

Draft for Public Exhibition – June 2020

# Local Housing Strategy



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City of  
Newcastle

## **Acknowledgment**

City of Newcastle acknowledges that we operate on the grounds of the traditional country of the Awabakal and Worimi peoples.

We recognise and respect their cultural heritage, beliefs and continuing relationship with the land and waters, and that they are the proud survivors of more than two hundred years of dispossession.

City of Newcastle reiterates its commitment to address disadvantages and attain justice for Aboriginal and Torres Strait Islander peoples of this community.

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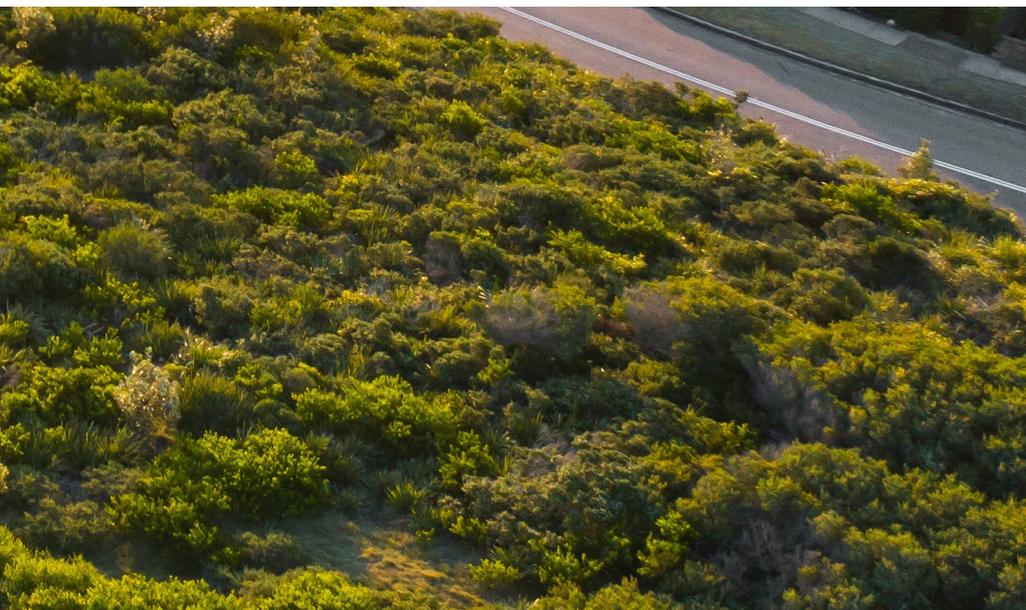


# Executive Summary

**The Local Housing Strategy 2020 (LHS) sets a framework for the provision of housing across the Newcastle Local Government Area (LGA) over the next 20 years.**

**The LHS has been developed in accordance with the Department of Planning, Industry and Environment's (DPIE) 'Local Housing Strategy Guideline' and includes consideration of demographic factors, local housing supply and demand, and land-use opportunities and constraints.**

**The first step in developing the LHS has been to establish the context and the evidence base to identify the requirements of the LHS, including housing supply gaps, specific needs and development capacity. The LHS is based on evidence from the Newcastle Housing Needs and Local Character Evidence Report (2019) and other sources referenced throughout the LHS.**



## Key findings

The population in the City of Newcastle (CN) is projected to increase by around 41,000 people between 2016 and 2041, from 160,900 to 202,050 people.

The number of new households is projected to increase by around 18,250 between 2016 and 2041. This growth is partly driven by population growth, and partly by household composition with an increase in one and two person households. Based on the projected population growth, future household composition, and the number of dwelling vacancies, it is estimated that there will be a demand for 19,450 new dwellings by 2041.

Based on collective insights from national research into housing preferences of Australians by both the Grattan Institute (2011) and the Australian Housing and Urban Research Institute (2019 a,b), it was found that households generally prefer to live in detached homes with backyards. However, many people cannot afford their ideal house in their preferred location and therefore must make trade-offs between different factors (size, location, etc.).

### Employment and Household Income

In CN, the proportion of unemployed and part-time workers has risen since 2011, while the number of full-time workers has declined. Furthermore, over one third of households in CN earn a very low to low income. This has resulted in a high proportion of CN's population being unable to afford to buy or rent a house, or experiencing housing stress, which indicates that there is strong demand for more affordable housing options to be provided locally.

### Household Composition

In CN, household sizes are expected to shrink over time as more people live alone or as a couple without children. This change in household composition will influence the future housing demand in relation to the number and size of new dwellings required.

### Demographics

Young adults tend to move to CN for tertiary education and employment, driving the demand for rental housing while studying and establishing a career. This makes the availability and affordability of rental accommodation an important consideration for urban planning.

CN's population is ageing slightly, as with much of Australia. The proportion of people in retirement age (65+) will increase from 15% in 2016 to 17% in 2041. It is therefore important that the housing needs of this growing cohort are identified and factored into our future planning. In addition, around 6% of CN's residents have a severe or profound disability and require assistance in their daily lives and housing to suit their specific needs.

There is a clear need for affordable, accessible and adaptable housing to suit the range of needs across the population.

### Housing Supply

#### Amount and type of current and planned housing stock

Between August 2016 and August 2019 there were 9,150 new dwellings in the supply pipeline in the Newcastle LGA, i.e. new dwellings that have recently been completed, are currently under construction, have been approved for construction, or are under assessment. Around 82% of these dwellings are in infill areas. Based on the supply pipeline, CN has already exceeded the number of dwellings required by 2021 and is also on track to meet the dwelling demand to 2026.

#### Capacity within the existing land use controls for additional housing

DPIE has estimated that, at mid-2017, the Newcastle Local Environmental Plan 2012 (NLEP 2012) had a theoretical capacity of 60,000 additional dwellings, of which 92% would be in 'infill' areas, and 8% in 'greenfield' areas. This theoretical capacity is over three times the total number of dwellings projected to be required within the LGA by 2041 (19,450 dwellings). However, the actual capacity for housing supply is likely to be lower, due to site-specific constraints, lack of development feasibility and some sites being withheld from development.

## Recommendations

A strategic and consistent approach is required for the delivery of future housing in the Newcastle LGA. More specifically, there is a need for policies, land-use provisions and other mechanisms that enable a more diverse mix of housing types that are affordable, sustainable and that meet the diverse needs and preferences of the community. The LHS aims to provide a strategic and consistent approach to housing in the Newcastle LGA.

The following housing priorities have been developed to respond to the key findings and to guide the future of housing in Newcastle:

**Housing Priority 1:** Maintain and encourage housing supply in the right locations

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**Housing Priority 2:** Diversify housing type and tenure across the LGA to provide for a range of housing needs

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**Housing Priority 3:** Increase the availability of accessible and adaptable housing

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**Housing Priority 4:** Increase the supply of affordable rental housing

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**Housing Priority 5:** Ensure new housing and changes to existing housing reflect the desired future local character

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**Housing Priority 6:** Homes are designed to be ecologically sustainable and to reduce resource requirements through the life cycle of the dwelling.

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# Introduction

## About the Local Housing Strategy

The Local Housing Strategy 2020 (LHS) sets a framework for the provision of housing across the Newcastle Local Government Area (LGA) over the next 20 years.

The LHS is a local response to the housing actions within the Hunter Regional Plan (HRP), Greater Newcastle Metropolitan Plan (GNMP) and the Newcastle Local Strategic Planning Statement (LSPS).

The LHS considers housing in the context of affordability, accessibility and sustainability and will inform a future review of the Newcastle Local Environmental Plan 2012 and Newcastle Development Control Plan 2012.

The LHS:

1. Provides a history of housing supply and the different eras of housing development in Newcastle
2. Identifies the key drivers for housing supply and demand
3. Outlines the 20-year population projections and housing needs for Newcastle
4. Sets the priorities for the provision of housing for the next 20 years
5. Includes an Implementation Plan to achieve these housing priorities.

The LHS is informed by the *Newcastle Housing Needs and Local Character Evidence Report (2019)* and other sources referenced throughout the body of the Strategy. If not referenced otherwise, all figures in this report have come from the *Newcastle Housing Needs and Local Character Evidence Report (2019)*.



## Planning for housing during the Coronavirus

At the time of writing, the impacts of the Coronavirus on the Newcastle community and the built environment remain uncertain. Understanding the implications on employment, household incomes and the housing market will be an area for further work in the short to medium term.

As updated data becomes available, it will be used to supplement the findings of the *Newcastle Housing Needs and Local Character Evidence Report (2019)*.

Despite the uncertain circumstances, Housing Priorities for CN will remain the same, including our goal to increase the supply of affordable housing. The Implementation Plan linked to the LHS will be reviewed on an annual basis and will be updated to address the impacts of the Coronavirus on our community when the relevant data becomes available.

## Sustainable Development Goals and New Urban Agenda

The City of Newcastle is a United Nations City and has adopted the Sustainable Development Goals (SDGs) and the New Urban Agenda as cornerstones for planning. Achieving the SDGs and the New Urban Agenda requires partnerships between a range of stakeholders, including all levels of government, community, and the private sector. The LHS aligns with and contributes to the realisation of the following SDGs relating to housing:



# Planning Policy and Context

This LHS is set within State and Local Government legislation, strategies, plans and policies (refer to Figure 1).

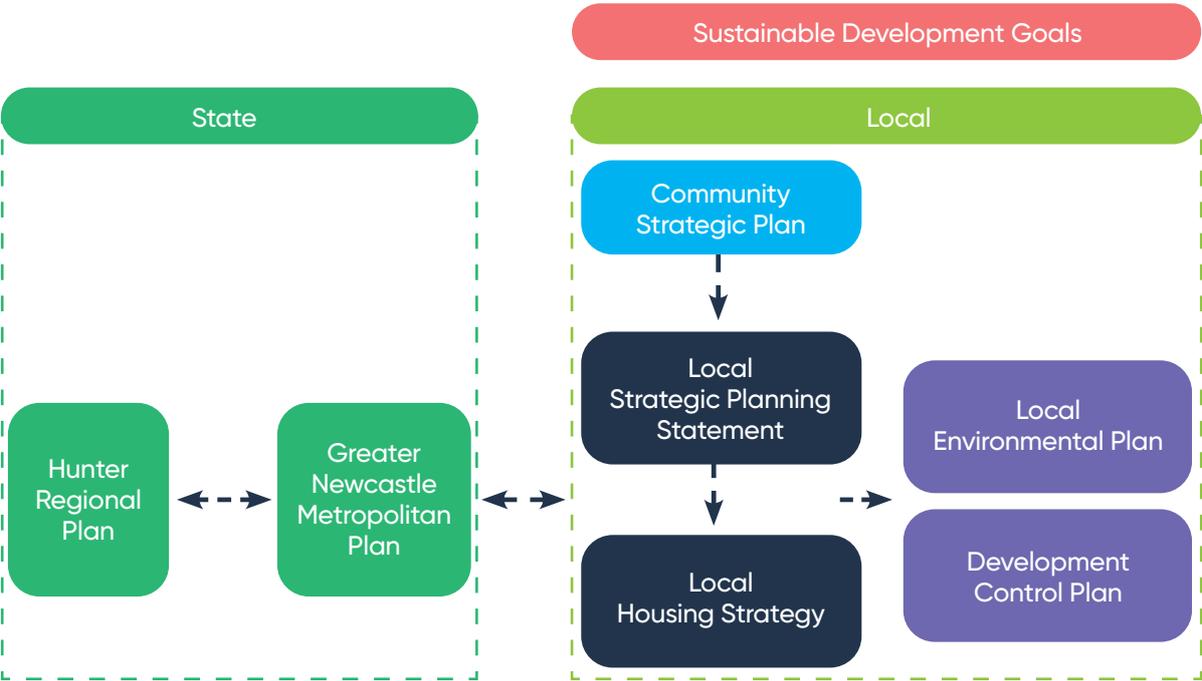


Figure 1: Planning and policy context

## State Environmental Planning Policies

State Environmental Planning Policies (SEPPs) are prepared by the State government and address planning matters of State or regional significance. SEPPs override local legislation and can prohibit or allow certain types of development in an area. The following SEPPs influence housing outcomes in CN.

