

# **Solutions to the affordable housing crisis in the Illawarra Shoalhaven**

## **Advocacy Report**

July 2023

Based on the 'Illawarra Shoalhaven  
Affordable Housing Strategy' prepared by  
Judith Stubbs and Associates for  
Business Illawarra, February 2023

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An Illawarra First research project

### Project Partners

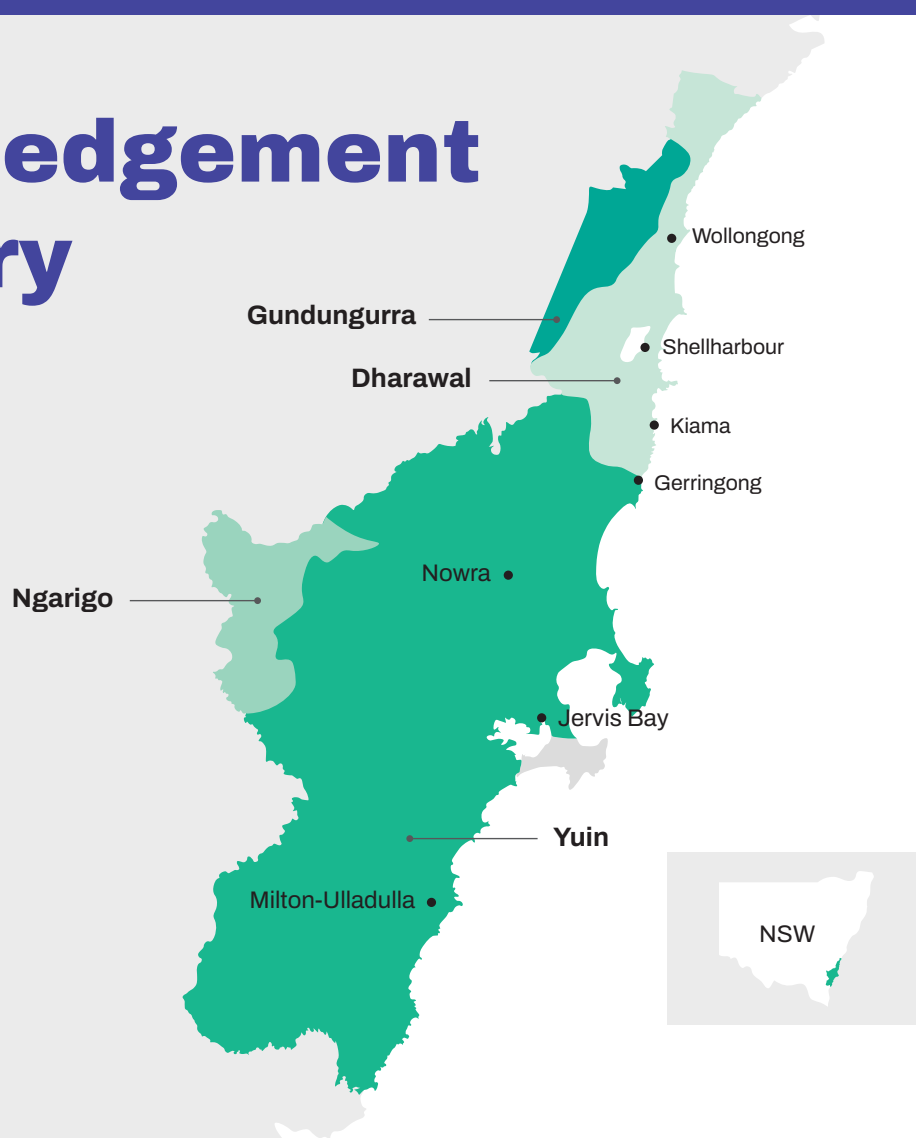


# Contents

<b>Foreword</b> .....	<b>3</b>
<b>Executive Summary</b> .....	<b>4</b>
How do we address this?.....	6
<b>Introduction &amp; Background</b> .....	<b>9</b>
<b>Analysis</b> .....	<b>10</b>
Defining a 'key worker' .....	10
Population dynamics in the Illawarra Shoalhaven .....	12
Describing the affordable housing crisis in the Illawarra Shoalhaven .....	13
<b>Solutions to increase the supply of affordable housing</b> .....	<b>17</b>
Actions for the Federal Government .....	17
Actions for the NSW Government .....	18
Actions for councils in the Illawarra Shoalhaven .....	22
Actions for Community Housing Providers .....	26
Actions for property developers .....	28
Actions for larger employers .....	29
Actions for Business Illawarra .....	29
<b>Summary of Recommendations</b> .....	<b>31</b>
<b>References</b> .....	<b>35</b>

## Acknowledgement of Country

Business Illawarra acknowledges and pays respect to the Traditional Custodians of the Dharawal and Yuin Nations, the lands on which we live and work. We pay respect to their Elders past, present and emerging. We acknowledge and respect the continuing connection to land, sea and sky and celebrate the stories, culture and traditions of all Aboriginal and Torres Strait Islander people who work and live on this land.



# Foreword

Businesses across the Illawarra Shoalhaven are facing a critical shortage of key workers who, in turn, cannot find affordable accommodation locally due to a national housing crisis that is particularly severe in our region.

There is widespread agreement on the existence and nature of the affordable housing shortage, but clear solutions are in short supply. Rather than attribute blame, we should collaborate and focus our efforts on doing what each of us can to deliver more low-cost housing in the near-term.

Business Illawarra is in a position, through the Illawarra First Fund and with the support of our members, to commission leading work to enable us to articulate policy responses to the pressing economic challenges - and opportunities - our region faces.

In partnership with key regional stakeholders, we engaged planning experts Judith Stubbs and Associates to produce a report that recommends region-specific solutions. Many of them appear here, alongside additional measures that we believe must also be undertaken.

The crisis has a complex foundation and did not materialise overnight. It was, however, accelerated by recent shifts in internal migration patterns and household composition since COVID and a range of other factors including taxation regimes. Complex regulation by three levels of government has hampered the ability of the property industry to meet demand and to innovate. Opposition from certain parts of the community erodes the appetite of regulators to approve new affordable housing. We need to better explain how the community benefits from the services provided by these new residents, who include care workers, wait staff, hairdressers, and trades.

More than simply agreeing there is a housing crisis, we all need to sign on to play our role in addressing it - utilising every measure available to each of us.

## Governments must become facilitators as well as regulators of new affordable housing.

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Reform of the planning system is needed – surely the fact that we no longer have enough planners to staff it is justification enough. State and local government planning responsibilities need to be disentangled and streamlined. Beyond that, governments should bring public land forward for development as affordable housing, including on the sites of new hospitals.

Developers should ensure new housing is not held up through poor development applications or construction methods. Community Housing Providers must identify feasible and defensible funding models and, where necessary, advocate for reform to ensure they can access institutional capital. More employers should consider becoming proponents of key worker housing both on an ongoing basis or to support any major project they will undertake in the region.

Business Illawarra and other advocacy organisations must make the case for planning reform and champion affordable housing in the community.

For its part, the community must come on board if we wish to retain the services of key workers in our economy and help address a housing situation that is in no-one's interest.

