

**Submission
No 58**

OPTIONS FOR ESSENTIAL WORKER HOUSING IN NEW SOUTH WALES

Organisation: Community Housing Industry Association NSW

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Parliament of NSW

Via online submissions form

Submission: Options for Essential Worker Housing in NSW

This submission has been prepared by the Community Housing Industry Association NSW (CHIA NSW). CHIA NSW represents registered, not-for-profit community housing providers (CHPs) in NSW. Our members own or manage more than 54,000 rental homes across NSW for individuals and families who cannot afford to rent or purchase a home on the private market.

As a highly regulated sector with an established track record of over 40 years, the not-for-profit community housing industry is well positioned to work alongside government and the private sector to confront the housing crisis and leverage maximum impact from investment. CHPs have significant expertise in designing and delivering long-term housing outcomes, built through investing in communities across the state, and they have unique benefits that maximise public outcomes.

Since 2012, CHPs have delivered nearly 5,800 new homes across NSW, representing an investment of over \$2 billion. This investment is backed by the National Regulatory System for Community Housing, which provides confidence and assurance of a sustainable, well-managed, and well-governed community housing industry.

Many CHPs already house essential workers as part of existing social and affordable housing programs. CHPs have also delivered purpose-built key worker housing in partnership with the private sector. CHPs therefore recognise the benefits that flow from providing essential workers with appropriate housing close to the communities they serve.

Increasingly, housing availability and affordability are barriers to recruiting and retaining essential workers, and consequently, the provision of critical services within communities. However, these challenges are not solely driven by rising housing costs, nor are essential workers uniquely impacted by the lack of affordable and appropriate housing options.

Housing programs targeting essential workers must therefore be considered as part of a broader housing strategy, to ensure the needs of other individuals and families also continue to be addressed. This submission outlines recommendations for how essential worker housing challenges can be addressed within this context.

CHIA NSW recommendations

- Adopt a principles-based definition of essential workers, which can respond to local priorities and service delivery challenges.
- The NSW Government examines a range of targeted supply and non-supply measures, which considers the barriers in different housing and employment markets. These responses need to be defined as part of a broader housing strategy that considers the needs of all low-and-moderate-income households.
- Require workforce accommodation strategies to be prepared as part of large employment generating developments to ensure the housing needs of potential employees are appropriately addressed.
- Review land use zoning policies to enable opportunities for essential worker housing to be delivered as part of, or close to, major employment precincts.
- Government subsidy and support targeting essential workers must occur alongside broader investment in social and affordable housing to ensure that more households in need are assisted to access safe, secure and affordable housing.
- Affordable housing definitions and eligibility requirements should continue to be based on income limits, and not be occupation based.
- Consider expanding affordable housing income thresholds in Greater Sydney and major regional centres to enable more essential workers to access subsidised housing options. This must be accompanied by an increase in funding for affordable housing and clear housing strategies to ensure the needs of other low to moderate income households continue to be addressed.
- Review eligibility requirements for affordable housing to enable access by essential workers on skilled migrant visas, subject to meeting income eligibility requirements.
- Intermediate housing products targeting essential workers, which do not conform to the NSW Affordable Housing Ministerial Guidelines, must be excluded from the definition of affordable housing under planning and housing policies and programs.

Defining essential workers

It is difficult to universally define essential worker occupations, nor is the term universal - with “key worker” and “frontline service provider” often having the same meaning. While the classification of occupations may vary across policies and programs, common principles include:

- Workers involved in delivering critical community services. These have typically, but not exclusively, focused on public services.
- Workers must be physically present to perform their job.
- Some programs also focus on workers earning low to moderate incomes; however, salary is not always a determining factor.

The occupations considered to meet these principles varies across policies and programs. Historically, government essential worker housing programs have focused on teachers, police and nurses. Other programs, such as local council affordable housing schemes, have adopted broad definitions which include retail and hospitality staff, cleaners, transport workers, labourers, council workers and factory workers.ⁱ Recent research has also included ICT workers, community and welfare support workers.ⁱⁱ

In some cases, the definition of essential worker has extended beyond workers delivering an essential community service to include workers considered essential to broader economic outcomes. For example, in Cambridge, England the term extends to research and development workers.ⁱⁱⁱ

Definitions also vary over time, as social and economic priorities change. For example, during the COVID-19 pandemic, occupations such as hairdressers, laundry workers, supermarket workers and delivery service workers were classified as essential, alongside more traditional occupations such as healthcare workers.

