

# **Dual Occupancy Review**

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Planning & Land Management

Territory Planning Branch

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# 1. INTRODUCTION

Dual occupancy, the use of a block originally subdivided for a single dwelling development for the purpose of two dwellings, has been a component of Canberra's urban development policies since 1986. It is part of the suite of planning policies responding to changing urban development and housing needs.

Dual occupancy development in the ACT has, over recent times, resulted in a broad community discussion about the role, relevance and impact of dual occupancy dwellings, particularly in older suburbs where the existing housing stock is ageing and the landscape maturing. This paper presents information on recent analysis into the issue.

## 2. BACKGROUND

### 2.1 Draft Variations 192 and 200

In response to community concerns about the impact of dual occupancies, the Government, put in place a 5% limit on the number of dual occupancies that could occur in any one section. Draft Variation to the Territory Plan 192, which put this restriction in place, was released on 6 December 2001, and was clearly intended as an interim measure only - a holding device aimed at slowing the rate of dual occupancy activity whilst a more comprehensive policy framework was developed.

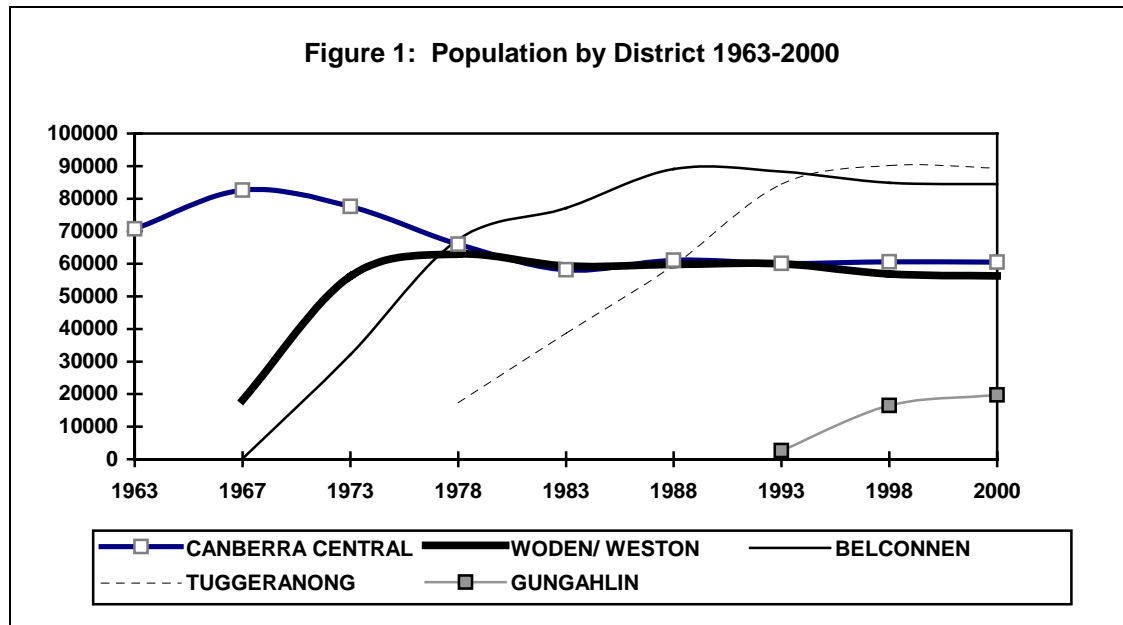
Through the "Garden City" Variation to the Territory Plan (DV 200), Planning and Land Management (PALM) has been striving to develop an appropriate dual occupancy policy framework to capture the benefits of this type of development whilst minimising any negative impacts.

Draft Variation 200 addresses a wide range of issues relating to development in residential areas beyond just that of dual occupancy housing. It establishes a strategic model for managing residential redevelopment that focuses opportunities for providing more housing close to shopping centres. It complements existing policies in the Territory Plan such as the B11, B12, and B13 Area Specific Policies which provide opportunities for higher density housing along major public transport spines such as Northbourne Avenue and the B8, B9 Area Specific Policies that aim to support a greater focus on transit orientated development in Gungahlin over time.

To address the issues associated with dual occupancy development, DV 200 proposed a number of measures. Firstly, it sets up the concept of 'Suburban Areas' where dual occupancy development would be much more tightly controlled than in the 'General' (now 'Residential Core') areas around commercial centres. It originally proposed that in the Suburban Areas, dual occupancy would be permitted but not be able to be separately titled, ie no Unit Title subdivision. Whilst prohibiting subdivision would not by itself change the impact of a dual occupancy development, the restriction would serve to limit the extent of activity by removing the ability to capitalise the investment which has been a prime motivation for much of the dual occupancy development.

## 2.2 Where Dual Occupancy Development has been occurring

The demand for dual occupancy developments has been strongest in the inner areas. Since July 1999 some 53 per cent of applications have been in Canberra Central (the inner North and South Canberra suburbs).



Canberra Central is also the location of over 50 per cent of Canberra's employment, yet accommodates less than 20 per cent of the population..

