e., adhering to prescribed FSR, building height, minimum lot size requirements and so forth), historic, current and projected trends in housing supply/ demand as well as any proposed land release precincts or in this case, proposed expansion areas.

It is, conceptually, the maximum number of additional dwellings that could be development based on the current planning controls and can only be considered as an indicative assessment only.

Presently, there is no standard formula for stimulating growth and renewal in established urban areas and infill locations. High value existing land uses, fine grain lot patterns, demographic profile and/ or fragmented land ownership can each cumulatively make large scale, comprehensive development not always the most likely or feasible outcome. Ultimately, market dynamics and development feasibility underpin the prospects for growth and development activity.

For the purpose of this assessment, calculations of theoretical additional housing supply for the Kiama Study Area have been prepared on a lot-by-lot basis and are subject to the criteria outlined within Table 6.4. It is also acknowledged that in a real-world scenario, other factors would require consideration and can impact likely development yields. This may include, but not limited to, topography and shape of land, aspect, other planning controls (i.e., building setbacks, requirement of open space, solar access), however confirming the nature of such exercises is indicative only.

Table 6.4: Kiama LEP and DCP Criteria Adopted for Assessment

Typology	Zoning	Street Frontage	Minimum Lot Area
Subdivision	• R2 – Low Density Residential	• 15 metres	• 450m² • (800m² for Jamberoo)
Dual Occupancy	• R2 – Low Density Residential	• 15 metres	• 600m² • (800m² for Jamberoo)
Townhouse	• R3 – Low Density Residential	• 25 metres	• 1,000m²
Apartments (*RFB)	• R3 – Medium Density Residential • B2 – Local Centre • B1 – Neighbourhood Centre	• 25 metres	• 1,000m²
Integrated Housing	• R2 – Low Density Residential	• 25 metres	• 150m²
Land Excluded from Additional Capacity	• Constrained land (existing strata development, heritage sites, social/community infrastructure, lots that are predominantly flood affected land and lots subject to a slope in the land equal to or greater than 20% to the extent which would potentially impede development).		
Assumptions	• Land zoned B1, B2 or R3 that is unlikely or unable to be developed in isolation, is not deemed constrained or does not meet minimum current planning controls is assumed to be amalgamated with adjoining land in order to then meet the minimum frontage or land area requirements to be able to be developed and therefore achieve maximum theoretical capacity.		

Source: AEC, Kiama LEP and DCP.
* RFB – Residential Flat Building

A detailed review of additional dwelling potential across the key settlements of Kiama LGA follows.

Minnamurra

As outlined earlier, Minnamurra is geographically constrained due to the Minnamurra River, Golf Course and a Reserve bordering large sections of the suburb. There are only 2 identified vacant land sites in the suburb. Permissible land uses are dominated by low density planning controls in accordance with R2 Low Density Residential. A small pocket of B1 Local Neighbourhood land is situated in the suburb which could potentially accommodate four shop top housing dwellings. There is no other zoning that allows mixed use, medium density or RFBs housing types.

Minnamurra could theoretically accommodate 63 net additional dual-occupancy dwellings as tabulated in Table 6.5.

Table 6.5: Theoretical Capacity of Net Additional Dwellings, Minnamurra

Zoning	Development Typology					Total
	Subdivision (single housing lots)	Integrated Housing	Dual Occupancy	Townhouse	RFB up to 4 storeys	
B1	0	0	0	0	4	**4**
R2	0	0	63	0	0	**63**
Total	**0**	**0**	**63**	**0**	**4**	**67**

Source: AEC, Archistar (2022).

Kiama Downs

Kiama Downs includes pockets of B1 Neighbourhood Centre and R3 Medium Density Residential zoned land. Based on the criteria set out in Table 6.4, the identified sites with B1 and R3 zoning are unlikely to accommodate any net additional dwelling capacity. This is due to this land either having riparian classification and/or existing development at/near the current prescribed planning controls (deemed constrained or fully developed).

Analysis of the suburb reveals there are ~5 existing vacant sites suitable for redevelopment however notable larger R2 Low Density Residential zoned sites suitable for potential subdivision include a site situated at Henry Parkes Drive (Lot 442 in DP1201831) with a land area of 3.12 Ha (2.4 Ha considered developable) and a site situated at the junction of Barton Drive and Riverside Drive (Lot 12 in DP1122990) which has a land area of 6,798m². Combined, these sites could potentially accommodate ~37 net additional allotments/ dwellings (assuming minimum lot area of 450m²).

Dual occupancy appears to be the most appropriate form of dwelling typology that could be delivered within Kiama Downs based on existing planning controls, prevalence of lots with a minimum site area of 600m² and street frontage of 15m. Approximately 990 net additional dual-occupancy dwellings could be accommodated within Kiama Downs based on current planning controls. A summary of this assessment follows in Table 6.6.

Table 6.6: Theoretical Capacity of Net Additional Dwellings, Kiama Downs

Zoning	Development Typology					Total
	Subdivision (single housing lots)	Integrated Housing	Dual Occupancy	Townhouse	RFB up to 4 storeys	
B1	0	0	0	0	0	**0**
R2	37	8	990	0	0	**1,035**
R3	0	0	0	0	0	**0**
Total	**37**	**8**	**990**	**0**	**0**	**1,035**

Source: AEC, Archistar (2022).

Kiama

The primary settlement of Kiama is comprised of zonings (that allow housing development) B2 Local Centre, R2 Low Density Residential and R3 Medium Density Residential with some pockets of R5 Large Lot Residential (notably within the Cedar Ridge precinct).

From review of the Kiama Town Centre, which comprises the bulk of B2 zoned land in the suburb of Kiama, it is noted there are a large number of heritage listed properties, fragmented ownership and lots too small to accommodate shop-top housing in isolation (per current planning controls).

A number of existing vacant sites have been identified (currently utilised as a public open car parks) and/or are underdeveloped sites including those at 3 Akuna Street, Lot 1 in DP506764 Akuna Street, 61 Shoalhaven Street, 109 Terralong Street, 11 Manning Street and 4-6 (Lot 11 in DP229319) Akuna Street which are suitable for redevelopment. Kiama Municipal Council own the majority of these sites (except for 3 Akuna Street). 11 Manning Street is currently utilised as their Council Chambers which includes a small heritage listed building at the south-eastern side of the site leaving the remainder of the site suitable for redevelopment.

Within the Kiama Town Centre, the permissible FSR currently ranges between 1.5 - 2.5:1 with a permissible building height range of between 11-19 metres for the land zoned B2 Local Centre. Based on current planning controls, the total combined GFA that could be delivered across the centre equates to ~69,399m². ~21,312m² of

this would be utilised for non-residential purposes, typically at ground level. The residential component GFA (forming part of shop-top housing) therefore equates to ~48,087m² which based on an efficiency factor of 85% and average internal apartment size of 80m², could accommodate approximately 511 dwellings. Review of R2 Low Density Residential zoning indicates sites that could accommodate dual-occupancy housing equates to an additional 1,054 dwellings. Sites deemed suitable for potential integrated housing development (generally corner sites with dual street frontage) could potentially yield an additional 92 dwellings. Most of the identified sites are currently improved with freestanding housing development.

For the purpose of this assessment, various aforementioned release area sites have been included within the calculations. In accordance with the Illawarra Shoalhaven Development Program, Kiama (including the Bombo Quarry site) could accommodate some 2,662 lots. The remaining release area lands in other precincts of the Kiama LGA have been attributed to the respective settlement they are adjacent to, or within.

There are currently large pockets of R3 Medium Density Residential zoning land throughout Kiama, particularly to the south of Kiama Town Centre adjacent to Kiama Surf Beach and Kendalls Beach. Whilst R3 zoning would typically accommodate townhouse development, in accordance with Kiama's LEP, residential flat buildings are permissible. Most of the appropriately sized R3 sites within Kiama have already been developed with townhouse and/or RFB development. However, there remains a substantial amount of R3 zoned lots that would require consolidation in order to achieve greater density (as these sites are either too small in area or do not have the required street frontage to accommodate RFB development in isolation).

For the purpose of this analysis (and in line with DPEs methodology used for their UFM), various R3 zoned sites have been hypothetically consolidated in order to achieve greater density. On this basis, a potential additional dwelling capacity of 1,404 RFB dwellings could be accommodated within Kiama.

There are three main precincts zoned R5 Residential Large Lot within Kiama LGA, each of which are situated within the suburb of Kiama. Most of the land is currently developed however some remaining vacant sites or those that could potentially be subdivided, equating to 12 net additional single housing lots could potentially be delivered. Dual occupancy is a permissible use in R5 zoning, estimate to 13 additional dwellings that could be accommodated.

A summary of assessment follows in Table 6.7.

Table 6.7: Theoretical Capacity of Net Additional Dwellings, Kiama

Zoning	Development Typology					Total
	Subdivision (single housing lots)	Integrated Housing	Dual Occupancy	Townhouse	RFB up to 4 storeys	
B2	0	0	0	0	511	**511**
R2	2,662	92	1,054	0	0	**3,808**
R3	0	0	0	0	1,404	**1,404**
R5	12	0	13	0	0	**25**
Total	**2,674**	**92**	**1,067**	**0**	**1,915**	**5,748**

Source: AEC, Archistar (2022).

Gerringong

After Kiama, Gerringong is the LGAs second largest settlement. There are existing pockets of B1 Neighbourhood Centre and B2 Local Centre zoned sites, in particular, within the Gerringong Town Centre. AEC estimate across these zonings, a net additional 79 dwellings could potentially be accommodated. Approximately 981 sites that could accommodate dual occupancy have been identified throughout Gerringong. A large proportion of the potential additional housing can be accommodated within the Werri Beach precinct extending to the north of Gerringong. A number of sites have been identified as flood affected and/or affected by a gradient equal to or greater than 20 degrees which have been excluded from this assessment.

Sites deemed suitable for potential integrated housing development (generally corner sites with dual street frontage) could potentially yield an additional 56 dwellings. To the south and west of the Gerringong Town Centre, there are pockets of existing R3 Medium Density Residential sites, some of which remain undeveloped. An estimated 179 net additional RFB dwellings could be accommodated within the R3 zoned land in Gerringong.

However, RFB development further away from the coastal peripheries may not be the most appropriate form of dwelling typology given the existing character of the region. In terms of land suitable for subdivision, the dwelling potential identified for the various release areas have been included in addition to smaller vacant lots that have also been identified as being suitable for subdivision.

Table 6.8: Theoretical Capacity of Net Additional Dwellings, Gerringong

Zoning	Development Typology					Total
	Subdivision (single housing lots)	Integrated Housing	Dual Occupancy	Townhouse	RFB up to 4 storeys	
B1	0	0	0	0	47	**47**
B2	0	0	0	0	32	**32**
R2	350	56	981	0	0	**1,387**
R3	0	0	0	6	179	**185**
Total	**350**	**56**	**981**	**6**	**258**	**1,651**

Source: AEC, Archistar (2022).

Gerroa

Gerroa is the southernmost settlement within the Kiama Study Area. Potential for additional dwellings is generally limited to dual occupancy. Approximately 240 additional dwellings could potentially be accommodated within Gerroa.

Table 6.9: Theoretical Capacity of Net Additional Dwellings, Gerroa

Zoning	Development Typology					Total
	Subdivision (single housing lots)	Integrated Housing	Dual Occupancy	Townhouse	RFB up to 4 storeys	
B1	0	0	0	0	0	**0**
R2	0	0	240	0	0	**240**
R3	0	0	0	0	0	**0**
Total	**0**	**0**	**240**	**0**	**0**	**240**

Source: AEC, Archistar (2022).

Jamberoo

Jamberoo comprises a small retail/ commercial strip along Allowrie Street which is zoned B2 Local Centre. There are no current/ existing apartments or RFBs situated within Jamberoo however an estimated 13 dwellings could be accommodated within the B2 zoned land (which is limited in terms of development potential due a number of heritage-listed properties).

Generally, for various forms of housing including dual-occupancies and integrated housing, Jamberoo's current planning controls require larger minimum lot sizes (800m²) and street frontages (20m) as compared within the remainder of the LGA. Additional dwelling potential for 127 dual-occupancy dwellings and 26 integrated housing typologies could be accommodated throughout Jamberoo. In terms of suitable land for subdivision, the dwelling potential identified for the various release areas in addition to pockets of vacant lots also suitable for subdivision are included in this assessment. Furthermore, KMC have advised of existing water/ sewer capacity constraints in Jamberoo which will severely limit development potential within the settlement. This modelling has been prepared on the basis that any potential additional dwelling capacity identified for Jamberoo can be hypothetically delivered without material increase in time or cost.

Table 6.10: Theoretical Capacity of Net Additional Dwellings, Jamberoo

Zoning	Development Typology					Total
	Subdivision (single housing lots)	Integrated Housing	Dual Occupancy	Townhouse	RFB up to 4 storeys	
B2	0	0	0	0	13	**13**
R2	95	26	127	0	0	**248**
Total	**95**	**26**	**127**	**0**	**13**	**261**

Source: AEC, Archistar (2022).

6.2. DPE POPULATION FORECASTS AND IMPLIED DWELLING DEMAND

DPE regularly reviews their NSW population, household and implied dwelling projections on behalf of the NSW Government. The projections and/ or forecasts prepared by DPE are not a target or a representation of Government intent but are representative of possible demographic future scenarios based on the most likely and best assessment of how the NSW population may change over time taking into consideration population size, age profile and residential location amongst other factors.

The DPE projections are used as a common framework across NSW Government and inform planning policy decisions involving infrastructure/ service delivery including provision of hospital beds, school classrooms, roads and public transport.

On 30th May 2022, DPE publicly released their latest projections which include the impact of the population changes/ movements experienced during the COVID-19 pandemic.

COVID-19 has impacted the housing market and population trends in regional and coastal locations like Kiama LGA. As an example, data from the NSW Valuer General reflected unimproved statutory land value year-on-year growth (to 1 July 2021) in the **Kiama LGA of 53.5%, the highest recorded in the state of NSW**. This surge in unimproved land value results from the huge increase in demand experienced across the Kiama LGA since the onset of the pandemic. With more flexible work from home arrangement likely to remain in place going forward, anticipated demand for regional centres/ towns still within reasonable commute to capital cities (such as Kiama) are likely to continue experiencing abnormal growth and demand.

DPEs population projections have accordingly been revised to reflect the changing demand profile for Kiama LGA, outlining an increase in projected population growth, between 2021-41, from 3,065 residents to 6,917 residential between the period of 2021-41 reflecting a **substantial increase of +126%** as shown in Table 6.11.

Table 6.11: Population Projections, Kiama LGA (2021-41)

Population	2021	2026	2031	2036	2041	2021-41 Increase	% Difference
2019 Projections	23,042	23,485	24,336	25,180	26,107	**3,065**	+126%
2021 Projections	23,930	25,438	27,268	29,081	30,847	**6,917**	

Source: Department of Planning and Environment (2022).

Of equal importance, DPEs implied dwelling demand for Kiama LGA has been **revised from 1,990 dwellings to 3,771, a substantial increase of +90%.**

Table 6.12: Implied Dwelling Demand, Kiama LGA (2021-41)

Implied Dwellings	2021	2026	2031	2036	2041	2021-41 Increase	% Difference
2019 Projections	11,058	11,412	11,950	12,497	13,048	**1,990**	+90%
2021 Projections	11,676	12,461	13,436	14,465	15,447	**3,771**	

Source: Department of Planning and Environment (2022).

The Kiama LSPS was prepared on data compiled prior to 2020 (and also prior to the onset of the COVID-19 pandemic) and would now appear to be a dated document requiring amendment/ update together with any other strategic documents which are guided by the LSPS such the Kiama Housing Strategy.

In order for the region of Kiama to adequately plan for future population and housing growth, potential consideration now needs to be given to explore additional release area sites and this may be considered in the Kiama Housing Strategy which we understand was being developed at the time of this report.

7. EFFECTIVE HOUSING DEMAND

Multiple factors impact effective housing demand for a region. Kiama LGA for example, has a higher than average median age of 47 which dictates preference for certain dwelling typologies. The key factors and how they relate to the Kiama Study Area are explored in this chapter.

7.1. FACTORS INFLUENCING HOUSING DEMAND

Population Growth

It is widely recognised that demand for housing is generally dependent on population growth, therefore it is logical that population trends and projections are analysed to derive a basis for understanding the demand for housing.

The Kiama SA2 recorded a population of almost 7,900 residents in 2016, comprising just over 35% of the Kiama LGA population. Population growth in the Kiama SA2 has been steady over the 10 years to 2016; the area recorded an average annual population growth of 1.9% over the 2006-2011 period with a lower rate of 0.9% per annum over the 2011-2016 period. Since 2006, the population increased by 1,100 residents in the Kiama SA2, representing 43% of the total population growth in the broader Kiama LGA over the same period.

In the neighbouring Kiama Hinterlands-Gerringong SA2, a population of just over 8,000 was recorded in 2016, accounting for just over 36% of the total Kiama LGA population. Moderate population growth has been recorded over the 2006-2016 period; an additional ~1,250 residents were recorded over the 10 years to 2016 following an average annual growth rate of 1.5% over 2006-2011 and 1.9% over the 2011-2016 period. This growth represents just over half of the total population growth in the Kiama LGA over the same period.

The Kiama and Kiama Hinterlands-Gerringong SA2s have both recorded stronger population growth over 2006-2016 compared to the broader Kiama LGA. The Kiama LGA recorded an average annual population growth of 1.2% over both the 2006-2011 and 2011-2016 periods. This is unsurprising given the Kiama and Kiama Hinterlands-Gerringong SA2s are the most densely populated and have the greatest propensity for additional housing (based on current planning controls).

In the year ending 30 June 2021, overseas migration contributed a net loss of 89,000 to Australia's population. This was the second lowest on record after a loss of 129,000 during World War 1[2]. The weakened level of migration was directly attributed to the ongoing COVID-19 pandemic but is expected to improve later in 2022 and into 2023.

Notwithstanding, house prices have performed strongly during the pandemic and lock-down period. The strong house price growth has been primarily attributed to record low interest rates, high levels of Government stimulus, reduced listings of stock and increased demand for larger dwellings and/or those situated in ‘lifestyle’ regions including coastal or rural areas.

Ageing Population

The local population in the Kiama SA2 is heavily dominated by older residents with more than 42% of residents aged 55 years and older (with 12% aged 75 years and older). Just over a quarter of local residents are 24 years and younger with just over 32% aged between 25 and 54 years. The proportion of older residents has gradually increased over the 2006 to 2016 period; residents aged 55 years and older comprising almost 35% of the local population in 2006, 39% in 2011 and 42% in 2016.

The Kiama Hinterland-Gerringong SA2 is observed to comprise a more diverse age profile; about 29% of the local population is age 24 years and younger, more than 33% of the population is aged between 25 and 54 years with just over 38% of residents aged 55 years and older. Similar to the Kiama SA2, the proportion of residents aged 55 years and older has generally increased over the 2006-2016 period, rising from almost 32% in 2006, 35% in 2011 and just over 38% in 2016.

[2] Australian Bureau of Statistics 2022

The broader Kiama LGA has a similar age profile to the Kiama and Kiama Hinterland-Gerringong SA2s:

- 17% is aged 14 years and younger.
- 34% are aged between 25 years and 54 years old.
- 39% are 55 years and older.

Residents of the Kiama Region are predominantly of retirement age or entering retirement (55 years and above). Whilst the general age structure of the population is likely to experience moderate growth in the next twenty years, there is an expected increase in residents aged 65 years and above.

An ageing population has a direct influence on the type of housing required; older residents are often attracted to smaller and/or maintenance friendly accommodation compared to those in the working population who typically required larger dwellings/ yards for a growing family.

Wage and Inflation Growth

In the March quarter 2022 the seasonally adjusted Wage Price Index (WPI) rose 0.7% (and 2.4% over the year) whilst the private sector rose 0.7% and the public sector 0.6% over the quarter. Wage growth in the private sector through the year rose 2.4%, continuing the pattern of increases in annual growth since the series low in September quarter 2020 (ABS 2022).

The public sector through March quarter 2022 reflected growth of 2.2%, the first increase in the rate after slowing in each quarter since the March quarter 2020.The three largest states were the main contributors to growth being New South Wales, Victoria, and Queensland. The most significant industries to contribute to growth this quarter were the professional, scientific and technical services, health care and social assistance and construction industries (ABS 2022).

Over the twelve months to March 2022, the Consumer Price Index (CPI) rose 5.1%. The most significant price rise was for new dwelling purchases by owner-occupiers (+5.7%) and Automotive fuel (+11.0%).

High levels of building construction activity combined with shortages of materials and supply chain disruptions have contributed to the largest rise in new dwelling prices since September 2000 when GST was introduced. Government housing construction grants have had a smaller impact on new dwelling prices this quarter due to fewer grant payments compared to last quarter.

Substantial rises in construction costs are typically temporal in nature and the supply of materials should improve as supply chain efficiencies improve. As demand for new construction moves through its cyclical peak combined with the winding down of government stimulus programs in the housing sector, this may aide in normalising construction costs.

Monetary Policy and Lending Requirements

Monetary policy, more specifically the official ‘cash rate’, has significant implications for asset prices including residential property. The cash rate is the base interest rate used by all major Australian financial lenders in setting commercial interest rates and thus invariably influences the borrowing capacity of households and investors.

The onset of the COVID pandemic sparked the implementation of various monetary policy reforms in Australia, the most notable of which being a significant reduction in the central bank’s cash rate target, reducing rates to 0.50% then 0.25% in March 2020 and a further cut in November 2020 to 0.10% (RBA, 2021b). The Reserve Bank of Australia (RBA) held the cash rate at 0.10% in January 2022, the 14th consecutive month of no change.

The unprecedented lowering in interest rates has contributed to a housing market boom across Australia, as homeowners and investors capitalise on the opportunity presented by lower rates and charges. However, interest rates are widely anticipated to increase in the latter half of 2022 and into 2023 as high inflation levels persist. This could potentially impact house prices, particularly if the RBA increases interest rates aggressively to try kerb inflation.

7.2. COVID-19 IMPACTS ON HOUSING DEMAND AND LIFESTYLE CHANGES

Many market commentators and even all the major Australian Banks had forecast house price declines (up to 35% in some instances) as result of the COVID-19 pandemic which came to light circa March 2020. Contrary to this and off the back of a reduction in the official cash rate to 0.10%, Government stimulus (i.e., JobKeeper, JobSeeker, HomeBuilder) and the RBA buying of commercial bonds and so forth, housing markets conversely demonstrated a period of significant growth from Q3 2020 onwards (with the exception of inner-city apartment markets in select capital cities).

This demand has been most evident for larger and/or 'lifestyle' dwellings and in particular those situated within the coastal peripheries. As an example, in Sydney, analysis compiled by Domain reveals that the Northern Beaches recorded the most growth at 38.70% YoY to June 2021.

Discussions with local agents reveals buyer activity has been largely driven by those moving out of capital cities, families, downsizers, retirees and young couples and that the 'work-from-home' scenario has materially changed buyer's decision to look further afield with more flexibility in between employees and employers in terms of office/ workplace attendance.

Other agents advise many of the enquiries across Kiama are from 'cashed-up' buyers exiting Sydney, Canberra and Wollongong and whilst some are buying holiday homes with a view to retire in a few years, others are reportedly moving to the Kiama LGA with the belief it's a better place to rise their raise kids. South coast regions within the Kiama LGA were most definitely a beneficiary of this strong demand with Kiama (suburb) having recorded growth of 22.60% in 2020 and 30.07% in 2021.

Demand for housing is increasingly being shaped by changing lifestyle preferences. Whilst different market segments will invariably opt for different housing product (i.e., young, growing family versus single retirees), a distinct trend towards smaller housing formats has transcended across much of NSW as a variety of buyers opt for more manageable, maintenance-friendly housing.

The 'downsizer' buyer cohort (older couples relocating from larger established housing following retirement and/or children leaving home) are particularly active in this market section. Equally important is the growth in interstate migration as older couples and retirees relocate to coastal regions from more urban locations. Often termed 'sea changers' this buyer cohort often has the greatest capacity to pay for more expensive housing product.

7.3. FACTORS INFLUENCING HOUSING SUPPLY

There are a considerable number of factors affecting new housing supply. The feasibility of individual sites for redevelopment is a key factor, and rarely is a single factor the only cause of poor development feasibility. All forms of land, whether infill, urban or greenfield etc. is subject to market factors which directly affect their land values and the feasibility of developing into higher and better uses.

The following are a selection of common factors that affect the feasibility of development for new housing, particularly in established urban centres such as those comprising the various settlements within the Kiama Study Area and across surrounding regions.

Land Value and Site Assembly

In order to economically acquire and develop land, the proposed use must translate into a higher value than the existing use including any improvements on it (or 'as is' use). Development will only occur if the proposed use is valuable enough to displace existing uses. While existing improvements may be dated and due for replacement, in many instances they may still be providing a good level of functional utility and thereby be relatively valuable.

As a consequence, the acquisition of land can be a high-risk and high-resource activity for developers, particularly where numerous parcels of land have to be amalgamated prior to development. Where numerous sites are required for a development block, the payment of incentives over and above market value is often required.

When sites are 'up-zoned' to higher densities landowner expectations often increase in tandem - unrealistic landowner expectations can thwart site assembly efforts. Across the Kiama Study Area, existing uses comprise a range of building typologies (i.e., detached housing, commercial buildings, unit blocks, etc). Some of these

properties are in a fine grain lot pattern and can be expensive to consolidate, where existing buildings are in good functional condition and existing-use values are high.

Where there are non-residential uses, additional considerations may include existing tenancies underpinned by lengthy unexpired lease terms which can potentially impede redevelopment.

Effective Demand

The type of land use proposed on a site underpins the value, i.e., the price a developer would be willing to pay in exchange for the opportunity to develop the site. At present in many suburban markets, residential is the dominant use - outpricing other uses (on a rate per square metre). As a consequence, in land use zones where a diverse range of uses is permissible, often residential uses represent the most financially attractive use, therefore making it difficult for other uses to compete for development sites. This is reflected in the development pipeline, where residential developments outnumber commercial developments.

