**Submission No 84**

# INQUIRY INTO RURAL HOUSING AND SECOND DWELLINGS REFORM

**Organisation:** NSW Farmers

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## Inquiry into rural housing and second dwellings reform

**About NSW Farmers**
NSW Farmers is Australia's largest state farming organisation, representing farmers on the issues that matter to them such as the environment, biosecurity, water, animal welfare, economics, trade, workforce and rural affairs.

Agriculture is a vital sector, quite literally feeding the nation. Farming directly employs more than 75,000 people across New South Wales and underpins rural and regional communities, producing more than $24 billion in food and fibre and making a significant contribution to the state and national economy.

Our aim is to support stronger farming businesses and reach $30 billion in output by 2030. We ensure genuine voices from the paddock identify issues and shape policies, with teams in regional NSW and Sydney. We provide specialist advice and offer partner benefits that deliver excellent value for our members.

**Executive Overview**
NSW Farmers welcomes the opportunity to provide a submission to the Legislative Council Select Committee on Rural Housing and Second Dwellings Reform. Across much of regional NSW, housing availability has become one of the most pressing constraints on both community wellbeing and agricultural productivity. The shortage of suitable homes for farming families, employees and seasonal workers is a long-standing issue that has intensified in recent years due to population shifts, increasing land use pressures and the growing demand for skilled labour in rural industries.

This inquiry comes at a time of significant national and state attention on housing. Both the Commonwealth and NSW Governments have made major commitments and investments to increase housing supply across the state. The proposals for reform align directly with this broader push, offering practical ways to extend these efforts into rural and regional contexts. By making housing supply more flexible, predictable and better suited to agricultural realities, the Committee has an opportunity to ensure that government investment also delivers for farmers, regional workers and rural communities. Opportunities exist to ease housing pressures through more consistent and flexible planning frameworks. Clearer statewide rules for second dwellings would provide certainty for landholders and reduce the inconsistency created by local councils' discretion.

Allowing a wider range of accommodation options, whether for intergenerational family members, long-term workers or seasonal staff, would better reflect the realities of modern farming businesses and the diverse needs of rural communities. Significantly, the benefits of additional on-farm dwellings extend well beyond agriculture. They provide affordable housing, reduce pressure on townships, generate

reliable rental income that supports farm resilience and strengthen multi-generational living arrangements that benefit both families and communities. These reforms represent a low-risk, high-impact step towards solving the rural housing shortage while ensuring agricultural land continues to be used productively.

**Affordable Housing**

Additional dwellings on farms should be recognised as a valuable contribution to the state's affordable housing supply. Unlike urban developments, they don't require separate land purchases, which are a major part of urban housing costs. This makes on-farm housing less expensive to build, helping families and workers access homes they otherwise couldn't afford. Members have reported spending over half a million dollars of farm capital to buy a house in town for a father who wishes to stay on the farm. If planning rules had permitted the construction of a second dwelling, the family could have kept both their financial resources and their family member on the land. Increasing on-farm dwellings reduces pressure on towns and urban centres, easing competition in crowded rural housing markets. In this way, on-farm homes offer a practical and direct form of affordable housing.

**Rental Demand in Rural Communities**

The demand for rural rentals is acute, particularly in coastal areas where lifestyle pressures intersect with agricultural needs. Many rural communities report that virtually every bed in town is occupied most nights, with accommodation shortages creating difficulties not only for farm workers but also for essential services. Members have expressed concerns about new hospital recruits struggling to find housing. One member highlighted an example where a newly appointed nurse was forced to relocate without their family due to limited housing options. These shortages are a direct consequence of inadequate housing options and demonstrate the broader regional impacts of the issue.

Permitting farms to create additional dwellings helps ease housing pressure by increasing rental options where they are most needed. For farm businesses, this also offers an important income source that enhances resilience. During financial hardships like droughts, consistent rental income can be crucial for survival. One producer mentioned that rent from an acquired farmhouse was key to maintaining their operations through tough seasons. These rental opportunities benefit farm businesses and also supply affordable housing for the community, including workers in health, education and other vital sectors.

