

## **10.6 Planning and Environment Directorate**

### **10.6.1 Endorsement of the Draft Rural Lands Strategy for the purposes of public exhibition**

To the Chief Executive Officer

**Directorate:** Planning and Environment

**Business Unit:** Strategic Planning and Environment

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#### **Executive Summary**

The purpose of this report is to seek Council's endorsement of the Draft Shellharbour Rural Lands Strategy (Attachment 1) for the purposes of public exhibition.

Preparation of the Draft Rural Lands Strategy (Draft Strategy) builds on previous studies and strategic plans to provide an updated framework for the ongoing planning and management of rural lands within the Shellharbour Local Government Area.

#### **Recommendation**

**That:**

- 1. Council endorse the Draft Rural Lands Strategy to be placed on public exhibition for a period of 28 days.**
- 2. If no submissions are received as a result of public exhibition that require further consideration, that Council adopt the Draft Rural Lands Strategy, as attached to this report.**

#### **Background**

The rural lands of Shellharbour are an important part of our Local Government Area (LGA) and the broader Illawarra-Shoalhaven region. These lands provide scenic, social, economic, recreational and environmental benefits to the community. The development of this Draft Strategy provides clarity around the uses and extents of rural lands to protect and enhance their amenity and

viability into the future.

Council's land use vision for the future of the Shellharbour LGA, is identified within Shellharbour's Local Strategic Planning Statement (LSPS), a long-term strategic planning document which guides planning decisions and growth management for our area. The LSPS provides details on which Council can base planning decisions and drive future land use planning and management of growth in the City based on our economic, social and environmental needs over the next 20 years. The LSPS requires development of a Rural Lands Strategy to ensure that our rural lands are sustainable and reflect community needs and values. The future adoption and implementation of the Rural Lands Strategy will assist Council in implementing the LSPS.

### **Draft Rural Lands Strategy**

The Draft Rural Lands Strategy guides the future planning, development and management of rural lands within the Shellharbour LGA. The Strategy will inform robust decision making and consider appropriate land use planning controls reflective of the circumstances of Shellharbour's rural lands taking into account the impacts of emerging pressures and opportunities. The Strategy also makes recommendations for the future of Shellharbour's Rural Lands focusing on growth management, maintaining rural values, preserving biodiversity, economic development and land use planning.

The Draft Strategy identifies two key areas of rural land within Shellharbour City LGA. The Western Rural Lands located within Tongarra, Calderwood, Tullimbar, Yellow Rock and within parts of Albion Park; and Eastern Rural Lands at Croome and Dunmore. These lands have rural and environmental purposes within Shellharbour Local Environmental Plan 2013 (LEP 2013). LEP 2013 is a framework of legislation that guides planning decisions for our local government area through zoning and development controls, it sets out land use zones, objectives and permitted and prohibited uses. The land zones considered within the Draft Strategy include:

- RU1 Primary Production
- RU2 Rural Landscape
- RU6 Transition
- R5 Large Lot Residential
- C2 Environmental Conservation
- C3 Environmental Management
- C4 Environmental Living

The Draft Strategy contains the current rural context and desired future character and amenity of Shellharbour City's rural lands. Importantly, the Strategy:

- identifies the establishment of an urban growth boundary (rural boundary),
- confirms current rural land use planning provisions are generally appropriate and for purpose,
- recognises agriculture and rural industries contribute to a resilient rural economy,
- supports the diversification of rural industry in Shellharbour; and
- identifies a precinct plan be developed to inform the future of rural lands to the west of Calderwood.

The Strategy contains six Rural Priorities, supported by Outcomes and Actions, which identify how Council will implement the Strategy. Place-based frameworks have been developed for each rural precinct, which deliver on the priorities and outcomes. An Implementation Plan is also included in the Draft Strategy. It identifies who is responsible for implementation of each action, which is assigned a priority level of low, medium or high and timeframe of immediately, short term (less than 2 years), medium term (2-5 years) or long term (greater than 5 years). The six rural priorities contained in the Draft Strategy are outlined below.

### **Priority 1: Establish a defensible rural boundary**

Feedback received during the preparation of the Draft Strategy, highlighted the community's strong desire to maintain existing rural lands and to protect the land from inappropriate development and land use conflict.

The development of the Draft Strategy has provided an opportunity to review the land use zones and permissible uses applying to rural land. This review has confirmed that the current rural land use zones and planning controls are appropriate for the vast majority of our rural lands. In some areas of the LGA, rural land zoning does not reflect established land uses and should be reviewed to reflect the existing use; for example, the Calderwood Christian School site which is currently zoned RU1 Primary Production.

