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DISCUSSION PAPER 10

RURAL LIVING IN THE RURAL RESIDENTIAL AREAS

A DISCUSSION PAPER TO GUIDE THE
EUROBODALLA SHIRE COUNCIL RURAL
STRATEGY

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For: EUROBODALLA COUNCIL

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1 INTRODUCTION

1.1 PURPOSE OF THIS DISCUSSION PAPER

The Draft Eurobodalla Rural Strategy is presented in three volumes:

Volume One: The Strategy – this is a summary document of the recommended preferred options, strategies and action plans.

Volume Two: The Discussion Papers – there are 10 broad papers in this volume, each presenting a discussion on the more significant issues applicable to Council’s role in the rural lands of Eurobodalla.

This is Discussion Paper 10 and it explores land use direction for rural residential development. This Paper examines current supply, makes projections for demand for rural residential living opportunities and identifies actions to ensure a diversity of rural living opportunities are available for Eurobodalla looking forward the next decade or more.

This Paper focuses on the rural residential zones (currently R5 Large Lot Residential, E4 Environmental Living and RU4 Primary Production, Small Lots). Discussion Paper 9 looks at the broader rural areas and the associated subdivision and living opportunities outside of the rural residential zones.

Volume Three: A compendium of larger scale maps – given the size of the Shire and the detail sometimes required, the more important maps of general land use information and those from the Discussion Papers are presented in A3 page size. In addition, if accessing the PDF version, there is the capacity to “zoom in” to explore more detail.

The draft strategy package as presented in the three volumes, represents the work of the consultant team Garret Barry Planning Services (GBPS). It is stressed these documents are drafts prepared for community comment and input. Council has not concluded any view on the draft recommendations and will resolve a final strategy when it has considered community feedback.

We welcome suggestions from the community as to any issues we may have overlooked and your preferred options and strategies to guide the future direction of the rural areas.

1.2 EXECUTIVE SUMMARY

Rural lifestyle opportunities are a significant drawcard of Eurobodalla Shire. Whether it be lifestyle, part time or hobby farming, the natural and agricultural landscape of Eurobodalla drives interest in rural living. Before supply and demand can be assessed, quantified and projected forward, it is important to develop an understanding of the range of products being sought by people in terms of rural living.

Firstly, the term “rural residential” land use for the purposes of this Paper is seen as covering at least three “products”:

1. Purely **rural residential living** with practically no agricultural use. This in turn has two components:
 - a. rural residential living on small lots in estate type development with some urban style services but often not reticulated sewer or water; and
 - b. rural retreats on often larger “bush blocks” and sometimes more remote locations. (These are addressed in Discussion Paper 9).
2. **Rural living** but with very small scale hobby interests of an agricultural nature e.g. keeping horses for private recreation. Often in estate style developments but with larger lot sizes and some agricultural land.
3. **Hobby farms/small “part-time” farms**. Small farms running hobby scale agricultural operations in the main although some may have small-scale income generating activities feeding into the Shire’s growing demand for value added local food and fibre products as detailed in Discussion Papers 2 and 7.

Council currently utilises three different zones for these kinds of land use/development:

- **R5 Large lot residential** – this zone mostly covers extensively cleared lands and addresses rural living and the smaller scale hobby farming.
- **E4 Environmental Living** – this zone generally comprises lands where natural values predominate and there is minimal agriculture. The emphasis is as the zone name suggests rural residential living in a natural environment backdrop.
- **RU4 Primary Production Small Lots** – this zone has been used mostly to cover fragmented former farmland now used as hobby farming areas.

Research for this Paper suggests this zone mix is appropriate for application regarding the further supply of lots for the above rural residential options. However, the RU4 zone could be expanded to cover larger lot sizes, potentially up to 40 ha, where it is clear that only part-time farming will be the predominant activity.

Some constraints or additional control factors are recommended for any future use of E4 zones so that bushfire protection and habitat loss impacts do not exacerbate some issues already evident from this form of zoning and development.

The supply and demand analysis summarises as follows:

- There is adequate supply of all types of rural residential land for at least 5 years and in most categories 10 years supply.
- Supply of small rural residential lots (R5 zone style) is less in the southern third of the Shire but still comfortably 5 years supply at past rates of uptake.
- Council might commence a program of screening to define future rural residential zones in 3 to 5 years' time.
- It would be desirable for Council to fund a more detailed review of subdivision potential within the existing zones. As the constraints of bushfire and biodiversity are more significant in Eurobodalla than for the average Council, the estimation of potential lot yield is more difficult without a detailed review of vegetation in and adjoining the remaining larger lots.
- Even a conservative view of the remaining potential for subdivision suggests 10 years supply on hand. A more rigorous appraisal may find the potential for some nature style lots is greater and that supply for some categories is 15 or more years without the need for additional zoning. The vegetation constraints are far greater in the E4 zone and as such the projections in this report for the R5 and RU4 zones have greater reliability.
- Expansion of RU4 with lot sizes up to 40 ha and/or improving the mix of lot sizing in suitable sections of the fragmented RU1 Primary Production Zone areas is supportable to ensure ongoing supply of small lot farms to support the growing local food and fibre demand.

2 STRATEGY WORK TO DATE

2.1 THE RURAL LANDS ISSUES PAPER

The area of land used for primary production or rural residential in each of the land capability classes is described in the Issues Paper (p. 10). Out of a total land area of 38,083 ha of land used primarily for primary production, 4,973 (13%) was used for rural residential. Only 61 ha of lands suitable for regular cultivation was shown to be used for rural residential. Most land used for rural residential was on lands suitable for grazing and occasional cultivation – 2,959 ha or 13.5% of land in that land capability class.

Figure 1: Land Use and Land Capability

Land use	Land Capability Class								Totals (ha)
	Lands suitable for regular cultivation			Lands suitable for grazing—occasional cultivation		Lands suitable for grazing—no cultivation	Other lands		
	I	II	III	IV	V	VI	VII	VIII	
Cropping		530		2,052	245	277	19	22	3,145
Estimated grazing		2,559		15,449	1,005	7,197	2,212	1,089	29,511
Horticulture		372		82		1			455
Rural residential		61		2,944	15	1,563	368	22	4,973
Totals (ha)		3,522		20,526	1,265	9,038	2,599	1,133	38,083

Protection of agricultural lands from urban expansion and unplanned rural residential development is noted in the Issues Paper as a key outcome of the South Coast Regional Strategy 2006.

