

Illawarra Shoalhaven Affordable Housing Strategic Options Report: Background Report



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This report has been prepared for
Business Illawarra
by

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1 Executive Summary

1.1 Background to Project & Reports

The *Illawarra Shoalhaven Strategic Options Report* has been developed in response to serious concern across a wider range of private, public and community sector bodies in the Region about the growing affordable housing crisis, and the impact that this is having on regional economic growth, the ability to attract and retain low very low, low and moderate income key workers, and the wellbeing of the wider community.

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

The *Illawarra Shoalhaven Strategic Options Background Report* (this report) provides detailed analysis on the funding, policy, demographic and housing market, affordability and need context in the Region and its four constituent LGAs. Although it provides an analysis across relevant income and tenure groups, it has a particular focus on **very low, low and moderate income 'key workers'**, although an increase in housing that meets their needs will also be of benefit to more vulnerable groups and to the wider community.

The *Illawarra Shoalhaven Strategic Options Case Study and Strategies Report* (the second report from this research) provides a range of case studies on various strategies and actions that would be effective in the context of the regional affordable housing market and need, and that have been effective elsewhere in increasing the supply of affordable (including social) housing for relevant target groups. This *Case Study and Strategies Report* also contains **recommendations on the main strategies and actions** that will be effective in the regional and local context based on the evidence.

The following provides a summary of key findings from this *Background Report*.

1.2 What is Affordable Housing?

Housing Cost and Affordability Housing is generally considered to be 'affordable' when households that are renting or purchasing are able to meet their housing costs and still have sufficient income to pay for other basic needs such as food, clothing, transport, medical care and education.

'Affordable housing' also has a statutory definition under the *NSW Environmental Planning and Assessment Act 1979 (NSW)*, being housing for very low, low or moderate income households. *SEPP 70* defines 'very low-income' households as those on less than 50% of median household income; 'low-income' households' as those on 50-80% of median household income, and 'moderate-

income' households as those on 80-120% of median household income for Rest of NSW.¹ This is the relevant benchmark under the Act for the LGAs in the Region.

As a commonly used rule of thumb, affordable housing is taken to be housing where households pay less than 30% of their gross household income on housing costs. This is the point at which such households are at risk of having insufficient income to meet other living costs, and deemed to be in 'housing stress'. Those paying more than 50% of gross income are regarded as being in 'severe housing stress'.

The following table provides benchmarks that are used in this policy when referring to 'affordable housing', in **June Quarter 2022 dollars**, and are consistent with relevant NSW legislation.

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

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

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

- (1) All values reported are in June Quarter 2022 dollars
- (2) Median household income \$1,434 (ABS Census 2021) for Rest of NSW; CPI 119.7 Sept 2021 126.1 June 2022 Adjusted income \$1,511.
- (3) Calculated as 30% of total weekly household income
- (4) Calculated using ANZ Loan Repayment Calculator, using 04 October 2022 interest rate (5.24% pa) and assuming a 20% deposit for a 30 year ANZ Standard Variable Home Loan and 30% of total household income as repayments.

1.3 'Key Workers' in the Regional Context

The term 'key worker' lacks a precise definition, and is used in a variety of ways in public policy discourse. A recent AHURI study² notes that there is '**no single definition of what constitutes a key worker**', although the term broadly refers to workers who 'provide services essential to the functioning of cities, but who earn low to moderate incomes', which 'makes accessing appropriate

¹ Rest of NSW is NSW less the greater Sydney area, i.e., regional NSW.
² Catherine Gilbert, The University of Sydney Zahra Nasreen, The University of Sydney Nicole Gurrán, The University of Sydney (May 2021) AHURI Final Report No. 355 Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities, p.3

and affordable housing challenging', particularly in cities with expensive housing markets. It notes that those occupations included will vary, depending on housing, labour market and other local conditions.

It is important to understand the relative incomes of the various occupational and industry groups as an indicator of their relative ability to access housing that is affordable to them, and to compete in a tight and increasingly expensive local and regional housing market. It is also important to understand their relative importance to the Illawarra Shoalhaven labour market in terms of size and comparative labour force growth, and current and projected skill shortages. Together, these factors indicate which groups need to be prioritised for any affordable housing created in the Region and four constituent LGAs, including as an incentive to work locally.

As such, the AHURI criteria are broadly adopted for the purpose of the Illawarra Shoalhaven research, with an additional consideration being factors related to labour force size, growth and skill shortage among the occupational or industry group. As outlined below, this is preferred to the narrow position adopted in the NSW Government's Key Worker Housing Program, for example, which explicitly targets the creation of newly funded 'key worker' housing in regional areas to Teachers and Police, which are both in the upper median income quartile, and not identified as current or projected skills shortage areas.

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

- Residential Aged Care Workers;
- Child Care and Pre-School Workers;
- Personal Care Workers in aged and disability care, hairdressing, etc;
- Health and Welfare Support Workers, e.g. youth workers;
- Enrolled Nurses, Assistants in Nursing, Veterinary Nurses;
- Clerical and Administrative workers;
- Construction workers - specific entry level trades, labourers, technicians & plant operators;
- Retail workers in supermarkets, department stores, etc;³
- Nursery and horticultural workers.

It is also noted that most of these workers would not be able to work from home, and many would need to work close to their place of work due to irregular hours or shift work.

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

- Registered Nurses and Midwives;
- Social and Welfare Professionals;
- Primary School and Special Education Teachers;

³ Although not a skill shortage area, these workers are amongst the largest occupation groups in the Region, and amongst the lowest paid workers in the economy.

- Electricians/Electrical Service workers.

It is understood that there are a range of lower paid workers that are also important to the regional (as well as local) economy, and that the need for affordable housing would not be limited to the above groups. However, the housing affordability situation between different groups often referred to as ‘key workers’ differs vastly. For example, a worker in Child Care or Personal Care services could not afford to rent even a studio or one-bedroom unit anywhere in the Illawarra Shoalhaven Region, whereas a Secondary School Teacher on a median income could afford to rent a two bedroom unit in most areas of the Region, and a three bedroom house in most of the Shoalhaven; whilst a Police Officer or Fire Fighter could afford a three bedroom house in many areas of Wollongong, Shellharbour and Shoalhaven LGAs.

As such, in a policy and funding context of limited resources and enormous and growing affordable housing need, it is important to understand the types of groups that need to be prioritised in the scarce allocation of resources.

1.4 The Socio-Economic Context

1.4.1 Population and Growth

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

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

From 2016-21, Shellharbour and Shoalhaven LGAs experienced much higher than average annual growth rates (1.7% and 1.3% respectively), compared with 0.9% for NSW and Greater Sydney, and only 0.4% for Wollongong LGA.

1.4.2 Socio-economic Profile

The Region has a very diverse, and **increasingly polarised socio-economic profile**, both between the four LGAs and within these LGAs. Kiama LGA is within the least disadvantaged areas in Australia on the SEIFA (Disadvantage) Index, whereas the Shoalhaven is within the most disadvantaged 40% of areas. Whilst Wollongong and Shellharbour are more average in this regard, this masks significant polarisation across LGAs, with areas to the north of Wollongong LGA generally in the least disadvantaged 10% of areas nationally, and suburbs to the south often highly disadvantaged, with some like Warrawong in the most disadvantaged 2% of areas.

Similar trends are apparent in Shoalhaven and Shellharbour LGAs, with areas around Nowra and Warilla highly disadvantaged, and newer areas like Shell Cove among the most advantaged areas in Australia. The only LGA where this social polarisation is not evident is Kiama LGA, which has been gentrifying over some years, and is uniformly advantaged.

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

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

1.4.3 Employment, Industry and Occupation

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

The labour forces of Shellharbour and Shoalhaven LGAs grew at well above average rates (17% and 16% respectively), with lower than average employment growth in Wollongong LGA (11%), and particularly low growth in Kiama LGA (8%). Although this may be expected from the much older than average age structure of Kiama, this is clearly not the only factor, as Shoalhaven has experienced the highest labour force growth in the Region and has a much older than average age profile.

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

With regard to **occupation**, the Region had a lower than average rate of residents employed as Professionals and Managers, and higher than average rate of Community and Personal Services workers, Technicians and Tradespeople and as Labourers, although there were some significant differences between LGAs. The only two occupations to increase their importance to the regional labour force in the five years to 2021 were Managers, Professionals and Community and Personal Service workers, with all other occupations decreasing as a proportion of total employed people in the Region.

1.4.4 Population Projections

DPE (2022) **revised population projections** indicate that the Region is expected to grow by 30% from 2021-41, ranging from a 26% increase in Wollongong LGA to a 39% increase in Shellharbour LGA, and all LGAs are projected to grow by more than the Regional NSW and NSW averages (18% and 21% respectively).

By far, the largest projected growth in the Region will be among the **oldest cohorts**, with 20% of projected growth among those aged 80+ years, and 35% of growth among those 60+ years from

2021-41, although Kiama and Shoalhaven are expected to age more rapidly than Wollongong and Shellharbour LGAs, which are projected to have above average growth among the younger cohorts, particularly those aged less than 39 years.

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

However, the projected aging of the population across the Region overall also highlights the need for an increase in smaller, well-located dwellings. The **significant underoccupancy of larger dwellings by older people** in the Region in 2021 is noted in this regard, with more than 60% of lone person households aged 70+ years in Shellharbour, Kiama and Shoalhaven LGAs living in three bedroom houses, and almost 20% living in 4+ bedroom homes in Kiama and Shoalhaven.

1.4.5 Population Mobility

Migration (2016-21)

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

From 2016-21, 44,700 people moved into the Region from other parts of Australia, and 34,600 people moved out of the Region, a **net inward migration of around 10,000 people**. The largest source of inward migration was Greater Sydney, at 26,000 people, whilst the largest destination of outward migration was the balance of Australia, at 12,000 people. Interestingly, virtually all net inward migration into Kiama and Shoalhaven LGAs was from Greater Sydney.

In addition, 9,500 people moved into the ISR from overseas, although net migration cannot be calculated.⁴

Overall, the analysis of migration data indicates that people from areas closer to Greater Sydney are **displacing people from neighbouring areas** that are further from Greater Sydney. People from Greater Sydney are moving into Wollongong. This displaces Wollongong residents into Dapto – Port Kembla. In turn, this displaces Dapto – Port Kembla residents into Shellharbour, and then Shellharbour residents into Shoalhaven. Kiama does not exhibit this “rolling” effect southwards from Greater Sydney, with a large net in-migration directly from Sydney, but a net out-migration northward to Shellharbour.

⁴ The number of people who moved overseas from the ISR is not captured by the Census, thus, net migration to or from overseas is not able to be calculated.

Journey to Work and Commuting

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

Of the 185,000 employed people who lived in the ISR in 2021 (the **local labour force**), 146,000 (79%) worked within the ISR, 16% worked outside the Region, and 5% had no fixed place of employment. Of those who worked outside the ISR, **85% worked in Greater Sydney**.

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

In terms of **local jobs**, 153,000 workers gave their 'place of work' as ISR in 2021. Of these, 146,000 (95%) also lived in the ISR, and 7,000 (5%) lived outside of it, so that **a much lower proportion of people commute out of the Region compared with those who commute in to work**. Three-quarters of those workers commuting to the ISR commuted from Greater Sydney, again indicating the strong connection between the regional and Greater Sydney labour markets.

1.5 The Regional Housing Context

Whilst it is positive that there has been some diversification of housing stock over the past 15 years in some parts of the Region, this has mainly been in the form of medium density dwellings types, with no net increase in apartments as a proportion of all dwellings ('market share').

Most areas of the Region, apart from Wollongong SA3 (central and northern areas of the LGA), had very low rates of apartments, particularly Shoalhaven LGA, urbanised areas within Nowra and North Nowra-Bomaderry SA2s, as well as Dapto-Port Kembla SA3, and Shellharbour LGA.

Virtually all apartments developed from 2006-21 were in Wollongong SA3, with only very small increases in apartments in absolute terms in Kiama and Shellharbour LGA, and a net decrease in the Shoalhaven, including in Nowra and North Nowra-Bomaderry SA2s, as well as Dapto-Port Kembla SA3.

As well as having important implications for housing cost and affordability, and in meeting the over needs of an aging population and of the increasing number smaller households more generally, this also means that there has not been a significant increase in private rental stock over the period, apart from in Wollongong SA3, due to the increase in apartments. It is noted that 50% of apartments are likely to enter the private rental market in the regional context, compared with 15% of houses and 35% of medium density dwellings.

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

There have also been some changes in the tenure profile of dwellings in the Region, and variable differences at the LGA scales over the past 15 years. The most serious issue to emerge from the analysis is the lack of growth, and actual numerical and proportional decline in social housing over the period. This includes a decline in social housing from 6% of occupied private dwellings in 2006 to 4% of dwellings in 2021, and the fact that high need areas including Kiama and Shoalhaven have less than the State average (1% and 3% compared with 4% for NSW).

Recent Budget Estimates documents also show a significant loss of social housing over the past eight years across all areas of the Region, with this most pronounced in Shoalhaven LGA, which lost 8% of its stock compared with an average loss for NSW of 3.8% over the period. The very high and growing rate of severe housing stress among very low income renters in the Shoalhaven is noted in this regard.

There are serious implications of the inadequacy of funding for new social housing and inadequate maintenance of assets that have resulted in their deterioration, rendering some stock uninhabitable and/or affecting its viability, and the non-replacement of social housing lost in net terms through sale or redevelopment.

This is particularly serious in the context of growing affordable housing need, discussed below, particularly among very low and low income renting households in severe housing stress in the Region. The growing number of such households in severely unaffordable private rental also has implications for very low and low income key workers, who must also compete in the same constrained regional and local private rental market.

As such, increasing the amount of social housing through new funding as well as selective redevelopment of older public housing to increase the quantum and diversity of housing stock, as well as to create multi-tenure developments that include a component of 'key worker' housing would be of enormous benefit, provided there is no net loss, and a net gain, of social housing in the process.

1.6 The Housing Cost and Affordability Context

1.6.1 What is 'affordable housing'?

'Affordable housing' has a statutory definition under the *Planning and Environment Act 1979 (NSW)*, with benchmarks set out for very low, low and moderate income households. A broad 'rule of thumb' for affordability is that such households should pay no more than 30% of their gross household income on rent or mortgage payments, above which they would be deemed to be in 'housing stress' or at risk of after housing poverty.

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

In *some* areas or housing markets, it also includes housing **delivered through the private market**, typically smaller, lower cost accommodation such as boarding houses, co-living housing, smaller apartments, secondary dwellings and lower cost caravan parks, provided in meets the statutory affordability benchmarks.

1.6.2 Changes in Housing Cost

There has been **unprecedented real growth in rents and purchase prices in the Region** over the past two or so years, which largely indicate the effects of population movement and working arrangements during the Covid 19 pandemic, as well as constrained supply relative to demand for certain housing types.

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

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

1.6.3 Housing Affordability

The housing affordability situation across all areas of the Region is dire.

Median rent on a **one bedroom unit** was not affordable to any very low income renting household in any of the LGAs, nor to any low income renters apart from in Shoalhaven LGA, where such a unit was affordable to only the upper 50% of low income renters. Median rent on a **two bedroom units** was likewise only affordable to moderate income households, with Shoalhaven the more affordable area for this housing product.

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

As such, there is a **serious affordability problem for virtually all very low and low income renters in the Illawarra Shoalhaven Region**, apart from the Shoalhaven LGA, where the upper half of the low income household band could affordably rent a median one bedroom apartment. Although the situation is somewhat better for smaller moderate income households, those needing housing suitable for families would not be able to rent affordable housing in most of the Region.

It is positive, however, that special housing products developed under the NSW Housing SEPP, such as **Boarding Houses, Co-living Housing and permanent residential sites and smaller cabins in Caravan Parks**, are affordable to some very low and most low income households. However, these are generally in short supply relative to need, and virtually none available in Kiama LGA.

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

The effects of an increasingly unaffordable regional housing market can be seen in the strong evidence of **gentrification and displacement of historical groups** from at least 2005-21. There is strong evidence of gentrification in all LGAs of the Region from the significant decline in very low and low income renters from 2006-21, which is much greater than average.

The proportional decline in very low income renters was greatest in Shoalhaven and Wollongong LGAs, but Kiama had the lowest rate of such renters, showing stronger gentrification and displacement of such renters over a longer period. Overall, **Shoalhaven showed the strongest evidence of displacement and gentrification over the period** among very low and low income renters, which is not surprising given the major increases in housing cost and the historically low incomes of its local people.

1.6.4 Affordable Housing Case Studies

Overview

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

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

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

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

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

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

A **personal care worker in aged care or an educational aid** (each on around \$843 per week), wanting to move out of the family home close to their Shellharbour workplace would be able to pay \$253 per week, and again could not affordably rent a one bedroom unit in even the cheapest part of the Region. Although they were willing to pay rent that would place them in housing stress, having applied for one of the very few one bedroom apartments that came up for rent, they were

not even offered a viewing. Both are currently considering job offers in the central west of NSW, where rent is more affordable and more is available. A delivery driver on \$801 per week would be in the same position.

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

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

A **Registered Nurse** wanting to relocate from Newcastle to take up a job promotion in Kiama in residential aged care, and earning \$1,477 per week, would be able to pay \$443 per week in rent. She would be able to affordably rent a one bedroom unit (\$400 per week), but there have been none advertised in the four weeks she has been looking, nor in nearby areas, and she is seriously considering remaining in Newcastle, where she is paying off a unit. The aged care home itself was short staffed and may have to consider closing down if it cannot find more workers.

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

Centrelink Recipients Case Studies

As a subset of households on very low incomes, people who are receiving some form of Services Australia payment, such as a single Aged Pension, Disability Support Pension or JobSeeker Payment, would be excluded from affordable rental in virtually all housing products in the Region.

A **single aged female pensioner with no superannuation** would have an income of \$513 per week including relevant supplements, and could afford to pay \$230 in rent including Rent Assistance.⁵ She could not affordably rent even a studio or one-bedroom apartment in any part of the Region, and would pay more than 65% of her income for the median one bedroom apartment in Shellharbour or Kiama LGAs.

A **single working-age male on JobSeeker Payment** would have an income of \$334 per week, and could afford to pay \$176 in rent including Rent Assistance.⁶ He could not affordably rent anything in the Region, and would pay almost all of his income to rent in a one-bedroom unit in Shellharbour or Kiama, and more than 70% of his income to rent a one-bedroom unit in Shoalhaven.

⁵ Around \$76 per week for eligible households.

⁶ Around \$76 per week for eligible households.

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

1.6.5 Current and Projected Need for Affordable (incl. Social) Housing

Current Unmet Affordable Housing Need in ISR (2021)

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

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

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

Additional Affordable Housing Need in ISR (2021-41)

Additional (projected) need for affordable housing from 2021-2041 has been calculated at around **11,645 additional dwellings**. This assumes that existing rate and distribution of housing stress projected forward using the proportional increase in dwellings to 2041 by DPE (2022) (+34%). It also assumes that the existing rate of social housing is maintained to 2041. Of these:

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

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

This additional projected need is summarised for the Region in the table below, and is broken down for each LGA in **Section 6** below.

Table 1.2: Illawarra-Shoalhaven City affordable housing target to 2041

		Renting Households			Purchasing Households		
		Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL	Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL
Additional projected 2021-2041	Affordable to Very Low Income Households	2,258	836	3,094	235	141	376
	Affordable to Low Income Households	864	1001	1,865	324	268	592
	Affordable to Moderate Income Households	386	691	1,076	317	398	715
Social housing	Affordable to Very Low Income Households	2,355	1,570	3,925	n/a	n/a	n/a
TOTAL		5,862	4,098	9,960	876	806	1,683

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

1.7 Ability of Market to Supply Affordable Housing

As noted, there is a very limited opportunity for the market to provide affordable housing to meet current and projected need, although it would be beneficial to some of the target groups to increase the supply of smaller (studio, one and two bedroom) strata dwellings, small lot housing, and special housing products such as Boarding Houses, Co-living Housing and permanent sites and smaller cabin for rent lower cost caravan parks through the market. It is also noted that around 50% of flats and units and 35% of medium density housing types in the local housing market are in private rental compared with only around 16% of houses, which would be an important boost to supply.

Home **purchasers** in the Region are generally excluded from affordable purchase in most areas within the Illawarra Shoalhaven Region, although around 50% of smaller households could affordably purchase a first quartile (likely one bedroom) strata dwelling in the Shoalhaven. This means that at **least 95% of very low, low and moderate income purchasers** would be excluded from affordable purchase in the future across most of the Region.⁷

When renters and purchasers are combined, this means that at **least 90% of current and projected affordable housing need among renters and purchasers⁸ is unlikely to be met by the private housing market in the future**, although as noted, increase in smaller strata dwellings, special housing products such as Boarding Houses and Co-Living Housing, small lot housing and affordable caravan parks and MHEs would be beneficial in reducing cost, and likely improving affordability estimates above for *some* income groups.

This has strategic implications, including with regard to the current planning and development regime in the four regional LGAs, the nature and location of future supply, and the nature of market intervention that is likely to be effective, as discussed in detail in the *Illawarra Shoalhaven Affordable Housing Case Study and Strategy Report*, the second report of this project that accompanies this *Background Report*.

⁷ $1,640/1,683=97\%$

⁸ $10,556/11,643=97\%$

2 ‘Key Workers’ in the Regional Context

2.1 Who are ‘Key Workers’?

2.1.1 AHURI (2021) *Housing Key Workers Report*

Key Findings

A recent study on key workers and access to affordable housing, *Housing Key Workers: scoping challenges, aspirations, and policy responses for Australian cities*, conducted for AHURI by Gilbert et al (2021),⁹ provides important research and policy considerations as a context to the analysis below, and relevant to the forthcoming *Illawarra Shoalhaven Affordable Housing Case Studies and Strategy Report*.

The authors note that there is **‘no single definition of what constitutes a key worker’**. However, they consider that the term broadly refers to workers who ‘provide services essential to the functioning of cities, but who earn low to moderate incomes’, which ‘makes accessing appropriate and affordable housing challenging’, particularly in cities with expensive housing markets.¹⁰

The report notes that, traditionally, the term ‘key worker’ has been used in relation to occupations such as teaching, nursing, policing and emergency services. However, the authors’ review of the literature and policies and programs to support key workers to access housing in English, US and Australian cities shows that other groups are also variously included, and that this reflects ‘the nature of different local economies and the specific recruitment and retention challenges experienced by different employers’. They report that, in the context of COVID-19, ‘some jurisdictions are considering an expanded definition, with occupations in delivery services and retail food services, for example, now also seen as important to the functioning and resilience of cities in times of crisis’.¹¹

Importantly, the AHURI report noted that, while there is a clear public interest in supporting key workers to access housing in high-cost regions and subregions, ‘singling out specific occupation groups for special government assistance may raise questions about equity’. Moreover, as there is no single definition of what constitutes a key worker, **‘determining which occupation groups to include when designing specific policies and programs is also a difficult decision’**.¹²

⁹ Catherine Gilbert, The University of Sydney Zahra Nasreen, The University of Sydney Nicole Gurrán, The University of Sydney (May 2021) AHURI Final Report No. 355 Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities.

¹⁰ Catherine Gilbert, The University of Sydney Zahra Nasreen, The University of Sydney Nicole Gurrán, The University of Sydney (May 2021) AHURI Final Report No. 355 Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities, p.3

¹¹ Catherine Gilbert, The University of Sydney Zahra Nasreen, The University of Sydney Nicole Gurrán, The University of Sydney (May 2021) AHURI Final Report No. 355 Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities, p. 4.

¹² Catherine Gilbert, The University of Sydney Zahra Nasreen, The University of Sydney Nicole Gurrán, The University of Sydney (May 2021) AHURI Final Report No. 355 Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities, p.5.

The report also notes that, because key worker jobs are generally ‘population-serving’, these workers can work in most locations where people live, so that there is little incentive for them to move to or remain in unaffordable housing areas. As such, internationally, government policies and programs to support key workers to access housing are generally designed to support the recruitment of key workers to higher cost cities and regions and to retain more experienced workers over time, with both supply and demand side initiatives evident.

The findings indicate that some key workers in Sydney and Melbourne are struggling to afford appropriate and affordable housing, and that, ‘unsurprisingly, housing unaffordability, incidences of housing stress and overcrowding were found to be greatest in inner subregions and among lower income occupation groups’.¹³ It nonetheless finds that many outer suburbs and coastal satellite cities now also have median house prices that are unaffordable on most key worker incomes and that evidence of difficulty accessing appropriate and affordable housing is extending to workers earning incomes in the third quartile income range.

Some key findings for Sydney, which is more expensive than Melbourne, include that:

- No LGAs have a median house price that is affordable to an early career registered nurse, and only a few LGAs in the metropolitan region have affordable unit prices.
- Close to 8,000 teachers are in households experiencing housing stress; and around 4,500 registered nurses and midwives are living in overcrowded homes.

It notes that interviews with industry and policy experts revealed that difficulties accessing appropriate and affordable housing also relate to factors such as age, income, security of employment, overall household income and household composition. Relevantly, younger key workers, key worker households on low and or single incomes, and workers with children, often face the greatest affordability constraints, the latter related to the need for larger homes. In response to unaffordable housing costs in central city areas, key workers are more likely than the labour force generally to reside in outer suburbs and satellite cities and to commute more than 30kms to work, with a relatively high proportion of such workers commuting 50 kilometres or more. Importantly, between 2011 and 2016, in both Sydney and Melbourne, inner subregions experienced a net loss of key worker residents, while more affordable outer suburbs and satellite cities gained key worker residents.

Workers interviewed for the AHURI study noted that key worker jobs require physical presence, and are often ‘physically demanding and performed over long shifts, during anti-social hours and in high stress situations’. As such, housing stress, housing insecurity and long commutes can ‘exacerbate the stress and fatigue that is already inherent in many key worker jobs, with implications for service quality, workplace health and safety and the long-term retention of more experienced workers’. They report that long commutes to work also mean that key workers in some service areas are unable to be on-call to cover shifts or respond to increases in service demands and emergency situations.

¹³ Catherine Gilbert, The University of Sydney Zahra Nasreen, The University of Sydney Nicole Gurrán, The University of Sydney (May 2021) AHURI Final Report No. 355 Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities, p.5.

The report concludes that there are therefore ‘compelling reasons to support key workers to access appropriate and affordable housing close to the populations they serve’. However, despite increasing recognition of essential workers and the housing needs of low and moderate-income working households more broadly, there is a ‘lack of statutory tools and funded programs to support the delivery of housing to meet those needs’. Moreover, the authors conclude, particularly in NSW, policies and programs only support the provision of affordable rental housing, which can be ‘misaligned with the aspirations of many key workers for home ownership’. Even if significantly scaled up, such housing may not support long-term retention of key workers within high housing cost areas.¹⁴

Policy development options

The authors consider that the report’s findings ‘add to the weight of evidence that Australia’s housing system needs fundamental reform’, with even outer suburbs and many nearby regions now unaffordable for these essential employees, even at third quartile incomes. If not addressed, it notes ‘that there is a risk that key workers who provide essential services but who earn low and moderate incomes will be unable to live in Australia’s most expensive cities, threatening ongoing capacity to sustain critical urban functions across the public and private sector’.

To address this risk, governments must support initiatives to increase the overall supply of housing that is affordable and suitable for low and moderate income workers, while recognising their aspirations for home ownership. These supply initiatives should embrace diverse tenure options and can be achieved by:

- using public sector land to deliver affordable housing for key workers, as part of mixed tenure developments
- allowing/encouraging key worker employers to develop homes for workers (for example, by allowing housing development on non-residential land, but only for the purpose of affordable key worker accommodation)
- instigating inclusionary zoning requirements to deliver affordable housing for key workers in health and education precincts
- supporting models that can secure long-term affordability, such as community land trusts
- supporting/encouraging more superfunds to invest in housing for key workers
- initiating government shared ownership programs for purchase of properties delivered through some of the above mechanisms.

Other strategies suggested by the authors include:

- Increased development of the Build-to-Rent sector, which could include a requirement that landlords be required to lease a proportion of units to key workers; prioritise key workers in tenancing decisions; and/or include a proportion of affordable rental housing for low and moderate-income key workers in their developments;

¹⁴ Catherine Gilbert, The University of Sydney Zahra Nasreen, The University of Sydney Nicole Gurran, The University of Sydney (May 2021) AHURI Final Report No. 355 Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities, p.6.

- Establishment of a centralised property listing and enquiry service by government to help key workers access information about affordable housing options (market rate and affordable housing) near major key worker employers and in expensive housing markets;
- Subsidising transport costs and/or subsidising wages in cities and/or high-cost subregions, noting, however, that the ‘cost of those options could prove very significant over time if the overall affordability of housing in expensive subregions does not improve’. The authors also note there will always be a need for workers in occupations like healthcare, emergency and community services to live near their work, so that although subsidising the cost of commuting would help with the cost of living, it would not address this need.

2.1.2 NSW Key Worker Housing Program

The NSW State Government has allocated \$174.0 million in total allocated to Department of Regional NSW as part of a Key Worker Housing Program. Under this program, the NSW Land and Housing Corporation (LAHC), in partnership with the Department of Regional NSW, will deliver approximately 271 additional houses for Teachers and the NSW Police force over 4 years, and undertake a whole-of-government key worker housing model review.

It notes that regional NSW communities will benefit from more teachers and police officers coming to their community, and that teachers and police officers who want to work in rural, regional and remote areas will benefit from good quality housing. It also notes that the Department of Education and the NSW Police Force will benefit from having appropriate housing for their employees. Other key benefits are reported as:

- Reduction in housing costs for key workers;
- Reduction in key worker commuting costs;
- Social benefits of having more teachers and police in regional communities;
- Improved outcomes for students and communities, and lifetime productivity benefits for students from reduced overcrowding from attracting more teachers to regional areas; and
- Reduction in crime from having additional police in regional NSW.¹⁵

2.2 Profile of Occupational Groups by Income in NSW

2.2.1 Overview

This section reports on a detailed analysis of ABS (2021) occupational and industry groups in order to better understand ‘key workers’ in the regional context, and the groups that should be prioritised in terms of their importance to the regional labour market and affordable housing need.

¹⁵file:///Z:/CURRENT%20PROJECTS/BI001%20-%20Business%20Illawarra%20AH%20Research/KEY%20WORKER%20STUDIES%20DEFN%20ETC/Key%20Worker%20Housing%20_%20NSW%20Dept%20of%20Planning%20and%20Environment.html, accessed 27 October 2022

Data has been analysed at the ABS 3-digit level for Occupation, and the 4-digit level for Industry of Employment for NSW as a whole due to this fine level of analysis.¹⁶ Findings are also reported for the Illawarra Shoalhaven Region and the four LGAs to the extent that this is meaningful. Detailed analysis for NSW, the Region, and the four LGAs is provided in **Appendices 1.1 to 1.3**.

2.2.2 Relative Incomes of Occupational Groups

Major Occupational Groups

There are around 140 Occupation groups¹⁷ at the ABS 3-digit level, ranging from Food Preparation Assistants on the lowest median income (\$410 per week) to Medical Professionals on the highest median income (\$3,368 per week).

It is understood that the ranges can be quite wide across occupational groups, for example, an entry level Primary School Teacher will be on an income that is lower than the median income for this occupational group, but the same is true of the lowest paid workers such as Retail workers and Personal Care Workers, including related to shift work and experience at the upper end. However, median income is an important variable as it provides an understanding of the **relativities between occupational groups**, and their relative ability to access housing that is affordable to them, and to compete in a tight rental market.

The first two graphs below show the relative median individual incomes for selected occupational groups that have a larger number of workers, including in the regional context.

In the first graph, for example, the median incomes of a child care worker and a personal care assistant in aged care (\$772 and \$844 per week respectively) are both in the first quartile of median incomes, and far less than the median income of a school teacher (\$1,678) or a fire fighter or police officer (\$1,878), all in the fourth quartile of median incomes, as shown below.

¹⁶ Analysis at the 3- and 4-digit level means that there are small numbers in many of the occupation and industry categories at the regional and LGA scale, and data is sometimes unreliable at a smaller geographic scale due to cell randomisation and other factors.

¹⁷ A small number were excluded from the analysis due to small numbers that made data on income unreliable.

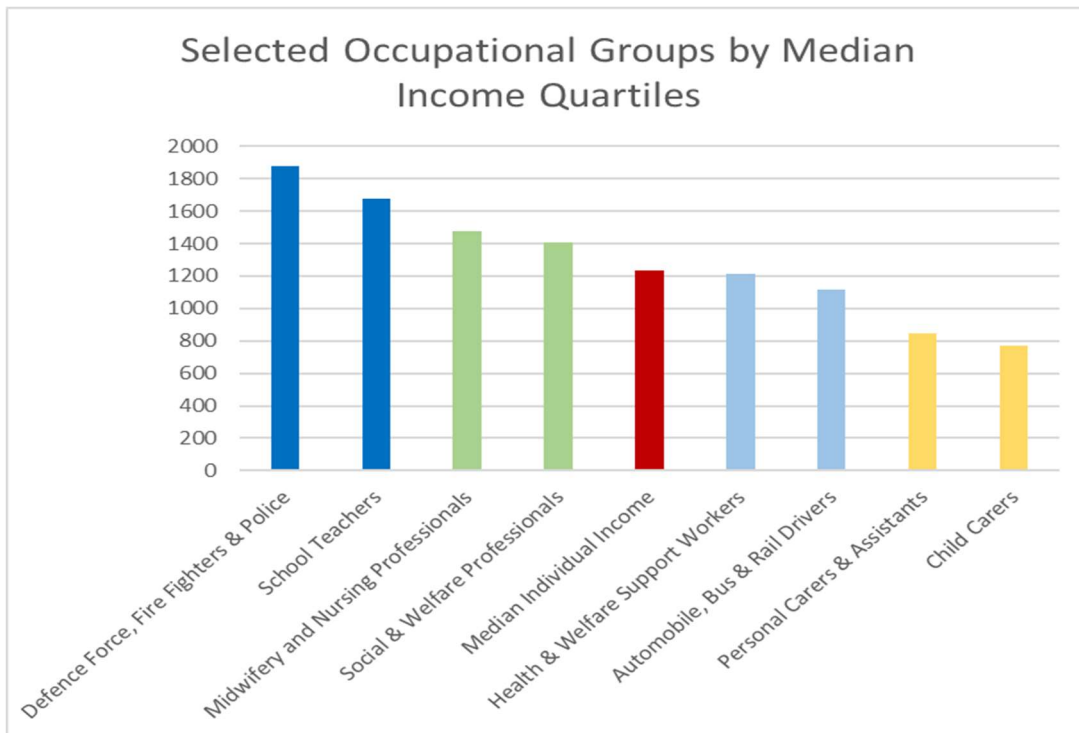


Figure 2.1: Selected Occupational Groups by Median Income Quartile, NSW (2021)

Source: JSA 2022 derived from ABS 2021, TableBuilder

These differences become even more stark when considering a wider range of occupations in the four income quartiles, as shown in the following figure. Sales assistants, for example, earn a median income of around \$635 per week, which is half that of a bus driver's median income (\$1,119); around 40% of a nurse's income (\$1,477); and less than one-fifth that of medical practitioner (\$3,386).

Clearly, the housing choice and affordability situations of the wide range of groups often referred to as 'key worker', are vastly different. For example, a worker in Child Care or Personal Care services could not afford to rent even a studio or one-bedroom unit anywhere in the Illawarra Shoalhaven Region, even in the cheapest area (Nowra).

In contrast a Secondary School Teacher on a median income could afford to rent a two bedroom unit in most areas of Wollongong and Shoalhaven LGAs, and in some areas of Shellharbour LGA, noting lack of availability in Kiama LGA, as well as areas of Shellharbour and Shoalhaven; and could afford to rent a three bedroom house in most of the Shoalhaven. A Police Officer or Fire Fighter could afford a three bedroom house in less expensive areas of the Wollongong and Shellharbour LGAs, and most of the Shoalhaven, but nowhere in Kiama LGA (see also housing affordability analysis in **Section 6** below).

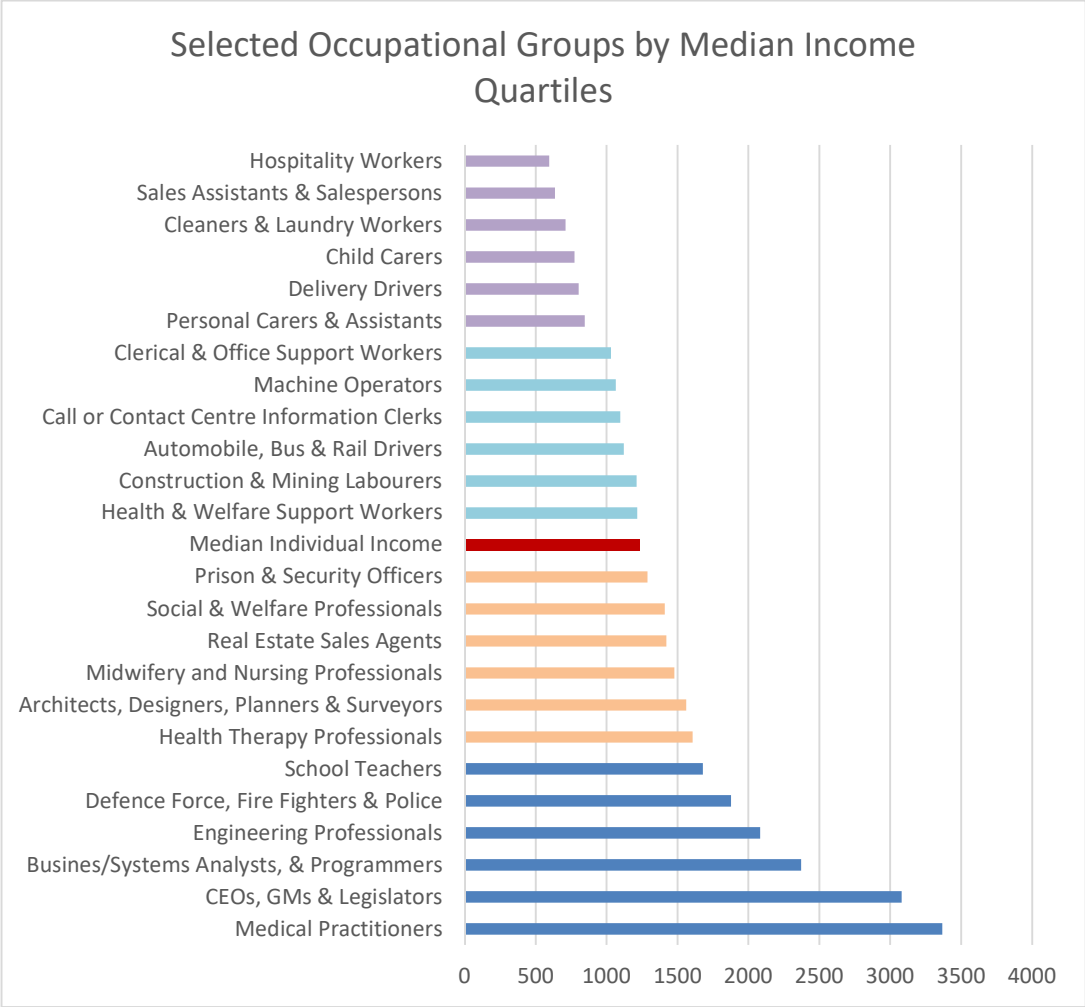


Figure 2.2: Selected Occupational Groups by Median Income Quartile, NSW (2021)
 Source: JSA 2022 derived from ABS 2021, TableBuilder

This is looked at in more detail for the 12 largest occupational groups in each of the four median income quartiles in the graphs below.

Again, this provides an understanding of the groups that are most likely to have seriously restricted housing choices, and major affordability problems compared with those that would be far more able to compete in a tight regional housing market.

A full list of occupational groups by median income and quartile, and the number employed in each occupational group, is provided in **Appendix 1**.

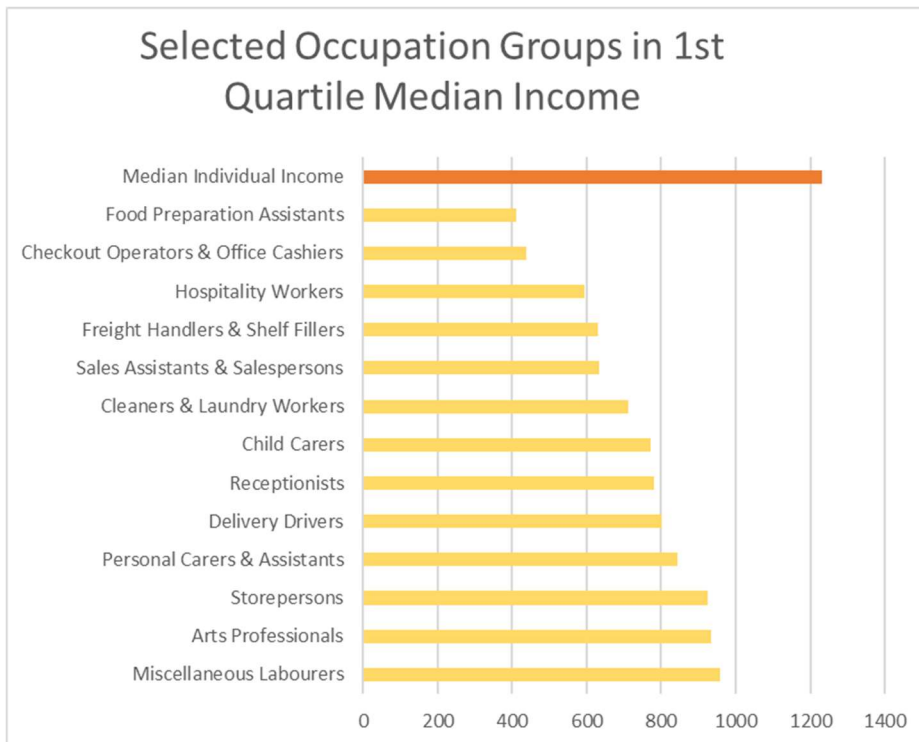


Figure 2.3: Major Occupational Groups by Median Income – 1st Quartile, NSW (2021)
 Source: JSA 2022 derived from ABS 2021, TableBuilder

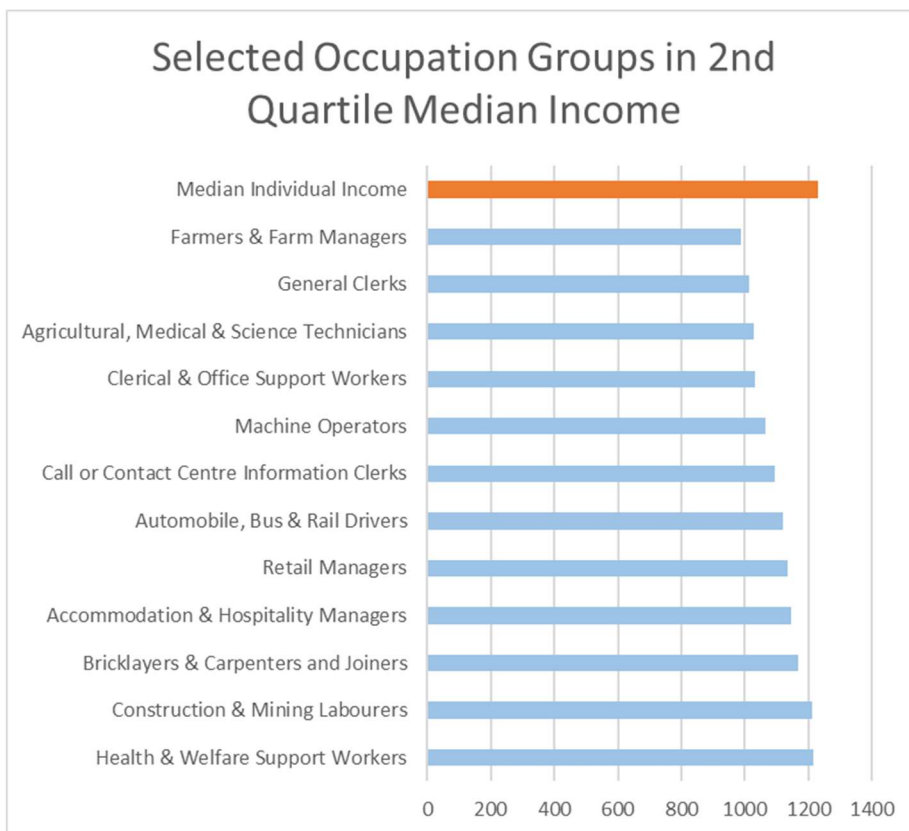


Figure 2.4: Major Occupational Groups by Median Income – 2nd Quartile, NSW (2021)
 Source: JSA 2022 derived from ABS 2021, TableBuilder

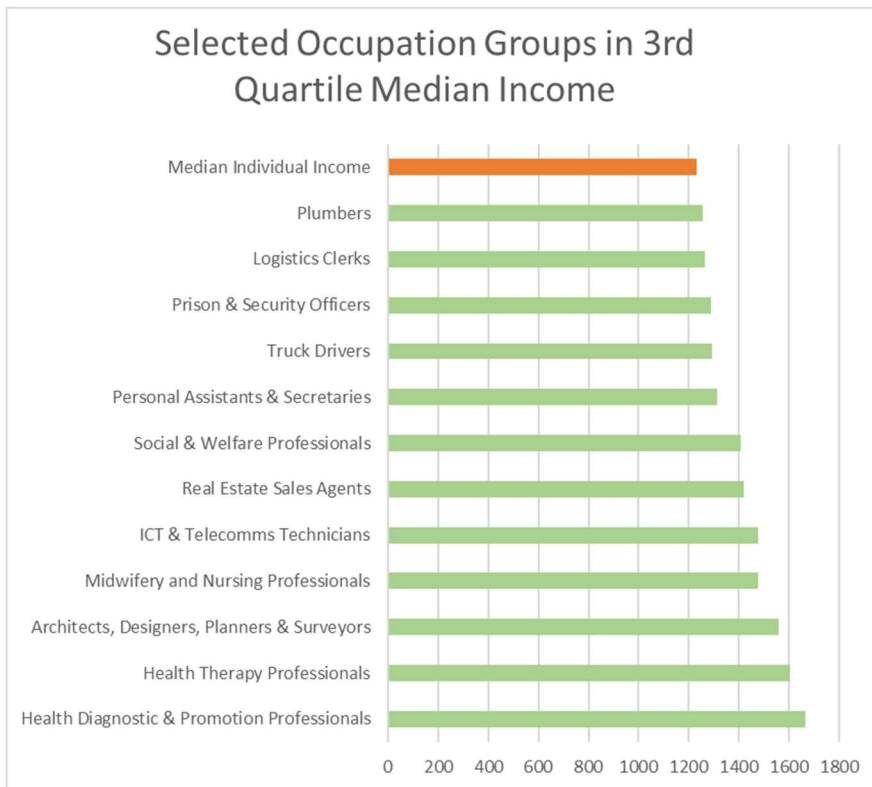


Figure 2.5: Major Occupational Groups by Median Income – 3rd Quartile, NSW (2021)
 Source: JSA 2022 derived from ABS 2021, TableBuilder

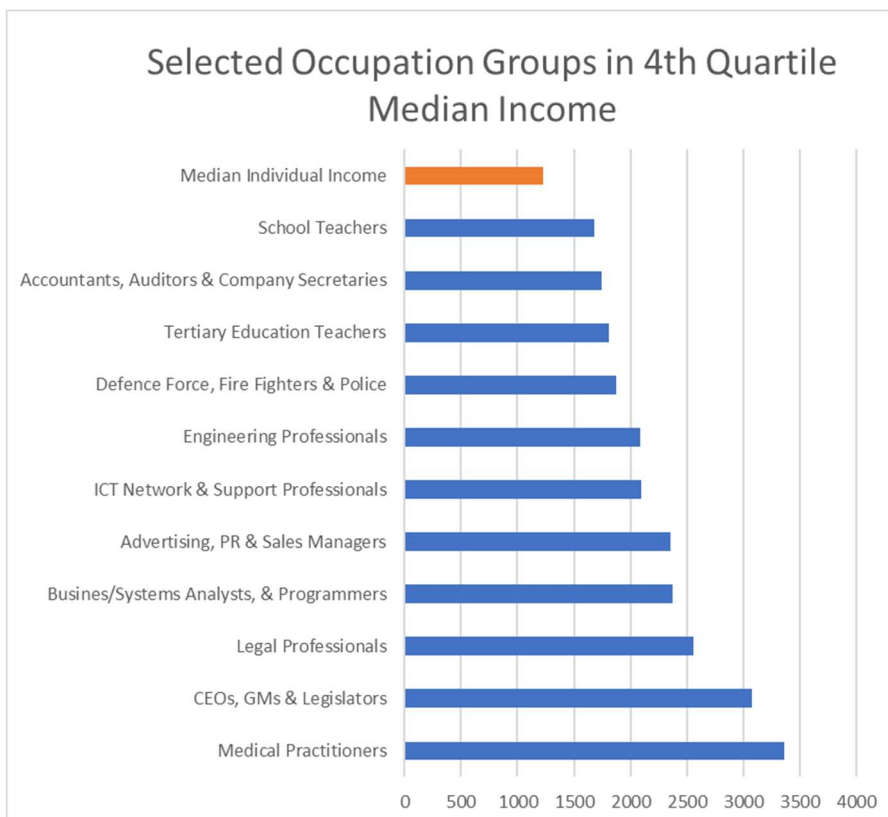


Figure 2.6: Major Occupational Groups by Median Income – 4th Quartile, NSW (2021)
 Source: JSA 2022 derived from ABS 2021, TableBuilder

2.2.3 Relative Incomes of ‘Top 40’ Regional Occupation Groups

The following table provides an analysis of the ‘top 40’ occupational groups in the Illawarra Shoalhaven Region and the four LGAs ranked by the number of workers in each group in the Region. This is then banded by the income quartile of these groups.

The two top occupations in 2021 (Sales Assistants and Personal Carers) were among the lowest income earners, and accounted for 10% of the regional labour force. Cleaners and Hospitality Workers were also among the largest occupational groups in the 1st quartile of median incomes.

Large numbers of employed people were also found among School Teachers and Nurses, although Teachers were among the higher paid groups (4th quartile median income), and Nurses had median incomes that were in the 3rd quartile. Again, it is acknowledged that there are differentials across these income groups, but the incomes of sales, personal care, cleaners, and hospitality workers are so universally low as to place them in the 1st quartile for median income.

Other groups in the 1st quartile with more than 2,000 workers in the Region are those in Food Preparation and Assistance, Receptionists, Child Care Workers, and Labourers, whilst groups in the 2nd quartile with larger numbers of workers at the regional scale included Clerical Workers, Bricklayers, Carpenters and Joiners, Health and Welfare Support Workers, Retail and Office Managers, and Construction and Mining Labourers.

This is also shown for the four LGAs in the table below; with occupational groups that are most important to each of the four LGAs provided in **Appendix 1.2**.

Table 2.1: 'Top 40' Occupational Groups – Illawarra Shoalhaven Region & LGAs by Median Income Quartile

3-digit level OCCP Occupation	ISR	%					Income Quartile
		ISR Workers	Kiama	Shellharbour	Shoalhaven	Wollongong	
Sales Assistants & Salespersons	10,824	6%	402	2333	2816	5273	Q1
Personal Carers & Assistants	7,513	4%	197	1777	1845	3698	Q1
School Teachers	7,503	4%	595	1181	1509	4210	Q4
Midwifery & Nursing Professionals	5,351	3%	307	970	1299	2770	Q3
Cleaners and Laundry Workers	4,301	2%	128	828	1255	2089	Q1
Hospitality Workers	4,202	2%	319	544	1142	2196	Q1
General Clerks	4,159	2%	214	855	921	2171	Q2
Construction, Distn & Prodn Managers	3881	2%	307	628	922	2032	Q4
Bricklayers, and Carpenters & Joiners	3662	2%	268	693	996	1701	Q2
Health & Welfare Support Workers	3205	2%	168	639	719	1677	Q2
Retail Managers	3188	2%	185	667	873	1473	Q2
Food Preparation Assistants	3080	2%	123	586	781	1586	Q1
Social and Welfare Professionals	2848	2%	195	423	634	1597	Q3
Construction and Mining Labourers	2819	2%	118	726	696	1279	Q2
Electricians	2785	2%	157	561	479	1596	Q3
Stationary Plant Operators	2751	2%	114	800	240	1594	Q4
Accounting Clerks and Bookkeepers	2691	1%	158	555	657	1323	Q2
Truck Drivers	2610	1%	85	739	629	1162	Q3
Receptionists	2548	1%	132	490	631	1287	Q1
Mechanical Engineering Trades Workers	2534	1%	101	582	774	1077	Q3
Child Carers	2523	1%	100	566	567	1283	Q1
Building & Engineering Technicians	2382	1%	137	490	378	1368	Q4
Food Trades Workers	2364	1%	108	426	766	1071	Q1
Miscellaneous Labourers	2334	1%	82	454	653	1150	Q1
Office and Practice Managers	2269	1%	163	419	591	1100	Q2
Misc. Hospitality, Retail & Service Managers	2227	1%	137	430	443	1212	Q3
Defence Forc, Fire Fighters & Police	2220	1%	154	388	575	1099	Q4

3-digit level OCCP Occupation	ISR	% ISR Workers	Kiama	Shellharbour	Shoalhaven	Wollongong	Income Quartile
Misc. Clerical & Administrative Workers	2183	1%	92	451	352	1290	Q3
Engineering Professionals	2101	1%	123	275	279	1422	Q4
Business Administration Managers	2085	1%	154	293	334	1310	Q4
Information and Organisation Professionals	1870	1%	146	227	301	1198	Q4
Architects, Designers, Planners & Surveyors	1754	1%	120	205	358	1072	Q3
CEOs, GMs & Legislators	1743	1%	174	220	385	963	Q4
Horticultural Trades Workers	1700	1%	148	254	572	722	Q1
Accountants, Auditors & Co. Secretaries	1687	1%	105	224	298	1058	Q4
Tertiary Education Teachers	1654	1%	93	148	204	1208	Q4
Accommodation & Hospitality Managers	1636	1%	113	195	616	707	Q2
Education, Health & Welfare Svc Managers	1633	1%	116	254	302	965	Q4
Sales, Marketing & Public Rels Professionals	1630	1%	99	253	180	1098	Q4
Call or Contact Centre Information Clerks	1612	1%	48	352	190	1014	Q2

Source: ABS 2021, TableBuilder, JSA calculation income quartiles

2.2.4 Relative Incomes of Major Industry Groups NSW (2021)

Another way of understanding priority groups in terms of their relative ability to afford their housing and to compete in an increasingly tight and expensive housing market is through the lens of industry groups that are employing larger numbers of workers.

