

Illawarra Shoalhaven Affordable Housing Strategy: Strategy Summary



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This report has been prepared for
Business Illawarra
by

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1 Background

1.1 Overview of Research Rationale and Reports

The *Illawarra Shoalhaven Regional Affordable Housing Strategy* has been developed in response to serious concern across a wider range of stakeholders about the growing affordable housing crisis in the Region, and its impact on economic growth, the ability to attract and retain key workers, and the wellbeing of the wider community.

The *Strategy* has been commissioned by Business Illawarra, the Region's peak business organisation, with support from a range of private, government and community sector agencies, including the Illawarra Shoalhaven Joint Organisation (ISJO), representing Wollongong, Shellharbour, Kiama and Shoalhaven Councils; Warrigal Aged Care, one of the Region's largest aged care providers; The Housing Trust, a Tier 1 Community Housing Provider; and the Property Council of Australia, the national group representing property developers and owners.

The *Illawarra Shoalhaven Affordable Housing Background Report* (the first report of this project) provides detailed analysis on the funding, policy, demographic and housing market context in the Region and its four LGAs. Although it covers all relevant income and tenure groups, it has a particular focus on lower income 'key workers', noting that an increase in affordable housing that meets their needs will also benefit more vulnerable groups and the wider community.

The *Illawarra Shoalhaven Affordable Housing Case Studies and Strategies Report* (the second report) provides case studies relevant to the Illawarra Shoalhaven Region that have been effective elsewhere in increasing the supply of affordable housing. This report also makes recommendations on strategies that are likely to be most effective in the regional and local context.

This *Strategy Summary* provides an overview of key findings, case studies and recommendations from these two reports, which should be read those seeking more detailed data and analysis.

1.2 What is Affordable Housing?

1.2.1 Definition and Benchmarks

Housing is generally considered to be 'affordable' when households can meet their housing costs and still have sufficient income to pay for other basic needs such as food, clothing, transport, medical care, and education.

'**Affordable housing**' has a statutory definition under the NSW *Planning and Environment Act 1979*, being housing for very low, low and moderate income households who pay no more than 30% of their gross household income on their rent or mortgage repayments. Households paying more than 30% of their income on housing costs are deemed to be in '**housing stress**', and at risk of after-housing poverty.

The following table provides benchmarks that are used in this *Strategy* when referring to 'affordable housing' in accordance with the statutory definition. These should be updated at least annually to reflect changes in CPI or cost of living.

Table 1.1: Affordable Housing Income, Rental and Purchase Benchmarks – Rest of NSW¹

	Very Low Income Household	Low Income Household	Moderate Income Household
Income Benchmark ²	<50% of Gross Median Household Income for Rest of NSW	50%-80% of Gross Median Household Income for Rest of NSW	80%-120% of Gross Median Household Income for Rest of NSW
Income Range ³	<\$756 per week	\$756-\$1,209 per week	\$1,209-\$1,813 per week
Affordable Rental Benchmarks ⁴	<\$227 per week	\$227-\$363 per week	\$363-\$544 per week
Affordable Purchase Benchmarks ⁵	<\$223,000	\$223,000-\$356,000	\$356,000-\$534,000

Source: JSA 2022, based on data from ABS (2021) Census, ABS (2022) Consumer Price Index, indexed to Mar Quarter 2022 dollars, ANZ Home Loan Repayment Calculator <https://www.anz.com.au/personal/home-loans/calculators-tools/calculate-repayments/>

1.2.2 Types of Affordable Housing

‘Affordable housing’ includes the full range of housing for the target groups. This can include housing that is **subsidised** in some way, from **special needs** accommodation such as group homes, crisis and transitional accommodation, and **social (community and public) rental** housing for those most disadvantaged in the housing market; to **‘key worker’ (discount market rent)** housing, and assisted or subsidised purchase, such as **shared equity**, for households who still need some assistance to afford their rent or enter home ownership.

In *some* areas, it also includes housing **delivered through the private market**, typically smaller, lower cost accommodation such as Boarding houses, Co-living housing, small apartments, secondary dwellings and caravan parks, provided they meet the affordability benchmarks above.

1.3 ‘Key Workers’ in the Regional Context⁶

The term ‘key worker’ lacks an agreed definition, and is used in a variety of ways in public policy. A recent AHURI study⁷ notes that there is **‘no single definition of what constitutes a key worker’**, although the term broadly refers to workers who ‘provide services essential to the functioning of

¹ ‘Rest of NSW’ is the relevant benchmark for the four LGAs in the Illawarra Shoalhaven Region. It includes NSW less the Greater Sydney area, i.e., regional NSW under clause 13(2) of SEPP (Housing) 2021.

² All values reported are in June Quarter 2022 dollars.

³ Median household income \$1,434 (ABS Census 2021) for Rest of NSW; CPI 119.7 Sept 2021 126.1 June 2022 Adjusted income \$1,511.

⁴ Calculated as 30% of total weekly household income.

⁵ Calculated using ANZ Loan Repayment Calculator, using 4 October 2022 interest rate (5.24% pa) and assuming a 20% deposit for a 30 year ANZ Standard Variable Home Loan and 30% of total household income as repayments.

⁶ See **Section 2** of the *Background Report* and Appendix 1 for detailed data and analysis.

⁷ Catherine Gilbert, The University of Sydney Zahra Nasreen, The University of Sydney Nicole Gurrin, The University of Sydney (May 2021) AHURI Final Report No. 355 Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities, p.3

cities, but who earn low to moderate incomes.’ This makes accessing ‘appropriate and affordable housing challenging’, particularly in regions with expensive housing markets. The study notes that the occupations included will vary, depending on housing, labour market and other local conditions, and needs to be assessed in the local context.

It is important to understand the **relative incomes** of the various occupational and industry groups as an indicator of their ability to access housing that is affordable to them, and to compete in a tight and increasingly expensive regional housing market. The following graph shows examples of occupational groups at different ends of the income spectrum.

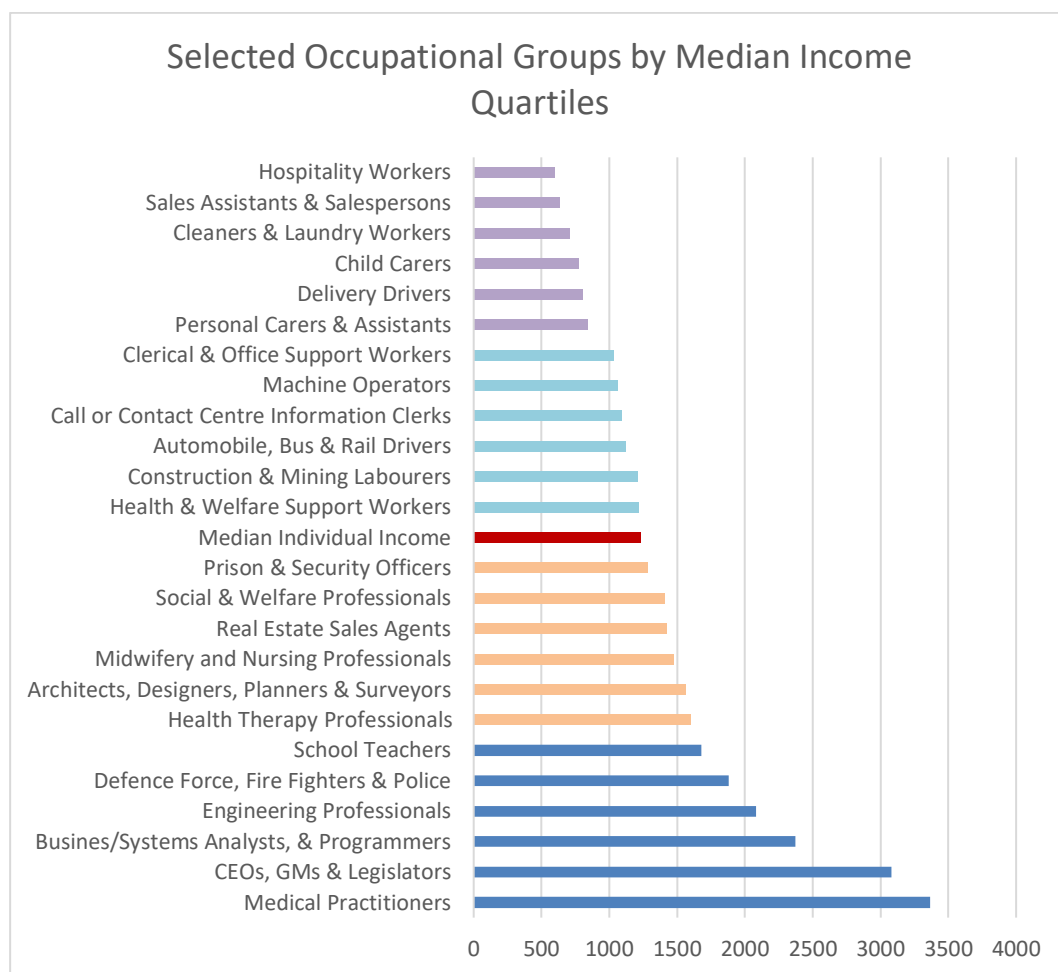


Figure 1.1: Selected Occupational Groups by Median Income Quartile (2021 \$s)

Source: JSA 2022 derived from ABS 2021, TableBuilder

It is also important to understand the **contribution of different types of workers to the regional economy** in terms of size and comparative labour force growth, and current and projected skill shortages. Together, these factors indicate which groups need to be prioritised for any affordable housing created in the Region and constituent LGAs.

These criteria for ‘key worker’ are adopted in the *Strategy* rather than the narrower definition in the NSW Government’s Key Worker Housing Program, for example, which targets new funding for ‘key worker’ housing in regional areas to ‘Teachers and Police’, which are both in the upper median income quartile, and are not identified as current or projected skills shortage areas.

In contrast, a number of occupational and industry groups consistently meet all or most of the criteria related to provision of essential services, being on the lowest (1st and 2nd quartile) median incomes, and their relative importance to the regional labour market in terms of size, growth and/or skill shortage. Applying these criteria, the main groups in the Region include:

- Residential Aged Care Workers;
- Child Care and Pre-School Workers;
- Personal Care Workers in aged and disability care, hairdressing, etc;
- Health and Welfare Support Workers, e.g. youth and community workers;
- Enrolled Nurses, Assistants in Nursing, Veterinary Nurses;
- Clerical and Administrative workers;
- Construction workers – in particular, entry level trades, labourers, technicians & plant operators;
- Retail workers – supermarkets, department stores, etc;⁸ and
- Nursery and horticultural workers.

Most of these workers would not be able to work from home, and many would need to live close to their place of work due to irregular hours or shift work.

Key groups in the 3rd quartile of median income, who are also of increasing importance to the regional labour force and/or facing skill shortages, include:

- Registered Nurses and Midwives;
- Social and Welfare Professionals;
- Primary School and Special Education Teachers; and
- Electricians/Electrical Service workers.

There are also other essential service workers important to the regional economy; however, the housing affordability situation is very different to that of lower paid workers. For example, a worker in Child Care or Personal Care services could not afford to rent even a studio or one-bedroom unit anywhere in the Region, whereas a Secondary School Teacher on a median income could afford to rent a two bedroom unit in most areas of the Region, and a three bedroom house in most of the Shoalhaven. However, a Police Officer or Fire Fighter could afford a three bedroom house in many areas of Wollongong, Shellharbour and Shoalhaven LGAs.

In a policy and funding context where there is enormous and growing affordable housing need, it is important to understand the types workers who need to be prioritised in the scarce allocation of resources, including in the Illawarra Shoalhaven Affordable Housing Strategy.

⁸ Note: these are not projected to be a skill-shortage cohort, but their very large number and very low incomes warrant their inclusion

2 The Socio-Economic and Housing Context

2.1 Population and Growth⁹

In 2021, the Illawarra Shoalhaven Region was home to 423,000 people, with Wollongong LGA having around 51% of the Region's population, followed by Shoalhaven (26%), Shellharbour (18%) and Kiama LGA (5%).¹⁰

Historically, the Region's **population growth** has tended to be below the NSW average, particularly in Wollongong LGA. However, recent growth trends indicate both the effects of the COVID 19 pandemic, including a slowing of overseas immigration and movement from metropolitan to regional areas, as well as housing cost and availability, and urban growth in different parts of the Region.

From 2016-21, there were quite different patterns of growth across the Region. Shellharbour and Shoalhaven experienced much higher than average annual growth (1.7% and 1.3% respectively), compared with 0.9% for NSW and Greater Sydney, and only 0.4% for Wollongong.¹¹

2.2 Socio-economic Profile¹²

The Region has a very diverse, and **increasingly polarised socio-economic profile**, both *between* the four LGAs and *within* these LGAs.

