



Prepared for: Productivity Commission Inquiry into Housing Supply Regulation

Prepared by: Urban Transformations Research Centre (UTRC), Western Sydney University

Introduction

The Urban Transformations Research Centre (UTRC) welcomes the opportunity to contribute to the Productivity Commission Inquiry into Housing Supply Regulation.

Australia faces significant housing challenges. Housing affordability has deteriorated across many parts of the country, rental vacancy rates remain low, and housing delivery has struggled to keep pace with population growth and changing housing needs. Public debate frequently frames housing shortages as a consequence of planning restrictions, zoning controls and lengthy approval processes. While these factors undoubtedly influence housing supply outcomes, UTRC argues that Australia's housing challenge is fundamentally one of housing delivery. Housing supply outcomes are shaped by the interaction of development feasibility, infrastructure provision, governance arrangements, institutional capacity and implementation processes.

Accordingly, reforms aimed at increasing housing supply should adopt a systems perspective. Regulatory reform remains important, but it should be accompanied by reforms that strengthen the conditions required to translate planned housing capacity into completed homes and successful communities.

This submission draws on UTRC research and policy engagement in housing affordability, housing supply, essential worker housing, enabling infrastructure governance and delivery, urban growth management and planning implementation. Relevant activities include evidence to the NSW Select Committee on Essential Worker Housing, contributions to the National Urban Policy consultation, participation in National Growth Areas Alliance delegation to Parliament House and UDIA NSW housing supply initiatives, research on infrastructure funding and green infrastructure delivery in Western Sydney, and ongoing collaboration with government, industry and community partners on housing supply, growth governance and housing delivery.

Key Argument

Australia's housing challenge is not simply a planning approvals problem. The central challenge is translating housing targets and planned capacity into completed homes and successful communities. While governments have introduced a range of important housing initiatives, housing policy remains fragmented across multiple programs, agencies, funding streams and levels of government. Housing targets, infrastructure investment, planning reform and implementation responsibilities are often developed separately, reducing the effectiveness of individual policy interventions. Housing growth therefore depends on three interconnected conditions:

- Feasible housing growth – projects must be economically deliverable under prevailing market conditions.
- Serviced housing growth – infrastructure must be delivered alongside housing growth.



- Deliverable housing growth – governance arrangements and institutional responsibilities must support implementation.

A sustained increase in housing supply will require attention to all three.

1. Feasible Housing Growth

A central challenge facing housing delivery is development feasibility.

While planning reforms may increase theoretical housing capacity, homes will only be delivered where projects remain economically viable under prevailing market conditions. Housing delivery is influenced by a range of interconnected factors including:

- Land acquisition costs.
- Construction costs and labour availability.
- Infrastructure and servicing costs.
- Developer contributions and regulatory charges.
- Financing conditions and interest rates.
- Market demand and achievable sale prices or rental returns.

This distinction is important. The existence of zoned land or planning approvals does not guarantee housing delivery. In many locations, particularly growth areas, significant planning capacity already exists. The challenge is converting planning capacity into completed homes.

UTRC's engagement with housing stakeholders suggests that development feasibility has become an increasingly important constraint on housing delivery, particularly where rising construction costs, financing costs and infrastructure obligations affect project viability. Housing reform should therefore focus not only on increasing planning capacity, but on ensuring that planned housing growth remains economically deliverable.

Recommendation 1

Require regular feasibility testing of major housing targets, growth area plans and significant planning reforms to ensure planned housing capacity remains economically deliverable under prevailing market conditions.

Recommendation 2

Review infrastructure contribution systems, servicing charges and regulatory requirements in high-growth areas to identify where cumulative costs may be constraining housing delivery.



2. Serviced Housing Growth

Housing growth depends on the timely provision of enabling infrastructure. This includes:

- Transport infrastructure connecting communities to employment and services.
- Water, wastewater and energy networks.
- Schools, health facilities and social infrastructure.
- Public open space and recreation facilities.
- Green and blue infrastructure systems that support cooling, flood mitigation and resilience.

Across many growth areas, housing development has proceeded ahead of infrastructure delivery. The result has often been increased congestion, pressure on public services and declining community confidence in growth strategies. This issue is particularly evident in Western Sydney, where rapid population growth has frequently outpaced the delivery of transport, health, education and community infrastructure. UTRC's engagement with local governments, industry and state agencies has consistently highlighted infrastructure sequencing as a critical factor affecting housing delivery.

The challenge is not simply one of funding infrastructure, but of coordinating infrastructure investment with housing growth. Current infrastructure funding arrangements also face significant challenges. Developer contribution systems are frequently criticised for complexity, uncertainty and inconsistency. Strategic infrastructure often falls outside existing contribution frameworks, while funding systems frequently focus on initial provision rather than long-term stewardship.

UTRC's current research on infrastructure funding and green infrastructure delivery has identified growing concerns regarding the ability of existing funding mechanisms to support both the delivery and ongoing management of infrastructure required by expanding communities.

Green infrastructure deserves particular attention. Current planning and infrastructure frameworks typically classify transport, utilities and social infrastructure as essential enabling infrastructure. Green infrastructure, despite its contribution to urban cooling, flood mitigation, biodiversity, public health and climate resilience, is often treated as discretionary amenity. This distinction has significant implications for funding, delivery and long-term management. If governments are serious about accommodating housing growth in increasingly hot and climate-exposed urban environments, green infrastructure should be treated as essential infrastructure rather than optional enhancement.

