

**Submission
No 110**

OPTIONS FOR ESSENTIAL WORKER HOUSING IN NEW SOUTH WALES

Organisation: Blacktown City Council

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19 November 2024

Legislative Assembly Select Committee on Essential Worker Housing
Clerk of the Legislative Assembly
NSW Parliament House
6 Macquarie Street
Sydney NSW 2000

By email: EssentialWorkerHousing@parliament.nsw.gov.au

Attention: Ashley Kim

Final endorsed submission - Parliamentary Inquiry into options for essential worker housing in New South Wales

I am writing in relation our previous letter dated 20 August 2024.

I can now confirm that Council formally considered this matter at its meeting on 30 October 2024 and resolved to endorse the draft submission.

A copy of Council's final submission is now attached for your information.

If you would like to discuss this matter further, please contact our Manager Strategic Planning and Economic Development, Jaime Hogan on [REDACTED]

Yours faithfully

[REDACTED]
Peter Conroy
Director City Planning and Development

Attachments:

1. Final endorsed submission from Blacktown City Council

Blacktown City Council

Final endorsed submission in response to:

Parliamentary Inquiry into options for essential worker housing in New South Wales

Scope of Parliamentary Inquiry

- a. The scope of the Parliamentary Inquiry is to report on options for essential worker housing in NSW, specifically:
 - i. Establishing an appropriate definition for EWH for the NSW Government to adopt including criteria for prioritising worker cohorts and geographical areas.
 - ii. Identify options to increase housing supply for essential workers, including but not limited to:
 - planning tools and reforms
 - incentives for developments on privately owned land
 - opportunities within developments on government owned land
 - investigate reforms that promote fiscal sustainability, innovation and essential worker housing in-perpetuity
 - other related matters.

Key considerations

We recommend that the Parliamentary Inquiry consider the following when investigating options for essential worker housing in NSW.

1. The need for essential worker housing

1.1 Strategic support for the Inquiry into public housing

- a. Blacktown City Council strongly supports the Parliamentary Inquiry into options for essential worker housing in NSW. A state-wide (if not national) approach to housing definitions – including essential worker housing will help:
 - i. acknowledge the role that essential workers play in the economy
 - ii. facilitate discussions regarding housing between levels of government and with the wider community
 - iii. provide a coordinated approach to housing supply, choice, and affordability.
- b. Council's mission, in *Our Blacktown 2041 – Community Strategic Plan* is 'to provide our community with the best living and working environment through commitment to service'. One of our strategic directions is to be a 'vibrant, inclusive, and resilient community'.

- c. Council's planning vision in the *Blacktown Local Strategic Planning Statement 2020* and *Blacktown Housing Strategy 2020* is for 'a planned city of sustainable growth, supported by essential infrastructure, efficient transport, a prosperous economy, and equitable access to a vibrant, healthy lifestyle'. Action 19 of the Local Strategic Planning Statement requires Council to 'collaborate on housing affordability across Greater Sydney'. Given this, we seek to promote diverse housing that is affordable because it provides a significant alternative for low to moderate income earners. This inquiry aligns with our vision and the priorities and actions in our Local Strategic Planning Statement and the Housing Strategy.
- d. The following definitions have been provided to clarify how we use various terms in our submission:
 - i. Affordable rental housing – refers to high-quality rental properties for low-to moderate income households that cost no more than 30% of the household's gross income.
 - ii. Housing affordability - refers to the general cost of housing and can be linked to rent or mortgage payments. Factors such as land or building costs and the overall demand for housing all impact housing affordability.
 - iii. Housing stress – refers to occupants spending more than 30% of their income on rental or mortgage payments.

1.2 Increasing demand for housing diversity and choice

- a. Blacktown City is one of the fastest growing areas in Australia and there is increasing demand for housing diversity and choice in our City.
- b. We aim to optimise this growth and use it to provide the people who live and work in the City with more opportunities, better services and the right mix of homes. Blacktown City has a diverse community with 188 nationalities and 182 languages represented in the City. With this increased growth and diversity, Council must consider:
 - whether there is sufficient housing for existing and future population growth
 - where new dwellings will be built, and whether these are the right locations for the future needs of residents
 - the types of new dwellings being built and if it meets our population's needs
 - whether people who want to live in Blacktown City can afford to live in the City.
- c. Providing essential worker housing will play a key role in ensuring our diverse community can continue to provide essential services to our City.

1.3 Increasing need for affordable housing, and housing affordability

- a. Generally, housing affordability is a significant issue in Blacktown City that is affecting all communities. To enable essential workers to continue supporting

the community, we need to ensure that they can live close to work in a way that does not create housing stress.