The development of the Draft Strategy has also provided an opportunity to identify important rural and urban interfaces throughout the LGA. The Draft Strategy proposes the establishment of an urban growth boundary to manage growth, enhance the viability of rural lands and ensure protection from encroaching urban uses. The proposed boundary follows the perimeter of existing urban areas and proposes all future urban growth should be contained within these areas, see Figures 15 and 16 within the Draft Strategy for proposed location. Enforcing the boundary as shown in the Draft Strategy will assist Council to manage urban growth and defend inappropriate and unsupportable land use change requests.

## **Priority 2: Establish an appropriate transition area in the west of our City**

The land within Calderwood Urban Development Area (Calderwood) has been excluded from the Draft Strategy; however it is essential that the Draft Strategy considers the immediate and longer-term impacts of continued development at Calderwood on adjoining rural lands, neighbouring rural precincts and the wider rural landscape. Of particular importance in the Draft Strategy is land west of the Calderwood Urban Development Area.

At this interface, approximately 1.4km of General Residential (R1) zoned lots as small as 300sqm, immediately adjoin rural lands along Marshall Mount Road and Calderwood Road zoned Primary Production (RU1). There is no identified transition area or specific provisions within Calderwood Urban Development Area for managing the interface with adjoining rural areas.

Given these existing land use planning constraints, it is recommended that a more nuanced and place-based approach be taken to inform any changes to planning policy (such as LEP and DCP).

As a result, the Draft Strategy recommends Council undertake a precinct plan to inform a vision for the future of the western rural lands and address the interface to adjoining Calderwood residential lands. There are a variety of opportunities which would need to be investigated that could provide a transition zone to rural lands and provide amenity to a growing population in this area. The precinct plan should inform future land uses within the Calderwood Valley precinct and provide opportunities to celebrate the rural landscape and history in the western rural lands.

## **Priority 3: Promote a sustainable and resilient rural economy**

Community feedback has demonstrated there is an appreciation for rural industries, especially dairying in Shellharbour. Respondents referred positively to the scenic quality, history and economic contributions of the dairying industry. Consultation with local primary producers indicated that rural businesses had experienced significant increases to input costs such as transport and electricity in recent times. In addition, landowners were supportive of a review of minimum lot size to support and promote viable agricultural industry in rural areas. A review of planning controls and an assessment of current and future agricultural opportunities has occurred.

Most rural and environmental-zoned land in Shellharbour LGA has a 40 ha minimum lot size (which equates to approximately 100 acres). This statewide policy was introduced in the 1970s and was considered an appropriate minimum lot size to restrict rural residential settlement while ensuring the

preservation of agricultural lands and viable rural holdings.

Shellharbour City Council introduced flexibility in the subdivision of rural land through Rural Subdivision clause 4.2 within LEP 2013. When applied, this clause allows for a reduction in minimum lot size controls if dwelling entitlements are not established on an undersized lot. The Draft Strategy recognises this mechanism allows landowners greater flexibility in achieving the objectives of the land zone and by principle, increases agricultural viability. The establishment of smaller lots presents a significant opportunity for local food production and agritourism, which generally require less land and in the case of hydroponic production, is not reliant on the presence of fertile soils. Agriculture, including agritourism, aquaculture, extensive agriculture, intensive livestock agriculture and intensive plant agriculture, are currently permitted with consent in RU1 Primary Production, RU2 Rural Landscape and RU6 Transition land zones as specified in LEP 2013. These opportunities can diversify rural industry in Shellharbour, increase value of outputs and provide alternative experience for producers and customers alike such as direct to market and direct to customer farm gate, some of which are already in place by rural producers.

As Shellharbour continues to develop and other agricultural land uses are considered, the region will look to ensure the efficient and sustainable consumption of resources by promoting principles of a circular economy; whereby energy from resources is reduced, reused, recycled and recovered. For the agricultural industry, a circular economy presents possibilities for significant efficiencies and input cost reductions through energy generation, recycled water use, and opportunities for renewables and waste solutions. With regard to sustainable and renewable industries such as wind or solar farms, the Draft Strategy recognises development interest will need to be managed to ensure compatibility with the surrounding environment to mitigate negative impacts to the area's productive rural lands, scenic values and tourist activity.

#### **Priority 4: Protect biodiversity and waterways**

Healthy soil and waterways provide support to ecosystems and the primary production of food and resources. The management of rural land, including stressors such as pollutants, and the impacts of development need to be well managed.

