



REPORT: Short-Term Worker Accommodation in the Local Government Area

DIVISION: Development and Environment
REPORT DATE: 10 March 2023
TRIM REFERENCE: ID22/2588

EXECUTIVE SUMMARY

Purpose	Provide update	
Issue	<ul style="list-style-type: none"> The Dubbo Regional Local Government Area continues to require significant housing and accommodation options as a result of the economic development of the Region and in particular large infrastructure projects including the Central West and Orana Renewable Energy Zone and the Australian Strategic Materials Toongi project amongst others. Understanding the nature, demand and opportunities for short-term worker accommodation is important to ensure policy and planning responses can adequately address potential implications for the Local Government Area. Council engaged industry consultants Delos Delta to undertake an analysis of short term worker accommodation requirements and to identify policy and other initiatives Council can undertake to ensure the Region can both capitalise from the pulse of investment and to ensure housing availability is not further unreasonably impacted. This report provides an update to Council on the Short-Term Worker Accommodation Study and potential actions to assist the Region moving forward. 	
Reasoning	<ul style="list-style-type: none"> Major employers such as the Critical Minerals Hub, NSW Health and Fletchers International Exports, and major construction projects as such the New Dubbo Bridge, Inland Rail and Australian Strategic Minerals are expected to create a peak worker demand of 5,000 workers. 	
Financial Implications	Budget Area	Growth Planning
	Funding Source	Growth Planning
	Proposed Cost	\$45,400 (exc GST)
	Ongoing Costs	Nil
Policy Implications	Policy Title	Dubbo Regional Local Environmental Plan 2022

STRATEGIC DIRECTION

The Towards 2040 Community Strategic Plan is a vision for the development of the region out to the year 2040. The Plan includes six principle themes and a number of objectives and strategies. This report is aligned to:

Theme: 1 Housing
CSP Objective: 1.3 Short-term and emergency accommodation is available
Delivery Program Strategy: 1.3.1 Short-term accommodation is available for the workforce associated with significant infrastructure, major projects and employment generators

Theme: 3 Economy
CSP Objective: 3.3 A strategic framework is in place to maximise the realisation of economic development opportunities for the region
Delivery Program Strategy: 3.3.3 Major investment is proactively attracted and supported in line with regional opportunities

RECOMMENDATION

1. That Council note the information in this report and the Analysis of Short-Term Worker Accommodation Needs – Research Report (attached in Appendix 1).
2. That Council continues in collaborating with the NSW Government agencies and Energy Co to ensure short-term worker accommodation issues are adequately assessed and addressed in all major projects.
3. That the draft Research Report (Appendix 1) and this report be publicly available and that the industry stakeholders be advised.
4. That Council commence an amendment to the Dubbo Local Environmental Plan 2022 to include temporary workers accommodation as a permissible development activity.

Stephen Wallace
Director Development and Environment

SJ
Manager Growth Planning

BACKGROUND

The Dubbo Regional Local Government Area is experiencing the initial stages of a significant increase in growth and investment associated with a range of large infrastructure and other projects, which once underway and completed will provide long lasting benefits to the Region. Such projects include but are not limited to the following:

- Development of the Central West and Orana Renewable Energy Zone, Stage 1 includes the Dubbo Regional Local Government Area, Warrumbungle Local Government Area, Mid-Western Local Government Area. Additionally land around Wellington has seen a particular uptake in renewable energy activity with a range of wind, solar energy farms in various stages of planning and development processes.
- The Australian Strategic Materials (ASM) Toongi rare earths mine and storage processing facility and the wider Critical Minerals Hub.
- Major construction projects including the New Dubbo Bridge (Newell Highway) and Inland Rail.
- Ongoing growth and development of our major employers in the Region, including (but not limited to), NSW Health, Charles Sturt University and Fletchers International Exports.
- The ongoing impact on Dubbo of the growth and development of the Parkes Special Activation Precinct.

All of the above projects have the potential to impact the provision and availability of accommodation now and into the future.

