

Bega Valley Shire

Affordable Housing Contribution Scheme



BEGA VALLEY SHIRE COUNCIL

FEBRUARY 2025

An aerial photograph of a rural landscape, showing a mix of green fields, scattered trees, and small clusters of buildings. A road or path runs through the center of the image. The overall tone is natural and scenic.

Beyond the
horizon thinking.

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1

Strategic Context and Background



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1.1 Scheme Purpose and Objectives

The Bega Valley Shire Affordable Housing Contributions Scheme (**the Scheme**) sets out how, where and how much development contributions are collected for Affordable Housing in the Bega Valley Shire local government area (**the LGA**).

The Scheme is prepared in accordance with the requirements of section 7.32(1)(c) of the Environmental Planning and Assessment Act 1979 and the State Environmental Planning Policy (Housing) 2021.

The objectives of the Scheme are to:

- Recognise the need for affordable rental housing to support sustainable and diverse communities and long-term economic growth in the Bega Valley Shire local government area (**the LGA**).
- Ensure that affordable rental housing is provided for Very Low to Moderate income households in the LGA.
- Ensure there are opportunities for Very Low to Moderate income workers to live in the community in which they are employed.
- Facilitate opportunities for Government and community housing providers (CHPs) to supply affordable rental housing in the LGA.
- Outline the requirements for making a contribution for affordable housing in accordance with an Environmental Planning Instrument (EPI).

The Scheme is consistent with the Bega Valley Shire Local Strategic Planning Statement 2040 and Bega Valley Shire Affordable Housing Strategy (2022). The Scheme operates in conjunction with the Bega Valley Shire Affordable Housing Contribution Scheme.

The Scheme was adopted by Bega Valley Shire Council (**Council**) on xxx and came into effect on xxx.

1.2 Affordable Housing Principles

The Scheme's affordable rental housing principles are that:

- Affordable housing is to be provided and managed to ensure a socially diverse community, representative of all income groups, is maintained.
- Affordable housing is made available to households on Very Low, Low and Moderate incomes, or any combination of these.
- Affordable housing is to be rented to households on Very Low to Moderate incomes in accordance with the NSW Ministerial Guidelines on Affordable Housing.
- Affordable housing must be provided in locations with access to public transport, services, shops and facilities.
- Dwellings for affordable housing are to be managed so as to maintain their continued use for affordable housing until replaced with affordable housing dwellings in the same town.
- Affordable housing is to consist of dwellings constructed to a standard that, in the opinion of Council, is consistent with other dwellings in the vicinity. That is, the dwellings for dedication are not differentiated as affordable housing compared with other dwellings. If not to its satisfaction, Council may require the contribution to be satisfied by way of an equivalent monetary contribution.

The NSW Affordable Housing Ministerial Guidelines additionally provide guidance on tenancy management and financial management which aim to ensure financial viability whilst balancing affordable outcomes for tenants

1.3 Application of the Scheme

The Scheme applies to residential subdivision that results in a final lot for residential development. The lands to which the Scheme applies are collectively referred to as 'the Affordable Housing Contribution Areas', which comprises:

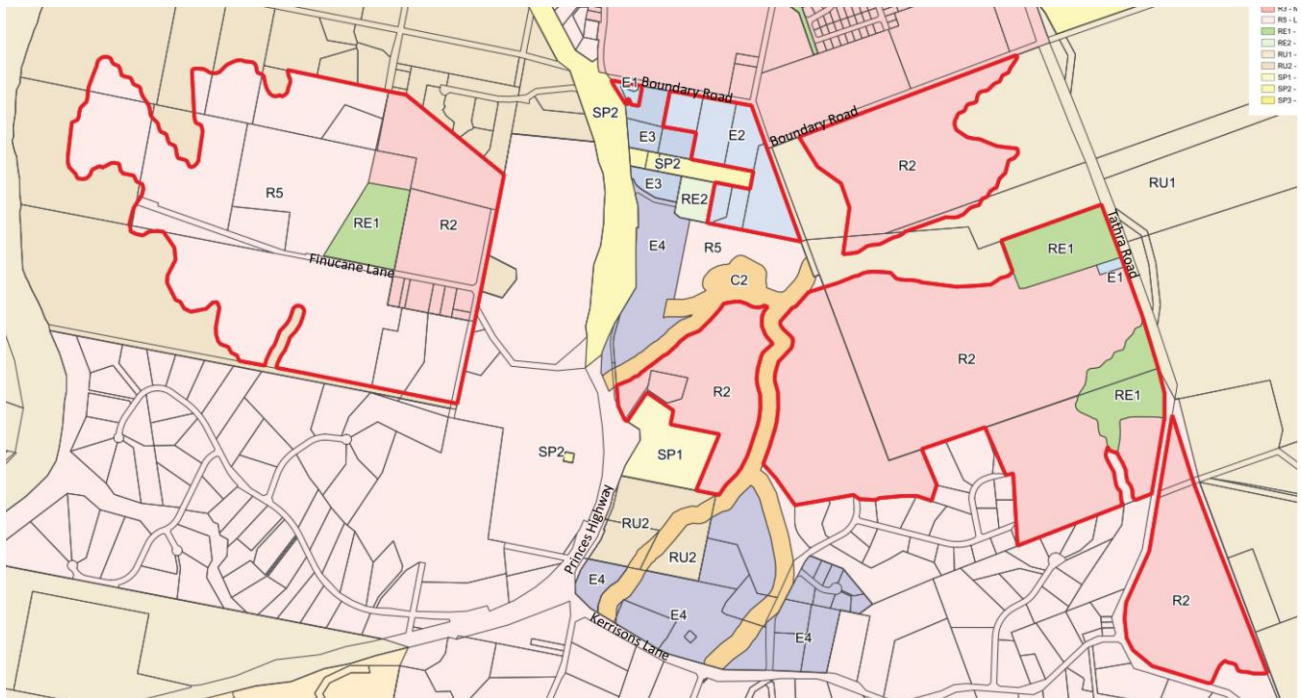
- Bega Urban Release Area

Additional land may be added to the Scheme by amendment of this document by Council resolution and amendment of the *Bega Valley Local Environmental Plan 2013*. Amendments and/ or updates to the information provided in the schedules may occur from time to time and will not require an amendment to the EPI.

The Scheme applies to all new residential development with the exception of development types listed in section 2.2.



FIGURE 1-1: Bega Affordable Housing Contribution Area



Source: Bega Valley Shire Council

BEGA AFFORDABLE HOUSING CONTRIBUTIONS POLICY

The Bega Affordable Housing Contributions Policy applies to land that is subject to a separate, proponent-led planning proposal.

1.4 Legislative Basis for Affordable Housing Contributions

This Scheme applies in accordance with the *Environmental Planning and Assessment Act 1979* (**the Act**) which allows for the collection of contributions for affordable housing where a need for affordable housing is identified in a planning instrument.

The *State Environmental Planning Policy (Housing) 2021* identifies that all local government areas within NSW are areas where there is a need for affordable housing.

Section 7.32(1) of the Act requires that a contribution requirement may only be applied to a development application where:

- (a) the consent authority is satisfied that the proposed development will or is likely to reduce the availability of affordable housing within the area; or
- (b) the consent authority is satisfied that the proposed development will create a need for affordable housing within the area; or
- (c) the proposed development is allowed only because of the initial zoning of a site, or the rezoning of a site; or
- (d) the regulations so provide.

A Housing Needs Assessment (Schedule 1) shows that in 2021, approx. 80% of households in the LGA fell in the Very Low to Moderate income bands. Analysis of household trends in the LGA indicate the dominance of small household types, many of whom are older downsizers, as aligned with age profile characteristics. Importantly, the vast majority of households in the LGA fall within the Very Low to Moderate income bands, demonstrating the need for affordable housing, and subsidised housing more broadly.

Condition (b) is met because all development creates a need for affordable housing in the LGA.

The Scheme applies to residential development that is enabled by a rezoning. Condition (c) is met.

There are substantial economic impacts where affordable housing cannot be accessed close to employment. The LGA relies on workers who are able to access housing that is affordable close to their place of employment.

Schedule 1 provides additional analysis of the need for affordable housing in the LGA.

1.5 Definitions

Terms used in the Scheme are defined in **TABLE 1-1**.

