



Shoalhaven City Council

Shelter NSW submission on draft *Affordable Housing Strategy*

A secure home for all

12 July 2024



About Shelter NSW and our submission

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 provide systemic advocacy and advice on policy and legislation for the whole NSW housing system to resolve housing inequality. We have a diverse membership, ranging from community services organisations, other peak bodies such as Tenants Union NSW, and individual members who are generally academics, renters (public & private), or other people with lived experience in housing precarity.

We are especially concerned for low-income households which struggle to afford good-quality and well-located housing in the private market. We consider a sustainable housing system one that delivers what we call Triple-A housing and Triple-P outcomes.

Affordable and diverse homes	Accessible, well-located housing	Appropriate, 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 believe the housing system should deliver safe, secure, and affordable living outcomes for all, regardless of tenure type.

We have become increasingly active in the land use planning space at the State and local levels as it relates to better housing outcomes for low-income households.

Shelter NSW thanks Shoalhaven City Council for the opportunity to comment on its draft Affordable Housing Strategy (‘AHS’). We have appreciated the increased engagement with Council staff, elected representatives, and groups such as the Homelessness Advisory Committee since the release of our [Regional Housing Need Report](#) (version 2, February 2023) and look forward to continuing to work together into the future.

For any queries related to our submission, please contact Policy Officer, Kayla Clanchy (kayla@sheltersnsw.org.au).

Summary of recommendations

The following is a summary of our recommendations to Shoalhaven City Council on its draft Affordable Housing Strategy ('AHS').

1. Require Social Housing stock to be commensurate with population projections and representing 10% of all housing stock by 2041 in the LGA:
 - a. Advocate the following figures to State Government, particularly Homes NSW (LAHC division), and pin-down commitments to augmenting Social Housing stock in Shoalhaven LGA:
 - i. By 2041, with nearly 1.5% of the State's population residing in the LGA, 2% of the State's Social Housing dwellings shall also be located in the LGA.
 - ii. By 2041, Social Housing dwellings in the LGA should be close to 8,699 in number (including 1,894 existing Social Housing properties; therefore additional 6,800 properties needed).
2. Mandate at least 5% of Social Housing stock being dedicated Aboriginal Housing delivered by Aboriginal Community Housing Providers or AHO.
3. Ensure a Memorandum of Understanding with Homes NSW (LAHC division) for Public Housing renewal/development is firm on:
 - a. Asking for underpinning cost-benefit analyses, business cases, and tender documents to accompany rezoning and Development Applications for Public Housing renewal projects proposed by Homes NSW and other Social Housing developers, to ensure the maximum public benefit is being derived from "social mix" approaches to renewing Public Housing estates.
 - b. Pushing Homes NSW and other Social Housing developers to distinguish between "Public", "Community", "Aboriginal", "Affordable Rental", "Affordable Ownership", "Below Market" housing targets to ensure these are not combined into the same target group (ie clear distinctions and transparency is needed between publicly-owned and operated housing versus subsidised-to-market but otherwise private housing being delivered on historically publicly owned land).
 - c. Seeking commitments from Homes NSW to substantially higher targets for Social and Affordable Rental Housing on Public Housing renewal sites (ie preserve more than half of land for Public Housing/remaining in public ownership; deliver a substantial increase to the number of Social dwellings on a site to make the disruption to tenants somewhat worthwhile; and deliver at least 15% Affordable Rental Housing in perpetuity in addition to Social Housing and as an intermediary between Social Housing and market dwellings).
 - d. Requiring all new Social Housing stock being built to *Livable Housing Design Guidelines* gold standard accessibility.

4. For other government-owned land (to ensure the maximum public benefit is being derived from developing publicly-owned land and that windfall land gains accrue to the public):
 - a. Ask for underpinning cost-benefit analyses, business cases, and tender documents to accompany rezoning and Development Applications for projects proposed by Homes NSW, TAHE, Landcom, TAFE, School Infrastructure NSW, Local Health Districts, Crown Lands, and other State agencies when they are proposing residential uses on publicly-owned land.
 - b. Request at least 30% of residential development being Social Housing (Public, Community, Aboriginal Housing).
 - c. Request at least 15% Affordable Rental Housing.
 - d. Request at least 15% other government-owned housing (such as build-to-rent, key worker housing).
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. Refine Action 1.2:
 - a. Bring forward implementation timeframes for contribution rates created under Affordable Housing Contributions Schemes (e.g. 12 months lead-in time from the commencement of the Scheme).
 - b. Expand scope for AHCS(s) to not just rezonings which deliver “housing uplift” but any rezoning activities which generate commercial/industrial investment (or changes to planning rules for floor area and height of building controls in E-, B-, IN- zones) and induce local/regional demand for housing by new or augmented workforces.
 - c. Request clarification from DPHI on the former Greater Cities Commission 10% Affordable Housing contributions housing uplift target in the 6 cities regions (of which Shoalhaven City is a part).
7. Copy the **legislated definition** of “Affordable Housing” (from *EP&A Act 1979* and *Housing SEPP 2021*) into the AHS Glossary and future AHCSs.
8. Include advocacy action for Council to lobby DPHI to amend the *Housing SEPP 2021* to remove references to 10-15 year lapsing periods for Affordable Rental products.
 - a. Make explicit reference to advocating for development of Affordable Rental Housing that is “affordable” in perpetuity on surplus/underutilised State government owned land.
9. As a new Action linked to objective 3 in the AHS, push DPHI to review the scope and effectiveness of Chapter 2, Part 3 of the *Housing SEPP* in reducing net losses of low-rental dwellings and tempering gentrification effects (low-income renter displacement).

10. In making future Affordable Housing Contributions Schemes, refer to the recommendations and principles of good Affordable Housing Policy as outlined in [Dr Gilbert & Dr Zanardo's Inclusionary Housing Policy Paper](#), particularly:

- a. Mandatory rather than voluntary Affordable Housing Schemes are overall fairer, easier to interrogate and implement, and deliver more predictable outcomes in Affordable Housing delivery.
- b. Specify minimum proportions within the three income bands (very low, low, and moderate) who should be housed in Affordable Rental Housing to prevent developer or housing provider bias in accepting mostly moderate income tenants.
- c. Careful attention to be paid to design outcomes for Affordable Rental Housing within broader private housing complexes so these dwellings are not materially subpar or perceived to be subpar by way of location, floor-level, number of bedrooms, strata by-laws, open space, passive heating/cooling opportunities and the like.
- d. Affordable Rental Housing to be Affordable (*Housing SEPP*: rent-set at no more than 30% of gross income) in perpetuity; in perpetuity or 50+ year requirements in international cases (the US) have not been shown to significantly affect unit development activity.
- e. Affordable Housing ownership, operations, and tenancy management should be retained by government agencies, local Councils, or **not-for-profit** Community Housing Providers ('CHPs').
- f. Affordable Housing compliance needs to be instilled in DA conditions of consent as well as on land titles (examples include requiring Affordable Housing tenancies to be filled prior to Occupation Certificates being issued for private market dwellings).
- g. A centralised monitoring framework on units approved, constructed, and operational as Affordable Housing with clear demarcation of government agencies responsible for compliance and enforcement at each stage in the Affordable Housing lifecycle.
 - i. This monitoring framework shall track information on approval status, development status, timeframe status (ie housing being "affordable" in perpetuity from x date, or time-limited), and locations (suburbs) of Affordable Rental Housing made possible by the *Housing SEPP*. This includes housing built in accordance with Affordable Housing Contributions Schemes as well as Affordable Rental Housing reliant on provisions from Chapter 2 of the *Housing SEPP*.
 - ii. In time, this register should be expanded to include data on Affordable Rental Housing made possible by Voluntary Planning Agreements.

