Nowra City Centre Planning Pathways

Recommendations report

for NSW Department of Planning and Environment

15 September 2023

Version Control			
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Version	**Date**	**Description**	**Approved**
1	24 May 23	Initial working draft – report scaffold and interim feasibility findings	AY
2	12 July 23	Scaffold and content outline	MC
3	19 July 23	60% draft	MC
4	26 July 23	90% draft	MC
5	4 Aug 23	Draft final recommendations report	MC
6	16 Aug 23	Draft final Issue 2	MC
7	15 Sept 23	Final recommendations report	MC

Astrolabe Group are the recognised experts in urban growth and change management with a uniquely empathetic approach to client and community.

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We acknowledge all Aboriginal people of the Shoalhaven, the Jerrinja, Wandi Wandian, Wodi Wodi, Bherwerre, Murramarang, Budawang and Aboriginal members of Roseby Park and Wreck Bay communities, and value their long, rich cultural and spiritual connections to the Shoalhaven area. This is evident in the stories and ceremonies, the natural landmarks and the sacred objects embedded in the landscapes and waterways throughout this region.

We pay our respects to Elders past and present.

Contents

1. Introduction 4

Context 4

Structure of this report 5

Methodology 5

2. Current and future state of Nowra 7

Baseline and trajectory 7

Rising construction costs make new development unfeasible 12

Regional markets like Nowra are more resistant to change 14

Planning controls alone will not catalyse development 15

Lack of amenity and services from Nowra is impacting its attractiveness for investment 16

Car-dependent culture increases development costs and hinders higher densities 18

3. Recommendations 19

Broker institutional commitment and investment 20

Employ a strategic approach to increasing services and improving amenity 24

Reduce car-dependency and provide public and active transport options 26

4. Next steps 29

Appendix 30

1. Introduction

Context

The Illawarra Shoalhaven Regional Plan 2041 identifies an action to **develop a strategic Roadmap for Nowra City Centre to set a vision, identify actions and guide inter-agency and inter-government collaboration** (Action 2).

Astrolabe Group was engaged by the Department of Planning and Environment (DPE) to deliver on this action by assessing planning controls and feasibility factors that impact development activity in Nowra. We have considered findings from this assessment to develop recommendations that will encourage new development and increased investment in Nowra.

DPE will use these recommendations for the next phase of work which will develop the strategic roadmap for Nowra.

For the purposes of this study, Nowra city centre refers to the area highlighted in Figure 1 below, consistent with Shoalhaven City Council's Development Control Plan. To provide a wider understanding of Nowra's local population, workers and economy, data analysed for the market sentiment analysis (see 'baseline and trajectory' section) represents the two Statistical Area 2s shown in Figure 1.

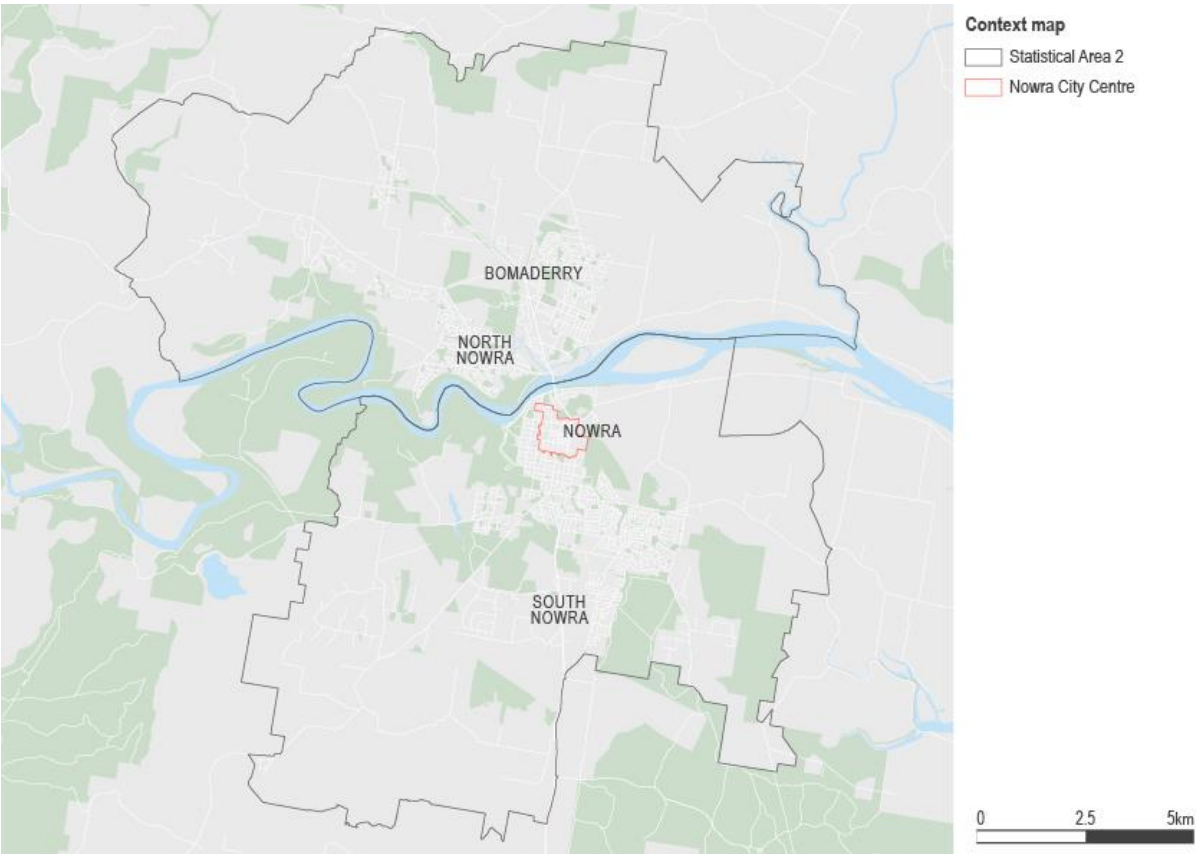


Figure 1 Study area context

Structure of this report

This recommendations report presents the findings from the planning and market assessment, and recommendations for DPE to consider when developing the strategic roadmap. The report has two key sections:

- **Current and future state of Nowra –** Nowra's likely growth trajectory and factors that are influencing activity levels in Nowra:
  - Baseline and trajectory
  - Rising construction costs make new development unfeasible
  - Regional markets like Nowra are more resistant to change
  - Planning controls alone will not catalyse development
  - Leakage of amenity and services is impacting Nowra's attractiveness for investment
- **Recommendations** – 'Big moves' that should be taken to increase investment and development in Nowra:
  - Broker institutional commitment and investment
  - Employ a strategic approach to increasing services and amenity
  - Provide public and active transport options to reduce car-dependency

The appendix provides detailed memos highlighting findings from the market sentiment analysis, planning and feasibility assessment, and engagement with key stakeholders. The information in these memos has been used to develop this recommendations report.

Methodology

The following methodology was conducted to develop this report:

1. Market sentiment analysis

- Desktop review of population, housing and economic information to understand the current state of Nowra, and identify the drivers that will influence future growth
- Site visit to ground-truth desktop research and understand development activity in the city centre

2. Planning and feasibility assessment

- Review of the planning framework to identify controls and assessment pathways relevant to development in Nowra
- Strategic feasibility analysis to understand the relationship between existing controls and the commercial viability of development projects

3. Stakeholder engagement

- Semi-structured interviews and roundtables to present and validate findings from tasks 1 and 2 with key stakeholders (e.g. state agencies, peak bodies, local business representatives), and discuss options for change that would encourage new development

4. Recommendations testing and development

- Internal discussions (Astrolabe, DPE and Shoalhaven City Council) to synthesise findings from tasks 1 – 3, and test suitability of emerging recommendations
- Develop the final recommendations report that summarises key findings from each task and presents recommendations to inform the strategic roadmap.

2. Current and future state of Nowra

Baseline and trajectory

A growing and changing population

The population of Nowra[1] is expected to grow by between 12,400 and 16,200 people from 2021 to 2041 (Figure 2). DPE projections forecast that Nowra will grow by 16,200 people during that period, (42%). Projections commissioned by Shoalhaven City Council and prepared by .id forecast that Nowra will grow by 12,400 people in the same period (33%).[2]

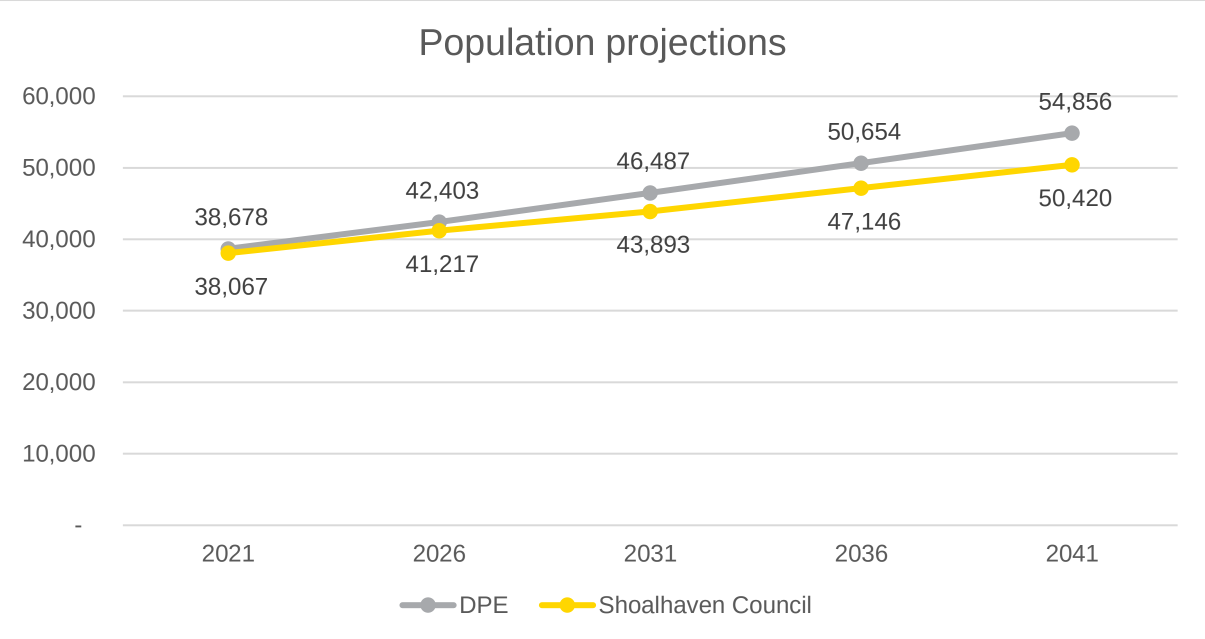


Figure 2 Nowra population projections to 2041

Between 2011 and 2021, Nowra's population has aged, as the cohort over of 65-year-olds has increased significantly. During this period, the proportion of residents aged 25 to 39 has also increased, while the proportion of residents younger than 24 has decreased (Figure 3).

[1] In this section, Nowra is defined by the combination of two SA2s, Nowra and North Nowra – Bomaderry, unless otherwise stated

[2] Shoalhaven Council projections are based on small areas that do not precisely align with SA2s. Projections show the aggregate of the following small areas: Bangalee - Cambewarra Village - Tapitallee & Surrounds, Bomaderry, North Nowra, Nowra, West Nowra - South Nowra - Nowra Hill & Surrounds and Worrigee

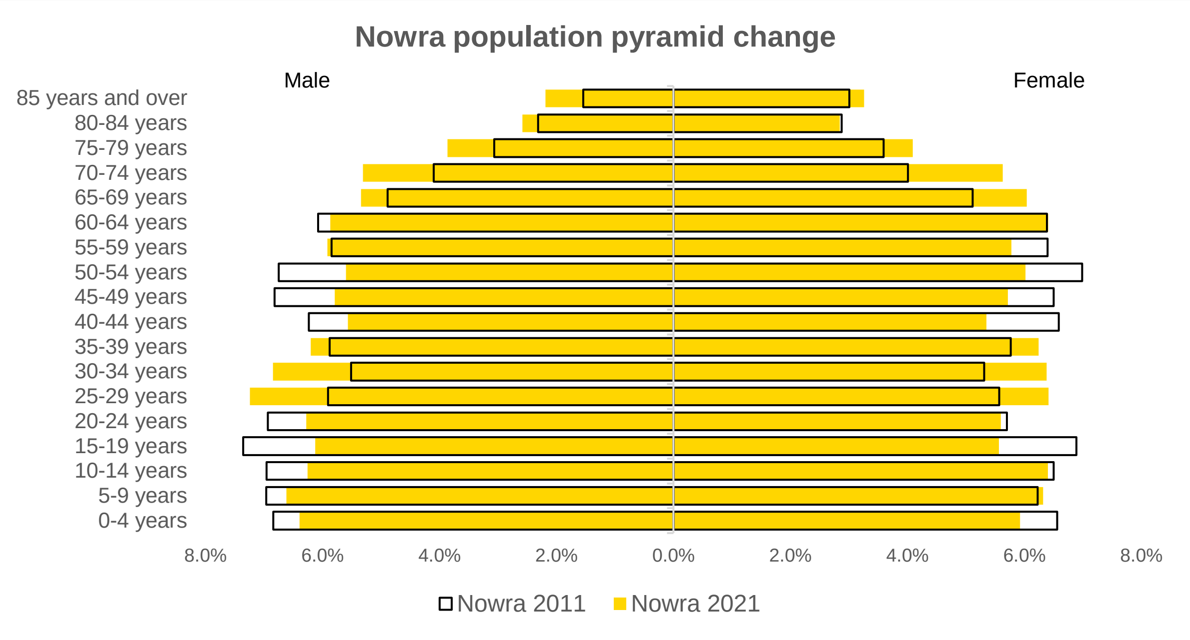


Figure 3 Change in Nowra and Shoalhaven LGA population pyramid 2021.

Growth of health care and education and population serving industries

Nowra's economy is primarily driven by Health and Education and Population Serving industries[3] (Figure 4). The proportion of Nowra's local workforce that are employed in these industries has grown by 4 and 2 percentage points since 2011 respectively, making up a combined 63% of all jobs.

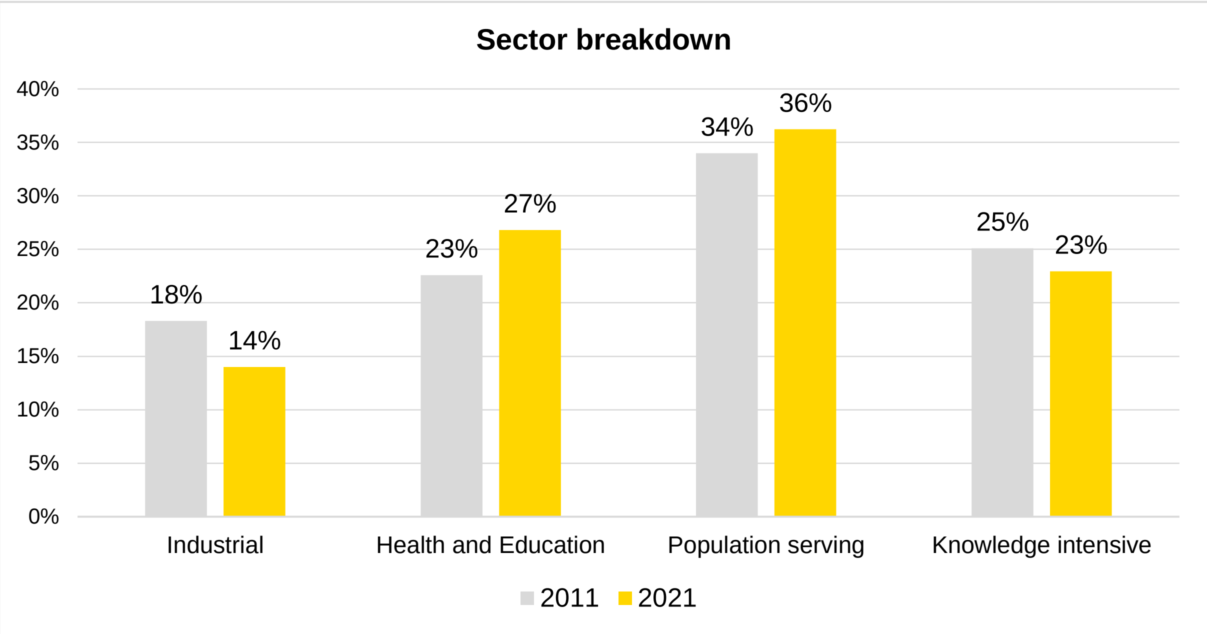


Figure 4 Nowra sector breakdown (by number of workers) 2011 and 2021

[3] Health and Education sector includes the following industries: Education and Training, Health Care and Social Assistance. Population Serving sector includes the following industries: Construction, Retail Trade, Accommodation and Food Services, Arts and Recreation Services, Other Services (Source: TZP22 Employment Data Dictionary)

Health and Education and Population Serving industries are expected to remain dominant into the future, driven by the priorities outlined in the Shoalhaven Regional Economic Development Strategy 2022 Update[4]:

- Reactivating tourism within the Shoalhaven region by making it a year-round tourism destination as an action in the Shoalhaven Tourism Recovery Action Plan 2021
- Leveraging existing tourism endowments within the Shoalhaven region and building capacity for growth, including expanded Aboriginal-led cultural tourism, improving climate change resilience and specialised tourism infrastructure
- Sustained growth resulting from current, planned and proposed major projects, including Nowra Bridge, Princes Highway upgrades and Nowra Bypass (Table 1). This will see the construction industry be a continued key economic enabler and emerging specialisation within the Shoalhaven
- Development and growth in the healthcare sector, a key regional specialisation, resulting from ongoing major projects, including the upgrade of the Shoalhaven Hospital in Nowra (Table 1). Expanded healthcare capacity and leveraging proximity to Wollongong will enable growth in the sector and improved service delivery.

Table 1 Nowra major project details

Project	Value / Status	No. of workers	Timeline
Nowra Bypass The Nowra bypass project is expected to relieve congestion along the Princes Highway, particularly during peak holiday season.[5]	$105m (funding committed, in planning stage)	Unknown	From 2023
Shoalhaven Hospital Redevelopment The Shoalhaven Hospital upgrade will increase hospital services and enable the hospital to act as a regional health hub.[6]	$438m (in progress)	548 during construction, 680 during operation	Construction: 2023 to 2026
Nowra Riverfront Precinct This project will aim to revitalise the Nowra Riverfront as a key entertainment and leisure destination.[7]	$51m (in planning stage)	Unknown	From 2026
HMAS Albatross upgrade This project, part of a federal defence program, will upgrade key infrastructure, including runways and land remediation.[8]	Part of a $428 million upgrade of 4 airbases around Australia (status unknown)	Unknown (Estimated demand for 50 additional dwellings per year, for the next 3 years)[9]	Unknown

[4] Shoalhaven Regional Economic Development Strategy – 2023 Update, https://www.nsw.gov.au/sites/default/files/2023-02/Shoalhaven-REDS-2023-Update.pdf
[5] Nowra bypass and network improvements, https://roads-waterways.transport.nsw.gov.au/projects/princes-highway/nowra-bypass.html

The expected continued growth of Health Care and Education and Population Serving industries, particularly through the delivery of major projects, will likely result in an influx of workers to the area. This will increase in the demand for housing and services, as well as ancillary uses to support ongoing operational requirements.

As household incomes are driven by the incomes in Nowra's dominant industries, the growth of these sectors in the future will likely see a continued trend real incomes decline (Figure 5). In the decade from 2011, population serving workers on an above moderate income decreased by 11 percentage points.

During this same period, households with very low incomes grew by 9 percentage points and the share and total number of households with above moderate incomes also increased (by over 2,000 households) (Figure 6). This demonstrates growing disparity across the income spectrum, and points to the growing need for more affordable housing options. This is essential to ensure that the workers driving Nowra's economy can live close to where they work without falling into housing stress.

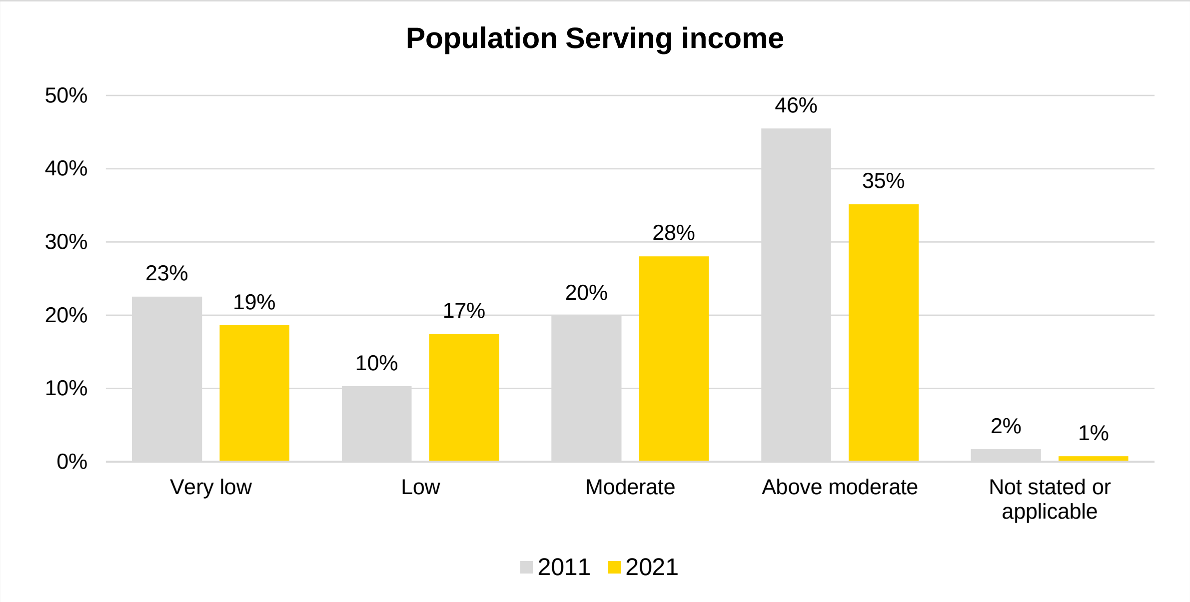


Figure 5 Population Serving personal income breakdown 2011 and 2021

[6] Shoalhaven District Memorial Hospital Redevelopment, https://shoalhavenredevelopment.health.nsw.gov.au/
[7] Nowra Riverfront Precinct, https://www.studiogl.com.au/portfolio_page/nowra-riverfront-precinct/
[8] Airbases to get $428 million upgrade as government switches back to national security, https://www.smh.com.au/politics/federal/airbases-to-get-428-million-upgrade-as-government-switches-back-to-national-security-20220421-p5af77.html.
[9] This does not include additional demand that may result from airbase upgrades. Strategic planning is currently underway to understand this demand.

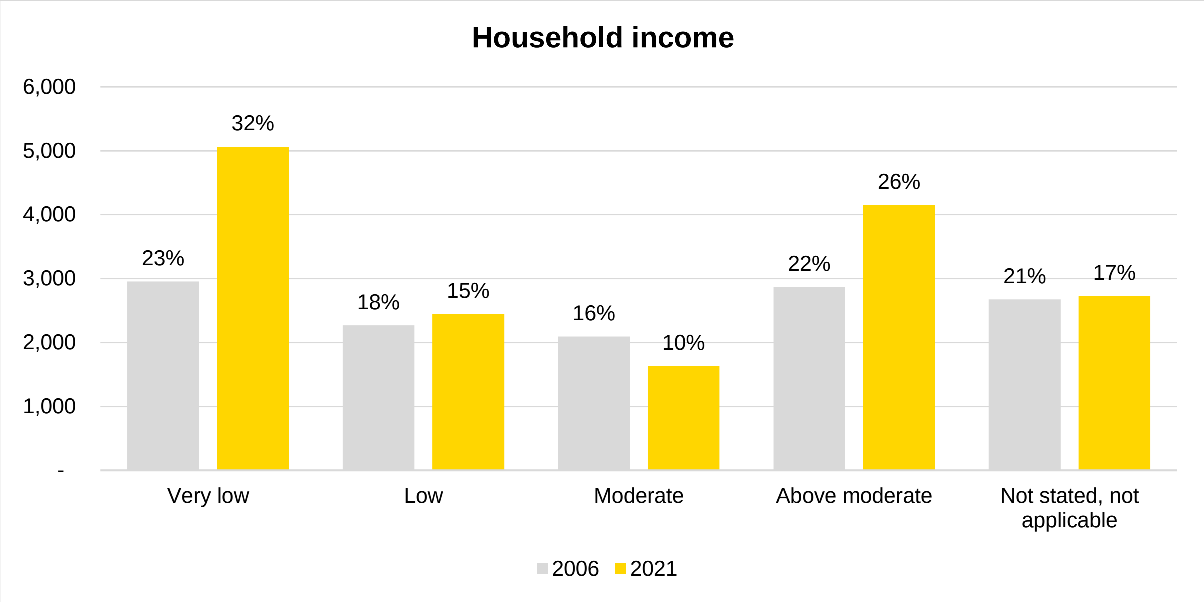


Figure 6 Household income breakdown 2006 and 2021

Nowra's housing landscape is dominated by separate houses, with few options for other dwelling types (Figure 7). The total number and propoprtion of these dwellings has has increased since 2011, with 85% of all dwellings being classified as such.

Details of the income analysis can be found in Appendix A.

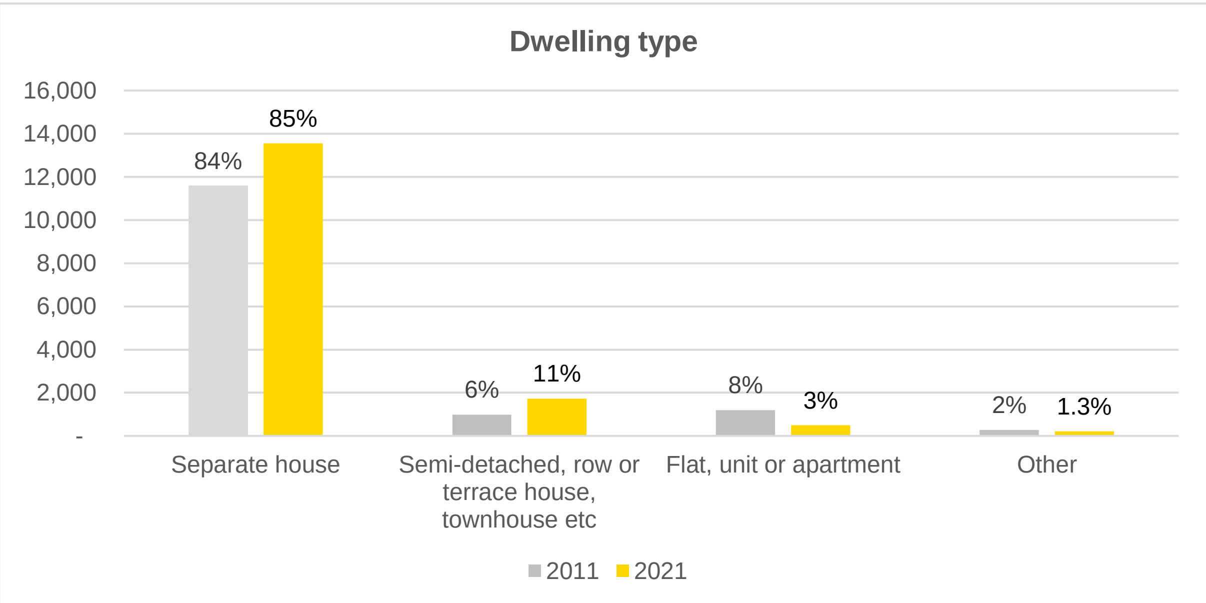


Figure 7 Nowra dwelling structure 2011 and 2021[10]

As Nowra's population grows and changes, the delivery of diverse housing will be essential to ensuring residents are able to access affordable housing that suits their needs, and close to where they work and the services and amenities they need to access.

