

1 November 2021

Morven Cameron
CEO
Attn Breanne Bryant
Lake Macquarie City Council
126-38 Main Road
Speers Point NSW 2284

By email: council@lakemac.nsw.gov.au

Dear Morven,

RE: Facilitating Infill Housing Draft Amendments

The Urban Development Institute of Australia NSW (UDIA) is the peak industry body representing the leading participants in urban development in NSW. Our more than 500 member companies span all facets of the industry from developers, consultants, local government, and state agencies and we are proud to count Lake Macquarie City Council (Council) as a valued member. UDIA advocates for the creation of Liveable, Affordable and Connected Smart Cities.

UDIA welcomes this opportunity to comment on the proposed amendments to Council's Local Environmental Plan 2014 (LEP) and Development Control Plan 2014 (DCP) (the Proposed Amendments). We congratulate Council on taking action to implement its Housing Strategy by exhibiting the Proposed Amendments, which are aimed at facilitating infill housing within the local government area (LGA).

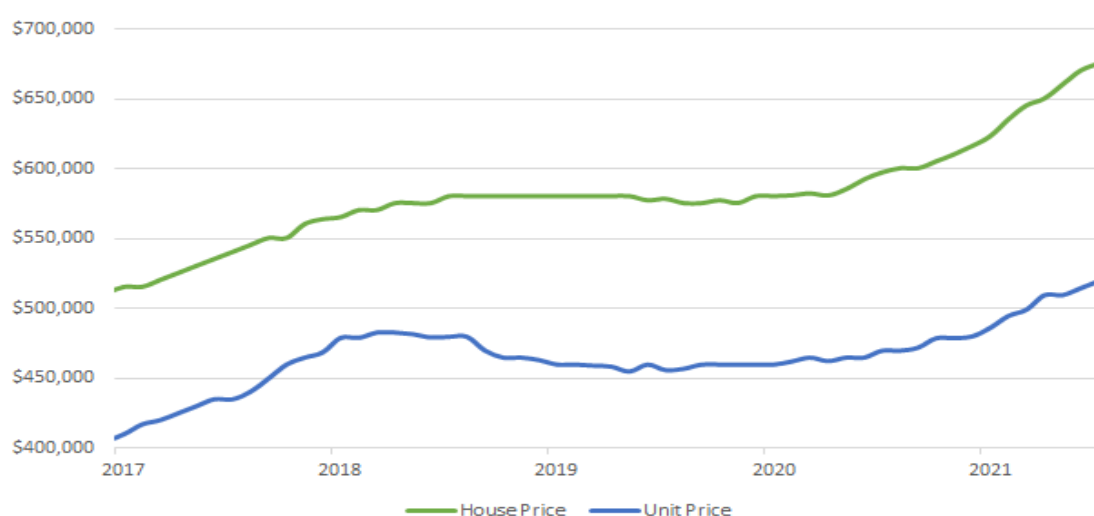
UDIA is generally supportive of the Proposed Amendments and in order to strengthen the package to better achieve Council's infill development targets, UDIA recommends minor changes as outlined below:

- 1. Amend the LEP to further expand R3 zoning in centres with high liveability.**
- 2. Amend the LEP to allow Torrens title, small-lot property close to existing infrastructure to allow lot purchasers to build their own townhouse, terrace or villa.**
- 3. Amend the DCP car parking rates to allow for a more contemporary, market-based approach to parking.**
- 4. Amend the LEP to reduce the minimum lot size to 800m² in the R3 zone, to align with the DCP amendment.**

Background

Lake Macquarie is a beautiful place to live and work and the strong demand for housing in the LGA continues to grow. Our members are working to meet the increased demand through a variety of residential development projects across all housing typologies. However, adequate supply is becoming even more challenging to deliver for many reasons and as a result, local housing prices are rising. House prices in Lake Macquarie rose 13% over the year to July 2021 and unit prices rose 11%.

	Houses	Annual Change	Units	Annual Change
New Build Median Price	\$630k	13%	\$595k	11%
Established Median Price	\$687k	14%	\$507k	14%
Whole of Market Median Price	\$675k	13%	\$520k	11%



Source: UDIA NSW; CoreLogic

UDIA supports the provision of diverse housing typologies to meet community and economic needs. Medium density infill housing can offer a more affordable option and adds to the community's lifestyle choices. We appreciate that Council is "focusing housing in established areas as infill development, while continuing to provide greenfield opportunities" (LEP p.5).

We note that the overall growing demand for housing in the region is such that infill housing can only meet a fraction of that demand, notwithstanding supportive provisions such as those exhibited. Well-planned greenfield development can also help to achieve objectives in the Lake Macquarie Housing Strategy relating to housing choice and diversity and can incorporate medium density housing as well.

We acknowledge Council's research that shows high demand for more medium density housing. UDIA NSW / CoreLogic data supports that demand through rising sales rates, with new unit (including medium density) sales rising 12% in Lake Macquarie over the year ending July 2021. It is worth noting that sales for new detached houses rose at an even faster rate and are up 33% over the same period, with houses accounting for 85% of overall sales.

As Council encourages infill, it is equally important to not undermine delivery of appropriate supply of other typologies including new detached low-density housing which is in greater demand since the pandemic. Undersupply of detached housing could have the effect of driving up prices for infill if purchasers who otherwise would have preferred to buy in the detached market instead turn to infill, the unfortunate result

being that the demographic Council is seeking to serve with more infill could be priced out. Lake Macquarie should increase the supply of all housing typologies including greenfield to meet the rising demand across all income levels.

