

**Submission  
No 29**

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

**Organisation:** Lake Macquarie City Council

**Date Received:** 11 September 2024



11 September 2024

Mr Alex Greenwich MP  
The Chair  
Committee on Essential Worker Housing  
Parliament House, Macquarie Street  
SYDNEY NSW 2000

Dear Mr Greenwich

**Subject: Staff Submission: Inquiry into options for essential worker housing in New South Wales**

Lake Macquarie City Council (Council) appreciates the opportunity to contribute to the Committee's inquiry into options for essential worker housing in New South Wales (NSW). Staff from Lake Macquarie City Council have prepared the following submission for your consideration.

Council recognises the importance of a sustainable housing market and having access to accommodation that meets the needs of the community, including essential workers. It is understood that this inquiry looks to define essential worker housing and identify options to increase the supply of housing for essential workers. It is assumed that this inquiry is considering options that go beyond the provisions of *State Environmental Planning Policy (Housing) (2021)* and the NSW Affordable Housing Ministerial Guidelines 2023/24 that apply to social and affordable housing. The availability of housing for essential workers close to their place of work at a discount to market rent or purchase price is supported in principle.

### **Establishing an appropriate definition for essential worker housing**

It is recognised that there is no widely accepted definition of what constitutes an essential worker, or essential worker housing, which adds to the complexity of this matter. A consistent definition would assist community understanding, research, policy responses and program recommendations for essential worker housing. When preparing a definition, several factors should be considered, including the purpose of the definition, the occupation classifications of essential workers for that purpose, whether the definition applies to certain income levels, and the need for housing in close proximity to a work site.

126-138 Main Road  
Speers Point NSW 2284  
Box 1906 HRMC NSW 2310

T 02 4921 0333  
E [council@lakemac.nsw.gov.au](mailto:council@lakemac.nsw.gov.au)  
W [lakemac.com.au](http://lakemac.com.au)

 [lakemac](https://twitter.com/lakemac)  [lakemaccity](https://facebook.com/lakemaccity)  [ourlakemac](https://instagram.com/ourlakemac)

ABN: 81 065 027 868

The [Lake Macquarie Housing Strategy 2021](#) recognises housing affordability concerns for essential workers and the need to house essential workers close to their place of work. For the purpose of the housing strategy 'essential workers' referred to a range of professions that make a positive contribution and are essential to the efficient functioning and the vibrancy of the city e.g. child care workers, cleaners, nurses, administration staff, tradespersons, retail workers, wait staff, police etc. This definition goes beyond those occupations traditionally associated with essential workers such as teachers, nurses, police and emergency service workers and covers a broad cross section of the community.

The Australian Housing and Urban Research Institute (AHURI) has undertaken research ([Report No. 355, May 2021](#)) which considered the following occupation groups as 'key' or 'essential' workers:

- Teachers (all types from early childhood to secondary school and special education)
- Registered Nurses
- Midwives
- Social Workers
- Information and Communication Technology (ICT) Support Professionals
- ICT Support and Telecommunications Technicians and Trades
- Ambulance Officers and Paramedics
- Enrolled and Mothercraft Nurses
- Welfare Support Workers
- Child Carers
- Educational Aides
- Aged and Disability Carers
- Nursing Support and Personal Care Workers
- Fire and Emergency Service Workers
- Police
- Prison Officers
- Bus and Coach Drivers
- Train and Tram Drivers
- Delivery Drivers
- Commercial Cleaners
- Laundry Worker

Again, in the AHURI research the essential worker grouping goes beyond the traditional description. Perhaps lessons from the COVID-19 lockdowns will help to further define those workers that are essential for a community to function well.

If the definition of 'essential worker' is to include a list of occupations this should include occupations in both the public and private sectors and be consistent with the ANZSCO: [ANZSCO - Australian and New Zealand Standard Classification of Occupations, 2022 | Australian Bureau of Statistics \(abs.gov.au\)](#). This will ensure consistent data collection and application.

### **Defining the problem**

Defining the problem and understanding the following is crucial to the inquiry:

- what is trying to be solved?
- how essential worker housing differs to other forms of housing?
- how it may differ between city, regional and rural locations?

