Submission
No 56

# OPTIONS FOR ESSENTIAL WORKER HOUSING IN NEW SOUTH WALES

**Organisation:** Cessnock City Council

**Date Received:** 12 September 2024

CESSNOCK CITY COUNCIL

12 September 2024

Mr Alex Greenwich
Chair, The Legislative Assembly Select Committee

Via: Parliament of NSW Online Submission Portal

Contact: Martin Johnson
Our Ref: DOC2024/118002; DOC2024/146295

Dear Mr Greenwich

**Legislative Assembly Select Committee on Essential Worker Housing**
**Cessnock City Council Submission**

Thank you for the opportunity to provide a submission on behalf of Cessnock City Council to the Legislative Assembly Select Committee on Essential Worker Housing.

Council recognises that there are number of factors that influence housing choice and availability for Essential Workers. These include the prevalence of Essential Workers within an area, the associated income, job containment, housing affordability, housing diversity and population growth pressures, as well as development feasibility. These factors, as they relate to the Cessnock LGA, are summarised in the attached submission.

If you require any further information, please do not hesitate to contact me on [redacted].

Yours faithfully

[redacted]

Martin Johnson
Strategic Planning Manager

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1. Inquiry into options for essential worker housing in NSW _ Submission _ Cessnock City Council

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**LGA Context**

The Cessnock Local Government Area is located within the Hunter Valley, surrounded by Singleton, Hawkesbury, Central Coast, Lake Macquarie, Newcastle and Maitland LGAs. It covers an area of approximately 1966km².

