The State of Affordable Housing in Newcastle 2026

Pacific Link HOUSING

Supporters:

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Newcastle is predominantly located on traditional country of the Awabakal and Worimi peoples. We acknowledge the Traditional Owners of the Country and their continuing connection to land, sea, sky and community. We pay our respects to them, their culture, and to Elders past, present and future.

INTRODUCTION

Pacific Link Housing (PLH) is a Tier 1 Community Housing Provider (CHP) and registered charity that has proudly served the Central Coast, Lake Macquarie and Lower Hunter region for over 40 years. PLH is a recognised leader in the delivery and management of sub-market housing, with a mission to provide safe, secure and affordable homes for those in need. PLH houses approximately 2,500 people across a portfolio of over 1,200 owned and managed properties. In addition, PLH owns and operates two subsidiary social enterprises; our for-purpose real estate agency, Key2 Realty, manages over 200 affordable and market rental properties on behalf of individual property investors and build-to-rent developers, and Renew Projects provides a multi-trade offering, specialising in residential upgrades, such as bathroom and kitchen replacements. The combination of the three entities provides a unique specialisation in residential build-to-rent, development and construction, tenancy management and asset maintenance, for both our residents and as a service offering to other residential owners and operators.

As a Tier 1 CHP operating throughout the Newcastle LGA and a provider of rental accommodation across the housing continuum, PLH has been well positioned to observe the intensification of challenges in the housing system and the impact on individuals, families, services, businesses and the community.

Newcastle experiences a growing demand for affordable housing and dwellings that are adequately matched with changing demographics. Small households (lone person or couples with no children) currently make up more than half of households and are predicted to rise faster at 21% over the next 15 years to 2041, compared with a 16% increase for large households. On the supply side however, detached dwellings currently make up 66% of housing stock. The mix of dwelling types is now changing as the residential property sector responds to the changing demand. Supported by planning settings that encourage infill development, recent building approvals figures show rising investment in medium and high-density projects.

For home buyers and renters though, while this structural realignment progresses, the undersupply has put pressure on housing prices and rents and inevitably, more households are forced into housing stress. Households in several Newcastle suburbs are experiencing rental stress (defined as where more than 30% of gross household income is spent on rent) at rates above the 28.1% regional NSW average - Beresfield-Hexham (33.7%), Shortland-Jesmond (30.9%) and Wallsend-Elermore Vale (28.0%).

Over the year to June 2025 the rental market experienced a stark decrease in the availability of affordable housing stock for lower income households. When analysed by occupation, for example, there were 215 fewer affordable rentals available over the year for the aged and disabled care workforce. With around 1 in every 5 Newcastle residents working in healthcare and social assistance, this has profound consequences for a functioning economy and community including people working longer hours to pay for housing, travelling longer distances to work or reduced standards of living.

Governments have responded at all levels, with the Commonwealth's Housing Australia Future Fund targeting delivery of 40,000 new social and affordable rental homes over five years from 2024. The NSW Government has implemented a raft of planning reforms expediting approvals pathways, incentives for affordable housing and accelerated rezoning for higher density around transport hubs.

City of Newcastle's 2020 Housing Strategy forecast a demand for 19,450 dwellings for new homes by 2041. However, in 2024 the NSW Government set a new allocation of 11,100 homes by 2029, compressing 57% of the previous 20-year target into just five years. Equating to 2,220 dwellings p.a., the target is significantly above the previous peak construction period when 1,364 dwellings p.a. were approved. While some progress has been made over the past few years, with funding beginning to flow and policy reform happening, far greater urgency and efficiency in the delivery of affordable housing is required.

This paper is actively supported by:

Regional Development Australia Hunter · Business Hunter · Key2 Realty · University of Newcastle · Awabakal Our People · Urban Development Institute of Australia New South Wales · Property Council of Australia

SIX ASKS FOR 2026

1. National: Quadruple funding for the Housing Australia Future Fund (HAFF)

- The third and largest round of HAFF was released in February 2026 which has seen an enormous response from the CHP sector. This funding targets the delivery of 21,000 new social and affordable homes across the country, bringing the pipeline to 40,000 homes by mid-2029. Since the HAFF commenced, community housing providers have delivered 889 homes, with a further 17,161 either in planning or under construction.
- But more is needed. Legislate a bipartisan 20-year housing and homelessness plan as part of quadrupling the HAFF, delivering 120,000 new social and affordable homes over the next 25 years, to ensure that 1 in 10 dwellings in Australia are social or affordable, accessing powerful economic and societal returns for the nation.

2. State: Commit to a recurrent funding stream to sustain a generational increase in social and affordable housing supply in NSW

- To reverse the worsening undersupply of social and affordable housing, NSW must invest at least $2.3 billion annually through capital grants and land contributions, representing a commitment of $9.2 billion over four years.
- Establish a $6.5 billion NSW Housing Future Fund, the returns from which could enable the delivery of up to 25,000 social and affordable homes over five years.
- This investment is significant. But the returns will outweigh the upfront costs. Independent analysis shows that every $1 invested in social and affordable housing will return $1.30 in benefits to NSW, resulting in significant net budget savings to the government over the long-term through reduced public expenditure and improved wellbeing. [Reference 1]

3. State: Deliver for regional communities and support equitable access to affordable housing by directing at least 30% of NSW Government investment to projects outside Greater Sydney

- While housing affordability challenges are often associated with metropolitan Sydney, regional NSW is experiencing some of the most acute housing pressures in the state. Despite this, social and affordable housing delivery has been disproportionately concentrated in metropolitan areas.
- Compounding this, regional housing projects face distinct delivery challenges compared to metropolitan areas. These include smaller project scale, lower densities, higher delivery costs per dwelling, and lower rental returns. As a result, regional projects typically require a higher level of subsidy to be viable.

4. State: Channel committed funds for social housing through programs that leverage the unique capacity and capability of the community housing sector

- State Government funding for new social and affordable housing should be materially channelled through programs that leverage the capacity and capability of the Community Housing sector, using existing frameworks that provide grant funding, such as the Community Housing Innovation Fund (CHIF), given CHPs are already maximising their leveraging potential.
- CHPs are a cost-effective way to deliver uplift in social housing as: their not-for-profit status allows them to save GST and stamp duty on the purchase of new housing; exclusive eligibility to borrow and access HAFF; eligibility for additional Commonwealth funding (such as Commonwealth Rent Assistance) not available to public housing agencies.

5. State: Support local councils that are without an affordable housing contribution scheme, with an opt-in model

- Feedback from City of Newcastle regarding the process to have an affordable housing contribution scheme approved, was that it was a lengthy and at times opaque experience. A State process that simplifies the process for Councils, without compromising project viability for developers needs to be better established.

