

# Affordable Housing Strategy: West Culburra Mixed Use Development



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**This Strategy has been prepared for:**

**Sealark Pty Ltd**

by



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# 1 Executive Summary

## 1.1 Background

Judith Stubbs and Associates (JSA) has been engaged by Sealark Pty Ltd, an environmental protection and property development company of The Halloran Trust, to prepare an **Affordable Housing Strategy** in relation to a mixed use development on Part Lots 1-3 DP1279350 West Culburra in accordance with Condition B38 of the Determination of the Development Application dated 1 December 2021 (LEC No: 2019/78149).

The aim of the *Affordable Housing Strategy* is:

**To make a positive contribution to meeting the identified need for affordable housing in the locality of West Culburra and surrounds.**

The Strategy is informed by evidence in the Discussion Paper, which is provided as **Attachment A**, and has been further developed through a series of workshops held with Sealark staff and board, and between Sealark, Shoalhaven City Council and a local Tier 1 Community Housing Provider.

The Strategy has the strong commitment of Sealark, which seeks to ensure that the local community shares in the benefits resulting from the development of the precinct.

## 1.2 Summary of Consultation

Condition A15 of the West Culburra Concept Approval states that:

*A15. Where conditions of this consent require consultation with an identified party, the Applicant must:*

- (a) *consult with the relevant party prior to submitting the subject document to the Planning Secretary for approval; and*
- (b) *provide details of the consultation undertaken including:*
  - (i) *the outcome of that consultation, matters resolved and unresolved; and*
  - (ii) *details of any disagreement remaining between the party consulted and the Applicant and how the Applicant has addressed the matters not resolved.*

The development of the Affordable Housing Strategy has been informed by a series of workshops and meetings with Council staff and elected representatives, a local Tier 1 Community Housing Provider (Southern Cross Housing), board members of Sealark, as well as email correspondence and more informal discussions with Council staff and Sealark staff<sup>1</sup>. This feedback has been considered and, where appropriate, incorporated into progressive iterations of the Strategy.

Consultation with Southern Cross Housing (SCH) indicated the following:

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<sup>1</sup> Consultation workshops with Council officers and elected representatives on 17 October 2022; and Thursday 12 October 2023; and email correspondence from Council officers including on Friday, 9 June 2023 (Gordon Clark, Section Manager – Strategic Planning); Wednesday 2 August 2023, Friday 13 October 2023 and 10 November 2023 (Matthew Rose, Co-ordinator, Strategic Planning Team).

- West Culburra is a suitable location for affordable housing in terms of need, and the social housing waiting list, as well as positive aspects of providing for housing choice in the locality, including for local key workers and older residents needing to downsize into a smaller, more affordable dwelling;
- SCH is supportive of the proposal to dedicate free of charge land for the development of affordable rental housing in perpetuity to a nominated CHP, and would also like to have the opportunity to purchase other land for the development of additional affordable housing, which may include shared equity, or affordable rental, in order to be in a position to take up funding opportunities as they arise.

Council staff and elected representatives was generally supportive of the initial proposals, including the definition of ‘affordable housing’, the contribution of sufficient land to a Tier 1 CHP free of charge to ensure that at least 10% of dwellings were affordable rental housing, and that there were additional opportunities for affordable housing including through first right of refusal for purchase of land by a Tier 1 CHP. They also suggested a number of other matters regarded as important, or requiring further clarification, including the following.

- That affordable rental housing be distributed throughout the stages of the development, rather than only in the ‘medium density lots’ under the masterplan (later stages), as initially proposed, including in Stage 1 of the development;
- That there be early identification of lots to be included in the Strategy;
- That the assessed affordable housing need be used to determine the final mix of one, two and three bedroom dwellings;
- That other opportunities be explored for additional affordable housing, either subsidised or through the market;
- That there be certainty and transparency in the implementation of the Affordable Housing Strategy, including through appropriate legal agreements and mechanisms at appropriate times;
- A contingency plan to deliver affordable rental housing in the event that the competitive process/collaboration with a CHP fails (for example, developer delivered, monetary contribution).

The feedback and suggestions from these consultations have informed various drafts of the Affordable Housing Strategy. A more detailed response to issues raised regarding how they are reflected in the final Strategy is contained at **Attachment B**.

## 1.3 Summary of Strategies

The following provides a summary of strategies that are set out in detail in Section 3 of the Strategy:

1. Sealark will gift land at West Culburra to a Tier 1 CHP for the purposes of “affordable housing” in perpetuity, and this land will be identified in consultation with the nominated CHP (Strategy 9);

2. The land dedicated by Sealark will be sufficient for the construction of a minimum of 40 dwellings for “affordable” rental housing in perpetuity (approximately 10% of dwellings in the development), and will be studio, one-, two- and three-bedroom dwellings, based on the identified need (Strategies 8,10 and 11);
3. Adopt the statutory definition of “affordable housing” and relevant benchmarks (Strategy 1);
4. Regularly update benchmarks in accordance with changing interest rates and CPI values (Strategy 2);
5. Appropriate legal agreements will be made between Council and Sealark that provide for certainty, transparency and accountability in the provision of affordable rental housing in perpetuity (Strategies 3-5);
6. Appropriate legal agreements will also be made between Sealark and a Tier 1 CHP for transfer of land free of charge and other commitments (Strategy 6);
7. Contingency plans will be implemented in the event that an agreement cannot be made with an appropriate CHP (Strategy 7);
8. The affordable rental housing will be distributed throughout the development, including on lots nominated as ‘residential’ and ‘medium density’ in the masterplan, from Stage 1 of the development (Strategy 12);
9. Affordable housing created will be located in West Culburra, and will be integrated with other development regarding location, amenity and design (Strategies 13-14);
10. Potential for “right of first refusal” for purchase of additional lots for affordable housing by a CHP, and scattered throughout the residential precinct of the Concept Plan area (Strategy 15);
11. Investigate opportunities for temporary affordable rental housing on Sealark land in the Culburra Beach area until the permanent housing is available (Strategy 16);
12. Close liaison with Shoalhaven City Council to support the earlier delivery of affordable housing outcomes (Strategy 17);
13. Priority target groups for the Strategy will be developed in consultation with the Tier 1 CHP, likely including very low, low and moderate income renters; low income key workers and those with a connection to the locality, and moderate income purchasers needing shared equity or similar (Strategy 18);
14. The Tier 1 CHP will be selected under an appropriate mechanism, which may include as a preferred partner or competitive tendering arrangement (Strategy 19).

## 2 Rationale for the Strategy

### 2.1 Background to the Strategy

Judith Stubbs and Associates (JSA) has been engaged by Sealark Pty Ltd, an environmental protection and property development company of The Halloran Trust, to prepare an Affordable Housing Strategy in relation to a mixed use development on Part Lots 1-3 DP1279350 (previously Part Lots 5 and 6 DP 1065111 and Part Lot 1 DP 631825) West Culburra in accordance with Condition B38 of the Determination of the Development Application dated 1 December 2021 (LEC No: 2019/78149).

Sealark was granted development consent for its West Culburra proposal on 1 December 2021. The approval includes:

- Development area of about 47 ha
- 244 low density residential lots
- 12 medium density residential lots
- 45 integrated housing lots
- Mixed use lots
- 13 industrial lots
- Parks and sports fields

As part of the conditions of the approval, clause B38 states:

*The Applicant must prepare an Affordable Housing Strategy for the Concept Proposal to ensure the design of the Concept Proposal can accommodate a balance of affordable housing. The Affordable Housing Strategy must be implemented at the applicable stage or stages. The Affordable Housing Strategy must be prepared in consultation with Council.*

JSA has been retained by Sealark to prepare the West Culburra Affordable Housing Strategy. This has been informed by background research to understand the housing context with regard to need, affordability and market conditions (see Discussion Paper at **Attachment A** for detail), and workshops with Sealark, Council officers and elected representatives, and a local community housing provider. This Strategy is the outcome of this research and consultation.

The most recent concept plan is shown below, noting that this may be subject to amendments as market conditions, preferences and needs change over time.



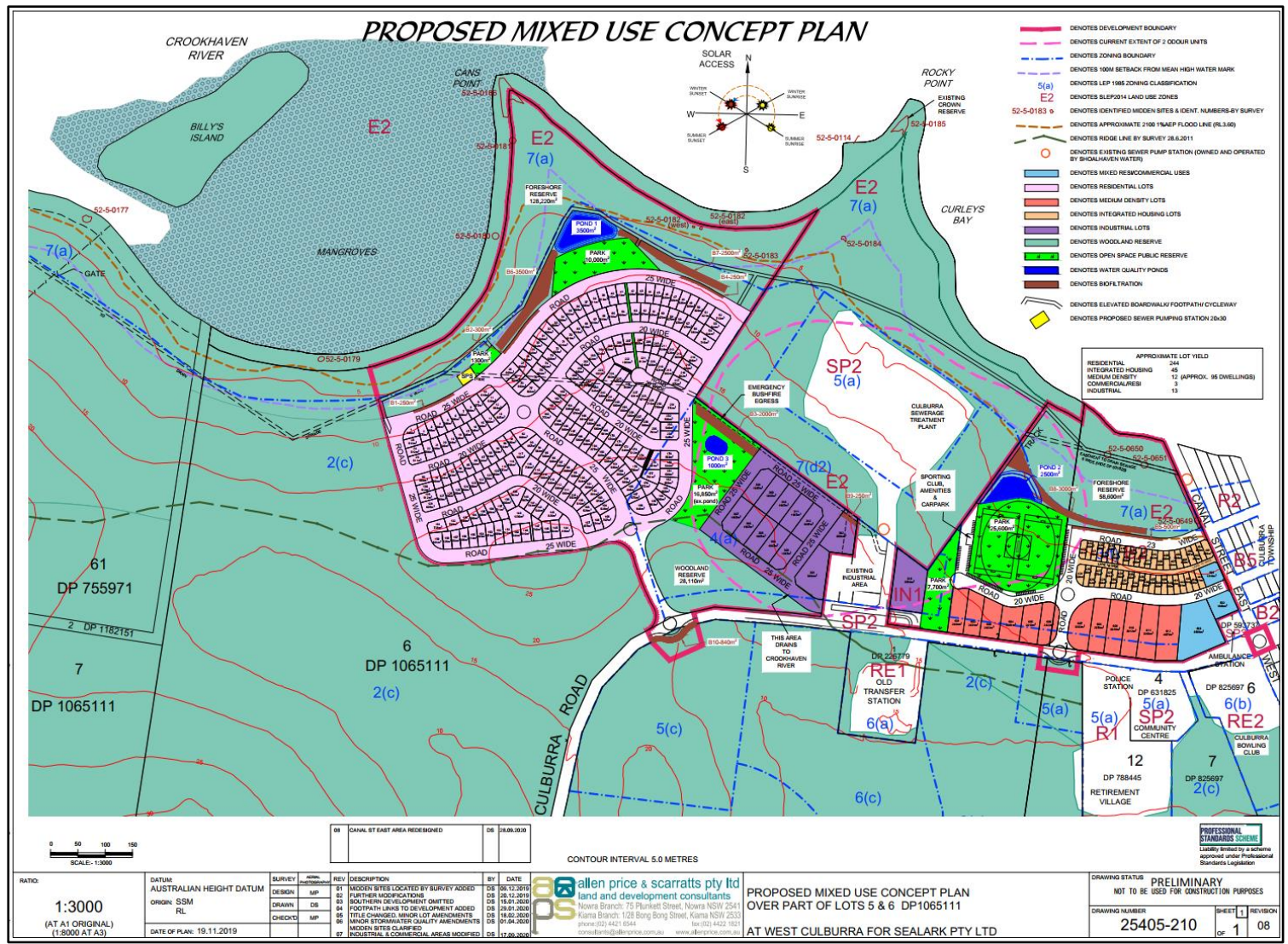


Figure 2.1: Concept Plan

Source: Sealark Pty Ltd 2021



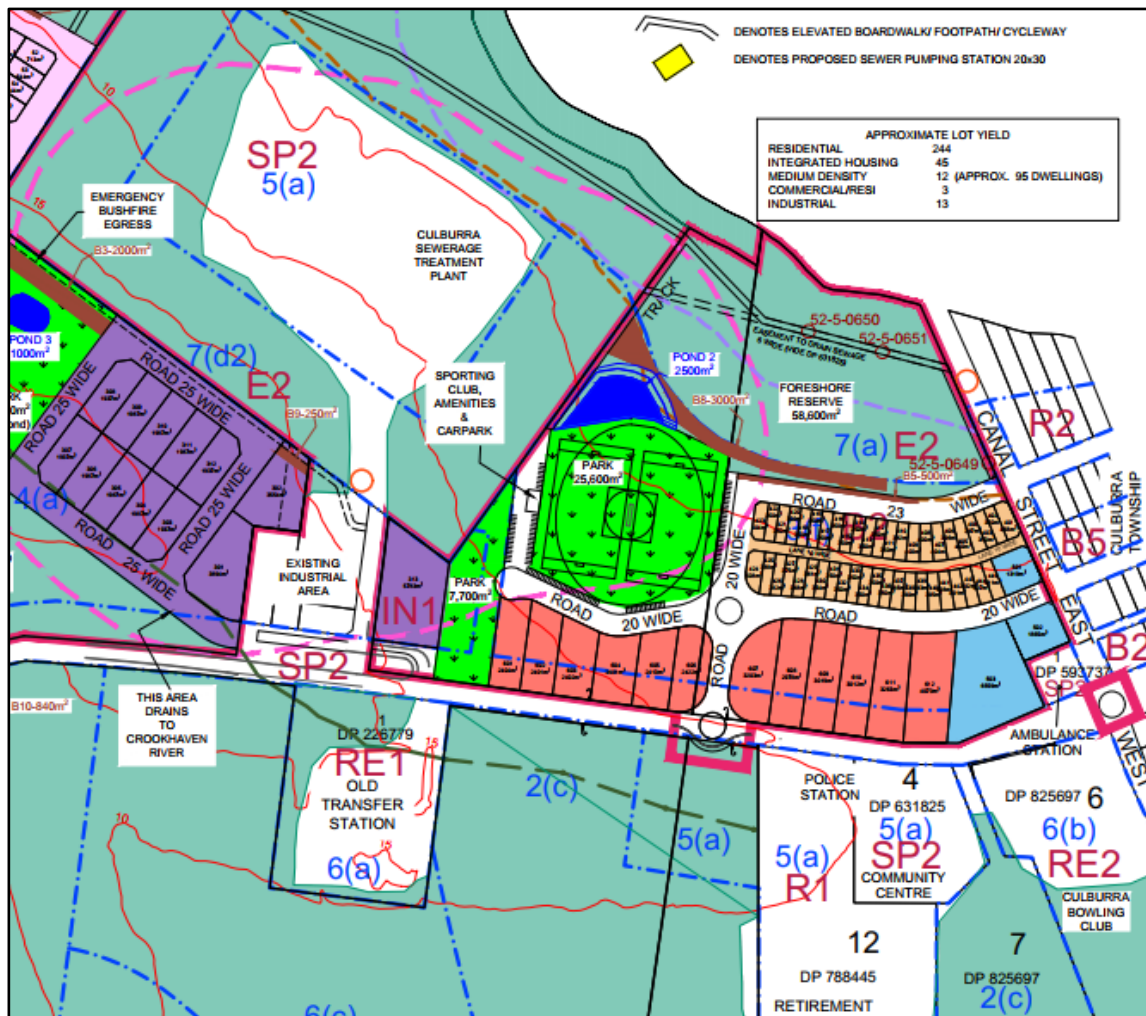


Figure 2.2: Concept Plan (Zoom)

Source: Sealark Pty Ltd 2021

## 2.2 Socio-Economic Context

The subject development is located at the western edge of urban development in Culburra Beach State Suburb, a suburb of Shoalhaven LGA with around 2,950 people at the time of the 2021 Census. The population increased by around 10% over the last decade (from 2,677 people in 2011, an increase of 269 people). The suburb was relatively disadvantaged – in the most 28% disadvantaged suburbs in Australia for SEIFA Disadvantaged, likely due to its much older age structure, and the much lower average incomes, levels of educational attainment and employment status of local residents.

Culburra Beach contains a range of shops and services that would meet many of the daily and weekly needs of residents. It is the local service centre for its hinterland and the coastal villages of Currarong, Callala Beach, Callala Bay and Orient Point, with higher order services and facilities located in Nowra-Bomaderry, around 20 kms to the north-west (around 20-25 mins drive or 20-50 minutes by bus on weekdays, depending of time of services).

The **median age** for Culburra Beach in 2021 was much older than average (54 years compared with 48 for the LGA and 38 years for NSW). The suburb's popularity as a retirement destination is evident in the aging of the population over at least the past two decades; the very high rate of unoccupied private dwellings used as weekenders or Short Term Rental Accommodation (41% compared with only 9% for NSW); and the much greater than average rate of Culburra people living in lone person and couple only households.

The **rapid aging of the population** is projected to continue in the LGA, with 25% of people forecast to be 70+ years by 2041 on the most recent DPR (2022) projections. Couple only and lone person households are expected to make up 68% of total growth in households in the LGA by 2041, whilst households with children will make up 28% of this growth. This has significant implications for the nature of supply of future housing stock, including any affordable housing created through this Strategy.

Around half of the **employed residents** of Culburra Beach also commuted to Nowra-Bomaderry urban centre for work, with 28% working locally in Culburra Beach and Orient Point. The balance had no fixed place of work (working in mobile trades and the like), or commuted out of the LGA to work. Compared to NSW averages, workers in Culburra Beach and Orient Point are more likely to work in industries such as health care and social assistance; construction; education and training; accommodation and food services; public administration and safety; administrative and support services; real estate services; and utilities, which are among the lower paid jobs.

Resident mobility data such as commuting and **migration** is also an important indicator of the nature of likely housing demand in a locality. Between 2016 and 2021, a total of 173 people moved into the Culburra SA2 in net terms, with the vast majority of this net inward migration coming from Greater Sydney; and net outward migration to Nowra-Bomaderry and other urban centres. The majority of net inward migration into Culburra SA2 from 2016-21 was from people in retirement and pre-retirement aged groups, with 68% of all net inward migration being from those aged 50 years or more; and 96% of all net inward migration was from those aged 30 years or more.

