

The Unaffordable Reality of NSW's 'Affordable' Housing Scheme

By Douglas B, North Strathfield

Sydney is in the midst of a housing crisis, with the shortage of affordable homes placing increasing pressure on low-income households. The NSW Government's principal response, the *State Environmental Planning Policy (Housing) 2021*, aims to boost the supply of affordable housing by offering developers incentives to include discounted units in new projects. Under this scheme, developers can access up to 30% more floor space if at least 10% of units are designated as 'affordable housing', managed by community housing providers for a minimum of 15 years before reverting to market rates.

The policy is supported by the NSW Affordable Housing Ministerial Guidelines 2023/24, which set strict eligibility criteria, require rents to be at least 20% below the local median, and recommend that very low and low-income households spend no more than 30% of their gross income on rent. Despite these measures, the reality on the ground often diverges from the policy's intentions. For example, two-bedroom "affordable" units in Clovelly have been listed at \$1,000 per week, a figure far beyond the reach of most very-low-income households¹.

This raises a crucial question:

Does the NSW affordable housing policy actually deliver homes that are affordable for very-low-income households in Sydney?

This article undertakes a basic analysis of the application of affordable housing policy in NSW to answer this question.

Data and Approach

The following analysis draws on official income thresholds, rent limits, and market data to answer this question and include:

- The income limits that define very-low-income households eligible for affordable housing (Table 1)
- The maximum weekly rent these households can afford, based on government guidelines (i.e. 30% of household income) (Table 2);
- The discounted median rents for affordable housing units across Sydney's local government areas (Table 3);
- The specific household types and local government areas in Sydney where affordable housing is genuinely accessible without exceeding the recommended 30% income threshold (Table 4).

¹ <https://www.theguardian.com/australia-news/2025/oct/29/nsw-in-fill-housing-density-bonus-scheme-iah-policy-not-affordable-apartments>

This structured approach provides clear evidence of where the policy succeeds and where it falls short, highlighting the practical realities faced by very-low-income households seeking affordable accommodation in Sydney.

Table 1 Eligibility Income Thresholds for Affordable Housing (Sydney, 2025-2026)²

Household size	Income Limit (Very-Low-Income Households)
Single	\$36,000
Single + 1	\$46,800
Single + 2	\$57,600
Single + 3	\$68,400
Couple	\$54,000
Couple + 1	\$64,800
Couple + 2	\$75,600
Couple + 3	\$86,400

Table 2 Maximum Weekly Rent Affordable by Household Type (30% of Gross Income)

Household Size	Maximum Weekly Rent (Very-Low-Income Households)
Single	\$207.69
Single + 1	\$270
Single + 2	\$332.30
Single + 3	\$394.61
Couple	\$311.53
Couple + 1	\$373.84
Couple + 2	\$436.15
Couple + 3	\$498.46

Table 3 Discounted Median Weekly Rents for Affordable Housing by Local Government Area and Unit Type³

Local Government Area	1-bedroom	2-bedroom	3-bedroom
City of Sydney	\$621.6	\$880	\$1180
Woollahra	\$542.4	\$760	\$1,280
Waverley	\$640	\$800	\$1,200
Randwick	\$580	\$704	\$968
Bayside	\$588	\$688	\$1,000
Inner West	\$480	\$592	\$800
Burwood	\$520	\$664	\$800
Strathfield	\$480	\$576	\$684
Canada Bay	\$568	\$680	\$920
Sutherland Shire	\$440	\$560	\$772
Georges River	\$480	\$546.4	\$680
Canterbury-Bankstown	\$400	\$464	\$596
Cumberland	\$440	\$496	\$608

² <https://www.nsw.gov.au/housing-and-construction/social-affordable/affordable-rental-housing/renting>

