

**Submission
No 91**

OPTIONS FOR ESSENTIAL WORKER HOUSING IN NEW SOUTH WALES

Organisation: NSW Government

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Legislative Assembly Select Committee on Essential Worker Housing

NSW Government Submission

September 2024

Acknowledgement of Country

NSW Government acknowledges the Traditional Custodians of the lands where we work and live. We celebrate the diversity of Aboriginal peoples and their ongoing cultures and connections to the lands and waters of NSW.

We pay our respects to Elders past, present and emerging and acknowledge the Aboriginal and Torres Strait Islander people that contributed to the development of this Submission.

We advise this resource may contain images, or names of deceased persons in photographs or historical content.

Legislative Assembly Select Committee on Essential Worker Housing

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Contents

1	Introduction.....	4
2	Definitions: key worker housing and essential worker housing	4
3	Context.....	4
4	Current NSW Government key worker housing portfolio.....	5
5	Current NSW Government key worker housing responses.....	6
6	Other opportunities to increase housing supply for essential workers	8
	6.1 Modern methods of construction can accelerate supply	8
	6.2 Government owned land is being unlocked for housing supply.....	8
7	Appendices.....	10
	7.1 A – Case Study – Small Flexible Unit Complex – Teacher Housing – Coleambally NSW..	10

1 Introduction

The NSW Government welcomes the Select Committee into Essential Worker Housing's inquiry into options for essential working housing in NSW (the **Inquiry**).

The NSW Government recognises the critical role of essential workers in maintaining the health, safety and well-being of our communities and acknowledges that the current housing market is making it increasingly difficult for essential workers to afford to live near their jobs.

This submission sets out the NSW Government's current approach to essential worker housing. It provides examples of how the NSW Government is delivering housing for its essential workers.

2 Definitions : key worker housing and essential worker housing

The Terms of Reference for the Inquiry acknowledge that there is no authoritative definition of 'essential worker housing'. Terms such as 'essential worker' and 'key worker' can be used to mean different worker cohorts and are often used interchangeably.

For the purposes of this submission:

'Essential worker' describes a broad range of workers who provide services considered essential to the community and which may include government and non-government workers. This will be the default term used in the submission to maintain consistency with the Inquiry's terms of reference.

'Key worker housing' and 'key worker' will be used when describing the NSW Government's current program that provides housing to specific NSW Government workers who enable the delivery of government priorities including teachers, police and some health workers.

NSW Government key worker housing programs currently enable agency employers to determine the eligibility of their own workers for housing support, based on the projected need for critical roles across the State.¹

This approach is consistent with other Australian jurisdictions which prioritise regional and remote government workers to enable service provision.

3 Context

Housing access and affordability challenges create barriers to attracting and retaining essential workers across NSW

The NSW Government recognises the critical role of essential workers in maintaining the health, safety and well-being of our communities.

The NSW Government has long provided housing for its essential workforce. Police housing, for example has existed since before Federation and the Teacher Housing Authority of NSW was established by legislation in 1975.

Traditionally, the focus has been providing housing in thin regional markets and locations with hard-to-fill roles. Government key worker housing portfolios have prioritised addressing access to housing where the lack of suitable housing is a barrier to service delivery.

¹ For example: Health workers identified as critical for service delivery or in an identified 'hard to fill position', as defined by the *Rural Health Workforce Incentive Scheme (NSW Health Policy Directive 2024_012)* may be prioritised for access to health staff accommodation.

Housing, along with other incentives to attract and retain workers has supported equitable access to services that support positive long-term health, education, and safety outcomes in regional and remote communities.

Several NSW Government agency strategies have identified the need to provide housing support for key workers. These include:

- Rural and Remote Education Implementation Plan
- NSW Regional Health Strategic Plan
- NSW Health’s Future Health 2022-32
- NSW Police Force’s Our Focus, Our Future
- Department of Primary Industries and Regional Development’s Essential Worker Welcome Experience and Essential Worker Partner Employment Support policies.

Key worker housing is an enabler of service delivery

An important principle is that key worker housing exists as an enabler of service delivery. In this way it differs from other sub-market housing products the primary purpose of which is the provision of housing or shelter.

The public interest reasons for delivering housing for key workers is the benefit to the community and outcomes from the services delivered by those key workers.

4 Current NSW Government key worker housing portfolio

The existing NSW Government key worker housing portfolio is primarily concentrated in regional and remote communities where housing is used to attract and retain workers to hard-to-fill roles and locations.

A range of portfolios are maintained for the benefit of defined government workforces, principally teachers, police officers and health workers across more than 350 NSW communities.