The following graph shows the relative median income of major industry groups in the four quartiles. Again, it can be seen that the median incomes of workers in industries such as Child Care and Residential Aged Care (in the 1st quartile of median income) are much lower than those in industries such as policing and secondary education (in the 4th quartile), with Child Care workers earning around one-third the median income of Police.

Again, the implications for relative housing choice and affordability between these industry groups are clear (see also housing affordability analysis in **Section 6** below).

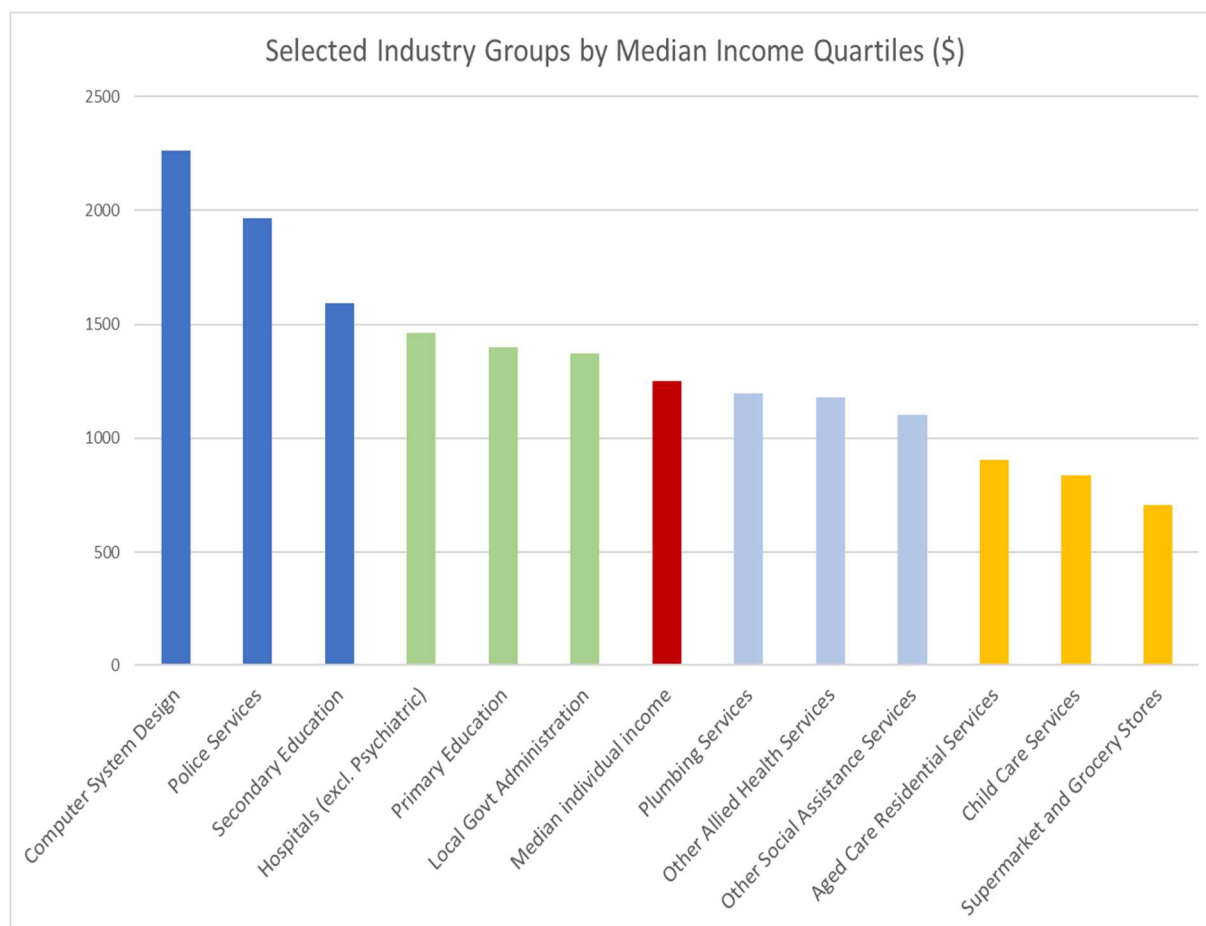


Figure 2.7: Selected Industry Groups by Median Income Quartile, NSW (2021)

Source: JSA 2022 derived from ABS 2021, TableBuilder

This is looked at in more detail for 20 of the largest industry groups in each of the four median income quartiles in the graphs below.

Again, this provides an understanding of the groups that are most likely to have seriously restricted housing choices, and major affordability problems compared with those that would be far more

able to compete in a tight regional housing market. For example, key workers in the 1st quartile of median income for larger industry groups include those in Retail, Hospitality, Cleaning Services, Hairdressing, Childcare, Creative Arts and Residential Aged Care Services, as shown in the following figure.

At the upper end of the median income spectrum (4th quartile) and industry groups such as Ambulance and Police officers, Emergency Services, Rail Passenger Transport, Correctional Services and State Government Administration, as shown below.

A full list of occupational groups by median income and quartile, and the number employed in each occupational group, is provided in **Appendix 1.1**.

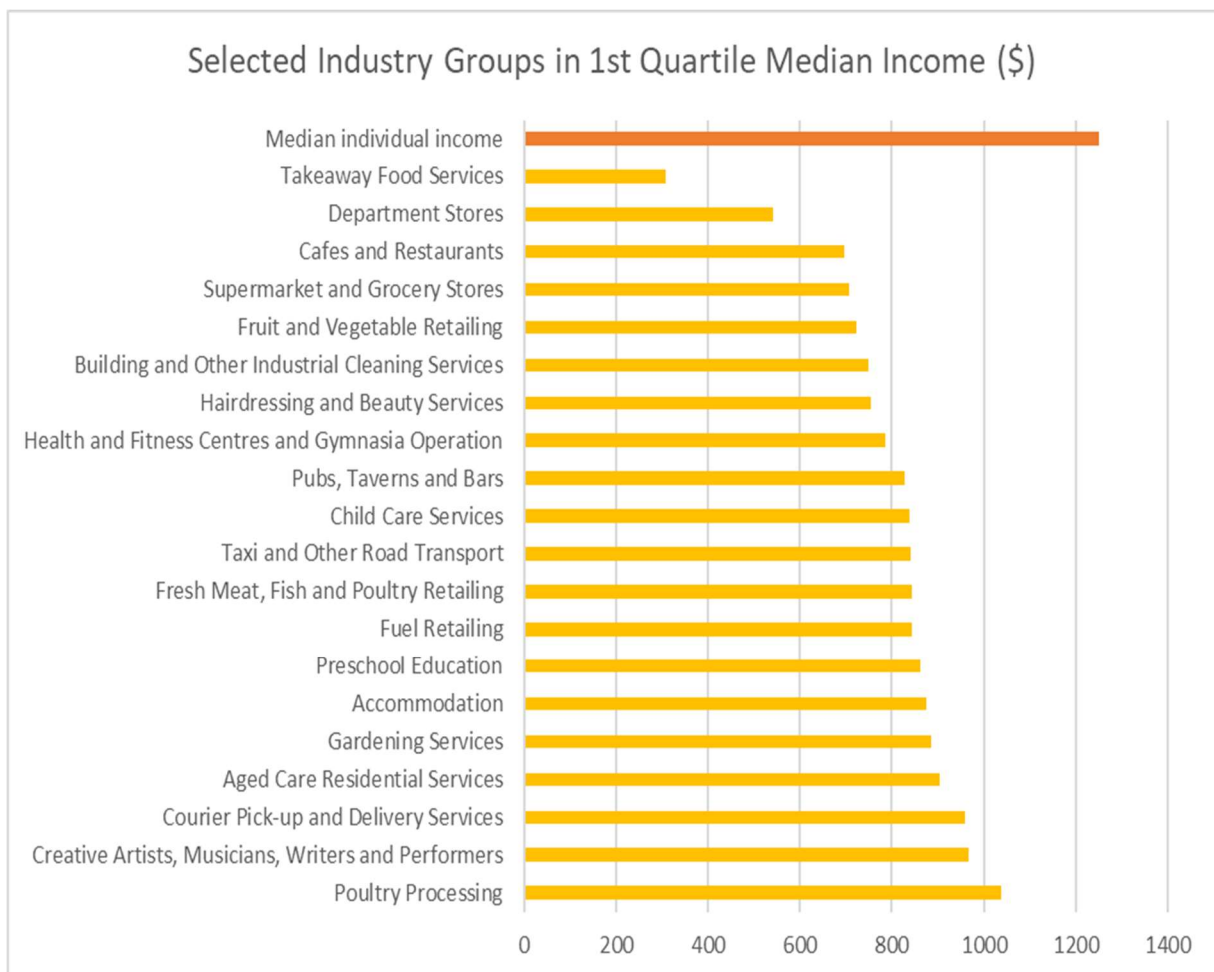


Figure 2.8: Major Industry Groups by Median Income – 1st Quartile, NSW (2021)

Source: JSA 2022 derived from ABS 2021, TableBuilder

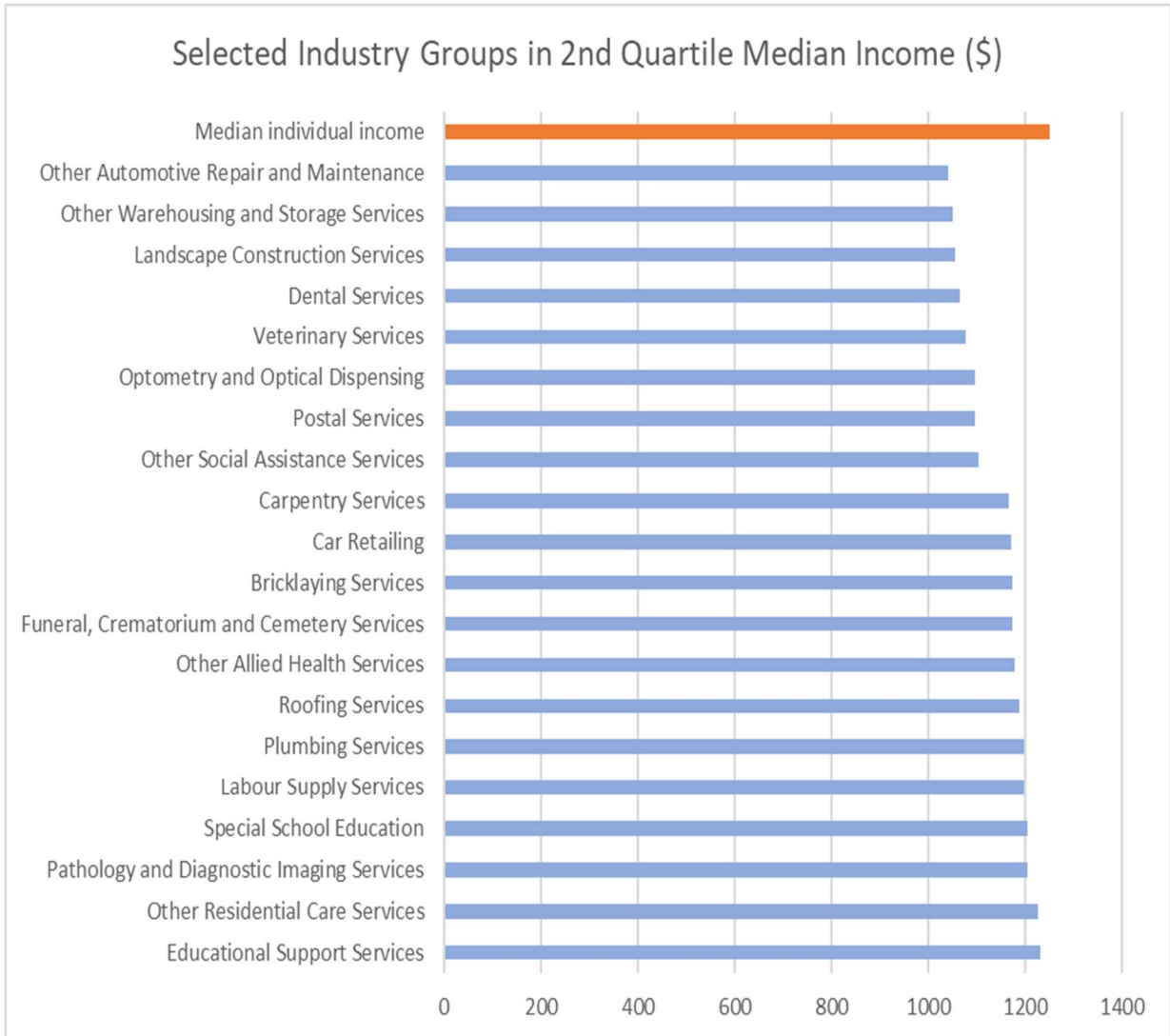


Figure 2.9: Major Industry Groups by Median Income – 2nd Quartile, NSW (2021)
 Source: JSA 2022 derived from ABS 2021, TableBuilder

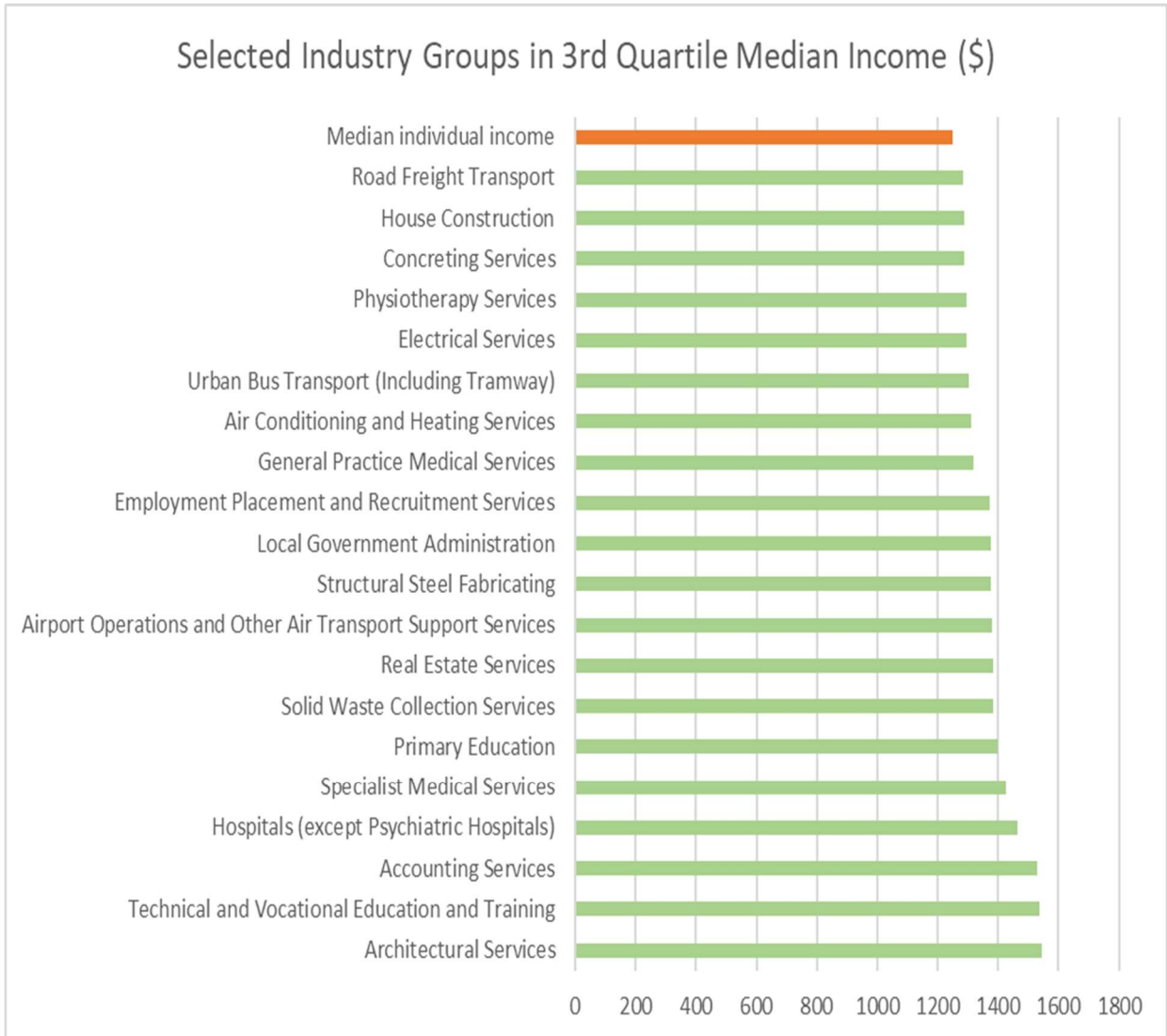


Figure 2.10: Major Industry Groups by Median Income – 3rd Quartile, NSW (2021)

Source: JSA 2022 derived from ABS 2021, TableBuilder

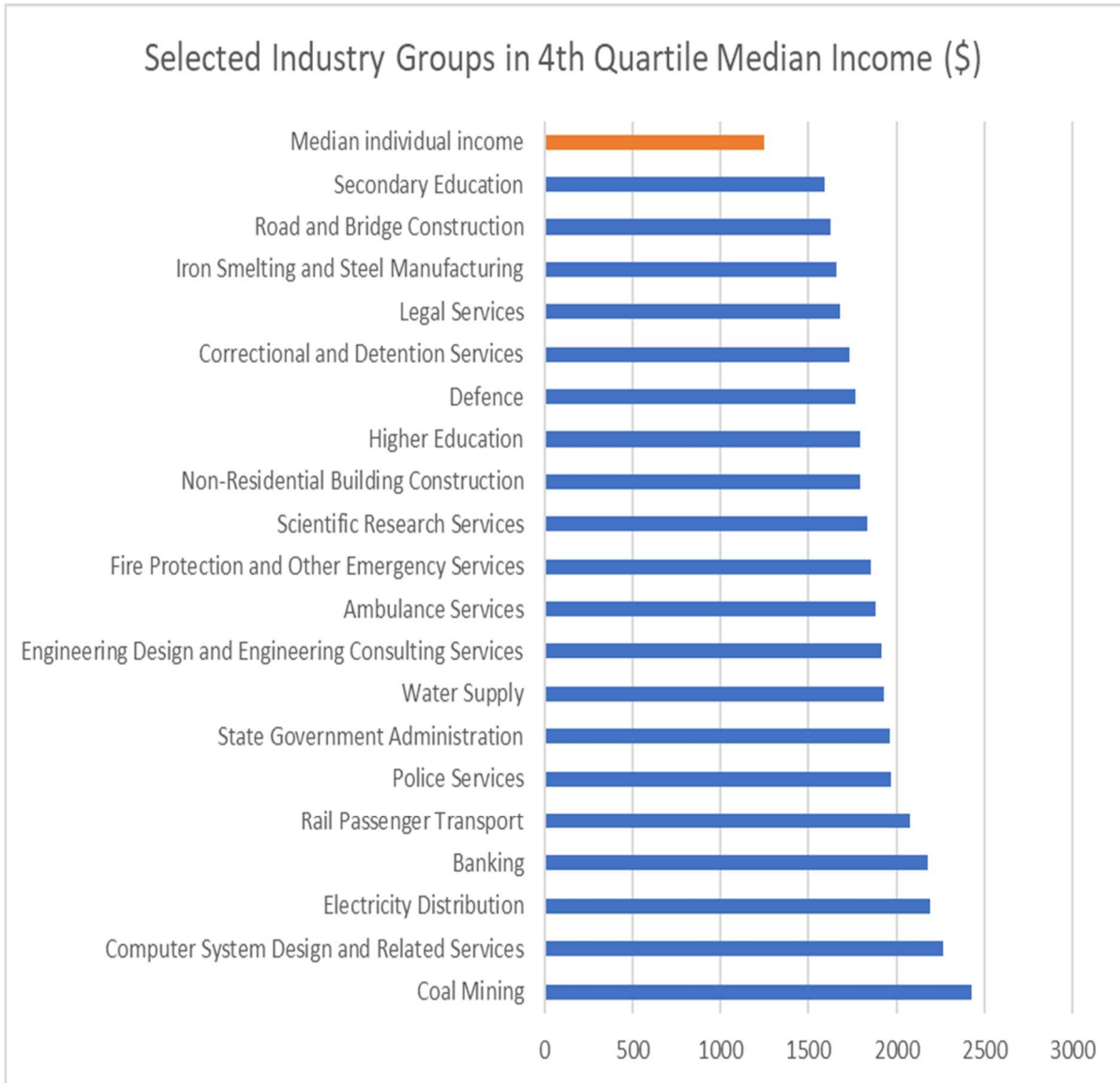


Figure 2.11: Major Industry Groups by Median Income – 4th Quartile, NSW (2021)
 Source: JSA 2022 derived from ABS 2021, TableBuilder

2.2.5 Relative Incomes of ‘Top 40’ Regional Industry Groups

The following table provides an analysis of the ‘top 40’ industry groups in the Illawarra Shoalhaven Region and the four LGAs ranked by the number of workers in each group in the Region. This is then banded by the income quartile of these groups.

Those working in Residential Aged Care, Supermarkets, and Hospitality were among those with the largest workforces in the Region, as well as those most poorly paid (in the 1st quartile of median incomes for industry groups), and together make up 10% of the regional workforce. Cleaners and Child Care workers also had a large presence in the regional labour market, and were in the 1st quartile for median income.

The second largest employer in the Region was Other Social Assistance, with a 2nd quartile median income. Large numbers of employed people were also found among those in Hospitals, Primary Schools, Local Government Administration, Construction and Transport (all in the 3rd quartile); with other large sectors in the highest income range (4th quartile) including Secondary Education, State Government Administration and Police, as shown in the table below.

This is also shown for the four LGAs. As well, industry groups that are most important to each of the four LGAs are ranked in tables at **Appendix 1.3**.

Table 2.2: 'Top 40' Industry Groups – Illawarra Shoalhaven Region & LGAs by Median Income Quartile

4-digit level INDP Industry of Employment	ISR	% Workers ISR	Income Quartiles				
			Kiama	Shellharbour	Shoalhaven	Wollongong	
Hospitals (except Psychiatric Hospitals)	8675	5%	504	1565	1485	5126	Q3
Other Social Assistance Services	5601	3%	229	1121	1230	3016	Q2
Aged Care Residential Services	5319	3%	179	1119	1422	2592	Q1
Supermarket and Grocery Stores	4990	3%	206	1110	1305	2370	Q1
Primary Education	4637	3%	376	875	1075	2304	Q3
Takeaway Food Services	4416	2%	122	929	934	2430	Q1
Cafes and Restaurants	4147	2%	333	563	1102	2144	Q1
Secondary Education	4000	2%	303	556	894	2240	Q4
Local Government Administration	3637	2%	295	669	987	1686	Q3
Iron Smelting and Steel Manufacturing	3340	2%	130	985	94	2128	Q4
Higher Education	3141	2%	153	262	186	2535	Q4
State Government Administration	2534	1%	170	410	450	1504	Q4
Building and Other Industrial Cleaning Services	2396	1%	70	468	706	1160	Q1
Coal Mining	2252	1%	104	576	59	1503	Q4
Defence	2150	1%	126	77	1643	305	Q4
Computer System Design and Related Services	2146	1%	126	284	372	1360	Q4
Combined Primary and Secondary Education	2135	1%	133	309	387	1306	Q4
House Construction	2122	1%	194	356	723	855	Q3
Road Freight Transport	2034	1%	58	575	410	992	Q3
Electrical Services	1918	1%	120	326	478	994	Q3
General Practice Medical Services	1917	1%	141	298	522	957	Q3
Carpentry Services	1877	1%	130	372	475	897	Q2
Child Care Services	1828	1%	59	400	362	1008	Q1
Central Government Administration	1813	1%	66	450	147	1148	Q4
Clubs (Hospitality)	1776	1%	107	323	611	733	Q1

4-digit level INDP Industry of Employment	ISR	% Workers ISR	Kiama	Shellharbour	Shoalhaven	Wollongong	Income Quartiles
Accommodation	1720	1%	137	176	822	585	Q1
Real Estate Services	1685	1%	121	285	464	810	Q3
Accounting Services	1600	1%	100	217	408	873	Q3
Other Allied Health Services	1593	1%	125	213	370	887	Q2
Legal Services	1578	1%	96	189	304	981	Q4
Other Auxiliary Finance and Investment Services	1560	1%	95	273	210	981	Q4
Banking	1505	1%	65	274	205	964	Q4
Hairdressing and Beauty Services	1503	1%	89	290	395	725	Q1
Police Services	1457	1%	93	341	199	832	Q4
Preschool Education	1337	1%	75	326	367	575	Q1
Other Automotive Repair and Maintenance	1329	1%	35	289	390	616	Q2
Plumbing Services	1317	1%	81	271	374	592	Q2
Pharmaceutical, Cosmetic and Toiletry Goods Retailing	1292	1%	56	206	387	644	Q1
Hardware and Building Supplies Retailing	1253	1%	27	253	359	611	Q1
Clothing Retailing	1251	1%	70	286	279	616	Q1

Source: ABS 2021, TableBuilder, JSA calculation income quartiles

2.3 Skills Shortage by Occupation

2.3.1 Overview

A further way of understanding ‘key workers’ that need to be prioritised in the forthcoming *Illawarra Shoalhaven Affordable Housing Strategy* is to look at those groups experiencing current and projected skill shortages. The National Skills Commission publishes the Skills Priority List,¹⁸ which provides a detailed review of occupations currently in shortage, and projected future demand for occupations. This provides a rating of the severity of skills shortage, using a robust assessment methodology.

2.3.2 The Skills Priority List

The National Skills Commission (NSC) regularly publishes the Skills Priority List (SPL), which provides a detailed review of occupations in shortage, nationally and by state and territory, as well as the projected future demand for occupations in Australia, and provides a single national source of intelligence on occupations with a current and future shortage of supply, and the seriousness of this shortage.

The assessments are determined through extensive statistical analysis of the labour market, employer surveys, and extensive stakeholder engagement. The NSC notes that ‘the use of various sources of evidence and stakeholder consultations ensures the SPL represents a comprehensive assessment of occupational shortages’.¹⁹

The occupations considered in the SPL are:

- defined in the Australian and New Zealand Standard Classification of Occupations (ANZSCO) as Skill Level 1 - 4 occupations at the six-digit level; and
- occupations with an open and contestable labour market.²⁰

As well as a ‘Current Labour Market Rating’, each occupation is given an indicative future demand rating (strong, moderate or soft) to indicate the likely demand for the occupation over the coming five-year period, with this only available nationally.

Using these two components, each occupation assessed is categorised into one of six categories.

¹⁸ <https://www.nationalskillscommission.gov.au/topics/skills-priority-list>, accessed 11 October 2022

¹⁹ An occupation is considered to be in ‘shortage’ when employers are unable to fill or have considerable difficulty filling vacancies; or they cannot meet significant specialised skill needs within that occupation, at current levels of remuneration, conditions of employment and in reasonably accessible locations. Based on this definition, the primary measure of an occupational shortage is the ability of employers to fill vacancies (the ‘vacancy fill rate’); see <https://www.nationalskillscommission.gov.au/topics/skills-priority-list>, accessed 11 October 2022

²⁰ For example, defence force roles will not be covered as recruitment is mainly conducted internally. In some cases, stakeholder insight or external data may be available for closed labour markets, and in these cases an assessment of the occupation may be possible.

	Current Labour Market Rating	Future Demand Rating
1	Shortage	Strong future demand
2	Shortage	Moderate future demand
3	Shortage	Soft future demand
4	No Shortage	Strong future demand
5	No Shortage	Moderate future demand
6	No Shortage	Soft future demand

Source: National Skills Commission (2022) Skills Priority List

2.3.3 Skill Shortage Among Lower Paid Workers

The following table shows occupations in the SPL that are **currently experiencing a skills shortage** in NSW, and which are **projected to experience strong or moderate demand** over the next five years nationally. Occupations that are most relevant to the Region in terms of number of employees, and with an individual median income in the 1st, 2nd and 3rd quartiles, have been extracted from the full list in **Appendix 1.4**. These are highlighted in yellow (1st quartile), light blue (2nd quartile) and green (3rd quartile). This complements the analysis in **Sections 2.1 and 2.2** above, and provides a further indication of the types of workers who may need to be prioritised for ‘key worker’ housing in the Region.

Occupational groups with current shortage and ‘strong’ future demand, that are also 1st and 2nd income quartile and present in large number in the Region²¹ include Aged and Disability Carers, Child Care Workers, Residential Care Workers, Youth Workers and Enrolled Nurses. Registered Nurses and Midwives are also in the ‘strong’ category, and are in the 3rd quartile of median income.

Those occupations in the 1st and 2nd quartiles, where there is a current shortage and ‘moderate’ future demand, and with a larger regional presence include Personal Care Assistants, Gardeners and Nursery Workers, various construction labourers, and plant operators.

Table 2.3: Relevant Occupations with Current & Projected Skill Shortages

Occupation Currently Experiencing Skill Shortage in NSW	Future Demand Nationally (5 years)
Early Childhood (Pre-primary School) Teacher	Strong
Aged or Disabled Carer	Strong
Residential Care Officer	Strong
Youth Worker	Strong
Child Care Worker	Strong
Beauty Therapist	Strong
Veterinary Nurse	Strong
Enrolled Nurse	Strong
Dental Assistant	Strong
Midwife	Strong
Registered Nurse (Aged Care, Child & Family, Community Health, Mental Health, etc)	Strong
Mechanical Engineering Technician	Strong

²¹ It is noted that these are at a more detailed level than the above analysis, which was conducted at the three-digit level, so these groups have been aligned as far as possible.

Occupation Currently Experiencing Skill Shortage in NSW	Future Demand Nationally (5 years)
Electrician	Strong
Security Officer	Strong
Hairdresser	Moderate
Personal Care Assistant	Moderate
Gymnastics Coach or Instructor	Moderate
Swimming Coach or Instructor	Moderate
Nurseryperson	Moderate
Gardener (General)	Moderate
Baker	Moderate
Pastrycook	Moderate
Butcher or Smallgoods Maker	Moderate
Cook	Moderate
Earthmoving Plant Operator (General)	Moderate
Backhoe Operator	Moderate
Bulldozer Operator	Moderate
Excavator Operator	Moderate
Grader Operator	Moderate
Loader Operator	Moderate
Streetsweeper Operator	Moderate
Bus Driver	Moderate
Construction Rigger	Moderate
Scaffolder	Moderate
Steel Fixer	Moderate
Structural Steel Erector	Moderate
Crane Chaser	Moderate
Primary School Teacher	Moderate
Special Needs Teacher	Moderate
Teacher of the Hearing Impaired	Moderate
Teacher of the Sight Impaired	Moderate
Plasterer	Moderate
Roof Tiler	Moderate
Wall and Floor Tiler	Moderate
Airconditioning and Refrigeration Mechanic	Moderate
Electronic Equipment Trades Worker	Moderate
Electronic Instrument Trades Worker (Special Class)	Moderate
Truck Driver (General)	Moderate

Source: JSA (2022) derived from the National Skills Commission (2022) Skills Priority List

2.4 Occupational and Industry Growth Sectors

2.4.1 Industry Groups

As discussed in **Section 3.3 below**, Health Care and Social Assistance was by far the largest industry of employment in the Region in 2021, followed by Construction, Education and Training, and Retail Trade, with these four industries accounting for around half or all regional jobs in 2021.

The industries with the **highest growth in absolute terms** were Health Care and Social Assistance, and Professional, Scientific and Technical Services, which both increased their workforce by 30%, the latter from a much lower base. Other industries with high rates of proportional growth were Construction, Public Administration, Education and Training, Electricity and other utilities, and Manufacturing (all above 10%).

However, only three industry sectors increased in relative importance to the regional labour force, or **‘market share’** over the five years to 2021. These were Health Care and Social Assistance, and Professional, Scientific and Technical Services (15ppt each), and to a lesser extent, Construction (7ppt), as shown below.

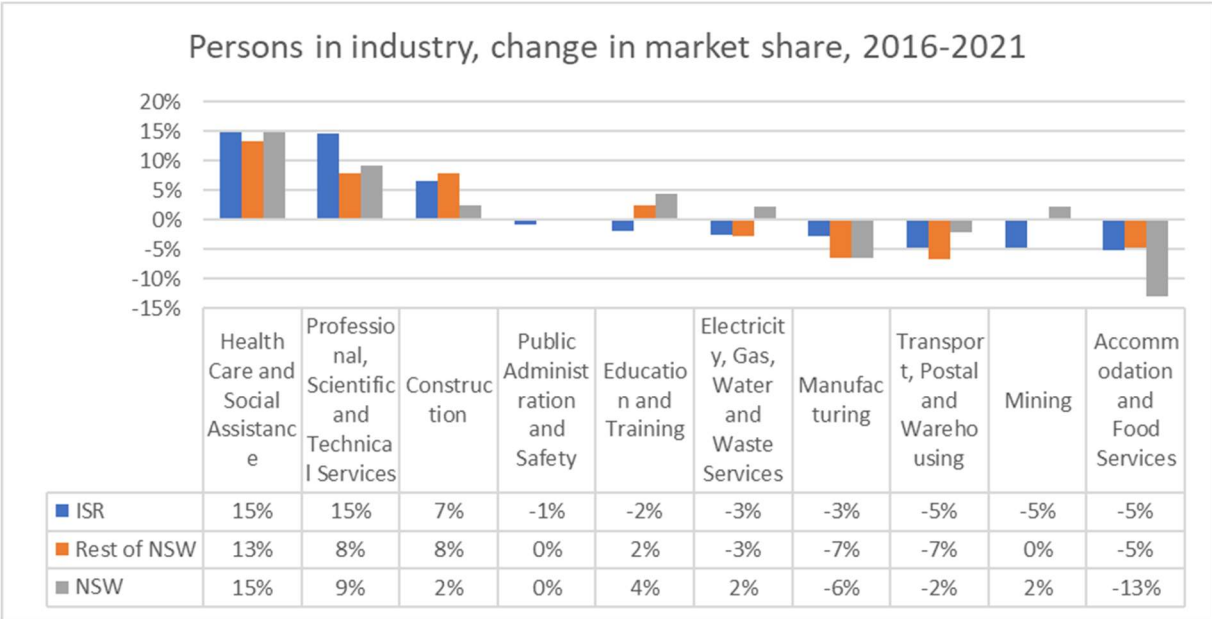


Figure 2.12: Industry Sector ISR: relative change % (‘market share’) 2016-21 (‘top 10’)

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

2.4.2 Occupation Groups

The largest occupational sectors in the Region in 2021 were Professionals, Technicians and Tradespeople, and Community and Personal Service, and Clerical and Administrative workers, which were all present at higher than average rates.

Occupations with the highest proportional change in **absolute terms** in the Region from 2016-21 were Managers, Professionals and Community and Personal Service workers, each with a 20% or greater increase in their workforce. There was somewhat lower than average growth in people

employed as Technicians and Tradespeople, Machinery Operators, and Clerical workers, and negative growth in Sales workers over the period.

In terms of relative importance of different occupational groups to the regional labour force, or **‘market share’**, the only occupations to increase in this regard were Managers and Professionals (9 ppt each) and Community and Personal Service workers (6 ppt), with all other occupations decreasing as a proportion of total employed people in the Region from 2016-21, as shown below.

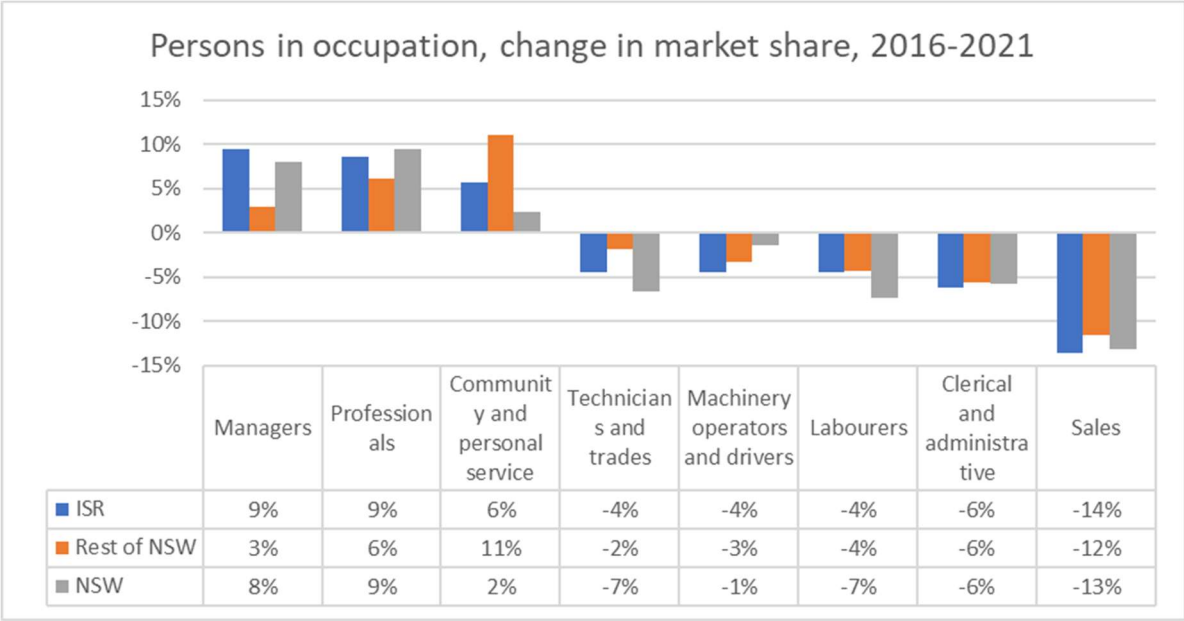


Figure 2.13: Occupation Profile ISR: relative change (‘market share’) ISR 2016-21

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

3 The Socio-Economic Context

3.1 Population Growth

Over the past two decades, the Illawarra Shoalhaven Region grew by 68,000 residents, or 19%, and is now home to 423,000 people. Wollongong LGA grew from a city of 188,000 people to 215,000 residents (51% of the Region’s population), whilst Shoalhaven LGA grew from 87,000 to more than 108,000 people (26% of the Region’s population). Shellharbour experienced the highest proportional growth, and now has 18% of the Region’s population, whilst Kiama continues to have 5% of the Region’s population.

Recent growth trends indicate both the effects of the COVID 19 pandemic, including a slowing of immigration and movement from metropolitan to some regional areas, as well as housing cost and availability in different parts of the Region.

Historically, regional growth trends have been somewhat below average, including in the **five years to 2016**, where the Region and its four LGAs had below average growth rates, particularly Wollongong LGA, as shown below.

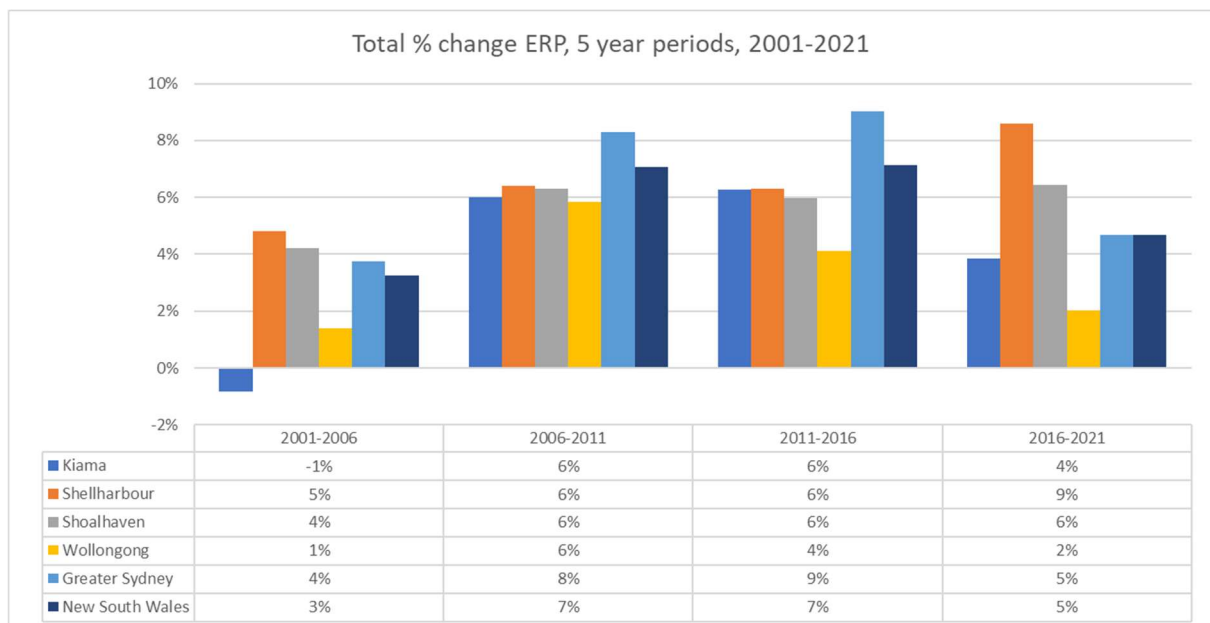


Figure 3-1: Proportional change in ERP, 5-year Census periods, 2001-2021

Source: JSA 2022; ABS 2022, Regional Population 2021

From **2016-21**, however, both NSW and Greater Sydney experienced lower than historical growth, whilst the Region as a whole experienced comparable growth (0.9% p.a. each). However, there were major differences between the LGAs, with Shellharbour and to a lesser extent Shoalhaven, experiencing much higher than average annual growth rates from 2016-21 (1.7% and 1.3% respectively), whilst Wollongong LGA experienced very low relative annual growth (0.4%), which pulled down the regional average, as shown below.

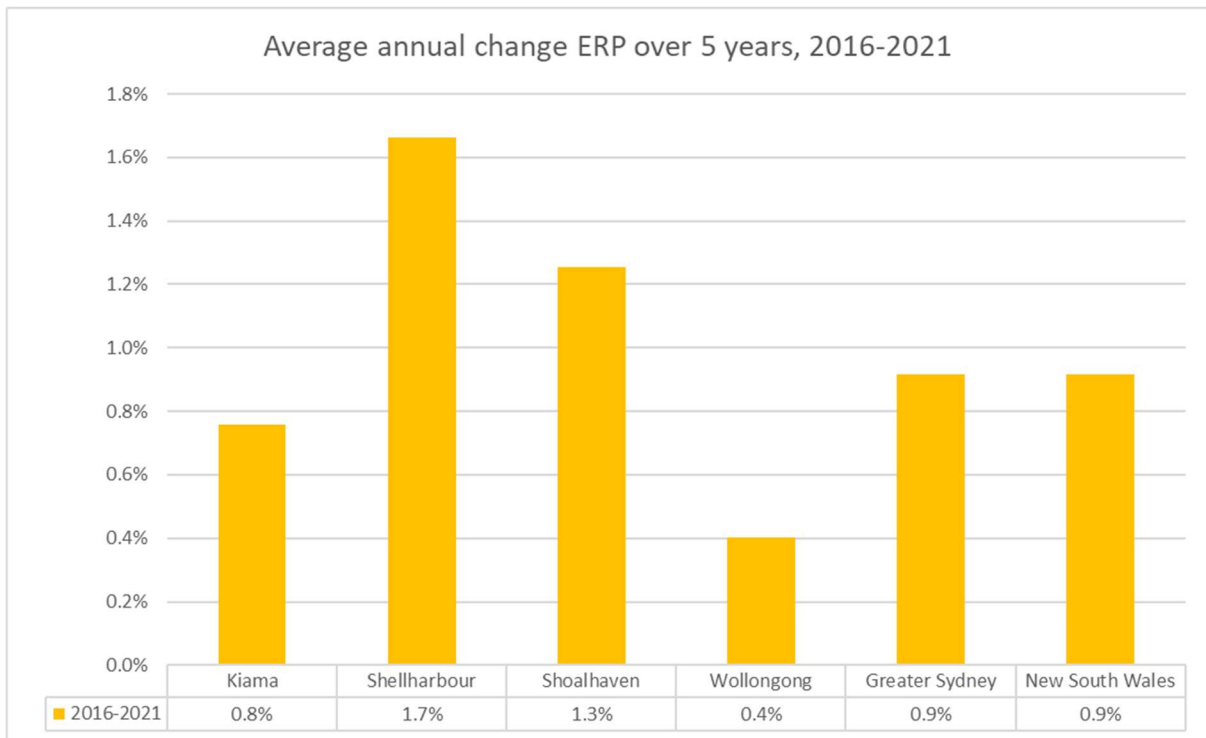


Figure 3.2: Average annual change in ERP over five years, 2016-2021

Source: JSA 2022; ABS 2022, Regional Population 2021

3.2 Socio-Economic Profile

3.2.1 Aggregate Measures of Community Wellbeing

The socio-economic profile of the Region’s LGAs,²² and areas within them, are quite diverse, and increasingly polarised. The ABS’ **SEIFA Disadvantage Index**,²³ for example, places Kiama LGA in the *least* disadvantaged 7% of LGAs for Australia, and Shoalhaven LGA in the *most* disadvantaged 43% of areas, and there are pockets of severe disadvantage in the LGA, for example, Nowra State Suburb, which is in the most disadvantaged 3% of areas for Australia.

Shellharbour LGA sits at the median for Australia, but is socially polarised, with areas of extreme disadvantage, such as Warilla in the *most* disadvantaged 6% of areas for Australia, and areas that are socially advantaged, for example, Shell Cove in *least* disadvantaged 7% of areas for Australia.

Similarly, the ranking of Wollongong somewhat above the Australian median, masks highly polarised local communities. In Wollongong, there are stark differences between suburbs in the north and to the south, particularly around the steelworks, with the suburb of Warrawong in the *most* disadvantaged 2% of areas nationally, and Austinmer in the *least* disadvantaged 2% of suburbs.

²² ABS (2016) SEIFA Index of Relative Socio-economic Disadvantage (SEIFA Disadvantage) is not calculated at the regional scale, noting also that the 2021 SEIFA Indexes will not be available until late 2023.

It is interesting that Shellharbour LGA has a highly disadvantaged education and occupation profile on the relevant SEIFA Index. The very low ranking of Shellharbour on **SEIFA Education and Occupation** compared with the other two Indexes indicates that this is or has been an area where working people who do not necessarily have a high level of qualifications of employment status had been able to live and buy a home. Dapto-Port Kembla SA3 is even more disadvantaged (in the lowest 17% of areas for education and occupational status).

Again, there is significant social polarisation across localities within LGAs, particularly Wollongong and Shellharbour LGAs on the Index, and on **SEIFA Economic Resources**.

The three main SEIFA Indexes are shown by LGA, and the two SA3s that make up Wollongong LGA, below.

Table 3.1: Socio-Economic Indexes for Areas (SEIFA) 2016 (Percentile)

	IRSD (Disadvantage) (Percentile for Australia)	Index of Economic Resources (Percentile for Australia)	Index of Education and Occupation (Percentile for Australia)
Kiama LGA	93	94	89
Shellharbour LGA	50	69	25
Shoalhaven LGA	43	49	45
Wollongong LGA	60	51	76
Wollongong SA3 (Compared to LGAs)	76	56	86
Dapto-Port Kembla SA3 (Compared to LGAs)	32	45	17

Source: JSA 2022, based on data from ABS 2016 Population and Housing Census

Although the more disadvantaged localities in the LGAs have traditionally contained lower cost and more affordable housing, there is evidence that the unprecedented growth in rents and purchase prices in even the cheapest parts of the Region is leading to the displacement of historical populations, and resulting in growth in severe housing stress and risk of homelessness for many of those who remain.

3.3 Other Key Demographic Indicators

Likewise, there are also considerable differences in **other key demographic indicators** across the Region.

3.3.1 Age, Income, Household Structure & Educational Status

Wollongong and Shellharbour LGAs have a relatively average **age profile**, and a median age of 39 years, the same as NSW, reflecting educational, employment and/or urban growth opportunities; whilst Kiama and Shoalhaven LGAs have a much older than average age structure, and a median age of 48 years compared with NSW at 39 years, reflecting their ongoing popularity with retirees, those seeking lifestyle change and (in the case of the Shoalhaven) more affordable housing options.

Household structure in the Region as a whole was quite similar to NSW and Rest of NSW averages. Household structure at the LGA scale was generally reflective of the local age structure, with a very high rate of couple only households in Kiama and Shoalhaven, and a higher relative rate of families with children in Shellharbour LGA, although both Kiama and Wollongong were also similar to the NSW average in this regard, as shown below.

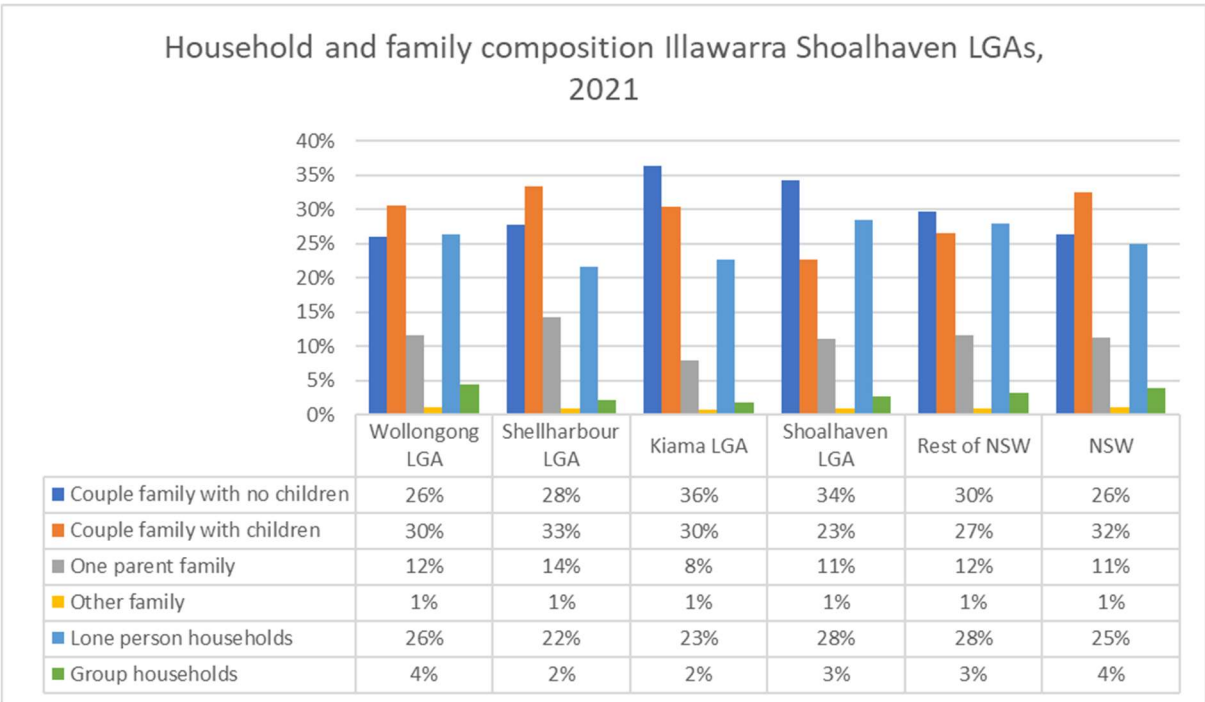


Figure 3.3: Household and family composition Illawarra Shoalhaven LGAs

Source: ABS 2021, Census of Population and Housing, General Community Profiles

Not surprisingly, **household income, educational and employment status** were generally reflective of overall levels of advantage in an LGA, with Kiama LGA, despite its older age profile, having a higher than average median household income, and Shoalhaven having much lower than average incomes. Although, Wollongong and Shellharbour LGAs were roughly half way between the Rest of NSW and NSW values, with the latter strongly influenced by Greater Sydney, again there was a high level of differentiation between localities within these LGAs.

Likewise, there were differences in local educational and employment profiles. The Region as a whole had a more advantaged **educational profile** than Rest of NSW, but less so than NSW, the latter again influenced by Sydney. At the local scale, high school completion rates and post-school qualifications were higher than average in Wollongong and Kiama LGAs, but lower than average in Kiama and Shellharbour, again with marked differences in communities across LGAs.

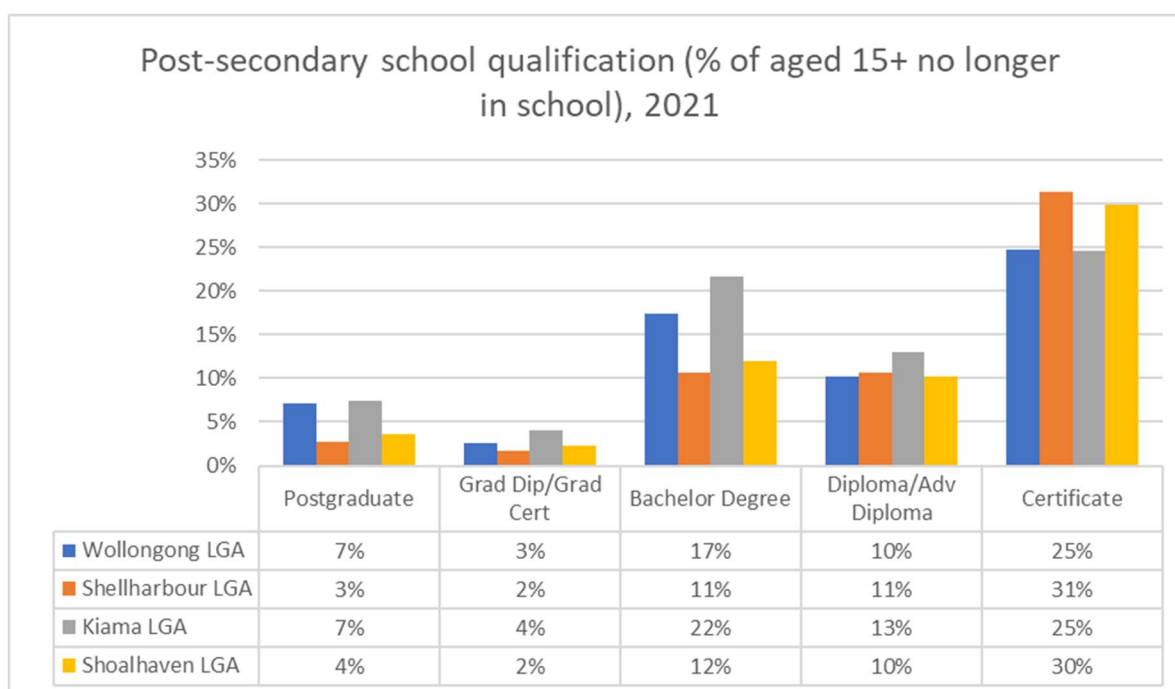


Figure 3.4: Post-Secondary Qualifications (% of residents aged 15+), by LGA

Source: ABS 2021, Census of Population and Housing, General Community Profiles

3.3.2 Industry and Occupation

Overall Growth in Employment

Overall, the regional work force grew by 13% over the past five years. This was comparable to Rest of NSW (also 13%), and much higher than NSW (9%), with the latter strongly influenced by Greater Sydney. Higher employment growth in regional NSW likely reflects the effects of Covid 19, including an increase in working from home, and migration from Sydney to regional areas during that time.