Kiama is within the *least* disadvantaged 7% of areas in Australia on the SEIFA (Disadvantage) Index,¹³ whereas the Shoalhaven is within the *most* disadvantaged 40% of areas. Wollongong and Shellharbour are closer to the NSW average; however, this masks significant polarisation across these LGAs. Areas to the north of Wollongong LGA are generally in the *least* disadvantaged 10% of areas nationally, whereas to the south often highly disadvantaged, with areas like Warrawong in the *most* disadvantaged 2% of areas in Australia.¹⁴

There are similar trends in Shoalhaven and Shellharbour, with suburbs around Nowra and Warilla highly disadvantaged, and newer areas like Shell Cove among the most advantaged areas in Australia. The only LGA where this social polarisation is not evident is Kiama, which has been gentrifying over some years (see Atlas of Selected Indicators at **Appendix 7**, and map of Shellharbour and Kiama below).

These broader socio-economic trends also flow on to considerable **differences between the income, employment and educational profiles** of these LGAs, and localities within them.

⁹ See **Sections 3.1** of the *Background Report*, and Appendix 2.

¹⁰ ABS (2021) Census of Population and Housing, Estimated Resident Population (ERP).

¹¹ ABS (2021, 2016) Census of Housing and Population, Estimated Resident Population (ERP).

¹² See **Sections 3.2** of the *Background Report*, and Appendix 2.

¹³ SEIFA Relative Index of Socio-economic Disadvantage includes is a weighted index of community or area-based disadvantaged with 18 indicators found to be associated with such disadvantage (ABS 2016).

¹⁴ ABS (2016) Census of Housing and Population.

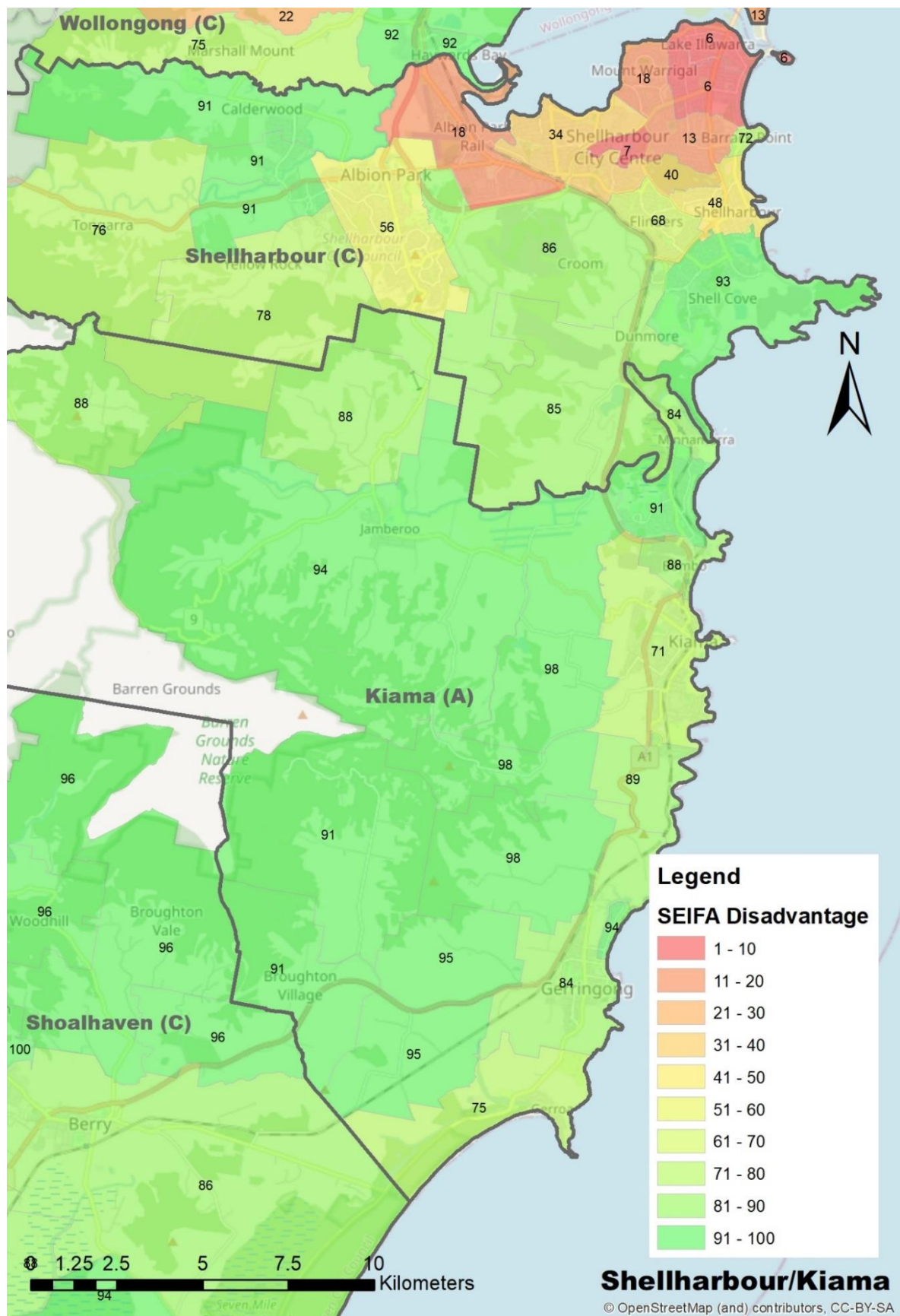


Figure 2.1: SEIFA 2016 Disadvantage, Shellharbour/Kiama

Source: JSA 2023; ABS (2016) SEIFA, Index of Disadvantage, percentile within Australia, by suburb.

Kiama and Shoalhaven have a much older than average **age structure**, indicating their popularity as retirement destinations, albeit for quite different housing sub-markets, whilst Wollongong and Shellharbour's relatively average age structure show the effects of more employment, educational and housing opportunities for young people and families. The **household profile** is more mixed, although smaller households are generally more prominent in Kiama and Shoalhaven, in line with their age profile.

Key socio-economic indicators from the ABS (2021) Census are mapped by suburb in the [Illawarra Shoalhaven Regional Atlas](#) at **Appendix 7**.

2.3 Employment, Industry and Occupation¹⁵

Growth of the regional labour force from 2016-21 was comparable with regional NSW, but well above that of NSW as a whole (13% compared with 9% for NSW),¹⁶ with the latter strongly influenced by Greater Sydney. Higher employment growth in regional NSW and the Illawarra Shoalhaven Region in part reflects the effects of Covid 19, including an increase in working from home and migration from Sydney to regional areas during that time.

Shellharbour and Shoalhaven had well above average **workforce growth**, whilst Wollongong and Kiama had lower than average growth, especially Kiama.¹⁷ Although this may be expected from the much older age structure of Kiama, it is clearly not the only factor, as Shoalhaven experienced the highest regional labour force growth and also has a much older age profile.

In terms of **industry of employment**, Health Care and Social Assistance was by far the largest industry of employment in the Region in 2021, followed by Construction, Education and Training, and Retail Trade, with these four industries accounting for around half or all regional jobs.¹⁸ Importantly, only three industry sectors increased their '**market share**' or **relative importance** to the regional economy from 2016-21. These were Health Care and Social Assistance, Professional, Scientific and Technical Services, and to a lesser extent, Construction.¹⁹

¹⁵ See **Section 3.3.2** of the *Background Report*, and Appendix 2.

¹⁶ ABS (2021, 2016) Census of Population and Housing.

¹⁷ ABS (2021, 2016) Census of Population and Housing.

¹⁸ ABS (2021) Census of Population and Housing.

¹⁹ ABS (2021, 2016) Census of Population and Housing.

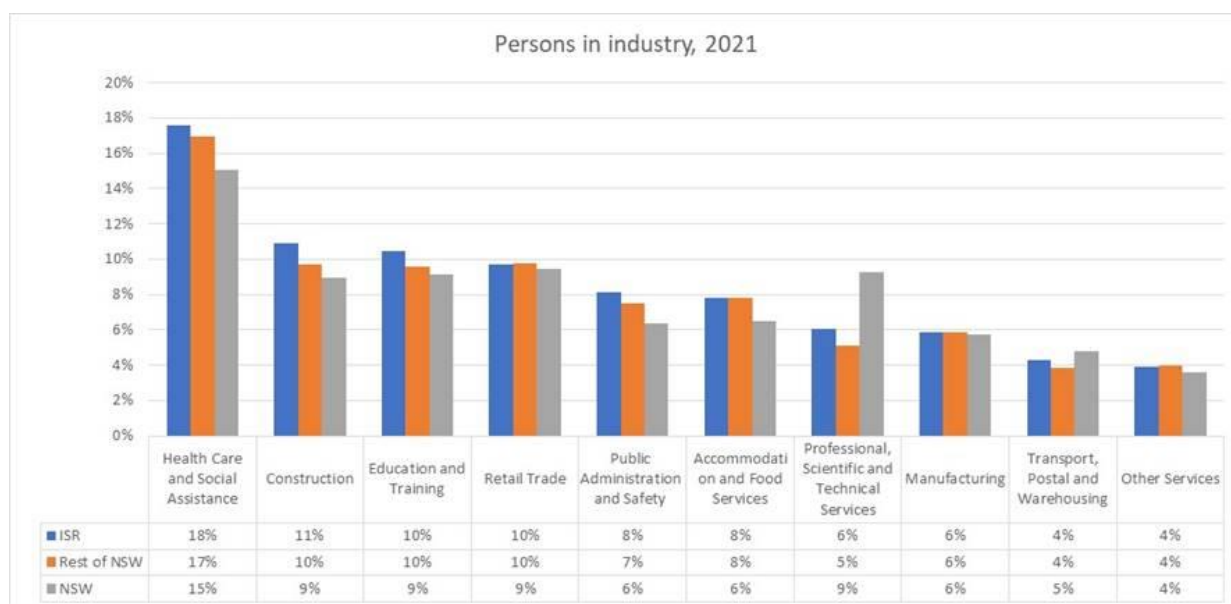


Figure 2.2: Employment by Industry Sector Illawarra-Shoalhaven Region ('top 10')

Source: JSA 2022, derived from ABS 2021 Census, TableBuilder Pro

The only two **occupations to increase their importance to the regional labour force** were Managers, Professionals and Community and Personal Service workers, with all other occupations decreasing as a proportion of total employed people in the Region.²⁰

2.4 Population Projections²¹

DPE (2022) **revised population projections** predict that the Region is expected to grow by 30% from 2021-41, ranging from a 26% growth in Wollongong to a 39% in Shellharbour. All LGAs are projected to grow by more than the Regional NSW and NSW averages.

By far, the largest projected growth in the Region will be among the **oldest cohorts**, with 20% of projected growth among those aged 80+ years, and 35% of growth among those 60+ years. Kiama and Shoalhaven are expected to age more rapidly than Wollongong and Shellharbour, which are projected to have above average growth among the younger cohorts.

The Region as a whole is expected to have quite different growth in household types compared with regional NSW, in particular, a much higher than average rate of growth in **families with children**, with **Shellharbour** projected to have a particularly high rate of growth in families.

However, the projected aging of the population across the Region overall also highlights the need for an increase in smaller, well-located dwellings. The **significant underoccupancy of larger dwellings by older people** in the Region is also important, with more than 60% of lone person households aged 70+ years in Shellharbour, Kiama and Shoalhaven living in three bedroom houses, and almost 20% living in 4+ bedroom homes in Kiama and Shoalhaven.²²

²⁰ ABS (2021, 2016) Census of Population and Housing.

²¹ ABS (2021, 2016) Census - see **Section 3.3.3** of the *Background Report* for detail.

²² ABS (2021) Census of Population and Housing.

2.5 Population Mobility

2.5.1 Migration

Migration data from 2016-21 shows the **strong interconnection between the Greater Sydney and the regional housing and labour markets**, and a trend to displacement of people from north to south in the Region as the increasing cost of housing in Greater Sydney flow through to the Region.

Around 44,700 people moved into the Illawarra Shoalhaven from other parts of Australia, and 34,600 people moved out of the Region, a **net inward migration of around 10,000 people**. The largest source of inward migration was Greater Sydney, with virtually all net inward migration into Kiama and Shoalhaven the metropolitan area.

