

2026 POLICY PLATFORM

HOMES FOR WORKERS

PEOPLE + HOMES
= BUSINESS + JOBS

Our regions game changers – common sense solutions to tackle the NSW housing crisis in the Illawarra, Shoalhaven & Southern Highlands



**BUSINESS
ILLAWARRA**

ABOUT BUSINESS ILLAWARRA

Business Illawarra is the peak business organisation for the Illawarra, Shoalhaven and Southern Highlands. As part of Business NSW, we represent more than 44,000 businesses, championing business-led economic growth, advocating for policies that enable investment and productivity, and connecting businesses with decision-makers across all levels of government.

We work in close partnership with our members and stakeholders to identify regional challenges and opportunities, translate business insight into practical policy, and deliver initiatives that support jobs, strengthen competitiveness and ensure our region remains a great place to do business and build a future.

Join Business Illawarra today and be part of a trusted, influential business network shaping the future of our region. Speak with us about membership and how we can support your business to grow and thrive.

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ACKNOWLEDGMENT OF COUNTRY

Business Illawarra acknowledges and pays respect to the Traditional Custodians of the lands on which we live and work. We pay respect to their Elders past, present and emerging. We acknowledge and respect the continuing connection to land, sea and sky and celebrate the stories, culture and traditions of all Aboriginal and Torres Strait Islander people who work and live on this land.

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FORWARD

Housing is now core economic policy. Business Illawarra is calling for urgent, place based action so workers can live locally, and businesses throughout the Illawarra, Shoalhaven and Southern Highlands can grow.

Across NSW, a clear consensus has emerged: more homes are needed, in more places, delivered faster. Major planning reform is now underway, and housing has rightly moved to the centre of the economic policy agenda. This momentum is welcome and long overdue.

For Business Illawarra, housing for workers has been a priority for many years. In 2023 we commissioned detailed, region specific research into affordable and key worker housing across the Illawarra and Shoalhaven, responding directly to members who warned housing shortages were undermining workforce attraction, business expansion and essential services. Our approach is business led and member driven.

That work confirmed the scale and urgency of the challenge in our region and the need for coordinated action across government, industry and the community. As part of Business NSW, we continue to advocate for practical, evidence based solutions aligned with regional economic needs.

This paper builds on that evidence and sets out the immediate, place based actions required to turn reform into delivery. It identifies priority locations for accelerated housing supply alongside system wide reforms needed to unlock workforce participation, lift productivity and support sustainable growth. Business Illawarra remains committed to working constructively with government and partners to ensure housing policy delivers real outcomes, for our businesses.



Coralie McCarthy

Coralie McCarthy
Director, Business Illawarra

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SUMMARY OF RECOMMENDATIONS

Unlocking housing supply is critically linked to economic growth. Business Illawarra is calling for urgent action across the Illawarra, Shoalhaven and Southern Highlands.



11 FAST TRACK GAME CHANGERS

Without homes, businesses can't grow. Big moves require coordinated government action and investment to unlock critically needed change to deliver homes across the region. (listed north to south)

1. Bellambi Estate
2. Gwynneville
3. West Dapto
4. Calderwood
5. Shellharbour
6. Kiama
7. Mittagong East + Colo Vale
8. Wilton
9. Nowra CBD
10. Nowra-Bomaderry
11. Milton-Ulladulla



FUND ENABLING INFRASTRUCTURE

Create a multi-year, cross-government infrastructure program to deliver roads, utilities and services that unlock zoned land. Treat digital connectivity as essential housing and workforce infrastructure.



ALIGN STATE TRANSPORT INVESTMENT

Align Transport for NSW planning and funding with housing growth so transport infrastructure is identified early, prioritised transparently and delivered in time to support housing and jobs.



TRANSFORM NOWRA CBD

Deliver NSW Government-led, Gosford-style planning overhaul for Nowra to accelerate rezonings, coordinate state investment and unlock housing that strengthens Nowra's role as a regional centre.



FAST-TRACK MILTON-ULLADULLA

Accelerate growth planning and rezoning in Milton-Ulladulla, balancing local character with the housing needed to support jobs, services and long-term regional growth.



REZONE PLACES OF WORSHIP

Enable faith-based organisations to deliver affordable housing on land they already own through more flexible zoning and planning controls.



FASTER STUDENT ACCOMMODATION

Fast-track student accommodation delivery through clear policy recognition to ease rental pressure, unlock supply and improve housing system efficiency.



MODERN HOUSING MANUFACTURING + MODULAR

Enable modern modular and manufactured housing by updating definitions, planning controls and approvals. Recognise new construction technologies to fast-track high-quality homes, reduce costs and waste, and unlock faster housing delivery across the region.