The labour forces of Shellharbour and Shoalhaven LGAs grew at well above average rates from 2016-21 (17% and 16% respectively). There was lower than average growth in employed people in Wollongong LGA (11%), and particularly low growth in employed people in Kiama LGA (8%) over the period. Although this may be expected from the much older than average age structure of Kiama, this is clearly not the only factor, as Shoalhaven has experienced the highest labour force growth in the Region and has a much older than average age profile.

Industry of Employment

The following graph shows the ‘top 10’ industries of employment at the time of the 2021 Census in order of importance for the **Illawarra Shoalhaven Region**. These 10 industries accounted for 85% of employment in the Region, whilst the remaining nine accounted for 15% of employment.

Health Care and Social Assistance was by far the largest industry of employment in the Region in 2021, with a slightly higher than average rate of regional jobs in this sector. This was followed by Construction, Education and Training, and Retail Trade, which were all represented at roughly average rates, and with these four industries accounting for around half or all regional jobs in 2021.

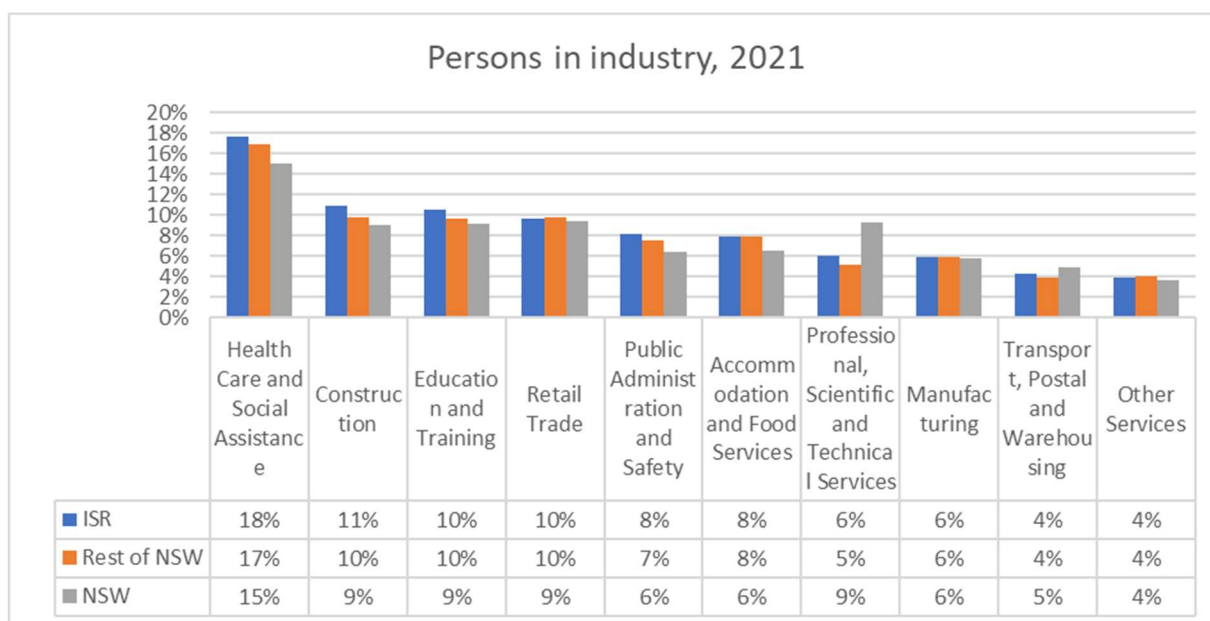


Figure 3.5: Employment by Industry Sector Illawarra-Shoalhaven Region ('top 10')

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

As noted earlier, industries with the highest growth in **proportional growth in absolute terms** were Health Care and Social Assistance, and Professional, Scientific and Technical Services, which both increased their workforce by 30%, with other industries with high rates of proportional growth being Construction, Public Administration, Education and Training, Electricity and other utilities, and Manufacturing (all above 10%). However, as noted, only three industry sectors increased their **'market share' or relative importance** to the regional economy from 2016-21, these being Health Care and Social Assistance, Professional, Scientific and Technical Services, and to a lesser extent, Construction.

In terms of **local labour markets**, changes in the relative importance of different industry sectors were quite similar across the four LGA, with some local differences. In particular, Health Care and Social Assistance became more important than average to workers in Wollongong and Shellharbour LGAs, and less important in the other two LGAs; while Professional, Scientific and Technical Services became far more important in Kiama and far less important to Shoalhaven LGA.

Again, the declining importance of most other sectors is noted in all other sectors apart from Construction, although there were a few major differences at the LGA scale, including the increased importance of Information, Media and Telecommunications, Manufacturing, Real Estate Services, Financial Services, and Wholesale to Kiama (with the latter two also growing in importance in Shoalhaven); and of Education and Training and of Mining to Shellharbour and Shoalhaven LGAs, as shown below.

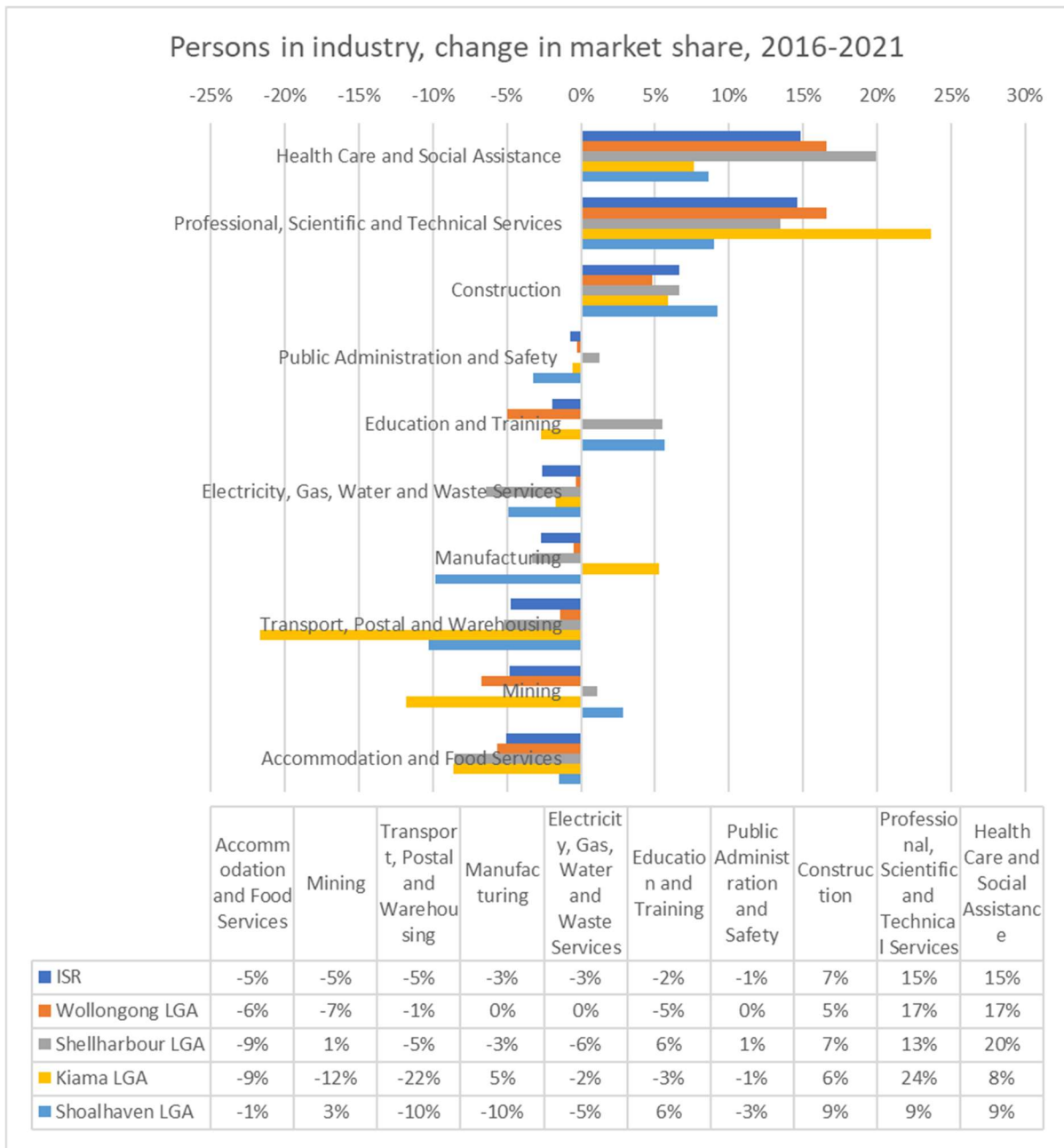


Figure 3.6: Employment by Industry Sector ISR LGAs: relative change % ('market share') 2016-21 ('top 10' Industries)

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

Occupation

The Illawarra Shoalhaven Region had a lower rate of residents employed as Professionals and Managers compared with NSW, and higher than the State average employed as Community and Personal Services workers, Technicians and Tradespeople and as Labourers, as shown below.

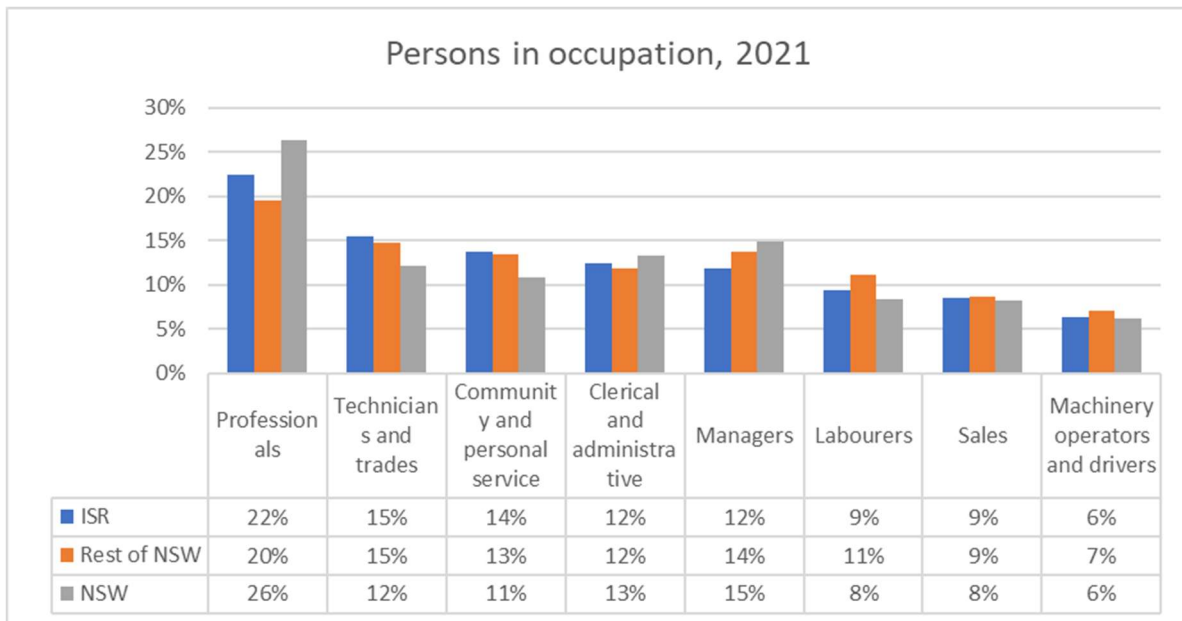


Figure 3.7: Occupation Profile ISR 2021

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

There were some reasonable differences between the four LGAs in this regard, in particular, a higher than average rate of people working as Professionals in **Wollongong LGA**; a higher than average rate employed as Machine Operators and Drivers, and Technicians and Tradespeople, and a lower than average rate as Managers and Professionals in **Shellharbour LGA**; a much lower than average rate of locals employed as Labourers, Salespeople, Machinery Operators, and as Community and Personal Service workers, and a much higher rate of Professionals, and Managers in **Kiama LGA**; and a disproportionate rate of local people employed as Labourers, and as Technicians and Tradespeople, and a lower than average rate of Professionals in **Shoalhaven LGA**, as shown below.

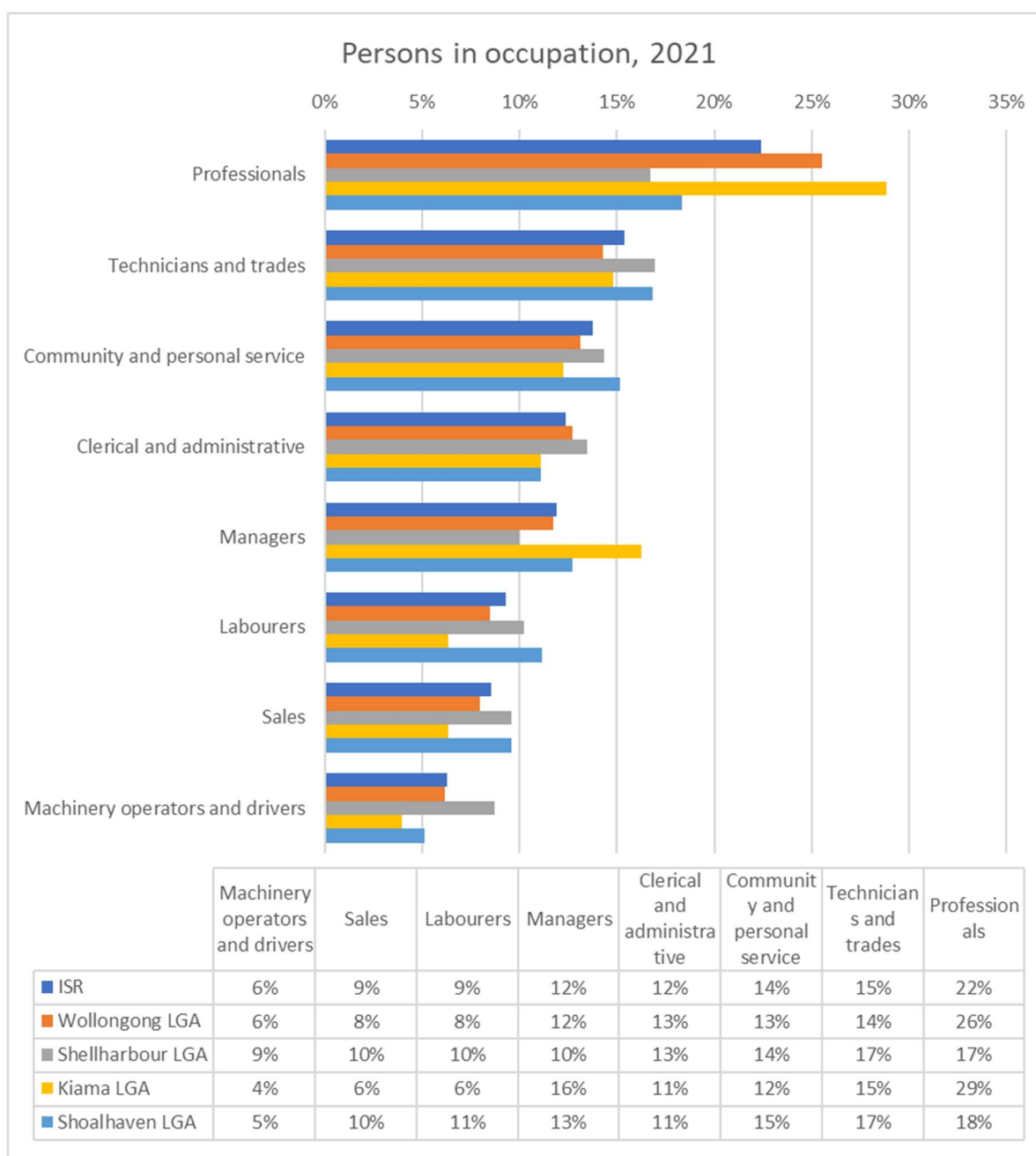


Figure 3.8: Occupation Profile ISR LGAs 2021

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

As noted earlier, the highest **absolute growth in proportional terms** in the Region from 2016-21 was among Managers, Professionals and Community and Personal Service workers, somewhat lesser growth among Technicians and Tradespeople, Machinery Operators, and Clerical workers, and negative growth in Sales workers, over the period.

In terms of **relative importance** of different occupational groups to the **regional** labour market, or ‘market share’, the only occupations to increase in this regard were Managers, Professionals and Community and Personal Service workers, with all other occupations decreasing as a proportion of total employed people in the Region from 2016-21.

A similar trend is apparent across the **four LGAs** in terms of the three main occupations to experience growth in relative importance, apart from a *decline* in Community and Personal Service workers in **Kiama LGA** as a proportion of all workers, and a *much higher* relative rate of growth among Professionals in **Shellharbour LGA**. The major decline in Machinery and Plant Operators, and Sales people in **Kiama LGA**, is also of note, as shown below.

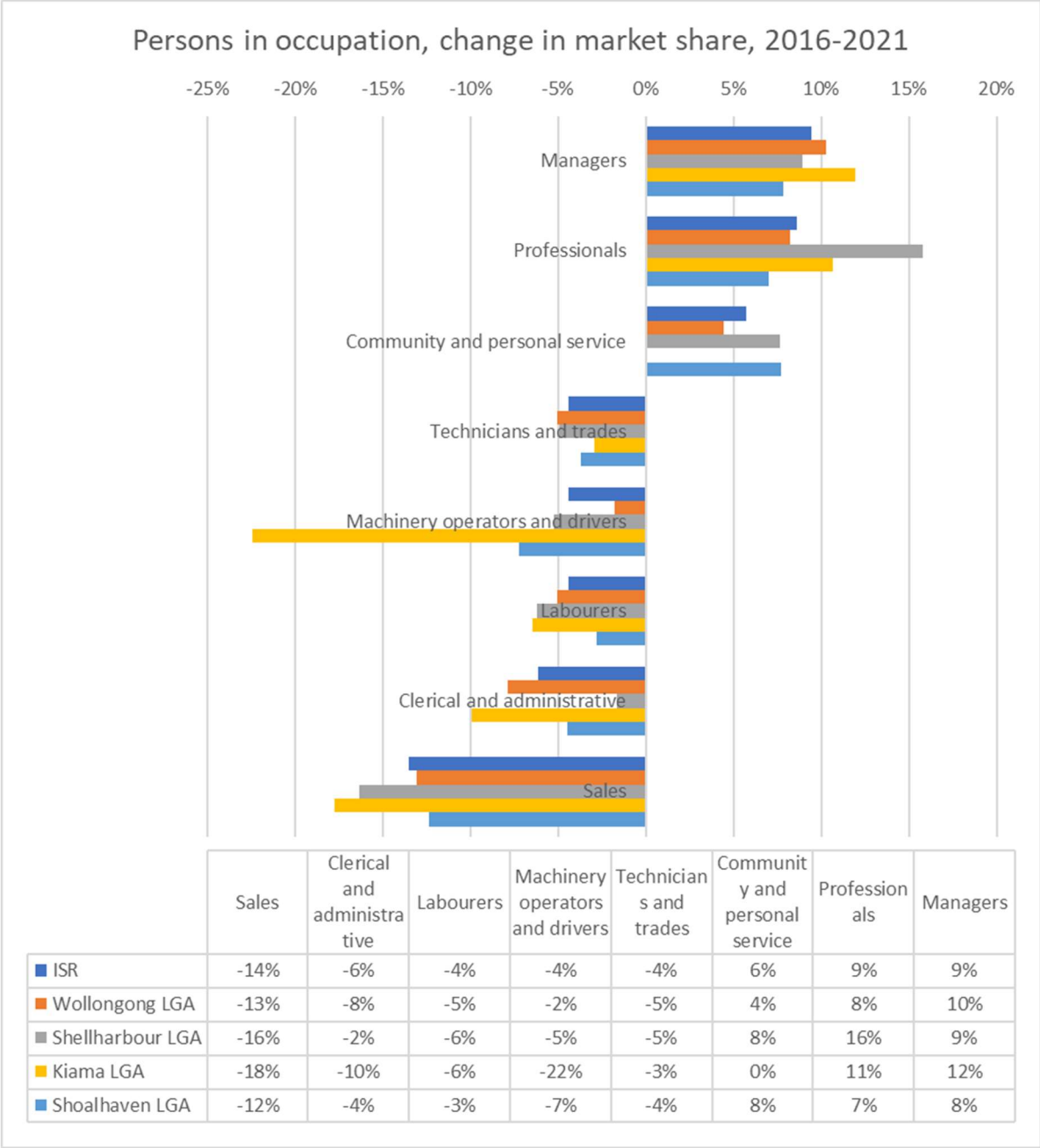


Figure 3.9: Occupation Profile ISR LGAs: relative change (‘market share’) ISR 2016-21

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

3.3.3 Population Projections

Total Population Projections

The DPE has recently revised its population projections to take into account recent demographic trends, including those related to migration and population movement from COVID 19. The following provides an overview of key regional and local projections, with detailed projections by LGA provided in **Appendix 2.11**.

The population of the Region is projected to grow by 30% from 2021-41, ranging from 26% increase in Wollongong LGA to a 39% increase in Shellharbour LGA. The projected increases in these areas are greater than Regional NSW and NSW over the period, at 18% and 21% respectively. Due to higher projected growth rates in Shellharbour and Shoalhaven, there is projected to be a slight redistribution of regional population toward these LGAs and away from Wollongong LGA.

Table 3.1: Population projections 2021 to 2041

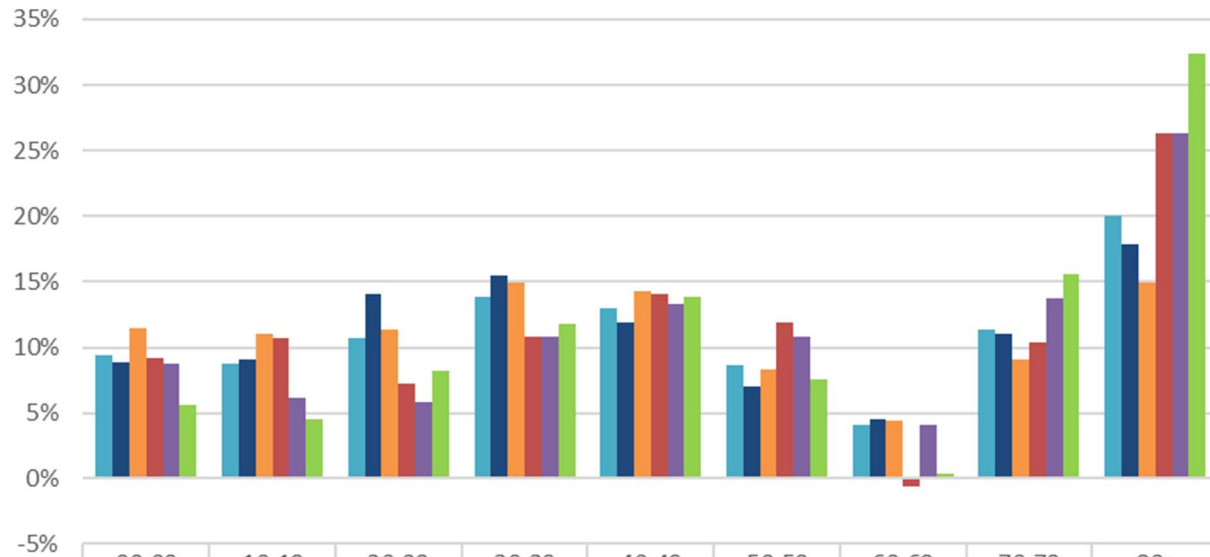
	2021	% of regional pop	2041	% of regional pop	# pop change 2021-2041	% pop change 2021-2041
Wollongong LGA	220,274	51%	276,936	50%	56,661	26%
Shellharbour LGA	75,684	18%	105,399	19%	29,715	39%
Kiama LGA	23,930	6%	30,847	6%	6,917	29%
Shoalhaven LGA	108,612	25%	145,527	26%	36,914	34%
Illawarra-Shoalhaven City	428,500	100%	558,708	100%	130,208	30%
Regional NSW	3,162,049	n/a	3,730,659	n/a	568,610	18%
New South Wales Total	8,166,757	n/a	9,872,934	n/a	1,706,176	21%

Source: DPE 2022 NSW Common Planning Assumption Projections; JSA 2022.

Age Projections

By far, the largest projected growth in the Region in terms of age will be among the oldest cohorts, with 20% of projected growth among those aged 80+ years, and 35% of growth among those 60+ years from 2021-41. However, this is far less than projected growth among these cohorts in Regional NSW. Kiama's share of additional people aged 80+ is projected to be above the regional average (26% of growth), and the Shoalhaven is projected to have well above average growth in older people, with 44% of growth over the next 20 years among those aged 60+. In contrast, Wollongong and Shellharbour LGAs are projected to have above average growth among the younger cohorts, particularly those aged less than 39 years, as shown below.

% of total projected population change 2021-2041 by age group,
4 LGAs, Illawarra-Shoalhaven City & Regional NSW



	00-09	10-19	20-29	30-39	40-49	50-59	60-69	70-79	80+
■ Illawarra-Shoalhaven City % of total projected change	9%	9%	11%	14%	13%	9%	4%	11%	20%
■ Wollongong LGA % of total projected change	9%	9%	14%	15%	12%	7%	5%	11%	18%
■ Shellharbour LGA % of total projected change	11%	11%	11%	15%	14%	8%	4%	9%	15%
■ Kiama LGA % of total projected change	9%	11%	7%	11%	14%	12%	-1%	10%	26%
■ Shoalhaven LGA % of total projected change	9%	6%	6%	11%	13%	11%	4%	14%	26%
■ Regional NSW % of total pop projected change	6%	5%	8%	12%	14%	8%	0%	16%	32%

Figure 3.10: Proportion of projected population change 2021-2041 by age group, 4 LGAs and Illawarra-Shoalhaven City

Source: JSA, 2022; DPE 2022.

Shoalhaven and Kiama LGAs are projected to have a lower rate of people in the younger age groups and a higher rate of people in the older age groups than the average for the ISR at 2041. This is seen particularly in the 20-29 year age group, with only 9% of people in these LGAs being in this group, compared to 13% in the ISR. Wollongong LGA is projected to have a higher rate of people in that age group, at 15%.

Of the older age groups, the biggest difference between the LGAs is projected to be among the 60-69 year group. The average rate of people in this group for the ISR will be 10%, but 13% for Shoalhaven and 12% for Kiama, compared to 9% for both Wollongong and Shellharbour.

Table 3.2: Projected age profile by ten-year age group, 2041 (%)

	Wollongong LGA	Shellharbour LGA	Kiama LGA	Shoalhaven LGA	ISR	Rest of NSW	NSW
0-9	11%	12%	11%	10%	11%	11%	11%
10-19	11%	13%	12%	10%	11%	11%	11%
20-29	15%	13%	9%	9%	13%	11%	13%
30-39	14%	13%	10%	10%	13%	12%	14%
40-49	12%	13%	12%	11%	12%	12%	13%
50-59	11%	11%	13%	12%	11%	12%	12%
60-69	9%	9%	12%	13%	10%	11%	10%
70-79	8%	8%	11%	13%	10%	11%	9%
80+	8%	7%	11%	12%	9%	10%	8%

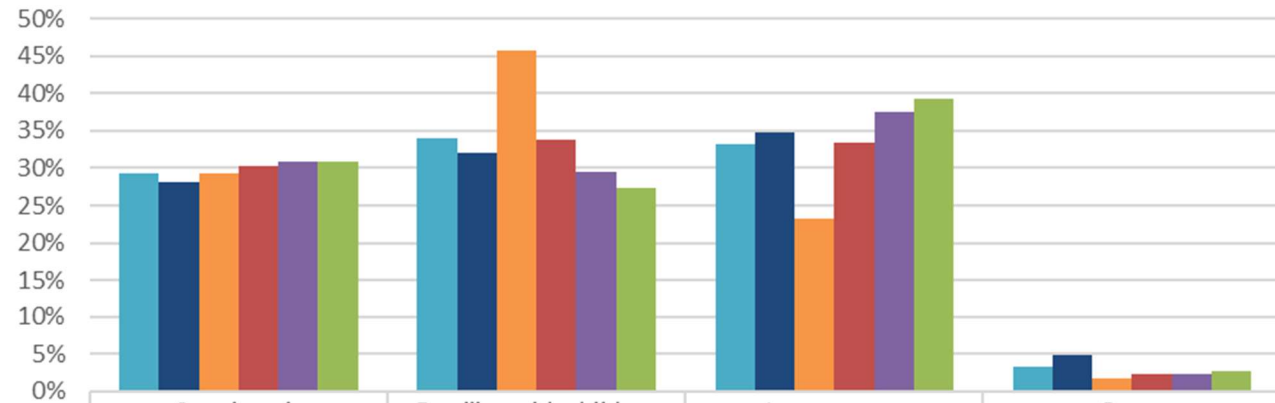
Source: DPE 2022 NSW Common Planning Assumption Projections; JSA 2022.

Household Projections

In line with the age projections above, the Region as a whole is expected to have quite different growth in household types compared with regional NSW. In particular, the Region is projected to have a much higher than average rate of growth in **families with children**, and a much lower than average rate of growth in **lone person households** by 2041.

Shellharbour LGA is projected to have a particularly high rate of growth in families with children, and a very low relative rate of growth among lone person households, as shown in the graph below.

% of projected household change by type 2021-2041, 4 LGAs, Illawarra-Shoalhaven City and Regional NSW



	Couple only	Families with children	Lone person	Group
■ Illawarra-Shoalhaven City % of total hh projected change	29%	34%	33%	3%
■ Wollongong LGA % of total hh projected change	28%	32%	35%	5%
■ Shellharbour LGA % of total hh projected change	29%	46%	23%	2%
■ Kiama LGA % of total hh projected change	30%	34%	33%	2%
■ Shoalhaven LGA % of total hh projected change	31%	29%	37%	2%
■ Regional NSW % of total hh projected change	31%	27%	39%	3%

Figure 3.11: Proportion of projected household change by type 2021-2041 for 4 LGAs, Illawarra-Shoalhaven City and Regional NSW

Source: JSA, 2022; DPE 2022

In 2041, Kiama LGA and Shoalhaven LGA are projected to have a higher than average (for the ISR) rate of people in couple only households. Shoalhaven will have a higher than average rate of lone person households (31% compared to 28% for the ISR) and a much lower rate of couples with children (21% compared to 28%). Conversely, Shellharbour LGA will have a much lower rate of lone person households (21%) and a much higher rate of couples with children (34%).

Wollongong is projected to have proportionally more group households, around double the rate of the other three LGAs. Kiama will have a much lower rate of single parent households, and a lower rate of lone person households.

Table 3.3: Projected household type profile, 2041 (%)

	Wollongong LGA	Shellharbour LGA	Kiama LGA	Shoalhaven LGA	ISR	Rest of NSW	NSW
Couple only	26%	27%	34%	32%	28%	29%	26%
Couple with children	28%	34%	28%	21%	27%	24%	29%
Single parent	11%	12%	8%	11%	11%	11%	11%
Multiple and Other family households	3%	3%	2%	2%	3%	2%	3%
Lone person	28%	21%	25%	31%	28%	30%	27%
Group	5%	2%	2%	3%	4%	3%	4%

Source: DPE 2022 NSW Common Planning Assumption Projections; JSA 2022.

3.4 Underoccupancy by Older People

It is also relevant in this context that, across the ISR, of lone people aged 70 years or more in 2021, 58% lived in a dwelling with three or more bedrooms, and 13% lived in a dwelling with four or more bedrooms. Compared to the ISR average, the rate of older lone people living in dwellings with three or more bedrooms was a little lower in Wollongong LGA and a little higher in Shoalhaven, Shellharbour, and Kiama LGAs. The rate of older lone people living in dwellings with four or more bedrooms was much higher in Kiama LGA, and somewhat higher in Shoalhaven LGA.

Table 3.4: Lone persons aged 70 years or more in dwellings with three or more bedrooms and dwellings with four or more bedrooms

	Wollongong LGA	Shellharbour LGA	Kiama LGA	Shoalhaven LGA	ISR	Rest of NSW	NSW
Three or more bedrooms	54%	61%	60%	62%	58%	57%	53%
Four or more bedrooms	10%	12%	18%	16%	13%	14%	14%

Source: JSA 2022, derived from ABS (2021) Census, TableBuilder Pro, household composition, by age in ten year groups, by number of bedrooms in private dwelling, counting persons, place of enumeration.

3.5 Population Mobility

3.5.1 Migration

Total Migration

From 2016 to 2021, 44,700 people moved into the region from other parts of Australia, and 34,600 people moved out of the region into other parts of Australia, net inward migration of around 10,000 people. The largest source of inward migration was Greater Sydney, at 26,000 people, whilst the largest destination of outward migration was the balance of Australia, at 12,000 people, as shown in the graph below.

In addition to the migration within Australia, 9,500 people moved into the ISR from overseas. The number of people who moved overseas from the ISR is not captured by the Census. Thus, net migration to or from overseas is not able to be calculated.

Appendix 2.12 also shows these trends in more detail for the three southern LGAs, and for the two SA3s that make up Wollongong LGA (Dapto-Port Kembla SA3 and Wollongong SA3). Considered each on their own, the five study areas tended to have high migration turnover with their neighbours. For example, Dapto – Port Kembla SA3 had high migration to and from Wollongong SA3 to the north and Shellharbour to the south.

This effect was seen less in the southern LGAs, with Kiama and Shoalhaven having their highest turnover with Greater Sydney, and virtually all net inward migration into these two LGAs from Greater Sydney. Shoalhaven, notably, had more than half again as much net migration from Greater Sydney as did Wollongong, and was the largest net destination of Greater Sydney residents of all the study areas.

Taken together, the data indicate that people from areas closer to Greater Sydney are displacing people from neighbouring areas that are further from Greater Sydney. People from Greater Sydney are moving into Wollongong. This displaces Wollongong residents into Dapto – Port Kembla. In turn, this displaces Dapto – Port Kembla residents into Shellharbour, and then Shellharbour residents into Shoalhaven. Kiama does not exhibit this “rolling” effect southwards from Greater

Sydney, with a large net in-migration directly from Sydney, but a net out-migration northward to Shellharbour.

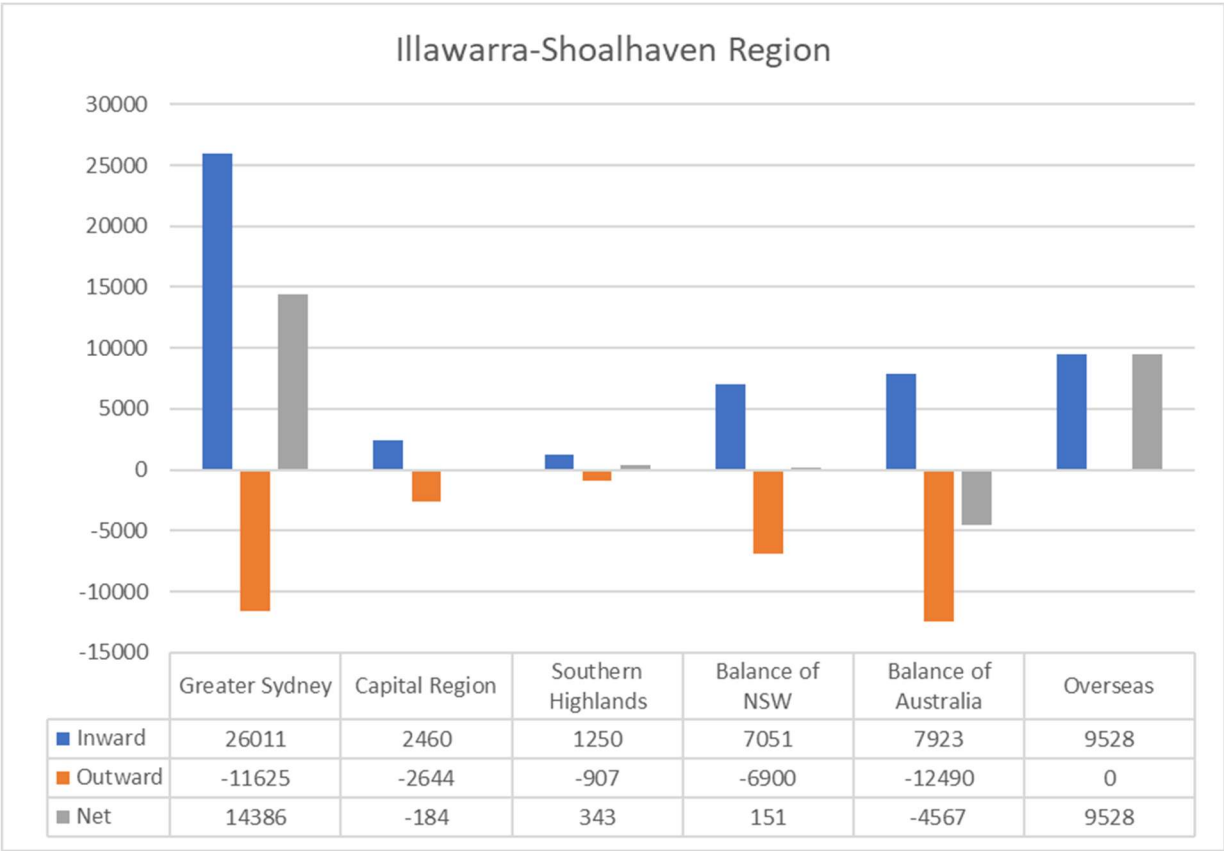


Figure 3.12: Inward, outward, and net migration, Illawarra-Shoalhaven Region, 2016-2021

Source: JSA 2022, based on ABS Census of Population and Housing 2021, persons, by place of usual residence at time of census and place of usual residence five years ago for selected SA3 and LGA areas.

Migration by Age

There was net in-migration to the Region across all age cohorts, with a peak among those aged 30-39 years, likely related to family formation and home purchase, with a smaller peak among those aged 20-24 years, likely moving to the Region for tertiary study and employment opportunities. The net in-migration across middle aged and older cohorts also indicates the Region’s attractiveness as a retirement and lifestyle destination, as well as providing lower cost housing compared with Greater Sydney.

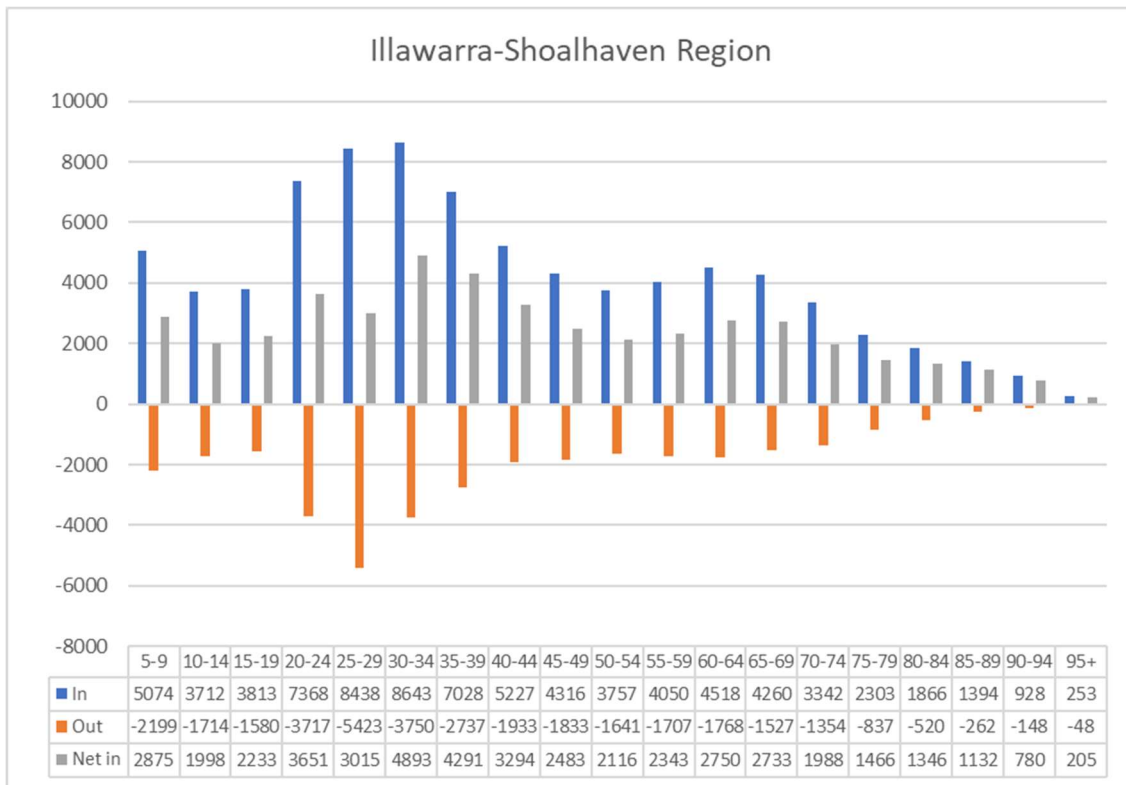


Figure 3.13: Inward, outward & net migration by Age, ISR, 2016-2021

Source: JSA 2022, based on ABS Census of Population and Housing 2021, persons, by place of usual residence at time of census and place of usual residence five years ago for selected SA3 and LGA areas.

In terms of individual LGAs, there was net inward migration across most age cohorts. However, there were also some local differences, with Wollongong SA3 reflecting the movement in of people in the tertiary student age group, and outward after completion of study; Dapto-Port Kembla SA3 and Shellharbour LGA reflecting a net inward migration of families with children, and also some older age cohorts in the case of the latter; Kiama, like Shellharbour showed peaks associated with families with children, as well as some retirement age net inward migration; whilst Shoalhaven reflected its attraction as a retirement area, as well as for families and middle aged people seeking lower cost accommodation.

Migration by Occupation

There was net migration into the ISR across all occupations.

By far, the highest net inward migration was among Professionals, followed by Community and Personal Service Workers, and then by Managers and Technical and Trades Workers.

The lowest net-migration into the ISR was for Machinery Operators and Drivers, as shown below.

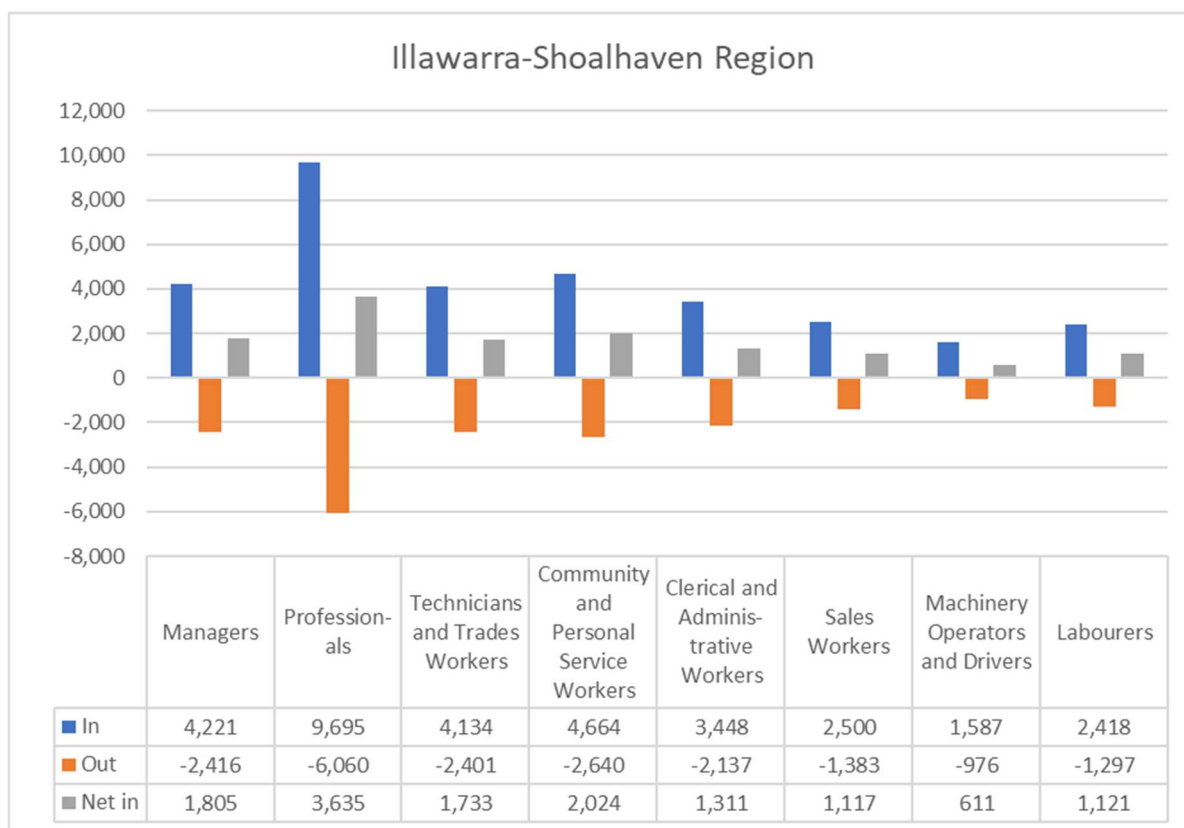


Figure 3.14: Inward, outward & net migration by Occupation, ISR, 2016-2021

Source: JSA 2022, based on ABS Census of Population and Housing 2021, persons, by place of usual residence at time of census and place of usual residence five years ago for selected SA3 and LGA areas.

There was a net in-migration of occupational groups across all local areas, apart from **Kiama LGA**, where net inward migration was almost exclusively among Professional and Manager, with net outmigration among labourers, Plant and Machine Operators, and Community and Personal Service Workers.

There were also some other local differences. The highest net inward migration in **Wollongong SA3** was among Community and Personal Service Workers, followed by Professionals; whereas in **Dapto-Port Kembla SA3**, the highest net migration was among Professionals, followed by Technical and Trades Workers, and Community and Personal Service Workers.

In **Shellharbour LGA**, by far the highest in-migration was among Professionals, and to a much lesser extent among Technical and Trades Workers, and Clerical and Administrative Workers. This was quite similar to **Shoalhaven LGA**, where again by far the highest increase was among Professionals, followed by Managers, and then Technical and Trades Workers, and Community and Personal Service Workers.

Appendix 2 also provides detailed migration data by industry groups and income, as well as for individual LGAs and/or SA3s, and the reader is referred to this appendix for detailed discussion on regional and local migration trends.

3.5.2 Journey to work and commuting

Employed residents who live in the five study areas

Of the 185,000 employed people who lived in the ISR at the time of the 2021 Census, 146,000 (79%) worked within the ISR, 30,000 (16%) worked outside the Region, and 9,000 (5%) had no fixed place of employment. Of those who worked outside the ISR, the vast majority (26,000, or 85% of those who worked outside the ISR) worked in Greater Sydney, indicating a **strong connection between the regional and Greater Sydney labour markets**.

For travel among the five study areas for ISR residents, 53% worked in the same area, 42% worked in a different area, and 5% had no fixed place of employment. Of these 42%, three in five worked within the ISR and two in five worked outside, mostly in Greater Sydney.

Workers tended to travel to nearby areas to work. The further a study area was from Greater Sydney, the fewer workers commuted there: 24% of employed Wollongong residents commuted to Greater Sydney compared with only 4% of employed Shoalhaven residents.

Shoalhaven residents were by far the most likely to work in the same area (82%), followed by Wollongong residents (53%), and then by the residents of the other areas (37%-39% in all cases), as shown below.

Table 3.5: Place of work of employed people who live in in the five study areas (percent)

Place of work	Wollongong	Dapto – Port Kembla	Shell-harbour	Kiama	Shoalhaven
Wollongong	53%	30%	19%	11%	1%
Dapto – Port Kembla	12%	39%	21%	8%	1%
Shellharbour	4%	10%	37%	13%	1%
Kiama	1%	1%	3%	37%	1%
Shoalhaven	1%	1%	3%	13%	82%
Greater Sydney	24%	13%	10%	10%	4%
Capital Region	0%	0%	0%	1%	1%
Southern Highlands	1%	1%	1%	1%	0%
Balance of NSW	0%	0%	0%	0%	0%
Balance of Australia	1%	1%	1%	1%	2%
No fixed place of work	4%	4%	4%	5%	7%

Source: JSA 2022 using ABS 2021 Census of Population and Housing, persons, by place of usual residence and/or place of work for selected SA3 and LGA areas.

People who work in the five study areas

There were 153,000 workers captured by the 2021 Census whose place of employment was within the ISR, essentially representing **local jobs** as well as those who have no fixed place of work. Of these, 146,000 (95%) also lived in the ISR, and 7,000 (5%) lived outside of it, so that **a much lower proportion of people commute out of the Region compared with those who commute in to work**. Three-quarters of those workers commuting to the ISR commuted from Greater Sydney, again strong connection between the regional and Greater Sydney labour markets.

Considered individually, 64% of people who worked in one of the five study areas also lived in that area, and 36% lived in a different area. Of these 36%, 87% lived in an area within the ISR, and 13% lived in an area outside of the ISR, mostly Greater Sydney.

ISR workers tended to commute from their own area or nearby areas. For Shoalhaven workers, 88% lived in Shoalhaven, indicating a high level of labour force containment. For Dapto – Port Kembla workers, 42% lived in Dapto – Port Kembla and 49% lived in either Wollongong or Shellharbour. This likely reflects the industrial character of Dapto – Port Kembla relative to Wollongong and Shellharbour, as shown below.

Table 3.6: Usual residence of employed people who work in the five study areas (percent)

Place of work	Wollongong	Dapto – Port Kembla	Shellharbour	Kiama	Shoalhaven
Wollongong	61%	25%	13%	6%	1%
Dapto – Port Kembla	18%	42%	16%	6%	1%
Shellharbour	12%	24%	60%	19%	2%
Kiama	2%	3%	6%	59%	3%
Shoalhaven	1%	1%	2%	6%	88%
Greater Sydney	5%	3%	2%	2%	2%
Capital Region	0%	0%	0%	0%	0%
Southern Highlands	0%	0%	0%	1%	0%
Balance of NSW	0%	0%	0%	0%	1%
Balance of Australia	0%	0%	0%	0%	0%

Source: JSA 2022 using ABS 2021 Census of Population and Housing, persons, by place of usual residence and/or place of work for selected SA3 and LGA areas.

Commuters into and out of the five study areas

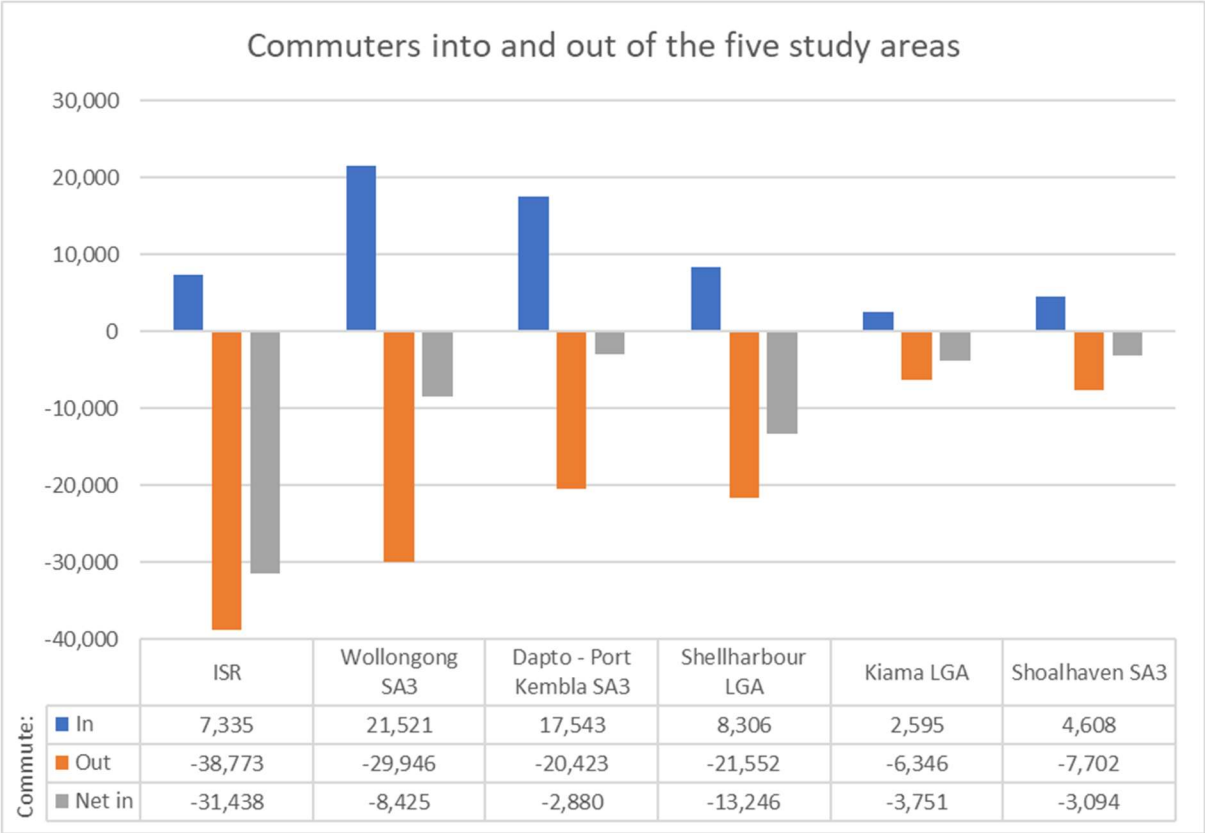
In 2021, 7,300 workers commuted into the ISR from outside and 38,800 workers commuted out of the ISR from inside, for a net 31,400 workers commuting out, indicating the importance of the Region to the Greater Sydney labour market.

Broken down by study area, Wollongong had the most commuters in (21,500 workers) and commuters out (29,900 workers). Shellharbour had the largest difference between inward and

outward commuting, with a net 13,200 workers commuting outwards. Dapto – Port Kembla had the smallest number of net commuters out, reflecting the industrial nature of this area.

Kiama and Shoalhaven had low numbers of commuters in both directions. This reflects the small population of Kiama relative to the other study areas, and the distance of the two, especially Shoalhaven, from major commuting destinations such as Greater Sydney.

