The State of Affordable Housing in Lake Macquarie 2025

Pacific Link HOUSING

Supporters:

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Lake Macquarie is predominantly located on Awabakal Country. We acknowledge the traditional owners of the Country and their continuing connection to land, sea, sky and community. We pay our respect 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 Lake Macquarie LGA, being 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.

Lake Macquarie experiences a significant mismatch in housing demand and supply. In coming years, over half of all dwellings are forecast to have only one or two people living in them. In contrast, almost 90% of housing stock is detached dwellings, with high amenity and higher cost, resulting in significant spare bedroom capacity. This structural misalignment places pressure on housing prices and inevitably, more households are forced into housing stress. With around 63% of households being very low or low income, compared to the NSW average of 57%, there are currently over 11,000 households in Lake Macquarie in housing stress, and the most vulnerable group are renters, 42% of which are in rental stress with this figure rising to 70% for the low-income household cohort.

At the same time, despite Lake Macquarie City Council's Housing Strategy to facilitate higher-density infill development, apartment dwelling approvals are at low levels and remain well under 20% of total approvals. With this very limited increase in private rental stock, rental vacancy rates have averaged 1% in recent years, well under the 3% benchmark that reflects a neutral market. There is a loss of low-cost housing options such as caravan parks, and a serious undersupply of 'new generation' boarding houses, co-living housing, and studio apartments. On a positive note, homelessness has stabilised in the past year, based on the NSW Government's 2025 Statewide Street Count, halting a trend of increases over recent years.

While some progress has been made over the past few years, with funding beginning to flow and policy reform happening at all levels of government, far greater urgency and efficiency in the delivery of affordable housing is required.

This paper is actively supported by:

FIVE ASKS FOR 2025

1. National: Quadruple funding for the Housing Australia Future Fund (HAFF) to $20 billion

- 673 projects (totalling approx. 50,000 units nationally) were submitted to Housing Australia for funding, representing a significant oversubscription based on funding underpinning the HAFF. Of these, 185 projects are progressing to potentially deliver 13,700 homes.
- Whichever party forms Government in a 2025 federal election, should legislate a bipartisan 20-year housing and homelessness plan as part of quadrupling the funding available and work towards ensuring that 1 in 10 dwellings in Australia are social or affordable.

2. State: Move quickly to tender sites identified in land audit and ensure Regional coverage

- Of the 44 sites identified, only a handful of locations have been announced. These sites should be made public and tendered promptly via a simple procurement process that involves the community housing sector.
- As no sites have yet been identified in Lake Macquarie, the region should be prioritised in ongoing and future land and property audits.
- Government-owned sites must deliver a minimum of 30% social and affordable housing in perpetuity.

3. State: Set local social and key worker housing targets alongside new five-year housing targets and provide clarity around TODs

- As part of the five-year housing targets set for 43 LGAs, State Government should include local social and affordable housing targets and coordinate with councils in seeking to deliver these targets.
- In addition, more ambitious targets should be set for affordable housing in the State Government's up-zoned areas to accommodate healthcare workers, teachers, police officers, child-care workers, retail workers and other essential workers. State Government should work with the community housing, development and construction industries to understand what incentives, concessions and funding programs are required to make up to 20% affordable housing targets feasible in up-zoned areas. Opportunities might include greater uplift in density, land tax concessions, finance guarantee schemes, pre-sales guarantee schemes and grant funding (for CHPs).
- State Government must provide the sector with certainty through clear timeframes for any proposed increases to mandatory affordable housing rates in up-zoned areas.

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 programs such as the Community Housing Innovation Fund (CHIF).
- CHPs are a cost-effective way to deliver uplift in social housing due to not-for-profit status that allows them to save GST and stamp duty on the purchase of new housing, and the sector's ability to borrow and receive additional Commonwealth funding (such as Commonwealth Rent Assistance) not available to public housing agencies.
- A higher level of NSW Government co-contribution must be considered given CHPs are already maximising their leveraging potential, and the complexity in raising finance from the Commonwealth (even though supportive).
- While Lake Macquarie has higher than the NSW average supply of social housing, the dwellings are typically cottages built in the 1960s and 1970s, and no longer match the levels of demand and diverse needs of very low and low income households.

5. Local: Council to identify sites for development of new social and affordable housing

- Lake Macquarie City Council (Council) is to be congratulated on its fast approvals of development applications, with 90% within NSW Government expectations, compared to the state average of 74% for FY24-25 so far, on a volume of almost $1billion of total development cost.
- However, while Council has set actions to work with CHPs to facilitate the supply of social and affordable housing, it is recommended that a land audit be conducted to identify any suitable infill Council-owned sites for delivery of new social and affordable housing, similar to the approach taken by Central Coast Council.
- Council should promptly tender these sites for CHP-led development to meet the urgent need for affordable rental housing from low-income and key worker households and allow CHPs to take advantage of future rounds of the Federal Government's HAFF.
- Steps taken by Council including, discounts for development contribution fees for social and affordable housing developments and the 2024 housing diversity planning proposal are welcome. However, Council should go further and set ambitious timeframes for the delivery of affordable housing targets that are monitored and published.

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 two (of our total seven) mixed tenancy developments in Lake Macquarie, including a $7 million project at Belmont (completed July 2023) that delivered 13 one and two-bedroom units. The project was successful in securing funding from the NSW Community Housing Innovation Fund. This was preceded by a 21-unit complex at Glendale on a site acquired from the NSW Government that delivered an integrated mix of private, social and affordable housing. The project was the 2021 winner of the Property Council Australia Innovation & Excellence Awards – Affordable Housing Development Category. A further 12-14 units are in the pipeline at our recently acquired site at Charlestown. In 2024 we were successful in attracting a grant from the Homelessness Innovation Fund for our project at Mount Hutton that will provide temporary housing in fully furnished studio units for 20 older women over five years.

