

**Submission
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OPTIONS FOR ESSENTIAL WORKER HOUSING IN NEW SOUTH WALES

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THE SYSTEMIC IMPLICATIONS OF
HOUSING AFFORDABILITY
AND THE TEACHER SHORTAGE

OPTIONS FOR ESSENTIAL WORKER HOUSING IN NEW SOUTH WALES

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Key Points

Essential worker housing suffers from ambiguous jurisdictional sovereignty. Everyone has a stake in it, but no one is ultimately responsible for delivering it. This inquiry is timely as the window is rapidly narrowing for systemic level reforms capable of avoiding massive economic and social inequities and multi-generational damage to State prosperity.

Policy concerns

- The policy challenge is **workforce distribution** and securing the right qualified essential workers in the locations they are needed the most.
- The policy concept is **accessibility**, as defined by housing and transportation affordability, of workplaces for essential workers.
- Essential worker housing is **public infrastructure** and should be planned and invested in accordingly.

Defining and prioritising essential worker cohorts

- We offer a three-tier definition where to meet the classification of an ‘essential worker’ one must be employed in:
 - (i) the delivery of Government services required to meet legislative requirements; or
 - (ii) the delivery of Government services needed for the functioning of the State not meeting ‘(i)’; or
 - (iii) roles that supplement Government services and are necessary for the functioning of the State.
- The prioritisation of housing provision needs to consider the tier of essential worker (see definition above), and the geographic impact (state, region, local, unit) of supply failure.

Options for increasing essential worker housing supply

- Retain or expand existing graduated density and height bonuses for developers, assuming expansion of mandatory inclusionary zoning based on workforce need and expectation of a minimum of 20 per cent affordable housing, operating terms of 30 years or in perpetuity managed by registered not-for-profit community housing providers.
- Shared equity schemes, build-to-rent programs, and Defence Force Housing offer models that reduce capital investment by Government. They are supplementary to building public infrastructure initiatives and need to be in targeted locations.
- Access to high quality data is needed for independent research on the housing needs of essential workers, and the design, construction and maintenance of essential worker housing.

1. The Context

Australia is facing a teacher shortage. Government modelling indicates a >4,000 shortfall by 2025¹. 61 per cent of schools report daily activities being compromised by staffing issues², and 10,000 lessons a day go uncovered in NSW³. Gauging the extent of teacher shortages, as with all essential workers is difficult. They do not always present as mass vacancies or uncovered classes as schools often find work arounds.

- Teacher labour markets, particularly shortages, differ from general market imbalances as accreditation rigidities and limited substitutability between segments (level and subject) can prevent returning to equilibrium⁴.
- As of January 2024, 47 per cent ($n=844$) of teacher vacancies were in metropolitan areas⁵. Staffing issues are not confined to any one geography, type of school, or role within schools. The issue is statewide with impacts cascading throughout society.
- A 2022 Report from an Academy of the Social Sciences of Australia (ASSA) funded workshop at UNSW on equity and inclusion in education found that housing affordability was a factor in teacher shortages, particularly in the city.⁶

The policy challenge is **getting the right qualified essential workers to the right locations**. Access to situationally appropriate housing within proximity to workplace has a positive impact on productivity and wellbeing⁷.

- 90 per cent of teaching positions in Sydney, more than 50,000 full-time equivalent posts, are in Local Government Areas where it is unaffordable to rent or buy on a teacher salary⁸.
- The current affordability gap for the school education workforce is estimated at \$11.5B annually⁹. Unobserved characteristics (e.g., intergenerational wealth, housing assets, high income housemates) fill this gap, meaning the sustainability of the workforce is fragile and should it collapse, the consequences would be sudden and acute.
- Despite recent pay rises awarded to teachers, salaries cannot keep up with rising housing and transportation costs.

Put simply, **initiatives to attract and retain teachers mean little if they cannot afford to live near work**. With legislation requiring Government to provide high quality and equitable schooling to its citizens irrespective of where they live there is a need for innovative thinking on how best to guarantee the workers necessary to deliver high quality education at scale.

¹ Productivity Commission. (2023). *Review of the National School Reform Agreement: Study Report*.

