

15 June 2026

Dr Danielle Wood
Commissioner
Productivity Commission
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Dear Dr Wood

Housing Supply Regulation

I write in response to the Productivity Commission's inquiry into housing supply regulation, announced by Housing Minister Clare O'Neil on 28 May 2026.

To provide context, I have attached our submission to the 2025 Economic Review Roundtable.

Urban Taskforce welcomes this timely focus on regulatory constraints on housing delivery productivity.

I note the specific questions you are seeking responses on and we address each question in detail below.

1. Which regulatory reforms should governments prioritise to get more homes built more quickly? What evidence (case studies and data) can you provide to support your answer?

One of the biggest challenges to feasibility is the high rate of taxes, fees, and charges placed on development projects. These are often applied to projects with very little apparent concern about their impacts on costs, with proponents seeing the industry as a convenient source of revenue.

Data provided by Urban Taskforce Australia members shows that a substantial component of the cost of new homes is made up of Federal, state, or local costs, and that these have only increased in recent years. In fact, the proportion of fees, taxes, and charges could be as high as 35% of the price paid by a new homebuyer.

At a time of high interest rates and escalating costs caused by the Iran war, the cumulation of these costs are making project feasibility unsustainable.

While Urban Taskforce does not suggest that all taxes, charges, and fees need to be abolished or changed, in NSW alone, over the last ten years we have seen:

- the reintroduction of Water Development Service Plan Charges for water connections;
- the introduction of a Housing Productivity Contribution (HPC) for state infrastructure;
- affordable housing contributions levied by the State Government on transport-oriented developments, together with a range of council-based levies;
- the application of hidden costs and charges – public art levies, delegation of responsibility to put powerlines underground, and so on;

- the effective removal of caps on Section 7.11 and Section 7.12 Local Infrastructure Contributions (now a council simply needs to demonstrate to IPART that levies cover the reasonable cost of the delivery of that infrastructure);
- the increasing use of Voluntary Planning Agreements (VPAs), which were supposed to be phased out with the introduction of the Housing and Productivity Contribution (HPC), with significant infrastructure payment demands being sought;
- increases in DA fees to cover the cost of the time needed to review all the reports now required to complete a DA (and particularly for a state significant development application);
- the application of land tax on the land while DAs are being prepared, which can be a minimum of four years from land purchase to the completion of new dwellings;
- payroll tax, which has not been indexed and adds to the cost of construction; and
- escalating compliance costs through the application of the *Residential Apartments Building Act 2020* and *Design and Building Practitioners Act 2020*, which add obligations in NSW that affect no other state.

The Urban Taskforce Urban Ideas¹ research 'What Makes Housing So Expensive', reports on the true cost of an apartment and a house across Australia's three major cities. This report uses insights from a Centre for International Economics (CIE) analysis investigating the makeup of the cost of both new apartments and new houses across Australia.

The CIE analysis shows that Sydney leads the eastern seaboard when it comes to statutory changes, regulatory charges, and infrastructure charges. In Sydney, the combined government-imposed costs amount to \$346,000 for an apartment, 37.7% of the total cost of \$918,000.

In Melbourne an apartment government-imposed costs would amount to \$236,000, 32.2% of the total cost to build an apartment of \$734,000. In Brisbane, government impositions amount to \$256,000, 34.3% of the \$747,000 it takes to build an apartment.

New Apartments (without land costs)

	Sydney	Melbourne	Brisbane
Government-incurred Charges	\$346,000	\$236,000	\$256,000
Total Cost to Build	\$918,000	\$734,000	\$747,000
Percentage of Charges	37.7%	32.2%	34.3%

For Greenfield development, a house in Sydney incurs \$576,000 in government-imposed costs, 48.7% of the total cost of \$1,182,000. Melbourne will cost \$374,000 in charges, 43.2% of the total house cost of \$866,000, and Brisbane incurs \$348,000 in government charges 41.3% of the total of \$843,000 to build a home.

¹ [Urban Ideas – Urban Taskforce](#)

Greenfield house + land

	Sydney	Melbourne	Brisbane
Government-incurred Charges	\$576,000	\$374,000	\$348,000
Total Cost to Build	\$1,182,000	\$866,000	\$843,000
Percentage of Charges	48.7%	43.2%	41.3%

Federal taxes such as GST and company taxes also add to costs for homebuyers – in the former case such taxes are not applied to existing dwellings, adding a 10% premium to the price of a dwelling.

