

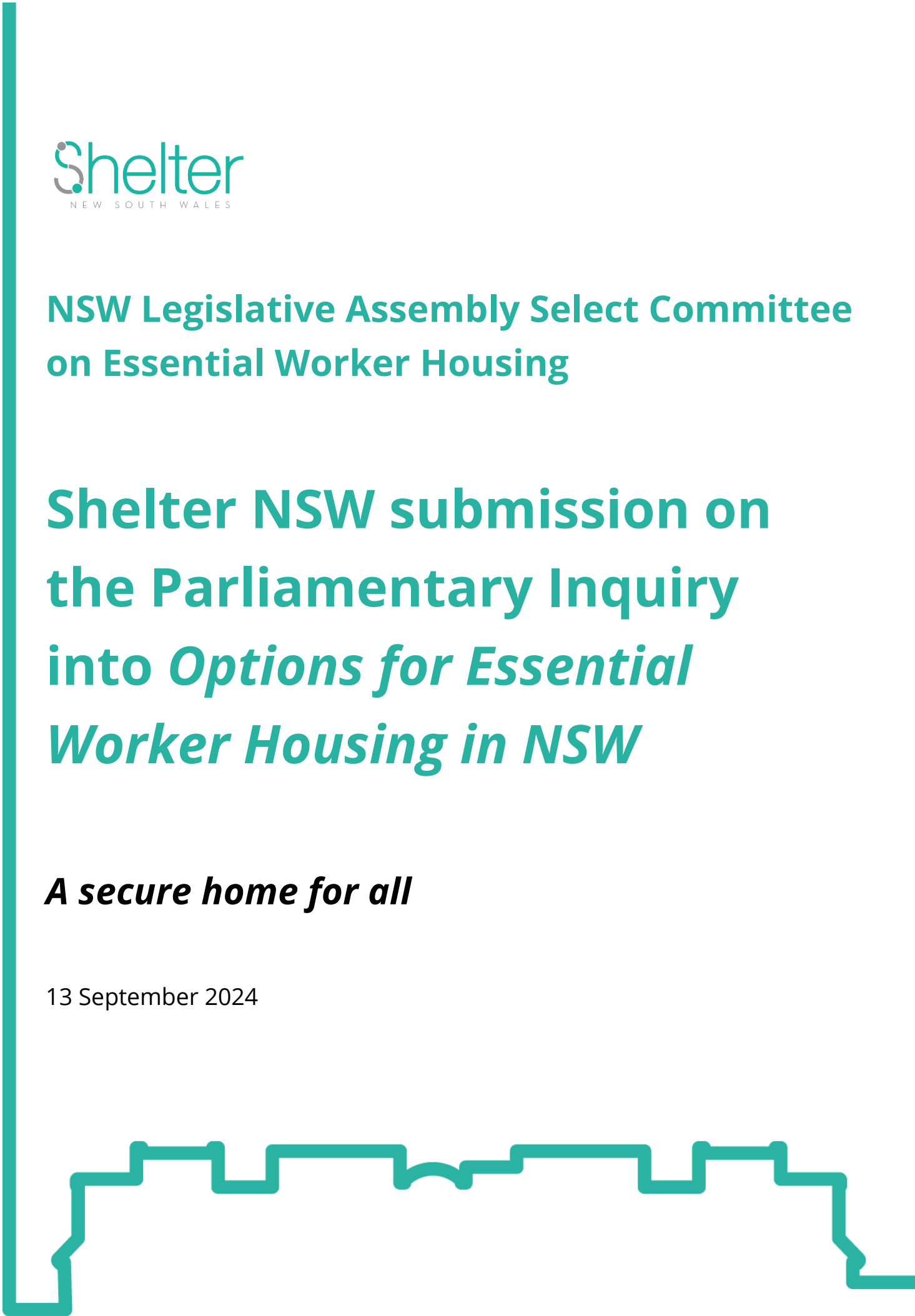


**NSW Legislative Assembly Select Committee
on Essential Worker Housing**

**Shelter NSW submission on
the Parliamentary Inquiry
into *Options for Essential
Worker Housing in NSW***

A secure home for all

13 September 2024



About Shelter NSW

Shelter NSW has been operating since 1975 as the State’s peak housing policy and advocacy body. Our vision is to create a sustainable housing system that provides secure homes for all. We provide systemic advocacy and advice on policy and legislation for the whole NSW housing system to resolve housing inequality.

We are especially concerned for low-income households which struggle to afford good-quality and well-located housing in the private market. We consider a sustainable housing system one that delivers what we call Triple-A housing and Triple-P outcomes.

Affordable and diverse homes	Accessible, well-located housing	Appropriate, high-quality development
Housing supply and demand	Proximity to jobs and services	Amenity and aesthetics
Tenure forms and rights	Access to public transport	Energy and environment
Housing types and sizes	Accessibility and adaptability	Standards and maintenance
Productive cities and regions	Poverty-free communities	Protected neighbourhoods
Access to jobs and services	Housing stress and homelessness	Energy use and consumption
Housing costs and consumption	Physical and mental health	Urban heat
Financial and economic stability	Education access and attainment	Climate resilience and adaptation

At Shelter NSW, we believe that all people deserve to live in housing that delivers these priorities and objectives. We believe the housing system should deliver safe, secure, and affordable living outcomes for all, regardless of tenure type.

We work closely with our membership base, which consists of organisations such as the Tenants Union NSW and NSW Council of Social Service, as well as individual members (academics, advocates, social workers, public housing tenants, and renters). We are part of the Sydney Alliance and Hunter Community Alliance, and we regularly meet with local Councillors, planning staff, public servants, community advocates, local MPs, Ministers, and the Rental Commissioner. It is through these various alliances, campaigns, and meetings that we form and advocate our positions on core and nascent housing matters, such as “essential worker” housing.