6. State and LGA: Support Councils in delivery of new social and affordable housing

- City of Newcastle is to be congratulated on its fast approvals of development applications and allocation of the Council owned Rail Bridge Row site, as the first of multiple sites, for affordable housing development. Allocation of grants, dwellings and land sites from contributions under the new City of Newcastle Affordable Housing Contribution Scheme are expected from 2027.
- However, the challenge from the NSW Government for City of Newcastle's housing delivery target by 2029 will require additional funding to enable residential infrastructure.

PARTNER ACHIEVEMENTS AND CHALLENGES

1. Pacific Link Housing

Pacific Link Housing continues to pursue a consistent program of development and construction of social, affordable and market-rate rental housing. In recent years, Pacific Link Housing has completed seven mixed tenancy developments across our footprint, delivering 158 new dwellings. We have a committed pipeline of projects with 89+ units currently at planning, proposal or development application stage. Our projects have been successful in securing funding from both the NSW Community Housing Innovation Fund and the Housing Australia Future Fund, demonstrating our collaborative approach in working with governments to deliver housing outcomes. Our focus on quality has seen every project win, or be shortlisted for, residential building industry awards, including the prestigious national Property Council of Australia Innovation and Excellence Awards (Affordable Housing Development Category) for our 21-unit development at Glendale. More information on our projects is available at www.pacificlink.org.au/completed-developments

2. City of Newcastle Council (Council)

Affordable housing is rental housing for very low to moderate income households. It is usually rental housing which is managed like a private rental property, but there are eligibility criteria and the managers are mostly not-for-profit community housing providers. Affordable housing is sometimes only needed for a short- or medium-term period, depending on the life changes a household is experiencing. Over time, the household's circumstances or income may change again and some households may re-enter the private rental market or purchase a home. Affordable housing is important social infrastructure that supports community liveability and wellbeing and helps to enable a strong and diverse local economy.

CN is proactively enhancing housing affordability and diversity through a multifaceted approach that encompasses strategic planning, collaborative initiatives, and policy reforms. Newcastle's population is set to increase to 202,050 residents by 2041 with a demand for almost 20,000 new dwellings. An affordable housing needs assessment identified a significant shortfall in affordable housing.

In March 2025, CN endorsed a draft planning proposal to amend the Newcastle Local Environmental Plan 2012, enabling CN to levy affordable housing contributions on certain residential developments. Following consultation, the Affordable Housing Contributions Scheme (the Scheme) was finalised in September 2025. CN's Housing Policy sets an overall target of 15% affordable housing across the city. Importantly, the Scheme does not apply to small scale residential development applications – only development with an additional dwelling and more than 540sqm of residential gross floor area.

Contributions collected from the Scheme will be distributed to approved CHPs for the purpose of maintaining, building, and developing affordable housing.

3. Awabakal Enterprises

The state of affordable housing in Newcastle and surrounding regions continues to present significant challenges, particularly for Aboriginal communities across the LGAs of Port Stephens, Newcastle and Lake Macquarie. Awabakal Ltd, through both its community-controlled health and property services, has a unique and comprehensive understanding of these challenges and their broader impacts.

As a leading Aboriginal community-controlled organisation, Awabakal Ltd delivers a holistic model of care that extends beyond housing. Through its health services, Awabakal provides essential medical care alongside social and emotional wellbeing supports, recognising that safe, stable housing is intrinsically linked to improved health outcomes for our communities. Housing instability often exacerbates health inequalities, placing additional pressure on already vulnerable families.

Awabakal Enterprises plays a critical role in responding to housing need as both a real estate agency and community housing provider. Despite ongoing efforts to maintain properties, expand housing supply and strengthen partnerships, demand for culturally appropriate and affordable housing continues to far exceed availability. Many Aboriginal families experience overcrowding, long wait times for social housing, or challenges accessing the private rental market due to affordability constraints.

Addressing these issues requires a coordinated, Aboriginal-led approach that integrates housing with health, social and emotional wellbeing services. Investment in community-controlled organisations such as Awabakal is essential to delivering sustainable, culturally appropriate solutions that support long-term outcomes for Aboriginal people and communities.

4. Key2 Realty

Key2 Realty, launched by Pacific Link Housing in 2019, demonstrates our commitment to social impact through purpose-driven property management. From offices in Gosford and Belmont, this social enterprise manages over 200 residential rental properties across the Central Coast, Lake Macquarie and Newcastle regions, while donating part of its profits to support Pacific Link Housing's tenant support programs. As a specialised affordable housing real estate agency, registered under the National Regulatory System for Community Housing (NRSCH), Key2 Realty is uniquely equipped to support developers in navigating the NSW Government reforms to stimulate affordable housing growth.

The TOD precincts encourage the inclusion of affordable housing in new developments and offer incentives such as increased floor space and height allowances. Key2 Realty is well placed to partner with stakeholders to manage affordable housing across Newcastle region, noting the nominated TODs at Adamstown, Hamilton, Kotara and Newcastle Interchange. Its experience in mixed-tenancy management supports both affordable and market rental outcomes, while contributing to Pacific Link Housing's mission.

PARTNER ACHIEVEMENTS AND CHALLENGES Continued

5. Business Hunter

Business Hunter commends the State of Affordable Housing in Newcastle report as a timely spotlight on the issues faced within a key regional Local Government Area at a time of national housing crisis. The shortage of suitably located housing for essential workers is a pressing issue for businesses looking to fill vacancies in a tight labour market and will remain a challenge as the Hunter region's economy grows and diversifies. The startling figures in this report demonstrate a steady decline in rental housing affordability within the Newcastle LGA over the past 15 years, exacerbating the difficulty workers on lower incomes have securing accommodation within reasonable distance of their workplaces. Notably, this challenge is not only being faced by workers in Newcastle's inner-city suburbs, where rents and home values are higher – the data shows rental shortages are particularly acute in the western suburbs and rental stress is being experienced across the LGA.

Business Hunter supports the delivery of more affordable housing and, in association with Business NSW, continues to advocate to governments at all levels to ensure funding avenues, planning processes and taxation and regulatory settings are optimised to support development feasibility. We actively supported the development of the Broadmeadow Precinct to boost the stock of well-located housing in Newcastle and continue to advocate for funding commitments from the NSW Government to ensure immediate progression of the precinct to facilitate the prompt delivery of new housing. We have also supported plans for new higher-density housing in the Honeysuckle HQ precinct, which will be one of the first developments to support housing delivery under the Newcastle Affordable Housing Contributions Scheme. And we continue to advocate for government support to facilitate the development of a Health and Innovation precinct around John Hunter Hospital that will provide much-needed accommodation for health workers.