A summary of the current portfolio is included below:

Teacher Homes: 1,380 homes owned or managed by the Teacher Housing Authority, within Homes NSW.

Police Homes: 670 homes owned by Property NSW and managed by the Teacher Housing Authority and Homes NSW.

Health Worker Accommodation: 990 homes owned or leased by NSW Health (either the Ministry of Health, or Local Health Districts).

Small Portfolios: Held by departments and agencies including the Department of Communities and Justice (DCJ) and NSW National Parks and Wildlife Service to meet regional and remote staff needs. Sometimes these homes are owned, leased from the private market, or leased between other NSW Government key worker housing portfolios.

Portfolios are generally made available to a single workforce, for example, teacher housing for principals, teachers or teaching support staff.

This is mainly due to specific standards, typologies, or locations applying to properties and agency use cases. For example, many teacher homes are in very small communities which do not have a need for police or health worker housing.

Health worker housing is often in larger centres, sometimes supplied on hospital campus land, and may be more suitable for shorter term stays, to meet the needs of visiting health workers.

When not required by the NSW Government agencies for their key workers, vacant homes are made available to other workforces or to the public via lease until required again for government key worker needs.

Figure 1 below demonstrates the portfolio weighting of teacher and police housing towards regional and remote NSW:

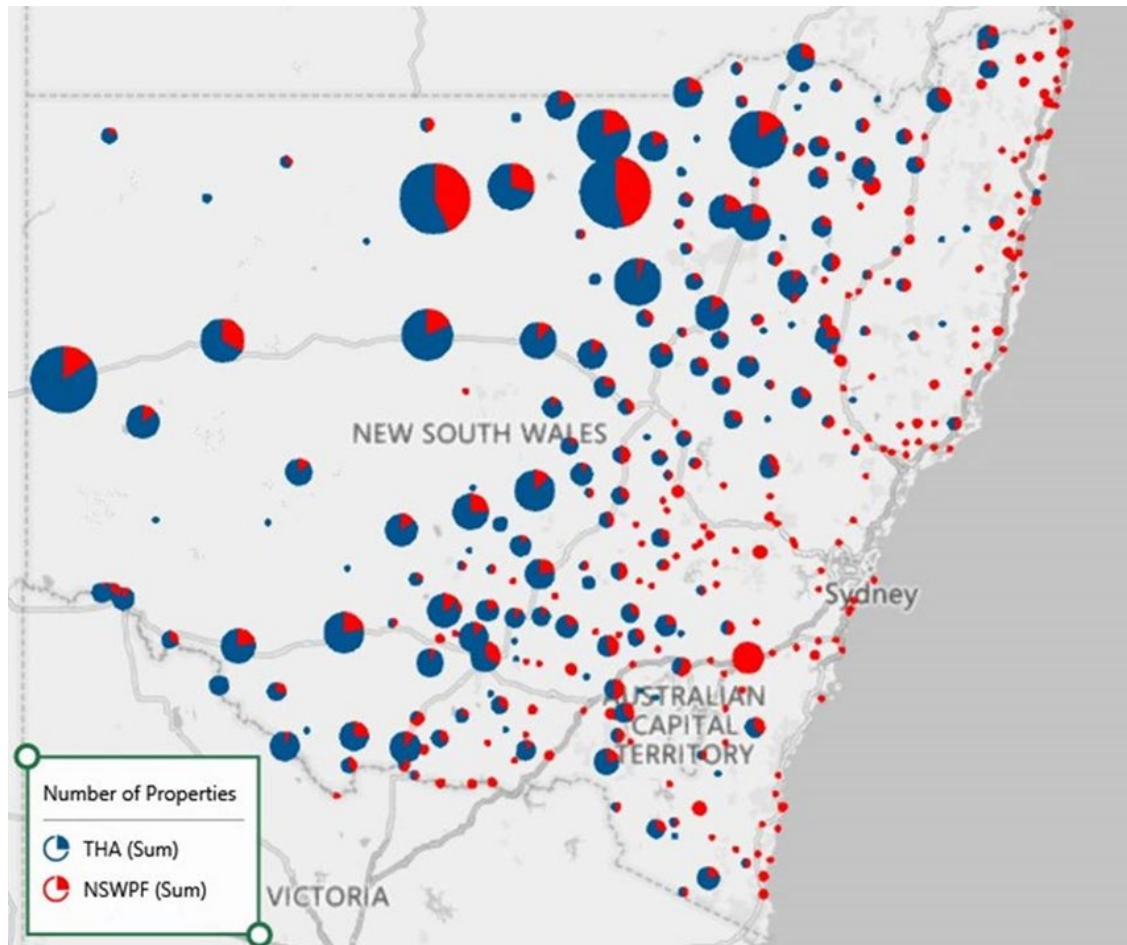


Figure 1: Teacher and Police Housing in NSW 2023

See also Appendix A for a case study of a Teacher Housing development.