**Table 1: 1996 Distribution of Population, Resident Workers and Employment by District\***

1996	% of Population	% of Resident Workers	% of total ACT Employment
Belconnen	28	28	14
Gungahlin	4	5	3
North Canberra	13	11	28
South Canberra	7	6	23
Tuggeranong	29	30	9
Woden/Weston Ck	19	19	14
Other 1			10
<b>ACT</b>	<b>100</b>	<b>100</b>	<b>100</b>

\*Discrepancies due to rounding

Other - includes Kowen, Harman, Majura, Pialligo, Symonston, Hume and Jerrabomberra and no usual address, remainder of ACT, undefined ACT and undefined Canberra

Table 2 shows the location of dual occupancy applications received since July 1999. It indicates that the share of dual occupancy applications received in Inner North and South Canberra has fallen from just under 70 per cent in 1999-2000 to 48 per cent in 2001/02 and to 36 per cent in the first 5 months of 2002/03

**Table 2: Dual Occupancy - Applications by District 1999/2000 to 2002/03**

Location	1999/2000	2000/01	2001/02	2002 July to December
Inner North Canberra	77	42	51	22
Inner South Canberra	58	51	23	17
Woden -Weston Ck	19	27	44	25
Belconnen	16	13	16	7
Tuggeranong	10	14	19	17
Gungahlin	16	0	2	20
<b>TOTAL</b>	<b>196</b>	<b>147</b>	<b>155</b>	<b>108</b>

As Table 3 indicates, the demand in 1999/2000 was particularly strong in the inner suburbs of Ainslie, Griffith, O'Connor, Red Hill, Turner and Yarralumla.

The share of dual occupancy applications received in Ainslie remained comparatively high between 1999/00 and 2001/02 at around 12 per cent of applications but has fallen to 7 per cent in first 5 months of 2002/03. When the number of dual occupancy applications received in 1999/2000 are compared to those received in 2001/02 the number has fallen in Griffith (15 to 5), O'Connor (13 to 9), Red Hill (11 to 7), Turner (16 to 4) and Yarralumla (14 to 3).

A comparison of the number of applications received in 1999-2000 with the applications received in the first 5 months of 2002/03 shows there has been an increase in the dual occupancy applications in Narrabundah (from 5 to 8) while there has been a decline in Campbell, (from 4 to 1).

**Table 3: Dual Occupancy - Applications in popular suburbs - 1999/2000 to 2002/03**

Location	1999/2000	2000/01	2001/02	2002 July to December
Ainslie	24	19	17	8
Griffith	15	13	5	1
O'Connor	13	5	9	5
Red Hill	11	12	7	4
Turner	16	5	4	1
Yarralumla	14	7	2	3
Narrabundah	5	7	8	8
Campbell	4	5	8	1

The share of applications in Woden–Weston Creek has increased from 10 per cent in 1999-2000 to 28 per cent in 2001/02. Increases in applications per year over this period were experienced in Garran (2 applications to 7), Mawson (from 1 to 5), Lyons (from 1 to 4), Hughes (from 3 to 4) and Pearce from 0 to 4.

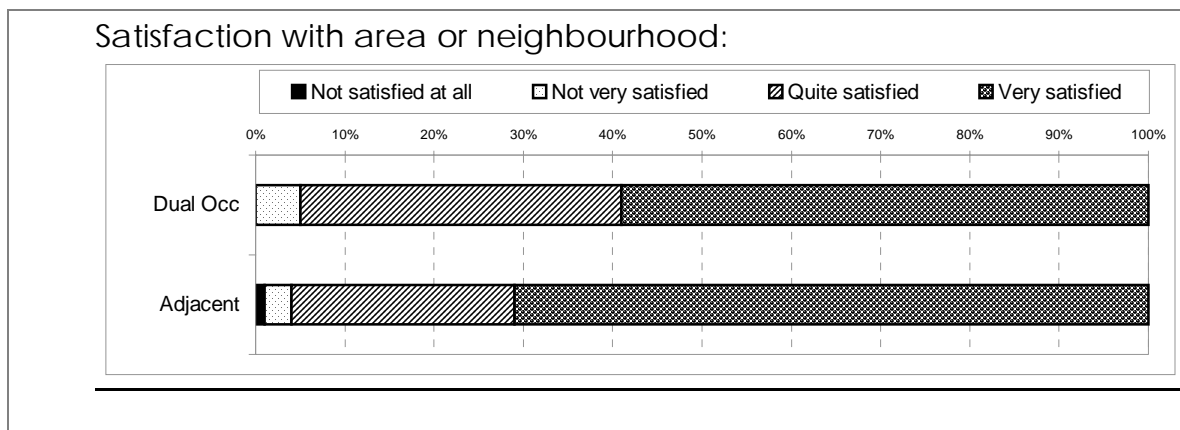
### 3. RESEARCH

#### 3.1 Artcraft Research Study (2002)

Extensive consultation on Draft variation 200 and further research and analysis of the issues associated with dual occupancy activity has been undertaken. A survey was undertaken by Artcraft Research in July 2002 of the attitudes of residents and neighbours of dual occupancy development to their homes and neighbourhoods. The Survey, a questionnaire to a stratified random sample covering the Inner north and Inner south regions, involved 400 completed interviews with the residents (one per dwelling) of dual and triple occupancy dwellings and 800 completed interviews with the residents of a selection of surrounding dwellings (opposite, beside, behind). The interviews were generally undertaken by telephone. The survey complements information obtained by PALM in the Canberra Central Housing Survey in 2000.

The research indicates generally high levels of satisfaction with residential environments by residents in dual occupancy and surrounding dwellings. It also confirms that dual occupancy provides a valuable alternative housing option for a wide range of household types.

The Survey found that over 95 per cent of people that lived in a dual occupancy or surrounding a dual occupancy dwelling were quite satisfied or very satisfied with their area or neighbourhood.

