

**Submission  
No 63**

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

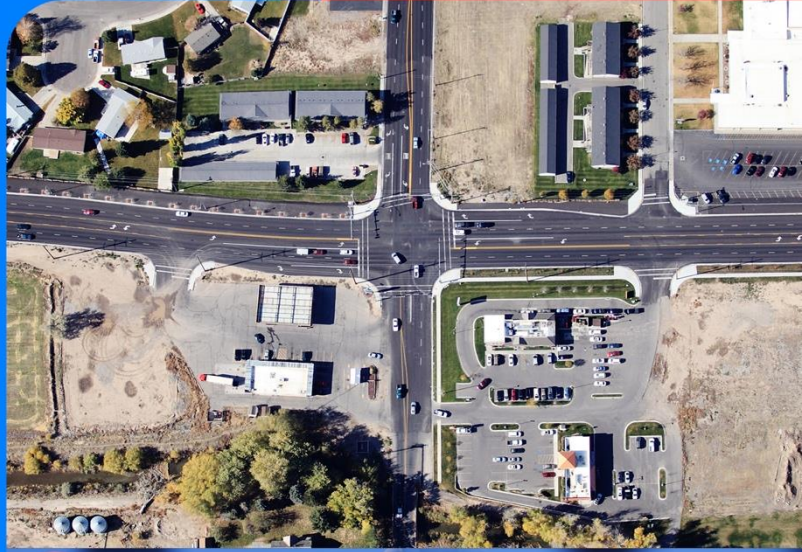
**Organisation:** Local Government NSW

**Date Received:** 13 September 2024

DRAFT SUBMISSION

# Select Committee on Essential Worker Housing

September 2024





Local Government NSW (LGNSW) is the peak body for local government in NSW, representing NSW general purpose councils and related entities. LGNSW facilitates the development of an effective community-based system of local government in the State.

## OVERVIEW OF THE LOCAL GOVERNMENT SECTOR



Local government in NSW employs **55,000 people**



Local government in NSW is responsible for about **90% of the state's roads and bridges**



Local government in NSW looks after more than **\$177 billion** of community assets



NSW councils manage an estimated **4 million tonnes of waste** each year



Local government in NSW spends more than **\$2.2 billion** each year on caring for the environment



NSW councils own and manage more than **600 museums, galleries, theatres and art centres**



NSW has more than **350 council-run libraries** that attract tens of millions of visits each year



NSW has more than **400 public swimming and ocean pools**

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# Opening

LGNSW welcomes the opportunity to respond to the Select Committee on Essential Worker Housing's inquiry into options for essential worker housing. Local Government NSW (LGNSW) is the peak body for local government in NSW, representing NSW general purpose councils and related entities. LGNSW facilitates the development of an effective community-based system of local government in the State.

This submission is made in draft form, pending approval of the LGNSW Board. The Committee is asked to consider this current version. If there are any changes following Board endorsement these will be separately provided to the Committee.

Essential or key workers are critical to efficient and effective local economies. They ensure the continuous operation of vital services such as healthcare and food supply, transportation and public safety. They also support the economy by keeping key industries running and, as COVID-19 and other disasters such as major bushfires and flood events have highlighted, play a vital role in managing public health and safety and helping communities recover from shocks.

Many essential workers are low- and moderate-income households. Difficulties accessing housing that is both affordable and within reasonable commuting times to workplaces are frequently cited as a major reason for shortages of essential workers.

There has been a plethora of inquiries and reviews by state and federal governments on housing need and the high cost of housing in recent years with too many lost opportunities for any meaningful and long-lasting change to deliver affordable housing at scale. If any of the needs of essential workers and other low- to moderate income-households are to be met, the first priority is that NSW needs in place a robust and comprehensive affordable housing framework.

At a juncture when all stakeholders are in furious agreement that urgent action is needed, it is hoped that by shining a light on the issue once again, this latest inquiry might trigger some consequential change.

This submission comprises four parts.

**Part 1 – General Comments**

**Part 2 – Definition of essential worker.**

**Part 3 – Options to increase housing supply for essential workers.**

**Part 4 – Essential workers employed by councils.**

# Terms of Reference

That the Committee inquire into and report on options for essential worker housing in New South Wales, specifically:

- (a) Establishing an appropriate definition for essential worker housing for the NSW Government to adopt including criteria for prioritising worker cohorts and geographical areas.
- (b) Identify options to increase housing supply for essential workers, including but not limited to:
  - (i) planning tools and reforms
  - (ii) incentives for developments on privately owned land
  - (iii) opportunities within developments on government owned land
  - (iv) investigate reforms that promote fiscal sustainability, innovation, and essential worker housing in-perpetuity
  - (v) other related matters.

The Committee shall report by 7 March 2025.

# 1. General comments

## Evidence of affordable housing need and impacts on essential workers

The increasing difficulty for low- and moderate-income essential workers to access well-located and affordable housing is creating concern for all levels of government, for businesses and communities. Some consider that essential workers are on the frontline of the housing crisis and the housing system in Australia is “in meltdown”.<sup>1</sup>

Stark evidence makes clear that action is needed.

Recent research undertaken by the University of Sydney and Hope Housing highlights the scale of the problem.<sup>2</sup> It shows:

- There are now no Local Government Areas (LGAs) across Sydney with a median house price that is affordable to an early career essential worker and even median prices for townhouses and apartments (strata titled properties) are largely unaffordable.
- Median rents remain unaffordable even for essential workers on moderate incomes in inner areas of Sydney, as well as across much of Sydney’s north while in outer suburbs and regional areas, the stock of smaller rental properties is also extremely limited.
- There is a growing mismatch between work and home – relative to the labour force generally, essential workers in Sydney remain much more likely to live in outer suburbs and adjoining regional cities.
- The relative concentration of essential workers living within 15kms of the Sydney CBD has declined since 2011, while outer suburbs and adjacent regional areas have gained essential worker residents.
- Between 2016 and 2021, the greatest net losses of essential worker residents were from Eastern Suburbs (-11%), Parramatta (-9%) and Inner West (-8%), while many essential worker jobs continue to be concentrated within inner areas of Sydney.

The issue is not limited to metropolitan areas. Affordability challenges now extend into historically more affordable suburbs and coastal regional areas.

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<sup>1</sup> Azize, M. (2023), [Priced Out: An Index of Affordable Rentals for Australia’s Essential Workers](#). Anglicare Australia: Canberra

<sup>2</sup> [Affordable Housing Solutions for Essential Workers by HOPE | HOPE Housing](#)

In its findings report, the NSW Regional Housing Taskforce noted that many regional councils cited difficulties in attracting and retaining key workers<sup>3</sup>. For lower income key workers who are not eligible for social housing or government support, a lack of available and affordable rental accommodation was highlighted as impacting their decisions to move to an area.

As shown in the tables below<sup>4</sup> typical rents are well above 30 per cent of award wages for a wide range of essential workers in many regional areas.

Occupation	Percentage of income on rent					
	Sydney	Blue Mountains	Broken Hill - Dubbo	Central Coast	Central Tablelands	Hunter Region
Aged care worker	87%	55%	40%	71%	55%	62%
Ambulance officer	72%	46%	33%	59%	45%	52%
Childcare worker	89%	57%	42%	73%	57%	64%
Cleaner	86%	55%	40%	71%	55%	62%
Construction worker	83%	53%	39%	68%	53%	60%
Delivery driver	84%	54%	39%	69%	53%	61%
Dispatcher	87%	55%	40%	71%	55%	62%
Firefighter	66%	42%	31%	54%	42%	48%
Freight driver	87%	55%	40%	71%	55%	63%
Hospitality worker	91%	58%	42%	75%	58%	66%
Meat packer	91%	58%	42%	75%	58%	66%
Nurse	80%	51%	37%	65%	50%	57%
Postal worker	86%	55%	40%	70%	54%	62%
Retail worker	84%	54%	39%	69%	53%	61%
School teacher	66%	42%	31%	54%	42%	47%

<sup>3</sup> *The Regional Housing Taskforce Findings Report*, September 2021. NSW Department of Planning, Industry and Environment.

