



Planning Proposal
Housing Diversity

Summary	Details
Name of draft LEP:	Housing Diversity Planning Proposal
Subject land:	R2 Low Density Residential zoned land R3 Medium Density Residential zoned land
Proponent:	Lake Macquarie City Council
Landowner:	The planning proposal is not site specific
Planning portal reference:	N/A
Council reference:	RZ/4/2023
Version:	1
Date:	11 January 2024
Author:	Abigail Hawtin – Strategic Landuse Planner

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1	Abigail Hawtin	11/01/24	Attachment 1 to Council report 'Housing diversity planning proposal' - D11307921



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Part 1 – Objectives and intended outcomes

Objective

To increase the supply and diversity of housing types in Lake Macquarie City's residential zones.

Intended outcomes

Implement the Hunter Regional Plan 2041 and Lake Macquarie Housing Strategy by enabling more opportunity for development of various housing types, particularly smaller forms of housing.

Avoid encroachment of urban development into environmentally sensitive land by making more efficient use of available urban land.

Improve viability of public transport and services within new and existing residential areas.

Facilitate future housing growth in infill areas.

Enable a greater mix of housing types to accommodate Lake Macquarie's growing population.

Part 2 – Explanation of provisions

1. Permit "residential accommodation" in R2 Low Density Residential zone and R3 Medium Density Zone.
2. Amend Clause 4.1A to enable small lot sizes commensurate to the changes to housing types permitted in the R2 and R3 zones, including:
 - A minimum lot size of 250m² for the subdivision of land in the R2 zone, for approval of a dwelling house, semi-detached or attached dwelling,
 - A minimum lot size of 200m² for each resulting lot associated with dual occupancy development in the R3 zone, and less than 200m² with concurrent approval of a dual occupancy,
 - Enable subdivision of a lawfully erected dual occupancy,
 - Clarify the meaning of road frontage to ensure it does not enable small-lot battle axe subdivisions for 3 or more lots.
3. Amend 4.1B to reduce the min lot size to 250m², consistent with Clause 4.1A.

Part 3 – Justification of strategic and site-specific merit

Australia is currently experiencing a 'housing crisis' affecting regional communities including Lake Macquarie. Across our city new dwelling commencements have fallen, building costs have increased, vacancy rates are low at around one per cent (CoreLogic, Sep 2023), social housing waitlist times exceed ten years, rental costs and median house prices are continuing to climb resulting in significant rental and mortgage stress. Migration and decreasing household sizes continue to increase the demand for well-located and well serviced homes. As such, it is essential that Council looks for ways to support housing across the city.

The Lake Macquarie Housing Strategy (Housing Strategy), adopted by Council in April 2020 and updated in 2021, was informed by significant research into the housing market, liveability, affordability, design and feasibility and included significant community and industry consultation to understand the city's housing needs. The outcomes showed the need for a focus on infill housing and increased housing diversity in the city. Focusing housing growth close to jobs and services



and increasing housing diversity are strategic directions supported by the Lake Macquarie City Local Strategic Planning Statement, the Hunter Regional Plan 2041 and the Greater Newcastle Metropolitan Plan. In November 2023, Council received a letter from the Minister for Planning and Public Spaces stating that NSW is in a housing crisis and there is a need to increase housing supply and diversity of homes across our suburbs. The letter requests that councils look at their policy settings with the aim of expanding the number of homes in their LGA. This planning proposal has the potential to facilitate greater housing supply and diversity across the LGA and is consistent with the NSW Government's position.

There is increasing need to provide more diverse housing in Lake Macquarie to support future growth, an ageing population and smaller household sizes. By 2036 couple families without children and lone person households will account for almost 50 per cent of all households. These trends suggest greater demand for smaller and/or more affordable dwellings to match these forecast shifts in mix of household types. Currently 84 per cent (2020) of houses in Lake Macquarie are detached dwellings. Current supply is heavily biased towards detached dwellings, despite increasing demand for semi-detached dwellings and apartments. There is a high proportion of households living in housing stress in Lake Macquarie LGA and low supply of affordable rental housing to relieve this stress. This is creating demand for a diversity of dwelling options that are affordable.

A study was undertaken in 2012 of housing preferences in the Lower Hunter region. Based on the stated preferences 46 per cent of households would prefer to occupy a semi-detached dwelling or an apartment. Only 16 per cent of the existing stock in 2011 provided these housing options. However, 30 per cent of the new supply between 2001 and 2010 was non-detached dwellings, indicating a shift towards the preferred dwelling types in new dwelling construction.

