Urban Taskforce
AUSTRALIA

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Productivity Commission
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Sent to: housing.supply@pc.gov.au

Dear Commissioners

Housing supply regulation

I write in response to the interim report on housing supply regulation that was released in July by the Productivity Commission.

Urban Taskforce Australia welcomes the findings of the Productivity Commission, as outlined in the interim report, and strongly supports the four stated principles of best practice for the regulatory system:

1. Adopt a 'build' mindset
2. Only regulate where necessary
3. Coordinate with infrastructure
4. Keep the process simple.

A housing supply crisis

Australia is currently in the middle of a housing supply crisis, where a lack of new homes is rapidly reducing affordability. Worse, the plethora of building and planning rules and regulations have become significant burdens for industry. When added to the impact of four interest rate rises this year and the cost increases associated with the war in the Gulf, housing project feasibility is at a nadir.

The Productivity Commission has rightly identified that an array of regulations and controls are one of the core factors driving the problems with feasibility, and therefore housing supply. The prevailing anti-development attitudes of some consent authorities (often directed by political masters, particularly at the local government level) is making project feasibility harder and harder to achieve.

It may be tempting to see these barriers to new housing as unintended consequences of efforts to improve build quality and amenity. However, while this may be true in some cases, in recent years local councils have proven themselves to be more and more willing to use consent powers as a way to refuse development, rather as a process for approving it.

In the Sydney context, this mindset can be seen in LGAs like Woollahra, where the Council is actively campaigning against rezoning around the new station, and Mosman, which is undertaking a cynical (and unrealistic master planning process to propose an alternative to the State Government's Low and Mid-Rise Housing policy).

While not wishing to unnecessarily labour the point, case studies of active measures being taken by councils to frustrate housing supply efforts include the following.

- Woollahra Council has:
  - amended its DCP, in what council staff openly admitted was intended to subvert the Low and Mid-Rise Housing Policy (LMR)
  - thrown hundreds of thousands of dollars on consultants to attempt to stop redevelopment around Woollahra Station
  - proposed it's alternative to NSW Government zoning in that precinct, which would deliver barely a third of the proposed new housing of the State plan. (See more detailed case study at Appendix A)
- Mosman Council has:
  - introduced a Residential Development Control Plan "in response to" the LMR requirements, "to help protect Mosman's character"
  - released a new Masterplan "in response to community concerns regarding the LMR" to consolidate density in key areas, as an alternate to the policy. (See more detailed case study at Appendix B)
- Randwick Council has:
  - added significantly to the cost of development with high affordable housing rates, public art levies, and requirements for developers, to underground powerlines
  - at the same time, limited opportunities for increased density, banned parking for future residents, and applied "local character area" requirements that restricted what could be built
- Willoughby Council has designated almost the whole of Naremburn as a heritage conservation area, restricting the ability to make LMR applications in the suburb next to St Leonards station
- Northern Beaches Council has changed its DCPs to "set additional requirements" to hold development "to the same rules as other similar development" (which seems counter-intuitive)
- Ku-ring-gai Council implemented "local character area" requirements that put barriers in front of development
- Georges River Council proposed an alternative plan that would deliver 1,400 fewer dwellings than the State Government's LMR policy

What are the factors undermining the feasibility of development?

In our last submission to this inquiry, Urban Taskforce provided a number of examples of where issues are likely to arise. A copy of that submission is attached.

A brief summary is provided below.

Taxes, fees, and charges

According to the Centre for International Economics[1], statutory, regulatory, and infrastructure charges add up to $346,000 for each new apartment.

Urban Taskforce members have suggested that the impact of taxes, fees, and charges is as high as 35-40% of the price of a new apartment, a cost that is passed on to the homebuyer.

These fees come from a variety of areas – water development service plan charges, Housing Productivity Contributions, local infrastructure charges (s.7.11 and s.7.12), affordable housing contributions, public art fees, electricity undergrounding costs, and so on.

Adding imposts to already marginal housing projects will undermine project feasibility and lead to less housing – exacerbating shortages and placing further upward pressure on prices.

If projects cease to be viable, they won't get finance, and nothing will be built.

Even if they do proceed, excessive fees, charges, and taxes could reduce land values or pass significant additional costs on to the end customer.

The requirement to pay many of these fees upfront creates further problems, affecting cashflow and requiring additional funding to be sourced to cover the expense.

Developer contributions – local infrastructure

According to the Independent Pricing and Regulatory Tribunal (IPART), any developer contributions should have nexus to the development – a relationship between the development and additional demand for the local infrastructure.

In Urban Taskforce's experience, nexus is often claimed but rarely vetted.

So it is that councils can propose public works programs costing hundreds of millions of dollars, while nexus is claimed but insufficiently demonstrated.

The City of Canada Bay Council, for example, has two contributions plans that are required to fund over $743 million in infrastructure costs, including a $29.8 million multipurpose community centre and library hub in Drummoyne.

Most of the development is occurring in the west and south of the Council, while the centre is in the east. So, it is not clear why new homebuyers in Rhodes, Homebush, Concord, or along Parramatta Road would be paying the majority for a new centre that is nowhere near where they are living.

Why, too, would new residents be charged the full costs for parks and walkways that would be shared with existing residents?

The reason is that councils see new developments as a funding source for infrastructure wish lists, and nexus is neither treated seriously, nor is it policed by IPART.

Restrictive zoning (land use controls)

As the Productivity Commission notes, there should be more flexibility to deliver housing in commercial precincts.

While initially there was a level of ringfencing for commercial business districts, the Sydney Plan now recognises the need for residential property in these areas by accounting for it in its centres policy.

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[1] The Centre for International Economics (2025). *Taxation of the housing sector*, p.13.

This is important for two reasons. Firstly, the policy now recognises that developers should be able to deliver the best type of project to suit local needs – often this is in the form of mixed-use developments.

Secondly, business precincts that don't include housing end up being ghost towns after 7pm on weekdays and through the weekend.

Zoning should move away from a planner deciding what they think should be in a certain location and instead allow the market to decide.

Parking controls

Council-imposed parking controls are also an issue.

While the development of housing in Transport Oriented Development (TOD) precincts encourages councils to ban parking altogether, this is not practical.

Just because someone lives in a TOD precinct, it does not mean that they do not need parking.

Underground parking is expensive to develop, but many homebuyers do not want to purchase an apartment without being able to park their car in the complex.

Again, parking should be market-driven – if people do not require it, developers will cease offering it.

Affordable and social housing

As housing becomes more expensive, affordable and social housing demands increase.

Now these "contributions" are creeping into more and more council Local Environment Plans.

Levies that have been applied by the NSW Government through its Tier 1 Accelerated Precincts Transport Oriented Development program range from between 2% and 18% of Gross Floor Area (GFA). Other controls seek to focus on "uplift". Some controls require an in perpetuity "gift" of floor space to a Community Housing Provider ranging from between 2% and 15%. Others offer a bonus increase in the height of the building in return for an affordable housing contribution for 15 years.

The system is a mess. Local councils apply their controls through their Local Environment Plans. The State Government has different rules depending on the approval pathway chosen and the program that applies to the land in question (TOD precincts; Infill Affordable Housing Bonus applications; Housing Delivery Authority Applications through the State Significant Development assessment and determination pathway – all involve different rules and, in some cases, they are catastrophically duplicative).

Those that set these policies are not required to have them subjected to a rigorous and consistent cost/benefit analysis. Too often there is a presumption that where there is an uplift in yield for a development site there is no real cost to developers associated with part of that increased yield being dedicated (either permanently or for a period of time) to a CHP for the purpose of affordable housing supply.

