



Wollongong City Council

DRAFT LOCAL HOUSING STRATEGY

Shelter NSW submission

2 December 2022



About Shelter NSW

Shelter NSW has been operating since 1975 as the State’s peak housing policy and advocacy body. Our vision is to create a sustainable housing system that provides secure homes for all. We pursue our vision through critical engagement with policy, practice, and thought leadership. We provide systemic advocacy and advice on policy and legislation for the whole NSW housing system to resolve housing inequality.

We are especially concerned for low-income households which struggle to afford good-quality and well-located housing in the private market. Our approach involves engaging, collaborating, and connecting with government, the private and not-for-profit sectors, stakeholders, and everyday citizens.

We consider a sustainable housing system one that delivers what we call Triple-A housing and Triple-P outcomes.

Affordable and diverse homes	Accessible and well-located housing	Appropriate and high-quality development
Housing supply and demand	Proximity to jobs and services	Amenity and aesthetics
Tenure forms and rights	Access to public transport	Energy and environment
Housing types and sizes	Accessibility and adaptability	Standards and maintenance
Productive cities and regions	Poverty-free communities	Protected neighbourhoods
Access to jobs and services	Housing stress and homelessness	Energy use and consumption
Housing costs and consumption	Physical and mental health	Urban heat
Financial and economic stability	Education access and attainment	Climate resilience and adaptation

At Shelter NSW, we believe that all people deserve to live in housing that delivers these priorities and objectives. We maintain that the housing system should deliver safe, secure, and affordable living outcomes for all, regardless of tenure type.

About our submission

Shelter NSW thanks Wollongong City Council for the opportunity to comment on the draft Local Housing Strategy ('LHS').

The Australian housing market has moved a long way from what many would say is its inherent and essential purpose – to provide secure, functional, and affordable shelter to all people at various stages of their lives. Housing is now considered a financial product or a wealth-generating vehicle. The private housing market in this country is consistently and persistently failing to provide secure, well-located, and affordable shelter especially for the lowest 40 percent of income earners.

Given our firmly held position that the private market fails to provide appropriate housing, **we call on governments to make an urgent and widespread investment in social and Affordable Housing acquisition and construction.** A recent report jointly prepared by SGS Economics and Housing All Australians¹ has anticipated the cost to the economy of not investing now in social and affordable housing on a large-scale across Australia will be \$25,000,000,000 annually (in 2021 dollars) from 2051 onward.

Shelter NSW has strengthened its interest in and advocacy for regional housing solutions in NSW. Last year, we formally engaged the Regional Australia Institute ('RAI') to undertake a review of every local government area in regional NSW. Our investigation found that **Wollongong is a top ranked locality of concern** when it comes to housing pressures in regional NSW. We have outlined the implications of this needs-assessment in our submission.

Our submission recognises some sound initiatives proposed in the LHS, whilst recommending areas for improvement. We have recently engaged with the Greater Cities Commission ('GCC') on their *Six Cities Discussion Paper* and, as such, we reinforce key insights from this process in our submission to Council. The full copy of our submission to GCC in reply to the Discussion Paper – replete with 30+ recommendations for improving housing outcomes – can be found [here](#).

We are heartened by themes in the LHS around lobbying/advocating for housing justice to various State agencies. We make recommendations on what specific topics should be advanced through these advocacy activities by Council. Additionally, we highlight housing policy levers that are within Council's reach to enact real change for the many low-income households struggling in the region. A summary of our recommendations begins on page 22 of this submission.

Sincerely,

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Chief Executive Officer, Shelter NSW

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¹ SGS Economics & Planning, Housing All Australians. (June 2022). *Give Me Shelter: The long-term costs of underproviding public, social and affordable housing*. Retrieved from <https://housingallaustralians.org.au/wp-content/uploads/2022/06/Give-Me-Shelter.pdf>

Context: Wollongong as an LGA of high housing need

At the population level, regional and rural communities are often home to an ageing demographic which increasingly wants to age-in-place (this is considered best practice and reflected in the Aged Care Royal Commission's recommendation to increase in-home aged care by 80,000 new packages into 2022)². Downsizers, ex-farmers, and older people in general will need housing that is easy to maintain, affordable, and well-located with respect to key health and social services. Wollongong is no different in this respect; it is anticipated that population growth will be highest in the 65+ year age group in the coming years³. A reliance on poorly connected, poorly serviced, and low-density estate sprawl to boost 'housing supply' will not serve this cohort well.

Migration trends during the COVID-19 pandemic continue to contribute to a deepening regional housing crisis for NSW⁴. 'E-changers' from Sydney to the regions favoured areas such as Wollongong, Central Coast, and Newcastle due to the relatively easy commute that these regions provide for remote-workers in knowledge economy/professional services industries⁵. In the most recent *Regional Movers Index*, Wollongong was one of the top 5 LGAs nation-wide for share of regional migration, representing 3% of all capital-to-regional relocations in the twelve months to September 2022⁶. Locals with lower incomes relative to Sydney-natives have seen rental asking prices skyrocket 10-20% year on year⁷, and rental vacancy rates drop below 1% for extended periods of time⁸.

In addition to COVID-induced migration trends outlined above, there has been the domestic tourism boom. The lure of higher-profits per week in converting a dwelling to short-term rental accommodation ('STRA') through easy-to-use platforms such as Airbnb has diverted long-term rentals or owner-occupied residences from the housing market. This has demonstrably been the case in the following locations (see Table 1 over the page):

² Royal Commission into Aged Care Quality and Safety. (February 26, 2021). *Final Report - Recommendation 39*. Retrieved from https://agedcare.royalcommission.gov.au/sites/default/files/2021-03/final-report-volume-1_0.pdf

³ Shelter NSW in partnership with Regional Australia Institute. (November 2021, p. 26). *New South Wales Regional Housing Need Report*. Retrieved from <https://sheltersnsw.org.au/wp-content/uploads/2021/11/NSW-Regional-Housing-Need-Report.pdf>

⁴ Pawson, H., Martin, C., Thompson, S., & Aminpour, F. (2021, p. 45). *COVID-19: Rental housing and homelessness policy impacts*. ACOSS/UNSW Poverty and Inequality Partnership Report No. 12. Retrieved from https://sheltersnsw.org.au/wp-content/uploads/2021/11/Covid-19_rental-housing-and-homelessness-impacts-in-Australia-24-Nov.pdf

⁵ Regional Australia Institute. (2022). *Regional Movers Index*. Retrieved from <https://regionalaustralia.org.au/Web/Web/Toolkits-Indexes/Regional-Movers-Index.aspx>

⁶ Regional Australia Institute. (September 2022, p. 6). *Regional Movers Index: Sept 2022 Quarter Report*. Retrieved from <https://regionalaustralia.org.au/common/Uploaded%20files/Files/Regional%20Movers%20Index/Regional-Movers-Index-September-2022-Report.pdf>

⁷ Burke, K in Domain AU. (14 October 2022). *The NSW tree-change towns where rents have soared*. Retrieved from <https://www.domain.com.au/news/the-nsw-tree-change-towns-where-rents-have-soared-1174917/>

⁸ SQM Research. (n.d.). *Residential vacancy rates by postcode*. Retrieved from https://sqmresearch.com.au/graph_vacancy.php

Table 1. Whole-home Airbnbs in regional locations

Locality	Number of whole-house STRAs listed on Airbnb – Nov 2018 ⁹	Number of whole-house STRAs listed on Airbnb – Sep 2022 ¹⁰	Change in rental vacancy rate between Nov 2018 to Sep 2022 ¹¹
Wollongong	415	536	3.0 to 0.7 (postcode 2500)
Shoalhaven	2669	3029	2.2 to 0.7 (postcode 2540)

Whilst more than 3000 whole-home property investor Airbnbs sit idle in the Illawarra-Shoalhaven region, locals sleep in tents in caravan parks or State and National Parks¹².