REPORT

Understanding the nature, demand and opportunities for short-term worker accommodation is important to ensure policy and planning responses can adequately address potential implications for the Local Government Area. As such, Council engaged industry consultants Delos Delta to understand the dynamics of short term worker accommodation in the Region and to explore possible solutions. The objectives of the project are to:

- Analyse short term accommodation needs in the Local Government Area (LGA)
- Understand industry stakeholders' accommodation needs and insights
- Provide a suite of recommendations regarding short-term worker accommodation in Dubbo and Wellington
- Consider the wider need for accommodation models from an investment attraction perspective, including such models that provide a positive lasting legacy

A copy of the draft consultancy report is provided here in **Appendix 1**.

1. Current Short-Term Worker Accommodation Options

The report found that current short-term worker accommodation options in the Region primarily consist of motels, hotels, motor inns and cabins. There are approximately 1,526 rooms with a capacity of 5,684 occupants in the region, with an average occupancy of approximately 75% (which periodically peaks at approximately 85%-95%). However, these options largely accommodate visitors and tourists to the Region.

The rental vacancy rate in the region varies between 1-2%, which has increased from approximately 0.5% in July 2022. There are approximately 140 properties available for rent, but this fluctuates throughout different times of the year.

The high motel occupancy rate and low rental vacancy rate demonstrates supply challenges for short-term worker accommodation options.

2. Consultation Process and Findings

Consultation was undertaken with a range of stakeholders including Inland Rail, Energy Co, NSW Health, Charles Sturt University, Real Estate Institute of NSW, Australian Strategic Minerals, Regional NSW, Dubbo Chamber of Commerce, the Development Industry and various other stakeholders.

Key insights gained include:

- Anticipated timing of major projects, workforce demand, workforce composition and accommodation options and availability;
- Engagement with other key stakeholders;
- Potential solutions to ensure there is sufficient accommodation in the region; and
- Key strengths, challenges and opportunities of the region.

Some opportunities identified by stakeholders include innovative housing solutions, industry partnerships, improved village service delivery and purpose built short-term worker accommodation camps.

3. Anticipated peak of workers

The report has identified the following expected peak staffing numbers. However in reviewing potential staffing numbers, it is difficult to form a full and accurate number as staff numbers may fluctuate with project delivery schedules, economic conditions and the availability of data:

- Inland Rail at Narromine: 250
- Regional Rail Maintenance Facility: 120
- Central West and Orana Region Regional Energy Zone: 3,900
- Australian Strategic Materials project at Toongi: 1,000
- Fletcher International Exports processing plant: 400

- Transport for NSW/other NSW Government Departments: 500

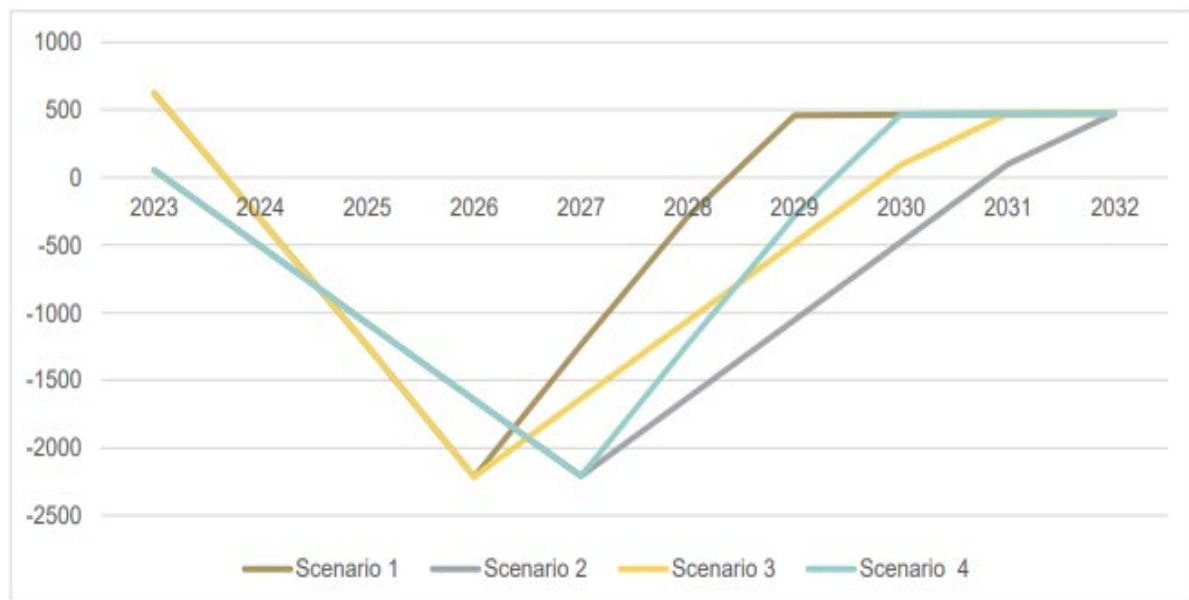
It should also be noted that the above figures do not include the Parkes Special Activation Precinct. However, given the geographical relationship between Dubbo and Parkes, it is reasonably anticipated that Dubbo will also experience a level of growth and development associated with the Special Activation Precinct.