Urban Taskforce asserts that the Government needs to have a sharper focus on fiscal reform that reshapes taxes and government funding arrangements, eliminates inefficient taxes and shifts infrastructure costs away from developers. Any such fiscal reforms must be focussed on measures that will encourage new housing supply and improve economic productivity and housing affordability.

Further analysis undertaken by Urban Taskforce Australia makes clear the widespread nature of this burden. See table A below.

Payment at construction certificate stage

The payment timeframe for many of these fees occurs prior to the issue of the construction certificate (CC), which creates its own problems.

If a developer has to pay fees before any money has been earned through sales deposits, it is a debt burden they have to carry for the whole project.

These costs are not inconsequential: one member advised of a fee payment being required – for both developer contributions and affordable housing – of half a billion dollars.

This puts a developer in the position of having to find additional financial resources to pay a levy upfront, often years before pre-sales start and long before the development is complete. Financing costs can be significant and have the potential to ruin a project's feasibility.

Because contributions are charged at the CC stage, they impact dwelling commencements, particularly in areas requiring high rates of affordability.

The NSW Productivity Commission recommended that fees and charges should be levied at occupation certificate, when cashflow is secured, not at CC.

This would ensure that more projects can reach feasibility.

Developer contributions

Developer contributions for infrastructure are a significant cost to development projects.

These are often pitched as necessary to create the infrastructure needed to support additional populations. However, the lists of proposed works put forward by councils to justify the charges often seem to be a long wish list of desired facilities, rather than necessary infrastructure.

The effect of taxes, fees, and charges on the cost and pricing of housing in Greater Sydney

Table A

		Case study 1 Burwood 1 bedroom + study, 70sqm apartment in a 100-unit development	Case study 2 Penrith 3 bedroom, 110sqm apartment in a 100-unit development	Case study 3 Greenfield - South-West Sydney 3 bedroom house in a 100 lot subdivision, 450sqm lots
Sale price per dwelling		\$ 1,100,000	\$ 1,000,000	\$ 1,250,000
GST	C'wealth	\$ 100,000	\$ 90,909	\$ 113,636
Company tax (based on 15% pre-GST developer margin)	C'wealth	\$ 45,000	\$ 40,909	\$ 51,136
Local Infrastructure fees	Local	\$ 30,000	\$ 19,846	\$ 75,489
HPC	State	\$ 25,812	\$ 10,812	\$ 12,975
VPA	Local or State	\$ -	\$ -	\$ 12,000
Affordable Housing Contribution	Local or State	\$ 122,222	\$ -	\$ 10,500
Water Infrastructure DSP	State	\$ 3,500	\$ 8,400	\$ 40,000
Land Tax (based on 3 year land holding)	State	\$ 8,274	\$ 7,487	\$ 19,473
DA lodgement fees (typical SSDA fee)	State	\$ 600	\$ 600	\$ 600
Payroll Tax (5.45% of wage costs)	State	\$ 13,625	\$ 13,625	\$ 10,900
Public art levy	Local	\$ 7,500	\$ -	\$ -
Cost of Preparing a DA to satisfy the SEARs per dwelling (all consultant reports plus planner and architect)	State	\$ 3,800	\$ 3,800	\$ 3,800
Stamp duty	State	\$ 43,912	\$ 39,412	\$ 50,762
COST OF TAXES AND FEES		\$ 404,245	\$ 235,800	\$ 401,271
TOTAL COST TO PURCHASER		\$ 1,143,912	\$ 1,039,412	\$ 1,300,762

Cost of construction is assumed to be \$750K per apartment or \$600K for greenfield home

Land cost is 1/6 of sale price and 1/3 of greenfield

Company Tax assumes a 15% developer margin on costs

S, T, IZ rates are 4% for Burwood, 1% for Penrith

The HPC tax reflects the current regime - except for Burwood where an additional \$15K per lot is included reflecting its proximity to the Metro and the application of a similar fee in Fyrmont

There are not any known VPAs in Burwood, Randwick or Roseville - but these can be "required" as a condition of consent