UNLOCK SECOND HOMES ON FARMS

Allow second homes on rural land for family, aging parents or essential workers, supporting farming operations while protecting productive land from subdivision.



DELIVER WORKER HOUSING

Prioritise social and affordable housing as critical workforce infrastructure. Fast-track government land and funding using a one-region approach, including Bellambi, Gwynneville and Bomaderry-Nowra.



CUT SENIORS RED TAPE

Reform seniors housing planning controls to improve viability, unlock supply and support aging in place, freeing up family homes and easing pressure across the housing system.



PROTECT EXISTING RENTAL STOCK

Reforming land tax settings that disproportionately impact small, local investors in regional areas, helping retain long-term rental housing for local workers and stabilise the regional housing system.



HOUSING NEEDS CHILDCARE

Recognise childcare as critical economic infrastructure. Without childcare, housing won't deliver workforce participation. NSW should integrate, co-locate and fast-track childcare alongside housing and key employment precincts.



11 HOUSING GAME CHANGERS – GROWTH CAN’T STOP AT CITIES.

Critical locations and whole-of-government action to unlock 377,000 homes statewide – including 19,000 locally to grow our economy and our workforce.

1. BELLAMBI ESTATE

Fast track renewal of Bellambi Estate to deliver additional social and affordable homes for workers, located near jobs, public transport and essential services, supporting workforce participation and local economic activity.

2. GWYNNEVILLE

Accelerate delivery of the Gwynneville social housing precinct to unlock affordable homes for key workers near the Wollongong CBD, university and hospital. Faster approvals and coordinated infrastructure delivery are essential to accelerate supply.

3. WEST DAPTO

Unlock close to 20,000* new homes by fast tracking critical road and rail infrastructure, including delivery of the Western Ring Road and urgent upgrades to the high risk Kembla Grange rail crossing (est. \$400m*).

4. CALDERWOOD

Unlock 3,500* new homes in Calderwood through targeted investment in enabling road, water and electricity infrastructure to support housing delivery and provide development certainty (est. \$109m*).

5. SHELLHARBOUR

Fast track 5000+ new homes in the Shellharbour Hospital Precinct through targeted investment in transport, utilities, access and public space infrastructure to unlock key worker and medium density housing.

6. KIAMA

Unlock 1,500*+ new homes across multiple sites in the Kiama area through investment in essential water, sewer and electricity infrastructure to enable timely housing delivery (est. \$16.5m*).

7. WILTON

Enable Stage 1 of the Wilton Housing Release Area to unlock 4,700 homes through timely investment in upgrades to the Wilton water and reservoirs package (est. \$280m).

8. MITTAGONG + COLO VALE

Unlock 3,000+ new homes in Mittagong East and Colo Vale by investing in long term water security, including essential upgrades to the Mittagong Sewer Treatment Plant to support housing and employment growth (est. \$145m*).

9. NOWRA CBD

Unlock housing and commercial investment in Nowra CBD and surrounding areas through targeted planning reform that improves development certainty, attracts private investment and supports a stronger, more vibrant regional centre.

10. NOWRA-BOMADERRY

Fast track delivery of more than 6,500 homes across the Nowra–Bomaderry region by prioritising enabling infrastructure, including water, sewer, electricity, roads and open space, to support urban release and low to mid rise housing growth (est. \$80m+).

11. MILTON-ULLADULLA

Ensure additional future housing growth in the south through a focus on fast tracking infill and greenfield rezonings to unlock housing in the Milton and Ulladulla region. Reduce planning uncertainty and deliver a clear, infrastructure-aligned growth pathways for business.

Note: Numbering reflects geographic location, not priority.
*Illawarra - Shoalhaven Building Blocks 2025 Update – UDIA NSW

NSW SHOULD:

Prioritise enabling infrastructure investment across the Illawarra, Shoalhaven and Southern Highlands to unlock housing supply, and actively leverage NSW Government land to fund and deliver new and additional homes.



FUND ENABLING INFRASTRUCTURE

Homes need services.

Across the Illawarra, Shoalhaven and Southern Highlands, enabling infrastructure is the biggest barrier to housing delivery. Land may be zoned and demand is strong, but without roads, utilities, water, sewer, power and digital connectivity delivered on time, homes cannot be built. Government must fund and sequence infrastructure to unlock the existing pipeline and restore investment certainty.

NSW + FEDERAL GOVERNMENT SHOULD:

- Establish a dedicated, funded, multi-year NSW–Federal enabling infrastructure program to fund local roads, utilities and services that unlock housing already planned and zoned across the region.
- Formally recognise digital connectivity as essential infrastructure for housing and workforce participation, and work with industry to ensure coverage is built into growth-area planning.



