

WOOLLAHRA HOUSING – BACKGROUND REPORT

FINAL REPORT
DECEMBER 2020

Prepared for
Woollahra Municipal Council

Independent
insight.



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EXECUTIVE SUMMARY

REPORT SCOPE

Councils in the Greater Sydney Region are required by the NSW Government to prepare Local Housing Strategies to anticipate and manage future housing growth through changes to planning controls. The NSW Government's Eastern City District Plan requires Local Housing Strategies to develop 6-10 year dwelling targets.

This Residential Market Analysis report provides the evidence base to inform preparation of a Local Housing Strategy for the Woollahra LGA.

The report addresses the following housing questions in the Woollahra LGA:

1. What is the demand for dwellings in the LGA both in terms of quantum and type?
2. What is the development potential of current planning controls, cognisant of a range of opportunities and constraints?
3. What is an appropriate volume, type and locational distribution of dwelling supply over the next 20 years?
4. What potential changes are required to the planning controls given the evidence base?

HOUSING SUPPLY AND DEMOGRAPHICS

Flats and apartments are the most common dwelling type in Woollahra, with the majority located in the western half of the LGA in closest proximity to the Sydney CBD.

There was a modest increase in total dwellings in the LGA between 2006 and 2016 (about 600 or 60 per year on average), with 72% being apartments. Most new apartments were larger, two or three bedroom dwellings, with minimal one bedroom apartments or studios.

The Woollahra LGA has slightly higher proportions of lone person and couple family without children households than the Greater Sydney average. These two household groups are the usual target market for smaller studio or one bedroom apartments, but in Woollahra they occupy nearly half of the LGA's three bedroom dwellings, suggesting a lifestyle choice for larger, and more expensive, dwelling stock.

As in many established suburbs of Sydney, there is an ageing population, with additional 'empty-nester' households likely to emerge over the next 15 years. The number of people aged 70+ is expected to grow by around 51% to 7,050 by 2036. Planning for housing supply should be cognisant of this trend.

DWELLING CAPACITY AND DEMAND

The key dwelling capacity and demand analysis findings are summarised in the table below. It shows the estimated total and financially 'feasible' theoretical maximum dwelling capacity in the current planning controls and compares this to two scenarios for modelled demand based on estimated household growth. The demand scenarios are derived from 2016 population projections produced by the then Department of Planning and Environment (which have formed the basis for housing strategies across Greater Sydney), converted to demand for different dwelling types.

COMPARISON OF DWELLING CAPACITY AND DEMAND

Dwelling type	Theoretical capacity		Change in modelled demand 2016-2036	
	Total capacity	Feasible capacity	Base case demand (Section 4.3, 6.2)	Adjusted demand (Section 4.4, 6.3)
Separate houses and other	-	-	-700	-700
Attached dwellings	2,230	1,902	-100	+700
Flats and apartments	2,308	525	+1,500	+700
Total	4,538	2,427	+700	+700

Source: SGS 2020

Modelling suggests there will be demand for an additional net 700 dwellings between 2016 and 2036 (an average of around 35 per year) in the Woollahra LGA. Under a base case scenario, the greatest net growth in dwelling demand between 2016 and 2036 is projected to be for 1,500 flats, units and apartments overall in that 20 year period (and a decline of 700 separate dwellings and 100 attached dwellings).

An adjusted demand scenario was prepared to include possible unmet demand for attached dwellings in the LGA (which is not reflected in constrained supply and household formation trends that informed the base case scenario). Attached dwellings include semi-detached and attached dual occupancies, sometimes also so-called 'missing middle' housing. Attached dwellings are considered an alternative to separate houses for some downsizing households or for relatively new, growing households. This adjusted scenario projects net dwelling growth of 700 'flats and apartments' and 700 'attached dwellings' between 2016 and 2036 in the LGA (and a decline in demand for separate houses).

Total theoretical capacity is estimated at around 4,500 additional dwellings in the Woollahra LGA under current planning controls. There are however many potential constraints to the development or utilisation of this notional capacity including: financial feasibility, traffic, amenity, local character and heritage (among others). A financial 'feasibility' filter reduced the notional development capacity in the controls to approximately 2,400 dwellings, including in the order of 525 flats and apartments and 1,900 attached dwellings.

This feasible capacity figure implies a constraint to future development over the medium to long term particularly given the modelled demand for flats and apartments in both scenarios (i.e. capacity for about 525 but future demand for either +1,500 or +700). For attached dwellings, notwithstanding an apparent surplus of feasible notional feasible capacity given the demand scenarios, it is unlikely that most or even half of this would be developable, as the risk profile for this type of development is significant compared to the status quo of selling and buying detached dwellings where this product is highly desirable. It is difficult to reflect these fine grain development considerations at the LGA wide macro scale but they suggest a 'tighter' capacity perspective for attached dwellings in the adjusted demand scenario than the table might imply.

TAKE-UP AND TARGETS

The capacity modelling and demand scenarios use the best available data inputs but these are now ageing. Consideration needs to be given to recently constructed dwelling units (since 2016) as well as developments in the pipeline which may proceed in the short term (by 2026), including:

- 497 apartments which have been constructed since 2016 (rounded to 500)
- 281 apartments with approval or in the pipeline (rounded down to 250 given possibility of approvals not being converted into completions) expected by say 2026.

This recent development rate is higher than the forecast rate in the demand modelling which assumed about 600 apartments and 300 net new dwellings in total from 2016 to 2026. An adjusted take-up forecast is therefore required to inform the choice of a dwelling target for the Housing Strategy.

For the period from 2021 and then from 2026 it is assumed that development continues but at a lower rate than that assumed in the demand forecast based on the available population projections. Notwithstanding what has been observed about the possibility of latent demand for missing middle or attached housing (reflected in the adjusted demand scenario) it is assumed that Council's future short to medium term planning focus is likely to be on apartment supply in the core parts of key centres (and therefore facilitates the achievement of the base case demand scenario). An additional 150 apartments on top of those in the pipeline is assumed for 2021 to 2026, and to keep the aggregate growth to 2036 reasonably in keeping with the demand forecast, a growth of 600 additional apartments is assumed from 2026 to 2036.

The table below summarises the take-up rates assumed in the demand modelling and includes 'adjusted' take-up rates to account for the recent and 'pipeline' developments, and the assumed rates beyond 2026.

PROJECTED TAKE UP RATES: BASED ON BASE CASE DEMAND MODELLING AND ADJUSTED TO ACCOUNT FOR RECENT DEVELOPMENTS/THOSE IN THE PIPELINE

	Take up based on demand model				Take up adjusted for known development			
	Apart-ments	5 yr change from previous	Total Dwellings	5 yr change from previous	Apart-ments	5 yr change from previous	Total Dwellings	5 yr change from previous
2016	15,100	-	26,200	-	15,100	-	26,200	-
2021	15,300	200	26,400	200	15,600	500	26,700	500
2026	15,700	400	26,500	100	16,000	400	27,100	400
2031	16,100	400	26,700	200	16,300	300	27,200	100
2036	16,600	500	26,900	200	16,600	300	27,300	100
Change 2016-36	1,500	-	700	-	1,500	-	1,100	-

Drawing on this analysis, the LGA is forecast to accommodate approximately:

- 27,100 dwellings in total by 2026. This would represent net growth of approximately 900 dwellings from 2016 to 2026 (including approximately 750 already developed or in the pipeline)

- 27,300 dwellings in total by 2036. This would represent net growth of 1,100 dwellings from 2016 to 2036

The 2026 forecast estimate suggests Council is on track to meet the State Government's indicative target for a total of 800-900 additional dwellings to be delivered between 2016 and 2026. This total for the period 2016 to 2026 includes the 0-5 year target and the indicative 6-10 year target.

The 2036 forecast number should be considered as more of an approximation, and serves a purpose only in so far as it informs Council of the likely number of dwellings it may be able to contribute towards a 2036 District level target.

Future estimated demand is relatively modest based on the population projections, and particularly once recent and proposed developments are considered. There is a need to provide capacity for around 1000 apartments from 2021 to 2036 and capacity in the planning controls appears constrained. Planning for additional capacity in Edgecliff and Double Bay represents a prudent and responsible approach to provide a planning buffer, particularly for the period beyond 2026.

The dynamic nature of the housing market, and in particular the impacts of Covid-19, are likely to influence future housing demand. The analysis in this report will need to be revised and updated based on new population projections when these are available.

AFFORDABLE HOUSING

There is a large gap between affordable housing demand and supply, for dwellings to purchase, and critically, for houses to rent. The current need (in 2020) for social and affordable housing is estimated at around 1,800 dwellings, which is greater than the total identified net demand for housing in the next 20 years.

To address this 'backlog' would require all new dwellings to be social and affordable rental housing, plus deeper interventions. It is clear this is unrealistic but it also highlights a need for action, and for development in Woollahra to make a contribution to addressing the problem, along with other initiatives of State and Federal Government.

SEPP70 and the recent NSW Guideline for Affordable Housing Contribution Schemes anticipate that a floorspace or equivalent value cash in kind contribution to affordable housing may be established in areas being upzoned, with the rate to be calculated based on a 'viability analysis' (with a target range of 5-10% suggested).

In Woollahra this prospect is only likely to be significant in Edgecliff and possibly Double Bay where rezonings for additional development are contemplated. A traditional broad 'inclusionary zone' would require all new development in the LGA to contribute a modest share of floorspace or value in kind towards an affordable housing 'fund'. This approach is currently not supported in NSW by the NSW Guideline, however in Woollahra this would have a much greater value impact.

HOUSING DEVELOPMENT ISSUES AND LOCAL HOUSING STRATEGY SUGGESTIONS

The modelling and market analysis has uncovered a range of housing issues in the Woollahra LGA. The table overleaf summarises key issues, with corresponding suggestions for how they might be addressed in the Local Housing Strategy.

The next step for Council will be to build on this evidence base and develop a Local Housing Strategy for Woollahra.

ISSUES, OPPORTUNITIES AND SUGGESTIONS FOR THE LOCAL HOUSING STRATEGY

Issue/Opportunity	Suggestion for LHS
<p>Addressing residential capacity constraints</p> <p>Capacity constraints for multi-dwelling developments (particularly apartments) may emerge in the LGA over the next 5-10 years, particularly impacting on housing prospects for younger demographics, key workers and even middle income households. Based on the current available forecasts, capacity for about 1000 apartments needs to be provided for the 2026-36 period.</p>	<p>Council should focus on facilitating more diverse dwelling options in the centres particularly through its structure planning for Edgecliff and Double Bay. Design and land use controls should ensure high quality amenity is provided and employment opportunities are protected.</p> <p>Other centres could also accommodate modest additional housing. Rose Bay has good public transport access to Sydney CBD by ferry and could be a longer-term opportunity.</p>
<p>Encouraging a greater apartment mix</p> <p>Larger three and four bedroom apartments are the market norm which 'prices out' lower income or younger buyers and diminishes housing and demographic diversity, particularly in accessible centres where apartments are concentrated.</p>	<p>Council could investigate requiring a mix of apartment sizes, including a minimum share for one and two bedroom dwellings, in the planning controls for Double Bay and Edgecliff. This would be a deliberate policy to diversify the available housing stock, including for young buyers and key workers.</p>
<p>Facilitating additional housing diversity</p> <p>Opportunities for low to medium density attached or 'missing middle' housing are constrained due to high land values, development risk and restrictive planning controls.</p> <p>Facilitating more attached dwelling development would increase housing diversity and provide a downsizing option between the large houses which are dominant in much of Woollahra.</p>	<p>In future centre-based place planning Council could investigate facilitating additional low to medium density typologies in and near key centres (such as Edgecliff, Double Bay and Rose Bay). Locations up to 800m from centre cores, subject to topography and the walking experience/pedestrian amenity, might be considered.</p> <p>Within these walking catchments suitable R2 zoned pockets of land could be considered for additional dwelling yield by appropriate rezonings with increased FSR and height controls, or without rezoning via reducing minimum lot sizes and frontages in targeted areas to facilitate additional attached or detached dual occupancies and multi-dwelling housing.</p>
<p>Using housing more efficiently – including for an aging population</p> <p>Data shows a large share of underutilised dwellings with many households having several bedrooms spare. Regulatory barriers to establishing secondary dwellings within current building envelopes may unnecessarily restrict efficient housing supply.</p> <p>Facilitating more flexible use or subdivision of existing dwellings would better match needs to the available housing stock and provide opportunities for households to age in place and younger households to enter the market. It would also improve housing diversity and affordability.</p>	<p>Council could critically investigate potential restrictions on the creation of additional dwellings within existing building envelopes and lobby State Government for changes that would make this easier. This would be important work for Sydney in general given housing affordability challenges.</p>
<p>Increasing affordable housing supply</p> <p>There is a significant shortfall in affordable housing. However, given existing land values and limited scope for upzonings/land value uplifts in a few centres it may be difficult or less effective to provide in situ or integrated affordable housing units as part of development in the LGA.</p>	<p>Council could prepare an affordable housing policy using the analysis in this report. It could seek to establish affordable housing contribution requirements (e.g. via AH Contribution Scheme, Inclusionary Zoning and VPAs). Cash equivalent contributions (rather than in situ floorspace) may be preferred. This would enable Council to partner with neighbouring Councils (both Waverley and Sydney have significant affordable housing programs) and provide any cash contributions for cost effective provision of stock on a district basis. Other initiatives such as contributing council owned sites or working with churches and other community land owners to facilitate affordable housing could also be considered.</p>

IMPACT OF THE COVID-19 PANDEMIC

In 2020, the COVID-19 pandemic has seen Australia enter into a significant recession. The analysis in this report was compiled prior to the pandemic. It utilises data, including population forecasts, generated prior to the pandemic.

At the time of writing, the ultimate duration and depth of **economic and social impact from the pandemic is still uncertain** and no adjusted data or government forecasts are available from which to modify the analysis contained in the report.

Nonetheless some significant trends are emerging that are likely to impact the local housing market and these should be considered in interpreting and applying the report's findings:

- **Reductions in international migration and international students** (may be less significant for Woollahra than some other LGAs with high student numbers in the Eastern District of Sydney)
- Demand for housing with strong access to traditional employment nodes (particularly the Sydney CBD) may reduce for the short to medium term at least. The rental market has already been impacted as **younger renters of apartment stock** in popular suburbs have been **unable to afford the rent**.
- Longer term, the ongoing effects of this recession may **stifle dwelling demand and prices across all dwelling types** for a number of years.
- A softening of rents and house prices **may not necessarily result in greater housing affordability**, particularly for the most vulnerable in society (e.g. hospitality and service workers) who may be unemployed for some time.

1. INTRODUCTION

This section identifies the objectives and key questions the Residential Market Analysis aims to address. The report is to provide the evidence base to inform preparation of a Local Housing Strategy for the Woollahra LGA.

1.1 Project Objectives

Facilitating and managing future dwelling growth is a major priority for all Sydney councils, particularly given the State Government requirement for councils to prepare Local Housing Strategies. This Residential Market Analysis is an input into Woollahra Municipal Council's Local Housing Strategy (LHS).

The Woollahra LGA has distinct neighbourhood characteristics, heritage, scenic landscapes, demographic patterns and established stock of housing in the metropolitan Sydney context. Woollahra's suburbs are uniquely positioned in Sydney's Eastern District with proximity to Sydney's CBD, highly attractive waterfront locations and a concentration of inner-city jobs making them highly desirable residential locations. New housing supply will need to be carefully managed to ensure that where possible local liveability is not just sustained but also enhanced, while the need for more affordable and diverse housing is also addressed.

The objective of this residential market analysis is to provide the evidence base to inform preparation of a local housing strategy for the Woollahra LGA.

1.2 This report

In response to the objectives and tasks identified in the project brief, this residential market analysis report analyses the population, demographic and supply issues associated with the delivery and take up of housing in the Woollahra LGA. This assessment is required by Council to inform planning responses to achieve appropriate residential outcomes for its existing and incoming residents.

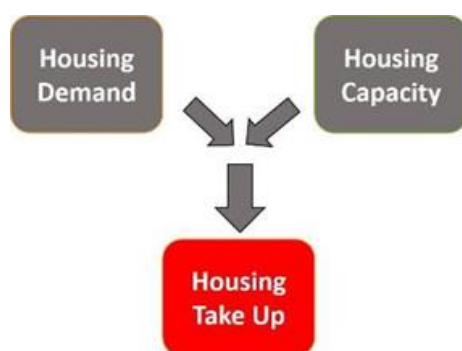
The report addresses the following housing issues in the Woollahra LGA:

1. What is the demand for dwellings in the LGA both in terms of quantum and type?
2. What is the development potential of current planning controls, cognisant of a range of opportunities and constraints?
3. What is an appropriate volume, type and locational distribution of dwelling supply over the next 20 years?
4. What potential changes are required to the planning controls given the evidence base?

1.3 Modelling approach

The likely future housing growth distribution for additional housing is identified in this report using an approach which can be broadly summarised in three stages: housing demand analysis, housing capacity and housing take-up. The steps taken in this approach are summarised in the diagram below.

FIGURE 1 HOUSING GAP ANALYSIS APPROACH OVERVIEW



This approach considers demand, supply and likely future take-up of capacity within the context of the current planning framework and policies. It also acknowledges the intertwined nature of demand and supply, including the imperfect nature of the housing market. This modelling helps to identify, at a high level, the locations where there may be looming differences between demand and supply, to underpin policy development and potential changes to planning controls to meet future housing needs.

1.4 Structure of the report

The remainder of this report is structured as follows:

Section 2 introduces a range of State and local policies, identifying key threads across a range of housing issues. Key areas of emphasis are evaluated to inform analytical focal points, and also provide a guide for key issues to address later in the report.

Section 3 draws on census and other relevant data to document past housing supply and the demographics of the population.

Section 4 utilises population forecasts as an input to modelling which identifies the possible extent and nature of future residents in the LGA and how this translates into household types and demand for dwellings.

Section 5 is a 'capacity' analysis. It examines Woollahra's residential lands in detail, looking at key constraints and opportunities whilst also dividing the LGA into development areas. The purpose of this section is to estimate how planning controls, constraints and land availability support or constrain future development potential.

Section 6 provides an integrated assessment and forecast of demand and supply, and includes 'base case' and 'adjusted' future development scenarios. Implications for development controls are discussed.

Section 7 focuses on the affordable housing issue, assessing the need for affordable housing and discussing what responses may be required.

Section 8 then concludes with key insights on issues and opportunities, and relevant suggestions for Council's consideration in the preparation of its Local Housing Strategy.

2. POLICY FRAMEWORK

This section reviews a range of relevant State and local policies and identifies key perspectives and implications for housing.

2.1 Policy context

A review of the key studies, strategies and plans relevant to housing in the Woollahra LGA has been undertaken. The focus of this section is to analyse the strategic implications of these documents for housing development.

Development guidelines have also been considered.

The following specific issues and objectives were considered in the review of policy documents. These are summarised in Section 2.4:

- Meeting dwelling targets set at a District Planning level
- Transport investments and the impact on housing provision
- The deferral of the proposed 'missing middle' State-policy subject to a local housing strategy¹, and
- Local character under the DPE Local Character Guideline.

The following eight State-policy documents were reviewed in relation to the future growth of the LGA:

1. Metropolis of Three Cities (Greater Sydney Commission 2018)
2. Future Transport Strategy 2056 (Transport for NSW 2018)
3. Building Momentum State Infrastructure Strategy (Infrastructure NSW 2018)
4. Our Greater Sydney 2056 Eastern City District Plan (Greater Sydney Commission 2018)
5. Local Housing Strategy Guideline and Template (Department of Planning and Environment NSW 2018), and
6. Local Character and Place Guideline (Department of Planning and Environment 2019)
7. SREP (Sydney Harbour Catchment) 2005
8. SEPP 70-Affordable Housing

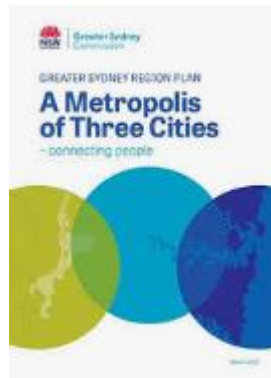
Twenty one (21) local-policy documents were also reviewed:

1. Woollahra 2030 (community strategic plan)
2. Woollahra Local Strategic Planning Statement 2020
3. Woollahra DCP 2015 (includes local character and desired future character statements)
4. Opportunity sites considered in 2010 LEP review
5. Double Bay planning review
6. Tree canopy study
7. 2008 Residential Market Analysis (BIS Shrapnel)
8. 2008 approach to identifying housing capacity for LEP review
9. VPA Policy
10. Double Bay Place Plan 2019 - 2023
11. Oxford Street Paddington Place Plan 2019-2023
12. Woollahra Community Participation Plan 2019
13. Community Capacity Survey Report 2017
14. Disability Inclusion Action Plan 2017

¹ Comes into effect in July 2020, with no further exceptions likely

15. Environmental Sustainability Action Plan 2013-2025
16. Homeless People Policy
17. Library Strategic Plan
18. Queen Street Woollahra Strategic Masterplan 2014
19. Woollahra Social and Cultural Plan 2018-2030
20. Recreational Needs Assessment and Strategy 2006 (update expected 2021)
21. Double Bay Feasibility Report 2015 (Hill PDA)

2.2 State policy



Metropolis of Three Cities (Greater Sydney Commission 2018)

This document is the current regional plan for Greater Sydney, providing high-level guidance for housing and employment growth across the metropolitan region to 2056.

The Strategy's focus is to channel economic trends into a metropolitan-wide spatial and policy vision that responds to big picture structural issues for the future planning of Sydney as a 'metropolis of three cities'.

One of the major priorities of the Strategy is to meet housing demand and address the ongoing housing affordability conundrum facing Sydney. Specifically, the document states the need for Sydney to deliver 36,250 new dwellings per year in order to accommodate forecast population growth in coming decades.

However, it is not just the number of dwellings that the plan seeks to accommodate. Other important considerations include addressing:

- Housing diversity and choice
- Optimising the location of new dwellings, and
- Affordable housing.

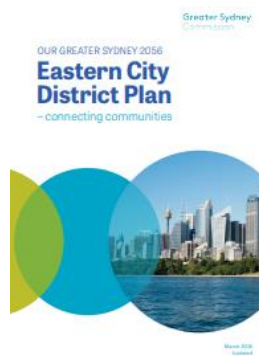
Key features of relevance to housing in Woollahra

In order to plan proactively for appropriate dwelling supply across Greater Sydney, each council is required to adopt dwelling targets.

However, setting a dwelling target and achieving it through the provision of only dwellings of the same type (for example three bedroom apartments) is not likely to address the housing needs of future residents in terms of housing diversity and choice, which is also an aim of the Greater Sydney Region Plan. As a result, whilst councils need to set dwelling targets, they also need to plan for the provision of housing options targeted to the housing needs of the local community, potentially including smaller, medium-sized and larger dwellings in established areas. Higher density housing development is intended to occur in locations that have good access to transport infrastructure and economic opportunities.

With access to only two heavy rail stations (Edgecliff and Bondi Junction which is in the Waverley LGA), the Woollahra LGA possesses relatively limited opportunities for urban renewal close to transport. However, the LGA's central and accessible location relative to the Sydney CBD also means that it may come under pressure to accommodate significant volumes of infill re-development. It is important to plan proactively to ensure that the LGA accommodates necessary growth while achieving other liveability objectives.

Our Greater Sydney 2056 Eastern City District Plan (Greater Sydney Commission 2018)



This document provides priorities and actions for the Eastern City District. The Woollahra LGA sits at the north-eastern edge of the District, which comprises eight LGAs in total.

The plan gives effect to the directions and objectives established in *A Metropolis of Three Cities*.

Key features of relevance to housing in Woollahra

The Plan identifies a housing supply target of 46,550 by 2021 and 157,500 by 2036 for the Eastern City District (22% of all dwelling growth in Greater Sydney). The target by 2021 for Woollahra LGA is 300 new dwellings.

Some guidance at District-level is also given to Councils in terms of how they can accommodate medium-density dwelling. Some of these may be considered in the Woollahra context:

- Opportunities for local medium-density in residential areas adjoining local centres where there are walking and cycling links
- As part of redevelopment in lower density parts of suburban Greater Sydney undergoing replacement of older housing stock that are well-located with great access to open space, centres, public transport, services, and
- Redevelopment of precincts with existing social housing that could benefit from renewal in locations which provide good access to transport and jobs.