Again, these factors are important when planning for the future provision of housing, including affordable housing.

## 2.3 Housing Market Context

### 2.3.1 Definition and Benchmarks

Housing is generally considered to be 'affordable' when households that are renting or purchasing are able to meet their housing costs and still have sufficient income to pay for other basic needs such as food, clothing, transport, medical care and education.

'Affordable housing' has a statutory definition under the *NSW Environmental Planning and Assessment Act 1979 (NSW)*, being housing for very low, low or moderate income households, where 'very low-income' households are those on less than 50% of median household income; 'low-income' households are those on 50-80% of median household income, and 'moderate-income'

households are those on 80-120% of median household income for Rest of NSW (referred to as ‘Rest of NSW Statistical Area’ in 2021 ABS Census of Population and Housing).

As a commonly used rule of thumb, housing is considered to be affordable where households pay no more than 30% of their gross household income on their rent or mortgage payments. This is often regarded as the point at which such households are at risk of having insufficient income to meet other living costs, and deemed to be in ‘housing stress’. Those paying more than 50% of gross income are generally regarded as being in ‘severe housing stress’.

The following table provides benchmarks when referring to ‘affordable housing’ in this Strategy, in **September Quarter 2023 dollars**, and are consistent with relevant NSW legislation.

Table 2.1: Relevant Affordable Housing Income and Cost Benchmarks – Rest of NSW

	<b>Very low-income household</b>	<b>Low-income household</b>	<b>Moderate-income household</b>
Income Benchmark	<50% of Gross Median H/H Income for Rest of NSW	50-80% of Gross Median H/H Income for Rest of NSW	80%-120% of Gross Median H/H Income for Rest of NSW
Income Range (2)	<\$810 per week	\$811-\$1,297 per week	\$1,298-\$1,945 per week
Affordable Rental Benchmarks (3)	<\$243 per week	\$244-\$389 per week	\$390-\$584 per week
Affordable Purchase Benchmarks (4)	<\$198,000	\$198,001-\$316,000	\$316,001-\$476,000

Source: JSA 2023, based on data from ABS (2021) Census and ABS (2022) Consumer Price Index, ANZ online home loan repayment calculator, [www.anz.com.au/personal/home-loans/calculators-tools/calculate-repayments/](http://www.anz.com.au/personal/home-loans/calculators-tools/calculate-repayments/)

(1) All values reported are in September Quarter 2023 dollars

(2) Total weekly household income

(3) Calculated as 30% of total household income

(4) Calculated using ANZ Loan Repayment Calculator, using 7 November 2023 interest rate (6.99%) and assuming a 20% deposit for a 30 year ANZ Standard Variable Home Loan and 30% of total household income as repayments.

It can be seen from the above that for rental to be ‘affordable’ under statutory definitions, rental would need to be less than \$243 per week for a very low income household, between \$244 and \$389 for a low income household, and between \$390 and \$584 for a moderate income household as per the **Rest of NSW benchmarks**.

### 2.3.2 Shoalhaven Affordable Housing Strategy 2018

The *Shoalhaven City Council Affordable Housing Strategy 2018* (JSA 2017) sets out a framework and key strategic directions for Council’s commitment to affordable housing for the LGA over the next 20 years.

The *Strategy* is underpinned by evidence that the **market is unlikely to provide affordable housing** for the 8,000 households projected (at that time) to be in need of such accommodation by 2031, particularly for the largest and most seriously affected group, **very low and low income renters**. Low income purchasers are also a key target group, although a much lower proportion of those in need of affordable housing. Research for the *Strategy* indicated that around 85% of affordable housing need was unlikely to be met through the private market.

Given the deep subsidies required to affordably house those most in need, strategies and mechanisms focused on **strong planning intervention**, such as mandatory and negotiated affordable housing contributions; mandating and facilitating diverse dwelling types in well-located areas, and smaller project homes in infill and release areas; the **direct creation of affordable rental housing in perpetuity** through direct government funding, leveraging of Council and other public land in partnership with community housing providers; better use of existing stock of public housing through selective redevelopment to increase and diversify stock; and accommodation options for the growing number of homeless people in the LGA.

The aging of the population and the growing number of older people living in large detached dwellings in more remote locations in the context of an inadequate supply of smaller, diverse housing types also means that a key focus of the *Strategy* is to **actively facilitate the creation of affordable and diverse housing** within well-located areas.

### 2.3.3 Analysis on Housing Affordability

The data and affordability analysis contained in JSA's Discussion Paper at Attachment A indicates that the affordability crisis for very low and low income renters in the LGA has worsened since the preparation of Council's *Affordable Housing Strategy*, including due to increasing pressure on the local rental market from the exodus from metropolitan areas during the COVID 19 pandemic, the lack of housing diversity, and the very high rate of dwellings used for Short Term Rental Accommodation locally.

Using housing stress as a proxy for affordable housing need, around **2,400 households in Postcode area 2540 in which Culburra is located were in housing stress** at the time of 2021 Census, with around 70% of these renters and 30% purchasers. By far the most serious affordability issue is among **very low and low income renters**, who make up 70% of all those in housing stress, and 86% of renters in housing stress, with many in severe stress (paying more than 50% of their household income in rent).

At least **60% would need to be for smaller (lone person and couple only) households**, and around 40% would need to be suited to families with children.

There was **virtually no housing product in post code area 2540 that would have been affordable to a very low or low income renter** in September Quarter 2022, the most recent quarter for which published data was available at the time the revised Discussion Paper was prepared.<sup>2</sup> Although a one bedroom unit would likely have been affordable to some low income households, there were too few new rentals for data to be reported by DCJ. A two bedroom unit was only affordable to a

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<sup>2</sup> DCJ Rent and Sales Report, September Quarter 2022.

moderate or higher income renter in the post code. **Supply and affordability** are thus major issues in the locality.

A recent 'rental snapshot' indicates that there were no **rental properties** in Post Code area 2540 (where Culburra Beach is located) that were affordable to a very low or low income renters; and only a few in the LGA that would be affordable to the top of the low income band. As such, there is a **serious affordability problem for very low and low income renters** in the post code within which West Culburra is located, and in the LGA more generally.

This is exacerbated by the relative undersupply of and long waiting time (5-10 years) for all bedroom categories of social housing in the Nowra Allocation Zone, and a 10+ year wait for studio, one and two bedroom dwellings in Ulladulla Allocation Zone, with a total of 1,054 households on the waiting list, 826 households for the Nowra Allocation Zone and 226 households for Ulladulla Allocation Zone.<sup>3</sup>

**Housing purchase** is also **unaffordable for all very low and low income purchasers and for many moderate income households** in the relevant Post Code and LGA, with this exacerbated by the lack of smaller, lower cost and more diverse dwelling types in the locality. While a first-quartile and median strata dwelling in Postcode 2540 would be affordable to some households in the moderate-income band, all other dwellings purchased in the Postcode and LGA would only be affordable to higher-income households.

The position of private renters on very low and low incomes is particularly serious in the context of the local housing market noting that, unlike purchasers, the position of such renters is more likely to deteriorate over time due to ongoing real increases in rents in the face of a relative stagnation of wages and benefits, and that they do not enjoy the capital gains or the more favourable housing cost to income ratios that accrue to many home purchasers over time.

### 2.3.4 Ability of the Private Market to Delivery Housing Affordability

There is limited ability for the delivery of affordable housing in the Suburb of Culburra Beach and surrounds through the private market. This is consistent with earlier findings by JSA in the preparation of the Shoalhaven Affordable Housing Strategy that only 15% of need was likely to be met though the market without intervention, and that this was most likely to be for moderate income households.

**Affordability to very low and low income renters and purchasers, and to many moderate income households would therefore require deep subsidies, through social rental or discount market rent, and special housing products for purchasers, such as shared equity, community land trusts or manufactured home estates, the latter two removing the cost of land from the purchase price. The creation of affordable housing by Sealark in the manner proposed will thus make a significant contribution to housing affordability for key target groups in the immediate and wider locality.**

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<sup>3</sup> <https://www.facs.nsw.gov.au/housing/help/applying-assistance/expected-waiting-times>, accessed by JSA on 1 February 2023.



## 3 Affordable Housing Strategy

### 3.1 Definition and Benchmarks

#### 3.1.1 Rationale

It is important to clearly set out the definition and relevant benchmarks to ensure that any housing created through this Strategy is genuinely affordable housing. Table 1.1 above sets out relevant benchmarks in accordance with the statutory definition of ‘affordable housing’. This is the definition, and relevant benchmarks, adopted in this Strategy.

#### 3.1.2 Strategies

1. The Strategy adopts the statutory definition of “affordable housing” in accordance with the *Environmental Planning & Assessment Act 1979* (NSW) and relevant benchmarks as set out in Section 1.3.1.
2. Benchmarks as outlined in Table 1.1 will be updated at least annually to reflect changing interest rates and CPI values.

### 3.2 Creating Affordable Housing Associated with the West Culburra Development

#### 3.2.1 Mechanism for Certainty and Accountability

##### Rationale

The conditions of consent require that the Applicant must ‘ensure that the design of the concept proposal can accommodate a balance of affordable housing’, and that the Strategy ‘must be implemented at the applicable stages’ and be prepared in consultation with Council.

However, it does not set out the quantum, nature, location or staging of the proposed affordable housing, nor the form in which any contribution will be made. As such, background research and consultation has been undertaken by JSA to inform decisions about these matters, which are reflected in the Strategy. This includes preliminary economic modelling, assessment of the extent and nature of affordable housing need in the locality, and the preferences of Sealark, Council and a local community housing provider.

Appropriate legal agreements and mechanisms are required to ensure that there is transparency, accountability and certainty regarding the delivery of affordable rental housing in perpetuity, including a trigger for contributions, and other commitments of the Strategy.

There is also a need for a contingency plan to deliver affordable rental housing in perpetuity in the unlikely event that Sealark is unable to secure an appropriate CHP partner.



## Strategies

3. Sealark will enter into a legally binding Deed of Agreement with Shoalhaven City Council that adopts the Affordable Housing Strategy;
4. The Deed will include a provision that the Subdivision Certificate for each stage of development will only be issued where evidence is provided by Sealark that land in the respective stage will be transferred to a nominated Tier 1 Community Housing Provider in accordance with the Affordable Housing Strategy;
5. A Subdivision Certificate for each stage of development will be issued following compliance with relevant conditions of Consent including provision of evidence of compliance with the Affordable Housing Strategy;
6. Sealark will enter into an appropriate legal agreement (a contract) with the nominated Tier 1 Community Housing Provider to receive the land free of charge, and to ensure that it is used for the purpose of affordable rental housing in perpetuity.
7. In the event that Sealark is unable to secure an appropriate CHP partner to receive the land, it will make an equivalent monetary contribution based on an independent valuation to Council's Affordable Housing Fund.

### 3.2.2 Quantum, Staging and Location of Affordable Housing Contribution

#### Rationale

It is noted that a mandatory affordable housing contribution under section 7.32 of the Act does not apply to the land, however, Sealark is committed to making an appropriate contribution towards affordable rental housing in perpetuity in West Culburra locality. Preliminary economic modelling by JSA suggests that it would be economically viable for Sealark to donate sufficient land to allow a minimum of 10% of the dwellings in the development to be for long-term affordable rental housing. This would be at least 40 affordable rental housing dwellings.

In terms of location, there is a preference to ensure that housing is created for the benefit of the locality where the development is occurring (Culburra and surrounds). It is also noted that there is likely to be the depth of demand and significant need for affordable housing in the locality, including from the large and growing number of older people in need of affordable rental accommodation, older people living in large dwellings in isolated locations, and from low income families and workers who are employed locally or commute into Nowra and larger centres for work. The Tier 1 community housing provider consulted also indicated that West Culburra was a desirable and appropriate location for affordable housing, and that there is a need for this location from applicants on the waiting list.

Council has also expressed a preference that affordable housing created be provided in a staged way throughout the development including in Stage 1, and include the early identification of lots for affordable rental housing in perpetuity.

There are also opportunities to increase the proportion of dwellings overall that are affordable, for example, through first right of refusal on purchase of other land through the market. This would support the nominated CHP to apply for funding opportunities as they arise, where land is generally required.

Finally, there may also be opportunities for the identification of opportunities for temporary accommodation, for example, on other land owned by Sealark that may be suited to temporary placement of tiny homes or similar. This will also be explored as part of the Strategy.

## Strategies

8. Sufficient land will be provided for a minimum of 40 affordable rental housing dwellings (approximately 10% of total dwellings);
9. This will be achieved by gifting land free of charge to a nominated Community Housing Provider, which will be developed for the construction, management and maintenance of affordable rental housing in perpetuity, and will be identified in consultation with the nominated CHP;
10. Housing created through the contribution will be affordable rental housing in perpetuity in accordance with the statutory definition and relevant benchmarks;
11. The dwellings to be developed by the CHP will be a combination of studio, one-, two- and three-bedroom dwellings, based on identified need, including the nature and distribution of housing stress, DCJ social housing waiting lists and their knowledge of affordable housing need in the locality;
12. The affordable rental housing will be distributed throughout the development, including on lots nominated as 'residential' and 'medium density' in the masterplan, and will be achieved by the following actions:
  - a. Sufficient land will be gifted in each stage of development in the area identified on the master plan as 'residential lots' to provide for the overall development of 10% affordable rental housing in perpetuity;
  - b. Given identified need, it is preferred that there be a mix of dwellings on these lots suited to families and smaller households, although this will be at the discretion of the nominated Community Housing Provider based on their assessment of need;
  - c. Sufficient land will be gifted in the area identified on the master plan as 'medium density lots' to provide for the balance of the 40 affordable rental housing dwellings in perpetuity;
  - d. Given identified need, it is preferred that these dwellings be a mixture of studio, one and two bedroom dwellings, noting that the mix will be at the discretion of the nominated Community Housing Provider based on their assessment of need.
13. Affordable housing created in association with the subject development will be located in West Culburra;

14. Affordable housing created will be integrated within the fabric of the wider development in West Culburra, and will be designed to be externally indistinguishable from private (market) housing;

### 3.2.3 Additional Opportunities for Creating Affordable Housing

#### Rationale

It is understood that affordable rental housing created through the affordable housing land contribution discussed above could take some years to be realised ‘on the ground’ due to various planning approvals and works required, market uncertainties and the like. As such, there is a preference by Sealark to look for opportunities to provide affordable housing as soon as possible given the current affordable housing crisis, including looking at opportunities for temporary or ‘meanwhile use’ of other land owned by Sealark that may not be part of the Concept Plan area.

There is also an opportunity to increase the quantum and diversity of affordable housing created over the life of the development, in relation to opportunities for a Tier 1 Community Housing Provider to purchase land for affordable housing developed using borrowings and government grants.

Additional lots scattered throughout different stages of the residential precinct could be offered to a Tier 1 Community Housing Provider, who will have right of first refusal for purchase, at market value. This land could be used as part of funding applications for new opportunities, such as shared equity purchase, and discount market rental.

#### Strategies

15. Sealark will offer a Tier 1 CHP the “right of first refusal” for purchase, at market value, of additional lots scattered throughout the residential precinct of the West Culburra Concept Plan for additional affordable housing;
16. Sealark will investigate opportunities for the placement of temporary affordable rental housing on its land in the Culburra Beach area (within or outside the Concept Plan area), until the permanent housing is available. This could include community land trust models that remove the cost of land for home purchasers;
17. Sealark will liaise closely with Shoalhaven City Council to support the earlier delivery of affordable housing outcomes, including those outlined.

### 3.2.4 Target Groups

#### Rationale

The need for affordable housing by relevant target groups in the context of the local housing market is outlined above, and in more detail in the Discussion Paper.

In summary, those most in need of affordable housing are very low and low income renters, for whom the market is unlikely to deliver affordable housing. These groups require deep subsidies for their housing to be affordable (social housing or discount market rent), and will be principally provided for through affordable rental housing created through the affordable housing contribution.

Other market gaps are for low and moderate income purchasers, who are unlikely to purchase affordably in the locality through the market, including in this development. This would principally be provided through shared equity (for larger households), or 1 bedroom apartments (for the upper 25% of smaller household), and could be provided on the scattered site lots purchased and developed by a Tier 1 Community Housing Provider.

The need for smaller dwellings to meet the needs of an aging population, in the context of a serious lack of such accommodation is also an important consideration. The forecast that 90% of net growth to 2041 will be lone person and couple households, is also noted. However, the needs of lower income families with children also need to be considered.

It is also understood that allocations will need to be made according to the policies, procedures and funding obligations of the Community Housing Provider.

## Strategies

18. Priority target groups for the Strategy are to be developed in consultation with the Tier 1 CHP subject to demand and could include:

- very low and low income renters, including asset poor older people on pensions and benefits;
- moderate income renters;
- low-income key workers employed in the local area;
- renters with a connection to the Culburra Beach area; and
- moderate income purchasers, including those requiring shared equity arrangements, or models that remove the cost of land, to make their housing affordable.

### 3.2.5 Selection of Community Housing Developer/Manager

#### Rationale

A number of potential arrangements are available for the selection of a Tier 1 Community Housing Provider to whom the affordable housing contribution in the form of land will be made, as well as a Provider that may be interested in purchasing land on a first refusal basis, and partnering on other potential initiatives. Preliminary discussions have been held with a local Tier 1 Community Housing Provider, which has provided valuable insights.

Several broad approaches are possible in the selection of a developer/manager for the affordable housing created under this Strategy:

- A **preferred partner arrangement**, where Sealark Pty Ltd enters into an agreement (MOU, Community Housing Agreement or similar) with a Tier 1 Provider, who will be the beneficiary of all land contributed for affordable housing. It is also possible that that this Provider would automatically be approached to participate or partner in other opportunities to create affordable housing under the Strategy;

- A **competitive tendering approach**, for one or more parcels of land contributed to affordable housing, with an EOI or similar setting out requirements, and the preferred Provider selected on the basis of relevant criteria, for example, maximising the yield of affordable rental housing. Similarly, other affordable housing opportunities could be made more widely available to a number of Tier 1 Providers, with the successful tender based on relevant criteria;
- A **combination of the above approaches**, for example, competitive tendering on the land contribution aspect of the Strategy, and an agreement on purchase of land at market rate with one local provider.