Single-parent families and households in mortgage or rental stress are overrepresented in the Wollongong LGA, compared to the rest of the State¹³. This is particularly concerning, as the 2022 *SGS Economics Rental Affordability Index*¹⁴ (released this week) found a full-time hospitality worker faces “severe” rental affordability constraints in Thirroul – demonstrating zero improvement on last year’s index results. We have heard several anecdotes from desperate renters up and down the coast about not being able to compete with other tenants in rent-bidding and offers to pay 6 months of rent upfront – practices which are not illegal. The private rental market routinely discriminates against First Nations applicants, and this is particularly the case when rental vacancy rates are at all-time lows as currently being experienced in regional NSW.

Meanwhile, the proportion of dwellings as social housing stock is approximately 7.5%, which is relatively high compared to other regional LGAs. However, there are more than 1600 people on the social housing waitlist waiting in excess of 5 years for all dwelling types¹⁵ in Wollongong, demonstrating there is unmet need for general and priority social housing. Further, **Wollongong and surrounds have registered a real decline in social housing stock numbers between 2011 and 2020**¹⁶ (refer to Table 2 over the page).

⁹ Cox, M. (2021). *Inside Airbnb*. Retrieved from <http://insideairbnb.com/get-the-data.html>

¹⁰ NSW Parliament, Legislative Council. (23 September 2022, p. 24). *Budget Estimates 2022-2023 Portfolio Committee No 7 Planning and Environment: Answers to Supplementary Questions (Roberts)*. Retrieved from [ASQON - Hon Anthony Roberts MP - Planning, Homes - received 23 September 2022.pdf \(nsw.gov.au\)](https://www.parliament.nsw.gov.au/lcdocs/other/15376/Answers%20to%20supplementary%20questions%20-%20Pavey.pdf)

¹¹ SQM Research. (n.d.). *Residential vacancy rates by postcode*. Retrieved from https://sqmresearch.com.au/graph_vacancy.php

¹² McGill, D in The Canberra Times. (30 March 2022). *Homelessness in Ulladulla district continues to grow*. Retrieved from <https://www.canberratimes.com.au/story/7678652/you-or-i-could-be-homeless-within-three-weeks-the-problem-that-doesnt-discriminate/>

¹³ Shelter NSW in partnership with Regional Australia Institute. (November 2021, p. 26). *New South Wales Regional Housing Need Report*. Retrieved from <https://sheltersnsw.org.au/wp-content/uploads/2021/11/NSW-Regional-Housing-Need-Report.pdf>

¹⁴ SGS Economics. (November 2022). *Rental Affordability Index: Key Findings*. Retrieved from [Publications – Rental affordability crisis requires urgent intervention shows new analysis \(sgsep.com.au\)](https://www.sgs.com.au/publications/rental-affordability-crisis-requires-urgent-intervention-shows-new-analysis) [interactive map]

¹⁵ Shelter NSW in partnership with Regional Australia Institute. (November 2021, pp. 13, 14, 26). *New South Wales Regional Housing Need Report*. Retrieved from <https://sheltersnsw.org.au/wp-content/uploads/2021/11/NSW-Regional-Housing-Need-Report.pdf>

¹⁶ NSW Parliament, Legislative Council. (1 March 2021, pp. 57 & 83). *Budget Estimates 2020-2021 Portfolio Committee No. 4 Industry: Answers to supplementary questions (Pavey)*. Retrieved from <https://www.parliament.nsw.gov.au/lcdocs/other/15376/Answers%20to%20supplementary%20questions%20-%20Pavey.pdf>

Table 2. Social housing stock real decline for regional LGAs

LGA	Ranked housing need (out of 96 regional LGAs)	Total no. of social housing properties (whether managed by DCJ or other) 2011-12 FY	Total no. of social housing properties (whether managed by DCJ or other) 2019-20 FY	% change in social housing stock
Shellharbour	5	1847	1777	-3.8
Wollongong	6	6858	6661	-2.9
Shoalhaven	14	1503	1382	-8.1
Kiama	17	67	67	0

Communities in the Illawarra-Shoalhaven region are still recovering from the devastating effects of the 2019-20 Black Summer bushfires. Here, supply-chain and workforce issues during the pandemic have further delayed rebuild efforts for hundreds of homes and many communities¹⁷.

As anthropogenic global warming continues to be a major society-shaping factor into 2050 and beyond, **homes and neighbourhoods need to be well-located and resilient to alternating flood and bushfire events**¹⁸. Those most vulnerable to climate change impacts and homelessness are oftentimes low-income earners who are increasingly locked out of the private rental market and home ownership opportunities.

Due to the above factors (and other parameters outlined in our housing-need report), **Wollongong city is ranked in joint-sixth position as an LGA of high housing need in regional NSW**. Shelter NSW is of the view that the most effective way of improving Wollongong's positioning is through the rollout of:

- targeted advocacy and asks of key State Government agencies
- an extensive social housing acquirement/construction program (in collaboration with State Government and Community Housing Providers),
- Affordable Housing Contributions Scheme(s) crafted well in advance of upzoning,
- public land dedicated to social and Affordable Housing,
- encouraging infill, medium-density development via well-defined Urban Growth Boundaries, Affordable Housing targets, and non "dwelling house" targets, and
- tighter regulations on short-term rental accommodation.

¹⁷ May, N in The Guardian. (30 April 2022). *Disaster's in the recovery: Bushfire survivors still waiting for homes*. Retrieved from <https://www.theguardian.com/australia-news/2022/apr/30/disasters-in-the-recovery-bushfire-survivors-still-waiting-for-homes>

¹⁸ Intergovernmental Panel on Climate Change. (February 2022). *IPCC Sixth Assessment Report*. Retrieved from <https://www.ipcc.ch/report/ar6/wg2/>

Crisis accommodation and homeless policy

In NSW, close to 50% of the 47,000 or more people seeking accommodation assistance from the Specialist Homelessness Sector were turned away during the reporting period of 2020-21¹⁹. In another review, the NSW Auditor-General also found²⁰ that the reach of Specialist Homelessness Services ('SHSs') into regional areas was limited, with just 34 of 128 local government areas receiving direct support.

There is some discussion in the draft LHS on homelessness and potential Council responses to homelessness in Wollongong:

Council will consider whether any Council operational land parcels are suitable to be leased for the provision of emergency or temporary housing.

Refer to section **Council-owned land** for our recommendation to strengthen and add timeframe commitments to this point.

Shelter NSW has been informed by the local BaptistCare branch that a homelessness policy/protocol for dealing with homeless people in public places has not been adopted at the Council-level. **An initiative to establish a local policy/protocol in consort with Specialist Homelessness Services and organisations** such as BaptistCare and Supported Accommodation and Homelessness Services Shoalhaven Illawarra ('SAHSSI') should be outlined in the draft LHS.

Recommendations

- Collaborate with local charities and NFPs delivering front-line support services to homeless people and families in housing crisis, to deliver a local Council policy/protocol on homelessness in public spaces
- Consider funding a Council homelessness officer, specifically trained in mental health first aid, to deal with rough sleepers.

¹⁹ Productivity Commission (Cth). (20 January 2021). *Report on Government Services, Part G Housing and Homelessness*. Retrieved from <https://www.pc.gov.au/ongoing/report-on-government-services/2021/housing-and-homelessness>

²⁰ NSW Office of the Auditor-General (4 June 2021, p. 15). Performance Audit: Responses to homelessness. Retrieved from <https://www.audit.nsw.gov.au/our-work/reports/responses-to-homelessness>

Social housing

The intent of both public and community housing (as subsets of social housing) is to accommodate people on very low, low, and moderate incomes. Social housing stock has been in real decline in Wollongong and surrounds for at least a decade (see **Context** section of this submission). Public housing has moved away from being a valued part of the housing mix in the 1950s – housing workers and welfare recipients alike – to being a highly rationed form of housing for very vulnerable populations with complex needs²¹.

Whilst we acknowledge that delivery and maintenance of social housing falls within the remit of State Government, Wollongong City Council has an important part to play in advocating for more and better social housing that clears the waiting list backlog, aligns with population needs, and promotes access to secure housing as a human right. We applaud the following advocacy effort outlined in the draft LHS:

Council will advocate for the number of social housing dwellings to be increased so that the 7.5% proportion of housing stock is at least maintained in line with overall growth.