2.2 THE RURAL OPPORTUNITIES AND CONSTRAINTS REPORT (ROC)

The need to separate land suited to agricultural production from conflicting uses particularly rural residential and urban settlement is a key issue identified in the Rural Opportunities and Constraints (ROC) Report.

The Report identified that in 2012 a total of 7,919 people lived in the rural areas of the Eurobodalla Shire.

The ROC Report quotes the Eurobodalla Settlement Strategy data (based on ABS 2005) that demonstrated a total of 2,327 rural holdings in the Shire, 91% of which were likely to accommodate a residential or lifestyle use covering around 20,235 ha of land or 6% of the total land cover.

The ROC Report raises the issue of whether these smaller holdings have the capability of supporting commercial agriculture. *There is an opportunity through the Rural Land Strategy to assess and review in greater detail the attributes of these small holdings and confirm if they have a strong future for commercial agriculture or if there are preferred alternative uses* (ROC p. 14)

The 2013 Eurobodalla Shire Rural Residential Land Monitor indicated that there is a supply capacity of about 9 years. The Report concludes that there was sufficient capacity in existing zoned land to accommodate anticipated growth in demand for the medium term.

For the longer term, the Report states that there may be a need to identify suitable land for rural/environmental living purposes. Recommended criteria for identifying suitable lands included:

- Avoiding areas identified for commercial and sub-commercial agriculture;
- Proximity to towns and settlements;
- Utilising existing fragmented land;
- Utilising existing infrastructure and services; and
- Avoiding land of high conservation value or environmental risk.

The Report references the South Coast Regional Strategy which does not support further residential or rural residential zoning in the catchments of the coastal lakes and estuaries identified in the Strategy unless it is demonstrated that a neutral or beneficial effect on water quality as measured at the boundary of the proposed new zoning can be achieved.

Environmental constraints limiting development capacity of some land zoned for rural residential is noted:

- Potential impact of rural residential development on coastal lakes and estuaries; and
- Potential impact of rural residential development on agricultural production.

The following matters from the Eurobodalla Settlement Strategy are raised:

- Rural residential development needs to take environmental constraints, market demand and proximity to urban settlement into account; and
- Dwelling capacity, land carrying capacity, infrastructure capacity and indigenous considerations.

2.2.1 Community and Stakeholder Views

There is general support for the principle of accommodating future population growth on cleared land that is not productive agricultural land.

There was a range of views regarding locating growth in areas with established infrastructure and services. Some were of the opinion that people who moved to these areas would accept the current levels of service while others were of the opinion that growth should be directed to areas of established infrastructure and services to maximise efficiency of use.

2.2.2 Opportunities

Focus development on land already zoned for rural residential use.

Consider options for a wider housing choice to attract new residents and a broader range of residents.

Have regard to the following:

- Avoiding areas identified for commercial and sub-commercial agriculture;
- Proximity to towns and settlements;
- Utilising existing fragmented land;
- Utilising existing infrastructure and services; and
- Avoiding land of high conservation value or environmental risk.

2.2.3 Constraints

- Demand for development along the coastal strip can distort settlement patterns and concentrate growth in areas that are both highly sensitive and productive.
- Pressure on productive agricultural land.
- Some land zoned for rural residential development has environmental constraints.

2.2.4 Principle for Policy Direction

The Report recommends the following principle:

- That the development of policy directions acknowledges the existing short to medium term supply of rural residential land and focuses on opportunities to facilitate appropriate development of that land to accommodate population growth.

2.3 POLICY DIRECTIONS PAPER

Policy Direction 7 relates to support of rural residential living opportunities.

The Policy Directions Paper states that with a current supply of rural residential land catering for approximately 900 dwellings, there is minimal demand for additional rural residential land in the short to medium term.

To ensure the available supply of rural residential land can be developed to meet current demand, some further investigations may be required to determine the development capacity of undeveloped land zoned E4 Environmental Living or R5 Large Lot Residential. Council can work with the owners of this land to address relevant issues and facilitate appropriate development opportunities. (p. 21)

The Policy Directions Paper states that any longer term planning for rural residential land should consider:

- Avoiding the most productive agricultural land;
- Proximity to existing towns and settlements;
- The efficient use and provision of services and infrastructure; and
- Avoiding land of high conservation value and environmental risk.

3 SUPPLY AND DEMAND FOR RURAL SMALL HOLDINGS

3.1 SUPPLY ANALYSIS

As discussed in Section 1.2, there are three zones currently containing rural small holding development:

1. R5 Large Lot Residential;
2. E4 Environmental Living; and
3. RU4 Primary Production (small lots).

To resolve an estimate of current supply, two components need examination:

1. resolution of the number of vacant lots existing in the above three zones; and
2. some estimation of the potential for further subdivision from the current zones.

True supply in terms of what is available at any point in time is not just a factor of the two components above. It is also influenced by factors such as:

- Withholding of supply. Owners of vacant lots may “withhold” from sale for a variety of reasons. Some may need a booming market to convince them to sell. Others are holding a vacant lot long term as a future investment or as a retirement home site.
- Deferring proposals for further subdivision or even no intent to further subdivide. Some owners may have subdivision potential but do not have even medium term proposals to generate supply. Others have bought a property with potential to yield more lots but have no proposal to subdivide.

These above considerations lessen the “true” supply figures but can only be guessed at given the large range of individual variables. Detailed annual monitoring of actual sales transfer notices can allow the development of a stronger model for estimating real rates of sale and availability, but takes resources to maintain.

For the purposes of this Strategy estimating current numbers of vacant lots and potential lots provides a good base to resolve supply and some reduction will then be made for the withholding and deferral factors.

3.1.1 Supply of existing lots

Council GIS data was used to plot all existing lots in the three rural residential zones. Aerial photography was then used to estimate which lots were vacant or had a dwelling. This method has an accuracy limitation but field checking of a sample of areas showed an error rate under 15%. So the results are considered sufficiently robust for regional projection of supply.

The Shire was divided into three districts: North, Central and South.

Table 1 below provides a summary of the count of vacant lots across the three zones.

There are a large number of lots below 2,000 m² which have been ignored in this analysis as they are considered to be large urban lots and not appropriate to consider as rural residential supply/demand. The table further breaks down to lots 2 ha and over and lots less than 2 ha but over 2,000 m².