## Strategies

19. Sealark will select a Tier 1 CHP either under a preferred partner arrangement or a competitive tendering approach to be the beneficiary of land contributed for the purpose of affordable housing, to obtain direct transfer of land title, have the opportunity to purchase land within the Concept Plan area, and to develop and manage affordable housing created on this land.

## **ATTACHMENT A**



# Discussion Paper: Affordable Housing associated with West Culburra Mixed Use Development



**3 February 2023**

**This report has been prepared for**

**Sealark Pty Ltd**

by



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# 1 Executive Summary

## 1.1 Purpose of Discussion Paper

Judith Stubbs and Associates (JSA) has been engaged by Sealark Pty Ltd, an environmental protection and property development company of the Halloran Trust,<sup>1</sup> to prepare an Affordable Housing Strategy in relation to a mixed use development on Part Lots 5 and 6 DP 1065111 and Part Lot 1 DP 631825 in West Culburra in accordance with Condition B38 of the Determination of the Development Application dated 1 December 2021 (LEC No: 2019/78149).

This draft *Discussion Paper* has been prepared to inform workshops between Judith Stubbs and Associates (JSA) and the Directors of Sealark Pty Ltd, and will be finalised following further input at workshops and consultations with Shoalhaven City Council and relevant stakeholders.

## 1.2 Socio-Economic Context

The subject development is located at the Western edge of urban development in Culburra Beach, a suburb of Shoalhaven LGA with just under 3,000 people at the time of the 2021 Census. Culburra Beach contains a range of shops and services that would meet many of the daily and weekly needs of residents. However, higher order services and facilities are located in Nowra-Bomaderry, around 18 kms to the north (around 12 mins drive or 20-50 minutes by bus on weekdays, depending of time of service).

Around half of **employed residents** of Culburra Beach also commuted to Nowra-Bomaderry urban centre for work. Around one-quarter worked locally in Culburra Beach. The balance had no fixed place of work (working in mobile trades and the like), or commuted out of the LGA for work.

The **median age** for Culburra Beach in 2021 was much older than average (54 years compared with 48 for the LGA and 39 years for NSW). The suburb's popularity as retirement area is evident in the aging of the population over at least the past two decades; the very high rate of unoccupied private dwellings used as weekenders or Short Term Rental Accommodation (41% compared with 9% for NSW); and the much greater than average rate of Culburra Beach residents living in lone person and couple only households.

The **aging of the population** is projected to continue in the LGA, with 25% of people forecast to be 70+ years by 2041. Couple only and lone person households are expected to make up 68% of growth in households in the LGA to 2041, with 64% of all households in the LGA projected to be couple and lone person households by this time. This has significant implications for the nature of supply of future housing stock, including any affordable housing.

Resident mobility data such as commuting and **migration** is also an important indicator of the nature of likely housing demand in a locality. Between 2016 and 2021, a total of 173 people moved

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<sup>1</sup>



into the Culburra SA2 in net terms, with the vast majority of this net inward migration coming from Greater Sydney. There was net outward migration to the rest of the Shoalhaven. The majority (68%) of net inward migration was from people aged 50+ years. Almost all (96%) was from people aged 30+ years. Net inward migration among those aged 20-29 years was close to zero, but there was a high turnover of population; it is likely that these people were moving out for education and employment opportunities in larger urban centres, and moving in to live.

## 1.3 Housing Market Context

### 1.3.1 Definition and Benchmarks

Housing is generally considered to be ‘affordable’ when households that are renting or purchasing are able to meet their housing costs and still have sufficient income to pay for other basic needs such as food, clothing, transport, medical care, and education.

‘Affordable housing’ has a statutory definition under the *NSW Environmental Planning and Assessment Act 1979 (NSW)*, being housing for very low, low, or moderate income households. As a commonly used rule of thumb, housing is considered to be affordable where households pay no more than 30% of their gross household income on their rent or mortgage payments.

The following table sets out relevant benchmarks when referring to ‘affordable housing’ in this Paper in September quarter 2022 dollars. These are consistent with NSW legislation.

Table 1.1: Relevant Affordable Housing Income and Cost Benchmarks – Rest of NSW

	<b>Very low-income household</b>	<b>Low-income household</b>	<b>Moderate-income household</b>
Income Benchmark	<50% of Gross Median H/H Income for Rest of NSW	50-80% of Gross Median H/H Income for Rest of NSW	80%-120% of Gross Median H/H Income for Rest of NSW
Income Range (2)	<\$769 per week	\$770-\$1,231 per week	\$1,232-\$1,846 per week
Affordable Rental Benchmarks (3)	<\$231 per week	\$232-\$369 per week	\$370-\$554 per week
Affordable Purchase Benchmarks (4)	<\$214,000	\$214,001-\$343,000	\$343,001-\$515,000

Source: JSA 2022, based on data from ABS (2021) Census and ABS (2022) Consumer Price Index, ANZ online home loan repayment calculator, [www.anz.com.au/personal/home-loans/calculators-tools/calculate-repayments/](http://www.anz.com.au/personal/home-loans/calculators-tools/calculate-repayments/)

### 1.3.2 Shoalhaven Affordable Housing Strategy 2018

The *Shoalhaven City Council Affordable Housing Strategy 2018* (JSA 2017) sets out a framework and key strategic directions for Council’s commitment to affordable housing for the LGA over the next 20 years.

The *Strategy* is underpinned by evidence that the **market is unlikely to provide affordable housing** for the 8,000 households projected to be in need of such accommodation by 2031, particularly for the largest and most seriously affected group, **very low and low income renters**. Low income purchasers are also a key target group, although a much lower proportion of those in need of affordable housing. Research for the *Strategy* indicated that around 85% of affordable housing need was unlikely to be met through the private market.

Given the deep subsidies required to affordably house those most in need, strategies and mechanisms focus on **strong planning intervention**, such as mandatory affordable and negotiated housing contributions; mandating and facilitating diverse dwelling types in well-located areas, and smaller project home in infill and release areas; the **direct creation of affordable rental housing in perpetuity** through direct government funding, leveraging of Council and other public land in partnership with community housing providers; better use of existing stock of public housing through selective redevelopment to increase and diversify stock; and accommodation options for the growing number of homeless people in the LGA.

The aging of the population and the growing number of older people living in large detached dwellings in more remote locations in the context of an inadequate supply of smaller, diverse housing types also means that a key focus of the *Strategy* is to **actively facilitate the creation of affordable and diverse housing** within precincts that are within 400-600 metres of the major urban centres of Nowra-Bomaderry, Vincentia and Milton-Ulladulla.

### 1.3.3 Analysis on Housing Affordability 2022

Updated data and analysis conducted by JSA for this *Discussion Paper* indicates that the affordability crisis for very low and low income renters in the LGA has worsened since the preparation of the *Strategy*, including due to increasing pressure of the local rental market from the exodus from metropolitan areas during the COVID 19 pandemic, and the very high rate of dwellings used for Short Term Rental Accommodation locally.

Using housing stress as a proxy for affordable housing need, there were around **1,720 households in Postcode 2540 in housing stress** at the time of the 2021 Census. Three-quarters of these were renters and one-quarter were purchasers. By far the most serious affordability issues is among **very low- and low-income renters**, who make up 62% of the households in housing stress. Around 88% of all very low-income renters in the postal area were in housing stress, and more than half were in severe stress (paying more than 50% of their household income in rent).

The most recent published data and a recent 'rental snapshot' indicates that there were virtually no **rental properties** in Postcode 2540 (where Culburra Beach is located) that were affordable to a very low-and low income renters. As such, there is a **serious affordability problem for very low- and low-income renters** in the postcode within which West Culburra is located, and in the LGA more generally. This is exacerbated by the relative undersupply of and long waiting time (5-10 years) for social housing and 10+ years for studio, one and two-bedroom dwellings in the Ulladulla Allocation Zone.

**Housing purchase** is also unaffordable for all very low and low income purchasers and for most moderate income households in the relevant postal area and LGA, with this exacerbated by the lack of smaller, lower cost and more diverse dwelling types in the locality. A one bedroom

apartment would be affordable to around 25% of moderate income purchasers, but there were few if any available in the locality.

The position of private renters on very low and low incomes is particularly serious in the context of the local housing market noting that, unlike purchasers, the position of such renters is more likely to deteriorate over time due to ongoing real increases in rents in the face of a relative stagnation of wages and benefits, and that they do not enjoy the capital gains or the more favourable housing cost to income ratios that accrue to many home purchasers over time.

### 1.3.4 Ability of the Private Market to Delivery Housing Affordability

There is thus limited ability for the delivery of affordable housing in the Suburb of Culburra Beach and surrounds through the private market. This is consistent with earlier findings by JSA in the preparation of the Shoalhaven Affordable Housing Strategy that only 15% of need was likely to be met though the market without intervention, and that this was most likely to be for moderate income households.

On most recent data, a one-bedroom apartment in the postal area would likely be affordable to moderate-income renters, while a two-bedroom apartment or villa would likely be affordable to about the upper 70% of moderate income-renters.

A one-bedroom apartment would most likely be affordable to the upper 25% of purchasers in the moderate income band, but no other conventional housing product would be affordable to moderate income purchasing households.

**Affordability to very low and low income renters and purchasers, and to most moderate income households, is thus highly unlikely through the private housing market, including the subject development.**

## 1.4 Funding & Delivery Options for Affordable Housing Associated with the Subject Development

### 1.4.1 Funding Method and Quantum

#### Background

Section 6 of this *Discussion Paper* sets out the advice JSA has been provided with by Sealark Pty Ltd regarding the economics of the development.

Preliminary calculations suggest there is an opportunity to make a significant contribution to affordable housing from the subject development, with a 10% contribution likely to result in the delivery of around 40 dwellings, assuming appropriate leveraging and depending on the type of dwelling constructed.

#### Points for Discussion

1. Does Sealark seek to make a contribution to affordable housing?

2. Will this contribution come from profit (with affordable housing treated as part of ‘capital works’ for Culburra from its 25% of profit) or be added to costs (treating it as an affordable housing contribution as Council and State Government would view it)?
3. What is the proposed quantum of the contribution, if any?
4. What would be the preferred contribution method (in cash, dwellings or land)?

### 1.4.2 Target Groups

#### Background

The need for affordable housing by relevant target groups in the context of the local housing market is outlined above, and in Section 5 of this Discussion Paper.

In summary, those most in need of affordable housing are very low and low income renters, for whom the market is unlikely to deliver affordable housing. These groups require deep subsidies for their housing to be affordable (social housing or discount market rent).

Other market gaps are for low and moderate income purchasers, who are unlikely to purchase affordably in the locality through the market, including in this development. This would principally be provided through shared equity (for larger households), or 1 bedroom apartments (for the upper 25% of smaller household).

The need for smaller dwellings to meet the needs of an aging population, in the context of a serious lack of such accommodation is also an important consideration. The forecast that 90% of net growth to 2041 will be lone person and couple households, is also noted. However, the needs of lower income families need to be considered, although freeing up larger existing housing through creating smaller dwellings would also be of benefit.

#### Points for Discussion

1. What affordable housing income/need groups will be prioritised in affordable housing created in association with the subject development?
2. Will renters or purchasers be prioritised /principally targeted?
3. Will affordable housing be provided in perpetuity (that is, through an affordable housing contribution in land, dwellings or money)?
4. Will there be a market approach to providing some of the affordable housing (through delivering a component of smaller 1 and 2 bedroom dwellings in a Masterplan approach), noting that this would be quite limited with regard to the targets group that benefit?

### 1.4.3 Location of Affordable Housing

#### Background

Culburra Beach is not a locality that is favoured affordable housing in Council’s Strategy, and lacks higher order services and comprehensive public transport services. However, it is quite well serviced with for the daily and weekly needs of residents, and the Eastern part of the site is walkable to these services.

It is also noted that land prices are lower in Nowra-Bomaderry, so that it may be more efficient to provide affordable housing elsewhere via a cash contribution from the subject development, noting also that Culburra Beach residents are more likely to work in Nowra-Bomaderry and larger centre. Nonetheless, the creation of smaller, affordable dwellings in the locality would provide opportunities for lower income people to live in a high amenity location.

This would need to be discussed with a relevant Community Housing Provider with regard to the relative pros and cons of locating affordable housing in a centre like Nowra-Bomaderry versus Culburra Beach. Also, if the affordable housing created is considered as 'capital works to Culburra', it may be necessary to locate the affordable housing within the development.

### Points for Discussion

1. Would Sealark prefer to locate any affordable housing created within the development or elsewhere (e.g. in a larger centre like Nowra-Bomaderry)?
2. Is there a concern with efficiency or maximising the yield of affordable housing created?

## 1.4.4 Methods of Delivery

### Background

There are a wide range of delivery methods available for the creation of affordable housing. These could include:

- Market delivery (noting the limited target groups/benefits);
- Time limited affordable housing (e.g. discount market rent for 10 years);
- Discounted sale of land or dwellings based on relevant selection criteria;
- Shared equity/co-operative/land trust models with provisions to ensure that affordable purchase housing is created in perpetuity (e.g. through joint title, restrictions on sale, distribution of capital gains, etc);
- Giving an affordable housing contribution (in cash or land) to Council or directly to a Registered Community Housing provider with development and management capacity, ability to leverage the contribution via CRA maximisation, ability to borrow, access to additional resources and government funds, etc and create affordable rental housing in perpetuity;
- Set up a Sealark affordable housing trust or similar to construct, deliver and manage the affordable rental housing in perpetuity as an objective of the trust, etc.

### Points for Discussion

1. What degree of involvement does Sealark seek to have in the short and longer-term?
2. Which of the above models are preferred by Sealark for delivery of affordable housing?
3. Are there other models Sealark may prefer?

### 1.4.5 Next Steps

1. Should we consult with Shoalhaven Council and other stakeholder (e.g. Southern Cross Community Housing) before making more detailed decisions or developing a draft affordable housing strategy?

## 2 Background

### 2.1 Purpose of the Discussion Paper

Judith Stubbs and Associates (JSA) has been engaged by Sealark Pty Ltd, an environmental protection and property development company of the Halloran Trust,<sup>2</sup> to prepare an Affordable Housing Strategy in relation to a mixed use development on Part Lots 5 and 6 DP 1065111 and Part Lot 1 DP 631825 in West Culburra in accordance with Condition B38 of the Determination of the Development Application dated 1 December 2021 (LEC No: 2019/78149).

The development of the Affordable Housing Strategy will be carried out in two stages. Stage 1 will include workshops with the Directors of Sealark Pty Ltd to reach agreement on the quantum of the Affordable Housing Contribution to be provided in association with the development.

Following agreement on the quantum of the Affordable Housing Contribution and other related matters, including acceptance by Shoalhaven City Council, Stage 2 will include the preparation of Affordable Housing Strategy in consultation with Shoalhaven City Council and other relevant stakeholders, setting out how the Affordable Housing Contribution will be delivered.

This draft *Discussion Paper* has been prepared to inform workshops between Judith Stubbs and Associates (JSA) and the Directors of Sealark during Stage 1, and will be finalised following further input at workshops and consultations in Stage 2.

### 2.2 Overview of the Proposal

In 2018, Sealark Pty Ltd applied for development consent for a mixed use subdivision and development of land being Part lots 5 and 6 DP 1065111 and Part Lot 1 DP 631825, to the west of Culburra Beach township and to the north of Culburra Road.

That application included an area of around 75 ha, including 650 residential lots and other industrial and commercial development. Development Consent was refused by the Independent Planning Commission.

Sealark Pty Ltd lodged an appeal against the refusal and provided an amended plan including:

- Development area of about 47 ha
- 244 low density residential lots
- 12 medium density residential lots
- 45 integrated housing lots
- mixed use lots

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2



- 13 industrial lots
- Parks and sportsfields

The amended proposal was approved on 1 December 2021. As part of the conditions of the approval, clause B38 stated:

*The Applicant must prepare an Affordable Housing Strategy for the Concept Proposal to ensure the design of the Concept Proposal can accommodate a balance of affordable housing. The Affordable Housing Strategy must be implemented at the applicable stage or stages. The Affordable Housing Strategy must be prepared in consultation with Council.*

Judith Stubbs and Associates has been retained by Sealark Pty Ltd to prepare the Affordable Housing Strategy.

The proposed subdivision is shown in the following maps.