This ignores the rising cost of construction. Increasing yield, in many cases, does not result in increased profit. It simply enables a developer to proceed with a project in a feasible manner that covers increased construction costs – costs that are notoriously sticky (they rise quickly but almost never go down again). So, applying an affordable housing tax to the suppliers of new housing undoes the benefit of the uplift. You end up with a deficit in housing supply, and you exacerbate the demand for affordable and social housing. A lose-lose scenario.

And on top of all that, Affordable housing contributions are levied before a building is constructed (prior to the issue of a Construction Certificate).

Depending on the percentage of the euphemistically termed "contributions", this could add between $50,000 to $100,000 to the cost of an individual apartment dwelling – millions of dollars on top of existing apartment construction costs.

In some cases, the "contributions" appear to be set quite high to discourage development.

For example, and as mentioned earlier, Mosman is applying a 15% levy on developer-led rezonings. This means that, if a developer seeks uplift through an infill affordable housing bonus (as provided for in the NSW Housing State Environmental Planning Policy - SEPP), the applicant will be required to cover:

- 15% of additional floorspace for 15 years; and
- 15% of additional floorspace in perpetuity.

This will make the infill affordable housing bonus policy of the NSW government unworkable as projects will be unfeasible. We contend that that is the point!

Environmental policies

As noted in our previous submission, Federal and State biodiversity regimes create additional cost, complexity, and confusion for housing developers, often doubling up reporting responsibilities, and increasing expenses for greenfield projects. With water infrastructure struggling to cope with development in western Sydney, EPA and DCCEEW requirement for water discharge into the Nepean River and South Creek are significantly above national obligations and applicable codes. This simply adds to the cost of the infrastructure, and this is passed onto consumers via development service plan charges applied to developers.

Similarly, the NSW Government is undertaking significant bushfire and flooding reviews and increasing controls in different areas while relying on inconsistent and untested flooding maps and highly risk adverse emergency service agencies. Again – no consistent nor rigorous cost/benefit analysis is applied. This highly conservative and untested attitude works against an objective risk analysis and negates up front consideration of mitigation options.

Consultant reporting requirements, including design review, are out of control

Numerous reports are requested by councils or the State Government, for development applications, requiring consultants and thousands of dollars in expenditure.

Recognising the complexity this was adding to the system, the NSW Government streamlined the amount of reporting through its Secretary's Environmental Assessment Requirements (SEARs) process. It reduced the number of reports from what was typically 47 expert consultancy reports to 24, but more are added for site specific purposes.

The current list of key issues to be addressed as a standard set of SEAR issued for a State Significant Development (with supporting documentation) includes:

1. Statutory Context (a Clause 4.6 Variation Request*, if required*)
2. Estimated Development Cost and Employment (an EDC Report)
3. Contributions and Public Benefit (addressed in the EIS, but it may require a Draft Planning Agreement)
4. Engagement (an Engagement Report)

5. Design Quality (a Design Excellence Strategy, where design excellence is required by an EPI; a Competition Report, where a competitive design process has been held; or a Design Review Report, where the project has been reviewed by the SDRP)
6. Built Form and Urban Design (Architectural Drawings; a Design Report; a Survey Plan; a Schedule of Colours, Materials, and Finishes; and a Design Verification Statement)
7. Environmental Amenity (Shadow Diagrams; a Chapter 4 Housing SEPP Assessment (ADG); and a View Impact Analysis*, if required*)
8. Visual Impact (a Visual Impact Analysis and a Visual Impact Assessment*, if required*)
9. Transport (a Transport Impact Assessment and a Preliminary Construction Traffic (or Transport) Management Plan*, if required*)
10. Noise and Vibration (a Noise and Vibration Impact Assessment)
11. Water Management (an Integrated Water Management Plan)
12. Ground and Groundwater Conditions (a Geotechnical Assessment; a Groundwater Impact Assessment*, if required*; a Salinity Management Plan*, if required*; and an Acid Sulfate [sic] Soils Management Plan*, if required*)
13. Contamination and Remediation (a Preliminary Site Investigation Report; a Detailed Site Investigation*, if required*; a Remedial Action Plan*, if required*; and a Preliminary Long-term Environmental Management Plan*, if required*)
14. Trees and Landscaping (a Landscape Plan and an Arboricultural Impact Assessment*, if required*)
15. Ecologically Sustainable Development (ESD) (an ESD Report and a BASIX Certificate)
16. Biodiversity (a Biodiversity Development Assessment Report or BDAR Waiver)
17. Waste Management (a Waste Management Plan)
18. Social Impact (addressed in the EIS, but it may require a Social Impact Assessment in accordance with the guidelines)
19. Flood Risk (a Flood Impact and Risk Assessment (FIRA)*, if required*)
20. Bush Fire Risk (a Bush Fire Assessment*, if required*)
21. Aboriginal Cultural Heritage (an Aboriginal Cultural Heritage Assessment Report, *if required*)
22. Environmental Heritage (a Statement of Heritage Impact*, if required*, and an Archaeological Assessment*, if required*)
23. Public Space (a Public Space Plan*, if required*)
24. Hazards and Risks (a Hazard Analysis*, if required*)

These reports must be prepared by expert consultants and cost from $20,000 and in some cases well over $100,000 for each report.

Worse, if there is a single change in a critical report, such as with a change to height, density, yield, design, landscaping, connection with country, traffic design or arising from shadow diagrams, this could lead to many other reports requiring amendments as well, costing even more money and time for each new iteration.

As if this wasn't enough, the NSW planning system has been effectively taken over by architects and design review processes.

Not only do development applicants need to satisfy planners, but increasingly there is a bevy of design consultants who also must be appeased through these extensive consultant reports and iterations of requests or demands. This costs time and money, often delivering poorer outcomes which are only agreed by the applicant because they need the design panel's "tick" or risk them applying a veto to the project.

All too often, those involved in design review have zero experience in delivering the project type they are reviewing, and their recommendations amount to undeliverable rubbish.

Despite the inefficiency and delay caused, there has been a growing intervention from design review panels into development assessment, even at the Housing Delivery Authority level. While these panels are meant to be advising on design elements, they have begun to creep into merit assessments, and, in some cases, to reduce the number of apartments being built.

So, an applicant can go into a design review with a feasible project only to leave with something that is undeliverable. The cutting back in the number of reports required, and the designation of "if required" has made a difference, but lodging a rezoning application or a State Significant Development Application is a very expensive and time consuming process.

Infrastructure

As the Interim Report has recognised that there needs to be more coordination of infrastructure for greenfield locations, so that new developments are connected to the services they need.

There has been some improvement in this area, but the Commonwealth remains aloof with Infrastructure Australia providing very little focus on the crisis of housing supply and the need for supporting infrastructure.

Housing related infrastructure investment is critical to the delivery of housing supply. It requires focussed analysis from developers, local councils, state and federal governments, so that projects can be supported and new housing delivered. Each arm of government has a role to play in developing and funding the infrastructure required to support the housing needed to put downward pressure on rental prices and new dwelling purchases.

State Government interventions

For too long, councils have been allowed, if not encouraged, by different state governments to apply restrictions in their local areas.

This is sometimes a passive process – allowing changes to go through without challenge – but sometimes the Department of Planning, Housing, and Infrastructure gets actively involved.

For example, Northern Beaches Council had an affordable housing levy for the Frenchs Forest precinct of 10%. Nobody built, because the numbers (project feasibility) didn't stack up.

So, Council proposed to change the levy to 3%. In its Gateway Determination, NSW DPHI took issue with the reduction, directing Council to:

> *"provide additional feasibility analysis for 'Area A' to* ***determine whether the extent to which the current 10% affordable housing contribution rate, or a rate as close as practicable, can be viably maintained****. The updated analysis must: (i) test affordable housing contribution rates from 1% to 10% at 1% increments; (ii) assess the impact of any proposed section 7.12 contribution rate at each increment; and (iii) evaluate development scenarios that include opportunities for additional density to improve feasibility"*

In this situation, Council had determined that the high rate of affordable housing was not working and proposed a solution, but the Department did not want it to change. When a council has realised that a control is preventing development, the Department should not be forcing it to keep the control in place.

