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## MEDIA RELEASE

### Housing Targets a Pipedream Without Pipeline Fix

Government taxes and planning delays will stifle delivery of new homes in Sydney and the Illawarra in the next five years, according to a new report from the Property Council of Australia and global real estate company Savills.

The second in a series of three reports has prompted renewed calls for the NSW Government to suspend recently imposed housing taxes and charges and commit to no new taxes for the duration of the National Housing Accord period (2024-2029).

**Property Council NSW Executive Director Katie Stevenson** said the latest 'Release the Pressure' report showed government taxes and charges make up over 11% of infill development costs in Eastern Harbour City, and 40% of greenfield development costs in the Illawarra-Shoalhaven.

"Our first 'Release the Pressure' report showed recently introduced residential taxes and charges would make the construction of up to 50,000 new homes financially unfeasible for homes built west of Homebush over the next five years.

"Since then, the Government has released new housing targets for Sydney, the Illawarra, Hunter and Central Coast – but these targets will remain a pipedream without fixes to the delivery pipeline.

"Prospective homebuyers in the Illawarra will be dismayed to learn that the 40 cents worth of government taxes in every dollar of development costs means many developers just can't make the numbers work and the homes won't get built.

"This new research reinforces the critical need for Government to speed up approvals, suspend the Sydney Water Development Servicing Plan (DSP) and Housing and Productivity Contribution (HPC), and commit to no new housing taxes and charges for the duration of the Housing Accord period," Ms Stevenson said.

**Savills National Director Property Consultancy Stephanie Ballango** said the Eastern Harbour City and Illawarra-Shoalhaven research confirmed earlier feasibility fears.

"The new data shows that persistent, lengthy planning approval timeframes are making apartment infill development in Sydney and Illawarra-Shoalhaven financially unfeasible, even if Sydney Water DSP and HPC taxes and charges were suspended.

"When we conclude that a development is not feasible, we are not simply saying developers will not make a profit – an unfeasible development means a project will not go ahead because the necessary finance can't be secured, and the project risks are too high.

"We're also concerned that there is not enough time to design, approve and deliver the number of new homes required to meet the NSW Government's dwelling targets and commitments under the Housing Accord.

"Even if developers can secure the finance, it is imperative that the NSW Government focus more resources and commit to faster planning approvals.

"The housing crisis has compounded over many years and successive governments. We now have a collective responsibility to pull all available levers so that current and future generations of young people and families can afford to rent or buy a home," Ms. Ballango said.

Ms. Stevenson said the 'Release the Pressure' research forecasts the potential for tens of thousands more homes over the Accord period, but only if recent taxes and charges are suspended and no new taxes are imposed, as well as faster approvals.

"The cost of inaction is stark – suspending taxes and charges and compressing approval timeframes could enable the delivery of up to 209,000 new homes over the next five years – that's 100,000 more homes delivered than if no action is taken.

"Essential infrastructure is critical, but the perfect storm of a housing, cost-of-living, and construction crisis is not the time to place additional taxes and levies on an industry struggling under the weight of a once-in-a-generation ask to deliver more homes than ever before.

"The NSW Government has an opportunity in next week's Budget to remove the barriers and roadblocks and empower industry to deliver the housing committed under the Housing Accord.

"Along with a moratorium on new taxes and charges, and the suspension of the Sydney Water DSP and HPC charges for the next five-years, efforts to accelerate approval timeframes to a maximum 12 months – preferably shorter, particularly for strategic projects – is key and achievable."

The Property Council of Australia/Savills second 'Release the Pressure' report shows:

- Government taxes and charges make up over 11% of infill development costs in the Eastern Harbour City, and 40% of Illawarra-Shoalhaven greenfield development costs.
- Faster and more streamlined planning approval timelines could boost developer confidence and support increased supply.
- Suspending the recently introduced DSP and HPC taxes and charges and committing to faster approvals over the five years to 2029, would help deliver up to 209,000 new homes across the four cities analysed so far.
- Without action, around 100,000 fewer homes would be delivered over the same period, including 33,600 fewer homes in the Eastern Harbour City, and 10,250 fewer homes in the Illawarra-Shoalhaven.

The [second 'Release the Pressure' report](#) covers the following LGAs: Bayside, Burwood, Canada Bay, Hornsby, Hunters Hill, Inner West, Ku-ring-ai, Lane Cove, Mosman, Northern Beaches, Randwick, Ryde, Strathfield, Sutherland Shire, City of Sydney, Waverley, Willoughby, Shellharbour, Kiama and Shoalhaven. The report will feature at the Property Council of Australia [NSW Housing Summit on Thursday 13 June 2024](#) along with keynotes from Minister for Housing Rose Jackson and Minister for Planning and Public Spaces Paul Scully.

Media: Andrew Parkinson | 0404 615 596 | [aparkinson@propertycouncil.com.au](mailto:aparkinson@propertycouncil.com.au)