

**Submission  
No 103**

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

**Organisation:** United Workers Union

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**Legislative Assembly Select Committee on  
Essential Worker Housing**

**Inquiry Submission:**

**The United Workers Union**

11 October 2024

**Acknowledgement of Country**

We acknowledge and respect the continuing spirit, culture, and contribution of Traditional Custodians on the lands where we work, and pay respects to Elders, past and present. We extend our respects to Traditional Custodians of all the places that United Workers Union members live and work around the country.

**About United Workers Union**

United Workers Union (UWU) is a powerful union with 150,000 workers across the country from more than 45 industries and all walks of life, standing together to make a difference. Our work reaches millions of people every single day of their lives. We feed you, educate you, provide care for you, keep your communities safe and get you the goods you need. Without us, everything stops. We are proud of the work we do – our early childhood educators are shaping the future of the nation one child at a time; supermarket logistics members pack food for your local supermarket and farms workers put food on Australian dinner tables; hospitality members serve you a drink on your night off; aged care members provide quality care for our elderly and cleaning and security members ensure the spaces you work, travel and learn in are safe and clean.

## Submission Overview

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### 1. Introduction

The United Workers Union (UWU) applauds Minister Hoenig for establishing this inquiry and thanks Committee Members for undertaking this important work. The housing affordability crisis in Australia deeply affects our members. Many of our members are low- and moderate-income earners who have borne the brunt of steep rental increases in recent years and have seen the prospect of home ownership become more and more unobtainable. At the same time, our members perform work that is essential by any measure – early childhood educators, homecare workers, school cleaners, logistics and warehouse workers and more. Our communities and our economy are reliant on this work getting done, yet these workers, often earning wages at, or slightly above modern award rates, can struggle to find affordable housing options.

It is appropriate for governments to investigate housing solutions specifically aimed at essential workers. There is a strong public policy case for ensuring that essential workers have access to affordable housing *near their places of work*. The cost of housing has a significant impact on where people take up jobs. And when employers, be they schools, hospitals or early childhood education and care (ECEC) centres, can't find workers to take up essential roles, we all suffer.

Essential workers also deserve the opportunity to live in the communities where they work. When the cost of housing forces workers into lengthy commutes between work and home, they can lose the ability to invest time and energy into either community, lose critical family time, and experience increased stress and diminished quality of life.

Our position on this matter is straight forward. Being an essential worker in NSW should not place you in a position of housing stress and vulnerability. We need more housing. We need it in locations accessible to essential workplaces and transit. And it needs to be affordable at a range of essential worker incomes.

We provide here a number of recommendations on how this matter should be approached and actions the State Government can take to boost the supply of essential worker housing. We again thank the Committee for its work and look forward to continuing our engagement during the course of the inquiry.

### 2. Essential UWU workers and the housing crisis

Since the turn of the century, the increase in house prices have far outpaced income growth, resulting in the national median house price to median income ratio almost doubling from 4.5:1 to 8.5:1.<sup>1</sup> For

low-income renters the impact is particularly acute. Between March 2020 and March 2024, the percentage of income required for a household at the 25<sup>th</sup> percentile of earnings to rent a house or unit at the 25<sup>th</sup> percentile of the market increased from 44.3% to 54.3%.<sup>2</sup>

The experience of UWU cleaning members is indicative of how many of the union's members have experienced this sharp squeeze. A March 2024 union survey<sup>3</sup> of cleaners employed under the NSW Government's whole-of-government cleaning contracts, which include schools, TAFEs and other government buildings and offices showed that of the 239 respondents who rent, over 56% reported experiencing a rent increase of over \$50 per week in the preceding 12 months. A \$50 increase in rent for these workers is greater than the entirety of the 5.75% award wage increase they received on July 1, 2023, which amounted to \$49.78 for a cleaner working 38 hours per week.<sup>4</sup> Housing cost increases of this magnitude leave no room for low-income workers to absorb other cost-of-living increases. In the same survey, 54.5% of responding school cleaners reported missing meals in the last 12 months due to their finances, and 75.8% reported delaying medical treatment for themselves or a family member.

An analysis of available rental properties affordable to UWU member households, whose earners (both single and dual) work in school cleaning and ECEC, shows shockingly few options on the market across major metro regions and NSW as a whole (see Appendix 1). The results show the depth of the affordability crisis, particularly for single and low-income households, and for households seeking properties with two bedrooms or more (including families). In many regions, there only a handful of properties affordable for a school cleaner or early educator to rent, and in some regions, not a single unit is available at an affordable price. While in stronger position, the results remain dire even for dual income households.