The need for feasibility

Project feasibility in residential development is already at risk as a result of rising fees, taxes, and charges, poor planning processes and decisions, restrictions on development, zoning constraints, and increasing construction costs.

These increase housing prices and jeopardise the ability of developers to deliver much needed supply as already marginal projects cease to be feasible, despite increasing demand.

On the rare occasions they are carried out, feasibility analyses prepared for councils often underestimate or ignore the issues faced by developers.

Consultants conduct desktop calculations of what might be acceptable for a project rather than engaging with the industry to determine what actually is.

Developers need to ensure that there will be a sufficient return on investment that addresses inherent risks and gives confidence to banks and investors that loans will be repaid. Otherwise, the project will not (and regularly does not) proceed.

Project feasibility is determined most accurately by a developer in conjunction with their financier and with the support of quantity surveyors, real estate experts, and building contractors.

Yet, state and local governments, in their modelling, repeatedly fail to estimate project feasibility accurately, underestimating the costs faced by developers, the returns needed to attract financing, and the impacts of development delays.

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

Conclusion

Urban Taskforce strongly supports the Productivity Commission's initial findings about housing supply regulation. We note that many of the issues raised above have been acknowledged by the Commission in its Interim report, and we reiterate the issues here by way of summary.

The missing element from the draft document was how change might be implemented. Is it driven through Ministerial Council meetings?

Are incentives to be provided for the delivery of productivity initiatives? How are the changes proposed going to be realised?

We have reacted to the reform directions and the information requests, along with a couple of case studies, in the appendices below.

Should you wish to discuss any aspect of this submission further, please contact Paul Waterhouse, Head of Policy, on [Redacted] or via email [Redacted].

Yours sincerely

Tom Forrest
Chief Executive Officer

Appendix A: Case study – Woollahra Council

Appendix B: Case study – Mosman Council

Appendix C: Reform Directions

Appendix D: Information Requests

Attachment: Urban Taskforce Housing Supply Regulation Submission, 15 June, 2026

Appendix A: Case study – Woollahra Council

When Woollahra Council introduced amendments to its DCP, staff openly admitted in their reports to Council that they were seeking to continue efforts "*to minimise the impact of the recently introduced low and mid-rise housing reforms*", giving applicants "*limited incentive for redevelopment*", and rendering housing supply policies unworkable.

This, it was argued, was part of Council's "activism", continuing a policy wherein Council "*consistently advocated against the [LMR] reforms and raised significant concerns regarding their impacts*".

To achieve these ends, Council implemented controls such as:

- restricting parking, whole requiring the dedication of parking spots for car share services;
- heritage controls, which proscribe the redevelopment of contributory buildings; and
- limitations through the use of setbacks, height restrictions, alignment, and articulation, including overshadowing controls;

all because Council is "*against the LMR reforms, and their impacts on local character, heritage conservation, infrastructure, and surrounding amenity*".

Now the State Government has announced a rezoning planning proposal for Woollahra and Edgecliff and Council's position is to propose an alternative plan that would deliver a mere third of the proposed housing and to spend hundreds of thousands of dollars trying to oppose the rezoning altogether.

Woollahra has a 5-year target under the National Housing Accord of just 1,900 new homes. To the end of July this year, it had approved just 383 new dwellings.

Appendix B: Case study – Mosman Council

Like Woollahra, Mosman Council has been hypercritical of the State Government's LMR policy, even to the point of contemplating throwing its support behind legal action taken out against the NSW Government by one of its residents.

Emboldened by Ku-ring-gai Council's success in introducing an alternative plan for Transport Oriented Development, after it had itself sued the NSW Government, in September last year Council voted to develop an alternative plan to the LMR, which it endorsed at an Extraordinary Council Meeting on 26 August, 2026.

On paper, but without too much digging, the alternative seems like it encourages higher density and new housing.

But looks can be deceiving.

In reality, Council has proposed heights and densities that in many cases will neither be practical nor feasible for redevelopment.

The plan has been submitted to the Government for Gateway Determination along with an affordable housing policy and a local infrastructure contributions scheme, while DCP changes consulted on in June set numerous restrictions on development that Council admitted in its report were "*developed in response to the Low and Mid-Rise (LMR) housing provisions*".

The latest version of the Plan continues many of the problems that existed in earlier versions, including:

- the removal of non-discretionary status for height and density, which removes certainty for applicants;
- significant setback requirements that directly reduce the available footprint of some developments;
- in perpetuity affordable housing levies of between 2% and 10%, with as much as 15% applied to any proponent-led rezonings, which is designed to discourage applications for an increase in height or density;
- the rejection of the NSW Government's Infill Affordable Housing Bonus Scheme, which allows developers to apply for up to 30% extra height in return for 15% of apartments being dedicated affordable housing for 15 years. Council affordable housing requirements would be in addition to any bonus scheme housing;
- a 40% tree canopy requirement for all new development, which requires deep soil planting. This reduces floorplates and restricts what basement parking can be provided;
- a 3% developer contribution for local infrastructure, putting the already developed Mosman Council on a par with greenfield sites that have no existing infrastructure; and
- through-site access and/or view restrictions on specific properties, even if they did not exist on the site previously, limiting what a developer can actually deliver.

Urban Taskforce members have analysed several sites in the alternative Masterplan, finding very few that would be feasible under the Council's proposed requirements.

For example, some locations in the Masterplan are allocated heights that will almost certainly be the subject of challenges by the community or refusal by the Council due to the impacts on neighbouring properties of overshadowing, heritage protections, or breaches of "local character".

This further undermines certainty for a developer.

Also, many sites in the alternative Masterplan would cost too much to consolidate, such that it would be almost impossible to redevelop.

So, Council effectively has a Masterplan that on paper looks like it will increase housing supply, but, in reality, many sites will never be developed.

In other words, the housing predictions are fanciful.

This cynical exercise gives the veneer of complying with the State Government's expectations, while actively deterring any potential housing projects.

Appendix C: Reform directions

2.1 Allow up to 3-storey developments across most residential land

Supported. Allowing applicants to build what the market needs, rather than what council staff are willing to accept, will take much of the guess work out of feasibility calculations.

3-storey developments in all low-rise residential areas with flexible access requirements (access from the front, the side or the back) will not overwhelm local communities and, unless there are heritage or environmental reasons to restrict their use, there should be no local government involvement in the decision making.

A developer is unlikely to construct something for which they will be unable to find a buyer.

If there is market support for a particular type of housing, councils should stay out of the way.

This worked well in Auckland and had a manifest outcome in terms of increasing supply and reducing rents in that city (see Case Study on page 17).

2.2 Allow mid-rise or high-rise apartments in high-demand areas

Supported. As with RD2.1, freeing up sites so that a developer can optimise their potential will allow projects to meet market needs.

If there is high demand for housing in a particular area, it makes sense to take full advantage of that opportunity for housing supply. Preventing local NIMBY rent seekers from using the planning system to preserve their own idea of optimal amenity is the pathway out from the shackles of the 1950s.

2.3 Reduce or remove minimum lot size requirements

Supported. There is no justifiable reason for requiring specific lot sizes. Developers should be able to deliver the size of plot that their customers want. That will allow for a diversity of housing options at a range of price points in all locations.

If a developer were to offer a lot that was too small for the market, they would be unable to sell the property and they would take a loss, so generally it should be recognised that common sense should prevail.