TABLE 1-1: Definitions

TERM	DEFINITION
AFFORDABLE HOUSING	<p>Housing for Very Low, Low and Moderate income households, being such households as are prescribed by the regulations or are provided for in an environmental planning instrument, as defined by the <i>Environmental Planning and Assessment Act 1979</i>.</p> <p>The <i>State Environmental Planning Policy (Housing) 2021</i> further defines Very Low, Low and Moderate income households into those who either pay no more than 30% of gross income in rent, or those eligible under the National Rental Affordability Scheme (NRAS) and pay no more rent than would be charged under NRAS.</p> <p>Note: Affordable housing is not the same as social housing. It is open to a broader range of household incomes than social housing. Households do not have to be eligible for social housing to apply for affordable housing, though people who are eligible for social housing may also be eligible for affordable housing.</p>
COMMUNITY HOUSING PROVIDER (CHP)	<p>A community housing provider (CHP) is an organisation who delivers social housing and/ or affordable housing and related services to people on Very Low, Low or Moderate incomes.</p> <p>Note: In NSW the Registrar of Community Housing administers the National Regulatory System for Community Housing (NRSCH) and assesses/ monitors registered CHPs according to the level of risk associated with the scale and scope of their community housing activities.</p> <p>In NSW, registered CHPs could be for-profit or not-for-profit (NfP) entities. NfP CHPs are charities whose purpose is the development and/ or management of subsidised housing. They enjoy tax concessional status (Federal and State).</p>
CONTRIBUTION IN-KIND	Contribution of a completed dwelling or land that is dedicated (gifted) to Council.
CONTRIBUTION RATE (%)	The percentage contribution rate that is used in the calculation of a contribution requirement.
EFFICIENCY RATIO	The ratio to which the area for development (GFA or NDA) converts to saleable area.
EQUIVALENT CONTRIBUTION RATE (\$)	The dollar contribution rate that is used to calculate an equivalent monetary contribution in lieu of a contribution in-kind.
ENVIRONMENTAL PLANNING INSTRUMENT (EPI)	Environmental planning instruments are Local Environmental Plans (LEPs) and State Environmental Planning Policies (SEPPs) that are made under the Environmental Planning and Assessment Act 1979.
EQUIVALENT MONETARY CONTRIBUTION	The monetary contribution payable in lieu of a contribution in-kind. The equivalent monetary contribution applies the contribution rate (%), the equivalent contribution rate (\$) and the development capacity that is sought by a planning proposal (GFA or NDA, as applicable).
GROSS FLOOR AREA (GFA)	As defined in the Bega Valley Local Environmental Plan 2013
GROSS SITE AREA	Gross site area includes residential uses and non-residential uses, roads, parks, open space and schools
LOW INCOME	Households whose gross incomes are 50% or more but less than 80% of the median household income for Greater Sydney or Rest of NSW, as applicable, as reported by Australian Bureau of Statistics.
MODERATE INCOME	Households whose gross incomes are 80% to 120% of the median household income for Greater Sydney or Rest of NSW, as applicable, as reported by Australian Bureau of Statistics.
NET DEVELOPABLE AREA (NDA)	<p>A net developable area (NDA) is the area of land to which the development consent or complying development certificate relates.</p> <p>The NDA includes the area of any land that the development consent authorises, or requires to be used as a road, or reserved or dedicated as a public road. The NDA does not include the area of any existing road in respect of which the development consent authorises, or requires, road work (such as road widening) to be carried out.</p> <p>The following land is not to be included in calculation of NDA for the relevant development:</p>



TERM	DEFINITION
	<ul style="list-style-type: none"> Any part of the land to which the development consent relates that is at or below the level of a 1:100 ARI (average recurrent interval) flood event, if that part of the land is unsuitable for the relevant development by virtue of it being at or below that level. Any part of the land to which the development consent relates that is identified as public open space in a development control plan or in a contributions plan approved under s7.11 of the Environmental Planning and Assessment Act 1979. <p>Note: NDA is smaller than gross site area.</p>
NOMINATED CHP	Registered not-for-profit community housing provider classified as Tier 1 or Tier 2 under the National Regulatory Code that is nominated by Council to receive, administer and manage contributions received under this Policy.
SALEABLE AREA	<p>Refers to the area of a completed residential product that is sold, e.g. the titled area of a residential block, the internal (living) area of an apartment. Saleable area does not include internal roads, circulation/ servicing areas and common areas.</p> <p>Note: Saleable is smaller than gross floor area and can be viewed as a percentage of gross floor area (also referred to as 'efficiency ratio')</p>
SOCIAL HOUSING	Social housing is government subsidised, long-term rental housing for people on very low incomes. It includes public, community and Aboriginal housing. Public housing is managed by Homes NSW while community housing is managed by non-government organisations (community housing providers).
SUBSIDISED HOUSING	Collectively term that refers to rental housing that available to eligible households at subsidised rents. Includes social housing and affordable housing.
VERY LOW INCOME	Households whose gross incomes is less than 50% of the median household income for Greater Sydney or Rest of NSW, as applicable, as reported by Australian Bureau of Statistics.



2

Affordable Housing Contributions



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This section describes the type of development the Scheme applies to, the contribution rates and how a contribution may be made.

2.1 Contribution Rates

Affordable housing contribution rates are required in addition to other statutory fees and charges, including local infrastructure contributions (s7.11 or s7.12), state and regional infrastructure contributions (if applicable) and water and sewerage infrastructure charges.

Contribution rates will be effected by amendment of this document by Council resolution and amendment of the *Bega Valley Local Environmental Plan 2013*.

BEGA AFFORDABLE HOUSING CONTRIBUTION AREA

The percentage (%) contribution rates and equivalent monetary (dollar) contribution rates that apply to the Bega Affordable Housing Contribution Area are in **TABLE 2-1**.

TABLE 2-1: Contribution Rate (%) by Development Type

LAND USE ZONE	CONTRIBUTION RATE
R2 LOW DENSITY RESIDENTIAL	2%
R5 LARGE LOT RESIDENTIAL	2%

The contribution rates will be gradually phased-in and apply in the manner specified in **TABLE 2-2**.

TABLE 2-2: Phase-in Period of Contribution Rates (%)

YEAR OF COMMENCEMENT (FROM COUNCIL ADOPTION)	CONTRIBUTION RATE
YEAR 1	Nil
YEAR 2	0.5%
YEAR 3	1.0%
YEAR 4	1.0%
YEAR 5	1.5%
YEAR 6	2.0% (fully implemented)

2.2 Exemptions and Exclusions

The Scheme does not apply to the following types of development:

- Social and affordable housing, including boarding houses (as defined by *State Environmental Planning Policy (Housing) 2021*).
- Group homes and hostels.
- Superlot subdivision that does not result in the creation of a residential lot (e.g. subdivision for the purposes of further subdivision, subdivision for a public purpose or a residue lot).
- Subdivision that does not result in the creation of an additional lot (e.g. boundary adjustment).
- Community facilities.
- Non-residential development.

Where development has already been subject to a condition and payment of a contribution for the subdivision of the land, a subsequent contribution for a dwelling on the lot (e.g. dual occupancy) is not required.



2.3 Satisfying a Contribution Requirement

Council will accept affordable housing contributions in the form of equivalent monetary contributions (refer to section 2.3.1). In limited circumstances, a contribution may be satisfied by the dedication of land in accordance with section 2.3.2.

Contributions must meet the following requirements:

- Satisfied through making of a monetary contribution (except as provided by section 2.3.2).
- Providing evidence that the condition of consent has been satisfied prior to the granting of a Subdivision Certificate.

2.3.1 Equivalent Monetary Contributions

Where an offer to make a contribution in-kind (completed dwellings or land) is not accepted by Council, an equivalent monetary contribution could be made. The equivalent monetary contribution is calculated by multiplying the contribution rate (%) by the equivalent contribution rate (\$) by the applicable residential development capacity (NDA).

Bega Affordable Housing Contribution Area

The equivalent contribution rates (\$) applicable to the Bega Affordable Housing Contribution Area are in **TABLE 2-3**. These are current as at the March 2025 quarter.

TABLE 2-3: Equivalent Contribution Rate (\$) by Land Use Zone

LAND USE ZONE	(\$/SQM NDA)
R2 LOW DENSITY RESIDENTIAL	\$300/sqm
R5 LARGE LOT RESIDENTIAL	\$112/sqm

The equivalent contribution rates (\$) are based on the market value of the serviced and subdivided residential lot.

Adjustments are made to the equivalent contribution rates on an annual basis. Council's website lists the current equivalent contribution rates (\$) as indexed. See section 3.3 (Indexation of Contribution Rates) for further information.

CALCULATING A CONTRIBUTION

The examples show calculation of an equivalent monetary contribution with reference to equivalent contribution rates in **TABLE 2-3**.

CALCULATING A CONTRIBUTION REQUIREMENT

Example 1:

Land is zoned R2 Low Density Residential (min. lot size 550sqm). For the purposes of the example, gazettal of the LEP would result in approx. 27 residential lots averaging 550sqm on 2 hectares NDA.

Assuming the contribution rates were fully implemented, the affordable housing contribution is calculated as:

$$\text{Residential NDA} \times 2\% = 20,000\text{sqm NDA} \times 2\% = 400\text{sqm}$$

A monetary contribution is calculated as:

$$\text{Residential NDA} \times 2\% \times \text{equivalent contribution rate (\$)} = (20,000\text{sqm NDA} \times 2\% \times \$300/\text{sqm}) = \$120,000$$

Example 2:

Land is zoned to R5 Large Lot Residential (min. lot size 5,000sqm). For the purposes of the example, gazettal of the LEP would result in approx. 3 residential lots averaging 5,000sqm on 2 hectares NDA.

Assuming the contribution rates were fully implemented, the affordable housing contribution is calculated as:

$$\text{Residential NDA} \times 2\% = 20,000\text{sqm NDA} \times 2\% = 400\text{sqm}$$

A monetary contribution is calculated as:

$$\text{Residential NDA} \times 2\% \times \text{equivalent contribution rate (\$)} = (20,000\text{sqm NDA} \times 2\% \times \$112/\text{sqm}) = \$44,800$$

Note the examples are simplified with no exemptions available.



2.3.2 Dedication of Land

The acceptability of land for dedication is subject to Council's discretion and approval in consultation with its nominated CHP.

The value of the dedicated land should be equivalent to the monetary contribution calculated under the Scheme. An independent valuation of the land to be dedicated should be obtained.

If an affordable housing contribution is made via the dedication of land, it must meet the following requirements:

- Align with the Affordable Housing Principles in section 1.3.
- Have a minimum area of 550sqm.
- Be within the walking catchment of public transport facilities.
- Be created as a new residential lot in accordance with the Bega Valley Local Environmental Plan 2013 and Council's Development Control Plan.
- Have no greater than a 10% slope.

If the assessed land value is less than the equivalent monetary contribution, any remaining requirement is to be satisfied as a monetary contribution. If the assessed land value exceeds the equivalent monetary contribution, no offset or refund is applicable.

Bega Affordable Housing Contribution Area

CALCULATING A CONTRIBUTION

The first two examples show the calculation of an equivalent monetary contribution as the NDA for contribution is less than 550sqm.

The third example shows where a contribution is made through part dedication/ part monetary contribution with reference to the equivalent contribution rates (\$) in **TABLE 2-3**.

CALCULATING A CONTRIBUTION REQUIREMENT

Example 3:

Land is zoned R2 Low Density Residential (min. lot size 550sqm). For the purposes of the example, gazettal of the LEP would result in approx. 27 residential lots averaging 550sqm on 2 hectares NDA.