Given this variability, it is recommended that the NSW Government's definition of an essential worker is sufficiently flexible to enable application across different geographic, economic and social contexts, accounting for local priorities and service delivery challenges. Accordingly, it is recommended that clear overarching principles be developed and agreed to guide identification of priority occupations at a local level. This could be led by the Department of Planning, Housing and Infrastructure and implemented through local housing strategies or regional plans – enabling the identification of essential workers to be considered in the context of broader housing needs and kept under regular review.

Housing needs amongst essential workers

Historically, NSW housing programs targeting essential workers have focused on regional and remote areas with skills shortages and/or a lack of suitable housing options. In these locations, the focus has been on providing financial incentives to attract and retain workers needed to deliver essential services and to provide short-term accommodation for workforces that respond to emergency events.

CHIA NSW members delivering community services, such as aged care and disability support, have been directly impacted by a lack of available and affordable housing options for their workforce, leading to recruitment and retention difficulties. This, in turn, has impacted the ability to deliver services within certain locations.

A lack of worker accommodation can also have broader impacts on local housing markets, particularly in regional areas where large employment generating projects, such as Special Activation Precincts, are generating an influx of workers. Without sufficient planning, these developments exacerbate housing issues in the local area and can lead to displacement of existing communities.

In metropolitan and major regional markets, essential worker housing issues are primarily driven by continued escalation in housing costs. The affordability concerns of essential workers have been documented in several studies^{iv}. However, it is important to consider these in the context of the broader impacts of the increasingly entrenched housing crisis.

Of the estimated 400,000 essential workers in Greater Sydney and surrounding regions, 52,000 (or 12%) were experiencing housing stress at the time of the 2021 Census^v. Of those renting, 29,000 (or 20%) were paying more than 30% of their income on rent^{vi}.

Whilst these outcomes are concerning, it is important to acknowledge that essential workers comprise only a fraction of the households impacted by the housing crisis. At the time of the 2021 Census, a total of 407,268 households in Greater Sydney and surrounding areas were in housing stress, representing 28% of all households. 270,613 households were spending more than 30% of their income in rent, representing 38% of all renting households^{vii}.

Accordingly, essential workers comprise approximately 13% of households in housing stress, and 11% of those in rental stress. It is therefore critical that policies and programs targeting essential workers are part of a broader targeted response to the housing crisis, whereby housing assistance is targeted to households in greatest need.

CHIA NSW note that the analysis above is based on 2021 Census data, which was undertaken at the height of the COVID-19 lockdowns in Greater Sydney. Housing affordability has deteriorated significantly since 2021, with weekly rent prices increasing by an average of 40 per cent in Greater Sydney and an average of 22 per cent in regional NSW^{viii}. As such, whilst more essential workers may now be impacted by housing stress in 2024 than in 2021, the proportion in need relative to other households is likely to be unchanged.

Table 1 compares current median rents with base salaries of a selection of essential workers.

Notwithstanding the variability of rents across housing markets within each region, the data illustrates that affordability issues are not uniform across essential workers. As previously noted, affordability issues are more acute within Greater Sydney. Additionally, affordability issues predominantly impact single income households, particularly those in the early stages of their career.

As Table 1 illustrates, many essential workers experiencing rental stress would be eligible for affordable housing under existing NSW Government policy settings. However, there are some occupations which fall outside current income thresholds who would benefit from access to subsidised housing. These include teachers, police constables and registered nurses in Greater Sydney. For these households, a discount to market rental model may be sufficient to overcome rental stress.

In addition to income eligibility thresholds, CHPs have cited requirements for applicants to have permanent residency in Australia as a barrier to housing essential workers in affordable housing. This includes essential workers (e.g. nurses) on temporary skilled migrant visas, who are required to fill local skills shortages. Access to affordable housing could therefore be facilitated by extending eligibility to essential workers on skilled migrant visas.

