

**Submission
No 27**

OPTIONS FOR ESSENTIAL WORKER HOUSING IN NEW SOUTH WALES

Organisation: Richmond Valley Council

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NSW Legislative Assembly
Select Committee on Essential Worker Housing

By Email: EssentialWorkerHousing@parliament.nsw.gov.au

Submission: Inquiry into options for essential worker housing in NSW

Thank you for the opportunity to provide feedback on the inquiry into options for essential worker housing in NSW. While Richmond Valley Council acknowledges the intent of the Inquiry, it is concerned at the possibility of State-led policy solutions that advantage one group of workers over another, in an already constrained housing market, by attempting to classify who is 'essential' and who is not. In regional NSW, all workers are essential to our local economy – and all of them need somewhere to live. Council believes the NSW Government's energies would be better directed at resolving the broader housing crisis in regional and metropolitan NSW, which will, by default, ease the pressure on working families.

Our Council has experienced the challenges, first-hand, of not only attracting skilled workers to regional communities, but in sourcing suitable accommodation to house them. As you would be aware, the Northern Rivers region is currently in the grips of a severe housing crisis, following the catastrophic 2022 floods, which saw more than 1000 homes lost from an already constrained housing market. In this environment, Council has taken the view, in its long-term Community Strategic Plan, that housing is a basic right for all community members, regardless of their employment status and that we should adopt appropriate strategies to ensure that no-one is left behind in finding a suitable and safe place to live.

Council believes the NSW Government should take the same view and focus its energies on addressing the broader housing crisis within NSW, rather than attempting to distort the market with incentives for one group of workers over another. However, Council appreciates that it will take some time to achieve a resolution to housing shortages. In the interim, it believes there are a number of approaches that could be taken to open up more opportunities for workers in regional NSW and these are outlined below.

Rebalancing the rental market

The 2021 census showed that there were some 300,000 unoccupied homes in NSW, with the highest numbers being recorded in popular holiday areas. Clearly the lucrative short-term accommodation market is impacting on the amount of housing stock available for long-term residential tenancies. While Council acknowledges that short-term rentals play an important role in supporting tourism industries in regional NSW, these rental properties currently enjoy a disproportionate advantage over other commercial tourist accommodation. Homes rented out for casual holiday lets have access to significant tax incentives, while not being subject to the same oncosts and regulatory oversight as equivalent tourist accommodation. This has served to increase the supply of short-term holiday homes exponentially, to the detriment of the residential rental market.

There are a number of policy levers that could be used to recalibrate the balance in this market, such as supporting NSW councils to levy commercial rates on short-term rental properties or requiring development approval for conversion of long-term rental stock to short-term holiday lets. Advocating to the Australian government to consider recalibrating tax incentives to favour long-term residential investment properties should also be considered. This would potentially free up thousands of rental homes for working families within a comparatively short timeframe.

Resuming responsibility for housing State front-line workers

In the past, NSW government agencies – particularly NSW Health and the Department of Education – played a stronger role in providing housing for their key workers in regional NSW. A significant number of homes for nurses, police officers and teachers were provided in regional NSW, easing the pressure on local housing markets and encouraging skilled workers to relocate to these areas. These agencies have now stepped back from direct provision of housing, increasing the pressure on the private market and disadvantaging lower-paid workers who cannot compete for limited rental stock. Council believes there is significant opportunity to utilize government land for key worker housing, particularly in the health sector. In this regard, it has taken the lead in identifying a dedicated Health Precinct around the public hospital in Casino, within Council's long-term Growth Management Strategy. However, while Council can pave the way for NSW Government to utilize these provisions, it is up to the relevant agencies to seize the opportunities provided and invest in housing development on these sites.

Investing in emerging growth centres

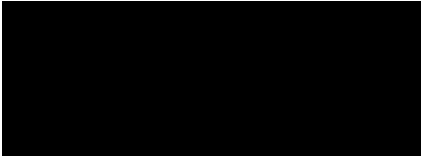
There are a number of emerging growth centres in regional NSW, including the Richmond Valley, where there is ample, flood-safe land to provide a range of affordable housing types. However, current NSW Government policy favours established growth centres with funding incentives, rather than investing in emerging areas, which would benefit more from assistance.

For example, recently announced funding for Round 3 of the Accelerated Infrastructure Fund, supporting housing activation in regional NSW provided generous funding for established growth centres, such as the Shoalhaven, Port Macquarie and Tweed, while excluding emerging areas such as the Richmond Valley from participating in the funding scheme. Established growth areas already provide sufficient return on investment to make them attractive to private developers. It is in emerging areas, where returns are more marginal, that government incentives can have the greatest influence in unlocking housing for working families.

The funds that better-resourced councils in growth centres such as Port Macquarie received through this scheme could have unlocked twice as many homes in the Richmond Valley by investing in essential infrastructure that our council is currently unable to fund. Despite endorsement by the NSW Government as a Regional Jobs Precinct, and acknowledgement in the NSW Reconstruction Authority's Resilient Lands Strategy as a priority residential release area, the Richmond Valley continues to be excluded from housing acceleration funding. If the NSW Government wants to increase housing options for workers in regional NSW, then investing in emerging centres, such as the Richmond Valley, will provide far greater value for money than sinking funds into established areas where there is already a competitive private market. In this regard, the Inquiry may wish to recommend a review of current housing activation schemes, to encourage much-needed investment in emerging growth centres.

Thank you for the opportunity of providing feedback to the Inquiry. Council trusts that you will consider the need to address the broader housing supply issues in NSW within the context of your review. In regional NSW all workers are 'essential' to our local economy and all deserve access to basic rights, such as housing. We trust that you will consider some of the short-term options to ease housing pressures, suggested within our submission, as well as the longer-term need to ultimately increase housing supply throughout NSW.

Yours sincerely,



Vaughan Macdonald
General Manager