ISR in aggregate had more commuters outwards than any of the individual study areas, and fewer commuters inwards than all but Kiama and Shoalhaven. This is because the aggregate measure does not capture commuting between study areas, which makes up most of the commuting in most study areas, but does capture commuting to Greater Sydney, which has many workers commuting to it but few workers commuting from it.



Figures 3.15: Inward, outward, and net commuters, Illawarra-Shoalhaven Region and individual study areas, 2021

Source: JSA 2022, based on ABS Census of Population and Housing 2021, persons, by place of usual residence and/or place of work for selected SA3 and LGA areas.

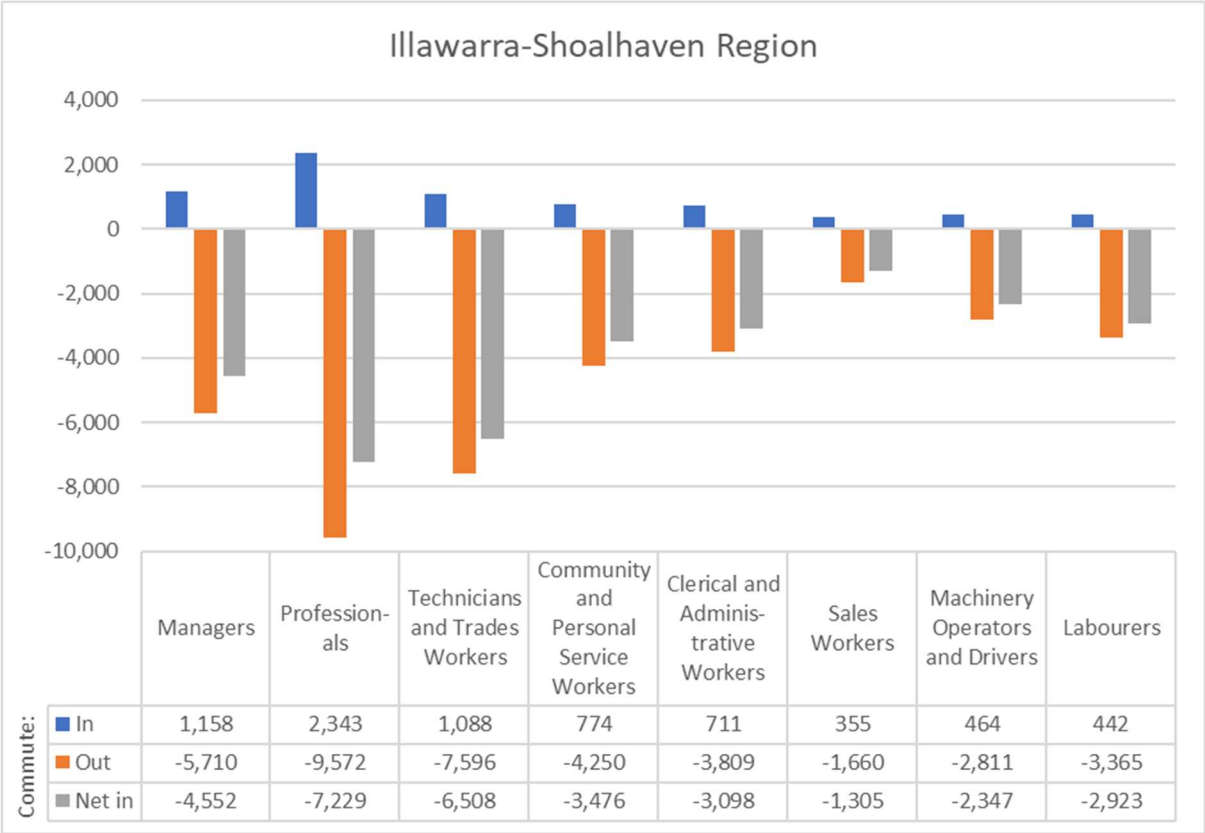
Commuters into and out of the five study areas by occupation

The number of commuters out of the ISR was far higher than the number of commuters in across all occupations. **This reflects the role of the ISR as a source of workers across all occupations for Greater Sydney, particularly from Wollongong and Shellharbour LGAs.**

Professionals were the largest group of workers commuting either in (2,300) or out (9,600), for a net 7,200 workers commuting out. The number of Technicians and Trades Workers commuting out was almost as high (7,600), but with relatively fewer commuting in (1,100).

The next three highest occupation groups for inward and outward commuting were Managers, Community and Personal Service Workers, and Clerical and Administrative Workers. Sales Workers, Machinery Operators and Drivers, and Labourers had the fewest of inwards and outwards commuters.

Sales workers were the smallest share of commuters for the ISR, and tended to be among the smallest share of commuters across the individual study areas, as shown below (see Appendix 2.12 for detailed analysis by the three southern LGAs and Wollongong and Dapto-Port Kembla SA3).



Figures 3.16: Inward, outward, and net commuters, by occupation, Illawarra-Shoalhaven Region, 2021

Source: JSA 2022, based on ABS Census of Population and Housing 2021, persons, by occupation at 1-digit level, by place of usual residence and/or place of work for selected SA3 areas.

4 Housing Context

4.1 Structure of Occupied Private Dwellings (OPDs)

4.1.1 Structure of OPDs (2021)

The regional dwelling structure profile was quite different to both NSW and regional NSW, with a much higher than average rate of houses, and much lower rate of apartments than NSW, which is strongly influenced by the Sydney housing market. The rate of apartments was somewhat closer to the Rest of NSW average, as shown below.

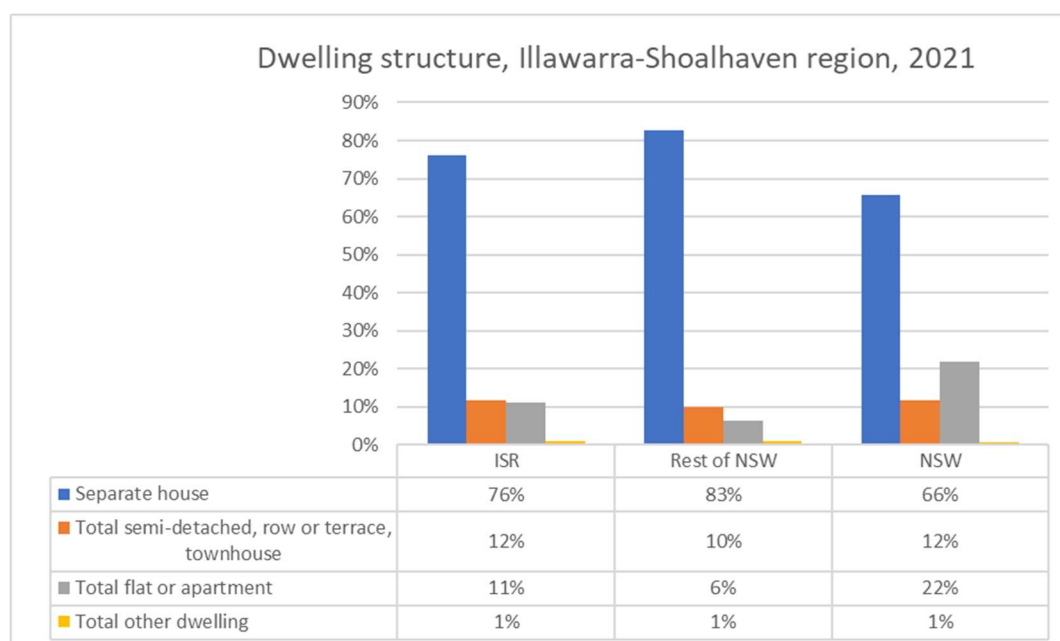


Figure 4.1: Dwelling structure profile Illawarra-Shoalhaven region compared with Rest of NSW and NSW (% of all OPDs)

Source: JSA 2022 derived from ABS 2021 Census, General Community Profiles, excl. dwelling structure not stated

There were major differences between the LGAs, as well as selected small areas in terms of dwelling structure.

The only area with a rate of apartments above the NSW average was Wollongong SA3 (26% compared with 22%), with particularly low rates of apartments in Nowra and North Nowra-Bomaderry SA2s, and Shoalhaven LGA as a whole, and in Shellharbour LGA.

Shoalhaven LGA also had a relatively low rate of medium density dwelling types, and a very high relative rate of separate houses.

Increasing the supply of strata dwellings as apartments and smaller villas, townhouses etc is important in increasing both the supply of lower cost and (to some groups) affordable housing through the market, and providing increased housing choice for a projected aging of the population, particularly near major centres.

Table 4.1: Structure of Occupied Private Dwellings as % of All OPDs in Selected Areas

Area	Separate House	Semi-detached, row, terrace, townhouse, etc	Flat or apartment	Other dwelling
Wollongong SA3	59%	14%	26%	1%
Dapto-Port Kembla SA3	86%	8%	6%	0%
Kiama-Shellharbour SA3	79%	14%	6%	1%
Shoalhaven SA3	88%	8%	2%	2%
Nowra SA2	86%	10%	3%	1%
North Nowra-Bomaderry SA2	86%	11%	3%	0%
Wollongong LGA	69%	12%	19%	1%
Shellharbour LGA	80%	14%	5%	1%
Kiama LGA	76%	14%	9%	1%
Shoalhaven LGA	88%	8%	2%	2%
Rest of NSW	83%	10%	6%	1%
NSW	66%	12%	22%	1%

Source: JSA 2022; ABS 2021, Excluding dwelling structure not stated.

4.1.2 Change in Structure of OPDs (2006-2021)

The main increase in apartments in absolute terms was in Wollongong SA3 (central and northern areas of the LGA), with the vast majority of additional apartments created in the Region in this area over the past 15 years. There were much smaller numerical increases in apartments in Shellharbour and Kiama LGAs, although the Census reports a net loss of apartments in Shoalhaven LGA, and some smaller areas, though some of this may be due to a classification change to medium density dwelling types between Censuses.

It is positive that there was much higher growth in medium density dwelling types in Shellharbour, Kiama and particularly Shoalhaven LGAs over the period in terms of providing for lower cost and more diverse housing, as shown below.

Table 4.2: Change in number of OPDs by Dwelling Structure (2006-2021)

Area	Separate House	Semi-detached, row, terrace, townhouse, etc	Flat or apartment	Other dwelling*
	Absolute change 2006-2021 (+/- n)	Absolute change 2006-2021 (+/- n)	Absolute change 2006-2021 (+/- n)	Absolute change 2006-2021 (+/- n)
Wollongong SA3	2519	1965	3695	17
Dapto-Port Kembla SA3	3478	931	-34	-361
Kiama-Shellharbour SA3	5508	2621	278	26
Shoalhaven SA3	6515	2272	-528	143
Nowra SA2	1780	656	-332	-33
North Nowra-Bomaderry SA2	526	359	-182	-95
Wollongong LGA	5992	2897	3666	-337(1)
Shellharbour LGA	4704	1802	170	25
Kiama LGA	835	826	113	4
Shoalhaven LGA	6573	2271	-528	152
Rest of NSW	125,115	48,457	-3,966	-5,897
NSW	240,116	114,026	218,235	-6,328

Source: JSA 2022; ABS 2021, Census of Population and Housing, General Community Profiles. ABS 2016 Census of Population and Housing, Time Series Profiles, excluding dwelling structure not stated. *Other dwelling includes caravan, cabin, houseboat, improvised home, tent, sleepers out, house or flat attached to a shop, office, etc.

Table Note:

- (1) Note this is unreliable due to change in Census categorisation to ‘retirement village’, presumably because the caravan park or MHE is for over 55 year olds.

The following graphs show the relative importance of the different dwelling types over time, with houses three percentage points lower in the Region as a proportion of all dwellings, and a commensurate increased in medium density dwelling types, but no relative increase in apartments.

However, the regional housing profile became far less diverse than NSW over the period, as shown below.

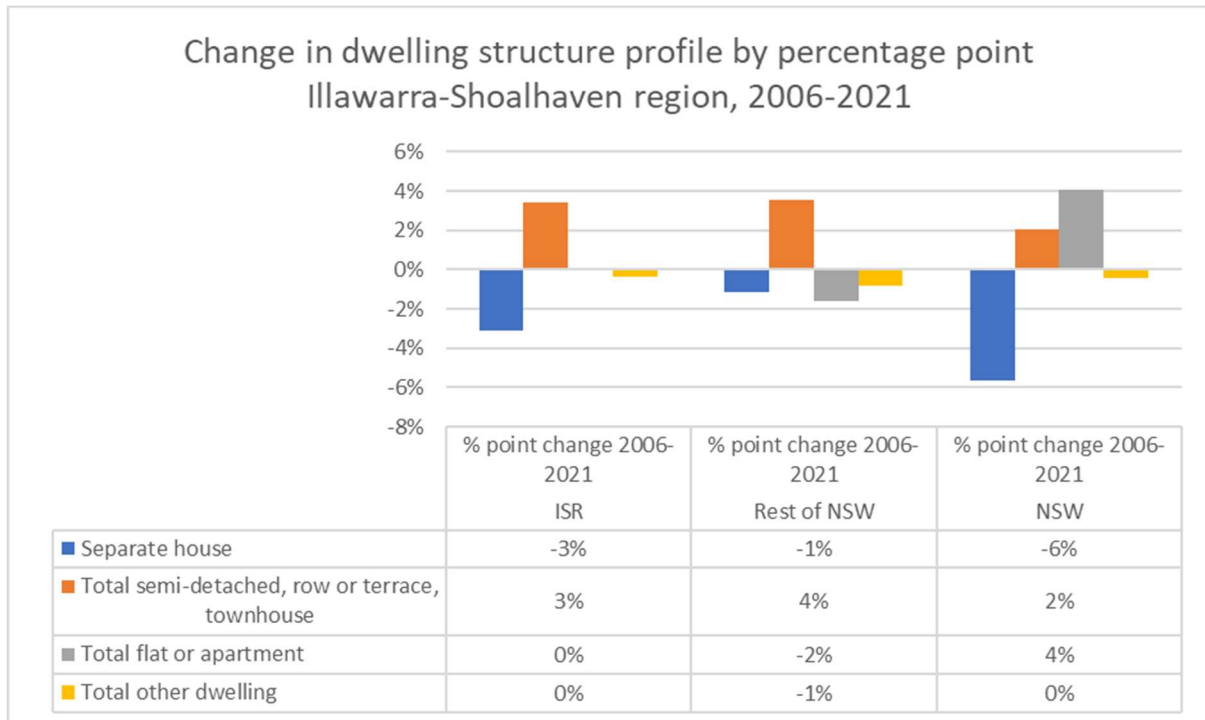


Figure 4.2: Dwelling structure change (percentage point) Illawarra-Shoalhaven region compared with Rest of NSW and NSW (2006-2021)

Source: JSA 2022 derived from ABS 2021 and ABS 2016, Excluding dwelling structure not stated.

It is positive that Kiama LGA increased its housing diversity at a greater rate than other LGAs from 2006-21, mainly with regard to medium density dwellings, although from a much lower base than Wollongong LGA.

Increase in housing diversity in the other LGAs was also mainly related to an increase in medium density, apart from Wollongong LGA, where apartments increased as a proportion of all dwellings, as shown below.

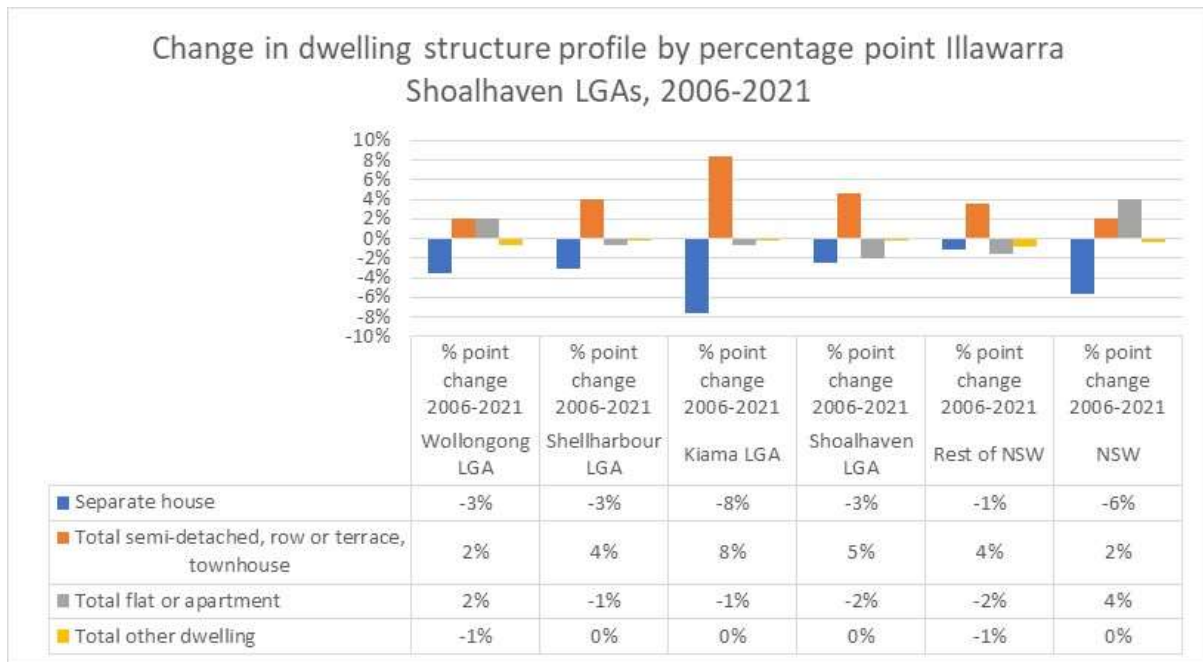


Figure 4.3: Dwelling structure change (percentage point) Illawarra Shoalhaven LGA compared with Rest of NSW and NSW (2006-2021)

Source: JSA 2022 derived from ABS 2021 and ABS 2016, Excluding dwelling structure not stated.

4.2 Unoccupied private dwellings

The growth in Short Term Rental Accommodation (STRA), such as short term holiday lettings, weekenders and Airbnb, has been identified as a factor in both the shortage of long-term rental supply and increasing cost of rent, particularly in more attractive coastal locations.

The Region has a slightly higher than average rate of unoccupied private dwellings overall, as shown below.

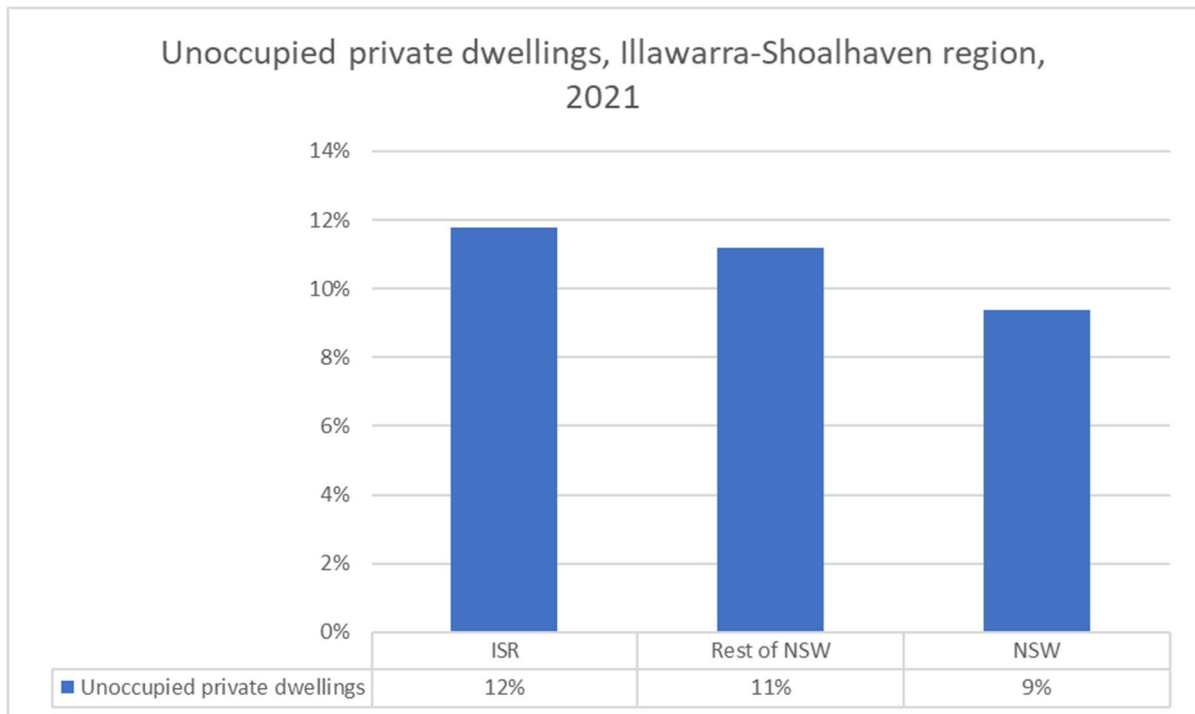


Figure 4.4: Unoccupied private dwellings Illawarra-Shoalhaven region (as % of all private dwellings), 2021

Source: JSA 2022, ABS 2021, Census of Population and Housing, General Community Profiles.

Although the Region as a whole is not problematic in this regard, this masks considerable differences between LGAs, with Wollongong and Shellharbour LGAs having a much lower than average rate of unoccupied private dwellings, and Kiama and particularly Shoalhaven LGAs having a much higher than average rate (16% and 23% respectively), as shown below.

There are also areas with very high relative rates of unoccupied private dwellings, including areas like Gerroa (47%), Culburra Beach (39%) and Gerringong (16%), although interestingly, areas like Milton and Ulladulla are reasonably average (10% and 12% respectively).

The high rate of unoccupied private dwellings in Kiama and Shoalhaven LGAs is likely to be having a significant impact upon the cost and availability of long-term rental in these areas, and needs to be considered as part of the *Affordable Housing Strategic Options Report*, noting that local government has to date had limited powers to affect change on this issue.

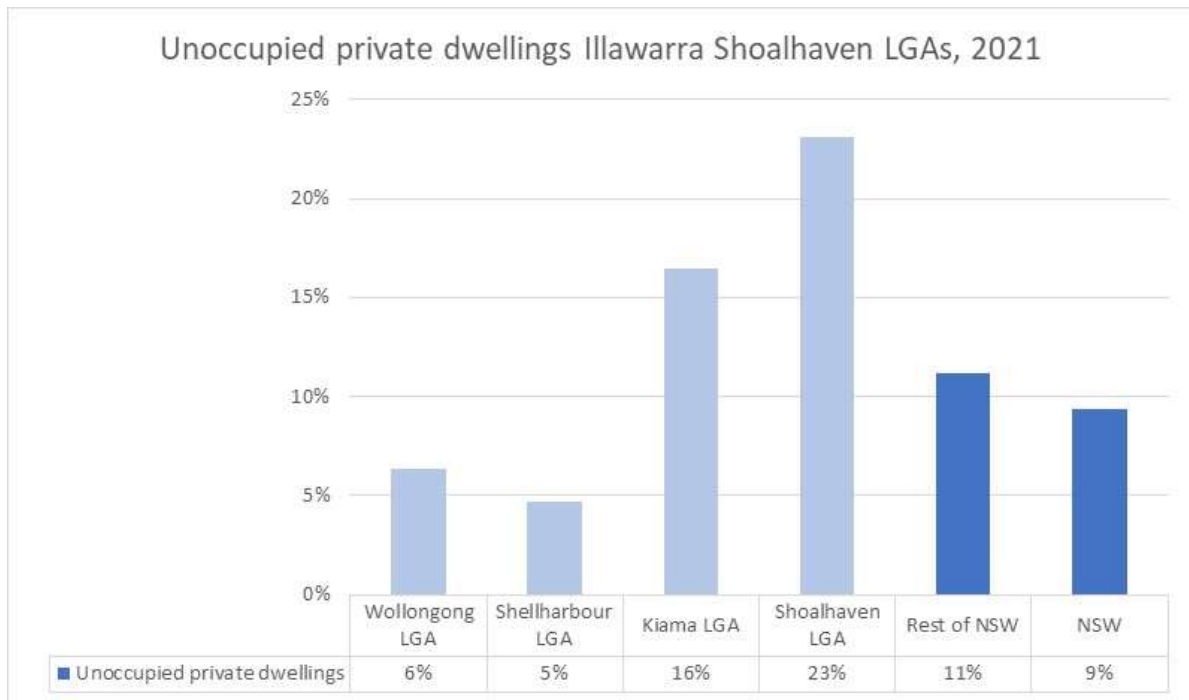


Figure 4.5: Unoccupied private dwellings Illawarra Shoalhaven LGAs (as % of all private dwellings), 2021

Source: JSA 2022, ABS 2021, Census of Population and Housing, General Community Profiles.

4.3 Household Tenure Profile

4.3.1 Tenure profile (2021)

The tenure profile of the Region was quite similar to that of regional NSW in general, although social (public and community) housing was around one-third higher than the Rest of NSW average. However, the regional profile was quite different to that of NSW as a whole, with a much higher rate of outright ownership, and a much lower rate of private rental than the State average, as well as a higher rate of social housing, as shown below.

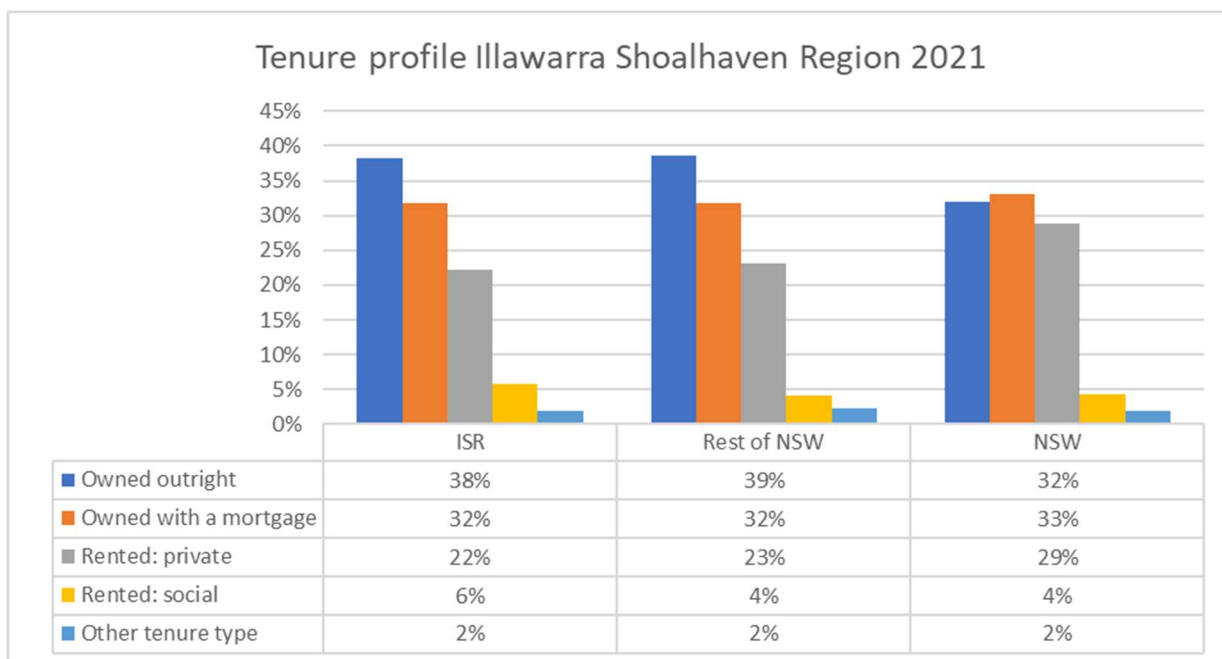


Figure 4.6: Tenure profile of Illawarra-Shoalhaven region compared with Rest of NSW and NSW, 2021

Source: JSA 2022, ABS 2021, Census of Population and Housing, General Community Profiles, excluding tenure type not stated.

Outright ownership is particularly high, and the rate of private rental very low in Shoalhaven and Kiama LGAs, with the latter also having a very low rate of social housing (only 1%). The lack of private rental likely in part reflects the very low rate of apartments, noting that such stock enters the private rental market at a much higher rate than other dwelling types, as well as the older age structure of these areas that historically favours outright ownership.

Shellharbour has a higher than average rate of home purchasers, and also a lower rate of private rental, as would be expected from its role in the home purchase market; and both Shellharbour and Wollongong LGAs have a much higher than average rate of social housing, with this a legacy of a number of large, broadacre public housing estates developed largely during the 1970s and 1980s.

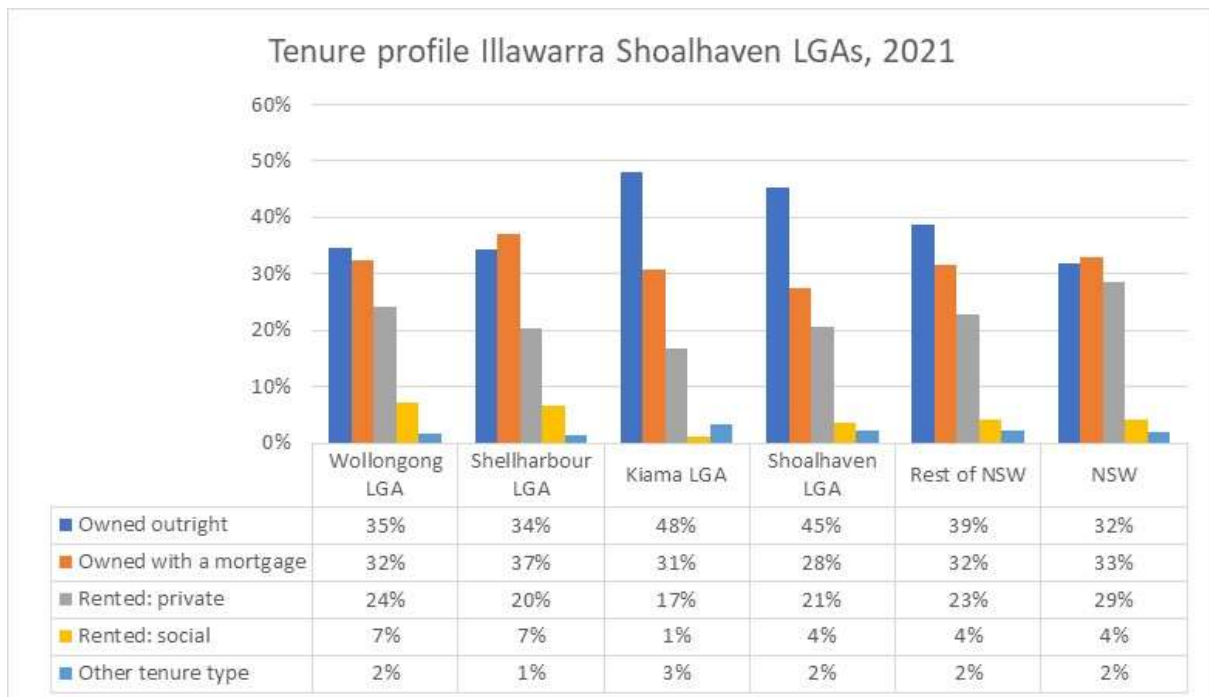


Figure 4.7: Tenure profile of Illawarra Shoalhaven LGAs compared with Rest of NSW and NSW, 2021

Source: JSA 2022, ABS 2021, Census of Population and Housing, General Community Profiles, excluding tenure type not stated.

4.3.2 Change in tenure profile (2006-2021)

Over the past 15 years, there has been a decline in outright ownership in the Region and the two benchmark areas, and an increase in private renting, particularly in NSW, which is strongly influenced by the Sydney housing market.

Social housing declined significantly in each of the areas, down from 8% of occupied private dwellings in 2006 to 6% of dwellings in 2021 in the Region, and from 6% to 4% in the two benchmark areas, as shown below.

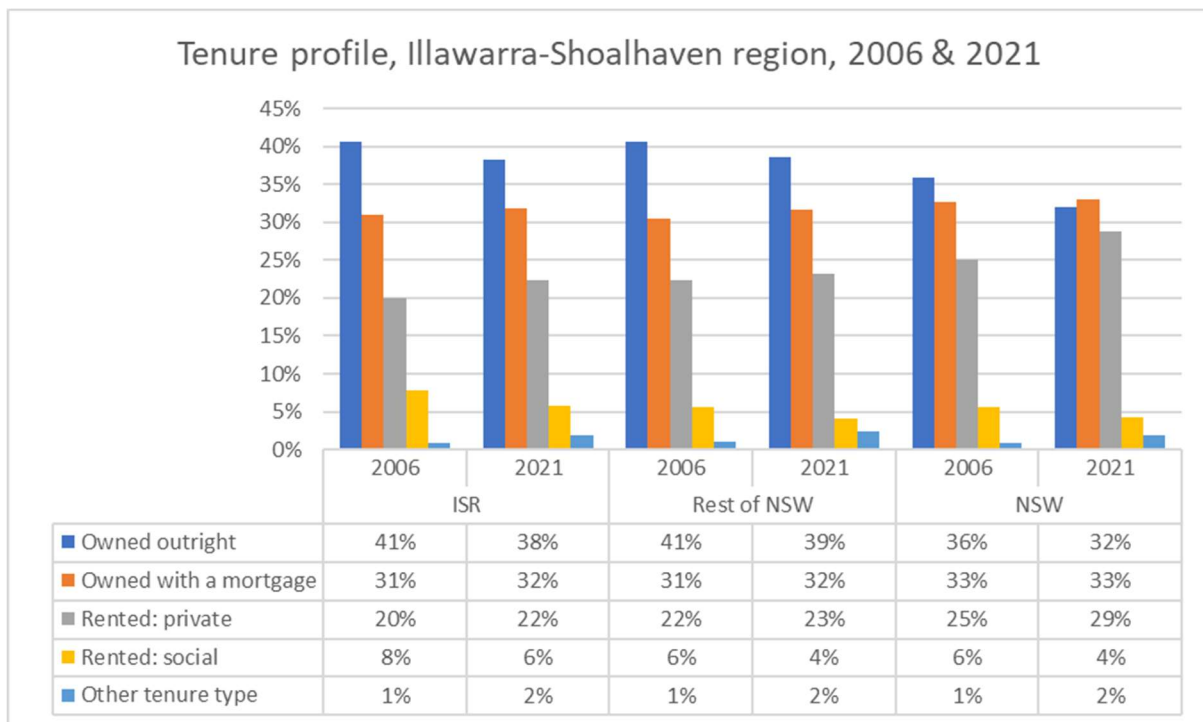


Figure 4.8: Dwelling tenure (%) Illawarra-Shoalhaven region compared with Rest of NSW and NSW (2006-2021)

Source: JSA 2022 derived from ABS 2021 and ABS 2016, excluding tenure type not stated.

Over the period, both Kiama and Shoalhaven LGAs ran counter to the State and regional NSW trend through an increase in outright ownership, likely due to the much older age structure of these areas.

Wollongong LGA had substantial growth in private renting, likely related to the increase in apartments in Wollongong SA3. There was also some increase in private renting in Shellharbour and Shoalhaven, but not enough to bring it up to the average rate.

Less positively, there was a substantial decline in social housing over the period in Wollongong and Shellharbour LGAs (from 9% to 7% of dwellings), and also a decline in this tenure in Shoalhaven LGA (from 4% to 3%), taking it below the State average. Kiama's very low rate of social housing remained unchanged at only 1% of dwellings, as shown below.

A more detailed discussion on social housing loss is provided in the section that follows.

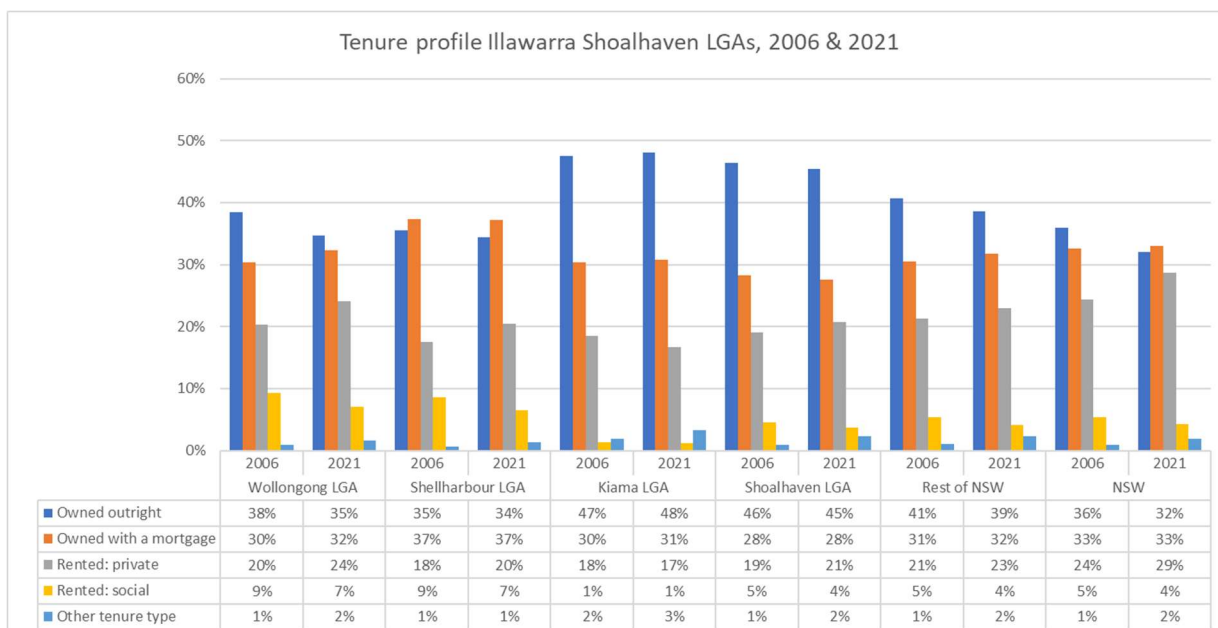


Figure 4.9: Dwelling tenure change (%) Illawarra Shoalhaven LGAs compared with Rest of NSW and NSW (2006-2021)

Source: JSA 2022 derived from ABS 2021 and ABS 2016, excluding tenure type not stated.

4.3.3 Change in social housing dwellings (2006-2021)

Structure of Social (Public and Community) Housing Dwellings (2021)

Across the ISR, of public housing dwellings that were occupied in 2021, 50% were separate houses, 29% were semi-detached dwellings, and 21% were units. Of social community housing dwellings, 42% were separate houses, 37% were semi-detached dwellings, and 21% were units. Social housing dwellings in Shellharbour and Shoalhaven LGAs were more likely to be separate houses (about 63% each compared to 48% in the ISR). Social housing dwellings in Wollongong and Kiama LGAs were more likely to be either semi-detached dwellings or units in (60% each compared to 52% in the ISR).

Table 4.3: Public housing, community housing, and total social housing dwellings, by dwelling structure, 2021

	Wollongong LGA	Shellharbour LGA	Kiama LGA	Shoalhaven LGA	ISR	Rest of NSW	NSW
<i>Public housing</i>							
Separate house	42%	67%	43%	67%	50%	57%	40%
Semi-detached	31%	23%	43%	27%	29%	25%	28%
Unit	27%	10%	15%	6%	21%	17%	32%
<i>Community housing</i>							
Separate house	24%	37%	37%	57%	42%	45%	30%
Semi-detached	39%	39%	46%	34%	37%	34%	30%

	Wollongong LGA	Shellharbour LGA	Kiama LGA	Shoalhaven LGA	ISR	Rest of NSW	NSW
Unit	37%	24%	17%	9%	21%	20%	40%
<i>Total social housing</i>							
Separate house	40%	64%	40%	62%	48%	54%	38%
Semi-detached	32%	25%	44%	31%	31%	27%	29%
Unit	28%	11%	16%	7%	21%	18%	34%

Source: JSA 2022, derived from ABS (2021) Census, Basic Community Profiles, G37.

Change from ABS Census Data 2006-21

The figures below show the change in social housing dwellings (dwellings reported in the ABS Census as being rented by a 'state or territory housing authority' or 'community housing provider').²⁴

The figures below show, particularly for Wollongong LGA and sub-areas within it, a relatively large decrease in the overall number of social housing dwellings over the 15 year period (-525 dwellings).

We note that the total number of social housing dwellings reported in the 2021 Census for Wollongong LGA (5,665 - excluding tenure type not stated dwellings) is much smaller than figures reported by LAHC in its Local Area Analysis for the Wollongong LGA (6,600 dwellings).

We rely on ABS data as detailed data on LAHC dwelling and land portfolio is not publicly available.

The following graphs show a net loss of social housing in Wollongong LGA over the period, with the second graph showing the likely replacement of older separate houses on large lots as well as older 'apartments' with medium density dwelling types (although the latter may be due to some change in characterisation between the Censuses). In Wollongong, the redevelopment of such dwellings has apparently not resulted in a net gain or even replacement of stock redeveloped or sold.

²⁴ Dwellings where the tenure type was not stated in the Census are not included in these figures. We note that the number of dwellings where the tenure type was not stated was much larger in the 2006 Census compared to the 2021 Census. For example, for Wollongong LGA in 2006 there were 4,584 dwellings with a tenure type not stated compared with 998 dwellings in 2021; despite an increase of over 9,000 dwellings over the period. It is not clear why there were so many more 'tenure type not stated' dwellings in 2006 compared to 2021.

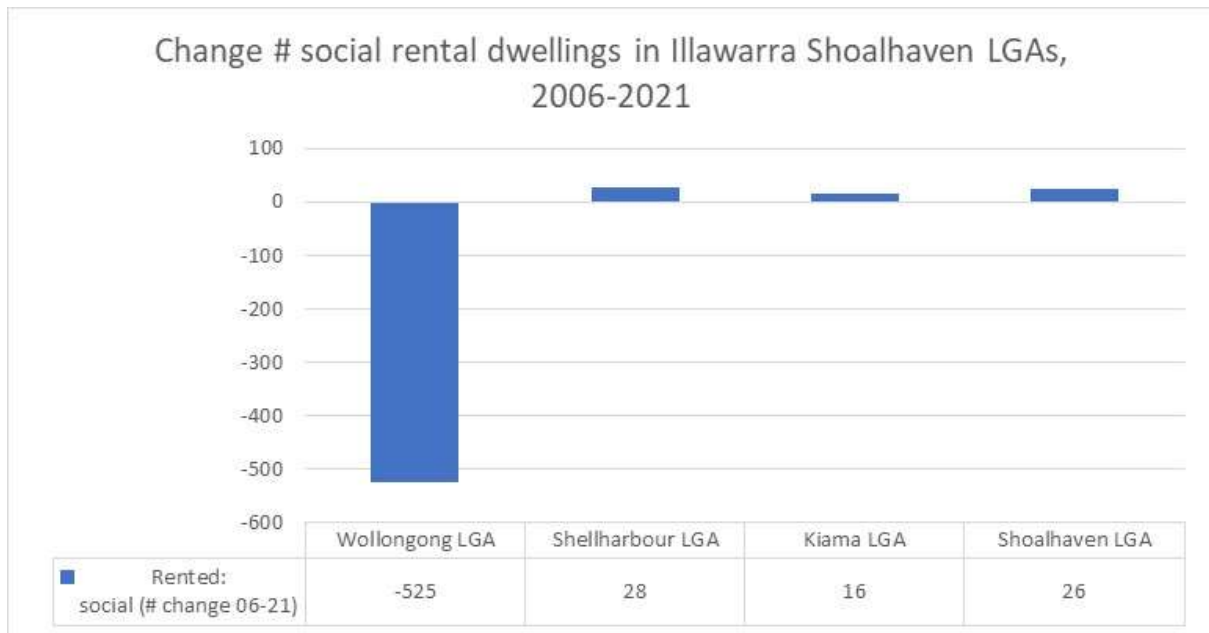


Figure 4.10: Change in number of social housing dwellings, Illawarra Shoalhaven LGAs 2006-2021

Source: JSA 2022 derived from ABS 2021 and ABS 2016

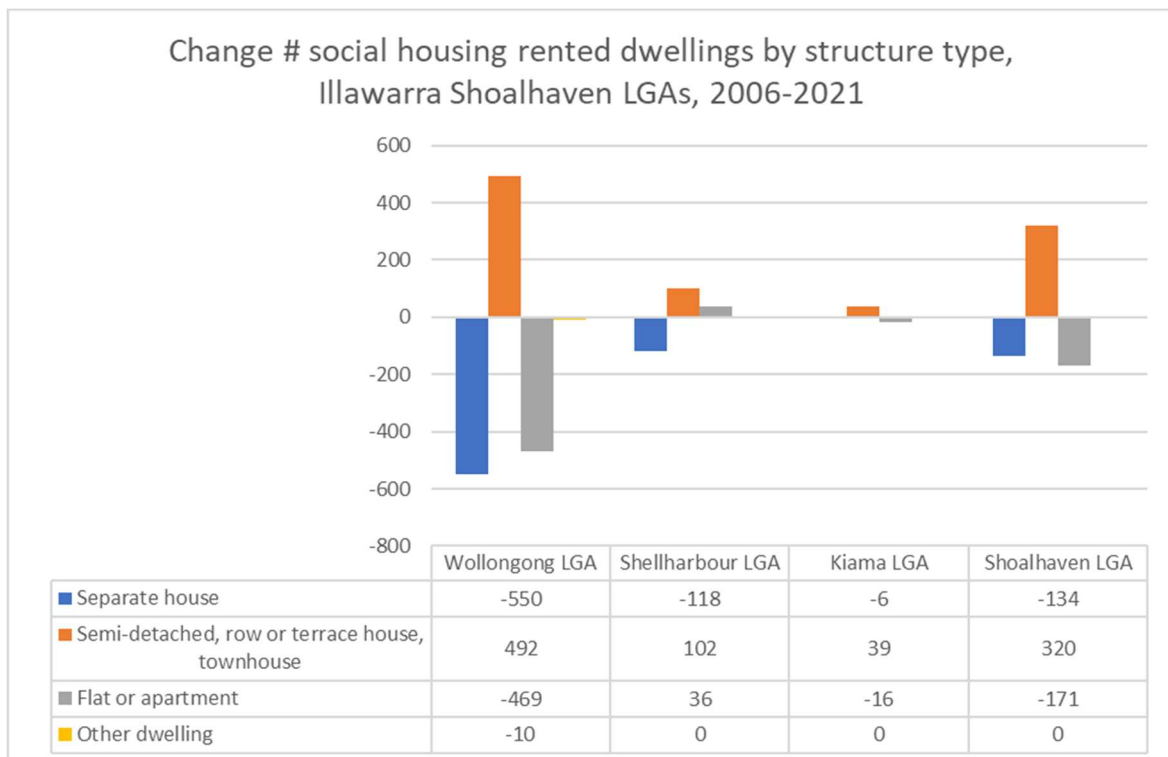


Figure 4.11: Change in number of social housing dwellings by structure type, Illawarra Shoalhaven LGAs 2006-2021

Source: JSA 2022 derived from ABS 2021 and ABS 2016

The following graphs show that the largest loss was in Dapto-Port Kembla SA3, which contains large public housing estates around Warrawong, Berkeley and Koonawarra. Again, replacement of older housing with medium density dwelling types is apparent.

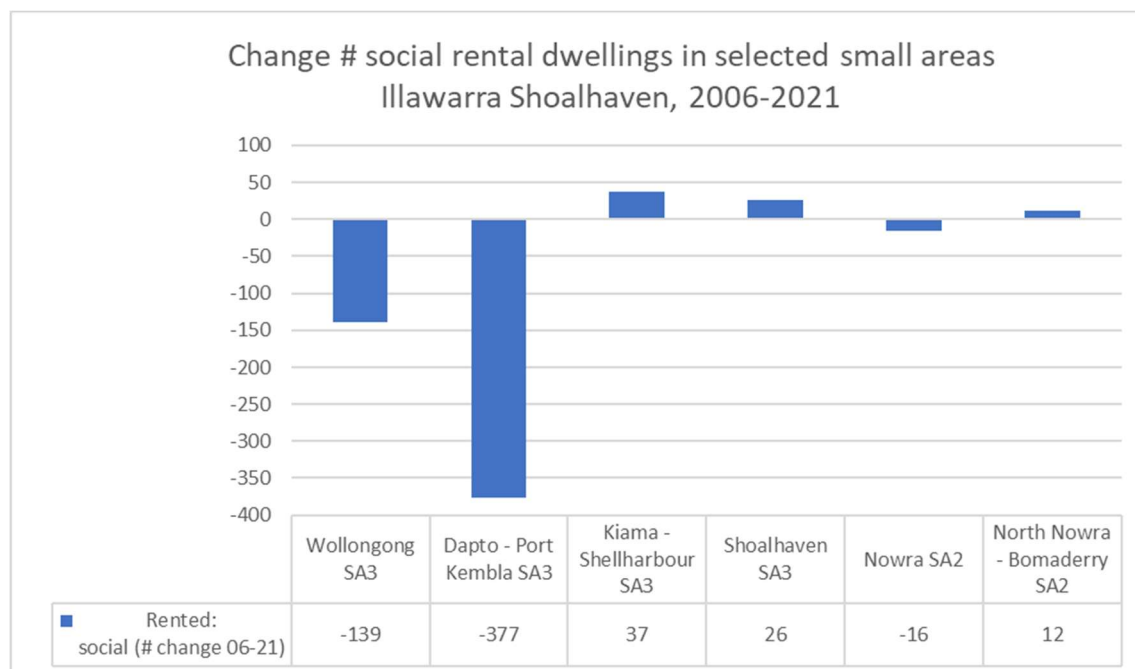


Figure 4.12: Change in number of social housing dwellings, selected small areas Illawarra Shoalhaven, 2006-2021

Source: JSA 2022 derived from ABS 2021 and ABS 2016

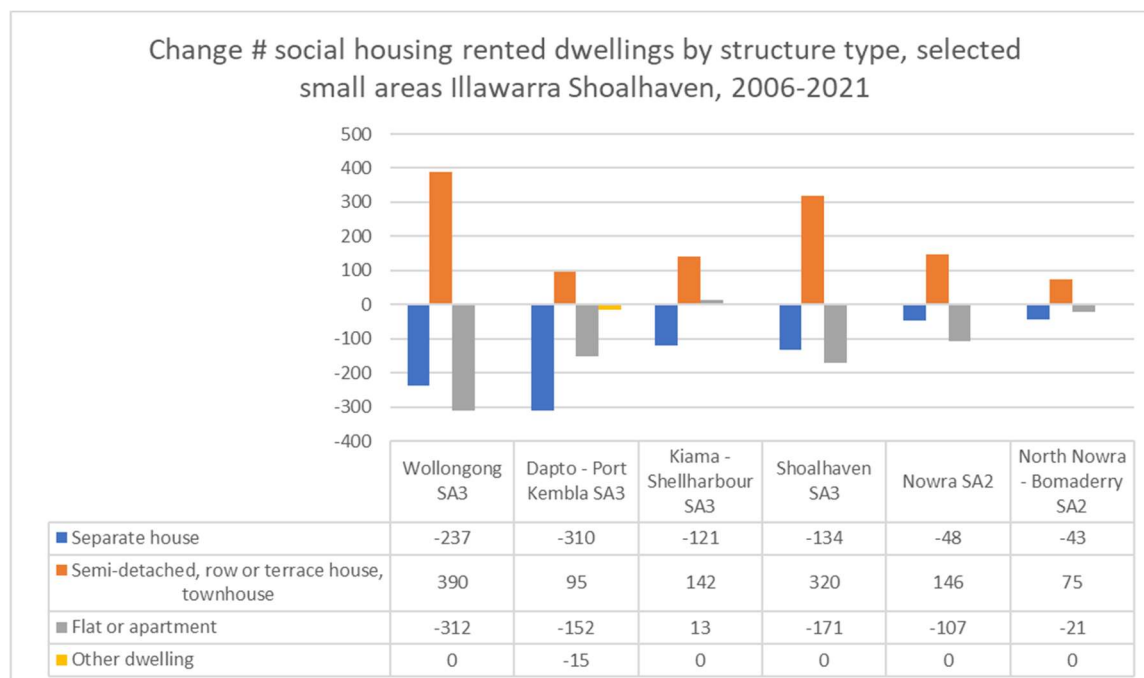


Figure 4.13: Change in number of social housing dwellings by structure, selected small areas Illawarra Shoalhaven, 2006-2021

Source: JSA 2022 derived from ABS 2021 and ABS 2016

Change in social housing dwellings (Budget Estimates FY11-12 to FY 19-20)

Further evidence of a net loss of social housing stock in NSW, and at the regional and local scales is recent Budget Estimate documents.²⁵

In the eight years from FY11-12 to FY 19-20, the number of social (DCJ and community housing managed dwellings) owned by the L&HC in NSW declined by almost 5,000 dwellings (from 130,326 to 125,334), a **3.8% reduction in total social housing stock**. It was reported that 3,957 L&HC properties had been sold in NSW over the period.²⁶

In total, the number of dwellings managed by a CHP increased from 18,036 to 30,791 over the eight year period.²⁷

The following table shows loss of social housing (L&HC owned) dwellings in the **Illawarra Shoalhaven Region** over the period. In total, almost 400 dwellings were lost (a decline of 3.8%), with the most significant decline in stock in the Shoalhaven LGA (-8.1% of social housing dwellings, which was more than double the NSW average), whilst the largest number in absolute terms was in Wollongong LGA (almost 200 dwellings).

In total, the number of dwellings managed by a CHP in the Region increased from 1,211 to 1,943 over the eight year period, and most of these dwellings were transferred to SCCH management in the Shoalhaven LGA.²⁸

Table 4.4: Change in Number of Social Housing Dwellings (FY11-12 to FY 19-20)

	FY11-12	FY19-20	Total Change (#)	Total Change (%)
Wollongong	6,858	6,661	-197	-2.9%
Shellharbour	1,847	1,777	-70	-3.8%
Kiama	67	67	0	0%
Shoalhaven	1,503	1,382	-121	-8.1%
TOTAL	10,275	9,887	-388	-3.8%

Source: JSA 2022 derived from Legislative Council Budget Estimates 2020-21: Supplementary Questions

²⁵ Legislative Council, Portfolio Committee No 4 – Industry, *Budget Estimates 2020-21: Supplementary Questions*

²⁶ Legislative Council, Portfolio Committee No 4 – Industry, *Budget Estimates 2020-21: Supplementary Questions*

²⁷ Legislative Council, Portfolio Committee No 4 – Industry, *Budget Estimates 2020-21: Supplementary Questions*

²⁸ Legislative Council, Portfolio Committee No 4 – Industry, *Budget Estimates 2020-21: Supplementary Questions*

4.3.4 Social Housing Waiting Times (August 2022)

Expected waiting times for social (public and community) housing from the common waiting list as at August 2022 are shown in the table below.