Overall, migration trends show the **effects of the Sydney housing market rolling down the coast**, progressively displacing people on lower incomes. Simply put, people from Greater Sydney tend to move into Wollongong. This displaces Wollongong residents into Dapto – Port Kembla. In turn, this displaces Dapto – Port Kembla residents into Shellharbour, and then Shellharbour residents into Shoalhaven. Kiama does not show this ‘rolling’ effect southwards from Greater Sydney, with a large net in-migration directly from Sydney, but a net out-migration northward to Shellharbour.²³

2.5.2 Journey to Work and Commuting

The **interconnection between the regional housing and labour markets**, as well as a strong connection between Greater Sydney and the Region in relation to some LGAs is also evident from journey to work data.

Of the 185,000 employed people who lived in the Region in 2021 (the **local labour force**), 146,000 (79%) worked within the Region, 16% worked outside the Region.²⁴ Of those who worked outside the Region, **85% worked in Greater Sydney**.

Local workers tended to travel to nearby areas to work. The further an area was from Greater Sydney, the fewer workers commuted there, with 24% of employed Wollongong residents commuting to Greater Sydney compared with only 4% of employed Shoalhaven residents, the latter having the most self-contained labour force in the Region.

In terms of **local jobs**, 153,000 workers gave their ‘place of work’ as one of the LGAs in the Region. Of these, 146,000 (95%) also lived in the Region, so that **a much lower proportion of people commute out of the Region compared with those who commute in to work**. Three-quarters of those workers commuting to the Region commuted from Greater Sydney, again indicating the strong connection between the regional and Greater Sydney labour markets, and the importance of local employment opportunities to a wide catchment.²⁵

²³ See **Section 3.5.1** of the *Background Report*, and Appendix 2.

²⁴ The remainder had ‘no fixed place of work’

²⁵ See **Section 3.5.2** of the *Background Report*, and Appendix 2.

2.6 The Regional Housing Context²⁶

2.6.1 Housing Diversity

It is positive that there has been **some diversification of housing** over the past 15 years in some parts of the Region. However, this has mainly been in the form of medium density dwelling types, with **no net increase in apartments** as a proportion of all dwellings, apart from Wollongong.

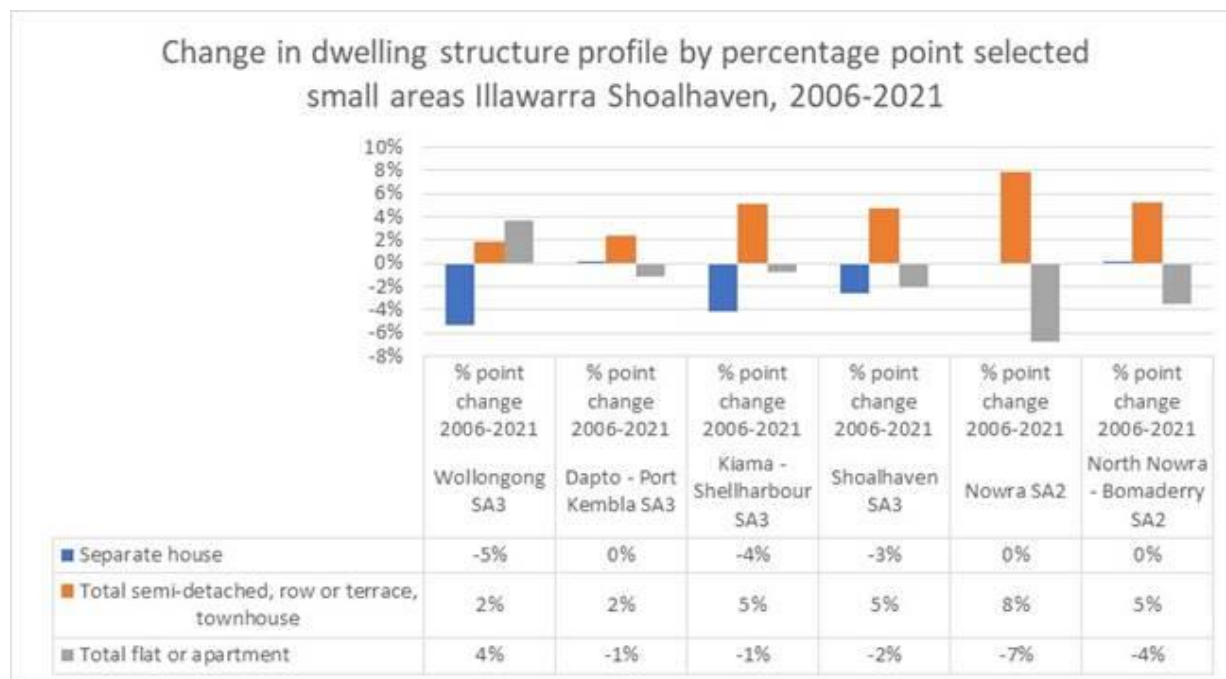


Figure 2.3: Percentage Point Change Dwelling Structure by LGA (2006-21)

Source: JSA 2022 derived from ABS 2021, 2006, TableBuilder

Most areas of the Region, apart from the central and northern areas of Wollongong (Wollongong SA3), had **very low rates of apartments** in 2021, particularly Shoalhaven LGA (including the more urbanised areas within Nowra and North Nowra-Bomaderry). Virtually all **growth in apartments** from 2006-21 was in Wollongong SA3, with only a very small increase in Kiama and Shellharbour LGAs, and a net decrease in the Shoalhaven LGA and Dapto-Port Kembla SA3.

As well as having important implications for housing cost and affordability and meeting the needs of an aging population, this low rate of apartment growth has also contributed to the **low growth in private rental stock**, noting that 50% of apartments in the Region enter the private rental market compared with 35% of medium density dwellings and only 15% of separate houses.²⁷

Increasing the supply of apartments in well located areas of Shoalhaven, Kiama, southern Wollongong, and Shellharbour is therefore critical to increasing housing diversity to meet changing needs, providing for lower cost (if not always 'affordable') housing through the market, and increasing the supply of private rental in a tight regional housing market.

²⁶ ABS (2021, 2016) Census – see **Section 4** of the *Background Paper* for detail.

²⁷ ABS (2021) Census of Population and Housing.

2.6.2 Loss of Social Housing

One of the most serious issues facing the Region is the **loss of social housing** in recent years, in both proportional and absolute terms. This includes a decline in social housing from 6% to 4% of dwellings from 2006-21,²⁸ noting that Kiama and Shoalhaven already have less than the State average (1% and 3% compared with 4% for NSW). Wollongong LGA actually had a loss of around 525 social housing dwellings from 2016-21 amid growing need,²⁹ including a 10+ years waiting time from most types of social housing across the Region.³⁰

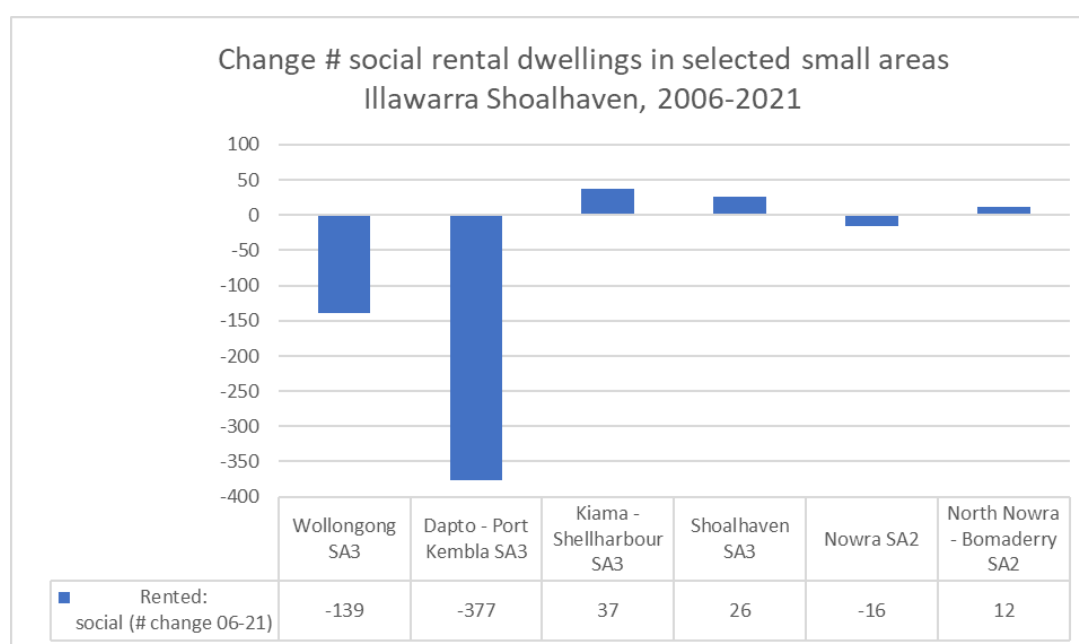


Figure 2.4: Change in number of social housing dwellings, selected small areas 2006-2021

Source: JSA 2022 derived from ABS 2021 and ABS 2016

Recent Budget Estimates documents also show a significant loss of social housing over the past eight years across all areas of the Region, largely through non-replacement of stock lost through sales and redevelopment by the NSW Land and Housing Corporation (LAHC), as well as some vacant properties due to poor maintenance. The most serious impacts were in Shoalhaven LGA, which has a very high and growing rate of severe housing stress among very low income renters, and lost 8% of its social housing stock compared with 3.8% for NSW.³¹

Increasing the amount of social housing through new funding and selective redevelopment of older public housing to increase the amount and diversity of housing stock, and to create multi-tenure developments that include a component of 'key worker' housing, would be of enormous benefit, provided there is a **net gain of social and affordable rental housing** in the process.

²⁸ ABS (2006, 2021) Census of Population and Housing

²⁹ ABS (2016, 2021) Census of Population and Housing

³⁰ DCJ Waiting List, relevant Allocation Zones.

³¹ Legislative Council, Portfolio Committee No 4 – Industry, *Budget Estimates 2020-21: Supplementary Questions*

2.7 Housing Cost and Affordability Context³²

2.7.1 Changes in Housing Cost

There has been **unprecedented real³³ growth in rents and purchase prices** in the Region over the past two or so years. This largely reflect the effects of population movement and working arrangements during Covid 19, and constrained supply relative to demand for some housing types.

Some parts of the Region have been more seriously affected by recent increases in housing cost. For example, there has been extremely high growth for two bedroom units in Shellharbour (10.7% p.a.) and Shoalhaven (7.2% p.a.) compared with a *decline* in real rents of 1.3% for NSW since December 2019, with NSW strongly influenced by the Greater Sydney housing market.

Table 2-1 Real (adjusted) Change in Median Rents 2012-2022 and 2019-2022

AREA	1 B/R UNITS		2 B/R UNITS		3 B/R HOUSES	
	2012-22	2019-22	2012-22	2019-22	2012-22	2019-22
	av. p.a.	av. p.a.	av. p.a.	av. p.a.	av. p.a.	av. p.a.
Wollongong LGA	3.5%	5.5%	2.4%	5.9%	2.6%	5.8%
Shellharbour LGA	5.5%	9.3%	4.1%	10.7%	2.3%	5.8%
Kiama LGA	no data ³⁴	no data	4.1%	3.9%	2.1%	5.8%
Shoalhaven LGA	no data	5.5%	3.7%	7.2%	3.1%	6.3%
NSW	-0.5%	-2.4%	0.3%	-1.3%	1.8%	5.1%

Source: JSA 2022, based on NSW DCJ Sales Tables Dec Qtr 2012-2021 & June Qtr 2022, adjusted for inflation

Real growth **in purchase price** in the Region also far outstripped average annual growth for NSW, particularly for strata dwellings, during the COVID 19 period. Again, counter-urbanisation trends are likely evident in the significant *decrease* in real purchase price for strata dwellings in Greater Sydney, and strong growth in purchase prices in the Region, particularly in Kiama, and to a lesser extent Shellharbour and Shoalhaven for strata dwellings; and in Kiama and Shoalhaven for separate houses.³⁵

2.7.2 Housing Affordability

The housing affordability situation across all areas of the Region at the time of writing is dire. Median rent on a **one bedroom unit** was not affordable to any very low income renters in any LGAs, nor to any low income renters apart from in Shoalhaven (only the upper 50%). Median

³² See **Section 6** of the *Background Report* for detail.

³³ Adjusted for inflation (CPI adjusted)

³⁴ 'No data' indicates that there were too few rentals of this housing type in an LGA for data to be reported by DCJ.

³⁵ See **Section 6.4** of the *Background Report* for detail.

rent on a **two bedroom units** was likewise only affordable to moderate income households, with Shoalhaven again the more affordable area, but with rents growing rapidly.

Three bedroom houses were affordable to **higher income households only**, apart from Shoalhaven where they were affordable to the upper 35% of moderate income households.