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**Adam Zarth**  
*Executive Director*  
**Business Illawarra**

# Executive summary

Employers are concerned about accelerating workforce shortages across key sectors of the economy, with 93% of businesses reporting this issue and 43% highlighting an underlying lack of affordable housing as the cause (p. 9). This issue is particularly acute in the Illawarra Shoalhaven region where key workers face income-to-rent ratios of 40% compared against the national average of 30% (p. 9).



**93%**

of businesses are concerned about accelerating workforce shortages across key sectors of the economy

**‘Key workers’ are defined as public or private sector worker fulfilling a critical function, earning between \$756 and \$1,813 per week.**



**43%**

of businesses highlighted an underlying lack of affordable housing as the cause

This income segment is particularly prevalent in hospitality, healthcare and welfare support (p. 11).

Judith Stubbs and Associates (JSA) have evidenced an affordable housing crisis within the region that sees 22,700 key worker households under housing rental (78%) or purchase (22%) stress (p. 13). With the regional population projected to grow at 30% (faster than the rest of NSW), JSA puts the housing shortfall across the four Local Government Areas (LGAs) comprising the Illawarra Shoalhaven at 11,645 by 2041 (p. 13).



**11,645**

The housing shortfall across the four Local Government Areas (LGAs) comprising the Illawarra Shoalhaven by 2041







# How do we address this?

## 1

All stakeholders must commit to acting on solutions within their control. This includes all levels of government, the development industry, community housing providers, large employers, peak industry bodies (p. 17).

## 2

The Federal government must ensure the measures contained within its National Housing Accord are implemented in the Illawarra Shoalhaven, and further, could lead a formal alignment of all levels of government to remove interjurisdictional impediments in addressing the affordable housing crisis (p. 17).

## 3

The recently-elected NSW Government has committed to boosting affordable housing supply in the regions, and Business Illawarra supports the following measures it has proposed (p. 18):

- a. A \$30 million pilot build-to-rent program on the South Coast that will be delivered by Landcom;
- b. A directive from the Premier that Ministers identify vacant government-owned land within their portfolios to be rezoned for housing – and a mandate for 30% social, affordable and universal housing on government-owned land – also supported within the JSA report (JSA 2023 p.41);
- c. The creation of a new agency, Homes NSW, to drive the delivery of more housing options and manage social housing. This will be established from a merger of the Land and Housing Corporation, the Aboriginal Land Office and Department of Communities and Justice (DCJ) Housing; and
- d. Charging the Greater Cities Commission with reviewing population and housing growth by setting new housing targets matched to infrastructure, especially around train lines.

Business Illawarra and its partners, including Business NSW, will advocate for these additional, specific actions the NSW Government should take (p. 18-20):

- a. Investigate the use of artificial intelligence to support planning processes, improve approval timeframes and greater jurisdictional alignment between state and local governments;
- b. Establish a State Environmental Planning Policy (SEPP) for train stations and transport corridors;
- c. Standardise housing design to expedite planning approvals;
- d. Include key worker housing within all major, state government-led employment generating projects like hospitals;
- e. Request that major infrastructure proponents and contractors facilitate temporary housing for their workforce;
- f. Request Landcom look for opportunities within the region, including through the \$30 million build-to-rent pilot election commitment for the South Coast by the government;
- g. Create more social housing in the region by accelerating the redevelopment of existing stock into more new housing;

### A note about the Greater Cities Commission

On 27 June, the NSW Government announced that 350 staff from the Greater Cities Commission (GCC) will be redeployed into the Department of Planning and Environment (DPE). The GCC Commissioners will continue to provide advice to the Minister for Planning and Public Spaces and assist with metropolitan planning for the Six Cities Region which will include draft housing targets.

- h. The Greater Cities Commission should consider the housing shortfall figures produced by JSA in its establishment of regional housing targets;
- i. Ensure that the regulatory permissibility exists for temporary housing and ‘meanwhile use’, including, manufactured housing estates (MHEs).

## 4

Councils oversee the principal planning controls for housing, and face challenges in managing this, notably due to a lack of planners, the complexity of the state planning system and community opposition to new development – particularly increased density. Business Illawarra recommends a range of measures for Councils (p. 22-24), including:

- a. Continue to work with the state government to identify appropriate sites for affordable housing partnerships;
- b. Expedite approvals and waive fees for affordable housing developments;
- c. Work with business groups and others to convince the community to support affordable housing and overcome opposition; and
- d. Facilitate ‘meanwhile use’, including MHEs and temporary housing.

## 5

Community Housing Providers have been leading advocacy in this area for some time as developers, owners and managers of affordable housing. They are an appropriate partner for governments (and potentially Aboriginal organisations) seeking to develop land they hold. They should also source significant financial streams from institutional investors, but currently the framework for doing so is highly challenging, as recently confirmed by the National Housing Finance and Investment Corporation. Advocacy is needed to address this issue (p. 26).

## 6

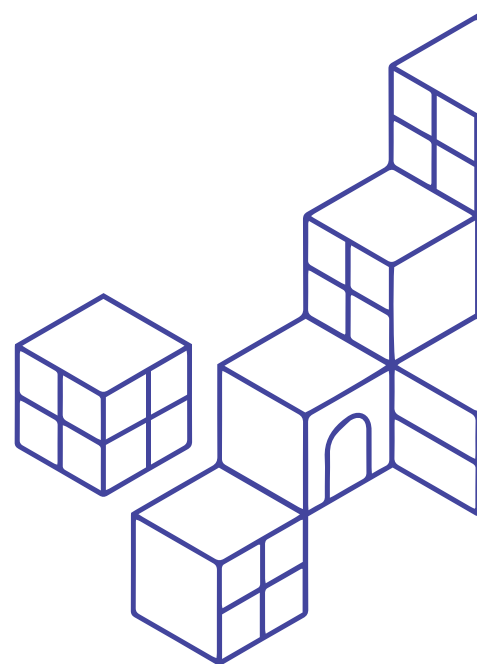
Property developers should play an active role in expediting new housing by submitting quality development applications, using responsible construction practices to prevent delays caused by compliance action, refraining from ‘land banking’ and working together when there is fragmented land ownership (p. 28).

## 7


Larger employers should consider housing need arising from major industrial and civil infrastructure projects and work closely with councils to ensure their workforce can be supported by appropriate housing. If not, ‘meanwhile use’ options like MHEs should be considered and facilitated by councils (**See: CASE STUDY: Manufactured Housing Estates (MHEs) for Snowy 2.0**) (p. 29).

## 8

Business Illawarra should work with its partners to coordinate and drive advocacy to three levels of government as described above and inform the community on the drastic need to support affordable housing development across the region (p. 29).





An aerial photograph of a coastal town. In the foreground, there is a dense residential area with many houses and green trees. A road runs through the middle of the town. In the background, the ocean is visible with a sandy beach and some waves. The sky is blue with some light clouds.

Reform of the planning  
system is needed – the  
fact that we no longer  
have enough planners  
to staff it is justification  
enough.

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# Introduction and background

Housing and rental prices are higher in the Illawarra Shoalhaven than other areas in Australia, with an increasing demand and supply imbalance that is causing an unprecedented level of labour market tightening and is being exacerbated by emerging post-pandemic trends.