About our submission

Shelter NSW sincerely thanks the Committee for the opportunity to provide comment on options for “essential worker” housing in NSW. We recognise that this is a topical issue, and we are keen to situate this topic within the broader housing discourse.

In forming our response to the Inquiry, we recognise that there are a number of programs that the NSW Government could apply to assist “key/essential worker” households (for example, shared equity schemes). Our response however tends to focus on rental housing, particularly Affordable Rental Housing, as we assert this is the key reform area needed to improve housing justice for working-class families.

Our submission focusses less on a prescriptive definition of “essential worker” (though we do address it) and more on the existing policy settings that need to be rectified or enhanced to support non-market housing provision in our State.

We also wish to draw attention to the impact of whole-home “short-term rental accommodation” in exacerbating worker displacement and gentrification effects. We highlight the failings or oversights of the NSW Government in adequately planning for fluctuations in the housing market arising from major regional resource and infrastructure projects. And finally, we caution the Committee against housing outcomes that would result in security of tenure being too closely tied to employment status.

Executive Summary

Students of Australian history will note that the original 'essential worker' housing in Australia was Public Housing. It accommodated returned service personnel, workers and their families en masse from the 1940s. Recent decades have seen low and declining rates of Public Housing construction with the result of historically low stocks of Public Housing. Shelter NSW recognises that despite its origins, current Social Housing (Public and Community Housing) is rationed for very low income and/or vulnerable households in NSW.

We advocate for the return of Social Housing to 5% of all housing stock in the short-term; restoring the safety net for the most vulnerable. In the longer term, we are calling for Social Housing stock to grow to 10% by 2041. This is not a fantastical or unrealistic percentage to strive for. Shelter NSW advocacy in the 10% range would still leave NSW **below the average** of many OECD jurisdictions¹. Stock at this higher level would enable the NSW Government to widen its eligibility criteria for Social Housing, with the opportunity of many more low-income workers once again qualifying for 'workers housing' (Public Housing).

¹ OECD Affordable Housing Database. (2022). *PH4.1 Social Rental Housing Stock*. Retrieved from <https://www.oecd.org/els/family/PH4-2-Social-rental-housing-stock.pdf>

The lack of affordable housing available to low-medium income households **is** a problem. Beyond the well-known issues of excessive commuting times experienced by workers in these households, there are growing problems for the state of NSW. The lack of reasonably priced housing close to workplaces is impacting workforce attraction, participation, mobility and retention.

So, if the lack of housing affordable to low-medium income households (which includes workers) is the problem, what is the solution?

Shelter NSW's general position is that despite the best hopes and good intentions, a general 'housing supply' response is inherently unreliable. It is unlikely that enough additional housing will materialise in the short-medium term; such that rising rental vacancy rates will enable people seeking private rental properties close to their work (or highly reliable and accessible transport) to secure it.

There is a very limited stock of regulated Affordable Rental Housing available across Greater Sydney and in other key employment centres in NSW. Questions about employment-based eligibility definitions for such a scarce product can, therefore, seem somewhat academic.

We are not convinced of the need for, or even the merit of, increasingly cumbersome Affordable Housing eligibility requirements linked to job type.

The only obvious exception to this would be employer-driven housing programs – whether they be public or private sector, linked to specific public service delivery commitments or large infrastructure projects.

We see the need for a large and widespread Affordable Housing program accessible to low-to-medium income households, regardless of occupation type. The NSW Government's ambition for the Transport-Oriented Development (TOD) program to deliver many thousands of Affordable Rental Homes is an example of the response required. While we have advocated to the NSW Government for careful consideration of the types of Affordable Housing that ought to be demanded in that program (regarding diversity of dwelling sizes, income and household types) we have remained agnostic on occupation type.

In this submission, we repeat and elaborate our calls for a substantial growth of Social Housing. We strongly advocate for the sustained growth of Affordable Rental Housing - in addition to Social Housing (not instead of it).

A substantial growth of Affordable Rental Housing, an offering (technically) available to low paid workers like those in aged care, responds to a vital group of working-class households that are often overlooked; financially stressed renters in the insecure, private residential housing market who otherwise generally may not qualify or be prioritised for Social Housing.

We point to the widespread general community confusion about the umbrella term of 'Affordable Housing', sometimes used interchangeably with essential worker or key worker housing. To assist the Committee, we refer to foundational legislated definitions but suggest that the existing policy and regulatory landscape is missing several important requirements regarding Affordable Rental Housing and further, that this ought to be (and can be) addressed by the NSW Government.

It is our view that the NSW Government (except for in its own role as an employer or approver of large infrastructure projects) must remain agnostic about *how* income is earned and instead turn its mind to good governance in resolving existing Affordable Housing framework gaps. This policy focus would unreservedly benefit not just “essential workers” but all households struggling in the private rental market (especially low-income and marginalised cohorts).