Effective demand, rather than underlying demand, is relevant for development feasibility. The ability of households to pay for housing underpins the type and nature of development the market can respond with. Market attitudes across the Kiama Study Area are undoubtedly shifting as smaller residential product enjoys increasing market acceptance, decreasing the price disparity between houses and apartments. For example, if a 3-bedroom detached dwelling is available for $350,000 in a comparable location, it is unlikely a 3-bedroom unit will be able to achieve the same level of pricing.

Construction Costs

The cost of construction can increase substantially as buildings increase in height. Service requirements will dictate that more lifts will be required so that vertical transportation times are not compromised. Service shafts and fire escapes may correspondingly widen as a result. As development increases in height and density, so too will the requirement for on-site parking often requiring excavation works for basement parking. Basement parking can add a significant increase in cost, further exacerbated if the site is situated within land that is flood prone, close to waterways or where existing subsoil materials are more difficult or time consuming to extract (such as basalt, a hard volcanic rock found around the coastline of Kiama).

In deciding the amount of capital to apply to a site, i.e., how intensely (how many storeys) the site should be developed, developer capital will be applied to the point where incremental revenue is equal to incremental cost. It is no surprise that in many price-sensitive markets buildings throughout the Kiama Study Area rarely exceed 2-3 storeys. In many regional or even major regional centres, a number of local builders are observed to deliver small-scale boutique developments comprising between two to four townhouses/ villas. Such builders lack the access to capital and expertise to deliver large scale developments, such as those observed further north in Wollongong.

Rising Cost of Construction

Over the past twelve months, input prices to house construction rose 12.0%, primarily due to strong price inflation of timber, board and joinery (+18.4%) and other metal products (+13.2%) according to the ABS. Other factors that have contributed to construction prices are the ongoing supply chain issues and productivity issues (resulting from border restrictions). Another factor leading to the increase costs has been the implementation of the HomeBuilder Grant (the Grant) by the Australian Government which provided eligible owner-occupiers (including first home buyers) with a grant to build a new home, substantially renovate an existing home or buy an off the plan home/new home up to a certain amount.

Initially, the Grant was for an amount ranging between $15,000 (between 1 January 2021 and 31 March 2021) and $25,000 (between 4 June 2020 and 31 December 2020) for eligible owner occupiers. On 17 April 2021, the Australian Government extended the required construction commencement date from 6 months of signing contract to 18 months. Approximately 137,000 people applied for the Grant nationwide and whilst anecdotal, it would appear many tradesmen gained a solid pipeline of work resulting from the Grants.

In many cases, the grants brought forward people's decision to build and created a spike in demand which the construction industry could not respond to promptly enough with a corresponding increase in resources and workforce labour to meet such high demand. According to Master Builders Australia, the Grant boosted economic

activity in Australia by more than $120 billion, with the value of building work supported by HomeBuilder at $41.6 billion, resulting in ~374,000 jobs being created.

Planning/ Development Controls

Planning and development controls have the ability to affect feasibility through changes in land use zoning and densities but also through the costs associated with design requirements and securing planning approvals. Codes for parking, open space, sustainability, etc. all have the ability to influence the cost of development. As an example of the influence of development controls, an increase in density will increase height and cost of construction but may also impact on code-based requirements such as car parking areas.

Minimum floorspace requirements for non-residential uses can also affect development feasibility, particularly where revenue levels are lower than the cost to build. The cost of code compliance could have a disproportionate impact on cost, e.g., where additional basement parking is required, and could severely undermine the economics/ feasibility of development.

8. GENERIC FEASIBILITY TESTING

The Hypothetical Development or Residual Land Value (RLV) approach has been adopted as the method of development feasibility assessment, utilising Estate Master software.

A key input for development feasibility is land value, which is a 'residual' after all costs and revenues are taken into account. The figure must be of a sufficient amount to encourage the owner to sell and/or displace the current use. In order for development of a site to be feasible, the Residual Land Value must exceed the 'as is' value of the site, i.e., the value of the land in its existing use including all improvements.

8.1. ISSUES CONSIDERED

To date, the key observed barriers to the creation of additional new housing within the Kiama Study Area includes:

- **High cost of land** – Whilst the proposed end sale values for redeveloped or newly constructed dwellings is at record highs in Kiama, the cost of land is a significant factor in determining project feasibility. Reiterating (to 1 July 2021) the NSW Valuer General determined land values increased by 53.5% for Kiama LGA (the highest recorded in the state of NSW).
- **External perceptions Survey 2019** – Iris Research conducted a survey of people residing outside the LGA to understand their perception of the Kiama region. The village feel ranked highest (22%) in things people hoped didn't change. 79% of respondents strongly agreed that Kiama should protect its heritage buildings whilst people strongly disagreed that more housing estates (31%) and medium and high-density development (38%) should occur. 54% said they would less likely move to the area if more housing states were developed and 57% if more medium and high-density development was progressed.
- **Development constraints and rising costs** – Development constraints caused by travel restrictions and disruptions to the global supply chain as a result of the pandemic. This has impacted labour and materials availability and pricing initially and it is unknown if costs will remain at high levels or retract given the global and local supply chain disruptions.
- **Housing affordability issues** – Housing and rental prices across the Kiama LGA increased materially in recent years which is potentially pricing out many existing residents including young families within the region.
- **Planning controls** – Perusal of the Kiama DCPs and LEP indicates there are a number of controls that can potentially impact feasibility of a development (particularly in relation to higher density forms of housing) including the size of primary balconies required (i.e., minimum of 20m² for a 2-bedroom apartment, which is comparatively high) and the requirement for visitor parking at 1 space per 2 dwellings for higher density housing such as shop-top housing.

8.1.1. Development Activity

Development Pipeline

The Kiama Study Area has approximately 921 dwellings/residential lots currently approved or with a DA lodged. A large proportion (67.6%) of which comprises proposed residential land lots within Kiama, Gerringong and Jamberoo.

Apartments are the next most predominant dwelling type with approximately 151 (or 16.4%) followed by seniors living dwellings at approximately 74 (or 8.0%). The bulk of the proposed apartments (93.4%) and all of the proposed seniors living housing are earmarked for Kiama (suburb).

Some of the projects identified in the pipeline include those in early planning and/or are under assessment however they may not eventuate into delivery.

Table 8.1 provides an outline of the Kiama Study Area development pipeline by quantum and typology.

Table 8.1: Kiama Study Area, Development Pipeline (No. of Dwellings per Type)

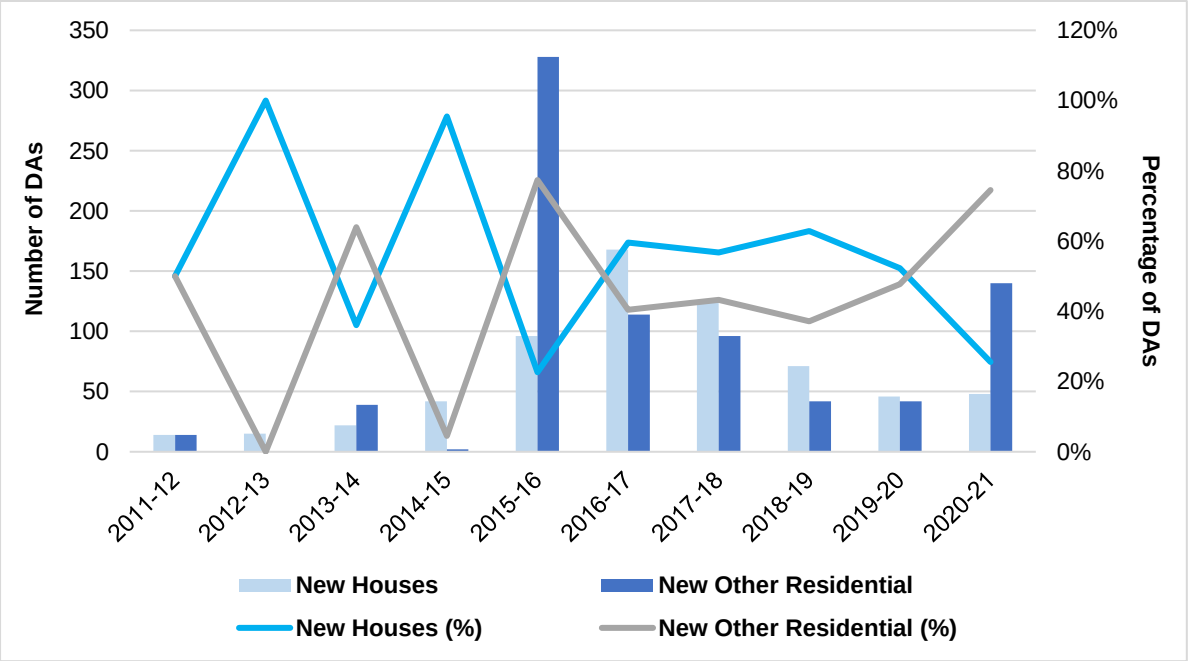
Suburb	No of Projects	Townhouse	Units	Res Lots	Duplex dwellings	Villas	Houses	Seniors Living	Serviced Apartments	Total
Kiama	20	10	141	513	2	-	2	74	5	**747**
Gerringong	4	19	10	13	8	-	4	-	-	**54**
Gerroa	-	-	-	-	2	-	4	-	-	**6**
Kiama Downs	1	-	-	-	4	-	3	-	-	**7**
Minnamurra	-	-	-	-	4	-	2	-	-	**6**
Jamberoo	1	-	-	97	-	-	4	-	-	**101**
Total	**26**	**29**	**151**	**623**	**20**	**-**	**19**	**74**	**5**	**921**

Source: Cordell Connect/ Kiama Council (2022).

Historic development application completions and approvals data indicates approvals peaked in 2015-16 with in excess of 400 approvals however has since undergone a steep decline from those highs.

Completions peaked between 2017-2019 followed by a sharp decline between 2019-20 and an increase in activity over the 2020-21 period as shown in Figure 8.1. Interesting, DA approvals for the Kiama region tend to reflect an inverse relationship between new houses and other forms of dwellings (apartments, units, townhouses, semi-detached dwellings, row and terrace housing).

Figure 8.1: Historic Development Approvals, Kiama LGA



Source: Remplan (2022).
Note: New Other Residential comprises, apartments, units, townhouses, semi-detached dwellings, row and terrace housing.

A brief summary of the proposed larger projects follows.

- **33 Collins Street and 23 Meares Place, Kiama:** This project comprises the construction of a 5-storey building with 55 seniors living units (7 x 1, 39 x 2 & 9 x 3 bedroom, 3 caretaker units, 2 x 2 and 1 x 3 bedroom) and 1 ground level retail tenancy (157m²). Further, two levels of basement car parking for 78 vehicles, 4 motorcycles and 16 bicycle spaces to be included.
- **Saddleback Mountain Road and Weir Street, Kiama:** Development to consist of approximately 444 low density R2 zoned residential lots. Approximately 285 of the proposed residential allotments to be 450m², 156 small residential allotments of 300m² and 3 large lots 1,000m².

- **Golden Valley and Jamberoo Roads, Jamberoo:** Proposed reconfiguration into 51 Torrens title residential lots ranging in size from 800m² to 986m². Project to include new access roads to be extended from Golden Valley Road.

With the exception of the above developments, most developments are relatively small in scale with apartments being delivered in complexes of 4-25 units typically. Based on information available, Gerroa and Minnamurra do not have any current, proposed or lodged DAs.

Development Site Listings

Listings for development sites have been relatively subdued in recent months. As or early January 2022, there is only one development site available for sale within the Kiama Study Area. The site situated at 35 Manning Street, Kiama has a land area of 1,107m² (equating to a GFA of 1,661m²) and is zoned B2 - Local Centre. A scheme for 7 x 3 bedrooms apartments, ground floor retail shop and basement parking has been proposed by the vendor (yet to be lodged). The asking price is $6mil ex GST reflecting $5,420/m² of site area or $3,612/m² of GFA. Discussions with the selling agent (Colliers International) reveals offers so far have been between $4mil ($3,613/m² of site area and $2,408/m² of GFA) and $5mil ($4,517/m² of site area and $3,010/m² of GFA).

KMC have advised of an intention to divest four of their properties at 55 Shoalhaven Street, 55 Shoalhaven Street, Lot 1 DP506764 – Akuna Street and 100 Terralong Street, Kiama. The potential redevelopment sites range in area between 514.9m² - 3,046m² and are all zoned B2 Local Centre. The site(s) have recently been put to market by way of expression of interest through selling agents Savills.

Development Site Sales

Development site sales have been analysed across the Kiama Study Area over the last 3 years. This is useful to gauge the price points developers are able and willing to pay across the Kiama Study Area whilst also providing evidence to verify feasibility testing results detailed later in the report. Similar to other areas within the Illawarra and Shoalhaven regions, ageing detached housing are primarily being targeted for infill development as opposed to established commercial buildings within the local centres.

Where possible, analysis of dated sales has been avoided given the recent strength in the market which has resulted into increased pricing/ demand for development sites. However, where there were no recent transactions for a particular zoning, the search criteria have been extended to include some historic (dated) evidence as a reference. Sale prices are analysed on a dollar per square metre of GFA, site area and per approved/ potential dwelling (where applicable). From analysis of the development site transactions, the following pricing rates have been observed.

Table 8.2: Land Zoning Rate Ranges -Kiama Study Area

Category	B2 – Local Centre	R2 – Low Density Residential	R3 – Medium Density Residential
Rate per m² of Site Area	$1,592 - $3,364	$882 - $2,671	$411 - $1,084
Rate per m² of GFA	$1,061 - $1,350	$1,960 - $5,938	$856 - $1,447
Rate per apartment dwelling	$145,833 - $329,688	-	$145,833
Rate per townhouse dwelling	-	-	$198,000 - $357,500

Source: AEC/Cordell Connect/CoreLogic RP Data (2022).

Rates per square metre of site area that are paid range between $411/m² to $3,364/m² depending on zoning with GFA rates ranging between $856/m² and $5,938/m² dependant on FSR, location, permissible height and zoning amongst other factors. This wide variance in rates paid for permissible GFA is largely attributed to the difference in price sites command that benefit from water views and those without views. Furthermore, proximity to amenities, aspect, location etc are also contributing factors.

Observed rates on a per apartment site basis range between $145,833 and $329,688. For townhouse sites, a range of $198,000 and $357,500 has been observed. It is noted however, there has been a dearth of recent B2 – Local Centre and R3 – Medium Density Residential zoned development sites over the preceding 12-18 months with the available evidence analysed likely to be dated and reflective of weaker prices as compared with current market levels. Full details of the sales analysis considered can be found in Appendix C.

8.1.2. Factors Considered in the Feasibility Modelling

The property market analysis assists in understanding the nature of demand and supply of residential uses, providing the basis for assumptions relied on in development feasibility modelling undertaken later in the report.

Population and Dwelling Growth

Population growth in the Kiama Study Area was steady over the 2006-2016 period. Growth over the more recent period of 2011-2016 ranged from 1.1% to 1.9% per annum (on average). There is large proportion of older residents in the Kiama Study Area, with over 40% of residents aged 55 years and older.

Out of each of the townships, Gerroa was observed to have the highest median age of 51 and the largest age cohort was between 65-74. Kiama Downs was observed to have the youngest median age of 42 however its largest age cohort was still 55-64. This aligns with gathered market intelligence indicating high levels of demand from downsizers and retirees. Dwelling growth over the 2006-2016 period has generally kept pace with population growth. Over the 2011-2016 period, almost 600 dwellings were delivered, equivalent to growth rates of 1.5% to 2.6% per annum (on average).

Buyer Profile

The purchaser profile of new residential apartments in the Kiama Study Area is primarily dominated by downsizers, retirees, holiday home purchasers and investors. Duplexes and freestanding dwellings are also driven by a similar purchaser profile. Younger families and first home buyers are driven towards second hand, established stock, typically inland from the coastal peripheries, an example of which is the newer housing estates to the south-western periphery of Jamberoo.

Market research also indicates some purchasers are owner-occupiers already residing in and around Kiama (including farmers), attracted by the modernity of new dwellings and convenience of being situated in close proximity to retail and community facilities. That said, a growing number of downsizers and retirees relocating from Sydney, Canberra and other regional centres along the South Coast have been assertively pursuing accommodation within the Kiama Study Area since the onset of the COVID-19 pandemic.

Despite Gerringong being a smaller centre, local agents have noted prospective buyers consider Gerringong and Kiama as substitutable due to their proximity and similar urban characteristics.

Take-Up Rates

Apartments in recent years have reportedly been met with reasonably good levels of take-up, though market sentiment cooled during the lock-down periods, however agents reveal enquiries have increased in recent months. New apartments typically average 1-3 sales per month depending on price point.

Potential Price Points for New Stock

Based on observations, analysis of past and current projects and discussions with local real estate agents, it would appear new apartments in Kiama and Gerringong are generally well-received and attract reasonable demand from capital rich downsizers and retirees who are generally less price-sensitive than other buyer cohorts. Albeit noting premium projects such as “Kove” at 10 Bong Street, Kiama which to date, has taken longer to sell given the comparatively high pricing for an apartment.

Demand for most other forms of housing have been well-received under prevailing market conditions albeit there has not been a meaningful amount of newly constructed duplex or townhouse stock. To determine the feasibility across a spectrum of zoning classifications and dwelling typologies, a summary of the following assessed revenue inputs into the modelling has been prepared.

Table 8.3: Adopted Revenue Inputs

* Revenue		
Apartments		
Kiama	**$/sqm of GFA (range)**	
1BR	$14,000	$16,000
2BR	$16,000	$17,500
3BR	$15,000	$16,500
Gerringong	**$/sqm of GFA (range)**	
1BR	$13,500	$14,500
2BR	$15,000	$16,000
3BR	$14,000	$16,000
Duplexes (4BR)	**House Price Range**	
Minnamurra	$2,100,000	$2,300,000
Gerroa	$2,600,000	$2,700,000
Gerringong	$2,300,000	$2,500,000
Jamberoo	$1,300,000	$1,400,000
Kiama	$2,400,000	$2,600,000
Kiama Downs	$1,300,000	$1,400,000
Townhouses (3-4BR)	**House Price Range**	
Gerringong	$1,500,000	$1,600,000
Houses (4-5BR)	**House Price Range**	
Minnamurra	$2,800,000	$3,000,000
Gerroa	$4,200,000	$4,500,000
Gerringong	$2,800,000	$3,000,000
Jamberoo	$1,800,000	$1,900,000
Kiama	$2,700,000	$2,900,000
Kiama Downs	$2,200,000	$2,400,000
Land Lots	**$/sqm of Site Area (range)**	
Jamberoo	$600	$750
Kiama	$1,600	$1,900
Non-Residential	**$/sqm of GFA (range)**	
Commercial	$5,000	$7,000
Retail	$8,000	$11,000

Source: AEC

8.2. SALES ACTIVITY

Presently, there are limited new residential dwellings available for sale within the Kiama Study Area. Most new projects generally consist of small-scale apartment or duplex projects, the majority of which comprise fewer than 10-15 dwellings. Local marketing agents indicate new residential product has predominantly been purchased by retirees, downsizers, holiday home purchasers and those relocating from Sydney and other regional centres along the South Coast.

First home buyers are generally not active within the new townhouse, duplex and/or apartment market given the relatively high price points for such product, particularly along the coastal peripheries. Owing to the views achievable from many new townhouse projects, prospective purchasers are willing to consider both townhouse, duplex and apartment typologies, placing greater emphasis on aspect and views than typology.

Table 8.4 provides the analysis for recent off-the-plan sales activity in the Kiama Study Area to facilitate an understanding of price points for various housing product.

Table 8.4: Kiama Study Area, Off-the-Plan/ New Sales Activity

Address	Type	Internal Area (sqm)	Sale Price			% Sold to Date
			Low	High	Analysis ($/sqm)	
Apartments						
"Ridgewaters", 2 Surfleet Place, Kiama	2BR	102	$1,145,000	$1,195,000	$11,225 - $11,716	60%
	3BR	97-111	$1,145,000	$1,275,000	$11,486 - $11,804	
"Alkira" 47 Thomson Street, Kiama	2BR	70-80	$775,000	$875,000	$10,938 - $11,071	92%
	3BR	95-110	$1,000,000	$1,450,000	$10,526 - $13,182	
"Kove", 10 Bong Street, Kiama	3BR	111-182	$2,200,000	$3,950,000	$19,855 - $22,550	64%
Townhouses						
* 56a Thomson Street, Kiama	3BR	107	$1,519,000		$14,196	100%
** 15 Love Street, Kiama	4BR	133	$986,000		$7,414	100%
Duplexes						
48A Headland Drive, Gerroa	3BR	188	$2,400,000		$12,766	100%

Source: AEC
*Property benefits from water views
** Modern townhouse not newly built

Informal discussions with local marketing agents provide the following observations:

- **"Alkira", 47 Thomson Street, Kiama**

  Situated opposite Kiama Public School on the fringe of the town centre. The project architect is PSEC Project Services. The developer is Kiama Thompson Pty Ltd. Construction is progressing on the project and it is due for completion circa August 2022. It shall comprise 12 apartments upon completion, 11 have sold to date. The asking price for the remaining 3-bedroom, 2-bathroom apartment with 2 secure car spaces is $1,450,000.

  Discussions with the marketing agent reveals buyers have typically been from Sydney (retirement or holiday home), local and from interstate.

- **"Ridgewaters", 2 Surfleet Place, Kiama**

  This project commenced circa November 2020 and is due for completion mid-2022. Upon completion, the project shall comprise 60 x 2- and 3-bedroom apartments. To date, the project marketing team have advised, ~60% have sold with 3 remaining that have water/ocean views. Project marketing commenced circa 14 months ago; typical prices were $900,000 to $950,000 however have increased since during the stronger market conditions with apartments that have water/ocean/escarpment views now achieving $1,100,000 to $1,200,000.

- **"Kove", 10 Bong Street, Kiama**

  Construction on the project commenced in February 2021 and due for completion August 2022. Upon completion, the project shall comprise 3 commercial tenancies, 7 serviced apartments on the ground floor and 12 residential apartments on the 2nd, and 3rd floors. Situated close to the town centre, Coronation Park and Kiama Surf Beach. Most apartments will benefit from water/ocean views from the apartments, and all will have additional northern aspect from apartment frontage. Achieved prices range between $2,200,000 and $3,950,000.

  Discussions with the marketing agent reveals 7 apartments have sold to date over a period of ~12 months with most of the enquiries coming from Sydney purchasers and local farmers (for retirement, holiday and/or investment purposes).

8.2.1. Commercial Land Uses

In order to assist with the feasibility modelling and analysis of mixed-use/ shop top housing (where the ground floor and occasionally first floor GFA is utilised for non-residential purposes) brief sales/ rental data of retail and commercial premises have been compiled as shown below.

Commercial floorspace in Kiama is mostly located along Terralong Street in the B2 - Local Centre zone, located in either ground floor suites or within two storey commercial buildings. Small businesses servicing the local catchment are the primary occupiers observed, including conveyancers, solicitors, medical-related users, real estate agents and small financial institutions.

In Gerringong, commercial floorspace is generally co-located with retail uses in older-style, two storey commercial buildings. Commercial users are within the B2 - Local Centre zone along Fern Street with similar businesses to those observed in Kiama. Jamberoo has limited commercial activity which is generally confined to Allowrie Street. The remaining precincts in the Kiama Study Area have limited commercial activity.

Sales Activity

Sales activity across the Kiama LGA for commercial real estate has been limited. Of the more recent sales activity, rates of $2,000/sqm to $4,900/sqm of Net Lettable Area have been observed. Table 8.5 analyses a number of commercial sales within the Kiama Study Area.

Table 8.5: Kiama Study Area, Commercial Office Sales

Address	Floor Area	Sale Price (Sale Date)	$/sqm of NLA	Commentary
2/5 Railway Parade, Kiama	60m²	$277,500 (Feb 2017)	$4,900	Commercial office suite benefiting from a high level of pedestrian and vehicular traffic, located opposite the Kiama Railway Station.
47 Manning Street, Kiama	600m²	$1,200,000 (Dec 2018)	$2,000	Aged, freestanding commercial building comprising three levels of commercial office space.
1/89 Manning Street, Kiama	53m²	$395,000 (Feb 2019)	$7,400	Small ground floor office suite at base of modern mixed-use building leased to private doctor.
34/25 Noble Street, Gerringong	58m²	$143,000 (July 2016)	$2,500	Small commercial office suite within two storey commercial building sold in vacant possession

Source: AEC

A small number of retail and commercial suites are currently being marketed for sale within the Kiama town centre. For instance, a 400sqm commercial office at 10/133 Terralong Street is currently being offered for $2.75m, equating to just under $6,800/sqm of floor area. The premises is currently leased to a medical practice which has recently renewed their tenancy.

8.2.2. Retail Land Uses

Retail uses within Kiama are generally co-located with commercial uses within the B2 - Local Centre zone along Terralong Street and Manning Street. The Kiama Village shopping centre is the primary retail services facility within Kiama town centre, accommodating a full-line Woolworths shopping centre and over 20 specialty retailers and tenants including banks, personal services and cafes/small eateries. Outside of Kiama Village, retailers generally occupy freestanding buildings with cafes and restaurants and personal services the primary operators.

In Gerringong, the Gerringong Plaza (anchored by IGA) is the focal point of retail activity within the town centre. Similar to Kiama, a number of small retailers operated within older style low rise commercial buildings around the shopping centre and are predominantly food and beverage operators. The scale of retail activity observed in the Kiama Study Area is typical of small regional centres which service a small local population in addition to irregular visitors. The day-to-day needs of local residents are generally accommodated by both centres whilst higher-order shopping is generally catered to by the Shellharbour City Centre circa 20km north.

Sales Activity

Sales activity across the Kiama LGA for retail real estate has been limited. Of the more recent sales activity, rates of $7,703/sqm to $12,750/sqm of Net Lettable Area have been observed. Table 8.6 analyses a number of recent retail sales in the Kiama Study Area.

