

**Submission  
No 49**

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

**Organisation:** Gunnedah Shire Council

**Date Received:** 13 September 2024



# SUBMISSION

**Legislative Assembly Select Committee on Essential Worker Housing**

Lodged on behalf of **Gunnedah Shire Council**

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**<https://www.parliament.nsw.gov.au/committees/inquiries/Pages/lodge-a-submission.aspx?pk=3051>**

**Submissions close 13 September 2024**

## Terms of Reference

(1) 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. ...

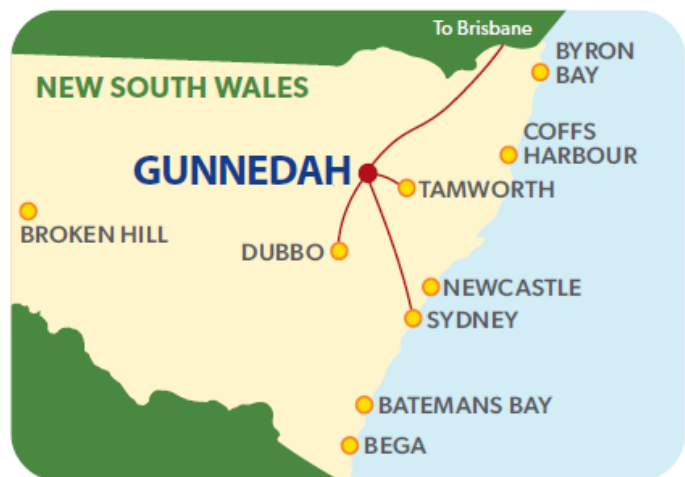
(8) The Committee shall report by 7 March 2025

## The Gunnedah Shire

Gunnedah Shire is located in the Northern Inland Region of NSW, covers an area of 5,001 square kilometres and is bordered by the Tamworth Regional Council and the Shires of Liverpool Plains (Quirindi), Warrumbungle (Coonabarabran) and Narrabri.

The Shire lies within the upper catchment area of the Namoi River. By road, Gunnedah is approximately 450 kilometres from Sydney, 655 kilometres from Brisbane and just over 1,000 kilometres from Melbourne.

Gunnedah Shire has its own airport and is serviced by Tamworth Regional Airport, which has frequent flights to Sydney and Brisbane. Easily accessible to main highways, the Shire lies on the North West (Country-Link) rail line which runs daily rail passenger services to Newcastle and Sydney. There are twenty-four rural localities and seven (7) small gateway villages – Breeza, Carroll, Curlewis, Emerald Hill, Kelvin, Mullaley and Tambar Springs.



In 2023, the Shire recorded an estimated resident population of 13,280 with 10,359 living within the Gunnedah urban area. (Source: ABS). The Shire continues to experience strong economic growth and as the LGA's growth already surpassing initial population projections, there is pressure for residential land and demand for new housing.

Challenges of delivering housing stock onto the market and ensuring accessibility of housing to all segments of the market, especially to essential workers, highlights the importance of ensuring that; residential growth is planned and managed in a way that meets the changing needs of the community; maintains the liveability currently enjoyed; and fosters additional benefits for:

- greater housing supply;
- increased housing diversity and choice;
- expanded opportunities for affordable housing;
- housing for a diverse and multi-faceted workforce; and
- adaptable housing to meet changing social and economic trends.

## **Current challenges across the housing industry in the context of Gunnedah Shire.**

To assess and focus on issues around the supply and demand for housing to essential workers, it is necessary first to look at the overarching housing issues faced by the Gunnedah Shire and discuss the key elements contributing to these issues. If housing is not available or affordable in the regions, and if demand outweighs supply, it is impossible to attract and retain essential workers. If regions lack the same infrastructure and services available in larger areas, the capacity to attract workers and their families is further diminished. Access to localised schools, health care, child care, social supports, transport, telecommunications etc are all critical impacts on any decision to uproot and relocate. Changing demographics, availability of land, housing affordability, changing patterns of home ownership, rental trends, skills shortages are all factors that influence housing supply.

