

**Submission  
No 86**

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

**Organisation:** Wagga Wagga City Council

**Date Received:** 20 September 2024

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Alex Greenwich MP  
Chair  
Legislative Assembly Select Committee on Essential Worker Housing  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

Dear Mr Greenwich

**Re: Select Committee Inquiry on Essential Worker Housing**

On behalf of Wagga Wagga City Council, I would like to thank you for providing this opportunity to make a submission to the Select Committee on Essential Worker Housing.

Our submission to the inquiry is based on our observations from a local government perspective, specifically addressing the challenges and opportunities identified in the Wagga Wagga region.

Strategically located between Sydney and Melbourne, the Wagga Wagga LGA serves as a major regional hub for administration, retail, employment, and industry, supporting its 69,707 residents as well as a surrounding regional population of 140,000. Key services include an airport, public and private hospitals, allied and specialist health services, 61 childcare facilities, 29 primary schools, 9 high schools, and both VET and tertiary education institutions.

Wagga Wagga has a higher proportion of workers in the health, education, Defence and meat processing sectors than the State average, all of these sectors providing essential services to the LGA and surrounding region:

- 18% of the labour force in Wagga Wagga works in the health care and social assistance sector providing key services to residents and neighbouring LGA's (NSW 14.4%).
- 4.3% of the labour force works in Defence (NSW 0.6%)
- 1.8% of the labour force works in Meat processing and Meat manufacturing facilities (NSW 0.4%).
- 10.6% of the labour force works in Education service provision (NSW 8.7%) reflecting the additional services provided in Tertiary and Early Childhood services for the wider Riverina area.

Wagga Wagga is facing significant housing availability and affordability issues, much like many other regions across the country. While compared to the rest of NSW, Wagga Wagga housing stock is more affordable for low and very low-

income households (25.41% compared to 16.97% for NSW) the number of homes available is insufficient.

As of August 2024, the rental vacancy rate stands at 0.6% due to falling stock availability, well below the Real Estate Institute's healthy benchmark of 3%. New build house prices have risen by an estimated 54% from 2020-2024 as land and build costs have risen sharply and have been passed on to buyers. For a '2-worker' household (full time) the ratio of new build house prices has risen from 4 times gross household income to 6.2 times gross household income over this same time. The sustained rise in property prices is a barrier to home ownership and goes hand in hand with the lack of rental availability and high rental prices.

Our workforce housing challenge is further exacerbated by the significant infrastructure projects planned for the city over the next decade, with over \$3.0b in projects to be delivered, requiring in excess of 1860 workers, with 1200 estimated to temporarily or permanently relocate to our city. Two of the major projects are expected to provide worker camps for their staff to accommodate 550 workers, this translates to 650 people requiring employee-sourced rental or hotel accommodation during the project peak. There is concern that strong occupancy levels (average 89.3% 2022-2024) and long-term property precommitments to project workers is pricing and crowding out the essential worker market impacting the liveability of our city.


With the housing crisis adversely affecting our community as a whole, creating housing opportunities is a key priority and focus area for Council. This is demonstrated through the following projects and key pieces of strategic work currently being undertaken to address current and future housing needs:

- Secondary dwellings initiative – investigating opportunities to encourage the update of secondary dwellings, targeted at essential workers – funded through the Housing Support Program.
- Subdivision incentive project to encourage subdivision by non-developers in appropriate areas to create housing diversity and affordability.
- Development of the CBD Masterplan to address higher-density developments and diversity of housing typologies in the CBD.
- Longer-term strategic planning and infrastructure provision to enable ongoing housing supply into the future (ie. The Northern and Southern Growth Areas – 14,500 dwellings)
  - o Duplication of the Plumpton Road corridor and associated storm water infrastructure to support the release of residential land within the Southern Growth Area – funded through the NSW Government's Accelerated Infrastructure Fund.
  - o Upgrades to provide critical infrastructure providing sewer capacity to cater for housing growth in the Northern Growth Area – funded through the NSW Government's Accelerated Infrastructure Fund.
- Collaborating with State Governments and discussing releasing additional land and engaging constructively in zoning conversations.
- Development of the Wagga Wagga Housing Strategy which includes a specific paper on Housing Affordability and proposed planning mechanisms and approaches to afford mixed tenure supply for the provision of social and affordable housing.

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- Tolland Renewal Project - a consortium with State Government (HomesNSW), community housing provider Argyle Housing, Aboriginal Housing and Wagga Wagga City Council. This is also underpinned by Council endorsing a MoU of collaboration with HomesNSW to advocate and plan, with the State, on other opportunities for social and affordable housing supply in our local area.

Council welcomes this inquiry to further investigate housing challenges and the needs of essential workers and we hope our submission response attached to this letter assists in determining policy settings to improve the housing for essential workers in the regions.