Assuming the contribution rates were fully implemented, the affordable housing contribution is calculated as:

$$\text{Residential NDA} \times 2\% = 20,000\text{sqm NDA} \times 2\% = 400\text{sqm}$$

As the contribution requirement is less than 550sqm, a monetary contribution would be payable instead.

A monetary contribution is calculated as:

$$\text{Residential NDA} \times 2\% \times \text{equivalent contribution rate } (\$) = (20,000\text{sqm NDA} \times 2\% \times \$300/\text{sqm}) = \$120,000$$

Example 4:

Land is zoned R5 Large Lot Residential (min. lot size 5,000sqm). For the purposes of the example, gazettal of the LEP would result in approx. 3 residential lots averaging 5,000sqm on 2 hectares NDA.

Assuming the contribution rates were fully implemented, the affordable housing contribution is calculated as:

$$\text{Residential NDA} \times 2\% = 20,000\text{sqm NDA} \times 2\% = 400\text{sqm}$$

As the contribution requirement is less than 550sqm, a monetary contribution would be payable instead.

A monetary contribution is calculated as:

$$\text{Residential NDA} \times 2\% \times \text{equivalent contribution rate } (\$) = (20,000\text{sqm NDA} \times 2\% \times \$112/\text{sqm}) = \$44,800$$

Example 5:

Land is zoned to R2 Low Density Residential (min. lot size 550sqm). For the purposes of the example, gazettal of the LEP would result in approx. 38 residential lots averaging 550sqm on 3 hectares NDA.

Assuming the contribution rates were fully implemented, the affordable housing contribution is calculated as:

$$\text{Residential NDA} \times 2\% = 30,000\text{sqm NDA} \times 2\% = 600\text{sqm}$$

A serviced residential block measuring 550sqm is dedicated to Council on completion. There remains a shortfall of 50sqm.

A monetary contribution is calculated as:

$$\text{Residential NDA shortfall} \times \text{equivalent contribution rate } (\$) = (50\text{sqm} \times 2\% \times \$300/\text{sqm}) = \$15,000$$

Note the examples are simplified with no exemptions available.



3

Administration and Implementation



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3.1 Making a Contribution

Contributions for affordable housing will be levied via conditions of development consent. These conditions will require the following details be provided as part of a Development Application:

- The amount of residential land (NDA) on which an affordable housing contribution is applicable.
- The relevant contribution rates.

The contribution requirement will form part of a development consent. Council will require evidence that the condition of development consent relating to affordable housing has been satisfied prior to the granting of any subdivision certificate.

Where development has already been subject to a condition and payment of a contribution for the subdivision of the land, a subsequent contribution for a dwelling on the lot is not required.

If a development is staged, affordable housing contributions will be payable prior to issue of the subdivision certificate for each stage.

3.2 Use and Management of Contributions

Council acknowledges the importance of the not-for-profit community housing sector and the part they play in the delivery and management of purpose-designed and built affordable housing.

HOW CONTRIBUTIONS ARE TO BE USED

Contributions in-kind of affordable housing are to be gifted free of cost to Council's nominated CHP, or as otherwise provided for in a distribution plan adopted by Council.

Contributions in-kind are to remain affordable housing in perpetuity, or until replaced with affordable housing dwellings in the same town within the Bega Valley Shire LGA and to be owned and managed in accordance with the Affordable Housing Principles under the Scheme.

Monetary contributions will be pooled and managed by Council. As sufficient funding becomes available, Council will consult with its nominated CHP/s on the opportunity to combine contributions received by Council with the CHP's own resources and/ or with the resources of Homes NSW.

MANAGEMENT OF FUNDS

The pooling of monetary contributions will have consideration for:

- Immediate use of contribution funds for development in the Bega Valley Shire LGA.
- Land and funding packages, where land is made available by supplementary sources for developing affordable housing dwellings.
- How the funding will be leveraged to maximise the quantum of affordable housing dwellings.

Priority will be given to not-for-profit community housing providers (CHPs) registered as Tier 1 or Tier 2, and who have appropriate experience in the LGA.

Council will nominate a not-for-profit CHP to take ownership of affordable housing contributions received. The contract for this appointment will last for a term of five years, after which a new tender will be issued for the next term.

The nominated CHP will take full ownership and management responsibilities for any monetary or in-kind contributions gained during their term. Affordable housing contributions transferred to the nominated CHP will be done so on the condition that all will be retained for the purpose of Affordable Housing in the LGA, in perpetuity. Any withdrawal of affordable housing dwellings must be replaced with an equivalent dwelling in the same town in the LGA and be subject to Council's agreement.

Council will prepare a reporting template that outlines how funds received or dwellings procured/ delivered will be used and requirements for reporting and transparency. This will clearly delineate the responsibilities of the nominated CHP and Council. Council may provide direction on the CHP's procurement in relation to target demographics or locations for affordable housing.



MANAGEMENT OF AFFORDABLE HOUSING

Management of affordable housing can be in line with the NSW Affordable Housing Ministerial Guidelines (**the Guidelines**) which provides guidance on a range of matters including rent-setting.

The Guidelines aim to ensure that affordable housing is delivered:

- To a range of income groups, including Very Low, Low and Moderate income households.
- In a manner that generates sufficient income so that community housing providers can meet associated finance and other operating costs.

As a rule of thumb, housing is usually considered affordable if it costs less than 30% of gross household income.

In most locations, rent charged by Community Housing Providers (CHPs) is up to 74.9% of market rent, which assists with achieving GST-free tax status. The guidance on rent-setting balances financial viability of management with tenant households' capacity to pay.

3.3 Indexation of Contribution Rates

The equivalent contribution rates (\$) will be adjusted annually by Council within one week of the first day of July. Rates will be adjusted to movement in the median price of dwellings in the Bega Valley Shire LGA. This is published quarterly in the *NSW Government Rent and Sales Report, Table 3. Sale Prices - NSW LGAs*.

INDEXATION OF EQUIVALENT CONTRIBUTION RATES (\$)

The indexation calculation is as follows:

New equivalent contribution rates (\$) = equivalent contribution rates x (updated median price/ former median price)

All equivalent monetary contributions should be indexed at the time of payment to ensure they are reflective of these adjustments.

3.4 Monitoring of the Scheme

The Scheme will be reviewed by Council annually. The review will consider:

- Quantum of affordable housing contributions received.
 - Size, type, quality and locational characteristics of contributions in-kind (dwellings, land) received.
 - Maintenance and management issues.
 - Total amount of monetary contributions received, awaiting pooling and pooled.
 - Allocation of funds within that year to Council's nominated CHP.
-

3.5 Planning Proposals

Additional affordable housing contributions in addition to this Scheme, could be applicable for specific sites or precincts as part of separate planning processes and /or future planning proposals.

These additional affordable housing contributions would not form part of this Scheme and would be in addition to the contribution rates outlined in section 2.1.

Council's Affordable Housing Contributions Policy would apply to proponent-led planning proposals.



Schedules



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Evidence Base – Local Housing Needs Assessment

Socio-demographic Analysis

This section provides an overview of key socio-demographic characteristics in Bega Valley Shire LGA (**the LGA**). Where relevant, these are benchmarked against Eurobodalla, Shoalhaven, Kiama, Shellharbour and Wollongong LGAs (collectively '**Comparison Areas**'). The analysis provides an understanding of the nature of market demand for housing in the LGA, including the need for subsidised housing.

POPULATION CHARACTERISTICS

The LGA accommodated approximately 36,000 residents as at 2021. Analysis of the demographic profile shows that the LGA is characterised by:

- **Steady population growth**, with ~2,600 additional residents over 2011-2021, averaging annual growth of 0.8%. This is slightly lower than 0.9% in adjoining Eurobodalla LGA, which comprises a broadly comparable population of 40,500 residents in 2024.
- Population growth in the LGA grew 5% in total over the 2016-2021 period (+1,830 residents). This was notably higher than the 2% overall growth in the preceding 5-year period (+810 residents).
- **Majority of residents are within the middle and older age cohorts**. In 2021, ~65% of residents were aged 35 years and older.
- **An ageing population**. In 2011, middle-aged workers (35 to 49 years) represented the dominant age cohort at ~18%. In 2021, they were overtaken by residents aged 60 to 69 years (19%), followed by those aged 70 to 84 years (17%). This is aligned with the gradual increase in median age in the Shire, from 48 years in 2011 to 52 years in 2021.
- **Growth in residents with a need for assistance**. In 2021, ~2,300 residents reported a need for assistance due to disability (~6% of the LGA's population). This represents an increase of ~460 residents over 2011-2021.
- **An increasingly educated population**, with a notable increase in residents with a vocational qualification or higher (43% in 2011 to 52% in 2021). This was driven by growth in those with a Bachelor or Higher Degree (+6%).
- **A diverse employment profile**. Most residents occupy white-collar jobs (41% in 2021), the majority of whom are professionals. Residents in blue-collar jobs are also well-represented, albeit in declining proportions (35% in 2011 to 34% in 2021). Over 2011-2021, there was notable growth in residents employed as community and personal service workers (12% in 2011 to 14% in 2021).
- **Growth in health and education industries**. Over 2011-2021, health and education industries accounted for a notable share of employment growth collectively (~3%). In 2021, health care and social assistance represented a dominant 16% of employment share, followed by population-serving industries, illustrating the diverse employment mix in the LGA.
- **Most residents are employed locally in the LGA**. In 2016, ~86% of residents were employed within the LGA, followed by those who had no fixed place of work (7%). Across employment locations, over 68% of residents drove to work.

