

**Submission
No 26**

OPTIONS FOR ESSENTIAL WORKER HOUSING IN NEW SOUTH WALES

Name: Mr Michael Regan
Position: Member for Wakehurst
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REGANMP
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12th September 2024

Alex Greenwich MP
Member for Sydney
Chair of Legislative Assembly Select Committee on Essential Worker Housing
Email: EssentialWorkerHousing@parliament.nsw.gov.au

Re: Submission to Select Committee on Essential Worker Housing

As the local member for Wakehurst, I frequently interact with local essential workers and their leadership: police, principals, teachers, nurses, paramedics, bus operators, bus drivers, childcare workers, cleaners and more. Inevitably, the conversation turns to housing unaffordability as a key pressure making existing staff more stressed and making it harder to fill vacancies.

That those people who choose service vocations, motivated by wanting to help others, are increasingly unable to find local affordable housing, is unfair and bad for our communities. We all know a stable home is the foundation for a good life.

The practical and political obstacles to confronting structural housing unaffordability across the market are enormous and will take a long time to resolve, if they ever are. Targeted intervention to deliver housing for those on lower incomes, in the roles that enable society and local economies to function, is desperately needed.

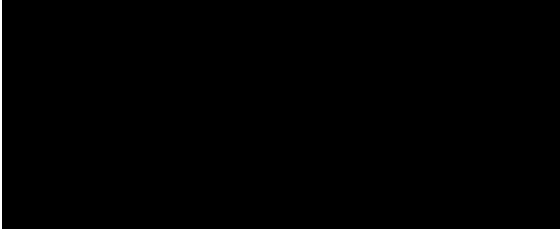
The attached submission makes the case that:

- Northern Beaches has an urgent need for affordable housing solutions for essential workers
- Contextual factors specific to the Northern Beaches justify prioritisation for investment in essential worker housing
- The development of the new Frenchs Forest Town Centre on the old Forest High site is a once-in-a-generation opportunity to deliver affordable essential worker housing at scale

- The NSW Government should look beyond affordable rental housing to support shared equity schemes that enable home ownership for essential workers.

Thank you for the opportunity to make a submission.

Kind regards,



Michael Regan MP
Independent Member for Wakehurst

Recommendations

Recommendation 1: That the NSW Government recognise the urgent need for affordable housing for essential workers on the Northern Beaches

Recommendation 2: That the Committee investigate options for a flexible essential worker definition for the purpose of accessing affordable housing, which lists and prioritises occupations based on local needs and can be updated over time. Right now for the Northern Beaches, any list would need to include bus drivers.

Recommendation 3: That the NSW Government recognise that geographic isolation, public transport constraints and high property prices on the Northern Beaches justify prioritisation for public investment in essential worker affordable housing.

Recommendation 4: That the NSW Government ensure criteria for public investment in affordable housing recognises strategic geographic distribution not just maximum yield in areas with lower land values.

Recommendation 5: That the NSW Government recognise the unique potential of the Frenchs Forest Town Centre site, subsidise an in-perpetuity affordable housing portion of at least 30% - with essential workers given priority - and coordinates Landcom, private developers and community housing providers, as required, to make it happen.

Recommendation 6: That the NSW Government formalise their policy commitment to 30% affordable housing in developments on government owned land and ensure this is factored into property valuations for these sites to help make developments feasible.

Recommendation 7: That the NSW Government make the public land audit process more transparent by publishing the steps, decision makers, timeframes and criteria for assessing sites and progressing them to development.

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Recommendation 10: That the NSW Government incorporate shared equity options into redevelopments of government owned land, including the Frenchs Forest Town Centre site.

Northern beaches has an urgent need for affordable housing solutions for essential workers

There are staff shortages across many key public services on the Northern Beaches. The key factor making workers leave or not come to the Northern Beaches in the first place is the prohibitively high cost of housing.