In particular, in the NSW context, the prohibition on sub-divisions for apartments under 35 sqm should be removed.

2.4 Allow residential development in commercial zones, unless there is a clear rationale for excluding it

Supported. Mixed-use development should be allowable everywhere. Current restrictions on housing in commercial areas have resulted in places like North Sydney and parts of Sydney and Parramatta CBDs becoming ghost towns after 6pm.

The NSW government has taken some positive steps through the 2026 State Plan to free up industrially zoned land located in areas that are no longer fit for purpose or capable of meeting demand for that industrial land space. However, they have stopped short of allowing for mixed use development in areas that house industrial activity with incompatible amenity conflicts. A site by site merit based analysis is the only sensible way to proceed with a default to allow for missed use options to drive housing supply.

The best, most iconic cities in the world embrace their resident populations – they don't force them out into the suburbs.

2.5 Review, reduce and remove land-use controls that reduce commercial feasibility and do not adhere to best practice principles

Supported. Development Control Plans are not law, but they are often treated by councils as if they are legislation (ie. they are used to set minimum standards by councils).

There appears to be no independent oversight of DCP rules by anyone at a NSW state government level, meaning that councils can introduce and enforce their own restrictions without any real pushback. Urban Taskforce submissions on proposed DCP changes are routinely ignored by councils.

Rules on setbacks, separation of buildings, heritage protections and "local character" rules are particularly egregious, because council staff take very liberal interpretations of the requirements and can use these requirements to stop new projects or require significant redesigns.

2.6 Relax or remove built-form controls that limit flexibility and choice for households

Supported. As above. The use of controls to restrict applications is unacceptable and puts at risk many new housing projects.

Councils are increasingly using development controls to obstruct development and protect the status quo.

The proposals in this reform direction would free developers from excessive red tape and allow them to deliver the housing types that their customers are seeking.

3.1 Consider infrastructure requirements and trade-offs associated with development early through strategic planning

Supported. Having a strategic plan for the rollout of infrastructure is important. However, it is essential that the planning does not become bogged down and delay development even further.

Version 3 of the Flood Evacuation Model for the Hawkesbury-Nepean Valley was meant to be released some time ago, but it is still with the authorities. This hasn't stopped it from being used by local councils to delay development projects, creating significant uncertainty for applicants.

3.2 Expand the use of fast-track pathways to assess simple developments
3.3 Use state-significant pathways to approve developments with a clear need for state-led assessment

Both supported. Urban Taskforce Australia believes that fast-track pathways should be used more frequently for approvals. Where there is a risk of delay at a council level, there should be scope for the NSW Government to call the project in, regardless of size. The NSW government has progressed this agenda well over the last three years and deserves credit for its efforts.

3.4 Improve housing approval assessments with better coordination of referrals, use of technology including AI, and transparent reporting

Supported. The use of technology should be embraced where it can augment the activities of officials but not used as an alternative to human decision-making.

Notwithstanding the debate over the use of AI, the introduction of the Development Coordination Authority is a positive step towards better coordination of referrals, and Urban Taskforce is watching closely to see how it performs.

Where performance benchmarks are being used, they should be targeted at ensuring delivery, rather than just measuring for its own sake.

For example, the NSW Government has introduced lodgement and assessment benchmarks for all councils in an effort to speed up approvals. This may be having the opposite effect, however – councils who want to be sure that they come in under their targets may be tempted to reject an application out of hand, rather than delaying decision-making.

4.1 Coordinate strategic planning for infrastructure with housing objectives
4.2 Improve infrastructure sequencing with housing development

Both supported. The timely delivery of infrastructure is essential to the ongoing supply of new housing.

Planning and sequencing infrastructure so that new growth areas can open up is a necessary and oft-overlooked step.

4.3 Ensure developer contributions reflect the accurate cost of providing infrastructure
4.4 Enhance design of developer contribution frameworks towards best practice

Both supported. Developer contributions work best when they are based on the long standing planning principle of a nexus between the funding contributor and the relative benefit from the delivery of the project.

The connection is often tenuous.

Too often, local infrastructure costs are borne by new entrants (via charges placed on the developer) even though there is significant utilisation of that asset from the existing community.

Clear rules should be developed to share more equitably between the development community and the broader rate base of the relevant council, recognising that existing residents will benefit from new infrastructure as much as new homebuyers.

The ideas that existing home owners should be rewarded for "allowing" new residents to live in their communities is akin to state backed extortion and the removal of local council controls in this space. If the growth in housing supply has broader economic and community benefits, there should be no need to buy off that community with local infrastructure that goes beyond the augmentation of existing assets to cope with the marginal demand.

Further, allowing for state and local "contributions" (taxes) to be paid at the completion of the project will help developers with cashflow and reduce overall costs.

Appendix D: Information requests

Information request 1.1

How do housing regulatory systems, specifically, land-use controls, housing-enabling infrastructure and approval processes, affect Aboriginal and Torres Strait Islander people and communities' access to appropriate housing? Case studies and examples are encouraged.

No comment.

How can governments improve housing regulatory systems to better meet the housing needs of Aboriginal and Torres Strait Islander people and communities, in alignment with outcome 9 of the National Agreement on Closing the Gap?

No comment.

Information request 1.2

What features should governments have in mind when evaluating reforms to move housing regulatory systems towards best practice?

Any reform needs to be driven to the answer to the following question: will the reform help or hinder housing supply?

Fees taxes and charges need to be reduced at local, state and federal levels. This will have an immediate impact on housing prices.

The NCC should be re-evaluated with a view to each and every clause being re-examined to ensure it is not adding unnecessarily to the cost of the delivery of housing.

Incentives should be established for states that achieve or over-achieve against housing supply targets. These should be paid in real time so as to support the delivery of infrastructure which, in turn, would support even greater attainment of housing supply.

Zoning rules and regulations work against market flexibility. The derive from a 1960s attitude towards town planning where the separation of conflicting land uses was of paramount concern. Today, in contrast, mixed use developments facilitate the development of thriving communities where live, work and play can comfortably co-exist. Certainly, industry with a high impact on local amenity should be separated, but this land use type is now far less significant than when the zoning rules were put in place.

The propensity for planners and architects to seek to secure objectives which are seen as being virtuous at the expense of property developers (ultimately paid for by new home purchasers) needs to be explicitly addressed.

For example, for decades planners have failed to consider market conditions when setting consent conditions. This has meant that many approved projects are never built (this is particularly a factor in the current market). The failure to provide housing numbers sufficient to house the growing population should be the number one priority of planning authorities.

The reforms should focus on getting sufficient financially feasible and viable approvals to support the delivery of housing supply.

The ABS should measure housing completions. That is the Housing Accord metric. Undertaking a quarterly survey and extrapolating to deliver a statewide guesstimate on commencements and completions reveals the lack of focus from the Commonwealth on this "crisis". It is all about housing supply so that is what should be being measured.

Are the best practice principles and overarching objective (figure 1.2) we have identified appropriate? If not, what changes should be made?

Yes. They are appropriate. Urban Taskforce supports the objective and principles identified by the Commission.

Given the reality of vertical fiscal imbalance between the revenue raising capacity of the Commonwealth vis à vis the states, the Commonwealth should do significantly more to support housing supply related infrastructure.

The Commonwealth has a tendency to fund loans programs or to oblige the states to match Commonwealth funding. This is not reasonable, nor is it realistic, given the revenue raising capacity of the Commonwealth noted above.

What are some examples of specific housing supply regulations (in Australia or internationally) that:

a) exemplify the features of a best practice system for housing regulation

Case study – Auckland

The Auckland rezoning of 2016, generally referred to as the Auckland Unitary Plan (AUP), fundamentally changed land-use rules across Auckland and is often cited as one of the world's most significant urban up zonings.

