

Evidence base for the Western Sydney Affordable Rental Housing Scheme

August 2023





Independent
insight.



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Introduction



Introduction

- The following report provides an evidence base to support the development of affordable rental housing contributions Schemes in Western Sydney.
- The evidence base has been prepared for the Western Sydney Planning Partnership (WSPP) which is made up of the following Councils:
 - Blacktown
 - Blue Mountains
 - Camden
 - Campbelltown
 - Fairfield
 - Hawkesbury
 - Liverpool
 - Penrith
 - Wollondilly
- Being the councils which are part of the Western Parkland City, and Blacktown
- The evidence base considers housing in the WSPP area and various indicators of rental affordability, as well as the underlying drivers of affordable housing supply.



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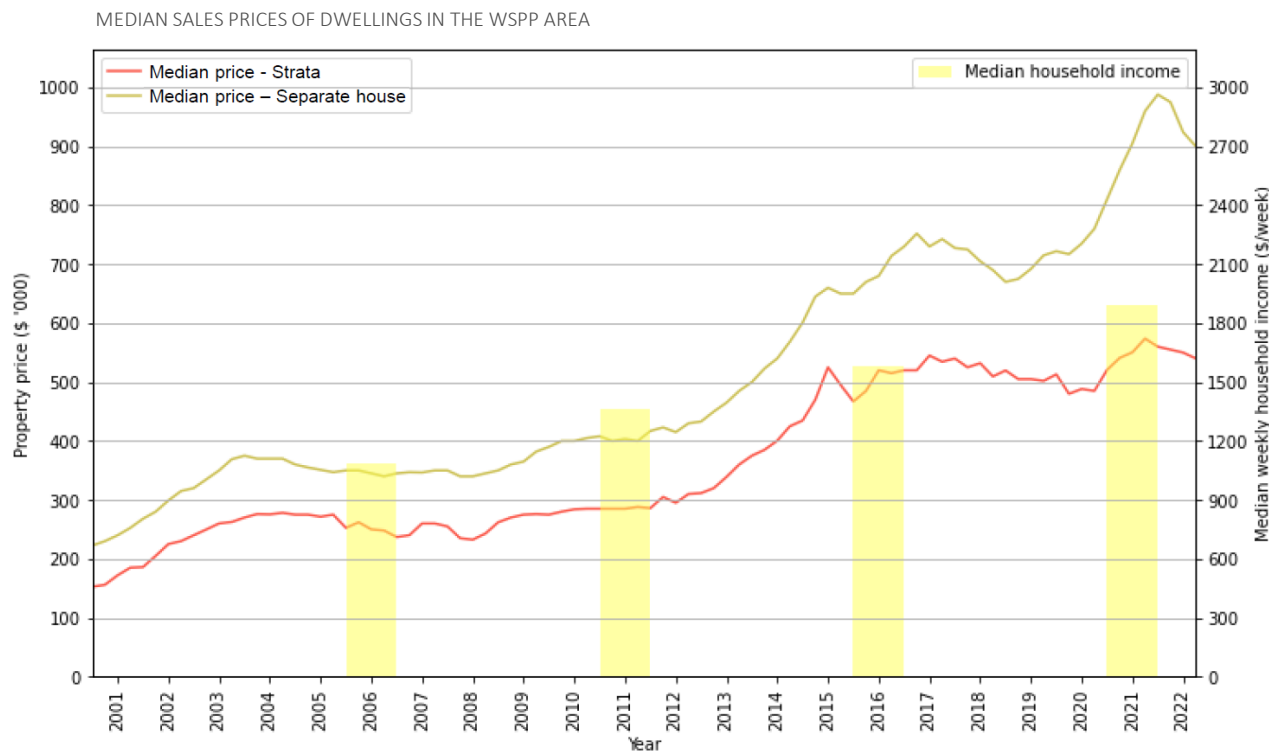
The case for affordable housing in Western Sydney

The case for affordable housing in Western Sydney

- A cost of housing crisis is growing in western Sydney. More affordable housing is needed to ease the cost pressures and stresses that an increasing share of the region's population is experiencing.
- Affordable housing is housing that is **priced for the needs of moderate to low-income households**, so that these households are also able to meet other basic living costs such as food, clothing, transport, medical care and education.
- When not enough affordable housing is available, housing stress occurs. This can limit the security of people's living arrangements and prevent households from living and working locally and independently. This **has the potential to undermine Western Sydney's core economic and social strengths, inhibiting both productivity and liveability**.
- Despite lower average housing costs to other parts of Sydney, [research by Wentworth Community Housing](#), amongst others, identify high rates of rental stress amongst **renting households in Western Sydney**. In recent years, the costs of buying and renting in Western Sydney have increased at a faster rate than household incomes.
- Homelessness has also increased significantly in Western Sydney since 2011, at a significantly greater rate than the state and national increases.
- Often, social and affordable housing is viewed as a 'social net' which avoids social costs associated with higher incidences of health issues and criminal activity.
- While this is an important justification for the provision of affordable housing stock, it also performs a key function in **allowing improvements in productivity and for social mobility to occur**. Through this frame, it can be viewed as vital **economic infrastructure**, in addition to its social role.
- For instance, where housing affordability for lower income households is an issue, workers may be pushed to outer-urban locations where cheaper rents might be found, but where there are also reduced opportunities for employment or education. Provision of well-located affordable housing can remedy this issue and provide **improved access to economic opportunity**.
- This is in addition to the clear social benefit of ensuring people have safe and secure places to live.

Housing unaffordability in dwelling sales

- The concept of **housing affordability** refers to the relationship between household income and the cost of housing. If housing costs rise faster than incomes, housing becomes less affordable.
- This is different to **affordable rental housing**, often referred to as **affordable housing**, which is rental housing offered at an affordable below-market rate (requiring a subsidy).
- Growth in dwelling sales prices between 2011 and 2021 overwhelmingly outpaced rises in incomes. This was particularly true for separate houses. However, affordability for dwelling purchase is closely linked with the cost of borrowing, with the cash rate falling from 4.75% at the beginning of 2011 to 0.1% in 2021. Rates began to increase again in 2022, and reached 4.1% in June 2023.



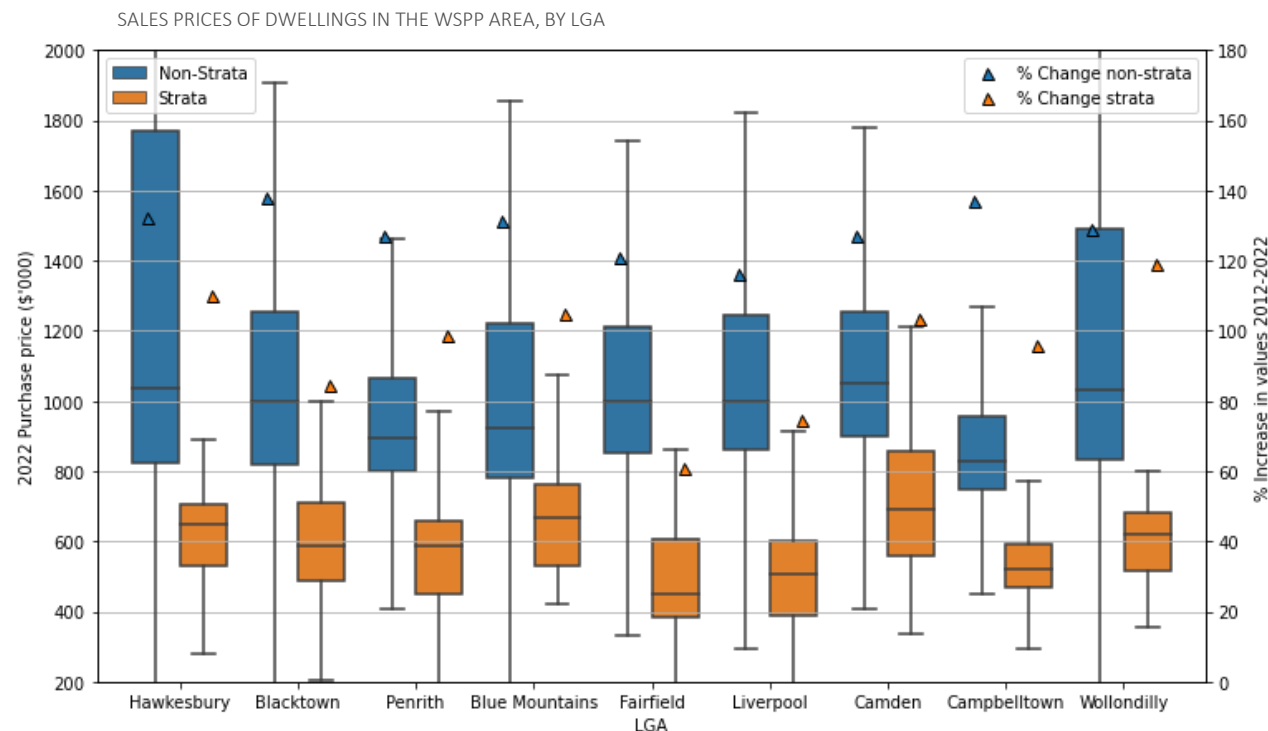
CHANGES IN DWELLING PRICES AND HOUSEHOLD INCOME BETWEEN 2011 AND 2021

	2011	2021	% Change
Median household income (\$/week, ABS census)	\$1,361	\$1,890	39%
Median non-strata dwelling sale price	\$402,000	\$885,000	120%
Median strata dwelling sale price	\$285,000	\$550,000	93%

Source: SGS Economics & Planning, 2023, ABS Census 2011, 2016, 2021, NSW Valuer General *Bulk Property Sales Data*

Housing unaffordability in dwelling sales

- Non-strata prices (generally being houses) for 2022 were mostly between around \$900,000 and \$1,000,000 with Campbelltown the lowest (and only one substantially outside of this range) at \$830,000.
- Strata prices (generally representing units and townhouses) were mostly between around \$500,000 and \$700,000 apart from Fairfield at the lower end (\$450,000).
- Camden and the Blue Mountains had the highest median prices for strata dwellings (\$690,000 and \$667,000 respectively). This is likely due to larger dwelling stock in those LGAs with fewer smaller, high-density typologies.
- Housing prices have increased substantially in all LGAs over the last ten years, with non-strata dwellings increasing by between around 120% - 140% (with particularly sharp increases since the start of COVID-19 as seen on the previous page).
- Prices for strata dwellings increased less, also still substantially. LGAs with larger shares of apartments (Liverpool, Fairfield and Blacktown) saw smaller increase of between 60 – 85%, while LGAs where most strata dwellings are townhouses had larger increases of between 95% - 120%.



Source: SGS Economics & Planning, 2023, NSW Valuer General *Bulk Property Sales Information*

The box-and-whisker plot above shows the prices of dwellings in the WSPP LGAs in the 2022 calendar year (right side axis), as well as the 2012-22 price changes as a percentage (left side axis).

Median dwelling prices are shown in the middle of the box as a line, with the upper and lower limits of that box indicating the first and third quartiles of the data – that is, the boxes represent the middle 50% of all sales in the LGA. The 'whiskers' above and below each box then represent the outlying data, which indicates the range of sales in the LGA.

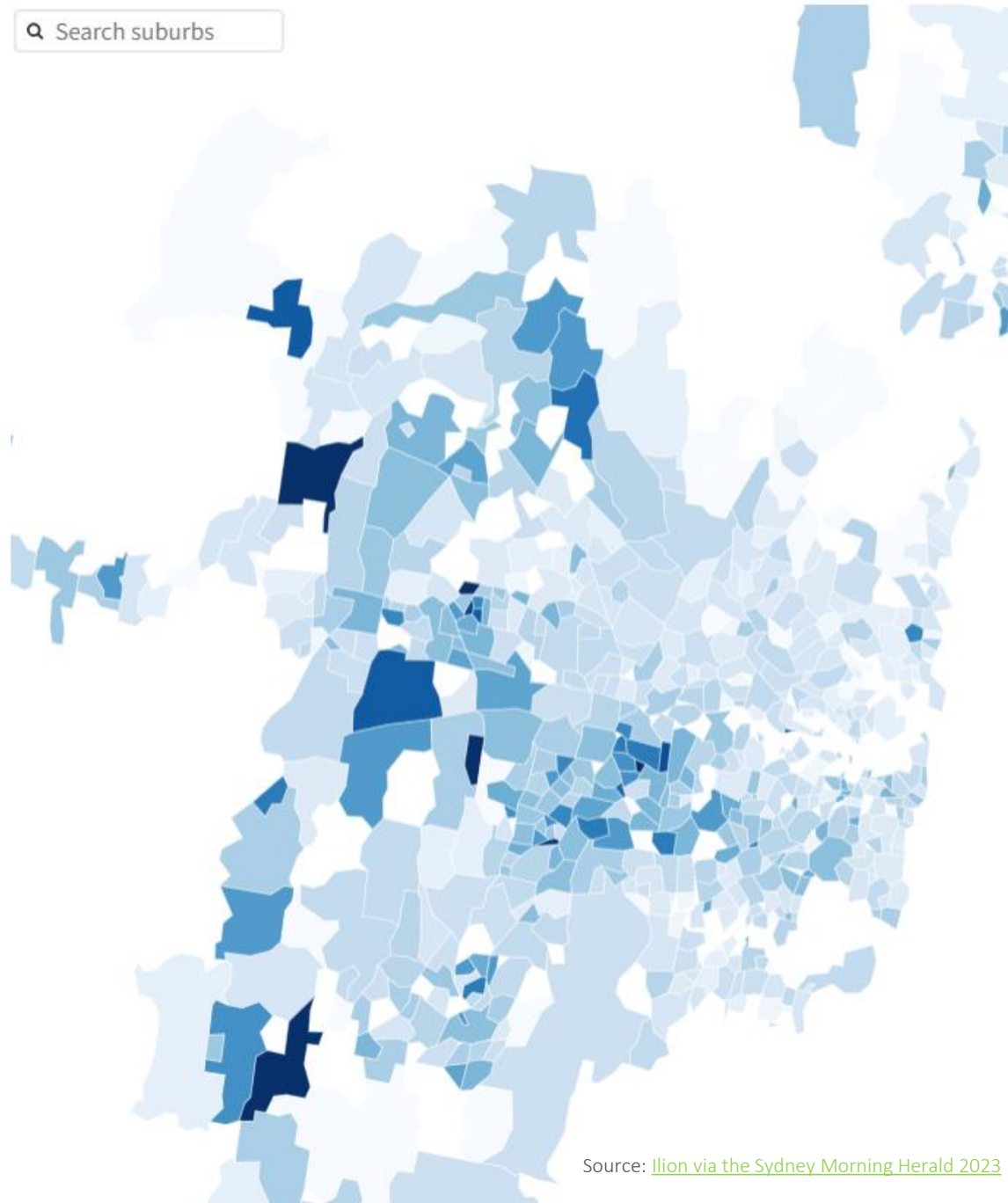
For instance: the median price of a house in the Hawkesbury in 2022 was ~\$1.05m, with the price quartiles being ~\$1.78m and ~\$820k, which illustrates the range of prices in the LGA in 2022. Between 2012 and 2022, house prices in the Hawkesbury also increased by around 130%.

Current % 0.1 2.5

Q Search suburbs

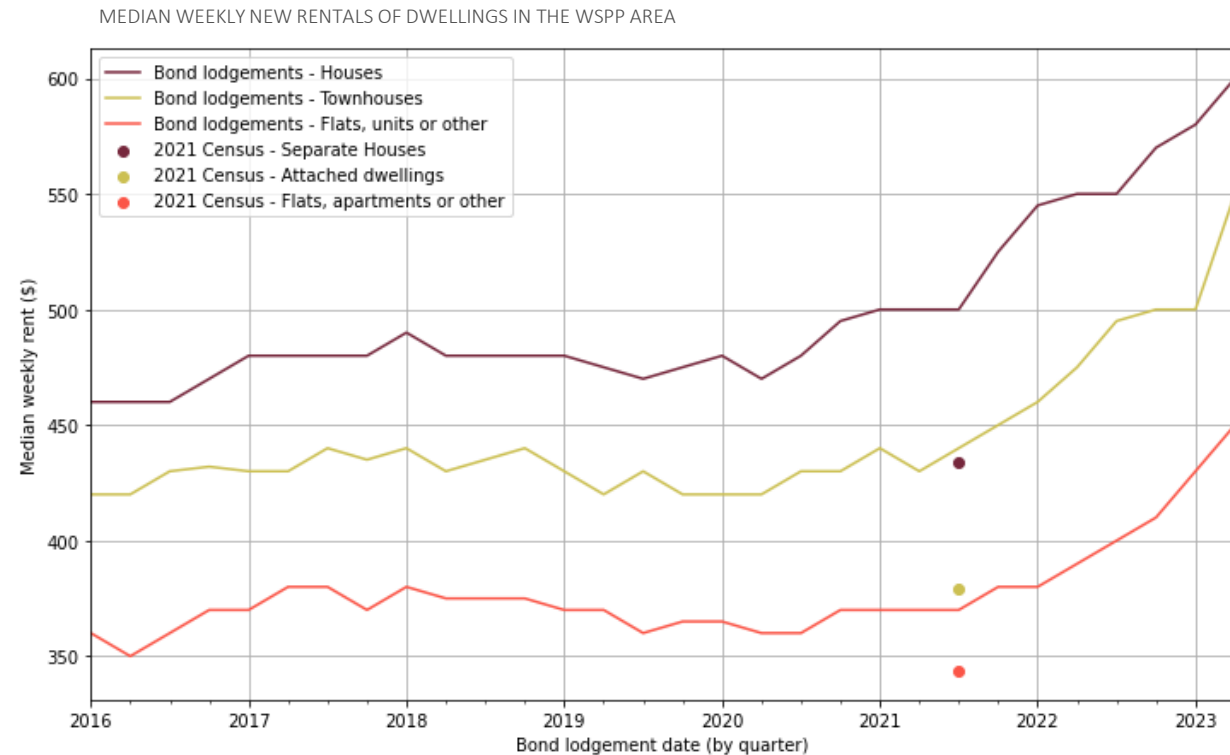
Mortgage stress

- Data from credit firm Ilion in February 2023 indicated that 0.63% of home loans in Sydney were overdue by more than 30 days in December 2022.
- These percentages were higher in the Western Sydney region – as shown in the map - given the preponderance of first home buyer and other households in the area who purchased dwellings at high leverage when interest rates were very low.
- Higher mortgage interest rates, in combination with a lack of wage growth, are thus likely to be contributing to higher incidences of mortgage stress in the WSPP region.



Recent trends in residential rentals

- New rental agreements in the study area since the last quarter of 2021 have seen significant increases. The figure on the right shows the median weekly rent of new residential leases within the study area, as shown in residential bond lodgements.
- **Census data** is a measure of all rents being paid at the time of the Census (including those for social housing), but **rental bond data** includes only new leases and predominantly only the private rental sector, and so indicates the private rental market at the point in time.
- The increase in rentals on new leases places pressure on households who are either signing a new lease, or who are moving – this means that increased market rental prices affect a growing proportion of the overall rental market as time passes.
- Leases are typically signed at six or twelve months, whereupon the rent can be renegotiated. Lessors can also increase rents on a twelve-monthly basis.
- Growth in incomes has not kept pace with these rental increases – average full time total earnings in NSW increased by only 3.2% between May 2021 and November 2022 ([ABS 2022](#)). This means that increasing rents are creating additional rental stress in the market.
- [Realestate.com report](#) that five of the top ten suburbs in NSW with the highest rental pressures are in western Sydney (Bankstown, Auburn, Punchbowl, Lakemba, and Greenfield Park – Prairiewood).

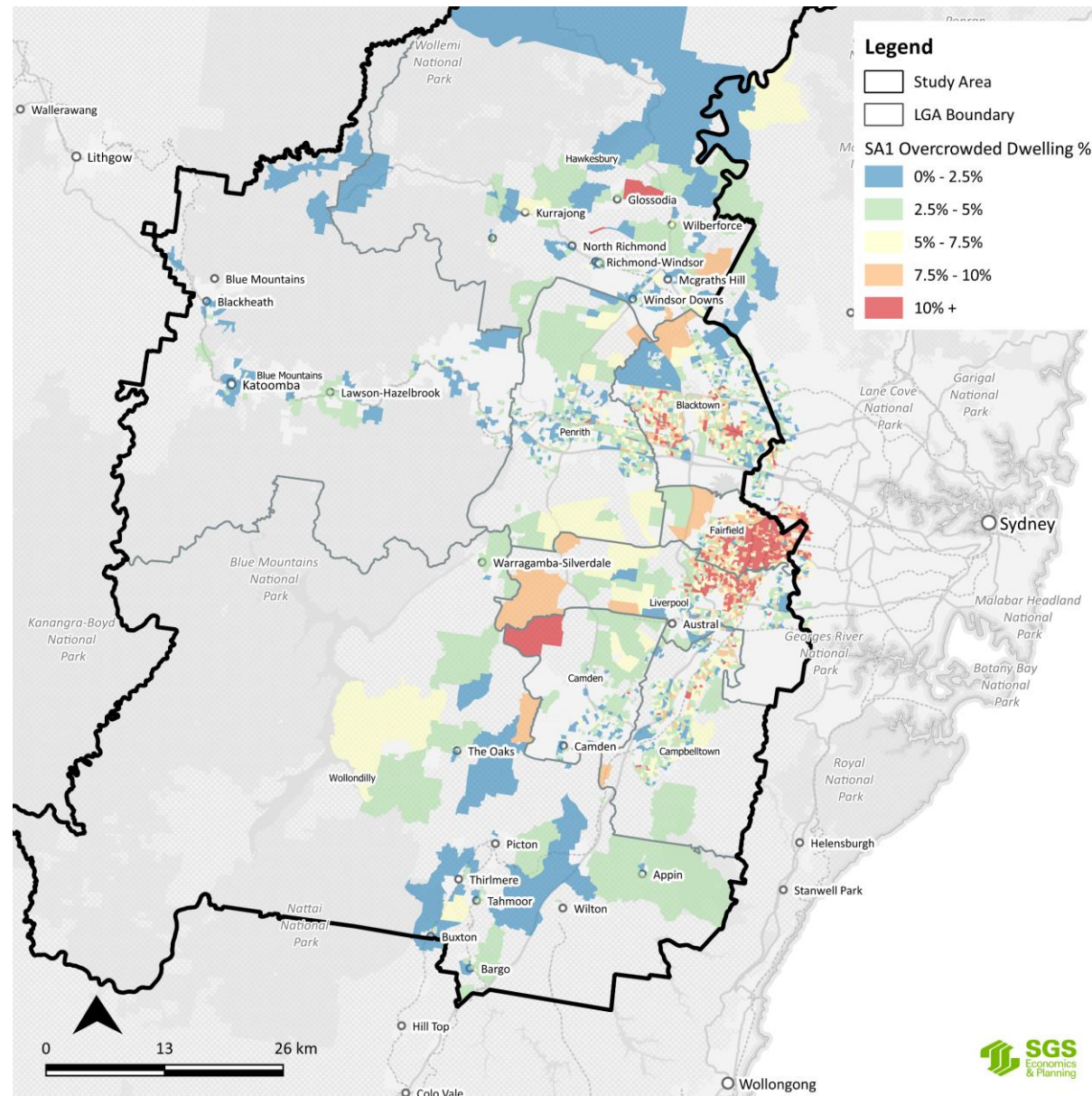


Source: SGS Economics & Planning, 2023, NSW Fair Trading *Rental Bond Data*, ABS Census 2021

Overcrowded dwellings

- Overcrowding is one result of housing unaffordability, with people forced to live in smaller dwellings as they cannot afford a larger one.
- Overcrowded dwellings are identified as households which require one or more additional bedrooms to accommodate the household
- Severely overcrowded dwellings are those which require four or more additional bedrooms
- Most areas in the WSPP have a small percentage of dwellings which are overcrowded, however, there are some clusters with up to 15% of total dwellings being overcrowded.
- Clustering around Fairfield, Liverpool and Blacktown can be seen in more intense urban areas, especially those located nearby to transport linkages such as train stations. This is illustrated on the more detailed maps on the following pages

OVERCROWDED DWELLINGS IN THE WSPP AREA



Source: ABS Census 2021

Overcrowded dwellings

- At the LGA level, the highest rate of overcrowding exists in Fairfield, where 1 in 8 dwellings has some overcrowding, and 1 in 440 dwellings are severely overcrowded.
- The region's overall overcrowding rate is 5.7%, with severe overcrowding at 0.09% (408 dwellings with severe overcrowding). Fairfield, Blacktown, and Liverpool have rates of overcrowding above the WSPP average rate.
- Considering tenure, overcrowded dwellings are more likely to be rented: 54% of all overcrowded dwellings are rented, compared to 31% of study area dwellings.
- Considering dwelling type:
 - Houses are more likely to be severely overcrowded (representing 86% of all severely overcrowded dwellings and 79% of all dwelling stock)
 - Apartments are more likely to be overcrowded (15% of all overcrowded dwellings compared with 9% of dwelling stock).

Source: ABS Census 2021

OVERCROWDED DWELLINGS IN THE WSPP AREA

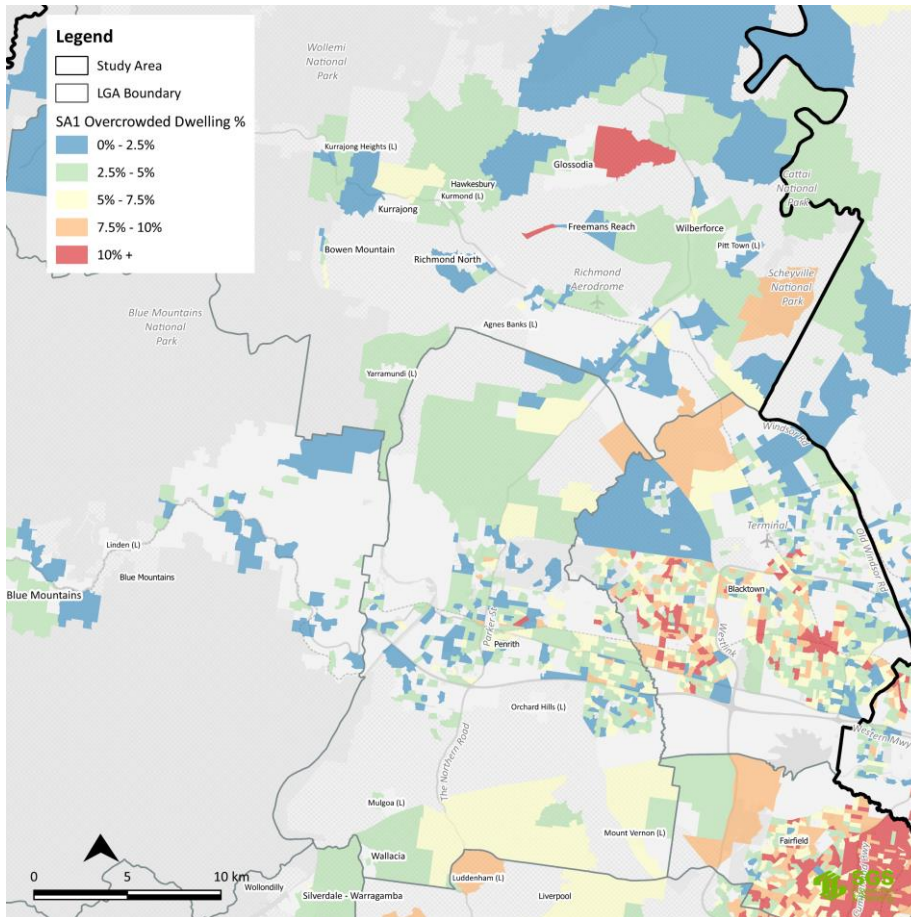
Municipality	Severely overcrowded	% of total dwellings	Total overcrowded	% of total dwellings
Blue Mountains	3	0.01%	438	1.5%
Camden	9	0.03%	742	2.1%
Campbelltown	49	0.09%	2,957	5.4%
Blacktown	103	0.09%	6,800	5.8%
Fairfield	133	0.23%	7,406	12.6%
Hawkesbury	14	0.06%	567	2.6%
Liverpool	61	0.09%	5,004	7.5%
Penrith	29	0.04%	2,468	3.5%
Wollondilly	7	0.04%	353	2.1%
Study area	408	0.09%	26,735	5.7%

Tenure mix for overcrowded dwellings	Renter	Owner	Mortgagee	Other
% of severely overcrowded dwellings	50.9%	11.0%	34.6%	3.4%
% of all overcrowded dwellings	54.0%	11.6%	32.6%	1.8%
% of all dwellings	31%	24%	38%	7%

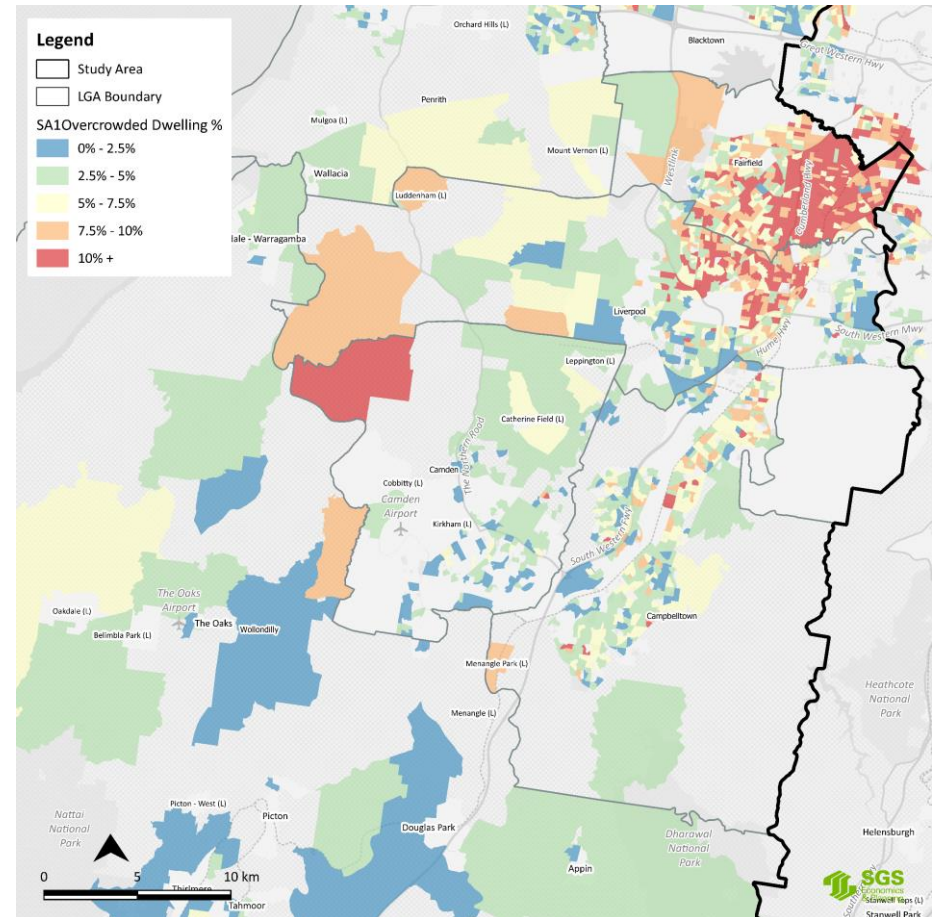
Dwelling type for overcrowded dwellings	House	Semi	Apartment	Other
% of severely overcrowded dwellings	86.8%	8.5%	4.8%	0.0%
% of all overcrowded dwellings	70.3%	13.8%	15.6%	0.3%
% of all dwellings	79%	11%	9%	0%