<sup>4</sup> Aziza, M. (2023), *Priced Out: An Index of Affordable Rentals for Australia's Essential Workers*. Anglicare Australia: Canberra



Occupation	Percentage of income on rent					
	Murray Region	North Coast	Riverina Region	South Coast	Tamworth	Wollongong
Aged care worker	44%	67%	42%	69%	38%	70%
Ambulance officer	36%	55%	35%	57%	32%	58%
Childcare worker	45%	69%	43%	71%	40%	72%
Cleaner	43%	67%	42%	69%	38%	70%
Construction worker	42%	64%	40%	66%	37%	67%
Delivery driver	42%	65%	41%	67%	37%	68%
Dispatcher	44%	67%	42%	69%	38%	70%
Firefighter	33%	51%	32%	53%	29%	53%
Freight driver	44%	67%	42%	69%	38%	70%
Hospitality worker	46%	70%	44%	73%	40%	74%
Meat packer	46%	70%	44%	73%	40%	74%
Nurse	40%	62%	39%	64%	35%	64%
Postal worker	43%	66%	41%	68%	38%	69%
Retail worker	42%	65%	41%	67%	37%	68%
School teacher	33%	51%	32%	52%	29%	53%

Source: Aziza, M. (2023), *Priced Out: An Index of Affordable Rentals for Australia's Essential Workers*, p 9-10

An emerging and significant concern for many regional councils is the impact of major infrastructure projects such as new regional hospitals, major road upgrades and renewable energy projects. The Regional Energy Zone (REZ) in the Central West Orana area has 30 known renewable energy projects that are operational or proposed. The New England region is the focus of similar anticipated growth in renewable energy projects in coming years.

Councils have been signalling that there is insufficient housing stock, infrastructure and critical service availability to support the short-term influx of construction workers associated with these projects. This will have flow-on impacts for essential workers in other sectors. An independent report commissioned by Mid-Western Regional Council<sup>5</sup> analysed these impacts. It found an additional 1,500 dwellings would be required in the next two years to meet the influx of workers and families associated with the construction of renewable energy projects. The report noted that:

<sup>5</sup> [State Significant Development Mid-Western Regional Council](#)

*Availability of housing underpins the ability for the LGA to ultimately attract and retain the workforce. As a direct flow on, childcare, hospital and ambulance services are likely to experience service pressures.<sup>6</sup>*

Below are examples from councils which illustrate the unique impacts in regional areas:

"The shortage of housing – and costs associated with both purchasing and renting housing in rural NSW – is having a significant social and economic impact.

There are occasions where up to 15 workers have been forced to share a single 3-bedroom house because they are unable to secure suitable alternative accommodation.

The housing crisis impacts many rural communities because it is a major barrier to attracting skilled and unskilled workers, population growth and economic development.

The impact on communities in rural and remote areas is especially significant because affordable housing is necessary to attract and retain key workers in health care, hospitality, agribusiness and retail. These workers are essential for the economic and social prosperity of small rural populations. A good proportion of these workers are low income earners."<sup>7</sup>

"The current market-based housing supply model designed to incentivise home ownership or investment in residential property, excludes key workers from home ownership and secure tenure rental housing. Unmet housing demand is a constraint on economic growth. Therefore, local councils and communities throughout regional and rural Australia need to investigate bespoke and place-based responses designed to alleviate the economic and social consequences of the failure of market-based supply of key worker housing and accommodation in rural and regional Australia."<sup>8</sup>

"Public housing plays a critical role in providing affordable and stable housing for vulnerable and low-income individuals and families within NSW. With limited stock and high rents, the current housing crisis is impacting on many rural communities, as affordable housing is necessary to attract and retain key workers in health care, hospitality, agribusiness and retail."<sup>9</sup>

Lack of affordably priced housing not only affects the quality of life of individual families, who may be sacrificing basic necessities to pay for their housing or facing increased stress due to living in severely overcrowded housing due to lack of supply, it also has a serious impact on employment growth and economic development. The inability of lower paid workers to find appropriate, affordable housing can limit the capacity of industry to grow, and adversely affect local economies, as is the case with regional areas like the Bega Valley Shire.

Businesses and organisations are reporting difficulties hiring workers from outside of the shire as they cannot secure housing, including key industries of hospitality, tourism and health. The

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<sup>6</sup> [mwrc-managing-the-impacts-of-ssd-final-v.01.pdf](#), p 32

<sup>7</sup> Leeton Shire Council, [2022\\_Annual\\_Conference\\_Business\\_Paper.pdf](#), p46

<sup>8</sup> Berrigan Shire Council, [2022\\_Annual\\_Conference\\_Business\\_Paper.pdf](#), p 43

<sup>9</sup> Leeton Shire Council, [2023\\_Annual\\_Conference\\_Business\\_Paper.pdf](#), p 46

displacement of long-term residents due to lack of affordable housing also reduces social cohesion, engagement with community activities such as volunteering, and extended family support. Affordable housing is thus an important form of community infrastructure that supports community wellbeing and social and economic sustainability, including a diverse labour market and economy, and strong and inclusive communities.<sup>10</sup>

Large capital projects, such as hospitals, sporting facilities, educational facilities and the like, drive the need for key workers to staff and service those facilities. Currently, infrastructure such as car parking, public open spaces, landscaping, and traffic facilities are universally accepted as essential adjuncts to large capital infrastructure. Similarly, we see that in a contemporary setting, nearby and appropriate housing infrastructure for the associated key workers at these facilities is also an essential adjunct. In the current context of a national housing shortage, the provision of key worker housing such as this needs to be costed and budgeted for in all state government large capital infrastructure projects.<sup>11</sup>

It is the policy of the NSW Government that over 80% of the state's electricity needs will be generated by renewables in just seven short years time. Most of this renewable energy is proposed to be generated in regional NSW and will then be delivered to Sydney via a series of massive transmission lines. A possible roadblock to this courageous policy is the fact that work is yet to start on the transmission lines, or on the workers camps or water supplies for the workers who are supposed to build them.<sup>12</sup>

The Councils within the New England Renewable Energy Zone are already experiencing considerable housing pressure with vacancy rates below 1%. There is a need to ensure effective Government and Developer led responses to current housing pressures that will be exacerbated by the unprecedented level of government and private investment in the REZ and Special Activation Precinct areas.

Renewable energy projects with the sort of construction jobs being espoused by EnergyCo need to mitigate their impact on local housing and tourist accommodation markets in the host communities and be cognisant of the cumulative impact of multiple construction projects overlapping in the REZs. Proponents should be required to provide accommodation for construction workers in the same way that major infrastructure projects (like Inland Rail) and major mining projects do. This should be required as part of the DA for REZ projects and should consider the cumulative construction worker housing task across multiple projects.<sup>13</sup>

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<sup>10</sup> Bega Valley Shire Council, [2023\\_Annual\\_Conference\\_Business\\_Paper.pdf](#), p 48

<sup>11</sup> Shoalhaven City Council, [2023\\_Annual\\_Conference\\_Business\\_Paper.pdf](#), p 145

<sup>12</sup> Warrumbungle Shire Council, [2023\\_Annual\\_Conference\\_Business\\_Paper.pdf](#), p 80

<sup>13</sup> Armidale Regional Council, [2022\\_Annual\\_Conference\\_Business\\_Paper.pdf](#), p 52

## Other housing inquiries

Notwithstanding the importance of this inquiry, it follows a plethora of national and state inquiries and reviews over many years. In the past four years, LGNSW has made at least 15 housing related submissions to state and federal government agencies and parliamentary committees inquiring into or proposing policy changes. Whether encompassing the housing system such as the *National Housing and Homelessness Plan Issues Paper*, or focusing on specific issues, for example the *Discussion Paper: Short and long-term rental accommodation (STRA)* and *Inquiry into Development of the Transport Oriented Development (TOD) Program*, the need for action to deliver more affordable housing has been a consistent and resounding theme.

