

## **Information on Wollongong Housing Market**

### **INTRODUCTION**

This information on Wollongong Housing Market examines the affordability, adequacy and appropriateness of housing to meet the needs of the local community, with a particular focus on low and moderate income earners who may be in housing need. The term 'affordable housing' applies to housing that is appropriate to the needs of a household and within their means to pay for it.

Data for this housing market analysis has been drawn from the Australian Bureau of Statistics 2006 and 2001 Census, Centrelink, Rental Bond Board data, Valuer General's data and Housing NSW's asset database. For analysis purposes, Housing NSW groups Wollongong LGA as part of the Upper South Coast market together with Kiama, Shellharbour and Shoalhaven local government areas. These market groups have been identified largely on the basis of shared geographical, demographic, and socio-economic characteristics.

In addition to this analysis are Explanatory Notes that elaborate on the information included in the housing market analysis. The Explanatory notes discuss housing stress, adequacy and appropriateness of affordable housing stock, housing diversity as well as what can be done about these issues, broader housing market trends, plus where to look for more information. They also provide information on housing tenure, homelessness, housing issues in non-metropolitan NSW, caravan park accommodation and residents, the housing needs of older people and of younger people, key workers, indigenous housing and social impact assessment amongst other issues, along with some ideas on what can be done about these at a local level.

### **HOUSING MARKET**

#### **A Glance at the Market**

At the 2006 Census, Wollongong had a population of 184,212 (up by 1.4% from 181,612 in 2001). Wollongong had a total of 71,259 occupied private dwellings (up by 3.6% from 68,803 in 2001). This gives an average occupancy rate of 2.59 persons per dwelling (down from 2.64 in 2001). This occupancy rate is slightly lower than the average for the Greater Metropolitan Region of 2.69 (non-metropolitan NSW is 2.53) and is in the lower end of occupancy rates for Upper South Coast - Kiama has an occupancy rate of 2.69 persons per dwelling; Shellharbour has an occupancy rate of 2.8 and Shoalhaven 2.49.

#### ***Indigenous Population***

Like NSW generally, the indigenous population in Wollongong increased between 2001 and 2006 by 17.3% from 2,661 to 3,120 (compared to the growth rate for the total population of just 1.4%). Indigenous people now represent 1.7% of the total population in Wollongong LGA, compared with 1.2% on average the Greater Metropolitan Region or GMR and 4.7% in non-metropolitan NSW (excluding the GMR) at June 2006. Kiama has an indigenous population of 1.1%, Shoalhaven 3.7% and Shellharbour 2.3%. Across Australia the indigenous population is growing at three times the national average. Between 2001 and 2006 across Australia the indigenous population grew by 11%<sup>1</sup>. Part of the growth in regional centres is due to a drift into urban areas and part due to the extremely high birth rate.

### **Housing Diversity**

At the 2006 Census, 0.3% of dwellings in Wollongong had no bedroom (bedsits), 4.6% had one bedroom, 22.9% had two bedrooms, 45.8% had three bedrooms and 24.1% had four (with 2.3% not stated). This means that at least 69.9% of dwellings in Wollongong had three or more bedrooms.

Separate houses are the predominant dwelling type in Wollongong, comprising 72.0% of all dwellings, with units comprising 16.5% and attached housing (semi, row, terrace or town house) 10.1%.

The overwhelming predominance of larger bedroom stock and separate dwellings indicates a lack of housing diversity. Lack of diversity in housing configuration and type is a problem across NSW but is more acute in the outer ring local government areas of the GMR and in rural and coastal NSW. This can lead to a mismatch between housing needs and the housing stock available, which can also impact on affordability.

### **Private Rental Market**

#### **General**

The private rental market represents only 17.8% of all occupied private dwellings in Wollongong (up slightly from 17.4% in 2001). This compares to 21.9% for the Greater Metropolitan Region and 17.3% in non-metropolitan NSW. The proportion of private rental stock in Wollongong is higher than neighbouring local government areas in the Upper South Coast housing market. Kiama has 16.1% of dwellings in the private rental market, Shellharbour 15.7% and Shoalhaven 15.6%. Within the Greater Metropolitan Region, inner ring LGA's tend to have the highest proportion of private rental accommodation (for example Mosman has 30.8%, Marrickville 34.7%), followed by middle ring LGA's (Canterbury has 26.3%, Parramatta 25.9%), with outer ring LGA's tending to have the lowest proportion of private rental stock (for example Blacktown 18.3% and Hawkesbury 16.3%). In other coastal areas within the "Rest of GMR", Newcastle has 23.3% occupied private rental and Lake Macquarie 14.8%.