[10] In 2016 there was a change in the way the data was collected for the ABS Census. This change in procedure has resulted in differences between data collected prior to and following 2011. This is particularly noticeable in the separate house, semi-detached, row or terrace house, townhouse etc. categories, as well as flat or apartment in a one or two storey block.

Commercial and retail floor space supply currently meets demand

Engagement with real estate agents as part of the market sentiment analysis suggested that current supply of commercial floor space in the city centre meets existing demand. This was validated during engagement with local business representatives, who suggested that demand outside of the city centre (e.g. in South Nowra) was increasing instead, as businesses are able to access premises with more parking availability for lower costs.

Further, Council noted that developers with approvals for commercial buildings within the city centre will wait until they have secured tenants before commencing construction, as the risk of vacancy due to low demand is too high for them to proceed. This will likely change in the future if the residential population of the city centre significantly increases.

Rising construction costs make new development unfeasible

Profit levels from development won't trigger market investment

Key takeaway

Intervention is required to bridge the gap between return on development and industry expectations.

Four development typologies were tested to understand the feasibility of each under current market conditions. The findings show that the profit from each of these typologies do not meet industry expectations, which is a driving factor behind low levels of investment and development activity in Nowra city centre (Table 2).

Increased labour and material costs since the beginning of the pandemic have had a significant impact on profit. This is exacerbated in Nowra, as there is low market willingness to pay, so income cannot increase at the same rate as development costs. Market willingness to pay higher prices for apartments is likely driven by the availability of detached dwellings on large lots for what would be a similar price point within proximity (North Nowra, Bomaderry and the south-eastern areas of Nowra).

Table 2 Feasibility summary

	Residential build-to-sell	Residential build-to-rent	Mixed-use residential & commercial	Co-living
Number of storeys (units)	5 (20 units)	5 (20 units)	5 (20 units, 150sqm commercial)	5 (66 units)
Total income	$10,182,773	$527,800 p.a.	$9,466,659	$1,201,200 p.a.
Total development costs (TDC)	$ 9,784,428	$9,770,709	$9,416,682	$17,852,668
Profit	4.1%	5.4%	0.53%	6.7%
Industry profit expectations[11]	20% of total development costs	8% yield on total development costs p.a.	20% of total development costs	8% yield on total development costs p.a.

When the cost of land is removed from total development costs, profit levels increase significantly, though still do not reach industry expectations (Table 3). This highlights that even with significant subsidy (zero land costs), the likely income and costs of new development does not result in profit levels that meet industry expectations.

As little can be done in the short term to reduce the cost of construction, or increase market willingness to pay, the roadmap will need to focus on a combination of interventions to catalyse development in Nowra (see 'recommendations' section).

Table 3 Feasibility summary (land costs removed)

	Residential build-to-sell	Residential build-to-rent	Mixed-use residential & commercial	Co-living
Number of storeys (units)	5 (20 units)	5 (20 units)	5 (20 units, 150sqm commercial)	5 (66 units)
Total income (sales/rent)	$10,060,955	$527,800 p.a.	$9,344,841	$1,201,200 p.a.
Total development costs	$8,544,218	$8,239,720	$7,985,891	$16,325,678
Profit	17.8%	6.4%	18.3%	7.4%
Industry profit expectations[12]	20% of total development costs	8% yield on total development costs p.a.	20% of total development costs	8% yield on total development costs p.a.

Detailed feasibility analysis can be found in Appendix B.

[11] Based on advice provided by Property Association
[12] Based on advice provided by Property Association

Regional markets like Nowra are more resistant to change

Key takeaway

Committed tenants are required before industry will deliver new and different development.

Other factors that aren't direct inputs to feasibility also impact industry decisions to deliver new development. This includes uncertainty regarding ability to meet pre-sale requirements to secure funding, or willingness of residents to try a 'different product' than they are familiar with (for example, multi-unit build-to-rent). Without confidence in being able to meet requirements, industry won't take on the risk of delivery. Instead, they will continue to deliver products that they know the market will absorb or wait until they have a committed tenant prior to undertaking a project.

Entrenched family land holdings within the city centre are also likely impacting ambition for change, as expectations regarding the land's value may not reflect market conditions. As these parcels have long been owned outright and are likely drawing sufficient returns, landholders are often resistant to investing in renewal of their assets or taking on risks associated with development. Commitment from future tenants would help manage these risks, possibly increasing appetite to be involved in the delivery of new development.

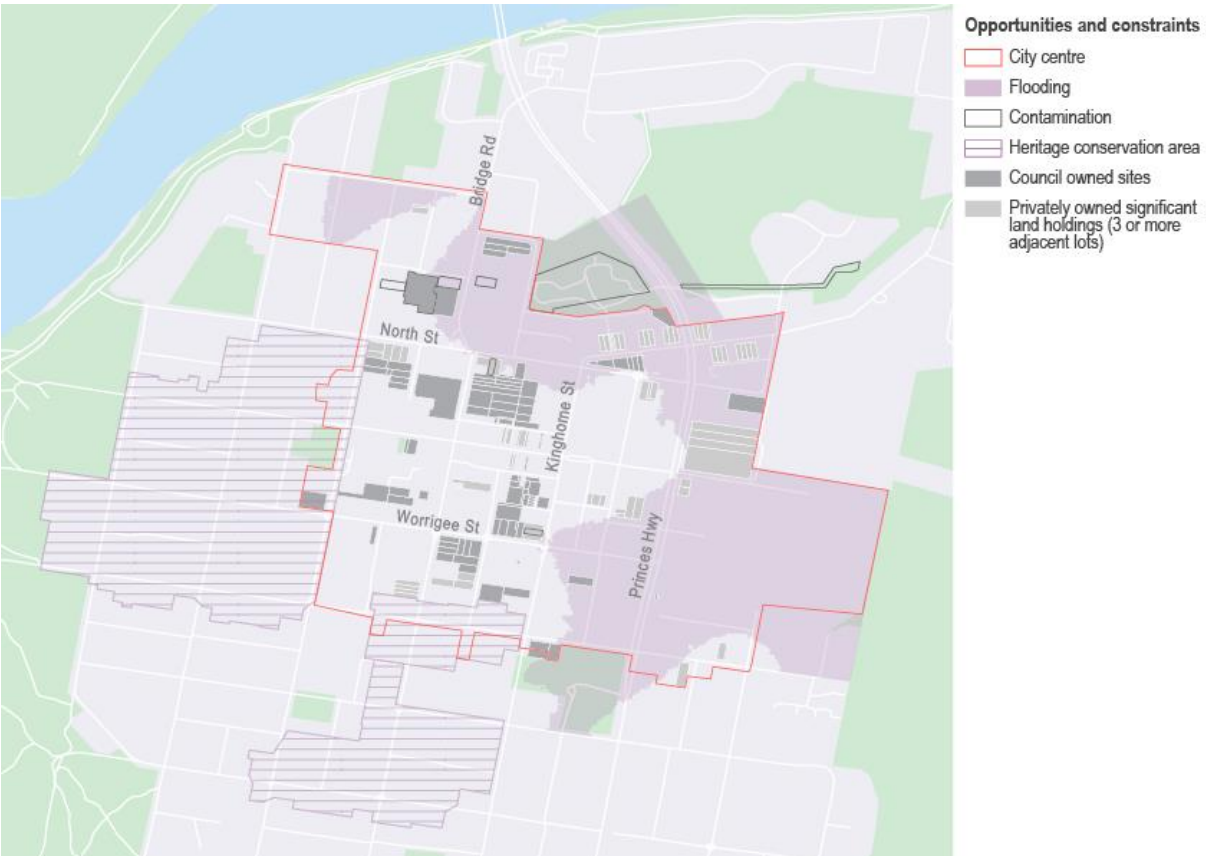


Figure 8 Significant land holdings and development constraints

Nowra's Heritage conservation areas and buildings are also viewed as a constraint to development, with stakeholders suggesting that there is a lack of vision for the future of these areas or direction regarding development opportunities. Higher costs associated with the restoration and maintenance of heritage buildings negatively impact the feasibility of developing and operating these assets.

Additionally, community resistance to new, different, or specific types[13] of development has previously been presented under the guise of heritage protection, which has caused significant delays. This resistance often makes it easier to build in greenfield areas, where a similar response is unlikely to be received.

Planning controls alone will not catalyse development

Key takeaway

Changes to planning controls in isolation of other interventions do not significantly improve development feasibility.

An increase to height controls (from 5 to 12 storeys) was tested on two typologies to understand if the existing planning framework is a barrier to development, by significantly impacting feasibility.

Larger sites (2,200sqm) were considered for the increased heights feasibility. While a 12-storey building may be built on a smaller 1,500 sqm lot, it would likely result in poorer urban design outcomes and add complexity which disproportionately increases development costs (for example, more complex carpark configurations to meet Council requirements). The cost of land input (on a per square metre basis) was the same for both height scenarios, which supports comparison between the two.

The findings show that a change in these controls have a small impact on profit, suggesting that updates to planning controls such as height restrictions won't likely lead to increased development activity (Table 4).

The combination of revised controls alongside other measures, such as those identified in the recommendations section, should be explored however to understand their potential impact on development activity.

[13] Engagement with LAHC highlighted previous examples of community pushback in response to the development of social housing in the city centre. This pushback was presented as arguments to protect the area's heritage values.

Table 4 Feasibility summary (increased height controls)

	Residential build-to-sell		Residential build-to-rent	
	Existing controls	Increased controls	Existing controls	Increased controls
Number of storeys (units)	5 (20 units)	12 (57 units)	5 (20 units)	12 (57 units)
Lot size	1,500sqm	2,200sqm	1,500sqm	2,200sqm
Total income (sales/rent)	$10,182,773	$29,185,705	$527,800 p.a.	$1,521,520 p.a.
Total development costs	$ 9,784,428	$26,919,196	$9,770,709	$26,058,950
Profit	4.1%	8.42%	5.4%	5.8% p.a.
Industry profit expectations	20% of TDC	20% of TDC	8% yield on TDC p.a.	8% yield on TDC p.a.

Additionally, Nowra's current planning controls do not include a floor space ratio (FSR) for the city centre. Council have traditionally used other controls such as height limitations and setbacks to facilitate better design outcomes which may not occur through an FSR. While this isn't likely to be a significant barrier to industry looking to develop in Nowra, it may impact the attractiveness of Nowra from an initial due-diligence perspective. Potential investors could be deterred from investigating sites across the city centre as they can't determine yield and returns confidently and quickly.

Lack of amenity and services from Nowra is impacting its attractiveness for investment

Key takeaway

Departure of services and functions to areas beyond Nowra city centre is reinforcing the stigma and brand as a place in decline, impacting industry and institutional interest to invest.

The city centre's 'gravitational pull' has weakened in recent years, as visitors are drawn to services and amenities in South Nowra and Bomaderry. Investment in these areas has resulted in less need for trips into the city centre, particularly for day-to-day activities such as grocery shopping for example.

This trend has also occurred as a regional level, as investment in other areas within the regional catchment (Shellharbour and Ulladulla) has changed its role in the network of centres. Continued improvements to the north-south corridor have exacerbated this, as it encourages movement past Nowra, instead of to it. There are also very few events or activations in the city centre to pull people into Nowra for reasons other than essential services.

The region's dependency on cars reinforces this, as businesses are more attracted to areas outside of the city centre that offer substantial customer and worker parking. Land in these areas is often cheaper, which also drives investment decisions. This has resulted in a cycle of decay, as the exit of businesses and services from the city centre triggers the exit of other businesses. This departure of essential services, retail, and commercial activity reduces Nowra's amenity levels, and impacts its attractiveness for new investment and development.

Figure 9 Regional and local context map

Additionally, Nowra is surrounded by amenity-rich towns and villages, that are located close to highly valued natural assets like beaches, lakes, and national parks. Market preferences to live in these areas impacts the way development in Nowra is valued, which lowers willingness to pay.

The abovementioned factors all perpetuate the perception that Nowra is a 'declining town', hindering significant industry or institutional development. Defence Housing for example, note that areas with a range of services and amenities that offer clear advantage and appeal are greatly preferred. Key services and amenities include:

- Gym
- Medical Centre
- Transport
- Restaurants
- Childcare
- Schools
- Work options for spouse
- Recreation facilities
- Shopping centre
- Sports facilities

While Nowra has many of these services, existing perceptions do not associate the city centre with high levels of amenity when compared to the coastal villages or new release areas, impacting institutional decisions to invest. Currently Defence Housing compete in the private market in areas outside of Nowra to house personnel based at HMAS Albatross.

Car-dependent culture increases development costs and hinders higher densities

Key takeaway

Public and active transport improvements that are integrated with land use planning is required to enable travel behaviour that is less car dependent.

Nowra and the Shoalhaven more broadly has limited public and active transport options, which has resulted in movement within the region being dependent on cars. This dependency requires significant provision of car parking in new residential developments (Table 5), which reduces feasibility as a result of associated costs. The feasibility assessment conducted shows the cost of one parking space can add over $20,000 to the cost of development[14].

Table 5 Car-parking requirements[15]

Unit size	Parking requirements
One-bedroom	1 car space
Two-bedroom	1.5 car spaces
Three-bedroom	2 car space

A shift away from Nowra's 'business as usual' approach – providing limited public and active transport options – is needed to promote different travel behaviours that are not reliant on cars. This requires investment to deliver increased public and active transport infrastructure early, and set a strong foundation for increased densities that don't have substantial carparking requirements and won't result in congestion from increased traffic.

It is essential that integrated transport and land-use options are considered in Nowra, to ensure that changes do not reduce residents' access to services and amenities. This requires consideration of the wider network to understand transport connections for people that access the city centre from across the region. Improved transport options would help address issues associated with 'car-based inequality' that is evident in Nowra and the broader Shoalhaven, where vulnerable cohorts without access to cars become locked-out of access essential services.

[14] Based on Cordell construction cost estimates. Assumes approximately 12 sqm allowance per car space for parking and circulation.
[15] A 30% car parking space discount shall be applied to medium density residential development within a 200m radius of the Nowra CBD, excluding Shop top housing which shall receive a 25% discount and dual occupancy development which shall receive no discount (Source: Shoalhaven DCP Chapter G21 Carparking)

3. Recommendations

As presented in the previous section, the market analysis, planning and feasibility assessment and supporting stakeholder engagement conducted highlighted the following for Nowra:

- Intervention is required to bridge the gap between return on development and industry expectations
- Committed tenants are required before industry will deliver new and different development
- Changes to planning controls in isolation of other interventions do not significantly improve development feasibility
- Departure of services to areas beyond the city centre is reinforcing stigma and Nowra’s brand as a city in decline, impacting industry and institutional interest to invest
- Public and active transport improvements that are integrated with land use planning is required to enable travel behaviour that is less car dependent.

This highlights that planning controls are not the key barrier to development in Nowra, and other changes are needed to increase investment. Currently Nowra is not perceived as a viable option to live in or develop higher density products. Further, increasing housing supply through increased planning controls would not result in Nowra absorbing demand from surrounding areas. While this may occur in other markets (particularly in metropolitan areas) where businesses and residents are more mobile and willing to relocate, this is not the case in the Nowra.

The recommendations outlined in this section focus on the combination of moves required to generate demand and increase development activity that is best suited for Nowra. These recommendations must be considered together, as each in isolation won’t generate the change Nowra needs:

- Brokering institutional commitment and investment
- Employing a strategic approach to increasing services and improving amenity
- Reducing car-dependency through an integrated approach to transport and land-use.

Broker institutional commitment and investment

Strategic roadmap considerations

1. Develop clear objectives driven by integrated economic development, transport, and land-use planning

2. Actively pursue industry or institutional partnerships to deliver ‘demonstration projects’

3. Incentivise the development and use of heritage buildings for projects that align with Nowra’s vision and respond to local needs

Develop clear objectives driven by integrated economic development, transport, and land-use planning

The roadmap should identify a set of objectives that draw on the land-use, transport and economic changes needed for Nowra to grow and thrive. Instead of focussing solely on traditional land-use planning mechanisms that may increase feasibility, the roadmap must enable an integrated approach that influences a shift in the way people move, how they live and play, and where businesses choose to locate.

Projects or delivery partners that align with these objectives should be prioritised, and used to direct the changes or investments needed to enable delivery (see following ‘demonstration projects’ section). These objectives should aim to:

- Increase the number of people who live and work in Nowra city centre
- Provide greater public and active transport options to reduce car-dependency
- Encourage institutions to locate key functions into the city centre to reinforce Nowra’s role as a regional services hub
- Define the desired function and roles of centres in Nowra’s network
- Attract and retain talent through training and education opportunities
- Improve visitation and Nowra’s brand as a destination by activating the city centre with events and programs

If a focus on planning controls is taken without integration with transport and economic changes, Nowra will unlikely see any changes to current activity levels. Instead, businesses and institutions will only be moved to invest when land values increase high enough to improve returns, which would force the exit of existing communities that can’t afford to stay.

Actively pursue industry or institutional partnerships to deliver ‘demonstration projects’

As market-driven development will not occur in the current feasibility landscape, the roadmap should enable all levels of government and industry or institutional partnerships to deliver development that meet the agreed objectives and generate demand.

Key university, health and defence institutions already have significant presences within or close to Nowra. Partnerships with these institutions, or others in the industry should be leveraged to amplify the city’s existing strengths. Brokering commitment from institutions to bring new, or relocate existing, activities from the fringes of Nowra into the city centre presents significant opportunities. The strategic roadmap should enable these partnerships to:

- Identify plans for growth, and identify what activities or functions are appropriate for Nowra
- Understand how government can facilitate or co-deliver projects to enable these uses to locate in Nowra

Moves to facilitate development to support new activity may include providing access to land (provision of free land, reduced land costs, land lease arrangements), grants, co-investment, a planning concierge service, alternate assessment pathways or bonuses to existing controls. Bonuses may be appropriate in instances where specific built form requirements are needed for key institutions to operate in the city centre, such as increased height allowances for specialised research or health uses.

It is essential that the partnerships determine which moves will best facilitate development that meets Nowra's objectives. These developments could serve as pilot or demonstration projects that send a signal of confidence to the market through government and institutional investment.

Case study 1 – 22@Barcelona

In the 1990s post-Olympic era, the historical industrial Poblenou neighbourhood in Barcelona was experiencing urban decline. To address this decline and expand the city's knowledge and innovation economy, the City of Barcelona implemented the 22@ renewal program, which:

- Forged partnerships with universities to relocate academic and research activities to the area
- Implemented zoning which enabled mixed-uses to support a knowledge economy, and allowed higher building ratios for projects that involved skill-intensive activities
- Sponsored job training and related programs to attract and retain workers

By working in collaboration with key industry partners and universities, 22@ has transformed into Barcelona's primary innovation precinct.

Since the project's inception, 22@ has experienced a 200% increase in jobs, 69% increase in dwellings, 139% increase in the number of companies. In the decade prior to 2022, 70% of 22@ industrial area had undergone renewal.

For Nowra:

- Build partnerships with institutions and industry partners – such as health, education, defence and construction – to understand what support or changes they need for Nowra to become the location of future activity
- Explore opportunities to identify key sites and incentivise developments for use by target industry partners
- Ensure plans for growth address more than planning controls and built form requirements. This could include worker training and attraction programs

Source: <https://www.22network.net/news/how-barcelona-became-an-rd-hub-20-years-of-district-22barcelona/?lang=en>; <https://www.barcelonactiva.cat/documents/20124/259890/MG-Impulsem-22%40-EN-WEB_def.pdf/c969e58b-6989-1da7-9edf-621aa554a336?t=1607504071610>

Incentivise the development and use of heritage buildings for projects that align with Nowra's vision and respond to local needs

Higher restoration, maintenance and ongoing operational costs associated with heritage buildings acts as a significant barrier to the development and utilisation of these assets. The roadmap should set out a vision for Nowra's heritage buildings and conservation areas and identify partners and/or activities that are aligned with this vision. The roadmap should also enable a combination of planning and financial incentives needed to bridge the feasibility gap and catalyse development of heritage assets.

Case study 2 – Enabling development and heritage assets

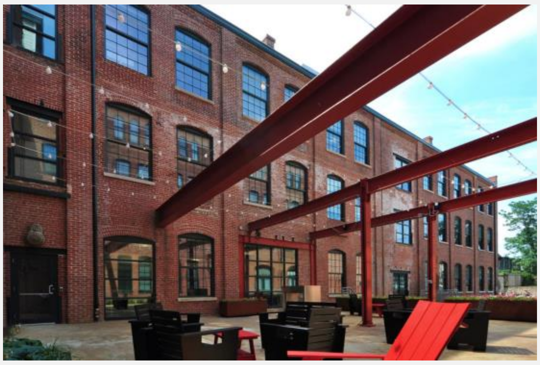
The UK's National Planning Policy Framework allows for the assessment and approval of proposals related to heritage assets that are not in compliance with local and national planning policies, referred to as 'enabling development'.

This scheme was introduced to ensure a pathway for developments that create more benefits by conserving a heritage asset than disbenefits by not complying to planning policies. It allows for the development of heritage assets that would otherwise likely not occur due to financial feasibility. A 'conservation deficit' is required to make a case for enabling development, which demonstrates that the cost of repair exceeds the assets market value on completion.

Case study 3 – Historic rehabilitation tax credits

Established in 1976, the USA's historic tax credit was designed to be a catalytic tool to enable the rehabilitation of historic, income-producing buildings. The program provides a tax credit equal to 20% of rehabilitation costs, improving the feasibility of projects that would otherwise not move forward. Since inception, the program has seen 48,000 projects completed and leveraged over $122 billion in private investment. The tax credit has been reported to 'more than pay for itself', with every $1 of tax credit generating $1.26 in tax revenue.

Miller's Court (Baltimore, Maryland)



In 2006, Manekins' Seawall Development Company redeveloped a manufacturing plant into a mixed-use development of affordable apartments for teachers and office space for education-related nonprofits. With a key focus on providing housing for teachers new to Baltimore, Manekins' Seawall accessed the historic tax credits to rehabilitate the building that had sat vacant for 20 years into a LEED Gold-certified project of 40 units.

For Nowra:

- Explore pathways that allow for heritage assets to be developed to different built form and permitted use requirements, if conservation of the asset and public benefit can be demonstrated
- Investigate financial incentives and potential delivery partners for heritage developments that align with local vision and needs, which would otherwise not proceed

Source: <https://historicengland.org.uk/images-books/publications/gpa4-enabling-development-heritage-assets/heag294-gpa4-enabling-development-and-heritage-assets/>
https://www.novoco.com/sites/default/files/atoms/files/nthp_catalyst_for_change_federal_htc_070114.pdf
<https://www.nps.gov/subjects/taxincentives/upload/report-2022-annual.pdf>

Employ a strategic approach to increasing services and improving amenity

Nowra Strategic Roadmap considerations:

1. Reinforce Nowra as the region's services hub
2. Leverage major projects to address perceptions of Nowra that impact investment decisions
3. Focus on events and programming as much as physical infrastructure needs

Reinforce Nowra as the region's services hub

State and local government should identify functions which can be relocated into the city centre to reinforce Nowra as a services hub, which may include council's administrative operations, Service NSW or ancillary health activities. This should happen with a view to the other centres within Nowra's network including South Nowra and Bombaderry, to clearly identify the role and desired of each in the broader region.

The location of these activities into Nowra would catalyse demand, and the delivery of new development to house them would also serve as demonstration projects.

Case study 4 – 'Zoning won't create walkable suburbs on its own. But one great block might'

In the 1990s, Surrey (British Columbia) set to build a build a downtown. The city rezoned its centre to allow for mixed-use towers and delivered a high-frequency train connecting it to Vancouver. In the decade the followed these changes however, development activity had not increased.

To address this, Surrey implemented a 'one great block' strategy from 2010, and substantially invested in a single block next to the train station. The location was also selected as it was one block away from a university campus, the newest building in the city centre.

Over the next 10 years, Surrey built a new city hall, library, and partnered with a developer to deliver a mixed-use office and hotel tower. Between these buildings, they created a public plaza.

Shortly after these projects were complete, a second university campus opened, and in 2018 the city saw development applications more than double from the previous year.

For Nowra:

- Explore opportunities for key functions to locate to a strategic area within Nowra city centre to strengthen its gravitational pull as a services hub
- Deliver projects in through government partnerships that demonstrate best practice design to present successful examples of high-quality developments that should be the standard in Nowra

Source: <https://happycities.com/blog/zoning-wont-create-walkable-suburbs-on-its-own-but-one-great-block-might>

Leverage major projects to address perceptions of Nowra that impact investment decisions

Government must actively market the opportunities available in Nowra, as it is not currently getting considered for private investment opportunities. This marketing exercise must showcase how the city is changing and cast a light on how the issues that has made Nowra a less attractive option for investment are being addressed.

Major projects like the Shoalhaven Hospital redevelopment and the Nowra Bridge appear to be developed in isolation of each other. Instead, these projects should be highlighted as coordinated moves to revitalise Nowra and provoke perceptions of a decaying city, for example through an investment prospectus and active marketing to potential investors. The Shoalhaven City Council Advocacy Projects 2023 Strategy provides a base, but there is scope for further material with a broader focus than major infrastructure projects.

The work being undertaken to revitalise the Riverfront Precinct and strategic roadmap are opportunities to present alignment of these projects in Nowra, and demonstrate the substantial investments being made to revitalise the area. The existing Riverfront Advisory Taskforce is an asset that could be leveraged to present a coordinated vision, with representatives from Nowra's major projects sitting on the taskforce.

Focus on events and programming as much as physical infrastructure needs

Improving amenity – and perceptions of amenity – in Nowra also requires a focus on activation through events and programs in the city centre. The roadmap should enforce the importance of attracting people in the centre beyond accessing employment and essential services.

Events and actions undertaken to activate the city should aim to increase commerce, community connection and ultimately improve perceptions of place. Nowra has an existing CBD Revitalisation Committee which should be leveraged to deliver a program of events to increase visitation to the city centre[16].

[16] Place Score developed 'Revitalising Nowra Action Plan 2021-2023' in 2021 which recommended a series of events and campaigns to improve visitation to the city centre. Feedback received during this project however suggested that take-up of these recommendations by the Revitalisation Committee the has been limited.

Reduce car-dependency and provide public and active transport options

Nowra Strategic Roadmap considerations:

1. Deliver improved public and active transport options

2. Facilitate travel behaviour changes

Nowra needs a significant shift in mode share that sees a reduction in car-based travel. This requires public and active transport options that do not reduce existing levels of access to the city and surrounds. An integrated approach to land use and transport planning will support lifestyles that are less reliant on cars, though this requires collaboration across local and state government, and early investment in infrastructure.

Deliver improved public and active transport options

The strategic roadmap should include actions to identify key movement corridors, and investigate alternate transport options that would meet the requirements of users. These may include:

- Free bus services between the city centre and key institutions or services (university, hospital, train station)
- On demand buses that begin or end in the city centre
- Light rail or 'trackless trams'
- Carshare
- Micromobility (bicycles, e-bikes, scooters)
- Improved infrastructure (bike and pedestrian lanes)
- Park and ride
- End-of-trip facilities

Work done through the 16 Regional Cities Services Improvement Program has provided better regional bus connections in Greater Nowra. Implemented in August 2022, this program introduced better connections to Bomaderry station, TAFE, Shoalhaven Hospital, and improved weekend services.