FIGURE S1-1: Key Population Characteristics, Bega Valley Shire LGA



Source: ABS (2022)



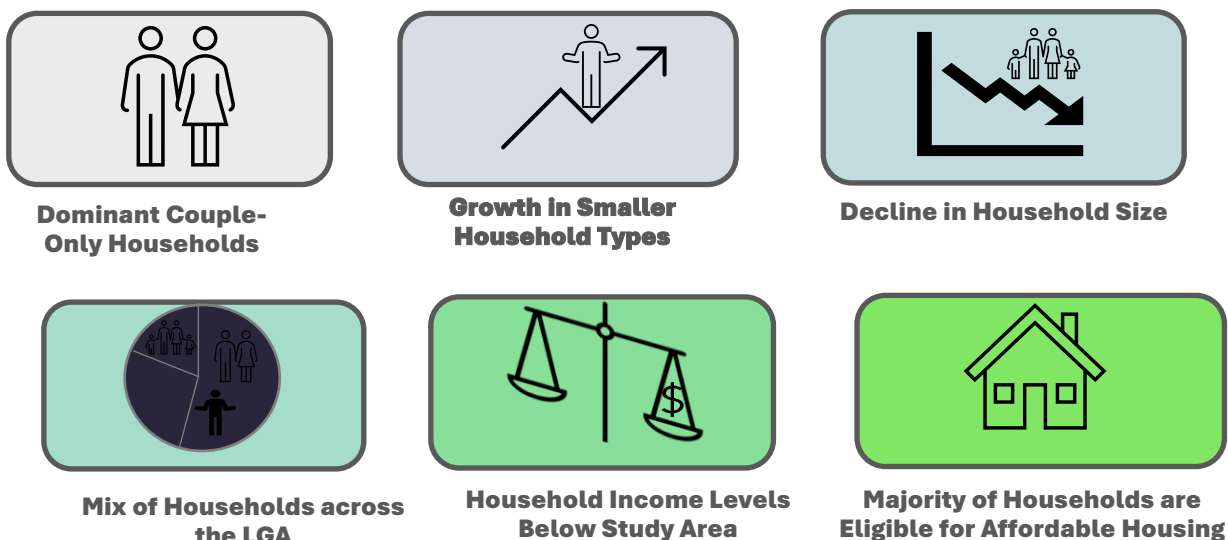
HOUSEHOLD CHARACTERISTICS

In 2021 there were ~15,800 households in the LGA. Key household characteristics and trends indicate:

- **Couple-only households represent the dominant household type**, accounting for 33% of households in 2021. This was followed by the 28% of lone person households. The household mix remained largely unchanged over 2011-2021, with these smaller household types growing in representation.
- Decline in couple families with children, from 23% in 2011 to 19% in 2021.
- **Decline in average household sizes**, from 2.3 persons in 2011 to 2.2 persons per household in 2021. Over 70% of households are 1- and 2- person households. In particular, there was notable growth in 1- person households (27% in 2011 to 31% in 2021), aligning with the increase in lone person households.
- **Household income levels below the Comparison Areas**. In 2021, the median household income in the LGA of \$1,200 per week was ~20% lower than the Comparison Areas. In 2021, the average household income in the Comparison Areas was ~\$1,520 per week (lowest in Eurobodalla \$1,170 per week; highest in Kiama \$1,800 per week).
- **Many households earn within the income bands for Affordable Housing**. In 2021, nearly 80% of households were within the Very Low, Low and Moderate income bands (~11,870 households¹), of which:
 - ~5,220 households earned within the Very Low income band (44%).
 - ~3,700 households earned within the Low income band (31%).
 - ~2,940 households earned within the Moderate income band (25%).
- These are households who earned 50% to 120% of the median Rest of NSW household income (\$1,434 in 2021).
- **Highest need for Affordable Housing**. In 2021, ~80% of households were eligible for Affordable Housing (AH) in the LGA. This was significantly higher than the Comparison Areas, where:
 - ~70% of households in the Eurobodalla, Shoalhaven, Shellharbour and Wollongong LGAs were within the Very Low to Moderate income bands.
 - ~50% of households in Kiama were within the Very Low to Moderate income bands.
- In particular, there were significantly more households in the Very Low income band in the LGA (36%) compared to the Comparison Areas (12% in Kiama to 29% in Shellharbour).

Analysis of household trends in the LGA indicate the dominance of small household types, many of whom are older downsizers, as aligned with age profile observations earlier. Importantly, the vast majority of households in the LGA fall within the Very Low to Moderate income bands, demonstrating the need for subsidised housing.

FIGURE S1-2: Key Household Characteristics and Trends, Bega Valley Shire LGA



Source: ABS (2022)

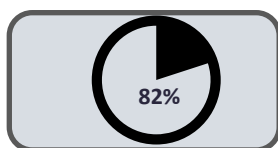
¹ Published by DCJ statistics (Local Government Housing Kit LGA Snapshot) as at 2021

DWELLING PROFILE

In 2021, there were some 18,740 dwellings in LGA. Analysis of the dwelling profile indicates:

- **Separate houses form the vast majority of housing.** In 2021, 82% of dwellings were separate houses. This was followed by the 15% of medium density dwellings, with apartments representing less than 1% of dwellings.
- **Dominance of dwellings with 3- and 4- bedrooms,** as aligned with the large representation of separate houses. In 2021, a 40% majority of dwellings had 3- bedrooms, followed by the 22% of 4- bedroom dwellings (63% collectively).
- **New housing developments mostly reflect large dwellings.** Over 2011-2021, the dwelling mix in the LGA remained largely unchanged. Whilst there was nominal growth in smaller floorplans (i.e. those with 2 bedrooms or fewer), this was outpaced by the growth in larger dwellings with 3- and 4- bedrooms.
 - Of the ~2,410 new dwellings over 2011-2021, 28% were 4- bedroom dwellings (~680 dwellings).
 - In comparison, ~610 of these were dwellings with smaller floorplans (25%).
 - Consequently, the proportion of dwellings with smaller floorplans has remained unchanged at 26%. This is far lower than the 68% of dwellings with 3- bedrooms or more. Relevantly, this is misaligned with declining household sizes.
- **Mix of dwelling profiles across the Comparison Areas,** with Wollongong comprising the most diverse housing mix in 2021 (68% separate houses, 12% medium density and 19% high density housing). In contrast, the Shoalhaven LGA comprised the least diverse housing mix (87% separate houses, 8% medium density housing and 2% apartments).
- Compared to the Comparison Areas, the LGA has a larger mix of medium density housing and smaller share of apartments.
- **Many households occupy dwellings with at least one spare bedroom.** In 2021, some 63% of households occupied dwellings with at least one spare bedroom, with 40% having two or more spare bedrooms. Naturally, the number of spare bedrooms is directly aligned with dwelling size.
 - ~30% of households in separate houses have two spare bedrooms, followed by 21% with one spare bedroom.
 - ~37% of households in medium density dwellings have one spare bedroom, followed by 17% with two spare bedrooms.
 - ~34% of households in apartments have one spare bedroom, followed by 15% with no bedrooms needed or spare.
- **Lower home ownership compared to the Comparison Areas.** In 2021, 71% of households purchased their home, either outright or with a mortgage. Whilst the majority of households own their home, the home ownership rate is amongst some of the lowest across the Comparison Areas.
 - Lower home ownership rates in Shellharbour (70.6%) and Wollongong (66%).
 - Higher home ownership rates in Shoalhaven (72%), Eurobodalla (73%) and Kiama (78%).

FIGURE S1-3: Dwelling Profile, Bega Valley Shire LGA



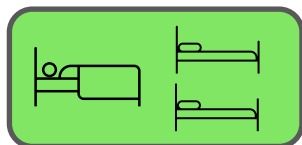
**Detached dwellings
dominate housing stock**



**Nearly 70% of dwellings
comprise 3 bedrooms or more**



**New housing predominantly comprise
large dwellings (4 bedrooms)**



**Most households occupy dwellings
with at least one spare bedroom**



**Low home ownership rate compared to
surrounding localities**

Source: ABS (2022)

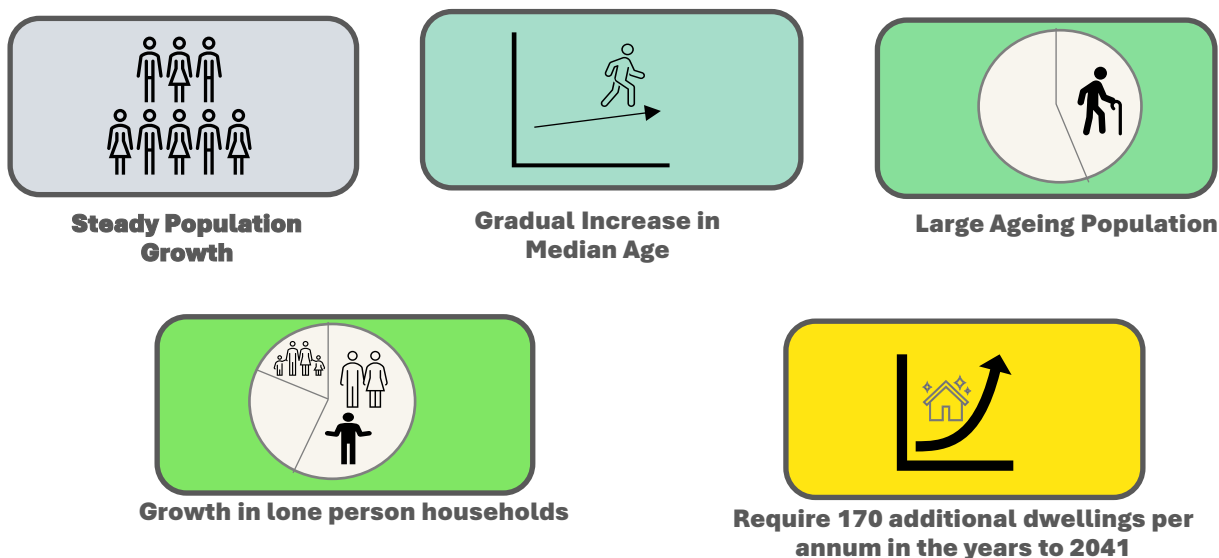


POPULATION AND HOUSEHOLD PROJECTIONS

Official population and household projections for the LGA are carried out by DPHI. The most recent population projections are as at 2024 and household projections in 2022. Over the 2021-2041 period, the LGA is expected to:

- **Grow by ~4,700 residents at an average annual rate of 0.6%.** By 2041, the LGA could accommodate up to ~40,450 residents.
- **Gradually increase in projected median age.** DPHI projections indicate a base median age of 51 years in 2021, projected to grow to 52 years in 2041.
- **Continue to accommodate a large ageing population.** Over the coming years, older residents are expected to continue growing in proportional share. The largest growth in resident age cohorts is expected to be the 75+ years cohorts.
 - Collectively, the LGA is expected to comprise an additional ~2,760 residents aged 75 years and older.
 - This represents ~8% proportional growth of resident age cohorts, from 11% in 2021 to 17% in 2041.
- **Accommodate an additional ~1,700 households.** By 2041, the LGA is expected to comprise ~17,300 households.
 - Lone person households are expected to grow significantly (31% in 2021 to 34% in 2041). Conversely, couple families with children are expected to decline in proportional share (20% in 2021 to 19% in 2041).
 - By 2041, lone person and couple-only households are expected to represent ~70% of households.
- **Gradually decline in household size.** Based on the projected household composition, the average household size is expected to decline from 2.2 persons per household in 2021 to 2.0 persons per household in 2041.
- **Require ~3,420 additional dwellings by 2041,** reflecting around 170 additional dwellings per annum.