### **SEPP 65 – Design Quality of Residential Apartment Development and associated Apartment Design Guide**

Aims to improve the design of apartments.

Sets minimum design quality principles and standards for apartments, including context and neighbourhood character, built form and scale, density, sustainability, landscaping, amenity, safety, housing diversity and social interaction, and aesthetics.

### **SEPP 70 – Affordable Housing (Revised Schemes)**

Enables councils to prepare and operate affordable housing contribution schemes, i.e. levying contributions from new development for affordable housing.

### **SEPP Affordable Rental Housing 2009**

Applies to boarding houses, secondary dwellings, group homes and other forms of housing.

Aims to improve the provision of lower-cost housing, while providing development concessions to increase their supply.

### **SEPP Exempt and Complying Development Codes 2008**

Identifies development types that do not require a development application.

Aims to make the application process faster, cheaper and more certain.

Sets provisions for different housing codes including the Housing Code, Inland Code, Low-Rise Medium Density Housing Code, Rural Housing Code, Greenfield Housing Code and the Housing Alterations Code.

### **State Environmental Planning Policy (Three Ports) 2013**

Restricts the residential use of land within the Port of Newcastle.

### **State Environmental Planning Policy (Housing for Seniors or People with a Disability) 2004**

Provides planning incentives for the provision of housing that meets the needs of seniors and people with a disability.

### **State Environmental Planning Policy No 9 – Group Homes**

Facilitates the establishment of group homes for people with a disability or people who are socially disadvantaged.

## Regional

Strategic planning at the local level is guided by the Hunter Regional Plan 2036 (HRP) and the Greater Newcastle Metropolitan Plan 2036 (GNMP). The LHS is a local response to these plans, aligning with the housing objectives and targets of the HRP and GNMP.

### Hunter Regional Plan 2036

The Hunter Regional Plan guides land use planning priorities and actions for the Hunter region over the next 20 years. The HRP provides a framework for the preparation of detailed land use plans, development proposals and infrastructure funding decisions at the Metropolitan and local level. The HRP includes four goals for the Hunter Region:

Goal 1: The leading regional economy in Australia

Goal 2: A biodiversity-rich natural environment

Goal 3: Thriving communities

Goal 4: Greater housing choice and jobs.

The specific directions relevant to housing in CN include:

promote housing diversity

create a compact settlement

grow strategic centres and renewal corridors.

The above directions underpin the priorities and actions identified in the LHS.

### Greater Newcastle Metropolitan Plan 2036

The GNMP provides a collaborative framework, which comprises strategies and actions that will drive sustainable growth across the five local government areas, including CN, that make up Greater Newcastle.

The GNMP aims to:

create a workforce skilled and ready for the new economy

enhance environment, amenity, and resilience for quality of life

deliver housing close to jobs and services

improve connections to jobs, services and recreation.

Overall, the GNMP aims to create great places across Greater Newcastle, and to deliver an integrated Metropolitan city. The five core elements that will shape Greater Newcastle into a dynamic, liveable and globally competitive Metropolitan city include the:

Metro Heart (Newcastle City Centre)

Metro Core (comprising around 60% of Greater Newcastle's homes and jobs)

Metro Frame (comprising various strategic regional centres)

economic trading hubs (Newcastle Port and Newcastle Airport)

iconic tourist destinations (e.g. National Parks, bushland and waterways).

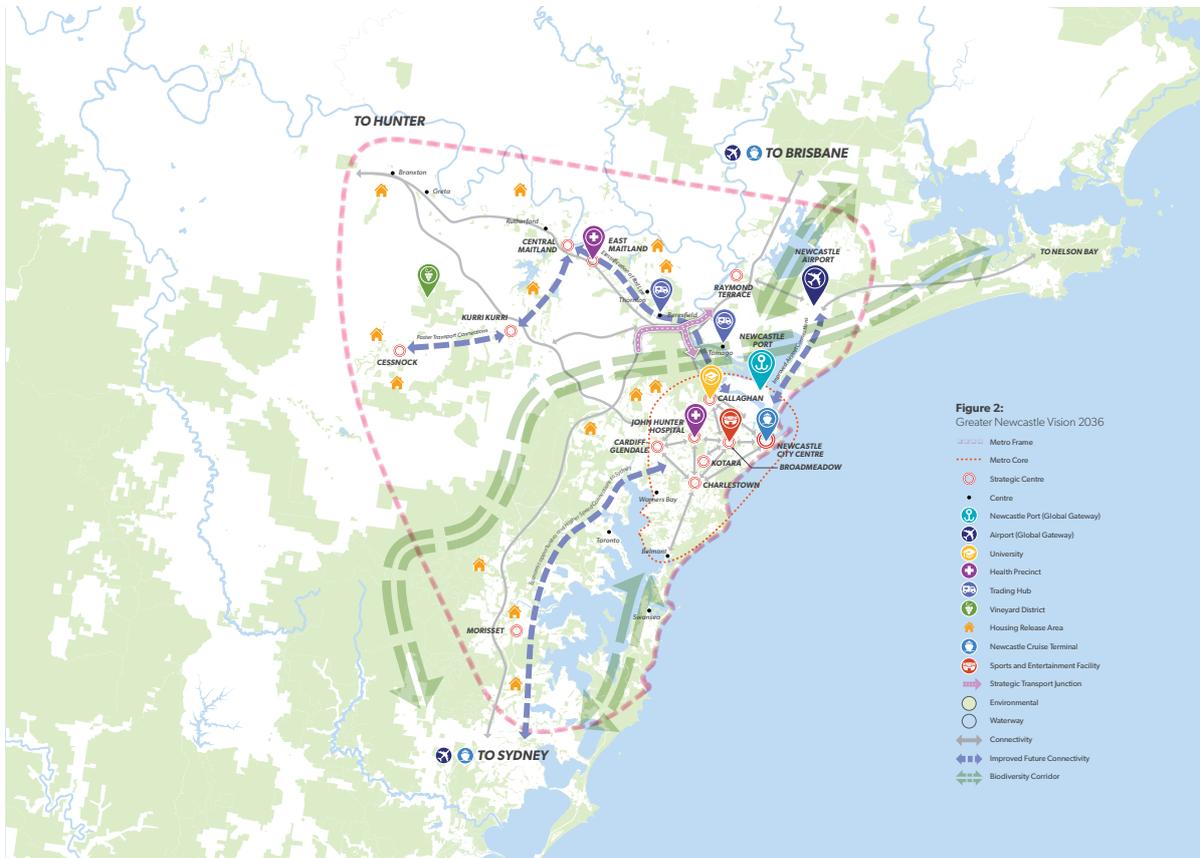


Figure 2: Overview of the Greater Newcastle Metropolitan Area

The main strategies of the GNMP that relate to housing in CN are:

Strategy 16: Prioritise the delivery of infill housing opportunities within existing urban areas

Strategy 17: Unlock housing supply through infrastructure coordination and delivery

Strategy 18: Deliver well-planned rural residential housing areas

Strategy 19: Prepare local strategies to deliver housing.

The GNMP prioritises the provision of additional housing in infill areas, aligned with the provision of infrastructure. The prioritised areas reflect those in the HRP, being Strategic Centres and Urban Renewal Corridors. In addition, the GNMP identifies seven Catalyst Areas within the Newcastle LGA, four of which will provide housing in mixed-use centres. The Catalyst Areas for which housing targets have been set are Newcastle City Centre, Broadmeadow, Callaghan and Kotara.

## Local

The LHS also aligns with local plans and strategies, including the Newcastle 2030 Community Strategic Plan and the Newcastle Local Strategic Planning Statement.

### Newcastle 2030 Community Strategic Plan

The Newcastle 2030 Community Strategic Plan is a shared community vision to inform actions over the next 10 years. The Plan identifies steps that Council can take in working towards the shared Newcastle 2030 community vision:

*"In 2030 Newcastle will be a Smart, Liveable and Sustainable City. We will celebrate our unique city and protect our natural assets. We will build resilience in the face of the future challenges and encourage innovation and creativity. As an inclusive community, we will embrace new residents and foster a culture of care.*

*We will be a leading lifestyle city with vibrant public places, connected transport networks and a distinctive built environment. And as we make our way toward 2030, we will achieve all this within a framework of open and collaborative leadership."*

The LHS implements the following priorities and objectives of the CSP:

### Protected Environment

2.1 Greater efficiency in the use of resources

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2.2 Our unique natural environment is maintained, enhanced and connected

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### Inclusive Community

4.1 A welcoming community that cares and looks after each other

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4.2 Active and healthy communities with physical, mental and spiritual wellbeing

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### Liveable built environment

5.1 A built environment that maintains and enhances our sense of identity

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5.2 Mixed-use urban villages supported by integrated transport networks

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5.3 Greater diversity of quality housing for current and future community needs

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5.4 Sustainable infrastructure to support a liveable environment

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### Smart and Innovative

6.2 A culture that supports and encourages innovation and creativity at all levels

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### Open and Collaborative Leadership

7.1 Integrated, sustainable long-term planning for Newcastle and the Region

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7.2 Considered decision making based on collaborative, transparent and accountable leadership

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7.3 Active citizen engagement in local planning and decision-making processes and a shared responsibility for achieving our goals.

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### **Newcastle Local Strategic Planning Statement**

The Newcastle Local Strategic Planning Statement (LSPS) will guide our land use planning over the next 20 years.

The LSPS implements priorities from our Community Strategic Plan, Newcastle 2030, and brings together land use planning priorities and actions in other CN adopted strategies.

The LSPS also gives effect to the State government strategic directions for the Hunter region, outlined in the HRP and the GNMP.

The LHS aligns with the planning priorities of the LSPS, of which the following are of relevance to future housing in CN:

Planning Priority 5: Protect and enhance our bushland, waterways and wetlands

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Planning Priority 6: Reduce carbon emissions and resource consumption

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Planning Priority 7: Plan for climate change and build resilience

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Planning Priority 8: Plan for growth and change in Catalyst Areas, Strategic Centres, Urban Renewal Corridors and Housing Release Areas

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Planning Priority 9: Sustainable, healthy and inclusive streets, neighbourhoods and local centres

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Planning Priority 10: Development responds to the desired local character of our communities

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Planning Priority 12: Sustainable, affordable and inclusive housing.

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### **Newcastle Local Environmental Plan 2012**

The Newcastle Local Environmental Plan 2012 (NLEP 2012) gives effect to the land use planning vision in the LSPS by setting the legislative controls for land use throughout Newcastle. The NLEP 2012 contains provisions about how land can be used and the types and form of development throughout CN.

### **Newcastle Development Control Plan 2012**

The Newcastle Development Control Plan 2012 (NDCP 2012) provides detailed planning and design guidelines to support the planning controls in the NLEP 2012.

The NDCP 2012 includes general guidelines that apply to all development as well as development-specific and area-specific guidelines. There are, for example, specific controls for single dwellings and other forms of residential accommodation, as well as for Urban Renewal Corridors.

The LSPS and LHS will underpin future changes to the NLEP 2012 and NDCP 2012, which may include changes to land use provisions as outlined in each Strategy's action and implementation plan.