- iii. Request DPHI to take custodianship of any such database and/or secure sustainable funding from DPHI to manage the database locally.
11. Halt any further sales of Council land (including the [Property Sales Program](#)) until such time that a methodical land audit in alignment with Action 1.1 of the AHS has been completed.
 - a. Institute positive covenants (Affordable Housing requirements) on land suitable for residential development, if the Property Sales Program is to continue in its current form.
 - b. Work closely with CHPs, Aboriginal CHPs, Specialist Homelessness Services, and organisations such as Youth Foyer Foundation when undertaking this audit to determine site suitability.
 12. Scope existing or feasible-to-acquire Council-owned land for community land trust models.
 13. Refer to the [Ethically Conscious Housing Initiatives Report](#) for inspiration on how to make the most impact with Council-owned land:
 - a. Examine and adopt other innovative housing initiatives referenced in the *Local Government Housing Kit* when actioning 3.1 and 3.2 of the AHS.
 14. Ensure new Social Housing acquisition/construction predominantly occurs in well-located, mixed use, infill neighbourhoods rather than in greenfield sprawl estates.
 15. Commit to reviewing viability of certain land zone typologies (R2 and R5) to further the objectives of infill and mixed use development.
 16. Cluster new dwellings in greenfield areas as a means to limit the bushfire front for new estates, reduce the number of asset protection zones which need to be separately managed, and limit ecological fragmentation.
 17. Improve Action 3.2 public benefit outcomes by requiring a robust proportion of resultant dwellings on pilot project Council-sites to be Affordable Housing.
 - a. Evidencing of dwelling diversity market performance for lenders does **not** need to be to the total exclusion of non-market dwellings.
 18. Extend the reach of Action 3.3 by installing desired urban outcomes (dwelling diversity) for greenfield estate development into DCP Chapters.
 19. Recognise the role that better regulating non-hosted “short-term rental accommodation” will have on improving housing justice, by including Actions related to this topic in the AHS:
 - a. Conduct more research into the economic and social benefits to households and businesses in having a more stabilised rental market through various regulatory control options of non-hosted “STRA”.
 - b. Have a clear goal in mind of finding the **sustainable** number of non-hosted “STRA” conversions that Shoalhaven can tolerate, on a suburban or regional scale (refer to [our submission](#) on DPHI’s “STRA” Discussion Paper).

20. Engage with DPHI on varying SEPP controls/promoting local tailored solutions for regulatory intervention of non-hosted conversions.
 - a. Request additional resources from DPHI to perform local or region-wide studies (with Joint Organisation of Councils) into the sustainable number of dwelling conversions to non-hosted accommodation that each locality's housing market can withstand.
21. Explore day-cap threshold ranges (30 to 90 days per calendar year), beyond which a house is likely no longer being used as a home and some change of use permit system is required.
 - a. Further explore limits on number of permits issued (or exemptions) by suburb or by density.
22. Add an Action to the AHS to monitor housing stock attrition rates of new housing supply to the non-hosted accommodation market (or lobby for DPHI intervention to monitor these rates on their housing dashboards and conduct regular reporting).

Context: LGA of high housing need

We applaud the sobering analysis in the AHS of the severe, quantified unmet need for Affordable Housing in the LGA. We wish to provide additional context for drivers and trends potentially underpinning these stark numbers.

Shelter NSW has strengthened its interest in and advocacy for regional housing solutions in NSW. Last year, we released an updated report with Regional Australia Institute ('RAI') on regional NSW LGAs in 'high housing need'. **Our investigation found that Shoalhaven ranks poorly on several metrics, compared to other regional LGAs.**

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 recommendations)¹. 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. Shoalhaven is no different in this respect; it is anticipated that population growth will be highest in the 80+ year age group in the coming years². The draft AHS acknowledges there is a chronic mismatch between housing typology and household formation types.

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

² Shelter NSW in partnership with Regional Australia Institute. (February 2023, p. 36). *New South Wales Regional Housing Need Report*. Retrieved from https://shelternsw.org.au/wp-content/uploads/2023/02/230223_Shelter-NSW-Regional-Housing-Need-Index_FINAL.pdf

Migration trends during the COVID-19 pandemic and the ability for Sydney-employed professionals to work remotely contribute to a deepening regional housing crisis for NSW³. Locals with lower incomes relative to Sydney-natives have seen rental asking prices skyrocket 20% or more, year on year⁴, and rental vacancy rates drop below 1% for extended periods of time⁵. 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.

More than 75% of low-income households were experiencing rental stress in the LGA at the time of our *Regional Housing Need* publication⁶ and this is expected to have significantly worsened with the ongoing cost of living crisis. Aboriginal people are strongly represented in the LGA at 6.5% of the population⁷. The *November 2023 SGS Economics Rental Affordability Index*⁸ found the average rental household faces “severe” rental affordability constraints in the Berry postcode; virtually all postcodes in the LGA are “severely” unaffordable for single part-time working parents on benefits. The South Coast NSW electorate reports higher than State- and region-averages for families accessing Commonwealth Rent Assistance payments at 16.7 percent⁹.

The proportion of dwellings as Social Housing stock is approximately 3.5%, which is about average compared to other regional LGAs. However, there are approximately 1,120¹⁰ applicants on the Social Housing waitlist (as of April 2024) associated with Homes NSW allocation zones in the LGA (S011, S012, S020, S024, S029, S031), and the applicants in this area face the second longest waiting times in NSW (behind Northern NSW) for a Social Housing property¹¹.