² Bortoli, L., et al. (2024). PISA 2022. *Reporting Australia's results. Volume II: Student and school characteristics*. ACER. <https://doi.org/10.37517/978-1-74286-726-7>

³ Car, P. (2023, 24 October). [True impact of teacher shortages in NSW public schools revealed: nearly 10,000 lessons without a teacher each day](#).

⁴ Productivity Commission. (2023).

⁵ NSW Department of Education (2024, 20 Feb). [More to do, but figures show progress on teacher shortage](#).

⁶ Eacott, S., et al. (2022). *Building education systems for equity and inclusion*. Gonski Institute for Education / ASSA.

⁷ Medlin, L., et al. (2024). [Housing the teacher workforce: A scoping review](#). *Education Sciences*, 14(5), 537.

⁸ Eacott, S. (2024). [The systemic implications of housing affordability for the teacher shortage: the case of New South Wales, Australia](#). *Australian Educational Researcher*, 51(2), 733-755.

⁹ Eacott, S., et al. (2024). [Schools and the city: workforce distribution, housing and city schools](#). *Australian Educational Researcher*.

2. Defining essential workers

The effective and efficient use of limited Government resources is dependent on clarity of purpose. In the case of essential worker housing, this requires an actionable definition of what constitutes an essential worker, and criteria for identifying prioritisation of activities.

2.1 A definition

We offer a multi-tiered definition of essential workers, aimed at being proactive and preventative in the effective delivery of Government services. The overarching goal is to **establish essential worker housing as public infrastructure**. For the efficient provision of high-quality Government services, an adequate supply of essential worker housing should be guaranteed through planning and implementation just as communities are assured the availability of adequate business, retail, community and cultural activities.

- Assumption 1: The initial threshold for essential worker is employment in the delivery of Government services (e.g., nurses, paramedics, teachers, allied health care workers, police officers and fire fighters).
- Assumption 2: The focus is on industries with regulated wages, where market forces cannot intervene or self-correct for external cost increases.
- Building on the above assumptions, we offer a multi-tiered definition of essential worker with three tiers. **To meet the classification of ‘essential worker’, one must be employed in:**
 - (i) **the delivery of Government services required to meet legislative requirements; or**
 - (ii) **the delivery of Government services needed for the functioning of the State not meeting ‘(i)’; or**
 - (iii) **roles that supplement Government services and are necessary for the functioning of the State.**
- Using the delivery of Government services appeals to a principle (e.g., legislation) that is beyond any one decision maker or entity. This will ensure greater decision-making validity and foundations for the prioritising of cohorts for investment and intervention.
- Granting primacy to roles linked to Government services de-couples the definition of essential workers from income levels and changes in external market conditions.
- Critical worker lists used under Public Health orders of the COVID-19 lockdowns provide a floor for tier three of the definition.

2.2 Prioritising criteria

There is a limit to what can be achieved by Government in the delivery of essential worker housing. This requires decisions regarding where to invest and planning for both short- and long-term provision. To assist Government, we propose the **Essential Worker Housing Prioritisation Matrix** (see Figure 1) which can be used in decision making that requires prioritisation based off impact and urgency.

- Assumption 1: The effective and efficient delivery of Government services requires securing employees with the right qualifications in the locations they are most needed.
- Assumption 2: End-user and workforce catchment areas¹⁰ are not necessarily the same.
- A key challenge for prioritisation is selecting appropriate geographic boundaries of impact to supplement the tiers of essential workers. The intent is to establish the scale of disruption to Government services.
- We suggest a **four-layer model of impact** that includes:
 - **State:** This represents a large-scale impact in the delivery of Government services, calling for immediate attention to prevent critical failure of the system.
 - **Region:** A significant geographic region experiencing a labour shortage that requires a mixture of incentives and initiatives to meet staffing requirements.
 - **Local:** A single administrative unit (e.g., LGA) experiencing issues attracting and retaining sufficient staff to meet requirements for effective service provision.
 - **Unit:** This represents a disruption in provision at a single site potentially requiring a tailored and targeted intervention.
- After the identification of the priority and impact conditions, there is still a need to identify the specific housing (e.g., lack of stock, the adequacy of stock, inability of private market to meet industry need) and workforce (e.g., scarcity of workers, attractiveness of workplaces) problems to develop appropriate interventions.
- It is possible, if not highly likely, that the housing and workforce problems will be different across geographies. Therefore, solutions will not necessarily be the same throughout the state.

