



UDIA National Housing Pipeline®

New South Wales Report

Presenting Partner



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NSW

Executive Summary

The UDIA National Housing Pipeline® (NHP), presented in partnership with NBN Co. creates a nationally consistent methodology that analyses land availability and readiness for new housing development across Australia's key housing regions over a 15-year horizon.

In our first edition of the NHP for New South Wales, the findings present real concern around the capacity for NSW to meet its housing targets.

The NHP has identified that without additional interventions from government, the Sydney Megaregion will not exceed 171,400 homes during the five-year Accord period, representing a shortfall of 150,600 homes.

The NHP's evidence-based approach cuts through existing estimates of housing capacity from State and Local Governments and gathers data directly from an exclusive UDIA developer intentions survey, together with CoreLogic's Cordell database and the Department of Planning, Housing and Infrastructure's Sydney Housing Supply Forecast.

Our survey has found that 97% of all homes in the pipeline are not ready for development. The barriers to unlock this housing are consolidated into three main factors:

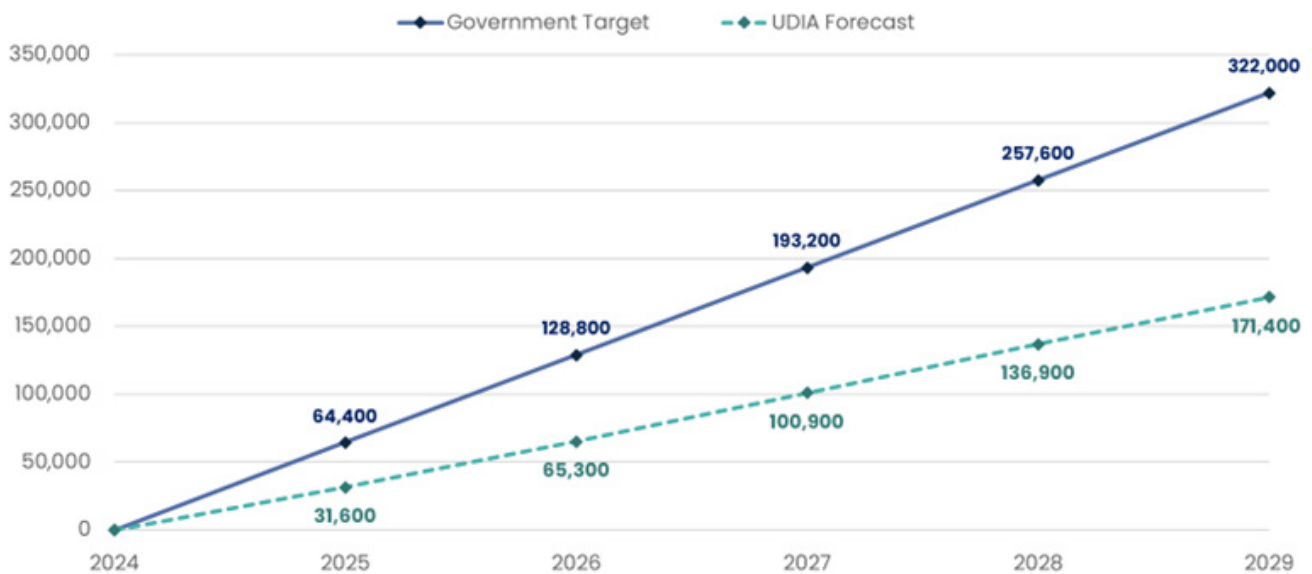
- **A slow Planning System** – NHP finds that 42% of potential homes are awaiting at least one approval determination before development can commence.
- **A lack of Enabling Infrastructure** – NHP finds that 30% of potential homes are held up by a lack of committed, funded, or completed enabling infrastructure (that is, water, power, sewer, and roads).
- **Environmental Constraints** – the NHP finds that only 10% of the Sydney Megaregion's residentially zoned land is vacant and environmentally unconstrained (e.g., not flood impacted, bush fire prone etc.).

The NHP will be UDIA's advocacy tool to demonstrate the need for investment for development opportunities that are already in developer's hands. Finding ways to unlock and streamline these pathways, in addition to unblocking new pathways, will be critical in keeping the housing pipeline filled now and into the future.

UDIA has maintained ongoing collaboration with the NSW Department of Planning, Housing and Infrastructure's Urban Development Program



Sydney Megaregion's Housing Target vs UDIA's Housing Forecast



(UDP) team as part of the NHP. Our vision is for the NSW Government to begin leveraging the NHP in collaboration with their housing supply programs to start to see genuine improvements in housing delivery rates across the state.

UDIA acknowledges the UDP and other housing supply programs underway by the NSW Government and intends for this report and its recommendations, to be a ready-made action plan for Government to collaborate with industry to improve housing delivery. UDIA recommends:

1. Increased investment and improved coordination of enabling infrastructure.
2. Increased infrastructure delivered by industry through Works in Kind.
3. Stronger collaboration between industry and Government.
4. Improve development feasibility.
5. Enhanced decision-making through transparent use of data.
6. Improving opportunities for collective sales.
7. Creating greater certainty for conservation requirements.

We look forward to working with our Members annually to continue updating the data in the NHP.



Acknowledgement of Country

UDIA NSW and NBN Co. acknowledges the Traditional Owners of Country throughout Australia and their continuing connections to land waters and community.

We show our respect to elders past and present. We acknowledge that we stand on Country which was and always will be Aboriginal Land.

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The Housing Pipeline – Foreword



Hon. Stuart Ayres, UDIA NSW Chief Executive Officer

The UDIA National Housing Pipeline® project is a window into the future of housing supply. The depth of the research and analysis has only been made possible thanks to the commitment of NBN Co. as Presenting Partner. Their ongoing support has been pivotal to the traction we have gained from both State and Federal Governments.

NBN Co. and UDIA have similar goals, from our advocacy for infrastructure planning, improvements in areas including land use and energy demands, through to shaping thriving communities by improving efficiency and liveability.

Our common interest and support for evidence-based decision making, has resulted in a nationally consistent approach for housing delivery forecasts during the National Housing Accord period in NSW.

The UDIA National Housing Pipeline® (NHP) project has identified a potential shortfall of 150,600 homes across the Sydney Megaregion during the Housing Accord period. This should not be accepted as an outcome. Waiting any longer before taking corrective action on housing supply will only ensure more people are denied an opportunity for a place to call home.

We know that meeting our housing targets will not be solved by pulling on one lever alone. UDIA acknowledges the work to date by the Department of Planning Housing and Infrastructure (DPHI), however UDIA through the NHP has identified a range of further interventions that will improve housing delivery.

Implementation of UDIA's recommendations will increase the likelihood of delivering the Housing Accord targets. We need to see a diversity of

Presenting Partner



typologies, increased investment in enabling infrastructure, and the Government genuinely prioritising housing supply through planning approval system improvements.

The deepening housing crisis in NSW means it has never been more important for Government to work with Industry to identify issues and collaborate on the development of solutions. We seek to continue this collaboration with projects like the NHP, where it is vital to share data and have a good understanding of developer intentions and the issues holding back housing delivery.



"The UDIA National Housing Pipeline® project is a truly national collaboration across each state. We simply could not have done it without the commitment of NBN Co. as Presenting Partner."

Col Dutton, UDIA National President

About the UDIA National Housing Pipeline®

In mid-2022, UDIA initiated the National Housing Pipeline® (NHP) project presented by NBN Co. **The NHP was created to develop a nationally consistent and robust methodology to analyse the availability and readiness of land for new housing development in Australia's mainland capital cities over the forward 15-year horizon.**

The NHP provides a **comprehensive analysis of true developable land capacity across Australia's key housing regions.** It cuts through the high-level estimates of housing capacity from State and Local governments, assesses the technical and planning constraints which stymie development, and combines that with an unique to UDIA developer intentions survey, which finds the "on the ground" truth from our developer members.