As the peak body representing businesses in the Illawarra Shoalhaven, Business Illawarra has been concerned about anecdotal feedback from members about an acute and worsening workforce shortage that emerged during the pandemic and is underpinned by a lack of affordable housing.

**This was supported by a Workforce Skills Survey undertaken by Business NSW where 93% of respondents identified workforce shortages as a key issue facing their business and 43% identified housing as a key long term challenge facing business (Business NSW 2022).**

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Further analysis by Business Illawarra found that the region indeed faced a particularly dramatic affordable housing challenge, with 40% income-to-rent ratios for the Illawarra Shoalhaven compared to 30% nationally (including all income ranges).

With the support of members of Illawarra First, its business leadership dialogue, and its Regional Advisory Council, Business Illawarra determined to undertake a major research project to be financed by its Illawarra First fund and was joined by a number of collaborating partners.

These are:

- the Illawarra Shoalhaven Joint Organisation (ISJO) representing Wollongong, Shellharbour, Kiama and Shoalhaven Councils;
- Warrigal, one of the region's largest aged care providers;
- MMJ Real Estate;
- the Housing Trust, a Community Housing Provider (CHP); and
- the Property Council of Australia (Illawarra), the regional chapter of a national group representing property developers and owners.

These partners ultimately formed the Project Reference Group (PRG) for the project, which was chaired by Business Illawarra.

The project brief was to:

- Identify all opportunities to increase housing availability for key workers in the region;
- Explore inter-jurisdictional case studies of housing affordability strategies and initiatives;
- Examine innovative rental and home ownership programs that will attract government support and private investment; and
- Undertake an audit of available resources, land and property in the region that might be made available to implement an innovative affordable housing program.

Following a request for tender process, Judith Stubbs and Associates (JSA) were appointed to undertake the work.

This document draws on the report produced by JSA in February 2023, entitled Illawarra Shoalhaven Affordable Housing Strategy: Strategy Summary, adding commentary, recommendations and actions by Business Illawarra (and its partners) in response to the JSA report, and following feedback from governments, councils, the PRG and the wider business community.



# Analysis

## Defining a ‘key worker’

For the purposes of this work, a ‘key worker’ is a public or private sector worker fulfilling a function in a business or organisation that is difficult to operate without and who earn either very low, low or moderate incomes (see table below). These particularly include hospitality workers, health and welfare support workers.

### Affordable Housing Income, Rental and Purchase Benchmarks for the Illawarra Shoalhaven

	Very Low Income Household	Low Income Household	Moderate Income Household
Income Benchmark	<50% of Gross Median Household Income for Rest of NSW	50%-80% of Gross Median Household Income for Rest of NSW	80%-120% of Gross Median Household Income for Rest of NSW
Income Range	<\$756 per week	\$756-\$1,209 per week	\$1,209-\$1,813 per week
Affordable Rental Benchmarks	<\$227 per week	\$227-\$363 per week	\$363-\$544 per week
Affordable Purchase Benchmarks	<\$223,000	\$223,000-\$356,000	\$356,000-\$534,000

(Table reference JSA 2023 p.5)

## Types of workers needing prioritised housing

Priority groups of key workers due to their contribution to the regional labour market in the lowest ('very low' and 'low') median incomes include:



Residential aged care workers



Child care and pre-school workers



Personal care workers



Health and welfare support workers



Enrolled nurses, assistants in nursing, veterinary nurses



Clerical and administrative workers



Construction workers including, entry level trades, labourers, technicians and plant operators



Retail workers



Nursery and horticultural workers

Most of these workers are not able to work from home, and many would need to live close to their place of work due to irregular hours or shift work (JSA 2023 p.7).

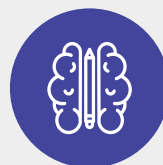
Priority groups of key workers due to their contribution to the regional labour market in the 'moderate income' category include:



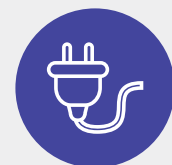
Registered nurses and midwives



Social and welfare professionals



Primary school and special education teachers



Electricians and electrical service workers

(JSA 2023 p.7).



# Population dynamics in the Illawarra Shoalhaven

## Changes in population growth trends

Analysis of migration data from 2016 to 2021 by JSA shows a clear trend of displacement of people from north to south across the Illawarra Shoalhaven, traditionally attributed to the increasing cost of housing in Greater Sydney, and more latterly to the regionalisation trend that emerged during and post-pandemic (JSA 2023 p.12).

Statistically the pandemic-driven regionalisation trend saw modest population growth in the Illawarra of 2,924 in the year to June 2021, representing an increase of 0.9% (Wollongong) 0.4% (Shellharbour) and 2.3% (Kiama) 1.4% (ABS 2022).

## Growth in regional labour force

The regional labour force grew by 13% during 2016 to 2021, compared to 9% for NSW. Shellharbour and Shoalhaven experienced particularly high workforce growth (JSA 2023 p.10).

## Four industries account for around half or all regional jobs

Health Care and Social Assistance was the largest industry of employment in the Region in 2021, followed by Construction, Education and Training, and Retail Trade, with these (JSA 2023 p.10).

## Projected population growth

The Region is expected to grow faster than the rest of NSW at a rate of 30% from 2021-41, with Shellharbour experiencing 39% growth, with a particularly high rate of growth in families with children (JSA 2023 p.11).

## Local labour force movement

79% of the local labour force of 185,000 employed people in the Region work within the Region and 16% work outside the Region mostly in Greater Sydney (JSA 2023 p.12).

More people commute into the region for work than commute out.



# Describing the affordable housing crisis in the Illawarra Shoalhaven

There is an affordable housing crisis in the region which impacts the region's ability to attract and retain key workers and constrains economic growth (JSA 2023 p.14).

## Housing affordability

There are affordability challenges for almost all very low and low income renters in the region. Purchase prices have risen across the region far faster than the state average (JSA 2023 p.15). The cost of renting a two bedroom apartment in Shellharbour and Shoalhaven has risen sharply over the past two years, 10.7% and 7.2% pa respectively.

Very low income renters can not afford the median rent on a one bedroom unit anywhere across the region. (JSA 2023 p. 15). The purchase of cheaper strata dwellings are only affordable to high income households in most areas of the region (JSA 2023 p.16).

The cost increase of renting a two bedroom apartment over the last two years:

**10.7%**

in Shellharbour

**7.2%**

in Shoalhaven

## Housing stress

22,700 very low, low and moderate income households were estimated to be in housing stress in the region in 2021. Of these, 78% were in rental stress and 22% in purchase stress (JSA 2023 p.19).

**22,700**

households estimated to be in housing stress in the region in 2021

## Housing need for very low and low income renters

Approximately 60% of very low and low income renters need a single or couple only household, and the remaining need housing suited to families with children.

**60%**

very low and low income renters need a single or couple only household

## Affordable housing shortfall

It is predicted that approximately 11,645 additional dwellings may be needed by 2041. Approximately 86% of these would be needed for renting households of which 90% would be for very low and low income renting households. Approximately 70% would need to be dwellings suited to singles and couples and the remaining 30% suitable for families with children. To maintain the existing regional average of 5.8% 3,925 dwellings would need to be social housing (JSA 2023 p.20).