Overcrowded dwellings

OVERCROWDING OF HOUSING – NORTHERN AREA OF REGION

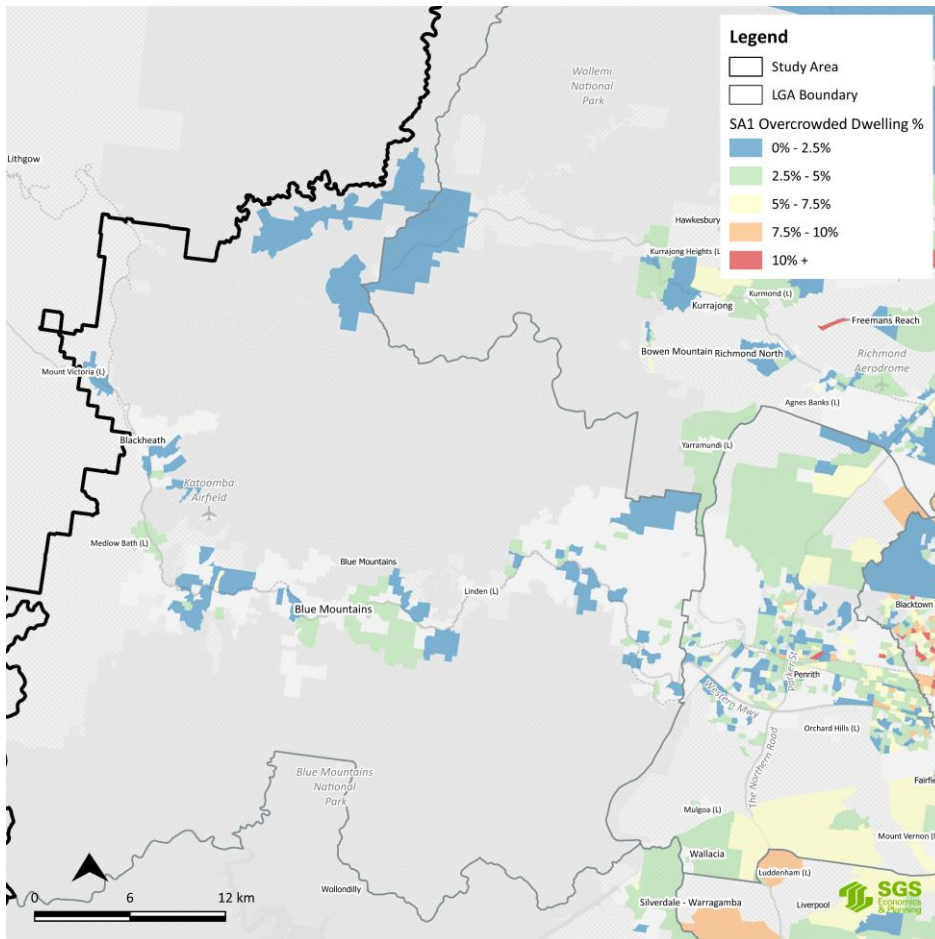


OVERCROWDING OF HOUSING – SOUTHERN AREA OF REGION



Overcrowded dwellings

OVERCROWDING OF HOUSING – WESTERN AREA OF REGION





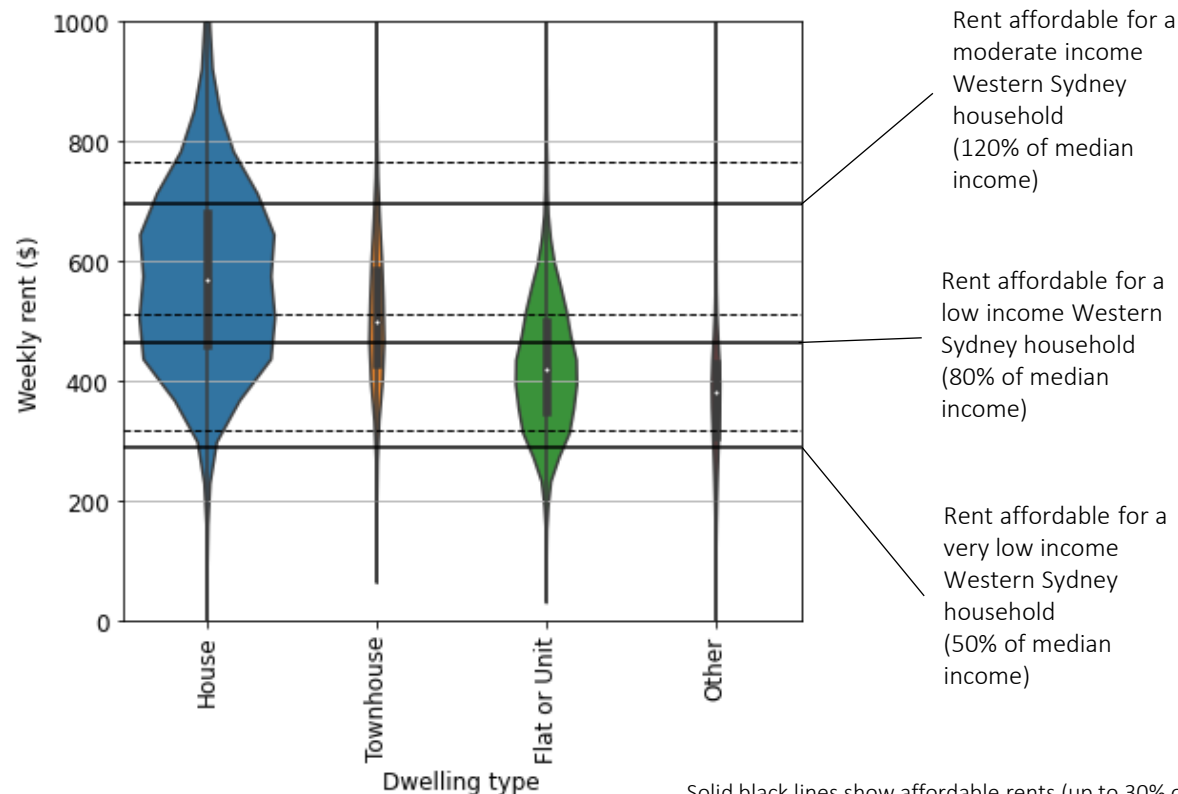
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Supply of private market affordable rental housing

Housing in the private rental market

- The graph on right illustrates the distribution of rents by type of dwelling for new leases during the most recent 12 months of data (May 2022 – April 2023). It also shows indicative rental prices affordable for Western Sydney households at various income points (2021 census data used, as well as ABS wage index to infer incomes in 2022).
- Houses are the most common and least affordable typology in the private rental market. As a result, large households (for example families with several children) on very low incomes are likely to have difficulty finding affordable rental housing.
- Flats, units and other dwellings are relatively more affordable, with a significant proportion of units available that would be affordable to households on low incomes. There are fewer that would be affordable for those on very low incomes.
- While there are existing private rental dwellings affordable to household on low or moderate incomes, new rental stock is typically more expensive. The supply of relatively affordable private rental housing is unlikely to increase substantially.

DISTRIBUTION OF RENTALS FOR DIFFERENT DWELLING TYPES IN THE WSPP AREA



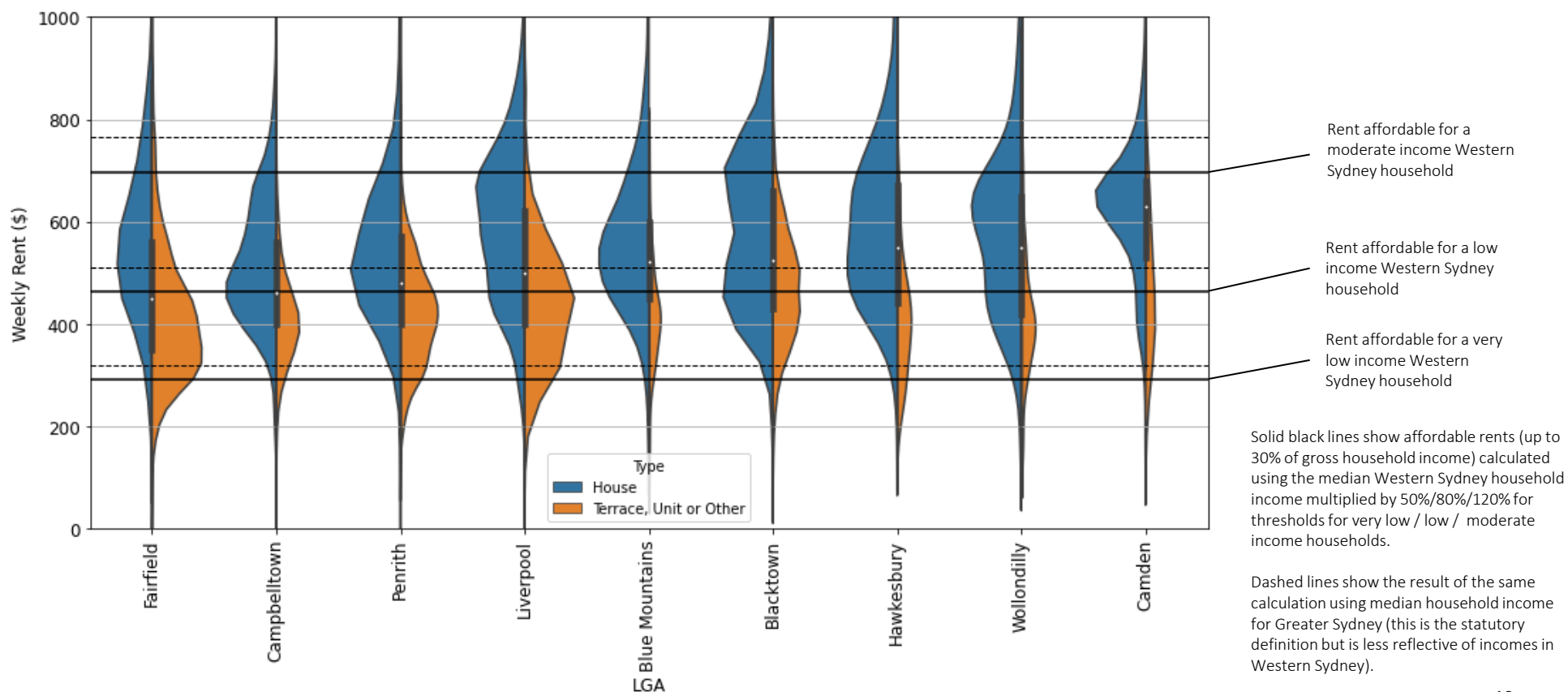
Source: SGS Economics & Planning, 2023,
ABS Census 2021, NSW Fair Trading *Rental Bond Data 2022*

Solid black lines show affordable rents (up to 30% of gross household income) calculated using the median Western Sydney household income multiplied by 50%/80%/120% for thresholds for very low / low / moderate income households.

Dashed lines show the result of the same calculation using median household income for Greater Sydney (this is the statutory definition but is less reflective of incomes in Western Sydney).

Housing in the private rental market

- The figure below shows the distribution of rental prices and dwelling types for housing in the study area LGAs for new leases signed between May 2022 – April 2023
- Houses are more common and expensive across all LGAs, with a greater proportion of units affordable for households with low and very low incomes.
- Some LGAs are significantly more expensive than others. Housing is available at a broad range of rents in all LGAs, with greater variation in rents in areas with more units. More information on spatial variation in affordability is contained in the next section.



Housing in the private rental market

The tables below illustrate the distribution of rental prices and dwelling types for the WSPP LGAs, and the proportion of households which fall into each income category.

Only a very small proportion of the WSPP rental houses (1% to 2%) would be affordable to a very low income household, even though they make up 24% of all households in the WSPP Study Area.

For terraces and units, there is a slightly larger proportion (up to 17% in Hawkesbury) which would be affordable for a very low income household, however, these dwellings are unlikely to be suitable for larger families.

For low-income households, which make up 16% of households in the Study Area, less than a third of all houses are affordable (24% across the WSPP study area), and more than half of units (61% across the study area).

Most houses, and the vast majority of terraces, units and other dwellings would be affordable for moderate income households.

This indicates a **profound disconnect** between the incomes of a large proportion of households in the WSPP area, and the market rentals of the area.

	Houses affordable for...			Terraces, units, other affordable for...		
LGA	Moderate income households	Low income households	Very low income households	Moderate income households	Low income households	Very low income households
Blacktown	69%	24%	1%	97%	48%	4%
Blue Mountains	83%	21%	1%	99%	74%	6%
Camden	74%	10%	0%	95%	59%	3%
Campbelltown	90%	33%	2%	99%	77%	5%
Fairfield	82%	26%	2%	96%	71%	12%
Hawkesbury	72%	21%	0%	97%	72%	17%
Liverpool	71%	20%	2%	98%	58%	8%
Penrith	87%	27%	1%	99%	67%	9%
Wollondilly	78%	23%	2%	95%	70%	9%
WSPP	78%	24%	1%	97%	61%	7%

	Moderate income households	Low income households	Very low income households
% WSPP Households in income category	19%	16%	24%

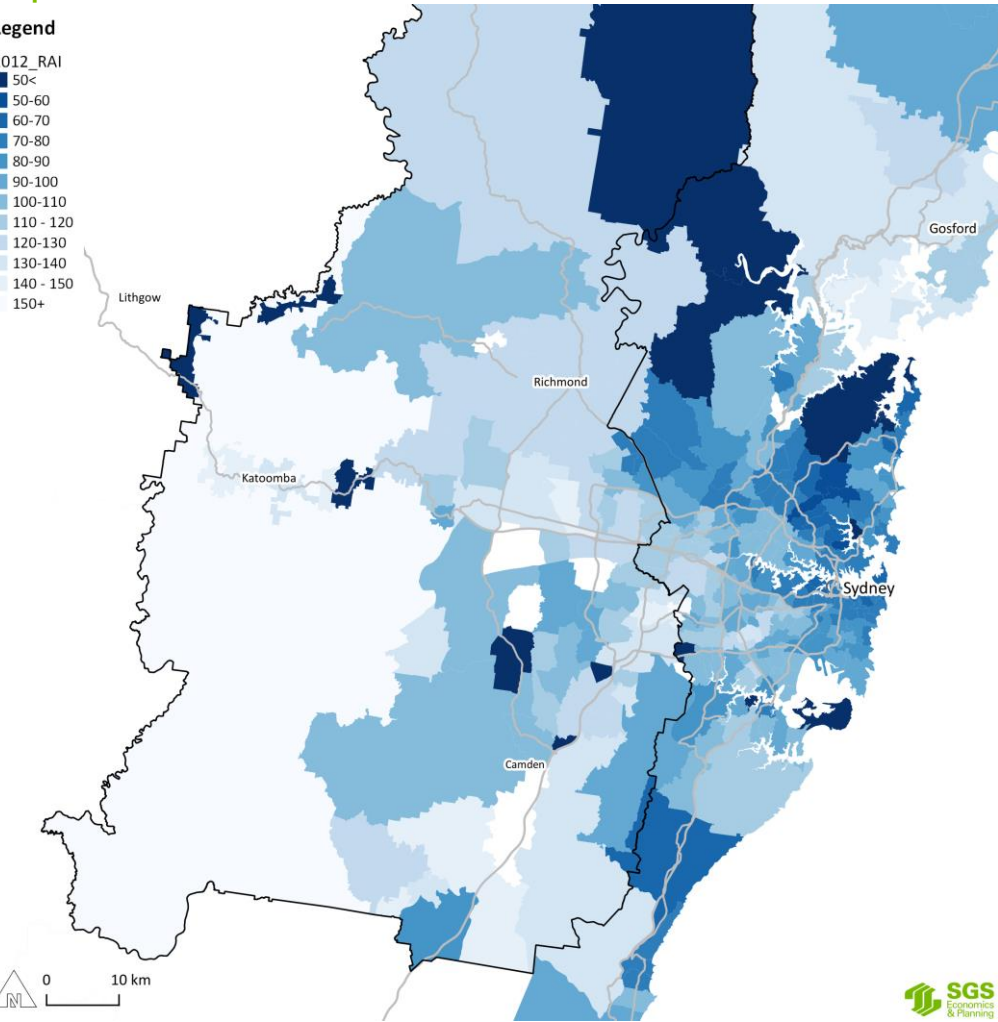
Source: SGS Economics & Planning, 2023, ABS Census 2021, NSW Fair Trading *Rental Bond Data 2022*

Rental Affordability

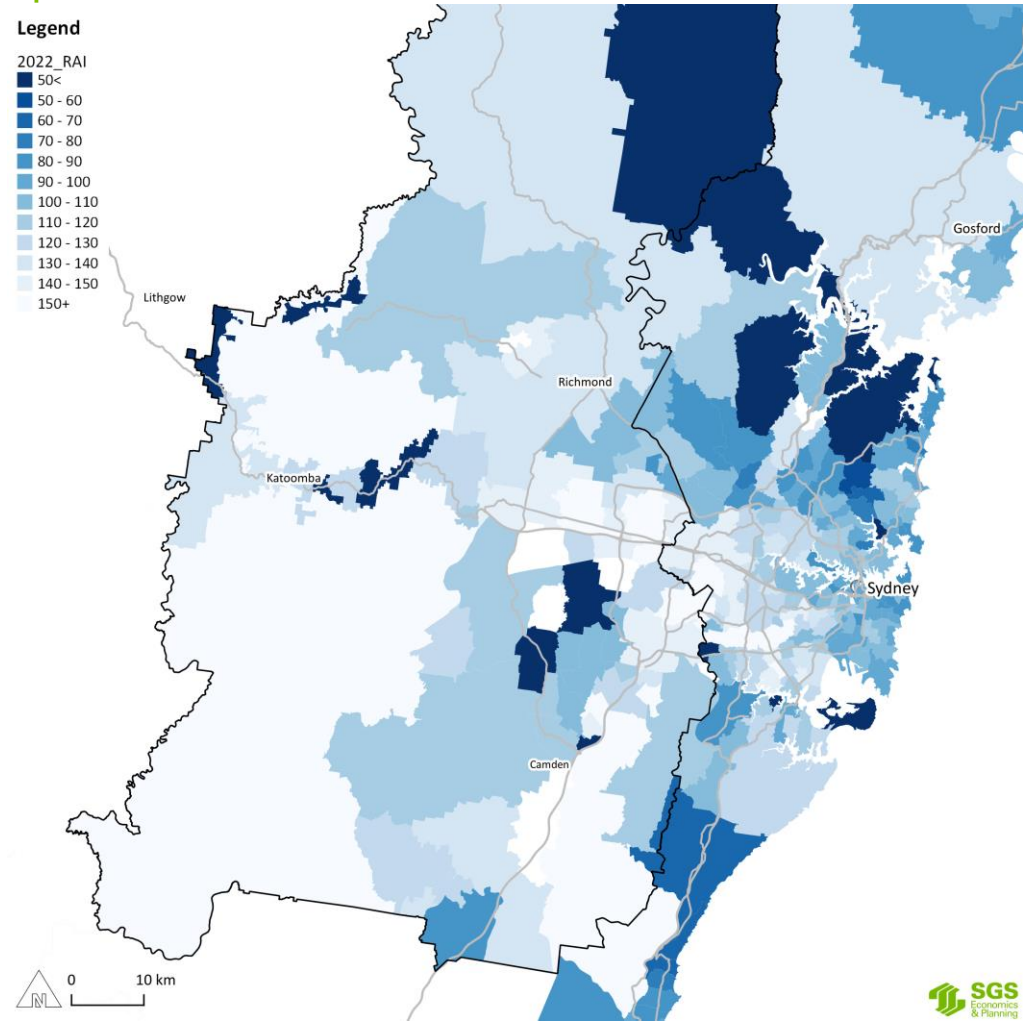
- The [Rental Affordability Index](#) (RAI) uses the median rental household income for Greater Sydney to consider the relative affordability of rentals in different areas. The Index compares median income to median new rental prices for a given quarter.
- A RAI of 100 indicates that the median household would pay 30% of their income for the median rent in a given geography; where the Index falls below 50, a household would be paying more than 60% of their income in rent and this is considered extremely unaffordable. Where the Index is over 150, the median household would be paying 15% or less of their income in rent.
- The maps overleaf compare rental affordability in Q2 (April to June) of 2012 to Q2 2022, which is the most recently available data. It illustrates that the broad patterns of affordability have not undergone significant change, but there has been a reduction in the overall proportion of Western Sydney with relatively affordable rents, when compared with Greater Sydney as a whole.
- It should be noted that the analysis does not take the size of dwellings into account – as discussed previously, units are more affordable than houses, and thus the areas with higher proportions of units thus appear as more affordable in the geographic analysis.
- The RAI is updated annually around November. As discussed previously, **new rental prices have risen significantly since 2022, without a commensurate increase in average earnings, which suggests that rental affordability has worsened since this analysis was completed.**

Rental Affordability

April-June 2012



April-June 2022



Alternative affordable typologies - Secondary Dwellings

Dwelling development data was provided by the individual councils in varying formats of approvals and completions.

Broadly speaking, there has been increasing or steady building activity of secondary dwellings.

The number of separate houses in each LGA provides context to the number of secondary dwelling, whether approved or completed. More comprehensive data on secondary dwellings would enable a better understanding of their role in the WSPP area.

Given the quality of data as a limitation:

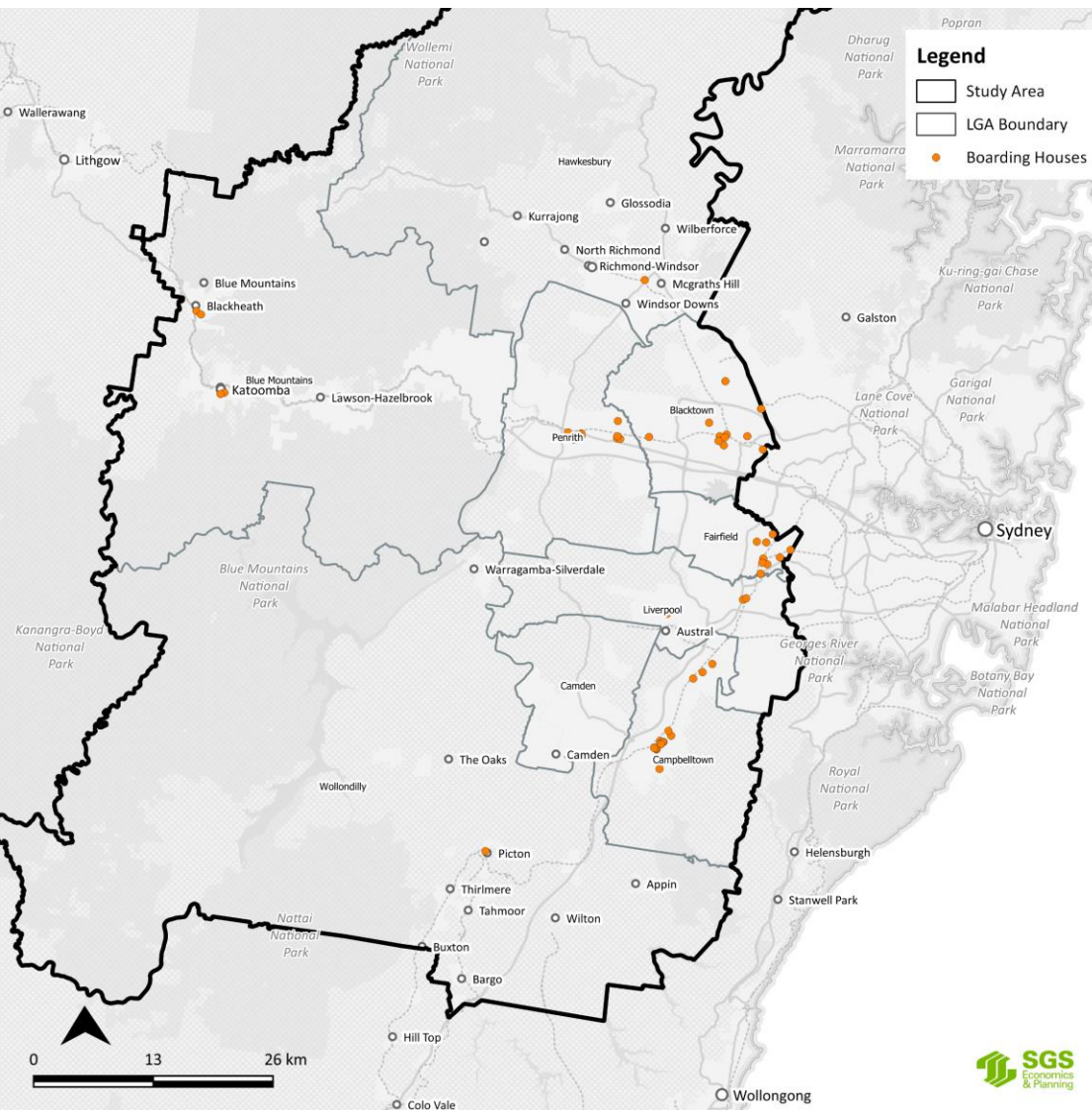
- Fairfield has the highest overall proportion of secondary dwellings approved (approximately 9.4%), with Wollondilly having a lower proportion (approximately 4.4%). Fairfield, the Blue Mountains, and Wollondilly have the most comprehensive historic data.
- Campbelltown has similar approvals and overall dwellings to Fairfield, which indicates that there may be a significant proportion of secondary dwellings, however the limited data does not enable this to be fully explored
- Despite the Blue Mountains LHS indicating that secondary dwellings are a major component of future stock, there is limited evidence in past completion rates
- Blacktown, Camden, and Liverpool appear to have similar rates of secondary dwellings as a proportion of stock (~2.5%)

Secondary dwellings										
Year	Blacktown	Blue Mountains	Camden	Campbelltown	Fairfield	Hawkesbury	Liverpool	Penrith	Wollondilly	Total
Type	Completions	Completions	Completions *Approvals	Approvals	Approvals	Approvals	Completions *Approvals	Approvals / Completions	Approvals	
2009		1							0	1
2010		0							0	0
2011		1			129				0	130
2012		2			163				0	165
2013		6			250				1	257
2014		3			384				5	392
2015	42	6	74		512	2	117	298 / 125	7	760
2016	543	24	160		557	7	139	348 / 230	36	1,466
2017	645	21	224		621	14	158	332 / 260	125	1,808
2018	625	16	184		542	14	141	302 / 262	126	1,648
2019	410		76 *140		370	9	137	233 / 168	111	1,177
2020	*334		*162		347		*196	201 / 169	64	967
2021	*351		*156	295	304		*198	134 / 178	134	1,265
2022	*389		*162	292	333		*258	226 / 139	166	1,350
Total	3,339	80	1,065	587	4,512	46	1,344	1,531	775	13,279
Existing separate houses – approximate comparison to secondary dwelling approvals/ completions										
Number of existing separate houses (2021)	106,857	32,174	36,409	48,444	47,796	21,863	54,822	61,926	17,803	428,094
Secondary dwelling approvals or completions as % of all existing separate houses	3.1%	0.2%	2.9%	1.2%	9.4%	0.2%	2.5%	2.5%	4.4%	3.1%

Affordability outcomes of secondary dwellings

- Secondary dwellings are often viewed as providing relatively affordable accommodation.
- Research for SSROC has examined what secondary dwellings are used for and whether they increase supply of relatively affordable housing. Findings are likely to be similar for Western Sydney.
- Many (around 4 in 10) secondary dwellings are used as an extension to the main dwelling, and so do not increase the overall number of dwellings
- Around 1 in 10 secondary dwellings are used for short term accommodation, and so do not cater to long term residents in need of relatively affordable housing. Airbnb listings were also found to be a minor driver of uptake of secondary dwellings. This indicates that in areas with higher tourism, such as the Blue Mountains, secondary dwellings may be used for short term accommodation at higher rates.
- The remaining dwellings (around half) are occupied by separate households to the main dwellings, in most cases through the rental market. These dwellings add to overall rental supply, however many are rented informally.
- Rents for secondary dwellings are generally not affordable for low-income households and almost all low-income households living in secondary dwellings are in rental stress, so secondary dwellings do not increase the supply of relatively affordable rental housing.
- Secondary dwellings increase the flexibility of existing dwelling stock, but do not meet the objective of legislation of increasing affordability.

Source: [Secondary Dwellings in Central and Southern Sydney](#), SSROC, May 2020



Alternative affordable typologies - Boarding Houses

- There are 63 registered boarding houses in Western Sydney, providing transitory accommodation options for people with low incomes and limited other choices.
- The boarding house register does not include occupancy data, but boarding houses are generally 2 storeys or higher and contain a minimum of 5 bedrooms with shared facilities.
- Within the WSPP, most registered boarding houses are located within Penrith and Campbelltown, where there are 16 boarding houses each.
- Registered boarding houses are generally located nearby public transportation and utility links and within centres.

Blacktown	12
Blue Mountains	5
Camden	0
Campbelltown	16
Fairfield	9
Hawkesbury	1
Liverpool	3
Penrith	16
Wollondilly	1

Source: SGS 2023, NSW Boarding House Register 2023

Affordability outcomes of boarding houses

- Comparing the number of registered boarding houses with the number of recent development applications or completions for boarding houses shows that there are many more applications.
- While traditional boarding houses have been developed, many applications made up to the end of 2021 were for 'new generation boarding houses' with self contained studios in an apartment-style development. These applications were made under the previous **Affordable Rental Housing SEPP (2009)** which provided density bonuses for boarding houses in to incentivise the development of affordable housing.
- Research by the City Futures Research Centre for SSROC shows that many 'new generation boarding houses' received planning approval as boarding houses, but are run as private rental housing and do not provide affordable rents.
- This is consistent with the difference between approvals and number of registered boarding houses in Sydney – this difference can be explained by many of the boarding houses not being registered. These may not provide affordable accommodation in line with policy objectives.
- In November 2021, the **Housing SEPP (2021)** replaced the **Affordable Rental Housing SEPP (2009)**. Amongst the changes was a new requirement that boarding houses would need to be managed by a community housing provider and remain as affordable rental housing in perpetuity.
- The new policy appears to have significantly impacted on boarding house applications, with few to no applications being submitted in 2022 and 2023.

Sources: NSW Boarding House Register; Councils approvals data; Affordable housing in Central and Southern Sydney, City Futures Research Centre for SSROC, June 2018

REGISTERED BOARDING HOUSES AND RECENT APPROVALS, BY LGA

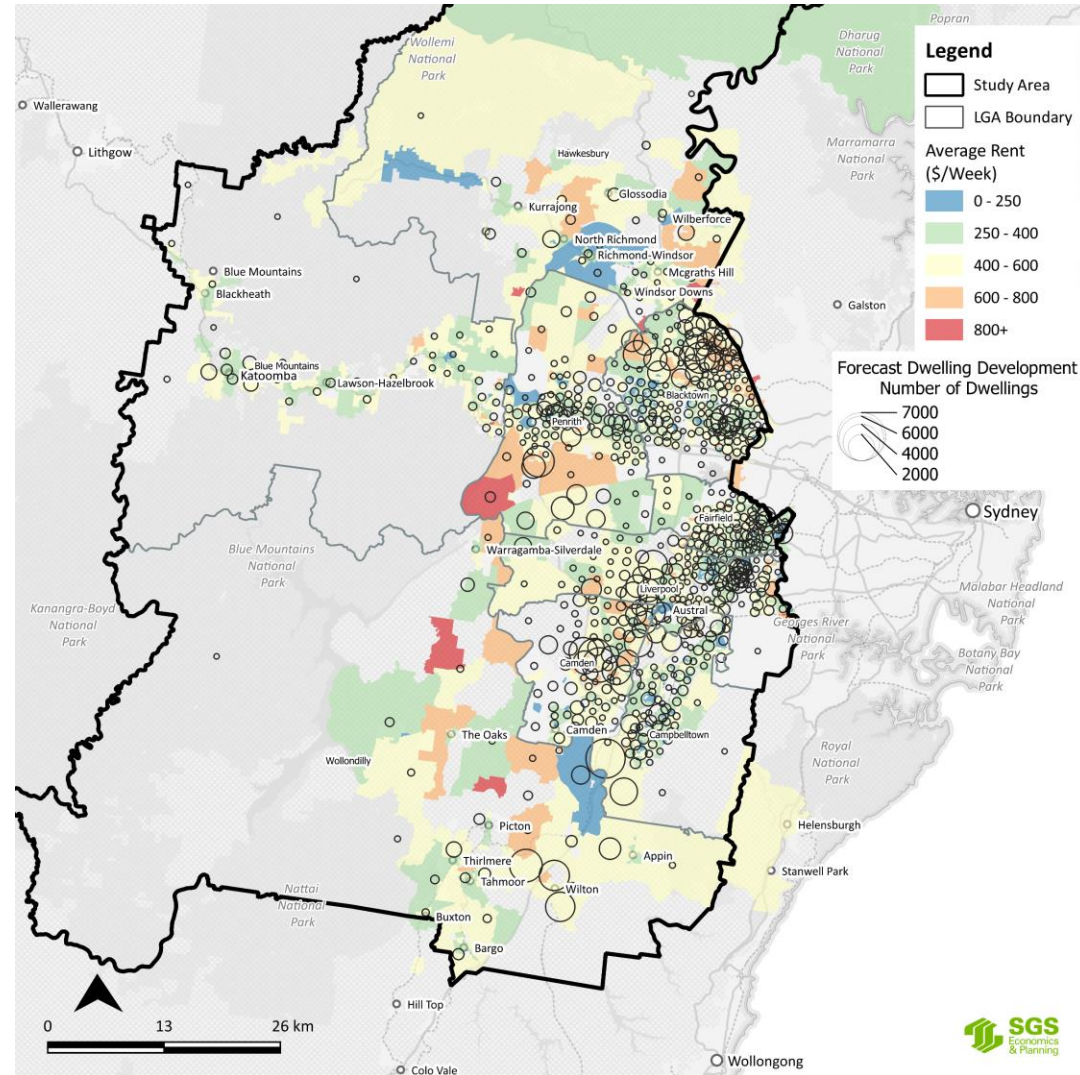
LGA	Registered boarding houses	Recent boarding house applications (over five years)	Boarding house rooms in applications
Blacktown	12	40 applications 18 approved 22 refused, withdrawn, or deferred	248 rooms approved 213 rooms refused, withdrawn, or deferred
Blue Mountains	5	Data not provided	
Camden	0	1 application	12 rooms in application
Campbelltown	16	15 approved	220 rooms approved
Fairfield	9	Data not provided	
Hawkesbury	1	Data not provided	
Liverpool	3	8 approved	140 rooms approved
Penrith	16	46 applications 24 approved / 21 refused or withdrawn / 1 under assessment	332 rooms approved 454 rooms refused or withdrawn 19 rooms under assessment
Wollondilly	1	0	0
Total	63		

Source: NSW Boarding House Register, Development data provided by councils

Potential displacement of relatively affordable rental housing by future development

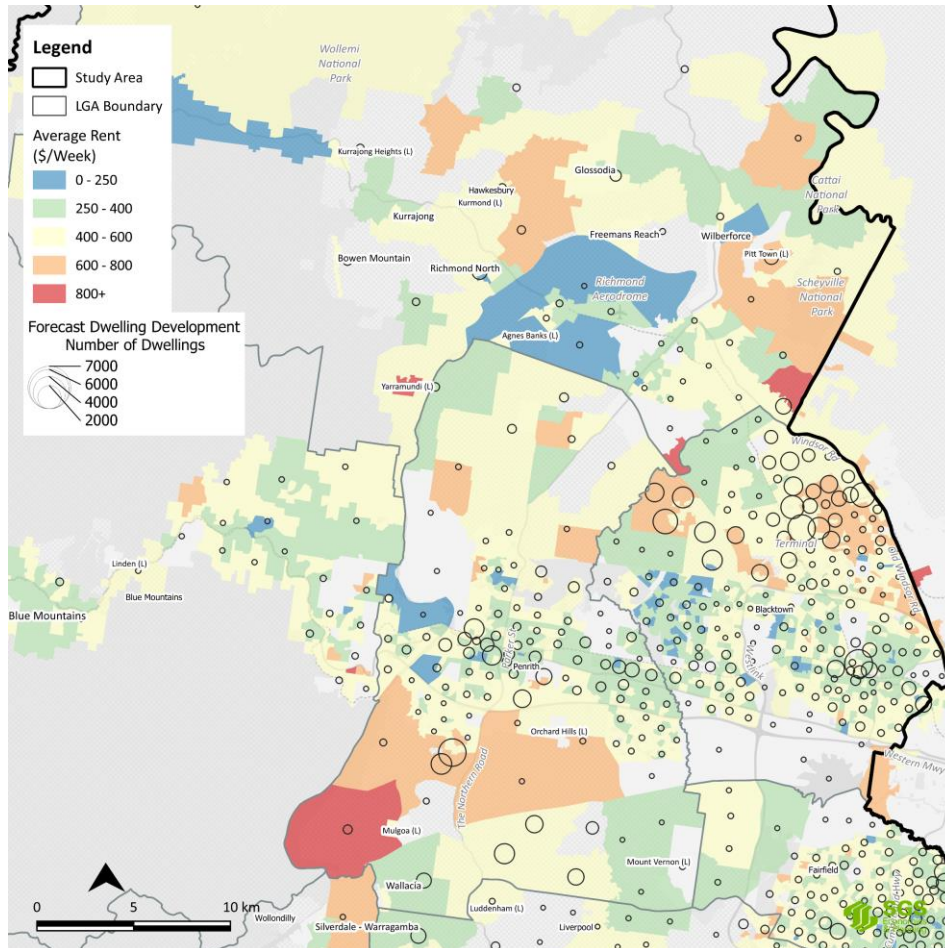
- Some areas of Western Sydney currently have relatively affordable rents, and redevelopment in these areas has the potential to replace these relatively affordable rental dwellings with more expensive dwellings, displacing lower income households.
- Mapping average rents against development forecasts by Transport for NSW shows where a combination of low rents and expected development creates this risk.
- More detailed maps are shown on the following pages.
- In the metropolitan rural area (most of Wollondilly, Blue Mountains and Hawkesbury), rents are generally moderate. Development in these areas is also likely to be in greenfield contexts, which is unlikely to result in the widespread loss of relatively affordable rentals.
- There are clusters of future development and low rents indicating potential displacement at Liverpool CBD, Penrith, Blacktown CBD, Miller and surrounds, Bonnyrigg, and Campbelltown-Macarthur. In these areas, there may be loss of relatively affordable rental as infill redevelopments take place.