Over time, sections of Shellharbour's major waterways have become degraded; due to tree clearing and removal of natural vegetation, uncontrolled access from stock, weed infestation and increased runoff from urban development and land use intensification. This continued stress applied to soils

and waterways can compromise stability and ability to perform valuable ecosystem functions. The Draft Strategy highlights the importance of maintaining, protecting and enhancing natural areas.

The Draft Strategy highlights current monitoring efforts undertaken by Council should continue. In addition to Council-monitoring programs, there is an opportunity for landowners and community to also contribute to the maintenance, enhancement, regeneration and protection of soils and watercourses throughout rural and agricultural areas, by approaching regeneration at a site-specific level. The Draft Strategy encourages landowner education to approaches such as regenerative farming which provide benefits to soil quality, biodiversity, resilience and agricultural carrying capacity. In some cases, these efforts can also provide indirect benefits through improved visual amenity, and uptake of agritourism opportunities.

### **Priority 5: Protect the scenic quality and heritage significance of rural lands**

Community engagement has highlighted a desire to maintain the City's scenic rural vistas. In numerous locations, particularly within the western rural lands, rural vistas include the iconic Illawarra escarpment as a backdrop.

To address community feedback, the Draft Strategy has identified important rural landscapes, referred to as key gateways; these areas will remain protected and enhanced through the existing planning framework.

Often rural scenic amenity is enhanced or complimented by items of local heritage significance. Throughout the LGA, approximately 160 heritage items have a statutory heritage listing, and are included within Shellharbour LEP 2013. Rural areas are home to about a third of Shellharbour's listed heritage items. Heritage items in rural landscapes may include buildings or any parts of a building, farmyard structures, trees, views, or cultural landscapes which may encompass a collection of these things.

Within LEP 2013, Heritage conservation clause 5.10 provides a framework of legislation to conserve environmental heritage, including associated fabric, settings and views, in addition to this is the inclusion of archaeological sites, Aboriginal objects and Aboriginal places of heritage significance. A Development Application (DA) is generally required for works which may impact on a heritage item, however, LEP 2013 permits some works to be undertaken without development consent, providing you have written confirmation from Council. LEP 2013 also includes heritage conservation incentive provisions which allow Council to grant consent to development relating to a heritage item that would otherwise not be allowed, if the

development would facilitate the conservation of the item; such uses include agritourism and the adaptive re-use of local heritage items. These clauses allow the owners of properties containing heritage items an additional degree of flexibility when considering development options and opportunities to complement agricultural activity, whilst adding value to the land and its outputs, in a way that preserves rural character and amenity.

### **Priority 6: Ensure housing in rural areas is compatible with long-term planning objectives**

The Department of Primary Industries' (DPI) 'Planning for Agriculture in Rural Land Use Strategies' Guideline, has been used to inform the development of the Draft Strategy. This DPI guideline provides advice on rural land planning matters, including but not limited to, land zoning, land uses, minimum lot size and rural housing, which are of relevance to this rural housing priority.

Shellharbour City Council's Local Housing Strategy (LHS) identifies demand for approximately 10,625 new dwellings in Shellharbour over the next 25 years, to be delivered as a mix of greenfield and infill development. There are considerable opportunities for additional populations to be accommodated within Calderwood, there is also scope for increasing dwelling densities within established suburbs, especially within and around our town centres. Of particular focus is Shellharbour City Centre. Of relevance is a report received by Council at its meeting of 27 February 2024, titled Shellharbour City Centre Master Plan - Unlocking Housing Supply and Business Opportunities. Together, the future work to prepare a Shellharbour City Centre Master Plan and the outcomes of the adopted LHS provide certainty that Shellharbour City LGA currently does not need to rezone more rural land for residential development.

Further, the Illawarra Shoalhaven Regional Plan (2041) states that "if future reviews of council's local strategic plans or the Urban Development Program identifies additional land is needed, Council will consider the suitability of locations for additional greenfield land across the local government area." Given the LHS has identified that Council's existing land use controls would more than adequately provide for the housing demand projected for Shellharbour to 2041, the Rural Lands Strategy does not identify additional land greenfield housing in the LGA.

Notwithstanding the broader housing supply issue, some rural landowners noted the inability to construct an additional dwelling on rural lands, limited the capacity for intergenerational occupation of rural properties and denied owners the opportunity to derive supplementary income from an additional dwelling on their land. Preparation of the Draft Strategy considered the current policy

context and included a comprehensive review of planning controls to determine current and future opportunities for residential accommodation within rural zones types.

