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### **NHFIC Report: a call to action for all levels of Government to turn-around the housing supply crisis**

The National Housing Finance and Investment Corporation (NHFIC's) State of the Nation Report shows national housing supply is being held back from a range of factors, including a lack of serviced land and ongoing opposition to development. It is yet another in a long stream of calls to address this burgeoning crisis. This is not the time for the Senate to be blocking support for additional housing supply.

The NHFIC Report confirms that new housing supply will fall well short of demand for housing and will fall well short of the Commonwealth's commitments. The Report is yet another call to action for three levels of Government to work to address failing housing supply.

The NHFIC Report identifies the following impediments to housing supply:

- Interest rates
- Availability of serviced land
- Ongoing community opposition to development
- Long lead times for delivering new supply.

Industry commentators have variously called for more social housing, more affordable housing, and the need to overcome community opposition to new housing supply. This is reflected by the NHFIC Reports own commentary. All of these things are correct and well-meant. But the biggest handbrake on housing supply is the state-based planning systems.

The complexity and time required to comply with the obligations of the planning systems across Australia, with the worst case being that of NSW, is resulting in many projects that might have been feasible 18 months ago, now being marginal or simply unfeasible. Interest rates have gone up, resulting in exactly what they were designed to achieve and reducing demand. In contrast, labour shortages and construction materials have dramatically increased in price.

Of the issues raised by NHFIC, apart from interest rates, the other three factors are the responsibility of the State Government. The new Minister for Planning in NSW has a massive challenge ahead. The delivery of infrastructure required to service land is the other factor that keeps all Treasurers awake at night.

The private sector is key to this as it will have to deliver a lion's share of the housing that a growing Australia desperately needs (over 95% of all new homes are market priced private sector delivered homes).

Planning reform, co-ordinated infrastructure planning and delivery, as well as incentives for developers to provide a wide range of housing options will be critical to address the housing supply crisis in the short to medium term.

The rejection of NIMBY candidates at the recent State election should give the new Minns Labor Government some comfort if it presses for more development in well located areas with new or unutilised infrastructure capacity, particularly those areas around new metro lines.

It is increasingly apparent that those suffering from the housing supply and rental crisis, predominantly younger generations, are looking to the new Government to address supply.

The NHFIC report notes emerging housing and rental stress, with around 377,600 households are in housing need, comprising 331,000 households in rental stress and 46,500 households experiencing homelessness. (see p.8 of the NHFIC Report)

The report identifies shortages in apartment construction as a significant threat, with one person households identified as the fastest growing household type in the five years to 2032.

With migration and international student numbers predicted to come in at record levels this year, urban consolidation focussing on apartments, are the only realistic option for additional supply, along with all the greenfield areas currently planned for growth.

Current forecasts for new homes show that right across Australia, there is a massive shortage looming. This NHFIC Report shows the need to boost the funding for social housing, for affordable housing, but it also highlights that unless a concerted effort is applied to the delivery of private housing, we are heading for a worsening crisis.

The comments and analysis 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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