The roadmap provides an opportunity to assess the success of these changes and explore additional ways to improve public transport take up. It must have a view to broader movements across the Shoalhaven, as well as future infrastructure projects – such as the bypass - that will significantly impact the way people move to or through Nowra.

Case study 5 – Jelbi mobility hubs

In Berlin, BVG is leading the charge on mobility hubs, deploying two types of hubs across the city:

- ‘Jelbi stations’ – larger hubs that include cars and vans
- ‘Jelbi spots’ – smaller hubs which offer micro-mobility options

These hubs are located near major transit stations, offering user options for completing the final part of their journey which is often the most difficult.

Integrating different mobility options is key to success, and the ability to access everything via a single app improves accessibility as users don’t have to search separate platforms for each mobility offering.

For Nowra:

- Consider less traditional modes of transport to complement public transport and private vehicle options to provide flexibility to users and increase likelihood of take-up

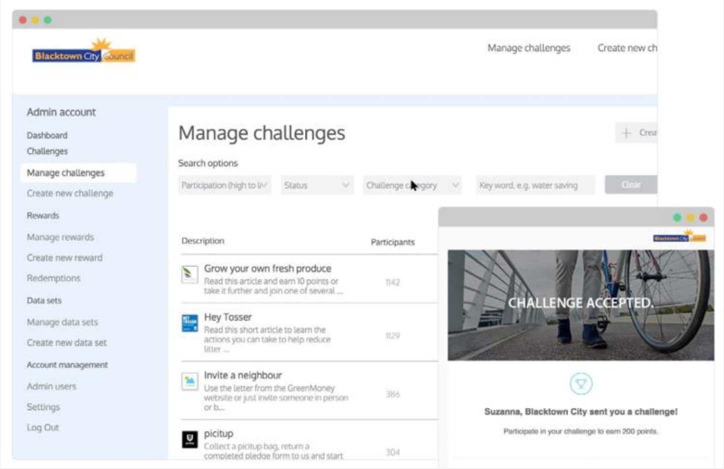
Source: <https://www.trafi.com/mobility-hubs/>

Facilitate behaviour change

The delivery of alternative transport options alone will unlikely change travel behaviours that have long been embedded in the community. As many factors influence a person’s decision on how they move around – such as user experience, safety, time and cost – a transport strategy must address each of these factors. This strategy should make public and active methods of travel comparable to private car use in relation to each.

Case study 6 – Blacktown City Council GreenMoney program

Blacktown Council, in partnership with GreenBe and local businesses, incentivised residents to live more sustainable lives. The gamification module motivated the community to change their behaviour by offering GreenMoney for recycling and ‘living green’, which could be redeemed for rewards at local businesses.



In an 8-month period, over 3,800 sustainable challenges were undertaken by residents. This resulted in more than half a million dollars spent in the local economy as a result of offers being redeemed by local customers.

For Nowra:

- Implement methods of incentivising alternate methods of travel within and to/from Nowra that also activate the city centre through increased visitation and commerce. This must be done in conjunction with increased and diverse transport options and built form densities

Source: <https://greenbe.com/solutions/blacktown-city-council/>; <https://www.smallbusiness.nsw.gov.au/get-help/case-study-library/greenmoney>

4. Next steps

The Department of Planning and Environment will consider the recommendations from this report to develop the Nowra Strategic Roadmap. DPE will conduct additional engagement to develop the final roadmap, which will include:

- A vision for the Nowra city centre, including its desired role and function in the regional context
- Key spatial moves, recommended planning amendments and other measures to facilitate development and achieve the vision.

Appendix

A | Market sentiment analysis

Introduction

Astrolabe Group is currently engaged to better understand feasibility, planning pathways and market factors influencing development in Nowra's City Centre, in order to develop options for a bespoke planning framework, or other measures that would improve investment and increase new development in Nowra.

The purpose of this memo is to present a summary of key insights from the market analysis undertaken.

Direction for change

The following market analysis shows that Nowra should leverage the growth of health, education and population serving industries industry to enable people to work and live in Nowra, through residential development in or surrounding the city centre. Growing the residential base and facilitating 'critical mass', will increase the demand for additional services and diversification of the retail offering within the city centre, leading to the next horizon for growth and development.

Data insights and commentary

- There is a need for housing options that are affordable to Nowra households – currently less than 26% of households can afford houses available for sale, and 41% of would find it unaffordable to rent
- There is a lack of diversity in Nowra's residential dwelling stock, which is dominated by separate houses (85% of all dwellings)
- Previous Council engagement with developers has seen suggestions that they would develop to increased building height controls across various precincts in the City Centre for retail and mixed-use developments
- Preliminary investigation suggests there is enough commercial and retail floorspace in Nowra City Centre, as supply exceeds demand – retail activity has seen a shift away from Nowra, towards South Nowra as well as Shellharbour to the North

Study area

For the purposes of this analysis, unless specified otherwise, 'Nowra' refers to the aggregation of the Nowra and North Nowra – Bombaderry Statistical Area 2 (SA2). The following map shows the boundary of the SA2s, which makes up the Nowra strategic centre for the analysis in this memo.

The remaining activities of Task 1, Task 2 and Task 3 will be focused on the Nowra City Centre area, with a boundary to be defined following this memo.

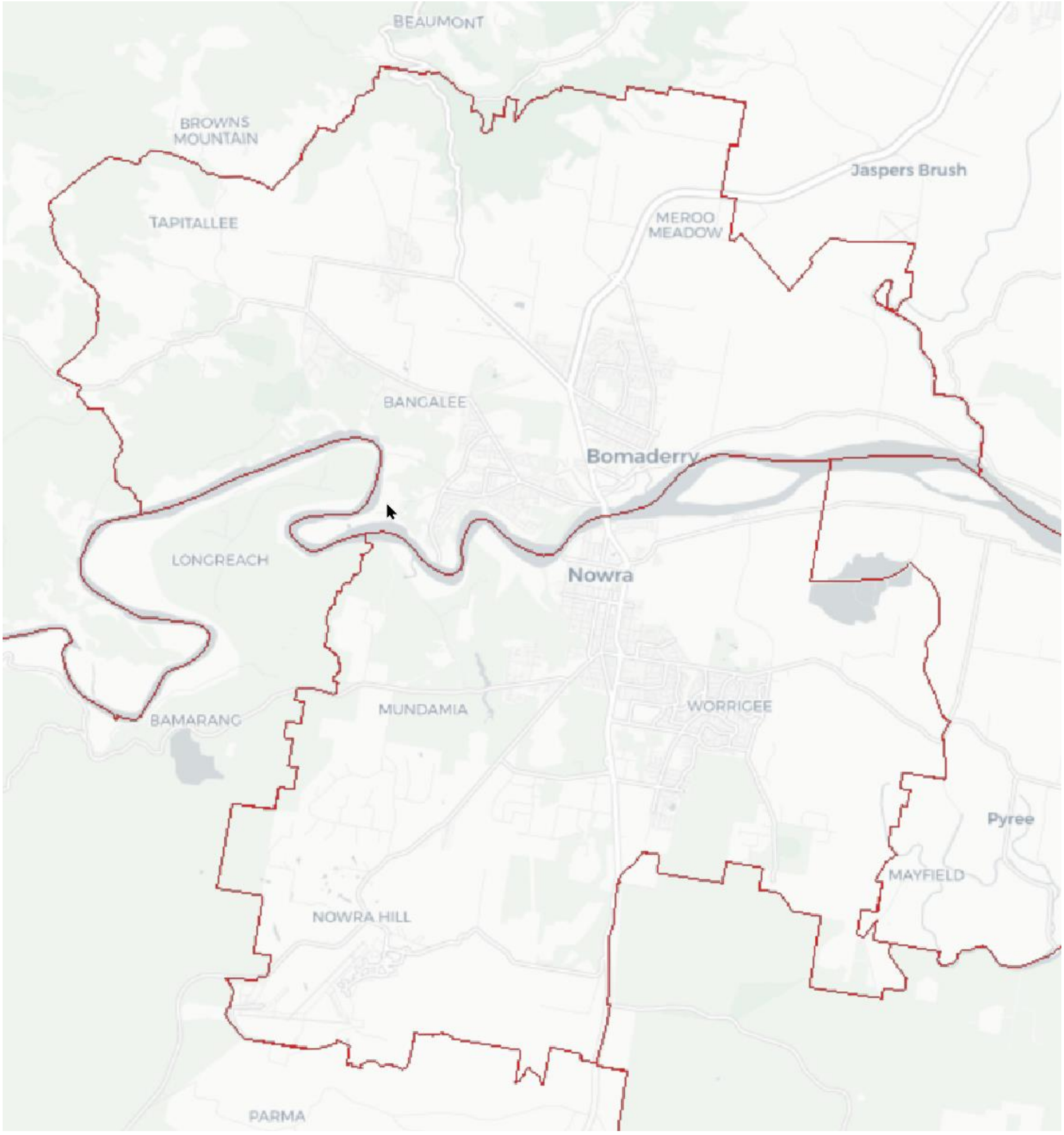


Figure 1 Nowra and North Nowra – Bombaderry SA2 boundary

Key findings

Demand

This section highlights population growth, employment, income, household size and composition, to understand demand for housing and commercial space in Nowra.

Data insights and commentary

- Nowra is expected to grow from 12,400 to 16,200 people from 2021 to 2041
- Nowra's population has shifted towards having proportionately more people aged 25 – 39, and 65+, as well as less couple families with children and more lone or single parent households. These cohorts are likely to require more diverse and smaller housing stock to suit their needs
- Nowra's economy is fuelled by jobs in the Health and Education, and Population Serving sectors. Real incomes in these sectors have declined over time, impacting the capacity of people and households to pay for housing
- Major projects (e.g. Shoalhaven Hospital, Nowra Bypass) will likely see continued growth of Health and Education and Population Serving industries, increase workforce needs and result in demand for housing and services from their workers
- Engagement with local commercial agents suggests that demand for retail and commercial space is low

Residential

Population change and growth (Source: ABS Census 2011 and 2021)

- In the decade to 2021, the population of Nowra has increased from 33,336 to 38,682 (5,346 additional people)
- Cohorts that have increased as a share of the population are 25 to 39 year olds, and 65+ year olds

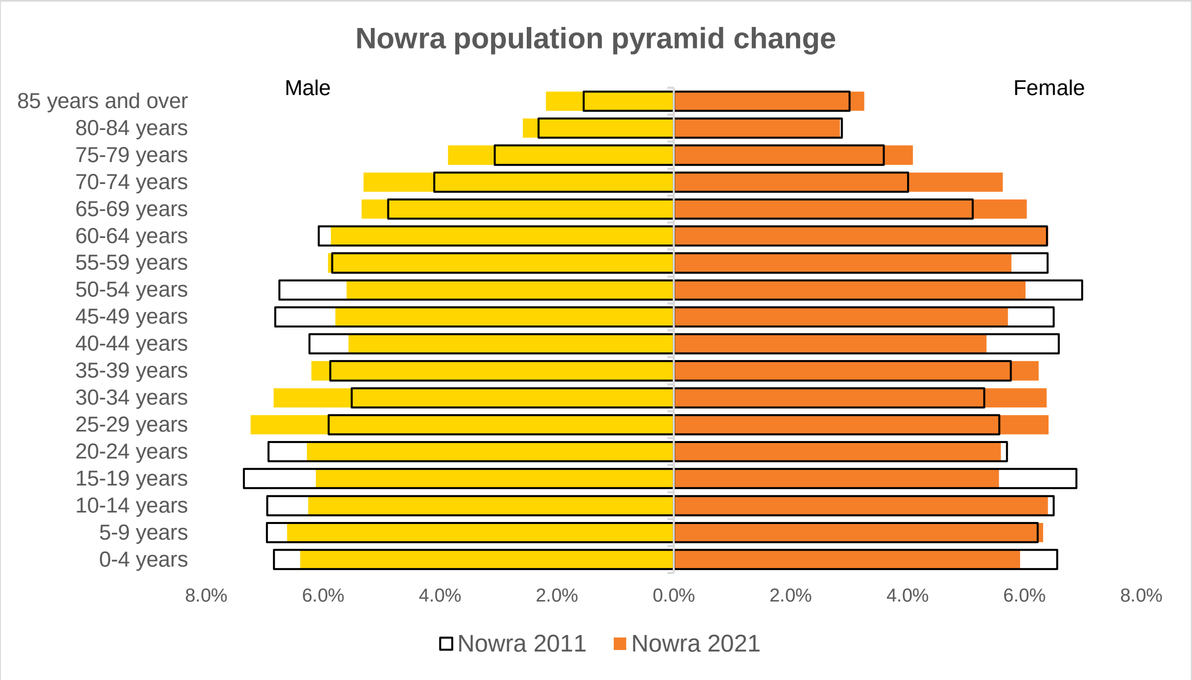


Figure 2 Change in Nowra population pyramid 2011 and 2021

- Nowra's population makes up 36% of Shoalhaven LGA's
- Nowra's population is younger when compared to the LGA overall – the proportion of Nowra's population over the age of 55 years old is significantly smaller than Shoalhaven

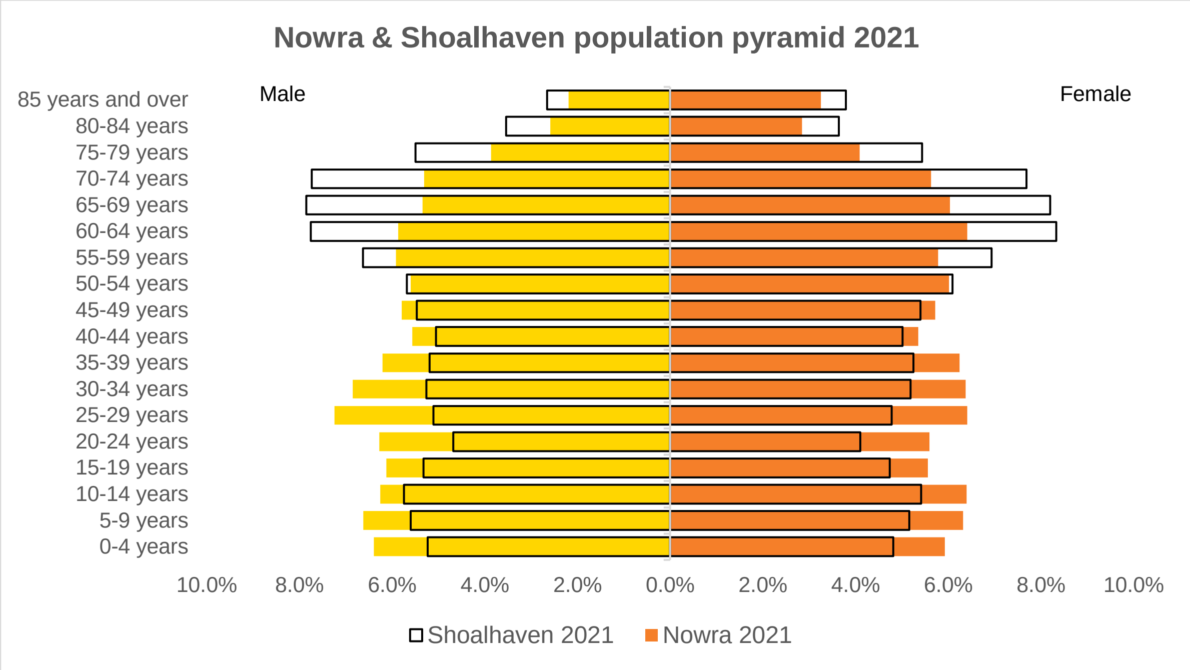


Figure 3 Change in Nowra and Shoalhaven LGA population pyramid 2021

- Population projections to 2041 show an expected increase in Nowra's population by 12,400 to 16,200 additional residents
- Between 5,800 to 6,800 additional residents are expected in the 10 years to 2031

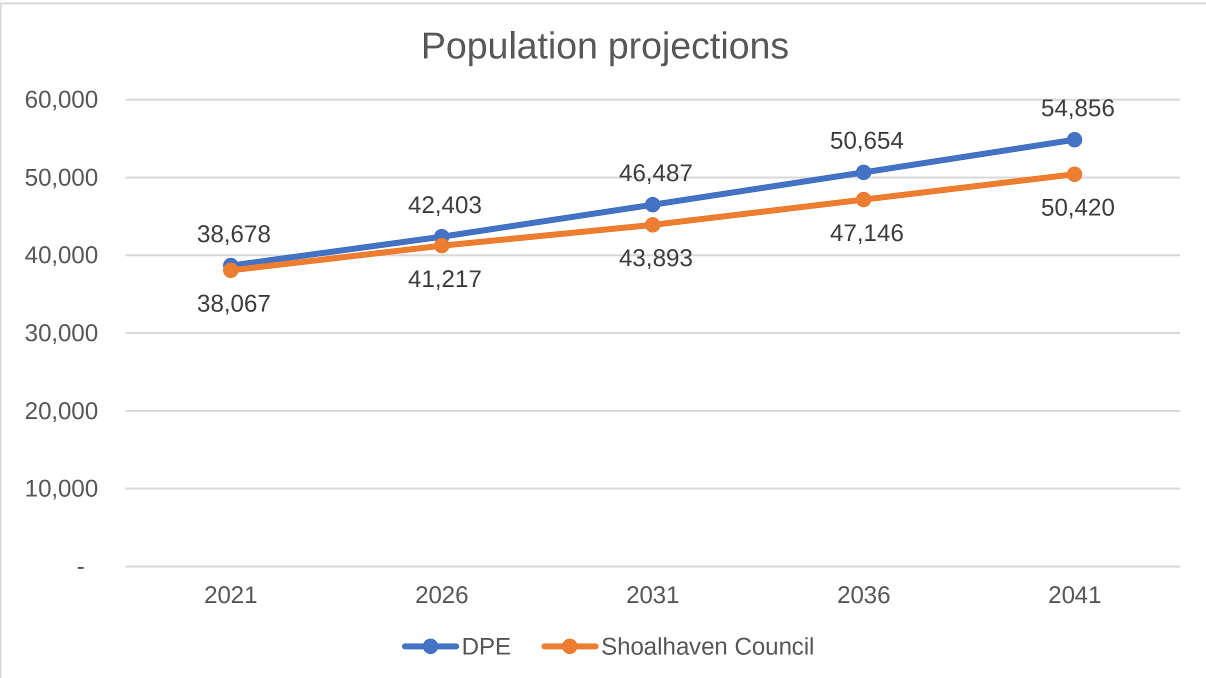


Figure 4 Nowra population projections to 2041[1]

[1] Shoalhaven Council projections are based on small area boundaries that do not precisely aligned with ABS SA2s

Components of population change (Source: DPE population projections)

- Population growth in Nowra is projected to largely be driven by domestic migration, making up approximately 60% of growth to 2041

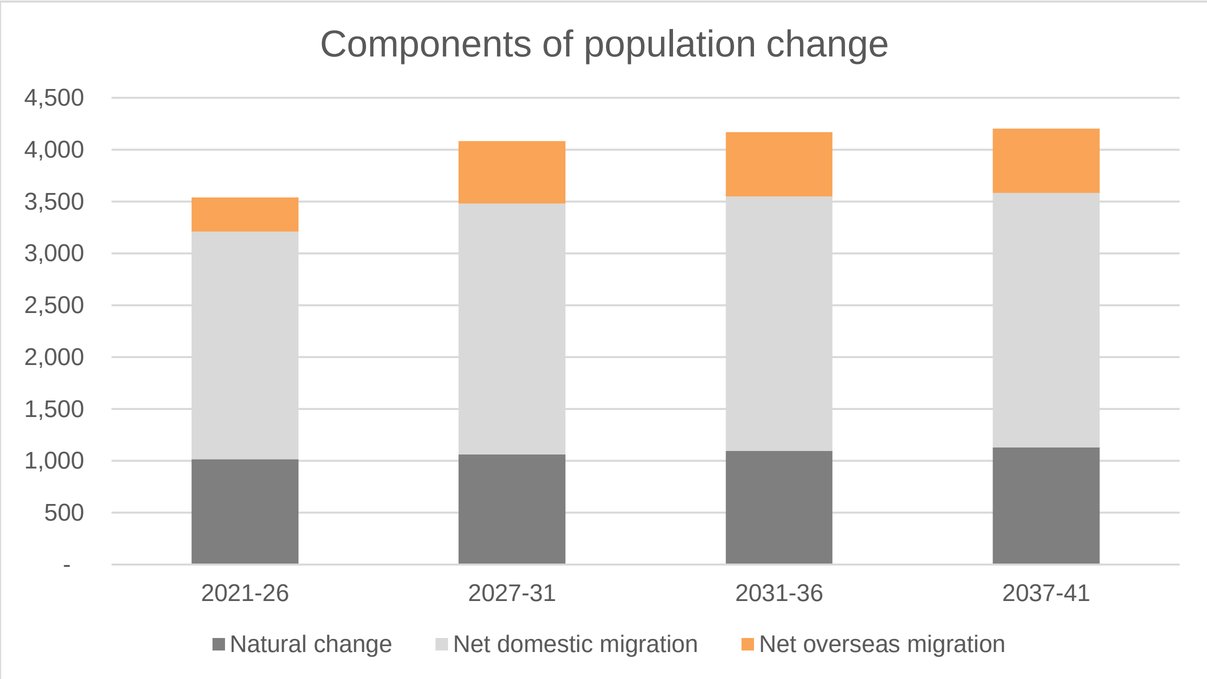


Figure 5 Nowra's component of population change to 2041

The table below highlights major projects expected in/surrounding Nowra in the short term, and their potential impacts. Worker influxes resulting from major projects are likely not considered in existing population projections.

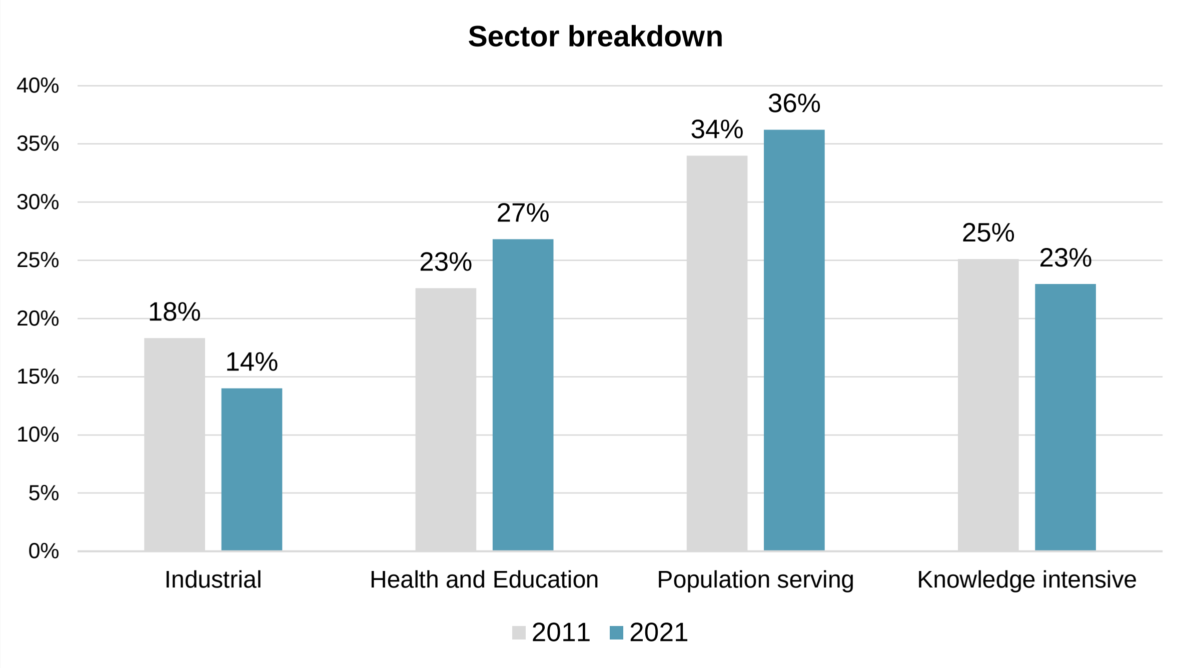
Table 1 Nowra major project details

Project	Cost	Number of Workers Expected	Timeline	Status	Potential impact
HMAS Albatross upgrade	$428 million for 4 total airbases around Australia)	Unknown	Unknown	Funding announced 2022, status unknown	Potential demand for housing from workers in Nowra (minimal project information available)
Essence Group nutraceuticals expansion	$4 million	120 operational jobs	Unknown	Funding announced in 2021, status unknown	Potential demand for housing from workers in Nowra (minimal project information available)
Nowra bypass	$105 million	Unknown	2023 onwards	Funding committed, in planning stage	Potential demand for housing from workers during construction phase in Nowra. Further strengthening of north-south transport links has the potential to draw people away from/past Nowra
Shoalhaven Hospital redevelopment	$438 million	546 full time construction jobs, 228 additional operational jobs	2023-2026	In progress	Attract construction and operational staff that will require accommodation and services Expanded health precinct attracting ancillary services
Nowra Riverfront Precinct	Unknown	Unknown	Unknown	In planning stage	Provision of housing, social infrastructure and services in a high-amenity setting with strong links to the CBD
Nowra Biogas Facility	$17 million	Up to 50 during construction, 15 operational	Unknown, construction will take 18 months	In planning stage	Potential demand for housing from workers in Nowra

Employment and income (Source: ABS Census 2011 and 2021)

- Health and Education and Population Serving have become Nowra's two largest sectors, employing 27% and 36% of workers in Nowra respectively[2]

Figure 6 Nowra sector breakdown (by number of workers) 2011 and 2021



- Real incomes in these sectors have decreased between 2011 to 2021 – those earning above moderate incomes have decreased in both sectors, which has seen an increase in those on very low to moderate incomes
- In the population serving industry, over one third of employees are on very low or low incomes (33%)

Table 2 Personal income bracket breakdown[3]

LGA	2011	2021
Very Low (<50% of median income)	Negative income – $299	Negative income – $399
Low (50-80% of median income)	$300 - $399	$400 – $649
Moderate (80-120% of median income)	$400 - $599	$650 – $999
Above moderate (>120% of median income)	$600+	$1,000+

[2] Health and Education sector includes the following industries: Education and Training, Health Care and Social Assistance. Population Serving sector includes the following industries: Construction, Retail Trade, Accommodation and Food Services, Arts and Recreation Services, Other Services (Source: TZP22 Employment Data Dictionary)

[3] Breakdown of incomes bands has been developed using the methodology outlined by Family and Community Services (Table 1 – https://www.facs.nsw.gov.au/providers/housing/affordable/manage/chapters/household-median-incomes-2020-21). Income categories have been calculated based on the personal median weekly income for NSW ($561 and $813 for 2011 and 2021 respectively). As the ABS releases census data on household incomes through a unique set of bands however, the income categories have been adjusted to align with these income bands.