Key features included:

- Large-scale rezoning of residential land (approximately three quarters of the residential land under the UAP) to allow more housing density.
- Introduction of zones such as Mixed Housing Suburban, Mixed Housing Urban, and Terrace Housing and Apartment Buildings, which permitted townhouses, terraces and apartments in many areas previously limited to detached houses.
- A planning framework designed to accommodate substantial population growth within the existing urban area

Building permits for new dwellings subsequently reached record highs, in both absolute and per capita terms. Permits increased from approximately 9,200 in 2015, the year prior to the AUP becoming operational, to reach a record high of 21,000 by 2022.

Over the same period, permits per thousand residents more than doubled, increasing from 5.95 to 12.57.

Permits then fell between 2022 and 2023 after an unprecedented rise in interest rates and a national recession but still remained above the previous peak in 2002. In total, approximately 112,300 new dwelling permits were issued in the region over the seven years (2017 to 2023) subsequent to the reform[2].

NSW Housing Delivery Authority

The Housing Delivery Authority (HDA) was created to help NSW meet its National Housing Accord target of delivering 377,000 new homes by July 2029. It accelerates planning approvals for large, well-located housing projects by offering an alternative to council-led assessment.

[2] Can zoning reform increase housing construction? Evidence from Auckland (Ryan Greenway McGrevy July 2026)

As at September 2026, the HDA has considered, since its first meeting in February 2025, almost 1,300 EOIs for new residential developments. It has recommended over 500 applications be declared State Significant Development (SSD) which have the potential to deliver over 150,000 new dwellings, although some of these have since been rescinded (the current number of approved EOIs is 499).

24 proposals that have previously been declared SSD by the HDA, have now been approved, unlocking more than 4,400 homes.

11 of these projects have started construction.

SSD applications that have originated through the HDA EOI process have now been lodged for a further 75 projects representing around 32,400 potential homes.

b) clearly do not reflect these features?

There are several elements of the planning system that would not constitute good practice:

- affordable housing levies applied to the deliverers of new housing supply
- a grotesque and overblown NCC
- the lack of cost benefit analysis applied to planning and building regulations
- restrictive zoning controls that result in inflexibility (For example, during and post COVID, planners resisted allowing the rezoning of empty commercial buildings for housing, even if it was to be used for affordable housing or crisis accommodation)
- the incidence of Housing and Productivity Contributions
- the payment of infrastructure and affordable housing levies prior to the start of construction rather than at the completion of construction.

Besides regulatory obstacles and infrastructure challenges, another significant threat to the delivery of housing lies with developer financing.

Most developers rely on finance to deliver their projects. However, financial institutions are risk averse and want to see a developer demonstrate a clear pathway, along with a healthy return, before they will commit to financing a project.

Cashflow through a project is critical and issues in the ongoing financial health of a project can present significant threats to its feasibility.

The ironically named Housing and Productivity Contribution, which was introduced to assist with the delivery of state infrastructure, is levied at $10,900 per apartment and $13,000 per detached housing unit. It is levied at the stage of issuing of the Construction Certificate.

The NSW Productivity Commission engaged with the industry when it prepared and released its *Review of Infrastructure Contributions in NSW* in November 2020.

Some of its recommendations addressed issues with cash flow, which at the time were critical owing to the COVID pandemic.

Recommendation 4.10 recommended that the Government defer payment of section 7.11 local infrastructure contributions from the Construction Certificate stage to that of the Occupation Certificate stage. The NSW Productivity Commission identified a number of benefits from this change, stating that the "*deferral of payment can provide significant benefit and allow more development projects to commence*" (NSW Productivity Commission, 2020, p.71).

The same logic clearly applies to section 7.24 Housing Productivity Contribution payments.

Payment of contributions at Construction Certificate stage comes when cashflow is tightest, and the drawdown on finance from lenders is at its highest.

The move to Occupation Certificate for payments was successfully applied as part of the COVID pandemic support measures for the construction sector. It was so successful in keeping project finance and construction work going during COVID, that the NSW Productivity Commission recommended that the change be permanently applied. However, this would require legislative change, as the authority for the changes made during Covid expired in March 2022 (see section 7.17 (1A)).

A permanent change to the timing of the payment of all infrastructure contributions would be of significant assistance to the industry at a time of severe financial constraints and ultimately lead to the delivery of more housing in NSW.

Information request 2.1

Do design-focused regulations (e.g. tree canopy requirements, apartment layout and storage) directly impact commercially feasible capacity?

Yes. Not only do these types of controls directly add to the cost of housing supply, but they are frequently used to restrict development by undermining the feasibility of the development application.

See the case study on Mosman Council in Appendix B for examples of the sorts of controls used and how they affect development applications.

The NSW Apartment Design Guide, which is often used by councils as a minimum standard rather than a guideline, places layout restrictions on apartments that do not reflect the needs of many homebuyers, such as requiring direct sunlight into lift lobby areas. Each of these adds to the cost of housing or reduces dwelling yield, putting project feasibility at risk.

What impact would reducing the coverage of heritage overlays have on housing supply?

Restricting heritage overlays to listed properties, and not to properties that are nearby and "contributary", would help to free up development opportunities.

Protect heritage where matters are listed on the State Heritage register. Do not allow councils to weaponise local heritage listings simple as a means to prevent development.

The worst case is when listings are made after DAs are submitted! This is clearly done to stop projects.

Heritage was found by the NSW Productivity and Equality Commission to be an area of frustration for development. It expressed concern over the broad application of heritage listings, particularly through the use of Heritage Conservation Areas.

While we accept that items which have genuine and significant heritage value should be protected, the reality it that the administration of the heritage system, particularly at the local level, is rife with very serious problems to the detriment of the broader society.

The starting question for any sensible discussion should be: *What heritage items or places should be celebrated, commemorated or protected, and how?*"

That question raises some important issues including:

- How significant should an item be before it is considered for a heritage listing at either the state or local level?
- Should we limit the protections to actual heritage items or also items that are contributory or ancillary?

- Is it sensible (or reasonable) to give powers to local Government to declare large areas of Sydney as "heritage conservation areas" and effectively sterilise them from future development potential and the supply of sorely needed new housing?

Without explicitly considering these questions, it is not possible to consider the counter factual. No-one will object to the preservation of "heritage" until the consequences of that act are realised.

If a site is genuinely worthy of protection, it should be protected. But that protection shouldn't be expanded to a whole precinct.

What land-use controls need to change to enable more alternative dwelling types to be built? What impact would such reforms have on housing supply?

Free up the zoning system to allow for mixed use development. Allow for merit-based assessments to consider the relative impact of changes to local amenity.

Is there a need for further reforms to enable a greater supply of small secondary dwellings such as granny flats?

Yes – all supply is good supply when it comes to housing. The Strata Act in NSW prevents the subdivision of apartments with a GFA of less than 35 sqm. Such spaces can be rented but not subdivided and sold.

Restrictions on the size of apartments increases the cost of dwellings. It stops developers from meeting market demand – all for the gratuitous appeasement of a small group of privileged architects who like to dictate how they would like people to live (feasibility notwithstanding).

Are there other land-use controls which significantly impact supply?

Land lease reforms are needed for the Sydney basin, so that modern methods of construction (prefabricated dwellings) could be used. At the moment development on land lease in Sydney is prohibited, but it is allowed everywhere else in the State, and in every other state of the nation..

Removing the prohibition on land lease development will create the market needed for prefabricated housing (modern methods of construction, or MMC) to thrive.

So, while one part of the NSW Government is talking up the need for more use of MMC, another part of the same Government is failing to act to facilitate it.

It's the bureaucracy arguing with itself, and it's stopping low-cost housing being delivered.

