

**Submission
No 4**

OPTIONS FOR ESSENTIAL WORKER HOUSING IN NEW SOUTH WALES

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Committee on Essential Worker Housing
Legislative Assembly
Parliament of New South Wales



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Submission to NSW Legislative Select Committee Parliamentary Inquiry into Essential Worker Housing in NSW

Tweed Shire Council ('Council') thanks the NSW Legislative Assembly Select Committee for the opportunity to make a submission to the NSW Parliamentary inquiry into essential worker housing in NSW ('inquiry').

Council makes this submission representing the interests and concerns of our community members, staff, and stakeholders, many of whom are essential workers or access products and services delivered by our essential workers. We commend the NSW Government on this inquiry which is a topic of significant importance to the Tweed Shire, a community currently experiencing unprecedented housing stress and heavily reliant on essential workers for the local economy.

The Tweed is located in the NSW North Coast on Bundjalung Country. It is the gateway between Northern NSW and Southeast Queensland. The current population is 98,954 and is forecast to grow to 112,244 by 2041 (NSW Population Projections). Quick stats.

- 2021 ABS Data indicates that affordable and social housing represents only ~2.9% of total dwellings in the Tweed.
- 47% of households in Tweed are experiencing rental stress.
- At least 84.6% of the community could not afford to rent in Tweed based on the average weekly rental price for a two-bedroom unit.

Access to housing is affected not just by price point. Availability of a variety of housing to suit personal and family needs throughout their life, and whether housing is well located in terms of access to employment, services, and amenity all influence affordability.

Council is committed to tackling the housing crisis facing the region. We have commissioned two strategic pieces of work to help address the crisis:

- Tweed Growth Management and Housing Strategy ('GMHS')
- Tweed Shire Affordable Housing Strategy ('AHS')

The GMHS draft options paper and the draft AHS went on public exhibition this year. The AHS focusses on the social and affordable housing continuum, including essential (or 'key') worker housing.

Within this submission, Council's feedback and experiences is linked to the focus areas with the Inquiry's [Terms of Reference](#) ('ToR').

Definition, including criteria for establishing worker cohorts. ToR (a)

Without affordable housing options, the Tweed risks losing its current essential worker population, and being unable to attract new essential workers. They are the backbone of our community and crucial for our growing region. Essential workers are the first responders who safeguard our communities, the teachers who educate our children, the tradespeople who keep our infrastructure running smoothly and the tourism, hospitality and retail workers that help make the Tweed a thriving and vibrant community. If we want to ensure that our local services remain robust and our community grows and thrives, we must address the housing affordability crisis that threatens essential workers ability to work and live in the Tweed.

Through our work on the Tweed AHS, we note that while there is no universal definition of an essential ('key') worker, they typically include public sector workers such as teachers, medical professionals and emergency service providers. Depending on the local economy, the definition can also include other private sector professionals such as aged care workers, childcare workers, those in the agricultural industry, and those who work in the tourism industry. For the Tweed context, we've defined essential workers as follows –

“Essential workers are employees who provide critical services for Tweed, including those in health, education, emergency services, and key industries.”

The largest employing industries in the Tweed are healthcare and social assistance (17.4%), construction (11.8%), retail (10.3%) and accommodation and food services (9.5%). Alongside this, the demographic and economic profile of the region influences the type of workers that are essential to the functioning of the region. While not exhaustive, essential workers in Tweed include:

- Service providers: including teachers, childcare workers, doctors, nurses, aged care workers, pharmacists, and Council workers.
- Tourism workers: those who work in industries within or associated with tourism, such as tourism operators, retail, or hospitality.
- Key industries: those who work in industries critical to the local economy, such as agriculture and construction.

In defining essential worker housing the inquiry will need to consider that the nature of essential work varies across NSW's cities and regions. For essential workers in the Tweed, the availability of subsidised housing that makes rent affordable for those on low-moderate incomes is one way to attract and retain key workers in the region. For example, there is a growing need for one- and two-bedroom dwellings. In this regard contemplating a definition of essential worker should fall under and be synonymous with the broader definition of affordable housing.