Additionally, the plan identifies opportunities to support increased housing affordability through the facilitation of more compact housing opportunities, particularly for key workers and skilled workers in targeted employment areas and new owner-developer apartment models. It also identifies the potential for the introduction of Affordable Housing Contribution Schemes and identifies possible targets of 5-10% of new housing to be social and affordable 'subject to viability'.



Future Transport Strategy 2056 (Transport for NSW 2018)

New infrastructure is required to support the projected 12 million people who may be living in NSW by 2056. This strategy identifies long-term *city shaping* transport projects to help Greater Sydney and Regional NSW accommodate this growth.

Transport corridors are identified, showing how key strategic centres and locations will be serviced by the proposed infrastructure investments and service strategy.

Key features of relevance to housing in Woollahra

It is important to note that whilst the primary objective of these transport investments is to improve accessibility to employment and services for existing and future residents, their *city shaping* nature means that they tend to shift the pattern of dwelling development over-time. Major transport projects also act as catalysts for urban renewal and residential development. The absence of major proposed transport projects in the Woollahra LGA means there are limited opportunities to align housing delivery with new transport projects.

Building Momentum State Infrastructure Strategy (Infrastructure NSW 2018)



The Building Momentum Strategy sets out a 20-year State strategy for the key infrastructure sectors of transport, energy, water, health, education, justice, social housing, culture, sport and tourism out to 2031.

Key features of relevance to housing in Woollahra

Transport infrastructure is required to support the 30-minute city principle established in the *Metropolis of Three Cities* document. This is primarily to be achieved through the provision of infrastructure where population growth is expected to be greatest.

Walking and cycling infrastructure and increased social infrastructure investment are outlined as key areas of focus.

Local Housing Strategy Guideline and Template (Department of Planning and Environment NSW 2018)



This document provides State level guidance for the preparation of local housing strategies. It effectively acts as a step-by-step template.

Key features of relevance to housing in Woollahra

The LHS guideline also requires that local housing strategies follow the structure of its template.

The proposed Woollahra housing strategy will follow the method outlined in this template – particularly in terms of the demand-capacity aspects contained in this study. This report also clarifies the key issues of housing supply gap, specific housing needs of the LGA and the specific development capacity within the LGA.

Local Character and Place Guideline (Department of Planning and Environment 2019)



This document provides a consistent definition across the State government of what local character means, along with an approach for assessing local character areas.

Key features of relevance to housing in Woollahra

The document outlines the process Councils should follow when defining local character, including:

- Community engagement, tailoring the process to the local community and managing differences throughout the process,
- Identification of existing character, which includes a triple bottom line consideration in each area,
- Undertaking detailed research into relevant available documentation that may further support or be complementary to assessment of character,
- Setting future character, including decisions on whether to change, enhance or maintain the character of an area, and
- Producing the final character assessment, including mapping the desired character of an area.

State Environmental Planning Policy No 70 (SEPP 70) – Affordable Housing

SEPP 70 is the NSW State Government's policy guideline for the delivery and maintenance of affordable housing. The purpose of SEPP 70 is to describe the types of households that affordable housing may be provided for along with allowing Councils to levy development contributions towards affordable housing.

In April 2018, SEPP 70 was expanded to include five additional councils - Randwick, Inner West, Northern Beaches, Ryde and Woollahra. In February 2019, SEPP 70 was further expanded to include all councils in NSW. The amendment removes the administrative step of entering an LGA into SEPP 70, thereby expediting councils' ability to investigate and develop an affordable housing contributions scheme. The next step in the process is for councils to prepare affordable housing contribution schemes and amend their local environmental plans to reference these schemes. It is optional for a council to develop an affordable housing contribution scheme.

Key features of relevance to housing in Woollahra

As currently described in the relevant Guideline, affordable housing contribution schemes are only able to be applied in areas subject to rezonings. The intention is that a percentage of floorspace be identified which would be devoted or allocated to affordable housing, after feasibility considerations.

In considering the provision of affordable housing as part of this local housing strategy the key issue to be considered is whether a scheme should be established in areas to be rezoned and what an appropriate contribution rate would be. Other relevant principles include:

- Affordable housing is to be created and managed so that a socially diverse population representative of all income groups is present in a locality.
- Affordable housing is to be made available to a mix of very low, low and moderate income households.
- Affordable housing is to be rented to appropriately qualified tenants and at an appropriate rate of gross household income.
- Land provided for affordable housing is to be used for the purpose of the provision of affordable housing.
- Buildings provided for affordable housing, after deduction of normal landlord's expenses (including management and maintenance costs and all rates and taxes payable in connection with the dwellings), are generally to be used for the purpose of improving or replacing affordable housing or for providing additional affordable housing.
- Affordable housing is to consist of dwellings constructed to a standard that, in the opinion of the consent authority, is consistent with other dwellings in the vicinity.

This process is summarised in the chart below:

PROCESS FOR PREPARING AN AFFORDABLE HOUSING CONTRIBUTIONS SCHEME



Source: Planning NSW, 2019.

SREP (Sydney Harbour Catchment) 2005

This legislative instrument aims to protect the natural assets of Sydney Harbour, to ensure that the Harbour's waterways and foreshores remain sustainable and accessible.

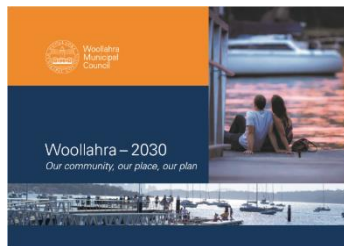
Key features of relevance to housing in Woollahra

- Development must seek to protect to the health of the catchment and Harbour. This includes the cumulative impact of any development.
- Housing should preserve/enhance the visual quality of Sydney Harbour and the foreshore.
- Public access to the Harbour should be maintained (and increased if possible).
- Sydney Harbour and the foreshore should be recognised as a nationally significant heritage site, and development should relate accordingly.

The SREP also contains provisions around the protection of wetland sites along the Harbour.

2.3 Local policy framework

Woollahra 2030 (community strategic plan)



This document translates the community's core values into measurable targets – against which all strategies and actions are developed.

Key features of relevance to housing in Woollahra

Goal 4 focuses on well planned neighbourhoods, which includes:

- Providing increased opportunities for new housing through meeting State Government housing targets
- The provision of a diverse range of housing to cater to a variety of household types, incomes and lifestyles.
- Protection of leafy urban character and preventing high rise/inappropriate development.

The introduction of affordable housing planning mechanisms under State Government guidelines is a stated objective.

Woollahra Local Strategic Planning Statement

The Woollahra Local Strategic Planning Statement (LSPS) is the 20 year land use vision for the LGA. All strategic planning projects should align with the LSPS.

Key features of relevance to housing in Woollahra

Planning priority 4 raises the importance of diverse housing choices in *planned locations* that are consistent with *local character*. There is a specific direction for the preparation of a local housing strategy which includes:

- Creating housing capacity in the locations that possesses strong infrastructure in terms of transport, open space and civic functions.
- Promoting design excellence, sustainability and preserve local/neighbourhood character
- Addressing affordable housing in Woollahra, particularly for essential service workers. This includes quantifying the need for affordable housing and identifying areas/strategies for growth in this sector.

Opportunity sites considered in 2010 LEP review

In 2010 Council staff identified 26 sites with total development potential of up to 1,000 dwellings that could help to increase dwelling capacity in the LGA and help meet State Government housing targets as set out under the Draft East Subregional Strategy of 2009.

The rationale was to increase the maximum building height and floorspace ratio (FSR) and where necessary, rezone sites to permit residential flat buildings/mixed use developments. Given the need to protect local character whilst increasing housing opportunities, the focus of these opportunity sites was in and around business centres. The sites were located in Vaucluse (3), Rose Bay (5), Bellevue Hill, Paddington (7), Woollahra (4), Double Bay (2) and Edgecliff (4).

Council went to the community for feedback on the shortlisted sites. A number of sites were then selected to proceed for development (planning controls were amended) whilst planning control changes did not go ahead for a number of other sites (at least partly reflecting community opposition to development and related development risk).

In 2011, Council decided that further consideration of the proposed planning control changes for the remaining unresolved opportunity sites and any suggested new sites is deferred unless “strong and supportable reasons” are provided. Fifty-seven dwellings was the yield for the developments that did proceed.

Since 2011 the status of some of these sites may have changed (for example, site 22 was recently developed for residential). Council currently has no plans to re-activate this project.

Key features of relevance to housing in Woollahra

The selection of sites demonstrates Council’s desire for and strategy of finding development potential in and around its major centres. This not only promotes transit oriented development, but also indirectly protects low density residential areas from having to accommodate higher volumes of multi-unit development.

However, the results of the consultation process suggest there is community resistance to additional development in many locations. Future exercises aimed at identifying locations for additional development need to engage with local communities and be justified by their contribution to strategic objectives and social, economic and environmental benefits.

Woollahra Voluntary Planning Agreement Policy 2020



Woollahra Voluntary Planning Agreement Policy 2020

This Policy relates to planning agreements which are legally established under the Planning and Environment Act and Regulation. It Applies only to those planning agreements where the Council is a party. The policy states that:

- Where the consent authority is a party to the agreement, VPAs can be used in conjunction with, or instead of, s.7.11 or s.7.12 development contributions.
- Planning agreements can be used to give effect to themes of infrastructure and collaboration, liveability, productivity and sustainability, as prescribed by the metropolitan and district plans.
- Planning agreements can also be used to implement the directives of Council’s integrated planning and reporting framework. A key theme here in relation to housing is preservation of local character and prevention of oversize developments.
- Planning agreements are to produce material community benefits and are to be applied in the public interest.
- Council will also seek to incorporate value capture into planning agreements.

Key features of relevance to housing in Woollahra

Planning agreements present a potential mechanisms for securing public benefits (including affordable housing where not provided by a SEPP70 Contribution Scheme) and infrastructure investment considered necessary when comprehensive housing development occurs, and could be considered when contemplating rezoning land to facilitate housing development.

Double Bay Place Plan 2019 to 2023



This document is a placemaking strategy for Double Bay, applying to the area zoned B2 Local Centre. While there are provisions for mixed use residential development, the prevailing role of the centre is stated to be for retail and business.

Action 3.2.1 does nonetheless make a commitment towards a more diverse housing mix by increasing

affordability for young people in particular, whilst also increasing the total resident population of the village.

Key features of relevance to housing in Woollahra

- The 'Place story' for Double Bay is as a stylish, attractive village atmosphere, with a development typology largely between 2 and 6 storeys.
- Themes 3 and 4 focus on retaining the areas character and identity.
- Several Operational Plan Actions within Theme 3 relate to housing. Action 3.1.1 seeks to ensure planning controls encourage residential mixed use development. Action 3.2.1. aims to increase the residential population of the village, with a more diverse housing mix. This action also indicates an aspiration for more affordable housing. This action also prescribes potential revision of planning controls.
- Action 3.9.1 relates to the development of the council site at the Cross St carpark, including residential.

Oxford Street and Paddington Place Plan 2019-2023



This document is a placemaking plan for Oxford St and Paddington. It is primarily focused on Oxford St and surrounding precincts as centres for retail, food services and tourism. Provision of housing is not considered in detail, but it is relevant to the Plan as a mechanism to create a more vibrant streetscape.

Key features of relevance to housing in Woollahra

- 'Placemaking Pillars' 3 and 6 both mention the provision of housing, indicating an intention to intensify residential development and encourage a mix of uses throughout the area.
- Theme 3: Conserve and celebrate heritage aims to 'increase the number of people working and living in Oxford St'. However, there are no actions under this aim which deal directly with housing.
- Theme 5: Investing in business contains an action to ensure that residential, retail commercial uses are encouraged in appropriate ratios to create vibrancy along Oxford St.

Woollahra Community Participation Plan 2019

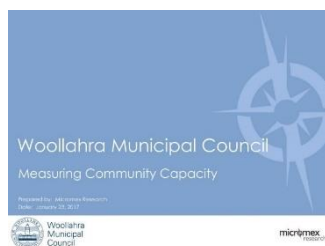


This Plan sets out how Council will involve the Woollahra community in planning matters. This includes through the processes for development assessments, planning proposals and local planning policies or strategies (including a local housing strategy).

Key features of relevance to housing in Woollahra

- Includes minimum public exhibition timeframes and requirements. Different exhibition timeframes apply for council plans, development applications etc.
- Stipulates requirements for notifications and advertising of public exhibitions.
- Outlines the process for submissions and Council's requirements in giving them due consideration.

Community Capacity Survey Report 2017



Community capacity is comprised of networks of social capital within a community. This survey aimed to assess levels of community connection and social engagement within Woollahra LGA.

Key features of relevance to housing in Woollahra

- A large majority of residents in the Woollahra LGA have feelings of civic pride and trust, and find it a good living environment. Most residents feel at least somewhat connected to the local area.
- For the minority of residents with a relatively negative perception of the LGA, feelings of overdevelopment were a core concern.

Disability Inclusion Action Plan 2017



This Plan administers the *NSW Disability Inclusion Act 2014* within the Woollahra LGA. The report provides a snapshot of the proportion of people living with a disability in the LGA, and outlines Council's strategies to improve equity and liveability for this group.

Key features of relevance to housing in Woollahra

- One of the key recommendations is to 'facilitate increased group housing and universally designed housing'.
- In addressing liveability concerns for people living with a disability, implementation of SEPP (Housing for Seniors or People with Disability) 2004 and Chapter E8 of WDCP 2015 that supports housing for seniors or people with disability is reinforced as a priority.
- Signals an intention to review the use of 94A levy funds to ensure that these funds are utilised to improve disabled access to Council-owned buildings. (This is now the Section 7.12 levy after legislative updates in 2018).
- Encourages annual monitoring of availability of aged and disability housing.

Environmental Sustainability Action Plan 2013-2025



This Plan identifies desired outcomes for aspects of environmental sustainability within Woollahra LGA, and outlines methods of implementation and monitoring.

Key features of relevance to housing in Woollahra

- Does not stipulate particular regulations for the delivery of housing.
- Objectives of stormwater management and energy reduction are applicable to housing delivery. Compliance with these objectives in the design and construction of housing should be encouraged.
- Focus on regenerating biodiversity and remnant bushland within the LGA.

Queen Street Woollahra Strategic Masterplan 2014

QUEEN STREET, WOOLLAHRA
STRATEGIC MASTERPLAN
FINAL

for Woollahra Municipal Council



Key objectives of this Masterplan are predominantly focussed on public realm upgrades (mainly improvements to the footpaths and urban vegetation) rather than housing. It clearly identifies areas within the precinct with a residential or commercial character.

Woollahra Social and Cultural Plan 2018-2030



This Plan provides more detail as to how Council intends to achieve the social and cultural goals outlined in the Council's Community Strategic Plan (Woollahra 2030).

Key features of relevance to housing in Woollahra

- Cites the social implications of housing unaffordability as a concern. Describes the provision of affordable housing as 'challenging' given a context of Australia's most expensive suburbs but mentions Council partnerships with Holdsworth Homeshare and a community housing provider.
- In addressing domestic and family violence, Council indicates they will partner with a community housing provider to deliver relief accommodation for victims.

Recreational Needs Assessment and Strategy 2006 (update expected 2021)

RECREATIONAL NEEDS
ASSESSMENT AND STRATEGY
Prepared for Woollahra Municipal Council



This review of sporting participation contains predictions and analysis of likely future needs for sporting infrastructure in the LGA. It should be noted that many of the statistics and recommendations may no longer be applicable in 2020.

Key features of relevance to housing in Woollahra

- Recommends protection of public open space sites from development which detracts its quality or alienates it from public access.
- Includes an intention to improve perceptions of safety in areas of public open space. For the purposes of this objective, housing and landscape design which lend themselves to passive surveillance could be encouraged within close proximity to recreational areas.
- Recommends the development of clear strategic plans with provisions for recreational facilities – indoor and outdoor.

2.4 Key implications

The review of policies in this section has highlighted the following three key issues for housing development in Woollahra.

Retaining local character

The LGA's natural setting, topography, heritage and built form have endowed it with a distinctive local character and atmosphere. Retaining this character is a core concern of the local community, with a fear of overdevelopment identified among residents in the 2017 Community Capacity Survey Report. Several of the Council's strategic documents address this concern, such as the place plans for Double Bay, Oxford Street and Queen Street. However, some urban consolidation is necessary if housing supply and diversity is to be increased within the LGA. Community perception that any development constitutes over-development is a key barrier to achieving this, as it may serve to discourage or compromise the feasibility/deliverability of housing developments. However, preservation of a local character which is significant to the people of Woollahra is a legitimate concern, and residential or mixed-use development should be designed sensitively.

Procurement of suitable development sites

A lack of suitable sites for housing development is a key issue within the LGA, with very few brownfield or obvious redevelopment sites remaining. Additionally, large parts of the LGA are subject to heritage provisions which constrains residential development of significant scale. Council is considering a more diverse housing mix in its major centres of Double Bay and Edgecliff to increase affordability for young people whilst also increasing the overall resident population of these centres. Nonetheless areas surrounding Edgecliff Station are already mostly strata-subdivided, potentially inhibiting redevelopment potential.

In 2010 Council undertook a strategic review of opportunity sites and precincts for redevelopment and identified a select number. Community resistance to development constrained progress on a number of these and limited progress overall was achieved in taking them further as redevelopment opportunities. Although significant portions of the LGA are covered by detached dwellings, the suitability of these sites for higher-density residential development is limited by lack of access to public transport, established low-density character, likely community resistance and high land costs. These factors add significantly to development risk. The scarcity of sites with additional capacity and which do not face barriers to redevelopment is a housing challenge.

Housing affordability

The lack of housing affordability can exclude broad segments of the population from living within the LGA, including essential service and other 'key' workers who are vital to its function. The harmful social implications of housing stress and insecurity are recognised in the Woollahra Social and Cultural Plan. The current stock of affordable housing within the LGA is negligible. Development of sufficient affordable housing stock to meaningfully improve key worker's access to housing within the LGA, and to reduce housing stress, is a major challenge for Woollahra Council.

3. HOUSING SUPPLY AND DEMOGRAPHICS

This section summarises the current dwelling supply in the Woollahra LGA, living arrangements for the Woollahra population and recent dwelling development trends. This sets the scene for modelling of likely future housing demand and capacity in the following chapters, which can be compared to the current housing stock and demographics.

3.1 Dwelling types

In this report, dwellings are categorised into four types which are defined by the Australian Bureau of Statistics (ABS) and used in the Census and other statistics. These categories are:

- **Separate house** means a dwelling which is not attached to any other dwelling. In planning instruments these are called dwelling houses.
- **Attached dwellings** are attached on one or more walls, such as semi-detached, terraced and villa-style housing. In planning instruments these are called dual occupancies, semi-detached dwellings, attached dwellings and multi-dwelling housing.
- **Flats or apartments** can be two or more storeys, with dwellings sharing vertical as well as horizontal walls. In planning instruments these are called shop-top housing and residential flat buildings.
- **Other dwellings** includes caravans and cabins, improvised dwellings, houseboats and flats attached to shops.

This categorisation refers only to *private dwellings*, which are those in which only a single household lives. The Woollahra LGA also contains *Non-private dwellings* in which more than a single household lives or in which people do not live in traditional households. These dwellings include boarding houses, student accommodation and aged care facilities.

Secondary dwellings and so-called granny flats (typically a second dwelling attached to or to the rear of a principal dwelling but on a single title) are inconsistently classified and may not be accurately counted in the ABS Census or included in the above categories.

3.2 Dwelling supply

Supply by dwelling type

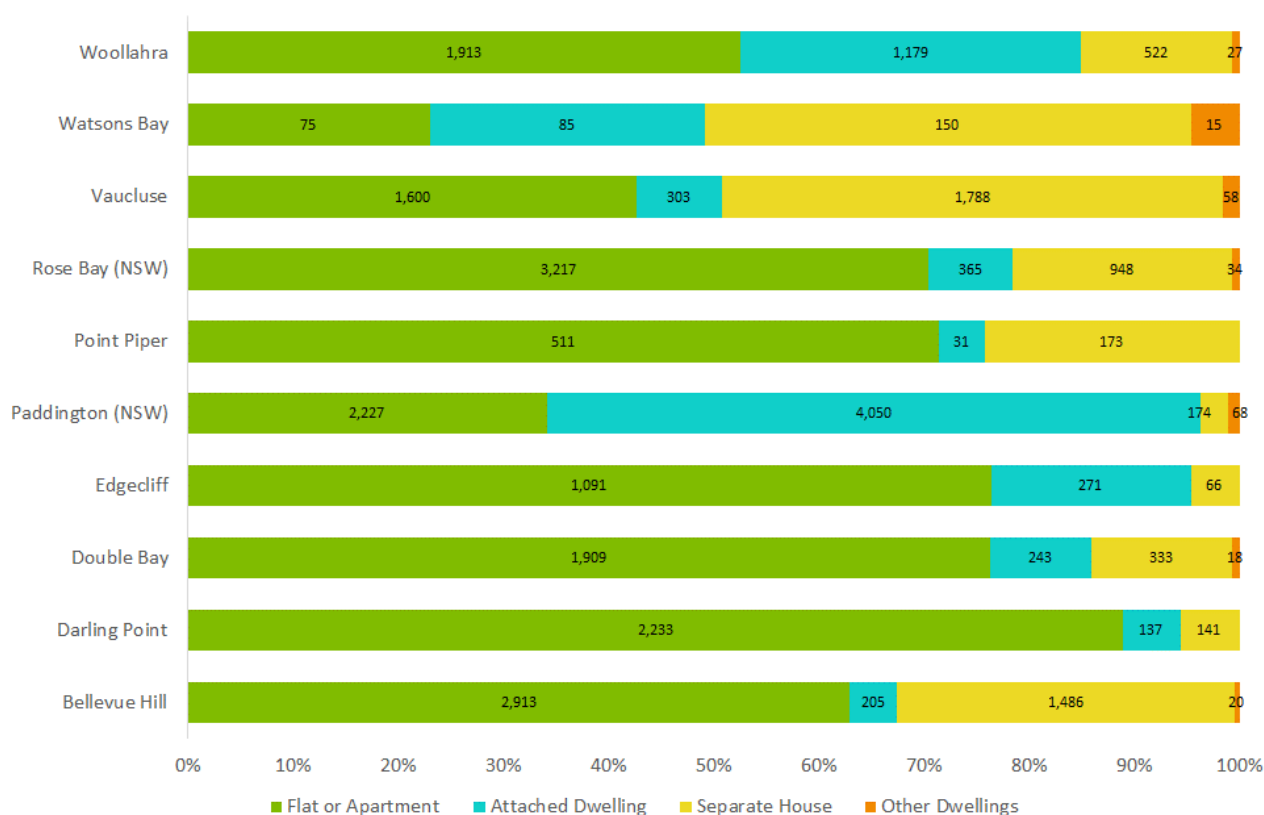
There were 26,284 private dwellings in the Woollahra LGA in 2016 as recorded in the ABS Census. The breakdown of these dwellings by type as well as the number of people living in each type is shown in Table 1.

