Draft Rural Living Strategic Directions

February 2019

bega valley shire council

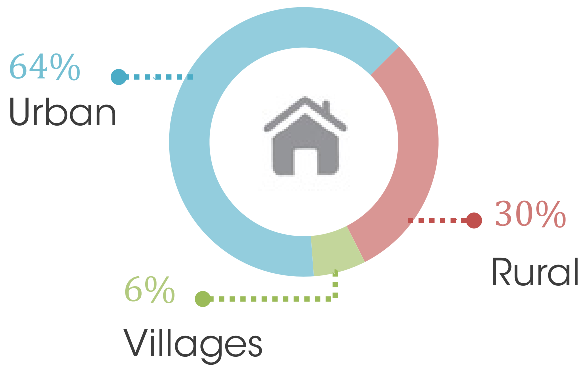
Contents

Introduction

Rural living is an increasingly popular lifestyle choice for existing Bega Valley Shire residents and for people moving to the Shire. With over 33% of the Shire's population and 31% of the Shire's area, the rural parts of the Shire require a renewed focus to ensure that the various economic, environmental and social values of our extensive rural areas are appropriately considered when making major land use planning decisions. This study aims to provide a clear direction for the planning and development of our rural catchments and villages for the next 25 years.

Bega Valley Shire at a glance.........

National Park and State Forest	Urban, Commercial and Industrial	Rural	Rural Residential	Public Open Space	Environmental
66%	0.5%	30.7%	1%	0.2%	1.6%



Study Objectives

The objectives of this study are to:

- Provide strategic direction for the provision of rural living opportunities in the Bega Valley Shire
- Assess the current supply and demand of rural residential and rural lots on a catchment basis
- Identify where the supply of rural residential development opportunities is sufficient to meet long term demand of 20 years or more
- Investigate the distribution of the existing supply of vacant and underutilised rural residential zoned land and review suitability for further subdivision

- Identify future growth areas and provide the strategic justification for rural residential development in areas where additional supply is required
- Ensure that new rural living opportunities are centred around existing infrastructure and do not compromise the Shire's agricultural or environmental values
- Support the sustainability of rural villages, their economies and communities
- Provide a direction for the future development of the inland villages of Cobargo, Candelo, Wolumla and Bemboka
- Identify areas for expansion of existing village boundaries and ensure that the potential for growth of the villages is not limited by rural residential development

Strategic Approach

This report takes a likelihood approach to the assessment of development potential and land supply. It is based on the following key assumptions:

- Rural residential living will continue to be a popular lifestyle choice for existing residents and new arrivals.
- Our villages will become increasingly important sources of rural living opportunities due to their available land supply, relatively high coastal housing prices and lifestyle choice.
- The majority of development potential in the former 1(c) Rural Residential Zones was exhausted during subdivision under the provisions of previous development controls.
- People have moved to rural areas for lifestyle, amenity and extra space and are therefore unlikely to want to subdivide and loose these benefits of rural living.
- There is a low likelihood of 1 into 2 lot subdivisions, due to location of existing dwellings and infrastructure, onsite sewage requirements, natural hazards and other physical constraints. As such this potential has been discounted.
- Due to the presence of existing dwellings and environmental constraints, theoretical supply from rural residential lots has been discounted by 25%.
- Major operating dairy and beef farms have large numbers of approved, but not yet created concessional lots, which are unlikely to be developed whilst farming operations are still occurring.
- Due to the uncertainty as to when lots will be released for sale, the theoretical supply from the remaining undeveloped concessional lots is not included.
- Due to the difficulty in distinguishing lots over 10ha in size in general rural zones with dwelling entitlements potential vacant supply from these lots are not included in this study.

The Need for Strategic Direction

Bega Valley Shire has a unique opportunity to provide a clear strategic direction for the future growth and management of our rural areas. In comparison to other rural coastal areas, Bega Valley Shire has a relatively small growth rate of 0.6% (2007 – 2017 annual average). The majority of rural areas have not been impacted by rural living development and as such we have the opportunity to ensure that the important productive, environmental and landscape attributes of our rural areas are protected and appropriately planned for.

The legacy of previous land use planning policy, both State Government and at a local Council level, have in some cases resulted in poorly located rural living opportunities. These planning decisions have contributed to land use conflicts, extension of Council's infrastructure network and people being remote from existing services such as schools, shops and recreational opportunities.

Council often receives enquiries about rural living development opportunities. The lack of an adopted Strategy to provide direction for the development of these areas, has resulted in uncertainty for land owners and developers and caused significant delays in the processing of development and zoning requests for our rural areas.

It is important to provide a clear vision for the future of our rural areas. Demand for housing outside of Bega and other major urban centres is also driven by the character and charm of the smaller villages in the catchments, largely based on the intact heritage character of their main streets, which attracts slow but steady population growth.

The Shire's smaller villages will need room to expand in a low-key, incremental way over the next 20 - 30 years, particularly if the affordable housing options in the major centres become increasingly rare. To ensure our inland villages can expand their urban land, future planning directions must ensure that the release of rural residential land does not sterilise or totally surround the urban edge of villages.