Table 1: Rental costs as a percentage of income, selected occupations

Occupation	Base income ¹	Single (1 bedroom dwelling)			Dual income couple (2 bedroom)		
		Eligible for AH ²	Median rent ³ as % income	25% discount to median rent as % income	Eligible for AH ²	Median rent ³ as % income	25% discount to median rent as % income
Greater Sydney							
Minimum wage worker	\$45,906	YES	71%	54%	YES	39%	30%
Nursing assistant (Min)	\$50,164	YES	65%	49%	YES	36%	27%
Student nurse (Min)	\$50,164	YES	65%	49%	YES	36%	27%
Nursing assistant (Max)	\$55,037	YES	60%	45%	YES	33%	25%
Student nurse (Max)	\$55,037	YES	60%	45%	YES	33%	25%
Residential care nurse (Min)	\$61,563	YES	53%	40%	No	29%	
Residential care nurse (Max)	\$67,007	YES	49%	37%	No	27%	
Registered Nurse (Min)	\$69,810	YES	47%	35%	No	26%	
Midwife (Min)	\$69,810	YES	47%	35%	No	26%	
Police constable (Min)	\$80,733	No	41%	30%	No	22%	
School teacher (Min)	\$85,000	No	39%	29%	No	21%	
Police constable (Max)	\$91,394	No	36%	27%	No	20%	
Registered Nurse (Max)	\$98,015	No	33%	25%	No	18%	
Midwife (Max)	\$98,015	No	33%	25%	No	18%	
School teacher (Max)	\$122,100	No	27%		No	15%	
Nurse Educator (Min)	\$125,429	No	26%		No	14%	
Nurse Educator (Max)	\$137,639	No	24%		No	13%	

Occupation	Base income ¹	Single (1 bedroom dwelling)			Dual income couple (2 bedroom)		
		Eligible for AH ²	Median rent ³ as % income	25% discount to median rent as % income	Eligible for AH ²	Median rent ³ as % income	25% discount to median rent as % income
Rest of NSW							
Minimum wage worker	\$45,906	YES	35%	26%	YES	23%	
Nursing assistant (Min)	\$50,164	YES	32%	24%	YES	21%	
Student nurse (Min)	\$50,164	YES	32%	24%	YES	21%	
Nursing assistant (Max)	\$55,037	YES	29%		No	19%	
Student nurse (Max)	\$55,037	YES	29%		No	19%	
Residential care nurse (Min)	\$61,563	YES	26%		No	17%	
Residential care nurse (Max)	\$67,007	YES	24%		No	16%	
Registered Nurse (Min)	\$69,810	YES	23%		No	15%	
Midwife (Min)	\$69,810	YES	23%		No	15%	
Police constable (Min)	\$80,733	No	20%		No	13%	
School teacher (Min)	\$85,000	No	19%		No	12%	
Police constable (Max)	\$91,394	No	18%		No	11%	
Registered Nurse (Max)	\$98,015	No	16%		No	11%	
Midwife (Max)	\$98,015	No	16%		No	11%	
School teacher (Max)	\$122,100	No	13%		No	9%	
Nurse Educator (Min)	\$125,429	No	13%		No	8%	
Nurse Educator (Max)	\$137,639	No	12%		No	8%	

Data sources

- Incomes drawn from NSW state awards.
- Eligibility for affordable housing drawn from NSW Affordable Housing Ministerial Guidelines 2023/24
- Median rents drawn from [DCJ Rent and Sales Report](#), June 2024 quarter.

Addressing the housing needs of essential workers

CHIA NSW recognises the benefits resulting from essential workers being adequately and affordably housed close to the communities they serve. These include:

- Supporting the availability and continuity of important community services;
- Ensuring workers are available to respond quickly to emergencies or spikes in service demand; and
- Reducing worker stress and fatigue, improving retention and quality of service provision.

Given the variability in essential worker housing needs, a range of funding, policy and supply measures will be required. While some essential workers will benefit from access to affordable rental housing, others may not require subsidised housing and instead benefit from recruitment and relocation incentives.

A range of options are available to the NSW. These include:

- Financial payments and incentives to encourage workers to take up jobs in regional and remote locations. For example, the NSW Police Force operates an [incentive scheme](#) that includes lump sum payments to police officers who take up positions in remote locations.
- Relocation assistance. For example, the [NSW Essential Worker Attraction Program](#) supports essential workers and their families to find a home and settle into their communities. It also assists the partners of essential workers to find employment. To date, the scheme has assisted 511 essential workers to relocate. It is now being rolled out to 52 council areas across NSW.