Table 8.6 Kiama Study Area, Retail Sales

Address	Floor Area	Sale Price (Sale Date)	$/sqm of GLA	Commentary
2/64 Manning Street, Kiama	111m²	$855,000 (Jan 2022)	$7,703	Ground floor shop located in a prominent position within Kiama town centre benefiting from high pedestrian and vehicle traffic. Includes single secure car space.
Shops 1, 2, 3 & 4/ 104 Fern Street, Gerringong	1,415m²	$5,100,000 (Nov 2020)	$12,750	Four adjoining retail shops sold in one line situated within a modern mixed-use complex. Fully leased with passing net annual income of $250,000. Includes 7 secure car spaces.
12/28 Bong Street, Kiama	92m²	$525,000 (Aug 2018)	$5,700	Ground floor shop located in the new The Bathers development. Includes one car space.

Source: AEC

8.3. SITES TESTED AND EXISTING USE VALUES

The principle of highest and best use influences the feasibility of development. In order to economically acquire and develop land, development must translate into a higher value than the existing use of a property, including any existing improvements (or its 'as is' use). Development will only occur if the proposed use is more valuable than the existing use, and thereby able to displace the existing use. The feasibility of developing the same typology can vary between sites in the same location despite being subject to similar planning controls. In established urban areas, a key factor that influences development feasibility is the cost of site consolidation (i.e., their existing-use values).

Two sites on the same street that are subject to similar planning controls can return different development feasibility results due to different existing-use values. All things being equal, a site with valuable buildings is worth more than a site whose buildings are at the end of their economic useful life. The latter site will be cheaper to consolidate as a development site and accordingly have a lower FSR threshold to be economically feasible to redevelop.

The cost of land is therefore a critical variable that underpins the feasibility of development in urban areas.

Selected Sites

Based upon kerbside inspections undertaken and aerial mapping, a search across each settlement for potential redevelopment sites across various zoning classifications. Sites are selected for their representative qualities as potential candidates for redevelopment, i.e., they are intended to represent sites likely to be targeted by developers for consolidation and redevelopment.

Sites with low prospects for development (e.g., modern and valuable buildings, strata-titled properties) are not selected for feasibility testing for this reason. The sites that have been identified span R2, R3 and B2 land predominantly, ranging in area between 629m² to 3,074m² for smaller lots and 34,868m² - 42,900m² for larger lots more suited to residential subdivision.

Details and description of each of the identified test sites can be found in Appendix C.

8.4. GENERIC DEVELOPMENT FEASIBILITY TESTING KEY ASSUMPTIONS

Feasibility testing examines existing density controls and hypothetical density controls. Where development under existing controls results in site values *less* than the assumed 'as is' value of the sample sites, iterative testing solves for the required FSR control for feasible development. This is referred to as the 'FSR threshold' or 'tipping point'.

A number of key assumptions are necessary to develop hypothetical development scenarios for testing, including estimating the GFA/ FSR that corresponds with building height (in storeys) in instances where an FSR control is not specified and allocating the quantum of non-residential floorspace associated with mixed-use developments.

A detailed list of revenue and cost assumptions relied upon are listed in Appendix B.

8.5. GENERIC DEVELOPMENT FEASIBILITY TESTING RESULTS

Generic scenarios test the feasibility of typologies (i.e., residential flat buildings, mixed-use) and density controls (FSRs) on the sample sites (Appendix C). These scenarios are detailed in Table 8.7 which outline the feasibility of development across each test site based on the 'base' or current planning controls. Further feasibility modelling has then been undertaken on a range of FSRs and building heights to determine feasibility and where the threshold or 'tipping point' lies for development to become viable.

A key metric for development feasibility is land value, which is a 'residual' after all costs and revenues are taken into account. The figure must be of a sufficient amount to encourage the owner to sell and/or displace the current use. In order for development of the Site to be feasible, the Residual Land Value must exceed the 'as is' value of the land, i.e., the value of the land in its existing use including all improvements.

The 'as is' land cost is either determined on a rate per square of site area (for sites typically with lower FSRs) or rate per square of permissible GFA (for sites with greater variance of FSR and/ or building height).

Table 8.7: Generic Development Feasibility Testing Scenarios

Site	Existing Controls		Testing Scenarios		Feasibility Result
	Zone	Current FSR	FSR	Floors	
Dual Occupancy/ Single Standalone House					
1 Minnamurra	R2	0.45:1	0.45:1	2	Yes
			0.75:1	2	Yes
2 Gerroa	R2	0.45:1	0.45:1	2	Yes
			0.75:1	2	Yes
3 Gerringong	R2	0.45:1	0.45:1	2	No
			0.75:1	2	Marginal
4 Jamberoo	R2	0.45:1	0.45:1	2	No
			0.75:1	2	No
5 Kiama	R2	0.45:1	0.45:1	2	Yes
			0.75:1	2	Yes
6 Kiama Downs	R2	0.45:1	0.45:1	2	No
			0.75:1	2	Marginal
Townhouse/ Residential Flat Building					
7 Gerringong	R3	1.0:1	**Townhouse**		
			1.0	2	Yes
			RFB		
			1.0	2	No
			1.5	2-3	No
			2.0	3-4	No
			2.5	4-5	Yes
8 Gerringong	R3	1.0:1	**Townhouse**		
			1.0	2	Yes
			RFB		

Site	Existing Controls		Testing Scenarios		Feasibility Result
	Zone	Current FSR	FSR	Floors	
			1.0	2	No
			1.5	2-3	No
			2.0	3-4	Yes
9 Kiama (Kendalls Beach)	R3	0.7-1.0	Townhouse		
			0.7	2	No
			1.0	2	No
			1.5	2-3	No
			2.0	3-4	Yes
			RFB		
			0.7	2	No
			1.0	2	No
			1.5	2-3	No
			2.0	3-4	Yes
Terrace Housing					
10 Kiama	R2	0.45	0.45	2	No
			0.60	2	No
11 Kiama	R2	0.45	0.45	2	Yes
			0.60	2	Yes
12 Gerringong	R2	0.45	0.45	2	Yes
			0.60	2	Yes
13 Jamberoo	R2	0.45	0.45	2	No
			0.60	2	Marginal
Mixed Use (including Shop-top Housing)					
14 Kiama	B2	2.0:1	2.0:1	3	No
			2.5:1	3-4	No
			3.0:1	4-5	Yes
15 Kiama	B2	1.5:1	1.5:1	3	No
			2.0:1	3-4	No
			2.5:1	4-5	No
			3.0:1	5-6	Yes
16 Gerringong	B2	1.5:1	1.5:1	3	No
			2.0:1	3-4	No
			2.5:1	4-5	Yes
Residential Subdivision					
17 Kiama	R2	0.45:1	1.5:1	3-4	Yes
18 Jamberoo	R2	0.45:1	0.7:1	2-3	Yes

Source: AEC.

8.6. GAP ANALYSIS

Kiama LGA (including all the proposed release areas) has feasible capacity for a further 4,985 dwellings, however if the release areas are excluded, there is only feasible capacity for a further 1,874 dwellings falling short (by 1,897 dwellings) of the DPEs 2022 implied dwelling demand of 3,771 by 2041.

Originally outlined in the Kiama LSPS, Kiama LGA was slated to absorb 8.3% (2,850) of the 34,500 proposed new dwellings earmarked for the Illawarra-South Coast region until 2036. However, the Kiama LSPS also notes the dwelling projections decreased to 1,400 dwellings (based on the DPE population projections prepared in 2019). More recently, the DPE released their latest figures for 2022 indicating implied dwelling demand of a further 2,789 dwellings by 2041 or 3,771 by 2041 for the Kiama LGA.

Based on the findings derived from the theoretical additional housing capacity, effective housing demand assessment and feasibility testing, an assessment of the potential for additional housing capacity to accommodate current population/ dwelling projections has been undertaken.

The current proportion of occupied separate houses in Kiama is 78.5%, followed by semi-detached, row or terrace houses at 11.5% and flats/ apartments at 8.4% (the remainder comprising other forms of dwellings, i.e., studios). Going forward, its likely these ratios shall adjust sympathetic of any potential demographic changes but also as affordability becomes a more important consideration.

Based on the findings from the analysis on effective housing demand, a Gap Analysis has been undertaken. It assumes a ratio of 60% separate houses, 25% for semi-detached, row or terrace houses and 15% for flats/ apartments which is considered to be more aligned to the projected demographic profile of the Kiama Study Area.

Based on the feasibility testing undertaken in the previous section, these results have been extrapolated into percentages which have then been applied to the primary housing typologies.

Given the percentage of sites deemed feasible, as demonstrated in Sections 8.4 and 8.5, the assessed theoretical capacity of 9,002 additional dwellings (inclusive of the identified release areas) has been adjusted for feasible capacity of 4,985 additional dwellings.

On an alternate measure, should the release areas be excluded, we have concluded a theoretical capacity of 5,891 additional dwellings of which 1,874 are deemed feasible, falling short (of the DPEs latest implied dwelling demand figures of 3,771) by 1,897 dwellings.

A summary of the findings follows in Table 8.8.

Table 8.8: Demand Gap for Feasible Capacity (2021-2041)

	Subdivision (and/or vacant) Lots	Integrated Housing	Dual Occupancy	Townhouse	Residential Flat Building	Total
Capacity/ Gap INCLUDING release areas						
Capacity	3,156	182	3,468	6	2,190	9,002
*% of Sites Feasible	100%	50%	50%	67%	0%	-
Adjusted for feasible sites	3,156	91	1,734	4	0	4,985
**Demand	2,263	376	377	189	566	3,771
Gap	+893	-285	+1,357	-185	-566	+1,214
Capacity/ Gap EXCLUDING release areas						
Capacity	45	182	3,468	6	2,180	5,891
*% of Sites Feasible	100%	50%	50%	67%	0%	-
Adjusted for feasible sites	45	91	1,734	4	0	1,874
**Demand	2,263	376	377	189	566	3,771
Gap	-2,218	-285	+1,357	-185	-566	-1,897

Source: AEC.
* The approximate number of sites deemed feasible for redevelopment has been based on the feasibility testing undertaken which as a % has been applied to the broader Kiama Study Area.
** Based on the DEPs 2022 population projections.

8.6.1. Additional Considerations

Per Table 8.8 in the preceding section, an adjusted (for feasible theoretical additional capacity) gap of +1,214 dwellings has been assessed. This is inclusive of indicative proposed dwelling yields deliverable from the release areas. However, on the basis the release areas are excluded, a material shortfall or gap of -1,897 dwellings results.

Our analysis of the key settlements throughout Kiama LGA would indicate 'unlocking' the potential theoretical additional capacity within the infill areas will be particularly difficult given the high cost of land/ construction costs, high median age (demographic not willing to take on development projects/ risk), fragmented ownership, typical Lot size/ shape and planning controls that potentially impede higher density forms of housing.

Kiama LGA would greatly benefit from increased forms of housing diversity (which would partially aide in alleviating affordability pressures). As evidenced from the identified gaps in Table 8.8, subdivision lots and dual occupancy are the only forms of potential housing that can be delivered in any meaningful number across the LGA. However, our analysis found there were few remaining sites across the LGA with potential to deliver medium density housing. The majority of appropriately zoned sites are already developed to, or close to, their highest and best use.

Therefore, going forward the onus lies with the release areas to deliver the bulk of housing demand as implied by DPE to 2041. Essentially, the release areas provide KMC with a 'blank canvas' allowing for inclusion of flexible rezoning possibilities for key sites which may include increased numbers of integrated/ villa/ townhouse typologies as an example.

Per the KMC prepared "Technical Paper Two – Growth & Residential Development", the release areas have potential to deliver approximately 3,074 additional dwellings. Our analysis indicates this figure may be difficult to achieve as some of the identified release area sites have impediments to development such as natural watercourses/ riparian lands traversing the site grounds, insufficient sewer capacity, services and infrastructure to some regions throughout the LGA.

Bombo Quarry forms the largest of the earmarked release area sites capable of potentially delivering up to ~2,000 dwellings, forming a significant portion (53%) of the implied dwelling demand (per DPE analysis) of 3,771 to 2041. However, the Kiama LSPS notes that towards the end of its 20 year timeframe, that is when it is expected the Bombo Quarry site will be rehabilitated and available to provide a mix of residential, commercial, tourism and employment based land uses.

The Kiama LSPS also notes the requirement to develop a Bombo Quarry Precinct Master Plan noting there is current Concept Plan indicating a range of hotel, commercial, residential, industrial and recreational precincts planned. The Kiama LSPS also notes the Concept Plan should consider opportunities for emerging industries and new business models.

The majority of risk lies with Bombo Quarry and given it is earmarked to deliver the majority of new housing for Kiama LGA. It remains unclear in terms of how long it would take for the site to be rehabilitated, rezoned, filled and consequently redeveloped but also around what are the most appropriate land uses for the site.

Further, Bombo Quarry remains somewhat isolated from the key settlements with little to no amenity. More suitable potential land uses would appear to be more employment based (including hi-technology, industrial and large format retail for example).

Consequently, in order for KMC to successfully meet their housing targets, it would appear that additional release areas may need to be considered for rezoning to potentially alleviate any potential bottlenecks in housing supply to 2041.

9. PLANNING RECOMMENDATIONS

Table 9.1. Studio GL Planning Recommendations

#	Topic/ Theme	Policy Document	Current Limitation/ Description	Recommendation	Justification/ Desired Outcome
1.	Residential Flat Buildings as permitted dwelling in R3	LEP	Residential flat buildings (RFB) are permitted within R3 – Medium Density Residential zones however RFBs are not explicitly listed as a permitted use. They are allowed as they are not specifiedin Item 2 or 4 of the LEP (Permitted without consent or Prohibited uses).	Include 'Residential flat buildings' in thelist of permissible uses in R3 – MediumDensity Residential zones of the LEP (Item 3 - Permitted with consent).	This change should reduce complexity, improve clarity, and encourage increased density inthese locations.
2.	High visitor parking requirements	DCP	The current requirement of 1 visitor space per every 2 dwellings for multi dwelling residential, RFB and shop top housing is high when compared to other Councils a similar distance from Sydney such as Blue Mountains City Council and Central Coast Shire which require 1visitor space for every 5 dwellings.	Consider reducing the requirement of visitor car parking from 1 space per every 2 dwellings to: • No visitor spaces are required for 4 or less dwellings, • 1 visitor space for is required every 5 dwellings or part thereof.	This change should decrease the overall cost of all developments and encourage and improve the landscape amenity of smaller developments.
3.	Commercial parking rates in B2 Local Centres	DCP	The current requirement of 1 space per 35m^{2}of gross leasable floor area for restaurants, retail and business premises discourages development, especially on smaller sites. Other Councils, such as Shoalhaven, discount parking rates for Shop top housing by 25% in and around the Nowra CBD. The City of Canada Bay also allows alternative parking solutions such as car share, off site provision and/or exemptions on narrow sites less than 12.0m wide.	Consider discounting the rate of car parking required in B2 Local Centres,particularly on small and narrow sites.	This change should decrease theoverall cost of all developments and encourage smaller infill developments.
4.	Requirements for large balcony sizes	DCP	Under the DCP, apartments are required to have balconies with a minimum size of 16m^2, 20m^2 and 24m^2 for 1, 2 and 3 bedroom apartments. These balcony sizes are aspirational but increase costs and may create challenges when designing RFBs and Shop-top housing.	Align the requirements for balcony sizes with the Apartment Design Guide. Currently this is 8m^2, 10m^2 and 12m^2 for1, 2 and 3+ bedroom apartments.	This change should reduce cost and the overall bulk and scale of developments.

#	Topic/ Theme	Policy Document	Current Limitation/ Description	Recommendation	Justification/ Desired Outcome
5.	Alignment with Low Rise HousingDiversity Code	DCP	The Low Rise Housing Diversity Code permits the development of medium density housing typologies through a complying development certificate process. Aspects of a development application are assessed against the code and not the DCP, creating discrepancies between the two types of development documents. DualOccupancy development under the code also permits a high FSR.	Consider revising sections of the DCP to reflect a closer alignment with the Low Rise Housing Diversity Code. Consider a slight increase in the allowable FSR for Dual Occupancies (to say 0.5:1 or 0.55:1).	Increased alignment between newdevelopment and opportunity to improve the design of development and encourage development that complies with the DCP.
6.	Encourage amalgamation with increases to FSR	DCP/LEP	The current subdivision pattern has resulted inmany lots with widths and site areas which areinsufficient for the development of residential flat buildings or shop-top housing in an R3/ B1/B2 zone and the construction of multi-dwelling typologies in a R2 zone. For comparison the Parramatta DCP 2011 identifies that amalgamation of sites is required to achieve the maximum building heights and floor space ratios in the Parramatta LEP 2011. On medium and large sites, Gosford DCP allows variations to HOB permitted subject to design excellence and review by a design review panel.	Consider clauses that incentivise site amalgamations such as additional FSR/ height with increased lot sizes for the development of Residential Flat Buildings and shop-top housing in R3/ B1/ B2 zonesand multi-dwelling typologies in an R2 zone.	There is currently a limited supply of suitable sites in the LGA and a small increase in height and/or FSRmay help to increase feasibility of amalgamations.
7.	50% of dual occupancy dwellings as adaptable housing and no requirement for adaptable housingfor multi-dwelling residential or RFB's.	DCP	Control 6.4.14 of the DCP requires the "provision of Adaptable Housing (Australian Standard AS 4299) at a ratio of 1:2 dwellings for dual occupancy". Requiring the second dwelling to be adaptable increases the complexity and costof constructing dual occupancies, especially on sloping sites. There are currently no requirements for adaptablehousing for shop top housing or RFB's. For comparison, under E8.2 of the Woollahra DCP 2015: • An adaptable dwelling has been specifically defined and the adaptable housing requirements for a residential flat building or shop top housing containing 10 or more dwellings are different to that for dual occupancies and dwelling houses. • While at least 10% of the medium density housing typologies are required to be designed and constructed to Class A certification under AS 4299, dwelling houses and	Consider removing the requirement for adaptable housing on dual occupancies. Consider including a requirement for adaptable housing in multi-dwelling residential/RFBs with 5 or more dwellings at a designated rate (say 1 per 5 or 1 per10 dwellings) or, consider defining that all adaptable housing is to be designed and constructed in accordance with Australian Standard 4299 – Adaptable Housing, incorporating as a	The provision of adaptable housing is desirable however it is difficult to achieve on smaller developments, especially on sloping sites. Removing the provision from Dual Occupancies should encourage these types of development while adding the requirement to shop top housing and RFB's, while adding some costs, will expand the market for these types of dwellings.

#	Topic/ Theme	Policy Document	Current Limitation/ Description	Recommendation	Justification/ Desired Outcome
			dual occupancies are only encouraged to provide adaptable housing design'.	minimum all essential features to satisfy Classification Level C of that Standard or, consider including a clause that adaptable housing for Dual Occupancies and Multi-dwelling residential is only required on land with less than 20% slope. This is to acknowledge the challenges in achieving suitable universal design onsteep sites and minimise constraints on smaller developments. Encourage dwelling houses and dual occupancies to provide universal housingdesign with an emphasis on Liveable Housing Design Guidelines.	
8.	Specific controls for terrace housing and dual occupancydevelopment, particularly on sloping sites.	DCP	Large areas of land across the LGA are characterised by undulating topography. Dual occupancies are a popular typology in the LGA within an R2 Low Density Residential zone, especially on sloping sites. The current DCP has limited controls that address the development on sloping sites. A lack of such controls may result in inappropriate development on challenging sites.	Consider including controls that encourage and address the developmentof dual occupancies and terraces on sloping sites, including specific controls for high side lots, low side lots and crossfall lots.	Clearer controls should improve design quality and will increase confidence that applications will be approved.
9.	Opportunities for developing sites along the railway line in Gerringong	DCP	The site east of the railway line in Gerringong currently consists of large areas of land zoned B7 Business Park and R3 Medium Density Residential. The area is currently under-utilised and presents opportunities for development as a key gateway to Gerringong.	Following a detailed study of the areaconsider adopting site specific DCP controls that encourage	Encourage development at the gateway to Gerringong and close to the railway station.

#	Topic/ Theme	Policy Document	Current Limitation/ Description	Recommendation	Justification/ Desired Outcome
				appropriate development in this area.	
10.	Opportunities for increasingresidential densities within the Gerringong Town Centre.	DCP	Large on-grade car parking sites within the Gerringong Town Centre may presentopportunities for increasing the residentialdensities within the centre.	Following a detailed study of the Gerringong Town Centre, if opportunities to increasing residential densities are identified, consider adopting site specificDCP controls that encourage this growth.	Increased residential density withinthe town centre.

Source: Studio GL (2022).

To highlight the potential impact of an example amendment made to the existing planning controls, further feasibility testing has been undertaken based on Studio GL recommendations 2 and 3 (combined) from Table 9.1.

By aligning the balcony sizes with that of the ADG as opposed to the current Kiama DCP requirements and decreasing the number of visitor car spaces to 1 per 5 dwellings, the feasibility demonstrably improves with the exception of Site 9 which remains unchanged. However, project feasibility is still not reached based on the current FSR and building height controls.

Table 9.2. Impact of Planning Recommendations 2 and Combined on Feasibility

Site	Existing Controls		Testing Scenarios		Feasible Result	Feasible Result (Subject to Planning Recs 2 and 3)
	Zone	Current FSR	FSR	Floors		
Residential Flat Building						
7 Gerringong	R3	1.0:1	1.0	1-2	No	No
			1.5	2-3	No	Marginal
			2.0	3-4	No	Yes
			2.5	4-5	Yes	Yes
8 Gerringong	R3	1.0:1	1.0	1-2	No	No
			1.5	2-3	No	Marginal
			2.0	3-4	Yes	Yes
9 Kiama (Kendalls Beach)	R3	0.7-1.0	0.7	1-2	No	No
			1.0	1-2	No	No
			1.5	2-3	No	No
			2.0	3-4	Yes	Yes
Mixed Use (including Shop-top Housing)						
14 Kiama	B2	2.0:1	2.0:1	3-4	No	No
			2.5:1	4-6	No	Yes
			3.0:1	6-9	Yes	Yes
15 Kiama	B2	1.5:1	1.5:1	1-3	No	No
			2.0:1	3-4	No	No
			2.5:1	4-6	No	Marginal
			3.0:1	6-9	Yes	Yes
16 Gerringong	B2	1.5:1	1.5:1	1-3	No	No
			2.0:1	3-4	No	Yes
			2.5:1	4-6	Yes	Yes

Source: AEC.

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APPENDIX A: THEORETICAL CAPACITY MAPPING

Minnamurra

Potential Duplex Sites

Source: Archistar (2022).

Kiama Downs

Potential Duplex Sites

Source: Archistar (2022).

Kiama

Potential Duplex Sites

Source: Archistar (2022).

Potential Mixed-Use Sites

Source: Archistar (2022).

Gerringong

Potential Duplex Sites

Source: Archistar (2022).

Potential RFB Sites

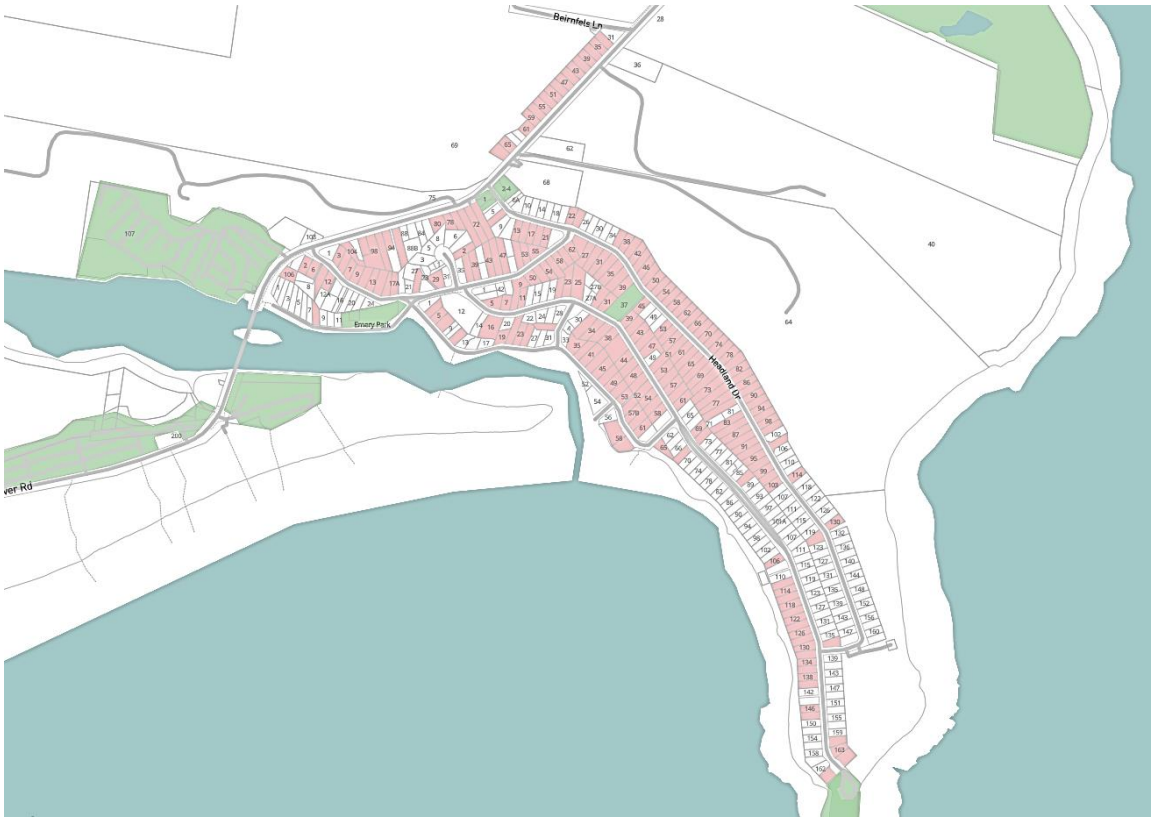
Source: Archistar (2022).

Potential Mixed-Use Sites

Source: Archistar (2022).

Gerroa

Potential Duplex Sites



Source: Archistar (2022).

Jamberoo

Potential Duplex Sites

Source: Archistar (2022).

Potential Mixed-Use Sites

Source: Archistar (2022).