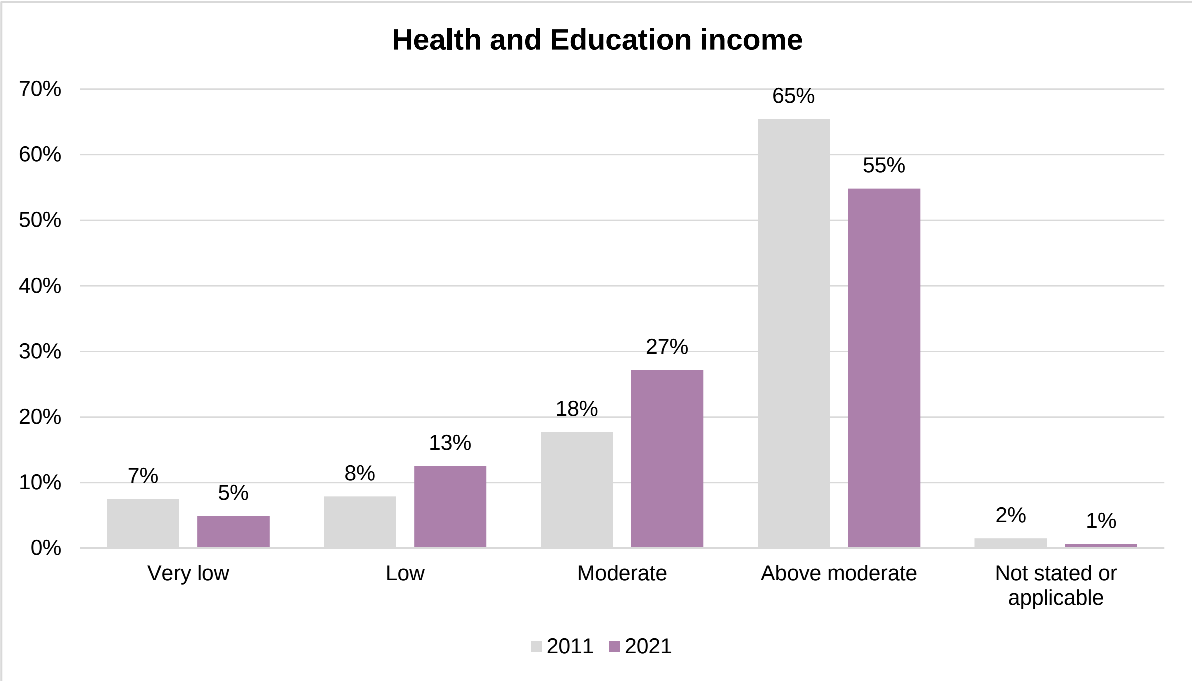


Figure 7 Health and Education personal income breakdown 2011 and 2021

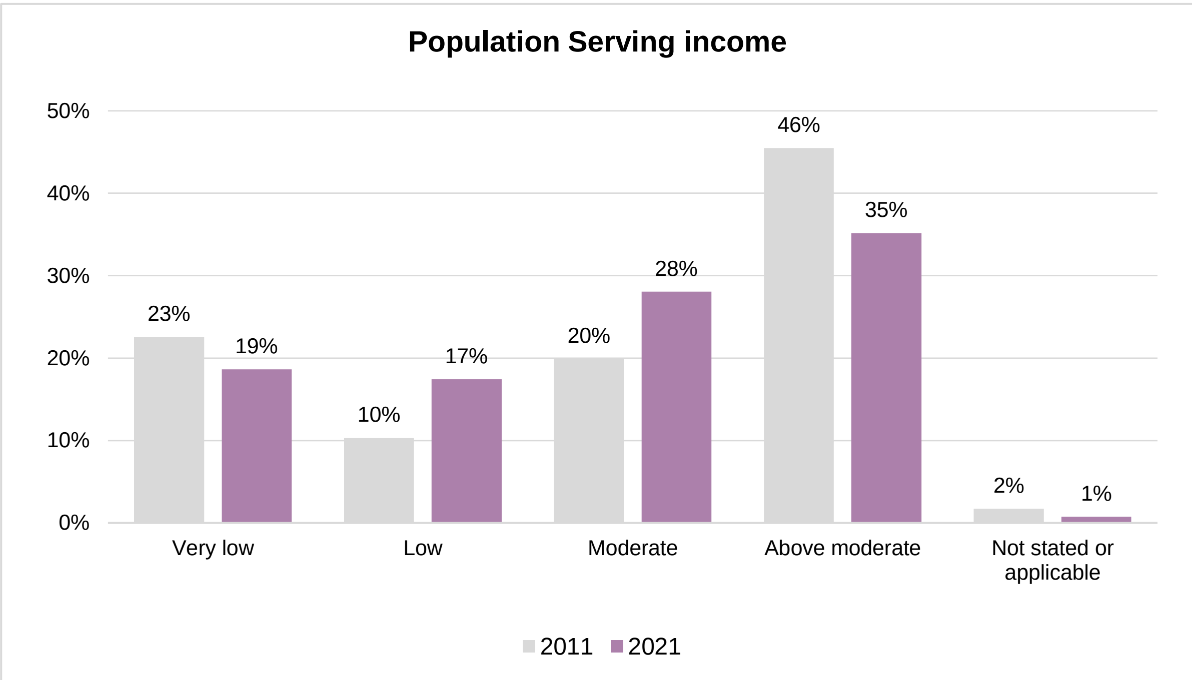


Figure 8 Population Serving personal income breakdown 2011 and 2021

- Household income has become increasingly distributed towards either end of the spectrum, with households more likely to earn very low or above moderate incomes
- Since 2006, the number of very low-income households has increased by 2,000 – now making up a third of all households in 2021

Table 3 Personal income bracket breakdown[4]

LGA	2011	2021
Very Low (<50% of median income)	Negative income – $499	Negative income – $999
Low (50-80% of median income)	$500 – $799	$1,000 – $1,499
Moderate (80-120% of median income)	$800 – $1,199	$1,500 – $1,999
Above moderate (>120% of median income)	$1,200+	$2,000+

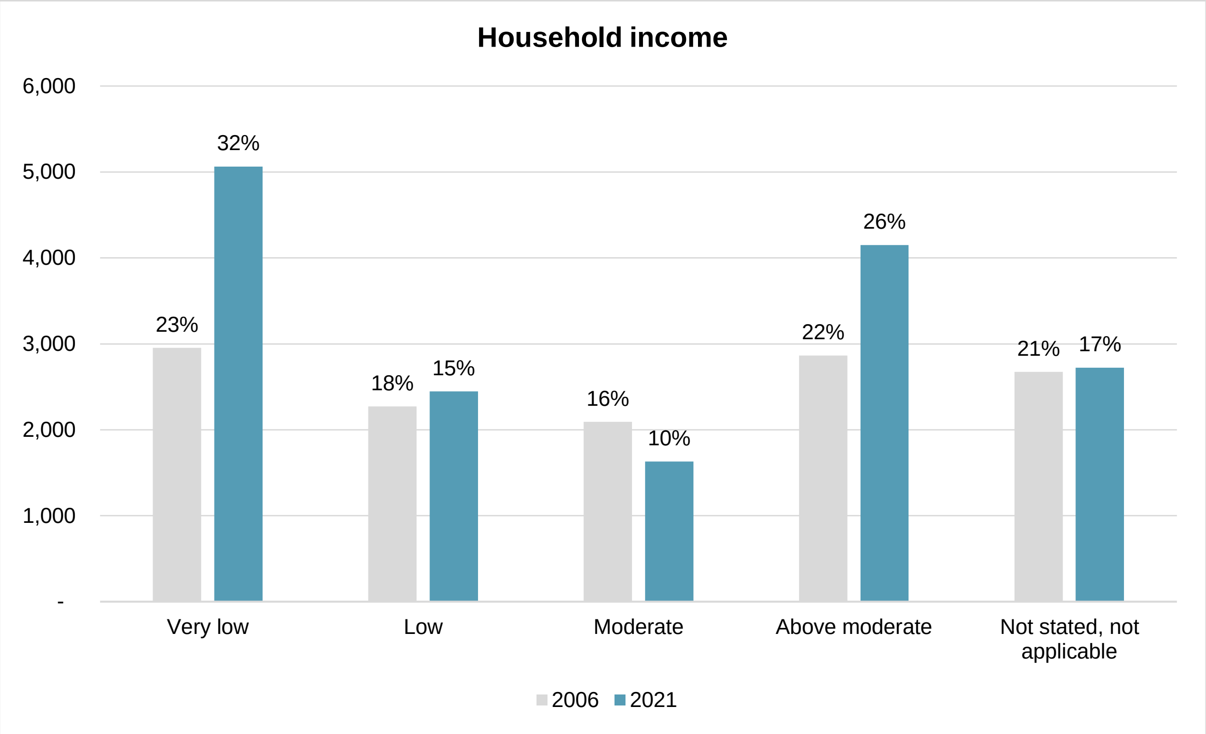


Figure 9 Household income breakdown 2006 and 2021

[4] Breakdown of incomes bands has been developed using the methodology outlined by Family and Community Services (Table 1 – https://www.facs.nsw.gov.au/providers/housing/affordable/manage/chapters/household-median-incomes-2020-21). Income categories have been calculated based on the personal median weekly income for NSW ($1,036 and $1,829 for 2006 and 2021 respectively). As the ABS releases census data on household incomes through a unique set of bands however, the income categories have been adjusted to align with these income bands.

Economic changes (Source: Shoalhaven REDS)

Nowra's economy expected to remain dominated by Health and Education and Population Serving industries, driven by the following actions and factors:

- Prioritise reactivation of the tourism industry in Shoalhaven and making it a year-round tourist destination
- Sustained growth resulting from major projects (e.g. Nowra Bridge) has seen construction fulfill a role as an enabling and emerging regional specialization
- Further growth in the healthcare sector as a result of major infrastructure projects (including Shoalhaven Hospital upgrades)

Household size and composition (Source: ABS Census 2021)

- Household sizes have decreased slightly in North Nowra – Bombaderry since 2011
- Reflected in a shift towards lower rate of growth in 'couple family with children' when compared to 'one parent family' and 'lone person' households
- Greatest total growth has occurred in lone person households (645 additional), followed by couple family with no children (512 additional)

Table 4 Change in household size

	Nowra		North Nowra - Bomaderry	
	2011	*2021*	*2011*	*2021*
Average Household Size	2.5	2.5	2.5	2.4

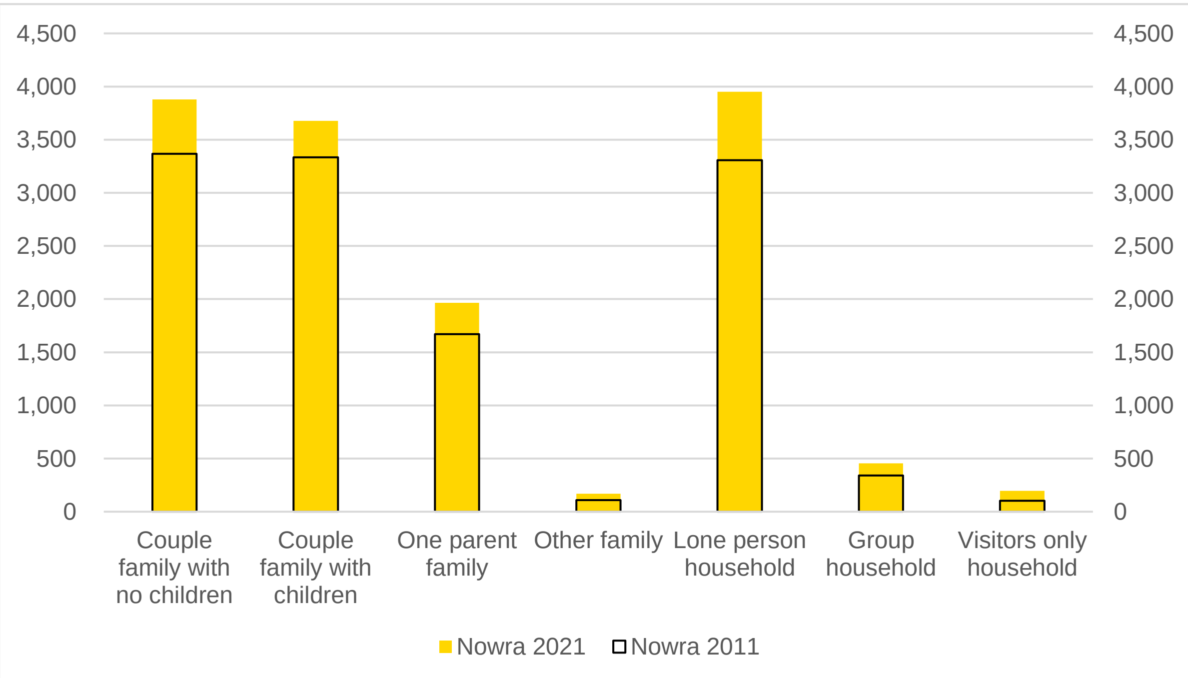


Figure 10 Nowra household composition 2011 and 2021

Commercial and retail

- Data regarding commercial and retail demand is not readily available
- Anecdotal evidence suggests that there is not significant demand for these spaces in Nowra City Centre, and that South Nowra is presenting as a more attractive option for major retailers[5]

Commercial and retail DA activity (Source: Planning Portal)

Since June 2021, there have been a total of 13 development applications logged within the Nowra City Centre (where cost of development is greater than $0) [6]. The table below presents a breakdown of each DA, with the following map highlighting their locations.

Table 5 Detail of existing DAs

ID	Cost of development	Development type	Status
1	$4,600,000	Alterations and additions to commercial development	Approved
2	$3,650,000	Office premises	Withdrawn
3	$1,141,195	Business premises	Under Assessment
4	$572,000	Alterations and additions to commercial development	Approved
5	$500,000	Alterations and additions to commercial development	Under Assessment
6	$335,000	Alterations and additions to commercial development	Approved
7	$260,000	Alterations and additions to commercial development	Approved
8	$186,500	Alterations and additions to commercial development, change of use	Approved
9	$100,000	Business premises	Approved
10	$99,000	Alterations and additions to commercial development, change of use	Under Assessment
11	$57,500	Alterations and additions to commercial development, balconies, decks, patios, terraces or verandahs	Approved
12	$50,000	Office premises	Approved
13	$15,000	Alterations and additions to commercial development	Approved

[5] These insights were provided by Integrity Real Estate Nowra (via phone conversation)

[6] Based on DAs in the planning portal as of 6 April 2023. Data has been manually cleansed to remove duplications. Considers DAs where development type included ‘office’, ‘commercial’, ‘retail’ or ‘business’, but not ‘home business’

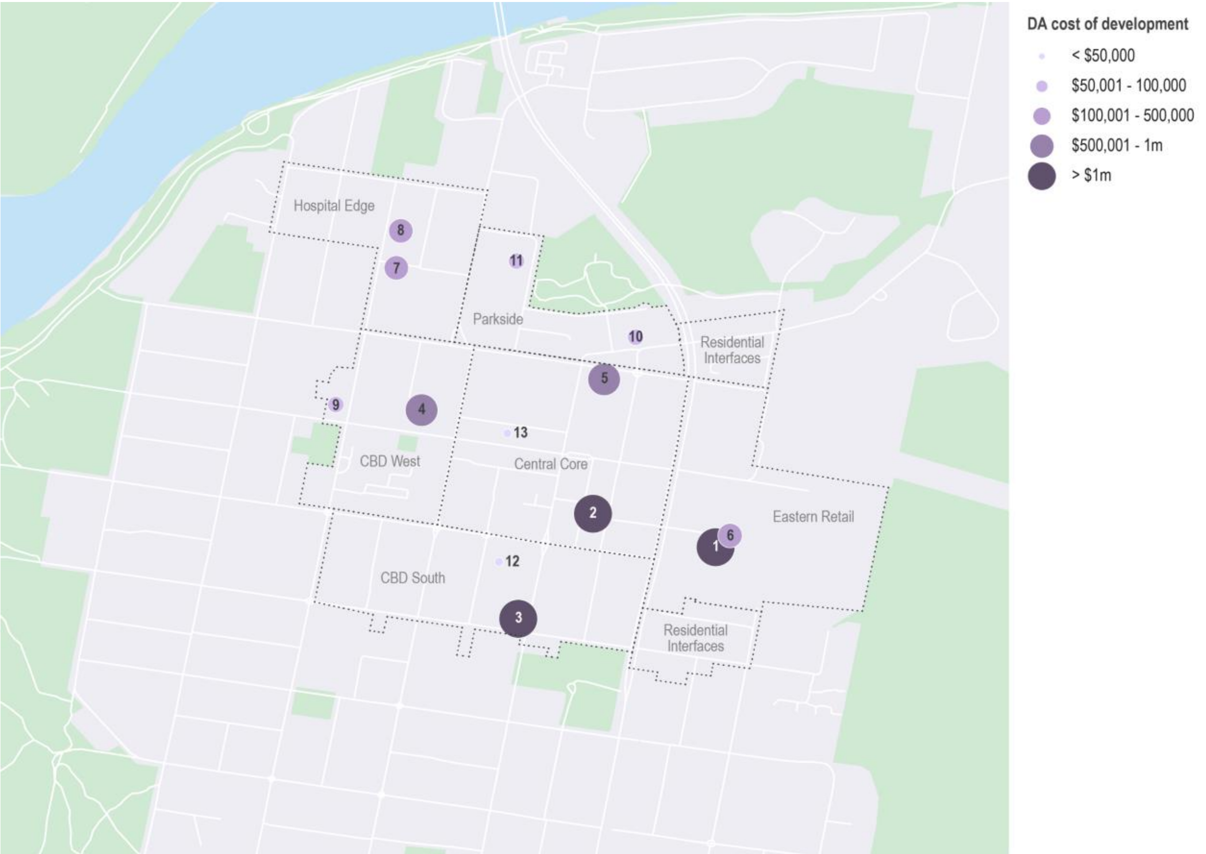


Figure 11 Location and cos of development of DAs

The table below highlights the total value of DAs by status.

Table 6 Current value of DAs by status

Status	Total value of DAs	% of all DAs
Approved	6,176,000	53%
Under assessment	1,740,195	15%
Withdrawn	3,650,000	32%

Supply

This section considers Nowra's regional and local context and existing cost and available of housing, and commercial and retail spaces to understand supply.

Data insights and commentary

- Nowra is an important service centre for the region with health, professional, hospitality government services, including government offices in the City Centre. South Nowra and other neighbouring centres also provide retail.
- Cost of housing, in regard to both rents and sales, has increased by 33% and 72% respectively since 2017
- There is a lack of diversity in Nowra's residential dwelling stock, which is dominated by separate houses (85% of all dwellings)
- There are commercial and retail spaces available at a price point that the market is willing to pay
- Previous Council engagement with developers has seen suggestions for increased building height controls across various precincts in the City Centre for retail and mixed-use developments

Regional and local place context

Consideration of a centre within its existing network of centres is key to planning future growth. Understanding the catchment and offering of each centre, helps develop a vision for how they should develop. This section presents Nowra's centre network, as well as Coffs Harbour and Gosford to highlight the varied role of centres within each.

- Nowra urban centre's retail offering competes with the gravity of Shellharbour and Ulladulla customers, as they are both located within an hour drive
- Smaller villages also provide local communities with day-to-day needs (e.g. supermarkets)
- Nowra's key offerings are government and health services, hospitality, and professional services

Figure 12 Nowra regional context map

Centres Comparison: Coffs Harbour (North Coast)

- Grafton and Port Macquarie are between a 1 and 2 hour drive of Coffs Harbour
- Coffs Harbour role offers large retail outlets, including department stores a range of employment opportunities higher education, hospitals, and NSW Government offices
- Grafton provides a range of high-level specialist services
- Port Macquarie is a cultural and civic centre, with a distinctive mix of retail, commercial, tourism, entertainment, and cultural activities

Figure 13 Coffs Harbour regional context map

Centres Comparison: Wyong (Central Coast)

- Wyong and Tuggerah are within a 30-minute drive of Gosford
- Gosford is the focus of professional, civic and health services, with employment opportunities, housing choice, health and education precincts, efficient public transport, events, restaurants, bushwalks and cycleways, shopping, culture and waterfront activities to rival any city
- Tuggerah is a significant mixed use centre, with a range of employment, entertainment, housing choices and industrial base.
- Wyong provides health services through its hospital and ancillary services across the district. It is a key employer and service centre for the Tuggerah and Central Lakes districts

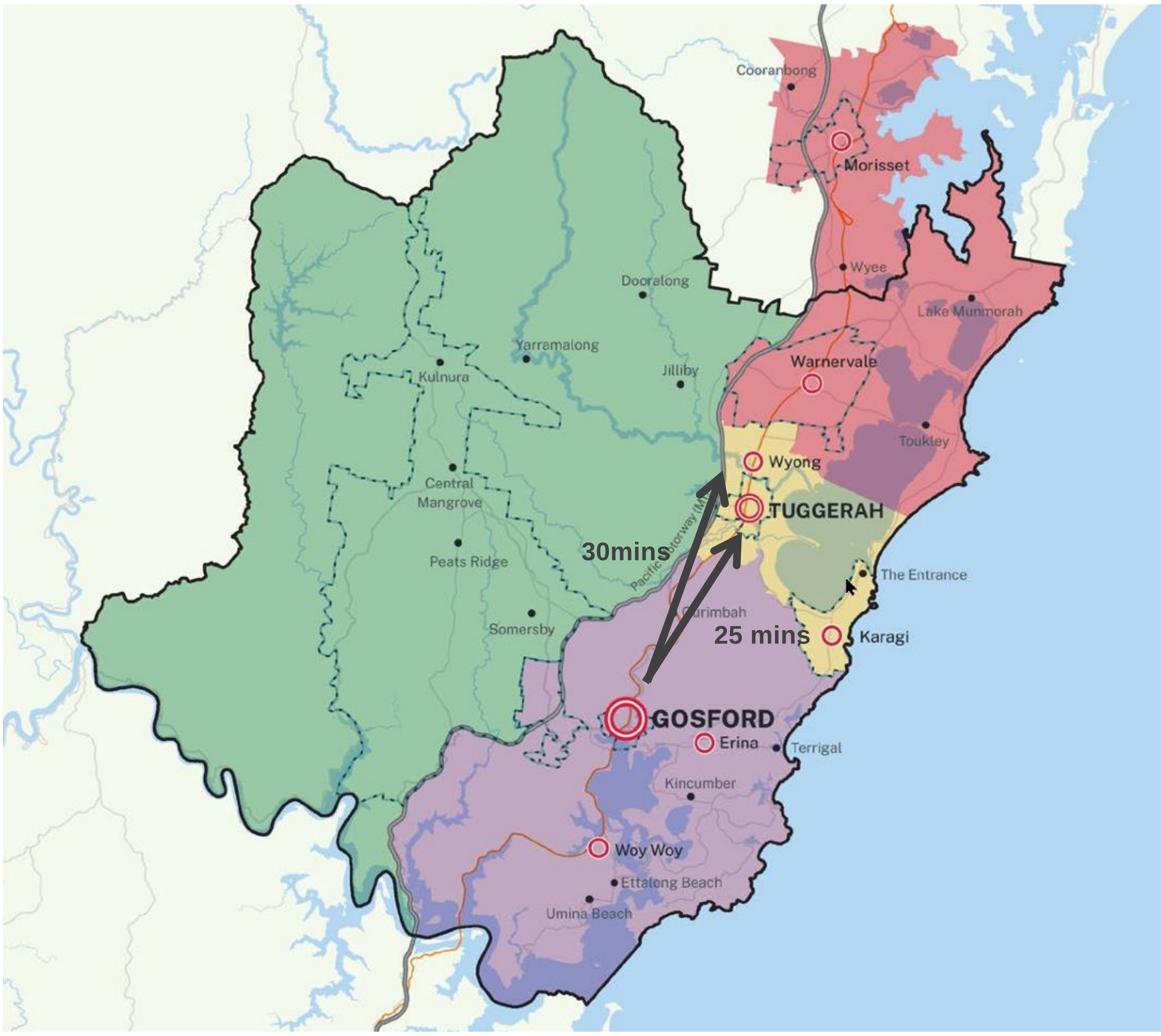


Figure 14 Wyong regional context map

Nowra CBD

- Within Nowra, services and shops are dispersed across Bombaderry, Nowra and South Nowra
- The shift of essential services (e.g. Services NSW) and bulky goods retail towards South Nowra, has created further pull away from Nowra's urban centre
- Car-dependent culture – minimal public transport options, low frequency (train station is not located within Nowra urban centre catchment)
- North/south link improvements continue to reinforce the dispersion across centres and car-dependent culture
- Nowra's night-time economy is underdeveloped

Figure 15 Nowra local context map

Nowra city centre also has a series of precincts with distinct place characteristics:

- **Hospital Edge**: Residential buildings that are one to two storeys in height and have landscaped front setbacks that vary in depth. Some residential typologies are used as small-scale commercial premises, largely providing medical services
- **Parkside**: Building heights and uses vary with Moss Street and McGrath Street predominantly one to two-storey residential, while properties along Graham Street and Bridge Road are a mix of one to three storey residential and commercial
- **Residential Interfaces**:
  - **North** Largely single storey residential with landscaped setbacks
  - **South** Largely single storey residential with landscaped setbacks
- **CBD West**: A number of commercial and civic premises address Berry Street while the rest of the area is characterised by predominately single storey detached residential, some of which operate as small-scale commercial premises
- **CBD South**: Building heights in the area typically range from one to three storeys, with commercial low-scale uses located near the Princes Highway in the east and single storey residential houses to the west
- **Eastern Retail**: Most prominent use is Stockland Nowra, a single storey regional shopping centre
- **Central Core**: Along Junction, Berry and Kinghorne Streets, the majority of buildings are built to the front boundary, with building heights vary from one to three storeys

Figure 16 Nowra City Centre precincts

Residential

Source: ABS Census 2011 and 2021

- Separate houses make up 85% of all dwellings in Nowra – a slight increase from 84% in 2011.
- Semi-detached houses make up 11% of all dwellings in 2021

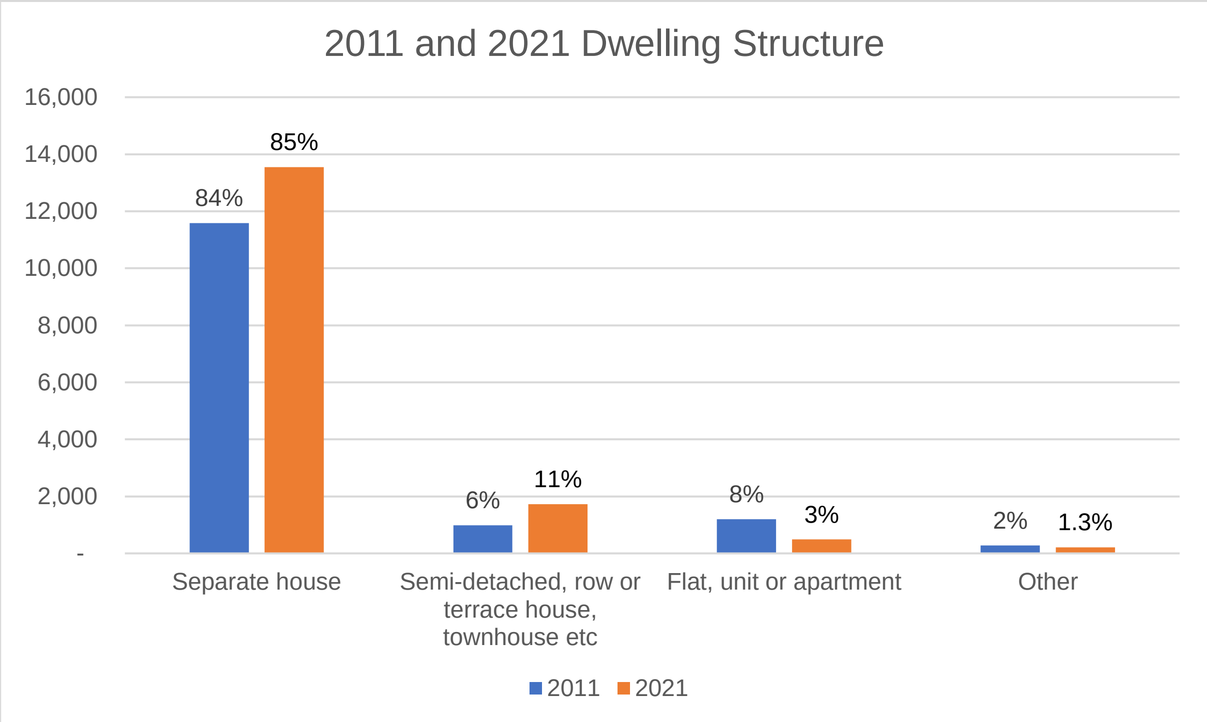


Figure 17 Nowra dwelling structure 2011 and 2021[7]

[7] In 2016 there was a change in the way the data was collected for the ABS Census. This change in procedure has resulted in differences between data collected prior to and following 2011. This is particularly noticeable in the separate house, semi-detached, row or terrace house, townhouse etc. categories, as well as flat or apartment in a one or two storey block.