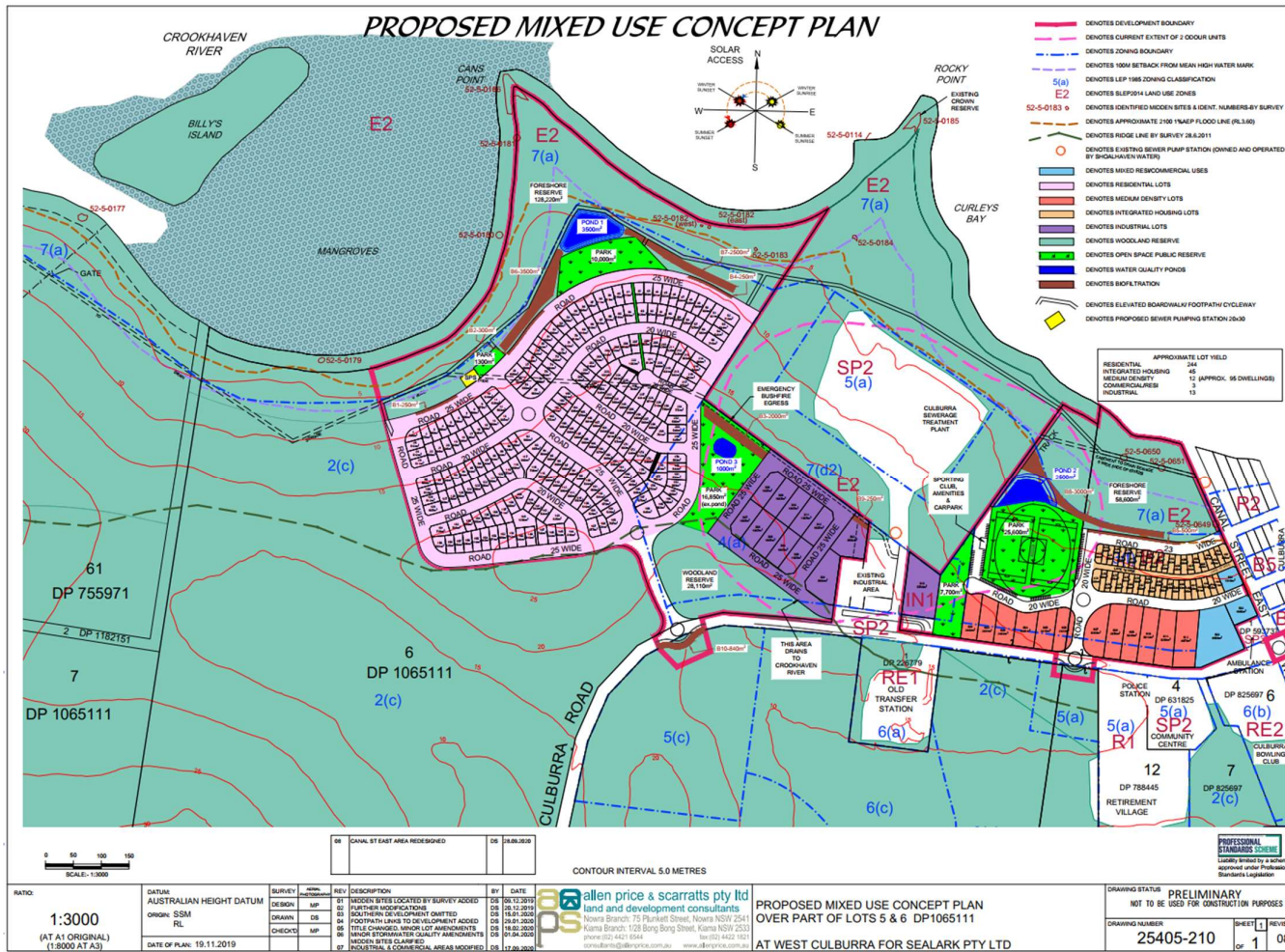


Figure 2.1: Concept Plan

Source: Sealark 2021

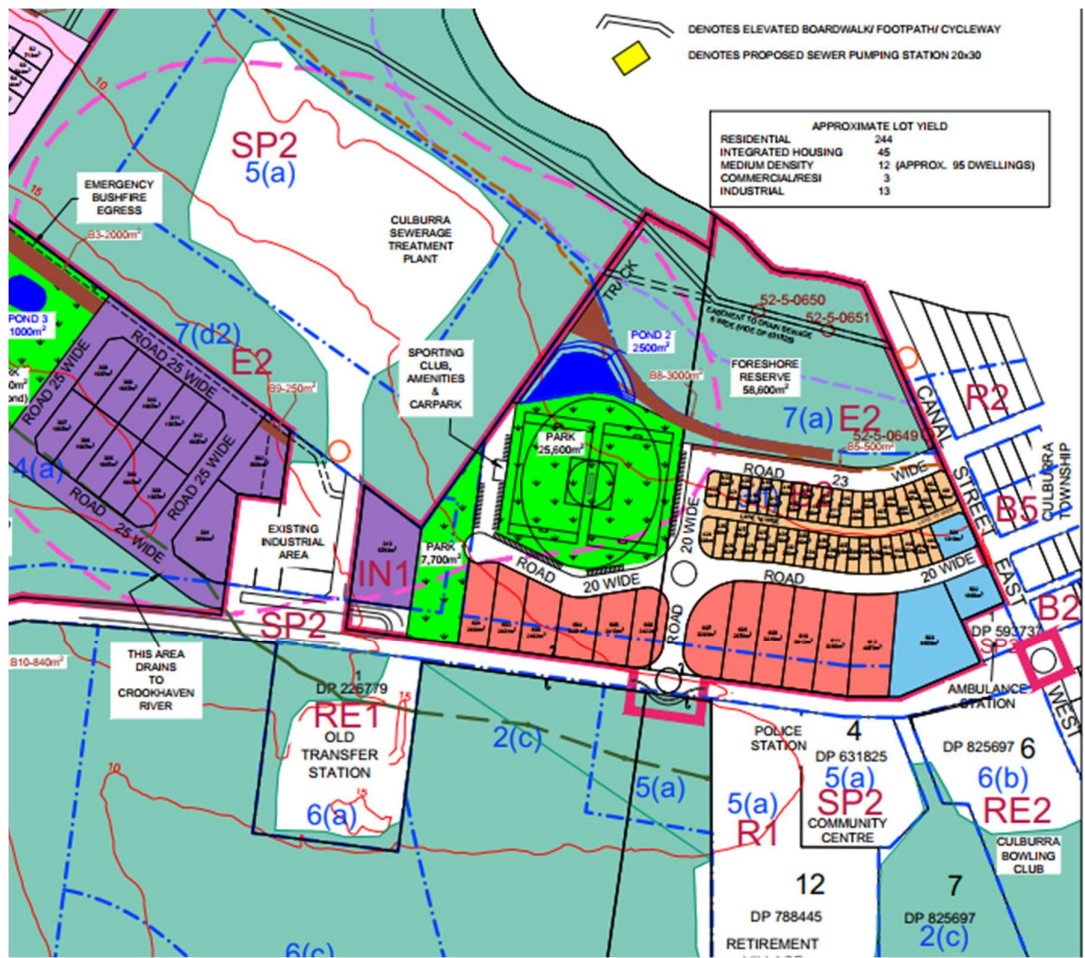


Figure 2.2: Concept Plan (Zoom)

Source: Sealark 2021

## 3 Overview of the Site and Locality

### 3.1 Overview of Site and Environs

Culburra Beach suburb is located within the Shoalhaven local government area. At the time of the 2021 Census, Culburra Beach had a population of was 2,946 people, including 189 people who identified as Aboriginal and Torres Strait Islander (6.4%), and is the local service centre for its hinterland and the coastal villages of Currarong, Callala Beach, Callala Bay, and Orient Point.

The subject site is located to the immediate west of Culburra Beach urban area on the southern bank of the Crookhaven River. The eastern boundary of the site adjoins existing urban development on the north-eastern edge of the suburb, and extends around 1.5 kms to the western edge of the site.

The site is comprised largely of bushland, with cleared areas to the west of the site that have been used as farmland; and wraps around sewage treatment works to the centre north of the site.

The eastern boundary of the site is located around 150 metres from Woolworths supermarket and surrounding shops including a pharmacy, post office, takeaway food shops, newsagency, gym, physiotherapist, and other shops.

The south eastern boundary is around 100 metres from the Culburra Beach Medical Centre, and around 250 metres from the Culburra Bowling Club, Police Station, Community Hall and District Men's Shed.

There are no higher order services, such as a hospital, library, major recreation centre, larger retail stores or government offices; however, it is positive that there are a range of services that would provide for many of the daily and weekly needs of residents. It is also noted, however, that the furthest extent of the site would be around 2 kms from the furthest boundary of the site, and much the site would not be walkable to local shops and services.



Figure 3.1: Subject site in the context of the immediate locality

Source: Google Earth, sourced 27 May 2022





Figure 3.2: Shops and services most proximate to the proposed development

Source: Google Earth, sourced 27 May 2022

## 3.2 The Wider Locality

Culburra Beach is located 18 kilometres (or around 12 minutes' drive) east-southeast of the major employment and service centre of Nowra-Bomaderry.

Nowra-Bomaderry is a regional centre that contains a wide range of higher order services and shops, including District Library, aged and community services, Shoalhaven District Hospital, a wider range of medical and allied health services, TAFE and University of Wollongong (Shoalhaven Campus), major recreation centres and sporting complexes, and major retail outlets.

A train station connecting the Shoalhaven to the major urban service and employment centres of Wollongong and Sydney to the north is located at Bomaderry.

A weekday bus service (Route 111) operates between Orient Point, Nowra CBD and Bomaderry Railway Station, with 3 services per day from Culburra (around 7am, 10am and 3pm) and 3 return services to Culburra (8.30 am, 1 pm and 5.30 pm) during school holidays. There is an additional morning and evening service during school times. A one-way trip to Nowra CBD is 20 to 50 minutes, depending on the service, and an extra 10 minutes from Nowra CBD to Bomaderry Railway Station.

As discussed later, the majority of employed people living in Culburra Beach at the time of the 2016 Census worked in Nowra-Bomaderry urban area.



## 4 Demographic, Employment & Housing Context

### 4.1 Population

At the time of the 2021 Census, the total population of Culburra Beach, the suburb in which the subject development is located, was 2,946 people, including 189 people who identified as Aboriginal and Torres Strait Islander (6.4%).

The population increased over the last decade, from 2,677 people in 2011. This is an increase of 269 people.

### 4.2 Age Structure

The median age of Culburra Beach residents in 2021 was much older than average (54 years compared with 39 years for NSW). The median age was also significantly older than for Shoalhaven LGA overall (48 years).

In accordance with this much older than average median age, there was a much lower rate of children and young and middle aged adults in Culburra Beach, and a much higher than average rate of people aged 55+ years (50% compared with 30% for NSW), and aged 75+ years (16% compared with 8% for NSW).

The local population has been aging. The median age of Culburra Beach residents increased from 51 years in 2011, and the share of residents aged 55+ years increased from 46%. The aging of the population is projected to continue somewhat, with population projections discussed later.

### 4.3 Employment and Education

The ABS (2016) SEIFA Index of Education and Occupation indicates that the suburb of Culburra Beach was in the most disadvantaged 23% of areas for Australia.

Culburra Beach was also very disadvantaged on the SEIFA Index of Relative Socio-economic Disadvantage (in the most disadvantaged 28% of areas for Australia on this weighted index of 18 key indicators). This is likely related to the much older than average age structure, lower educational attainment, lower engagement with the labour force and much lower relative income.

Residents of Culburra Beach had a much lower than average level of educational attainment in 2021, with only 19% of residents aged 15 years or more having a Bachelors Degree of higher (30% for NSW). This was balanced somewhat by 36% of residents having a Certificate and Diploma attainment (27% for NSW). In total, 55% of working age residents had some form of post-school qualifications (57% for NSW).

Consistent with the much older age structure, 49% of Culburra Beach residents reported that they were not in the labour force compared with only 36% for NSW. Of those residents who were employed, the largest sectors of employment were aged care, primary education, hospitals, local government administration, and defence, with employment of residents in all of these apart from hospitals well above the state average.

Of those employed, there was a higher rate of people employed as community and personal service workers, technicians and trades workers, and labourers, compared to NSW. There was a lower rate of professionals, managers, clerical and administrative workers, and machinery operators and drivers. The rate of sales workers was the same.

The local unemployment rate was about the same as NSW in 2021 (5.2% compared with 4.9% in NSW at that time). A higher proportion of local people were employed in part time work.

None of the local workers commuted by public transport, compared with 4% of workers for NSW.

## 4.4 Income

Not surprisingly given the age of the local population and its lower than average engagement in the labour market, median weekly household income was much lower in Culburra Beach (\$1,247) than in NSW (\$1,829).

## 4.5 Household Composition

The structure of household composition was also quite different to the NSW average in Culburra State Suburb, with 65% of people in family households (that is, excluding lone person and group householders) compared with 71% for NSW. Just over 31% of local households were lone persons compared with 25% for NSW.

Of those in 'family households,' a much higher than average proportion of local people were in couple only households compared with NSW (55% of family households compared with 36% of family households in NSW).

## 4.6 Total Dwellings

On Census night on 2021, Culburra Beach had 1,278 occupied private dwellings and 880 unoccupied private dwellings (a total of 2,158 private dwellings). This is a very high local rate of unoccupied private dwellings (41% compared with only 9% for NSW). The rate of unoccupied private dwellings in Shoalhaven LGA was also much higher than average (23%).

The large number of unoccupied private dwellings is characteristic of a suburb that is a destination for tourists and weekend holidays. It is likely that a very large share of these dwellings is offered as Short-Term Rental Accommodation (STRA).

## 4.7 Dwelling Structure

There was a marked difference between dwelling structures in Culburra Beach compared with NSW as a whole, with 89% of all local dwellings as separate houses compared with 66% for NSW, and a very low relative rate of medium density dwelling types and of flats and units (9% and 1%, respectively, compared with 12% and 22% for NSW). The rate of separate houses was also much higher than average in the LGA as a whole (87% of occupied private dwellings); accordingly, there was a much lower than average rate of medium- and higher-density dwelling types.

The predominant number of bedrooms for dwellings in Culburra Beach was three bedrooms (43% compared with 35% for NSW). Around 73% of all dwellings had three or more bedrooms (compared with 69% for NSW) and there were relatively few studio and one-bedroom dwellings in the local dwelling mix.

The average number of persons per dwelling was 2.2 compared with 2.6 for NSW. This is mainly related to the older age structure in the suburb, outlined above.

## 4.8 Dwelling Tenure

Owner occupancy (70%) was much higher than NSW (64%), with a particularly high rate of outright ownership among local households in occupied private dwellings. There was a commensurately lower rate of private rental (23% compared with 33% for NSW). Shoalhaven LGA as a whole had a similar tenure profile to Culburra Beach.

There were no dwellings in the suburb that were identified by the ABS as being social (public and community) housing. This compares with 4.2% of occupied private dwellings in NSW and 3.7% in the LGA.

## 4.9 Population Projections

The population of Shoalhaven LGA is predicted to increase from 108,612 people in 2021 to 145,527 in 2041.

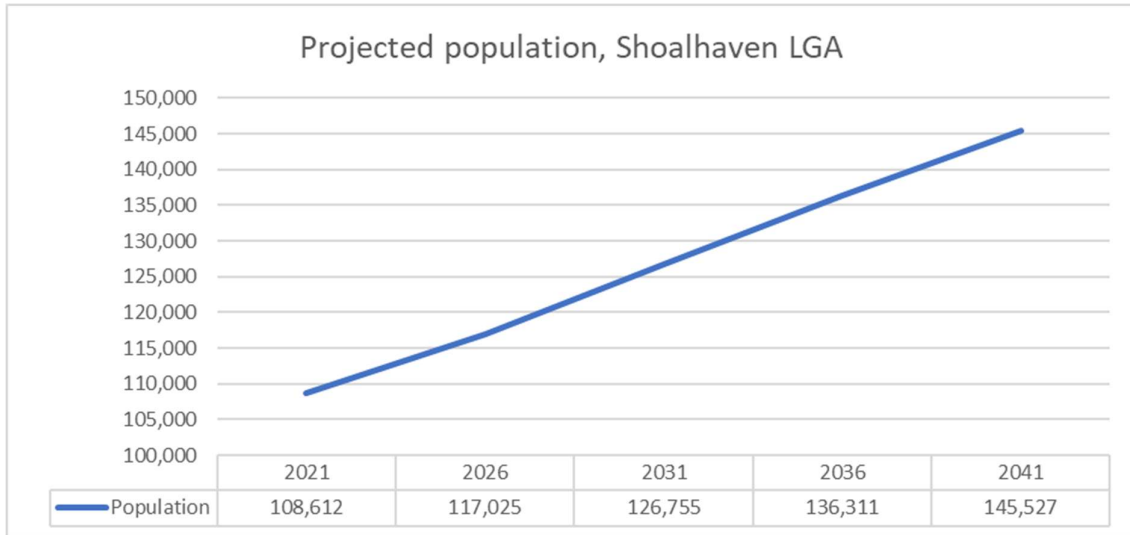


Figure 4.1: Projected population, Shoalhaven LGA

Source: NSW (2022) Common Planning Assumption Projections.

The population of the LGA is expected to continue to age, with people 70+ years comprising 25% of the population by 2041 compared with 17% in NSW. The median age of LGA residents is projected to rise from 47.4 years in 2021 to 49.0 years in 2041.<sup>3</sup>

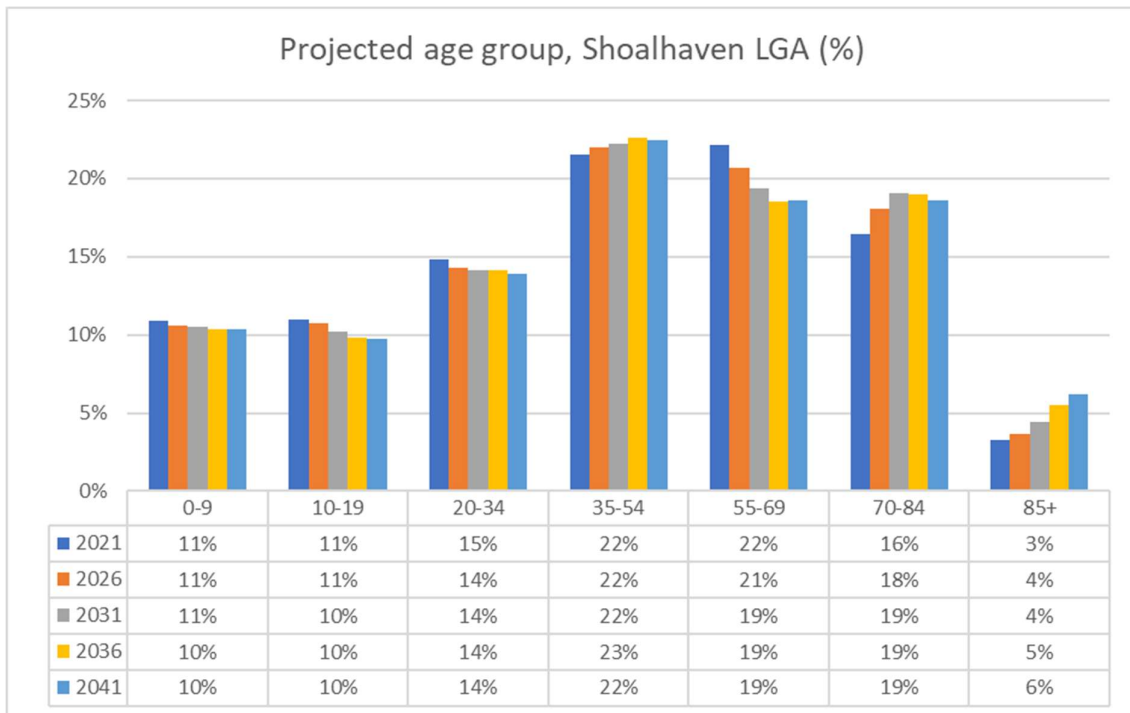


Figure 4.2: Projected age group as a proportion of population, Shoalhaven LGA (%)

Source: NSW (2022) Common Planning Assumption Projections.