Looking at the data, it is not hard to see why. In preparing this submission, my office analysed incomes and property market data for a range of essential worker types on the Northern Beaches. The findings include:

1. All public school teachers, early childhood educators, bus drivers, cleaners, nurses, paramedics or police officers living alone are in rental stress (rent exceeding 30% of weekly income) when they lease a median one bedroom apartment (at \$623 per week).
2. All public school teachers, early childhood educators, bus drivers, cleaners, nurses, paramedics or police officer families are in rental stress (rent exceeding 30% of weekly income) when they lease a median three bedroom apartment (at \$1,250 per week).
3. It takes between five to 20 years for public school teachers, early childhood educators, bus drivers, cleaners, nurses, paramedics and police officers renting alone and assuming moderate living expenses to save the 20% deposit required to purchase the cheapest property sold on the Northern Beaches this past year (a \$550,000 studio in Manly).
4. It takes between six to 86 years for public school teachers, early childhood educators, bus drivers, cleaners, nurses, paramedics and police officer families renting and assuming moderate living expenses to save the 20% deposit required to purchase the cheapest three bedroom property sold on the Northern Beaches this past year (a \$1.35m house on Scotland Island).

There are labor shortages in teaching, policing, nursing and bus driving, across the state, and the country. Many would prefer to live outside the Northern Beaches, where they can get the same wage with lower housing costs.

As a local senior policeman explained to me, 'why not take the same job and pay but live in Port Macquarie with a much nicer house and lifestyle. In the past, these other locations were very competitive, but with state-wide shortages, you can go wherever you want, including other states and capital cities'.

The harsh reality of the private housing market means targeted affordable housing options for those on low incomes are very important. On the Northern Beaches, these options are also scarce. According to the Community Housing Industry Association NSW [data dashboard](#), the Northern Beaches LGA currently has just 33 affordable housing tenancies. Analysis done as part of the Northern Beaches Local Housing Strategy (2021) found a current shortfall of 8,000 social and affordable housing dwellings on the Northern Beaches, which is set to increase by another 1,880 dwellings by 2036.

Squeezing essential workers out of the area costs our community, as public service delivery is strained.

In the classroom, it means our students have teachers who are more stressed. It also impacts the talent we can attract. One principal of a local primary school recounted to me that they offered a position to a talented young teacher, their preferred candidate, but he turned down the job because he couldn't find anywhere to live locally.

Nurses and midwives working at Northern Beaches Hospital report that senior nurses are mostly local long-term employees, but turnover is high among younger less experienced nurses, who work at the hospital to get experience, stay for 18 months or so, then leave. The key factor driving them away is high local housing costs. High turnover at this entry and mid level, undermines the pipeline of future experienced and qualified nurses, which becomes particularly problematic as older nurses retire. We all pay the price in declining standards of care, through no fault of the dedicated nurses and midwives.

The most frequently raised issue with my electorate office is the reliability of local bus services, the only form of public transport in our area. In July 2024, the Northern Beaches (Region 8) was the second worst performing bus network in metropolitan Sydney on [Transport for NSW's dashboard](#) which brings together data on on-time running, canceled and incomplete trips, customer complaints, driver vacancies* and asset maintenance. The single biggest factor driving bus service unreliability is driver shortage. And the biggest hurdle to recruiting bus drivers is housing affordability.

When essential workers cannot establish themselves in an area for the medium to long term, corporate and institutional knowledge is lost, intergenerational professional skill transfer decreases, our public service institutions are weakened and the social fabric of our communities is less coherent, as staff are not as connected or integrated within the local community.

Essential workers often hold relationships and local knowledge that make them important local leaders. They help hold together shared civic life and create a sense of connectedness. We all can think of a teacher, a bus driver, nurse, midwife or childcare worker who is an institution in their own right, having touched the lives of thousands of local residents.

The personal toll of housing unaffordability for essential workers can be heartbreaking.

In the short term, this means either living locally in cramped conditions or commuting long distances. In the medium to long term, it means being unable to save money or build a life and sense of personal security and opportunity for themselves or their families.

Speaking to local principals and teachers, many young teachers in the area live with their parents. While every family circumstance is different, when adult children feel this is the only option for them, it is a problem. These living arrangements can strain relationships and prevent young people taking healthy steps to independence.

Local nurses and midwives tell me of colleagues with families living in granny flats or converted garages. I have heard of one instance of six nurses living together in a two bedroom unit in Dee Why, as they cannot afford to rent on their own. Is it any wonder we are struggling to retain new nurses at Northern Beaches Hospital?

