



Ms Rosemary Dillon  
General Manager  
Blue Mountains City Council  
Locked Bag 1005  
KATOOMBA NSW 2780

Dear Ms Dillon

### **Blue Mountains Local Housing Strategy 2020**

Thank you for submitting Blue Mountains City Council's Local Housing Strategy (LHS) to the Department for the Secretary's approval.

The Department commends Council on preparing a robust evidence base to support its LHS, providing Council with a clear understanding of the housing needs of the Blue Mountains local government area and a strong commitment to strategic planning.

I can confirm that I have determined to approve the Blue Mountains LHS dated March 2020. My decision reflects the analysis undertaken to develop a comprehensive strategic planning and evidence base to inform your LHS and deliver 550 dwellings for the period 2021-26.

In doing so, I have also determined that the approval is granted on the basis that:

- The LHS addresses housing supply, including the 6-10 year housing target, to be delivered through capacity under existing planning controls.
- The LHS identifies the LGA's capacity to deliver housing in the 10-20 year period.
- The LHS addresses the need for housing diversity, subject to the requirements identified below.
- The LHS addresses housing affordability, including a robust evidence base, subject to the requirements identified below.
- The LHS is generally consistent with Section 9.1 Ministerial Directions and SEPPs, subject to the requirements identified below.
- The LHS is consistent with the Western City District Plan and the GSC's letter of assurance of the LSPS, subject to requirements identified below.

The approval is also subject to the following requirements:

1. Council is to prepare and commence working to a comprehensive work program and implementation plan to the LHS within three months of this approval being granted by the Department and to share this with the Department.
2. Council is to prepare a program to monitor and review the supply and delivery of housing, in particular the 6-10 year housing target.
3. Council is to monitor and review the supply and delivery of housing, in particular to track its performance against the 6-10 year housing target and to evaluate what additional medium density and seniors housing continues to be delivered.

4. Council is to prepare a program to monitor residential capacity for housing that will be delivered in the 10-20 year period (2026-2036) taking into consideration changes in take-up rates, market conditions and changes to residential capacity.
5. Council is to commit to studies that result in opportunities for medium density and seniors housing and is required to identify housing targets, including targets for medium density and seniors housing, for planning areas 1 to 5.
6. Council is to prepare out-of-sequence criteria to consider any additional opportunities for growth that are not identified in the LHS.
7. The LHS proposal to seek exemption from the LRHD Code is not supported by this LHS approval unless it is progressed in conjunction with local character provisions and it can be demonstrated that this outcome is appropriate (see advisory notes for more details). This approach is subject to the direction and approach set in the Department's work to finalise guidance and the draft Standard Instrument clause for Local Character Areas.
8. Council is to prepare an Affordable Housing Contribution Scheme that commits Council to examining the feasibility of levying affordable housing contributions for any new planning proposals that would result in development uplift or an increase in land value.
9. Council is to prepare opportunities and constraints mapping for Council's five planning areas and which supports the analysis in Section 2.4 of the LHS.
10. The direction and strategic planning approaches endorsed in any State-led strategies or plans are to prevail in the event of any inconsistency with this approval and/or the Council's LHS (as revised and current).

#### *Implementing your Local Housing Strategy*

The State Government is committed to reducing the time taken to complete planning proposals that support housing delivery by tailoring the steps in the process to the complexity of the proposal, and by providing clear and publicly available justification for each plan at an early stage.

To meet these commitments, a detailed implementation plan is required. This should reflect a comprehensive work program for all strategic planning work Council commits to undertake to implement its LHS, and should include but not be limited to:

- Springwood Masterplan;
- Blaxland Masterplan;
- Katoomba Masterplan;
- DCP 2015 Review - medium density and seniors housing design guidelines;
- Design Guidelines - for medium density and adaptive reuse of heritage items;
- Work streams related to Local area character and progression of matters deferred from Blue Mountains LEP 2015;
- Seniors housing (inclusion in Seniors SEPP)
- Secondary dwellings in BMLEP 2005 Living Conservation zone;
- Housing opportunities in industrial areas;
- Additional housing capacity in R3 zone;
- Blue Mountains Affordable Housing Review; and
- Preparation of an Affordable Housing Scheme.