# LGA Snapshot

Geographic overview and role of CN regionally, nationally and internationally

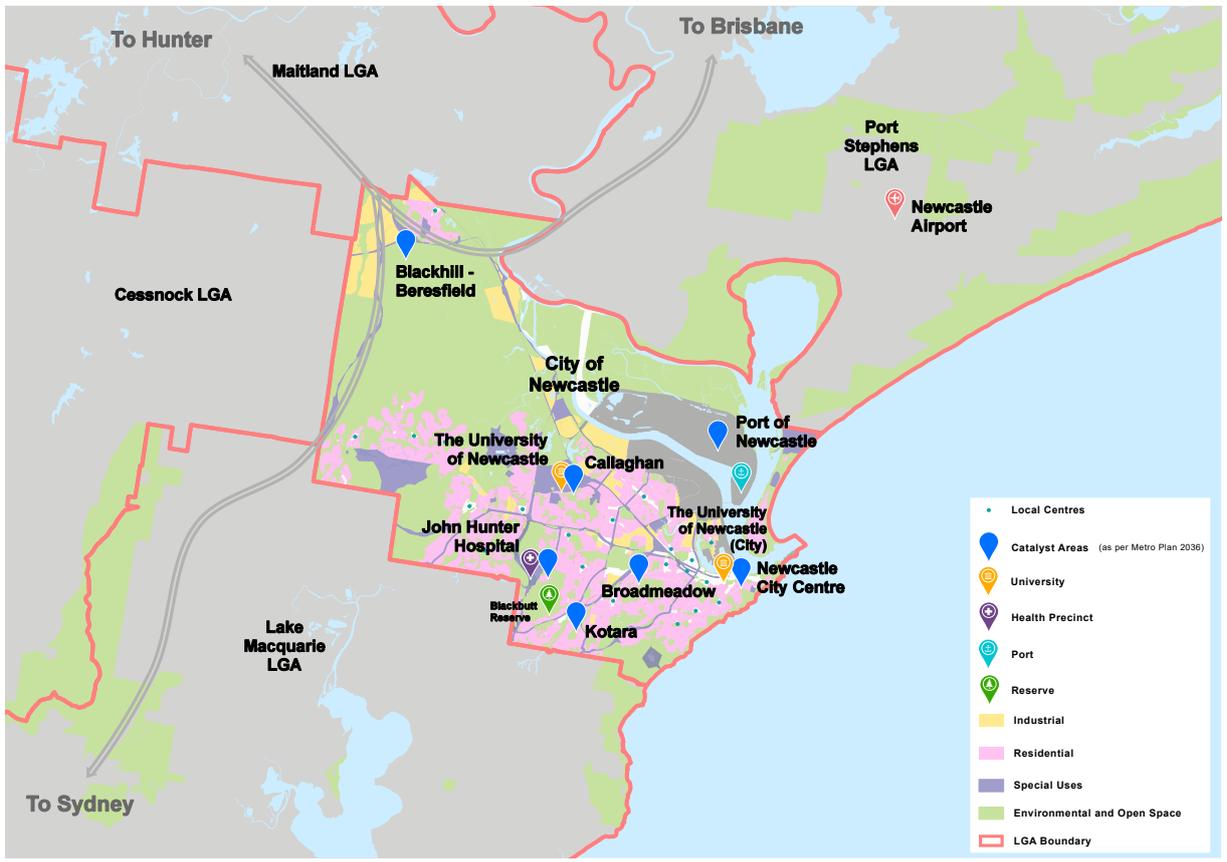


Figure 3: Regional Map

**CN has an area of 187km<sup>2</sup> at the heart of the Hunter Region of NSW, approximately 160km north of Sydney. In terms of population, the Newcastle metropolitan area is the largest regional centre in NSW and the second largest non-capital urban centre in Australia.**

CN is the service and administrative centre for the wider Hunter Region and has a major role in the regional economy. The John Hunter Hospital is a major employment centre that provides important services to the community of CN and the wider Hunter Region. CN also has an important manufacturing sector, which supports an estimated annual output of \$4.864 billion.

Furthermore, CN plays an important role nationally and internationally. It is home to the Port of Newcastle, which is a major international export port, and Australia's largest coal export port by volume and a growing multi-purpose cargo hub. CN also comprises world-class research centres, including the University of Newcastle, the CSIRO and the Hunter Medical Research Institute. CN is a key tourist destination with over 4 million visitors per annum due to its natural beauty, access to beaches and conservation areas and CN's unique character and heritage.



## Population and housing snapshot

As of 2018, the Newcastle LGA had a population of around 164,100 residents, including 3.5% being of Aboriginal and Torres Strait Islander descent, and 14% of people born overseas.

The median age in CN is 37 years old. There is a higher proportion of young people in CN, compared to the NSW average. However, like other parts of Australia, the population in CN is ageing. The proportion of people of retirement age (65+) will increase from 15% in 2016 to 17% in 2041.

Moreover, 3% of CN's residents are elderly (85 years or over) and are likely to require some level of assistance currently or in the near future. In addition, around 6% of CN's residents have a severe or profound disability and require assistance in their daily lives.

CN's population is growing. Between 2006 and 2018, the population has grown at a rate of around 1% per year, or an average of 1,450 new residents each year. Future projections estimate that CN's population will increase by around 41,150 new people between 2016 and 2041, or around 1,650 people each year.

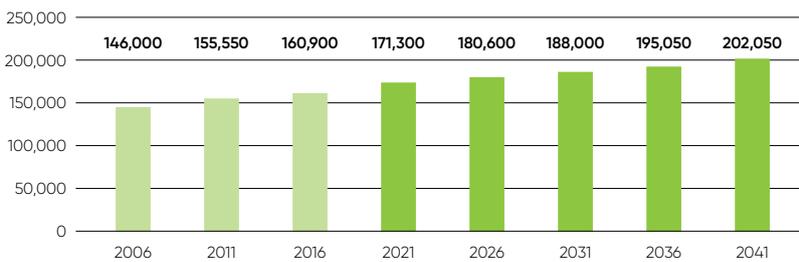


Figure 4: Historical and projected population for the Newcastle LGA (2016-2041)



## Socio-Economic Overview

### Employment type and participation

In 2016, 55% of CN's residents were employed full-time, 36% were employed part-time, and 7% were unemployed.

CN has a diverse economy offering jobs across a wide range of industries. The healthcare and tertiary education sectors employ the highest number of residents, with around 1 in every 5 residents working in healthcare and social assistance, and 1 in every 10 residents working in education and in retail. Education, healthcare and social assistance industries are growing and continue to provide new employment opportunities.

1 in every 11 residents are attending university or a tertiary institution, compared with 1 in every 20 people in NSW.

66% of CN residents work within CN and 15% in Lake Macquarie. The average work trip length is 15.7km<sup>1</sup>. More than 7 of every 10 residents in CN travel to work by car, with less than 1 in 10 residents taking public transport to work.

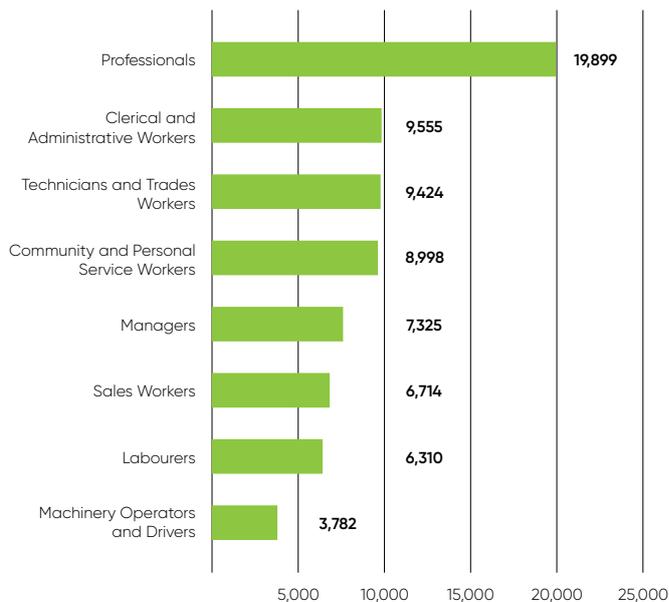


Figure 5: Top occupations of employment for Newcastle LGA residents (2016)

<sup>1</sup> Transport for NSW (2020). Household Travel Survey – Data by LGA. Retrieved 2020, from: <https://www.transport.nsw.gov.au/data-and-research/passenger-travel/surveys/household-travel-survey-hts/household-travel-survey-1>

## Household income

As of 2016, households in the Newcastle LGA were earning a median annual income of \$72,700. This is lower than the median annual household income for NSW (\$77,270) but higher than the median annual household income for Regional NSW (\$60,740). Over one third of households earn a very low to low income of less than \$48,590. The proportion of households with low and very low incomes varies widely across the LGA.

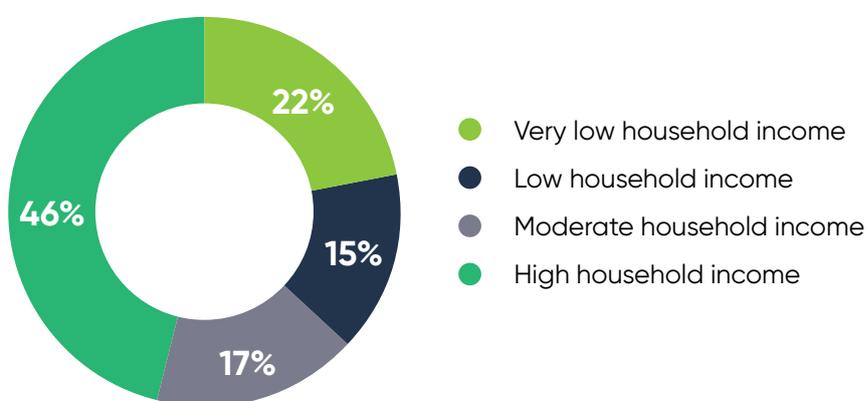


Figure 6: Weekly household income ranges in the Newcastle LGA

**Table 1: Distribution of very low to low income households across Newcastle (2016)**

Areas with the highest % of very low to low income households	Areas with the middle % of very low to low income households	Areas with the lowest % of very low to low income households
Jesmond	Waratah West	Fletcher-Minni
Waratah	Stockton	New Lambton Heights
Hamilton South-Hamilton East	Hamilton	Merewether Heights
Birmingham Gardens-Callaghan	The Junction	Adamstown Heights
Mayfield	North Lambton	Maryland
Shortland-Sandgate	Mayfield East	Kotara
Beresfield-Tarro	Elmore Vale	Merewether
Bar Beach	Tighes Hill	Rankin Park
Wallsend	Adamstown	NER
Mayfield West	Warabrook	Georgetown
Lambton	Broadmeadow-Hamilton	Maryville-Wickham
Carrington	North	Newcastle-Newcastle East-Newcastle West
Islington	New Lambton	The Hill
		Cooks Hill

## Housing stress and household income

Housing stress is widely used as a standard for assessing housing affordability. A household is defined as being under 'housing stress' if they are in the lowest 40% of incomes and are paying more than 30% of their household income on housing.

A very low income is described as those households earning less than 50% of the Regional NSW median income. People earning the minimum wage, those who are on an aged or disability pension or other government benefit and workers in areas such as retail or manufacturing, generally have a very low income.

Households earning between 50% and 80% of the Regional NSW median income are described as earning a low income. Generally, jobs such as a childcare worker, secretary or cleaner fall into this income category.

A moderate income is described as those people earning between 80-120 % of the Regional NSW median income. Generally, jobs such as teaching, policing or nursing, particularly people in earlier stages of their careers, fall into this income category.

A household on a high income is earning more than 120% of the Regional NSW median income.

People working in many of the jobs that have low to moderate incomes are described as key workers as they provide essential services to the community.

**Table 2: Household incomes in CN**

Income band	%Median income <sup>#</sup>	Annual household income <sup>#</sup>	Weekly household income <sup>#</sup>	Households in CN in each income range <sup>#</sup>	% of households in rental stress <sup>*</sup>
Very low	50% or less	\$30,370 or less	\$580 or less	22%	95%
Low	50%-80%	\$30,370 – \$48,590	\$580 – \$930	15%	73%
Moderate	80%-120%	\$48,590 – \$72,890	\$930 – \$1,400	17%	33%
High	120% or more	\$72,890 or more	\$1,400 or more	46%	-

<sup>#</sup> pg 42 NLHNS, CPS, 2019

<sup>\*</sup>Pg 52 NLHNS, CPS, 2019

The consequences of housing stress can include:

living with unmanageable levels of debt

working longer hours to pay for housing

travelling long distances to work or to access essential services

living in overcrowded or substandard housing

going without essentials such as adequate food, heating, medication or education.