### **People in Housing Stress**

Using Centrelink data Housing NSW has calculated what proportion of people on low incomes in the private rental market and in receipt of Commonwealth Rent Assistance are paying more than 30% of their income and therefore will be in housing stress. There are 4,210 residents receiving Commonwealth Rent Assistance

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<sup>1</sup> <http://www.smh.com.au/news/national/caught-out-by-an-ruban-time-bomb/2008/03/10/120...>

(CRA) in Wollongong and around 39.2% are in housing stress. This represents a significant number of CRA recipients in housing stress.

Single person households are by far the largest group in housing stress in the private rental market in Wollongong, comprising 46.3% of all those in receipt of CRA and in stress, followed by single parents comprising almost 33.3%. This indicates that the private rental market is not catering well enough for single person households and this may be due to a lack of housing diversity, particularly a lack of affordable private rental dwellings with one or two bedrooms to meet demand. This is impacting on younger renters as well, with 58.2% of CRA recipients in housing stress in Wollongong aged under 25 years (compared with just under 57% on average across NSW). This is typical of local government areas with universities. Armidale, Newcastle, Randwick and Sydney City LGA's all have universities and very high proportions of young people in housing stress.

From the 2006 Census, 52% of all low<sup>2</sup> and moderate<sup>3</sup> income households renting in the private rental market in Wollongong are in housing stress. This represents an increase from the 2001 Census and is below the GMR average of 56% and above the non-metropolitan NSW average of 50%. It compares with 52% in stress at 2006 in Kiama, 54% in Shellharbour and 56% in Shoalhaven. It should be noted that there are considerably more low and moderate income households renting and in stress in Wollongong than low and moderate income purchasers in stress (a difference of over 25%).

### **Caravan Parks**

Census data from 2001 indicates that there were 627 households living permanently in caravan parks and manufactured home estates in Wollongong. Centrelink data from the same year shows that 228 residents living in caravan and manufactured home accommodation in Wollongong were in receipt of a pension or benefit. This data indicates that a little over 55% of these were in receipt of the Age Pension and that 65% were single person households. This suggests that caravan parks and manufactured home estates are providing affordable aged housing for lower income earners, mostly in single person households.

According to the 2006 Census, there were 884 households living permanently in caravan park/manufactured home estate accommodation in Wollongong. Centrelink data for the same year indicates that 615 residents living in caravan and manufactured home accommodation in Wollongong were in receipt of a pension or benefit.

Additional information about caravan park accommodation and residents is included in the Explanatory Notes. It raises questions about the long term suitability of this kind of accommodation for older residents, particularly frail aged.

### **Boarding Houses**

According to a 1995 survey by the former Office of Housing Policy, Wollongong had 20 boarding houses with a total of 143 rooms. A study in 1998 of boarding houses in four inner Sydney LGA's (North Sydney, South Sydney, Leichhardt and Burwood) indicated that boarding house accommodation was declining at the rate of 7 – 8% per

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<sup>2</sup> "Low income" households are those whose income is under 80% of the median household income.

<sup>3</sup> "Moderate income" households are those whose income is between 80% and 120% of the median household income.

annum. This is a trend that is being experienced in other states of Australia. It is therefore likely that Wollongong has lost boarding house stock.

Boarding or rooming house accommodation has traditionally provided affordable private rental housing predominantly to single people on low incomes. There are a range of models but essentially boarding houses provide individual bedrooms and some shared facilities. There is plenty of demand for boarding house accommodation, including from students and lower income and key workers, but much of the existing stock is old, small in scale and not suited to the needs of residents. Consequently there is a move towards provision of more self contained units, so that boarding houses can be a more viable long term housing option and in order to reduce the potential for tension and conflict in communal areas. More self-contained boarding house accommodation improves tenancy management and provides for more sustainable tenancies.

Additional information about boarding house accommodation and residents is included in the Explanatory Notes. New more self-contained boarding house style development would assist in meeting some of the housing needs of single people on lower incomes currently struggling in the private rental market in Wollongong.