With a broad definition of essential workers, the housing challenges across occupation groups are likely to differ. There can be a large disparity in income levels of different essential occupations. If the intention is to provide those on low to moderate incomes better access to more affordable housing, then an income limit should be included in the definition. For example, there is likely to be a large disparity in the income level of a child care worker and a medical specialist or even tradesperson. Council has anecdotal evidence that some child care workers in Lake Macquarie are working second jobs to cover their cost of living expenses. However, if the intention is to provide suitable housing close to essential work places, then the income level may not be as significant.

Where essential workers are very low, low and moderate income earners they may meet the existing criteria to access or be eligible for social and affordable housing, noting however that this form of housing is not readily available.

There are also location based considerations that need to be factored in. There are likely to be differences in the challenges faced in regional and more remote areas compared to metropolitan areas e.g. a health care worker living in Sydney will likely face different housing challenges to a healthcare worker living in remote western NSW. For an essential worker, living close to one's work can be particularly important in occupations such as healthcare, emergency services and some community and welfare support roles where workers may be required to cover shifts, quickly respond to increases in service demand, and attend emergency situations. While other essential workers may be able to work from home or remotely and not necessarily require housing close to work and as such may be able to access more affordable housing in a different location. As such affordability, availability, proximity to workplace, and the need to be physically present in a role will all be important considerations.

The 2021 Census data reveals that under the occupation groups used by AHURI to define key (essential) workers, as listed above, there are estimated to be 20,494 essential workers (21.1 per cent of all workers) that live in the Lake Macquarie LGA, and 15,502 essential worker jobs (22.6 per cent of all jobs) in the LGA. The distance travelled to work for the average worker in this group was between 10km and 30km which indicates that there is an acceptable level of housing accessible to essential workers relative to their place of work within Lake Macquarie. This does not however look at housing stress or household composition (overcrowding) in this group and greater assessment would need be undertaken.

### **Increasing housing supply for essential workers**

Increasing the supply of more affordable housing is necessary across the spectrum of the community. Direct intervention and greater investment in social and affordable housing by State Government is required. The current wait list times for social housing in Lake Macquarie is more than ten years, indicating that there is a lack of suitable social housing available in the area. Delivery and greater supply of more social housing may help to reduce the wait times for access to housing, reduce the pressure on the private rental market and open up the market for low to moderate income earners.

The State Government could also look at delivery of housing near essential services such as hospitals, schools, and emergency services, to be made available to essential workers at discount to market rent or purchase. It is suggested that State Government review their land portfolio and consider allocating land for essential worker housing in addition to social housing. Transport for NSW projections show that the health workforce in Lake Macquarie and Newcastle LGA's is expected to grow by more than 28,750 jobs by 2052. The suburb of Gateshead in Lake Macquarie contains the Lake Macquarie Private Hospital which is identified for a major upgrade and the surrounding area is flagged in Council's [Local Strategic Planning Statement](#) as an opportunity area to establish a larger medical precinct. The area has a high proportion of land owned by NSW Land and Housing Corporation (LAHC), that is well located for essential worker housing. The adjoining suburb of Windale also located close to the larger strategic centre of Charlestown - a hub for essential worker jobs, also has a high proportion of land owned by NSW Land and Housing Corporation. Both Windale and Gateshead have many older style dwellings that are suitable for redevelopment and could result in a two-to-three-fold increase in dwelling supply. Most of the LAHC housing in the Lake Macquarie LGA comprises cottages built in the 1960s and 1970s, for a different time and a different need.

Today, property maintenance costs are increasing (due to the age of the assets), so these properties are becoming less and less suitable, both for the tenants who live in them and for LAHC to manage cost-effectively. (Source: NSW Land and Housing Corporation - [Local Area Analysis – Lake Macquarie](#)). Delivery of housing could be in partnership with other developers or Community Housing Providers (CHPs). Alternatively, land could be provided at a reduced rate for long term rent or purchase which may assist in the feasibility of delivering a more affordable housing product. In discussions with Council, LAHC noted that they would consider housing essential workers in this area, however, would need to seek funding.