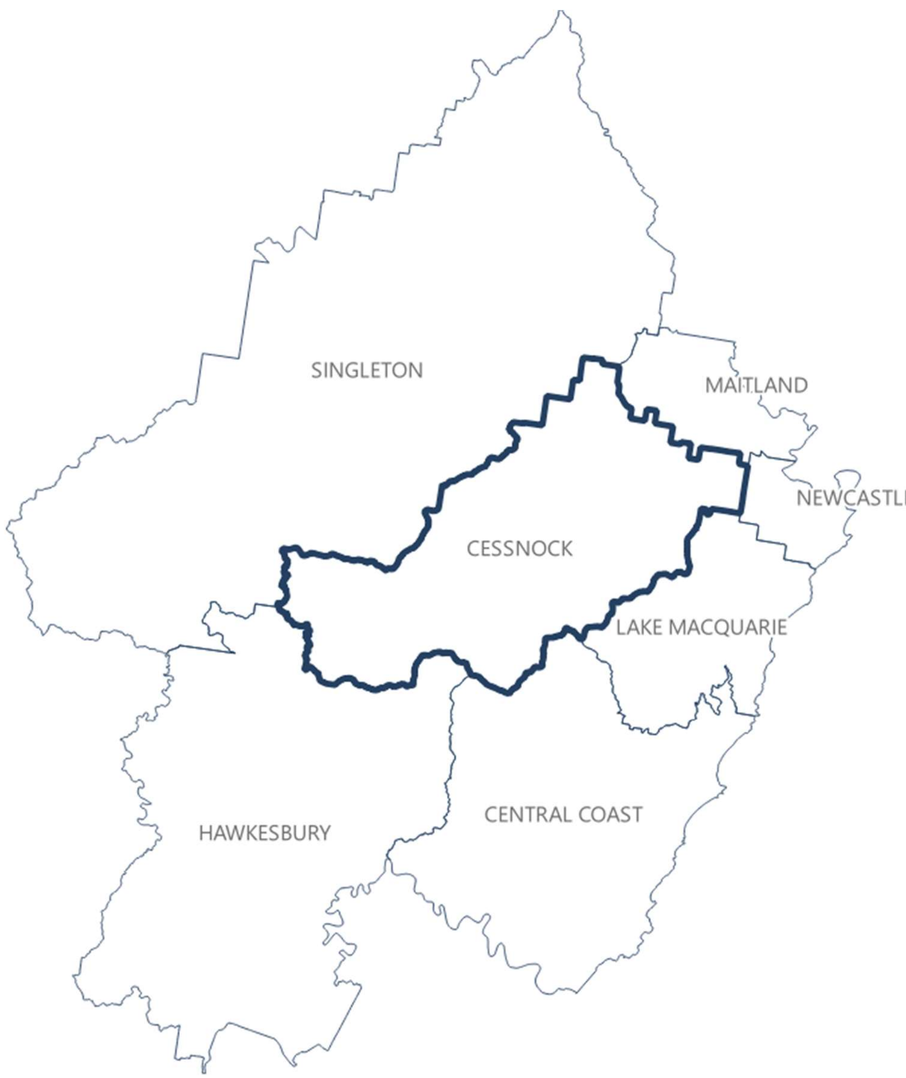


*Figure 1: Cessnock LGA Locality Context*

**Resident employment & income**

The term “Essential Workers” is generally applied to those who are employed in service or administrative industries, such as (but not limited to) health and social welfare, education, public safety and service provision, such as energy supply or waste management. There is however no single definition to define this group.

The highest industry of employment for the working population of the Cessnock LGA is the health care and social assistance industry. This industry provides employment for approximately 14.3% of the resident workforce[1]. Together, with other industries such as education and training, public administration and safety etc., these Essential Worker industries provide employment for over 30% of the resident workforce of the LGA[2].

**Job containment**

The Cessnock LGA has a relatively low job containment rate. Over 55% of the resident workforce of the Cessnock LGA works outside of the LGA[2]. Despite having limited public transport options, the LGA is proximate to other LGA’s via major transport routes (e.g. Hunter Expressway and Newcastle Link Road / M1 Pacific Motorway) which enable easy access to major employment opportunities for Essential Workers.

**Housing affordability**

In 2021, 12.7% of the population of the LGA with a mortgage would have been considered as being in mortgage stress, i.e. over 30% of household income was being spent on mortgage payments. Overall, the level of mortgage stress within the LGA is comparable with Regional NSW (12.7%), and lower than NSW (17.3%) and Australia (14.5%)[3].

The highest concentration of these households was within those suburbs which typically comprise large land parcels and/or accommodate a certain type of lifestyle. For example, Lovedale and Pokolbin are set within the Vineyards District, and Wollombi and Laguna in the rural west, offer large landholdings with rural amenity and views. In these areas, housing prices are much more expensive than the urban areas of the LGA. In these areas, the populations are older (with median ages of 55$^{+}$), have lower workforce participation rates (i.e. not in the labour market), and of those within the labour market, are employed predominantly as Managers or Professionals[4,5]. This indicates that these areas support a semi-retired, retired population.

Conversely, in 2021, the rental population experiencing mortgage stress in the LGA was 39.9%. This figure was higher than Regional NSW (36%), NSW (35.5%) and Australian (32.2%) figures[6]. The majority of these areas are within the urban areas of the LGA, and generally those with lower household incomes. This indicates that there is a shortage of affordable rental housing within the LGA. This may indicate that Essential Workers, particularly those on base award wages, are struggling to find affordable rental housing within the LGA.

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*[1] Cessnock City Council Profile: Industry Sector of Employment, 2021, https://profile.id.com.au/cessnock/industries*
*[2] Cessnock City Council Profile: Residents place of work, 2021 https://profile.id.com.au/cessnock/residents*
*[3] Cessnock City Council Social Atlas 2021, Mortgage costs >30% of income https://atlas.id.com.au/cessnock*
*[4] Pokolbin 2021 Census All persons QuickStats, https://www.abs.gov.au/census/find-census-data/quickstats/2021/SAL13248*
*[5] Wollombi 2021 Census All persons QuickStats, https://www.abs.gov.au/census/find-census-data/quickstats/2021/SAL14373*
*[6] Cessnock City Council Social Atlas 2021, Rental costs >30% of income, https://atlas.id.com.au/cessnock*

## Housing diversity and population growth

As evidenced by Council's Housing Preference Study 2020[7], Housing Strategy 2021[8] and Annual Monitoring Reports[9], the dominant form of housing in the LGA is the detached dwelling. Alternative dwellings types, such as dual occupancies or multi-dwelling residential developments make up only a portion of existing and new dwelling stock.