Source: ABS Census 2021; Transport for NSW 2022 T2P22 Forecasts

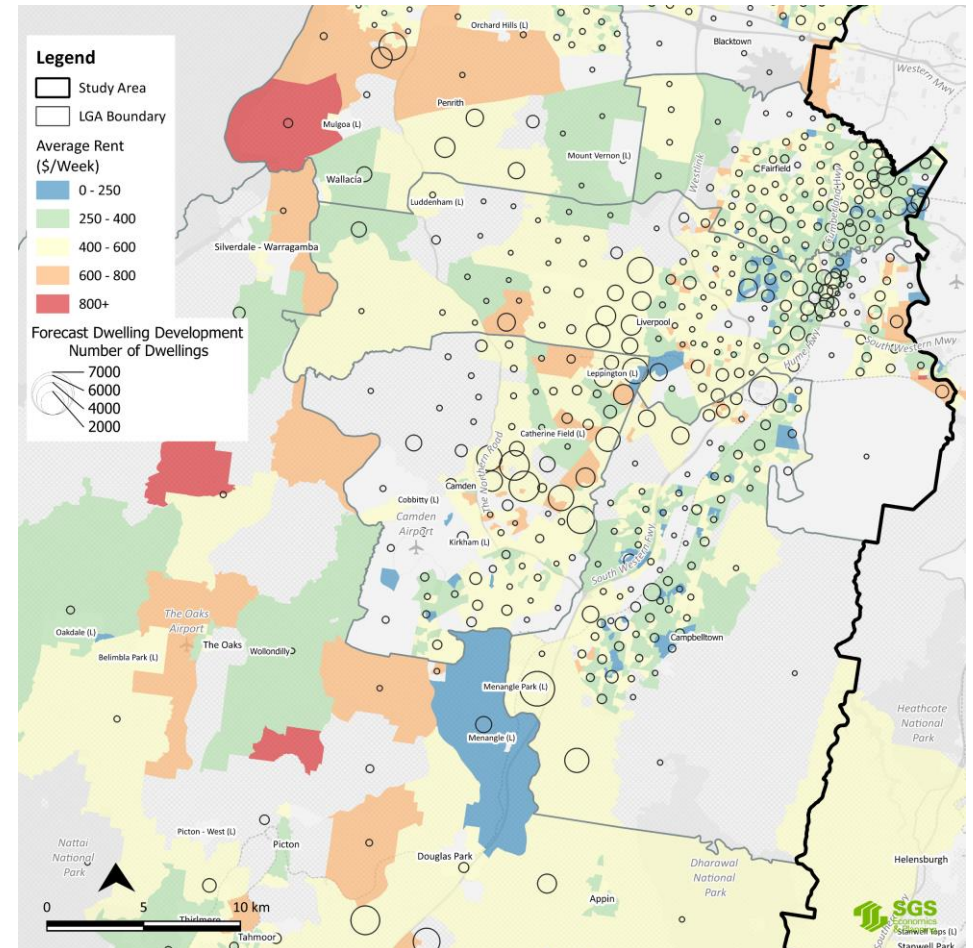


Potential displacement of relatively affordable rental housing by future development

NORTHERN AREA OF REGION



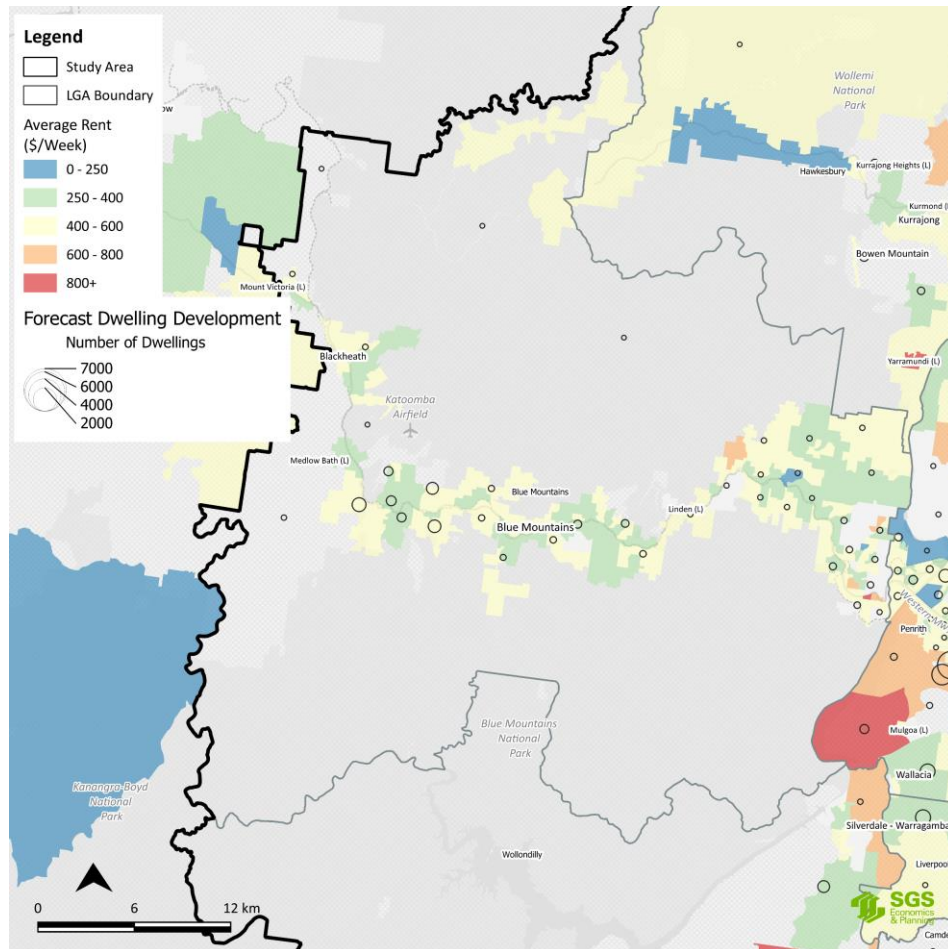
SOUTHERN AREA OF REGION



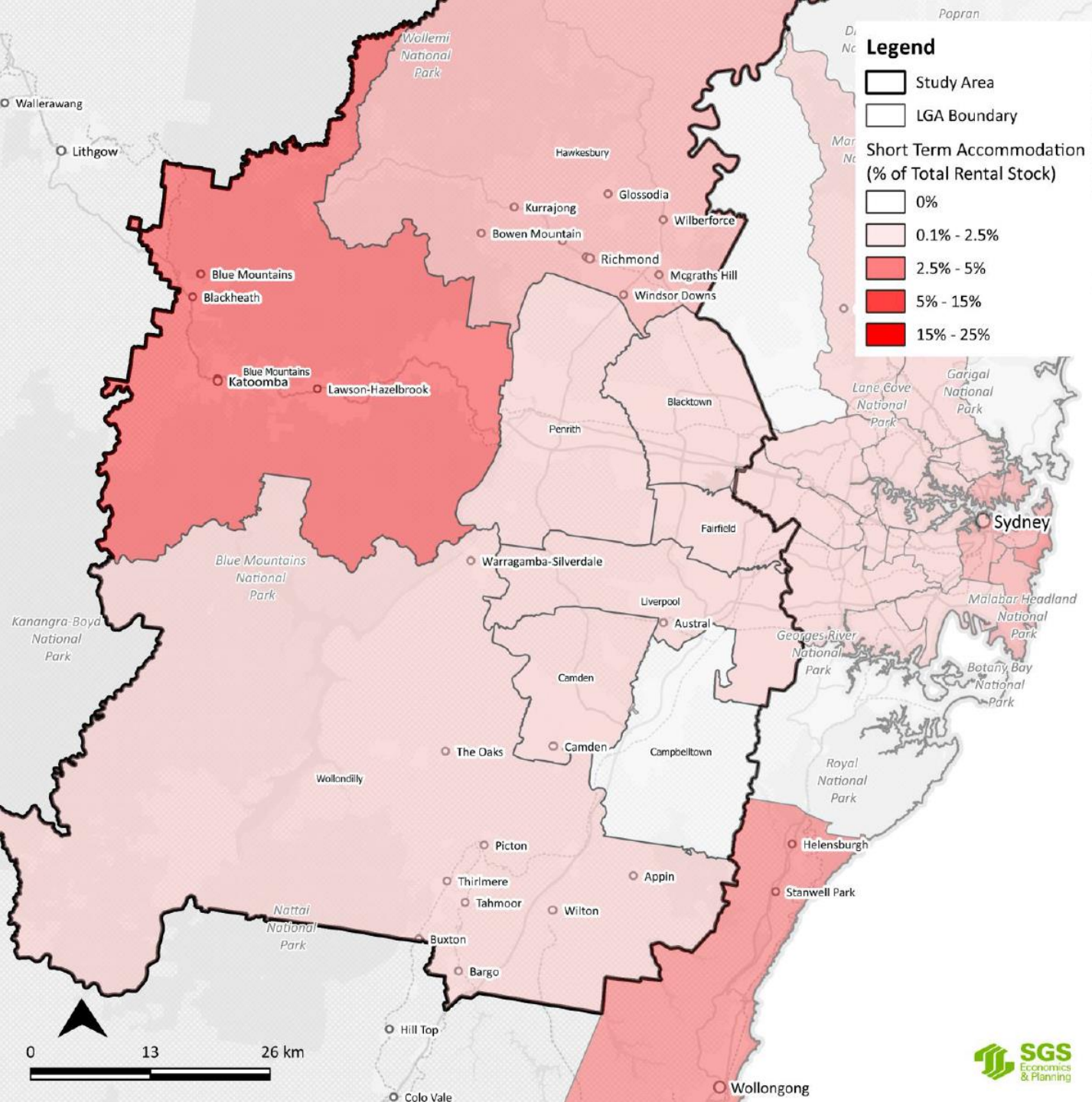
Source: SGS Economics & Planning, 2023, ABS Census 2021; Transport for NSW 2022 T2P22 Forecasts

Potential displacement of relatively affordable rental housing by future development

WESTERN AREA OF REGION



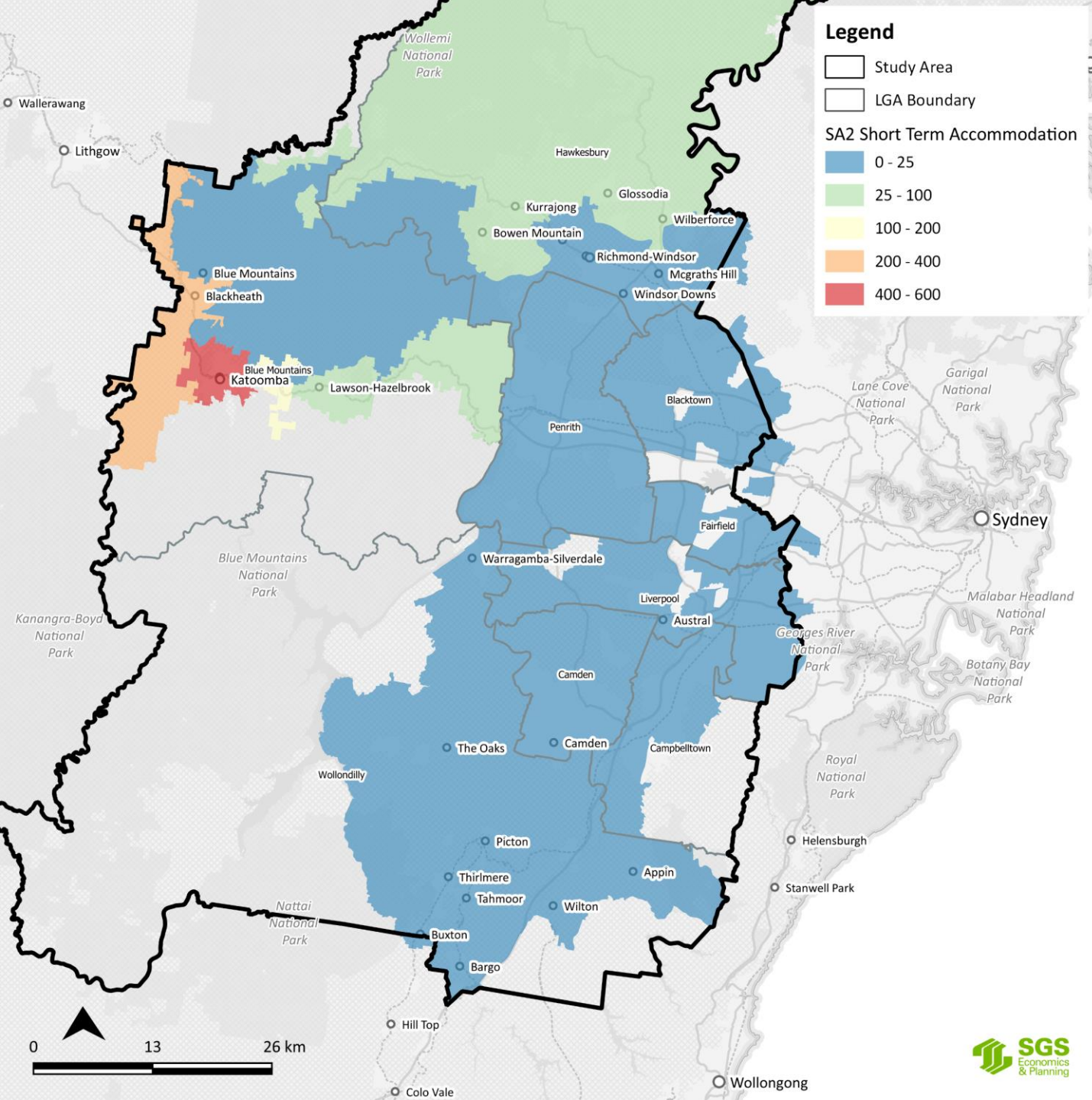
Source: SGS Economics & Planning, 2023, ABS Census 2021; Transport for NSW 2022 TZP22 Forecasts



Potential displacement of relatively affordable rental housing by holiday rentals

- The introduction of Airbnb and other holiday rental platforms has prompted many landlords to remove their dwellings from the private rental market and make them available for short-term holiday rentals.
- This has led to acute shortages of rental housing in some inner city and coastal locations in Sydney where STRA can make up significant proportions of all rental housing.
- However, this is not the case in Western Sydney, where listings rarely get above 2.5% of the private rental market, with the exception of the Blue Mountains and Hawkesbury, which have significant tourist economies. In these LGAs, there may need to be further investigation into the relationship between STRA and affordable housing. This would help to understand how STRA is affecting the affordability of the private rental market.

Source: NSW Fair Trading *Rental Bond Data 2022*, NSW Short term rental accommodation register 2022



Potential displacement of relatively affordable rental housing by holiday rentals

- The map at left illustrates the number of dwellings used for short term rentals in each SA2
- Short term rental accommodation is primarily concentrated in the Blue Mountains LGA, with STRA also found the Hawkesbury region
- This indicates that in the more inner urban areas of Western Sydney, the displacement of long-term rentals by STRA is not likely to be a widespread issue at this time

Source: NSW Short Term Rental Accommodation Register

Potential displacement of relatively affordable rental housing by holiday rentals

- The total number of listings in each LGA is shown in the table on the right compared to the size of the private rental market.
- Entire home listings are most relevant to compare to the private rental market, as entire homes listed on Airbnb may be on the private rental market if they were not on Airbnb.
- Entire home listings are only a very small fraction of the size of the private rental market in each LGA in Western Sydney, and so the impact on affordability in these LGAs of Airbnb is likely to be minimal.

LGA	Entire home STRA Listing	Private or shared room STRA Listing	Total STRA listings	Private rental dwellings (2021)	Entire home STRA listings as % of private rental dwellings
Blacktown	48	66	114	35,352	0.1%
Blue Mountains	639	382	1,021	4,490	14.2%
Camden	22	18	40	8,459	0.3%
Campbelltown	16	21	37	14,876	0.1%
Fairfield	26	23	49	17,318	0.2%
Hawkesbury	67	109	176	4,461	1.5%
Liverpool	25	42	67	20,378	0.1%
Penrith	42	48	90	22,521	0.2%
Wollondilly	-	-	-	2,427	0.0%
Total	885	709	1,594	130,282	0.7%

Source: SGS 2023, STRA Registry 2023, ABS Census 2021

Existing housing capacity

- A review of the capacity of each council's existing land zoning was undertaken through the lens of their Local Housing Strategies (LHS). This was compared with the 2022 DPE Common Planning Assumptions' projected, implied housing demand (how many dwellings would be needed in future to accommodate the anticipated future population). The analysis suggests there is more than enough zoned capacity to accommodate projected, implied housing demand to 2041 in the WSPP region.
- Note that the development of each LHS was undertaken from 2018 onwards, with a baseline of 2016 for the purposes of housing targets, as set out in the Region Plan. Councils also used varying methodologies for each LHS – the quoted capacities across the study area are not necessarily directly comparable with each other.
- Regardless, the comparison of quoted existing zoned capacity to the total dwellings by LGA in 2021 illustrates the relative constraints of the region:
 - The Blue Mountains, Fairfield, and Wollondilly have limited relative zoned capacity, likely due to various land use constraints.
 - Areas with larger proportions of existing zoned capacity are more likely to have large areas of greenfield land.
- Changes to population projections following the COVID-19 pandemic are likely to impact the future demand for dwellings, both by number and by type.
- While zoned capacity indicates that a certain quantum of dwellings are theoretically able to be built, development of these dwellings may not be viable, or development may be constrained by other issues.

LGA	Year LHS finalised	Existing zoned capacity	Total existing dwellings 2021	Net additional implied demand 2031	Net additional implied demand 2041
Blacktown	2020	97,000	133,984	17,909	46,709
Blue Mountains	2020	3,052	35,239	4,408	7,211
Camden	2021	16,271	39,601	12,832	35,087
Campbelltown	2020	31,500	63,128	9,711	23,296
Fairfield	2020	18,110	67,658	7,731	18,321
Hawkesbury	2020	8,890	25,523	2,577	6,548
Liverpool	2020	89,652	77,895	13,912	32,064
Penrith	2022	23,300 to 32,000	81,250	10,186	25,696
Wollondilly	2021	3,311	18,918	5,408	14,733
Total		299,786	543,196	84,674	209,666

Source: ABS Census 2021, Council Local Housing Strategies, DPE 2022 Common Planning Assumptions



03

Supply of non-market affordable rental housing

Supply of social and affordable housing, by LGA

- Social and affordable housing (SAH) supply has been assessed based on responses to the ABS census.
- The ABS Census captures the ‘landlord’ of occupied dwellings, including state or territory housing authorities and community housing providers.
- **Public housing** is owned and leased by state housing authorities, and comprises social housing only.
- **Community housing** is housing which is managed by Community Housing providers, (CHPs) which provide both social housing and affordable housing.
- **Social housing** is targeted at households in high needs and very low incomes.
- **Affordable housing** is targeted at lower-middle income households, often key workers. Rent is set at either a discount of the market rent, or as a proportion of the tenant’s income (typically 25 to 30%).
- There were around 27,965 SAH dwellings in total across Western Sydney in 2021, with public housing (social housing only) much more commonly reported than community housing (social and affordable housing).
- The highest numbers of SAH in the study area are in the Blacktown, Campbelltown, Liverpool and Fairfield LGAs.
- While this provides the best available data on public and community housing, Census data understates the actual number of dwellings due to reliance on household responses. Therefore, the numbers here undercount the total dwellings, particularly for community housing.

SOCIAL AND AFFORDABLE HOUSING DWELLINGS BY LGA (2021)

LGA	Public housing dwellings (Social housing)	Community housing dwellings (Social and affordable)	Total public and community housing dwellings	SAH as a percentage of all dwellings	All dwellings
Blacktown	7,143	775	7,918	5.9%	133,984
Blue Mountains	212	388	600	1.7%	35,239
Camden	379	133	512	1.3%	39,601
Campbelltown	4,579	484	5,063	8.0%	63,128
Fairfield	3,939	1,021	4,960	7.3%	67,658
Hawkesbury	543	264	807	3.2%	25,523
Liverpool	3,927	788	4,715	6.1%	77,895
Penrith	2,415	789	3,204	3.9%	81,250
Wollondilly	86	100	186	1.0%	18,918
Total	23,223	4,742	27,965	5.1%	543,196

Source: ABS Census 2021

Supply of social and affordable housing, 2006 to 2021

- Based on 2021 Census data, between 2006 and 2021, the total number of social and affordable dwellings in the study area decreased by 436. The overall increase in dwellings in the study area over the same period was 136,237.
- This represented **a fall in the proportion of social and affordable dwellings from 7% in 2006 to 5.1% in 2021.**
- Despite an increase of around 300 social and affordable dwellings between 2016 and 2021, the scale of development taking place means that the proportion of social and affordable housing fell by 0.8% in that period.
- There is no available data which shows the pipeline of SAH, but unless past trends change, development is unlikely to meet demand of SAH, which remains at a consistent percentage of overall dwelling stock.
- Note: Census data tends to understate the actual number of public and community housing dwellings due to reliance on household responses.

SOCIAL AND AFFORDABLE HOUSING IN THE STUDY AREA (2006-2021)

	2006	2011	2016	2021	Change 06-21	Change 16-21
Public housing dwellings (Social housing)	6.6%	6.1%	5.4%	4.3%	-2.3%	-1.1%
Community housing dwellings (Social and affordable)	0.4%	0.5%	0.5%	0.9%	+0.5%	+0.4%
Total public and community housing dwellings (%)	7.0%	6.7%	5.9%	5.1%	-1.9%	-0.8%
Total public and community housing dwellings	28,401	28,395	27,622	27,965	-436	+343
Total dwellings	406,959	427,741	467,445	543,196	+ 136,237	75,751

Source: ABS Census 2006, 2011, 2016, and 2021

Land and Housing Corporation owned residential properties, by LGA

- Census data tends to understate the actual number of social and affordable dwellings. Supplementary data was provided by Land and Housing Corporation (LAHC) in May 2023, to be used in conjunction with the 2021 census data.
- Properties owned by LAHC are all used for social housing, but they are not all leased by government authorities – some are managed and leased by CHPs. This means that the number of LAHC owned properties is not directly comparable to the number of public housing dwellings recorded under the census.
- It should be noted that not all properties will be occupied at any given point.

2021 Public Housing Authority <i>Leased Dwellings</i>	2021 Community Housing Provider <i>Leased Dwellings</i>	2021 Social and Community Housing <i>Leased</i> Dwellings
23,223	4,742	27,965

Source: ABS Census 2021

2023 LAHC <i>Owned Dwellings</i>
30,698

Source: LAHC 2023

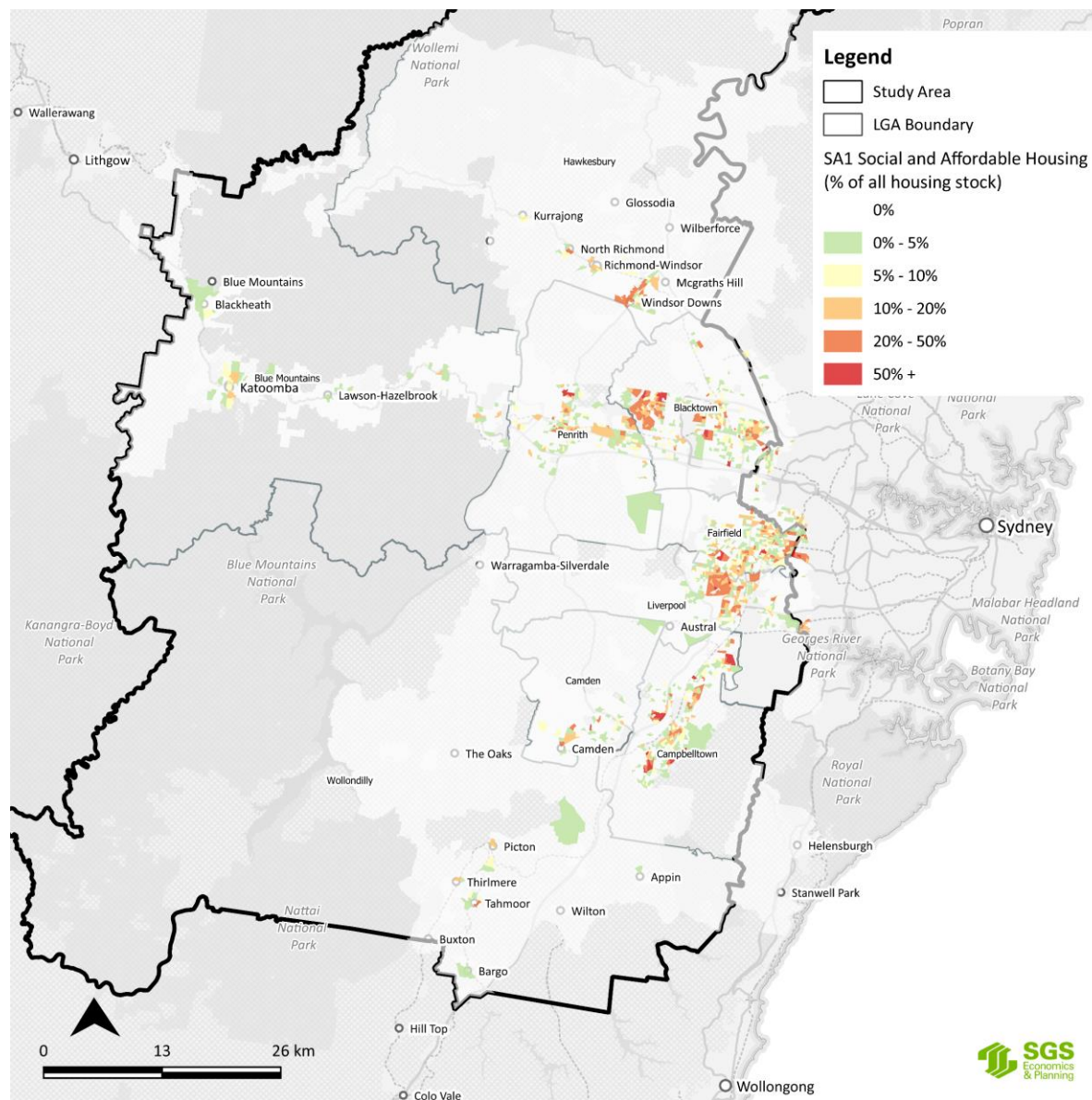
SOCIAL AND AFFORDABLE HOUSING DWELLINGS BY LGA, MAY 2023

LGA	LAHC owned residential properties
Blacktown	9,134
Blue Mountains	535
Camden	359
Campbelltown	6,215
Fairfield	4,985
Hawkesbury	911
Liverpool	5,226
Penrith	3,010
Wollondilly	133
Total	30,698

Source: LAHC 2023

Location of social and affordable housing

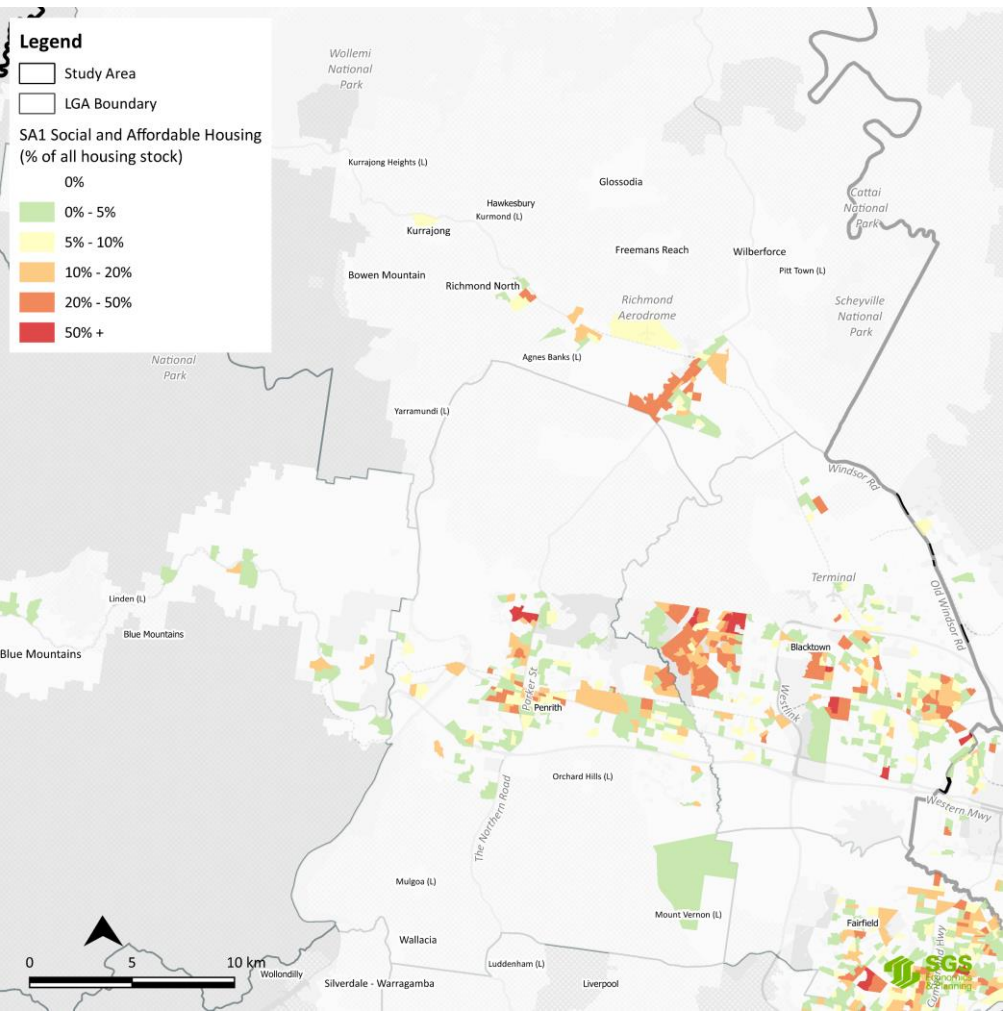
- The majority of SAH is located within the more urban municipalities. While there are SAH dwellings in the Blue Mountains, Wollondilly and Camden, they are not in the same concentrations as other LGAs.
- Within the Blue Mountains, most SAH is located in the well-connected centres.
- Wollondilly has a small amount of SAH near Picton & Tahmoor.
- Most SAH in Hawkesbury is located around Richmond and Windsor, the two major population centres of Hawkesbury.
- More detailed maps are shown on the following pages, showing areas with high proportions of SAH in estates in the Penrith, Blacktown, Fairfield, Liverpool and Campbelltown LGAs.
- In Campbelltown, redevelopment of the Claymore and Airds Bradbury public housing estates is underway, where these areas will be more dense and have mixed tenure, instead of estates with only SAH.



