

Submission to the draft Illawarra Shoalhaven Plan



Department of Planning, Housing and Infrastructure (DPHI)

September 2026



About Shelter NSW

Shelter NSW has been operating since 1975 as the state’s peak housing policy and advocacy body. Our vision is to create a sustainable housing system that provides 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.

Our Priorities

Affordable and diverse homes	Accessible and well-located housing	Appropriate and high-quality development
Housing supply and demand	Proximity to jobs and services	Amenity and aesthetics
Tenure forms and rights	Access to public transport	Energy and environment
Housing types and sizes	Accessibility and adaptability	Standards and maintenance

Our Objectives

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

1. Introduction & Context

Thank you for the opportunity to comment on the draft Illawarra Shoalhaven Plan ('the Plan') prepared by the Department of Planning, Housing and Infrastructure (DPHI) ('The Department').

Our submission focuses on housing and related planning matters, particularly where it affects people living on lower incomes, i.e. the bottom three quintiles of the income distribution, or people facing other forms of disadvantage.

Shelter NSW supports the Plan's long-term, place-based approach to coordinating population growth, housing, infrastructure, jobs and environmental outcomes. We particularly welcome the recognition that the region's housing response must include social and affordable housing, rather than relying solely on private market supply.

However, the Plan currently provides greater certainty about creating housing development capacity than about achieving affordability outcomes. Its effectiveness will therefore depend on replacing broad commitments to affordable and diverse housing with measurable targets, funding, and delivery mechanisms that increase the supply of social and affordable housing alongside overall housing growth.

1.1 A New Approach to Strategic Planning: The Illawarra Shoalhaven Plan

At the end of 2025, NSW Government set out to reform strategic planning to better accommodate growth, with a view to better coordinate and sequence housing supply, delivery of infrastructure, and improve housing outcomes for all, including diversity and affordability. While long-term land use and spatial planning obviously include broader objectives, this submission focuses on the most relevant ones to Shelter NSW's expertise, objectives, and members and stakeholders.

In assessing the existing framework, DPHI noted that the proliferation of local, regional and state-level plans, has at times interacted in a way preventing the most efficient use of land. Problematic areas identified by DPHI included:

- the duplication of strategies between LGAs and inconsistencies in objectives, policy settings and delivery metrics
- fragmentation of responsibilities between different levels of government and government agencies
- a lack of flexibility to meet emerging needs
- the creation of inequities between councils and regions outside of Sydney and,
- a disconnect between strategic planning documents and the world they set out to regulate.

To overcome these challenges, the Department sought to implement an alternative framework whereby the role of local, regional and state land use plans is clear and consistent, operating within a broader framework aligned with statewide strategic planning priorities.

A New Approach to Strategic Planning, after reviewing the existing strategic planning framework and its strengths and limitations, proposed an alternative to ‘guide future land use decisions and better align housing, jobs, infrastructure and environmental outcomes across NSW.’¹

This is the context in which the Illawarra Shoalhaven plan was created: a regional plan to ‘translate state priorities into place-based spatial strategies that sequence land use changes and infrastructure provision across the defined regional boundaries.’² In this case, that includes the LGAs of Wollongong, Shoalhaven, Wingecarribee, Kiama and Shellharbour.

Shelter NSW commends the emerging, more holistic approach to strategic planning across the state proposed by the Department, organised around seven key statewide planning priorities, flowing from the state to the regional and local levels. The incorporation of priorities such as ‘Aboriginal Outcomes’ and ‘Resilient’ with more traditional land use planning principles such as housing and infrastructure identification and delivery, in particular, is noted and welcomed.

As the state’s housing policy peak body, Shelter NSW will largely focus on the ‘Housed’ priority, and other relevant elements from the plan that will impact housing outcomes across the Illawarra Shoalhaven region.

2. Planning for market housing alone is not planning for affordability

From Shelter NSW’s perspective, the recognition in the draft Illawarra Shoalhaven plan that “housed” means more than simply having enough dwellings, and the express inclusion of NSW Government’s goal to create “opportunities for diverse, affordable, low-cost and social housing” is a clear positive.

But while the plan includes concrete targets and mechanisms for supporting market housing supply, it does not yet include clear targets and mechanisms – and provisions to report against those - to ensure that a sufficient proportion of that housing is affordable to lower-income households.

A target of 117,000 additional homes is much needed and supported, but it does not ensure better affordability outcomes in and of itself.