Through the NHP we can begin to understand the real, not theoretical, capability to deliver housing. With NHP we have a tool which can help to resolve the major

barriers to new housing supply across the nation – such as missing enabling infrastructure, planning, environmental or heritage approvals, zoning and several other constraints.

A Pilot of the UDIA NHP project was undertaken for the Perth and Peel region in Western Australia, which launched in late 2022. The learnings from this Pilot have informed the national program that is currently being rolled out in each state in which UDIA is active. The first round of national findings are anticipated to be launched in the final quarter of 2024, with this Report delivering the first round of NSW findings. UDIA plans to work with members to update this data on an annual basis.

The project's methodology utilises a combination of 'top-down' and 'bottom-up' data inputs to provide a comprehensive perspective of future housing supply. This research was rolled out across a five-phase process:

Project Limitations

Throughout these phases, particularly during the Phase 3 Technical Workshops, UDIA noted challenges surrounding both the availability of data and the translation of high-level methodologies into accurate reporting on a site-by-site basis. Appendix 1 provides an outline of the data that UDIA NSW's technical consultants on this project used and data that was excluded in their constraints mapping due to data quality or availability.

To adhere to appropriate probity and confidentiality settings, none of the data in the NHP is reported at a site-by-site level. While being informed by site-by-site intelligence from UDIA members, reporting has been aggregated to a regional scale.

UDIA also notes the Developer Intentions Survey results provided throughout this report do not claim to reflect 100% coverage of the housing pipeline. Phase 2 of our project delivered a strong sample size of results from which UDIA has drawn regional conclusions around required infrastructure, approvals and pipeline projections. We have used this to inform and predict the number of homes impacted by infrastructure and approvals in the total future pipeline. We aimed to overcome the shortfall in our overall numbers by drawing from existing and public sources of information, including the DPHI Sydney Housing Supply Forecast and Cordell Connect dashboard, to arrive at our final outputs.

Project Methodology

Development Constraint Mapping

Phase 1: Mapping environmental constraints onto undeveloped residentially zoned land across the Greater Sydney Megaregion with our technical project consultants, Mecone.

Developer Intentions Survey

Phase 2: The deployment of an **online Developer Intentions survey** across the UDIA NSW member base (between November 2023 and February 2024), seeking data on the expected annualised commencement of projects in their pipeline of current landholdings, infrastructure servicing requirements, and the status of planning approvals.

NHP Technical Workshops

Phase 3: Conducting four **Technical Workshops** in April 2024 with regional experts throughout the UDIA NSW member base in the Hunter, Illawarra, Western Sydney and Eastern Sydney to pressure test the NHP methodology and the Phase 1 preliminary findings.



NHP Outlook Forum

Phase 4: Delivering a **UDIA NHP – NSW Outlook Forum** in July 2024, presenting the preliminary findings from Phase 1 and Phase 2 to UDIA NSW members and key stakeholders via an online UDIA NSW TV event, which was co-presented with our technical consultants Mecone.

Reporting & Advocacy

Phase 5: **Reporting and ongoing advocacy** following the official launch through another UDIA NSW TV event in August 2024 alongside Presenting Partner, NBN Co.

Engagement with State Government

Prior to these phases, and throughout the project's life cycle, the NHP in NSW has been supported by a meaningful engagement program with the NSW Department of Planning, Housing and Infrastructure (DPHI). Our engagement has focussed on how our analysis can complement the infrastructure planning and delivery program that DPHI is currently delivering through its Urban Development Program (UDP). We also see a strong opportunity to progress this stakeholder engagement through Infrastructure NSW.

Given the role the UDP will play in infrastructure investment and prioritisation across the Sydney Megaregion, our engagement with DPHI has sought to emphasise the utility of rich industry market intelligence, such as that generated by the NHP, to ensure existing and ongoing Government programs and forecasting is informed by real and contemporary industry intentions.

Introduction – The UDIA National Housing Pipeline® in NSW

What is the UDIA National Housing Pipeline

The UDIA National Housing Pipeline provides a detailed breakdown of how much potential housing in the future pipeline is constrained and unable to be developed by:

1. Constraint or Requirement (Environmental, Planning and Infrastructure)
2. Geographic Location
3. Housing Typology
4. Expected Time Frame for Commencement

Across industry and Government, there is increasing alignment on the types of constraints that impact housing delivery. Infrastructure, slow planning approvals, complex concurrence and referrals, and market conditions all play a role in constraining the pipeline. However, our engagement through the NSW Government's Urban Development Program (UDP) has shown that acknowledgement of these issues does not clearly translate to reliable reporting metrics, due to various limitations of what data can be collected, and by whom.

The below Venn Diagram demonstrates why the pipeline of development ready land has not been well understood across Government departments. The diagram shows that without an understanding of

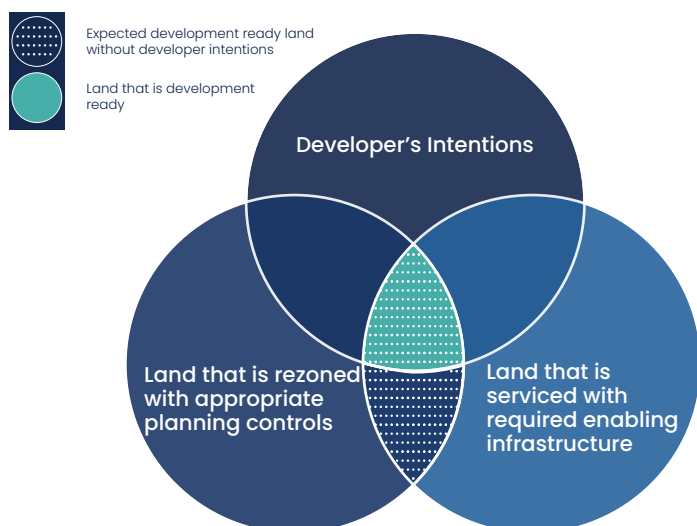
developer intentions, there will always be a conflated expectation of how much land is "development ready."

The State Government has a strong hold over lands that have been rezoned and their planning controls, and is using the UDP to better understand infrastructure delivery and timeframes. However, without a critical understanding of developer intentions, the future pipeline will not be properly illustrated and metrics for prioritisation will not be properly informed.

The NHP has been designed to bridge this data gap, providing a reliable, ground truthed, and industry vetted understanding of what can be delivered, where, and over what time frame over a 15-year housing supply horizon.

Using developer intentions, the NHP will ultimately reveal the regions where genuine opportunities exist to streamline, unlock, and bring forward the future housing pipeline with the right infrastructure at the right time. UDIA will use this evidence in our ongoing advocacy to Government as it seeks to prioritise investment in key housing enabling infrastructure and make planning and policy changes to support the objective of dramatically increased housing delivery by pushing more projects into the 'development ready' portion of the diagram.

The Development Ready Land Intersection



Why are we doing this?

