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To whom it may concern

National Urban Policy Consultation Draft

The Urban Taskforce is a not-for-profit, peak industry association representing Australia's most prominent property developers and equity financiers. The Taskforce provides a forum for those in the development and planning of housing and the urban environment to engage constructively with both Government and the broader community.

Urban Taskforce appreciates the chance to comment on the National Urban Policy Consultation Draft and highlight key concerns from this perspective.

Firstly, Urban Taskforce commends the Commonwealth Government for its recent Federal Budget, which acknowledges the critical role of privately delivered, market-driven housing and infrastructure in meeting the goal of 1.2 million new homes under the National Housing Accord.

The allocation of \$2 billion for western Sydney roads and associated transport infrastructure was very welcome indeed and will go a long way towards delivering the jobs and homes for western Sydney that were promised when the announcement on the Nancy Bird Walton airport was made. Indeed, this is the sort of "city making" infrastructure investment that is critical to ensuring an upward trajectory for housing supply.

Infrastructure and housing are deeply interconnected and must be strategically coordinated. Inadequate infrastructure and housing constrain productivity and can lead to challenging economic declines.

Recognizing the housing supply crisis as a primary issue and reacting swiftly with policies that drive new housing will boost productivity and address the chronic shortage. As 95% of housing supply will come from the private sector,

a regulatory path and future funding must be considered to streamline housing delivery to meet National Housing Accord targets.

This Nation Urban Policy lacks focus and any sense of prioritisation. Critical infrastructure is mixed up with nice-to-have infrastructure throughout the document.

The entire document appears to have been drafted with a complete absence of economic or financial rigour. It reads like a shopping list after a public service workshop where Treasury were not invited to participate.

The Federal Government has largely been inactive on housing for over a decade. This National Urban Policy is an opportunity for the Albanese Government to actively support states in meeting their targets. With housing accepted as a human right, the Commonwealth needs to lead national housing efforts, emphasizing market housing as the solution to the supply crisis.

While social housing is necessary, it is a costly solution to market failure. Leveraging market housing supply offers the best value and impact. Although the Commonwealth benefits from high immigration revenue, the states bear most infrastructure costs for new housing to accommodate migrants.

National policy and funding priorities must reflect the policy focus of the States. Having the separation which has been manifest over the past decade inevitably results in a crisis – in this case, a housing supply and affordability crisis.

Investment in infrastructure which underpins the potency of these planning policy and associated instruments through incentives to support the delivery of housing and productive communities is key to overcoming the crisis.

For example, currently NSW have focussed on a significant uplift in height and density around major transport nodes where there is capacity for growth. Known as “transport-oriented development.

The Need for Housing

Housing is now acknowledged as a public good and many refer to it as being a human right. This places an onus on all levels of Government to aid the delivery of private housing stock as their citizenry and invited immigrants require.

Before you build new housing and new communities, basic economic infrastructure must be delivered. Fundamentally, that means roads and water infrastructure.

The Federal Government can do more to fund base infrastructure as the states all suffer from fiscal constraints in the post-COVID world. The Commonwealth's decision to increase immigration necessitates using the generated revenue to support state funding for essential economic infrastructure that underpins housing supply. Investing in housing and supporting infrastructure boosts urban productivity by providing stable, affordable living conditions, attracting and retaining a skilled workforce crucial for economic growth.

Reducing commuting times through adequate housing enhances worker productivity and local economies by creating construction jobs and increasing demand for services. A stable housing market fosters social stability, reduces turnover, and encourages community investment, making cities more attractive to talent and investment, thereby driving economic productivity.

Urban density amplifies these benefits by creating vibrant, walkable communities with diverse amenities. High-density areas support a broader range of businesses and cultural venues, contributing to a dynamic urban experience.

Proximity to employment promotes public health by encouraging walking and cycling and providing easy access to healthcare and recreation. Therefore, the Commonwealth should focus on core economic infrastructure, while state and local governments manage social infrastructure, achieving sustainable economic growth and enhanced urban living.

Infrastructure

Water and Roads infrastructure underpins and enables employment and housing. Both must be streamlined to mitigate the housing crisis.

Infrastructure and Housing pipelines must be strategically coordinated and at the same time, private investment should be effectively leveraged to expedite delivery capacities. Clear acknowledgement of the realities of vertical fiscal imbalance means that at this time of housing affordability and supply crisis, the Commonwealth, which is benefitting from the tax receipts generated by high skilled migration intake, need to spend some of that income to assist the states in the delivery of critical infrastructure to support increased housing supply.

Efficient mobility strategies such as transport oriented development, increasing urban densities, bold mid-rise rezoning & connecting the networks of metro lines, are all examples of city-forming infrastructure that will mean the difference between prolonging the housing supply crisis & ending it.

Recommendation 1: that the Federal government align policy to back up recently announced Federal Budget roads funding with an ongoing strategic rollout of core economic infrastructure investments that meaningfully support housing and employment.

Planning Reform

One of the biggest obstacles to the development of urban environments is the Byzantine nature of the state planning systems.

The time taken to achieve a planning approval for the construction of new homes and workplaces represents a massive blockage to productivity growth for our nation.

One of the key delays in the system is caused by infrastructure operators refusing to give their consent to new housing supply. This is where well-targeted infrastructure funding can assist. Further, social infrastructure funding could be offered to LGAs that met or exceed housing supply targets. This would be best administered through a grant to the States, again, based on their contribution to housing supply.

There is an opportunity for The Commonwealth to show further leadership by providing infrastructure funding incentive payments for those jurisdictions that actively work to expedite their planning processes.

