



20 March 2020

The General Manager  
Port Stephens Council

council@portstephens.nsw.gov.au

Your reference File No **PSC2019-05430-002**

## Draft Housing Strategy (Live Port Stephens): Submission

### Introduction

TRRA welcomes the development of this Strategy as a very significant component of Council's strategic planning hierarchy. The Strategy, once finalised and adopted, will have profound implications for the future character of localities in Port Stephens. .

We welcome the level of detail in the Draft, and even more detailed supporting studies, and a good level of consultation with interested groups, including meetings in December and February. In contrast however, the general public notice of the consultation was very limited.<sup>1</sup> While we acknowledge the difficulty of interesting the general public in high level Strategies, we would have expected this one to be given more prominent and repeated publicity. It also needs more innovative presentation – for instance with examples (and graphics) illustrating the way in which the Strategy might affect local communities in real 'on-the-ground' terms, to generate interest.

We understand that the State Government deadline for completion of the Strategy has been extended at least until September 2020, and welcome the opportunity this gives to ensure further refinement of the Strategy based on input received during this round of consultation. We request that Council makes the revised Strategy public again for longer than just a few days before a Council meeting to allow further comment before it is finally endorsed.

### General comments

TRRA supports the 4 desired outcomes, but these are at a level of generality that no-one could disagree. In contrast, some of the 12 priorities and 21 actions designed to deliver these outcomes in particular ways and to specific effect are in our view misguided and based on faulty analysis.

Some of our comments relate to the overall Strategy for the entire LGA, but others are specific to Tomaree (and Tilligerry) peninsulas, which fall outside the Greater Newcastle Metropolitan Plan (GNMP) area. We submit that the Strategy does not sufficiently address this highly significant distinction – diagnosis of dwelling shortfall and proposed solutions based on the Metro Plan are applied to the peninsulas, where the balance of supply and demand is different and where the importance of preserving the natural environment and scenic values should receive higher priority – not least because of their value to the tourist economy. While in places the Strategy accurately

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<sup>1</sup> with only a short mention buried in a list of six announcements in the Informe page of the Examiner on 20 February (and with headings in a very hard to read green font)

references the partial overlap between Port Stephens LGA and Greater Newcastle (e.g. p5), elsewhere it either inadvertently or deliberately blurs the distinction (e.g. pp4,7&8).

Despite some valuable quantitative analysis in the supporting studies, the Housing Strategy itself lacks even approximate numerical targets for supply of different dwelling types in different locations.

The Executive Summary in the draft Strategy states that the Strategy ‘provides the road map to accommodate people who want to live in our LGA over the next 20 years’. This unqualified aim implies accommodating ALL who may want to live here without regard to the area’s capacity or the trade-offs involved, but the overall thrust of the Strategy goes beyond this – it seems to be to encourage and facilitate as much medium density infill and greenfield housing development as the market is willing to deliver, within the identified constraints.

The draft Strategy references the REMPLAN report as identifying population growth slowing due to land supply, consistent with State Government projections (p10), but implies that this is a bad thing to be avoided – we reject this interpretation, at least in relation to the peninsulas outside the GNMP area.

### Housing Supply (Outcome 1)

The reference to the REMPLAN report finding that ‘..without intervention... the housing supply is unlikely to support the demand from expected employment growth’ (p11) may be a valid assertion for those parts of the LGA within the GNMP area, but is not necessarily valid for the eastern peninsulas.

We submit that the Strategy’s clear preference for increased rates of growth in *all* parts of the LGA, and priorities and actions to achieve, are likely to result in oversupply of housing, i.e. new development in excess of what is required to meet ‘natural’ demand – instead the Strategy appears to have a deliberate objective to increase the population even beyond the predictions of the Hunter Regional Plan (HRP), GNMP and Dept of Planning (DPIE).

In a 2018 submission to the DPIE on the then Draft GNMP, PSC argued for a higher dwelling projection figure and very different infill:greenfield mix for the LGA – 13,225 (10% infill) compared to 11,000 (75% infill) in the Draft. We understand that Council has since accepted a lower figure partly on the basis that greenfield developments such as Kings Hill may not deliver their theoretical yield within the Plan period, and we welcome this as realistic. The final GNMP confirmed the dwelling projection for the whole of Port Stephens LGA as 11,050 for 2016-2036 (p44). THE GNMP still aims for 60% infill across the entire Metro plan area but we accept that this may be unrealistic for Port Stephens.