The question raised becomes - is it desirable to rapidly expand the amount of rural residential land around existing towns, or is it better to have a mix of encouraging an expansion of village zoned land, in-fill village/town development and incrementally increase the amount of rural residential land?

Wolumla (pop. 394), Kalaru (pop 708), Candelo (pop. 420) and Cobargo (pop. 440) and possibly Bemboka (pop. 320) are considered to be where most future demand for village living will occur due to their proximity - within 30 minutes or less driving time - to the major urban centre of Bega.

Candelo, Cobargo and Wolumla were all converted to pressure sewer over the past several years, largely for environmental health reasons. As a result, these three inland villages have been identified as having more capacity for future urban expansion.

Expanding villages with defined urban/rural boundaries protects rural landscapes which are valued as a part of the scenic character of the Shire. Poorly located rural residential land has the potential to impact the rural landscapes which surround the Shire's inland villages.

Council's role is to achieve a balance between the demand for and supply of rural residential land and village housing by providing sufficient rural residential living opportunities and avoiding potential negative impacts of this development type.

This strategy aims to help Council manage future rural residential and village development in an informed and sustainable manner and will guide future rezoning and lot size amendments to the Bega Valley Local Environmental Plan 2013.

Scope of the Study

This study examines all rural areas and villages outside of the major urban areas of Bermagui, Bega, Tura Beach, Merimbula, Pambula, Pambula Beach, South Pambula and Eden. The Strategy examines the various components that contribute to land supply in our rural areas and evaluates demand for rural living opportunities in this large and geographically diverse part of our Shire.

Rural living supply and demand issues are examined broadly on a whole of Shire basis and are more closely examined at the individual rural catchment level. For the purposes of this strategy Council has broken the Shire up into a number of "catchments", which represent a logical geographic or topographical clustering of localities around a village or towns (See Figure 1).

The catchment approach recognises that the Shire's different rural areas have unique characteristics and relationships with their nearby town or village and that these catchments are in effect different "markets", when it comes to people choosing where to live.

The viability of our smaller villages is closely linked to their surrounding rural catchment. This catchment based distinction is essential when examining rural living supply and demand and providing Council and the NSW Government sound data and recommendations on which to base future planning decisions.

The Candelo Catchment provides an example of the approach taken in this strategy. The Candelo Catchment surrounds the village of Candelo and comprises a number of rural localities. Localities were chosen as a basis for the study as they are used by the ABS for data collection purposes.

Figure 1: Example of "catchment" based around Candelo

Rural Catchments

For the purposes of this study the rural localities within the Shire have been divided into 14 catchments based on local service centre/s, major road networks and the distribution of rural residential zones. These catchments and the localities within each catchment are listed in Table 3 and Figure 2 shows the location of the catchments.

Table 1: Rural catchments and localities

Catchment	Localities
Bega	Angledale, Bega, Blackrange, Brogo, Buckajo, Coopers Gully, Dr George Mountain, Frogs Hollow, Greendale, Jellat Jellat, Kingswood, Numbugga, Reedy Swamp, Stony Creek, Tarraganda
Bemboka	Bemboka, Greenlands, Morans Crossing, Steeple Flat, Yankees Creek
Bermagui	Barragga Bay, Bermagui, Coolagolite, Cuttagee, Murrah, Wallaga Lake
Candelo	Candelo, Kameruka, Kanoona, Mogilla, Myrtle Mountain, Tantawangalo, Toothdale
Cobargo	Cobargo, Dignams Creek, Wadbilliga, Wandella, Yowrie
Eden	Boydtown, Eden, Nethercote
Merimbula	Bournda, Merimbula, Millingandi, Tura Beach, Yellow Pinch
Pambula	Bald Hills, Broadwater, Greigs Flat, Lochiel, Pambula, Pambula Beach, South Pambula
Quaama	Quaama, Verona
Tathra	Chinnock, Kalaru, Mogareeka, Nelson, Tanja, Tathra, Wallagoot, Wapengo
Towamba	Burragate, Nullica, Nungatta, Nungatta South, Pericoe, Towamba, Wog Wog
Wolumla	South Wolumla, Wolumla
Wonboyn	Edrom, Kiah, Nadgee, Narrabarba, Timbillica, Wonboyn, Wonboyn North
Wyndham	Cathcart, Coolangubra, Devils Hole, Mount Darragh, New Buildings, Rocky Hall, Wyndham

Figure 2: Catchment areas

Strategic Directions for Rural Living

South East and Tablelands Regional Plan 2036

Direction 28 of the South East and Tablelands Regional Plan 2036 (Regional Plan) provides the following actions for managing rural lifestyles within the region.