³ NSW Government – Rent and Sales Report Interactive Dashboard

Parramatta	\$520	\$584	\$704
Fairfield	\$304	\$376	\$500
Liverpool	\$400	\$440	\$544
Campbelltown	\$320	\$400	\$452
Penrith	\$352	\$416	\$480
Blacktown	\$376	\$426.4	\$480
Hills Shire	\$528	\$592	\$680
Hawkesbury	-	\$384	-
Hornsby	\$466.4	\$544	\$652
Lane Cove	\$576	\$672	\$880
Hunters Hill	\$456	\$610.4	-
Ryde	4544	\$632	\$880
Blue Mountains	\$296	\$376	-
Wollondilly	-	\$352	-
Camden	\$360	\$392	-
Willoughby	\$560	\$676	\$1,000
Ku-Ring-Gai	\$520	\$656	\$960
North Sydney	\$528	\$700	\$1,032
Mosman	\$520	\$680	\$1,160
Northern Beaches	\$520	\$704	\$1,080

With this context established, the analysis turns to which areas of Sydney can accommodate very-low-income household types in affordable housing units. The following assumptions are applied:

- No more than two people are accommodated in one-bedroom units.
- No more than four people are accommodated in two-bedroom units.

Table 4 Sydney LGAs where Very-Low-Income Households can Access Affordable Housing (Without Exceeding 30% of income)

Local Government Area	Affordable for which household types?
Fairfield	1-bedroom unit (Couple), 2-bedroom unit (Single + 3, Couple + 2)
Campbelltown	2-bedroom unit (Couple + 2), 3-bedroom unit (Couple + 3)
Penrith	2-bedroom unit (Couple + 2)
Blacktown	2-bedroom unit (Couple + 2)
Hawkesbury	2-bedroom unit (Couple + 2)
Blue Mountains	1-bedroom unit (Couple), 2-bedroom unit (Single + 3, Couple + 2)
Wollondilly	2-bedroom unit (Single + 3, Couple + 1, Couple + 2)
Camden	2-bedroom unit (Single + 3, Couple + 2)

Analysis

The data reveals a stark reality: out of 33 Sydney LGAs, only eight offer any (theoretical) affordable housing options for very-low-income households, and even then, only for specific household types and unit sizes.

However, the likelihood of affordable housing units being delivered in these eight LGAs is low. Research prepared for Shelter NSW, *Density Deals: The unequal value of the Infill Affordable Housing Density Bonus*⁴, reviewed the efficacy of the NSW affordable housing policy by sampling nine suburbs with large, recently approved developments utilising the affordable housing incentives. The findings indicate that the policy is most attractive in high-value locations. Conversely, in lower-value areas where rents might be affordable, the policy is less likely to be used by developers.

Of the eight local government areas able to offer affordable housing options for very-low-income households, none encompass the traditional high-value areas of Sydney. It is therefore unlikely that such affordable housing would be delivered in these areas.

In addition, the data also reveals that there is not a single local government area in Sydney where a very-low-income family can afford to rent an ‘affordable’ three-bedroom unit. Even after applying the required 20% discount to median market rents, the cost of a three-bedroom “affordable” unit remains well above the maximum amount that very-low-income families can reasonably spend. This gap underscores the policy’s failure to address the needs of larger low-income families, who are left with no viable options for secure, affordable housing in the city.

Conclusion

The NSW Government’s affordable housing policy, while well-intentioned, is fundamentally misaligned with the needs of very-low-income households. The data and analysis presented here demonstrate that very-low-income households remain unserved by this policy. By tying affordability to discounted market rents and incentivising development in high-value areas, the policy excludes the very people it aims to help. Unless the policy is reformed to ensure genuinely affordable rents and to encourage development in areas of greatest need, Sydney’s affordable housing crisis will only deepen. Policymakers must move beyond surface-level incentives and address the structural barriers preventing very low-income households from accessing secure, affordable homes.

⁴ <https://shelternsw.org.au/wp-content/uploads/2025/10/DensityDealsFINAL.pdf>