Source: Family and Communities (FACS) Rent and Sales reports

- House prices (both rent and sales) have increased at a higher rate since 2020
- Median sale price has increased from $450,000 to $778,000 in five years (73% increase)
- Median rental price (based on new bonds) has increased by 33% between 2017 and 2022

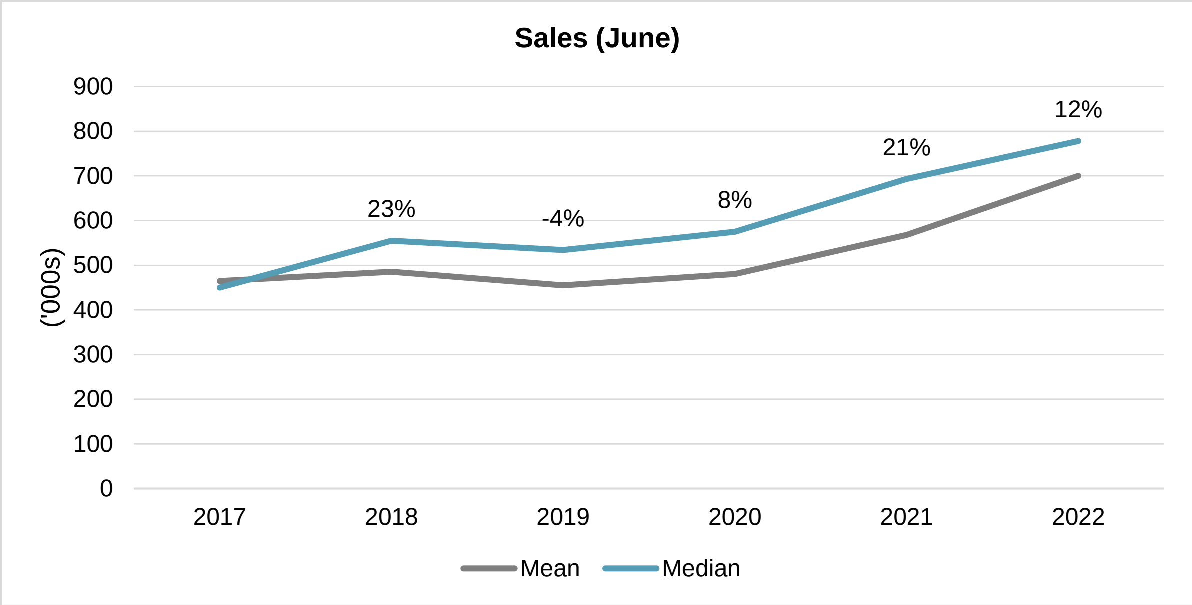


Figure 18 Median and mean housing sale prices in Nowra postcode (2541). Percentage denotes change in median price from previous year. Data from June quarter of respective years.

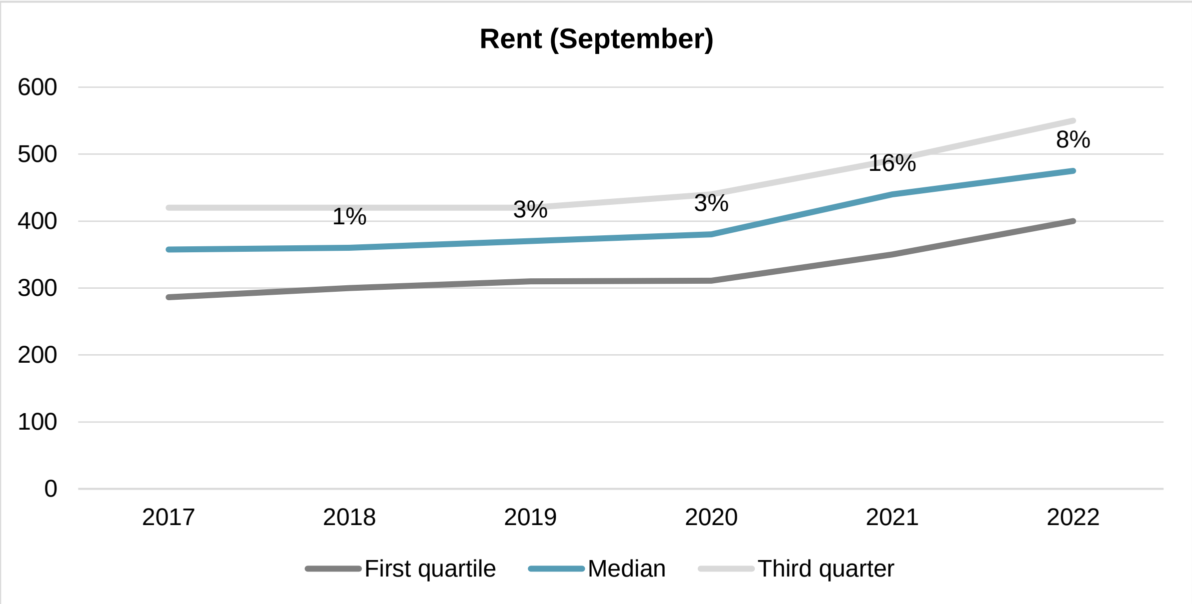


Figure 19 Median and mean housing sale prices in Nowra postcode (2541). Percentage denotes change in median price from previous year. Data from September quarter of respective years.

- Vacancy rate in Nowra postcode (2541) is currently 1%. Although this has increased from 0.3% since the earlier days of the pandemic, this highlights considerably low availability of rental properties in the area

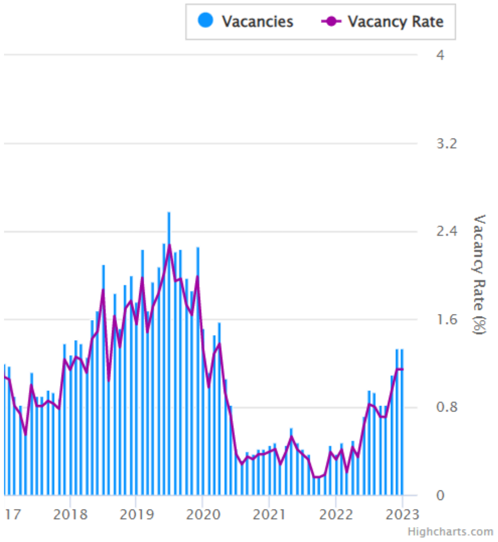


Figure 20 Rental vacancy rate Nowra postcode (2541)[8]

Commercial and retail

- Anecdotal evidence suggests that there is an approximate ceiling regarding market willingness to pay for commercial and retail space in Nowra – which is $280-320/sqm 4-500/sqm respectively[9]
- There is currently stock available under the assumed ceiling

[8] Source: SQM research, Residential Vacancy Rates <https://sqmresearch.com.au/graph_vacancy.php?postcode=2541&t=1>

[9] These insights were provided by Integrity Real Estate Nowra (via phone conversation). This agent noted that the Iconic building in Nowra was listed at over $400/sqm, and has not received interest from the market

Table 7 Availability of commercial and retail space (as of 3 March 2023)[10]

Available for lease	Type	Size	SQM Rate	Notes
37A/43 Kinghorne St	Shopfront Retail	51	$431	Inside market price range
3A/45-53 Kinghorne St	Shopfront Retail	100	382	Inside market price range
Suite 10, 29-31 Kinghorne St	Commercial	29	$888	Outside market price range
55 Bridge Rd	Ground floor commercial	58	$449	Inside market price range
1/88 Worrigee St	Ground floor commercial	127	$300	Inside market price range

Engagement undertaken to date suggests there are developer aspirations and/or desires for[11]:

- Mixed-use developments with heights ranging from above 12m to ‘well exceeding’ current controls in CBD West, Central Core and Hospital edge precincts
- Greater heights (20m) for lots interfacing the Highway to allow for 2-4 storeys in the Eastern Retail precinct
- Incentivise development on large, amalgamated sites
- Flexibility in limits of shop sizes in mixed-use areas to facilitate retail expansion in Eastern Retail precinct

[10] Source: realcommercial.com.au <https://www.realcommercial.com.au/>
[11] Source: Engagement notes shared by Shoalhaven City Council

Land constraints and ownership

The map below presents development constrained in Nowra City Centre, alongside opportunity area – namely council owned lots, or significant holdings by one landowner (three or more adjacent lots).

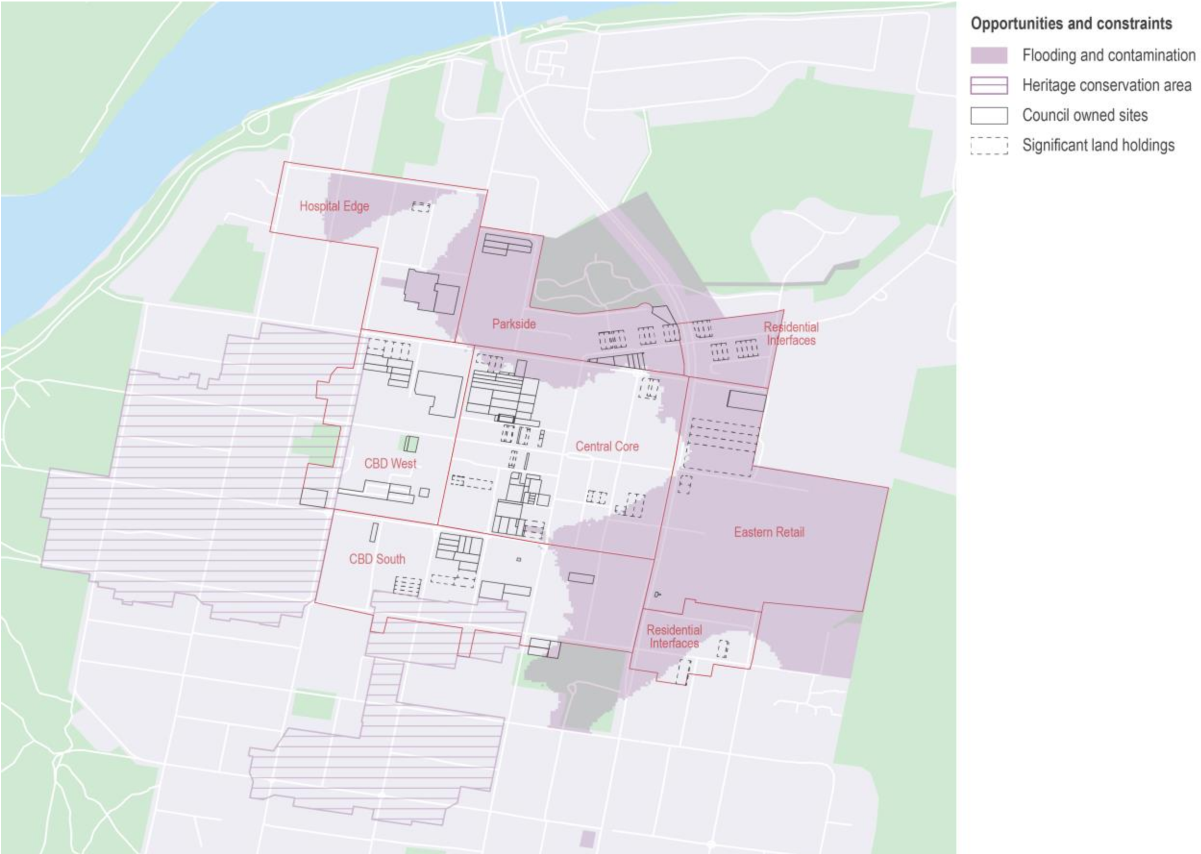


Figure 21 Nowra City Centre opportunities and constraints

Demand and supply gap

This section considers the findings from demand and supply to understand Nowra's need for housing, commercial and retail space.

Data insights and commentary

- Housing, for both rent and sale, is unaffordable for a significant number of Nowra's households. Where cost of housing has increased significantly, real incomes have fallen.
- There are few options available for households that can't or don't want to purchase a dwelling, or can't afford to rent on the private market – there is a need for rental or shorter-term housing options that are more affordable
- There appears to be enough commercial and retail floorspace in Nowra City Centre, as supply exceeds demand[12]
- Current market conditions have negatively impacted development feasibility and household purchasing power

Broader market conditions

Changes in the broader market has impacted both feasibility of development and purchasing power of households. This particularly impacts Nowra, as 47% of households are considered as having very low or low incomes. Changes include:

- Sharp rise in construction input costs, compounded by shortages of labour and materials, has eroded profit margins on existing fixed-price contracts, resulting in challenges for the residential construction industry[13]
- Interest rates and inflation have resulted in reduced spare cash flow for Australian households, impacting low-income, indebted and renting households to a greater extent[14]
- Cost blow-outs for essential items and rent or mortgage interest costs will impact greatly on low-income households, which will need to cut discretionary spending by more than 10% to keep up with cost-of-living pressures[15]
- Employee households have recorded the largest increase in costs, as cost of living rose 3.2% in the December quarter to a two decade high.[16] Food costs increased between 9-10% and fuel prices increased 18% for all households over the year ending the September 2022.[17]

[12] Based on insights provided by a Integrity Real Estate Nowra (via phone conversation)
[13] RBA Financial Stability Review – October 2022, https://www.rba.gov.au/publications/fsr/2022/oct/box-b-the-impact-of-rising-interest-rates-and-inflation-on-indebted-households-cash-flows.html.
[14] RBA Financial Stability Review – April 2023, https://www.rba.gov.au/publications/fsr/2023/apr/household-business-finances.html.
[15] Committee for Economic Development of Australia 2023, https://www.ceda.com.au/NewsAndResources/Opinion/Economy/The-cost-of-living-crunch-is-set-to-hit-many-house.
[16] An employee households is where the principal source of income is wages and salaries. ABS 2023, https://www.abs.gov.au/media-centre/media-releases/employee-households-living-costs-highest-two-decades.
[17] ABS 2022, https://www.abs.gov.au/media-centre/media-releases/higher-rises-living-costs-employee-households.

Residential

Sales

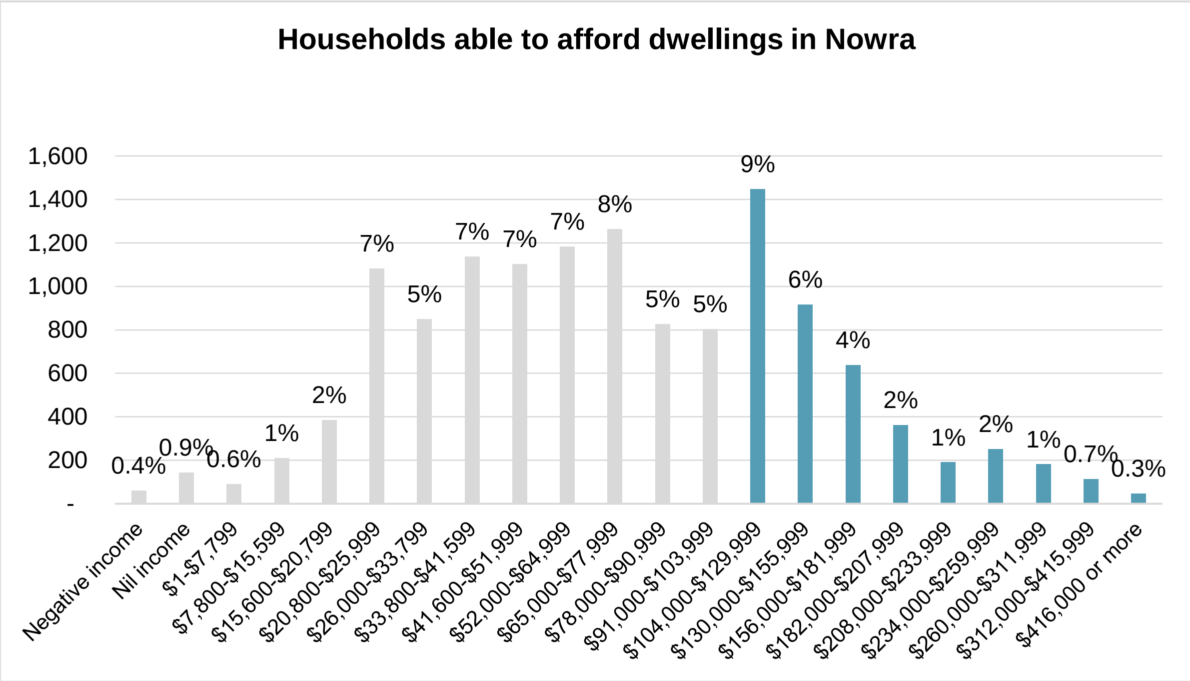
Source: ABS Census 2021 and FACS Rent and Sales reports

- Less than 26% of households in Nowra are unable to afford the cost of dwellings in the first quartile of houses sold in the Nowra postcode (2541)[18]

Table 8 Income required to afford housing in Nowra (based on recent sales)

Category	First quartile	Third quartile	Median	Mean
Non-strata (52 sales)	$637,000	$824,000	$708,000	$742,000
Income required	113,244	146,489	125,867	131,911
Total (60 sales)	$614,000	$778,000	$700,000	$708,000
Income required	109,156	138,311	124,444	125,867

Figure 22 Households able to purchase dwellings in Nowra



[18] Based on 60 sales in the Nowra postcode 2541, in the June 2022 quarter. Income required assumes 20% deposit, and ability to borrow the equivalent of 4.5 times household income

Rent (source: ABS Census 2021 and FACS Rent and Sales reports)

- 33% of households would find it extremely or severely unaffordable to rent in Nowra[19]
- Nowra's median rental dwelling is not considered 'acceptable' for any very low to moderate income households

Table 9 Rental Affordability Index against share of income needed to afford median rent

	Rental Affordability Index[20]	Share of income needed to afford median rent
Extremely unaffordable	< 50	> 60%
Severely unaffordable	51 - 80	38 - 60%
Unaffordable	81 - 100	30 - 38%
Moderately unaffordable	101 - 120	25 - 30%
Acceptable	121 - 150	20 - 25%
Unable to be considered in rental stress (as incomes are above moderate)		

Table 10 Nowra's Rental Affordability Index

Total Households	Total households	% of all households
Extremely unaffordable	1,703	16%
Severely unaffordable	1,838	17%
Unaffordable	416	4%
Moderately unaffordable	466	4%
Acceptable	0	
Unable to be considered in rental stress (above moderate incomes)	6,360	59%
Total Households	10,783	

[19] Based on the median price of a rental, in the September 2022 quarter, of $498/week

[20] Based on a Rental Affordability Index methodology developed by SGS Economics and Planning in collaboration with National Shelter and the Brotherhood of St Laurence <https://www.sgsep.com.au/projects/rental-affordability-index>

- Housing stock is significantly held in ownership, with other options across the housing spectrum being limited

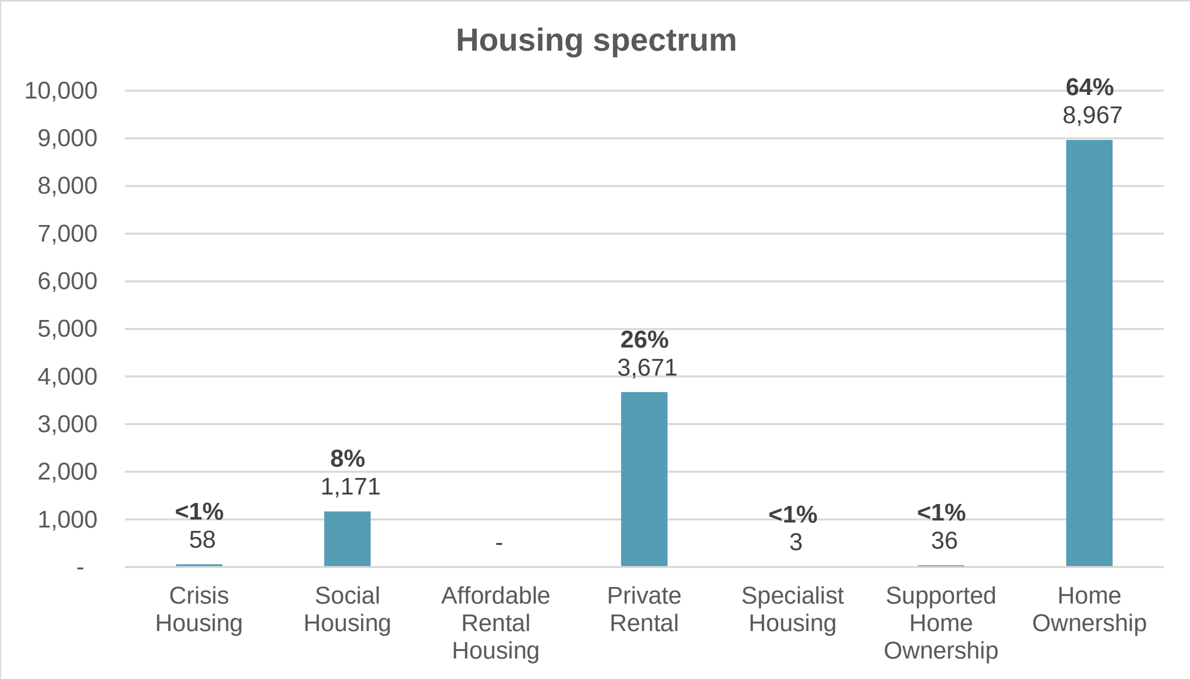


Figure 23 Dwellings available across the spectrum in Nowra[21]

[21] Housing spectrum based on 'Housing 2041: NSW Housing Strategy' <https://www.planning.nsw.gov.au/Policy-and-Legislation/Housing/A-Housing-Strategy-for-NSW>. Crisis and specialist housing only indicates the number of facilities, there is no data available regarding the size of each facility. There is no data available on the number of affordable housing units in Nowra – the information presented may not accurately represent what is available.

B | Feasibility analysis

Overview

In consideration of the findings from the market analysis undertaken, the Project Control Group (PCG)[1] agreed on four typologies to be considered in the planning and feasibility analysis. These typologies were selected as they provided a diversity of options appropriate for Nowra City Centre and responded to the housing needs identified in the market analysis. The typologies are as follows:

- Residential build-to-sell
- Residential build-to-rent
- Mixed-used residential and commercial
- Co-living

This memo outlines the findings of the planning and feasibility analysis which aimed to:

- Identify whether each typology could be delivered under current planning controls
- Highlight existing planning pathways
- Undertake a strategic feasibility assessment of each typology in existing market conditions

Key findings

Planning analysis

All development typologies can be carried out with no changes to the current planning framework, in certain areas of the Nowra City Centre.

Height limits

The Shoalhaven Local Environmental Plan 2014 sets maximum building heights of between 12 and 20 metres across the Nowra CBD. The feasibility assessment tested and showed that developments at a scale of around 5 – 6 storeys (15 – 18 metres) would be most feasible. Council may want to review the building heights in areas that have a current maximum of 12 meters to support the development typologies proposed.

[1] The PCG comprises of DPE, Council and Astrolabe Group

Feasibility analysis

A summary the feasibility findings are presented in Table 1 and Table 2. These findings show that there is a significant gap between potential profits and industry expectations across all four typologies. The feasibility analysis also tested development scenarios that doubled existing height controls (12 storeys). This showed that the resulting increase in profit would still be significantly lower than industry expectations (see Strategic Feasibility section for details).

It is important to note that a strategic feasibility analysis was conducted, with no consideration of site-specific constraints and requirements. The purpose of this analysis was to provide an indication of whether certain development scenarios would likely return profits that meet general industry expectations, which may vary from those of local developers. Future phases of work will need to consider detailed site conditions, and market factors and industry sentiment specific to Nowra.

Table 1 Feasibility summary (based on PA costings)

	Residential build-to-sell	Residential build-to-rent	Mixed-use residential & commercial	Co-living
Number of stories (units)	5 (20 units)	5 (20 units)	5 (20 units, 150sqm commercial)	5 (66 units)
Total income	$10,182,773	$527,800 p.a.	$9,466,659	$1,201,200 p.a.
Total development costs	$ 9,784,428	$9,770,709	$9,416,682	$17,852,668
Profit	4.1%	5.4%	0.53%	6.7%
Industry profit expectations[2]	20% of TDC	8% yield on TDC p.a.	20% of TDC	8% yield on TDC p.a.

Table 2 Feasibility summary (land costs removed, based on PA costings)

	Residential build-to-sell	Residential build-to-rent	Mixed-use residential & commercial	Co-living
Number of stories (units)	5 (20 units)	5 (20 units)	5 (20 units, 150sqm commercial)	5 (66 units)
Total income (sales/rent)	$10,060,955	$527,800 p.a.	$9,344,841	$1,201,200 p.a.
Total development costs	$8,544,218	$8,239,720	$7,985,891	$16,325,678
Profit	17.8%	6.4%	18.3%	7.4%
Industry profit expectations[3]	20% of TDC	8% yield on TDC p.a.	20% of TDC	8% yield on TDC p.a.

[2] Based on advice provided by Property Association

[3] Based on advice provided by Property Association

Analysis

Planning

Permissible development and controls

This section presents the findings from the planning analysis. Figure 1 and Figure 2 show the current planning controls across the Nowra City Centre.

Table 3 presents suggested design elements of each typology, with green indicating that they are aligned with existing controls, and orange indicating that they are aligned to certain areas. This shows that the four typologies can be developed in certain areas of the Nowra City Centre within the current planning framework.

Height limits

The Shoalhaven Local Environmental Plan 2014 sets maximum building heights of between 12 and 20 metres across the Nowra CBD. The feasibility assessment tested and showed that developments at a scale of around 5 – 6 storeys (15 – 18 metres) would be most feasible. Council may want to review the building heights in areas that have a current maximum of 12 meters to support the development typologies proposed.

