

## MEDIA RELEASE

22nd June, 2021

### **State Budget fails to tackle the BBQ-stopper subject: Housing Affordability**

The release of the State Budget today has confirmed the Government's successful stewardship through the COVID-19 pandemic with forecasts of the budget deficit being only half that predicted a year ago. However, the budget is almost silent on the BBQ stopper subject of housing supply and new home affordability. This is a missed opportunity.

The Treasurer has committed to implement the NSW Productivity Commission White Paper recommendations into infrastructure reforms, but ironically, this will see an increase in local and state infrastructure fees and charges applied to new homes. While it is good that this will fund infrastructure to support housing supply, additional fees and charges will be passed onto new home buyers.

There was a lot of pre-budget talk about housing supply – but there is very little in the budget itself. This is reflected in the measurable “Outcomes” for each Government “Cluster”. In the Planning Industry and Environment “Cluster”, there is no mention of housing supply or housing affordability.

The Government seems to have missed the key source of new housing altogether. For 25 years, 70% of new homes in Greater Sydney have been in existing urban areas. If the government is going to address the housing supply crisis, it must take urgent action to deliver more apartments and increase density in all areas of Sydney, not just Western Sydney.

The miserly allocation of \$20 million (over 4 years) to support the Department of Planning to continue the precinct planning process announced 14 months ago represents a drop in the ocean in terms of delivering any significant boost to housing supply. This reflects the defensive yet widely derided mindset of the Government that the planning system has not caused the problem. A decade of under-performance – and now a housing supply crisis - will not be fixed with a \$20 million allocation over a four-year period for precinct planning. The allocation must reflect the urgency of the crisis. State led re-zoning should be allocated at least \$20 million per year. It is time the government got serious about this issue.

The Budget is largely silent on immigration, yet we know that the Commonwealth plan to urgently return to pre-COVID net immigration numbers of 160,000 per year and further expand that intake to 225,000 migrants per year. We know that this will boost our economy – but it will also put upward pressure on housing prices unless the Government addresses the supply crisis – and that means do more than rezone a few precincts in the South-West of Sydney that have been in the system for decades.

It seems that the State Government has been the last to realise that the actually is a housing supply and affordability crisis. But it is not too late to act. The Urban Taskforce has called on the NSW Government to:

- Establish a State Significant Development planning pathway for high value high yield housing projects – thus removing those assessments from the hands of Councils and local community activists
- Reduce infrastructure fees and charges (which ultimately add to the cost of new homes) – ironically, this NSW Budget will see an increase in infrastructure fees and levies which will be passed on the new home buyers
- Spread the burden of additional housing right across Sydney so there is increased supply in all areas, not just the far West and South West of Sydney where infrastructure costs are high
- Hold State Government agencies and Councils accountable for the delivery of infrastructure to support housing supply.

The Government has offered significant new support for social housing with 812 million over 4 years in the Social Housing Stimulus package. This will assist in dealing with the problems created by the Department of Planning's under supply of market housing and the resultant price rises.

The much-heralded plans announced in last year's Budget to abolish Stamp Duty and introduce a broad-based property tax appear to have hit a political roadblock with nothing in the budget Bill to progress this initiative. This runs directly against the Government's call for productivity improvements.

The issue of housing affordability is going to be with us right up to and beyond the next State election in 2023. It will take years to make up for the decade of under supply of housing which has caused the current crisis.

End.

The comments above can be attributed to Tom Forrest, CEO, Urban Taskforce.

The **Urban Taskforce Australia** is a property development industry group, representing Australia's most prominent property developers and equity financiers.

Media Enquires: Tom Forrest, Chief Executive Officer: 0429 460 863

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