Affordable Housing Contributions are based on the lost revenue arising from the transfer of title or the relevant published cash contribution

There are not any known VPAs in Burwood, Randwick or Roseville - but these can be "required" as a condition of consent

Water DSPs are based on actual charges in the relevant locations

Land tax is calculated based on land value being one sixth of the sale price for apartments and one third of the sale price for a greenfield separated dwelling

DA fees assumes all projects are assessed through the SSDA pathway and applicants are required to respond to SEARs

Payroll tax assumes that 33% of construction cost is labour

Cost of preparing a DA includes cost of consultant reports required to address Secretary's Environmental Assessment Requirements (SEARs), architect fees, and SDRP meetings

Stamp duty is a tax on property and impacts on project feasibility

These calculations do NOT include:

Costs associated with the RAB Act and the DBF Act (which only exist in NSW) adding cost to development in this state, including DC audits and 10 years' defect liability warranty

The requirement for 2% strata bond payments which are held for 2 years

The delays caused by current requirements for lodgement of registered drawings for construction even with minor amendments to design

The cost of connections to the Ausgrid or Essential Energy network (this used to be covered by the State but has been shifted to private funding)

These “laundry lists” of projects and a vast array of strategies, plans, masterplans, and programs give no clear explanation of what is going to be delivered, whether it is needed, and how it has been costed.

Nexus is often tenuous at best, and public works that will have broad community benefit are frequently paid for completely to new homebuyers.

Even where nexus is shared, or where there is little benefit to new residents, a large proportion of costs is regularly paid by the new residents.

For example, rapid growth in LGA's such as Blacktown or the Hills may see large contribution pools established. Councils then often deliver regional or district community centres, that may be distant from where the new development is occurring and thus likely to be of little use to the new homebuyers, yet they were required to pay for it through developer contributions. Further, they are used by the entire community, but paid for by only those purchasing in the new lots and sub-divisions.

There appears to be little state government oversight of these wish lists. The role of IPART is limited to reviewing the fair value of the cost estimates, not to the worthiness of the items included in the infrastructure list.

Development controls

One regulatory measure that is used to frustrate housing supply is the introduction of restrictions either within a local environment plan (LEP) or, increasingly, through development control plans (DCP).

This is where restrictions on building heights, setbacks, floorspace ratios, heritage impacts, shadowing, environmental measures, and others are often set.

While the NSW Government is pursuing initiatives to increase housing stock – planning reforms, pattern books, and low and medium-rise housing policies, to name a few – some councils seem determined to frustrate these efforts, notwithstanding their bi-partisan support in the NSW Parliament.

For example, Woollahra Council imposed some such restrictions with the DCP it implemented this year. This was an open and active effort to undermine the State Government's LMR policy, with the council saying that its goal was “*to minimise the impact of the recently introduced low and mid-rise housing reforms*”, to give applicants “*limited incentive for redevelopment*”, and to render housing supply policies unworkable.

Council's proposals were designed to restrict LMR development by:

- restricting parking in LMR developments, thus reducing their market appeal for potential purchasers, while at the same time requiring mandatory car share spaces;
- compelling a specific dwelling mix that does not necessarily deliver the dwellings being sought by the market;
- restricting development near “contributory buildings” within heritage conservation areas – basically any building that Council deems contributes to the heritage nature of the area, even if it is not, itself, of heritage value; and
- prescribing highly subjective streetscape controls, building alignments, heights, setbacks, and articulation despite many areas not being homogenous.

Such controls are not only intended to be a deterrent to potential developers and are designed to give staff as much flexibility as possible to oppose development applications,

as demonstrated by Council's stated intent to oppose "the LMR reforms, and their impacts on local character, heritage conservation, infrastructure, and surrounding amenity".

"Character controls" are another area used to restrict development. These are often vague statements against which developers have to compare their proposals, but for which there are no metrics.

Ku-ring-gai Council implemented local character statements last year. These were generalised statements about each of the eight identified "character areas". Yet, the statements contain no metrics and present no opportunity for objective assessment.

Developers are required to provide a written statement explaining how their proposal aligns with the character of the precinct. However, without any decision-making criteria, it is simply an opportunity for staff subjectively to reject any application they choose.