Time and time again, Shelter NSW has pointed out the fundamental mistake made by a number of housing policy stakeholders and commentators – including government departments - in assuming that high levels of general private housing supply will eventually lead to lower purchasing prices and lower

¹ NSW Department of Planning, Housing and Infrastructure, *A New Approach to Strategic Planning: Discussion Paper* (Discussion Paper, December 2025).

² NSW Department of Planning, Housing and Infrastructure, *A New Approach to Strategic Planning: Discussion Paper* (Discussion Paper, December 2025) 24.

rents, and that supply of smaller, more diverse, well located dwellings will lead to more affordable housing being available. The evidence does not support this. While housing diversity is a laudable goal in and of itself, where it comes to affordability, the facilitation of more market housing alone will do very little for people living on lower incomes or otherwise facing disadvantage without specific targets and mechanisms to ensure that a significant proportion of new housing is affordable and accessible to them.

Shelter NSW will not re-prosecute detailed arguments made about this in previous submissions, but the Department might wish to consider our submission to [*A New Approach to Strategic Planning – Discussion Paper and the Draft Sydney Plan.*](#)

We would summarise our approach as such: long-term strategic planning, in its current state, includes relatively concrete mechanism for creating housing supply, but it needs clear, strong, enforceable targets and mechanisms to ensure that a sufficient proportion of that housing is affordable to people living on lower incomes.

Proponents of the ‘supply, supply, supply’ narrative tend to use rather elementary economics to argue that increasing housing stock alone will create affordable housing solutions for people on lower incomes.

This narrative is based on two misguided assumptions. The first is filtering. That is, that new, more expensive housing stock will house people on higher incomes, freeing up lower cost dwellings for people on lower incomes. Authoritative AHURI research, however, concluded that *‘the evidence does not support relying on filtering as a substitute for the non-market provision of affordable housing for low-income households.’*³

The second assumption is that facilitating private market supply will eventually lead to lower prices through over-supply. The problem with this assumption is that it almost never happens, because (a) demand is far superior to supply and supply elasticity is limited, (b) developers control supply and its release, and (c) developers have no interest in lowering prices through over-supply **and** prudential regulation and feasibility constraints would prevent this from happening.

Increasing overall housing supply is important but cannot by itself ensure that housing is affordable to households on low incomes. The planning system should increase supply and affordability simultaneously, rather than assuming the second follows automatically from the first.

2.1 Planning for affordability requires targets and mechanisms

While the plan does indicate an intention to address affordability concerns, it is paramount that specific, measurable outcomes are defined and implemented. This way both state and local governments can assess their policies against effective measures of affordability, instead of vague commitments to ‘more

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diverse’ or ‘more affordable’ housing, where positive outcomes for people living on lower incomes remain ambiguous.

The need for effective and targeted affordability measures could not be clearer. More than a third of renters in each of the five LGAs covered by this regional plan currently experience rental stress, i.e. paying more than 30% of their income in housing cost, with little left for other life essentials. A regional plan that encourages population growth and market housing delivery will only support socio-economically diverse and inclusive communities if appropriate actions are taken to ensure we deliver adequate, affordable housing for all.

It is useful to contrast the Illawarra Shoalhaven Plan with the draft Sydney Plan, which provided considerably less specificity on growing social housing supply. Shelter NSW’s submission on the draft Sydney Plan noted that, despite the commitment to ‘secure the supply of affordable housing’, ‘social housing’ appeared only five times across two pages of the document and that there were no specific responses to facilitate its growth.⁴

The Illawarra Shoalhaven Plan is therefore a positive step in explicitly identifying a pipeline of social housing renewal opportunities and government-owned land. However, these commitments should be strengthened through measurable targets and clear delivery mechanisms.

Recommendation 1 Establish measurable affordability outcomes

The Department should establish outcome-based targets for housing affordability in the Illawarra Shoalhaven Plan, including measurable improvements in housing affordability for lower-income households, for example such as reducing the proportion of lower-income households experiencing housing stress, or a decrease in the number of households on the social housing waiting list in the area.

Recommendation 2

Establish explicit regional targets for the proportion of housing stock that is social housing and affordable housing, with separate targets and annual monitoring for each tenure.

At a minimum, the Department should establish a long-term objective of at least 10 per cent of the region's housing stock being social housing and 10 per cent being genuinely affordable housing, supported by interim five-year targets and a delivery pathway identifying the respective contributions of NSW Government, local government and the community housing sector.