FIGURE S1-4: Population and Household Projections, Bega Valley Shire LGA



Source: DPHI (2022/24)

SUMMARY OF KEY FINDINGS

Overall, the LGA accommodates a diverse mix of residents and households. Whilst there is a large downsizer population (i.e. older couple-only and lone person households), couple families with children are also well represented.

Over the last decade, residents are increasingly employed in health and education. Despite increasing education levels, the median household income in the LGA remains 20% below that of the Comparison Areas. In 2021, nearly 80% of households were within the Very Low, Low and Moderate income bands. Furthermore, the majority of these households were within the Very Low income band.

Housing stock in the LGA remains dominated by large dwellings (i.e. separate houses). Whilst this is aligned with the traditional form of housing in regional locations, an increased provision of diverse housing options is critical to meet the needs of evolving socio-demographic trends which includes demand from smaller households and households in need of housing at affordable price points.

Despite new medium and high density housing delivered in the LGA, many of these new townhouse and apartment developments are focused in coastal areas and are marketed as premium products at higher price points. Therefore, despite the increase in smaller dwelling types, home ownership in the LGA reflects some of the lowest rates across the broader locality.

This section has demonstrated a large and growing market need for smaller housing formats at suitable price points.



Demand for Subsidised Housing

The demand for Affordable Housing is a subset of the demand for subsidised housing in general. In this section the Study examines various components of that demand, which can be inferred from a number of observations:

- Wait times for social housing.
- Residents with special needs.
- Residents in housing stress (as owner or renter households).
- Future residents and their needs.

DEMAND INDICATORS FOR SUBSIDISED HOUSING

SOCIAL HOUSING WAIT TIMES

There is a significant waiting list for social housing. As identified in the Bega Valley Housing Strategy, the focus centres for subsidised housing are Bega, Eden and Merimbula (within the LGA, Eden and Merimbula social housing allocation zones respectively).

As at November 2024, there were some 363 households waiting for social housing in the allocation zones. Nearly 40% of these households waiting were defined as priority applicants². A comparison of wait times (as at June 2024) is provided in **TABLE S1-1**.

TABLE S1-1: Average Social Housing Wait Times, Focus Areas in Bega Valley Shire LGA (2024)

ALLOCATION ZONE	WAIT TIMES (YEARS)			
	STUDIO/ 1 BEDROOM	2 BEDROOMS	3 BEDROOMS	4+ BEDROOMS
BEGA VALLEY SHIRE LGA	5 to 10	5 to 10	5 to 10	2 to 5
EDEN	10+	5 to 10	5 to 10	2 to 5
MERIMBULA	5 to 10	2 to 5	10+	2 to 5

Source: DCJ (2024)

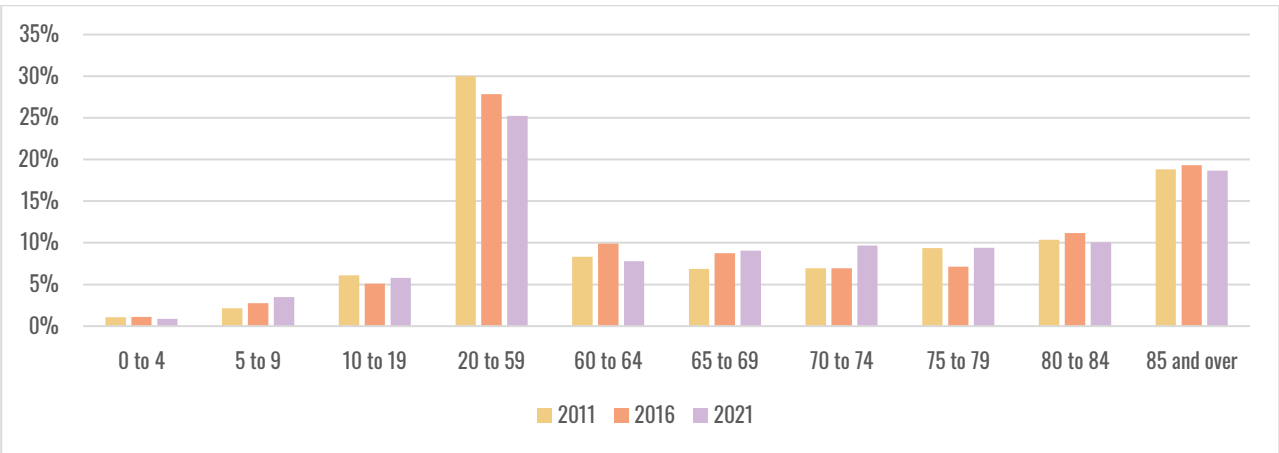
The average wait time for social housing in the LGA is 2 to 10 years, where longer wait times are expected for smaller dwelling sizes (studio, 1- and 2- bedroom dwellings). Longer wait times for smaller dwellings is a function of strong demand amidst limited supply.

RESIDENTS WITH SPECIAL NEEDS

In 2011, approximately 1,820 residents in the LGA (5.5%) were identified as having some form of need for assistance³. In 2021, there were ~2,280 residents with special needs (6.4%), reflecting ~460 additional residents with a need for assistance over 2011-2021. Of the additional residents with a need for assistance, 28% were 65 to 74 years old (~180 residents). As the LGA continues to accommodate an ageing population, this has implications on the proportion of residents requiring some form of assistance.

FIGURE S1-5 illustrates the proportion of residents with special needs (by age group) in the LGA over 2011-2021.

FIGURE S1-5: Residents with Special Needs by Age Group, Bega Valley Shire LGA (2011-2021)



Source: ABS (2022)

² Priority applicants are defined as those with an urgent and ongoing housing need with a requirement to live within a certain area.

³ Residents with special needs are defined as those with a form of disability with a need for assistance in self-care, body movement, or communication (excluding healthy young children). Accordingly, a resident with special needs could equally include a young person with a physical disability or an elderly resident suffering from old age.

CAPACITY TO PAY FOR HOUSING

The NSW DCJ publish a Local Government Housing Kit, which provides an overview of the number of households in the Very Low, Low and Moderate income bands across LGAs as at 2021.

Based on the most recent DCJ data, some 11,865 households in LGA were within the Very Low to Moderate income bands in 2021. This is equivalent to an estimated 75% of households.

A review of the household income bands against the median housing costs highlights the difficulty for households on Very Low and Low incomes to be accommodated in the private rental market or to afford home ownership. This considers the capacity of households to pay for housing without experiencing *housing stress*.

Housing stress is defined as households 'spending over 30% of their gross household income(excluding(Commonwealth Rent Assistance (CRA)), in rent' (NSW DCJ, 2022/23).

TABLE S1-2 considers the ability of Very Low, Low and Moderate income households to afford housing in, based on a maximum tolerance at 30% of household income.

TABLE S1-2: Capacity to Pay for Housing, Bega Valley Shire LGA (2021)

INCOME BAND	MEDIAN WEEKLY HOUSEHOLD INCOME	NO. HOUSEHOLDS (% IN LGA)	RENT TOLERANCE (30% GROSS INCOME)		AFFORDABILITY ON MEDIAN RENT
			Weekly	Monthly	
			Weekly	Monthly	Rent (\$310/week)
VERY LOW (<50% MEDIAN)	<\$938	5,219 (33%)	\$282	\$1,220	No
LOW (50%-80% MEDIAN)	\$938 to \$1,500	3,704 (23%)	\$450	\$1,950	Yes
MODERATE (80%-120% MEDIAN)	\$1,500 to \$2,250	2,942 (19%)	\$675	\$2,925	Yes

Source: ABS (2022), Atlas

The analysis is based on 2023/2024 annual income limits compared to median housing costs from 2021 ABS data. Given the increase in housing costs since 2021, the analysis in **TABLE S1-2** likely represents an underestimation of households who can afford housing costs without experiencing rental stress.

RENTAL STRESS

In 2021, approximately 1,160 households within the Very Low, Low and Moderate income bands (~10%) were considered to experience rental stress in the LGA.

TABLE S1-3: Rental Stress, Bega Valley Shire LGA (2021)

INCOME BAND	WEEKLY INCOME	NO. HOUSEHOLDS	HOUSEHOLDS SPENDING >30% ON RENT	
			No.	%
VERY LOW (<50% MEDIAN)	<\$938	5,219 (33%)	974	19%
LOW (50%-80% MEDIAN)	\$938 to \$1,500	3,704 (23%)	174	5%
MODERATE (80%-120% MEDIAN)	\$1,500 to \$2,250	2,942 (19%)	7	0%
TOTAL		11,865 (100%)	1,155	10%

Source: ABS (2022), Atlas

Overall, some 1,155 households experienced rental stress in 2021. This represents a notable 10% of households in the Very Low, Low and Moderate income bands (11,865 households), and 11% of all households in the LGA (15,830 households) in 2021.