ALIGN STATE TRANSPORT INVESTMENT

No transport. No workforce.

Housing reform cannot succeed without transport delivery. Road and rail constraints are already limiting growth, yet there is often no clear, funded pipeline to match transport investment to housing delivery. Transport for NSW must align planning, funding and sequencing with housing growth so state-managed infrastructure that enables housing is identified early and delivered transparently.

NSW SHOULD:

- Align transport and housing delivery by prioritising NSW transport infrastructure that directly unlocks housing supply, with clear accountability for sequencing, funding and delivery, backed by a funded, investable transport pipeline that gives industry certainty.
- Provide clear pathways for new and upgraded local roads that support significant housing growth to be considered for inclusion in the state road network, with transparent decision-making and timelines.



TRANSFORM NOWRA CBD

One town. One plan. Accountable action.

Nowra has been identified as a key regional centre for decades, yet delivery has lagged due to fragmented planning and inconsistent investment.

Nowra is a critical opportunity to deliver housing close to jobs and services, but the issue is no longer strategy, it's implementation. NSW must lead a targeted planning and investment overhaul to unlock delivery.

NSW SHOULD:

- Deliver a NSW-led, Gosford-style reform package for Nowra to fast-track rezonings, coordinate state investment and establish a design-led framework that improves feasibility and certainty.
- Treat Nowra as one integrated centre, including the riverfront and hospital, with one plan, aligned cross government funding, aligned sequencing and clear accountability for delivery of enabling infrastructure.



FAST-TRACK MILTON–ULLADULLA

Planned growth, delivered.

Housing growth in Milton–Ulladulla has lagged for years. Protecting local character matters, but regional jobs and services need housing supply that is well planned and community supported. NSW must support Council to provide certainty by accelerating infill and greenfield rezonings and sequencing infrastructure, giving the market confidence to invest and deliver.

NSW SHOULD:

- Fast-track rezonings across Milton–Ulladulla, combining higher-density infill in existing areas with a coordinated greenfield strategy aligned to infrastructure, services and local character.
- Provide clear sequencing and timelines for infill and greenfield housing growth to reduce uncertainty, improve feasibility and enable faster housing supply.
- Prioritise enabling infrastructure planning for southern Shoalhaven growth so delivery keeps pace with housing approvals and workforce demand.



REZONE PLACES OF WORSHIP

Answering our housing prayers.

Places of worship often sit on well-located land with strong community ties. Many faith-based organisations are willing to deliver social and affordable homes, but outdated planning controls restrict what can be built. Removing unnecessary barriers would unlock additional supply and enable community-led delivery in locations close to services and support networks.

NSW SHOULD:

- Expand the Housing SEPP (State Environmental Planning Policy) provisions to explicitly allow housing on SP2 (Place of Public Worship) land as a “relevant zone” where Social and Affordable Housing provisions apply.
- Amend the Standard Instrument LEP (Local Environmental Plan) to permit residential uses in SP2 zones, giving councils and landowners long-term flexibility to deliver housing.
- Direct and resource councils to fast-track adoption of the updated LEP during local reviews, ensuring consistent rules across NSW.



FASTER STUDENT ACCOMMODATION

A solution that helps everyone.

Student accommodation is a cost-effective way to relieve rental pressure, particularly around university precincts. Faster approvals and clearer policy settings would unlock supply, improve rental availability, reduce pressure on surrounding suburbs, and strengthen NSW's competitiveness in higher education.

NSW SHOULD:

- Amend Investment Delivery Authority guidelines to fast-track student accommodation projects valued at \$200 million or more. Mirroring the threshold already in place for hotels, this would boost supply and help keep NSW globally competitive in higher education.
- Recognise student housing as a distinct housing sub-class with clear planning definitions to provide certainty for councils, proponents and investors.



SIMPLIFY MODERN HOUSING MANUFACTURING + MODULAR

Fast, Flexible, Future-Proof.

Modern manufactured and modular housing can deliver homes faster, reduce waste and lower construction risk, yet planning and approvals have not kept pace. Clear definitions, consistent planning pathways and certified design options are needed to scale high quality modular housing, particularly in regional markets, and accelerate housing delivery across the pipeline.

NSW SHOULD:

- Update planning definitions to clearly recognise the difference between traditional ‘modular homes’ and new modern housing manufacturing, including panelised and hybrid construction methods.
- Amend the Housing SEPP to explicitly allow high-quality new modern construction methods in all residential zones, with clear design and safety standards.
- Introduce a Regional Prefab Pattern Book, enabling fast track approvals for certified modular designs that respond to regional character and reduce delays and costs.
- Update building codes and planning guidelines to reflect modern manufacturing and modular methods, including panelised and hybrid systems.