A breakdown of the affordable housing shortfall by Local Government Area (LGA) is as follows:

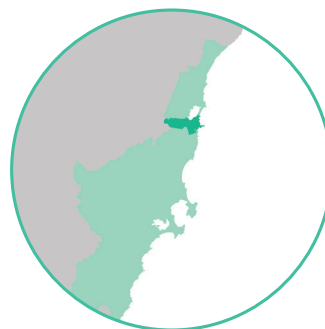
**5,385**

affordable dwellings for Wollongong LGA



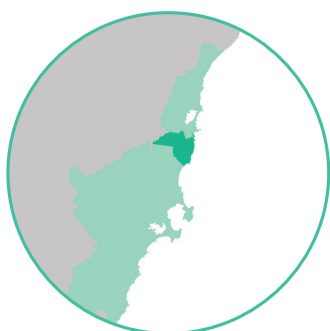
**2,525**

affordable dwellings for Shellharbour LGA



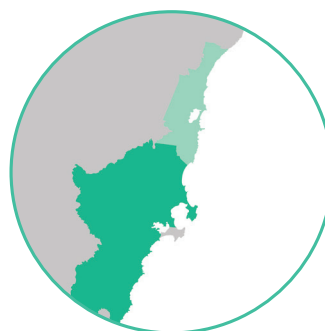
**438**

affordable dwellings for Kiama LGA



**3,280**

affordable dwellings for Shoalhaven LGA



### **More, smaller dwellings needed**

The region has low rates of apartment growth and private rental stock. The supply of apartments (studio, one-bed and two-bed) is critical to increasing housing diversity to meet changing needs, providing lower cost housing and increasing supply of rentals (JSA 2023 p.12).

### **Social housing losses**

The proportion of social housing fell from 6% to 4% during the period 2006 to 2021 across the region (JSA 2023 p.14). There is a waiting list of greater than 10 years for most types of social housing across the region.

### **Need for more social and affordable housing**

There is a need for increasing the amount and diversity of type of social housing through selective redevelopment of older public housing. Multi-tenure redevelopments that include key worker housing as well as social housing are needed (JSA 2023 p.14).

## CASE STUDY

# Manufactured Housing Estates (MHEs) for Snowy 2.0

As the housing crisis grows councils, large employers, Community Housing Providers and other not for profit bodies are exploring innovative housing opportunities to quickly add to the supply of accommodation for key workers.

Manufactured Housing Estates (MHEs) is a concept successfully executed by the renewable energy project Snowy 2.0 in Cooma NSW. From inception key worker accommodation was considered an integral part of the project planning process with 4000 jobs created across the life of the project. Snowy Hydro purchased a five-hectare land parcel for worker accommodation. The development provides 120 beds, communal facilities and parking for Snowy workers and overall helps address the housing shortage anticipated to accompany the economic growth of this work.



Image Source: We Build Group



## CASE STUDY

# Meanwhile Use - Warrigal Aged Care Employee Accommodation

With the unprecedented tightness of the regional rental market councils, large employers and Community Housing Providers are investigating short term strategies including meanwhile use schemes to add to the supply of rental accommodation in the Illawarra. 'Meanwhile use' is the concept of activating vacant or underused buildings to meet the region's immediate housing need on a temporary basis.

Warrigal aged care are suffering from an inability to attract new workers to the region due to the lack of affordable housing. This is constraining their ability to expand in the Illawarra. As part of their meanwhile use scheme to provide accommodation for their key workers, Warrigal are head-leasing houses in the private rental market for its staff on skilled migrant visas. Existing facilities earmarked for development such as the vacant independent living units in the Warilla retirement village are also being used to house their staff until construction begins.



Image Source: Warrigal

# Solutions to increase the supply of affordable housing

The commitment of all stakeholders to acting on solutions within their control or influence is required to provide more affordable housing for key workers in the Illawarra Shoalhaven. JSA notes:

“To be effective, it is [...] important that the development of responses is a shared responsibility across all levels of government, as well as the development industry, large employers, peak industry bodies and community housing providers and other not for profit agencies” (JSA 2023 p.25).

These solutions are presented below, categorised by stakeholder.

## Actions for the Federal Government

**The National Housing Accord announced by the Prime Minister on 25 October 2022 should be utilised to harmonise the efforts of all three levels of government to facilitate affordable housing.**

This could replicate the success of the approach taken to the development of the Nancy Bird Walton (Western Sydney) Airport, where all three levels of government have entered formal agreements to deliver on major priorities, with clear lines of accountability. Another example is the Nation Building Economic Stimulus Plan—Social Housing Initiative introduced during the Global Financial Crisis in 2009. Most jurisdictions modified conventional planning processes to meet the demands of the program, according to the Australian Housing and Urban Research Institute (Murray et al 2013).

In the 2023 federal Budget, the Commonwealth announced welcome incentives to the build to rent sector by reducing Managed Investment Trust

Withholding Tax from 30% to 15% and increasing the rate for the capital works tax deduction to 4% per year.

### Actions

Business Illawarra (and its partners) to advocate to regional federal members of parliament for a formalised agreement between three levels of government to address the affordable housing crisis to be piloted in our region, as well as advocating for JSA's recommendations below to be adopted.

- Provide appropriate funding for the Illawarra Shoalhaven region under the next National Housing and Homelessness Agreement;
- Provide resources under the Affordable Housing Bond Aggregator and National Housing Infrastructure Facility to support new affordable housing projects in the region;
- Provide funding certainty for the region under the \$10 billion Housing Australia Future Fund investment intended to provide for 30,000 new dwellings across Australia including 20,000 social housing and 10,000 affordable housing dwellings for 'frontline workers'.

# Actions for the NSW Government

The NSW Government has the greatest regulatory responsibility for housing, and the greatest scope to effect reform - as well as responsibility for the performance of councils under the Local Government Act 1993.

Business Illawarra supports a number of the following solutions that the recently-elected NSW Government has committed to. Further, it will advocate for a range of additional solutions to address this most pressing issue for business and the wider community.

## Recent NSW Government commitments

We support the following commitments that the government has made in relation to affordable housing while this report has been compiled that were announced both during the election and subsequently:



A \$30 million pilot build-to-rent program on the South Coast that will be delivered by Landcom;



A directive from the Premier that Ministers identify vacant government-owned land within their portfolios to be rezoned for housing – and a mandate for 30% social, affordable and universal housing on government-owned land – also supported within the JSA report (JSA 2023 p.41);



The creation of a new agency, Homes NSW, to drive the delivery of more housing options and manage social housing. This will be established from a merger of the Land and Housing Corporation, the Aboriginal Land Office and DCJ Housing;



Charging the Greater Cities Commission with reviewing population and housing growth by setting new housing targets matched to infrastructure, especially around metro lines;



Housing developments with a capital investment value over \$75 million, which allocate a minimum of 15% of the total gross floor area to affordable housing, will gain access to the State Significant Development (SSD) planning approval pathway and will also gain access to a 30% floor space ratio boost, and a height bonus of 30% above local environment plans (LEPs).



## Previous solutions

The NSW Government has previously announced solutions to the affordable housing crisis, which have included:

- Establishing an independent Regional Housing Taskforce.
- Creating a Regional Housing Fund and allocating \$30 million to incentivise and fast track the support of regional councils in NSW to address growing housing pressure.
- Setting up a Regional Housing Flying Squad program of targeted assistance to support regional councils to manage and process development application for new homes which was also recommended by the taskforce.