- **A school cleaner** (single income household, \$49,340.72pa, approx. 44% of Sydney median household income, able to pay \$250pw rent):
  - Can afford to rent only 1.64% of all properties listed in NSW, or 0.61% of rental properties in NSW with 2 bedrooms or more
  - Can not afford to rent a single property on the Northern Beaches
  - Can not afford to rent a single property with 2 bedrooms or more in Sydney, Parramatta, Wollongong, Western Sydney or South West Sydney
- **An early educator** (single income household, \$63,468pa, approx. 57% of Sydney median household income, able to pay \$325pw rent)
  - Can afford to rent only 3.54% of all properties listed in NSW, or 1.56% of rental properties in NSW with 2 bedrooms or more
  - Can not afford to rent a single property on the Northern Beaches
  - Can not afford to rent a single property with 2 bedrooms or more in Sydney, Parramatta or Wollongong
- **A dual income "cleaner" household** (\$98,681pa, approx. 89% of Sydney median household income, able to pay \$475pw rent)
  - Can not afford to rent 86% of properties in NSW
  - Can afford to rent 10% or fewer 2-bedroom properties in NSW (total), Sydney, Parramatta, Wollongong, Western Sydney or South West Sydney

- **A dual income “early educator” household** (\$126,936pa, approx. 114% of Sydney household income)
  - Despite earning above median income, still can’t afford 63% of properties for rent in NSW
  - Can afford to rent less than 1% of available 2-bedroom properties in Sydney and the Northern Beaches (two properties in both locations)

### **3. How to define essential workers**

UWU members in NSW work in sectors that should intuitively be considered essential, including ECEC and homecare. These roles provide vital services that families and vulnerable people rely on every day. During the covid-19 pandemic when there was significant focus on the occupational categories deemed “essential workers”, many other UWU member groups were included in the classification. This included cleaning, security, hospitality, food and beverage and warehousing and logistics workers.<sup>5</sup> In many instances UWU members, like cleaners, share workplaces such as schools, TAFEs, police and ambulance stations with other essential workers.

Common to all these jobs is the ripple effect through our community if the work is not done. Without enough ECEC workers, centres have fewer spots to offer to parents; without cleaners, our schools are less safe and sanitary; and without warehouse workers, logistics chains and the supply of goods, including vital medicines, are slowed.

UWU considers the classification produced during the pandemic a useful reference point for the Committee, but for the purpose of considering essential worker housing, the union does not propose a specific occupational list be adopted. Instead, we suggest the Committee take a dual approach to the issue:

1. Consider measures that advance housing supply and housing affordable broadly, which essential workers will benefit from; and
2. Consider programs that prioritise housing, including income based affordable housing, for essential workers based on location, labour market needs and the public interest.

In relation to the later of these points, the union recommends the following principles be considered:

- Expanding access to housing for workers who could not otherwise rent or buy within reasonable proximity to their workplace (due to either housing costs or suitable supply shortages)
- Helping to ensure essential services can be delivered and/or expanded
- Addressing essential worker and skills shortages
- Addressing housing needs of workers who perform essential “place based” work
- The inclusion of essential private sector employees

#### 4. Affordability is essential

Essential workers earn a wide range of incomes. Within a single school, a cleaner, currently employed by a contractor, working full time on the award wage, will have an annual income under \$50,000, compared to a senior teacher whose salary exceeds \$100,000 and the principal whose salary exceeds \$150,000.<sup>6</sup> Given the state of the housing market, each of these workers can face housing affordability barriers that place them in financial stress and/or impact their decisions in the labour market.

Essential worker housing must be approached with the goal of addressing the housing needs of workers throughout the income spectrum. There is a pressing need to ensure we can attract and retain a principal or senior teacher to a school in a high housing cost area, just as there is an urgent case to ensure school cleaners have access to housing near where they work that does not place them in acute financial stress.

In order to make essential worker housing beneficial to households at a range of income, the union strongly recommends that any program undertaken to incentivise development incorporate the following components:

- A required percentage of affordable housing units to be produced within any given project
- Affordability must be considered with respect to income *not* market rent/prices
- Housing must be genuinely affordable
- Suitability for a range on households including single and dual incomes, and families

Establishing affordability requirements within essential housing programs is critical. It is possible that projects that simply prioritise housing for essential workers will still charge rents at market rates by targeting dual income households at the highest end of the essential worker income range. While contributing much needed housing stock in key locations and providing housing for those essential worker households who can afford it, any program without an affordability overlay, risks being limited to a subset of essential worker households. To ensure essential worker housing is accessible to a wider range of workers, ambitious affordability set asides with income based qualifying thresholds must be set within any program that provides public incentives such as those recommended below.