Table 2.2: Rental Affordability, Selected Housing Types, by LGA, June Quarter 2022

		1-Bedroom Unit	2-Bedroom Unit	3-Bedroom House
Wollongong LGA	Weekly Rent	\$360	\$463	\$600
	Affordability	All moderate income renters	45% of moderate income renters	Higher income renters only
Shellharbour LGA	Weekly Rent	\$400	\$490	\$575
	Affordability	80% of moderate income renters	30% of moderate income renters	Higher income renters only
Kiama LGA	Weekly Rent	\$400	\$490	\$650
	Affordability	80% of moderate income renters	30% of moderate income renters	Higher income renters only
Shoalhaven LGA	Weekly Rent	\$298	\$400	\$480
	Affordability	50% of low income renters	80% of moderate income renters	35% of moderate income renters
GMR Average	Weekly Rent	\$480	\$550	\$560
	Affordability	35% of moderate income renters	Higher income renters only	Higher income renters only

Source: NSW Department of Communities and Justice, Rent and Sales Report, Issue 140 (2022), Rent tables June 2022 quarter; ABS (2021) Census; ABS (2022) Consumer Price Index Australia, June 2022

As such, there is a serious affordability problem for virtually **all very low and low income renters** in the Illawarra Shoalhaven Region, apart from the Shoalhaven, which was affordable for some low income renters. Although the situation is somewhat better for smaller moderate income households, those needing housing suitable for families would not be able to rent affordable housing in most parts of the Region.

It is positive, however, that special housing products developed under NSW *SEPP (Housing) 2021*, such as **Boarding Houses, Co-living Housing and permanent residential sites and smaller cabins in Caravan Parks**, are affordable to some very low and most low income households. However, these are generally in short supply relative to need.

The **situation for purchasers is even more bleak**, with purchase of even cheaper strata dwellings only affordable to **high income households** in most areas of the Region.

The effects of an increasingly unaffordable regional housing market can be seen in the strong evidence of **gentrification and displacement of historical groups** from at least 2006, particularly very low and low income renters. This decline was greatest in Shoalhaven and Wollongong. Kiama had the lowest rate of decline of very low and low income residents, but this was due to stronger gentrification and displacement of such these groups over a longer period, and that far fewer low income people live there.

Overall, **Shoalhaven showed the strongest evidence of displacement and gentrification over the 15-year period** among very low and low income renters, which is not surprising given the major increases in housing cost and the lower incomes of its residents.³⁶

2.7.3 Affordable Housing Case Studies

Overview

The following case studies show the human face of the affordability crisis in the Region for very low, low and moderate income key workers, and other more vulnerable groups. Even though the case studies are hypothetical, they are based on real dollar values and housing situations, and reflect the research that has been conducted for the *Strategy*.

Very Low Income Key Worker Households (<\$756 p/w)

A lone person working as a **barista in a local café**, or as a **sales assistant in a department store**, earn \$595 and \$634 per week respectively. These workers could afford to pay up to \$190 per week, and could not afford to rent a median one bedroom unit in even the cheapest part of the Region (\$283 in Nowra=Bomaderry), let alone a one bedroom unit rent in Wollongong or Shellharbour LGAs (\$360 and \$400 respectively).

A couple household, with one studying and **one working as an office cleaner** (on \$710 per week), or a hairdresser whose partner is caring for their small child (on \$735 per week), could afford \$220 per week, and likewise could not affordably rent even a one bedroom unit anywhere in the Region.

Low Income Key Worker Households (\$756-\$1,209 p/w)

A **child care worker** wanting to move out of Sydney to take up a job in Kiama, and earning \$772 per week could pay \$231 in rent, and could not afford to rent a one-bedroom unit in the cheapest part of the Region. They would pay more than half of their income to rent the median one bedroom unit in Kiama (\$400), noting that these are in very short supply.

A **personal care worker in aged care or an educational aid** (on \$843 per week), wanting to move out of the family home close to their Shellharbour workplace could pay \$253 per week, and again could not affordably rent a one bedroom unit anywhere in the Region. Although they are willing to pay rent that would place them in housing stress, they have applied for one of the very few one bedroom units available, and were not even offered a viewing. Both are currently considering job offers elsewhere in NSW, where rent is more affordable and more housing is available.

³⁶ ABS (2006, 2021) Census of Population and Housing.

A **clerical worker** on \$1,014 per week or a **machine operator** on \$1,063, offered a job in Wollongong CBD, could afford to pay \$310 per week, and could not afford to rent anywhere near their workplace. They could affordably rent in Nowra-Bomaderry, but this would be a daily two-way commute of 160 kilometres and result in major costs for petrol, vehicle wear-and-tear, and travel time. Like others in this position, they are sleeping in their car so that they can take up the job offer.

Moderate Income Key Worker Households (\$1,209-\$1,813)

A **Registered Nurse** wanting to relocate from Newcastle for a job promotion in an aged care facility in Kiama, and earning \$1,477 per week, could pay \$443 per week in rent. She could affordably rent a one bedroom near her workplace (\$400 per week), but there have been none advertised in the four weeks she has been looking and she is seriously considering remaining in Newcastle, where she is paying off a unit. The aged care home itself was short staffed and may have to consider closing down if it cannot find more workers.

A **primary school teacher** in Dapto is on \$1,400 per week and could pay \$420 per week, and also rent a one bedroom unit in much of the Region. However, he is a sole parent with shared custody of a son and daughter, and needs a larger home. He could afford a two bedroom apartment in the Shoalhaven (\$400 per week), and in the southern suburbs of Wollongong, but the market is very competitive, and real estate agents have not returned his calls. He suspects this may be due to putting his two children on the rental applications.

Centrelink Recipients Case Studies

People who are receiving some form of Services Australia payment, such as a single Aged Pension, Disability Support Pension or JobSeeker Payment, are excluded from affordable rental in virtually all housing products and areas across the Region.

A **single aged female pensioner with no superannuation** would have an income of \$513 per week including supplements, and could afford to pay \$230 in rent including CRA.³⁷ She could not affordably rent even a studio apartment in any part of the Region, and would pay more than 65% of her income for the median one bedroom apartment in Shellharbour or Kiama.

A **single working-age male on JobSeeker Payment** would have an income of \$334 per week, and could afford to pay \$176 in rent including CRA.³⁸ He could not afford to rent anything in the Region, and would pay almost all of his income to rent in a one-bedroom unit in Shellharbour or Kiama, and more than 70% of his income to rent a one-bedroom unit in Shoalhaven.

NOTE: Higher income key workers, such as **Police and Fire Fighters**, on median incomes of \$1,852 and \$1,996 respectively have not been included in the case studies as they do not meet the statutory income benchmarks for affordable housing, although people working part time or in entry level positions may be on incomes that are lower than the median in these occupations.

³⁷ Commonwealth Rent Assistance of around \$76 per week for eligible households.

³⁸ Commonwealth Rent Assistance of around \$76 per week for eligible households.

2.8 Current and Projected Need for Affordable Housing

2.8.1 Current Unmet Affordable Housing Need in the Region (2021)

Housing stress is a useful measure for understanding the **amount and nature** of affordable housing need, although other factors, such as the adequacy and appropriateness of housing, are also important. The fact that costs that are unequally borne by some households, for example, high health care or transport costs where they live in a regional or rural area, also impact on cost and affordability.³⁹ Nonetheless, housing stress remains useful as a broad metric for understanding **comparative affordable housing need**, and the potential scale of the problem for strategic planning purposes.

At the time of the 2021 Census, **around 22,700 very low, low and moderate income households** were estimated to be in housing stress in the Illawarra Shoalhaven Region, with around 17,750 households (78%) in rental stress and 4,950 households (22%) in purchase stress.

By far the most serious affordable housing need is among **very low and low income renters**, who together make up 82% of households in affordable housing need.

In terms of **housing type**, at least **60% would need smaller strata dwellings** suited to lone person or couple only households, while 40% would need dwellings suited to families with children.⁴⁰

Affordable housing need is distributed quite differently across the Region, and largely reflects population distribution.

Table 2.3: Housing Stress in the Illawarra Shoalhaven Region in 2021

Area	Total Renters & Purchasers	Renters Only	
		No. of H/Hs	% of Total Housing Stress
Wollongong LGA	11,877 (52%)	9,610	81%
Shellharbour LGA	4,044 (18%)	2,978	74%
Kiama LGA	685 (4%)	534	78%
Shoalhaven LGA	6,099 (27%)	4,628	76%
TOTAL ISR	22,705 (100%)	17,750	78%

Source: JSA 2022, derived from ABS 2021 Census, TableBuilder Pro

³⁹ See for example Gleeson, B. and Randolph, B. (2002) 'Social disadvantage and planning in the Sydney Context', *Urban Policy and Research* Vol 20(1) pp101-107; and Kellett, J. Morrissey, J. and Karuppannan, S. 2012. 'The Impact of Location on Housing Affordability', *Presentation to 6th Australasian Housing Researchers Conference*, 8-10 February 2012, Adelaide, South Australia.

⁴⁰ See **Sections 6.10 and 6.11** of the *Background Report* for detail.

2.8.2 Additional Affordable Housing Need (2021-41)

Projected need for affordable housing for the Region from 2021-41 was for around **11,645 additional dwellings**.⁴¹ Of these:

- **86% would be for renting households**, with almost 90% of these very low and low income renting households (70% and 19% respectively);
- **70% would need to be well-located, smaller strata dwellings**, and 30% would need to be dwellings suited to families with children;
- At least **3,925 dwellings** would need to be social housing to maintain the existing regional average of 5.8%.

As such, by far the greatest need in terms of number of people, severity of housing stress and lack of anything that is affordable through the private market is among **very low and low income renters**, a majority of whom will need **smaller strata dwellings**, and who are likely to require deep subsidies and strong market intervention to achieve the statutory definition of ‘affordability’.

The following table provides a breakdown of **projected (or additional) affordable housing need only** by income, broad housing type and tenure for the Region from 2021-41 as a basis for indicative targets discussed later. Detailed methodology and a break down by LGA is provided in **Section 6.11** of the *Background Report*.

Table 2.4: Illawarra Shoalhaven Projected (additional) Need for Affordable Housing (2021-41)

Affordable to:	Renting Households			Purchasing Households		
	Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL	Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL
Very Low Income Households	2,258	836	3,094	235	141	376
Low Income Households	864	1001	1,865	324	268	592
Moderate Income Households	386	691	1,076	317	398	715
Social Housing (Very Low Income Households)	2,355	1,570	3,925	n/a	n/a	n/a
TOTAL	5,862	4,098	9,960	876	806	1,683

Source: JSA 2022 calculation based on DPE 2022, ABS 2021.

⁴¹ This assumes that existing rate and distribution of housing stress projected forward using the proportional increase in dwellings to 2041 by DPE (2022) (+34%). It also assumes that the existing rate of social housing is maintained to 2041 (see Section 6.11 of the *Background Report* for detailed methodology).

3 Strategic Framework & Rationale

3.1 Need for Strong Intervention in the Market

There is a very limited opportunity for the market to provide affordable housing to meet current and projected need, although some housing products can be important for some groups.

Around **85-90% of affordable housing need is unlikely to be met by the private housing market**, although increasing market supply of lower cost housing types such as smaller (studio, one and two bedroom) strata dwellings, small lot housing, and special housing products such as Boarding Houses, Co-living Housing and permanent sites/cabins in caravan parks would improve affordability for *some* income groups.

This has strategic implications, including for government policy and funding, planning and development assessment at the local level, the nature and location of future supply, and the types of market intervention that are likely to be effective. A full suite of responses by government, the private and community sector, and the wider community are vital if there is to be any impact on affordable housing provisions in this market context.

As well as strategies to increase the supply of social housing and supported housing for those most vulnerable in the housing market, a **particular focus of this strategy is low income key workers**, who are generally not eligible for social housing, and have often ‘fallen through the gaps’ of government policy and funding.

3.2 Role of All Stakeholders

Affordable (including social) housing is the responsibility of all levels of government, with impacts on cost and affordability influenced by a range of factors including funding, taxation, interest rates, other implicit and explicit subsidies, and regulatory regimes including the planning system.

Although the private sector operates within this environment, decisions by developers in relation to the timing and nature of development, as well as decisions about investment, also influence the cost and diversity of what is constructed. Accommodation of workers by large public, community and private sector, are also actions that can increase supply and affect cost and affordability.

Community Housing Providers (CHPs) are increasingly important as both developers, owners and managers of affordable housing, and have access to a range of government funding and subsidies, their own equity, and capacity to borrow against rental income and equity. They have strong presence in and commitment to their local communities.

The wider community is also an important stakeholder in affordable housing, not the least in a market where a large and growing number of people cannot afford to buy or rent a place to live, but also in terms of support for projects and initiatives that have an impact on the supply of diverse and affordable housing.