- Enable new rural residential development only where it has been identified in a local housing strategy prepared by Council and approved by the Department of Planning and Environment (Action 28.1)
- Locate new rural residential areas:
  - close to existing urban settlements to maximise efficient use of existing infrastructure and services including roads, water, sewer and waste services, and social and community infrastructure
  - to avoid and minimise potential for land use conflicts with productive, zoned agricultural land and natural resources
  - to avoid areas of high environmental, cultural and heritage significance, important agricultural land and areas affected by natural hazards (Action 28.2)
- Manage land use conflict that can result from cumulative impacts of successive development decisions (Action 28.3)

Each Local Government Area has specific local area narratives in the Regional Plan. The following housing principles are included in the Bega Valley Shire narrative:

- Ensure residential growth in the coastal zone does not impact Bega's natural advantage
- Consolidate rural residential growth in high demand catchments near existing developments and infrastructure
- Implement long-term development plans for the Shire's villages

Bega Valley Shire Community Strategic Plan 2040

The Bega Valley 2040 Community Strategic Plan includes the following outcomes, goals and strategies relating to rural settlement:

Outcome 3: Sustainable Living

> Goal 5: Our air and water is pristine and our natural environment and rural landscapes are protected.
>
> > Strategy 11: Ensure land use planning and resource use protects the quality of the natural environment, the existing character of rural landscapes and the high value agricultural land.

Outcome 4: Liveable Places

> Goal 8: Our places retain their character and scale [and] development is well planned.
>
> > Strategy 20: Encourage and support local identity, heritage and character in our towns, villages and rural areas.

As such, Council's aim with regard to rural residential living is to ensure there is sufficient supply in areas that:

- are close to existing service centres
- are outside the coastal zone
- avoid potential land use conflicts
- do not have high environmental, cultural or heritage significance
- do not significantly impact the existing character of rural landscapes
- are not important agricultural land
- are not significantly affected by natural hazards

Rural Living Opportunities

There are three predominant rural living opportunities in the Bega Valley Shire; Rural, Rural Residential and Village

Rural

Rural living opportunities comprise farm houses, historically created rural lots and lots created under the former concessional lot scheme. These living opportunities are scattered throughout the various rural catchments and represent a substantial part of the rural housing land supply.

Residential development is permitted in the following “Rural Zones” - RU1 Primary Production, RU2 Rural Landscape and E3 Environmental Management zones where the minimum lot size is 120ha. In this strategy such land is considered as ‘general rural zones’. Although the primary purpose of the general rural zones is for agricultural production, residential development is permitted in some circumstances in these zones.

Bega Valley Local Environment Plan 2013

Bega Valley Local Environment Plan 2013 (BVLEP 2013) Clause 4.2A ‘Erection of dwelling houses on land in certain rural, residential and environment protection zones’ applies to land in the RU1, RU2, RU4, R5, E3 and E4 zones. The clause permits residential development on lots which meet the minimum lot size as specified on the BVLEP Lot Size Map in relation to the land.

The clause also permits the erection of a dwelling on vacant land smaller than the minimum lots size provided certain criteria are met. In the rural zones the main impact of Clause 4.2A is with regard to the following:

Concessional and Interim Development Order (IDO) lots

Concessional lot subdivision provisions existed in the Bega Valley Shire from 1987 until 2008. These provisions permitted the creation of lots between 2 and 10 hectares for the purpose of dwellings in the 1(a) Rural General Zone. Concessional lots were created from intact existing holdings or from the largest part of an existing holding in a single ownership. The number of concessional lots that could be created was determined by the area of the existing holding. Concessional lot subdivisions were often staged.

Prior to 1987, three Interim Development Orders (IDOs) were in operation. Dwelling entitlements and lot sizes for rural subdivision in these IDOs varied between areas and over time, however, they did result in the creation of a number of lots in the rural zones which are between 2 and 10 hectares for the purposes of a dwelling.

BVLEP 2013 currently includes provisions to enable the approval of the erection of a dwelling on both vacant concessional lots and vacant lots created for the purposes of a dwelling under an IDO. For the purposes of this study both types of lots are referred to as concessional lots.

Vacant supply of lots in general rural zones that are over 10ha in size are not included in this study due to the difficulty in distinguishing lots with dwelling entitlements and the potential for larger lots to be used primarily for agricultural uses rather than exclusively rural residential use.

Existing and Original holdings

An existing holding is the land that was owned by a person/s on 7 January 1966 even if there has been a change in the ownership. Council recently amended BVLEP 2013 to recognise vacant, intact, existing holdings. These parcels are now referred to as ‘original holdings’. BVLEP 2013 currently includes provisions to enable the approval of the erection of a dwelling on vacant intact or substantially intact Original Holdings as identified on the BVELP 2013 Original Holdings Land Map.

Rural Residential

Rural residential development was previously located within the former 1(c) Rural Residential Zoning. The former 1(c) zones were put in place in 1987 and many cases were not the result of a strategic land use study or did not represent the ideal locations for rural residential development. Despite some of the geographic and environmental challenges of some of the 1 (c) areas they have been a popular style of rural living throughout the Shire.

With the advent of BVLEP 2013 the former 1 (c) zones were transitioned into R5 Large Lot Residential or E4 Environmental Living. The new LEP has some areas of E3 Environmental Management and RU4 Primary Production Small Lots zones that represent another form of rural residential development.

Villages

Our rural villages remain a vital part of the Bega Valley community and provide varied living opportunities and environments. Each of our villages has its own unique character resulting from its history, landscape setting, development styles and the community themselves. A substantial percentage of our population live in our villages and they remain an attractive and popular lifestyle choice for many existing and new residents.

