

# Appendix 6: Modelling on Potential Affordable Housing Partnership Sites

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# 1 Executive Summary

A number of potential affordable housing demonstration projects have been identified and modelled in a preliminary way by JSA across the four LGAs. These are summarised in the table below, along with an assessment of their likely viability, location and yield. Typically, development is funded by the sale of 50% of apartments on the private market, and modelling has assumed that land is obtained for the cost of replacing current uses.

Eleven sites were assessed across the four LGAs for their ability to deliver an affordable housing project, including likely economic viability and scale. It is noted that modelling on these indicative sites would also likely apply to similarly located Council-owned sites in the four LGAs, and has been conducted to show in a preliminary way **what could be done if Councils wanted to become involved in the direct creation of affordable rental housing in perpetuity in partnership with a CHP.**

Of the sites considered, the best options for Residential flat buildings in terms of viability and scale were four council owned car park sites in Wollongong City Centre and a council owned site in Shellharbour City Centre. The highest yield and return from development were on the Rawson Street Car Park in Wollongong City Centre, expected to provide over 300 affordable dwellings. Preliminary evaluation shows that development of any of these sites can be self-funding, with funding obtained from a combination of private sales and rental income, and allowing for an economic return to Council through replacement of lost parking. **Any of these sites would warrant further investigation.**

Other feasible sites for Residential flat buildings include railway land at Oak Flats, a council owned car park in Kiama, and railway land at Kiama, with these sites have either lower yield or lower profitability.

Two RE2 zoned sites have been identified at Albion Park Rail and at Nowra Racecourse, and these sites would be suitable for construction of a Caravan Park incorporating manufactured housing. While the economics of such a development were assessed as marginal with costs similar to income, the approach would warrant further investigation as a Caravan Park could deliver affordable housing for an initial investment of around one seventh of the cost of delivery in a Residential flat building; and affordable housing could be delivered on these sites quite quickly. The cost of operation of the Caravan Park was based on costs incurred by Shoalhaven City Council in running tourist parks, and these costs may be an overestimate of the cost of running a residential park, and this warrants further investigation.

Finally, a car park site in Nowra has been identified, noting that this site will require a subsidy of some kind, such as external funding, loss of parking, or variations to planning controls in order to improve viability.

The following table provides a summary of results of preliminary modelling, whilst the case studies that follow provide detailed notes and calculations for examples from this table.

Table 1.1: Summary Potential Affordable Housing Partnership Demonstration Projects

Site	Proposal	Comments	Preliminary Project Cost	Economic Viability (est return) <sup>1</sup>	Expected no. of affordable dwellings	Accessibility	SEPP (Housing) 2021 bonuses used
Rawson Street Carpark, Wollongong	Mixed tenure Shop top housing development incorporating boarding house component	Site currently contains an at grade car park, modelling assumes replacement of parking	\$148 million	High (2.52)	332	Accessible area in Wollongong CBD adjacent to railway station	Affordable Housing FSR & parking bonus, Boarding House FSR and parking bonus, Seniors Housing FSR and parking bonus
Atchinson Street Carpark, Wollongong	Mixed tenure Shop top housing development incorporating boarding house component	Site currently contains an at grade car park, modelling assumes replacement of parking	\$62 million	High (2.26)	138	Accessible area in Wollongong CBD adjacent to railway station	Affordable Housing FSR & parking bonus, Boarding House FSR and parking bonus, Seniors Housing FSR and parking bonus
Land adjacent to Library, Shellharbour City Centre	Mixed tenure Residential flat building incorporating boarding house component	Site currently contains vacant land	\$66 million	High (2.17)	156	Accessible area in Shellharbour City Centre CBD	Affordable Housing parking bonus, Boarding House parking bonus, Seniors Housing height and parking bonus
Thomas Street Carpark, Wollongong	Mixed tenure Residential flat building incorporating boarding house component	Site currently contains an at grade car park, modelling assumes replacement of parking	\$56 million	High (2.22)	108	Accessible area in Wollongong CBD	Affordable Housing parking bonus, Boarding House parking bonus, Seniors Housing height and parking bonus
Stewart Street Carpark, Wollongong	Mixed tenure Residential flat building incorporating boarding house component	Site currently contains an at grade car park, modelling assumes replacement of parking	\$37 million	High (2.37)	72	Accessible area in Wollongong CBD	Affordable Housing parking bonus, Boarding House parking bonus, Seniors Housing height and parking bonus

<sup>1</sup> Estimated returns are based on a range of assumptions, and are best considered to be comparative across options. A full analysis would require preliminary architectural drawings, followed by detailed economic modelling and in depth research regarding sales prices, rent and operating costs.

Site	Proposal	Comments	Preliminary Project Cost	Economic Viability (est return) <sup>1</sup>	Expected no. of affordable dwellings	Accessibility	SEPP (Housing) 2021 bonuses used
Bong Bong Street Railway land, Kiama	Mixed tenure Shop top housing development incorporating boarding house component	Site currently contains an at grade car park and vacant land	\$17 million	High (6.30)	36	Accessible area in Kiama CBD adjacent to railway station	Affordable Housing parking bonus, Boarding House parking bonus, Seniors Housing height and parking bonus
Akuna Street Carpark, Kiama	Mixed tenure Shop top housing development incorporating boarding house component	Site currently contains an at grade car park, modelling assumes replacement of parking	\$26 million	High (2.02)	47	Accessible area in Kiama CBD adjacent to railway station	Affordable Housing parking bonus, Boarding House parking bonus, Seniors Housing height and parking bonus
Railway Car Park, Oak Flats Station	Mixed tenure Residential flat building incorporating boarding house component	Site currently contains an at grade car park, modelling assumes replacement of parking	\$109 million	Moderate (1.18)	224	Accessible area adjacent to Oak Flats Railway Station	Affordable Housing FSR and parking bonus, Boarding House FSR and parking bonus, Seniors Housing FSR, height and parking bonus
RE2 zoned land at Croome Road, Albion Park Rail	Caravan Park	Site is currently undeveloped land	\$12 million	Marginal (1.05)	180	Poor (car dependant)	NA
Nowra Racecourse, South Nowra	Caravan Park	Site is currently undeveloped land within the Racecourse	\$12 million	Marginal (1.00)	180	Poor (car dependant)	NA
Osborne Street Car Park, Nowra	Mixed tenure Residential flat building incorporating boarding house component	Site currently contains an at grade car park, modelling assumes replacement of parking	\$39 million	Needs subsidy including higher level of sales (0.91)	73	Adjacent to Nowra CBD	Affordable Housing parking bonus, Boarding House parking bonus, Seniors Housing height and parking bonus

Source: JSA 2022

**Table Notes:**

- (1) Modelling contains a number of assumptions that need be confirmed on further investigation. Yields on development will need to be confirmed by preliminary architectural design. Application of additional height available under SEPP (Housing) 2021 for Seniors development will require preliminary assessment as to whether the site meets the various accessibility criteria in the SEPP.
- (2) Rents and sales are based on median and third quartiles in the locality, and may vary with amenity of the particular site. While reduced parking has been assumed in accordance with SEPP (Housing) 2021, this may lead to reduced sales prices, and reduced yield and increased parking may provide better returns. Market conditions for sale of housing, rent and construction are changing rapidly at the time of writing, and will need to be further evaluated.
- (3) Modelling has assumed apartments split 50:50 between one and two bedrooms, and with a boarding house component, however the proportion of two bedroom apartments could be increased with the boarding house component likely to be a cost effective way of providing self contained accommodation to small households, due to the smaller room size.
- (4) **Target Groups:** Modelling is based on providing accommodation to the following target groups, noting that much of this demand will be met through discount market rents of 75%:
  - 20% of dwellings affordable to very low income households, including 20% of two bedroom dwellings, with weekly rent of \$227 or less based on the Very Low Income threshold of \$755 per week;
  - 50% of dwellings affordable to low income households, including 50% of two bedroom dwellings, with weekly rent of \$300 or less based on an income of \$900 per week, reflecting median incomes in the Aged Care Sector;
  - 30% of dwellings affordable to moderate income households, including 30% of two bedroom dwellings, with weekly rent of \$500 or less based on an income of \$1,500 per week, reflecting the centre of the moderate income band.

Maximum rents are set at 75% of comparable market rent, as footnoted.

## 2 Partnership sites

### 2.1 Wollongong LGA

#### 2.1.1 Rawson Street Car Park (Lots 1-7, 10-12 Section 1 DP4201 and Lot 1 DP 1134576)

##### Summary

The site is currently used for at grade parking and is proximate to Wollongong Railway Station and to Wollongong CBD. The site has quite liberal planning controls and can take advantage of FSR bonuses available under SEPP (Housing) 2021. Preliminary modelling has been carried out for a mixed tenure development (combining sales and discount market rent) utilising bonuses available for Affordable housing, Boarding houses and Seniors housing. Based on current prices, development is quite likely to be viable with sales of 50% of dwellings modelled to recover much of the construction cost. Modelled profit will support some return to Council for the land, either in cash or in kind through the replacement of lost parking spaces, either on this site or another site, noting that replacement on this site might impact on available FSR. Development could provide affordable housing to an estimated 378 very low, low and moderate income households, and the economics are such that lower levels of sales or higher discounts could be applied.

Based on preliminary modelling, development of the site as a mixed tenure affordable housing development warrants further investigation.

##### The site

- Location: Corner Railway Parade and Rawson Street, Wollongong, 2500
- Ownership: Wollongong City Council
- Controls: B3 Commercial Core, FSR 3.5-6.0:1 (Depending on mix of commercial and residential), HOB 80 metres.
- Area: 5,941 m<sup>2</sup>
- Constraints: None identified
- Current use: Car Park (200 spaces)
- Accessibility: 250 metres walk to Wollongong Railway Station with trains connecting to Bomaderry, northern and southern Wollongong suburbs, Sydney City and southern Sydney suburbs. 140-350 metres walk to bus stops in Crown Street providing access to most Wollongong Suburbs.
- Allowable relevant uses: Car Parks, Shop top housing.
- Options: Boarding houses, Shop top housing.

- Available bonuses under SEPP (Housing) 2021: Additional FSR under In-fill affordable housing, Boarding houses, Co-living housing and Seniors housing.

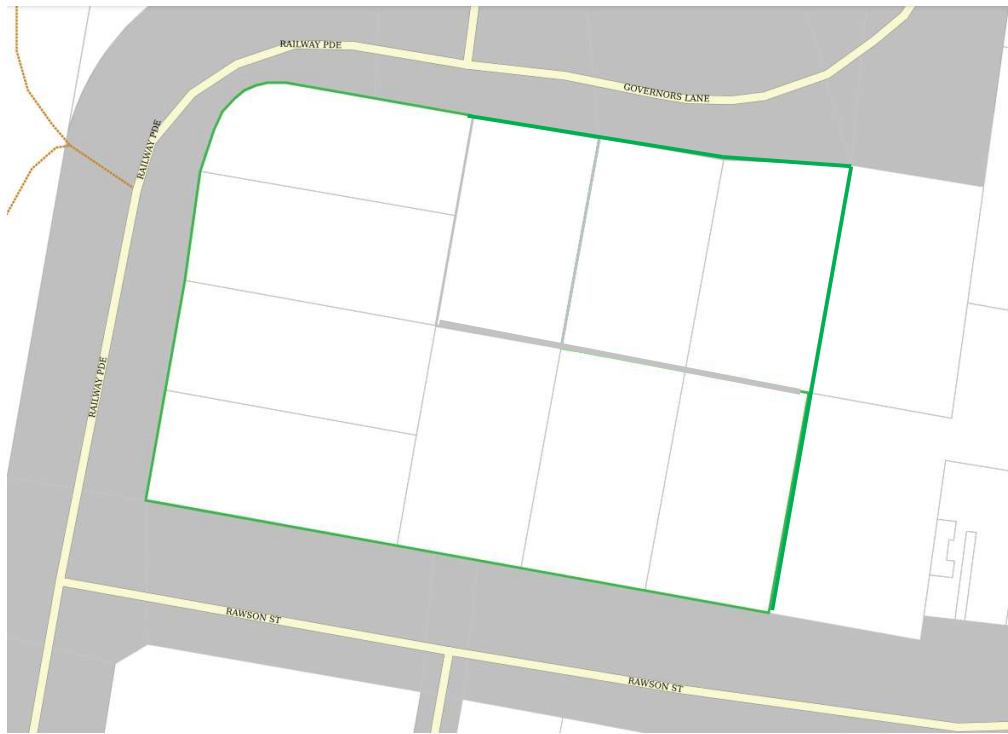


Figure 2-1: Lots 1-7, 10-12 Section 1 DP4201 and Lot 1 DP 1134576

Source: EAC RedSquare Mapping

## Modelling of mixed tenure development

The Site has height of 80 metres, equivalent to 26 stories, and based on an average footprint of 30%, an FSR of 7.80:1 could be accommodated on the site, well above the likely 3.75:1 allowable for shop top housing containing 10% commercial floor space. Other attributes of the site, including zero set backs and the availability of road reserves to provide some or all of the set backs in the Apartment Design Guide, suggest that an average site footprint of greater than 30% is likely to be achievable and so it is likely that the various bonuses under SEPP (Housing) 2021 can be utilised.

