

**Submission
No 15**

OPTIONS FOR ESSENTIAL WORKER HOUSING IN NEW SOUTH WALES

Organisation: Hornsby Shire Council

Date Received: 9 September 2024

6 September 2024

Mr Alex Greenwich
Chair – Select Committee on Essential Worker Housing
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Mr Greenwich,

Parliamentary Inquiry - Select Committee on Essential Worker Housing

Thank you for the opportunity to provide comments in relation to the Parliamentary Inquiry into essential worker housing.

Please note the comments contained in this letter are officer-level comments only as the matter has not been reported to the elected Council for a formal view or resolution.

The Commonwealth and NSW Governments have acknowledged the housing crisis affecting Australia, NSW, and Sydney. The crisis is also recognised by Council at the local level where macroeconomic factors such as increasing construction costs and interest rates, delays in supply of materials, and shortages of skilled workers in the industry have all contributed to reduced housing supply. Demand for affordable and social housing has outpaced supply, while inflation has increased living costs for essentials. These pressures are heavily impacting lower-income households and key workers.

The NSW Government is ideally placed to introduce planning policies and reforms that would have the greatest impact on the delivery of affordable and essential worker housing. However, any reforms should be carefully considered to ensure the intended outcome is achieved in a manner that protects local character, leads to high quality-built form outcomes, is supported by necessary infrastructure and community services and is provided in perpetuity.

In response to the Terms of Reference for the Inquiry, the following comments are provided.

1) Establishing an appropriate definition for essential worker housing for the NSW Government to adopt including criteria for prioritising worker cohorts and geographical areas

The COVID-19 pandemic raised uncertainty about the definition of “essential workers” in the context of determining who should be able to leave their home as they were deemed essential workers. Clarification of essential workers in a planning context is appropriate to provide certainty to the community, local government and development industry when considering affordable housing strategies and developments.

However, any criteria or definition should be adequately flexible to account for regional variability in essential work forces. Hornsby Shire has local specialisations in agricultural, electricity, gas, water and waste employees as well as a growing health care and social assistance sector. A statewide definition should be comprehensive in acknowledging relevant essential worker groups may vary across local government areas and/or regions.

2) Identify options to increase housing supply for essential workers, including but not limited to:

(i) Planning tools and reforms

Provision of affordable housing in well located areas is critical, as it allows for more equitable access to transport and services. To ensure affordable housing is prioritised early in the planning process, mechanisms that support affordable housing should be integrated into master planning and planning proposal processes.

This could occur via the introduction of a Section 9.1 Ministerial Direction requires planning proposals for land in well located areas to address provision of affordable housing. Planning proposals should include demonstrated compliance with minimum affordable housing requirements. Such an approach would be a positive reform that utilises the current planning framework.

Clear affordable housing provision requirements or targets are important to provide certainty to the community, development industry and local government concerning the supply and delivery of affordable housing. All affordable housing should be delivered in perpetuity as time limited schemes potentially reduce the future availability of housing and may displace essential workers.

Housing delivery is a multi-year process and as such, it is important that affordable housing provisions do not become eroded in response to short term feasibility constraints. For example, Hornsby Council adopted the Hornsby Town Centre Masterplan in November 2023 which includes an affordable housing requirement for a minimum of 5% affordable dwellings on private land, and 10% affordable dwellings on public land.

Following adoption of the Masterplan, the Hornsby Town Centre was identified by the NSW State Government as a Transport Orientated Development (TOD) precinct and the State Government commenced a review of the planning controls in the area. The Explanation of Intended Effect for the Hornsby TOD precinct outlines an affordable housing range of 5 to 10% to apply regardless of whether the land is public or privately owned.

Although this change may appear minor, it could potentially halve affordable housing provision on government land significantly reducing supply within the Town Centre. Accordingly, planning strategies should prioritise requirements for affordable housing rather than leaving it to the discretion of the State agencies to determine based on financial return.

(ii) Incentives for developments on privately owned land

In considering incentives for affordable housing delivery on private landholdings, it is crucial to ensure such incentives do not negatively impact the built environment or undermine the intent of master planned precincts.

Many councils have undertaken detailed studies of precincts or town centres to facilitate increased housing provision. These studies test the financial feasibility of increased density, identify appropriate urban design and amenity outcomes and assess infrastructure requirements. The provision of affordable housing is often included as a factor in determining the uplift proposed as part of the rezoning process.

This master planning work can be undermined by incentives that permit additional floor space beyond the reasonable levels identified through the planning process. An example of such a provision is the bonus provisions for height and density outlined under the Housing SEPP that permits exceedances of planning controls by up to 30% where minimum affordable housing rates are provided. Policies such as the Housing SEPP bonuses that override local controls have the potential to:

- Create uncertainty around established strategic goals and strategies of Council;
- Erode public confidence in a process where they have invested time with the local Council to arrive at an agreed set of controls;
- Undermine local strategic planning to create well planned areas and centres supported by infrastructure; and
- Create uncertainty and lead to community angst around future development in local areas.

Incentives should not be provided at the expense of good planning outcomes, and care should be taken to ensure that no unintended consequences arise from any incentive programs.

(iii) Opportunities within development of government owned land

The NSW Government should strive to provide affordable housing on well-located government land. In September 2023, it was announced that the NSW Government had paused the sale of government owned assets in NSW to enable an audit to identify surplus land suitable for residential purposes with an initial minimum target of 30% social and affordable housing. The status of this audit is uncertain.

The Greater Sydney Region Plan outlines a target of 5-10 percent of new residential floorspace as affordable housing. In the Hornsby local government area, NSW Government led renewal projects (Cherrybrook Metro Station and Hornsby TOD) identify a minimum of 5% affordable housing. The NSW Government should lead by example and identify, if not the 30% announced in September 2023, then at least 10% of floor space as affordable housing in State led rezoning projects.

An example of NSW Government owned land ideally located for essential worker housing is within the Hornsby TOD precinct. TAHE owned land adjacent to Hornsby Railway Station has been identified in the Hornsby Masterplan and Hornsby TOD for future rezoning to high density residential development of up to 144m in height. Consideration should be given to providing minimum rates of at least 10%, if not 30%, affordable housing in perpetuity on this land.

(iv) Investigate reforms that promote fiscal sustainability, innovation and essential worker housing in perpetuity.

As discussed above, affordable housing that expires after a specified number of years undermines efforts to maintain a supply of affordable housing stock. Additionally, it can expose residents to insecure tenancies at the end of lease periods.

Affordable housing should be provided in-perpetuity basis. Current planning rules that permit limited duration affordable housing, (such as Section 21 of the Housing SEPP) only provide temporary solutions to affordability.

Providing certainty to the market that affordable housing is required in perpetuity is essential to determining project feasibility. Where this requirement is included in legislation, council and the market can respond by including this as a factor in assessing rezoning proposals and master planning. Councils and service providers would also better placed to plan for supporting infrastructure and services on the basis that affordable housing provision will be ongoing.

Thank you for the opportunity to provide input on the Inquiry. Should you require clarification on any of the comments above, please do not hesitate to contact my Executive Assistant, Kylie Smith on [REDACTED] or [REDACTED]

Yours sincerely

[REDACTED]

Steven Head
General Manager

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