Eurobodalla Housing Strategy 2024-2041

eurobodalla shire council

Contents

Executive Summary

The Eurobodalla, like much of Australia, faces a housing shortage. The key message for the local community is that the problem does not emanate from delays in the approvals process. Also, Eurobodalla does not have a supply problem for single houses on low-density residential blocks. However, some planning regulations and complex structural issues combine to inhibit the provision of affordable housing. The role of Council is limited to planning rules and the processes for approvals. The scope of the Housing Strategy is limited to understanding the existing supply and demand structure. A potentially large gap exists between the existing supply and demand structure and future aspirationsHousing affordability is a significant concern for Eurobodalla, NSW, and Australia. Reducing the impacts of housing stress requires intervention from both the NSW and Australian Governments. Considering available resources, the Eurobodalla Housing Strategy (the strategy) focuses on what is achievable for the Eurobodalla Shire Council (Council).

The objectives of the Eurobodalla Housing Strategy revolve around four key themes:

- housing supply and demand
- housing diversity and the existing typology
- housing affordability and
- housing location.

However, local government cannot influence the national housing market's widespread supply and demand challenges and affordability. Housing is a complex issue involving economic development, cultural expectations, choices, contextual pressures like visitor experience, community appreciation of ocean vistas, and notions of sea change and lifestyle. Housing is variously considered a right, a commodity, and an investment vehicle.

This strategy reinforces the need for diverse housing choices. The primary housing typology in Eurobodalla is single houses on large residential lots. The strategy aims to add diversity enabled through precinct-level master planning. Alternatives include clustered growth and re-examining height, function and typology issues while respecting heritage and settlement character. The strategy guides housing supply delivery towards sensitive density, underpinned by an appreciation of the importance of equitable access to quality public spaces. Engaging the community as settlements grow and change, including adapting to the impacts of climate change, is the key to achieving this.

Council will continue considering national and state-based opportunities targeting housing provision and affordability to ensure that actions remain relevant in an ever-changing economic and social environment. Council will re-evaluate the Eurobodalla Housing Strategy in five years.

Summary of actions

Housing Supply and Demand	Housing Diversity	Housing Affordability	Housing Location
Objectives			
1. Supply strategy 2. Typology control 3. Delivery monitoring	4. Urban morphology 5. Urban density	6. Residential affordability 7. Affordable home ownership	8. Growth nodes 9. Town and activity centres
Actions			
1.1 To review the existing town centres of Batemans Bay, Moruya and Narooma and their ability to cater for larger populations. The focus is on increasing density in the town centres where existing services and infrastructure already exist. .	4.1 Council will consider apartment, multi-unit and shop top development height controls necessary to activate infill and provide greater variety in housing choice.	6.1 Council will monitor changes to the low-income demographic impacted within the Eurobodalla by housing scarcity and engage with providers on ways to respond. Where these responses include increasing temporary, seasonal, and emergency shelter capacity, Council will facilitate planning process improvements and changes. 6.2 Council will facilitate community, provider, and agency advocacy to highlight the need for access to housing support and collaboration efforts, and to focus the NSW Government's efforts on the Eurobodalla Shire.	8.1 Council will develop master plans for the growth nodes of Batemans Bay, Moruya, and Narooma, including affordable housing provisions in response to development pressures, beginning with Batemans Bay.
2.1 Council will review and, where appropriate, seek to amend LEP height controls in employment zones and adjacent residential zones identified in master plans for Batemans Bay, Moruya, and Narooma. 2.2 Council will amend design controls in the DCP with attention to aesthetic and urban form considerations that address character impacts in growth nodes to manage the evolving change to urban form and housing supply. 2.3 The report recommends standardising DCP residential and multi-unit development controls for car parking reductions and adaptive reuse. Reductions will be commensurate with the decrease in bedroom numbers.	5.1 Council will extend urban design and place-based responses in the form of infrastructure and planning instruments, informed through engagement with the relevant communities in line with their aesthetic aspirations.	7.1 Develop a contributions policy to link affordable housing supply to large subdivisions and multi-unit developments and requests for rezoning. A focus will be on identifying sites suitable for affordable housing opportunities and higher-density unit developments in commercial centres to provide a social or affordable housing component. The policy may provide for Voluntary Planning Agreements rather than financial contributions.	9.1 Council will develop a master plan for density centred on Batemans Bay and the commercial centre. The master plan will frame similar approaches to the master planning of Moruya and Narooma growth nodes. 9.2 Council will review the LEP height controls in terms of flexibility of survey mark RL or metres above natural ground level for delivering changes that meet the gaps in housing typology in growth node areas.
3.1 Council will analyse existing and future housing supply and development applications to identify housing typology changes, building completions versus approvals, and any variance from the predicted outcomes.			

Scope of this strategy

This strategy focuses on land-use planning implications arising from a technical review of housing supply and demand in the Eurobodalla, in line with the NSW Department of Planning, Industry and Environment (DPI&E) Local Housing Strategy Guideline (2018). The technical report provides detailed background evidence for this strategy's themes, objectives, and actions. In addition, the Department of Planning, Infrastructure and Environment (now named the Department of Planning, Housing, and Infrastructure) (DPHI) also conducted a land supply audit of the Eurobodalla in 2023. The audit report (Gyde, 2023) validates Council's long-term strategic planning targets through future land release areas identified in the *Eurobodalla Local Environmental Plan (ELEP) (2012)*.

This strategy draws on the Eurobodalla strategic vision of One Community - Community Strategic Plan (2022) as "a place of inclusive communities embracing sustainable lifestyles" as an overarching housing vision for the next 20 years. It identifies key challenges and community needs while guiding land use planning themes, objectives, and action for housing in the Eurobodalla.

Based on the population growth projections, 5,270 dwellings must be built by 2041. Existing land zones close to or within existing villages have adequate capacity to supply needed housing within current planning controls. This strategy focuses on the implications of land use planning. It provides a framework for Council and community to identify and address housing delivery for current and future residents.

This strategy sets objectives and conditions for that change to meet supply, typology, delivery, urban morphology, growth nodes, urban density, co-production, contribution, and spatial strategy objectives. Key to achieving these objectives is engaging the community in defining the conditions under which inevitable change and settlement growth are acceptable and in which areas.

Introduction

The Eurobodalla Housing Strategy is an overarching plan that addresses housing-related issues in the area, ensuring land release and development meet the community's needs.

This strategy covers topics (themes) such as the supply and demand of housing, the types of housing available and how affordable housing is for people in the area.

Each theme analyses the various issues and includes a range of objectives, together with actions that aim to address these matters, while also considering factors such as the local economy, tourism, and sustainable development.