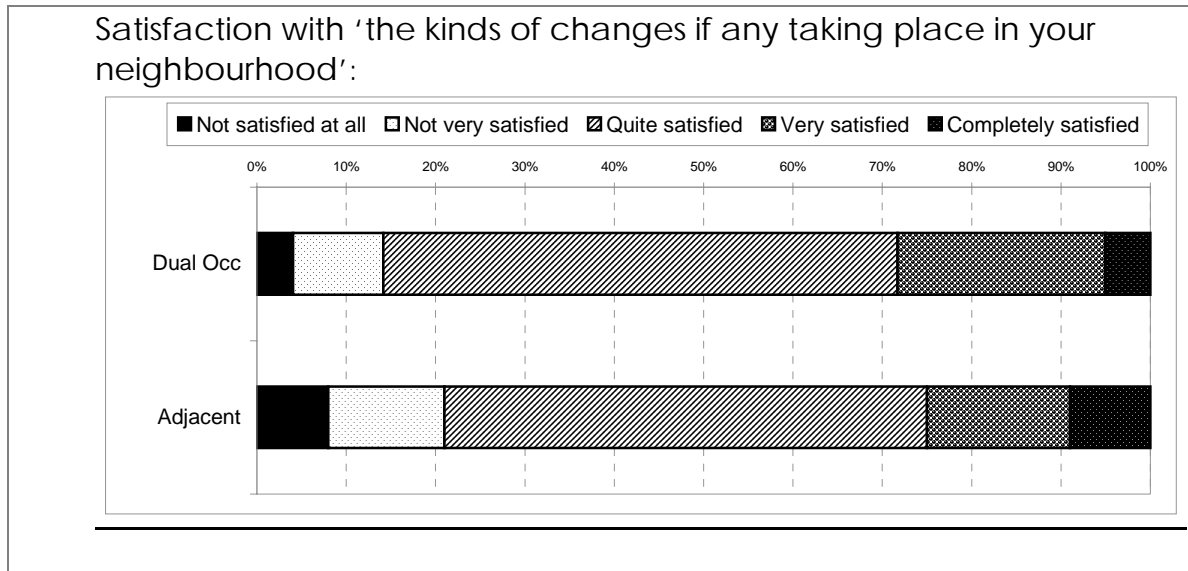


The things people say they value the most about their neighbourhood were the parks and open space, being close to facilities, being close to services, being central to various things, being quiet, and their neighbours.

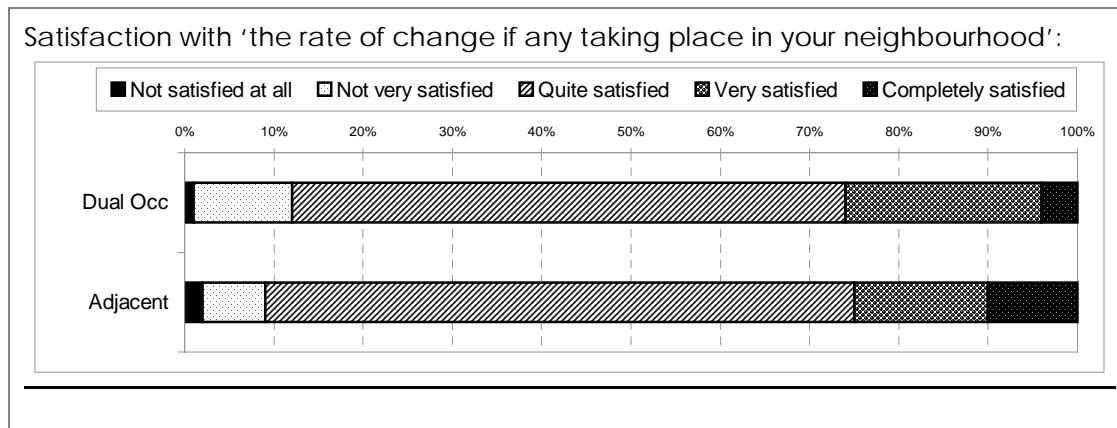
The aspects least valued in their neighbourhoods by the residents of and those living adjacent dual occupancy dwelling were crime, traffic, dual and triple occupancies and infill and multi unit development. However over 60 per cent of residents could not identify any least valued aspect of their neighbourhood.

Around 90 per cent of residents were at least quite satisfied with the mix of dwelling types in the area.

Almost 80 per cent of residents adjacent to dual occupancy dwellings and 85 per cent of residents in dual occupancy dwellings were at least quite satisfied with the kind of changes taking place in their neighbourhood.

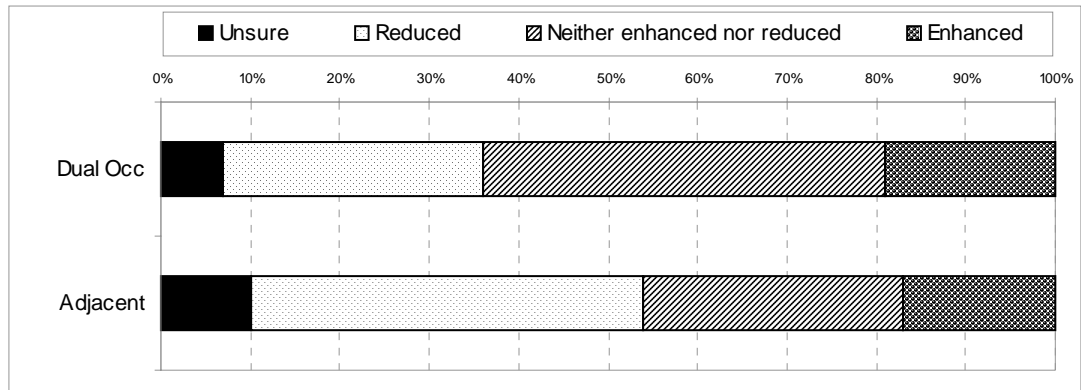


Over 90 per cent of residents living adjacent dual occupancy dwellings and almost 90 per cent of residents in dual occupancy dwellings were satisfied with the rate of change taking place in the neighbourhood.