Within each of our villages there remains a supply of immediately developable vacant land or lots.

Like the Shire as a whole, our villages have a relatively low growth rate. However, it is expected that this will increase as coastal property prices continue to rise and people seek more affordable housing options. Villages such as Cobargo and Candelo are experiencing levels of revival as new businesses open in their main streets, further increasing the range of services available within these communities and hence their attractiveness as a lifestyle choice.

This report does not provide a detailed breakdown of development potential for each village. All villages have a supply of developable land, however due to ownership patterns, road access, topographical constraints, existing house locations and unpredictable intentions of landowners, it is difficult to provide a definitive number with regard potential lot supply for each village. Rather this report will identify preferred future growth directions for each village.

Rural Living Supply

Concessional Lots

Until recently, the supply of rural residential land within the Shire was augmented by the approval of concessional lot subdivisions. These subdivisions were permitted on land zoned 1(a) Rural General under BVLEP 2002. The equivalent zones under BVLEP 2013 are RU1 Primary Production, RU2 Rural Landscape and E3 Environmental Management with a 120ha minimum lot size standard.

Rural land has been examined to determine how many lots have been created by Council between 2 and 10ha which are not Crown Portions. These lots are considered concessional lots with a dwelling entitlement for the purposes of this study.

In addition, each existing holding was examined to determine if an active consent has been issued by Council for concessional lots that have not yet been finalised (i.e. created and lodged with the land titles office). Immediately prior to the removal of concessional lot entitlements in 2008, Council received a significant number of applications for subdivisions which have been approved and physically commenced but not completed. In addition, concessional lot subdivisions were often staged and the owner may have developed only a portion of the total number of lots approved.

In the future, the likelihood of additional rural residential lots on the general rural land will be very limited given that concessional lot provisions were removed by the State Government in 2008. BVLEP 2013 does not contain provisions that enable the subdivision of new lots for dwelling purposes on rural land that does not meet the 120ha minimum lot size.

For each catchment the existing and potential concessional lot supply was determined, including estimates of the number of occupied, vacant existing concessional lots and concessional lots that have been approved and physically commenced but not yet registered.

The supply of vacant and potential concessional lots was examined in this study and it was found that total supply is 1,067 lots. However, due to the uncertainty as to when the remaining Concessional lots will or in fact be released for sale, Council in consultation with the NSW Department of Planning have resolved that they do not need to be considered as part of current rural living land supply.

Table 1: Concessional Lots in Rural Zones					
	Area (ha) rural zones	**Total existing concessional lots**	**Occupied concessional lots**	**Vacant concessional lots**	**Approved concessional lots**
Bega	44,806	428	318	110	200
Bemboka	18,550	86	56	30	43
Bermagui	8,015	129	100	29	16
Candelo	28,871	273	210	63	102
Cobargo	20,199	213	162	51	104
Eden	2,241	51	38	13	5
Merimbula	2,209	38	30	8	16
Pambula	4,985	95	73	22	11
Quaama	7,064	111	95	16	49
Tathra	8,151	137	112	25	22
Towamba	17,948	44	25	19	11
Wolumla	5,329	89	79	10	21
Wonboyn	4,664	57	37	20	3
Wyndham	16,938	87	61	26	22
TOTAL	**189,970**	**1,838**	**1,396**	**442**	**625**

Key findings

- Approximately 75% of existing concessional lots are occupied, 625 additional concessional lots have been approved but not yet created
- high degree of variability within catchments
- Bega, Candelo and Cobargo catchments contain the majority of concessional lot subdivision activity

Original Holdings

There are 1,663 existing holdings spread throughout the rural areas of the Shire. Each of these was investigated to determine which existing holdings were currently intact, in one ownership and vacant. Under the provisions of BVLEP 2013 Clause 4.2A(3)(d) these vacant existing holdings have a dwelling opportunity and are known as 'original holdings'.

Once identified, original holdings were further investigated to determine if they were still in private ownership (e.g. not National Parks, Council or the State of NSW) and whether or not they had any dwelling potential under other provisions of BVLEP 2013.

The remaining original holdings were then investigated to ascertain if there were any significant development constraints such as a lack of legal and practical access, location on flood prone land or inability to meet Council's on-site sewage management standards that would render the land unsuitable for a dwelling.

From this analysis an estimation of the likely supply of dwellings from original holding entitlements was determined.

Table 2 contains a summary of the Shire's existing original holdings supply by catchment.