The REMPLAN housing forecasts include supply of 5870 housing lots between 2019 and 2036, and 7,529 lots to 2040, but then gives a ‘demand based on supply’ figure of 6215 dwellings from 2016 and 2036 (p5). The different definitions and time periods make it very difficult to understand the rationale for growth forecasts/predictions. The Draft Strategy clearly relies more heavily on REMPLAN’s self described ‘bottom up’ population and dwelling demand forecasts than on the DPIE projections which REMPLAN describe as ‘top-down’ and which appear to be based on ABS figures<sup>2</sup>. The REMPLAN report clearly displays a bias in favour of increased growth – ‘To allow population

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<sup>2</sup> Population and dwelling projections published by the DPIE in November 2019 appear to be closer to the REMPLAN forecasts

growth to reach its full potential...' (p9) and sees Port Stephens as in competition with neighbouring LGAs in pursuit of the '*opportunity* for short to medium term future population growth' (p7 - *our emphasis*); and 'To ensure population growth continues...' (p176).

TRRA opposes this consciously 'pro-growth' basis for the Strategy, both overall and specifically in planning the future of the eastern peninsulas. There can and should be a debate about the extent to which the western parts of the Port Stephens LGA should contribute to the Greater Newcastle 'Metropolis', but different considerations should apply to the eastern parts outside the metro plan area – both for amenity and tourist economy protection of the environment and of existing character must be given a higher priority than growth for growth's sake.

### **Housing supply on the Tomaree Peninsula**

In relation to the Tomaree (and Tilligerry) peninsulas, the approach taken in the Strategy is likely to place unacceptable pressure on the few remaining greenfield 'opportunity sites' and on existing urban and suburban areas. We accept the need (and demand) for *some* further medium density infill development but the Strategy, if implemented unchanged, will encourage too high densities in too many areas, changing the character of localities too drastically and likely causing a major backlash from existing residents. Most existing residents will accept some modest infill and higher densities, but the vision anticipated by the Strategy (and already evident from some recent DA approvals) will face major opposition.

We submit that the draft Strategy needs to more clearly identify the location of both the greenfield 'opportunity sites' and the larger sites which have already been zoned residential but not yet developed. This is needed to show the community what land they can or might expect to be developed for housing over the Strategy period. The most obvious example is the very large state government (Urban Growth) owned parcel of land at Fishermans Bay, for which a controversial DA was withdrawn several years ago. The community also needs to know if other greenfield land that has been publicly canvassed as potential housing sites are seen by Council as 'opportunity sites'. Examples include land south of Salamander Way and east of Horizons Golf Course; land south of Stockton St opposite Lily Hill Road (the road to Gan Gan lookout) and the former Gan Gan Army camp site. We understand that at least two formal Planning Proposals for re-zoning have been taken into account, but submit there should be greater transparency about the status of at least all publicly reported proposals.

To the extent that a few remaining greenfield 'opportunity sites' have been identified on the peninsulas, insufficient weight is given in the Strategy to the need to preserve native vegetation, both for its contribution to the landscape character (vital for tourism) and for its habitat value, particularly in relation to threatened flora and fauna species (including the endangered Port Stephens koala population. Both the Infill Study and the Housing Preferences Survey stress the importance of maintaining local character, and warn against potential negative impacts of increased density including overshadowing, loss of privacy or increased noise (Infill Study p39). These considerations may reduce the potential dwelling 'yield' from greenfield sites.

We note also a recent DA for conversion of short term holiday let apartments in Nelson Bay Town Centre to permanent residential units – if successful, this device could help to reduce the very high levels of vacancy in the current housing stock while also meeting Council's objective of increasing the permanent residential population of Nelson Bay Town Centre.

We understand that future housing supply estimates have included extrapolations from CDCs/DAs for less than 5 dwellings approved between 2012 and 2019 (Table 4-7 REMPLAN, p165), and known larger approved DAs (for both infill and greenfield) but submit that this should be made clearer in the draft Strategy, both for the whole LGA and for the 8 Planning Areas.

### Housing demand on the Tomaree Peninsula

Different figures are given for the REMPLAN forecasts.

- The Local Housing Market Analysis (LHMA) report says that REMPLAN anticipates a nearly 10% increase in population for the entire Tomaree 'region' to 2036, translating to 2,036 new households including 633 one person and 912 couple only households (LHMA p32). This equates to demand for less than 130 new dwellings per year on average in Tomaree to 2036.
- The REMPLAN report itself estimates demand for 1,770 dwellings between 2016 and 2040 (p.12) – this averages less than 75 per annum over the 24 years.
- Elsewhere, REMPLAN estimate a need for 1,494 dwellings in the Tomaree planning area 2019-2040 (p144). This would equate to a similar annual average of 71 over 21 years.

