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## Creating for Generations

19 February 2021

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Dear Mr Brownlee

### Draft Northern Beaches Local Housing Strategy

The Property Council of Australia welcomes the opportunity to provide the Council with comments on the draft Northern Beaches Local Housing Strategy.

As Australia's peak representative of the property and construction industry, the Property Council's members include investors, owners, managers and developers of property across all asset classes. The following comments are provided for your consideration.

We encourage Council to plan for the future housing needs of the Northern Beaches community in terms of both quantity and diversity of supply. The Council's response to focus new housing close to transport (along the B-Line corridor and other strategic locations) is appropriate. Council should not consider any reduction in its medium and long-term housing targets due to the impacts of COVID-19, as the NSW Government has indicated there is no evidence available to support any reduction in Sydney's need for new housing.

Should you have any questions regarding the content of this submission please contact Troy Loveday, NSW Policy Manager, on 0414 265152 or [tloveday@propertycouncil.com.au](mailto:tloveday@propertycouncil.com.au)

Yours sincerely



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# **Submission to Northern Beaches Council**

## **Draft Northern Beaches Local Housing Strategy**

**19 February 2021**

## 1.0 General Comments

Council has prepared this draft Local Housing Strategy (the Strategy) as a requirement of the Greater Sydney Regional Plan (Action 3), the North District Plan (Action 17) and Northern Beaches Local Strategic Planning Statement (Acton 15.1). It is understood this important piece of strategic planning is required to be completed during 2021.

In 2018, the Department of Planning, Industry and Environment (DPIE) issued “Local Housing Strategy Guidelines” to local councils that provides a step-by-step process for councils developing local housing strategies. We note that Council has prepared the Strategy to be consistent with the Department’s guidelines.

It is crucial that the Strategy sets out the actions to provide for greater diversity of housing types needed by the community. This includes housing which is appropriate for seniors, single member households and larger families. Actions to encourage these housing types should be included in the final strategy.

Based on the LGA’s projected population increase over the life of the Strategy, opportunities to increase the supply of housing within the Northern Beaches LGA should be investigated. Areas for new housing supply ideally should be focused within and around existing retail and employment centres that are served by infrastructure such as transport and other services.

The Property Council suggests that Council give consideration to a special clause in its Strategy and Local Strategic Planning Statement (LSPS) that allows for it to consider spot rezoning in an area or areas that hasn’t been identified. We request Council look at a mechanism that can allow for the consideration of out of sequence or unsolicited proposals that have merit but do not align with the current endorsed strategic plan.

## 2.0 Housing Targets

The Property Council and our members have taken the opportunity to review many draft local housing strategies that have been released for consultation. We applaud Council’s acknowledgement there is more strategic planning work required to provide for greater diversity of housing, especially for seniors and smaller households, and propose strategies to improve housing affordability.

Together the draft Local Housing Strategy and Council’s LSPS should identify how medium and long-term housing targets will be achieved. It is understood the Greater Sydney Commission identified a 6 to 10-year housing target for the period 2021/22 to 2025/26 of between 3,500 and 4,000 additional dwellings during the LSPS assurance process. The draft Local Housing Strategy has found 12,000 new homes are needed between 2016 and 2036. Current capacity under existing planning controls (including new growth planned for Frenchs Forest) can accommodate 12,700 new homes. It is appropriate that Council has recognised that a proportion of that housing is currently not feasible and additional growth must be planned.

We believe that Council as part of its process of setting housing targets should provide extra capacity that will account for unrealised development potential. Historical evidence will point to the fact that planning for housing supply does not necessitate housing delivery will occur in a simple linear process. Council should consider referring to past trends where housing delivery has not matched identified targets or supply predictions.

## 3.0 Local Housing Strategy

Council's draft Local Housing Strategy indicates:

- Northern Beaches will have a population increase of 22,963 people by 2036,
- 12,000 new homes needed in next 20 years,
- capacity for additional 12,700 dwellings under existing planning controls, including Frenchs Forest (NSW Government precinct),
- capacity is reduced to 10,750 when feasibility considered,
- deficit of 1,250 dwellings requiring need for additional capacity in medium to longer-term,
- focus new medium to high-density housing within 1km of five B-line centres (Brookvale, Dee Why, Mona Vale, Manly Vale and Narrabeen) and new low to medium-density housing within 1km of other local centres across the LGA,
- a target to plan for 1,880 new social and affordable housing dwellings by 2036;
- Council will introduce an affordable housing contribution scheme, including a target of 10% affordable rental housing in new planning proposals;
- Council will seek exemption from several State Environmental Planning Policies which provide for different housing;
- there is an identified need for an additional 1,716 self-contained retirement village units, 502 assisted living units and 765 nursing home beds by 2036;
- a Northern Beaches-specific approach which will allow for the redevelopment and upgrade of older and larger seniors housing sites to increase the supply of all-inclusive seniors housing, including residential care facilities;
- the State-led planning within the Frenchs Forest precinct will accommodate approximately 4,360 additional dwellings; and
- Council will seek to introduce new local planning provisions to encourage seniors' accommodation.