Supply = 148 lots

Key findings

- approximately 300 intact vacant original holdings remain
- 125 are potentially unsuitable for the development of dwelling houses
- 49 original holdings are in public ownership (largely National Parks and Wildlife Service, State Forests or other State of NSW land)
- 39 have a dwelling entitlement under alternative provisions of BVLEP 2013

Table 2: Originals Holdings (OH) with dwelling entitlement under BVLEP 2013 Cl 4.2A(3)(d)						
Catchment	**Total intact vacant OH**	**Intact vacant OH with development constraints**	**Intact OH in public ownership**	**Private OH over minimum lot size**	**Private OH without development constraints**	**Total Supply**
Bega	53	25	4	6	20	26
Bemboka	30	8	8	8	9	17
Bermagui	6	1	1	0	4	4
Candelo	42	21	3	2	14	16
Cobargo	31	16	8	2	7	9
Eden	5	2	1	0	3	3
Merimbula	3	0	0	1	2	3
Pambula	30	18	3	0	12	12
Quaama	3	2	2	0	0	0
Tathra	14	9	5	2	2	4
Towamba	36	9	6	13	11	24
Wolumla	7	2	1	1	2	3
Wonboyn	9	1	2	0	6	6
Wyndham	35	11	5	4	17	21
TOTAL	**304**	**125**	**49**	**39**	**109**	**148**

*Note that due to some land holding occurring in more than one category, this table cannot be read as every column adding up to the total intact original holdings column on the left hand side of the table.

Rural Residential Supply

The Shire has around 7,000 hectares of land in 39 localities zoned for rural residential purposes under BVLEP 2013.

The location of the supply of suitably zoned land has an impact on the ability to satisfy the demand for rural residential living.

The supply of rural residential zoned land was analysed through Council's land and housing monitor. The monitoring of rural residential lands includes the area (ha), number of lots, vacant lots and potential additional lots under existing zoning and the minimum lot size map.

The land and housing monitor figures include those parts of the Shire that are subject to BVLEP 2013 and do not include any deferred land (i.e. land to which BVLEP 2002 applies) unless rural residential subdivisions have already been approved by Council.

Land and housing monitor totals for potential additional lots under the existing zoning are based on the maximum number of lots that could theoretically be created given the standards on the minimum lot size map and the size of the existing lots (both vacant and occupied).

To factor in environmental and other development constraints, 1 into 2 lot subdivisions have been removed and the maximum yields have been reduced by 25%.

There are a number of sites throughout the Shire that are deferred from BVLEP 2013 and are subject to the provisions of BVLEP 2002. Some of these sites are zoned for urban purposes but have been approved by Council for rural residential subdivision. Other deferred sites are zoned or partially zoned for rural residential purposes under BVLEP 2002. The potential supply from these sites is considered in the individual catchment analysis.

Supply = 1,095 lots

Table 3: Supply Rural Residential Zones						
Catchment	**Area (ha) - rural residential zones**	**Total existing rural residential zoned lots**	**Occupied rural residential zoned lots**	**Vacant rural residential zoned lots**	**Estimated potential rural residential zoned lots**	**Total Supply**
Bega	2,074	607	564	43	316	359
Bemboka	53	65	36	29	27	56
Bermagui	792	261	213	48	33	81
Candelo	77	48	20	28	5	33
Cobargo	20	2	0	2	16	18
Eden	640	177	146	31	90	121
Merimbula	1,134	273	243	30	72	102
Pambula	1,298	328	269	59	96	155
Quaama	0	0	0	0	0	0
Tathra	733	405	386	19	107	126
Towamba	19	2	2	0	0	0
Wolumla	92	37	34	3	0	3
Wonboyn	159	53	42	11	17	28
Wyndham	38	6	1	5	8	13
TOTAL	**7,129**	**2,264**	**1,956**	**308**	**787**	**1,095**

Key findings

- over 85% of existing rural residential zoned lots are occupied
- capacity for up to 787 additional lots to be created
- catchment supply generally relates to the quantity of rural residential zoned land

Total rural residential living supply

The total supply of rural residential living opportunities within the Shire consists of:

- existing vacant lot and potential additional lot yields from rural residential zones (with some adjustment for other existing rural residential approvals in urban zones and known constrained land) and
- Privately owned original holdings which are likely to be able to accommodate a dwelling.

Original Holdings 148 lots + Rural Residential Zones 1,095 lots = Total Rural Living Supply 1,243 lots

Key findings

- Supply of existing and potential future rural residential living opportunities within the catchments of the Shire vary markedly
- Highest rates of occupancy are within the catchments of Bega, Bermagui, Pambula and Tathra
- Approximately 18% existing rural residential lots within the Shire are vacant
- 31% of the potential additional rural residential lot supply is within the Bega catchment

Planning Proposals to rezone land within the Pambula, Merimbula and Wolumla catchments are currently under consideration. It is likely that these will result in additional supply of rural residential zoned land, however yields are uncertain and the potential supply from these sites are not included in this analysis. There may also be potential for additional rural residential supply in the Eden catchment from the Boydtown property which is deferred from BVLEP 2013 and is also not included in this analysis.

Table 4 contains an overview of the supply of rural residential living opportunities within the catchment of the Shire.

Table 4: Supply Rural Residential Living Opportunities

	Vacant Original Holdings	**Vacant and potential Rural Residential**	**Total Supply**
Bega	26	359	385
Bemboka	17	56	73
Bermagui	4	81	85
Candelo	16	33	49
Cobargo	9	18	27
Eden	3	121	124
Merimbula	3	102	105
Pambula	12	155	167
Quaama	0	0	0
Tathra	4	126	130
Towamba	24	0	24
Wolumla	3	3	6
Wonboyn	6	28	34
Wyndham	21	13	34
TOTAL	**148**	**1,095**	**1,243**

Demand for Rural Living

It is difficult to accurately determine demand for rural living and in particular, to accurately model demand in particular catchments. This report uses dwelling approval trends as a measure of previous demand. Work with real estate agents indicates ongoing strong demand however there is no quantitative measure associated with this anecdotal information.