**Social and Family Welfare Benefits**

The advantages of multi-generational living on farms in terms of social and welfare benefits warrant greater acknowledgment. Rural communities have traditionally been centred around families spanning several generations, collaboratively sharing work and land management responsibilities. When planning policies restrict families from building additional homes, it risks disrupting these generational bonds and jeopardising both succession planning and family well-being.

The passing down of farming skills, local knowledge and land stewardship through daily interactions between generations reinforces family resilience and cohesion. It exemplifies a family-centred social welfare model that lessens reliance on government and community services, while providing significant wellbeing and productivity advantages. The social and welfare benefits of multi-generational living on farms deserve stronger recognition. Rural life has long been built on families spanning multiple generations, sharing both the workload and the responsibility of managing the land.

**Planning Instruments and SEPP Amendments**

The current planning instruments, including the Housing SEPP 2021 and the Codes SEPP 2008, are not keeping pace with rural realities. These instruments were largely framed with metropolitan and peri-

urban contexts in mind and their restrictions are often ill-suited to the realities of agricultural life. The effect is that many farming families face uncertainty about whether a second dwelling will be permitted for employees, contractors or family members involved in succession planning. This has created a patchwork of inconsistent rules across NSW that adds time, cost and frustration.

Farmers should not have to navigate this patchwork to do something as basic as house a worker or accommodate a returning family member. Without a reliable state-wide framework, landholders are forced into a cycle of costly applications and negotiations with councils that interpret SEPP provisions differently. This undermines business confidence and makes it harder to plan for long-term investments in agriculture.

Uniform amendments are required that embed flexibility into the approval pathways for second dwellings in rural zones. Allowing local governments to choose whether to participate will weaken the reform's goals. A voluntary approach will sustain the current disparities faced by producers. Reforms should also recognise the changing nature of farming in peri-urban areas where enterprises are increasingly diversifying into agrotourism and mixed land uses. Clearer pathways for accommodation in these areas will support economic diversity while retaining the land's agricultural character.

**Permissibility and Interaction with LEPs**

Permitting second dwellings on RU1–RU6, C3 and C4 lands should be standard practice, provided basic environmental and infrastructure considerations are addressed. Current definitions of "rural worker's dwellings" are too restrictive, applying only to employees directly engaged on the host property. In practice, rural economies rely on a web of regional skills. Contractors, agronomists, shearers and machinery operators often work across multiple properties, moving where demand is greatest. If planning definitions do not reflect this reality, essential workers are left without suitable housing, undermining productivity across entire regions.

Similarly, the requirement that second dwellings be located "on the same lot" is arbitrary and inappropriate for rural contexts where land parcels are large and buffers to neighbours are considerable. This restriction ignores the potential to locate dwellings in safer or more practical areas of the farm, for instance away from floodplains or closer to infrastructure. Allowing flexibility, while maintaining reasonable buffers and environmental safeguards would deliver more workable outcomes.

Local Environmental Plans add another layer of inconsistency. While LEPs are designed to reflect local conditions, their interaction with state instruments often produces confusion and delays. Some councils adopt supportive interpretations, while others apply restrictive readings that block development even where it clearly aligns with state policy intent. To achieve genuine reform, LEPs must be harmonised with SEPP provisions and councils should be limited in their discretion to deviate without strong justification. This would restore fairness and ensure that local politics or conflicting interpretations do not undermine rural housing policy.

**Dwelling Size, Subdivision and Flexibility**

Dwelling size restrictions and subdivision requirements remain a major barrier to providing practical housing solutions on farms. Rural properties are often hundreds or thousands of hectares, yet dwellings are capped at sizes that reflect suburban contexts. This creates absurd outcomes where a second dwelling is limited in scale even when the landholding could easily accommodate it without impacting neighbours or land use.