In addition to COVID-induced migration trends outlined earlier in this section, there has been the domestic tourism boom. The lure of higher-profits per week in converting a

³ 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://shelternsw.org.au/wp-content/uploads/2021/11/Covid-19_rental-housing-and-homelessness-impacts-in-Australia-24-Nov.pdf

⁴ 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/>; DCJ rent and sales quarterly reports (<https://www.facs.nsw.gov.au/resources/statistics/rent-and-sales/dashboard>)

⁵ SQM Research. (n.d.). *Residential vacancy rates by postcode*. Retrieved from https://sqmresearch.com.au/graph_vacancy.php

⁶ Shelter NSW in partnership with Regional Australia Institute. (February 2023, p. 36). *New South Wales Regional Housing Need Report*. Retrieved from https://shelternsw.org.au/wp-content/uploads/2023/02/230223_Shelter-NSW-Regional-Housing-Need-Index_FINAL.pdf

⁷ Australian Bureau of Statistics ('ABS'). 2021. *Shoalhaven City LGA Quickstats*. Retrieved from <https://abs.gov.au/census/find-census-data/quickstats/2021/LGA16400>

⁸ SGS Economics & Planning. (November 2023). *Rental Affordability Index: Key Findings*. Retrieved from <https://sgsep.com.au/projects/rental-affordability-index> [interactive map]

⁹ NSW Parliamentary Research Office. (November 2023). *Data brief 5 – Electorate data housing supply and affordability*. Retrieved from <https://www.parliament.nsw.gov.au/researchpapers/Pages/Electorate-data-housing-supply-and-affordability.aspx#download>

¹⁰ NSW DCJ. (April 2024). *Social housing applicant households on the NSW Housing Register by Allocation Zone*. Spreadsheet downloaded 11 July 2024 from <https://dcj.nsw.gov.au/about-us/families-and-communities-statistics/social-housing-waiting-list-data.html>

¹¹ NSW DCJ. (March 2024). *Median waiting time by DCJ district (rolling 12 months)*. Spreadsheet downloaded 11 July 2024 from <https://dcj.nsw.gov.au/about-us/families-and-communities-statistics/social-housing-waiting-list-data.html>

dwelling to non-hosted accommodation through easy-to-use platforms such as Airbnb has gone basically unchecked:

Table 1. Growth of whole-home Airbnbs in Shoalhaven and nearby LGAs¹²

LGA (2016 boundaries)	# of entire-home accomm listed on Airbnb in 12months to Nov 2018	# of entire-home accomm listed on Airbnb in 12months to Nov 2019	# of entire-home accomm listed on Airbnb in 12months to Nov 2020	# of entire-home accomm listed on Airbnb in 12months to Nov 2021	# of entire-home accomm listed on Airbnb in 12months to Nov 2022	# of entire-home accomm listed on Airbnb in 12months to Nov 2023
Shoalhaven	2669	3088	3022	3155	3682	3864
Kiama	468	562	570	585	662	653
Eurobodalla	569	705	671	733	963	1056

As anthropogenic global warming continues to be a major society-shaping factor into 2030 and beyond, homes and neighbourhoods need to be well-located and resilient to alternating flood and bushfire events¹³. 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. The Shoalhaven LGA is highly flood and bushfire prone and new housing opportunities, especially Social and Affordable Rental Housing, will mostly need to occur as infill development in existing townships to prevent further sprawl into unsuitable land.

Social Housing targets

A key component of the housing spectrum which is necessary for any community to sustainably function and thrive, is the provision of Social Housing. The intent of both Public and Community Housing (as subsets of Social Housing) is to accommodate people on very low and low incomes in such a way that rent paid is nominal and capped to prevent households from paying more than 25-30% of their income on rent.

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 needs¹⁴. Thus, Social Housing stock has been in real decline across the State for at least a decade¹⁵. Further, there is a

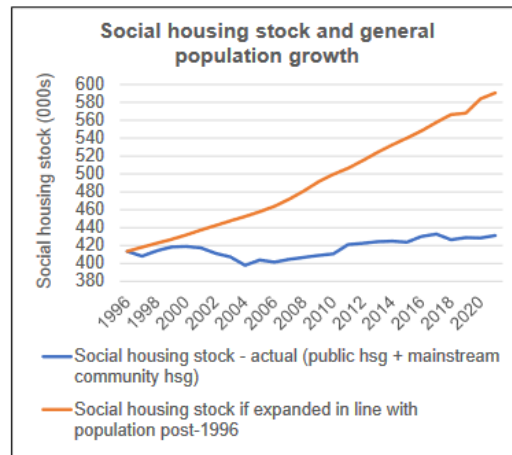
¹² Cox, M. (2021-2023). *Inside Airbnb*. Retrieved from <http://insideairbnb.com/get-the-data.html> [spreadsheet avail on request]

¹³ Intergovernmental Panel on Climate Change. (February 2022). *IPCC Sixth Assessment Report*. Retrieved from <https://www.ipcc.ch/report/ar6/wg2/>

¹⁴ Pawson, H., Milligan, V., & Yates, J. (2020, p. 104). *Housing Policy in Australia: A case for system reform*. (P. Macmillan, Ed.) Singapore: Springer Nature. doi:<https://doi.org/10.1007/978-981-15-0780-9>; Pawson, H. & Lilley, D. (May 2022). Working Paper: Managing Access to Social Housing in Australia - unpacking policy frameworks and service provision outcomes. *UNSW City Futures Research Centre*. Retrieved from https://sheltersnsw.org.au/wp-content/uploads/2022/05/Waithood_paper.pdf

¹⁵ 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

widening gap between population growth and the commensurate required growth in Social Housing:



Sources: ABS; Productivity Commission ROGS



Fig 1. Extracted from [UNSW City Futures Research Centre presentation](#) by Hal Pawson.

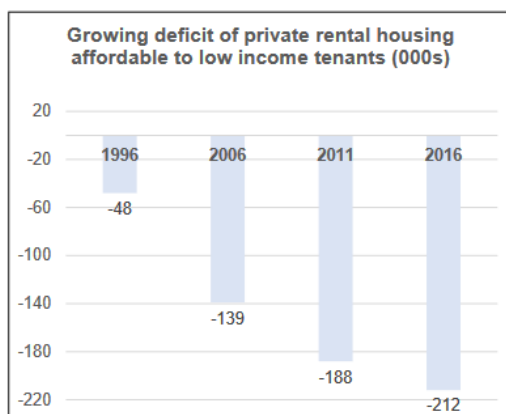
The people of NSW need genuine alternatives to the private rental market. In other countries¹⁶, a large and robust Social Housing program provides real competition (both in quality and affordability) to the private rental market.

Regardless of rental vacancy rates or newly added housing stock, low-income renters always struggle to compete with higher income households. The private rental market is designed not to comfortably accommodate those who are less 'willing (able) to pay'¹⁷:

<https://www.parliament.nsw.gov.au/lcdocs/other/15376/Answers%20to%20supplementary%20questions%20-%20Pavey.pdf>

¹⁶ Quince, A. and Baker, N. in *ABC Radio National* (4 August 2023). *Vienna has created an equitable and affordable housing market, here's how*. Retrieved from <https://www.abc.net.au/news/2023-08-04/vienna-s-social-housing-and-low-rent-strategy/102639674>

¹⁷ Nygaard, C., van den Nouwelant, R., Glackin, S., Martin, C. and Sisson, A. (15 September 2022). *Filtering as a source of low-income housing in Australia: conceptualisation and testing*, Final Report No. 387 in AHURI. Retrieved from <https://www.ahuri.edu.au/research/final-reports/387>; Pawson, H. (4 July 2023). *Housing policy challenges for Australia: How does the Albanese Government's investment and reform package measure up?* [Powerpoint presentation]. UNSW City Futures Research Centre. Retrieved from https://cityfutures.adu.unsw.edu.au/documents/720/ACTU_presentation_4_July_2023_v2.pdf



Source: Hulse et al. (2019) – original data from ABS Census



Fig 2. Extracted from [UNSW City Futures Research Centre presentation](#) by Hal Pawson.