- Requiring proposals for large employment generating developments to be supported by a workforce accommodation strategy that demonstrates how the needs of potential employees will be met without detrimentally affecting existing the availability and affordability of housing for existing communities. Such a requirement is included in the [Central West and Orana Regional Plan](#), and could be implemented more broadly.
- Supporting the development of purpose-built essential worker accommodation through the provision of funding and land. For example, worker housing could be developed as part of major health, education and civic precincts. This may necessitate a review of planning restrictions, as the land use zoning of these precincts do not always permit housing to be developed. Planning policy could be introduced allowing rental accommodation in areas adjacent to these precincts where the housing is to be reserved for workers.
- Home ownership assistance programs. For example, the [NSW Shared Equity Home Buyer Helper](#) initiative, now closed, offered financial assistance to key workers, amongst other eligible participants.

Establishing an appropriate definition for essential worker housing

Government subsidy and support targeting essential workers must occur alongside broader investment in social and affordable housing to ensure that more households in need are assisted to access safe, secure and affordable housing.

When supported by the certainty of long-term funding and clear strategy, not-for-profit CHPs play a critical role in delivering and managing subsidised housing in response to market failure, including affordable housing options for essential workers.

Given the variation in housing needs, essential worker housing should not be defined too narrowly. CHIA NSW recommends that policies and programs targeting essential workers consider a range of housing and rent models, alongside consideration of non-supply options. The potential for unintended impacts on other low to moderate income households experiencing housing stress must also be carefully considered.

To ensure equitable access to housing opportunities, CHIA NSW recommends that existing definitions of affordable housing, and associated eligibility policies, continue to be based on income thresholds, rather than prioritising access to particular occupations. This will ensure that homes delivered through the planning system, such as under the *State Environmental Planning Policy (Housing) 2021*, provide opportunities for a broad range of households in need. This includes people escaping family and domestic violence, young people, and low waged workers who do not meet a given definition of essential worker.

Avoiding a narrow focus on occupations will also assist with the efficient management and allocation of affordable housing, enabling lower income households whose employment circumstances change to remain in secure accommodation.

In Greater Sydney and major regional markets, consideration should be given to expanding income eligibility requirements for affordable housing to enable access by a broader range of essential workers experiencing housing stress. To be effective and maintain equitable access to housing opportunities, such a reform must be accompanied by increased government subsidy and support for income-based affordable. It is critical this is also accompanied by clear strategies set by the NSW Government and local councils on the mix of housing products required in a community.

Alternatively, a separate intermediate housing product could be delivered targeting essential workers in housing stress, whose incomes fall outside of affordable housing eligibility thresholds. This housing could be offered at a discount to market rent, would require lower levels of government subsidy, and could be facilitated through partnerships with institutional investors. To avoid confusion and maintain delivery of a broad range of housing options, the definition of such a housing product should be distinct from the current income-based definition of affordable housing.

Where essential worker housing is funded by NSW Government subsidies, CHIA NSW strongly recommends that it is required to be retained in perpetuity and managed by a registered not-for-profit CHP, to leverage long-term public benefit from that investment.

CHIA NSW appreciates the opportunity to participate in the Inquiry. Please contact Michael Carnuccio, Manager - Policy, on [REDACTED] or at [REDACTED], if you require any further information about this submission.

Kind regards,

[REDACTED]
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References

- ⁱ See for example, [City of Canada Bay](#) and [Inner West Council](#).
- ⁱⁱ See for example: [Gilbert et al \(2023\)](#) and [Gilbert et al \(2021\)](#).
- ⁱⁱⁱ Gilbert, C., Nasreen, Z. and Gurran, N. (2021) *Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities*, AHURI Final Report No. 355, Australian Housing and Urban Research Institute Limited, Melbourne.
- ^{iv} See for example: [Gilbert et al \(2023\)](#) and [Gilbert et al \(2021\)](#).
- ^v Gilbert, C., Nasreen, Z., and Gurran, N. (2023) *Tracking the housing situation, commuting patterns and affordability challenges of essential workers: a report prepared for HOPE Housing*, Sydney: The University of Sydney and HOPE Housing.
- ^{vi} Ibid.
- ^{vii} CHIA NSW analysis of Census data, covering same regions as above.
- ^{viii} Derived from comparison of median rent in Greater Metropolitan Region and Rest of NSW, between September 2021 and June 2024 quarters, DCJ Rent and Sales Report.