Recommendation 2: that the Federal government make provision in national urban policy to support the streamlining of key housing by providing an incentive pool to be administered by the States.

Infrastructure funding and Commonwealth funding should prioritise Housing and Employment

A multitude of urban challenges were named throughout pages 36-38 of the Consultation Draft. These themes, while urban challenges unto themselves, do not appear to have been prioritised. It feels a little like “everyone gets a prize”.

The fact is, in a constrained fiscal environment, there needs to be clear and explicit prioritisation.

Without prioritisation of the base infrastructure needed for housing supply, you leave those most vulnerable in an impoverished position, without a home and unable to afford rent. Without housing supply, rents continue to rise and home ownership becomes increasingly out of reach.

The largest cause of criminality is impoverishment. Setting individuals, couples and families up with the stability of a home and a job is the greatest benefit to those individuals involved and thereby society.

By not backing every effort to mitigate the housing supply crisis one allows violence, criminality and disharmony to the wellbeing of communities.

The lack of focus in the Consultation Draft is concerning. Trying to solve all the problems will result in saving none. The document reads as if its only readership were communes of leftist sociologists with no understanding of economic reality.

Political virtue signalling is not rewarded in the long term. Making accurate, cost-value decisions to address the problems with the highest magnitude, becomes known by their impact and serves to reduce urban inequality en-masse.

Recommendation 3: The Commonwealth should address urban challenges through increased housing supply as the top priority and from data-backed, cost-benefit narratives that explicate these solutions and drive them in to national urban policy.

Recommendation 4: that a Federal Program to promote housing supply is announced and funded to increase the amount of projects that are feasible by reducing the fees and taxes imparted onto new housing delivery.

The policy appears to be anti-roads and anti-cars

The Consultation Draft of the National Urban Policy is critically flawed insofar as it appears to be manifestly anti-cars and anti-roads. Given the ongoing development of electric vehicles and hybrid vehicles, this seems to be both myopic and fundamentally impractical.

Unless Government is suggesting a comprehensive public transport solution, this anti-roads imperative is entirely unhelpful. Over 75% of people use a car to commute. Cars also support education, recreation and retail activity.

Market demand is still the best regulator for systems whose implementation has so many knock-on effects for construction and development feasibility. Developers are sophisticated creators of market ready products. They spend millions on honing their senses for the future demand of their customers.

Recommendations 5: the Commonwealth should be looking to support transport and roads infrastructure according to the needs of the locality and with guidance from the States. The anti-roads bias of Canberra based policy apparatchiks should be left out of this policy.

Leveraging the Private Sector

Social housing is a temporary solution to a situation of regulatory or market failure (or sometimes both). The delivery of social housing is expensive and costly to maintain. In fact, the history of social housing in Australia reveals the very worst cases of social impoverishment in our nation. Urban blight is typically considered synonymous with social housing done poorly.

What we need is more homes per se. We need more housing approvals at heights and densities that are feasible and thus attract capital investment from the private sector. Social Housing has a place in supporting vulnerable populations, but it should be a last resort and be delivered in an undistinguishable manner with affordable and market housing.

Building with taxpayer's funds is an unimaginative use of limited available funds. Offering taxation or height/density incentives to the private sector allows for a leveraging of the government funding and the delivery of an appropriately blended solution. This philosophy has been successfully adopted by Housing Australia and has the support of the Urban Taskforce.

Leveraging the private sector to deliver this housing stock by facilitating private investment provides far better value for Government.

Recommendation 6: Federal Urban Policy should be innovative and focus on leveraging the private sector's vast resources to deliver housing stock through the facilitation of private investment mechanisms.

Housing supply to support Immigration

The Jobs and Skills summit recognised the need for a significant boost to skilled migration. This has been done. It is a tragic irony that most involved in the construction of homes were left out of the critical skills category. That has only recently been rectified.

With the ongoing skills shortages across our economy, Australia's Migration Policy utilises high levels of immigrants as a key part of its economics model. The economy depends on migrants to drive up tax revenue at a time when the aging of the population is resulting in a declining tax base with an increasing demand for government support.

There is nothing wrong with skilled immigrants arriving on Australia's shores, in fact, we desperately need this.

But please build houses for them. NSW currently builds one dwelling for every 4.3 immigrants. Prices for short-term and long-term rental and forcing many immigrants into untenable living conditions that often fails to be documented.

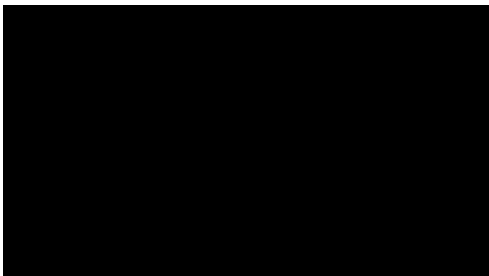
Recommendation 7: more funding should be allocated, and policy aligned to incentivise private sector to supply more Build to Rent, Student Accommodation and Co-Living Accommodation for the skilled immigrant.

Conclusion

The key focus of this policy needs to be the prioritisation of infrastructure to support housing supply and employment. This submission has detailed the need for this focus. We support the release of the draft document but remain concerned at the breadth of proposals that seem to ignore the economic challenges we face and desperate crisis that home ownership and rental affordability presents.

Should you wish to discuss this matter further, please call our Head of Policy, Planning and Research, Benjamin Gellie on [REDACTED] or via email benjamin@urbantaskforce.com.au

Yours sincerely

A large black rectangular redaction box covering the signature area of the letter.

Tom Forrest
Chief Executive Officer

Urban Taskforce Recommendations:

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