<sup>3</sup> NSW (2022) Common Planning Assumption Projections.

Accordingly, the proportion of **couple only and lone person households** is forecast to increase from 62% of households in 2021 to 64% of households in 2041.

Couple only and lone person households are predicted to grow from 28,707 in 2021 to 41,001 in 2041, an increase of 12,294 households. Over the same period, households with children are predicted to grow from 15,222 to 20,218, an increase of 4,996 households.<sup>4</sup>

Of the total growth in households (18,000 new households from 2021 to 2041), couple only and lone person households are expected to make up 68%. Households with children will make up 28% of this growth.

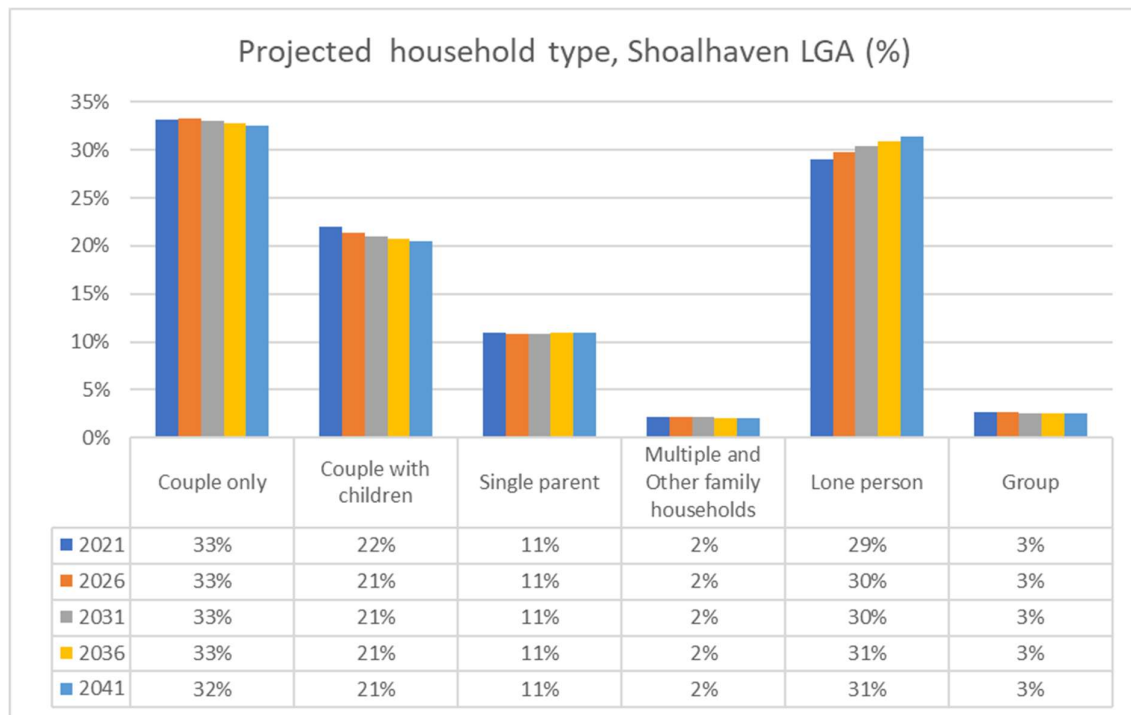


Figure 4.3: Population household type as a proportion of households, Shoalhaven LGA (%)

Source: NSW (2022) Common Planning Assumption Projections.

## 4.10 Culburra Beach Workforce

### 4.10.1 Journey to Work

In 2021 there were 1,282 working people who lived in the suburbs of Culburra Beach and Orient Point. Of these, 353 (28%) worked in Culburra Beach and Orient Point, 617 (48%) worked in Nowra and surrounding areas, and 118 (9%) had no fixed address and were people such as plumbers who travelled to their customers. The balance, 194 people (15%) travelled further afield.

<sup>4</sup> NSW (2022) Common Planning Assumption Projections.

These data suggest that the residents of Culburra Beach and Orient Point are largely commuters, with a maximum of one third working locally. However, the balance of people also largely work within the LGA (generally in Nowra-Bomaderry), which support previous research in regional economic development by JSA that indicates a high level of labour force containment in the Shoalhaven compared, for example, with Wollongong and Kiama.<sup>5</sup>

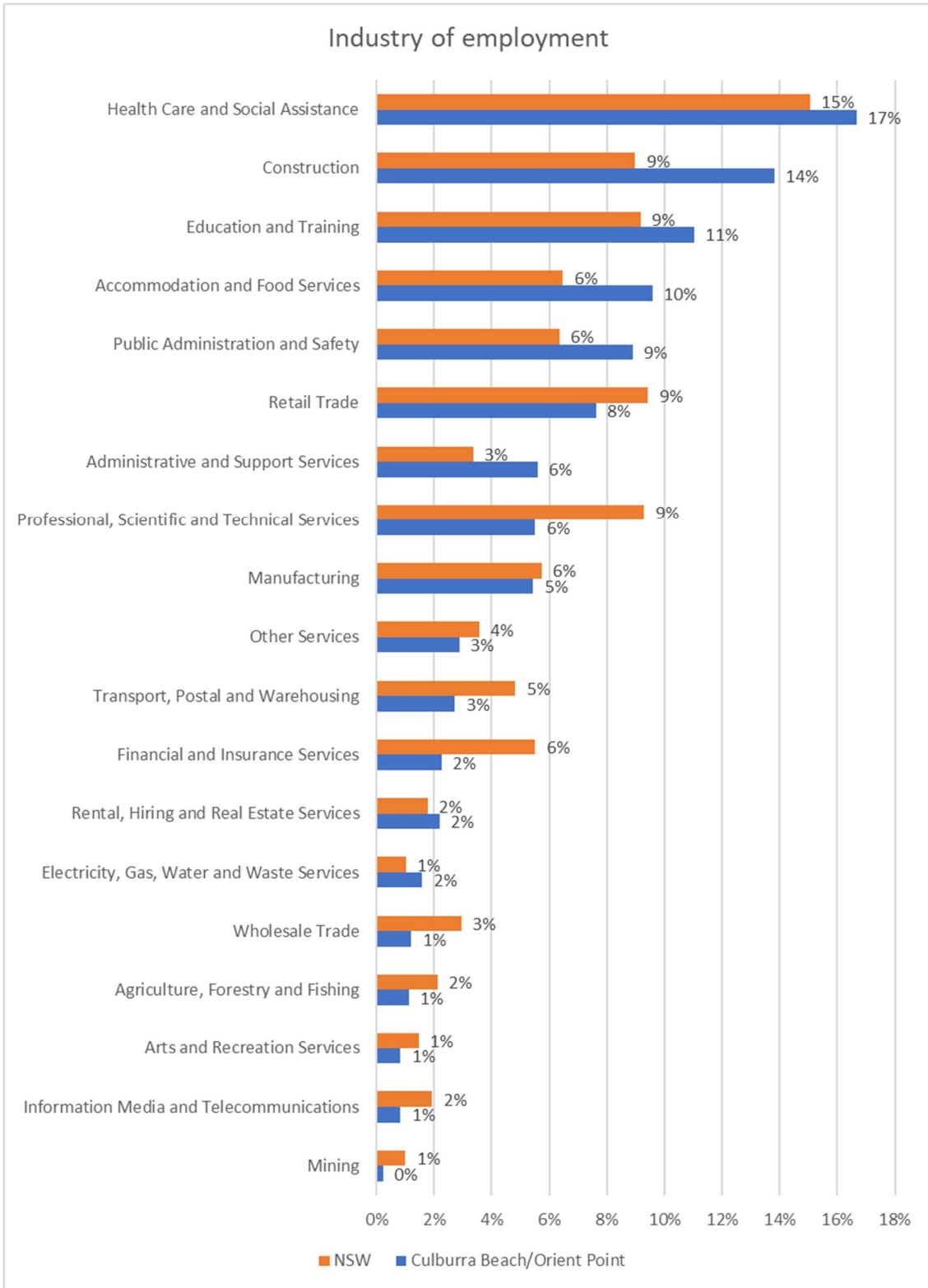
#### 4.10.2 Industry of Employment

Compared to NSW averages, workers in Culburra Beach and Orient Point are more likely to work in: health care and social assistance; construction; education and training; accommodation and food services; public administration and safety; administrative and support services; rental, hiring and real estate services; and electricity, gas, water and waste services.

Compared to NSW averages, workers in Culburra Beach and Orient Point are less likely to work in: retail trade; professional, scientific and technical services; manufacturing; other services; transport, postal and warehousing; financial and insurance services; wholesale trade; agriculture, forestry and fishing; arts and recreation services; information media and telecommunications; and mining.

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<sup>5</sup> JSA (2015) Greater Illawarra: The Smart Growth Agenda, NSW Property Council.



**Figure 4.4: Industry of employment for workers in Culburra Beach and Orient Point compared to NSW**

Source: ABS (2021) Census, TableBuilder Pro, counting persons, 15 years and over, by 1-digit level Industry of Employment.



### 4.10.3 Occupation

Compared to workers in NSW generally, workers in Culburra Beach and Orient Point are more likely to be: community and personal services workers; technicians and trades workers; and labourers. They are less likely to be: professionals; managers; clerical and administrative workers; sales workers; and machinery operators and drivers. This is consistent with SEIFA Education and Occupation analysis, discussed earlier.

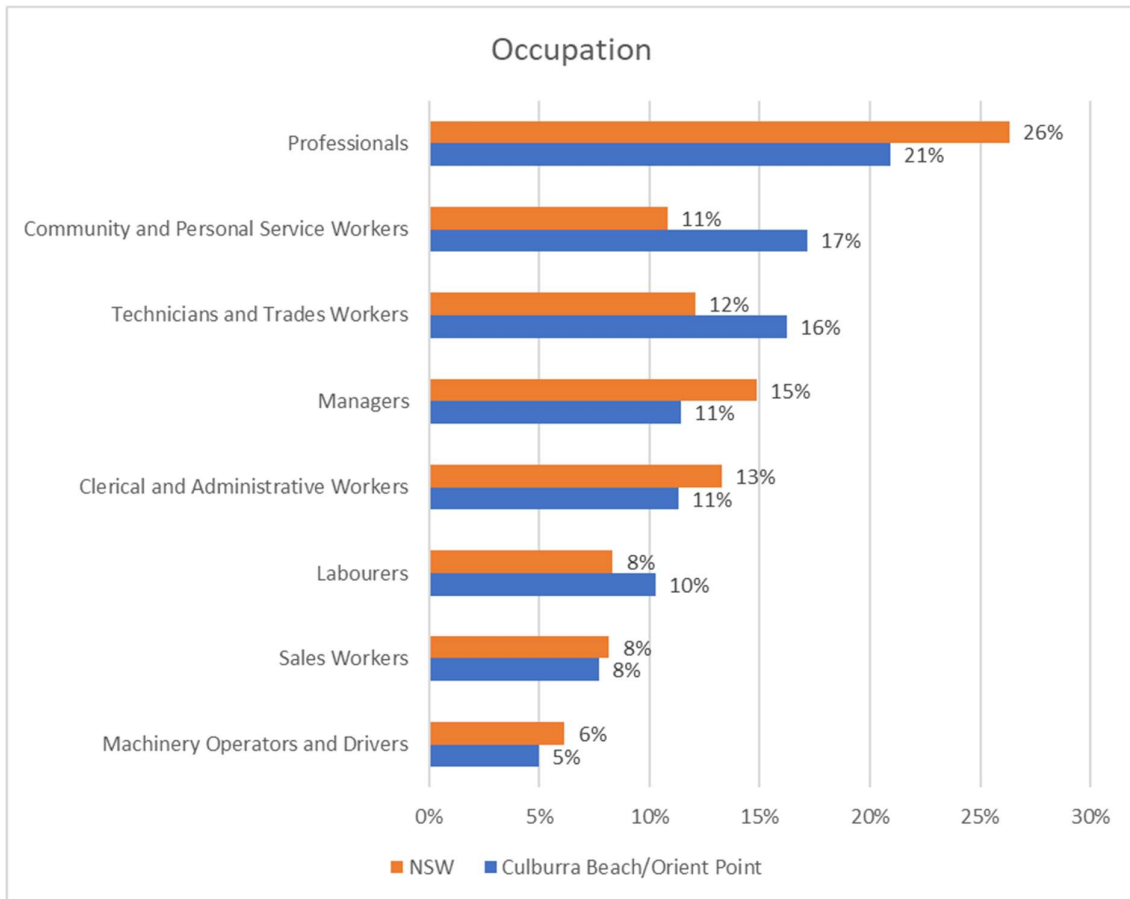


Figure 4.5: Occupation for workers in Culburra Beach and Orient Point compared to NSW

Source: ABS (2021) Census, TableBuilder Pro, counting persons, 15 years and over, by 1-digit level Occupation.

## 4.11 Migration

### 4.11.1 Migration by Origin and Destination

Resident mobility is also an important indicator of the nature of likely housing demand in a locality.

Between 2016 and 2021, 173 people moved into the Culburra SA2 in net terms. The vast majority of net inward migration for Culburra SA2 came from Greater Sydney. Migration to and from the Illawarra area and to and from the rest of NSW was fairly balanced. There was a net outward

migration to the rest of the Shoalhaven and to the rest of Australia. This is consistent with trends that have been observed for the Shoalhaven for at least the past few decades.<sup>6</sup>

Inward migration from overseas has been excluded, as outwards data is not available.

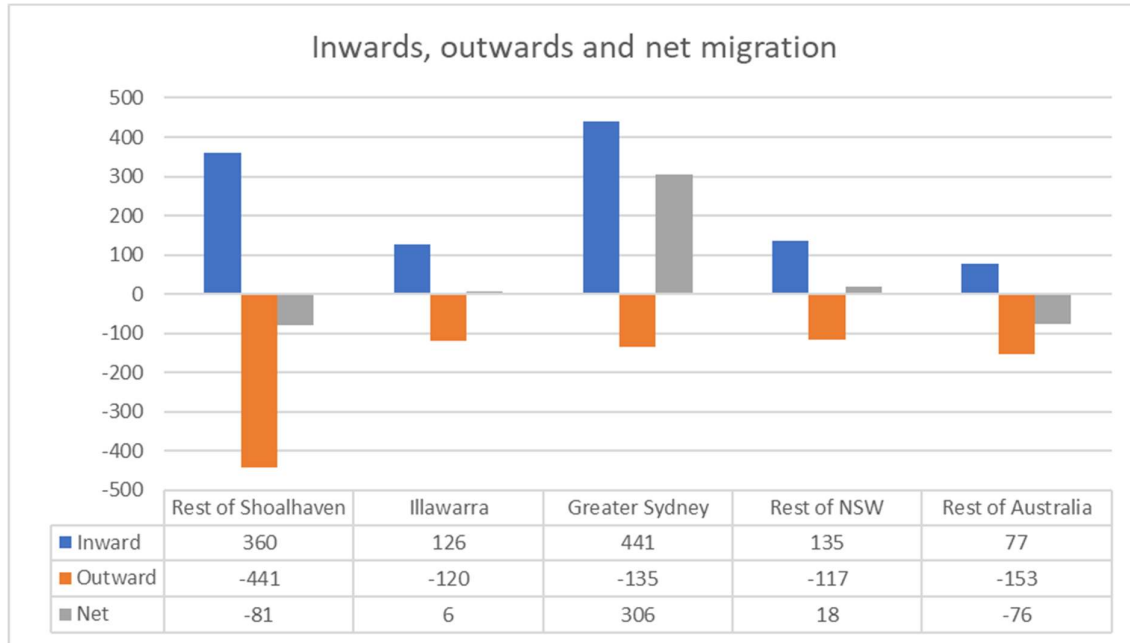


Figure 4.6: Net inward migration for Culburra SA2 between 2016 and 2021, by source and destination

Source: ABS (2021) Census, TableBuilder Pro, counting persons, by SA2 (UR), SA2 (5YR), SA3 (UR), and/or SA3 (5YR).

#### 4.11.2 Migration by Age

The majority of net inward migration into Culburra SA2 from 2016 to 2021 was from people in retirement and pre-retirement aged groups, with 68% of all net inward migration being from those aged 50 years or more. Furthermore, 96% of all net inward migration was from those aged 30 years or more.

Inward and outward migration among the age groups of 0-9 years, 10-19 years, and 20-29 years was almost completely balanced. Net inward migration in these groups was only slightly higher than zero, and comprised only 4% of all net inward migration.

<sup>6</sup> JSA (2003) *A Place for Aging?* Shoalhaven City Council.