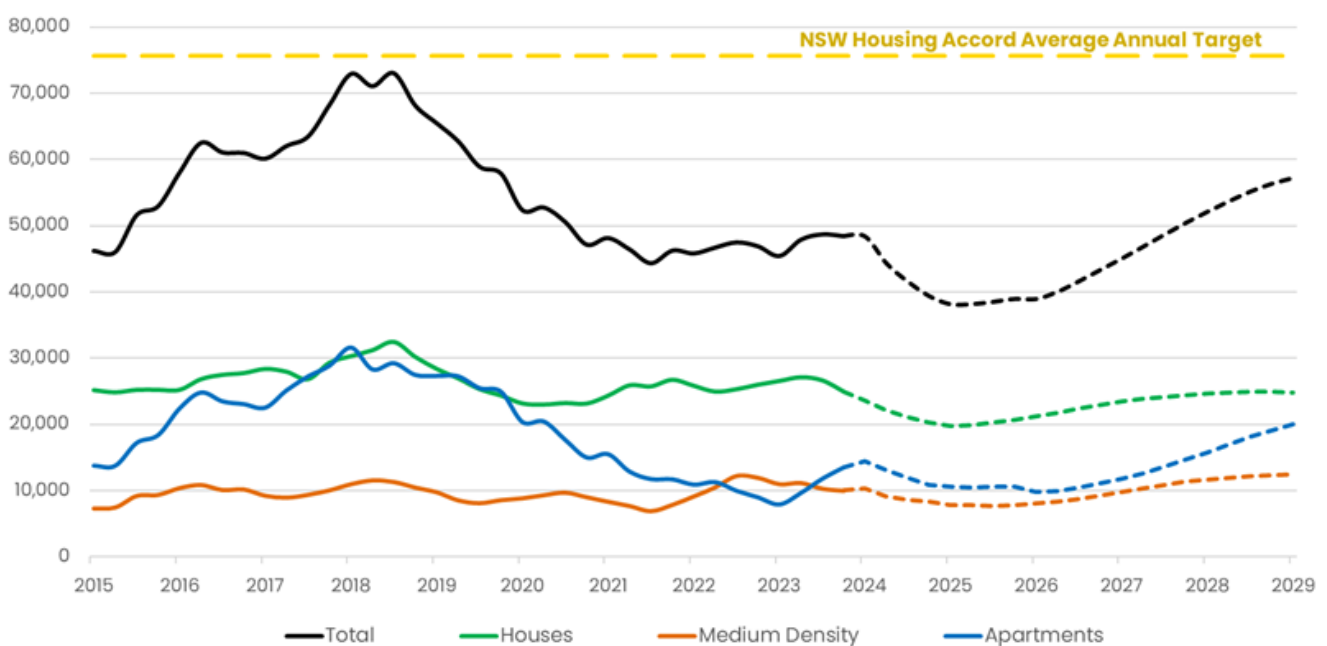
UDIA NSW has a robust history of presenting housing pipeline analyses that have been directly informed by industry. These were delivered through the *Greenfield Land Supply Pipeline Report* and *Apartment Supply Pipeline Report*, with two editions of each delivered in 2021 and 2022, and both becoming influential tools in UDIA's advocacy to Government. The NHP will take these leading insights a step further in terms of the scope and detail of data being collated and analysed, the geographical spread being covered, and the method of collaboration employed.

The NHP project sits squarely within the context of the National Housing Accord, agreed to Federally in October 2022 at a level of 1 million new homes over the five years commencing July 2024. This expanded in August 2023 to 1.2 million homes. The revised target translates to approximately 377,000 new homes for NSW, which is 60,000 homes more than NSW's peak completions over a five-year period.

The importance of these targets, and the data presented in this report, has never been more relevant, as NSW seeks to reverse course on what is a once in a generation housing crisis, fuelled by close to a decade-low slump in building activity. Current projections from Oxford Economics are that NSW is forecast to deliver a baseline (that is, housing delivered independent of recently announced housing reforms) of 225,500 homes over the Accord period (see Figure 1). This only varies slightly from the combined intelligence from the Sydney Housing Supply Forecast and Regional Housing Targets over the next 5 years, which predicts that forecast supply over the next five years is 210,000.

If the NSW Housing Accord targets are not achieved, this will create a further backlog of housing supply, adding to a housing market that has been accumulating undersupply since 2018. This could threaten to entrench our current housing challenges for decades to come.

Figure 1 – Historical Completions and Forecasted Completions, Oxford Economics

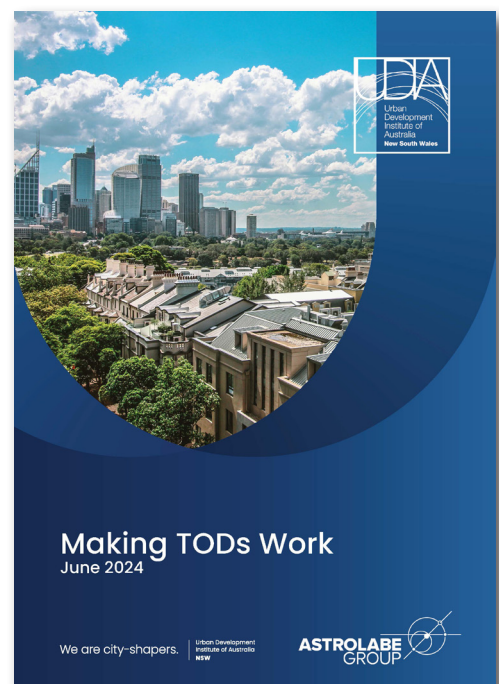


Source: Oxford Economics; UDIA NSW

Why now?

UDIA NSW has been encouraged by the State Government's recent planning reforms to respond to these housing challenges, with the recent introduction of mass rezonings and permissibility changes for apartment developments through the Transport Oriented Development (TOD) Program and Low and Mid Rise (LMR) Housing Reforms. However, the extended development assessment and approval process which will take several years for land to be consolidated and development approvals granted, when combined with the current unfavourable economic conditions, mean these planning reforms alone are unlikely to be enough to deliver the seismic uptick in housing delivery needed to meet the Housing Accord targets.

In June 2024, UDIA NSW and Astrolabe delivered the *Making TODs Work* research report, which revealed that almost all identified TOD 'Tier Two' sites are unfeasible in the current market. The full list of recommendations arising out of this report are provided in Appendix 2, but central to the report were recommendations for Government to look more closely at already rezoned greenfield locations and provide enabling infrastructure investment to quickly service these key urban release areas where new homes can be delivered quickly and at scale. We also encouraged the Government to explore opportunities across the state to provide focused investment and streamlined approaches for apartment projects including greater upfront investment in enabling infrastructure, accelerated rezonings, and up-zonings in areas where developers can demonstrate they are able to bring homes to market before the end of the five-year Housing Accord period. The NHP will be critical in providing government the on-ground intelligence needed to identify and quickly activate these sites.



Given that the challenges facing these new reforms are now well understood, and industry is actively working with Government to track these new policies and suggest improvements, there is a simultaneous and urgent need to ensure that the existing, or 'planned,' development pipeline is not forgotten. This segment of the pipeline is crucial, as it comprises more than half of NSW's total Housing Accord target.

The findings of the NHP provide that exclusive insight into those constraints that impact the deliverability of 'planned housing' i.e., those that are under developer ownership and already in the system. This is because the NSW Developer Intentions survey was deployed

before details surrounding TOD and LMR had been formally released.

Given the significant lead times for dwellings to go from planning to completion, because projects occur along a pipeline of complex, costly and often slow activities, the importance of understanding intentions and constraints across the entire pipeline today is critical to ensuring that housing can be realised throughout the Accord period and beyond. We need development ready land to sustain our urban growth, and that starts with planning for it now. The NHP, together with DPHI programs, will become critical tools in this conversation.



Summary of Key Findings and Recommendations to Government Policy Makers

The key conclusion from the first NHP survey is that New South Wales does not have enough development ready land to meet our housing targets. That is, there is not enough land that is zoned, serviced, holds all concurrent approvals, ready to be built upon and is under ownership by a developer who intends to build homes.

150,600

On current projections, the Sydney Megaregion is expected to have a shortfall of 150,600 homes compared to their National Housing Accord targets.

42%

42% of homes planned during the Accord are awaiting at least one approval to enable development to progress.