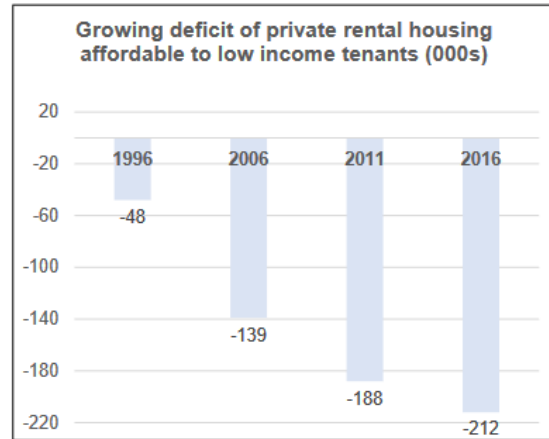
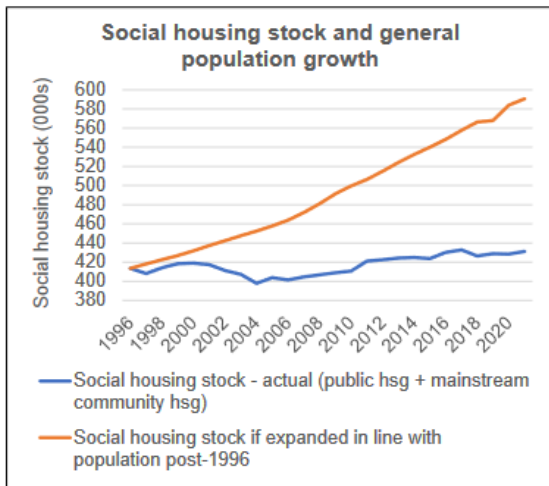
Social Housing

A key component of the housing spectrum which is necessary for any community to sustainably function and thrive, is the provision of Social Housing. The intent of both Public and Community Housing (as subsets of Social Housing) is to adequately house people on very low, low, and moderate incomes. Public Housing renewal, construction, acquisition, and augmentation is a State responsibility.

Public Housing has moved away from being a valued part of the housing mix in the 1940s – housing that era of “essential workers”, their families, and welfare recipients alike – to being a highly rationed form of housing for very vulnerable populations with complex needs².

At Shelter NSW, we have long advocated for **Social Housing stock growth to be commensurate with population growth**. Social Housing stock growth has not kept pace with population growth for many decades and by extension has not kept pace with demonstrated housing need of low-income households (see Figures over the page):

² Pawson, H., Milligan, V., & Yates, J. (2020, p. 104). *Housing Policy in Australia: A case for system reform*. (P. Macmillan, Ed.) Singapore: Springer Nature. doi:<https://doi.org/10.1007/978-981-15-0780-9>; Pawson, H. & Lilley, D. (May 2022). Working Paper: Managing Access to Social Housing in Australia - unpacking policy frameworks and service provision outcomes. *UNSW City Futures Research Centre*. Retrieved from https://shelternsw.org.au/wp-content/uploads/2022/05/Waithood_paper.pdf



Sources: ABS; Productivity Commission ROGS

Source: Hulse et al. (2019) – original data from ABS Census



Figure 1. Extracted from [UNSW City Futures Research Centre presentation](#) (Hal Pawson).

Accordingly and since the 1990s, the private renting cohort in Australia has grown and dove-tailed with a decrease in home ownership:

Proportion of households by housing tenure type, 1994–95 to 2019–20

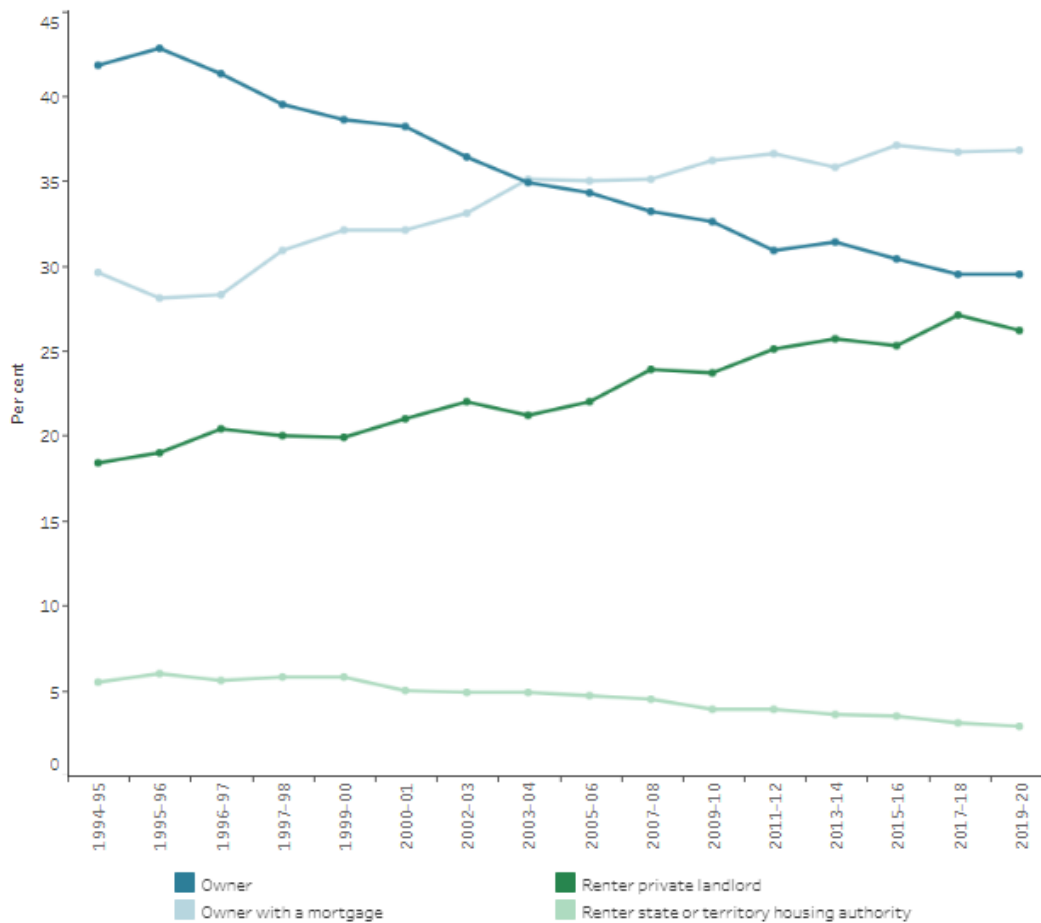


Fig 2. Extracted from [Australian Institute of Health & Welfare](#).