Since the 1990s, the renting cohort in Australia has grown and dove-tailed with a decrease in home ownership:

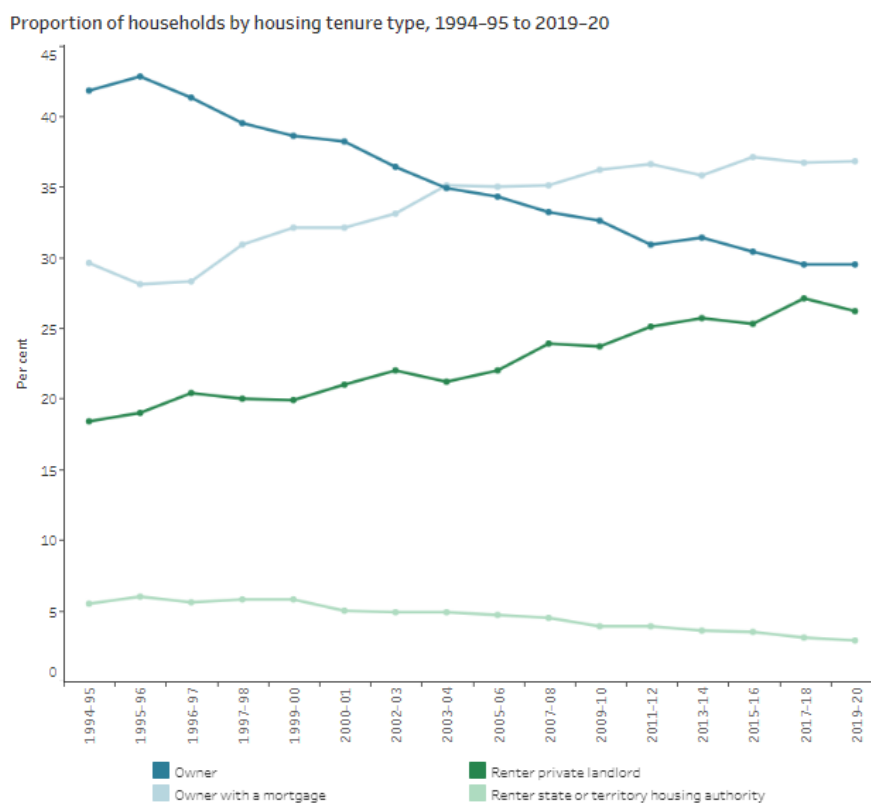


Fig 3. Extracted from [Australian Institute of Health & Welfare](#).

Similarly, growth in Social Housing tenancies has taken a backseat and as such, many households of varying incomes and life stages are surviving/struggling in the 'wild west' of the private rental market.

These changes in tenure dynamics are no accident; it is through Commonwealth and State tax settings, concessions, investments, policies, and legislation that 'housing' has

become a financial product or a wealth-creation vehicle (for a few landholders). 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.

Shelter NSW acknowledges the limited role local government plays in directly creating new Social Housing stock in their LGAs. Nonetheless, there is a significant need to robustly grow Social Housing stock in each LGA to truly deliver housing justice and tenure security for low-income households and essential workers. The needs-analysis that underpins the AHS recognises many low-income households would be better served by a big boost to Social Housing rather than Affordable Rental Housing. This is a good launching point for Shoalhaven City Council to advocate for more, better, and timely delivery of Social Housing from Homes NSW (LAHC division) and other Social Housing providers. When Council is tasked with creating housing targets from the State Government, **Council should feel empowered to ask the NSW Government “and what is your co-contribution to these targets by way of x amount increase in Public Housing?”**. We note that Shoalhaven City Council has been one of few regional Councils proactive in seeking out formalised commitments from the LAHC division of Homes NSW to this effect, and we encourage more public visibility of commitments made in MOUs and the like.

The most efficient and direct way to alleviate housing stress for low-income households is through restoring Social Housing stock levels to 5% of all dwelling stock in each LGA, with 10% of all housing stock being Social Housing by 2040 in NSW. These are not fantastical or unrealistic percentages; in Australia up until a decade or so ago, 5% of housing as Social Housing was the norm¹⁸. Shelter NSW advocacy in the 5-10% range would put NSW **below the average** of other OECD jurisdictions¹⁹.

Numerical Social Housing targets should be outlined in the AHS and be commensurate with the growth in population forecast for the LGA²⁰. Under this scenario and utilising data provided by the NSW Department of Planning on population projections and implied dwelling demand, our 10% stock ask would materially result in 2% of all Social Housing properties in the State being delivered in the LGA by 2041 – refer **Appendix A**. To be clear, we are asking for an **additional 6,800 Social Housing properties to be delivered in the LGA by 2041**.

Land represents a considerable cost that significantly impacts the viability of Social and Affordable Housing developments. Opportunities exist across Government including Homes NSW, the Aboriginal Housing Office, Transport Asset Holding Entity, Landcom, TAFE, School Infrastructure NSW, Local Health Districts, Crown Lands, local Councils and

¹⁸ Pawson, H., Milligan, V., & Yates, J. (2020). *Housing Policy in Australia: A case for system reform*. (P. Macmillan, Ed.) Singapore: Springer Nature. doi:<https://doi.org/10.1007/978-981-15-0780-9>

¹⁹ OECD Affordable Housing Database. (2022). *PH4.1 Social Rental Housing Stock*. Retrieved from <https://www.oecd.org/els/family/PH4-2-Social-rental-housing-stock.pdf>

²⁰ NSW Department of Planning & Environment. (2022). *Projections - Local Government Areas*. Retrieved from <https://www.planning.nsw.gov.au/Research-and-Demography/Population-Projections/Explore-the-data>

others to support delivery of the homes NSW needs. This land-use attitudinal shift of retaining existing holdings to realise Public Housing assets requires a reconsideration of the requirements of ‘timely’ financial returns and a greater focus on social return on investment. **Shoalhaven City Council must partner with and apply pressure wherever possible to other government agencies to acquire and build Public Housing en masse on new and existing holdings.**

Affordable Housing Contributions Schemes

In contrast to delivery of Social Housing, the creation of Affordable Housing Contributions Schemes is very much within the remit of local government. This is not to say that the State Government has no role in assisting Councils to create appropriate schemes or coordinate creation of region-wide schemes for several LGAs. **We support the intent of Action 1.2 in the AHS.**

Affordable Housing Contributions Schemes (‘AHCSs’) and Voluntary Planning Agreements (‘VPAs’) offer two different avenues to capture land value uplift that accompanies changes to planning rules (or significant development proposals), for the purposes of securing Affordable Rental Housing (usually in perpetuity) on the same land or elsewhere in an LGA.