Yours sincerely



Peter Thompson  
General Manager

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## Wagga Wagga Council's Submission to the Select Committee Inquiry on Essential Worker Housing.

### 1. Essential Worker Housing Definition

Securing affordable housing remains a critical barrier to the recruitment and retention of essential workers in our region.

Essential or key worker housing is not defined in local or state government policy. The Regional NSW Welcome Experience program includes employees of health, education, NSW Police, NSW Fire & Rescue and the Department of Communities and Justice in its program. Whereas the NSW Essential Services Act 1988 refers to essential work in a mix of jobs across health services, education, supermarkets, freight and delivery drivers, some retail, public transport workers, emergency services, caregivers, food, logistics and construction.

According to the Australian Government's Guides to Social Policy Law, Paid Parental Leave Guide, July 2024 a person is an essential worker if the person has specific skills, or is involved in the production of goods or the delivery of services, where the skills, goods or services are essential in responding to an emergency.

From Council's perspective the definition of essential workers extends beyond an emergency response. Essential workers are critical to the overall functioning, health and safety of our city. A key distinction is that these workers are typically required to perform their role in person at the site of their employer.

From a housing need point of view, there is likely to be a range of housing typologies required to meet the needs of these workers. Some workers will require housing that is well located to their employment, some will rent, some will purchase, and some will require temporary forms of housing while they either establish themselves or just use as a base if they are Fly In Fly Out workers.

There is also a crossover between housing affordability as typically essential workers are likely to be on lower incomes. Ensuring access to affordable housing for essential workers is critical for the wellbeing of these workers and their families and will also ensure the sustainability and resilience of regions such as ours.

The City of Melbourne defines key worker housing as "*Affordable rental housing that is appropriate for people who work within the City of Melbourne, who are required to be physically present to perform their work, and whose household earns very low, low or moderate incomes. The housing must be owned, or managed, or allocated and monitored by a Registered Housing Agency or registered charity to the satisfaction of Council.*"

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**Recommendation 1:**

A definition is created that encompasses not only housing affordability but also gives consideration to tenure management is required.

**2. Regional Observations and Considerations**Workforce Attraction

Housing affordability in Wagga Wagga was once a key pillar of our workforce attraction strategies, however, as housing prices have risen, this cost-of-living advantage has diminished, making it harder for our employers to attract workers.

This is demonstrated in the healthcare sector, where despite extensive recruitment efforts, the Wagga Wagga Base Hospital, the major regional facility for the Riverina has vacancy rates of 14% across nursing, medical specialists, allied health and support staff.

These staff shortages put pressure on the delivery of services and staff wellbeing. To support staff attraction and retention of staff, the Murrumbidgee Local Health District (MLHD) manages a portfolio of 129 properties in Wagga Wagga even though the management of residential properties is not typically within the core responsibilities of health services. Despite this, MLHD continues to prioritise housing to ensure they can continue to attract essential workers to serve our population.

While recruitment of healthcare staff remains a persistent challenge in our region, the attraction of essential workers and essential worker housing extends beyond healthcare professionals to many sectors, including construction, aged care, hospitality and cleaning - industries that are integral to the well-being and development of our community. The housing issue also impacts the attraction and retention of university students, who represent the future workforce in many of these essential professions.

We have received feedback from Council staff moving to the LGA that they struggle to find housing, this comes from our building surveyors in planning, our recent recruit for a design engineer and has been mentioned by others. If a person's first experience when considering relocating to our region is one of challenge to get here and to find a home, then our reputation and the chances of retention is compromised.

**Recommendation 2:**

Council is supportive of the government programs to attract and welcome essential workers to the regions however we would like to see further support for new housing supply that is fit for purpose to meet the needs of essential workers aligned to these programs to ensure the safety and wellbeing of these workers.



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## Housing choice, diversity and cost

In the Wagga Wagga LGA the majority of dwellings are separate houses (82.9%) which is fairly common across regional NSW where greenfield development is often the predominant form of growth. This also make it a housing build that is well understood by local developers.

While a standalone 2-3 bedroom house may meet the needs of a proportion of essential workers there is a lack of diversity in housing available to meet smaller household needs of many essential workers. There is anecdotal evidence of students living in caravan parks and sleeping on couches as campus accommodation is full and there are limited alternatives such as boarding houses or co-living dwellings. There are also examples of overcrowding in shared housing to meet the housing needs of migrant workers due to high rental prices.

In late 2022 Council participated in a Build to Rent study with the then Department of Regional NSW (DRNSW) to test whether Build to Rent (BtR) could play an active role in alleviating housing pressures in regional areas. The unpublished study found that, a BtR model suitable for regional NSW could exist. However, the analysis also found that the sites assessed failed to meet commercial or community housing provider investment hurdles due to the absence of economies of scale in regional areas which increases essential infrastructure and building costs which then reduces interest from major residential developers and builders.

