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Professor Roberta Ryan
Chair, Independent Review LRMDHC

Roberta,

**PIA SUBMISSION – REVIEW OF LOW RISE MEDIUM DENSITY HOUSING CODE**

*Thank you for the opportunity for the Planning Institute of Australia (PIA) to submit to the independent review. The attached material is based on workshops among PIA members and follows our earlier submissions and engagement with the Department on the Low Rise Medium Density Housing Code.*

**Why we need a revised medium density housing code**

The Planning Institute of Australia (PIA) supports a diverse range of housing to meet all needs in a district.

The Planning Institute of Australia (PIA) sees an important role for a revised Low Rise Medium Density Housing Code (LRMDHC). It should be used as a means of rapidly delivering an accepted housing type where this aligns with an adopted local housing strategy.

Code assessment should be aimed at lower risk proposals and sit alongside a development assessment pathway for more complex settings or larger medium density housing types.

A LRMDHC should be able to be set aside by a customised local code prepared by a council to better achieve their housing strategy – but which achieves the same objectives.

**The need for a greater variety of housing hasn’t gone away**

The fundamental objective is to achieve more socially sustainable cities. A wider range of housing types and price points is needed to address diverse demands across every housing market in our cities and regions. The Planning Institute of Australia (PIA) is acutely aware of the pressures arising from growth, change and ageing in our communities and especially the increase in single households.

Traditionally, Australian cities (especially Sydney) have focused on delivering medium to high density apartments and low density houses. The problem is not all single/dual person households wish to live in apartments and not all families are seeking a large or detached family home (Kane 2015). Only focussing on high-rise apartments in the centre and detached housing in the outer suburbs excludes people from their community, reduces access to work and increases the community’s vulnerability to stresses including housing affordability.
The Resilient Sydney Context Report 2016 notes “There is a lack of diversity of housing catering to Sydney’s growing, aging and diverse population, with a need for user centred and people driven responses to housing affordability issues, including housing type and financing structures”.

An illustration of the poor diversity is the lower proportion of terrace and townhouse development delivered in Greater Sydney despite a trend of increased density across the metropolitan area. In 2011 medium density housing comprised 19.7% of the Greater Sydney market and increased by only 0.6% in 2016. This represents 38,000 additional dwellings. Comparatively, high density housing increased from 20.7% of market share to 23.5% in the same period, representing 80,600 additional homes.

It is unlikely that the relatively low production of medium density housing entirely reflects low demand. Social research consistently reports on the desirability of medium density housing types among many demographic and market sectors (eg Grattan Institute 2011, ‘Getting The housing we want’).

Development feasibility is critically important – as land and development costs relative to yield usually favour high density forms where they are permissible and where there is an established apartment market (Birell and McCloskey 2015).

However, the planning system plays an important role in facilitating the development pathways and reducing the time costs. The Department’s Discussion Paper anticipates a 40 day reduction in time due to code assessment – while the guidelines should also lift design quality and improve community acceptance whether via code or DA pathway.

**There is a role for a revised medium density housing code**

A code assessable pathway for low rise medium density housing forms (up to 2 storeys) would improve the availability of a range of desirable and appropriate housing types – where it aligns with the aims of a local housing strategy and the overarching District or Regional Plan. A code offers a greater of degree predictability for proposals that are consistent with the code's design guide.

PIA has commented in detail on the application of the current code and its design guidelines in our major submissions on options for the code and design guidelines (PIA Feb 2016)(PIA Dec 2016).

The Low Rise Medium Density Housing Code (LRMDHC) was developed to improve housing diversity by allowing medium density forms of housing to be approved in a more streamlined manner. PIA argues that there should be an incentive for the delivery of appropriate forms of medium density housing equivalent to complying development provisions available for detached housing.

However, PIA remains concerned that some complying medium density development enabled under the design guide and current code will not achieve satisfactory results on every site or local setting. At this time, PIA does not see sufficient community trust in the certification process to manage the risk of poor outcomes in more complex applications.

For these reasons, certification of complex and larger scale medium density development is not supported without a wider range of pre-requisites being met - including a higher degree of scrutiny of design judgements. Certification for smaller or lower risk medium density forms should be enabled where there is a strategic justification in a local housing strategy and where local character and design priorities are able to be met.
Greater Sydney’s District Plans define a role for local housing strategies to determine the way long term housing targets would be met. These strategies offer an opportunity for the community to inform and influence the pattern of growth base on local characteristics - and to zone for housing typologies accordingly.

However, the interaction of the current LRMDHC and local housing strategies is not clear. PIA asserts that the application of the code should be able to be tailored based on the character, accessibility and heritage factors substantiated in a local housing strategy. In this way housing growth would be distributed to best reflect the local and District Plan directions.

**A DA pathway remains appropriate in low density settings**

Depending on the definitions currently included by a council in their R2 (low density residential) zone, the opportunity exists to go through a public process to seek development approval for dual occupancies / multi-dwelling housing. The perceived threat of the LRMDHC has led to many councils to submit planning proposals to eliminate the offending definitions and prevent the code applying in the R2 zone. If successful, that would also mean that DAs could also not be considered in this zone. This result would restrict housing diversity even more than if the LRMDHC initiative was never floated. PIA does not support such zoning changes unless they are aligned with the local housing strategy.