Greenfield (rural to residential rezoning) Affordable Housing contribution rates have been accepted for Byron Shire Council and Penrith City Council by the Department of Planning in recent times. The preliminary economic viability testing by Judith Stubbs & Associates for the Coffs Harbour LGA demonstrates that significant land value uplift occurs in these scenarios of rural to residential rezoning, and that a 15% contribution rate “would not be unreasonable”²¹.

HillPDA’s own analysis²² for Shoalhaven City Council supports the principle that greenfield rezoning can and should be subject to higher affordable housing contribution rates, relative to infill development affordable housing contribution rates. **We agree and support the inclusion of broad-based rates for greenfield development.**

Putting in place a proactive AHCS signalling that a portion of land value uplift will be captured by an Affordable Housing requirement is best practice²³ for:

- a) ensuring that the monetary/land dedication to Affordable Housing is funded by a developer paying **less for the land** at the outset, and

²¹ Judith Stubbs & Associates. (March 2023). *City of Coffs Harbour Affordable Housing Strategy: Options Report*. Retrieved from <https://haveyoursay.coffsharbour.nsw.gov.au/88209/widgets/414264/documents/267393>

²² HillPDA for Shoalhaven City Council. (June 2024). *Draft Affordable Housing Feasibility and Contributions Testing Research Paper*. Retrieved from <https://getinvolved.shoalhaven.nsw.gov.au/93479/widgets/435330/documents/287715>

²³ SGS Economics & Planning. (March 2018). *Development Contributions for Affordable Housing: Theory and implementation*. Retrieved from <https://sgsep.com.au/assets/main/SGS-Economics-and-Planning-Development-contributions-for-affordable-housing.pdf>

- b) reducing speculative investment in important farmland or industrial land for the purposes of conversion to mixed use or residential land.

Without Affordable Housing Contributions Scheme(s) in place, current opportunities are being missed for big and small rezonings alike. Cumulatively, with the sheer volume of “small pocket” rezonings happening from lower order (Rural, Environmental) zones to higher order (Employment, Mixed Use, Residential) zones across the LGA, many Planning Proposals could easily be captured by a modest, broad-base Affordable Housing Contribution rate for housing to be delivered on-site or elsewhere in the LGA, through AHCSs. Many smaller rezonings to employment lands tend to (in aggregate) generate additional demand for Affordable Rental Housing for trade apprentices, bulky goods retail workers, logistics and warehouse workers, and other keys workers.

Shoalhaven City Council should advance Affordable Housing Contributions Schemes which are cognisant of the time-sensitive nature of collecting contributions. In this regard, we recommend shortening the lead-in time frames for contribution rates to apply, being 12 months from the commencement of relevant Affordable Housing Contributions Schemes. The creation of AHCSs takes considerable time with Gateway Determination from the Department of Planning, Housing and Infrastructure. Market signalling begins **now** through the creation of the draft Affordable Housing Strategy that flags contribution rates in the order of 1, 3, 5% to apply in due course.

Affordable Rental Housing

Shelter NSW recommends that the legislated definition of “Affordable Housing”²⁴ conferred by the EP&A Act on the Housing SEPP, is copied into the draft AHS Glossary and future Affordable Housing Contributions Schemes:

cl. 13 Affordable housing—the Act, s 1.4(1)

(1) In this Policy, a household is taken to be a very low income household, low income household or moderate income household if—

(a) the household—

(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

²⁴ NSW legislation. (current version 15 March 2024). *State Environmental Planning Policy (Housing) 2021*. Retrieved from <https://legislation.nsw.gov.au/view/html/inforce/current/epi-2021-0714#sec.13>

(b) *the household—*

(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.*

With the National Rental Affordability Scheme ('NRAS') ending and approximately 1,000 properties already expired and a further 5,600 properties to be taken out of circulation by 2026 when the Scheme ends²⁵, in-perpetuity Affordable Rental Housing is needed more than ever to accommodate not just key workers but also those tenants who are no longer supported by NRAS accommodation. **Council should lobby the NSW Department of Planning, Homes and Infrastructure ('DPHI') to amend the *Housing SEPP 2021* to remove references to 10-15 year lapsing periods for Affordable Rental products.**

Land/housing dedicated to Council from private developers at no-cost for the purposes of Affordable Rental Housing (through an AHCS or VPA) should always 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 Community Housing Providers ('CHPs') via peppercorn lease arrangements. **A commitment in the AHS to this principle of requiring any Affordable Rental Housing delivered under an Affordable Housing Contributions Scheme to be affordable in-perpetuity is requested.** It cannot be taken for granted that purely because a Community Housing Provider is managing the property, that it will be Affordable in perpetuity (note that **CHPs can operate as for-profit** within the National Regulatory System for Community Housing). In a similar vein, Council must advocate for development of Affordable Rental Housing that is "affordable" in perpetuity on surplus/underutilised State government owned land.

Affordable Housing Policy

Beyond contribution percentages and securing the definition of "Affordable Housing", Shelter NSW recently commissioned a report into what makes for good Affordable Housing Policy; [this Paper by Dr Gilbert and Dr Zanardo of the University of Sydney](#) contains many recommendations for policy-makers seeking to create or mature local Affordable Housing Contributions Schemes. A few core recommendations being²⁶:

²⁵ Australian Government - Department of Social Services. (June 2021). *NRAS*. Retrieved from https://www.dss.gov.au/sites/default/files/documents/08_2021/nras-quarterly-report-30-jun-2021.pdf

²⁶ Gilbert, C. & Zanardo, M. (2024). *What an Inclusionary Housing Policy Should be: Considerations for designing inclusionary housing approaches for NSW*. Research report for Shelter NSW, Sydney: The University of Sydney. Retrieved from <https://sheltersw.org.au/wp-content/uploads/2024/01/Shelter-report-FINAL-18-January-2024.pdf>

- **Mandatory rather than voluntary Affordable Housing Schemes are overall fairer**, easier to interrogate and implement, and deliver more predictable outcomes in Affordable Housing delivery²⁷.
- **Specify minimum proportions within the three income bands** (very low, low, and moderate) who should be housed in Affordable Rental Housing to prevent developer or housing provider bias in accepting mostly moderate-income tenants.
- **Careful attention to be paid to design outcomes for Affordable Rental Housing within broader private housing complexes** so these dwellings are not materially subpar or perceived to be subpar by way of location, floor-level, number of bedrooms, strata by-laws, open space, passive heating/cooling opportunities and the like²⁸. For instance, the Department of Planning's practice note on Affordable Housing²⁹ includes many recommendations around equality of amenity and particularly it states,

"if 70% of dwellings across a development achieve the Apartment Design Guide criteria for solar access (minimum 2 hours to living areas), then a similar percentage of the affordable dwellings should meet that standard" (p. 15).