Calculations assume replacement of existing parking in a parking station, along with parking for the development. Active street frontages are required, and, in the absence of data, the model assumes cost recovery for the provision of commercial floor space, although this assumption is likely to be optimistic. It is further assumed that the building is managed by a registered Community Housing Provider.

Application of the following bonuses are assumed:

- In fill affordable housing: Assuming 50% of the development is used for affordable housing, an addition FSR of 0.75:1;
- Boarding houses: An additional FSR of 0.94:1 is available;
- Seniors Housing (Independent Living Units): An additional FSR of 0.56:1 is available, including an additional 3.8 metres in height.



Summing these various bonuses to the base FSR gives a total FSR of 6.0, and an average footprint of 22%, so that it is likely the available FSR can be utilised.

The **residential flat building**<sup>2</sup> was assumed to provide 328 dwellings in accordance with FSR constraints with 50% sales and 50% rental. Parking was assumed to be in accordance with SEPP (Housing) 2021 for an accessible area. Modelling assumed that rents were affordable to very low, low and moderate income households. Preliminary modelling suggests that income from such a development would exceed costs by a factor of around 6 as most of the construction cost is recovered in sales, meaning that there are opportunities to provide higher proportions of rental or to further discount rents to provide additional accommodation for very low and low income households. It is possible that sales could provide opportunities for a component of shared equity for low income workers. Modelling is based on SEPP (Housing) 2021 parking rates for accessible areas, however the development could easily support higher rates of parking, with this likely to be a trade off between increased costs from more parking and higher sales prices and rents from providing parking.

The **boarding house** component was assumed to provide 146 rooms, providing affordable rental accommodation to very low and low income households. Preliminary modelling suggests that income from such a development would exceed costs by 25% and so the boarding house is likely to be viable.

The **seniors housing** development was assumed to provide 44 dwellings in accordance with FSR constraints, providing affordable rental housing to low and moderate income households. Fifty percent (50%) sales have been assumed, noting that capital costs are typically recovered in the Seniors housing industry through deposit and buy back schemes. Sales are likely to largely recover construction costs. The application of the seniors housing bonus, while not necessarily providing worker accommodation, will further improve the viability of the project.

When considered as an overall project, the modelled development provides 14% of dwellings affordable to smaller very low income households, 6% of dwellings affordable to larger very low income households, 36% of dwellings affordable to smaller low income households, 14% of dwellings affordable to larger low income households, 21% of dwellings affordable to smaller moderate income households and 8% of dwellings affordable to larger moderate income households.

Table 2-1: Modelling of development

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
Residential FSR	Base $3.75 \times 0.9 = 3.375$ AH bonus $3.75 \times 0.2 = 0.75$	Bonus $3.75 \times 0.25 = 0.9375$	Bonus $3.75 \times 0.15 = 0.5625$	

<sup>2</sup> Assumptions included: Additional 15% for balconies, rates from Rawlinsons Australian Construction Handbook 2019 adjusted for CPI plus 50% for professional fees and profit, minimum sized apartments under the Apartment Design Guide, rents 75% of market or social rent, 10% of rent as administration cost.

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
	Total = 4.125			
Residential FSR area	5,941 X 0.8 X 4.125 = 19,600 m <sup>2</sup>	5,941 X 0.9375 = 5,570 m <sup>2</sup>	5,941 X 0.8 X 0.5625 = 2,700 m <sup>2</sup>	
Expected number of dwellings	82 one bedroom rental		11 one bedroom rental	
	82 one bedroom sales		11 one bedroom sales	
	82 two bedroom rental	146 boarding rooms	11 two bedroom rental	
	82 two bedroom sales	30 parking spaces	11 two bedroom sales	
	148 parking spaces		11 two bedroom sales	
	200 replacement parking spaces		9 parking spaces	
Target groups	Rental: 82 One bedroom affordable to moderate and low income renters (\$299 p.w.) <sup>3</sup>		Rental: 11 One bedroom affordable to moderate and low income renters (\$299 p.w.) <sup>8</sup>	
	16 Two bedroom affordable to moderate income renting households (\$375 p.w.) <sup>4</sup>	Rental: 98 Boarding rooms affordable to low income renters (\$239 p.w.) <sup>7</sup>	11 Two bedroom affordable to moderate income renting households (\$375 p.w.) <sup>9</sup>	
	47 Two bedroom affordable to low income renting households (\$300 p.w.)	48 Boarding rooms affordable to very low income renters (\$227 p.w.)	One bedroom sales affordable to higher income households (\$535,000) <sup>5</sup> and two bedroom sales affordable to higher income renters	
	19 Two bedroom affordable to very low income renting households (\$227 p.w.)		higher income households (\$535,000) <sup>10</sup> and two bedroom sales affordable to higher income households (\$691,000) <sup>11</sup>	
	One bedroom sales affordable to higher income households (\$535,000) <sup>5</sup> and two bedroom sales affordable to higher income renters			

<sup>3</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>4</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>5</sup> Median sales price Wollongong Suburb

<sup>7</sup> 75% of 80% median one bedroom rent for Post Code 2500, June quarter 2022.

<sup>8</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>9</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>10</sup> Median sales price Wollongong Suburb

<sup>11</sup> Median sales price Wollongong Suburb

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
	income households (\$691,000) <sup>6</sup>			
Estimated cost of construction	Parking: 348 spaces at \$40,000 = \$13.9 million Residential: 19,600 m <sup>2</sup> X 1.15 @ \$4,200 = \$94.7 million Total: \$108.6 million	Parking: 30 spaces at \$40,000 = \$1.2 million Residential: 5,570 m <sup>2</sup> @ \$4,400 = \$24.5 million Total: \$25.7 million	Parking: 9 spaces at \$40,000 = \$0.4 million Residential: 2,700 m <sup>2</sup> X 1.15 @ \$4,200 = \$13.0 million Total: \$13.4 million	\$147.7 million
Annual cost based on 5% interest (less sales)	\$403,000	\$1,285,000	-\$4,000 (Sales income exceeds construction cost)	\$1,684,000
Expected annual income based on 75% of market rent and targeted rental; with 10% administration cost	\$2,290,000	\$1,606,000	\$347,000	\$4,243,000
Ratio of income/cost	5.68	1.25	NA	2.52

Source: JSA 2022

## Modelling of build to rent development

SEPP (Housing) 2021 contains provisions regarding the construction of build to rent housing. The main planning advantage of this provision is to allow construction of residential accommodation in business zones where it is otherwise prohibited and so is not relevant to the Wollongong B3 zone where Boarding houses, Seniors housing and Shop top housing are allowable with consent. The provision does not allow subdivision in B3 zones, so that if the build to rent provisions were utilised, it would not be possible to sell dwellings to offset the cost of construction and so subsidise the rental component of the development. Such a development will operate at a loss, as modelled below. If an entity, such as a Superannuation fund, sought to construct build to rent in Wollongong, a better model would be to construct a mixed tenure development such as that modelled above as a financier, in partnership with Council as a land owner and a Community Housing Provider as an operator.

<sup>6</sup> Median sales price Wollongong Suburb

Table 2-2: Modelling of development

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
Residential FSR	Base 3.75 X 0.9 = 3.375 AH bonus 3.75 X 0.2 = 0.75 Total = 4.125	Bonus 3.75 X 0.25 = 0.9375	Bonus 3.75 X 0.15 = 0.5625	
Residential FSR area	5,941 X 0.8 X 4.125 = 19,600 m <sup>2</sup>	5,941 X 0.9375 = 5,570 m <sup>2</sup>	5,941 X 0.8 X 0.5625 = 2,700 m <sup>2</sup>	
Expected number of dwellings	164 one bedroom rental 164 two bedroom rental 148 parking spaces 200 replacement parking spaces	146 boarding rooms 30 parking spaces	22 one bedroom rental 22 two bedroom rental 9 parking spaces	
Target groups	Rental: 164 One bedroom affordable to moderate and low income renters (\$299 p.w.) <sup>12</sup> 34 Two bedroom affordable to moderate income renting households (\$375 p.w.) <sup>13</sup> 93 Two bedroom affordable to low income renting households (\$300 p.w.) 37 Two bedroom affordable to very low income renting households (\$227 p.w.)	Rental: 80 Boarding rooms affordable to low income renters (\$239 p.w.) <sup>14</sup> 66 Boarding rooms affordable to very low income renters (\$227 p.w.)	Rental: 22 One bedroom affordable to moderate and low income renters (\$299 p.w.) <sup>15</sup> 22 Two bedroom affordable to moderate income renting households (\$375 p.w.) <sup>16</sup>	
Estimated cost of construction	Parking: 348 spaces at \$40,000 = \$13.9 million Residential: 19,600 m <sup>2</sup> X 1.15 @ \$4,200 = \$94.7 million Total: \$108.6 million	Parking: 30 spaces at \$40,000 = \$1.2 million Residential: 5,570 m <sup>2</sup> @ \$4,400 = \$24.5 million Total: \$25.7 million	Parking: 9 spaces at \$40,000 = \$0.4 million Residential: 2,700 m <sup>2</sup> X 1.15 @ \$4,200 = \$13.0 million Total: \$13.4 million	\$147.7 million

<sup>12</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>13</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>14</sup> 75% of 80% median one bedroom rent for Post Code 2500, June quarter 2022.

<sup>15</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>16</sup> 75% of median rent for Post Code 2500, June quarter 2022.

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
Annual cost based on 5% interest	\$5,430,000	\$1,285,000	\$670,000	\$7,385,000
Expected annual income based on 75% of market rent and targeted rental; with 10% administration cost	\$4,590,000	\$1,604,000	\$694,000	\$6,888,000
Ratio of income/cost	0.85	1.25	1.04	0.93

Source: JSA 2022

## 2.1.2 Atchison Car Park (Lot 101 DP814507)

### Summary

The site is currently used for at grade parking and is proximate to Wollongong Railway Station and to Wollongong CBD. The site has quite liberal planning controls and can take advantage of FSR bonuses available under SEPP (Housing) 2021. Preliminary modelling has been carried out for a mixed tenure development (combining sales and discount market rent) utilising bonuses available for Affordable housing, Boarding houses and Seniors housing. Based on current prices, development is quite likely to be viable with sales of 50% of dwellings modelled to recover much of the construction cost. Modelled profit will support some return to Council for the land, either in cash or in kind through the replacement of lost parking spaces, either on this site or another site. Development could provide affordable housing to an estimated 138 very low, low and moderate income households, and the economics are such that lower levels of sales or higher discounts could be applied.

Based on preliminary modelling, development of the site as a mixed tenure affordable housing development warrants further investigation.

### The site

- Location: 22 Atchison Street, Wollongong, 2500
- Ownership: Wollongong City Council
- Controls: B3 Commercial Core, FSR 3.5-6.0:1 (Depending on mix of commercial and residential), HOB 120 metres.
- Area: 2,498 m<sup>2</sup>
- Constraints: None identified
- Current use: Car Park (93 spaces)

- Accessibility: 250 metres walk to Wollongong Railway Station with trains connecting to Bomaderry, northern and southern Wollongong suburbs, Sydney City and southern Sydney suburbs. 300 metres walk to bus stops in Crown Street providing access to most Wollongong Suburbs.
- Allowable relevant uses: Car Parks, Shop top housing.
- Options: Boarding houses, Shop top housing.
- Available bonuses under SEPP (Housing) 2021: Additional FSR under In-fill affordable housing, Boarding houses, Co-living housing and Seniors housing.



Figure 2-2: Lot 101 DP814507

Source: EAC RedSquare Mapping

### Modelling of mixed tenure development

The Site has height of 120 metres, equivalent to 40 stories, and based on an average footprint of 30%, an FSR of 12.0:1 could be accommodated on the site, well above the likely 3.75:1 allowable for shop top housing containing 10% commercial floor space. Other attributes of the site, including zero set backs and the availability of road reserves to provide some or all of the set backs in the Apartment Design Guide, suggest that an average site footprint of greater than 30% is likely to be achievable and so it is likely that the various bonuses under SEPP (Housing) 2021 can be utilised.

Calculations assume replacement of existing parking in a parking station, along with parking for the development. Active street frontages are required, and, in the absence of data, the model assumes cost recovery for the provision of commercial floor space, although this assumption is likely to be optimistic. It is further assumed that the building is managed by a registered Community Housing Provider.

Application of the following bonuses are assumed:

- In fill affordable housing: Assuming 50% of the development is used for affordable housing, an addition FSR of 0.75:1;
- Boarding houses: An additional FSR of 0.94:1 is available;
- Seniors Housing (Independent Living Units): An additional FSR of 0.56:1 is available, including an additional 3.8 metres in height.

Summing these various bonuses to the base FSR gives a total FSR of 6.0, and an average footprint of 15%, so that it is likely the available FSR can be utilised.