## Housing stress

Overall, 13% of households are experiencing 'housing stress'. In 2016, 31% of renting households were experiencing rental stress and 7.3% of households were experiencing mortgage stress. Housing stress varies across the LGA. 6% of households are unable to afford the cost of the private rental market and live in social housing.

**Table 3: Distribution of households experiencing rental stress by community profile areas (2016)**

Highest % of rental stress (>30%)	Moderate % of rental stress (30-25%)	Lowest % of rental stress (<25%)
Birmingham Gardens-Callaghan (52%)	Warabrook (30%)	Islington (24%)
Jesmond (43%)	Tighes Hill (30%)	Merewether (23%)
NER (42%)	Hamilton (29%)	The Hill (23%)
Shortland-Sandgate (39%)	Bar Beach (28%)	Fletcher-Minmi (21%)
Beresfield-Tarro (38%)	Maryland (28%)	Cooks Hill (21%)
Elernmore Vale (35%)	Stockton (27%)	Adamstown Heights (21%)
Wallsend (34%)	Adamstown (27%)	New Lambton Heights (20%)
Rankin Park (33%)	New Lambton (27%)	Newcastle-Newcastle East-Newcastle West (18%)
Waratah West (32%)	Broadmeadow-Hamilton North (27%)	Merewether Heights (0%)
Lambton (32%)	Hamilton South-Hamilton East (26%)	
Mayfield East (32%)	Carrington (26%)	
Mayfield West (32%)	Maryville-Wickham (26%)	
Mayfield (32%)	The Junction (25%)	
Kotara (31%)		
North Lambton (31%)		
Waratah (31%)		
Georgetown (31%)		



## Current Housing Stock

### Housing types

Detached dwellings currently make up 69% of the housing stock. However, since 2016 around 75% of all buildings approved were attached dwellings signalling a transition in the composition of the housing stock in CN. Medium density housing has been the fastest growing housing type since 2011. An additional 1565 medium density dwellings were constructed between 2011 and 2016 compared with 185 additional detached dwellings. Medium density dwellings now represent 22.5% of the housing stock.

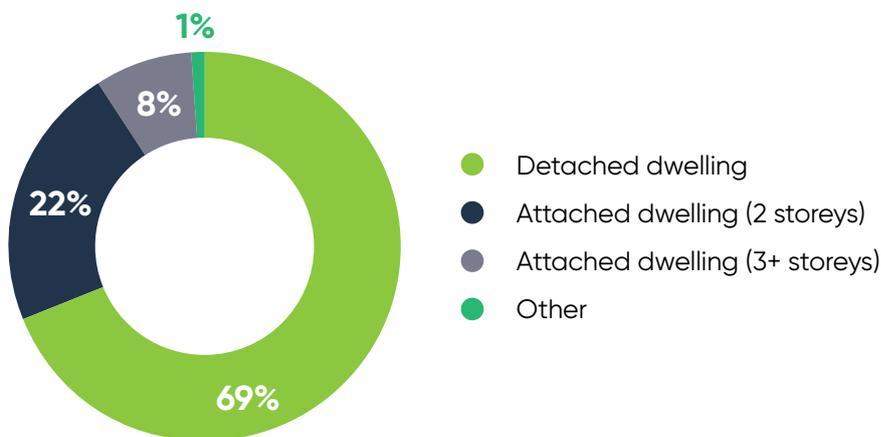


Figure 7: Proportion of dwelling types within the Newcastle LGA (2016)

Despite the predominance of detached dwellings across the LGA, there are some areas where it is not as prevalent. This tends to be in CN's inner suburban areas, particularly those with historic terraces, such as Newcastle East and Cooks Hill. Apartment blocks of three or more storeys are primarily concentrated within the Newcastle City Centre (the Newcastle – Newcastle East – Newcastle West area) and some inner suburban areas. CN's outer suburbs (both infill and greenfield areas) are predominantly low-density detached housing (80% or more) with limited housing diversity.

**Table 4: Housing stock in the Newcastle LGA, by community profile area (2016)**

Area	No. dwellings	Detached	Attached (1-2)	Attached (3+)
Newcastle-Newcastle East-Newcastle West	2,913	4%	18%	78%
The Hill	1,150	12%	48%	39%
Cooks Hill	2,009	19%	59%	22%
Bar Beach-The Junction	1,100	34%	42%	24%
Maryville-Wickham	1,358	47%	39%	9%
Jesmond	1,269	47%	41%	12%
Hamilton	2,083	58%	34%	4%
Hamilton South-Hamilton East	2,376	59%	20%	21%
Carrington	981	62%	35%	3%
Merewether-Merewether Heights	5,521	63%	28%	9%
Adamstown	2,681	67%	28%	5%
Georgetown-Waratah	2,995	68%	28%	4%
Islington-Tighes Hill	1,726	71%	26%	3%
Mayfield West-Warabrook	1,630	72%	28%	0%
Broadmeadow-Hamilton North	1,249	73%	24%	3%
Lambton	2,227	74%	25%	1%
Mayfield-Mayfield East	5,217	75%	24%	1%
Shortland-Sandgate	1,815	78%	21%	1%
Stockton	1,820	79%	18%	1%
Wallsend	5,538	79%	20%	1%
New Lambton-New Lambton Heights	4,776	80%	19%	1%
Birmingham Gardens-Callaghan	984	82%	14%	4%
Elmore Vale-Rankin Park	2,760	83%	17%	0%
North Lambton	1,411	85%	15%	0%
Waratah West	1,144	89%	10%	1%
Kotara	1,700	90%	10%	0%
Beresfield-Tarro-NER	2,406	91%	7%	2%
Maryland	2,838	92%	8%	0%
Adamstown Heights	1,718	96.5%	3.2%	0.2%
Fletcher-Minmi	1,850	98%	2%	0%

Many households live in three bedroom homes which made up nearly half of CN's housing stock in 2016. In recent years, there has been an increase in the number of one, four and five bedroom homes, and a decrease in the number of two and three bedroom homes.

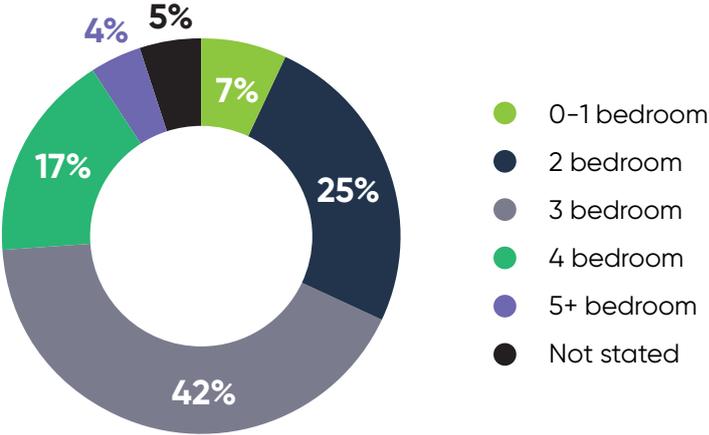


Figure 8: Proportion of dwelling sizes in Newcastle LGA (2016)

### Household composition

CN's household composition mostly consists of lone-person households, followed by family households with children, and couple households without children. 11% of households are single parent households. Compared to NSW, CN has a higher proportion of lone-person and group households and a lower proportion of family households with children. Household sizes are expected to shrink over time as more people live alone and as more couples without children become more common household types.

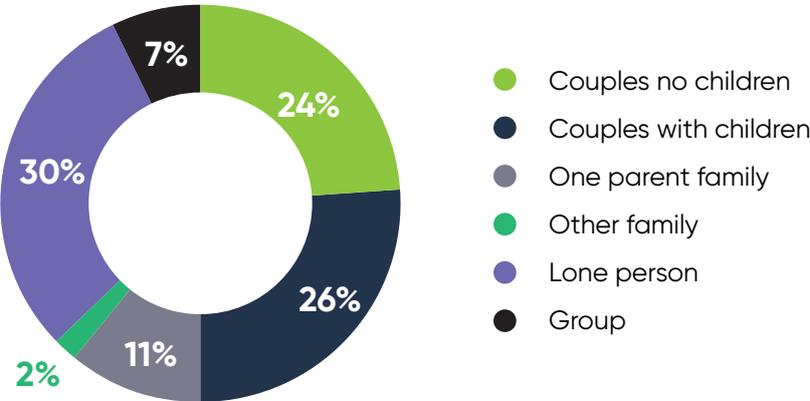


Figure 9: Household types in Newcastle LGA (2016)

## Housing tenure

While the cost of housing varies greatly between suburbs, as of 2018 the median weekly rent in CN was \$450 and the median home purchase price was \$580,000. An outcome of the increasing unaffordability of housing between 2011 and 2016 has been the increase in the number of households renting (up by 1.5%).

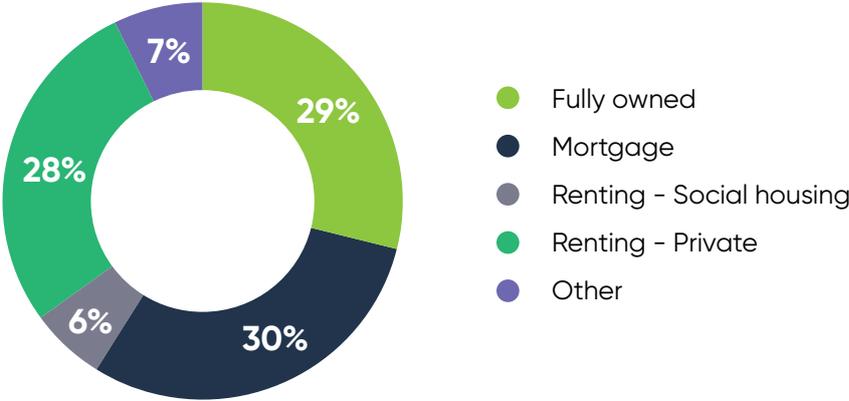


Figure 10: Housing tenure type in Newcastle LGA, 2016

## History of Housing in the City of Newcastle

Urban development in CN started in the early 1800s, as a result of the penal and coal mining settlement, and the exploitation of timber, salt and lime. The development of railways in the 1850s along with significant improvements to the port enabled the opening of new coal mines and industrial bases, which led to the establishment of new settlements in different parts of CN. The rise of the steel industry in the early 1900s compensated for the closure of the inner Newcastle collieries, and drove new subdivisions and more intensive development of older residential areas. The most rapid population growth occurred during this time and resulted in a physical merging of the townships to create a major urban centre.

Suburbs/townships that developed during the time between 1800 and 1910, referred to as the Pre-War era, include Adamstown, Broadmeadow, Carrington, Cooks Hill, Georgetown, Hamilton, Hamilton North, Hamilton South, Islington, Jesmond, The Junction, Lambton, New Lambton, North Lambton, Maryville, Mayfield, Mayfield East, Mayfield West, Newcastle East, Stockton, Tighes Hill, Waratah, Wallsend and Wickham.

Housing during the Pre-War era is generally characterised by workers cottages on small lots with minimal setback, as well as Early Victorian and Edwardian styles.



Figure 11: Example of an Early Victorian house, Coomes Consulting (2006)



Figure 12: Example of an Edwardian house, Coomes Consulting (2006)

During the following decades, between 1910 and 1950, referred to as the Inter-War era, the nature of the housing stock changed as several suburbs inspired by the 'garden suburb' concept were developed, including Birmingham Gardens, Beresfield, Hamilton East, Kotara and Tarro. In the 1930s and 1940s, waterside development occurred in Bar Beach and Merewether. In 1938, the amalgamation of the various local municipalities to form the City of Greater Newcastle was a historical landmark, as it established a city-wide approach to planning. During World War II, CN became a key industrial base for the production of a wide range of military items, and as a result, there was a marked increase in the population living in the region. Some of the suburbs that developed shortly after World War II include Adamstown Heights, Hexham, Kooragang, Merewether Heights, New Lambton Heights, Rankin Park, Sandgate, Shortland, The Hill, and Waratah West.

