

Monday 22 June 2026

Lake Macquarie City Council
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Box 1906, Hunter Region Mail Centre, NSW, 2310
Via email to council@lakemac.nsw.gov.au

Subject: Consultation on Lake Macquarie Housing Strategy

Dear Lake Macquarie City Council, Strategic Land Use Planning Team,

Thank you to Lake Macquarie City Council ('Council') for the opportunity to provide feedback on the Lake Macquarie 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. The Strategy requires further work to proceed

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. In particular, we advocate for the development of ambitious affordable housing contribution schemes (AHCS) 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, supporting evidence base, and studying housing preferences amongst people living or working in the LGA. Shelter NSW, however, encourages Council to further develop and strengthen the Strategy prior to adoption. In its current state, from our perspective, the Strategy does not contain adequate actions for Council to address housing affordability pressures for lower income households living, working, or otherwise connected to the area. Some of the analysis in the Strategy also requires further

evidence in order to link more strongly current needs and challenges with actions that can be taken by Council and other levels of government to improve housing outcomes for all, and in particular for people living on lower incomes.

Shelter NSW supports:

- The objective and intent of Council to support housing growth and diversity, including 'more affordable' private market housing and rental affordable housing.
- the recognition in the Strategy of the affordability pressures faced by community members, and the in-principle support of Council for more and improved rental affordable housing and social housing in the area.
- the commitment of Council to support a socio-economically diverse community and ensure there are opportunities for people living on lower incomes with connections to Lake Macquarie to live in the LGA.

2. In principle support for urban consolidation and infill development over greenfield release

Shelter NSW recognises the environmental and socio-economic benefits of densification, urban consolidation, and infill development over greenfield land release. Directing growth to established centres and neighbourhoods can make more efficient use of existing infrastructure, services and public transport, while helping to protect environmentally significant land and reducing the long-term costs associated with greenfield release.

We note the evidence presented in the supporting studies that Lake Macquarie already possesses substantial zoned capacity for future housing growth, with capacity estimates significantly exceeding projected dwelling demand. This suggests that the central challenge is not necessarily the availability of residentially zoned land, but rather how to facilitate the delivery of diverse and appropriate housing in locations where people can access employment, services, community infrastructure and public transport.

Shelter NSW acknowledges the findings of the community housing preferences survey, which indicate strong preferences for detached housing and some caution towards higher-density housing forms. However, these findings should be interpreted carefully. The survey was based on a relatively small sample: 300 respondents, interviewed by phone, with a relatively high error margin. From our perspective, it is best understood as a snapshot of current community sentiment rather than a definitive basis for long-term strategic planning. Housing preferences are also shaped by the housing choices currently available (or seen as realistic) to community members and may not fully capture the needs of future households, lower-income residents, renters, and other people currently unable to access suitable housing within the local market.

For this reason, Shelter NSW supports a planning approach that balances community aspirations with broader housing objectives, including housing diversity, affordability, accessibility and the efficient use of existing urban land.

Shelter NSW also strongly supports principle 3.2 of the Strategy that Council will work to ensure that planning controls support redevelopment of social and affordable housing in the area. As identified in the Strategy, it is important that Council continue working closely with Homes NSW to improve housing outcomes across the LGA. Given the significant concentration of social housing in parts of Lake Macquarie, particularly in suburbs such as Windale, there are opportunities for Council and Homes NSW to collaborate on the renewal, maintenance and expansion of social housing stock, while ensuring that redevelopment delivers improved outcomes for existing tenants and contributes to a more diverse and sustainable housing system.

3. Housing affordability is more than a diversity and supply issue

The Strategy identifies housing diversity as an important component of improving housing outcomes. It highlights the need for a wider range of dwelling types, sizes and tenures to respond to demographic change and evolving community needs. The document notes that Council can influence affordability through “zoning and development standards to enable more affordable housing styles” (p11) and refers to the importance of providing “market housing at lower price points” (p14) for essential workers and other households. The Strategy also identifies smaller household sizes, population ageing and changing housing preferences as key drivers of demand for smaller and more diverse housing forms.

Shelter NSW acknowledges the important role that housing diversity can play in expanding housing choice and providing alternatives to traditional, freehold detached housing. We note that the Strategy frequently discusses housing diversity and affordability together, reflecting the potential for a broader range of dwelling types to provide housing opportunities at different price points. We agree with this analysis. The Strategy, however, seems to equate greater housing diversity with more affordable housing.

While it is true to an extent that supporting greater housing diversity, and smaller, low maintenance, higher density dwellings can produce dwellings for sale and rent at lower price points, housing diversity does not necessarily translate into housing affordability for lower income households.