APPENDIX B: SOCIO-ECONOMIC PROFILE

Population Growth

The Kiama SA2 recorded a population of almost 7,900 residents in 2016, comprising just over 35% of the Kiama LGA population. Population growth in the Kiama SA2 has been steady over the 10 years to 2016; the area recorded an average annual population growth of 1.9% over the 2006-2011 period with a lower rate of 0.9% per annum over the 2011-2016 period. Since 2006, the population increased by 1,100 residents in the Kiama SA2, representing 43% of the total population growth in the broader Kiama LGA over the same period.

In the neighbouring Kiama Hinterlands-Gerringong SA2, a population of just over 8,000 was recorded in 2016, accounting for just over 36% of the total Kiama LGA population. Moderate population growth has been recorded over the 2006-2016 period; an additional ~1,250 residents were recorded over the 10 years to 2016 following an average annual growth rate of 1.5% over 2006-2011 and 1.9% over the 2011-2016 period. This growth represents just over half of the total population growth in the Kiama LGA over the same period.

The Kiama and Kiama Hinterlands-Gerringong SA2s have both recorded stronger population growth over 2006-2016 compared to the broader Kiama LGA. The Kiama LGA recorded an average annual population growth of 1.2% over both the 2006-2011 and 2011-2016 periods. This is unsurprising given the Kiama and Kiama Hinterlands-Gerringong SA2s are the most densely populated and have the greatest propensity for additional housing (based on current planning controls).

Kiama Study Area, Population Growth (2006-2016)

Area	2006	2011	2016	Change (%)		Avg Annual Growth	
				2006-11	2011-16	2006-11	2011-16
Kiama	6,787	7,449	7,862	9.8%	5.5%	1.9%	1.1%
Kiama Hinterland-Gerringong	6,792	7,314	8,051	7.7%	10.1%	1.5%	1.9%
Kiama LGA	19,626	20,806	22,110	6.0%	6.3%	1.2%	1.2%

Source: ABS (2017a)

Age Structure

The local population in the Kiama SA2 is heavily dominated by older residents with more than 42% of residents aged 55 years and older (with 12% aged 75 years and older). Just over a quarter of local residents are 24 years and younger with just over 32% aged between 25 and 54 years. The proportion of older residents has gradually increased over the 2006 to 2016 period; residents aged 55 years and older comprising almost 35% of the local population in 2006, 39% in 2011 and 42% in 2016.

The Kiama Hinterland-Gerringong SA2 is observed to comprise a more diverse age profile; about 29% of the local population is age 24 years and younger, more than 33% of the population is aged between 25 and 54 years with just over 38% of residents aged 55 years and older. Similar to the Kiama SA2, the proportion of residents aged 55 years and older has generally increased over the 2006-2016 period, rising from almost 32% in 2006, 35% in 2011 and just over 38% in 2016.

The broader Kiama LGA has a similar age profile to the Kiama and Kiama Hinterland-Gerringong SA2s:

- 17% is aged 14 years and younger.
- 34% are aged between 25 years and 54 years old.
- 39% are 55 years and older.

Kiama Study Area, Age Structure (2006-2016)

Age Bracket	Kiama SA2			Kiama Hinterland-Gerringong SA2		
	2006	2011	2016	2006	2011	2016
0-14 years	16.9%	15.7%	15.1%	19.4%	18.2%	18.0%
15-24 years	12.0%	10.8%	10.6%	12.8%	12.6%	11.0%
25-34 years	8.8%	8.5%	8.6%	7.3%	7.7%	8.8%
35-44 years	11.9%	11.3%	10.6%	13.1%	11.1%	11.0%
45-54 years	15.5%	14.5%	12.9%	15.7%	15.3%	13.0%
55-64 years	12.8%	14.7%	15.3%	12.2%	14.6%	15.9%
65-74 years	10.7%	12.4%	14.7%	9.0%	11.0%	12.6%
75-84 years	8.4%	8.5%	8.2%	6.9%	6.2%	6.5%
85+ years	3.0%	3.6%	4.0%	3.6%	3.4%	3.3%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: ABS (2017a)

Country of Birth (Ancestry)

The local population in the Kiama SA2 is predominantly Australian-born, accounting for almost 82% of all residents in 2016. Other key groups include the United Kingdom and New Zealand.

An even greater proportion of Australian-born residents is observed in the neighbouring Kiama Hinterland-Gerringong SA2 where Australian-born residents account for just over 87% of the local population. Similar to the Kiama SA2, the United Kingdom and New Zealand are the other two major nationalities in the area.

These trends are in line with the broader Kiama LGA where Australian-born residents account for circa 85% of the overall population, followed by residents born in the United Kingdom (6.0%) and New Zealand (1.3%).

Household Composition

Family households are the primary household type within the Kiama SA2, comprising just over 66% of all households. Lone person households are also notable, just over a quarter of all households. Other households (which include visitor-only households in motels and short-term rentals) account for almost 7% of all households.

A similar household profile is observed in the Kiama Hinterland-Gerringong SA2; family households are the dominant household type and account for almost 70% of all households, followed by lone person households are circa 18%. Other households are also well-represented, accounting for almost 10% of all households.

The household profiles observed in the Kiama and Kiama Hinterland-Gerringong SA2s generally align with those observed in the broader Kiama LGA; family households accounting for circa 70% of all households, followed by lone person households (~20%), other households (~7%) and group households (~3%).

Kiama Catchment Area, Household Composition (2006-2016)

Household Composition	Kiama SA2			Kiama Hinterland-Gerringong SA2		
	2006	2011	2016	2006	2011	2016
Family households	67.3%	68.3%	66.2%	73.8%	74.0%	69.9%
Lone person households	27.3%	26.0%	25.0%	20.0%	21.1%	18.2%
Group households	1.4%	1.8%	2.2%	2.0%	1.5%	2.6%
Other households	4.0%	3.9%	6.6%	4.1%	3.5%	9.3%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: ABS (2017a)

Family Composition

Families with no children are the dominant family cohort in the Kiama SA2; these family types accounting for just under half of all family households. This is closely followed by couple families with children who account for circa 37% of all households while one parent families account for just over 12% of all households in the Kiama SA2. In the neighbouring Kiama Hinterland-Gerringong SA2, the proportion of couple families with no children and couple families with children are almost even with accounting for circa 44% of all family households, respectively. One

parent families have been observed to account for circa 10% of family households. In both SA2s, group households are not commonly observed at circa 1% of all households in both areas.

Kiama Catchment Area, Family Composition (2006-2016)

Family Composition	Kiama SA2			Kiama Hinterland-Gerringong SA2		
	2006	2011	2016	2006	2011	2016
Couple family no children	45.6%	48.6%	49.7%	38.9%	43.1%	44.9%
Couple family with children	39.3%	37.0%	36.8%	49.6%	44.7%	44.1%
One parent family	14.0%	13.6%	12.4%	10.7%	11.4%	10.2%
Other	1.1%	0.8%	1.2%	0.9%	0.8%	0.9%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: ABS (2017a)

The broader Kiama LGA comprises a family composition mix similar to that observed in the Kiama Hinterland-Gerringong SA2; couple families with and without children are relatively evenly matched at ~43% and ~45% of all households, respectively. One parent families account for just over 11% of households whilst group households are minor.

Population Stability

The Kiama and Kiama Hinterland-Gerringong SA2s are observed to have strong levels of population stability; just over 93% of residents in both areas lived in the Kiama LGA in the 12 months prior to 2016. In the five years prior to 2016, circa 75% of residents also lived in the Kiama LGA. The most common LGA that the residents in these areas relocated from is the Shellharbour LGA, followed by the Shoalhaven LGA.

Education Levels

School completion rates in the Kiama SA2 are relatively modest; just over half of residents had completed high school in 2016 (compared to 45% in 2011). Circa 46% of residents had some form of post-school qualifications which is lower than that observed in 2011 at almost 53%.

Similar school completion rates are observed in the neighbouring Kiama Hinterland-Gerringong SA2; approximately 54% of residents had completed high school in 2016 (compared to just under 49% in 2011). Just under 46% of residents had some form of post-school qualification in 2016, which is lower than that observed in 2011 at 52%.

These education levels are broadly in line with those observed across the broader Kiama LGA; just over 52% of residents in the Kiama LGA had completed high school in 2016 and just under 45% had some form of post-school qualification. The declining rate of post-school qualification is also observed in the broader Kiama LGA as just under 53% of residents were observed to have some form of post-school qualification in 2011.

Kiama Catchment Area, Education Levels (2011-2016)

Education Levels	Kiama SA2		Kiama Hinterland-Gerringong SA2	
	2011	2016	2011	2016
Secondary Education				
Completed High School	45.2%	51.6%	48.6%	54.4%
Did Not Complete High School	54.8%	48.4%	51.4%	45.6%
Total	**100%**	**100%**	**100%**	**100%**
Post School Qualifications				
Postgraduate Degree Level	3.8%	1.7%	4.0%	5.0%
Graduate Diploma & Graduate Certificate Level	2.4%	1.1%	3.0%	2.7%
Bachelor's degree Level	13.5%	7.3%	15.1%	15.6%
Advanced Diploma & Diploma Level	11.3%	9.0%	9.6%	11.8%
Certificate Level	21.7%	26.6%	20.6%	21.6%
No qualification	47.4%	54.2%	47.7%	43.4%
Total	**100%**	**100%**	**100%**	**100%**

Source: ABS (2017, 2012).

Household Income and Housing Costs

Households in the Kiama SA2 on average earn almost $1,700 per week whereas the average weekly household income in the neighbouring Kiama Hinterland-Gerringong SA2 is much higher at just under $2,000 per week. The average weekly household income in the broader Kiama SA2 is higher than both, at just under $2,250.

Almost 31% of weekly household income in the Kiama SA2 is spent on mortgage repayments whereas rent payments are circa 22%. Lower rates are observed in the Kiama Hinterland-Gerringong SA2 where 26% of weekly household income is spent on mortgage repayments (on average) and about 17% of income is spent on rents.

In the broader Kiama LGA, households typically spent 28% of their incomes on mortgage repayments and just over 17% on rental payments in 2016.

A notable increase in the median mortgage repayment for Kiama SA2 was observed in 2011 which coincides with strong increase in the medium house price for Kiama recorded in 2010 at 18.40%.

Kiama Catchment Area, Household Income vs Household Costs (2006-2016)

Indicator	Kiama SA2			Kiama Hinterland-Gerringong SA2		
	2006	2011	2016	2006	2011	2016
Median weekly household income	$1,169	$1,332	$1,693	$1,382	$1,596	$1,998
Median mortgage repayment	$1,733	$2,369	$2,266	$1,499	$2,088	$2,281
Median rent	$216	$280	$371	$185	$245	$337
% of income spent on mortgage	34.2%	41.0%	30.9%	25.0%	30.2%	26.4%
% of income spent on rent	18.5%	21.1%	21.9%	13.4%	15.4%	16.9%

Source: ABS (2012, 2017d)

APPENDIX C: GENERIC FEASIBILITY TESTING ASSUMPTIONS

This section details the assumptions which underpin the generic development feasibility modelling within the Kiama Study Area. For simplicity, development yield, revenue, costs and performance indicator assumptions are discussed in turn.

Generic feasibility testing adopts the Residual Land Value approach. This involves assessing the value of the end product of a hypothetical development, then deducting all of the development costs (including developer's infrastructure costs, construction costs, consultant fees for design and project management, statutory fees) and making a further deduction for the profit and risk that a developer would require to take on the project.

The land value is the 'residual' that remains, i.e., the amount a developer could afford to pay in exchange for the opportunity to develop the site.

DEVELOPMENT YIELD ASSUMPTIONS

Unit Mix, Size and Car Parking Requirements

Based on current market activity within each of the regional cities and on prescribed parking requirements, the following development yield assumptions have been made.

Table B.1: Development Yield Assumptions

Item	Kiama Study Area
Unit Mix	
1BR	10%
2BR	30%
3BR	60%
Average Internal Unit Sizes (sqm)	
1BR	60
2BR	90
3BR	125
Car Parking Rates	
1BR	1
2BR	2
3BR	2
Visitor	0.5

Source: AEC/Kiama DCP

Floorspace Mix, Density and Heights

The following floorspace mixes have been assumed for different development typologies. In instances where sample sites are not subject to any applicable floor space ratio, the maximum allowable building heights have been converted to a nominal FSR control. This conversion ratio has not been design-tested and is based on industry experience as opposed any form of urban design principles.

Table B. 2: Floorspace Mix, Density and Heights

Floorspace Mix		FSR*	Storeys*
Residential	Non-Residential		
Residential Flat Buildings			
100%	0%	1:1	3
100%	0%	1.2:1	4
100%	0%	1.9:1	6
100%	0%	2.6:1	9

Floorspace Mix		FSR*	Storeys*
Residential	Non-Residential		
100%	0%	3.2:1	12
100%	0%	4.5:1	18
Mixed Use			
50%	50%	1:1	4
85%	15%	2.3:1	6
90%	10%	3:1	9
90%	10%	3.4:1	12
95%	5%	5:1	18

*Number of storey's are an estimate from maximum height controls. Where FSR controls are not specified, equivalent FSR is estimated from maximum height controls based on past experience.
Source: AEC

Project Timing

Development application is assumed to be progressed immediately upon settlement with pre-sales occurring shortly thereafter. Construction is assumed to begin in Month 6 for developments such as freestanding houses, subdivision and/or dual-occupancy and 9 months for townhouse and residential flat buildings. Construction phases have been assessed at 12-16 months depending on the scale of the development.

As evidenced by recent projects within the LGA, discussions with local agents and the general understanding of property development, take-up rates (measured as the number of sales per month) have been adopted as follows.

Table B.3: Revenue Assumptions

Type	Avg Sales per Month
Apartments	2-3
Duplexes	2-5
Freestanding Dwellings	2-5
Residential Lots	3-6
Non-residential	1

Source: AEC

The following generic revenue assumptions are assumed to apply to each area tested:

- Residential revenue to escalate at 3.0% per annum; commercial/retail revenue to escalate at 2.0% per annum.
- Assumed that 50% of apartments would be pre-sold prior to construction and the balance would be settled after construction.
- Other revenue assumptions:
    - GST is included on the residential sales but excluded on non-residential sales.
    - Marketing costs at 1.0% of gross sales revenue.
    - Sales commission on sales was included at 1.75% of gross residential sales and 2.0% of non-residential sales.
    - Legal cost on sales was included at 0.25% of gross sales.

COST ASSUMPTIONS

Land Cost Assumptions

Land cost based on a desktop analysis of 'existing-use' values across the Kiama Study Area. The land cost assumptions for each sample site are detailed within the body of the Study.

Construction Cost Assumptions

Construction cost assumptions are based on a combination of industry benchmark publications (Australia Construction Handbook, Rawlinsons, 2022) and past industry experience. Construction costs vary across the Kiama Study Area owing to a number of factors, notably availability of building materials, transportation costs and availability of labour).

Table B.4: Construction Cost Assumptions

Category	Adopted Cost
Residential ($/m² of GBA)	
Apartments	**$2,400**
Duplex	**$2,400**
Freestanding Dwelling	**$2,300**
Villa	**$2,100**
Townhouse	**$2,450**
Non-Residential ($/m² of GBA)	
Retail	**$1,000**
Commercial	**$2,400**
Ancillary Items	
Balconies	**$700**
Garage (at ground level)	**$30,00 per space**
Basement Parking	**$65,000 per space**

Source: AEC/Rawlinsons (2022).

The following generic cost assumptions are assumed to apply to each area tested:

- Cost escalation of 3.0% per annum was assumed to commencement of construction.
- Demolition and clearing costs were costed at $60 per square metre of site area for sites with existing residential properties and $150/sqm for sites with existing commercial buildings.
- Site works and excavation at 1.0% of construction cost.
- Services infrastructure at 1.0% of construction cost.
- Landscaping allowed at $200/sqm of site area based on 30% of site area.
- A further 5.0% construction contingency allowance was included.
- Professional fees at 9.0% of construction costs.

Statutory Costs

KMC is yet to adopt Section 7.11 and 7.12 plans, therefore the Section 94 and 94A plans are still in effect. There are currently various plans for the region with the Section 94 Contributions Plan No. 4 representing the southern region of the LGA reflecting a rate of $729.30 per dual occupancy dwelling and/or $730 per subdivisional allotment. For medium density development, there is a range between $442-$729.30 per dwelling.

The Section 94 Contributions Plan No. 2 representing the northern region of the LGA reflects a rate of $445.50 per subdivisional allotment and/or dual occupancy dwelling. For medium density development, there is a range between $270-$445.50 per dwelling.

In addition, there is a municipal wide contributions plan reflecting a rate of $3,280 per subdivisional lot, $100 per lot for tree planting, a range of $1,990-$3,280 per medium density dwelling and $3,280 for dual-occupancy dwellings.

The Kiama development contributions plan states higher density development is subject to s7.11 contributions of $3,280 per dwelling ($1993). Car parking contribution rates range from $3,557 to $6,147 per dwelling, being higher in areas closer to the Kiama train station and the beach. These rates are not considered to be a major influence

on the feasibility of comprehensive development. Rather, incremental/ minor development is likely to be more affected by these contribution requirements.

Other generic statutory costs assumed to apply to all areas tested include:

- Development application fees at 0.13% of total construction cost.
- Long service levy at 0.35% of total construction cost.
- Construction certificate fees at 0.075% of total construction cost.
- Title registration fees of $800 per additional per dwelling.

Other Costs

The following generic cost assumptions are assumed to apply to each area tested:

- Development management fee at 1.0% of project cost (excluding land and finance).
- Legal costs, valuation and due diligence was assumed at 0.5% of land price and stamp duty was included. These costs to be paid at settlement assumed in Month 2.
- Land holding costs including land tax, Council and water rates based on assumed unimproved land values.
- Project contingency of 5.0% (of total project costs net of land and finance).
- Developer's equity is assumed at land cost. Equity is progressively injected when required.
- The balance of project cost is assumed to be debt funded with interest capitalised monthly (nominal 7.0% per annum).
- Finance establishment costs at 0.35% of project debt.

DEVELOPMENT SITE TRANSACTIONS

Address	Site Area (GFA)	Sale Price (Sale Date)	Analysis	Commentary
Kiama				
19 Fadden Street	598sqm (269sqm)	$1,010,000 (Aug 2021)	• $1,689/sqm site area • $3,755/sqm GFA	A regular shaped allotment of 598m² zoned **R2 - Low Density Residential** with frontage of 18 metres. Has a gentle gradient from front to rear. Partial ocean views available from site. Situated within a fairly recent subdivision known as "Cedar Grove Estate".
8 Alison Street	305sqm (137sqm)	$680,000 (Aug 2021)	• $2,230/sqm of site area • $4,964/sqm of GFA	A regular shaped allotment of 305m² and zoned **R2 - Low Density Residential**. Has a gentle gradient from front to rear. Partial ocean views available from site. Situated within a fairly recent subdivision known as "Cedar Grove Estate".
9 Tanner Place	749sqm (337sqm*)	$799,000 (Oct 2021)	• $1,607/sqm site area • $2,371/sqm GFA	An irregular shaped allotment of 749m² zoned **R2 - Low Density Residential** with a street frontage of 17.94 metres. Situated in a quiet cul-de-sac on the high side of the street with an elevated outlook to the north-west. Has a moderate gradient from front to rear.
73 Merrick Circuit	495sqm (223sqm)	$950,000 (Oct 2021)	• $1,919/sqm of site area • $4,260/sqm of GFA	A regular shaped allotment of 495m². Has a moderate gradient from front to rear. Site has ocean views and any dwelling constructed on the site will further benefit from the views especially if building 2 storeys. Zoned **R2 - Low Density Residential.**
139 Manning Street	784sqm (800sqm)	$850,000 (Apr 2018)	• $1,084/sqm of site area • $212,500/townhouse • $1,063/sqm of GFA	Single storey brick house zoned **R3 - Medium Density Residential** sold with DA approval for construction of four 2-storey townhouses. Located in prominent location circa 300m to Kiama Beach. Development has been approved with marketing and construction understood to be commencing shortly.
45 Thomson Street	847sqm (593sqm)	$1,300,000 (Dec 2020)	• $1,535/sqm of site area • $2,192/sqm of GFA	Rectangular shaped site zoned **R3 - Medium Density Residential**. Located within close proximity to Kiama beaches and town centre.
47 Thomson Street	1,511sqm (1,058sqm)	$1,750,000 (Jan 2018)	• $1,158/sqm of site area • $145,833/unit • $1,654/sqm of GFA	Rectangular shaped site zoned **R3 - Medium Density Residential**. Sold with DA approval for construction of 12 apartments. Located within close proximity to Kiama beaches and town centre.
3 Akuna Street	1,005sqm (1,507sqm*)	$1,600,000 (Apr 2018)	• $1,592/sqm site area • $1,061/sqm GFA	Single storey detached house zoned **B2 - Local Centre** within the Kiama town centre. Forms part of a larger development being progressed for 100 Terralong Street and 55-61 Shoalhaven Street which are both Council-owned sites. The proposed development is to include four separate buildings comprising 3-4 storey buildings with a total of 96 apartments, commercial office space, supermarket and ground floor retailers. Development has been approved and will likely commence in mid-2019.
44 Manning Street	1,568sqm (2,224sqm)	$5,275,000 (Mar 2018)	• $3,364/sqm of site area • $329,688/unit • $1,350/sqm of GFA	Aged, two storey commercial building comprising three ground floor retail suites and upper-level commercial space zoned **B2 - Local Centre** located within the Kiama town centre. Acquired by a local developer for construction of a 3-storey mixed-use building comprising ground floor commercial space and 16 three-bedroom apartments.
23 Farmer Street	596sqm (411sqm)	$595,000 (Oct 2018)	• $998/sqm site area • $198,000/townhouse • $1,447/sqm GFA	Small parcel of vacant land zoned **R3 - Medium Density Residential** formerly part of the adjoining property (140 Shoalhaven Road). Sold with DA approval for construction of three 2-storey townhouses. Marketing and construction are understood to be underway.

Address	Site Area (GFA)	Sale Price (Sale Date)	Analysis	Commentary
Gerringong				
59 Belinda Street	1,393sqm (1,393sqm)	$715,000 (Sep 2021)	• $513/sqm site area • $357,500/dwelling • $856/sqm GFA (useable)	A generally regular shaped site that can accommodate townhouse development. A large section of the site is subject to an easement (telecommunications exchange) leaving ~835m² developable. Zoned **R3 - Medium Density Residential.**
11 Sharwood Place	569sqm (256sqm)	$1,520,000 (Dec 2020)	• $2,671/sqm of site area • $5,938/sqm of GFA	A regular shaped allotment of 569m² with moderate gradient from street frontage to rear. Site benefits from views over Werri Beach. Zoned **R2 - Low Density Residential**.
17 Noble Street	670sqm (1,009sqm)	$1,150,000 (Apr 2016)	• $1,716/sqm site area • $192,000/unit • $1,140/sqm GFA	Vacant parcel of land (at time of sale) zoned **B2 - Local Centre** located within the Gerringong town centre. Acquired by a local developer for construction of a 3-storey mixed use building comprising ground floor retail suites and 6 residential apartments. Construction is complete.
Gerroa				
92 Crooked River Road	1,060sqm (477sqm)	$935,000 (Sep 2021)	• $882/sqm site area • $1,960/sqm GFA	A battle-axe shaped site of 1,060m² with moderate gradient downwards from street frontage to rear. Site benefits from partial views over Seven Mile Beach and Crooked River. Zoned **R2 - Low Density Residential.**
59 Headland Drive	804sqm (362sqm)	$1,035,000 (Mar 2020)	• $1,287/sqm site area • $2,859/sqm GFA	A regular shaped site of 804m² with moderate gradient downwards from street frontage to rear. Site benefits from clear views over Seven Mile Beach and Crooked River. Zoned **R2 - Low Density Residential**.
2 Park Road	613sqm (276sqm)	$950,000 (Sep 2020)	• $1,550/sqm site area • $3,442/sqm GFA	An elongated redevelopment site of 613m² situated across the road from Crooked River (with filtered water views). Zoned **R2 - Low Density Residential**.
Kiama Downs				
82a Barton Drive, Kiama Downs	775sqm (349sqm)	$750,000 (May 2021)	• $968/sqm site area • $2,149/sqm GFA	An elevated battle-axe shaped site situated to the rear of an existing dwelling. Land has moderate gradient from street frontage with northerly aspect. Land benefits from having ocean views and any dwelling constructed on the site can further capitalise on the view especially if a two-storey dwelling is built. Zoned **R2 - Low Density Residential**.
Lot 12 Barton Drive	6,798sqm (No FSR prescribed to site)	$6,370,000 (Aug 2021)	• $937/sqm site area	An irregular shaped allotment of 6,798m². The site has an elevated positioned benefitting from ocean views. Sold at auction to a developer, the vendor was Kiama Municipal Council. It is noted that a Category 2 Watercourse bisects the site and therefore reducing its overall development potential. Minimum lot size applicable to the site is 450m². A riparian watercourse traverses the site grounds. Zoned **R2 - Low Density Residential.**
Shoalhaven Heads				
96 Jerry Bailey Road	2,359sqm (No FSR prescribed to site)	$970,000 (Jun 2018)	• $411/sqm site area	A regular and level site of 2,359m². Situated within fairly close proximity to Shoalhaven River. Since the site was purchased, a DA has been granted for 10 townhouses and construction has just been completed. Zoned **R3 - Medium Density Residential**.
Jamberoo				
Lot 11/2a Downes Place	801sqm (360sqm)	$540,000 (Oct 2020)	• $674/sqm site area • $1,500/sqm GFA	A regular and near level site of 801m². A proposed residential subdivision comprising 12 lots in total. Currently forms part of a working farm so no civil works were undertaken at the time of sale. Site benefits from views over the escarpment and has a DA for a single dwelling. Zoned **R2 - Low Density Residential**.