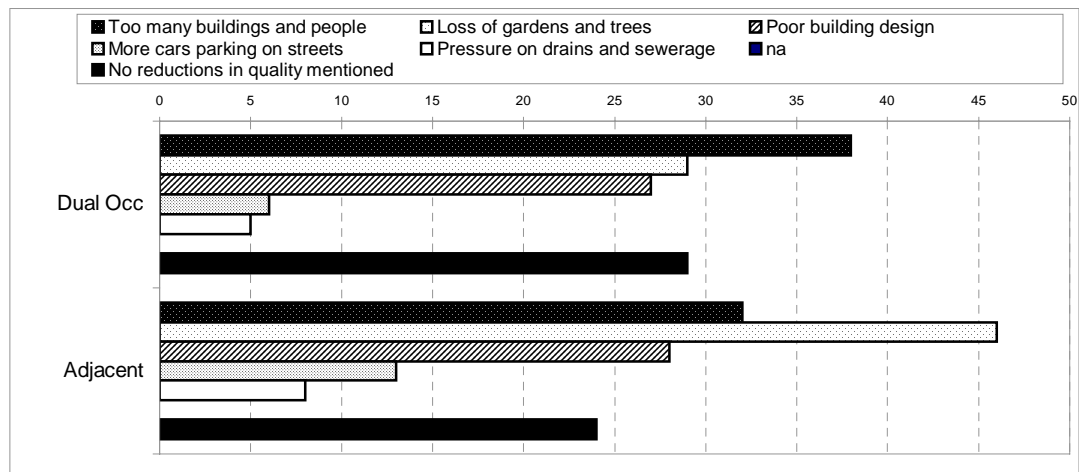
Some 28 per cent of residents of dual occupancy dwellings and 44 per cent of residents adjacent dual occupancy dwellings thought dual occupancies had reduced the quality of the streetscape and neighbourhood.

Whether dual occupancies have enhanced or reduced the quality of the streetscape and neighbourhood:



The main ways dual occupancies were seen to have reduced amenity were the loss of trees and gardens, too many buildings and people, car parking on streets and poor building design.

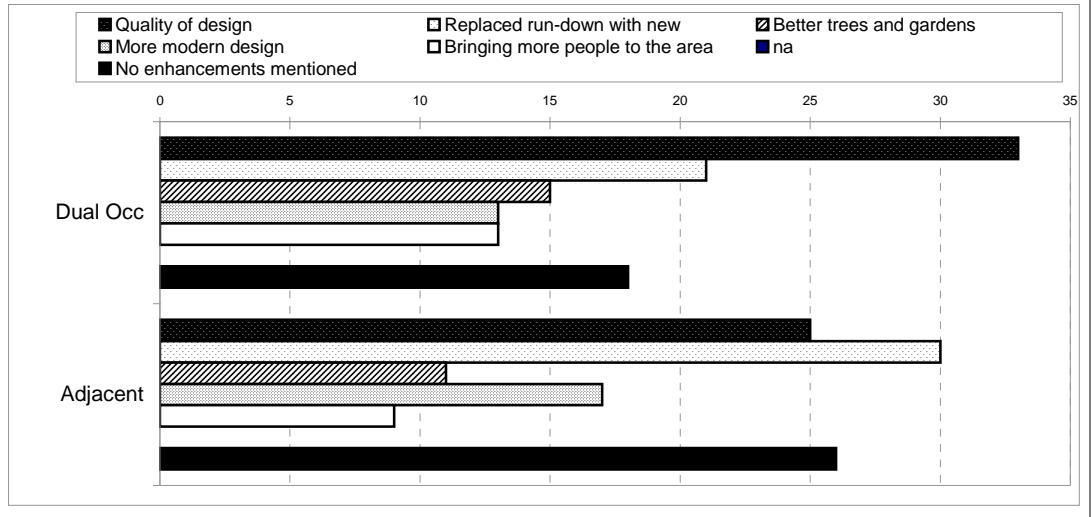
Main ways in which dual occupancies have reduced the quality of the streetscape and neighbourhood:



The main ways in which dual occupancy development was seen to have enhanced development was in the quality of the design, better trees and gardens, replacement of run down with new, more modern design and bringing people to the area.