5 Current NSW Government key worker housing responses

In recognition of the challenges experienced by key workers accessing suitable housing and the significant barrier housing availability presents to equitable service delivery, the NSW Government has increased its investment in key worker housing supply and related measures that attract and retain key workers across regional, remote and metropolitan regions of NSW.

Current responses include:

Health workers

2023-24 Budget: \$45.3 million to deliver modern, sustainable accommodation for health workers in Far Western, Murrumbidgee and Southern NSW .

2024-25 Budget: \$200.1 million to support the recruitment and retention of over 500 health workers and their families in regional NSW through new worker accommodation.

The Rural Health Workforce Incentive Scheme attracts workers taking up new roles with NSW Health in regional and rural locations with incentive packages up to \$20,000 depending on the position and location.²

Teachers

2022-23 Budget : 221 new homes for teachers across rural and regional NSW through the Homes NSW KWH Program .

2022-23 Budget: Quality and amenity upgrades by the Teacher Housing Authority for heating and cooling and restoration and upgrade of Department of Education owned school residences on school grounds.

Provision of rental subsidies for teachers at incentive schools who are either living in or who are eligible for Teacher Housing Authority accommodation and have been unsuccessful in obtaining that accommodation and are required to rent privately.

Development of a new education housing strategy and action plan is underway to support teachers and principals on housing issues .

Police

2022-23 Budget: 50 new homes for police across rural and regional NSW through the Homes NSW KWH Program .

An updated incentive scheme that offers a lump sum payment to officers attached to a remote location, each year for five years.

Communities and Justice

The DCJ manages diverse key worker housing needs, including:

- Short-term accommodation for surge workforces that respond to emergency events
- Small portfolio of residential housing for judiciary cohorts, correctional staff and child protection workers.

Landcom

The 2024-25 Budget includes funding to build homes for essential workers through Landcom³.

The \$450 million Essential Worker Build -to-Rent Program is to be delivered across up to four metropolitan sites.

The homes will be offered to essential workers at a discount to market rent, through a separate program.

Successful delivery of government key worker housing requires extensive planning and collaboration between employing and housing agencies given the long lead times required to deliver new homes.

Data sharing on location, house typology and volume is critical as the process of planning, procuring, constructing or manufacturing, and leasing can span 18 months or greater depending on individual site factors .

² Rural Health Workforce Incentive Scheme, NSW Health, <https://www.health.nsw.gov.au/careers/imagine-rural/Pages/rhwis.aspx#:~:text=From%2011%20August%202023%20to,on%20the%20position%20and%20location>

³ New homes, closer to jobs and services for essential workers in Sydney: <https://www.landcom.com.au/news-and-insights/news/new-homes-closer-to-jobs-and-services-for-essential-workers-in-sydney>



Figure 2: New Supply of Teacher Police and Health Worker Homes

6 Other opportunities to increase housing supply for essential workers

6.1 Modern methods of construction can accelerate supply

Modern methods of construction (MMC) present opportunities for accelerated, flexible delivery of essential worker housing.

The NSW Government has provided \$10 million for Homes NSW to demonstrate how modular and manufactured construction methods, such as volumetric and panelised construction, can deliver more quality social homes faster, with associated speed, quality, volume, and value for money benefits, including across regional NSW.

Homes NSW is already using MMC for new supply in its key worker housing programs for teachers and Health has been supplying a range of MMC homes for health workers in recent years.

The aim is to grow the number of homes in NSW, the modular housing industry and its workforce, and demand for these kinds of manufactured homes or the 'kit of parts' for elements of a home like bathrooms, or wall units.

This is particularly important for regional NSW where there can be constraints on workforce availability and supply of construction materials. MMC provides the opportunity to deliver housing in where there are constraints on the construction and materials sectors.

6.2 Government owned land is being unlocked for housing supply

There are opportunities to use surplus Government land to deliver more housing.

The NSW Government land audit has identified 44 sites suitable for housing. As part of the land audit, Homes NSW (including a original Housing Office) and Landcom, the government's

developers, have the first and second choice, respectively, of these sites for the delivery of social, affordable, and key worker and market housing.⁴

Homes NSW and Crown Lands have an existing partnership to identify land in regional areas for housing projects, including government key worker housing, alongside social housing, and parcels of land for private purchase to build a home.