3%

Considering all inputs, only 6,500 homes are development ready, which reflects just 3% of the total Sydney Housing Supply Forecast.

10%

Only 10% of the Sydney Megaregion's residentially zoned land is vacant and unconstrained.

30%

30% of homes planned during the Accord are held up by at least one item of enabling infrastructure (sewer, water, roads and power).

9%

Of all residentially zoned land that is vacant, 9% is considered 'fundamentally constrained' and sterilised from development. This equates to approx. 70,000 potential homes.



Recommendations

UDIA NSW offers the following recommendations.

1. *Increase investment and improve coordination of enabling infrastructure.*

That the NSW Government's Infrastructure Opportunity Plans prioritise enabling infrastructure necessary to unlock housing identified through the Urban Development program which can be delivered over a rolling five-year period.

2. *Increase infrastructure delivered by industry through Works in Kind.*

That the State Government urgently finalises a Works in Kind policy to bring forward the future housing development pipeline, which is uncapped and allows any item listed on DPHI's Infrastructure Opportunity Plans to be delivered under an in-kind arrangement.

3. *Stronger collaboration between industry and Government.*

That the NSW Government better aligns its understanding of the pipeline with developer intentions, looking to incorporate the data and methodology used in the UDIA NHP, and prioritising the use of industry intentions to support infrastructure investment decisions.

4. *Improve development feasibility.*

That the NSW State Government considers the recommendations from the UDIA NSW Making TODs Work – June 2024 report to support infill feasibilities, given apartment sites identified in the NHP survey also revealed feasibility constraints and a need for more flexible zonings (see Appendix 2).

5. *Enhanced decision-making through transparent use of data.*

That the State Government adopts an open data sharing policy and continues to partner with industry bodies in the presentation and uncovering of that data to help continuously inform evidence-based policy reform.

6. *Improve opportunities for collective sales.*

That the State Government reviews the current collective sale provisions of the Strata Schemes Development Act to streamline the current process and provide certainty to developers where a majority of owners want to sell, and developers are willing to invest in unlocking new housing.

7. *Create greater certainty for conservation requirements.*

That the NSW Government increases investment into the delivery of strategic conservation plans in high growth regional precincts, and improvements to the bio-certification process for individual sites to bring more certainty of good outcomes for both biodiversity and development.



NSW Megaregion Findings – Environmental Constraints Analysis

UDIA NSW commissioned Mecone to undertake a comprehensive analysis of development constraints impacting undeveloped and residentially zoned lands across the Lower Hunter, Central Coast, Illawarra–Shoalhaven, and Greater Sydney region (referred to herein as ‘the Megaregion’).

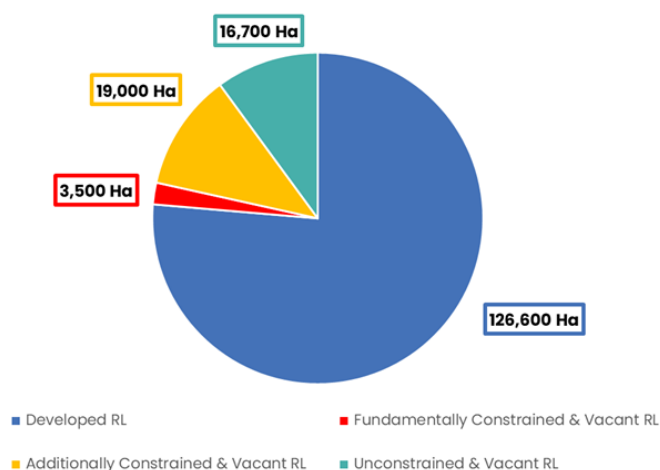
Working closely with a Project Control Group of industry experts, Mecone and UDIA agreed on 24 constraint layers, which were categorised as follows:

- 14 of the 24 were designated as ‘**Fundamental Development Constraints**,’ which are constraints that effectively sterilise a site from future residential development.
- 10 of the 24 were designated as ‘**Additional Development Constraints**,’ where land constraints make it a challenging environment to develop, but where the constraint can ultimately be resolved.

See Appendix 3 for the full designation of fundamental and additional constraints.

All 24 constraints were layered individually into the development constraints assessment to allow for a clear picture of which particular constraints applied to each land parcel.

Figure 2 – Audit of Constraints on Residentially Zoned Lands (RL) in the Sydney Megaregion



As Figure 2 depicts, only 10% of the 166,000 Hectares (Ha) of residentially zoned land across the Sydney Megaregion is both unconstrained and vacant. As will be noted in the following chapter, these figures do not include analysis of infrastructure servicing, planning approval constraints and developer intentions. Therefore, this effectively means 10% is the ‘best case’ scenario in terms of residential development land that is development ready. Even if this best case were to all be delivered, this would reflect no more than 5.2 years of potential housing supply needed across the Megaregion.

Breaking this down further into additional and fundamental constraints, 57% of all vacant residential land is constrained, which equates to nearly 22,500 hectares. 3,500 hectares of this is identified as fundamentally constrained. At the average Greater Sydney density of 20 dwellings per/hectare, this represents up to 450,000 potential homes that could be considered constrained, of which 70,000 are fundamentally constrained.

This pipeline narrative will be consistently reflected through the NHP, crucially showing that zoning and environmental constraints are only the start of the conversation on what is impinging on urban growth opportunities. This confirms that Governments cannot solely rely on already zoned lands to achieve their housing targets, as the hypothetical zoned capacity is, as revealed through this analysis, often constrained from having development potential.



NSW Megaregion Findings – Developer Intentions

UDIA NSW engaged our members with a Developer Intentions Survey between November 2023 and February 2024, inviting landowners to submit confidential information about their undeveloped land holdings and future development intentions. Derived from these survey results are grounded insights into:

- The status of planning approvals.
- The status of enabling infrastructure servicing.
- The expected commencement of dwellings on an annualised basis out to 2038.

As noted previously, the survey on developer’s land has been supplemented with additional project supply information sourced from the Cordell Connect projects database and the Sydney Housing Supply Forecast. This additional project supply information assists in providing maximum available coverage of infill/multi-unit development opportunities.

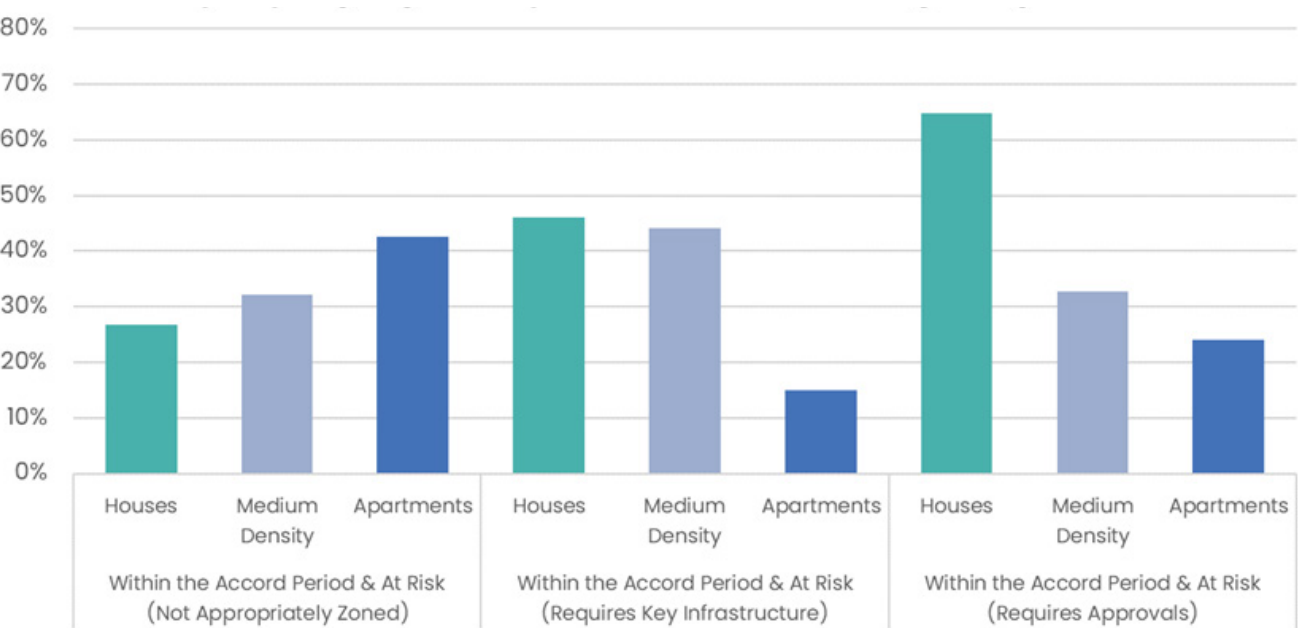
When adding the below findings to the environmental constraints derived by Mecone, the extent of issues that are impacting the development industry are amplified, particularly over the Accord period.