The strategies recommended in this *Strategy* often rely upon the range of stakeholders that varying impacts upon housing cost and affordability, either in partnership or acting alone where relevant.

These strategies are far more likely to be effective where they are supported by all levels of government, industry and the community.

In this context, local government has a vital role to play through leadership, advocacy, local and regional co-ordination, and strategic planning to support housing affordability, diversity and supply. As such, many of the strategies involve local Councils in the Region in recognition of the importance of their role.

In reality, the commitment of all stakeholders will be critical in addressing the affordable housing crisis in the Illawarra Shoalhaven Region.

3.3 The Role of Local Government

There are significant opportunities for local government to support the creation and maintenance of affordable housing through core planning policy and legislation in NSW. Local government has an explicit role in ‘affordable housing’ under relevant legislation, and an impact on affordability through land use zoning, controls, the timing of land release, location of services and facilities, and the levying of rates and development contributions and the like.

Local Councils in the Region also have an important role to play in lobbying and advocacy to other levels of government to ensure that their local communities receive an equitable share of funding and resources; co-ordination of local and regional action; and ensuring that government policies such as use of government land for affordable housing, are implemented at the local level.

In NSW, affordable housing objectives and a range of related provisions have been progressively included in the *Environmental Planning and Assessment Act 1979 (NSW)*. Section 1.3(d) of the Act provides that an objective of the Act is the ‘**maintenance and provision of affordable housing**’.

There are likewise **definitions and benchmarks** related to ‘affordable housing’ in section 1.4 of the Act, and in clause 13 of *SEPP (Housing) 2021*, which have been adopted for the purpose of this *Strategy*.

Section 7.4 of the *Act* provides for the making of a **voluntary planning agreement** in relation to a proposed amendment to a planning instrument or development application. Under such an agreement, a developer is required to dedicate land free of cost, pay a monetary contribution, or provide any other material public benefit, or combination of them, to be used for or applied towards ‘affordable housing’ as public purpose.

Section 7.32 of the *Act* also enables councils to levy mandatory contributions under an **Affordable Housing Contribution Scheme** for affordable housing in perpetuity, provided they can demonstrate affordable housing need and the economic viability under the DPE Guideline and Viability Tool.

It is also a requirement of the *Act* that a consent authority consider the **social impacts** of a development application as part of a merits assessment under section 4.15(1)(b) of the *Act*. This is relevant to development applications that may result in the loss of affordable or low cost housing, or otherwise generate a need for affordable housing.

As such, local Councils in the Region have an important role to play in facilitating the creation of affordable housing in areas that are within their power, and through strong leadership and co-

ordination, and engaging in evidence-based advocacy with other levels of government on behalf of their local communities. Councils may also choose to prioritise affordable housing as a form of community infrastructure through use of Council land, the waiving of fees and the like.

That said, again, **the strategies recommended in this report also recognise the importance of action by others, and will be far more effective when all levels of government, the private and community sector and local communities come together to support this critical policy area.**

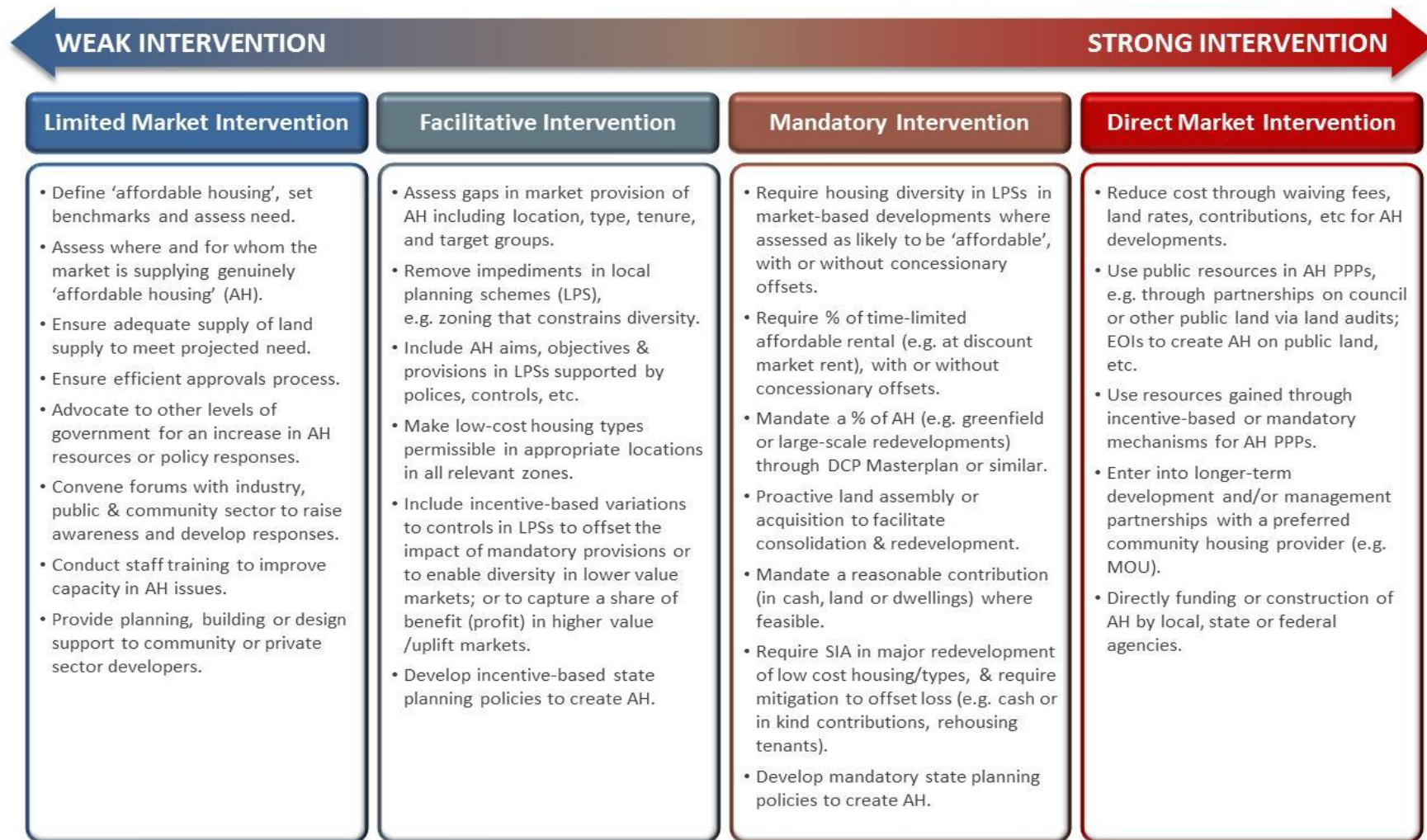
3.4 Framework for Strategies and Mechanisms

There are a wide range of potential strategies and mechanisms available to increase the supply of affordable (including social) housing in the Illawarra Shoalhaven Region, as outlined in **Table 2.1 below**. These strategies range from:

- **‘Light’ intervention** in the housing market, such as conducting research, developing affordable housing targets, community education, brokerage schemes, and lobbying and advocacy (column 1);
- **‘Facilitative’ intervention**, such as affordable housing incentives and removing impediments within local planning instruments or undue delays through the planning and approvals processes, entering into voluntary planning agreements (column 2);

to stronger intervention, such as:

- **‘Mandatory’ interventions**, such as developing an Affordable Housing Contribution Scheme, inclusionary zoning and mandating market delivery of affordable and low-cost housing types through the planning system (column 3); and
- **‘Direct provision’** of affordable housing through use of Council and other government land in affordable housing partnerships, direct funding or subsidisation of housing by State and Federal Government, including social housing, affordable rental housing or shared equity, and more efficient use of existing social housing through selective redevelopments on NSW Land and Housing Corporation land. Large employers and community housing providers may also use their own resources or borrowing to directly increase the supply of affordable housing, including through partnerships with local or State Government (column 4).



Source: Stubbs (2003); JSA (2011)

Figure 3-1: Mechanisms and Strategies to Create Affordable Housing along a Continuum of Planning Intervention

4 Recommended Strategies

4.1 Overview

Section 3 to 6 of the *Case Studies and Strategies Report* provide detailed recommendations on strategies and actions that are most likely to be effective in maintaining and increasing the supply of affordable housing in the Illawarra Shoalhaven regional context, as well as a rationale for each strategy, and relevant examples and case studies.

These are summarised below in accordance with the framework set out above. The relevant section of the *Case Studies and Strategies Report* is also footnoted should the reader be interested in the detailed strategies and case studies.

4.2 ‘Light’ Intervention: Strategy, Lobbying, Advocacy and Brokerage

This section provides an overview of key findings and recommended strategies and actions from **Section 3** of the *Case Studies and Strategies Report*.

4.2.1 Adopt the Strategy

Rationale

An evidence-based *Affordable Housing Strategy*, that sets out a shared understanding affordable housing definitions, benchmarks, needs and targets, and that can be supported by a broad range of stakeholders including local communities, is crucial in the regional housing market context.

To be effective, it is also important that the development of responses is a shared responsibility across all levels of government, as well as the development industry, large employers, peak industry bodies and community housing providers and other not for profit agencies. Indicative targets set as part of this *Strategy* provide something to aim for and to measure progress against, and are the responsibility of all stakeholders under a shared approach.

Recommended Strategies and Actions

- Make the research from this study widely available so that it can be used for strategic planning, lobbying and advocacy, and community education;
- Adopt the definitions and benchmarks for affordable housing in Table 1.1;
- Prioritise **very low and low income renters** in the strategy, including a focus on the broader definition of ‘key workers’ set out in outlined in Section 1.3 above;
- Adopt indicative affordable (including social) housing targets for 2021-41 based on projected (additional) need only, these being:
 - 11,645 affordable dwellings for the Illawarra Shoalhaven Region;
 - 5,385 affordable dwellings for Wollongong LGA;
 - 2,525 affordable dwellings for Shellharbour LGA;

- 438 affordable dwellings Kiama LGA; and
- 3,280 affordable dwellings for Shoalhaven LGA.

4.2.2 Lobbying and Advocacy

Rationale

It is vital that the Region receive a fair share of additional funding and resources to meet identified affordable housing need under existing and planned State and Federal Government programs.

Evidence of significant unmet demand for social housing in each LGA, and the loss of social housing in proportional and absolute terms amid increasing need, and long waiting times in all parts of the Region, is also important in this regard.

Recommended Strategies and Actions

Advocacy with Federal Government

- Advocate for fair share of funding and resources for the Region in relation to:
 - Negotiation of the next National Housing and Homelessness Agreement;
 - The Affordable Housing Bond Aggregator and National Housing Infrastructure Facility to support new affordable housing projects;
 - The \$10 billion Housing Australia Future Fund investment intended to provide for 30,000 new dwellings across Australia including 20,000 social housing and 10,000 affordable housing dwellings for 'frontline workers'.

Advocacy with State Government

- Advocate to NSW Land and Housing Corporation (LAHC) and State Government for:
 - No further loss of social housing in the Region through sale or redevelopment of existing dwellings, and that any social housing transfers or redevelopment be guaranteed to result in a net gain in social housing dwellings;
 - Progressive funding of at least an additional 3,925 social housing dwellings by 2041 to maintain the current regional rate, including at least:
 - 1,940 additional social housing dwellings in Wollongong LGA;
 - 807 additional social housing dwellings in Shellharbour LGA;
 - 219 additional social housing dwellings in Kiama LGA; and
 - 901 additional social housing dwellings in Shoalhaven LGA;
 - A fair share of funding under other programs including:
 - The Community Housing Innovation Fund in early 2023 and any future funding under the 2022-23 Housing Package;
 - The 270 new key worker homes (for teachers and NSW Police Force) by Regional NSW and LAHC.
 - The pilot a rent-to-buy program to be delivered by LAHC and CHPs;
 - Share Equity Schemes at Federal and State levels.

4.2.3 Short-term strategies (brokerage, meantime use, etc)

Rationale

There are significant and growing levels of homelessness among more traditional homeless groups, and a growing number of low paid workers. Real estate agents noted the unprecedented tightness of the regional rental market, and the ‘near zero’ vacancy rate, commenting that *‘It’s no longer about having a job. It’s about finding anything to rent at all’*.

Councils, large employers, CHPs, and other not for profit and philanthropic bodies are engaged in a range of actions to quickly add to the supply of rental accommodation through community awareness raising, brokerage and meantime use schemes at the local level.

Case Study – Meantime Use by Warrigal Aged Care

Warrigal is a community-based organisation that provides **retirement living** and **aged care services** across 15 locations in the Illawarra, Southern Highlands, Queanbeyan and Canberra regions, employing 1846 staff and 365 volunteers. Warrigal aims to offer more villages and home care services in the region in the coming years, but is highly constrained by workforce shortages and an inability to attract new workers to the Region, largely due to the lack of affordable rental housing.