Shellharbour LEP 2013 permits the establishment of dual occupancies (attached) with consent in RU1, RU2, RU6, C3 and C4 zones if minimum lot size requirements are achieved. Within RU1, RU2, C3 and RU6 zones, Shellharbour LEP 2013 currently prohibits dual occupancies (detached), secondary dwellings and rural workers dwellings. These prohibitions have been carried over from previous LEPs and stem from a rationale that such forms of development may undermine the zone objectives relating to primary production and the rural character of the land. What appears to be one farmhouse complex is preferred instead of multiple farmhouse complexes throughout rural lands. This is supported by controls within Shellharbour Development Control Plan (DCP), which encourage traditional rural and bushland setting building styles and ensure visual impacts of proposed development are minimised.

The assessment undertaken for the Draft Strategy has determined that the controls regarding land zones lot size and dwelling types within rural areas, in relation to rural housing, should be maintained. Dual-occupancies (attached) are still the preferred type of residential accommodation in rural zones.

## **Council Implications**

### **FINANCIAL / RESOURCES**

Gyde Consulting were engaged to assist council with the preparation of the Draft Strategy. Gyde's involvement has included briefings to Councillors, drop-in engagement sessions, meetings with rural landowners, staff and government agencies, and the preparation of the Draft Strategy.

If endorsed by Council, the Draft Strategy will be publicly exhibited. During the exhibition period, targeted stakeholder engagement will be facilitated for rural landowners and wider community engagement will also occur. A comprehensive review of all submissions received during the exhibition period will be undertaken by Gyde and Council staff.

If any changes are required after exhibition, staff with the assistance of Gyde will prepare the final Strategy for Council's consideration.

All the above will be undertaken within existing budgets.

Once adopted, implementation of the Strategy may incur financial costs in a



controlled and considered way. It is intended that the actions within the Strategy will be integrated within Operational Plans and Delivery Programs, and grant funding opportunities explored.

### **LEGISLATION AND POLICY (INCLUDING ADVOCACY, STRATEGIC AND OTHER PLANS)**

The Draft Rural Lands Strategy has been informed by strategic plans at local and regional levels, relevant guidance documents, and a number of policy documents and legislation, as outlined below and within Section 2.3 of the Draft Strategy:

- Illawarra Shoalhaven Regional Plan 2041,
- Shellharbour Community Strategic Plan 2022-2032,
- Local Strategic Planning Statement 2022,
- Shellharbour Local Housing Strategy 2019,
- Lake Illawarra Coastal Management Program 2020-2030,
- Shellharbour Local Environmental Plans 2000, 2004, 2013,
- State Environmental Planning Policy (SEPP) (Primary Production) 2021,
- SEPP (Biodiversity and Conservation) 2021,
- SEPP (Exempt and Complying Development Codes) 2008, specifically:
  - Part 3A Rural Housing Code and
  - Part 9 Agritourism and Farm Stay Accommodation Code
- Local Planning Directions, under the Environmental Planning and Assessment Act 1979, specifically:
  - Direction 9.1 Rural Zones
  - Direction 9.2 Rural Lands
- NSW Department of Primary Industries: Planning for Agriculture in Rural Land Use Strategies 2022

The future adoption of the Rural Lands Strategy has implications for Council's land use planning framework. The Draft Strategy informs additional work to be undertaken and changes that are required to be made to the LEP and Development Control Plan (DCP). This work provides the evidence base for council staff to justify their land use planning decisions.

### **SOCIAL IMPACT**

The development of this Draft Strategy has enabled stakeholders and the wider community to provide input into what the future of rural lands will look like in Shellharbour City.

It has provided Council with the opportunity to discuss with the community what they value about Shellharbour City's rural lands and landscape.

The Draft Strategy will inform future management of rural lands and support the viability of agricultural and rural industry opportunities in our LGA.

### **SUSTAINABILITY CONSIDERATIONS**

Council's Climate & Sustainability Policy (Policy) aligns operational and strategic planning with NSW state policy and transition towards a net zero region by 2050. The relevant matters within this Policy have been embedded throughout the Draft Strategy to inform decision making.

The Draft Strategy delivers sustainability education, provides actions which address climate resilience, provides opportunities for partnering with the community, businesses and state and federal government agencies, facilitates resilience and promotes environmentally sustainable decision making.

The development of the Draft Strategy recommends environmental protection, restoration, creation, rehabilitation, and connectivity. Council, rural landowners and community groups can impact on the overall health of our rural lands and improve outcomes, such as rural lands biodiversity.

Implementing the Rural Lands Strategy will ensure action is taken towards climate adaption and resilience, which is an important goal for Council.

### **LEGAL CONSIDERATIONS**

Not Applicable

### **RISK CONSIDERATIONS**

The Council's Risk Management Framework is the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout Council. The Risk Management Framework supports and assists achievement of objectives identified and endorsed in Council's integrated planning & reporting processes.

