

**Submission  
No 83**

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

**Organisation:** Campbelltown City Council

**Date Received:** 18 September 2024



18 September 2024

The Hon. Alex Greenwich  
Chairperson  
Legislative Assembly Select Committee on Essential Worker Housing  
Via portal

Dear Chairperson,

**Campbelltown City Council submission: Legislative Select Committee Inquiry on Essential Worker Housing**

Campbelltown is a city of ambition, innovation and opportunity. As the designated Metropolitan Centre of the Macarthur Region, encompassing the local government areas of Campbelltown, Camden and Wollondilly councils, Campbelltown City Centre serves one of the most significant growth corridors in Australia. The Macarthur Region is experiencing a period of unprecedented growth, driving demand for employment and housing close to home.

In Campbelltown, we're committed to achieving the following objectives:

- Supporting delivery of housing, particularly through intensification of land and jobs in Campbelltown City Centre and density around the rail spine.
- Promoting regular, efficient and convenient public transport to employment
- Decreasing the need for car dependency by improving access to public transport.

Campbelltown City Council is grateful for the opportunity to respond to the key areas of the Terms of Reference of the NSW Legislative Assembly Select Committee Inquiry into essential worker housing.

Housing affordability affects individual essential workers and their housing options in different ways, reflecting demographic characteristics including age, income level (including household income), the security or precarity of employment, and family characteristics.

Long commutes, housing stress and housing insecurity exacerbate the stress and fatigue many key workers already experience in the workplace due to the physically demanding nature of jobs, long shifts and in some cases, requirements to work anti-social hours.

Some of the key areas Campbelltown City Council would like to see investigated and considered by the Committee include:

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

Any specific land use definition for an essential worker and essential worker housing should reflect both the immediate needs of essential service sectors and the varying demands of different regions across NSW.

The inquiry should consider a broader review of 'affordable housing', given the overlap between the two housing types. This is recommended on the basis that the definition of 'affordable housing' would capture a large cohort of essential workers. So rather than duplicating existing government policies and increasing complexity the inquiry should focus on the current shortcomings in the delivery of 'affordable housing' in NSW noting that there are already over 30 types of residential accommodation defined under the NSW Planning System.

Eligible essential workers should also be subject to an income threshold criteria, with priority given to those whose earnings fall within the lower to middle income brackets, ensuring that housing is provided to those most in need of financial assistance to live close to their workplaces.

Consideration should also be given to a model that prioritises areas based on housing affordability, employment demand and proximity to critical infrastructure.

**(b) Identify options to increase housing supply for essential workers, including but not limited to:**

**(i) Planning tools and reforms**

Increasing housing supply in general should be the primary focus in the endeavour to provide greater variety and options when considering accommodation locations close to work. When looking at essential worker housing, the inquiry should also consider housing typology and housing ownership options as essential workers are not defined by a specific age cohort or stage in their life or career. There should be a range of opportunities for essential workers irrespective of the career stage, including options for those early in their career and options for those that have been working for a long time, for those with families, those that aspire to families and those that are empty nesters.

Some opportunities for planning reform include:

- **Inclusionary Zoning:** Mandating a percentage of new developments across the state be allocated to essential worker housing.
- **Flexible Zoning Regulations:** Applied consistently across regions to allow mixed-use developments, enabling essential workers to live close to their workplaces or transport nodes.
- **Special Use Zones:** Creating statewide policies to designate zones for affordable housing, with reduced developer contributions, targeting essential worker housing.
- **Linkages with Affordable Housing Provisions and Schemes:** Support for essential or key workers can be included within planning schemes to support low and moderate-income households through the supply of affordable rental housing provision. The housing is then provided at below-market rents (often by not-for-profit providers such as community housing providers).

This provides an affordable housing alternative - located on a continuum between traditional state provided social housing and private market delivered housing, particularly private rental.

The Environmental Planning and Assessment Act 1979 already enables a consent authority to include a condition of development consent requiring the dedication of land, or payment of a monetary contribution towards affordable housing where a need for affordable housing has been identified in a State environmental planning policy and the criteria in Section 7.32(1) of the Act are met.

The criteria in section 7.32 include that the proposed development will or is likely to reduce the availability of affordable housing within the area, the proposed development will create a need for affordable housing within the area or the proposed development is allowed only because of the initial zoning of a site, or a rezoning of a site.