*Local Housing Strategy Reviews and Updates*

We strongly recommend that Council review and revise (where required) its LHS before the Local Strategic Planning Statement (LSPS) is required to be reviewed by the Greater Sydney Commission. This will help best inform the next update to the LSPS.

It will also provide Council with the opportunity to improve and clarify aspects of the LHS. The advisory notes provide specific guidance on matters that Council is encouraged to consider when updating the LHS. The Department will expect these same matters to be addressed in planning proposals and will be reinforcing them through Gateway determinations as an interim measure in the absence of the Department's LHS review process.

Once again, I would like to take this opportunity to acknowledge the significant amount of work your team has undertaken to develop the LHS. Please be advised that the LHS will be published on the NSW ePlanning Portal alongside the Department's letter of approval and advisory notes.

Should you have any further questions, please contact Dominic Stefan, Specialist Planner on 02 8275 1024.

Yours sincerely



**Amanda Harvey**  
**Executive Director**  
**Local Strategies and Plan Making**

10 May 2021

Encl: Blue Mountains LHS Advisory Notes



# Blue Mountains Local Housing Strategy

## Advisory Notes

The following advisory notes identify the further work Council will need to undertake to strongly position future planning proposals and further iterations of the Local Housing Strategy. The advisory notes provide specific guidance on matters that Council is encouraged to consider when updating the LHS. The Department will expect these same matters to be addressed in planning proposals (where relevant) and that these will be reinforced through Gateway determinations as an interim measure in the absence of the LHS review process.

Matter	Consideration for future LHS updates and preparation and assessment of planning proposals
<b>General</b>	
Implementation	<p>Future iterations of the LHS should be underpinned by an implementation plan with a priority work program, clearly defined roles, responsibilities and definitive timeframes with risks and dependencies identified. This is encouraged to be informed by resourcing and budgets to demonstrate how housing targets will be delivered.</p> <p>The implementation plan should specifically address work streams related to:</p> <ul style="list-style-type: none"> <li>• Springwood Masterplan</li> <li>• Blaxland Masterplan</li> <li>• Katoomba Masterplan</li> <li>• DCP 2015 Review – medium density and seniors housing design guidelines</li> <li>• Design Guidelines - for medium density and adaptive reuse of heritage items</li> <li>• Councils work on local area character and standardising the Living Conservation zone</li> <li>• Seniors housing (inclusion in Seniors SEPP)</li> <li>• Secondary dwellings in BMLEP 2005 Living Conservation zone</li> <li>• Housing opportunities in industrial areas</li> <li>• Additional housing capacity in the R3 zone</li> <li>• Blue Mountains Affordable Housing Review</li> <li>• Preparation of an Affordable Housing Scheme</li> </ul>
Review and monitoring framework	Revisions to the LHS may be required in response to significant changes in the LGA such as announcements on new infrastructure investment and employment opportunities, significant changes in projected population growth or updates to the LSPS.



Matter	Consideration for future LHS updates and preparation and assessment of planning proposals
	The framework should also review the supply and delivery of housing, including the 6-10 year housing target and targets for medium density and seniors housing.
Making appropriate provision for any additional housing opportunities that may arise out of sequence	<p>The inclusion of a transparent and robust framework to consider additional opportunities will assist Council, the Department and other relevant agencies to assess proposals that are inconsistent with the LHS. It will also ensure that changes to land use or development controls do not take place without demonstrating strong strategic merit. Council is encouraged to develop a framework within which to consider such proposals, including but not limited to the following heads of consideration:</p> <ul style="list-style-type: none"> <li>• Strategic merit and case for change</li> <li>• Robust demographic evidence</li> <li>• Housing Affordability and Diversity</li> <li>• Demand analysis and economic impacts</li> <li>• Infrastructure delivery and funding to be borne by the proponent</li> <li>• Stakeholder consultation and outcomes</li> <li>• Sustainability and resilience</li> </ul>
Community and Stakeholder Engagement	Incorporate the findings of any future relevant community and stakeholder engagement.
Consultation and engagement with agencies	<p>Council should continue consultation with the following agencies:</p> <ul style="list-style-type: none"> <li>• Transport for NSW in relation to planning for city-shaping &amp; city-serving transport initiatives in Future Transport 2056 and alignment with Council-led transport infrastructure initiatives.</li> <li>• DPIE Policy teams in relation to progressing council's approach to local character areas and seniors housing.</li> </ul>
Affordable Housing	<p>Council's LHS evidence base is considered sufficient to justify the preparation of a SEPP70 affordable housing contribution scheme. An LHS requirement of approval is included for Council to prepare a scheme that sets out delivery and rent models, tenant eligibility criteria, tenancy allocation, asset ownership and management. Notwithstanding any lack of planning proposals identified by Council in the LHS, Action 18 of the Western City District Plan requires Council to prepare an affordable housing contribution scheme. The scheme would be prepared in advance of any out-of-sequence planning proposals and sends a critical signal to the market regarding Council's strategic planning intentions with regard to affordable housing provision. It will also commit Council to examining the feasibility of affordable housing contributions for all new proposals that are likely to result in an uplift of land value. If</p>