Address	Site Area (GFA)	Sale Price (Sale Date)	Analysis	Commentary
Lot 7/2a Downes Place	1,604sqm (722sqm)	$815,000 (Dec 2020)	• $580/sqm site area • $1,129/sqm GFA	A near regular and near level site of 1,604m². A proposed residential subdivision comprising 12 lots in total. Currently forms part of a working farm so no civil works were undertaken at the time of sale. Site benefits from views over the escarpment and has a DA for a single dwelling. Zoned **R2 - Low Density Residential**.
Lot 2/37 Churchill Street	1,195sqm (538sqm)	$640,000 (Oct 2021)	• $536/sqm site area • $1,190/sqm GFA	A regular, elevated and near level site of 1,195m². A proposed residential subdivision comprising 4 lots in total. No civil works were undertaken at the time of sale. Zoned **R2 - Low Density Residential**.
Lot 3/37 Churchill Street	954sqm (429sqm)	$600,000 (Nov 2021)	• $629/sqm site area • $1,399/sqm GFA	A regular, elevated and near level site of 954m². A proposed residential subdivision comprising 4 lots in total. No civil works were undertaken at the time of sale. Zoned **R2 - Low Density Residential**.
Lot 4/37 Churchill Street	954sqm (429sqm)	$680,000 (Nov 2021)	• $713/sqm site area • $1,585/sqm GFA	A regular, elevated and near level site of 954m². A proposed residential subdivision comprising 4 lots in total. No civil works were undertaken at the time of sale. Zoned **R2 - Low Density Residential**.
Lot 1/37 Churchill Street	2,419sqm (1,089sqm)	$870,000 (Nov 2021)	• $360/sqm site area • $799/sqm GFA	A regular, elevated and near level site of 2,419m². A proposed residential subdivision comprising 4 lots in total. No civil works were undertaken at the time of sale. Lot is partially affected by riparian land and watercourse traversing the site. Zoned **R2 - Low Density Residential.**

Source: AEC/Cordell Connect/CoreLogic RP Data (2022).

TEST SITES CONSIDERED WITHIN THE ASSESSMENT

Site	Property	Zoning	Site Area (m²)	FSR	Building Height	Heritage	GFA	Levels	Description
Dual Occupancy									
1	11 North Street, Minnamurra	R2	629	0.45	8.5	No	293	2	Rectangular shaped, cleared and level site with frontage of ~15 metres. Has no improvements and is deemed to be a vacant site.59 No planning constraints applicable to site.
2	59 Headland Drive, Gerroa	R2	804	0.45	8.5	No	362	2	Rectangular shaped vacant site with moderate fall from street frontage to rear. Benefits from good views to the ocean/Seven Mile Beach. No planning constraints applicable to site.
3	4 Morrow Street, Gerringong	R2	1,026	0.45	8.5	No	462	2	Regular shaped site with a 21.6 metre street frontage. Site is level throughout and has a gentle rise from street level to rear. Older style improvements occupy small portion of site.
4	52 Beattie Street, Jamberoo	R2	1,019	0.45	8.5	No	459	2	Vacant parcel of land with dual street frontages to Beattie Street (16.8m) and Minnamurra Lane (43.9m). Site suitable for 2 lot subdivision of duplex development.
5	95 Shoalhaven Street, Kiama	R2	1,014	0.45	8.5	No	456	2	Regular shaped site with a 20.3 metre street frontage (with rear access to Sommerville Close). Site is level throughout and has a gentle rise from street level to rear as well as moderate north to south crossfall. Older style improvements occupying a small portion of site.
6	39 Oxley Avenue, Kiama Downs	R2	670	0.45	8.5	No	302	2	Elevated block with 21 metre street frontage. Currently improved with an older style dwelling (poor condition) comprising 3 bedrooms. No planning constraints applicable to site.
Townhouses/ Residential Flat Buildings									
7	14 Campbell Street, Gerringong	R3	2,766	1.0	11	No	2,766	3	Regular shaped and vacant parcel of land with dual street frontages. Has a gentle to moderate fall to rear front street frontage. No planning constraints applicable to site.
8	35 Belinda Street, Gerringong	R3	2,023	1.0	11	No	2,023	3	Rectangular shaped and vacant site. Has moderate west to east crossfall and gentle inclination from street frontage to rear. No planning constraints applicable to site.
9	Hypothetical Lot comprising two adjoining sites	R3	1,200	0.7-2.0	8.5-18	No	840 – 2,400	2-5	There are large pockets of R3 Medium Density Residential zoned land around the precinct to the south of Kiama Town Centre and west from Kendalls Beach. Many of the existing lots are too small to be developed in isolated therefore an amalgamation of two hypothetical lots of 600m² to form a 1,200m² lot has been assumed and tested for feasibility of both RFB and townhouse development from an FSR of 0.7: 1 to 2.0:1.

Site	Property	Zoning	Site Area (m²)	FSR	Building Height	Heritage	GFA	Levels	Description
Terrace Housing									
10	129 Shoalhaven Street, Kiama	R2	1,590	0.45	8.5	No	716	2	Older style existing dwelling situated on the site. Site benefits from having two street frontages to Shoalhaven Street and Seaview Street. Site features a gentle north to south crossfall.
11	15 Henley Avenue, Kiama	R2	977	0.45	8.5	No	440	2	Older style existing dwelling situated on the site. Site benefits from having three street frontages to Henley Avenue, Reid Street, Kendall Street. Site features a moderate north to south crossfall.
12	21 Campbell Street, Gerringong	R2	1,201	0.45	8.5	No	540	2	Older style existing dwelling situated on the site. Site benefits from having two street frontages to Campbell Street and Parkes Street. Site is generally level throughout.
13	1 Minnamurra Lane, Jamberoo	R2	1,909	0.45	8.5	No	859	2	Reasonably modern existing brick dwelling situated on the site. Site benefits from having two street frontages to Minnamurra Lane and Macquarie Street. Site features a moderate south to north crossfall.
Mixed Use									
14	61 Shoalhaven Street, Kiama	B2	3,074	2.0	11	No	6,148	3	Council owned public car park with three street frontages (approx. 100 x 30m). Land is mostly bitumen sealed. Generally, level throughout with south to north crossfall.
15	Akuna Street Carpark, Kiama	B2	2,417	1.5	11	No	3,626	3	Council owned public car park with street frontage to Akuna St of 43 metres. Land is mostly bitumen sealed. Site has moderate rise from Akuna Street frontage to rear.
16	105-109 Fern Street, Gerringong	B2	2,940	1.5	11	No	4,410	3	Two contiguous allotments (owned by same owner). Current improvements comprise older style retail. Underdeveloped per current planning controls. No planning constraints applicable to site.
Residential Subdivision									
17	35a Glenbrook Drive, Kiama	R2	34,868	0.45	8.5	No	15,691	2	A large track of land suitable for subdivision. Situated at the far northern fringe of the primary Kiama settlement.
18	2//DP626183, Golden Valley Road, Jamberoo	R2	42,900	0.45	8.5	No	19,305	2	Near regular shaped site currently/formerly used for agricultural (grazing) purposes. Limited services in place.

Source: AEC

HURDLE RATES AND PERFORMANCE INDICATORS

Target hurdle rates are dependent on the perceived risk associated with a project (planning, market, financial and construction risk). The more risk associated with a project, the higher the hurdle rate. A number of performance indicators are relied upon when ascertaining the feasibility or otherwise of a development.

- Development margin is the profit divided by total development costs (including selling costs). Owing to the nature of development activity across the Kiama Study Area being primarily local builder-developers, a target margin rate of 25% has been adopted.
- Discount Rate - this refers to the project internal rate of return (IRR) at which the net present value of an investment becomes zero.
- Residual Land Value - this has been determined by establishing the maximum land value a developer is willing to pay based on a target internal rate of return (IRR) taking into account all other costs and project revenue. Similar to the development margin, a target internal rate of return between 15-17.5% has been adopted.
- Development Profit - this represents the total revenue less total cost including interest paid and received.

APPENDIX D: REPORT LIMITATIONS AND QUALIFICATIONS

Generic Feasibility Testing

AEC acknowledges a number of limitations associated with the generic feasibility analysis undertaken for each settlement within Kiama Study Area identified within. Including:

- Generic development options are formulated for feasibility testing based on permissible or nominated FSRs (as the case may be). Development schemes tested are notional only, and have not been capacity, urban design or engineering tested.
- Notional development yields are formulated based on an arithmetic/ numerical calculation of GFA relying on FSR. An approximate of height (in storeys) is provided only as a guide, noting that the height of buildings varies according to site characteristics and dimensions. In instances where the local planning instrument (LEP) only specifies height as a density control, past experience is applied to estimate an equivalent FSR control in order to assess GFA.
- Desktop appraisal of 'as is' property values (or existing-use values), without the benefit of internal inspections.
- Generic feasibility testing does not consider nuances of a site (for example where the cost of lead-in infrastructure works may be more expensive) typically considered in detailed feasibility analysis.
- Additional construction contingency allowances have been adopted for feasibility testing undertaken in Kiama whereby there is a risk of higher excavation costs due to Basalt. However more detailed feasibility testing based geotechnical reports may potentially produce different feasibility results.
- We are not aware of any environmental reports or site audits for the sites that have been feasibility tested herein. Should it be found that any of the sites are contaminated, we reserve the right to review and amend this assessment(s) accordingly.

Redistribution of Raw ABS Census Data

ABS Census data relies on residents responding and completing the ABS Census. It is an unfortunate reality that for a variety of reasons not all residents complete the census form. Accordingly, ABS Census data is invariably an undercount. AEC acknowledges the limitations of ABS census data and consequently analyses the raw data by redistributing unanswered responses (e.g., 'not stated', 'unknown') by proportion. This is undertaken to enable a more conclusive understanding of an area's socio-demographic profile. We also note Census analysis is conducted on a 5 yearly basis and material changes can occur between Census dates.

Jamberoo Water/ Sewer Capacity Constraints

KMC have advised of existing water/ sewer capacity constraints in Jamberoo which will severely limit development potential within the settlement. The modelling and assessment have been prepared on the basis that any potential additional dwelling capacity identified for Jamberoo can feasibly and economically be hypothetically delivered without material increase in time or cost.

APPENDIX E: STUDIO GL – REVIEW OF CONTROLS AND PLANNING RECOMMENDATIONS

KIAMA LOCAL GOVERNMENT AREA

HOUSING SUPPLY FEASIBILITY ANALYSIS

Final Report

Prepared by Studio GL for Kiama Municipal Council

March 2022

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Note: This document takes into account the particular instructions and requirements of our client. It is not intended for and should not be relied upon by any third party and no responsibility is undertaken to any third party. The report layout is designed to be printed at A4 landscape.

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CHAPTER 1

INTRODUCTION

1-1 Background

Kiama Municipal Council is preparing a Housing Strategy to detail how and where housing will be provided in the Municipality based on demographic factors, local housing supply and demand, and local land-use opportunities and constraints.

In November 2021, the Kiama Municipal Council commissioned AEC Group and Studio GL to prepare a housing supply feasibility analysis in support of the housing strategy. This report determines the feasibility of housing supply by identifying the 'feasible' capacity of the existing land use controls and making recommendations for revised planning controls that would assist in making additional housing developments feasible within the Kiama LGA.

Location

The Kiama Housing Supply Feasibility Analysis is focused on the local government area (LGA) of the Kiama Municipality. The main areas to be studied are Kiama, Gerringong, Jamberoo, Gerroa, Kiama Downs, and Minnamurra.

Kiama LGA is dominated by its rural and coastal landscapes. The area's popularity, and recent events including the Covid Pandemic and the rise in working from home, has substantially increased demand and therefore prices in the Kiama LGA. Opportunities to increase supply in the area are also challenging due to natural features (including geology and topography), built and natural heritage, local character and strong community support to retain the current amenity of the area.

Scope

The scope of work to be undertaken by Studio GL included the following tasks:

1. Undertake a high level review of the strategic and policy context, including existing LEP and DCP controls, to understand the current planning controls and Kiama Council's desired future character for the LGA.

2. Suggest revised planning controls that could assist in making housing developments more feasible within the Kiama LGA.

3. Provide a table that identifies proposed changes to the LEP and DCP controls and/or other policy documents with supporting justification statements.

We have assumed that the focus of this report is on existing areas of residential development and not on potential areas for residential expansion or Urban Release Areas.

1-2 Kiama LGA

The Kiama Local Government Area (LGA) is located on the south coast of NSW in the Illawarra Region, and covers an area of approximately 260km^2.

The LGA is located 120km south of Sydney (approximately a 2 hour drive). It is also a 1 hour drive south from Wollongong and a 30 minute drive north of Nowra, both of which are major employment centres for the region.

The 2020 estimated residential population (ERP) of the LGA is 23,685 (source: REMPLAN) and is expected to reach 26,100 by 2041 (source: LSPS). In the 2016 census, the LGA had 20,689 occupied private dwellings.

The major towns and villages in the LGA include Kiama, Kiama Downs, Minnamurra, Gerringong, Gerroa and Jamberoo. Each of the centres have a well established strong local character with diverse natural landscapes.

Due to the LGA's popular rural and coastal amenity, its proximity to Wollongong and Greater Sydney, and improved transport links, there has been a substantial increase in housing prices in the LGA over the past few years.

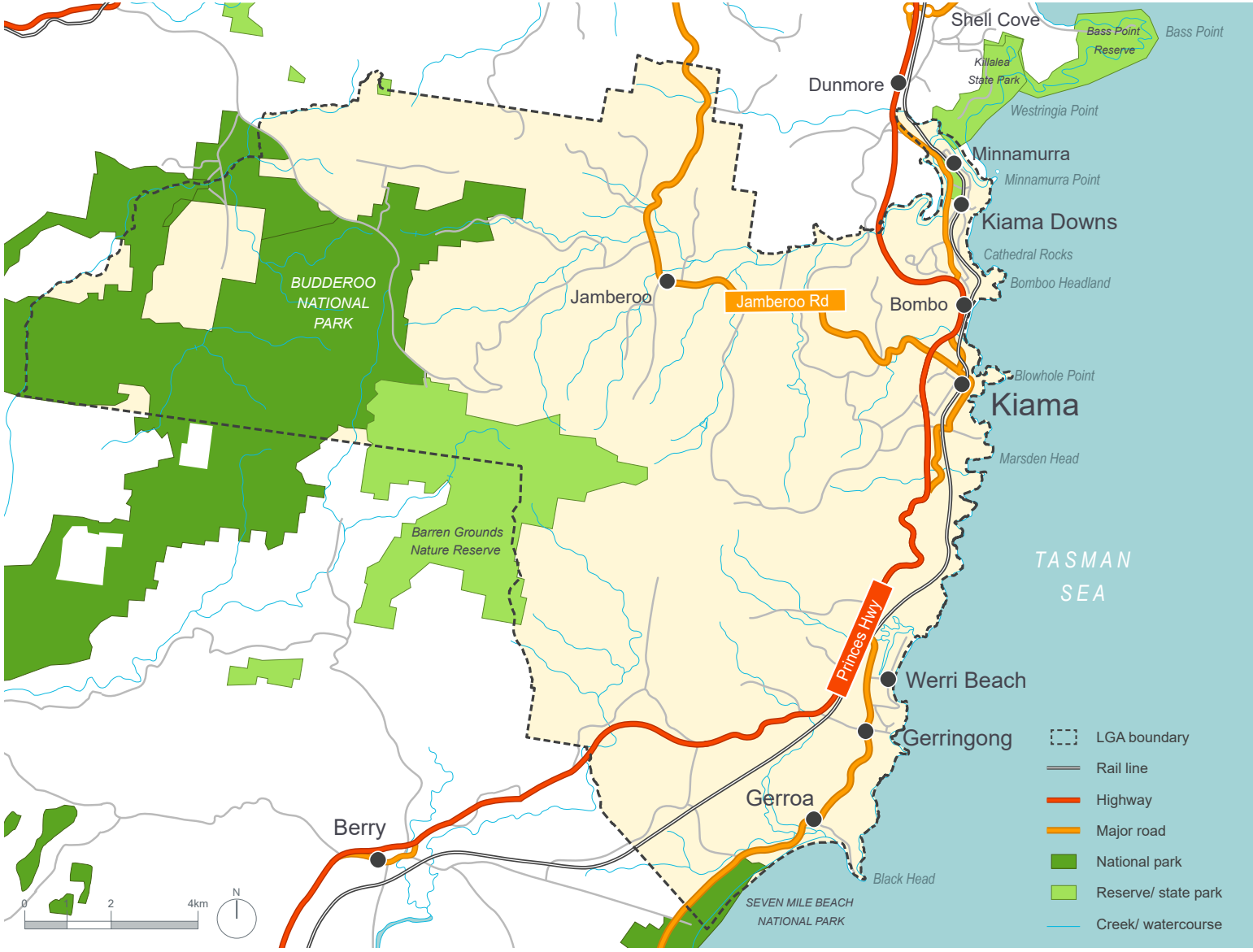


Figure 1 Kiama LGA - Regional Context

CHAPTER 2
REVIEW

2-1 Strategic Context

Illawarra Shoalhaven Regional Plan 2041

Author: NSW Department of Planning & Environment (May 2021)

The Illawarra-Shoalhaven Regional Plan 2041 (the Plan) provides a 20-year strategic vision and direction for land use planning priorities and decisions, addressing future needs for housing, jobs, infrastructure and a healthy environment. The strategy identifies four key themes in achieving the vision of an "innovative, sustainable, resilient, connected, diverse and creative region". These four themes are:

- A productive and innovative region
- A sustainable and resilient region
- A region that values its people and places
- A smart and connected region

The Plan anticipates a growth in the region's population of at least 100,000 by 2041, with Kiama's population expected to increase by 3,997 people. It highlights the need for future development to consider sustainability, feasibility, water and wastewater capacity and the protection of existing character when delivering new housing and associated infrastructure.

The Plan recognises the continuing growth in the region's ageing population, the decreasing household sizes, and the increase in home-based working due to the COVID-19 pandemic, which is likely to impact the demand in the type of housing. It encourages an increase in the diversity and affordability of the range of housing available to cater to the needs of all generations and demographics.

The Plan identifies a need for an additional 58,000 dwellings in the region by 2041. The local housing strategies seek to identify the appropriate locations to manage this growth, which would be balanced between infill and greenfield development. Bombo Quarry lands have been identified as a new urban release area to support additional housing for the Kiama LGA. The Plan encourages retention of existing scenic and natural areas through appropriate planning controls and seeks to ensure existing centres do not expand into 'surrounding non-urban hinterlands'.

While strategic centres are identified as priority locations for new housing opportunities, the Plan acknowledges that the centres of Kiama and Gerringong seek to rely primarily on infill development. It recommends the Kiama Local Housing Strategy explores ways to incentivise redevelopment in these centres to accommodate projected housing demand.

Summary points

The plan encourages infill development within the centres of Kiama and Gerringong.

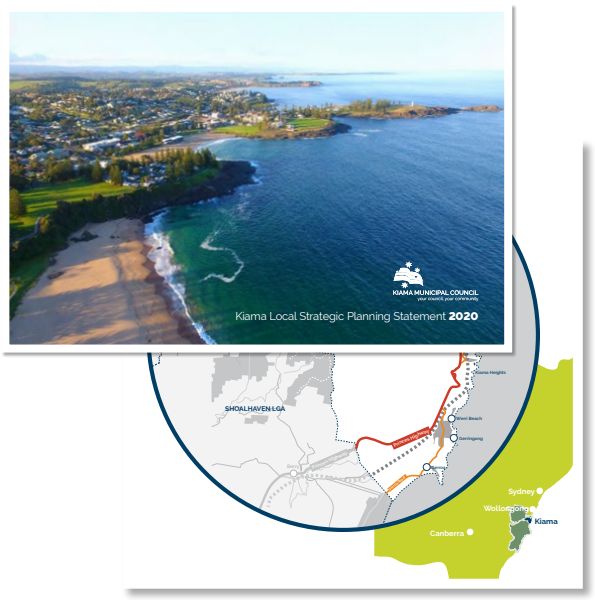
Development controls are to be reviewed to ensure they create flexible and feasible conditions for increased housing supply.

The Local Housing Strategies should set urban growth boundaries that delineate areas of acceptable urban growth.

2-1 Strategic Context

Kiama Local Strategic Planning Statement

Author: Kiama Municipal Council (2020)



The Local Strategic Planning Statement (Kiama LSPS) is a 20-year planning vision, emphasising land use, transport and sustainability objectives in alignment with the directions set out in the Illawarra-Shoalhaven Regional Plan. It identifies how future growth and change is to be managed in the Kiama Local Government Area (LGA). In addition to providing the vision, the document outlines planning priorities (PP1) and actions that inform the comprehensive reviews of both the Local Environmental Plan (LEP) 2011 and the Development Control Plan (DCP) 2012.

In line with Theme 1 of the report, which is to 'Manage sustainable growth', PP1 seeks to manage the demand and supply of housing. The LSPS outlines the need for a balanced mix of housing types, including infill redevelopment and acknowledges the need for planning for housing stock to focus on smaller dwellings and apartments.

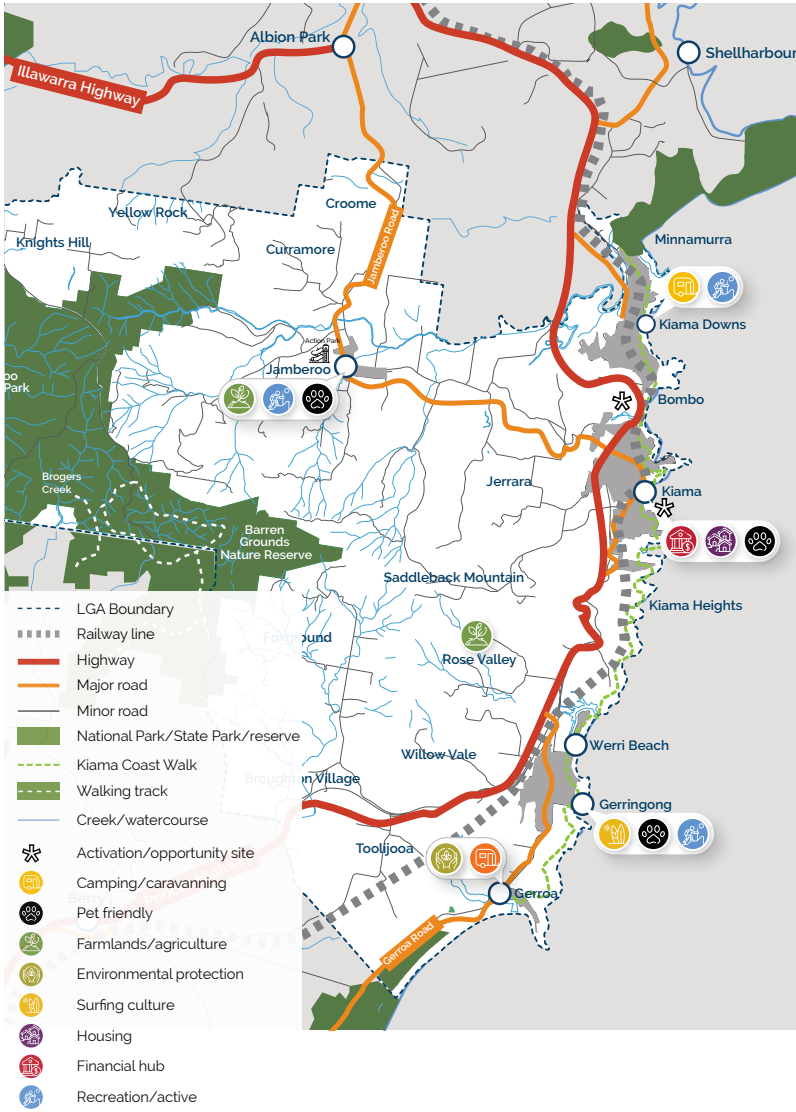
Several greenfield sites in the LGA have been identified for future expansion. The major site is located at Bombo Quarry and is estimated to provided up to 2,000 new dwellings. Other lots are located in Jamberoo, Gerringong, Kiama and Kiama Downs.

The Kiama LSPS notes the strength of its historic buildings and the importance of preserving the unique character and heritage of its towns and villages. This resonates with the issues raised by the community, who are concerned about the disappearance of heritage due to over-development. Further, the LSPS highlights the community's low support for residential development within town centres.

Summary points

The statement encourages review and amendment of existing LEP and development controls in appropriate areas of the town to support improvement in infill redevelopment feasibility.

The LSPS identifies new greenfield sites for possible future expansion.

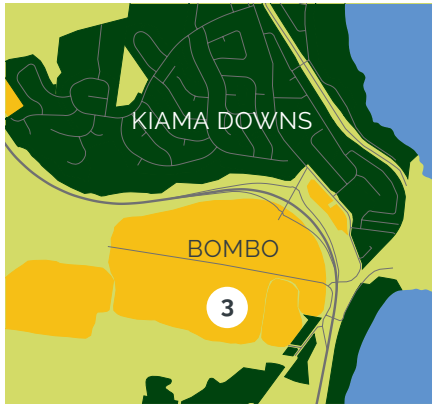


2-1 Strategic Context

Kiama Local Strategic Planning Statement

Author: Kiama Municipal Council (2020)

This section provides a place-based assessment of several sites identified in the LSPS for future residential expansion



3 Bombo Quarry

This site in Bombo currently functions as a quarry. Council has advised that it would take about 20 years until the rehabilitation and redevelopment of the Bombo Quarry is likely to occur.

Figure 2 *Above:* Greenfield site in Bombo as identified in the LSPS
Below: Aerial map of the Bombo Quarry

6 Rowlins Road, Gerringong

This site in Gerringong has been zoned E3 Environmental Management and is currently under private ownership. The land appears to be on a local creek which is likely to affect rezoning potential.