Figure 3 shows that a significant portion of the planned pipeline within the Accord period is awaiting some level of service, whether rezoning, key infrastructure, or approvals.

The findings of the survey, at a high-level, provide validation of UDIA’s existing research and advocacy. For example, more than two-fifths of the apartment pipeline within the next five years being ‘not appropriately zoned’ aligns to the findings of the Making TODs Work research report that projects are currently unfeasible to deliver, and might only be progressed through planning tweaks that increase density and hence improve yields.

Considering all requirements together, our survey finds that **only 3% of homes programmed for delivery during the Accord period are ‘development ready’ with no outstanding approvals, all infrastructure serviced, and appropriate zoning**. Applying this to the Sydney Housing Supply Forecast, this means **less than 6,500 homes** are ready to progress through the pipeline to contribute to the Accord targets. All other items require at least one infrastructure commitment, funding or construction, approval determination, or rezoning to progress.

Figure 3 – Requirements over the 5-Year Housing Pipeline in the Sydney Megaregion



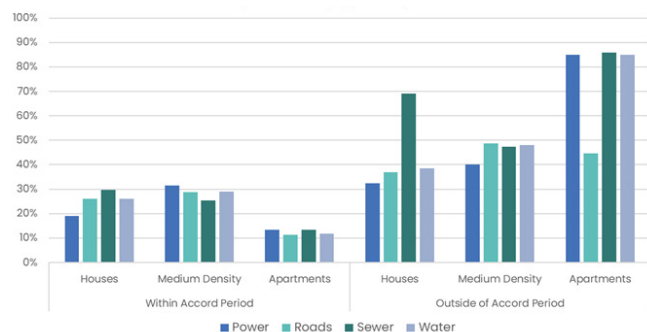
Infrastructure

As Figure 3 demonstrated, infrastructure continues to be a major issue for the detached house and medium density market. Developers responded to the UDIA survey by outlining which types of infrastructure were facing a lack of commitment, funding, or construction commencement. According to Figure 3, nearly half of all detached houses in the pipeline are missing at least one item of enabling infrastructure.

Figure 4 delves into these findings, noting how each housing typology is impacted by the availability of these key enabling items, going further by also outlining requirements outside of the Accord period. This data clearly outlines a major opportunity for the Government to begin investing in infrastructure for the future (5+ year) pipeline today, and triaging with landowners on their requirements. There may arise potential, on a case-by-case basis, to bring forward this future pipeline into the Accord period to help with reaching the 5-year housing targets. This starts by progressing those conversations imminently, using forums such as the UDP to identify these opportunities.

The reality is that much of the Accord period pipeline is awaiting multiple infrastructure items.

Figure 4 – Infrastructure without commitment, funding or construction commencement by housing type in the Sydney Megaregion



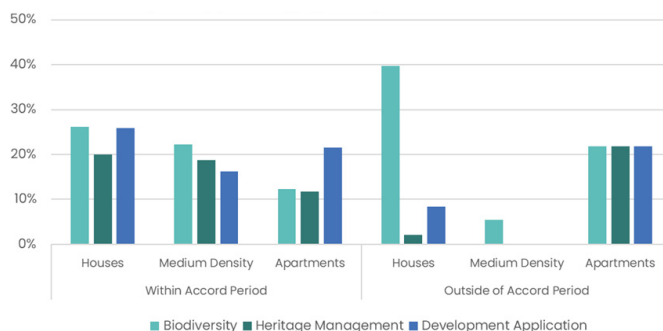
Planning Approvals

Figure 3 outlined that concurrent approvals have a major impact on the five-year pipeline. Developers responded to the UDIA survey by outlining the status of each planning approval type, highlighting those that have been lodged and are still awaiting determination. These responses are documented below in Figure 5. While our survey captured planning approval requirements across twelve categories, only three have been outlined in Figure 5 for their contemporary relevance.

The uncertainty and complexity surrounding Biodiversity continues to be a major barrier to housing, with a quarter of all detached houses in the 5-year pipeline awaiting determination, especially pronounced in the Regions. Heritage has also been a point of consideration in recent policy reforms (TOD and LMR), with the balance between new development and heritage/character an ongoing debate.

Finally, Development Applications (DA) requiring determination are still found to be holding back the pipeline across typologies. UDIA is encouraged to see this data being reported at a more granular level through DPHI's recently released Council League Table. Interestingly, the NHP has revealed that 50% of projects within the Accord period that have their DA lodged also have all infrastructure requirements committed to, funded or under construction. Therefore, there is a major opportunity for faster DA determinations to enable a portion of the housing pipeline to be delivered.

Figure 5 – Required Planning Approvals lodged and awaiting determination by housing type in the Sydney Megaregion**



****Importantly, this table is only capturing projects that have lodged their respective applications & awaiting determination. I.e., it is incorrect to assume that everything not reflected in this data is 'approved,' as it may be the case that the approval has not yet been lodged or is not applicable to the project.**

Megaregion Housing Targets

The NHP analysis reveals, for the Sydney Megaregion’s housing target of 64,400 a year for five consecutive years (based on cumulating all Local Council targets in the Megaregion) will fall significantly short in every single year, leading to an anticipated undersupply of 150,600. This would, hypothetically, all need to be delivered through the TOD and LMR reforms, which we know will not begin yielding houses until at least 2026.

Figure 6 –Sydney Megaregion Dwelling Forecast

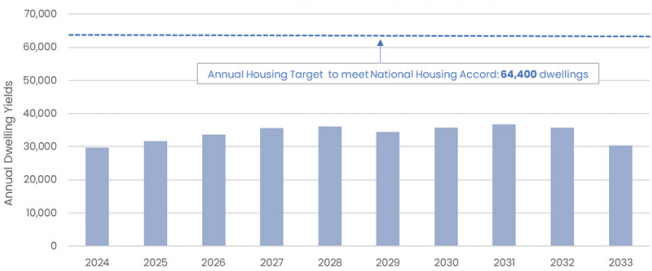
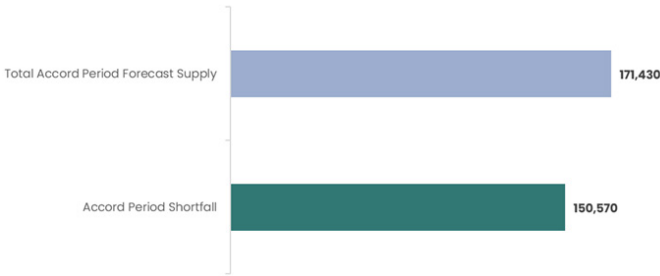
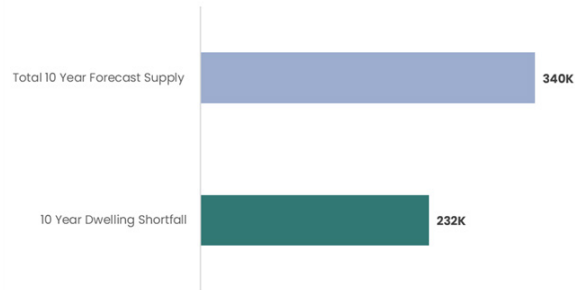


Figure 7 – Undersupply during the Housing Accord Period in the Sydney Megaregion



Assuming that the Housing Target for the 10-year pipeline was to replicate the 5-year pipeline, our analysis reveals a decade-wide undersupply of over 232,000 homes.

