

Thursday 4 September 2025

Randwick City Council
30 Frances St, Randwick, 2031, New South Wales
Via email to council@randwick.nsw.gov.au

Subject: Consultation on Randwick City Council Draft Affordable Rental Housing Strategy

Dear Randwick City Council,

Thank you for the [opportunity to provide feedback](#) on Randwick City Council ('Council') draft Affordable Rental Housing Strategy ('the Strategy').

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 a secure home for all. We are especially concerned for low-income households who struggle to afford good-quality and well-located housing. We provide systemic advocacy and advice on policy and legislation for the whole NSW housing system to resolve housing inequality.

1. In-principle support for the Strategy

Shelter NSW strongly supports the use of local government planning powers to deliver more diverse and affordable housing to support inclusive and socio-economically diverse communities. We advocate for the development and use of ambitious inclusionary zoning schemes such as affordable housing contribution schemes (AHCS) and other mechanisms to ensure strong, productive communities and local economies where all people have access to safe, secure, affordable, high-quality housing.

Shelter NSW commends Council for preparing the Strategy. This letter expresses our in-principle support and provides recommendations and commentary to further strengthen the Strategy. In particular, we support:

- the recognition of affordable housing as critical infrastructure to support strong and inclusive communities and local economies.

- the provision of affordable housing in perpetuity. Given the scale and extent of the need for affordable housing – as established in the evidence base, academic research, and ‘grey’ literature – delivery of time-limited affordable housing is a missed opportunity to address housing affordability issues over the long term. And it creates a ‘cliff effect’ when affordable housing schemes end, as illustrated by the issues linked to the end of National Rental Affordability Scheme (NRAS) incentives across the nation.
- the commitment of Council to income-based rent setting models.

We also recognise the strong and long-standing commitment of Randwick City Council to creating and supporting a socio-economically diverse community, including through delivery and management of affordable housing, creating a benchmark for other councils and demonstrating best practice.

1.1 Level of need

Shelter NSW considers that the Strategy establishes the need for affordable housing in the LGA in a comprehensive and well researched way. For example, the data on p11/12 shows that for many households, rental prices in the area for the type of dwelling that they need are becoming increasingly out of reach. Net migration away from the area, as highlighted in the Strategy, is a key area of concern, as key workers will continue to work in Randwick LGA, adding to congestion, impacting quality of life and productivity, and for some professions in health and security services, creating a potential health and safety risk as a result of longer commutes. We also welcome the profile of affordable housing tenants highlighted on page 10, which show the diverse people that can be assisted by affordable housing, and should help in convincing community members who may have concerns about affordable housing.

Page 14 estimates the number of households in the LGA in need of affordable housing to be 2.5%. This estimate, however, assumes that the need of households on the social housing waiting list will be met by NSW Government, which is unlikely based on available data and current social housing completion trends. The statement that data on need is ‘corrected to include 50% of Q2/Q3 of households’ is unclear and might warrant further editing. While providing genuinely affordable housing to people whose needs are not being met in the private market is a State rather than Council responsibility, we note that the level of need in the LGA might be underestimated by these calculations.

We note the risks – also identified by Council - associated with ‘affordable housing’ being delivered by for profit providers, the reputational risk for social and affordable housing when properties are being rented at rents that are not genuinely affordable to households living on lower incomes, and the artificial distinction between social and affordable housing created by NSW Government policy. Broader eligibility criteria and large scale, sufficient stock of social housing available in NSW could be used to provide safe, secure, affordable, high-quality housing to all people whose needs are not met in the private market, reduce stigma, and cross subsidise the social housing portfolio.

Mismatch in number of bedrooms and household composition

We note the analysis made by Council that there is currently a mismatch between number of bedrooms in dwellings and household composition, with many dwellings including unoccupied bedrooms. While there might be opportunities to harness these unoccupied bedrooms, we note it is unlikely that information campaigns by Council will change household preference for having a spare bedroom and/or an office/study. Policy instruments that might encourage households to downsize mostly reside at the State and Commonwealth level (e.g. land tax, other tax incentives). There are also issues as to whether unoccupied bedrooms can constitute appropriate, safe, and secure housing, due to gaps in tenancy legislation coverage for informal share housing arrangement, and the fact many households in need of affordable housing cannot meet their housing needs through simply renting a spare bedroom (e.g. single parent families, people with disability or other specific needs, etc.). Shelter NSW recommends that Council focuses on other levers available rather than trying to make unoccupied bedrooms available to people in need of affordable housing.