### **1) Changing Demographic**

The demographics of the Gunnedah Shire are changing to reflect:

- a) a marked increase in lone person households and declining household sizes;
- b) an aging population in all areas across the Gunnedah local government area;
- c) marked change in household types presenting a mismatch with existing supplies; and
- d) continued growth of mining to 2041 and the need to accommodate short to long term workers and their families.

### **2) Housing diversity**

- There is strong demand for different housing typologies in Gunnedah including more compact styles near the Central Business District (CBD) and higher density housing opportunities such as dual occupancies in the R2 Low Density Residential zone.
- The lack of diverse housing options may be constraining the growth of Gunnedah particularly for smaller property types. The LGA has a high prominence of single and couple-only households and a significant lack of supply of housing other than large, detached dwellings. The current housing stock in Gunnedah is typically 3–4-bedroom single detached dwellings. This lack of diversity of housing typologies has already led to issues. Providing a better understanding within both the industry and wider community in terms of the different residential accommodation options that could be considered under the current planning framework may provide a first step in realising greater diversity in housing. Delivery of smaller, housing typologies (dual occupancy and multi dwelling housing) for downsizers, has the potential to unlock opportunities for housing stock suitable for families.

### **3) Supply vs Demand**

- Demand for dwellings outweighs supply in the Gunnedah LGA.
- Lack of affordable housing across all residential accommodation types.
- Lack of available suitable short to long term housing for essential workers including police, teachers, nurses etc. reduces the capacity to attract and retain these worker types to the area.
- Continued growth in demand for social housing and lengthy waitlists.
- Continued growth in demand for more temporary and permanent social housing in Gunnedah.
- Limited suitability of housing for older people wanting to downsize which means that 'aging in place' is often no longer an option.
- Limited housing options for 'empty nesters' wanting to downsize.
- Construction costs in regional areas is disproportionately high than in Sydney and in other metropolitan areas.

#### 4) Supply Chain Issues

- Supply chain problems experienced by regional areas adds to housing pressures. Construction and home building slows, projects experience significant delays with costs escalating as completion times lag and in some instances projects are left unfinished.

#### 5) Availability of Land

- A recent study for the Gunnedah Shire Local Housing Strategy has confirmed that zoning is not the issue for our Shire. In terms of supply there are over 800 potential lots in the existing R2 and R5 land use zones to cater for 580 projected dwellings to 2041. Despite the availability of ample land zoned, developers don't have the incentives to build.
- There is a reluctance of some existing landowners to release land (land banking) and historical trends suggest that when suitable supply is available, it is not necessarily converted to housing on the ground. Land that is zoned and available for subdivision is not being developed. A common misconception is that if land is zoned, vacant and undeveloped, then it is available for immediate development. In practice, this may not be the case. In fact, there is often a 'disconnect' between the amount of zoned land and actual delivery of housing lots.
- Gunnedah has residentially zoned land available for immediate development; however, cost, location and ownership factors continue to influence supply. The lack of reticulated sewer in most of the villages is also a key impediment to land supply in those locations.
- Land that is rezoned for residential development may not necessarily be delivered to the market. This could be due to a variety of reasons that include:
  - a. planning constraints (e.g., statutory requirements, difficulties with infrastructure provision, fragmentation of ownership, etc.),
  - b. capacity constraints (e.g., bushfire and flood prone, slope, biodiversity, vegetation removal and landslip, etc.),
  - c. up-front cost of development (e.g., finance and holding costs, upfront development contributions); and
  - d. commercial pressures.

Each has the potential to severely impede the supply response to demand pressures.