The State Environmental Planning Policy (Housing) 2021 recognises that all local government areas within NSW are areas where there is a need for affordable housing.

- **Flexibility in Planning:** Encouraging employers to develop homes for key workers (for example, by allowing housing in non-residential zones, but only for the purpose of affordable essential worker housing).

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

Private sector participation will be key to addressing essential worker housing. Some initiatives could include:

- **Density Bonuses:** Enable greater density and development potential for development proposals that include essential worker accommodation.
- **Tax Relief or Subsidies:** There should be consultation with the NSW Productivity and Equality Commissioner, Peter Achterstraat, on reasons why over 16000 development consents for housing in NSW have not commenced. Campbelltown City Council provided information to Mr Achterstraat on our experience with the reasons why approved development approvals do not proceed. A copy of the correspondence is attached for your convenience.
- **Public-private partnerships,** to build mixed-income developments that include a proportion of housing for essential workers.
- **Finance:** Often projects do not proceed because of an inability to obtain finance for the project. The developer may retain the property until it is feasible to develop, or they may use the uplift in value of that project to finance another development project.
- **Construction Costs:** The significant rise in construction costs by more than 30-40% over the past few years has been identified by the industry and this can be seen in the number of building companies becoming insolvent. Apart from world events and international economic conditions, the demand for labour on government infrastructure projects has also contributed to rising costs.



- **Approval delays:** Some delays in state government agency concurrences and approvals have been so significant that they have impacted viability simply through the time holding cost. Consequences of these delays include compounding legislative requirements.

### **(iii) Opportunities within developments on government-owned land**

State government land presents significant opportunities for the development of essential worker housing.

The State Government, in collaboration with State Government agencies, can identify surplus or underutilised government land for this purpose. Some initiatives could include:

- **Strategic Rezoning:** Rezoning government land for residential use and earmarking portions specifically for essential workers.
- **Mixed-Use Developments:** Encouraging developments on public land that integrate essential worker housing with community services such as healthcare facilities, transport hubs, or educational institutions, creating convenient living and working environments.
- **Joint Ventures:** The state could partner with government agencies like Landcom to deliver affordable housing projects for essential workers, using innovative financing models to ensure long-term affordability.
- **Reuse and renewal of social housing** and land assets to increase essential worker housing. There has been limited new supply and the remaining limited supply of social housing is highly targeted for very low-income households with priority needs, rather than providing a supply of housing that would also accommodate the housing needs and affordability levels of low or moderate-income essential workers.

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

To ensure long-term fiscal sustainability and innovation, we suggest the following strategies:

- **Dedication in Perpetuity:** Essential worker housing should be dedicated in perpetuity, rather than for a limited time, to ensure continuous delivery and availability. This should apply to all affordable housing delivered across NSW.

Beyond addressing the short-term issue of reducing housing stress in our community, essential workers form a crucial part of a functioning society. Ensuring that they can continue to live close to their community and workplace is vital for society. As such, essential worker housing must be available in perpetuity to ensure a quantum of affordable housing is reserved for this cohort.

- **Land title restrictions:** Implementing deed-restrictions on affordable housing for essential workers to ensure it remains affordable in perpetuity, with covenants that prevent market-rate sales.

- **Innovative Building Techniques:** Utilising modular or prefabricated housing to lower construction costs and shorten delivery times, particularly on government-owned sites or council-identified areas.

**(v) Other related matters**

A holistic approach to essential worker housing must also consider transportation and proximity to services. Councils could focus on:

- **Transit-Oriented Development (TOD):** Prioritising essential worker housing developments near major public transport corridors, ensuring convenient access to employment hubs, schools, and healthcare facilities. This should not be limited to the NSW government nominated TOD sites but should apply to site near all transport nodes.
- **Community Integration:** Ensuring essential worker housing is part of broader urban renewal strategies, including community facilities and services that meet the broader needs of these workers.
- **Efficient and convenient Transport services:** Campbelltown has a large, experienced and diverse workforce with wide-ranging skills, and our talent pool continues to grow through a steady pipeline of graduates from Western Sydney University's Campbelltown campus and our two TAFE NSW campuses.

Development of the Western Sydney International Airport (WSIA) and the Aerotropolis have long been touted as the solution to the employment divide between Eastern and Western Sydney, wherein a lack of local jobs forces many workers to commute east for work every day.