Implementing new essential worker housing in regional and rural NSW involves navigating complex, location-specific factors. For example, essential workers in our hospitals and key tourism locations would benefit from housing close to their workplaces and accessible to active and public transport and essential services near city centres. In contrast, essential workers in agricultural industries are often required to be based in rural areas, where housing options and access to transport is more limited.

Increasing housing supply in rural locations is a sensitive balance of ensuring the agricultural primacy of these areas whilst enabling additional housing supply to support farming activity. There is an increasing call from some sectors of Tweed's rural population to enable an increase of housing diversity within rural locations including secondary dwellings and detached dual occupancy dwellings which are currently not permitted. While rural workers dwelling is permissible within RU1 and RU2 zones, landowners need to

demonstrate economic capacity to support the workers and 'remote' or 'isolated' nature of the land. There may be opportunity to refine the statutory meaning and criteria around the interpretation of rural workers dwellings to enable more flexibility.

Reforms around providing bonuses to incentivise a greater proportion of affordable housing is supported, however ensuring this affordable housing stock on a permanent basis, rather than 15 years, will protect it over the longer term from market forces.

Prioritisation of geographical areas for future planning initiatives. ToR (a)

47% of households in Tweed are experiencing rental stress and the growth of homelessness in the Tweed has accelerated faster than wider NSW rates. Homelessness and rough sleeping is growing in both the short and medium term. Tweed Shire has the 3rd highest homeless population in the State (after Sydney CBD and Byron).

For many essential workers in Tweed, housing is becoming increasingly unaffordable. Two affordable housing priority areas for Council are outlined below. These could deliver some early wins for the NSW Government both for essential worker housing provision and broader social and affordable housing targets.

Tweed Common Ground Housing First

Tweed AHS Action E1.4: Advocate to State and Federal Government for the provision of a Common Ground supported housing model in the Tweed and enable the next stages of this initiative.

Council recently commissioned a comprehensive business case, adhering to NSW Treasury guidelines, exploring the feasibility of implementing a Common Ground Housing First model in the Tweed Shire. The Common Ground model draws on Housing First principles, accommodating people experiencing chronic homelessness and low-income households in an inclusive setting with integrated, wrap around services.

The model proposes a mix of social housing, affordable and essential worker units. The outcomes of the detailed Cost Benefit Analysis and the full financial appraisal for the Common Ground option highlights the benefits that a diversified, multi-focus, service integrated homelessness and housing security solution has. Projecting a Net Present Value almost double that of a traditional Housing First option. The inclusion of low income and essential worker housing helps to drive a diversity of economic productivity and retention benefits. For the affordable and essential worker units there would be a 30% low income 70% essential worker split. The business case forecasts 39% of project benefits would be directly accrued to the local economy linked to key worker economic productivity.

Adopting a Common Ground Housing First model in the Tweed Shire offers the NSW Government a strategic opportunity to tackle the intertwined issues of housing affordability, essential worker housing, and homelessness amid the escalating housing crisis. While Common Ground alone is not a 'silver bullet', it serves as a critical anchor within a comprehensive strategy of necessary interventions for the Tweed.

Tweed Valley Hospital

Tweed AHS Action E3.1: Partner with the HomesNSW and key partners (hospital and educational facilities) to investigate the provision of affordable housing for essential workers at the New Tweed Valley Hospital and renewal of existing social housing stock in close proximity to the Hospital.

The Tweed Valley Hospital was officially opened by Premier Chris Minns in May 2024. Activity at the hospital is expected to increase in the coming years, and the expanded inpatient, surgical and emergency department capacity has been designed to keep pace with the health needs of the growing Tweed

community. This State Significant Development requires a stable essential workforce and vital to attracting and retaining these workers will be proximate, affordable housing.

Recognising this essential working accommodation need within the vicinity of the new hospital site, Kingscliff High School, and Kingscliff TAFE, the draft Tweed Affordable Housing Strategy highlights the opportunity for a partnership between Land and Housing Corporation (LAHC), NSW Health and Tweed Shire Council to explore housing opportunities over LAHC owned sites within Yale and Oxford Street.