- b. Much of Western Sydney is now categorised as unaffordable and this is placing pressure on public housing waitlists which now are between 10-15 years.
- c. Historically, Blacktown City has offered affordable housing options for a diverse range of social groups. However, since 2020, Blacktown City has been experiencing an increase in housing stress, with occupants spending a significant proportion (more than 30%) of their income on mortgage or rental payments.
- d. It is projected that by 2041, Blacktown City will experience the largest increase in households experiencing housing stress (11,600 households) in Western Sydney.
- e. As such, Council's aim is to sustainably plan for our current and future population by promoting and providing diverse and affordable rental housing to reduce housing stress.
- f. There is a need to increase the supply of affordable rental housing types such as essential worker housing. A key consideration for providing essential worker housing is to ensure it caters for changing demographic needs and affordability.
- g. Affordable rental housing is critical social infrastructure that is required to complement our key transport and employment projects. Its availability is essential for social equity, sustainability and the economy of Western and Greater Sydney.
- h. The imminent completion of key transport infrastructure and employment projects in Western Sydney are also likely to further increase house prices and market rents. This position is compounded by the fact that Blacktown City has a high proportion of low-income essential workers (9%) making it difficult to live close to where they work.
- i. Given this, the inquiry should investigate the number and the type of housing that should be delivered and reserved for essential workers and how the housing types will be categorised. For example, it should be considered if essential workers will be a demographic group prioritised in affordable housing applications, or if essential worker housing form a new category of purpose-built housing.
- j. It is also critical to ensure that essential worker housing is genuinely allocated to essential workers only. We recommend this be managed by a community housing provider which has the processes and capacity to assess the household income and to monitor employment. Additionally, there should be ongoing options to enforce and monitor housing compliance as merely imposing restrictions on the property title may not be sufficient to ensure it remains essential worker housing.

- k. We recommend that essential workers are treated as a cohort of affordable housing, rather than essential worker housing being allocated as a new development type.

2. What is an essential worker

2.1 Definition of an essential worker

- a. We support the development of a common definition, including criteria for establishing worker cohorts and geographical areas, to be prioritised in planning initiatives.
- b. A clear definition of an 'essential worker' is critical to understand who will be eligible for essential worker housing.
- c. With the diverse type of workers that offer 'essential services', it is important to consider:
 - i. if an 'essential worker' is a person employed in a frontline government service such as health care, education, emergency services or law enforcement
 - ii. if the term is broader and includes employees in the private sector, such as those in supermarkets and food services, as was identified under the COVID-19 essential worker definition.
- d. Blacktown City has a high percentage of people employed in health care and social assistance (14.8%), retail trade (10%) and construction (7.2%). However, there is more reliance on employment in the manufacturing (7.5%), transport, postal and warehousing sectors (8.1%) than is common across NSW (ABS, 2021). A smaller proportion of Blacktown City's residents are employed in education and training and professional, scientific, and technical services than the NSW average. Whilst these roles may not be classed as essential services, they do contribute to the economy as a whole and can often have lower incomes.

2.2 Standard terminology across government

- a. The terms 'key workers' and 'frontline workers' are sometimes used interchangeably to describe an essential worker. We recommend that all levels of government adopt one standard term in legislation, policies, and guidelines to provide clear understanding and ensure consistent application across policies.
- b. Furthermore, we recommend that the NSW Government advocate to the Australian Government to develop standardised definitions for all jurisdictions. This should include definitions for affordable housing, social housing, seniors housing, essential worker housing, student housing, rental housing, community housing, perpetuity and market housing.

2.3 Statutory framework

- a. There are several legislative frameworks and environmental planning instruments available to regulate the delivery of essential worker housing in

NSW. This includes the *Environmental Planning and Assessment Act 1979*, *Environmental Planning and Assessment Regulation 2021*, state environmental planning policies (SEPP) and local environmental plans (LEP).

- b. The NSW Government must identify whether essential worker housing will be classified as a new housing group under the current *State Environmental Planning Policy (Housing) 2021* (Housing SEPP). Alternatively, will the *Standard Instrument (Local Environmental Plans) Order 2006* and the *Standard Instrument – Principal Local Environmental Plan* require all Councils to update their local environmental plans and subsequent development control plans to incorporate provisions and controls for essential worker housing? Incorporating the term into NSW Government regulation, such as delivery through a SEPP would give certainty and consistency across the State.
- c. However, we would strongly recommend utilising an Australian Government legislative mechanism to apply a consistent definition across all levels of government. This should align with measures being undertaken as part of the National Housing Accord to allow the tracking of increasing affordable housing alongside standard dwelling targets.

2.4 Eligibility for essential worker housing

- a. It is important to create eligibility criteria to determine who is suitable for essential worker housing.
- b. Depending on the definition of an essential worker, the eligibility criteria could include income, skills and services provided. If an essential worker is defined by the employee's income, an income limit must form part of the eligibility criteria.
- c. If essential workers are to be a cohort within affordable rental housing, it is important to consider whether their eligibility is defined by their role only or their role and level of income. Further, it should be considered if this eligibility will change over time if income increases while they are in an essential role.