LGNSW has continued to reiterate the sector's concerns and outline a suite of policy changes councils consider critical in many of its submissions. The Australian Government's leadership in developing the National Housing Accord and commitments in the NSW Budget 2024-2025 for \$5.1 billion over four years for additional social housing and to provide accommodation for rural and regional health workers, have been welcomed. However, given the devastating impacts of the unaffordability of housing across the state, more action is urgently needed.

## LGNSW Position

Addressing the housing crisis is a key advocacy priority for LGNSW. This is in response to the unprecedented number of resolutions at LGNSW's annual conferences over the past 3 years calling for urgent action to address homelessness and the housing crisis. (For details of council motions and resolutions at the 2022 and 2023 Annual Conferences see **Appendix 1.**)

As other levels of government have primary responsibility for responding to housing need and establishing policy settings for councils in relation to affordable housing, LGNSW's policy platform<sup>14</sup> includes calls for the Australian and NSW Governments to:

- **establish an agency to oversee a collaborative approach to affordable housing** between the NSW Government, councils and community housing providers
- **undertake an audit of all public, social and affordable housing assets** and government land that can be used for social and affordable housing
- **set minimum targets of 5-10 per cent social and affordable housing** across NSW and at least **25% on government-owned land**
- introduce measures for the staged **introduction of inclusionary zoning**

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<sup>14</sup> [LGNSW Policy Platform 2024](#)

- **provide finance, government land and infrastructure** for the supply of affordable housing to meet increased demand across NSW
- **develop new models for social and affordable housing** including equity share and covenant housing
- **introduce taxation and financial incentives** that support the delivery of affordable housing
- provide **secure tenure for people renting**
- remove barriers and incentivise owners to **put existing housing into the long-term rental market**
- develop strategies to **allow councils to manage the impacts of short-term rental platforms on the availability of long-term rental housing**
- **provide funding and assistance for councils** to develop and implement housing strategies and to deliver initiatives at the local level
- housing growth that meets community expectations **by contributing to place-making and quality of the built form**
- work with councils to **develop solutions to the unique housing pressures associated with major infrastructure and state significant development, renewable energy zones and seasonal demands for short-term and tourist accommodation.**

## **Role and actions of councils**

While calling for action from other levels of government, many councils have been proactive in addressing housing needs. In NSW, council responses to housing across the state are diverse, as they are shaped by the impact of national and state government actions and requirements at a local level and the nature of housing challenges in the locality. They are also affected by the financially constrained environment that councils operate in and the many other priorities they seek to respond to.

Councils currently facilitate affordable housing through:

- Ensuring there is an adequate supply of land/development uplift to meet future demand for housing.
- Identifying the need for affordable housing in local strategic planning, community plans and local housing studies.
- Developing Affordable Housing Contribution Schemes.
- Implementing Voluntary Planning Agreements for affordable housing.

- Developing planning proposals to address and reduce the impacts of short-term rental accommodation (Byron Bay Council).
- Funding studies and initiatives to explore different models of housing eg, Community Land Trusts.
- Developing MOUs and collaboration agreements with Homes NSW, CHPs, Landcom and other entities.

Councils also partner with others to provide affordable housing by:

- Providing council land for affordable housing projects
- Leveraging affordable housing by transferring title of properties delivered under affordable housing contribution schemes to community housing providers
- Securing funding through grants and other programs.

The case studies in **Appendix 2** show the issues and actions of councils to provide affordable housing for not only essential workers but all low to moderate income households in their local areas.

## **Inclusionary zoning**

One of the most significant opportunities to develop affordable housing at scale (for essential workers and others) is through inclusionary zoning. The framework for developing affordable housing contribution schemes, established by the state government, relies (primarily) on council-led affordable housing contribution schemes. Currently, schemes must be developed according to the NSW Government's *Guideline for Developing an Affordable Housing Contribution Scheme* and approved by Department of Planning, Housing and Infrastructure. This process is complex and cumbersome. For councils that have managed to get schemes up under this framework it has taken an inordinate amount of time and resources. Councils have called for reform of the process for some years.

## 2. Definition of essential worker

The inquiry's focus on developing a definition of essential worker is welcomed, however it is important that it be considered in the context of housing needs more broadly and within a robust affordable housing framework.

Housing system responses are usually targeted to specific needs groups or income cohorts with varying levels of subsidy. The housing system is often explained as a housing continuum or spectrum, as illustrated in the diagram below.



Source: National Housing and Homelessness Plan Discussion Paper, 2023

Essential workers are often not eligible for social housing but may be eligible for affordable housing which is open to a broader range of incomes. As the diagram above shows, affordable housing must sit alongside sufficient provision of social housing. Affordable housing in NSW is delivered through a range of policy levers and programs, primarily through the planning system. This is guided by definitions, eligibility criteria and other requirements set out in the *Environmental Planning and Assessment Act 1979*, *State Environmental Planning Policy (Housing) 2021*, *NSW Affordable Housing Ministerial Guidelines* and the *Guideline for Developing an Affordable Housing Contribution Scheme*.

Eligibility for affordable housing is income-based, with specified thresholds for very low, low and moderate incomes. Rent is set at no more than 30 per cent of income, (although for dwellings delivered under the National Rental Affordability Scheme rents are discounted at 20 per cent of market rent). Essential workers can therefore access affordable housing if they meet eligibility requirements.

Councils with affordable housing schemes have varying approaches to essential workers. The need to meet the housing needs of lower income essential workers is highlighted in most schemes, but approaches vary. Canada Bay's scheme prioritises essential workers across a range of sectors and sets aside six affordable housing

dwellings for Concord Hospital staff. The City of Sydney which has a long-standing scheme does not prioritise particular essential worker cohorts.

In the absence of an agreed definition, Councils have developed their own essential or key worker definitions. Sectors such as health and other public services are commonly included, but definitions do vary according to local circumstances. For example, in its Draft Affordable Housing Strategy, Tweed Shire Council includes tourism workers and those in key industries critical to the local economy such as agriculture and construction.

Clarity around definitions could assist the state government, councils and others to better understand whether the needs of essential workers (and other very low, low- and moderate-income households) are being met, which affordable housing supply options are available and/or appropriate and for their outcomes and impact to be monitored and measured.

If a definition is developed, careful consideration should be given to how and when it is applied. Prioritising essential workers could exclude other low- and moderate-income households. If a standard approach or definition is developed it should be sufficiently flexible to allow councils to refine the definition so that it is relevant to their local circumstances and to decide whether or not essential workers should be prioritised.

**Recommendation 1:** That, should the Committee recommend a statewide definition of essential worker, that this be developed in consultation with councils and that the definition be sufficiently flexible for councils to include occupations and sectors relevant to their area. Further, councils should be able to decide whether essential workers are prioritised for affordable housing they deliver.