Therefore, many households of varying incomes and life stages are surviving/struggling in the ‘wild west’ of the private rental market. **Those most vulnerable to spatial inequalities in access to appropriate housing are low-income and other marginalised households** (First Nations people; CALD households; young adults/students; people with a disability; some members of the LGBTQ+ community; victim-survivors of domestic violence; the elderly) who routinely struggle to compete against wealthier or ‘safer’ rental candidates in the private rental market.

These changes in tenure dynamics are no accident; it is through Commonwealth and State tax settings, concessions, investments, policies, and legislation that housing/land has become a financial product or a wealth-creation vehicle (for a few landholders). The private housing market in this country is consistently and persistently failing to provide secure, well-located, and affordable shelter especially for the lowest 40 percent of income earners.

To remedy this, **Shelter NSW asserts that the total proportion of Social Housing stock must grow to be at least 1 in 10 homes across the State.** This is not a fantastical or unrealistic percentage to strive for; Shelter NSW advocacy in the 10% range would put NSW **below the average** of other OECD jurisdictions³.

Utilising data provided by the NSW Department of Planning on population projections and implied dwelling demand⁴, our 10% stock ask would materially result in **approximately 430,000 dwellings being Social Housing in NSW by 2041.** As there are approximately 155,000 Social Homes in existence across the State⁵, our 10% of stock ask requires **at least an additional 275,000 Social Housing dwellings to be delivered by 2041.**

Affordable Housing

Similarly, we are strong advocates for Affordable Rental Housing stock growth in addition to Social Housing (**not instead of it**).

There currently exists mass confusion over what is meant by “Affordable Housing” in NSW. “Affordable Housing” is an umbrella term for Public, Community, Social, Aboriginal, and Affordable Rental Housing in the NSW planning framework⁶. “Affordable Housing” is therefore a suite of dedicated, targeted housing products. Subjective “housing

³ OECD Affordable Housing Database. (2022). *PH4.1 Social Rental Housing Stock*. Retrieved from <https://www.oecd.org/els/family/PH4-2-Social-rental-housing-stock.pdf>

⁴ NSW Department of Planning & Environment. (2022). *GCC Six Cities 2022 CPA Population and Dwelling projections*. Retrieved from <https://www.planning.nsw.gov.au/Research-and-Demography/Population-Projections/Explore-the-data>

⁵ AIHW. (June 2023). *Data Tables: Social housing dwellings 2023*. Retrieved from <https://www.aihw.gov.au/getmedia/1af826ad-fcf3-43a0-93f9-87513a8c02d1/AIHW-HOU-334-Data-tables-Social-housing-dwellings.xlsx>

⁶ Note that “Public Housing”, “Social Housing”, “Community Housing”, “Aboriginal Housing”, and “Affordable Rental Housing” are not explicitly listed as definitions in the *Environmental Planning & Assessment Act 1979*, associated Regulation, or any associated Environmental Planning Instruments. “Social housing provider” is a defined term in the *State Environmental Planning Policy (Housing) 2021*.

affordability” discussions about the private housing market are not to be confused with ring-fenced Affordable Housing dwellings.

The definition of “Affordable Housing” in the [Environmental Planning & Assessment Act 1979](#) (s1.4) and [State Environmental Planning Policy \(Housing\) 2021](#) (cl13) combine to mean⁷:

Housing for very low income households, low income households or moderate income households, being such households as are prescribed by the regulations or as are provided for in an environmental planning instrument...

(1) In this environmental planning instrument, a household is taken to be a very low income household, low income household or moderate income household if—

(a) the household—

(i) has a gross income within the following ranges of percentages of the median household income for Greater Sydney or the Rest of NSW—

(A) very low income household—less than 50%,

(B) low income household—50–less than 80%,

(C) moderate income household—80–120%, and

*(ii) **pays no more than 30% of the gross income in rent**, or*

(b) the household—

(i) is eligible to occupy rental accommodation under the National Rental Affordability Scheme, and

(ii) pays no more rent than the rent that would be charged if the household were to occupy rental accommodation under the Scheme.

(2) In this section—

Greater Sydney means the area that the Australian Bureau of Statistics determines from time to time to be the Greater Sydney—Greater Capital City Statistical Area.

National Rental Affordability Scheme has the same meaning as in the [National Rental Affordability Scheme Act 2008](#) of the Commonwealth.

Rest of NSW means the area that the Australian Bureau of Statistics determines from time to time to be the Rest of NSW—Greater Capital City Statistical Area.

With the National Rental Affordability Scheme ending and approximately 1,000 properties already expired and a further 5,600 properties to be taken out of circulation nationally by 2026 when the Scheme ends⁸, **in-perpetuity Affordable Rental Housing is needed more than ever** to accommodate not just everyday people in precarious housing, but also those tenants who are no longer (or will no longer be) supported by NRAS accommodation.

⁷ The following definition was also explicitly referenced in the Department of Planning, Housing and Infrastructure's [Frequently Asked Questions page](#) on recent reforms to the *Housing SEPP*.

⁸ Australian Government - Department of Social Services. (June 2021). *NRAS*. Retrieved from https://www.dss.gov.au/sites/default/files/documents/08_2021/nras-quarterly-report-30-jun-2021.pdf

Affordable Rental Housing eligibility currently caters to workers such as aged care workers, delivery personnel, casual hospitality and retail staff, early career health professionals, and early childhood educators. These are workers who are increasingly falling into rental stress with all-time-low national rental vacancy rates⁹, and are being pushed further out of the same suburbs in which they are expected to work¹⁰.