TABLE 1: NUMBER OF DWELLINGS BY TYPE IN THE WOOLLAHRA LGA

Dwelling type	Separate house	Attached dwelling	Flat or apartment	Other	Dwelling type not stated	Non-private dwelling	Total
No. of dwellings	5,222	5,648	15,052	200	122	40	26,284
Share of dwellings	19.9%	21.5%	57.3%	0.8%	0.5%	0.2%	100.0%
Population in dwellings	14,723	12,565	24,868	345	275	1,798	54,574

Source: ABS Census 2016

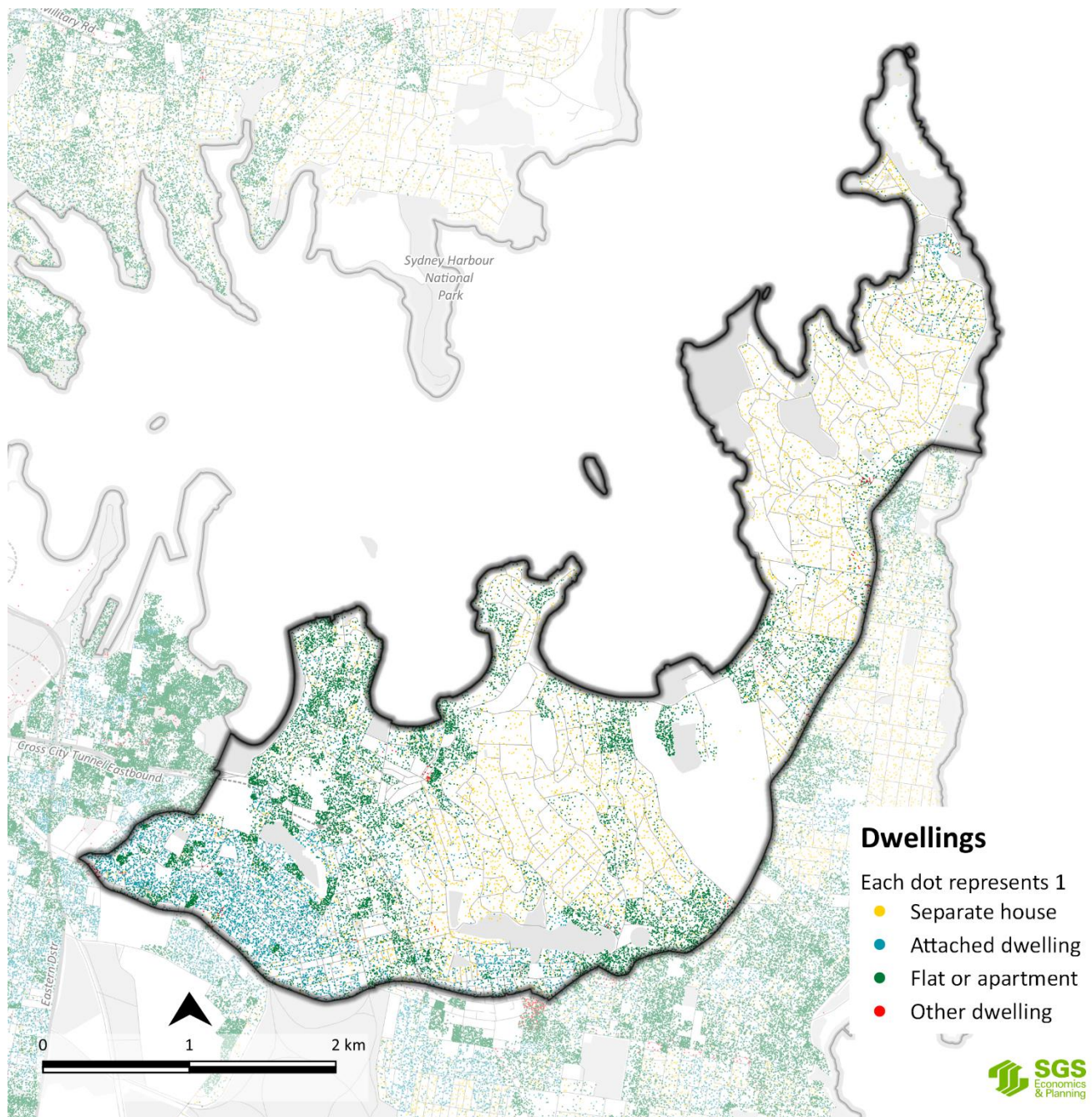
Figure 2 shows the breakdown of each suburb in Woollahra by dwelling type from 2106 Census data. Figure 3 is a dot density map which illustrates the distribution of dwellings in the Woollahra LGA with a finer spatial grain. The parts of the LGA closest to the Sydney CBD contain a mix of attached dwellings (predominately in Paddington, Woollahra and Edgecliff) and flats and apartments. There are also a high number of flats and apartments concentrated in multiple precincts through the LGA, with Figure 2 showing that in all suburbs in the Woollahra LGA, except Watsons Bay, Vaucluse and Paddington, flats and apartments make up more than 50% of all dwellings. Separate houses are the least common dwelling type but are low density and so as shown in Figure 3 take up a large part of the LGA's area, particularly in suburbs like Vaucluse, Watsons Bay and Bellevue Hill.

FIGURE 2: DWELLING TYPES IN LGA SUBURBS²

Source: ABS Census data, SGS Economics and Planning, 2020

² The numbers in the chart represent the actual number of dwellings for each category in a given suburb.

FIGURE 3: DISTRIBUTION OF DWELLINGS BY TYPE IN THE WOOLLAHRA LGA (2016)



Source: ABS Census data, SGS Economics and Planning, 2020

Recent development

Recent dwelling development in the Woollahra LGA and benchmark areas is shown in Table 2. The number of dwellings in the Woollahra LGA increased by 2.3% between 2006 and 2016, an annual average growth rate of 0.2%. This is a much slower dwelling growth rate than the Eastern City District between 2006 and 2016 (1.5% per year on average) and Greater Sydney (2.0% per year on average).

TABLE 2: DWELLING DEVELOPMENT BETWEEN 2006-2016

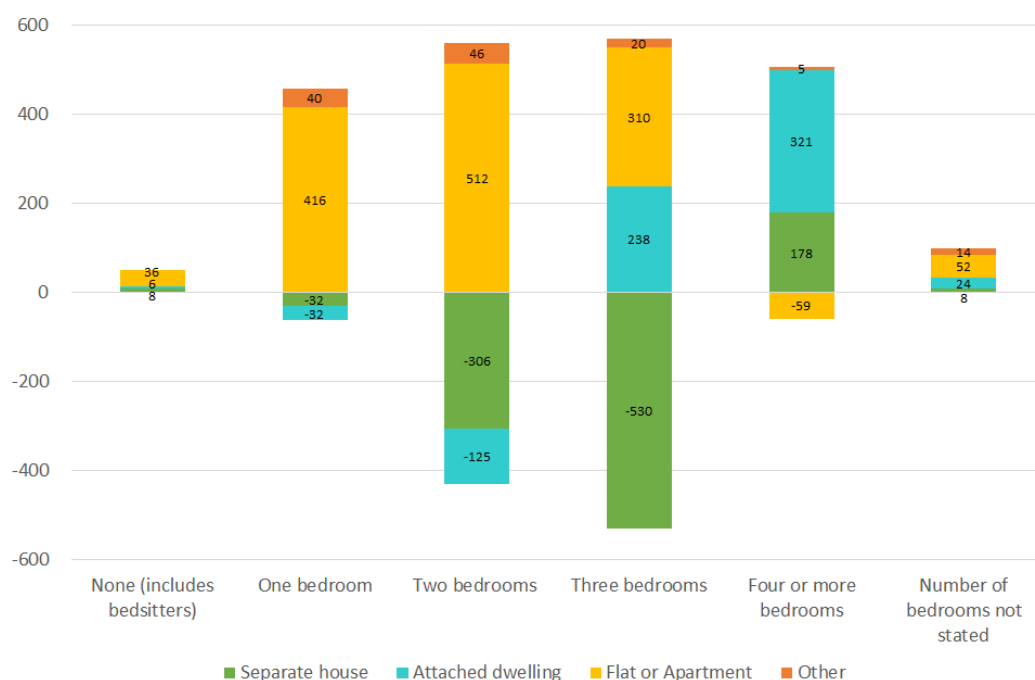
Precinct	2006	2011	2016	Change 2006-16	Annual growth rate (%)
Woollahra LGA	25,682	25,900	26,284	602	0.2%
Eastern City District	374,924	395,128	434,006	59,082	1.5%
Greater Sydney	1,406,584	1,582,824	1,713,928	307,344	2.0%

Source: ABS Census 2006, 2011, 2016

Figure 4 illustrates the size and type of dwellings built between 2006 to 2016 in the Woollahra LGA. Between 2006 and 2016, 72% of the new dwellings were apartments and 28% attached dwellings while the number of separate houses declined by 674, likely replaced by apartments and attached dwellings. For every single separate house removed from Woollahra, 1.69 flats, apartments or attached dwellings was built. This low replacement rate shows that attached dwellings and apartments are being built at only slightly higher densities than the houses they replace. There are also likely to be some smaller apartments which are being amalgamated.

Two bedrooms was the most common size for new apartments, followed by three bedrooms with very few zero or one bedroom apartments constructed. Four bedrooms was the most common size for attached dwellings, while the number of smaller attached dwellings with two bedrooms declined. The number of separate houses with three or less bedrooms decreased, while the number of larger separate houses increased. This indicates that as well as separate houses being replaced with some higher density dwellings, smaller and older houses are being replaced with newer larger houses (so-called 'knock down rebuilds').

FIGURE 4: CHANGE IN DWELLINGS BY SIZE IN THE WOOLLAHRA LGA 2006-2016



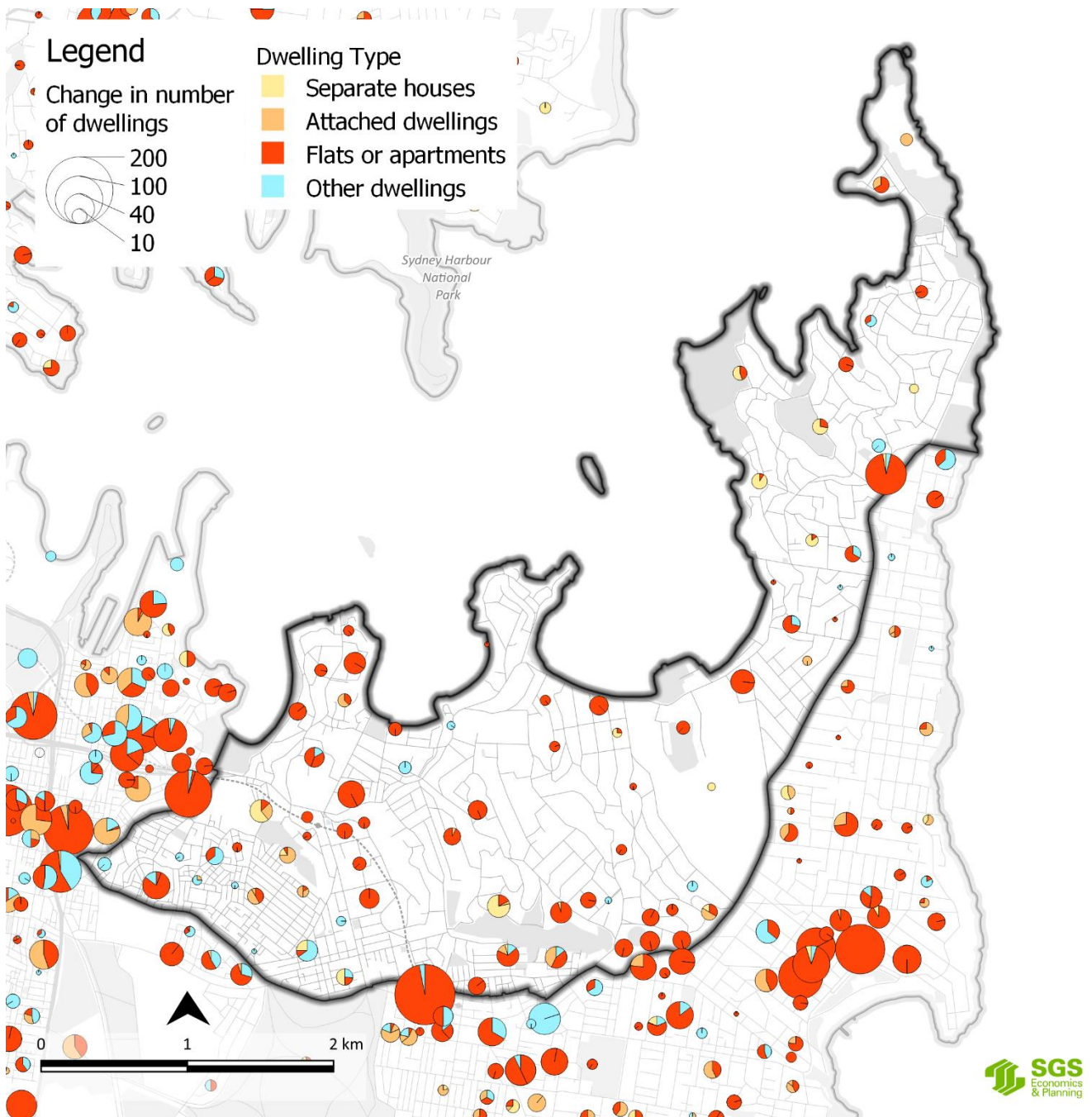
Source: ABS Census data, SGS Economics and Planning, 2020

Spatial distribution of new dwellings

More information about the location of dwellings built between 2006 and 2016 in the Woollahra LGA is shown in Figure 3. Consistent with Table 2, significantly more development has occurred recently outside of the Woollahra LGA boundaries, but nearby, than inside the

LGA boundaries. Within the Woollahra LGA, most development appears to be occurring in the west around Woollahra, Paddington and Darling Point.

FIGURE 5: DISTRIBUTION OF DWELLING DEVELOPMENT BETWEEN 2011 AND 2016 (BY SA1, POINTS SHOWN AT SA1 CENTROIDS)



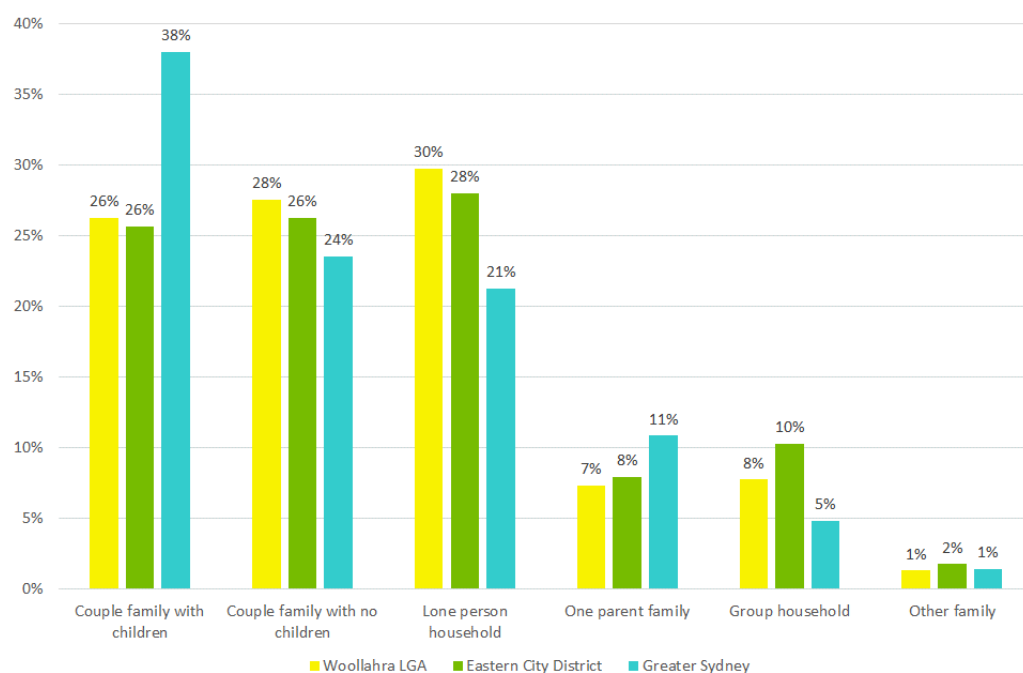
Source: ABS Census data, SGS Economics and Planning, 2020

3.3 Demographics

Household types

The overall household composition of Woollahra LGA and benchmark areas is shown in Figure 6. Woollahra has a similar household composition to the Eastern City District, with group households less common and lone person households and couple families with no children more common. Greater Sydney's household composition is quite different, with couples with children and one parent families much more common and other household types less common.

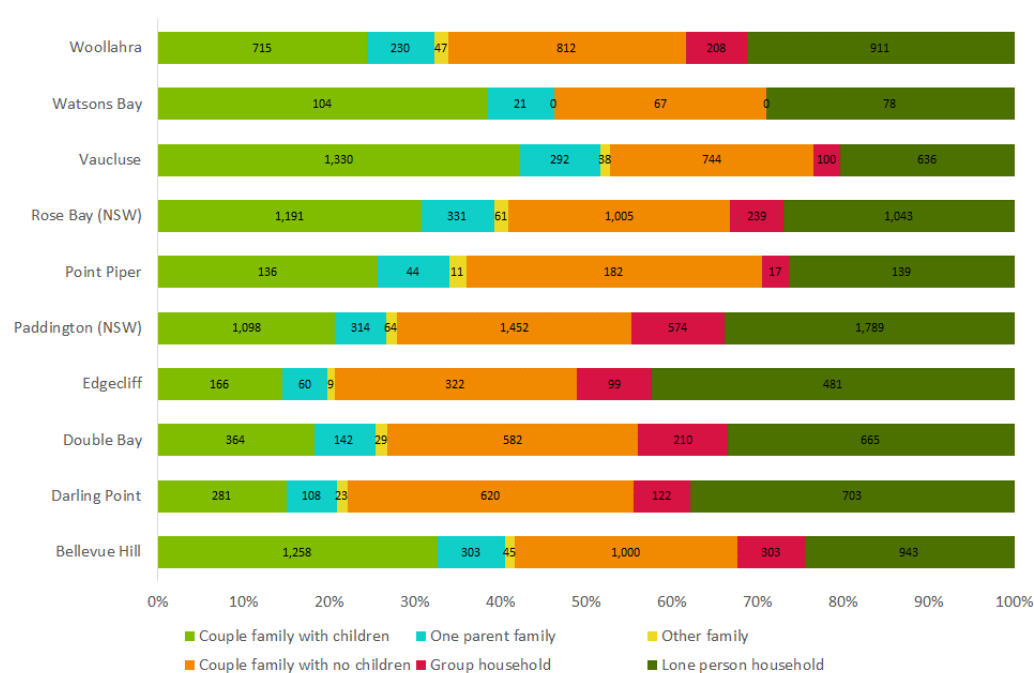
FIGURE 6: HOUSEHOLD TYPE COMPOSITION (2016)



Source: ABS Census data, SGS Economics and Planning, 2020

Figure 7 shows the breakdown of household type of each suburb in Woollahra, revealing spatial variation which is hidden in the overall distribution shown in Figure 6. The suburbs where households predominantly occupy houses (Watsons Bay and Vaucluse) contain high proportions of households with children. Suburbs with high proportions of apartments (like Darling Point, Double Bay and Edgecliff) have high proportions of lone person households and couples without children. However, it is worth noting that families with no children (couples with no children and lone persons) make up 50 per cent or more of the household composition in each suburb (except Vaucluse).

FIGURE 7 HOUSEHOLD TYPES IN LGA SUBURBS



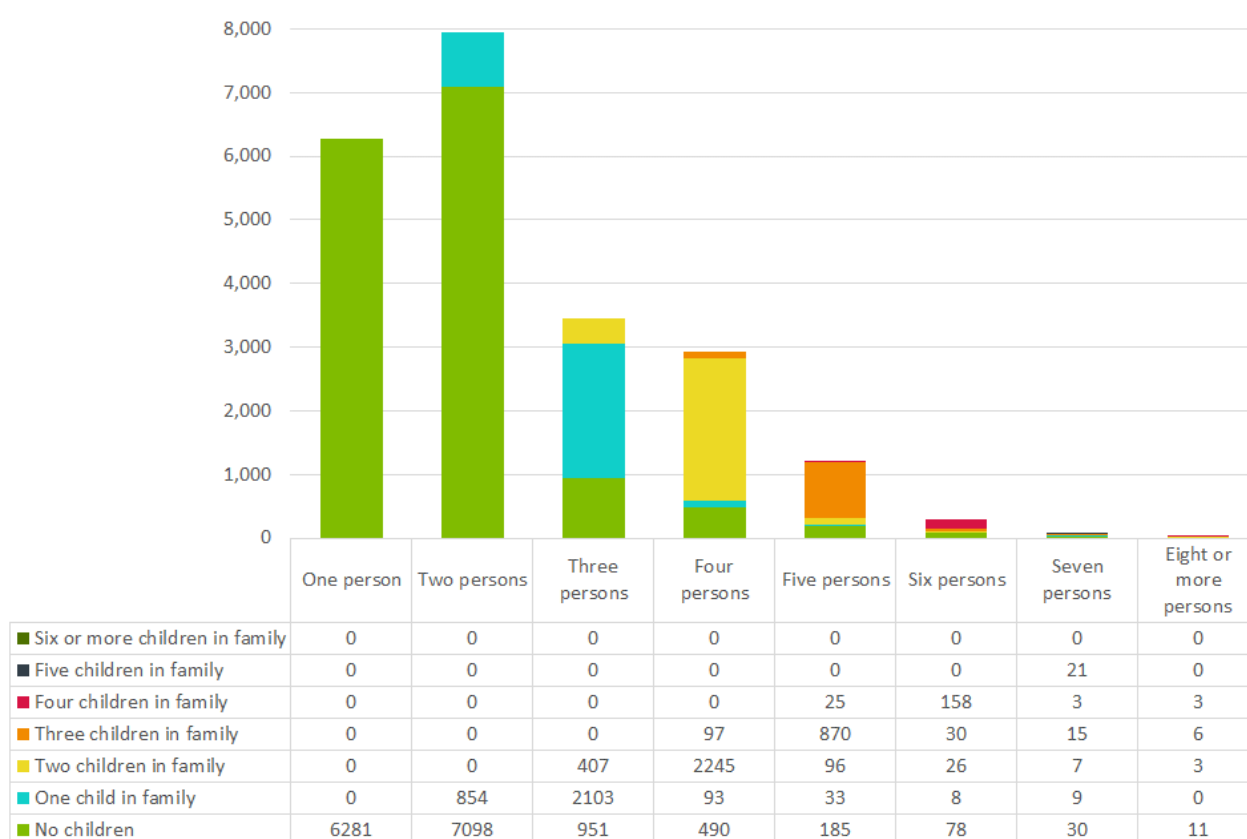
Source: Census data, SGS Economics and Planning, 2016

Number of children

Figure 8 shows the relationship between household size and the number of children in the household. 71 per cent of households contain no children, followed by 13 per cent with one child in the family. The number of children in a household increases as the number of residents increases, as children are expected to live with their guardians and/or other relatives.

Large households are mostly composed of two adults living with children one or more children (for example most people in four person households have two children in the family). There are a smaller proportion of households with no children (most likely group households). Consistent with Figure 16, one parent families are less common than two guardian families (for example there are many fewer people in three person households living with two children than living with one child).

FIGURE 8 NUMBER OF CHILDREN GIVEN NUMBER OF RESIDENTS PER HOUSEHOLD



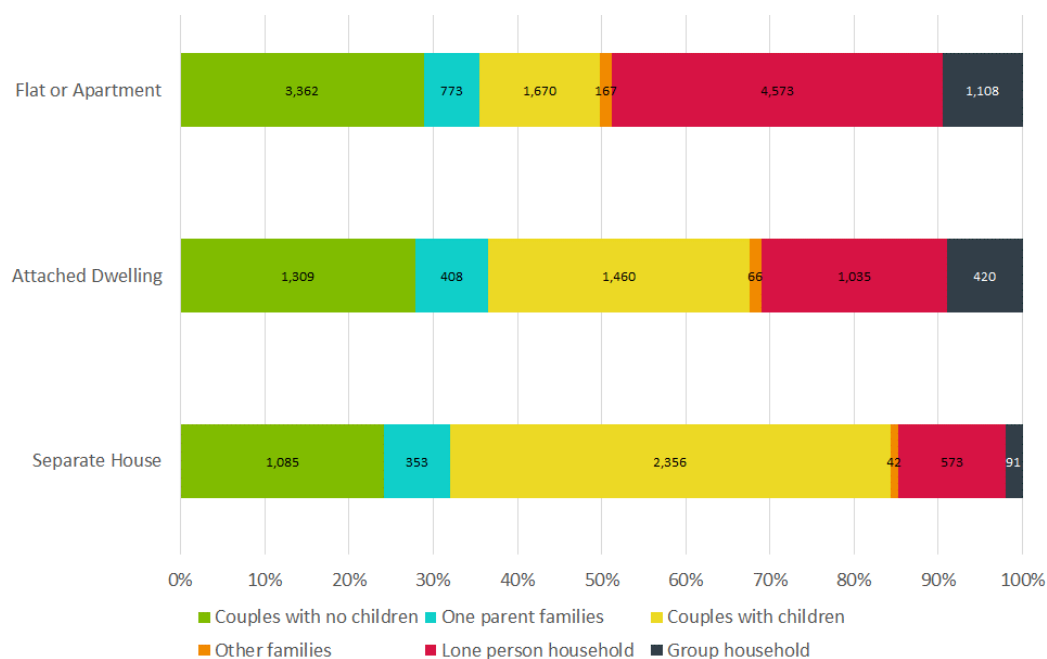
Source: Census data, SGS Economics and Planning, 2016

3.4 How households occupy dwellings

What kinds of dwellings households live in

Figure 9 shows the relationship between household types and housing from 2016 Census data. Families with children predominantly live in separate houses, however over 20 per cent of apartment households are families with children (either single or couple parents). This suggests that for some families, apartment living is a lifestyle choice, made attractive by amenity and the accessible location and access to infrastructure and services provided in Woollahra. Cost of living pressures can also be a factor in the choice of housing, particularly in Sydney compared to other Australian cities, and even more in this high amenity location where a preference for apartment living is in evidence.