As well as head-leasing houses on the private market from its staff on skilled migrant visas, it is also using existing facilities earmarked for redevelopment as meantime use for its staff. This includes some of the independent living units in its Warilla retirement village, as they have become vacant. The village apartments also continue to house existing older residents until the redevelopment plans are finalised and construction begins.



Figure 4-1: Warrigal Warilla Village units current ‘meantime use’ for skilled migrant workers

Source: JSA 2022, and interviews with Warrigal Staff, November 2022.

Secondary Dwellings – ‘The Housing Pipeline’

An innovative project to fast-track the supply of Secondary Dwellings on ‘lazy assets’ provides an opportunity to provide an important source of lower-cost rental for key workers.

‘The Housing Pipeline’ is in the process of development and ‘proof of concept’ at the time of writing, has been developed by Natalie Allan of MMJ Real Estate. The project aims to identify existing smaller residential landlords or ‘mum and dad investors’, who are currently renting out a

house on a larger block of land, where zoning and controls are appropriate for the addition of a Secondary Dwelling, either built or in the form of a manufactured home.

Provided controls, such as setbacks, can be achieved, this means that such a development would be assessed as Complying Development under the State Environmental Planning Policy (Housing) 2021, and therefore able to be determined for approval by a private certifier rather than as a Development Application.

Other council areas are also promoting the benefits of ‘tiny homes’ and smaller manufactured homes in contributing the stock of granny flats or Secondary Dwellings.⁴²



Figure 4-2: Example of a smaller manufactured (or ‘tiny’) home as a Secondary Dwelling

Source: <https://www.cgrc.nsw.gov.au/wp-content/uploads/2020/10/GRANNY-FLATS-TINY-HOUSES-CARAVANS.pdf>

Case Study - Shoalhaven City Council’s Appeal to Non-Resident Property Owners

In late September 2022, the Mayor of Shoalhaven City Council, Amanda Findley made a similar appeal to non-resident property owners where the property is currently vacant to consider long-term rental ‘even if only for 12-18 months’ to ‘help alleviate some of the pressure and to buy us some time as we await the promised housing investment funding from the Federal and State Governments.’⁴³

⁴² See for example <https://www.cgrc.nsw.gov.au/wp-content/uploads/2020/10/GRANNY-FLATS-TINY-HOUSES-CARAVANS.pdf>

⁴³ 26 Sept 2022, Letter from Amanda Findley, Mayor of Shoalhaven City Council, <https://www.shoalhaven.nsw.gov.au/Council/News/Shoalhaven-experiencing-housing-crisis>, accessed 24/11/2022.



Figure 4-3: An Air BnB Property Advertised in the Shoalhaven LGA

Source: Google Search 6 March 2023.

Recommended Strategies and Actions

- Council appeals to non-resident property owners to return holiday homes and short-term rentals to the long-term rental market;
- Councils and CHPs work together to set up a pilot brokerage program that matches home owners in large under-occupied homes with single key workers;
- Councils and large employers explore ‘meanwhile’ or temporary use of vacant land and buildings while decisions are being made about future use, including land and building audits, and funding for adaptive reuse and management;
- Investigate opportunities for temporary accommodation for key workers in redundant State Government facilities, such as Shellharbour Hospital, where zoning already permits accommodation of health staff;
- Facilitate opportunities for Secondary Dwellings as complying development in the form of manufactured or ‘tiny homes’ through promoting this model to small investors, real estate agents and employers.

4.3 ‘Facilitative’ Strategies

This section provides an overview of key findings and recommended strategies and actions from **Section 4** of the *Case Studies and Strategies Report*.

4.3.1 Overview

It is likely that the market would be able to provide for only 10-15% of projected affordable housing need under the existing planning and market conditions. However, this could be improved if there was an increase in smaller (studio, one and two bedroom) strata dwellings in Residential flat buildings and Multi dwelling housing lower cost localities.

Special rental housing products such as Boarding Houses, Co Living Housing and permanent sites and lower cost cabins in caravan parks under the NSW Housing SEPP are also important sources

of affordable housing through the market for some low income groups. There is currently a very constrained supply of such accommodation across the most parts of the Region.

It is therefore important that there are **no impediments to the delivery of such accommodation** through local planning instruments in well located areas, and to provide for additional incentives for the market delivery of such housing where this is justified economically. Local **Councils have a crucial role to play** in actively seeking to facilitate the supply of such dwellings and housing products through their planning and assessment processes, and ensuring that assessment processes are as efficient as possible, noting the increasing complexity of the NSW planning system and shortage of planning professionals is an issue in this regard.

4.3.2 Remove Impediments in Local Planning Instruments

Rationale

A detailed analysis of the economics of redevelopment has been undertaken in the preparation of this Strategy, and is reported in Section 4.2.1 of the *Case Studies and Strategies Report*, and in *Appendix 4: The Economics of Redevelopment*.

A number of impediments or unintended barriers to the development of more affordable, diverse and lower cost housing types through the market in local planning instruments were identified. Councils could consider amendments during the regular review of these instruments, including those summarised below.

Recommended Strategies and Actions

Councils could consider the following amendments to local planning instruments:

- Extend more liberal planning controls to the area south of Wollongong suburb;
- Remove additional DCP constraints on set back and height in Warrawong, and adopt zero front, side and rear setbacks, with uniform height across the B3 zone of 24 metres and FSR 2.5:1;
- Consider opportunities for additional height and density in Corrimal B2 and R3 zones;
- Consider opportunities for increased height in Oak Flats B2 zone;
- Assess opportunities to extend areas covered by higher density controls around key centres;
- Consider opportunities for residential ground floor uses in business zones, including provision of adaptable apartments, which can be converted to commercial uses if its viability increase in the future;
- Remove impediments to provision of parking as a ground floor use in business zones in Shop top housing;
- Ensure that parking controls in centres reflect actual rate of vehicle ownership, and provide further discounts for proximity to railway stations, bus stops and business zoned areas in all key centres;
- Provide additional height in Corrimal B2 and R3 zones; Warrawong B3 zone; Dapto B2 zone, B4 and R3 zone; Oak Flats B2 zone; Kiama B2 zone; and Ulladulla B3 zone to ensure

that the available FSR can be utilised, including in conjunction with the provision of parking in parking stations;

- Remove all DCP controls on Residential flat buildings and rely on the Apartment Design Guide;
- Avoid small or incremental changes in planning controls when up-zoning land to ensure land is used for highest and best use in any future up-zonings;
- Promote opportunities for development of Residential flat buildings, Multi dwelling housing and small lot housing in Greenfields release areas;
- Promote the uptake of available bonuses under SEPP (Housing) 2021 for Seniors housing and for Co-living housing with local developers through information sessions and workshops.

4.3.3 Addressing Other Factors Affecting Affordability

Rationale

A number of other factors were also found to affect the cost and affordability of home purchase. This is reported in **Section 4.2.2** of the *Case Studies and Strategies Report*, and in detail in *Appendix 6: Red Square Purchase Affordability Analysis*. This is the basis of recommended strategies, summarised below.

Recommended Strategies and Actions

Councils consider the following to improve affordability and reduce cost of land and dwellings:

- Maintain and increase the supply of urban land in the generally lower priced areas of West Dapto (Avondale and Calderwood), west Albion Park (Tongarra) and Nowra (Cambewarra);
- Reduce minimum lot sizes to facilitate the delivery of small lot housing, including row housing in greenfield developments;
- Ensure that parking controls reflect *actual rates* of vehicle ownership.

4.3.4 Systemic Issues in Planning and Approvals Processes

Rationale

Planning and approvals processes that slow down or restrict delivery of smaller more diverse housing products like small-lot subdivisions, Residential flat buildings, Multi dwelling housing and Boarding Houses can also be a significant impediment to increasing supply.

Issues raised in interviews included Council staff shortages; loss of experienced local government staff to better paid private and State Government jobs; an increasingly complex NSW planning and approvals system; frequent community opposition to diversity and density, despite widespread acceptance in the community that affordable housing is major issue; lack of support and targets for more diverse housing types despite stated planning objectives by State and local government; relatively onerous planning and design requirements for more diverse housing; and lengthy referral timeframes to external agencies.

Increasing the supply of smaller, more diverse and lower cost housing types is critical in the current housing market context, and needs a continuation of proactive measures by all Councils to ensure

that such developments are expedited wherever possible to increase the urgent need for such supply. Community awareness raising is also a critical leadership role of local government, as well as of Business Illawarra and other stakeholders, in promoting support for such developments.

Recommended Strategies and Actions

- Councils continue to review their internal processes to reduce assessment times for smaller, more diverse housing types such as Residential flat buildings, Multi dwelling housing, Boarding Houses, Co-Living Housing, Dual occupancies and Secondary dwellings wherever possible;
- Councils seek to expedite developments that have a demonstrated ability to provide genuinely affordable housing;
- Councils continue to monitor their performance against State averages, and against targets for well located, smaller strata dwellings in their LGAs;
- Business Illawarra in partnership with Councils develop a community education campaign about local and regional affordable housing need, and the importance of increased housing diversity and low cost and affordable housing types, to increase community acceptance and reduce community opposition.

4.3.5 Actively Facilitating Lower Cost Housing Types

Rationale

As well as removing unintended impediments to an increased supply of lower cost dwelling types and affordable housing, Councils can aim to actively facilitate an increased supply of smaller strata dwellings, long-term residency in more affordable caravan parks and MHEs, and Boarding Houses and likely Co-living Housing.

Recommended Strategies and Actions

- Actively facilitating **smaller strata dwellings** and lower cost dwelling types through amendments to local planning instruments and seeking to expedite genuinely affordable housing in the development assessment process, as set out above;
- Maximising opportunities for **residential caravan parks and lower cost MHEs** throughout the Region by ensuring liberal permissibility, and proactively identify additional sites for caravan parks on private and council-owned land wherever possible;
- Investigating **caravan parks as a form of ‘meanwhile’ use** on private and public land, for example, for workers on major infrastructure projects that can have a major impact on local rental markets;
- Active facilitation of **Boarding Houses and Co-living Housing** through education campaigns with developers and local communities to raise awareness and increase acceptance.

4.4 ‘Mandatory’ Mechanisms

This section provides an overview of key findings and recommended strategies and actions from **Section 5** of the *Case Studies and Strategies Report*.

4.4.1 Overview

Given the deep subsidies required to create genuinely affordable housing in perpetuity in the regional housing market context, and the fact that the market will generally not be able to provide for the needs of most of the relevant target groups, mandatory strategies such as affordable housing contributions and mandating lower cost dwelling types where there are likely to be economically feasible are some of the main ways that affordable rental housing will be created.

The support and actions of local Councils and State Government are crucial in this regard.

4.4.2 Mandate Contribution to Affordable Housing

Rationale

Section 7.32 of the Act provides for the development of an Affordable Housing Contribution Scheme, provided a Council can demonstrate affordable housing need and economic viability bases of land value uplift from rezoning, or significant up-zoning, and affordable housing need.

Preliminary economic modelling has been undertaken on indicative redevelopment sites using the DPE Viability Tool to calculate potential land value uplift from rezoning. Modelling on the rezoning of greenfield sites from rural to residential has also been undertaken using a related methodology.⁴⁴

The methodology for greenfield sites and the Affordable Housing Contribution Scheme, developed by Judith Stubbs & Associates, has recently been approved by DPE for urban release areas in Byron Shire, where three precincts (Byron, Mullumbimby and Bangalow) will be subject to an affordable housing contribution of 20% of developable land to create affordable rental housing in perpetuity.

A link to the Scheme is provided below, followed by a Scheme map for Mullumbimby precinct. file:///C:/Users/judy/Downloads/Affordable-housing-contribution-scheme-adopted-by-Council-11-August-2022-26.2020.2.1.pdf



Figure 4-4: One Site in Mullumbimby Precinct from Coolamon Scenic Drive

Source: Byron Shire Council, Affordable Housing Contribution Scheme, August 2022.

⁴⁴ See **Section 5.2** of the *Case Studies and Strategies Report* for detail.