The preparation of the Draft Strategy reaffirms the importance of rural lands within our LGA and the broader Illawarra-Shoalhaven region and the scenic, social, economic, recreational and environmental benefits these lands bring to the community. The development of this Draft Strategy provides clarity around the uses and extents of rural lands to protect and enhance their amenity and viability into the future, thereby reducing risk of inappropriate land use planning, land management or development.

## **Link to Community Strategic Plan**

This report supports the following objectives, strategies and actions of the Community Strategic Plan:

### **2.2 We are a beautiful and connected City**

2.2.1 Our planning reflects the unique character of our city and natural environment and is responsive to the evolving needs of our community

2.2.1.01 Implement the Local Strategic Planning Statement for the City

2.2.1.02 Monitor and review the Shellharbour Local Environmental Plan

2.2.1.03 Preparation of a Rural Land Use Strategy to ensure the management of rural lands is sustainable and reflects community needs and values

## **Previous Council Resolutions (including type and date of meeting)**

Not Applicable

## **Consultation**

### **Internal**

Manager Planning & Urban Release

Manager Environment

Senior Strategic Planner

Coastal Programs Coordinator

Senior Development Assessment Officer

Principal Planner - Development Assessment

Tourism Manager

Senior Rates Officer

Councillors were briefed on this project at Councillor Briefings, in May 2023 and March 2024.

### **External**

Council is committed to ensuring the community is actively involved in Council decision-making and activities. Council implements engagement strategies that are appropriate and responsive to the needs of its diverse community.

Feedback was sought from rural landowners and the wider community, in mid 2023; the engagement outcomes have informed the preparation of the Draft Strategy.

A variety of engagement methods were used to capture feedback; including community drop-in sessions, library display, online survey and in-person stakeholder meetings. Summaries of formal consultation, including themes received during feedback are provided within Appendix A of the Draft Strategy.

Community drop-in sessions were held at Albion Park and Shell Cove in June 2023. All rural landowners within the LGA were contacted by Council by letter and advised of the two community information sessions. These sessions were also advertised via Council's Lets Chat webpage, social media pages and eNewsletter: Snapshot. A total of 74 community members were present across both onsite sessions, also in attendance were four project officers. The sessions provided an opportunity to learn more about the Project and ask questions of staff.

Following these drop in sessions, a number of rural land owners requested to meet with project officers to learn more about the Draft Strategy and possible impacts to their land. A total of five meetings were held and general information shared with the stakeholders.

In addition to in-person sessions, a static library display was available at City Library. A total of 39 relevant contributions were received from this engagement method.

An online survey was available on Council's Lets Chat page for community to provide their feedback on Shellharbour's rural lands. This page received 362 views and 36 survey contributions.

In addition to community engagement, the below agencies and organisations were consulted and provided valuable information:

- Department of Planning and Environment
- Rural Fire Service
- Department of Primary Industries (Agriculture)
- Department of Primary Industries (Fisheries)
- Biodiversity Conservation Trust
- Department of Regional NSW
- Wollongong City Council
- Kiama Municipal Council
- Destination NSW
- Soils for Life

Should Council endorse the exhibition of the Draft Strategy, a similar engagement approach will occur, this will provide continued opportunities for rural landowners and the wider community to share feedback on the Draft Strategy and contribute to the future of Shellharbour City's rural lands.

## **Political Donations Disclosure**

Not Applicable

## **Options**

### Option 1:

That Council endorse the recommendation within this report and the Draft Rural Lands Strategy (Attachment 1) be placed on public exhibition.

### Option 2:

That Council does not endorse the report recommendation; this would impact on Council's ability to progress the Draft Rural Lands Strategy.

## **Conclusion**

The rural lands of Shellharbour are an important part of our Local Government Area (LGA) and the broader Illawarra-Shoalhaven region.

Preparation of the Draft Rural Lands Strategy builds on previous studies and strategic plans to provide an updated framework for the ongoing planning and management of rural lands within the Shellharbour Local Government Area.

It identifies our rural areas as an important local and regional feature, that contribute to scenic, social, economic, recreational and environmental opportunities for our community, and provides clarity around the uses and extents of rural lands to protect and enhance their amenity and viability into the future.

Once adopted, the Rural Lands Strategy will constitute Council's policy position on rural land in Shellharbour, inform Council's planning framework and through implementation, ensure desired outcomes are achieved.

This report recommends Council endorse public exhibition of the Draft Rural Lands Strategy. Following the exhibition period, feedback will be considered and another report to Council may be required, before adoption.

## **Attachments**

1. Draft Shellharbour Rural Lands Strategy