In our submission to the GCC on its *Six Cities Discussion Paper*, we noted that by the GCC's own projections²², the 6 cities Metropolis of Lower Hunter & Greater Newcastle City, Central Coast City, Western Parkland City, Central River City, Eastern Harbour City, and Illawarra-Shoalhaven City will be home to 80% of the State's population by 2041.

The implied dwelling demand (number of total dwellings required to house projected population, all tenure types) for the Illawarra-Shoalhaven City by 2041 is 265,264. At Shelter NSW, we routinely advocate for restoring at least 5% of all housing stock per LGA as designated social housing, with a region-wide goal of growing the proportion to 1 in 10 dwellings being social housing by 2041. Australia is behind other OECD countries in terms of our proportion of social housing relative to total housing stock, and 10% targets would put us closer to the 'middle of the pack'²³.

For the future Illawarra-Shoalhaven city region, this 10% ask corresponds to 26,526 dwellings being social housing by 2041 (refer **Appendix A**). This figure does include existing stock across the Illawarra-Shoalhaven (approximately 9,600 homes), meaning an additional 17,000 or so social housing dwellings will need to be built or acquired across the Illawarra-Shoalhaven by 2041. **We advise Council to continue pushing State Government to maintain social housing stock at more than 7.5% of all housing in the LGA**, as well as request Land Housing Corporation ("LAHC") to deliver an additional 17,000 social housing dwellings in the Illawarra-Shoalhaven city by 2041.

²¹ Pawson, H., Milligan, V., & Yates, J. (2020, p. 104). *Housing Policy in Australia: A case for system reform* (P. Macmillan, Ed.) Singapore: Springer Nature. <https://doi.org/10.1007/978-981-15-0780-9>

²² NSW Department of Planning & Environment. (2022). *GCC Six Cities 2022 CPA Population and Dwelling projections*. Retrieved from <https://www.planning.nsw.gov.au/Research-and-Demography/Population-Projections/Explore-the-data>

²³ OECD. (15 March 2022). *Social Rental Housing Stock*. Retrieved from [\[Title\] \(oecd.org\)](#)

Public housing renewal projects

Given the known social housing waitlist and projected population figures for the Metropolis, we are curious to know how the State Government will meet social housing demand if not through existing public land holdings? Land represents a considerable cost that significantly impacts the viability of social and Affordable Housing developments. Opportunities exist across Government including LAHC, Transport Asset Holding Entity ('TAHE'), Landcom, TAFE, School Infrastructure NSW, Crown Lands, and others to support delivery of the homes NSW needs. This land-use attitudinal shift of existing holdings requires a reconsideration of the requirements of financial return and a greater focus on social return on investment.

As for the public housing redevelopment process in NSW, it remains the case that these long-standing housing assets are currently located on wholly-owned public land. Publicly-owned land is a vitally important community asset which needs to be retained in public ownership as long as possible for intergenerational equity.

We understand that the State Government tends to apply a 70 private/30 social housing proportion model to redevelopment of public housing estates. This involves selling all or part of a public housing site to private developers who commit to building new social housing for the Government's social housing developer, LAHC. This reflects LAHC's self-funding model of development – where rental income and LAHC owned property asset sales pay for new public housing construction²⁴.

We observe that whilst the NSW Government appears to have ceased actively branding its social housing estate renewal programs as 'Communities Plus'²⁵ projects, its general business model of selling public land to private developers in exchange for typically just 30% of social housing dwellings (and no requirement for Affordable Rental Housing) in the resultant denser estate remains under the *Future Directions for Social Housing Strategy*.

Darcy and Rogers²⁶ note that a target of 70% private and 30% public dwellings has become an accepted standard for public housing renewal projects in several Australian states. The majority private ownership is said to be necessary "to counter stigma and the supposed demotivating impacts of concentrated disadvantage". They argue, on the contrary, that each housing estate has its own unique profile, within its own local context (whether it be a suburb or town). **How can a standard ratio be applied to every public housing estate being renewed?** As to the social engineering goals of creating an ideal 'social mix', we wonder why below-market Affordable Rental Housing is not included as a necessary part of the social mix, as an intermediary between government-owned housing and private dwellings? Darcy and Rogers further report that rather than the mix of housing type and tenure, it is the mix of ages, incomes and family types amongst social housing tenants and the delivery of

²⁴ NSW LAHC. (May 2022, p. 8). Local Area Analyses – Wollongong. Retrieved from [Local area analysis – Wollongong \(nsw.gov.au\)](https://www.nsw.gov.au/local-area-analysis/wollongong)

²⁵ NSW DCJ. (n.d.). *Communities Plus*. Retrieved from <https://www.facs.nsw.gov.au/reforms/future-directions/initiatives/communities-plus>

²⁶ Darcy, M. & Rogers, D. (October 2019). *Finding the Right mix in Public Housing Redevelopment: Review of Literature and Research Findings*. USYD The Henry Halloran Trust. Retrieved from <https://www.sydney.edu.au/content/dam/corporate/documents/henry-halloran-trust/hht-social-mix-discussion-paper.pdf>

other community programs that are more important in securing positive outcomes for low-income households.

Shelter NSW has released an important piece of research²⁷ that calls on people interested in sound public policy to reimagine the economics of public housing. While the paper looks at the proposals for the large Waterloo South social housing estate renewal project as a case study, it has broader applications that we implore State Government to consider.

The paper, [Reimagining the economics of public housing at Waterloo](#), observes that in NSW, investment in new public housing has been considered as a cost only. But even lay people would see housing (including public housing) as an asset that generates a return over time in the form of rental income and capital gains. Murray & Phibbs argue that:

ignoring these asset returns is a key economic issue with the LAHC self-fund development model... [it] privatises long-term returns on real estate assets, which are the source of value that funds public housing redevelopment.

Murray & Phibbs' paper calls for more elegant economic and financial designs. This would include mimicking private sector behaviour, such as using leverage during redevelopment periods, retaining market risk and return during the development process, and retaining long-term ownership of as much of the real estate asset base as possible.

With specific reference to Waterloo Estate renewal, the Paper explores a model whereby 50% of new dwellings are social housing, 25% are retained by LAHC as build-to-rent housing at market prices, and 25% are sold by LAHC to the private market. This scenario uses low-cost leverage to generate positive cashflow, and maximises exposure to long-term capital gains for LAHC.

In short, we do not agree with the 70 private/30 social 'Communities Plus' blanket-approach applied to public housing estates in NSW. Further, we assert that differing residential social mix proportions may be suitable for other government-owned and Crown land not linked to existing public housing estates, so long as more-land-than-not is retained in public ownership for future generations' benefit. **We suggest Council asks for underpinning cost-benefit analyses, business cases, and tender documents to accompany rezoning and Development Applications for public housing renewal projects proposed by LAHC** and other social housing providers.

Shelter NSW are strong advocates for Affordable Rental Housing in addition to social housing, not instead of it when it comes to renewing public housing estates. Affordable Rental Housing is an important tenure type that should complement renewal projects. This type of housing and tenure responds to a vital group of households that are often overlooked – financially stressed renters in the insecure, private residential housing market (renters who otherwise generally do not qualify for social housing). It also caters for important key workers such as aged care workers and early childhood educators who are increasingly falling into rental stress and housing precarity with all-time-low national rental vacancy rates⁵⁶.

²⁷ Murray, C. & Phibbs, P. (2021). *Reimagining the economics of public housing at Waterloo*. Retrieved from https://shelternsw.org.au/wp-content/uploads/2022/03/Reimagining-the-economics-of-public-housing-at-Waterloo_FINAL.pdf

Public housing tenants during renewal

Shelter NSW does appreciate that redevelopment of existing public housing estates offers the opportunity to develop better-designed and constructed dwellings – with a great opportunity to improve the quality of life and cost-of-living for its tenants. However, the tenancy transfer processes connected with public housing renewal projects are very disruptive to the lives of existing tenants. The disruption starts earlier than bureaucrats tend to realise, as talk and gossip surrounds the future of estates. Some residents are employed and wonder how renewal will affect their employment. Some are highly engaged in community networks of the suburb and their neighbourhood and wonder what will happen when they move. Many worry about how they will maintain practical access to support services they have come to rely on. Some are houseproud and wonder how their personal investment in their homes will be recognised and compensated.