Houses built during this period display various styles, including Californian Bungalows, Spanish Mission, Art Deco and modern architecture.



Figure 13: Example of Californian Bungalow house style, Coomes Consulting (2006)



Figure 15: Example of Art Deco house style, Coomes Consulting (2006)



Figure 14: Example of Spanish Mission house style, Coomes Consulting (2006)



Figure 16: Mid 20th Century housing style, Coomes Consulting (2006)

By the 1970s, changes in manufacturing and technology led to a weakening of employment in the heavy industrial sector, with consequences for the preservation of the built environment. In 1989, CN was struck by an earthquake, which damaged and destroyed a significant part of the city. However, the earthquake also provided the opportunity for the revitalisation of the city and its suburbs.

Some of the suburbs that developed during the last few decades include Black Hill, Elermore Vale, Fletcher, Lambton, Lenaghan, Maryland, Minmi, Wallsend and Warabrook.

Houses built after the 1970s typically display front garages with large setbacks for driveways dominating the street, reflecting the increased use of cars. There has also been an emergence of large houses on large lots with large garages in new subdivisions, also known as 'McMansions'. New medium to high density dwellings are becoming more common. Medium density housing, such as town houses often display a mix of contemporary and traditional architectural features.



Figure 17: Example of contemporary house with large setback, driveway and garage, Coomes Consulting (2006)

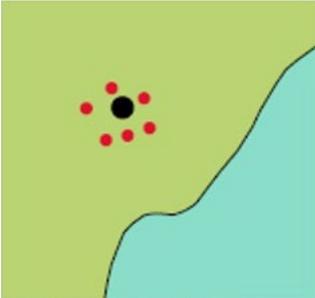


Figure 18: Example of large house on large lot ('McMansion'), Coomes Consulting (2006)

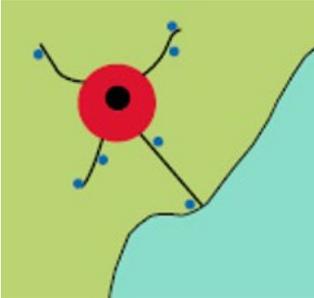


Figure 19: Example of medium density housing mixing contemporary and traditional architectural styles, Coomes Consulting (2006)

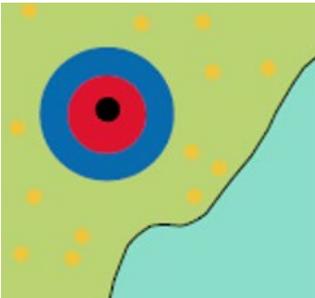
The historic urban development of CN has led to the current urban structure, which is characterised by a series of concentric rings around the original towns. As such, smaller lots and houses from the 1800s are found in and immediately around the town/village centres, and larger lots and houses from the 1900s and 2000s are found further out.



Historic town centres typically developed close to a port or waterway or in Newcastle's case, around mine heads, with smaller villages developing around it.



New settlements develop further out from the historic town centre as the railway developed.



Pockets of newer suburbs occur as the motor vehicle allows individuals to commute further.



Over time, as the population increases so does the demand for more housing, leading to infill and eventually individual town centres, villages and suburbs merging into one city.

Figure 20: Historic urban development of CN, Coomes Consulting (2006)

## Urban Structure

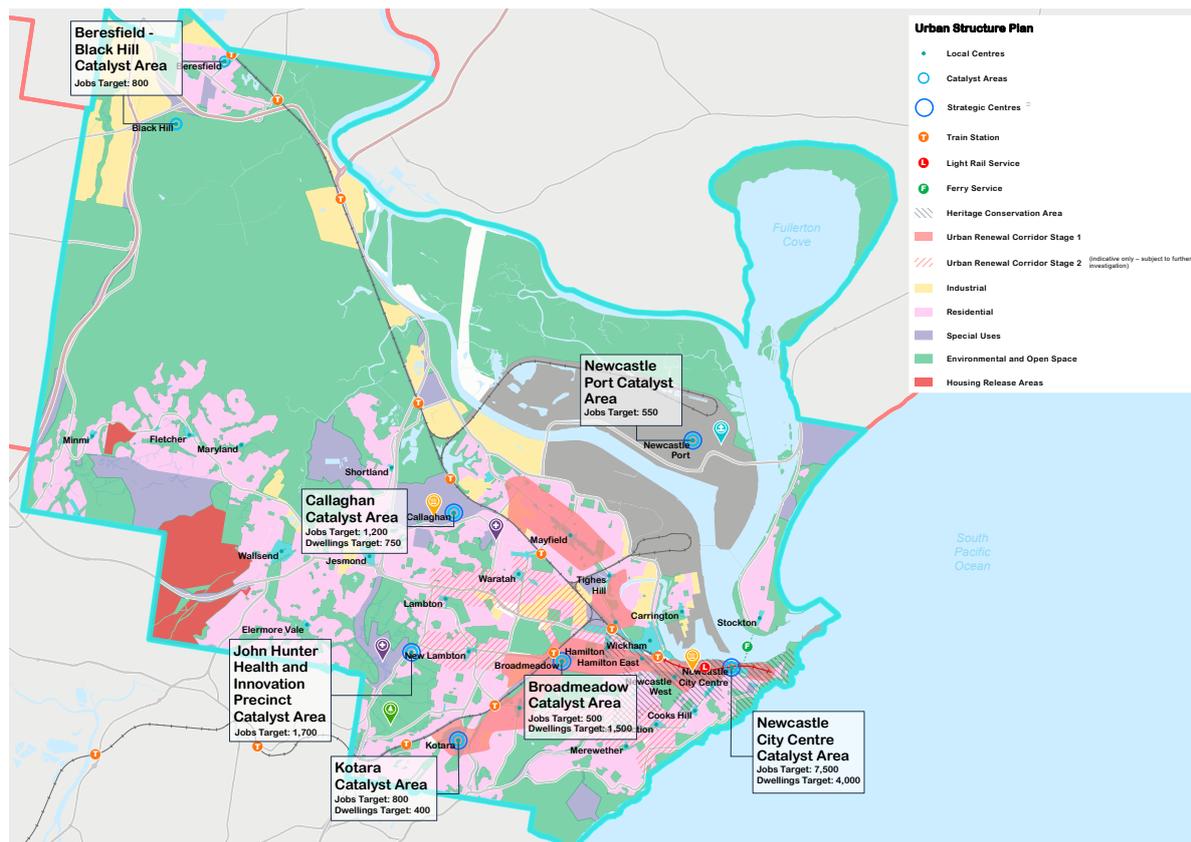


Figure 21: Urban Structure of Newcastle LGA

The current urban structure of CN is a result of historic urban development patterns that have evolved over the past 200–odd years and have included the establishment of a number of Local and Strategic Centres. Future urban development in CN will be focused in and around these Local and Strategic Centres, and in emerging Urban Renewal Corridors, Housing Release Areas and Catalyst Areas.

Urban Renewal Corridors, Housing Release Areas and Catalyst Areas are identified within Council and State Government strategies as a means of targeting areas for housing provision across CN in a strategic and coordinated approach.

## Urban Renewal Corridors

Urban Renewal Corridors are based along identified higher-frequency public transport routes and include several major local commercial centres and the areas between centres. Urban Renewal Corridors are identified as either Stage 1 or Stage 2 Corridors, and include:

Stage 1 Urban Renewal Corridors are already reflected in Council's LEP and DCP, and include:

Islington

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Mayfield-Tighes Hill

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Hamilton

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Broadmeadow

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Adamstown.

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Stage 2 Urban Renewal Corridors are identified in the GNMP as areas for further investigation and planning, and include:

the A15 corridor (Hamilton to Lambton, including Georgetown and Waratah)

---

Russell Road corridor (Broadmeadow to New Lambton)

---

Glebe Road corridor (Merewether to The Junction).

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Planning of Stage 2 Urban Renewal Corridors will include a range of background studies to identify appropriate land use and density controls to guide future redevelopment and attract private and public investment in delivering the necessary infrastructure to support increased growth.

## Housing Release Areas

Two remaining greenfield sites located in the western part of the LGA are identified as Housing Release Areas. These areas are anticipated to undergo significant change in the future to accommodate housing and associated services.

Land use and infrastructure planning is required for these areas to identify challenges and opportunities and to enable sustainable growth. Some of the key issues to be addressed in planning for these areas include:

conserving, protecting and managing significant habitats and areas of high biodiversity value (including riparian zones)

---

traffic impacts on existing roads and intersections

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providing infrastructure and services including new road networks, public recreation, open space, and other community infrastructure

---

remediating areas of contamination

---

expanding and improving the Blue and Green Grids

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providing affordable rental housing.

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## Catalyst Areas

Catalyst Areas identified in the GNMP are places of strategic significance, where substantial growth and change is anticipated to deliver new jobs and homes. The State Government is coordinating the planning for Catalyst Areas in collaboration with CN and key agencies through an overarching steering group that reports to the Joint Organisation of Hunter Councils (the JO).

Key Growth Drivers for each of the Catalyst Areas clarify the infrastructure and interventions required to target investment in specific sectors, thereby creating focused clusters of connected and collaborative uses. Each of the Catalyst Areas and corresponding Key Growth Drivers are listed below:

**Newcastle City Centre:** Regional Centre

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**Beresfield – Black Hill:** Leading freight and logistic hub

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**Broadmeadow:** Nationally significant sport and entertainment precinct

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**Callaghan:** Tertiary education, research and innovation cluster

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**John Hunter Health and Innovation Precinct:** Health cluster centre

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**Kotara:** Transit-oriented mixed-use development

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**Newcastle Port:** Growth and diversification of trade.

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Each Catalyst Area has a specific approach to achieving the desired future land use outcomes, targets for new jobs, and in four areas, additional housing targets, as outlined below:

### **Newcastle City Centre**

Dwellings: 4,000

Jobs: 7,750

### **Broadmeadow:**

Dwellings: 1,500

Jobs: 550

### **Callaghan**

Dwellings: 750

Jobs: 1,200

### **Kotara**

Dwellings: 400

Jobs: 800

A Newcastle Catalyst Areas Program Steering Group established by the Hunter and Central Coast Development Corporation supports the work of CN and key NSW government agencies in achieving the vision and outcomes of the Catalyst Areas.





## Existing and planned infrastructure

The projected population growth is expected to create demand for a range of new or updated infrastructure including recreational facilities, community and open spaces, local roads, cycle ways, foot paths, and stormwater infrastructure. Local infrastructure contributions are a means available to councils to fund the infrastructure required as a result of this new development. CN collects local infrastructure contributions from residential development to support the provision of appropriate local infrastructure across the LGA.

Other factors that are important to support population growth and new housing include well connected multi-modal transport networks, accessibility to employment opportunities, education and health services, and public open space and other recreational opportunities.

## Conservation of environmental values and management of natural hazards

### Areas of environmental significance

While significant areas of CN are urbanised, the LGA still has a diversity of natural areas including bushland areas, National Parks, Nature Reserves, beaches, creeks and Ramsar Wetlands. These areas are home to varied ecosystems supporting an array of flora and fauna. Natural areas contribute significantly to the character of CN, providing scenic landscapes that create a sense of place and enhance the wellbeing of Novocastrians, as well as provide important recreational opportunities.

Increased vegetation cover helps to keep the city cool by reducing the urban heat island effect i.e. the absorption and radiation of heat by the built environment. Conserving these natural areas is fundamental to ensuring a sustainable future for CN and protecting its diverse ecosystems, as well as its unique scenic landscapes that contribute to the sense of place and wellbeing.