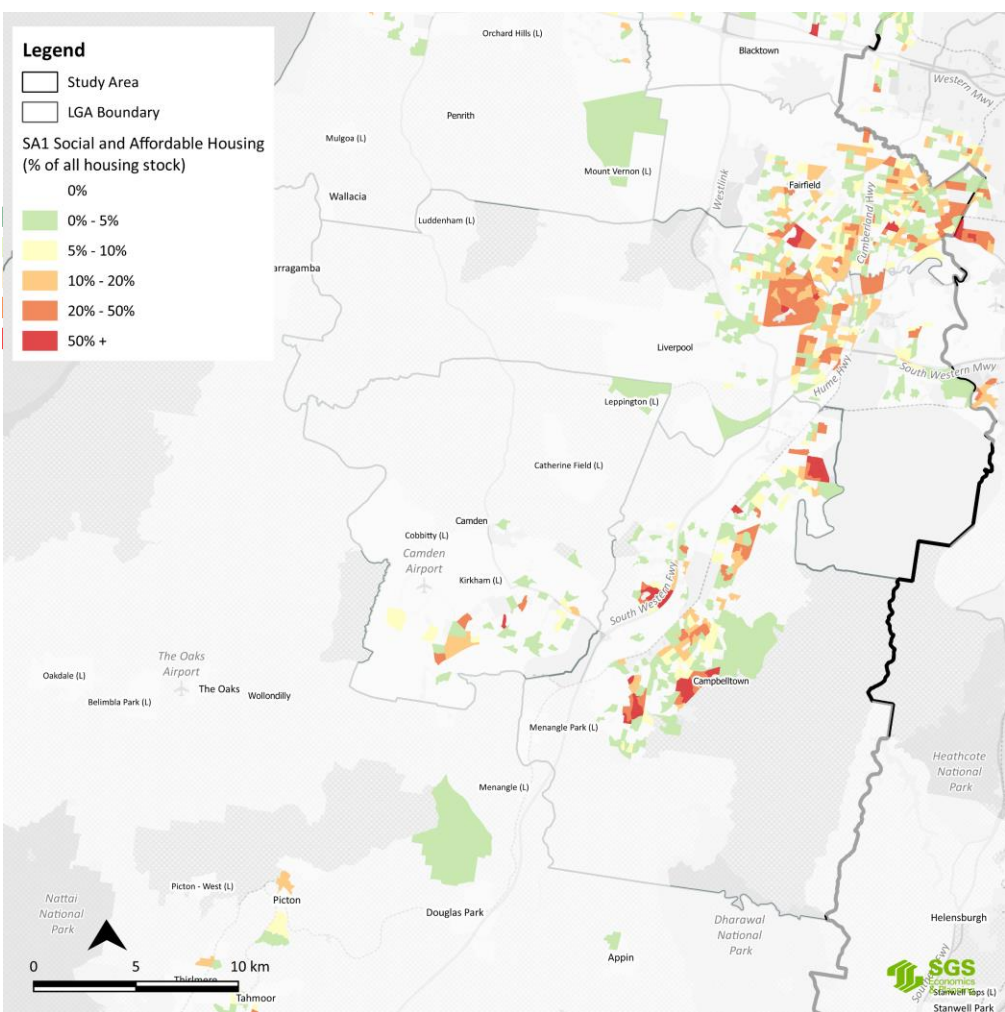
Source: SGS Economics & Planning, 2023, ABS Census 2021

Location of social and affordable housing

NORTHERN AREA OF REGION

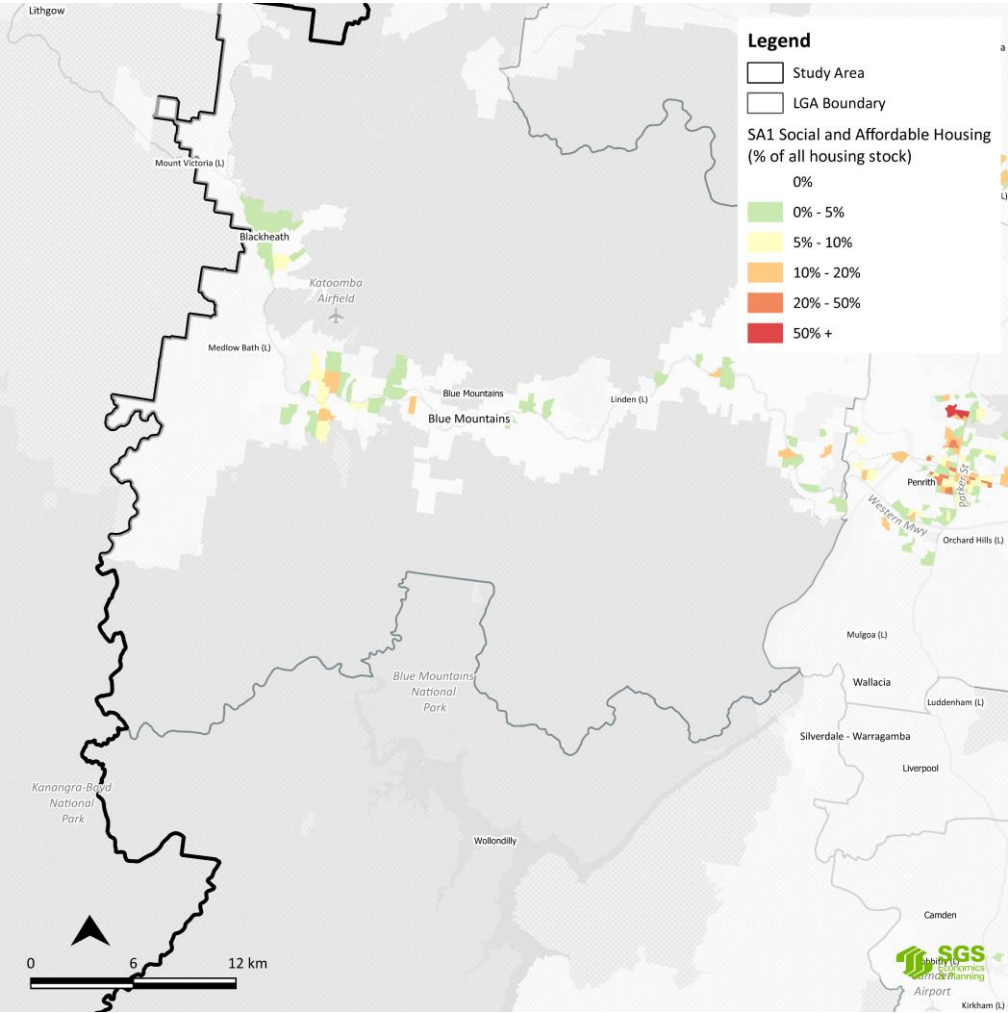


SOUTHERN AREA OF REGION



Location of social and affordable housing

WESTERN AREA OF REGION





04

Demand and gap analysis

Housing unaffordability

The problem of unaffordability

- Continued increases in the costs of housing relative to incomes leaves households with less money to spend on essential items (food, utilities) and less disposable income.
- This problem is particularly acute for lower income earners who have relatively little disposable income. Increasing housing costs for households on low incomes is likely to require them to cut back spending on essentials.

Measuring housing stress

- The impact of rising housing costs on households can be measured in different ways. One of these is **housing stress**, which quantifies whether households are spending a high proportion of their income on housing. **Households are said to be in housing stress if they have moderate, low or very low incomes, and spend 30% or more of their income on housing.**
- The number of households in housing stress is measured to provide an estimate of how much social and affordable housing is needed. Most households in housing stress would require housing assistance to access housing at an affordable rate.
- Lower income households are more likely to require housing assistance.
- People in social housing or are experiencing homelessness all require housing assistance.
- Only some people at moderate incomes in housing stress may need affordable housing.

Methodology

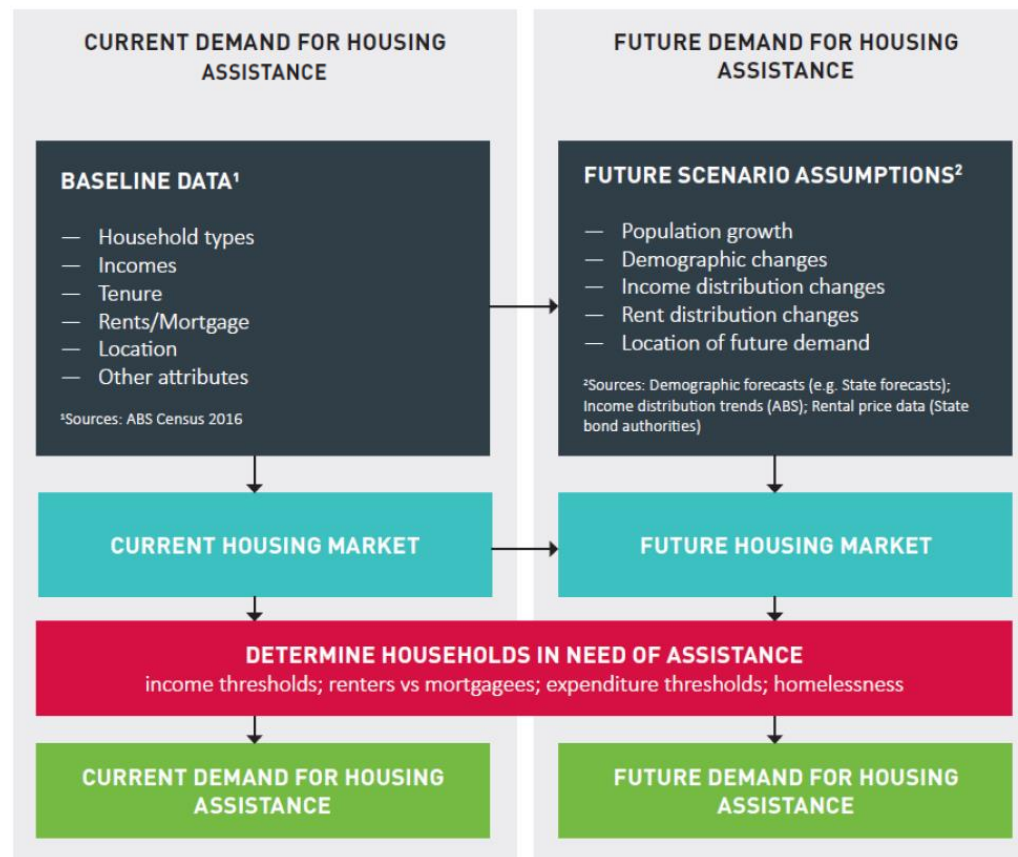
The SGS Housing Assistance Demand Model measures the number of households who currently need affordable housing, segmented by demographic and spatial variables, and forecasts the evolution of this need subject to factors such as expected population growth, demographic shifts, changes in household incomes, and the evolution of rental rates.

For the purposes of this analysis, the model is used to estimate housing unaffordability through **rental stress**.

The model uses the following key datasets:

- ABS Census 2021
 - Weekly rent
 - Weekly household income
 - Household type
 - Tenure type
 - LGA - *to show spatial distribution*
 - Weekly equivalised income
- 2021 ABS estimation of homelessness (cat 2049.0)
- Forecasts of household by type – from the Department of Planning and Environment 2022 Population and Dwelling Forecasts.

HOUSING ASSISTANCE DEMAND MODEL OVERVIEW



Source: SGS Economics & Planning, 2020

Methodology

The structure of the Housing Assistance Demand model follows three key steps:

- Estimation of the number of households in each combination of the following categories using a series of one and two-variable cross-tabulations from the census (it is not possible to directly download the full cross-tabulation of these variables from the Census Table Builder, because the ABS randomizes small values in output tables):
 - LGA
 - Household income
 - Equivalised household income
 - Rent
 - Household type
 - Tenure type

A process called iterative proportional fitting (in statistics) or the RAS algorithm (in economics) is used for this estimation.
- Estimation of the proportion of households likely to be in housing stress based on income vs rent results (from the previous step), and forecast changes in rent vs income in the future
- Alignment of the results with the forecast number of dwellings by household type from the NSW Government
- Addition of homeless households (who would not be counted with other households) using ABS census data.

Inputs

The main data inputs are:

- 2021 census data
- Household projections, which correct for systematic errors in Census data (e.g. undercount) and show how the number and composition of households is likely to change in the future.

Defining levels of housing stress

The following categories are used in defining housing stress and likely need.

Moderate rental stress

- Households which spend 30-50% of their income on rent

Severe rental stress

- Households which spend over 50% of their income on rent

Homeless

- While homeless people are not experiencing rental stress, they are in acute need of housing assistance.
- ABS defines this as *people in highly overcrowded dwellings, staying temporarily with others without a fixed address and those living in boarding houses as well as people sleeping rough*. The ABS typically undercounts the prevalence of homelessness.
- The people in highly overcrowded dwellings category has not been included in the calculation, as these households may already be counted through the rest of the model.

Social and affordable housing

- This includes households in public housing and community housing provided by community housing organisations
- Households in social housing pay lower than 30% of their income on rent and so are not technically in housing stress. However, they do need housing assistance and would most likely be in housing stress without social housing services, and so are included in this section as contributing to social and affordable housing demand.

Defining eligible household income levels

SGS's modelling uses the 2021 census data to estimate the proportion of households in housing stress. Statistical techniques are used to break this down by household type, income level and kind of housing stress or need.

The NSW Affordable Housing Ministerial Guidelines define income thresholds for affordable housing based on a percentage of the current median income of the Greater Sydney Statistical, in accordance with Section 1.4(1) of the Environmental Planning and Assessment Act 1979 and ministerial guidelines.

- Very low income: less than 50%
- Low income: 50-80%
- Moderate income: 80-120%

SGS has estimated equivalised income thresholds for very low, low and moderate income households using the above percentages and the median equivalised household income for the Greater Sydney Statistical Area.

Equivalised income accounts for the differences household income likely to be seen in (and needed by) households composed of different and ages numbers of people (e.g. a household formed of two adults needs more but less than twice as much income as one formed of a single adult to meet their daily needs).

SGS has then converted these equivalised income thresholds into absolute household income given typical household compositions, which provides the thresholds shown in the table on the right.

INCOME RANGES FOR SOCIAL AND AFFORDABLE HOUSING IN GREATER SYDNEY* (2021**)

Household	Very Low Income	Low Income	Moderate Income
Couple family with children	Up to \$69,188	\$69,188 to \$110,701	\$110,701 to \$166,052
Couple family without children	Up to \$49,761	\$49,761 to \$79,618	\$79,618 to \$119,427
One-parent family	Up to \$53,630	\$53,630 to \$85,808	\$85,808 to \$128,712
Multiple and other family households	Up to \$81,500	\$81,500 to \$130,400	\$130,400 to \$195,599
Group household	Up to \$54,838	\$54,838 to \$87,741	\$87,741 to \$131,612
Lone person	Up to \$31,534	\$31,534 to \$50,454	\$50,454 to \$75,681

* SGS uses income data for Greater Sydney Statistical Area consistent with the Act and ministerial guidelines.

Source: SGS Economics & Planning, 2023

Defining household types

Household type refers to who lives in a dwelling, for example a family, couple or single person. The following categories are used.

Couples with children

- A family with two adults and one or more children.

Couples without children

- A couple in a long-term relationship without children.
- This includes both young couples and older couples whose children have moved out.
- May include unrelated individuals living with a couple

Single parent families

- One parent living with one or more children.

Multiple and other family households

- Comprised of households with multiple families, and of other family households.
- Other family households are those not included in the above categories with related people living together, such as siblings living together.

Lone person household

- A single person living by themselves.
- For the purposes of modelling, people experiencing homelessness are assumed to be lone person households.

Group household

- Two or more unrelated people living together, for example a shared house.

Housing stress in 2021 – WSPP Study Area

- SGS estimates that 82,700 households in Western Sydney are in rental stress, homeless, or currently living in social and affordable housing. However, this analysis is based on 2021 Census data, and as discussed, affordability is likely to have declined since then.
- This represents 16.2% of all Western Sydney households.
- Households living under moderate rental stress are currently the largest group (29,600 households), followed by those living in social and affordable housing (28,700 households) and severe rental stress (21,900 households).
- The breakdown of these results into location and type is explored on the following pages.

WESTERN SYDNEY HOUSEHOLDS IN HOUSING STRESS, BY STRESS TYPE (2021)

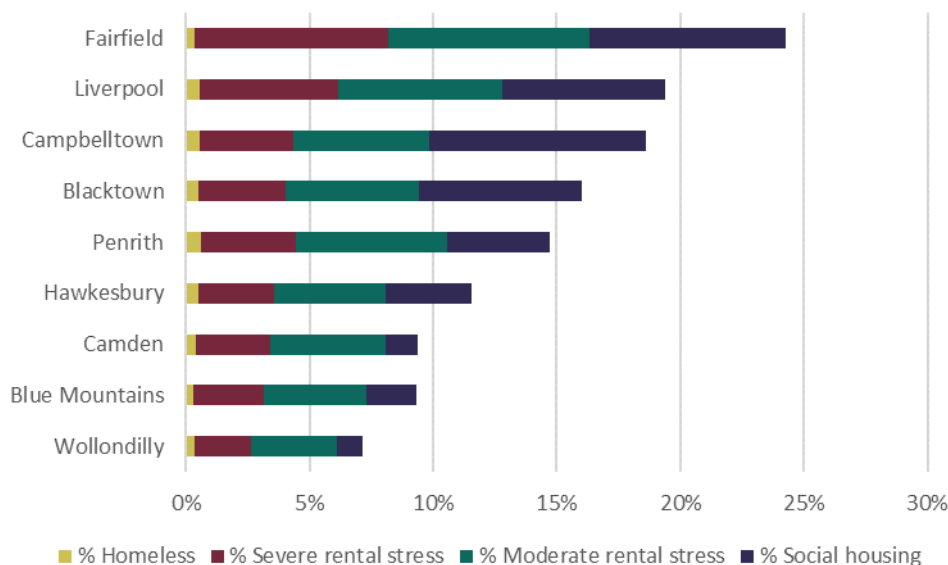
Stress type	Number of households	% of all households
Homeless	2,400	0.5%
Living in social and affordable housing	28,700	5.6%
Severe rental stress	21,900	4.3%
Moderate rental stress	29,600	5.8%
Total	82,700	16.3%

Source: SGS Economics & Planning Housing Assistance Demand Model, 2023

Housing stress in 2021 – LGAs

- The graph and table to right illustrate the 2021 housing stress in the WSPP study area by LGA.
- There are households in all Western Sydney LGAs in housing stress or in need of housing assistance.
- Fairfield has the highest proportion of households in housing stress, at 24.3%, or nearly one quarter of all households in the LGA.
- Liverpool and Campbelltown also have significant proportions of households in housing stress.
- Blacktown has the overall highest number of households in housing stress, but this reflects that it is also the largest LGA overall by some margin.
- These LGAs all contain large stocks of existing social and affordable housing. If existing social housing stocks are not considered, Fairfield still has the highest proportion of people in stress. This reflects its average socio-economic status, which is lower than that of the other LGAs. Campbelltown, Liverpool, Blacktown and Penrith also have relatively high levels of stress, if existing social housing stock is not considered.
- The Peri-urban or growth area LGAs of Wollondilly, Camden, and the Blue Mountains have lower levels of housing stress (sub-10%).

PROPORTION OF HOUSEHOLDS IN HOUSING STRESS, BY LOCAL GOVERNMENT AREA, (2021)



LGA	Total Households in housing stress or living in SAH	% of Households
Blacktown	19,800	16.0%
Blue Mountains	3,000	9.3%
Camden	3,300	9.4%
Campbelltown	11,200	18.6%
Fairfield	15,800	24.3%
Hawkesbury	2,800	11.5%
Liverpool	14,300	19.4%
Penrith	11,300	14.7%
Wollondilly	1,300	7.1%
Total	82,700	16.3%

Source: SGS Economics and Planning, HAD Model 2023

Housing stress in 2021 – LGAs

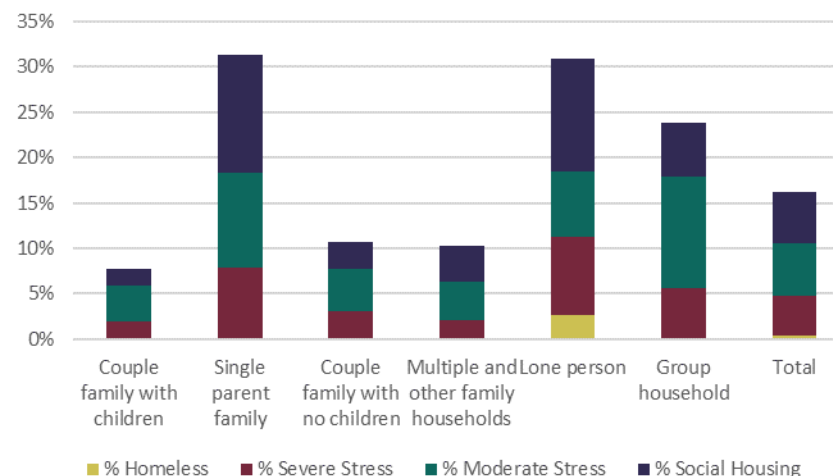
LGA	Severe Stress	Moderate Stress	Homeless	Social and affordable housing	Total Households in housing stress	% Households in housing stress
Blacktown	4,400	6,700	600	8,100	19,800	16.0%
Blue Mountains	900	1,300	100	600	3,000	9.3%
Camden	1,000	1,600	100	500	3,300	9.4%
Campbelltown	2,300	3,300	300	5,300	11,200	18.6%
Fairfield	5,100	5,300	200	5,200	15,800	24.3%
Hawkesbury	700	1,100	100	800	2,800	11.5%
Liverpool	4,100	4,900	400	4,800	14,300	19.4%
Penrith	2,900	4,700	400	3,200	11,300	14.7%
Wollondilly	400	600	100	200	1,300	7.1%
Total	21,900	29,600	2,100	28,700	82,700	16.3%

Source: SGS Economics and Planning, HAD Model 2023

Housing stress in 2021 – household types

- All kinds of households experience housing stress in Western Sydney.
- Lone person households are the most common households in housing stress (28,300 households, noting that homeless people are included in this group), followed by one parent families (21,700). Proportionately, one parent families are most likely to experience housing stress (31.4% of households requiring assistance).
- Group households have the fewest households in housing stress because they make up a smaller portion of all Western Sydney households. Despite this, they are still likely to experience housing stress – 24% of group households experience housing stress.
- Couple families with children are the least likely to experience housing stress (7.7% of households).

PROPORTION OF HOUSEHOLDS IN HOUSING STRESS, BY HOUSEHOLD TYPE (2021)



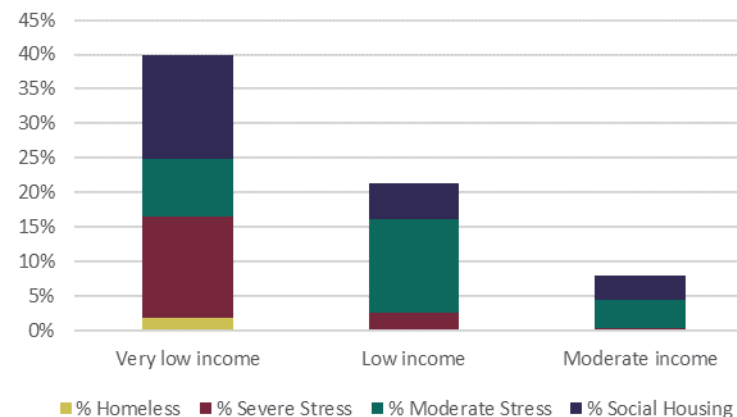
Household Type	Total Households in housing stress	% Households in housing stress
Couple family with children	15,600	7.7%
One parent family	21,700	31.4%
Couple family with no children	11,100	10.7%
Multiple and other family household	2,900	10.2%
Lone person household	28,600	30.9%
Group household	2,700	23.9%
Total	82,700	16.3%

Source: SGS Economics and Planning, HAD Model 2023

Housing stress in 2021 – income levels

- The likelihood of experiencing rental stress is inversely related to the level of household income.
- **Very low-income households** are particularly likely to be in housing stress or need housing assistance (40% of households).
- **Very low-income households** are also very likely to be in *severe* rental stress (15% of very low income households). Households in this category may be at risk at homelessness.
- **Low income households** are less likely to be in housing stress, although a significant portion are still in severe or moderate housing stress in Western Sydney (21% of households).
- **Moderate income households** are relatively unlikely to be in severe stress, but around 4% are in moderate stress and 4% housed in social housing.
- While very low income households are most likely to live in existing social or affordable housing, there are also low and moderate income households living in social and affordable housing.

PROPORTION OF HOUSEHOLDS IN HOUSING STRESS, BY INCOME(2021)



Income Level	Total Households in housing stress	% Households in housing stress
Very low income	50,400	39.8%
Low income	21,600	21.3%
Moderate income	9,700	8.0%
Total	82,700	16.3%

Source: SGS Economics and Planning, HAD Model 2023

Housing stress in the future - method

- Future housing stress is calculated based on population growth using LGA-level household projections released by the NSW Government.
- According to these projections, Western Sydney's total households in the combined LGAs will grow by approximately 203,725 households or 40% from 506,227 to 709,951 in the 20 years from 2021 to 2041.
- On top of population growth, housing stress and need for housing assistance will be driven by relative changes in household incomes and housing cost.
- Three scenarios were used to capture the uncertainty in predicting the housing market and household incomes, as these will change in future. These scenarios were based around recent increases in rents, with average rents in the 12 months up to the 2021 census (12 months is a typical lease length) being at around the peak seen during 2018. Since then, average rents have increased by around 20%.
 - The **optimistic scenario** assumes that income will grow faster than rents or housing development will catch up to demand, with the rent/income position staying at around the 2021 census position (equivalent to the peak pre-COVID seen in 2018).
 - The **base case** assumes that rents increase by 10% relative to incomes from the 2021 census. This means that from the current record level of rents, rents decrease somewhat, or incomes catch up to rents somewhat, but that some of the increase in rents seen since 2021 is persistent.
 - The **pessimistic scenario** assumes that rents increase by 30% relative to incomes from the 2021 census. For this to occur, rents would need to continue to increase from their current level by around a further 10% relative to incomes.

FORECAST SCENARIO ASSUMPTIONS

Time period	Rent/income movement
2021 Census (August 2021) – April 2023	~20% increase in rents Small increase in income
April 2023 – 2041 (Optimistic)	Rent/income returns to 2021 level (pre-COVID peak)
April 2023 – 2041 (Base case)	Rent/income decreases slightly to 10% above 2021 census
April 2023 – 2041 (Pessimistic)	Rents continue to grow relative to incomes, reaching 30% above 2021 census.

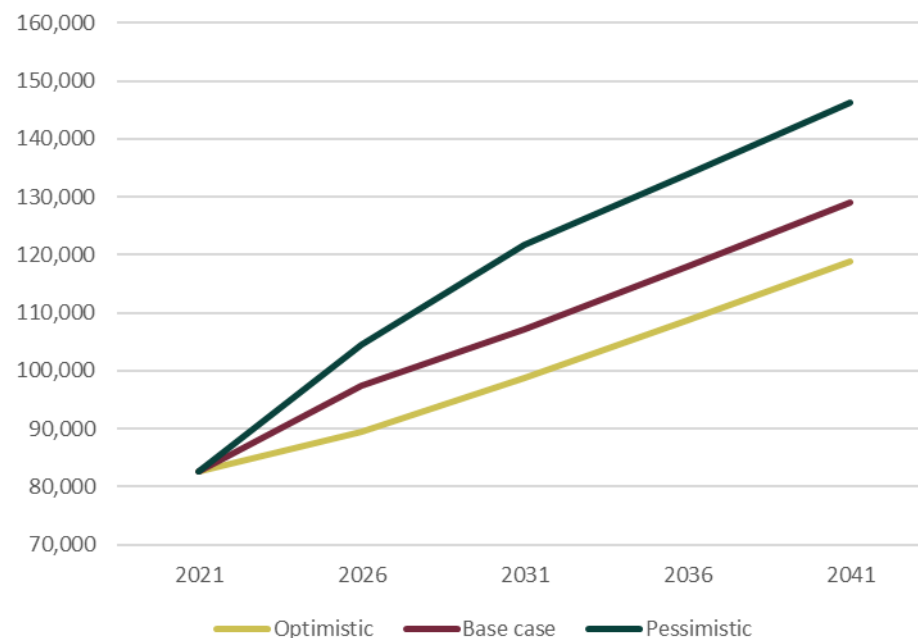
Source: SGS Economics and Planning, 2023

Housing stress in the future - scenarios

- These results show that households in rental stress or in need of housing assistance are projected to increase significantly between 2021 and 2041.
- The modelling suggests that, without any intervention, the number of households in housing stress or in need of housing assistance in Western Sydney could rise from 82,700 in 2021 to 129,000 in 2041 under the base case. Other results are shown below.

Scenario	2021	2041	Change	% Change
Optimistic	82,700	118,800	36,200	44%
Base case	82,700	129,000	46,300	56%
Pessimistic	82,700	146,300	63,600	77%

FORECAST HOUSEHOLDS IN RENTAL STRESS OR IN NEED OF HOUSING ASSISTANCE, BY SCENARIO (2016-2041)

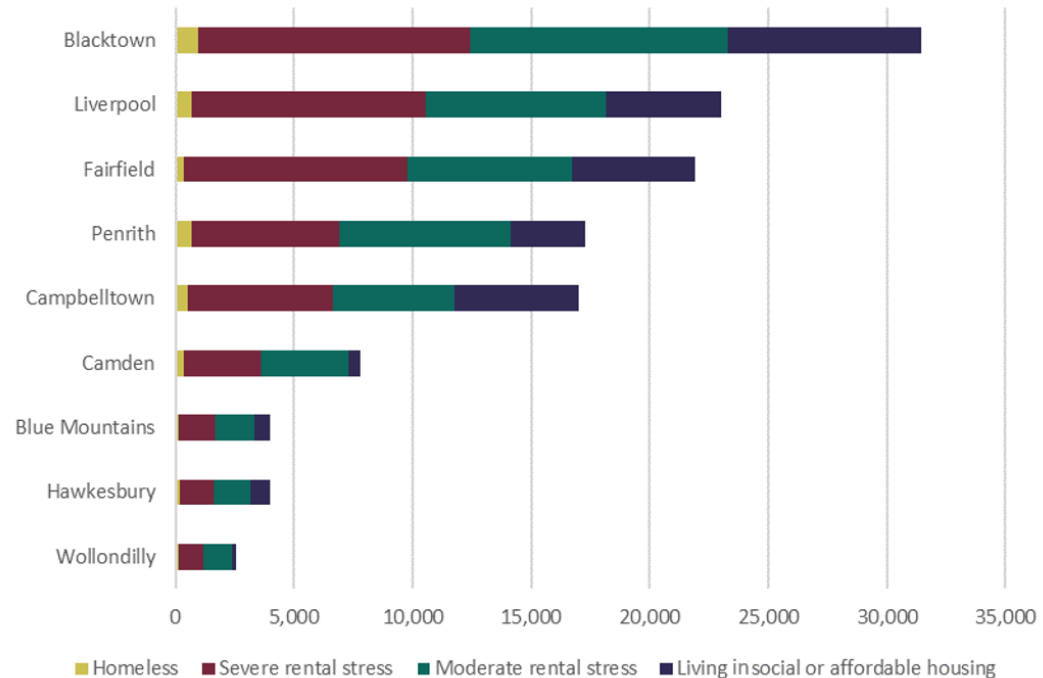


Source: SGS Economics and Planning, HAD Model 2023

Housing stress in the future - LGA

- By 2041, the largest increase in households experiencing housing stress is expected to occur in Blacktown (11,600 households) and Liverpool (8,700 households). Both of these LGAs already have large populations.
- Camden is expected to experience the largest proportionate increase in households requiring assistance, with an increase of 136%. Wollondilly is expected to see an increase of 97%. These are LGAs which are anticipated to see large increases in overall dwelling stock in relation to their existing stock, driving the need for housing assistance.

FORECAST HOUSEHOLDS IN RENTAL STRESS, BY LOCAL GOVERNMENT AREA (2041, BASE CASE)



Source: SGS Economics and Planning, HAD Model 2023

Housing stress in the future – household types

- Changes in which kinds of households will be in stress in the future will be driven by demographic shifts and overall growth patterns.
- Lone person households, one person households and couples with children are still expected to be the most common households requiring assistance in the future.
- Housing stress will grow the most in lone person households, one parent families and couples with children, driven by population growth in these groups.
- While many group households are still expected to be in housing stress, only low population growth is expected in this group.