- In terms of infill, the market does not act in the same manner in regional areas than in the metropolitan centres where Greenfield land resources are scarcer, highly constrained and costly to deliver. Infill development is driven by land value, access to transport and community infrastructure and the ability for significant uplift. Therefore, while there remains capacity in the planning controls to accommodate a significant amount of higher density infill development, making assumptions as to the take up of this is difficult. The example in Gunnedah is shown in the take up (or lack of) in the R3 Medium Density Residential zone. The adequacy of land release is therefore crucial for the supply of housing. From first principles, the supply of housing directly impacts the price of housing. A constrained supply of land will drive up landowner expectations making site development a high risk and high resource activity for developers.
- Constraints on the construction of dwellings on approved lots due to topography and the prevalence of reactive black soil, significantly increasing the cost of new housing.
- Land development in smaller regional communities is a 'slow burn'. Developers are typically local business people or families invested in the community and need to be prepared to carry the cost of development over an extended period.

## 6) Housing affordability

- The price of housing has been increasing faster than income levels.
- Buy in behaviour of Metropolitan buyers since Covid-19 continues to place further stress on the housing market with many properties purchased off the internet – sight unseen, with real estate agents routinely withholding stock for ‘pocket listings’. Local buyers have limited capacity to engage in bidding wars with 2nd home investors and are slowly being forced out of the market and out of the regions. Some local buyers also have no option other than to move on to more affordable areas, a pattern that undermines the social fabric of our communities and negatively impacts future population stability and economic growth.

## 7) Patterns of Home Ownership

- The great Australian dream of owning your own home is becoming more out of reach. It is extremely difficult for first home buyers looking to enter the market at a lower entry point. The cost of housing vs capacity to meet the minimum savings requirement results in a reduced capacity of low-income households and young people to enter the housing market. The median house price in Gunnedah is \$340,000 ranging from \$292,500 for 3 bedrooms and \$420,000 for a 4-bedroom house. Saving a minimum 20% (\$58,000 to \$84,000) is an unreachable target forcing potential buyers to relocate, seek rental options in a limited market or remain with family members as they save for a deposit. Many parents are opting to take out a second mortgage to finance the purchase of housing for their children, placing plans for retirement at risk.

## 8) Rental Trends:

- The shortage of rental accommodation and significant increase in rental prices continues to impact those within the community with less disposable income, elderly or otherwise vulnerable. It is understood that increased rents are pushing lower income groups to seek less expensive accommodation, which means low standard or alternative housing is in high demand, often leading to overcrowding and social disadvantage related to a lack of basic services.
- There is a scarcity of rental accommodation for dual income couples/professionals and the resultant displacement of people from Gunnedah to other locations such as Tamworth.
- There is evidence that temporary accommodation is in low supply, with people finding accommodation outside Gunnedah town and villages, or at worst are sleeping rough.
- While the median weekly household income for the Gunnedah Shire is \$1,625 which is higher than that of Regional NSW, rental prices have continued to climb considerably. For low-income and one income households, accessing the private rental market is tough, with the proportion of affordable rental options low due to other market forces which are pushing the median rental prices up and resulting in rental stress. Of the 1,195 households in private rentals in Gunnedah, 23% are in rental stress. Based on housing data, there are also a larger proportion of people earning a lower household income (less than \$650/week) in the outlying villages than in the Gunnedah township further increasing the level of disadvantage. 7.2% of households in the Shire are experiencing housing stress. 6.5% of households with a mortgage in Gunnedah are in mortgage stress. (Source ABS Census 2021)
- Mines currently subsidize rental for key workers which supports their capacity to attract workers, however there is an unfortunate cause and effect, with rental property prices forced higher and out of reach for lower income families.
- Assuming the benchmark of 30% of income is allocated to accommodation, based on the median house price and rental data, housing is unaffordable for a significant portion of the population. Without intervention the proportion of people experiencing housing stress for rentals will continue to increase and the demand will continue to outweigh supply.