4. Short-fall in Short Term Accommodation

As part of the consultancy project, a short-fall analysis was conducted across a range of scenarios. Each scenario included a short-term worker peak of 5,000 and a constant ongoing worker demand of 1,860 people. The scenarios are as follows:

- Scenario 1: Rapid acceleration of short-term workers followed by a rapid decline.
- Scenario 2: Gradual growth in short-term workers followed by a gradual decline.
- Scenario 3: Fast growth in short-term workers followed by a gradual decline.
- Scenario 4: Slow growth in short-term workers followed by a rapid decline.

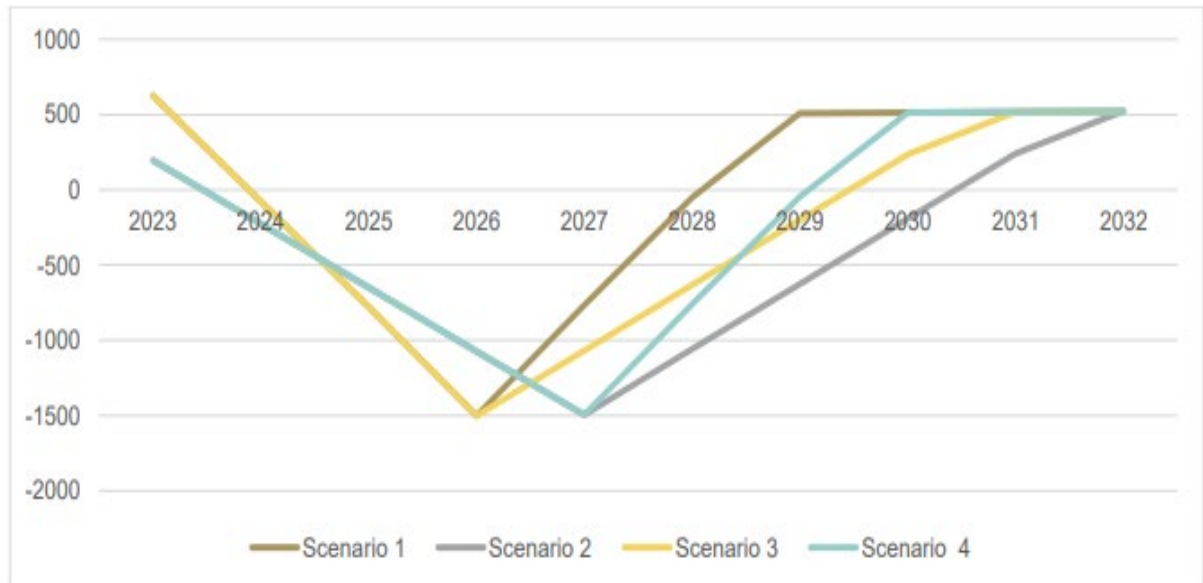
It is also to note that the scenarios provided in the graphs as below are based on short term accommodation dwellings, which have been modelled to have an average occupancy rate of 1.75 persons per dwelling. Long term accommodation has an average of 2.5 people per dwelling.