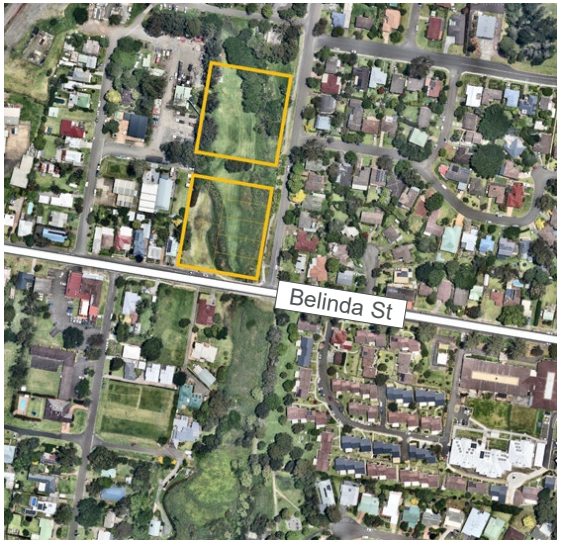
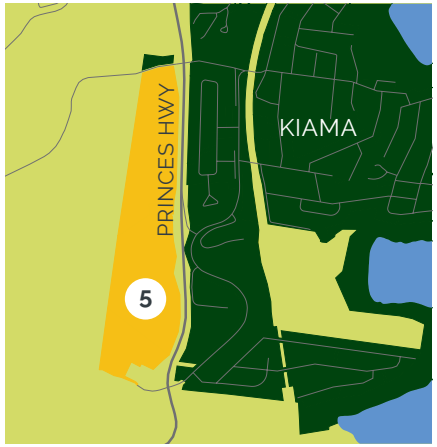


Figure 3 *Above:* Greenfield site in Gerringong as identified in the LSPS
Below: Aerial map of the greenfield site in Gerringong

2-1 Strategic Context

Kiama Local Strategic Planning Statement

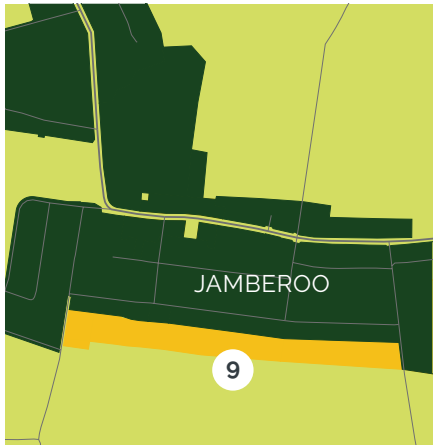
Author: Kiama Municipal Council (2020)



5 Weir Street, Kiama

Development on the left side of the highway would set a precedent for future development. Development of this area could affect regional scenic views and have an impact on the character of the area. A rezoning that is responsive to the landscape and local character will be required.

Figure 4 *Above:* Greenfield site in Kiama as identified in the LSPS
Below: Map of the site showing topography



9 Macquarie Street, Jamberoo

The site is a continuous strip of land approximately 900m long and encompasses several different lots. The lots are located along the rear of properties facing Macquarie Street. Given the varied ownership, the development of this land is likely to occur piecemeal. For a number of the sites, unless a new access road is created, the lots would be battle-axe lots. Additionally, any new development in Jamberoo is constrained by infrastructure limitations.

Figure 5 *Above:* Greenfield site in Jamberoo as identified in the LSPS
Below: Cadastre map of the greenfield site in Jamberoo

2-2 Policy Context

Kiama LEP 2011 and Kiama DCP 2020

The Kiama Local Environmental Plan (LEP) 2011, guides development and planning decisions within the local government area. The Kiama Development Control Plan (DCP) 2020, identifies general and site specific controls for all development in the Kiama Municipality.

For the purposes of this housing study, the key planning controls within the LEP and DCP are land use zoning, limits to the permissible floor space ratio (density), lot size and building height, and identification of heritage listed items, building setbacks and parking requirements.

The adjacent map illustrates the land and zones where residential development is currently concentrated under the LEP.

In general, Kiama LGA is dominated by a rural landscape character with higher residential density along the coast. The predominant residential zone in each centre is R2 Low Density Residential, with R3 Medium Density Residential zones found largely in Kiama and Gerringong. Large areas of B2 Local Centre with Shop top housing are also found within the town centres of Kiama and Gerringong. With smaller local and neighbourhood centres located in Jamberoo, Gerroa, Minnamurra and Kiama Downs.

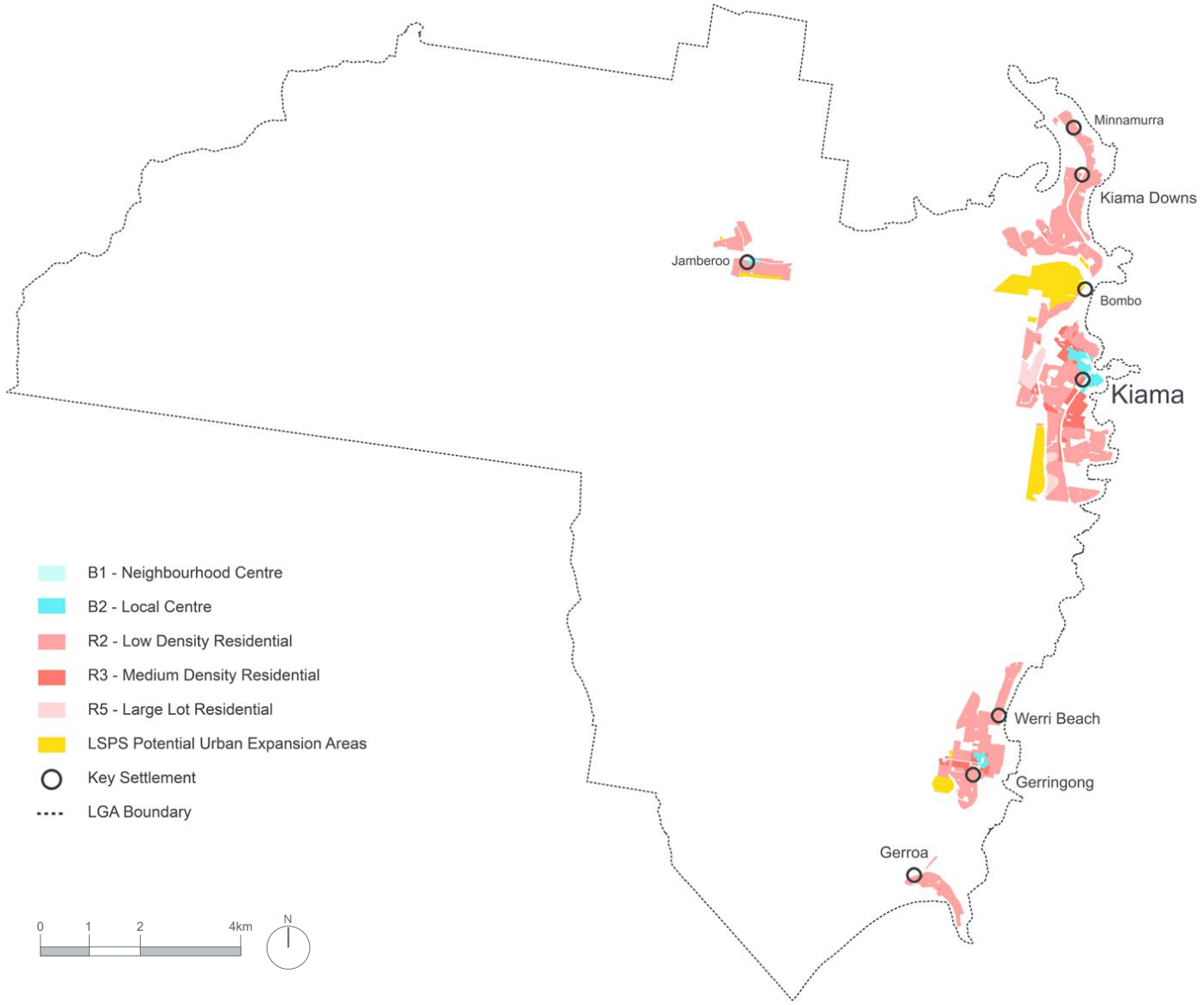


Figure 6 Predominant land zoning permitting residential development under the current LEP

2-2 Policy Context

Kiama LEP 2011 and Kiama DCP 2020

In addition to the predominant residential zones within the centres, Kiama LGA covers vast expanses of land zoned RU1 Primary Production, RU2 Rural Landscape and E3 Environmental Management which permits limited residential development (as shown in Figure 3). However, the development is restricted to dwelling houses and secondary dwellings and is unlikely to contribute much to dwelling intensification.

The tables on the following pages show the types of housing permitted under the current LEP and DCP controls within each area of study.

In 2021, NSW Department of Planning, Industry and Environment conducted the Kiama dwelling potential analysis which forecasts the dwelling potential in the Kiama LGA permissible under the current LEP and DCP controls.

The study identified that the majority of additional dwellings located in the Kiama LGA would be that of dual occupancy development located in R2 and R5 zones and residential flat buildings (RFBs) of up to 4 storeys located in R3, B1 and B2 zones.

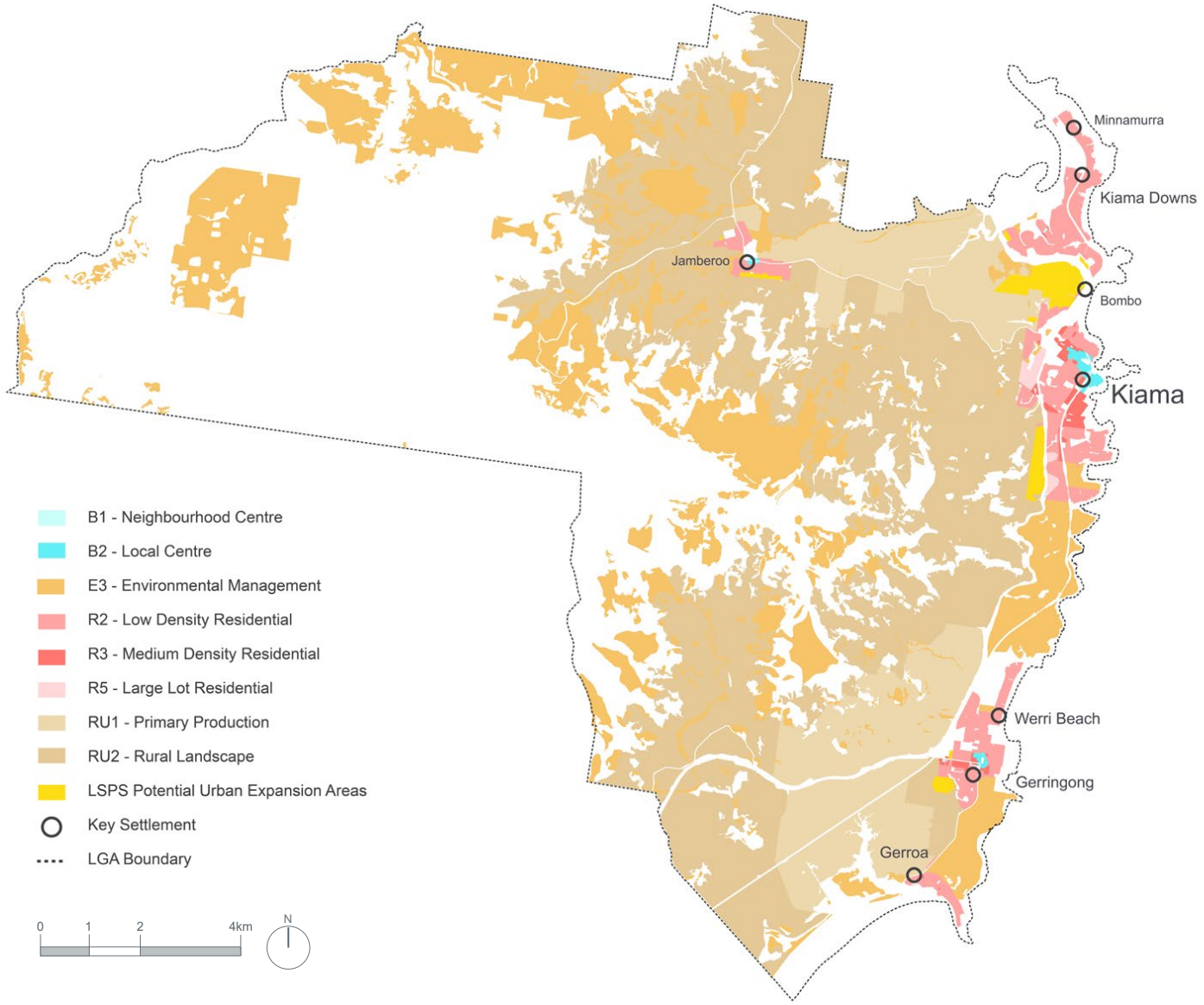


Figure 7 All land zoning permitting residential development under the current LEP (Including RUQ, RU2 & E3 zones)

2-3 Landform Constraints

The Kiama LGA is defined by a range of landscapes including farmland, woodlands, rocky terrain, coastal plains, wetlands, flood plains and rainforests. Steep rolling hills extending from the Illawarra escarpment to the coast create areas with different characters within each town and village.

The regular grid structure overlaid across the topography in Kiama and Gerringong has resulted in some steep streets that cut perpendicularly across ridgelines. The undulating topography poses constraints and limits the feasibility for certain types of development. For example, the Kiama DCP 2020 specifically limits the development of dual occupancies and secondary dwellings on allotments exceeding an average fall of 20 degrees due to "...problems with car parking access, conflicts with height controls, achievable private open spaces, drainage (where there is no inter-allotment easements) and safety".

As per the Illawarra Local Flood Plan 2017, the Kiama LGA is primarily affected by flash flooding, but Minnamurra and Crooked River could also be subject to riverine flooding. Properties and low lying streets can get inundated as surrounding creeks can become fast flooding floodways. Low lying areas in Werri Beach, Gerringong, Gerroa, Foxground, Jamberoo, Curramore and Minnamurra could also be affected by floodwaters during a Probable Maximum Flood (PMF) event.

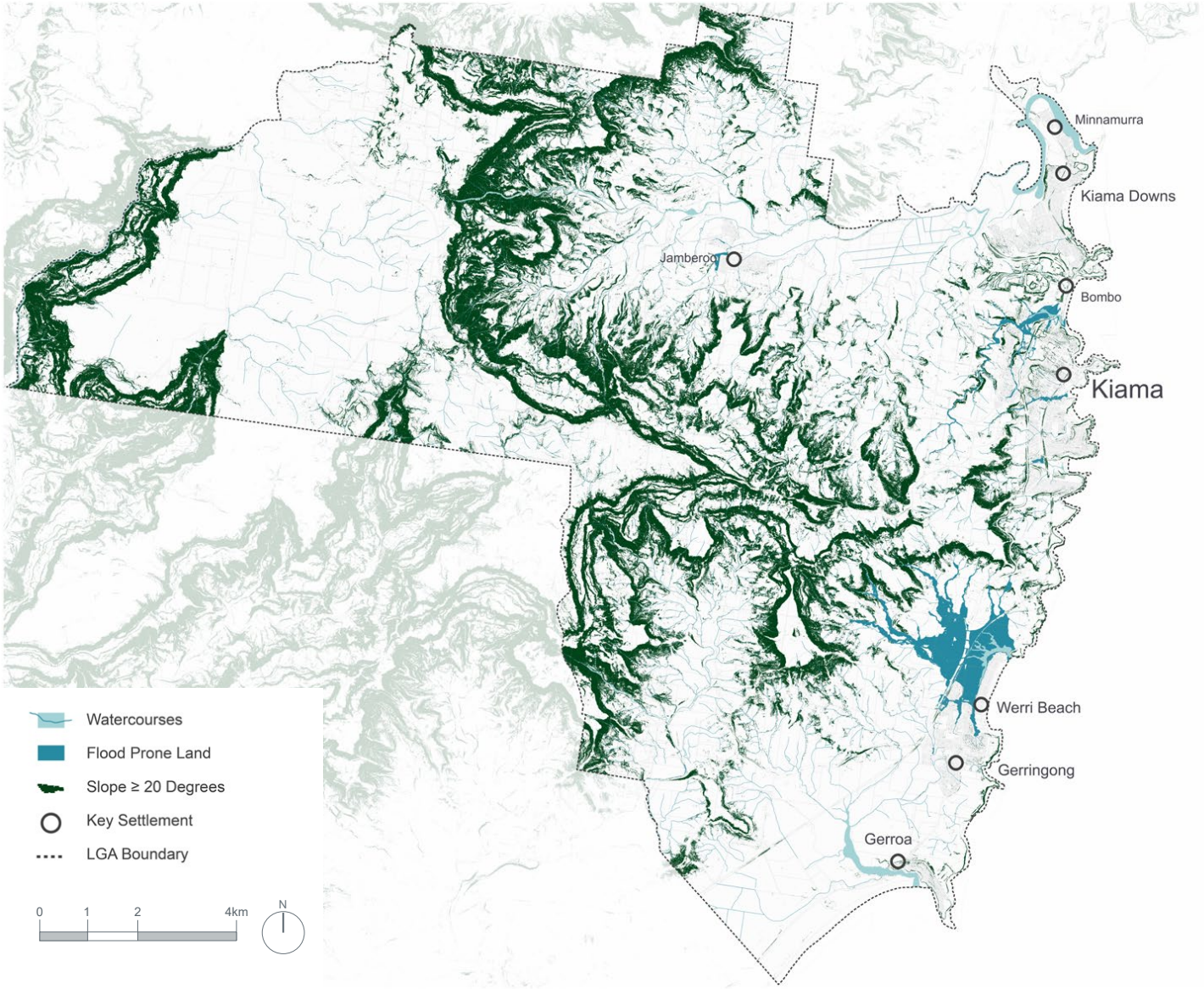


Figure 8 Landform constraints within the Kiama LGA

2-4 Summary of Controls and Issues

Kiama Town Centre

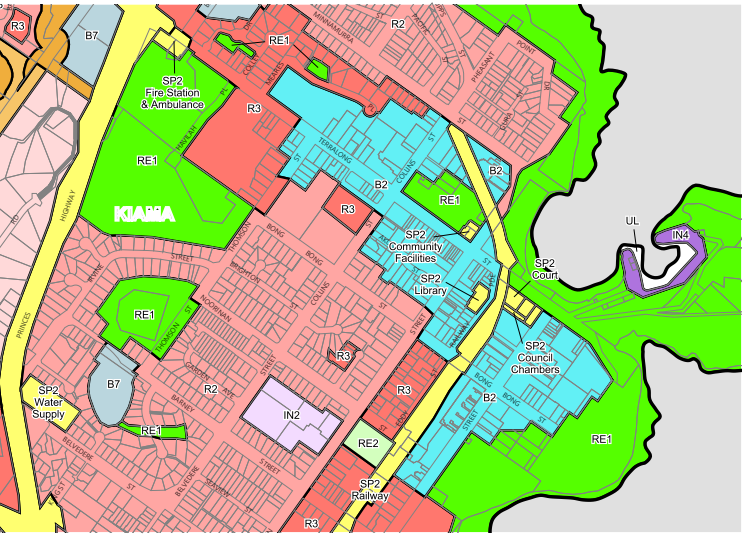


Figure 9 Land zoning for the area as per LEP 2011

The predominant land use zone within the Kiama Town Centre is B2 Local Centre, which permits the development of apartments above ground level commercial/ retail. Several areas in the north-west of the town centre are zoned medium density residential.

Density controls, in the form of FSR, within the town centre range across 6 categories from 0.5:1 to 2.5:1. The lands with the highest permissible development density are the Council Chambers and a part of Lot 71 located along Havilah Place.

Zoning (LEP)	Typologies permitted (LEP)	FSR (LEP)	Max building height (LEP)	Min lot size (LEP)	Setbacks (DCP)	Parking requirements (DCP)
B2 Local Centre	Shop top housing	0.5:1 (16 lots), 0.9:1, 1:1 (1 lot), 1.5:1, 2:1 (11 Lots), 2.5:1 (Council HQ)	8.5m, 11m, 19m	Nil	Nil	1 space per 1 or 2 bedroom dwelling + 1 extra space per 3 bedroom dwelling + 1 space per 2 dwellings for visitor parking
R3 Medium Density Residential	Attached dwellings and Multi dwelling housing; Residential flat buildings (not prohibited)	0.7:1, 2.5:1 (1 Lot)	8.5m, 24m	450 m^2; *Lot subdivision*: Manor house, & terraces- 200 m^2 Attached dwellings (3+)- 150 m^2	*Front setbacks for up to 2 storeys*- 4.5m/ 3.5m (Primary/ Secondary street frontage); *Front setbacks for 3 storeys or above*- 6m/ 3.5m (Secondary/ Primary street frontage); *Side*- 6m (habitable); *Rear*- 6m	As above

Table 1 Predominant controls permitting residential development within the area

Lots zoned B2 Local Centre within the town centre are encouraged to have development built-to-alignment to reinforce a strong and continuous street frontage. The setbacks for R3 Medium Density Residential varies depending on the number of storeys, habitable/ non-habitable rooms and type of street frontage.

The high parking requirements, especially visitor parking requirements, for Medium Density Residential and Shop top housing limits the amount of potential residential development. Fine grain lots within the town centre limit the development of mixed use sites, which generally require between 800-1,500sqm for basement parking, built form

2-4 Summary of Controls and Issues

Kiama Town Centre

interest and variety and quality design outcomes (as recommended by the Kiama Town Centre Study). Consolidation of many small single sites to create larger developments also poses a risk of detrimental impact to the character of the town centre.

Further, parts of Kiama are located on hard basalt rock, which significantly increases the cost of excavation for basement parking or deep building foundations.

The undulating topography allows a large number of properties within Kiama to capture views of the foreshore, but also results in certain developments being prominent and clearly visible from the main streets.

2-4 Summary of Controls and Issues

Gerringong - Town Centre & Surrounding Area

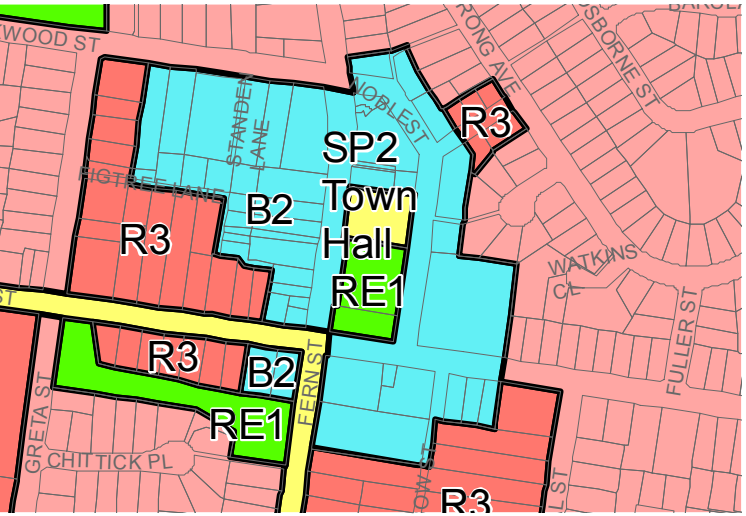


Figure 10 Land zoning for the area as per LEP 2011

The predominant land use zone within the Gerrigong Town Centre is B2 Local Centre, surrounded by areas of land zoned R3 Medium Density Residential. A number of sites within the town centre have been identified as heritage items with local significance, including the Gerringong Town Hall, St George Anglican Church and the former Ocean View Inn. With the exception of these heritage sites, which have a lower FSR (0.7:1 & 0.9:1), all other sites zoned B2 Local Centre have an FSR of 1.5:1.

Zoning (LEP)	Typologies permitted (LEP)	FSR (LEP)	Max building height (LEP)	Min lot size (LEP)	Setbacks (DCP)	Parking requirements (DCP)
B2 Local Centre	Shop top housing	0.7:1 (2 lots), 0.9:1 (2 lots), 1.5:1	8.5m (2 lots), 11m 2.5 storeys in general.	Nil	Predominantly nil setback. 1.5m front setbacks for properties facing Noble St south east (as per design guidelines for precinct 1a). Setback to new development along Belinda Street to match setback of adjoining propoerty	1 space per 1 or 2 bedroom dwelling + 1 extra space per 3 bedroom dwelling + 1 space per 2 dwellings for visitor parking
R3 Medium Density Residential	Attached dwellings and Multi dwelling housing; Residential flat buildings (not prohibited)	0.7:1, 1:1	8.5m, 11m	450 m^2; *Lot subdivision*: Manor house, & terraces- 200 m^2 Attached dwellings (3+)- 150 m^2	Setbacks to Noble St, Myamba St and Armstrong Ave is min. 3.5m. Otherwise, *Front setbacks for up to 2 storeys*- 4.5m/ 3.5m (Primary/ Secondary street frontage); *Front setbacks for 3 storeys or above*- 6m/ 3.5m (Secondary/ Primary street frontage); *Side*- 6m (habitable); *Rear*- 6m	As above

Table 2 Predominant controls permitting residential development within the area

2-4 Summary of Controls and Issues

Gerringong - Town Centre & Surrounding Area

Location Specific Controls have been set within the Kiama DCP 2020 for Gerringong Town Centre, to guide the development in this area. The controls make provisions for setbacks and building heights for new development along Noble Street, Belinda Street and Myamba Street. A number of height restrictions are set based on identified views that are desirable to retain.






2-4 Summary of Controls and Issues

Gerringong- East of Railway Station

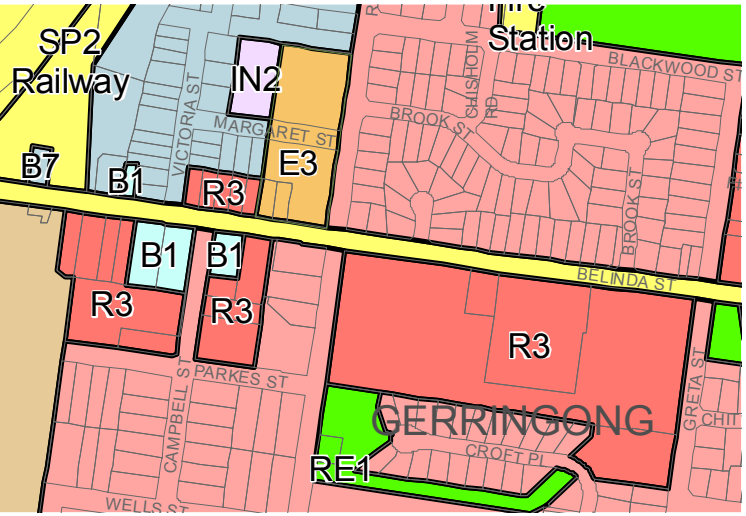


Figure 11 Land zoning for the area as per LEP 2011

The area east of the railway station is predominantly zoned R2 Low Density Residential with certain parcels of land zoned R3 Medium Density Residential, including a large retirement facility, a motel, two large empty lots and a few other dwelling houses. Despite the provisions set by the zoning and other LEP controls, the lots have not been developed to their full potential.