We support Council undertaking further work to implement this Strategy once it has been endorsed by DPIE. In particular, Council should give careful consideration to providing a supply of suitable dwellings that meet the needs of the demographic groups identified in the Strategy as having unmet housing needs.

### 3.1 Locations for medium and high-density renewal

Section 4 of the Strategy considers the right locations for new housing on the Northern Beaches. The Strategy picks up on the approach adopted in the Council's LSPS which aims to build in long-term capacity for growth around centres with good transport, but also respecting the centre's scale and character. This approach is generally appropriate.

Council has indicated that it will investigate medium to higher density development concentrated in strategic centres (current and future B-Line routes). Priorities for renewal include centres on the existing B-Line which include Brookvale, Dee Why, Mona Vale, Manly Vale and Narrabeen. Current investigations underway for Brookvale would be Council's initial focus followed by Dee Why and Mona Vale. We support Council undertaking this strategic planning work and would stress the importance of completing this work early to ensure that any additional capacity is not held up should the locations be found to be inappropriate.

### 3.2 Housing in Local Centres

Council has indicated that other centres may be suitable locations for low to medium-density housing to develop greater density of housing across the Northern Beaches LGA. These locations are close to shops, services and community facilities. Appropriate housing typologies include dual occupancies, seniors accommodation and boarding houses. The Strategies identifies ten (10) centres where capacity for additional housing could be accommodated, including Manly, Balgowlah, Warriewood, Belrose, Newport and Avalon.

We support Council undertaking strategic planning investigations to identify future locations for low to medium-density housing growth within and around its local centres, especially where that growth can provide additional housing diversity. It is important that Council support greater housing diversity within the LGA to satisfy unmet housing needs. This is particularly important as the current supply of housing on the Northern Beaches is made up of around 55% separate houses and 34% as apartments. Areas such as Manly, Seaforth, Dee Why and Narrabeen have a good mix of housing types whilst other parts of the LGA are predominantly separate houses. We encourage Council to investigate greater housing diversity across the whole LGA.

## 4.0 Other Factors

A significant factor in the supply of new housing is development feasibility which is determined by a range of considerations, including the cost of land, costs of finance and construction, Government charges and taxes and finally the sales price of completed projects. Greater certainty should be provided to minimise changes to regulatory requirements and contributions for local and regional infrastructure which have not previously been identified or foreshadowed.

The Property Council has supported the capping of development contributions at \$20,000 per dwelling in 2009 and note the progressive introduction of a soft cap for contribution rates in 2017 which require IPART approval to exceed the \$20,000 threshold. Apart from contribution rates, councils and the State Government have imposed a range of other costs on housing supply including contributions towards affordable rental housing, Community Infrastructure Contributions (CIC) schemes, biodiversity offsets, design excellence competitions public art levies and the like.

Council should consider development feasibility when it is making assumptions about housing production rates and the supply pipeline if it is to have the market to deliver against housing targets.

## 5.0 Impacts of COVID-19

On page 24 of the Strategy, Council has acknowledged that COVID-19 is likely to affect levels of short-term population growth. However, Council indicates that it is not possible to accurately predict the impact of COVID-19 restrictions on population growth, demand for housing types or the need for affordable housing. It is appropriate to review the Strategy to take into account any new or updated population projects. At this stage there have not been any changes to current projections.

The Property Council is aware that some councils have used the temporary pause of international immigration and population increase to argue for a reduction in their current housing targets that are based on the Greater Sydney Regional Plan and their respective district plan. We do not support this position and submit that housing strategies need to recognise that this is likely a short-term trend and Sydney's councils need to be planning for a 'business as usual' approach over the 20-year period.

## 6.0 Implementation

Section 8 of the Strategy identifies several actions recommended to deliver its outcomes. The following table responds to these actions.