While these DCP and Character controls can sometimes unintentionally prevent development, in many cases they are put in place deliberately and with full knowledge that development will become unfeasible.

The problem with DCP controls, which are over-ridden by the State Government State Environmental Planning Policy, is breaches of the DCP can only be challenged in the Land and Environment Court. This process alone is time consuming and expensive (and Councils know this) as well as expensive (often requiring legal Counsel and a team of supporting planners, architects, engineers and solicitors).

By way of further example, Mosman Council, is currently attempting to introduce a new masterplan, as an alternative to the State Government's low- and mid-rise housing policy (LMR).

Mosman's draft alternate Masterplan would place most new development on major thoroughfares at a higher density than required by LMR but prevent any increase in density in other parts of the Council.

Planning red tape on housing needs to be slashed, with better data and more practical regulation, and a streamlining approach to codes and standards, so that it is easier to deliver new housing supply.

Restrictive zoning controls

A lot of planning practice appears to be focused on limiting, rather than encouraging, development. Planners attempt to locate development where they think it works, without any understanding of what the market wants or what it will support.

This leads to unintended consequences where, for example, industrial lands that could host mixed-use developments are restricted, effectively reducing their value and utility to the market. Restrictive zoning can also be used for political purposes.

Strategic planners have a passion for their own wisdom and often refuse you acknowledge exogenous health related, war inspired, or broader economic shocks.

Zoning restrictions seek to limit land uses in accord with the strategic planners dreams and aspirations. They work against organic growth, often resulting in sterile communities with large sections of developed land under-utilised or empty.

Zoning considerations should be broad to prevent fundamental conflict in amenity. Apart from that, mixed uses should be the preferred zoning, to create vibrant local communities which include a mix of retail, commercial and residential uses. Even light industrial can comfortably mix with retail and residential and uses.

Parking controls

Parking is a particular area where development restrictions are being introduced. Councils are increasingly looking at moving from minimum parking spaces to maximum, if parking is allowed at all (EV parking, however, is encouraged).

In developments close to transport, the argument is that people who will purchase dwellings will have no need to have a parking spot.

This is a very simplistic and limiting view. It presumes that everyone has the same driving needs, which is clearly not true. Shift workers (including police officers, nurses, ambulance officers, cleaners, hospitality workers, and security staff), tradies, and families all need flexibility to move around the city for personal and business reasons, often after hours and beyond the reach of public transport.

There is no empirical data to suggest that constraining road and parking space suppresses car use and makes sustainable transport more attractive than driving. If anything, it forces people to move further afield, creating longer travel times, increasing stress, polluting the environment, and resulting in shortages of labour supply in many areas.

Councils not only seek to restrict parking on site but are moving to prevent residents from getting parking spaces, as Randwick Council proposed for Randwick Junction. The limitation on parking options will make many projects unviable.

Industry does not necessarily want to provide parking, as digging down is expensive. But the decision about whether parking is provided or not should be a matter for the market to decide.

Affordable and social housing

You cannot tax your way out of a crisis, but current council proposals and NSW Government controls attempt to do just that. The reality is that seeking too much funding from developers to support local affordable housing aspirations simply undermines housing development feasibility.

Initiatives to increase affordable housing need to have market-based practicalities if councils are to have any hope of supporting households in rental stress (if in fact, this is their intent at all. Sometimes the proposed affordable housing levies are so extreme, that they render housing development completely unfeasible. Urban Taskforce members believe that this is often their intent).

Over the last 20 years, affordable housing schemes have been applied in LGAs through inclusionary zoning policies adopted by Councils. However, none of them have delivered even a small fraction of the affordable housing that was intended when the schemes were introduced.

These schemes are for in-perpetuity housing (a gift to Council or a CHP of a nominated portion of GFA), effectively reducing the value of a property and the potential yield and putting at risk the returns needed to attract financing.

And the policies have been shown to increase costs overall – for example, Willoughby's affordable housing scheme has been found to increase the cost per unit sold on the open market, in developments where their policy has applied, by as much as \$120,000 for developments around Chatswood.

Instead of seeking feedback from industry as to why this may be the case, some of these authorities are now seeking to double-down and further increase their affordable housing thresholds.

Some affordable housing levies are as high as 10-20% on uplift making development unfeasible.