2. Lake Macquarie City Council (Council)

Council is proactively enhancing housing affordability and diversity through a multifaceted approach that encompasses strategic planning, collaborative initiatives, and policy reforms. In April 2025, the Council hosted the inaugural Lake Macquarie Housing Forum, bringing together affordable housing providers, development experts, and government representatives. This forum aimed to identify actions to improve housing affordability and increase housing stock in the region, acknowledging the projected rapid growth of the city's population from 220,000 to over 260,000 by 2046.

In February 2025, the Council endorsed the Housing Diversity Planning Proposal. This proposal aims to allow a wider range of housing types, such as dual occupancies, terraces, townhouses, and small apartment buildings in R2 low-density and R3 medium-density residential zones. This will enable a more diverse range of housing to meet the needs of residents in different stages of their life in areas that are near transport, employment, and other services and facilities. Lake Macquarie City Council has also introduced a significant financial incentive to support the delivery of social and affordable housing, offering an 85% discount on development contributions for eligible projects. The discount applies to both social and affordable housing developments and aligns with Council's broader strategy to increase housing supply and diversity.

Council also actively advocates to and seeks to work with key stakeholders to deliver the homes needed now and into the future for the city to prosper. Through these efforts, Council demonstrates a strong commitment to enhancing housing affordability and diversity, ensuring that the housing needs of its growing and changing population can be met

3. DANTIA

As Lake Macquarie's Economic Development Company, Dantia has the vision to see Lake Macquarie considered Australia's most thriving regional city. We advance Lake Macquarie's economy for new and existing businesses and residents by facilitating employment and economic growth through attracting investment, fostering innovation, advocating for infrastructure and building Lake Macquarie's identity.

For a long period of time now Lake Macquarie has consistently ranked in the top five LGAs in Australia of people migrating from capital cities to the regions. Rising housing demand driven by population growth, requires commensurate well-planned increases in housing supply, without which pressure on affordability will continue to grow, impacting both residents and businesses. It is important for Lake Macquarie that we have a broad mix of housing options for existing and future residents. Recognising that responses are required across the housing spectrum, Dantia has been pleased to showcase the Car 2 Home homelessness service that has been operating in the region for over 10 years and winner of the City's Outstanding Community Organisation award in 2024.

4. Awabakal Enterprises

Affordable housing for Aboriginal people in the Lake Macquarie area faces several challenges. The demand for affordable housing exceeds the current supply, leading to long wait times for social housing. The Aboriginal Housing Office (AHO) and community housing providers like Awabakal Enterprises play crucial roles in addressing these needs by offering culturally appropriate housing and support services to Aboriginal tenants. Despite these efforts, many Aboriginal families still struggle with housing affordability and stability. The availability of suitable housing remains limited, and the wait times can be lengthy. Efforts to improve this housing shortage include increasing the number of properties owned by AHO and managed by Aboriginal housing providers such as Awabakal to ensure safe, affordable, and culturally appropriate housing for Aboriginal tenants.

Awabakal Enterprises is a community-owned Property Development & Property Management company dedicated to benefiting our people and community through our work in property. We are committed to fostering strong partnerships that enhance our community's well-being. Awabakal is in the process of completing a two-stage development at Belmont. This project has developed an existing Awabakal owned site into two villas which are now occupied by local Aboriginal community members, with an additional home under construction to be sold to fund further redevelopment projects.

Awabakal Enterprises continually seeks new development opportunities and partnerships to provide much-needed housing and to help secure the future prosperity of the Awabakal community through effective management of land and other assets. Overall, while significant efforts are being made to address the housing needs of Aboriginal people in Lake Macquarie, ongoing challenges in the shortage of affordable housing highlight the need for continued investment and support to meet the growing demand.

PARTNER ACHIEVEMENTS AND CHALLENGES Continued

5. Key2 Realty

Key2 Realty, launched by Pacific Link Housing in 2019, demonstrates our commitment to social impact through purpose-driven property management. With a by-appointment office in 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 Transport Oriented Development zones (TODs) encourage the inclusion of affordable housing in new developments and offer incentives such as increased floor space and height allowances. Key2 Realty is ideally positioned to partner with stakeholders to manage affordable housing across the Lake Macquarie region, with the nominated TODs at Booragul, Morisset, Teralba, Cockle Creek and Cardiff. Their expertise in managing mixed-tenancy developments, which combine affordable and market-rate rentals, ensures profitable investments for landlords while delivering significant social impact. Key2 Realty is poised for further growth, that will allow for investment of more profits in empowering members of our community to achieve their life goals.

6. Business Hunter

Business Hunter commends the State of Affordable Housing in Lake Macquarie report as a timely spotlight on the issues pertaining to 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. More than one in three businesses nominate housing affordability and availability as significant barriers to hiring and retaining staff. Ensuring sufficient supply of affordable homes is an integral part of the housing solution and this report helps to document the scope and scale of the community's needs. It will assist policy makers and advocates to better understand the number of dwellings and housing types needed to address Lake Macquarie's mismatch in affordable housing demand and supply, as well as the extent of underused space in existing housing stock. It demonstrates that we need to do more to ensure essential workers and those facing socio-economic challenges can find suitable housing.

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.

7. Urban Development Institute of Australia (UDIA)

UDIA encourages the delivery of more affordable housing to meet the diverse housing needs of the Lake Macquarie LGA. UDIA led industry advocacy to the incoming NSW Government for the introduction of an infill affordable housing incentive which led to the announcement of the changes to the Housing SEPP to provide a 30% increase in density in return for the provision of affordable housing. Through UDIA's Urban Renewal Committee, opportunities are being explored for partnership with the Community Housing sector to increase private developer awareness and uptake of affordable housing incentives being offered in NSW. The Housing SEPP is starting to bear fruit, with several examples of UDIA developer members partnering with UDIA CHP members across NSW to give more residents access to secure and stable homes. The UDIA hopes to promote and facilitate partnerships between members to deliver more opportunities for affordable housing across the Lake Macquarie LGA.