6. Urban Development Institute of Australia (UDIA)

UDIA supports the delivery of more affordable housing to meet the diverse housing needs in the City of Newcastle. UDIA led industry advocacy for the introduction of the infill affordable housing incentive under the Housing SEPP, which provides up to a 30% uplift in density in return for affordable housing. While the incentive has created new opportunities and is beginning to facilitate partnerships between developers and community housing providers, industry feedback indicates that delivery remains constrained by feasibility, financing and valuation challenges. Through UDIA's Urban Renewal Committee, further work is underway with industry and the community housing sector to identify practical reforms and partnership models that will enable the scheme to operate effectively across a broader range of locations and projects.

7. Property Council of Australia

The Property Council of Australia supports the delivery of more affordable housing in well located areas across the Newcastle local government area. Our pre-budget submission to the NSW Government sought a commitment for transparent and consistent affordable housing framework with clear objectives that can be anchored in the Lower Hunter and Central Coast Regional Plan as it is developed. This needs to consider the ongoing feasibility challenges experienced across all development types and opportunities for partnership models between the public and private sectors.

We also strongly support efforts to increase regional access in the third round of HAFF funding which was released in February 2026. We further support consideration of a higher level of subsidy for regional projects given the higher delivery costs per dwelling and lower rental returns.

8. University of Newcastle

Housing affordability and availability remain critical issues for many Australians. University of Newcastle students are not exempt from these pressures, with many domestic and international students needing to find accommodation when they take up their studies. In addition to supporting broader community initiatives to increase housing supply, the University is focused on providing affordable accommodation options for its students. Currently these include more than 1,700 on-campus beds and a Homestay program facilitated by Australian Homestay Network.

To further help address housing shortages and ensure students have a safe and affordable place to live, the University of Newcastle is also investing in new purpose built student accommodation for students studying at its Newcastle and Central Coast campuses. The City Campus Student Accommodation project, located adjacent to Q Building in the Honeysuckle Precinct, will deliver 445 beds, with completion expected in early 2027. Planning is also underway on a new 450-bed facility building at Callaghan Campus. While in Gosford, the University is transforming the former Central Coast Council Building into a 127-bed contemporary student accommodation that is expected to be completed in 2028. These new residences will create welcoming, comfortable and supportive environments for domestic and international students in a challenging rental market. On-campus living is associated with strong academic performance, helping create the conditions for students to thrive and reach their full potential.

REFLECTING ON RECENT PROGRESS BY NATIONAL GOVERNMENT

The National Housing Accord and Housing Australia Future Fund (HAFF)

The National Housing Accord (Accord) brings together all levels of government, investors, and the residential development and construction sector to unlock affordable housing. The Accord lays the groundwork for improving affordability by addressing Australia's housing supply challenges and enabling the delivery of more social and affordable housing. The Accord includes an aspirational target of 1.2 million new well-located homes over five years from mid-2024 (240,000 p.a.).

As part of the Accord, the Commonwealth has committed $350 million over five years from 2024-25 to support the delivery of 10,000 affordable homes. State and territory governments have agreed to build on this commitment to support the delivery of up to an additional 10,000 affordable homes. This enables the delivery of a combined total of up to 20,000 affordable homes under the Accord.

The $10 billion HAFF, established in 2023, will generate an estimated $500 million annual return that will subsidise housing development, with targets to deliver 20,000 new social and 20,000 new affordable rental homes over five years from 2024.

To date, 279 projects have been committed under the first two funding rounds, delivering 18,650 homes nationwide to help address housing with funding committed to:

- 9,284 social housing dwellings
- 9,366 affordable housing dwellings

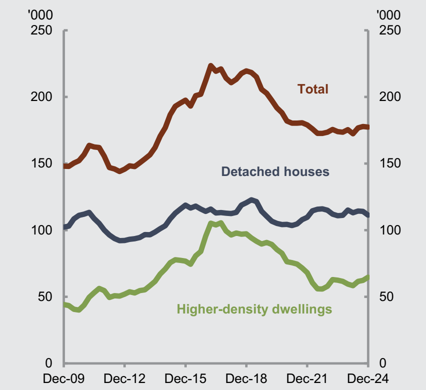
The third, and largest, HAFF funding round to date launched in early 2026, unlocking investment to deliver the remaining 21,350 social and affordable homes to reach the national target of 40,000 homes by 2029.

Committed projects have included states and territories, community housing providers, First Nations housing organisations, developers, builders, financiers and investors working together to deliver tenant-centric housing outcomes.

While the national housing targets are admirable, it is questionable whether they are achievable. Economic headwinds that increase the challenge include a sustained, high-interest-rate environment for development finance, rising construction materials costs and workforce shortages. It is hoped that the HAFF stimulus can turn around a sluggish outlook for new housing indicators.

Figures from the State of the Housing System 2025 Report from the National Housing Supply and Affordability Council show the extent of the challenge. Dwelling construction activity remains weak:

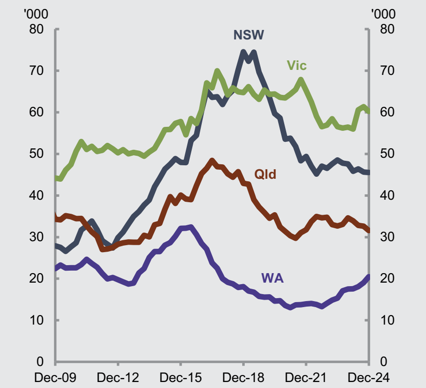
Chart 2.15 Dwelling completions, by type



Source: State of the Housing System 2025 [Reference 2]

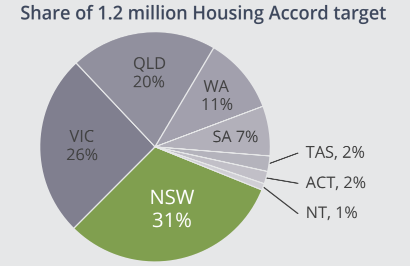
Figures by state show the particularly significant challenge for NSW, where new housing supply over the Accord period is forecast to be less than the previous five years' actual supply:

Chart 2.17 Dwelling completions, by state



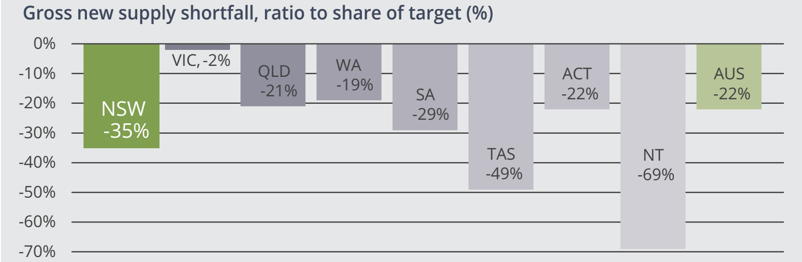
Source: State of the Housing System 2025 [Reference 2]

Share of 1.2 million Housing Accord target



Source: State of the Housing System 2025 [Reference 2]

Gross new supply shortfall, ratio to share of target (%)



Source: State of the Housing System 2025 [Reference 2]

REFLECTING ON RECENT PROGRESS BY STATE GOVERNMENT

The NSW Government has committed to building 377,000 new well-located homes across the state by 2029 to align with the National Housing Accord. Government has released 5-year housing completion targets for 43 councils, including City of Newcastle (11,100 new homes). The following strategies have been implemented by State Government to assist in achieving Accord targets.