With the benefit of having observed the progress and impact of a number of ‘Communities Plus’ renewal projects, Shelter NSW encourages the NSW Government to actively engage and support community members, but especially current residents in the design of their future homes and community. In our paper jointly prepared by the University of Wollongong, [Public Housing Renewal in Illawarra 2021](#), we outline many best practice approaches to working with public housing tenants well in advance of renewal projects commencing. Our recommendations include – among others – the need for tenancy advocacy boards to improve relationships between tenants and Department of Communities and Justice (‘DCJ’), clearly delineating what agencies are involved in renewal projects, using trauma-informed and culturally-appropriate communication styles (and future design features), and limiting spatial displacement as much as possible (especially for families with school-aged kids).

Shelter NSW recognises that the level of engagement we are advocating for requires partnership between the Department of Planning & Environment (‘DPE’), LAHC, DCJ, Aboriginal Housing Office (‘AHO’), Community Housing Providers (‘CHPs’), and Aboriginal Community Housing Providers (‘ACHPs’).

At the State level, we also offer the [Compact for Renewal](#)²⁸ as a template for how the NSW Government might best engage with public housing communities in the Metropolis, before significant change is afoot. **We recommend Council support/refer to the *Compact for Renewal and Public Housing Renewal in Illawarra* paper.**

Recommendations

- Present the following figures to State Government, particularly LAHC, and pin-down commitments to augmenting social housing stock in Wollongong as part of the future Illawarra-Shoalhaven city region and broader Metropolis:
 - 26,526 dwellings being social housing by 2041 in Illawarra-Shoalhaven City (10% of all housing stock advocacy point)
 - An additional 17,000 social housing dwellings (constructed or acquired) by 2041 in Illawarra-Shoalhaven City

²⁸ Shelter NSW, Tenants Union of NSW, and City Futures Research Centre UNSW. (June 2017). *A Compact for Renewal: What tenants want from renewal*. Retrieved from <https://shelternsw.org.au/wp-content/uploads/2020/11/2017-A-compact-for-renewal-what-tenants-want-from-renewal-2017.pdf>

- Ask for underpinning cost-benefit analyses, business cases, and tender documents to accompany rezoning and Development Applications for public housing renewal projects proposed by LAHC and other social housing providers, to ensure the maximum public benefit is being derived from “social mix” approaches to renewing public housing estates
 - Ask these same business case questions of TAHE, Landcom, TAFE, School Infrastructure NSW, Crown Lands, and other State agencies when they are proposing rezonings and Development Applications on publicly-owned land for residential purposes
- Advocate to State Government for Affordable Rental Housing in addition to social housing – not instead of it – when it comes to renewing public housing estates and developing on public land for residential purposes
- Request LAHC to:
 - distinguish between “social” and “Affordable Housing” targets to ensure both are not combined into the same target group
 - commit to substantially higher targets for social and Affordable Housing on public housing renewal sites (ie more than 30% social housing and at least 15% Affordable Housing (rental or shared equity product))
 - preserve public land and public housing (i.e. more than half of land should remain in public ownership), and
 - stage development so as to minimise the displacement of tenants
- Support/refer to the *Compact for Renewal* and recommendations in our *Public Housing Renewal in the Illawarra* paper
 - Advocate specifically for principles outlined in our *Public Housing Renewal in the Illawarra* paper to be adopted by DCJ, AHO, and LAHC.

Affordable Housing

The term ‘Affordable Housing’ is defined in the NSW planning system 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*²⁹.

Affordable Housing is not necessarily public or community housing (‘public’ and ‘community’ housing both come under the umbrella of ‘social’ housing)³⁰. Affordable Housing can be funded (and delivered) by local Councils, particularly where private development must contribute

²⁹ NSW Government. (current version December 1, 2021). *Environmental Planning and Assessment Act 1979 No 203*, s1.4 Definitions. Retrieved from <https://legislation.nsw.gov.au/view/whole/html/inforce/current/act-1979-203>

³⁰ NSW Government. (current version November 26, 2021). *State Environmental Planning Policy (Housing) 2021*, Dictionary = “social housing provider”. Retrieved from <https://legislation.nsw.gov.au/view/whole/html/inforce/current/epi-2021-0714>

funds/land/dwellings for the purposes of Affordable Housing. National Shelter advocates³¹ for inclusionary zoning of this nature to be implemented alongside density bonuses and other planning concessions to ensure such schemes deliver significant gains in Affordable Rental Housing stock.

“Affordable Housing” is nearly always Affordable Rental Housing. We acknowledge, however, the program being rolled out in 2023 for ‘shared equity’ home ownership, eligible to certain cohorts such as older people, single parents, and some public sector workers³². We refer to this in our submission as another type of Affordable Housing product.

A greater variety of households may be eligible for Affordable Rental Housing than social housing. Indeed, income brackets for Affordable Rental Housing eligibility tends to include key workers such as teachers, nurses, aged care workers, trade apprentices, and other industry workers who are essential to local communities. Providing more housing opportunities for these working cohorts is therefore imperative to advancing any region’s economic growth goals.

Affordable Rental Housing, delivered through an Affordable Housing Contributions Scheme (‘AHCS’), can be affordable in perpetuity as part of that Scheme delivered by or on behalf of local Councils. Changes to housing products in the *Housing SEPP* have made boarding houses affordable in perpetuity and other typologies (such as “infill affordable housing”) must be affordable for at least 15 years³³.

It is unclear what the sources are for some of the data represented in the draft LHS. For example, the assertion that there are an estimated 613 Affordable Rental properties in the LGA managed by Community Housing Providers (‘CHPs’) is not linked to a reference. This figure is many times larger than the estimated number of 89 Affordable Housing tenancies in Wollongong, as cited in the Community Housing Industry Association (‘CHIA’) NSW database (comprising State and local government data)³⁴. The LHS needs to be clear in the baseline level of actual Affordable Rental Housing properties available in the Wollongong LGA, in order to set meaningful targets for future growth in Affordable Rental products.

Further, the CHIA database forewarns its audience about the time-limited application of Affordable Rental Programs whereby properties will revert to market-rate rents after a certain period of time. **Land/housing dedicated to Council from private developers at no-cost for the purposes of Affordable Rental Housing should be set to affordable rents in-perpetuity.** This applies especially in instances where Council retains ownership of Affordable Rental Housing but awards management of properties to CHPs via peppercorn lease arrangements.

³¹ National Shelter. (2019). *Inclusionary Zoning report*. Retrieved from <http://shelter.org.au/site/wp-content/uploads/190325-Inclusionary-Zoning-Report-V6-Final.pdf>

³² NSW Government. (18 August 2022). Shared Equity Scheme. Retrieved from <https://www.nsw.gov.au/housing-and-construction/shared-equity-scheme>

³³ NSW Government. (12 August 2022, cl. 21 & 26). *State Environmental Planning Policy (Housing) 2021*. Retrieved from <https://legislation.nsw.gov.au/view/whole/html/2022-08-12/epi-2021-0714>

³⁴ CHIA NSW. (2021). *NSW Community Housing Data Dashboard: Affordable Housing by LGA*. Retrieved from [Data Dashboard - Community Housing Industry Association NSW](https://www.chia.org.au/data-dashboard)

Given the significant role that CHPs have and will continue to play in delivering and managing Affordable Rental Housing products, we are dismayed that they are not afforded the same status as other bodies in the LHS for implementing the LHS:

[Council will] *work with peak development organisations, such as the Property Council of Australia (NSW), Urban Development Institute of Australia (NSW) on the implementation of the draft Housing Strategy.*

Affordable Housing Contributions scheme ('AHCS')

We note the proposal in the LHS for introducing “a minimum contribution rate of 5% on the Gross Floor Area of proposed residential developments [for] Affordable Rental Housing” or payment into a Contributions Fund for delivery of Affordable Housing by Tier 1 CHPs. We applaud this initiative in the LHS, and request Council to go further in its ambitions and align with the draft *Six Cities Discussion Paper* recently released by GCC.