Figure 1. Essential Worker Housing Prioritisation Matrix

Priority Levels		Impact					
		State	Region	Local	Unit		
Urgency	Cannot meet legislated requirements. No work around is available	Provision of service needs to be restored immediately / failure of service needs to be prevented immediately. There is no viable work around available.	Government: Cannot deliver legislated required services End-user: Denied access to essential government services Society: Unnecessary loss or reduction of human, social, natural or financial capital	Critical	Critical	High	Medium
	The state cannot fully deliver all necessary services	Some loss, or potential loss of service has occurred. There are work arounds, but they are incomplete, costly, or unsustainable.	Government: Inefficient and variable delivery of services End-user: Difficulties accessing or inefficiencies in services Society: Inequities caused by inefficient and variable quality of services	Critical	High	Medium	Low
	Service delivery is compromised	No service failure has occurred or is likely to occur, and a sustainable work around (even if inconvenient) is available.	Government: Services meet minimum acceptable standard End-user: I can access services but with additional costs/effort. Society: Inefficient provision impacting on the quality of services for citizens	High	Medium	Low	Low

In sum, we have offered a multi-tiered definition of essential workers based on the delivery of Government services and a prioritisation matrix that can assist Government in decision making concerning where to invest based on the urgency and impact to service delivery.

¹⁰ Eacott, S. (2024). [School provision, workforce distribution, housing, and the staffing of schools: The case of Sydney, Australia](#). *International Journal of Educational Development*, 109, 103110.

3. Options to increase housing supply for essential workers

Essential workers deliver social, human, financial, manufactured, and natural capital¹¹ to communities. Substantial cost and fallout can be avoided if essential workers are able to access high quality, situationally appropriate housing within proximity of their workplace^{12,13}. To increase essential worker housing supply there is a need for planning tools and reforms, incentives for the development of privately owned land, rethinking uses of government owned land, all the while ensuring that initiatives are sustainable, innovative, and provide long-term solutions.

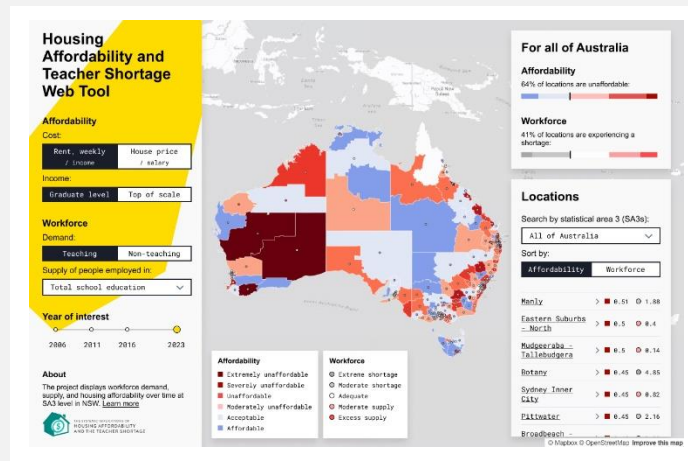
3.1 Planning tools and reforms

Delivering high quality Government services is not possible without robust data and evidence. This requires the generation, curation, and linkage of data to inform planning and reforms targeting specific issues based on the best available evidence.

- The development of new planning tools is dependent on **better quality** (longitudinal, across different layers of administrative boundaries) **and greater access to data**. While [Data.NSW](#) has enabled greater access to data, more work needs to be done to establish and monitor minimum standards for data linkage across Government data assets.