Expedited Approvals Pathways and Incentives for Affordable Housing

- Enhanced floor space and new height bonus of up to 30% for developments including at least 10% affordable housing. Affordable housing to be managed by a registered community housing provider for a minimum of 15 years.
- State-assessed approvals pathway for housing developments with a value over $60 million in Greater Sydney and $30 million in regional areas and including at least 10% affordable housing.
- Land and Housing Corporation (LAHC), Aboriginal Housing Office (AHO) and Landcom can self-assess social and affordable housing developments of up to 75 dwellings.

Transport Oriented Development Program (TOD) 2024

- Accelerated rezoning of land around eight Sydney metro and rail stations to provide capacity for up to 47,800 homes over the next 15 years.
- Rezoning of land around an additional 31 rail stations and town centres will allow for higher density developments and create opportunity for more than 170,000 homes. A 2% mandatory affordable housing contribution applies to developments with a minimum Gross Floor Area of 2,000 m^2. Affordable housing must be delivered onsite and in perpetuity and must be managed by a registered CHP. The percentage of the affordable housing contribution will be increased over time for tier 1 TODs.
- TOD locations identified for the Newcastle region are Adamstown, Hamilton, Kotara and Newcastle Interchange.

Low and Mid-Rise Housing Policy

- To encourage more housing diversity, planning controls were changed to permit dual occupancies across R2 Low Density Residential zones across all NSW.
- Townhouses, terraces, apartments and shop top housing are permitted in low and mid-rise housing areas within 800 metres of transport hubs and town centres, with seven designated areas in the Newcastle LGA.
- Mid-rise apartments up to six storeys are permitted in R3 Medium Density zoned locations. These changes will increase the amount of land on which low and mid-rise forms of housing are possible, opening up opportunities for an estimated 112,000 homes.
- While the new controls are not accompanied by mandatory requirements for affordable housing to be delivered, they will boost medium density at infill locations, accelerating new housing supply in well-located areas.

Homes NSW

- The creation of Homes NSW saw the merging of the housing and homelessness functions of the Department of Communities and Justice with the NSW Land and Housing Corporation and Aboriginal Housing Office, aiming to deliver quality social and affordable housing and address homelessness.

Land Audit

- In 2023, the NSW Government initiated a freeze on the sale of government-owned land and property while an audit was undertaken to determine what could potentially be used to address the NSW housing supply shortage.
- Property and Development NSW have identified around 60 sites to date with capacity for 4,565 homes.
- Homes NSW and Landcom, the government's developers, have the first choice of these sites for the delivery of social, affordable, essential worker and market housing. Remaining sites will be prioritised for divestment to the private sector to deliver market housing.
- NSW Government has committed to 30% social and affordable housing to the program overall.

Building Homes for NSW Program

- $6.6 billion is a record, four-year investment (2024–2028) aimed at tackling the housing crisis by delivering 8,400 new social homes, 1,200 affordable homes by 2031, represented as 6,200 new homes and 2,200 replacement homes.
- Half of all homes delivered will be prioritised for victim-survivors of domestic and family violence.

NSW Planning System Reforms 2025

- A significant update to the structure and operation of the NSW planning system, introducing new mechanisms aimed at improving coordination, streamlining assessment pathways, and aligning planning processes with broader strategic objectives.
- Enshrinement of the Housing Delivery Authority (HDA) in legislation to provide a State-wide focus on delivering housing.
- Establishment of the Development Coordination Authority as a new single 'front door' to coordinate major projects across government agencies.

Pattern Book

- The new NSW Housing Pattern Book is a collection of home designs aimed at accelerating the development of high-quality, affordable and sustainable housing. Projects that use a pattern book design for low-rise and mid-rise housing may be able to access a fast-tracked pathway.

REFLECTING ON RECENT PROGRESS BY LOCAL GOVERNMENT

City of Newcastle (CN) Local Housing Strategy

- In 2020 CN published a Housing Strategy, updated in 2021, which identified a need for 19,450 new dwellings to meet anticipated population growth of 41,000 by 2041.
- The Strategy notes the Greater Newcastle Metropolitan Plan (GNMP) identifies catalyst areas for which housing targets have been set (2016-2036) are Newcastle City Centre (4,000 dwellings), Broadmeadow (1,500), Callaghan (750) and Kotara (400).
- It is estimated an additional 19,450 new dwellings will be required by 2041 (above the 16,800 dwellings in the GNMP) and was optimistic in achieving them "Should recent trends in development consents continue and considering existing planning controls, both projections will be exceeded."
- However, in 2024 the NSW Government set new targets to rebalance housing delivery across the state. Newcastle received a target of 11,100 homes by 2029, compressing 57% of the previous 20-year target into just five years and raising calls from CN for State government infrastructure funding. Equating to 2,220 dwellings p.a., the target is significantly above the previous peak construction period when 1,364 dwellings p.a. were approved.

CN Housing Strategy Objectives

The Strategy lists six objectives that are to be monitored annually and every four years.

1. Maintain and encourage housing supply in the right locations.
2. Diversify housing type and tenure across the LGA to provide for a range of housing needs.
3. Increase the availability of accessible and adaptable housing.
4. Increase the supply of affordable rental housing.
5. Ensure new housing and changes to existing housing reflect the desired future local character of the area
6. Homes are designed to be ecologically sustainable and to reduce the resource requirements through the lifecycle of the dwelling.

CN Housing Policy 2025

- The Policy states CN's position, and approach to facilitating, a mix of dwelling types, tenures, and sizes to support the community's diverse housing needs as it grows and changes.
- Includes an overall affordable housing target of 15% to work towards across the city, that is monitored using benchmarks for affordable housing, housing diversity and homelessness.

CN Affordable Housing Contribution Scheme

- Finalised in September 2025 and applying to new residential and mixed-use developments that are greater than 540m^2 or benefit from zoning uplifts, the Scheme requires developers to make contributions through a financial levy, dedication of land, or the dedication of completed dwellings.
- The Scheme applies a levy of 1% with a phased-in approach offering discounts until June 2027. Higher contribution rates, up to 5%, apply in Broadmeadow, Stockton North and Western Corridor.
- Contributions collected by CN may be allocated either as land transfers or funds granted to nominated local CHPs for affordable housing development.

CN and NSW Land and Housing Corporation (LAHC)

- In 2022, CN and LAHC established a three year agreement for matched funding totalling $12 million to be invested in the delivery of new social and affordable housing in Newcastle, to fast-track projects such as the renewal of existing properties in Waratah West and Wallsend and delivery of new projects.