There was a total of 3,042 households on the waiting list in relevant allocation zones across the Region, with 323 of these priority applicants. Of these, 52% (1,573 households) were for areas within Wollongong LGA, 26% (798 households) were for areas within Shoalhaven LGA, 20% (608 households) were for Shellharbour LGA and 2% (63 households) were for Kiama LGA.

Overall, there was generally a longer waiting time for studio, one and two bedroom dwellings (10+ years) in areas of Kiama and Shoalhaven, likely related to a lower level of supply and an aging population, with a minimum waiting time of 5-10 years across most housing types and areas.²⁹

Consultations conducted in the preparation of this *Background Report* confirmed other recent research conducted by JSA that virtually all allocations are currently from the priority waiting list, and thus of people who have more complex needs, including homelessness or at risk of homelessness, and that waiting time for these high need applicants has increased from a few weeks to at least 12 months.

As such, there is in reality limited prospect of a person from the general waiting list being housed in the foreseeable future, and a likelihood of growing need amid severely inadequate supply.

²⁹Department of Communities and Justice, Expected Waiting Times, <https://www.facs.nsw.gov.au/housing/help/applying-assistance/expected-waiting-times>, accessed 31/8/22.

Table 4-5 Common Waiting List (Social Housing) Estimated Waiting Time

Type	Kiama	Shellharbour	Nowra	South			Shoalhaven		Sussex	
	S007	S010	S011	Ulladulla	Wollongong City S015	Wollongong S016	Helensburgh	Heads	Huskisson	Inlet
	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)
Studio/1 bedroom	10+	5-10	5-10	10+	5-10	5-10	N/A	5-10	10+	N/A
2 bedroom	10+	5-10	5-10	5-10	5-10	5-10	5-10	10+	10+	10+
3 bedroom	5-10	5-10	5-10	5-10	5-10	5-10	5-10	5-10	N/A	N/A
4+ bedroom	5-10	5-10	5-10	2-5	5-10	5-10	2-5	2-5	N/A	N/A
Total Applicants	63	608	589	163	1,147	401	25	12	15	19
(Priority Applicants)	(8)	(49)	(87)	(39)	(89)	(39)	(<5)	(<5)	(<5)	(<5)

Source: JSA 2022, derived from Department of Communities and Justice, Expected Waiting Times, <https://www.facs.nsw.gov.au/housing/help/applying-assistance/expected-waiting-times>, accessed 31/8/22

5 Planning, Funding & Policy Environment

5.1 Overview

This section provides an overview of the Federal, State and local government planning, policy and funding context to effective strategic responses to growing affordability issues in the Illawarra Shoalhaven Region and its four constituent LGAs.

5.2 The NSW Planning Context

5.2.1 Affordable Housing support in EP&A Act and related policies

There are significant opportunities for local government to support the creation and maintenance of affordable housing through core planning legislation and policies in NSW compared to most Australian states. However, there are also constraints to action by local government, principally arising from its subordinate relationship to state government in Australia, its lack of planning autonomy, the prescriptive nature of the land use zoning system compared with other international jurisdictions like the UK, its constrained economic position and constraints to raising capital through debt financing.

Nonetheless, local government has an implicit role in affordable housing and an impact on affordability through land use zoning, controls, the timing of land release, location of services and facilities, and the levying of rates and development contributions. It can also choose to play a more proactive role in the creation and retention of affordable housing through active intervention in the market through the development of appropriate planning mechanisms and strategies, including under relevant provisions of the *Environmental Planning and Assessment Act 1979 (NSW)*.

5.2.2 Opportunities and constraints of principal legislation

Overview

Unlike some other Australian jurisdictions, where the principal planning legislation is silent on the matter of affordable housing, the *Environmental Planning and Assessment Act 1979 (NSW)* (the Act) has express provisions related to the delivery and maintenance of affordable housing (section 1.3(d)), and others which may be used to support such housing through the planning and approvals process. Accordingly, local government in NSW has roles and responsibilities related to affordable housing under planning legislation including state environmental planning policies (SEPPs). There are definitions and benchmarks related to 'affordable housing' in core legislation and related policy, particularly under the *State Environmental Planning Policy (Housing) 2021* (the Housing SEPP), discussed later.

Further, it is a requirement of the Act that a consent authority take into account the social and economic impacts of a development application as part of a merits assessment under s4.15(1)(b). This has obvious applicability to development applications that may result in the loss of affordable or low cost housing, such as low cost flats, boarding houses and caravan parks, as well as the

assessment of the benefits of an application involving the creation of affordable housing, particularly where this is balanced against other factors as part of the merits assessment. The ability to seek mitigation for loss of affordable housing as part of conditions of consent is also possible under this head of consideration. A growing body of case law in the NSW Land and Environment Court related to social impacts is also relevant.

Likewise, a consent authority is required to consider whether a proposed development is in the public interest under s 4.15(1)(e), and a growing body of case law has likewise determined that it is in the public interest to give effect to the objectives of relevant legislation. It is relevant in this regard that the Act has as an objective ‘the delivery and maintenance of affordable housing’ (1.3(d)), as well as express provisions related to the levying of mandatory and negotiation of voluntary affordable housing contributions, discussed below.

As such, local government has a role and indeed a statutory responsibility to seek to preserve and create affordable housing through the planning and assessment process, notwithstanding limitations outlined above.

Affordable Housing Contributions

In June 2000, amendments were made to the Act to provide consent authorities with the power to require, as a condition of consent, the dedication of land free of charge or the payment of a monetary contribution for affordable housing in certain circumstances. Sections 7.32 and 7.33 were introduced to provide consent authorities with the express power to impose such conditions ‘if a State Environmental Planning Policy (SEPP) identifies that there is a need for affordable housing within an area’ and certain other conditions are met.

Until recently, the relevant SEPP for this purpose was *State Environmental Planning Policy 70 Affordable Housing (Revised Schemes)* (SEPP 70), which amended relevant local and regional environmental planning instruments to enable the levying of development contributions to provide for affordable housing, but was limited to only a handful of planning schemes in inner Sydney.

Amendments to SEPP 70 in 2019 means that all Councils in NSW can now develop an Affordable Housing Contributions Scheme (AHCS) provided they are able to demonstrate ‘affordable housing need’ in accordance with DPE’s *Guideline for Developing an Affordable Housing Contribution Scheme*, and ‘economic viability’ using the DPE’s ‘Viability Tool’.

More recently, the *Housing SEPP* brought together relevant housing SEPPs, including SEPP 70, under the one instrument. The relevant part for the purpose of the development of AHCSs and levying of contributions is Chapter 1 Affordable Housing: Part 1 Preliminary.

Voluntary Planning Agreements

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

towards a public purpose. 'Affordable housing' as defined in the Act is one of the listed 'public purposes'.

A planning agreement is generally advertised in conjunction with the development or rezoning application to which it relates, and forms part of the conditions of consent. A planning agreement is registered and runs with the title to the land, and is binding on, and enforceable against, the owner of the land from time to time as if each owner for the time being had entered into the agreement. The provisions also provide for administrative, reporting, review and other accountability requirements like other forms of development contributions, and may be used in place of or as well as levies with respect to other infrastructure under normal development contributions provisions of the Act. Importantly, a planning agreement does not have to demonstrate nexus between the development and the public purpose for which it was made.

5.2.3 SEPP (Housing) 2021

Overview

The gazettal of the Housing SEPP in November 2021 brought together relevant SEPPs (SEPP 70, *SEPP Affordable Rental Housing 2009*, *SEPP (Housing for Seniors and People with a Disability) 2004*, *SEPP 21 (Caravan Parks)* and *SEPP 36 (MHEs)*) under the one instrument, and rationalised, amended and/or added to existing provisions.

It also introduced new types of development, and revises controls on a range of developments. Relevant types of developments facilitated by the SEPP are set out below, along with more relevant provisions, including their impact on the provision of affordable housing.

Affordable Housing

Requirements for Affordable Housing are set out in Chapter 2 of the SEPP. Section 1.4(1) of the Environmental Planning and Assessment Act defines affordable housing as "*housing for very low income households, low income households or moderate income households, being such households as are prescribed by the regulations or as are provided for in an environmental planning instrument*".

Clause 13 of the SEPP defines a very low, low and moderate income household as a household that:

(a)(i) has a gross income within the following ranges of percentages of the median household income for Greater Sydney or the Rest of NSW—

(A) very low income household—less than 50%,

(B) low income household—50–less than 80%,

(C) moderate income household—80–120%, and

(ii) pays no more than 30% of the gross income in rent, or...

(b)(i) is eligible to occupy rental accommodation under the National Rental Affordability Scheme, and

(ii) pays no more rent than the rent that would be charged if the household were to occupy rental accommodation under the Scheme.

The definition under clause 13(a) above is commonly referred to as social rent, with the rent being set by the tenant's income. The definition under clause 13(b) above is commonly referred to as affordable rent, as the rent is at a discount (no more than 80%) of market rent. In 2019, typical maximum income limits for eligible households under the National Rental Affordability Scheme (NRAS) were \$51,398 for a single adult household, \$71,061 for a two adult household and \$105,161 for a couple household with two children.

Clause 7.32(1) of the *Environmental Planning and Assessment Act 1979* sets out requirements for conditions that require land or contributions for affordable housing. The section is applicable if “*a State environmental planning policy identifies that there is a need for affordable housing within the area*”. Clause 14 of the SEPP identifies a need for affordable housing within each area of the State.

Amongst other things, the contribution must be reasonable. The NSW Department of Planning, Industry and Environment has developed an affordable housing viability tool to assist Council's in calculating contribution rates that will not adversely impact on development, and assist in calculating an appropriate rate of contribution.

In-fill affordable housing

Clause 17 provides for an additional (bonus) FSR for residential development that will be used for affordable housing. Formulae for estimating the quantum of the bonus FSR are set out in clause 17.

There are a number of restrictions on the application of the bonus. These include:

- The development must be permissible under another instrument;
- At least 20% of the floor area will be used for the purposes of affordable housing.

In the Greater Sydney, Newcastle or Wollongong region, the development must be within an accessible area. An accessible area is defined by access to public transport, including within 800 metres of a railway station or ferry wharf, within 400 metres of a light rail station, or within 400 metres of a bus stop providing one service per hour between 6 am and 9 pm weekdays and 8 am and 6 pm on weekends.

In other areas, development must be within 800 metres of land zoned B1 Neighbourhood Centre, B2 Local Centre or B4 Mixed Use.

An addition incentive may be provided by lower rates of parking set out in clause 18, including, for example, 0.5 parking spaces for a two bedroom dwelling for a social housing provider and 1 parking space for a two bedroom dwelling otherwise.

The affordable housing component of the development must be used for affordable housing for 15 years, and must be managed by a registered community housing provider.

Boarding Houses

Boarding houses are permissible with consent only where allowed under another planning instrument. In addition, boarding houses are only allowed in R2 Low Density Residential zones where:

- In the Greater Sydney region, the land is within an accessible area; and
- Otherwise, the land is within 400 metres of land zoned B2 Local Centre or B4 Mixed Use.

Where Residential flat buildings are permitted, an FSR bonus is available.

A range of development standards are set out. Notably, the Apartment Design Guide applies to developments of 3 or more stories, and minimum parking is 0.2 spaces per boarding room in an accessible area and 0.5 spaces otherwise.

The boarding house must be used for affordable housing and managed by a registered community housing provider.

Boarding houses developed by Aboriginal Housing Office and Land and Housing Corporation have somewhat less stringent controls including being generally permissible in R2 Low Density Residential zones subject to accessibility requirements and can be carried out without development consent.

Supportive Accommodation

Supportive accommodation is allowed where residential flat buildings or boarding houses are permissible under another planning instrument, and is allowable without consent if delivery does not include erection, alteration or addition to a building.

Residential Flat Buildings

Public authorities or social housing providers can carry out development for residential flat buildings where they are not otherwise permissible on:

- Land in the Greater Sydney Region within 800 metres of a rail or light rail station; and
- Land zoned B3 Commercial Core or B4 Mixed Use within nominated regional centres.

A site compatibility certificate must be obtained for development consent.

Car parking is not required for the portion used for affordable housing. Street frontages must not be used for residential purposes.

The development must be used for affordable housing for 15 years, 50% of dwellings must be used for affordable housing, and the affordable housing must be managed by a registered community housing provider.

Residential Development by AHO and LAHC

The Aboriginal Housing Office and Land and Housing Corporation can carry out a range of developments without consent.

Retention of existing affordable housing

Clauses 45 - 48 allows a consent authority to refuse development consent, or to collect a contribution for affordable housing where development will result in the loss of low rent accommodation.

Secondary dwellings

Construction of secondary dwellings is permissible with consent in a range of residential zones subject to meeting standards set out in the SEPP.

Group Homes

Development for group homes carried out by or on behalf of a public authority and of less than ten bedrooms may be carried out without consent.

Co-living housing

Co-living housing (similar to a boarding house) is allowable with consent where co-living housing, residential flat buildings or shop top housing is permissible.

Bonus FSR of 10% is available for this type of development. The requirement for parking is 0.2 spaces per room in an accessible area, and 0.5 spaces per room otherwise. The building must comply with the Apartment Design Guide if three storeys or more, and cannot be sub-divided. A range of development standards are set out in clauses 68 and 69.

Build to Rent Housing

Construction of build to rent housing for at least 50 dwellings allows the development of multi dwelling housing, residential flat buildings and shop top housing where residential flat buildings are permitted or in Zone B3 Commercial Core, B4 Mixed Use and B8 Metropolitan Centre. The building must be subdivided for 15 years. A range of development standards are set out, including reduced parking in the Greater Sydney Region and active street frontages in business zones.

Housing for seniors and people with a disability

Housing for seniors and people with a disability is permissible with consent in a wide range of zones including all residential and business zones, subject to providing adequate access to facilities and services. A range of development and design standards are set out. Housing for seniors and people with a disability includes self-care housing, hostel accommodation and residential care facilities.

Development by the Aboriginal Housing Office and Land and Housing Corporation is allowable without development consent.

Short term rental accommodation

Development for hosted short term rental accommodation is exempt development, and development for non-hosted short term rental accommodation is also exempt, and is subject to maximum usage of 180 days in a 365 day period in prescribed areas.

Manufactured home estates

Manufactured home estates are permissible where caravan parks are permissible with the exception of certain land, including crown land and non-urban land in the four LGAs. The table below shows the permissibility of caravan parks across the four LGAs.

Table 5.1: Permissibility of Caravan Parks

	Wollongong LGA	Shellharbour LGA	Kiama LGA	Shoalhaven LGA
SP3 Tourist	Permissible			
RE1 Public Recreation	Permissible		Permissible	Permissible
RE2 Private Recreation	Permissible	Permissible	Permissible	Permissible
RU6 Transition		Permissible		
RU2 Rural Landscape				Permissible
RU5 Village				Permissible

Source: Wollongong, Shellharbour, Kiama and Shoalhaven LEPs

As all these categories of land are non-urban, it is generally not possible to develop Manufactured home estates in the four LGAs.

Caravan parks

Caravan parks can be used for long term use, short term use or both. Manufactured homes are allowable within caravan parks, and subdivision is allowable, noting that the restrictions on caravan parks are much less onerous than the restrictions on manufactured home estates.

Temporary emergency accommodation

Development for the purposes of caravan parks or camping grounds for a period of use of five years may be carried out without consent if the development is a response to a natural disaster.

5.2.4 NSW Housing Strategy

In May 2021, the NSW Government released *Housing 2041: NSW Housing Strategy* and the 2021-2022 Action Plan. *Housing 2041: NSW Housing Strategy* sets out 'a 20-year end-to-end housing strategy which covers everything from homelessness to home ownership' for the state for the first time.³⁰

³⁰ NSW Department of Planning, Infrastructure and Environment, *Discussion Paper: A Housing Strategy for NSW*, May 2020, <https://www.planning.nsw.gov.au/Policy-and-Legislation/Housing/A-Housing-Strategy-for-NSW>, accessed 22/04/2021.

The issue of affordable housing is a priority of the Strategy, with 'Affordable Housing' listed as one of the four 'Housing System Pillars'.³¹ The Strategy notes that apart from existing planning mechanisms already embedded at the local level, there is potential for NSW Government to increase the delivery of well-designed and well-located affordable housing across the state through:

- development of appropriate government-owned land for affordable housing;
- planning and development projects that encourage build-to-rent;
- new communal living models; and
- encouraging incentives to build affordable housing in mixed-tenure communities.³²

The importance of the use of State Government land for affordable housing is emphasized at a number of points in the Strategy, noting that,

...the NSW Government has an important role to play in the provision of social and affordable housing solutions, including through the use of government owned land. We know that safe, secure and affordable housing contributes to physical and mental health benefits and positive wellbeing outcomes. By investing in housing on government-owned land, we can deliver more social housing and improve housing affordability for our communities. Similarly, responses to homelessness have the potential to contribute to reduced healthcare costs, reduced crime and improved outcomes for employment or education opportunities. By providing more direct investment, the NSW Government can support transition pathways across the housing spectrum.³³

The Strategy also aims to provide increased support for those most in need including by continuing to invest in the social housing portfolio, reducing social housing waiting times, supporting the community housing sector, providing ongoing support and programs to reduce homelessness and support those with complex needs, and by '*increasing the supply for affordable housing to meet agreed targets in both metropolitan and regional areas*'.³⁴

With regard to regional NSW, *Housing 2041* notes that short-term impacts of the COVID-19 pandemic have reduced affordability in some regional housing markets due to increased demand from people within metropolitan areas moving to regional areas but that the long-term effects are uncertain.³⁵

The 2021-2022 Action Plan sets out a range of activities, many of which are relevant to Councils and other proponents seeking to grow the supply of affordable housing. Some of these include:

³¹ NSW Department of Planning, Infrastructure and Environment (2021) *Housing 2041: NSW Housing Strategy*, p 9.

³² NSW DPIE, *Housing 2041: Housing Strategy NSW*, pp 32.

³³ NSW Department of Planning, Infrastructure and Environment (2021) *Housing 2041: NSW Housing Strategy*, p 7.

³⁴ NSW DPIE, *Housing 2041: Housing Strategy NSW*, pp 26.

³⁵ NSW DPIE, *Housing 2041: Housing Strategy NSW*, pp 4.

- Establishing a register of NSW Government land and assessing its suitability for housing outcomes that will be publicly available and allow stakeholders (like CHPs and others) to identify opportunities and submit proposals for the use of state-owned land for housing (Action 1.3.2 and Action 3.6.1);
- Investigate development of new sources of sustainable funding for affordable housing (Action 2.1.5);
- Undertake a review of key worker housing provision across NSW (Action 2.1.6);
- Implement proposed changes to the build to rent sector (Action 2.6.1);
- Partner with local governments, CHPs and developers to trial ways of facilitating temporary accommodation options for people experiencing homelessness (Action 2.6.2);
- Support on-going growth of CHPs (Action 3.1.1);
- Partner with councils to develop modern, fit-for-purpose social and affordable housing on LAHC land and support implementation of local housing strategies (Action 5.1.2);
- Support councils to explore potential use of under-utilised operational land for the purpose of housing (Action 5.1.3); and
- Encourage all NSW councils to develop an affordable housing contribution scheme and seek changes to their LEP to capture affordable housing contributions under SEPP 70 (Action 5.2.1).

5.3 The Regional Planning Context

5.3.1 Illawarra Shoalhaven Regional Plan 2041

The *Illawarra Shoalhaven Regional Plan* is the existing 20-year land use plan that sets out the strategic vision and directions for future housing, jobs, infrastructure and a healthy environment. It sets the strategic framework for the Region, aiming to ‘protect and enhance the region’s assets and plan for a sustainable future’ for the four local government areas of Wollongong, Shellharbour, Kiama and Shoalhaven.³⁶

The *Regional Plan* acknowledges the extraordinary conditions created by recent events, including drought, floods, an unprecedented bushfire season that impacted 80 per cent of the Shoalhaven LGA and the COVID-19 pandemic, and that ‘these events will have lasting impacts on the economy, infrastructure, social systems, the natural environment and the wellbeing of people and communities across NSW’.³⁷ It notes that resilience will be a critical component of the Region’s future, with strategic planning necessary in identifying ‘vulnerable communities and opportunities to better anticipate or even avoid disruptive challenges’.³⁸

The *Plan* notes that the Illawarra Shoalhaven economy contributes to the NSW economy in a range of sectors, including education, research and innovation, advanced manufacturing, health and aged

³⁶ (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, pgs 4-5.

³⁷ (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, p 5.

³⁸ (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, p 6.

care, defence, construction, retail, professional and financial services, and contributed \$23.9 billion to the State's economy in 2019, an increase of \$7.7 billion (47%) from 2013. It also cites other strengths of the Region as being home to an international trade gateway at Port Kembla, a university with global reach in the University of Wollongong, a city of national significance in Metro Wollongong, and the regional cities of Nowra and Shellharbour that drive prosperity and liveability, a visitor economy worth \$1.71 billion, and a skilled workforce including around 23,000 residents who travel to Greater Sydney for work.

In terms of key centres, it notes that 'Metro Wollongong, along with Nowra and Shellharbour are viewed as the Region's 'civic hearts' – places that provide an urban lifestyle where people can easily walk to shops, services, schools or work.'³⁹

Supporting the vision of '*An innovative, sustainable, resilient, connected, diverse and creative region*' are four key themes:

1. A productive and innovative region
2. A sustainable and resilient region
3. A region that values its people and places, and
4. A smart and connected region.

Of these, **Theme 3** is the most directly relevant to the preparation of the *Regional Affordable Housing Strategy*, and particularly Objective 19: Deliver housing that is more diverse and affordable, as well as Objective 18: Provide housing supply in the right locations. However, **Theme 1** is also relevant, as it promotes a range of strategies to strengthen the role of centres, major services and employment land in supporting economic development, employment growth and innovation, and acknowledges that housing supply, cost and diversity are important in supporting such economics and jobs growth.

Theme 1: A productive and innovative region notes the critical role of Metro Wollongong as the heart of the Illawarra Shoalhaven region and the third largest city in NSW, as well as the regional cities of Shellharbour and Nowra as locations for facilitating new and innovative economic opportunities, and increasing economic productivity, housing choice and cultural activities. A number of objectives are relevant under this theme, including the following.

Objective 1: Strengthen Metro Wollongong as a connected, innovative and progressive City – the *Plan* notes that Metro Wollongong is a prime location for greater housing choice, particularly high density apartment living that can take advantage of the services and transport already available, and provide 'housing opportunities for young, educated people looking to live near jobs and cultural activities, as well as students, medical interns and key health workers looking for low cost housing, and older people who want easy access to health care and other services'.⁴⁰

³⁹ (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, p 12.

⁴⁰ (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, p 17.

Strategy 1.1 includes the aspiration to ‘encourage a diversity of housing including affordable housing and student housing around commercial priority areas’; whilst **Strategy 1.2** includes that ‘strengthening and simplifying planning controls to promote a diversity of buildings that respond to people and place’, and ‘encouraging the temporary use of vacant properties to help with street activation’.⁴¹ Also relevant is **Action 1: Develop a Metro Wollongong Health Precinct Strategy**, which includes the possibility of ‘incentivising a mix of health and medical uses and higher density living’.

Objective 2: Grow the region’s regional cities is also relevant, including the understanding that the regional cities of Shellharbour and Nowra are ‘on the doorstep of the regionally significant growth areas of West Lake Illawarra and Nowra Bomaderry’, with a combined capacity for 37,600 lots, and representing a ‘collection of the largest urban release areas in regional NSW’. It is noted that new residents living in these areas will use the regional cities for work, health and education services, and recreational pursuits.

The aspiration to ‘**activate and transform Nowra City Centre as one of the regionally significant centres**’ is also noted, with the centre supporting 7,500 jobs, and the largest employment sectors being health care, retail and public administration. It also notes that the demand for apartment living is increasing in Nowra City Centre, providing ‘much-needed housing choice that is often more affordable’. Plans are in place to grow and improve the Shoalhaven District Memorial Hospital, with a NSW Government investment of \$438 million in the hospital providing an ‘opportunity for complementary land uses that support the health and medical offering’.⁴²

Strategy 2.1: Activate Nowra City Centre notes that strategic planning and local plans should consider opportunities to leverage investments in Nowra Bridge, Riverfront Precinct and Shoalhaven District Memorial Hospital; to identify clear planning and approval pathways and ‘remove planning barriers to increase residential development’; and understand Shoalhaven District Memorial Hospital’s opportunities for expansion or ‘complementary surrounding land uses’.

Strategy 2.2. Enhance the diversity and strength of Shellharbour City Centre includes that strategic and local plans should consider opportunities to ‘facilitate higher density mixed use development with quality connected open space and increased tree canopy’; leverage future investment in health and education services; and facilitate diversification and growth in employment opportunities.

The Plan notes that Shellharbour City Centre is ‘framed by low density residential and seniors housing’, but that ‘demand for high density living is increasing’. It also notes opportunities arising from the large TAFE campus to leverage tertiary education offerings, and from the Shellharbour Hospital redevelopment on a new site, which ‘creates an opportunity to identify future uses for the current hospital site that contribute to the diversity of Shellharbour City Centre’. It is relevant in

⁴¹ (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, p 18.

⁴² (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, p 27.

this regard that the City Centre supports around 4,500 jobs, 36% in retail, 18% in health care and 10% in accommodation and food services.⁴³

Objective 7: Respond to the changing nature of retail is also relevant when considering the nature of higher density residential development in centres in the form of Shoptop housing, and noting that retail is the region's second largest employment sector. It acknowledges that changing consumer behaviour is 'seeing an increase in e-commerce and a desire for innovative experiences', with retailers reviewing store formats, improving their online presence and in some cases reducing their floor space in response to these changes. This is likely to have implications for the demand, function and purchase of shopfronts in Metro Wollongong and Shellharbour City Centre in particular.

Objective 8: Strengthen the economic self-determination of Aboriginal communities is also relevant as a strategic context to the forthcoming *Affordable Housing Strategic Case Studies and Strategies Report*, noting that Local Aboriginal Land Councils (LALCs) in the region are well positioned to 'activate their significant land holdings to better utilise the economic potential of Aboriginal land holdings through land management and activation'. The *Plan* also notes that many parcels of Crown Land cannot be used due to uncertainty about ownership and control, and that resolving this uncertainty will 'benefit Aboriginal and non-Aboriginal landowners and occupiers and pave the way for strategic and collaborative opportunities'.

As such relevant strategies include **Strategy 8.2** that DPE continues to offer the preparation of a strategic assessment of the landholdings of LALCs; **Strategy 8.3** to prioritise the processing of unresolved Aboriginal Land Claims on Crown land; and **Strategy 8.4** to provide opportunities for the Region's LALCs to interact with and utilise the NSW planning system and the planning pathways available to achieve development aspirations.

The most directly relevant theme to this research in the *Regional Plan* is **Theme 3: A region that values its people and places**. It notes that, as the region's population grows and changes, the 'proportion of older people is increasing, average household size is getting smaller, and there is demand for tourism-related housing'. It reports that the Region will need at least an additional 58,000 homes by 2041, with the *Regional Plan* encouraging a diverse and affordable range of housing from apartments in Metro Wollongong, Shellharbour City Centre and Nowra City Centre, to villas and townhouses in strategic centres such as Warrawong, Corrimal, Dapto town centre, Bomaderry and Milton Ulladulla, and potentially Albion Park Rail Kiama and Gerringong town centres.⁴⁴

It notes that new housing will need to offer a 'diversity of lot sizes and bedroom numbers to suit seniors, students and people with a disability', as well as being 'more affordable and sustainable'. It also notes that the regionally significant growth areas of West Lake Illawarra and Nowra

⁴³ (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, p 28.

⁴⁴ (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, p 62.

Bomaderry have a combined capacity to provide 37,600 new dwellings, with 17,000 currently zoned for development.

This housing is needed to accommodate at least 100,000 additional people by 2041, with 53,375 in Wollongong LGA, 23,571 in Shellharbour LGA, 3,997 in Kiama LGA and 17,130 in Shoalhaven LGA.

Of most relevance to this research is **Objective 18: Provide housing supply in the right locations**, including the need to take a balanced approach to providing housing in urban release areas and existing urban areas. It reports that ‘Wollongong, Shellharbour and Shoalhaven have a sufficient supply of housing identified to meet demand to 2041, with the regionally significant growth areas of West Lake Illawarra and Nowra Bomaderry being the focus for housing supply’, with ‘additional land near Calderwood in Shellharbour and at Meroo Meadow and Bamarang in Shoalhaven currently considered by the UDP as suitable for investigation to meet higher than expected demand’.⁴⁵

The *Plan* reports that Shellharbour City Council has identified that it has an adequate land supply for the next 20 years to meet projected demand for housing, although this will be periodically reviewed. In the case of Kiama, it reports that the community has expressed a desire to meet the demands for new housing by increasing the supply available in existing areas and through the development of Bombo Quarry, rather than providing opportunities for housing expansion in other non-urban areas, noting that ‘Kiama is only likely to play a supporting role in regional housing supply and has a limited supply of identified new greenfield areas’.⁴⁶

Relevantly, in consideration of **Urban Growth Boundaries**, the *Plan* notes that the unique character of the cities, towns and villages in the region is ‘contingent on protecting the scenic, non-urban spaces in-between’, so that the West Lake Illawarra, Nowra-Bomaderry and Bombo Quarry are identified as the main growth areas at this time. Aside from these areas, the *Plan* ‘concentrates new development and intensive uses in existing centres’, rather than in the scenic hinterland that defines the coastal rural character of the region.⁴⁷

In terms of potential capacity, the *Plan* reports that the **West Lake Illawarra Growth Area** has the capacity for **28,000 new dwellings** in the **Tallawarra, West Dapto and Calderwood** urban release areas; whilst **Nowra-Bomaderry** offers **long-term capacity of 9,600 new dwellings** with the current focus on the **Moss Vale Road precincts**. Other smaller urban release areas such as **Redgum Ridge, Shell Heights and Bayswood at Vincentia** will contribute to housing supply.

It also **prioritises opportunities for new housing in well-serviced strategic centres**, including Corrimal town centre and the 18-hectare former Coke Works site, though also considering the site’s ecological, historical, archaeological and cultural significance. As the relatively well-serviced second largest centre in the Shoalhaven, **Milton-Ulladulla** is also considered a place for housing

⁴⁵ (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, p 62.

⁴⁶ (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, p 62.

⁴⁷ (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, p 63.

choice, with the potential for a review of controls to increase residential density where appropriate. The strategic centres of **Kiama and Gerringong** are a focus for Kiama Municipal Council as it seeks to rely on infill development. It also notes that **Dapto town centre** is ideally positioned to meet the needs of the growing population from the West Dapto urban release area; and that **Bomaderry** has potential to provide greater housing diversity well connected to the train station. The future of **Albion Park Rail** will also need to be better understood after completion of the Albion Park Rail Bypass.

Objective 19: Deliver housing that is more diverse and affordable is the most directly relevant to the *Illawarra Shoalhaven Affordable Housing Strategic Options Report*. It acknowledges that households in the region have ‘varying needs and budgets and as such they require a range of housing types across the housing continuum’. It also notes that living in an affordable situation means people have ‘more flexibility in where they choose to live, helps them feel part of their community, and leads to a more even distribution of wealth in the community’. As such, planning for a diversity of housing choices increases options at different life stages, and provides for different levels of affordability. This includes a range of factors, such as lot sizes, the number of bedrooms, or whether housing is suitable for seniors, students or people with a disability.⁴⁸

The *Plan* notes that, throughout the region, particularly outside Metro Wollongong, single detached dwellings are the most dominant form of housing, with 60% of the 11,000 new homes constructed in the last five years being detached single dwellings. It also notes that, as increasing demand affects cost and affordability, those most affected are people on lower incomes, students, people living on their own and seniors, ‘especially when the number of smaller homes is limited’. It also notes the importance of social housing, but acknowledges that the ‘housing on offer does not always match the needs of occupants who would be better served by smaller homes or multi dwelling housing’; and that ‘collaborative action can increase the diversity of housing choices and dwelling sizes while increasing the supply of affordable and social housing’.

Providing for a ‘diversity of housing choices and dwelling sizes’ is viewed as particularly important as household sizes in the region are projected to continue to decrease, particularly the proportion of smaller households, with couples only households projected to increase by 41 per cent to 2041, and single person households by 45 per cent. Population projections also indicate that those aged 55+ years are likely to increase from 129,000 people in 2016 to between 186,500 and 197,800 by 2041. In Shellharbour the number will rise by 70 per cent, with the need for housing and care facilities that are suitable for seniors evident. The *Plan* thus notes that Councils should ‘**seek to increase the number of smaller dwellings in new developments to accommodate these households**’, noting also changing consumer preference in this regard.

Relevant strategies include the following.

Strategy 19.1: Continue to provide for and encourage a range of housing choices, with strategic and local plans considering opportunities to:

⁴⁸ (The former) NSW Department of Planning, Industry and Environment (May 2021) *Illawarra Shoalhaven Regional Plan 2041*, p 69.

- provide a mix of housing types and lot sizes including small lots in urban release areas
- provide a mix of housing sizes including studios and one-bedroom dwellings
- consider incentives to increase the supply of housing that is appropriate for seniors, including low-care accommodation
- consider whether development standards, including minimum lot sizes, minimum frontage and floor space ratio are inadvertently inhibiting opportunities for diverse housing options
- explore innovative solutions in housing to cater for a range of community needs, including those of older people, multigeneration families, people living in group housing, people with special needs or people from different cultural backgrounds.⁴⁹

In terms of increasing the supply of affordable housing, it noted that ‘**planning mechanisms, including affordable housing targets, must be supported by other measures including a whole-of-government approach, strong leadership, government-owned land and collaboration with industry and community housing providers**’.⁵⁰

It also notes the availability and use by NSW councils of mechanisms such as **mandating affordable and low-cost dwelling types; development of an Affordable Housing Policy, Affordable Housing Contributions Scheme and affordable housing targets**. Importantly, it also notes the importance of ‘**collaborating with community housing providers to build capacity, facilitate partnership brokering, and help to remove planning barriers to increase the supply of affordable housing**’. It notes that this process can also ‘**facilitate the use of government-owned land to generate jobs and stimulate the economy**’, with local providers being mentioned as Housing Trust and Southern Cross Community Housing, and the latter in a partnership with Shoalhaven City Council to develop an affordable housing development at Bomaderry provided as a case study in the *Plan*.⁵¹

A related action is **Action 8: Establish the Illawarra Shoalhaven Affordable Housing Roundtable** with councils, community housing providers, the NSW Government and housing development industry to collaborate, build knowledge and identify barriers to increase the supply of affordable housing, and **Strategy 19.2** being to ‘investigate affordable housing targets’.⁵²

Strategy 19.3 Assess the potential to renew social housing sites to deliver an increase in social housing stock and greater vibrancy in local communities is also relevant. The Plan notes potential opportunities provided through renewing and increasing social housing through NSW State Government programs such as Communities Plus and the Social and Affordable Housing Fund. It cites two major projects valued at \$36 million in Wollongong that will provide 100 new social and

⁴⁹ (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, p 70.

⁵⁰ (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, p 70.

⁵¹ (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, p 70.

⁵² (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, p 71.

affordable housing with private homes at Robert Street, Corrimal and Crown Street, Wollongong under the Communities Plus program, with The Housing Trust managing the social and affordable housing properties across both sites.⁵³

Also relevant is **Objective 20: Establish a shared vision for the future of Bombo Quarry lands**, which notes that the Quarry is a 114-hectare regionally significant site ‘long recognised for its potential reuse for employment and residential needs, and that it represents a ‘once-in-a-generation opportunity to attract sustainable and diverse employment opportunities and supply a greater choice of housing in an area where supply is limited’.⁵⁴

5.3.2 The Six Cities Region Discussion Paper (September 2022)

The recently released Greater Cities Commission’s *Six Cities Region Discussion Paper* aims to stimulate conversation about the best way to plan a Six Cities Region that benefits residents and captures global economic opportunities as a basis for the preparation of the forthcoming Region Plan for the Six Cities. The Six Cities Region includes the Lower Hunter and Greater Newcastle City, the Central Coast City, the Illawarra-Shoalhaven City, the Western Parkland City, the Central River City and the Eastern Harbour City, and encompasses 43 local government areas.

As well as increasing economic scale and international reach, the Paper notes that ‘our communities expect, and deserve, local liveability to be delivered at the same time’. This means, among other things, provision of housing that is diverse and affordable, infrastructure and development that facilitates connected local centres and neighbourhoods, and increased and fairness and equity across the six cities’.⁵⁵

The Paper notes that since its precursor, *A Metropolis of Three Cities in 2018* was produced, ‘housing affordability has continued to decline, housing supply continues to fall short of demand, climate vulnerability has increased, the COVID-19 pandemic has exposed fault lines of social inequity, and the challenge of ensuring infrastructure aligns with growth remains critical to metropolitan planning’. It notes that ‘these issues are framing our thinking as we move from planning three Greater Sydney cities to a Six Cities Region’.⁵⁶

The most directly relevant theme to the forthcoming Affordable Housing Strategy is **Theme 3: Housing supply, diversity and affordability**.

The related vision includes the aspiration that,

‘Everyone in the Six Cities Region has access to a quality home that is connected, resilient, affordable, and which meets their needs. People have benefited from

⁵³ (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, p 72.

⁵⁴ (The former) NSW Department of Planning, Industry and Environment (May 2021) Illawarra Shoalhaven Regional Plan 2041, p 73.

⁵⁵ Greater Cities Commission (September 2022) *The Six Cities Region Discussion Paper: Delivering global competitiveness and local liveability*, p 9.

⁵⁶ Greater Cities Commission (September 2022) *The Six Cities Region Discussion Paper: Delivering global competitiveness and local liveability*, p 10.

increased housing supply, with more places to build homes across the Six Cities Region. A large-scale program of building social and affordable housing, including key worker housing, on government land has ensured that people on low to moderate incomes can also meet other basic living costs such as food, clothing, transport, medical care and education'.⁵⁷

The Discussion Paper notes that people in the Six Cities Region enjoy one of the most desirable lifestyles in the world, but that housing has become increasingly unaffordable, which is 'repeatedly identified by the community as one of the most significant issues facing Greater Sydney'. It is also noted as a priority across regional NSW, with 'Infrastructure Australia recently identifying the "availability, diversity and affordability of housing" as the primary infrastructure gap in regional areas'.⁵⁸ It notes that there have been steep increases in rents, and rental vacancies at 'critically low; rates in the Illawarra Shoalhaven from My 2021 to May 2022, with key issues related to security of tenure for people who are unlikely to ever purchase a home, and older women as the fastest growing group experiencing homelessness in Australia.

The Paper notes that the 'housing crisis' has been further exacerbated by external factors including COVID-19, which 'exposed the vulnerability of various parts of our social fabric, including a shortage of affordable, social housing and crisis housing'; and 'climate-fueled disasters', which are 'increasingly driving internal displacement', with 'people who are homeless or lack access to resilient or secure housing are most impacted'. As such, it states that,

'Providing resilient, connected and affordable homes that support good lives is an essential, shared responsibility between all three levels of government and the private sector'.⁵⁹

It acknowledges that our cities need diverse housing to meet our changing needs over our lifetimes, 'from when we first leave our family home, to retirement, and everything in between'. This includes 'crisis accommodation, specialist disability accommodation, affordable housing, social housing and culturally sensitive housing that supports communal and multi-generational living'.⁶⁰

In relation to **Region Shaper Four: Inclusive places linked to infrastructure**, the following actions are included in those proposed for consideration.

⁵⁷ Greater Cities Commission (September 2022) *The Six Cities Region Discussion Paper: Delivering global competitiveness and local liveability*, p 39.

⁵⁸ Greater Cities Commission (September 2022) *The Six Cities Region Discussion Paper: Delivering global competitiveness and local liveability*, p 39.

⁵⁹ Greater Cities Commission (September 2022) *The Six Cities Region Discussion Paper: Delivering global competitiveness and local liveability*, p 39.

⁶⁰ Greater Cities Commission (September 2022) *The Six Cities Region Discussion Paper: Delivering global competitiveness and local liveability*, p 41.

3.1 The City Plans will set five, 10 and 20 year housing targets for each Local Government Area (LGA), including for resilient, adaptable, affordable and diverse housing.

3.2 The Commission will work with stakeholders, including local and state governments, housing providers and industry to identify additional approaches to incentivise achievement of housing targets.

3.3 The Region Plan and City Plans will identify priority housing areas proximate to existing and future transport hubs over the first 10 years of the Plans to ensure supply is increased and development is supported by appropriate infrastructure. This will include diverse and affordable housing adjacent to the roll out of fast rail and metro stations, rapid transit stations and innovation districts.

3.5 The City Plans will set the following targets for housing to be delivered in locations within 800m of a strategic centre or transport hub:

- a. a minimum target of 25 per cent for the proportion of the total LGA housing target to be delivered through a mix of higher density housing types (e.g. apartments, town houses, and boarding houses) in these locations
- b. a target for the proportion of affordable housing in these locations.

3.6 The Commission will work with local councils, state and federal agencies and industry to improve delivery of affordable housing, including new financing mechanisms, with a 10 per cent affordable housing target for new rezonings where there will be a housing uplift.

3.7 The City Plans will set a target of up to 30 per cent for the proportion of social and affordable housing in residential developments on government land.⁶¹

5.4 The Local Planning Context

5.4.1 Wollongong City Council

Draft Wollongong Housing Strategy

The draft Wollongong Housing Strategy, on exhibition at the time of writing, has been prepared to guide future housing directions within the Wollongong LGA for the next 10 -20 years. The draft Strategy builds on the previous work, including the *Housing Our Community* discussion paper, the *Housing and Affordable Housing Options Paper* and community input. It addresses overall housing supply and demand, as well as examining various housing sectors that are in need of support,

⁶¹ Greater Cities Commission (September 2022) *The Six Cities Region Discussion Paper: Delivering global competitiveness and local liveability*, p 42.

including homeless people, social housing, affordable housing and accessible or supportive housing.

The draft Strategy notes the worsening housing affordability context, particularly in more recent years, in the context of wages growth that has not kept pace with housing and a range of cost-of-living measures.

It notes that the Illawarra Shoalhaven Regional Plan 2041 indicates that Wollongong will need to house an additional 55,375 persons in an additional 28,000 dwellings by 2041, although the DPE's population projections slightly increase the forecast population to an additional 56,661 persons. It also notes that NSW State Government has now Wollongong, and the three other Illawarra - Shoalhaven Council areas, into the Greater Cities Commission as one of the Six Cities, and that a new Illawarra Shoalhaven City Plan will replace the Illawarra Shoalhaven Regional Plan 2041. Projected targets for this new Plan are thought at this stage to be, from 2021:

- 5 year (2026) 7,000 additional dwellings;
- 10 year (2031) 14,000 additional dwellings; and
- 20 year (2041) 28,000 additional dwellings.

It notes that the foundations of the existing (2006) Strategy remain relevant, including:

- West Dapto Release Area – since 2011 has now produced 2,045 lots of the estimated 19,500 lot capacity; and
- Wollongong City Centre – has produced over 2,760 residential units since 2011.

A key document underpinning the draft Housing Strategy is reported to be the draft Housing and Affordable Housing Options (see also below), which found that:

- There is sufficient projected housing supply to meet the projected housing demand
- A greater mix of housing choice needs to be provided – more smaller dwellings are required
- More take-up of the R3 Medium Density Residential Zone with medium density residential development is required
- More Affordable Housing needs to be provided
- There needs to be limits to additional housing in some parts of the LGA due to environmental and infrastructure constraints.

It notes that 'feedback provided through the 2020 exhibition of the draft Housing Options Study, supported many of the initiative options presented.'⁶²

In terms of the **Housing Vision**, it notes that based on the feedback from the draft Housing Options Paper, the draft Housing Strategy includes the following:

- New housing will continue to diversify supply and provide choice for residents. Diversity will be provided through a variety of housing types, sizes, configurations, and features, to cater for a wide range of residential needs and price -points. Focus for diversity will be on affordable, smaller, and/ or adaptable housing located throughout the Wollongong LGA to cater for a range of incomes and abilities.

⁶² At page 8.

- Wollongong will strive to increase affordability in the housing market, and to ensure housing provides for a wide range of incomes, people with a disability and for our ageing population.

A number of proposed strategies and strategic areas are most relevant to this report, including the following.

Section 5c. Housing Needs strategies – helping people find a home sets out a range of strategies relevant to the forthcoming *Affordable Housing Strategic Case Studies and Strategies Report*.

In terms of **homelessness**, proposed strategies include the following:

- Waiving fees, charges, and developer contributions for developments by registered providers of emergency housing for emergency and temporary housing project under specified conditions;
- Advocating for additional State funding to be directed to the emergency housing sector;
- Continuing to support the use of the nominated two sites for Meanwhile Use and Temporary Accommodation, and will consider whether any other sites are suitable;⁶³
- Considering whether any Council operational land parcels are suitable to be leased for the provision of emergency or temporary housing.

In terms of **social housing**, the draft Strategy notes the high need for additional social housing, with around 3,000 persons on the Illawarra social housing waiting list, and long waiting times. It reports that in 2020 Council signed a Collaboration Agreement with NSW Land and Housing Corporation to work together to renew and improve the performance of their portfolio of social housing stock in the LGA, noting that L&HC is self-funded and needs to sell existing social housing stock to fund new dwellings, and that in some locations the funding model may require significant upscaling of overall development outcomes to maintain current social housing yields, which may not always be appropriate. The following strategies are proposed for Council:

- Advocating for an increase in social housing dwellings to maintain the existing rate of 7.5% of housing stock;
- Consistent with the Collaboration Agreement, continuing to work with L&HC to renew and increase the social housing stock in the LGA;
- Advocating for additional State funding for the construction of new social housing dwellings by L&HC.

In terms of **Affordable Rental Housing**, the draft Strategy notes that there can be a range of reasons that people and households require affordable housing, including ‘loss of employment, low wages, family relationship breakdown, study, health issues and other factors’, with such housing required by the young (e.g. student accommodation or workers), key workers (e.g. nurses, police) or the

⁶³ As part of the launch of the Housing 2041 - NSW Housing Strategy an offer that was made by Council to the NSW Department of Planning and Environment for the use of two sites for Meanwhile Use and temporary accommodation as part of a pilot scheme to provide additional crisis housing. It reports that at this stage the offer has not been taken -up, but that Council will remain supportive of the initiative,

elderly. It also notes that 'Council has long considered it has a social responsibility to assist members of the community into appropriate housing', including through the establishment of the Illawarra Community Housing Trust in the 1980s in conjunction with Shellharbour and Kiama Councils (now The Housing Trust). Community Housing Trust, now known as the Housing Trust. The draft Housing Strategy proposals include the following:

- Waiving fees, charges, and developer contributions for developments by registered Tier 1 providers for affordable rental housing projects under specified conditions;
- Lobbying State Government for funds;
- Seek to ensure that a minimum of 5% of GFA be provided as affordable rental housing for Planning Proposals seeking to permit residential development or increase the residential density. The Planning Proposal will be accompanied by a feasibility analysis to determine the appropriate development contribution based on the uplift value being sought, with contribution in cash or in kind, and contributions transferred to a Tier 1 Community Housing Provider for the provision of affordable rental housing in perpetuity. This will also apply to the West Dapto Urban Release Area where draft Planning Proposals propose residential development in a medium density zone or with a minimum lot size less than 300m² is proposed;
- Amending the WLEP 2009 to include an Affordable Housing Development Contribution Scheme for precincts proposed to be rezoned to permit increase the residential density or significant residential development, with a minimum of 5% of the GFA of proposed residential developments as Affordable Rental Housing. Again, the contribution can be made in cash or in kind, and contributions transferred to a Tier 1 Community Housing Provider for the provision of affordable rental housing in perpetuity. This will also apply to the West Dapto Urban Release Area where draft Planning Proposals propose residential development in a medium density zone or with a minimum lot size less than 300m² is proposed;
- Council will consider whether any Council operational land parcels are suitable to be leased for the provision of affordable housing;
- An Affordable Housing target will be guided by the Greater Cities Commission City Plan;
- Continue to request the NSW DPE to amend the Standard LEP Instrument to include Affordable Housing clause, so that it is available to all NSW Councils;
- Council remains open to investigating and considering innovative partnership opportunities.

5 d. Housing diversity, mix and choice strategies – the *draft Housing Strategy* notes that housing diversity is provided in the medium density precincts where multi dwelling housing is permitted and high density precincts, like the Wollongong City Centre where shop top housing units are permitted. Relevant to the forthcoming *Affordable Housing Strategic Case Studies and Strategies Report*, it proposes that:

- Dwelling mix in RFBs and Shoptop housing for studio and one bedroom dwellings be increased from 10% to 20% in developments of more than 20 dwellings

- Introducing planning controls for new smaller housing products that will increase housing choice:
 - Villas - three small single storey dwellings on a lot, with a floor space ratio of 0.3:1
 - Fonzie flats – a second dwelling on a lot located above the garage with rear lane access or secondary frontage
 - In Medium Density Residential zone, removing the opportunity to replace a single dwelling house with another single dwelling house. The number of dwellings on each property needs to increase.

5e. Key location changes – Housing growth in the right locations – as well as review of controls to take into account current and future environmental and infrastructure constraints in areas like Fairy Meadow, Windang and the Northern Villages, the draft Strategy proposals to meet the target of 28,000 dwellings by 2041 and increase urban efficiency through increased provision of medium density dwellings, include the following:

- Existing R3 Medium Density Residential zones – review the floor space ratio and height controls and whether the precincts should be expanded;
- Wollongong – increase development potential in some locations surrounding the existing Wollongong City Centre, with boundaries to be defined;
- Warrawong – increase development potential around the town centre, with boundaries to be defined;
- Corrimal – increase development potential around the town centre (excluding Illawarra Escarpment Foothills and constrained locations), with boundaries to be defined;
- Flinders Street, North Wollongong precinct – rezone parts of B6 Enterprise Corridor zone along Bourke Street, Edward Street and Gipps Street to a residential or mixed use zone, with boundaries to be defined;
- Town Centres – review the FSR and building height limits to increase the opportunity for shop top housing, noting that the FSR and building height will need to be defined for each centre, and that centres with adequate public transport will be a higher priority for review.

5 f. Site specific changes - Council is currently assessing and processing draft Planning Proposal requests for locations that will provide additional housing, including:

- Former Port Kembla School site – estimated 110 dwellings, incorporating 5% Affordable Rental Housing via a draft Planning Agreement;
- West Dapto Urban Release Area – stage 3 – Cleveland West – estimated 700 lots;
- West Dapto Urban Release Area – Stage 1 BlueScope holdings minor review – estimated additional 50 dwellings
- West Dapto Urban Release Area – Stage 3 Cleveland Road precinct – estimated 3000 lots

Any other Planning Proposal received will be evaluated against strategic documents.

Affordable Housing Strategy

As at November 2022, WCC does not have an Affordable Housing Strategy, although as outlined above, a number of the strategic directions in the seek to promote affordable housing outcomes.

5.4.2 Shellharbour City Council

Local Strategic Planning Statement

Shellharbour City Council's Local Strategic Planning Statement (SCC LSPS 2022) sets a 20 year vision for the area to 2042, with 22 planning priorities across the themes of community, environment, economy and leadership.⁶⁴

With regards to housing, this vision includes a diversity of housing providing for the lifestyle and needs of residents, housing choice that offers affordable options and a range of housing products to meet community needs that is adequately serviced with essential infrastructure and residential areas that have high quality design, a range of densities and character attributes.⁶⁵

The SCC LSPS notes that its population is projected to increase by an estimated 32% by 2041, resulting in a need to ensure enough housing is available and of the right products to accommodate the changing population that will include larger cohorts of children (0-14 years) and those aged 60 years and over.⁶⁶

The SCC LSPS incorporates the Shellharbour City Local Housing Strategy (SC LHS) which was prepared in 2019. The LSPS reports that the LHS indicates that **there is enough zoned land** to provide for the project dwelling demands over the next 20 years, but that Council needs to consider delivering greater diversity in housing and investigating opportunities to provide greater provision of **affordable housing**.⁶⁷

The SCC LSPS Planning Priority (P1) is **to deliver greater housing diversity and affordability to meet the changing needs of the community**. Council states that it will:

- Facilitate the provision of social and affordable housing;
- Encourage greater housing diversity, by identifying areas to increase density, and encouraging greater mix of lot and dwelling sizes;
- Identify the desired future character of Shellharbour City's suburbs; and
- Encourage new residential development to be in keeping with the desired future character of our suburbs through siting, design and layout of building forms.

⁶⁴Shellharbour City Council (2022) Local Strategic Planning Statement, Pg 22-23, <https://www.shellharbour.nsw.gov.au/plan-and-build/planning-controls-and-guidelines/shellharbour-city-local-strategic-planning-statement>, accessed 23/11/2022.

⁶⁵ Shellharbour City Council (2022) Local Strategic Planning Statement, Pg 25.

⁶⁶ Shellharbour City Council (2022) Local Strategic Planning Statement, Pg 25.

⁶⁷ Shellharbour City Council (2022) Local Strategic Planning Statement, Pg 26.

Actions identified include implementing the Shellharbour Local Housing Strategy, incorporating principles to guide increases in residential density set out in the LHS when undertaking LEP and DCP reviews; and to continue the program to carry over deferred lands into LEP 2013.

Local Housing Strategy

The Shellharbour City Local Housing Strategy (LHS) outlines where future growth will occur and in what form. The LHS identifies **12 Objectives** which describe the priorities for providing housing in Shellharbour and are focused around the facilitation of opportunities for affordability, housing diversity and choice⁶⁸ (with those particularly relevant to this research) including:

- Existing committed greenfield development and infill supply encouraging a concentration of medium density development within existing urban centres and around key public transport nodes (Objective 2),
- Affordable housing encouraged through provision of a range of different dwelling types (Objective 5),
- Low-cost dwellings are provided for low income households as well as specific accommodation options for at-risk groups (Objective 8) and
- Opportunities to increase public/social housing stock through redevelopment are provided, to deliver smaller, newer and more appropriate dwelling types for people requiring public/social housing (Objective 9).