The GCC Discussion Paper calls for a “10 per cent affordable housing target for new rezonings where there will be a housing uplift”³⁵. In our submission to the GCC, **we recommended a higher target of 10-15% apply to residential as well as any other major rezoning activity** which would generate significant commercial/industrial investment (or changes to planning rules for floor area and height of building controls in E-, B-, IN- zones). Significant commercial/industrial investment and associated planning control changes tend to induce local/regional demand for housing by new or augmented workforces.

A base rate of 10-15% aligns with many national and international practices of mandatory inclusionary zoning for affordable housing. In South Australia, a State-wide affordable housing contribution rate of 15% or more applies to “significant developments”³⁶. The Constellation Project, a consortium of not-for-profit organisations and alliance organisations (such as National Australia Bank), recommends mandatory inclusionary zoning at 10% minimum be applied to all metropolitan areas in Australia³⁷. The requirement by DPE for local Councils to adhere to cumbersome and developer-friendly viability tool checks in creating an Affordable Housing Contributions Scheme should be waived where proposed contribution rates sit within this 10-15% range. This should especially be the case for Wollongong City Council, which is to be included in the 6 cities Metropolis.

Creation and implementation of an AHCS needs to occur before planning uplift is applied to a site (through rezoning or changes to land use controls). This ensures contributions are drawn from the increase in land value generated by the changes to planning rules.

We assert that the very existence of the *Six Cities Discussion Paper* itself may drive speculative investment of land that could potentially be upzoned and as such, there must be no

³⁵ GCC. (September 2022, p. 42). *Six Cities Region Discussion Paper*. Retrieved from [Six Cities Region | Greater Cities Commission](#)

³⁶ Renewal South Australia. (2022). *Affordable Housing*. Retrieved from <https://renewalsa.sa.gov.au/building-our-future/affordable-housing/>

³⁷ The Constellation Project. (September 2021). *Mandatory Inclusionary Zoning: A National Framework*. Retrieved from [MIZ national framework_v6.pptx \(theconstellationproject.com.au\)](#)

delay in implementing inclusionary zoning principles across the Metropolis. It would be in Wollongong City Council's best interest to push this point with GCC and DPE.

Affordable Housing Voluntary Planning Agreements Policy

Voluntary Planning Agreements (VPAs) are sometimes used in lieu of formal Affordable Housing Contributions Schemes or Infrastructure Contributions Plans. They can also garner de facto inclusionary zoning outcomes until such time that an AHCS is formalised.

From a quick look at the Planning Agreements Register³⁸, Council's Planning Agreements Policy (November 2020) does not yet appear to underpin any VPAs aimed specifically at garnering more Affordable Rental Housing from private developers

Recommendations

- Clarify the actual number of Affordable Rental properties in the LGA in order to set meaningful, trackable targets for increasing Affordable Rental products
- Advance the work for implementing Affordable Housing Contributions Schemes and, by extension, add an Affordable Housing clause into LEP 2009
- Collaborate and work with ACHPs and CHPs (e.g. the Housing Trust) to deliver on the outcomes of the LHS, particularly in the creation and rollout of Affordable Rental Housing policies
- Aim for a higher AHCS contributions rate in the order of 10-15%, to align with GCC *Six Cities Discussion Paper* targets
- Lobby GCC and DPE to waive viability tool testing ordinarily undertaken by Councils for AHCS contributions rates, especially when the proposed rates sit within the 10-15% range
- Expand scope of AHCS contributions to include any major rezoning activity which would:
 - a) generate significant commercial/industrial investment (or favourable changes to planning rules for floor area and height of building controls in E-, B-, IN- zones), and
 - b) induce local/regional demand for housing by new or augmented workforces
- Where Affordable Rental Housing is being delivered by or on behalf of Council under the AHCS, this Affordable Rental Housing shall be set at affordable rents in-perpetuity
- Include stronger provisions in Council's existing Planning Agreements Policy to set the nexus between:
 - a) the delivery of Affordable Rental Housing through Planning Agreements, and
 - b) developments and rezoning activities that would otherwise be captured by a future AHCS.

³⁸ Wollongong City Council. (n.d). *Planning Agreements Register*. Retrieved from [Planning Agreements Register | Wollongong City Council \(nsw.gov.au\)](https://www.wollongong.nsw.gov.au/planning-agreements-register)

Greenfield development and Urban Growth Boundaries

“Increasing housing supply”, as a broad-brush call to action, lacks nuance. We need targeted housing supply delivery, in the right place at the right time which suits occupant needs and affordability requirements.

Development approvals and completions for housing supply have been generally strong since early 2010s³⁹. Housing typology and increasing infill housing over greenfield development, however, is the bigger challenge into the 2020s⁴⁰ in ensuring housing supply is diverse, accessible, and meeting household needs and incomes.

The Australian Housing and Urban Research Institute (‘AHURI’) regional research⁴¹ supports this observation, noting many growing regional towns are experiencing land use pressure and sprawl. There needs to be a renewed focus on residential infill development and increased densities in selected locations rather than the observed tendency to use greenfield sites for the bulk of new housing.

We advocate for infill development to be a primary housing and urban renewal option in regional towns and cities. Greenfield estate development has long been on the Americanised trajectory of sprawling, detached, single-storey ‘McMansions’ with limited footpath infrastructure, heavy car reliance, and no minimum estate-wide targets for universally accessible design. Poorly designed suburban sprawl estates are incompatible with an ageing population, agricultural land protection, provision of cost-effective infrastructure, and climate change more generally. The lack of diversified housing in regional centres is at odds with ABS data indicating the number of people per household in regional locations is more conducive to 1-to-2 bedroom dwellings⁴².

Our submission to the Regional Housing Taskforce⁴³ in September 2021 included the recommendation for land use zoning typologies to be reimagined for regional and rural settings, with diminishing prevalence of land zones that promote sprawl in LEPs. In this vein, **we assert that Wollongong Council should assess the viability of certain land zone typologies** (R2 and R5 zones at urban fringes when compared to R1, RU-, and Enviro zones) and increase preference for other land zone typologies (R3 and Mixed Use near commercial cores and employment hubs) in LEPs.

³⁹ Property Council Australia. (June 2022, p. 10). *Regional NSW Housing Analysis: Illawarra-Shoalhaven region*. Retrieved from https://www.propertycouncil.com.au/Web/Content/Media_Release/NSW/2022/Regional_housing_report_analysis_shows_Illawarra-Shoalhaven_must_push_on_with_housing_delivery.aspx

⁴⁰ Ibid, p. 12

⁴¹ AHURI. (August 2021, p. 69). *Final Report No. 362 Population growth, regional connectivity, and city planning—international lessons for Australian practice*. Retrieved from <https://www.ahuri.edu.au/sites/default/files/documents/2021-09/AHURI-Final-Report-362-Population-growth-regional-connectivity-and-city-planning.pdf>

⁴² Australian Bureau of Statistics. (2011-2016). *Census of Population and Housing (Enumerated)*. Compiled and presented in profile.id, retrieved from <https://profile.id.com.au/australia/population?WebID=180>

⁴³ Shelter NSW. (September 2021). *Regional Housing Taskforce submission*. Retrieved from <https://shelternsw.org.au/wp-content/uploads/2021/09/Regional-Housing-Taskforce-Shelter-NSW-submission.pdf>

Helensburgh is one example of a suburb where relatively low-density zoning dominates. The locality is well-connected to Sutherland Shire. The dominant residential zone is R2, surrounded for the most part by an Environmental Management zone (dwelling houses permitted) and Royal National Park to the north. Town centre upgrade strategies have been rolled out for Helensburgh, but examination of the zoning mix in Helensburgh is not featured in the draft LHS. Consideration of incorporating more R3 zoned land and making provision for R1 zoned land – particularly where sites do not border Environmental zones or other environmental constraints – should occur through the LHS process.