Housing reforms should recognise that farms often require larger dwellings to accommodate families, permanent workers or multi-generational households. Allowing second dwellings to equal or exceed the size of the primary dwelling where justified, would reflect the realities of rural housing demand. Importantly, these dwellings should not require subdivision, as this fragments farmland. Maintaining land integrity while enabling flexible housing is essential to balancing agricultural productivity with housing need.

**Hazards, Flooding and Environmental Impacts**

Hazards like flooding, bushfires, biodiversity impacts and biosecurity risks need careful consideration, but policies should be nuanced instead of applying blanket rules. While one-in-100-year flood maps are valuable planning tools, they should not serve as absolute bans. Farms often have areas within mapped floodplains, however many of these locations can be suitable for safe building if proper elevation or engineering solutions are implemented. Relying too strictly on flood maps may deny landowners practical housing options without significantly enhancing safety.

Environmental impacts also need careful consideration. Renewable energy projects in particular have exposed weaknesses in the current system, where construction camps have been proposed without adequate infrastructure or consultation. This has led to concerns about water extraction, road damage, biodiversity loss and the displacement of local residents. Planning frameworks must make clear that responsibility for hazard and environmental compliance rests with proponents, not neighbouring landholders. Strict liability conditions and enforceable compliance mechanisms should be applied to ensure that risks are managed effectively.

**Development Standards, Ownership and Approvals**

The uncertainty surrounding discretionary approvals causes significant frustration for farmers. Delays can be critical, affecting the ability to hire skilled workers or proceed with succession plans. To resolve this, reforms should create clear, zone-specific standards that facilitate Complying Development Certificates for second dwellings. When criteria are satisfied, approval should be automatic and without negotiations.

Additionally, modern models of ownership and succession need formal recognition. Increasingly, farms are owned by family companies, trusts or co-ownership groups, yet planning laws often do not address how these structures relate to housing entitlements. Explicit acknowledgment of these arrangements will reduce disputes, clarify regulations and instil confidence in families planning for the future.

**Transitional Arrangements and Monitoring**

Any reform should incorporate monitoring and evaluation to verify its effectiveness. An annual report should detail approvals, completions, occupancy and impacts, including both positive and negative outcomes. This transparency allows the government and industry to adjust policies accordingly and prevent past mistakes from recurring.

Coordination among federal, state and local governments is crucial to prevent overlap and maintain consistency. Transitional plans should provide clear guidance for councils and incorporate programs that connect housing reform with workforce strategies in health, education and essential services.

**Workforce Influx**

Large-scale projects like renewable energy developments, mining, infrastructure and other major activities that bring in many construction workers intensify pressure on rural housing markets. These temporary workforces often compete with farmers, residents and essential workers for limited housing,

leading to higher costs, rental shortages and increased strain on local services such as health, education and roads. For example, towns like Mudgee experience rental price spikes when large mining and energy projects arrive, making housing unaffordable for local families and farm workers. This creates inequalities, displaces residents and threatens community stability.

Legislative reforms should require project proponents in renewable energy, mining and infrastructure to contribute to rural housing and infrastructure. This includes building or funding new homes, upgrading water and road networks and supporting schools, healthcare and childcare in affected communities. Incorporating these requirements into planning approvals ensures benefits are fairly shared and local communities are protected from negative impacts. Laws should explicitly authorise and mandate developer investments in rural infrastructure so that economic growth does not compromise affordable housing access in rural areas.

**Conclusion**

Rural housing is a critical aspect of the future of agriculture and regional communities, extending beyond mere planning concerns. Insufficient housing options hinder farms from retaining workers, cause families to leave the land and lead to economic decline in regional towns. The suggested reforms aim to update planning laws, align state and local frameworks and ensure housing approvals are clear, predictable and adaptable.

This way, the Committee can promote policies that support affordable housing, encourage family succession, enhance income stability for farms and sustain regional communities. These reforms align with the national initiative to boost housing supply and represent a strategic move to secure the long-term prosperity of NSW agriculture.

If further information is required, please contact Rhiannon Heath, Environmental Policy Advisor by email at

Yours sincerely,

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