Presently, the Cessnock LGA is home to a population of over 70,700. The resident population is expected to increase to 115,600[10] by 2046. At present (2021), parents and home builders (aged 35-49) make up the dominant population cohort within the LGA[11], a trend which is expected to remain constant until 2046[12].

Council appreciates that the current housing delivery model, i.e. single detached dwellings, coupled with major development constraints including biodiversity and flooding which reduces land availability for greenfield development, is not a sustainable model to support anticipated population growth, nor be an ongoing option for the supply of affordable housing.

Council is actively working to encourage higher density infill development within existing urban areas, particularly in the major centres of Cessnock and Kurri Kurri through policy reform.

Additionally, there is an increasing propensity for developers of major new release areas to seek rezonings to enable higher density dwelling forms in these greenfield areas. In doing so, Council recognises, and seeks to leverage the opportunities this creates in terms of providing higher level connective and recreational infrastructure both within and external to the developments, providing higher levels of amenity and improving liveability.

## Development feasibility

One of the challenges the LGA faces in supplying higher density and more diverse housing is that the feasibility is limited. The median price for a detached home within the LGA is approximately $645,000 and $476,000[13] for a unit.

Anecdotal evidence suggests that the existing population favour detached dwellings with yard space. Additionally, given the relatively high costs of construction and comparatively low differentials for end sale values, the higher density products (residential flat buildings and shop-top housing in particular) are presently unfeasible[14]. As this is generally a result of market conditions, there is little Council can implement to address this issue.

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[7] *Cessnock Housing Preferences Study 2020, https://www.cessnock.nsw.gov.au/files/assets/public/v/1/hptrim/website-public-exhibition-documents-do-not-change/draft-housing-strategy-urban-growth-management-plan-website/59-2019-1-_-housing-strategy-_-final-cessnock-housing-preferences-and-choice-modelling-_-executive-summary-website-doc.pdf*

[8] *Cessnock Housing Strategy 2021, https://www.cessnock.nsw.gov.au/files/assets/public/hptrim/website-plans-strategies-do-not-change/59-2019-1-_-local-housing-strategy-_-final-website-doc.pdf*

[9] *Cessnock City Council Annual Monitoring Report 2022/2023, https://www.cessnock.nsw.gov.au/files/assets/public/v/1/hptrim/website-community-information-do-not-change/59-2015-1-2-_-2022-2023-annual-monitoring-report.pdf*

[10] *Cessnock City Council population forecasts, https://forecast.id.com.au/cessnock*

[11] *Cessnock City Council Profile 2021, Service Age Groups, https://profile.id.com.au/cessnock/service-age-groups*

[12] *Cessnock City Council population forecasts, https://forecast.id.com.au/cessnock*

[13] *NSW Department of Communities and Justice, Rent and sales report, Sales Tables December 2023 Quarter, https://dcj.nsw.gov.au/content/dam/dcj/dcj-website/documents/about-us/families-and-communities-statistics/housing-and-rent-sales/previous-rent-and-sales-reports/issue-147-rent-tables-march-2024-quarter.xlsx*

[14] *AEC Group Ltd (April 2024) Feasibility testing for Cessnock Residential Theme Review, unpublished*

**Summary**

In summary, Council recognises that there is generally a shortage of affordable housing (particularly rental housing) within the LGA. Council is actively encouraging/supporting higher density infill development though policy reform, but in some instances, delivery is hamstrung by market conditions.