Overall, the Eurobodalla Housing Strategy is a comprehensive plan of objectives and actions to improve the availability and affordability of housing in the area and guide the housing industry in delivering a sustainable future for generations to come.

Housing background

Eurobodalla Shire covers an area of 3,428 km^2 on the South Coast of NSW, the main towns being Batemans Bay, Moruya and Narooma. The Eurobodalla is known for its natural beauty, diverse landscapes, and rich Aboriginal heritage. Eurobodalla Shire is a beautiful place to live, work and visit; however, it also faces significant challenges in supplying affordable housing[1] for its current and future residents.

In 2022/21, the Eurobodalla Shire Council Land Monitor reported 22,674 existing houses for a population of 40,402 in the Eurobodalla. Population forecasts vary but for 2021[2] we have identified an average of 2.2 persons per household and a dwelling occupancy rate of 74%.

Population projections indicate that with an aging population, two-thirds of growth will be in single and two-person households. Based on 2021 population growth, the population is growing by around 467 per year and by 2041 to be approximately 49,742. The forecasts do not expect any change in average household size or occupancy rates.

The ABS Census (2021) identified types of housing based on bedrooms per dwelling, with approximately 96% of housing provided in the Eurobodalla as larger dwellings of either three or more bedrooms[3]. Planning approvals for the period also indicate that these are in the form of detached dwellings.

Council is also managing climate impacts to the ‘at risk’ of fire or flood status of development. It is monitoring changes to anticipated housing yields.

Regarding housing supply, while the solution may appear to be building 310 dwellings each year as the population grows, a nuanced approach to gaps in typology is also needed. Our urban structure, existing character expectations and some planning regulations impose several layers of uncertainty to the supply and demand analysis. For example, adding one significant multi-unit or apartment high-rise development per year would meet the statistical housing demand arising from population growth, however not all constructed dwellings add to the housing stock. Some become secondary housing, while others are kept empty or added to the holiday dwellings stock. Within housing, different people want different housing styles. Different age groups and family forms have different aspirations and many of these expectations are unlikely to be met within the existing supply chain. Whenever alternative dwelling options are added they seem to be absorbed without impacting the demand for single dwellings on residential blocks.

The current housing market under existing economic conditions, highlights a gap in typology.

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[1] Affordable housing in this strategy, as distinct from social housing, public housing and community housing, follows the NSW Housing SEPP 2021 definition, a percentage of the median household weekly income across the NSW region

[2] Population forecasts, 2021 to 2036, prepared by .id (informed decisions), February 2023 DPI&E audit suggests a population of 39,179 in 2021 and 45,402 by 2041, while the technical report (JSA, 2023) identifies a population of 40,593 in 2021 and 47,407 in 2041. The Eurobodalla Technical Report (2023) calculates that by 2041, the population will be 40,402, and Housing projections based on Census 2021 data analysis.

[3] Source: Judith Stubbs & Assoc, 2023 *Local Housing Strategy: Background Report,* ABS (2021) Census

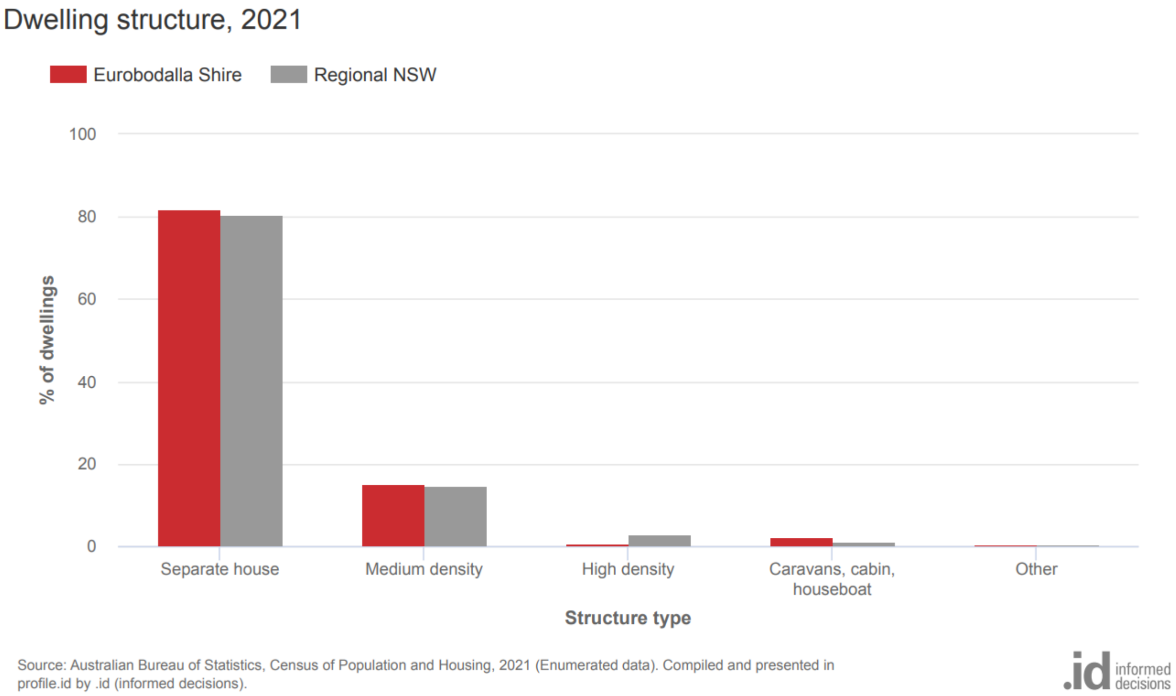

Figure 1 Dwelling structure 2021
(Source: Australian Bureau of Statistics, Census of Population and Housing 2021 (Enumerated data). Compiled and presented in profile.id by .id (informed decisions)

This gap suggests a potential mismatch between the diversity of housing available and what the community needs.

While much discussion of a housing supply crisis has developed nationally, a 2023 NSW audit of the Eurobodalla's housing supply found sufficient greenfield land and future sites to provide residential land supply (lots) and housing capacity (dwellings) out to 2046.

Similarly, a review of local planning approvals (see Theme 1, Table 1) clearly shows that Council is meeting approvals targets. However, construction and housing completions are falling behind. Chris Richardson notes this is not unique to the Eurobodalla: "Australia is at least 140,000 homes short of what's needed."[4]

While the numerical supply target is not an issue for the Eurobodalla, supply by typology and spatial location is— adding alternative dwelling types, like townhouses, seems to grow the market rather than deduct from the demand for single dwellings on a single block. It is possible that new housing typology is an untapped and unmeasured market.

However, there is always the capacity to improve how housing supply is delivered while accepting that Council cannot force developers into building on time or to deliver specific housing typologies if they are not perceived to be economically feasible.