To support the supply of smaller dwellings, it is proposed to enable more flexible, smaller subdivision and permit a broad range of housing across the R2 and R3 residential zones. It is intended that by permitting more types of housing, more opportunities for diverse housing forms will be enabled throughout the City.

Currently the R2 Low Density zoned areas of the city mainly supply single dwellings and dual occupancies. The R3 Medium Density zoned areas mainly supply single dwellings and in certain areas such as Warners Bay and Charlestown higher density types such as apartments and multi-dwelling units. Lower intensity infill forms are restricted to the R2 zone and R1 zone as shown in Table 1. Whereas the R3 zone allows more intensive medium density forms: attached dwellings, multi-dwelling housing and apartments.

The basis of the existing policy is to prevent higher intensity infill in the R2 zone and restrict lower intensity infill in the R3 zone, however given the subtle difference between the residential development types, this approach is unnecessarily restrictive. The intensity and character of development can be managed through other controls including maximum building heights, zone objectives and development controls.

The planning proposal aims to permit "residential accommodation" in the R2 Low Density Residential and R3 Medium Density Residential zones. Residential accommodation is an umbrella term which includes a broad range of housing types. A comparison of the main residential accommodation uses currently permitted and proposed is shown in Table 1:



Table 1- existing and proposed housing types permissible in the R2 Low Density and R3 Medium Density Zones

Existing land use table							
	Dwelling house	Secondary dwelling	Dual occupancy	Semi-detached dwellings	Attached dwellings	Multi-dwelling housing	Residential flat buildings
R2							
R3							
Proposed land use table							
R2							
R3							

The planning proposal would permit dual occupancies in the R3 Medium Density Residential zone. It would also permit attached dwellings, multi-dwelling housing and residential flat buildings in R2 Low Density Residential zone. Although this means both zones will permit similar uses, the low-density and medium-density zones are still differentiated by zone objectives, building height controls and minimum lot sizes controls.

Permitting dual occupancies in the R3 zone will enable low-scale infill medium density where more intensive forms of medium density may not be feasible. Feasibility and site amalgamation are key barriers to infill development under the current planning regime (Lake Macquarie Housing Study 2018). As part of the Lake Macquarie Housing Study, SHAC Architects developed a series of eight infill housing designs suited to the lots identified as common types in the four case study locations in Lake Macquarie. Options to develop sites without amalgamation were seen as a key strategy for the new housing designs. Five of the eight infill housing design incorporated some form of dual occupancy development, demonstrating it's potential as a viable form of infill. Additionally, dual occupancies do not require amalgamation, and do not always necessitate demolition of an existing dwelling.

The Hunter Regional Plan 2041 supports the full spectrum of medium density housing, including dual occupancies, attached dwelling and multi dwelling housing being permissible within residential zones that apply to urban core, general urban, inner suburban and general suburban contexts. Within the state's emerging six cities region reforms, dual occupancies are permitted in 65 per cent of lots in the Medium Density Residential zone.