It is also noted that while concessional funding is available from sources such as HAFF, corporate investors will typically set additional milestones/hurdles that can be difficult to achieve in the light of the subsidised rental prices required under affordable housing schemes. Council's discussions with private investors have also revealed that investors need the commitment of long term, secure leases to guarantee their returns and without this commitment they are unlikely to undertake development in regional areas.

This is further compounded with the continued increase in construction costs, making investments in higher density residential developments less viable in both regional and metropolitan areas. While some building input costs are easing they are coming off high nominal bases and the costs of cement and concrete are still escalating. Where developments do proceed any cost increases and imposts such as biodiversity certification and new sustainable BASIX requirements which are passed directly onto the homebuyer.

Council has explored Modern Methods of Manufacture as a potential solution to boosting housing supply. However our experience has determined that suppliers of this style of housing are typically constrained in terms of output, due to a lack of scale, and the sector is faced with financing and regulatory barriers. In particular, buyers of this type of housing can only borrow against the land value or other properties that are owned, unlike the traditional drawdown process where financing is based on construction milestones.

**Recommendation 3:**

Extension of the Build to Rent program to regional centres with support through planning incentives and grants to bridge the finance gap and ensure that investors can meet investment milestones.

**Recommendation 4:**

Investigation of incentives, policy settings and subsidies to support the development of housing linked to essential worker housing supply.

**Recommendation 5:**

Investigate options to directly invest in the Modern Methods of Manufacture sector to advance these technologies to enable production at scale, reducing the cost of manufacture. Government support during the construction phase of these dwellings would also reduce the barriers to accessing finance.

**Proximity to workplace and transport**

In areas with limited public transport, commuting by car becomes the primary option for workers whose places of work are not near their homes. This creates a financial disadvantage for people living in regional areas where public transport services are limited or there is insufficient housing supply near key employment nodes. Without improved public transport access to these areas, inequity will persist in regional communities.

In Wagga Wagga there is a significant reliance on air services for health and education sector workers. The Wagga Wagga Airport is currently run with a community focus ensuring essential workers have access to our region, including the 5000 seats occupied by health workers who fly in and fly out of our region each year.

With Council's current 30-year lease of the airport from the Commonwealth Department of Defence is due to expire in June 2026 it is imperative that this lease is extended to ensure the ongoing access of air services for our community. The current facilities at the Wagga Airport are no longer fit for purpose and for Council to secure funding to upgrade the Airport, the lease will need to be agreed for a significant term to make this a financially viable investment option for Government and our ratepayers.

**Recommendation 6:**

Consideration of inclusionary zoning requirements to deliver housing in locations near major services such as health precincts.

**Recommendation 7:**

Consider a subsidised public transport within the Wagga Wagga LGA with rapid CBD services and an on-demand network to support essential workers.

**Recommendation 8:**

Ensure the State Government recognises the need to upgrade Wagga's Airport as essential regional community infrastructure for the Riverina.



### Major infrastructure projects

As identified in our supporting letter the pipeline of major projects forecast for our city creates significant temporary demand for private rental accommodation, pushing up rents and displacing residents. Major infrastructure projects often receive approval through State Significant Development pathways without consideration of other major projects occurring simultaneously and the cumulative impacts of worker housing. In addition, there is an opportunity to ensure that legacy housing needs are factored into all large-scale projects.

Landowners in the Wagga Wagga LGA have expressed interest in providing accommodation for project workers to assist with supply, however the lack of a standard definition for "worker accommodation" or "temporary worker accommodation" in the Standard Instrument Local Environmental Plan - SILEP 2006 makes this difficult.

#### **Recommendation 9:**

Ensure that major projects are responsible for addressing the housing needs of their workforce in the context of cumulative project impact and mandate housing legacy outcomes through these projects.

#### **Recommendation 10:**

Review planning controls to permit temporary accommodation for essential workers in non-residential zones in locations near the development itself.

#### **Recommendation 11:**

Review the FBT on remote work classifications to ensure that workers are placed in areas with appropriate housing and social infrastructure to include larger centres such as Wagga Wagga.

### Planning reforms

The Seniors Living SEPP was introduced as a process to progress suitable housing supply for the over 55s. A similar scheme should be investigated to consider housing targeted at essential workers or "under 35's".

#### **Recommendation 12:**

Update planning scheme provisions to facilitate essential worker accommodation through an Essential Worker SEPP.

### Council owned land

Council owned land that is suitable for housing is limited in the Wagga Wagga LGA. Where land is available there is significant cost to bring this land to market including technical studies, remediation, master planning, biodiversity offsets, rezoning and civil works.

While there is limited Council owned land there is an opportunity to further explore Crown Land in the LGA that is well-located and suitable for residential

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development and to define a clear pathway to make this land available for housing supply.

**Recommendation 13:**

Maintain a pipeline of potential Crown Land sites that can be shared with CHP's and potential investors who are looking to deliver new housing supply in regional areas.