The only initiative that has been shown to deliver sufficient volumes of affordable housing – the NSW Infill Affordable Housing Bonus Scheme implemented through the Housing State Environmental Planning Policy (SEPP) – is rejected out of hand by many councils, because it delivers affordable housing for 15 years and not in-perpetuity and it also delivers a height and GFA bonus.

This is limited thinking on the part of councils – 15 years is the timeframe after which an apartment would need to be renovated, and allowing a limit on the affordable housing period would enable a developer to manage their costs.

Balancing housing delivery with economic realities requires not just looking at the needs of renters but understanding the impediments being placed on development and the impacts of increasing taxes and charges.

Incentive-based affordable housing schemes will deliver more affordable housing more cost-effectively and should be seriously considered by state and local governments.

State restrictions

While the rhetoric from state governments is increasingly favouring more housing, their policies can also often exacerbate the problem.

Infrastructure

Housing-enabling infrastructure is a critical factor in the delivery of more supply, particularly in greenfield developments in growth areas, like South-Western Sydney. Growth areas offer much opportunity for housing supply and economic growth, but the Federal and state governments have to take a more deliberate and determinative role to bring this about.

A report released in November 2025 by the National Growth Areas Alliance calculated that at least 82,500 homes slated for construction in growth areas could not commence because they lack sewers and roads.²

Future housing is being stymied because the infrastructure needed to make it work is not being provided, resulting in less supply to meet a growing demand.

In the absence of Commonwealth support for new infrastructure, notwithstanding the increase in both Commonwealth revenue and demand for housing arising from the rapid post pandemic rise in immigration, state and local governments are simply passing any delivery costs onto developers, which impacts feasibility, drives up house prices, and threatens both housing supply and affordability.

As a result, either the purchase price of a new home goes up, rents go up on investment properties, or the dwellings are not built at all.

It is no coincidence that feasibility in Western Sydney, where wage growth has significantly lagged behind housing price growth (or even CPI), is simply not stacking up. Most development activity and new supply now focuses on higher-end development in the eastern third of the city when demand for housing is relatively price inelastic.

² NGAA, Beyond Brick: Delivering the housing we need sooner in Australia's Growth Areas, November 2025

The upfront provision housing-enabling infrastructure, particularly with funding and assistance from the Commonwealth, would not only provide an incentive for state and local governments to get on with the task of approving development applications for new housing, but would address broader community concerns around a lack of essential services.

Biodiversity

Current Federal and state biodiversity regimes create additional cost and confusion for housing development.

Even where areas are “pre-certified” for development, applicants frequently have to provide reports, conduct studies, and ensure that no biodiversity is at risk.

The point of bio-certification is to identify areas where no further study is required. The price paid for land in these locations already factors in the bio-certification. This is the case in the designated Growth Centres in the North-West and South-West of Sydney, which were deemed with bio-certification in the early 2000's.

There have been some significant improvements associated with the reduction in duplication of environmental approvals between State and Commonwealth agencies. This philosophy needs to be driven through the States and onto local government at all levels of the planning system and building regulatory authorities.

Our members have advised that the current policy settings tend to result in an undue focus on process, with participants regularly bogged down in the preparation of detailed and costly consultant reports, or focusing for unnecessarily long periods, on relatively small parcels of land. Instead, a shift to broader outcome focussed results would deliver the best environmental “bang” for limited private and public sector “bucks” (ie. low value for money).

Complex rules and the lack of clear, practical guidance have led to the inconsistent application of biodiversity requirements across regions and planning authorities, making project planning and investment risky.

Regulations need to be outcome focussed and balance rules with risk. Schemes should focus on the big picture and not get buried in the “small stuff”.

The current rules have created ambiguity and established regulatory hurdles that work against the interests of housing supply and affordability, while delivering little in terms of environmental benefit.

More practical approaches to biodiversity and environmental protection are needed, so that the area does not become a boondoggle for environmental consultants.

Bushfire/flooding

Bushfire and flooding concerns are creeping into planning controls and starting to prevent developments.

High benchmarks – for example, selecting an average recurrence interval (ARI) for flooding of 500, instead of 100, years put pressure on feasibility.

These higher thresholds are imposed for evacuation purposes but tend to overplay the risks on the basis of evacuation concerns.

