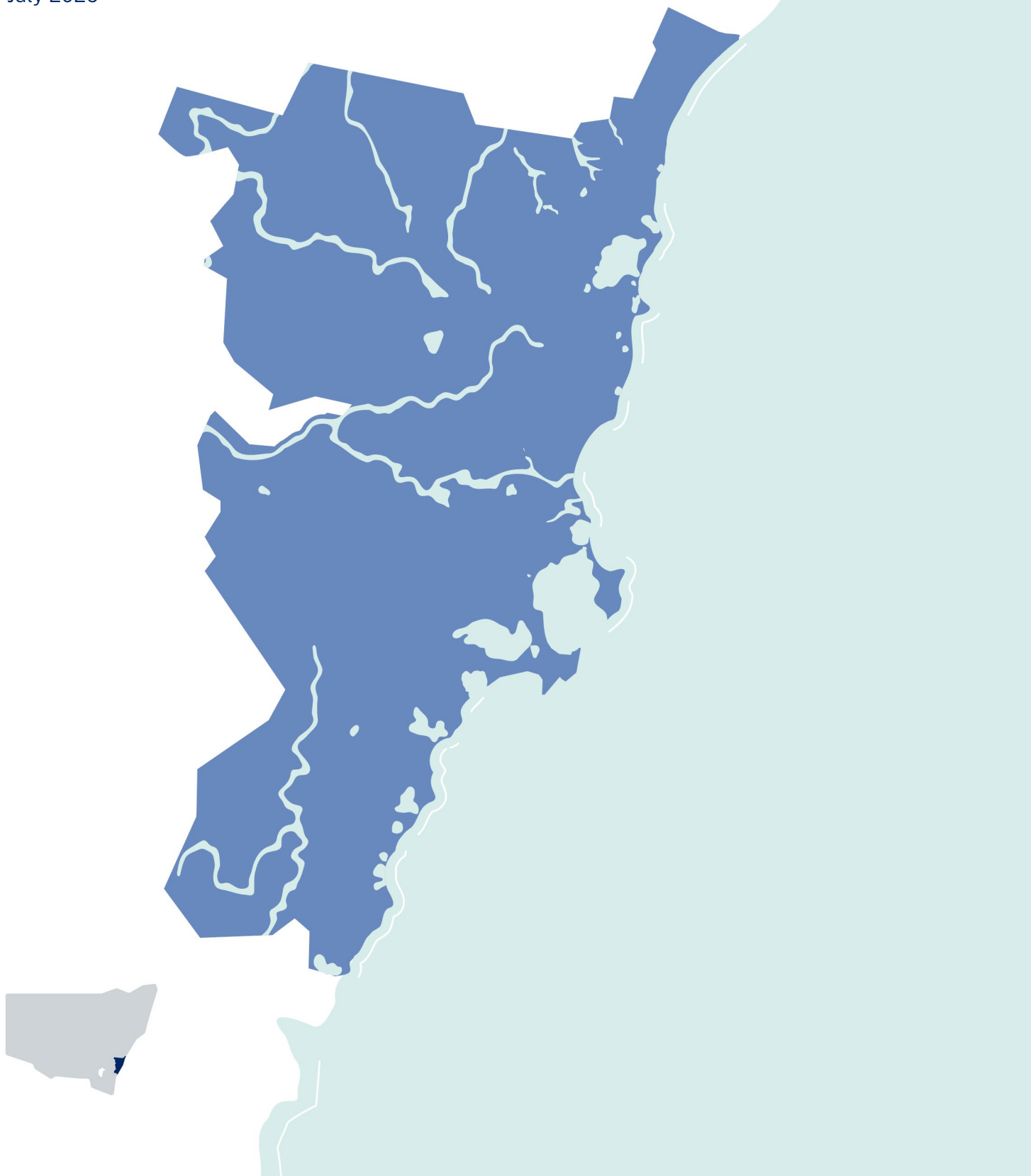


Appendix B: Urban Growth Area Policy

Illawarra Shoalhaven Plan

July 2026



Acknowledgement of Country

The Department of Planning, Housing and Infrastructure acknowledges that it stands on Aboriginal land. We acknowledge the Traditional Custodians of the land, and we show our respect for Elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

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Appendix B: Urban Growth Area Policy

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Introduction

Regional planning guides how population change is managed across the region and directs where new homes and jobs will be located.