FIGURE 9 HOUSEHOLD VS DWELLING TYPES



Source: Census data, SGS Economics and Planning, 2016

Figure 10 shows the relationship between household type and the number of bedrooms in a dwelling. As expected, larger household types have a general preference for larger dwellings. 21 per cent of families with children occupy two-bedroom dwellings, while 39 per cent of families occupy three-bedroom dwellings.

A substantial portion of dwellings with three or more bedrooms (over 25%) are occupied by lone person households and couples with no children. While households use spare bedrooms for a variety of purposes, this suggests that there may be spare capacity within (or underutilisation of) Woollahra's existing housing stock.

FIGURE 10 HOUSEHOLD VS NUMBER OF BEDROOMS

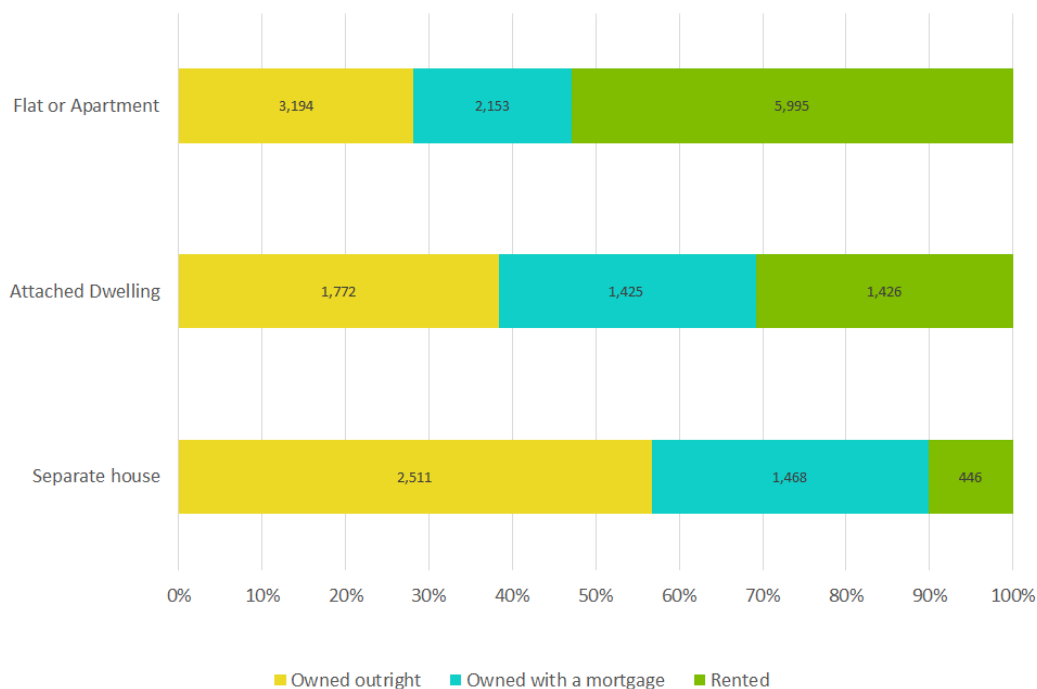


Source: Census data, SGS Economics and Planning, 2016

Dwelling tenure

As shown in Figure 11 a far greater proportion of apartment dwellers are likely to be renting than those households that occupy houses or attached dwellings. By contrast, most separate houses are owned outright, but there are many households living in attached dwellings and separate houses with a mortgage. Mortgaged dwellings are not as common for apartment dwellers, so rental stress may be a problem for these households, particularly if low levels of dwelling supply lead to rent increases in the future.

FIGURE 11 HOUSING TENURE BY DWELLING TYPE



Source: Census data, SGS Economics and Planning, 2016.

In total, there are 7,867 households renting in the Woollahra LGA, 5,046 households that own their homes with a mortgage and 7,477 households that own their homes outright.

Dwelling suitability

Dwelling suitability is a measure of how suitable the size of dwellings is for their occupants. This is an indication of relative housing affordability as well as of the availability of appropriately sized housing. It is calculated by the ABS based on the usual residents and the number of bedrooms in each dwelling with the following rules:

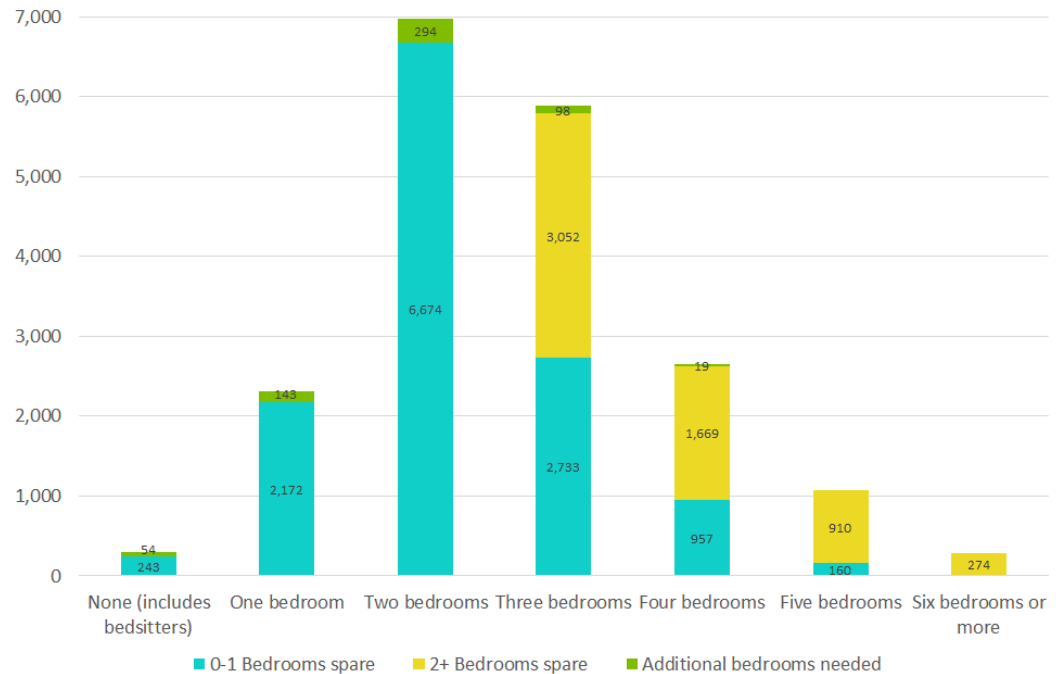
- One bedroom is needed for each couple or single adult in a household
- Up to two children of the same sex under 18 can share a bedroom
- Children of different sexes under five can share a bedroom.

This designation provides more information about how dwelling size compares to household needs than can be observed from a basic comparison of household growth versus available supply. A designation of a bedroom as spare does not mean that it is not used, only that the household may be able to live in a smaller dwelling.

Figure 12 focuses on the number of spare/needed bedrooms based on the size of the dwelling (i.e. the more bedrooms in a dwelling, the larger the dwelling). As expected, the larger the dwelling, the more bedrooms it has as spare. As noted above, there is a trend that larger household types have a general preference for larger dwellings, however there are a significant number of larger dwellings with two or more bedrooms spare.

48 per cent of households who need bedrooms live in two-bedroom dwellings, followed by one bedroom dwellings and studios. This shows that there is some crowding in smaller dwellings in the Woollahra LGA, however the proportion of dwellings which need additional bedrooms to suitably house their occupants is much smaller than other inner-city LGAs.

FIGURE 12 DWELLING SUITABILITY



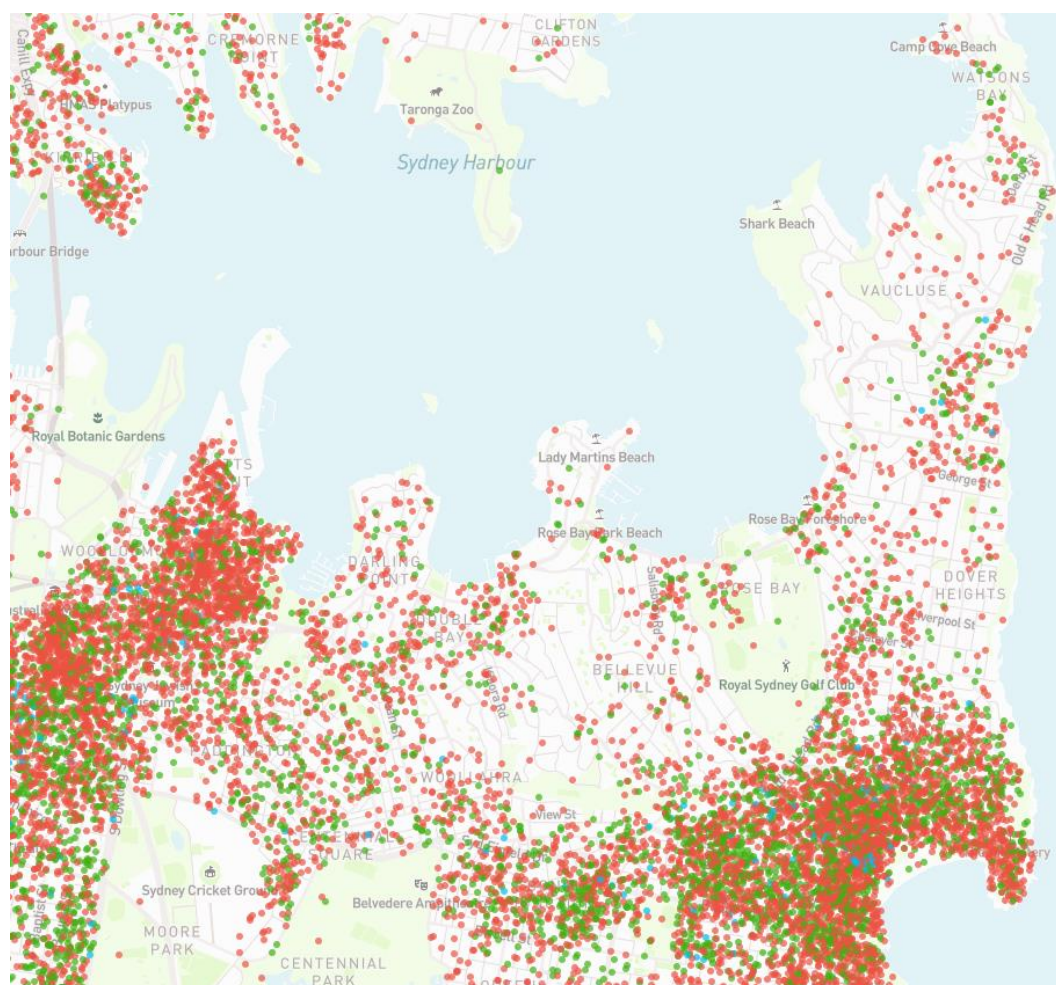
Source: Census data, SGS Economics and Planning, 2016

3.5 Short term rental accommodation

Large scale short-term rental accommodation, driven by online platforms such as AirBnB has enabled many investors to transition properties in accessible locations towards tourists and visitors. This has the potential to reduce the availability of long term rental stock to residents.

The map below (Figure 13) plots AirBnB listings in Woollahra and surrounding regions. Red dots represent entire homes whilst green dots represent single/private rooms. The map shows the major AirBnB hotspots in the region being located outside of Woollahra around Potts Point and Bondi Beach. Within Woollahra itself, there is some evidence of loose clustering around the centres of Rose Bay, Edgecliff and Double Bay.

FIGURE 13 AIRBNB LISTINGS ACROSS WOOLLAHRA AND SURROUNDING REGION



Source: Inside AirBnB

Table 3 provides some further statistics for the local region. It shows that whilst AirBnB listings are widespread, most dwellings are only being listed for five to six nights per year. This evidence suggests that the platform is not yet a significant substitute for long term rental properties; given the ongoing impact of COVID-19 on all types of travel, this is unlikely to be an issue for Council to focus on over the short to medium term.

TABLE 3 NUMBER OF DWELLINGS RENTED OUT ON AIRBNB BY LGA

	City of Sydney	Waverley LGA	Woollahra LGA
Total number of dwellings in LGA	110,138	31,564	26,200
Number of dwellings listed on AirBnB	9,364	5,024	1,510
Proportion of dwellings on AirBnB	8.5%	15.9%	5.8%
Number of nights per year (2018-19)	68,130	26,729	8,292
Average nights per dwelling	7.3	5.3	5.5

Source: Inside AirBnB

Note: Some numbers are rounded, which may mean that comparative figures diverge marginally between tables in this report.

3.6 Implications

The analysis in this section shows that flats and apartments are the most common dwelling type in Woollahra, with the majority located in the western half of the LGA in closest proximity to the Sydney CBD. There was a small increase in total dwellings in the LGA between 2006 and 2016 (about 600 or 60 per year on average), with 72% being apartments. Most of those apartments were larger, two or three bedroom dwellings, with minimal one bedroom apartments or studios being brought to market. Smaller houses have also been replaced with larger houses as part of the 'knock down rebuild' phenomenon.

Demographically, Woollahra is an LGA with slightly higher proportions of lone person and couple family without children households than the Sydney average. Collectively these two household types occupy about a third of the LGA's stock of detached houses. More pertinently they also occupy nearly half of the LGA's three bedroom dwellings, suggesting a lifestyle choice for larger dwellings. This is an important finding because these two household groups are the usual target market for smaller studio, one or even two bedroom apartments.

4. HOUSING DEMAND

This section contains an assessment of population and demographic projections and how they are expected to drive growth and demand for dwellings in the LGA. It builds on the earlier state and local policy review and demographics and housing analysis. This section also covers the issues of housing typologies and choice.

4.1 Approach

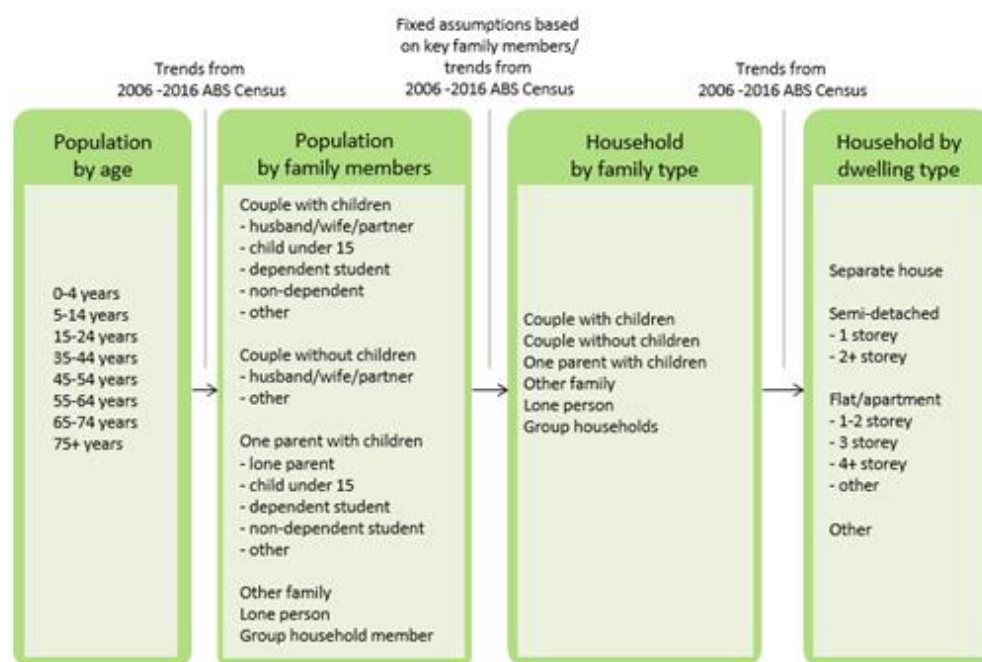
The analysis in this section draws upon a range of datasets, including population growth, age, family and household type. These demographic indicators inform an understanding of current and anticipated housing demand in the Woollahra LGA.

The datasets are key inputs into the modelling process to help determine dwelling demand by type. SGS has applied its in-house *Housing Demand Model* to disaggregate the total dwelling forecast into a growth forecast by dwelling type. An illustration of the model below shows the outputs as being housing demand by 'separate house', 'semi-detached' (referring to attached dwellings, terraces and townhouses rather than only semi-detached dwellings as defined in the NSW Standard Planning Instrument) and 'flat/apartment'. The model also produces outputs for household type and size, including demand by number of bedrooms.

Demand for different dwelling type shifts throughout an individual's lifespan due to income levels, the structure of the household they live in and preferences. To that end, changing demographics and the changing relationship between household types and dwelling types will impact upon future housing choices.

The model's base scenario is run off historically observed trends in the revealed housing preferences of different household types in the LGA. It represents a 'business as usual' forecast which assumes no major shifts in population/demographic trends or supply/capacity constraints, and also that 'revealed' preferences (what housing households actually live in) are close to 'actual' preferences (what they'd prefer to live in given budget, family and employment constraints). In many jurisdictions in established inner and middle ring parts of Sydney there is an emerging mismatch between these two types of preferences. Typically, a share of apartment dwellers would prefer townhouse or terrace (semi-detached) housing which are under-represented in new supply.

FIGURE 14 SGS HOUSING DEMAND MODEL METHOD



Source: SGS Economics and Planning

4.2 Population growth

Table 4 below shows DPIE's population and household forecasts for the Woollahra LGA from 2016 (when it was named DPE) and 2019.

DPIE's 2016 projections have been used by LGAs across Greater Sydney, and it is a requirement that they be used to ensure consistency in underlying assumptions across Greater Sydney. However, these forecasts are based on a projection from the 2011 ABS Census, which at the time of writing, was nine years ago. They are likely to miss more recent local demographic trends.

TABLE 4 POPULATION GROWTH COMPARISON OF DIFFERENT DATASETS AVAILABLE

Dataset name	2016	2021	2026	2031	2036
DPE 2016 set (population)	57,800	58,100	58,450	59,200	59,850
DPIE 2019 set (population)	57,750	57,350	57,750	58,200	58,600
DPE 2016 set (households)	25,400	25,450	25,750	26,200	26,700
DPE 2019 set (households)	24,350	24,000	24,200	24,500	24,800

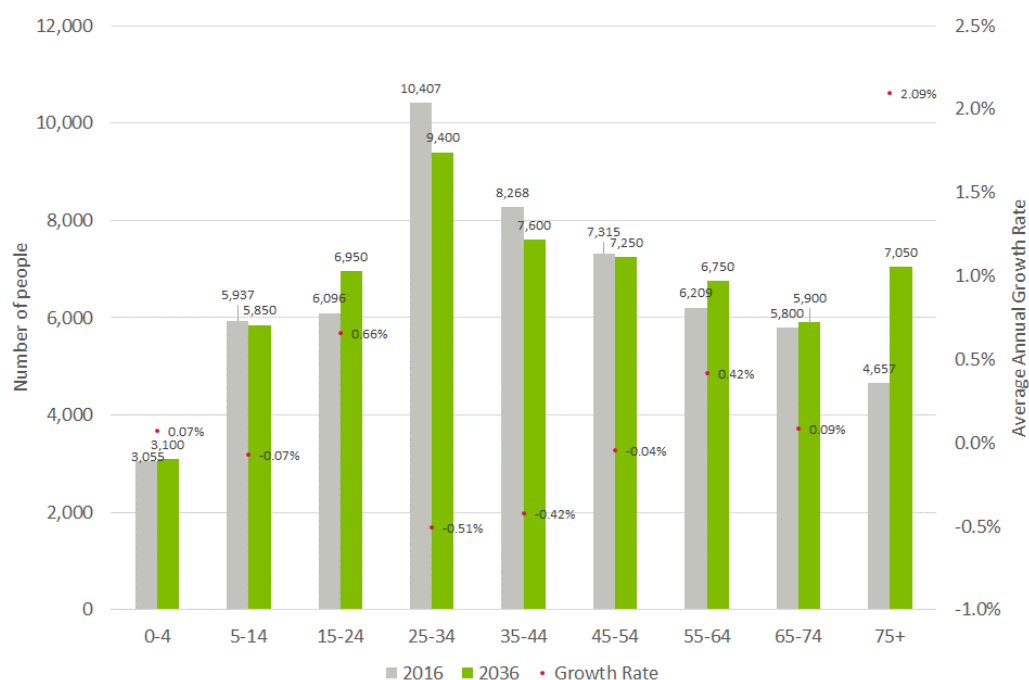
Source: DPE 2016; DPIE 2019

The DPIE 2016 population forecasts are used as inputs to the housing demand modelling later in this section (along with demographic/household formation factors and the propensity of households to locate in various dwelling types in the LGA). It should be noted that the DPIE projections forecast population and households. The housing demand modelling projects future dwellings (which includes dwellings unoccupied by a household).

Age distribution

The age profile of the population is projected to change, with a major growth in aged population cohorts. The current and projected age profiles for residents in Woollahra is shown in Figure 15 below. It indicates that the dominant age range of residents will continue to be between 25 and 34. However, there is expected to be major growth in the number of residents aged 75 and over.

FIGURE 15 CURRENT AND PROJECTED FUTURE POPULATION COMPOSITION, WITH GROWTH RATE

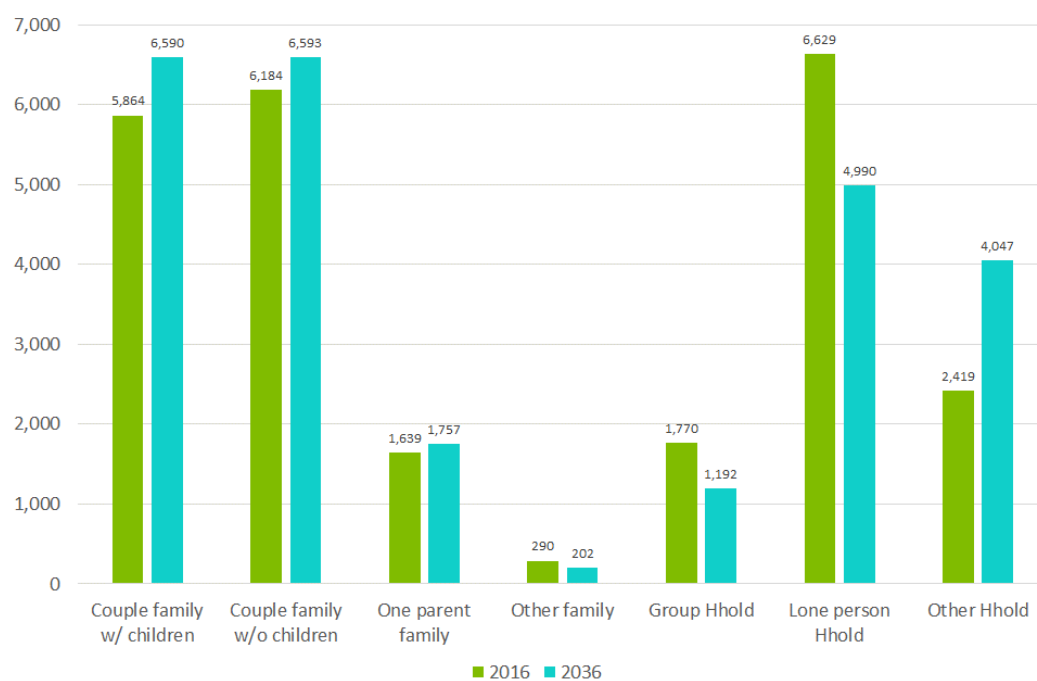


Source: Census data, SGS Economics and Planning, 2016

Household composition

The age statistics are somewhat reflected in the project family types in the LGA. Household types are evolving with residents distributed across a range of household compositions. Couple families with and without children are anticipated to remain the dominant household type.