Figure 8 – 10-Year Undersupply in the Sydney Megaregion



Regional Subsection Analysis

Western Sydney

Of the 30% of residentially zoned land in Western Sydney that is deemed 'vacant,' we see that more than half of that land is constrained. This represents 5,300 hectares of constrained land, of which 900 is fundamentally constrained. Just 14% of residentially zoned land in Western Sydney is therefore vacant and unconstrained, with Camden and Wollondilly having the largest share proportionately (see Figure 10).

Figure 9 – Audit of Constraints on Residentially Zoned Lands in Western Sydney

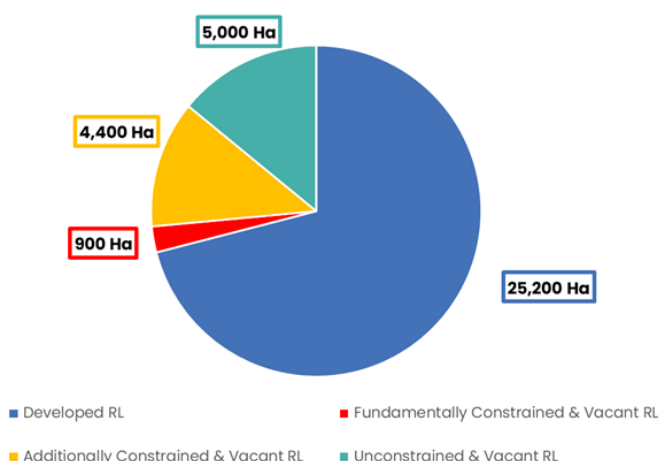
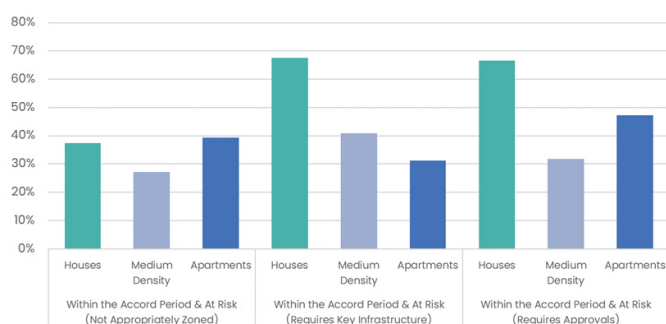


Figure 10 – Western Sydney Local Government Area, Constraints Analysis (all numbers are in hectares)

	Residentially Zoned Land	Vacant and Additionally Constrained Land	Vacant and Fundamentally Constrained Land	Vacant and Unconstrained Land	% of Residential Land that is Unconstrained
Blue Mountains	958	60	13	89	9%
Camden	5,373	909	185	1,165	22%
Campbelltown	5,382	651	143	372	7%
Fairfield	4,580	36	72	302	7%
Hawkesbury	3,277	1,128	56	365	11%
Liverpool	6,868	914	231	996	14%
Penrith	6,025	103	141	877	15%
Wollondilly	2,990	558	103	856	29%

While vacant and unconstrained land could reflect up to 100,000 homes (at an assumption of 20 dwellings per/hectare), survey results in Figure 11 show that a significant portion of Western Sydney is facing other major requirements.

Figure 11 – Requirements over the 5-Year Housing Pipeline in Western Sydney



Servicing infrastructure is considerably lacking on all proposed development types, with more than half of houses requiring roads and sewer infrastructure. A third are also without water infrastructure. Several approvals are also outstanding, with 34% of all dwellings in the Accord pipeline lodged and awaiting determination on their Development Application.

Alongside planning and infrastructure requirements, density in Western Sydney continues to be an ongoing challenge to deliver, evidenced by close to 40% of apartments in the Western Sydney housing pipeline not appropriately zoned for development in the Accord period. This puts the delivery of diverse housing products at a real risk and reinforces the affordability challenges facing the broader region.

UDIA has previously called for a freeze on development contributions to support the market in delivering higher density products during difficult economic conditions. The findings of the NHP confirm that there are intentions to deliver higher density developments in Western Sydney. However, the current conditions prove inappropriate to allow them to progress through the pipeline. We would encourage Government to continue pulling levers within their control to help with market feasibilities.

Western Sydney's Accord Big Three:

1. 56% of Detached Homes are awaiting a regional road
2. 53% of Detached Homes are awaiting sewer infrastructure
3. 41% of Apartments are awaiting determination on Development Applications



Regional Subsection Analysis

Central Sydney

Less than 8% of residentially zoned land in Central Sydney is vacant and unconstrained (see Figure 12), making Central Sydney, which includes the major Local Government Areas of Blacktown, The Hills Shire, and Parramatta, the second most limited region in terms of developable and vacant residential zoned land in our analysis. As Figure 13 shows, most of this land potential is located in Blacktown and the Hills Shire.

Figure 12 – Audit of Constraints on Residentially Zoned Lands in Western Sydney

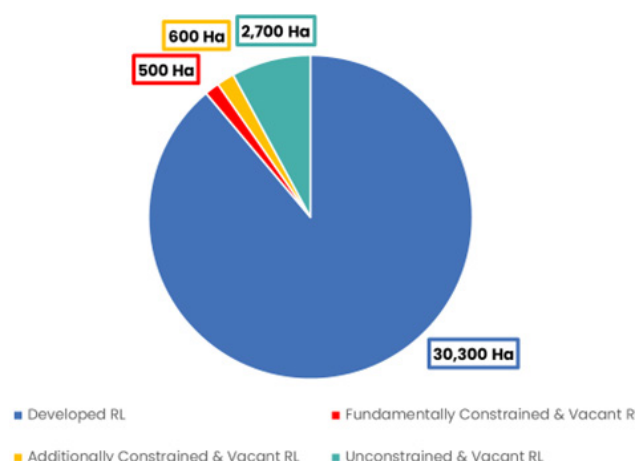


Figure 13 – Central Sydney Local Government Area, Constraints Analysis (all numbers are in hectares)

	Residentially Zoned Land	Vacant and Additionally Constrained Land	Vacant and Fundamentally Constrained Land	Vacant and Unconstrained Land	% of Residential Land that is Unconstrained
Blacktown	9,744	220	197	1,042	11%
Canterbury-Bankstown	6,703	40	30	263	4%
Cumberland	4,069	71	57	193	5%
Georges River	2,894	17	31	112	4%
Parramatta	4,811	84	93	283	6%
The Hills Shire	5,852	152	131	855	15%

Feedback from developers to our survey, finds that much of the planned homes on this vacant and residentially zoned land is still requiring key inputs (see Figure 14).

Figure 14 – Requirements over the 5-Year Housing Pipeline in Central Sydney



Close to 40% of detached houses in the Accord pipeline, for example, are requiring at least one key approval to progress, with DA determinations being the most prominent. There are also significant rezoning opportunities in Central Sydney for higher density, noting again that the industry is seeing opportunities to deliver homes at density further west of the Sydney CBD, but requires appropriate planning controls to do so.