The **residential flat building**<sup>17</sup> was assumed to provide 136 dwellings in accordance with FSR constraints with 50% sales and 50% rental. Parking was assumed to be in accordance with SEPP (Housing) 2021 for an accessible area. Modelling assumed that rents were affordable to very low, low and moderate income households. Preliminary modelling suggests that income from such a development would exceed costs by a factor of around 5 as most of the construction cost is recovered in sales, meaning that there are opportunities to provide higher proportions of rental or to further discount rents to provide additional accommodation for very low and low income households. It is possible that sales could provide opportunities for a component of shared equity for low income workers. Modelling is based on SEPP (Housing) 2021 parking rates for accessible areas, however the development could easily support higher rates of parking, with this likely to be a trade off between increased costs from more parking and higher sales prices and rents from providing parking.

The **boarding house** component was assumed to provide 62 rooms, providing affordable rental accommodation to very low and low income households. Preliminary modelling suggests that income from such a development would exceed costs by 26% and so the boarding house is likely to be viable.

The **seniors housing** development was assumed to provide 16 dwellings in accordance with FSR constraints, providing affordable rental housing to low and moderate income households. Fifty percent (50%) sales have been assumed, noting that capital costs are typically recovered in the Seniors housing industry through deposit and buy back schemes. Sales are likely to largely recover construction costs. The application of the seniors housing bonus, while not necessarily providing worker accommodation, will further improve the viability of the project.

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<sup>17</sup> Assumptions included: Additional 15% for balconies, rates from Rawlinsons Australian Construction Handbook 2019 adjusted for CPI plus 50% for professional fees and profit, minimum sized apartments under the Apartment Design Guide, rents 75% of market or social rent, 10% of rent as administration cost.

When considered as an overall project, the modelled development provides 14% of dwellings affordable to smaller very low income households, 6% of dwellings affordable to larger very low income households, 36% of dwellings affordable to smaller low income households, 14% of dwellings affordable to larger low income households, 22% of dwellings affordable to smaller moderate income households and 8% of dwellings affordable to larger moderate income households.

Table 2-3: Modelling of development

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
Residential FSR	Base $3.75 \times 0.9 = 3.375$ AH bonus $3.75 \times 0.2 = 0.75$ Total = 4.125	Bonus $3.75 \times 0.25 = 0.9375$	Bonus $3.75 \times 0.15 = 0.5625$	
Residential FSR area	$2,498 \times 0.8 \times 4.125 = 8,200 \text{ m}^2$	$2,498 \times 0.9375 = 2,340 \text{ m}^2$	$2,498 \times 0.8 \times 0.5625 = 1,100 \text{ m}^2$	
Expected number of dwellings	34 one bedroom rental 34 one bedroom sales 34 two bedroom rental 34 two bedroom sales 62 parking spaces 93 replacement parking spaces	62 boarding rooms 13 parking spaces	4 one bedroom rental 4 one bedroom sales 4 two bedroom rental 4 two bedroom sales 4 parking spaces	
Target groups	Rental: 34 One bedroom affordable to moderate and low income renters (\$299 p.w.) <sup>18</sup> 7 Two bedroom affordable to moderate income renting households (\$375 p.w.) <sup>19</sup> 19 Two bedroom affordable to low income renting households (\$300 p.w.) 8 Two bedroom affordable to very low income renting	Rental: 42 Boarding rooms affordable to low income renters (\$239 p.w.) <sup>22</sup> 20 Boarding rooms affordable to very low income renters (\$227 p.w.)	Rental: 4 One bedroom affordable to moderate and low income renters (\$299 p.w.) <sup>23</sup> 4 Two bedroom affordable to moderate income renting households (\$375 p.w.) <sup>24</sup> One bedroom sales affordable to higher income households (\$535,000) <sup>25</sup> and two bedroom sales affordable to higher income	

<sup>18</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>19</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>22</sup> 75% of 80% median one bedroom rent for Post Code 2500, June quarter 2022.

<sup>23</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>24</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>25</sup> Median sales price Wollongong Suburb



	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
	households (\$227 p.w.) One bedroom sales affordable to higher income households (\$535,000) <sup>20</sup> and two bedroom sales affordable to higher income households (\$691,000) <sup>21</sup>		households (\$691,000) <sup>26</sup>	
Estimated cost of construction	Parking: 155 spaces at \$40,000 = \$6.2 million Residential: 8,200 m <sup>2</sup> X 1.15 @ \$4,200 = \$39.6 million Total: \$45.8 million	Parking: 13 spaces at \$40,000 = \$0.5 million Residential: 2,340 m <sup>2</sup> @ \$4,400 = \$10.3 million Total: \$10.8 million	Parking: 4 spaces at \$40,000 = \$0.2 million Residential: 1,100 m <sup>2</sup> X 1.15 @ \$4,200 = \$5.3 million Total: \$5.5 million	\$62.1 million
Annual cost based on 5% interest (less sales)	\$206,000	\$540,000	\$30,000	\$776,000
Expected annual income based on 75% of market rent and targeted rental; with 10% administration cost	\$950,000	\$682,000	\$126,000	\$1,758,000
Ratio of income/cost	4.61	1.26	4.20	2.26

Source: JSA 2022

### 2.1.3 Thomas Street Car Park (Lot 1 DP206847, Lot 122 DP513474, Lot 1 DP1024972 & Lot 2 DP1112802)

#### Summary

The site is currently used for at grade parking and is proximate to Wollongong CBD and is in an accessible area. Due to height restrictions, the site is unlikely to take advantage of FSR bonuses available under SEPP (Housing) 2021, apart from the availability of additional height for Seniors housing. Based on current prices, development is quite likely to be viable with sales of 50% of dwellings modelled to recover much of the construction cost. Modelled profit will support some

<sup>20</sup> Median sales price Wollongong Suburb

<sup>21</sup> Median sales price Wollongong Suburb

<sup>26</sup> Median sales price Wollongong Suburb

return to Council for the land, either in cash or in kind through the replacement of lost parking spaces, either on this site or another site. Development could provide affordable housing to an estimated 108 very low, low and moderate income households, and the economics are such that lower levels of sales or higher discounts could be applied. Modelling assumes that parking can be accommodated in an onsite parking station, however this assumption may be optimistic, and preliminary architectural design would be required to confirm probable yield on the site.

Based on preliminary modelling, development of the site as a mixed tenure affordable housing development warrants further investigation. As an alternative, the site could be used to construct a multi storey parking station and so replace parking lost as a result of redevelopment of other at grade parking stations within Wollongong City Centre.

### The site

- Location: Corner Thomas Street and Market Street, Wollongong, 2500
- Ownership: Wollongong City Council
- Controls: B4 Mixed Use, FSR 3.5:1, HOB 24 metres.
- Area: 4,488 m<sup>2</sup>
- Constraints: None identified
- Current use: Car Park (140 spaces)
- Accessibility: 300 metres walk to bus stops in Kiera Street servicing Bus Service 90 (Wollongong to Austinmer Station) which meets the definition of an accessible area.
- Allowable relevant uses: Boarding houses, Car parks, Residential flat buildings, Shop top housing.
- Options: Boarding houses, Residential flat buildings.
- Available bonuses under SEPP (Housing) 2021: Additional FSR under In-fill affordable housing, Boarding houses, Co-living housing and Seniors housing.

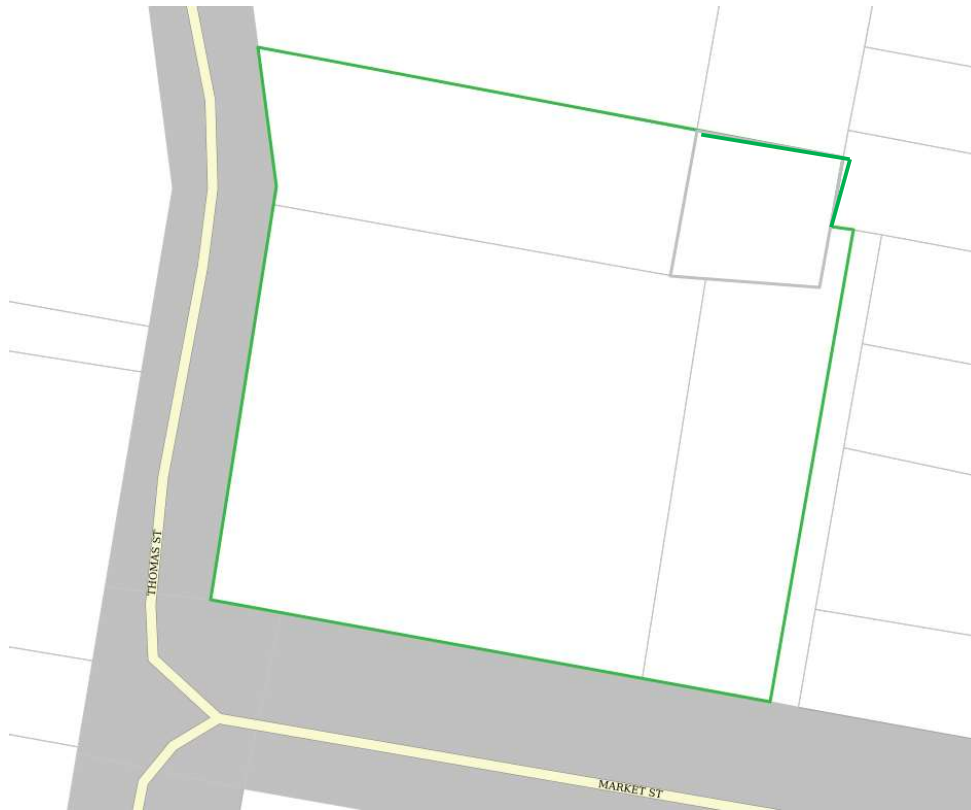


Figure 2-3: Lot 1 DP206847, Lot 122 DP513474, Lot 1 DP1024972 & Lot 2 DP1112802

Source: EAC RedSquare Mapping

### Modelling of development

The Site has height of 24 metres, equivalent to 8 stories, and based on an average footprint of 30%, an FSR of 2.4:1 could be accommodated on the site, well below the allowable FSR of 3.5:1. Setbacks are 3 metres to street frontages, and side and rear setbacks in accordance with the Apartment Design Guide. These setbacks will make it difficult to achieve an average site footprint greater than 30%, and so provide little opportunity to take up density bonuses in SEPP (Housing) 2021. Part of the Seniors Housing bonus can likely be utilised, as the provision effectively allows for an additional storey.

Calculations assume replacement of existing parking in a parking station, along with parking for the development. This assumption is likely to be optimistic, given the various site set backs and the lower Height of Buildings compared to the allowable FSR, and preliminary architectural design would be required to test the assumption. It is further assumed that the building is managed by a registered Community Housing Provider.

Application of the following bonuses are assumed:

- Infill affordable housing: Reduced level of parking.
- Boarding house: Reduced level of parking.

- Seniors Housing (Independent Living Units): The additional FSR is unlikely to be utilised, however the additional 3.8 metres in height is equivalent to an additional FSR of 0.3 from an additional storey.

Summing these various bonuses to the base FSR gives a total FSR of 2.7:1, based on an average footprint of 30%.

The **residential flat building**<sup>27</sup> was assumed to provide 124 dwellings in accordance with FSR constraints with 50% sales and 50% rental. Parking was assumed to be in accordance with SEPP (Housing) 2021 for an accessible area. Modelling assumed that rents were affordable to very low, low and moderate income households. Preliminary modelling suggests that income from such a development would exceed costs by a factor of around 3 as most of the construction cost is recovered in sales, meaning that there are opportunities to provide higher proportions of rental or to further discount rents to provide additional accommodation for very low and low income households. It is possible that sales could provide opportunities for a component of shared equity for low income workers. Modelling is based on SEPP (Housing) 2021 parking rates for accessible areas.

The **boarding house** component was assumed to provide 36 rooms, providing affordable rental accommodation to very low and low income households. Preliminary modelling suggests that income from such a development would exceed costs by 27% and so the boarding house is likely to be viable.

The **seniors housing** development was assumed to provide 18 dwellings in accordance with height constraints, providing affordable rental housing to low and moderate income households. Fifty percent (50%) sales have been assumed, noting that capital costs are typically recovered in the Seniors housing industry through deposit and buy back schemes. Sales are likely to largely recover construction costs. The application of the seniors housing bonus, while not necessarily providing worker accommodation, will further improve the viability of the project.

When considered as an overall project, the modelled development provides 13% of dwellings affordable to smaller very low income households, 6% of dwellings affordable to larger very low income households, 33% of dwellings affordable to smaller low income households, 17% of dwellings affordable to larger low income households, 20% of dwellings affordable to smaller moderate income households and 10% of dwellings affordable to larger moderate income households.

Table 2-4: Modelling of development

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
Residential FSR	2.1	0.3 (assumes one floor is developed)	0.3	2.7

<sup>27</sup> Assumptions included: Additional 15% for balconies, rates from Rawlinsons Australian Construction Handbook 2019 adjusted for CPI plus 50% for professional fees and profit, minimum sized apartments under the Apartment Design Guide, rents 75% of market or social rent, 10% of rent as administration cost.