From an environmental perspective, encouraging new housing in established urban areas (infill development) helps to protect natural areas, including bushland. It also provides a range of other environmental benefits, including lower CO<sub>2</sub> emissions due to higher urban density, which is associated with walkable distance to shops, jobs and services, and better access to public transport, thereby providing the opportunity to reduce car use.

Areas nominated for housing release outside the existing urban area represent a small portion of housing provision over the next 20 years. New housing release areas will be subject to comprehensive environmental assessment to ensure that existing biodiversity is protected appropriately in accordance with State legislation.

### Natural hazards

CN is at risk from various natural and other hazards including bushfire, flooding, coastal hazards, mine subsidence, and contamination, which can all present challenges to the provision of housing. Housing can still take place in some of these constrained areas subject to the implementation of effective management measures including buffers and planning and engineering controls.

### Flooding

Large areas of CN are at risk of flooding from the Hunter River and other tributaries, flash flooding and storm surges. The extent of flooding across CN and the unpredictability of flood patterns makes planning for flooding a complex issue.

Council supports the wise and rational development of flood prone land. However, some flood prone areas are not suitable for certain types of residential development such as seniors housing. Developing in moderate to high flood prone areas can also add substantial costs to development. Flood risk should continue to be considered and managed for areas where people already live, as well as for new housing development.

## Bushfire

Bushfire risk is a significant consideration when planning for new housing and urban growth in CN. Areas of bushland and any land within around 100 metres of that bushland are at risk of bushfires. These areas are concentrated in the western part of the LGA and in other bushland pockets including New Lambton, Callaghan and Merewether Heights. It is important to avoid locating high density residential development in these areas to minimise potential risk to human life and property and increase evacuation times in case of emergency. Most other established areas of CN have limited remaining bushland and therefore do not have the same level of bushfire risk.

New development on land mapped as bushfire prone is subject to additional planning controls to ensure that the development is designed to minimise bushfire hazard.

## Coastal hazards

CN's coastline stretches approximately 14km from Glenrock State Conservation Area in the south to Stockton Beach in the north. The Hunter River divides the coastline into two distinct coastal areas - the coast to the south is characterised by pocket beaches surrounded by tall coastal cliffs, while Stockton Bight located north of the river forms the longest stretch of sandy beach in NSW.

The coastline is subject to various coastal hazards, including cliff instability, beach erosion and recession, as well as coastal inundation and projected sea-level rise. Coastal management is therefore essential to reduce the risks of these hazards to people living on the coast.

CN's coast plays an important role in our sense of local identity and character. Therefore, sustainable management of the coastline is required to retain the environmental, social, cultural and economic values of our coast for the enjoyment of the community now and into the future.



## Mine subsidence

CN's coal mining history has left an extensive mosaic of underground coal mines throughout the LGA. In these areas the ground surface is at risk of collapsing (i.e. mine subsidence) due to the compromised structural integrity of remaining supporting infrastructure in historical underground mines. Mine subsidence can affect the feasibility of certain types of residential development across CN, particularly larger development and buildings over three storeys. While development can occur within mine subsidence affected areas, remediation works may be required to stabilise sites. This can be very costly.

Most of the Newcastle LGA is identified as being within a mine subsidence district including the Newcastle City Centre. However, many areas that are planned to accommodate higher density residential development are not affected by mine subsidence and include the Adamstown, Broadmeadow, Islington and Mayfield Urban Renewal Corridors.

Any development in a mine subsidence district needs to be completed in accordance with the requirements of the Subsidence Advisory NSW to help protect homes and buildings from potential subsidence damage.

## Contamination

Newcastle has a long history of light and heavy industry, including brickworks, collieries, foundries, gasworks, smelters, steelworks and incinerators, and many sites throughout the LGA are therefore potentially contaminated. The impacts of some activities are only temporary, whereas others carry the risk of leaving an unwanted legacy. In some instances, particularly when the land use has involved hazardous substances, that legacy may pose a risk to humans or the environment, and it may affect the current or future use of the land. However, not all contamination will affect the land in such a way that it cannot be used productively for residential or other purposes. While there are options to develop new housing on potentially contaminated land, the cost implications can make some remediation works prohibitively expensive. The cost of remediation works depends on the site and the level of contamination.

## Conservation of Heritage

Newcastle is rich in heritage and history, with many places and sites spread throughout the LGA with known or potential Aboriginal and European heritage significance. This includes Aboriginal objects and places, built and landscape heritage items, as well as archaeological sites and heritage conservation areas.

In order to ensure that CN's heritage sites and places are well managed and protected, all new housing developments on or adjoining heritage listed properties are required to consider the impact of the proposed works on the heritage significance of the building, streetscape, or area, and how these impacts are to be mitigated.

Heritage is a community asset and makes a positive contribution to an area's identity. It provides an insight into our history, past land uses and people and is an attractive point of difference in the market, which can add significant value to development and the City more broadly.

Adaptive re-use and renovation of heritage buildings rather than demolition is more environmentally sustainable as embodied energy is retained and less energy and materials are used during construction. Furthermore, many older buildings constructed of timber, concrete or brick, have lower operational costs owing to better thermal mass, verandahs, window and wall proportions, all of which support passive cooling and heating.

## Population and Housing Projections

### What are population projections?

*Population projections indicate how a population is expected to grow and change over time. Projections are modelled using data from the drivers of population change, which includes births, deaths, and people moving in or out of an area (immigration patterns). Population projections are one tool used to inform housing delivery within the area based on the expected capacity of land currently zoned for residential development.*

The main driver of historical population growth has been people moving to CN from other areas of NSW. The areas where people are moving from include the Central Coast, Mid-Coast and Singleton, and further afield from Port Macquarie–Hastings and Sydney’s Northern Beaches.

The most common age group moving to CN are 18 to 24-year olds, which may reflect young people arriving from nearby regional areas to pursue tertiary education and employment opportunities.

The most common age group moving out of the LGA has been 25 to 34-year olds, choosing to move to neighbouring Lake Macquarie, Maitland and Cessnock LGAs, all of which are within the same service/employment catchment. This may suggest one motivation for people leaving the LGA is to find affordable housing options, particularly as they start having children.

Net migration in favour of growth within the LGA is expected to remain strong, particularly to 2026.

Natural population changes due to births and deaths within the resident population have historically played a less significant role in overall growth. Population projections indicate a larger contribution from this driver from 2026.

Based on *Newcastle Housing Needs and Local Character Evidence Report* (the Evidence Report), CN’s population is projected to increase by around 41,000 between 2016 and 2041, from 160,900 to 202,050 people. The population is projected to grow faster in the first 10 years (2016–2026) at a rate of around 1,950 people per year, slowing between 2026–2041 to around 1,450 people per year.

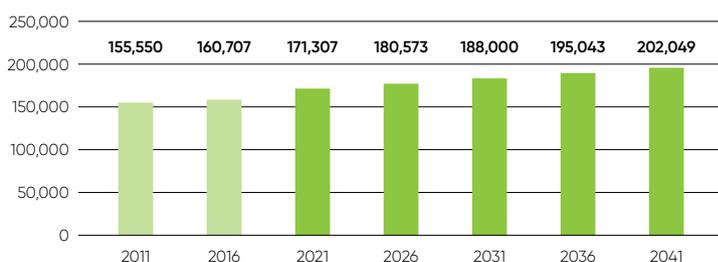


Figure 22: Historical and projected population for the City of Newcastle, source .id Profile

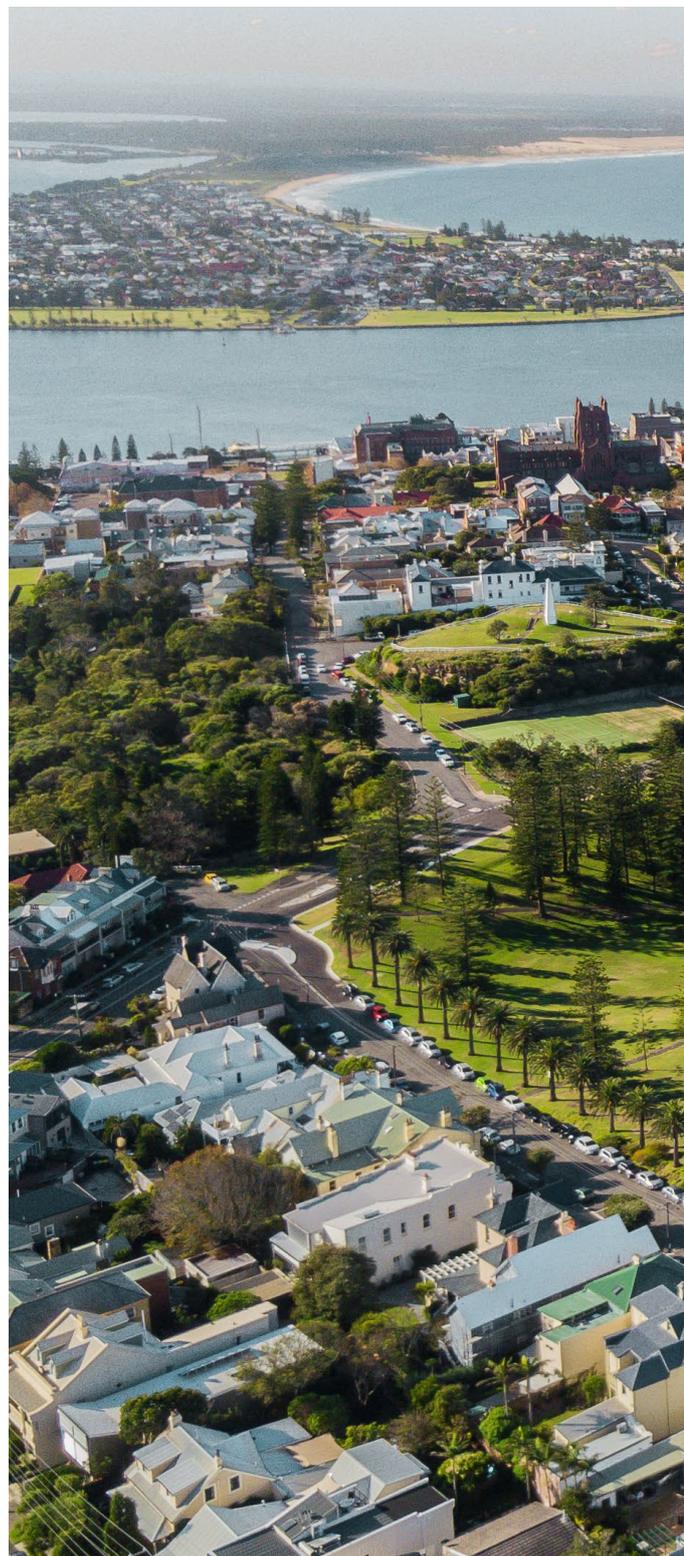
The number of new households is projected to increase by around 18,250 between 2016 and 2041. This growth is partly driven by population growth, but also by a change in household composition due to an increase in retirees and young people living alone or in two person households.

It is estimated that an additional 19,450 new dwellings will be required by 2041 to accommodate the 18,250 new households. More dwellings than households are required to account for the number of dwelling vacancies projected over this period. To accommodate higher levels of population growth between 2016 and 2026, around 875 new dwellings will need to be provided on average each year, slowing to around 710 new dwellings each year between 2026 and 2041.

In contrast, the Greater Newcastle Metropolitan Plan sets a projection for 16,800 dwellings to be delivered in the Newcastle LGA by 2036, from which 60% is to be in infill areas, and 40% in Greenfield areas.

The LHS seeks to meet the projected housing demand of 19,450 new dwellings by 2041 based on the Evidence Report as it is based on the latest available data. While this exceeds the Greater Newcastle Metropolitan Plan projections of 16,800 dwellings by 2036, it takes into account the five additional years of housing provision beyond 2036.