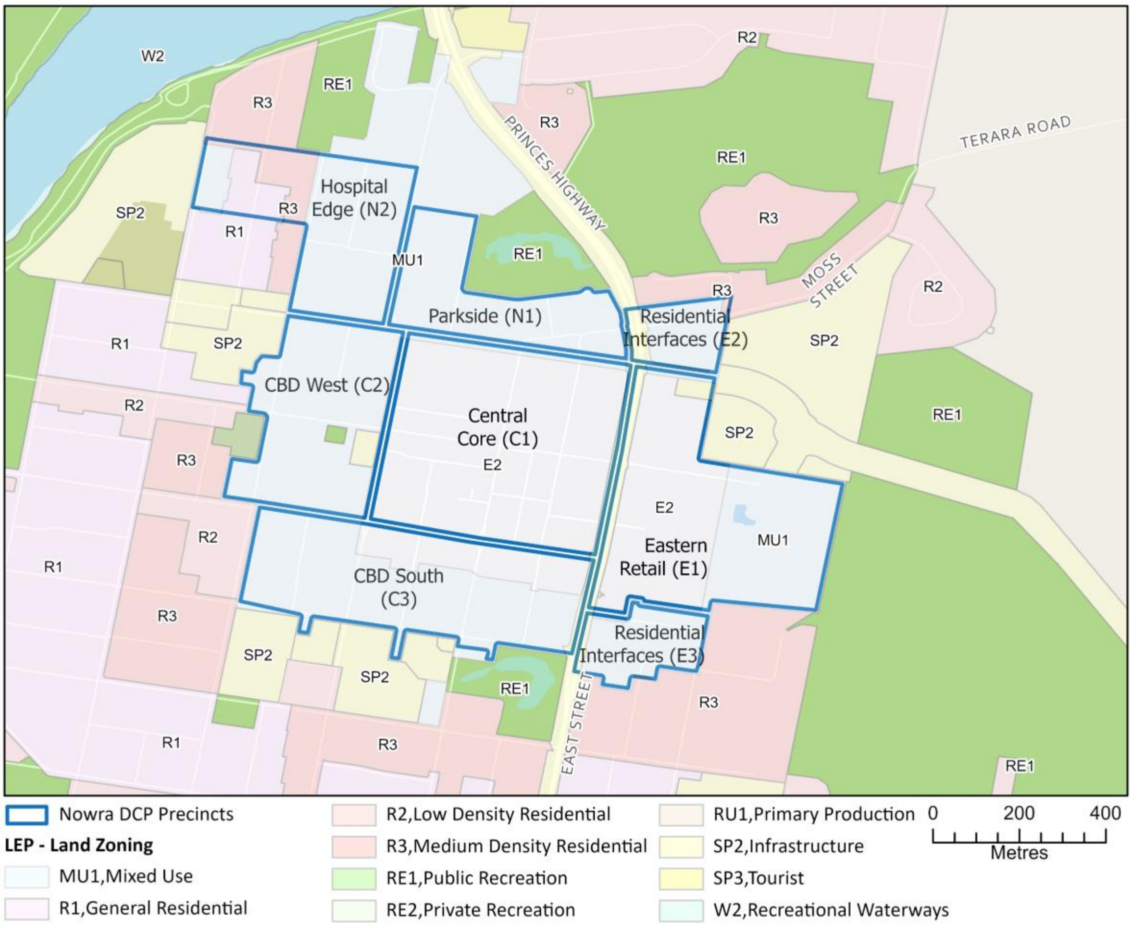


Figure 1 Nowra City Centre zoning and DCP precincts

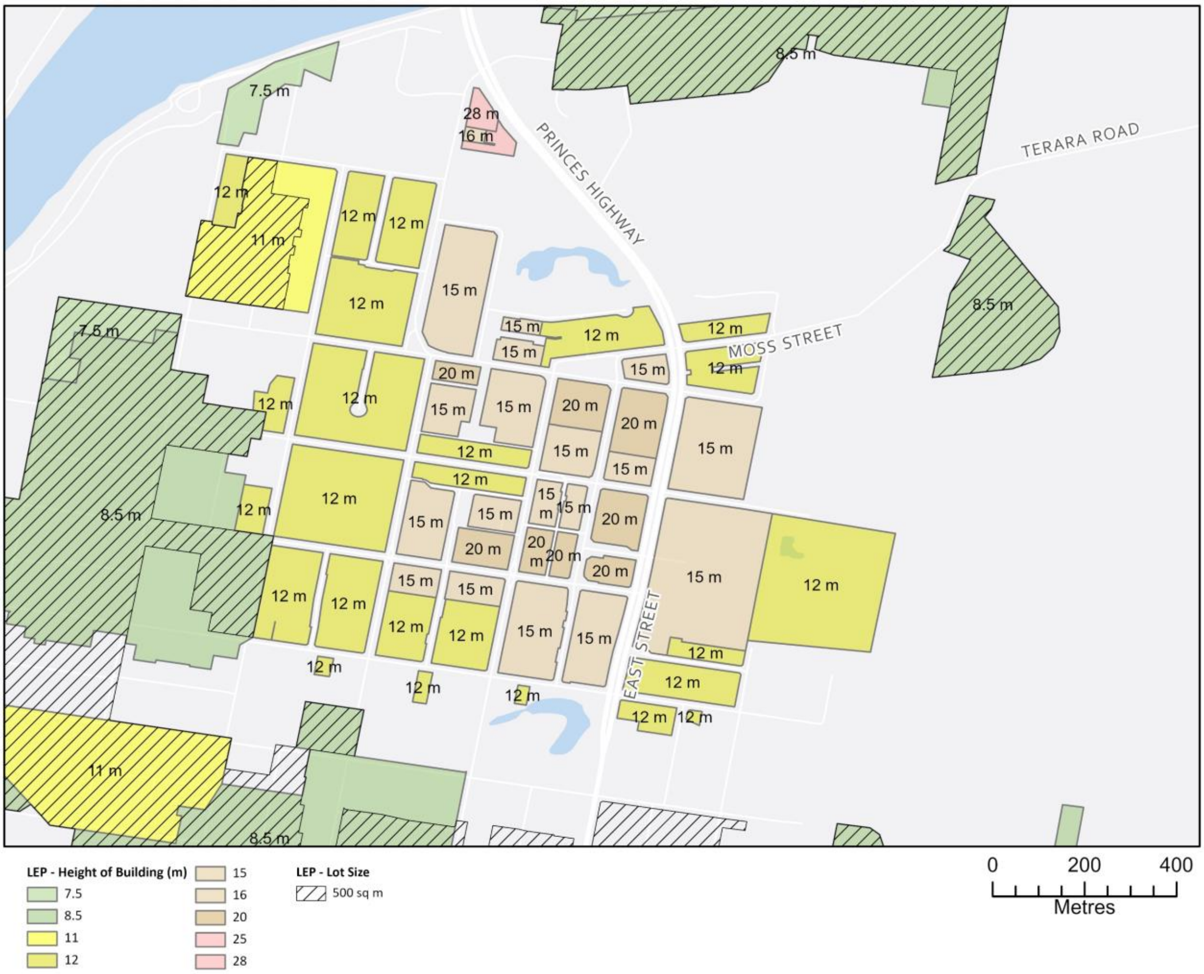


Figure 2 Nowra City Centre building height and minimum lot size controls

Table 3 Summary of development controls

Typology/ Planning and design factors		Residential build-to-sell	Residential build-to-rent[4]	Mixed-used residential and commercial	Co-living[5]
Definition of development[6]		Residential flat building	Residential flat building, Shop top housing	Commercial premises, Residential flat building, Shop top housing	Co-living housing
Land use zones where development is permitted		• MU1 • R3 • R1	• MU1[7] • E2[8] • R3 • R1	• MU1 • E2 •	• MU1 • E2 • R3 • R1
Suggested lot size		1,500 sqm	1,500 sqm	1,500 sqm	1,500 sqm
Shoalhaven LEP lot size		n/a	n/a	n/a	n/a
Floor Space Ratio[9]		Approx 1.2	Approx 1.2	Approx 1.2	Approx 1.3
Shoalhaven LEP Floor Space Ratio		n/a	n/a	n/a	n/a
Suggested height (stories)		15-18m (5-6)	15-18m (5-6)	15-18m (5-6)	15-18m (5-6)
Shoalhaven LEP height limits		12-20m (4-6)	12-20m (4-6)	12-20m (4-6)	12-20m (4-6)
Suitability with DCP precincts[10]	Hospital Edge	×	×	×	×
	Parkside	✓	✓	×	✓
	Residential Interfaces	×	×	×	×
	Central Core	×	✓	✓	✓
	Eastern Retail	×	×	×	×
	CBD West	✓	✓	✓	✓
	CBD South	✓	✓	✓	✓

[4] Large-scale, purpose-built rental housing that is held in single ownership and professionally managed
[5] Shared spaces and small private rooms that are fully furnished and ready-to-occupy and professionally managed
[6] As defined in the State Environmental Planning Policy (Housing) 2021
[7] Require active uses at street level in business zones
[8] Require active uses at street level in business zones
[9] Nowra City Centre does not have FSR controls
[10] Alignment with Shoalhaven Development Control Plan 2014 – Precinct character descriptions

Table 3 Summary of development controls (cont.)

Typology/ Planning and design factors	Residential build-to-sell	Residential build-to-rent[11]	Mixed-used residential and commercial	Co-living[12]	Typology/ Planning and design factors
Possible assessment pathways	Local development	✓	✓	✓	✓
	Regionally significant development	✓[13]	✓[14]	✓[15]	✓[16]
	Other considerations	N/A	Requires review from State Design Review Panel before lodging SSDA	N/A	N/A

Design guidance and development considerations

The following aspects need to be considered in the design of new development. They may impact on the cost, scale, layout and design of the development and vary depending on the development site. The feasibility assessment presented in Section 3.1 of this report considers these aspects to the extent requirements create quantifiable costs to the development.

Dwelling size and design

The NSW Apartment Design Guide sets guidance for the size of apartment dwellings, including internal design requirements. These need to be considered as part of the calculation of gross floor area for residential developments and can impact on the scale of development proposed and number of units that can be designed within set floor space ratios and building height limits for a site.

Note the *State Environmental Planning Policy (Housing) 2021* (Housing SEPP) allows for flexible design parameters and a flexible approach in the application of the NSW Apartment Design Guide for build-to-rent developments in relation to balconies and private spaces, storage and apartment mix. This recognises the incorporation of common spaces and shared facilities as part of build-to-rent developments when compared to build-to-sell developments.

[11] Large-scale, purpose-built rental housing that is held in single ownership and professionally managed
[12] Shared spaces and small private rooms that are fully furnished and ready-to-occupy and professionally managed
[13] Projects with a capital investment value (CIV) of more than $30m; or projects with a CIV of more than $5m if the development is Council related development (i.e. Council is the applicant for development consent; Council is the owner of any land on which the development is to be carried out; Council is to carry out the development; Council is a party to any agreement or arrangement relating to the development)
[14] Projects with a CIV of more than $30m
[15] Projects with a CIV of more than $30m; or projects with a CIV of more than $5m if the development is Council related development
[16] Projects with a CIV of more than $30m; or projects with a CIV of more than $5m if the development is Council related development

Minimum apartment size:

Dwelling type	Minimum internal area
Studio apartments	35 sqm
1 bedroom apartments	50 sqm
2 bedroom apartments	70 sqm
3 bedroom apartments	90 sqm

Private open space minimum areas:

Dwelling type	Minimum area	Minimum depth
Studio apartments	4 sqm	N/A
1 bedroom apartments	8 sqm	2 m
2 bedroom apartments	10 sqm	2 m
3+ bedroom apartments	12 sqm	2.4 m

Minimum ceiling heights (for apartment and mixed use buildings):

Rooms and spaces	Minimum ceiling height
Habitable rooms	2.7 m
Non-habitable rooms	2.4 m
For 2 storey apartments	2.7 m for main living area floor 2.4 m for second floor, where its area does not exceed 50% of the apartment area
Attic spaces	1.8 m at edge of room with a 30 degree minimum ceiling slope
If located in mixed use areas	3.3 m for ground and first floor to promote future flexibility of use

The Housing SEPP sets out development standards for co-living housing developments. Co-living housing functional design requirements:

- Must include at least six private rooms
- Must contain kitchen, bathroom and laundry facilities
- Provision of both indoor and outdoor communal space
  - Co-living housing with six private rooms requires 30 sqm of communal living area
  - Co-living housing with six or more private rooms requires 30 sqm of communal living area plus an additional 2 sqm for each additional room
  - Minimum 20% of the site area is to be for open space.

Minimum private room size:

Type of room	Minimum room size
Single person	16 sqm (excluding space for private kitchens and bathrooms)
Couple	25 sqm (excluding space for private kitchens and bathrooms)

Car parking provision

The Shoalhaven Development Control Plan (DCP) 2014 sets minimum carparking requirements for development. The following carparking rates need to be considered in the design of the development and Council may require consideration of variations to the guidance in the DCP and the final parking layout to meet the specific needs and demand generated by the development proposed.

Carparking requirements as set out in the DCP:

Development	Development size	Carparking requirement
Residential development	I bedroom dwelling	1 car space per dwelling
	2 bedroom dwelling	1.5 car space per dwelling
	3 or more bedroom dwelling	2 car spaces per dwelling
Mixed use development	Retail component	1 car space per 24sqm of GFA
	Office component	1 car space per 40sqm

The NSW Apartment Design Guide sets additional features to be considered in the design of new apartment buildings:

- Provision of secure bicycle parking
- Provision of charging stations for electric vehicles.

The Housing SEPP sets the following development standards for car parking spaces for co-living development, which is lower than the Shoalhaven DCP:

- 0.2 car spaces for each private room, for development on land in an accessible area
- 0.5 car spaces for each private room, for development on land in other areas.

Environmental constraints

Nowra CBD is affected by flooding and contamination which may either constrain development or require specific design solutions to address impact management at a site level. See Figure 3.

Residential areas on the western and southern sides of CBD are identified as heritage conservation areas. Development on the fringe of the CBD West and CBD South precincts will need to consider impacts on heritage.

Opportunity sites

Figure 3 also shows opportunity sites that may be considered as easier sites to either develop or incentivise for development. Opportunity sites identified are Council owned sites and significant land holdings, where contiguous sites are under the ownership of a single landowner and present a larger site area that may support greater range of development options.

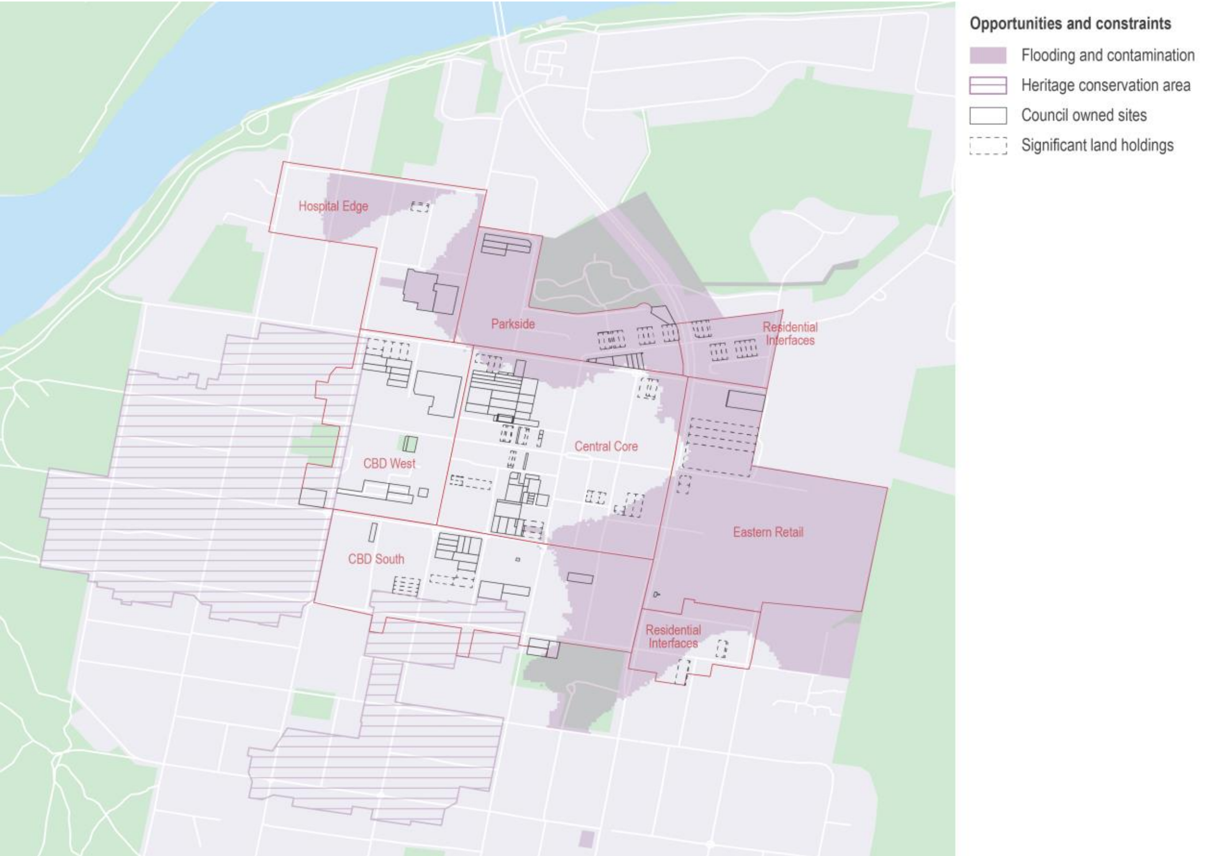


Figure 3 Development opportunities and constraints in Nowra CBD

Alignment with strategic and servicing plans

Local character

The Shoalhaven DCP describes distinct place characteristics for precincts across the Nowra CBD (shown in Figure 4). These characteristics should guide the type and scale of development that is appropriate in locations across the CBD. Place characteristics for Nowra CBD precincts are:

- **Hospital Edge**: Residential buildings that are one to two storeys in height and have landscaped front setbacks that vary in depth. Some residential typologies are used as small-scale commercial premises, largely providing medical services
- **Parkside**: Building heights and uses vary with Moss Street and McGrath Street predominantly one to two-storey residential, while properties along Graham Street and Bridge Road are a mix of one to three storey residential and commercial

- **Residential Interfaces**
  - **North**: Largely single storey residential with landscaped setbacks
  - **South**: Largely single storey residential with landscaped setbacks
- **CBD West**: A number of commercial and civic premises address Berry Street while the rest of the area is characterised by predominately single storey detached residential, some of which operate as small-scale commercial premises
- **CBD South**: Building heights in the area typically range from one to three storeys, with commercial low-scale uses located near the Princes Highway in the east and single storey residential houses to the west
- **Eastern Retail**: Most prominent use is Stockland Nowra, a single storey regional shopping centre
- **Central Core**: Along Junction, Berry and Kinghorne Streets, the majority of buildings are built to the front boundary, with building heights vary from one to three storeys

Figure 4 Nowra CBD precincts (Shoalhaven Development Control Plan 2014)

Infrastructure capacity

No significant barriers have been identified by Council in relation to infrastructure servicing that would delay or inhibit residential and mixed-use development in Nowra CBD.

In addition, the Shoalhaven Community Infrastructure Strategic Plan 2017-2036 identifies that there is an abundance of community infrastructure and quantum of open space for the size of the community and that focus areas of improvement for infrastructure is to increase the quality and functionality of community buildings and open space.

Development on specific sites may require site-specific infrastructure to meet unique engineering design requirements to support proposed development. For example previous residential development within the Parkside Precinct required design and implementation of a water pressure intervention. Requirements such as these will be specific to sites and design of development.

Strategic feasibility

This section presents the strategic feasibility model for the four typologies. The feasibility model considers multiple factors that influence the costs and income of a development in Nowra, including:

- Factors influencing project income:
  - Number of units and mix (driven by size of lot and building height)
  - Unit sale price
- Factors influencing project costs
  - Land costs (including stamp duty and fees)
  - Construction costs (material and labour)
  - Other fees (including contingency, contributions, professional fees, strata costs, marketing etc)
  - Cost of borrowing

Two different sources for the cost of labour and materials have been compared to ensure robustness of the analysis undertaken, the sources include:

- Cordell Estimator Platinum costings[17]
- Property Association (PA) costings[18]

The following sections present details of the developments tested and the feasibility model for each typology.

[17] provided by Department of Planning and Environment
[18] Property Association was engaged as sub-contractors on this project

Residential build-to-sell

Table 4 presents the development details used to determine the income and costs of the build-to-sell typology. This development is able to be delivered under existing planning controls.

Table 4 Build-to-sell development details

Lot size	1,500sqm
Floor Space Ratio	1.2
Stories	5
Unit mix	
One-bedroom (54 sqm)	2
Two-bedroom (79 sqm)	13
Three-bedroom (100 sqm)	5
Parking requirements (per unit)	
One-bedroom	1
Two-bedroom	1.5
Three-bedroom	2

Table 5 presents the feasibility model for the development. The feasibility model considers:

- Two different sources to determine construction costs
- Two different land cost scenarios:
  - Land is purchased at market rate
  - Land is acquired at no cost

The feasibility model highlights the following:

- At 1 – 4%, return on developments where land is purchased at market rate is extremely low
- Even if land is acquired as no cost, the development does not return profits in line with market expectations of 20%

Other factors that aren't directly related to feasibility also impact developer willingness to deliver a project, including:

- Pre-sale requirements being viewed as too risky to achieve in the Nowra market, particularly for less common projects (such as multi-unit development in the Nowra context)
- Larger developments generally result in longer assessment and construction periods, resulting in developers wanting a greater return

Table 5 Build-to-sell strategic feasibility model

	PA – land at cost	PA – no land costs	Cordell – land at cost	Cordell – no land costs
Sale income				
One-bedroom	450,000	450,000	450,000	450,000
Two-bedroom	560,000	560,000	560,000	560,000
Three-bedroom	640,000	640,000	640,000	640,000
Total unit sales	11,380,000	11,380,000	11,380,000	11,380,000
Selling costs	284,500	284,500	284,500	284,500
GST	912,727	1,034,545	912,727	1,034,545
Total income	**10,182,773**	**10,060,955**	**10,182,773**	**10,060,955**
Cost of land	1,340,000	-	1,340,000	-
Stamp duty	67,000	-	67,000	-
Legal & fees	25,000	25,000	25,000	25,000
Total land costs	**1,432,000**	**25,000**	**1,432,000**	**25,000**
Construction costs				
One-bedroom	320,000	320,000	207,998	207,998
Two-bedroom	340,000	340,000	302,562	302,562
Three-bedroom	360,000	360,000	382,322	382,322
Parking	n/a[19]	n/a[20]	616,350	616,350
Total labour and materials	**6,860,000**	**6,860,000**	**6,877,265**	**6,877,265**
State contributions[21]	240,000	240,000	240,000	240,000
Local contributions[22]	154,000	154,000	154,000	154,000
Other fees[23]	577,470	848,970	864,514	850,014
Total costs	9,263,470	8,127,970	9,567,779	8,146,279
Interest	520,958	416,248	519,007	417,517
Total development cost (TDC)	**9,784,428**	**8,544,218**	**10,086,787**	**8,563,797**
Income less costs	**398,345**	**1,516,736**	**95,986**	**1,497,158**
Return on costs (%)	**4.07%**	**17.75%**	**0.95%**	**17.48%**
Return required	20%	20%	20%	20%

[19] Cost of carparking included in unit construction cost
[20] Cost of carparking included in unit construction cost
[21] Model assumes $12,000 per unit
[22] Model assumes $154,000 for the whole development
[23] Fees include contingency, professional fees, strata costs, marketing and agent fees and financing costs

Residential build-to-rent

Table 6 presents the development details used to determine the income and costs of the build-to-rent typology. This development is able to be delivered under existing planning controls.

Table 6 Build-to-rent development details

Lot size	1,500sqm
Floor Space Ratio	1.2
Stories	5
Unit mix	
One-bedroom (54 sqm)	2
Two-bedroom (79 sqm)	13
Three-bedroom (100 sqm)	5
Parking space requirements (per unit)	
One-bedroom	1
Two-bedroom	1.5
Three-bedroom	2

Table 7 presents the feasibility model for the development. The feasibility model considers:

- Two different sources to determine construction costs
- Two different land cost scenarios:
  - Land is purchased at market rate
  - Land is acquired at no cost

The feasibility model highlights the following:

- At 5%, return on developments where land is purchased at market rate is lower than market expectations
- Even if land is acquired as no cost, the development does not return profits in line with market expectations of 8% annually

Other factors that aren't directly related to feasibility also impact developer willingness to deliver a project, including:

- Without pre-committed tenants, developers are likely to view the project as too risky to deliver
- In the shorter term, uncertainty in the current interest rate landscape may impact investment appetite. Increases in the interest rates also results in higher profit requirements

Table 7 Build-to-rent strategic feasibility model

	PA – land at cost	PA – no land costs	Cordell – land at cost	Cordell – no land costs
Rental income				
One-bedroom	$400/week	$400/week	$400/week	$400/week
Two-bedroom	$500/week	$500/week	$500/week	$500/week
Three-bedroom	$570/week	$570/week	$570/week	$570/week
Total annual income	527,800	527,800	527,800	527,800
Total income	**527,800**	**527,800**	**527,800**	**527,800**
Cost of land	1,340,000	-	1,340,000	-
Stamp duty	67,000	-	67,000	-
Legal & fees	25,000	25,000	25,000	25,000
Total land costs	**1,432,000**	**25,000**	**1,432,000**	**25,000**
Construction costs				
One-bedroom	320,000	320,000	207,998	207,998
Two-bedroom	340,000	340,000	302,562	302,562
Three-bedroom	360,000	360,000	382,322	382,322
Parking	n/a	n/a	616,350	616,350
Total labour and materials	**6,860,000**	**6,860,000**	**6,877,265**	**6,877,265**
State contributions	240,000	240,000	240,000	240,000
Local contributions	154,000	154,000	154,000	154,000
Other fees	577,470	561,970	580,014	563,514
Total costs	9,263,470	7,840,970	9,283,279	7,859,779
Interest	507,239	398,750	508,508	403,519
Total development cost (TDC)	**9,770,709**	**8,239,720**	**9,791,788**	**8,263,298**
Return on costs (%)	**5.40%**	**6.41%**	**5.39%**	**6.39%**
Return required	8%	8%	8%	8%

Mixed-used residential and commercial

Table 8 presents the development details used to determine the income and costs of the build-to-rent typology. This development is able to be delivered under existing planning controls.

Table 8 Mixed-use development details

Lot size	1,500sqm
Floor Space Ratio	1.2
Commercial floorspace	150sqm
Stories	5
Unit mix	
One-bedroom (54 sqm)	1
Two-bedroom (79 sqm)	9
Three-bedroom (100 sqm)	7
Parking space requirements (per unit)	
One-bedroom	1
Two-bedroom	1.5
Three-bedroom	2

Table 9 presents the feasibility model for the development. The feasibility model considers:

- Two different sources to determine construction costs
- Two different land cost scenarios:
  - Land is purchased at market rate
  - Land is acquired at no cost

The feasibility model highlights the following:

- At between 0.5% and -3%, return on developments where land is purchased at market rate is extremely low
- Even if land is acquired as no cost, the development does not return profits in line with market expectations of 20%

Similar to the build-to-sell typology, other factors that aren't directly related to feasibility also impact developer willingness to deliver a project, including:

- Pre-sale requirements being viewed as too risky to achieve in the Nowra market, particularly for less common projects (such as multi-unit development in the Nowra context)
- Larger developments generally result in longer assessment and construction periods, resulting in developers wanting a greater return

Table 9 Mixed-use strategic feasibility model

	PA – land at cost	PA – no land costs	Cordell – land at cost	Cordell – no land costs
Sale income				
One-bedroom	450,000	450,000	450,000	450,000
Two-bedroom	560,000	560,000	560,000	560,000
Three-bedroom	640,000	640,000	640,000	640,000
Total unit sales	9,970,000	9,970,000	9,970,000	9,970,000
Total commercial sales	600,000	600,000	600,000	600,000
Total sales	**10,570,000**	**10,570,000**	**10,570,000**	**10,570,000**
Selling costs	264,250	264,250	264,250	264,250
GST	839,091	960,909	839,091	960,909
Total income	**9,466,659**	**9,344,841**	**9,466,659**	**9,344,841**
Cost of land	1,340,000	-	1,340,000	-
Stamp duty	67,000	-	67,000	-
Legal & fees	25,000	25,000	25,000	25,000
Total land costs	**1,432,000**	**25,000**	**1,432,000**	**25,000**
Construction costs				
One-bedroom	320,000	320,000	207,998	207,998
Two-bedroom	340,000	340,000	302,562	302,562
Three-bedroom	360,000	360,000	382,322	382,322
Commercial	450,000	450,000	450,000	450,000
Parking	n/a	n/a	616,350	616,350
Total labour and materials	**6,350,000**	**6,350,000**	**6,673,662**	**6,673,662**
State contributions	208,500	208,500	208,500	208,500
Local contributions	130,000	130,000	130,000	130,000
Other fees	812,810	798,810	832,391	818,391
Total costs	**8,933,310**	**7,512,310**	**9,276,553**	**7,855,553**
Interest	483,372	385,381	507,158	409,168
Total development cost (TDC)	**9,416,682**	**7,897,691**	**9,783,711**	**8,264,721**
Income less costs	**49,977**	**1,447,149**	**-317,052**	**1,080,120**
Return on costs (%)	**0.53%**	**18.32%**	**-3.24%**	**13.07%**
Return required	20%	20%	20%	20%

Co-living

Table 10 presents the development details used to determine the income and costs of the build-to-rent typology. This development is able to be delivered under existing planning controls.