However, these major projects will not be able to effectively address the jobs deficit without unlocking access to the workforce of South-West Sydney. Without the proposed transit projects, public transport options from Campbelltown-Macarthur to WSIA are even less convenient than the established train journeys directed east.

- **Housing Supply:** Addressing the supply side of the housing market would help to secure affordable housing for key workers over the long term, regardless of future house price increases.

But other options include subsidising transport costs for low-income workers and/or subsidising wages in central city locations and/or high housing cost subregions. Implementation of these approaches will require governments to define what a key worker is and to prioritise particular occupation groups, or individuals within those groups with demonstrated housing need, for assistance.

Although there are compelling reasons for governments to enact policies and programs to support access to housing for workers providing essential public services, there are nevertheless equity considerations.

**Conclusion**

We thank the Committee for the opportunity to inform their consideration of critical transport infrastructure to support the Western Sydney International Airport and Western Sydney

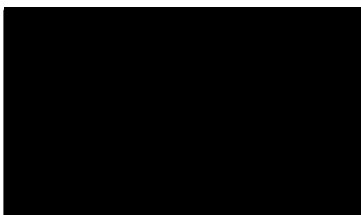


Aerotropolis.

We look forward to working with the NSW Government and its agencies to enhance the opportunity for more affordable essential worker housing and would be pleased to assist the Inquiry.

If you have any need to seek clarity or discuss the above in more detail, please don't hesitate to contact Council's Executive Manager City Planning and Development – [REDACTED]

Yours sincerely



Jim Baldwin  
**Director City Planning and Environment**

6 September 2024

Mr Peter Achterstraat AM  
NSW Productivity and Equality Commissioner  
Via: [REDACTED]

Dear Commissioner,

**Re: Reasons why approved developments do not proceed**

Thank you for our recent discussion. I am grateful for the opportunity to provide information that assists you in the important task of investigating why some approved developments do not proceed.

In our discussion you posed a number of hypotheses, including:

1. Developers are submitting 'half-baked' applications because to 'test the water' with the expectation that the applications are going to attract conditions
2. Local Government is approving development applications to meet approval Key Performance Indicators, but with extensive conditions that make the development unviable

While it is true that some developers submit 'half-baked' applications, these applications are usually responded to with requests for additional information or approvals subject to conditions. The quality of the application submitted may impact the time to determine the application, however it is much less likely to impact the decision whether or not to proceed with an approved development. There are significant costs involved in the preparation of plans and supporting information to accompany a development application and it seems less likely that an applicant would spend a significant sum to 'test the water', and more likely that an applicant preparing an application has the intention of either proceeding, or of adding value to their land by obtaining development consent.

Whilst the imposition of superfluous conditions may be true for some development applications, we do not believe that it is likely to be a significant contributor to deferred projects. In cases where an applicant is of the view that a development consent condition is unreasonable there are readily available and affordable remedies through the submission of an application to modify the consent or by requesting a review of the determination under division 8.2 of the Environmental Planning and Assessment Act, 1979. It is Council's experience that most concerns with development consent conditions are dealt with in this way.

There is of course the more expensive option of appealing to the NSW Land and Environment Court against the imposition of particular conditions, however in Campbelltown City Council's experience this type of court appeal is extremely rare.



For most major applications, in Campbelltown's experience, it should not come as no surprise to an applicant the number or types of conditions in place. Campbelltown Council often consults with developers on draft conditions of development consent with a view to minimising potential issues.

It is evident that Planning Panels (both the Local Planning Panel and the District Planning Panels) have added to the number and type of conditions imposed on some developments simply because it is more expedient and efficient to condition an outcome rather than run another public meeting which adds to the cost and time for the process.

We are not aware of any large scale review into issued development consents that have not proceeded. The NSW Planning Portal is becoming a great repository of information and it would seem relatively easy to source from the Portal a list of applicants and land owners to whom a survey could be sent seeking their reasons for not proceeding.

In undertaking any review of dormant applications, it is recommended that the following be considered:

1. Finance and Construction Costs

Often projects do not proceed as a result of an inability to obtain finance for the project. The developer may retain the property until it is feasible to develop or they may use the uplift in value of that project to finance another development project. The significant rise in construction costs by more than 30-40% over the past few years has been identified by the industry and this can be seen in the number of building companies becoming insolvent. Apart from world events and international economic conditions, the demand for labour on government infrastructure projects has also contributed to rising costs.