Within this precinct, LAHC own 43 allotments many of which are adjoining sites and are within walking distance to the new hospital thus presenting good opportunity for amalgamation and uplift in density. Each of the 43 allotments are single detached dwellings on suburban lots. As such there is good opportunity for a State Government led masterplan review of this precinct to explore housing types and density uplift options to underpin a planning proposal to facilitate better housing outcomes.

In addition to this precinct master planning opportunity, there is also opportunity across both the new hospital and Kingscliff TAFE campuses to investigate both key worker and student accommodation. There are a number of precedents both nationally and globally where key worker accommodation has been provided on site or directly adjoining key employment anchors such as hospitals and education facilities. The Gold Coast University Hospital is one local example where a range of accommodation types have been fully integrated within the broader campus, connected through walking paths and open space networks.

Planning tools and reforms. ToR (b)

All levels of Government have acknowledged the need for social and affordable housing which must include and acknowledge the pressing need for essential working housing within the definition of affordable housing. The draft Tweed Affordable Housing Strategy identifies that as of 2012 there was unmet demand of 1118 dwellings for social housing and 2665 dwellings for affordable housing in the Tweed alone. In the intervening period the 2022 flood event displaced residents from approximately 500 dwellings. Without policy and investment intervention in the provision of social and affordable housing, by 2041 the baseline need for social and affordable housing will be 4885 dwellings requiring the delivery of 305 dwellings per year from 2025-2041.

With this enormous deficit, strong Federal and State Government leadership and investment is required to reposition the housing system to ensure viable options are developed to support young people, the ageing population, essential workers and those in need, to stay in Tweed. As such the draft Tweed Affordable Housing Strategy proposes a series of actions that have been designed to close the housing affordability gap and facilitate more social and affordable housing for our community which include:

- Mandated 10% target for Social and Affordable Housing that ensures there is housing supply for current and future generations, in perpetuity.
- Implementing an Affordable Housing Contributions Scheme (AHCS) that identifies locations where 10% affordable housing contributions are required.
- Create an Aboriginal Housing Strategy co-designed with Aboriginal Housing Providers.
- Prioritise engagement and facilitation of greater proportions of social and affordable housing in key greenfield locations such as Cobaki and Kings Forest.
- Fast-track the assessment of social and affordable housing development applications.
- Investigate discounted planning fees, rates and infrastructure charges for social and affordable housing projects.
- Identification of Council owned land that can be used for the development of social and affordable housing.

Some of the incentives being contemplated to achieve the mandated 10% social and affordable housing target which will be explored in the near future include:

- Investigation of development uplift through an affordable housing contributions scheme by way of additional building height / floor space ratio.
- Investigation of reduced car parking rates for social and affordable housing where there is good access to public transport.
- Investigation of reduced development application fees and opportunities to 'fast track' social and affordable housing projects.
- Investigation of waived or reduced developer contributions for social and affordable housing projects.

Whilst these above actions aim to facilitate a greater supply of social and affordable housing, these actions will give rise to significant financial implications for Council. These include:

- Identification / Nomination of Council owned sites, some of which have significant land value, to be considered for development as social and affordable housing that would likely have a 'break even' viability with little or no financial return to Council in perpetuity.
- Direct financial costs of foregoing development assessment and other developer contribution fees.
- Significant costs borne by Council associated with the provisions of infrastructure which State Government development is exempt from paying.
- Ongoing costs associated with the provision of open space and community facilities increasingly under usage pressure as our population increases without the benefit of representative cost capture through developer contributions.
- The inability of Council to capture representative rate levies on development such as build to rent (BtR) which are typically held in single ownership. While BtR development is being incentivised through land taxation exemptions through to 2040, local governments bear cost through loss of rate revenue.

It is imperative that each of these above financial implications are closely considered in the context any reforms that aim to promote the fiscal sustainability of social, affordable and essential worker accommodation. If local governments are increasingly expected to play an active role in the facilitation and delivery of social and affordable housing to meet existing and future demand, a concurrent fiscal mechanism enabling Council to recoup associated operational and infrastructure costs needs to be a vital part of that delivery framework.

Should there be further opportunities to engage in this inquiry and contribute to the outcomes, Council would be pleased to participate to explore meaningful solutions and talk more to some of the housing initiatives outlined in this submission.

Yours sincerely



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