Other Activities

- **Rail Bridge Row** is a site identified in the Wickham Master Plan and purchased by CN from Hunter and Central Coast Development Corporation in 2020. In 2025 it was allocated for development of 48 affordable housing units to a local CHP.
- **Broadmeadow Place Strategy** was finalised in 2025 and in collaboration with NSW Government, the 30 year plan for future growth in the 313 hectare precinct. The first move rezoning will unlock housing supply on government-owned land for mixed-use, residential development.

Timely DA Approval Performance

- From July 2024 the NSW Government has set a target for the average number of days for Councils to determine DAs.
- Targets began at 115 days in 2024-2025, reducing to 85 days by FY2028. LGAs performance is monitored and published monthly in a League Table.
- CN is one of the fastest councils in NSW at assessing DAs - in FY25 ranking #5 in NSW, averaging just 78 days.

Affordable Housing Guidance for Councils

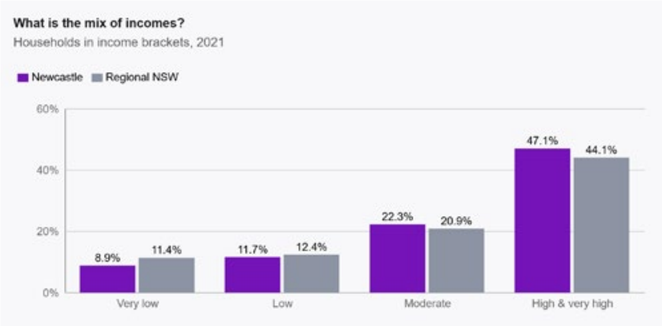
- A Guide was recently developed by national local government and community housing peak bodies. Recognising the shared purposes and challenges of these sectors, the Guide provides information, practical tools and case studies for councils to better understand ways to support the delivery of affordable housing.
- Results from a survey of councils show that awareness gaps are limiting access to funding, land contributions are happening – but not without friction and frameworks for CHP partnerships are needed.
- The Guide explains the levers that Councils have ranging from building community support and planning and policy settings, through to financial incentives, land contributions and direct delivery.

SUPPLY & DEMAND DATA

Pressure on Rental Housing Affordability

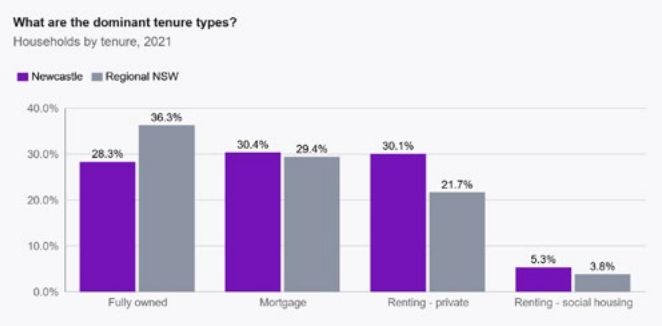
Currently, housing affordability (the overall cost of buying or renting a home relative to income or capacity to pay) is a problem in Australia. For society to function, people need to live affordably in or around areas where they work. Key workers such as nurses, teachers, police officers, bus drivers, care workers, hospitality and retail workers and other members of society need to be able to access housing which is affordable.

Rental housing is generally considered affordable when people are not spending more than 30% of their household income on rent. Beyond this level, households are in rental stress. The terms 'affordable housing' and 'affordable rental housing' are used to describe housing that is owned by government or a registered community housing provider and rented to a mix of very low to moderate-income households. In Newcastle, these households make up 42.9% of the total population:



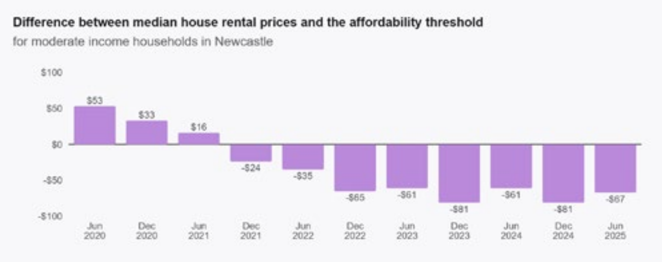
Source: City of Newcastle Housing Monitor [Reference 3]

Based on 2021 Census data, renters occupy 35.4% of dwellings - 24,379 households.



Source: City of Newcastle Housing Monitor [Reference 3]

Rental affordability in Newcastle has declined in recent years, particularly in the COVID years, with analysis below showing the turnaround for moderate income households.



Source: City of Newcastle Housing Monitor [Reference 3]

The situation for very low income households illustrates the need for social housing, as market housing is out of reach.

Source: City of Newcastle Housing Monitor [Reference 3]

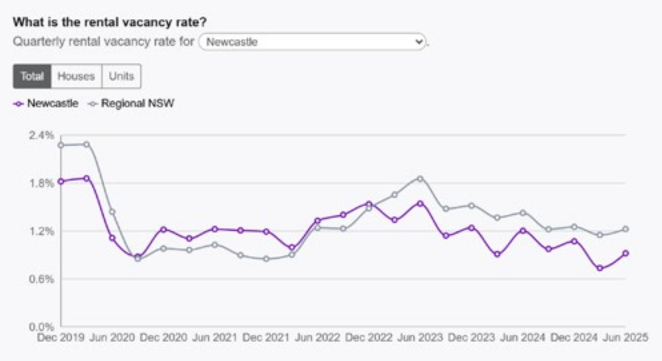
Number of rentals affordable to low income households (12 months to Jun 2025)

309 rentals
(5.5% of all rentals)

Source: City of Newcastle Housing Monitor [Reference 3]

Rental Vacancy and Rental Stress

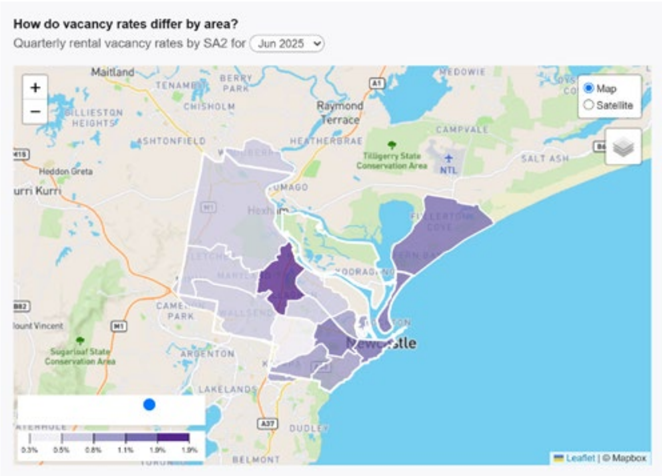
Rental vacancy rates are tight, well below pre-COVID levels, and continue to sit below the Regional NSW average.