It is considered that average lots below about 2 ha should really have reticulated sewerage to ensure the high catchment values of Eurobodalla are maintained and density of on-site sewerage disposal limited. Council already has minimum averaging lot provisions in the LEP for R5 and E4 zones. This allows opportunities for lots below 2 ha (for which there is clearly demand) while maintaining a 2 ha overall density.

Table 1: Summary of existing rural residential lots

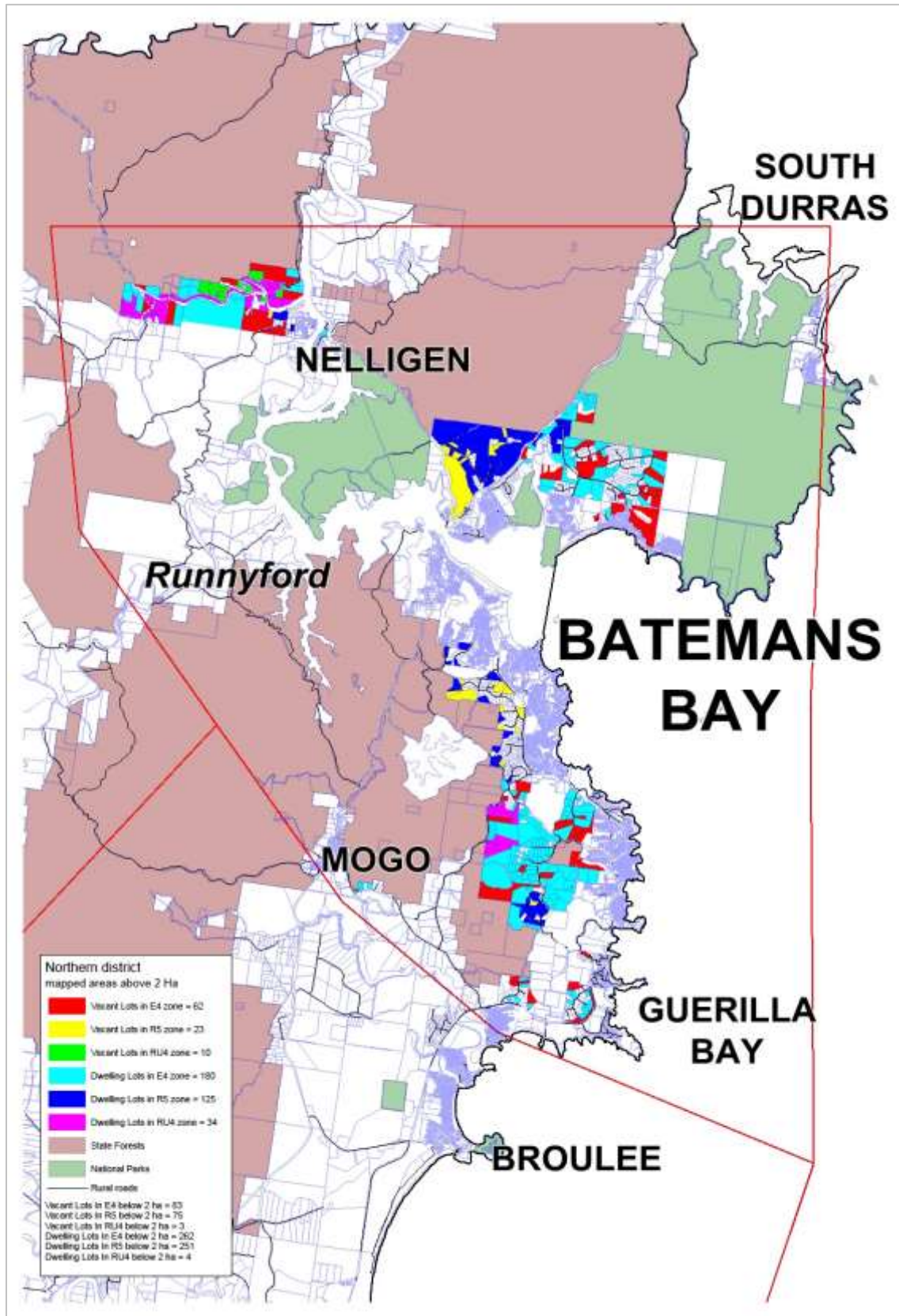
	0.2 - 2 Ha		> 2 Ha		Total 0.2-2 + > 2 Ha	
	Vacant	Dwelling	Vacant	Dwelling	Vacant	Dwelling
E4						
Central	72	173	92	304	164	477
North	83	262	62	180	145	442
South	53	124	25	77	78	201
Total	208	559	179	561	387	1120
R5						
Central	28	203	22	125	50	328
North	75	251	23	125	98	376
South	34	138	6	37	40	175
Nerrigundah	14	6				
Total	137	592	51	287	188	879
RU4						
Central	8	43	11	50	19	93
North	3	4	10	34	13	38
South	12	29	12	99	24	128
Total	23	76	33	183	56	259
E4, R5, RU4 Combined						
Total E4, R5, RU4	368	1227	263	1031	631	2258

The table shows:

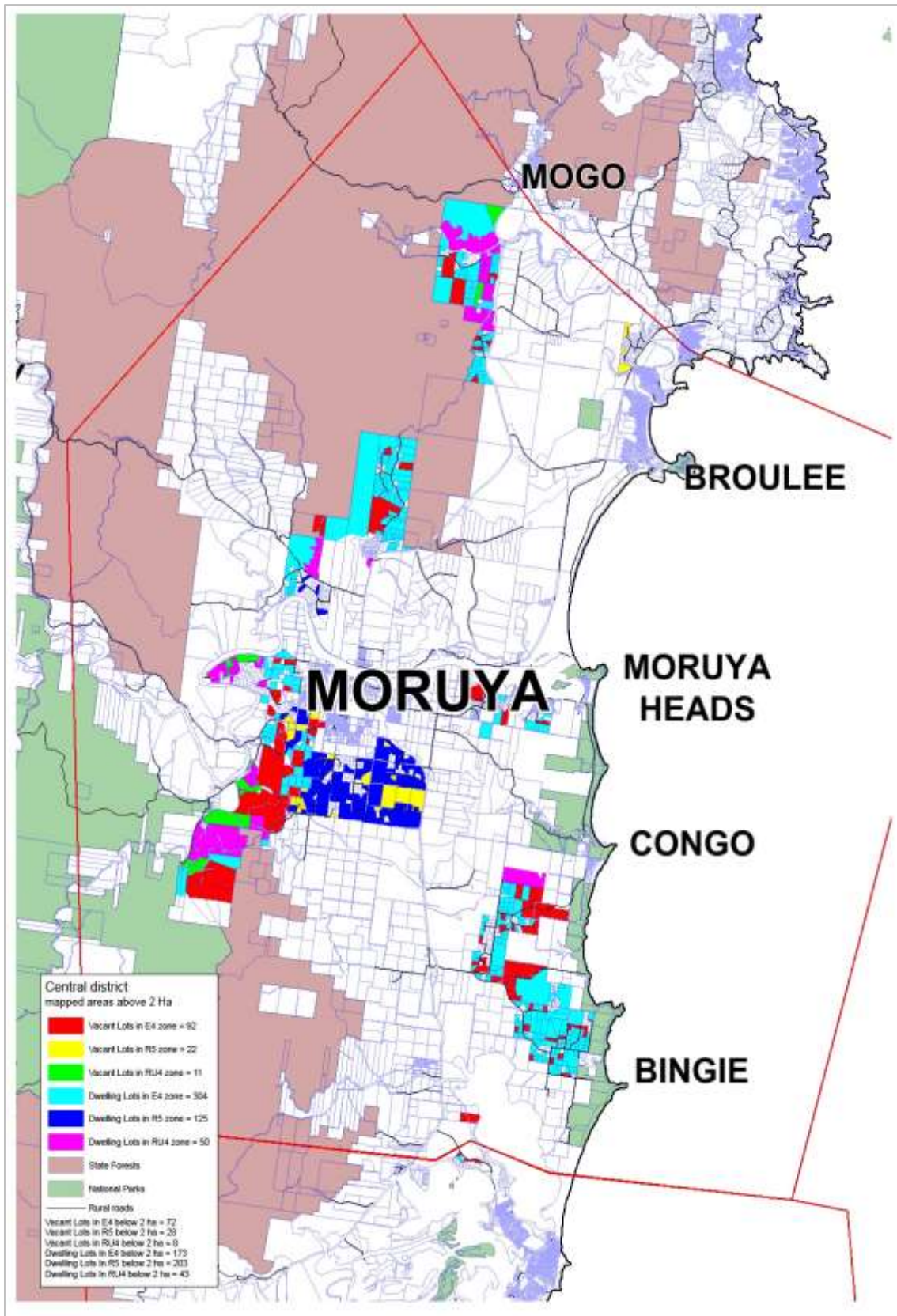
- There are currently 631 vacant lots across all the rural small holding zones of Eurobodalla out of a total of 2,889 lots. So approximate vacancy rate currently is 22%.
- Lots below 2 ha were separated out as they mostly represent rural living with minimal hobby farming. Many of these lots are also historical as lot sizes for most rural residential are now set at a 2 ha minimum. There are 1,595 of these small rural living lots across the three zones of which 368 are vacant or 23%.
- The majority of the under 2 ha lots are in the north and central districts.
- Of the lots over 2 ha:
 - most of the 179 vacant lots in E4 are environmental living style lots with limited hobby farming; and
 - a large proportion of the 84 vacant lots over 2 ha in the R5 and RU4 zones are suitable for hobby farming as many contain some reasonable quality agricultural land. The RU4 land is often higher quality agricultural land.

Maps 1-3 follow and present the data from Table 1 pictorially.