Should recent trends in development consents continue and considering existing planning controls, both projections will be exceeded.





## Housing Demand

Housing demand is influenced by a range of factors, including demographics, household composition, household income and housing affordability, as well as housing preferences, such as dwelling features, proximity to shops, services, amenity and employment.

### Factors influencing housing demand

The following factors affect specific housing demand in CN.

#### Housing Preferences and Trade-offs

Based on collective insights from national research into housing preferences of Australians by both the Grattan Institute (2011) and the Australian Housing and Urban Research Institute (2019 a,b), it was found that households generally prefer to live in detached homes with backyards. However, many people cannot afford their ideal house in their preferred location and therefore must make trade-offs between different factors (size, location, etc.). For example, there is an increasing demand for medium density housing, such as low-rise attached dwellings, which is influenced by various factors, including affordability, location and household composition.

#### Employment

Employment participation and the nature and location of jobs influence housing demand. Whether a person is working, and how often they work, can determine the type of housing they can afford. People are also attracted to cities or towns which have strong employment opportunities, fuelling further demand for new housing.

In CN, the proportion of unemployed and part-time workers has risen since 2011, while the number of full-time workers has declined. This is likely influencing the increased demand for more affordable housing options.

#### Household Income

Analysing the mix of household incomes across the Newcastle LGA provides an indication of local housing demand. A household's income generally determines what people can pay towards housing and other essential needs and will therefore influence the type and location of housing they choose. Very low to moderate income households have less choice in the type and location of housing that they can afford. Low to moderate income earners are increasingly unable to purchase a home in Newcastle. Low income households are unable to find housing they can afford to rent, particularly detached homes, sought after by families.

Median household income is also used as a measurement tool by the NSW Government to indicate the level of housing stress that a household is likely to experience. Households earning a very low to moderate household income are at higher risk of experiencing housing stress in the private housing market.

There is a high proportion of the population that cannot afford to buy or rent a house, or that is in housing stress, which indicates that there is strong demand for more affordable housing options to be provided locally.

#### Household Composition

Household composition is another driver of housing demand, even if no population growth occurs. Analysis of how residents form households, and how this is projected to change over time, gives some indication of future demand in relation to the number and size of new dwellings required, relative to population growth.

In CN, household sizes are expected to shrink over time as more people live alone or as a couple without children.

### **Demographics (specific age groups, people with a disability/special needs)**

As people grow from children through to seniors, the type of housing and services that they need, or would otherwise expect, also changes. Analysis of the age structure of CN's population provides important considerations in planning to meet residents' housing needs at various life stages.

Young adults tend to move to CN for tertiary study and employment, driving the demand for rental housing while studying and establishing a career. This makes the availability and affordability of rental accommodation an important consideration in planning for housing.

CN's population is ageing slightly, as with much of Australia. Looking at historical trends, over the last ten years CN has gained a higher proportion of older adults aged 55-64 and early retirees aged 65-69. People over 65 also migrate to Newcastle from other areas in NSW. Over the next 10 years these residents will grow older which means that CN is projected to have a higher proportion of retirees aged 65-79. It is important that the housing needs of this growing cohort are identified and considered in CN planning.

Moreover, 3% of CN's residents are 85 years or over and are likely to need some level of assistance currently or in the near future. In addition, around 6% of CN's residents have a severe or profound disability and require help in their daily lives.

There is a clear need for affordable housing, as well as accessible and adaptable housing to suit the various needs of the population.

Housing supply will need to consider the factors that influence housing demand. Future housing supply should, for example, comprise a range of housing types and tenures to meet the range of preferences and needs of the population. In addition, there is currently a lack of affordable housing, which needs to be addressed in future housing supply.

## Housing Supply

Establishing housing supply within the LGA requires an analysis of the following factors.

### Amount and type of current and planned housing stock

The housing supply 'pipeline' estimates the number of new dwellings expected to become available in the marketplace. Estimating this supply draws on data to identify where new dwellings have recently been completed, are currently under construction, have been approved for construction, or are under assessment (and so may be constructed, subject to approval).

Analysing 'pipeline' housing supply provides insights as to where, when, and how many new dwellings are likely to be built. Between August 2016 and August 2019 there were 9,150 new dwellings in the supply pipeline in CN. Around 7,500 (82%) of these were in infill areas.

Of the pipeline supply, 4,600 dwellings were completed or under construction in August 2019, which means CN has already exceeded the number of dwellings required by 2021, based on underlying demand.

Based on the unconstructed pipeline supply (e.g. DA approved or under assessment), as of August 2019, CN is also on track to meet the underlying dwelling demand to 2026.

Recent building approvals indicate that the mix of dwelling types in Newcastle LGA is changing, with a much higher proportion of attached dwellings expected to be built compared with detached dwellings. For example, between 2016 and 2019, the number of new attached dwellings has generally been more than double the number of new detached dwellings.

### Capacity within the existing land use controls for additional housing

A Dwelling Potential Analysis completed by the Department of Planning, Industry and Environment (DPIE)<sup>2</sup> estimated that, at mid-2017, the planning controls applying in the Newcastle LGA would allow the market to, in theory, create 60,000 additional dwellings. Of this theoretical capacity:

92% is in 'infill' areas, and 8% in 'greenfield' areas

44% is assumed to be dual occupancy housing in the R2 Low Density Residential zone (see Figure 23 below).

This theoretical capacity is over three times the total number of dwellings projected to be required within the LGA (19,450 dwellings) by 2041, based on underlying demand. However, the actual capacity for housing supply is likely to be lower than the theoretical capacity, due to site-specific constraints, lack of development feasibility and some sites being withheld from development.

<sup>2</sup> NSW Department of Planning, Industry and Environment (DPIE, formerly DPE) (2017a). Hunter Region UFM Dwelling Potential Analysis: Economics and Land Use Forecasting.



Figure 23: Estimated Dwelling Capacity In The Newcastle LGA By Development Type (2017)

### Rental and dwelling vacancies

Rental vacancy rates provide an indication of the available supply of rental housing in the private rental market. Nearly all suburbs across CN have vacancy rates below 3%, indicating an undersupply of rental housing in the private rental market. The only suburbs with a rental vacancy rate above 3% were Newcastle West (6%) and Shortland (3%), which either indicates that these areas have adequate supply of rental housing, or that the available rental housing in these areas is not meeting the needs of the market and people are choosing to rent elsewhere.

The dwelling vacancy rate is the supply of unoccupied housing in an area. 2016 Census data indicates that dwelling vacancy rates for the Newcastle LGA and broader NSW are similar at 9.4% and 9.3% respectively.

Dwellings can be vacant for a range of reasons, including being in poor (e.g. uninhabitable) condition, used as holiday home (personally or through short-term rental arrangements), or temporarily unoccupied whilst being listed for sale/rent.

Dwelling vacancy rates vary across the LGA. Most of the areas with a high rate of vacant dwellings are in the Newcastle City Centre and inner suburbs, which have seen a high rate of apartments constructed over the last five years. This suggests dwelling vacancy rates may, in part, be due to a proportion of stock being listed for sale or rent as new projects are completed.

# Housing Vision

*All residents of City of Newcastle will have access to housing that meets their needs, in a community where they have access to employment, facilities and services. As we plan for our growing community, what we love about our City will be maintained and improved for future generations.*



# Housing Priorities

The following section details each housing priority, the objectives of this priority and the rationale for its inclusion. Each housing priority is supported by actions which are detailed in the accompanying Implementation Plan.

## 1. Maintain and encourage housing supply in the right locations

### Objectives

Housing is located in areas with adequate infrastructure, close to jobs, services, public open space and reliable public transport.

The demand for more homes is balanced with the need for more jobs and sustainable economic growth, as well as with the creation of great places, and the retention of important ecological habitat.

Plan for a resilient city by reducing vulnerability to natural hazards at the planning stage.

### Rationale

As outlined under 'Housing Supply', the provision of housing over the next 20 years is likely to exceed the projected dwellings required. It is anticipated that current development trends will continue, with dual occupancies in established suburbs and residential apartment development in the City Centre contributing a significant proportion of housing supply. This can be attributed to the capacity under existing housing controls and the high amenity of these areas.

State and Local Government planning priorities identified in Regional, Metropolitan and Local strategic plans set the framework for determining areas for future housing provision. The Greater Newcastle Metropolitan Plan sets a target for 60% of new dwellings in Greater Newcastle Councils being in

infill areas. For the City of Newcastle, this projection is likely to be exceeded given limited availability of land release areas and the opportunities within existing controls and growth areas. This is supported by the fact that 82% of the pipeline supply is in infill areas. The only remaining opportunities in CN for rezoning to accommodate residential subdivisions are the E4 Environmental Living at Minmi and Black Hill.

The Catalyst Areas, Urban Renewal Corridors and Housing Release Areas included in the above strategic plans have been identified as the best areas to accommodate additional housing. As these areas grow and change, maintaining and improving their amenity, accessibility and liveability for both current and future residents will be particularly important.

Understanding the vulnerability of these areas to natural hazards will also be a key factor in determining the location and density of future housing, especially with the anticipated increase in occurrence and severity of natural hazards as a result of climate change.

Risk mapping will provide an evidence base for future land use planning decisions at the planning proposal and development application stage, helping improve our resilience and response to natural hazards.

## 2. Diversify housing type and tenure across the LGA to provide for a range of housing needs

### Objective

A mix of dwelling types, tenures and sizes are available to support a diverse community.

### Rationale

The demographic profile, household types and housing preferences of our city are continually evolving. Therefore, housing diversity is just as important as providing the volume of housing required over the next 20 years.

Understanding and anticipating these changes is complex given the many influencing factors. This complexity is demonstrated in the case of 'lone person households', which have historically increased the fastest and are projected to continue to increase the fastest, however, the average household size increased between 2006-2016.

The increasing average household size can be partly attributed to the increased cost of housing, which is also the reason why more households are living in rental accommodation or have a mortgage, as opposed to owning property outright.

The evidence highlights that providing housing for seniors, non-seniors with additional care needs and students has been particularly challenging, leading to significant shortages in suitable accommodation.

Investigating options to remove some of the barriers to entry will be an important first step and could include working with housing providers for different sectors, public private partnerships, or amendments to our local planning framework.

### Seniors housing

CN's population is ageing with around a quarter of our community being over the age of 55. As households age, household sizes typically shrink as children leave the nest, or adverse life events such as bereavement or marital breakdown occurs. Despite this, evidence suggests that many older people prefer to 'age in place' as opposed to downsizing into smaller dwellings or dedicated seniors housing. Areas with the highest proportion of older (aged 65+) couples without children include Rankin Park (19%), Adamstown Heights (17%) and Merewether Heights (15%). These areas are generally characterised by larger dwellings and less diversity of housing type compared to the middle and inner-ring suburbs.

As is shown in Table 5, the number of Independent Living Units is set to double, suggesting that the current supply of dedicated seniors housing appears to be keeping pace with projected growth. However, there may be unmet and growing demand for two and three bedroom attached dwellings, which enable local seniors to 'age in place'. Opportunities are available in the Catalyst Areas and Urban Renewal Corridors for dwellings to meet this need, these areas being well serviced and walkable locations in Newcastle's inner and middle suburbs.

**Table 5: Independent Living Units in Retirement Villages**

Current		Future		
Existing number (2019)	Advertised Vacancies	Built/ Under Construction (units/rooms)	Approved (units / rooms)	Under assessment (units / rooms)
400	13	410	34	223

**Non-seniors with additional care needs**

People with a disability or high care needs have a diverse range of highly specialised housing requirements. Broadly speaking, these can range from full-time managed care facilities, group homes, extensively modified housing and housing with minimal or no modifications.

An assessment of the number of beds in specialist disability accommodation and residential care facilities alone is unlikely to confirm if current demand is being met.

Working with disability providers to understand the housing needs across the spectrum of housing types will be critical in meeting the demand for the varied housing required.