8. Property Council of Australia

The Property Council of Australia believes that affordable housing is an important part of the housing equation in NSW and there has been significant progress in encouraging developers to build more affordable homes. As one of the fastest-growing regions in NSW, Lake Macquarie faces significant challenges in delivering a diverse and affordable housing supply to meet demand. The combination of strong population growth, limited land supply, and rising construction costs has led to affordability pressures that impact key workers, young families, and retirees. The median house price in Lake Macquarie continues to climb, pushing home ownership out of reach for many and increasing reliance on the private rental market, which itself is experiencing record-low vacancy rates. We are calling for a multi-faceted approach to supporting the delivery of more affordable housing options - from planning reforms to increase density in well-serviced areas, to incentivising partnerships between the public and private sectors and providing greater flexibility in how affordable housing contributions are delivered. The Property Council remains committed to working with government and industry stakeholders to drive sustainable housing solutions.

9. University of Newcastle

University of Newcastle Housing affordability and availability remain critical issues for many Australians. University of Newcastle students are not exempt from these pressures, with both domestic and international students who are forced to leave home to study, impacted. Many struggle to find affordable accommodation close to campus and end up in temporary housing arrangements, which is disruptive to their study. Demand for on-campus accommodation consistently outstrips supply and we have long waiting lists of students seeking to access University accommodation.

The University of Newcastle is responding to this challenge, recently commencing construction of a new 450 bed City Campus Student Accommodation building in the heart of Newcastle. The University is also exploring the construction of student accommodation in the Gosford CBD. This project will complement recent investments by the University on the Central Coast including the construction of its new $67.3 M campus in Mann Street, Gosford (scheduled for completion this year) and its Central Coast Clinical School at Gosford Hospital, which was completed in 2022 at a cost of $75.2 M. Once complete, the facilities will help to alleviate housing stress for students in both the Central Coast and the Hunter. The location of these facilities will activate the Gosford and Newcastle CBD precincts and provide a part-time workforce for local businesses at a time when many are experiencing difficulty recruiting staff.

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 5 years from mid-2024 (240,000 pa).

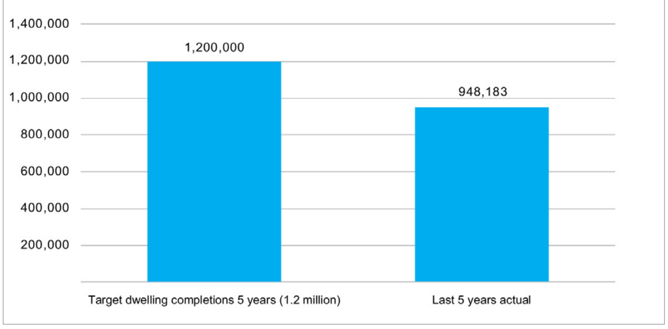
As part of the Accord, the Commonwealth has committed $350 million over 5 years from 2024-25 to support the delivery of 10,000 affordable homes. State and territory governments have agreed to build on this commitment to support the delivery of up to an additional 10,000 affordable homes. This enables the delivery of a combined total of up to 20,000 affordable homes under the Accord.

The $10 billion HAFF will generate an estimated $500M annual return that will subsidise housing development, with targets to deliver 20,000 social and 10,000 affordable rental homes in the first five years. Funding from the HAFF will begin to flow from late 2024.

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.

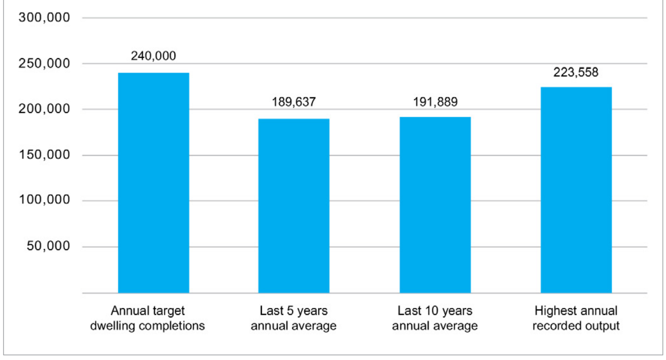
Historic dwelling completion rates:

Graph: Dwelling completions – national target vs. last five-years actual, national



Source: PowerHousing Australia - CoreLogic Australian Affordable Housing Report 2023 [Reference 5]

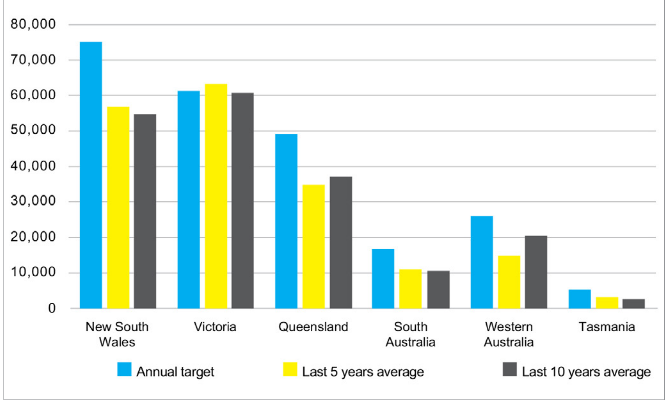
Graph: Dwelling completions – national target vs. historic averages, national



Source: PowerHousing Australia - CoreLogic Australian Affordable Housing Report 2023 [Reference 5]

Figures by state show the particularly significant challenge for NSW:

Graph: Dwelling completions – HAFF target vs historic averages, by state



Source: PowerHousing Australia - CoreLogic Australian Affordable Housing Report 2023 [Reference 5]

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 the Lake Macquarie region (8,000 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 $75 million ($30 million in regional areas) and including at least 10% affordable housing.
- Land and Housing Corporation (LAHC), Aboriginal Housing Company (AHC), Aboriginal Housing Office (AHO) and Landcom able to self-assess developments of up to 75 dwellings (Landcom required to include at least 50% affordable housing). Developments above this threshold will be state assessed.