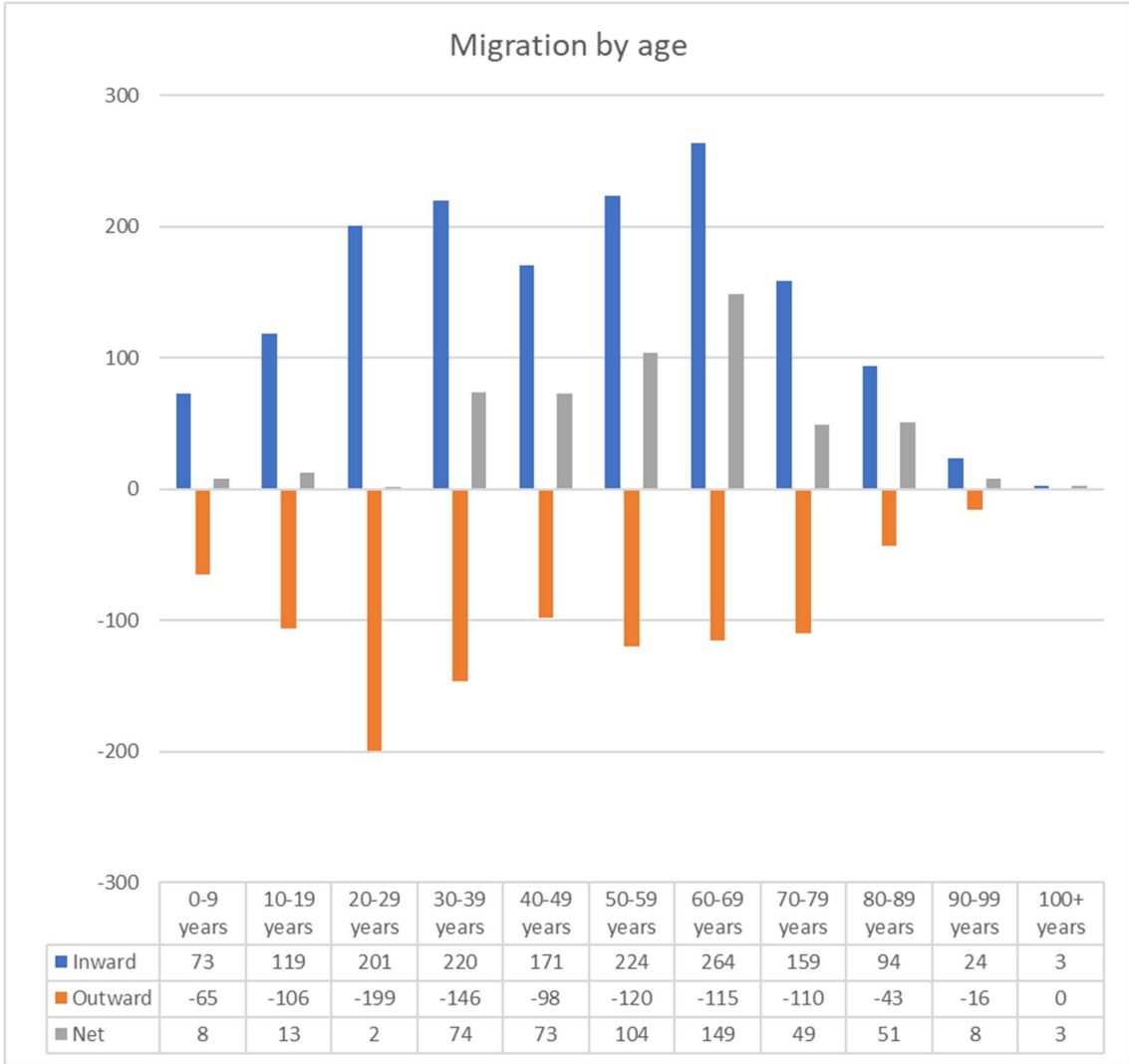


Figure 4.7: Inward, outward, and net inward migration for Culburra SA2 between 2016 and 2021, by age

Source: ABS (2021) Census, TableBuilder Pro, counting persons, by Age, by SA2 (UR) and/or SA2 (5YA).

# 5 Housing Affordability

## 5.1 Affordable Housing Definition and Benchmarks

Housing is generally considered to be ‘affordable’ when households that are renting or purchasing are able to meet their housing costs and still have sufficient income to pay for other basic needs such as food, clothing, transport, medical care and education.

‘Affordable housing’ has a statutory definition under the *NSW Environmental Planning and Assessment Act 1979 (NSW)*, being housing for very low, low or moderate income households, where ‘very low-income’ households as those on less than 50% of median household income; ‘low-income’ households as those on 50-80% of median household income, and ‘moderate-income’ households as those on 80-120% of median household income for Rest of NSW (referred to as ‘Rest of NSW Statistical Area’ in 2016 ABS Census of Population and Housing).

As a commonly used rule of thumb, housing is considered to be affordable where households pay no more than 30% of their gross household income on their rent or mortgage payments. This is often regarded as the point at which such households are at risk of having insufficient income to meet other living costs, and deemed to be in ‘housing stress’. Those paying more than 50% of gross income are generally regarded as being in ‘severe housing stress’.

The following table provides benchmarks when referring to ‘affordable housing’ in this Paper, in **September Quarter 2022 dollars**, and are consistent with relevant NSW legislation.

Table 5.1: Relevant Affordable Housing Income and Cost Benchmarks – Rest of NSW

	<b>Very low-income household</b>	<b>Low-income household</b>	<b>Moderate-income household</b>
Income Benchmark	<50% of Gross Median H/H Income for Rest of NSW	50-80% of Gross Median H/H Income for Rest of NSW	80%-120% of Gross Median H/H Income for Rest of NSW
Income Range (2)	<\$769 per week	\$770-\$1,231 per week	\$1,232-\$1,846 per week
Affordable Rental Benchmarks (3)	<\$231 per week	\$232-\$369 per week	\$370-\$554 per week
Affordable Purchase Benchmarks (4)	<\$214,000	\$214,001-\$343,000	\$343,001-\$515,000

Source: JSA 2022, based on data from ABS (2021) Census and ABS (2022) Consumer Price Index, ANZ online home loan repayment calculator, [www.anz.com.au/personal/home-loans/calculators-tools/calculate-repayments/](http://www.anz.com.au/personal/home-loans/calculators-tools/calculate-repayments/)

(1) All values reported are in September Quarter 2022 dollars

(2) Total weekly household income

(3) Calculated as 30% of total household income

(4) Calculated using ANZ Loan Repayment Calculator, using 13 December 2022 interest rate (5.74%) and assuming a 20% deposit for a 30 year ANZ Standard Variable Home Loan and 30% of total household income as repayments.

It can be seen from the above that for rental to be ‘affordable’ under statutory definitions, rental would need to be less than \$231 per week for a very low income household, between \$232 and \$369 for a low income household, and between \$370 and \$544 for a moderate income household as per the **Rest of NSW benchmarks**.

## 5.2 Shoalhaven City Council *Affordable Housing Strategy 2018*

### 5.2.1 Overview

The *Shoalhaven City Council Affordable Housing Strategy 2018* and related background research<sup>7</sup> was prepared for Council by JSA in 2017, and adopted unanimously by Council in 2018.

This section provides key findings and strategic directions from the *Strategy* and related research as a further context to the creation of affordable housing associated with the subject development.

### 5.2.2 Rationale for Strategy

Although the Shoalhaven LGA has historically been an affordable area, a range of factors has made this one of the least affordable areas in the Illawarra-Shoalhaven Region for both low income purchasers and renters. At the time the *Strategy* was adopted, the Shoalhaven LGA had the highest level of housing stress in the Region. Although housing in the LGA is lower in cost compared with much of the Illawarra, the incomes of local people are also much lower due largely to a very high level of older people on pensions and benefits, the influx of lower income households from Sydney seeking cheaper accommodation, and high levels of overall social disadvantage in the LGA.

At this time the *Strategy* was adopted, increasing pressure from the Sydney housing market was having a significant impact on local people, who were forced to compete in an increasingly competitive local housing market. In particular, local rents were increasing compared with local incomes in real terms, and the relative scarcity of rental accommodation at the more affordable end of the market meant that real estate agents can be increasingly selective about who is housed. This was also contributing to serious and growing homelessness in the LGA, and increasing the risk of homelessness among groups who would once have been in more secure accommodation.

The situation during the COVID pandemic has worsened the local housing affordability situation, as discussed later, with an ongoing increase in real rents and serious shortage in the supply of private rental accommodation in the context of a significant Sydney exodus, and lower than average rate of social (public and community housing) in the LGA historically.

Importantly, housing for purchase and rental that is affordable to very low and low income households is generally not being created through the market due to the increasing cost of housing and the income required to rent or purchase affordably.

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<sup>7</sup> JSA (2017) *Affordable Housing Strategy: Background Report*, Shoalhaven City Council.

The need for strong intervention through the planning system through affordable housing contributions and other mandatory mechanisms, and the direct creation of affordable housing, for example, on publicly owned land in partnership with a registered Community Housing Provider who can increase yield/leverage resources through maximisation of CRA, borrowings and access to other funding streams were key strategic directions based on the evidence that underpinned the *Strategy*.

The need for smaller, well located dwellings was also apparent, and continues to be a key local issue. This is to create lower cost (if not always ‘affordable’) housing near transport and services, and to meet the growing demand for such dwellings for a rapidly aging population, many of whom are living in large low density dwellings in isolated areas after the age of 70 years. As such, a key focus of the *Strategy* was to actively facilitate the creation of affordable housing within precincts that are within 400-600 metres of the major urban centres of Nowra-Bomaderry, Vincentia and Milton-Ulladulla.

### 5.2.3 Key Target Groups and Relevant Strategies

Using housing stress as a measure of unaffordability, and projecting forward current trends, we forecast the need for affordable housing in Shoalhaven LGA by 2041 at around 12,000 dwellings, with 40% for very low income households, 31% for low income households, and 29% for moderate income households. The following table, based on the methodology of the *Strategy* but using 2021 Census data and 2022 implied dwelling projections, shows the broad breakdown in affordable housing need by 2041 (current and projected) in the LGA by income and household group and tenure.

Table 5.2: Affordable housing required by 2041 (sum of 2021 and projected)

		Renting Households		Purchasing Households	
		Suitable for Lone Persons or Couples without Children	Suitable for Families	Suitable for Lone Persons or Couples without Children	Suitable for Families
Total Required in 2041	Affordable to Very Low Income Households	2,700	900	1,000	200
	Affordable to Low Income Households	900	1,200	1,100	600
	Affordable to Moderate Income Households	300	500	1,300	1,400

Source: JSA (2023) calculations; ABS (2021) Census, TableBuilder Pro, counting dwellings, place of enumeration, by Total Household Income (weekly), by Rent (weekly) Ranges or Mortgage Repayments (monthly) Ranges, by All Households or 2-digit level Family Household Composition (Dwelling); NSW Department of Planning and Environment (2022) *Common Planning Assumption Projections*, LGA implied demand.

By far the most serious affordable housing issue facing the Shoalhaven LGA was **among very low income renters**, who made up 55% of all households in housing stress. This did not take into account the rapidly increasing number of older private renters who would likely move into housing stress post-retirement, and those in poorly located or more marginal housing in the LGA. These households would significantly increase demand for well-located low cost rental in the future.

As such, the *Strategy* noted that very low income renters would make up at least **60% of those in housing stress** over the coming decades. As discussed later, more recent analysis now includes a high proportion of **low income renters as well**, as the statutory benchmarks for regional areas of NSW changed with more recent legislative amendments.

The *Strategy* noted that a very narrow range of **market solutions** were likely to be affordable to very low (and low) income renters, with these mainly older, poorer quality 1 bedroom dwellings, boarding houses and possibly site rental in MHEs and CVPs where the home is owned). As such, their needs are most likely to be met through **direct provision** of community and public housing, **mandatory planning mechanisms** including affordable housing contributions, and **encouraging or facilitating** an increase in the market supply of smaller strata dwellings in key urban centres close to services and transport through the planning system.

The next priority target group identified in the *Strategy* was **low income purchasers** (18% of all households in housing stress at that time), for whom the stock of dwellings that *could* be affordable (smaller strata dwellings, and as owner-renters in MHEs) is often in short supply locally, and where **planning intervention** to widen housing choice and increase affordability of *some* housing products would be beneficial. Development of **smaller project homes on small lots** would also be affordable to some low income families, as would **shared equity arrangements**, although the latter was a relatively under-developed mechanism in NSW at that time. It was noted that strategies to increase the supply of such accommodation would also benefit low income renters, although they only make up 3% of all households in housing stress currently.

The reader is referred to the *Shoalhaven Affordable Housing Strategy 2018*, and relevant background reports and research (JSA 2017) for detailed evidence and a detailed review of and rationale for specific affordable housing strategies and mechanisms.

## 5.3 Analysis on Housing Affordability 2022

### 5.3.1 Overview

The *Shoalhaven Affordable Housing Strategy 2018* largely relies upon ABS (2011) Census data and other published data that was available at that time. As such, this section updates the affordability analysis conducted by JSA for Council at that time, and provides additional more detailed analysis relevant to Culburra Beach and the subject development below.

The geographies used in the analysis below are shown in the following maps.



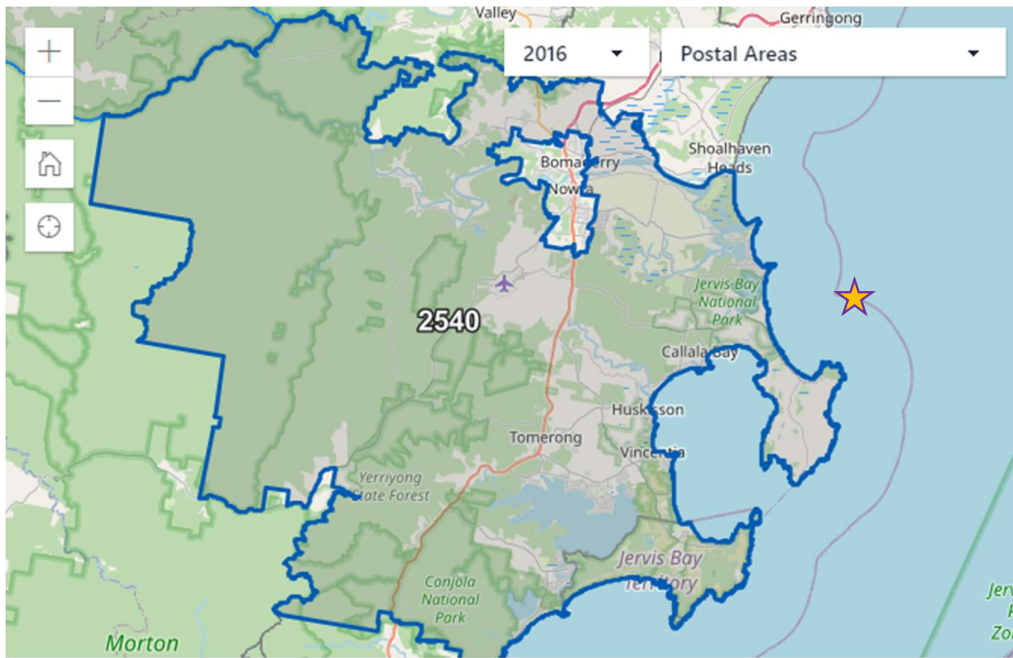


Figure 5.1: Postcode 2540 (Culburra Beach indicated with star)

Source: ABS 2016, Postcode 2540

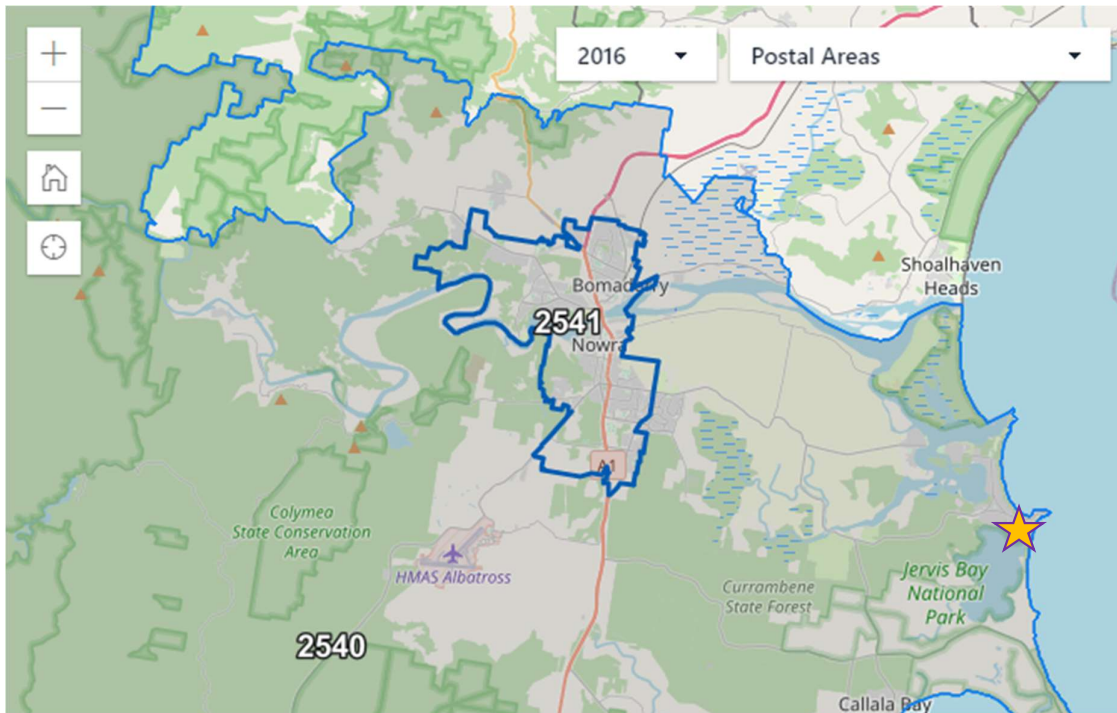


Figure 5.2: Postcode 2541 (Culburra Beach indicated with star)