# 3. Policy options

## (i) Planning tools and reforms

### Reform the planning framework for affordable housing

LGNSW welcomes the inquiry's focus on planning tools and reforms. Councils have consistently raised concerns about shortcomings of the planning system in relation to affordable housing. Key issues are the complex and inefficient framework for developing affordable housing contribution schemes, limited or no provision for affordable housing associated with planning reforms which allow major development uplift and inadequate consideration of the housing impacts of major projects and state significant developments in rural and regional areas.

### Delivering long term and sustainable affordable housing through contribution schemes

Through the establishment of affordable housing contribution schemes (**schemes**), the planning system enables affordable housing to be provided when development uplift occurs. As noted earlier, under the current policy framework these are developed by councils and approved by the Department of Planning, Housing and Infrastructure.

Councils have found the requirements and process for developing schemes to be restrictive, overly complex and disproportionately lengthy. This has made it difficult for them to establish schemes. Work undertaken by the Resilient Sydney Affordable Housing Steering Committee<sup>15</sup> (the Committee) in consultation with metropolitan councils identified substantial barriers to establishing affordable housing contribution schemes under the current framework.

The Committee also called for further reform of the framework to allow for a low-rate, state-wide contribution requirement (currently not permitted under the Guideline) with an ability for councils to apply higher contribution rates on 'new' floorspace.

Under current guidelines, schemes are limited to sites or precincts where upzoning occurs and contribution rates must be 'viable' requiring extensive feasibility testing. LGNSW has called for the NSW Government to streamline the existing process set out in its *Guideline for Developing an Affordable Housing Contribution Scheme* (the Guideline) and understands councils have sought approval to introduce low-level broadly-based rates.

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<sup>15</sup> [Increasing affordable housing delivered through contribution schemes Submission January 2023. Prepared by SSRQC on behalf of the Resilient Sydney Affordable Housing Committee.](#)

Despite being inconsistent with the Guideline, in 2021 the City of Sydney was successful in introducing a low-level, broad-based contribution scheme to all approved development in the LGA. In August 2024, Waverley Council established a scheme which applies a 1% rate on all new residential flat buildings, independent living units, multi-dwelling housing and mixed-use developments.

It is critical that the NSW Government urgently review the current framework for the development of affordable housing contribution schemes. The approach must be streamlined including a transparent and replicable method for determining contribution rates. Councils should also be permitted to establish broad-based minimum rates across LGAs in addition to higher rates where development uplift occurs.

LGNSW has previously noted that the Department of Planning, Housing and Infrastructure does not track or monitor the performance of its housing SEPPs. In her response to resolutions from the LGNSW 2023 Conference<sup>16</sup>, the Minister for Housing acknowledged that “data on the number of affordable dwellings is currently not collected consistently”. A revised policy framework must include a standardised, publicly accessible and centralised system to monitor affordable housing delivery across NSW.

### **Transport Oriented Development (TOD) Program**

The approach to affordable housing in the TOD Program highlights the shortcomings in the affordable housing framework. While LGNSW has commended the NSW Government for committing to a proportion of in-perpetuity affordable housing in the precincts, the Government has not delivered a clear or coherent approach.

The NSW Government has gone part of the way to set contribution rates in Tier 1 and Tier 2 precincts. In many Tier 1 locations these fall far short of the 15% committed to when the program was announced. The proposed rate of 2% in Tier 2 precincts is too low in many areas.

The NSW Government has provided no evidence of how the rates have been derived. Conversely, when councils develop schemes the development of the contribution rate, which is based on detailed feasibility testing, is required to be submitted for approval and is publicly exhibited. Despite noting that the 2% rate is a starting point and will increase over time, no methodology or timeframe has been proposed.

A further limitation of the NSW Government’s approach is that until contribution schemes are put in place it is only possible to apply a levy for developments above

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<sup>16</sup> [2023 Home - Past Conference Papers | LGNSW](#)

2,000m<sup>2</sup> and for affordable housing contributions to be in the form of in-kind contributions (dwellings). This will reduce the number of affordable housing dwellings delivered. The inability to levy monetary contributions results in isolated dwellings within developments which may not be cost effective to manage and limits opportunities to develop purpose built affordable housing.

Councils also have questions about other critical elements of schemes that are absent from the approach in the TOD precincts. LGNSW has raised these with the Department of Planning, Housing and Infrastructure in joint advocacy with other organisations.

LGNSW understands that it is expected that the relevant councils will be responsible for developing schemes to implement these provisions. The NSW Government must show leadership and either complete schemes in consultation with councils or provide funding to councils to complete them.

### **Include affordable housing in low- and mid-rise housing reforms**

The NSW Government's low and mid-rise housing reforms involve rezoning land to permit higher-density development. Stage 1 reforms introduced in July 2024 and Stage 2 reforms (proposed to be introduced in late 2024) are expected to deliver 112,000 dwellings across NSW over the next 5 years.<sup>17</sup> The Government has described these reforms, together with the TOD Program, as the largest planning changes in a generation.<sup>18</sup>

Disappointingly, the reforms do not include requirements for any provision of affordable housing. Even where councils have schemes in place the schemes are limited to specific precincts where rezonings have occurred and would need to be amended to capture areas where the reforms will apply.

Without any provision for additional affordable housing this reform could become the most significant lost opportunity for affordable housing in decades. Amid a housing crisis of unprecedented scale, if the NSW Government is serious about finding long term and sustainable solutions to housing affordability, it must urgently include provision for affordable housing before these reforms are introduced.

**Recommendation 2:** That the Committee recommends the NSW Government urgently prioritise reform of the policy framework for establishing affordable housing contribution schemes and that the framework provide for inclusionary zoning which would enable councils to apply a low-rate, broad-based contribution across all residential development.

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<sup>17</sup> <https://www.planning.nsw.gov.au/policy-and-legislation/housing/diverse-and-well-located-homes>

<sup>18</sup> [Biggest planning reforms in a generation to deliver a pipeline of housing supply | NSW Government](#)

**Recommendation 3:** That the Committee recommends the NSW Government urgently complete the development of affordable housing contribution schemes (where they are not currently in place) in consultation with councils to ensure affordable housing outcomes are maximised in the TOD Program.

**Recommendation 4:** That the Committee urgently recommends the NSW Government ensure that before introducing Stage 2 low and mid-rise housing reforms, or any additional reforms to increase development uplift, provisions include adequate requirements for affordable housing in perpetuity.

**Recommendation 5:** That the Committee recommends the NSW Government establish efficient measures to monitor and track the approval and delivery of affordable housing in NSW, for example to capture this data through the NSW Planning Portal.

### **Addressing housing impacts of major projects in renewable energy zones and other regional areas**

NSW is experiencing rapid development of renewable energy projects, with over 100 solar farms, 40 wind farms, 4 pumped hydro and 20 large scale battery storage facilities approved or currently progressing through the assessment process administered by the Department of Planning, Housing and Infrastructure and the Independent Planning Commission. These numbers are expected to double by 2030.

Proponents should be required to provide accommodation for construction workers in a similar way that major infrastructure projects (like Inland Rail) and major mining projects do. This should be required as part of the REZ project proposal and should consider the cumulative impact of construction worker housing task across multiple projects.

Councils resolved at the 2022 Annual Conference<sup>19</sup> that:

- The NSW Government should commit to ensuring that Regional Housing initiatives that bring forward new housing opportunities be prioritised for Renewable Energy Zones (REZ) and Special Activation Precinct areas.

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<sup>19</sup> [Resolutions\\_2022\\_Conference.pdf](#), p 9

- All State Significant Development proposals within the Renewable Energy Zones should be required to supply temporary housing for construction workers unless they have demonstrated adequately that there is sufficient housing supply in the local area and that such assessment be required to consider the cumulative on housing demand of concurrent projects.