## Actions

Business Illawarra (and its partners) will pursue the following recommended solutions with the NSW Government, both directly and in collaboration with Business NSW:

- 
- Reduce the processing times for development applications that are holding back new housing supply by:
    - Investigating how artificial intelligence (AI) technology can be developed as a tool to support government planning approval processes.
    - Addressing the critical shortfall of planners that is causing delays in the planning approvals process (JSA 2023, p.34) including through the short-term measure of restoring planners from head office to the front line and back into councils (via secondments) to clear the backlog of development applications.
    - Establish streamlined planning processes that create clear delineations between state and council responsibilities and ensure internal consultation with state government agencies occurs concurrently and expeditiously, potentially guided by use of AI.
- 
- Accelerate high density housing near transport hubs by establishing a State Environmental Planning Policy (SEPP) for train stations and transport corridors, and modify timetables to ensure they are appropriately serviced. This should form part of the NSW Government's commitment to the Greater Cities Commission setting housing targets matched to infrastructure (see p.22).



**Accelerate high density housing near transport hubs and modify timetables to ensure they are appropriately serviced.**

- Standardise housing design to expedite planning approvals. The government should commission a suite of designs by recognised architects and license these designs at low or nil cost and can have access to the complying development approval pathway, noting that designing for site remains a consideration. There should always be the opportunity to undertake an individual's bespoke design, for unique or unusual blocks or where the owner wants to do that, and that should go through the normal development assessment route, which will take longer.

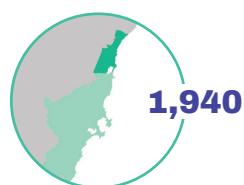
- Ensure key worker housing is provided as part of all state government-led major employment generating projects, including those related to new hospitals, aged care facilities and educational institutions in the region (JSA 2023 p.43). e.g. the new Shellharbour Hospital and the expanded Shoalhaven Hospital (**See: CASE STUDY – Health and key worker housing precincts**).

- Request that major infrastructure project proponents and contractors actively facilitate temporary worker accommodation to ensure that major projects within the region are properly serviced and do not create short-term distortion to the local key worker housing market thereby displacing other, lower paid workers (**See: CASE STUDY – Major projects in the Illawarra Shoalhaven**).

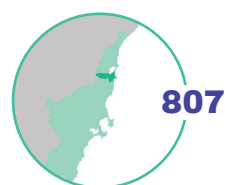
- Increase the involvement of Landcom, the state government-owned property developer, in the region (as it is at the site of the former Bulli Hospital, JSA 2023 p.41).

- Accelerate the redevelopment of aged and unsuitable social housing stock within the region to renew and deliver additional social housing to address the regional housing shortfall of 3,925 dwellings (JSA 2023 p.20), including at least:

1,940 additional social housing dwellings in **Wollongong LGA**;



807 additional social housing dwellings in **Shellharbour LGA**;



219 additional social housing dwellings in **Kiama LGA**; and



901 additional social housing dwellings in **Shoalhaven LGA**.




(JSA 2023 p.26)

- Consider the regional housing shortfall numbers as targets for each LGA (JSA 2023 p.26) within the Greater Cities Commission's Illawarra Shoalhaven City Plan (expected 2024) and ensure councils are provided the regulatory tools to deliver against them.

- Maximise opportunities for lower cost MHEs by ensuring liberal permissibility, and proactively identify additional sites (JSA 2023 p.37).

- Define 'key workers' (as at p.10) in state legislation so that planning policies can be enacted that facilitate housing specifically for them.



A large construction crane dominates the upper half of the image, its lattice structure silhouetted against a warm, orange-hued sky at sunset. Below the crane, the skeletal framework of a multi-story building is visible, with rebar and concrete forms in various stages of construction. The overall scene conveys a sense of active development and urban renewal.

Accelerate the  
redevelopment of aged  
and unsuitable social  
housing stock within  
the region to renew  
and deliver additional  
social housing.

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# Actions for councils in the Illawarra Shoalhaven

Business Illawarra (and its partners) will advocate for local councils within the Illawarra Shoalhaven to adopt a role of facilitators of affordable housing, as well as regulators. As JSA notes:

“Local government has an explicit role in ‘affordable housing’ under relevant legislation, and an impact on affordability through land use zoning, controls, the timing of land release, location of services and facilities, and the levying of rates and development contributions and the like” (JSA 2023 p.22).

Further, councils oversee the principal planning controls for housing in the region, and while they may play the most impactful role in enabling affordable housing it must be acknowledged that they face the greatest impediments. According to JSA:

“Issues raised in interviews included Council staff shortages; loss of experienced local government staff to better paid private and State Government jobs; an increasingly complex NSW planning and approvals system; frequent community opposition to diversity and density, despite widespread acceptance in the community that affordable housing is major issue; lack of support and targets for more diverse housing types despite stated planning objectives by State and local government; relatively onerous planning and design requirements for more diverse housing; and lengthy referral timeframes to external agencies” (JSA 2023 p.32).

**Allow higher densities in town CBDs across the region, like Dapto, Warrawong, Oak Flats, Corrimal, Nowra/Bomaderry, Ulladulla and Kiama.**

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Expedient approvals are just one of a range of measures councils can implement to facilitate more affordable housing for key workers in the Illawarra Shoalhaven. Another is to allow higher densities in town CBDs across the region, like Dapto, Warrawong, Oak Flats, Corrimal, Nowra/Bomaderry, Ulladulla and Kiama. JSA has recommended a range of detailed planning changes to do this. Councils have significant underutilised landholdings and are to be encouraged to utilise them to enter into partnerships with CHPs and others to develop affordable housing.



## Actions

Business Illawarra (and its partners) will advocate that each council within the region, including its elected body, to adopt the following measures as part of a cultural change that would see councils play a more facilitative role in affordable housing, particularly when given the right tools by the NSW Government.

Business Illawarra (and its partners) will further advocate for each council within the Illawarra Shoalhaven to:

- Continue to work with the state government to identify appropriate sites within its landholdings for affordable housing partnerships (JSA 2023 p.39).
- Expedite approvals and reduce or waive fees for genuinely affordable housing proposals; particularly "...smaller, more diverse housing types such as Residential flat buildings, Multi dwelling housing, Boarding Houses, Co-Living Housing, Dual occupancies and Secondary dwellings" (JSA 2023 p.32).
- Participate in a campaign led by Business Illawarra about local and regional affordable housing need and the importance of increased housing diversity and low cost and affordable housing types, to increase community acceptance and reduce community opposition (JSA 2023 p.32).

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**Business Illawarra (and its partners) will also advocate for the following, council-led planning amendments recommended by JSA:**

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- **Lifting height limits in key centres across the region** – Provide additional height in the following key town centres within each LGA, to ensure that the available Floor Space Ratio (FSR) can be utilised, including:

### Wollongong LGA

Warrawong (B3 zone),  
Corrimal (B2 and B3  
zones), Dapto (B2, B4  
and R3 zones)



### Shellharbour LGA

Oak Flats (B2 zone)



### Kiama LGA

Kiama (B2 zone)



### Shoalhaven LGA

Nowra/Bomaderry,  
Ulladulla (B3 zone)



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- **Ensure appropriate requirements for parking and transport** - Ensure that parking controls in centres reflect actual rate of vehicle ownership and/or the availability of car share facilities. Provide discounts for proximity to railway stations, bus stops and business zoned areas in all key centres. Increases to FSRs should be accompanied by parking stations and car share spaces, particularly as part of large developments.