Source: ABS 2016

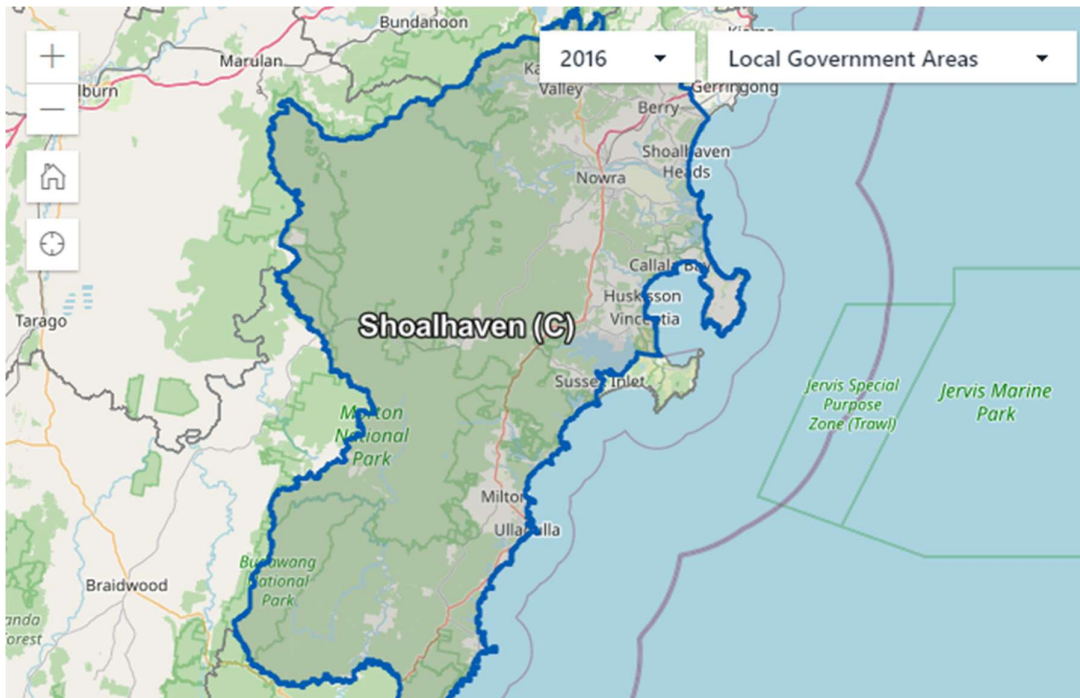


Figure 5.3: Shoalhaven Local Government Area

Source: ABS 2016

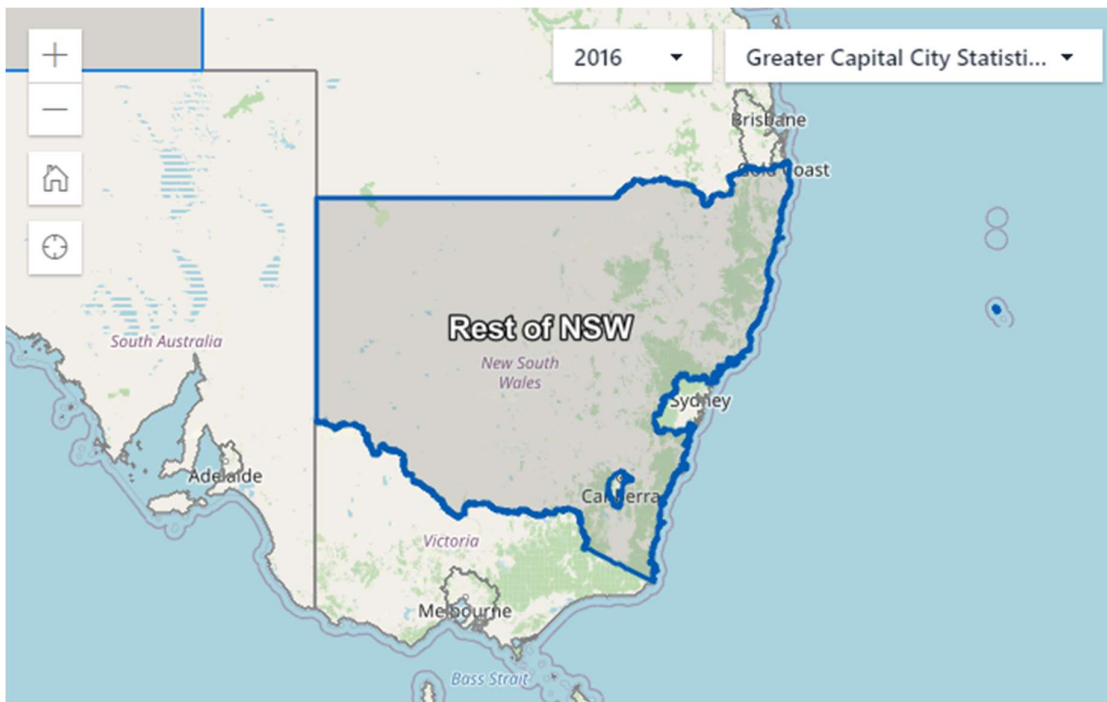


Figure 5.4: Rest of NSW

Source: ABS 2016

### 5.3.2 Rental Affordability

#### Rent and Sales Report

The NSW Department of Communities and Justice *Rent and Sales Report* provides quarterly data on the cost of rental housing by LGA and postcode. The following discussion and table use the most recent quarter available at the time of writing (September 2022) in areas within reasonable proximity of the subject site, including Postcode 2540 and the Shoalhaven LGA.

There were no rental dwelling types for which the first quartile dwelling was affordable to a very low-income household in Postcode 2540 or the Shoalhaven LGA from the published data.

The first quartile of flats/units (in aggregate, with any number of bedrooms) in Postcode 2540 was affordable to a low-income household. This quartile would include one- and two-bedroom units. There were, however, very few of these dwellings rented in the quarter.

There were a few rental dwelling types in the Shoalhaven LGA that were affordable to a low-income household. These were:

- a two-bedroom house (first quartile);
- a two-bedroom townhouse (first quartile); and
- a one-bedroom flat/unit (first quartile, median, and third quartile).

A moderate-income household has more options as to what they can affordably rent in Postcode 2540, including:

- a two-bedroom house (first quartile, median, and third quartile);
- a three-bedroom house (first quartile and median); and
- a flat/unit of any number of bedrooms (median and third quartile).

The dwelling types that would be unaffordable to a moderate-income household (that is, affordable to higher incomes only) in Postcode 2540 include:

- a three-bedroom house (third-quartile); and
- a four or more bedroom house (first-quartile, median and third-quartile).

Taken together, there is a serious affordability problem for very low-income renters in the postcode within which West Culburra is located. The situation for low-income renters is somewhat better, but there are still very few dwellings rented out that are affordable for them.

Table 5.3: December Quarter 2021 Rent Report for selected dwellings types in Postcode 2540 and Shoalhaven LGA by affordability bands

Location	Dwelling Type	# Bedrooms	First Quartile Weekly Rent for New Bonds \$	Median Weekly Rent for New Bonds \$	Third Quartile Weekly Rent for New Bonds \$	New Bonds Lodged #	Total Bonds Held #
Postcode 2540	House	2	380	400	488	s	425
Shoalhaven LGA	House	2	365	400	440	65	834
Postcode 2540	House	3	458	500	543	76	1,205
Shoalhaven LGA	House	3	450	500	550	182	2,707
Postcode 2540	House	4 or +	558	620	650	48	755
Shoalhaven LGA	House	4 or +	550	600	650	116	1,562
<b>Postcode 2540</b>	<b>House</b>	<b>Total</b>	450	500	585	251	2,557
<b>Shoalhaven LGA</b>	<b>House</b>	<b>Total</b>	430	500	580	581	5,538
Postcode 2540	Townhouse	2	-	-	-	-	64
Shoalhaven LGA	Townhouse	2	360	420	450	s	196
Postcode 2540	Townhouse	3	-	-	-	-	88
Shoalhaven LGA	Townhouse	3	480	500	550	s	273
<b>Postcode 2540</b>	<b>Townhouse</b>	<b>Total</b>	380	440	480	s	184
<b>Shoalhaven LGA</b>	<b>Townhouse</b>	<b>Total</b>	388	450	520	47	540
Postcode 2540	Flat/Unit	1	-	-	-	-	64
Shoalhaven LGA	Flat/Unit	1	280	300	350	s	262
Postcode 2540	Flat/Unit	2	-	-	-	-	170
Shoalhaven LGA	Flat/Unit	2	380	400	440	37	657
<b>Postcode 2540</b>	<b>Flat/Unit</b>	<b>Total</b>	365	415	490	s	330
<b>Shoalhaven LGA</b>	<b>Flat/Unit</b>	<b>Total</b>	345	400	453	84	1,210
Postcode 2540	Total	1	-	-	-	-	132
Shoalhaven LGA	Total	1	245	300	353	44	428
Postcode 2540	Total	2	376	400	470	46	677
Shoalhaven LGA	Total	2	370	400	445	123	1,743
Postcode 2540	Total	3	453	498	548	82	1,404
Shoalhaven LGA	Total	3	455	500	550	219	3,271
Postcode 2540	Total	4 or +	560	620	650	49	782
Shoalhaven LGA	Total	4 or +	550	600	650	121	1,631
<b>Postcode 2540</b>	<b>Total</b>	<b>Total</b>	426	500	579	282	3,205
<b>Shoalhaven LGA</b>	<b>Total</b>	<b>Total</b>	410	490	560	721	7,700

Source: NSW Department of Communities and Justice Rent Tables September 2022 Quarter (Issue 141), s = 30 or fewer bonds lodged during quarter, - = 10 or fewer bonds lodged.

Affordable to low-income households, Rest of NSW benchmark (\$232-\$369 per week)
Affordable to moderate-income households, Rest of NSW benchmark (\$370-\$544 per week)
Affordable to higher-income households only, Rest of NSW benchmark (\$555 or more per week)

## Snapshot of rental in Culburra Beach and surrounding suburbs

A search of [www.domain.com.au](http://www.domain.com.au) was conducted on 25 May, 2022 for residential rental accommodation in Culburra Beach suburb and in the postcodes 2540 (in which Culburra Beach is located) and postcode 2541 (Nowra and Bomaderry suburbs). Data for all rental properties available on that day were analysed, and discussed below.

### Culburra Beach suburb

In the suburb of **Culburra Beach** seven properties were advertised for residential rent including a one bedroom granny flat and two, three and four bedroom houses. Rentals ranged from \$310 per week for the granny flat to \$800 per week for the four bedroom house. Details are set out below.

Table 4: Rental properties advertised in Culburra Beach, 23 May 2022

Type	Bedroom	Rent (\$ p.w.)
Granny flat	1	310
House	3	415
House	3	420
House	3	530
House	2	550
House	3	720
House	4	800

Source: [www.Domain.com.au](http://www.Domain.com.au), accessed on 23/5/22, JSA calculation

Of these seven properties none would be affordable for a **very low income** household.<sup>8</sup> One property (the granny flat) would be affordable to the top 43% of **low income** households and three properties would be affordable for a **moderate income** household. This supports the findings from published data above.



Figure 5-5 A/31 Allerton Ave Culburra Beach NSW 2540, one bedroom granny flat, \$310 p.w.

Source: [www.Domain.com.au](http://www.Domain.com.au), accessed on 23/5/22, JSA calculation

<sup>8</sup> JSA 2023, based on data from ABS (2021) Census of Population and Housing, ABS (2022) Consumer Price Index, indexed to September Quarter 2022 dollars





Figure 5-6: 42 Addison Road, Culburra Beach, 3 bedroom house, \$415 p.w.

Source: [www.Domain.com.au](http://www.Domain.com.au), accessed on 23/5/22, JSA calculation



Figure 5-7: 22 Whistler Street Culburra Beach NSW 2540, 3 bedroom house, \$720 p.w.

Source: [www.Domain.com.au](http://www.Domain.com.au), accessed on 23/5/22, JSA calculation

One three bedroom **holiday house** was also advertised on [Domain.com.au](http://Domain.com.au) with a nightly rental between \$125 and \$300 per night.

The **holiday rental** platform [Stayz.com.au](http://Stayz.com.au) was also accessed on 23 May 2022, and a search for rental properties in the suburb of Culburra Beach revealed a total of 227 holiday properties (including Orient Point) (noting that this is the total available rather than on a given night, as is the case for [Domain.com.au](http://Domain.com.au) platform). The average per night rentals ranged between \$171 and \$2,366.

As such, like many attractive coastal areas, most of the stock that may otherwise be available for long-term rental is provided within the Short Term Rental Accommodation (STRA) market.

### Postcode 2540

In the **postcode of 2540**, a total of 33 properties were advertised for residential rent on [Domain.com.au](http://Domain.com.au) (including the seven properties located in Culburra Beach) as at 25 May 2022. Properties were located in the suburbs of Sanctuary Point, Sussex Inlet, Huskisson, Erowal Bay, Callala Bay, Worrigea, Callala Beach, Cambewarra, Vincentia, Culburra Beach and Hyams Beach. Rentals ranged between \$300 (a one bedroom semi-detached property in Sanctuary Point) and \$850 (a five bedroom house in Cambewarra). Median rentals were as follows.



Table 5: Summary of rental properties advertised in Postcode 2540, 23 May 2022

Bedrooms	Median	n=
1	305	2
2	550	5
3	550	22
4+	750	4
ALL	550	33

Source: www.Domain.com.au, accessed on 23/5/22, JSA calculation

In postcode 2540 the Rent and Sales Report for September 2022<sup>9</sup> reported a median rental for a two-bedroom house as \$400, a three bedroom house as \$500 and a four or more bedroom house as \$620.

Of these 33 properties, none would be affordable for a **very low-income** household<sup>10</sup>, three properties (the granny flat at Culburra Beach, a one-bedroom semi-detached property at Sanctuary Point, and a two-bedroom townhouse at Sussex Inlet) would be affordable for some **low-income** households, and eight more properties would be affordable for a **moderate-income** household.

Again, this supports the serious unaffordability of local rental evident in the published data.

There were also 22 **holiday rentals** advertised on Domain.com.au in PC 2540 for the snapshot period, located in Culburra Beach (1); Callala Beach (11); Callala Bay (4) and Sussex Inlet (6).

### Postcode 2541

In the postcode of 2541, including Nowra-Bomaderry urban areas, 26 properties were advertised for residential rental on Domain.com.au as at 25 May 2022, in the suburbs of Nowra, North Nowra, South Nowra, West Nowra and Nowra East. Rents ranged from \$270 for a one bedroom property to \$680 for a four bedroom house.

Table 6: Summary of rental properties advertised in Postcode 2541, 23 May 2022

Bedrooms	Median	n=
1	270	1
2	430	5
3	530	15
4	600	5

Source: www.Domain.com.au, accessed on 23/5/22, JSA calculation

<sup>9</sup> Department of Communities & Justice, Rent and Sales Report – Interactive Dashboard, www.facs.nsw.gov.au/resources/statistics/rent-and-sales/dashboard

<sup>10</sup> JSA 2023, based on data from ABS (2021) Census of Population and Housing, ABS (2022) Consumer Price Index, indexed to September Quarter 2022 dollars

In postcode 2541 the Rent and Sales Report for September 2022<sup>11</sup> reported a median rental for a two bedroom house as \$380, a three bedroom house as \$500 and a four or more bedroom house as \$600.

Of these 26 properties, none would be affordable to a **very low-income** household<sup>12</sup>, one property (a one bedroom property) would be affordable for some **low-income** households, and 13 properties would be affordable for a **moderate-income** household, which again support the findings from published data in the *NSW Rent and Sales Report*.

### Social Housing Waiting Times for Ulladulla (as at June 2021)

Expected waiting times for a social dwelling in DCJ’s allocation zones of Nowra and Ulladulla as at June 2022 (the most recent publicly available data) are also an important indicator of affordable housing need, in this case, amongst those eligible form social (public and community) housing.

For the Nowra allocation zone, expected waiting times for all dwelling types are 5 to 10 years. As at 30 June 2022, there were 828 applicants on the waiting list for the Nowra allocation zone (87% general and 13% priority applicants).<sup>13</sup>



Figure 5.8: Expected social housing waiting times for Nowra Allocation Zone as at June 2022

Source: DCJ website, <https://www.facs.nsw.gov.au/housing/help/applying-assistance/expected-waiting-times>, accessed 2/02/2023.

<sup>11</sup> Department of Communities & Justice, Rent and Sales Report – Interactive Dashboard, [www.facs.nsw.gov.au/resources/statistics/rent-and-sales/dashboard](http://www.facs.nsw.gov.au/resources/statistics/rent-and-sales/dashboard)

<sup>12</sup> JSA 2023, based on data from ABS (2021) Census of Population and Housing, ABS (2022) Consumer Price Index, indexed to September Quarter 2022 dollars

<sup>13</sup> Department of Communities and Justice, Expected Waiting Times, <https://www.facs.nsw.gov.au/housing/help/applying-assistance/expected-waiting-times>, accessed 2/02/2023.

For the Ulladulla allocation zone, the expected waiting time is 10+ years for a studio/one bedroom or two-bedroom property, 5 to 10 years for a three bedroom property, and up to 2 years for four or more bedroom property. As at 30 June 2022, there were 226 applicants on the waiting list for the Ulladulla allocation zone (81% general and 19% priority applicants).<sup>14</sup>

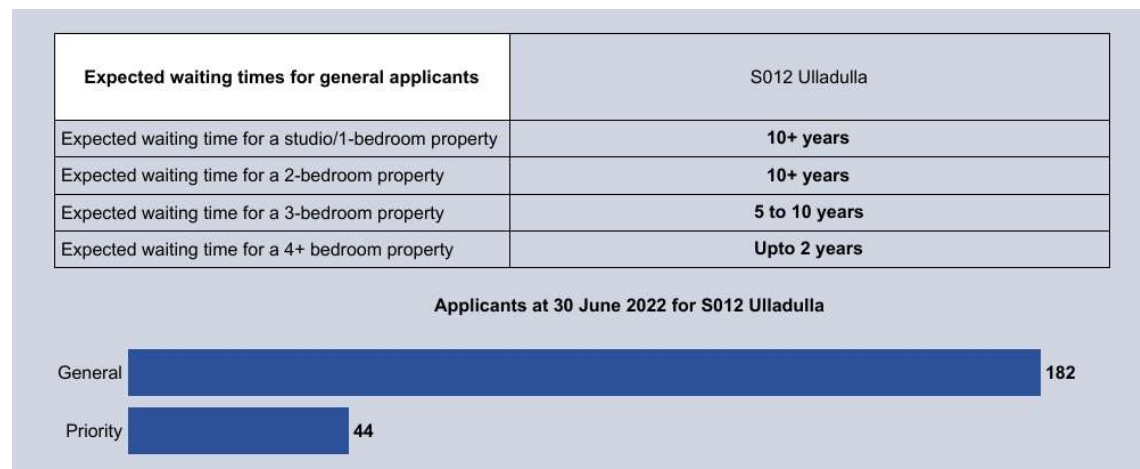


Figure 5.9: Expected social housing waiting times for Ulladulla Allocation Zone as at June 2022

Source: DCJ website, [www.facs.nsw.gov.au/housing/help/applying-assistance/expected-waiting-times](http://www.facs.nsw.gov.au/housing/help/applying-assistance/expected-waiting-times), accessed 2/02/2023

### 5.3.3 Purchase Affordability

#### NSW Rent and Sales Report

The following table shows the first-, second- and third-quartile sale prices, as well as the mean sale price and number of sales, for strata, non-strata and all dwellings sold in Postcode 2540 and Shoalhaven LGA in September Quarter 2021, the most recent data available at the time of writing.