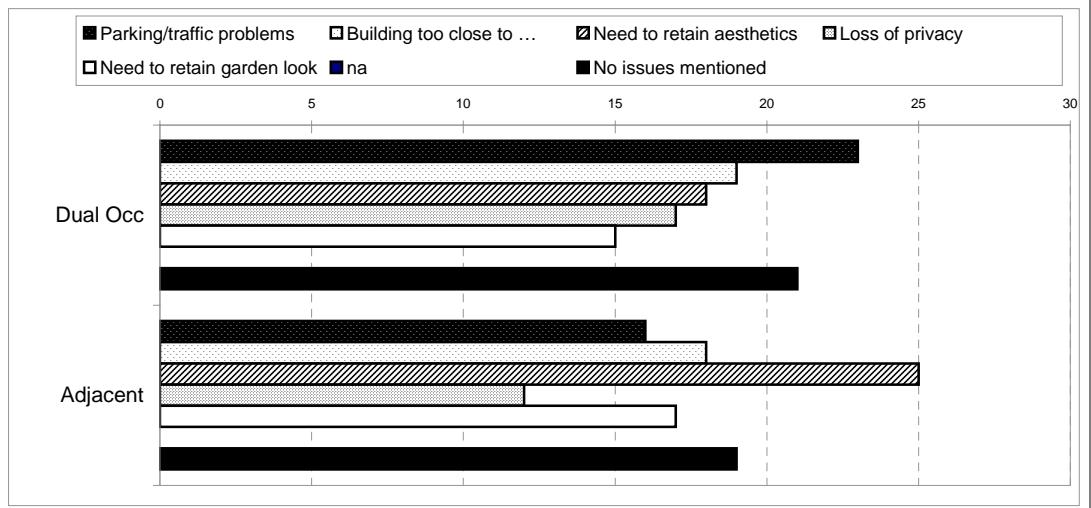


Main ways in which dual occupancies have enhanced the quality of the streetscape and neighbourhood:



The main design issues that could have been dealt with better in the planning stages were identified as parking and traffic, building too close, need to retain aesthetics and heritage, the loss of privacy and the need to retain garden look.

Main specific design issues arising from dual/triple occupancies that could have been better dealt with during the planning stages:

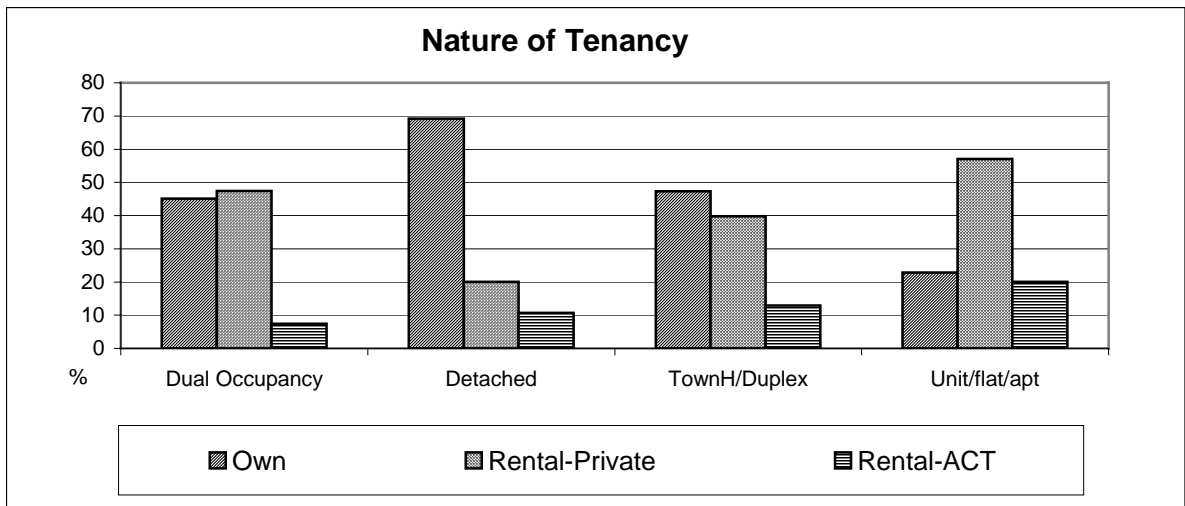


### 3.2 Canberra Central Household Survey (2000)

The Canberra Central Household Survey undertaken by PALM in 2000 provides information about the occupants of dual occupancy dwellings compared to those occupying detached dwellings, townhouses and flats and apartments. As such it provides useful information particularly in relation to housing choice.

#### Tenancy

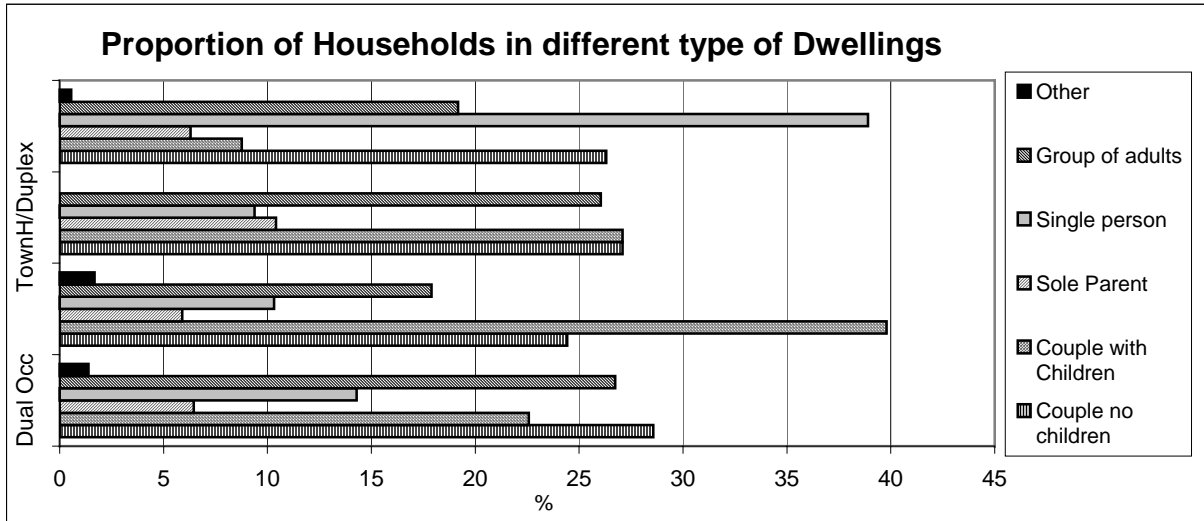
Dual occupancy dwellings were found to be occupied by similar proportions of renters and owner/purchasers, whereas 70 per cent of detached dwellings were owned or being purchased and almost 80 per cent of units/flats and apartments were being rented. Dual occupancy is therefore equally attractive to both purchasers and renters.



