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Sydney Plan announces 800,000 new homes over the next 20 years – double the current rate of new dwelling completions!

CEO of Urban Taskforce Australia, Tom Forrest, said today that the long-awaited Sydney Plan sets the strategic planning context for the next 20 years of the growth of Sydney.

The final Plan is a vast improvement on the draft Plan which was released for public comment in December 2025 and has made changes called for by Urban Taskforce members including:

- The abolition of the restrictive and out-dated Metropolitan Rural Areas planning maps
- The removal of the restrictive "retain and manage" industrial lands policy and its replacement with a graduated approach involving State Significant Industrial land, Regionally Significant industrial land and Locally Significant industrial land. Applications for changes to zoning will be allowed in Locally Significant areas.
- The establishment of a more flexible "Centres Policy" which encourages flexibility of land use within all centres and will also encourage flexibility in employment zones to allow for housing supply and mixed-use development. There will be four Centre designations: CBD, Major Centre, Activity Centre & Local Centre. Each will encourage mixed use and housing with no specific targets or FSR ratio targets as was previously proposed in the draft.

The Sydney Plan also explicitly recognises development feasibility as being critical to housing supply. This is very welcome.

Similarly, there is explicit recognition of the importance of providing infrastructure to support new housing supply. However, Urban Taskforce asserts that infrastructure constraints remain one of the key bottlenecks for housing supply and the Government needs to explore ways of working with the private sector to deliver this infrastructure. The Commonwealth also has a big role to play in this space.

Today's Sydney Plan sets a minimum target of 800,000 new homes and 950,000 more jobs over the next 20 years, with a vision for Greater Sydney of "houses in the East and jobs in the West".

While there will continue to be significant housing growth in the West, the plan foreshadows big changes to the local character of many built up urban and suburban areas of Sydney.

The 20-year, 800,000 new housing completions target for Sydney recognises the lack of new housing supply and the increasing lack of affordability in NSW. It also seeks to overcome the shortage in housing supply of almost 100,000 which has developed over the past 15 years. Local LGA targets will be reset on a 5-year basis, which is a good sign that the Sydney Plan is a living document, not a "set-and-forget".

The 800,000 target for Sydney represents growth of 40,000 new dwellings per year. To put this in context, during the first 19 months of the Accord, only 30,000 new dwellings have been constructed in the 33 councils which make up Greater Sydney. **In short – this performance needs to double and then be maintained for 20 years.**

The Plan has been released alongside the NSW State Land Use Plan, which will establish a target of 1.2 million homes for NSW over the next 20 years. The purpose of these plans is to set a 20-year Vision for NSW, establish a framework for strategic planning, and outline two policy directions:

- a Systems Policy (framework for updates to Strategic Plans, LEPs); and
- Land Use Policy (feasible housing capacity, industrial lands).

The State Land Use Plan will guide regional plans, which in turn will inform local strategic planning, creating a simpler and more consistent planning system that better aligns housing, jobs, infrastructure, and environmental outcomes across NSW.

Under the Sydney Plan, Sydney would become a network of 30 interconnected centres, anchored around the CBDs of Sydney, Parramatta, and Bradfield, and supplemented by local centres. All these centres will include mixed use housing and housing development, building vibrancy and life in those town and city centres. This is a critical inclusion in the final version of the Plan.

With its new Centres framework, DPHI has taken away FSR splits in mixed-use developments and previous hard boundaries that had been set around centres. This allows industry to deliver the types of development that local communities want, without being bound by the historic etchings of a strategic planner of the past.

On industrial lands, the Government has provided a more coordinated, evidence-based approach to planning and protecting the industrial land that supports local jobs and manufacturing.

This includes in Western Sydney, where manufacturing, construction, warehousing, transport, and logistics already contribute more than $83 billion a year to the economy, but where so much more employment is needed.

Increasing housing is at the heart of the Sydney Plan and this is strongly supported by Urban Taskforce members.

The Plan says DPHI will work with councils on updated five-year housing targets following the conclusion of the National Housing Accord in 2029, and the requirement for councils to maintain at least 30 years of feasible housing capacity through their Local Environmental Plans.

While not enough to support housing development feasibility, the Plan does set out changes that will make development easier, including:

- the requirement for councils to have an Affordable Housing Contribution Scheme in place will be pushed out until 2029 and any proposals will be phased in to avoid a "feasibility shock". It is critical that these new plans are thoroughly tested by DPHI to ensure that feasibility is maintained and are not simply a mechanism designed to frustrate housing supply by making developments unfeasible.
- Metropolitan Rural Areas will be abolished in favour of a new designation of an Urban Growth Area. Landowners will have18 months to express an interest in their land being designated as being within the Urban Growth Area.

Since the abolition of the Greater Cities Commission, we have been waiting for this new plan. The last plan was published in 2018. Since then, we have been through bushfires, floods, the COVID pandemic, labour supply shortages, significant construction inflation, interest rate rises, drops and rises again. Now, at long last, we have a new set of strategic plans.

The new focus on feasibility represents a paradigm shift for Sydney's planners. Let's hope they are up to the challenge.

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

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