FORECAST HOUSEHOLDS IN RENTAL STRESS, BY HOUSEHOLD TYPE (2041, BASE CASE)

Household Type	Total Households in housing stress	% Households in housing stress	Additional households in housing stress (2021-2041)
Couple family with children	22,500	8.8%	6,900
Couple family with no children	31,600	33.8%	9,900
Group household	18,800	11.7%	7,700
Lone person household	4,300	11.3%	1,400
One parent family	47,500	32.0%	18,900
Other family	4,200	27.2%	1,500
Total Households	129,000	18.1%	46,300

Source: SGS Economics and Planning, HAD Model 2023

The housing supply continuum: the gap between need and supply for SAH

- A high subsidy is needed to meet the needs of those experiencing homelessness, on very low incomes, or in social housing. Crisis accommodation may be needed for those experiencing homelessness and social housing may be needed for very low incomes.
- The housing needs of those on moderate incomes, or in some cases low incomes, who are in rental stress, may be able to be met by providing affordable rental housing requiring lower subsidies.
- Some moderate and higher income households may choose to be in rental stress (for example, temporarily or to live in a higher quality dwelling), and so not every household in stress will need access to SAH.
- The private rental market is likely to be able to cater to some households on a moderate incomes at an affordable price point.
- **There are estimated to be 54,000 households in rental stress or experiencing homelessness who do not have access to SAH in 2021. This is expected to grow by 46,300 to around 100,300 by 2041.***
- The NSW Government projects that 209,700 more dwellings will be needed in Western Sydney by 2041. Of this new dwelling stock:
 - **48%** would need to be SAH to house everyone forecast to be in housing stress
 - **27%** would need to be SAH to house only those forecast to be experiencing homelessness or with very low incomes
 - **22%** would need to be SAH to house only the *modelled increase* in households experiencing housing stress
- **The size of the gap is larger than can reasonably be met by local government on its own.**

HAD Model (from Census)	Experiencing homelessness	Households in social & affordable housing**	Very low income in rental stress	Low income in rental stress	Moderate income in rental stress	Total unmet SAH demand	Total in housing stress or SAH
2021	2,400	28,700	29,800	16,400	5,400	54,000	82,700
2041 base case	3,900	28,700	51,900	30,900	13,600	100,300	129,000
Difference	1,500	0	22,100	14,500	8,200	46,300	46,300

* The HAD model uses 2021 Census data, which typically undercounts SAH provision. Data on LAHC properties as reported on page 34 provides that there are 30,700 social dwellings in the study area, which means that SAH demand may be reduced by up to 7,000 dwellings.

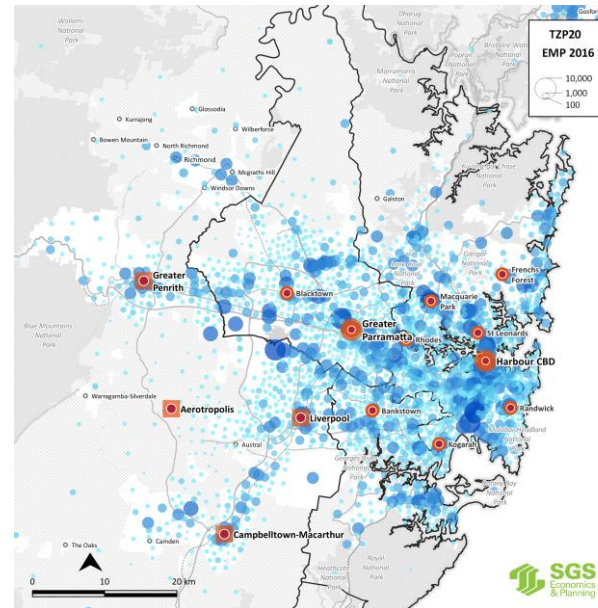
Source: SGS Economics and Planning, HAD Model 2023

**The HAD model is intended to forecast growth in the demand for SAH. As there is not a forecast of the number of SAH to be provided in future, the number of households in SAH remains the same in future projections – ie, there is no additional SAH forecast to be provided in the model.

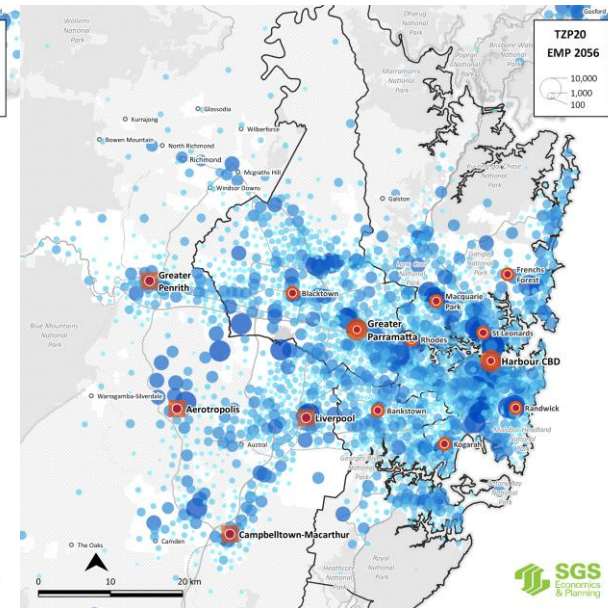
Labour market benefits of SAH

- The crowding out of lower income households from accessible, well-served locations is a major concern for economic productivity due to a thinning of the local labour market and spatial mismatch between employment and workers.
- Increasingly, **moderate-low income workers are trading affordability concerns for improved access to centres and employment**, worsening housing affordability issues and incidence of housing stress.
- A significant body of literature notes the **negative effects these trade-off can contribute to lost labour productivity**, including reduced ability to upskill, worsened mental health and diminished workforce participation. Sufficient supply of social and affordable housing can prevent workers from having to trade manageable cost of living pressures for work continuity and accessibility.
- Western Sydney has traditionally served as an affordable housing alternative to other city districts, however, improved accessibility via significant investment in transport infrastructure and expected job creation (see right) could mean that existing private market housing becomes less affordable.
- This highlights the **need to ensure that sufficient affordable housing options are secured alongside the residential and employment growth expected across the region.**

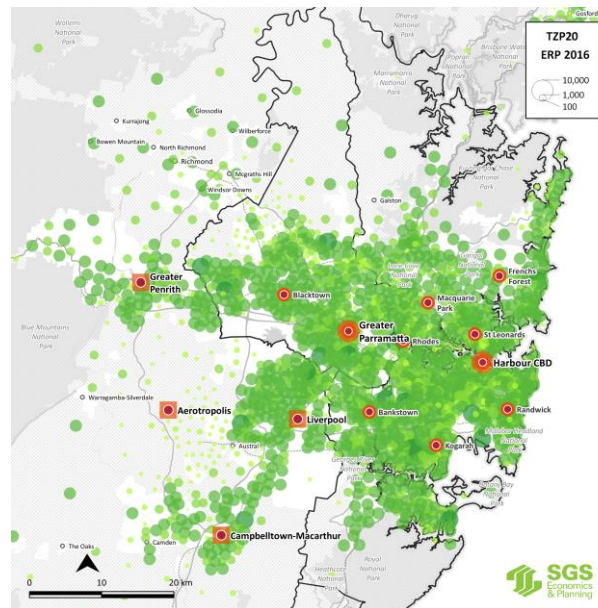
Population 2016



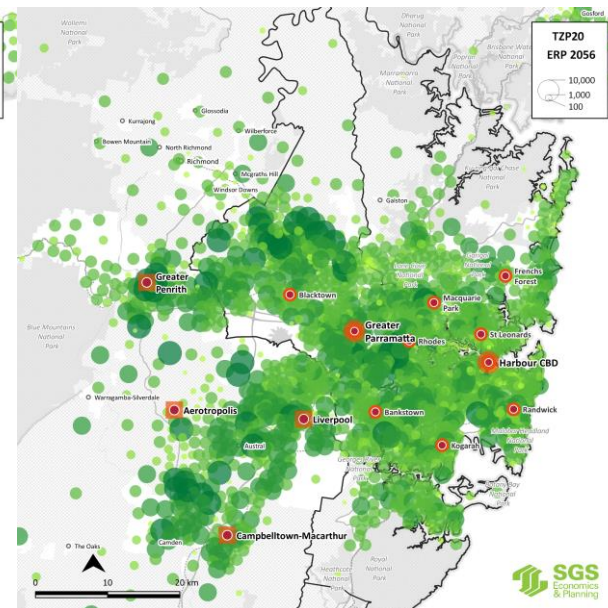
Population 2056



Employment 2016



Employment 2056



Community benefits of SAH

Community cohesion and wellbeing

- Contemporary planning and economic development practice focuses on the clustering of economic uses in areas with high growth potential, such as Sydney's Eastern CBD and inner suburbs. This results in the **'crowding out'** of moderate-low income households in locations endowed with good accessibility to these clusters of economic activity.
- These households must instead find housing in an alternative location, typically in areas with poorer accessibility to jobs, services and amenity. This **reinforces spatial patterns of disadvantage** and perpetuates social dysfunction in such areas.
- This results in costs to the individual in terms of poor psychological health and impacts health and wellbeing outcomes. Costs are also imposed on the broader communities which are implicated by widespread housing stress and social disadvantage.
- Communities which are deprived access to secure, well-located affordable housing are **disproportionately affected by depression, substance abuse, suicide, low educational attainment and performance, financial hardship and social isolation.**

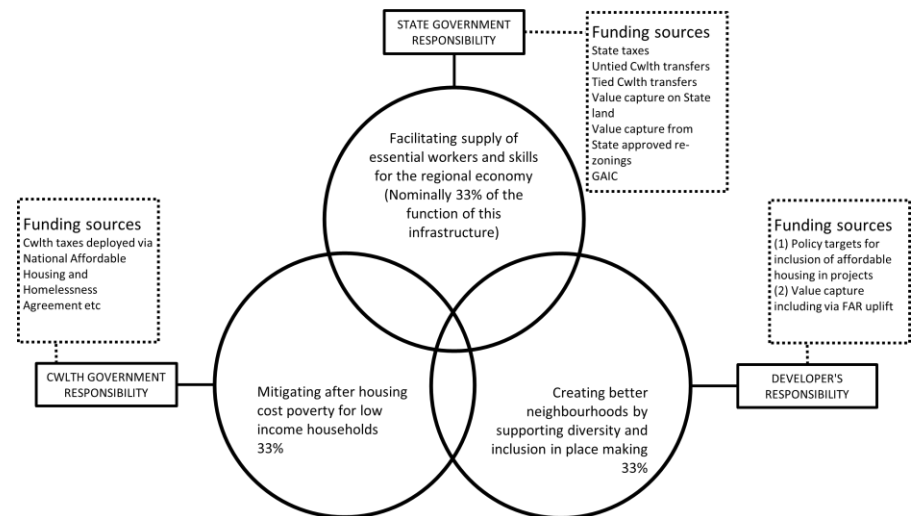
Community diversity and culture of place

- In contrast to the negative effects of concentrated spatial disadvantage perpetuated by housing unaffordability, there are a range of widely supported benefits of economic diversity within communities.
- Notions of 'exchange possibilities' are used by planners and economic development professionals to describe the way in which diverse places provide fertile ground for economic growth and development of a strong cultural reputation. This is clearly applicable in the diverse context of Western Sydney, with the potential of **strengthening its identity as a place of cultural growth through the provision of adequate stock along the housing continuum.**
- Places endowed with an economically and culturally diverse community profile give rise to the 'social capital' which is recognised as a key ingredient of successful centres of urban activity, despite difficulties in clearly defining this concept.
- Nevertheless, the **positive outcomes of diversity in cities continue to prevail in academic writing and professional practice.**

Case for local government involvement

- SAH has traditionally been addressed by State and Federal Government. However, there is a growing focus on the use of the planning system – through the role of local councils and private sector in place-making and development – in meeting the need for SAH.
- This recognises that SAH is essential infrastructure with a shared responsibility. Fundamentally this is a policy area that all levels of government and the private sector have a role in addressing
- As described above, the provision of SAH infrastructure delivers three types of benefit for the community:
 - alleviating poverty
 - improving the operation of labour markets by ensuring adequate accommodation for local workers, and
 - creating better places, recognising that places of diversity and inclusion are highly valued and sanctioned in policy.
- The last of these three benefits – creating better places – lies squarely within the domain of place makers and town planning.
- While somewhat arbitrary, a reasonable starting position is to assign roughly equal value to the three functions of affordable housing infrastructure. The development approval system could then be expected to fund one third of the overall cost of providing this form of housing in the community (see figure to the right).
- This framework usefully recognises the shared responsibility for SAH provision without aiming to solve the whole problem in local government. While the strategy can and should focus on what local government can do through regulating development and place-making, it should also include options to partner with other stakeholders and advocate for other responsible parties to contribute.

THREE FUNCTIONS OF AFFORDABLE HOUSING INFRASTRUCTURE



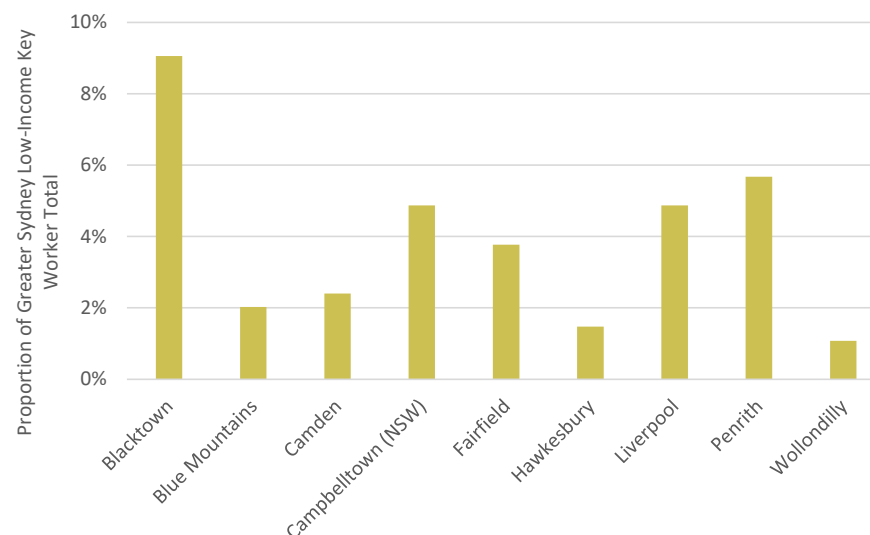


05

Accessible housing and housing cost analysis

Low-Income Key Workers

- Low-income household key workers have been defined as those individuals earning less than 120% of broader-region median income, and working typically frontline occupations (e.g., nurses, teachers, farmers, etc.)
- Blacktown's low-income key worker population stands out in the graph at right. This is not due to higher relative key workers in the area, but rather due to high population and employment meaning it accounts for more of Greater Sydney's key workers in absolute terms.



Source: SGS Economics and Planning (2023)

LGA	Total Key Workers Residing in LGA	Proportion of Total Workers Residing in LGA		Proportion of Total Population	
		Total Workers Residing in LGA	Key Worker % of Total Workers	Total Population	Key Worker % of Total Population
Blacktown	13,796	153,526	8.99%	397,215	3.47%
Blue Mountains	3,083	28,794	10.71%	77,990	3.95%
Camden	3,657	49,316	7.42%	119,053	3.07%
Campbelltown (NSW)	7,418	59,803	12.40%	176,407	4.20%
Fairfield	5,747	51,134	11.24%	207,740	2.77%
Hawkesbury	2,244	24,994	8.98%	67,104	3.34%
Liverpool	7,417	74,801	9.92%	234,017	3.17%
Penrith	8,646	86,802	9.96%	217,772	3.97%
Wollondilly	1,643	19,361	8.48%	53,664	3.06%
Greater Sydney	53,650	548,531	7.48%	1,550,962	2.91%

Source: SGS Economics and Planning (2023), ABS Census (2021)

- WSPP LGAs harbor a generally greater proportion of low-income than the entire Greater Sydney region – for example, low-income key workers account for 11% of all workers residing in the Blue Mountains and represent 4% of the total LGA population.
- Relative need for social and affordable housing need is likely to be higher across Western Sydney compared to the rest of Greater Sydney.
- Given significant investment in hospital and school infrastructure, key workers will continue to more prominently reside in the Western Sydney region, reflecting the greater need for more affordable housing here.

Low-Income Key Worker Households

Key workers are estimated based on 2021 census data, defined according to the following parameters:

- Industry: 2-digit ANZSIC Industry
- Occupation: 2-digit ANZSCO Occupation

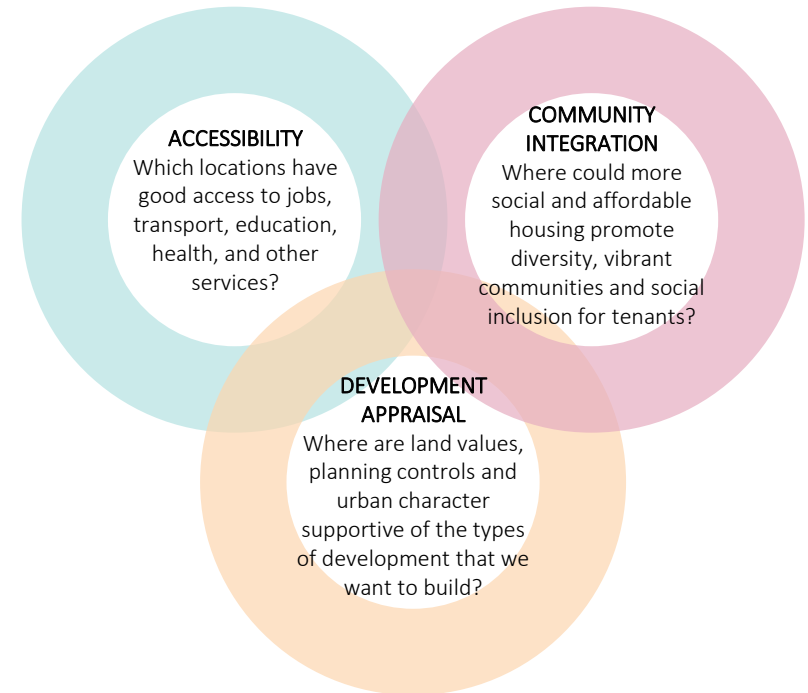
Key worker industries and occupations have been segmented based on literature review of typical definitions of key workers. These typically comprise of

- Health and social care
- Education and childcare
- Emergency services (police, fire, etc.)
- Essential public sector services (including utilities)
- Food and other necessary goods/retail (including agriculture)
- Essential transportation/delivery services (including petrol stations, etc.)

Key Worker Industries		Key Worker Occupations	
1-Digit ANZSIC Key Worker Industries	2-Digit ANZSIC Key Worker Industries	2-Digit ANZSCO Key Worker Occupations	
Agriculture, Forestry and Fishing	Agriculture, Forestry and Fishing, nfd	Farmers and Farm Managers	
	Agriculture	Education Professionals	
	Agriculture, Forestry and Fishing Support Services	Health Professionals	
Manufacturing	Manufacturing, nfd	Legal, Social and Welfare Professionals	
	Food Product Manufacturing	Food Trades Workers	
	Transport Equipment Manufacturing	Community and Personal Service Workers, nfd	
	Machinery and Equipment Manufacturing	Health and Welfare Support Workers	
	Furniture and Other Manufacturing	Carers and Aides	
Electricity, Gas, Water and Waste Services	Electricity, Gas, Water and Waste Services, nfd	Hospitality Workers	
	Electricity Supply	Protective Service Workers	
	Gas Supply	Machinery Operators and Drivers, nfd	
	Water Supply, Sewerage and Drainage Services	Machine and Stationary Plant Operators	
	Waste Collection, Treatment and Disposal Services	Road and Rail Drivers	
Construction	Construction, nfd	Storepersons	
	Building Construction	Labourers, nfd	
	Heavy and Civil Engineering Construction	Cleaners and Laundry Workers	
	Construction Services	Factory Process Workers	
Retail Trade	Food Retailing	Farm, Forestry and Garden Workers	
Transport, Postal and Warehousing	Transport, Postal and Warehousing, nfd	Food Preparation Assistants	
	Road Transport	Other Labourers	
	Rail Transport		
	Water Transport		
	Postal and Courier Pick-up and Delivery Services		
	Transport Support Services		
Information Media and Telecommunications	Warehousing and Storage Services		
	Information Media and Telecommunications, nfd		
Administrative and Support Services	Telecommunications Services		
	Public Administration and Safety, nfd		
Defence	Public Administration		
	Public Order, Safety and Regulatory Services		
Education and Training	Education and Training, nfd		
	Preschool and School Education		
Health Care and Social Assistance	Health Care and Social Assistance, nfd		
	Hospitals		
	Medical and Other Health Care Services		
	Residential Care Services		
	Social Assistance Services		

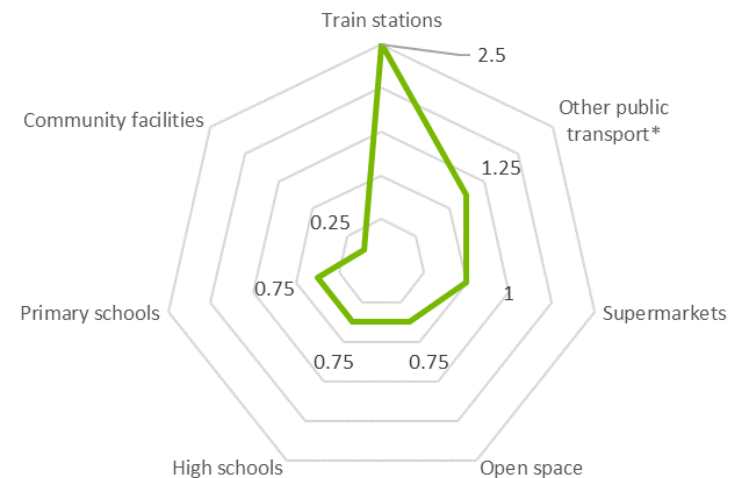
Housing access rating tool (HART): Concept

- HART is a 20-point tool that scores small areas within Western Sydney for access to key social services, amenities and public transport, and measures the suitability for housing intensification in each area. Housing intensification should be concentrated in places that are the most accessible and liveable, and that have good access to social infrastructure.
- There are many ways that livability and accessibility can be measured. There are also many different destinations that people may want to live near, and how important these different destinations are considered will vary from person to person.
- As part of the framework for potential acquisition sites shown in the figure, the HART analysis captures access and community integration. Other factors such as environmental constraints, and local infrastructure or character are not considered in this analysis.
- The third component, development appraisal, is also important and is addressed through the feasibility analysis conducted separately in this project.



Housing access rating tool (HART): Components and methodology

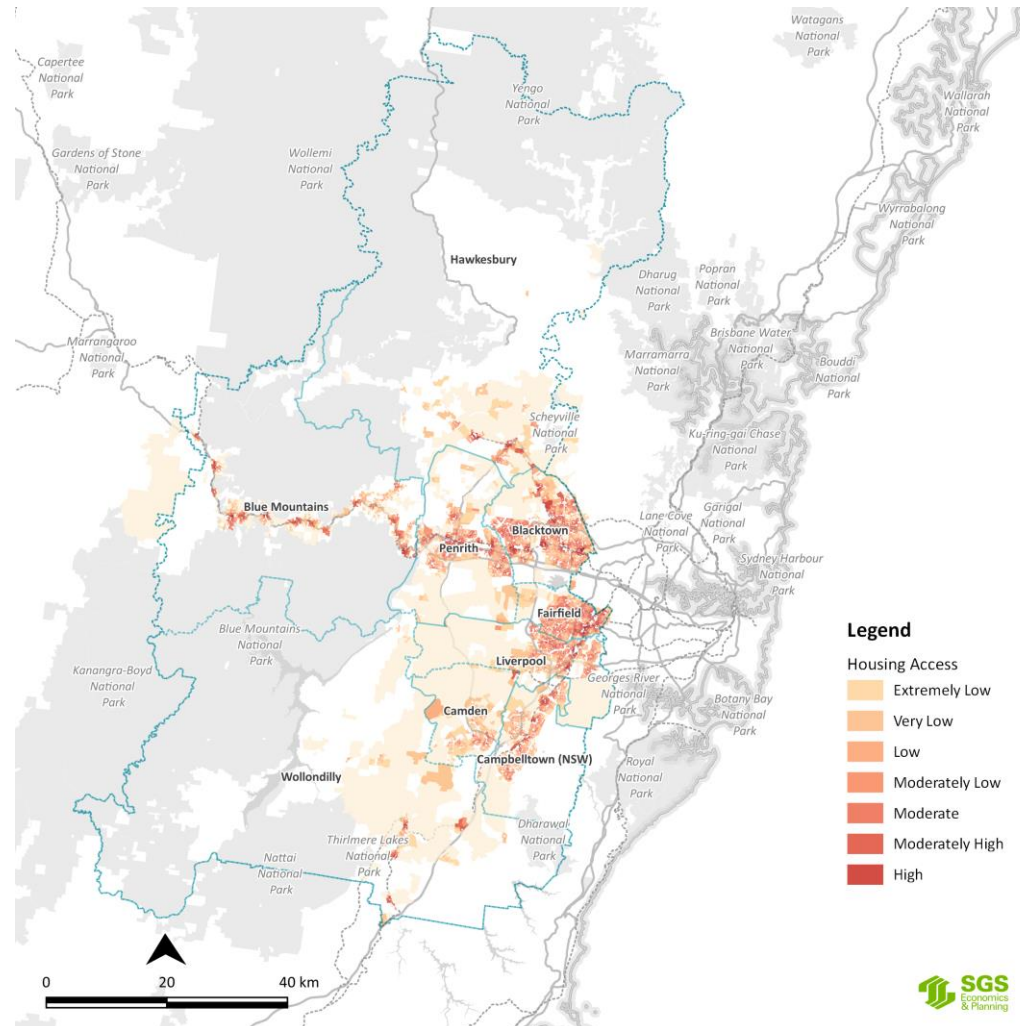
- SGS has assessed the accessibility of each part of Western Sydney for housing intensification based on the proximity of each area to the following destinations and facilities, using the road network:
 - Train stations
 - Other public transport stops
 - Open space
 - Primary schools
 - Secondary schools, and
 - Libraries and community facilities.
- Proximity to most of these elements is required or encouraged under NSW Government planning policy for land to be zoned for high density residential development.
- The scoring criteria targets affordable housing tenants as it prioritises social services that tenants may need and excludes consumptive amenities such as bars/restaurants and private gyms.
- Each Mesh Block (MB) in Western Sydney has been given a score for proximity to each destination, based upon whether it fell within a primary or secondary catchment along the existing road network.
- By weighting and combining each attribute, an overall proximity score was produced reflecting accessibility for housing intensification.
- This proximity score measures high level opportunities for housing intensification, as shown in the following figure:
- Increasing public transport accessibility or the size of a retail centre, for example, could dramatically change accessibility for development. Urban design considerations and other development constraints could also mean that somewhere that is assessed as having high suitability of additional housing may be inappropriate for additional development.
- The maps shown in the following slides illustrate the relative proximity of different parts of the LGA to each of these urban features.



Housing access rating tool (HART): Overall accessibility for housing

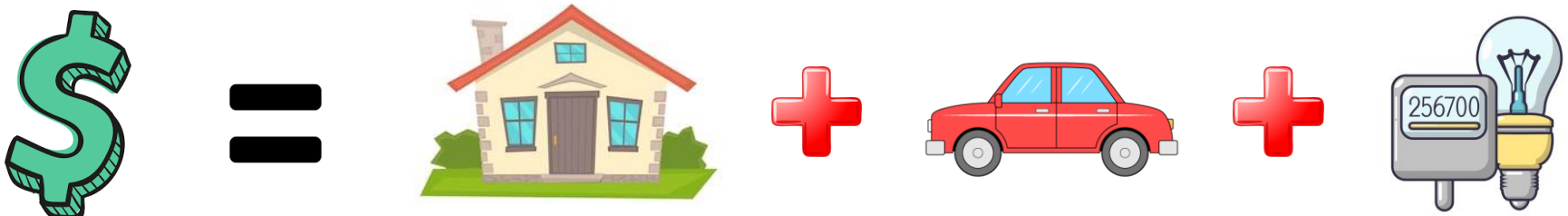
- The scores calculated for overall accessibility are strongly linked to proximity to public transport. This is reflected by the three railway corridors and immediate surrounds having the highest scores.
- Most town centres around railway stations receive a moderate or good accessibility score. Other town centres receive moderate (but lower) scores.
- An increase in mass transit availability, for example in growth areas south of Penrith, would change this picture and dramatically improve the accessibility of housing intensification. A picture of suitability if public transport is improved can be gained by considering each attribute shown on the previous pages individually.
- Maps of the HART model sub-components are given in Appendix 2.
- Source: SGS HART model, 2020

OVERALL ACCESSIBILITY FOR HOUSING – ENTIRE REGION



Total housing costs

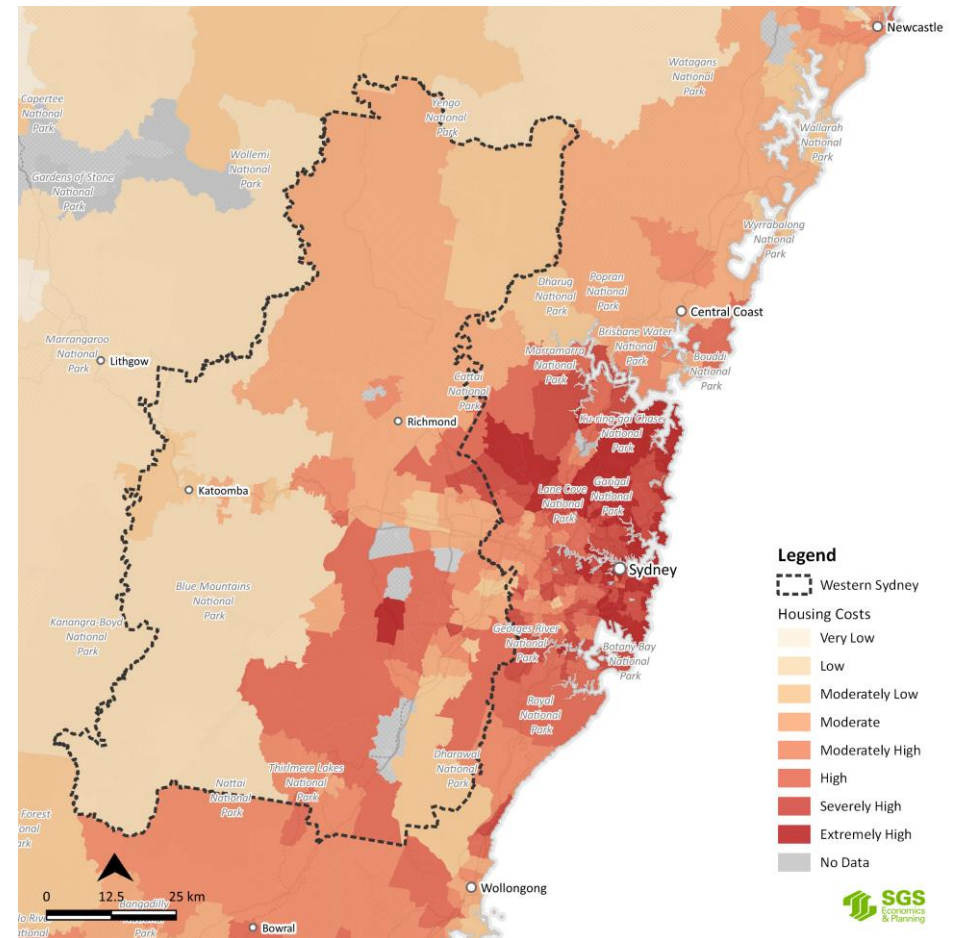
- SGS has developed a housing cost index across Greater Sydney, comprising of housing costs, transport costs, and utility costs.
- The impact on these total housing costs and variations across the district on the demand for affordable housing was considered.
- This will inform the development of housing affordability strategies as they relate to reducing energy, water and transport costs spatially across Western Sydney.



Housing Costs

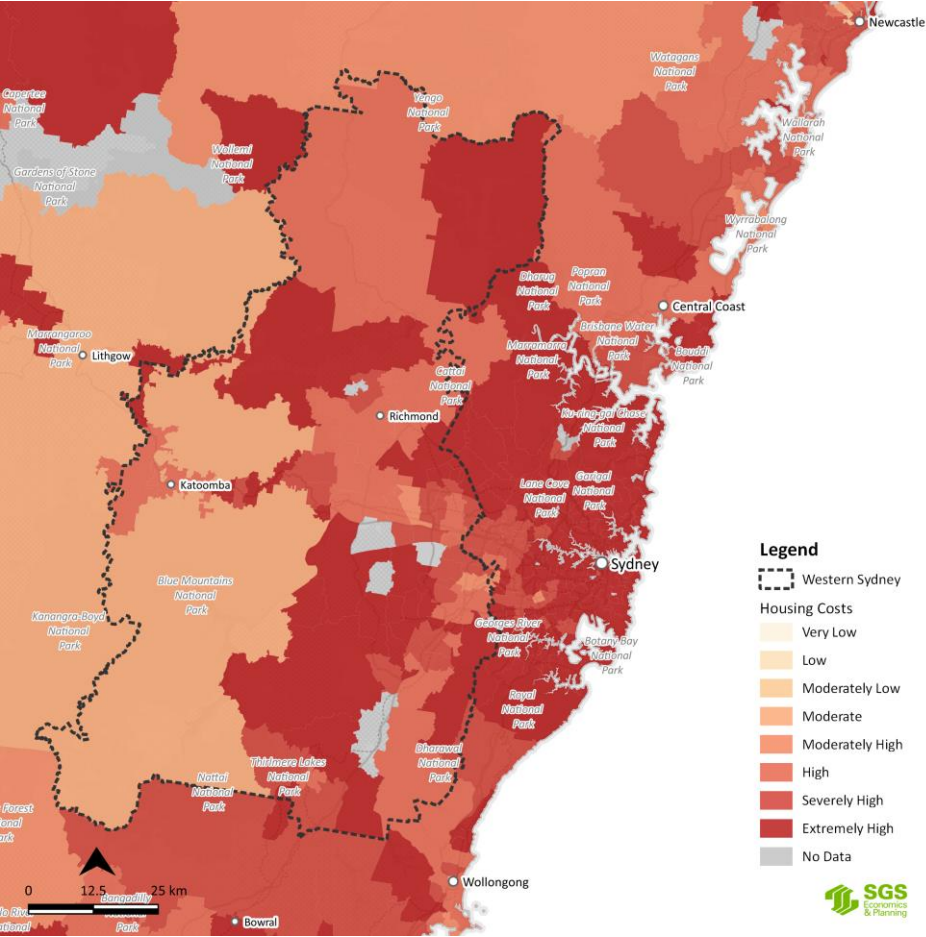
- The housing costs index measures rental affordability relative to income for household. It is a price index for housing rental markets.
- Most of Greater Sydney is critically unaffordable to significant proportions of the renting population, especially very low and low-income households.
- Sydney's inner city harbour suburbs are the top least affordable postcodes.
- Housing costs in the Western Sydney area are significantly lower than the inner city given its greater proximity to the central city.
- The average household generally must travel at least 15 - 40km from the CBD to areas near the boundary of Western Sydney to find moderate housing costs, forcing first-home buyers into the outer suburbs of Sydney.