Too often, the application of these rules, where there is no flood risk to the property, prevents development on otherwise developable land on the basis of dangers that are unlikely to eventuate. The risk associated with Flood Evacuation Models (FEMs) are

significantly overstated. The assumptions that underpin these FEMs are incredibly conservative. For example, FEMs frequently assume that all vehicles in a flood impacted areas will return to their residence, then all will seek to evacuate to the local designated emergency evacuation centre. This means that no contra-flow traffic arrangements can be put in place. This drives up the cost of road infrastructure and that cost is passed onto the developer and in turn, to the new home buyer.

Evidence from the 2020 and 2022 floods in the Hawkesbury Nepean, as well as the Brisbane floods in 2022, show that only 15% of residents relocated to emergency evacuation centres. Many others left their dwellings in advance of the floods and the rain events. Others sheltered with friends and family in high locations. This is just one example of risk averse regulators adding massive cost to housing supply.

Planning for these hazards needs to be practical.

While higher ARIs provide useful information for councils about the potential impacts of more extreme flood events, they were never intended as de-facto thresholds for development approval.

The extent of flood storage areas, flood fringes and floodway extents, which govern land use, still tend to be based on the 100-year ARI flood event, and such thresholds should remain.

Approval processes and Design Reviews

As the discussion paper notes, the approval processes can be long and complex and often restrict applications by making it too difficult to lodge successfully.

The NSW Government introduced reforms last year that industry believes will go some way to improving the approval process.

Initiatives such as the Housing Delivery Authority (HDA) are appropriate checks and balances on obstructive councils and are starting to deliver tangible change in the assessment process.

However, the proliferation of design review panels has introduced a new level of architectural bureaucracy to the planning process. These panels are frequently populated by semi-retired third rate architects who have little to contribute to sites that have been designed by top tier architects such as those used by Urban Taskforce Australia members.

Restrictive rules to discourage innovation

The discussion paper has alluded to modern methods of construction (MMC).

Some changes have been introduced in NSW recently to facilitate MMC, though they are still working their way through the NSW Parliament.

Other discussions are occurring in relation to the National Construction Code.

However, there are still problems with land lease rules that prohibit land leasing in the Sydney basin. This limits the economies of scale to make manufactured homes viable in NSW (unlike in Queensland and Victoria, where no such limitation applies).

2. Which steps of the housing regulatory approvals process are the most onerous, time consuming and costly? Why? How could the burden be reduced without compromising regulatory objectives?

Development Application (DA) processes have become excessively long, slow, fragmented, and duplicative.

Their assessment has become increasingly cumbersome and discretionary, especially at the local government level. Requirements for Design Competitions (mentioned in relation to Inquiry question 1 above), even when applicants are using top tier or even internationally acclaimed architects, are a waste of time and money.

Despite state-level strategic planning frameworks, local councils often apply conflicting "local character" overlays and design controls that delay or block otherwise compliant proposals.

Assessment processes are increasingly subject to the whims of myopic barely qualified "subject matter experts" and most recently further encumbered by the imposition of an architectural overlay on the planning sector seeking "design excellence", all adding to time and cost while undermining feasibility, certainty and discouraging investment.

Lengthy timeframes associated with local planning assessment and determination pathways (often exceeding 18–24 months in NSW, then proceeding to Court), political risk, and inconsistent interpretations of the Act and application of standards lead to rising holding costs, reduce investor confidence, and increase financing risks, particularly for high-density and more affordable housing developments.

Now is the time for the Commonwealth to reward the elimination of regulation with a national planning efficiency fund. This fund should be focussed on the alleviation of the most time-consuming and complex planning controls and processes.

Areas to focus on include regulations that are associated with planning approvals (it used to be that conditions of consent typically ran to a page or two. Now, it is often the case that there are hundreds of conditions of consent, each requiring sign off by the relevant authority and then the certifier.

Other areas of frustration include discretionary design mandates, inconsistent state and local controls, unpredictable or retrospective charges, that reduce business dynamism, cause delays and create project and thus commercial risk.

As noted above, this fund should be driven through the Commonwealth and supported by a pool of incentive payments to support reductions in regulation and red tape. Substantial sums of cash incentivise otherwise lethargic state treasuries to get active and push for regulatory reform.