Source: Canberra Central Housing Survey PALM 2000

#### Household Type

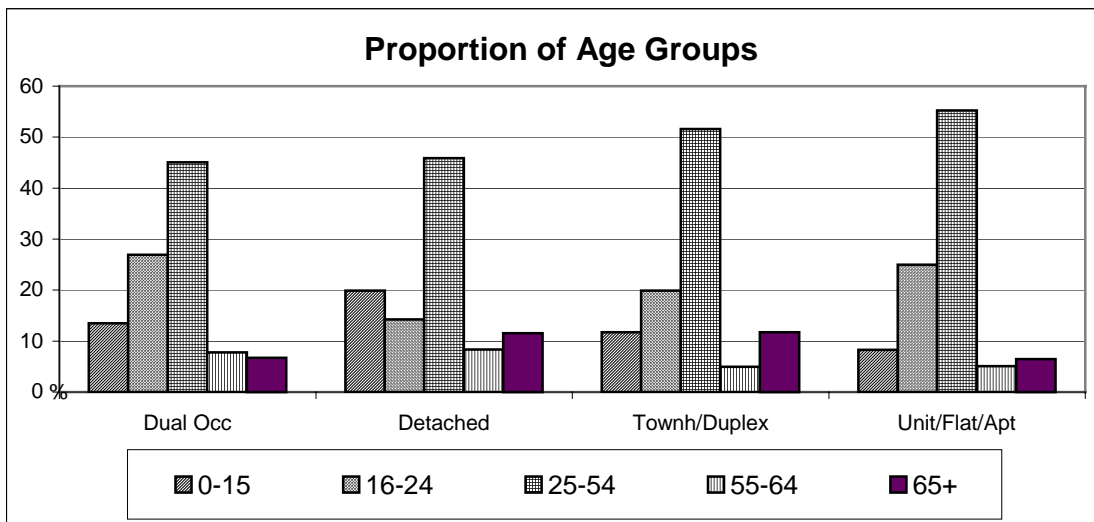
Dual occupancy is attractive to a wide variety of households. Some 17.5 per cent were occupied by couples with dependant children, appreciably higher than the proportion of couples with dependent children in units and flats (6.6%).



Source: Canberra Central Housing Survey PALM 2000

### Age Groups

Dual occupancy dwellings had a relatively high proportion of occupants in the 16 to 24 years age group and also had the second highest proportion in the 0-15 years age group, second only to single dwellings. Flats, units and apartments had the lowest proportion on the 0-15 years age groups. The proportion of 65 years + age group was highest in detached dwellings and town houses and comparatively low in dual occupancies and flats/units and apartments.



Source: Canberra Central Housing Survey PALM 2000

The majority of the dual occupancy dwellings had three bedrooms. On average they had 2.9 bedrooms compared to 1.9 for units and flats, 3.4 for detached dwellings and 2.8 for duplexes and town houses. On average 2.6 persons were living in dual occupancy dwellings compared to 2.9 persons in detached dwellings, 2.3 persons per dwelling for town houses and duplexes and 1.7 persons for units and apartments.

## **4. POLICY ISSUES FOR CONSIDERATION**

### **4.1 Dual Occupancy and Metropolitan Planning Aims**

Dual Occupancy dwellings are a housing form that is attractive to a range of groups in Canberra's changing population. The ABS Household and Family Projections indicate that while the number of couple families with children is projected to remain at about current levels, a major increase is projected in the number of couple families without children from 25,600 in 1996 to 41,700 in 2021. One-parent families are also projected to increase, from 12,800 to 17,800 while the number of lone person households is projected to nearly double from 25,100 to 46500 in 2021.

With an ageing population in the ACT - the number of people over 60 years is forecast to increase by 22,000 over the next decade, and the trend to smaller households is likely to result in demands for a wider range of housing opportunities. Dual occupancy dwellings widen the choices available. They provide housing opportunities in familiar locations, in locations with good accessibility to entertainment, shopping and other opportunities and the choice of less maintenance while still providing direct access to a private open space.

The dual occupancy policy, by producing additional dwellings for rent and purchase, has assisted households to locate in areas of high accessibility who otherwise would not have been able to locate in such areas because of an insufficient supply of accommodation and because of price - the dual occupancy dwellings are generally lower in price than an established or new/renovated single dwelling.

Dual occupancy and other redevelopments by increasing the population in the established areas of Canberra, especially Canberra Central and Woden, can reduce the amount of travel, and thereby contribute to a more sustainable city. By reducing the rate of housing development on the fringe, such developments also reduce the infrastructure costs to government. They also improve the effective use of facilities and services in inner area many of which (eg schools, shops, roads and open space networks) are under-utilised.