Priority and Actions	Property Council response
<p><u>Priority 1 - Housing targets</u>  <b>Actions:</b></p> <ol style="list-style-type: none"> <li>1. Deliver the District Plan (3,400 dwellings) and 6-10 Year (3,582 dwellings) housing target, and</li> <li>2. Report annually on development to track yields and housing mix – by centre, LGA-wide, and for boarding houses and seniors living.</li> </ol>	<p>The Property Council supports Priority 1 and the implementation of these related actions to deliver housing that will meet the future needs of the Northern Beaches community and also monitor Council's performance against meeting those targets.</p>
<p><u>Priority 2 - Detailed planning for centres</u>  <b>Actions:</b></p> <ol style="list-style-type: none"> <li>1. Undertake planning analysis and update LEP controls for Brookvale,</li> <li>2. Undertake planning analysis and update LEP controls for Dee Why,</li> <li>3. Undertake planning analysis and update LEP controls for Mona Vale,</li> <li>4. Undertake planning analysis and update LEP controls for Manly Vale,</li> <li>5. Undertake planning analysis and update LEP controls for Narrabeen,</li> <li>6. Report against capacity gap,</li> <li>7. Report annually on development by centre to track yields and housing mix, and</li> <li>8. Seek exemption from the 'Low-Rise Medium Density Code' and implement proposed LHS alternatives.</li> </ol>	<p>The Property Council supports Council taking steps to review LEP planning controls in a number of strategic centres and locations for future growth along the B-Line route.</p> <p>We note that Council intends to seek an exemption from the 'Low Rise Medium Density Code'. We do not support this action. The Property Council supports the diversity of housing typologies encouraged under the Code. We support the benefits associated with complying development and provides a mechanism to reduce red tape.</p>

Priority and Actions	Property Council response
<p><b>Priority 3 - Social and affordable housing</b> <u>Actions:</u></p> <ol style="list-style-type: none"> <li>1. Adopt social and affordable housing target (eg. minimum 1,884 new dwellings between 2016 and 2036),</li> <li>2. Prepare and implement affordable housing contribution scheme,</li> <li>3. Develop comprehensive affordable housing strategy which considers additional measures to help achieve SAH target,</li> <li>4. Seek exemption from 'State Environmental Planning Policy (Affordable Rental Housing) 2009' regarding the provision of boarding houses,</li> <li>5. Amend LEP to provide local controls for the provision of boarding houses, and</li> <li>6. Review and seek lower parking requirements for boarding houses for R3, R4 and B4 sites in centre investigation areas.</li> </ol>	<p>The Property Council generally supports Priority 3 and its six (6) related actions. In particular, the identification of a target for social and affordable housing on the Northern Beaches is acknowledged and the intention to develop a comprehensive strategy for affordable housing is positive.</p> <p>Should Council pursue an affordable housing contribution scheme under SEPP 70, we would welcome the opportunity to review and provide feedback on its draft scheme. This should be aligned with the affordable housing targets set out in the North District Plan and guidelines issued to councils by the Department.</p> <p>The Department has recently exhibited a Housing Diversity SEPP which proposed major changes to boarding houses and a new category of housing known as co-living. The Property Council supports a number of the changes set out in the draft SEPP including the development of co-living (at market rents) to improve housing choice.</p>
<p><b>Priority 4 – Precinct sustainability and housing</b> <u>Actions:</u></p> <ol style="list-style-type: none"> <li>1. Develop a framework to investigate sustainable development and new housing at a precinct level to inform detailed centres planning (linked to Priority 2 actions), including updating LEP/DCP controls,</li> <li>2. Establish baseline sustainability metrics (eg. energy, water, waste, car use, walking, etc) for each centre as part of detailed centres planning and report on achievements and performance, and</li> <li>3. Update LGA wide controls through LEPs/DCPs to achieve sustainable development outcomes consistent with LSPS (Towards 2040).</li> </ol>	<p>The Property Council supports in-principle the implementation of Priority 4 and its three (3) related actions.</p>

Priority and Actions	Property Council response
<p><u>Priority 5 – Seniors housing Actions:</u></p> <ol style="list-style-type: none"> <li>1. Seek exemption from ‘<i>State Environmental Planning Policy (Housing for Seniors or People with a Disability) 2004</i>’ regarding the provision of seniors housing; and</li> <li>2. Amend LEP to provide local controls for the provision of seniors housing.</li> </ol>	<p>The Property Council welcomes Council’s intention to develop local planning controls that encourage seniors’ accommodation (specified on page 86). We strongly encourage Council engaging with local operators and the sector more generally to stress test these proposals. Although we do not support a blanket exemption from the ‘<i>State Environmental Planning Policy (Housing for Seniors or People with a Disability) 2004</i>’ at this time, we look forward to the opportunity to review and provide comments on a planning proposal to give effect to the new local planning provisions.</p>