In theory then, **Affordable Rental Housing tenure options respond to a vital group of working-class households that are often overlooked** – financially stressed renters in the insecure, private residential housing market who otherwise generally may not qualify or be prioritised for Social Housing.

What *is* missing in the existing policy and regulatory landscape of Affordable Housing (specifically for Affordable Rental Housing) are routinely enforced standards for:

- a) Affordable Housing uptake (mandatory inclusionary zoning within developments)¹¹
- b) tenant eligibility (balanced mix of income-bands)
- c) rent-setting as linked to a maximum percentage of income (no more than 30%)
- d) Affordable rent-setting timeframes (in-perpetuity as registered on land titles)
- e) Affordable Housing development monitoring (state-wide register of Affordable Housing brought online and nominated CHPs for management)
- f) design quality of Affordable Housing dwellings as subsets of private housing developments (ensuring high proportions of Affordable Housing dwellings meet the *NSW Apartment Design Guidelines* in each and every private development)
- g) Universally accessible design to at least silver standard in the *Livable Design Guidelines* for Affordable Rental Housing properties
- h) Family-sized apartments (3+ bedrooms) to increase apartment diversity mix and accommodate multigenerational families, particularly in South West Sydney¹².

The NSW Government has jurisdiction over resolving all these policy and regulatory considerations. In fact, Shelter NSW has taken the position recently in correspondence with the NSW Community Housing Registrar that we believe the policy focus for the State Government should be to reiterate income-based eligibility and rent-setting practices for Affordable Housing through the [NSW Affordable Housing Ministerial Guidelines](#) and planning legislation definition. **It is our view that the State Government must remain agnostic about *how* household income is earned and instead turn its mind to good**

⁹ Lutton, E in *Domain AU*. (3 February 2023). *Tenants struggle to find homes as rental vacancy rate hits new low*. Retrieved from <https://www.domain.com.au/news/national-vacancy-rates-hit-their-lowest-point-since-domain-records-began-1116239/>

¹⁰ Gilbert, C., Nasreen, Z. and Gurran, N. (2021). *Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities*, AHURI Final Report No. 355. Australian Housing and Urban Research Institute Limited, Melbourne. Retrieved from <https://www.ahuri.edu.au/research/final-reports/355>

¹¹ More reading on a) and b) can be found in Gilbert & Zanardo's paper for Shelter NSW (January 2024) [What an Inclusionary Housing Policy should be](#)

¹² Read more at [Understanding Overcrowding in South West Sydney](#) (Judith Stubbs & Associates for Shelter NSW, January 2023).

governance in resolving existing Affordable Housing framework gaps. This policy focus would unreservedly benefit not just “essential workers” but all households struggling in the private rental market (especially low-income and marginalised cohorts).

Shelter NSW asserts that if the State Government instituted the correct settings for Social and Affordable Housing to flourish, then many of the perceived issues around housing “essential workers” would vanish. This is particularly true for the Transit-Oriented Development Program and other planning reforms that seek to upzone for density in key transit hubs and town centres; requiring genuinely inclusive renewal in these upzoned areas would ensure people of all incomes (and professions) could afford to live in well-connected, well-serviced, green-canopy neighbourhoods¹³. The effects of gentrification cannot be ignored in assessing how and why working-class households are increasingly being forced further afield from their traditional communities and places of work¹⁴.

“Short-term rental accommodation”

The gentrification and worker displacement effects of home conversions to “short term rental accommodation” must also be acknowledged. We have made repeated representations to the NSW Government on this issue in various formats over the years¹⁵.

“Home sharing” platforms such as Airbnb have moved a long way from being incidental income makers for owner-occupiers in their primary place of residence. In many regional and high amenity locations, the types of homes available on such platforms now operate as quasi-hotels for property investors, being commercial in nature, and with an eroding effect on the total stock of housing able to be used as homes by local residents and renters¹⁶.

Additionally, the proliferation of Airbnb-type properties in neighbourhoods tend to gentrify these areas and further drive-up property prices in Australia; in the period 2015-2017, a strong presence of whole-home Airbnb properties in a postcode accounted for a \$31,000 increase in house sale prices, and \$10 increase in weekly rents¹⁷.

¹³ Shelter NSW x Planning Institute of Australia (September 2023) [Joint Letter on Inclusive Renewal](#)

¹⁴ Gilbert, C., Nasreen, Z. and Gurran, N. (2021). *Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities*, AHURI Final Report No. 355. Australian Housing and Urban Research Institute Limited, Melbourne. Retrieved from <https://www.ahuri.edu.au/research/final-reports/355> ; Shelter NSW (June 2024). Article: [Density done well – not all TODs are equal](#).

¹⁵ [Shelter NSW submission \(March 2024\)](#) to DPHI on its *Short-term rental accommodation discussion paper*; [Shelter NSW submission \(March 2023\)](#) to the NSW Independent Planning Commission (Public Hearing) on the *Byron Shire short-term rental accommodation planning proposal*.

