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Morven Cameron
Chief Executive Officer
Lake Macquarie City Council
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Dear Ms Cameron

RZ/4/2023 Housing Diversity Planning Proposal

The Housing Industry Association (HIA) is making a written submission to the Lake Macquarie City Council on the planning proposal to amend the Local Environmental Plan 2014 to increase housing diversity in residential zones.

About the Housing Industry Association

HIA is Australia's only national industry association representing the interests of the residential building industry. As the voice of the residential building industry, HIA represents a membership of 60,000 across Australia. Our members are involved in delivering more than 170,000 new homes each year through the construction of new housing estates, detached homes, low & medium-density housing developments, apartment buildings and completing renovations on Australia's 9 million existing homes.

HIA members comprise a diverse mix of companies, including volume builders delivering thousands of new homes a year as well as small and medium home builders delivering one or more custom built homes a year. From sole traders to multi-nationals, HIA members construct over 85 per cent of the nation's new building stock.

The residential building industry is one of Australia's most dynamic, innovative and efficient service industries and is a key driver of the Australian economy. The residential building industry has a wide reach into the manufacturing, supply and retail sectors.

Contributing over \$100 billion per annum and accounting for 5.8 per cent of Gross Domestic Product, the residential building industry employs over one million people, representing tens of thousands of small businesses and over 400,000 sub-contractors reliant on the industry for their livelihood.

HIA exists to service the businesses it represents, advocate for the best possible business environment for the building industry and to encourage a responsible and quality driven, affordable residential building development industry.

Housing Affordability & Supply

As identified in the planning proposal housing affordability remains a major issue, especially in urban areas, due to a shortfall in diverse, well-located housing and demand outpacing supply.

Addressing these problems requires initiatives to increase housing supply, improve access to housing that is affordable, and invest in transport and social infrastructure.

Densification and infill development can play a key role in this, but this is where well intentioned policies often fall over at state and local level due to certain components of local community sentiment towards development and densification of existing urban areas.

Housing supply underpins housing affordability and improving affordability will enable more households to own their own homes.

Housing preferences and the expectations that people have for their housing have changed in response to the scarcity of housing and rising costs, however the 'Australian Dream' of owning your own home remains.

Polling conducted for HIA by JWS Research found that 81 per cent of Australians believe that everyday Australians should be able to own their own home.

Furthermore, the research found that 92 per cent of renting households aspire to own their own home, yet only 49 per cent of these households feel that they will achieve this aspiration.

Significant, strategic action is needed to alleviate Australia's housing pressures so more people can access secure, affordable and accessible housing. This planning proposal when implemented may assist in the provision of a diversity of housing options for our expanding population.

Housing Forecasts & National Housing Accord

Despite the well documented housing shortages and Australia needing to build well in excess of 220,000 homes each year going forward to meet pent up demand and population increases,

HIA forecasts the number of new dwelling completions nationally will average at around 195,500 per annum over the next five years.

This is well short of National Cabinet's ambition to build 1.2 million homes over 5 years from 1 July 2024 (average 240,000 p.a.).

This implies that the Australian Government will need to encourage states and territories to enact policies that will encourage new housing growth through policy levers available to them to build these much needed homes.

HIA calls on all levels of government to place a pause on any additional 'red' and 'green' tape regulatory burden and let industry focus on building the National Housing Accord target of 1.2 million homes over the next 5 years.

All forms of Housing Needed - greenfield, infill and multi-dwelling housing

A key part of the delivery of this volume of new housing is to substantially streamline approval processes to fast track all forms of new housing including greenfield, infill and multi-dwelling housing.

Focusing on only one form of housing such as multi-dwelling housing or social and community housing, won't be sufficient. Rather all forms of new housing and in all locations is needed as are reforms necessary to enable their delivery in a timely manner.

Equally the delivery of this volume of new housing requires all areas and levels of government working together in a unified fashion and having housing delivery and driving cost of housing down as a key priority.

Housing Diversity Planning Proposal

HIA supports policy reform to increase housing delivery across NSWs. HIA is broadly supportive of this planning proposal as it has the potential to enable more development opportunities, particularly smaller forms of housing.

HIA would like to make the following commentary regarding some of the proposed provisions, with a number of references based on our understanding of what is proposed. Further clarity of the proposal via exhibition of draft legislation open for public comment will address any concerns, as well as provide certainty for industry and the broader community.

- There are a number of references stating that the Planning Proposal will permit a range of housing types under the umbrella term 'residential accommodation'. HIA believes that the planning proposal should more correctly say this will be permitted with consent. Approval of the proposal will require assessment of the project against controls in councils LEP and DCP.
- The planning proposal will permit attached dwellings (terraces), multi-dwelling housing and residential flat buildings in R2, and permit dual occupancies and semi-detached dwellings in R3. This is supported by HIA as this change has the potential to lead to good outcomes for housing choice via a greater diversity of housing options being permitted across R2 and R3.
- However, whilst the planning proposal mentions that the low-density and medium-density zones will still be differentiated by different zone objectives such as building height controls and minimum lot sizes – it fails to clarify that these uses would only be permitted with consent (a planning approval). This is something that should be addressed to alleviate community concerns that a blanket approval is permitted via these changes. This is not the case.
- Changes to Clause 4.1A of the LEP are proposed to enable small lot sizes commensurate to the changes in housing types to be permitted in the residential zones. This is supported by HIA. The amendments include:
 - a reduction for minimum lot sizes in R2 from 300m² to 250m² for a dwelling house, semi-detached house or attached dwelling.
 - allowing for dual occupancy in R3 with a minimum lot size of 200m² or less if there is concurrent approval of a dual occupancy development.
 - enabling subdivision of a lawfully erected dual occupancy.
- Changes to Clause 4.1A are proposed to clarify the meaning of road frontage. HIA understands that this will enable small-lot battle axe subdivisions of up to 3 lots. If this is the case HIA is supportive of the change.
- Finally, a proposed amendment to Clause 4.1B will reduce the minimum lot size for subdivisions of 10 lots or more from 300m² to 250m², consistent with Clause 4.1A. HIA is supportive of this change.

Conclusion

HIA is pleased that council has recognised that supporting the delivery of all forms of homes is a priority.

At a time when it is critical to avoid anything which will impact the ability to supply homes, HIA is encouraged that council is looking at measures that may increase both the supply and diversity of housing types in the LGA.

The delivery of the Government national Housing Accord which aims to build 1.2 million new homes, can only be realised by increasing supply.

There are also significant economic growth opportunities for councils that increase the supply of homes, which will have a catalytic impact on broader economic activity.

Lastly, it is pleasing that council has recognised that some of the existing policy approaches have been unnecessarily restrictive and that other means can be used to address dwelling intensity and the character of development. For this council is applauded.

I would be pleased to discuss any of the issues raised in this submission and can be contacted by email at c.jennion@hia.com.au or by phone on (02) 4014 2000 to set up a convenient time for a conversation.

Yours sincerely

HOUSING INDUSTRY ASSOCIATION LIMITED



Craig Jennion
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