While we commend the Department on its long-term outlook, focusing on accommodating growth far beyond short- and medium-term political cycles, we note that failure to plan adequately for non-market housing, and in particular the collection of affordable housing contributions, will continue to manifest in

⁴ Shelter NSW, *A New Approach to Strategic Planning: Discussion Paper and Draft Sydney Plan* (Submission, February 2026) 11.

the NSW planning system for years to come. By their very nature, development contribution schemes must be in place before upzoning or rezoning occurs in order for contributions to be priced into the residential value of land and collected as development occurs. Local and state governments, and by extension all NSW residents, have already missed out far too many times on adequately capturing a share of the increased value stemming from planning changes.

Shelter NSW supports actions 2.1 ‘define the minimum density targets for priority areas in the urban growth area’ and 2.2 ‘expand the Low and Mid-rise policy controls to priority areas across the region to increase housing diversity,’ to be implemented over the course of the next two years. These actions, if executed effectively, can complement action 2.4 ‘prepare a regional affordable housing contributions scheme and associated consistent LEP provisions,’ as increasing density creates in-kind and monetary contributions that can support managed affordable housing.

Delaying the preparation of a regional affordable housing contribution scheme (AHCS) until 2028, after which point much of the region will have been zoned to accommodate greater density and development will mean that this future scheme will miss contributions it could otherwise leverage. In particular, if a future scheme seeks to apply a contribution rate to zoning changes, similar to that of the City of Sydney, it will be rendered largely ineffective should it come into force after rezoning or upzoning has occurred.

The department already has the expertise to work with the five LGAs to develop a regional AHCS. Shelter NSW recommends that the Department amend the timeline for action 2.4 so that it is undertaken concurrently with rezoning to maximise contributions.

Recommendation 3

Bring forward the preparation of the regional AHCS so that it is developed and implemented concurrently with planning amendments and rezoning under the Illawarra Shoalhaven Plan, rather than from 2028.

2.2 Planning diverse housing for diverse cohorts

The experience of housing is not universal. For example, the experiences of people living on lower incomes, with a disability, or on a relatively high income will invariably be different. Their requirements for a safe, affordable, appropriate home will look different, as will their individual abilities to compete in the private housing market.

Strategic planning documents such as regional plans, while general in nature, need to adequately account for the various cohorts that they plan for, and identify responses that can accommodate them. The draft plan goes some way to doing that, identifying that in order to effectively deliver on the ‘housed’ priority - ‘delivering affordable diverse housing in accessible locations’ – this document must plan for a housing pipeline, respond to the needs of the region’s temporary and seasonal workforce, and create opportunities for more diverse, affordable, low-cost and social housing.

Shelter NSW commends the Department in its attempt to address local housing need at both ends of the housing spectrum – ownership and social housing – as well as accommodating the needs of a transient workforce while attempting to mitigate the impacts on the long-term housing market. This marks a stark difference from the Sydney Plan, which identified no specific responses to facilitate the growth of social housing. The success of the Illawarra Shoalhaven Plan will be contingent on the characterisation and implementation of the responses identified to address these themes.

2.2.1 Planning for a stable, long-term housing pipeline is strongly supported

While the facilitation of housing development is a theme that manifests itself throughout this plan, it is in the first response, increase housing supply in the urban growth area, that the core outcomes are established. The Department takes responsibility to support market housing supply to allow for strategic, consistent, well-planned development over the medium to long-term. Actions 1.1 – 1.5 see the Department become responsible for the amendment of planning controls, including land use, to ensure development occurs primarily in well-located areas and in a well coordinated and sequenced manner.

These measures are supported by Shelter NSW, but they are targeted towards the ownership and private rental end of the housing spectrum. On their own, they will not make a meaningful difference to affordability outcomes, particularly for people living on lower incomes. Shelter NSW supports the intention of the Department to provide the private sector with the adequately zoned land and certainty it needs so that the state's investment in planning and infrastructure can be matched and supported by private market housing delivery. Over the medium to long-term this will allow local housing stock to grow to accommodate a growing population. The use of an urban growth area will concentrate this development in target areas, closer to jobs and infrastructure, and thus mitigate the additional costs and infrastructure provisions required to accommodate urban sprawl.

This is good land use and strategic planning. It will provide the private sector with appropriate local planning settings to accommodate the natural growth of the region and deliver more housing stock.

2.2.2 The plan needs specific measures to meet the needs of specific cohorts

As previously noted by Shelter NSW, all levels of government must deliberately intervene to meaningfully address the housing needs of people living on lower incomes or with other specific needs. While establishing a housing pipeline will do well to increase the stock of private dwellings – particularly 1- and 2-bedroom apartments where developer returns on investment tend to be the greatest – there are many cohorts of people whose needs are unlikely to be met by general private market housing supply without clear, strong, and fit-for-purpose planning and regulation.