Use of Council planning powers to encourage development of smaller, self-contained secondary dwellings (e.g. action 1.5 of the Strategy) is more likely to be successful as landowners may have a financial interest in making use of the provisions. We note however that while self-contained secondary dwellings contribute to housing diversity and provision of smaller dwellings that are likely to be rented at a cheaper price point than the rest of stock, they are not necessarily genuinely affordable for (or rented to, due to landlords being able to choose most affluent applicants) households on very low and low income. They also may leak into the ‘Short-Term Rental Accommodation’ (STRA – mostly unregulated commercial holiday letting) market in areas with a lot of demand for tourism accommodation such as Randwick LGA.

1.2 Rent setting model

Shelter NSW welcomes recognition by Council that rent setting of rental affordable housing properties at 74.9% (p8/9 of the Strategy) of market rent often results in housing that is **not** genuinely affordable to people on very low and low incomes, especially in areas such as Randwick LGA where market rents far exceed ordinary people's capacity to pay.

We note that the draft Strategy includes a factual mistake; as the NSW Affordable Housing Ministerial Guidelines ('The Guidelines') (both the recently released 2024/2025 version and the 2023/24 version mentioned in the draft Strategy) require affordable housing to be rented at maximum of 80% of market rent, not 74.9%. Because the guidelines encourage providers to maximise Commonwealth Rent Assistance (CRA) and seek GST free status wherever possible, however, affordable housing rents tend to be set at 74.9% of market rent indeed, (which is used as a limit that allows CHPs to maintain PBI status). This factual mistake does not invalidate Council's point – if anything it reinforces it for the cases in which rent might be set at 80% of market rent.

While the recently released [2024/25 Guidelines](#) list 'ensuring affordable outcomes' as the main objective of rent setting policy, and that eligible households should not pay more than 25-30% of their income in rent, it does not require it.

Shelter NSW will continue to advocate for rental affordable housing properties to be rented to a mix of very low-, low- and moderate-income households, at a maximum of 30% of their income or 74.9% of market rent, whichever is the lowest. In addition to the income based rent setting model proposed by Council for affordable housing delivered in the LGA, which we strongly support, we recommend that Council includes advocacy for a statewide income based rent setting model in its Strategy.

Recommendation 1 – List advocacy to NSW Government for income-based rent setting in affordable housing dwellings in the Strategy

Randwick Council to include an action in its Strategy to advocate to NSW Government to require through regulations under the Community Housing Providers (Adoption of National Law) Amendment Bill 2025 – or alternatively, in other regulations or the Guidelines – that rental affordable housing be provided to a mix of eligible very low-, low- and moderate-income

households, at a maximum of 30% of their income or 74.9% of market rent, whichever is the lowest.

1.3 Affordable housing target and levels of contribution

Shelter NSW strongly supports the ambitious, aspirational target set by Council for rental affordable housing and social housing to constitute 7.5% of total stock. We strongly support 'Priority 1 – Accelerate the delivery and retention of quality and low cost affordable housing through the use of planning provisions' outlined in the Strategy.

While we support the target of Council to capture up to 10% of the value of development rights granted to landowners through a variable affordable housing contribution scheme depending on location and financial viability (for sites subject to uplift), Shelter NSW strongly recommends that this target is set based on a contribution floor and not a ceiling. Ceiling based targets tend to be lowered by the lowest common denominator, and landowners and property developers' lobbyists (who have had plenty of advance notice of the future introduction of AHCS, as early as in the 2018 plans of the now defunct Greater Sydney Commission) will argue that the sites they want to develop warrant lower contributions or that current market conditions make contributions unviable. Targets of 5-15% should be appropriate in an area such as Randwick LGA which has a lot of demand for new residential housing and high land values, resulting in large land value increases windfalls for landowners whose land is uplifted.

Recommendation 2 – Include a floor target of 5% and make the uplift contribution target 5-15% subject to financial viability and specific site conditions

The 'floor target' for Council to capture a certain amount of the total gross floor area (either in kind or in cash) for the purposes of providing affordable housing could be progressively ratcheted up from 5% to 7.5% and 10% in the future.