FIGURE 16 CHANGE IN HOUSEHOLD COMPOSITION (2016-2036)

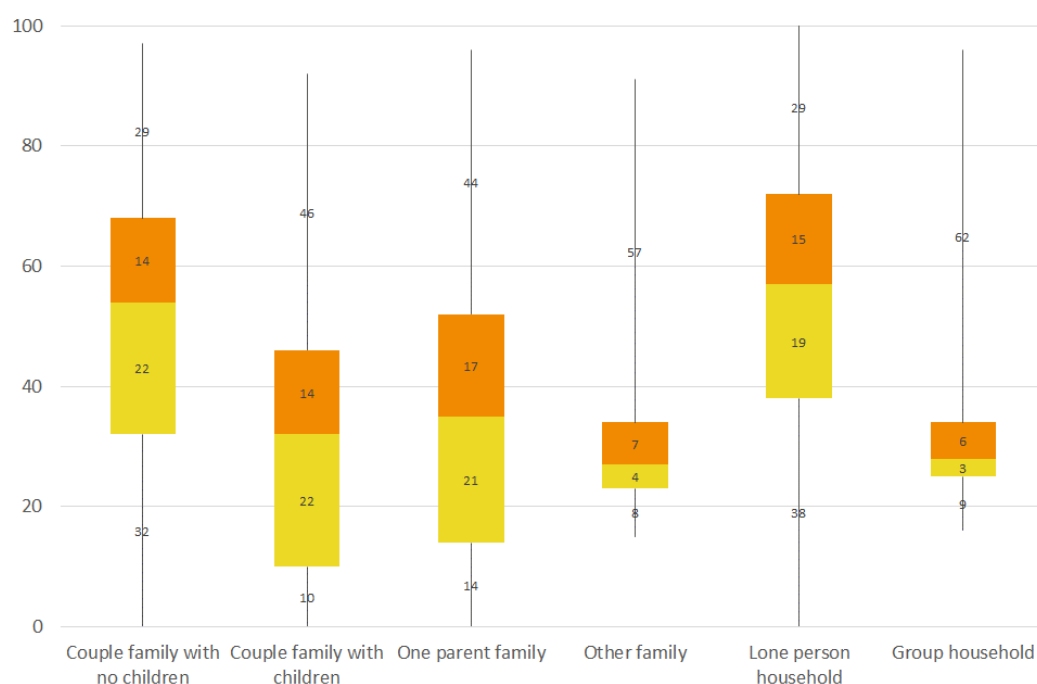


Source: Census data, SGS Economics and Planning, 2016

Figure 17 shows the distribution and range of ages across different household types. The top and bottom tails of each line reflect minimum and maximum ages observed for that type of household composition. The lower and upper base of each box reflect the 25th and 75th percentile age observation whilst the midpoint, where the colour changes, is the median observation. This data is averaged across each household type across the Woollahra LGA.

Lone person households and households with no children displayed the highest average interquartile ranges than families with children. Group households and other families showed the lowest median ages observed and smaller variation, suggesting that these household compositions tend to be younger and predominately occur when people of similar age share housing. Cost of living and lifestyle choice may be factors in the type of housing choice with a greater number of older residents able to afford living alone than younger residents.

FIGURE 17 AVERAGE AGE DISTRIBUTION OF DIFFERENT HOUSEHOLD STRUCTURES



Source: Census data, SGS Economics and Planning, 2016

4.3 Forecast dwelling demand

Housing demand model results

Table 5 summarises the results of demand modelling completed by SGS. It is derived from Census data patterns in demographics and housing types from 2001 to 2016 and shows, based on trend results, demand for an additional net 700 dwellings between 2016 and 2036 (or around 35 dwellings per year). The greatest projected demand share between 2016 and 2036 is projected to be for flats, units and apartments (growth of 1500 implying the demolition of mostly detached houses to be replaced by multi-unit housing). The modelling suggests no demand for semi-detached dwellings.

TABLE 5 BASE CASE DWELLING DEMAND FORECAST 2016 TO 2036 (SGS HOUSING DEMAND MODEL OUTPUT)

Dwelling type	2016	2021	2026	2031	2036	2016 to 2036 Growth	AAGR ³ 2016 to 2036
Detached	5,200 ⁴	5,400	5,200	4,900	4,700	-600	-0.6%
Semi Detached	5,700	5,600	5,600	5,600	5,600	-100	0.0%
Apartments	15,100	15,300	15,700	16,100	16,600	1,500	0.5%
Other	200	100	100	100	100	-100	-4.2%
Total	26,200	26,400	26,600	26,700	27,000	700	0.1%

Source: 2016 – ABS ERP; 2018 – Cordell Connect Database; 2021 to 2036 – SGS Housing Demand Model

Note: All numbers are rounded, which may mean that comparative figures diverge marginally between tables in this report

³ AAGR – Average Annual Growth Rate

⁴ All numbers have been rounded to nearest 100 to prevent statistically inaccurate anomalies

Discussion

As Woollahra is a 'mature' housing area, there are very few opportunities (sites) for additional detached dwellings to be built. These factors affect the local housing market. This is discussed further in the capacity analysis in Section 5.

However it is important to note that the assumptions behind the baseline demand forecasts, principally population/household growth and the propensity of particular household types to settle in various dwelling types, are based on historical trends. The low demand for medium-density attached or semi-detached dwelling types may be a result of the extrapolation of low recent development or supply rates for this type of product. The analysis is not able to reveal latent demand, as embodied in 'actual' (though constrained) preferences, for this or other dwelling types. Additional medium density dwelling development could provide opportunities for some households to downsize from a detached house, and stay in their neighbourhood or local area, as an alternative to an apartment choice.

Whilst detached dwellings may be the first preference for a lot of new households in the area, the finite availability of sites for this type of housing stock limits supply, driving up prices and impacting on growth in modelled demand. Some households who may want to live in a detached dwelling may choose an attached dwelling instead if one is available.

The projected growth in apartment dwellings can be delineated by size using the number of bedrooms as a proxy, as shown below in Table 6. There is a clear dominance in the apparent preference for larger apartments – particularly those with three bedrooms; with the growth in apartments over the next 20 years expected to almost entirely be large or three-bedroom apartments. This is a reflection of the forecast age household distribution and recent trends in dwelling development which have seen a large number of three bedroom apartments constructed. It may also reflect the lack of available mid-scale, semi-detached housing, with the 'next best' option a large apartment.

TABLE 6 BASE CASE DWELLING DEMAND FORECAST 2016 TO 2036 – APARTMENTS BY NUMBER OF BEDROOMS

Number of bedrooms	2016	2021	2026	2031	2036	2016 to 2036 Growth	AAGR ⁵ 2016 to 2036
None (studio)	100	100	100	100	100	0	-1.0%
One bedroom	1,600	1,500	1,500	1,500	1,500	-100	-0.2%
Two bedrooms	8,100	8,100	8,100	8,200	8,300	200	0.1%
Three bedrooms	4,500	4,800	5,100	5,400	5,800	1,200	1.2%
Four or more bedrooms	600	600	600	600	700	100	0.8%
Not stated/unknown	200	200	200	300	300	100	1.0%
Total apartments	15,100	15,300	15,700	16,100	16,600	1,500	0.5%

Source: 2016 – ABS ERP; 2018 – Cordell Connect Database; 2021 to 2036 – SGS Housing Demand Model

Note: All numbers are rounded, which may mean that comparative figures diverge marginally between tables in this report

Housing Demand mediated by preferences

Demand for different dwelling types shifts throughout an individual's lifespan due to income levels, the structure of the household they live in, the location of their work and preferences. The changing population and the changing relationship between household types and dwelling types described earlier in this section will impact upon future housing choices.

As Sydney continues to grow and become more vibrant, and the inner metropolitan region housing market evolves, it could be generally assumed that housing demand will reveal an

⁵ AAGR – Average Annual Growth Rate

increasing propensity for households to make trade-offs, for example opting to live in a smaller dwelling in exchange for increased proximity to activities, facilities, services and jobs. The demand for specific housing types will not necessarily be met, and is subject to the capacity for these housing types to be supplied into the future, as well as the broader nature of the changing housing market in Sydney, which has experienced some turbulence in the 2018/19 financial year.

That is, while a household may prefer an attached dwelling, they may be willing to compromise and live in an apartment at a reduced cost and with improved accessibility/public amenity. The same may occur for households with a preference for detached dwellings who may be willing to live in an attached dwelling if amenity and access are of sufficient quality.

Similarly, some households may be willing to compromise slightly in terms of the number of bedrooms they occupy if other attributes such as location and access make the dwelling an attractive proposition.

The extent to which these trends and considerations, observed elsewhere in inner and middle ring Sydney, hold in Woollahra and should be included in an adjusted demand scenario are considered below.

4.4 Adjusted demand scenario

As stated above, the base case housing demand forecast produced by the SGS Housing Demand Model is predominantly driven by historical trends over the past 15 years. Whilst many of these trends and underlying factors such as demographics and local preferences are likely to continue to be important in Woollahra over the next 15 years, some may be a result of supply side constraints.

It is therefore important to understand some other underlying market factors in more detail. Consultation was undertaken with local property experts and real estate agents to better understand market drivers on the ground, many of which were a result of the demographic factors outlined earlier in this section. They are summarised below.

Market insights

The apartment market

The low growth of small apartments forecast under the SGS Housing Demand Model was confirmed as an accurate reflection of demand in the local market. The main causes put forward by local property experts included:

- Downsizers can usually afford larger luxury apartments and therefore do not have any imperative to compromise space or bedroom numbers.
- A low prevalence of investors/renters in the local market, with smaller apartments often delivering better rental yields for such investors in other markets.
- The underlying value of these properties and neighbourhoods positions the properties as high end, million-dollar dwellings. At that price-point, developers feel they 'may as well' provide the extra bedrooms as value for money, with smaller dwellings simply less competitive, and still likely to be at those high price points.
- Given the importance of downsizers to this market, ground floor apartments or upper floor dwellings with lift access have a significant advantage in this market

A potential exception was identified in the Rose Bay market, where the area around South Head Road may be more conducive to smaller apartments, although even there, large apartments would likely still be the better option for developers.

It would appear that the SGS Housing Demand Model forecast for apartment growth, including a significant demand for large apartments, largely reflects current market preferences within the local housing market.

The attached dwelling market

The SGS Housing Demand Model is projecting no growth in the attached or semi-detached dwelling sector over the next 20 years. This contrasts with what has been observed elsewhere in inner Sydney, where there appears to be a segment of strong revealed or latent demand for this type of housing. Consultation with local property experts suggested there is some potential demand dual occupancies, though having regard to the following factors:

- Children are staying home longer, so the need for larger dwellings or to stay in the traditional detached dwelling continues with multi-generational living.
- As with large apartments, local buyers generally have the ability to pay for a large dwelling with more land, and so a significant proportion of the market is content to continue occupying large detached dwellings without the need for subdivision.
- Some agents even felt that this area is generally better with a detached dwelling character and all the urban design and streetscapes that come with that type of urban form as opposed to more dual-occupancies and terraces.
- With those attached dwellings that are approved, convenience is a significant incentive/factor when downsizers consider their options, so encouraging such dwellings near centres like Double Bay would be important.
- Granny flats could be a worthwhile alternative to explore.

Whilst the SGS Housing Demand Model forecast for low numbers of attached or semi-detached dwellings is generally accurate given the local housing market, some limited latent market demand (particularly for dual occupancies in the 'right' locations) does exist. However, the latent demand seems to mostly be (satisfactorily) absorbed by either large apartments or the existing stock of detached dwellings.

Conclusions for adjusted demand scenario

The baseline Housing Demand Forecast is robust given the available market insights, however there may be a modest, latent demand for attached dwellings. An alternative demand scenario, in line with projections but allowing for substitution of larger apartments for dual occupancy/attached dwellings suggests net growth of 700 for 'apartments' and 700 for 'semi-detached' (dual occupancy/attached) dwellings with the net remaining at 700 dwellings overall. This adjusted demand scenario is presented below in Table 7.

TABLE 7 ADJUSTED DWELLING DEMAND FORECAST 2016 TO 2036 (UNCONSTRAINED BY SUPPLY/CAPACITY)

Dwelling type	2016	2021	2026	2031	2036	2016 to 2036 Growth	AAGR ⁶ 2016 to 2036
Detached	5,200	5,400	5,200	4,900	4,700	-600	-0.6%
Semi Detached	5,700	5,700	5,900	6,100	6,400	700	0.6%
Apartments	15,100	15,200	15,400	15,600	15,800	700	0.2%
Other	200	100	100	100	100	-100	-4.2%
Total	26,200	26,400	26,500	26,700	27,000	700	0.1%

Source: 2016 – ABS ERP; 2018 – Cordell Connect Database; 2021 to 2036 – SGS Housing Demand Model

Note: All numbers are rounded, which may mean that comparative figures diverge marginally between tables in this report

This adjusted scenario is not the most likely housing demand outcome, but rather as a possible demand trajectory if greater supply for dual-occupancies and attached dwellings were to be provided (also known as an unconstrained demand scenario).

⁶ AAGR – Average Annual Growth Rate

5. CAPACITY

This section estimates whether the established stock of housing and capacity within the current planning framework in the LGA is available to meet future housing demand requirements. It also investigates where opportunities and constraints for future growth based on changes to the planning framework may be achieved.

5.1 Total maximum theoretical yield assessment

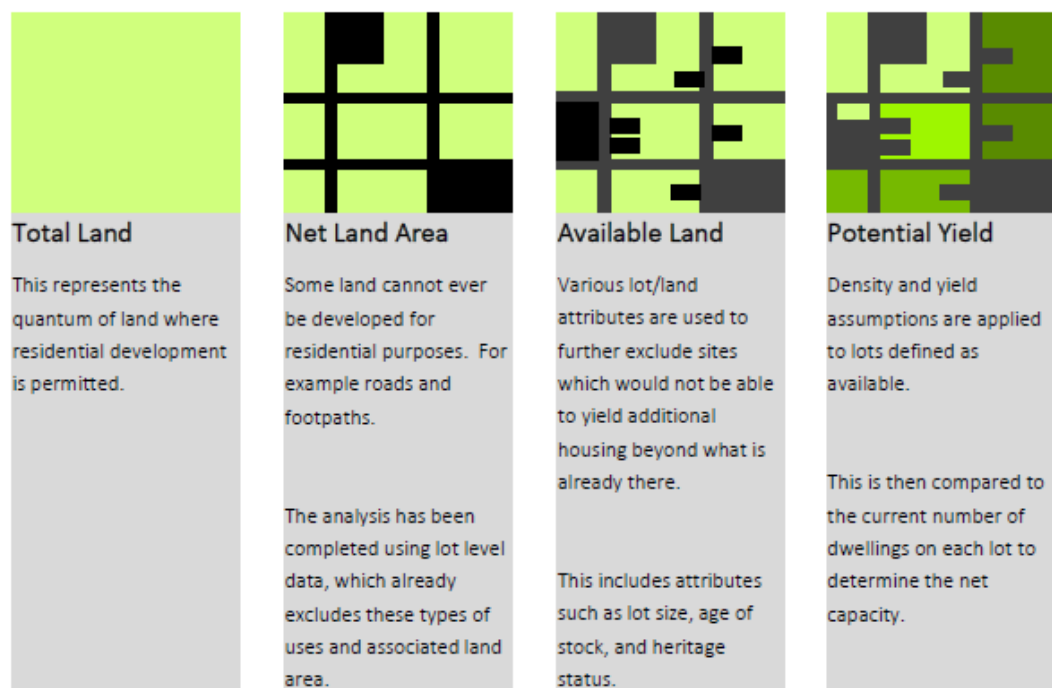
Housing capacity is an estimate of the quantum of housing that could be accommodated in an area. It is based on existing planning controls, recent housing supply trends and planned future land-release precincts. It is a theoretical assessment of the maximum number of dwellings that could be developed under current planning controls and development conditions and in future precincts. It follows from a high-level analysis and is intended to be indicative rather than absolute.

Method

Figure 18 charts the four-step process for determining dwelling capacity. The logical flow is to firstly identify current and future residential land before filtering out all the lots which are unlikely to be developed/redeveloped, and then calculating the potential development yield of each lot. Each step is discussed in more detail below.

Only a small portion of available lots are likely to be developed in any one year and some lots are likely to be withheld from development. For these reasons, greater capacity than (expected) demand is required to ensure that future development is not constrained. There are likely to be site-specific attributes which may affect the development potential of some sites, but which cannot be included in an LGA-wide capacity analysis.

FIGURE 18: HOUSING CAPACITY APPROACH OVERVIEW

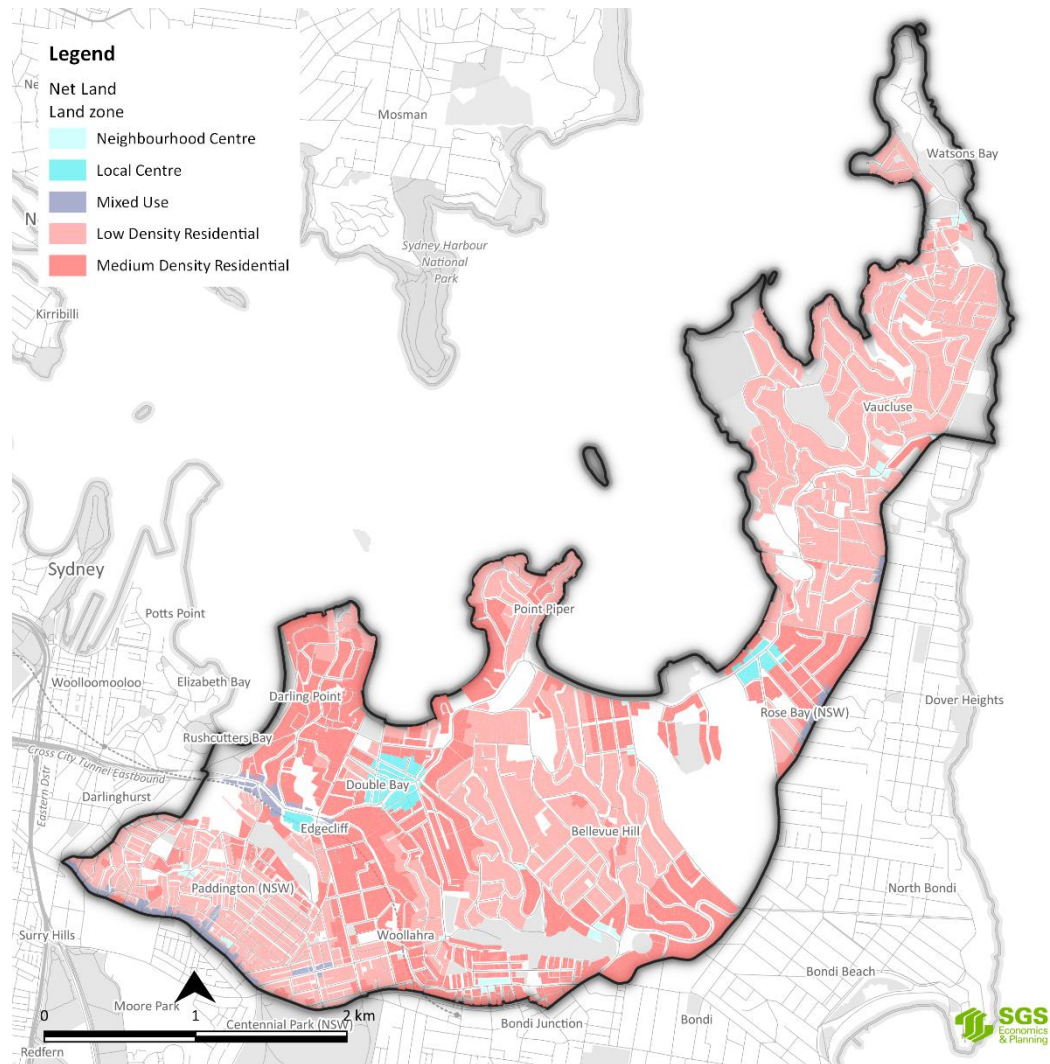


Source: SGS, 2018.

Step 1: Net land area identification

Net land refers to total land where residential development is permitted, minus the land that cannot be developed for residential purposes, such as roads and footpaths. The capacity calculation is conducted on a lot by lot basis, with only lots where residential development is permissible considered, and so parts of the public domain are automatically excluded. The net land for the Woollahra LGA is shown in Figure 19.

FIGURE 19: NET LAND



Source: SGS 2019

Step 2: Available land assessment

Available land represents any land that is likely to be able to accommodate additional housing in the Woollahra LGA. It is derived from the net land, from which lots unlikely to be developed are excluded.

Designation of a lot as available land does not mean that development is necessarily feasible or that property owners are ready or willing to develop these sites. Typically, only a small portion of available lots are likely to be developed in any one year. There are also likely to be site-specific attributes which may affect the development potential of some sites, but which cannot be included in an LGA-wide capacity analysis.

Land Exclusions

The following exclusions were used to determine which lots cannot or are unlikely to be developed:

Land use exclusions

Properties were manually excluded if they contain social infrastructure or other land uses which are likely to be in place over the next 20 years. These include schools, community centres, aged care facilities, private hospitals, large places of public worship and clubs.

Existing strata or apartment development

Strata developed lots are less likely to be redeveloped due to their distributed ownership structure. Properties with apartment and other multi-unit development are likely to have a high land price due to the number of dwellings they contain, and so redevelopment would need to deliver a greater return to be viable than development on other land. For these reasons, strata-subdivided lots and other apartment and multi-unit housing developments were excluded from comprehensive redevelopment.

Heritage

Heritage items and precincts identified in the Woollahra LEP 2014 were excluded. While some of these properties may be able to be redeveloped, this is likely to be uncommon. Including heritage items or precincts without further study could risk over-estimating housing capacity.

The entire part of the suburb of Paddington contained within the Woollahra LGA is covered by a heritage precinct. This area was manually audited to confirm the appropriateness of its exclusion from the analysis, with the following rationale:

- Properties in Paddington which are zoned R3 have narrow frontages and so are unlikely to be redeveloped, or already contain multi-unit development.
- Those properties on zoned B4 in Paddington on Oxford Street and William Street which do not already contain multi-unit development have a 9.5m height limit which makes apartment redevelopment unrealistic.
- The Woollahra DCP discourages redevelopment in the Paddington Heritage Conservation Area (and most other Heritage Conservation Areas) which is not in keeping with the heritage character. It specifies that internal partitions should be maintained between retail and commercial buildings and that fine grain streetscapes and existing facades should be retained. This is likely to limit developability of sites.

Substantial commercial development

Large commercial developments are likely to have high land values which would discourage redevelopment. For this reason, properties were excluded if they already contained commercial developments with at least 2,000 sqm of gross floor area. Gross floor area was estimated based on building heights and footprints from the PSMA Geoscape dataset, which records approximate building footprints and is derived from satellite images.

In some LGAs there may be cases where these sites are potentially rezoned for major residential or mixed use development, particularly around major centres, public transport nodes and/or urban renewal areas. No such sites were found in Woollahra.

Small lots

Sites with small lots are generally either not allowed to develop under the planning controls or are difficult to develop. The minimum lot size for development on each lot was assessed based on what kinds of development were permissible, and minimum lot areas and frontages for those kinds of development. These minima are shown in Table 8.

TABLE 8: LOT SIZE AND FRONTAGE REQUIREMENTS FOR CAPACITY ASSESSMENT

Development type	Zones where development is likely to occur	Minimum lot size and street frontage	Rationale
Attached dual occupancy	R2, R3	460 sqm, 12m	<ul style="list-style-type: none"> Clause 4.1A of the Woollahra LEP 2014 sets a minimum area for attached dual occupancy development sites of 460 sqm. Profiling of dual occupancies in Woollahra shows that development is unlikely to occur on a site with a frontage of less than 12m. Section B3.6 of the Woollahra DCP 2014 requires that no more than 40% of site frontage is used for garages. On a 12m wide site, this would permit 4.8m of garage door, which could accommodate two 2.4m single garage doors. A narrower site could not accommodate two garage doors and comply with this requirement.
Detached dual occupancy	R2, R3	930 sqm, 21m	<ul style="list-style-type: none"> Clause 4.1A of the Woollahra LEP 2014 sets a minimum area for detached dual occupancy development sites of 930 sqm. Section B3.8.1 of the Woollahra DCP 2014 sets a minimum frontage for detached dual occupancy development sites of 21 m.
Multi dwelling housing	R3	700 sqm, 15m	<ul style="list-style-type: none"> Clause 4.1A of the Woollahra LEP 2014 sets a minimum area for multi dwelling housing development sites of 700 sqm. Section B3.8.1 of the Woollahra DCP 2014 sets a minimum frontage for multi dwelling housing development sites containing three dwellings of 15 m. It is assumed that there is limited amalgamation of multiple smaller properties to produce a single development site, so each property must meet the minimum size requirements.
Residential flat buildings	R3	700sqm*, 21m*	<ul style="list-style-type: none"> Clause 4.1A of the Woollahra LEP 2014 sets a minimum area for residential flat building development sites of 700 sqm. Section B3.8.1 of the Woollahra DCP 2014 sets a minimum frontage for residential flat buildings containing four or more dwellings of 21m. A residential flat building containing only three dwellings is less likely to be feasible if there is an existing dwelling on the site, so sites with smaller frontages were not considered.
Shop top housing	B1, B2, B4	700sqm*, 21m*	<ul style="list-style-type: none"> A shop top housing development site must be at least as large as a residential flat building development site.