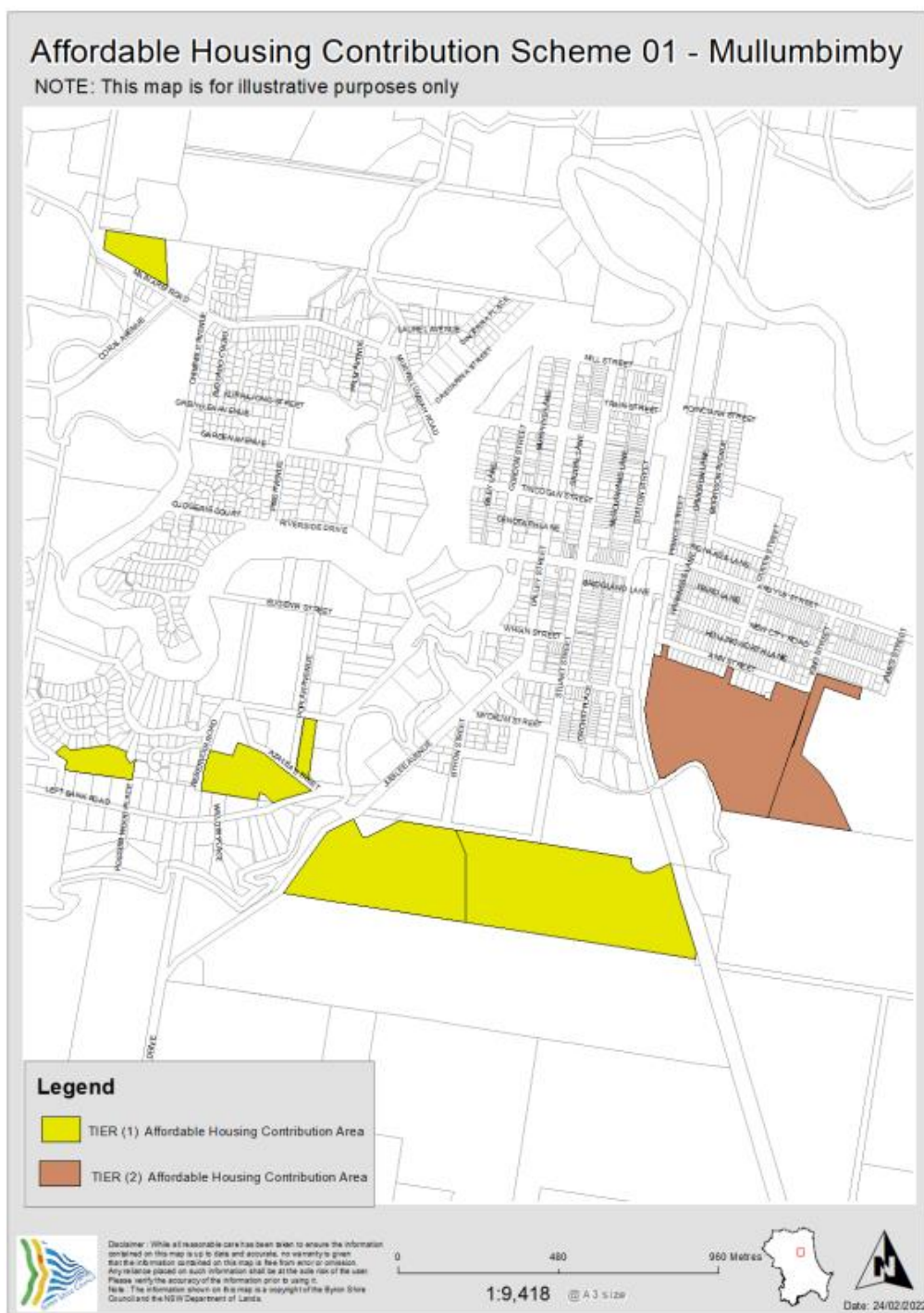


Figure 4-5: Affordable Housing Contribution Scheme – Mullumbimby Precinct

Source: Byron Shire Council, Affordable Housing Contribution Scheme, August 2022.

In the **Illawarra Shoalhaven Region**, modelling on rezoning of indicative greenfield precincts from rural to residential indicates that there is likely to be sufficient land value uplift to provide for an affordable housing contribution of at least 15% in perpetuity (in cash, land or dwellings) in all rural to residential rezonings modelled in the four LGAs.

Preliminary modelling of indicative scenarios involving up-zoning in major urban centres also indicates that it would likely be worth pursuing an Affordable Housing Contribution Scheme in:

- Wollongong City Centre, supported by an increase in residential FSR, with a preliminary contribution of around 6% of GFA; and
- Kiama B2 zone, supported by additional Height of 3.0 metres, with an affordable housing contribution of 9% likely to be viable.

Recommended Strategies and Actions

- Wollongong, Shellharbour, Kiama and Shoalhaven Councils note preliminary modelling and findings, and seek to develop an Affordable Housing Contribution Scheme in advance of future rezonings;
- Wollongong and Kiama Councils note the likely economic viability of an Affordable Housing Contributions Scheme in Wollongong City Centre and Kiama B2 zone, with appropriate amendments to controls to provide for sufficient land value uplift.

4.4.3 Mandate Smaller Dwellings

Rationale

It is unlikely that any new strata product in any of the LGAs will provide affordable purchase housing. However, 50% of apartments and 35% of Multi dwelling housing enters the private rental market, so that smaller studio, one and two bedroom strata dwellings will provide lower cost housing, and affordable rental accommodation for some groups.

Reducing the size, number of bathrooms and parking will also reduce cost of purchase, and likely flow on to rents due to requirements for low rates of return, as well as an increase in supply more generally. Modelling indicates that this is unlikely to be an economic disincentive to development in most areas.

Recommended Strategies and Actions

- In areas **within 400 metres of town centres**, Councils consider mandating a proportion of:
 - smaller studio and one bedroom apartments (e.g. 20% of dwellings); and
 - smaller two bedroom with one bathroom (e.g. 40% of dwellings).
- In **greenfield development** areas, Councils consider:
 - Allocating a proportion of lots for Multi dwelling housing (e.g. 10% of lots), with mandatory provisions for smaller one and two bedroom dwellings; and
 - Providing for a proportion of houses on small lots (e.g. 20% of dwellings/lots).

4.4.4 Social Impact Assessment

Rationale

It is important to properly assess and mitigate the social and economic impacts of employment generating projects section 4.15(b) of the Act. This includes relatively well-paid itinerant construction workers on major infrastructure projects, who can more effectively compete in the

local housing market, as well as from large employment generating projects, such as new hospitals, aged care and large education facilities, which employ large numbers of low paid key workers.

It is reasonable to expect such projects to provide housing for their workers due to the serious impacts on the local housing market, inability of low paid key workers to access affordable housing, and increased housing stress and displacement on local very low and low income renters.

Recommended Strategies and Actions

- Councils consider strengthening their **social impact assessment** policies and processes to ensure that the impacts of major construction and other employment generating projects are properly considered and mitigated;
- Consent authorities and large employers seek to ensure **include key worker accommodation** is provided as part of developments such as hospitals, aged care and education facilities;
- Councils seek to have **input to approvals processes** for such projects where they are not the determining authority through consultation and peer review (e.g. when consulted on the development of SEARs, response to exhibition, etc);

4.5 ‘Direct Creation’ of Affordable Housing

This section provides an overview of key findings and recommended strategies and actions from **Section 6** of the *Case Studies and Strategies Report*.

4.5.1 Overview

Around 85-90% of future affordable (including social) housing need in the Region is unlikely to be met through the market.

Most people in affordable housing need will require **some form of subsidy** for their housing to be affordable. This subsidy will generally come from an affordable housing contribution, government funding, contribution of Council or other government-owned land, or a special housing product, such as shared equity or a community land trust.

Leveraging of the initial subsidy is also desirable in order to maximise the amount of affordable housing created. This can be through borrowing funded from rental income, using profit from some sales to cross-subsidise affordable rental housing, and partnering with a Tier 1 community housing provider, who can often access other government funding or subsidies, borrowings, or bring their own resources to the project. In the case of shared equity, leveraging is achieved by using the purchaser’s contribution to fund part (typically 50% or so) of the dwelling.

4.5.2 Affordable Housing Partnerships on Council- and Other Government-Owned Land

Rationale

Many councils in NSW and across Australia are using their land to create affordable rental housing, generally in partnership with a Tier 1 community housing provider.

There are significant opportunities for Councils and other government authorities in the **Illawarra Shoalhaven Region** to use their land to create affordable rental housing in perpetuity. This includes on car parks in Wollongong CBD and other urban centres, where affordable housing yield and return can be high, including the cost of replacing parking.

City of Perth Case Study

In 2009, City of Perth adopted its first *Affordable Housing Strategy*, which included a commitment to develop well-located affordable 'key workers' housing on Council land. The first development was on a CBD car park owned by Council, which was assessed by JSA as having the potential for high affordable housing yield and rate of return, including replacement car parking.



Figure 4-6 One of 16 Car Parks Identified by City of Perth for Potential Affordable Housing Development

The development was for 48 units of affordable housing, mainly allocated to locally-employed 'key workers' at discount market rent, with four units allocated to social housing. Council took the unusual step of borrowing to construct the units based on projected rent return rather than partnering with a CHP. However, a local CHP, Access Housing Australia was engaged as the tenancy and property manager, as role that Council did not feel it had the expertise to take on.



Figure 4-7 City of Perth Affordable 'Key Worker' Housing Development

Council and Other Government-Owned Sites in the Illawarra Shoalhaven Region

Thirteen indicative **Council- and other government-owned sites** suitable for affordable housing partnerships were identified and modelled in a preliminary way. These sites were selected as **examples of what could be achieved** on these, or similar site, in terms of rate of return, economic viability, and affordable housing yield. They are not proposed as sites *per se*, although some would likely be worth pursuing if Councils chose to do so.

Preliminary modelling was generally for multi tenure development (a combination of sales, social housing and affordable rental or 'key worker' housing) for Residential flat building/Shop top housing. Boarding houses/Co-living housing, and seniors' developments, or a combination of these. Residential Caravan Parks / MHE as a standalone development were also modelled.

Each of these were **found to be viable**, with a good yield of affordable housing and a positive rate of return at year one, and warranting more detailed investigation should an in-principle decision be made to dedicate land for this purpose.

Two local example are provided below, with detailed information in **Section 6.3** of the *Case Studies and Strategies Report*.

Shellharbour LGA - Oak Flats Car Park Site on Rail Corp Land

JSA modelling of a mixed tenure residential flat building incorporating a boarding house and seniors housing component housing development has:

- Preliminary project cost of **\$109 million**
- **Moderate (1.18)** Economic Viability (estimated return) value, which could be improved by varying sales, target groups, and accessing government subsidies and funding, partnering with a CHP
- Expected yield of 224 affordable dwellings for very low, low and moderate income renters



Figure 4-8: Oak Flats Rail Corp-owned land, Stanford Drive Oak Flats

Source: Google Maps, 2022

Shoalhaven LGA – CBD Council-Owned Car Park Ulladulla

JSA modelling of a mixed tenure Shop top housing incorporating a Boarding house component housing development has:

- Preliminary project cost of **\$51 million**
- Marginal Economic Viability (084) (estimated return), which could be improved by additional subsidy from higher level of sales, government funding, borrowing on rent etc from partnering with CHP
- Expected yield of **64 affordable dwellings** for very low, low and moderate income renters



Figure 4-9: CBD Car Park Ulladulla

Source: Google Maps, 2023

Recommended Strategies and Actions

- At least **two council-owned** sites in each of Wollongong, Shellharbour, Kiama and Shoalhaven LGAs be identified and dedicated for use as affordable housing demonstration projects in partnership with a Tier 1 CHP;
- At least **two sites owned by other government authorities** be identified in each LGA through land audits, preliminary modelling, relevant amendments to controls, and seeking agreement with relevant government authorities;
Seek to **partner with local Tier 1 CHPs** in development and management of affordable housing projects, through competitive tendering (EOI) or preferred partner arrangements.

4.5.3 Selective Redevelopment of Social Housing

Rationale

There is an urgent need to increase the supply of social housing and diversify stock to meet projected needs. However, there are a number of barriers to redevelopment that could be undertaken by a Tier 1 CHP, who can act as beneficial partners in relation to redeveloping stock to leverage increased yield and diversity in older, low density public housing areas.

Opening up opportunities for increased participation of CHPs is vital, including providing them with the certainty and the required viability.

Kiama Down Case Study

The Housing Trust has carried out a preliminary investigation of NSW LAHC sites under its management and has identified a number of sites which could be redeveloped. The example from Kiama Downs below is based on a high-level assessment and would need detailed modelling and design prior to progressing this further, but provide an example of what is possible on such sites.

The site currently contains two 3-bedroom fibro cottages with a projected 20 year maintenance cost of \$395,000, which includes capital upgrade for both homes. Preliminary assessment indicates that the site could be redeveloped to provide six dwellings at an estimated cost of \$2.4 million.

This would be of enormous benefit in Kiama LGA given both the projected aging of the population, under-occupancy of dwellings, and the fact that only 1% of dwellings are currently social housing.