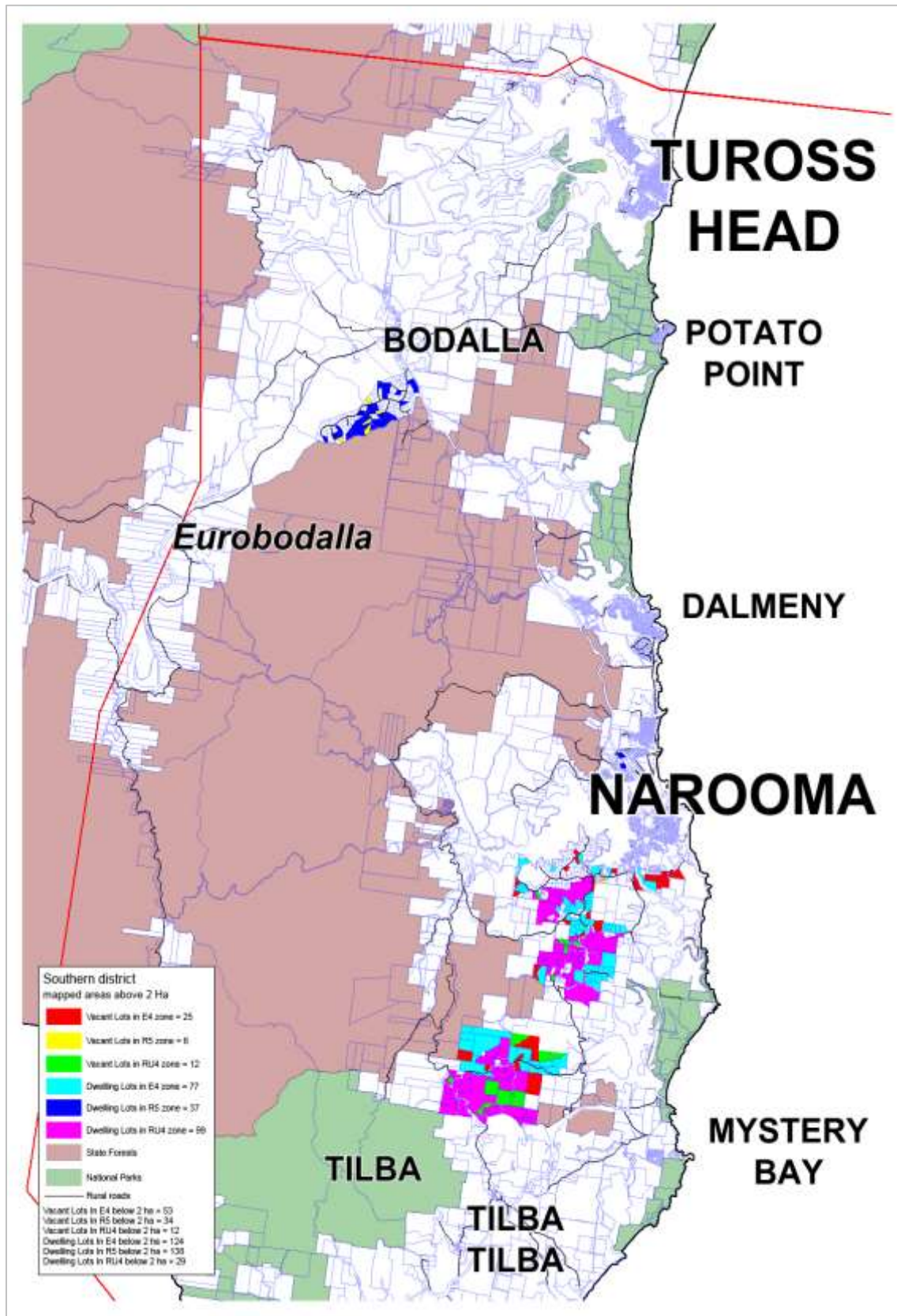
Map 1: Rural Small Holdings North



Map 2: Rural Small Holdings Central



Map 3: Rural Small Holdings South



3.1.2 Lot size range of current lots

Examination of the range of lot sizes is useful as an indicator of purchaser choice. The following is a summary of lot sizes by zones for lots in the 2 ha and over categories.

Table 2: Existing lots 2 ha and over in the Rural Small Holding Zones by area

Zones					
Vacant and Dwelling Lots - Ha	E4	R5	RU4	Total	%
2 - 5	542	294	148	984	76
5 - 10	94	28	33	155	12
10 - 20	69	10	23	102	8
> 20	34	7	12	53	4
Total	739	339	216	1294	100

Table 3: Existing vacant lots 2 ha and over in the Rural Small Holding Zones by area

Zones				
Vacant Lots - Ha	E4	R5	RU4	Total
2 - 5	98	37	15	150
5 - 10	33	9	8	50
10 - 20	31	2	8	41
> 20	16	3	2	21
Total	178	51	33	262

The above tables indicate a majority (76%) of the uptake of lots to date in the rural residential zones are 10 ha or less and only 12% are over 10 ha. Given some of the larger lots still have subdivision potential and are likely being held for that purpose, the demand for smaller lots is possibly even greater than the 76%.

However, supply of lots over 10 ha is also quite significant in the RU1 zone areas (Discussion Paper 9 finds there are over 300 ownerships that are vacant and of area under 40 ha in the RU1 and Deferred areas) and this is more the area of focus for people wanting larger hobby farms or small scale part-time commercial scale properties.

3.1.3 Subdivision potential from current zoned lands

There are a number of limitations to production of an accurate estimate of the remaining subdivision potential of the existing E4, R5 and RU4 zones. There are significant issues of bushfire and biodiversity constraints across many of the remaining un-subdivided lands and a realistic yield could only be estimated following quite detailed assessment including field survey work outside the scope of this Strategy project.

In addition, the E4 and R5 zones have had a minimum averaging provision in place since the 2012 LEP that also requires residue lots resulting from such a subdivision to be barred from further subdivision. It is understood only a few such subdivisions have been effected since 2012.

To gain an approximate estimate of the potential yield from subdivision of the current rural residential zones, all lots over twice the lot size for the subject land were reviewed using aerial photography and an estimate made of subdivision potential at both optimistic and conservative levels. From this work the following table was developed:

Table 4: Estimated subdivision potential from the existing E4, R5 and RU4 Zones

	Optimistic Yield	Likely Yield
North District		
E4	178	70
R5	79	50
RU4	52	35
North District Total	309	155
Central District		
E4	158	80
R5	110	95
RU4	90	70
Central District Total	358	245
South District		
E4	31	20
R5	2	2
RU4	102	70
South District Total	135	92
Shire Total	802	492

The optimistic yield assumes some substantial clearing might be permitted for bushfire control and lot development. The more conservative yield assumes higher constraints in the existing vegetation. It would seem unlikely the maximum yield of additional lots possible from all existing zones would exceed 600 and is likely less. Council's 2014 land monitor work takes a more conservative view of a total of 374 potential lots.

This yield assumes a range of lot types from 5,000 m² to 10 plus ha lots. The above figures also ignore an R5 zone area north of Batemans Bay with a 2,000 m² lot size which, if provided with sewer possibly might yield about 140 large urban lots.

3.1.4 Total supply estimate

The following table is a summation of the existing vacant lots and the estimated subdivision yield:

Table 5: Estimated total supply of lots 2 ha and over across all E4, R5 and RU4 Zones

	Existing Vacant Lots 2 ha and greater	Potential Lots Likely Yield	Total Existing Vacant and Potential Lots
E4			
Central	92	80	172
North	62	70	132
South	25	20	45
Total	179	170	349
R5			
Central	22	95	117
North	23	50	73
South	6	2	8
Total	51	147	198
RU4			
Central	11	70	81
North	10	53	63
South	12	70	82
Total	33	193	226
Combined Total E4, R5, RU4	263	510	773

The above table estimates a reasonably even supply across the three districts but this table does not differentiate size and type of lot for proposed subdivision. The potential supply is only a crude estimate given the qualifications expressed above but it is reasonable to assume there is a supply capacity across the three zones in the order of 600 lots.

This table does not include the “large residential” lot category (lots zoned for rural residential below 2 ha and down to 2,000 m² in some cases) of which there is currently approximately a further 370 vacant and perhaps further subdivision potential for 140 from remaining lot size areas under 2 ha.

3.2 DEMAND ANALYSIS

Projecting future demand for rural small holdings is an inexact exercise. There are a range of variables beyond Council's control:

- General economic conditions greatly influence uptake of lots and in-migration to the Shire.
- Fashion and trends dictate the volume of interest in rural living as opposed to urban. Eurobodalla is a target destination for rural and coastal lifestyle given the qualities it can offer, however, trends can vary significantly over time.
- Demographic trends indicate the next 20 years will see a significant growth in retirees. This likely means accelerated growth in senior population of Eurobodalla given the desire for coastal living. What proportion of that increase will select rural living is uncertain. And there is the converse argument that a proportion of current owners of rural small holdings will age to a stage over the coming 2-3 decades that they will need to sell and relocate to urban units and similar. This creates some supply without further subdivision.
- It is reasonable for Council at this point to plan for a similar average annual rate of uptake of lots over the next 20 years to that which has occurred over the past decade or so.

Projecting forward the previous uptake and development of rural small holding lots is not future demand but is a useful tool and is attempted in the following subsections.