Transport Oriented Development Program (TOD)

- 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. Up to 15% of homes in these locations will be affordable housing, held in perpetuity. However, it is understood that some sites have as low as 3% requirement.
- 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 2000 m2. Affordable housing must be delivered onsite and in perpetuity and must be managed by a registered community housing provider. The percentage of the affordable housing contribution will be increased over time.
- TOD locations identified for the Lake Macquarie region are Booragul, Morisset, Teralba, Cockle Creek and Cardiff.

Low and Mid-Rise Planning Reforms

- Planning controls under the Six Cities Region have been changed to permit dual occupancies across R2 Low Density Residential zones. Townhouses, terraces and two storey apartment blocks will be permitted in low density zones near transport hubs and town centres.
- Mid-rise apartments up to six storeys will be permitted in R3 Medium Density zoned locations within 800 metres of transport hubs or town centres. These changes will increase the amount of land on which low and mid-rise forms of housing are possible, opening up opportunities for 112,000 homes.
- While the easing of 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 streamline support for residents and delivery pathways for more homes.

Land Audit

- In May 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.
- 44 sites have been identified to date, with funding committed in the 2024-25 Budget to continue the audit.
- Homes NSW and Landcom, the government's developers, will have the first choice of these sites for the delivery of social, affordable, essential worker and market housing. Remaining sites will be developed into housing with the private sector.
- NSW Government has committed to 30% social and affordable housing in all developments on government-owned land. However, this was quickly watered down to apply to the "program overall", following sale of a Camperdown site in July 2024 for a private development that will be 100% market housing.

Housing Supply

- NSW's 2024-25 Budget announced $5.1 billion to fund the land purchase and construction of 8,400 social homes, including 6,200 new homes and 2,200 replacement homes.
- Half of all homes delivered will be allocated to victim-survivors of domestic and family violence.

Funding for the Planning System

- $3 billion investment in the planning system over four years to support more homes and infrastructure.
- $253.7 million for more planners and other critical staff to assess development proposals.
- $200 million in grants for open space, roads and community facilities to incentivise councils to speed up development approvals.
- $1 million to investigate a guarantee scheme for housing developers to accelerate construction.

REFLECTING ON RECENT PROGRESS BY LOCAL GOVERNMENT

Ranking of Council Performance

- From July 2024 the NSW Government has set 115 days as the target average for Councils to determine DAs, with targets reducing to 85 days by FY2028. LGAs performance is monitored and published monthly in a League Table.

Lake Macquarie City Council (LMCC) Housing Strategy

- In 2021 Council published a Housing Strategy, which identified a need for 13,700 new dwellings to meet anticipated population growth of 30,000 by 2036.
- The Strategy notes the Hunter Regional Plan for strategic centres at Charlestown, Morisset and Cardiff–Glendale, local centres at Belmont, Toronto, Cardiff, Warners Bay, Swansea and Mount Hutton and the emerging growth area around Cooranbong, Morisset and Wyee.
- Council's Strategy lists 41 actions that are to be monitored annually, every 4 years and 10 yearly. We look forward to the 2026 review to re-examine the evidence base and measure progress towards objectives.

Ending Homelessness Plan 2021-2024

- Council's Plan notes that according to 2016 Census data there were 405 people experiencing homelessness. The largest increases of homelessness have been seen in young people and those over the age of 55.
- The Plan sets out current services and lists 18 actions to be undertaken over the three years of the Plan.

Lake Macquarie City Council (LMCC) Housing Strategy Priorities include:

1. Facilitate efficient housing supply and infrastructure coordination. A supporting objective is to achieve a minimum residential density of 15 dwellings per hectare and 25% small lot/multi-dwelling housing in priority housing release areas, urban renewal corridors and strategic centres.

2. Increase diversity and choice in housing.

3. Facilitate Infill opportunities for housing near jobs and services. A supporting objective is to prioritise infill housing opportunities to deliver overall 40% greenfield to 60% infill housing split across the LGA.

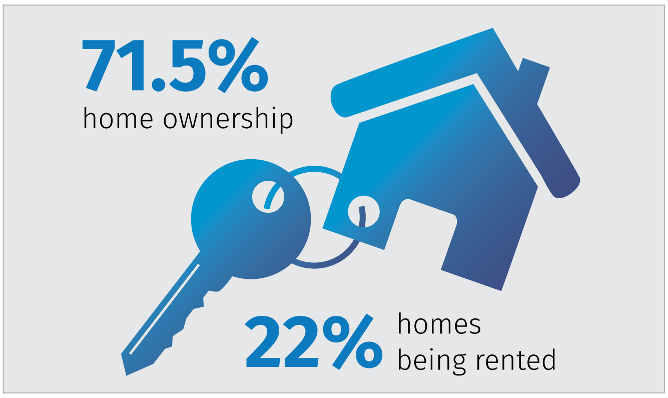
4. Increase affordable rental housing and home ownership. A supporting objective is to establish mechanisms for affordable housing contributions through the planning system.