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
		as a boarding house)		
Residential FSR area	4,488 X 0.8 X 2.1 = 7,500 m <sup>2</sup>	4,488 X 0.3 = 1,350 m <sup>2</sup>	4,488 X 0.8 X 0.3 = 1,100 m <sup>2</sup>	
Expected number of dwellings	31 one bedroom rental 31 one bedroom sales 31 two bedroom rental 31 two bedroom sales 56 parking spaces 140 replacement parking spaces	36 boarding rooms 8 parking spaces	5 one bedroom rental 4 one bedroom sales 5 two bedroom rental 4 two bedroom sales 4 parking spaces	
Target groups	Rental: 31 One bedroom affordable to moderate and low income renters (\$299 p.w.) <sup>28</sup> 6 Two bedroom affordable to moderate income renting households (\$375 p.w.) <sup>29</sup> 18 Two bedroom affordable to low income renting households (\$300 p.w.) 7 Two bedroom affordable to very low income renting households (\$227 p.w.) One bedroom sales affordable to higher income households (\$535,000) <sup>30</sup> and two bedroom sales affordable to higher	Rental: 22 Boarding rooms affordable to low income renters (\$239 p.w.) <sup>32</sup> 14 Boarding rooms affordable to very low income renters (\$227 p.w.)	Rental: 5 One bedroom affordable to moderate and low income renters (\$299 p.w.) <sup>33</sup> 5 Two bedroom affordable to moderate income renting households (\$375 p.w.) <sup>34</sup> One bedroom sales affordable to higher income households (\$535,000) <sup>35</sup> and two bedroom sales affordable to higher income households (\$691,000) <sup>36</sup>	

<sup>28</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>29</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>30</sup> Median sales price Wollongong Suburb

<sup>32</sup> 75% of 80% median one bedroom rent for Post Code 2500, June quarter 2022.

<sup>33</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>34</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>35</sup> Median sales price Wollongong Suburb

<sup>36</sup> Median sales price Wollongong Suburb

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
	income households (\$691,000) <sup>31</sup>			
Estimated cost of construction	Parking: 196 spaces at \$40,000 = \$7.8 million Residential: 7,500 m <sup>2</sup> X 1.15 @ \$4,200 = \$36.2 million Total: \$44.0 million	Parking: 8 spaces at \$40,000 = \$0.3 million Residential: 1,350 m <sup>2</sup> @ \$4,400 = \$5.9 million Total: \$6.2 million	Parking: 4 spaces at \$40,000 = \$0.2 million Residential: 1,100 m <sup>2</sup> X 1.15 @ \$4,200 = \$5.3 million Total: \$5.5 million	\$55.7 million
Annual cost based on 5% interest (less sales)	\$300,000	\$310,000	\$30,000	\$640,000
Expected annual income based on 75% of market rent and targeted rental; with 10% administration cost	\$866,000	\$395,000	\$158,000	\$1,419,000
Ratio of income/cost	2.89	1.27	5.27	2.22

Source: JSA 2022

## 2.1.4 Stewart Street Car Park (Lots 10 & 11 DP5095, Lot 26 DP975638 and Lot 1 DP986484)

### Summary

The site is currently used for at grade parking and is proximate to Wollongong CBD and is in an accessible area. Due to height restrictions, the site is unlikely to take advantage of FSR bonuses available under SEPP (Housing) 2021, apart from the availability of additional height for Seniors housing. Based on current prices, development is quite likely to be viable with sales of 50% of dwellings modelled to recover much of the construction cost. Modelled profit will support some return to Council for the land, either in cash or in kind through the replacement of lost parking spaces, either on this site or another site. Development could provide affordable housing to an estimated 72 very low, low and moderate income households, and the economics are such that lower levels of sales or higher discounts could be applied. Modelling assumes that parking can be accommodated in an onsite parking station, however this assumption may be optimistic, and preliminary architectural design would be required to confirm probable yield on the site.

<sup>31</sup> Median sales price Wollongong Suburb

Based on preliminary modelling, development of the site as a mixed tenure affordable housing development warrants further investigation. As an alternative, the site could be used to construct a multi storey parking station and so replace parking lost as a result of redevelopment of other at grade parking stations within Wollongong City Centre.

### The site

- Location: 33 Stewart Street, Wollongong, 2500
- Ownership: Wollongong City Council
- Controls: B4 Mixed Use, FSR 3.5:1, HOB 24 metres.
- Area: 2,999 m<sup>2</sup>
- Constraints: None identified
- Current use: Car Park (100 spaces)
- Accessibility: 300 metres walk to bus stops in Burelli Street servicing Bus Service 90 (Wollongong to Austinmer Station) which meets the definition of an accessible area.
- Allowable relevant uses: Boarding houses, Car parks, Residential flat buildings, Shop top housing.
- Options: Boarding houses, Residential flat buildings.
- Available bonuses under SEPP (Housing) 2021: Additional FSR under In-fill affordable housing, Boarding houses, Co-living housing and Seniors housing.

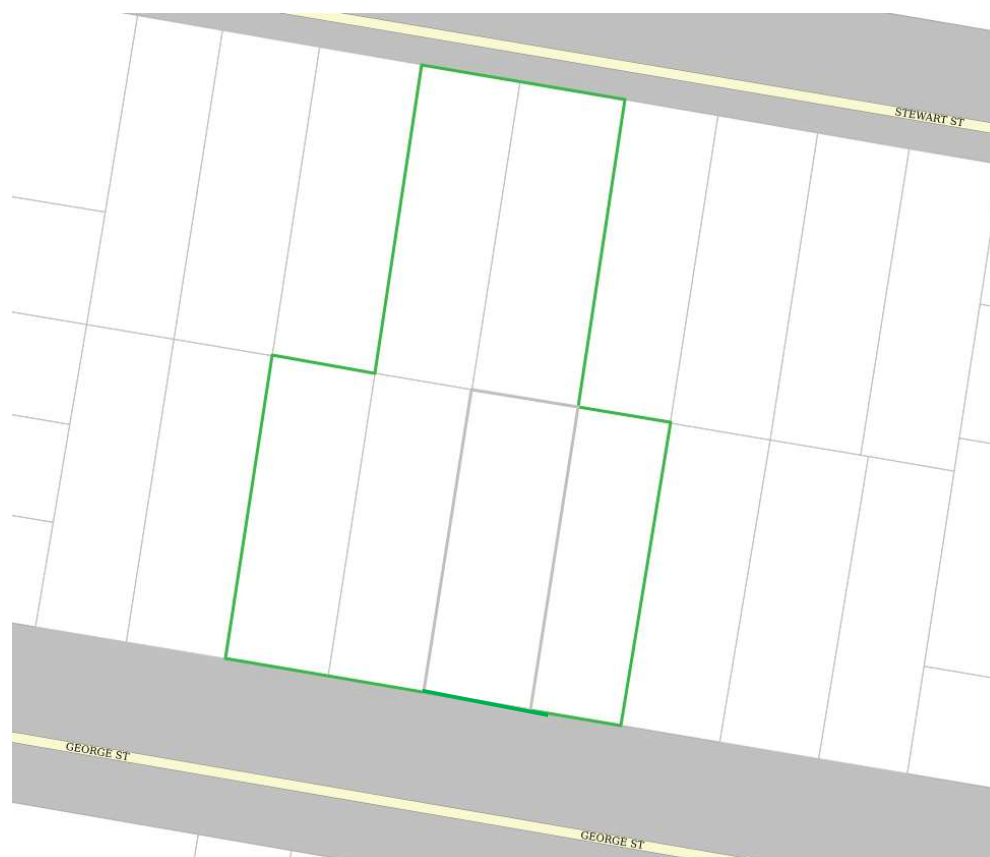


Figure 2-4: Lots 10 & 11 DP5095, Lot 26 DP975638 and Lot 1 DP986484

Source: EAC RedSquare Mapping

## Modelling of development

The Site has height of 24 metres, equivalent to 8 stories, and based on an average footprint of 30%, an FSR of 2.4:1 could be accommodated on the site, well below the allowable FSR of 3.5:1. Setbacks are 3 metres to street frontages, and side and rear setbacks in accordance with the Apartment Design Guide. These setbacks will make it difficult to achieve an average site footprint greater than 30%, and so provide little opportunity to take up density bonuses in SEPP (Housing) 2021. Part of the Seniors Housing bonus can likely be utilised, as the provision effectively allows for an additional storey.

Calculations assume replacement of existing parking in a parking station, along with parking for the development. This assumption is likely to be optimistic, given the various site set backs and the lower Height of Buildings compared to the allowable FSR, and preliminary architectural design would be required to test the assumption. It is further assumed that the building is managed by a registered Community Housing Provider.

Application of the following bonuses are assumed:

- Infill affordable housing: Reduced level of parking.
- Boarding house: Reduced level of parking.



- Seniors Housing (Independent Living Units): The additional FSR is unlikely to be utilised, however the additional 3.8 metres in height is equivalent to an additional FSR of 0.3 from an additional storey.

Summing these various bonuses to the base FSR gives a total FSR of 2.7:1, based on an average footprint of 30%.

The **residential flat building**<sup>37</sup> was assumed to provide 84 dwellings in accordance with FSR constraints with 50% sales and 50% rental. Parking was assumed to be in accordance with SEPP (Housing) 2021 for an accessible area. Modelling assumed that rents were affordable to very low, low and moderate income households. Preliminary modelling suggests that income from such a development would exceed costs by a factor of around 3 as most of the construction cost is recovered in sales, meaning that there are opportunities to provide higher proportions of rental or to further discount rents to provide additional accommodation for very low and low income households. It is possible that sales could provide opportunities for a component of shared equity for low income workers. Modelling is based on SEPP (Housing) 2021 parking rates for accessible areas.

The **boarding house** component was assumed to provide 24 rooms, providing affordable rental accommodation to very low and low income households. Preliminary modelling suggests that income from such a development would exceed costs by 25% and so the boarding house is likely to be viable.

The **seniors housing** development was assumed to provide 12 dwellings in accordance with height constraints, providing affordable rental housing to low and moderate income households. Fifty percent (50%) sales have been assumed, noting that capital costs are typically recovered in the Seniors housing industry through deposit and buy back schemes. Sales are likely to largely recover construction costs. The application of the seniors housing bonus, while not necessarily providing worker accommodation, will further improve the viability of the project.

When considered as an overall project, the modelled development provides 14% of dwellings affordable to smaller very low income households, 7% of dwellings affordable to larger very low income households, 33% of dwellings affordable to smaller low income households, 17% of dwellings affordable to larger low income households, 19% of dwellings affordable to smaller moderate income households and 10% of dwellings affordable to larger moderate income households.

Table 2-5: Modelling of development

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
Residential FSR	2.1	0.3 (assumes one floor is developed)	0.3	2.7

<sup>37</sup> Assumptions included: Additional 15% for balconies, rates from Rawlinsons Australian Construction Handbook 2019 adjusted for CPI plus 50% for professional fees and profit, minimum sized apartments under the Apartment Design Guide, rents 75% of market or social rent, 10% of rent as administration cost.

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
		as a boarding house)		
Residential FSR area	2,999 X 0.8 X 2.1 = 5,000 m <sup>2</sup>	2,999 X 0.3 = 900 m <sup>2</sup>	2,999 X 0.8 X 0.3 = 700 m <sup>2</sup>	
Expected number of dwellings	21 one bedroom rental 21 one bedroom sales 21 two bedroom rental 21 two bedroom sales 38 parking spaces 100 replacement parking spaces	24 boarding rooms 5 parking spaces	3 one bedroom rental 3 one bedroom sales 3 two bedroom rental 3 two bedroom sales 3 parking spaces	
Target groups	Rental: 21 One bedroom affordable to moderate and low income renters (\$299 p.w.) <sup>38</sup> 4 Two bedroom affordable to moderate income renting households (\$375 p.w.) <sup>39</sup> 12 Two bedroom affordable to low income renting households (\$300 p.w.) 5 Two bedroom affordable to very low income renting households (\$227 p.w.) One bedroom sales affordable to higher income households (\$535,000) <sup>40</sup> and two bedroom sales affordable to higher	Rental: 14 Boarding rooms affordable to low income renters (\$239 p.w.) <sup>42</sup> 10 Boarding rooms affordable to very low income renters (\$227 p.w.)	Rental: 3 One bedroom affordable to moderate and low income renters (\$299 p.w.) <sup>43</sup> 3 Two bedroom affordable to moderate income renting households (\$375 p.w.) <sup>44</sup> One bedroom sales affordable to higher income households (\$535,000) <sup>45</sup> and two bedroom sales affordable to higher income households (\$691,000) <sup>46</sup>	

<sup>38</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>39</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>40</sup> Median sales price Wollongong Suburb

<sup>42</sup> 75% of 80% median one bedroom rent for Post Code 2500, June quarter 2022.

<sup>43</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>44</sup> 75% of median rent for Post Code 2500, June quarter 2022.