¹⁶ Sigler, T. & Panczak, R. in *The Conversation AU*. (13 February 2020). *Ever wondered how many Airbnbs Australia has and where they all are? We have the answers*. Retrieved from <https://theconversation.com/ever-wondered-how-many-airbnbs-australia-has-and-where-they-all-are-we-have-the-answers-129003>

¹⁷ Hodgson, L. (2023). *Accounting for Airbnb in the housing market*. PIA National Congress. Retrieved from <https://www.planning.org.au/documents/item/12420>

The lure of higher-profits per week in converting a dwelling to non-hosted accommodation through easy-to-use platforms such as Airbnb has gone basically unchecked in NSW:

Table 1. Growth of whole-home Airbnbs in various locations

LGA (2016 boundaries)	Number of whole-house accomm listed on Airbnb - Nov 2018 ¹⁸	Number of whole-house accomm listed on Airbnb - Nov 2023 ¹⁹	Growth rate (%)
Eurobodalla	569	1056	85.6
Wyong	505	892	76.6
Snowy River	747	1296	73.5
Cessnock	524	877	67.4
Wingecarribee	444	742	67.1
Ballina	448	774	66.1
Port Stephens	959	1537	60.3
Tweed	967	1452	50.2
Shoalhaven	2669	3864	44.8
Coffs Harbour	583	843	44.6

A clear relationship between rental vacancy rates and COVID-19 restrictions on tourism and travel demonstrate the extent to which homes have been leaching out from the long-term rental market (and the exceptional circumstances under which they will return):

Table 2. Rental vacancy rates, Rental Bond lodgements, pandemic restrictions on travel

Location (postcode)	Month year	Residential rental vacancy rates ²⁰	Month year	Annual change (%) in new Rental Bond lodgements ²¹
Byron 2481	April 2019	4.5	March 2019	-16.46
	January 2020	2.2	March 2020	18.22
	April 2020	7.5		
	January 2021	0.9	March 2021	-5.35
Ballina 2478	April 2019	0.8	March 2019	0.57
	January 2020	1.5	March 2020	10.51
	April 2020	2.4		
	January 2021	0.2	March 2021	-19.79
Tweed 2485	April 2019	0.7	March 2019	2.17
	January 2020	0.6	March 2020	7.19
	April 2020	1.6		
	January 2021	0.3	March 2021	-12.65
Grafton 2460	April 2019	1.4	March 2019	-13.63
	January 2020	2.0	March 2020	15.77
	April 2020	2.4		
	January 2021	1.0	March 2021	-9.49

This finding accords with the Department of Planning, Housing and Infrastructure’s own estimates from the NSW STRA Register and comparing rental bonds data that **approximately 50% of non-hosted “STRA” were once available on the traditional long-term rental market²²**.

¹⁸ Cox, M. (2021). *Inside Airbnb*. Retrieved from <http://insideairbnb.com/get-the-data.html> [spreadsheet avail on request]

¹⁹ Cox, M. (2022). *Inside Airbnb*. Retrieved from <http://insideairbnb.com/get-the-data.html> [spreadsheet avail on request]

²⁰ SQM Research. (n.d.). *Residential vacancy rates by postcode*. Retrieved from https://sqmresearch.com.au/graph_vacancy.php

²¹ NSW DCJ. (n.d.). *Previous rent and sales reports*. Retrieved from https://www.facs.nsw.gov.au/resources/statistics/rent-and-sales/back-issues?result_536530_result_page=3

²² Mentioned in conversation with the STHL Team, P McManus (13 March 2024)

The NSW Independent Planning Commission in its *Final Advice Report*²³ to the NSW Planning Minister – drawing on [technical advice from AHURI](#) – **recommended a 60-day cap as a threshold point beyond which, a house is likely no longer operating as a home** and more like a commercial accommodation provider.

On the whole, non-hosted holiday accommodation is not a form of housing diversity and regulations should not be couched in the *Housing SEPP*.

Commercialised non-hosted, whole-home holiday accommodation is “tourist and visitor accommodation” and not an ancillary use to a “dwelling house”²⁴. Simplifying non-hosted, non-principal place of residence holiday accommodation as “heads on beds = residential” belies the commercial nature of these quasi-hotels that operate for more than 30/60/90 nights per year, particularly as these accommodation arrangements are generally not underpinned by a standardised lease agreement within the meaning of the *NSW Residential Tenancies Act 2010*.

We therefore maintain that whole-home, non-principal place of residence, and unhosted holiday accommodation is a change of use within the NSW planning framework when used for these purposes in excess of day-cap “norms” and that local Councils should be able to regulate these uses as they would any other change of use DA.

The ability to regulate whole-home conversions to the short-stay market as ‘changes of use’ is even more important as residential tenancy reforms to end no-grounds evictions (and replace with reasonable grounds) are underway²⁵. We maintain that a ‘change of use’ as a reasonable ground for evicting a tenant is **only** reasonable where that change of use is adequately co-regulated by the NSW planning system. This is an important safeguard for renters in the private market, where the majority of “essential workers” reside.

²³ Coakes, S., Grant, J. and Mackay, R. (24 April 2023). *Byron Shire Short-Term Rental Accommodation Planning Proposal: Final advice report*. NSW Independent Planning Commission. Retrieved from https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/projects/2022/12/byron-shire-short-term-rental-pp/advice/230424_byron-stra-pp_advice-report_final.pdf

²⁴ *Dobrohotoff v Bennic* [2013] NSWLEC 61. Retrieved from <https://www.caselaw.nsw.gov.au/decision/54a6399b3004de94513da983>

²⁵ NSW Government. (28 July 2024). Media release: [Making renting fairer in NSW](#).

Defining an “essential worker”

There is no universal definition of “essential worker” in Australia nor in NSW.

Any discussion about defining an “essential worker” for the purposes of prioritised access to housing must firstly consider what problem is trying to be solved: housing availability, housing affordability, or both? Key worker housing for public sector workers like teachers or police in rural and remote areas, for example, are primarily about securing available housing (with affordability not necessarily an issue).

Generally however, housing unaffordability is at alarming levels²⁶ and talks of a ‘housing crisis’ in acute terms can disguise the nature of the housing system in Australia **chronically** being unaffordable for low-income households (see Figure 1 above).