The extension of the deferral of the application of the LRMDHC for 45 Councils until 31 October should enable the completion of the announced independent review into the code. PIA argues that planning proposals related to medium density housing should not be finalised prior to the outcomes of the review.

**A revised LRMDHC should respect local conditions and not over-reach**

Housing diversity needs to be considered as an integrated element in all council housing strategies - to inform their Local Strategic Planning Statements and Local Environmental Plans (LEPs). The review is an opportunity to reset the scale and type of medium density housing covered by the code as well as to consider how council’s local strategies should guide the application of the code.

PIA recently held a workshop with professional and council planners, to consider the application of the Medium Density Housing Code. The workshop participants made the following observations – notwithstanding the limited take up of the code in those councils in which it applies:

- that the intended built form of R2 (Low Density Residential) and R3 (Medium Density Residential) zones as set out in council’s LEPs might not be achieved with the introduction of the code
- that community trust in engagement on housing strategy and local strategic planning statements would be diminished where the code is seen as counter to strategic outcomes rather than as an ‘enabler’
- that the potential cumulative effect of the code in local character was poorly understood
- that many councils had not yet estimated the likely yield of the code – nor its implications for amenity and infrastructure funding and delivery
- that some mandatory requirements of the code (eg minimum parking rates) would run counter to local streetscape and maximum parking standards in accessible precincts
- that the code and its design guidance was uniform and should be refined for various inner and outer urban settings
that the impact of the code would not become fully apparent until the industry had certainty of a ‘development pipeline’ to produce complying medium density housing at scale

That certifiers were not likely to be comfortable regarding their residual accountability for qualitative design judgements

A theme of the workshop was the potential of the code to affect trust and disrupt locally supported strategies for achieving comparable housing diversity outcomes that were endorsed through Local Housing Strategies and Local Strategic Planning Statements.

What is PIA advocating?

PIA is advocating for the Minister to re-engage and develop a revised code that works as an ‘enabler’ for those low rise medium density housing types that are supported in local housing strategies - and reflected in LSPS and revised LEPs. The revised code would work alongside the DA process for the more complex assessments that require a greater degree of judgement and public scrutiny.

For this reason, PIA advocate that Local Housing Strategies (as anticipated in District Plans) should set the context for:

• where a ‘state endorsed’ modified medium density housing code should apply based on the location of zones where different medium density uses are permissible – with reference to accessibility / character;
• where a ‘customised’ code would apply which could set the circumstances in which it applies (based on accessibility and locally consultative strategic planning); or
• where an alternative DA process (including potentially a fast track) would apply.

A less generic approach would better manage the risk of denser and larger medium density development being located in less accessible areas; in which parking, design and amenity standards that would be poorly matched to the suburban context.

PIA supports the following modifications to the LRMDHC policy package:

• to support a council to adopt the code in a way that reflects the nuance in its area (eg flexibility in the Code to reduce car parking requirements in accessible areas dependant on public transport initiatives).
• to allow some variations in the code across different LGAs in different infill and greenfield settings (eg different minimum lot widths in inner vs outer areas)
• only dual occupancy housing types should be complying development in R2 zones (all other ‘low impact’ medium density housing forms to be code assessable in the R3 Zone – and DA assessable in R2 zone)
• only ‘low impact’ medium density development types should be code assessable (ie dual occupancies and < 5 villas / terraces)
• subject to an adopted housing strategy - removal of, or more stringent criteria, for the code to apply for more intense medium density housing types (e.g. manor houses or 5-10 terraces)
• improve trust and accountability in the certification of design judgements by:
  o diverting complex and larger proposals down the DA pathway; or
if aligned with local strategy - require independent planning and design review under the code (Design Verification Statement) by an accredited and accountable professional – such as a Registered Planner;

- Building confidence is critical in the initial period of operation of any code so that the best designs are achieved, and they are demonstrably compatible with neighbourhood character.
- Whilst the community and industry get to understand the code, allow it to apply for built form only - and not subdivision of dual occupancies in R2

For a revised code to be accepted, it should be regarded as an enabler of development types supported in a local housing strategy. It should operate alongside the DA pathway – or even be integrated with a streamlined DA process.

To this end planning proposals seeking to exclude the code should not be finalised until the review has considered whether housing diversity outcomes can be met.

**A way forward**

PIA supports the provision of housing diversity across Sydney to accommodate the variety of families and groups, differing households as well as levels of affordability. With many smaller households, the ageing population - and many wanting to age in place, the Medium Density Housing Code provides significant benefits. PIA acknowledges that suburbs require supportive social and community facilities, as well as good design of housing to complement the character of the area.

The LRMDHC has become a lightning rod for concerns regarding suburban over-development, amenity and the role of State Government in local planning.

However, PIA still sees an important role for a low rise medium density housing code to facilitate and speed up the delivery of strategically aligned and low risk housing types. But it needs to be ‘owned’ by councils as an enabler of their local housing strategies – which in turn deliver on Regional and District Plan directions and targets.

This is why PIA have engaged with our members and put forward elements for a revised code to the independent review that would reduce its risks, achieve high quality design, respect local strategy and strengthen community trust.

*Please don’t hesitate to contact PIA via john.brockhoff@planning.org.au or myself for any further input to the review.*

Yours sincerely,

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