[4] https://www.dailymail.co.uk/news/article-12772913/QandA-ABC-Chris-Richardson-Australian-housing-market-rates.html

Supply and demand respond to complex economic factors, cultural expectations and choices, contextual pressures like tourist experience, community appreciation of ocean vistas, and notions of sea change and lifestyle, defying simple regulatory control.

The following section outlines the housing typology issues that Eurobodalla faces. These issues are not dissimilar to other locations and solutions for other areas might be transferable.

The primary questions to be addressed are:

Lack of diversity:
Eurobodalla's housing stock is mostly larger dwellings with three or more bedrooms. There is a gap in providing smaller housing options suitable for single individuals or smaller households. There are gaps in the market for people who want to live close to facilities and workplaces or who do not wish to use motor vehicles for transport. There are potential future residents that do not whish to care for private open space and want dwellings that can be locked up for the weekend or extended periods while they travel or seek medical care or other out of home demands.

Insufficient multi-unit developments:
While constructing detached dwellings meets some demand, there is a dearth of multi-unit or apartment high-rise development. These multi-unit structures could cater to housing needs arising from population growth. Courtyard housing, terrace buildings, townhouses and units are under-represented. While a single house on a large lot is expensive, regulations that require off-street parking, community infrastructure and other contributions also add to the cost for infill and medium to high-density development. Height restrictions and floor space ratios may also limit the delivery of alternative dwelling types.

Mismatch with community aspirations:
At different life stages and with variable family structures, we anticipate a variety of housing aspirations. These expectations are often unmet. The gap between housing supply and community preferences might be unmet because planning controls do not facilitate alternative solutions. Builders are geared to provide single houses and dual occupancy development, and developers who specialise in alternatives, focus on denser city locations with higher turnover.

Construction and completion rates:
While the development approval process adds time to infrastructure delivery, development control process timeframes are a relatively small part of the development lifecycle. It takes time for developers to find land, undertake economic analysis, design a solution, build infrastructure, and deliver it to the market. The lag does affect the timely availability of housing options. It can also impact returns if there is a downturn between the decision to develop and the delivery date or if the cost of materials or workforce expenses rises.

Economic feasibility challenges:
While the Council can change some of its planning rules, delivery of housing types and quantity depends on economic viability. Supply and demand dynamics are influenced by complex economic factors, making regulation challenging. Requirements for high-quality infrastructure add cost burdens to the development, which developers absorb and these impact profit margins, making housing development risky.

Addressing the above typology gaps requires a nuanced approach, considering both the diversity of housing options and construction feasibility.

<u>Existing infrastructure:</u>
A recent proposal will facilitate the subdivision of dual occupancy dwellings under Torrens Title to 300m^2 per dwelling. Close to most town centres, blocks subdivided into lots to facilitate single houses and dual occupancy development are unsuitable for unit development. It may be necessary to consolidate adjoining blocks to build multi-story residential apartments. For developers to purchase and hold large numbers of attached lots adds time and holding cost to the development, inhibiting investment.

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Key messages

The key 'takeaway message' is that contrary to widespread speculation, the Eurobodalla has no land supply or planning process problem. While supply as a numeric target is not an issue for the Eurobodalla, supply is also a matter of typology and spatial location (these issues are discussed in detail above.)

However, a closer look at the data suggests critical areas of concern: the development industry may be hampered in delivering affordable housing and medium to high-density residential living by existing planning regulations, industry regulations, infrastructure, and land-holding investment obstacles.

Since 2020, the price of houses has doubled. Purchasing a home was previously achievable for many residents and it is becoming more complex.

The development industry is bringing a narrow offering of dwelling types to the market, referred to as housing typologies[5], with the high cost of these mostly detached family homes. Residential development systems that rely on providing detached family homes are an expensive commodity or investment with slim margins. The cost of developing a block of land includes land clearing, wide roads, expensive water, sewer and power infrastructure and extensive telecommunications extensions. Relatively wide roads within residential subdivisions with low traffic volumes to houses with an average population of 1.6 people become prohibitively expensive for moderate to low-income earners. In fire-prone localities, building roads that provide part of an asset protection zone are paid for by half the number of dwellings compared with internal subdivision roads. Additional tree planting, curb construction and stormwater systems hamper economic viability.

Scale is a consideration and with the base population of the Eurobodalla at 40,402 and a modest population growth rate, the necessary housing supply is only 310 dwellings a year. In addition, that projection already aligns with development approvals while completions lag slightly behind. One major housing project per year could meet any potential past or future shortfall for residential dwellings.

Residential flat buildings could meet demand in some localities at reduced infrastructure costs. These types of projects will become more commonplace as the popularity of this housing typology grows. However, there is no guarantee that they will become available to people wanting to live in the Eurobodalla. Some development approvals are not constructed; others are sold to absentee owners and do not enter the local housing market. Construction output is also a cyclical issue because the housing market is finely balanced between meeting demand and moving into oversupply before returning to demand. Price fluctuations play a role in the cycle.

The technical report (JSA, 2023) suggested that the main issue affecting housing in the Eurobodalla results from the sizeable absentee landowner base (27%). According to data from various sources, the population of the Eurobodalla triples during peak holiday periods

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[5] We define housing typologies as housing characteristics and features such as building and site design, number of rooms, floor layouts, heights, building costs, service provision, urban design, ownership, use and resident satisfaction.

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to approximately 120,000 people (as per ABS, ID profile, DPI&E). Most absentee owners reside in Canberra, though Sydney or Melbourne owners are also featured. Supplying more houses does not guarantee more availability for residents. The take up by absentee owners is outside Council's control.

Another critical factor is the role of housing in society as an investment instrument that often over-rides the right to affordable, livable housing. A less widely understood factor is the role of housing as a commodity. Some dwellings are purchased to be owned.

While there is a housing crisis, it is one of affordability - this remains the existential problem requiring action from all three tiers of government. NSW Government priorities for social and public housing driven through the NSW Land and Housing Corporation (LAHC) are being refocused. It is unclear how this will impact Eurobodalla at the time of writing.

Council land-use planning and strategic planning initiatives focus on the problem of sufficient small to mid-sized housing and ensures that the right kinds of housing are in suitable locations. There is a 'planning-ready' housing supply in the Eurobodalla, which is ahead of industry demand. Meanwhile, community demand is exceeding industry supply. Council is working hard to address these challenges and create a more diverse, vibrant, and resilient community. Changing where houses are approved is not the issue; changing incentives for diversity in the supply chain may have a more focused impact.