One bus driver, who moved to the area for the job, wrote to me explaining his situation:

'I thought I would move to Sydney then look to rent a unit or a room or small apartment but it looks like I will end up staying in a car. It's the only affordable option at the moment. The reason is the cheapest I found around Mona Vale where I work is over \$600 per week, which is more than half of my income. The real estate only accepts applications if rent is less than 1/3 of my income. Which makes it hard. It's also high risk, as many bus operators live away from the bus depot, meaning they have to drive 45/90 minutes before and after their shift which can mean 8-13 hours driving! I hope there is some kind of help to solve this issue for me and other bus drivers for the safety of everyone.'

Many essential workers travel long distances to get to work as they cannot afford to live locally. Too often, the commute is so deleterious to quality of life and personal health, it is simply not sustainable.

A local nurse told me the following story of a colleague who had recently completed her midwifery training and moved to Sydney looking for work.

'None of the public hospitals would take someone with no hands-on midwifery experience. Northern Beaches Hospital took her on, in the understanding that the first year of any RN1 or RM1 is a supported year with additional sessions with Educators and always having a senior midwife to get support from, as she was learning her practice. She could not afford to live in the Northern Beaches and moved with her partner to western Sydney. She did this commute for two years. Then when she became qualified as a registered level 3 midwife, she became hot property with the local public hospital and moved nearer to where she was living. She was able to use the 1-1.5 hour commute each way instead to have a more healthy balanced lifestyle including personal exercise. When she was commuting to NBH, given shifts of 12.5 hours long, she was away from home 15-16 hours at a time.'

I look forward to the Committee's deliberation of the merits of defining specific occupations as essential workers and prioritising them for affordable housing.

I note that any definitive list of essential workers, unless exhaustive, will risk excluding important workers.

However, in the case that a list of occupations are recommended as 'essential workers', bus drivers should be included. Bus drivers were not included on the list of key workers eligible for the NSW Government's "Shared Equity Home Buyer Helper" scheme trial program, which recently closed.

On the Northern Beaches, bus driver shortages have such a significant impact on the community, that I strongly advocate that they be recognised as an essential worker category.

Ideally, any list of essential workers to qualify for affordable housing should include flexibility to recognise particular local labor shortages, and also change over time. This could include the ability for prioritisation of occupations on an LGA basis.

Recommendation 1: That the NSW Government recognise the urgent need for affordable housing for essential workers on the Northern Beaches

Recommendation 2: That the Committee investigate options for a flexible essential worker definition for the purpose of accessing affordable housing, which lists and prioritises occupations based on local needs and can be updated over time. Right now for the Northern Beaches, any list would need to include bus drivers.

Contextual factors specific to the Northern Beaches justify prioritisation for investment in essential worker affordable housing

The Northern Beaches is unique in metropolitan Sydney in its geographic isolation, significant population size (approx 266,000) and sky high property prices.

The Northern Beaches peninsula is framed by ocean to the east and large areas of national park to the west. There are only three roads in: the notoriously congested A8 Military Road via Mosman, the A38 Warringah Road via Roseville Bridge and Mona Vale Road via St Ives.

With the exception of ferries to Manly, buses are the only form of public transport servicing the Northern Beaches. There is no metro, light rail or trainline and will not be for the foreseeable future.

This contrasts with other areas with acute housing unaffordability, such as the eastern suburbs or north Sydney, which have greater connectivity with the rest of Sydney via train, metro and light rail networks, in addition to bus routes. This means workers can more easily sustainably commute from other parts of Sydney to work in these areas.

Commuting from other parts of Sydney to work on the Northern Beaches is long, hard and often unsustainable.

The Northern Beaches will not have a pipeline of development under new planning settings which will boost affordable housing supply over time.

At the heart of the NSW Government's Transport Orientated Development (TOD) program are 8 priority transport hubs where state-led rezonings will create capacity for 47,800 new homes over 15 years near metro and train stations. The requirement for affordable housing in these TOD hubs is up to 15%.

Given the severe infrastructure constraints of the Northern Beaches, there are no TODs identified for our area, meaning less large new developments with significant affordable housing dwelling numbers. Because of this, the relative quantity of affordable housing on the Northern Beaches is likely to fall even further over the medium to long term.

These factors make it important to prioritise the Northern Beaches for affordable housing and to seize opportunities that do exist - most significantly, the Frenchs Forest site outlined below.