The evidence and analysis that sits behind the LHS has not revealed any need for additional land release areas or a dramatic change in the current LEP/DCP provisions to cater for additional dwelling supply (projected demand for 10,625 dwellings to 2041). The LHS is “largely about maintaining the existing state with some potential for rezoning some R2 land to R3 to increase opportunities for higher density housing in those areas, subject to complying with established principles or criteria”. The LHS has developed principles to guide an increase in density in and around employment and retail centres to deliver greater housing diversity and affordability. The **principles for increasing densities** are:

- the increase is an appropriate location, relative to existing services, employment and/or key public transport nodes;
- the increased densities are capable of addressing key site specific constraints;
- potential amenity impacts can be satisfactorily mitigated;
- the increase will maintain and/or contribute to the existing or proposed character of the area in which it is to be developed and is of a scale, bulk and height that is commensurate with the surrounds;
- it is capable of being adequately serviced and is not out-of sequence; and

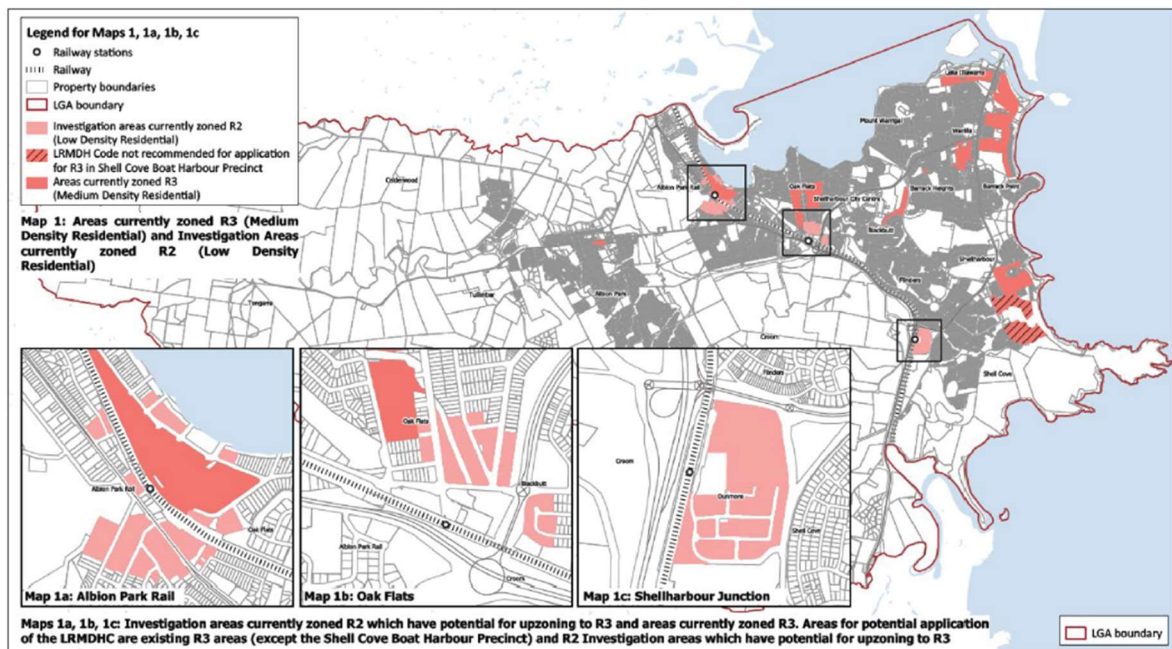
⁶⁸ PSA Consulting (2019) Shellharbour Local Housing Strategy, Pg 68-69.

- the use contributes to the consolidation of residential densities and directly contributes to the provision of housing products that meet the needs of the community.⁶⁹

The LHS recommends areas for potential upzoning and within business and residential zones areas immediately surrounding these areas subject to the above-mentioned principles for increasing densities including:

- Investigation areas currently zoned R2 to be upzoned to R3
- Currently zoned R3 areas for potential application of LRMDHC (low rise medium density housing code).

Figure 2 - Areas for potential upzoning⁴



4 PSA Consulting (2019) Shellharbour City Local Housing Strategy

Figure 5.1: Shellharbour Local Housing Strategy Areas for Potential Upzoning

Source: SCC LSPS, Pg 27 citing PSA Consulting (2019) Shellharbour City Local Housing Strategy.

Affordable Housing Strategy

As at November 2022, Shellharbour City Council does not have an Affordable Housing Strategy.

5.4.3 Kiama Municipal Council

Local Strategic Planning Statement

Kiama Municipal Council's Local Strategic Planning Statement (KMC LSPS) provides a 20 year plan integrating land use, transport and infrastructure planning to manage growth of 4,000 people to 2041, as identified in 2019 Population Projections. The KMC LSPS states that it aligns with the Directions set out in the Illawarra-Shoalhaven Regional Plan, and that:

⁶⁹ Shellharbour City Council (2022) Local Strategic Planning Statement, Pg 26.

“While we may argue that the current amount of growth Kiama is being asked to accommodate is too high, it is nonetheless appropriate that we plan for and manage growth in our Municipality to ensure that the mix of housing suits our current and future residents and reflects the desired future character of our towns and villages.”⁷⁰

The KMC LSPS reports that the area will see a “moderate amount of housing growth” that will include “greenfield expansions in suitable locations and infill development focussed on appropriate medium density within existing centres” with the separation between towns and villages maintained and a diversity of housing products encouraged. The character and heritage values of towns and villages are of high importance to the community and “will be preserved and quality architectural additions will be actively encouraged”.⁷¹

Community consultation undertaken by KMC during a year-long multi-phase program of workshops with business, tourism, community and other stakeholder groups established the vision, key themes and planning priorities of the LSPS. The **two issues of highest concern** to residents identified during the consultations were:

- over-development: pressure on infrastructure, urban sprawl and disappearance of heritage
- over-population: challenging existing character and causing infrastructure and parking concerns.⁷²

Outcomes receiving the **lowest levels of support** from residents during the consultations were:

- more residential development in town centres - outside Kiama Municipal Council developing more housing estates
- developing more medium and high-density housing in Kiama town centre.⁷³

Four (4) planning priorities have been identified to manage future growth in the KMC, including Plan for and balance housing supply and demand (PP1), Champion architectural excellence (PP2), Connect the Municipality (PP3) and Support the delivery of required infrastructure (PP4).⁷⁴

A summary of key actions identified under PP1 plan for and balance housing supply and demand include preparing a Local Housing Strategy, identifying opportunities to amend LEP controls to facilitate ‘varied housing options’ within existing towns and villages, review and amend DCP controls within **Kiama Town Centre Study** area to facilitate higher density development, establish a shared vision for Bombo Quarry development and monitor housing and land supply to ensure demand is met.⁷⁵

⁷⁰ Kiama Municipal Council, Local Strategic Planning Statement 2020, Pg 28.

⁷¹ Kiama Municipal Council, Local Strategic Planning Statement 2020, Pg 18, accessed online at <https://www.kiama.nsw.gov.au/Plan-and-build/Plans-maps-and-controls/Local-Strategic-Planning-Statement>, 23/11/2022.

⁷² Kiama Municipal Council, Local Strategic Planning Statement 2020, Pg 11

⁷³ Kiama Municipal Council, Local Strategic Planning Statement 2020, Pg 11

⁷⁴ Kiama Municipal Council, Local Strategic Planning Statement 2020, Pg 30

⁷⁵ Kiama Municipal Council, Local Strategic Planning Statement 2020, Pg 31

The KMC LSPS identifies 9 Greenfield Sites for possible housing expansion at Henry Parks Drive, Kiama Downs; Riversdale Drive, Kiama Downs; Bombo Quarry; 17 Dido Street, Kiamal; Weir Street, Kiama; Rowlins Road, Gerringong; 48 Campbell Street, Gerringong – West Elambra; 15 Drualla Road, Jamberoo and Macquarie Street, Jamberoo.⁷⁶

The word ‘affordable’ is not contained within the KMC LSPS.

Local Housing Strategy

KMC website reports its Draft Local Housing Strategy was on public exhibition September 2022, and that Council aims to adopt the Strategy in December 2022.

The Draft Housing Strategy document is not available on Council’s website as at November 2022.⁷⁷

Affordable Housing Strategy

As at November 2022, KMC does not have an Affordable Housing Strategy. It is noted that its Community Strategic Plan 2022-2032 reports that Council intends to, “Collaborate and partner through the Illawarra Shoalhaven Joint Organisation (ISJO) to develop a regional response to supply of affordable housing”.⁷⁸

Kiama Town Centre Study

The Kiama Town Centre Study (2019) referred to in the KMC LSPS makes a number of recommendations regarding amendments to the LEP (land zoning, maximum building heights, floor space ratios, heritage items and conservation areas) and DCP controls. Of relevance to this research, it is worth noting suggested amendments to the LEP which may have been adopted in the Draft Local Housing Strategy including⁷⁹:

- Rezone the SP2 zoned Court House, Post Office, Police Station and cottage to SP3 Tourist to encourage more tourist related facilities within the centre.
- Rezone some areas withing and adjoining to the centre to B2 Local Centre to expand opportunities for employment areas.
- Consider rezoning existing Bowling Club from RE2 Private Recreation to R3 Medium Density Residential to encourage redevelopment of this stie and relocation of the Bowling Club to the proposed Leagues Club carpark site.

⁷⁶ Kiama Municipal Council, Local Strategic Planning Statement 2020, Pg 23.

⁷⁷ Kiama Municipal Council, Kiama Local Housing Strategy, <https://www.kiama.nsw.gov.au/Council/Your-say/Town-Centre-Local-Housing-consultations/Kiama-Local-Housing-Strategy-program/Kiama-Local-Housing-Strategy>, accessed 23/11/2022.

⁷⁸ Kiama Municipal Council, Community Strategic Plan 2022-2032, Pg 47.

⁷⁹ Studio GL (2019) Kiama Town Centre Study, Integrated Report, Pg 74.

Land Use Zoning

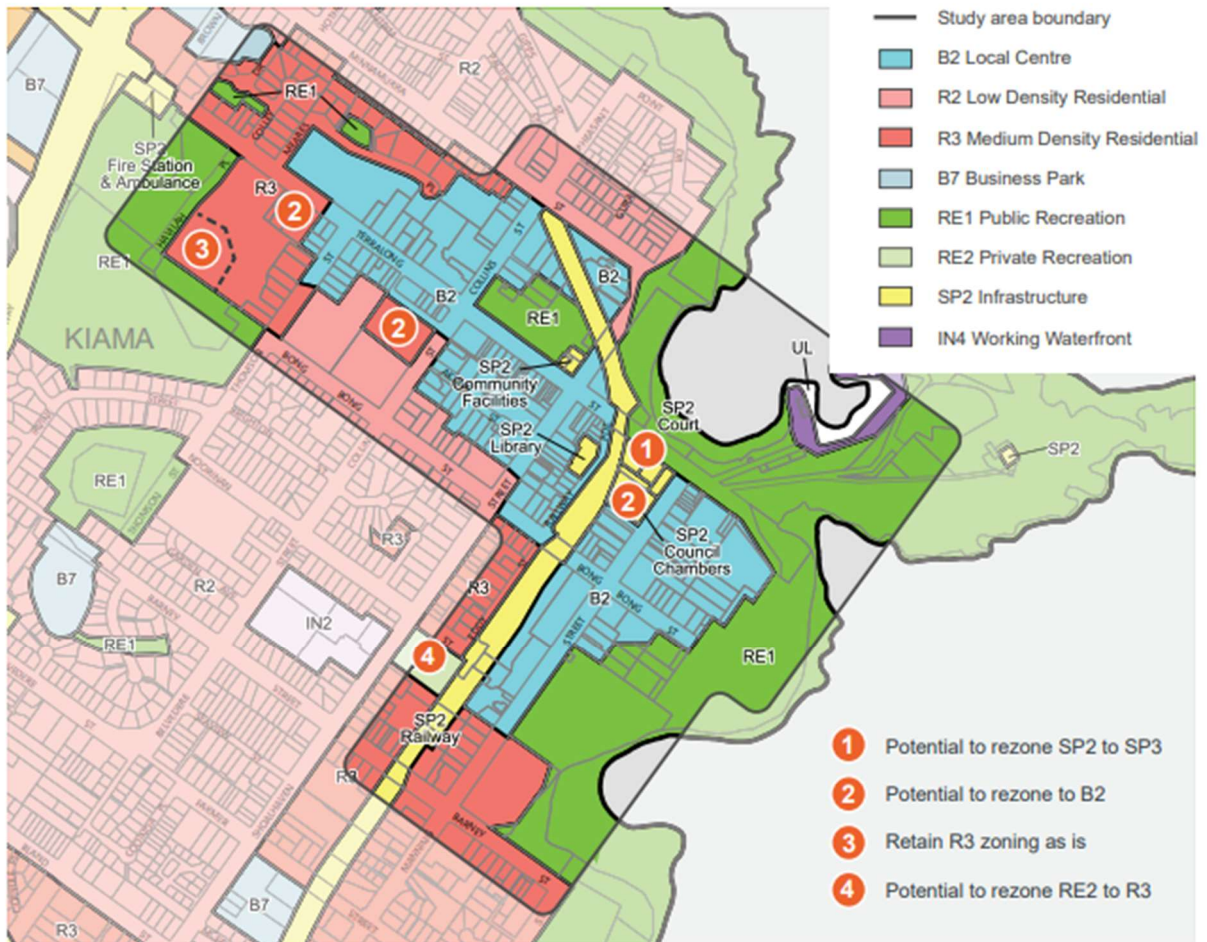


Figure 13 Potential changes to land use zoning for consideration

Figure 5.2: Kiama Town Centre Study, Changes to Land Use Zoning for Consideration

Source: Studio GL, 2019, Pg 74.

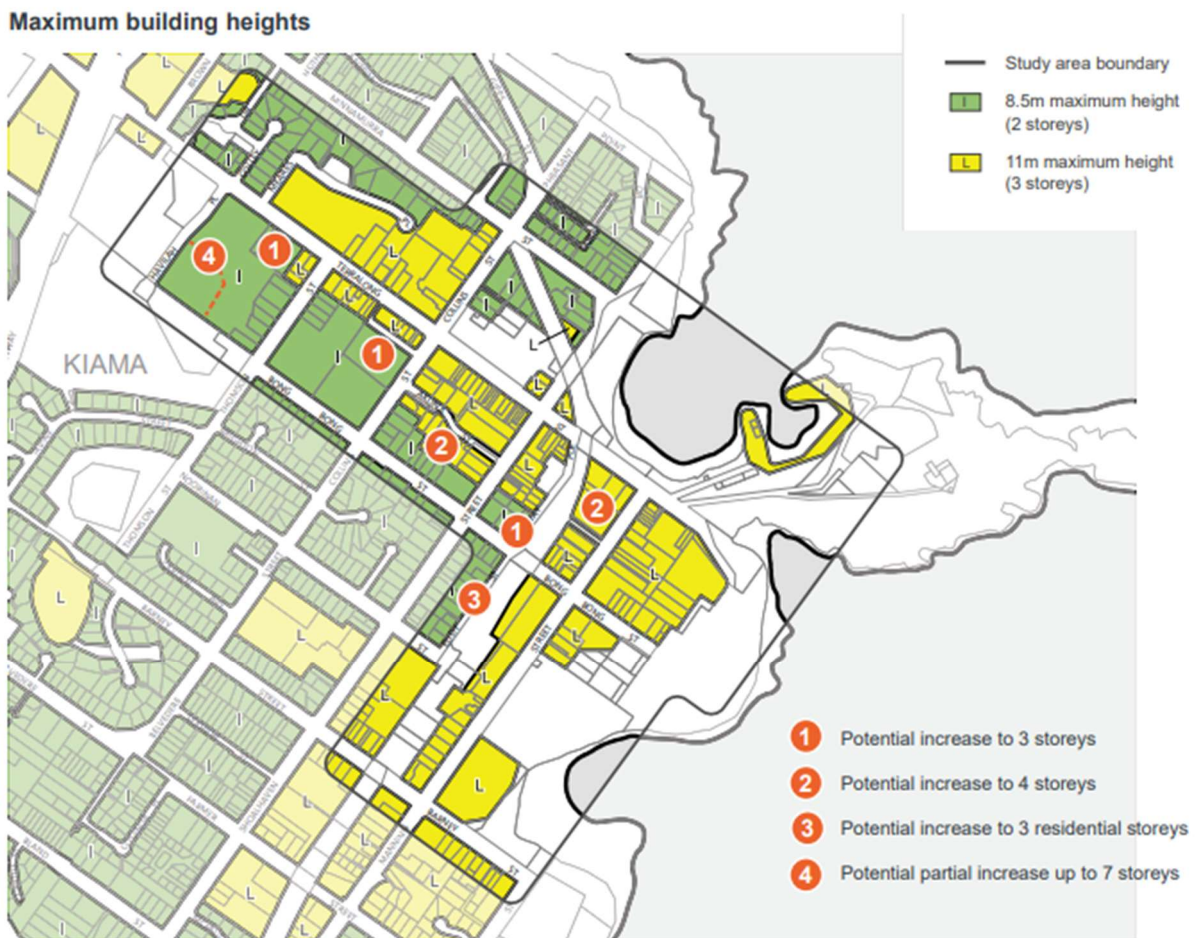


Figure 14 Potential changes to building height limits for consideration

Figure 5.3: Kiama Town Centre Study, Changes to Building Height Limits for Consideration

Source: Studio GL, 2019, Pg 75.

5.4.4 Shoalhaven City Council

Local Strategic Planning Statement

Shoalhaven City Council’s Local Strategic Planning Statement (ShCC LSPS) sets a vision to meet the needs of its communities through a flexible planning regime that enables economic growth and development, whilst respecting and valuing the natural environment and character of its towns and villages. It envisions a range of housing in well-serviced locations, including affordable and accessible homes, to accommodate an **additional 23,000 people and 14,600 dwellings to 2041**. It acknowledges its ageing population and the continued demand for short-term tourist accommodation and holiday homes.

The ShCC LSPS sets two directions, **enhancing and managing the City’s economic growth** and **preserving and enhancing the City’s natural and built environments and lifestyles**, and sixteen planning priorities.⁸⁰ The ShCC LSPS is a ‘living document’ that sets out current work,

⁸⁰ Shoalhaven City Council (2020) Shoalhaven 2040: Our Strategic Land-Use Planning Statement, September, Pg 18.

collaborative activity and actions that Council will take over the seven-year period to 2027 with future work to be set out in future version of the document.⁸¹

Planning priority 1 is **providing homes to meet all needs and lifestyles**. Housing supply will be delivered via greenfield release areas and in-fill development, with the rezoning of rural land to create rural-residential properties generally not supported.⁸² The Nowra-Bomaderry urban release areas are a current focus, along with a greater emphasis on Nowra and Ulladulla town centres including amending planning and development controls to encourage increased residential density (town houses and apartment) in these City Centres (CW1.4).⁸³

Council also re-affirms its commitment and actions to implement its Affordable Housing Strategy (CW1.5) including working with Community Housing Providers and others to increase the supply of affordable rental housing (CA1.2) and continuing to investigate and consider where appropriate the development of an affordable housing development contribution scheme requiring significant new developments to provide or pay for affordable rental housing (A1.3, short-term action 2022-2024).

Planning priority 4 is the renewal of the **Nowra City Centre** with current planning including a Nowra CBD Revitalisation Strategy, Nowra Riverfront Entertainment and Leisure Precinct Strategy and masterplans for the Nowra CBD and Marriott Park. Council will also collaborate with NSW Health on the implementation of the master plan for the Shoalhaven District Memorial Hospital redevelopment.⁸⁴

Planning priority 5 is the **Ulladulla Town Centre** with current work implementing the South Ulladulla Building Heights Review and future actions to prepare a new and updated masterplan to guide future development in the Centre focussing on the harbour precinct and main street.⁸⁵

Local Housing Strategy

As at November 2022, Shoalhaven City Council does not have Local Housing Strategy. Rather, its strategies for future land use are set out in its Growth Management Strategy (2014), Affordable Housing Strategy (2017), Nowra/Bomaderry Structure Plan (2006), Jervis Bay Settlement Strategy (2003), Sussex Inlet Settlement Strategy (2007) and Milton/Ulladulla Structure Plan (1996).⁸⁶

Milton Ulladulla Structure Plan Review

A revised Milton Ulladulla Structure Plan is currently in preparation. Council states that the review of the existing Structure Plan revisits its long-term land use planning for the Milton/Ulladulla area

⁸¹ Shoalhaven City Council (2020) Shoalhaven 2040: Our Strategic Land-Use Planning Statement, Pg 6

⁸² Shoalhaven City Council (2020) Shoalhaven 2040: Our Strategic Land-Use Planning Statement, Pg 24.

⁸³ Shoalhaven City Council (2020) Shoalhaven 2040: Our Strategic Land-Use Planning Statement, Pg 25.

⁸⁴ Shoalhaven City Council (2020) Shoalhaven 2040: Our Strategic Land-Use Planning Statement, Pg 31.

⁸⁵ Shoalhaven City Council (2020) Shoalhaven 2040: Our Strategic Land-Use Planning Statement, Pg 33.

⁸⁶ Shoalhaven City Council, Strategies for Land Use, <https://www.shoalhaven.nsw.gov.au/Planning-Development/Development-Plans-and-Policies/Strategies-for-Land-Use>, accessed 24/11/2022.

to respond to the 'emerging housing availability and affordability situation' and forecast population growth and dwelling demand over the next 25-30 years.⁸⁷

Background evidence supporting the review forecasts 1,850 new dwellings needed by 2051, with existing capacity (current dwelling supply and remaining capacity) of at least 1,540 new dwellings including 965 lots in low-density residential areas (greenfield areas) and 575 medium-density dwellings (dual occupancies, town houses, units). **Potential Growth Options** have been prepared to provide between 1,450 and 1,950 additional new homes, meeting the identified demand out to 2051. Potential Growth Options are in:

- **New urban areas** (66+hectares of greenfield area) on the edge of Milton and Mollymook Beach (Croobyar Road South, Corks Lane West, Bishop Drive West) to provide between 1,200 and 1,400 additional dwellings.
- **Ulladulla Town Centre infill options** (Ulladulla CBD East – Mixed Use Precinct, Watson Street East – High Density Residential Precinct, Owens Street – Medium Density Precinct and Camden Street and St Vincent Street Medium Density Precinct) to provide between 280-540 additional dwellings.

Preliminary Growth Options were on exhibition at the time of writing.⁸⁸



Figure 1: Greenfield Potential Growth Options

Figure 5.4: Milton Ulladulla Structure Plan Review, Greenfield Potential Growth Options

Source: SCC (2022) Milton-Ulladulla Structure Plan Review: Preliminary Growth Scenario, Version 1, October, Pg 3.

⁸⁷ Shoalhaven City Council, Milton-Ulladulla Structure Plan Review, Explanatory Statement: Planning for Growth in Milton, Ulladulla and Surrounds, <https://getinvolved.shoalhaven.nsw.gov.au/milton-ulladulla-structure-plan>, accessed 24/11/2022.

⁸⁸ Shoalhaven City Council, Managing Growth in Milton, Ulladulla and Surrounds, <https://getinvolved.shoalhaven.nsw.gov.au/milton-ulladulla-structure-plan>, accessed 24/11/2022.

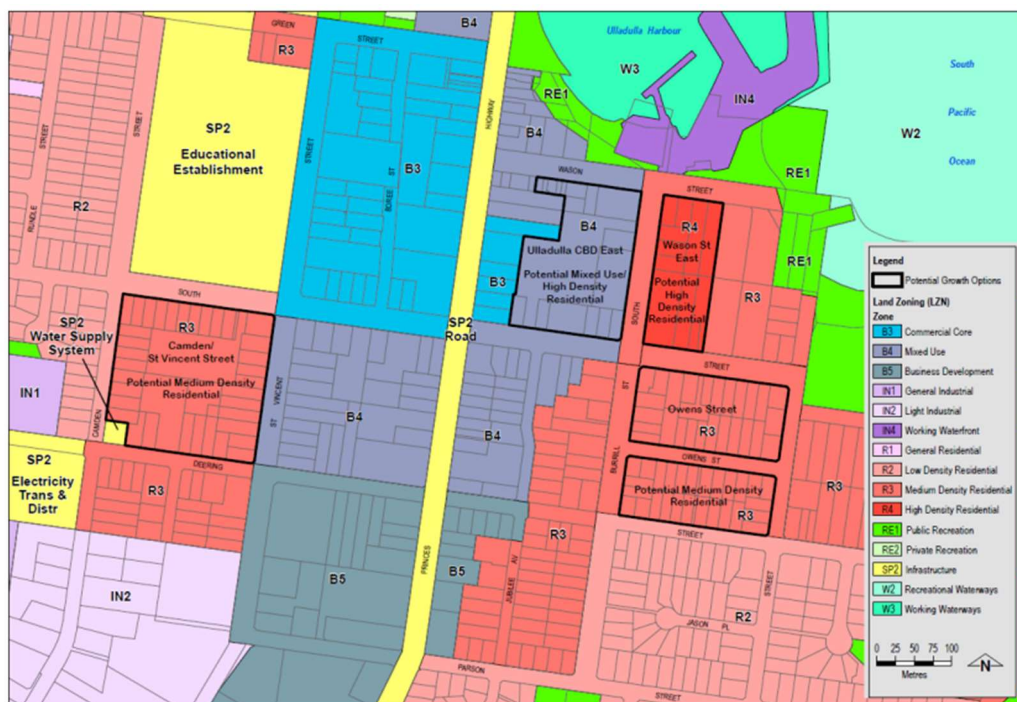


Figure 2: Infill Potential Growth Options

Figure 5.5: Milton Ulladulla Structure Plan Review, Infill Potential Growth Options

Source: SCC, Milton-Ulladulla Structure Plan Review: Preliminary Growth Scenario, Version 1, October, Pg 3.

Shoalhaven Affordable Housing Strategy

The *Shoalhaven City Council Affordable Housing Strategy 2018* (JSA 2017) sets out a framework and key strategic directions for Council's commitment to affordable housing for the LGA over the next 20 years. It received a NSW Local Government Association Award in 2018.

The *Strategy* is underpinned by evidence that the **market is unlikely to provide affordable housing** for the 8,000 households projected to be in need of such accommodation by 2031, particularly for the largest and most seriously affected group, **very low and low income renters**. Low income purchasers are also a key target group, although a much lower proportion of those in need of affordable housing. Research for the Strategy indicated that around 85% of affordable housing need was unlikely to be met through the private market.

Given the deep subsidies required to affordably house those most in need, strategies and mechanisms focus on **strong planning intervention**, such as mandatory affordable and negotiated housing contributions; mandating and facilitating diverse dwelling types in well-located areas, and smaller project home in infill and release areas; the **direct creation of affordable rental housing in perpetuity** through direct government funding, leveraging of Council and other public land in partnership with community housing providers; better use of existing stock of public housing through selective redevelopment to increase and diversify stock; and accommodation options for the growing number of homeless people in the LGA.

The aging of the population and the growing number of older people living in large detached dwellings in more remote locations in the context of an inadequate supply of smaller, diverse

housing types also means that a key focus of the *Strategy* is to **actively facilitate the creation of affordable and diverse housing** within precincts that are within 400-600 metres of the major urban centres of Nowra-Bomaderry, Vincentia and Milton-Ulladulla.

5.5 Federal Government Policy and Funding

5.5.1 Overview

The housing reform agenda of the Albanese government announced during the election campaign and budget in 2022 includes some initiatives which have commenced, while others are in development and subject to parliamentary review and approval. Some existing initiatives of the National Housing Finance and Investment Corporation (NHFIC) remain or are being expanded.

The existing National Housing and Homelessness Agreement (NHHA) signed in 2018 has been reviewed by the Productivity Commission (PC) with its recommendations under review by the federal government. The establishment of a National Housing Supply and Affordability Council and National Housing and Homelessness Plan that will underpin a new NHHA are key housing policy objectives of the Albanese government.

5.5.2 National Housing Finance and Investment Corporation

The NHFIC provides financing support programs for **home buyers, community housing providers** and for **new housing infrastructure** projects.

Existing first homebuyer support schemes provide those eligible home buyers with support to buy their first home where part of an eligible home buyer's loan through a Participating Lender is guaranteed by the NHFIC. This enables purchase with a smaller deposit without paying Lenders Mortgage Insurance.⁸⁹ NHFIC's **Affordable Housing Bond Aggregator** (AHBA) provides low cost, long-term loans to **registered CHPs** that can be used for acquiring or constructing new stock, maintaining existing housing stock, assisting with working capital requirements and/or general corporate requirements or refinancing existing debts.⁹⁰ NHFIC's **National Housing Infrastructure Facility** (NHIF) provides finance through concessional loans, grants and equity finance for eligible infrastructure projects that facilitate new housing supply, particularly affordable housing projects; including new or upgraded infrastructure for electricity and gas, water, sewerage and stormwater, transportation including roads, telecommunications, site remediation and removal of hazardous waste or contamination, onsite and linking infrastructure.⁹¹ Eligible applicants include registered CHPs, state or territory governments or government-owned development corporations or utility

⁸⁹ NHFIC, Support to buy a home, <https://www.nhfc.gov.au/what-we-do/support-to-buy-a-home/>, accessed 20/10/2022.

⁹⁰ NHFIC, Affordable housing bond aggregator, <https://www.nhfc.gov.au/what-we-do/affordable-housing-bond-aggregator/>, accessed 20/10/2022.

⁹¹ NHFIC, National housing infrastructure facility, eligibility, <https://www.nhfc.gov.au/what-we-do/national-housing-infrastructure-facility/eligibility/>, accessed 20/10/2022.

providers, local governments or their investment corporations or utility providers and incorporated special purpose vehicles that have at least one eligible foundation member.⁹²

5.5.3 Productivity Commission National Housing and Homelessness Agreement review

The Productivity Commission (PC) 2022 review of the existing National Housing and Homelessness Agreement (NHHA) is entitled *In Need of Repair*. The PC finds that the existing 2018 NHHA is ‘ineffective’ at improving access to affordable, safe and sustainable housing, does not foster collaboration between governments or hold them to account.⁹³ The review recommends that the Federal, State and Territory governments consider changes for the next NHHA, that ‘*will help more low-income households in the private rental market and reduce the number of people who experience homelessness or need social housing*’.⁹⁴ Overarching recommendations:

- The Australian Government should review Commonwealth Rent Assistance to improve adequacy and targeting of those most in need, addressing issues of sufficiency and fairness.⁹⁵
- State and Territory Governments should commit to firm targets for new housing supply, facilitated by planning reforms and better co-ordination of infrastructure. PC found that restrictions on housing supply are affecting affordability, more supply – in any segment of the market – can improve affordability for low-income households and supply reform can put downward pressure on rents,⁹⁶ that infrastructure can do more to unlock housing supply and relaxing zoning constraints can encourage greater density in residential areas.⁹⁷
- The \$16 billion governments spend each year on direct housing assistance could achieve more if it was better targeted to people in greatest need. The nearly \$3 billion given to first home buyers works against improving affordability and would be better spent preventing homelessness.⁹⁸
- Governments should trial a housing assistance model that provides equivalent assistance to people in need regardless of whether they live in public, community or privately-owned housing. It should also test innovative ways to help people sustain private market tenancies and assist social housing tenants move to the private rental market.

⁹² NHFIC, National housing infrastructure facility, eligibility, <https://www.nhfc.gov.au/what-we-do/national-housing-infrastructure-facility/eligibility/>, accessed 20/10/2022.

⁹³ Productivity Commission, *In need of repair: The National Housing and Homelessness Agreement*, Study Report, Canberra, August 2022, Pg 2, <https://www.pc.gov.au/inquiries/completed/housing-homelessness#report>, accessed 12 October 2022.

⁹⁴ Ibid.

⁹⁵ Ibid, Pg 46, Finding 9.2 – There is a strong case for changes to Commonwealth Rent Assistance and Recommendation 9.2 and 9.3.

⁹⁶ Ibid, Pg 51, Housing Supply, Findings 12.1 – 12.3.

⁹⁷ Ibid, Pg 51, Land Use Planning, Findings 13.1 and 13.2.

⁹⁸ Ibid, Pg 47, Finding 10.2 – The public and private benefits from assisting people who are – or at risk of – experiencing homelessness are likely to be greater than helping people buy a home, and Recommendation 10.1 and 10.2.

The Australian Government is reviewing the findings of the PC, which it states will help inform the design and implementation of its housing reform agenda.⁹⁹

5.5.4 Housing reform agenda – 2022 election campaign & budget announcements

The Albanese Government is working with the Australian Parliament to implement a housing reform agenda, including the following initiatives relevant to the **Illawarra Shoalhaven Region**.

- **Housing Australia Future Fund** \$10 billion fund that will provide investment returns transferred to NHFIC to create 30,000 social and affordable housing dwellings including **20,000 social housing** properties and **10,000 affordable housing** properties for ‘frontline workers’ like police, nurses and cleaners. ‘A portion’ of investment returns will fund acute housing needs on an ongoing basis.¹⁰⁰
- **Help to Buy (Shared Equity Scheme)** to assist 10,000 eligible Australian households each year to purchase their first home where the Federal Government provides an equity contribution up to 40% of the purchase price of a new home and up to 30% of the purchase price for an existing home. Property price cap for NSW – Rest of State \$600k with max savings on new home purchase \$240k and existing home purchase \$180k.¹⁰¹
- **Regional First Home Buyer Scheme**¹⁰² to assist 10,000 eligible regional Australian households each year to purchase their first home in a regional area where Federal Government will provide a guarantee of up to 15% of the purchase price.¹⁰³ Property price thresholds in Regional centres (including ‘**Illawarra**’) is \$900k and all other regional areas is \$750k. Based on the property price cap by suburb tool on the NHFIC website, ‘Illawarra’ includes the LGAs of Wollongong, Shellharbour and Kiama; while Shoalhaven is part of ‘all other regional areas’.¹⁰⁴
- **National Housing Supply and Affordability Council** to develop a National Housing and Homelessness Plan, expand the National Housing Finance and Investment Corporation (NHFIC) and rename it Housing Australia.¹⁰⁵

⁹⁹ Ministers for the Department of Social Services, The Hon Julie Collins MP – Minister for Housing and Homelessness, Latest Media Releases, 30 September 2022, Productivity Commission’s review of the National Housing and Homelessness Agreement, <https://ministers.dss.gov.au/julie-collins>, accessed 12 October 2022.

¹⁰⁰ <https://www.alp.org.au/policies/safer-and-more-affordable-housing>, accessed 30/06/2022.

¹⁰¹ <https://www.alp.org.au/policies/helping-more-australians-into-home-ownership>

¹⁰² <https://www.nhfc.gov.au/what-we-do/support-to-buy-a-home/regional-first-home-buyer-guarantee/>

¹⁰³ Regional First Home Buyer Guarantee, <https://www.nhfc.gov.au/what-we-do/support-to-buy-a-home/regional-first-home-buyer-guarantee/>, accessed 12/10/2022.

¹⁰⁴ <https://www.nhfc.gov.au/what-we-do/property-price-caps/>

¹⁰⁵ <https://www.alp.org.au/policies/national-housing-supply-and-affordability-council>

5.6 NSW Government provision and management of social and affordable housing (LAHC, DCJ)

5.6.1 Future Directions for Social Housing in NSW (2016)

Future Directions for Social Housing in NSW (2016) set a **ten-year strategy** to guide NSW Government social and affordable housing policy under priorities to increase social housing supply; to develop/provide more opportunities, incentives and/or support for people to avoid social housing or transitioning into the private market; and to improve the social housing experience for tenants.

To grow the social housing supply, the strategy sought ‘significant expansion and redevelopment of stock through partnerships with private sector developers and finance’ through management or ownership transfer of 35% of social housing stock to CHPs; efficiency measures; and \$1 billion Social and Affordable Housing Fund (SAHF) for new social and affordable housing projects.¹⁰⁶ There has been reasonable progress against these priorities by the NSW State Government over the past few years as set out below.

Management of **14,000 social housing tenancies have been transferred to CHPs** since 2018, including management of 960 LAHC dwellings in the Shoalhaven LGA to Southern Cross Community Housing (SCCH)¹⁰⁷ which ‘effectively doubled’ their presence in the Shoalhaven.¹⁰⁸

Future Directions for Social Housing in NSW aimed to provide a framework for ‘**renewing and reconfiguring the regional portfolio**’ that was to include a program of acquisitions to replace existing stock and expand supply in major regional centres; identify land that may be suitable for social housing under the Crown Lands Review; and provide options for shared equity loans to increase home ownership in regional areas.¹⁰⁹

DCJ provides **private rental assistance programs** to assist those eligible to enter or remain in the private rental market¹¹⁰ including **Private Rental Subsidy** to access affordable private rental accommodation for those who meet social housing eligibility criteria with the rental subsidy set so tenant pay no more than 25% of their income plus Commonwealth Rental Assistance on rent; **Tenancy Guarantee** of up to \$1,500 payable to landlords and real estate agents to cover possible rental arrears and/or property damage to reduce barriers to entering the private rental market;

¹⁰⁶ NSW Government (2016) *Future Directions for Social Housing in NSW*, <https://www.facs.nsw.gov.au/about/reforms/future-directions>, accessed 22/04/2021.

¹⁰⁷ <https://www.facs.nsw.gov.au/reforms/future-directions/initiatives/management-transfer-program>, accessed 20/10/2022.

¹⁰⁸ Southern Cross Community Housing, Annual Report 2018-19, <https://scch.org.au/publications-and-newsletters/>, accessed 20/10/2022.

¹⁰⁹ NSW Government, *Future Directions for Social Housing in NSW*, pg. 25,

¹¹⁰ NSW DCJ, *Help Renting in the Private Market*, <https://www.facs.nsw.gov.au/housing/help/ways/renting-private-market>, accessed 23/04/2021.

Brokerage Services to assist with finding rental properties; and **Rent Choice** that provides financial assistance for up to three years for those eligible to secure a private rental.¹¹¹

Key funding initiatives included the **Social and Affordable Housing Fund (SAHF)**, **Social Housing Community Improvement Fund (SHCIF)** and the **Community Housing Innovation Fund (CHIF)**.¹¹² The SAHF program is expected to deliver 3,486 additional social and affordable homes across NSW by the end of 2024, with a target of 30% in regional NSW. As at 31 August 2022, 87% of these dwellings had been delivered with 11% under construction and 2 % awaiting commencement.¹¹³ DCJ does not provide data on where these dwellings are located. SHCIF funding (2015 to 2018) provided grants to local organisations to improve physical surrounds, facilities and amenities in social housing communities. There were twenty-four funded SHCIF projects in the Illawarra Shoalhaven region over the period, with funding received ranging from \$1,000 to \$50,000 per project.¹¹⁴

The CHIF provides \$150 million from 2021-2023 for new social and affordable housing delivered in collaboration with CHPs. Round 1 funding has been allocated to seven different CHPs to deliver 171 dwellings across the state. CHIF funded projects in the Illawarra Shoalhaven region have included 20 units in Warilla for young people and families (Southern Youth & Family Services), 30 units in Port Kembla social housing for older people (Anglicare) and 30 units general social housing in Wollongong (Housing Trust).¹¹⁵ **Remaining funding in the CHIF program will be tendered in early 2023.**¹¹⁶

5.6.2 A pathway home: 2022-23 Housing Package

NSW Government announced a range of measures in line with existing policy directions under the **2022-23 Housing Package** for social and affordable rental housing, homebuyer and shared equity, rent-to-buy scheme and delivery of 'key worker' housing. In relation to **social and affordable housing**, \$300 million allocated to upgrade 15,800 social homes, continuation of Together Home Program and \$37 million provide 120 new social homes for rough sleepers in partnership with CHPs; \$149.8 million allocated to build 200 new and upgrade 260 homes for **Aboriginal** families, funding to expand the Strong Family, Strong Communities Program and plan infrastructure upgrades for Aboriginal communities.

¹¹¹ NSW DCJ, Rent Choice Policy, 17 November 2020,

<https://www.facs.nsw.gov.au/housing/policies/rent-choice-policy>, accessed 23/04/2021.

¹¹² <https://www.facs.nsw.gov.au/reforms/future-directions/partner-with-the-nsw-government/community-housing-innovation-fund-chif/chapters/chif-funding>, accessed 02/08/2022.

¹¹³ <https://www.facs.nsw.gov.au/reforms/future-directions/initiatives/SAHF/program-update>, accessed 19/09/2022.

¹¹⁴ <https://www.facs.nsw.gov.au/reforms/future-directions/initiatives/community-improvement-fund>, accessed 20/10/2022.

¹¹⁵ <https://www.facs.nsw.gov.au/reforms/future-directions/partner-with-the-nsw-government/community-housing-innovation-fund-chif/chapters/announced-chif-projects>, accessed 20/10/2022.

¹¹⁶ <https://www.facs.nsw.gov.au/reforms/future-directions/partner-with-the-nsw-government/community-housing-innovation-fund-chif/chapters/announced-chif-projects>, accessed 20/10/2022.

\$174 million allocated to Department of Regional NSW to deliver with LAHC to deliver **270 new and refurbished homes for key workers** (teachers and NSW Police Force) in **regional areas** and a ‘whole-of-government key worker housing model review.’ As at October 2022, there is no information available online about geographic areas within the state where the additional housing for key workers will be delivered.¹¹⁷

In relation to **affordable home ownership**, changes are to be made to the **NSW property tax system** to enable **First Home Buyer Choice**¹¹⁸ program allows first home buyers purchasing properties for up to \$1.5 million to choose to pay an annual property tax instead of stamp duty and continues existing stamp duty concessions for those eligible. A two-year trial of a **Shared Equity Scheme** will provide 3,000 eligible places where State government will contribute an equity share up to 40% of the property price for a new dwelling or 30% for an existing dwelling. First homebuyer target groups for this scheme include single parents, older singles and first home buyer teachers, nurses and police. Maximum value of the property that can be purchased is \$950,000 in Sydney and regional centres including Illawarra and \$600,000 in other parts of NSW.

LAHC will pilot a **rent-to-buy program** in partnership with CHPs to support eligible low-income earners with an affordable rental lease for a fixed period, allowing the household to accumulate savings. At the end of the lease tenants would have the opportunity to buy the property.

5.6.3 Land and Housing Corporation Portfolio Strategy 2040 & Key activities in Illawarra Shoalhaven

The Land and Housing Corporation (LAHC) Portfolio Strategy 2040 sets a twenty-year vision for the State-owned housing portfolio with a focus on generating alternate funding to create new social housing through their broker role, new financing partnerships and building market homes to rent/sell to fund social projects; working in partnership with industry, CHPs and the Aboriginal Housing Office to leverage and make the best use of public land and property; and using local area strategies and portfolio analysis to inform decision making and in assessing impacts of decisions on portfolio value.¹¹⁹ LAHC **Local Area Analyses for Wollongong LGA**¹²⁰ and **Shoalhaven LGA**¹²¹ stated objectives are:

- Renewal and de-concentration of large social housing estates;
- Renewing under-developed land and increasing the number of properties;

¹¹⁷ NSW DPE, 2022 Housing Package programs and initiatives, Key worker housing, accessed 20/10/2022, <https://www.dpie.nsw.gov.au/our-work/2022-housing-package-programs-and-initiatives/key-worker-housing>.

¹¹⁸ <https://www.nsw.gov.au/initiative/first-home-buyer-choice>

¹¹⁹ NSW LAHC, Portfolio Strategy 2020, December, <https://www.dpie.nsw.gov.au/land-and-housing-corporation>, accessed 27/04/2021, pp 2.

¹²⁰ LAHC holds 6,600 dwellings in the Wollongong LGA, with 2,700 dwellings in 7 suburbs/estates and 3,900 dwellings scattered across older established areas. 650 LAHC owned dwellings in Wollongong LGA are managed by CHPs.

¹²¹ LAHC holds 1,700 dwellings in the Shoalhaven LGA, with 700 dwellings concentrated in 2 suburbs/estates and the remaining 1,000 dwellings scattered across older established areas of the LGA. 390 LAHC owned dwellings in the Shoalhaven LGA are managed by CHPs.

- Replacing older stock;
- Strategically selling properties that are not well located near transport and other amenities and those that are not suitable; and¹²²
- Building 1- and 2-bedroom dwellings that are well located to transport and other amenities, with a proportion of these dwellings for seniors living and other forms of accessible dwellings.¹²³

¹²² NSW Land and Housing Corporation, Wollongong Local Area Analysis, Mau 2022, Pg 10.

¹²³ NSW Land and Housing Corporation, Wollongong Local Area Analysis & Shoalhaven Local Area Analysis, Pg 14.

6 Housing Cost & Affordability Context

6.1 What is Affordable Housing?

Housing Cost and Affordability Housing is generally considered to be ‘affordable’ when households that are renting or purchasing are able to meet their housing costs and still have sufficient income to pay for other basic needs such as food, clothing, transport, medical care and education.

‘Affordable housing’ also has a statutory definition under the *NSW Environmental Planning and Assessment Act 1979 (NSW)*, being housing for very low, low or moderate income households. *SEPP Housing 2021* defines ‘very low-income’ households as those on less than 50% of median household income; ‘low-income’ households’ as those on 50-80% of median household income, and ‘moderate-income’ households as those on 80-120% of median household income for Rest of NSW.¹²⁴ This is the relevant benchmark under the Act for all LGAs in the Illawarra Shoalhaven Region.

As a commonly used rule of thumb, affordable housing is taken to be housing where households pay less than 30% of their gross household income on housing costs. This is the point at which such households are at risk of having insufficient income to meet other living costs, and deemed to be in ‘housing stress’. Those paying more than 50% of gross income are regarded as being in ‘severe housing stress’.

‘Low cost’ housing is often, though not always, ‘affordable’. For example, in an expensive housing market, even a small, lower amenity strata dwelling may be ‘unaffordable’ to a very low-, low- or moderate-income household.

Table 6.1 below sets out the benchmarks that are used in this report when referring to ‘affordable housing’, in **June Quarter 2022 dollars**. These benchmarks are consistent with relevant NSW legislation, and should be updated at least annually to reflect changes in CPI.

It can be seen for example that, for housing to be ‘affordable’ under the statutory definition, rental costs would need to be less than \$227 per week for a very low income household, and less than \$223,000 for a purchaser as per the **Rest of NSW benchmarks**.

¹²⁴ Rest of NSW is NSW less the greater Sydney area, i.e., regional NSW.

Table 6.1: Affordable Housing Income, Rental and Purchase Benchmarks – Rest of NSW

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

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

- (5) All values reported are in June Quarter 2022 dollars
- (6) Median household income \$1,434 (ABS Census 2021) for Rest of NSW; CPI 119.7 Sept 2021 126.1 June 2022 Adjusted income \$1,511.
- (7) Calculated as 30% of total weekly household income
- (8) Calculated using ANZ Loan Repayment Calculator, using 04 October 2022 interest rate (5.24% pa) and assuming a 20% deposit for a 30 year ANZ Standard Variable Home Loan and 30% of total household income as repayments.

6.2 Why is Affordable Housing important?

There is a common misconception that ‘affordable housing’ refers only to social (public or community) housing. However, many residents facing affordability problems in the Illawarra Shoalhaven Region are likely to fall outside the eligibility criteria for such housing or be unlikely to access it due to long waiting times. This is particularly the case for very low and low income ‘key workers’, who would generally be not eligible for social housing, but are mostly unable to rent or purchase affordably through the private market in the Illawarra Shoalhaven Region.

Anyone in the community could need affordable housing. This includes a young person entering the workforce and wanting to live near where they grew up, a recently separated or divorced person with children for whom conventional home ownership may no longer be economically viable, households dependent on one (or even two) low-waged key worker jobs, or an older person on a reduced retirement income, for example, after the death of a spouse.

Lack of affordable housing affects the quality of life of individuals and families, who are often sacrificing basic necessities to pay for their housing. It also has a serious impact on employment growth and economic development in the Illawarra Shoalhaven. The loss of young families and inability of workers in lower paid essential service jobs to find an affordable rental property is adversely affecting local business viability and growth and the economy more broadly, and is contributing to labour shortages in the Region.

The displacement of long-term residents and increasing gentrification of historically affordable areas also reduces social cohesion, engagement with community activities such as volunteering, and extended family support.

As well as impacting the health and wellbeing of low income families, and older and younger people, this contributes to a lack of labour supply among 'key workers' who are essential to various services including childcare, aged services, health care, tourism, hospitality and the like, but whose wage increasingly does not allow them to access rental or purchase housing in the Region, or within reasonable commuting distance of where they work.

The provision of affordable housing widely distributed across the Region is thus an important form of community infrastructure that supports community wellbeing and social and economic sustainability, including a diverse labour market and economy, and strong and inclusive communities.

6.3 What are the types of 'Affordable Housing'?

'Affordable housing' includes the full range of housing for the target groups outlined above. This can include housing that is **subsidised** in some way, from **special needs** accommodation such as group homes, crisis and transitional accommodation; and **social (community and public) rental** housing for those most disadvantaged in the housing market; to **'key worker' (discount market rent)** housing, and assisted or subsidised purchase, such as **shared equity**, for households who still need some assistance to enter home ownership. In *some* areas or housing markets, it also includes housing **delivered through the private market**, typically smaller, lower cost accommodation such as boarding houses, co-living housing, smaller apartments, secondary dwellings and lower cost caravan parks.

Social housing and special needs accommodation generally requires 'deep subsidies' to be affordable, and rent is tied to a proportion of income (generally no more than 25-30% for a very low or low-income social housing tenant). Affordable rental housing for very low, low and moderate-income working households is generally offered at a discounted rate on the rent that would normally apply (typically around 70-80% of market rent, although this may be as low as 50% of market rent to reach the 30% of income benchmark); or as subsidised purchase, shared equity, land trust models and the like for low and moderate-income purchasers, with the equity partner generally a community housing provider to ensure that housing remains affordable in perpetuity.

Increasingly, a mix of income groups will be accommodated in the same affordable housing development, along with housing provided on the open market, as part of **'multi tenure' developments** to reduce stigma and increase viability of housing created through a mixture of incomes, purchase and affordable (including social) rental.

6.4 Comparative Housing Cost (Rental & Purchase)

6.4.1 Overview

This section provides an overview of the change in the real cost of housing for indicative housing products over the past decade for the four LGAs of the Region compared with NSW, and a more detailed analysis of changes in real housing cost from 2019 to 2022. Together, this provides a broad understanding of relative demand for different housing products, and an indication of the different effects of the COVID 19 pandemic on metropolitan and regional housing markets.

6.4.2 Comparative Rents & Change Over Time

The following table and graphs show average annual changes in the real (adjusted) rents for median one and two bedroom units and three bedroom houses from December Quarter 2012 to June Quarter 2022, and also from December Quarter 2019 to June Quarter 2022.

Median rents for apartments decreased in real terms over the past decade in NSW, with this strongly influenced by the Greater Sydney market, influenced by population movement from metropolitan to regional areas during the pandemic. This is in contrast to the **strong growth in real rents for apartments in the Region**, with particularly strong growth in Shellharbour LGA, as well as in Shoalhaven LGA and to a lesser extent Wollongong LGA over the past three years.

The following table shows, for example, extremely high average annual growth for two bedroom units for Shellharbour LGA of 10.7% and for Shoalhaven LGA of 7.2% compared with a decline in average annual rents of 1.3% for NSW since December 2019.

However, all LGAs and NSW more generally experienced quite strong growth in rent for houses, which may indicate a trend to people ‘swapping’ apartment living in Greater Sydney to rent a larger dwelling in a regional area, and may also indicate the relative supply of houses compared with units in areas and the ongoing premium for houses.

Table 6-2 Real (adjusted) Change in Median Rents 2012-2022 & 2019-2022

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

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

This is shown in more detail by year in the following graphs for one and two bedroom flats and units and three bedroom separate houses, and noting there were insufficient rentals of one bedroom units (likely due to supply constraints) in most areas for data to be reported for the period.