We also support the introduction of a broad based AHCS operating concurrently with the contribution for sites subject to uplifting (to be investigated by Council as described in Action 1.2). Shelter NSW is available should Council wish to consult on levels of target and implementation mechanism. Given the level of need in the LGA and the need to capture contributions as development occurs, while we note that there already are AHCS in place in Randwick, we recommend that Council amends action 1.2. to prepare a draft AHCS within 9 months, and a level of contribution set at a minimum of 5% (in line with Recommendation 2).

Recommendation 3 – Prepare a draft broad based AHCS with a minimum level of contribution set at 5%

2. Impact of STRA in the area

Shelter NSW notes the discussion of the impact of STRA prepared by Council (p20-21). We share the concerns of council that short term holiday accommodation is impacting housing options and affordability of housing for people living on lower incomes and essential workers. We note that the loss of dwellings through gentrification and urban redevelopment also discussed in 5.5 requires its own section as this is only partially related to STRA. Balancing the need for holiday accommodation to be provided in the area with the need for more residential dwellings - noting they are not necessarily the same dwellings/the same price points – is a challenge for councils such as Randwick. While levers to encourage STRA dwellings to go back to the private rental market (PRM) are mostly at state level (e.g. tax, change of use conditions), Council could consider preparing a STRA hosting cap in order to limit the leak of PRM dwellings into the STRA market.

Given the likely important impact of STRA in Randwick LGA, and the urgent need to provide more affordable housing to the community, we do not consider the action 1.6 proposed by Council to prepare a discussion paper about the impacts of STRA and loss of traditionally low cost dwellings in the area within two years to be appropriate.

Recommendation 4 – Prepare a proposal to better regulate STRA in Randwick LGA, including through a STRA day hosting cap (e.g. 100 days), within 12 months

3. Direct delivery and spot purchasing

For the reasons outlined in the rest of this submission, Shelter NSW strongly supports action 2.1 and 2.2 of the Strategy to investigate direct delivery of rental affordable housing on council land through partnerships with CHPs and other housing organisations. This would be a great opportunity for council to deliver genuinely affordable housing to community members, while showing innovation, setting benchmarks and providing examples of best practice in innovative, socio-economically inclusive and well-designed development.

Shelter NSW also strongly supports spot purchasing by Council of PRM properties to convert into regulated rental affordable housing (action 2.3), in order to rapidly add to Council affordable housing stock and provide safe, secure, affordable housing to the community members who need it the most.

4. Miscellaneous

Shelter NSW strongly supports the advocacy actions outlined in the Strategy for Council to advocate to State Government for social housing estates to be redeveloped while retaining 100% social and affordable housing, as well as a centralised register for social and affordable housing properties available in the LGA.

- Shelter NSW, and more broadly the Shelter network, strongly agree that tax reform is the biggest single measure to address runaway affordability pressures, on both rental and purchasing prices. This namely includes reform of Capital Gains Tax and negative gearing provision. We support reform of CGT and negative gearing to provide a levelled playing field between first home buyers and property investors, and ensure undue tax benefits are not funnelled to people primarily trying to accumulate large amounts of wealth. We do not generally support further tax incentives for investment housing, which are arguably the main cause of runaway housing prices in Australia.
- Shelter NSW potentially supports essential worker housing to be associated with infrastructure (as noted in action 3.3) but there needs to be careful consideration that essential worker housing is not prioritised at the expense of other social and affordable housing. We also note issues with essential worker definitions and having affordable housing eligibility tied to occupation, as described in more detail in [Shelter NSW submission](#) to the inquiry. Essential worker housing should be provided in addition to other targets.
- References to the NSW Affordable Housing Ministerial Guidelines can now be updated to the 2024/2025 version recently released.
- The Strategy mentions the upcoming conclusions of the NSW Parliament inquiry into options for essential worker housing. The final report of the inquiry has now been [released](#), allowing for the Strategy to be updated accordingly.
- The Strategy includes several typos (e.g. p22).

Thank you for the opportunity to provide feedback

Shelter NSW commends Randwick City Council for revising its Affordable Housing Strategy and providing community members and other stakeholders with an opportunity to provide feedback on this important issue.

Please contact Shelter NSW Senior Policy Officer, Thomas Chailloux, on 0490 030 809 or thomas@shelternsw.org.au in the first instance, should you wish to discuss our comments and recommendations further. Alternatively, email us at admin@shelternsw.org.au

Sincerely

John Engeler
CEO