

24DP004	Housing diversity planning proposal
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Key focus area	4. Diverse economy
Objective	4.5 New development and growth complement our unique character and sense of place, now and into the future
File	RZ/4/2023 - D11307921
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Previous items	23MM005 - Addressing the housing crisis - Ordinary Council - 11 Dec 2023 6.30pm

Executive summary

This report recommends progressing a planning proposal to amend the *Lake Macquarie Local Environmental Plan 2014* (LMLEP 2014). The planning proposal aims to increase housing diversity in Lake Macquarie by permitting a broad range of housing across all residential zones.

Recommendation

Council:

- A. requests a Gateway Determination from the Department of Planning, Housing and Infrastructure, pursuant to the *Environmental Planning and Assessment Act 1979*, in relation to the planning proposal in Attachment 1,
- B. requests the use of delegations in respect of the Minister for Planning and Homes plan-making function under section 3.36 of the *Environmental Planning and Assessment Act 1979* for the planning proposal,
- C. undertakes consultation with State Government agencies and service authorities in accordance with the Gateway Determination,
- D. places the planning proposal on public exhibition, subject to the outcome of the Gateway Determination,
- E. notifies stakeholders of the public exhibition period as required, and
- F. receives a further report on the planning proposal following public exhibition.

Context

Australia is currently experiencing a 'housing crisis' affecting regional communities including Lake Macquarie. Lake Macquarie City requires more diverse housing to support future population growth, an ageing population and smaller households.

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 local government

area (LGA). The Minister's letter and housing crisis was also the subject of the Mayoral Minute (23MM005) from the 11 December 2023 Ordinary Council meeting.

By 2036 couple families without children and lone person households will account for almost 50 per cent of all households in Lake Macquarie. These trends suggest greater demand for smaller dwellings to match these forecast shifts in household types. Despite increasing demand for semi-detached dwellings and apartments, the supply of housing in Lake Macquarie is heavily biased towards detached dwellings with 84 per cent of housing being detached dwellings.

Lake Macquarie needs to increase the diversity and choice in the types of housing available to ensure housing supply caters for the needs of changing demographics into the future and ensure we have affordable housing options. Enabling diverse and smaller homes supports more efficient use of infrastructure, infill development, public transport viability and reduced living costs associated with maintaining a smaller property.

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 and the Lake Macquarie Housing Strategy.

Discussion

The planning proposal in Attachment 1 aims to increase housing diversity in Lake Macquarie by permitting a broad range of housing types across all residential zones.

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 housing types such as apartments and multi-dwelling units. Lower intensity infill housing developments are restricted to the R2 Low Density Residential zone and R1 General Residential zone as shown in Table 1. The R3 Medium Density Residential zone allows more intensive medium density developments such as attached dwellings, multi-dwelling housing and apartments.

The basis of the existing policy is to prevent higher intensity infill in the R2 Low Density Residential zone and restrict lower intensity infill in the R3 Medium Density Residential zone, reserving R3 Medium Density Residential zoned land for higher intensity development types. 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 building heights, lots sizes, zone objectives and controls in the Lake Macquarie Development Control Plan 2014.

This 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 and semi-detached dwellings in the R3 Medium Density Residential zone. It would also permit attached dwellings, multi-dwelling housing and residential flat buildings in the 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. This planning proposal does not propose to change these other planning controls.

The planning proposal also proposes minor changes to Clause 4.1A “Exceptions to minimum subdivision lot size for certain residential development” in the *LMLEP 2014* to enable additional flexibility for small lot housing.

A merit assessment of any future development application will still be required to ensure that any proposed development is appropriately designed and environmental factors considered.

NSW Government low and mid-rise housing reforms

The NSW Government is exhibiting reforms to promote housing diversity and supply in NSW.

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.

The planning proposal (Attachment 1) is consistent with the NSW reforms, in that the planning proposal would permit the same housing types proposed for the R2 Low Density Residential zone and R3 Medium Density Residential zone. However, the proposed NSW reforms would allow additional building height and density within proximity to town centres and train stations.

Community engagement and internal consultation

Internal consultation has been undertaken with Council’s Integrated Planning and Development Assessment and Certification departments.

Public exhibition will occur in accordance with the Gateway Determination. The planning proposal is categorised as a standard planning proposal which has a recommended period of 20 working days for public exhibition.

Assessment of options

It is recommended Council supports the planning proposal contained in Attachment 1. The planning proposal will facilitate the supply of more diverse housing types in Lake Macquarie to support future growth, an ageing population and smaller households.

Council may decide to not proceed with the proposal. This is not the preferred option as it will limit opportunities for housing that is needed to address the housing crisis, will limit the delivery of diverse housing in Lake Macquarie, and will hinder housing the growing population.

Next steps

If Council approves the recommendation, the planning proposal will be referred to the NSW Department of Planning, Housing and Infrastructure for Gateway Determination before proceeding to public exhibition. Following public exhibition, Council will receive a second report detailing the submissions and outcome of the public exhibition.

Key considerations

Economic

The planning proposal supports economic sustainability by enabling more flexibility within the planning system to respond to market demand for diverse housing options.

The planning proposal will also facilitate the efficient use of urban land and support the supply of infill housing.

Environment

The planning proposal supports environmental sustainability by facilitating more opportunities for infill development. Development of existing urban land for housing reduces the need for urban sprawl to accommodate future growth by making more efficient use of residential zoned land.

The Lake Macquarie Development Control Plan 2014 contains controls to ensure appropriate setbacks and open space provision.

Community

The planning proposal supports social sustainability by encouraging a broader range of housing types that better match the needs and preferences of the community and aims to allow more people to live near services and facilities.

The planning proposal will facilitate smaller and more cost-effective housing options to meet the needs of different demographics, particularly providing downsize opportunities for ageing households and entry-level opportunities for single and couple households, increased public transport viability, and providing more affordable housing types.

Civic leadership

The planning proposal is consistent with the Housing Strategy and Local Strategic Planning Statement, which include strategic objectives to increase housing diversity and infill housing supply.

Financial

There are minimal financial implications to Council associated with the recommendation. The proposed planning control changes are being undertaken using existing resources and budget.

Infrastructure

The planning proposal will enable a minor increase in density which will enable more efficient use of public infrastructure.

The proposed planning control changes aim to facilitate the practical and economical use of existing infrastructure by enabling more people to live close to and easily access that infrastructure.

Compliance

The planning proposal has been prepared in accordance with the process outlined within the *Environmental Planning and Assessment Act 1979*, the *Environmental Planning and Assessment Regulation 2021*, and Council's procedure for Amending Local Environmental Plans.

Legislative and policy considerations

Environmental Planning and Assessment Act 1979

Environmental Planning and Assessment Regulation 2021

Lake Macquarie Local Environmental Plan 2014

Hunter Regional Plan 2041

Greater Newcastle Metropolitan Plan 2036

Lake Macquarie Local Strategic Planning Statement

Lake Macquarie Housing Strategy

Lake Macquarie Development Control Plan 2014

Attachments

1. Housing Diversity Planning Proposal D11384061