**Students**

Demand for student housing is primarily associated with the University of Newcastle, which draws both domestic and international students. The University’s 2018 Annual Report noted that 23,006 students are enrolled at the University’s Callaghan campus, and 4,542 at the Newcastle City campus<sup>3</sup>.

The highest concentration of students is found in suburbs around the Callaghan campus and include Birmingham Gardens, Jesmond and Waratah West.

Purpose Built Student Accommodation (PBSA) is most common on campus in Callaghan. PBSA totalled 1,818 in CN in 2018. Given the number of students enrolled, PBSA only makes up a small portion of student’s living arrangements.

The expansion of the University of Newcastle, in addition to Hunter TAFE and the future Nihon University campus, will increase the demand for PBSA, as well as alternative housing options for students.

Student housing needs are difficult to determine as they differ for international and domestic students, local and non-local students, undergraduate and postgraduate students. Those seeking student accommodation are more likely to require additional support services e.g. meal services, security, and staffed facilities. A range of options need to be made available to suit these varying needs, without compromising the costs of renting these accommodation types.

Rental stress is a concern with the average full-time student in regional NSW earning \$20,696 annually, placing many students in the very low income bracket, unable to afford nearly 90% of rental accommodation in CN.

There is more PBSA in the pipeline outside the Callaghan campus, either adjacent to the University or proposed for the city centre. It is anticipated that available beds for students in PBSA could be as high as 2,300 within a few years.

Student housing needs differ from other types of specialised housing (e.g. seniors, disability, single parent households) with an emphasis on function, affordability and accessibility of the housing to public transport, educational institutions and services being the key drivers of design.

<sup>3</sup>The University of Newcastle Australia (2018). Annual Report 2018, p.14. Retrieved 2020, from: <https://www.newcastle.edu.au/about-uon/our-university/annual-report>

### 3. Increase the availability of accessible and adaptable housing

#### Objective

Increased provision of adaptable and accessible housing that adopts universal housing design principles.

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#### Rationale

With an ageing population and approximately 20% of the Australian population living with disability, the need for accessible and adaptable housing is expected to grow. Meeting this demand is challenging as the diversity of disabilities require a range of housing that meets those specific needs.

Accessible and adaptable housing enables people with disability and older people to live with independence and dignity, and age in place. Housing that is universally designed is more versatile and can better meet the changing needs of occupants, including families, over their lifetimes.

Currently, there are no building requirements for houses and townhouses to be accessible or adaptable. For apartment buildings, there are requirements for accessibility to communal areas, but no requirements for apartments themselves to be accessible.

Liveable Housing Australia offers formal accreditation of dwellings that comply with the three performance levels – Silver, Gold and Platinum – outlined in the Liveable Housing Design Guidelines for accessible and adaptable housing.

The Newcastle DCP requires all new medium and high density dwellings, aside from shop top housing to meet the Silver Level of the Liveable Housing Design Guidelines to ensure the future adaptability of the home. Silver Level certification includes basic features that should be included in all new homes and include requirements for an unobstructed path of travel to the dwelling entrance, internal doors wide enough to enable unimpeded movement and reinforced walls in the bathroom to support the later installation of grabrails. These Silver Level features enable someone using a wheelchair to visit the home while also facilitate the retrofitting of a home to meet the changing needs of the occupants.

Despite the benefits, the uptake of the Silver Level Liveable Housing Design Guideline in new dwellings in CN is currently unknown. An audit of recently completed dwellings will be undertaken to understand the uptake of the Guideline. The outcome of this audit will then guide an education program advocating for the benefits of adaptable design in all new dwellings and could lead to changes for our local planning controls.

### **Adaptable and Accessible Housing**

*Accessible Housing is any housing that can be used by people either with a disability or transitioning through their life stages.*

*Adaptable Housing is a dwelling that has been designed to accommodate lifestyle changes without the need to demolish or substantially modify structures. It allows, for example, larger family homes to be eventually divided into two smaller homes, enabling residents to continue living in a familiar environment. It can also be modified to become an accessible house. This type of purpose-built housing is becoming increasingly popular in Australia, supporting more people to continue living independently for longer.*



## 4. Increase the supply of affordable rental housing

### Objective

All households will be able to rent a dwelling that meets their needs and costs less than 30% of their gross household income.

Work with DPIE to ensure opportunities for the provision of affordable rental housing are required in the Catalyst Areas.

### Rationale

Both rental and private ownership of housing is becoming less affordable and the demand for social and affordable housing is increasing.

Buying a house has become unaffordable for most very low to moderate-income households. In 2017, for example, less than 2% of housing stock was affordable to very low-income households, 5% for low income households, and 25% for moderate income households.

With home ownership beyond the reach of moderate-income households in most suburbs, more households are turning to the rental market. As of 2018, 31% of households renting are experiencing housing stress, particularly those earning a low or very low income<sup>4</sup>. Most moderate-income earners are able to find affordable rental housing.

The impacts of increasing property prices are accentuated by the relatively low average household income in CN. The largest sectors of employment are industries that generally have very low to moderate incomes such as healthcare and social assistance and education and training.

There are currently 132 social and affordable housing (SAH) units in the pipeline, falling substantially short of the assumed underlying demand, in the order of 7,000 to 7,500 units. This is compounded by the possibility of the SAH units in the pipeline not being enough to replace the existing stock being lost. The current social housing stock is typically older and will therefore need to be retrofitted or replaced.

In addition, affordable housing units approved under existing SEPPs are required to be leased at 20% below the market rate for 10 years, with rents subsidised by National Rental Affordability Scheme (NRAS) funding. Funding under the NRAS is expected to be phased out, and no new funding mechanism has been identified that would facilitate the retention of existing stock beyond the 10-year obligation. It is reasonable to assume that as each affordable housing project reaches its ten year obligation, a large proportion of affordable housing units will be converted to full market price private rental dwellings. This indicates a significant supply gap that needs to be addressed.

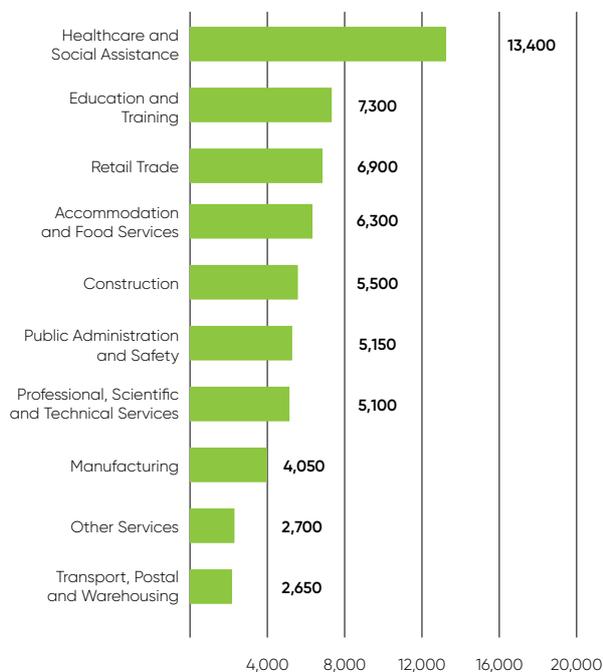


Figure 25: Top industries of employment for Newcastle LGA residents (2016)

<sup>4</sup> Maclennan et al, 2019, Strengthening Economic Cases for Housing, <https://cityfutures.be.unsw.edu.au/research/projects/strengthening-economic-cases-housing-productivity-gains-better-housing-outcomes/>

Households seeking SAH range from single person households to large families, and the accommodation being sought includes government-subsidised emergency shelters to unassisted home ownership. Therefore, a coordinated and effective response must be delivered through cooperation between Council, the State Government, Community Housing Providers and developers.

Locating SAH close to facilities, employment centres and public transport has direct benefits for the occupants, the economy and surrounding community<sup>5</sup>. Therefore, prioritising the provision of SAH in Catalyst Areas and Urban Renewal Corridors is a key priority. This can be achieved through the preparation of an Affordable Housing Contributions Scheme under SEPP 70 which will enable the levying of contributions for the provision of additional affordable housing in Newcastle.

Actions proposed to address the supply of affordable rental housing have been adapted from the Newcastle Affordable Living Plan (2018), amendments made to reflect a change in legislation.

### **Housing Affordability, Affordable Housing and Public Housing**

*Housing affordability refers to the relationship between expenditure on housing (prices, mortgage payments or rents) and household incomes. Housing is generally considered to be 'affordable' when households that are renting or purchasing can meet their housing costs and still have sufficient income to pay for other basic needs. As a rule of thumb, housing is usually considered affordable if it costs less than 30% of the gross household income (Newcastle Affordable Living Plan, 2018).*

*Affordable housing refers to housing that is provided with assistance from the NSW or Commonwealth Governments or a Community Housing Provider. It is generally managed like a private rental property, but at below market rates to make property affordable for very low, low or moderate-income households.*

*Public housing is heavily subsidised, secure and affordable rental housing available to households on a very low to low income that are unable to access suitable housing in the private rental market and that meet certain eligibility criteria.*

<sup>5</sup>Maclennan et al, 2019, Strengthening Economic Cases for Housing, <https://cityfutures.be.unsw.edu.au/research/projects/strengthening-economic-cases-housing-productivity-gains-better-housing-outcomes/>

## 5. Ensure new housing and changes to existing housing reflect the desired future local character of the area

### Objective

Develop robust urban planning controls to ensure the desired local character of an area is achieved.

Ensure new housing enhances and contributes to the future character of an area.

### Rationale

While the character of an area is distinct and closely tied to our understanding and memories of a place, it is very difficult to define. Character is made up of both the positive and negative attributes of an area and as the city continues to grow, we need to make sure that what is valued is complemented and enhanced by development in areas of change.

The preparation of Local Character Statements will be undertaken in close consultation with our community to help define what contributes to both current and desired future character for different areas with distinct local insights from residents.

There will be a staged approach to the preparation of Local Character Statements, prioritised in areas of distinctive local character that are earmarked for future growth and change.

*“Character is what makes a neighbourhood distinctive and is the identity of the place. It encompasses the way a place looks and feels. It is created by a combination of land, people, built environment, history, culture and tradition, both Aboriginal and non-Aboriginal, and it looks at how they interact to create an area’s distinctive character.”*

DPIE, 2019

## 6. Homes are designed to be ecologically sustainable and to reduce the resource requirements through the life cycle of the dwelling

### Objectives

Housing has a high level of amenity and supports the health and wellbeing of the community in an energy efficient way.

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New housing contributes to our goal of achieving net zero emissions by 2050.

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### Rationale

Most of the housing stock in CN was built between 1860 and 1970, a period in which building efficiency and sustainability wasn't as advanced as today. The costs associated with heating and cooling housing accounts for up to 50% of Australia's energy use and causes considerable financial burden for households trying to maintain basic levels of comfort.

Increases in climate extremes, such as heatwaves and prolonged periods of drought, place higher demand on our homes and environment. Adopting more resilient and efficient designs and materials will produce housing that will withstand the extremes of our climate.

The technology, materials and awareness of passive design principles available today, allow greatly increased building efficiency at a fraction of the total cost of construction. Good housing design and efficient materials reduce the heating and cooling costs of buildings while maintaining high levels of comfort year-round. This contributes to a more sustainable use of our finite resources.

Further efficiencies and cost savings can be achieved by using locally sourced materials such as sustainably grown Australian timber, the use and re-use of recycled materials and the incorporation of energy, water and waste management initiatives and systems including solar electricity and hot water, rainwater tanks and composting.



# Implementation and Monitoring

The LHS complements our Local Strategic Planning Statement and Community Strategic Plan. Future review of the Local Housing Strategy will align with the scheduled review of the Local Strategic Planning Statement and Community Strategic Plan, which is undertaken every four years.

The LHS will be implemented through the actions outlined in the Implementation Plan, which is integrated with CN's other work practices, policies and programs. The Implementation Plan will be reviewed on an annual basis.

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