5. Facilitate housing design for innovation and sustainability.

SUPPLY & DEMAND DATA

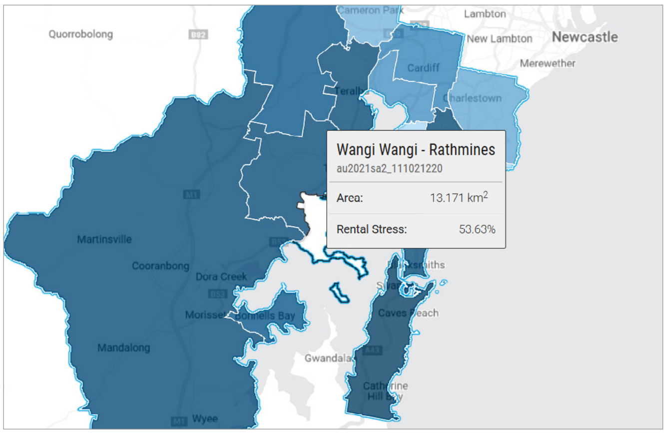
Pressure on Rental Housing Affordability - Currently, housing affordability (the overall cost of buying or renting a home relative to income or capacity to pay) is a problem in Australia. For society to function, people need to live affordably in or around areas where they work. Key workers such as nurses, teachers, police officers, bus drivers, 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 or mortgage 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 the Lake Macquarie region, renters occupy 22% of dwellings - over 19,000 households.



Source: Lake Macquarie City Council Housing Strategy 2021, P14 *[Reference 1]*

Rental affordability in Lake Macquarie has declined in recent years. Rental vacancy rates are tight and there has been a reduction in the proportion of rental housing affordable for lower-income households. 2021 Census data analysed by Remplan showed 7,935 households in rental stress - representing 42.1% of rented dwellings. The areas with the highest level of rental stress were Wangi Wangi - Rathmines (53.6%), Swansea-Caves Beach (50%) and Morisset-Cooranbong (48.8%). The most common income category experiencing rental stress was very low income households (81.4%). In Valentine - Eleebana, 100% of very low income households were experiencing rental stress.



Source: Remplan *[Reference 2]*

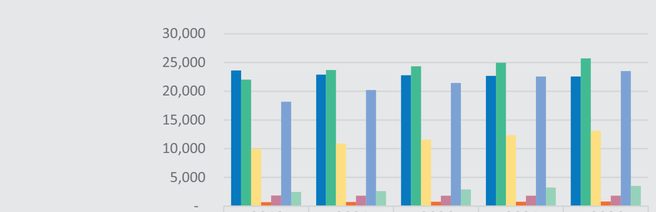
Household Size – Data from Council's 2021 Housing Strategy forecasts that the largest current household type of Couples with children (30%) will be overtaken by Lone person (29% growth) and Couples with no children (17% growth) types by 2036. Combined with a forecast 30% increase in One parent family households, there is a clear imperative for development of smaller dwellings that are currently in low supply. This is reflected in the Strategy's target for semi-detached dwellings and apartments representing 73% of the 13,700 new homes forecast to be required by 2036.

Lake Macquarie	Very Low Income	Low Income
Valentine - Eleebana	100.0%	87.7%
Bonnells Bay - Silverwater	96.8%	82.8%
Wangi Wangi - Rathmines	95.6%	73.4%
West Wallsend - Barnsley - Killingworth	94.2%	83.2%
Warners Bay - Boolaroo	88.6%	80.0%
Morisset - Cooranbong - Lake Macquarie	88.4%	68.0%
Swansea - Caves Beach	85.8%	68.3%
Glendale - Cardiff - Hillsborough - Lake Macquarie	84.5%	73.1%
Edgeworth - Cameron Park - Lake Macquarie	81.2%	81.9%
Charlestown - Dudley - Lake Macquarie	80.7%	75.9%
Belmont - Bennetts Green	77.2%	73.9%
Belmont South - Blacksmiths	77.1%	65.0%
Toronto - Awaba	76.4%	70.3%
Bolton Point - Teralba	76.0%	73.9%
Redhead	69.2%	83.9%
Mount Hutton - Windale	65.2%	61.0%

Source: Remplan *[Reference 2]*

SUPPLY & DEMAND DATA Continued

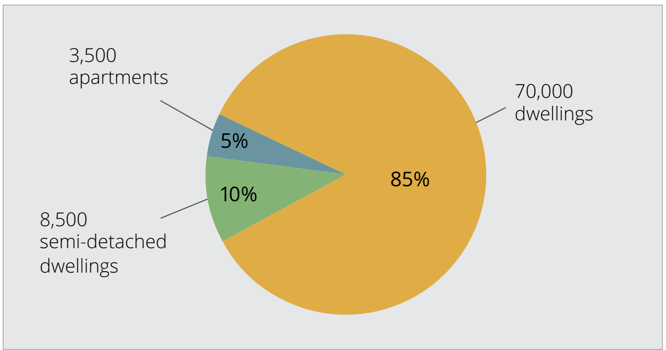
Further, the forecast ageing of the population will only increase this demand as older people seek options to age in place – moving to appropriately-sized homes while staying in their local area and community. While the majority of older Australians own their own home, the number of older people renting is rising. Hence, there will be a significantly higher demand for one- and two-bedroom dwellings, including more adaptable, accessible dwellings, well located, secure, low maintenance and affordable to meet the needs of seniors and frail aged, within their communities.