Arguably, it is important to have **higher proportions** (>70%) of Affordable Housing dwellings meet this minimum standard as low-income households tend to have lower disposable incomes to spend on matters such as electricity and heating/cooling.

- **Affordable Rental Housing to be Affordable (Housing SEPP: rent-set at no more than 30% of gross income) in perpetuity**; in perpetuity or 50+ year requirements in international cases (the US) have not been shown to significantly affect unit development activity.
- **Affordable Housing ownership, operations, and tenancy management** should be retained by government agencies, local Councils, or **not-for-profit** community housing providers.
- **Affordable Housing compliance needs to be instilled in DA conditions of consent** as well as on land titles (examples include requiring Affordable Housing tenancies to be filled prior to Occupation Certificates being issued for private market dwellings).
- **A centralised monitoring framework on units approved, constructed, and operational as Affordable Housing** with clear demarcation of government agencies responsible for compliance and enforcement at each stage in the Affordable Housing lifecycle.

Another pillar of good Affordable Housing policy and practice is the retention of existing low-cost rentals, mitigating premature loss of low-cost rentals, and curbing displacement of low-income renters through gentrifying development. **Shelter NSW commends this**

²⁷ Also echoed in Phibbs, P. (2023). *The Affordable Housing Height and Density Bonus Scheme*. EPIC DOT GOV Consultant and Shelter NSW. Retrieved from https://shelternsw.org.au/wp-content/uploads/2023/11/106250_ShelterNSW_FinalPlanningBonus_11pp_A4_1s_PROOF.pdf

²⁸ Shelter NSW submission. (18 October 2023). *Department of Planning and Environment – Draft Housing SEPP – Social and Affordable Housing reforms*. Retrieved from https://shelternsw.org.au/wp-content/uploads/2023/10/231018_DPE-Draft-Housing-SEPP-Social-and-Affordable-Housing-Reforms.pdf

²⁹ DPHI. (December 2023). *Practice Note: Infill Affordable Housing*. Retrieved from <https://www.planning.nsw.gov.au/sites/default/files/2023-12/in-fill-affordable-housing-practice-note.pdf>

as objective number 3 in the AHS. It is not clear, however, how this purpose translates to specific actions. The *Housing SEPP* currently has a merits-process assessing to what extent proposed developments will result in a net reduction of low-rental dwellings and how this loss can be mitigated (sometimes through Affordable Housing contributions). Whilst this merits-process is not perfect (i.e. there are valid criticisms on the financial viability test overly condemning boarding houses to demolition³⁰), it provides a mechanism for the planning system to reflect on the gentrification potential of proposed developments that may end up displacing low-income renters. The applicability of Chapter 2, Part 3 of the *Housing SEPP* is quite narrow in terms of existing dwellings and buildings able to be classified as “low-rental residential buildings” (e.g. dwellings used as sharehouses are excluded). As an AHS action, we suggest Council pushes DPHI to **review the scope and effectiveness of Chapter 2, Part 3 of the *Housing SEPP* in reducing net losses of low-rental dwellings and tempering gentrification effects (low-income renter displacement).**

Council-owned land

Given the dire need for more affordable, secure, and accessible housing *now* in Shoalhaven, we support Action 1.1 for **a methodical audit of potentially suitable Council-owned buildings, community and operational lands for the purposes of non-market housing and crisis accommodation.** We are uncertain as to the status of this audit, noting that a simultaneously exhibited “[Property Sales Program](#)” is underway for Shoalhaven Council to sell off land to improve its financial position. It is not clear if these surplus sites have been vetted for their suitability for residential development of Affordable Housing as part of an ongoing Action 1.1 (Appendix G in the draft AHS), in which case, these properties should be retained by Council. At the very least, the Property Sales Program should be qualified by a set of positive covenants on the use of land found to be suitable for residential purposes (Affordable Housing development, in keeping with Action 3.1 of the draft AHS).

Council is uniquely placed to advance alternative housing and land solutions. Council can set the minimum requirements for housing outcomes on its own land when partnering with organisations such as Homes NSW (LAHC division), CHPs, and the Youth Foyer Foundation. Shelter NSW is a big proponent for more Youth Foyers across metropolitan and regional NSW and we specifically called on the State Government [to invest in more Youth Foyer programs in the latest budget](#). Youth Foyers have the potential to not only house young people at risk of homelessness, but increase future economic productivity of communities through improved education/training engagement of young people and avoided youth interactions with Police and Corrections.

³⁰ City of Sydney Council. (23 October 2023). *Item 3.2 Retention of Boarding Houses* – Meeting Minute and Resolution (carried). Retrieved from <https://meetings.cityofsydney.nsw.gov.au/ieDecisionDetails.aspx?AllId=16258>

Another alternative solution to delivering localised housing justice 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 Rental 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 land³¹. 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 model³².

There are many other case studies and examples of innovative and alternative housing solutions put forward in DCJ's *Local Government Housing Kit*³³ such as the 'Homes for Homes' initiative which relies on donations from property sales in a community to fund affordable housing projects³⁴. **We implore Council to refer to this Housing Kit resource in advancing Actions 3.1 and 3.2 of the AHS.**

Additionally, Shelter NSW commissioned a report by Australian Housing and Urban Research Institute ('AHURI') to canvass "ethically conscious housing initiatives" across the country. [This Report](#) seeks to identify housing initiatives that go above-and-beyond legislated minimums for delivering Affordable or below-market rental housing. We are including reference to this Report in our submission in the hopes that it serves as inspiration for the types of alternative and best practice solutions Shoalhaven should be championing on its own land. For example, Wollongong City Council's partnership with Head Start Homes is featured as a case study for assisting social housing waitlist applicants into home ownership³⁵.

³¹ Crabtree, L. (n.d.). Community Land Trusts. Western Sydney University. Retrieved from https://www.westernsydney.edu.au/ics/research/impact/community_land_trusts

³² Housing Matters Action Group. (n. d.). *Waterfall Way Community Land Trust*. Retrieved from <https://www.housingmatters.org.au/waterfall-way-community-land-trust/>

³³ 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>

³⁴ Ibid, p. 15

³⁵ Oberklaid, S. & Alves, T. (2023). *Ethically Conscious Housing Initiatives*. Prepared for Shelter NSW by the Australian Housing and Urban Research Institute. Retrieved from https://sheltersnsw.org.au/wp-content/uploads/2024/01/231214-Ethically_conscious-housing-INITIATIVES-report-final-1.pdf

Housing diversity

“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 mid 2010s³⁶ in the Illawarra-Shoalhaven region. Housing typology and increasing infill housing over greenfield development, however, is the bigger challenge into the future in ensuring housing supply is diverse, accessible, and meeting household needs and incomes.