The objective is for communities to have access to homes and jobs in well located areas, places that are safe and adaptable to a changing climate, with infrastructure to support liveability and productivity.

Urban growth areas (UGA) have been identified in high growth regions and local government areas across NSW to support coordinated planning for housing, jobs and infrastructure over the next 20 years.

The UGA identifies the land required to accommodate new housing and jobs demand, cumulative undersupply and potential higher than expected population growth over a 20-year time horizon. The UGA supports regional planning by providing a base to:

- align infrastructure planning and investment
- monitor housing and employment land supply
- prioritise intensified development or growth in suitable locations
- guide decisions about where and when new growth should occur.

The UGA helps protect other land uses by directing growth away from sensitive locations including important agricultural lands, areas of high environmental value and areas affected by natural hazards.

The mapped UGA consists of:

- **existing urban area:** areas with existing urban development including a mix of housing, commercial or employment lands and a range of infrastructure types such as schools and open space,
- **rezoned greenfield precincts:** greenfield areas already zoned for urban purposes but may be at different stages of delivery.
- **investigation areas:** greenfield and infill areas subject to investigation to determine the overall development potential, such as sites identified in an endorsed local strategy, active planning proposals or land that is suitable for investigation consistent with this regional plan. Inclusion in this category does not pre-empt the outcome of assessment, which may determine only a part or none of the site as being suitable for urban development.

The UGA contains enough identified capacity to accommodate the 20-year housing and jobs targets being over 100,000 new homes and 101,000 new jobs. This target goes beyond accommodating new demand to ensure there is enough planned, feasible capacity. This capacity includes a mix of development ready land, rezoned land requiring further infrastructure or constraint resolution, land progressing through statutory planning processes to determine zoned development footprint and longer-term investigation areas.

The Department will monitor housing and employment land supply within the UGA through the UDP and ELDP and regular regional plan reviews.

The UGA may need to be reviewed and updated to respond to changes in population growth, housing demand, infrastructure investment and delivery, market conditions, natural hazards and strategic planning priorities.

Councils will need to regularly review local strategies and planning controls to ensure there is sufficient planned and feasible capacity for housing and jobs in each local government area.

Where additional land is required to meet future housing and employment needs, the Department will consider opportunities to increase capacity within the existing UGA, then consider investigation areas identified in local strategies against the Urban Growth Criteria including in this appendix.

Minor inconsistencies to correct mapping anomalies will not require a review of the UGA and should be directed to the Department for resolution.

Defining the urban growth area

Existing urban area

The existing urban area in the Illawarra Shoalhaven region covers the current developed areas across mapped urban zones in local environmental plans:

- R1 General Residential
- R2 Low Density Residential
- R3 Medium Density Residential
- R4 High Density Residential
- E1 Local Centre
- E2 Commercial Centre
- E3 Productivity Support
- E4 General Industrial
- E5 Heavy Industrial
- MU1 Mixed Use
- SP1 Special Activities*
- SP3 Tourist*
- SP4 Enterprise*
- RE1 Public Recreation*
- RE2 Private Recreation*
- W4 Working Waterfront

** Included where proximate to other zoned land in the existing urban area.*

Land in a rural zone, a conservation zone or large lot residential zone is not considered urban land for the purposes of urban growth. Not all urban land is suitable for development or intensification of development, and all proposals are subject to detailed investigations to assess site specific risks, constraints and development capacity.

The existing urban area has sufficient capacity to accommodate significant infill development and urban renewal in the region.

