

Draft Medium Density Design Guide

Response to the exhibited material by MJH Group of Companies

MJH Group is a one of Australia's largest building companies and trades as Mcdonald Jones Homes, MOJO homes, Hayman Homes, Wilson Homes, MJH Multi and MY Choice. Currently this group of companies deliver in excess of 2,000 homes per year and make a significant contribution to supplying the Sydney housing market.

The MJH Group was pleased to see the government's initiatives around the 'missing middle' and in particular opportunities to remove obstacles that cause delay and uncertainty in the delivery of medium density. Clearly the market needs choice and diversity of products and these guidelines should be extended to include areas where targeted low scale medium density can transition into existing low scale residential development, including R2 zones.

The MJH Group thanks the Department of Planning and Environment for placing on public exhibition the 'Draft Medium Density Design Guide' and Explanation of the Intended Effects. The MJH Group is supportive of the exhibited material in that it seeks to:

- “ - Provide an efficient mode of delivery for low rise medium density housing;
- Remove existing obstacles to delivering this form of housing; and
- Provide a variety of housing choice across NSW in areas that are zoned for medium density” (pg 5)

The delivery of quality medium density products efficiently ensures Sydney has a range of housing typologies and price points available to meet demand. The missing middle housing typologies sit between apartments and the detached family home. As the Explanation outlines, there is currently a planning policy gap between successfully assessing and delivering apartments (through the provisions of SEPP 65) and providing design guidance and the efficient delivery of medium density products. The exhibited documents will assist in closing this 'gap' by:

- 1 Amending the Standard Instrument to clarify definitions around 'multi unit housing' to include the delivery of terraces and the inclusion of a standard definition for 'manor houses';
- 2 Providing a 'Draft Medium Density Design Guide' that seeks to encourage quality medium density products; and

- 3 Changes to the Codes SEPP to enable certain medium density dwelling types as complying development where permissible under the relevant Council LEP.

These three key initiatives are foundational to effectively defining, guiding and efficiently delivering quality medium density in R3 and R4 zones. However low scale medium density has not been targeted effectively through the planning process as there are limited areas zoned purely for medium density and they often permit residential flat buildings. If given the choice, often flat buildings will be delivered in preference to low scale medium density. MJH believes, with quality design guidance in the form of the 'Draft Medium Density Design Guide' there is scope to have low scale medium density extended into targeted R2 zones.

The Case for the Missing Middle Typologies in Selected R2 Zones.

Sydney needs to deliver more housing, approximately 664,000 new homes by 2031. This housing needs to be relevant to changing demographics trends and needs of the population whilst providing a range of price points to ensure continued home ownership and ultimately, financial security.

There are clear demographic trends emerging around household types, population profiles and growth. The following tables indicate some of these trends.

Table 1 indicates household type changes. The most significant change in the period (2013-2030) is forecast to be a **75% increase in the makeup of lone person and couples without children households.**

Table 1 - Projections of national underlying demand by household type, medium household growth scenario, 2013-2030 (17 years)

| Household Type | 2013 | 2030 | Increase | % of Increase |
|-----------------------------|---------|---------|----------|---------------|
| Number of households ('000) | | | | |
| Two-parent families | 2,828.6 | 3,296.7 | 468.1 | 16.9% |
| Single-parent families | 1,030.6 | 1,246.0 | 215.4 | 7.8% |
| Couples without children | 2,543.6 | 3,222.8 | 679.2 | 24.5% |
| Lone-person households | 2,466.7 | 3,800.1 | 1,333.4 | 48.1% |

| | | | | |
|-------------------------|----------------|-----------------|----------------|---------------|
| Group households | 9368.9 | 445.9 | 77.0 | 2.7% |
| Total households | 9,238.5 | 12,011.5 | 2,773.0 | 100.0% |

Source: National Housing Supply Council (NHSC) – State of the Supply Report 2011

Table 2 indicates locational and age group population increases forecast between 2011- 2031. Suburbs in the traditional growth areas or outer ring suburbs of Sydney are experiencing change. In the next 15 years, the most significant growth will be in the over 65 age group, with 100% increases in the Hills, Blacktown, Penrith, Liverpool, Campbelltown and most notably Camden Local Government Areas.

Table 2 – Population increase in Sydney’s Growth Areas 2011 to 2031

| LGA | Population Increase 2011 to 2031 | Age | | | Overall Growth |
|--------------|-------------------------------------|------|----------|------|-------------------|
| | | <15 | 15 to 64 | 65+ | |
| The Hills | 98,350 | 51% | 44% | 134% | 56% |
| Blacktown | 147,300 | 44% | 35% | 150% | 47% |
| Penrith | 86,650 | 42% | 29% | 187% | 47% |
| Liverpool | 105,950 | 46% | 43% | 183% | 56% |
| Camden | 90,900 | 139% | 137% | 328% | 16% |
| Campbelltown | 82,550 | 47% | 35% | 223% | 55% |
| | 611,700 | | | | |

Source: NSW Department of Planning

The 65+ age group are reaching retirement and have limited options to ‘downsize’ and ‘age in place’. There is a strong preference to remain in their home and community close to friends, doctors, family and other social connections.

Further, the number of people with a mortgage between the ages of 50-65 years has increased from 10% to 35% over the past 20 years. These people often have their 20+ year old children at home and are using their superannuation as a lump sum to pay off the mortgage, creating an equity trap for their superannuation savings in their home. This superannuation money, intended to fund their retirement is becoming more likely to be used to fund the cost of maintaining the large family detached home.