Source: City of Newcastle Housing Monitor [Reference 3]

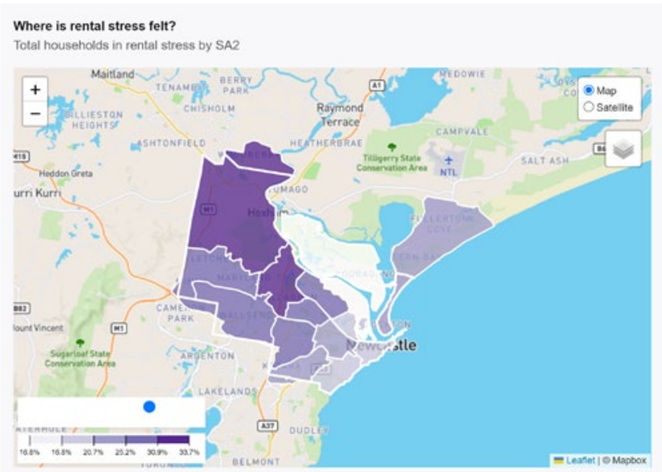
SUPPLY & DEMAND DATA Continued

Mapping shows rental vacancy is particularly acute in Newcastle's western suburbs.



Source: City of Newcastle Housing Monitor [Reference 3]

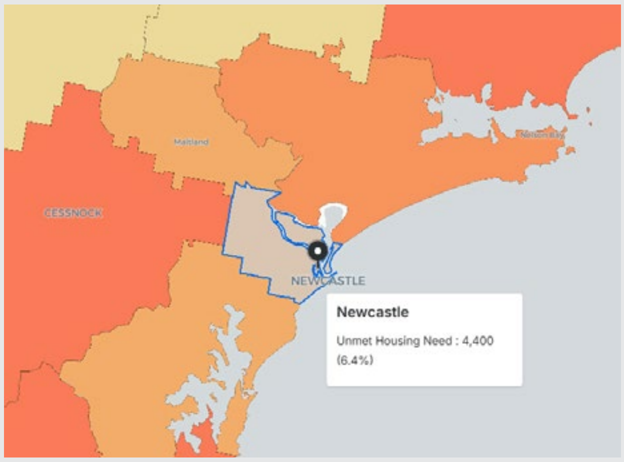
This aligns with the picture for the overall 23.8% households in rental stress, peaking in Beresfield-Hexham (33.7%), followed by Shortland-Jesmond (30.9%) and Wallsend-Elermore Vale (28.0%) – all above the 28.1% regional NSW average.



Source: City of Newcastle Housing Monitor [Reference 3]

Unmet Need

UNSW City Futures research based on 2021 Census data shows the estimated proportion of Newcastle households whose needs are not currently being met as 6.4% of the population or a shortfall of 4,400 social and affordable homes and 10,000 dwellings would be needed by 2041 to meet demand.



Newcastle

Current unmet need	
Estimate	4,400
As a proportion of all households	6.4%
Source of unmet need	
Q1 Rent stress	58%
Q2 Rent stress	40%
Manifest (Homeless count)	2%
Current social and affordable housing	
As a proportion of current need (met need/total need)	46%
Projected need by 2041	
Estimate, if no action	5,600
Annual growth of current SH required to meet need by 2041	4.6%
Average annual new dwellings	200-300

Source: UNSW City Futures [Reference 4]

Newcastle's affordable housing shortfall, analysed by level of household income, estimated at 2021 is shown below:

Household income	Number of households in affordable housing	Total number of households in category	True shortfall in affordable housing
\$500 to \$649	186	1,304	1,118
\$650 to \$799	221	1,220	999
\$800 to \$999	391	1,630	1,239
\$1,000 to \$1,249	639	1,962	1,323
Total	1,437	6,116	4,679

Source: City of Newcastle Affordable Housing Contributions Scheme [Reference 5]

SUPPLY & DEMAND DATA Continued

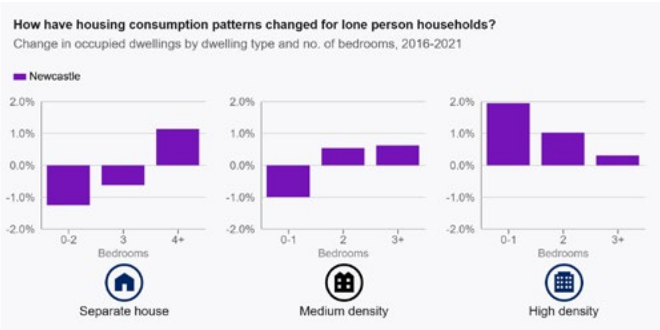
Household Size and Needs

CN's Housing Strategy notes a number of trends for households in the region:

- young adults tend to move to CN for tertiary study and employment, driving the demand for rental housing while studying and establishing a career.
- household sizes are expected to shrink over time as more people live alone or as a couple without children.
- over the next 10 years CN is projected to have a higher proportion of retirees aged 65-79.
- seniors are increasingly seeking options to age in place - moving to appropriately-sized homes while staying in their local area and community.
- around 6% of CN's residents have a severe or profound disability and require help in their daily lives.

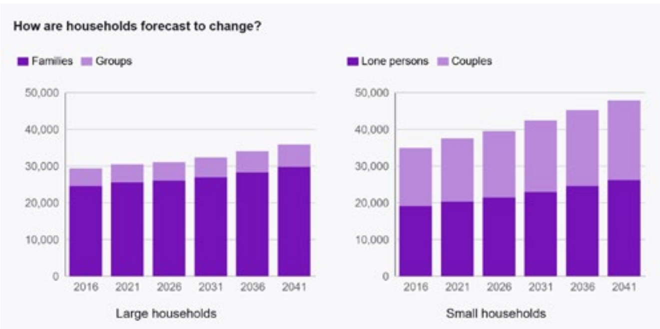
Meeting the housing needs of these cohorts will require planning for the supply of a diversity of well-located, affordable and accessible rental accommodation.

Housing consumption patterns reflect these trends for lone person households over the last five years to 2021:



Source: City of Newcastle Housing Monitor [Reference 3]

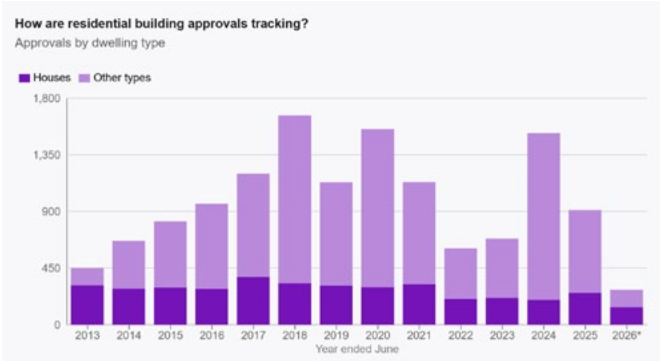
This trend is predicted to continue in the future, with the proportion of small households forecast to outgrow large households over next 15 years to 2041, rising to 47,868, an increase of 21% on the 2026 figure of 39,592. For large households the projected increase is 16%.