3. Which recent reforms to approvals (for example, fast-track pathways, coordination bodies, AI-assistance) have been the most and least effective in increasing new housing supply?

Two examples of good policies that have worked to promote housing supply and productivity improvement in the NSW context were the State Government's In-fill Affordable Housing Bonus policy and the new planning pathway provided by the Housing Delivery Authority (HDA).

The In-Fill Affordable Housing Bonus was a successful initiative because it incentivised additional housing through height and density by between 20-30%, with the trade-off of the provision of between 10-15% of the total dwelling or GFA yield being dedicated to affordable housing, managed community housing providers (CHPs), for 15 years.

This presented a feasible mechanism to simultaneously increase housing supply as well as boost the affordable housing stock, that investors could quantify and issues project loans.

The proof is in the pudding. This initiative has been very popular and has delivered almost 10,000 new affordable homes to CHPs for management, more than all the Council inclusionary zoning policies where land was required to be dedicated in perpetuity, over then preceding 20 years.

The policy resulted from detailed input from and consultation with Urban Taskforce Australia. This industry input meant that when it was implemented through an amendment to the Housing SEPP, the financial viability of the scheme was assured.

The property sector in NSW has also warmly welcomed the establishment of the Housing Delivery Authority (HDA), announced in November 2024 and implemented from early in 2025.

This streamlined assessment and rezoning (where applicable) process for complex, high yield housing proposals (valued at over \$60 million in CIV in the City and over \$30 million in the regions) across the State. The HDA is led by a powerful "triumvirate" of senior public servants including the Secretary of the Premier's Department, the Planning Secretary and CEO of Infrastructure NSW. This elevates the need to turn around declining housing supply to the highest levels of Government.

The new HDA system was notable as it reversed a trend in planning practice. Rather than the planning department setting height or density limits or prescriptions or planning controls, this new HDA called for expressions of interest from the private sector.

These EOIs are premised on them being able to deliver housing and commence construction within a year of approval. The Expressions of Interest from the private sector are assessed by the HDA based on clear criteria. A recent change to the EOI assessment performance requires that they be assessed within 60 days of lodgement.

If an EOI is given the green light, an applicant then has 9 months to apply for Secretary's Environmental Assessment Requirements (SEARs), then a further 9 months to lodge a fulsome application which is compliant with the State Significant Development Assessment requirements.

The HDA's selection criteria and the Secretary's Environmental Assessment Requirements (SEARs) outline the consultant reports and areas of concern that must be addressed by the SSDA application. The processes are supposedly robust and target those referrals to third party government agencies that matter to the assessment of the DA.

Further, part of the HDA process is to ensure that referrals and concurrences to government agencies are progressed in a timely fashion with the entire assessment and determination to be completed within 275 calendar days from the lodging of a SSDA.

As you can see from the above, the entire process still takes years – but such was the dismal state of NSW planning bureaucracy, that this is less than half the time previously taken to develop, assess and approve a similarly sized development application – particularly where it required a rezoning.

The same focus must be applied to productivity reform in Australia and in the area of housing supply in particular. Since its inception in February 2025, the HDA has considered 850 Expressions of Interest for high value, high yield projects over its twenty three fortnightly meetings. From these, EOI applications, around 370 have been recommended to, then approved by the Minister to go into the as State Significant Developments Assessment (SSDA) planning pathway. If all these were to be approved, this would represent over 125,000 new dwellings.

This represents a massive contribution to bump up housing approvals result and demonstrates the extent to which the overly prescriptive rules and regulations had been holding available capital back.

Unfortunately, the majority of these are unlikely to be completed until well after the Accord timeframe is complete (June 30, 2029), but it is nonetheless a very positive initiative.

However, just when things were looking up for housing supply in NSW, the powers that be within DPHI decided to undertake a review.

This review lead by the Department of Planning, Housing and Infrastructure (DPHI) was a retrograde step which saw those that created the housing supply crisis review the very body that was trying to fix it. The outcomes of the review essentially sought to wind back the scope of the HDA and were aimed at creating social licence and support from local councils.

Fortunately, the NSW Premier saw otherwise and the need to turbocharge supply to address the housing crisis and now feasibility has been put front and centre in the HDA with many of the Review recommendations reversed.