<sup>45</sup> Median sales price Wollongong Suburb

<sup>46</sup> Median sales price Wollongong Suburb

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
	income households (\$691,000) <sup>41</sup>			
Estimated cost of construction	Parking: 138 spaces at \$40,000 = \$5.5 million Residential: 5,000 m <sup>2</sup> X 1.15 @ \$4,200 = \$24.2 million Total: \$29.7 million	Parking: 5 spaces at \$40,000 = \$0.2 million Residential: 900 m <sup>2</sup> @ \$4,400 = \$4.0 million Total: \$4.2 million	Parking: 3 spaces at \$40,000 = \$0.1 million Residential: 700 m <sup>2</sup> X 1.15 @ \$4,200 = \$3.4 million Total: \$3.5 million	\$37.4 million
Annual cost based on 5% interest (less sales)	\$198,000	\$210,000	-\$9,000 (Sales income exceeds costs)	\$399,000
Expected annual income based on 75% of market rent and targeted rental; with 10% administration cost	\$586,000	\$263,000	\$95,000	\$944,000
Ratio of income/cost	2.96	1.25	NA	2.37

Source: JSA 2022

## 2.2 Shellharbour LGA

### 2.2.1 Council land at Shellharbour City Centre (Lot 2 DP1091265)

#### Summary

The site is currently vacant land and is proximate to buses and to Shellharbour City Centre. The site has quite liberal planning controls and can take advantage of FSR and parking bonuses available under SEPP (Housing) 2021. Preliminary modelling has been carried out for a mixed tenure development (combining sales and discount market rent) utilising bonuses available for Affordable housing, Boarding houses and Seniors housing. Based on current prices, development is quite likely to be viable with sales of 50% of dwellings modelled to recover much of the construction cost. Modelled profit will support some return to Council for the land, either in cash or in kind through the incorporation of office space. Development could provide affordable housing to an estimated 156 very low, low and moderate income households, and the economics are such that lower levels of sales or higher discounts could be applied.

<sup>41</sup> Median sales price Wollongong Suburb

Based on preliminary modelling, development of the site as a mixed tenure affordable housing development warrants further investigation.

## The site

- Location: 76 Cygnet Ave, Shellharbour City Centre NSW 2529
- Ownership: Shellharbour City Council
- Controls: B4 Mixed Use, no FSR controls, HOB 15 metres.
- Area: 29,000 m<sup>2</sup> (around 30% of the site (8,700 m<sup>2</sup>) is available for development)
- Constraints: None identified
- Current use: Vacant land
- Accessibility: 300 metres walk to bus stops in College Avenue for bus route 53 operating between Oak Flats Station, Shellharbour City Centre, Warrawong, Wollongong and Wollongong University. The service meets the requirements for an accessible area noting that the morning frequency for the Oak Flats bound service and the evening frequency for the Wollongong bound service do not provide one service per hour, but that the combined services meet the criteria.
- Allowable relevant uses: Boarding houses, Residential flat buildings, Car parks (innominate use).
- Options: Boarding houses, Residential flat building.
- Available bonuses under SEPP (Housing) 2021: Additional FSR under In-fill affordable housing, Boarding houses, Co-living housing and Seniors housing.



Figure 2-5: Lot 2 DP1091265

Source: EAC RedSquare Mapping

## Modelling of mixed tenure development

The Site has height of 15 metres, equivalent to 5 stories, and based on an average footprint of 30%, an FSR of 1.5:1 could be accommodated on the site. As there are no FSR constraints, bonuses for affordable housing and for Boarding houses are unlikely to be usable on the lot, however the additional height for Seniors housing can be utilised. There is also an advantage from the parking provisions for the provision of Affordable housing and for Boarding houses.

Calculations assume parking in a parking station. It is further assumed that the building is managed by a registered Community Housing Provider and that the development provides affordable housing.

Application of the following bonuses are assumed:

- In fill affordable housing: Assuming 50% of the development is used for affordable housing, reduced parking;
- Boarding houses: Reduced parking;
- Seniors Housing (Independent Living Units): An additional 3.8 metres in height is available.

The **residential flat building**<sup>47</sup> was assumed to provide 140 dwellings in accordance with site constraints with 50% sales and 50% rental. Parking was assumed to be in accordance with SEPP (Housing) 2021 for an accessible area. Modelling assumed that rents were affordable to very low, low and moderate income households. Preliminary modelling suggests that income from such a development would exceed costs by a factor of around 3 as much of the construction cost is recovered in sales, meaning that there are opportunities to provide higher proportions of rental or to further discount rents to provide additional accommodation for very low and low income households. It is possible that sales could provide opportunities for a component of shared equity for low income workers. Modelling is based on SEPP (Housing) 2021 parking rates for accessible areas, however the development could support higher rates of parking, with this likely to be a trade off between increased costs from more parking and higher sales prices and rents from providing parking.

The **boarding house** component was assumed to provide 68 rooms, providing affordable rental accommodation to very low and low income households. Preliminary modelling suggests that income from such a development would exceed costs by 34% and so the boarding house is likely to be viable.

The **seniors housing** development was assumed to provide 36 dwellings in accordance with site constraints, providing affordable rental housing to low and moderate income households. Fifty percent (50%) sales have been assumed, noting that capital costs are typically recovered in the Seniors housing industry through deposit and buy back schemes. Sales are likely to largely recover

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<sup>47</sup> Assumptions included: Additional 15% for balconies, rates from Rawlinsons Australian Construction Handbook 2019 adjusted for CPI plus 50% for professional fees and profit, minimum sized apartments under the Apartment Design Guide, rents 75% of market or social rent, 10% of rent as administration cost.

construction costs. The application of the seniors housing bonus, while not necessarily providing worker accommodation, will further improve the viability of the project.

When considered as an overall project, the modelled development provides 14% of dwellings affordable to smaller very low income households, 6% of dwellings affordable to larger very low income households, 36% of dwellings affordable to smaller low income households, 14% of dwellings affordable to larger low income households, 22% of dwellings affordable to smaller moderate income households and 8% of dwellings affordable to larger moderate income households.

Table 2-6: Modelling of development

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
Residential FSR	Total = 1.2	Total = 0.3 (allow one floor)	Bonus = 0.3	
Residential FSR area	8,700 X 1.2 X 0.8 = 8,400 m <sup>2</sup>	8,700 X 0.3 = 2,600 m <sup>2</sup>	8,700 X 0.3 X 0.8 = 2,100 m <sup>2</sup>	
Expected number of dwellings	35 one bedroom rental 35 one bedroom sales 35 two bedroom rental 35 two bedroom sales 63 parking spaces	68 boarding rooms 14 parking spaces	9 one bedroom rental 9 one bedroom sales 9 two bedroom rental 9 two bedroom sales 17 parking spaces	
Target groups	Rental: 25 One bedroom affordable to moderate and low income renters (\$330 p.w.) <sup>48</sup> 10 One bedroom affordable to low income renters (\$300 p.w.) <sup>49</sup> 4 Two bedroom affordable to moderate income renting households (\$413 p.w.) <sup>50</sup> 22 Two bedroom affordable to low	Rental: 46 Boarding rooms affordable to low income renters (\$264 p.w.) <sup>53</sup> 22 Boarding rooms affordable to very low income renters (\$227 p.w.)	Rental: 9 One bedroom affordable to moderate income renters (\$330 p.w.) <sup>54</sup> 9 Two bedroom affordable to moderate income renting households (\$413 p.w.) <sup>55</sup> One bedroom sales affordable to moderate income households (\$480,000) <sup>56</sup> and two bedroom sales	

<sup>48</sup> 75% of 80% of two bedroom median rent for Post Code 2529, June quarter 2022.

<sup>49</sup> 75% of 80% of two bedroom median rent for Post Code 2529, June quarter 2022.

<sup>50</sup> 75% of median rent for Post Code 2529, June quarter 2022.

<sup>53</sup> 75% of 80% of 80% median two bedroom rent for Post Code 2529, June quarter 2022.

<sup>54</sup> 75% of 80% of two bedroom median rent for Post Code 2529, June quarter 2022.

<sup>55</sup> 75% of median rent for Post Code 2529, June quarter 2022.

<sup>56</sup> Median sales price Wollongong Suburb

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
	income renting households (\$300 p.w.) 9 Two bedroom affordable to very low income renting households (\$227 p.w.) One bedroom sales affordable to moderate income households (\$480,000) <sup>51</sup> and two bedroom sales affordable to higher income households (\$573,000) <sup>52</sup>		affordable to higher income households (\$573,000) <sup>57</sup>	
Estimated cost of construction	Parking: 63 spaces at \$40,000 = \$2.5 million Residential: 8,400 m <sup>2</sup> X 1.15 @ \$4,200 = \$40.6 million Total: \$43.1 million	Parking: 14 spaces at \$40,000 = \$0.6 million Residential: 2,600 m <sup>2</sup> @ \$4,400 = \$11.4 million Total: \$12.0 million	Parking: 17 spaces at \$40,000 = \$0.7 million Residential: 2,100 m <sup>2</sup> X 1.15 @ \$4,200 = \$10.1 million Total: \$10.8 million	\$65.9 million
Annual cost based on 5% interest (less sales)	\$312,000	\$600,000	\$66,000	\$978,000
Expected annual income based on 75% of market rent and targeted rental; with 10% administration cost	\$1,008,000	\$802,000	\$313,000	\$2,123,000
Ratio of income/cost	3.23	1.34	4.74	2.17

Source: JSA 2022

<sup>51</sup> Median sales price Wollongong Suburb

<sup>52</sup> Median sales price Wollongong Suburb

<sup>57</sup> Median sales price Wollongong Suburb

## 2.2.2 Railway land at Oak Flats (Lot 3 DP1062155, Lots 100, 102 & 103 DP1185867)

### Summary

The site is currently used for at grade parking and is adjacent to Oak Flats Railway Station. The site has quite liberal planning controls and can take advantage of FSR and parking bonuses available under SEPP (Housing) 2021. Preliminary modelling has been carried out for a mixed tenure development (combining sales and discount market rent) utilising bonuses available for Affordable housing, Boarding houses and Seniors housing. Based on current prices, development is likely to be viable with sales of 50% of dwellings modelled to recover much of the construction cost. Modelling allows for the replacement of lost parking in a parking station. Development could provide affordable housing to an estimated 224 very low, low and moderate income households.

Based on preliminary modelling, development of the site as a mixed tenure affordable housing development warrants further investigation.

### The site

- Location: Stanford Dr, Oak Flats NSW 2529
- Ownership: Rail Corporation New South Wales
- Controls: B4 Mixed Use, FSR 1.0:1, HOB 15 metres.
- Area: 13,800 m<sup>2</sup>
- Constraints: None identified
- Current use: At grade car park containing 390 spaces
- Accessibility: Less than 150 metres walk from all parts of the site to Oak Flats Railway Station, so meeting the requirements of an accessible area.
- Allowable relevant uses: Boarding houses, Residential flat buildings, Car parks (innominate use).
- Options: Boarding houses, Residential flat building.
- Available bonuses under SEPP (Housing) 2021: Additional FSR under In-fill affordable housing, Boarding houses, Co-living housing and Seniors housing.





Figure 2-6: Lot 3 DP1062155, Lots 100, 102 & 103 DP1185867

Source: EAC RedSquare Mapping

## Modelling of mixed tenure development

The Site has height of 15 metres, equivalent to 5 stories, and based on an average footprint of 30%, an FSR of 1.5:1 could be accommodated on the site, above the 1.0:1.

Other attributes of the site, including the availability of road reserves and railway reserves to provide some or all of the set backs in the Apartment Design Guide, suggest that an average site footprint of greater than 30% is likely to be achievable and so it is likely that the various bonuses under SEPP (Housing) 2021 can be utilised, at least in part. Modelling assumes around 2,000 m<sup>2</sup> of the site is used for a parking station to replace lost at grade parking, giving a net site area of 11,800 m<sup>2</sup>, and assumes a 30% site footprint over six stories, with one storey for a boarding house and one storey for seniors housing. It is further assumed that the building is managed by a registered Community Housing Provider.

Application of the following bonuses are assumed:

- In fill affordable housing: Assuming 50% of the development is used for affordable housing, an addition FSR of up to 0.50:1;
- Boarding houses: An additional FSR of 0.25:1 is available;
- Seniors Housing (Independent Living Units): An additional FSR of 0.15:1 is available, including an additional 3.8 metres in height.

Summing these various bonuses to the base FSR gives a total FSR of 1.9, and an average footprint of 32%, so that it is likely the available FSR can be utilised.

The **residential flat building**<sup>58</sup> was assumed to provide 224 dwellings in accordance with site constraints with 50% sales and 50% rental. Parking was assumed to be in accordance with SEPP (Housing) 2021 for an accessible area. Modelling assumed that rents were affordable to very low, low and moderate income households. Preliminary modelling suggests that income from such a development would just exceed costs, with this a result of the cost of replacing existing parking. It is possible that sales could provide opportunities for a component of shared equity for low income workers. Modelling is based on SEPP (Housing) 2021 parking rates for accessible areas, and viability is likely to be quite sensitive to higher rates of parking.

The **boarding house** component was assumed to provide 100 rooms, providing affordable rental accommodation to very low and low income households. Preliminary modelling suggests that income from such a development would exceed costs by 35% and so the boarding house is likely to be viable.