These factors also highlight why decision making for public investment in affordable housing for essential workers cannot be determined by crude assessments of value for money relative to land values. The necessary geographic spread of affordable housing will not occur on this basis, with money always going further in areas with lower land values.

The Government, through the public land audit process, is in a process of prioritising public land for housing redevelopment, including affordable housing. As far as I am aware, the criteria and decision making frameworks for this process have not been made explicit or publicly available.

Recommendation 3: That the NSW Government recognise that geographic isolation, public transport constraints and high property prices on the Northern Beaches justify prioritisation for public investment in essential worker affordable housing.

Recommendation 4: That the NSW Government ensure criteria for public investment in affordable housing recognises strategic geographic distribution not just maximum yield in areas with lower land values.

The development of the new Frenchs Forest Town Centre on the old Forest High site is a once-in-a-generation opportunity to deliver affordable essential worker housing at scale

The Frenchs Forest Town Centre site is the single biggest opportunity we have on the Northern Beaches to shift the dial on the amount of local affordable housing, including for essential workers. The proximity of the site to the Northern Beaches Hospital makes it a particularly valuable proposition to house local healthcare workers.

Box 1 below outlines the key details and planning vision for the site.

Figure 1 shows the location and strategic importance of the site in the context of broader metropolitan Sydney, as the only metropolitan and strategic centre on the Northern Beaches.

Figures 2 and 3 show the four precincts and distribution of land-use zonings contained within the footprint for the new Town Centre and adjacent residential rezonings.

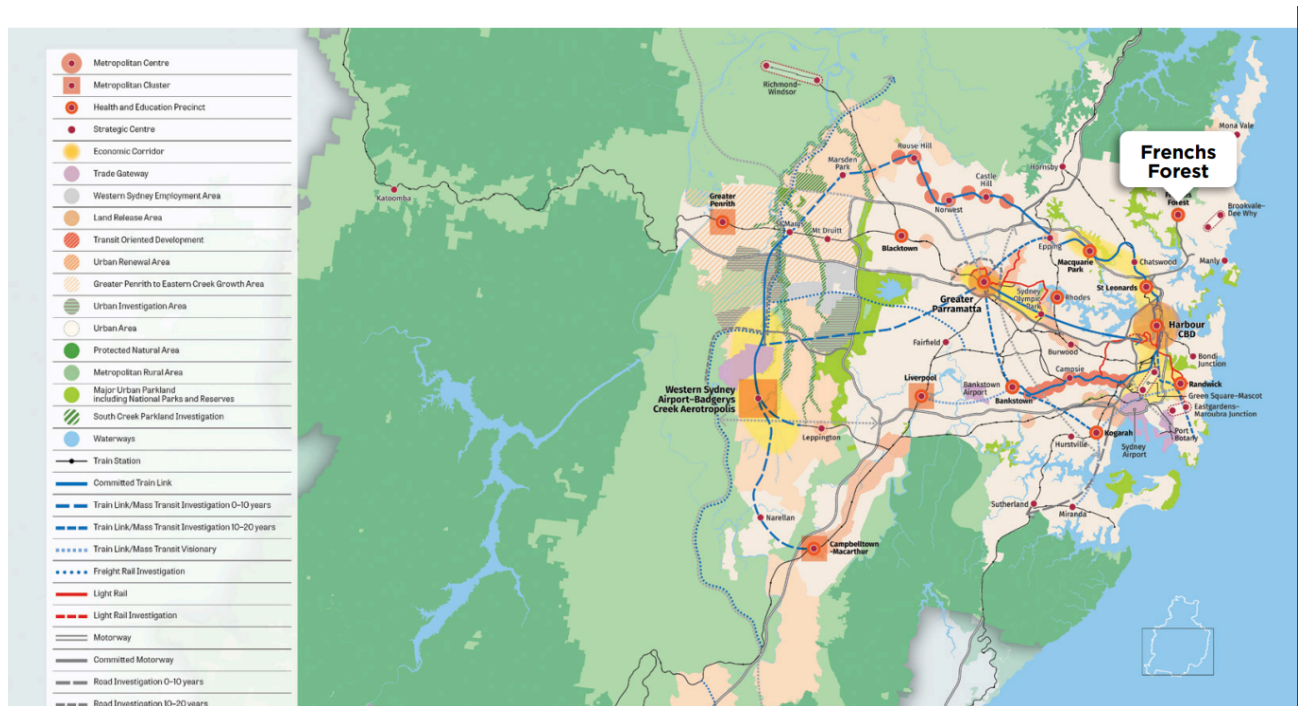


Figure 1: Frenchs Forest Town Centre location and strategic importance (Source - Frenchs Forest 2041 Place Strategy)