Image Source: Warrigal

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- **Consider adaptable planning controls** – Councils could facilitate short-term housing opportunities, for example by allowing residential ground floor uses in business zones, including the provision of adaptable apartments, which can be converted to commercial uses if its viability increase in the future.
  - **Improve affordability in greenfields release areas** – Reduce minimum lot sizes around planned town centres in greenfield developments to facilitate the delivery of small lot housing, including row housing. Utilise planning controls to encourage residential flat buildings and multi dwelling housing in greenfield developments. Maintain and increase the supply of urban land in the generally lower priced areas of West Dapto (Avondale and Calderwood), west Albion Park (Tongarra) and Nowra (Cambewarra). Continue to advocate for adequate infrastructure delivery to service new release areas.



## CASE STUDY

# Major projects in the Illawarra Shoalhaven

Business Illawarra has been collaborating with local government and non-government stakeholders to examine workforce planning for the significant major industrial projects within the region. These projects are listed below. The purpose was to share timeframes, examine opportunities for workforce sharing and find solutions for challenges including skills and workforce shortages.

JSA draws attention to the distortionary effect that major civil and industrial projects can have on local housing markets, particularly the potential for housing stress and displacement for low and very low-paid workers, as is the case in the Illawarra Shoalhaven.

“It is important to properly assess and mitigate the social and economic impacts of employment generating projects in section 4.15(b) of the Act. This includes relatively well-paid itinerant construction workers on major infrastructure projects, who can more effectively compete in the local housing market...” (JSA 2023 p.36).

There is a strong justification for policy that enables the development of temporary and short-term housing for key workers on major projects within the Illawarra Shoalhaven, to ensure these projects can accommodate the workforce they require without displacing local disadvantaged groups.

Proponent	Project	Value	Timeframes	Jobs/skills required
BlueScope	Blast Furnace no. 6 reline	\$1 billion	2023-2026	250 new jobs in construction
Energy Australia	Tallawarra B power station	\$300 million	2022-2023	250 new jobs in construction
Squadron Energy	Port Kembla Energy Terminal (PKET) – LNG import facility	\$250 million	Completion by 2024-25	130-150 new jobs during construction, 40-50 jobs ongoing

# Actions for Community Housing Providers

Community Housing Providers (CHPs) are not-for-profit organisations that re-invest any surplus revenue into new housing, better services or improving their properties. CHPs typically offer different housing types, including social housing, affordable housing, specialist disability accommodation and transitional housing, and are a key provider of the housing types required by key workers in the Illawarra Shoalhaven region. According to JSA:

“CHPs are increasingly important as [...] developers, owners and managers of affordable housing, and have access to a range of government funding and subsidies, their own equity, and capacity to borrow against rental income and equity. They have strong presence in and commitment to their local communities” (JSA 2023 p.21).

Given their connection to the communities they serve, CHPs are an important partner and should be engaged to support a campaign by Business Illawarra to grow community support for affordable housing and reduce opposition to its development.

## Actions

- Investigate and report back on potential affordable housing partnerships in the region with the NSW Government, councils and institutional investors like superannuation funds, institutional investors and philanthropic trusts (JSA 2023 p.44).
- Undertake community education and advocacy to increase access to Shared Equity Schemes for first home buyers in the region provided by Federal and State Governments (JSA 2023 p.47) (**See: CASE STUDY – Shared Equity Schemes**).
- Advocate for CHPs to access public financing opportunities through the National Housing Finance and Investment Corporation and any future schemes available through the federal government's Housing Future Fund, including on publicly owned potential partnership sites (JSA 2023 p.45).



## CASE STUDY

# Health and key worker housing precincts

The NSW Government has acknowledged that adequate key worker housing must be provided as part of major employment generating projects such as the expansion of Shoalhaven Hospital and the revitalisation of the Nowra Riverfront.

The current and future hospital builds at Shellharbour and Nowra provide more opportunities to deliver affordable and key worker housing in the form of precincts. The NSW Government, through cross collaboration intends to enable infrastructure to create a strong housing pipeline within the south coast. These projects provide the opportunity to develop a model for all such future developments in the region.

The Government's Regional Housing Strategic Planning Fund delivered \$3.9 million in funding is enabling councils to explore new affordable, diverse and resilient housing for the Illawarra.



Image Source: Conrad Gargett



# Actions for property developers

The property sector is an important partner to this work, and would benefit from many of the recommendations made in the JSA report being implemented. It can also play a vital educational role, and while this recommendation was originally for councils, the property industry, perhaps led by the Property Council of Australia, could: “promote the uptake of available bonuses under SEPP (Housing) 2021 for Seniors housing and for Co-living housing with local developers through information sessions and workshops” (JSA 2023 p.31-32).

Property developers will ultimately supply the affordable housing stock needed to meet the demand outlined in the JSA report, whether working for government, private investors, institutional investors, CHPs or any combination of these.

Currently they must do this amid a regulatory framework that is onerous, complex, time consuming, which ultimately presents a barrier to affordable housing investment, as confirmed in recent research by the National Housing Finance and Investment Corporation (NHFIC 2023).

## Actions

- Property developers should play an active role in expediting new housing by submitting quality development applications, using responsible construction practices to prevent delays caused by compliance action, refraining from ‘land banking’ and working together when there is fragmented land ownership.
- The property sector can also lead by offering more innovative and diverse housing options to densify appropriate areas, and promoting them to small investors, real estate agents and major employers (eg. manufactured homes).
- The property industry should work with governments to “Support the work of Aboriginal organisations should they decide to explore options to develop their landholdings for affordable housing through a Community Land Trust model, the Aboriginal Lands SEPP or by other methods” (JSA 2023 p.49).

**Property developers will ultimately supply the affordable housing stock needed to meet the demand, whether working for government, private investors, institutional investors, or Community Housing Providers.**





## Actions for larger employers

Larger employers in the region have an interest in affordable housing for their workers, and some will need to consider whether major projects they lead will see an influx of workers that will require a large increase in affordable housing locally, potentially on a temporary basis.

### Actions

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- Proponents of major infrastructure projects to work with local and state governments to ensure they can access accommodation, utilising opportunities for 'meanwhile use' of appropriate nearby land for MHEs if required (**See: CASE STUDY – Major projects in the Illawarra Shoalhaven**)
- Seek to ensure key worker accommodation is provided as part of developments such as private hospitals, aged care and education facilities (**See:**
  - **CASE STUDY - Health and key worker housing precincts**
  - **CASE STUDY - Meanwhile Use - Warrigal Aged Care Employee Accommodation**

## Actions for Business Illawarra

As a regional business group, Business Illawarra is committed to addressing the needs of its members, which in this case is a significant workforce shortage caused by a severe lack of affordable housing. Following completion of this work, Business Illawarra (and its partners) will undertake focused advocacy (as highlighted throughout) to ensure that every stakeholder (government or otherwise) takes action within its area of control and influence.