### ***Rental Affordability***

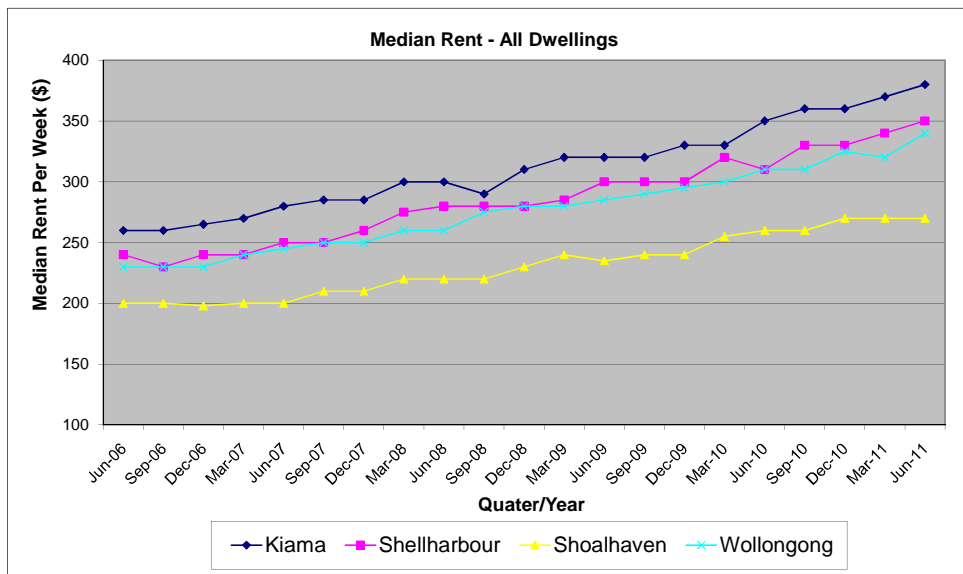
The proportion of properties in the private rental market in Wollongong that is theoretically affordable<sup>4</sup> to households on 80 percent of median income<sup>5</sup> was 55.7% at December 2009, slightly down from 53.8% 12 months previously, at December 2008. The proportion of affordable private rental in Kiama at December 2009 is 41.8%, Shoalhaven 63% and Shellharbour 51.4%. All LGA's in the Upper South Coast housing market have (theoretically) more affordable housing for rental than the average for the GMR (with 24.4%). However, not all affordable private rental housing is occupied by lower and moderate income earners, as the attached explanatory notes and fact sheets explain. This is evident from the high number of CRA recipients in housing stress in Wollongong.

The following chart shows the difference in median rental levels between Wollongong LGA and the other Upper South Coast housing market LGA's of Kiama, Shoalhaven and Shellharbour over the period June 2006 to June 2011. Generally in LGA's in the Upper South Coast, median rents have steadily increased since early 2006, with some season variations over this period. Kiama has the highest median rental levels, closely followed by Shellharbour and Wollongong.

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<sup>4</sup> Based on 30% of income

<sup>5</sup> Median income for metropolitan residents



At June 2011, the median rent (for all dwellings – houses and units) in Wollongong for one bedroom was \$200 (with a 9.6% increase in the last 12 months); median rent for two bedroom dwellings was \$300 (with a 3.4% increase in the last 12 months); median rent for three bedroom dwellings was \$400 (with a 14.3% increase in the last 12 months); median rent for four or more bedroom dwellings was \$500 (with a 13.6% increase in the last 12 months). Rental levels in Wollongong at June 2011 are the highest in the Upper South Coast housing market and also higher than those of the Rest of the GMR. All LGAs have experienced strong increases in median rents in the last 12 months, particularly in Shellharbour. Increases in median rents on the South Coast have been on par with those experienced in the outer ring of the GMR over the last 12 months.

Median Rents for all dwellings (houses and units) in Upper South Coast housing market June 2009. The annual change in median is in brackets.