Information request 2.2

Can you provide information, data or analysis on the degree to which available land is a barrier to new housing supply?

The issue is not so much one of land per se. Australia is replete with abundant land availability. The problem lies with the availability of land which has been serviced with water and roads (housing enabling) infrastructure.

The complete lack of focus from Infrastructure Australia on housing related infrastructure is of key concern and one of the barriers to increasing the involvement of the Commonwealth at a level commensurate with its relative fiscal capacity.

Can you provide examples of released land that has not been able to be developed for housing, and explain the barriers to development in these cases?

The former Secretary of DPIE stated in 2021that the talk of a lack of planning approvals resulting in a housing supply crisis was nothing but sloganeering from industry lobby groups. The Secretary pointed to over 100,000 land parcels that had been approved for development but had not yet been acted upon by industry.

Unfortunately, the Secretary confused (or was misled by staff) land that had been rezoned for housing with land that had been serviced with infrastructure and been granted a development approval.

You can rezone all the land between Penrith and East Perth, but that will be useless unless it has been serviced with water and transport infrastructure (let alone social infrastructure like schools, hospitals, medical facilities, playgrounds, green open space, libraries, police stations, etc, etc, etc).

Having the Secretary of a government department so ignorant of the difference between a rezoning and a developable lot of land is one good example of why we are currently in a housing supply crisis (or is the Prime Minister and every State Premier just sloganeering?).

There are vast areas of western Sydney that were rezoned without any plan or priority for that land to be serviced. The Departments of Transport, Water, Health, Education, and Planning were all working at cross purposes.

Even within Planning, there were turf wars between the Greater Sydney Commission (now abolished) and the Department.

Would it be helpful for governments to report a land measure which distinguishes land that is zoned residential, from land that is serviced, approved, infrastructure-ready and commercially feasible to develop?

Yes. See above.

Information request 2.3

What evidence do you have on which land-use controls or combinations of controls are the greatest constraint on housing supply in your jurisdiction?

Restrictive land use controls (zoning) as applied through prescriptive and inflexible zoning maps reflect the hopes and aspirations of strategic planners but rarely match demand for the product prescribed in the subject location.

This results in the need for a re-zoning application which triggers the need for a massive number of independent expert consultancy reports, and if frustrated by a local Council, can not be appealed to the NSW Land and Environment Court.

Land Use controls have, ironically, been applied by the Department of Planning in areas where there has been massive expenditure of taxpayer funds on new public transport Metro solutions. Directly adjacent to the entry to a new Metro station at Macquarie Park, you have commercial only zoning. This belies the complete drop-off in demand for commercial premises since the pandemic and the large number commercial buildings with low occupancy in that area.

The dreams and aspirations of planners past have come back through the strategic planners of today who are determined to see those dream realised, even if it takes another 50 years and results in an under-utilisation of the Metro investment.

"Centres Policy", has traditionally sought to maintain commercial centres free from residential development. It is out-dated and works directly against the strong demand for mixed use, vibrant precincts which offer communities the opportunity to work, live and play in the one geographic location.

Mixed-use development allows commercial, light industrial, recreational, retail and residential space to coexist and brings life back to precincts that would otherwise be ghost towns outside of business hours (like North Sydney and the northern end of the Sydney CBD).

What reforms to land-use controls are likely to boost housing supply in each jurisdiction? What are the expected impacts of reforms on zoned capacity, commercially feasible capacity and/or other measures of supply? What are the expected impacts on positive and negative externalities? We are particularly interested in quantitative evidence on reforms to minimum lot size and reducing coverage of broad heritage controls.

Housing development feasibility is now the biggest factor holding back housing supply.

The Sydney Plan and State Plan strategic planning documents are welcomed by the Urban Taskforce for their focus on feasible housing supply. The Plans set a requirement for councils to maintain at least 30 years of feasible housing capacity through their Local Environmental Plans. These feasible housing supply plans must be completed by 2029. These will need to be updated on a rolling basis to include changes to make up for any under-performance in prior periods.

Under the new Feasible Housing Capacity Policy (Appendix C of the State Plan) two benchmarks for feasible housing capacity requirements are set to meet current and future housing demand.

The two benchmarks will be applied at the local government area where the NSW Government sets a housing target.

1. Benchmark One: A local government area must maintain 30 years' worth of feasible housing capacity based on the per annum rate of its 5-year housing target.
2. Benchmark Two: A local government area must have a level of realisable housing capacity above its 5-year housing target.

Planners, assessors and consent authorities will be required to be explicitly mindful of the impact of development controls on housing yield and thus new housing development feasibility.

For example, in assessing the merits of an application, a planner recommending a reduction in height of building, and thus loss of yield, without a compensatory reduction in another cost driver (like for example, affordable housing contributions), will simply result in the development being made unfeasible, resulting in an overall loss in supply of both market and affordable housing.

Whenever externalities change (like changes to interest rates for example), planners and determining authorities need to pivot to account for the increased cost of capital along with the diminished borrowing capacity of new dwelling purchasers. They do not. When we say that planners need to be flexible, this is a matter of critical concern.

How should potential reforms be implemented? What does the evidence show about the effectiveness of past zoning and land-use reforms in Australia?

In an ideal world, legislation can be passed on a bi-partisan basis.

The NSW Government planning reforms have been rolled out quite quickly with the support of the Opposition and, although there is still more to do, they are starting to have an effect.

However, the issue with any of these reforms is their application at the local government level, where often actions are taken to undermine their effectiveness, as can be seen with the Woollahra and Mosman case studies discussed earlier.

Local Government is always more amenable to delivering change when they are incentivised to do so. This is where the Commonwealth has a role to play – by making incentive payments to the states to support housing supply that can be used to fund local improvements to amenity in local council areas by supporting local infrastructure delivery, including public open space, green space, park and playgrounds (often some of the most expensive elements of housing supply given the high cost of land in the greater Sydney context).

What evidence do you have on the effects of mandatory and voluntary inclusionary zoning requirements for affordable housing on housing supply and affordability?

Research into inclusionary zoning overseas has found that it generally resulted in higher prices for homebuyers and fewer dwellings delivered, for example:

- Means and Stringham (2012) found that cities imposing below-market housing mandates had 20 percent higher prices and 7 percent fewer homes;
- Bento et al (2009) similarly found that single-family dwellings increased in cost and decreased in size; and
- Mock et al (2023) found that even appropriately targeted inclusionary zoning is unlikely to be successful without positive incentives.

Initiatives to increase affordable housing need to have market-based practicalities if the Council is to have any hope of supporting households in rental stress.

To date, several NSW councils have introduced affordable housing schemes, but none of them have delivered the quantum of housing that was intended when the schemes were introduced, not even the City of Sydney.

And they have been shown to increase costs overall – for example, Willoughby's affordable housing scheme has been found to increase the cost per unit by as much as $120,000 for developments around Chatswood.

The NSW Government's adoption of the infill affordable housing bonus scheme has been a far more successful approach to achieving affordable housing.

This scheme allows for applicants to seek an increase of up to 30% additional density in return for a 15% allocation of affordable housing space for 15 years.

The benefit of this approach is that developers do not simply hand over property that could plunge a project into unfeasibility but are able to retain value and manage their finances to protect returns on their investments.

The result has been a significant increase in affordable housing compared to the "contributions" pathway adopted by councils.

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 increase their affordable housing thresholds.

Information request 3.1

What evidence do you have for the main causes of delays in receiving approvals for new housing?