Central Sydney's Accord Big Three:

1. 63% of Apartments are requiring rezoning
2. 26% of Detached Homes are awaiting sewer infrastructure
3. 22% of Detached Homes are awaiting determination on Development Applications



Regional Subsection Analysis

Eastern Sydney

Only 4% of total residentially zoned land in Eastern Sydney is vacant and unconstrained. As depicted in Figure 15, Eastern Sydney is heavily developed, which does not capture the nuance of developers who are looking to maximise airspace or utilise knock down rebuilds to develop greater density. It is the Government's ambition that this will be amplified based on recent reforms around Transport Oriented Development and Low and Mid Rise Housing. As per Figure 16, there is opportunity in areas like Hornsby and Ku-ring-gai to utilise vacant and unconstrained residentially zoned land.

Figure 15 – Audit of Constraints on Residentially Zoned Lands in Eastern Sydney

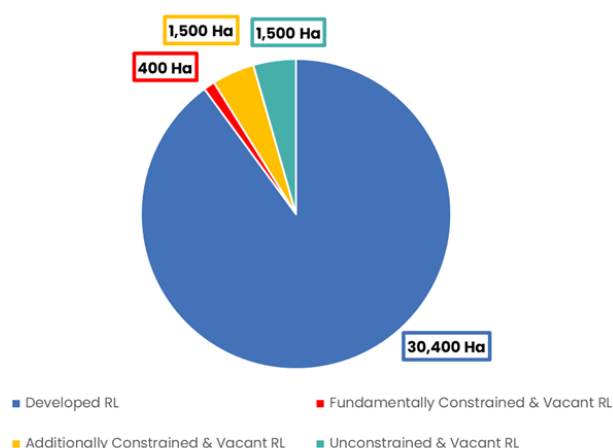
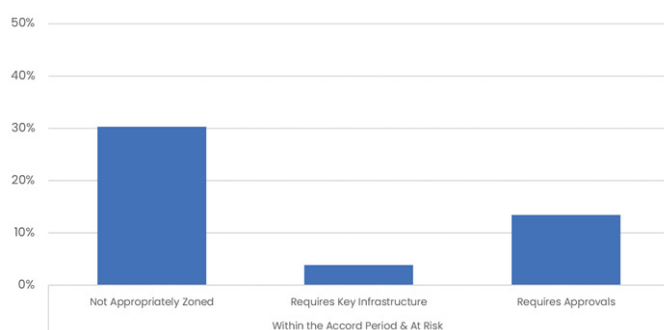


Figure 16 – Eastern Sydney Local Government Area, Constraints Analysis (all numbers are in hectares)

	Residentially Zoned Land	Vacant and Additionally Constrained Land	Vacant and Fundamentally Constrained Land	Vacant and Unconstrained Land	% of Residential Land that is Unconstrained
Bayside	2,355	13	22	64	3%
Burwood	631	14	6	11	2%
Canada Bay	1,463	17	26	33	2%
Hornsby	4,395	396	96	399	9%
Hunters Hill	380	23	8	12	3%
Inner West	2,224	54	15	41	2%
Ku-ring-gai	3,720	306	62	298	8%
Lane Cove	704	7	11	45	6%
Mosman	322	3	1	6	2%
North Sydney	665	10	4	10	2%
Northern Beaches	5,188	450	66	105	2%
Randwick	1,788	14	17	56	3%
Ryde	2,522	87	16	142	6%
Strathfield	726	9	2	25	4%
Sutherland	2,907	38	18	103	4%
Sydney	1,161	30	15	19	2%
Waverley	681	5	2	13	2%
Willoughby	1,091	10	3	26	2%
Woollahra	870	23	7	38	4%

Due to the nature of future development potential in Eastern Sydney, we have focused our reporting on the future apartment pipeline (see Figure 17). Our survey analysis revealed that 3 in every 10 units are at risk of not delivering in the Accord period due to their zoning. This lends closely to recent research by UDIA into development feasibility and viability, where planning controls may not go far enough to ameliorate the major cost impositions facing the industry.

Figure 17 – Requirements over the 5-Year Housing Pipeline in Eastern Sydney (apartments only)



The Opportunity with Collective Sales

Without significant rezonings, there is a limited amount of available greenfield in Eastern Sydney, meaning that any large-scale uplift in density in these areas will require significant uplift in permitted heights and floor space ratios as well as consolidation of smaller land parcels, many of which will have existing strata schemes on them. As UDIA has previously noted, acquiring smaller strata schemes is a challenge when there is not a unanimous decision to sell, because owners most go through a costly and time-consuming court process which can take years with no guarantee the sale will be approved. Few developers are willing take this risk and without changes to the existing strata renewal legislation, it is unlikely site consolidation and redevelopment will occur in these areas at scale.

UDIA would recommend that the NSW Government review the current collective sale provisions of the Strata Schemes Development Act to streamline the current process and provide certainty to developers where a majority of owners want to sell, and developers are willing to invest in unlocking new housing.

Eastern Sydney's Accord Big Three:

1. 30% of Apartment developments require rezoning
2. 10% of Apartment developments are awaiting determination on Development Applications
3. 10% of Apartment developments are awaiting determination on Site Contamination



Regional Subsection Analysis

Hunter & Central Coast

12% of residentially zoned land in the Central Coast is vacant and unconstrained. 9% is constrained, although most of this is reflected as additional constraints.

Figure 18 – Audit of Constraints on Residentially Zoned Lands in the Central Coast

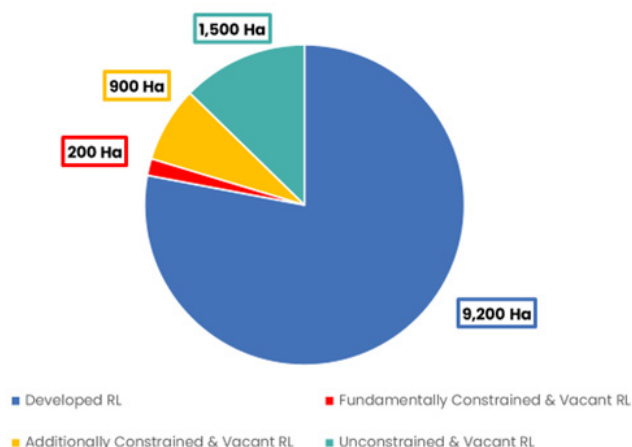
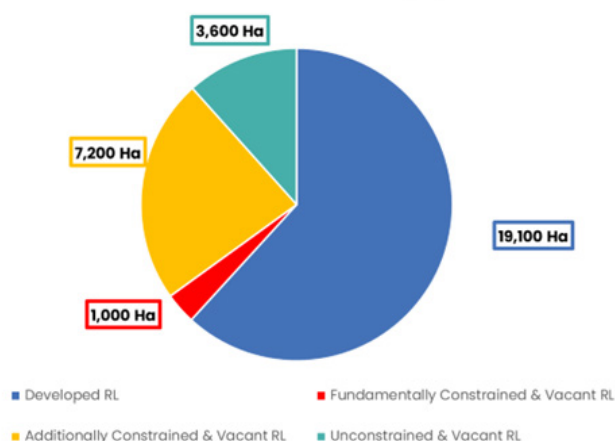


Figure 19 – Audit of Constraints on Residentially Zoned Lands in the Lower Hunter



12% of residentially zoned land in the Lower Hunter is vacant and unconstrained. However, 27% is constrained, which is the highest proportion of constrained residential land out of all regions in our analysis.