### Actions

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- Business Illawarra to publish, launch and promote this summary of the JSA research, with a view to raising awareness of the problem, but also of the available solutions and the role each part of the community has to play.

- Business Illawarra (and its partners) to undertake advocacy in support of key initiatives highlighted throughout this document to each level of government, utilising partnerships with Business NSW, PRG members and others where most practical.

**Business Illawarra (and its partners), together with councils, will develop a community education campaign about regional affordable housing need.**

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- Business Illawarra (and its partners), together with councils, to develop a community education campaign about local and regional affordable housing need, and the importance of increased housing diversity and low cost and affordable housing types, to increase community acceptance and reduce community opposition (JSA 2023 p.32).

## CASE STUDY

# Shared Equity Schemes

Shared equity schemes provide homeownership at a reduced cost by sharing the capital cost of purchasing a home between a homebuyer and an equity partner. Shared equity schemes can provide an ongoing solution as each home is sold back to the equity partners (generally State Government or a CHP) under agreed arrangements when each purchaser sells.

### Federal

The Home Guarantee Scheme (HGS), is administered by National Housing Finance and Investment Corporation (NHFIC). Part of a home buyer's home loan will be guaranteed by NHFIC. Home buyers require a deposit of 2-5% and the scheme targets first homebuyers, regional first home buyers and homebuyers who are single parents.

### State

The NSW Government pilot rent-to-buy program will be delivered by LAHC and CHPs. The NSW Government will provide an equity contribution of up to 40% of the purchase price for new homes and up to 30% of the purchase price for existing dwellings. The scheme is targeted at first home buyers who are single parents or single people aged 50 years and over and nurses, teachers or police.

### Community

Southern Cross Housing is developing a shared equity model for a proposed development in Bomaderry incorporating a suite of housing types including short-term transitional dwellings, affordable rental for key workers and affordable purchase through shared equity.



# Summary of Recommendations

Who	Recommendation
Federal Government	Use the National Housing Accord announced by the Prime Minister on 25 October 2022 to harmonise the efforts of all three levels of government to facilitate affordable housing.
	Provide appropriate funding for the Illawarra Shoalhaven region under the next National Housing and Homelessness Agreement.
	Provide resources under the Affordable Housing Bond Aggregator and National Housing Infrastructure Facility to support new affordable housing projects in the region.
	Provide funding certainty for the region under the \$10 billion Housing Australia Future Fund investment intended to provide for 30,000 new dwellings across Australia including 20,000 social housing and 10,000 affordable housing dwellings for 'frontline workers'.
State Government	<p>Support existing commitments:</p> <ul style="list-style-type: none"> <li>• A \$30 million pilot build-to-rent program on the South Coast that will be delivered by Landcom;</li> <li>• A directive from the Premier that Ministers identify vacant government-owned land within their portfolios to be rezoned for housing – and a mandate for 30% social, affordable and universal housing on government-owned land – also supported within the JSA report (JSA 2023 p.41);</li> <li>• The creation of a new agency, Homes NSW, to drive the delivery of more housing options and manage social housing. This will be established from a merger of the Land and Housing Corporation, the Aboriginal Land Office and DCJ Housing;</li> <li>• Charging the Greater Cities Commission with reviewing population and housing growth by setting new housing targets matched to infrastructure, especially around metro lines;</li> <li>• Housing developments with a capital investment value over \$75 million, which allocate a minimum of 15% of the total gross floor area to affordable housing, will gain access to the State Significant Development (SSD) planning approval pathway and will also gain access to a 30% floor space ratio boost, and a height bonus of 30% above local environment plans (LEPs).</li> </ul>
	Investigate how artificial intelligence (AI) technology can be developed as a tool to support government planning approval processes.
	Address the critical shortfall of planners that is causing delays in the planning approvals process (JSA 2023 p. 34) including through the short-term measure of restoring planners from head office to the front line and back into councils (via secondments) to clear the backlog of development applications.
	Establish streamlined planning processes that create clear delineations between state and council responsibilities and ensure internal consultation with state government agencies occurs concurrently and expeditiously, potentially guided by use of AI.

Who	Recommendation
State Government (continued)	<p>Accelerate high density housing near transport hubs by establishing a State Environmental Planning Policy (SEPP) for train stations and transport corridors, and modify timetables to ensure they are appropriately serviced. This should form part of the NSW Government's commitment to the Greater Cities Commission setting housing targets matched to infrastructure.</p>
	<p>Standardise housing design to expedite planning approvals. The government should commission a suite of designs by recognised architects and license these designs at low or nil cost and can have access to the complying development approval pathway, noting that designing for site remains a consideration.</p>
	<p>Ensure key worker housing is provided as part of all state government-led major employment generating projects, including those related to new hospitals, aged care facilities and educational institutions in the region (JSA 2023 p.43). e.g. the new Shellharbour Hospital and the expanded Shoalhaven Hospital.</p>
	<p>Request that major infrastructure project proponents and contractors actively facilitate temporary worker accommodation to ensure that major projects within the region are properly serviced and do not create short-term distortion to the local key worker housing market thereby displacing other, lower paid workers.</p>
	<p>Increase the involvement of Landcom, the state government-owned property developer, in the region (as it is at the site of the former Bulli Hospital, JSA 2023 p.41).</p>
	<p>Accelerate the redevelopment of aged and unsuitable social housing stock within the region to renew and deliver additional social housing to address the regional housing shortfall of 3,925 dwellings (JSA 2023 p.20), including at least:</p> <ul style="list-style-type: none"> <li>• 1,940 additional social housing dwellings in Wollongong LGA;</li> <li>• 807 additional social housing dwellings in Shellharbour LGA;</li> <li>• 219 additional social housing dwellings in Kiama LGA; and</li> <li>• 901 additional social housing dwellings in Shoalhaven LGA.</li> </ul>
	<p>Consider the regional housing shortfall numbers as targets for each LGA (JSA 2023 p.26) within the Greater Cities Commission's Illawarra Shoalhaven City Plan (expected 2024) and ensure councils are provided the regulatory tools to deliver against them.</p>
	<p>Maximise opportunities for lower cost MHEs by ensuring liberal permissibility, and proactively identify additional sites (JSA 2023 p.37).</p>
	<p>Define 'key workers' (as at p.10) in state legislation so that planning policies can be enacted that facilitate housing specifically for them.</p>