The *Illawarra Shoalhaven Regional Plan 2041* states⁴⁴:

When developing local housing strategies, all councils will need to create urban growth boundaries to clearly identify where urban growth is acceptable and where it should be avoided.

Although Urban Release Areas and escarpment constraints are noted in the draft LHS (p. 5 Structure Plan), clearly delineated Urban Growth Boundaries (to be applied-LGA wide) do not appear to be laid out in the LHS. As it stands, the West Dapto Urban Release Area appears to overlap with the Illawarra Escarpment.

Urban Growth Boundaries will need to be established with ‘last-resort’ criteria on how and why such boundaries can be encroached. This is vital for infrastructure planning and provision, maintaining natural resources and regional/rural character, and encouraging greater uptake of infill residential development. Advice and resources from DPE and GCC for creating Urban Growth Boundaries that balance environmental and social outcomes will need to be sought, particularly to ensure the viability of the future Illawarra-Shoalhaven City within the broader 6 cities Metropolis.

Recommendations

- Review viability of certain land zone typologies (e.g. R2 land domination in Helensburgh) to further the objectives of infill and mixed use development and adhering to Urban Growth Boundaries
- Establish consistent criteria and application of Urban Growth Boundaries for the LGA. Application of such Boundaries shall also include ‘last-resort’ criteria on how and why these Boundaries can be encroached
- Seek advice/resources (data, human capital) from DPE and GCC in setting, creating, and maintaining Urban Growth Boundaries for the broader 6 cities Metropolis vision

⁴⁴ NSW DPE. (May 2021). *Illawarra Shoalhaven Regional Plan 2041*. Retrieved from <https://www.planning.nsw.gov.au/-/media/Files/DPE/Plans-and-policies/Plans-for-your-area/Regional-plans/Illawarra-Shoalhaven-Regional-Plan-05-21.pdf>

Housing diversity and infill development

Social and affordable infill housing delivered in proximity to transport hubs and strategic centres aligns with the 6 cities Metropolis vision of the GCC. Given the ageing profile of social housing tenants⁴⁵ and the need to deter sociospatial disadvantage, it is not enough to relegate the bulk of new social housing builds in far-flung greenfield locations with limited access to transport, health, and community services. Infill development opportunities must be explored in conjunction with LAHC, AHO, CHPs, and ACHPs, with incentives offered to developers to dedicate Affordable Rental Housing in these infill sites.

Shelter NSW supports the proposal to waive certain fees in the draft LHS:

To implement the draft Housing Strategy an amendment to Council's Fees and Charges Policy will be required to waive the payment of development application fees for emergency housing, accessible housing and affordable rental housing by registered providers (or part thereof for mixed use developments).

Elsewhere, confusion is created in the draft LHS about whether Development Application fees and Developer Contributions will be waived in whole or part for development sites where Affordable Rental Housing and the like is only included as a proportion of the total development:

The Fees and Charges Policy [will] be amended to waive Development Application fees for future development applications lodged by registered Tier 1 Community Housing Providers for Affordable Rental Housing Projects, on sites owned by the Provider and where 100% of the dwellings are available for affordable rental housing for a minimum period of 15 years...

The Wollongong City-wide Development Contributions Plan 2022 and West Dapto Development Contributions Plan 2020 [will] be amended to waive development contributions for future development applications lodged by registered Tier 1 Community Housing Providers for Affordable Rental Housing Projects, on sites owned by the Provider and where 100% of the dwellings are available for affordable rental housing for a minimum period of 15 years...

The Fees and Charges Policy [will] be amended to waive Development Application fees for future development applications lodged by registered providers of accessible housing for supported accommodation housing projects, on sites owned by the Provider and where 100% of the dwellings are available for accessible housing for a minimum period of 15 years.

We recommend clarifying the fees incentives structure for CHPs, SHSs, and Specialist Disability Accommodation Providers and utilising a place-based approach to waiving fees, to incentivise more uptake of developing infill Affordable Rental Housing, crisis accommodation, and accessible housing in well-connected, well-serviced, mixed-use neighbourhoods.

Further, non “dwelling house” targets should be incorporated into the draft LHS to push housing diversity in Urban Release Areas and infill locations. Non “dwelling house” – in reference to the

⁴⁵ AHURI. (November 2021, p. 31). *Final Report No 369: Ageing well in public housing*. Retrieved from https://www.ahuri.edu.au/sites/default/files/documents/2021-11/AHURI-Final-Report-369-Ageing-well-in-public-housing_0.pdf

Standard Instrument LEP Dictionary – captures more medium-density, multi-dwelling built forms. Targets to increase multi-dwelling built forms should seek to align with the GCC 6 cities vision for medium-to-high density housing around key transport hubs and strategic centres.

Recommendations

- Work closely with State Government agencies to identify and promote suitable infill sites for social housing
- Clarify the development fees incentives structure for CHPs, SHSs, and Specialist Disability Accommodation Providers delivering Affordable Rental Housing, crisis accommodation, and accessible housing:
 - Utilise a place-based approach to waiving fees and encourage greater uptake of delivering these housing and accommodation options in infill locations
- Align with and build upon indicative targets outlined in the GCC *Six Cities Discussion Paper*, namely:
 - new housing delivered within 800m of a strategic centre or transport hub shall be predominantly (meaning more than 60%) non “dwelling houses” per the SILEP Dictionary definition and indeed be delivered as multi-dwelling housing, residential flat buildings, shop top housing, boarding houses, and other residential accommodation types that are non single-occupancy, detached in built form
- Adopt firm and trackable non “dwelling house” targets in Urban Release Area plans.

Council-owned land

Shelter NSW notes the following commitments in the draft LHS:

Council will consider whether any Council operational land parcels are suitable to be leased for the provision of accessible housing...

Review of Council owned public reserves – a number of public reserves are zoned R2 Low Density Residential and could be rezoned to RE1 Public Recreation, or a Conservation zone depending on constraints. This amendment would clarify that the public reserves are not available for housing developments.

Given the dire need for more affordable, secure, and accessible housing now in Wollongong, stronger language around the first point is needed, i.e. a methodical audit of potentially suitable Council-owned buildings, community and operational lands for the purposes of non-market housing and crisis accommodation will be undertaken by Staff with report(s) to be delivered to Council by x timeframe.

Council is uniquely placed to advance alternative housing and land solutions. One such alternative solution to improving housing outcomes in the LGA would be for Council-owned or acquired land to be dedicated to a Community Land Trust (‘CLT’) or held under a peppercorn lease arrangement for development of Affordable Housing in the LGA. Effectively a CLT attempts to separate land and

housing for greater affordability (and price predictability) in accessing housing. Land is held (or operated) by the Trust, set up as a not-for-profit organisation, and rights to housing can be bought upon that land with long-lease models for access to land⁴⁶.

There are several community land trust models and caveats, i.e. usually there are restrictions about resale values of dwellings on the land and putting equity back into the Trust to keep housing affordable. **Bellingen alongside Kempsey and Port Macquarie-Hastings Councils are establishing a CLT** to operate as a not-for-profit organisation, providing housing potentially through co-ownership or a 99-year lease model⁴⁷.

CLTs can provide perpetually affordable, secure housing and imitates the qualities of home ownership but with a wider range of community benefits in terms of neighbourhood planning and custodianship of shared spaces.

There are many other case studies and examples of innovative and alternative housing solutions put forward in DCJ's *Local Government Housing Kit*⁴⁸ such as the 'Homes for Homes' initiative which relies on donations from property sales in a community to fund affordable housing projects⁴⁹. We implore Council to utilise this Housing Kit resource.