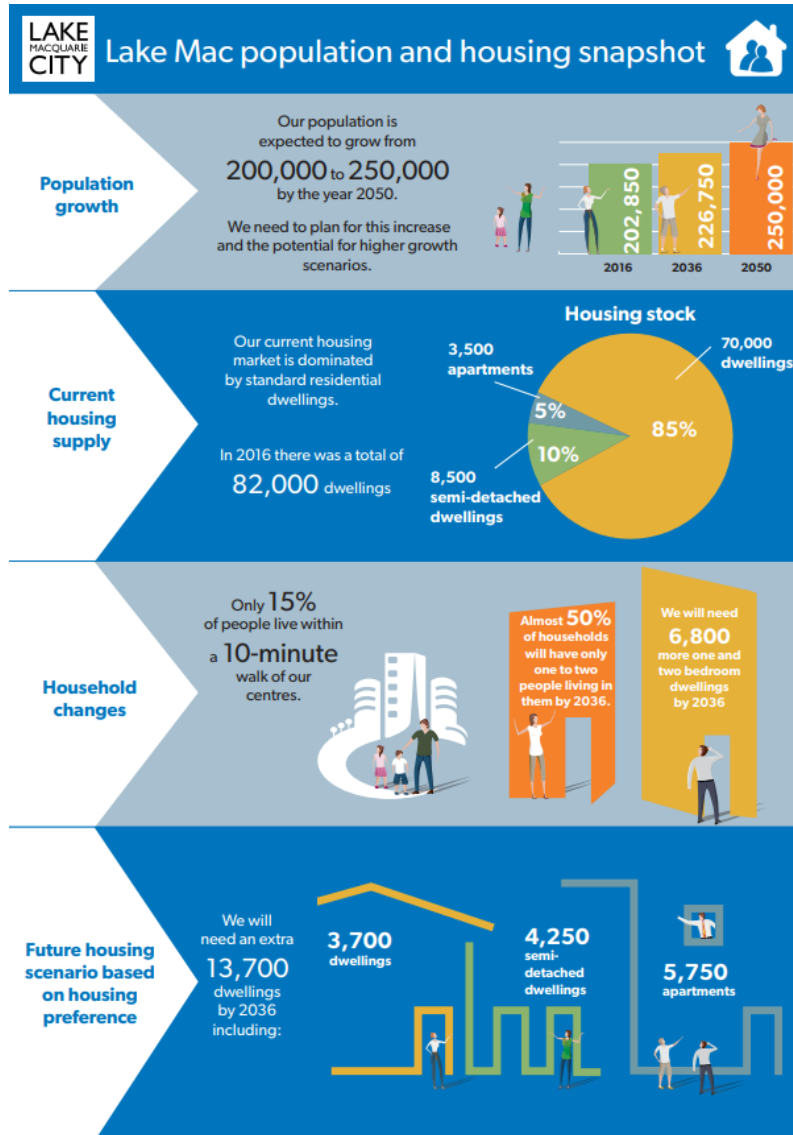
The planning proposal will also permit multi-dwelling housing, attached housing and residential flat buildings in the R2 Low Density Residential zone. The intention is to facilitate more infill development and diverse housing in the R2 Low Density Residential zone.

The planning proposal will allow residential flat buildings in the R2 zone which will be controlled by a maximum building height of 8.5m. The Lake Macquarie Housing Strategy includes an objective to promote and support a broader range of housing types including manor houses. Manor houses are a low scale form of residential flat building which typically contain three or four dwellings in a two storey building, with two dwellings on the ground floor and two located directly above. Manor houses provide a more affordable housing type within low and medium density contexts. Manor houses typically present as an oversized double storey house and as such are able to blend in with



low density streetscapes. Permitting residential flat buildings with an 8.5m height limit will support low rise manor houses.

Changes to Clause 4.1A are proposed to enable small lot sizes commensurate to the changes to housing types permitted in the residential zones. Other minor changes are also proposed to enable subdivision of existing dual occupancies and clarify the meaning of road frontage.



Source: Lake Macquarie Housing Strategy 2020



No.	Question	Considerations
Section A – need for the planning proposal		
1	Is the planning proposal a result of an endorsed LSPS, strategic study or report?	<p>Yes, the planning proposal will implement the Lake Macquarie Local Strategic Planning Statement (LSPS) and Lake Macquarie Housing Strategy. Both strategies have fundamental aims of improving housing diversity and supply across the city. The planning proposal will provide opportunities for housing growth, particularly infill housing, by permitting a broader range of medium density housing in residential zones.</p> <p>The LSPS contains the following planning priority:</p> <p>Planning Priority 2: A City to Call Home – where diverse housing options cater to everyone's needs: The city will provide opportunities for substantial growth in new housing, including a greater mix of housing types to accommodate our growing population.</p> <p>Planning Priority 2 includes a principle to "implement policy to facilitate the supply of diverse housing that is sustainable, affordable and caters for a variety of life stages, lifestyles, demographics, and enables social inclusiveness."</p> <p>Action 2.4: Implement the Lake Macquarie Housing Strategy, including LEP and DCP amendments to support infill housing.</p>
2.	Is the planning proposal the best means of achieving the objectives or intended outcomes, or is there a better way?	<p>A planning proposal is the best means of achieving housing diversity. Permissibility and minimum lot size is controlled through the LEP and Clause 4.6 will not enable exceptions where the land use is not permissible in the land use table.</p> <p>Amending the land use table is the most straight forward approval pathway. It was also provide consistency with state policy reforms currently being exhibited.</p> <p>The R1 General Residential zone permits a broad range of housing types. The option to rezone land to R1 General Residential zone was not pursued so that the R2 and R3 zones can still be differentiated according to building heights, minimum lot sizes and DCP controls.</p> <p>An Additional Permitted Use was not pursued as amending the land use table is a more simple and conventional approach and will enable more opportunities for diverse housing throughout the city.</p>
Section B – relationship to the strategic planning framework		
3	Will the planning proposal give effect to the objectives and actions of the applicable regional or district plan or	<p>Hunter Regional Plan 2041 (HRP)</p> <p>The planning proposal delivers key strategies identified in the HRP, particularly, Objective 5: Plan for 'nimble neighbourhoods', diverse housing, and sequenced development.</p> <p>Neighbourhoods need to become more nimble to accommodate different demographics. Neighbourhoods that support people to grow</p>