3.2.1 Dwelling commencements

The Council DA register data 2000 to 2015 was condensed to specific data on rural dwellings by zone which yielded the following:

Table 6: Shire-wide tally for dwelling commencements 2000 to 2015

Rural Dwellings Summary (Total Shire-wide)	
Zone	Total
RU4 Rural Small Holdings	72
R5 Large Lot Residential	369
E4 Environmental Living	357
Total	798

A total of 798 dwellings were commenced in 15 years across all rural residential zones of the Shire. That is an average of 53 new dwellings per year. The following subsection looks at the district break up.

3.2.2 Dwelling commences across the North, Central and Southern Districts

Table 7: Breakdown of dwelling commencements by district 2000 to 2015

District Breakdown of Dwelling Commencements				
Zone	North	Central	South	Total
RU4	19	10	43	72
R5	155	123	91	369
E4	129	155	73	357
Totals	303	288	207	798

The table indicates higher past rates of uptake as you go north but still appreciable uptake across the rural residential zones in all areas.

The table shows 20 dwellings commenced per year in the north, 19 in the centre and 14 in the south.

3.2.3 Subdivision certificate release data

Council summary data on subdivision certificate releases for the 8 financial years 2007 to 2014 were interrogated and mapped to produce the following table showing releases of lots by the three zones over the north, central and south districts.

Table 8: New Rural Residential lots created in the past 8 years

Zone	New Lots
North District	
E4	45
R5	71
RU4	10
North District totals	126
Central District	
E4	47
R5	39
RU4	3
Central District Totals	89
South District	
E4	5
R5	3
RU4	11
South District Totals	19
Shire Totals	234

This table shows a total of 234 lots released Shire wide in 8 years or 29 per year. The dwelling uptake has been running at nearly double that over the past 15 years which suggests higher rates of subdivision in the more distant past and a slow dwindling of lot stock couples with less remaining large lots for subdivision and as often occurs as zones fill in, some of the remaining lots with subdivision potential can often be more economically constrained.

The north lot release was 16 per year, the central 11 and the south 2.

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4 IDENTIFICATION OF ISSUES AND OPTIONS FOR THE RURAL STRATEGY

4.1 DEMAND AND SUPPLY FOR RURAL SMALL HOLDINGS

4.1.1 Summary of demand and supply statistics from Section 3

As an average over the past 15 years, annual dwelling construction on rural residential lots in Eurobodalla has been in the order of 20 per year in the north, 19 per year in the central region and 14 per year in the south. A total of 53 lots built on per year across the rural residential zones of the Shire.

Subdivision activity to generate more rural small holding lots has been running at an average of 16 lots per year in the north, 11 in the central region and 2 in the south. A total of 29 lots per year across all rural small holding zones of the Shire. This indicates generation of new supply is running less than uptake but there is still quite a reservoir of existing vacant lots.

From sampling the residue lots with some subdivision potential, it is apparent some are more constrained both in terms of yield given bushfire and biodiversity constraints and some have costly service requirements such as substantial extensions of roads and/or power. This would be further constraining supply.

The work in Section 3 also shows past demand for lots 5 ha and less is very high with at least 76% of all lots across the 3 rural small holding zones being in this category. In other words, in terms of estate style rural residential, outside of the broad acre RU1 zone areas, demand is very concentrated in the rural living to very small scale hobby farming part of the spectrum. But conclusions on this past uptake need to be qualified as Eurobodalla produced many very small rural living lots in that period and now with stronger regulation of on-site sewerage densities the average size for unsewered rural residential is larger. The conclusion that demand is still higher for lots below 10 ha still seems valid. There is also likely demand for large residential lots where sewer can be justified.

A reasonable demand projection for unsewered rural residential for the coming decade would be 60 lots per year scattered across the varying types from small rural living through to 10 ha hobby farms but with most demand likely to be for lots less than 10 ha in size.

From the work in Section 3, the gross yield potential for all 3 rural small holding zones across the Shire (existing and potential lots) is 600 to 700.

So in gross terms there is 10 years supply on hand but some specific sizes e.g. lots 5 ha and less possibly have less length of supply and some areas such as in the south have less supply of styles such as small R5 lots.

There is also significant supply of larger vacant hobby and part-time farms in the RU1 zone as detailed in Discussion Paper 9.

The conclusion is there is no need for a concerted action by Council to increase supply of any category of rural small holding under 5 years Shire-wide, and in the north and central districts supply of E4 and R5 opportunities is possibly adequate for over 10 years. However, the qualification is made that the estimation of potential subdivision yield is only approximate and it would be desirable for Council to refine that data over the next 3-5 years so a more

precise supply total might be calculated It would seem reasonable that Council seek some contribution from potentially benefiting landowners towards the costs of this review as it is also in their interests to improve the surety as to the likely limits of subdivision potential.

4.2 LAND USE ISSUES RELATING TO CURRENT AND FUTURE RURAL SMALL HOLDING DEVELOPMENT

4.2.1 Water Supply

Council currently provides reticulated water to a few rural living style estates. Generally, the ongoing maintenance of low density reticulations of water or sewer is not cost effective for water supply authorities.

It is suggested Council not reticulate water to future rural residential areas except for perhaps any large urban lot style developments that fit within the established network and where a cost review can establish that the rate base of that estate should fund ongoing maintenance and asset replacement.

More detailed water supply planning might be a requirement applied to Planning Proposal proponents for new rural residential areas. Modelling of dam layouts or data on groundwater potential could be useful to set a more secure water plan for the new development.

Rainwater collection of at least 45,000 litres per average dwelling is a sound policy but many rural residential lot purchasers seek the additional surety of dam or bore potential and there is scope for factoring such design into the rezoning phase but at the future developer's cost.

4.2.2 Sewer

Council in the past has allowed some areas of rural residential at quite high densities but with reliance on on-site sewerage disposal systems. The cumulative impact on such densities could be problematic and a minimum future lot density across new estates should be planned based on a good margin of safety, say, 2 ha where soil types are acceptable and higher in poorer soil areas. Care should be taken not to significantly increase development relying on on-site disposal in catchments already containing higher numbers of septic.

4.3 EXPAND RU4 OR JUST VARY LOT SIZE IN RU1

As detailed in Discussion Paper 3, Eurobodalla currently uses RU4 mostly as a rural residential zone with lot sizes 10 and less hectares. The difference with R5 is not that clear but some of the land quality in RU4 is higher and an emphasis of a little stronger agricultural potential.