Recommendations

- Stipulate that a methodical audit of potentially suitable Council-owned buildings, community and operational lands for the purposes of non-market housing and crisis accommodation will be undertaken by Staff with report(s) to be delivered to Council by x timeframe:
 - Work closely with CHPs, Aboriginal CHPs, and Specialist Homelessness Services when undertaking this audit to determine site suitability
- Scope existing or feasible-to-acquire Council-owned land for community land trust models
- Examine and adopt other innovative housing initiatives referenced in the *Local Government Housing Kit*.

Short term rental accommodation ('STRA')

Short-term letting platforms such as Airbnb are marketed toward tourists who can afford (or are willing) to pay a higher price for short term accommodation than residents who are seeking temporary housing. This is evident in the NSW Department of Planning's 2017 Options Paper on regulating short term holiday letting, which went on to form the basis of the STRA provisions in the Affordable Rental Housing SEPP and now the consolidated *Housing SEPP 2021*.

⁴⁶ Crabtree, L. (n.d.). Community Land Trusts. Western Sydney University. Retrieved from https://www.westernsydney.edu.au/ics/research/impact/community_land_trusts

⁴⁷ Housing Matters Action Group. (n. d.). *Current Projects*. Retrieved from <https://www.housingmatters.org.au/current-projects/>

⁴⁸ NSW Department of Communities and Justice ('DCJ'). (2019). *Local Government Housing Kit: Module 5 case studies and resources*. Retrieved from <https://www.facs.nsw.gov.au/resources/nsw-local-government-housing-kit/chapters/Local-Government-Housing-Kits-Full-Kit-and-downloadable-modules>

⁴⁹ Ibid, p. 15

Increasingly in Australia, the type of STRA available on Airbnb is whole-house conversions of investment properties⁵⁰ – presumably from the long-term rental market or owner-occupied premises following a sale to a property investor. Domestic tourism during COVID-19 has significantly increased in many regional towns and locations, and Wollongong and surrounds are no different (refer Table 1 in **Context** section of submission). In the popular holiday destination of Shoalhaven, 23.1 percent – or nearly 1 in 4 – private dwellings are ‘unoccupied’⁵¹. This is a significant waste of built-form resources as homes are only being used intermittently and not for residential purposes.

In boom-and-bust resource economies, short-term rental platforms such as Airbnb and Stayz impact the local rental market of regional and rural towns as mining operatives and key industry employers rely on short-term rentals to meet their accommodation needs. We believe greater scrutiny of DA proposals by local and state planners on the social impacts of resource industry proposals for accommodating DIDO/FIFO workforces is therefore required. State-level infrastructure investments also need to be closely scrutinised for their housing impacts and proactive measures put in place to accommodate temporary workforces.

The STRA issue is not acknowledged in the draft LHS. With some 500+ whole-home STRA properties in the LGA, each booked on average for more than 130 days per year⁵², it is evident that most whole-home STRAs in Wollongong operate in a commercial quasi-hotel fashion rather than as a home-sharing, one-off, incidental income generator. There also exists, then, a significant regulatory opportunity for Council to make quick gains in returning homes to the long-term or owner-occupied market.

STRA day-caps

If Wollongong City Council were to opt-into the *Housing SEPP 2021* rules for limiting exempt use of STRA to no more than 180 days per year, more than 85 STRA dwellings (as listed on Airbnb) would be regulated⁵³. Shelter NSW is of the understanding that this opt-in process involves a relatively straightforward amendment by DPE to list Wollongong City Council in the *Housing SEPP 2021*.

If Wollongong City Council were to put the case to DPE to opt-into a lower cap of no more than 90 days per year as exempt STRA use, more than 180 STRA dwellings (as listed on Airbnb) would be regulated⁵⁴. These 85-180 regulated properties may feasibly be returned to the long-term residential private rental market (or be used as owner-occupied dwellings).

Returning 85-180 properties to the housing market from the short-term accommodation market in Wollongong is not an insignificant gesture. Presently, there are approximately 200

⁵⁰ Sigler, T & Panczak, R. (February 13, 2020). *Ever wondered how many Airbnbs Australia has and where they all are? We have the answers.* Retrieved from <https://theconversation.com/ever-wondered-how-many-airbnbs-australia-has-and-where-they-all-are-we-have-the-answers-129003>

⁵¹ ABS. (2021). Shoalhaven LGA Quickstats. Retrieved from <https://abs.gov.au/census/find-census-data/quickstats/2021/LGA16950>

⁵² Cox, M. (2021). *Inside Airbnb*. Retrieved from <http://insideairbnb.com/get-the-data.html>

⁵³ Ibid. (workbook available on request).

⁵⁴ Ibid. (workbook available on request).

dwellings available for rent on the private long-term rental market (with less than 105 properties listed below the median price of \$540/week)⁵⁵ and the rental vacancy rate is 0.6 percent⁵⁶.

STRA permits/density caps

Research internationally⁵⁷ has shown that annual day-caps for STRA use are less efficient in returning dwellings to the long-term rental market than policies limiting the total number of STRAs per suburb.

We suggest that the total number of non owner-occupied hosted STRAs should be capped per LGA in accordance with local studies into the maximum allowable number of STRAs that can occur without adverse impact on the long-term rental market in each location. This approach is being investigated in Tasmania⁵⁸, as state government and local councils try to address the housing crisis in Hobart and other high amenity locations as a result of Airbnb and other holiday accommodation platforms.

Total STRA volume caps for LGAs should be guided by density caps and permits (e.g. no more than x number of non-hosted STRAs per y square metres/suburb) to ensure hollowing out of high amenity neighbourhoods for STRA use does not occur. Local research and evidence for density caps will be required.

The socio-spatial disadvantages of STRA use are well documented globally⁵⁹, in that local residents are generally pushed further afield from their areas of employment and community facilities, with significant burdens on planning for transport, open space, schools, and other physical and social infrastructure. Density caps that are tipped more favourably to STRA uses in certain neighbourhoods will allow better infrastructure planning, more creative precinct planning, and more holistic leisure experiences in line with tourism goals of cities and regions.

Recommendations

- Request the NSW Department of Planning to opt the Wollongong LGA into the *Housing SEPP 2021* for regulating STRA, specifically seeking:
 - exempt use of STRA to be no more than 180 days per year, or
 - exempt use of STRA to be no more than 90 days per year
- Research and monitor the local impacts of STRA use on matters such as socio-spatial disadvantage, rental affordability, workforce attraction/retention, and tourism

⁵⁵ Domain app. (30 November 2022); DCJ. (September 2022). *Quarterly Rent and Sales report*. Retrieved from [Rent and Sales Report - interactive dashboard | Family & Community Services \(nsw.gov.au\)](#)

⁵⁶ SQM Research. (n.d.). *Residential vacancy rates by postcode*. Retrieved from https://sqmresearch.com.au/graph_vacancy.php

⁵⁷ Frenken, K & Schor, J. (2019). Putting the sharing economy into perspective. In *A research agenda for sustainable consumption governance*. Edward Elgar Publishing ; Temperton, J. (February 13, 2020). *Airbnb has devoured London – and here's the data that proves it*. Retrieved from <https://www.wired.co.uk/article/airbnb-london-short-term-rentals>

⁵⁸ Tasmania Government. (n.d.). *Tasmanian Planning Reform: Short stay accommodation*. Retrieved from <https://planningreform.tas.gov.au/short-stay-accommodation-act-2019>

⁵⁹ Shabrina, Z, Arcaute, E & Batty, M. (2021). Airbnb and its potential impact on the London housing market. *Urban Studies*. Retrieved from <https://doi.org/10.1177/0042098020970865> ; Cocola-Gant, A & Gago, A. (2019). Airbnb, buy-to-let investment and tourism-driven displacement: A case study in Lisbon. *Environment and Planning A: Economy and Space*. Retrieved from <https://doi.org/10.1177/0308518X19869012>

- Advocate to State government on allowing alternative legislative approaches to addressing STRA impacts on housing stock (i.e. flexible application of day and/or density caps), after conducting local research and monitoring
- Request DPE to incorporate a metric for tracking housing stock attrition rates due to conversion of dwellings to STRA into the Illawarra-Shoalhaven Urban Development Program, as part of the UDP's remit in monitoring the land and housing pipeline.