Figure 8.5: Older low density social housing at 123-125 Riverside Drive, Kiama Downs

Source: GoogleEarth accessed 25 November 2022.

Recommended Strategies and Actions

- Strong co-ordinated lobbying to ensure that there is **no further loss of social housing** through sale or redevelopment of existing dwellings, and a net gain in social housing be guaranteed in future stock transfers or redevelopment;
- Advocacy for the progressive funding of **at least an additional 3,925 social housing dwellings** by 2041 by NSW State Government to meet projected need;
- Support for CHPs in their negotiations with NSW LAHC to provide **greater certainty and viability** in stock transfers and redevelopments, including:
 - **Title transfer or long-term (35-50 year) leases** to increase CHP capacity for raising finance;
 - **Setting out the comparator** to be used for determining an appropriate return on investment;
 - **Increase borrowing limits** from 50% to 80% of the value of land and buildings to increase the amount of affordable housing that can be delivered against a particular asset base.

4.5.4 Other Issues on Government Land for Affordable Housing

Rationale

Preliminary modelling conducted on indicative sites owned by other public authorities with the potential for **affordable housing partnership developments** also indicates that such developments are likely to be feasible under a range of development scenarios, and would likely be feasible on other sites in similar locations, and/or with similar opportunities and constraints profiles. These opportunities should also be explored as a matter of urgency as one of the most important ways of increasing the supply of affordable rental housing in perpetuity in the regional housing market context.

Likewise, development on all government-owned land should **contain a minimum of 30% affordable (including social) housing** for a mixture of very low, low and moderate income households, including low income key workers close to transport and employment nodes.

Former Bulli Hospital site

The former Bulli Hospital site at 29 Hospital Road, Bulli was acquired by Landcom from NSW Health in May 2022. Landcom has commenced the planning and application process with Wollongong City Council for the transformation and redevelopment of the site for new housing.



Figure 4-10: Former Bulli Hospital Site

Source: GoogleEarth accessed 25 November 2022.

The site is located opposite the newly constructed Bulli Hospital and Aged Care Centre, employing hundreds of low paid key workers. The new Centre provides inpatient, outpatient and allied health services, an Urgent Care Centre to treat minor health issues and injuries and the NSW Ambulance, Bulli Ambulance Station, as well as a 60-suite Residential Aged Care Facility. It is within walking of services, shops and excellent public transport services.

The northern suburbs of Wollongong are some of the most expensive in the Region, with median rental of \$730 affordable to only higher income households.



Figure 4-11: New Bulli Hospital and Aged Care Centre

Source: GoogleEarth accessed 25 November 2022.

The proposal by Landcom at the time of writing is for 50 to 70 dwellings with height between one and three storeys, and 10% affordable housing for people on low to moderate incomes, although it is reported to be currently revising these targets. Increased density would provide much needed smaller, lower cost dwellings on well-located sites, and likely improve the viability of a higher affordable rental housing yield and target.

Recommended Strategies and Actions

- A detailed **audit of the Government Property Index** to identify appropriate partnerships sites and meantime use opportunities, with modelling and feasibility analysis;
- A commitment to at least 30% of dwellings created on government land to be **affordable (including social) housing** for a mixture of very low, low and moderate income households;
- Advocate for the **former Bulli Hospital site be used as a demonstration project** including 30% affordable housing for low income key workers in the health and aged care sector, and a **community education campaign** on the need for key worker housing.

4.5.5 Including Key Worker Housing in Health & Education Precincts

Rationale

It is important that there be adequate key worker housing provided as part of major employment generating projects, including those related to new hospitals, aged care facilities and educational institutions in the Region, as discussed earlier.

Major opportunities are currently related to the planning for the new Shellharbour Hospital and the expanded Shoalhaven Hospital, although planning for the latter is more advanced. Such

projects provide important windows of opportunity to develop **a model for all such future developments in the Region.**

Case Study - New Shellharbour Hospital site at Dunmore

The NSW Government has acquired a greenfield site, close to Shellharbour Railway Station and the M1/A1 motorway at Dunmore for the development of a new Shellharbour Hospital complex.

At the time of writing, the project is understood to be in the early stages of planning and community consultation. The new hospital will include expanded emergency and surgical departments, critical care, mental health, medical imaging, rehabilitation and ambulatory care, and a **‘huge jobs boost for the region’**⁴⁵



Figure 4-12: Artist's impression of new Shellharbour Hospital at Dunmore

Source: NSW Health, https://www.health.nsw.gov.au/news/Pages/20221130_00.aspx, accessed 01/12/2022.

With plans still unclear, **planning for development of this new hospital provides an important opportunity to include key worker accommodation within the complex for lower paid staff working onsite.** It is a crucial opportunity that should not be missed, and would provide a model for the provision of key worker accommodation as part of other large, key worker generating projects in the Region in the future, noting that nurses' quarters used to be provided regularly as part of hospital development in regional areas.

It is also noted that SP2 – Infrastructure (Health Services Facility) zoning would include as allowable ancillary facilities to a hospital **‘accommodation for nurses or other health care workers’**, so that such accommodation is clearly envisaged as part of such a development.

⁴⁵ 30 November 2022, Minister for Health Brad Hazzard, Media Release: First Look at New Shellharbour Hospital Designs, https://www.health.nsw.gov.au/news/Pages/20221130_00.aspx, accessed 01/12/2022.

Recommended Strategies and Actions

- Advocate for adequate accommodation for very low and low income key workers as part of the new **Shellharbour and Shoalhaven Hospitals**;
- Advocate for all such future **health and education projects** to contain adequate accommodation for very low and low income key workers;
- Advocate for inclusion of **itinerant worker accommodation** as part of project approvals for large infrastructure and other employment generating projects.

4.5.6 Innovative Funding Models

Rationale

There is a growing interest and involvement from institutional investors and philanthropic trusts in investing in affordable housing. These provide important opportunities for the Region that should be further explored and developed.

Case Study - Institutional Investors

There is increasing interest from institutional investors to fund affordable housing projects.

St George Community Housing (SGCH) has several such projects completed or in the pipeline, where SGCH provides operational expertise for the project, funding is from an institutional investor, and design and construction is by a larger builder. This is a model that has been used for the delivery of public infrastructure (such as expressways and sewage and water infrastructure) in NSW for many years.

In one such project, funding from investment partner Lighthouse Infrastructure, enabled SGCH acquired 85 apartments valued at \$59M within the Highline development completed in 2021 by leading Sydney developer and builder, Deicorp. Highline is located just 500m from Westmead Hospital and 100m from Western Sydney University campus. The tenancies are managed by SGCH, with key worker tenants meeting the criteria of low to moderate income bands, and working in designated sectors such as emergency services, health and education.

Lighthouse Infrastructure an independent, sustainable infrastructure fund manager, that combines innovation and experience to deliver high quality investment outcomes to institutional investors.⁴⁶ While details of the source of funding is not available, it is likely that Lighthouse Infrastructure has acted as a middleman between a number of institutional investors and SGCH in order to raise the necessary funds. The success of this funding approach shows that there is a market for investment in ethically sound, low risk and low return developments.

⁴⁶ <https://lighthouseinfrastructure.com/> accessed 27/11/2022.



Figure 4-13: SGCH's Key Workers Housing in Highline Development, Westmead

Source: <https://www.sgch.com.au/our-communities/development-construction/completed-developments/>

Recommended Strategies and Actions

- Investigate opportunities for **institutional investors** in for affordable housing projects in the Region in partnerships with CHPs, including on Council and other public land;
- **Broker relationships** between institutional investors and affordable housing developers (CHPs and other not for profits) to facilitate access to financing opportunities for affordable housing developments;
- Advocate for CHPs to **access public financing opportunities** through NHFIC and any future schemes available through the federal government's Housing Future Fund, including on potential local Council and other publicly owned potential partnership sites.

4.5.7 Shared Equity schemes

Rationale

A range of examples of recent and proposed initiatives that are broadly related to subsidised purchase, or shared equity type schemes, are currently in place or proposed in Australia. These would be beneficial moderate income home purchasers in particular, and may also benefit some on low incomes provided they meet eligibility criteria.

This is a way of provide affordable purchase in perpetuity, rather than just benefitting the initial purchaser, as the home is sold back to the equity partners (generally State Government or a CHP) under agreed arrangements when the initial purchaser seeks to leave, or sell out.

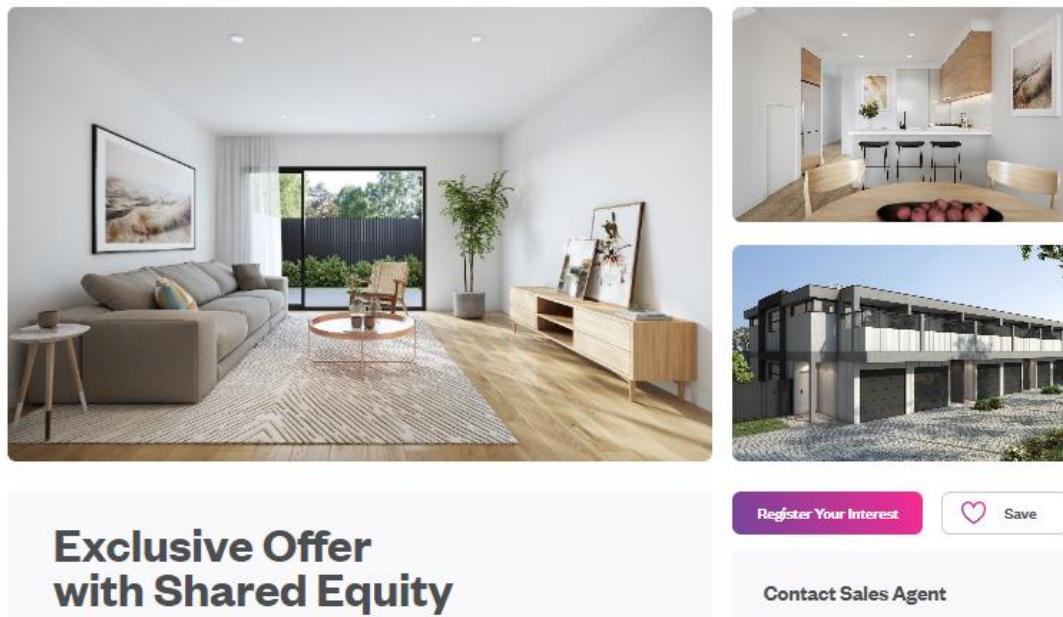
Case Study - Shared equity in South Australia

In 1989, the South Australia Government established its own housing finance company, HomeStart, to provide home loans for South Australians. HomeStart is SA government organisation and not a bank, and offers a range of home loan products including Shared Equity finance. Its current Shared Equity Option allows a prospective home buyer to borrow between 5-25% of the purchase price valuation, up to a maximum of \$200,000. No interest or repayments are payable, with HomeStart sharing in the gain or loss in property value when the home is sold. Eligibility requirements apply.

Shared equity finance is one way to facilitate affordable home purchase for lower income households. In South Australia, the demand for shared equity finance products like those offered by HomeStart is bolstered by legislative requirements that **all new significant developments** should provide 15% affordable housing if they are located within an affordable housing overlay designated in the state's Planning and Design Code.

In this context, significant developments include those on government land, major developments, land sold by government and private developments bound by the planning policy for affordable housing. Affordable housing is priced to cost no more than 30% of gross income for those on low or moderate incomes and can include a mix of homes for purchase or rental.

Lot 3, 478 Morphett Road, **Warradale**



**Exclusive Offer
with Shared Equity**

Register Your Interest Save

Contact Sales Agent

Figure 4.14: Example of Share Equity Sale through HomeSeeker SA

Source: HomeSeeker SA, Homes for Sale, <https://homeseeker.sa.gov.au/homes-for-sale/lot-3-478-morphett-road-warradale>,

Recommended Strategies and Actions

- Community education and advocacy to **increase access to Shared Equity Schemes** for first home buyers in the Region provided by Federal and State Governments;

- Advocate for NSW Government to **develop an online platform** like HomeSeeker SA to improve access to information and affordable home purchase opportunities;
- Support the work of **Aboriginal organisations** should they decide to explore options to develop their landholdings for affordable housing through a Community Land Trust model, the Aboriginal Lands SEPP or by other methods;
- Advocate for the **Region to be included in the NSW Government's pilot rent-to-buy program** to be delivered by LAHC and CHPs, including any projects in the pipeline identified by local Tier 1 CHPs and development industry partners as pilot sites;
- Advocate for **mandatory inclusion of affordable housing** (including shared equity and build to rent to buy options) as proportion of new dwellings created on 'significant sites' and identified in planning instruments, similar to SA, including on government land, major redevelopment sites and greenfields urban expansion areas.