## 9) Skills Shortages

- The Shire is experiencing a high skills shortage across a broad range of sectors including construction, trades, hospitality, mining and industry, manufacturing, health care, agriculture, education and child care. In 2023, Council surveyed 10 businesses that indicated that at the time of the survey, almost 200 jobs were not able to be filled across our Shire. The lack of available housing is a significant contributor and despite extensive lifestyle marketing campaigns to attract new workers and their families to the area, these have proven largely unsuccessful. Escalating rental costs across the Shire, presents a significant challenge to those efforts, with the builders, carpenters, plasterers, electricians in high demand.
- Gunnedah Shire Council like most regional Councils continues to experience difficulties in attracting qualified planning, development and assessment staff, building certifiers, engineers and food and regulatory health professionals. Unable to compete with the private market, these skilled workers are lost to larger Councils or other industries. The lack of available housing close to work is often a deterrent with skilled workers unwilling to reside in neighbouring towns where housing supply and the quality of housing is often better. Undertaking the two hours round trip to work particularly on country roads is also a major barrier.
  - Scenario: In one e.g., Council has a highly qualified Strategic Planner who lives in Narrabri, 96 klms away. Her husband is in the building industry and both parents need to work. With the availability of child care places low in Narrabri due to demand, and out of reach in Gunnedah due to the worker's location of primary residency, the highly valued worker is reliant on a grandparent to assume the child care responsibilities. That worker works primarily from home and undertakes the commute to Gunnedah one day each week. The nature of the role renders remote work difficult. Extra pressures are placed on the Manager, who resides in Tamworth (75klms from Gunnedah), to pick up the local responsibilities and to undertake most of his communications with that team member by phone or email. The worker is pregnant with her second child and will cease work in January for maternity leave. That team is unlikely to attract a skilled worker with an appropriate level of qualifications or experience to fill that position for the duration, and the responsibilities of the vacant role will rest with the Manager.
  - Scenario: Since 2019, Gunnedah Shire Council has completed 13 rounds of recruitment for 4 planning control, town planner and senior town planner positions.
- So widespread is the housing issue, that the NSW Police Association has previously approached Council to provide subsidized housing for probationary constables.

## Responses to the Terms of Reference

### a) Establishing an appropriate definition for essential worker housing for the NSW Government to adopt including criteria for prioritising worker cohorts and geographical areas.

In consideration of the needs of our own community, essential workers would be deemed to include workers in healthcare (GPs, nurses, physiotherapists etc), childcare, emergency services, food service and supply, utility workers, transport and logistics, mining and engineering, government and public service, education and telecommunications. A key challenge for regional areas of local government in particular, rests with the inability to attract and retain planning, development and assessment workers and engineers. These industries and roles form the backbone of our community and are pivotal to ensuring our Shire continues to not only thrive – but survive.

Gunnedah Shire Council suggests an appropriate definition for essential worker housing for the NSW Government to adopt, including criteria for prioritising worker cohorts and geographical areas could be:

“Contemporary housing purposely developed privately or publicly, ‘ring-fenced’ for workers identified as essential for the Local Government Area, with rents subsidised or below the town’s mean”.

### b) Options to increase housing supply for essential workers, including but not limited to:

#### (i) planning tools and reforms.

- The failure of the National Planning Reform Blueprint as stated in the National Planning Reform Blueprint Scorecard states the obvious. The NSW Planning System continues to be confusing and overly complex. Ongoing collaboration across all levels of government supports to overhaul what is considered to be a largely ineffective Planning Portal to enhance user friendliness, facilitate lodgement and to reduce delays in planning approvals. Since its inception and despite feedback to the Department, ‘mum and dad’ developers continue to struggle to navigate the portal and to lodge the required documentation, adding an unnecessary layer of stress and frustration to the process and contributing to additional processing delays. The Departments expectations around the perceived simplicity and ease of implementation, made limited considerations for the capacity of end users to navigate the complexities of the system, and the legislative framework.
- Commonwealth and State Governments must commit to more meaningful engagement with local governments in regional areas in order to deliver planning and land-use reforms, that will make housing supply more responsive to demand to a multitude of applications over time. Demonstrated effort and consideration of the additional hardships faced by local governments in regional areas must be reflected not only in the government’s engagement strategies but in the identification of targets and allocations of funding and resources for regional vs city/metropolitan areas.
- Amending Local Environmental Plans to enable greater diversity is an option that the Gunnedah Shire Council has utilised, with additional opportunities being investigated.
- Local governments needs to be provided with greater planning and regulatory autonomy to accommodate the specific needs of their own Shire – particularly in areas of high tourism (holiday letting).