Within some town centres, there is adequate land for residential development, however, some of the planning restrictions may inhibit urban infill. For instance, in Moruya, a height limit of 8.5 m in the town centre limits buildings to one or two stories. Close to town, townhouses, small-scale residential flat buildings, and terrace housing options might provide alternative housing. If height limits are raised, shop top housing may also be an option.

The role of Council

Housing affordability is complex and tied to income; Council cannot affect the macro-economic drivers that underpin affordability. There is a crisis in housing affordability, and this is an economic crisis in which many of the issues such as inflation, wage stagnation, mortgage rate increases and rising rents, are beyond the control of local government. These macro issues are the focus of the Australian and NSW Governments.

Other affordable housing issues, like local social housing and rent relief, are priorities for the NSW Government and not-for-profit agencies.

The role of Council is to align land supply and construction approval with population growth through the Local Strategic Planning Statement (LSPS) 2021 and to monitor and review the Local Environmental Plan (LEP) 2012 for emerging issues and regulatory gaps.

While Council has limited direct influence on the causes of housing affordability problems, it recognises that "the escalation in house prices is a pain that has altered Australian society; it

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has increased inequality and profoundly changed the relationship between generations."[6] Council continues to advocate on behalf of residents in discussing those problems across all tiers of government. In addition, Council can advocate for better housing solutions through collaboration with peak bodies in the sector and by guiding land use planning changes to the types and locations of future housing supply.

Policy context

Council has developed this strategy to meet the future housing needs of the Eurobodalla through to 2041.

It reinforces the recent One Community - Community Strategic Plan (2022), Local Strategic Planning Statements (2021) and Settlement Strategy (2006) guidance on settlement growth and planning directions of the ELEP 2012 for a successful pathway for meeting housing supply. Council has revisited those underpinning assumptions, and this strategy looks to identify improvements that it can make and focus on implementation.

Furthermore, the Land and Housing Corporation (LAHC) also has a lead role in actively growing and managing the supply of social and public housing and guidance of NSW along with NSW changes to the planning system and *State Environmental Planning Policy (Housing) 2021*.

The audit of the housing supply pipeline (Gyde, 2023) focused on sixteen identified settlement areas experiencing growth. It concluded that there is sufficient housing capacity. However, building new homes in certain areas can be challenging due to bushfire risk, land slope and flooding. Council can address these issues at various stages of the plan-making process and by developer-led applications seeking approval to develop and deliver housing projects.

Responding to gaps between housing expectations and delivery is a significant focus of current master planning projects, including the strategic clusters of Batemans Bay and Moruya. Closing the gap between non-resident landowners and residential living is a primary objective. Another objective is incentivising the construction of a larger proportion of approvals to be delivered as homes.

Community engagement

The Eurobodalla Community Strategic Plan (2021) identified a range of goals, strategies, and partners, drawing attention to putting downward pressure on housing stress and focusing on housing choice, public housing, and rental assistance.

In preparing this strategy, Council hosted stakeholder meetings and workshops with government agencies, the development sector, Aboriginal Land Councils, construction and service industry groups and community representatives.

[6] Alan Kohler, The Great Divide; Australia's housing mess and how to fix it*, Quarterly Essay*, Issue 92, 2023, Schartz Books Pty Ltd, Australia.

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The community put forward a raft of ideas, such as developing affordable housing on Council-owned land, increasing densities within the urban areas, adding new rural residential areas and financial mechanisms for public-private schemes.

While views differed on the focus of the housing crisis, these groups all concluded that the current housing situation disproportionately affects the most vulnerable and lowest income earners and the difficulty faced by those in the long-term rental market.

Housing themes, objectives, and actions

Theme 1 Housing supply and demand

Housing supply is defined ‘as the results from the projections of demand for housing compared with existing and planned housing supply.'[7].

The technical report (JSA, 2023) identified that Eurobodalla Shire has a minimum of ten years of residential land supply zoned by the ELEP 2012 to meet projected population growth.

This supply capacity includes urban growth opportunities until 2041, underpinning future land release in the LSPS (2021). However, land zoned for housing is not necessarily available for development.

The land supply audit of the supply of housing for the Eurobodalla (DPI&E 2023) suggests 310 dwellings a year can meet the Eurobodalla's housing needs. However, the technical report proposed a lesser requirement of 263 houses a year to meet local housing needs, including the 26% of dwellings we anticipate will become tourist or unoccupied second dwellings, a particular aspect of the Eurobodalla housing market.

While the population, housing stock, supply and demand data numbers vary due to ABS collection and DPI&E reporting periods and statistical philosophy, this strategy uses the audit reports higher conservative baseline provision of 310 dwellings per year.

This higher number absorbs tourism growth and the impact of second-home ownership on housing supply targets. Trend analysis in housing supply highlights positive tracking over the last six years of construction and planning capacity (Table 1).

[7] NSW Government, *Housing (2041)*. *NSW Housing Strategy*.

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	Existing dwellings (total cumulative)	Dwellings constructed	Average dwellings constructed	Annual / average construction shortfall (total cumulative)[1]	DA approved dwellings	Annual average DA shortfall[1]	% Shortfall	Supply problem
2022/23	22,979	305	268	-5 / 33	356	-46 / 5	0%	Construction
2021/22	22,674	228	261	73 / 80	294	16 / 15	25%	Construction
2020/21	22,446	222	269	79 / 32	309	1 / 15	27%	Construction
2019/20	22,224	509[2]	285	-208 / 16[2]	308	2 / 20	0%	DA[2]
2018/19	21,715	224	173	77 / 128	241	69 / 30	26%	Construction
2017/18	21,491	123	140	187 / 161	319	-9 / -	59%	Construction

[1] Based on 310 requirement [2] Bushfire reconstruction

Table 1 Eurobodalla Shire Council housing supply building completions 2016-2022

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The 2019/20 building completion rate exceeded DA approvals due to exemptions for bushfire reconstruction. Table 1 shows that the approved DAs outstrip the built homes.

The gap between the number of approvals and the number of completed constructions is significant, indicating that the construction industry's capacity needs to be improved to meet the demand. The problem may be the owner's land banking or potential ‘zombie’ applications. Other post-approval delays, such as the inability to find a builder, financing difficulty and building company collapses, could also account for some of the gaps.

Currently, 105 approvals have not been converted to dwellings (potentially up to 200 after allowing for the lag between approval and build).

The overall housing supply is meeting planning projections. However, lacking diversity in the dwelling construction process may inhibit some purchasers. The market for a broader range of dwelling opportunities may be more significant than the statistical analysis suggests.

The majority of typology supplied in the Eurobodalla is detached housing, with the Technical Report (JSA, 2023) finding that 75% of the housing stock is three or more bedroom dwellings, and the majority of occupancy is single/couple households. Eurobodalla Shire supplies fewer residential flat buildings and townhouse development than similar coastal tourist towns.