Rezoned greenfield precincts

These areas represent the greenfield housing and employment land supply for the region. Of the greenfield housing precincts, approximately 11,000 dwellings are development ready and are either under or are progressing into construction. Approximately another 37,000 remaining dwellings could be realised under this category, but require matters to be resolved, predominately regarding infrastructure provision or biodiversity approvals.

Investigation areas

Investigation areas identified in an endorsed local strategy or progressing through a statutory planning process for a land use change, have been included within the UGA. Inclusion in this category does not pre-empt the outcome of assessment, which may determine that none or only a small part of the area is suitable for development. Zoned development footprints of these sites are expected to be refined during the rezoning process, and the UGA will be amended to reflect this.

Analysing the housing and employment supply pipeline

An audit of land has been completed for all five LGAs which considered the status of housing areas in the planning system and what barriers need to be overcome before development. This helps to give an understanding of the pipeline of land supply for housing. This process looked at Council Local Strategic Planning Statement's, Local Housing Strategies, Rural Lands Strategies and Settlement Strategies to identify land that has been identified for urban development over the 5, 10 and 20 year periods.

Where available, information collected as part of the urban development program has been applied to inform the land mapped in the housing supply pipeline.

A similar exercise was undertaken for employment lands drawing from local employment lands strategies and the employment lands development monitor to understand vacant and developed land, as well as locations that had been strategically identified for future supply.

This information helps to understand how much land is planned for over different time periods to identify where planning interventions or pathways were required.

Validation

Councils were consulted during the development of the urban growth area, particularly the analysis to determine what land is included. This process allowed for additional information to be collected and applied to refine and adjust the urban growth area, based on local strategic planning.

The Urban Development Program (UDP) will be the forum for Councils to inform future audits of the housing supply pipeline. Information received through this process will guide the analysis and any implications for the planned feasible capacity in the UGA.

Councils were also engaged about the categorisation of industrial land and the assessment undertaken using the criteria established in the Statewide policy for Industrial Lands.

Monitoring, review and update of the UGA

The UGA will be reviewed every five years, consistent with the review timeframe of the Plan.

Other processes may trigger an earlier review of the UGA. These may include, but are not limited to:

- Major investment in National, State or regionally significant infrastructure following a government decision
- Updates to NSW Government policies and datasets, including disaster adaptation planning
- Industry changes and other market factors such as rapid population increases or completion rates.

The Department will work with councils and agencies to determine the most appropriate locations for focusing growth and intensification, which may involve amending the UGA, based on data and evidence. Changes to market demand, investment decisions, connectivity catchments, existing service capacity and natural hazard and asset data will guide better decisions about locations for additional urban growth.

Short to medium term delivery

While the UGA identifies land required over a 20-year timeframe, priority areas are identified that focus on short-medium term delivery, particularly in the next 0-10 years.

Over the next 5 years, the Department will work with councils to focus on this short-medium term delivery through actions to:

- streamline planning pathways for development ready land through the Housing Delivery Authority and planning reforms.
- prioritise well-located infill, renewal and greenfield areas with access to infrastructure and services to increase feasible housing supply.
- define minimum density targets for priorities areas which set clear expectations of development outcomes.
- coordinate infrastructure and resolve key constraints to support housing delivery this includes aligning future iterations of the Infrastructure Opportunities Plans to priority areas to accelerate housing and jobs delivery.
- prepare a greenfield infrastructure sequencing plan to ensure rezoned greenfield precincts and short-medium term investigation areas are delivered in an optimal and logical order.
- progress statutory planning processes for identified investigation areas
- complete State Led Rezoning or State Assessed Rezoning Proposals in identified locations.

Local strategies

Councils' local strategies are an important component of strategic planning.

Based on available planning capacity in the UGA and the focus on infill development to maximise infrastructure and services, local strategies will continue to evolve. Local housing strategies, which previously focused on new sites will now focus on transforming existing capacity into diverse, affordable and resilient supply. Councils are encouraged to continue aligning infrastructure planning, natural hazard and assets work into unlocking this supply.