The NSW Productivity Commission White Paper 2021 states:

> *Moreover, housing supply can be reduced when assessment processes are excessively long or unpredictable, slowing supply and harming development feasibility.*
>
> *Assessment of development applications take longer in New South Wales than in other states. For some types of development, such as high-density residential, assessments take double the time of the next slowest state (Mecone, 2019). And assessment times have only increased in recent years.*
>
> *Between 2015-16 and 2017-18, the mean gross days for a development application determination increased from 79 to 114 days (a 44 per cent increase) in the Sydney metropolitan area.*
>
> *Between 2015-16 and 2017-18, the State's mean gross days for a development application determination increased from 59 to 84 days (again a 44 per cent increase).*
>
> *In 2017-18 determinations in Sydney typically took 30 days longer than the State average.*
>
> *Compared to other Australian jurisdictions, development applications for some types of development take significantly longer to be approved in New South Wales than in other states. In some cases, approvals take more than twice as long than the next slowest state—a substantial 'assessment gap' (Mecone, 2019).*

When is discretion useful in planning processes, and when is it not useful? Are there examples of subjective requirements that should be changed or removed to improve certainty for developers?

Restoring the profession of planning is critical to emboldening planners to do their job – that is, to consider all of the factors, weigh them up through the assessment process, then allow them to make decisions which may, in some cases, not be popular with all government agencies or stakeholders.

The obsession with maintaining social licence has been a key factor in their under-performance on housing supply. This has been at its worst in NSW between 2018 and 2024.

How should third-party appeal processes be changed to better balance the benefits they provide to community members and the uncertainty and delay costs they impose on developers?

Third party appeals allow people to protest against developments that have already been approved. They have been shown in some jurisdictions to devolve into neighbours appealing against other neighbours in a tit-for-tat process.

There should be no third-party appeals – submissions can be sought as part of the assessment process, if required.

Information request 3.2

Which specific requirements (for example specific reports or referrals to an agency) are most onerous to comply with when receiving a development approval?

There has been an uptick in the number and complexity of reports required for assessment purposes, and referrals have often taken significant time to be resolved.

However, with the introduction of the Development Coordination Authority, we are optimistic that the latter can be resolved.

We are engaging with the Housing Delivery Authority to seek a rationalisation of reporting.

Are there any requirements for development approval that should be removed? In these cases, how should any risks be mitigated?

There are various areas where over-regulation is applied to housing supply:

- Compelled compliance with the Apartment Design Guide
- Compelled compliance with development control plans (DCP)
- Affordable Housing levies not being linked to significant bonus provisions on FSR and height
- Prohibitions of overshadowing over heritage items or public open space (no matter how underutilised it may be)
- Requirements for the under-grounding of power supply
- New residents being required to pay for facilities that are to be enjoyed by the entire community, and from which they may not actually benefit
- A restriction on construction activity on weekends even in locations where there is no amenity impact on existing residential dwellings
- The requirement to pay local and state infrastructure and affordable housing fees, taxes, charges, and levies at Construction Certificate stage. As noted earlier, moving this to Occupation Certificate stage would deliver considerable cashflow flexibility for developers.

What could each state and territory do, if anything, to improve the process for receiving subdivision approvals?

Through the changes arising from the amendments to the NSW planning laws, which were passed in late 2025 with bi-partisan support, there has been a range of changes to improve the code based assessment of subdivisions and the construction of new greenfield dwellings. Further, the introduction of "targeted assessment" will switch off the need for detailed reports in a range of circumstances, provided the application is compliant with matters prescribed. This will apply primarily to low rise development.

However, the biggest risk associated with the approval of sub-divisions happens well prior to the application for a sub-division. That is, the rezoning of land before it is serviced with essential infrastructure to progress a DA for sub-division.

The NSW Government assesses a land-owner's land tax obligation based on the highest and best use under that land's current zoning. That can leave land that has been re-zoned without

any plan for the delivery of infrastructure paying an enormous land tax bill without any prospect of being able to even lodge a DA for sub-division!

Information request 3.3

Is improving the coordination of the approvals process a higher or lower priority than reforms to reduce the amount of approval requirements?

The latter is the most important. Planners spend too much time trying to co-ordinate the private sector. Let the market do the co-ordination while reducing the number of approval requirements.

Are there any examples of where coordination bodies are or are not working? What are the features of coordination bodies which make them successful?

Yes – the Housing Accord Commitments in NSW are not reflected in the funding nor delivery of housing related state infrastructure. The targets were set by the Commonwealth. The Commonwealth then did nothing to support the states in any way to achieve the Housing Accord targets. Instead, they focussed their efforts on social and affordable housing supply through Housing Australia and the HAFF. While certainly worthy, it is the private sector that is responsible for the development and construction of 96% plus of the national housing stock. It appears that the Commonwealth did not consider this until after the 2025 election.

In a positive move to improve co-ordination, the NSW Development Coordination Authority (which reports to DPHI) has been given legislative responsibility for being a one-stop-shop for securing government agency development consents for housing projects. The DCA commenced operations on July 1, 2026 and will be in full operation by November 1, 2026. This will result in a single body which has a clear pro-housing supply mandate with subject matter experts from each relevant government agency embedded in the DCA and it has already resulted in a significant streamlining of the process.

We expect that this agency will help to further streamline the referral and technical advice processes that had been operating prior to the DCA.

How effectively are reforms to planning rules, such as SA's Planning and Design Code and Victoria's Clause 55, working to make approvals more certain?

Urban Taskforce is not in a position to make comment.

Information request 3.4

What examples are there of best-practice strategic planning improving the process for housing approval decisions at a state, territory or local government level?

Both the Sydney Plan and the State plans set housing targets which are commensurate with the NSW IGR report and also take into account the estimated under supply of housing which currently prevails.

The Sydney Plan sets a 20-year, 800,000 new housing completions target for Sydney which 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 Sydney and State Plans provide some very welcome best practice improvements in strategic planning:

- 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 Plan says the Department of Planning, Housing and Infrastructure (DPHI) will work with councils on updated five-year housing targets prior to 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.

Do the features of tiered assessments we have identified match best-practice? What sort of developments should be included in each tier?

The idea of allowing tiered assessments is sensible, subject to how that would be carried out.

The NSW Government is looking at targeted assessments and codes for low-rise housing, which have been shown to cut through unnecessary red tape, speeding up the approvals process and ensuring greater consistency in development assessment.

Through the use of a single code, governments can ensure clear eligibility and exclusion criteria, reconfirm the permissibility for low-rise housing, standardise zoning and definitions, and provide consistent natural hazard and environmental constraints.

The Development Coordination Authority provides some of the support described on page 81 of the full Interim Report, by streamlining the process for managing, responding to referrals, and helping applicants deal with conditions of consent. However, it is still a new agency and is yet to deliver significant change.

How effective has technology including AI been where it has been used to assist with approvals? How can it be better utilised?

Apart from an early and unauthorised usage of AI at the DPHI's HDA EOI assessments, we are unaware of situations where such a tool has been used.

Urban Taskforce does not have an issue with the use of AI, so long as decisions are being made by a planner who is accountable through the public service to the Secretary and the Government, and not by "the bot".

What are the best ways to enhance how states and territories track the timing and burden of approvals?

The focus of tracking should be on completions, as this is when a home is delivered. This is directly relevant to the National Housing Accord. Currently, the ABS gives only aggregated state by state data on completed housing dwellings. Unlike the case for Building Approvals, LGA data is not available. This is a dreadful disconnect between the ABS and one of the top priority action areas for government. The ABS bases its completions data on a survey of developers, then extrapolates from that to produce a state by state new dwelling commencements and completions report.

There is currently no reliable new dwelling completions data available at either the national or state level.

The NSW Government does not release occupation certificate data from its planning portal on a council-by-council basis for analysis.

What reforms should each state and territory prioritise to reduce the burden of the approvals process?

There should be a greater adoption of as-of-right development, through complying development certification. The more approvals that can be delivered through automatic assessment pathways, the faster the approvals system will be.