No.	Question	Considerations
	strategy (including any exhibited draft plans or strategies)?	<p>older in communities they know and allow people to stay in communities they grew up in as kids. Rigid and difficult to change planning controls limit these choices.</p> <p>HRP density targets can be met through a diversity of housing types, including attached dwellings, dual occupancies, and multi-dwelling housing, organised and clustered to support walking, cycling and public transport in 15-minute neighbourhoods.</p> <p>Strategy 5.2 Local strategic planning will consider amendments to planning and development controls that reflect the desired density targets for the urban core, general urban, inner suburban and general suburban contexts.</p> <p>Strategy 5.3 Planning proposals will not prohibit the following housing typologies within residential zones that apply to urban core, general urban, inner suburban and general suburban contexts:</p> <ul style="list-style-type: none"> • attached dwellings • boarding houses • dual occupancies • group homes • multi dwelling housing • secondary dwellings • semi-detached dwellings. <p>Greater Newcastle Metropolitan Plan 2036 (GNMP 2036)</p> <p>The planning proposal is consistent with the GNMP which identifies that providing housing diversity and choice will improve affordability, help meet the needs of an ageing population and support the reduction of household size. To support the changing population and dwelling needs, the GNMP sets a 60 per cent target for new dwellings in the existing urban area by 2036. This may be achieved with a variety of housing types, including secondary dwellings, apartments, townhouses, and villas.</p> <p>Demographic household changes are creating the need for a more diverse mix of homes to meet a wide range of lifestyle needs and budgets, including young families, older people and singles. This means a range of housing types, tenures and price points are required to make it easier for people to own their own home. The provision of rental housing for lower income households, and affordable and social housing for the most vulnerable is equally important.</p> <p>The Plan sets a target of 25 per cent small lot and multi-dwelling housing by 2036. This may include a mix of apartments, dual occupancies, townhouses, villas and homes on lots less than 400</p>



No.	Question	Considerations
		<p>square metres, by 2036. Figure 8: Housing opportunities map (2018) identifies R2 and R3 residential zoned land in Lake Macquarie as "Infill Urban Area with Infill Housing Opportunities". The planning proposal will support infill opportunities across the R2 and R3 zones. In particular, the planning proposal delivers on:</p> <ul style="list-style-type: none"> • Outcome 3: Deliver housing close to jobs and services. • Strategy 16: Prioritise the delivery of infill housing opportunities within existing urban areas. • Action 16.1 Greater Newcastle councils will focus new housing in existing urban areas, particularly within strategic centres and along urban renewal corridors.
<p>4 Is the planning proposal consistent with a council LSPS that has been endorsed by the Planning Secretary or GSC, or another endorsed local strategy or strategic plan</p>		<p>Lake Macquarie Local Strategic Planning Statement (LSPS)</p> <p>Yes, the planning proposal will implement the Lake Macquarie Local Strategic Planning Statement which has a planning priority to improving housing diversity and supply across the city. The planning proposal will provide opportunities for housing growth, particularly infill housing, by permitting a broader range of medium density housing in residential zones.</p> <p>The LSPS contains the following planning priority:</p> <p>Planning Priority 2: A City to Call Home – where diverse housing options cater to everyone's needs: The City will provide opportunities for substantial growth in new housing, including a greater mix of housing types to accommodate our growing population.</p> <p>Planning Priority 2 includes a principle to "implement policy to facilitate the supply of diverse housing that is sustainable, affordable and caters for a variety of life stages, lifestyles, demographics, and enables social inclusiveness."</p> <p>Action 2.4: Implement the Lake Macquarie Housing Strategy, including LEP and DCP amendments to support infill housing.</p> <p>Lake Macquarie Housing Strategy</p> <p>The Lake Macquarie Housing Strategy identifies the following strategy objectives:</p> <ol style="list-style-type: none"> 1. facilitate efficient housing supply & infrastructure co-ordination. 2. increase diversity & choice in housing. 3. facilitate infill opportunities for housing near jobs and services. 4. increase affordable rental housing and home ownership. 5. facilitate housing design for innovation and sustainability.