RENTAL AFFORDABILITY BASED ON MEDIAN SYDNEY HOUSEHOLD INCOME LEVELS

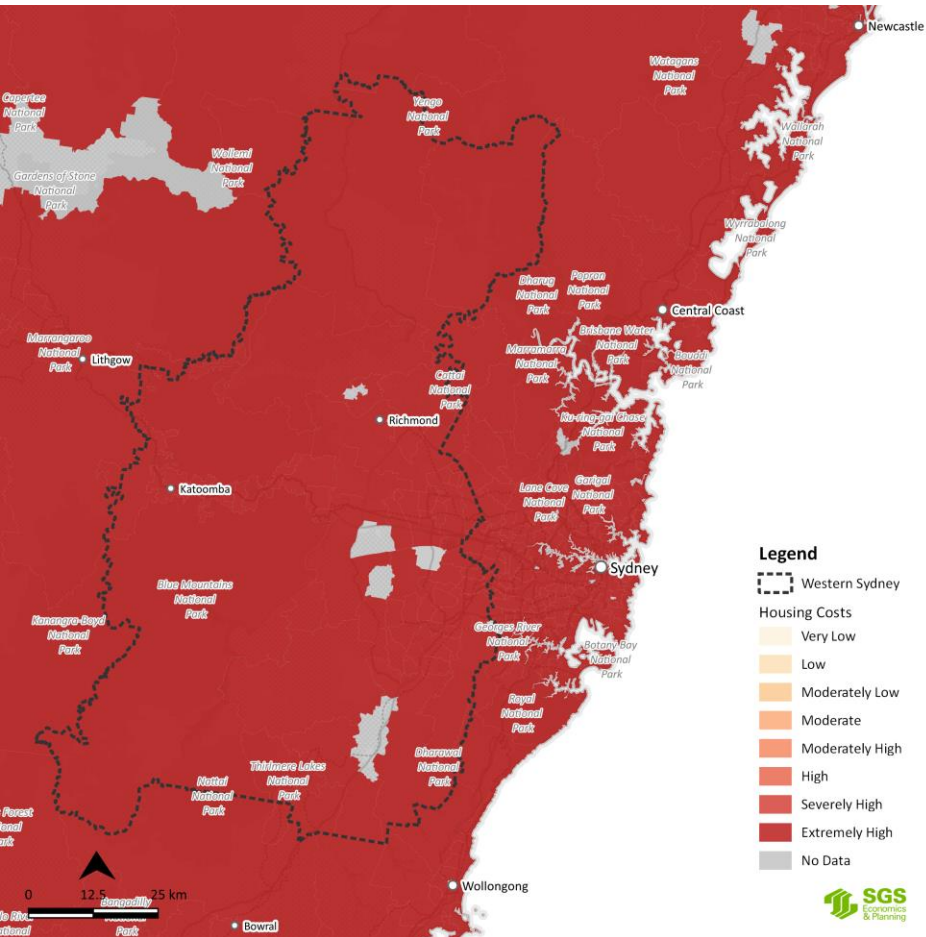


Housing Costs

RENTAL AFFORDABILITY BASED ON LOW HOUSEHOLD INCOME LEVELS

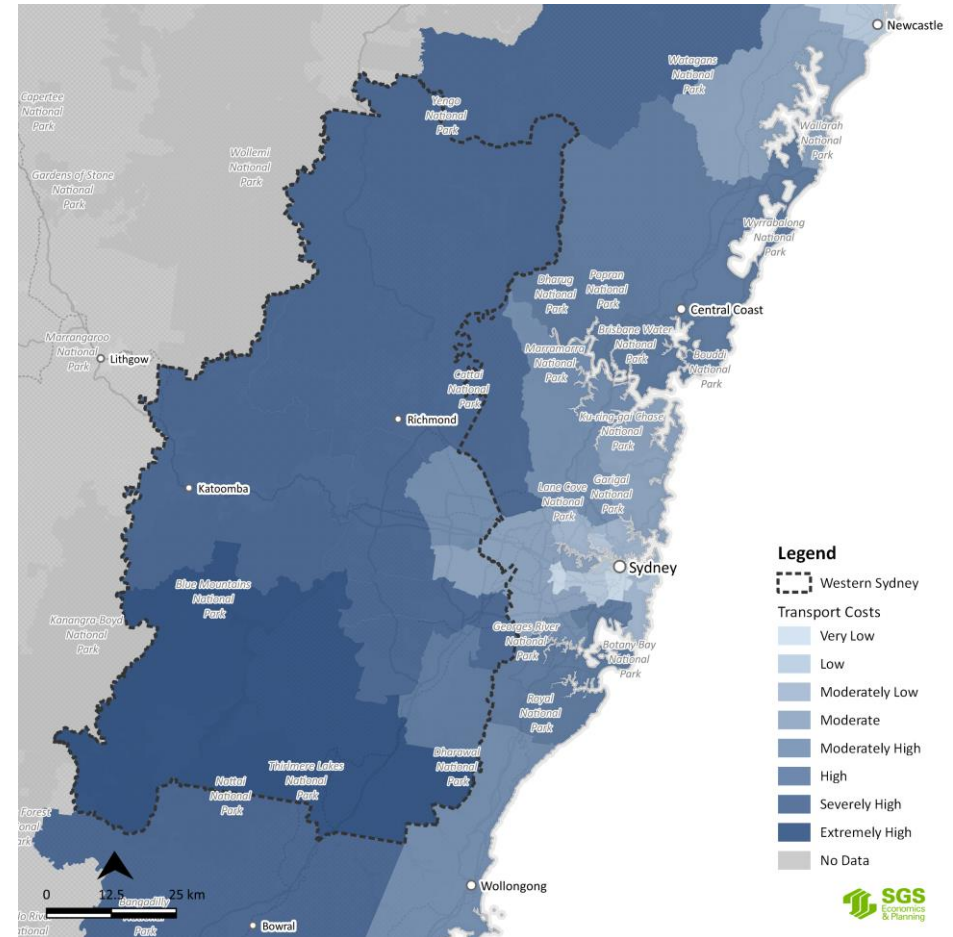


RENTAL AFFORDABILITY BASED ON VERY LOW HOUSEHOLD INCOME LEVELS



Transport Costs

- The transport costs index measures transport expenditure per household, using the TfNSW Household Travel Survey.
- It is a price index measuring the generalised cost of car, train, bus, and walking trips.
- Households in Sydney's inner-city suburbs experience the lowest transport costs.
- Households further from the central city, notably in the Western Sydney areas, experience higher transport costs given:
 - More car trips, fewer public transport trips, and fewer active transport trips to greater proximity to shops, education and transport, and fewer public transport developments in the outer suburbs.
 - Longer car trips to/from the central city.
 - Longer distance public transport trips to/from the central city.



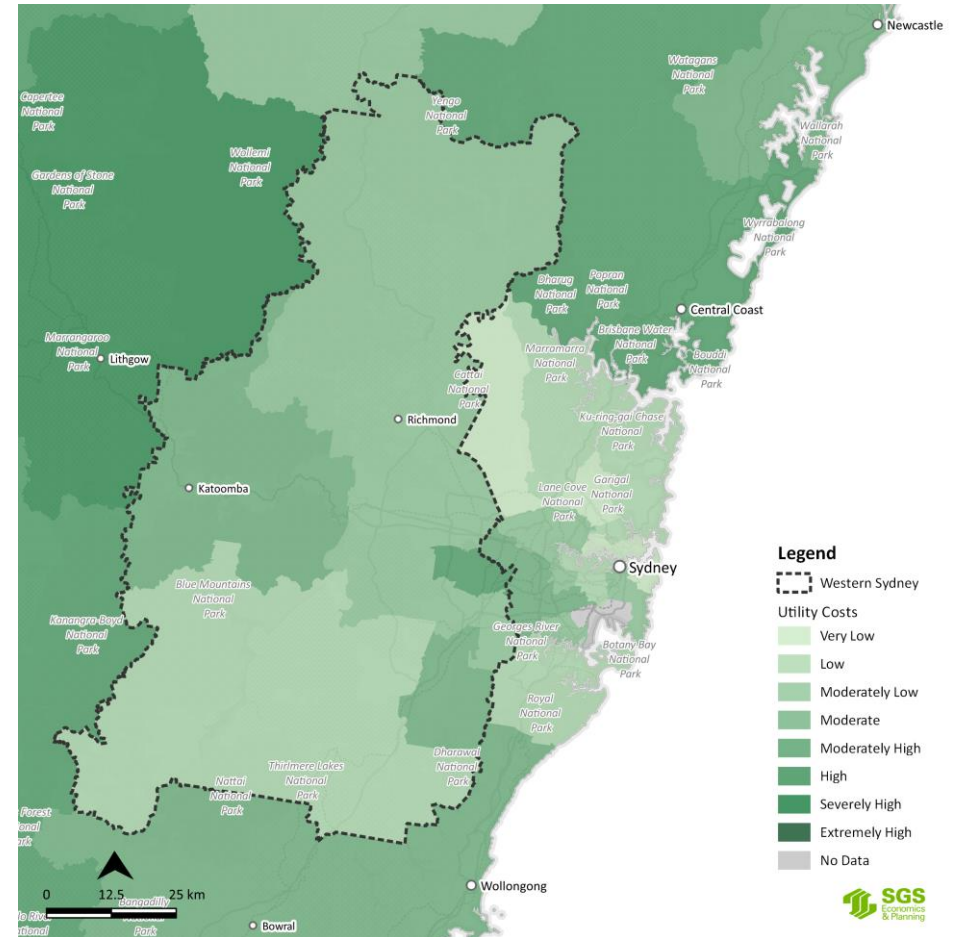
AHURI: commuting burdens and housing affordability

- Average **commuting burdens** comprise 8.6 per cent of annual income for Q2 **(low income) renters** in Sydney.
- Most households with high commuting burdens are employed in smaller, dispersed employment centres.
- There are few sites within major employment hubs where current rental market conditions supply market housing which can offset commuting burdens.
- Therefore, **development of dedicated affordable housing should be prioritised in locations with a high numbers of low-moderate income employees**, such as service centres or 'key-worker' precincts (e.g. hospitals).
- **Affordable housing should also be targeted in areas well-served by public transport** where possible, as this also offers a significantly lower cost burden associated with commuting than private vehicles.

Source: AHURI (2020). *Commuting burden and housing affordability for low-income renters*. https://www.ahuri.edu.au/_data/assets/pdf_file/0018/64710/AHURI-Final-Report-335-Commuting-burden-and-housing-affordability-for-low-income-renters.pdf

Utility Costs

- The utility costs index measures utility expenditure per household, as a proportion of total household expenditure, using the ABS Household Expenditure Survey.
- It is a price index measuring the proportion of total expenditure spent on utilities.
- Households in Sydney's inner-city suburbs, on average, spend less on utilities which resonates given these areas represent higher income households.
- Households in outer areas spend a greater proportion on utilities given they are lower household income.
- Suburbs within Western Sydney sit between these two extremes with moderate expenditure on utilities.



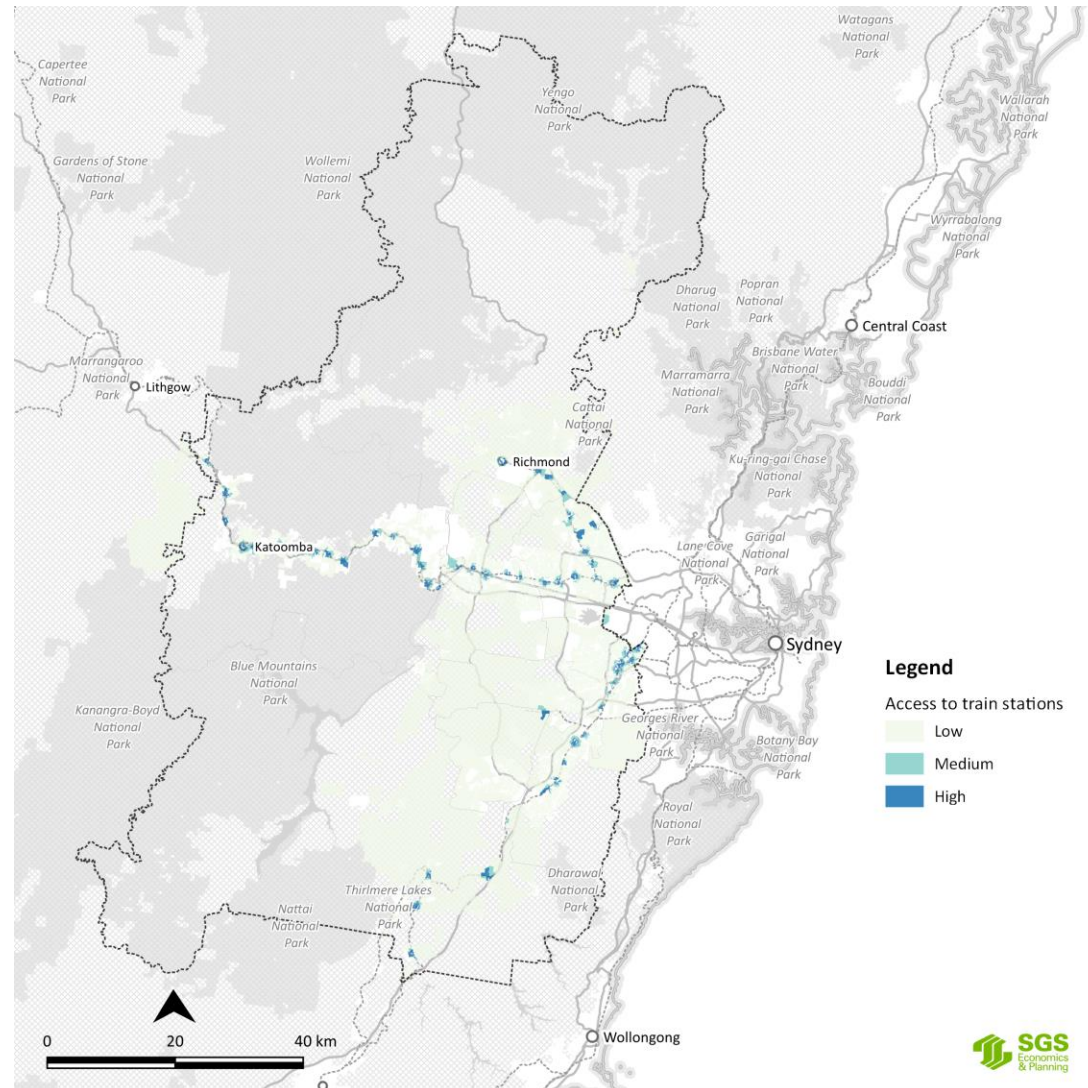


Appendix 1

HART analysis components

Housing access rating tool (HART): Proximity to train stations

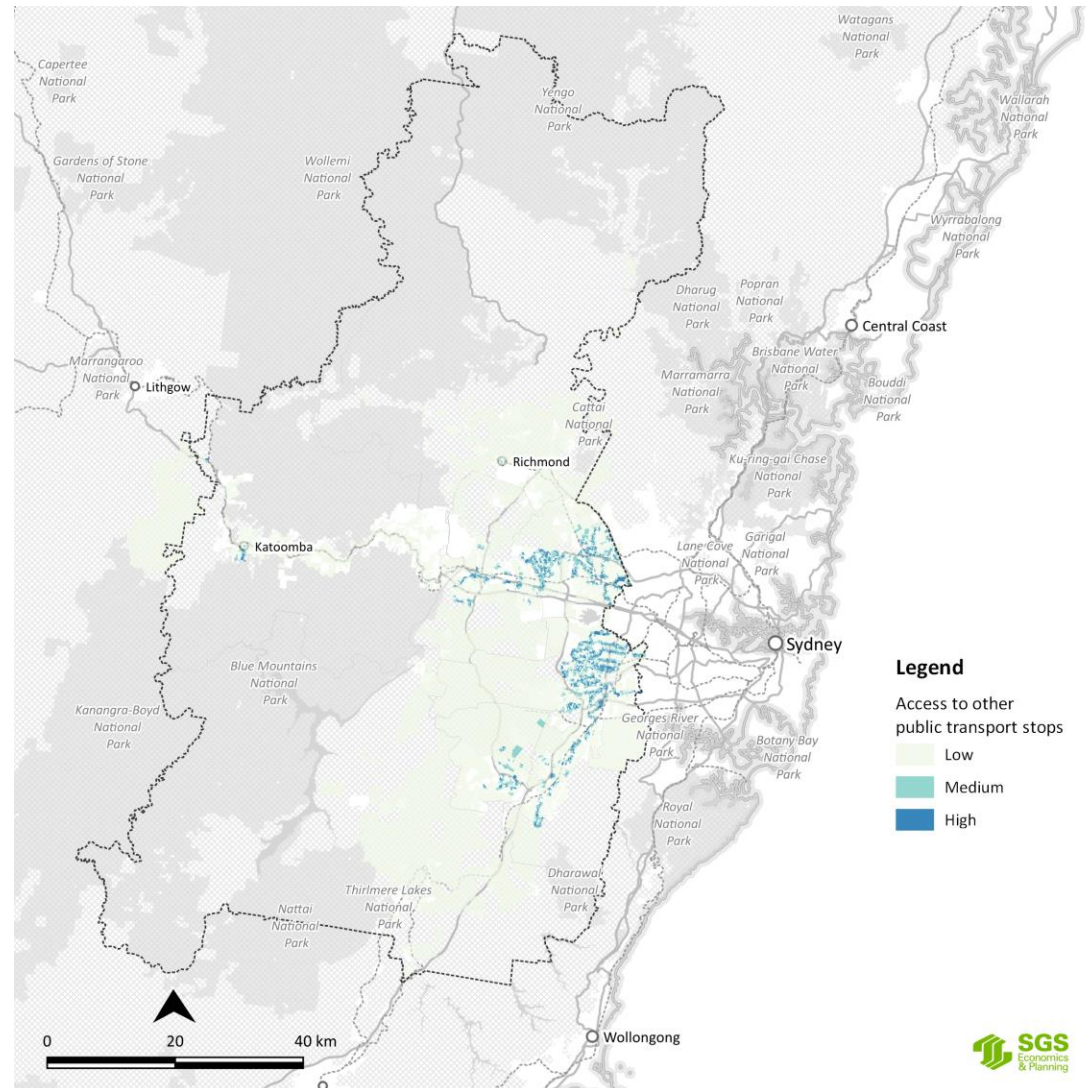
- Only a small portion of the study area is within good proximity to rail stations given the dispersion of railway lines in the outer suburbs. This is still the case if only residential areas are considered.
- Traditional centres generally contain train stations, but many newer suburbs and centres do not.
- While different train lines have different service frequencies, trains nonetheless generally provide the most direct, fastest and most reliable public transport service, making the catchments around them highly suitable for housing intensification or the locations of social and affordable housing.
- New train services are planned in Western Sydney, with a metro service between St Marys and Western Sydney Aerotropolis to include six new metro stations: St Marys (connected to the existing heavy rail station), Orchard Hills, Luddenham Road, Airport Business Park, Airport Terminal and Aerotropolis. A further planned project, the South West Rail Link Extension corridor will provide for the extension of the existing passenger rail line from Leppington Station to the Aerotropolis.



Source: SGS HART model, 2020

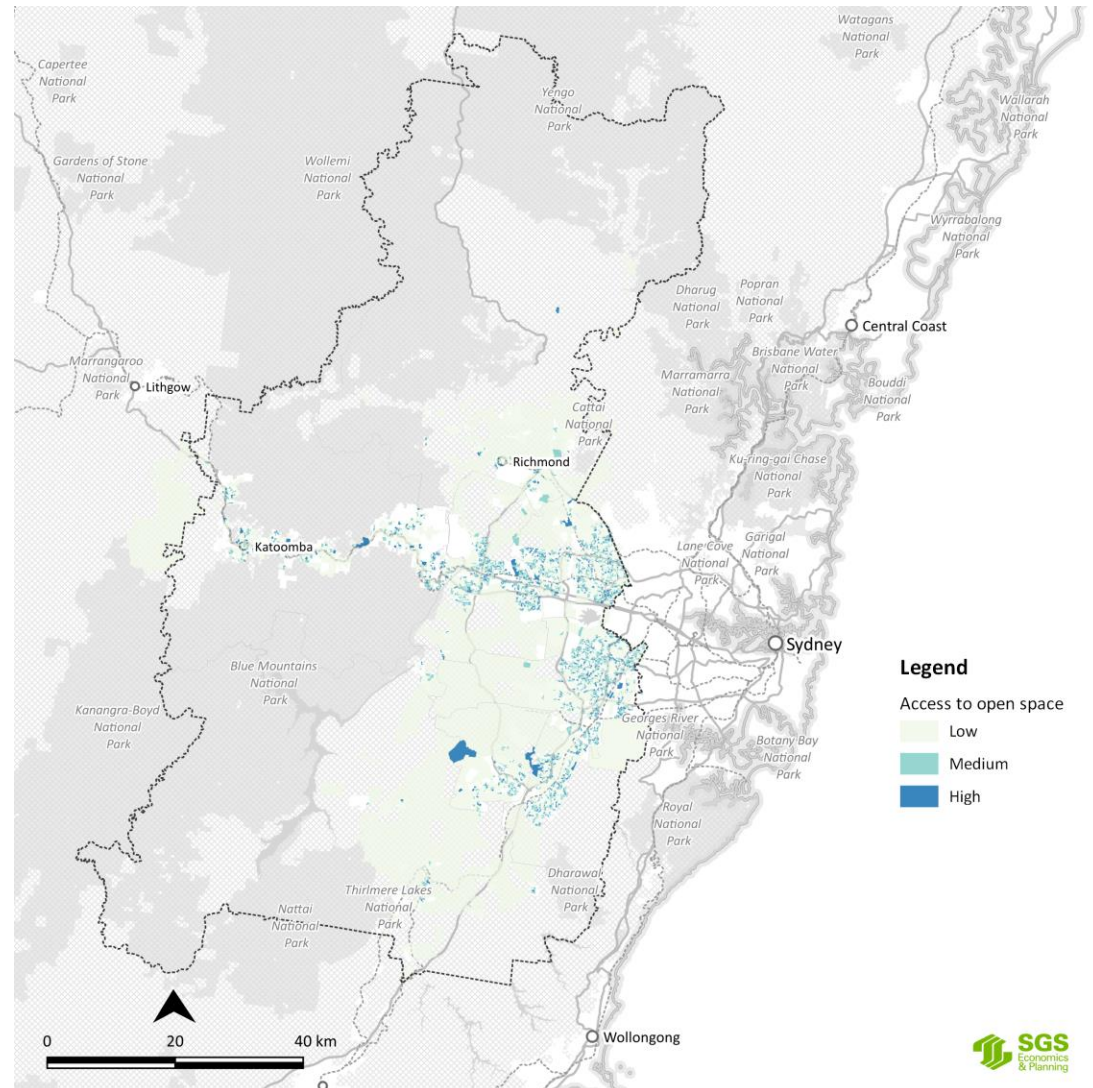
Housing access rating tool (HART): Proximity to other public transport

- Only bus stops with an acceptable level of service frequency on weekdays and weekends have been included in this metric.
- Most of the residential areas within the study area are in good proximity to bus stops with at least a moderate level of service frequency, however, services are less frequent and direct compared to train services.
- There are also some pockets with comparatively poor access to public transport in the south eastern section of the residential area towards and around Campbelltown, Camden, Penrith and large parts of the Hawkesbury, Blue Mountains and Wollondilly LGAs where population densities are low.



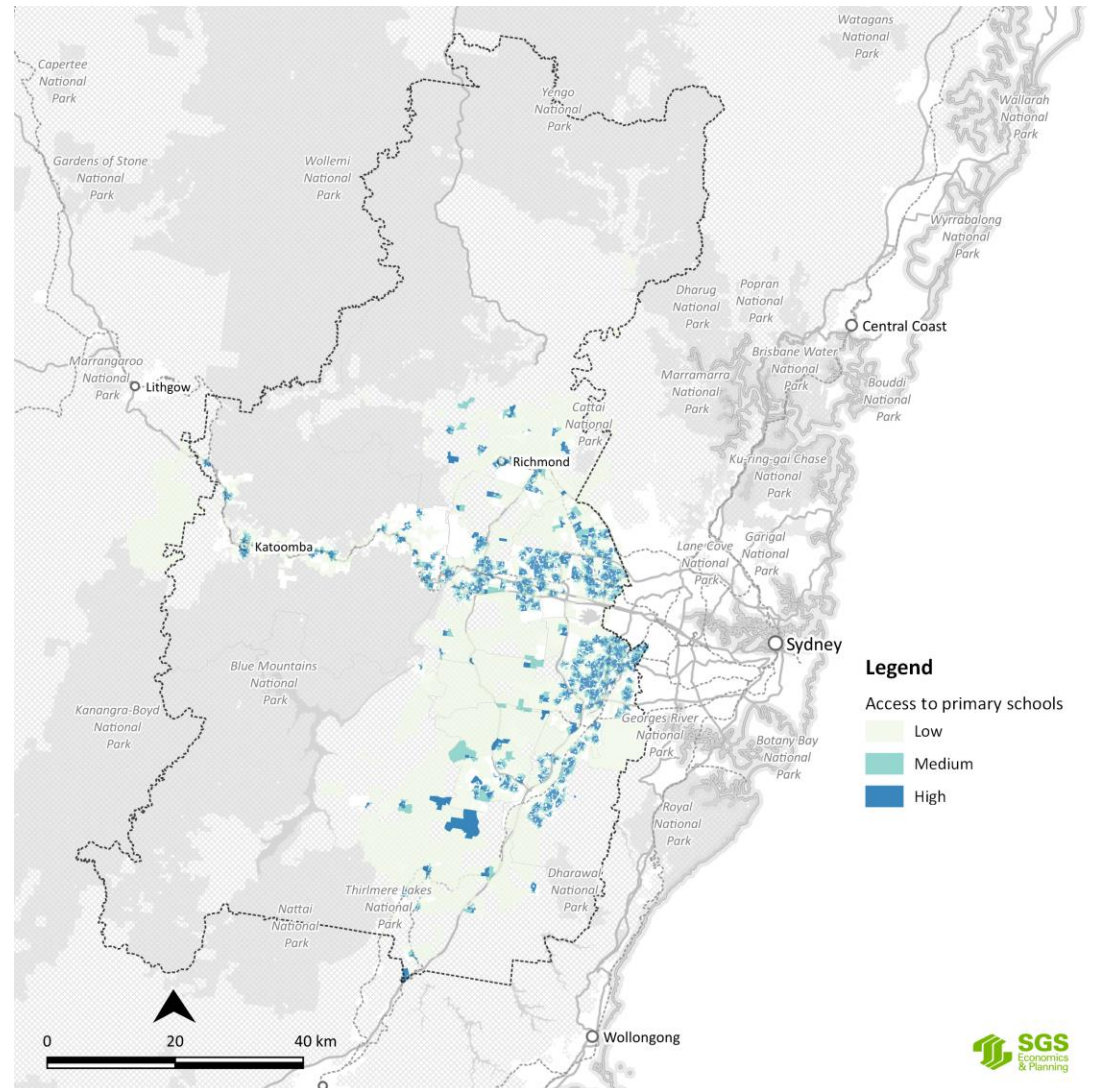
Housing access rating tool (HART): Proximity to open space

- Access to public recreation zones has been considered. This analysis considers proximity to any open space in this zone, and so some of the mapped accessibility may be to small parks. National and regional parks are not considered.
- Most residential areas within the study area are located relatively close to some form of open space.



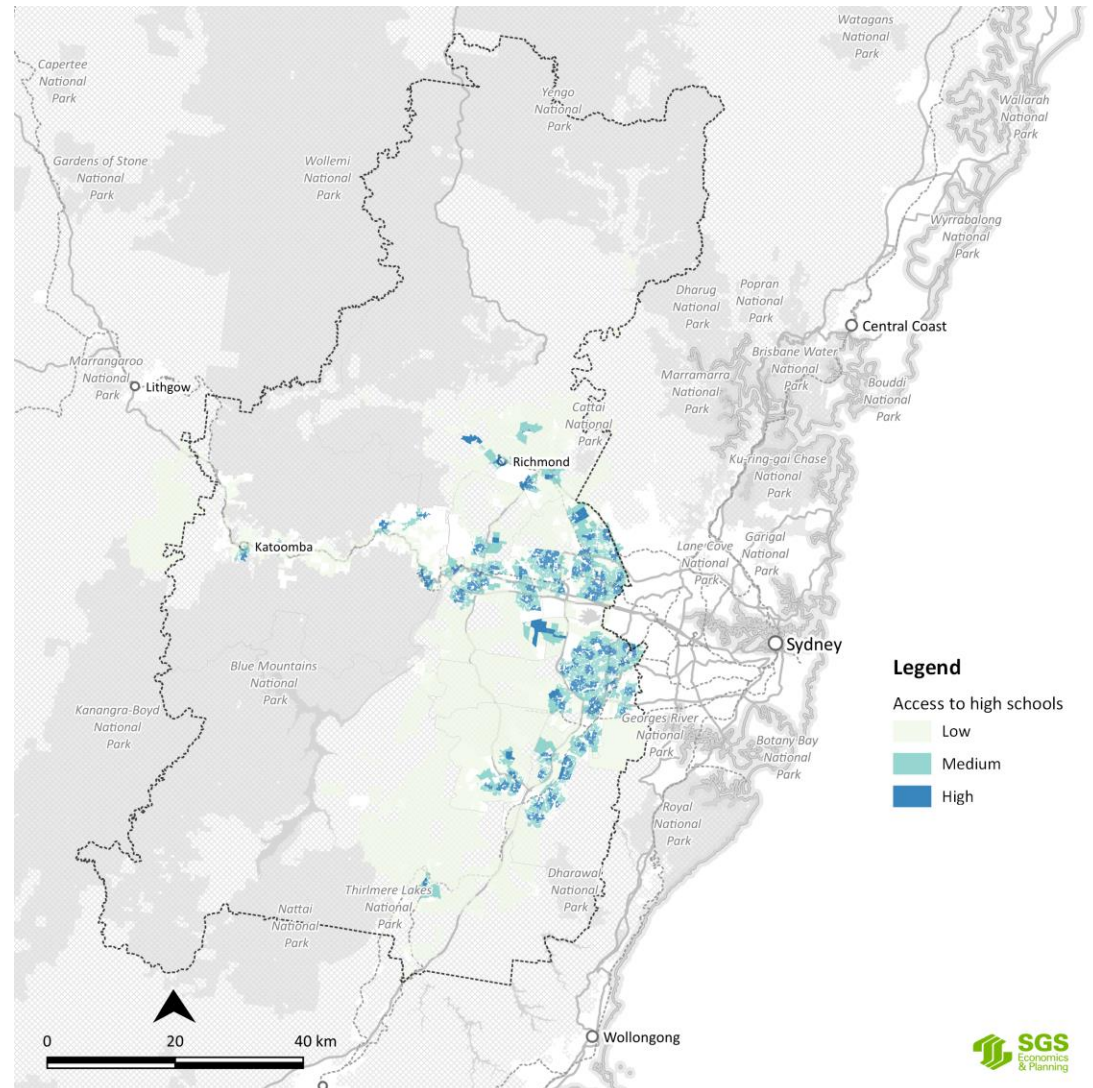
Housing access rating tool (HART): Proximity to primary schools

- Most of the residential parts of the study area are in good proximity to a public primary school.