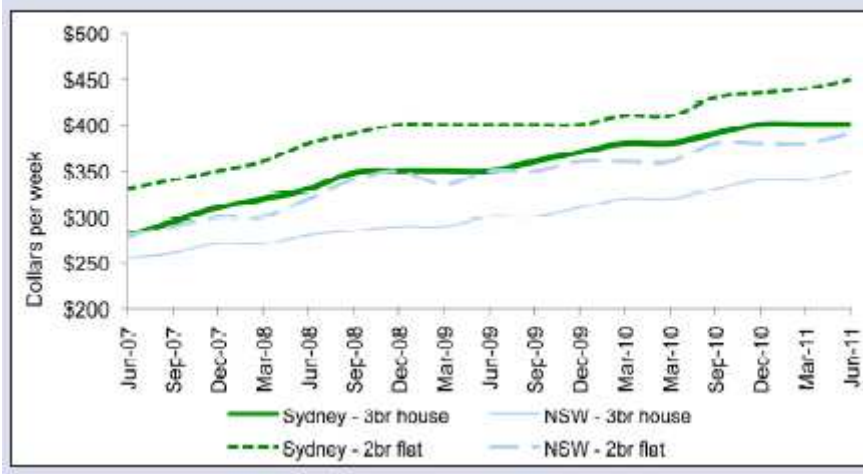
LGA	One bedroom dwelling	Two bedroom	Three	Four+
Wollongong	\$200 (9.6%)	\$300 (3.4%)	\$400 (14.3%)	\$500 (13.6%)
Kiama	-	\$315 (16.7%)	\$390 (8.3%)	\$450 (4.7%)
Shellharbour	\$225 (21.6%)	\$250 (-3.8%)	\$350 (9.4%)	\$445 (6.0%)
Shoalhaven	\$170 (9.7%)	\$230 (9.5%)	\$280 (4.1%)	\$350 (0%)
Rest of GMR	\$193 (6.9%)	\$290 (5.5%)	\$350 (6.1%)	\$440 (10.0%)
Non-metro NSW	\$160 (6.7%)	\$220 (10%)	\$290 (7.4%)	\$350 (0%)

Note: - indicates insufficient new bonds to reliably calculate the median rent.

According to the Real Estate Institute of NSW, the vacancy rate for the Wollongong for April 2011 was 1.3% (down from 1.6% in November 2010). The private rental market in Wollongong is tight.

The figure on the following page gives a picture of the change in median rents in Sydney and NSW between September 2005 and June 2009. This contrasts sharply with the trend for median sales prices.

## Trends in Median Rents – Sydney and NSW



Rent and Sales Report No. 96 June 2011

The attached explanatory notes give additional information on broader housing trends in rental and home purchase in NSW.

### **Private Purchase**

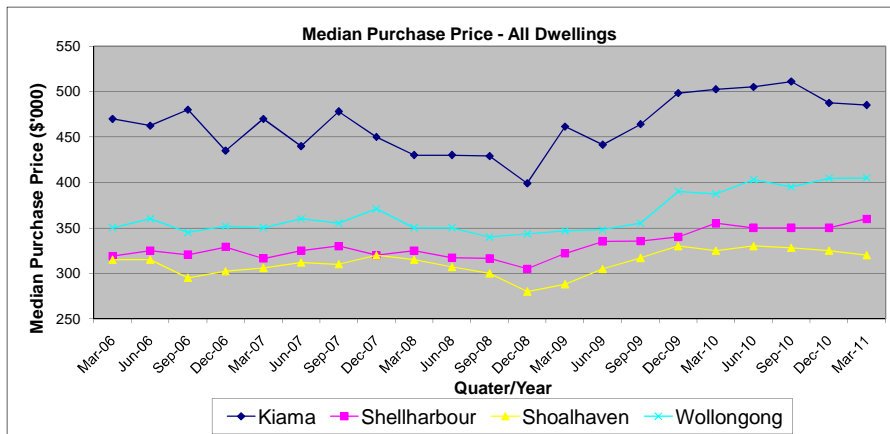
At December 2009, the proportion of dwellings affordable for purchase to households at 80% of median income<sup>6</sup> was 7.0% in Wollongong, down from 8.5% 12 months previously in December 2008 and compared to 3.8% on average in the GMR at December 2009. Clearly it is extremely difficult for lower income households to purchase housing in Wollongong. However, this represents a slight improvement in private purchase affordability compared with figures over the past three years from 3.8% in June 2007.

Purchase affordability is a little tighter in the other Upper South Coast housing market LGA's at December 2009, with 0.8% in Kiama, 6.3% in Shellharbour and 5.1% Shoalhaven. The explanatory notes provide more detail about housing purchase affordability issues.