Source: City of Newcastle Housing Monitor [Reference 3]

Housing Stock

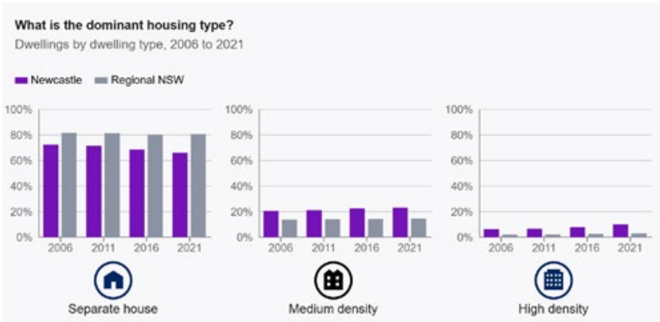
CN's Housing Strategy noted that in 2016 detached dwellings made up 69% of housing stock and 22% was medium density housing. However, reflecting the demand from smaller households rising at a faster rate and planning settings encouraging infill development, recent building approvals indicate that the mix of dwelling types in Newcastle LGA is changing. The chart below illustrates a much higher proportion of medium and high density residential than detached houses in recent approvals.



Source: City of Newcastle Housing Monitor [Reference 3]

Housing Density

The charts below illustrate the gradual shift from detached dwellings to medium and high density. Over the last 20 years high density has increased from 6.3% to 10%, mostly offsetting the decline in separate houses from 72.4% to 66.1% of total dwellings.



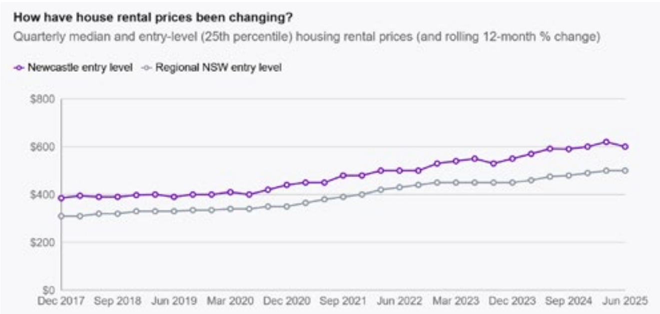
Source: City of Newcastle Housing Monitor [Reference 3]

The Strategy addresses the mismatch between forecast need and current stock with a focus on supporting the delivery of more infill, medium and high density housing close to jobs, transport, services and recreation.

Newcastle Rental Market

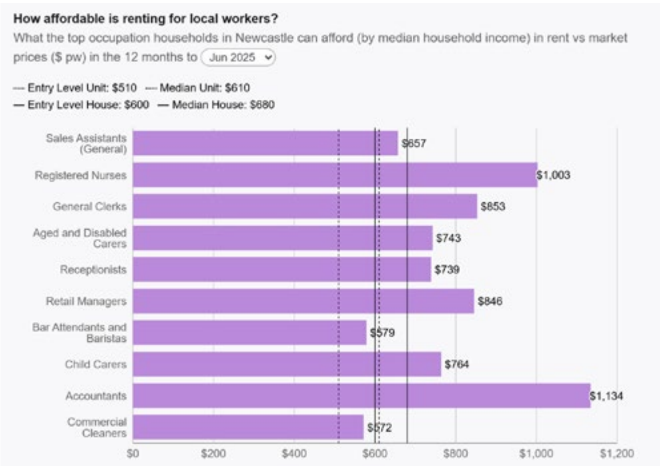
In the five years ending June 2025, median unit rents have increased by an average of 8.1% p.a. in Newcastle compared to an increase of 7.6% p.a. in Regional NSW. Entry level house rents at June 2025 were $600 per week with a trend of increase relative to Regional NSW rents in the last two years.

SUPPLY & DEMAND DATA Continued



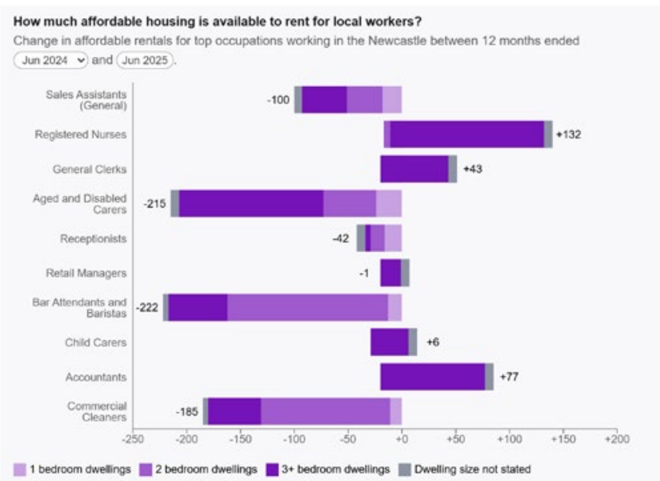
Source: City of Newcastle Housing Monitor [Reference 3]

Housing id's analysis of housing affordability for Newcastle's workers in the chart below shows the weekly rent which would be considered affordable (at the rental stress threshold of <30% of gross household income), based on the median household income of the occupation groups. The black lines show the rents, e.g. for baristas and cleaners only entry level units are affordable.



Source: City of Newcastle Housing Monitor [Reference 3]

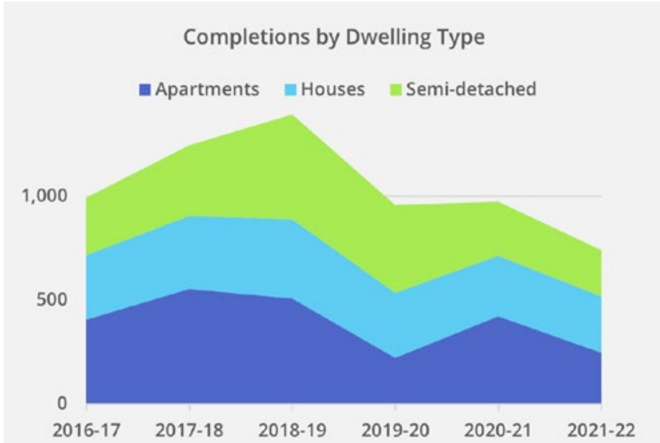
The trend for these occupations over the year to June 2025 shows a stark decrease in the availability of affordable housing stock for the lower income households, e.g. there were 215 fewer rentals over the year for the aged and disabled care workforce.