Acknowledging that the building market needs to catch up with the demand, it is essential to consider whether the products brought to the market meet the projected demand for smaller housing types. Currently, the housing types under construction are inconsistent with national trends identified by Housing Australia, which indicate a need for one and two-bedroom supply, usually through high-rise and apartment building redevelopments. However, the market continues to deliver three or more-bedroom typologies through medium and low-rise development.

Council needs to address the increased cost of supplying single-bedroom developments to make smaller units more attractive to developers. In addition, developers and market supply respond to community expectations, often including larger room sizes, open-plan floor plates and extra bedrooms. Some of the supply is based on what was sold in the past, while new trends in demand are adopted slowly.

This report attributes the divergence of supply from perceived needs to the cultural perception of the housing market as primarily a cumulative value asset rather than its primary purpose of providing accommodation[8] (Daley, Coates & Wiltshire 2018). In other words, property purchases are often for investment purposes rather than as a response to housing needs. Large-scale developments frequently use homogenised design templates to meet the expectation of profitability and market need, which can negatively impact the local housing market.

The combined result is that the provision of affordable and accessible housing decreases. Single-bedroom units included in redevelopments lead to increased land and construction costs, passed on to homebuyers and renters. The increased cost arises from planning requirements to supply unnecessary infrastructure like parking spaces. Economic inflation and wage stagnation exacerbate these problems. Appendix C of the technical report analyses the relationship between the planning control requirement and the ownership of vehicles. The conclusion is that development is sensitive to parking requirement costs. The Eurobodalla Development Control Plan requires more spaces than actual ownership based on individual assessment.

Similarly, the approvals do not correlate with whether the typology meets demand, purchaser expectations and affordability. Contextual and cultural biases operating in the market are resistant to planning policy and Council's capacity to intervene significantly. There are opportunities for minor interventions, including extra floor space for affordable dwellings, green buildings, and rooftop open space; however, these will unlikely result in significant housing supply and demand shifts.

Objective 1: Supply strategy

Supply capacity can increase by infilling development around the central commercial centres. Council can help create density in crucial growth areas by facilitating design and siting controls to guide the development industry towards appropriate typologies.

Council can protect the local retention of the overall character of the settlements through a gentle densification approach for Batemans Bay, Moruya and Narooma. This approach seeks to locate specific frames of development typology to an area rather than randomising the spread of urban development.

It is essential to understand how the market can meet Eurobodalla’s housing demand within the existing hierarchy of development nodes identified in table 3. Similarly, Council housing policy and the local building industry are subject to strong influences from cross-border impacts, competing resources and major projects. For example, we compete for materials, builders and are impacted by one-off needs to house workers engaged in significant projects.

[8] Warren-Myers, G. & Heywood, C. (2018). A new demand-supply model to enable sustainability in new Australian housing, *sustainability*, vol.10, no. 2, p.376.

Action:

1.1. Council will develop master plans for the growth nodes of Batemans Bay and Moruya and later consider the need for Plans for Narooma, including affordable housing provisions in response to development pressures.

Objective 2: Typology control

A significant issue with discussing demand and supply issues is the inability to understand how people react to supply. Do potential residents who cannot find what they want, move to other locations, or do they adapt because the location is more important than the housing typology?

A range of solutions is required at all levels of government to manage demand-side trends in housing. At the local level, Council can significantly impact the housing market by directly changing development typologies through urban form controls. Council can also advocate for change through strategic and spatial policy initiatives focusing on locations and with developers in the context of redevelopment sites and social housing provision.

Council aims to address the supply and location needs of smaller apartment units closer to facilities by enabling a higher yield of one- and two-bedroom apartments in key growth areas. The Development Control Plan (DCP) controls can provide better guidance and focus on affordable housing. A review of urban form controls (how high, dense, or what setbacks are required and street landscaping), parking and active travel provisions (buses, cycles, personal mobility devices and walk paths) connections can provide opportunities to improve the quality of life and aesthetic outcomes of gentle densification.

Action:

2.1 Council will review and, where appropriate, seek to amend ELEP height controls in employment zones and adjacent residential zones identified in master plans for Batemans Bay, Moruya and Narooma.

2.2 Council will amend design controls in the DCP with attention to aesthetic and urban form considerations that address character impacts in growth nodes to manage the evolving change to urban form and housing supply.

2.3 The report recommends standardising DCP residential and multi-unit development controls for car parking reductions and adaptive reuse. Reductions will be commensurate with the decrease in bedroom numbers.

Objective 3: Delivery Monitoring

The capture and monitoring of annual land development and housing typologies data enable Council to validate where housing supply meets the community's needs. Council will investigate opportunities to assist social and affordable housing providers in building capacity and raising awareness of local housing issues.

Action:

3.1 Council will analyse existing and future housing supply and development applications to identify housing typology changes, building completions versus approvals and any variance from the predicted outcomes.

Theme 2 Housing diversity

As our community changes, driven by an ageing population, immigration and a desire for urban village and town centre lifestyles, the demand for new housing options grows. However, existing social, economic, and urban infrastructure, coupled with planning regulations and preserving community expectations, can sometimes slow down progress.

To meet the needs of the changing populations' expectations, we need greater housing diversity. Housing diversity is a dynamic approach to meeting the changing needs of the community. By offering a range of housing types, we are providing for a wider range of community expectations but it's not just about quantity or variety, it's also about quality. We want future development to be in harmony with the local context, enhancing the character of our neighbourhoods.

Recent reports, such as the Technical Report by JSA (2023) and the DPI&E audit report (Gyde, 2023), underscore the impact of shifting demographics on housing demand and occupancy. Interestingly, reducing the demand for bedrooms per household may lead to a decreased need for large, detached dwellings. Families still cherish single houses but there's untapped potential in existing housing stock. Some homes remain under-utilised or are occupied by residents who might benefit from downsizing to smaller dwellings closer to town center amenities.

The changing landscape of dwelling occupancy and evolving community preferences will reshape the construction market. Detached homes are gradually giving way to more compact units, townhouses, and charming terrace style buildings. This reflects the national and statewide push toward apartment and high-rise housing options. Locally, Batemans Bay is the focus for the transformation.

Our community's housing journey is an opportunity to create vibrant, inclusive spaces that cater for diverse lifestyles. As we embrace change, we build stronger, more resilient communities where a broader range of people can find a place to call home.