These requirements should ensure affordability for households with very low incomes (less than 50% of median income), low incomes (50 to 80% median income) and moderate incomes (80 to 120% of median income).<sup>7</sup> This approach will help to ensure a diversity of essential workers by occupation as well as household type. In high-cost housing areas, it may also be necessary to adopt a fourth affordability set aside income range of 120-150% of median income to ensure access for the widest possible range of workers and households, and to ensure the labour market benefits of the program are being met.

Having these requirements set within a program's parameters will allow participating developers to incorporate affordability metrics, including revenue constraints, into their financial modelling. It will also enable the government to assess and ensure the adequacy of incentives to achieve meaningful affordability outcomes.

As with the definition of affordable already used in the *State Environmental Housing Policy (Housing) 2021* – affordability for essential worker housing must be measured in relation to income.<sup>8</sup> Doing so will better ensure that rent (or prices) remain affordable for essential workers compared to an affordability metric based on market rates. Rent in markets like Sydney have regularly surged by high-single and double-digit percentages (9% in 2024), far outstripping the wage growth of essential workers.<sup>9</sup>

Despite 30% of gross household income often being used within definitions of housing affordability, the union notes that this threshold is derived from the level above which households are considered in “housing stress”.<sup>10</sup> It is not appropriate that programs intended to promote affordability presume that their beneficiaries will be on the cusp of housing stress by design. The union encourages the use of 25% of household income, particularly for very low and low-income household, as a more reasonable limit to ensure a buffer against housing stress.

In the same way that any essential worker housing program should aim to provide housing for workers on a range of incomes, it should also ensure that the housing stock produced is suitable for families. This means that essential worker housing should not be solely comprised of one-bedroom units but also include stock suitable for families and that the diversity of stock apply equally to affordable units.

## **5. Recommendations to boost essential worker housing production**

The fundamental goal that should underpin any program is the need to build *more housing* that is both *affordable* and *well located* near essential workplaces and transit. Each of these variables – scale, affordability and location – point to medium and high-density housing as being a critical piece of delivery.

It is important to note that the NSW Government has in place a number of measures in this space, including density bonuses with accompanying affordability set asides applicable to Transit Orientated Developments and density bonuses and approval fast tracking for large developments which commit 15% of a project’s floor space to affordable housing.<sup>11</sup> To maximise the impact of these programs, the union recommends that the Committee consider how essential worker housing could be built into these programs, as either an additional overlay or coupled with increased incentives, particularly when projects are located in areas with identified essential worker shortages.

To help drive development at scale the union encourages the Committee to consider measures aimed at supporting the expansion of built-to-rent housing, and in particular, how institutional investment, including from superannuation funds, can be best leveraged. Unlike countries such as the US, Australia has an under-developed build-to-rent market.<sup>12</sup> Compared to the model that currently dominates apartment development in Australia in which units are built to be sold to, and managed by, individual investors, there is a strong case for the build-to-rent model being well positioned to deliver essential worker and affordable housing, particularly when combined with the right policy settings and institutional investors seeking stable long-term returns.

To help achieve this outcome, the union recommends that the Committee review the existing build-to-rent concessional land value program in place in NSW with a view of ensuring it is adequately



incentivising development and consider the extent to which affordable and essential worker housing can be maximised on any benefiting project. The union also supports the recommendations on this issue made by the McKell Institute in their submission to this inquiry, including:

- The leasing of latent NSW Crown Land at advantageous rates for the development of essential worker build-to-rent housing projects
- Filling gaps in debt-financing which limit institutional investment in essential worker housing
- The establishment of a concessional loan facility geared towards essential worker housing development.

These measures, along with efforts to accelerate zoning and regulatory approvals can contribute to lowering acquisition, development and financing costs such that superannuation funds, operating in a tightly benchmarked regulatory environment, can enter the market as either debt or equity investors and achieve the necessary returns to members while delivering meaningful levels of essential worker housing. Ultimately this should mean homes that are built with workers money, that essential workers can afford to live in, providing long-term returns for workers retirements.