The number of dwellings approved on rural residential land is considered a reasonably accurate representation of demand for rural residential lots. Because developers generally do not usually construct dwellings in rural residential zones prior to their sale, the approval of dwellings can be used to demonstrate demand for rural residential lots.

Table 5 contains a snapshot of dwellings approval data for the Shire. Analysis of development approvals over the last 10 years indicates there has been an average of 97 dwellings built in the Shire's rural areas each year.

The impact of the introduction of BVELP 2013 can be clearly seen in Table 5 through the marked shift in rural dwelling approvals out of the general rural zones and into the rural residential zones. This is because some land that was categorised as general rural under BVLEP 2002 was zoned E3 Environmental Management under BVLEP 2013 which is classed as a rural residential zone for the purposes of this study.

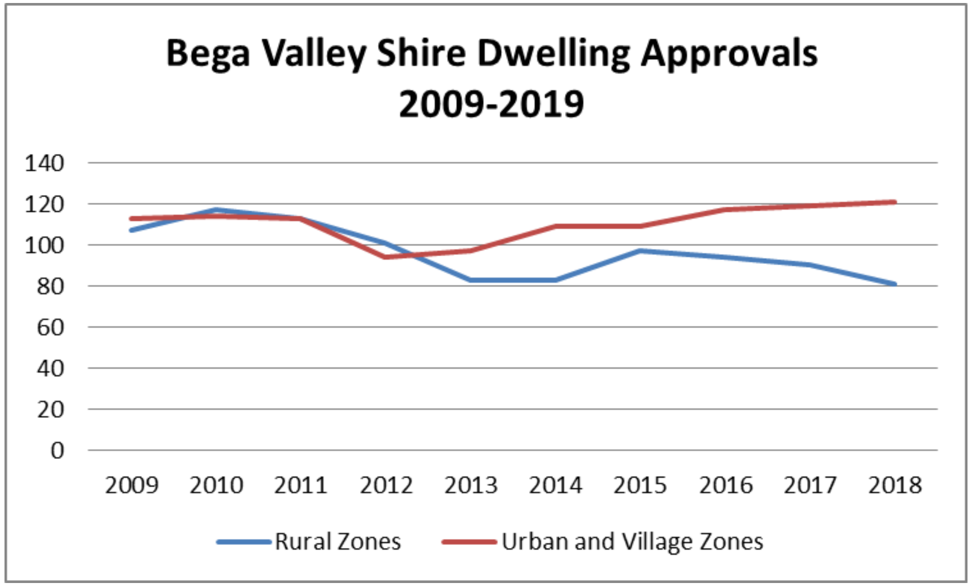
Demand = 97 Dwellings Annually

It is not possible to separate those dwellings approved in the general rural zones on concessional lots from those on other general rural zoned lots, however it is understood that due to the large minimum lot size in rural areas and the relative stability of the agricultural sector in the Shire the bulk of residential development in general rural zones is from concessional lots.

The correlation between trends in the rural residential and general rural zones prior to the introduction of BVLEP 2013 indicates the importance of both types of zones in the Shire in meeting demand for rural residential development. It is likely that concessional lots satisfy some of the demand for rural residential living opportunities that would otherwise be directed to areas zoned rural residential.

With the removal of concessional lot subdivision entitlements in 2008, over time, these lots will become scarcer and people looking for rural residential living opportunities will increasingly be limited to buying lots within rural residential zones. As a result, in the longer term the demand for rural residential living is likely to be more accurately reflected in the take-up of lots zoned for rural residential purposes.

Table 5: Dwelling approvals						
Year	**Rural residential zones (R5, E3, E4)**	**General rural zones (RU1, RU2, RU4)**	**Total Rural**	**Urban (R3, R3, B4, B2)**	**Village (RU5)**	**All zones**
2009	46	61	107	100	13	220
2010	72	45	117	104	10	231
2011	57	56	113	104	9	226
2012	48	53	101	84	10	195
2013	42	41	83	91	6	180
2014	49	34	83	103	6	192
2015	59	38	97	91	18	206
2016	94	0	94	103	14	211
2017	87	3	90	104	15	209
2018	79	2	81	107	14	202
Average per annum	63	33	**97**	99	12	207



Key finding

- Close to 50% of all dwelling approvals in the Shire over the last 10 years have been in rural residential or general rural zones

A key issue that arose during the research of this report was that of land availability in high demand locations. It is evident that the lack of land supply in some catchments is artificially skewing the demand figures and that if quality lots were available in some of our key localities it is likely that demand figures would be greatly increased.

The trend of rural dwelling approvals over the last 10 years corresponds closely with advice from local real estate agents who reported a spike in enquiries for this style of living opportunity following the announcement of the South East Regional Hospital. Agents report that this increased demand has continued since the opening of the facility in early 2016 but they are unable to meet this demand due to the lack of supply of suitable lots.

Key Issue

Lack of availability of quality building blocks in some rural catchments and villages may be impacting on demand figures.