There is a big difference between 75 and 130 dwellings needed p.a. – the community needs to know what figure is being used as the basis for housing demand.

### Supply relative to demand in Tomaree

Whichever figure is preferred, it amounts to a relatively modest demand for new dwellings in Tomaree, and is almost met in its entirety by the 1,618 lots identified as supply under existing policy settings and standards (Table 4-8, REMPLAN, p166). The forecast supply comprises 58% infill and 42% greenfield lots.<sup>3</sup> We have already noted above that the Greater Newcastle Plan favours a higher infill-greenfield ratio for the western areas of Port Stephens, and we suggest that less greenfield and more infill may also be achievable in Tomaree, but without the need for any relaxation of planning controls and standards.

Redevelopment of existing residential lots typically increases the overall number of dwellings (through subdivision and/or higher densities). 'Downsizing' frees up larger family homes to meet demand from incomers. Together with the large number of dwellings approved in recent year in 'seniors lifestyle villages' (see above) and the steady supply of new homes from subdivision and dual occupancy development in established suburbs, there should be more than enough new dwellings provided over the period to 2040 on *current* policies and trends.

TRRA submits that there is consequently no need for further incentives or relaxation of standards to encourage even more infill and medium density development on the peninsulas. Council could however actively promote site amalgamation (including through both financial and non-financial incentives), as recommended in the Infill Study (p39), which could make viable multi-dwelling developments *within existing* planning controls and development standards.

The draft Strategy identifies multiple constraints on development on the Tomaree peninsula (National Parks and other protected environmental land, flood prone land, acid sulfate soils etc. See our comments below on the the Urban Housing Criteria in Appendix 1. We support the conclusions

<sup>3</sup> Council has confirmed that the figures in Table 4-8 of the REMPLAN report and Table 1 in the Housing Strategy need to be adjusted – effectively reversing the infill:greenfield ratio in the forecasts for Tomaree

that there is limited opportunity for new greenfield development (opportunity sites are primarily around Anna Bay) but potential for infill development in some existing urbanised areas.

We also support the preference for development in close proximity to existing centres and where infrastructure can be delivered (p12) – we note with regret that this preference has not been followed to date in approvals of several seniors lifestyle villages on relatively isolated rural land – a legacy which will create problems well into the future (see comments below under Housing Diversity).

A complicating factor in Tomaree is the high proportion of dwellings only occupied part time – largely for holiday use, either by owners or holiday renters – census figures show up to a third of dwellings unoccupied. Any increase in housing supply in the area must assume that a significant proportion will not contribute to the supply of dwellings available for permanent occupation, unless a supply shortfall leads to a reduction in the level of holiday letting. We submit that this factor needs to be more clearly taken into account in the supply and demand forecasts which are a foundation for the Strategy. We comment further below on the need for the Strategy to also consider more stringent controls on short term letting (within the limits of State legislation and policy), in the interests of both diversity and affordability.

### **Proposed Actions**

We only conditionally support Actions 1-4 in support of Housing Supply Priorities, subject to them taking account of our major reservations outlined above. A false assertion of inadequate supply should not be used as an excuse for loosening controls which are vitally important to meet other objectives including protection of the character of the natural and built environment, both for resident amenity and for the unique selling point of the area for tourists.

The draft Strategy talks of a ‘place based approach’ to protect ‘existing local character’ and ‘integrate with existing low-rise streetscapes and neighbourhoods’ (pp25-36). We submit that some of the proposed actions such as increasing height limits to allow multi-unit apartments on small lots, and reducing setbacks, are fundamentally incompatible with this objective, and should not be pursued.

### **Affordable Housing (Outcome 2)**

The Draft Strategy references the REMPLAN report recommendation for new housing opportunities to avoid negative impacts on affordability (p11).

TRRA supports the provision of more affordable housing (particularly for rent) and for low and middle income purchasers, but this is unlikely to come from the normal operation of the market, even with higher densities. There is little evidence that new multi-dwelling housing, at least on the Tomaree peninsula, is significantly more affordable than existing or new single dwelling stock – prices are determined by demand and owners and developers of subdivisions and dual occupancies are gaining a windfall financial benefit rather than passing the lower per-unit cost of supply on to purchasers or renters. Similarly, dwellings in the new seniors lifestyle villages are typically selling for little less than equivalent sized homes elsewhere – despite the significantly lower costs of supply due to rural land costs, higher densities and lower building and planning standards. The owners/developers are again simply pocketing the windfall gains.

We also reject the simplistic assertion, in the REMPLAN report and elsewhere, that housing supply constraints necessarily translate directly to higher rents – the factors involved in the rental market

are much more complex than simply overall supply and demand – most properties on the rental market are not dwelling types suitable for or within the price range of low-income renters.