Tis is a clear case of why planners (and architects) should not be left to design processes where significant sums of money are required from investors to solve a policy problem like the housing supply crisis.

Good regulatory practice in the property sector delivers certainty, codification, and aligns approvals with funding and resources for the delivery of infrastructure, as demonstrated by recent state-led planning initiatives. Conversely, discretionary local approvals, and piecemeal council interventions illustrate poor regulatory responses that stifle business dynamism, reduce resilience, and worsen the housing crisis.

4. Which specific zoning and land-use controls most limit the supply of new housing? What are the benefits to consider of specific land-use controls? How does this vary across particular Australian jurisdictions or areas?

See answer to this Inquiry Question 1 above.

5. How important are land release arrangements (including subdivision and titling) in limiting housing supply in an area, relative to other zoning and land-use controls?

In NSW we are not familiar with titling. Broadening the code based assessments of house and land subdivisions is very important and should be encouraged. To be fair, there has been significant and positive work undertaken in NSW in this area and also arising from planning reforms that passed the NSW parliament with bi-partisan support in later 2025.

6. How do development contributions and contributions frameworks affect project feasibility and new housing supply?

See answer to this Inquiry Question 1 above.

7. What other regulations relating to housing-enabling infrastructure should be a priority for reform to increase new housing supply?

Planners frequently mis-understand the concept of a benefit cost analysis or a benefit cost ratio.

Cost-benefit analyses have traditionally taken a broad perspective, measuring the cost of a project or initiative against the value of the benefits (be they closely related or wider economic benefits).

The tendency of planners is to compare the cost (paid by developers or ultimately by the new home buyers) against the benefits derived by the broader community. This effectively downplays the quantum of the costs, and ignores the massive impacts on those paying them, who, in turn, rarely receive the benefits (or anything like the quantum of benefits) of the tax, fees, charge, rule or requirement.

So, for example, a tax on market housing to support additional affordable housing, or a developer contribution for local or state infrastructure, or restrictions on height to satisfy character controls are creating or preserving benefits for others at the expense of the developer and its clients.

Social policy is often pushed through planning and building controls without any real assessment of its impact or cost and to meet goals largely unrelated to the development itself.

Public art levies are near comical case in point. Some councils charge as much as 1% on the cost of construction for public art funding. This payment adds to the cost of housing without providing any benefit to the homebuyer, simply to meet council-set goals to increase artwork within the LGA.

These additional costs must either be borne by the developer, putting project feasibility at risk, or be passed onto the homebuyer, making housing more expensive.

Artwork used to be donated by wealthy individuals as a service to the community, or to commemorate people or events. Now councils are effectively extorting funds from developers to pay for it – if you don't pay the levy, you won't get a construction certificate. All this so self-indulgent mayors can cut the ribbons on new art displays.

Need for better data

State governments are making it difficult to assess progress.

Data collected by jurisdictions is either not being released or is being cut up in ways that are not useful and that cannot be critiqued.

The ABS, for example, publishes data on commencements and completions – but these are based on surveys performed by developers and builders, rather than by looking at data on occupation certificates.

The latter data is collected through the NSW planning portal but not shared. Yet it would be valuable information that provided insights into how planning systems were operating.

The NSW Government has also abandoned its incredibly useful Greater Sydney Urban Development Program Dashboard. This provided vital information on housing activity and supply, the roll out of housing supply in greenfield precincts and infrastructure delivery, helping both government agencies and developers work together to ensure efficient coordination.

Transparency is vital for accountability. Good data collection, management, and dissemination is needed if governments are to be held to account.

Conclusion

Sluggish planning systems, unreasonably high taxes, fees, charges and contributions, overregulation and onerous development controls all restrict feasibility and the supply of new housing.

The health of the private housing development sector depends on project feasibility.

Where there is a disconnect between these imperatives, the market fails and that results in a crisis in supply. That is where we find ourselves today.

We would be happy to discuss our concerns further should the opportunity arise.

Should you wish to discuss any aspect of this submission further, please contact our Economist and Planning Analyst, William Hughes on or via email

Yours sincerely

Tom Forrest
Chief Executive Officer

Attachment: Urban Taskforce Australia's submission to the 2025 Economic Reform Roundtable