Graph 1 - 100% of short-term workers requiring accommodation

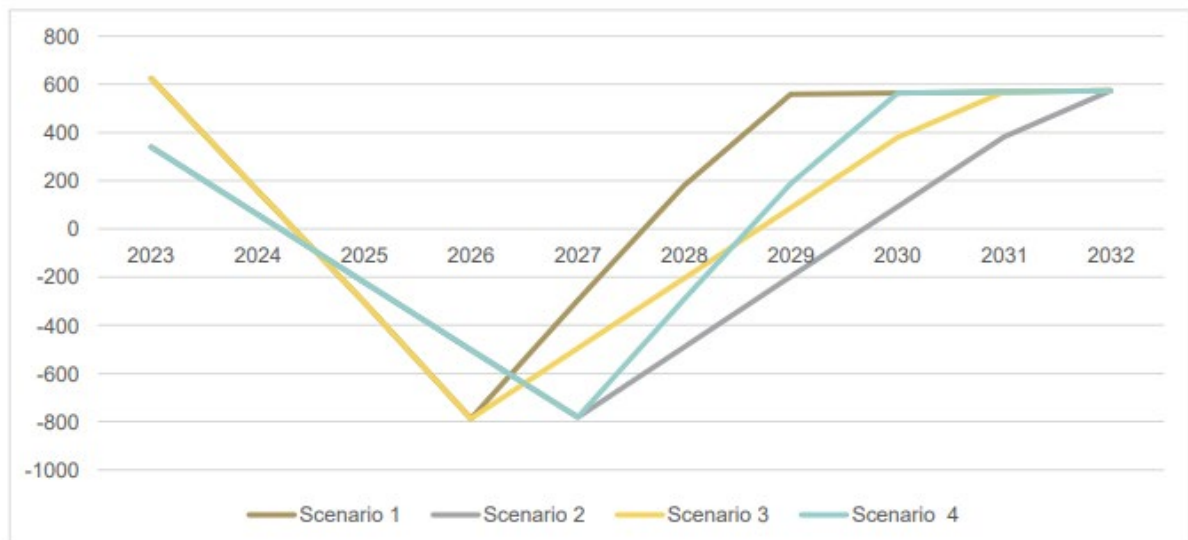
The intensity of the short-term accommodation shortfall peaks at different times for different scenarios. In 2026 Scenarios 1 and 3 demonstrate a shortfall of 2216 short-term dwellings, whereas that peak is reached in 2027 for Scenarios 2 and 4. All scenarios result in a surplus of

474 properties by the end of the assessment period, providing potential opportunity to repurpose infrastructure to address other forms of housing demand.



Graph 2 - 75% of short-term workers requiring accommodation

The short-term accommodation shortfall peaks at 1500 dwellings – in 2026 for Scenarios 1 and 3, and in 2027 for Scenarios 2 and 4. Each scenario presents a surplus of 524 short term accommodation dwellings by the end of the assessment period.



Graph 3 - 50% of short-term workers requiring accommodation

The short-term accommodation shortfall peaks at 784 dwellings – in 2026 for Scenarios 1 and 3, and in 2027 for Scenarios 2 and 4. Each scenario presents a surplus of 574 short term accommodation dwellings by the end of the assessment period.

6. Recommendations

The following options were identified in the report, which are aimed at assisting Council in policy and other settings to help alleviate the short-term worker accommodation issues in the region. Each option provided in the report has been discussed in the following section:

- (a) Create, and support over the medium term, a 'Housing Coordinator' role in Council. Develop a job description, resourcing plan, and run a recruitment process.

Comment

The role of a Housing Coordinator is not currently budgeted for. Whilst an overall Coordinator would offer some benefit to driving housing outcomes in the organisation, this is a role performed by the Chief Executive Officer and Council's Executive Leadership Team.

- (b) Develop a supporting governance group within Council, including a housing taskforce or steering committee (hereafter referred to as The Taskforce). This group will identify and consider the key housing issues for Council at any point in time.

Comment

An internal governance group is in operation that includes cross divisional representatives from infrastructure, strategic planning, development assessment, finance, property, economic development and other areas of Council to discuss various issues and projects concerning housing and strategic growth and development.

This group meets fortnightly and is chaired by the Chief Executive Officer.

- (c) Develop a Taskforce and stakeholder engagement group to identify and consider key housing issues.