- Adhering to the provisions of the NSW Local Government Act 1993 can make it difficult for Shires, to go beyond the traditional planning system levers such as rezoning land.
- Targets for social and affordable housing articulated in the National Housing Accord, must be met at a minimum.
- Investigate changes to the layering of the planning system to reduce complexity. Assessment of planning provisions such as lot sizes and land use tables could increase efficiencies within the urban boundary and 'rural residential' area. Remove constraints on the construction of dwellings on approved lots due to topography and the prevalence of black soil, to reduce the cost of new housing and facilitate development.
- Investigate greater diversity of urban release area requirements and instead of planning controls that are applied generically, regional specific planning controls could be introduced to energise the current housing market.

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

- Build to rent incentives, especially for medium density housing, need to be more attractive to rural and regional landlords.
- Innovative initiatives to incentivise landlords and landowners in smaller more affordable, outlying locations such as villages; would accelerate housing and infrastructure growth and create additional housing and worker options in those areas. All villages in the Gunnedah Shire are within driving distance to the Gunnedah township and the availability of land in those areas presents a viable option for development. The lack of infrastructure, coupled with burdensome housing and planning obligations is a major barrier.
- Recognition by policy makers and legislators that "city-centric, one-size-fits-all approaches to economic and community growth do not work effectively in the regions, nor are they desired by those living there." (Angus C: 01/2020, Regional NSW: A demographic and economic snapshot). Not all regional and rural areas experience the same issues and trends, and the current reliance on 'cookie cutter', party political approaches and solutions is not working. Regional communities must be given greater say in State driven policies that have the potential to negatively impact their communities, and the long-term growth and sustainability of their Shires.
- Continuation of the NSW government's Make the Move Campaign is supported. Spotlighting stories and experiences of police, firefighters, nurses, teachers, and health care workers is a proven, positive step to attracting individuals and families to the regions. Focusing on lifestyle and liveability benefits in making the move to the regions, are key components of those success stories.
- Developers indicate the desire to pay Headwork charges at the point of purchase, rather than at the time of development which could be years down the track. While the idea presents challenges for smaller regional Councils that do not have the capacity to carry the financial load, the State could potentially play a role in this. The NSW government could investigate planning legislation options to allow for the payment of developer contributions at earlier stages of the development process.
- Investigate the potential for developers to work with social housing providers to identify new sites and to collaborate with Councils to provide more affordable housing to free up housing for essential workers.

**(iii) Opportunities within developments on government owned land.**

- Council's need to be able to find and be in contact with the staff directly responsible for managing vacant government land in their local government area.
- Utilising Council land to assist with the housing shortfall is an option.
- Negotiating with Crown Land to provide parcels of land stock for use as essential worker housing is another option. The NSW government has a register of land (Government Land Index) that they can receive unsolicited offers on, not just crown land, and Gunnedah Shire Council is currently exploring these options, though efforts in this space have not been fruitful to date. Council is constantly seeking out opportunities to partner with state-owned organisations to identify solutions for the housing crisis and has proactively facilitate discussions between mining and developers for the same purpose.