**Recommendation 6:** That the Committee recommend the NSW Government ensures, through its SSD assessment process, that renewable energy projects are required to mitigate their impact on local housing and tourist accommodation markets in the host communities and be cognisant of the cumulative impact of multiple construction projects overlapping in the REZs.

## **(ii) incentives for developments on privately owned land**

### **Floor space bonuses should only be permitted for affordable housing in perpetuity**

The NSW Government has introduced provisions in *State Environmental Planning Policy (Housing) 2021* (Housing SEPP) that offer generous and permanent density bonuses to private property developers in exchange for providing temporary affordable housing. The reforms provide for 30 per cent residential floor area and 30 per cent height bonuses for development projects that include 15 per cent of affordable housing for 15 years.

Councils are concerned about the level of compliance under the provisions which is exacerbated by a lack of centralised monitoring.

Local government maintains that permanent height and density bonuses should not be awarded for temporary affordable housing.<sup>20</sup> Given the acute housing crisis, the social benefit provided from a 15-year provision of affordable housing is inadequate and any affordable housing delivered in exchange for such generous bonuses should be provided in perpetuity.

**Recommendation 7:** That the Committee recommend the NSW Government review the bonus provisions for infill affordable housing provisions in the Housing SEPP to facilitate the delivery of in-perpetuity affordable housing owned and managed by registered not-for-profit community housing providers.

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<sup>20</sup> [Social\\_and\\_Affordable\\_Housing\\_Reforms.pdf \(lgsw.org.au\)](#)

### **(iii) opportunities within developments on government owned land**

#### **State land audit and use of government land for affordable housing**

The NSW Government made a pre-election commitment that developments on surplus public land would include a minimum of 30% affordable, social and universal housing. It also committed to a statewide audit, identifying surplus public land that can be rezoned for housing and associated uses. While some announcements have been made, the Government has not released the full outcome of the audit.

An example of NSW Government owned land ideally located for essential worker housing is within the Hornsby TOD precinct. Land owned by the Transport Asset Holding Entity (TAHE) adjacent to Hornsby Railway Station has been identified in the Hornsby Masterplan and Hornsby TOD for future rezoning to high density residential development.

It is important the Government holds to these commitments if it is serious about meeting the dire housing needs of low- and moderate- income households.

It is worth noting also that a barrier to additional supply raised by councils is the State's requirement for Crown land that leaves the public estate to attract market value. In the instance of Griffin Green in the Griffith City Council LGA, for example, despite the successful Australian Government / Griffith City Council partnership, the NSW Government has been unhelpful as the council seeks to maximise affordable housing outcomes for its community. The NSW Government charged the council the full market rate to purchase the unused Crown land owned by the NSW Land and Housing Corporation, substantially increasing costs for the council. (See **Appendix 2** for details.) In this housing crisis, all levels of government need to contribute.

#### **Boost the supply of social housing**

Affordable housing *can* make a difference, provided it sits alongside sufficient supply of public and social housing. The chronic undersupply of public and social housing has resulted in around 56,000 households on the NSW social housing waitlist who are waiting up to 10 or more years to be housed. It is likely many more are in housing need as the lack of public and social housing supply or the suitability of housing in certain areas can be a barrier to people applying. As noted earlier, LGNSW acknowledges the NSW Government's increased investment in public and social housing in the 2024-25 State Budget. Local government supports investment in more public, social and affordable housing and councils have been calling for a broader set of measures to address the housing and homelessness crisis for some time.

## **(iv) investigate reforms that promote fiscal sustainability, innovation, and essential worker housing in-perpetuity**

### **Diverse and alternative forms of housing and construction**

Many councils have identified the need for a greater diversity of housing, particularly in regional areas. Feasibility, lower land values, shortage of appropriate skills in the development industry and a lack of sophistication by smaller investors have been identified as some of the barriers.

Councils have raised the potential for alternative forms of housing and construction methods to reduce the cost of housing. This could include new and innovative building techniques (such as pre-fabricated modular building and 3D printing technology) as well as what some refer to as 'tiny homes' where they are appropriate in a local planning context. There are often legislative barriers to introducing new approaches such as these, and LGNSW's policy platform calls for the NSW Government to help councils facilitate social and affordable housing in their local areas by removing these legislative barriers to enable the provision of affordable housing.

## **(v) other related matters.**

LGNSW and councils continue to raise many other matters beyond the planning system that need to be considered if governments are serious about meaningfully addressing the fundamental issue of housing affordability and availability. Some of these are outlined below for the Committee's consideration.

- **More effective use of existing dwellings** - Remove barriers that prevent incentivising owners to put existing housing (including unoccupied housing) into the long-term rental market. The Productivity and Equality Commission<sup>21</sup> has identified a number of levers for further consideration by the Commonwealth and State governments to use the existing stock of housing more effectively.
- **Address private market constraints** - Councils do not control the number of applications they receive, whether approvals will be acted upon and completed, or if the finished housing product will be released to the market. These are decisions of the private market. When councils zone land to meet the needs of growing populations, landowners and developers should be required, either through incentives or penalties, to bring the land to the market within reasonable timeframes.

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<sup>21</sup> [Review of housing supply challenges and policy options for New South Wales \(nsw.gov.au\)](https://www.nsw.gov.au/review-of-housing-supply-challenges-and-policy-options-for-new-south-wales)

Councils have identified a range of opportunities for reform to influence the use and uptake of land for housing. For example, where land banking occurs (land that has been rezoned for residential development but not developed within a reasonable timeframe), allowing councils to rate the land as residential could help bring forward housing to the market.

- **Flexibility for councils to manage short-term rental accommodation** - A particular concern of many councils is the impact of the growth of short-term rental accommodation (STRA) on local housing markets. Many councils have observed a decline in the availability of long-term rentals, increased dwelling prices and loss of amenity and community. An adequate supply of well-located long-term rental housing is crucial for essential workers. The Independent Planning Commission's review of short term rental accommodation in Byron Shire highlighted the issues, citing concerns about difficulties accessing key local services (health, education, and emergency) due to many key/essential workers being unable to access affordable housing<sup>22</sup>.

The Commission considered there are opportunities to adopt the use of charges, rates or taxes that could encourage the use of these dwelling types for long-term housing rather than for STRA, which it noted, may also be helpful in addressing housing supply for key/essential workers.

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<sup>22</sup> [230424\\_byron-stra-pp\\_advice-report\\_final.pdf \(nsw.gov.au\)](#), p 28



## 4. Essential workers employed by councils

LGNSW understands the Committee's interest extends to the barriers and challenges that councils face as direct employers of essential workers.

Collectively, the state's 128 councils employ a diverse, multi-disciplinary and multi-skilled workforce of more than 50,000 people representing hundreds of varying occupations. Having a suitably skilled workforce is not only essential to fulfilling councils' core operations and providing services to their communities, but also to enable future capacity building.

The *2022 Local Government Workforce Skills and Capability Survey – NSW Report*<sup>23</sup> provides data and analysis of the local government workforce in NSW and its skilling needs, priorities and challenges. The report draws from findings of a survey sent to all councils nationally and data from the Australian Bureau of Statistics. The survey results show a high proportion of councils are experiencing jobs and skills shortages, with two-thirds of respondent local governments reporting that project delivery has been impacted or delayed by vacancies, skills shortages, skills gaps or training needs.

Of relevance to the Committee's interest, the report notably highlights the impact of housing availability and/or affordability on recruitment and notes that this is one of several factors driving key skills gaps in local government:

*The shortage of affordable housing in regional centres across Australia is presenting significant recruitment challenges for local government. Many local governments report difficulty in proceeding with finalising recruitment selections when it becomes evident for the successful applicant that they are unable to find adequate housing for their family. The housing problem has been exacerbated in some key regional areas with an influx of people relocating away from the major capital cities in search of different lifestyle choices. This has accelerated by more flexible working arrangements (arising from workplace responses in mitigating the impact of the COVID-19 pandemic). At the same time, there is potential to access new talent pools if the partners of relocating employees are seeking employment opportunities.<sup>24</sup>*

The issues and responses are illustrated by the following council examples.