The Productivity Commissions proposal for almost all sites to be able to build up to three storeys is an example of what should be acceptable with minimal council intervention.

How can federal, state and territory governments incentivise councils to approve developments efficiently, and encourage those that are slow or are obstructing approval pathways?

Put some cash on the table, just like the productivity commission of the 1990s did to encourage the states to adopt a range of productivity boosting reforms. Many councils are cash-poor and the states are struggling post the COVID pandemic. Vertical fiscal imbalance constrains the states' revenue-raising options.

However, there also needs to be a "stick". Councils that deliberately seek to undermine development approvals, they should be held accountable.

Opposition for political expediency should be punished with the removal of their authority over planning matters – something that is within the purview of state governments – but should be supported and encouraged by the Commonwealth.

What evidence is there about the benefits of including social and affordable housing in state-significant, or other streamlined, pathways?

Where their inclusion is feasible and viable, it is reasonable that they be included.

Social and affordable housing levies have proliferated in recent times and in many cases, are making housing costs more expensive and causing projects to become unfeasible.

The NSW Infill Affordable Housing Bonus Scheme, however, is very successful. It allows developers to deliver affordable dwellings for 15 years in return for uplift and could be converted to helping first homebuyers.

Information request 4.1

What reforms are required to infrastructure planning and coordination to support more timely utility connections? To what extent is there misalignment of incentives between each level of government and infrastructure service providers?

At the strategic level, the Urban Development Programs introduced by DPHI have provided a forum for improved coordination between developers, government and infrastructure providers in the delivery of enabling infrastructure and housing development.

However, no matter what the benefits these programs may bring, they are advisory only and do not carry any legislative or regulatory imperative to ensure the required works are undertaken.

There is a significant funding role for the Federal Government, through the NSW Government, to support local councils and infrastructures service agencies in the provision of enabling infrastructure.

A further welcome reform has been the NSW Government's establishment of the Development Coordination Authority (DCA) as a one-stop shop for NSW Government inputs on planning matters.

The DCA centralises decision-making and advice previously referred to up to 22 different parts of the NSW Government behind a single front door making the planning system faster and easier to navigate.

For development applications, the DCA brings together a team of multi-disciplinary experts who can provide a single, coordinated response on behalf of the NSW Government in 28 days.

Information request 4.2

What feedback do you have on our reform directions for infrastructure planning? To what extent will these resolve the planning coordination issues and address constraints to housing supply?

Sequencing infrastructure delivery with new housing, particularly in greenfield growth areas, is sorely needed.

As noted in our response to information request 2.2, in the past sites have been zoned for development without any servicing, which means that no development can occur. So, it would be a welcome change for a site rezoning to have a clear plan and timeframe for infrastructure delivery identified upfront.

This would enable developers to plan the rollout of communities and should show how local infrastructure contributions are being applied to the delivery of new services to development sites.

How should reforms to infrastructure planning be implemented and what are the main challenges?

For most local governments, they are sitting on vast sums of unspent infrastructure contributions. It is the internecine state rules that surround those local infrastructure funds that prevents them from being spent. Free up the rules to ensure that infrastructure funds are spent on infrastructure to support housing supply, then a temporal delay in funding will be more than covered. Further, postponing infrastructure contributions till the occupation of a dwelling will stimulate more activity by improving project feasibility, likely bringing forward revenue to those councils.

Information request 4.3

How can governments balance the need to support feasibility for developers by collecting developer contributions later in the development process, with a need for upfront funding to kickstart infrastructure to support new housing?

The Commonwealth should work with state governments to establish a local government fund that lends infrastructure funding to councils at a low rate of interest. The loans would be paid off with the developer contributions as they are remitted at the Occupation Certificate stage.

Information request 4.4

Are our directions for improving developer contribution frameworks addressing key infrastructure challenges that will support housing supply? What evidence or case studies support this?

Yes. By clarifying what infrastructure will be needed and how much it will cost, it will give more certainty to developers about the timing of its delivery and the contributions they will need to make.

However, these costs and timeframes need to be independently verified and open to contest from private sector provided alternative solutions, so that they are realistic.

A fund that allows councils to borrow what they need upfront in order to deliver the infrastructure, while paying it back from growth in the rates base or from developer contributions, would help to deliver the services faster, rather than waiting until upfront payments have been made by applicants. This will allow for developer contributions to be made later, without delaying new infrastructure.

Streamlining of local infrastructure levies, along with affordable housing payments and other fees, would mean that costs can be rationalised. I.e. there would not have to be a series of costs, but developers could be charged a single figure. This would also require some capping – an applicant shouldn't be charged several different levies that cannot be offset against each other. Rather, a maximum cost should be identified, out of which various local government services can be funded.

How should reforms be designed to overcome the implementation challenges including determining nexus, fair apportionment, accurate upfront cost estimates for infrastructure, timing and funding sequencing, and first mover disadvantages?

A fairer system of nexus should be considered. It should ensure that new residents only be required to pay for the full cost of new infrastructure if their development is the only beneficiary.

Otherwise, there should be a more equitable sharing of costs between the development and the broader community.

Councils should not be able to look upon rezonings as an opportunity to pay for pet projects at the expense of new ratepayers.

The Independent Pricing and Regulatory Tribunal (IPART) should play a more active role in assessing what infrastructure is reasonable to include and what is not. It should also be able to challenge nexus assumptions and require reductions in rates, so that new homebuyers are not overly burdened with the costs of paying for facilities used by the broader community.

Information request 4.5

Are our proposed roles for the Australian Government in supporting housing-enabling infrastructure useful and appropriate to support new housing? What other roles should we consider?

Yes. The Federal Government should be investing in significantly more housing-enabling infrastructure to support greenfields housing, because it will assist with its own priorities.

For example, funding of infrastructure around the Nancy Bird Walton International Airport will help local communities to develop at the same time as supporting the federal site.

Information request 5.1

Which of the reform directions will be relatively easy or hard to implement and why? Are there any examples of 'quick wins' that could be achieved?

While the Urban Taskforce acknowledges some planning reforms take time to implement there are a few things the NSW Government can do in the short term to improve housing supply. These include:

1. Deferring contributions and other levies from the construction certificate stage to the occupation certificate stage so as to not impact developer cash flow prior to any revenue flowing.
2. Ensuring feasibility is put at the centre of all project assessments such that unreasonable conditions of consent are not applied to a project that results in it being unfeasible to deliver
3. The NSW Government continue to push back on local government policies and plans that hinder rather than support housing supply
4. Streamlining approvals processes and incentivising council to undertake faster assessments. The DCA is a welcome step in this regard at the SSD level.
5. Federal Government support to State Governments to help fund enabling infrastructure provision by local councils and infrastructure providers.

Are there any co-dependencies or sequencing considerations across the reform directions?

Recommending that Rezoning should not happen until core infrastructure is funded would greatly assist in stopping state governments wasting money.

How can the Australian Government ensure housing regulatory system reform is implemented in a manner that supports all governments' commitments under the National Agreement on Closing the Gap?

Those at the lower end of the socio-economic spectrum suffer worst from the consequences of the under supply of housing. Speeding up the planning system; reducing fees, taxes and charges; reducing optional scope from design; will all make housing supply more feasible. That alone should be the primary objective of the Productivity Commission.

How can the Australian Government best support state and territory and local governments to shift housing regulatory systems towards best practice?

Establish a forum to meet regularly at Ministerial level. Improve the involvement or consultation with the private sector (not just those lobbyists with offices in Canberra).

Establish a funding pool to drive improvements.

Approach the delivery of new housing as a partnership, rather than a reward for work completed.

Recognise more explicitly the critical role that the private sector plays in the delivery of over 95% of housing supply across Australia.