The **seniors housing** development was assumed to provide 24 dwellings in accordance with site constraints, providing affordable rental housing to low and moderate income households. Fifty percent (50%) sales have been assumed, noting that capital costs are typically recovered in the Seniors housing industry through deposit and buy back schemes. Sales are likely to largely recover construction costs. The application of the seniors housing bonus, while not necessarily providing worker accommodation, will further improve the viability of the project.

When considered as an overall project, the modelled development provides 14% of dwellings affordable to smaller very low income households, 5% of dwellings affordable to larger very low income households, 36% of dwellings affordable to smaller low income households, 14% of dwellings affordable to larger low income households, 22% of dwellings affordable to smaller moderate income households and 8% of dwellings affordable to larger moderate income households.

Table 2-7: Modelling of development

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
Residential FSR	Base 1.0 AH bonus 0.5 Total = 1.5	Bonus 1.0 X 0.25 = 0.25	Bonus 1.0 X 0.15 = 0.15	
Residential FSR	Total = 1.43	Total = 0.32 (allow one floor)	Bonus = 0.15	
Residential FSR area	11,800 X 1.43 X 0.8 = 13,500 m <sup>2</sup>	11,800 X 0.32 = 3,800 m <sup>2</sup>	11,800 X 0.15 X 0.8 = 1,400 m <sup>2</sup>	

<sup>58</sup> Assumptions included: Additional 15% for balconies, rates from Rawlinsons Australian Construction Handbook 2019 adjusted for CPI plus 50% for professional fees and profit, minimum sized apartments under the Apartment Design Guide, rents 75% of market or social rent, 10% of rent as administration cost.

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
Expected number of dwellings	56 one bedroom rental 56 one bedroom sales 56 two bedroom rental 56 two bedroom sales 101 parking spaces 390 replacement parking spaces	100 boarding rooms 20 parking spaces	6 one bedroom rental 6 one bedroom sales 6 two bedroom rental 6 two bedroom sales 5 parking spaces	
Target groups	Rental: 43 One bedroom affordable to moderate renters (\$330 p.w.) <sup>59</sup> 13 One bedroom affordable to low income renters (\$300 p.w.) <sup>60</sup> 13 Two bedroom affordable to moderate income renting households (\$413 p.w.) <sup>61</sup> 31 Two bedroom affordable to low income renting households (\$300 p.w.) 12 Two bedroom affordable to very low income renting households (\$227 p.w.) One bedroom sales affordable to moderate income households (\$390,000) <sup>62</sup> and two bedroom sales affordable to higher	Rental: 68 Boarding rooms affordable to low income renters (\$264 p.w.) <sup>64</sup> 32 Boarding rooms affordable to very low income renters (\$227 p.w.)	Rental: 6 One bedroom affordable to moderate income renters (\$330 p.w.) <sup>65</sup> 6 Two bedroom affordable to moderate income renting households (\$413 p.w.) <sup>66</sup> One bedroom sales affordable to moderate income households (\$390,000) <sup>67</sup> and two bedroom sales affordable to higher income households (\$540,000) <sup>68</sup>	

<sup>59</sup> 75% of 80% of two bedroom median rent for Post Code 2529, June quarter 2022.

<sup>60</sup> 75% of 80% of two bedroom median rent for Post Code 2529, June quarter 2022.

<sup>61</sup> 75% of median rent for Post Code 2529, June quarter 2022.

<sup>62</sup> Third Quartile sales price Oak Flats Suburb

<sup>64</sup> 75% of 80% of 80% median two bedroom rent for Post Code 2529, June quarter 2022.

<sup>65</sup> 75% of 80% of two bedroom median rent for Post Code 2529, June quarter 2022.

<sup>66</sup> 75% of median rent for Post Code 2529, June quarter 2022.

<sup>67</sup> Third Quartile sales price Oak Flats Suburb

<sup>68</sup> Third Quartile sales price Oak Flats Suburb

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
	income households (\$540,000) <sup>63</sup>			
Estimated cost of construction	Parking: 491 spaces at \$40,000 = \$19.6 million Residential: 13,500 m <sup>2</sup> X 1.15 @ \$4,200 = \$65.2 million Total: \$84.8 million	Parking: 20 spaces at \$40,000 = \$0.8 million Residential: 3,800 m <sup>2</sup> @ \$4,400 = \$16.7 million Total: \$17.5 million	Parking: 5 spaces at \$40,000 = \$0.2 million Residential: 1,400 m <sup>2</sup> X 1.15 @ \$4,200 = \$6.8 million Total: \$7.0 million	\$109.3 million
Annual cost based on 5% interest (less sales)	\$1,636,000	\$875,000	\$71,000	\$2,582,000
Expected annual income based on 75% of market rent and targeted rental; with 10% administration cost	\$1,661,000	\$1,180,000	\$209,000	\$3,050,000
Ratio of income/cost	1.02	1.35	2.94	1.18

Source: JSA 2022

### 2.2.3 RE2 zoned land at Croome Road

#### Summary

The site is currently vacant land. Based on assumptions as set out below, development is likely to be marginal, with income similar to costs. The advantage of this approach is the lower capital cost per dwelling and the ability to deliver units progressively, and so the option warrants further investigation, in particular discussions with Shoalhaven and Kiama Council caravan park operating entities, to better understand their cost structure.

#### The site

- Location: Croome Rd, Albion Park Rail NSW 2527
- Ownership: Shellharbour City Council
- Controls: RE2 Private Recreation
- Area: 24.5 Ha

<sup>63</sup> Third Quartile sales price Oak Flats Suburb

- Constraints: Parts of the site likely to be affected by bush fire (APZ likely required) and flooding (area adjacent to Croome Road). Site affected by aircraft noise.
- Current use: Vacant land
- Accessibility: The site has limited public transport accessibility.
- Allowable relevant uses: Caravan Parks.
- Options: Caravan Park (including manufactured housing).



Figure 2-7: RE2 zoned land at Croome Road

Source: EAC RedSquare Mapping

Modelling has been based on a four hectare development. A mixed development has been modelled, including one third site only where people can place their own van or manufactured home, one third containing basic one bedroom cabins and one third containing basic two bedroom cabins. Infrastructure costs, such as water and sewer, have not been included, and if required will adversely affect the modelling below.

Based on densities at other caravan parks in the area, around 180 sites could be provided on a four hectare site. There is limited publicly available information on the costs of operating caravan parks. In 2020, Kiama Council spent \$6.957 million<sup>69</sup> on Holiday Parks containing 474 sites,<sup>70</sup> of which

<sup>69</sup> Kiama Municipal Council (2020), *Annual Financial Statements for the year ended June 2020*.

<sup>70</sup> Based on an assessment of site maps.

\$4.243 million appeared to be operating expenses. This is an annual cost of \$8,951 per site, or \$172 per week.

The cost of operating a caravan park for long-term or permanent residential purposes is likely to be lower than this, as the Kiama caravan parks include a high level of amenity such as swimming pools and communal facilities; and also provide hire cabins for tourist use, with likely costs associated with regular cleaning and maintenance.

In 2021, Shoalhaven City Council spent \$22.708 million<sup>71</sup> on Holiday Haven Tourist Parks containing 2,823 sites,<sup>72</sup> of which \$17.513 million appeared to be operating expenses. This is an annual cost of \$6,204 per site, or \$120 per week. This cost is likely high, as site fees in Shoalhaven are as little as \$136 per week, suggesting that overheads and operating costs in privately operated parks are lower than those in Council operated tourist type parks.

Modelling has been based on the Shoalhaven City Council cost.

Based on the various assumptions, development of a caravan park is likely to be marginal, with income slightly above costs. However further investigation is warranted, as the operation costs adopted appear high based on rents in privately operated parks. In particular, development allows for progression development, thereby reducing risk; and the project cost per unit is low, so that affordable accommodation can be delivered at a relatively low cost per household.

Table 2.8: Caravan Park Model comprising 180 sites, including 60 site only, 60 one bedroom manufactured homes and 60 two bedroom manufactured home

Component	Details	Total	Weekly cost/income per site
Operation	180 sites at \$6,200 per site	(\$1.1 million)	(\$120)
Estimated cost of construction	180 sites at \$66,000 per site <sup>73</sup>	\$11.9 million	
Annual cost at 5%		(\$595,000)	(\$64)
Site only rental	60 at \$200 per week	\$624,000	\$200
Supply and install basic one bedroom cabin <sup>74</sup>	60 @ \$44,000	\$2.6 million	
Annual cost at 5%		(\$130,000)	(\$42)
Site plus cabin rental <sup>75</sup> Affordable to very low, low and moderate income households	60 at \$230 per week	\$718,000	\$230

<sup>71</sup> Shoalhaven City Council (2020), *Annual Financial Statements for the year ended June 2021*.

<sup>72</sup> Based on an assessment of site maps.

<sup>73</sup> Rates from Rawlinsons Australian Construction Handbook 2019 plus CPI and 50%

<sup>74</sup> cabin price based on AJC Portables Price Guide 2018 plus 10% for site costs and CPI

<sup>75</sup> No data available, rate allows for first quartile one bedroom house rental for Shellharbour LGA

Supply and install basic two bedroom cabin <sup>76</sup>	60 @ \$91,000	\$5.5 million	
Annual cost at 5%		(\$275,000)	(\$88)
Site plus cabin rental <sup>77</sup>			
Affordable to moderate income households	18 at \$336 per week	\$314,000	\$336
Affordable to low income households	30 at \$300 per week	\$468,000	\$300
Affordable to very low income households	12 at \$227 per week	\$142,000	\$227
Total Annual Costs		\$2.1 million	
Total Annual Income		\$2.2 million	
Net Annual Income		\$0.1 million	
Ratio Income/Cost		1.05	

Source: JSA 2020

## 2.3 Kiama LGA

### 2.3.1 Council Car Park sites Akuna St (Lot 100 DP1211384 (northern site) and Lots 4-6 and 11 DP 229319)

#### Summary

The site is currently used for at grade parking and is proximate to Kiama Railway Station and to Kiama CBD. Preliminary modelling has been carried out for a mixed tenure development (combining sales and discount market rent) utilising parking bonuses available for Affordable housing, Boarding houses and Seniors housing. Based on current prices, development is likely to be viable with sales of 50% of dwellings modelled to recover much of the construction cost. Modelled profit will support some return to Council for the land, either in cash or in kind through the replacement of lost parking spaces on another site. Development could provide affordable housing to an estimated 47 very low, low and moderate income households.

Based on preliminary modelling, development of the site as a mixed tenure affordable housing development warrants further investigation.

<sup>76</sup> cabin price based on AJC Portables Price Guide 2018 plus 10% for site costs and CPI

<sup>77</sup> No data available, rate allows for 80% of first quartile two bedroom house rental for Post Code 2527



## The site

There are two adjacent sites in Akuna Street, shown in the figures below. The site to the north of Akuna Street has been modelled as an affordable housing development, with the site on the southern side (area around 2,400 m<sup>2</sup>) assumed to be developed as a parking station to replace lost parking. Council also owns a commercial building to the north of this site, and redevelopment of this site as part of an affordable housing development could be considered, with the opportunity to replace commercial space as a ground floor use.

- Location: 61 Shoalhaven St, Kiama NSW 2533
- Ownership: Kiama Municipal Council (assumed as ownership details not available on Redsquare data base)
- Controls: B2 Local Centre, FSR 2.0:1, HOB 11 metres.
- Area: 3,074 m<sup>2</sup>
- Constraints: None identified
- Current use: Car Park (100 spaces) with 35 spaces in the adjacent car park
- Accessibility: Site is adjacent to Kiama CBD and is 350 metres walk to Kiama Railway Station with trains connecting to Bomaderry, Wollongong, northern and southern Wollongong suburbs, Sydney City and southern Sydney suburbs.
- Allowable relevant uses: Boarding houses, Shop top housing, Car parks (Innominate use).
- Options: Boarding houses, Shop top housing.
- Available bonuses under SEPP (Housing) 2021: Additional FSR and reduced parking under In-fill affordable housing, Boarding houses, Co-living housing and Seniors housing.



Figure 2-8: Lot 100 DP1211384

Source: EAC RedSquare Mapping





Figure 2-9: Lots 4-6 and 11 DP 229319

Source: EAC RedSquare Mapping

### Modelling of mixed tenure development

The Site has height of 11 metres, equivalent to 3 stories, and zero front rear and side setbacks are available under the DCP. The FSR of 2.0 is equivalent to a site footprint of 67%, and there is likely to be some difficulty in utilising the available FSR, due to provision of parking and the setback requirements of the Apartment Design Guide. An average site footprint of 50% has been assumed giving a usable FSR of 1.5, based on the provision of replacement and commercial parking in a parking station constructed on the lot to the south of Akuna Street and the use of public streets to provide some of the set back requirement.

Based on these assumptions, it is unlikely that the various FSR bonuses under SEPP (Housing) 2021 can be utilised, however the height bonus for Seniors housing and reduced parking provisions will facilitate development.

The commercial component has not been modelled, assuming that costs will be recovered, however shop front property in Kiama is quite valuable, so that the commercial component is likely to deliver a profit, rather than be an impost on residential development.

It is further assumed that the building is managed by a registered Community Housing Provider.