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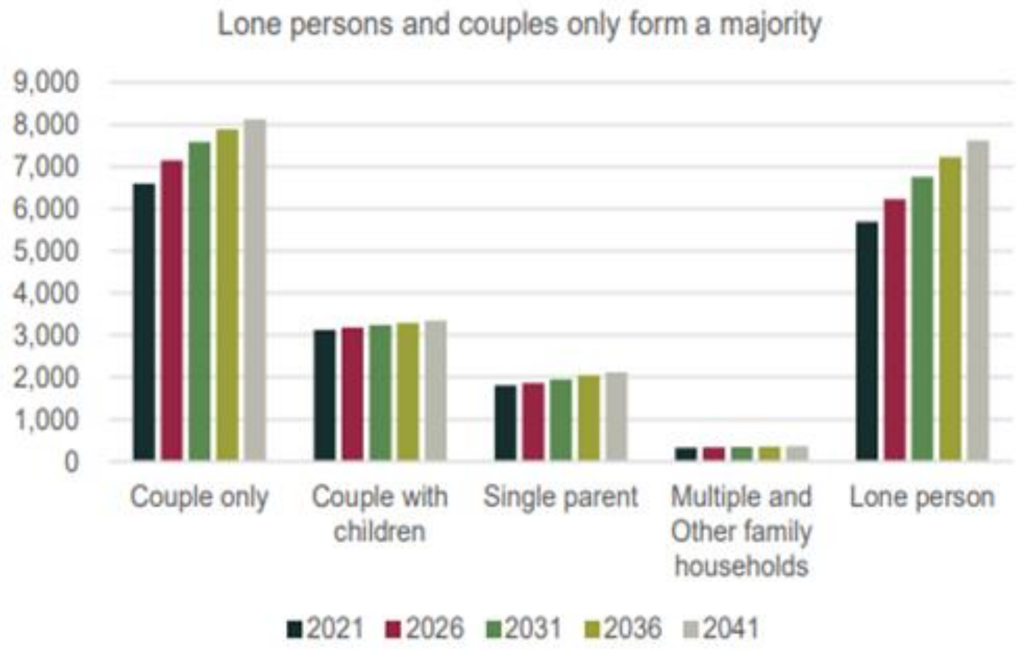

Figure 2 Eurobodalla Shire Council housing typology and households
(Source: Gyde 2023, p3)

One consequence of apartment and unit developments is an increasing local density, the need for car parking arrangements, and the urban design of adjoining public realms and recreational opportunities. Another consequence is the amalgamation of small lots into multi-dwelling development lots, which increases development sites and building floor plates, facilitating increased building heights within these more significant development sites.

Amalgamating large lot sizes allows for more development and increased density. Previous large lot residential development has also encouraged suburban expansion into rural areas. Currently, the Eurobodalla can meet future demand for land and housing. However, the supply relies on expensive infrastructure while addressing flooding, fire, and environmental concerns (Gyde, 2023).

The current provision of land (lots) supply ready and housing supply potential within the existing land and zoning frameworks in the ELEP 2012 are adequate for projected growth. Creating additional rural dwelling provisions is constrained by hazard limitations (bushfire, biodiversity, slope, and flood) that work in combination with minimum lot sizes and zone building heights.

Maximum Building Height (m)										m(RL)	
A	0 - 3.6	H	7.5 - 7.9	O	15 - 16.9	V	35 - 39.9	AC	100 - 124.9	RL1	0 - 20
B	3.7 - 4.9	I	8 - 8.9	P	17 - 18.9	W	40 - 44.9	AD	125 - 149.9	RL2	20 - 40
C	5 - 5.4	J	9 - 9.9	Q	19 - 20.9	X	45 - 49.9	AE	150 - 174.9	RL3	40 - 60
D	5.5 - 5.9	K	10 - 10.9	R	21 - 22.9	Y	50 - 54.9	AF	175 - 199.9	RL4	60 - 80
E	6 - 6.4	L	11 - 11.9	S	23 - 24.9	Z	55 - 59.9	AG	200 - 224.9	RL5	80 - 100
F	6.5 - 6.9	M	12 - 12.9	T	25 - 29.9	AA	60 - 79.9	AH	225 - 249.9	RL6	100 +
G	7 - 7.4	N	13 - 14.9	U	30 - 34.9	AB	80 - 99.9	AI	250+		

Figure 3 Standard instrument LEP height limits

The standard instrument LEP height controls (Figure 3) in the Eurobodalla include the ranges from (I) 8-8.9m to (P) 17m to 18.9m (P). The standard LEP allows the height to be expressed in two forms. The coloured tables including letters, provide for a range of heights from natural ground level which can easily be converted into storeys. Alternatively, the black-and-white section allows Council to use a reduced level (survey mark) from which buildings can be measured. Council can create the flexibility to accommodate density at higher levels either in terms of a more granular use of height controls per site in metres above natural ground or where a key precinct is to be the target of density, a shift to an RL survey mark which offers Council a lever to achieve typology change. A benefit of typology change is the opportunity for Council to identify incentives for affordable housing provision and development contribution policy.

Objective 4 Urban morphology

The primary focus of density and types of housing supplied can be directed away from expanding urban areas and towards strategic centres of mixed-use redevelopment. Eurobodalla can zone areas adjacent to existing residential and greenfield areas.

Housing supply within the existing centres can increase in line with infrastructure capacity. These areas can provide more housing options by exploring diverse types of supply, such as shop-top redevelopment and integrated place-making, to enhance the quality of life for residents and future generations while retaining the area's character.

Action:

4.1 Council will consider apartment, multi-unit and shop top development height controls necessary to activate infill and transition to smaller unit typologies.

4.2 Council will set up an urban design review panel within Council to provide design guidance before DAs are lodged for significant buildings.

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Objective 5: Urban density

This strategy seeks to cluster growth to specific nodes that require precinct-level master planning, re-examine issues of height, function, and typology, and consider these in the context of protecting heritage and enhancing settlement character. New policies ensure that the quality of the urban environment will improve in line with increasing density and infill development.

Action:

5.1 Council will extend urban design and place-based responses in the form of Infrastructure and planning instruments, informed through engagement with the relevant communities in line with their aesthetic aspirations.

5.2 Council will engage with the community on the area's character, and design responses necessary to harmonise with the local context to inform urban and architectural responses.

Theme 3 Housing affordability

Affordable housing recognises that people live in diverse tenures based on their income and circumstances and that housing should be affordable, stable, and supportive of their aspirations and well-being.

The definition of affordability varies among different groups and demographics within the community. There is a crisis in both the affordable rental housing market and in affordable home ownership. Moreover, it is evident that household incomes are a significant barrier for low-income earners. The affordability problem needs national and state-based solutions with Council working around the edges of the problem.

In the case of rising land values and the development industry, building typologies promoting larger houses and mortgage rates increase the barrier to affordable homeownership and affordable rentals (refer to Table 2). There is some room for Council to reduce the development cost through planning standards like infrastructure requirements and by allowing increased density reducing the land requirements for developments.

