

19th June 2022

NSW Budget is a chance to boost housing supply

The NSW Government hands down its 2022/2023 Budget on Tuesday.

The Urban Taskforce supports the initiatives already announced by the Government, in the lead up to Budget Day, notably the move away from Stamp Duty. The Treasurer has also announced the creation of a Biodiversity Credits Supply Fund as the first step to address the flawed biodiversity trading scheme. The Shared Equity scheme announced today is an acknowledgement of the housing affordability problem – and will be welcomed by young families, but it does not help with housing supply.

Initiatives that promote housing supply are critical to improving affordability. Otherwise, extra cash being made available to home buyers just makes the problem worse.

Urban Taskforce is disappointed by the comments from the NSW Shadow Treasurer, Daniel Mookhey MLC, indicating the Opposition opposes the creation of a broad-based property tax to replace Stamp Duty. This knee-jerk political response shows how difficult it is for any government to progress sensible reform.

Reported plans to double the foreign investor surcharge are also a negative. Foreign Investor support for the supply of more houses and apartments, for rental or strata sale, should be encouraged, not discouraged.

The Urban Taskforce is also advocating a 3-point plan to address the housing supply crisis.

1) Set up an incentive scheme to support the delivery of affordable housing

Urban Taskforce calls for a change of approach from talking about affordable housing to actually doing something which will deliver affordable housing!

The Urban Taskforce is advocating for a change to the State Environmental Planning Policies to establish a height or FSR bonus to encourage the production in affordable housing.

In particular, Urban Taskforce calls for:

- A 20% floor space and height bonus to any development in a residential or mixed-use zone.
- Affordable Housing to be defined as housing that is held under ownership for a minimum of 10 years and made available to the market for rent at 20% below the market rent for that location and housing type (i.e. 1 bedroom, 2 bedrooms, 3+ bedrooms) - this was the policy under the successful National Rental Assistance Scheme (NRAS).
- The Government to set the eligibility criteria for the discounted rental accommodation.
- This system would not cost the Government one cent and would produce up to 40,000 new affordable housing dwellings over 10 years.
- Government sites to include a compulsory affordable housing component.
- Management of affordable housing stock and tenants be undertaken by either registered Community Housing Providers (CHPs) or the Landlords' internal management personnel.
- Exemptions from Foreign Investor land tax penalties be applied to foreign institutions that fund affordable housing under this scheme.
- Funding for supporting infrastructure to be sought from NHFIC.

This is a way that the planning system can be used to support the supply of new affordable housing through bonuses, rather than taxing new home buyers to make them responsible for addressing the supply failure which has been created by over regulation.

2) Establish a new government infrastructure fund to support housing supply

Councils and developers agree that one of the key blockages for those wanting to build new houses is the timely delivery of infrastructure.

Infrastructure needs to target and support the release of new areas of developable land or support community infrastructure to assist increased density in existing urban areas.

3) The Budget must support the State Government taking the lead on high value/high yield residential / commercial and retail developments

Urban Taskforce has consistently called for the return of the planners in DPE to their position as leaders in the assessment and approval of housing supply. The mass handover of planning of new housing supply to Councils by Rob Stokes has been a disaster for housing supply.

The numbers make that clear. DPE needs to re-assert itself as the premier planning authority in this State and repair the damage done. But funding is needed to support the effective co-ordination infrastructure and of all other state government agency inputs, to ensure that there is a pipeline of housing development in both greenfield and brownfield locations. More precinct planning and major development site assessments should be undertaken by DPE with input from Council staff.

Industrial sites, Hotels, Data Centres, Warehouses, private education facilities and private hospitals are already assessed by DPE staff where their construction value is over \$30 million (excluding the land) under State Significant Development (SSD) planning provisions. Urban Taskforce calls on the NSW government to take direct control of the area which is in crisis now – residential/commercial and retail facilities.

Delivery of high yield project approvals could be undertaken efficiently, while still ensuring local planning and probity considerations, via:

- High value DA assessments being undertaken by DPE but also involve Council officers to ensure that local input is considered by DPE staff.
- Increase the focus on precinct planning already being led by DPE.
- Bans of Property Developer donations to political parties being maintained.
- Decision making on DA's and rezoning applications should continue to be independent – undertaken by the Independent Planning Commission (IPC) or District Panels.

Removing the arbitrary caps in Local Plans and zoning categories on the size of retail facilities, to ensure that local demand for retail can be met on a case-by-case merit assessment.

This is a practical and realisable 3-point plan to address housing supply. Now Treasurer Matt Kean, it is over to you!

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.*

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