We are concerned by recent statements from Council staff that “developing greenfield areas is not sustainable”. We caution Council against an imbalanced overcorrection which could put Lake Macquarie at a disadvantage to its regional neighbours.

UDIA supports the principles of ecologically sustainable development. We fully agree that maximising all development land for its zoned purpose will deliver the expected housing outcomes and is the best means of minimising pressure on environmental land. Once land is zoned for development, it should be maximised for that development use and biodiversity considerations limited to offsetting.

We encourage Council to continue to work with the development industry on delivering adequate and diverse housing supply that is affordable and maximises the best use of the land.

Recommendations

UDIA congratulates Council on its efforts to remove obstacles for infill housing specifically through the Proposed Amendments and we have some suggestions to further improve Council’s ability to meet infill housing targets.

We are generally supportive of the exhibited amendments which will provide:

- Modest increase in areas zoned R3 Medium Density Residential.
- Opportunities for greater densification of housing in certain existing locations of R3 zoning through more generous building height limits.
- The ability to construct dual occupancy development in certain existing areas of R3 zoning where more intense infill development has been deemed less likely to occur.

We believe further steps could be taken to improve the opportunity to achieve infill development targets.

Expand the Use of R3 Zones

We recognise Council’s proposal, as stated in the draft LEP, “...aims to sensitively reduce those unintended barriers” (p.5) that limit the use of land for its intended medium density purpose. Whilst this careful approach is commendable, we fear the proposed expansion of the R3 zoning in certain areas may be too conservative to have the desired impact. We encourage Council to consider further expansion of R3 zoning in centres with high liveability to improve the opportunity to achieve infill development targets (beyond any increase proposed in the current proposal) including:

- | | |
|-----------------------------------|---------------|
| • Boolaroo | • Valentine |
| • Cardiff (west of train station) | • Wangi Wangi |
| • Argenton | • Warners Bay |
| • Jewells | • Whitebridge |
| • Speers Point | |

UDIA recommends:

- 1. Amend the LEP to further expand R3 zoning in centres with high liveability.**

Small-Lot Torrens Title

UDIA's [submission to Lake Macquarie's Draft Housing Strategy](#) (February 2020) recommended allowing Torrens title, small-lot property close to existing infrastructure to allow lot purchasers to build their own townhouse, terrace or villa. We stand by this recommendation.

Although these zones do currently allow multi dwelling housing, this is currently only feasible for small- to medium-size infill areas by way of strata plan or community title scheme, which presents a barrier to homeowners and small developers. Allowing a Torrens title option would promote further diversity.

This could be accomplished by tweaking the proposed amendment to the LEP's Clause 4.1A (3) to allow subdivision of land into 2 or more lots instead of 3 or more lots. To support density goals for the R3 zone, the maximum lot size under the subclause could be reduced from 450m² to 350m². These proposed changes are indicated below in red:

(3) Despite clauses 4.1 and 4.1AA, development consent may be granted to development on land in Zone R2 Low Density Residential or Zone R3 Medium Density Residential that is both of the following—

(a) the subdivision of land into ~~3~~ 2 or more lots that each have frontage to a road,

(b) the erection of—

(i) a dwelling house or semi-detached dwelling on land in Zone R2 Low Density Residential if the size of each lot resulting from the subdivision is at least 300 square metres but no more than 450 square metres, or

(ii) a dwelling house or an attached dwelling on land in Zone R3 Medium Density Residential if the size of each lot resulting from the subdivision is at least 200 square metres but no more than ~~450~~ 350 square metres.

UDIA recommends:

- 2. Amend the LEP to allow Torrens title, small-lot property close to existing infrastructure to allow lot purchasers to build their own townhouse, terrace or villa.**

Car Parking

UDIA members report that minimum car-parking rates for multi-dwelling housing and residential flat buildings remain a potential barrier to the feasibility of these development types in Lake Macquarie. It is recommended that Council consider amending its car-parking rates as part of the current draft DCP amendment to allow for a more contemporary, market-based approach to parking.

While developers will continue to respond to customer demand for car parking, the overall provision for car parking should be flexible and adaptable according to local market conditions. It should also be flexible regarding specific site characteristics such as availability of nearby transport infrastructure. Modern alternatives such as car sharing, and adaptive travel plans have the potential to significantly reduce car parking needs and should be considered.

UDIA recommends:

- 3. Amend the DCP car parking rates to allow for a more contemporary, market-based approach to parking.**

Minimum Lot Size

We note that there appears to be an inconsistency between the draft DCP, which is proposed to be amended to allow subdivision of lots within the R3 zone to a minimum of 800m², and the draft LEP, which continues to specify 900m² as the minimum lot size within the R3 zone.

We recommend that the LEP be brought into alignment with the DCP's proposed new minimum lot size of 800m².

UDIA recommends:

- 4. Amend the LEP to reduce the minimum lot size to 800m² in the R3 zone, to align with the DCP amendment.**

Conclusion

Thank you again for the opportunity to make a submission on Facilitating Infill Housing Draft Amendments. UDIA looks forward to continuing to work with Lake Macquarie City Council on meeting the strong demand for housing in the LGA. Should you have any further questions or to arrange a meeting, please contact UDIA Regional Manager Elizabeth York at eyork@udiansw.com.au or 0434 914 901.

Kind Regards,



Steve Mann
Chief Executive
UDIA NSW