* - Note that potential for amalgamation was considered for residential flat buildings and shop top housing development sites. This is discussed below

Development of residential flat buildings and shop top housing is likely to provide enough uplift in value to make site amalgamation viable. Sites were only excluded from being considered as available for development in these categories if they could not be amalgamated with adjoining sites to create a total area of at least 700sqm and frontage of at least 21m.

Woollahra Council has endorsed a planning proposal to change the minimum lot size for dual occupancy development to 800sqm. This change to planning controls has not occurred, and so sites of less than 800sqm on which dual occupancy development is possible are still included in the analysis, but these sites are listed in the results separately to those of 800sqm or more.

Limitations to available land analysis

The available land calculation has the following limitations:

- There are likely to be site-specific attributes which may affect the development potential of some sites, but which cannot be included in an LGA-wide capacity analysis.

- Sites which have recently been developed are unlikely to be redeveloped in the short or medium term. Comprehensive data covering recent development is not available and so these sites have not been excluded, apart from those which are excluded under other criteria (such as multi-unit development).

Step 3: Potential yield assessment

Potential yields were calculated for the available land using a series of yield assumptions depending upon each property's zone, size, frontage, location, development standards and constraints. Where possible assumptions used developed from the Woollahra LEP 2014 and DCP 2015 and local development data. These assumptions are shown in Table 9.

In most cases the maximum permissible FSR for each property has been used to determine the potential yield. In doing so, an assumption has been made that developers achieve the maximum permissible FSR. In cases in which FSR is allowed to exceed the mapped standard under Clauses 4.4A, 4.4B, 4.4C and 4.4D of the Woollahra LEP, the maximum FSR applying under these clauses has been used.

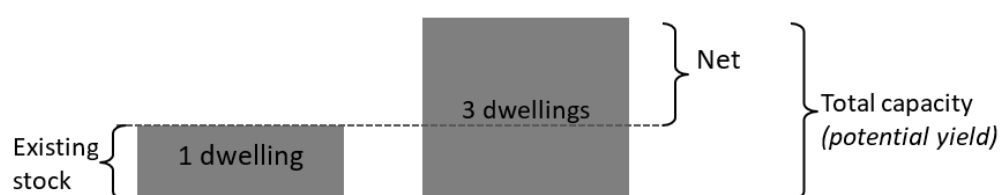
TABLE 9: DEVELOPMENT YIELD ASSUMPTIONS FOR CAPACITY ASSESSMENT

Development type	Zones where development is likely to occur	Yield calculation method	Rationale
Attached dual occupancy	R2, R3	2 dwellings	▪ A development is only classified as a dual occupancy development if it contains two dwellings on one site.
Detached dual occupancy	R2, R3	2 dwellings	
Multi dwelling housing	R3	FSR x Site area / 173 (unrounded)	▪ 173 sqm is the average floor area per dwelling in BASIX data for Woollahra for developments with no apartment buildings and three or more dwellings (these are assumed to be multi-dwelling housing or similar developments).
Residential flat buildings	R3	FSR x Site area / 107 (unrounded)	▪ 107 sqm is the average floor area per dwelling in BASIX data for Woollahra for developments containing apartment buildings.
Shop top housing	B1, B2, B4	(FSR – 0.5) x Site area / 107 (unrounded)	▪ For shop-top housing development, it is assumed that a notional FSR of 0.5:1 is developed for commercial or retail uses. This represents delivery of ground floor retail and some other employment generating uses.

Step 4: Net capacity

Net housing capacity is calculated by subtracting the number of existing dwellings on each site from the potential yield. The current number of dwellings was estimated for every lot based upon the number of residential addresses recorded in associated buildings. The number of residential addresses is calculated by PSMA Australia.

FIGURE 20: EXAMPLE OF NET HOUSING CAPACITY CALCULATION



Results

The available land in the Woollahra LGA for residential development is shown in Figure 21, and then on the following pages broken down by land zone. Land is shown as available if there is any development type for which it has not been excluded.

Many of the sites in western part of the LGA are excluded as they are either:

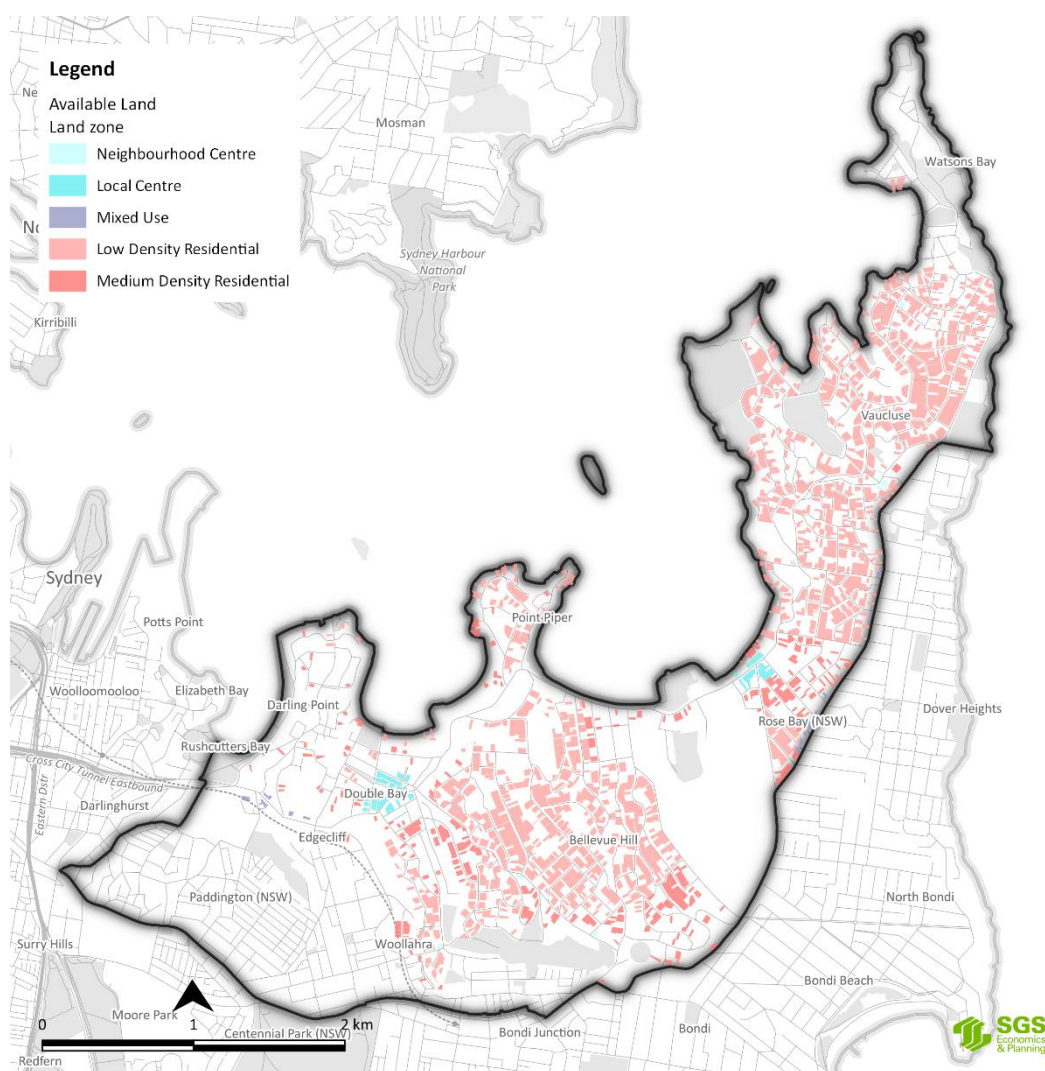
- Part of heritage conservation precincts,
- Occupied by multi-unit development, or
- Too small to be likely to be redeveloped.

There are many available lots zoned R2 Low Density Residential in Woollahra, Bellevue Hill, Point Piper, Rose Bay and Vaucluse. Some of these are likely to be unfeasible to develop as land prices are very high in this area. Any development which does occur in these areas is likely to be slow as property turnover is likely to be low and competition high among prospective property buyers.

There are relatively few available sites zoned R3 Medium Density Residential, corresponding to the relatively small proportion of the Woollahra LGA with this zoning.

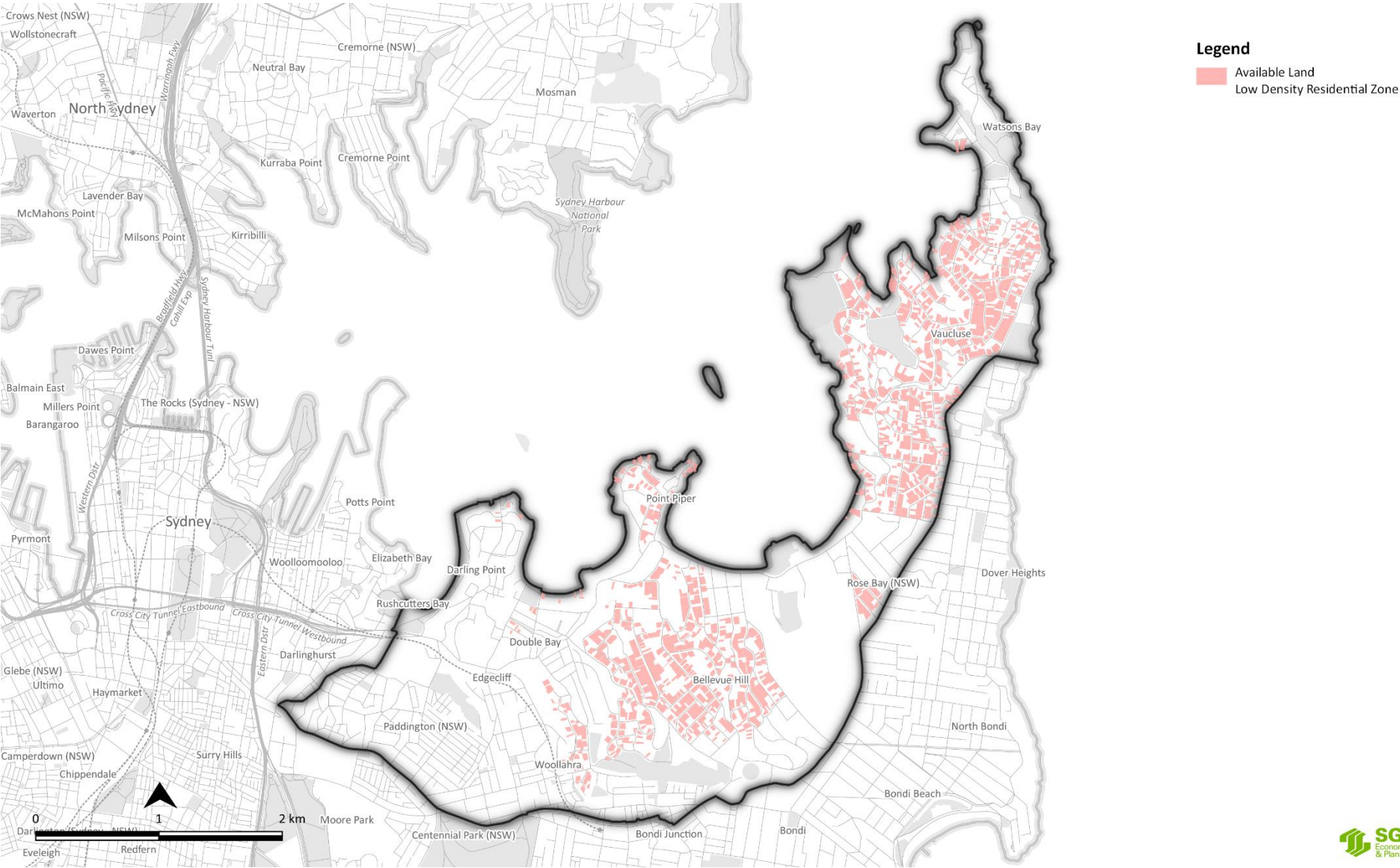
There are sites with business zones in multiple centres designated as being potentially available for development, most notably Double Bay and Rose Bay.

FIGURE 21: AVAILABLE LAND FOR RESIDENTIAL DEVELOPMENT



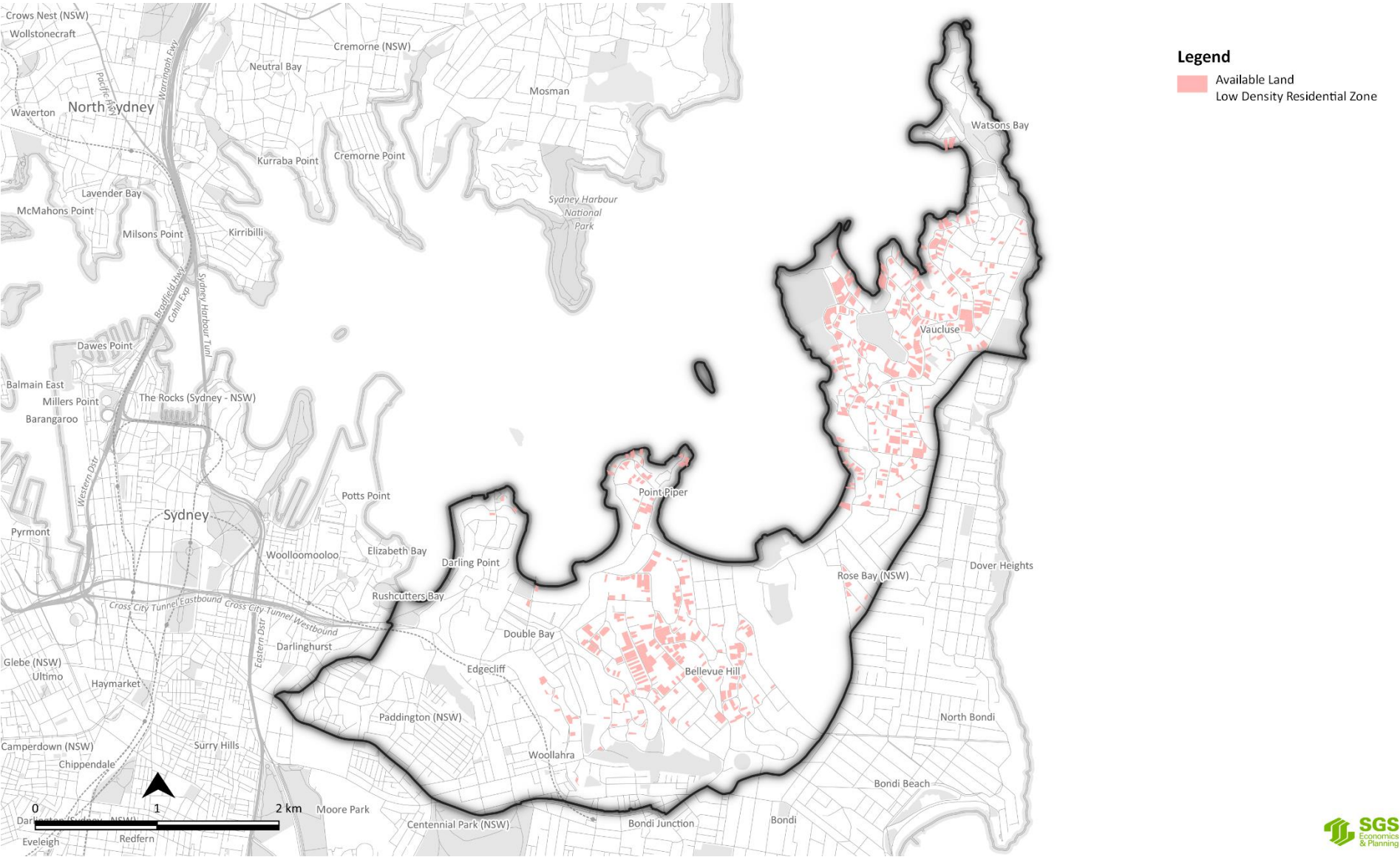
Source: SGS 2019

FIGURE 22: AVAILABLE LAND IN THE R2 ZONE UNDER CURRENT PLANNING CONTROLS



Source: SGS 2020

FIGURE 23: AVAILABLE LAND IN THE R2 ZONE WITH AN AREA OF 800SQM OR GREATER

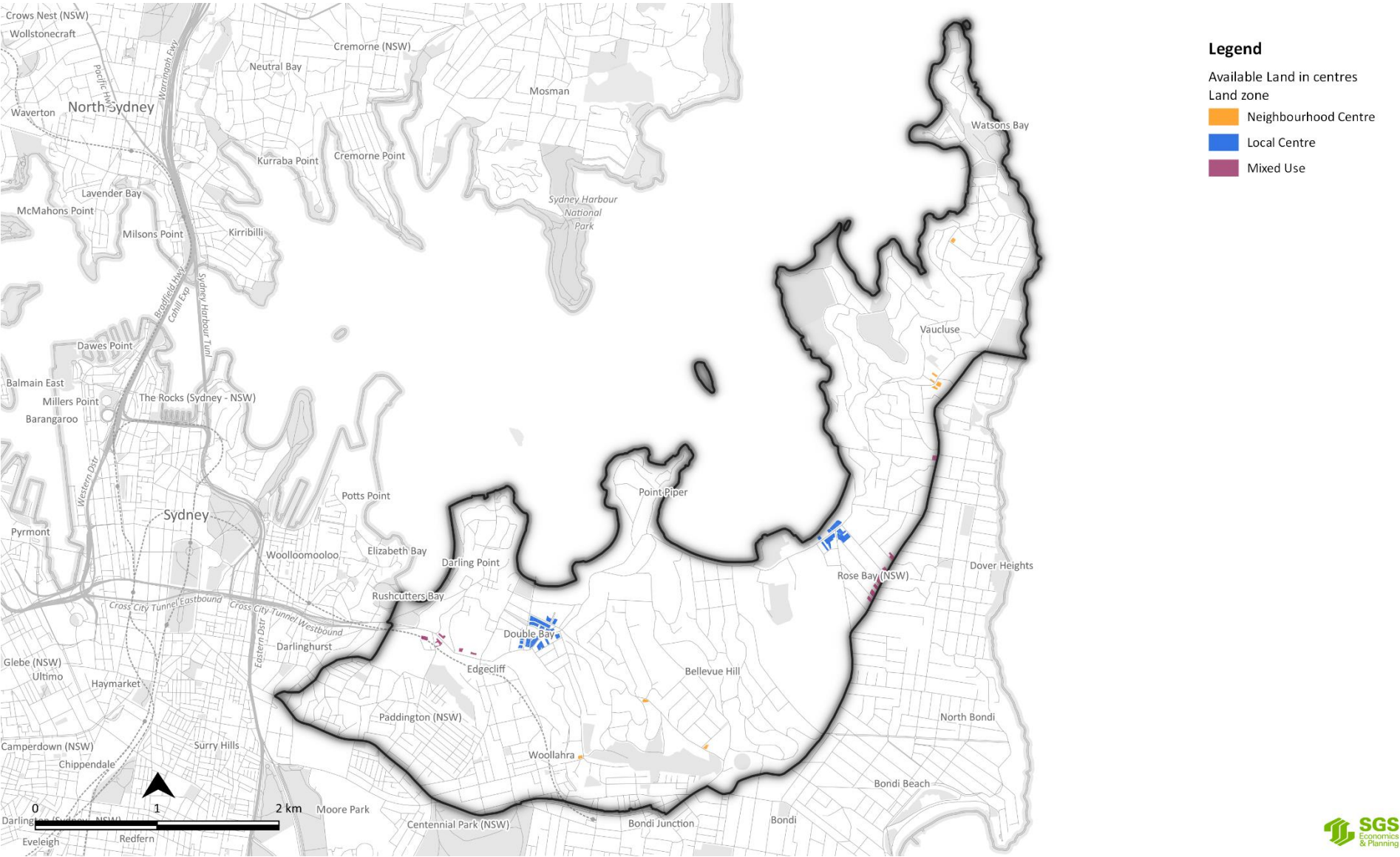


Source: SGS 2020

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SGS
Economics
& Planning

FIGURE 25: AVAILABLE LAND IN BUSINESS ZONES



Source: SGS 2020

Dwelling capacity is shown in the following tables disaggregated by land zone and development type as defined in the *Woollahra LEP*.

TABLE 10: HOUSING CAPACITY RESULTS BROKEN DOWN BY ZONE

Zone	Type of dwelling	Centre	Number of available sites	Net capacity
B1	Shop top housing	All centres	28	43
B2		Double Bay	87	559
		Rose Bay	36	235
		Subtotal	123	793
B4	Edgecliff	12	66	
	Other	23	118	
	Subtotal	35	183	
R2	Attached dual occupancy (<800sqm)	LGA-wide	1,392	1,392
	Attached dual occupancy (800sqm or more)		524	524
	Attached or detached dual occupancy		173	173
	Subtotal		2,089	2,089
R3	Attached dual occupancy (<800sqm)	LGA-wide	68	68
	Multi-dwelling housing		19	73
	Residential flat building (amalgamation required)		359	1,134
	Residential flat building (no amalgamation required)		18	154
	Subtotal		464	1,429
Total			2,739	4,538

TABLE 11: HOUSING CAPACITY RESULTS BY DWELLING TYPE

Dwelling category	Development type	Number of available sites	Net capacity
Attached dwelling	Dual occupancy (<800sqm)	1,391	1,391
	Dual occupancy (800sqm or more)	698	698
	Multi-dwelling housing	19	73
	<i>Subtotal</i>	<i>2,176</i>	<i>2,230</i>
Flat or apartment	Residential flat building (amalgamation required)	359	1,134
	Residential flat building (no amalgamation required)	18	154
	Shop top housing	186	1,020
	<i>Subtotal</i>	<i>563</i>	<i>2,308</i>
Total		2,739	4,538

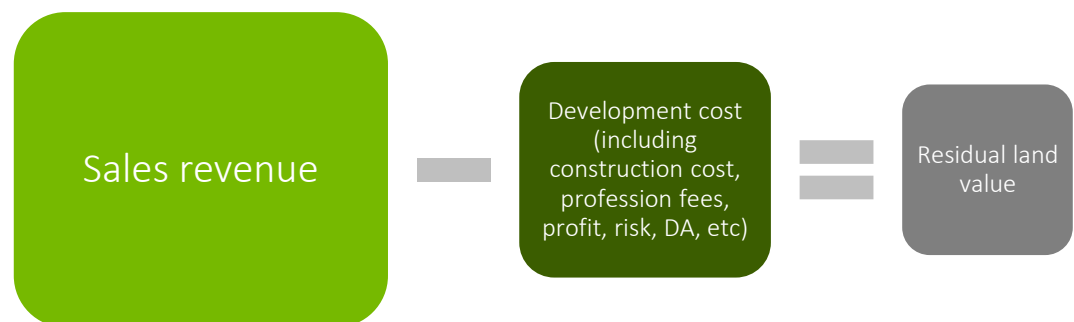
These results show that there is a total maximum theoretical capacity for 4,538 additional dwellings in the Woollahra LGA under current planning controls. This capacity is split between dual occupancies (48% of all capacity), residential flat buildings (28% of all capacity) and shop top housing (22% of all capacity), with very little capacity for multi dwelling housing. Over half of the total capacity for shop top housing is located in the Double Bay centre (54%), with Rose Bay the centre with the next largest capacity (23%). Capacity and available sites is generally found to be lower in Edgecliff.

5.2 High level development feasibility

While the above analysis suggests that there is some existing capacity under the current planning controls in the LGA, it may not be feasible to develop the lots identified. As another form of sensitivity test, SGS has undertaken high level feasibility analysis. This analysis helps to understand the feasibility of different types of dwellings within Woollahra.