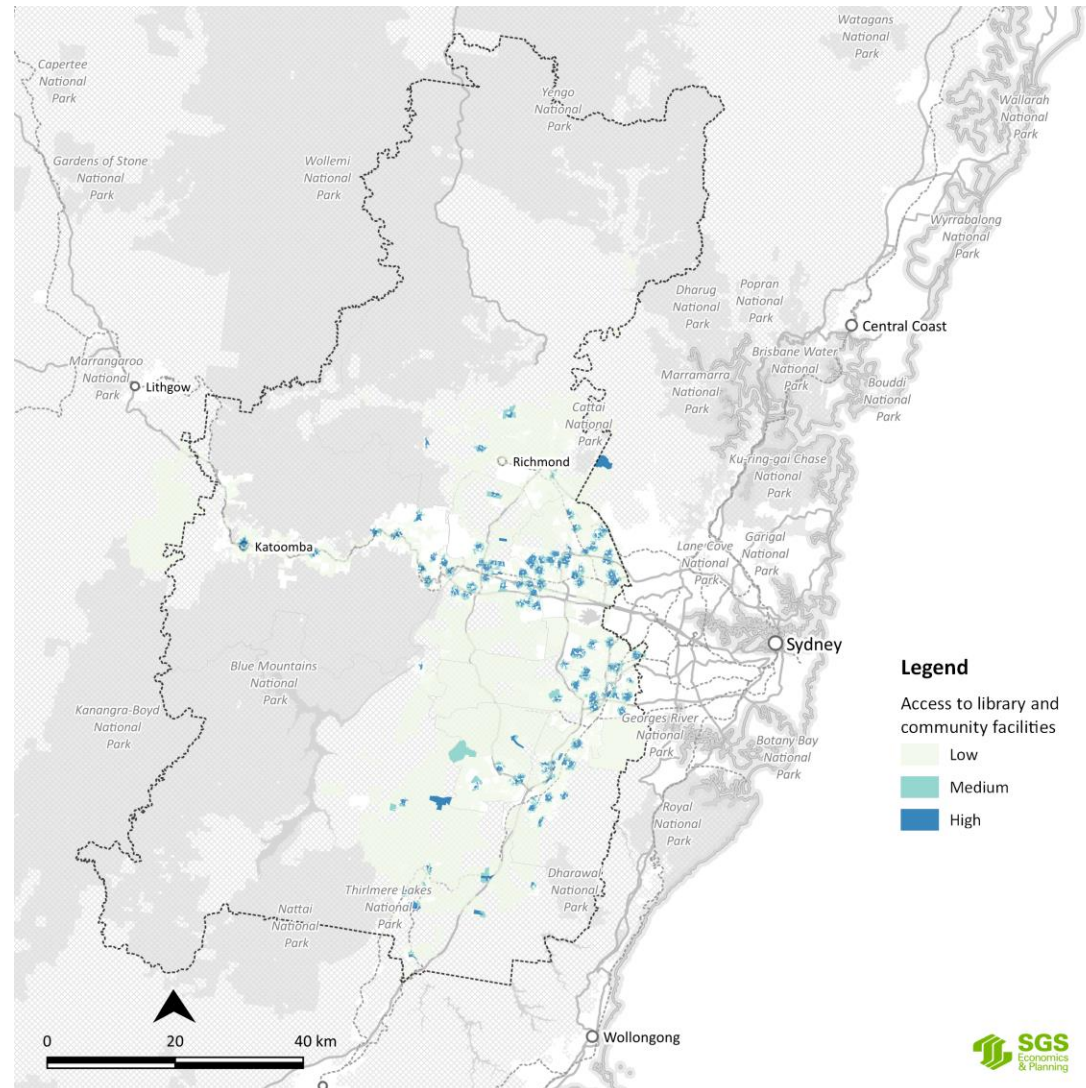
Housing access rating tool (HART): Proximity to secondary schools

- Most of the suburban parts of the study area have some access to high schools, although they are more dispersed than primary schools, leading to a clearer differentiation between those areas within a comfortable walk and those further away.



Housing access rating tool (HART): Proximity to libraries and community facilities

- These types of facilities are typically located in town centres, which is reflected in the pattern of proximity. For example, there is a concentration of such uses around the Penrith Town Centre.
- There are generally fewer community facilities located at the edge of residential areas, with these peripheral locations not able to access facilities within walking distance.



Appendix 2

Rentals by postcode



Rental data by postcode

- Rental data was gathered from NSW Fair Trading rental bond data and broken down to find the median rent being paid for new leases, for each postcode within each LGA.
- This illustrates the range of rentals being paid in the WSPP area
- Data is for the June quarter of 2023

Blacktown



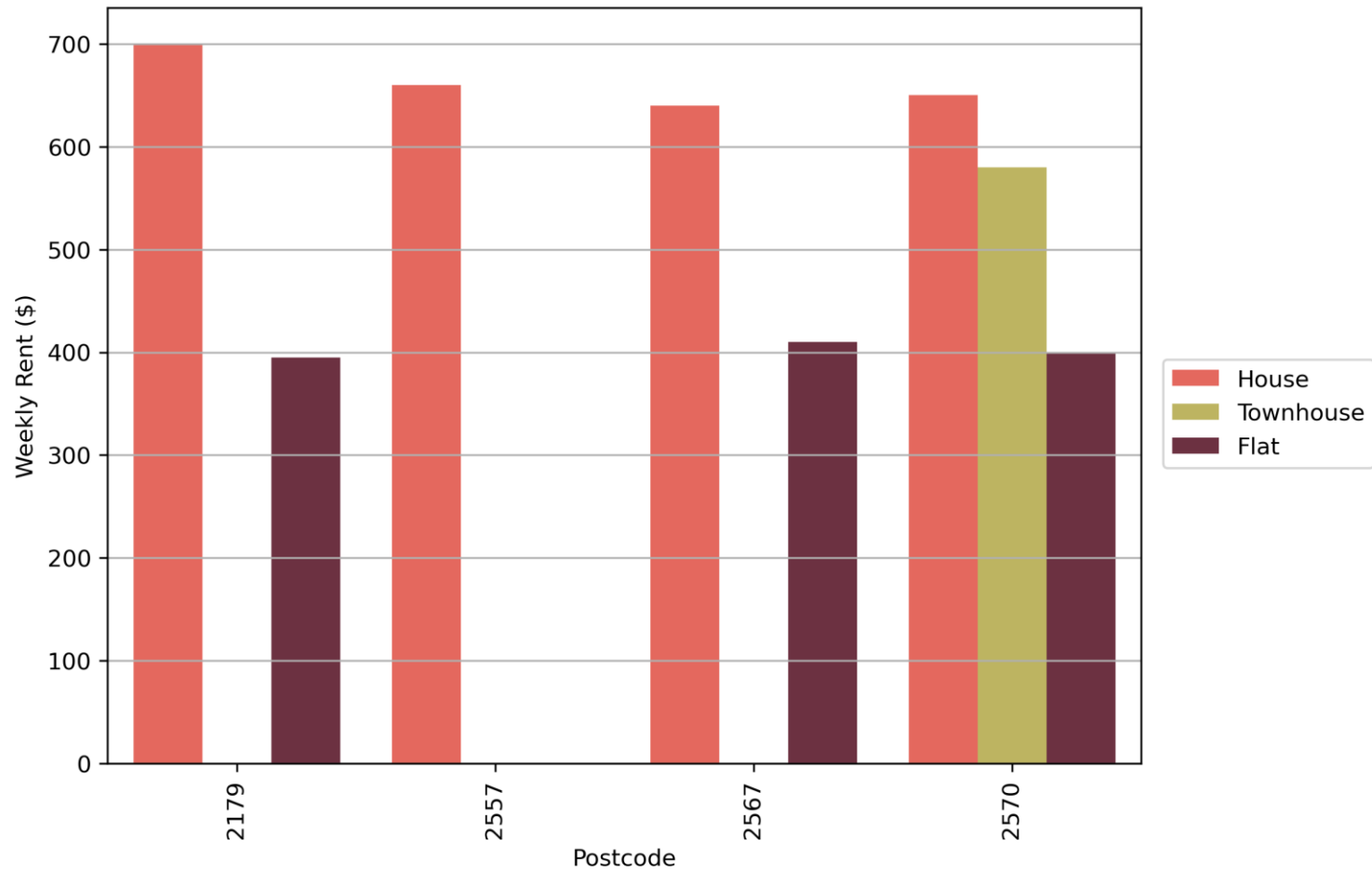
Source: SGS Economics & Planning, 2023, NSW Fair Trading *Rental Bond Data 2023*

Blue Mountains



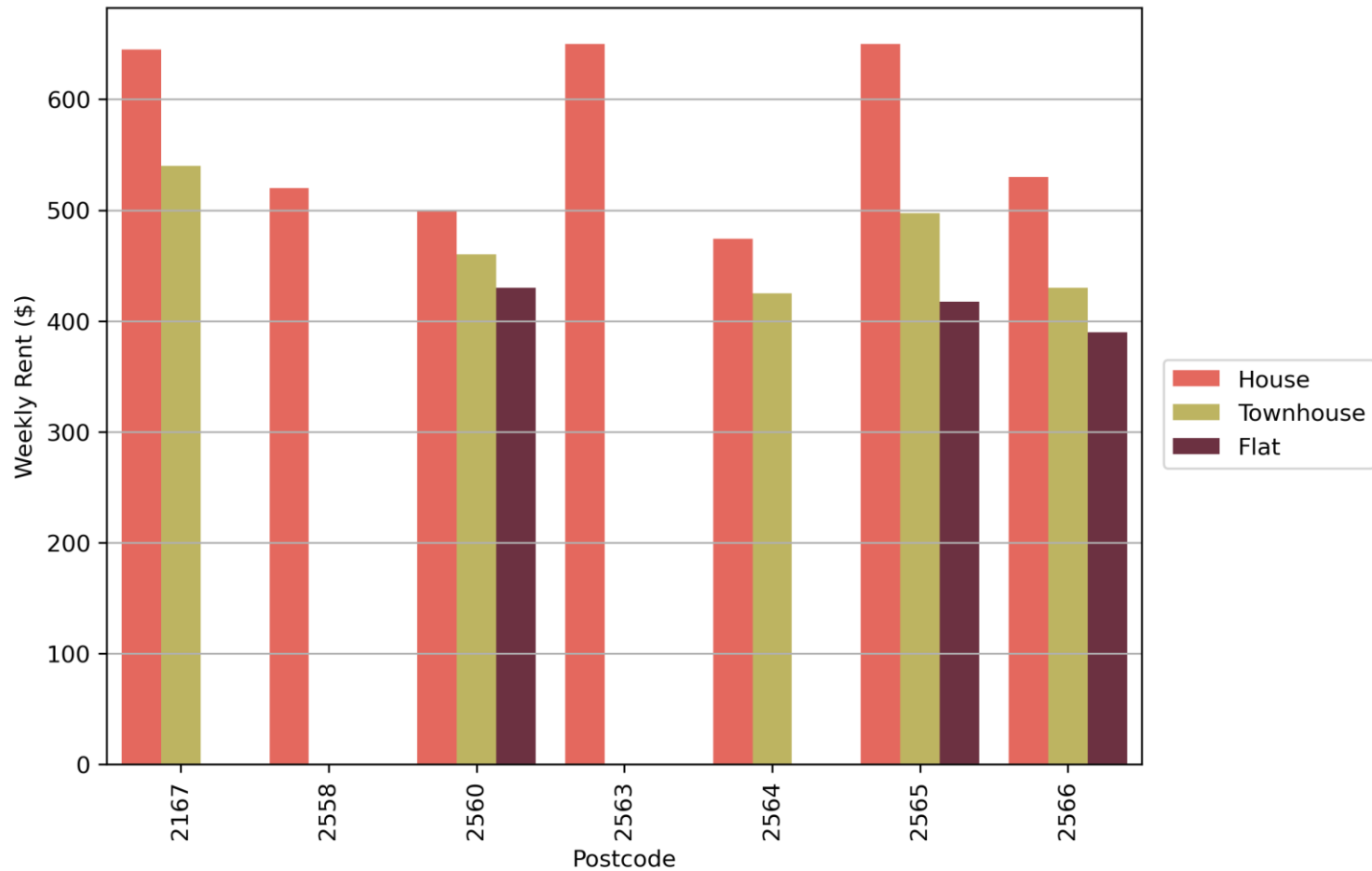
Source: SGS Economics & Planning, 2023, NSW Fair Trading *Rental Bond Data 2023*

Camden



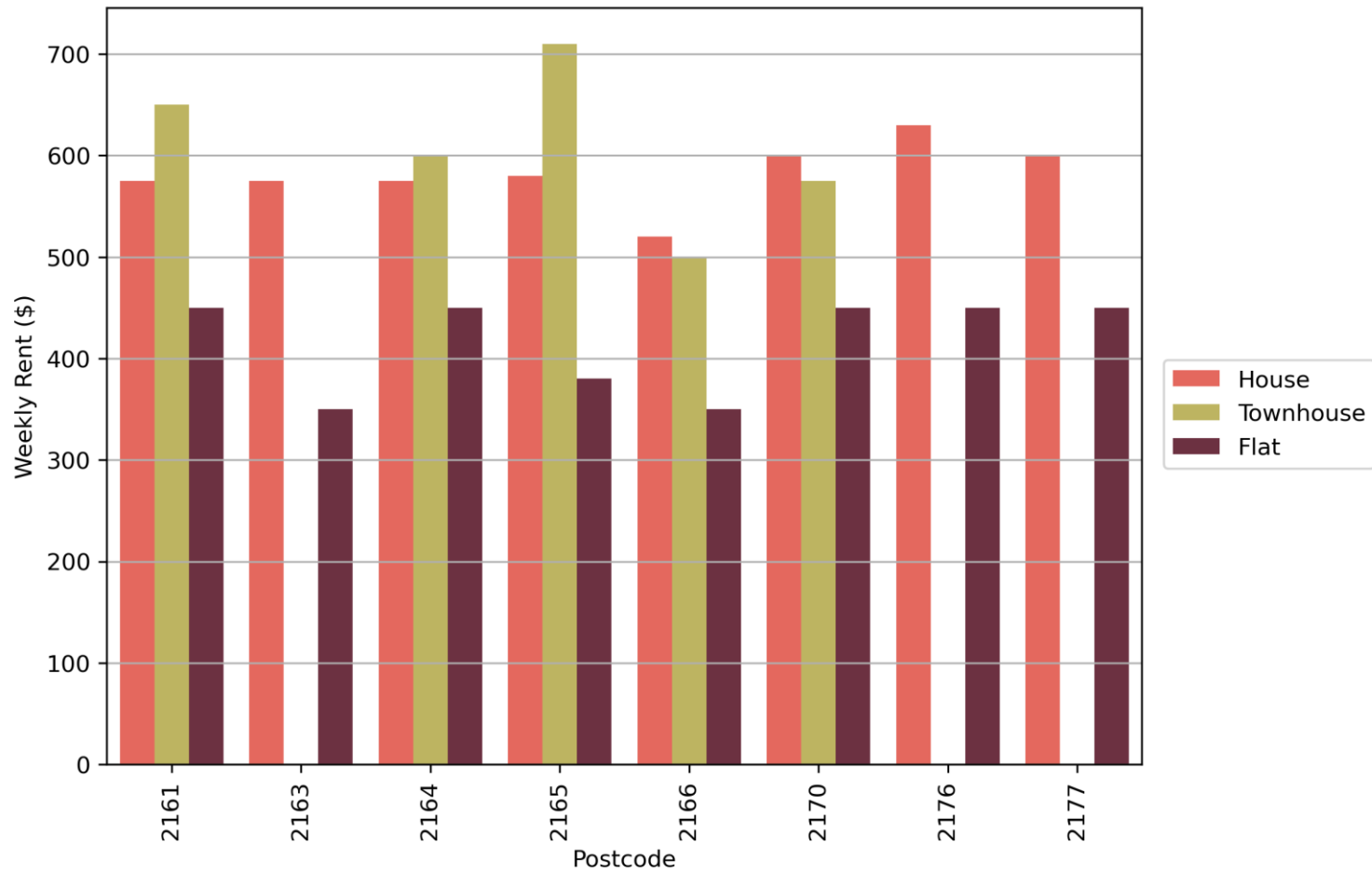
Source: SGS Economics & Planning, 2023, NSW Fair Trading *Rental Bond Data 2023*

Campbelltown



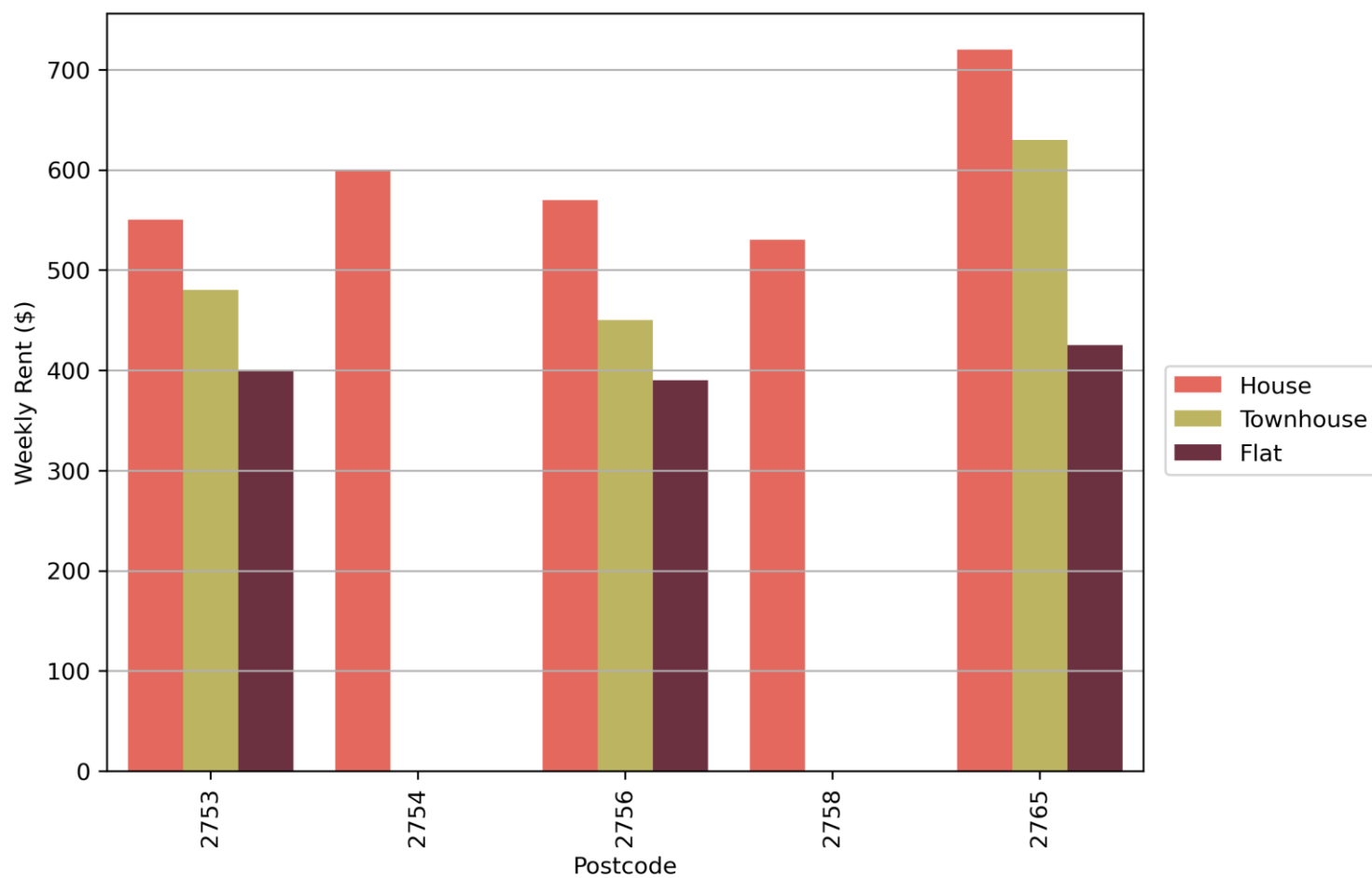
Source: SGS Economics & Planning, 2023, NSW Fair Trading *Rental Bond Data 2023*

Fairfield



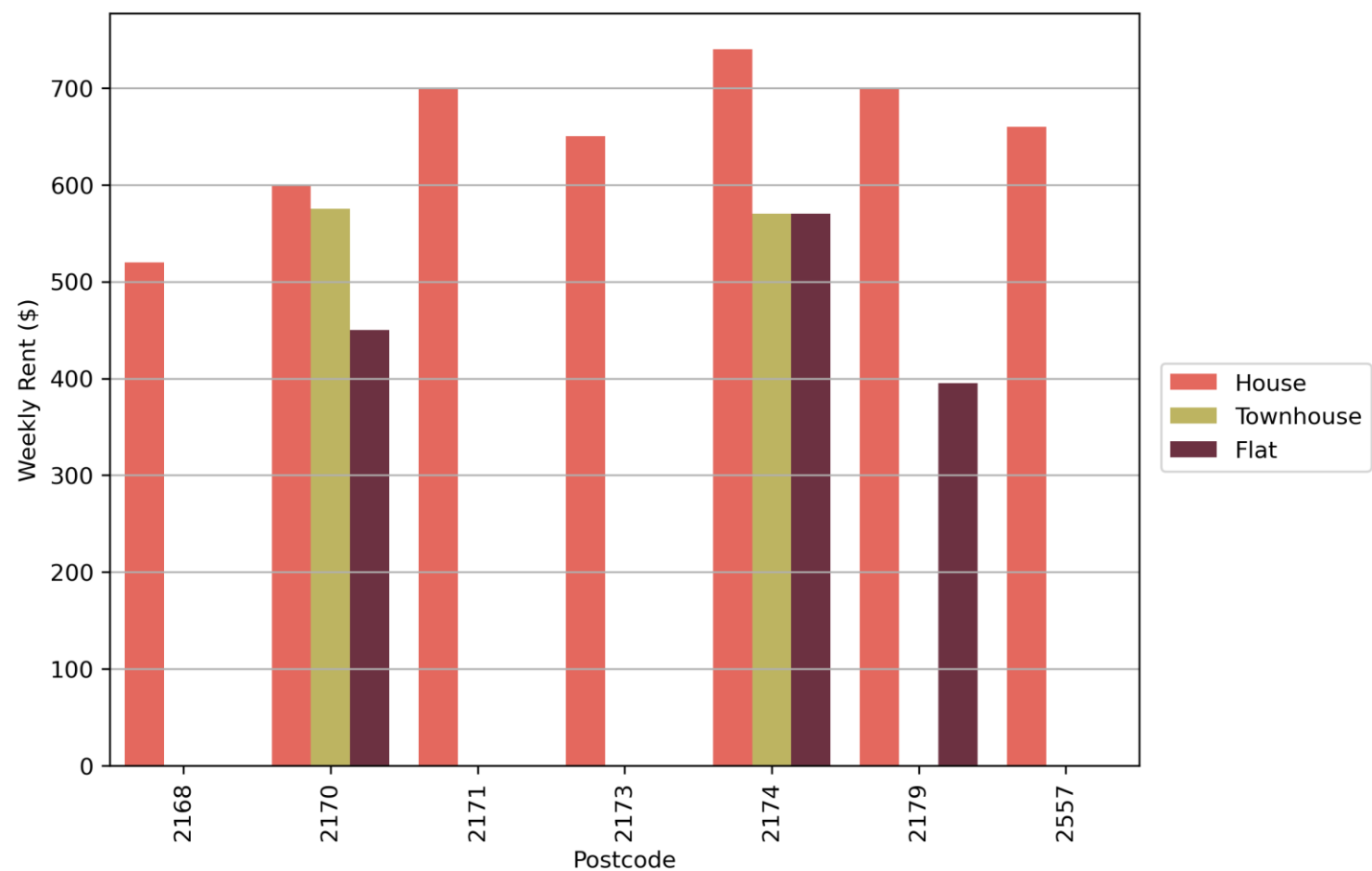
Source: SGS Economics & Planning, 2023, NSW Fair Trading *Rental Bond Data 2023*

Hawkesbury



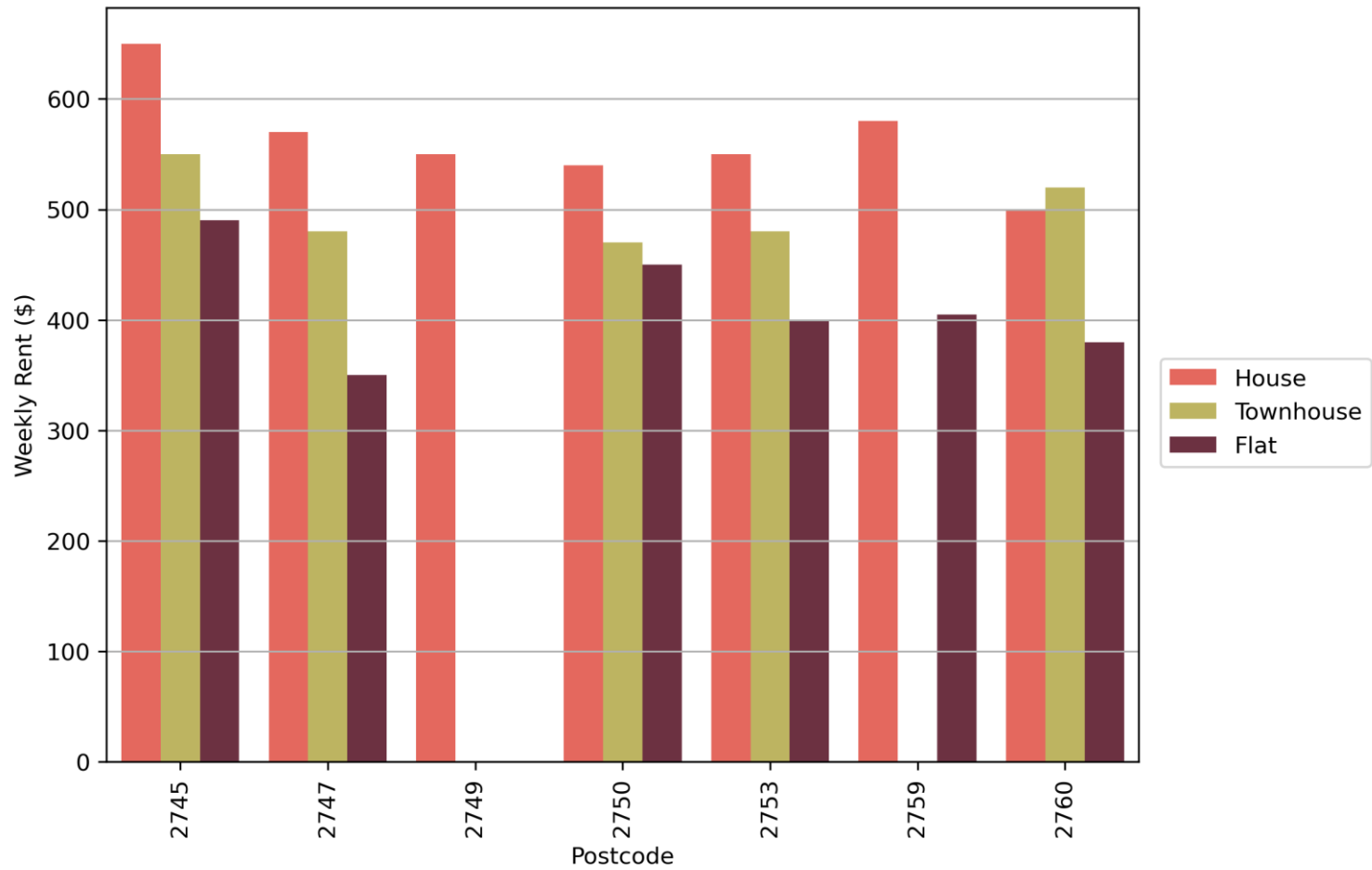
Source: SGS Economics & Planning, 2023, NSW Fair Trading *Rental Bond Data 2023*

Liverpool



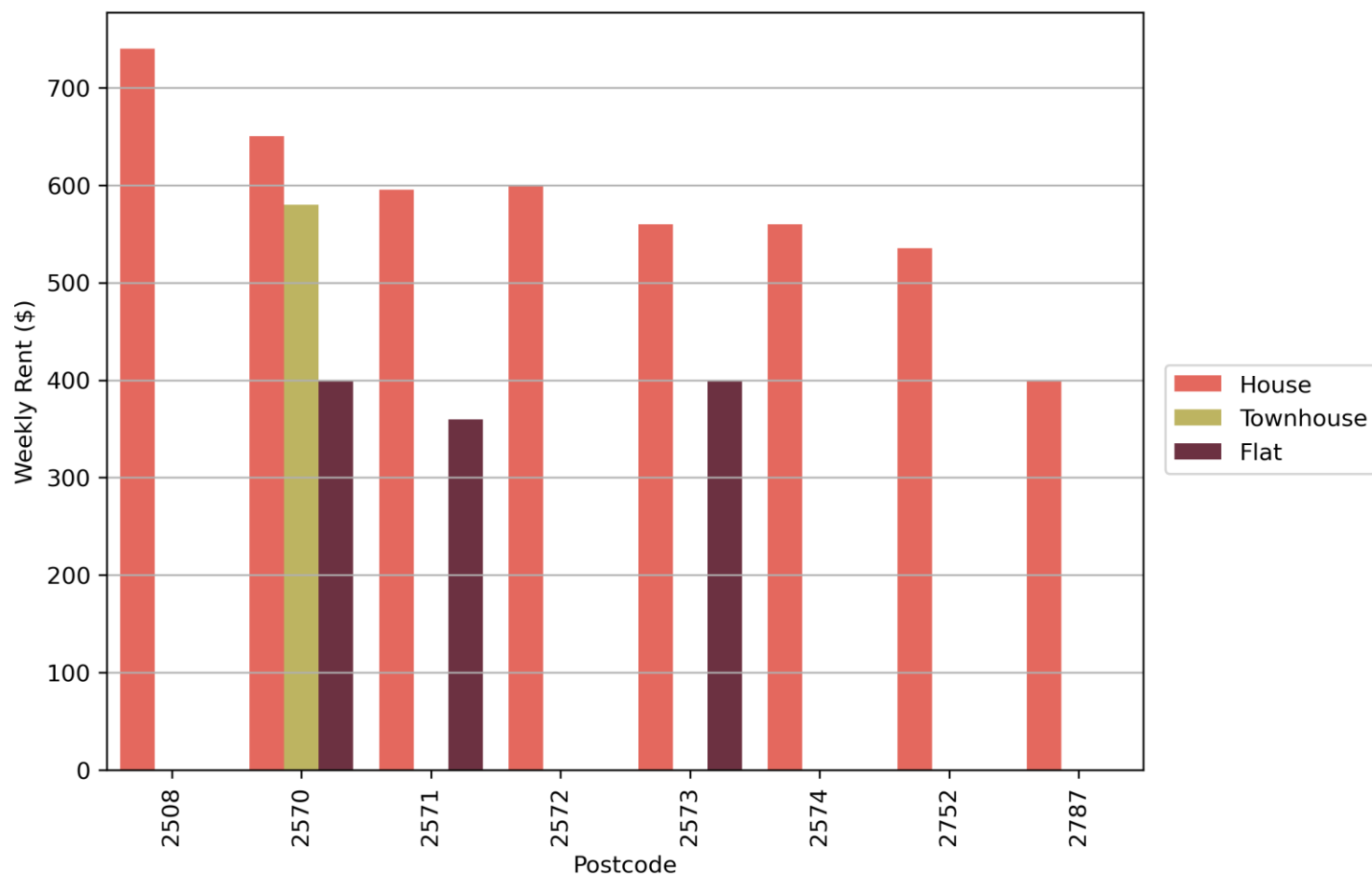
Source: SGS Economics & Planning, 2023, NSW Fair Trading *Rental Bond Data 2023*