The answer to the lack of affordable housing lies in other strategies and policies including direct public investment in social housing and innovative new approaches e.g. ‘tiny houses’<sup>4</sup>. While some of the ‘levers’ that need to be pulled rest with the State Government, Council can and should be lobbying for change. Other State Government policies that could free up the housing market are reform of stamp duty (presently a disincentive for ‘downsizing’) and regulation of holiday letting (including AirBNB and similar schemes) – we are disappointed that there is not more analysis of the holiday let issue in the draft Strategy.

The draft Strategy correctly identifies the desirability of more efficient use of existing housing stock (p19), but no specific actions are proposed – we submit that Council should explore incentives for downsizing and other ways of increasing occupancy.

### **Proposed Actions**

We support Actions 5-9 in support of Affordability Priorities 2.1-2.3, but only conditionally support Actions 10 and 11 – while we have no difficulty with reducing unnecessary red tape and controls, it is essential that this does not lead to unacceptably lower standards or to process shortcuts that reduce opportunities for community input. ‘Reducing red tape’ and ‘speeding up approvals’ are too often ‘code’ for less transparency and letting developers cut corners.

### **Diversity of Housing Choice (Outcome 3)**

As already indicated above, TRRA supports the aim of increasing diversity of housing choice – in particular increased provision of low-rise medium density housing styles including dual occupancies, semi-detached, row houses (terraced) and manor houses. Medium rise apartment buildings may also be appropriate in some localities but generally only where site amalgamation allows for apartment design that minimises overshadowing, loss of privacy and impact on the townscape. We strongly support incentives for site amalgamation (part of proposed Action 13)

One housing type which is not given serious consideration in the draft Strategy, beyond brief mentions (pp 7, 28) is shop top housing – units over commercial premises in Strategic and Local Centres – TRRA believes that most of the centres on the peninsula would lend themselves to some shop-top housing as an ideal way of providing compact dwellings for smaller households, including younger singles or couples and older ‘downsizers’, close to amenities.

The draft Strategy correctly identifies a range of issues associated with ‘lifestyle villages’ (pp29-30) – we have been very concerned about approvals for these types of development on rural land in relatively isolated locations – including more than 600 units in the Anna Bay and Bobs Farm area. TRRA strongly supports proposed Actions 15 & 16 to address these issues.

### **Proposed Actions**

As indicated above, TRRA supports most of the actions proposed to increase diversity of housing. However, the proposal in Action 13 ‘amendments to planning controls to improved development feasibility..’ is fraught with danger. Elsewhere in the draft Strategy it seems to be suggested that this would amount to relaxation of development controls and standards. We submit that the Strategy

<sup>4</sup> See for example <https://www.homestolove.com.au/tiny-house-australia-16817> and <https://aussietinyhouses.com.au/>

should not go down this road except in very minor respects. The qualifier in Action 13 ‘...and maintain design quality and amenity’ does not provide sufficient re-assurance – some of the relaxations foreshadowed in the proposals for Housing Supply could not do other than reduce amenity.

### Liveable Communities (Outcome 4)

This outcome re-inforces the need to enhance local character (Priority 4.1) – we submit that some of the proposals elsewhere in the draft Strategy would put this key objective at risk.

We are disappointed that the draft Strategy does not seriously address some of the major environmental challenges that lie ahead, including mitigation and adaptation to climate change, and loss of biodiversity. Much greater emphasis will be required on energy efficient building, increased use of shared, electric and public transport, maintenance of greenery both for shade and for habitat, bushfire resilience and adaptation to rising sea level. All of these will have profound implications for development patterns and building design and standards.

These objectives are clearly articulated in the Greater Newcastle Metropolitan Plan – see in particular the following GNMP Strategies:

- Strategy 12: Enhance the Blue and Green Grid and the urban tree canopy
- Strategy 13: Protect rural amenity outside urban areas
- Strategy 14: Improve resilience to natural hazards
- Strategy 15: Plan for a Carbon Neutral Greater Newcastle by 2050

These Strategies are arguably even more important and relevant to the eastern part of Port Stephens *outside* the GNMP area

The draft Housing Strategy barely acknowledges these issues let alone proposing actions to address them.

### Proposed Actions

Leaving aside the glaring gaps in addressing these bigger issues, we generally support all of the identified Priorities and proposed Actions to achieve the ‘Liveable Communities’ Outcome. We welcome the intention to develop ‘local character statements’ (Action 18), provided they are developed from the community and not imposed. But we believe that at least on the Tomaree peninsula, such statements would clearly show opposition to some of Council’s recent and proposed actions, particularly in relation to excessively higher density development.