Development feasibility for each developable lot was determined with a residual land value (RLV) model. The residual land value (RLV) is the development return minus the development cost. It measures the maximum amount a rational developer will pay for a site for redevelopment while still making a profit (this is depicted in the figure below). The RLV must be greater than the site value for a development to be feasible, with a margin to encourage landowners to sell their land.

FIGURE 26: RESIDUAL LAND VALUE ANALYSIS



Source: SGS Economics and Planning

Feasibility findings are expressed as a ratio of RLV/current land value – an RLV ratio of around 1.25 or greater means the development is feasible. In this case, selling a lot for redevelopment would make the landowner a 25 per cent windfall. In some cases they may be willing to sell for a lower margin. In this analysis:

- Development with a feasibility ratio of lower than 1.0 have been designated ‘less feasible’,
- Development with a feasibility ratio of between 1.0 and 1.25 have been designated as ‘marginally feasible’, and
- Developments with feasibility ratios of greater than 1.25 have been designated as more feasible

Model limitations

This analysis has been performed at a high level using bulk data sources to determine likely site acquisition costs and likely development revenues. As such, the analysis is not detailed enough to say whether a development is definitely feasible or unfeasible, which would require site-specific feasibility modelling. In this case, the analysis instead indicates what kinds of development are more or less feasible.

The model is based on standard and high-level development cost assumptions. Development costs and revenues vary in different contexts and may also change due to site-specific factors. These are not reflected in this analysis.

Development feasibility analysis is a point in time analysis. It measures current feasibility based on current market conditions. Feasibility may change in the future in response to shifts in the local or broader property market.

Feasibility modelling assumptions

The development costs included in the model include:

- Building costs
- A construction contingency
- Professional fees
- Finance costs
- A margin for profit and risk
- Development contributions and taxes
- Finance and marketing costs.

Feasibility modelling assumptions are listed in the table below.

TABLE 12: COST INPUTS AND ASSUMPTIONS

Input	Source	Value
Construction and demolition costs	Rawlinson's Construction Handbook 2018	Varies
Acquisition costs	See more detailed discussion below	
Construction contingency	Various sources using industry standards	10% of base construction costs
Professional fees	Various sources using industry standards	9.2% of base construction costs and contingency
Development contributions	As per Woollahra Contributions Plan	Varies
DA Fees	EP&A regulations (marginal fee only – does not account for other fees and charges)	Varies
Finance costs	Various sources using industry standards	6% of construction costs, land costs and fees & charges
Developer profit and risk	Various sources using industry standards	20% of all other development costs
Residential sales values	See more detailed discussion below	
Sales commission, marketing and legal fees	Various sources using industry standards	4% of sales revenues

Likely land acquisition costs for each site have been assessed based on median recent property sale prices sourced from bulk property sales data released by Property NSW, filtered by land zone, current development type, current number of residential addresses and SA2. These median sales values for different current development types are adjusted for local price variation using underlying land values released by the NSW Valuer General.

Likely development revenue has been estimated:

- For apartments using median apartment prices in the relevant SA2 in the last year.
- For townhouses using median prices in the relevant SA2 in the last year.

- For dual occupancies using median dual occupancy sale prices in the last year on a per square meter basis, adjusted for local variations in dwelling sale prices but capped near the maximum recently observed dual occupancy sale price to account for the reduced price likely to be paid for a dual occupancy in a premium property environment (for example a harbour-side site) compared with a detached dwelling.

Results

The results for the high level feasibility analysis combined with the capacity analysis are shown in the table below. When the more feasible and marginally feasible categories are combined, this gives a total feasible capacity of approximately 2,430, of which 1,902 is attached dwellings (dual occupancies and multi-dwelling house) and 528 apartments (residential flat buildings and shop top housing).

TABLE 13: HIGH-LEVEL FEASIBLE CAPACITY ANALYSIS RESULTS (IN TERMS OF DWELLING YIELD NUMBERS)

Development type	More feasible	Marginally feasible	Total feasible	<i>Less feasible</i>
Dual occupancy (<800sqm)	525	699	1,224	235
Dual occupancy (800sqm or more)	305	343	648	50
Multi-dwelling housing	10	20	30	43
Residential flat building	136	94	230	1,058
Shop top housing	153	145	298	722
Total	1,129	1,301	2,430	2,108

There are some important implications in these figures:

- Most dual occupancy capacity is more feasible or marginally feasible, while most multi-dwelling housing, residential flat building or shop top housing capacity is *less feasible*. Spatially, lots that are closer to centres, public transport nodes and arterials exhibit higher levels of feasibility for these dwelling types.
- In the case of dual occupancies, it is also questionable whether such developments would actually go ahead, as the existing detached dwellings on these lots are often very valuable on the open market and dual occupancy development of this kind would require high levels of capital and involve high levels of risk for developers. This is the case for developers and even more significant for owner-occupiers that may wish to undertake their own development.

6. HOUSING FORECAST

Sections 4 and 5 analysed demand and capacity. A 'business as usual' trajectory for dwelling demand, plus an 'adjusted' scenario, was established alongside a theoretical maximum capacity number for predominant dwelling types. This section estimates the 'realised housing supply' which is an estimate of the housing capacity that could be taken up by demand in a particular time period.

6.1 Approach

Figure 27 below shows how housing capacity is used in conjunction with housing demand to produce take-up forecasts. Capacity informs the overall level of dwelling stock which the LGA can accommodate under current planning controls, whilst demand informs whether this capacity is likely to be filled taking account of population forecasts, demographics, housing preferences and the housing market – and when this is likely to occur by (or how quickly).

FIGURE 27 DEMAND, CAPACITY AND TAKEUP (GROWTH FORECAST)



The dynamic between supply and demand can also be considered for different sub-markets in different parts of the LGA, and for substitution between different dwelling types. While there is significant demand for apartments, this could also be realised via medium density and/or attached dwellings. There is also a degree of substitution possible between various apartment sizes.

6.2 Base Case Scenario

The projected realised housing take-up is shown in Table 14 below.

The Approximate Maximum Feasible Capacity used for the base case scenario here is for dwelling yields that were considered either 'more feasible' or 'marginally feasible' in Table 13. 'Less feasible' is excluded.

From 2016 to 2026, the modelling shows there is a projected take-up of 600 new apartments across Woollahra LGA (Table 14), with little reduction of detached dwellings (as part of redeveloping lots of multi-unit dwellings)⁷. Between 2026 and 2036 however, a significant proportion of the growth in apartment stock will come at the expense of more detached dwellings as the number of available sites falls, with the remainder of growth likely to be comprised of mixed use developments in or around commercial centres (e.g. shop top housing).

Based on this historical take-up trajectory, there would be a minor undersupply for apartment dwellings in the LGA of around 1,000 dwellings in the apartment category by 2036. Council

⁷ For ease of interpretation, these figures have been presented as rounded numbers, so some slight misalignment of up to 100 dwellings is possible when adding and subtracting rounded numbers.

could therefore explore some longer term interventions in order to facilitate the development of more apartment dwellings around the LGA to better meet demand.

The forecast shortfall figure of 1,000 dwellings is somewhat mitigated by capacity for attached dwellings (even under existing planning controls). Some degree of substitution from larger apartments towards smaller townhouses, terraces and particularly dual-occupancies is theoretically possible, although the higher price point of those attached dwellings could be an impediment for some households.

TABLE 14 REALISED HOUSING TAKE-UP (SUPPLY) 2016-2036 – BASE CASE

	Detached	Attached	Apartments	Total*
2016	5,200	5,700	15,100	26,200
2021	5,200	5,600	15,300	26,400
<u>2026</u>	5,200	5,600	15,700	26,500
2031	4,900	5,600	16,100	26,700
<u>2036</u>	4,700	5,600	16,600	26,900
Approximate additional maximum feasible capacity (Section 4)	0	1,900	500	2,400
2016-2026 Additional demand (Section 3)	0	-100	600	300
Result by 2026	Equilibrium	Equilibrium	Undersupplied by ~100	21% take-up by 2026
2016-2036 Additional demand (Section 3)	-600	-100	1,500	700
Result by 2036	Equilibrium	Equilibrium	Undersupplied by ~1,000	33% take-up by 2036

* Total includes 'other' dwellings not counted in the categories used to the left

Note: All numbers are rounded, which may mean that comparative figures diverge marginally between tables in this report

6.3 Adjusted Demand Scenario

In Section 4.4, an adjusted demand scenario was created to reflect the fact there may be more latent demand and substitutability between apartments and attached dwellings. In light of the take-up analysis of Section 5.2 which shows greater potential capacity for attached dwellings than apartments in the LGA (even under existing controls), an alternative take-up scenario can be modelled here, whereby some constrained and un-met demand for apartments is transferred into demand for attached dwellings, particularly those within close proximity to centres such as Double Bay and Edgecliff.

Table 15 shows this take-up of attached dwellings that increasingly accelerates due to a lack of capacity in the apartment market.

TABLE 15 REALISED HOUSING TAKE-UP (SUPPLY) 2016-2036 – ADJUSTED DEMAND CASE

	Detached	Attached	Apartments	Total*
2016	5,200	5,700	15,100	26,200
2021	5,200	5,700	15,200	26,400
<u>2026</u>	5,200	5,900	15,400	26,500
2031	4,900	6,100	15,600	26,700
<u>2036</u>	4,700	6,400	15,800	26,900
Approximate additional maximum feasible capacity (Section 4)	0	1,900	500	2,400
2016-2026 Additional demand (Section 3)	0	200	300	300
Result by 2026	Equilibrium	10% take-up by 2026	60% take-up by 2026	21% take-up by 2026
2016-2036 Additional demand (Section 3)	-600	700	700	700
Result by 2036	Equilibrium	367% take-up by 2036	Undersupplied by ~200	33% take-up by 2036

* Total includes 'other' dwellings not counted in the categories used to the left

Note: All numbers are rounded, which may mean that comparative figures diverge marginally between tables in this report

6.4 Dwelling forecast and housing targets

Forecast

Finally we come to a dwelling forecast for the LGA. There are three metrics to consider: demand, total capacity and remaining capacity.

Demand represents the volume of population and demographic driven need for dwellings in the LGA from Section 4.

Total capacity refers to the total dwelling capacity (by dwelling type) in Woollahra based on the capacity analysis of Section 5. From a take-up perspective, we also need to consider recently constructed units (since 2016) as well as developments in the pipeline which are expected to proceed in the short term (by 2026). This is shown in Table 16 below. Note that all dwellings constructed and in the pipeline are for apartments at this stage.

TABLE 16 RECENT DEVELOPMENTS AND THOSE IN THE PIPELINE

Timeframe	Developed	In the Pipeline
2016-2020	497 (say 500)	
2021-2026		281 ⁸ (say 250 ⁹)

Source: Woollahra Council

⁸ These dwellings have development consent but are yet to commence construction as of October 2020.

⁹ Given possibility of approvals not being converted into completions.

The recent development rate implied by the figures in Table 16 is higher than the forecast rate adopted by the modelling which assumed about 600 apartments and 300 net new dwellings in total from 2016 to 2026. An adjusted take-up forecast is therefore required to inform the choice of a dwelling target for the Housing Strategy.

For the period from 2021 and then from 2026 it is assumed that development continues but at a lower rate than that assumed in the demand forecast based on the available population projections. Notwithstanding what has been observed about the possibility of latent demand for missing middle or attached housing (reflected in the adjusted demand scenario) it is assumed that Council's future short to medium term planning focus is likely to be on apartment supply in the core parts of key centres (and therefore facilitates the achievement of the base case demand scenario). An additional 150 apartments on top of those in the pipeline is assumed to 2026, and to keep the aggregate growth to 2036 reasonably in keeping with the demand forecast, a growth of 600 additional apartments is assumed from 2026 to 2036.

Table 17 summarises the take-up rates assumed in the demand modelling and includes 'adjusted' take-up rates to account for the recent and 'pipeline' developments, and the assumed rates beyond 2026.

TABLE 17 PROJECTED TAKE UP RATES: BASED ON BASE CASE DEMAND MODELLING AND ADJUSTED TO ACCOUNT FOR RECENT DEVELOPMENTS/THOSE IN THE PIPELINE

	Take up based on demand model				Take up adjusted for known development			
	Apart-ments	5 yr change from previous	Total Dwellings	5 yr change from previous	Apart-ments	5 yr change from previous	Total Dwellings	5 yr change from previous
2016	15,100	-	26,200	-	15,100	-	26,200	-
2021	15,300	200	26,400	200	15,600	500	26,700	500
2026	15,700	400	26,500	100	16,000	400	27,100	400
2031	16,100	400	26,700	200	16,300	300	27,200	100
2036	16,600	500	26,900	200	16,600	300	27,300	100
Change 2016-36	1,500	-	700	-	1,500	-	1,100	-

Note: All numbers are rounded, which may mean that comparative figures diverge marginally between tables in this report

Remaining capacity can be described based on the volume of capacity that is still available to meet future demand/dwelling growth on a future five yearly basis.

Given the short to medium term planning focus on apartments the capacity for new apartments is the key issue for the Local Housing Strategy. Table 18 compares future apartment demand and capacity. It shows that the estimate of theoretical feasible capacity of approximately 500 apartments in the current planning controls is effectively exhausted by 2021 given recent and proposed development (since 2016). The table suggests that capacity for in the order of 1000 apartments will need to be identified, for example in the planning work Council is undertaking in centres like Double Bay and Edgecliff.

It should be noted that the table also shows an excess of theoretical feasible capacity given future demand for 'all dwellings' (of about 1300 by 2036). Much of this capacity is allocated to attached dwellings, though we have noted that a significant share of this capacity may not ultimately be converted to attached dwellings given market and site constraints to this form of development versus the status quo (of often expensive detached and highly desirable detached dwellings) in the LGA.

A share of this 'all dwellings' capacity – plus a share of capacity identified as theoretically 'unfeasible' for apartments – may be ultimately utilised or developed for more lucrative apartment development or other dwelling forms, when development and market conditions allow.

TABLE 18 DEMAND AND CAPACITY (APARTMENTS AND ALL DWELLINGS)

By	Apartments			All Dwellings		
	Demand	Total Capacity	Remaining Capacity	Demand	Total Capacity	Remaining Capacity
2016	15,100	15,600	500	26,200	28,600	2,400
2021	15,600	15,600	0	26,700	28,600	1,900
2026	16,000	15,600	-400	27,100	28,600	1,500
2031	16,300	15,600	-900	27,200	28,600	1,400
2036	16,600	15,600	-1,000	27,300	28,600	1,300

Note: All numbers are rounded, which may mean that comparative figures diverge marginally between tables in this report

Provisional Housing Targets

As discussed in Section 2, Woollahra is (like other Councils across Greater Sydney) required to produce dwelling targets for the State Government's approval. Those targets for Woollahra LGA are:

- 300 new dwellings from 2016 to 2021
- 500 to 600 new dwellings from 2021 to 2026 (indicative target only).

In total this would be 800 to 900 new dwellings from 2016 to 2026 as a 10 year target.

Based on the demand analysis, the LGA is forecast to accommodate approximately:

- 27,100 dwellings in total in the LGA by the year 2026. This would represent net growth of approximately 900 dwellings from 2016 to 2026 (including approximately 750 already developed or in the pipeline)
- 27,300 dwellings in total in the LGA by the year 2036. This would represent net growth of 1,100 dwellings from 2016 to 2036

The 2026 forecast estimate suggests Council is on track to meet the State Government's 10 year indicative target by 2026.

Meanwhile, the 2036 forecast number should be considered as more of a long term approximation, and serves a purpose only in so far as it informs Council of the likely number of dwellings it may be able to contribute towards a 2036 District level target.

6.5 Implications

By aligning projected housing demand with the volume of expected housing capacity in Woollahra, a take-up assessment has found that Woollahra is broadly well positioned to meet market demand and the GSC's expectations over the next 10 years.

That said, there may be a tightening in the available capacity for apartments in the LGA in the short to medium term. This will depend on the extent to which notionally unfeasible apartment capacity is able to be utilised given more favourable market conditions, capacity identified for attached dwellings is ultimately developed for apartments and un-met demand for apartments is transferred into demand for attached dwellings.

Given these contingent factors and in the interests of prudent forward planning Council should consider how it will incrementally accommodate additional apartment dwellings to meet demand in the short to medium term. Capacity for in the order of 1000 apartments will need to be identified for the 2026 to 2036 period.

7. AFFORDABILITY

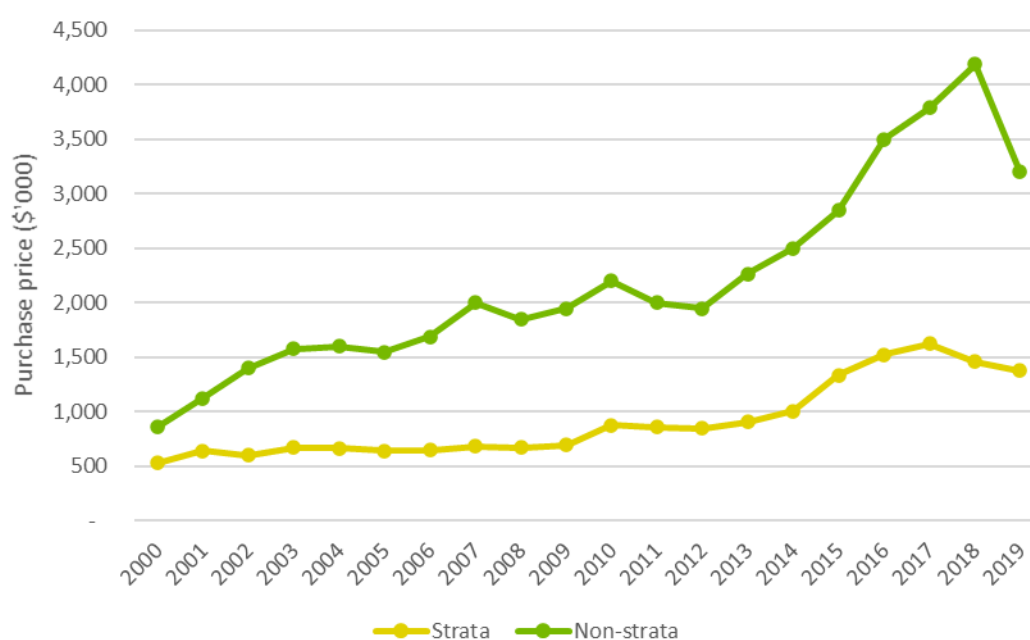
This section focuses on the need for affordable housing and discusses possible planning responses.

7.1 Dwelling price affordability

Dwelling prices

Dwelling prices in the Woollahra LGA since 2000 are shown in Figure 28. Strata (predominately apartments and some attached dwellings) and non-strata (predominately separate houses and some attached dwellings) dwelling prices have increased markedly over this time period, with a particularly sharp rise during the housing boom from 2012-2017. Non-strata medians show the average price for relatively premium houses although there are many dwellings much more expensive than this in Woollahra¹⁰. These have a volatile price market, with a larger increase between 2012 and 2018 than non-strata prices and then a dramatic decline from 2018-2019.

FIGURE 28: MEDIAN DWELLING PRICES IN THE WOOLLAHRA LGA 2000-2018



Source: SGS 2020 based on Property NSW *Bulk Property Sales*

Recent changes in median dwelling prices and household incomes in the Woollahra LGA are shown in the table below. Dwelling prices grew between 2006 and 2016, with a higher percentage growth in strata prices, although this does not capture the full peak of the non-strata market shown above. The increases in prices by far outpaced increases in median weekly household incomes, showing a deterioration in the affordability of dwellings to purchase. This deterioration is likely to be worse for strata dwellings, whose occupants are

¹⁰ Note that this analysis is based on data that was collected prior to the onset of the COVID19 pandemic. Subsequent sales results may differ during and after the pandemic.

likely to be closer to the median weekly income and in which a lower proportion of dwellings are likely to be premium real estate purchased by very high income earners.

TABLE 19: CHANGE IN HOUSEHOLD INCOME AND DWELLING PRICES IN THE WOOLLAHRA LGA 2006-2016

	2006	2011	2016	% Increase
Median weekly household income	\$1,917	\$2,398	\$2,687	40%
Median strata dwelling price	\$645,000	\$868,000	\$1,550,000	107%
Median non-strata dwelling price	\$1,690,000	\$2,000,000	\$3,500,000	138%

Source: ABS Census 2016, SGS 2019, Property NSW *Bulk Property Sales*

While lower interest rates mean that households are able to support larger mortgages now than they were in 2006, the increase in dwelling prices has made entry into the housing market increasingly difficult for first homeowners who need to save a large deposit, a problem likely to be more pertinent for non-strata dwellings which are more likely to be purchased by first home buyers. This means that people are staying in the private rental market for longer.

7.2 Rental affordability

Recent median household incomes and dwelling rents in the Woollahra LGA are shown in the table below. Growth in the median weekly rent as recorded in the Census has slightly outpaced growth in median household incomes, thereby contributing to a slight decline in affordability. However, the increase in rent is not uniform across dwelling types. Rents for houses increased much more quickly, outpacing increases in incomes and showing a substantial deterioration in rental affordability for larger households who may not want to live in an apartment.

Rents for smaller apartments with one bedroom increased little between 2011-2016, in line with anecdotal reports from real estate agents that there is less demand for this dwelling segment than for larger apartments.

TABLE 20: CHANGE IN HOUSEHOLD INCOME AND DWELLING RENTS IN THE WOOLLAHRA LGA 2006-2016

	2006	2011	2016	% Increase 2011-2016
Median weekly household income	\$1,917	\$2,398	\$2,687	12%
Median weekly rent (Census)	\$390	\$550	\$650	18%
Median weekly rent - three bedroom house (new bonds)	-	\$950	\$1,300	37%
Median weekly rent - two bedroom unit (new bonds)	-	\$595	\$698	17%
Median weekly rent - one bedroom unit (new bonds)	-	\$460	\$483	5%

Source: SGS 2020 based on ABS Census data, NSW Department of Communities and Justice *Rent and Sales Reports*

Note that data showing median rents in new bonds in 2006 by dwelling type is not available

Average rental housing affordability for an area can be measured by SGS's Rental Affordability Index. The Index for Woollahra LGA and nearby parts of Greater Sydney is shown in Figure 29 for the second quarter of 2019. This shows that the average rental dwelling in each part of

Woollahra is either moderately unaffordable or unaffordable for a household on an average income of around \$140,000 per year. This average income is much higher than the Greater Sydney average of approximately \$91,000 per year.

Rental housing unaffordability is particularly acute for households who have less than the average income, such as single parents, retirees who do not own dwellings and younger people. As these people have lower than average incomes, levels of rental affordability will be even lower than suggested by Figure 29, which shows affordability levels for households on the average income for the LGA.

7.3 Key workers

The table below provides an estimated definition of key workers in terms of ANZSCO occupations (the ABS occupation classification). The focus for occupational selection was on health care, education and special services. This categorization suggests that teachers, both primary and secondary, are the largest group of key workers in the Woollahra LGA. Carers and nurses are also relatively common. It is noted that teachers are likely to be dispersed across the LGA in terms of their occupational location, while health care workers may be working in or around the local hospital.