Matter	Consideration for future LHS updates and preparation and assessment of planning proposals
	<p>feasible and appropriate, affordable housing contributions would be required by LEP provisions that implement the contributions scheme.</p> <p>The scheme should be prepared in accordance with the <i>Greater Sydney Region Plan</i> key parameters for successful implementation of Affordable Rental Housing Targets and the NSW Government's <i>Guideline for Developing an Affordable Housing Contribution Scheme</i></p> <p>Council should continue to work with other councils in the Western Sydney Planning Partnership to assess options and the viability of affordable rental housing as part of the development of an Affordable Housing Strategy and Affordable Housing Contribution Scheme.</p>
Seniors housing	<p>It is understood Council has sought inclusion of land in the Seniors Housing SEPP that is excluded by Schedule 1 of the SEPP. The recently exhibited Housing Diversity SEPP Explanation of Intended Effect contains a proposal to update Schedule 1, to be better align the Seniors SEPP provision with current legislation and planning conditions. Until the outcome of this work is known, Council is encouraged to investigate the inclusion of seniors housing provisions in Blue Mountains LEP 2015 that increase the supply of housing for seniors and people with a disability.</p>
Interdependencies with relevant local evidence base	<p>Incorporate the findings and outcomes of latest studies, policies and State-led precinct plans prepared since the publication and release of the LHS, including but not limited to:</p> <ul style="list-style-type: none"> <li>• Blue Mountains Residential Development Strategy 2010</li> <li>• Blue Mountains Affordable Housing Review</li> <li>• Blue Mountains Local Character Study and Local Character Statement</li> <li>• Standard Instrument Draft Local Character clause</li> <li>• Blue Mountains Industrial Land Study (planned study)</li> <li>• Residential areas undergoing change (planned study)</li> </ul>
Structure Plan	<p>Incorporate a Structure Plan into the executive summary. This could include a map of the LGA providing an overview of future areas for growth around centres and key infrastructure.</p>
<b>Data</b>	
Clarification of 6 to 10 year target and 10-20 year housing forecast.	<p>Revisions to the LHS should provide a breakdown of how the 6 to 10 year target will be achieved, including when and where anticipated supply will be delivered and explain market take up rates. LHS revisions will also need to include a housing delivery forecast for the 10-20 year period.</p>



<b>Matter</b>	<b>Consideration for future LHS updates and preparation and assessment of planning proposals</b>
	Council should ensure that all population and dwelling forecasts are cross-checked against published DPIE projections to provide greater transparency. Additional guidance and support can be arranged with the Department’s Evidence and Insights team to resolve any discrepancies in dwelling forecasts
<b>Local Character</b>	
	<p>Should Council wish to exclude limited areas from the Low Rise Housing Diversity Code (LRHDC) through local character areas, the LHS will need to provide a comprehensive evidence base in relation to the delivery of medium density housing.</p> <p>This should include:</p> <ul style="list-style-type: none"><li>• Historical and forecast supply of medium density housing, including statistics on range of housing types approved over the last five years (DA and CDCs) and anticipated future take up rates.</li><li>• Include recommended controls outlined in LHS for medium density in implementation plan, including current status and timeline for implementation.</li><li>• Incorporate framework to monitor and review the delivery of medium density housing within the LGA.</li></ul>