### **4.2 Areas of Concern about Dual Occupancy Development**

Given its contribution to the widening of housing choice and the achievement of metropolitan planning aims, dual occupancy development should not be excluded. As found in the Artcraft Survey, the inner areas of Canberra offer high amenity, particularly accessibility to employment, entertainment and other urban opportunities.

However, there are elements of the current policy framework that have contributed to many of the community concerns with such developments. Given these concerns, it is important to identify how to obtain the benefits from dual occupancy developments while minimising the adverse impacts in the area where it is occurring.

In developing a policy framework to guide dual occupancy development the key understandings required are:

- what factors influence where and when dual occupancy developments occur;
- what factors are contributing to their negative impacts in existing areas;
- what can be done to ameliorate these negative impacts

Through Draft variation 200, PALM has focused on controlling the negative physical impacts of dual occupancy developments through considering factors such as location, block size and plot ratio, building height, unit titling and change of use charge.

### 4.3 The Demand for and Supply of Dual Occupancy Development

As outlined above there has over recent times been 150 to 200 dual occupancy applications per year. These applications have been predominantly in Inner North and South Canberra although there has been an increasing number in Woden since 2000/2001.

The concentration of dual occupancy developments in these areas is due to several factors, including:

- the high amenity offered by such areas;
- the planning policy framework, and the existence of large blocks in these areas; and
- the financial return from such developments, reflecting the older housing stock and high ratio of unimproved value to house price and the absence of Change of Use Charge.

### 4.4 The Planning Framework

The existing policy framework consists principally of the draft Guidelines for Multi-unit Development including Dual Occupancy (introduced in 1994 following the Lansdown Review of Residential Redevelopment and referred to below as the Dual Occupancy Guidelines). The framework also includes the Territory plan, particularly the Residential Design and Siting Code for Multi Dwelling Development, and existing leasing arrangements.

**Block Size:** An analysis of where in individual suburbs dual occupancy development has been occurring identifies there is a close relationship between the concentrations of dual occupancy activity and the concentrations of larger blocks. It is apparent that the inclusion of an 800m<sup>2</sup> minimum block area requirement in the Dual Occupancy Guidelines has concentrated dual occupancy activity in areas where blocks exceed this figure. An analysis of block sizes in Canberra Central indicates that such blocks are concentrated predominantly in the suburbs of Ainslie, Turner, Griffith, Red Hill, Forrest and some parts of O'Connor, Yarralumla, Narrabundah and Campbell.

Possible responses to this situation range from removing the minimum block size to include increasing the minimum block size to say over 1000m<sup>2</sup>. In the former, the advantage would be that such a policy would provide increased opportunities across Canberra and reduce the pressure on particular suburbs where blocks are over 800m<sup>2</sup>. If the minimum block size was raised to say over 1000m<sup>2</sup> then there would be a concentration of dual occupancies in suburbs which had a high number of such blocks, but there would be a substantial reduction in the opportunities for dual occupancy.

**Plot Ratio:** Another component of the planning framework has been the maximum plot ratio control. The plot ratio control applying to dual occupancy dwellings is 35%, ie. the gross floor area is permitted to be 35 % of the block area. Because it is a flat control, and not dependent on block area, the larger the block the larger the houses. It is the scale along with the concentration of these large houses, particularly where they are located in former backyards, which has often upset surrounding residents.

One option, to reduce the physical size and impact of the dual occupancies, is to replace the flat 35% plot ratio control in the Suburban Areas with a new sliding plot ratio scale. This new approach could involve a sliding scale whereby the plot ratio reduces as the size of the block increases. This would reduce the potential size of dual occupancy dwellings on larger blocks and thereby decrease their impact.

**Subdivision and Unit Titling:** Currently dual occupancy dwellings can be subdivided or unit titled, ie. each dwelling can be sold separately, although only about half the dual occupancy dwellings developed are so titled.

A factor in the supply of dual occupancy dwellings has been the ability to unit title and therefore to sell off the dwellings separately. In addition, sites for dual occupancy have been more attractive in areas where the dwellings have pre 1970 "residential purpose only" leases (which to date have not required variation to accommodate dual occupancy housing) and therefore have not been subject to the change of use charge regime under the Land Act. This "benefit" is seen as a factor influencing the level and location of dual occupancy activity.

Draft Variation 200 originally proposed that for dual occupancies in the General Areas unit tilting would be permitted but that in the Suburban Areas such dwellings could not be separately titled, ie no unit title subdivision. This was seen as reducing the level of dual occupancy activity in the Suburban Areas by removing the financial incentive to undertake such developments. However restricting unit titling does not, by itself, change the impact of individual dual occupancy developments.

The loophole that currently exists which has allowed leases for dual occupancy and other forms of multi-unit housing to be subdivided without being subject to change of use charge (CUC) can be seen as inequitable. It is therefore desirable to close this loophole and ensure that an increase in land value benefits the whole community. The intent would be that a 'residential purposes only' lease could only be subdivided if it was first varied to expressly specify the number of dwellings permitted. For example, before a dual occupancy development could be subdivided, the lease would need to be varied to specify that it expressly provided for 2 dwellings. This would provide a more level playing field in all areas.

Alternatively it could be argued that the absence of a change of use charge has encouraged development to take place in areas where additional housing choice is needed and that the design controls, particularly changes to plot ratio controls and the limitations on the height and size of dwellings, are sufficient to control the excesses of past dual occupancy development.