The **residential flat building**<sup>78</sup> was assumed to provide 40 dwellings in accordance with site constraints with 50% sales and 50% rental. Parking was assumed to be in accordance with SEPP (Housing) 2021 for an accessible area. Modelling assumed that rents were affordable to very low, low and moderate income households. Preliminary modelling suggests that income from such a development would exceed costs by a factor of around 1.3 as much of the construction cost is recovered in sales. Modelling is based on SEPP (Housing) 2021 parking rates for accessible areas, and the provision of higher levels of parking could make development unviable.

The **boarding house** component was assumed to provide 21 rooms, providing affordable rental accommodation to very low and low income households. Preliminary modelling suggests that income from such a development would exceed costs by 46% and so the boarding house is likely to be viable.

The **seniors housing** development was assumed to provide 12 dwellings in accordance with site constraints, providing affordable rental housing to low and moderate income households. Fifty percent (50%) sales have been assumed, noting that capital costs are typically recovered in the Seniors housing industry through deposit and buy back schemes. Sales are likely to recover construction costs. The application of the seniors housing bonus, while not necessarily providing worker accommodation, will further improve the viability of the project.

When considered as an overall project, the modelled development provides 15% of dwellings affordable to smaller very low income households, 6% of dwellings affordable to larger very low income households, 36% of dwellings affordable to smaller low income households, 15% of dwellings affordable to larger low income households, 21% of dwellings affordable to smaller moderate income households and 6% of dwellings affordable to larger moderate income households.

Table 2-9: Modelling of development

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
Residential FSR	Total = 1.0	Total = 0.25 (allow 50% of one floor)	Bonus = 0.25	
Residential FSR area	3,100 X 1.0 X 0.8 = 2,500 m <sup>2</sup>	3,100 X 0.25 = 800 m <sup>2</sup>	3,100 X 0.25 X 0.8 = 620 m <sup>2</sup>	
Expected number of dwellings	10 one bedroom rental	21 boarding rooms 5 parking spaces	3 one bedroom rental	
	10 one bedroom sales		3 one bedroom sales	
	10 two bedroom rental		3 two bedroom rental	
	10 two bedroom sales		3 two bedroom sales	
	36 parking spaces		3 parking spaces	
	150 replacement and commercial parking			

<sup>78</sup> Assumptions included: Additional 15% for balconies, rates from Rawlinsons Australian Construction Handbook 2019 adjusted for CPI plus 50% for professional fees and profit, minimum sized apartments under the Apartment Design Guide, rents 75% of market or social rent, 10% of rent as administration cost.

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
	spaces to be provided on another site			
Target groups	Rental: 10 One bedroom affordable to moderate and low income renters (\$288 p.w.) <sup>79</sup> 7 Two bedroom affordable to low income renting households (\$300 p.w.) 3 Two bedroom affordable to very low income renting households (\$227 p.w.) One bedroom sales affordable to higher income households (\$720,000) <sup>80</sup> and two bedroom sales affordable to higher income households (\$825,000) <sup>81</sup>	Rental: 14 Boarding rooms affordable to low income renters (\$300 p.w.) 7 Boarding rooms affordable to very low income renters (\$227 p.w.)	Rental: 3 One bedroom affordable to moderate and low income renters (\$288 p.w.) <sup>82</sup> 3 Two bedroom affordable to moderate income renting households (\$360 p.w.) <sup>83</sup> One bedroom sales affordable to higher income households (\$720,000) <sup>84</sup> and two bedroom sales affordable to higher income households (\$825,000) <sup>85</sup>	
Estimated cost of construction	Parking: 186 spaces at \$40,000 = \$7.4 million Residential: 2,500 m <sup>2</sup> X 1.15 @ \$4,200 = \$12.1 million Total: \$19.5 million	Parking: 5 spaces at \$40,000 = \$0.2 million Residential: 800 m <sup>2</sup> @ \$4,400 = \$3.5 million Total: \$3.7 million	Parking: 3 spaces at \$40,000 = \$0.1 million Residential: 620 m <sup>2</sup> X 1.15 @ \$4,200 = \$3.0 million Total: \$3.1 million	\$26.3 million
Annual cost based on 5% interest (less sales)	\$203,000	\$185,000	-\$77,000 Sales exceed cost of development	\$311,000
Expected annual income based on 75% of market rent and targeted rental;	\$265,000	\$271,000	\$91,000	\$627,000

<sup>79</sup> 75% of 80% of two bedroom median rent for Post Code 2533, June quarter 2022.

<sup>80</sup> Third quartile sales price Kiama Suburb

<sup>81</sup> Third quartile sales price Kiama Suburb

<sup>82</sup> 75% of 80% of two bedroom median rent for Post Code 2529, June quarter 2022.

<sup>83</sup> 75% of median rent for Post Code 2533, June quarter 2022.

<sup>84</sup> Third quartile sales price Kiama Suburb

<sup>85</sup> Third quartile sales price Kiama Suburb

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
with 10% administration cost				
Ratio of income/cost	1.31	1.46	NA	2.02

Source: JSA 2022

## 2.3.2 Railway Car Park site Bong Bong St (Part Portion 2 DP1073158)

### Summary

The site is currently used for at grade parking and vacant land and is proximate to Kiama Railway Station and to Kiama CBD. Preliminary modelling has been carried out for a mixed tenure development (combining sales and discount market rent) utilising parking bonuses available for Affordable housing, Boarding houses and Seniors housing. Based on current prices, development is likely to be viable with sales of 50% of dwellings modelled to recover much of the construction cost. Modelled profit will support some return to Government for the land, either in cash or in kind through the replacement of lost parking spaces on another site. Development could provide affordable housing to an estimated 36 very low, low and moderate income households.

Based on preliminary modelling, development of the site as a mixed tenure affordable housing development warrants further investigation.

### The site

- Location: 28 Bong Bong St, Kiama NSW 2533
- Ownership: Transport Asset Holding Entity Of New South Wales
- Controls: B2 Local Centre, FSR 2.0:1, HOB 11 metres.
- Area: 2,400 m<sup>2</sup>
- Constraints: None identified
- Current use: Car Park (41 spaces) and vacant land
- Accessibility: Site is adjacent to Kiama CBD and is 200 metres walk to Kiama Railway Station with trains connecting to Bomaderry, Wollongong, northern and southern Wollongong suburbs, Sydney City and southern Sydney suburbs.
- Allowable relevant uses: Boarding houses, Shop top housing, Car parks (Innominate use).
- Options: Boarding houses, Shop top housing.
- Available bonuses under SEPP (Housing) 2021: Additional FSR and reduced parking under In-fill affordable housing, Boarding houses, Co-living housing and Seniors housing.



Figure 2-10: Portion 2 DP1073158

Source: EAC RedSquare Mapping

## Modelling of mixed tenure development

The Site has height of 11 metres, equivalent to 3 stories, and zero front rear and side setbacks are available under the DCP. The FSR of 2.0 is equivalent to a site footprint of 67%, and there is likely to be some difficulty in utilising the available FSR, due to provision of parking and the setback requirements of the Apartment Design Guide, however the railway line can provide setbacks along one boundary. An average site footprint of 50% has been assumed giving a usable FSR of 1.5.

Based on these assumptions, it is unlikely that the various FSR bonuses under SEPP (Housing) 2021 can be utilised, however the height bonus for Seniors housing and reduced parking provisions will facilitate development.

The commercial component has not been modelled, assuming that costs will be recovered, however shop front property in Kiama is quite valuable, so that the commercial component is likely to deliver a profit, rather than be an impost on residential development.

It is further assumed that the building is managed by a registered Community Housing Provider.

The **residential flat building**<sup>86</sup> was assumed to provide 32 dwellings in accordance with site constraints with 50% sales and 50% rental. Parking was assumed to be in accordance with SEPP (Housing) 2021 for an accessible area. Modelling assumed that rents were affordable to very low, low and moderate income households. Preliminary modelling suggests that income from such a development would exceed costs as the construction cost is recovered in sales. Modelling is based on SEPP (Housing) 2021 parking rates for accessible areas, and the provision of higher levels of parking could make development unviable.

The **boarding house** component was assumed to provide 16 rooms, providing affordable rental accommodation to very low and low income households. Preliminary modelling suggests that income from such a development would exceed costs by 49% and so the boarding house is likely to be viable.

The **seniors housing** development was assumed to provide 8 dwellings in accordance with site constraints, providing affordable rental housing to low and moderate income households. Fifty percent (50%) sales have been assumed, noting that capital costs are typically recovered in the Seniors housing industry through deposit and buy back schemes. Sales are likely to recover construction costs. The application of the seniors housing bonus, while not necessarily providing worker accommodation, will further improve the viability of the project.

When considered as an overall project, the modelled development provides 14% of dwellings affordable to smaller very low income households, 6% of dwellings affordable to larger very low income households, 36% of dwellings affordable to smaller low income households, 14% of dwellings affordable to larger low income households, 22% of dwellings affordable to smaller moderate income households and 8% of dwellings affordable to larger moderate income households.

Table 2-10: Modelling of development

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
Residential FSR	Total = 1.0	Total = 0.25 (allow 50% of one floor)	Bonus = 0.25	
Residential FSR area	2,400 X 1.0 X 0.8 = 1,900 m <sup>2</sup>	2,400 X 0.25 = 600 m <sup>2</sup>	2,400 X 0.25 X 0.8 = 480 m <sup>2</sup>	
Expected number of dwellings	8 one bedroom rental 8 one bedroom sales 8 two bedroom rental 8 two bedroom sales 15 parking spaces 50 replacement and commercial parking spaces	16 boarding rooms 4 parking spaces	2 one bedroom rental 2 one bedroom sales 2 two bedroom rental 2 two bedroom sales 2 parking spaces	

<sup>86</sup> Assumptions included: Additional 15% for balconies, rates from Rawlinsons Australian Construction Handbook 2019 adjusted for CPI plus 50% for professional fees and profit, minimum sized apartments under the Apartment Design Guide, rents 75% of market or social rent, 10% of rent as administration cost.



	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
Target groups	Rental: 8 One bedroom affordable to moderate and low income renters (\$288 p.w.) <sup>87</sup> 1 Two bedroom affordable to moderate income renting households (\$360 p.w.) <sup>88</sup> 5 Two bedroom affordable to low income renting households (\$300 p.w.) 2 Two bedroom affordable to very low income renting households (\$227 p.w.) One bedroom sales affordable to higher income households (\$720,000) <sup>89</sup> and two bedroom sales affordable to higher income households (\$825,000) <sup>90</sup>	Rental: 11 Boarding rooms affordable to low income renters (\$300 p.w.) 5 Boarding rooms affordable to very low income renters (\$227 p.w.)	Rental: 2 One bedroom affordable to moderate and low income renters (\$288 p.w.) <sup>91</sup> 2 Two bedroom affordable to moderate income renting households (\$360 p.w.) <sup>92</sup> One bedroom sales affordable to higher income households (\$720,000) <sup>93</sup> and two bedroom sales affordable to higher income households (\$825,000) <sup>94</sup>	
Estimated cost of construction	Parking: 65 spaces at \$40,000 = \$2.6 million Residential: 1,900 m <sup>2</sup> X 1.15 @ \$4,200 = \$9.2 million Total: \$11.8 million	Parking: 4 spaces at \$40,000 = \$0.2 million Residential: 600 m <sup>2</sup> @ \$4,400 = \$2.6 million Total: \$2.8 million	Parking: 2 spaces at \$40,000 = \$0.1 million Residential: 480 m <sup>2</sup> X 1.15 @ \$4,200 = \$2.3 million Total: \$2.4 million	\$17.0 million
Annual cost based on 5% interest (less sales)	-\$28,000 Sales exceed cost of development	\$140,000	-\$35,000 Sales exceed cost of development	\$77,000
Expected annual income based on	\$216,000	\$208,000	\$61,000	\$485,000

<sup>87</sup> 75% of 80% of two bedroom median rent for Post Code 2533, June quarter 2022.

<sup>88</sup> 75% of median rent for Post Code 2533, June quarter 2022.

<sup>89</sup> Third quartile sales price Kiama Suburb

<sup>90</sup> Third quartile sales price Kiama Suburb

<sup>91</sup> 75% of 80% of two bedroom median rent for Post Code 2533, June quarter 2022.

<sup>92</sup> 75% of median rent for Post Code 2533, June quarter 2022.

<sup>93</sup> Third quartile sales price Kiama Suburb

<sup>94</sup> Third quartile sales price Kiama Suburb

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
75% of market rent and targeted rental; with 10% administration cost				
Ratio of income/cost	NA	1.49	NA	6.30

Source: JSA 2022

## 2.4 Shoalhaven LGA

### 2.4.1 Car Park Osborne Street ( Lot 1 DP391906, Lot A DP398969, Lot 1 DP508216, Lot 1 DP526713, Lot 2 DP581350, Lot 1 DP781201 & Lot 2 DP860572)

#### Summary

The site is currently used for at grade parking and vacant land and is proximate to Nowra CBD. Preliminary modelling has been carried out for a mixed tenure development (combining sales and discount market rent) utilising parking bonuses available for Affordable housing, Boarding houses and Seniors housing. Based on current prices, development is unlikely to be viable with sales of 50% of dwellings modelled to not recover costs. Viability could be improved by:

- Not replacing lost parking;
- Using lower cost forms of construction such as walk up apartments with undercroft and at grade parking; and
- Increasing the proportion of sales noting that sales will provide affordable sales and around one third of sales will enter the private rental market and provide affordable rental to low and moderate income households.

