

Item 3.2

Inquiry on Essential Worker Housing

File No: S051491

Minute by the Lord Mayor

To Council:

In June 2024, a [NSW Select Committee](#) was established to inquire into Essential Worker Housing, which I welcome.

The Committee is tasked with establishing an appropriate definition for essential worker housing and identifying options to increase housing supply for essential workers including through planning mechanisms, developer incentives, opportunities on government-owned land and other reforms.

Essential workers keep our schools, hospitals and communities running, but without genuine rent-capped affordable housing it can be impossible for them to find suitable accommodation in the City of Sydney area. This is also an issue in regional and remote NSW, where insufficient housing supply leads to worker shortages in healthcare, law enforcement, hospitality, tourism and community services.

Affordable housing for essential workers must be included in the NSW Government's plans to increase overall housing supply.

City of Sydney's submission

During the consultation period, the committee received 106 unique submissions from community groups, health services, councils, community housing providers and developers. The City made a comprehensive [submission](#) that was informed by consultation with Shelter NSW, Tenants Union of NSW, the Community Housing Industry Association and NSW Council of Social Service.

While the inquiry is focused on workers and categories of occupations, access to affordable rental housing should be determined by income and not occupation. Incomes within occupations can vary, and occupation categories may not include all people on low incomes.

The City recommends that housing providers use the City's definition and model for providing Affordable Housing. That is housing that is affordable in perpetuity, managed by a registered not-for-profit Community Housing Provider and rent-capped at 30% of gross household income not 20% below market rent.

The NSW Government is introducing planning changes to encourage more housing supply, including the affordable housing incentives, where developers can access up to 20 to 30% additional height and floor space for providing 10 to 15% Affordable Housing for 15 years. This means we could see more registered for-profit community housing providers managing housing and potentially undermining the not-for-profit sector if not carefully regulated. Any registered for-profit community housing provider must be examined and potentially restricted from this, given they are profit driven unlike registered not-for-profit community housing providers.

The City's submission recommends that where housing is not provided in perpetuity, it must be captured on a centralised register. The provider must also be required to comply with the amount of time housing must be provided as affordable. Providers will require additional government support to manage the registration, allocation and administration of affordable housing.

The NSW Government should introduce a gap funding program for developers to provide more Affordable Housing in perpetuity, like in international jurisdictions and consider a program to extend registered properties from 15 years to in perpetuity.

Importantly, the NSW Government must set Sydney Metro or statewide Affordable Housing targets as well as targets on its own land, not just general housing targets and a timeframe for reaching this target. Widespread Affordable Housing contribution schemes should then be applied in other areas to increase the delivery of housing, like the City's LGA-wide scheme.

Next steps

The Select Committee is due to report back by 16 June 2025. The committee held hearings in October and December in Seaforth and Nowra. It is critical that further hearings are also held in Sydney and that essential services in the inner City, including the City of Sydney that employs many essential workers, are able to provide evidence about the importance of suitable and affordable accommodation close to jobs and services.

Recommendation

It is resolved that:

(A) Council:

- (i) note and endorse the City of Sydney's submission to the Select Committee on Essential Worker Housing dated September 2024; and
- (ii) note the need for affordable housing in perpetuity within the City of Sydney to maintain workers close to essential services; and

(B) the Lord Mayor be requested to write to:

- (i) the Chair of the Select Committee on Essential Worker Housing, Alex Greenwich MP, reiterating the City of Sydney's request to provide evidence at a future hearing; and
- (ii) the NSW Treasurer, the Minister for Planning and Public Spaces, and the Minister for Housing to:
 - (a) provide them with a copy of the City's submission to the Select Committee on Essential Worker Housing;
 - (b) ask them to ensure the NSW Government implements the City's definition of Affordable Housing; housing that is affordable in perpetuity, managed by a registered not-for-profit Community Housing Provider and rent-capped at 30% of gross household income; and
 - (c) ask them to set Sydney Metro or statewide Affordable Housing targets with timeframes including on NSW Government-owned land and require widespread Affordable Housing contribution schemes in other areas to increase the delivery of housing, like the City's Local Government Area-wide scheme.

COUNCILLOR CLOVER MOORE AO

Lord Mayor