

Hon Gladys Berejiklian MLA  
Premier  
Parliament House  
Macquarie Street  
Sydney NSW 2000

cc. Hon Dominic Perrottet MLA  
cc. Hon Rob Stokes MLA

Dear Premier

## **Planning Reform, Housing Supply and Housing Affordability**

I write to express the concern of Urban Taskforce members regarding the apparent hesitancy from the NSW Government in progressing meaningful reform and improvements in the NSW Planning sector.

While there were a number of excellent initiatives announced during 2020 at the height of the first wave of the Covid-19 pandemic, policy progress and reform implementation has been extremely slow. This appears to be because of reluctance among some to accept the premise of the problem of housing supply and housing affordability.

Upon your commission, Glenn Stevens published an excellent analysis of the causes of rising new home prices in late 2017 where he highlighted the inflexibility of the Planning system as the key cause of supply not meeting demand.

This view has been iterated and reiterated by subsequent analyses undertaken by the Reserve Bank of Australia; all the major Banks; the NSW Productivity Commission; and the Commonwealth Productivity Commission.

Industry was advised 12 months ago that the Minister had asked DPIE to progress the development of legislation to enable appeals to the Land and Environment Court on rezoning applications. We are yet to see a draft. The Productivity Commission completed an excellent review into infrastructure fees and charges, but the enabling Bill appeared to take DPIE by surprise as none of the supporting work had been completed causing many in industry to (perhaps ironically) call for more work to be done prior to the implementation of a suite of new tax options.

In a similar vein, the Greater Sydney Commission will not be completing the process of amending the Regional Plan for Greater Sydney and the associated District Plans until late 2022, yet it is the detail contained in these documents that has significantly contributed to the under supply of housing.

Since the publication of the Regional and District Plans, housing supply has plummeted, while new home prices have sky-rocketed. This is notwithstanding the break in net overseas migration arising from COVID-19. When overseas migration returns there really will be a major problem unless rapid reform is embraced and progressed.

The rezoning of older dis-used industrial sites (Urban Services Land) was once a key source of new homes in urban Sydney (70% of all new homes in Greater Sydney are in "brownfield locations and this has been the case for more than 20 years). These sites are often well served by transport and roads and their footprints are large enough to accommodate large numbers of high-density apartments, along with green public open space, community creating commercial and recreational activity at the podium and ground levels. The GSC's "retain and manage urban services and industrial land" effectively ended such rezonings. Even though the Treasurer announced a review of this policy in the 2020 budget, responsibility for that review was handed back to the GSC and they are just getting started now.

At every front, there is a feeling that planning policy reform moves through treacle.

The existing legislation gives the Minister for Planning strong powers to declare classes of development application “State Significant” and to therefore have the State Government officials at DPIE conduct the assessment. Council still have their say – but as a key stakeholder – they do not undertake the assessments for projects of “State Significance”. This option has been used to promote rapid assessments of data centres and warehouses. It has also been used to create a fast-track scheme for build-to-rent applications. It is time now to use this tool to kickstart housing.

The housing supply crisis and the drop off in apartment approvals has delivered a housing affordability crisis. Industry is calling for urgent action and this requires strong direction and leadership. The tools are available to drive rapid improvements in planning approvals and therefore supply quickly if large housing projects (with a construction value above \$100 million) were assessed through the State Significant Development Planning pathway. This could be done in a matter of days by the Minister for Planning.

This issue is given even greater imperative by the construction industry shutdown, the lack of a construction pipeline moving forward and the delay to the Local Government elections till then end of this year.

We simply cannot afford the contemplative and slow pace that has beset planning reform in NSW to prevail.

I am keen to work with the GSC, the Minister for Planning, the Treasurer and their teams to drive a new impetus for reform that could help drive our economy out of Covid-19; address housing supply and therefore affordability and deliver a forward looking agenda for the Government and industry.

I look forward to a chance to discuss this with you or your colleagues.

Best wishes in your ongoing management of the COVID-19 pandemic.

Yours sincerely

Tom

A handwritten signature in black ink, appearing to read 'Tom Forrest', written over a white background.

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