Some Councils surveyed in Discussion Paper 3 have a wider use of this zone for identification of larger scale hobby or even small part-time farms with lot sizes ranging up to 40 ha.

It seems Council has two options:

- Possibly expand the use of RU4 to cover fragmented areas of the current RU1 zone and by lot size set small farm potential in, say, the 20-40 ha range; or
- Continue using RU4 as before but use varying lot sizes in the RU1 to define small part-time farming opportunities.

Council might see a benefit in some structured areas of small lot farming and utilise RU4 to distinguish such areas from other parts of the RU1 which are fragmented in ownership but where land qualities are not so pronounced.

But as detailed in Discussion Paper 4, the State Government may introduce different zoning options for rural residential. One option mooted but not in any concrete position as at the date of drafting this Paper, might be to reintroduce a similar style of rural residential zone to that which existed before the Standard Instrument such as the former 1(c) zones. Should that occur then options for definition of small lot farms may change but in the interim Council needs to plan within the current available zoning framework.

4.4 FUTURE USE OF E4

The E4 Environmental living zone has been in demand in Eurobodalla with over 1,100 lots with dwellings and a further almost 400 vacant lots.

Much of this area was already zoned 1(c) for rural residential use under the 1987 LEP. In the 1970 and '80s, Councils were encouraged to place rural small holdings in marginal agricultural land so that prime agricultural land might be retained in larger and generally more productive holdings. As such sometimes forested lands were zoned for rural residential given clearing provisions were less stringent than with less appreciation of biodiversity and bushfire values.

A consequence of that is Eurobodalla has a large area of E4 zone but with some significant sections now limited for further subdivision by access, bushfire and biodiversity constraints. This tends to dictate a requirement for larger lots for much of this residual area. As discussed in 5.2 more detailed monitoring is recommended to refine the true remaining subdivision potential of the E4 zones as current work can only be approximate without detailed area by area investigation of all the constraints.

Looking to the future, some restructuring of the approach to the use of E4 may be justified. More stringent requirements for bushfire protection, biodiversity conservation and an expectation of sealed road standards will make low density E4 zones marginal to develop economically if comprised of lands of any existing biodiversity significance.

There is a desire for “bush living” but this can come with many adverse impacts. The solution may be to create new environment living opportunities from regenerating cleared or degraded lands rather than impacting on lands of existing higher biodiversity and/or bushfire hazard. This way safe, low impact home sites can be planned into the regeneration works.

There is an opportunity to strategically plan new E4 to incorporate future bio-corridors within new estates but outside dwelling envelopes and this is recommended in Section 5.5.

4.5 PRINCIPLES FOR SELECTION OF FUTURE RURAL SMALL HOLDING ZONES

The conclusion of this Report is that there is no urgency for Council to proceed with zoning reviews to increase the supply of rural residential lots. The issue of supply of larger, small lot farming opportunities is separate and dealt with in Discussion Paper 9.

The following principles are offered for development over the next 3 to 5 years as a basis for vetting lands for addition to the E4 and R5 zones.

4.5.1 Market diversity principle

Regardless of whether the State Government moves to introduce different zones for rural small holdings, Council needs to plan for several different markets for rural residential lots regardless of zone names:

- Purely large residential lots under 5,000 m². These are really an urban fringe character and will often require reticulated sewer and water. Usually no agricultural use.
- Small “environmental living” lots with minimal agriculture as exist in the E4 zone – strongest demand seems to be for lots 5 ha and less.
- Larger “environmental living” lots with low to minimal agricultural use. Some of these lots are created by default from E4 areas with higher constraints requiring a larger lot size. From past uptake demand seems lighter.
- Small hobby farms 2-4 ha – as demonstrated across much of the R5 zone. Very much hobby scale agriculture, some just large garden lots.
- Mid-size hobby farms 5-10 ha. Also as present commonly across RU4.
- Large hobby farms and small part-time commercial farms. This category is addressed in Discussion Paper 9 and can be supplied from fragmented areas of the RU1 zone, either as RU4 zoning with larger (10-40) lot sizes or just creating smaller lot sizes in the RU1 over fragmented areas suitable to small lot farming. Principles for this category are presented in Discussion Paper 9 and not developed further in this Paper.

4.5.2 Biodiversity enhancement

The planning of new rural residential areas is a solid opportunity to plan for improvements to biodiversity as part of the expanded development opportunities granted to landowners.

- Corridors can be planned in advance with sufficient width and structure to be of genuine use for wildlife movement. This can include regeneration requirements where existing native vegetation is insufficient.
- Home sites can be planned where the impact of development and bushfire buffers is acceptable on existing native vegetation. For estates where the theme is environmental living. Safe home sites can be planned out of higher fire risk forest and acceptable plans put in place to improve biodiversity on the dwelling lots but without the build up of risk associated where environmental living lots are placed in undisturbed forest.
- Voluntary Planning Agreements and/or conditions of consent can be used to not only achieve the primary rehabilitation but also set management requirements for future

estate lot owners so Council is not burdened with unnecessary public reserve additions.

4.5.3 Land attribute selection

There are obvious screening factors to cull areas from the need for rural residential review:

- Lands already mapped with higher biodiversity values such as EEC and buffers to such areas should be avoided.
- Similarly, lands of higher bushfire risk should be avoided. Preference should be shown for new estates where two separate directions of access/egress can be demonstrated.
- Lands suited to commercial agriculture or lands in proximity to commercial farms should be excluded.
- Lands where extensions of adequate sealed roads and electricity cannot readily be totally funded from the anticipated development should be excluded.
- Prefer areas listed for National Broadband Network coverage.
- In the majority of cases rural residential zones should be within 15 minutes drive of at least basic shops and services.
- Steeper lands to mostly be avoided, especially for sections proposed for development of dwellings and access.
- Lands not overly fragmented – lands where the ownership pattern is large enough that multi lot developments are possible from single existing ownerships. If this principle is ignored development can often be constrained by the differing views on development of the various small area owners and the complications of several small developers having to come to agreements over infrastructure sharing.

4.6 PERMISSIBLE USES

The following additional permissible uses are recommended for insertion in the Eurobodalla LEP. (See Discussion Paper 3 for detail).