Comment

The Dubbo Housing Supply Reference Group has been in operation since 2021 and includes representatives from Real Estate, residential and commercial developers, consultancy, some major employers, Real Estate Institute NSW, Community Housing Providers and others.

However, the Group does not have representation from all major employers, including Energy Co. It is considered that there is a need for a range of major employers to be invited to the Housing Supply Reference Group to participate and to also ensure the range of stakeholders included on the Reference Group can be well informed of project activities associated with major and other infrastructure projects in the Region.

- (d) Build and strengthen data collection and management around housing to better understand challenges, progress and reporting requirements.

Comment

The provision and availability is recognised as a key component of understanding accommodation issues and activity in the Region. A development application dashboard is currently being developed to assist in public data provision in respect of approved projects.

In addition, Council also has detailed population forecasting data, which is publicly accessible. Both the development application dashboard and population forecasting data will be made easily accessible to the public.

- (e) Updating land release plans to immediately increase supply.

Comment

Council's property development activities are undertaken by the Organisational Performance Division. However, recent development of the Keswick Estate has included the release of 54 lots to market in late 2022. These lots are actively for sale and delivery to the market.

In addition, Council is also undertaking master planning activities associated with introducing further residential development opportunities in the Estate. These activities include a review of the Keswick Estate Master Plan towards providing medium density and other opportunities.

- (f) Review underutilised commercial and Council buildings and their viability for residential, public housing, and short-term accommodation options.

Comment

It is acknowledged that there are a range of commercial and other buildings, not necessarily in Council ownership that may lend themselves to be used for short term workers accommodation for a period of time.

To assist in this undertaking, it is considered that the Dubbo Regional Local Environmental Plan 2022 would benefit from the provision of a temporary workers accommodation provision. Such a provision would allow the use of existing buildings for temporary workers accommodation in situations where the amenity of residents using the accommodation would be suitable and where such an activity would not impact other land use activities.

- (g) Investigate incentives for property owners to maintain properties in the long-term rental market.

Comment

Given the number of Airbnb's and other properties in the short term rental market, it is considered at the current time there is not a significant identified need for any further consideration of incentives for the long term rental market.

- (h) Development of a short-term worker camp to be eventually re-purposed for tourism.

Comment

As can be seen from the data included in the report, there is an identified need for short-term workers accommodation in the Local Government Area. To assist the development industry in

understanding this need, it is proposed to produce investment attraction information for potential developers and investors of the need for and opportunities for the development of short term workers accommodation in the Region.

- (i) Build-to-rent options for Council owned land.

Comment

Council's property development activities are undertaken by the Organisational Performance Division. However, this report recommends that an appropriate action be included in the 2023-2024 Delivery Program and Operational Plan for an investigation and feasibility of build-to-rent options be undertaken for Council owned land in the Keswick Estate.

- (j) Review relevant Council and NSW Government policies and strategies to develop and embed a framework for short term accommodation over the duration of projects.

Comment

Council meets regularly with Energy Co and renewable energy development proponents to discuss accommodation issues and needs in the Local Government Area. This includes identifying opportunities for development and collaboration on these issues.

- (k) Investigate developer contributions being available for affordable and community housing providers.

Comment

This is an important issue that a number of Metropolitan Council's currently include in their infrastructure contributions framework. The Environmental Planning and Assessment Act, 1979 allows for a Council to legislate this provision.

This item will be further investigated and information provided to Council for consideration.

- (l) Investigate incentives for the development of shop top housing and residential flat buildings.

Comment

Council is undertaking a project to review and update the Developer Contributions Framework. This issue will be considered as part of the review process.

- (m) Investigate transportable and modular housing construction options for residential release in the short term.

Comment

Council is undertaking a project to determine the suitability of 3D printed homes in the Keswick Estate. Further housing formats and options can be considered by Council in the review of the Keswick Estate Master Plan as previously discussed in the report.

- (n) Develop a Housing Strategy for Dubbo and Wellington. This should include an affordable and key worker housing plan giving focus to affordable housing, housing availability, choice and sustainability.

Comment

The NSW State Government is currently undertaking the preparation of a Housing Delivery Plan for the Dubbo Regional Local Government Area and Narromine. It is anticipated that this body of work will be completed by the middle of 2023. Following completion of this Plan and review of its outcomes and opportunities, it is considered that a review of the Dubbo Residential Areas Development Strategy be programmed and a financing strategy developed.