	Very Low-income household per week	Low-income household per week	Moderate-income household per week
Income benchmark	<50% of gross median household income	50-80% of gross median household income	80-120% of gross median household income
Income range	<$794	$795 - $1,271	$1,272 - $1,906
Affordable rental benchmarks	<$238	$239 - $381	$ 382 - $572
Affordable home purchase benchmarks	<$194,000	$194,001 - $313,000	$313,001 - $469,000

Table 2 Weekly household income to rental and ownership (Technical et al., 2023)

While detached housing is no longer a low-cost option, this creates an opportunity for Council to supplement the housing supply in the gaps in typology through land-use planning regulation. The key to diversifying construction typology and changing housing supply is to focus on apartments and multi-unit housing. In the longer-term other options for low rise residential development will also become more prevalent. One method is introducing contribution schemes and incentives for additional supply initiatives developers might take up.

With affordable rental housing, this sector competes with short-term tourism, major project temporary workers and essential worker accommodation needs. Simple solutions, such as rental caps and financial incentives, are known to exacerbate the problem of market forces quickly adapting in response to economic pressures on revenue with inflationary costs and reducing supply.

While the Local Aboriginal Housing Corporation provides the capacity to address rental costs and supply, the Corporation has not completed its social housing analysis for the Eurobodalla at the time of writing. A social housing analysis of the Eurobodalla must consider Eurobodalla's social, Indigenous, and public housing needs.

This first step will inform collaboration between Council and community housing providers.

This strategy provides incentives to incentivise more affordable housing for low-income and homeless communities. Affordable housing mechanisms include an affordable housing contribution scheme that requires a percentage of affordable housing as part of a housing development. However, community organisations need help to handle this need and councils cannot provide the necessary funding (AHURI Report No 355, 2021).

Readers can find a detailed analysis of the community housing sector on the industry website (https://www.communityhousing.com.au/).

The social and community housing costs are more easily absorbed in large-scale development proposals. They can be encouraged by rezoning land for greater density. Increasing building heights and floor space ratio bonuses in Batemans Bay will lead to higher-density development. Council can achieve culturally appropriate development outcomes through collaborative engagement and community co-production.

Caravan sites and campgrounds provides: some tourism buildings and long-term community housing. The Eurobodalla is well-equipped with caravan parks, camping grounds and opportunities for RV/campervan stations. While off-season, there is some short-term availability in campsites for low-income or displaced people; we must provide more long-term legal solutions.

Incentives such as rental caps and affordable housing levies can also lead to inflationary pressures across all housing rentals and the wider supply chain.[9] This problem extends beyond Eurobodalla's boundaries and when a council offers solutions, developers and communities respond in ways that accentuate the situation. However, through the State

[9] Morris, A (2021). 'An impossible task? Neoliberalism, the financialisation of housing and the city of Sydney's endeavours to address its housing affordability crisis, *International Journal of Housing Policy*, vol. 21, no. 1, pp23-47.

Environmental Planning Policy (Housing), the NSW planning system provides an opportunity to use redevelopment sites for community benefit[10], including social and community housing (see SEPP (Housing) 2021).

Objective 6: Rental affordability

Delivering low-income and social housing needs is the role of community providers such as the Community Housing Industry Association and Indigenous representatives to monitor affordability among low-income and social housing providers. Where they need assistance from Council, it can review the planning framework to remove blockages or enable a range of dwelling types that are not available.

Action:

6.1 Council will monitor changes to the low-income demographic impacted within the Eurobodalla by housing scarcity and engage with providers on ways to respond. Where these responses include increasing temporary, seasonal, and emergency shelter capacity Council will facilitate planning process improvements and changes.

6.2 Council will facilitate community, provider, and agency advocacy to highlight the need for access to housing support and collaboration efforts and to focus the NSW Government's efforts on Eurobodalla's coast.

Objective 7: Affordable home ownership

Council cannot fund community housing projects. Other mechanisms to encourage investment by private and community sectors are available to make low-cost home opportunities accessible for purchase to low-income households. Land supply is also an option for affordable home ownership provision. In large-scale developments, Council can incentivise some land to be developed by social housing providers. Council can lobby the NSW Government housing providers to provide housing in the Eurobodalla. The proposed master plan and LEP directions contribute toward an affordable housing component in new developments, which aligns with the NSW Government’s planning policy.

Action:

7.1 Develop a contributions policy to link affordable housing supply to large subdivisions and multi-unit developments and requests for rezoning. A focus will be on identifying sites suitable for affordable housing opportunities and higher-density unit developments in commercial centres to provide a social or affordable housing component.

[10] Intervention is also available through the development of Affordable Housing Contribution Schemes through section 7.13 of the Act and mandatory mechanisms where appropriate.

Theme 4 Housing location

The technical report (JSA, 2023) suggested that the main issue affecting housing in the Eurobodalla results from the sizeable absentee landowner base (27%). According to data from various sources, the population of the Eurobodalla triples during peak holiday periods to approximately 120,000 people (as per ABS, ID profile, DPI&E). Most absentee owners reside in Canberra, though Sydney or Melbourne owners are also featured.

Most of Canberra's second home ownership is in Batemans Bay and north of the Eurobodalla. In contrast, Melbourne/Sydney's second home ownership focuses on Narooma.

Developers in Sydney and Canberra drive some of the housing supply. Both owners and developers are responding to the ongoing attraction of tourism and its short-stay accommodation during peak periods, which is based in coastal locations. As a result, absentee property owners tend to prefer larger houses, multi-bedroom units and short-term tourist rental markets. Providing a range of housing types that are suitable to longer term residents may take some of the pressure off the existing housing stock. Changing the large lot typology through land use planning allows Council to increase density within existing urban areas.

The attraction to the coast and natural environment and consequential premium on housing supply, have remained unchanged for the past decade and are unlikely to change for coastal settlements in the Eurobodalla. Recognising that tourist accommodation and after-hours recreation activity can be disruptive to residential enjoyment is also driving some planning for the development of tourist focused locations in places like Batemans Bay.

Climate gentrification:[11]
Communities vary in vulnerability to flood and fire hazards and capacity to adapt. Low-income residents can be priced out as properties in desirable locations that accommodate development become more valuable. They become vulnerable to development opportunist locations and get pushed into less desirable localities with reduced access to services. Inland settlements develop to meet local demand rather than external inflationary pressures for coastal housing and large detached dwellings.

Moruya, a strategic inland regional hub between these zones of tourism influence, plays a pivotal role in providing mid-sized housing for essential workers, administrative support, and public regional facilities necessary to support coastal tourism and economic development.