No.	Question	Considerations
		<p>The planning proposal will provide land and housing development opportunities to meet demand, by enabling more supply and diversity of housing in new and existing communities.</p> <p>The planning proposal will enable more efficient use of greenfield land and infrastructure by enabling marginally higher density housing and provide housing options to suit different needs.</p>
5	Is the planning proposal consistent with any other applicable State and regional studies or strategies?	<p>NSW Government low-and mid-rise housing reforms</p> <p>The NSW Government is exhibiting reforms to promote housing diversity and supply in NSW.</p> <p>The NSW reforms aim to permit three to six storey residential flat buildings in the R3 Medium Density Residential Zone within 800m proximity of town centres and train stations. It also aims to permit multi-dwelling housing, attached housing and two storey residential flat buildings in the R2 Low Density Residential zone within 800m proximity of town centres and train stations.</p> <p>The planning proposal is consistent with the NSW reforms, in that the planning proposal would permit the same housing types proposed for the R2 Low Density and R3 Medium Density zones. However, the proposed NSW reforms would allow additional building height and density where justified by the amenity of the location.</p> <p>Adopting the same land uses in the LEP as the NSW reforms will enable a more simple and consistent approval pathway. The application area of the reforms covers a large proportion of R2 and R3 zoned land in Lake Macquarie, so permitting the proposed land uses according to zone will provide better clarity. Landowners will be able to determine permissibility based on the land use table in the LEP.</p>
6	Is the planning proposal consistent with applicable State Environmental Planning Policies (SEPPs)?	<p>The planning proposal is consistent with all relevant SEPPs. The planning proposal is not site specific but applies to land that is already zoned for urban development. The planning proposal does not trigger any requirements under SEPPs. Some SEPPs, i.e. SEPP (Resilience and Hazards) 2021 may affect development applications on land to which this planning proposal applies. Any development application for residential development enabled by the proposed planning proposal and affected by any SEPP will be considered on its merits at the development assessment stage.</p>



No.	Question	Considerations
7	Is the planning proposal consistent with the applicable Ministerial Directions (section 9.1 Directions)?	<p>1.1 Implementation of Regional Plans</p> <p>Consistent. Refer to Section B, Question 3.</p> <p>1.3 Approval and Referral Requirements</p> <p>Consistent. The planning proposal does not include provisions that require concurrence, consultation or referral to a minister or public authority.</p> <p>1.4 Site Specific Provisions</p> <p>Consistent. The planning proposal does not contain site-specific provisions.</p> <p>3.1 Conservation Zones</p> <p>Consistent. the planning proposal does not apply to land within a conservation zone.</p> <p>3.2 Heritage Conservation</p> <p>Consistent. The Lake Macquarie Local Environmental Plan contains provisions that facilitate conservation of heritage items. The planning does not seek to change any provisions relating to heritage items.</p> <p>4.1 Flooding</p> <p>Consistent. The planning proposal will add additional uses to the land use table. This would apply broadly across existing R2 and R3 Residential zones across the city. It does not apply specifically to flood prone land and is compatible with other similar uses permitted in residential zones.</p> <p>The Lake Macquarie Local Environmental Plan 2014 and Development Control Plan 2014 contain provisions to control flood risk. The LEP and DCP controls will appropriately manage flood risk and control density in existing residential zones.</p> <p>4.2 Coastal Management</p> <p>Consistent. The planning proposal does not enable more intensive land use on coastal wetlands or littoral rainforest.</p> <p>4.3 Planning for Bushfire Protection</p> <p>Consistent. The planning proposal will marginally increase residential density in R2 Zone, some of which may be affected by bush fire.</p> <p>The planning proposal is not site specific and any impacts from bush fire hazard on land already zoned for residential development will be considered at the development application stage. Development of bush fire prone land is integrated development and will be referred to Rural Fire Service as part of a development application and will also need to comply with Planning for Bushfire Protection 2019. There are</p>