Subsidised Housing Supply

There are various forms of subsidised housing, including Affordable Housing, social housing (public and community), special needs accommodation, crisis accommodation and transitional housing.

The CHIA Community Housing Data Dashboard provides an overview of Affordable Housing supply across LGAs. At the time of reporting (February 2025), the Data Dashboard was being updated. Affordable Housing supply data was therefore not available.

SOCIAL HOUSING

Social housing could be owned and managed by DCJ or community housing providers. Prospective tenant eligibility is assessed against a set of defined criteria. Applicants are generally only eligible if they earn incomes below specified eligibility limits. Successful applicants pay a rent equivalent to 25%-30% of their gross income.

Based on the DCJ data, there are approximately **540 social housing** dwellings in the LGA. This includes the ~180 dwellings being managed by various community housing providers (CHPs) across the LGA. There are some 3,320 social housing dwellings in the Southern NSW DCJ District. This indicates that the LGA accommodates ~16% of social housing supply in the broader locality.

TABLE S1-4 illustrates the breakdown of social housing supply in the LGA in 2021, which is the most recent data available.

TABLE S1-4: Breakdown of Social Housing Types, Bega Valley Shire LGA (2021)

SOCIAL HOUSING TYPE	NO. OF DWELLINGS	% OF DWELLINGS
ABORIGINAL COMMUNITY HOUSING	66	12%
ABORIGINAL HOUSING	56	10%
COMMUNITY HOUSING	118	22%
PUBLIC HOUSING	301	56%
TOTAL	541	100%

Source: DCJ (2021)

BOARDING HOUSES

The Housing SEPP encourages both the traditional form of boarding houses (accommodation with shared facilities) and new generation (New Gen) boarding houses (self-contained rooms). The Housing SEPP specifies that new boarding house developments must be managed by a registered CHP and used for Affordable Housing in perpetuity (Division 2 Boarding Houses, Clause 26.1). Whilst co-living developments comprise similar attributes to boarding houses (i.e. smaller unit sizes, shared amenity, in-house manager), co-living developments are not defined as a form of Affordable Housing in the Housing SEPP. Given that they are often represented by smaller unit types (studio, 1-bedroom), they contribute to the supply of housing options that are more affordable.

The Office of State Revenue exempts boarding houses from land tax or allows a reduction in the taxable land value. Boarding houses need to be registered and must charge rental tariffs below published rates to be eligible for land tax concessions.

The NSW Fair Trading maintains a boarding house register which identifies boarding house developments across LGAs. **No boarding houses** were identified in the LGA in the register as at November 2024. Properties identified in the register were only holiday parks and caravan parks in the Shire, additionally one over-50s lifestyle village.

EXISTING SUBSIDISED HOUSING SUPPLY

Based on available information at the time of reporting, it is estimated that the LGA accommodates **541 subsidised dwellings** as at 2021. These represent various forms of social housing.

In 2021, there were an estimated 1,155 households within Very Low, Low and Moderate income bands who experienced rental stress. This indicates a significant shortfall of some 610 dwellings for households in need of subsidised housing. Given the rising housing costs in the LGA, demand for subsidised housing is expected to have grown since 2021.

The next section considers the future supply of subsidised dwellings in the LGA and sufficiency for market need.



DEVELOPMENT PIPELINE

A review of the development pipeline suggests the delivery of more than **108 new dwellings** being progressed in the LGA. These are expected to be delivered through several proposed developments including:

- **3-33 Barrack St, Bega (Former TAFE site):** Homes NSW development, proposed for 97 dwellings including 8 affordable dwellings and 24 social homes (32 affordable and social dwellings collectively). Construction expected to commence in Q3 2025.
- **Maling St and Curalo St, Eden:** The site is proposed for 12 dwellings for Aboriginal Housing. This includes 10, three-bedroom units and 2, two-bedroom units. The development is in design and documentation stage, with expected completion late 2025.
- **108-114 Rawlinson St, Bega:** Southern Cross Housing has lodged a development application (DA) with Council for 2 boarding houses and 5 apartment buildings. The DA proposes a total of 12 boarding house rooms and 52 apartments. The DA is currently being assessed by Council.

Discussions with Southern Cross Housing indicate that the site is proposed for a mixed tenure development, including market, social and affordable housing. The exact tenure mix and dwelling allocation is unconfirmed at this stage.

- **'Narira Village' in Cobargo:** The site was recently acquired by Southern Cross Housing and is proposed for a social housing development. The project is in early planning stages, with development yields and details not yet known.

Overall, the development pipeline indicates that there are limited new subsidised housing projects being actively progressed in the LGA. If delivered in entirety, a total of 108 dwellings could be delivered.

Need for Subsidised Housing

EXISTING NEED

The foregoing analysis demonstrates the depth of demand for subsidised housing in the LGA. The analysis suggests the pool of demand for Affordable Housing (as a form of subsidised housing) is observed from two main sources:

- Households currently on the waiting list for social housing

Households on the waiting list for social housing would meet the criteria for Affordable Housing. There are **~310 households** currently on the waiting list for social housing in the LGA, Eden and Merimbula allocation zones.

- Households on Very Low, Low and Moderate incomes in the private market experiencing housing stress

As at 2021, there were some **11,865 households** who earned within the Very Low, Low and Moderate income bands. Approximately 14% of these households (1,690 households) experienced some form of housing stress (rental or mortgage). Notably, nearly 70% were those who experienced rental stress (**1,155 households**).

When combining these key demand cohorts, there is a potential **existing demand for some 1,470 subsidised housing** (social, community or affordable rental housing) in the LGA.

FUTURE PROJECTED HOUSEHOLD NEED

The *Bega Valley Affordable Housing Strategy: Background Paper* (October 2021) indicate subsidised housing requirements in the LGA based on socio-demographic trends and projections.

The Background Paper identified the need for additional subsidised housing in the LGA in section 1.5.5 'Affordable Housing Need', based on projected housing stress trends. This identifies the need for an additional **~1,670 Affordable Housing dwellings by 2036**, driven by demand from smaller households (lone person and couple-only households):

An additional **~1,070 dwellings** for smaller households, including:

- ~790 dwellings for households within the Very Low income band.
- ~210 dwellings for households within the Low income band.
- ~70 dwellings for households within the Moderate income band.

An additional **~600 dwellings** for couple families with children, including:

- ~240 dwellings for households within the Very Low income band.
- ~240 dwellings for households within the Low income band.
- ~120 dwellings for households within the Moderate income band.



The projected requirements for Affordable Housing reflect the large and growing market need for subsidised housing in the LGA. In particular, the need for more dwellings at more affordable price points which also align with evolving household trends (i.e. older residents and smaller household types).

SUPPLY OF SUBSIDISED HOUSING

Based on the existing supply and development pipeline of subsidised housing, Bega Valley could provide **650 dwellings by 2031**. This assumes that the entire Rawlinson Street (Southern Cross Housing site) development in Bega will be allocated for social and affordable housing. However, a portion of dwellings is expected to be allocated for market housing. Hence, the actual number of subsidised housing dwellings is expected to be *lower*.

TABLE S1-5 provides an overview of the existing and pipeline supply of subsidised housing in the LGA.

TABLE S1-5: Existing and Pipeline Supply of Subsidised Housing, Bega Valley Shire LGA (2021-31)

PROJECT	EXISTING SUPPLY (2021)	FUTURE SUPPLY (2031)	TOTAL
SOCIAL/ AFFORDABLE HOUSING	541	96	637
BOARDING HOUSES	-	12	12
TOTAL	541	108	649

Source: various

SUPPLY SHORTFALL

Assuming all dwellings in the supply pipeline were delivered, the analysis reveals a supply shortfall of subsidised housing in the LGA.

Currently, there are ~1,470 households in need of subsidised dwellings in the LGA. This is significantly *higher* than the existing supply of ~540 dwellings. If planned supply is delivered in entirety, the LGA could accommodate up to ~650 subsidised dwellings in the coming years.

This represents a substantial shortfall of ~820 subsidised dwellings, assuming that market need remains at current levels. In contrast, household projections anticipate growing housing stress and demand for subsidised dwellings in the LGA. The housing shortfall is therefore expected to widen notably in the coming years.



SCHEDULE 2

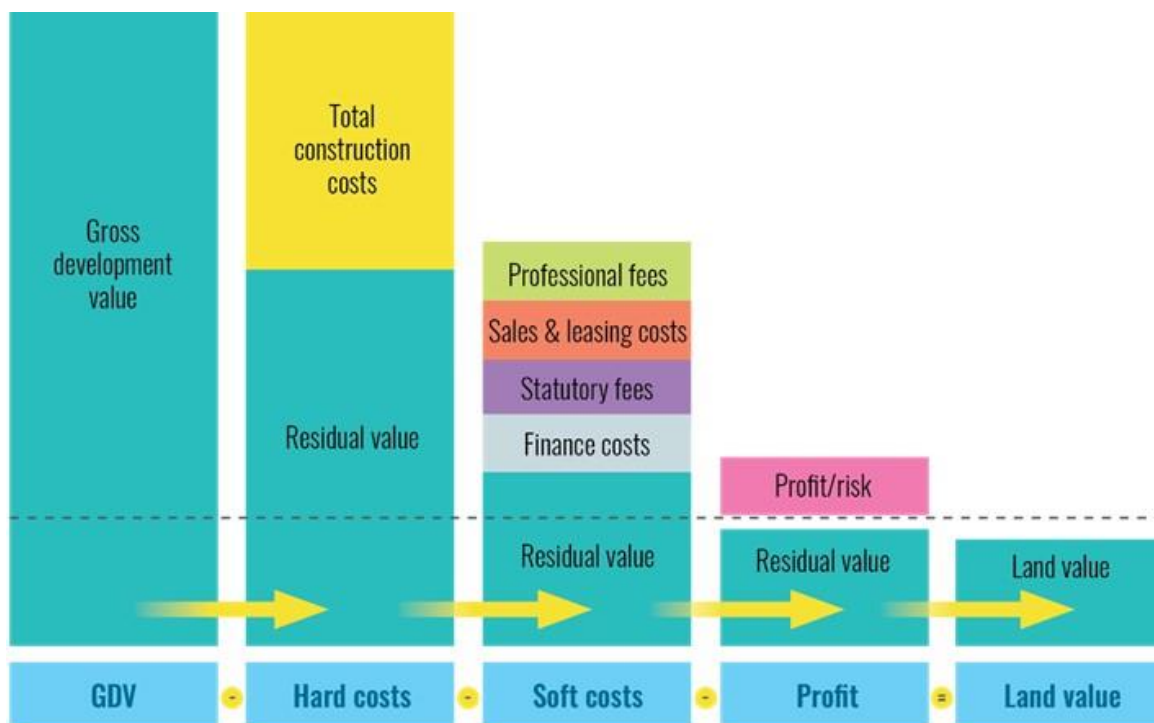
Viability Assessment

Assessment Methodology

Generic feasibility modelling is undertaken to test the viability of development after affordable housing contributions. Modelling has adopted the Residual Land Value (RLV) approach to measure the impact of affordable housing contributions on project viability.