SECOND HOMES ON FARMS

Making one worth two in the bush.

Rural landowners often need a second dwelling for grown children, aging parents or essential farm workers, yet planning rules can make it difficult. Allowing a second home on suitable rural lots supports workforce availability and family continuity while protecting productive farmland.

NSW SHOULD:

- Update the planning guidelines for rural zones to allow one extra dwelling on rural lots over a certain size (eg. 2 hectares), subject to environmental and infrastructure checks.
- Permit non-subdividable secondary dwellings for family or workforce use, with clear safeguards to prevent misuse and protect farmland integrity.
- Support councils with standardised provisions and clear community communications that explain the workforce and economic value of rural secondary dwellings.



DELIVER WORKER HOUSING

Back homes near jobs.

Too many essential workers sit in the housing gap, earning too much for social housing but unable to afford market rents near work. The result is long commutes, workforce shortages and pressure on critical services like hospitals, schools and aged care. NSW must fast-track mixed-tenure worker housing near employment hubs using government land and funding.

NSW SHOULD:

- Fast-track renewal and uplift of key NSW social housing precincts to deliver mixed social, affordable and build-to-rent homes near jobs, including Bellambi, Gwynneville and Bomaderry–Nowra.
- Establish a whole-of-government approach to housing on NSW land that prioritises delivery outcomes over internal balance-sheet transfers between agencies.
- Mandate essential worker housing alongside major public infrastructure, including hospital upgrades, with delivery aligned to workforce demand and priority focus on Shoalhaven and Shellharbour hospital precincts.



CUT RED TAPE FOR SENIORS

Unlock downsizer supply.

The region faces a growing shortage of seniors and aged care housing, creating a system wide bottleneck as older residents remain in larger homes and cause significant impact to local hospitals. Seniors housing is critical to freeing up family housing, but current planning, contribution and tax settings add unnecessary cost and delay. NSW must modernise incentives and remove barriers to accelerate delivery.

NSW SHOULD:

- Align height and yield incentives for seniors housing with those available to affordable housing, removing restrictive height caps that limit viability and reduce housing yield.
- Provide contribution relief in the Illawarra, Shoalhaven and Southern Highlands by exempting seniors housing from State Infrastructure Contributions where additional beds and dwellings are urgently needed.
- Support co located health services by excluding medical suites, allied health and community facilities from Gross Floor Area calculations, enabling aging in place without breaching floor space limits.
- Introduce targeted capital grants to stimulate investment in residential aged care, across both not for profit and private providers, to accelerate supply and regional capacity.
- Remove stamp duty for retirees who downsize, creating a strong incentive to free up existing housing stock and improve overall housing supply in regional areas.



PROTECT EXISTING RENTAL STOCK

Back local investors, protect local rental stock.

Rising land values driven by external demand are pushing small local investors into land tax, even in traditionally affordable rental areas. This can trigger property sales and reduce permanent rental supply for local workers.

NSW SHOULD:

- Raise land tax thresholds where valuation growth is eroding worker rental supply.
- Create targeted exemptions or rebates for small investors who maintain rental stock and low rent over a defined period, protecting long-term rental availability.
- Monitor impacts of land tax on rental housing stock and publish transparent reporting to ensure transparent policy settings that protect local workers and housing stability.



HOUSING NEEDS CHILDCARE

Critical infrastructure we can't ignore.

The Illawarra, Shoalhaven and Southern Highlands rely on working families to staff essential services, businesses and industries, yet childcare access remains a major barrier to workforce participation. Childcare is critical economic infrastructure and an enabler to increased women in our local workforce. Without it, new housing will not translate into workforce supply. Childcare planning must be integrated with housing delivery and employment precinct growth.

NSW SHOULD:

- Formally recognise childcare as critical economic infrastructure within housing, transport and precinct planning, ensuring workforce participation is embedded in growth decisions.
- Require childcare to be planned and co-located within new housing developments and major employment precincts to support working families and local jobs.
- Mandate co-located childcare in NSW social infrastructure planning, including social housing precincts and major NSW jobs precincts such as hospital upgrades and large government facilities where workforce demand is significant.
- Provide targeted incentives to support businesses and landowners in the Illawarra, Shoalhaven and Southern Highlands to deliver childcare in priority precincts.
- Fast track childcare on NSW Government land, prioritising co location on school sites through streamlined approvals and coordinated cross agency support.

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