

# Appendix J-5



## **HOUSING MIX RESEARCH AND ANALYSIS**

### **TO INFORM CONTROLS IN THE NORTHERN BEACHES LOCAL ENVIRONMENTAL PLAN**

March 2024

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## Background and Policy context

This report provides a summary of research and data analysis undertaken to inform controls for a local provision 'Mix of dwelling sizes in residential flat buildings and mixed use development' clause (Housing Mix) in the Northern Beaches Local Environmental Plan (LEP).

Encouraging a diversity of apartment sizes and housing types is a key outcome of the Northern Beaches Local Housing Strategy (LHS) and the Northern Beaches Local Strategic Planning Statement (LSPS). Currently the majority of homes in the Northern Beaches are typical detached dwellings, with higher-density alternatives primarily concentrated in Strategic Centres such as Manly and Dee Why.

The LHS identifies under Priority 15 'Housing supply, choice and affordability in the right locations' to provide greater housing diversity and affordable housing options (pg. 30) as well as achieving targets around the diversity of new housing (pg.31) and providing smaller housing to help address affordability (pg. 60). The predominant housing trend on the Northern Beaches in recent years and as projected for 2016-2036 is that 59% of new dwellings will comprise of flat, unit or apartments (pg. 7, 44).

## Key findings

### *Need for 1-bedroom apartments*

Single person households will continue to have the highest projected demand for social and affordable housing to 2036 (pg. 46). The increase in the number of single person households drives a need for smaller households, as does an older population (pg. 60).

A review was undertaken of 1,069 individual apartments on the Northern Beaches across 19 residential flat buildings and shop-top housing developments approved between 2016-2023. Each of these buildings comprised between 12-350 apartments. Whilst the data revealed that on average across all 19 residential buildings that at least 20% of the apartment mix were one-bedroom apartments, 12 out of a total of 19 of these buildings provided less than 20% of the total apartments as one-bedroom apartments. The data also demonstrated that most of these one-bedroom apartments were accommodated within buildings that comprised over 50 apartments within denser areas of the LGA.

### *Need for 3-bedroom apartments*

Couples with children are the most common household type, accounting for 35 per cent of households on the Northern Beaches with highest rate of growth in households between 2011 and 2016 (pg. 37). This is reflected with approximately 30% of apartments on the Northern Beaches being already occupied by families with children (ABS, 2021). Trends across Greater Sydney indicate a significant increase (51%)<sup>1</sup> in families choosing apartment living from 2011 to 2021, underscoring the necessity of offering a variety of apartment sizes to accommodate different household compositions. The average floor area of new Australian apartments decreased by 17.5% from 2003 to 2018<sup>2</sup>.

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<sup>1</sup> Kerr, S. (2023, July 28). Apartments for families with children. CFRC Seminar Series. UNSW City Futures Research Centre (CFRC).

<sup>2</sup> Ibid.

The above-mentioned review also found that whilst on average across all 19 apartment building that at least 20% of the apartment mix were three-bedroom apartments, 9 out of total of 19 (almost half) apartment buildings provided less 20% of the total apartments as 3-bedroom apartments.

This shortage of 3-bedroom apartments is reflected with market data from property listings in October 2023 reflected that over 85% of 3-bedroom or more apartments were priced above \$1.7m on the Northern Beaches. When accounting for home loan servicing costs based on a 6.5% interest rate (average in October 2023) and the annual salaries of essential workers based on a 2023 report by the University of Sydney<sup>3</sup>, it is evident that even if a household consists of two adults each earning the 'highest' salary of an essential worker that 3-bedroom apartment would still be unaffordable and avoid mortgage stress would be challenging to achieve.

### *Current Housing Mix clauses in Pittwater and Warringah DCPs*

Currently housing mix controls apply within the Pittwater 21 DCP – D1.18 Avalon Village and within the Warringah DCP – Part G1 Dee Why Town Centre (Control 5). However, these controls only apply to specific centres on the Northern Beaches, are inconsistent with regards to the appropriate housing mix to be applied to developments, and do not reflect housing need as outlined above.

Pittwater 21 DCP – D1.18 Avalon Village extract below:

#### **D1.18 Development mix of shop top housing - Avalon Beach Village**

##### **Land to which this control applies**

Avalon Beach Village - P21DCP-D01MDCP101

##### **Uses to which this control applies**

Business Development  
Shop top housing

##### **Outcomes**

To achieve the desired future character of the Locality. (S)  
To enhance the range of dwelling choices. (S)  
To provide successful business enterprises within shop top housing development. (Ec)

##### **Controls**

Residential development shall not be permitted at ground level frontages to Avalon Parade and Old Barrenjoey Road.

The mix of shop top housing development shall be as follows:

1. 1x2 bed unit for every 3x1 bed units or part thereof; 1x3 bed unit for every 3x2 bed units or part thereof.
2. The minimum clear width/length of a habitable room shall be 3 metres.

##### **Variations**

Nil

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<sup>3</sup> Gilbert, C., Nasreen, Z., and Gurrán, N. (2023) Tracking the housing situation, commuting patterns and affordability challenges of essential workers: a report prepared for HOPE Housing, Sydney: The University of Sydney and HOPE Housing.

### **Information to be shown on the Development Drawings**

Floor Plans to clearly show the number of proposed bedrooms for each unit.