Table 10 Co-living development details

Lot size	1,500sqm
Floor Space Ratio	1.3
Stories	5
Unit mix	
One-bedroom (27 sqm)	66
Parking space requirements (per unit)	
One-bedroom	1

Table 11 presents the feasibility model for the development. The feasibility model considers:

- Two different sources to determine construction costs
- Two different land cost scenarios:
  - Land is purchased at market rate
  - Land is acquired at no cost

The feasibility model highlights the following:

- Return on a co-living development comes closest to market expectations when compared to the other three typologies, at between 7 – 10% where land is purchased purchased at market rate
- Where land is acquired as no cost, the development the returns a profit (11%) that exceeds market expectations of 8% annually (when considering Cordell costings)

Similar to the build-to-rent typology, other factors that aren't directly related to feasibility also impact developer willingness to deliver a project, including:

- Without pre-committed tenants, developers are likely to view the project as too risky to deliver
- In the shorter term, uncertainty in the current interest rate landscape may impact investment appetite. Increases in the interest rates also results in higher profit requirements

Table 11 Co-living strategic feasibility model

	PA – land at cost	PA – no land costs	Cordell – land at cost	Cordell – no land costs
Rental income				
One-bedroom	350	350	350	350
Total annual income	1,201,200	1,201,200	1,201,200	1,201,200
Total income	**1,201,200**	**1,201,200**	**1,201,200**	**1,201,200**
Cost of land	1,340,000	-	1,340,000	-
Stamp duty	67,000	-	67,000	-
Legal & fees	25,000	25,000	25,000	25,000
Total land costs	**1,432,000**	**25,000**	**1,432,000**	**25,000**
Construction costs				
One-bedroom	200,000	200,000	108,061	108,061
Parking	n/a	n/a	1,369,668	1,369,668
Total labour and materials	**13,200,000**	**13,200,000**	**8,501,704**	**8,501,704**
State contributions	792,000	792,000	792,000	792,000
Local contributions	525,000	525,000	525,000	525,000
Other fees	981,370	966,370	697,123	697,123
Total costs	16,930,370	15,508,370	11,947,827	10,540,827
Interest	922,298	817,308	577,007	577,007
Total development cost (TDC)	**17,852,668**	**16,325,678**	**12,524,834**	**11,117,834**
Return on costs (%)	**6.73%**	**7.36%**	**9.59%**	**10.80%**
Return required	8%	8%	8%	8%

Increased height control scenarios

A development scenario where heights were doubled was also tested to understand the impact of existing planning controls on development feasibility (based on PA costings). This was done for both the build-to-sell and built-to-rent typologies. Table 12 presents the development details and feasibility model for these scenarios against the models built for developments under current height controls (5 stories).

Larger sites (2,200sqm) were considered for the increased heights feasibility. While a 12-storey building may be built on a smaller 1,500 sqm lot, it would likely result in poorer urban design outcomes and add complexity which disproportionately increases development costs (for example, more complex carpark configurations to meet Council requirements). The cost of land input (on a per square metre basis) was the same for both height scenarios, which supports comparison between the two.

The feasibility model highlights the following:

- Increased heights on a build-to-sell development double the return, however at 8% is still significantly lower than market expectations
- Increased heights on a build-to-rent increase returns by 7% to almost 6%, still below market expectation of an 8% annual return

Therefore, an increase in height controls is unlikely to result in more development activity as it does not improve profit significantly.

Table 12 Increased heights feasibility model for build-to-sell and build-to-rent typologies

	Build-to-sell		Build-to-rent	
	Current controls	Increased height controls	Current controls	Increased height controls
Lot size	1,500sqm	2,200sqm	1,500sqm	2,200sqm
Floor Space Ratio	1.2	2.4	1.2	2.4
Stories	5	12	5	12
Number of units	20	57	20	57
Sale income				
One-bedroom	450,000	450,000	400/week	400/week
Two-bedroom	560,000	560,000	500/week	500/week
Three-bedroom	640,000	640,000	570/week	570/week
Total unit sales/annual income	11,380,000	32,810,000	527,800	1,521,520
Selling costs	284,500	820,250	-	-
GST	912,727	2,804,045	-	-
Total income	**10,182,773**	**29,185,705**	**527,800**	**1,521,520**
Cost of land	1,340,000	1,965,500	1,340,000	1,965,500
Stamp duty	67,000	98,275	67,000	98,275
Legal & fees	25,000	25,000	25,000	25,000
Total land costs	**1,432,000**	2,088,775	**1,432,000**	**2,088,775**
Construction costs				
One-bedroom	320,000	330,000	320,000	330,000
Two-bedroom	340,000	350,000	340,000	350,000
Three-bedroom	360,000	370,000	360,000	370,000
Total labour and materials	**6,860,000**	**20,210,000**	**6,860,000**	**20,210,000**
State contributions	240,000	684,000	240,000	684,000
Local contributions	154,000	453,000	154,000	453,000
Other fees	577,470	2,198,525	577,470	1,373,275
Total costs	9,263,470	25,634,300	9,263,470	24,809,050
Interest	520,958	1,284,896	507,239	1,249,900
Total development cost (TDC)	**9,784,428**	**26,919,196**	**9,770,709**	**26,058,950**
Income less costs	**398,345**	**2,266,509**	**-**	**-**
Return on costs (%)	**4.1%**	**8.4%**	**5.4%**	**5.8%**
Return required	20%	20%	8%	8%

C | Engagement memo

Introduction

Project overview

Astrolabe Group is currently working alongside Department of Planning and Environment (DPE) and Shoalhaven City Council to better understand feasibility, planning pathways and market factors influencing development in Nowra City Centre, in order to recommend measures that may improve investment and increase new development in Nowra.

The methodology undertaken as part of this project includes both research and stakeholder engagement. This memo highlights details of the stakeholder engagement undertaken to inform a view of the feasibility, market and planning landscape in Nowra. This memo should be read alongside the Nowra City Centre Planning Pathways Final Recommendations Report.

Objectives of engagement

The key objectives of engagement were to:

- Present and validate findings of the work done to date (based on detailed research)
- Understand stakeholders' needs, strategic priorities and plans, as relevant to Nowra
- Explore potential opportunities and partnerships for the delivery of development
- Discuss measures that may improve investment and development activity in Nowra

Broadly, engagement with stakeholders set out to understand different perspectives in response to the question: *what can be done to facilitate development in Nowra?*

Engagement approach

Astrolabe sent an email to 19 targeted stakeholders with an overview of the project and an invitation to an engagement session.

Astrolabe Group (AG) led nine engagement sessions with 15 organisations, ranging from 30 to 60 minutes in length. A set of discussion questions were prepared for each session, however a semi-structured approach was undertaken to encourage participants to share any information they thought were relevant. The sessions were held virtually (on Microsoft Teams) between 19 to 28 June, and Miro was used to present findings and capture participant insights (see Appendix).

The agenda for each session was as follows:

No.	Item
1	**Acknowledgement of Country**
2	**Introductions**
3	**Project overview and engagement objectives**
4	**Work done to date** Presentation of findings from research for the following questions: • What development does Nowra need? • Why is development not occurring in Nowra?
5	**What can be done to facilitate development?** Facilitated discussion with stakeholders, led by Astrolabe Group. Questions included: • What strategic priorities does your organisation have related to Nowra City Centre? • Has future demand for housing (e.g. related to workforce)/commercial demand been quantified? • What are key barriers to investing in Nowra? • What appetite is there for involvement in the delivery of housing? • What collaborators or other preconditions would be required to engage in the delivery of development?

Stakeholders

The table below provides a summary of the organisations and participants engaged.

Organisation	Attendees		Date & time
Shoalhaven Business Chamber (SBC) Property NSW (PNSW)	• Atiqah Alias (AG) • Michael Comninos (AG) • Thomas Soccio (DPE)	• Jemma Tribe (SBC) • James Strutt (PNSW)	Mon 19 June, 2 – 3pm
Landcom (LC) Department of Education (DET)	• Atiqah Alias (AG) • Michael Comninos (AG) • Emma Butcher (DPE)	• Brad Pollard (DET) • Lucy Larkins (DET) • Ray Zhang (LC) • Ray Fard (LC) • Emily Hou (LC)	Mon 19 June, 3 – 4pm

Aboriginal Housing Office (AHO) Land and Housing Corporation (LAHC)	• Atiqah Alias (AG) • Michael Comninos (AG) • Emma Butcher (DPE)	• Craig Smith (LAHC) • Martina Boktor (AHO) • Lani Watson (AHO)	Mon 19 June, 4 – 5pm
Illawarra Shoalhaven Local Health District (LHD)	• Atiqah Alias (AG) • Michael Comninos (AG) • Emma Butcher (DPE)	• Katie Richardson (LHD) • Jackson Stewart (LHD)	Wed 21 June, 1.30 – 2pm
Urban Development Institute of Australia (UDIA) Property Council (PCA)	• Atiqah Alias (AG) • Michael Comninos (AG) • Thomas Soccio (DPE) • Emma Butcher (DPE)	• Elizabeth York (UDIA) • Matt Philpott (UDIA) • David White (PCA)	Wed 21 June, 2 – 3pm
Anglicare (AC) Southern Cross Community Housing (SCCH)	• Atiqah Alias (AG) • Michael Comninos (AG) • Thomas Soccio (DPE)	• Serge Bolgarschii (AC) • Stephen King (SCCH) • Eric Coulter (SCCH)	Mon 26 June, 1.30 – 2.30pm
Crown Land (CL) Transport for NSW (TfNSW)	• Atiqah Alias (AG) • Michael Comninos (AG) • Emma Butcher (DPE)	• Heike Peterlin (CL) • Fiona Mclauchlan (TfNSW)	Mon 26 June, 4 – 5pm
CBD Revitalisation Strategy Committee (CBDR)	• Amanda Yeung (AG) • Michael Comninos (AG) • Thomas Soccio (DPE)	• Carlo Di Giulio (CBDR) • James Caldwell (CBDR) • Evan Christen (CBDR) • Catherine Shields (CBDR)	Wed 28 June, 3 – 4pm
Defence Housing Australia (DHA)	• Amanda Yeung (AG) • Michael Comninos (AG) • Emma Butcher (DPE)	• Joshua Grant (DHA)	Wed 28 June, 4 – 4.30pm

The following organisations were invited to an engagement session, but were unable to attend within the engagement period, or did not provide a response:

- University of Wollongong
- Business Illawarra
- Shoalhaven City Council – Commercial and Property team
- Urban Taskforce

Engagement findings

This section of the memo highlights key findings from engagement. Discussions with stakeholders highlighted a number of key factors impacting development in Nowra:

- Transport and access
- Feasibility factors
- Planning framework
- Other barriers to development
- Future demand and strategic direction
- Other considerations

Transport and access

Transport and access was one of the most common topics raised throughout engagement. Specifically in relation to perceptions that Nowra lacks adequate public and active transport options, promoting a car-dependent movement model. This was identified as a key barrier to development in the city centre.

Stakeholders noted that parking requirements for residential developments have significant cost implications that impact feasibility, and that the generation of additional traffic would strain existing road networks. Stakeholders emphasised the need for a shift from a 'business as usual' transport planning approach towards more viable public transport options, in order to appropriately support commercial and residential development in Nowra. Further, car-dependency within the Shoalhaven more broadly is reinforcing socio-economic stratification through car-based inequality, as vulnerable cohorts without access to private vehicles become 'locked-out' of accessing some essential services.

It must be noted however that stakeholders representing local businesses raised concerns regarding how realistic it may be to decrease parking requirements in the city centre, as a lack of all-day parking options were causing businesses to move elsewhere or hinder additional investment in Nowra.

At present, no market research has been undertaken to explore if there is appetite for dwellings without carparking, although it was discussed that this product would likely only be absorbed in very specific, highly connected areas. NSW Land and Housing Corporation (LAHC) noted that a 1:1 car parking to dwelling ratio for a development in Sydney's Campbelltown resulted in underutilisation, with approximately 70% of spaces being taken up.

Engagement highlighted that an integrated approach to land use and transport planning is essential to support development in Nowra city centre suited to its role as a regional city. Transport for NSW (TfNSW) noted they are currently exploring a parking demand strategy with Council for the riverfront precinct that challenges the car-dependent culture. Further, TfNSW are currently undertaking a holistic transport planning process in alignment with the Nowra Bypass project, to understand the impact on local trips and how modal split can be influenced.

Feasibility factors

During each session, Astrolabe presented to stakeholders the key assumptions and findings from the strategic feasibility assessment undertaken in work done to date. These findings generally showed the return on investment from developing in Nowra was too low, as land acquisition and constructions costs are too high against potential income from sales or rentals. Stakeholders were then invited to provide comments on the details. Comments received largely came from delivery agencies and industry representatives, who echoed agreement on low levels of returns.

A development industry representative noted that in order for developers to see a 'healthy' return, design of a dwelling has to be extremely basic, as there is little capacity for the market to absorb premium product.

Additionally, Landcom are currently exploring potential sites and design schemes to deliver a build-to-rent development in Nowra city centre. Landcom noted the return on investment they require is likely lower than market expectations, at 6% annually (compared to 8%).

Planning framework

Stakeholders were invited to comment on Nowra's existing planning framework (including controls and assessment pathways), in order to understand if these were acting as significant barriers to development.

Feedback received suggested that changes to Nowra's maximum height controls may need to be made in order to increase the feasibility of development projects. Currently, height controls in the city centre range from 12 to 20 metres, with stakeholders noting that there may be some areas where the lower height controls should be increased to 20 metres, and areas that would be appropriate for heights of approximately 25 metres. It was noted that this additional height would allow for above ground parking which would increase feasibility. Landcom advised it would also increase access to sites outside of the CBD core and enable the desired apartment mix.

Further, stakeholder commented that the existing absence of a floor space ratio (FSR) control in the CBD could be acting a barrier to development, as it may impact developer confidence during the preliminary due-diligence stage, regarding the scale of development that will get approved. Without an FSR, there is also the loss of a 'bargaining chip' so incentivise development, for example FSR bonuses triggered by amalgamation

Other barriers to development

Engagement highlighted a number of additional factors that impede development in Nowra city centre, including:

- Community resistance to new, different, or specific types of development. For example, LAHC noted significant difficulty in renewing social housing stock to increase dwellings. Pushback was presented under the guise of heritage protection, causing years of delays to the development. This resistance makes often makes it easier to build in greenfield areas, where it is unlikely that a similar response will be received

- Land and development costs in Nowra and other areas (e.g. South Nowra and Bombaderry) are similar, making the cost of purchasing a new detached house in these other areas only slightly higher than the cost of a new apartment in the city centre – this makes Nowra a less attractive option for people looking to rent or buy property
- Nowra is also less attractive when compared to other coastal towns and villages across the Shoalhaven LGA, that have better amenity as they are closer to natural assets such as beaches and national parks. Additionally, Nowra's 'brand' is one often associated with lower socio-economic outcomes, resulting in a stigma being attached to it
- Defence Housing Australia noted that Nowra's relatively low levels of amenity and services do not satisfy their needs as institutional renters, reducing their appetite to invest in the city centre. Newcastle and Springfield in QLD were identified as areas by DHA that would meet their requirements in terms of transport and amenity and may provide a useful comparison for Nowra.
- Entrenched family land holdings across the city centre have likely resulted in low ambition for change, as these long-held parcels of land are drawing sufficient returns, making investment or renewal not 'worth the risk'
- The heritage conservation area was viewed as a constraint and lacking vision for its future use, or development opportunities
- Household sizes in Nowra and surrounds show significant number of lone person households residing in large 3+ bedroom dwellings. It is unclear if the market would respond to smaller units delivered at the scale required to make development feasible (Landcom noted a threshold of 60 dwellings for a feasible build-to-rent product)

Future demand and strategic direction

In asking stakeholders about their strategic directions or future plans relevant to Nowra, they noted the following:

- Property NSW are currently undertaking a strategic review of existing operations, in order to consolidate and reduce space required for government services. This may be done through 'regional hubs', with Nowra a potential location for a future hub
- Nowra Riverfront Activation Precinct will significantly bolster amenity adjacent to the city centre – this project should be leveraged to shift perceptions regarding Nowra's 'brand', and improve liveability within the city centre
- Investment by the Australia Defence Force will require 50 dwellings a year for the next three years. This may increase following a review of strategic plans in line with upgrades at HMAS Albatross

Other considerations

Given the presence and redevelopment of Shoalhaven Hospital on the edge of the city centre, engagement with key health stakeholders suggested the possibility of using Nowra as a 'healthy urban environment' pilot. This could be a demonstration project to signal to the market how built form changes can delivered to enable healthier living, for example planning and design to reduce the need for cars and improve walkability.

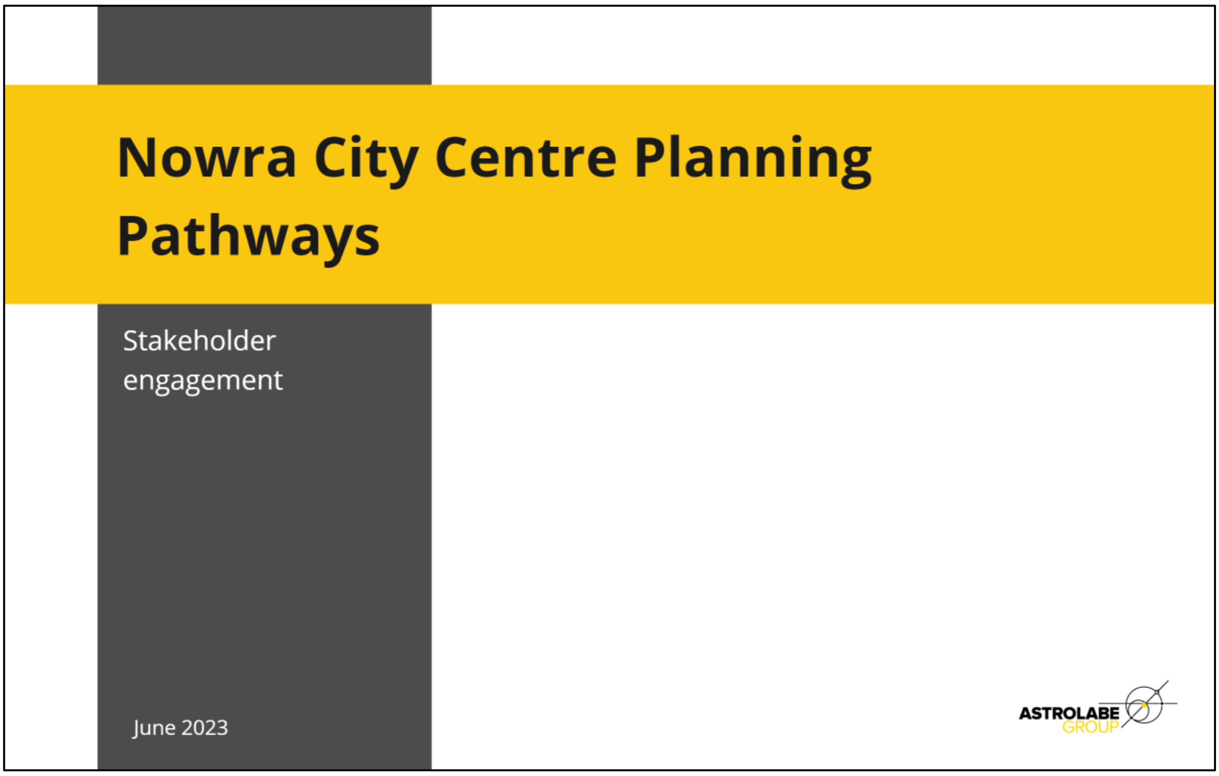
The LHD also suggested exploring mixed-use development options that are anchored by health-related uses on the lower floors, with residential uses above – this may also present an opportunity to provide ‘Step Down’ services in Nowra, that supports people who are recovering from a health crisis but do not require in-hospital care. These health-related moves could be particularly impactful in Nowra, as the communities in the surrounding catchment are amongst the most disadvantaged in the Illawarra Shoalhaven.

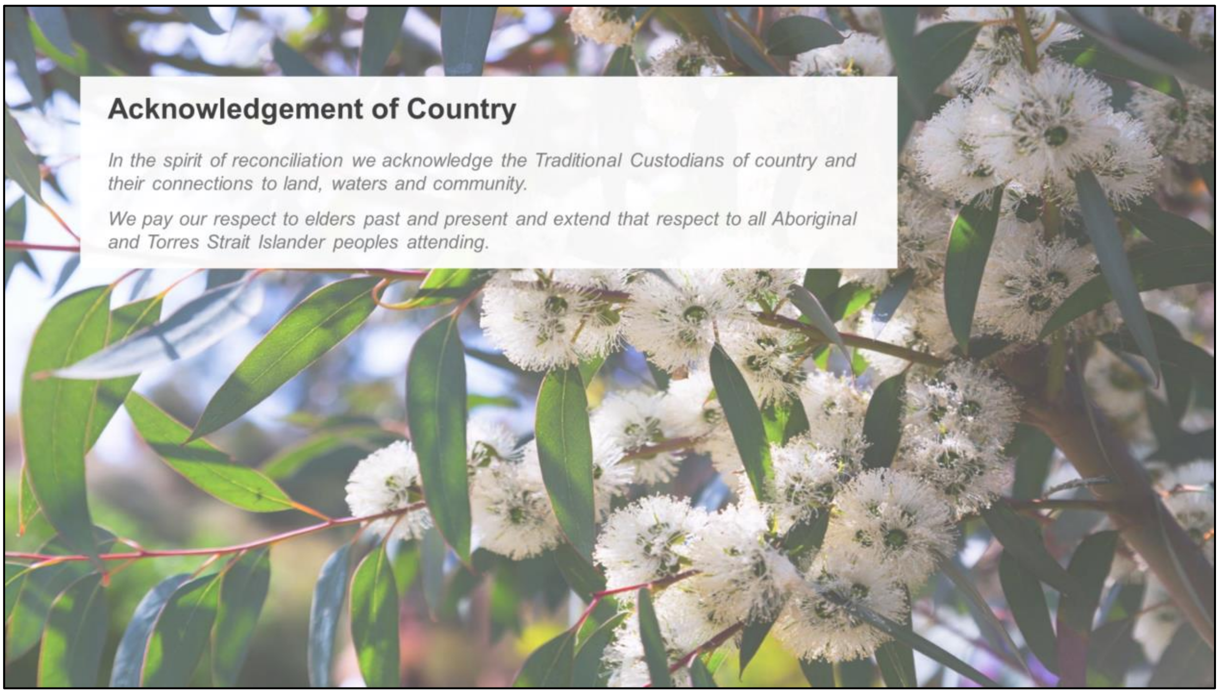
The Housing Australia Future Fund being established has the potential to subsidise affordable housing in the city centre. however it may be that options outside of Nowra are better suited for affordable and social housing. For example, community housing providers suggested that there are risks associated with higher density social housing developments, such as a concentration of anti-social behaviour. They also noted that developing in greenfield areas is generally preferred, as they are able to sell part of the site more easily, increasing feasibility for non-market housing products.

Attracting industry investment in Nowra should be targeted to industries with activities that run contrary to seasonal and tourism peaks, for example education and defence. This will enable more consistent activity throughout the year.

Appendix

The following slides were presented to stakeholders during each engagement session.





Agenda

- Introductions
- Project overview and engagement objectives
- Work done to date
- Discussion - what can be done to facilitate development?

Project overview and engagement objectives

Project overview

Context: Action 2 of the Illawarra Shoalhaven Regional Plan 2041 is to: *Develop a Nowra City Centre Strategic Roadmap to set a vision, identify actions and guide inter-agency and inter-government collaboration.*

This project forms part of the delivery of this action. Findings and recommendations from this piece will inform the development of the Strategic Roadmap.

Objective: Undertake an assessment of market factors, development feasibility and planning pathways in Nowra, to consider in developing recommendations for measures that would likely lead to investment and delivery of new development.

To achieve this objective, this project seeks to answer the following questions:

- What development does Nowra need?
- Why is development not occurring in Nowra?
- What can be done to facilitate development in Nowra?

Purpose of engagement

1. Present and validate findings of work done to date
2. What can be done to facilitate development?

Work done to date

What development does Nowra need?

The Illawarra Shoalhaven Regional Plan identifies Nowra as a Regional City, highlighting the following moves to activate and transform the City Centre:

- Renew and revitalise the public domain, create better access to open space and cultural facilities
- Bolster the urban lifestyle including a night-time economy
- **Encourage more people to live in the City Centre to create vibrancy and activity (also allowing people to live close to where they work)**

Work to date has highlighted:

- A need for more diverse and affordable housing in Nowra (for both sale and rent)
    - Multi-unit residential build-to-sell
    - Multi-unit residential build-to-rent
    - Mixed used multi-unit residential and commercial build-to-sell
    - Co-living
- Generally adequate retail and commercial floorspace in Nowra City Centre

Increasing residential development in alignment with the growth of industry in Nowra, will enable people to live and work in the City Centre. Growing the residential base and facilitating 'critical mass' will facilitate the next horizon of growth, as demand for services, retail and entertainment and leisure activities increases

Why is development not occurring in Nowra?

Why is development not occurring in Nowra?

Typology		Residential build-to-sell	Residential build-to-rent	Mixed-used residential and commercial	Co-living
Definition of development		Residential flat building	Residential flat building Shop top housing	Commercial premises Residential flat building Shop top housing	Co-living housing
Land use zone		MU1 – Mixed Use R3 – Medium Density Residential R1 – General Residential	MU1 – Mixed Use E2 – Commercial centre R3 – Medium Density Residential R1 – General Residential	MU1 – Mixed Use E2 – Commercial centre	MU1 – Mixed Use E2 – Commercial centre R3 – Medium Density Residential R1 – General Residential
Minimum site area		900 sqm	900 sqm	900 sqm	900 sqm
Floor Space Ratio		N/A	N/A	N/A	N/A
Height restriction (Figure 3)		12 - 20m	12 - 20m	12 - 20m	12 - 20m
Possible assessment pathways	Local development	✓	✓	✓	✓
	Regionally significant development	✓	✓	✓	✓
	Other considerations	N/A	Requires review from the State Design Review Panel before lodgement of State Significant DA	N/A	N/A

Why is development not occurring in Nowra?