However, like Batemans Bay and Narooma, environmental constraints within and adjacent to the town centre, limit urban expansion and thus, future supply beyond 2041.

The NSW Government considers regional hubs as strategic centres, which inherently link to one or more local centres to form a strategic cluster. These clusters form around Batemans

[11] also drives the evolving composition of communities (Keenan et al., A. (2018). Climate gentrification: From theory to empiricism in Miami-Dade County, Florida. *Environmental Research Letters*, vol. 13, No.5, pp1-11.)

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Bay, Moruya and Narooma, along with their respective local centres and each will likely play a role in the regional growth strategies of the NSW Government.

Council must also consider emerging housing typology and urban morphology issues in response to these strategic governance initiatives, climate impacts and pressure on the housing supply in growth areas eg, height and scale of housing developments.

The audit report (Gyde, 2023) on key growth areas identified 16 potential areas across the Eurobodalla with the potential to meet future housing needs (see Table 3 below). Because each site is subject to constraints, the future housing supply will inevitably be less than anticipated in Table 3.

Site Potential	Potential Capacity	Prevalent Constraints
1. Nelligen	14	Bushfire prone (100%), Riparian land (26%)
2. Rosedale	929	Bushfire prone (100%), Riparian land (19%)
3. Moruya Central North	168	Bushfire prone (100%)
4. Moruya West	15	Bushfire prone (100%), Riparian land (25%
5. Moruya	1,000	Bushfire prone (100%), Riparian land (21%)
6. Moruya Heads Central	347	Bushfire prone (100%), SEPP Coastal Wetland (25%)
7. Moruya Heads South	95	Bushfire prone (100%), Biodiversity value (93%), Riparian land (20%), Landslip risk – slope (17%), SEPP Coastal Wetland (13%)
8. Malua Bay	291	Bushfire prone (100%), Landslip risk – slope (29%), Riparian land (17%)
9. Broulee	124	Bushfire prone (100%)
10. Narooma	248	Bushfire prone (100%) Biodiversity value (99%), Riparian land (23%)
11. Catalina West	102	Bushfire prone (99%), Landslip risk – slope (32%), Riparian land (18%)
12. Catalina South	60	Bushfire prone (100%), Landslip risk – slope (35%) Riparian land (15%)
13. Mystery Bay	370	Bushfire prone (100%), Riparian land (17%)
14. Dalmeny	400	Bushfire prone (100%) Riparian Land (24%)
15. Tuross Head	71	Bushfire prone (41%), SEPP Coastal Wetland (25%)
16. Long Beach	458	Bushfire prone (100%), SEPP Coastal Wetland (60%) Riparian land (18%)

Table 1 Growth node capacity and constraints

These sites are in addition to residential zone infill, housing redevelopment in other urban zones and developer-led requests for rezoning for residential use of areas not considered under existing strategic growth priorities.[12] Similarly, the sites are only those known to Council. At the same time, the development industry may see potential for rezoning at other sites. However, the list is a snapshot of current greenfield housing opportunities, and it is likely constraints will alter actual delivery.

The Eurobodalla can be broadly divided into two distinct cultural areas driving the housing supply: coastal and inland. Coastal regions will remain a key focus for absentee land

[12] The Riotact, 'Broulee population set to double if 800-lot development gets the go-ahead'. *https://the-riotact.com/broulee-population-set-to-double-if-800-lot-development-gets-the-go-ahead/745511*, accessed 21 February 2024

ownership associated with tourism and beach life. At the same time, inland centres are the location for essential workers needed to support community function. Both places overlap in terms of housing purposes and there is a need for diversity in housing typology for urban and rural communities.

Coastal locations cater to a seasonal migration influx and support housing with more room for family groups and friends. They are also associated with short-term tourism rentals. In coastal centres, there is an opportunity to accommodate density using existing infrastructure capacities, easy access to facilities and beach views.

Meanwhile, inland, and riverine locations like Mourya also offer tourism opportunities that affect the housing supply. However, this housing demand focuses on residents and essential service workers supporting Shire-wide functions such as Council and regional hospital facilities.

Council will continue to plan for the predominant housing supply in and around the major centres of Batemans Bay, Moruya and Narooma. Smaller greenfield development opportunities may arise in addition to the 16 nodes currently understood as potential sites for growth. To respond to growth-based needs, the three centres are ordered into a hierarchy based on their respective population size and expansion opportunities. The hierarchy recognises that while housing stress occurs throughout the Eurobodalla, the primary opportunities for scaled-up response are more effective based on this hierarchy.

A Shire-wide Housing Strategy also includes rural housing and the densification of rural villages. The pathway for these additional supply opportunities may come to Council through planning proposals and is considered in the context of infrastructure forward commitments and capacities.

Objective 8: Growth nodes

Council reinforces a hierarchical order to growth nodes and prioritises master planning for land-use projects that inform infrastructure capacity and transport network improvements. These will provide a basis for resource allocation toward forecasted delivery of greenfield sites and infill of the town centres.

Action:

8.1 Council will engage with the NSW Government to ensure that developing strategic cluster concepts aligns with growth nodes and the preparation of master plans.

Objective 9: Town and activity centres

Ensure the housing supply provides diverse locations and relevant types based on access to community facilities in growth nodes and defined precincts. Council will not support planning proposals unaligned with infrastructure provisions or seeking to create locations of high risk.

Action:

9.1 Council will develop a master plan for density centred on Batemans Bay and the commercial centre. The master plan will frame similar approaches to the master planning of Moruya and Narooma growth nodes.

9.2 Council will review the LEP height controls in terms of flexibility of survey mark RL or metres above natural ground level for delivering changes that meet the gaps in housing typology in growth node areas.

Implementation

This strategy takes a practical approach, building upon successful prior initiatives such as the Settlement Strategy, LSPS and ELEP 2012. These foundational projects remain relevant even with a 1% population growth, providing a successful path for housing supply planning.

Moving forward, the focus shifts to implementation and delivery, primarily through master planning. Additionally, monitoring land supply projections against actual delivery is crucial. Beyond delivery, the strategy also emphasizes engagement and advocacy roles. Ongoing efforts include investigating ways to amend the ELEP to facilitate diverse housing responses, leveraging changes at the zone-based level.

Proposed adjustments, subject to NSW Government endorsement, aim to achieve public benefit by addressing building height and typology considerations. The housing market is complex and driven by global and local trends, changing aspirations and economic forces.

Measuring current supply and demand is an inadequate process to understand future needs and does little to progress informed decision making for the growth of future tourism options. The strategy recognises that it measures part of the housing market and can provide actions to assist managing a range of housing needs including affordable housing and environmental constraints. However, the housing supply continuum is a small part of a state and national conundrum in which the Eurobodalla's role is limited.