3. Locating and delivering essential worker housing

3.1 Well-located essential worker housing

- a. Essential workers, with lower to median incomes, are more likely than the general labour force to live in outer suburbs and travel to work by private car. Some workers may respond to high housing costs and seek employment in, or transferring to, less expensive housing market areas.
- b. As such, detailed criteria for selecting suitable areas for essential worker housing are required. We generally recommend all affordable housing to be well-located. For example, within close walking distance (such as an 800 metre radius) from essential services, centres, railway/metro stations, transit corridors, bus stops, or the like.
- c. When planning essential worker housing close to public transport, it is important to consider the availability and safety of public transport for essential workers.

This also requires assessing whether existing and future transport services are adequate, especially for those who work night shifts. If necessary, public transport timetables may need to be adjusted to enable more frequent and reliable services. The location and proximity of bus stops should also be considered.

- d. Ensuring safe, reliable, and convenient transport options for essential workers close to their homes is necessary for efficient commuting, work-life balance, and well-being.

3.2 Essential worker housing and land use permissibility

- a. As previously stated, we recommend that essential workers are categorised as an eligible cohort and prioritised in affordable rental housing developments. The NSW Government should further encourage the delivery of affordable rental housing developments across the state and assign a certain percentage of these developments as essential worker housing.
- b. However, should essential worker housing form a separate development type, it is important to identify the land-use zones that will permit essential worker housing.
- c. It should be considered whether essential worker housing can be an ancillary use to the use permitted on that land, such as a health service, hospital, or educational establishment. If the intention is to permit essential worker housing as an ancillary use, then a clear and detailed definition of what this constitutes is required. This could be as a percentage of floor space or capped at a number of dwellings.
- d. This has recently been an issue with the Blacktown Health and Education Precinct, whereby a predominantly health-related use, such as a hospital, was proposed to have essential worker housing on the site as an ancillary use. The term ancillary was not clear and caused a significant delay in progressing the proposal.

3.3 Appropriate residential development types

- a. It is also important to identify development controls that will be used to assess development applications for essential worker housing. Additionally, clarification is required regarding the type of residential use an essential worker housing will be. As with other residential development, we recommend that a range of dwellings be available for essential workers, including low, medium, or high-density residential developments.

3.4 Appropriate development controls

- a. Whilst it is not our preferred option, if a separate development type is to be proposed, development controls should be clarified. Further, it should be considered if the *Apartment Design Guide* and the requirement for architectural design competitions will apply to essential worker housing.

- b. There should be enough flexibility to achieve good design excellence, planning and affordability outcomes for essential worker housing. Integrating essential worker housing with other housing and ensuring good quality development will help to reduce any stigma attached to affordable housing and will promote design innovation.

3.5 Essential worker housing management

- a. 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.
- b. 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 this society. As such, essential worker housing must be available in perpetuity to ensure a quantum of affordable housing is reserved for this cohort.
- c. We recommend that the inquiry investigate whether essential worker housing will be for rental purposes only or if it can be privately owned and sold. We recommend that it should be available for rental purpose only to ensure the ongoing eligibility of the tenants. A community housing provider should manage the housing, consistent with other affordable housing requirements.
- d. To ensure efficient management and accountability, a lead NSW Government agency such as Homes NSW or a community housing provider should manage essential worker housing in perpetuity. The lead agency can then assess and register eligible community housing providers who will manage essential worker housing in partnership.
- e. If essential worker housing will be available for sale and to be privately owned, a restriction should be placed on the property title to ensure it remains essential worker housing. This may mean that it can only be sold back to a community housing provider or to another eligible candidate.

3.6 Contribution to local infrastructure

- a. Essential worker housing will provide increased housing, leading to an ongoing demand for infrastructure. Given this, essential worker housing developments should contribute towards providing and improving amenities and services and be subject to local infrastructure contributions. This ensures that Council can adequately provide infrastructure for the community.

3.7 Delivering and incentivising essential worker housing

- a. There appear to be no federal or state housing programs or policies that support access to housing for essential workers on a low to moderate income.
- b. We support incentives for privately-owned land developments, opportunities within government-owned land and reforms that promote fiscal sustainability, innovation, and essential worker housing provided in perpetuity.

- c. There are opportunities for the NSW and Australian Governments to offer incentives that enable the timely provision and access of essential workers into purpose-built housing that is close to jobs and services. This requires all levels of government to collaborate and align policies to ensure essential worker housing is delivered successfully across NSW.
- d. Blacktown City Council is working with the Western Sydney Planning Partnership to develop an Affordable housing contributions scheme under Section 7.32 of the *Environmental Planning and Assessment Act 1979*.
- e. If adopted, this will help Council to collect a small contribution (1.5%—3%) from developments across the City to fund affordable housing projects. Where a site-specific rezoning has a demonstrated feasibility that would allow for a higher rate than this, this will also be sought to add to the Scheme.
- f. The NSW Government should set the standard through its own State-led projects, enabling higher affordable housing contribution rates to be paid. This is currently provided for in the proposed Kellyville and Bella Vista Transport-Oriented Development at 3-8%.
- g. Furthermore, the NSW and Australian Government should work with councils to identify appropriate sites for government-funded affordable housing projects.