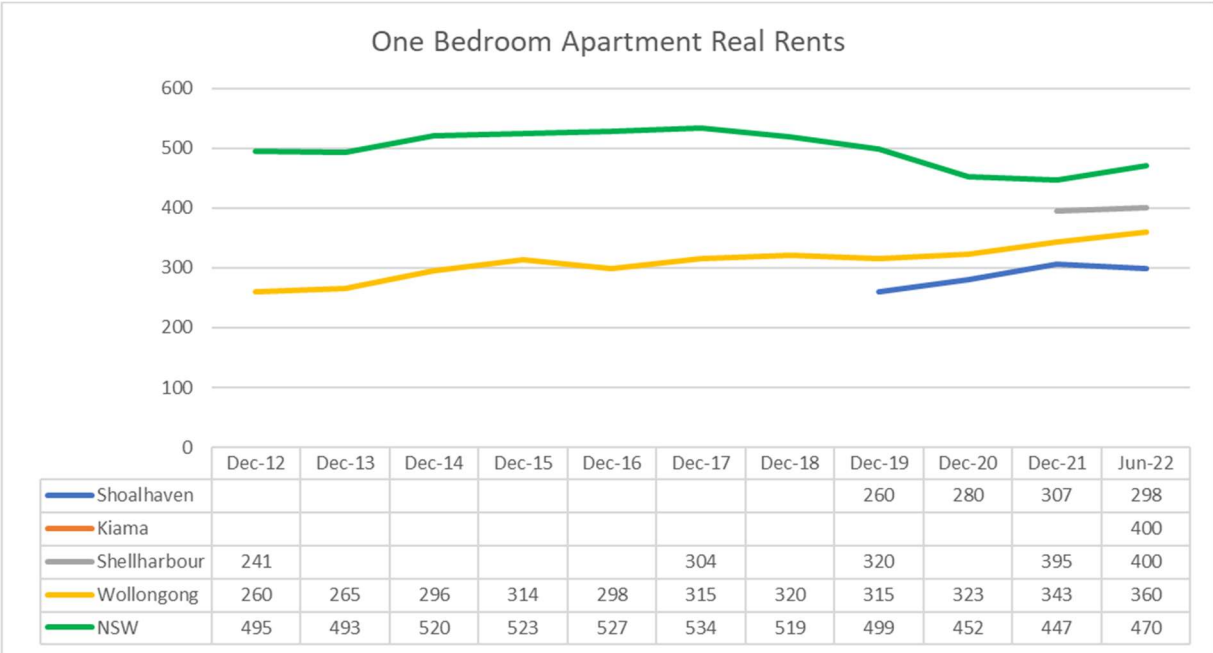


Figure 6.1: Change in real (adjusted) rents 2012-2022 (June Quarter 2022 \$), Median 1 BR Flat/Unit, Wollongong, Shellharbour, Kiama & Shoalhaven LGAs and NSW

Source: JSA 2022; DCJ Rent and Sales Reports 2012-2022

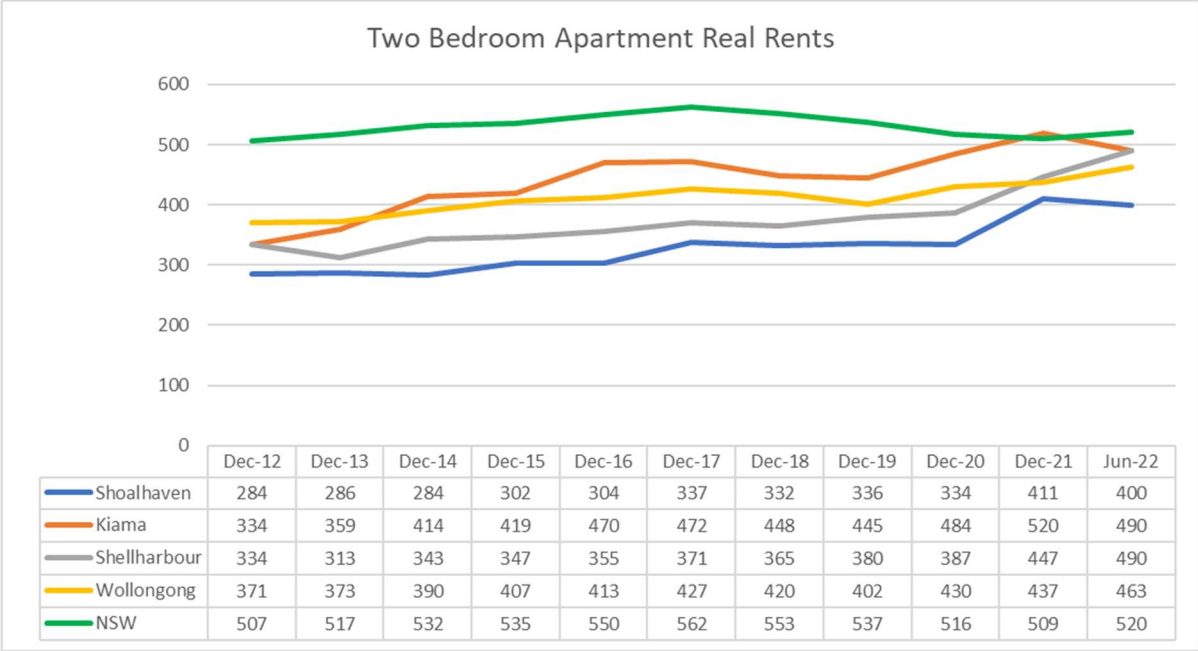


Figure 6.2: Change in real (adjusted) rents 2012-2022 (June Quarter 2022 \$), Median 2 BR Flat/Unit, Wollongong, Shellharbour, Kiama & Shoalhaven LGAs and NSW

Source: JSA 2022; DCJ Rent and Sales Reports 2012-2022

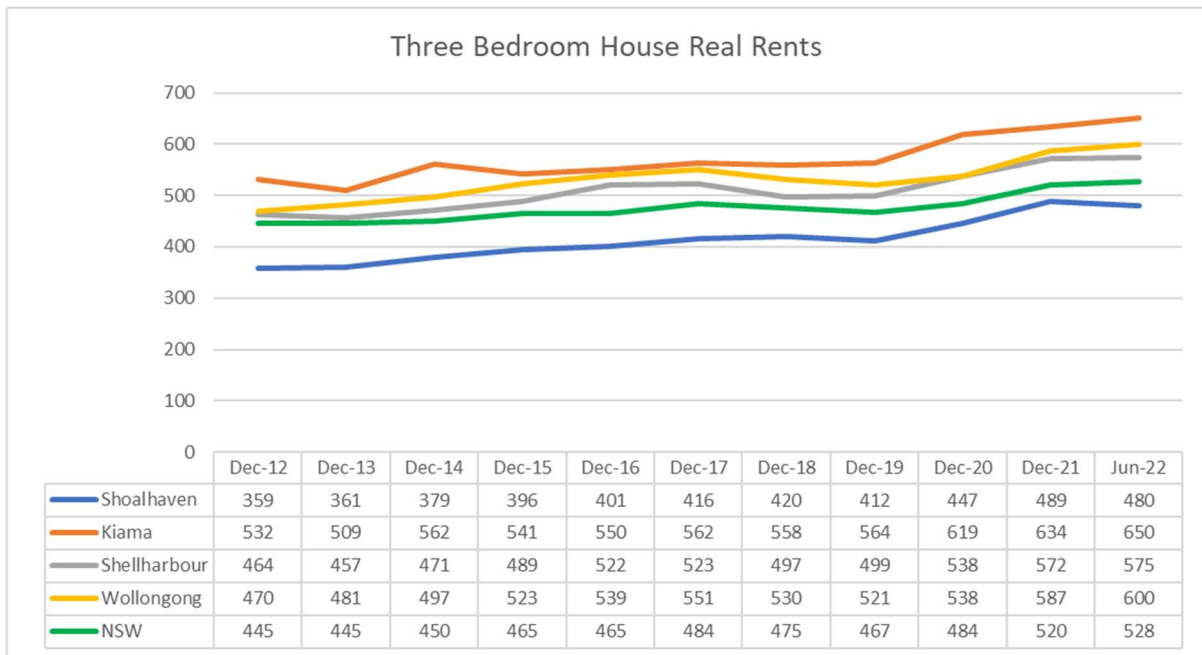


Figure 6.3: Change in real (adjusted) rents 2012-2022 (June Quarter 2022 \$), Median 3 BR Houses, Wollongong, Shellharbour, Kiama & Shoalhaven LGAs and NSW

Source: JSA 2022; DCJ Rent and Sales Reports 2012-2022

6.4.3 Comparative Purchase Price & % Change (2012-2022)

The following table and graphs show average annual changes in the real (adjusted) purchase price for strata and non-strata dwellings from December Quarter 2012 to March Quarter 2022, and also from December Quarter 2019 to March Quarter 2022, with the latter again enabling a better understanding of the effects on regional housing markets from the current COVID 19 pandemic.

Real growth in purchase price in the Illawarra Shoalhaven Region far outstripped average annual growth for NSW, particularly for strata dwellings during the COVID 19 period. Again, the counter-urbanisation trends are likely evident in the significant decrease in real purchase price for strata dwellings in NSW, which is strongly influenced by the Sydney housing market, and strong growth in purchase prices in the Region, particularly in Kiama, and to a lesser extent Shellharbour and Shoalhaven for strata; and in Kiama and Shoalhaven for separate houses.

However, the relatively low growth in NSW (dominated by Sydney) and to a lesser extent Wollongong also likely reflects a much higher level of supply of apartments, which is likely to have a dampening effect on price growth amid decrease demand from in-migration, including students and workers on visas. This would likely have a lesser effect on non-strata dwellings (houses), which continued to grow strongly in Greater Sydney and Wollongong LGA over the past 3 years.

Table 6-3 Real (adjusted) Change in Median Purchase Price 2012-2022 & 2019-2022

AREA	STRATA average per annum		NON-STRATA average per annum	
	2012-22 av. p.a.	2019-2022 av. p.a.	2012-22 av. p.a.	2019-2022 av. p.a.
Wollongong	6.5%	7.2%	8.1%	13.5%
Shellharbour	6.9%	12.0%	8.4%	15.4%
Kiama	9.1%	28.3%	9.4%	23.6%
Shoalhaven	8.7%	11.3%	9.6%	21.8%
NSW	3.9%	0.9%	7.0%	10.8%

Source: JSA 2022, based on data from NSW Department of Communities and Justice Sales Tables Dec Quarter 2012- 2021 and March Quarter 2022, adjusted for inflation

This is shown in more detail by year in the following graphs for strata and non-strata dwellings.

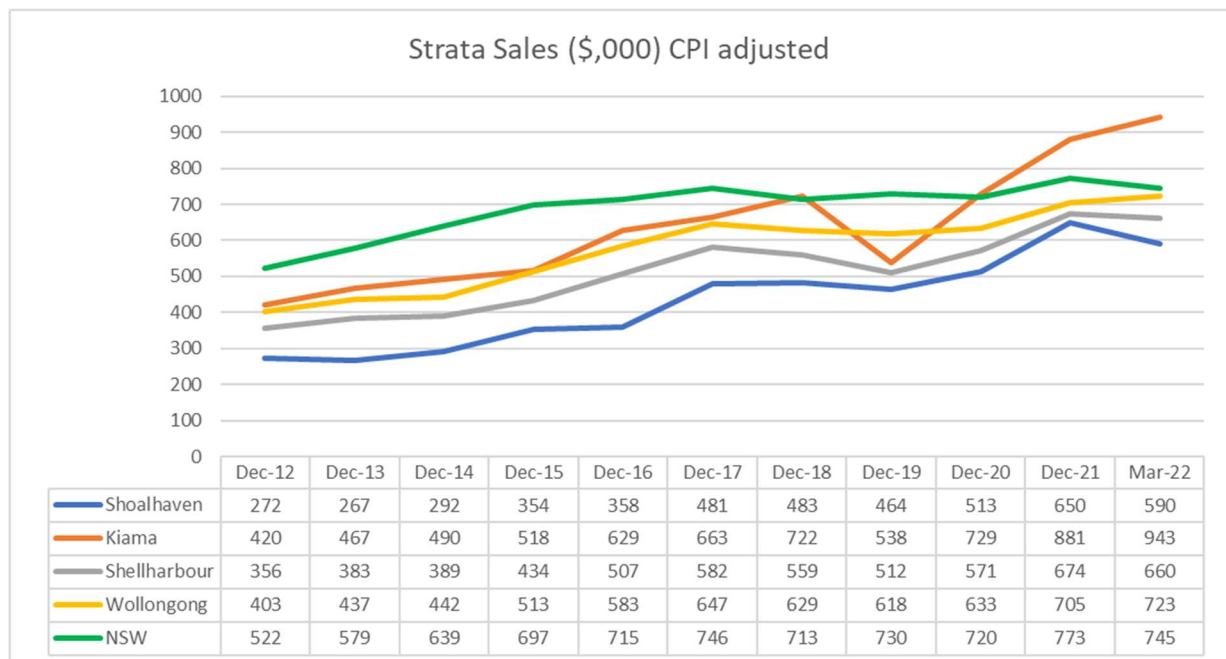


Figure 6.4: Change in real (adjusted) median purchase price Dec Qtr 2012-March Qtr 2022 (March Qtr 2022 \$), All Strata Dwellings

Source: JSA 2022; NSW DCJ Rent and Sales Reports 2012-2022

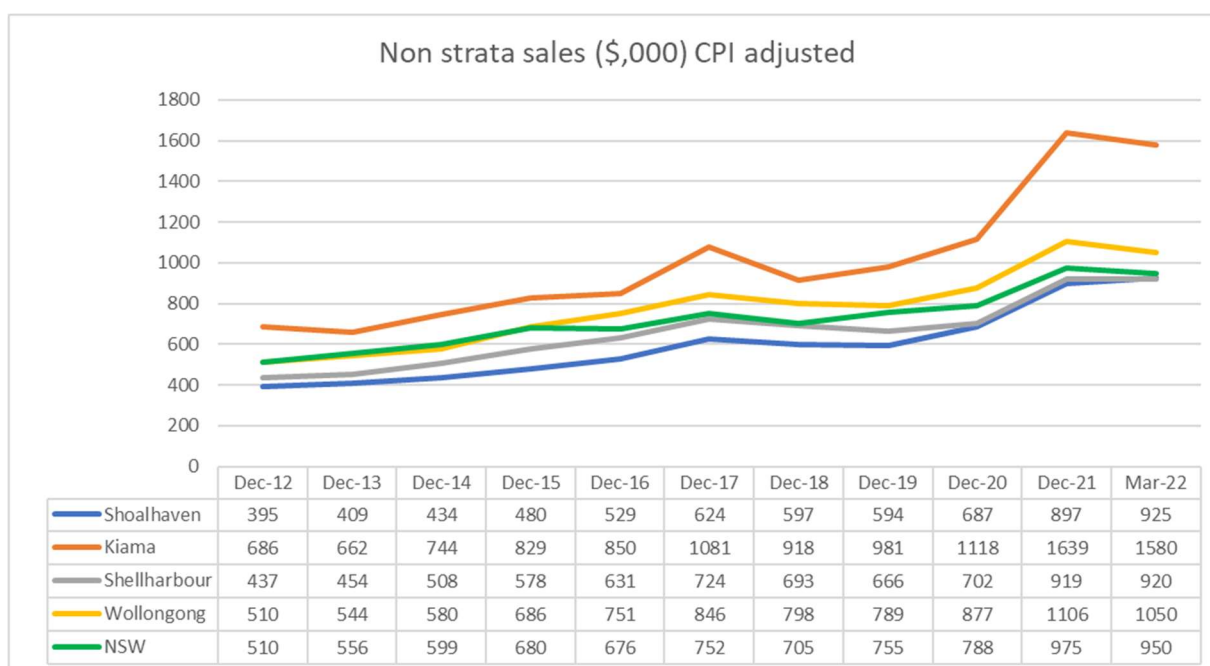


Figure 6.5: Change in real (adjusted) median purchase price Dec Qtr 2012-March Qtr 2022 (March Qtr 2022 \$), All Non-Strata Dwellings

Source: JSA 2022; NSW DCJ Rent and Sales Reports 2012-2022

6.5 Comparative Affordability of Housing

6.5.1 Overview

This section looks at the relative *affordability* of various rental and purchase products delivered through the private market, that is, whether very low, low and moderate income households would be paying more than 30% of their gross household income on housing costs in accordance with the statutory definition and benchmarks set out in **Table 5.1** above. It is important to understand the extent to which the market is providing, or can potentially provide, affordably priced housing for key target groups so as to evaluate the extent to which market intervention through the planning system is required, and the most effective types of intervention. Further, the vast majority of housing is delivered through the market, so that understanding its capacity to deliver affordability in the local context is crucial.

6.5.2 Rental Affordability

Rent and Sales Report

The NSW Department of Communities and Justice *Rent and Sales Report* provides quarterly data on the cost of rental housing by LGA and postcode. The following rental affordability section covers the Wollongong, Shellharbour, Kiama, and Shoalhaven LGAs, and the DCJ benchmark area, Greater Metropolitan Region (GMR), which includes Wollongong SD, Newcastle SD, and Greater Sydney. Quarterly data for June 2022 was used. This was the most recent data available at the time of writing.

Table 6.4 below shows the cost and affordability at the median rent for indicative property types (one- and two-bedroom units and three-bedroom houses) for the LGAs. Table 6.5 below breaks this down by postcode where there were sufficient rentals or sales for data to be published.

Rents differ greatly across individual LGAs. Wollongong in particular has a highly differentiated housing market, with high rents in the areas north of Bulli, and much lower rents in the areas south of the CBD. Nevertheless, one can still draw general trends across the ISR by comparing costs at the LGA level.

In terms of cost, median **one and two bedroom unit** rents were highest in Shellharbour and Kiama LGAs, likely due to the relative newness, amenity, and/or location of such dwellings. However, the cost of such dwellings was still below the GMR average. Shoalhaven had the lowest rent prices for units. While Wollongong LGA unit rents were cheaper than Shellharbour and Kiama, some areas had rents that were well above the median for the LGA as a whole.

Kiama had the highest rents for **three-bedroom houses**, with Wollongong and Shellharbour following. Again, the high level of differentiation across Wollongong LGA is noted. The lowest cost area was the Shoalhaven LGA, although it was not necessarily the most 'affordable' area due to relatively low incomes and high rates of households on very low and low income.

In terms of affordability, a median rent **one bedroom unit** was not affordable to any very low income renting household in any of the LGAs, nor to any low income renters apart from in Shoalhaven LGA, where such a unit was affordable to only the upper 50% of low income renters. Although it is possible that first quartile (older, lower amenity) one bedroom units *could* be affordable to some low income renters, it is noted that most newly constructed stock would attract at least median and likely third quartile rent in the future.

Median rent **two bedroom units** were most affordable by this measure in Shoalhaven LGA, where they were affordable to most moderate income households, and in Wollongong LGA as a whole, where they were affordable to 45% of moderate income renters. Such accommodation was affordable to only the upper 30% of moderate income households in Shellharbour and Kiama LGAs.

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

As such, there is a **serious affordability problem for virtually all very low and low income renters in the Illawarra Shoalhaven Region**, apart from the Shoalhaven LGA, where the upper half of the low income household band could affordably rent a median one bedroom apartment. Although the situation is somewhat better for smaller moderate income households, those needing housing suitable for families would not be able to rent affordable housing in most of the Region.

Table 6.4: Rental Affordability, Selected Housing Types, by LGA, June Quarter 2022

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

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

Rental Affordability by Postcode

There were no Postcode areas in the Region where a **one bedroom unit** was affordable to a very low income household, and only a few areas where they would be affordable to the upper 15-30% of low income renters (areas around Warrawong, Lake Heights, Windang, Barrack Heights, Mt Warrigal, Warilla, etc). A one bedroom unit was affordable to the upper 60% of low income households in Postcode area 2541 (Nowra and surrounds). The highly constrained supply of such dwelling stock is also noted, with most Postcode areas having too few rental bonds lodged to report data.

A **two bedroom unit** was not affordable to any very low or low income renting household in any Postcode area in the Region, again noting that there were insufficient rental bonds lodged for data to be reported in many Postcode areas. Also there was affordability for some moderate income renters in a number of Postcode areas, including in central and south Wollongong LGA, Barrack Heights, Mt Warrigal, Warilla and Nowra, there were others like areas around the northern suburbs of Wollongong, Shellharbour, Blackbutt and Shell Cove where such dwellings were only affordable to high income households.

A **three bedroom house** was only affordable to high income renters in most Postcode areas of the Region, apart from areas around Nowra, the Bay and Basin area, Ulladulla, and areas around Farmborough Heights and Unanderra, where such dwellings were affordable to the upper 20-35% of moderate income households, meaning that a majority of moderate income families would be unable to rent affordably anywhere in the Region. Again, supply issues in the rental market at the time of writing are evident in the number of Postcode areas where there were insufficient lettings to report data, as shown below.

Table 6.5: Rental Affordability, Selected Housing Types, by Postcode, June Quarter 2022

Area	Postcode	Suburbs		1-Bedroom Unit	2-Bedroom Unit	3-Bedroom House
Wollongong LGA	2500	Coniston, Gwynneville, Keiraville, Mangerton, Mount Keira, Mount Saint Thomas, Wollongong (Central, North, West)	Weekly Rent	\$398	\$500	\$600
			Affordability	Affordable to 80% of moderate income renters	Affordable to 25% of moderate income renters	Affordable to higher income renters only
	2502	Cringila, Lake Heights, Primbee, Warrawong	Weekly Rent	\$340	\$365	\$540
			Affordability	Affordable to 15% of low income renters	Affordable to all moderate income renters	Affordable to higher income renters only
	2505	Port Kembla	Weekly Rent	-	\$400	\$600
			Affordability	-	Affordable to 80% of moderate income renters	Affordable to higher income renters only
	2506	Berkeley	Weekly Rent	-	-	\$550
			Affordability	-	-	Affordable to higher income renters only
	2508	Coalcliff, Darkes Forest, Helensburgh, Otford, Stanwell Park, Stanwell Tops	Weekly Rent	-	-	-
			Affordability	-	-	-
	2515		Weekly Rent	-	\$580	\$898

Area	Postcode	Suburbs		1-Bedroom Unit	2-Bedroom Unit	3-Bedroom House
		Austinmer, Clifton, Coledale, Scarborough, Thirroul, Wombarra	Affordability	-	Affordable to higher income renters only	Affordable to higher income renters only
	2516	Bulli	Weekly Rent	-	-	-
			Affordability	-	-	-
	2517	Russell Vale, Woonona, Woonona East	Weekly Rent	-	\$430	-
			Affordability	-	Affordable to 65% of moderate income renters	-
	2518	Bellambi, Corrimal, East Corrimal, Tarrawanna, Towradgi	Weekly Rent	-	\$400	\$650
			Affordability	-	Affordable to 80% of moderate income renters	
	2519	Balgownie, Fairy Meadow, Fernhill, Mount Ousley, Mount Pleasant	Weekly Rent	-	\$445	\$600
			Affordability	-	Affordable to 55% of moderate income renters	Affordable to higher income renters only

Area	Postcode	Suburbs		1-Bedroom Unit	2-Bedroom Unit	3-Bedroom House
	2525	Figtree	Weekly Rent	-	\$365	-
			Affordability	-	Affordable to all moderate income renters	-
	2526	Farmborough Heights, Kembla Grange, Unanderra, Mount Kembla	Weekly Rent	-	-	\$510
			Affordability	-	-	Affordable to 20% of moderate income renters
	2528 (part)	Windang	Weekly Rent	\$325	\$420	\$540
			Affordability	Affordable to 30% of low income renters	Affordable to 70% of moderate income renters	Affordable to higher income renters only
2530	Avondale, Brownsville, Dapto, Haywards Bay, Horsley, Kanahooka, Koonawarra, Wongawilli, Yallah	Weekly Rent	-	-	\$550	
		Affordability	-	-	Affordable to higher income renters only	
Shellharbour LGA	2527	Albion Park, Albion Park Rail, Calderwood, Croom, Tongarra, Tullimbar, Yellow Rock	Weekly Rent	-	-	\$570
			Affordability	-	-	Affordable to higher income renters only

Area	Postcode	Suburbs		1-Bedroom Unit	2-Bedroom Unit	3-Bedroom House
	2528 (part)	Barrack Heights, Barrack Point, Lake Illawarra, Mount Warrigal, Warilla	Weekly Rent	\$325	\$420	\$540
			Affordability	Affordable to 30% of low income renters	Affordable to 70% of moderate income renters	Affordable to higher income renters only
	2529	Blackbutt, Dunmore, Flinders, Oak Flats, Shell Cove, Shellharbour	Weekly Rent	-	\$550	\$600
			Affordability	-	Affordable to higher income renters only	Affordable to higher income renters only
Kiama LGA	2533	Jamberoo, Kiama, Kiama Downs, Kiama Heights, Minnamurra	Weekly Rent	-	-	\$550
			Affordability	-	-	Affordable to higher income renters only
	2534 (part)	Gerroa, Gerringong, Foxground, Werri Beach	Weekly Rent	-	-	-
			Affordability	-	-	-
Shoalhaven LGA	2535 (part)	Berry, Broughton, Coolangatta, Jaspers Brush, Shoalhaven Heads	Weekly Rent	-	-	-
			Affordability			
	2539	Bawley Point, Burrill Lake, Kioloa, Lake Conjola, Mollymook, Ulladulla	Weekly Rent	-	-	\$495
			Affordability	-	-	Affordable to 25% of moderate income renters

Area	Postcode	Suburbs		1-Bedroom Unit	2-Bedroom Unit	3-Bedroom House
	2540	Basin View, Berrara, Callala Beach, Cambewarra, Culburra, Currarong, Huskisson, Meroo Meadow, Myola, Sanctuary Point, St Georges Basin, Sussex Inlet, Vincentia, Worrigea	Weekly Rent	-	-	\$480
			Affordability	-	-	Affordable to 35% of moderate income renters
	2541	Bangalee, Bomaderry, Nowra (Central, North, East, South, West)	Weekly Rent	\$283	\$385	\$480
			Affordability	Affordable to 60% of low income renters	Affordable to 90% of moderate income renters	Affordable to 35% of moderate income renters
	2577 (part)	Kangaroo Valley	Weekly Rent	-	-	\$600
			Affordability	-	-	Affordable to higher income renters only

Source: NSW Department of Communities and Justice, Rent and Sales Report, Issue 140 (2022), Rent tables June 2022 quarter; ABS (2021) Census; ABS (2022) Consumer Price Index Australia, June 2022
Cells marked - had ten or fewer new bonds lodged during the quarter.

6.5.3 Purchase Affordability

NSW Rent and Sales Report

Housing affordability for virtually all very low, low, and moderate income household across the Illawarra Shoalhaven Region is bleak. Purchase of all types and sizes of **strata dwellings** was well out of reach of all very low and low income households at the time of writing (Table 6.6). Purchase of first quartile strata dwellings (likely one bedroom or of low amenity or quality) was affordable to the upper 30% of moderate income purchasers only in the Shoalhaven LGA, but nowhere else in the Region.

Strata dwellings were unaffordable to very low income, low income, and moderate income households across virtually all postcodes for which purchase data was available (Table 6.8). The sole exception was for the 2541 postcode in the Shoalhaven, comprising Nowra and surrounds, where strata dwellings in the first, second, and third quartiles were affordable to 35%, 30% and 10% of moderate income households, respectively.

Affordability is even worse for all very low, low, and moderate income household across the Illawarra Shoalhaven Region trying to purchase a **separate house**. Even a first quartile house in the cheapest area, the Shoalhaven LGA, was only affordable to higher income households (Table 6.7).

No postcodes in the ISR had affordable houses for any of the aforementioned household income groups at the first quartile (Table 6.9). The first quartile price for houses in the cheapest postcode, 2541 in the Shoalhaven LGA, was \$111,000 higher than the top of the moderate income affordable purchase benchmark range.

Table 6.6: Purchase Affordability, Strata Dwellings, by LGA, March Quarter 2022

Area		1 st Quartile	Median	3 rd Quartile
Wollongong LGA	Purchase Price	\$620,000	\$723,000	\$898,000
	Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
Shellharbour LGA	Purchase Price	\$605,000	\$660,000	\$733,000
	Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
Kiama LGA	Purchase Price	\$770,000	\$943,000	\$1,407,000
	Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only

Area		1 st Quartile	Median	3 rd Quartile
Shoalhaven LGA	Purchase Price	\$483,000	\$590,000	\$751,000
	Affordability	Affordable to 30% of moderate income households	Affordable to higher income households only	Affordable to higher income households only
GMR Average	Purchase Price	\$615,000	\$770,000	\$1,050,000
	Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only

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

Table 6.7: Purchase Affordability, Non-Strata Dwellings, by LGA, March Quarter 2022

Area		1 st Quartile	Median	3 rd Quartile
Wollongong LGA	Purchase Price	\$825,000	\$1,050,000	\$1,370,000
	Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
Shellharbour LGA	Purchase Price	\$809,000	\$920,000	\$1,200,000
	Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
Kiama LGA	Purchase Price	\$1,325,000	\$1,580,000	\$1,970,000
	Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
Shoalhaven LGA	Purchase Price	\$742,000	\$925,000	\$1,320,000
	Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
GMR Average	Purchase Price	\$876,000	\$1,203,000	\$1,810,000
	Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only

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

Table 6.8: Purchase Affordability, Strata Dwellings, by Postcode, March Quarter 2022

Area	Postcode	Suburbs		1 st Quartile	Median	3 rd Quartile
Wollongong LGA	2500	Coniston, Gwynneville, Keiraville, Mangerton, Mount Keira, Mount Saint Thomas, Wollongong (Central, North, West)	Purchase Price	\$620,000	\$718,000	\$876,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2502	Cringila, Lake Heights, Primbee, Warrawong	Purchase Price	-	-	-
			Affordability	-	-	-
	2505	Port Kembla	Purchase Price	-	-	-
			Affordability	-	-	-
	2506	Berkeley	Purchase Price	-	-	-
			Affordability	-	-	-
	2508	Coalcliff, Darkes Forest, Helensburgh, Otford, Stanwell Park, Stanwell Tops	Purchase Price	-	-	-
			Affordability	-	-	-
	2515	Austinmer, Clifton, Coledale, Scarborough, Thirroul, Wombarra	Purchase Price	-	-	-
			Affordability	-	-	-

Area	Postcode	Suburbs		1 st Quartile	Median	3 rd Quartile
2516		Bulli	Purchase Price	-	-	-
			Affordability	-	-	-
2517		Russell Vale, Woonona, Woonona East	Purchase Price	\$736,000	\$845,000	\$963,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
2518		Bellambi, Corrimal, East Corrimal, Tarrawanna, Towradgi	Purchase Price	\$603,000	\$680,000	\$760,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
2519		Balgownie, Fairy Meadow, Fernhill, Mount Ousley, Mount Pleasant	Purchase Price	\$538,000	\$680,000	\$888,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
2525		Figtree	Purchase Price	-	-	-
			Affordability	-	-	-
2526		Farmborough Heights, Kembla Grange, Unanderra, Mount Kembla	Purchase Price	-	-	-
			Affordability	-	-	-

Area	Postcode	Suburbs		1 st Quartile	Median	3 rd Quartile
Shellharbour LGA	2528 (part)	Windang	Purchase Price	\$578,000	\$652,000	\$700,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2530	Avondale, Brownsville, Dapto, Haywards Bay, Horsley, Kanahooka, Koonawarra, Wongawilli, Yallah	Purchase Price	\$668,000	\$690,000	\$889,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2527	Albion Park, Albion Park Rail, Calderwood, Croom, Tongarra, Tullimbar, Yellow Rock	Purchase Price	\$623,000	\$665,000	\$719,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
2528 (part)	Barrack Heights, Barrack Point, Lake Illawarra, Mount Warrigal, Warilla	Purchase Price	\$578,000	\$652,000	\$700,000	
		Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only	
2529		Purchase Price	\$617,000	\$672,000	\$780,000	

Area	Postcode	Suburbs		1 st Quartile	Median	3 rd Quartile
		Blackbutt, Dunmore, Flinders, Oak Flats, Shell Cove, Shellharbour	Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
Kiama LGA	2533	Jamberoo, Kiama, Kiama Downs, Kiama Heights, Minnamurra	Purchase Price	\$770,000	\$840,000	\$1,400,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2534 (part)	Gerroa, Gerringong, Foxground, Werri Beach	Purchase Price	-	-	-
			Affordability	-	-	-
Shoalhaven LGA	2535 (part)	Berry, Broughton, Coolangatta, Jaspers Brush, Shoalhaven Heads	Purchase Price	-	-	-
			Affordability	-	-	-
	2539	Bawley Point, Burrill Lake, Kioloa, Lake Conjola, Mollymook, Ulladulla	Purchase Price	\$693,000	\$838,000	\$968,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2540	Basin View, Berrara, Callala Beach, Cambewarra, Culburra, Currarong, Huskisson, Myola, Sanctuary Point, St Georges Basin, Sussex Inlet, Vincentia, Worrigeer	Purchase Price	-	-	-
			Affordability	-	-	-

Area	Postcode	Suburbs		1 st Quartile	Median	3 rd Quartile
	2541	Bangalee, Bomaderry, Nowra (Central, North, East, South, West)	Purchase Price	\$469,000	\$477,000	\$515,000
			Affordability	Affordable to 35% of moderate income households	Affordable to 30% of moderate income households	Affordable to 10% of moderate income households
	2577 (part)	Kangaroo Valley	Purchase Price	-	-	-
			Affordability	-	-	-

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

Table 6.9: Purchase Affordability, Non-Strata Dwellings, by Postcode, March Quarter 2022

Area	Postcode	Suburbs		1 st Quartile	Median	3 rd Quartile
Wollongong LGA	2500	Coniston, Gwynneville, Keiraville, Mangerton, Mount Keira, Mount Saint Thomas, Wollongong (Central, North, West)	Purchase Price	\$961,000	\$1,200,000	\$1,355,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2502	Cringila, Lake Heights, Primbee, Warrawong	Purchase Price	\$709,000	\$823,000	\$946,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2505	Port Kembla	Purchase Price	\$794,000	\$885,000	\$1,015,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2506	Berkeley	Purchase Price	\$690,000	\$750,000	\$848,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2508		Purchase Price	\$1,088,000	\$1,253,000	\$1,443,000

Area	Postcode	Suburbs		1 st Quartile	Median	3 rd Quartile
		Coalcliff, Darkes Forest, Helensburgh, Otford, Stanwell Park, Stanwell Tops	Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2515	Austinmer, Clifton, Coledale, Scarborough, Thirroul, Wombarra	Purchase Price	\$1,876,000	\$2,195,000	\$2,403,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2516	Bulli	Purchase Price	\$1,475,000	\$1,745,000	\$2,100,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2517	Russell Vale, Woonona, Woonona East	Purchase Price	\$1,351,000	\$1,469,000	\$1,613,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2518	Bellambi, Corrimal, East Corrimal, Tarrawanna, Towradgi	Purchase Price	\$1,156,000	\$1,300,000	\$1,499,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only

Area	Postcode	Suburbs		1 st Quartile	Median	3 rd Quartile
	2519	Balgownie, Fairy Meadow, Fernhill, Mount Ousley, Mount Pleasant	Purchase Price	\$1,063,000	\$1,156,000	\$1,303,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2525	Figtree	Purchase Price	\$980,000	\$1,100,000	\$1,318,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2526	Farmborough Heights, Kembla Grange, Unanderra, Mount Kembla	Purchase Price	\$801,000	\$860,000	\$1,045,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2528 (part)	Windang	Purchase Price	\$748,000	\$864,000	\$1,100,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2530	Avondale, Brownsville, Dapto, Haywards Bay, Horsley, Kanahooka, Koonawarra, Wongawilli, Yallah	Purchase Price	\$750,000	\$830,000	\$976,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only

Area	Postcode	Suburbs		1 st Quartile	Median	3 rd Quartile
Shellharbour LGA	2527	Albion Park, Albion Park Rail, Calderwood, Croom, Tongarra, Tullimbar, Yellow Rock	Purchase Price	\$775,000	\$828,000	\$931,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2528 (part)	Barrack Heights, Barrack Point, Lake Illawarra, Mount Warrigal, Warilla	Purchase Price	\$748,000	\$864,000	\$1,100,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2529	Blackbutt, Dunmore, Flinders, Oak Flats, Shell Cove, Shellharbour	Purchase Price	\$935,000	\$1,200,000	\$1,400,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
Kiama LGA	2533	Jamberoo, Kiama, Kiama Downs, Kiama Heights, Minnamurra	Purchase Price	\$1,300,000	\$1,573,000	\$1,844,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
			Purchase Price	\$1,400,000	\$1,590,000	\$2,062,000

Area	Postcode	Suburbs		1 st Quartile	Median	3 rd Quartile
	2534 (part)	Gerroa, Gerringong, Foxground, Werri Beach	Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
Shoalhaven LGA	2535 (part)	Berry, Broughton, Coolangatta, Jaspers Brush, Shoalhaven Heads	Purchase Price	\$1,425,000	\$1,902,000	\$2,605,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2539	Bawley Point, Burrill Lake, Kioloa, Lake Conjola, Mollymook, Ulladulla	Purchase Price	\$903,000	\$1,125,000	\$1,575,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2540	Basin View, Berrara, Callala Beach, Cambewarra, Culburra, Currarong, Huskisson, Meroo Meadow, Myola, Sanctuary Point, St Georges Basin, Sussex Inlet, Vincentia, Worrigea	Purchase Price	\$731,000	\$935,000	\$1,258,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only
	2541	Bangalee, Bomaderry, Nowra (Central, North, East, South, West)	Purchase Price	\$645,000	\$745,000	\$855,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only

Area	Postcode	Suburbs		1 st Quartile	Median	3 rd Quartile
	2577 (part)	Kangaroo Valley	Purchase Price	\$950,000	\$1,175,000	\$1,710,000
			Affordability	Affordable to higher income households only	Affordable to higher income households only	Affordable to higher income households only

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

EAC Red Square Database

To further understand the regional affordability context, and the factors that affect housing cost and affordability, a search of the EAC Red Square database was undertaken for all residential dwellings sold from January to October 2022 in the Illawarra Shoalhaven Region and each LGA, including all residential dwellings (strata and non-strata) and vacant land sold. Findings are summarised below, with detailed data and analysis provided at **Appendix 6**.

During this ten-month period, records for the sale of 4,473 residential properties were found in the ISR, including 1,210 strata (27%), 3,170 non-strata (71%), and 93 vacant land (2%).

Very few **strata dwellings** were affordable to moderate income households in the ISR, even at the first quartile. Only one first quartile strata dwelling (in Kiama LGA) was affordable to a low income household, and none were affordable to very low income households.

Almost no **non-strata dwellings (separate houses)** were affordable to moderate income households in the ISR at the first quartile. Virtually none were affordable to low income households, and none were affordable to very low income households. In **Wollongong, Shellharbour and Kiama LGAs**, houses sold in the period were affordable only to high income households, regardless of number of bedrooms or Postcode area. In Shoalhaven LGA, only two of more than 1,100 non-strata dwellings sold was affordable to the top 5% of moderate income households, and one was affordable to a low income household.

In terms of **vacant land**, relatively few vacant lots sold in the ISR during the study period, and none was affordable at the first quartile to even a moderate income household when the cost of constructing a home is added to the land cost.

This analysis validates the dire purchase affordability situation throughout the Illawarra Shoalhaven Region, and constituent LGAs.

6.6 Boarding Houses

6.6.1 Profile of residents

Boarding Houses in the Illawarra and NSW more broadly, are providing an important source of lower cost and more flexible accommodation for low income workers, as well as for students and people on pensions and benefits. Half of existing residents are in the labour force and most are of working age.

Three-quarters of residents were male, and two-thirds were aged between 20 and 59 years. About three-quarters had a personal income that was less than the median personal income for the Rest of NSW (\$722).

Half of Boarding House residents were in the labour force; of these, three-fifths were employed and two-fifths were unemployed. Of those employed:

- The most common occupations were labourers (37%), technicians and trades workers (16%), and community and personal service workers (16%);

- The most common industries were accommodation and food services (15%), manufacturing (13%), health care and social assistance (12%), agriculture, forestry, and fishing (12%), and retail trade (11%).

6.6.2 Affordability

Boarding Houses in the Region provide an important source of affordable and low cost accommodation to very low, low and moderate income smaller renting households, including key workers, aged and disability pensioners, with older ‘traditional’ Boarding Houses providing particularly cheap rent, and new purpose built Boarding Houses developed under the Housing SEPP having the potential to be affordable, depending on location and amenity.

The Housing SEPP now requires that a Boarding House be managed by a registered Community Housing provider, whereas this was not required under the former SEPPARH.

A search on 16 November, 2022 of the NSW Department of Fair Trading boarding house register¹²⁵ in the four LGAs identified 36 boarding houses. Of these, 29 were located in Wollongong LGA, one in Shellharbour LGA and six in the Shoalhaven LGA. There were **no boarding houses** registered in the **Kiama LGA**.

In **Wollongong LGA**, older Boarding Houses around Port Kembla and Cringila rented for as little as \$145 per week, whilst somewhat higher amenity ones around central Wollongong had weekly rents of around \$210. These would therefore be **affordable to a very low income renter**. A room in a new, purpose-built Boarding House under the Housing SEPP in Keiraville attracted a weekly rent of \$410. This would be affordable to around 70% of moderate income renters.

In **Shellharbour LGA**, a near new purpose-built Boarding House in Mount Warrigal, advertised as “best suited for Age Pensioner, Disability Pension or Carer,” had a weekly rent of \$267 per week including bills, and was furnished with bed, dining table and chairs, fridge, microwave and air conditioning, and were rented through Help Community Housing. This would be affordable to **most low income renters, and provide an important lower cost alternative to very low income renters**.

In **Shoalhaven LGA**, there were five General Registered Boarding Houses located in Sanctuary Point, Bomaderry (two), Huskisson and Nowra, and one assisted Boarding House for people with a disability. Four have been recently purpose built by Help Community Housing, who also manage three directly, and who reported that the fully furnished rooms, inclusive of bills, were largely occupied by people on age and disability pensions. Weekly rental on the General Boarding Houses was \$265 to \$280 per week including bills. This would again provide affordable rent to a **majority of low income renting households**, and a lower cost option to one bedroom apartments in the LGA for very low income household.

See also **Appendix 4** for examples of Boarding Houses and demography.

¹²⁵ <https://www.fairtrading.nsw.gov.au/help-centre/online-tools/accommodation-registers>

6.7 Caravan/Residential Parks and MHEs

6.7.1 Profile of residents

Although the age profile is predominantly older people, permanent residential sites in caravan parks and manufactured home estates also provide an important source of lower cost and more flexible accommodation for low income workers.

The ABS (2021) Census reports that the Region had 2,176 permanent residents in mobile home estates (MHEs) and caravan parks in 2021, with about half in Shoalhaven LGA, a little under a quarter each in Wollongong and Shellharbour LGAs, and the balance in Kiama LGA. However, as discussed later, the number of residents in Wollongong LGA is likely an under-estimate due to change in Census categorisation from dwellings/residents in caravan parks and/or MHEs to 'retirement village', presumably because the caravan park or MHE is for over 55 year olds.

Residents were divided almost equally between men and women, with one-quarter were aged between 20 and 59 years, and the remainder largely more than 60 years of age. About three-quarters had a personal income that was less than the median personal income for the Rest of NSW (\$722).

One-quarter of residents were in the labour force; of these, most (87%) were employed. Of those employed:

- The most common occupations were labourers (20%), machinery operators and drivers (15%), and technicians and trades workers (14%), and community and personal service workers (16%);
- The most common industries were accommodation and food services (18%), health care and social assistance (16%), retail trade (11%), and construction (11%).

The dwellings themselves were divided into about one-third caravans and two-thirds cabins, although the mix differs considerably between LGAs. Wollongong, Shoalhaven, and Kiama had mostly cabins, whereas Shellharbour had mostly caravans. Four-fifths were owned outright (with a small number of those still with a mortgage) and most of the rest were rented.

(See **Appendix 3** for detailed analysis).

6.7.2 Affordability

Long-term and permanent living within caravan parks has the potential to provide affordable rental to very low and low income households who are working, or on pensions and benefits, provided a person can bring their own manufactured home or caravan, and/or are able to rent a park-owned cabin at a reasonable rent. This is most often in non-premium locations, and/or where the park is not an upmarket 'MHE' or primarily a tourist use.

Permanent site rental is available in a number of caravan parks in **Wollongong, Shellharbour and Shoalhaven LGAs**, where rents are generally between \$150 and \$180 per week, which would be affordable to a very low income renting household, provided they had some form of van or mobile home to place on it (see **Appendix 3** for examples).

There were also some park-owned cabins that were available for six months, or as permanent rental in **Shoalhaven LGA**, with these cabins typically around \$220 per week with no ensuite, or \$250

with an ensuite. The former would be affordable to the upper end of the very low income range, whilst the latter would be affordable to most low income renting households.

However, although **Kiama LGA** had six caravan parks, five of these were Council owned, and were exclusively for tourist use, with a limit of 27 days stay, and a weekly rental on a Council-owned cabin of \$265 per night or more than \$1,800 per week.¹²⁶ This is clearly only affordable to higher income households, and is no utility in terms of providing for key worker housing due also to the time limits on staying.

The remaining commercial caravan park in Kiama LGA has some long-term casual sites available for \$179 to \$193 per week, which would be affordable to a very low income household, but they would need to have their own home, and could stay a maximum of 180 days in a 12 month period. **There were no parks in Kiama LGA with permanent residential sites or cabins for rent, therefore an important opportunity for key worker housing was absent in this LGA.**

6.8 Profile of Renters & Purchasers by Income

6.8.1 Private renters by income (2021)

Across the Rest of NSW, 61% of privately renting households were on a very low, low, or moderate income. This is expected as these combined income bands include households earning up to 120% of household median income.

However, the composition of privately renting households in the Region is quite different to the State average. All LGAs, apart from Shoalhaven, have a lower than average rate of very low income renting households, with Kiama having a particularly low rate. Overall, 54% of private renters were from the three target groups in Wollongong and Shellharbour LGA, while only 46% of Kiama's private renters were on a very low, low or moderate income. This indicates the extent to which Kiama has gentrified in the context of its very unaffordable housing market.

Shoalhaven is quite different, with 65% of private renters in these income bands, above the Rest of NSW average, and indicates that this is still an area where such households can rent, albeit with increasingly high rates of severe housing stress and risk of displacement, as can be seen from the migration analysis above.

¹²⁶

<https://bookings8.rmscloud.com/Rates/Index/651/1?A=05/01/2023&D=05/08/2023&Dn=20221125095620&Rt=3&Ad=2&Mp=0&M=0&Y=1&Z=0&Rv=1#!/rate>, accessed 25 October 2022

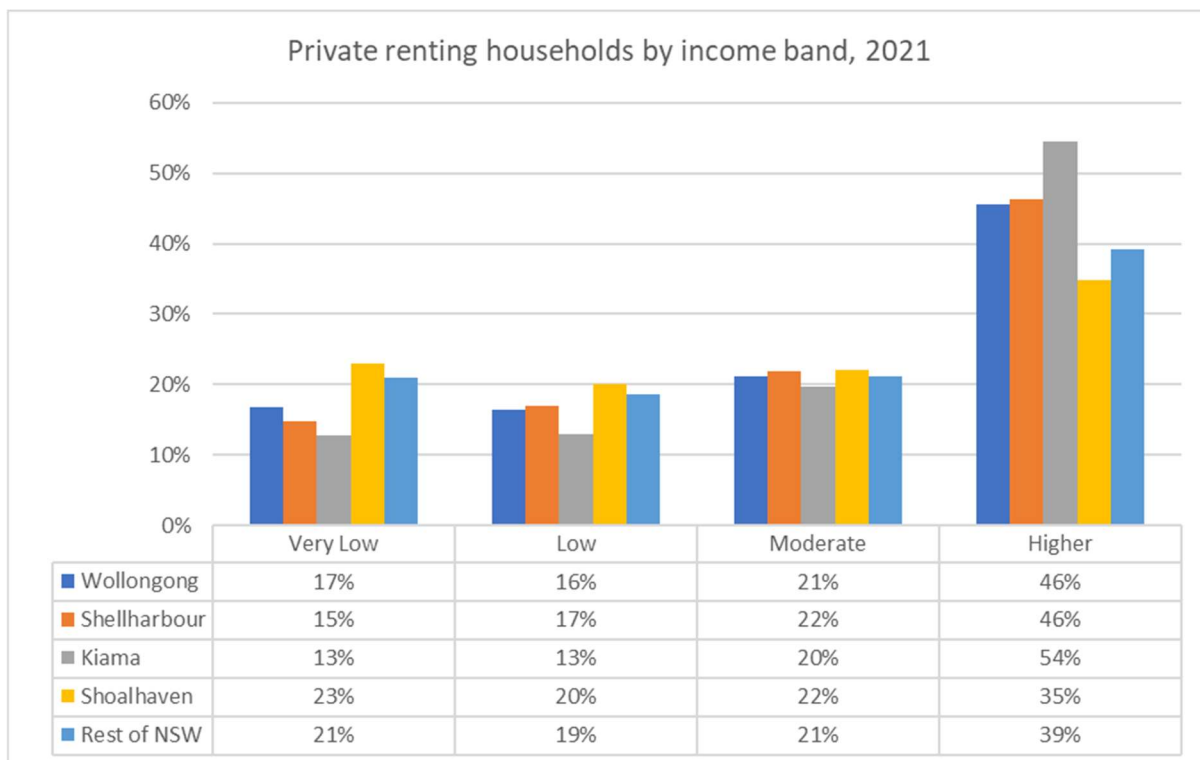


Figure 6.6: Private rental households by income band Illawarra Shoalhaven LGAs, 2021

Source: JSA 2022 derived from ABS 2021 Census, TableBuilder Pro, Household Income, by Landlord Type, by LGA or Rest of NSW; ABS (2021) Census and ABS (2006) Census, QuickStats, Median weekly household income.

6.8.2 Change in profile of private renters (2006-2021)

Lower income households are being displaced from private rental across the ISR. This is happening faster than for the Rest of NSW.

The proportion of private renting households that were very low income fell across all Illawarra Shoalhaven LGAs between 2006 and 2021. This proportion also fell in the Rest of NSW, but not by as much, in percentage point terms, as in the four LGAs.

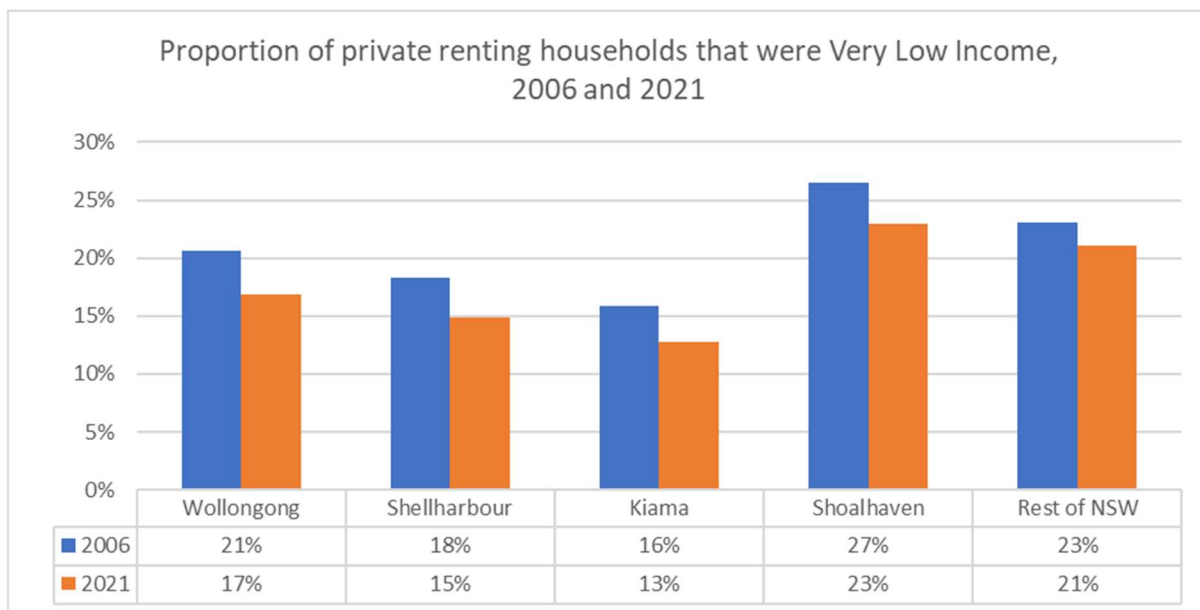


Figure 6.7: Proportion of private renting households that were Very Low Income, Illawarra Shoalhaven LGAs and Rest of NSW, 2006 and 2021

Source: JSA 2022, derived from ABS (2021) Census and ABS (2006) Census, TableBuilder Pro, Household Income, by Landlord Type, by LGA or Rest of NSW; ABS (2021) Census and ABS (2006) Census, QuickStats, Median weekly household income.

Likewise, the proportion of private renting households that were low income fell across all ISR LGAs, although by a smaller amount. This proportion also fell in the Rest of NSW. Shellharbour, Kiama, and Shoalhaven LGAs had bigger falls in the share of low income households among private renters, in percentage point terms, than did the Rest of NSW, with Shoalhaven showing a particularly high rate of loss of such households. The fall in Wollongong LGA was very slight.

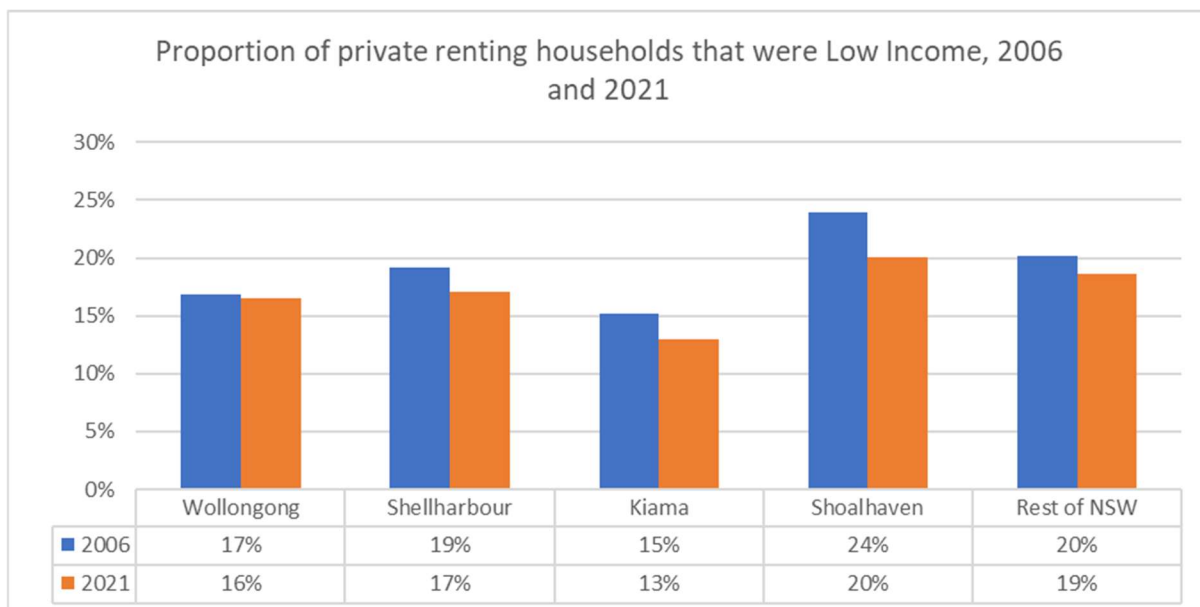


Figure 6.8: Proportion of private renting households that were Low Income, Illawarra Shoalhaven LGAs and Rest of NSW, 2006 and 2021

Source: JSA 2022, derived from ABS (2021) Census and ABS (2006) Census, TableBuilder Pro, Household Income, by Landlord Type, by LGA or Rest of NSW; ABS (2021) Census and ABS (2006) Census, QuickStats, Median weekly household income.

The proportion of private renting households that were of moderate income rose in the four ISR LGAs and in the Rest of NSW. This rise was the greatest in Wollongong and Shoalhaven LGAs, and the least in Kiama LGA. However, this gain did not offset the loss over the 15 years of very low and low income renters from the Region and its LGAs.