In addition, the union supports the recommendations by the McKell Institute regarding the establishment of mandatory inclusionary zoning in areas of forecast high demand for essential workers as well as the use of community land trusts for essential workers in key locations. We also support the submission made by Unions NSW to this inquiry and particularly note its recommendations aimed at supporting home ownership pathways for essential workers.

Finally, the union encourages the Committee to consider how the government can maximise the development of affordable housing, including essential worker housing, by coordinating the interaction of various existing and future policies, including federal programs such as Housing Australia Future Fund (HAFF) and any future federal built to rent program. The government should ensure that programs effectively “stack” such that developers looking to utilise multiple measures (eg. a density bonus, state and/or federal tax concession and financing assistance) can do so efficiently and that the affordability and essential worker requirements combine to set the most ambitious targets possible.

### Appendix 1. Affordable rental properties available for indicative UWU member households<sup>13</sup>

	Households					Total available properties
	Household income source	Single income, school cleaner	Single income, early educator	Dual income, school cleaners	Dual income, early educators	
	Income	\$49,340	\$63,468	\$98,681	\$126,936	
	Pct of Sydney (NSW) median household income	44% (50%)	57% (65)	89% (101%)	114% (130%)	
	Affordable Weekly rent	\$250	\$325	\$475	\$625	
	Pct of gross income	26.35%	26.63%	25.03%	25.60%	
NSW	Properties affordable	323	721	2914	7504	20381
	Pct affordable	1.58%	3.54%	14%	37%	
	1brm< affordable	223	466	1319	2468	4057
	1brm< affordable Pct	5.50%	11%	33%	61%	
	2brm> affordable	100	255	1595	5036	16324
	2brm> affordable Pct	0.61%	1.56%	10%	31%	
Parramatta, Greater Region (+ surrounding areas)	Properties affordable	2	19	130	643	1699
	Pct affordable	0.12%	1.12%	7.65%	38%	
	1brm< affordable	2	14	94	231	318
	1brm< affordable Pct	0.63%	4.40%	30%	73%	
	2brm> affordable	0	0	36	412	1381
	2brm> affordable Pct	0%	0%	3%	30%	
Sydney (post code 2000 + surrounding areas)	Properties affordable	2	13	91	202	1294
	Pct affordable	0.15%	1.00%	7.03%	15%	
	1brm< affordable	2	13	85	187	598
	1brm< affordable Pct	0.33%	2.17%	14%	31%	
	2brm> affordable	0	0	0	2	675
	2brm> affordable Pct	0%	0%	0%	0.30%	
Wollongong (+ surrounding areas)	Properties affordable	4	12	59	157	339
	Pct affordable	1.18%	3.54%	17%	46%	
	1brm< affordable	4	12	41	50	52
	1brm< affordable Pct	7.69%	23%	79%	96%	
	2brm> affordable	0	0	18	107	287
	2brm> affordable Pct	0%	0%	6.27%	37%	
Newcastle (+ surrounding areas)	Properties affordable	95	133	202	347	628
	Pct affordable	15%	21%	32%	55%	
	1brm< affordable	36	52	98	116	122
	1brm< affordable Pct	30%	43%	80%	95%	
	2brm> affordable	59	81	104	231	506
	2brm> affordable Pct	12%	16%	21%	46%	
Northern Beaches (+ surrounding areas)	Properties affordable	0	0	7	53	360
	Pct affordable	0%	0%	1.94%	15%	
	1brm< affordable	0	0	7	51	75

surrounding areas)	1brm< affordable Pct	0%	0%	9.33%	68%	
	2brm> affordable	0	0	0	2	285
	2brm> affordable Pct	0%	0%	0%	0.70%	
Western Sydney (Penrith + surrounding areas)	Properties affordable	4	17	192	673	1593
	Pct affordable	0.25%	1.07%	12%	42%	
	1brm< affordable	4	15	80	126	128
	1brm< affordable Pct	3.13%	12%	62%	98%	
	2brm> affordable	0	2	112	547	1465
	2brm> affordable Pct	0%	0.14%	7.65%	37%	
South West Sydney (Campbelltown + surrounding areas)	Properties affordable	3	5	87	245	637
	Pct affordable	0.47%	0.78%	14%	39%	
	1brm< affordable	3	4	26	50	52
	1brm< affordable Pct	5.77%	7.69%	50%	96%	
	2brm> affordable	0	1	61	195	585
	2brm> affordable Pct	0%	0.17%	10%	33%	