Housing availability (including lack of housing diversity) is an intermingling factor with housing unaffordability, but also is a standalone facet of inadequate housing, highlighting the lack of responsiveness in the private housing market to household demand and unmet housing need.

The intersection of housing unaffordability, housing unavailability, and working-class groups keenly impacted by these challenges has been explored to various degrees in academia. There are particularly instructive warning signals sounded in this [Report](#) (Gilbert, Nasreen & Gurran, 2023) on worker displacement, gentrification, and emerging themes of losing “essential workers” from the likes of Parramatta. The phenomenon of struggling to attract and retain “essential workers” (although they are not labelled as such in older reports) from eastern, northern and central suburbs of Sydney is well-ingrained²⁷, and turning the tide on this has been a core consideration for likes of the City of Sydney and Waverley Councils for many years through Affordable Housing Contributions Schemes.

During the height of the COVID-19 pandemic, the concept of “essential workers” was thrown into the mainstream as “essential workers” were exempt from certain lockdown practices. This era produced many lists and iterations of “essential services” and “essential workers”. In this vein, **we appreciate the broader scope that was applied to “essential services” that support key workforces**²⁸. For example, it is not only the nurses, doctors, and paramedics who are essential to hospitals being able to function, it is also the wardspeople, the hospital caterers, the linen staff, administration staff, IT support staff, equipment maintenance staff, and cleaners.

²⁶ National Housing Supply and Affordability Council. (2024). [State of the Housing System](#)

²⁷ Gilbert, C., Nasreen, Z. and Gurran, N. (2021). *Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities*, AHURI Final Report No. 355. Australian Housing and Urban Research Institute Limited, Melbourne. Retrieved from <https://www.ahuri.edu.au/research/final-reports/355>; van den Nouwelant R, Crommelin L, Herath S, and Randolph B. (2016). *Housing affordability, central city economic productivity and the lower income labour market*. AHURI Final Report No. 261

²⁸ ABC News. (14 January 2022). [Which jobs are now considered essential under the new national cabinet agreement?](#)

Quite rapidly then, this vexed exercise moves from “who is an essential worker?” to “who is **not** an essential worker?”, which seems a fraught line of questioning.

So, whilst Shelter NSW is of the view that industries and supporting roles specifically highlighted during the COVID-19 pandemic lockdown periods are instructive to conceptualising “essential workers”, there are broader criteria to consider²⁹:

- What roles cannot be performed remotely and require on-site attendance?
- What roles involve shift work or being on-call (making use of public transport more difficult)?
- What roles pay (at best) moderate salaries (up to 120% of median income, differentiated by region)?
- What roles have chronic labour shortages (and at what regional scales)?

This is not an exhaustive list and roles/industries would not need to meet all of the above criteria. **This is an indicative list that we hope turns the Committee’s mind to the complex nature of trying to narrowly define “what is an essential worker” at a state government level.**

Wider philosophical questions must be asked: are artists, performers, and cultural entertainers who we rely on for vibrancy and urban character not also considered essential to a city/town thriving? Are stay-at-home parents raising the next generation not essential workers in the broader sense of population and economic wellbeing? On this last point, the [Productivity Commission](#) warned that Sydney is on-track to becoming “the city with no grandchildren”. It must also be explicitly acknowledged that casualised (yet) essential workforces in the carer economy, hospitality, and retail tend to also be highly gendered (women)³⁰ and that “essential worker” households are overwhelmingly not lone person households³¹. **A broader view of the way communities want cities and towns to grow and be inclusive needs to be considered**, if we are to arrive at a set of holistic criteria for “essential workers” at any geographic scale.

We call on the State Government to continue (and increase) resourcing for local Councils to undertake local needs-assessments on housing and labour shortages.

Studies and programs at the local government level have been utilised to guide needs-assessments of worker shortages and key interventions (e.g. dedicated housing)³². Many of these types of studies across NSW were likely identified as actions in Local Housing Strategies, with specific funding needing to be sought from the NSW Government to undertake “essential worker” housing studies³³. A business advocacy group, Business

²⁹ Gilbert, C., Nasreen, Z. and Gurran, N. (2021). *Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities*, AHURI Final Report No. 355. Australian Housing and Urban Research Institute Limited, Melbourne. Retrieved from <https://www.ahuri.edu.au/research/final-reports/355>

³⁰ International Labour Office. (2023). *World Employment and Social Outlook 2023: The value of essential work – Chapter 1*.

³¹ Gilbert, C., Nasreen, Z. and Gurran, N. (2021, p. 54). *Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities*, AHURI Final Report No. 355. Australian Housing and Urban Research Institute Limited, Melbourne. Retrieved from <https://www.ahuri.edu.au/research/final-reports/355>

³² Example of Hornsby Shire Council conceptualising housing need for key worker profiles (2024): [Attachment to Report No PC17/24: Draft Affordable Housing Strategy](#)

³³ Example being the NSW Government’s [Regional Housing Strategic Planning Fund \(August 2022\)](#) with eligible grants for housing strategies, supporting technical studies, and other projects that identify solutions to broader housing issues.

Illawarra, commissioned its own report into [Illawarra Shoalhaven Affordable Housing Strategic Options](#) (Judith Stubbs & Associates, February 2023), in recognition of the link between robust Affordable Housing options and attracting/retaining key workforces.

We further encourage the NSW Government – [in setting 5-year local housing targets for Councils](#) – to **co-commit its own targets for delivery of Social Housing in each LGA**. Additionally, the State Government should action fast-tracking of Affordable Housing Contributions Schemes for local Councils (the Department of Planning, Housing and Infrastructure has a history of severely slowing down Schemes at Gateway Determination).