⁴ NSW Government property audit for housing: <https://www.dpie.nsw.gov.au/housing-and-property/our-business/advisory-and-transactions/nsw-government-property-audit-for-housing>

7 Appendices

7.1 A – Case Study – Small Flexible Unit Complex – Teacher Housing – Coleambally NSW

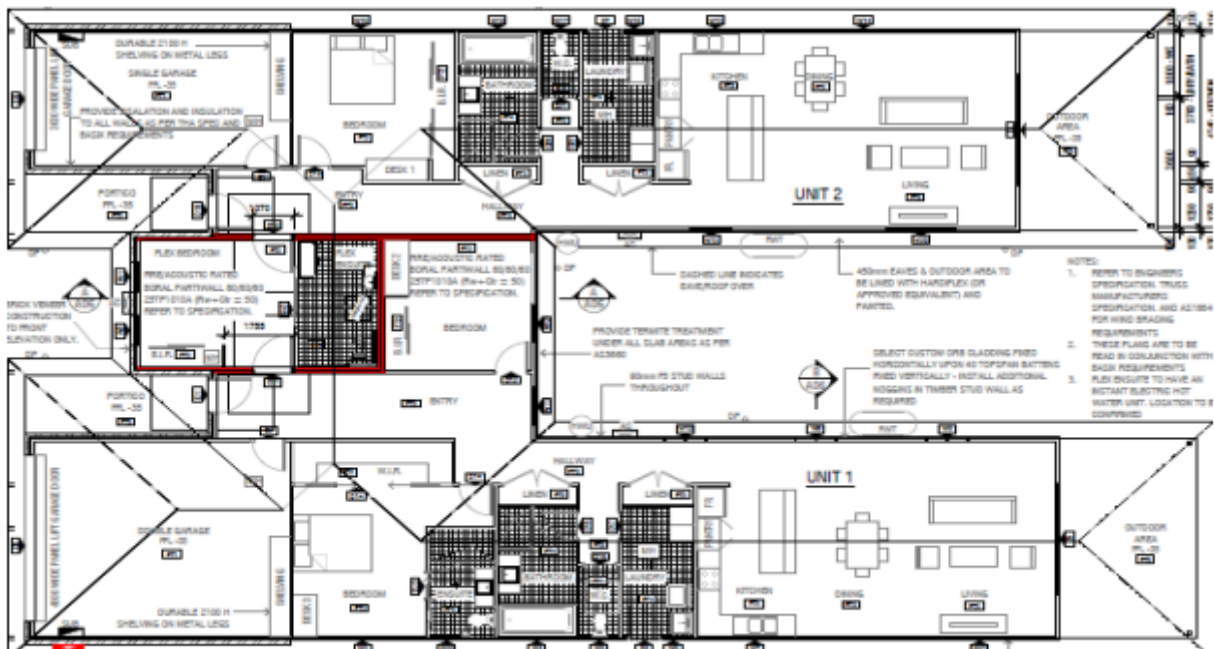
This case study has been included as an example of flexible housing design and delivery in a regional community to meet changing agency and worker needs over time.⁵

Why in Coleambally?

This project was undertaken in Coleambally to replace the house which was destroyed by fire in 2018. An assessment undertaken by THA found that good quality modern properties were scarce in Coleambally and the school was having difficulty in finding housing for its teachers.

What THA Completed

THA built a 2 x 2 bedroom flexible design complex. The rooms can be configured into a 1 x 1 bedroom and 1 x 3 bedroom, or 2 x 2 bedroom accommodation depending on the need.



⁵ Teacher Housing Authority of NSW, Annual Report 2020-21 <https://www.parliament.nsw.gov.au/tp/files/80842/2020-21%20Annual%20Report%20of%20the%20Teacher%20Housing%20Authority.pdf>

Key Steps in Delivery

- Consultation with the THA Tenancy team on housing needs in the locality.
- Appointing Public Works Advisory (PWA) to project manage works.
- Consultation with local authorities (Muroidea Council).
- Completing drawings and tender documentation and completing tender process.
- Award contract and complete construction; and
- Final inspection and remediation of defects.

Positive Outcome

- Provision of quality accommodation for teachers in Coleambally; and
- Benefit to the wider community through local participation in the project.



Comment from the School

"Thank you for the construction of the new units located at

*Coleambally.
.....Being located in an isolated rural community, the provision of quality teacher housing is paramount. This will ease the demand we currently have for suitable properties. Due to the transient nature of staff recently we have had a demand for properties that has exceeded availability resulting in private rentals being sought).*