

**Submission  
No 51**

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

**Organisation:** Upper Hunter Shire Council

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## Submission to NSW Legislative Assembly Select Committee Inquiry into Options for Essential Worker Housing in NSW

Thank you for the opportunity to make a submission to the NSW Legislative Assembly Select Committee Inquiry into Options for Essential Worker Housing in NSW.

The Upper Hunter Shire Local Government Area (LGA) is situated 150 km North West of Newcastle in the Hunter Valley. As a community and an organisation we have difficulty attracting essential workers in the areas of Health Care (Doctors and Nurses), Professional services (Engineers, Accountants, Planners) and Education (particularly Early Childhood Teachers).

In addition to these current essential worker shortfalls, the Upper Hunter Shire LGA is within the Central West Orana (CWO) Renewable Energy Zone (REZ), the Hunter REZ and is subject to major infrastructure upgrades through the shire to support the New England REZ. Being at the confluence of three REZs results in a high demand for construction housing for projects of average duration of 3 years per project. At present, there are approvals for five (5) state significant renewable energy projects with a combined investment of approximately \$1.7 billion in the Upper Hunter Shire LGA. Whilst these projects will bring many benefits to local communities, they will also have a range of impacts in relation to traffic generation, local amenity, workforce accommodation and essential services (health care, education and emergency services).

The peak workforces of each of these projects will range from approximately 200-1000 workers during construction with operational workforces ranging from 10-20 workers, many of whom are likely to reside in the Upper Hunter Shire LGA, putting further pressure on local housing supply.

While there is significant land stock for housing development (both permanent and short term), construction costs, supporting infrastructure and availability of contractors all combine to make realistic and affordable housing provision impossible without significant funding support. The essential worker accommodation issue can't be looked at without considering the broader supply chain issue that impacts essential worker accommodation which includes overall land availability, demand from normal growth and short term demand associated with renewable development, constraints including cost and availability of contractors and what the government can do to assist rural councils in particular.

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## Upper Hunter Shire

### Current Situation

The Upper Hunter Land Use Strategy 2024 identifies the need for an additional 50-60 dwellings per year up to 2041 to accommodate population growth and change. The current rate of building approvals in the Upper Hunter Shire LGA (28 in 2022/23) falls well short of the number needed to meet demand.

Upper Hunter Shire Council has been active in trying to address the issue of essential worker housing. Council presently owns two houses that are leased at reduced rent for Doctors. It also owns the medical centres in both Scone and Merriwa and leases these facilities to health professionals in order to attract and retain these services in our local communities.

For many years, Council has been a major developer of residential land in the Upper Hunter Shire LGA and currently has a number of land holdings in various stages of development. These include:

#### Aberdeen

Council owns a large area of land in Aberdeen which is progressively being developed by Council into residential lots for housing. Stages 1- 5 of the estate (34 lots) have already been developed and Stage 6 (25 lots) is approved and ready for construction. Council has sought expressions of interest from developers to partner with Council to develop future stages of the subdivision, however, there has been limited interest due to the cost of development and the risk of a poor return on investment. With some initial financial support from government, Council would be in a position to develop the next stage of the subdivision, releasing much needed residential land onto the market. Revenue generated from the sale of the lots would be invested into the next and subsequent stages of the development enabling further lots to be released onto the market. As the landowner and developer, Council could allocate a portion of the lots for essential worker housing to be owned and operated by Council or an appropriate housing authority.

#### Scone

Scone has land zoned and approved for subdivision to the south (370 lots) and north (100 lots). This land is privately owned and Council has no control over the timing of the development. These developments have the potential to significantly increase housing supply in the area, thereby putting downward pressure on house prices and improving housing affordability and the availability of housing for essential workers. There appears to be little to no movement on these private subdivisions, likely due to the cost of construction and availability of contractors to undertake the work.

Council has several residential lots throughout the township that are suitable for small home to multi-unit housing development. Some of these lots are presently on the market and others will be placed on the market in coming years.

## Merriwa

Council has vacant land available for development. Little work has been done on this in recent years due to the cost of development and the lower demand for housing in this area. There will, however, be growing demand for temporary workers accommodation as renewable energy projects are developed in this area. Opportunities to develop land for temporary workers accommodation and then progressively repurpose that land for permanent housing is seen as a possible strategy to meet future housing demand.

## Murrurundi

Council has completed a number of stages of a residential subdivision in Murrurundi with further stages to be completed in coming years.

### **Constraints**

Present capacity at the Scone sewage treatment plant means that any significant future growth in Scone will require significant upgrades to the plant. Funding discussions have already commenced with state government in regards to this. Small development can still occur however this will eventually become the limiting factor to growth.

Funding and contractor availability in regards to Council owned land is a limiting factor. We require a partner to work with us on developing our land for housing.

Private land is zoned and approved for subdivision and Council cannot control the release of this land. Market forces will dictate when the owners of this land choose to develop and release lots.

### **Opportunities / Path forward**

As noted previously, there may be opportunities to repurpose temporary workers accommodation built to service the growing number of renewable energy projects across the Upper Hunter Shire LGA into permanent housing. Whilst some of these workers' camps may not be sited in locations suitable for permanent housing, the modular buildings could be relocated to fully serviced Council owned land closer to existing facilities. Ideally, temporary workers accommodation camps should be established close to existing urban areas to make it easier to convert the camps into permanent housing.

### **Request from Government**

While Council has been proactive in this space and is already doing what it can within its limited financial means, there are options for the state and federal governments to assist. These suggestions are listed in table 1.

Issue	Government assistance
Affordability is the single largest barrier to housing construction at present. The cost of infrastructure mentioned above is considerable in areas of growth and direct funding to Councils to allow expansion of water and sewer upgrades is imperative.	Infrastructure grants for major infrastructure expansion
Costs associated with inflation are obviously having an impact on building costs and Council has seen jumps of 30% increases in its own construction costs recently so it can be assumed that this is flowing through to the housing industry too.	Policy and fees associated with inflationary measures
Access to contractors is limited.	Training and apprentice support in regional areas. Incentives for building trades
The NSW planning portal is a disincentive to development. We have seen more confusion than previously required without the portal. This could be impacting the number of people undertaking development and would certainly be adding administrative time and cost to their developments.	The NSW planning portal requires further refinements and the opportunity to allow manual lodgement.
The Building Code of Australia is increasingly becoming more complex with new sustainability requirements being added that add time and complexity as well as cost to developments.	Policy implications of increasing developer requirements needs to be considered as this is impacting development especially in regional areas where the margin is small.

Table 1 – state and federal government options to assist Councils in delivering essential worker housing

## Conclusion

The availability of land for all housing (including essential worker housing) is not a limiting factor for a rural Council such as Upper Hunter. We are seeing demand for housing through both normal worker requirements and are expecting to observe a higher demand due to the renewable energy sector requirements for shorter term housing yet the economics of developing and building housing is not feasible based on present market conditions. Land value and development cost exceed present market sale prices for homes in the area. In order to address this issue Councils require assistance from the government as detailed in table 1.

Councils are willing to assist but we don't have the financial means to do this without significant assistance from the other two levels of government.