Box 1: Frenchs Forest Town Centre redevelopment

- Located 13 km north of Sydney CBD and in the west of the Northern Beaches Local Government Area (LGA), Frenchs Forest is a strategic location with accessibility to the entire Northern Beaches peninsula, as well as Chatswood and the North Shore.
- The [Frenchs Forest 2041 Place Strategy](#) was finalised on 17 December 2021. The Place Strategy is a 20-year plan to deliver a new town centre, 1.5 hectares of new open space, better walking and cycling connections, 2,000 new homes and up to 2,000 new jobs.
- The Place Strategy sets out the vision for a mix of medium and high-density residential, commercial and retail development, wrapping around the Northern Beaches Hospital, opened in 2018. This Place Strategy outlines four precincts (as outlined in Figure 2 below), zoned to deliver different built form outcomes.
- The rezoning is done, with new planning controls coming into force in June 2022. The rezoning enables up to 12 storeys residential and mixed use commercial for the town centre precinct, up to 6 storeys residential and mixed use commercial along Frenchs Forest Road West, up to 3 storey medium density housing along Warringah Road and Karingal Crescent.
- The most significant of these precincts is the Town Centre, which is the heart of Place Plan and will host 1,000 (half) of the new dwellings in the Plan. The town centre will be built on the site of the current Forest High School, which is being relocated to Allambie Heights. The new school is scheduled to open in mid 2025.
- The high school site is free of heritage constraints and is already serviced by gas, water, sewer, electricity, stormwater and public transport. Recent major road upgrades to Wakehurst Parkway and Warringah Road, designed to accommodate growth associated with the Frenchs Forest Town Centre, are completed.
- Local Northern Beaches Council planning controls for the site are all signed off and finalised including a detailed [Development Control Plan](#), 7.11 and 7.12 Contributions Plans and the [Affordable Housing Contributions Scheme](#).
- Under the current planning settings, the affordable housing target is 15% for the town centre, and 10% for other areas, implemented via Council's Affordable Housing Contribution Scheme. These targets will provide for up to 250 affordable housing dwellings.
- Once the school moves, the site will be vacant and the NSW Department of Education, together with Property Development NSW will manage a divestment process, where the site will be sold to a private developer or to government developers Landcom, or potentially Homes NSW.

Connected places

The revitalisation of Frenchs Forest cannot be a one-size-fits-all approach, given that each area of the precinct has - or will have - its own character, building types and uses. *Frenchs Forest 2041* thinks about the precinct in 4 character areas:

- A** The town centre
- B** Frenchs Forest Road West Neighbourhood Centre
- C** Karingal Crescent Neighbourhood
- D** Bantry Bay Neighbourhood Centre

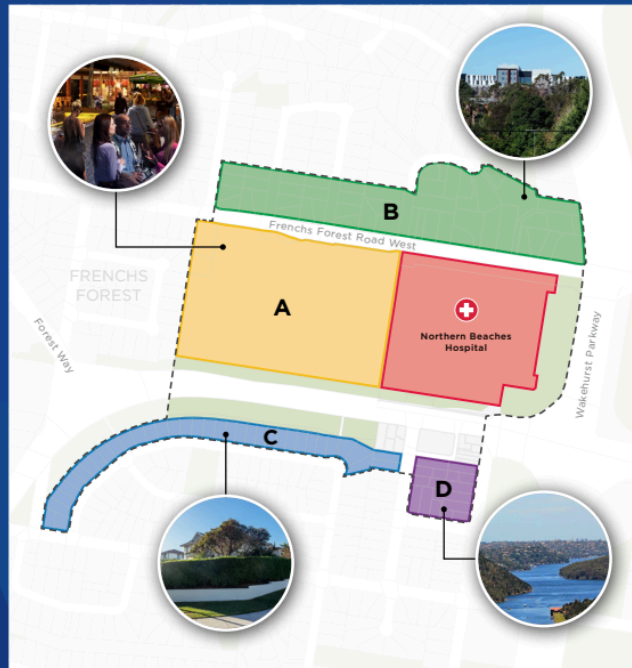


Figure 4: Character areas

Figure 2: Four precincts within the new Town Centre and adjacent residential rezonings (Source - *Frenchs Forest 2041 Place Strategy*)