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<sup>23</sup> [Workforce & Future Skills | LGNSW](#)

<sup>24</sup> [2022 Local Government Workforce Skills and Capability Survey \(lgnsw.org.au\)](#), p 58

New staff finding accommodation is a significant issue for **Muswellbrook Shire** with a shortage of rental accommodation due to the DIDO and temporary workforces associated with the mines, and regular repair works on the ARTC rail network and AGL power stations (the current Bayswater shutdown will have as many as 850 contractors on site at different times over a 2-month period). Council has purchased several dwellings and units to offer new employees to stay in while they try to secure a rental property or buy a home. There is a very low vacancy rate in the rental market and in Council's accommodation.<sup>25</sup>

**Balranald Local Government Area** has experienced significant growth in industry over recent years, with the opening of two mineral sands mines, the development of large almond and pistachio farms, and construction of a solar farm. Located within the South West Renewable Energy Zone (REZ), three further local solar/wind farms are in planning stages. These projects, while paying dividends to the local economy and providing employment for local and migrant workers, have had a significant effect on the local workforce and housing availability. Balranald Shire Council as a local employer is trying to compete with an already depleted workforce and housing market.

Balranald Shire Council is currently experiencing its worst employee shortage on record. In addition to this, Council has an aging workforce, with an estimated 13-15 members of staff due to retire in the next five years (approx. 25% of the current workforce). Senior staff are working on succession planning to try and address this, but lack of essential worker housing presents one of several significant obstacles to this process. Council owns eight houses for its employees, equating to essential worker housing availability for 11% of Council's workforce.

Balranald Shire Council's workforce, now and into the future, has a level of service targets, that with the current workforce it is struggling to meet. Candidates who are interviewed for essential roles want to live and work in Balranald Shire, yet cannot because of the lack of housing. There is a shortage of suitable housing for essential workers for those wanting to work for Balranald Shire Council.<sup>26</sup>

A report prepared for **Coonamble Shire Council** highlighted a limited ability to attract and maintain an essential workforce, noting that "*the impact of this issue directly impacts Council's ability to action strategic decisions to deliver public good, due to job vacancies in Council.*"<sup>27</sup> (See **Appendix 2** for details.)

### **Mid-Coast Community Connector<sup>28</sup>**

Council continues to support the AH202 project. Council engages the services of the Community Connector to assist with staff attraction and retention. ... Within a 12-month period (1 July 2023 – 30 June 2024) the community connector program has supported 222 people. ... Ten of these professionals have been Council employees.<sup>29</sup>

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<sup>25</sup> Muswellbrook Council advice provided to LGNSW, September 2024

<sup>26</sup> Balranald Shire Council advice provided to LGNSW, September 2024

<sup>27</sup> [Supplementary Reports Agenda of Ordinary Council Meeting - Wednesday, 19 June 2024 \(nsw.gov.au\)](#)

<sup>28</sup> The [Community Connector Program](#) is a key strategy to address the workforce shortage. Launched in 2023, the program is part-funded by Mid-Coast Council and is used by council and local businesses seeking to engage, connect and retain new staff.

<sup>29</sup> [OPEN-AGENDA-21-AUGUST-2024.pdf](#), p 172

# Summary of Recommendations

**Recommendation 1:** That, should the Committee recommend a statewide definition of essential worker, that this be developed in consultation with councils and that the definition be sufficiently flexible for councils to include occupations and sectors relevant to their area. Further, councils should be able to decide whether essential workers are prioritised for affordable housing they deliver.

**Recommendation 2:** That the Committee recommends the NSW Government urgently prioritise reform of the policy framework for establishing affordable housing contribution schemes and that the framework provide for inclusionary zoning which would enable councils to apply a low-rate, broad-based contribution across all residential development.

**Recommendation 3:** That the Committee recommends the NSW Government urgently complete the development of affordable housing contribution schemes (where they are not currently in place) in consultation with councils to ensure affordable housing outcomes are maximised in the TOD Program.

**Recommendation 4:** That the Committee urgently recommends the NSW Government ensure that before introducing Stage 2 low and mid-rise housing reforms, or any additional reforms to increase development uplift, provisions include adequate requirements for affordable housing in perpetuity.

**Recommendation 5:** That the Committee recommends the NSW Government establish efficient measures to monitor and track the approval and delivery of affordable housing in NSW, for example to capture this data through the NSW Planning Portal.

**Recommendation 6:** That the Committee recommend the NSW Government ensures, through its SSD assessment process, that renewable energy projects are required to mitigate their impact on local housing and tourist accommodation markets in the host communities and be cognisant of the cumulative impact of multiple construction projects overlapping in the REZs.

**Recommendation 7:** That the Committee recommend the NSW Government review the bonus provisions for infill affordable housing provisions in the Housing SEPP to facilitate the delivery of in-perpetuity affordable housing owned and managed by registered not-for-profit community housing providers.

# Conclusion

LGNSW supports the Committee's intention of establishing an appropriate definition for essential worker housing including criteria for prioritising worker cohorts and geographical areas. Any such definition needs to be flexible and able to be tailored to the local context.

The examples referred to in this submission illustrate that councils have adopted different approaches in their housing strategies. Certain areas, for example those with major health or education precincts in metropolitan areas or those in renewable energy zones, have unique challenges. It is important that the Committee considers the broader context and local and regional differences as it undertakes the inquiry and makes recommendations. Councils should be able to decide whether or not they prioritise housing for essential workers or affordable housing more generally, to suit their individual local circumstances.

Responding to the Committee's interest in policy options to increase housing supply for essential workers, the underlying premise of this submission is that urgent and meaningful reform of the overall planning framework for affordable housing is needed in the first instance. This has been a central tenet of councils' calls to address the housing crisis as reflected in LGNSW's policy platform.

The Committee is urged to do everything in its capacity to ensure the government lives up to its promises to "pull every lever" to address housing affordability and availability.

The opportunity to capitalise on the current reforms to make a measurable difference cannot be stated strongly enough. Introducing significant "once in a generation" uplift without an appropriate planning framework to capture that additional windfall land value for affordable housing is at odds with the issue at the heart of the housing crisis and as such, could be described as a significant 'own goal' for the NSW Government.

LGNSW also asks the Committee to pay particular attention to the submissions from councils in rural and regional areas whose communities are suffering from impacts associated with the rapid growth of major renewable energy and other state significant projects.

This submission points out that affordable housing for essential workers must sit alongside provision of sufficient public and social housing, and acknowledges the additional State Budget commitment to investment in social and public housing.

Finally, it is important to note that while councils also have a role to play, and this submission highlights some examples, given pressures on the financial sustainability of the sector, opportunities and capacity to respond will vary. Housing-related reforms which impose additional costs or resourcing requirements on local government will not be feasible without additional funding.

# Appendix 1 - Annual Conference resolutions

Recent resolutions of Local Government NSW Annual Conferences calling for action to address housing supply and affordability, including for key workers.