Recommendation 3

Require housing growth strategies and major growth area plans to be accompanied by publicly available infrastructure delivery schedules identifying timing, funding sources and responsible agencies.



Recommendation 4

Strengthen links between housing targets and infrastructure investment programs so that transport, utilities, schools and health facilities are delivered in parallel with housing growth.

Recommendation 5

Expand infrastructure funding and contribution frameworks to support both the delivery and long-term stewardship of strategic infrastructure required by growing communities.

Recommendation 6

Require green infrastructure to be included as a core infrastructure category within housing growth and infrastructure planning frameworks alongside transport, utilities and social infrastructure.

Recommendation 7

Recognise urban cooling, flood mitigation and climate resilience functions as essential infrastructure outcomes within housing growth planning and funding programs.

3. Deliverable Housing Growth

Housing delivery depends on effective coordination between governments, infrastructure agencies, developers and communities. Responsibilities are currently distributed across:

- Commonwealth Government.
- State Governments.
- Local Governments.
- Infrastructure providers.
- Private developers and investors.
- Community housing providers and other delivery partners.

While each plays an important role, fragmented responsibilities can create delays, duplication and uncertainty.

Recent UTRC work with the UDIA NSW Western Sydney "Unlocking Housing Supply" initiative highlighted the importance of coordination between planning authorities, infrastructure providers and local governments. Stakeholders consistently identified fragmented decision-making and infrastructure timing as significant barriers to housing delivery.

Housing delivery is therefore as much a governance challenge as it is a planning challenge. Recent national housing debates highlight a broader challenge. While governments have introduced a range of housing initiatives and commitments, there remains limited integration between housing



targets, infrastructure investment, implementation responsibilities and accountability mechanisms. This can result in situations where housing targets are announced without corresponding infrastructure commitments, infrastructure programs proceed without clear links to housing outcomes, or implementation responsibilities remain dispersed across multiple agencies and levels of government. The challenge is not simply one of policy design. It is also one of institutional alignment and delivery. A more integrated approach would strengthen the links between housing targets, infrastructure provision, funding mechanisms and implementation responsibilities.

Local governments are particularly important because they play a central role in strategic planning, development assessment, infrastructure provision, community engagement and the long-term stewardship of growing communities. However, many councils face workforce shortages, funding pressures and growing implementation responsibilities while simultaneously managing rapid population growth. Housing reforms frequently assume implementation capacity that does not always exist. For this reason, housing growth strategies should be assessed not only in terms of planning capacity, but also in terms of governance arrangements, institutional responsibilities and delivery capability.

Recommendation 8

Assign a lead agency or governance mechanism in major growth areas with responsibility for coordinating housing delivery, infrastructure provision and implementation across relevant agencies and levels of government.

Recommendation 9

Establish joint reporting mechanisms requiring housing, infrastructure and service agencies to publicly report on housing delivery outcomes, infrastructure provision and implementation progress in designated growth areas.

Recommendation 10

Provide targeted funding and capability support to high-growth local governments responsible for implementing housing growth strategies and associated infrastructure programs.

4. Affordable and Essential Worker Housing

Housing supply policy should not focus solely on the number of dwellings delivered. It should also consider whether housing is affordable, accessible and capable of supporting long-term social and economic participation. Emerging workforce challenges in health, education, emergency services and community services highlight the growing importance of affordable and essential worker housing.

UTRC recently provided evidence to the NSW Select Committee on Essential Worker Housing, drawing on comparative research from Australia and England. This work highlighted the importance of long-term affordability mechanisms, planning-based delivery tools and institutional capacity to support affordable housing outcomes at scale.



International experience demonstrates the value of inclusionary housing requirements, affordable housing contribution schemes, shared-equity and intermediate housing products, public land partnerships and long-term affordability mechanisms that retain benefits for future generations. Housing supply reform should therefore consider both the quantity and affordability of housing outcomes.

Recommendation 11

Expand planning and public-land mechanisms that support affordable and essential worker housing delivery in locations experiencing recruitment and retention pressures.

Conclusion

Australia's housing challenge is ultimately a housing delivery challenge. Planning reform remains an important component of housing supply policy. However, housing targets only translate into completed homes where growth is feasible, serviced and deliverable. A sustained increase in housing supply will therefore require governments to address development feasibility, infrastructure provision and governance capacity alongside planning reform.

The Productivity Commission has an opportunity to broaden the national housing debate beyond planning approvals alone and focus attention on the institutional, infrastructure and delivery conditions necessary to support housing growth at scale. UTRC would welcome the opportunity to contribute further to this discussion.

About the Author

This submission has been prepared by the Urban Transformations Research Centre (UTRC), Western Sydney University. Relevant UTRC activities include research and policy engagement relating to housing affordability, housing supply, essential worker housing, urban growth governance, infrastructure delivery, green infrastructure and planning implementation.

Prepared by:

Professor Nicky Morrison
Professor of Planning and Co-Director, Urban Transformations Research Centre

Submitted on behalf of the Urban Transformations Research Centre (UTRC), Western Sydney University.