The AHURI regional research³⁷ 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 dwellings³⁸.

Our submission to the Regional Housing Taskforce³⁹ in September 2021 included the recommendation for land use zoning typologies to be reimaged for regional and rural settings, with diminishing prevalence of land zones that promote sprawl in LEPs. In this vein, we assert that **Shoalhaven City 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.

³⁶ Gyde Consulting. (27 October 2022). *NSW Housing Analysis: Illawarra-Shoalhaven region*. Retrieved from <https://www.gyde.com.au/news/nsw-housing-analysis>

³⁷ 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>

³⁸ 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>

³⁹ Shelter NSW. (September 2021). *Regional Housing Taskforce submission*. Retrieved from <https://sheltersnsw.org.au/wp-content/uploads/2021/09/Regional-Housing-Taskforce-Shelter-NSW-submission.pdf>

Given the ageing profile of Social Housing tenants⁴⁰ 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 Homes NSW (LAHC division), the Aboriginal Housing Office, CHPs, and ACHPs**, with incentives offered to developers to dedicate Affordable Rental Housing in these infill sites.

The draft AHS and underpinning Research Paper on Dwelling Diversity rightly recognises the need for greater housing diversity and the mismatch between household demand and what housing types dominate the current market:

“Separate houses comprise 87.2% of dwelling stock in Shoalhaven in 2021 and lone person household are the second most popular household type... affordable and higher density housing is needed” (p. 32 of AHS).

With regard to Action 3.2, we note that part of the ‘rationale’ for this Action is proving to lenders and the market that diverse housing typologies outside of centres are viable, and that this needs to be kickstarted through Council-initiated projects. **We support Action 3.2 on the proviso that some resultant dwellings are set aside as Affordable Housing**, as currently the Action rationale reads:

“To support diverse low-cost market dwellings in locations outside of the traditional townships, Council can create market confidence through pilot projects, either wholly funded by Council or done through a joint-venture. In these projects, Council can show the private development sector that there is market appetite for these dwelling types along with evidence of achievable sale and rental figures. Importantly, these dwellings should be sold or rented at market rates to provide accurate evidence for the private sector.” (p. 33 of AHS).

Further, we support Action 3.3 and by extension, **desired urban outcomes for greenfield estate development should not only be in the LSPS but translated right down to the tactical level of DCP Chapters.**

⁴⁰ 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

Whole-home holiday accommodation

Recently, the State Government released its [Short-term Rental Accommodation Discussion Paper](#). The Paper canvassed ideas on how to better regulate non-hosted accommodation and return more balance to long-term housing stock in an effort to combat rising rental unaffordability and unavailability. As part of [our response to the Discussion Paper](#), we sought out meetings with various Councils – including Shoalhaven. We thank Shoalhaven Planners for their time in informing our policy position on non-hosted holiday accommodation, particularly in regional areas.

“Home sharing” platforms such as Airbnb have moved a long way from being incidental income makers for owner-occupiers in their primary place of residence. In many regional and high amenity locations, the types of homes available on such platforms now operate as quasi-hotels for property investors, being commercial in nature, and with an eroding effect on the total stock of housing able to be used as homes by local residents and renters⁴¹. From DPHI’s own estimates⁴² from the NSW “STRA” Register and comparing rental bonds data, **approximately 50% of non-hosted “STRA” in NSW were once available on the traditional long-term rental market.**

Shoalhaven is one of the most prolific LGAs in NSW when it comes to sheer numbers of non-hosted “STRA”⁴³ and percentages of vacant dwellings⁴⁴. We note the work that has gone into the [HillPDA Research Paper on Short-Term Rental Accommodation](#) for Council. **What the AHS lacks, however, is a connection between that work and AHS Actions**, given that the LGA is so highly impacted by non-hosted conversions of dwellings.

The Research Paper seems to be dismissive of the impact that better regulating “STRA” will have on low-income renter households, as whole-home Airbnbs tend to be a luxury product. We disagree with this framing for a few reasons:

- a) The **hyperinflated housing market** is fed by many factors, including speculative property investment and the view in Australia of housing being a wealth-generating vehicle first and foremost, with ‘housing as shelter’ a secondary consideration.
- b) **Curbing speculative property investment** (including profit maximisation behaviours of converting dwellings to non-hosted “STRA”) is a core, strategic move in delivering housing justice and smoothing out market volatility in housing/rental affordability and availability.

⁴¹ Sigler, T. & Panczak, R. in The Conversation AU. (13 February 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>

⁴² Mentioned in Shelter conversation with the STHL Team, P McManus (13 March 2024)

⁴³ DPHI. (February 2024). *Discussion Paper on short- and long-term rental accommodation.* Retrieved by [https://shared-drupal-s3fs.s3.ap-southeast-2.amazonaws.com/master-test/fapub_pdf/Discussion+paper+on+short+and+long-term+rental+accommodation+-+NSW+DPHI+\(1\).pdf](https://shared-drupal-s3fs.s3.ap-southeast-2.amazonaws.com/master-test/fapub_pdf/Discussion+paper+on+short+and+long-term+rental+accommodation+-+NSW+DPHI+(1).pdf)

⁴⁴ Fitzsimmons, C. in Sydney Morning Herald. (10 July 2022). *Where are the 3000,000 empty homes in NSW?* Retrieved from <https://www.smh.com.au/national/nsw/where-are-the-300-000-empty-homes-in-nsw-20220705-p5azcw.html>

- c) **Sociospatial disadvantages** of whole-home holiday accommodation use are well documented globally⁴⁵, 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.
- d) The proliferation of Airbnb-type properties in neighbourhoods tend to **gentrify** these areas and further drive-up property prices in Australia; in the period 2015-2017, a strong presence of whole-home Airbnb properties in a postcode accounted for a \$31,000 increase in house sale prices, and \$10 increase in weekly rents⁴⁶.

Shelter NSW does not dispute the role of non-hosted holiday accommodation in regional towns reliant on tourism dollars. However, the value of the year-round local dollar tends to be heavily discounted in the mind of key decision makers compared to the value of seasonal tourism dollars. We illustrated this point in [our DPHI STRA Discussion Paper submission](#) (via quotes from Shelter members):

“The Discussion Paper sort of discounts the value of the local dollar in praise of the visitor dollar... yes tourism money is important, but so is the local dollar being spent year-round at cafes and hairdressers and early childhood education centres... and when these workers in these industries can’t afford to live locally, their dollars as well as their services to the community at large are gone...” – Community member, Bellingen

“Do we want local dollars 52 weeks of the year from a family in a long-term rental or tourist dollars less than half the year? And tourist dollars mostly going to one landowner, it’s not like these tourists are spending \$500 per retail outlet or café they go into... but they do spend \$500 a pop per property investor per night... so is it good for local economies or just good for property investors?” – Community service provider, Blue Mountains

We are dismayed that the Research Paper does not go into detail on the economic and social benefits to households and businesses in having a more stabilised rental market and the flow-on effects of improved social cohesion (breaking down sociospatial stratification). This was a core criticism of the Byron Shire Economic Impact Assessment performed by Urbis⁴⁷.