The Medium Density land provides an interface with various other zones, including B1 Neighbourhood Centre, RU2 Rural Landscape and B7 Business Park. The design of these lots will have to be sensitive to these other zones.

Zoning (LEP)	Typologies permitted (LEP)	FSR (LEP)	Max building height (LEP)	Min lot size (LEP)	Setbacks (DCP)	Parking requirements (DCP)
R3 Medium Density Residential	Attached dwellings and Multi dwelling housing; Residential flat buildings (not prohibited)	1:1	11m	450 m^2; *Lot subdivision*: Manor house, & terraces- 200 m^2 Attached dwellings (3+)- 150 m^2	*Front setbacks for up to 2 storeys*- 4.5m/ 3.5m (Primary/ Secondary street frontage); *Front setbacks for 3 storeys or above*- 6m/ 3.5m (Secondary/ Primary street frontage); *Side*- 6m; *Rear*- 6m	1 space per 1 or 2 bedroom dwelling + 1 extra space per 3 bedroom dwelling + 1 space per 2 dwellings for visitor parking
R2 Low Density Residential	Dual occupancies; Dwelling houses; Multi dwelling housing (terraces only); Semi-detached dwellings	0.45:1	8.5m	450 m^2; *Lot subdivision:* Semi-detached dwellings & dwelling house (3+)- each lot is >50% of min. lot size shown on map; Dual Occupancy & Terraces- 300 m^2	Multi dwelling housing: same as above Dwelling houses and dual occupancies: *Front*- 6m; *Side*- 900mm; *Rear*- 6m;	Multi dwelling housing: same as above Dwelling house and dual occupancy: 1 space behind the building line + 1 space behind the front boundary for each occupancy

Table 3 Predominant controls permitting residential development within the area

2-4 Summary of Controls and Issues

Jamberoo

Figure 12 Land zoning for the area as per LEP 2011

The predominant zoning permitting residential development in the centre of Jamberoo is R2 Low Density Residential. The area is surrounded by vast rural lands zoned RU2 Rural Landscape and RU1 Primary Production. There are no areas of land zoned R3 Medium Density Residential. Despite the identified B2 Local Centre zoning, there is minimal Shop top housing within the village centre. Many sites within the village centre have been listed as heritage items with local significance.

Zoning (LEP)	Typologies permitted (LEP)	FSR (LEP)	Max building height (LEP)	Min lot size (LEP)	Setbacks (DCP)	Parking requirements (DCP)
B2 Local Centre	Shop top housing	0.5:1 (5 lots), 0.9:1	8.5m	Nil	Nil	1 space per 1 or 2 bedroom dwelling + 1 extra space per 3 bedroom dwelling + 1 space per 2 dwellings for visitor parking
R2 Low Density Residential	Dual occupancies; Dwelling houses; Multi dwelling housing (terraces only); Semi-detached dwellings	0.45:1, 0.5:1 (Seniors living)	8.5m	800 m^2, 350 m^2 (Seniors Living) Dual Occupancy & Terraces- 400 m^2	Dwelling houses and dual occupancy: *Front* (general)- Avg. of adjoining dwellings or 6m; *Front* (Wyalla Rd release area residential allotment)- 4m; *Side*- 1.5m; *Rear*- Avg. of adjoining dwellings or 6m;	Dwelling house and dual occupancy: 1 space behind the building line + 1 space behind the front boundary for each occupancy

Table 4 Predominant controls permitting residential development within the area

With the exception of a seniors living precinct within the Wyalla Road release area residential allotment, the minimum lot size for all low density development in Jamberoo is 800m^2, which is significantly higher than the lot sizes for R2 Low Density Residential in other centres (usually 450m^2).

Location Specific Controls have been established within the Kiama DCP 2020 for the Wyalla Road release area residential allotment to guide the development in this area.

2-4 Summary of Controls and Issues

Gerroa

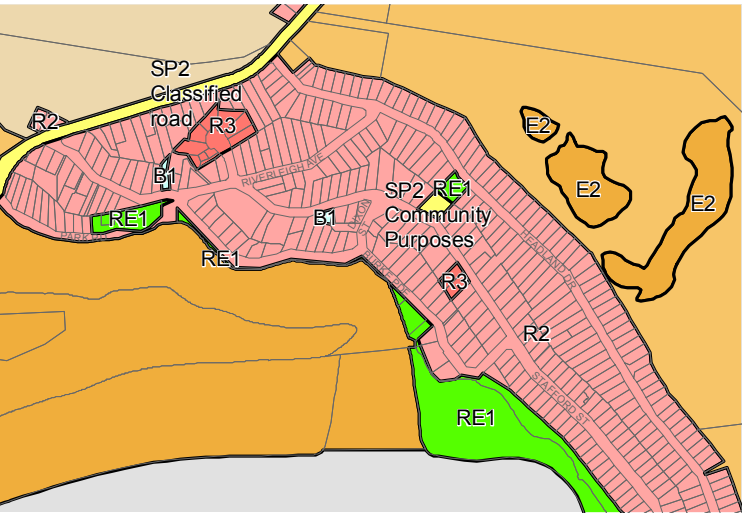


Figure 13 Land zoning for the area as per LEP 2011

The coastal town of Gerroa is predominantly zoned R2 Low Density Residential. There are 11 lots in total with the R3 Medium Density Zoning, however buildings on these sites have already been developed.

Zoning (LEP)	Typologies permitted (LEP)	FSR (LEP)	Max building height (LEP)	Min lot size (LEP)	Setbacks (DCP)	Parking requirements (DCP)
R2 Low Density Residential	Dual occupancies; Dwelling houses; Multi dwelling housing (terraces only); Semi-detached dwellings	0.45:1	8.5m	450 m^2; *Lot subdivision*: Semi-detached dwellings & dwelling house (3+)- each lot is >50% of min. lot size shown on map; Dual Occupancy & Terraces- 300 m^2.	Dwelling houses and dual occupancies: *Front*- 6m; *Side*- 900mm; *Rear*- 6m;	Multi dwelling housing: 1 space per 1 or 2 bedroom dwelling + 1 extra space per 3 bedroom dwelling + 1 space per 2 dwellings for visitor parking; Dwelling house and dual occupancy: 1 space behind the building line + 1 space behind the front boundary for each occupancy

Table 5 Predominant controls permitting residential development within the area

2-4 Summary of Controls and Issues

Minnamurra

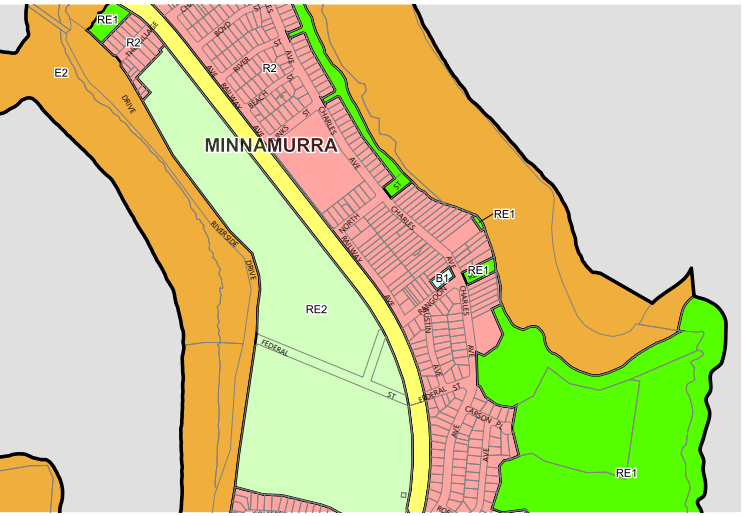


Figure 14 Land zoning for the area as per LEP 2011

The predominant land use zone permitting residential development in the suburb of Minnamurra is R2 Low Density Residential. The residential development is largely surrounded by low lying land along the riverfront to the north and west.

There are currently limited points of entry into the suburb. Without a reconfiguration of the urban structure, any increase in density in Minnamurra would have adverse traffic impacts. While the suburb is serviced by a railway station, it currently has a very small catchment area.

Zoning (LEP)	Typologies permitted (LEP)	FSR (LEP)	Max building height (LEP)	Min lot size (LEP)	Setbacks (DCP)	Parking requirements (DCP)
R2 Low Density Residential	Dual occupancies; Dwelling houses; Multi dwelling housing (terraces only); Semi-detached dwellings	0.45:1	8.5m	450 m^2; *Lot subdivision*: Semi-detached dwellings & dwelling house (3+)- each lot is >50% of min. lot size shown on map; Dual Occupancy & Terraces- 300 m^2.	Dwelling houses and dual occupancies: *Front*- 6m; *Side*- 900mm; *Rear*- 6m;	Multi dwelling housing: 1 space per 1 or 2 bedroom dwelling + 1 extra space per 3 bedroom dwelling + 1 space per 2 dwellings for visitor parking; Dwelling house and dual occupancy: 1 space behind the building line + 1 space behind the front boundary for each occupancy

Table 6 Predominant controls permitting residential development within the area

Minnamurra consists of a long continuous coastal development strip, surrounded by water to the east and west. The land is situated over a low lying area which is affected by riverine and overland flooding. This limits any additional residential development in the area.

2-4 Summary of Controls and Issues

Kiama Downs

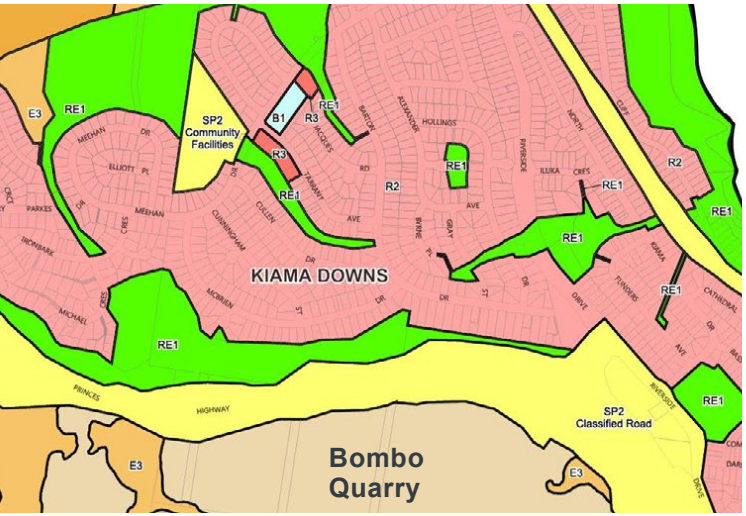


Figure 15 Land zoning for the area as per LEP 2011

The suburb of Kiama Downs is predominantly zoned R2 Low Density Residential. There are 6 lots in total with an R3 Medium Density Zoning, all of which have been developed with medium density development.

Zoning (LEP)	Typologies permitted (LEP)	FSR (LEP)	Max building height (LEP)	Min lot size (LEP)	Setbacks (DCP)	Parking requirements (DCP)
R2 Low Density Residential	Dual occupancies; Dwelling houses; Multi dwelling housing (terraces only); Semi-detached dwellings	0.45:1	8.5m	450 m^2; *Lot subdivision*: Semi-detached dwellings & dwelling house (3+)- each lot is >50% of min. lot size shown on map; Dual Occupancy & Terraces- 300 m^2.	Dwelling houses and dual occupancies: *Front*- 6m; *Side*- 900mm; *Rear*- 6m;	Multi dwelling housing: 1 space per 1 or 2 bedroom dwelling + 1 extra space per 3 bedroom dwelling + 1 space per 2 dwellings for visitor parking; Dwelling house and dual occupancy: 1 space behind the building line + 1 space behind the front boundary for each occupancy

Table 7 Predominant controls permitting residential development within the area

2-5 Summary of Controls and Issues

The Low Rise Housing Diversity Code (the Code) forms part of the State Environmental Planning Policy (Exempt and Complying Development Code) 2008 and permits a range of medium density housing typologies including Dual Occupancies, Manor Houses and Terraces, to be achieved through a complying development certificate process.

It allows medium density typologies to be built as 'complying development' if they are permissible with consent in the land use zone under the LEP. Complying development establishes an 'as of right' development potential – but only if all standards are met. However, aspects of a development application can be assessed on their merits and may not comply with all controls as set out in a DCP.

Complying development is not permitted on environmentally sensitive land, in heritage conservation areas or on the same land as a heritage item. On this basis complying development is restricted in application compared to the development potential under the DA pathway – mainly in relation to heritage conservation areas.

In Kiama LGA, Dual Occupancy development is permitted with consent within the R2 Low Density Residential zone, R3 Medium Density Residential zone and R5 Large Lot Residential zone. Manor Houses are only permissible in the R3 Medium Density Residential zone. Terraces are also permissible in the R2 Low Density Residential zone and R3 Medium Density Residential zone.

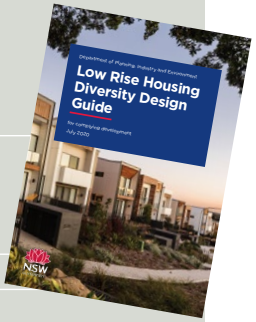
The Code permits dual occupancies that would be larger than current controls in the Kiama DCP/LEP. For example, under the Code a 600m^2 site can be developed with an FSR of 0.75:1, i.e. 450m^2. Under the LEP a 600m^2 site has a maximum FSR of 0.45:1 i.e. 270m^2 so the FSR permissible under the Code is 180m^2 greater than under the LEP.

From 1 July 2020 the Code went into operation across NSW with no further deferrals supported by the State Government. The application of the Code in Kiama has the potential to influence the supply of dwellings by increasing the feasibility of developing multi dwelling housing, particularly dual occupancies in the region.

Lots along Tasman Drive in Gerringong have a Complying Local Exclusion and are currently the only sites within the Kiama LGA exempt from the Code.

2.1A Building Envelopes

Summary Development Standard Codes SEPP: Clause 3B.1, 3B.8, 3B.9, 3B.11, and 3B.12	
Minimum Lot size (Clause 3B.8)	*Minimum area: As specified for dual occupancies in the EPI that applies to the land. If the EPI does not specify a minimum lot size – 400m^2.* *The width of the lot must not be less than the following when measured at the building line—* *(a) 15m, or* *(b) 12m where the car parking is provided at the rear of the lot or in a basement and accessed only from a secondary road, parallel road or lane.*
Height of Building (Clause 3B.9)	*8.5m*
Number of Storeys (Clause 3B.1)	*2*
Primary Road Setback (Clause 3B.11)	*Where existing dwelling houses or dual occupancies are within 40m of the development - average of the two closest dwelling houses or dual occupancies.* *Where no existing dwelling houses or dual occupancies are within 40m of the development then:* ***Lot Area (m^2)** — **Setback*** *400 - 900 — 4.5m* *>900 - 1500 — 6.5m* *>1500 — 10m*
Secondary Road setback (Clause 3B.11(6))	***Lot Area (m^2)** — **Setback*** *400 - 900 — 2m* *>900 - 1500 — 3m* *>1500 — 5m*
Parallel Road Setback (Clause 3B.11(8))	*3m*
Classified Road Setback (Clause 3B.11(9))	*9m*
Side Setbacks (Clause 3B.11(4)) *Applies only to the side boundary of the development site – not each individual lot.* *Refer to Figure 3-33 for nomination of setbacks for a corner dual occupancy.*	***Lot Width at the Building Line** — **Building Height at any point** — **Minimum Required Setback from Each Side Boundary*** *12m – 24m — 0m – 4.5m — 0.9m* *> 4.5m – 8.5m — = (building height – 4.5m) ÷ 4 + 0.9m* *> 24m – 36m — 0m – 4.5m — 1.5m* *> 4.5m – 8.5m — = (building height – 4.5m) ÷ 4 + 1.5m* *> 36m — 0m – 8.5m — 2.5m* See Figures 3-32 to 3-34 in Section 3 of this Design Guide.



2.1B Gross Floor Area

Summary Development Standard Codes SEPP: Clause 3B.10		
Gross Floor Area (GFA) *The GFA is calculated according to the lot area of the parent lot.*	***Lot Area (m^2)***	***Maximum GFA***
	400 - 2000	*25% of lot area + 300m^2*
	>2000	*800m^2*

Figure 16 Extract of controls for Dual Occupancy dwellings (source: Low Rise Hosuing Diversity Design Guide, 2020)

CHAPTER 3
FINDINGS

3-1 Spatial Findings Background

In alignment with the Kiama dwelling potential analysis 2021 by DPIE, this section of the report conducts additional spatial analysis in each centre to identify the potential of dual occupancies and residential flat buildings under existing planning controls.

The spatial mapping that follows is used as an indicative tool to represent the theoretical potential for increased dwellings and dwelling types in each area.

Dual Occupancy Dwellings

Under the Kiama planning controls, dual occupancy dwellings need to:

- be located in land zoned R2 - Low Density Resdiential or R5 - Large Lot Residential zones;
- have a minimum lot width of 15m;
- have a minimum site area of 600m^2; and
- not be a heritage listed item or located within a heritage conservation area.
- have a minimum lot width of 20m and a minimum site area of 800m^2 for sites located in Jamberoo.

These requirements have been used to map sites within the LGA where dual occupancy development is permissible. These suitable sites have then been overlayed with flooding and topography constraints to illustrate potential challenges to the construction of dual occupancy dwellings in Kiama.

The spatial mapping does not factor in additional constraints such as the age of existing housing stock, existing building uses, financial viability or detailed flood/bushfire studies for the sites and therefore can only provide a high level indication of potential future development.

Residential Flat Buildings/ Shop-top Housing

For residential flat buildings/ shop-top housing, the sites need to:

- be located in land zoned R3- Medium Density Residential, B1 Neighbourhood Centre or B2 Local Centre zones;
- have a minimum lot width of 25m;
- have a minimum site area of 600m^2; and
- not be a heritage listed item or located within a heritage conservation area.

Residential flat buildings/ shop-top housing development is typically not restricted by topography and this constraint has been turned off for these spatial maps.

Kiama Town Centre, Kendalls Beach and Gerringong are the main areas with significant amounts of land zoned R3, B1 or B2 which can accommodate potential RFBs/ shop-top housing under the current LEP controls.

The amalgamation of existing sites would be required to create additional development parcels with sufficient lot widths and site areas. This would increase the number of potential sites for RFB/ shop-top housing in Kiama.

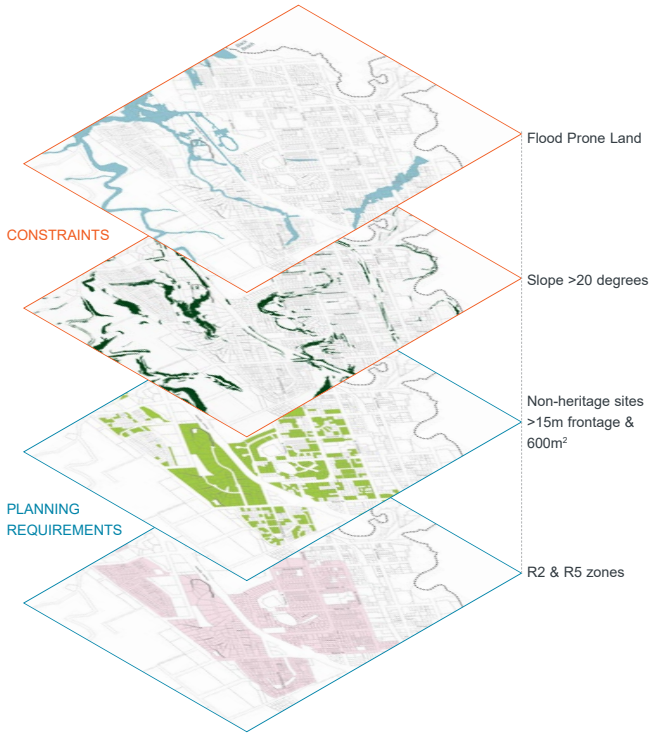


Figure 17 Layers used to illustrate dual occupancy potential opportunity sites

Topography data sourced from DEM information provided by Geoscience Australia.
Flood Prone Land data provided by Council

3-2 Spatial Findings

Kiama Town Centre

R2 & R5 Land Zone

Lots with a street frontage ≥ 15m *and* lot size ≥600m² *and* outside of heritage & conservation areas within a R2 or R5 zone

Slope ≥ 20 degrees (simplified) within a R2 or R5 zone

Flood Prone Land in a R2 or R5 zone

LGA Boundary

- Approximately 60% of lots are not suitable for dual occupancies.
- A percentage of suitably sized lots are potentially impacted by slope and/or flooding.

Figure 18 Potential for dual occupancy dwellings in R2 zone - Kiama Town Centre

R3, B1 & B2 land zones

Lots with a street frontage ≥ 25m *and* lot size ≥600m² *and* outside of heritage & conservation areas within a R3, B1 or B2 zone

Flood Prone Land within a R3, B1 or B2 zone

LGA Boundary

- Some of the large sites in this diagram contain large recent development, schools, shopping centres and retirement and aged care centres.
- Some large sites on the periphery of the Town Centre may be suitable for residential flat developments.

Figure 19 Potential for residential flat development in R3, B1 and B2 zone - Kiama Town Centre

	R2/R5 Lots	Suitable Lots	Suitable Lots impacted by Slope/Flooding
Approx. No.	860	340	83
Approx. %	100%	40%	24% (of Suitable Lots)

3-2 Spatial Findings

Kendalls Beach

R2 & R5 Land Zone

Lots with a street frontage ≥ 15m *and* lot size ≥600m² *and* outside of heritage & conservation areas within a R2 or R5 zone

Slope ≥ 20 degrees (simplified) within a R2 or R5 zone

Flood Prone Land in a R2 or R5 zone

LGA Boundary

- Almost 50% of sites between Kendalls Beach and Easts Beach could be suitable for dual occupancy development.
- The majority of the potential sites are to the east of the railway line.
- Some of the suitably sized sites for dual occupancy development could be affected by slope and/or flooding.

Figure 20 Potential for dual occupancy dwellings in R2 zone - Kendalls Beach

	R2/R5 Lots	Suitable Lots	Suitable Lots impacted by Slope/Flooding
Approx. No.	1270	600	65
Approx. %	100%	47%	11% (of Suitable Lots)

R3, B1 & B2 land zones

Lots with a street frontage ≥ 25m *and* lot size ≥600m² *and* outside of heritage & conservation areas within a R3, B1 or B2 zone

Flood Prone Land within a R3, B1 or B2 zone

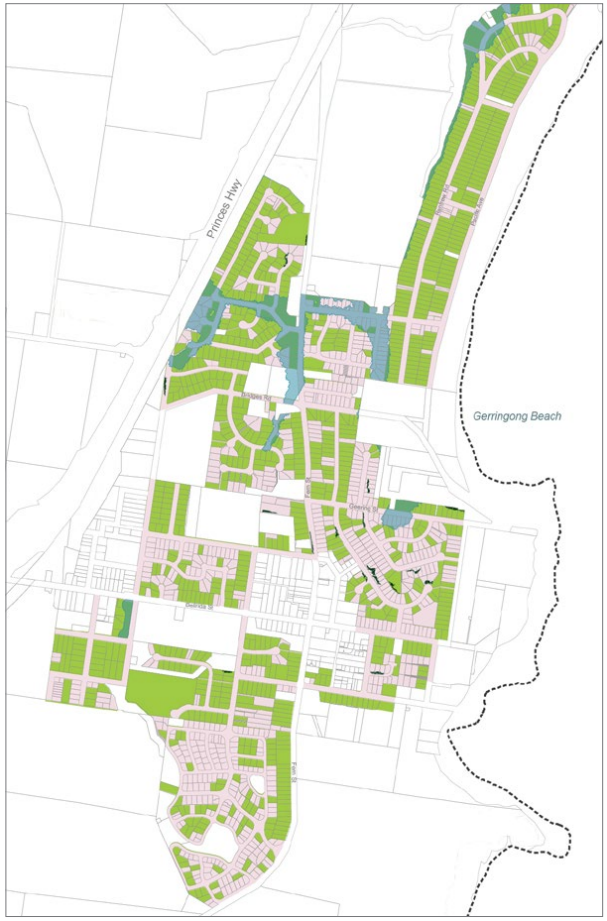
LGA Boundary

- The large site east of the railway line contains recent development.
- There is a scattering of sites which are of sufficient size (without amalgamation) to be developed as residential flat buildings.

Figure 21 Potential for residential flat development in R3, B1 and B2 zone - Kendalls Beach

3-2 Spatial Findings

Gerringong



R2 & R5 Land Zone

Lots with a street frontage ≥ 15m *and* lot size ≥600m² *and* outside of heritage & conservation areas within a R2 or R5 zone

Slope ≥ 20 degrees (simplified) within a R2 or R5 zone

Flood Prone Land in a R2 or R5 zone

LGA Boundary

- A large selection of sites with the potential for dual occupancy are located along Pacific Ave and Renfrew Rd in the north towards Werri Beach.

Figure 22 Potential for dual occupancy dwellings in R2 zone - Gerringong

	R2/R5 Lots	Suitable Lots	Suitable Lots impacted by Slope/Flooding
Approx. No.	1740	995	165
Approx. %	100%	57%	16% (of Suitable Lots)

R3, B1 & B2 land zones

Lots with a street frontage ≥ 25m *and* lot size ≥600m² *and* outside of heritage & conservation areas within a R3, B1 or B2 zone

Flood Prone Land within a R3, B1 or B2 zone

LGA Boundary

- The largest site in the centre is currently developed as a Uniting Aged Care facility.
- Sites to the east of Gerringong Park have recently been developed.
- Other large sites in the centre include the IGA and the Park Ridge Retreat.

Figure 23 Potential for residential flat development in R3, B1 and B2 zone - Gerringong

3-2 Spatial Findings

Jamberoo

Figure 24 Potential for dual occupancy dwellings in R2/R5 zones - Jamberoo

- Compared to the rest of Kiama, sites within Jamberoo require increased street frontage (25m+) and lot size (800m²) for dual occupancy development
- There is a large number of heritage items within Jamberoo
- Most sites are over 800m² but have a street frontage under 25m making dual occupancies not permissible.
- The majority of suitable sites are located on street corners.