From the 2006 Census, the proportion of low and moderate income households in Wollongong who are purchasing and are in housing stress is 54%. This is an increase of 18.0% from the 2001 Census. The proportion of purchasers in stress in Wollongong is below the GMR average of 61%, and above the average proportion in non-metropolitan NSW of 43%. This compares with 52% in Kiama, 55% in Shellharbour and 51% in Shoalhaven.

This chart below shows the median purchase price for Wollongong, Shellharbour, Kiama and Shoalhaven over the period from March 2006 to March 2011. Clearly Kiama had the highest median purchase price over this period in this housing market, Wollongong has a similar median purchase price to Shellharbour and Shoalhaven.

<sup>6</sup> Based on 30% of income



The median sales price for houses in Wollongong was \$405,000 at March 2011 (with a 6.3% decrease over the last 12 months). The median sales price for units in Wollongong at March 2009 was \$295,000 (with a 7.8% decrease over the last 12 months). Kiama has the highest median house and unit prices in the Upper South Coast housing market, followed by Wollongong. Property values within the Upper South Coast housing market are lower than 12 months ago, with the exception of house prices in Shellharbour and unit prices in Kiama. Median house and unit prices in this market are mostly above the medians for the Rest of GMR.

The median dwelling prices for the Upper South Coast housing market at March 2011 are in the table below. The generally declining median dwelling prices over the last twelve months are in contrast to the increases in median rents over the same period.

LGA	Median House Price	Annual change	Median Strata Price	Annual change
Wollongong	\$405,000	3.8%	\$360,000	6.2%
Kiama	\$485,000	-6.4%	\$385,000	4.3%
Shellharbour	\$360,000	0.7%	\$290,000	-3.0%
Shoalhaven	\$320,000	-3.0%		
Rest of GMR	\$370,000	1.3%	\$329,000	1.2%
Non-metropolitan NSW	\$299,000	-3.5%	\$263,000	-5.5%

Note the median sales prices for Shoalhaven and for non-metropolitan NSW are for all dwellings, houses and units.

The trends in median sales price in Sydney and NSW from June 2005 to March 2009 are in the figure below.

## Trends in Median Sales Price – Sydney and NSW



Rent and Sales Report No. 96 March quarter 2011

### Social Housing

There are currently around 7,114 social housing dwellings in Wollongong, with 6,581 public housing dwellings, 446 community housing properties and 87 additional Aboriginal Housing Office properties. At the 2006 Census, public housing represented 8.2% of all housing in Wollongong, compared to an average of 4.8% for the GMR and 3.5% in non-metropolitan NSW.

There are five public housing estates in Wollongong, at Bellambi, Berkeley, East Woonona, Koonawarra and Warilla/Barrack Heights/Mt Warrigal. Less than 50% of all public housing in Wollongong is in these five estates.

There are almost equal proportions of public housing tenants in Wollongong that are in the 25-54 age group (49.2%) and the more than 55 years age group (49%). This is proportionally similar to the average in the GMR – 45.7% for 25-54 years, and 52.8% for 55 plus years. The Wollongong LGA has a high proportion of single person households (53.4% compared with 51.8% on average in the GMR). A significant proportion of public housing tenants (household heads) in Wollongong are Aged Pensioners (27.2% compared with 28.5% in the GMR) and Disability Support Pensioners (31.9% compared with 30.9%).

### KEY ISSUES

In Wollongong, key housing issues for the community include:

- It is important to ensure that there is sufficient diversity in housing tenure, dwelling type, housing configuration and housing affordability, to meet the needs of the current and likely future population.
- The need for more diversity of housing stock, including more one bedroom and two bedroom stock, studio dwellings, accessory dwellings or granny flats and boarding house type accommodation, to meet the needs of the community throughout the housing life cycle. Single person households are by far the largest household type in receipt of CRA and in housing stress in the private

rental market in Wollongong, yet close to 70% of housing stock is three or four bedrooms. In addition, across NSW the trend is to declining household size.