	2016	2021	2026	2031	2036
Couple family with children	23,625	22,894	22,793	22,665	22,583
Couple family with no children	22,021	23,700	24,342	24,976	25,718
One parent family	9,979	10,871	11,587	12,318	13,091
Other family	706	740	756	775	810
Group household	1,852	1,799	1,798	1,805	1,822
Lone person household	18,162	20,201	21,443	22,567	23,503
Other household	2,469	2,617	2,915	3,212	3,515

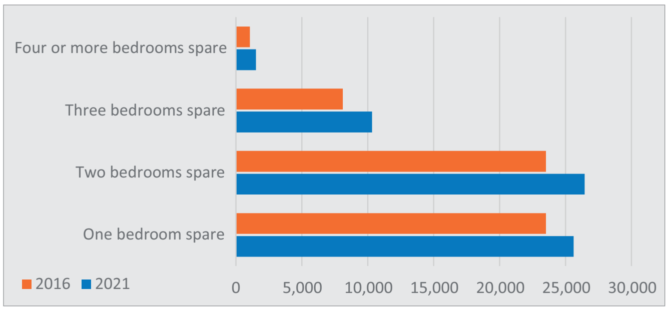
Source: Lake Macquarie City Council Housing Strategy 2021, P19
[Reference 1]

Housing Stock – Council Strategy's forecast increase of 13,700 dwellings by 2036 is in the context of a current total of around 82,000 dwellings of the following typologies:



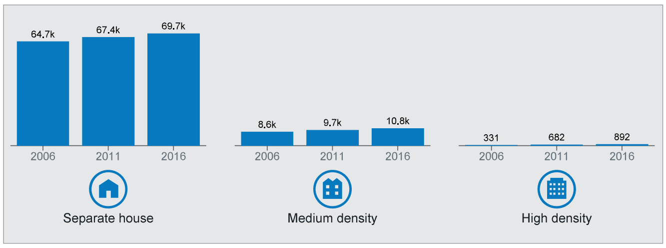
Source: Lake Macquarie City Council Housing Strategy 2021, P27
[Reference 1]

Housing Suitability - The growing, forecasted mismatch between household size and dwelling configuration is demonstrated in the figures below for Lake Macquarie, showing high levels of spare bedrooms that have increased across all categories from 2016 to 2021. This suggests that households are paying for dwellings that are larger than they need (either by choice or not) or are not able to find appropriate alternatives.



Source: Remplan [Reference 2]

Housing Density - Existing housing in the Lake Macquarie region is predominantly detached dwellings (86%) with apartments representing only 4% of stock. 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.



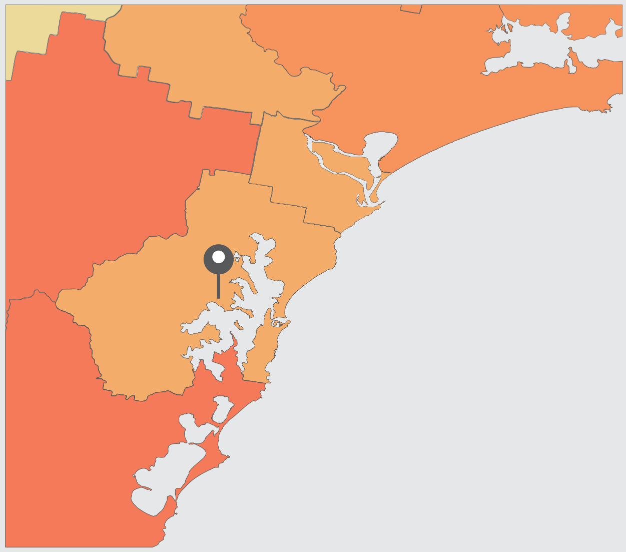
Source: Lake Macquarie City Council Housing Strategy 2021, P29
[Reference 1]

SUPPLY & DEMAND DATA Continued

Unmet Need – UNSW City Futures research based on 2021 Census data shows the estimated proportion of Lake Macquarie households whose needs are not currently being met as 6.2% of the population or a shortfall of 5,100 social and affordable homes.

Lake Macquarie

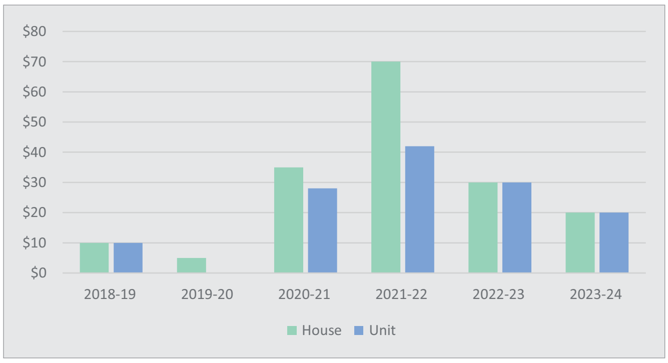
Current unmet need	
Estimate	**5,100**
As a proportion of all households	**6.2%**
Source of unmet need	
Q1 Rent stress	**59%**
Q2 Rent stress	**34%**
Manifest	**7%**
Current social and affordable housing	
As a proportion of current need (met need/total need)	**43%**
Projected need by 2041	
Estimate, if no action	**6,400**
Annual growth of current SH required to meet need by 2041	**5.1%**
Average annual new dwellings	**300-400**



Source: UNSW City Futures [Reference 3]

Lake Macquarie Rental Market - Remplan's analysis shows median weekly rentals trended up in 2023-2024 by $20 per week for both houses (to $600) and units (to $500) respectively. While the latest increases are well down on those experienced during the pandemic years, rent for houses is now 50% up over the past decade from $400 and units have experienced a 46% increase from $343 weekly rent ten years ago.

These compare with NSW rent increases averaging 49% and 42% for houses and units respectively over the same period.