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

- Many regional areas have vacant commercially owned buildings in and around their CBD with many vacant for extended periods. Constrained currently by zoning and planning legislation, the use of these vacant buildings as temporary worker accommodation is not an option. Repurposing or 'converting' suitable accommodation for temporary accommodation or supported accommodation could be investigated. Skilled workers could ideally utilise employer subsidised accommodation as an interim measure while waiting for additional more permanent housing options to arise, or in an example of local government for the duration of the 'probationary' period.
- Employer subsidies for supported worker accommodation. With rental market costs in regional areas higher, the capacity of employers to offset rental costs to a capped limit and timeframe could attract workers. Eligibility would be based on the workers role and security of tenure with capacity for a 'commitment to stay for a minimum period' embedded in the worker contract.
- Construction of adaptable housing is a typology that to date is an untapped market. Encouraging new housing that is diverse, well-designed, functional, and attractive, accessible to open space and facilities and adaptable for a range of lifecycles is critical. As is the need to focus on using existing zoned areas to develop innovative housing such as dual occupancies, town houses and multi dwelling housing to build diversity.

**(v) other related matters.**

- There is a limit to what can be done at the local government level to solve the national housing crisis, both legislatively and financially. The NSW Government's ongoing transference of functions and cost shifting without remuneration, to local governments is continuing to place financial burdens on regional and remote areas. Greater transparency of decision making and consultation with Country Mayors Association to fully consider negative impacts on regional communities should be a pre-requisite. Remunerating local government with the necessary funding to absorb delivery of state functions should be a given. Cost shifting has forced most regional local governments to implement or consider Special Rate Variations to simply maintain the existing asset base.

- Methodologies for the allocation of State infrastructure funding in State electorates, is recommended to deliver on a more equitable distribution of funding rather than one or two Shires receiving the 'lions share' of funding. To do so will facilitate a broader array of infrastructure projects and investment in less populated areas.
- State and Federal Governments assume distance is not a barrier to access, and appears to apply an "it's only an inch on the map" methodology in the allocation of support and effort, focusing growth on larger inland locations such as Tamworth and Armidale at the expense of smaller growing regional inland locations like Gunnedah, Narrabri and Liverpool Plains. Ironically as Tamworth nears maximum capacity, inland locations offer the most potential for future growth.
- The NSW government should continue to seek out opportunities that incentivise essential workers to migrate to regional areas while working to develop holistic initiatives that facilitate infrastructure and housing growth. Projects that improve connectivity, and enhance liveability and community wellbeing, complements campaigns to bring workers and their families to the regions.
- Policy making roles for NSW Government Department of Planning should focus on attracting experienced planners rather than university graduates with no practical frontline exposure. The lack of insight into the impact of Policy on the ground that comes with inexperience, yields poor planning outcomes.
- The Federal Governments Workforce Incentive Programs – Rural Advanced Skills Stream for GPS, General Practices and other health professionals could be cloned to target/incentivise essential workers gaps in local government. Reducing, offsetting or negating HECs debts and introducing essential worker regional rent subsidies are further examples.
- The NSW Government's 2024 commitment to invest \$450million in building new apartments for essential workers to rent at a subsidised rate in areas closer to the city, their jobs and services while valuable is another example of city centric bias. This program could be expanded to other areas. Regions experiencing high essential worker demands, housing shortages, and financial and locational disadvantage should have access to the same incentives afforded to the Sydney and the other metropolitan areas.
- The NSW Government needs to continue to work closely with the Commonwealth to identify housing solutions. NSW is considering a consolidated package of planning reforms, developed with local government, to support NSW's Accord commitments to make housing supply more responsive to demand over time.

Thank you for the opportunity to lodge a submission to the Legislative Assembly Select Committee on Essential Working Housing. If you require additional clarification on any of the above-mentioned points, please do not hesitate to contact Gunnedah Shire Council at [council@gunnedah.nsw.gov.au](mailto:council@gunnedah.nsw.gov.au) or (02) 6740 2100.

**END**