There are existing areas of low density housing that have the potential to transition with the missing middle typologies and meet this demographic, social and financial need. **Table 3** characterises the inner and outer missing middle suburbs of Sydney. The table indicates the housing types and demographic trends that led to their establishment and characterisation.

Many of Sydney's outer middle ring suburbs were built as large detached family homes during 60's, 70's and 80's. These original homeowners are now 65+ years and looking to downsize and assist their children to purchase their first home. However these areas are faced with a lack of housing diversity. There is little housing choice suitable for them to downsize and 'age in place' and further, allowing them to assist their children to buy their first home. Consequently they continue to age in housing not fit for their maturing lifestyle and often with their children at home. **With these household changes occurring, some outer missing middle suburbs are well placed to provide housing diversity in the form of low density missing middle typologies to meet these changing household and population needs**

Table 3 Characterisation of Inner and Outer Missing Middle Ring Suburbs of Sydney (built from 1946-1996)

| Area | LGA's | Suburbs | Character | Housing Types | Demographic Trends | Housing Choice Gaps from 2016 - 2036 |
|--|---|---|---|---|--|---|
| The Inner Missing Middle – Suburbs built from 1946 – early 1960's | Warringah, Pittwater, Kuring-gai, Ryde, Hornsby, Baulkham Hills, Parramatta, Blacktown, Auburn, Holroyd, Penrith, Fairfield, Canterbury, Bankstown, Liverpool, Campbelltown and Sutherland. | These are the suburbs where the Baby Boomers were raised. Examples of these suburbs include, Ryde, Crows Nest, Willoughby, etc. Mix of R2, R3 & R4 zones. | More grid pattern as still walkable neighbourhoods, walk to tram, train or bus. Not many cars until 1950's. Straight streets, front fences, walkable to a high street or transport. Most lots 450 – 600 m2. | Post war owner built Fibro homes and 1940/50's red brick cottages. Often Council or War Service housing programs in many areas. Also the strata unit boom of the 1960's and late seventies added diversity and density to many of these areas. | Post war immigration and drastic housing shortage. Areas settled by people born before the War between 1910 – 1930 who wanted to raise a family after the war. Parents of the Boomers. Original owners moved on diverse neighbourhood. | More supply to cope with growth of the population. The rise of smaller households and need for people to be near jobs in a service economy. GSC Sydney East and Parramatta City. More apartments R3 & R4 in renewal areas. |
| Outer Missing Middle – Suburbs built from early 1960's – 1996. | Warringah, Pittwater, Kuring-gai, Hornsby, Baulkham Hills, Blacktown, Holroyd, | These are the suburbs where the Baby Boomers raised their families (The Boomerangs). Some examples include: Warriewood, Beacon Hill, Frenches forest, Belrose, Terry | Curved roads in Garden Style Suburbs. The rise of the second car in most families. Neighbourhoods not walkable. | The rise of the project homes. Mix of 3 and 4 bedroom single level to start. Then as the Boomer families | Aging Baby Boomers rapidly moving to be over 65 years or age. Boomer kids (the Boomerangs) still at | Gaps with compact housing downsizing Seniors Housing (SEPP Seniors) and 25 – 35 age first home buyers (Affordable Housing SEPP). |

| | | | | | |
|--|--|---|--|---|--|
| Penrith, Fairfield, Bankstown, Liverpool, Campbelltown, Camden and Sutherland. | Hills, St Ives, Hornsby heights, Westleigh, Cherrybrook, West Pennant Hills, North Rocks, Baulkham Hills, castle Hill, Winston Hills, Kings Langley, Quakers Hill..... Many with Hill, Gardens or Park in the estate name representing the freedom of the car. Mainly R2 zones. | No front fences, project homes on 700 m2 + lots up to mid 1990's | grew up the homes got bigger until the last 5 years. | home as 20 – 30 somethings, can't afford to move out. | More duplex, manor homes (2- 4), villas and terraces. |
|--|--|---|--|---|--|

Permitting more low scale medium density into the outer middle ring suburbs allows the existing population to 'staircase' ie., step into or out of, ownership of the family home.

To continue the 'staircase' in and out of the family home, providing diversity ensures the population has the choice to remain in their community and live in appropriate 'fit for purpose' housing. Further, this extends to their children, the first home buyers who need housing choice and price points to 'step into' home ownership. Importantly providing appropriate housing aligns with the population's economic prosperity as many people build their wealth through residential property. And if this is provided successfully could reduce the total cost to government of social security and pensions.

Conclusion

The exhibited material will assist in the delivery of quality medium density products efficiently. However there is a strong demand for the missing middle typologies as they offer housing choice that will assist in meeting the needs of the changing demographics of the population. The Government has identified the 'gap' between the successful assessment and design guidance for apartments and medium density. The exhibited documents intend to bridge this 'gap'. **However there is a real risk that limiting its application to R3 and R4 zones may well continue to limit housing choice and diversity. The MJH Group believes there needs to be quality low scale medium density residential development in appropriately located R2 zones. The effect will be more diversity and housing choice and the market will respond with new price points.**

MJH Group thanks the Department and if you require any additional information please contact me on 8848 6014 or 0412 186 333.

Yours sincerely,

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