The RLV approach involves assessing the value of hypothetical development, considering total revenue and development costs, and making a further deduction for the profit and risk a developer would require in delivering the project. The RLV can be defined as the maximum price a developer would be prepared to pay for a site whilst achieving target hurdle rates for profit and project return.

FIGURE S2-1: The Residual Land Value Method



Source: Atlas

KEY STEPS

There are several steps in the generic feasibility modelling:

Step 1 - Identify likely development scenarios in the Affordable Housing Contribution Area.

Step 2 - Consider the key revenue and cost assumptions for the notional development scenarios.

Step 3 - Test inclusion of Affordable Housing contributions rates (phased-in) on the viability of development. The testing includes all statutory fees and charges including s7.11 contribution rates, water infrastructure and sewerage charges where applicable.

The purpose of testing is to assess if, after Affordable Housing contributions, investment hurdle rates fall within an acceptable range.



Bega Affordable Housing Contribution Area

This section carries out a viability assessment to examine the capacity of development in the Bega Affordable Housing Contribution Area to contribute to affordable housing.

TABLE S2-1 summarises the planning controls envisaged in the Bega Affordable Housing Contribution Area.

TABLE S2-1: Bega Affordable Housing Contribution Area Planning Controls

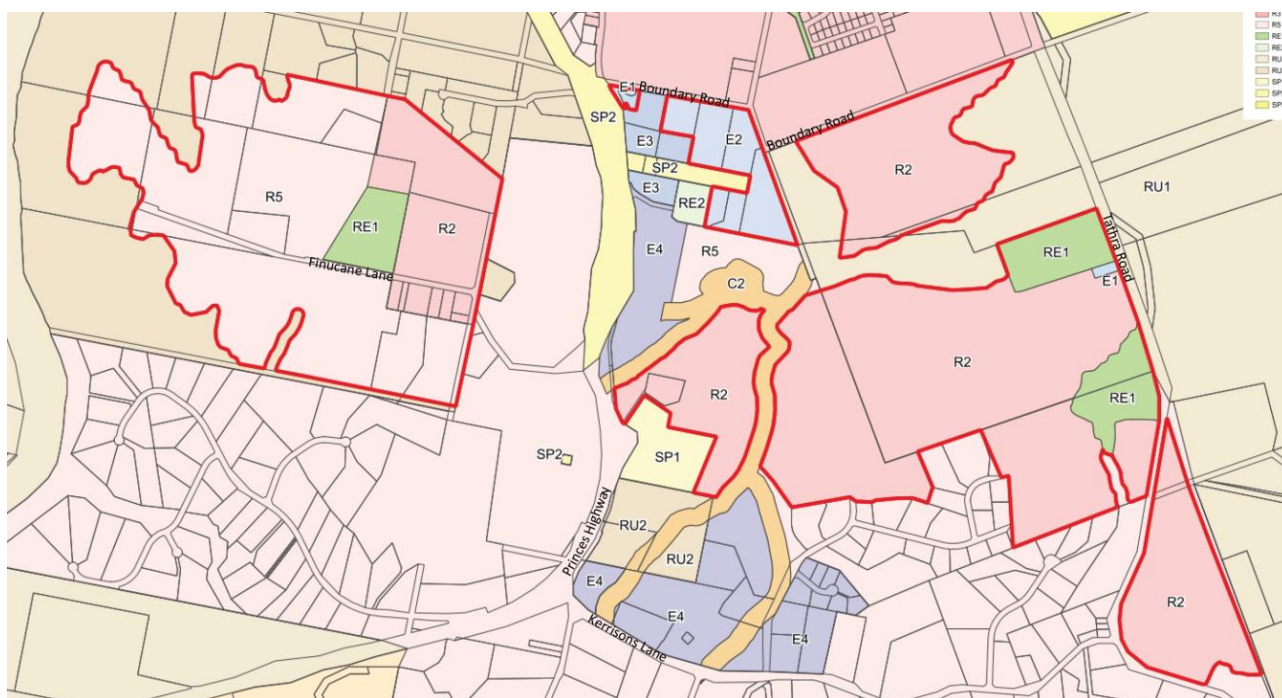
AREA	LAND USE ZONE	MINIMUM LOT SIZE	DWELLING POTENTIAL
WESTERN	R2 Low Density Residential R5 Large Lot Residential	550sqm 5,000sqm	360
CENTRAL	E1 Local Centre E2 Commercial Centre E3 Productivity Support		25
EASTERN	R2 Low Density Residential	550sqm*	1,728

*the LEP provides for lot sizes smaller than 550sqm subject to criteria

Source: Council

The Bega Affordable Housing Contribution Area and precincts is shown **FIGURE S2-2**.

FIGURE S2-2: Bega Affordable Housing Contribution Area Map



Source: Bega Valley Shire Council

The Central precinct will mostly comprise service centre and enterprise uses, while the Western and Eastern precincts will accommodate greater residential development capacity.

Affordable Housing Contribution Rates

Affordable Housing contribution rates aim to enable the delivery of affordable housing at the contribution rate (%) required. This requires either a contribution in-kind to the proportion required, or an equivalent monetary contribution that would enable delivery of the proportion (%) required elsewhere in the LGA. This section develops the equivalent contribution rate that enables this.

CONTRIBUTION RATES (%) AND EQUIVALENT CONTRIBUTION RATES (\$)

There are two components to the Affordable Housing contribution rates that would apply to a rezoning/ planning proposal.

1. **A contribution rate (%)** - which is the proportion of a residential development required as affordable housing.

If contribution rate of 3% is required, that would mean a 100-block residential subdivision would be required to contribute 3 serviced residential blocks to affordable housing.

2. **An equivalent contribution rate (\$)** - which is the dollar amount equivalent to the proportion (%) of affordable housing required.

If 3 residential blocks are required, the equivalent monetary contribution is the market value (or sale prices) of those blocks.

An equivalent monetary contribution is calculated by multiplying the contribution rate (%) with the equivalent contribution rate (\$) and the development proposed (\$/sqm GFA or \$/sqm NDA, as the case may be).

The Viability Assessment adopts a contribution rate (%) of 2% and equivalent contribution rates (\$) to reflect the difference in overall density (in the R2 and R5 land use zones).

TABLE S2-2: Contribution Rate (%), Residential Subdivisions

LAND USE ZONE	CONTRIBUTION RATE	MINIMUM LOT SIZE
R2 LOW DENSITY RESIDENTIAL	2%	550sqm
R5 LARGE LOT RESIDENTIAL	2%	5,000sqm

Source: Atlas

TABLE S2-3 applies average sale prices for serviced residential blocks and converts them to equivalent contribution rates (\$) using generic efficiency ratios. The equivalent contribution rates (\$/sqm NDA) are directly relevant for application in a planning proposal.

TABLE S2-3: Equivalent Contribution Rates (\$), Residential Subdivisions

		R2 ZONE	R5 ZONE
AVERAGE SALE PRICE (\$/SQM SALEABLE AREA)	(a)	\$400	\$140
\$/SQM NDA	(b) = (a x 80% or 75%)	\$300	\$112
CONTRIBUTION RATES (\$/SQM NDA)	(c) = (b x % rates)		
0.5%		\$1.5	\$0.6
1.0%		\$3.0	\$1.1
1.5%		\$4.5	\$1.7
2.0%		\$6.0	\$2.2

Source: Atlas

PHASING-IN PERIOD

The gradual implementation of Affordable Housing contribution rates can assist with mitigation of impact on feasibility as follows:

- Developers to factor-in the contribution requirement into their feasibility and negotiations with landowners, ensuring that an appropriate price is paid for a development site.
- Natural market growth results in a lift to revenue levels, contributing to offsetting the additional cost impost.

A review of land value movements over the 10-year period to 2021 reveals an average annual growth in land values of 4% to 11%.

The feasibility capacity testing implements a phased introduction of contributions over a six-year period to understand its potential to mitigate the impact on development feasibility. Revenue levels are assumed to be flat in 2025 (recognising the current economic headwinds and inflationary cost environment). In Year 2 a modest 2% per annum growth in revenue (net of cost) is assumed.

TABLE S2-4 shows the phasing-in period adopted in the feasibility capacity testing.



TABLE S2-4: Phase-in Period of Contribution Rates (%)

YEAR OF COMMENCEMENT (FROM COUNCIL ADOPTION)	CONTRIBUTION RATE
YEAR 1	Nil
YEAR 2	0.5%
YEAR 3	1.0%
YEAR 4	1.0%
YEAR 5	1.5%
YEAR 6	2.0% (fully implemented)

Source: Atlas

Testing Assumptions

This section examines the capacity of development to tolerate affordable housing contributions.