2. State government delays:

Some delays in state government agency concurrences and approvals have been so significant that they have impacted viability simply through the time holding cost. Consequences of these delays include compounding legislative requirements. Some examples experienced in Campbelltown are as follows:

- Several years were spent waiting for the Transport for NSW approval for an access road between the Gilead development site and Appin Road resulting not only in a delay to any housing being delivered on the site but also an increase to the cost of constructing housing following the increase in costs required to comply with new BASIX standards that would not have been required if the Transport for NSW approval had been issued in a timely manner.
- At Menangle Park, significant delays have been experienced where there is a conflict between land remediation requirements and biodiversity requirements which have slowed up the approval of subdivisions which will enable approximately 3,000 dwellings.

These delays were only resolved following escalation to the Secretary, Department of Planning, Housing and Infrastructure.

- Currently we are experiencing significant delays where we are trying to facilitate the connection of koala corridors in the southern area of the Greater Macarthur Growth Area, but Water NSW has been unresponsive to our calls for engagement on access issues to enable the koalas and fauna crossing the water supply canal corridor.
- We have a fully completed subdivision at Ingleburn where the land remains vacant (for a number of years) awaiting Sydney Water approval of connection to reticulated sewerage.

### 3. Economic Opportunity

This issue seems to present an opportunity for the provision of open source information on delayed projects so that other developers and entrepreneurs can see their availability. Alternatively, there may be an opportunity for an economic development officer within state government to provide information on delayed projects for the review of the industry to consider. This may lead to a more open market for other developers to make an offer and take up dormant projects. Developers are always looking for opportunities and there may be more developers in the industry that are better placed than the current owner of land with a dormant consent.

### 4. Are developers paying too much for the land in the first place?

If a project isn't feasible at the time of the purchase of the land, it is unlikely to be feasible in the short term. There may be an opportunity to regulate the submission of a feasibility study for any development application for major housing projects.

### 5. Capability

Developers occasionally obtain approval for developments that they don't have the capability to build themselves. Accordingly, they do not always factor in the full cost of construction leading the approval of a development that is not actually financially feasible.

### 6. Physical Commencement and lapsing of Development Consent Requirements

The physical commencement provisions preventing a development consent from lapsing are too generous and encourage developers to commence by undertaking relatively minor works and then landbank or sit on activated but dormant consents. These provisions in the *Environmental Planning and Assessment Act, 1979* should be reviewed.

### 7. Legislative change - speculation

Changes to planning rules and perceived potential changes to planning rules can result in developers speculating that there will be greater future opportunities, particularly with

current focus on housing delivery. The end result can be that they wait to see what these changes are rather than acting on current consents.

8. Local Planning Panel administration

One factor increasing the likelihood of a Local Planning Panel imposing unreasonable conditions has been recent changes that have increased the size of the required expert pool that Councils draw membership from. In Campbelltown, with a minimum of 15 expert panel members there is a long lag time between meetings for any particular expert and this leads to inconsistency in decision making and panel members with reduced local experience and knowledge. The reason for this change was to reduce the likelihood of inappropriate contact with panel members or forecasting which panel member will be at a particular meeting. A smaller pool of expert members (suggest in the ambit of eight members), would still achieve this goal but would result in increased meeting frequency for the experts, resulting in improved local experience and as a result it is considered likely that there would be a reduction in the number of unnecessary or unreasonable development consent conditions added by panel members.

9. Use of development consents to uplift land value


Some developers rely on land with the benefit of a development consent to increase the land value with the intention of using the increased land value to leverage loans for other projects.

10. Developer contribution equity

The Housing and Productivity Contribution introduced by the NSW Government imposes charges on a per dwelling basis, not as a percentage of value. The value of a dwelling in eastern Sydney is significantly more than in Western Sydney, with the result being that the contribution paid in the outer suburbs is proportionally much greater as a percentage of the value of the finished dwelling. This contribution has a much greater impact on housing affordability in the outer suburbs and is more likely to be a factor in development feasibility in these locations.

I trust this information is helpful as you investigate the reasons behind the 16,000 dormant consents in NSW. Our team are very willing to participate in any discussions in this regard and willing to provide any further information you need. Please do not hesitate to reach out to me if you'd like to discuss further.

Yours sincerely,



Lindy Deitz  
**Chief Executive Officer**  
DOC-24-273699