Box 1. Housing Affordability and the Teacher Shortage (HATS) Dashboard

Developed by the HATS research team in collaboration with Small Multiples, and powered by Domain Insights, the [HATS Dashboard](#) aims to highlight the intersection of school education workforce stress (supply and demand) and housing affordability on a national scale and over time. Based on ABS, ACARA, and state/territory teacher salaries (graduate and top of the scale), you can toggle between rent and sales, unit and house, at the Statistical Area 3 level for the period 2011-2023 to identify areas under the greatest workforce and housing stress.



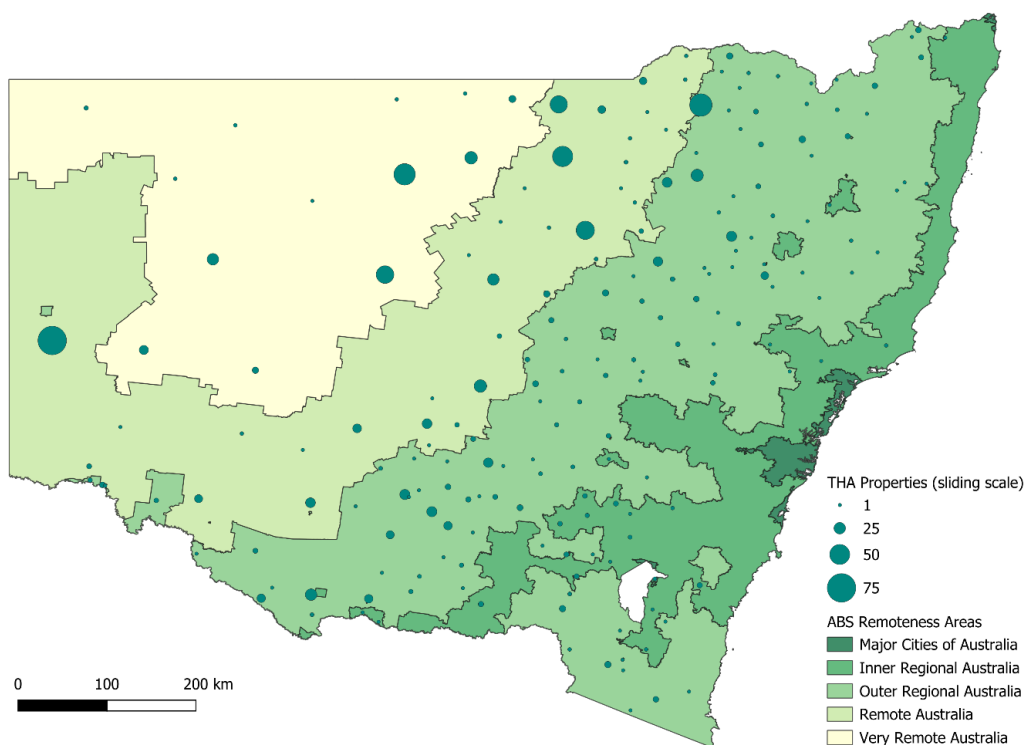
¹¹ Porritt, J. (2007). *Capitalism as if the world matters*. Routledge. <https://doi.org/10.4324/9781849770675>

¹² Eacott, S. (2024). [The systemic implications of housing affordability for the teacher shortage: the case of New South Wales, Australia](#). *Australian Educational Researcher*, 51(2), 733-755.

¹³ Gilbert, C., Nasreen, Z., Gurran, N. (2023). *Tracking the housing situation, commuting patterns and affordability challenges of essential workers: a report prepared for HOPE Housing, Sydney*. University of Sydney & HOPE Housing.

- Existing structures need to be reformed to reflect current market conditions. For example, the Teacher Housing Authority (THA), now under Housing Services (which includes Police Force Housing), supports rural and remote communities by providing housing for teacher and police. It manages 1,391 properties throughout the state¹⁴ (see Figure 2). However, the *Teacher Housing Authority Act 1975 (NSW)*¹⁵ objectives refer to ‘the housing needs of teachers’ (6 (2) (a)) and ‘throughout New South Wales’ (6 (2) (c)). As labour and housing markets have changed, and private rental markets in metropolitan areas do not meet the needs of the industry there is a need to **expand the portfolio of the THA into metropolitan areas to reflect current market conditions.**

Figure 2. Teacher Housing Authority managed properties in NSW, 2024 (source: THA).