Zoning

The new town centre (B4 Mixed Use) will be supported by new open space (RE1 Public Recreation) and retail, civic and commercial uses (B3 Commercial Core). To reflect the approved use of the Northern Beaches Hospital, the hospital site is rezoned from R2 Low Density Residential to SP2 Infrastructure (Hospital).

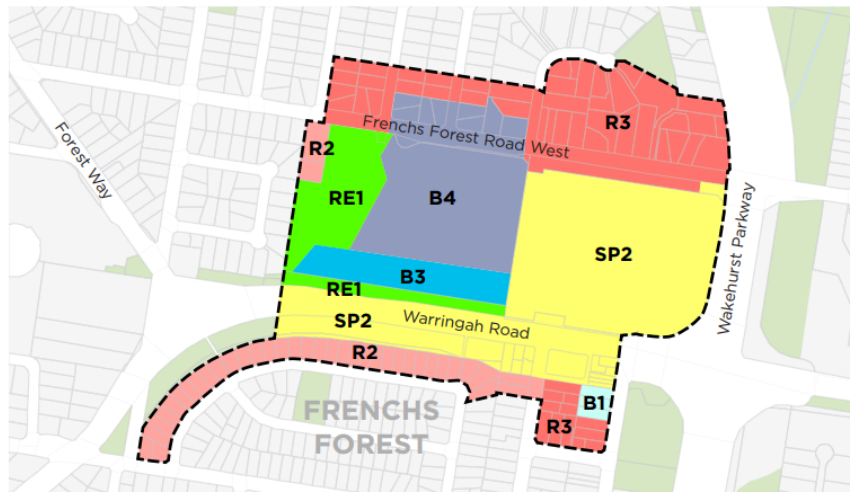


Figure 6: Land zoning

Land Zone

- | | |
|--------------------------------------|-----------------------------------|
| B1 Neighbourhood Centre | B3 Commercial Core |
| B4 Mixed Use | R2 Low Density Residential |
| R3 Medium Density Residential | RE1 Public Recreation |
| SP2 Infrastructure | |

Figure 3: Landuse zoning within the new Town Centre and adjacent residential rezonings (Source - *Frenchs Forest 2041 Place Strategy*)

The planning framework to deliver ‘density done well’ on the Frenchs Forest Town Centre site is ready to go. The Frenchs Forest Place Strategy, which sets the overall vision, is adopted. The Development Control Plan and Contributions Plans are signed off by Northern Beaches Council. The rezoning is complete for the site, paving the way for high-density mixed residential and commercial, delivering an expected 1,000 new dwellings, in buildings up to 12 storeys high.

Once the school is vacated in mid 2025, this is a Development Application away from breaking ground. There are not many sites like this across Sydney . The NSW Government should seize this opportunity to deliver much needed housing in this term of government.

I am calling on the NSW Government to think big and maximize the in-perpetuity affordable essential worker housing on the Frenchs Forest Town Centre site. I am calling for 50% affordable housing on the site, but at the very least, the site should have the government’s 30% affordable housing policy for new developments on public land applied.

Governments around the world are delivering ambitious affordable housing policies and projects and NSW should too. In New York, [the Willet Point redevelopment](#) is a private public partnership that will deliver 100% of its 2,500 new homes as affordable housing. In the UK, the recently elected Labour government has [committed to 40% affordable housing](#) in new developments.

It is encouraging to see the development at Waterloo include 50% [affordable housing](#). We need to continue to implement projects with this level of ambition.

I am eager to see the NSW Government fully commit to their 30% affordable housing on public land policy as soon as possible.

Delivering a high level of in-perpetuity affordable housing for essential workers on the Frenchs Forest Town Centre site will require a public subsidy of some form. This subsidy would either be 1) a capital grant or 2) low or no cost for the land, which is currently owned by the Department of Education.