- There is insufficient smaller bedroom stock to meet the needs of the community – with 46.3% of CRA recipients in housing stress in Wollongong being single person households. Other councils have used their DCP to require a mix of one, two and three bedroom stock in new residential developments. This would assist in meeting the needs of households through different stages of their housing life cycle, and in particular young people and older people.
  - New more self contained boarding house style development may also assist in meeting the needs of lower income earning single people in the private rental market. The explanatory notes provide more information on boarding houses and on the trend to more self-contained accommodation. This kind of accommodation is used by students and key workers. Examples of the new generation boarding house development are shown on the Centre for Affordable Housing's website at <http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/NSW+Local+Government+Housing+Kit/Addressing+Affordable+Housing/Boarding+and+Lodging+Houses.htm>.
  - Accessory or secondary dwellings (granny flats) may assist in meeting some of the demand for smaller dwellings in . A significant proportion of CRA recipients in housing stress in Wollongong are single persons and accessory dwellings could assist this group as well. Where lot sizes are large accessory dwellings could be encouraged to provide more affordable rental accommodation suitable for both younger and older residents. The explanatory notes provide information on accessory dwellings, particularly Landcom's trial of different types of accessory dwellings. In addition, the Department of Planning's new SEPP on Affordable Rental Housing 2009 has information on granny flats and new more self contained boarding house style accommodation at <http://www.planning.nsw.gov.au/PlansforAction/Supportingaffordablerentalhousingpolicy/tabid/313/Default.aspx>
- The fact that a significant proportion of CRA recipients in housing stress in Wollongong are aged under 25 years suggests there are insufficient affordable housing opportunities for young lower income earners, including university students. Affordable student housing is needed to meet some of this demand and ensure that students have sufficient after housing income to pay for food, bills (electricity, phone etc), health, transport and education expenses.
  - Burke, Pinkney and Ewing in their 2002 paper on "Young People and Housing" state that "proximity to possible work or to the educational institution where they are studying is a key factor in young people's decisions about where to live." The young people surveyed by Burke et al nominated high housing costs as their biggest housing problem. "Because of their stage in life and trends in education and employment, young people tend to have low incomes." Burke et al further note that:
    - A significant number of young people living independently were spending more than 30% of their income on housing;
    - There is a lack of affordable rental housing near tertiary institutions in the inner suburbs for students;
    - Difficulties included paying up front housing costs, including bond, rent in advance, connection fees for essential services;

- Young people also cited that the housing available was in poor condition and discrimination by estate agents or landlords as housing issues.

(Further information about housing for young people is in the attached explanatory notes/fact sheets.)

- For these reasons Burke et al advocate that tertiary institutions be encouraged to provide more purpose built affordable student accommodation, particularly in high cost locations. Housing NSW encourages Wollongong Council to utilise the planning system to facilitate the provision, by the University and/ or the private sector, of more student accommodation that is affordable.
- There is also a need to provide more purpose built aged housing to cater for the older lower income residents. , including accessory dwellings or granny flats, particularly targeted to lower income earners is required to meet the housing needs of older lower income residents. Ensuring that there is sufficient adaptable housing to allow older residents to age in place is also important.
- The fact that there are significant numbers of people living permanently in caravans in Wollongong further demonstrates that there is insufficient affordable housing to meet demand. Many permanent residents living in caravans or manufactured homes are reliant on a pension or benefit and are therefore particularly vulnerable. These residents are at risk of losing their housing if there is any move from long term to short term sites or redevelopment of the caravan parks/manufactured home estates. The loss of this low cost housing would have significant impacts for the residents and flow on effects to the local housing market. The Explanatory notes show what other councils are doing to protect this form of accommodation for long term residents, particularly Gosford and Wyong.
- The lack of affordable housing for purchase for low and moderate income earners. Purchase affordability is tight across the whole of Sydney and there is a rapidly growing proportion of low and moderate income purchasers in housing stress in Wollongong. It is now extremely difficult for lower income earners to find affordable purchase opportunities in Wollongong. There is also the question of whether lower income earners are able to compete with higher income earners for affordable properties, suggesting the need for affordable purchase opportunities to be targeted. It may also be a reflection of the relative lack of housing diversity.
- The BankWest Key Worker Housing Affordability Report from March 2009 looked at nurses, teachers, police officers, fire fighters and ambulance officers in 540 local government areas across Australia. They examined housing affordability in terms of purchasing housing and they provide tables showing the house price to earnings ratio for each of those occupations at 2004 and 2008 and 2009 for each of the 540 local government areas, and a determination of whether each of the 540 local government areas is affordable or unaffordable for purchase by those five key worker groups. According to the BankWest report Wollongong is not affordable for purchase by any of the five key worker groups investigated – nurses, teachers, police officers, fire fighters and ambulance officers.

(More information on what can be done about these issues is included in the attached explanatory notes and fact sheets.)

Housing NSW