With these factors in mind, **we assert that the AHS has jurisdiction to advance better policy outcomes associated with non-hosted “STRA” conversions.** We advocate for a sustainable number of dwelling conversions to these uses, to ensure housing market fluctuations in rental availability is mitigated for low-income and essential worker households in particular.

⁴⁵ (example: formerly working class district of Alfama in Lisbon, now thoroughly gentrified) Shabrina, Z et al (2021). Airbnb and its potential impact on the London housing market. <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. <https://doi.org/10.1177/0308518X19869012>

⁴⁶ Hodgson, L. (2023). *Accounting for Airbnb in the housing market*. PIA National Congress. Retrieved from <https://www.planning.org.au/documents/item/12420>

⁴⁷ Phibbs, P. (December 2021). *Byron Shire: Peer Review of Economic Impact Assessment*. Retrieved from <https://www.byron.nsw.gov.au/files/assets/public/hptrim/land-use-and-planning-planning-local-environmental-plans-working-documents-lep-2014-amendments/26.2020.1.1-stra-planning-proposal-appendix-3-peer-review-of-economic-impact-assessment-phibbs-2021.pdf>

In the **Context** section (Table 1), the growth in the number of whole-home Airbnbs for Shoalhaven City and nearby LGAs is clear. Table 2 depicts night occupancy (booking) data for these same LGAs:

Table 2. Occupancy/booking data for existing whole-home accommodation on Airbnb⁴⁸

LGA (2016 boundaries)	Whole-home Airbnb listings in the 12 months to November 2023						
	0 days	0-60 days	> 60 days	> 90 days	> 180 days	total no. whole-home listings	whole-home listings average occupancy days
Shoalhaven	701	2651	1213	884	399	3864	63
Kiama	97	420	233	175	87	653	72
Eurobodalla	191	735	321	234	102	1056	63

Day-cap thresholds serve as a useful indicator in many international examples of where a use is teetering towards being more commercial in nature rather than residential/incidental income in someone's principal place of residence. **In the NSW context, we advocate for a change of use permit system to apply to these properties once a day-cap threshold has been breached** (or proposed to be breached) for non-hosted accommodation use. As evidenced in [our submission on the recent DPHI STRA Discussion Paper](#), **we argue that the day-cap threshold for highly affected LGAs should be anywhere from 30 to 90 days per calendar year** – beyond which a permit system (whether exempt change of use, complying change of use, or DA change of use) kicks in.

It must be acknowledged that research internationally⁴⁹ has shown that annual day-caps as a lone planning mechanism for limiting non-hosted accommodation conversions are less efficient in returning dwellings to the long-term rental market than policies **limiting the total number of whole-home accommodation conversions per suburb**. We suggest that the total number of non-hosted accommodation permits should be capped per LGA or broader regional planning area, in accordance with local studies into the maximum allowable number of non-hosted accommodation that can occur without adverse impact on the long-term rental market in each location. **This is an option canvassed and shown to have merit in the HillPDA Research Paper.**

Furthermore, **total non-hosted accommodation volume caps for LGAs/suburbs/regional planning areas should be guided by density caps** (e.g. no more than y number of non-hosted accommodation options per z suburb), to ensure hollowing out of well-serviced, well-located neighbourhoods for whole-home accommodation use does not occur. Local research and evidence for density caps and as they vary from suburb to suburb will be required. Density caps that are tipped more

⁴⁸ Cox, M. (2023). *Inside Airbnb*. Retrieved from <http://insideairbnb.com/get-the-data.html> [spreadsheet avail on request]

⁴⁹ (Such as London versus Barcelona). 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*. <https://www.wired.co.uk/article/airbnb-london-short-term-rentals>

favourably to non-hosted accommodation 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. **This is also an option that is canvassed and shown to have merit in the HillPDA Research Paper.**

At the bare minimum, the AHS should have an Action related to **monitoring housing stock attrition rates of new housing supply to the non-hosted accommodation market.** Shelter NSW highlighted to the (former) Greater Cities Commission⁵⁰ the folly in setting housing supply targets if the Commission is not also monitoring this attrition rate. Goals to increase housing supply may be scuppered by new and existing housing stock being diverted at fluctuating rates to the non-hosted holiday accommodation market. We are not aware of specific monitoring of this issue by the Department or Urban Development Programs. This attrition rate of new housing was a concern also echoed in the NSW Independent Planning Commission's *Final Advice Report*: "...prevent the subsequent conversion of new housing supply to non-hosted STRA by requiring relevant conditions on development consent for new housing developments"⁵¹.

⁵⁰ Shelter NSW. (27 October 2022). Greater Cities Commission Six Cities Discussion Paper: Submission. Retrieved from https://shelternsw.org.au/wp-content/uploads/2022/10/221027_GCCSixCitiesDiscussionPaper_submission_final_KC.pdf

⁵¹ NSW IPC. (24 April 2023, p. iii). Byron Shire Short-Term Rental Accommodation Planning Proposal: Final Advice Report. Retrieved from https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/projects/2022/12/byron-shire-short-term-rental-pp/advice/230424_byron-stra-pp_advice-report_final.pdf

Appendix A – Shelter asks for Social Housing stock growth to be commensurate with population growth for Shoalhaven LGA

*DPE data (https://www.planning.nsw.gov.au/Research-and-Demography/Population-Projections/Explore-the-data)				*Shelter asks	
Year	Location	Population	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
2024	Shoalhaven LGA	113,289	65,919	3,296 (including approx. 1,894 existing Social Housing properties)	6,592 (inc. 1,894 existing)
2041		145,527	86,985	4,349 (inc. 1,894 existing)	8,699 (inc. 1,894 existing)
2024	NSW Total	8,271,395	3,506,436	175,322	350,644
2041		9,872,934	4,329,475	216,474	432,948
Total % of population in NSW that will reside in the LGA by 2041				1.47	
Total % of NSW Social Housing dwellings that will be delivered in the LGA per Shelter's 10% of all housing stock ask by 2040				2.01	

Table DWELLINGS.5: Dwellings, by local government area for Public Housing, SOMIH and community housing, 2022

State/territory	Region Code	Region Name	Total housing
NSW	16950	Shoalhaven (C)	1,894

Notes

1. Data correspond to LGA 2019 boundaries.
2. Dwellings were assigned to LGAs using a postcode to SA2 correspondence file and a SA2 to LGA correspondence file. This may lead to some minor inaccuracies in results.
3. May not sum to totals presented in other tables due to rounding.

Source: AIHW National Housing Assistance Data Repository.