- Many initiatives designed to assist essential workers are not fit for purpose. For example, The Shared Equity Home Buyer Helper pilot scheme¹⁶ had income caps where only single graduate teachers (step 1 and 2) or a top-of-the-scale teacher with a partner earning less than \$2,000 per year were eligible. In addition, based on the latest median sales figures (Q3 2023), non-strata properties in 89% of LGAs, and strata in 29% of LGAs across the city are ineligible. There is a need to **shift eligibility from income to role (as per our definition) and adjust property values to reflect the realities of the market.**

¹⁴ NSW Department of Planning and Environment. (2024). [THA - 2022-2023 Annual Report](#).

¹⁵ See: <https://legislation.nsw.gov.au/view/html/inforce/current/act-1975-027#sec.6>

¹⁶ See: <https://www.nsw.gov.au/housing-and-construction/home-buying-assistance/previous-programs/shared-equity>

3.2 Incentives for development on privately owned land

The New South Wales public school system is the largest in the southern hemisphere¹⁷. Housing the workforce needed to meet the scale of operations is unlikely to be achieved without partnering with developers and non-government entities. With rising construction costs and affordable housing representing a potential loss of profit for developers, it will be necessary to incentivise or regulate any developments.

- Retain existing graduated density (up to 30 per cent floor space ratio boost) and height (up to 30 per cent above local environment plans) bonuses, assuming the expansion of mandatory inclusionary zoning¹⁸ for data identified precincts, raising the floor to a minimum of 20 per cent affordable housing, and extend operating terms to 30 years or in perpetuity managed by registered not-for-profit community housing providers.
- Reduce the threshold for outside Greater Sydney developments eligible for incentives from \$30M to \$25M, while retaining the above listed criteria, to encourage timely investment and preventive action to avoid spread of current Greater Sydney issues to other regions. Tie incentives to projected and current workforce supply issues in areas.
- Incentives and relaxed regulation need to focus on medium density housing around transport hubs to optimise existing infrastructure¹⁹. This represents the greatest return on investment by expanding accessibility to workplaces and the availability of staff.
- The goal of essential worker housing should always be in geographic proximity to workplaces, not just where development works best for the developer.

3.3 Opportunities within developments on government owned lands

As per our definition, essential worker housing should be considered public infrastructure. Strategic use of government owned land represents considerable cost efficiencies and can be an economic driver of community and regional development.

- Task Landcom with conducting a survey of all Government owned property holdings, and their zoning classifications, to select potential parcels for development aligned with current and projected essential worker need, and initiate business cases for those sites.
- Legislate that all future land releases need to include explicit arrangements for essential worker housing as part of public infrastructure.

Box 2. Education workforce housing in California

A [2022 Report](#) and accompanying [Handbook](#) describes the potential for land owned by school districts to be designed and developed for teachers housing. Surveying potential sites and a range of housing design strategies the report and handbook lay out a path for school districts interested in attracting and retaining teachers in local communities.

¹⁷ OECD (2023), “Enhancing school improvement reform in New South Wales (Australia)”, *OECD Education Policy Perspectives*, No. 75, OECD Publishing, Paris, <https://doi.org/10.1787/36135b5b-en>.

¹⁸ <https://www.ahuri.edu.au/analysis/brief/what-inclusionary-zoning-and-how-does-it-help-deliver-affordable-housing>

¹⁹ NSW Productivity Commission. (2023). Building more homes where people want to live. NSW Treasury.

3.4 Reforms that promote fiscal sustainability, innovation and essential worker housing in perpetuity

Essential housing initiatives are challenged by limited supply, insufficient funding to build further stock or maintain existing assets²⁰. However, investment in affordable housing has a return of \$2 for every \$1 invested²¹. A coordinated approach to boost supply represents a significant opportunity for NSW, regions, communities, and individual essential workers.