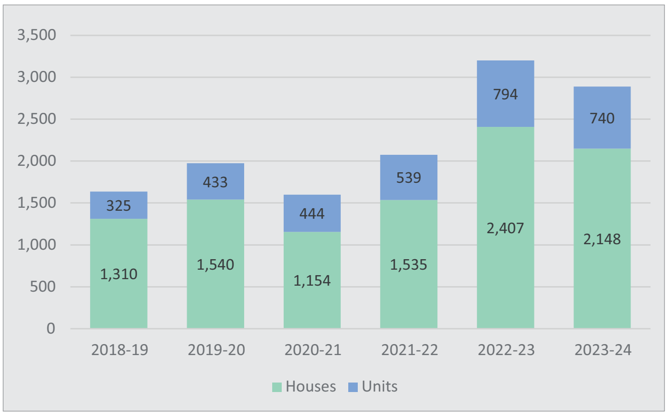


Source: Remplan [Reference 2]

Rental Trends	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Houses - Lake Macquarie	$440 ↑$10	$445 ↑$5	$480 ↑$35	$550 ↑$70	$580 ↑$30	$600 ↑$20
Houses - NSW	$470 ↑$10	$470 →$0	$500 ↑$30	$550 ↑$50	$600 ↑$50	$640 ↑$40
Units - Lake Macquarie	$380 ↑$10	$380 →$0	$408 ↑$28	$450 ↑$42	$480 ↑$30	$500 ↑$20
Units - NSW	$480 ↓-$10	$480 →$0	$475 ↓-$5	$500 ↑$25	$575 ↑$75	$640 ↑$65

Source: Remplan [Reference 2]

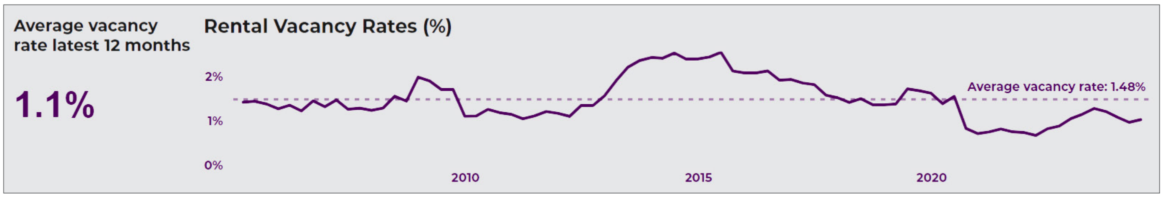
SUPPLY & DEMAND DATA Continued



Source: Remplan [Reference 2]

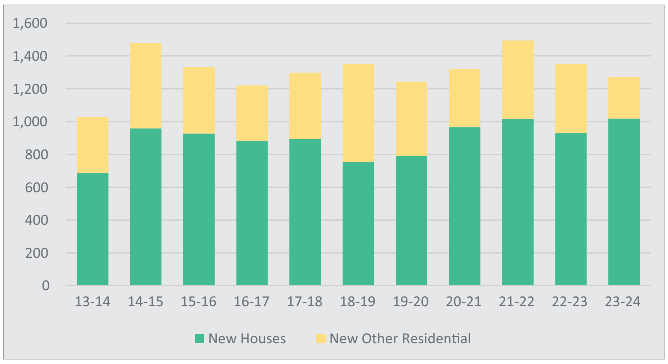
Rental Vacancy Rate - Remplan's analysis shows a total of 2,148 houses and 740 units were listed for rent in 2023-24. This was a decrease of 10.8% for houses, and a decrease of 6.8% for units compared with 2022-23.

The latest vacancy rate as at June 2024 of 1.04% shows continuing extreme tightness in the rental market for the areas with highest proportions of renters, noting that a neutral market has vacancy rates around 3%.



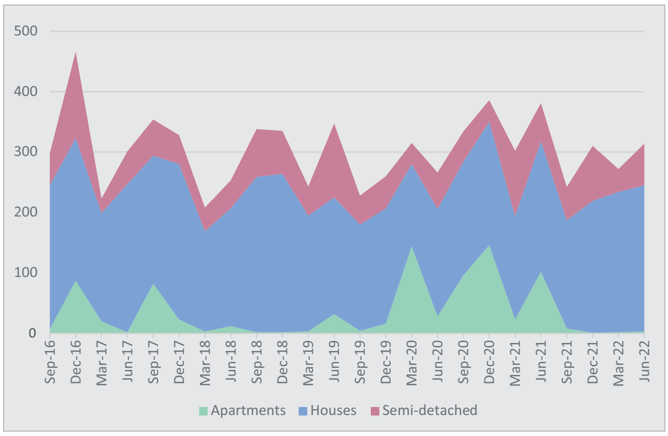
Source: NSW DPHI Urban Development Program Dashboard [Reference 4]

Housing Supply: Building Approvals and Completions - Reflecting nationwide economic headwinds of higher interest rates and rising inflation, the number of dwelling approvals in Lake Macquarie has dipped in recent years from a peak in 2020-21 of 1,494, however apartment approvals continue to be in the minority, representing less than 20% in 2023-2024.



Source: NSW DPHI Urban Development Program Dashboard [Reference 4]

Similarly, building completions data shows very low volumes of apartments completed in the region in 2021-2022.



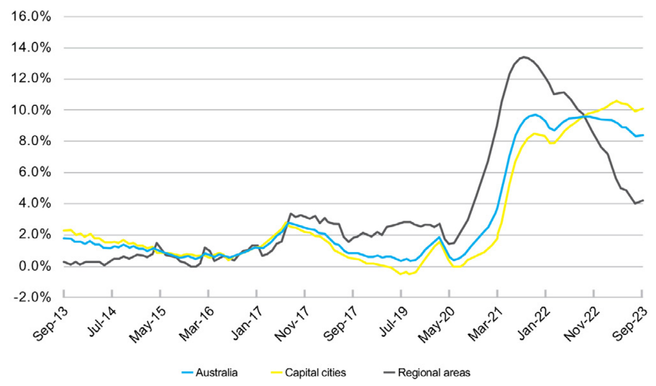
Source: Remplan [Reference 2]