Who	Recommendation
Councils	Continue to work with the state government to identify appropriate sites within its landholdings for affordable housing partnerships (JSA 2023 p.39).
	Expedite approvals and reduce or waive fees for genuinely affordable housing proposals; particularly “...smaller, more diverse housing types such as Residential flat buildings, Multi dwelling housing, Boarding Houses, Co-Living Housing, Dual occupancies and Secondary dwellings” (JSA 2023 p.32).
	Participate in a campaign led by Business Illawarra about local and regional affordable housing need and the importance of increased housing diversity and low cost and affordable housing types, to increase community acceptance and reduce community opposition (JSA 2023 p.32).
	<p>Provide additional height in the following key town centres within each LGA, to ensure that the available Floor Space Ratio (FSR) can be utilised, including:</p> <ul style="list-style-type: none"> <li>• Wollongong LGA: Warrawong (B3 zone), Corrimal (B2 and B3 zones), Dapto (B2, B4 and R3 zones)</li> <li>• Shellharbour LGA: Oak Flats (B2 zone)</li> <li>• Kiama LGA: Kiama (B2 zone)</li> <li>• Shoalhaven LGA: Nowra/Bomaderry, Ulladulla (B3 zone)</li> </ul>
	Ensure that parking controls in centres reflect actual rate of vehicle ownership and/or the availability of car share facilities. Provide discounts for proximity to railway stations, bus stops and business zoned areas in all key centres. Increases to FSRs should be accompanied by parking stations and car share spaces, particularly as part of large developments.
	Councils could facilitate short-term housing opportunities, for example by allowing residential ground floor uses in business zones, including the provision of adaptable apartments, which can be converted to commercial uses if its viability increase in the future.
	Reduce minimum lot sizes around planned town centres in greenfield developments to facilitate the delivery of small lot housing, including row housing. Utilise planning controls to encourage residential flat buildings and multi dwelling housing in greenfield developments. Maintain and increase the supply of urban land in the generally lower priced areas of West Dapto (Avondale and Calderwood), west Albion Park (Tongarra) and Nowra (Cambewarra). Continue to advocate for adequate infrastructure delivery to service new release areas.
Community Housing Providers	Investigate and report back on potential affordable housing partnerships in the region with the NSW Government, councils and institutional investors like superannuation funds, institutional investors and philanthropic trusts (JSA 2023 p.44).
	Undertake community education and advocacy to increase access to Shared Equity Schemes for first home buyers in the region provided by Federal and State Governments (JSA 2023 p.47).
	Advocate for CHPs to access public financing opportunities through the National Housing Finance and Investment Corporation and any future schemes available through the federal government’s Housing Future Fund, including on publicly owned potential partnership sites (JSA 2023 p.45).



Who	Recommendation
Property developers	Property developers should play an active role in expediting new housing by submitting quality development applications, using responsible construction practices to prevent delays caused by compliance action, refraining from ‘land banking’ and working together when there is fragmented land ownership.
	The property sector can also lead by offering more innovative and diverse housing options to densify appropriate areas, and promoting them to small investors, real estate agents and major employers (eg. manufactured homes).
	The property industry should work with governments to “Support the work of Aboriginal organisations should they decide to explore options to develop their landholdings for affordable housing through a Community Land Trust model, the Aboriginal Lands SEPP or by other methods” (JSA 2023 p.49).
Larger employers	Proponents of major infrastructure projects to work with local and state governments to ensure they can access accommodation, utilising opportunities for ‘meanwhile use’ of appropriate nearby land for MHEs if required.
	Seek to ensure key worker accommodation is provided as part of developments such as private hospitals, aged care and education facilities.
Business Illawarra	Business Illawarra to publish, launch and promote this summary of the JSA research, with a view to raising awareness of the problem, but also of the available solutions and the role each part of the community has to play.
	Business Illawarra (and its partners) to undertake advocacy in support of key initiatives highlighted throughout this document to each level of government, utilising partnerships with Business NSW, PRG members and others where most practical.
	Business Illawarra (and its partners), together with councils, to develop a community education campaign about local and regional affordable housing need, and the importance of increased housing diversity and low cost and affordable housing types, to increase community acceptance and reduce community opposition (JSA 2023 p.32).

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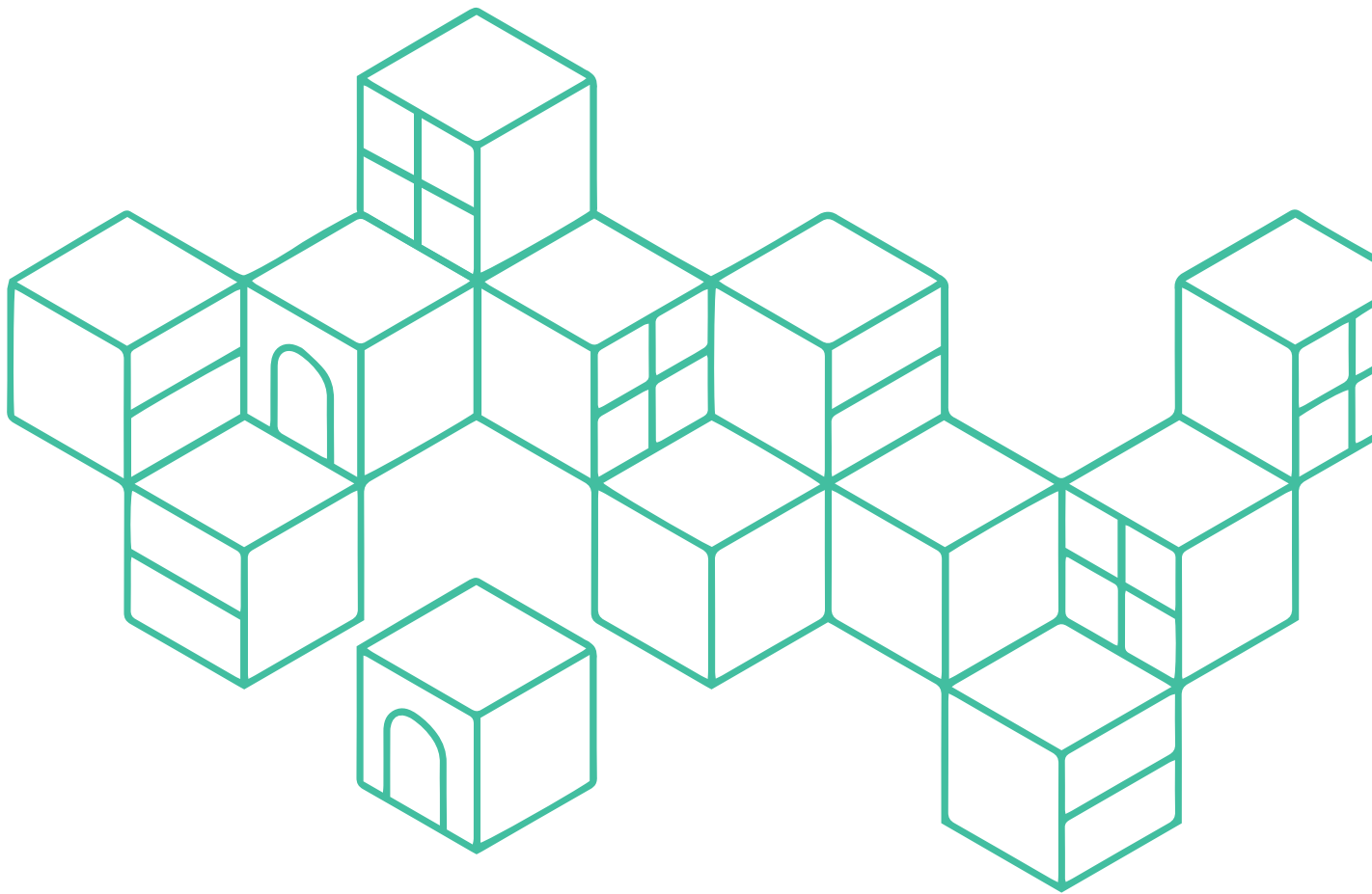
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