TESTED SCENARIOS AND REVENUE ASSUMPTIONS

Two scenarios are constructed for the purposes of the viability assessment, applying the respective minimum lot size controls. Revenue assumptions are developed based on a market appraisal undertaken across the LGA in inland locations.

TABLE S2-5: Tested Scenarios and Revenue Assumptions, Residential Subdivisions

	R2 LOW DENSITY RESIDENTIAL	R5 LARGE LOT RESIDENTIAL
NDA (SQM)	40,000	40,000
SALEABLE AREA (SQM)	30,000	32,000
MIN. LOT SIZE (SQM)	550	5,000
NO. OF LOTS	51	6
REVENUE ASSUMPTIONS	\$250,000	\$700,000

Source: Atlas

Other revenue assumptions:

- GST is included on residential sales.
- Sales commissions at 2.5% of gross residential sales.

COST ASSUMPTIONS

- Servicing costs (residential subdivisions):
 - Large lot: \$40/sqm gross site area
 - Low density: \$100/sqm gross site area
- Site works and infrastructure allowance of 2% of total construction cost.
- Construction contingency of 5% of total construction cost.
- Professional fees at 10% of construction costs.
- Statutory fees:
 - DA and CC fees at 1% of construction costs.
 - s7.11 contributions as per Council's rates:
 - \$16,010 per residential block (>550sqm)
 - Water infrastructure charges at \$26,352 per dwelling
- Finance costs:
 - Interest at 7%.
 - Establishment fee at 0.35% of peak debt.



HURDLE RATES

The primary performance indicator relied upon is the development margin. A target development margin of 18% is targeted.

TABLE S2-6: Benchmark Hurdle Rates

HURDLE RATE	FEASIBLE	MARGINAL-TO-FEASIBLE	NOT FEASIBLE
DEVELOPMENT MARGIN	>18%	16%-18%	<16%
PROJECT RETURN	>18%	16%-18%	<16%

Source: Atlas

Testing Outcomes

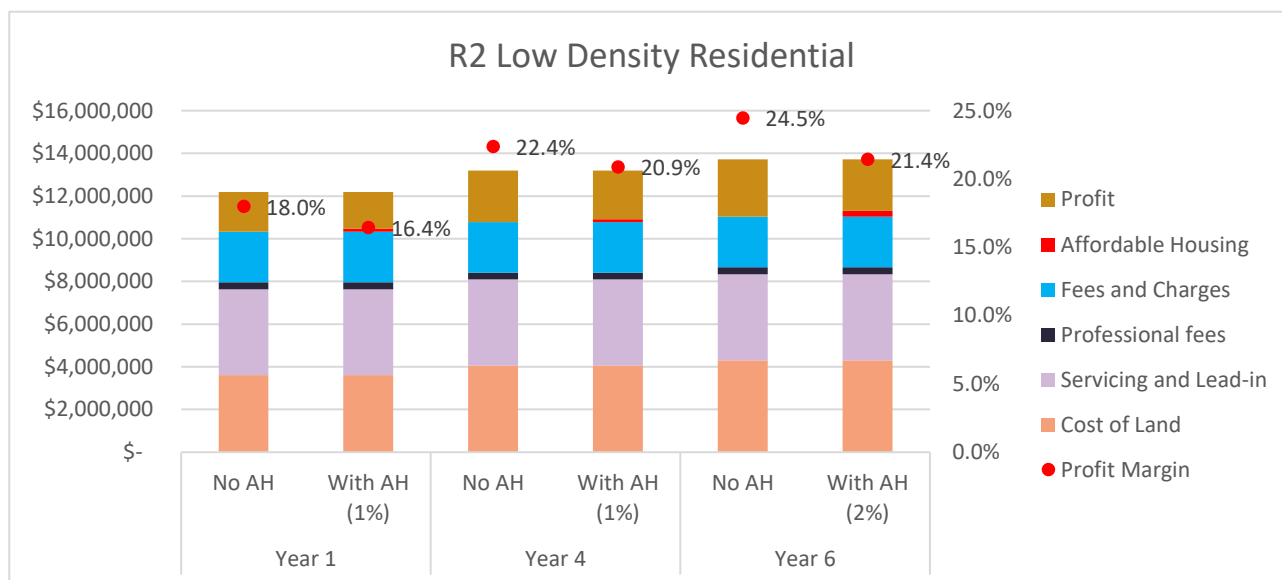
The outcomes of the feasibility capacity testing are shown in a series of graphs that demonstrate the impact from a gradual phased-in implementation of the Affordable Housing contribution rates.

The purpose of testing is to assess if, after Affordable Housing contributions, the profit margin is within an acceptable range (>18%).

LOW DENSITY RESIDENTIAL SUBDIVISIONS

FIGURE S2-3 shows that as the contribution rates are gradually introduced over a six-year period, natural market growth assists to offset the impact on feasibility and preserves commercial viability of the low density residential subdivision scenario tested.

FIGURE S2-3: Impact of Staged Affordable Housing Contributions on Profit Margin, R2 Low Density Residential



Source: Atlas

The testing outcomes show how the impact on development feasibility is mitigated and offset by natural market growth as the contribution rates are implemented over a six-year period.

- If a contribution of 1% is implemented immediately in Year 1, the testing shows that profit margin declines from 18.0% to 16.4% (which is below the target hurdle of 18%) and development becomes marginal-to-feasible.
- If gradually introduced (1% in Year 4 and 2% in Year 6), the testing shows that the profit margin is preserved above the target hurdle or 18% and feasibility is preserved.

Gradual implementation enables preservation of profit margin after inclusion of Affordable Housing rates over the phasing-in period. This is because:

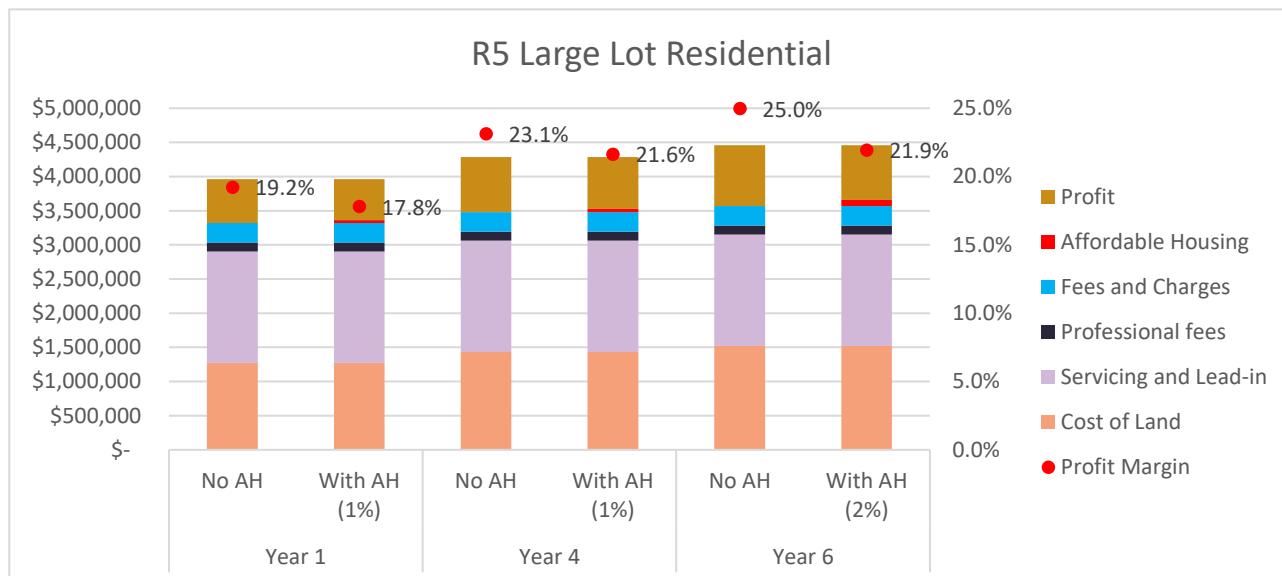
- Developers have the opportunity to factor-in the contribution requirement into negotiations with landowners, ensuring that an appropriate price is paid for a development site.
- Natural market growth results in a lift to revenue levels, contributing to offsetting the additional cost impost.



LARGE LOT RESIDENTIAL SUBDIVISIONS

FIGURE S2-4 also shows how the impact on development feasibility of the low density residential subdivided tested is mitigated and offset by natural market growth as the contribution rates are implemented over a six-year period.

FIGURE S2-4: Impact of Staged Affordable Housing Contributions on Profit Margin, Large Lot Residential



Source: Atlas

The testing outcomes show how the impact on development feasibility is mitigated and offset by natural market growth as the contribution rates are implemented over a six-year period.

- If a contribution of 1% is implemented immediately in Year 1, the testing shows that profit margin declines from 19.2% to 17.8% (which is below the target hurdle of 18%) and development becomes marginal-to-feasible.
- If gradually introduced (1% in Year 4 and 2% in Year 6), the testing shows that the profit margin is preserved above the target hurdle or 18% and feasibility is preserved.

SUMMARY OF FEASIBILITY TESTING OUTCOMES

The staged introduction of a new Affordable Housing contribution (beginning at 0.5% in Year 2) is found to largely mitigate material impact on development feasibility. Natural market growth assists to offset the additional cost of an Affordable Housing contribution, with full introduction of the proposed Affordable Housing contribution (2% by Year 6) is within tolerance in the tested scenarios.

It is highlighted that the feasibility testing considers the 'worst case' where land has already been purchased for development and the price paid does not account for new Affordable Housing contributions.

However, if the cost of land is given the opportunity to adjust, i.e. the price paid for land is lower, then the combination of the lower cost of land, gradual introduction and real revenue growth can offset the impact.

Even if the price paid for land does not fully reflect the new contribution rates, the feasibility testing shows that a combination of gradual introduction and real revenue growth generally offsets adverse impacts to feasibility.





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