Table 9: RU4 Zone - Proposed additional uses

Suggested Additional Uses	Comment
Detached dual occupancies	Attached dual occupancy is permissible and lots are large enough for the flexibility of detached dual occupancy.
Function centres	Allowing consideration of tourist related function centres seems justified subject to DA assessment of merit.

Table 10: R5 Zone - Proposed additional uses

Suggested Additional Uses	Comment
Aquaculture	A small aquaculture activity might be accommodated in R5, with consent.
Extensive agriculture	Very small scale extensive agriculture is common now in the R5. Grazing and bee keeping are already permissible without consent. It is recommended extensive agriculture be permitted without consent.
Farm buildings	Ancillary farm style buildings may be justified in R5, with consent.
Plant nurseries	A reasonable activity in R5 subject to impact assessment re neighbour amenity protection.

Table 11: E4 Zone - Proposed additional uses

Suggested Additional Uses	Comment
Community facility	Seems reasonable with assessment of merit.
Environmental facility	Seems to meet zone objectives.
Extensive agriculture	Very small scale extensive agriculture is common now in the E4. Grazing and bee keeping are already permissible without consent. It is recommended that extensive agriculture be permissible without consent.

5 RECOMMENDED STRATEGIES FOR RURAL RESIDENTIAL LAND

5.1 SUPPLY/DEMAND STATEMENT

There is a projected supply of at least 5 years for all categories of rural small holding that are likely to be sought in the E4, R5 or RU4 style zones. Subject to refinement of subdivision potential as discussed in Section 5.2 below, it seems likely to be established there is a comfortable 10 years potential supply on hand from the existing rural residential zones.

There are also quite a number of remaining vacant hobby farm and small part-time farm opportunities in the RU1 zone area as detailed in Discussion Paper 9 and these cater for some of the larger lot hobby and part-time market.

Supply action

Council might activate a program to identify 1 or 2 new zone areas of each rural small holding category in the North, Central and Southern Districts (i.e. at least one new E4, R5 or RU4 zone in each district) in about 5 years' time then proceed with a Planning Proposal to create the new zones so they might be in place by about year 8. An outline for a model to apply to such a review is discussed in Section 4.5.

5.2 REFINED MONITORING OF SUPPLY AND DEMAND FOR RURAL SMALL HOLDINGS

Over the coming 5 years, some more robust statistics might be developed by Council for estimation of the subdivision potential of the remaining zoned land. Several areas are heavily constrained by bushfire and biodiversity constraints.

Since 2012 there has also been a limitation of a single subdivision in cases where land zoned R5 or E4 is subdivided using the minimum averaging provisions of Clause 4.1E of the LEP. This means lots over twice lot size do not all retain subdivision potential and it is currently a complex process of cross checking past subdivision records to determine remaining lots with subdivision permissibility.

The current estimates of subdivision potential are very much approximate given the significant variables created by the land constraints and minimum averaging impacts.

But there is still confidence that Council has at least 5 years before it seems necessary to even proceed with further rezonings to increase supply.

Action on Monitoring

Over the next 5 years Council gradually effect a more detailed study of the real residual subdivision capacity of the existing rural residential zones.

5.3 SERVICING

5.3.1 Water

Council currently provides reticulated water to a few rural living style estates. Generally, the ongoing maintenance of low density reticulations of water or sewer are not cost effective for water supply authorities.

More detailed water supply planning might be a requirement applied to Planning Proposal proponents for new rural residential areas. Modelling of dam layouts or data on groundwater potential could be useful to set a more secure water plan for the new development. Current requirements for rainwater storage and bushfire storage seem appropriate.

Actions relation to water

That Council minimise extension of reticulated water to rural residential development unless it can be established an extension has the rate base to be self-funding.

That, as part of the development of Planning Proposals for future rural residential areas, a water supply options report be prepared at the cost of proponents which examines potential for dam storages and use of ground water in a responsible manner as a backup to rainwater collection.

5.3.2 Sewer

Council in the past has allowed some areas of rural residential at quite high densities but with reliance on on-site sewerage disposal systems. The cumulative impact on such densities could be problematic and an average future lot density across new estates should be planned based on a good margin of safety, say, 2 ha where soil types are acceptable and higher in poorer soil areas. Council's minimum averaging clause for subdivision in R5 and E4 would still allow a range of lots to be created below 2 ha, it is the overall density where control is desirable and where an average across an estate of 2 ha is considered justified.

Care should be taken not to significantly increase development relying on on-site disposal in catchments already containing higher numbers of septic tanks.

Actions relating to sewer

Council should cull sub-catchments with an existing high proportion of septic tanks from consideration of further unsewered rural residential development.

New unsewered rural residential should not exceed an average density across estates of 2 ha.

5.4 FUTURE USE OF RU4 ZONE

As discussed in Discussion Paper 3, Eurobodalla currently uses RU4 mostly as a rural residential zone with lot sizes 10 and less hectares. The difference with R5 is not that clear but some of the land quality in RU4 is higher and an emphasis of a little higher agricultural potential.

Initially, we see no need to expand RU4 and recommend lot sizes just be varied in the RU1 zone based on the criteria detailed in Discussion Paper 9.

Actions relating to use of RU4 zone

It is recommended Council continue to use RU4 for definition of small area hobby farms on better quality land. But it is also recommended the option be explored to create some RU4 areas of larger lot sizes – say 20 to 40 ha for definition of areas of small part-time agricultural production. (Discussion Paper 9 examines this further).

This recommendation may need to be reconsidered if the State Government introduces different options for rural residential zones, but at the time of conclusion of this draft Paper there is no clear position regarding and changes to current zoning options.

5.5 FUTURE USE OF E4 ZONE

The E4 Environmental Living zone has been in demand in Eurobodalla with over 1,100 lots with dwellings and a further almost 400 vacant lots.

There is a desire for “bush living” but this can come with many adverse impacts. The solution may be to generate new environment living opportunities from development and restoration of cleared marginal or degraded lands rather than impacting on lands of existing higher biodiversity and/or bushfire hazard.

Action for future E4 zone definition

There may be a need to constrain the creation of E4 zones in the future to areas where smaller lots can perhaps be clustered on lands where biodiversity improvement may be effected and alternatively areas of existing biodiversity be avoided.

Rezoning to E4 could be a useful tool to equitably and economically foster the completion of several of the desired Shire bio-corridors between existing areas of high biodiversity. This could be achieved through strategic placement of E4 zones so that the landowners are rewarded with some development potential in return for securing and rehabilitating bio-corridors.