The Dubbo Residential Areas Development Strategy will ultimately be replaced by an all-encompassing Housing Strategy.

- (o) Collaborate with Community Housing Providers to understand accommodation requirements and investigate partnership opportunities, including provision of land on a shared equity basis for construction of affordable and key worker housing, Tripartite partnerships between Council, New South Wales Government, and Community Housing Providers, The gifting of land to Community Housing Providers, Possible partnerships to provide key worker housing in the short term, and community housing in the long term.

Comment

Community Housing Providers are important stakeholders in the overall accommodation scene for the Region. Council's does collaborate with providers. However, this could happen on a more regular and structured basis.

Whilst the items raised as above are all genuine actions to assist the development of community housing in the Local Government Area, the provision of all community housing in one area or Estate is not considered appropriate as a planning principle. Effective neighbourhoods operate well when there is a mix of housing typologies, market price points and people close to transport opportunities and high amenity, including areas of public open space.

Council as a land owner will continue to examine and pursue opportunities that may assist both accommodation provision and offer financial returns. However, it is acknowledged that the policy settings must be in place across the Region to assist the development of community housing.

- (p) Advocate to New South Wales and Australian Governments to ensure issues of housing availability in the region are understood.

Comment

Council undertakes a significant level of communication and consultation with the NSW State Government in respect of housing and other issues and has effective relationships across Government.

- (q) Review and update density targets to gradually increase over time.

Comment

At the present time, Council's strategies and plans do not include density targets for residential development. This is an issue that can be further considered by Council with Item (n) as previously discussed in the report.

- (r) Review Council systems and process to assess avenues for acceleration, and improved efficiency, effectiveness, and transparency. Investigate ways to expedite priority projects as identified by the Housing Coordinator, likely to include medium and high-density projects, dual-occupancies and workers' camps.

Comment

Council has recently undertaken a service review of the Subdivision Certificate release process. The items identified in this service review are currently being enacted.

5. Initiatives by the NSW Government

The NSW Department of Planning and Environment has recognised additional forward-planning needs to be done to help regional Councils manage short-term worker accommodation issues. Feedback to the Regional Housing Taskforce indicated further guidance would help manage spikes in housing demand caused by influxes of seasonal and temporary workers into regional areas. The Taskforce developed toolkits to assist Council's, but there are no specific or direct interventions that can be made yet for the Dubbo Regional LGA.

It is understood that the Department is aiming to undertake consultation in the first half of 2023, and refine policy initiatives in the second half of 2023. This feedback, along with previous feedback, will help refine the toolkit to further support Councils through:

- a standard instrument definition for temporary workers accommodation;
- model clauses for rural workers dwellings and temporary workers accommodation;
- guidance on locational and zoning considerations; and
- guidance on complying development provisions for Local Environmental Plans.

6. Consultation and Planned Communications

It is proposed to place this report and the consultancy report on public display for 28 days and to undertake consultation with stakeholders in the development industry and others. Given the consultation undertaken in preparation of the consultancy report, this process will

seek perspectives on the recommendations provided and effectively close the consultation loop on this project.

A further report will be presented to Council for consideration following the completion of public exhibition and consultation processes.

7. Resourcing Implications

The consultancy project has been identified to cost \$45,400, which has been internally funded by staff vacancies in the Growth Planning Branch.

Total Financial Implications	Current year (\$)	Current year + 1 (\$)	Current year + 2 (\$)	Current year + 3 (\$)	Current year + 4 (\$)	Ongoing (\$)
a. Operating revenue	\$40,000	0	0	0	0	0
b. Operating expenses	0	0	0	0	0	0
c. Operating budget impact (a – b)	\$45,400	0	0	0	0	0
d. Capital expenditure	0	0	0	0	0	0
e. Total net impact (c – d)	\$40,000	0	0	0	0	0
Does the proposal require ongoing funding?	No					
What is the source of this funding?	Lodgement and assessment fees					

Table 1. Ongoing Financial Implications

APPENDICES:

- 1 Research Report - Analysis of Short-Term Worker Accommodation Needs