## 2022 Resolutions

### 38 LGNSW Board - Housing and homelessness crisis

That Local Government NSW calls upon the Australian and NSW Governments to take urgent and immediate action to address the housing availability and affordability crisis right across NSW by:

1. funding a significant increase in the supply of social housing to address current shortfalls and keep pace with population growth and demand.
2. providing social housing for people who are homeless in disaster affected communities.
3. providing finance, government land and infrastructure for the supply of affordable housing to meet increased demand across NSW.
4. developing strategies to address the critical need for secure tenure rental housing for key workers in rural and regional areas, and urgently adopting measures to address the rental affordability crisis across NSW.
5. working with local government and community housing providers to develop efficient and sustainable models to significantly increase the supply of affordable housing.
6. removing legislative and other barriers to the provision of affordable housing such as use of council land for social and affordable housing, 3D printing for housing construction and tiny homes.
7. removing barriers that prevent incentivising owners to put existing housing (including unoccupied housing) into the long term rental market.
8. providing funding and assistance for rural and regional councils to develop and implement housing strategies.
9. enabling meanwhile use of NSW Government assets (land and building) for emergency, transitional and removable housing.

*This issue was also raised by Berrigan Shire, Penrith City, Kyogle, Orange City, Tweed Shire, Shoalhaven City, Leeton Shire, Lake Macquarie City, Murray River, Newcastle City, Federation, Armidale Regional, Walgett Shire, Bega Valley Shire, North Sydney, Snowy Monaro Regional councils.*

**Berrigan Shire Council - Secure tenure housing** - That Local Government NSW lobbies the Australian and NSW governments to work with rural and regional councils and industry housing providers to address the place-based supply of secure tenure rental housing designed for key workers. Financing and construction of this key worker housing will require strategic partnerships between all levels of government and industry providers to ensure homelessness issues currently being faced in rural and regional areas are addressed urgently.

**Penrith City Council – Delivery and funding of affordable housing** – That Local Government NSW urgently calls on NSW Government to work with Federal and Local Governments to facilitate a tri-level government approach and funding to the delivery of affordable rental housing and ownership.

**Kyogle Council – Affordable housing** – That Local Government NSW lobbies the State and Federal Governments to increase the investment in social and affordable housing in areas where there is potential for growth but limited housing stock supply.

**Orange City Council – Unused state land blocks** – That Local Government NSW calls upon the State Government to release the necessary percentage of State land under its control for social and affordable housing.

**Tweed Shire Council – Social housing for flood affected communities** – That Local Government NSW advocates to the NSW Government on prioritising immediate provision of social housing for homeless and flood affected communities.

**Shoalhaven City Council – Housing affordability** – That Local Government NSW advocates for a holistic process of legislative reform to achieve significant improvements to housing affordability and availability.

**Leeton Shire Council – Increasing the supply of affordable housing in rural NSW** – That Local Government NSW calls on the NSW Government to work collaboratively with other levels of government, key bodies and interest groups to – as a matter of priority – provide direct financial, land and infrastructure support for affordable housing in rural NSW growth areas.

**Lake Macquarie City Council – Affordable rental housing supply** – That Local Government NSW lobbies the NSW Government to commit to investigating proactive partnerships with Community Housing Providers to increase the supply of affordable rental housing by offering government-owned land as part of a development partnership.

### **39 Armidale Regional Council – NSW Government to ensure new housing is prioritised for Renewable Energy Zones**

That Local Government NSW:

1. requests the NSW Government commit to ensuring that Regional Housing initiatives that bring forward new housing opportunities be prioritised for Renewable Energy Zones (REZ) and Special Activation Precinct areas.
2. requests the NSW Government direct Department of Planning and Environment to require all State Significant Development proposals within the Renewable Energy Zones to supply housing for construction workers unless they have demonstrated adequately that there is sufficient housing supply in the local area and that such assessment be required to consider the cumulative on housing demand of concurrent projects.

### **94 Warrumbungle Shire Council – Renewable Energy Zone – support for Councils**

That Local Government NSW seek from the NSW Premier:

1. a reaffirmation that local government is a key partner in the roll out of renewable energy generation facilities and related infrastructure across the State and to that end provide financial support to councils hosting such a development. The level of

financial support from the NSW government be the reimbursement to each affected council all costs associated with assessing each proposed renewable energy project/transmission line; and

2. a Direction be issued to the Department of Planning & Environment and the Energy Corporation of NSW that they actively seek and heed advice from councils to ensure the environmental, social and economic costs associated with renewable energy developments and related infrastructure are not outsourced onto rural communities without fair and just financial compensation.

## 2022 Special Conference Resolutions

### 28 Shoalhaven City Council – Social and affordable housing models

That Local Government NSW requests that the State Government investigate different models for social and affordable housing, such as equity share and covenant housing.

## 2023 Resolutions

### 39 LGNSW Board - Addressing the housing crisis across NSW

1. That Local Government NSW calls for urgent action to address the housing crisis by advocating to the NSW Government to:
  - a. Undertake and publish an audit of all public, social and affordable housing assets in NSW, as well as government land that could be used for this purpose,
  - b. Make significant investments in public, social and affordable housing right across NSW, as well as the enabling infrastructure required to support it,
  - c. Instil high levels of liveability and climate sensitive design standards into all new government delivered housing,
  - d. Ensure that any public and affordable housing reforms:
    - i. results only in developments that maintain this housing in perpetuity, not for only 15 years. This can also be delivered by alternatives to SEPPs such as a state-wide inclusionary zoning measures or the expansion of the recently introduced Housing and Productivity Contribution to include affordable housing as a better way to increase affordable housing in NSW,
    - ii. are developed in consultation with local government to ensure the reforms consider local amenity and character and align with, rather than override, local planning rules and housing strategies,
    - iii. occur within a strategic, precinct-based framework which is supported by effective infrastructure planning rather than site-by-site (ad hoc) approaches,
    - iv. reconsider whether growth areas and precincts that have been through detailed planning investigations, rezoning and infrastructure assessment in the last 10 years have the capacity to accommodate the proposed further 30% development uplift

- beyond the controls already in place,
- v. maintain or increase council involvement and delegation in approval processes.
  - vi. recognise the role of council owned, not-for-profit community housing provider managed, affordable housing stock in catering to local needs.
- e. Establish an agency to oversee a collaborative approach between the NSW Government, councils, Community Housing Industry Association (CHIA), and community housing providers, and ensure that social and affordable housing is managed by the NSW Government or a not-for-profit community housing provider,
  - f. Review standards for manufactured homes, caravans and crisis housing to ensure they are fit for purpose,
  - g. Introduce measures to address land banking associated with residential land,
  - h. Make grant funding available to councils to support strategic planning to identify land that could be rezoned to enable more housing, as well as the infrastructure needed to support it,
  - i. Prioritise the foreshadowed review of the regulation of short-term rental accommodation to ensure local government has the ability to respond flexibly to balance housing and the local visitor economy.

2. LGNSW reiterates that expanded State Significant Development pathways for developments utilising Housing SEPP provisions bypass normal planning controls and will have impacts for local communities.

*This issue was also raised by Shoalhaven City, City of Newcastle, City of Parramatta, City of Sydney, Kempsey Shire, Greater Hume Shire, Leeton Shire, Murray River, Narrabri Shire, Bega Valley Shire, The Hills Shire councils.*

**Bega Valley Shire Council - Affordable housing** That Local Government NSW:

1. Calls on the state government for ongoing investment in the development of affordable and social housing in regional NSW to address critical shortages in housing affordability and availability for people on low to moderate incomes and key workers.

#### **40 North Sydney Council - Affordable housing and planning**

That Local Government NSW lobbies the State Government to implement mandatory inclusionary zoning to provide for a minimum percentage of social and affordable housing for any new housing projects, for the life of the building/project.