The affordability of these sale prices has also been evaluated as per the Rest of NSW benchmarks detailed in the table above. While a first-quartile (total dwellings), first-quartile and median strata dwelling in Postcode 2540 would be affordable to households in the moderate-income band, all other dwellings purchased in the Postcode and LGA would only be affordable to higher-income households.

<sup>14</sup> Department of Communities and Justice, Expected Waiting Times, <https://www.facs.nsw.gov.au/housing/help/applying-assistance/expected-waiting-times>, accessed 2/02/2022.

Table 5.7: Sales for September Quarter 2021 – Postcode 2540 & Shoalhaven LGA

Location	Dwelling Type	First Quartile Sales Price \$'000	Median Sales Price \$'000	Third Quartile \$'000	Mean Sales Price \$'000	Number of Sales
Postcode 2540	Strata	433	515	661	560	90
Shoalhaven LGA	Strata	450	525	650	544	58
Postcode 2540	Non-Strata	650	740	900	807	188
Shoalhaven LGA	Non-Strata	625	795	1171	927	624
<b>Postcode 2540</b>	<b>Total</b>	<b>555</b>	<b>700</b>	<b>855</b>	<b>727</b>	<b>278</b>
<b>Shoalhaven LGA</b>	<b>Total</b>	<b>604</b>	<b>760</b>	<b>1100</b>	<b>894</b>	<b>682</b>

Source: JSA 2022, based on data from NSW Department of Communities and Justice Sales Tables September Quarter 2021

Affordable to moderate-income households, Rest of NSW benchmark (\$390,001-\$581,250)

Affordable to higher-income households only, Rest of NSW benchmark (\$581,251 or more)

## EAC Red Square Database

A search of EAC Red Square database was undertaken to explore residential dwellings sold from January 2020 to May 2022 including:

- All residential dwellings (strata, non-strata and total) sold in Culburra Beach
- Residential strata dwellings sold in Postcode 2540

Records with a sales price of \$0 and \$1 were removed, as were sales between family members of the same name (with many of these records for a sale of \$0 or \$1). Records for sales of vacant land and commercial properties were also removed.

During this period, records for 245 properties were sold in Culburra Beach including 18 strata (7%) and 227 non-strata dwellings (93%). There were 208 strata dwellings were sold in postcode 2540 during the period. The table below provides an overview of this sales data by the Rest of NSW affordability benchmarks.

Table 5.8: EAC Red Square Sales for Jan 2020-May 2022, Culburra Beach Suburb and Strata Dwellings for Postcode 2540

Location	Dwelling Type	No. sales	First Quartile Sales Price \$	Median Sales Price \$	Third Quartile Sales Price \$
Culburra Beach suburb	Strata	18	460,000	487,500	743,750
	Non-strata	227	642,500	815,000	1,125,000
	<b>Total</b>	<b>245</b>	<b>620,000</b>	<b>800,000</b>	<b>1,090,000</b>
Postcode 2540	Strata	208	468,250	557,500	726,250

Source: JSA 2022, based on data from EAC Red Square

Affordable to moderate-income households, Rest of NSW benchmark (\$390,001-\$581,250)

There were six one-bedroom dwellings and 45 two-bedroom dwellings sold in the Culburra Beach suburb during this period. First quartile and median priced one bedroom dwellings sold in Culburra Beach were affordable to households in the moderate band, noting the small number of sales. While a first quartile two-bedroom property was affordable to some households in the moderate band, third quartile one-bedroom properties and median or higher two-bedroom properties were affordable to higher income households only.

Table 5.9: EAC Red Square Sales for Jan 2020-May 2022, Culburra Beach Suburb 1 & 2 BR residential dwellings

Location	Dwelling Type	No. sales	First Quartile Sales Price \$	Median Sales Price \$	Third Quartile Sales Price \$
Culburra Beach suburb	1BR	6	468,750	516,450	865,725
	2BR	44	520,000	610,000	750,000

Source: JSA 2022, based on data from EAC Red Square

Again, this indicates the serious affordability problems faced by very low and low income households, and many moderate income households in the locality.

### 5.3.4 Housing Stress

#### Overview

A commonly used measure of underlying need for affordable housing is the number of households in ‘housing stress,’ or at risk of after-housing poverty.<sup>15</sup> A broad ‘rule of thumb’ for ‘housing stress’ is when a very low, low, or moderate income household is paying more than 30% of its gross income on its housing costs, and ‘severe housing stress’ when such a household is paying more than 50% of its income on rental or mortgage repayments.

Other factors will clearly affect the financial and social wellbeing of a family, including the adequacy and appropriateness of their housing, and costs that are unequally borne by some households, for example, high health care or transport costs.<sup>16</sup> This highlights the importance of well-located affordable accommodation, close to transport and services.

It is noted that updated housing stress figures below are somewhat different to those from the research that informed the Shoalhaven Affordable Housing Strategy, outlined above, due to the later Census period used as well as changes in the statutory benchmark since that time that distinguish Greater Sydney from ‘Rest of NSW’.

<sup>15</sup> See for example Yates, J. 2007. *Housing Affordability and Financial Stress*, AHURI Sydney University, who notes that, often ‘housing stress’ is defined by the 30-40 rule, that is, that a low income household (in the lowest 40% of household income) will pay no more than 30% of its gross income on housing costs. This broad rule of thumb is often extended to the low to moderate income groups as defined under SEPP 70.

<sup>16</sup> See for example Gleeson, B. and Randolph, B. (2002) ‘Social disadvantage and planning in the Sydney Context’, *Urban Policy and Research* Vol 20(1) pp101-107.

## Total Housing Stress (Renters and Purchasers)

Around 6,100 households were in housing stress in Shoalhaven LGA at the time of the 2021 Census. Three-quarters of these were renters and one-quarter were purchasers.

In Postcode 2540, the ratios were almost identical (72% renters and 28% purchasers). A total of 2,407 households were in housing stress in the postal area.

## Housing Stress (Renters)

In total, 1,723 renting households in Postcode 2540 were in housing stress, with about 86% of these on very low and low incomes according to the statutory benchmarks.

There were higher than average rates of rental stress in the Shoalhaven LGA and Postcode 2540, particularly for very low and low income renting households, with 83% of very low and low income renters in postcode 2540 in housing stress compared with 81% of such households in Shoalhaven LGA and 71% in the Rest of NSW.

Table 5.10: Rental Stress in Postcode 2540, Shoalhaven LGA, and Rest of NSW, 2021

	Postcode 2540 %	Shoalhaven LGA %	Rest of NSW %
<b>All Renting Households</b>	<b>4,050</b>	<b>10,510</b>	<b>294,095</b>
<b>Very Low Income</b>	<b>1,007 (25% of all renting households)</b>	<b>2,923 (28% of all renting households)</b>	<b>80,637 (27% of all renting households)</b>
Not in Stress	12%	12%	21%
Moderate Stress	32%	39%	38%
Severe Stress	56%	49%	41%
Total Stress	88%	88%	79%
<b>Low Income</b>	<b>776 (19% of all renting households)</b>	<b>2,082 (20% of all renting households)</b>	<b>54,321 (18% of all renting households)</b>
Not in Stress	23%	29%	41%
Moderate Stress	62%	59%	47%
Severe Stress	15%	13%	12%
Total Stress	77%	71%	59%
<b>Moderate Income</b>	<b>884 (22% of all renting households)</b>	<b>2,127 (20% of all renting households)</b>	<b>57,053 (19% of all renting households)</b>
Not in Stress	73%	74%	75%
Moderate Stress	27%	25%	23%

	Postcode 2540 %	Shoalhaven LGA %	Rest of NSW %
Severe Stress	0%	1%	2%
Total Stress	27%	26%	25%
<b>Total Housing Stress (very low, low, and moderate income renters)</b>	<b>1,723 households</b>	<b>4,628 households</b>	<b>109,820 households</b>

Source: JSA 2023; ABS (2021) Census, counting dwellings, place of enumeration, by Total Household Income (weekly), by Rent (weekly) Ranges.

## Housing Stress (Purchasers)

Very low-, low-, and moderate-income households made up larger proportions of all purchasing households in postcode 2540 and Shoalhaven LGA than in the Rest of NSW.

In total, 684 purchasing households in Postcode 2540 were in housing stress, of which 28% were on very low incomes, 35% were on low incomes, and 37% were on moderate incomes.

Rates of housing stress among **very low-income** purchasers was similar across the areas. Of **low-income** purchasers, 45% were in housing stress in both Postcode 2540 and Shoalhaven LGA, compared to 42% in the Rest of NSW. Of **moderate-income** purchasers, 28% were in housing stress in Postcode 2540, compared to 25% in Shoalhaven LGA, and 23% in the Rest of NSW.

Table 5.11: Purchase Stress in Postcode 2540, Shoalhaven LGA, and Rest of NSW, 2021

	Postcode 2540 %	Shoalhaven LGA %	Rest of NSW %
<b>All Purchasing Households</b>	<b>5,386</b>	<b>11,805</b>	<b>336,649</b>
<b>Very Low Income</b>	<b>380 (7% of all purchasing households)</b>	<b>873 (7% of all purchasing households)</b>	<b>20,105 (6% of all purchasing households)</b>
Not in Stress	49%	48%	48%
Moderate Stress	22%	21%	20%
Severe Stress	29%	31%	33%
Total Stress	51%	52%	52%
<b>Low Income</b>	<b>528 (10% of all purchasing households)</b>	<b>1,234 (10% of all purchasing households)</b>	<b>28,210 (8% of all purchasing households)</b>
Not in Stress	55%	55%	58%
Moderate Stress	32%	31%	30%
Severe Stress	13%	13%	11%



	Postcode 2540 %	Shoalhaven LGA %	Rest of NSW %
Total Stress	45%	45%	42%
<b>Moderate Income</b>	<b>892 (17% of all purchasing households)</b>	<b>1,958 (17% of all purchasing households)</b>	<b>48,208 (14% of all purchasing households)</b>
Not in Stress	72%	75%	77%
Moderate Stress	23%	21%	19%
Severe Stress	6%	4%	4%
Total Stress	28%	25%	23%
<b>Total Housing Stress (very low, low &amp; moderate income purchasers)</b>	<b>684 households</b>	<b>1,485 households</b>	<b>33,416 households</b>

Source: JSA 2023; ABS (2021) Census, counting dwellings, place of enumeration, by Total Household Income (weekly), by Rent (weekly) Ranges.

### 5.3.5 Implications of Housing Stress Analysis

Around 2,400 very low-, low-, and moderate-income households were in housing stress in Postcode 2540 at the time of the 2021 Census. Of these, 72% were renters. **The majority of households in housing stress were on very low and low incomes.**

Other research conducted recently by JSA in relation to attractive coast areas on the NSW South Coast, as well as analysis of recent rental affordability data above, indicate that this is likely to be far worse due to effects of the protracted COVID pandemic, and the increasing pressure on regional housing markets like the Shoalhaven.

The position of private renters on very low and low incomes is particularly serious in the context of the local housing market noting that, unlike purchasers, the position of such renters is more likely to deteriorate over time due to ongoing real increases in rents in the face of a relative stagnation of wages and benefits, and that they do not enjoy the capital gains or the more favourable housing cost to income ratios that accrue to many home purchasers over time.

## 6 Economics of the Development

### 6.1 Potential Affordable Housing Contribution

Sealark has been provided with preliminary financial modelling.

Preliminary calculations suggest there is an opportunity to make a significant contribution to affordable housing from the subject development, with a 10% contribution likely to result in the delivery of around 40 dwellings, assuming appropriate leveraging and depending on the type of dwelling constructed.

### 6.2 Comparative Land Prices

A relevant issue for consideration in the delivery of affordable housing is that of maximising potential affordable housing yield, for example, through consideration of locating some of the affordable housing in a more central and potentially lower cost area like Nowra-Bomaderry, which also has a range of higher order services needed particularly by older people.

The table below contains selected details for land sales since 1 January 2021 in the suburbs of Bomaderry, Nowra and South Nowra. Sales of 1 ha or more have been excluded.

There were no land sales during the period under investigation for Culburra Beach. However, as noted above, JSA has been advised that residential lots would likely sell for \$336,363 in the subject development. As such, it is likely that equivalent size lots would be significantly lower cost in Nowra-Bomaderry.

Table 6.1: Comparative land prices (Jan 2021 to May 2022)

	<b>Median Sales Price</b>	<b>Median area</b>	<b>Median price per m<sup>2</sup></b>
Bomaderry	\$255,000	556 m <sup>2</sup>	\$459
Nowra	\$246,000	565 m <sup>2</sup>	\$434
South Nowra	\$330,000	554 m <sup>2</sup>	\$586

Source: JSA 2022 from EAC RedSquare data base

## **ATTACHMENT B**

## Attachment B: Response to Issues Raised by Council

This attachment provides a response to issues raised by Shoalhaven City Council at Workshops with Council officers and elected representatives on Monday, 17 October 2022; Thursday 12 October 2023; and email correspondence from Council officers on Friday, 9 June 2023 (Gordon Clark, Section Manager – Strategic Planning); and Wednesday 2 August 2023, Friday 13 October 2023 and 10 November 2023 (Matthew Rose, Co-ordinator, Strategic Planning Team).

<b>Council confirmed support for:</b>	
1. The proposed 10% rate of provision for Affordable Rental Housing.	Noted and agreed.
2. Adoption of the statutory definitions for “affordable housing” and associated benchmarks.	Noted and agreed.
3. Integration of Affordable Rental Housing throughout the development.	Noted and agreed.
4. Partnering with Tier 1 Community Housing Provider’s and directly dedicating land to them.	Noted and agreed.
5. First right of refusal process for Community Housing Providers to purchase additional lots/land (at market value).	Noted and agreed.
6. Investigation/delivery of temporary affordable housing.	Noted and agreed.

<b>Council also recommended:</b>	
1. Early identification of potential land, lots, or dwelling for inclusion in the Strategy.	Included in the Strategy (see Strategies 8-14).
2. The assessed affordable housing need is used to determine the final number/ratio of 1-, 2-, and 3-bedroom dwellings.	This is now included in the Strategy (see Strategies 8-14). It is noted that ‘affordable housing need’ will be assessed in accordance with the quantum and nature of housing stress, as well as the waiting list/time for social housing, and assessment of need by the Tier 1 CHP.
3. Inclusion of contingency actions to deliver Affordable Rental Housing in case the	Included in the Strategy (see Strategy 7).

competitive process/collaboration with CHPs fails (e.g., developer delivered, monetary contribution).	
4. Confirming legal mechanisms to implement the Strategy (e.g., contract with Community Housing Provider, planning agreement) and a trigger/timeframe for the process.	Included in the Strategy (see Strategies 3-6).

<b>Council also noted the following:</b>	
1. Without the Background Paper, they were not able to comment on identified need, market conditions of the development's "capacity to pay".	The Discussion Paper has now been provided to Council, and is provided as Attachment A.
a. Understanding the need is important to understand if the proposed contribution of land to meet local demand (instead of a monetary contribution to meet demand elsewhere) is the best affordable housing outcome.	Need, and the rationale for Strategies proposed, are discussed in the Discussion Paper. This location and nature of the affordable housing contribution is also informed by consultation with and preferences of a Tier 1 CHP.
b. A rate of 10% based on number of dwellings (40 of 384) is commendable and better than most current developments. It is noted that the Greater Cities Commission is proposing a target of 20% and 30% is also being considered in other discussions. The ability to sustain a higher percentage is unknown, but would be preferable. Given there is no information on whether the proposed rate is based on the development's value, we have no understanding of the capacity to pay. This is likely to be a key issue/consideration that needs further work or information – is a higher % possible?	<p>It is noted that the dedication of land free of cost to a CHP is not being provided under an Affordable Housing Contribution Scheme under s 7.32 of the Act, as there is no rezoning/Planning Proposal. The land is already zoned residential. As such, the 'windfall profit' associated with rezonings or significant upzoning of land has already occurred.</p> <p>What is proposed is a form of voluntary contribution, and the lesser rate is appropriate under the economic scenario that applies to this land/development.</p> <p>It is also noted that the 10% will be affordable rental housing in</p>

	<p>perpetuity. In addition, other strategies such as right of first refusal on purchase of additional land by a CHP, and exploring the potential for temporary accommodation on land owned by Sealark will increase overall affordable housing, potentially well above the 10% guaranteed.</p>
<p>2. Check accuracy of information – Council’s Housing Monitor records 4,138 Households in housing stress - more than the cited 2,400.</p>	<p>At the time of the 2021 Census, there were 6,099 very low, low and moderate income households, including 4,628 renters) (ABS Census 2021). The 2,400 in housing stress reported in the Discussion Paper were just for Postcode area 2540, in which Culburra is located, and which is the primary target area for the Affordable Housing Strategy, although a wider area within the LGA will also likely benefit.</p>