Penrith



Source: SGS Economics & Planning, 2023, NSW Fair Trading *Rental Bond Data 2023*

Wollondilly



Source: SGS Economics & Planning, 2023, NSW Fair Trading *Rental Bond Data 2023*



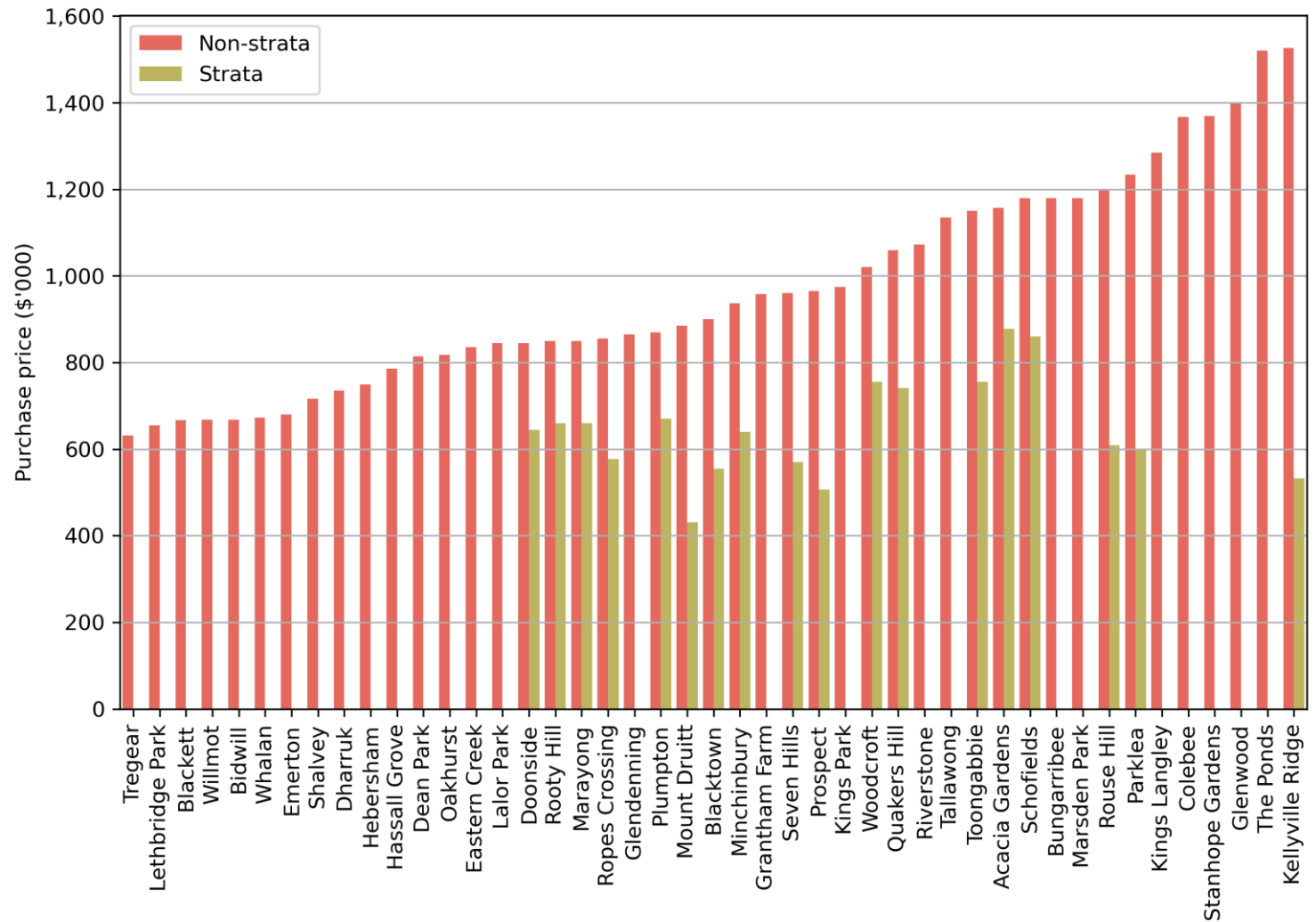
Appendix 3

**Dwelling sales prices by
suburb**

Dwelling sales data by suburb

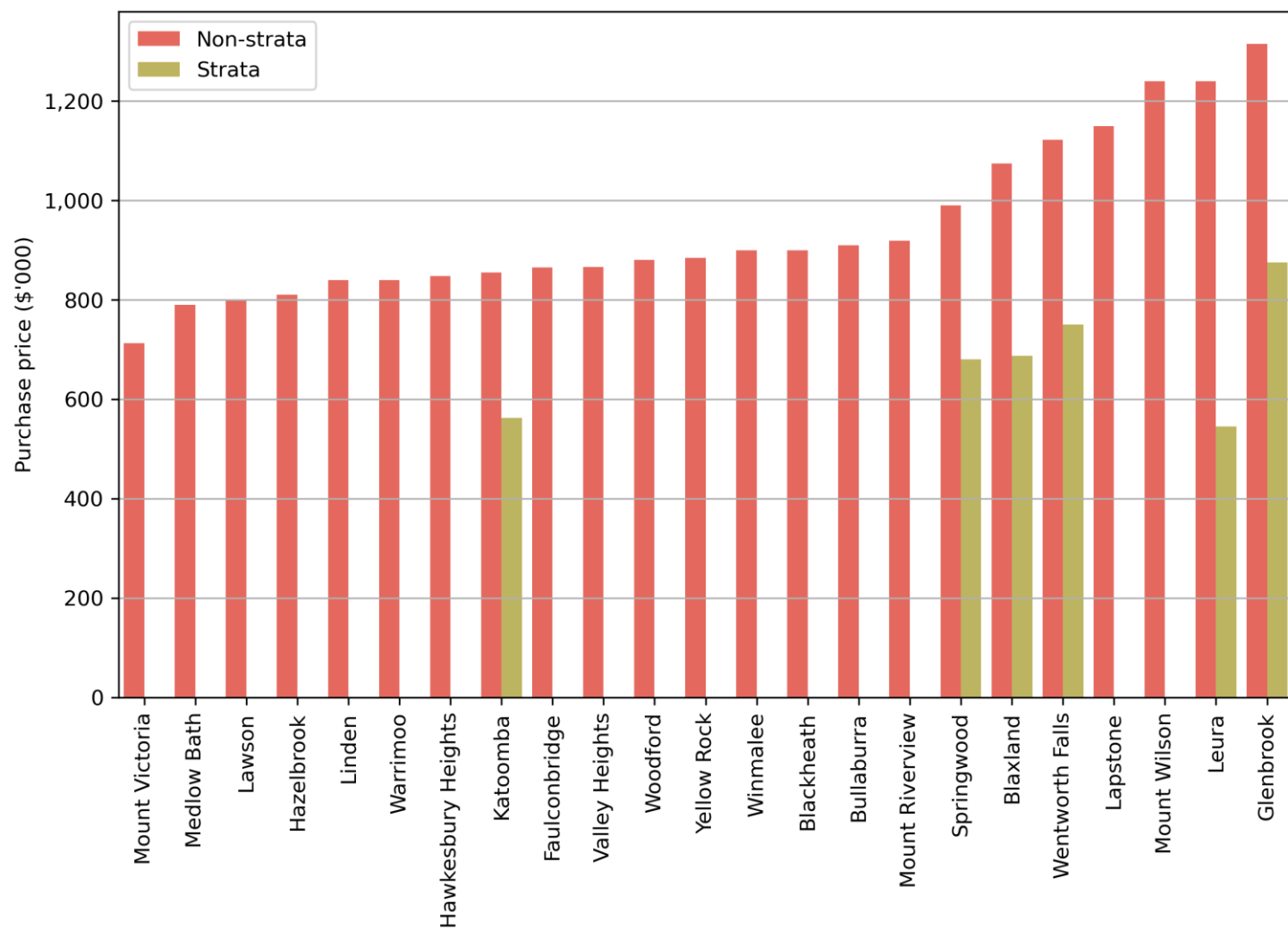
- Sales data was gathered from the NSW Valuer General and broken down to find the median sales price, by dwelling type, for each suburb within each LGA.
- This illustrates the range of dwelling prices in the WSPP area
- Data is for all sales which took place in 2022

Blacktown



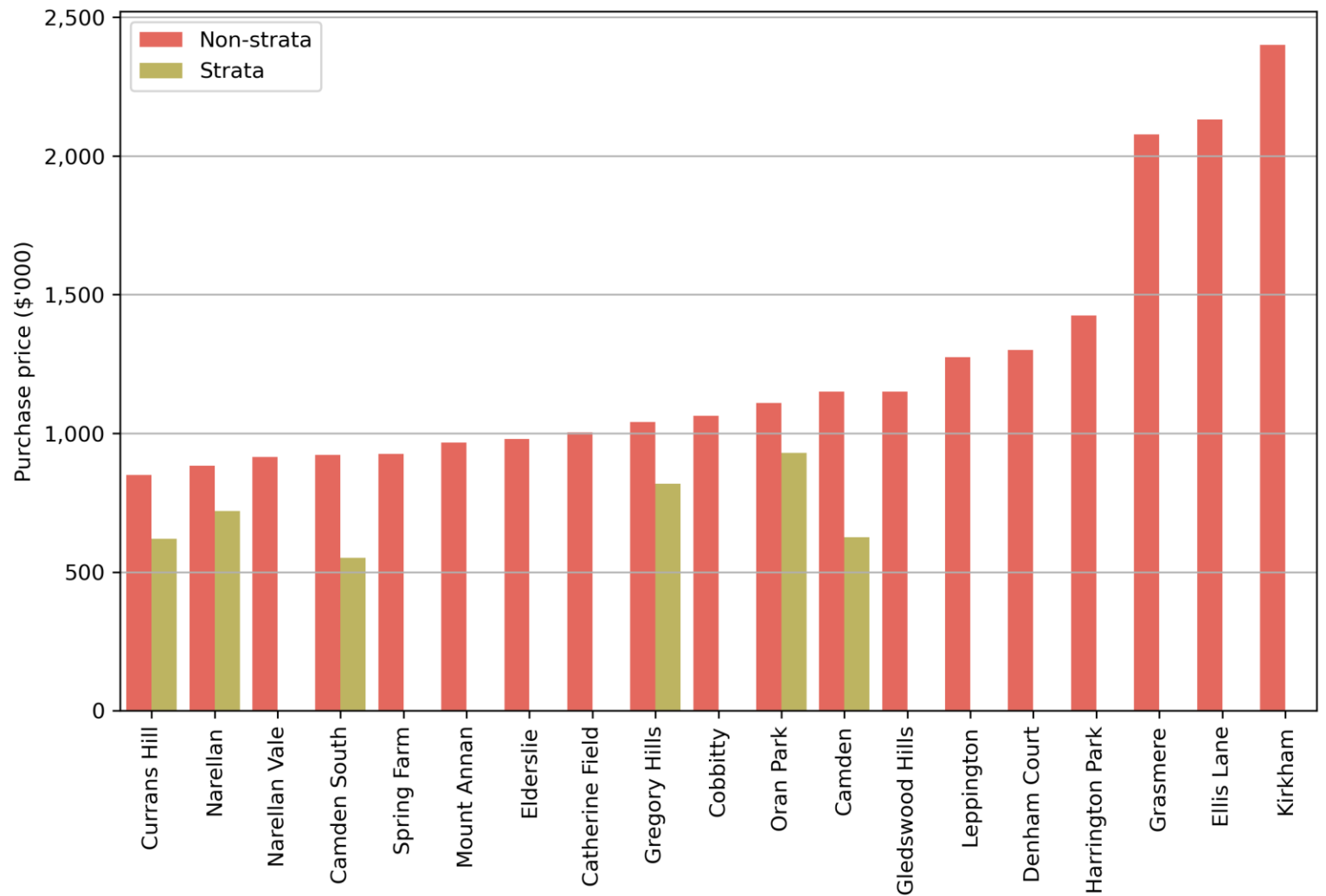
Source: SGS Economics & Planning, 2023, NSW Valuer General *Bulk Property Sales Information*

Blue Mountains



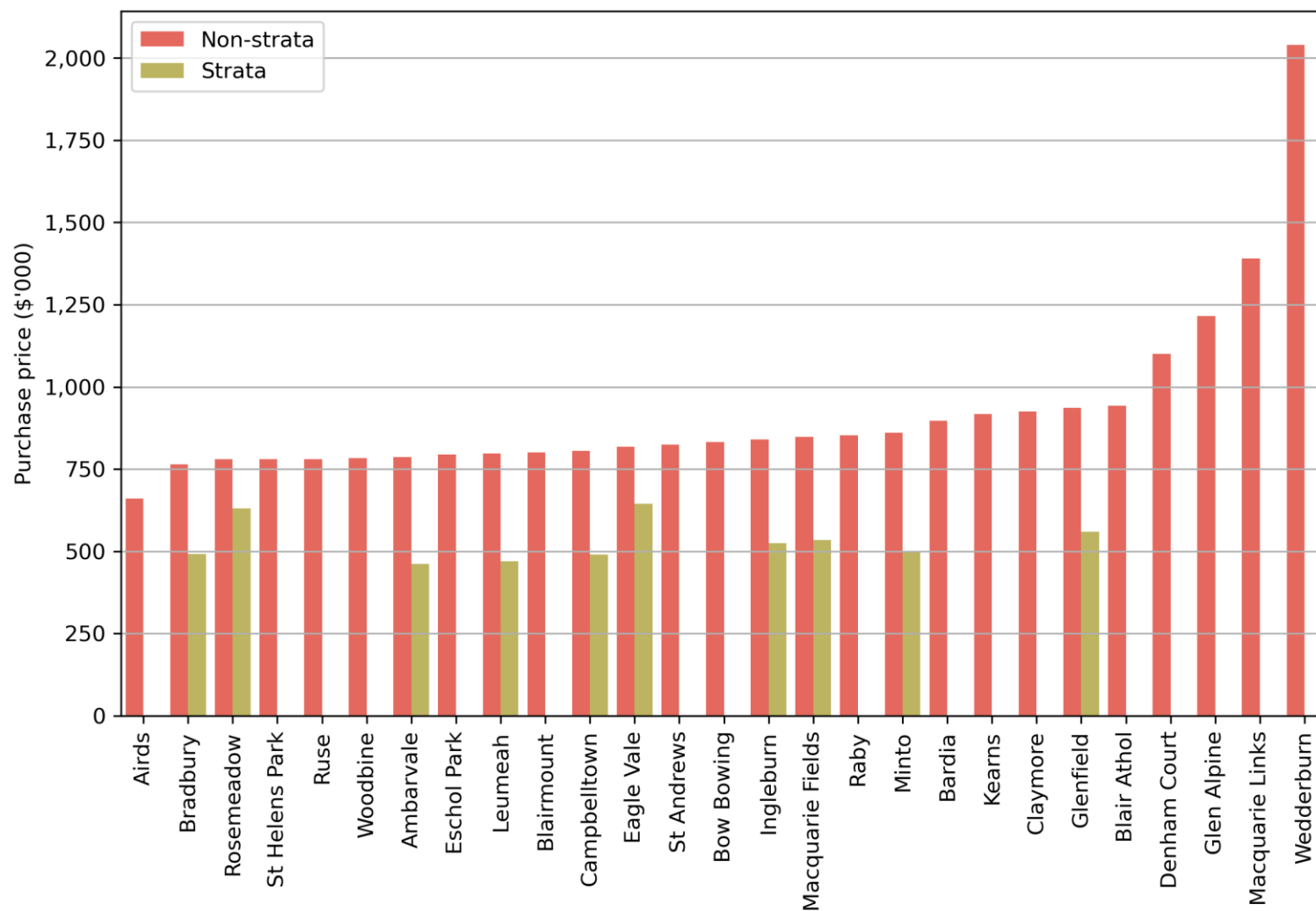
Source: SGS Economics & Planning, 2023, NSW Valuer General *Bulk Property Sales Information*

Camden



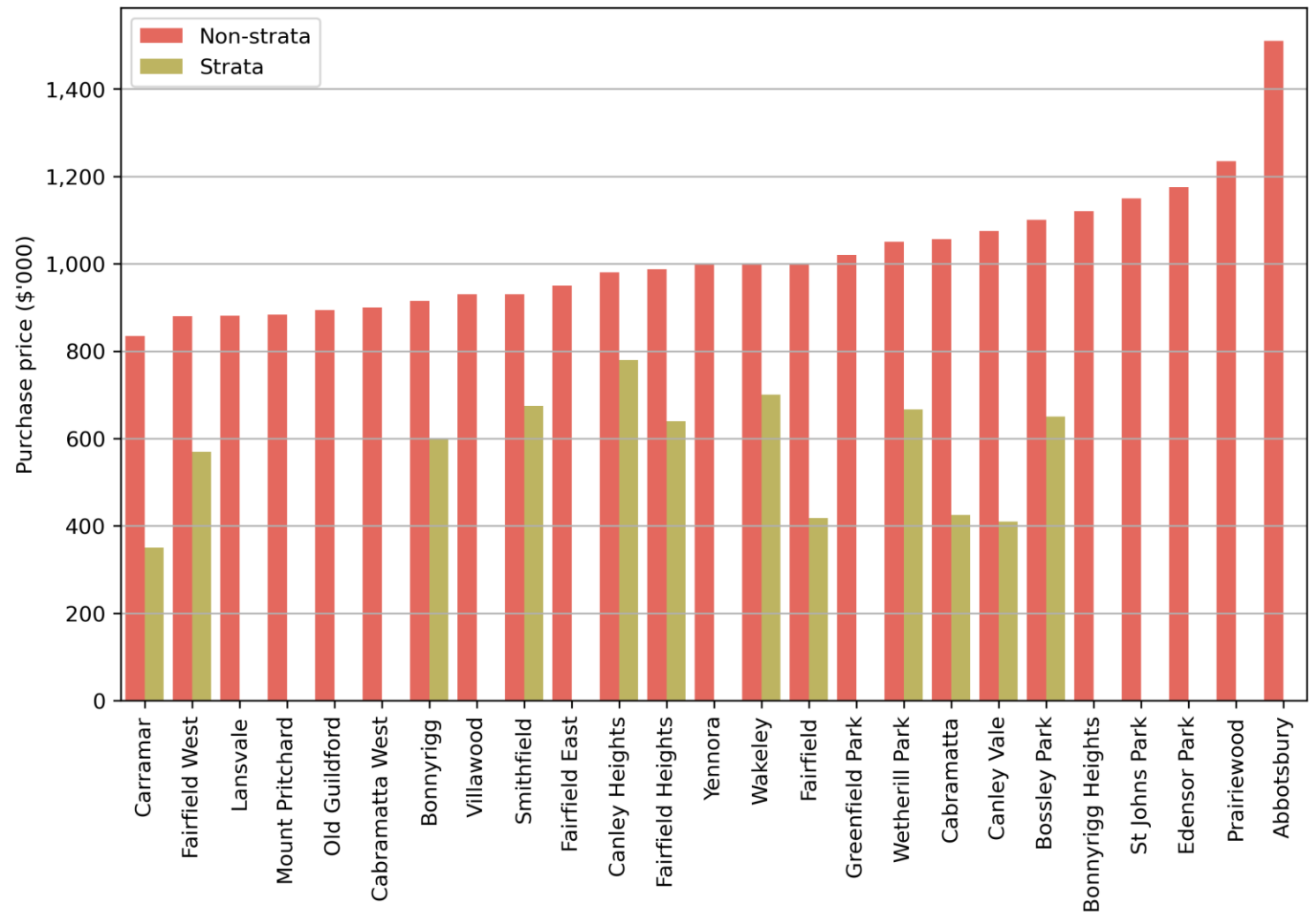
Source: SGS Economics & Planning, 2023, NSW Valuer General *Bulk Property Sales Information*

Campbelltown



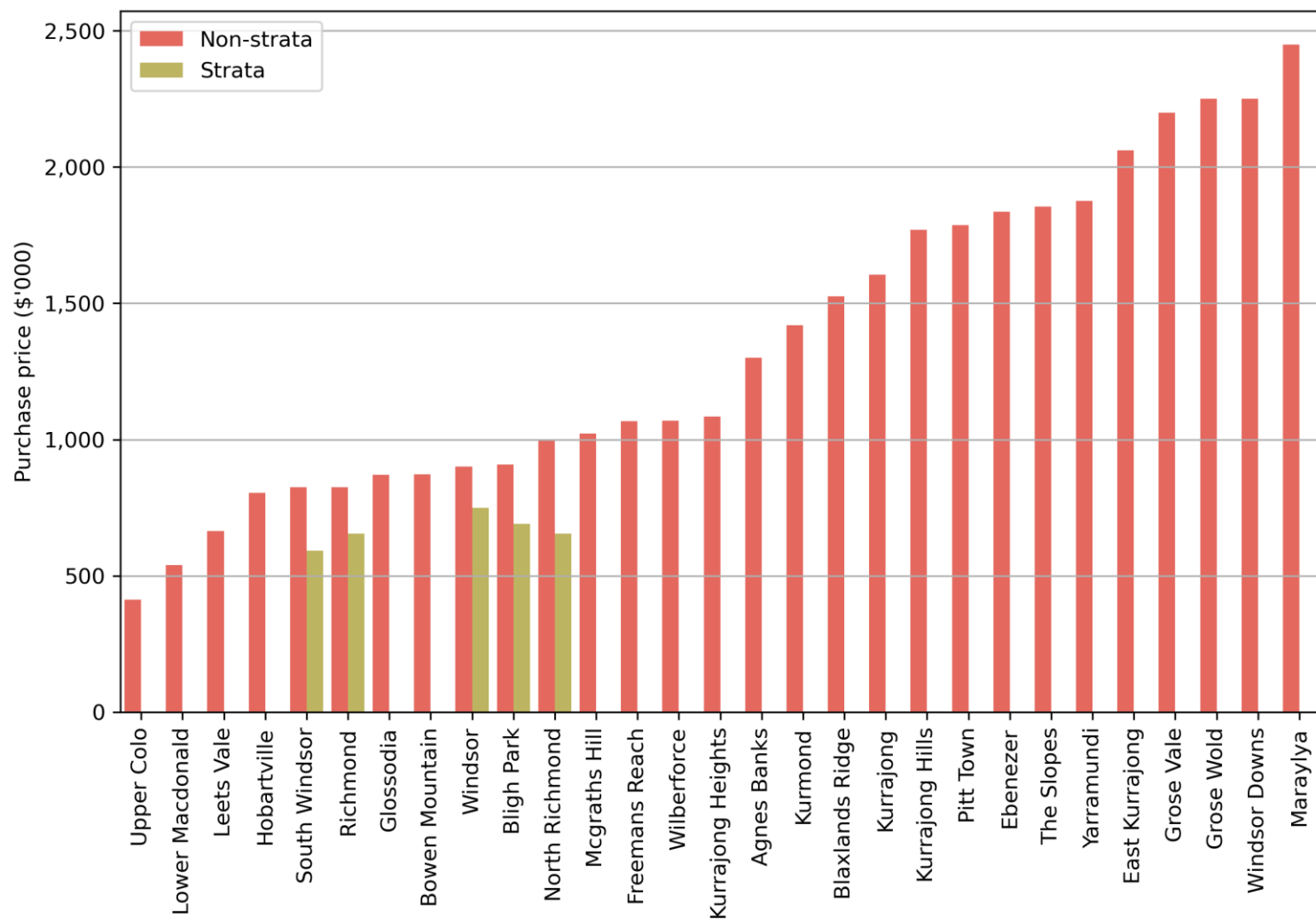
Source: SGS Economics & Planning, 2023, NSW Valuer General *Bulk Property Sales Information*

Fairfield



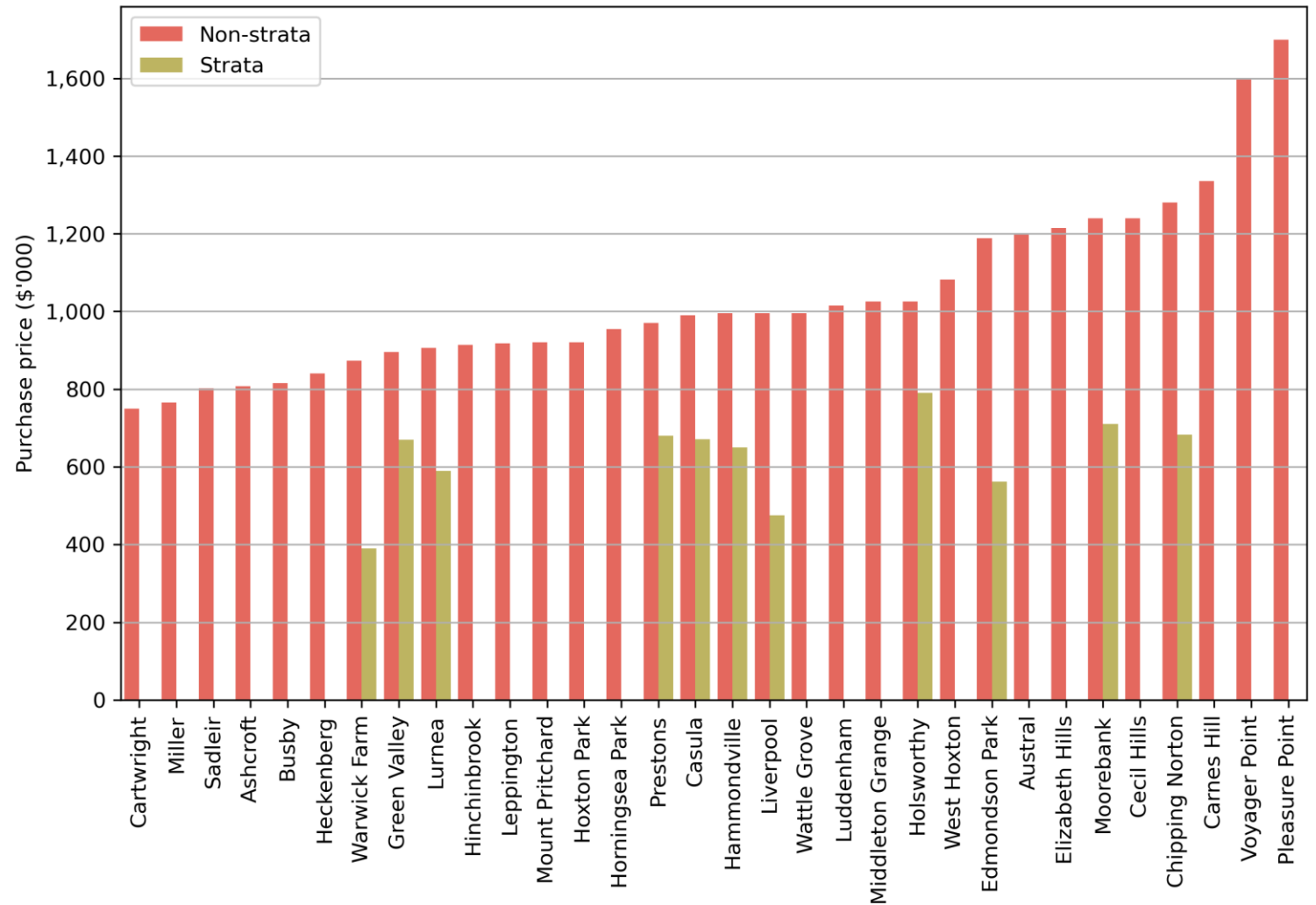
Source: SGS Economics & Planning, 2023, NSW Valuer General *Bulk Property Sales Information*

Hawkesbury



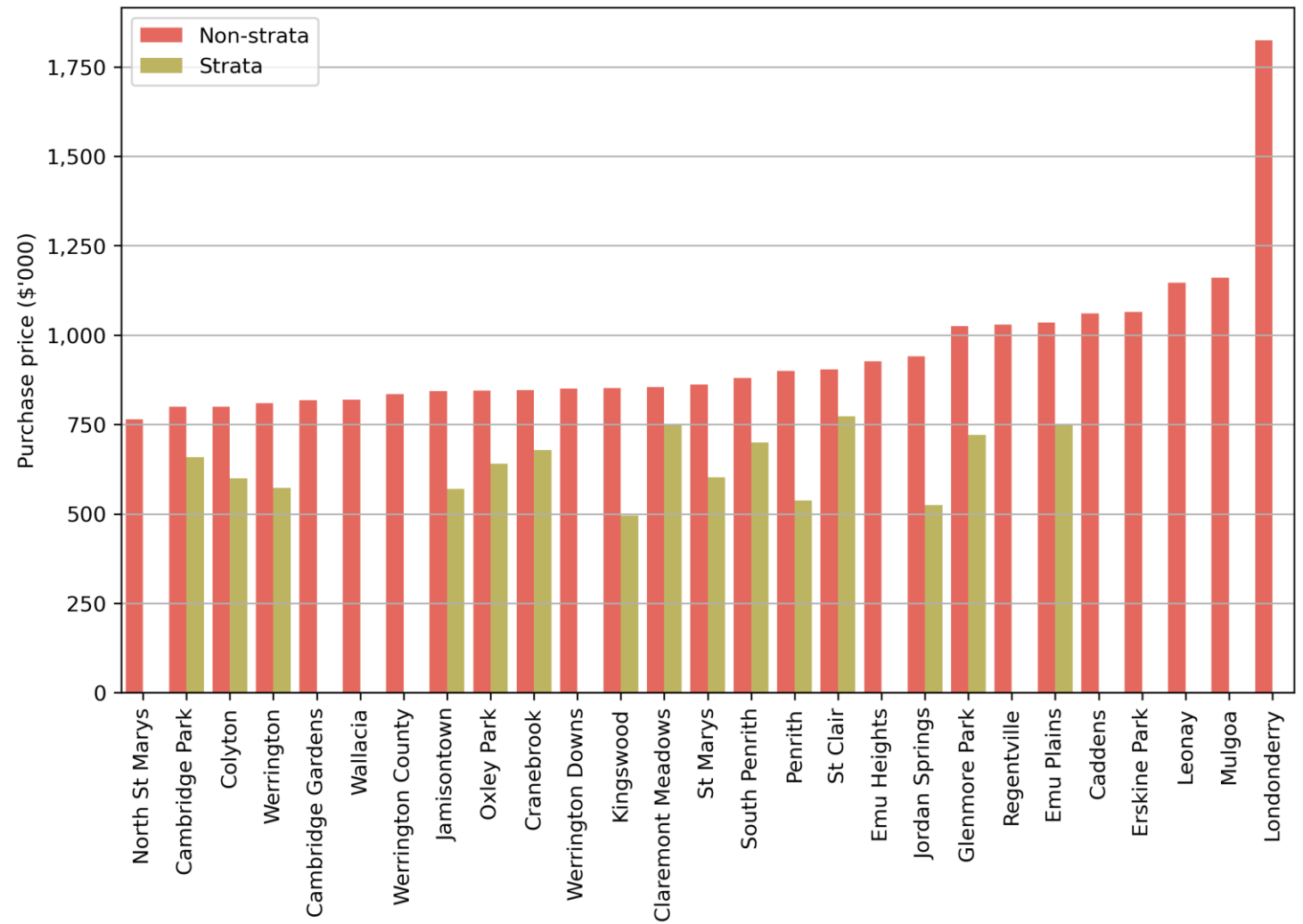
Source: SGS Economics & Planning, 2023, NSW Valuer General *Bulk Property Sales Information*

Liverpool



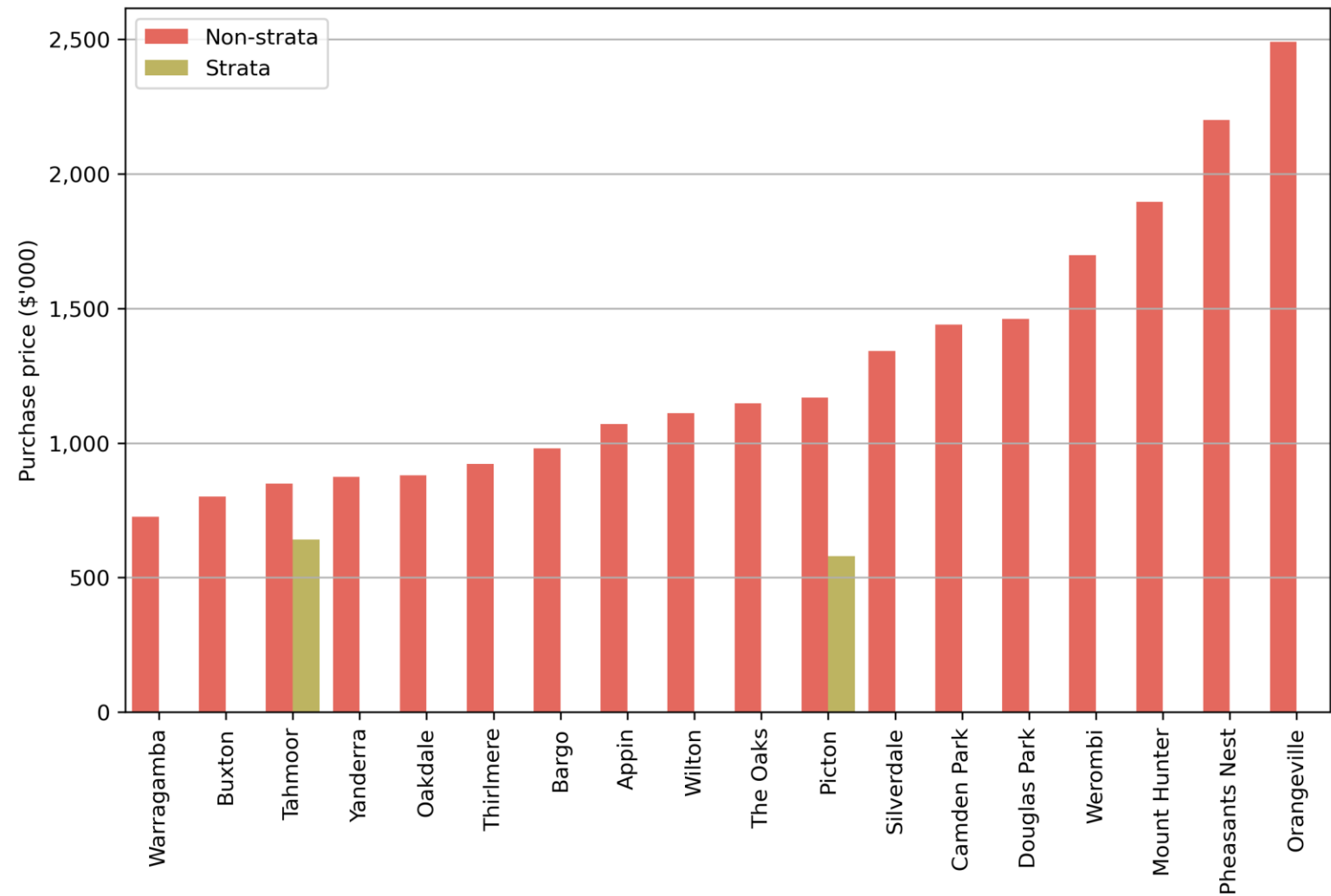
Source: SGS Economics & Planning, 2023, NSW Valuer General *Bulk Property Sales Information*

Penrith



Source: SGS Economics & Planning, 2023, NSW Valuer General *Bulk Property Sales Information*

Wollondilly



Source: SGS Economics & Planning, 2023, NSW Valuer General Bulk Property Sales Information

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