This is because strategies to produce 'more affordable housing' in the private market include no control mechanisms to ensure that these dwellings will flow to people who need them the most: people living on lower incomes or otherwise facing disadvantage. Dwellings available for purchase at a lower price point are of no use to people 'doing it tough', who do not have the servicing capacity or the money required to put down a deposit to purchase a home. Private rental market dwellings, by definition, are allocated through market mechanisms, and there are no guarantees that they will be rented to people living on lower incomes. On the contrary, private landlords tend to prefer leasing dwellings to households with a higher capacity to pay. And households on moderate incomes who are renting tend to prefer lower price point dwellings, allowing them to save towards a home deposit or for other life expenses.

Whether greater housing diversity eventually delivers housing affordability for people living on lower incomes depends on the amount of 'filtering' or 'trickle down' that occurs as people move from older, cheaper dwellings into dwellings that are newer and more expensive but also more suited to their needs. Given the pace of population growth in the LGA, and the absence of evidence in the Strategy (and the very limited evidence in general for filtering/trickle down), Shelter NSW does not consider a strategy focused on private market housing diversity to be an adequate response to the persistent and serious housing affordability challenges in the area. In short, Shelter NSW supports Council's commitment to provide 'more affordable housing' through support of housing diversity in the area, and we recognise the intrinsic benefits of housing diversity. But we also urge Council to consider the following question: ***more affordable housing, but for whom?***

Shelter NSW strongly agrees with Council's proposed principle 3.3 that affordable housing must be considered from a cost-of-living perspective. This means that all genuinely affordable rental housing must be rented under an income-based model, to a mix of very-low, low-, and moderate-income households, at a rate not exceeding 30% of their income. It is also important that community benefits such as rental affordable housing are secured in perpetuity and not returned to the market after a short period, undermining their benefits.

Recommendation 1

Council to commit in the Strategy to (a) mandate that rental affordable housing delivered in the area is to be retained and managed for this purpose in perpetuity by a registered community housing provider or a government body or statutory authority (b) rented under an income-based model, 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 lower, and (c) advocate to NSW Government to amend the NSW Affordable Housing Ministerial Guidelines to implement the above across the State.

Shelter NSW agrees with Council's analysis that levers impacting on housing affordability for lower income households are primarily a State and federal government responsibility (p11). We also share and support Council's analysis of the severe, ongoing impacts of homelessness on community members in the Lake Macquarie area, and how other levels of government have failed to maintain and develop adequate social housing stock, leading to long waiting times, housing stress, homelessness, loss of productivity and human capital (p21).

There are levers, however, that Council can use to fund and deliver more rental affordable housing in the area. The most important and cost-effective of these levers, that from our perspective, Council must prepare and implement urgently, is an Affordable Housing Contribution Scheme (AHCS).

As discussed extensively in Shelter NSW's work over the last few years, AHCS are value sharing mechanisms that ensure development rights value is shared more appropriately between local government, landowners, and community members by capturing some of the increased land value resulting from rezoning or upzoning. While we note the feasibility constraints in the area, and that

there is sufficient land zoned appropriately for Council to deliver on housing targets, the more Council waits to implement an AHCS, the more likely it is to miss out on capturing a proportion of rising land value in the future – encouraging speculative behaviour from landowners in the process.

Recommendation 2

Council to prepare a broad-based Affordable Housing Contribution Scheme applying to all land being rezoned or upzoned in the LGA, with contribution rates set at a minimum of 5% of the value of the gross floor area.

Because they rely on rezoning/upzoning - of which there is little expected in the LGA over the medium term – and development activity, AHCS take some time to start accumulating contributions sufficient to deliver rental affordable housing.

In the meantime, Council should consider partnering with NSW Government and community housing providers to deliver rental affordable housing properties directly.

Recommendation 3

Council to commit in the Strategy to considering direct delivery of rental affordable housing, in partnership with CHPs and Homes NSW, including spot purchasing of properties in the private market.

3.1 Monitoring and regulation Short Term Rental Accommodation (STRA)

Shelter NSW notes the absence of any meaningful discussion of Short-Term Rental Accommodation (STRA) within the Housing Strategy. While the scale and impact of STRA in Lake Macquarie may currently be less significant than in some metropolitan and major tourist areas of NSW, there are growing concerns across the state regarding the impact of STRA on the availability and affordability of housing in the private rental market. The conversion of long-term rental properties into tourist/short term accommodation can reduce rental supply and place upward pressure on rents, particularly in coastal and high-amenity locations.

Shelter NSW encourages Council to incorporate consideration of STRA into the final Strategy and to commit to monitoring the prevalence and impacts of STRA within the local government area. Such an approach would ensure Council is well positioned to respond should STRA emerge as a more significant housing affordability issue in the future.

Recommendation 4

Council to investigate impact of STRA in the LGA and potential regulatory responses, including day and density caps on STRA, and publicly report on the findings of this investigation within 18 months of the Strategy's adoption.