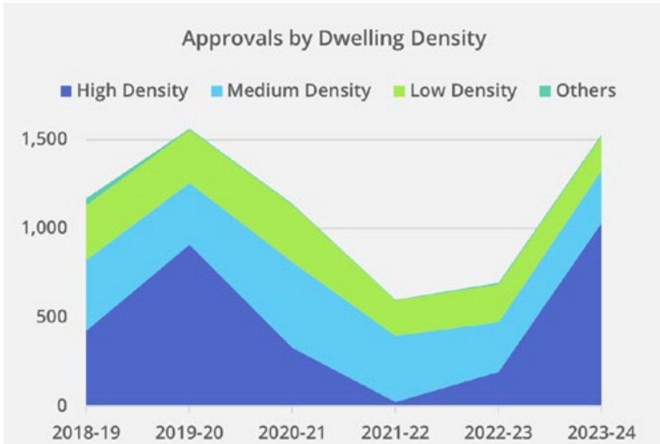
Source: City of Newcastle Housing Monitor [Reference 3]

Housing Supply: Building Approvals and Completions

Reflecting nationwide economic headwinds of higher interest rates and rising inflation, the number of dwelling completions has dipped in recent years from a peak in 2018-19 of 1,395.



Source: NSW DPHI Urban Development Program Dashboard [Reference 6]



Source: NSW DPHI Urban Development Program Dashboard [Reference 6]

CN's performance in meeting NSW Government's expectations for timely assessment of DAs continues to be strong, with the figures to date for FY26 below for both DAs and Regionally Significant DAs.

Development application lodgement performance		
7 days Lodgement days expectation	5 days Average lodgement days	90% % of applications meeting expectation
Regionally significant DA assessment referral performance		
250 days RSDA assessment referral days expectation	240 days Average RSDA assessment referral days	100% % of RSDA assessment referrals meeting expectation

Source: NSW Planning Council League Table [Reference 7]

SUPPLY & DEMAND DATA Continued

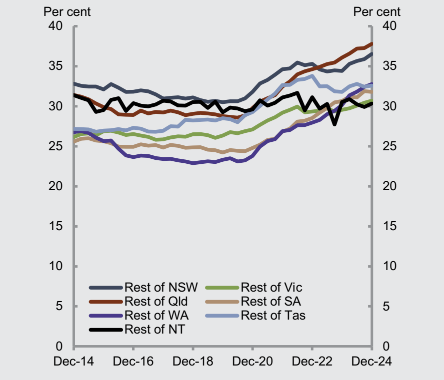
State of the National Housing System

The National Housing Supply and Affordability Council released its updated State of the Housing System report in mid-2025.

Rental Affordability

Rental affordability deteriorated in 2024. Nationally, the share of income the median-income household needed to pay for rent on a new lease rose from 31.3% in December 2023 to 32.9% in December 2024.

Chart 4.12 Rent to income ratio for new leases, regional areas



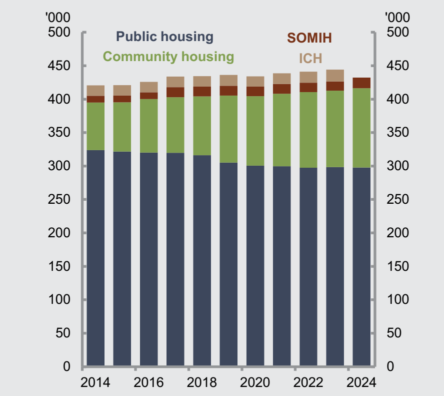
Source: State of the Housing System 2025 [Reference 2]

The rate of lower-income renter households in severe rental stress (that is, that are spending more than 50% of their income on rent) has also risen in recent years. The rate of severe rental stress rose from 17% in 2020 to 21% in 2023 – its highest level in 10 years.

Social Housing Stock Decline

The report starkly outlines the downward trend over decades of social housing as a proportion of total housing stock. The sustained under investment by governments in this critical housing infrastructure has contributed significantly to the housing affordability crisis. Virtually all of the contribution to the small growth in stock derives from the community housing sector.

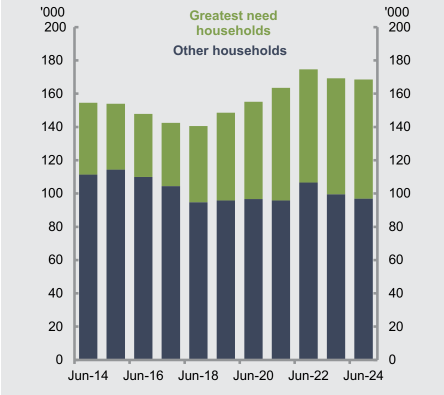
Chart 3.3 Social housing stock, Australia



Source: State of the Housing System 2025 [Reference 2]

With renters in the lowest income quintiles unable to access social housing, greatest need households are now at almost 43% of public housing waitlists.

Chart 3.6 Public housing waitlists, Australia



Source: State of the Housing System 2025 [Reference 2]

National Supply Forecasts

Driven by higher interest rate forecasts that constrain development project feasibilities, the shortfall to the National Housing Accord target of 1.2 million homes over 5 years has worsened over 2024-25. The forecast shortfall is now 262,000 dwellings.

Despite government policy reforms to drive more higher density infill housing, detached houses are expected to drive new housing supply growth. This is partly explained by planning agencies typically taking longer to approve higher-density development applications and longer construction times.

Chart 5.2 Gross new housing supply, by dwelling type

Source: State of the Housing System 2025 [Reference 2]

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GOVERNMENT POLICY SETTINGS

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National Housing Supply and Affordability Council
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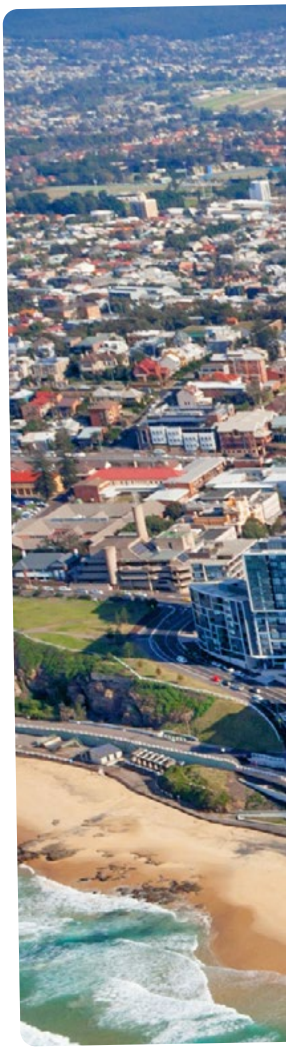
Housing Australia
https://www.housingaustralia.gov.au/

Regional First Home Buyer Guarantee
https://www.housingaustralia.gov.au/support-buy-home/regional-first-home-buyer-guarantee



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