	R2/R5 Lots	Suitable Lots	Suitable Lots impacted by Slope/Flooding
Approx. No.	475	100	5
Approx. %	100%	20%	5% (of Suitable Lots)

Gerroa

Figure 25 Potential for dual occupancy dwellings in R2 zone - Gerroa

- Almost all sites in the suburb have a suitable street frontage (greater than 15m), however a large quantity of sites in the south of the suburb are less than the required 600m².
- Some pockets of steep slope may reduce the number of suitable sites.

	R2/R5 Lots	Suitable Lots	Suitable Lots impacted by Slope
Approx. No.	460	240	54
Approx. %	100%	52%	22% (of Suitable Lots)

3-2 Spatial Findings

Minnamurra

- The majority of R2 lots in Minamurra have a street frontage less than 15m or are under 600m².
- The majority of lots with the potential for dual occupancies in Minnamurra are corner lots.
- Sites located along Riversdale Ave in the east have dual street frontage to Riverside Dr but are constrained by steep slope.

Figure 26 Potential for dual occupancy dwellings in R2 zone - Minnamurra

	R2/R5 Lots	Suitable Lots	Suitable Lots impacted by Slope
Approx. No.	780	165	45
Approximate %	100%	20%	27% (of Suitable Lots)

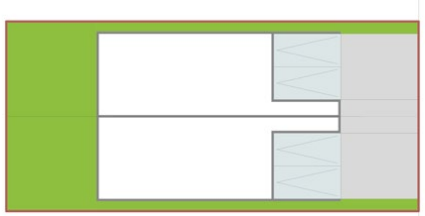
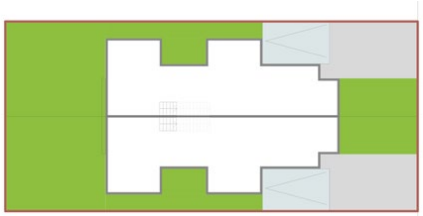
Kiama Downs

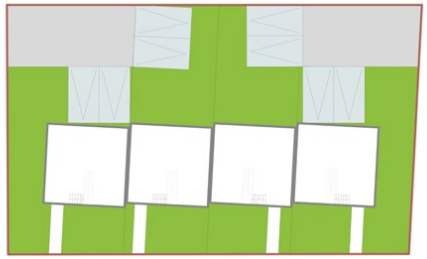
	R2/R5 Lots	Suitable Lots	Suitable Lots impacted by Slope
Approx. No.	1515	860	14
Approximate %	100%	57%	2% (of Suitable Lots)

Figure 27 Potential for dual occupancy dwellings in R2 zone - Kiama Downs

- A high number of lots in the area are suitable for dual occupancy and few of these lots are impacted by steep slope or flooding.

3-3 Site Testing Background


This section conducts site testing for dual occupancies and terraces in an R2 Low Density Residential zone to identify feasibility under the existing planning controls. It also provides testing for dual occupancies and terraces that would be permissible through a complying development certificate process under the Low Rise Housing Diversity Code.

Site testing of potentially suitable sites was undertaken to identify challenges with the planning controls and size of development possible. For the purposes of comparison, the same site is then tested against the controls set by the Low Rise Housing Diversity Code (Codes SEPP Part 3B Division 2 & 4).

This section also outlines a number of practical examples of dual occupancies and terrace houses in Kiama to help analyse the existing conditions.

Note: The sites were selected at random and there is no expectation that the site selected will be developed.

3-3 Site Testing

Dual Occupancy

Mid-block lot - Test scenario: Kiama Downs

Site information

- Site area: 629m²
- Lot width: 17m
- Lot depth: 37m
- Access: single street frontage, front loaded
- Land zoning: R2 Low density residential
- Maximum height: 8.5m
- Floor space ratio: 0.45:1

Dual occupancy controls

- Minimum site frontage: 15m
- Front & rear setbacks: 6m
- Side setback: 0.9m
- Building footprint: 60% max.
- Min. 3h sun access to min 50% of POS and living room on the 22nd of June.
- Private open space (POS): 24sqm min.
- Parking: 2 spaces, one of them setback 6m.
- One of the dwellings to be adaptable.

Scenario 1: Single Storey - Compliant with Kiama Controls

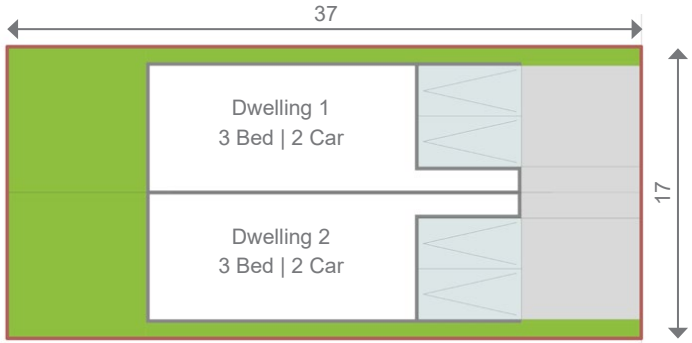
This scenario consists of a single storey dual occupancy development with a double garage accessed off the street.

The development maximises the building footprint to match the maximum permissible building footprint under the DCP Controls.

This scenario serves as an affordable option as it avoids the costs of developing an additional storey. However, the dwellings have relatively small back gardens compared to a double storey option.

It should be noted that the design breaches the DCP control requiring garages to be not more than 50% of a dwelling frontage.

Test results	Achieved
Built area (m²)	120.4m² (240.8m² total)
FSR	0.43:1
Building footprint (%)	60%



Ground Level Floor Plan

3-3 Site Testing

Dual Occupancy

Mid-block lot (17x37m) - Test scenario: Kiama Downs

Scenario 2: Double Storey - Compliant with Kiama Controls

This scenario consists of a double storey dual occupancy development with a double garage accessed off the street.

Given the steep topography of many sites across the Kiama LGA, this option provides the advantage of accommodating the garage on the ground floor and the main habitable rooms on the first floor to maximise any available views.

The DCP requires the “provision of Adaptable Housing (Australian Standard AS 4299) at a ratio of 1:2 dwellings for dual occupancy". The requirement for every second dwelling to be adaptable impacts the feasibility of dual occupancies especially two storey developments.

Test results	Achieved
Built area (m^2)	141.1m² (282.2m² total)
FSR	0.45:1
Building footprint (%)	37%

Upper Level Floor Plan

Ground Level Floor Plan

Scenario 3: Double Storey - Compliant with Low Rise Housing Diversity Code

The Low Rise Housing Diversity Code allows a GFA of 25% of the site area plus 300sqm, creating an FSR of approximately 0.67:1 for this site.

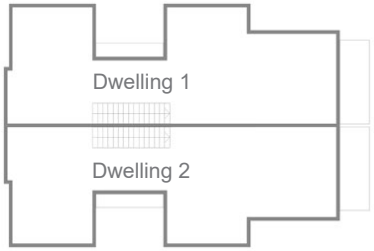
This scenario conducts testing for dual occupancy development that complies with the controls under the code. It consists of a double storey dual occupancy development with the provision of a carport for 1 car space.

The Low Rise Medium Density code allows for a larger built form with generous living areas on both levels.

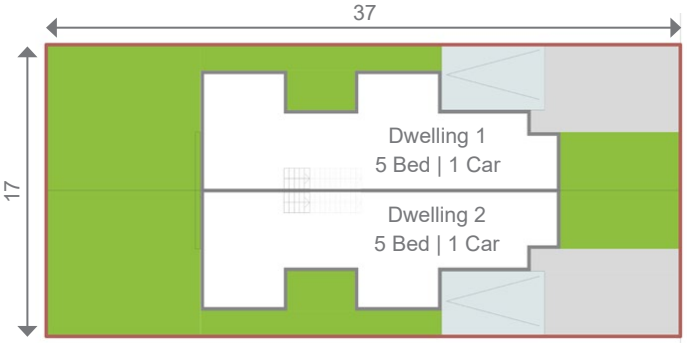
The design goes over the maximum FSR allowed in the Kiama LEP controls but remains below the maximum building footprint.

However, the requirement for habitable rooms to be facing the street on each level as specified by the Low Rise Housing Diversity Design Guide makes it difficult to accommodate garages on narrow sites like this one.

Test results	Achieved
Built area (m^2)	212.2m² (424.4m² total)
FSR	0.67:1
Building footprint (%)	38%



Upper Level Floor Plan



Ground Level Floor Plan

3-3 Site Testing

Dual Occupancy

Case studies

16 Antrim St, Kiama

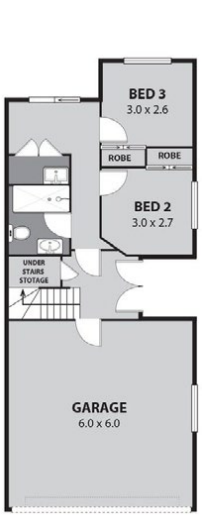
Street Elevation

Ground Floor Plan

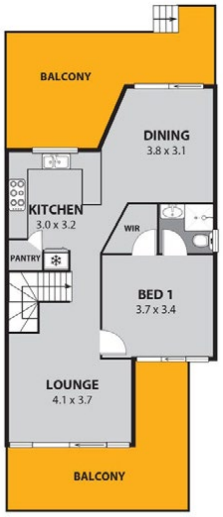
First Floor Plan

49 Minnamurra St, Kiama

Street Elevation



Ground Floor Plan

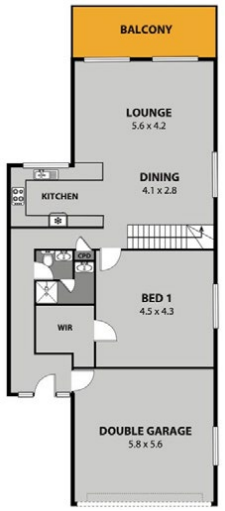


First Floor Plan

14 Ironbark Cres, Kiama Downs

Street Elevation

Lower Level Plan



Ground Floor Plan

Figure 28 Local examples of built dual occupancies- Street view elevations (*Source: Google*) and floor plans (*Source: Realestate.com*)

Findings

The local case studies provide an indication of the type of dual occupancies that exist in the Kiama LGA within an R2 Low Density Residential zone.

A street view study across Kiama and Kiama Downs indicates that dual occupancies are a popular typology within the suburbs, partly because of slope and the ability to maximise views. In general, a mix of garages and car ports are common.

As outlined in the site testing, the Low Rise Housing Diversity Code allows for a greater FSR than the existing local planning controls. Given the potential to achieve larger built forms through a complying development pathway, residents may be inclined to comply with the Low Rise Housing Diversity Code.

However, as observed in the local examples, the provision of garages appears to be a desirable amenity to the residents, which would be difficult to achieve on narrow sites and comply with the habitable room requirements of the Low Rise Housing Diversity Code.

3-3 Site Testing

Terrace Houses

Corner lot - Test scenario: Kiama

Site information

Site area: 977m^2
Lot width: 40m
Lot depth: 24m
Access: three street frontage, front loaded
Land zoning: R2 Low density residential
Maximum height: 8.5m
Floor space ratio: 0.45:1

Terrace house controls

Minimum site frontage: 25m
Primary & secondary setbacks: 4.5m & 3m
Rear serback: 6m
Side setback: 6m/ 3m (subject to conditions) for habitable rooms; 0.9m for non-habitable rooms
Min. 3h sun access to min 70% of POS and living room on the 22nd of June.
POS: 2 bed- 20sqm; 3+ bed- 24sqm; 3m min. depth
Parking: 2 bed- 1 space; 3+ bed- 2 spaces; 1 visitor space per 2 dwellings
1:4 dwellings to be adaptable.

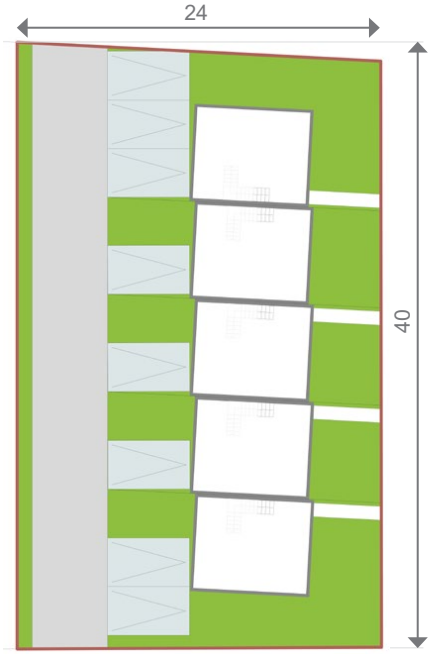
Scenario 1: Single Storey - Compliant with Kiama Controls

This scenario accommodates 5 x 2-bedroom terraces with a relatively small floor area of 89m^2 per dwelling.

The high parking requirements to provide 1 visitor car parking space per two dwellings results in the total provision of 3 visitor car spaces. The total area occupied by car spaces and driveway amounts to 35.8% of the overall site area.

The DCP also requires the provision of Adaptable Housing at a ratio of 1 per 4 dwellings. This requirement would be difficult to achieve within such small dwellings.

Test results	Achieved
Built area (m^2)	89m² each (445m² total)
FSR	0.45:1
Building footprint (%)	27%



Ground Level Floor Plan

Upper Level Floor Plan

*Bedrooms per dwelling- **2***
*Car space per dwelling- **1***
*Visitor car spaces- **3***

3-3 Site Testing

Terrace Houses

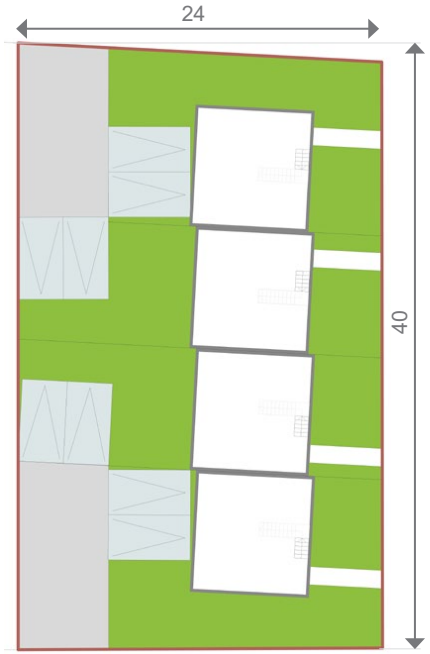
Scenario 2: Double Storey - Compliant with Kiama Controls

This scenario consists of 4 double storey terraces with generously sized living areas and bedrooms. Each terrace consists of 3 bedrooms with a double garage accessed through shared driveways at the rear.

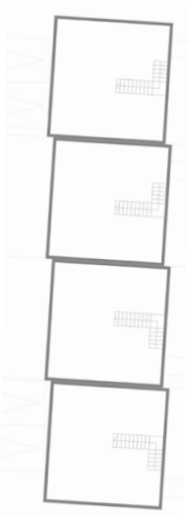
The design achieves the maximum allowed FSR while having a relatively small building footprint.

The DCP controls require 2 visitor car spaces. The provision of these car park spaces would impact the size and amenity of the private open space at the rear.

Test results	Achieved
Built area (m^2)	110.6m² each (442.4m² total)
FSR	0.45:1
Building footprint (%)	26%



Ground Level Floor Plan



*Bedrooms per dwelling- **3***
*Car space per dwelling- **2***
*Visitor car spaces- **0***

Upper Level Floor Plan

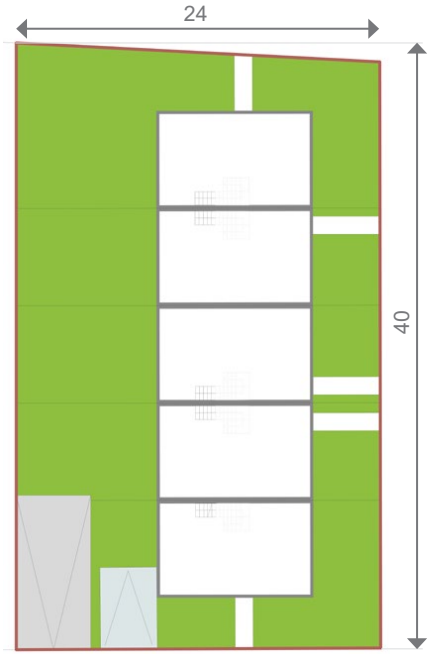
Scenario 3: Double Storey - Compliant with Low Rise Housing Diversity Code

The Low Rise Housing Diversity Code allows a GFA of upto 60% of lot area.

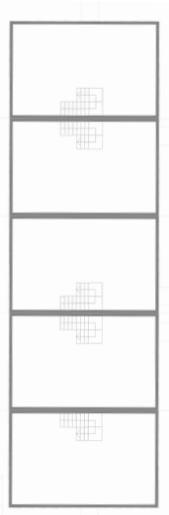
The code requires the provision of 1 car space per dwelling. Visitor parking is only a requirement if the development consists of more than 10 dwellings.

This scenario conducts testing for terraces that comply with the controls under the code. The design consists of 5 generously sized double storey terraces with double garage accessed through a shared underground carpark. The design achieves the maximum allowed FSR while having a relatively low building footprint.

Test results	Achieved
Built area (m^2)	116.2m² each (581m² total)
FSR	0.6:1
Building footprint (%)	35%



Ground Level Floor Plan



*Bedrooms per dwelling- **3***
*Car space per dwelling- **2***
*Visitor car spaces- **0***

Upper Level Floor Plan

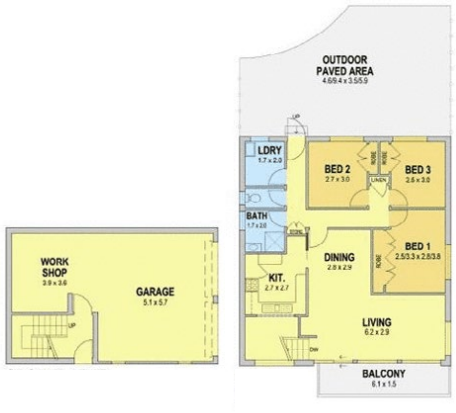
3-3 Site Testing

Terrace Houses

Case studies

2 Tharkina Ave, Kiama

Street Elevation



Ground Floor Plan First Floor Plan

20 Dido St, Kiama

Street Elevation

Ground Floor Plan

Lower Level Floor Plan

154 Charles Ave, Minnamurra

Street Elevation

Ground Floor Plan

First Floor Plan

Figure 29 Local examples of built terraces- Street view elevations (*Source: Google & Realestate.com*) and floor plans (*Source: Realestate.com*)

Findings

The local case studies provide an indication of the type of terraces that exist in Kiama LGA within a R2 Low Density Residential zone.

A street view study across the LGA indicates that terrace houses are not a common typology within the Kiama LGA. Where found, they are located on larger sites and are generally oriented in response to the slope.

In general, the terraces consist of a single level living area with the garaging located on a different level. However, the garages are generally located on the ground level and not in a basement.

CHAPTER 3

RECOMMENDATIONS

4-1 Table of Proposed Changes

#	Topic/ Theme	Policy Document	Current Limitation/ Description	Recommendation	Justification/ Desired Outcome
1.	Residential Flat Buildings as permitted dwelling in R3	LEP	Residential flat buildings (RFB) are permitted within R3 – Medium Density Residential zones but RFBs are not explicitly listed as a permitted use. They are allowed as they are not specified in Item 2 or 4 of the LEP (Permitted without consent or Prohibited uses).	Include 'Residential flat buildings' in the list of permissible uses in R3 – Medium Density Residential zones of the LEP (Item 3 - Permitted with consent).	This change should reduce complexity, improve clarity, and encourage increased density in these locations.
2.	High visitor parking requirements	DCP	The current requirement of 1 visitor space per every 2 dwellings for multi dwelling residential, RFB and shop top housing is high when compared to other Councils a similar distance from Sydney such as Blue Mountains City Council and Central Coast Shire which require 1 visitor space for every 5 dwellings.	Consider reducing the requirement of visitor car parking from 1 space per every 2 dwellings to: • No visitor spaces are required for 4 or less dwellings • 1 visitor space required for every 5 dwellings or part thereof.	This change should decrease the overall cost of all developments and encourage and improve the landscape amenity of smaller developments.
3.	Commercial parking rates in B2 Local Centres	DCP	The current requirement of 1 space per 35sqm of gross leasable floor area for restaurants, retail and business premises discourages development, especially on smaller sites. Other Councils, such as Shoalhaven, discount parking rates for Shop top housing by 25% in and around the Nowra CBD. The City of Canada Bay also allows alternative parking solutions such as car share, off site provision and/or exemptions on narrow sites less than 12.0m wide.	Consider discounting the rate of car parking required in B2 Local Centres, particularly on small and narrow sites.	This change should decrease the overall cost of all developments and encourage smaller infill developments.

4-1 Table of Proposed Changes

#	Topic/ Theme	Policy Document	Current Limitation/ Description	Recommendation	Justification/ Desired Outcome
4.	Requirements for large balcony sizes	DCP	Under the DCP, apartments are required to have balconies with a minimum size of 16sqm, 20sqm and 24sqm for 1, 2 and 3 bedroom apartments. These balcony sizes are aspirational but increase costs and may create challenges when designing RFBs and Shop-top housing.	Align the requirements for balcony sizes with the Apartment Design Guide. Currently this is 8sqm, 10sqm and 12sqm for 1, 2 and 3+ bedroom apartments.	This change should reduce cost and the overall bulk and scale of developments.
5.	Alignment with Low Rise Housing Diversity Code	DCP	The Low Rise Housing Diversity Code permits the development of medium density housing typologies through a complying development certificate process. Aspects of a development application are assessed against the code and not the DCP, creating discrepancies between the two types of development documents. Dual Occupancy development under the code also permits a high FSR.	Consider revising sections of the DCP to reflect a closer alignment with the Low Rise Housing Diversity Code. Consider a slight increase in the allowable FSR for Dual Occupancies (to say 0.5:1 or 0.55:1).	Increased alignment between new development and opportunity to improve the design of development and encourage development that complies with the DCP.
6.	Encourage amalgamation with increases to FSR	DCP/ LEP	The current subdivision pattern has resulted in many lots with widths and site areas which are insufficient for the development of residential flat buildings or shop-top housing in an R3/ B1/ B2 zone and the construction of multi-dwelling typologies in a R2 zone. For comparison the Parramatta DCP 2011 identifies that amalgamation of sites is required to achieve the maximum building heights and floor space ratios in the Parramatta LEP 2011. On medium and large sites, Gosford DCP allows variations to HOB permitted subject to design excellence and review by a design review panel.	Consider clauses that incentivise site amalgamations such as additional FSR/ height with increased lot sizes for the development of Residential Flat Buildings and shop-top housing in R3/ B1/ B2 zones and multi-dwelling typologies in an R2 zone.	There is currently a limited supply of suitable sites in the LGA and a small increase in height and/or FSR may help to increase feasibility of amalgamations.

4-1 Table of Proposed Changes

#	Topic/ Theme	Policy Document	Current Limitation/ Description	Recommendation	Justification/ Desired Outcome
7.	50% of dual occupancy dwellings as adaptable housing and no requirement for adaptable housing for multi-dwelling residential or RFB's.	DCP	Control 6.4.14 of the DCP requires the "provision of Adaptable Housing (Australian Standard AS 4299) at a ratio of 1:2 dwellings for dual occupancy". Requiring the second dwelling to be adaptable increases the complexity and cost of constructing dual occupancies, especially on sloping sites. There is currently no requirements for adaptable housing for shop top housing or RFB's. For comparison, under E8.2 of the Woollahra DCP 2015: • An adaptable dwelling has been specifically defined and the adaptable housing requirements for a residential flat building or shop top housing containing 10 or more dwellings are different to that for dual occupancies and dwelling houses. • While at least 10% of the medium density housing typologies are required to be designed and constructed to Class A certification under AS 4299, dwelling houses and dual occupancies are only'encouraged to provide adaptable housing design'.	Consider removing the requirement for adaptable housing on dual occupancies. Consider including a requirement for adaptable housing in multi-dwelling residential/RFBs with 5 or more dwellings at a designated rate (say 1 per 5 or 1 per 10 dwellings). Or, consider defining that all adaptable housing is to be designed and constructed in accordance with Australian Standard 4299 – Adaptable Housing, incorporating as a minimum all essential features to satisfy Classification Level C of that Standard. Or, Consider including a clause that adaptable housing for Dual Occupancies and Multi-dwelling residential is only required on land with less than 20% slope. This is to acknowledge the challenges in achieving suitable universal design on steep sites and minimise constraints on smaller developments. Encourage dwelling houses and dual occupancies to provide universal housing design with an emphasis on Liveable Housing Design Guidelines.	The provision of adaptable housing is desirable however it is difficult to achieve on smaller developments, especially on sloping sites. Removing the provision from Dual Occupancies should encourage these types of development while adding the requirement to shop top housing and RFB's, while adding some costs, will expand the market for these types of dwellings.

4-1 Table of Proposed Changes

#	Topic/ Theme	Policy Document	Current Limitation/ Description	Recommendation	Justification/ Desired Outcome
8.	Specific controls for terrace housing and dual occupancy development, particularly on sloping sites.	DCP	Large areas of land across the LGA are characterised by undulating topograpy. Dual occupancies are a popular typology in the LGA within an R2 Low Density Residential zone, especially on sloping sites. The current DCP has limited controls that address the development on sloping sites. A lack of such controls may result in inappropriate development on challenging sites.	Consider including controls that encourage and address the development of dual occupancies and terraces on sloping sites, including specific controls for high side lots, low side lots and cross fall lots.	Clearer controls should improve design quality and will increase confidence that applications will be approved.
9.	Opportunities for developing sites along the railway line in Gerringong	DCP	The site east of the railway line in Gerringong currently consists of large areas of land zoned B7 Business Park and R3 Medium Density Residential. The area is currently underutilised and presents opportunities for development as a key gateway to Gerringong.	Following a detailed study of the area consider adopting site specific DCP controls that encourage appropriate development in this area.	Encourage development at the gateway to Gerringong and close to the railway station.
10.	Opportunities for increasing residential densities within the Gerringong Town Centre.	DCP	Large on-grade car parking sites within the Gerringong Town Centre may present opportunities for increasing the residential densities within the centre.	Following a detailed study of the Gerringong Town Centre, if opportunities to increasing residential densities are identified, consider adopting site specific DCP controls that encourage this growth.	Increased residential density within the town centre.

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