### **Information to be included in the Statement of Environmental Effects**

An analysis of the mix of shop top housing demonstrating that:

- opportunity for diversity of occupants and uses is achieved; (S, Ec)
- business opportunities are available in shop-top housing development. (S, Ec)

Warringah DCP – Part G1 Dee Why Town Centre (Control 5) extract below:

## **5 Design and Architectural Diversity**

### **Objectives**

- To achieve architectural diversity and interest in the architectural character of the neighbourhood.
- To ensure that each building contributes to the design quality of Dee Why Town Centre through innovative architecture and landscaping.
- To provide solar access to the ground level and reduce the appearance of building bulk from the public domain.
- To provide a mix of dwellings to cater for the needs of the resident population and to encourage a diverse population.
- To allow dwelling adaptation that meets the changing needs of people.

### **Requirements –Housing**

1. Housing in new developments must provide for a mix of 1, 2 and 3 bedroom dwellings. For developments with 10 or more dwellings, at least 20 percent of 3 bedroom dwellings must be provided.
2. A mix of one and three bedroom apartments are to be located where accessibility is more easily achieved for disabled, elderly people or families with children.
3. Developments achieve a benchmark of 20% of the total apartments incorporating the Livable Housing Guideline silver level universal design features.
4. Where a development comprises at least 5 dwellings, 10% (rounded up to the next whole number) of dwellings shall be capable of being adapted (Class C) under AS 4299. .

*Note: Evidence of compliance with the Adaptable Housing Class C requirements of Australian Standard (AS) 4299 shall be submitted when lodging a development application to Council and certified by an experienced and qualified building professional (e.g. Architect or Accredited Building Certifier).*

Council is proposing to include a new LGA-wide clause in the LEP due to the challenges in achieving a diversity of apartment sizes when relying solely on the DCPs and the general objectives in the Apartment Design Guide.

### *Precedents of a Housing Mix LEP clause*

It is noted that a number of standard instrument LEPs in Greater Sydney include a housing mix LEP clause to ensure that a diversity of apartment sizes are delivered. Below is a comparison table of these clauses and the proportion of each apartment size that is required:

<b>Local Environmental Plan</b>	<b>Studio or 1 bed</b>	<b>2 bed</b>	<b>3+ bed</b>
The Hills LEP 2019 – cl 7.10	Max 25%		Min 10%
Lane Cove LEP 2009 - cl 7.1	Min 20%	Min 20%	Min 20%
Inner West LEP 2022 – cl 6.14	Min 25%		Max 30%
Canada Bay LEP 2013 – cl 6.11	Min 20%		Min 20%

### *Draft NSW Apartment Design Guide 2021*

While it is noted that the decision was made by the NSW Government not to proceed with the Design and Place SEPP which included a draft revised Apartment Design Guide<sup>4</sup> in 2022, it is understood that the planned policy package was designed to improve the liveability and sustainability of new apartments and master planned communities and was designed following months of in-depth consultation from a range of key industry stakeholders, including developers, local government, architects, planners and business groups.

The Draft NSW Apartment Design Guide 2021 proposed that developments with more than 20 dwellings, providing a minimum of 3 different dwelling types and to provide a mix of the types so that no less than 10 per cent of the total number of dwellings are one type and that no more than 50 per cent of the total number of dwellings are studio or 1-bedroom units (combined).

## **Recommendation**

### *Draft Northern Beaches LEP Housing Mix Clause*

Ensuring that development responds to local housing needs on the Northern Beaches and provides a range of apartment types, sizes and configurations that can support different household types and stages of life were crucial in drafting the Housing Mix clause.

Aligning with data from recently approved apartment buildings, LEP precedents, as well Draft NSW Apartment Design Guide 2021, the draft clause reflects an appropriate and attainable approach for the following minimum requirements to be applied to residential flat buildings and mixed-use developments with over 10 dwellings: 20% 1-bedroom units and 20% 3-bedroom units to provide a more diverse housing mix to meet the needs of our community.

The objective of the clause is as follows: to ensure the provision of a mix of dwelling types in residential flat buildings and provide housing choice for different demographics, living needs, and household budgets, to promote development that accommodates a range of household sizes.

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<sup>4</sup> NSW Department of Planning, Industry and Environment. (2021) DRAFT Apartment Design Guide, Published by [www.dpie.nsw.gov.au](http://www.dpie.nsw.gov.au)

The 10-dwelling trigger was chosen as development with fewer apartments were viewed as having less capacity to provide a diversity of dwelling sizes due to feasibility and site planning. The table below shows the minimum mix required by the clause for developments containing between 10 and 15 dwellings.

Total number of dwellings	Minimum number of self-contained studio dwellings or one-bedroom dwellings	Minimum number of 3 or more bedroom dwellings
10	2	2
11	2	2
12	2	2
13	3	3
14	3	3
15	3	3

*Proposed wording of draft Northern Beaches LEP Clause - Mix of dwelling sizes in residential flat buildings and mixed use development:*

**6.X Mix of dwelling sizes in residential flat buildings and mixed use development**

- (1) The objectives of this clause are as follows—
  - (a) to ensure the provision of a mix of dwelling types in residential flat buildings and provide housing choice for different demographics, living needs and household budgets,
  - (b) to promote development that accommodates a range of household sizes.
  
- (2) This clause applies to development for the following purposes that results in at least 10 dwellings—
  - (a) residential flat buildings,
  - (b) mixed use development that includes shop top housing.
  
- (3) Development consent may be granted to development to which this clause applies if—
  - (a) at least 20% of the dwellings, to the nearest whole number of dwellings, in the development will be studio or 1 bedroom dwellings, and
  - (b) at least 20% of the dwellings, to the nearest whole number of dwellings, in the development will have at least 3 bedrooms.