These cohorts usually include people living on lower incomes, particularly those living on social security payments and families, and people living with disability.

As all levels of government rightly facilitates urban renewal and densification rather than sub-optimal urban sprawl and greenfield development, the Department must work with local government to amend planning controls so that a proportion of housing stock is ‘family-friendly.’

We recommend that the Department work with local government to amend planning controls to mandate a proportion of larger (3 + bedroom) dwellings as well as to mandate universal design, for example through the National Construction Code 2022 accessibility provisions. We also recommend that the Department establishes best practice guidelines considering features like sight lines, bath tubs and storage, against which local governments can amend planning controls.

Recommendation 4

Require planning controls for priority growth areas to provide an appropriate mix of dwelling sizes, including a minimum proportion of three-bedroom and larger dwellings, and incorporate universal-design principles so that increased density meets the needs of families, older people and people with disability.

2.2.3 Ensuring social housing renewal meets its objectives

Shelter NSW is broadly supportive of action 2.3 ‘identify a pipeline of social housing areas that can be planned for renewal to deliver increased social and affordable housing.’ Though, in the process of renewal, consideration must be given to the wishes of existing tenants. In 2024, [Shelter NSW commissioned Dr. Gary Cox to research international best practice for estate renewal](#), highlighting policies such as tenant ballots and only moving tenants once. The Department would do well to embody these practices in the renewal process, in collaboration with the Department of Communities and Justice.

Recommendation 5

Require all social housing renewal projects undertaken within the area covered by the regional plan to adopt best-practice tenant participation and relocation principles, including meaningful tenant participation in design and renewal decisions, a presumption against repeated relocation, and transparent reporting of tenant outcomes.

Furthermore, in identifying a social and affordable housing pipeline via renewal, Shelter NSW cautions the Department that public land that is privatised to fund renewal may help offset initial costs but limits the ability to provide social housing into the future. A renewed site may initially deliver more dwellings, but once land is sold off, it cannot be used or leveraged again to fund future projects. The scope for future renewal is therefore limited once a certain site density is achieved and/or land has been sold to private owners.

Recommendation 6

Require social housing renewal projects to retain and increase the long-term capacity of public and community housing, including a presumption against disposal of public land where this would reduce future social housing capacity.

In addition, Shelter NSW encourages the Department to be bold in outlining their cases for renewal. In many instances, we have seen a return to the Communities Plus model for estate renewal, whereby 30% of the site remains as social housing while the rest is sold on to private interests. This is the current proposal for the Bellambi Estate, which sits within the area covered by the draft plan. We encourage the Department to publicly make the case on each project to achieve the highest feasible rates of social housing, with the balance made up of affordable and market housing. At a minimum, Shelter NSW recommends that at least 50% of the GFA of sites identified for social housing renewal remains non-market housing.

Shelter NSW also supports action 2.5 ‘identify surplus Government-owned land that is suitable for affordable housing or for enabling social infrastructure that can support the delivery of more affordable housing.’ However, we recommend that the scope of this action is expanded to accommodate the provision of social housing on surplus government land. We also note that while identifying surplus Government-owned land is a crucial first step to delivering more social and affordable housing or enabling social infrastructure, it will not deliver any benefits unless government agencies or community housing provider-led consortia can afford it.

Recommendation 7 Reform the Government Property Framework to facilitate social housing on government land

NSW Government should amend the GPF so that Homes NSW can access suitable, well-located government-owned land at no cost or at a substantial discount to market value where the land is used to deliver social housing. Decisions about the transfer of government land should account for the long-term public value of social housing, rather than requiring Homes NSW to compete for land on commercial terms. This should apply across government agencies and be supported by a transparent process for identifying and transferring suitable sites to Homes NSW or Aboriginal and community housing providers.

2.2.4 Responding to the needs of temporary and seasonal workers

Despite identifying the need to respond to temporary and seasonal workforce housing demand, the Plan does not include any targeted responses. While enabling supply and supporting infrastructure will assist, this is a missed opportunity for the Department to identify, examine and establish new practices, incentives and policies that can be applied more broadly to regions with similar demands.

Part of this solution would be to identify how students may be affordably housed. In a tight rental market, students are often not well-served by private providers due to their limited incomes and/or lack of adequate rental history. Purpose-built student accommodation, while tailored to students specifically, can be more expensive than the private rental market – particularly when compared to sharehousing – and can leave students with lower levels of legislative protection.