Similarly, while we support a role for an independent Urban Design Panel, that role should not usurp the prerogative of local communities to craft their own vision – professional experts may not be best placed to advise on Local Plans and Strategies (Action 19).

### Infrastructure

The draft Strategy does not specifically address infrastructure, but we make the comment that there should be greater co-ordination of housing approvals and infrastructure provision – we have observed over many years that DAs are approved that place additional demands on stormwater and sewerage, roads etc, with infrastructure being upgraded only later if at all. This has led to cumulative overloading of some important infrastructure. This issue is addressed in the Local

Strategic Planning Statement (LSPS), on which we have made a separate submission, but should not be forgotten in the context of the Housing Strategy.

## Implementation, Monitoring and Reporting

These are important for any Strategy, and we strongly support transparent processes related to these follow-up actions. Collection and timely publication of relevant data (e.g. on DA approvals) are particularly important.

## Appendices 1 and 2

We support the inclusion in the Strategy of Urban Housing Criteria (UHC) (Appendix 1) and Rural Residential Criteria (RRC) (Appendix 2) and generally support the criteria themselves, but make the following comments and suggestions:

- The Biodiversity criterion in the UHC references only the DPIE Biodiversity values map. This resource may not be up to date or comprehensive. We submit that there is a range of other inputs, including the Port Stephens Comprehensive Koala Plan of Management (PSCCKPoM – itself badly out of date) that should trigger the need for a Biodiversity Development Assessment Report. The criterion for Environmentally Sensitive Land in the RRC is more broadly worded and could perhaps replace the Biodiversity criterion in the UHC.
- The UHC imply that all of the constraints may be overcome with ‘additional supporting documentation’. We submit that the Strategy and UHC should send a stronger message that some of these constraints are likely to rule out development altogether. In this respect the RRC is better in that it labels the criteria as ‘Exclusionary’ and indicates that ‘extensive justification’ will be required for any proposed re-zoning on land that meets these criteria.
- The RRC exclusionary criterion ‘Flooding’ only requires provision for evacuation, which implies that building on land that ‘has the potential to be isolated in flood events’ is otherwise acceptable. We submit that this is inconsistent with historical advice from planning staff (and emergency services) that building should not be allowed on flood prone land. Council has a poor track record of overriding this advice and approving buildings on flood mounds in high risk areas. We submit that this criterion should be strengthened to include a presumption against building on high flood risk land.

ends.

Appendix: detailed comments on the Infill Housing Study – see next page



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**Appendix: Detailed comment on the Infill Housing Study (Infill Study) and associated Local Housing Market Analysis (LHMA) and Feasibility Assessment of Residential Development Options (FARDO), both appended to the Infill Study report.**

These documents provide very useful factual information. However, TRRA submits that the draft Housing Strategy has drawn the wrong conclusions from the studies, at least in relation to the two Tomaree 'suburbs' included in the Infill Study and other reports; i.e. Nelson Bay, Shoal Bay and Corlette (NSC) and Anna Bay (AB).

The studies identify potential 'Opportunity sites' within these suburbs but take as the starting point a typical existing small lot of less than 700m<sup>2</sup>, and tests the feasibility only of apartment buildings (in NSC) and of row housing and manor houses in AB. Unsurprisingly, the studies find that apartment buildings are only viable on such small lots in the NSC area if height limits are increased, setbacks reduced and undercroft (i.e. ground floor) parking allowed. None of these changes to development controls are either desirable or acceptable in most of the areas zoned R2 or R3 in the NSC localities, and in our view are unnecessary.

Row housing and manor houses are assessed as viable in the AB area on typical existing lots of less than 700m<sup>2</sup>.

We submit that this is also likely to be true for the NSC localities and that Council should promote these forms of low-rise medium density throughout existing suburbs as a more likely and more acceptable way of meeting additional demand, rather than suggesting a preference for multi-dwelling apartments in the NSC area.

The draft Strategy states that 'The Infill Housing Study has taken a place-based approach to ensure that proposed development types *suit the existing local character of each suburb*. Building types that will increase density but will *integrate with existing low rise streetscapes and neighbourhoods* have been included in the Study' (pp25-36).

We submit that the exclusive focus, in the NSC area, on multi-dwelling apartment buildings on existing small lots is inherently incompatible with these stated objectives – see our comments above on Liveable Communities.

The Infill Study also expressly discusses the potential for site amalgamation and recommends incentives (p.39) and we support the inclusion of this in proposed Action 13 in the draft Strategy.