Return by typology	Residential build-to-sell	Residential build-to-rent	Mixed-used residential and commercial	Co-living
Land at market rate	1%	5%	Loss	6%
Land at no cost	18%	6%	17%	7%

Strategic feasibility assessment - key assumptions and methodology

- Build-to-sell expected return: > 20%
- Build-to-rent expected return: 8% annual return
- Council and State contributions have been included as inputs
- Two construction cost sources: Developer advice and State Government Standards

Findings:

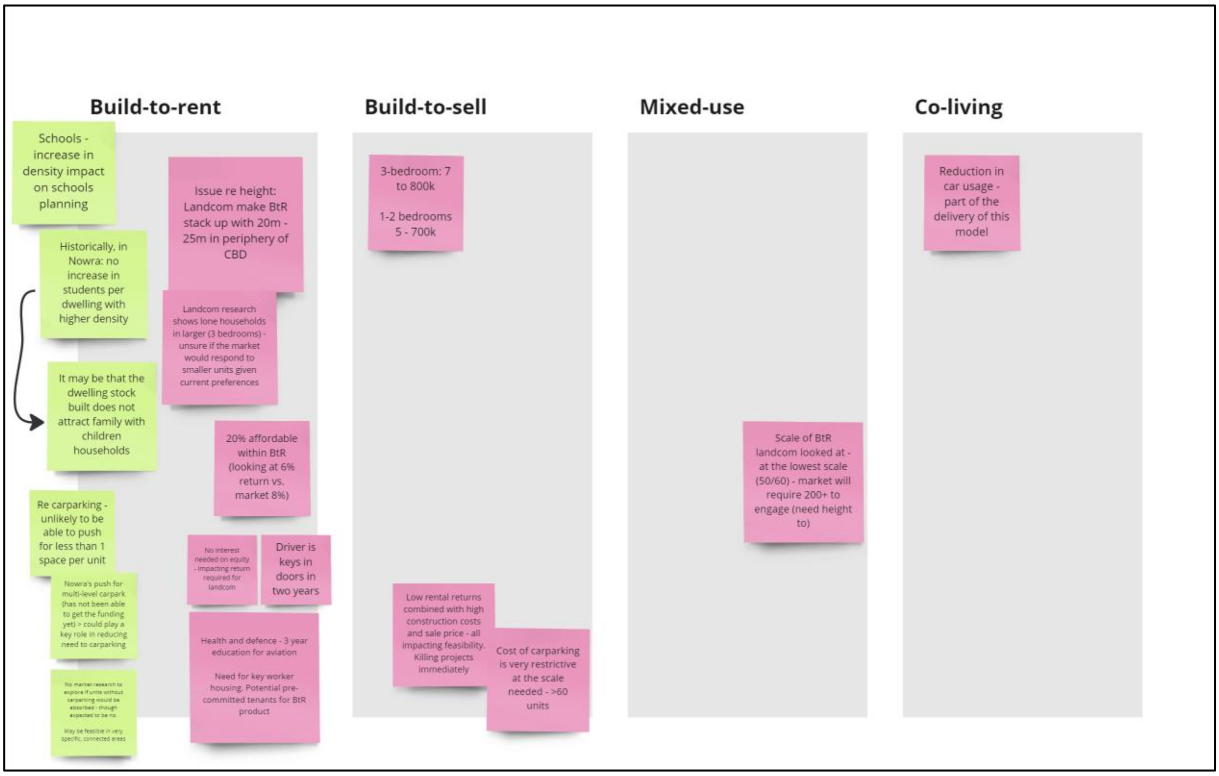
- Cost of land is a significant factor impacting feasibility - at market cost, return on development
- Increasing heights has a negligible impact on feasibility (delivery costs increase proportionate to sales)

Beyond feasibility / commercial factors

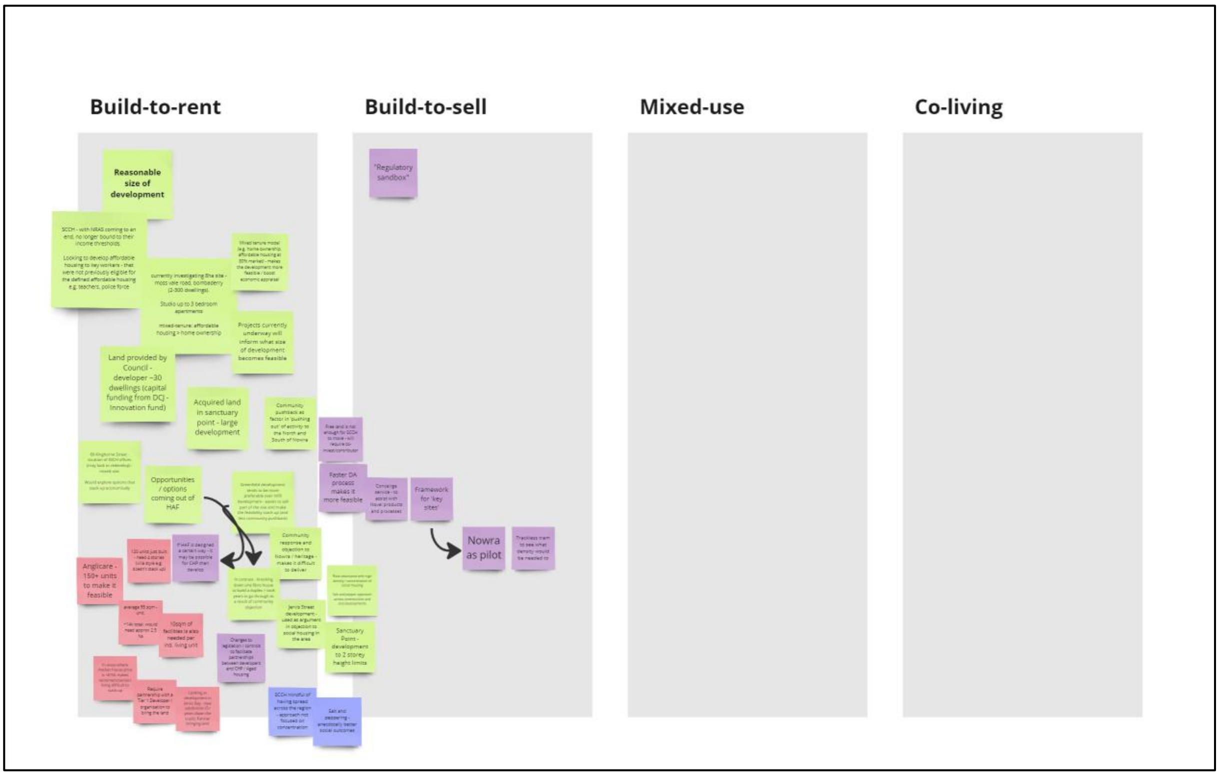
- Pre-sale requirements viewed as too risky to achieve in the Nowra market
- Without pre-committed tenants, the market is unlikely to deliver a build-to-rent typology at the scale required for feasibility
- Feedback received suggests that an absence of an FSR impacts developer confidence

The following slides highlight feedback and discussion captured during each session.

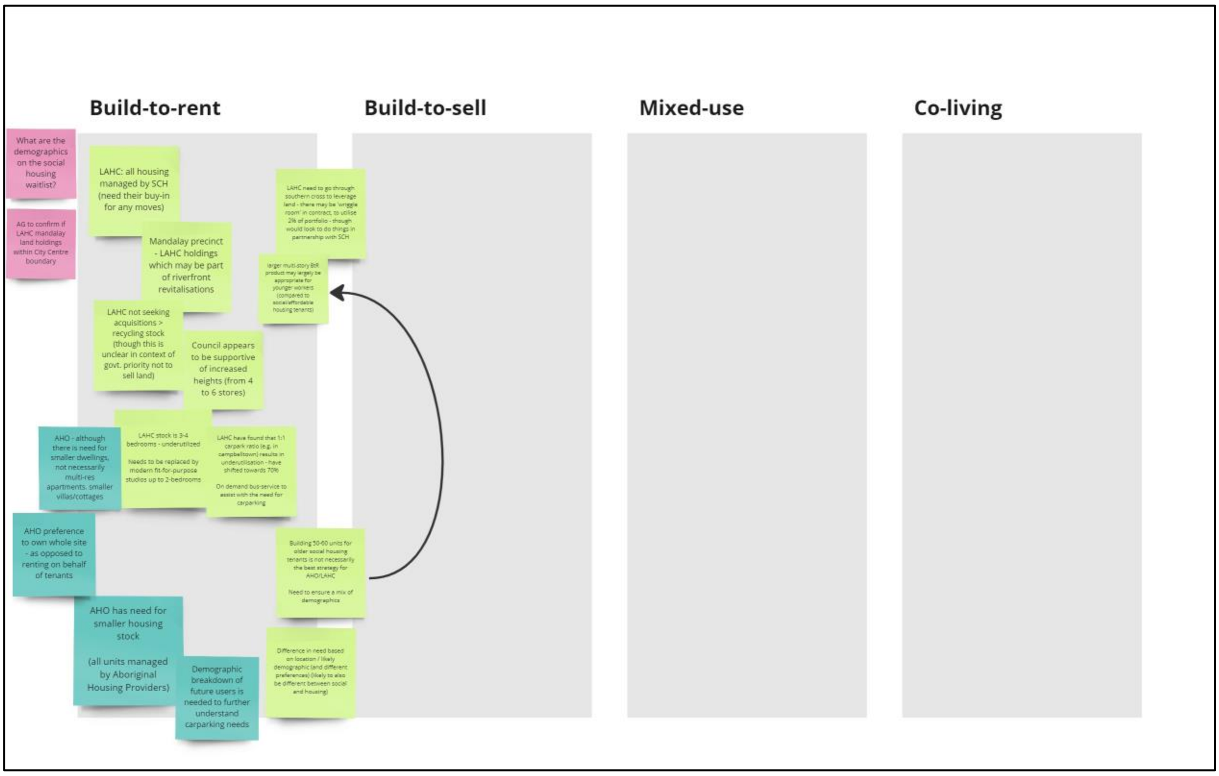
Government delivery agencies



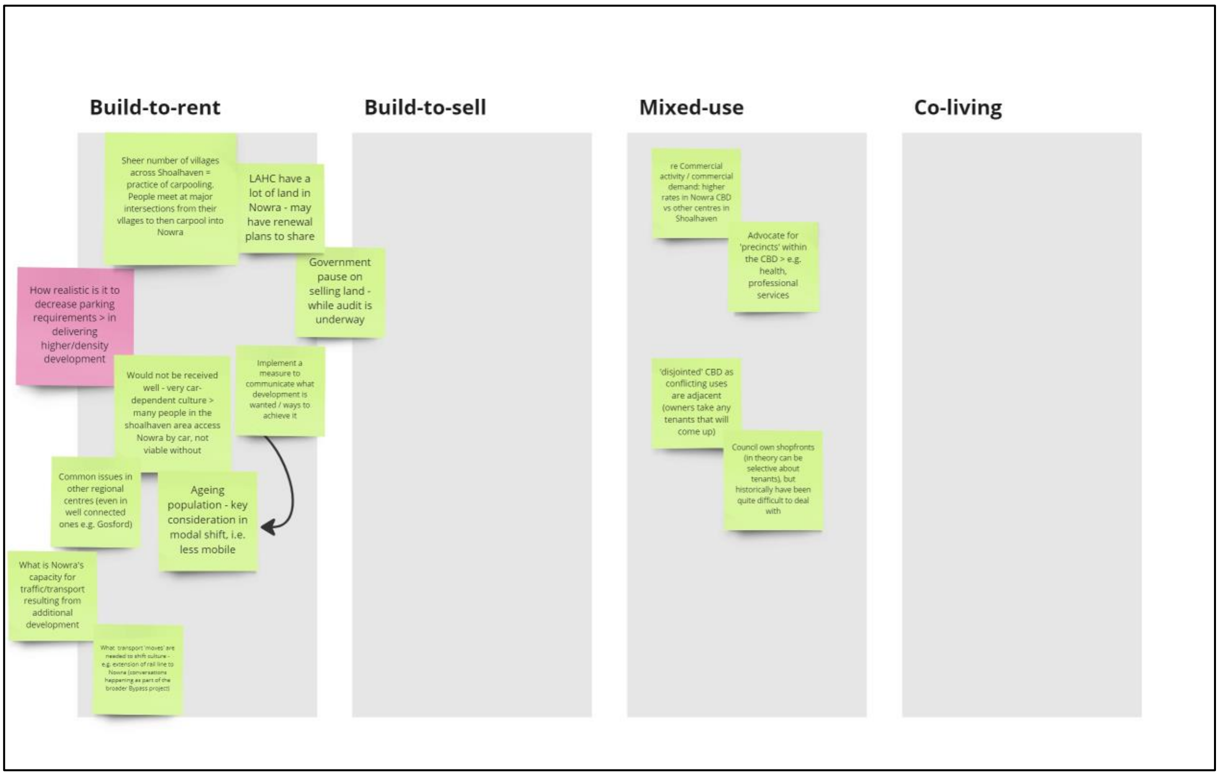
End-user: Community Housing Provider



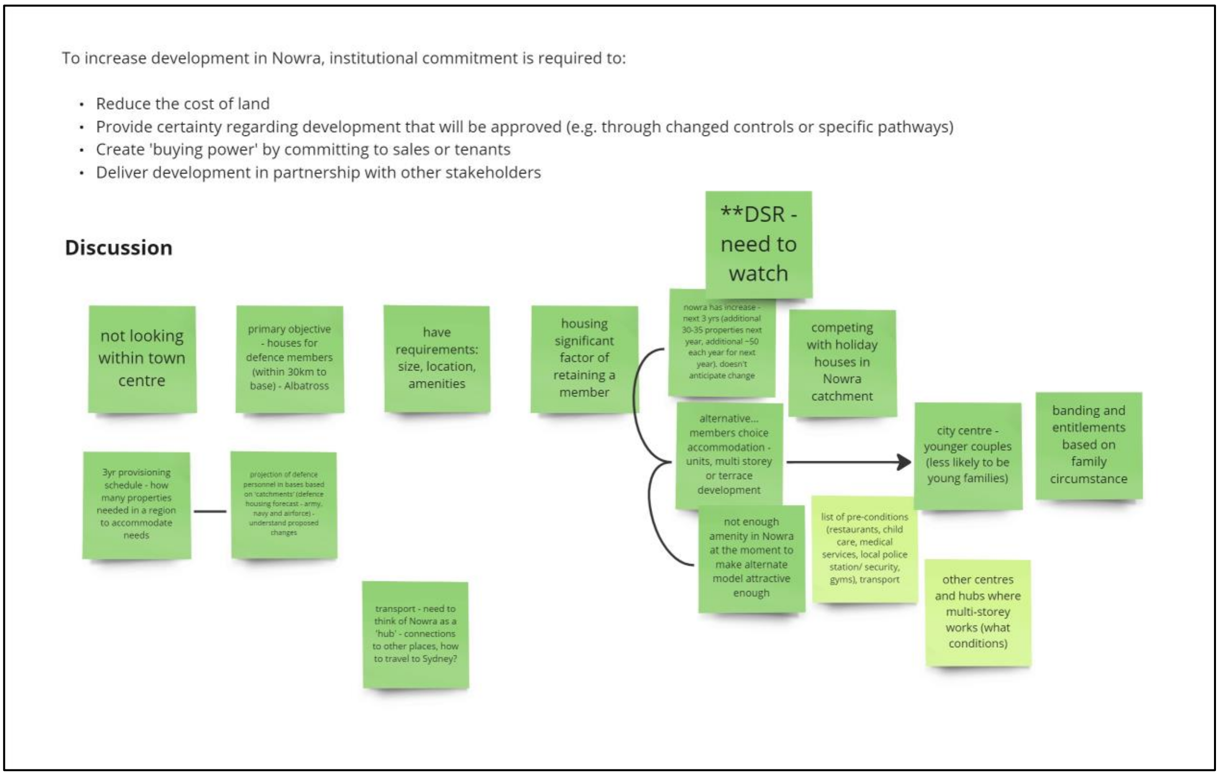
End-user: Government housing provider



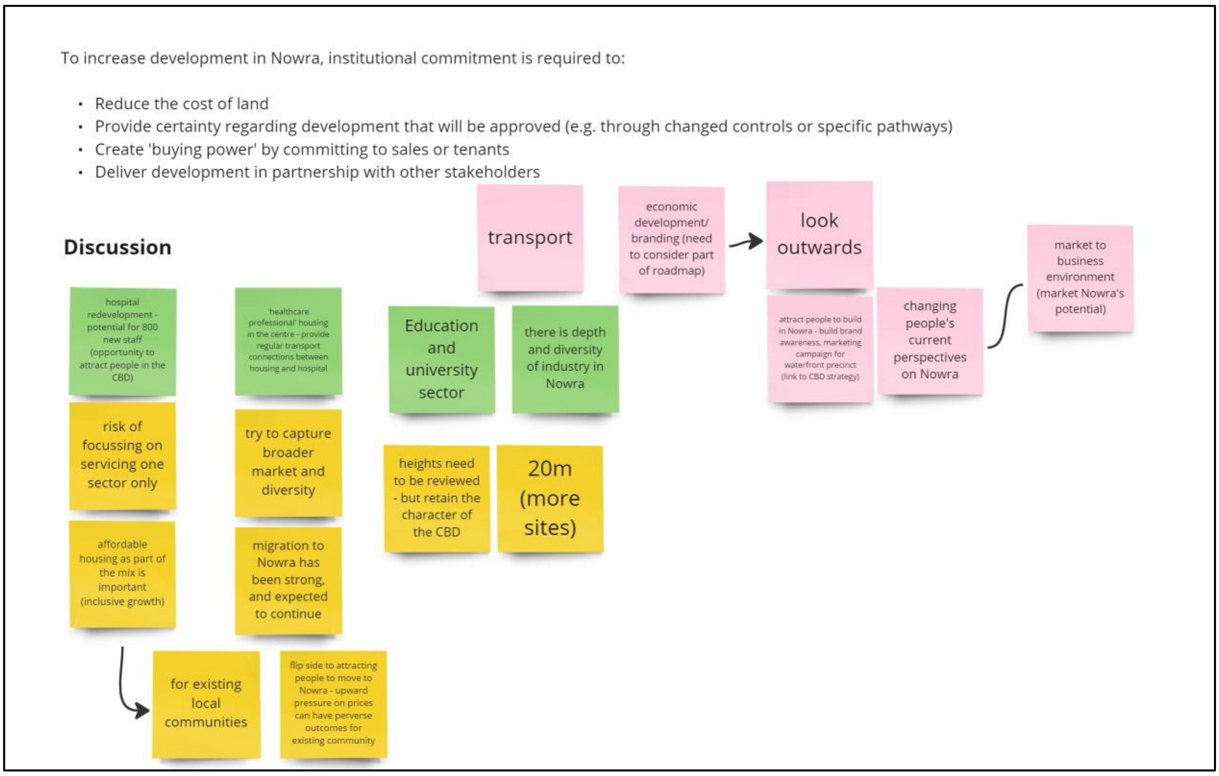
End-user: Commercial



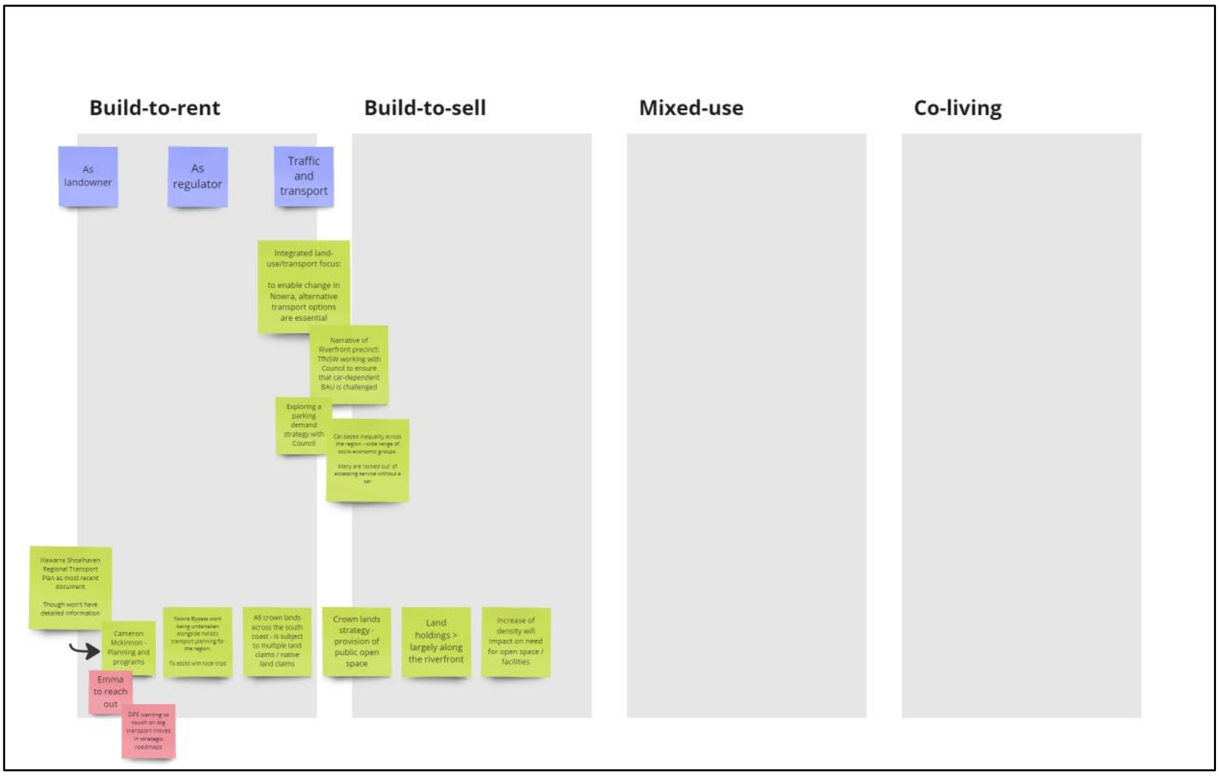
CBD Revitalisation Committee



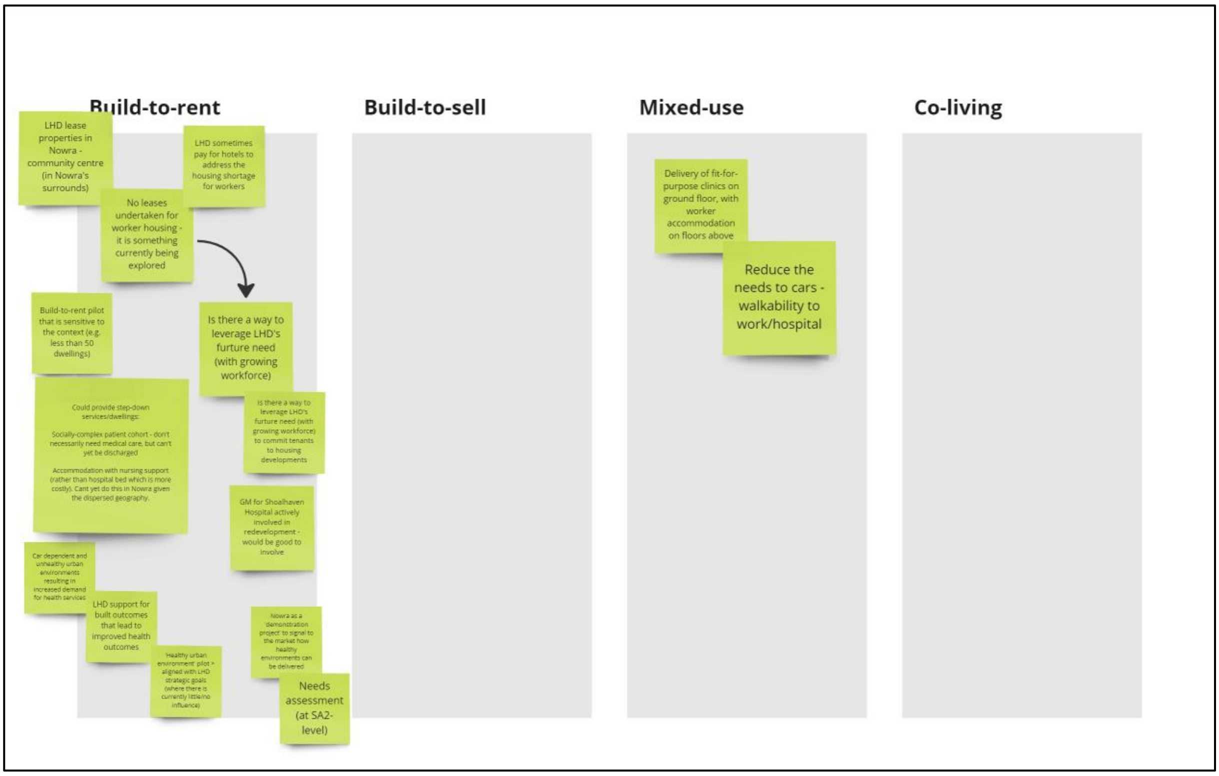
Defence Housing



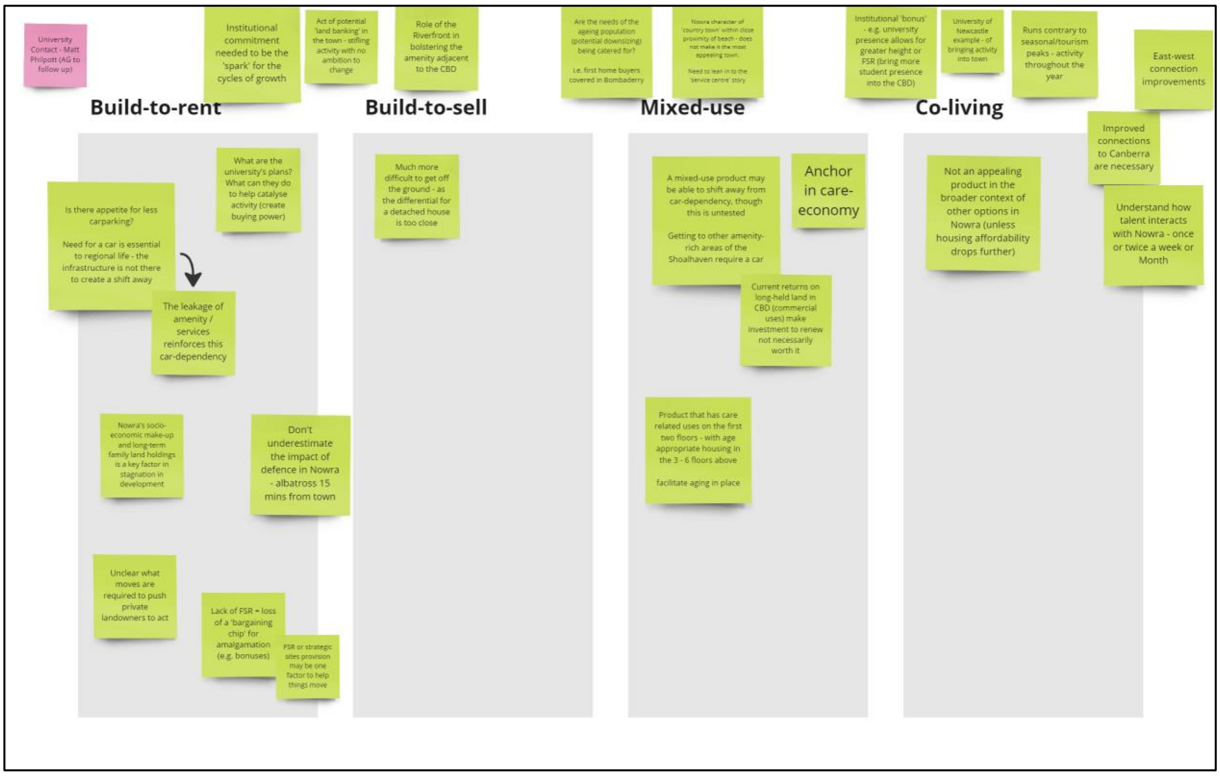
Government Landowners



Key Health Stakeholder



Peak Industry



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