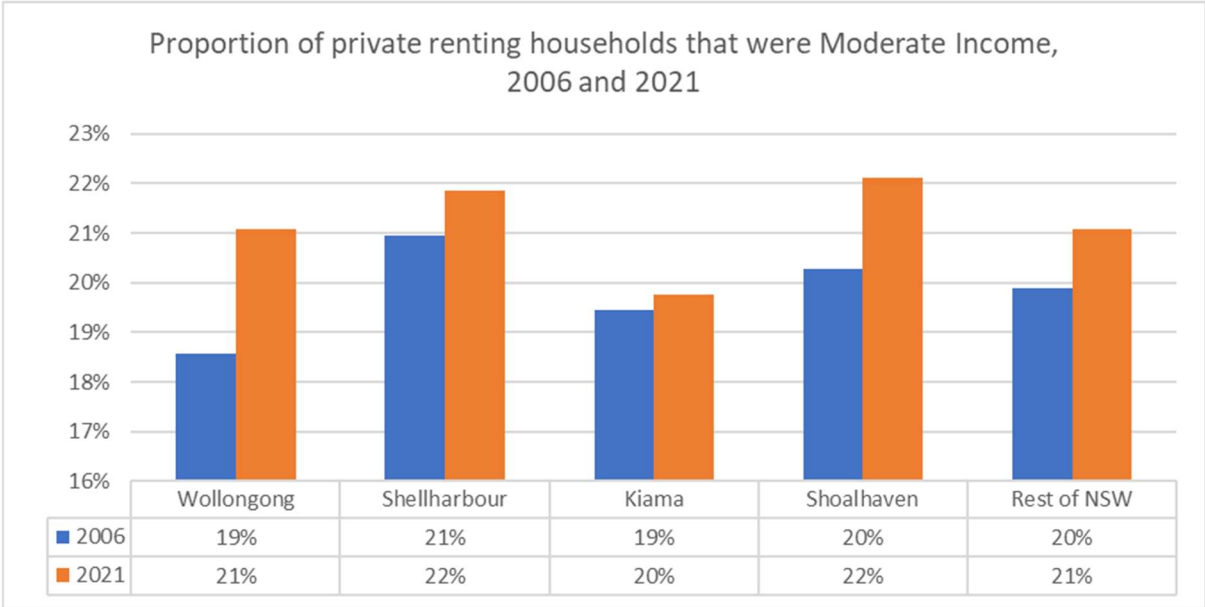


Figure 6.9: Proportion of private renting households that were Moderate Income, Illawarra Shoalhaven LGAs and Rest of NSW, 2006 and 2021

Source: JSA 2022, derived from ABS (2021) Census and ABS (2006) Census, TableBuilder Pro, Household Income, by Landlord Type, by LGA or Rest of NSW; ABS (2021) Census and ABS (2006) Census, QuickStats, Median weekly household income.

There are a few possible reasons for these findings. Firstly, very low and low income households tended to move from private rental to ‘other’ tenure types.¹²⁷ Secondly, a slightly larger proportion of very low income households, probably retirees, owned their dwelling outright in 2021, and accounted for some of this change.

However, it is also likely that a high proportion of very low and low income renters have left the Region, which is supported by a review of migration data, as well as the higher rate of loss compared with Rest of NSW. This reason is relevant to this study, as the people in these households will no longer be part of the local labour force, and are likely part of the loss of low income key workers mentioned by large employers and business groups during research for this study.

6.8.3 Purchasers by income (2021)

The income profile of purchasers across the four LGAs paints an even starker picture than that of private rental, and shows the almost impossible challenge faced by households on very low and

¹²⁷ The increase in other tenure types for the Rest of NSW more than doubled in percentage point terms between 2006 and 2021, from 1.7% to 3.8%. The ABS, however, does not specify what these tenure types may be, and the relevant Census question does not let the respondent give a free-form response.

low incomes to purchase in the Region, a situation that is worse in Wollongong, Shellharbour and Kiama than for Rest of NSW, and even NSW overall.

The situation in the Shoalhaven is somewhat better, but the rate of purchase among very low and low income households is less than half what would be expected from the income distribution across these groups. However, moderate income households are still able to purchase at a much higher rate than other areas, as shown below.

There was also a loss of very low and low income renters in the Region from 2006 to 2021,¹²⁸ which again indicates an increasingly unaffordable purchase market from groups that would one have been able to purchase in the Region.

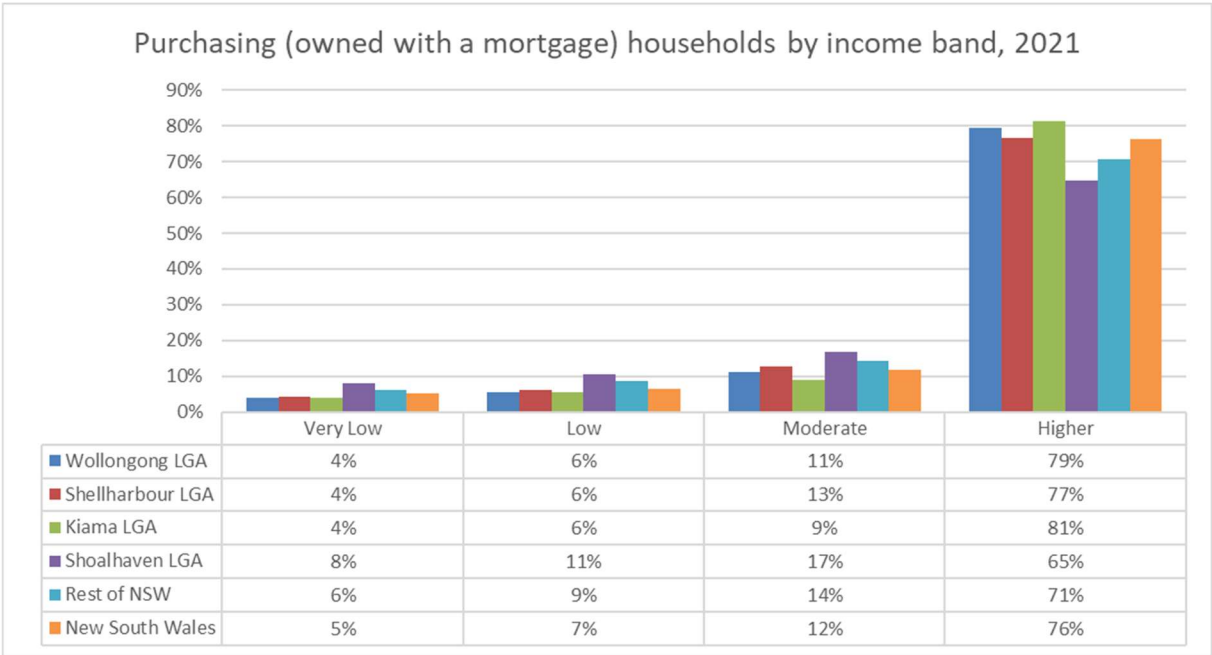


Figure 6.10: Purchasing (owned with a mortgage) households by income band Illawarra Shoalhaven LGAs, 2021

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

6.9 Case Studies

6.9.1 Key Worker Case Studies

Overview

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

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

- A lone person working as a barista in a local café, or as a sales assistant in a department store, earning \$595 and \$634 respectively per week. These workers could affordably pay up to \$190 per week, and could not afford to rent a median one bedroom unit in even the cheapest part of the Region (\$283 in Nowra Bomaderry), let alone afford the median one bedroom unit rent in Wollongong or Shellharbour LGAs (\$360 and \$400 respectively).
- A couple household with one studying and one working as an office cleaner (on \$710 per week); or a hairdresser whose partner is caring for their small child (\$735 per week), who could afford to pay up to \$220 per week, and likewise could not affordably rent a one bedroom unit anywhere in the Region.

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

- A child care worker wanting to move out of Sydney to take up a job in Kiama, and earning \$772 per week, would be able to pay \$231 in rent, and could also not rent a one-bedroom unit in the cheapest part of the Region. They would pay more than half of their very low income to rent the median one bedroom unit in Kiama LGA (\$400), noting that these are in very short supply.
- A personal care worker in aged care or an educational aid (each on around \$843 per week), wanting to move out of the family home close to their Shellharbour workplace would be able to pay \$253 per week, and again could not affordably rent a one bedroom unit in even the cheapest part of the Region. Although they were willing to pay rent that would place them in housing stress, having applied for one of the very few one bedroom apartments that came up for rent, they were not even offered a viewing. Both are currently considering job offers in the central west of NSW, where rent is more affordable and more is available. A delivery driver on \$801 per week would be in the same position.
- A clerical worker on \$1,014 per week or a machine operator on \$1,063, and offered a job in Wollongong CBD, could afford to pay around \$310 per week in rent, and could not afford to rent anywhere near where they work. They could affordably rent in Nowra Bomaderry, but this would be a daily two-way commute of 160 kilometres, and would cost a lot, both in money for petrol and vehicle wear-and-tear, and in travel time. Like others in this position, they are considering sleeping in their car so that they can take up the job offer.

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

- A Registered Nurse wanting to relocate from Newcastle to take up a job promotion in Kiama in residential aged care, and earning \$1,477 per week, would be able to pay \$443 per week in rent. She would be able to affordably rent a one bedroom unit (\$400 per week), but there have been none advertised in the four weeks she has been looking, nor in nearby areas, and she is seriously considering remaining in Newcastle, where she is paying off a unit. The aged care home itself was short staffed and may have to consider closing down if it cannot find more workers.

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

6.9.2 Centrelink Recipients Case Studies

As a subset of households on very low incomes, people who are receiving some form of Services Australia payment, such as a single Aged Pension, Disability Support Pension or JobSeeker Payment, would be excluded from affordable rental in virtually all housing products in the Region.

- A single aged female pensioner with no superannuation would have an income of \$513 per week including relevant supplements, and could afford to pay \$230 in rent including Rent Assistance.¹²⁹ She could not affordably rent even a studio or one-bedroom apartment in any part of the Region, and would pay more than 65% of her income for the median one bedroom apartment in Shellharbour or Kiama LGAs.
- An aged pensioner couple with no superannuation and receiving Rent Assistance would have an income of \$774 per week including relevant supplements, and could afford to pay \$303 in rent including Rent Assistance.¹³⁰ This couple could not affordably rent even a studio one-bedroom apartment in most of the Region, apart from the Shoalhaven LGA, where they could rent a one bedroom unit. They would pay almost 50% of their income for a one bedroom apartment in Shellharbour or Kiama LGAs.
- A single working-age male on JobSeeker Payment would have an income of \$334 per week, and could afford to pay \$176 in rent including Rent Assistance.¹³¹ He could not affordably rent anything in the Region, and would pay almost all of his income to rent in a one-bedroom unit in Shellharbour or Kiama, and more than 70% of his income to rent a one-bedroom unit in Shoalhaven.
- A single parent household with two children that is receiving Parenting Payment and relevant supplements would be on an income of \$740 per week, and could afford to pay \$310 per week in rent including Rent Assistance.¹³² This household could just afford the median one bedroom unit in the Shoalhaven LGA, although there are few available at the time of writing and they would not be suitable for this family's needs.

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

¹²⁹ Around \$76 per week for eligible households.

¹³⁰ Around \$71 per week for eligible households.

¹³¹ Around \$76 per week for eligible households.

¹³² Around \$89 per week for eligible households.

6.10 Housing Stress

6.10.1 Illawarra Shoalhaven Region

A commonly used measure of underlying **need for affordable housing** is the number of households in ‘housing stress’, or at risk of after-housing poverty.¹³³ A broad ‘rule of thumb’ for ‘housing stress’ is when a very low, low or moderate income household is paying more than 30% of its gross income on rental or mortgage repayments, and ‘severe housing stress’ is when such a household is paying more than 50% of its income on such housing costs.

Other factors will clearly affect the financial and social wellbeing of a family, including the adequacy and appropriateness of their housing, and costs that are unequally borne by some households, for example, high health care or transport costs where they live in a regional or rural area.¹³⁴ As such, housing stress is useful as a broad metric for understanding the comparative affordable housing need, and the potential scale of the problem for strategic planning purposes.

At the time of the 2021 Census, there were around **22,700 very low, low and moderate income households in housing stress** in the Illawarra Shoalhaven Region, with around 17,750 households (78%) in rental stress and 4,950 households (22%) in purchase stress. The number of households in housing stress was roughly proportionate the generally population distribution across LGAs.

However, there is a disproportionate amount of housing stress amongst **renters** in Wollongong LGA, who made up 81% of all those in housing stress in Wollongong LGA, and greater likelihood that those in housing stress would be purchasers in Shellharbour and Shoalhaven.

Table 6.10: Housing Stress among Renters Illawarra Shoalhaven Region 2021

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

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

¹³³ See for example Yates, J. 2007. *Housing Affordability and Financial Stress*, AHURI Sydney University, who notes that, often ‘housing stress’ is defined by the 30-40 rule, that is, that a low income household (in the lowest 40% of household income) will pay no more than 30% of its gross income on housing costs. This broad rule of thumb is often extended to the low to moderate income groups as defined under SEPP 70.

¹³⁴ See for example Gleeson, B. and Randolph, B. (2002) ‘Social disadvantage and planning in the Sydney Context’, *Urban Policy and Research* Vol 20(1) pp101-107; and Kellett, J. Morrissey, J. and Karuppanan, S. 2012. ‘The Impact of Location on Housing Affordability’, *Presentation to 6th Australasian Housing Researchers Conference*, 8-10 February 2012, Adelaide, South Australia.

By far the most serious affordable housing need is among **very low and low income renters**, who combined make up 82% of households in rental stress in the LGA (51% on very low incomes and 31% on low incomes). Very low income renting households are also far more likely to be in severe housing stress than other income groups.

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

As well as the significant over-representation of renters among those in housing stress, it is also noted that home purchasers often have an appreciating asset and that their income to repayments ratio generally decreases over time. Long-term renters do not have these benefits, and are particularly hard hit where the real cost of rental continues to grow compared with their income.

Table 6.11: Housing Stress by Income, Tenure & H/h Type Illawarra Shoalhaven Region 2021

Income Group	Renting Households			Purchasing Households		
	Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL RENTERS IN HOUSING STRESS	Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL PURCHASERS IN HOUSING STRESS
Affordable to Very Low Income Households	6,6410	2,459	9,099 (40%)	691	415	1,106 (5%)
Affordable to Low Income Households	2,540	2,945	5,485 (24%)	954	787	1,742 (8%)
Affordable to Moderate Income Households	1,135	2,031	3,166 (14%)	932	1,170	2,102 (9%)
TOTAL	10,315	7,435	17,750 (78%)	2,577	2,372	4,950 (22%)

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

6.10.2 Housing Stress by Local Government Area

In regional NSW as a whole, 79% of very low income renting households were in housing stress, with 41% in severe housing stress (paying more than 50% of their gross household income in rent). Kiama and Shoalhaven LGAs had particularly high rates of housing stress among very low income renters, and a particularly high rate of severe housing stress in Kiama (64% of those in housing stress), which was also high in the Shoalhaven (almost half of those in housing stress).

The profile of very low income rental stress, particularly in Kiama and Shoalhaven, likely indicates a population of historical renters at serious risk of displacement, and precariously holding onto their rental housing amid a rapidly appreciating housing market.

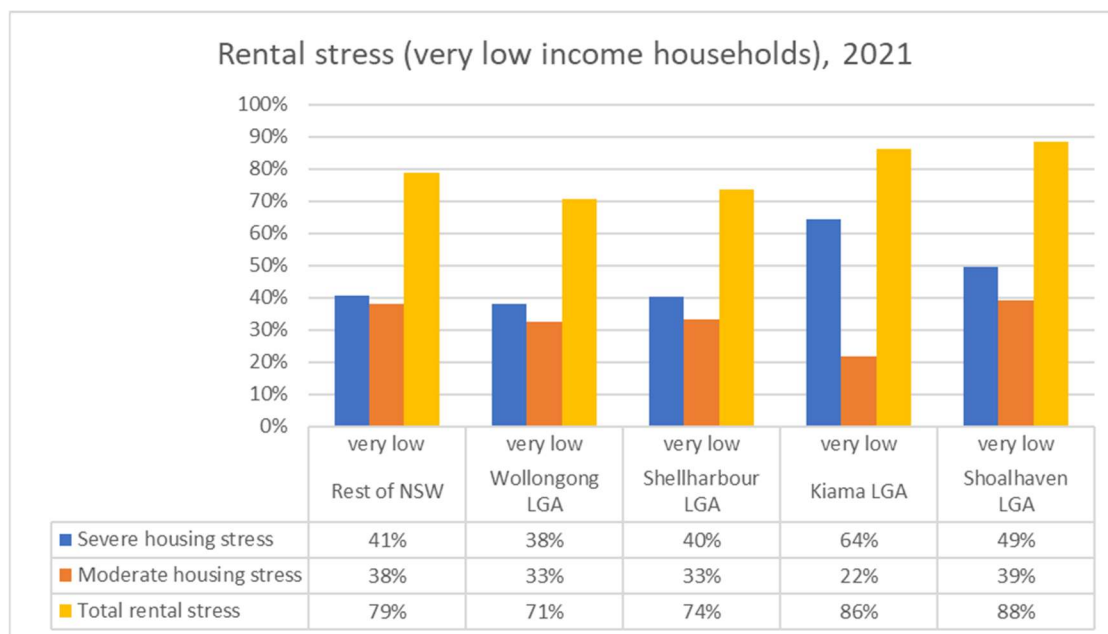


Figure 6.11: Housing Stress among very low income renting households in ISR and Rest of NSW

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

There was also a much higher than average rate of rental stress among low income renters across all LGAs, and particularly Kiama LGA, which also had a very high rate of low income renters in severe stress. Again, a picture of people ‘hanging on by their fingernails’ to maintain their local rental is apparent.

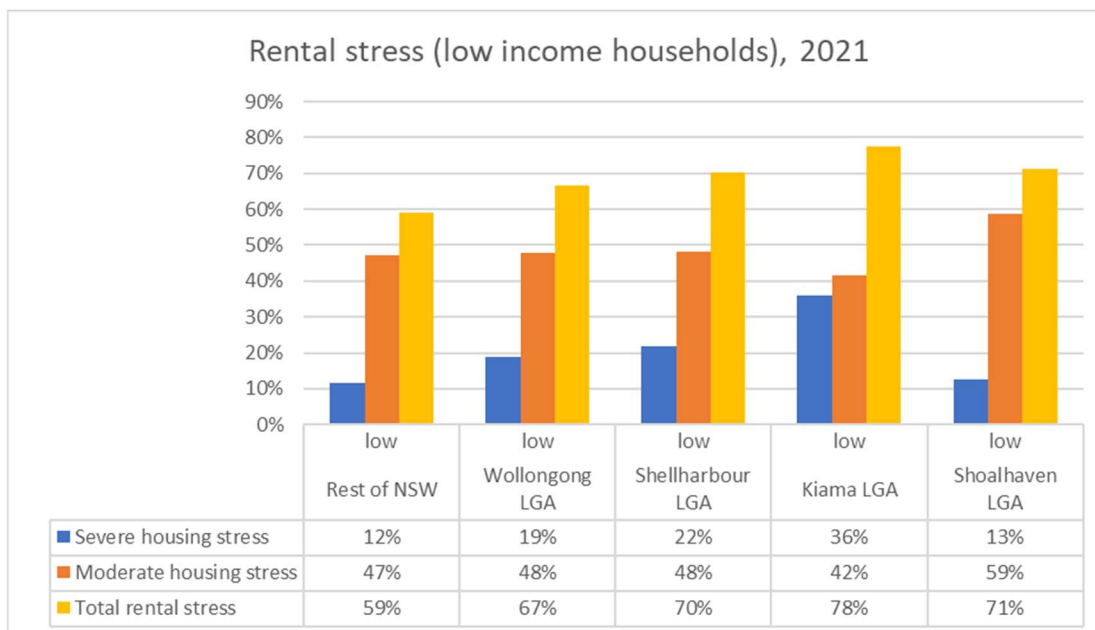


Figure 6.12: Housing Stress among low income renting households in ISR and Rest of NSW

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

The relative expense of the regional housing market is also evident from the much higher than average rate of housing stress among moderate income renters as well, particularly in Kiama and Shellharbour LGAs, as shown below.

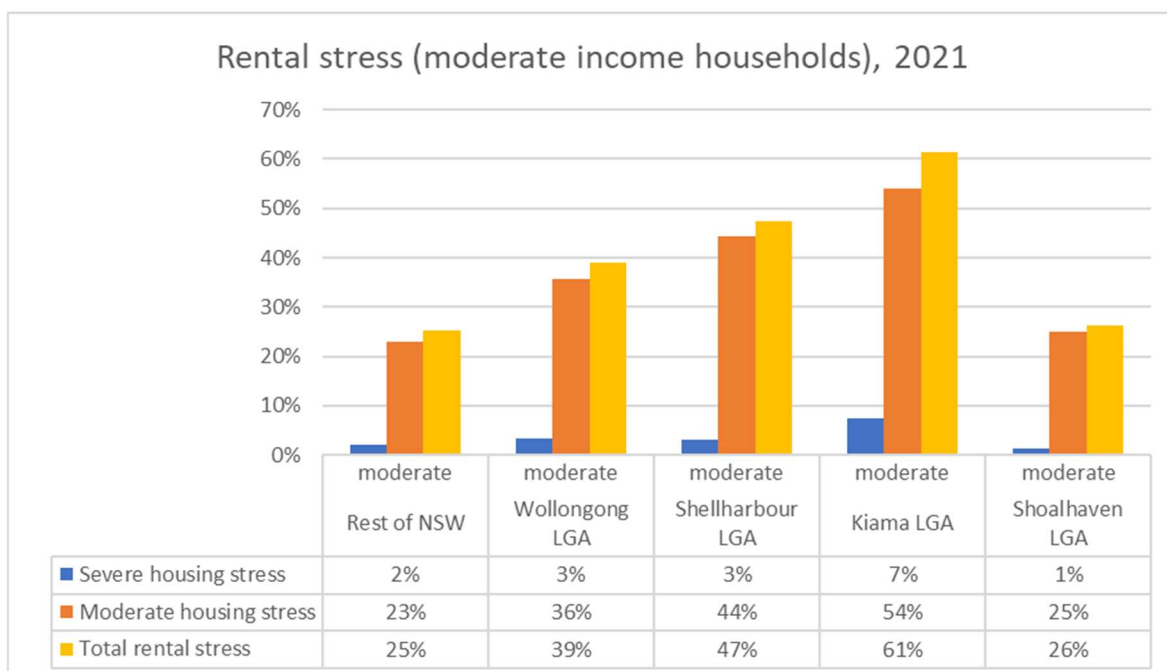


Figure 6.13: Housing Stress among moderate income renting households in ISR & Rest of NSW

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

The relative rate of housing stress **by tenure and income** is shown for each LGA below.

Wollongong LGA

Two-thirds of those in housing stress in Wollongong LGA at the time of the 2021 Census were **very low and low income renters**, and 81% of all those in housing stress were renters. This in part reflects the highly differentiated housing market, where lower income renters can still maintain a ‘toe hold’ in some of the cheaper areas of the LGA, but are increasingly at risk of displacement amid steep increases in real rents.

Housing stress among purchasers was relatively low, likely at least in part due to the fact that people in these income groups are largely excluded from home purchase in the LGA.

Overall, more than three-quarters of those in housing stress were on very low and low incomes.

Table 6.12: Relative Housing Stress among Income and Tenure Groups WLGA 2021

Housing Stress Summary: Wollongong LGA			
INCOME BAND	RENTAL STRESS	PURCHASE STRESS	TOTAL STRESS
	(Severe + Moderate)	(Severe + Moderate)	
	# households	# households	# households
Very Low	4,973 (42%)	519 (4%)	5,492 (46%)
Low	2,833 (24%)	768 (6%)	3,601 (30%)
Moderate	1,803 (15%)	980 (8%)	2,783 (23%)
Total	9,610 (81%)	2,267 (19%)	11,877 (100%)

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

Shellharbour LGA

Again, almost three-quarters of households in housing stress in Shellharbour LGA were renters, with by far the main groups **very low and low income renters**.

A somewhat higher proportion of low and moderate income purchasing households are in housing stress in Shellharbour LGA compared with the regional average, likely due to the historically lower cost of purchase in the LGA compared with Wollongong and Kiama LGAs.

Table 6.13: Relative Housing Stress among Income and Tenure Groups Shellharbour 2021

Housing Stress Summary: Shellharbour LGA			
INCOME BAND	RENTAL STRESS	PURCHASE STRESS	TOTAL STRESS
	(Severe + Moderate)	(Severe + Moderate)	
	# households	# households	# households
Very Low	1,356 (34%)	209 (5%)	1,565 (39%)
Low	953 (24%)	372 (9%)	1,325 (33%)

Housing Stress Summary: Shellharbour LGA			
INCOME BAND	RENTAL STRESS	PURCHASE STRESS	TOTAL STRESS
	(Severe + Moderate)	(Severe + Moderate)	# households
	# households	# households	
Moderate	669 (17%)	485 (12%)	1,154 (29%)
Total	2,978 (74%)	1,066 (26%)	4,044 (100%)

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

Kiama LGA

Again, renters were far more likely than purchasers to be housing stress in Kiama LGA (more than two-thirds), although a lower than regional average rate of renters were on very low and low incomes (53%), and a much higher rate were on moderate incomes. This is likely due to the fact that very low and low income renters have, over time, left the LGA due to the increasing unaffordability of rental, and have been priced out of the private rental market for some years.¹³⁵

Table 6.14: Relative Housing Stress among Income and Tenure Groups Kiama 2021

Housing Stress Summary: Kiama LGA			
INCOME BAND	RENTAL STRESS	PURCHASE STRESS	TOTAL STRESS
	(Severe + Moderate)	(Severe + Moderate)	# households
	# households	# households	
Very Low	198 (29%)	27 (4%)	225 (33%)
Low	164 (24%)	39 (6%)	203 (30%)
Moderate	172 (25%)	85 (12%)	257 (38%)
Total	534 (78%)	151 (22%)	685 (100%)

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

Shoalhaven LGA

Again, more than three-quarters of those in housing stress in Shoalhaven LGA were renters. Overall, like Wollongong LGA, **two-thirds of those in housing stress were very low and low income renters**, with such renters still able to rent in the LGA, but increasing facing the risk of displacement due to significant increases in real rents over the past few years. A somewhat higher than average proportion of very low income purchasers are in housing stress, but that is more likely

¹³⁵ JSA (2009) Kiama Affordable Housing Background Report, Kiama Council.

due to historical capacity to purchase and a change in life circumstances, such as retirement or divorce.

Table 6.15: Relative Housing Stress among Income and Tenure Groups Shoalhaven LGA 2021

Housing Stress Summary: Shoalhaven LGA			
INCOME BAND	RENTAL STRESS	PURCHASE STRESS	TOTAL STRESS
	(Severe + Moderate)	(Severe + Moderate)	
	# households	# households	# households
Very Low	2,585 (42%)	442 (7%)	3,027 (50%)
Low	1,485 (24%)	551 (9%)	2,036 (33%)
Moderate	557 (9%)	478 (8%)	1,035 (17%)
Total	4,628 (76%)	1,471 (24%)	6,099 (100%)

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

6.11 Gap Analysis

6.11.1 Overview

This section provides an analysis of current, projected (2021-41) and total (current plus projected) affordable housing need by income, household and tenure type. It first provides estimates for the Illawarra Shoalhaven Region as a whole, and then for each of the four regional LGAs.

This then provides the basis for indicative affordable housing targets to 2041, as discussed in **Sections 6.11.7-11** below.

6.11.2 Affordable Housing Need for Illawarra Shoalhaven Region

Current Unmet Need for Affordable Housing in 2021

As noted, at the time of the 2021 Census, **around 22,700 very low, low and moderate income households were estimated to be in housing stress** in the Illawarra Shoalhaven Region, with around 17,750 households (78%) in rental stress and 4,950 households (22%) in purchase stress. By far the most serious affordable housing need is among **very low and low income renters**, who combined make up 82% of households in affordable housing need by this measure.

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

Additional Affordable housing for Very Low, Low and Moderate Income Households 2021-41

Additional need for affordable housing from 2021 to 2041 would be around **7,720 additional dwellings**. This assumes that existing level and distribution of housing stress by broad household type, tenure and income remains consistent, and is projected forward using the proportional increase in the number of dwellings projected to 2041 by DPE (2022) (+34%).

Two data sets have been considered in reaching this estimate (see Table 5.38 below). The first uses as a baseline the implied dwellings as at 2021 and the additional implied dwellings required from the most recent DPE (2022) projections (blue shading). The second possible baseline are actual dwellings as counted on the night of the 2021 Census (a total of occupied (OPD) and unoccupied private dwellings (UPD)) (orange shading), which is lower than the implied dwellings from DPE projections, and similarly assumes additional dwellings from the DPE projections.

We have used the **implied baseline (2021) dwellings from the DPE 2022 projections**, as these have recently been updated to reflect adjusted figures from COVID and other recent impacts upon supply. We note that the 67,670 additional dwellings is higher than the 58,000 additional dwellings in the ISR Regional Plan 2041, which was produced prior to the recent release of DPE projections. The difference may relate to adjustment in the recent DPE figures for unoccupied private dwellings and other factors, noting that the Greater Cities Commission's Plan is also yet to be released.

It is also noted that the DPE (blue shaded) columns reflect other strategic documents, for example, the 27,339 additional dwellings estimated for Wollongong LGA is similar to the 28,000 dwellings projected in the draft Wollongong Housing Strategy, discussed in Section 5.4.1 above.

Table 6.16: Additional Dwellings Required from 2021-41 in Illawarra Shoalhaven Region

Area	DPE 2022 Implied Dwelling Number & Projections				ABS 2021 Number & 2022 DPE Implied Dwelling Projections		
	2021	2041	# additional dwellings 2021-41	% increase dwellings 2021-41	ABS 2021 Total dwellings (OPD +UPD)	# additional dwellings ABS 2021-41	% increase dwellings ABS 2021-41
Kiama	11676	15447	3771	32%	10766	4681	43%
Shellharbour	29962	42182	12220	41%	29862	12320	41%
Shoalhaven	62646	86985	24339	39%	58692	28293	48%
Wollongong	93310	120649	27339	29%	89329	31320	35%
Illawarra-Shoalhaven	197594	265264	67670	34%	188644	76620	41%
Regional NSW	1481686	1815626	333940	23%	1281496	534130	42%
NSW Total	3425215	4329475	904260	26%	3357785	971690	29%

Source: JSA 2022, based on data from ABS Census 2021 (TableBuilder Pro), and DPE projections 2022.

As such, an increase of around 34% in the 2021 number of dwellings is projected by 2041 across the Illawarra Shoalhaven Region, which is much higher than that projected for regional NSW and NSW as a whole, with differing rates of increase in the LGA of 29% for Wollongong, 41% for Shellharbour, 32% for Kiama and 39% for Shoalhaven to 2041.

Even if this is an over-estimate due to using a higher additional housing number than the current Regional Plan, it is noted that the underlying assumptions are likely to make this quite conservative. This includes the significant increases in real rents and purchase prices in the Region for some years amid a much lower rate of increase in incomes, particularly for very low and low income households, so that housing stress and thus affordable housing need would be expected to intensify in the future.

Additional Need for Social Housing 2021-41

At the time of the 2021 Census, 5.8% of occupied private dwellings were social (public and community) housing. As such, to at least maintain the existing rate of social housing across the Region by 2041, 5.8% of the additional dwellings (3,925 dwellings) would need to be social housing, with at least 60% well-located smaller strata dwellings suited to smaller households, and 40% suited to families with children.

Total Affordable (including Social) Housing Need (Current and Projected)

As such, a total of at least 34,345 affordable housing dwellings would be required to meet current and projected affordable housing need, with at least 3,925 of these provided as additional social housing dwellings to maintain the 2021 regional social housing average.

- At least **60% would need to be smaller strata dwellings** and 40% suited to families with children, and
- Around **81% would need to be for renters**, with 85% of these on very low and low incomes (58% and 27% respectively).

Table 6.17: Illawarra-Shoalhaven City total current & projected affordable housing need to 2041

	Cohort Affordable to:	Renting Households			Purchasing Households		
		Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL	Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL
Total required (at 2021) (1)	Very Low Income H/hs	6,640	2,459	9,099	691	415	1,106
	Low Income H/hs	2,540	2,945	5,485	954	787	1,742
	Moderate Income H/hs	1,135	2,031	3,166	932	1,170	2,102
Additional projected 2021-2041 (2)	Very Low Income H/hs	2,258	836	3,094	235	141	376
	Low Income H/hs s	864	1,001	1,865	324	268	592
	Moderate Income H/hs	386	691	1,076	317	398	715
Social housing (3)	Very Low Income H/hs	2,355	1,570	3,925	n/a	n/a	n/a
TOTAL (current + additional projected + social housing) (4)	Very Low Income H/hs	11,253	4,865	16,118	926	556	1,482
	Low Income H/hs	3,404	3,946	7,350	1,278	1,055	2,334
	Moderate Income H/hs	1,521	2,722	4,242	1,249	1,568	2,817

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

(1) Derived from JSA housing stress calculations using ABS 2021 Census, small and large household totals pro rata based on housing stress analysis by household/family type which does not include all household types.

(2) Derived from (1) and DPE 2022 projected implied dwellings for the ISC, **34% increase** in # of dwellings 2021-2041.

(3) Derived from ABS TableBuilder Pro, 2021 Census of Population and Housing, Total social housing rented dwellings excluding not stated, **5.8% for combined 4 x LGAs**, 60/40 split to small/large households.

(4) Sum total of (1), (2) & (3) for very low income households, sum total of (1) & (2) for low and moderate income households.

6.11.3 Affordable Housing Need for Wollongong LGA

Applying the same methodology to Wollongong LGA, with relevant LGA figures for rates and distribution of housing stress and social housing, and DPE 2022 population projections for that LGA, the following can be seen from the table below:

- Around 11,875 households are currently in housing stress, with the vast majority renters and most of these very low and low income renters;
- At least 5,385 additional households are projected to be in need of affordable housing by this measure by 2041, including at least 1,941 of these provided as social housing dwellings to maintain the existing 7.1% rate of social housing in the LGA;
- This is a total of 17,260 households (current and projected) by 2041, with the following characteristics:
 - At least **60% would need to be smaller strata dwellings** and 40% suited to families with children, and
 - Around **85% would need to be for renters**, the vast majority of these on very low incomes (58%) as well as low incomes (25%);
 - At least 1,940 dwellings would need to be provided as social housing.

This is shown in the following table.

Table 6.18: Wollongong LGA total current & projected affordable housing need to 2041

	Cohort affordable to:	Renting Households			Purchasing Households		
		Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL	Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL
Total required (at 2021) (1)	Affordable to Very Low Income H/hs	3,669	1,304	4,973	282	237	519
	Affordable to Low Income H/hs	1,367	1,466	2,833	394	374	768
	Affordable to Moderate Income H/hs	665	1,138	1,803	418	562	980
Additional projected 2021-2041 (2)	Affordable to Very Low Income Households	1,064	378	1,442	82	69	151
	Affordable to Low Income H/hs	397	425	822	114	108	223
	Affordable to Moderate Income H/hs	193	330	523	121	163	284
Social housing (3)	Affordable to Very Low Income H/hs	1,165	776	1,941	n/a	n/a	n/a
TOTAL (current + additional projected + social housing) (4)	Affordable to Very Low Income H/hs	5,897	2,459	8,356	364	306	670
	Affordable to Low Income H/hs	1,764	1,891	3,655	509	482	991
	Affordable to Moderate Income H/hs	858	1,467	2,326	539	725	1,264

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

(1) Derived from JSA housing stress calculations using ABS 2021 Census, small and large household totals pro rata based on housing stress analysis by household/family type which does not include all household types.

(2) Derived from (1) and DPE 2022 projected implied dwellings for **Wollongong LGA**, 29% increase in # of dwellings 2021-2041.

(3) Derived from ABS TableBuilder Pro, 2021 Census of Population and Housing, Total social housing rented dwellings excluding not stated, **7.1% for Wollongong LGA**, 60/40 split to small/large households.

(4) Sum total of (1), (2) & (3) for very low income households, sum total of (1) & (2) for low and moderate income households.

6.11.4 Affordable Housing Need for Shellharbour LGA

Applying the same methodology to **Shellharbour LGA**, with relevant local figures for rates and distribution of housing stress and social housing, and DPE 2022 population projections for that LGA, the following can be seen from the table below:

- Around 4,045 households are currently in housing stress, with the vast majority renters and most of these very low and low income renters;
- At least 2,465 additional households are projected to be in need of affordable housing by this measure by 2041, including at least 807 of these provided as social housing dwellings to maintain the existing 6.6% rate of social housing in the LGA;
- This is a total of 6,510 households (current and projected) by 2041, with the following characteristics:
 - At least **50% would need to be smaller strata dwellings** and 50% suited to families with children,
 - Around **77% would need to be for renters**, with 81% of these on very low and low incomes (54% and 27% respectively);
 - At least 807 dwellings would need to be provided as social housing.

This is shown in the following table.

Table 6.19: Shellharbour LGA total current & projected affordable housing need to 2041

	Cohort Affordable to:	Renting Households			Purchasing Households		
		Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL	Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL
Total required (at 2021) (1)	Very Low Income H/hs	881	475	1,356	130	79	209
	Low Income H/hs	404	549	953	208	164	372
	Moderate Income H/hs	207	462	669	224	261	485
Additional projected 2021-2041 (2)	Very Low Income H/hs	361	195	556	53	33	86
	Low Income H/hs	166	225	391	85	67	153
	Moderate Income H/hs	85	189	274	92	107	199
Social housing (3)	Affordable to Very Low Income H/hs	484	323	807	n/a	n/a	n/a
TOTAL (current + additional projected + social housing) (4)	Very Low Income H/hs	1,726	993	2,718	183	112	295
	Low Income H/hs	570	774	1,344	294	231	525
	Moderate Income H/hs	292	651	943	316	368	684

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

- (1) Derived from JSA housing stress calculations using ABS 2021 Census, small and large household totals pro rata based on housing stress analysis by household/family type which does not include all household types.
 (2) Derived from (1) and DPE 2022 projected implied dwellings for **Shellharbour LGA, 41%** increase in # of dwellings 2021-2041.
 (3) Derived from ABS TableBuilder Pro, 2021 Census of Population and Housing, Total social housing rented dwellings excluding not stated, **6.6% for Shellharbour LGA**, 60/40 split to small/large households.
 (4) Sum total of (1), (2) & (3) for very low income households, sum total of (1) & (2) for low and moderate income households.

6.11.5 Affordable Housing Need for Kiama LGA

Applying the same methodology to **Kiama LGA**, with relevant local figures for rates and distribution of housing stress and social housing, and DPE 2022 population projections for that LGA, the following can be seen from the table below:

- Around 685 households are currently in housing stress, with almost 80% renters, and a reasonably even distribution between very low, low and moderate income households, likely related to the ongoing outmigration of those on very low and low incomes;
- At least 265 additional households are projected to be in need of affordable housing by this measure by 2041, including at least 45 of these provided as social housing dwellings to maintain the existing 1.1% rate of social housing in the LGA, although it is noted that this is well below the regional and NSW averages;
- This is a total of 950 households (current and projected) by 2041, with the following characteristics:
 - At least **60% would need to be smaller strata dwellings** and 40% suited to families with children;
 - Almost **80% would need to be for renters**, with a relatively even spread among very low, low and moderate income renting households;
 - At least 45 dwellings would need to be provided as social housing, although as noted this is likely to be well below what is actually needed in the LGA.

However as discussed later, this is to be a significant underestimate of future need, particularly among key workers and older people as they retire, with the projected figure based on a relatively low rate of housing stress due to the fact that many such households have already left the LGA.

This is shown in the following table.

Table 6.20: Kiama LGA total current & projected affordable housing need to 2041

	Cohort Affordable to:	Renting Households			Purchasing Households		
		Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL	Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL
Total required (at 2021) (1)	Very Low Income Households	146	52	198	22	5	27
	Low Income Households	86	78	164	22	17	39
	Moderate Income Households	73	99	172	37	48	85
Additional projected 2021-2041 (2)	Very Low Income Households	47	17	63	7	2	9
	Low Income Households	27	25	52	7	5	12
	Moderate Income Households	23	32	55	12	15	27
Social housing (3)	Very Low Income Households	27	18	45	n/a	n/a	n/a
TOTAL (current + additional projected + social housing) (4)	Very Low Income Households	220	87	307	29	7	36
	Low Income Households	113	104	216	29	22	51
	Moderate Income Households	96	131	227	49	63	112

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

(1) Derived from JSA housing stress calculations using ABS 2021 Census, small and large household totals pro rata based on housing stress analysis by household type which does not include all household types.

(2) Derived from (1) and DPE 2022 projected implied dwellings for **Kiama LGA**, 32% increase in # of dwellings 2021-2041.

(3) Derived from ABS TableBuilder Pro, 2021 Census of Population and Housing, Total social housing rented dwellings excluding not stated, **1.2% for Kiama LGA**, 60/40 split to small/large households.

(4) Sum total of (1), (2) & (3) for very low income households, sum total of (1) & (2) for low and moderate income households.

6.11.6 Affordable Housing Need for Shoalhaven LGA

Applying the same methodology to Shellharbour LGA, with relevant local figures for rates and distribution of housing stress and social housing, and DPE 2022 population projections for that LGA, the following can be seen from the table below:

- Around 6,100 households are currently in housing stress, with the 76% of these renters - 88% on very low and low incomes (56% and 32% respectively);
- At least 3,250 additional households are projected to be in need of affordable housing by this measure by 2041, including at least 900 of these provided as social housing dwellings to maintain the existing 3.7% rate of social housing in the LGA;
- This is a total of 9,350 households (current and projected) by 2041, with the following characteristics:
 - At least **60% would need to be smaller strata dwellings** and 40% suited to families with children, and
 - Around **80% would need to be for renters**, with around 90% of these very low and low income renters (62% and 28% respectively);
 - At least 900 dwellings would need to be provided as social housing to maintain the LGA average.

This is shown in the following table.

Table 6.21: Shoalhaven LGA total current & projected affordable housing need to 2041

	Cohort Affordable to:	Renting Households			Purchasing Households		
		Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL	Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL
Total required (at 2021) (1)	Very Low Income Households	1,952	633	2,585	312	130	442
	Low Income Households	662	823	1,485	325	226	551
	Moderate Income Households	203	354	557	220	258	478
Additional projected 2021-2041 (2)	Very Low Income Households	761	247	1,008	122	51	172
	Low Income Households	258	321	579	127	88	215
	Moderate Income Households	79	138	217	86	101	186
Social housing (3)	Very Low Income Households	540	360	901	n/a	n/a	n/a
TOTAL (current + additional projected + social housing) (4)	Very Low Income Households	3,254	1,239	4,494	434	180	614
	Low Income Households	920	1,144	2,064	451	314	766
	Moderate Income Households	283	492	774	306	358	664

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

(1) Derived from JSA housing stress calculations using ABS 2021 Census, small and large household totals pro rata based on housing stress analysis by family type which does not include all household types. (2)

Derived from (1) and DPE 2022 projected implied dwellings for **Shoalhaven LGA, 39%** increase in # of dwellings 2021-2041.

(3) Derived from ABS TableBuilder Pro, 2021 Census of Population and Housing, Total social housing rented dwellings excluding not stated, **3.7% for Shoalhaven LGA**, 60/40 split to small/large households.

(4) Sum total of (1), (2) & (3) for very low income households, sum total of (1) & (2) for low and moderate income households

6.11.7 Potential Targets for Illawarra Shoalhaven Region

Considerations

As noted in strategic documents outlined in **Section 5.3** above, it is important to set affordable housing targets for the Illawarra Shoalhaven Region. It is understood that such targets will be indicative, as they are based on the best available data at the time of writing, as well as assumptions that may need to be revised over time. It is also noted that such targets have proven difficult for most councils active in this space to achieve in a challenging housing market and funding context and a changing political environment.

Nonetheless, it is important to articulate such strategic aspirations as part of a strategic planning process in order to understand the scale of the problem, the extent of market intervention required, and to measure progress against strategic objectives over time.

Two broad approaches to setting targets are considered in light of the analysis in the Table above.

The first is total estimated affordable housing need, that is, current and projected need to 2041. This estimates that around 34,345 affordable (including social) housing dwellings would be needed by 2041, which would mean that around 47% of all new dwellings would be required as affordable housing. This is not unreasonable, as around 60% of all households are in the very low, low and moderate income household target groups in the Region. However, this would clearly be very difficult to achieve without significant State and Federal Government commitment, such as that provided under the Greater London Plan, which aimed to have 50% of all new dwellings as affordable housing.¹³⁶

The second approach is to effectively ‘draw a line’ under existing affordable housing need, and consider *only* additional need from 2021 to 2041, which would represent the need for around 11,643 affordable dwellings, including 3,925 expressly funded by State Government as social housing to maintain the 2021 regional average. This would be around 17.2% of projected additional dwellings from 2021 to 2041 on the DPE 2022 projections, or around 20% of the additional dwellings nominated in the Regional Plan by 2041 (58,000 dwellings). It would not be unreasonable to aim to ensure that **at least 15-20% of all projected additional dwellings from 2021-41 are provided as affordable housing**, which would likely be a conservative estimate in the context of accelerating need, and the fact that no *existing need* is factored into this estimate, even if the housing projections above are inflated.

Potential Targets for Illawarra Shoalhaven Region

The second approach has been taken to the estimates of targets below as a more achievable set of targets. However, it is possible to adopt the total (first approach) or some combination of the two, which will need to be considered as part of the forthcoming *Affordable Housing Strategic Case Studies and Strategies Report*.

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The following Table shows that, of the at least 11,643 additional affordable housing dwellings to meet projected need from 2021-41, around:

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

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

A more detailed breakdown of these targets (additional need only) is shown in the Table below.

Table 6.22: Illawarra-Shoalhaven City affordable housing target to 2041

		Renting Households			Purchasing Households		
		Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL	Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL
Additional projected 2021-2041	Affordable to Very Low Income Households	2,258	836	3,094	235	141	376
	Affordable to Low Income Households	864	1001	1,865	324	268	592
	Affordable to Moderate Income Households	386	691	1,076	317	398	715
Social housing	Affordable to Very Low Income Households	2,355	1,570	3,925	n/a	n/a	n/a
TOTAL		5,862	4,098	9,960	876	806	1,683

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

6.11.8 Potential Targets for Wollongong LGA

The following table shows that at least **5,385 additional affordable housing dwellings** will be needed to meet projected need to 2041, taking into account additional need from 2021-41 only. Of these, around:

- **88% would be for renting households**, with 88% of these very low and low income renting households (71% and 17% respectively);
- **60% would need to be well-located, smaller strata dwellings**, and 40% would need to be dwellings suited to families with children;
- At least **1,940 dwellings would need to be social housing** to maintain the existing LGA average of 7.1%.

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

A more detailed breakdown of these targets (additional need only) is shown in the Table below.

Table 6.23: Wollongong LGA affordable housing target to 2041

		Renting Households			Purchasing Households		
		Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL	Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL
Additional projected 2021-2041	Affordable to Very Low Income Households	1,064	378	1,442	82	69	151
	Affordable to Low Income Households	397	425	822	114	108	223
	Affordable to Moderate Income Households	193	330	523	121	163	284
Social housing	Affordable to Very Low Income Households	1,165	776	1,941	n/a	n/a	n/a
TOTAL		2,818	1,910	4,728	317	340	657

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

6.11.9 Potential Targets for Shellharbour LGA

The following table shows that **at least 2,525 additional affordable housing dwellings** will be needed to meet projected need to 2041, taking into account additional need from 2021-41 only. Of these, around:

- **80% would be for renting households**, with a majority of these on very low incomes (67%), and the rest of low and moderate incomes (19% and 17% respectively);
- **55% would need to be well-located, smaller strata dwellings**, and 45% would need to be dwellings suited to families with children;
- At least **807 dwellings would need to be social housing** to maintain the existing LGA average of 6.6%.

As such, by far the greatest need in terms of number of people, the severity of housing stress and lack of anything that is affordable through the private market, is among **very low income renters**, who are likely to require deep subsidies and strong market intervention for their housing to be affordable by the statutory definition, as well as for low and moderate income renters.

A more detailed breakdown of these targets (additional need only) is shown in the Table below.

Table 6.24: Shellharbour LGA affordable housing target to 2041

		Renting Households			Purchasing Households		
		Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL	Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL
Additional projected 2021-2041	Affordable to Very Low Income Households	361	195	556	53	33	86
	Affordable to Low Income Households	166	225	391	85	67	153
	Affordable to Moderate Income Households	85	189	274	92	107	199
Social housing	Affordable to Very Low Income Households	484	323	807	n/a	n/a	n/a
TOTAL		1,096	932	2,028	230	207	437

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

6.11.10 Potential Targets for Kiama LGA

The following table shows that **at least 264 additional affordable housing dwellings** will be needed to meet projected need to 2041, taking into account additional need from 2021-41 only, although as noted, this is likely to be a significant under-estimate that reflects the highly gentrified nature of the LGA, and that very low, low and moderate income households will largely be precluded from living in the LGA in the future.

Of the number estimated based on current assumptions, around:

- **82% would be for renting households**, with a reasonable distribution across all three income groups;
- **60% would need to be well-located, smaller strata dwellings**, and 40% would need to be dwellings suited to families with children;
- At least 45 dwellings would need to be social housing if the **LGA average of 1.1%** were to be maintained to 2041, although as noted, this reflects the historical undersupply of social housing in the LGA and is severely inadequate.

Under this scenario, by far the greatest need in terms of number of people, the severity of housing stress and lack of anything that is affordable through the private market, is among **renters across the three income groups, but particularly very low and low income renters**, who are likely to require deep subsidies and strong market intervention for their housing to be affordable by the statutory definition, as well as moderate income renters.

However, if need for additional social housing dwellings were estimated at the **regional rate** for social housing (5.8%) so that Kiama could take its share of regional need, meet growing local need among those currently in housing stress and the growing number of older people entering the long-term rental market, and seek to retain local residents increasingly displaced from the LGA due to ongoing gentrification, this would be **219 social housing dwellings by 2041**.¹³⁷

If the regional average for social housing is assumed, this would be an **additional 438 affordable housing dwellings** by 2041, including the 219 additional social housing dwellings. The overall breakdown would then be:

- **90% would be for renting households**, mainly for very low income renters, and also for low income renters;
- **60% would need to be well-located, smaller strata dwellings**, and 40% would need to be dwellings suited to families with children.

As such, there is likely to be **significant unmet need for studio and one bedroom apartments for very low income renters in the LGA**.

A more detailed breakdown of these targets (additional need only) is shown in the table below.

¹³⁷ 3,771 additional dwellings from 2021-41 (DPE 2022) x 5.8% social housing in the ISD.

Table 6.25: Kiama LGA affordable housing target to 2041

		Renting Households			Purchasing Households		
		Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL	Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL
Additional projected 2021-2041	Affordable to Very Low Income Households	47	17	63	7	2	9
	Affordable to Low Income Households	27	25	52	7	5	12
	Affordable to Moderate Income Households	23	32	55	12	15	27
Social housing (assuming 1.1%)	Affordable to Very Low Income Households	27	18	45	n/a	n/a	n/a
TOTAL 1	(assuming social housing at LGA rate)	124	92	216	26	22	48
Social housing (assuming 5.8%)	Affordable to Very Low Income Households	132	87	219	n/a	n/a	n/a
TOTAL 2	(assuming social housing at ISR rate)	229	161	390	26	22	48

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

6.11.11 Potential Targets for Shoalhaven LGA

The following table shows that **at least 3,280 additional affordable housing dwellings** will be needed to meet projected need to 2041, taking into account additional need from 2021-41 only. Of these, around:

- **83% would be for renting households**, with 92% of these very low and low income renting households (71% and 21% respectively);
- **60% would need to be well-located, smaller strata dwellings**, and 40% would need to be dwellings suited to families with children;
- At least **901 dwellings would need to be social housing** if the LGA average of 3.7% were to be maintained, noting that this is well below average and likely inadequate to need.

As such, by far the greatest need in terms of number of people, the severity of housing stress and lack of anything that is affordable through the private market, is among **very low as well as low income renters**, a majority needing smaller dwellings, who are likely to require deep subsidies and strong market intervention for their housing to be affordable by the statutory definition.

A more detailed breakdown of these targets (additional need only) is shown in the Table below.

Table 6.26: Shoalhaven LGA affordable housing target to 2041

		Renting Households			Purchasing Households		
		Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL	Suitable for Lone Persons or Couples w/o Children	Suitable for Families with Children	TOTAL
Additional projected 2021-2041	Affordable to Very Low Income Households	761	247	1,008	122	51	172
	Affordable to Low Income Households	258	321	579	127	88	215
	Affordable to Moderate Income Households	79	138	217	86	101	186
Social housing	Affordable to Very Low Income Households	540	360	901	n/a	n/a	n/a
TOTAL		1,639	1,066	2,705	334	239	574

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

6.12 Ability of Market to Supply Affordable Housing

There is very limited opportunity for the market to provide affordable housing to meet current and projected need, as outlined in **Section 6.5** above. Taking into account the affordability analysis in that section, as well as additional housing need in indicative targets for 2021-41 in **Section 6.11** above, the following provides an estimate of the extent to which the private market will be able to meet projected affordable housing need across the Region, for example, through providing more diverse or lower cost housing types.

With regard to **renters**, no very low and low income renters would be able to rent affordably in the private market, particularly considering that newly constructed dwellings in the future are likely to reflect at least median and likely third quartile rent. The exception is the Shoalhaven, where 50% of smaller low income renting households could afford a studio or one bedroom apartment. Most smaller moderate income renting households could be housed affordably in various areas of the Region, although only around one-quarter of moderate income family households could affordably rent, and then only in the Shoalhaven.

Taking these various factors into account, this means that around **90% of very low, low and moderate income renters in housing need¹³⁸ would be excluded from renting affordably through the private market**, although the provision of **studio and one bedroom apartments** would be highly beneficial in terms of lower cost housing and increased diversity of supply, and **boarding housing and co-living accommodation** would be affordable to some of these target groups if it were available. It is also noted that around 50% of flats and units and 35% of medium density housing types in the local housing market are in private rental compared with only around 16% of houses.

Lower cost caravan parks and MHEs, where these were community housing managed and/or where people could bring their own lower cost home to a site, would also be affordable to some of the target group.

Home **purchasers** in the Region are generally excluded from affordable purchase in most areas within the Illawarra Shoalhaven Region, although around 50% of smaller households could affordably purchase a first quartile (likely one bedroom) strata dwelling in the Shoalhaven. This means that at **least 95% of very low, low and moderate income purchasers** would be excluded from affordable purchase in the future across most of the Region.¹³⁹

However, increasing supply of smaller strata dwellings for purchase through the market is still important across the Region, as this will likely assist in reducing pressure on such stock, with some downward effects on price over time likely. The needs of an aging population and the delay of many young people in partnering is also relevant. Again, MHEs and caravan parks where people could bring their own dwelling (rather than one subject to exorbitant mark ups), as well as smaller

¹³⁸ 8,920/9,960=90%

¹³⁹ 1,640/1,683=97%

entry level project homes on small lots, would also likely be beneficial in terms of lower cost (if not always affordable) accommodation.

When renters and purchasers are combined, this means that **at least 90% of current and projected affordable housing need among renters and purchasers¹⁴⁰ is unlikely to be met by the private housing market in the future**, although as noted, increase in smaller strata dwellings, special housing products such as Boarding Houses and Co-Living Housing, small lot housing and affordable caravan parks and MHEs would be beneficial in reducing cost, and likely improving affordability estimates above for *some* income groups.

This has strategic implications, including with regard to the current planning and development regime, the nature and location of future supply, and the nature of market intervention that is likely to be effective, as discussed in the following section.

¹⁴⁰ 10,556/11,643=97%