#### **L1 Woollahra Municipal Council - Proposed changes to the HOUSING SEPP and planning system**

That Local Government NSW:

1. Welcomes the NSW Government's renewed focus on the provision of affordable housing.
2. Is concerned that proposed social and affordable housing reforms to the Housing SEPP and associated planning system instruments:



- a. will not facilitate the long-term supply of affordable housing,
  - b. do not provide for affordable housing in perpetuity,
  - c. do not provide certainty on the impact on existing infrastructure contributions and affordable housing contributions schemes,
  - d. do not address how the additional infrastructure required by the additional density and growth in population would be funded,
  - e. will undermine local planning controls, including sites that have been subject to a recently approved, refused or pending planning proposals, by allowing an additional increase of FSR and height to be sought (without a new planning proposal), and
  - f. do not account for the impact of increased density on Heritage items, Heritage Conservation Areas (HCAs) and environmentally sensitive areas, areas of high Aboriginal cultural significance or high biodiversity significance.
3. Advocates for the NSW Government to defer the implementation of the proposed reforms to allow adequate time for:
- a. all councils to be consulted and provided with reasonable opportunity to prepare submissions,
  - b. the proper consideration of all councils' submissions,
  - c. the Department of Planning and Environment to address councils' concerns (including but not limited to the concerns outlined at paragraph 2), and
  - d. the proper consideration of providing exemptions to the proposed reforms.

## Appendix 2 – Council case studies

### Coolamon Shire Council – Building aged care worker accommodation

Coolamon Shire Council will spend \$136,000 to bring staff into the community and provide training, while \$500,000 will be used to build the workforce accommodation.

Coolamon Shire Council is sponsoring 10 overseas staff from the Philippines, training them to be nurses and building homes for them to live in because it has been unable to recruit staff locally. Coolamon Shire Council will spend \$136,000 to secure 10 staff, and \$500,000 to build housing for them to live in.

*“We will build them a house basically, in order to get them here... That’s an investment of \$500,000 by the council to house 10 employees that we need here to operate this essential community facility.”<sup>30</sup>*

### Coonamble Shire Council – Business Case

Coonamble Council has identified a need for more affordable housing to attract and retain diverse skills as well as to encourage a range of housing options for more vulnerable groups, such as older people and families. A significant proportion of its residents are ‘essential workers’ with moderate income and access to suitable and affordable housing is a key cause to the challenge in retaining a diminishing population.

The council engaged consultants to undertake a business case to identify an optimal option for Council to develop social and affordable housing for the Coonamble LGA.

The consultants highlighted a limited ability to attract and maintain an essential workforce, challenges retaining existing workforce, and long commutes putting a strain on workers. It found there is a high level of unmet need for affordable housing for key workers and noted that vacant roles are hindering social and economic development:

*The impact of this issue directly impacts Council’s ability to action strategic decisions to deliver public good, due to job vacancies in Council. An example of this is noted in the Council’s 2022-2023 Annual report, where the delivery program action is to ‘develop and action plan to address the housing issues within our communities’. The progress on this action is at 0% as Council is unable to full the job vacancy of multiple planning, regulatory and compliance roles.<sup>31</sup>*

### Griffith City Council – Affordable housing partnership project

Griffith City Council’s affordable housing project at Griffin Green, is co-funded by the Australian Government (\$6 million), Griffith City Council (\$3 million) and Argyle Housing (\$3 million).

<sup>30</sup> [Overseas aged care staff recruited to southern NSW to help keep elderly in hometown – ABC News](#)

<sup>31</sup> [Supplementary Reports Agenda of Ordinary Council Meeting – Wednesday, 19 June 2024 \(nsw.gov.au\)](#)

The project will provide new affordable housing options in Griffith and was officially opened on 31 July 2024.

In this instance, despite the great Australian Government / Griffith City Council partnership, the NSW Government has been unhelpful as the council seeks to maximise affordable housing outcomes for its community.

The NSW Government charged the council the full market rate to purchase the unused Crown land owned by the NSW Land and Housing Corporation, substantially increasing costs for the council.<sup>32</sup>

The council would also like to build affordable housing units on unused Crown land (State Government owned) elsewhere in Griffith (Kookora Street) but has been told it would have to pay market rates to do so, substantially increasing the costs of such a project.

Griffith City Council would like the NSW Government to reconsider its position that Crown land that leaves the public estate must attract market value. The Council would like to partner with the NSW Government to increase affordable housing stock in Griffith by activating several unused vacant Crown land lots.

## Inner West Council – Affordable Rental Housing Program

Inner West Council's Affordable Rental Housing Program<sup>33</sup> is a 'key worker' program that provides housing assistance to lower income workers employed in essential jobs and emergency services in the Inner West local government area, for the following employment sectors:

- Health Services (including support and ancillary staff)
- Childcare;
- Primary or Secondary Education (including support and ancillary staff)
- Emergency Services (including support and ancillary staff)
- Transport
- Inner West Council employees
- Retail
- Labourers
- Manufacturing
- Hospitality

As of May 2023, Council had acquired 19 affordable housing units through planning agreements. All units are managed by Link Wentworth, a registered Community Housing Provider, under a Residential Property Management Agreement signed with Council.

The program's eligibility criteria include having a local connection (e.g. is an employee in the Inner West Council area or has family living in the area). Priority is given to applicants who are permanently employed in a range of key industry sectors in the Inner West or neighbouring regions. (Refer to eligibility criteria below).

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<sup>32</sup> [NSW Government charging market rates to build affordable housing on unused land, despite crisis | Region Riverina](#)

<sup>33</sup> [Affordable housing - Inner West Council \(nsw.gov.au\)](#)

## Lake Macquarie City Council – Incentivising affordable housing delivery

To encourage and support increased development of social and affordable housing, Council in September 2020 introduced an 85 per cent discount on development contributions for affordable housing in Lake Macquarie. This is applied to specific types of social and affordable rental housing, including in-fill housing, boarding houses, supportive accommodation, residential flat buildings and group homes.

Council is monitoring the success of this discount and will undertake reviews at 18 months and three years following commencement. It is expected that this will improve viability and encourage the development of social and affordable housing while still allowing Council to provide necessary infrastructure to support these developments. This comes at an estimated \$650,000 per year cost to Council.<sup>34</sup>

## Willoughby City Council – Affordable housing strategies

Willoughby City Council was one of the first metropolitan councils to recognise the need for more affordable housing. It recognises affordable housing as a vital element of social and economic infrastructure. The Council has committed to increase the supply of affordable rental housing through affordable housing targets and policy and does this by requiring the dedication to Council of complete dwellings or their cash equivalent equalling 10% of the accountable total floor space of new multi-unit dwellings in identified zones within the Willoughby LGA.<sup>35</sup>

As at 2022, council had 37 essential worker housing units (managed by Evolve Housing) and is currently undertaking planning for an essential worker housing project in Artarmon. The re-development of the site will provide an important contribution to Council's affordable housing target of 70 additional affordable housing dwellings by 2026.

The council has also recently secured 25 new homes for key workers following the completion of a development on the site of the former Channel 9 building in Willoughby. Working in partnership with Evolve Housing, Council is offering 13 new homes to key workers living and/or working in the Willoughby local government area on low to moderate incomes – including retail workers, nurses, teachers, and emergency services staff – at 20% less than the median weekly rent. An additional 12 units on the same site will be available from August 2024, bringing the Council's total affordable housing portfolio to 62 units. The new units were transferred to Council upon completion as part of a planning agreement with the developer of the project (Mirvac).<sup>36</sup>

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<sup>34</sup> [Submission 39 - Lake Macquarie City Council.pdf \(nsw.gov.au\)](#)

<sup>35</sup> [Affordable housing | Willoughby City Council \(nsw.gov.au\)](#)

<sup>36</sup> [Council secures twenty-five new homes for key workers | Willoughby City Council \(nsw.gov.au\)](#)