3.2 A needs-based approach to housing: Better development standards

Shelter NSW acknowledges that smaller and higher-density dwellings can provide housing at lower price points and contribute to a more diverse housing supply. However, lower-cost market housing is not necessarily appropriate or adequate for all households. Families with children, people with disability, older people ageing in place and multi-generational households may require larger, more accessible or adaptable housing that cannot be readily accommodated within smaller dwelling formats. This highlights the importance of ensuring that housing diversity includes not only a range of price points, but also a range of dwelling sizes, layouts and accessibility outcomes. For this reason, Shelter NSW supports continued Council intervention to facilitate the delivery of regulated affordable housing alongside market housing – as argued in the previous section.

We would also support Council considering amendments to its Development Control Plan (DCP) to require new residential flat buildings to achieve at least the Silver Level of the Liveable Housing Design Guidelines, particularly given the NSW Government's decision not to implement the National Construction Code accessibility provisions arising from the 2022 update. Similarly, Council should consider introducing DCP provisions requiring a proportion of apartments in larger developments to be family-friendly dwellings, including three-bedroom or larger apartments, to ensure that higher-density housing can meet the needs of a broader cross-section of the community.

Recommendation 5 – Review Council's DCP and consider introduction of accessibility and 'family-friendly'/diverse dwelling size provisions, reporting publicly on the findings of the review within 18 months

4. Comments on viability and feasibility

Shelter NSW would support a number of minor amendments to the Strategy to ensure that it describes development feasibility processes and challenges adequately. The Strategy states that ‘Mandatory affordable housing contributions in Transport Oriented Development areas further reduce feasibility’ (p22). This is not technically correct. Because property developers calculate financial feasibility backwards – by subtracting costs (including contributions) and profit margins from expected market prices for completed dwellings to calculate residual land value (the price they are willing/able to pay for land to develop), it is partially true that contributions ‘reduce feasibility’. A more technically accurate description, however, would be to say that mandatory affordable housing contributions reduce residual land values (RLV). This is a desirable outcome as it reduces unearned windfall for landowners, sharing value from development rights with council and community members. It only affects feasibility when and if developers find the residual land value to be too high for development to be undertaken. We note that there are other costs that developers might be able to reduce, including their own profit margins, and would support the Strategy to be amended to better reflect standard industry practices of RLV calculations, and how feasibility calculations work in practice.

We also note the statement in principle 4.2 (p30) that ‘investing in infrastructure that improves amenity and liveability can lead to improved development viability and uptake of higher density development opportunities.’ While this is correct, it is important for the Strategy to be clear about what ‘improved development viability’ means, i.e. higher dwelling prices. Shelter NSW would support the inclusion of an additional sentence expressing the commitment of Council to improve amenity and liveability while ensuring housing remains affordable to a diverse mix of community members from diverse socio-economic backgrounds. This commitment could be illustrated by adopting some of the recommendations made in this submission to prepare and implement an AHCS as well as other supporting measures.

We also note that the section on vacancy rates (p20) could benefit from further editing. While Shelter NSW supports the use of plain English in government documents, this section is simplified to such an extent that it risks being technically inaccurate (e.g. vacancy rates do not indicate

whether a market is 'healthy', which is an unclear adjective to describe markets, and they do not fully capture whether it is 'easy or difficult it is for people to find a home' either).

Conclusion: The Strategy makes an accurate diagnosis, but requires an implementation framework

Shelter NSW welcomes the Strategy and the evidence underpinning it, including the supporting studies and evidence base. The Strategy is clear about the many housing challenges facing Lake Macquarie, including housing affordability pressures, demographic change, an ageing population, housing diversity needs and the limitations of relying solely on additional zoned capacity to deliver housing outcomes. We broadly support the strategic direction of the document and its recognition that housing outcomes are shaped by a complex interaction of planning, infrastructure, market conditions and government policy (from all levels of government).

However, before its adoption by Council, the Strategy must be strengthened by a more detailed implementation framework that identifies specific actions, delivery responsibilities (including lead agencies/teams and partners), timeframes, monitoring arrangements and measurable outcomes, performance indicators and reporting arrangements. Supporting studies contain several ideas and opportunities that could contribute to achieving the Strategy's objectives, but very few of those are clearly translated into implementation measures within the final document. More specifically, we note that the performance measures listed in 7.1 (p31) are scarce and very general.

From our perspective, the Strategy should continue to be developed so that it can become a practical roadmap for delivery and accountability rather than a policy position statement. This submission provides recommendations to support the successful implementation and realisation of the Strategy's objectives, particularly in relation to housing affordability, accessibility, and diversity, with a focus on outcomes for people living on lower incomes. We urge Council to pay particular attention to our recommendation of developing and implementing a broad base Affordable Housing Contribution Scheme.

We thank Council for the opportunity to provide feedback and stand ready to contribute to the further development of the Strategy.

Please contact Shelter NSW Senior Policy Officer, Thomas Chailloux, on 0490 030 809 or thomas@shelternsw.org.au - or our admin address, admin@shelternsw.org.au, should you wish to discuss our comments further.

Sincerely,
Thomas Chailloux on behalf of Shelter NSW