#### The site

There are three similar sites within the Nowra B4 zone, including car parks at Lamonds Lane and at Graham Street. The analysis below will similarly apply to these sites, noting that the selected site is more likely to meet the accessibility requirements for Seniors housing development, due to its proximity to Nowra CBD.

- Location: 42 Osborne St, Nowra NSW 2541
- Ownership: The Council of The Shire Of Shoalhaven
- Controls: B4 Mixed Use, No FSR control, HOB 12 metres.



- Area: 4,700 m<sup>2</sup>
- Constraints: None identified
- Current use: Car Park (140 spaces)
- Accessibility: Site is adjacent to Nowra CBD and is 350 metres walk to bus stops in Berry Street, however bus frequency does not meet the requirements for an accessible area.
- Allowable relevant uses: Boarding houses, Multi dwelling housing, Residential flat buildings, Seniors housing, Shop top housing, Car parks (Innominate use).
- Options: Boarding houses, Residential flat building.
- Available bonuses under SEPP (Housing) 2021: Additional FSR and reduced parking under In-fill affordable housing, Boarding houses, Co-living housing and Seniors housing.



Figure 2-11: Lot 1 DP391906, Lot A DP398969, Lot 1 DP508216, Lot 1 DP526713, Lot 2 DP581350, Lot 1 DP781201 & Lot 2 DP860572

Source: EAC RedSquare Mapping

## Modelling of mixed tenure development

The Site has height of 12 metres, equivalent to 4 stories. A site footprint of 30% has been assumed, and this is compatible with the setbacks in the Apartment Design Guide.

Because of the lack of FSR controls, the various FSR bonuses under SEPP (Housing) 2021 cannot be utilised, however the height bonus for Seniors housing and reduced parking provisions will facilitate development.

The commercial component has not been modelled, assuming that costs will be recovered, however shop front property in Kiama is quite valuable, so that the commercial component is likely to deliver a profit, rather than be an impost on residential development.

Parking is assumed to be provided in a parking station on site, accommodated within the set back areas of the site, and existing parking is assumed to be replaced in a parking station constructed on another nearby parking station site.

It is further assumed that the building is managed by a registered Community Housing Provider.

The **residential flat building**<sup>95</sup> was assumed to provide 56 dwellings in accordance with site constraints with 50% sales and 50% rental. Parking was assumed to be in accordance with SEPP (Housing) 2021. Modelling assumed that rents were affordable to very low, low and moderate income households. Preliminary modelling suggests that income from such a development would not recover costs with much of this due to the cost of replacement of lost parking in a parking station. For the development to be viable, land would need to be provided at no cost, and lower cost forms of construction, such as walk up flats with undercroft or at grade parking, would need to be used, noting that this would lead to reductions in yield, likely providing around 30 dwellings. Viability could also be increased by increasing the proportion of sales, noting that sales would provide affordable purchase to low and moderate income households, and that a high proportion of units (35% for Nowra suburb in 2021) will re-enter the rental market, and provide affordable rents to low and moderate income households.

The **boarding house** component was assumed to provide 37 rooms, providing affordable rental accommodation to very low and low income households. Preliminary modelling suggests that income from such a development would exceed costs by 12% and so the boarding house is likely to be viable.

The **seniors housing** development was assumed to provide 16 dwellings in accordance with site constraints, providing affordable rental housing to low and moderate income households. Fifty percent (50%) sales have been assumed, noting that capital costs are typically recovered in the Seniors housing industry through deposit and buy back schemes. Preliminary modelling suggests that income would not recover costs, due to the low uplift in Nowra.

Table 2-11: Modelling of development

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
Residential FSR	Total = 0.9	Total = 0.3 (allow one floor)	Bonus = 0.3	

<sup>95</sup> Assumptions included: Additional 15% for balconies, rates from Rawlinsons Australian Construction Handbook 2019 adjusted for CPI plus 50% for professional fees and profit, minimum sized apartments under the Apartment Design Guide, rents 75% of market or social rent, 10% of rent as administration cost.

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
Residential FSR area	4,700 X 0.9 X 0.8 = 3,400 m <sup>2</sup>	4,700 X 0.3 = 1,400 m <sup>2</sup>	4,700 X 0.3 X 0.8 = 1,100 m <sup>2</sup>	
Expected number of dwellings	14 one bedroom rental 14 one bedroom sales 14 two bedroom rental 14 two bedroom sales 42 parking spaces 200 replacement parking spaces	37 boarding rooms 19 parking spaces	4 one bedroom rental 4 one bedroom sales 4 two bedroom rental 4 two bedroom sales 4 parking spaces	
Target groups	Rental: 14 One bedroom affordable to moderate and low income renters (\$212 p.w.) <sup>96</sup> 10 Two bedroom affordable to low and moderate income renting households (\$289 p.w.) <sup>97</sup> 4 Two bedroom affordable to very low income renting households (\$227 p.w.) One bedroom sales affordable to low income households (\$317,000) <sup>98</sup> and two bedroom sales affordable to moderate income households (\$396,000) <sup>99</sup>	Rental: 26 Boarding rooms affordable to low income renters (\$227 p.w.) <sup>100</sup> 11 Boarding rooms affordable to very low income renters (\$227 p.w.)	Rental: 4 One bedroom affordable to moderate and low income renters (\$212 p.w.) <sup>101</sup> 4 Two bedroom affordable to low and moderate income renting households (\$289 p.w.) <sup>102</sup> One bedroom sales affordable to low income households (\$317,000) <sup>103</sup> and two bedroom sales affordable to moderate income households (\$396,000) <sup>104</sup>	
Estimated cost of construction	Parking: 242 spaces at \$40,000 = \$9.7 million	Parking: 19 spaces at \$40,000 = \$0.8 million	Parking: 4 spaces at \$40,000 = \$0.2 million	\$38.6 million

<sup>96</sup> 75% of one bedroom median rent for Post Code 2541, June quarter 2022.

<sup>97</sup> 75% of median rent for Post Code 2541, June quarter 2022.

<sup>98</sup> 80% of third quartile sales price for two bedroom apartment Nowra Suburb

<sup>99</sup> Third quartile sales price Nowra Suburb

<sup>100</sup> 80% of estimated one bedroom rental for Post Code 2541

<sup>101</sup> 75% of one bedroom median rent for Post Code 2541, June quarter 2022.

<sup>102</sup> 75% of median rent for Post Code 2541, June quarter 2022.

<sup>103</sup> 80% of third quartile sales price for two bedroom apartment Nowra Suburb

<sup>104</sup> Third quartile sales price Nowra Suburb

	<b>Residential Flat Building including Affordable housing bonus</b>	<b>Boarding House Component</b>	<b>Independent Living units</b>	<b>Total Development</b>
	Residential: 3,400 m <sup>2</sup> X 1.15 @ \$4,200 = \$16.4 million Total: \$26.1 million	Residential: 1,400 m <sup>2</sup> @ \$4,400 = \$6.2 million Total: \$7.0 million	Residential: 1,100 m <sup>2</sup> X 1.15 @ \$4,200 = \$5.3 million Total: \$5.5 million	
Annual cost based on 5% interest (less sales)	\$806,000	\$350,000	\$132,000	\$1,288,000
Expected annual income based on 75% of market rent and targeted rental; with 10% administration cost	\$317,000	\$393,000	\$94,000	\$804,000
Ratio of income/cost	NA	1.12	NA	0.62
<b>Excluding replacement parking</b>				
Annual cost based on 5% interest (less sales)	\$406,000	\$350,000	\$132,000	\$888,000
Expected annual income based on 75% of market rent and targeted rental; with 10% administration cost	\$317,000	\$393,000	\$94,000	\$804,000
Ratio of income/cost	NA	1.12	NA	0.91

Source: JSA 2022

## 2.4.2 Nowra Racecourse (Lots 460 & 462 DP1062117, Lot 7308 DP1151761)

### Summary

The site is currently vacant land. Based on assumptions as set out below, development is likely to be marginal, with income similar to costs. The advantage of this approach is the lower capital cost per dwelling and the ability to deliver units progressively, and so the option warrants further investigation, in particular discussions with Shoalhaven and Kiama Council caravan park operating entities, to better understand their cost structure.

## The site

- Location: 96 Albatross Rd, South Nowra NSW 2541
- Ownership: Not known (likely Crown land administered by Council)
- Controls: RE2 Private Recreation
- Area: 89.6 Ha
- Constraints: Parts of the site likely to be affected by bush fire (APZ likely required).
- Current use: Various including racetracks, playing fields with large areas of vacant land within the race track. There is a parcel of undeveloped land to the east which is likely to be Crown Land.
- Accessibility: The site has limited public transport accessibility.
- Allowable relevant uses: Caravan Parks.
- Options: Caravan Park (including manufactured housing).



Figure 2-12: RE2 zoned land at Croome Road

Source: EAC RedSquare Mapping

Modelling has been based on a four hectare development. A mixed development has been modelled, including one third site only where people can place their own van or manufactured home, one third containing basic one bedroom cabins and one third containing basic two bedroom cabins. Infrastructure costs, such as water and sewer, have not been included, and if required will adversely affect the modelling below.

Based on densities at other caravan parks in the area, around 180 sites could be provided on a four hectare site. There is limited publicly available information on the costs of operating caravan parks. In 2020, Kiama Council spent \$6.957 million<sup>105</sup> on Holiday Parks containing 474 sites,<sup>106</sup> of which \$4.243 million appeared to be operating expenses. This is an annual cost of \$8,951 per site, or \$172 per week.

The cost of operating a caravan park for long-term or permanent residential purposes is likely to be lower than this, as the Kiama caravan parks include a high level of amenity such as swimming pools and communal facilities; and also provide hire cabins for tourist use, with likely costs associated with regular cleaning and maintenance.

In 2021, Shoalhaven City Council spent \$22.708 million<sup>107</sup> on Holiday Haven Tourist Parks containing 2,823 sites,<sup>108</sup> of which \$17.513 million appeared to be operating expenses. This is an annual cost of \$6,204 per site, or \$120 per week. This cost is likely high, as site fees in Shoalhaven are as little as \$136 per week, suggesting that overheads and operating costs in privately operated parks are lower than those in Council operated tourist type parks.

Modelling has been based on the Shoalhaven City Council cost.

Based on the various assumptions, development of a caravan park is likely to be marginal, with income similar to costs. However further investigation is warranted, as the operation costs adopted appear high based on rents in privately operated parks. In particular, development allows for progression development, thereby reducing risk; and the project cost per unit is low, so that affordable accommodation can be delivered at a relatively low cost per household.

Table 2.12: Caravan Park Model comprising 180 sites, including 60 site only, 60 one bedroom manufactured homes and 60 two bedroom manufactured home

Component	Details	Total	Weekly cost/income per site
Operation	180 sites at \$6,200 per site	(\$1.1 million)	(\$120)
Estimated cost of construction	180 sites at \$66,000 per site <sup>109</sup>	\$11.9 million	
Annual cost at 5%		(\$595,000)	(\$64)
Site only rental	60 at \$150 per week	\$468,000	\$150

<sup>105</sup> Kiama Municipal Council (2020), *Annual Financial Statements for the year ended June 2020*.

<sup>106</sup> Based on an assessment of site maps.

<sup>107</sup> Shoalhaven City Council (2020), *Annual Financial Statements for the year ended June 2021*.

<sup>108</sup> Based on an assessment of site maps.

<sup>109</sup> Rates from Rawlinsons Australian Construction Handbook 2019 plus CPI and 50%

Supply and install basic one bedroom cabin <sup>110</sup>	60 @ \$44,000	\$2.6 million	
Annual cost at 5%		(\$130,000)	(\$42)
Site plus cabin rental <sup>111</sup>			
Affordable to very low, low and moderate income households	60 at \$230 per week	\$718,000	\$230
Supply and install basic two bedroom cabin <sup>112</sup>	60 @ \$91,000	\$5.5 million	
Annual cost at 5%		(\$275,000)	(\$88)
Site plus cabin rental <sup>113</sup>			
Affordable to moderate and low income households	48 at \$290 per week	\$724,000	\$290
Site plus cabin rental Affordable to very low income households	12 at \$227 per week	\$142,000	\$227
Total Annual Costs		\$2.1 million	
Total Annual Income		\$2.1 million	
Net Annual Income		\$0 million	
Ratio Income/Cost		1.00	

Source: JSA 2022

<sup>110</sup> cabin price based on AJC Portables Price Guide 2018 plus 10% for site costs and CPI

<sup>111</sup> No data available, rate allows for first quartile one bedroom house rental for Post Code 2541

<sup>112</sup> cabin price based on AJC Portables Price Guide 2018 plus 10% for site costs and CPI

<sup>113</sup> No data available, rate allows for 80% of first quartile two bedroom house rental for Post Code 2541