- **Shared equity schemes** relieve strain on assisted housing programs and if tied to a government lender, can return modest profits from mortgage interest repayments.²² Expanding access to shared equity schemes by linking to roles not income (as per our definition) and with property values linked to observed market conditions offer a sustainable reform for essential workers.
- There is potential in piloting an Essential Worker Housing Scheme modelled on **Defence Force Housing**²³ reducing the capital investment for building new stock. A concern is the potential for privatisation of provision, so it would require mitigation strategies.
- Further expansion of **incentives for build-to-rent programs**²⁴ in targeted geolocations based on enduring or forecasted essential worker supply and demand stress.
- The latest ABS census data indicates that 92 per cent of school education workers use a personal vehicle to travel to work. **Removing public transport costs for essential workers** offers a fiscally innovative model for Government, especially if coupled with Government led re-zoning for medium density housing near priority transport hubs.

3.5 Other related matters

Generating robust empirical evidence to inform inter-governmental department policy decisions is fundamental to NSW's prosperity and addressing essential worker housing.

- No research and development initiatives have been reported as funded in the Teacher Housing Authority annual reports 2019-2020 through to 2022-2023, or the 2023-2024 Statement of Business Intent²⁵.
- High quality independent data and evidence is needed to support the work of Government. To fund this work, a percentage of investment in essential worker housing should be used to support ongoing research in two main areas:
 - The housing needs of essential workers; and
 - The design, construction and maintenance of essential worker housing.
 Funding for this research can be raised through a levy (e.g., 1-2 per cent) included on developments.

²⁰ See: https://www.dpie.nsw.gov.au/_data/assets/pdf_file/0005/619412/Signed-SBI-2023-24.PDF

²¹ See: <https://sgsep.com.au/projects/give-me-shelter>

²² See: <https://www.ahuri.edu.au/analysis/brief/what-shared-equity-scheme#:~:text=For%20governments%2C%20the%20benefits%20in%20assisting%20lower%20income,can%20return%20modest%20profits%20from%20mortgage%20interest%20repayments.>

²³ See: <https://www.dha.gov.au/investing>

²⁴ See: <https://www.planning.nsw.gov.au/policy-and-legislation/housing/housing-sepp/build-to-rent-housing>

²⁵ See: <https://www.dpie.nsw.gov.au/land-and-housing-corporation/housing-services/annual-reports>

The systemic implications of housing affordability and the teacher shortage (HATS) research program

The HATS research program is dedicated to developing the necessary tools and resources to respond effectively to the systemic implications of housing affordability and the teacher shortage. For further details, or to connect with the team, contact Professor Scott Eacott

The research program has the following **aims**:

- **Establish new estimates of school education workforce distribution and the accessibility of schools**

Our researchers seek to develop tools for government and systems to better understand the intersection of housing affordability, the teacher shortage, and the accessibility of schools.

- **Develop state-of-the-art models to support the functionality and effectiveness of government to deliver educational and social outcomes**

We bring broad interdisciplinary expertise to enrich the methodological toolkit and generate unparalleled data to enhance the validity of decisions regarding workforce distribution, housing affordability, and the accessibility of schools.

- **Generate a body of robust empirical evidence to inform policy**

We aim to increase the quality of decision-making through the provision of high-quality research accessible to multiple audiences. Through attention to fundamental concerns for policy makers our research will facilitate targeted and tailored intervention design.

Resources

[The Housing Affordability and the Teacher Shortage Dashboard](#)

Representative peer-reviewed publications

Eacott, S. (2024). [School provision, workforce distribution, housing, and the staffing of schools: The case of Sydney, Australia](#). *International Journal of Educational Development*, 109, 103110.

Eacott, S., Gilbert, C., & MacDonald, K.C. (2024). [Schools and the city: workforce distribution, housing and city schools](#). *Australian Educational Researcher*.

Medlin, L., Eacott, S., Gilbert, C., MacDonald, K.C., & Pettit, C.J. (2024). [Housing the teacher workforce: A scoping review](#). *Education Sciences*, 14(5), 537.

Eacott, S. (2024). [The systemic implications of housing affordability for the teacher shortage: the case of New South Wales, Australia](#). *Australian Educational Researcher*, 51(2), 733-755.

*The Systemic Implications of Housing Affordability and the Teacher Shortage (HATS)
Project lead: Prof. Scott Eacott*