Summary of recommendations

The recommendations peppered throughout this submission are collated below. Shelter NSW recommends Council:

1. Collaborate with local charities and NFPs delivering front-line support services to homeless people and families in housing crisis, to deliver a local Council policy/protocol on homelessness in public spaces
2. Consider funding a Council homelessness officer, specifically trained in mental health first aid, to deal with rough sleepers
3. Present the following figures to State Government, particularly LAHC, and pin-down commitments to augmenting social housing stock in Wollongong as part of the future Illawarra-Shoalhaven city region and broader Metropolis:
 - a) 26,526 dwellings being social housing by 2041 in Illawarra-Shoalhaven City (10% of all housing stock advocacy point)
 - b) An additional 17,000 social housing dwellings (constructed or acquired) by 2041 in Illawarra-Shoalhaven City
4. Ask for underpinning cost-benefit analyses, business cases, and tender documents to accompany rezoning and Development Applications for public housing renewal projects proposed by LAHC and other social housing providers, to ensure the maximum public benefit is being derived from "social mix" approaches to renewing public housing estates
 - a) Ask these same business case questions of TAHE, Landcom, TAFE, School Infrastructure NSW, Crown Lands, and other State agencies when they are proposing rezonings and Development Applications on publicly-owned land for residential purposes
5. Advocate to State Government for Affordable Rental Housing in addition to social housing – not instead of it – when it comes to renewing public housing estates and developing on public land for residential purposes
6. Lobby LAHC to:
 - a) distinguish between "social" and "Affordable Housing" targets to ensure both are not combined into the same target group

- b) commit to substantially higher targets for social and Affordable Housing on public housing renewal sites (ie more than 30% social housing and at least 15% Affordable Housing (rental or shared equity product)
 - c) preserve public land and public housing (i.e. more than half of land should remain in public ownership),
 - d) stage development so as to minimise the displacement of tenants
7. Support/refer to the *Compact for Renewal* and recommendations in our *Public Housing Renewal in the Illawarra* paper
- a) Advocate specifically for principles outlined in our *Public Housing Renewal in the Illawarra* paper to be adopted by DCJ, AHO, and LAHC
8. Clarify the actual number of Affordable Rental properties in the LGA in order to set meaningful, trackable targets for increasing Affordable Rental products
9. Advance the work for implementing Affordable Housing Contributions Schemes and, by extension, add an Affordable Housing clause into LEP 2009
10. Collaborate and work with ACHPs and CHPs (e.g. the Housing Trust) to deliver on the outcomes of the LHS, particularly in the creation and rollout of Affordable Rental Housing policies
11. Aim for a higher AHCS contributions rate in the order of 10-15%, to align with GCC *Six Cities Discussion Paper* targets
12. Lobby GCC and DPE to waive viability tool testing ordinarily undertaken by Councils for AHCS contributions rates, especially when the proposed rates sit within the 10-15% range
13. Expand scope of AHCS contributions to include any major rezoning activity which would:
- a) generate significant commercial/industrial investment (or favourable changes to planning rules for floor area and height of building controls in E-, B-, IN- zones), and
 - b) induce local/regional demand for housing by new or augmented workforces
14. Where Affordable Rental Housing is being delivered by or on behalf of Council under the AHCS, this Affordable Rental Housing shall be set at affordable rents in-perpetuity
15. Include stronger provisions in Council's existing Planning Agreements Policy to set the nexus between:
- a) the delivery of Affordable Rental Housing through Planning Agreements, and
 - b) developments and rezoning activities that would otherwise be captured by a future AHCS
16. Review viability of certain land zone typologies (e.g. R2 land domination in Helensburgh) to further the objectives of infill and mixed use development and adhering to Urban Growth Boundaries

17. Establish consistent criteria and application of Urban Growth Boundaries for the LGA. Application of such Boundaries shall also include 'last-resort' criteria on how and why these Boundaries can be encroached
18. Seek advice/resources (data, human capital) from DPE and GCC in setting, creating, and maintaining Urban Growth Boundaries for the broader 6 cities Metropolis vision
19. Work closely with State Government agencies to identify and promote suitable infill sites for social housing
20. Clarify the development fees incentives structure for CHPs, SHSs, and Specialist Disability Accommodation Providers delivering Affordable Rental Housing, crisis accommodation, and accessible housing:
 - a) Utilise a place-based approach to waiving fees and encourage greater uptake of delivering these housing and accommodation options in infill locations
21. Align with and build upon indicative targets outlined in the GCC *Six Cities Discussion Paper*, namely:
 - a) new housing delivered within 800m of a strategic centre or transport hub shall be predominantly (meaning more than 60%) non "dwelling houses" per the SILEP Dictionary definition and indeed be delivered as multi-dwelling housing, residential flat buildings, shop top housing, boarding houses, and other residential accommodation types that are non single-occupancy, detached in built form
22. Adopt firm and trackable non "dwelling house" targets in Urban Release Area plans
23. Stipulate that a methodical audit of potentially suitable Council-owned buildings, community and operational lands for the purposes of non-market housing and crisis accommodation will be undertaken by Staff with report(s) to be delivered to Council by x timeframe
 - a) Work closely with CHPs, Aboriginal CHPs, and Specialist Homelessness Services when undertaking this audit to determine site suitability
24. Scope existing or feasible-to-acquire Council-owned land for community land trust models
25. Examine and adopt other innovative housing initiatives referenced in the *Local Government Housing Kit*
26. Request the NSW Department of Planning to opt the Wollongong LGA into the *Housing SEPP 2021* for regulating STRA, specifically seeking:
 - a) exempt use of STRA to be no more than 180 days per year, or
 - b) exempt use of STRA to be no more than 90 days per year
27. Research and monitor the local impacts of STRA use on matters such as socio-spatial disadvantage, rental affordability, workforce attraction/retention, and tourism

28. Advocate to State government on allowing alternative legislative approaches to addressing STRA impacts on housing stock (i.e. flexible application of day and/or density caps), after conducting local research and monitoring
29. Request DPE to incorporate a metric for tracking housing stock attrition rates due to conversion of dwellings to STRA into the Illawarra-Shoalhaven Urban Development Program, as part of the UDP's remit in monitoring the land and housing pipeline.

Appendix A – DPE population and implied dwelling demand projections to 2041

*DPE data (https://www.planning.nsw.gov.au/Research-and-Demography/Population-Projections/Explore-the-data)					*Shelter asks		
Year	Location	Residency type		Implied dwelling demand (no. of total dwellings required to house projected population, all tenure types)	Restoring 5% of all housing stock as social housing	10% of all housing stock as social housing	Approximate social housing household size (average no. of persons per social housing property when social housing constitutes 10% of all housing stock)
		No. of people in private dwellings	No. of people in non-private dwellings				
2022	Central Coast City	344176	4774	160288	8014	16029	
2041		396844	7772	191696	9585	19170	2.47
2022	Central River City	1818002	24646	665989	33299	66599	
2041		2308682	44098	898789	44939	89879	2.04
2022	Eastern Harbour City	1947294	56452	873595	43680	87359	
2041		2192874	83713	1042892	52145	104289	1.25
2022	Illawarra-Shoalhaven City	423422	8685	199785	9989	19979	
2041		545030	14068	265264	13263	26526	1.89
2022	Lower Hunter & Greater Newcastle City	598307	11913	269828	13491	26983	
2041		754018	20386	353608	17680	35361	1.73
2022	Western Parkland City	1131836	13557	410292	20515	41029	
2041		1481311	26323	572168	28608	57217	2.17
2022	Remainder of NSW outside of 6 cities	1743560	45963	864604	43230	86460	
2041		1931824	65884	1005058	50253	100506	1.53
Total percentage of NSW social housing dwellings that will be delivered in metropolis of 6 cities region per Shelter's 10% of all housing stock ask by 2041							76.8
Total number of social housing dwellings in the metropolis of 6 cities region per Shelter's 10% of all housing stock ask by 2041							332442