Changes to land use permissibility to provide greater flexibility and increased housing diversity should be considered. While there is often adequate zoned medium density land, in areas such as Lake Macquarie, the predominant housing stock remains single detached dwellings on larger lots. The inquiry should investigate the opportunity to permit 'tiny homes' or moveable dwellings on residential zoned land without consent. While it is understood that a tiny home on wheels (caravan) can be located on a residential property in conjunction with the primary dwelling and occupied by a resident of the household without consent or contributions, the ability to have a moveable dwelling on a lot without another dwelling or have more than one moveable dwelling on a lot should be permitted. This could allow for a temporary or interim use of land, provide a lower cost housing product and can be located on site within a very short time frame. It can also provide an entry point into the housing market. Similarly manufactured homes could be permitted as dwellings and enabling more than one manufactured home on a lot, that is not a manufactured home estate, may again provide a lower cost housing product.

The permissibility of manor houses within the R2 Low Density residential zone would help to increase housing diversity while keeping the character of the low density zone. This could help to increase housing supply in general but also in areas where essential workers seek to live.

Changes to the planning system and incentives to increase supply of housing have been investigated and are being implemented across all levels of government. Changes to planning controls for Transport Oriented Development (TOD) have recently been introduced in certain areas however there has been much discussion on the feasibility of development using these incentives, and as such the impact that this will have, is yet to be seen. Lake Macquarie Council introduced in 2021 an 85 per cent discount on development contributions for social and affordable housing. While 165 dwellings across five developments have been delivered utilising the discount, this is still considered to be a limited uptake and other factors may impact on feasibility to deliver this form of housing.

The government could mandate a percentage target for essential worker housing similar to the target set for social and affordable housing. i.e. 15 per cent of all dwellings to be allocated for essential worker housing within a proximity to essential services. However, it is recognised that there are complexities and compliance issues associated with this as well as the potential to impact feasibility for this type of development.

## Other matters

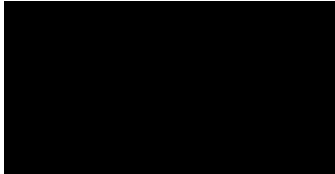
There has been a lot of work looking at the planning system, the problem is much larger than that and more complex. Other matters that must be considered include but are not limited to:

- Fiscal intervention by Government. Government operating as a co-investor to assist essential workers accessing housing should be investigated. There are examples of private co-investors helping to fund housing for essential workers. In these cases, the co-investor helps to purchase a property, taking an equity stake in the dwelling and receiving a portion of the capital growth when the property is sold. Consideration could be given to the expansion of the availability of low cost project financing through schemes like the Affordable Housing Bond Aggregator (AHBA) loans.
- If the essential worker housing market is to be differentiated from social and affordable housing and the rest of the market, there will need to be some regulation like what has occurred in the community housing sector. It is noted, however that controlling delivery of and access to essential worker housing could introduce issues such as compliance with conditions of consent and the long-term use of the property for essential worker housing.
- Developing essential worker housing would likely only be viable for a community housing-like provider, or state agency. If the housing is to be provided at lower cost.
- Focussing on essential worker housing does not meaningfully address the main problem of housing affordability in the State. For example, Social and affordable housing planning provisions have done little to address the overall issue of general housing affordability. The limited supply of social and affordable housing and long wait times to access this housing means that it barely serves as a safety net.
- In terms of attracting essential workers, housing is only one component. Cities and regions need to be 'liveable' by providing access to a range of services and facilities, entertainment and recreation opportunities, and providing a sense of community. This can help to incentivise people to move to a particular location, this includes essential workers from overseas and interstate.
- In the past, housing was provided on site to house workers for major essential services such as hospitals e.g. nurses quarters. It may be beneficial to revisit this model for major employers.
- There is a greater need to review the following and their impact on affordable housing supply:
  - inelasticity in the housing supply system relative to housing demand
  - the cost and availability of construction inputs, including the availability of skilled labour, labour productivity, material and equipment costs, and geographic constraints
  - the taxation and transfer system
  - household financing costs and credit conditions
  - the components of underlying household demand, such as population change, household size, household income and consumer preferences.

- Industry consultation is essential to determine what challenges essential workers are facing in terms of accessing suitable housing. It is also essential to consult on what makes a development feasible and what may assist in getting a lower cost product built.

Should you have any questions regarding the matters raised in this submission, please contact Council's Manager Integrated Planning, Wes Hain on [REDACTED] or at [REDACTED]

Yours sincerely



Morven Cameron  
Chief Executive Officer