No.	Question	Considerations
		<p>adequate measures in place within the assessment framework to avoid adverse risks associated with bush fire hazards.</p> <p>4.4 Remediation of Contaminated Land</p> <p>Consistent. The planning proposal does not propose a change of use to land.</p> <p>4.5 Acid Sulfate Soils</p> <p>Consistent. The planning proposal applies to land already zoned for residential development.</p> <p>The planning proposal proposes a minor intensification of land uses in the R2 Low Density Residential zone, some of which land is identified as having a probability of containing acid sulfate soils (ASS).</p> <p>The planning proposal does not propose a change of zone and only applies where residential uses are already permitted and can be effectively managed at DA stage. The LEP and DCP include controls to assess and manage ASS risk at DA stage.</p> <p>4.6 Mine Subsidence and Unstable Land</p> <p>Consistent. The planning proposal does not propose to increase building heights and represents a minor increase in density in the R2 Low Density Residential zone.</p> <p>5.1 Integrating Land Use and Transport</p> <p>Consistent. The planning proposal will enable more efficient use of land and viability of public transport through increased density.</p> <p>5.2 Reserving Land for Public Purposes</p> <p>Consistent. The planning proposal does not affect existing zonings or reservations of land for public purposes.</p> <p>6.1 Residential Zones</p> <p>Consistent. The planning proposal will encourage the provision of housing that will broaden the choice of building types and locations available in the housing market and make more efficient use of existing infrastructure and services.</p> <p>6.2 Caravan Parks and Manufactured Home Estates</p> <p>Consistent. The planning proposal does not affect permissibility of caravan parks or the zoning of existing caravan parks.</p> <p>8.1 Mining, Petroleum Production and Extractive Industries</p> <p>Consistent. The planning proposal will not impact the future extraction of state or regionally significant reserves of coal, other minerals, petroleum and extractive materials.</p>



No.	Question	Considerations
Section C – environmental, social and economic impact		
8	Is there any likelihood that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected because of the proposal?	The planning proposal applies to residential zoned land and will not increase risk to critical habitat or threatened species, populations or ecological communities, or their habitats.
9	Are there any other likely environmental effects of the planning proposal and how are they proposed to be managed?	The planning proposal will support infill development within existing urban land, reducing pressure to accommodate housing and population growth on land with high conservation value.
10	Has the planning proposal adequately addressed any social and economic effects?	<p>The purpose of the planning proposal is to generate social and economic improvements by increasing housing diversity and affordability consistent with the outcomes of the Lake Macquarie Housing Strategy. The Strategy projects that an additional 6,800 one- and two-bedroom dwellings are required by 2036 to accommodate projected growth and demographic changes. The planning proposal will encourage more affordable infill residential development in Lake Macquarie that will also assist in avoiding urban sprawl into more environmentally sensitive areas or agricultural land.</p> <p>The planning proposal will improve the viability of infill housing, by enabling more flexibility of housing development options. The planning proposal will support the supply of diverse housing, to meet needs of growing population, ageing population, and smaller households.</p> <p>Medium density dwellings are typically 25 per cent cheaper than detached houses. Facilitating smaller households will also reduce living and energy costs associated with maintaining a smaller property.</p>
Section D – Infrastructure (Local, State and Commonwealth)		
11	Is there adequate public infrastructure for	The planning proposal will support infill development and enable a marginal increase in density in R2 Low Density residential areas,



No.	Question	Considerations
	the planning proposal?	which will enable more efficient use of existing infrastructure and improve the viability of public transport provision.
Section E – State and Commonwealth interests		
12	What are the views of state and federal authorities and government agencies consulted in order to inform the Gateway determination?	Consultation with agencies will occur in accordance with the Gateway determination.



Part 4 – Mapping

N/A



Part 5 – Community Consultation

The planning proposal will be exhibited in accordance with the Gateway Determination. The planning proposal is categorised as a standard planning proposal and the recommended period of public exhibition is 20 working days.

Part 6 – Project Timeline

Stage	Timeframe and / or date
Gateway determination	25 working days
Pre-exhibition	50 working days
Commencement and completion of public exhibition period	20 working days
Consideration of submissions	10 working days
Post-exhibition review and additional studies	10 working days
Post exhibition planning proposal consideration / preparation	55 working days
Submission to Department for finalisation (where applicable)	10 working days
Gazettal of LEP Amendment	45 working days