I am focused on the outcome rather than the process. However, providing this government-owned land at no or discounted cost would seem the most elegant option. Further capital grants to Community Housing Providers may also be necessary to complete construction, though Commonwealth funding may also be accessed for this through the Housing Australia Future Fund.

My preference is that this site be made available on a long-term lease arrangement and retained in government ownership, rather than sold.

I understand that NSW Government policies, specifically the [Treasurer's Direction TD92/2 \(469.03\) – Basis of Transfer of Realty between Government Authorities](#) and the NSW Strategic Land and Property Framework, mean that land being transferred between government agencies has to be accounted for at *market value*. The land values in Frenchs Forest will make this price very high.

I understand that *market value* does not take affordable housing requirements into account. In the case of Frenchs Forest, neither the Council's 15% or the NSW Government's target of 30%. Land valuations should factor in government policy and the price should reduce accordingly, just as values increase through rezoning or strategic planning decisions.

The Frenchs Forest Town Centre redevelopment could be a flagship project delivered under a partnership model. This would involve a collaboration between Landcom and/or a private developer and a Community Housing Provider (CHP), potentially together with a not-for-profit fund manager providing a shared equity option (see below).

Encouraging examples of these types of partnerships are emerging. [The Lachlan's Line development](#) in Macquarie Park, is the first project where Landcom is collaborating with a CHP, Link Wentworth, to deliver 135 affordable homes on a single 100 percent affordable housing lot as part of the bigger precinct of 2,100 new homes, mixed-use commercial and a new school.

In another industry first, at the [Hume Place project](#) in Crows Nest private developer Third.i and Phoenix Property Investors are partnering with CHP Evolve Housing to designate 15% of the mixed-used development to nurses, midwives, health professional and service staff working at nearby Royal North Shore Hospital and other local health facilities - in perpetuity.

Scaling up CHPs is a crucial part of the affordable housing solution. Engaging a suitable CHP in the redevelopment of the Frenchs Forest Town Center site is the biggest opportunity to scale up and build CHP capacity on the Northern Beaches.

I have spoken with community housing providers, developers, unions, banks, Landcom and Homes NSW about the potential of the Frenchs Forest Town Center site. Leadership and coordination is necessary to bring a partnership to fruition.

Either the NSW Government has to 1) deliver the project and the affordable housing component or 2) make clear specifications at the time of tender/EOI to private developers about the affordable housing requirements.

The site will be vacated around mid next year and the planning needs to start now. In [answering a question](#) in the Legislative Assembly on this topic, Minister Kamper confirmed that the site is being captured as part of the audit of public land audit for housing. The site-specific assessment process for locations identified in the public land audit should provide the mechanism for an increase in the proportion of affordable housing on the site.

I continue to engage with the NSW Government to get clearer information about the process and timeline. I have not received any confirmation to date that the relevant agencies are in an active assessment or decision making process for the site.

Recommendation 5: That the NSW Government recognise the unique potential of the Frenchs Forest Town Centre site, subsidise an in-perpetuity affordable housing portion of at least 30% - with essential workers given priority - and coordinates Landcom, private developers and community housing providers, as required, to make it happen.

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The NSW Government should look beyond affordable rental housing to support shared equity schemes that enable home ownership

The current conception of targeted affordable housing is low cost rentals. While important, essential workers also need pathways to home ownership and all the associated benefits. Public or private shared equity schemes provide this pathway.

The NSW Government [Shared Equity Home Buyer Helper](#) scheme closed in June 2024. The program targeted key workers buying their first home, single parents and older singles, and victim-survivors of domestic and family violence.

As far as I am aware, no evaluation of this program has been published. Feedback through my electorate office was that the income (\$93,200 for singles and \$124,200 for couples) and property price (max \$950,000) thresholds were too low to be viable for someone on the Northern Beaches to participate.

Private finance also has an important role to play in facilitating shared equity schemes. For example, [HOPE](#) is a not-for-profit fund manager that co-invests in shared equity arrangements with essential workers to help them buy homes. HOPE delivers returns to investors through capital gains in residential property investments. The question is why can't the NSW Government do this and reap the financial benefits as well as the social benefits?

Recommendation 8: That the NSW Government do a comprehensive review and reform process to increase availability and uptake of shared equity schemes, including an evaluation of the recently closed Shared Equity Home Buyer Helper scheme. A new shared equity model with fewer restrictions should be created from this review.

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