

Low and Mid-Rise Housing Policy

The Department of Planning, Housing and Infrastructure (DPHI) has finalised the Low and Mid-Rise Housing (LMR) reforms exhibited from Dec 2023 – Feb 2024 that allow increased density near identified transport hubs and key town centres. The policy forms part of the NSW Government's response to the housing crisis, supporting 112,000 well-designed and sustainable homes in well-located areas within walking distance of shops, services and frequent public transport.

The policy is implemented through a new Chapter 6 of the *State Environmental Planning Policy (Housing) 2021*, and was divided into two stages in mid-2024.

- Stage 1 – **Low Rise Housing (Dual Occupancy)** (commenced 1 July 2024): Introduced permissibility for dual occupancies in all R2 Low Density Residential zones across NSW.
- Stage 2 – **Low and Mid-Rise Housing** (commencing 28 February 2025): Establishes low and mid-rise housing areas within an 800m walking distance of designated train stations and town centres, accompanied by standardised non-discretionary controls (such as heights and floor space).

The reforms also introduce a Tree Canopy Guide, which sets minimum deep soil and planting targets to support urban greening. Stage 2 of the reforms is implemented through available Development Application (DA) pathways and is not Complying Development.

Housing Areas (Identified Stations/Centres)

The policy defines specific geographic areas where low and mid-rise housing is encouraged to support well-located, diverse residential development.

Low and mid-rise housing areas apply to land **within 800m walking distance** of:

- Mapped town centres (available on the NSW Planning Portal from 28 February 2025);
- Nominated train, metro, or light rail stations (listed in SEPP from 28 February 2025).

Land affected by natural hazards, heritage items, or high-risk environmental factors is excluded. **Importantly, the reforms themselves do not apply in within the employment zones (E1, E2, MU1 and SP5 zones), even where housing may already be permitted in those zones.**

This approach to eligibility means that while the town centre precincts will be mapped, the onus is on the proponent to demonstrate that their land falls within either 400m or 800m **walking distance** of the edge of the town centre or station entrance, along a publicly accessible route, per the Housing SEPP. In some instances, stations have been identified as a single point without a larger town centre. While indicative mapping has been provided for reference by DPHI, the exact interpretation of "land within 800m" remains somewhat unclear.

Key Provisions

Permissibility (Housing Types)

The policy introduces a range of new permissible housing types within the housing areas, including:

- Dual occupancies: Permitted in all R2 zones across NSW.
- Multi-dwelling housing and terraces: Permitted in R1, R2, R3, and R4 zones.
- Residential flat buildings / Manor houses: Permitted in R1, R2, R3, and R4 zones.

The Policy and SEPP prevail over existing permissibility (or prohibition) in Council's Local Environmental Plan.

New (Non-discretionary) Development Standards (i.e. Height and Floor Space)

The policy introduces new non-discretionary standards. These standards prevail over local controls in situations where they are inconsistent. If the proposed development complies with the non-discretionary standard, a consent authority (i.e. Council or a Panel) cannot refuse the application because it does not meet the equivalent local Council requirements (such as an LEP/DCP).

The new non-discretionary standards are summarised in the table below. Where non-discretionary standards have not been applied, local controls continue to apply.

Table 1 Non-Discretionary Development Standards

Housing Type	Zone	Height (m)	Storeys	FSR	Min Lot Size (sqm)	Min Lot Width (m)	Parking (per dwelling)
Dual Occupancies	R1-R4	9.5	N/A	0.65:1	450	12	1
Terraces	R1-R4	9.5	N/A	0.7:1	500	18	0.5
Multi-Dwelling Housing	R1-R4	9.5	N/A	0.7:1	600	12	1
Residential Flat Buildings & Shop-top Housing (Manor Houses)	R1 & R2	9.5	N/A	0.8:1	500	12	0.5
Residential Flat Buildings (0-400m)	R3 & R4	22	6	2.2:1	LEP provisions switched off.	LEP provisions switched off.	N/A
Residential Flat Buildings (400-800m)	R3 & R4	17.5	4	1.5:1	LEP provisions switched off.	LEP provisions switched off.	N/A
Shop-top Housing (0-400m)	R3 & R4	24	6	2.2:1	LEP provisions switched off.	LEP provisions switched off.	N/A
Shop-top Housing (400-800m)	R3 & R4	17.5	4	1.5:1	LEP provisions switched off.	LEP provisions switched off.	N/A

Tree Canopy and Landscaping Requirements

The new *Tree Canopy Guide for Low and Mid-Rise Housing* establishes minimum deep soil and canopy cover targets. The guideline is given force by the Housing SEPP, thus the requirements override those of any Development Control Plan (DCP). The guide sets out the following requirements:

- **Dual occupancies:** Minimum 15%-25% deep soil, with 1-3 trees per site depending on lot size.
- **Multi-dwelling housing and terraces:** Minimum 15%-25% deep soil, with planting rates per dwelling.
- **Residential flat buildings:** Minimum 7% deep soil and 15% tree canopy coverage, with flexible planting options.

Existing trees can contribute to meeting these requirements.

Implementation and Assessment Pathways

Stage 1 (Low Rise – Dual Occupancy), allowing dual occupancies, commenced on 1 July 2024. Stage 2 (Low and Mid Rise) commenced on 28 February 2025. Development Applications will be assessed under the previously described non-discretionary standards, meaning councils cannot refuse compliant applications based on stricter local controls. The majority of the new controls will result in local development applications assessed and determined by councils or planning panels. Notwithstanding, in areas where dual occupancies were newly permitted, a complying development pathway will be available from mid-2025.

While affordable housing bonuses under the Housing SEPP were explicitly intended to apply to all LMR sites, the current drafting of the SEPP seems to prevent this outcome. It remains to be seen if this will be addressed in a revision by DPHI. If resolved, this would allow for additional FSR where affordability criteria are met and introducing the possibility of a state significant development pathway for development that meets the criteria.

Next Steps

The operation of the new policy, particularly relating to the interplay with local and state controls, is complex. Ethos Urban can assist landowners and developers should confirm site eligibility and ensure compliance with SEPP and local considerations. Please reach out to discuss further.

Further details on the new policy can be viewed at the link below.

<https://www.planning.nsw.gov.au/policy-and-legislation/housing/low-and-mid-rise-housing-policy>