If there were more quality, ready to build blocks it is likely that there would be a higher number of dwellings built each year and subsequent higher rates of growth.

Locality Demand

The Bega Valley Shire covers a large and varied area. It is understood that potential buyers of rural residential lots are greatly influenced by location, and that generally speaking, demand is area specific to the extent that individual catchments constitute separate markets.

Table 6 contains numbers of dwellings approved per catchment between 1999 and 2014 based on the data snapshot presented in Table 5.

Table 6: Rural Residential Demand

Catchment	Number dwelling approvals 2009-2018	Average dwelling approvals p/a	% demand
Bega	243	24.3	25
Bemboka	24	2.4	2
Bermagui	75	7.5	8
Candelo	78	7.8	8
Cobargo	47	4.7	5
Eden	36	3.6	4
Merimbula	61	6.1	6
Pambula	126	12.6	13
Quaama	42	4.2	4
Tathra	132	13.2	14
Towamba	19	1.9	2
Wolumla	22	2.2	2
Wonboyn	31	3.1	3
Wyndham	30	3	3
TOTAL	**966**	**97**	**100**

Key findings

- High variability in demand between catchments with the strongest demand in the Bega, Tathra and Pambula catchments.
- 7 of the 14 catchments account for over 80% of demand for rural residential living opportunities in the Shire.
- These figures are impacted by where available rural residential land was located.

Key Issues impacting ability to assess demand

- It is not possible to estimate if and when potential supply will be released onto the market and become available for rural residential development or when the owners of vacant lots will choose to develop them.
- Many potential concessional lots are located on viable farming operations whose owners have no short or medium-term plans to develop the land.
- There is often a significant delay between when the owners of vacant rural residential lots purchase them to when (or if) they actually build.

Population and household characteristics of rural areas

Census data from the Australian Bureau of Statistics is available for 5 localities in the Shire that have high levels of rural residential development and do not contain any urban or village zones. These localities are: Bald Hills, Lochiel, Millingandi, Coolagolite and Tarraganda. With the exception of Millingandi, these localities have similar demographics and for the purposes of this strategy are assumed to be representative of the population of the Shire's rural residential zoned land.

Household composition in these representative rural residential localities has been analysed and the following key points have been derived from the household composition data;

- Typical rural residential households consisted of couples with and without children
- Proportion of households consisting of couples with and without children is higher in rural residential areas than the Shire generally
- Rural residential areas characterised by children aged 5 - 14 years and adults aged 35 - 54 years
- Proportion of children higher in rural residential areas compared with whole Shire, especially aged 5 - 19
- Adult age groups have higher proportion in 35 - 44 and 45 - 54 age groups and lower numbers of people aged 65+ in rural residential areas compared to whole Shire

The analysis of the dominant household types and age groups above is verified by local real estate agents who confirmed the popularity of living in rural residential areas of the Shire amongst middle aged couples and established families.

Population and household forecasts

Based on Census data, it is estimated that the Shire's population will increase by over 5,800 people to 38,829 by 2036, at an average annual growth rate of 0.65% or approximately 233 people per annum[1].

- Growth in rural residential areas of approximately 0.5% per annum is forecast[2]
- Population growth will be from net migration rather than natural increase
- The current trend of dual housing markets for families and retirees within the Shire is likely to continue into the future.
- The population of the Shire is aging. By 2036 the population aged over 65 will have increased to 27% from 21% in 2011
- In 2030 the most populous forecast age group will be 65-69 year old's
- The main change in household type forecast is the increase in 'Couples without dependents' which will increase by 1,014, comprising 39% of all households in 2030
- People in the 65+ age group generally have lower household occupancy rates and are more likely to live in two and one person households.

The NSW Department of Planning and Environment also state that the impact of migration on population growth is very significant in the Shire, and that the trend towards the increases in the proportion of the population over 65 and the proportion of in-migration of people over 65 are likely to continue.

As people age, they typically reduce their land size due to land maintenance issues and the increased need for closer proximity to health, transport and community services and facilities and established social networks. The long term future housing needs of the aging population is therefore expected to result in an increase in demand for smaller dwellings and lots in urban areas, and a shift in demand away from rural residential dwellings towards urban areas.

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[1] .id the population experts population forecasts

[2] Based on .id the population experts, population and household forecasts for the figures for the Bega Rural, Rural North and Rural South areas

However, in the Bega Valley Shire, current high levels of in-migration of retiring baby boomers who are now aged around 65 and who have a preference for rural residential living opportunities is likely to offset the trend for older people to down-size. The preference for rural residential living opportunities is expected to continue as 65-69 year olds and 'Couples without dependents' become more dominant in the Shire by 2030.

In 2011 it was estimated that there were 16,950 dwellings in the Shire. Based on the predictions of the Shire's future population and it's characteristics it is estimated that between 2011 and 2036:

- an additional 3,403 dwellings will be developed in the Shire, this equates to an increase of 20%[3]
- the housing stock in rural residential zoned areas will increase by 19%[4]
- the largest amount of new rural residential housing development is expected in the Bega District

Current demand trends

A survey of local real estate agents within the Shire provided the following information about current demand for rural residential living opportunities.