SUPPLY & DEMAND DATA Continued

PowerHousing Australia, in its 2023 Australian Affordable Housing Report that:

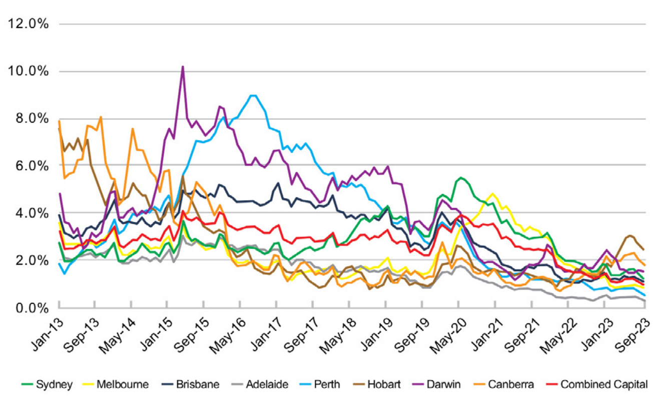
- The national vacancy rate reduced to a new record low of 1.1% in September 2023.
- Rent increases in regional areas have eased, possibly reflecting a towards group households becoming more common and average rental households growing larger as tenants seek to maximise the number of tenants in order to minimise rental repayments on a per tenant basis.
- Worryingly, the portion of household income required to pay rent has risen from 29.5% in June 2022 to a record high of 31.4% in June 2023 – demonstrating peak unaffordability. The rise in the income required to pay rent can be explained by a 12.0% rise in the median rental rate over the year against only a 5.2% rise in household incomes.

Graph: Annual change in rents, decade to September 2023



Source: PowerHousing Australia - CoreLogic Australian Affordable Housing Report [Reference 5]

Graph: Rental market vacancy rates, by capital city

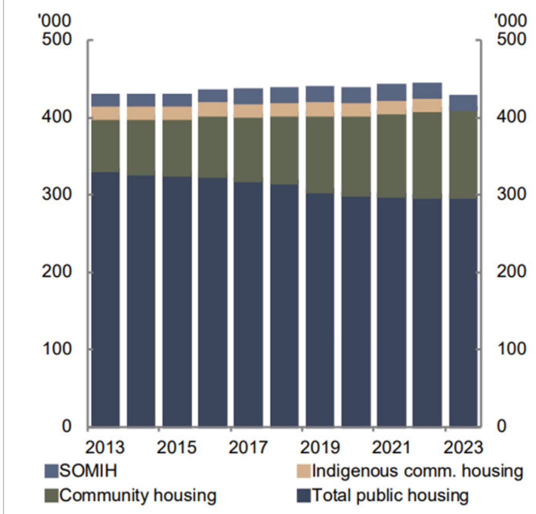


Source: PowerHousing Australia - CoreLogic Australian Affordable Housing Report [Reference 5]

Social Housing Stock Decline

The new National Housing Supply and Affordability Council produced its first State of the Housing System report in 2024 that starkly outlines the downward trend over decades that social housing makes up 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.

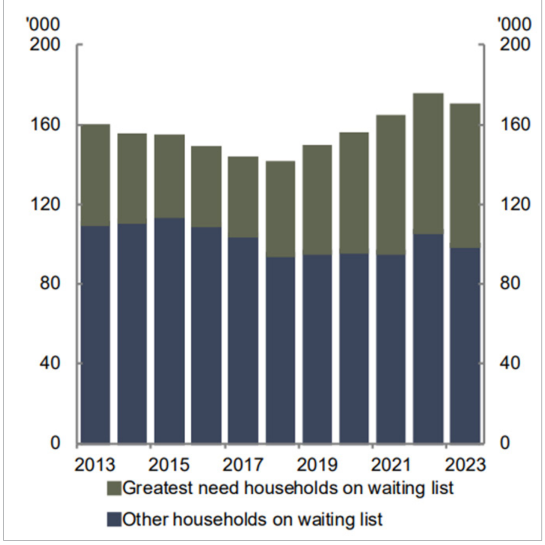
Chart 3.24 Social housing stock



Note: Data for June 2013 to June 2023. SOMIH refers to State Owned and Managed Indigenous Housing. 2023 data for Indigenous community housing not yet available.

Source: Australian Institute of Health and Welfare (AIHW) 2023

Chart 3.25 Public housing waiting lists



Source: Australian Institute of Health and Welfare (AIHW) 2023

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https://www.lakemac.com.au/files/assets/public/council/d10153900-lake-macquarie-city-council-housing-strategy-amended-with-letters-april-2021.pdf

2. Remplan Lake Macquarie Housing Overview
https://app.remplan.com.au/lakemacquarie/housing/overview

3. UNSW City Futures - Housing Need Dashboard
https://cityfutures.ada.unsw.edu.au/cityviz/housing-need-dashboard/

4. NSW DPHI Urban Development Program Dashboard
https://www.planningportal.nsw.gov.au/online-dashboards

5. PowerHousing Australia - CoreLogic Australian Affordable Housing Report
https://www.powerhousingaustralia.com.au/wp-content/uploads/2023/12/PowerHousing-Australian-Affordable-Housing-Report-2023-in-partnership-with-CoreLogic.pdf

GOVERNMENT POLICY SETTINGS

Local

Lake Macquarie City Council Housing Strategy 2021
https://www.lakemac.com.au/files/assets/public/council/d10153900-lake-macquarie-city-council-housing-strategy-amended-with-letters-april-2021.pdf

Lake Macquarie City Council Ending Homelessness Plan 2021-2024
https://www.lakemac.com.au/files/assets/public/v/1/council/lmc_ending_homelessness_plan_2021-2024.pdf

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National Housing Supply and Affordability Council
https://nhsac.gov.au/

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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