Planning opportunities

Better use of different land zone typologies to support worker housing should be considered by the Committee. Special Purpose Zones (SP1, SP2) host infrastructure and special facilities across every LGA. Potentially, some SP zones are underutilised for associated workforce housing.

We recently commissioned research into Social and Affordable Housing opportunities around various train stations and noted the untapped potential for swathes of surplus SP zoned land. You can read the [research report here](#) and its [executive summary](#).

The Department of Planning, Housing and Infrastructure does not support “temporary and seasonal workers accommodation” in SP zones in regional areas, per its [Draft Guideline](#). Yet, seniors housing is permissible on SP2 zoned land if that land otherwise allows for educational establishments, hospitals, or places of public worship³⁴. **Shelter NSW encourages the State Government to undertake a holistic review (in collaboration with local Councils) of SP zoned land** and in what instances housing (and for whom) is potentially appropriate at these sites.

Regional infrastructure, resource projects, and housing demand

A failure to plan for flux in demand for housing as a result of large-scale infrastructure projects, renewable energy zones, and mining/resource expansion contributes to significant social challenges in regional and rural areas. Local residents who are not earning big wages in boom industries often bear the brunt of a tightened rental market, especially where project proponents do not ‘cough up’ their fair share of housing contributions.

³⁴ [Housing SEPP 2021, Housing for seniors and people with a disability](#), Chapter 3 Part 5

Social Impact Assessments that include an assessment of housing market impacts associated with proposed development projects only need to be completed for State Significant Development or State Significant Infrastructure. This means that some Development Applications for an expansion to a mine's operations, or other developments that do not meet "State Significant" thresholds face less scrutiny on housing market impacts. Local councils are oftentimes ill-equipped or disempowered to question project proponents on housing market impacts – especially 'cumulative' social impacts (e.g. housing) if many proponents are simultaneously active.

Local Councils suffer from this lack of State-led planning and support; Dubbo's [Research Report: Analysing short-term worker accommodation needs](#) (March 2023) arguably arose from the need to retrospectively understand the cumulative housing impacts of several renewable and mining developments in the LGA.

Shelter NSW also notes that State Government initiatives – such as the regional promotional strategy [Make the Move](#) – tend not to adequately resource regional communities to house these essential workforce "movers" despite the promotional spin of a "better quality of life" for workers and their families.

Existing "Key worker" housing

Existing Key Worker Housing programs, such as those administered by the Teachers Housing Authority, have historically served regional and remote communities where limited quantities of housing has necessitated government intervention to secure housing stock and attract/retain teachers.

For instance, as of 2019-2020, there were an estimated 1,300 residences with the Teacher Housing Authority in NSW in mostly regional locations³⁵. With the assistance of recent NSW Budget announcements³⁶, Key Worker housing programs are experiencing renewed vigour.

We anticipate that the Committee is interested in a more expansive categorisation of "essential workers", within which may sit existing understandings of "key worker" housing programs delivered by public authorities.

If "essential worker" housing is to be taken up as a policy and land use priority, **we do support the expansion of Departmental remits to ramp-up housing for associated "key" workforces**, such as the creation of a NSW Health Housing Authority being the vehicle by which surplus NSW Health-owned land is used to accommodate associated "key" workforces (not just nurses' quarters, but for wardspeople, cleaners, caterers, other low-income or early-graduate roles, and their families).

³⁵ NSW Government. (2020). [Teacher Housing Authority of NSW – Annual Report 2019-20](#).

³⁶ NSW Government. (18 June 2024). Media release: [NSW Budget – Building homes for New South Wales](#).

Tenure tied to employment status

Shelter NSW ultimately, however, wishes to caution the Committee on the potential perverse effects of having housing tied so closely to employment status, and the opportunities for exploitation that will arise.

Existing Key Worker housing programs tend to include ineligibility clauses as grounds for termination in lease agreements, based on cessation of employment or change of job roles³⁷. **We question the level of support that is offered to tenants that are shunted from their homes** due to a change in employment or income circumstances.

Additionally, the interplay between geographic mobility and job mobility is highly complex, and “essential worker” housing eligibility and tenure termination clauses may negatively impact broader economic goals of removing barriers to labour market mobility. This AHURI paper³⁸ cautions against housing assistance measures that disincentivise renter behaviour (ie geographic moves) to engage more efficiently in the labour market.

Other existing learnings³⁹ on worker exploitation must be internalised by the Committee. Seasonal and itinerant farm workers are notoriously exploited in Australia by unscrupulous labour hire practices (e.g. withholding passports of workers or threatening to cancel visas⁴⁰), poor housing quality⁴¹, isolation, limited privacy, arbitrary rent pre-deducted from pay⁴², and retaliatory homelessness. **Shelter NSW asserts that known exploitative practices such as these must not be allowed to be duplicated** in any setting that prioritises “essential worker” housing obligations.

³⁷ NSW Government. (May 2023). [Housing and eligibility allocation policy](#).

³⁸ Whelan, S. & Parkinson, S. (May 2017, p. 66). [Housing tenure, mobility and labour market behaviour](#). AHURI Final Report No. 280.

³⁹ Parliament of the Commonwealth of Australia. (December 2017). [Hidden in Plain Sight: An inquiry into establishing a Modern Slavery Act in Australia](#). Joint Standing Committee on Foreign Affairs, Defence and Trade.

⁴⁰ Halter, A. in ABC News. (18 July 2023). [Linx Employment under investigation for alleged mistreatment of Pacific Islander workers](#).

⁴¹ Locke, S. in ABC News. (19 October 2017). [Debt bondage for workers in Australian horticulture akin to slavery, inquiry hears](#).

⁴² Fair Work Ombudsman. (n.d.). [Horticulture Showcase: Deductions for accommodation, transport and job finding](#).