Local strategies are to be prepared consistent with the strategic outcomes listed in the Plan and are to be adopted by council. Councils should leverage and grow existing capacity, demonstrating how and where greater levels of density can be achieved.

There is variance in housing market demand areas across the region. Certain housing markets may require longer term supply options, while other housing markets have over capacity within the pipeline. Potential new areas for intensification or long-term greenfield development that align with the Plan and broader policies will need address the **Urban Growth Criteria**. Investigation areas that are yet to be rezoned should be reviewed against current policies, data and strategic analysis to determine if still appropriate.

When preparing local strategies, existing planning capacity should be looked at to determine if the capacity within the UGA is constrained or not feasible.

Urban growth criteria

The following table sets out clear criteria to determine how, where and when new urban growth is directed. It increases the standard of what constitutes acceptable growth.

The table is to be used to guide:

- State led or state assessed rezoning proposals
- Housing Delivery Authority applications
- Rezoning reviews
- Preparation of local strategies
- Assessment of any long-term investigation areas

Urban growth area criteria	
Policy	Urban growth and change needs to: • be consistent with the strategic outcomes in the Illawarra Shoalhaven Plan and the intent of any applicable Section 9.1 Directions, State Environmental Planning Policies, • be consistent with the urban growth management framework and strategic intent of an adopted council strategy, • be contiguous with the existing urban area, and • not undermine or conflict with the delivery of priority areas.
Demonstrated need	Proposals for new state-led greenfield development not identified in the Plan or an endorsed local strategy must demonstrate that existing capacity within the urban growth area is insufficient to meet short-medium term housing or employment land needs.

	Proposals must also consider whether: • the existing housing supply pipeline provides sufficient diversity of housing types, densities and price points • housing needs can reasonably be met in locations with access to jobs, services, transport and infrastructure • there is sufficient development ready and feasible capacity within the existing urban growth area • the proposal addresses an identified shortage of employment land, specifically land uses or strategic industry needs • the proposal would result in more efficient sequencing of infrastructure or servicing.
Deliverability	The proposal is unconstrained, preferably in single ownership, and for alternative pathways such as the HDA, state led or state assessed rezoning proposals, capable to deliver outcomes in the short term.
Infrastructure	Any proposal for land use change not within the current sequencing pipeline, must justify why the site should be brought forward ahead of, or in addition to, identified land in the UGA. This may include: • the proposal optimises investment in infrastructure in adjoining urban areas • the proposal leverages existing or committed infrastructure and represents more efficient outcomes than alternative sites in the urban growth area • providing infrastructure and services will not negatively impact land within the current sequencing pipeline • the proposal has an acceptable cost to state or local government • the proposal demonstrates commensurate public benefits through essential and social infrastructure, relative to the size of the proposal.
Environmental and heritage	The proposed land use change avoids or can appropriately minimise or offset impacts to any areas of high environmental value and water quality sensitivity, riparian land or of Aboriginal and non-Aboriginal heritage. The proposal protects land that meets the High Environmental Values criteria with the intent of expanding and or protecting regional biodiversity corridors.

Avoiding risk	Risks associated with physically constrained land are identified, appropriately managed and considers applicable climate change scenarios related to the following hazards and urban impacts: • flood prone land, • bushfire-prone land, • land to be impacted by sea level rise and related coastal hazards • unacceptable heat areas, • land contamination, • highly erodible, severe slope and land stability, and acid sulfate soils.
Land use conflict	The proposal must be appropriately separated from incompatible land uses and have no impact on agricultural activities and identified important farmland, sewerage treatment plants, waste facilities and productive and heavy industry.
Aboriginal land	Land that is included in a strategy and is consistent with the objectives of a Community Land and Business Plan is to be considered as a minor variation.

Department of Planning, Housing and Infrastructure

Locked Bag 5022
Parramatta NSW 2124
W: dphi.nsw.gov.au