- Increase in demand for rural residential living opportunities throughout the Shire in last 5 years particularly in the Bega, Merimbula, Pambula and Tathra catchments.
- Demand primarily from early retirees between 50-60 years old from outside the Shire and families with school age children
- Area popular with baby boomers due to new hospital, airport, climate and coast
- Shortage of supply of vacant smaller sized rural residential lots within 10 minutes drive of Bega or the coast
- Increase in people buying blocks to build on immediately rather than to 'sit on' linked to increase in buyers from outside the area
- Market preference is for level blocks that are easy to build on but also demand for larger bush blocks

Key findings

Within the Shire, rural residential style living is favoured by families and middle aged couples. The Shire's population is aging and low levels of overall population growth are predicted for the next 21 years. Based on this information it is likely that overall demand for rural residential living opportunities is unlikely to increase significantly from existing levels in the period to 2036.

However, the current spike in demand for rural residential living opportunities caused by local factors has intensified the trend toward in-migration of middle aged couples and as a result an increase in demand from current levels is predicted in the Bega, Pambula and Tathra catchments.

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[3].id the population experts population forecasts

[4] Based on .id the population experts population and household forecasts for the figures for the Bega Rural, Rural North and Rural South small areas within the Shire

Future demand scenarios

There are approximately 5,242 dwellings in the rural residential and general rural zones.[5]

Using the predicted increase in rural residential housing of 19% between 2016 and 2036[6], there will be a total demand for approximately 400 new rural residential living opportunities in the Shire between 2016 and 2036. This equates to an average annual demand of 40 dwellings per annum.

It is noted that this rate of increase is significantly lower than indicated by Council's data for rural / rural residential dwelling approvals which has been an average of approximately 97 per annum since 2010. If rural residential development continues at the rate of 97 dwellings per annum demand will total 1,940 additional dwellings between 2016 and 2036.

Demand for vacant land for rural residential living opportunities has increased markedly in the last 1-2 years throughout the Shire, particularly in the catchments of Bega, Pambula and Tathra. To reflect this strong demand a third growth scenario of 10% increase from current development approval rates has been calculated with a total 1,672 additional dwellings between 2016 and 2036.

Demand for rural residential living opportunities in the Shire between 2016 and 2036 has been categorised into:

- low growth scenario of 400 new dwellings
- medium growth scenario of 1,940 dwellings
- high growth scenario of 2,140 dwellings

The analysis of the potential supply of rural residential living opportunities in the Shire is discussed in the previous 'Supply' section. While this provides an indication of the maximum possible yield that could theoretically be produced it is not necessarily indicative of what is likely to actually occur.

[5] land monitor figures are based on one dwelling per lot with a registered on-site sewerage system on all land zoned rural or residential regardless of lot size

[6] Based on .id the population experts population and household forecasts for the figures for the Bega Rural, Rural North and Rural South small areas within the Shire

Projected lot supply requirements

Table 7 contains the estimated lot supply requirements of new dwellings based on the three demand scenarios.

Table 7: Rural Residential Lot Years Supply – Low, Medium and High Growth Scenarios 2016-2036

	New dwellings 2016-36	New dwellings p/a	Total supply	Years supply
Low Growth Scenario (Based on 19% growth on current rural dwellings)	400	40	1,243	31
Medium Growth Scenario (Based on growth of the last 10 years)	1,940	97	1,243	13
High Growth Scenario (Medium +10%)	2,140	107	1,243	12

It is noted that in the short term the high growth scenario is likely to apply only to the Bega, Pambula and Tathra catchments because as baby boomers age the demand is expected to lessen. The 10% increase has been selected to reflect this short-term demand in the context of long term projections.

Projected lot supply for catchments

Table 7a contains estimates the number of years rural residential housing supply for each of the Shire's catchments. These estimates are based on the medium growth scenario with the exception of the identified high demand catchments of Bega, Merimbula, Pambula and Tathra where estimates are based on the high growth scenario.

Table 7a: Rural Residential Lot Years Supply per catchment

Catchment	Total Supply	Demand next 20 years	Estimated years supply remaining
Bega	385	535	14
Bemboka	73	48	30
Bermagui	85	150	11
Candelo	49	156	6
Cobargo	27	94	6
Eden	124	72	34
Merimbula	105	122	16
Pambula	167	277	12
Quaama	0	84	0
Tathra	130	290	9
Towamba	24	38	13
Wolumla	6	44	3
Wonboyn	34	62	11
Wyndham	34	60	11

Key findings

- Overall there is insufficient supply of rural residential living opportunities throughout the Shire's catchments to meet demand for the next 20 years
- 4 catchments do not have sufficient supply to meet demand in the short term (under 7 years)
- 8 catchments do not have sufficient supply to meet demand in the medium term (7-17 years)

Catchment Analysis

The following section of this report examines each rural catchment including both rural residential and village growth. Recommendations for each catchment are presented and strategic directions are presented for each village. The residential zoned land in the major centres of Bega, Tathra, Merimbula, Tura, Bermagui, Pambula Beach, Pambula and Eden are excluded from this study.