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- <sup>1</sup> Brooker, Tarric (4/12/24). "House price vs. income exposes a brutal reality for Millennials". Accessed at: <https://www.news.com.au/finance/economy/australian-economy/house-price-vs-income-exposes-a-brutal-reality-for-millennials/news-story/99739c8d05b5758fb94acda13166fe9f>
- <sup>2</sup> ANZ/Corelogic Housing Affordability Report, April 2024 (pg. 5). Accessed at: [https://www.anz.com.au/content/dam/anzcomau/bluenotes/documents/ANZ%20CoreLogic%20Housing%20Affordability%20report%20April%202024%20-%20FINAL%20\(digital\).pdf](https://www.anz.com.au/content/dam/anzcomau/bluenotes/documents/ANZ%20CoreLogic%20Housing%20Affordability%20report%20April%202024%20-%20FINAL%20(digital).pdf)
- <sup>3</sup> Survey of 347 cleaners employed under NSW Whole of Government contracts. Results unpublished.
- <sup>4</sup> The Modern Award Pay data base is available at: <https://www.fwc.gov.au/agreements-awards/awards/modern-awards-pay-database>
- <sup>5</sup> ABC News, 14/1/22. "Which jobs are now considered essential under the new national cabinet agreement?". A at: [Which jobs are now considered essential under the new national cabinet agreement? - ABC News](#)
- <sup>6</sup> The hourly rate for full-time adult level 1 cleaner under the Cleaning Service Award, as of 1 July 2024, is \$24.97, or \$49,340 per year, see <https://library.fairwork.gov.au/award/?krm=MA000022>. Under the Crown Employees (Teachers in Schools And Related Employees) Salaries And Conditions Award 2022, NSW public schools teachers' salaries range from \$85,000 to \$129,948 and principals salaries range from \$140,502 and to \$209,831), see <ircgazette.justice.nsw.gov.au/irc/ircgazette.nsf/webviewdate/C9761>
- <sup>7</sup> These three income ranges match those provided in the NSW Affordable Housing Ministerial Guidelines, 2023/24. Accessed at [NSW Affordable Housing Ministerial Guidelines 2023-24 | Family & Community Services](#)
- <sup>8</sup> *State Environmental Planning Policy (Housing) 2021*, s.13. Accessed at: [State Environmental Planning Policy \(Housing\) 2021 - NSW Legislation](#)
- <sup>9</sup> Saارين, Nelli, ABC News (6/5/24). "Australia's median rent surges to record heights with regions and outer suburbs feeling the heat." Available at: <https://www.abc.net.au/news/2024-05-06/median-rent-record-high-corelogic/103809092>
- <sup>10</sup> See the ABS note on house affordability and the application of the 30% threshold to families on the lowest 40% of incomes. <https://www.abs.gov.au/statistics/detailed-methodology-information/concepts-sources-methods/survey-income-and-housing-user-guide-australia/2019-20/housing>
- <sup>11</sup> See [In-fill affordable housing | Planning \(nsw.gov.au\)](#) and [Transport Oriented Development | Planning \(nsw.gov.au\)](#)
- <sup>12</sup> Ernst and Young (prepared for the Property Council of Australia), (March 2023). "A new form of housing supply for Australia: Build to Rent housing". Accessed at: <https://www.propertycouncil.com.au/wp-content/uploads/2023/04/PCA-Build-to-Rent-housing-advice-Stage-1-2-Final-Public-Release-Update-04.04.23-1.pdf>
- <sup>13</sup> Methodology and source for table. Review of Realestate.com.au rental search portal for each household rental price limit and property types performed October 4-5, 2024. Search results include the optional "surrounding areas" search parameter. Searches were performed with a lower price floor to eliminate non-dwelling results such as parking spaces being included in results. Search results with fewer than 10 properties were reviewed to exclude out of scope/non-dwelling property types. Household incomes are based on: Cleaners - the Cleaning Services Award, Level 1 (1 July 2024), ECEC - the Children Services Award, Level 3.4 (Diploma qualified educator) (1 July 2024) with an above award premium of 5%. Median household income data from the NSW Affordable Housing Ministerial Guidelines, 2023/24. Available at: [NSW Affordable Housing Ministerial Guidelines 2023-24 | Family & Community Services](#). Weekly rental limits are derived from an affordability limit of approximately 25% with slight variation due to the \$25 price increments in the rental search platform.