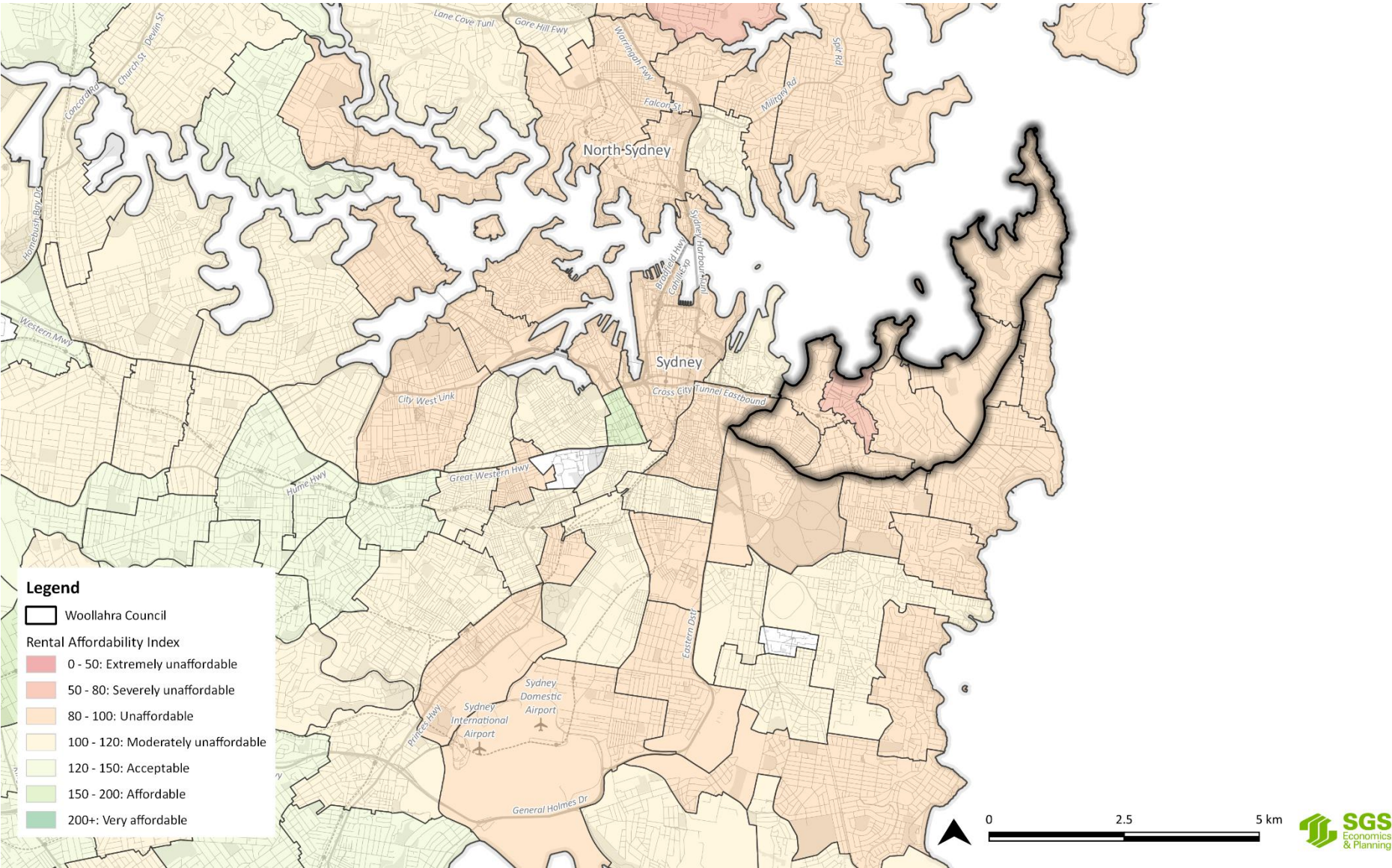
If key workers are unable to access affordable housing in and around Woollahra, they may need to live much further away. This could make it difficult to them to access work in Woollahra, and so could limit the ability of businesses and critical services in Woollahra to access a suitable labor pool, with social and economic impacts on the Woollahra LGA.

TABLE 21 KEY WORKERS IN LGA (BY PLACE OF WORK)

ANZSCO Occupational Classification	Number of workers	Reported Average Annual Income
Secondary School Teachers	483	\$83,264
Primary School Teachers	480	\$70,030
Aged and Disabled Carers	205	\$41,457
Registered Nurses	196	\$73,252
Welfare Support Workers	52	\$65,591
Cafe Workers	51	\$26,690
Special Education Teachers	46	\$69,866
Fire and Emergency Workers	19	\$79,912
Total/ Weighted Average	1,532	\$69,315

Source: ABS 2016 Census

FIGURE 29: RENTAL AFORDABILITY INDEX FOR HOUSEHOLDS WITH AN INCOME OF \$140,000 PER YEAR IN THE SECOND QUARTER OF 2019



Source: SGS 2019

7.4 Housing demand assistance modelling

This section contains modelling which seeks to quantify the current and future demand for social and affordable housing, as well as how this compares to the current supply.

Introduction

Aim

Household financial stress, which drives demand for Social and Affordable Housing (SAH), is influenced by many factors ranging from macroeconomic conditions (such as demographics, employment, and wages) to the operation of our cities and the housing market (supply and location of housing stock). It is important to have a clear understanding of the definition of *total demand* for SAH. Households in need of SAH are those who, due to financial stress (and potentially other issues), are either:

- Unable to access market housing (including homeless persons)
- Have low household incomes and spend a high proportion of this income on rent (i.e. are experiencing rental stress)

Importantly, this definition excludes those who are homeowners, and are experiencing mortgage stress¹¹.

Once total demand is known, the quantum of unmet demand must consider the existing stock of social and affordable housing, along with expected changes such as:

- Investment in social or affordable housing stock
- The loss of affordable housing due to the National Rental Affordability Scheme (NRAS) ten-year subsidies ending.

Method

At present (i.e. 2016, for this analysis), demand for SAH is classified by three key cohorts. These are:

- Households who are in moderate rental stress (i.e. low income and spending between 30% and 50% of their income on rent) or severe rental stress (i.e. low income and spending greater than 50% of their income on rent)
- Homeless households, who in 2016 (Census night), were outside the private market for dwellings¹²
- Households residing in social housing. These households are both in need of, and being provided with SAH, and are therefore a component of total demand

These cohorts are then further filtered using the income band definitions as set out in the NSW affordable Housing Ministerial Guidelines for the 2016-17 year, the closest version to the 2016 census. These guidelines set Household Income band based on the number of persons living in a household by level of income (Very Low, Low, Moderate), Table 22 Identifies these income bands.

¹¹ This cohort is typically excluded, as these households have the option of liquidating their asset and entering the rental market

¹² These households are clearly in need of SAH, but would not be identified as being in rental stress as they are homeless (i.e. 0% of income is spent on rent)

TABLE 22 NSW AFFORDABLE HOUSING GUIDELINES HOUSEHOLD INCOME BAND BY HOUSEHOLD SIZE

Household Members	Very Low	Low	Moderate
Single Adult	\$25,000	\$40,000	\$59,900
Additional Adult (18+)	\$12,500	\$20,000	\$30,000
Each Additional Child (Under 18)	\$7,500	\$12,000	\$18,000

Source: NSW Affordable Housing Ministerial Guidelines 2016-17

The definitions have been distributed across Household and Family Types from the 2016 census for the Greater Sydney GCCSA to identify Household Income Bands by Household Size and Family Composition, shown in Table 23 below.

TABLE 23 HOUSEHOLD INCOME BANDS BY HOUSEHOLD AND FAMILY COMPOSITION

Household and Family Composition	Very Low	Low	Moderate
Couple family with no children	\$39,436	\$63,098	\$94,547
Couple family with children	\$52,064	\$83,302	\$124,853
One parent family	\$38,260	\$61,216	\$91,724
Other family	\$78,587	\$125,739	\$188,508
Lone person household	\$25,000	\$40,000	\$59,900
Group household	\$43,186	\$69,098	\$103,547
Other household	\$78,839	\$126,143	\$189,114

Source: ABS Census 2016, NSW Affordable Housing Ministerial Guidelines 2016-17 and SGS Economics and Planning, 2019

Using ABS Census data, the total demand for SAH in 2016, as defined above, can be estimated. The Census attributes considered are presented in Table 24. The model supplements these with data extracted from the 2016 estimate of homelessness (ABS cat. 2049.0).

TABLE 24 CENSUS ATTRIBUTES

Variable	Use
Weekly rent	Weekly rent is used to identify households spending a large proportion of their income on rent.
Weekly household income	Weekly household income is used to identify households spending a large proportion of their income on rent.
Household type	Lone person, group household, or several family sub-types. The appropriate housing response for households in need of SAH will vary based on household type.
Tenure type	Used to differentiate between home-owner households, rental households, social housing households, and households with no tenure types (includes homeless households).
LGA	Spatial component used to show distribution of SAH demand across NSW.

Source: SGS Economics and Planning, 2018

Following this, the SGS model estimates the demand for SAH from 2021 to 2036, which requires the following key assumptions:

- Growth in the number of households, by type and location, are assumed to follow DPE projections
- Unless otherwise stated, new households assume the 2016 distribution across all attributes. For example, newly formed lone person households in Penrith (obtained from previous step) will assume the 2016 distribution across the attributes of equivalised income, tenure type, total income, and rent expenditure

Demand for SAH

In 2016, there was potential demand for 1,952 social and affordable housing dwellings within Woollahra. Table 25 presents this demand, disaggregated by current tenure and Household type.

Compared to Greater Sydney, households in Woollahra are much less likely to need SAH (4% of existing households in Woollahra compared to 17% in Greater Sydney¹³). Demand for SAH in Woollahra is primarily driven by the 1,708 households currently experiencing rental stress, of which 1,092 are experiencing severe rental stress. The current 79 Woollahra Households Living in social housing also contributes to the higher expressed demand.

TABLE 25 TOTAL DEMAND FOR SOCIAL AND AFFORDABLE HOUSING IN THE LGA - 2016

	Homeless	Living in Social Housing	Severe Rental Stress	Moderate Rental Stress	Total Demand for SAH	Total Households in the LGA	Demand % of Total households
Couple family with children	0	8	160	80	248	17,100	1%
Couple family with no children	0	11	225	177	413	19,780	2%
Group household	0	4	170	108	282	2,131	13%
Lone person household	165	47	348	156	716	7,241	10%
One parent family	0	9	151	60	220	4,608	5%
Other family	0	0	38	35	73	588	12%
Total	165	79	1,092	616	1,952	51,448	4%

Source: ABS Census 2016, ABS Homelessness Estimate (Cat. 2049.0), SGS Economics & Planning 2020

Homelessness

For the purposes of this report homeless persons are defined as those recorded by the Australian Bureau of Statistics (ABS) across homeless operational groups.¹⁴ Operational groups include persons living in improvised dwellings, tents or sleeping out, as well as those in supported accommodation; temporarily staying with other households; living in boarding houses; persons in temporary lodgings; and persons living in severely crowded dwellings (Australian Bureau of Statistics, 2018).

Based on this definition, there were approximately 553 persons recorded across homeless operational groups in Woollahra LGA in 2016.

¹³ Based on SGS Housing Assistance Demand and Supply (HADS) modelling of all LGAs in Greater Sydney

¹⁴ Some jurisdictions such as the City of Sydney undertake regular 'street counts' of homeless people. This uses a wholly separate methodology.

Supply

The existing supply of social and affordable housing in Woollahra is primarily provided through public housing and community housing with none through NRAS. In 2016, Woollahra had a stock of 140 social and affordable housing dwellings, evenly distributed between community housing and public housing. Table 26 presents this current supply of Social and Affordable Housing in Woollahra.

TABLE 26 EXISTING SOCIAL AND AFFORDABLE HOUSING SUPPLY (2016)

	Public Housing	Community Housing	NRAS	Total
Woollahra (A)	71	69	0	140

Source: ABS Census 2016, NRAS Quarterly Performance Report Dec 2016, AIHW National Housing Assistance Data Repository 2017, SGS Economics and Planning, 2018

7.5 Key implications

Currently there is a significant gap between the demand for affordable rental housing and the current supply (in the order of 1,900, or almost two and a half times the total identified demand for housing in the next 20 years, of around 700 dwellings net). This is a matter that needs to be considered in the development of the Local Housing Strategy.

While much of the property market in Woollahra caters to a premium segment of the market where affordability pressures may be less acute, recent changes in dwelling prices display a deterioration in the affordability of houses to purchase, which is likely to lead to more households renting.

Rental dwellings are relatively unaffordable for households with the average income in Woollahra. As this average income is high by the standards of Greater Sydney, this means that key workers (who generally have average or lower incomes) may not be able to afford to rent a dwelling in Woollahra, particularly if they want to rent a larger dwelling or house.

8. KEY ISSUES AND OPPORTUNITIES

This section summarises the analysis contained in the report and identifies planning policy suggestions for Council's consideration in the preparation of its Local Housing Strategy.

8.1 Introduction

This Residential Market Analysis has uncovered a range of local housing issues through modelling and analysis. The following key issues were identified in this project:

- There is a shortfall between feasible capacity and likely demand for apartments.
- Existing capacity for apartments may be difficult to develop and may not be meeting the needs of all parts of the community.
- There are few viable opportunities under current planning controls to provide 'missing middle' type housing (i.e. low to medium density housing such as attached dual occupancies, terraces or town houses).
- The population is aging and newly forming households are seeking to enter the housing market, creating opportunities for more flexible use of existing dwellings.
- There is a substantial unmet need for affordable housing.

These issues are discussed in more detail below. There is also a degree of uncertainty about the impacts (both immediate and longer-term) of COVID-19, which is discussed after the key issues.

The next step for Council will be to build on this evidence base and develop a Local Housing Strategy for Woollahra.

8.2 Capacity vs demand balance

The key dwelling capacity and demand analysis findings are summarised in Table 27. It shows the estimated total and financially 'feasible' theoretical maximum dwelling capacity in the current planning controls and compares this to the two scenarios for modelled demand based on estimated household growth.

TABLE 27: COMPARISON OF HOUSING CAPACITY AND DEMAND

Dwelling type	Theoretical capacity		Change in demand 2016-2036	
	Total capacity	Feasible capacity	Modelled demand (Section 4.3, 6.2)	Adjusted demand (Section 4.4, 6.3)
Separate houses and other	-	-	-700	-700
Attached dwellings	2,230	1,902	-100	+700
Flats and apartments	2,308	525	+1,500	+700
Total	4,538	2,427	+700	+700

Source: SGS 2020

The financial 'feasibility' filter reduced the notional development capacity in the controls to approximately 2,400 dwellings, including in the order of 525 flats and apartments and 1,900 attached dwellings. This feasible capacity figure implies a constraint to future development

over the medium to long term particularly given the modelled demand for flats and apartments in both scenarios (i.e. capacity for about 525 but future demand for either +1,500 or +700).

Given the short to medium term planning focus on apartments the capacity for new apartments is the key issue for the Local Housing Strategy.

Consideration needs to be given to recently constructed dwelling units (since 2016) as well as developments in the pipeline which may proceed in the short term (by 2026), including:

- 497 apartments which have been constructed since 2016 (rounded to 500)
- 281 apartments with approval or in the pipeline (rounded down to 250 given possibility of approvals not being converted into completions) expected by say 2026.

This recent development rate is higher than the forecast rate in the demand modelling which assumed about 600 apartments and 300 net new dwellings in total from 2016 to 2026. An adjusted take-up forecast was therefore prepared to reflect this recent development and that in the pipeline.

The demand and capacity analysis concluded that:

- future estimated demand is relatively modest based on the population projections, and particularly once recent and proposed developments are considered
- **capacity in the planning controls appears constrained** and there is a need to provide capacity for around 1000 apartments from 2026 to 2036
- planning for additional capacity in Edgecliff and Double Bay represents a prudent and responsible approach to provide a planning buffer, particularly for the period beyond 2026.

Suggestion for Local Housing Strategy: Structure planning in centres would respond to the medium term apartment capacity shortfall of around 1000 (required for 2026-36 period).

Double Bay and Edgecliff have the most potential for redevelopment given their locations and other characteristics. Council is also undertaking master planning for these centres.

Other centres could also accommodate additional housing. Rose Bay has good public transport access to Sydney CBD by ferry and could be a longer-term opportunity.

8.3 Apartment development and mix

Constraints on apartment development include the need to amalgamate multiple small sites in traditional shopping strips like Rose Bay, land values, site availability, heritage constraints, local character and market expectations.

Market analysis also suggests there is a clear dominance in local preferences for larger apartments over smaller studios or one bedroom apartments. This is due to a range of factors including the purchasing power of local buyers, the low prevalence of investors/renters in the local market and high residual land values of development sites.

These issues highlight the importance of **structure and master planning in and around centres** where significant apartment development is proposed. This must also be undertaken whilst still enhancing (or at least not undermining) the core success elements of the centres that attract demand from prospective residents in the first instance. This includes quality amenity/public domain, a thriving retail and dining offer and the availability of commercial office floorspace for the local workforce and business owners alike.

Apartments in Woollahra are typically larger and more expensive than elsewhere in Metropolitan Sydney, which denies 'key workers' and even middle income households a chance to live close to amenities, employment and services. Given the ageing population in the local area, there is also a need for community renewal by catering to younger buyers in the apartment market who may have been priced out. These issues highlight the need to facilitate apartment development in multiple centres.

Suggestion for Local Housing Strategy:

Council should investigate requiring a mix of apartment sizes, including a minimum share for one and two bedroom dwellings, in the planning controls for Double Bay and Edgecliff. This would be a deliberate policy to diversify the available housing stock, including for young buyers and key workers.

8.4 Housing diversity

While the modelled demand for attached dwellings decreases between 2016 and 2036, the adjusted demand scenario suggests there may be latent demand for attached low to medium density dwellings, sometimes referred to as the missing middle. Facilitating attached dwelling development would also increase housing diversity and provide a downsizing option alternative to the large houses which are dominant in much of Woollahra.

While more than enough theoretical housing capacity for attached dwellings was identified in Woollahra, almost all this capacity is for dual occupancies. Where development sites zoned R3 were identified as available, residential flat buildings were generally possible and higher-yielding if site amalgamation is expected to occur.

TABLE 28: BREAKDOWN OF ATTACHED DWELLING CAPACITY

Dwelling type	Net capacity	% of attached capacity
Dual occupancy (site <800sqm)	1,391	64%
Dual occupancy (site 800sqm or more)	698	32%
Multi-dwelling housing	73	3%
Total	2,176	100%

Source: SGS 2020

Note that columns may not sum to the total due to intermediate rounding.

The quantitative controls in relation to minimum lot sizes and frontages are quite restrictive for attached and detached dual occupancies, and multi-dwelling housing (respectively 460 sqm and 12m in R2 and R3 zones, 930 sqm and 21m in R2 and R3 zones and 700 sqm and 15m in R3 zones).

While dual occupancies have been found to be generally theoretically feasible, there are additional constraints to this type of development. The existing detached dwellings on these lots are often very valuable on the open market and dual occupancy development of this kind would require high levels of capital and involve potential risk for developers. This is likely to constrain attached dwelling supply, meaning **there are few viable opportunities under current planning controls to address the missing middle.**

Potential policy response: In future centre-based place planning Council should consider the prospects of facilitating additional low to medium density typologies in areas in and near key centres (such as Edgecliff, Double Bay and Rose Bay).

Locations up to 800m from the core of these centres subject to topography and the walking experience/pedestrian amenity might be considered.

Within these walk catchments suitable R2 zoned pockets of land could be considered for additional dwelling yield by appropriate rezonings with increased FSR and height controls or without rezoning minimum lot sizes and frontages could be reduced to facilitate additional attached or detached dual occupancies and multi-dwelling housing.

8.5 Efficient use of housing for an aging population

The average age of Woollahra's population is getting older, with the number of people aged 70+ expected to grow by around 51% to 7,050 by 2036. This is caused both by the aging of the existing population and the difficulty for younger people to afford to move to Woollahra. There are two potential actions which respond to the aging of the population:

- Facilitating new housing to allow people to downsize. In Woollahra larger apartments with three bedrooms or more are a notable housing format that people often downsize to, highlighting the importance of accessible apartment design and the location of apartments near centres. Facilitating medium density housing would also cater to this need.
- Allowing existing dwellings to be used more flexibly, catering to people who don't need all of the space in their existing dwelling anymore but who don't want to move.

Demographic analysis shows that many households in Woollahra have several bedrooms spare. While this represents in part the premium nature of the Woollahra property market and the desire for large dwellings with spare rooms, facilitating more flexible use or subdivision of existing dwellings could improve housing diversity and affordability. This could provide opportunities for younger people to form households who might be living with their parents but cannot currently afford to purchase a dwelling nearby or it might enable older residents to downsize 'in place' while freeing up wealth.

Establishing secondary dwellings within current building envelopes without strata subdividing is currently difficult in NSW, because of the need to meet BCA regulations and fire proofing requirements between separate kitchens. This represents a wasteful constraint to creating a flexible building stock, particularly in an LGA like Woollahra with its large dwellings and generally ageing population.

Potential policy response: Council could critically investigate potential restrictions on the creation of additional dwellings within existing building envelopes. The table below outlines some of the key differences between secondary and primary dwellings:

Primary Dwellings/ Dual occupancies	Secondary Dwellings
Separate car park	No Carpark
Distinct street address	No distinct street address
Distinct entry point onto property	No distinct external entry point
Distinct entrance foyer	Shared internal entrance foyer
Generally equal in size	Often much smaller than primary dwelling
Usually a horizontal separation	Often vertically separated from primary dwelling

Council funding for a program matching people with spare rooms with those needing accommodation is another potential non planning policy response.

8.6 Affordable housing

Affordability has decreased in Woollahra recently, particularly for dwellings to purchase and houses to rent. Analysis shows there is potential demand for 1,900 social or affordable dwellings, compared to a current supply of approximately 140 dwellings. This is almost two and a half times the total identified demand for housing in the next 20 years for the entire market (of around 700 dwellings net).

To seriously address this ‘backlog’ would require all new dwellings to be social and affordable housing, plus deeper interventions. It is clear this is unrealistic, but it also highlights a need for action, and for development in Woollahra to make a contribution to addressing the problem, along with other initiatives of State and Federal Government.

SEPP70 and the recent NSW Guideline for Affordable Housing Contribution Schemes anticipate that a floorspace or equivalent value cash in kind contribution to affordable housing will only apply in areas being upzoned, with the rate to be calculated based on a ‘viability analysis’ (with a 5-10% dedication of floorspace as a target range).

In Woollahra this prospect is only likely to be significant in Edgecliff and possibly Double Bay where rezonings for additional development are contemplated. A traditional, broad ‘inclusionary zone’ might require that all new development in the LGA contribute a modest share of floorspace or value in kind towards an affordable housing ‘fund’. This approach is currently not necessarily contemplated in NSW by the SEPP 70 Affordable Housing Contribution Scheme Guideline, however in Woollahra this would have a much greater value impact. A small range of other initiatives might be contemplated to expand the impact of Council.

Potential policy response: Further strategic work would be needed to identify how Council should best respond to the need for social and affordable housing. The suite of initiatives Council could consider as part of a comprehensive local affordable housing strategy include:

- An Affordable Housing Contribution Scheme based on a floorspace or equivalent value cash in kind contribution in areas identified for upzoning (e.g. Edgecliff and Double Bay), with the rate to be calculated based on 'viability analysis'.
- An inclusionary zoning scheme which would require a modest percentage contribution (perhaps 2-3 %) from all development (or possibly residential development only) in the LGA though this is not currently contemplated by the NSW Guideline for Affordable Housing Contribution Schemes.
- Development of new housing on Council-owned sites, thereby leveraging land value to achieve affordable housing outcomes.
- Joint ventures with community or private partners, particularly where land is being redeveloped, for example existing public housing land or renewal of retirement living complexes.
- Work with community housing providers and adjoining Councils such as Waverley LGA to increase affordable housing availability.

Given high land values in Woollahra, and apart from the desirability of affordable housing as part of any significant development at Edgecliff and Double Bay, it may be desirable for Council to work with other eastern suburbs councils and the City of Sydney, and community housing providers active in these areas, in applying or spending any affordable housing funds accumulated from in-kind or cash contributions, following the establishment of an affordable housing strategy with any or all of the above elements. This is to ensure maximum yields and effectiveness from the available capital.

8.7 Impact of the COVID-19 pandemic

In 2020, the COVID-19 pandemic has seen Australia enter into a significant recession. The analysis in this report was compiled prior to the pandemic. It utilises data, including population forecasts, generated prior to the pandemic.

At the time of writing, the ultimate duration and depth of **economic and social impact from the pandemic is still uncertain** and no adjusted data or government forecasts are available from which to modify the analysis contained in the report.

Nonetheless some significant trends are emerging that are likely to impact the local housing market and these should be considered in interpreting and applying the report's findings:

- **Reductions in international migration and international students** (may be less significant for Woollahra than some other LGAs with high student numbers in the Eastern District of Sydney).
- Demand for housing with strong access to traditional employment nodes (particularly the Sydney CBD) may reduce for the short to medium term at least. The rental market has already been impacted as **younger renters of apartment stock** in popular suburbs have been **unable to afford the rent**.
- Longer term, the ongoing effects of this recession may **stifle dwelling demand and prices across all dwelling types** for a number of years.
- A softening of rents and house prices **may not necessarily result in greater housing affordability** – particularly for the most vulnerable in society (e.g. hospitality and service workers) who may be unemployed for some time.



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