On balance, it is suggested that the ability to develop dual occupancies under tighter design controls should be permitted, but that change of use charge should be captured on any subdivision of a dual occupancy. This would have the effect of reducing the

speculative attractiveness of such housing developments whilst still affording opportunities for this valued housing type.

Future consideration could also be given to the introduction of infrastructure levies rather than a change of use charge so that redevelopments and dual occupancies contribute to the costs of augmenting infrastructure.

**Other Issues:** The Artcraft Survey found that the main design issues of residents, in and surrounding dual occupancy developments, were traffic and parking, setbacks, loss of privacy, landscaping and the “look”, aesthetics and heritage.

In response to concerns about privacy and setbacks, a range of approaches are possible. The approach proposed in draft Variation 200 was to limit the height in Suburban Areas of any additional dwelling to single storey with no attics or basements. This would reduce overlooking and problems some residents had experienced with the scale of buildings. The draft variation, to reduce the impact of new dwellings, also originally proposed to limit the size of any additional dwelling in backyards to 15% of the block area.

Another option would be to limit dual occupancy dwellings to corner blocks as such dwellings generally have separate car access and have been found to produce better design outcomes in terms of privacy. However, this may result in a disproportionate number of corner blocks having dual occupancies, and this itself could affect neighbourhood character.

#### **4.5 Housing Affordability**

A major planning goal is housing affordability. It is unclear what impact dual occupancy developments have had on affordability. On one hand it could be argued that dual occupancy development has contributed to increased prices with developers offering more to obtain dwellings. Alternatively it can be argued that new dual occupancy dwellings are more affordable to households than new detached dwellings on a large block and therefore assist affordability. By providing additional rental accommodation dual occupancy dwellings can also be seen as assisting affordability by increasing the rental dwelling supply.

## 5. FUTURE DIRECTIONS – REFINEMENTS TO DRAFT VARIATION 200

The existing policy framework has contributed to many of the issues relating to recent dual occupancy developments.

The final draft variation 200 proposes that the 5% rule, the existing plot ratio (35%) and minimum block size (800m<sup>2</sup>) controls be retained until the variation is finalised and becomes part of the Territory Plan. However, on commencement of variation no 200, the changes advocated below, if supported, would apply. The variation will be considered by the Planning and Environment Committee of the Legislative Assembly.

The following changes to the policy framework are deferred until the outcome of that consideration.

### 5.1 Plot Ratio

The combined effect of large block size and a flat plot ratio have contributed to the scale, and impact of dual occupancy development. The block size minimum of 800m<sup>2</sup> and the flat plot ratio control (35%) results in dual occupancy dwellings being larger as the block size increases.

It is proposed to replace the flat 35% plot ratio control in Suburban Areas with a new sliding scale. This new approach will reduce the potential size of dual occupancy dwellings on larger blocks in these areas and thereby reduce their impact.

#### PROPOSED DUAL OCCUPANCY PLOT RATIO CONTROL FOR SUBURBAN AREAS

Block Area m <sup>2</sup> (B)	Proposed Standard		Existing Standard
	Max Plot Ratio (P)	Max GFA (m <sup>2</sup> )	GFA with 35% PR (m <sup>2</sup> )
700	35.00%	245	245
800	32.50%	260	280
900	30.56%	275	315
1000	29.00%	290	350
1100	27.73%	305	385
1200	26.67%	320	420
1300	25.77%	335	455
1400	25.00%	350	490
1500	24.33%	365	525
2000	22.00%	440	700
2500	20.60%	515	875
3000	19.67%	590	1050

The new control is based on the following formula:

$$P = (140/b + 0.15)100$$

Where:

P is the maximum permissible plot ratio expressed as a percentage, and  
B is the block area in square metres.

The reduction in dwelling size possible under such a policy would reduce the impact of dual occupancy development and result in smaller, less expensive houses being



produced and provide opportunities for households who would not otherwise be able to afford to live in centrally located areas to do so.

## **5.2 Unit Titling**

It is proposed that the new plot ratio control be combined with a new clause relating to subdivision. The new clause will close the loophole that currently exists which has often allowed leases for dual occupancy and other forms of multi-unit housing to be subdivided without being subject to the change of use charge (CUC) regime under the Land Act. The new clause reads as follows:

'Subdivision of a lease granted for residential purposes may only be approved where the lease expressly provides for the number of dwellings provided for in the proposed subdivision.'

This clause would mean that a 'residential purposes only' lease could only be subdivided if it was first varied to expressly specify the number of dwellings permitted. For example, before a dual occupancy development could be subdivided, the lease would need to be varied to specify that it expressly provided for two dwellings. The implication of this is that intensification of development on 'residential purposes only' leases would no longer be able to avoid being subject to the CUC regime except where they did not propose to subdivide.

## **5.3 Block Size**

The recommended final variation reduces the minimum block size for dual occupancy development to 700m<sup>2</sup> in Suburban and Core areas. This figure is the same as recommended in the Lansdown review in 1994. This approach will have the effect of reducing the concentration of dual occupancy in certain areas where the block size is over 800m<sup>2</sup>.

## **5.4 Building Height and Scale**

In suburban areas the restriction of one storey development will only apply to additional dwellings that are located at the rear of the block where they do not directly front a public road and from which vehicular access is permitted. These buildings will be required to be single storey in scale, (ie carefully designed loft rooms may be permissible) and have no basement car parking. The buildings at the rear of blocks will not be larger than half the maximum permissible plot ratio and in no case have a floor area (plot ratio) of more than 17.5% of the block. That is, the dwellings behind the existing dwelling cannot be larger than the front dwelling.