The Department should investigate how the planning system can address affordability outcomes specifically for students. This may include incentives for owners of secondary dwellings and short-term rentals, an expansion of existing schemes like AHCSs or state-run purpose-built student accommodation.

But students are only one part of the temporary workforce. The Department should identify specific responses it can undertake to better understand this workforce and to accommodate its needs. The investigation of flexible development in CBD and major centres (action 4.2) is a creative way this need may be satisfied over the medium to long-term, as these areas can adapt according to land use need, though more work needs to be done to properly address this outcome.

3. Further considerations

3.1 Short-term rental regulation

An issue that impacts the provision of housing, particularly in coastal areas with high tourism demand and reliance on the tourism economy, is the proliferation of short-term rental accommodation (STRA). While holiday homes have always been a feature of Australian coastal and tourism towns, the expansion of inadequately regulated platforms like Stayz and Airbnb have seen the short-term rental industry reduce the number of dwellings available as long-term rentals in the absence of adequate regulation or disincentives to conversion.

Regulatory response to this important issue – mostly led by highly impacted local government areas - has seen the introduction of a 60-day cap for short-term rentals in the Byron Shire LGA, as well as a broader 180-day cap for areas deemed to be more at risk of negative impacts to the rental market due to STRA.

Shelter NSW understands the need to balance the needs of local communities and economies reliant on tourism with the need to create a sustainable housing market responding to the needs of local residents, including those living on lower incomes and/or who rent their home. In order to do this, Shelter NSW recommends the introduction of a comprehensive permit system, complemented by mandatory data-sharing and reporting from platforms (akin to Tasmania's *Short Stay Accommodation Act 2019*) and greater enforcement powers, so that local governments can work to determine and enforce the appropriate balance, in partnership with state agencies.

While this is a policy that will require some time to be designed and implemented, in the interim Shelter NSW calls on the Department to release its review of short and long-term rental regulation, which is now two years overdue.

Recommendation 8

NSW Government to establish a comprehensive permit and regulatory framework for short-term rental accommodation, including platform data-sharing and reporting requirements and stronger enforcement powers for local government.

Recommendation 9

NSW Government to publish the overdue review of short- and long-term rental regulation and use it to inform the final Illawarra Shoalhaven Plan.

3.2 Aboriginal outcomes

While Shelter NSW acknowledges other organisations are better placed to properly assess the Department's First Nations-focused outcomes and responses, Shelter NSW is supportive of the incorporation of these outcomes and responses into strategic planning. It is our hope that this can guide a better-informed strategic plan as well as make a tangible difference to First Nations peoples and communities lives, and support self-determination in the region.

3.3 Climate change mitigation and adaptation

Shelter NSW supports the incorporation of climate change scenario modelling into long-term strategic plans. NSW regional areas, and in particular coastal areas such as the Illawarra Shoalhaven, are already being impacted by a changing climate, and this cannot be ignored any longer. Factoring these conditions and hazards into land use and strategic planning can help communities mitigate future climate impacts and work to ensure that we do not unwittingly develop industries and communities in areas that will not be suitable in the coming decades. Lismore has demonstrated how this can play out and the far-reaching impacts of housing development in high climate risk areas without proper consideration of changing extreme weather and natural disaster risk stemming from a changing climate.

While Shelter NSW will leave more thorough engagement with Response 9 to environmental organisations and others with specific expertise, knowing the way in which significant natural disasters have impacted housing security in Australia's regions, we support this response in principle.

3.4 Accountability and reporting

Best practice planning always includes clear and strong accountability and reporting requirements. While Shelter NSW appreciates that the long-term nature of the plan means that governance, accountability and reporting mechanisms will change throughout the life course of the plan – accommodating growth until 2046 - strategic planning needs to be monitored and controlled, with mechanisms established from the outset to determine whether outcomes are actually delivered.

Recommendation 10 Establish public annual performance measures

The Department should publish an annual implementation report for the Illawarra Shoalhaven Plan, identifying the status of each action, the responsible agency or council, the expected completion date, progress made and any barriers to delivery.

This should ideally include progress against general housing supply, social and affordable housing/non-market housing supply, rental stress, dwelling diversity, infrastructure delivery and other measurable housing outcomes, reported separately for each local government area.

Thank you for your consideration

Shelter NSW thanks the Department for its consideration. Should the Department wish to discuss this submission, or any related matters, please contact Drew Beacom, Policy & Engagement Officer (drew@sheltersnsw.org.au) or Thomas Chailloux, Senior Policy Officer (thomas@sheltersnsw.org.au). Our general contact address is admin@sheltersnsw.org.au.