Figure 20 – Hunter & Central Coast Local Government Area, Constraints Analysis (all numbers are in hectares)

	Residentially Zoned Land	Vacant and Additionally Constrained Land	Vacant and Fundamentally Constrained Land	Vacant and Unconstrained Land	% of Residential Land that is Unconstrained
Central Coast	11,777	872	173	1,465	12%
Cessnock	5,168	2,306	50	648	13%
Lake Macquarie	9,899	852	687	1,343	14%
Maitland	5,832	1,599	61	1,017	17%
Newcastle	4,975	344	62	280	6%
Port Stephens	5,068	2,145	174	341	7%

Figure 21 – Requirements over the 5-Year Housing Pipeline in Central Coast and Lower Hunter



Our developers survey revealed that there are significant requirements still needed across the board to get development moving. In the approvals category, the largest tranche of development is held up by issues around resolutions to site contamination, with Development Applications (37%) and Biodiversity (30%) each holding up more than 3 in every 10 homes in the pipeline as well. Nearly 4 in every 10 homes are also awaiting power and sewer, with roads also an ongoing challenge for the region (33% of homes requiring roads).

Central Coast & Lower Hunter's Accord Big Three:

1. 68% of Medium Density is requiring a rezoning
2. 47% of Detached Homes are awaiting approvals on site contamination issues
3. 39% of Detached Homes are awaiting power infrastructure



Regional Subsection Analysis

Illawarra-Shoalhaven

According to Figure 22, 12.2% of all residentially zoned land in the Illawarra-Shoalhaven is vacant and unconstrained. Of the 25% of the region that is constrained (making it the second most constrained region after Central Coast/Lower Hunter), the majority is additionally constrained and dominated by the size of the Shoalhaven LGA (see Figure 23).

Figure 22 – Audit of Constraints on Residentially Zoned Lands in Illawarra-Shoalhaven

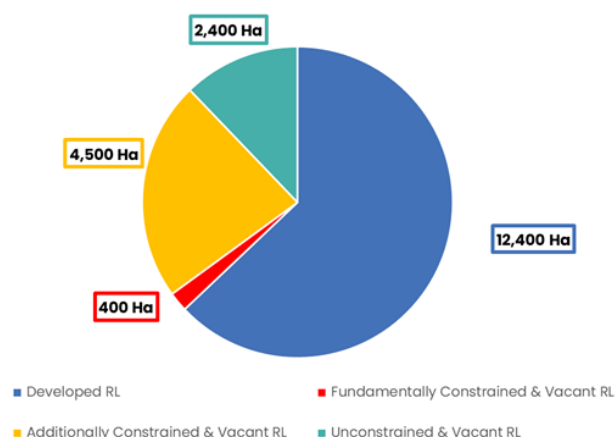


Figure 23 – Illawarra-Shoalhaven Local Government Area, Constraints Analysis

	Residentially Zoned Land	Vacant and Additionally Constrained Land	Vacant and Fundamentally Constrained Land	Vacant and Unconstrained Land	% of Residential Land that is Unconstrained
Kiama	865	57	12	102	12%
Shellharbour	2,627	294	62	194	7%
Shoalhaven	8,960	3,641	76	897	10%
Wollongong	7,290	470	243	1,183	16%

Figure 24 – Requirements over the 5-Year Housing Pipeline in Illawarra-Shoalhaven



Despite up to 48,000 potential homes in the Illawarra-Shoalhaven being vacant and unconstrained, our survey revealed that significant tranches of housing over the Accord period is requiring other major inputs. 72% of detached homes in the Accord period are at risk of non-delivery as they are still requiring at least 1 approval. This is by far the largest constraint on the region in the 5-year Accord period, with Biodiversity (52%), Construction Certificates (49%) and Development Applications (40%) being the three leading approvals requirements.

Illawarra-Shoalhaven's Accord Big Three:

1. 52% of Detached Homes are awaiting determination on biodiversity
2. 49% of Detached Homes are awaiting determination on Construction Certificates
3. 47% of Medium Density developments are awaiting determination on biodiversity

Biodiversity

Especially in the regions, biodiversity approvals remain a protracted issue. Across the Hunter, Central Coast and Illawarra-Shoalhaven, 1 in every 3 homes programmed for delivery in the Accord period is at risk while it awaits a decision on biodiversity. Industry has welcomed the implementation of the Cumberland Plain Conservation Plan in Western Sydney, which satisfies biodiversity requirements for the included sites. This approach enables good strategic biodiversity outcomes across Western Sydney, together with development certainty. UDIA sees opportunity for more Government-led strategic conservation plans for other high growth regional areas, and we would like to see more sites bio-certified at rezoning.

UDIA would recommend that Government increases investment into the delivery of strategic conservation plans in high growth regional precincts, and improvements to the bio-certification process for individual sites to bring more certainty of good outcomes for both biodiversity and development.



Conclusion and Next Steps

The clear message arising out of the NHP is that, in New South Wales, development is time consuming, costly, and complicated. As time frames continue to be pushed out for various reasons, two things can happen.

1. Housing does not get delivered in a timely fashion to serve the needs of an expecting community or meet the objectives of all Government tiers.
2. Housing becomes more expensive, as developers accumulate a range of holding costs that must be added to the final sale price.

The NHP confirms that while there is no single lever that can be pulled to address the complex nature of the housing crisis, there is a great benefit in all participants nationally, state-wide and locally, collectively using the same data approach.

UDIA is of the strong view that future decision making on infrastructure investment, urban release, and

planning control flexibility cannot be accomplished without understanding developer intentions. This is the value that underscores the NHP.

We encourage all Government agencies and departments to continue framing the land supply narrative in a collaborative effort that embeds a detailed evidence-base which identifies developer intentions into future decision making.

UDIA looks forward to including these findings in our ongoing engagement across all Urban Development Programs and more broadly with Government. It is critically important that any plan for housing enabling infrastructure is backed in by industry experiences, and the NHP provides an ideal opportunity to put this into action.

The UDIA NHP will be rolled out annually as part of UDIA's ongoing research program, with the next round of surveys anticipated to be deployed in the first quarter of 2025.



APPENDIX 1 – Constraints Used and Not Used by Mecone

As discussed throughout the Report, UDIA was limited to data sets that were available to our Technical Consultants, and the quality and contemporariness of spatial files, in our analysis. Below indicates the 19 constraints used during the Phase 1 Constraints

Mapping exercise, and 12 constraints that we were not able to use, branded under issues of data quality, data availability, site-specific issues and items out of scope of the Phase 1 section.

Used

Environmental Constraints				
Ramsar Wetlands	Riparian Lands and Watercourses	EPI Flood (AEP 1%)	Native Vegetation Protection	Biodiversity Values Map
Environmental Conservation Areas	Environmentally Sensitive Land	Terrestrial Biodiversity Map	Bushfire Risk (Category 1 and 3)	Strategic Agricultural Land
Heritage Items	EPA Notified Contaminated Sites	Landslide Risk	Foreshore Building Line	
Infrastructure Constraints				
Points of Interest and Schools	Easements	Roads, Railways, Stations	High Voltage Transmission	Pipelines, Water Tanks, Substations

Not Used

Data Quality Issues			
Aboriginal Cultural Significance	Koala Habitat		
Data Quality Issues			
Wastewater Treatment Buffers	Poultry Sheds	Mine Subsidence	
Data Availability Issues			
Spatial DCP Data	Aircraft Noise	Flood Data (eg. PMF)	
Out of Scope			
Land Fragmentation	Community Opposition	Economic Feasibility	Infrastructure Servicing

APPENDIX 2: Policy Positions from the UDIA Research Report – *Making TODs Work*

Policy Position – Part 2 TOD SEPP developments should be subject to a standard 7.12 contribution rate of 1% to provide certainty and consistency across the broader geographies.

Policy Position – State government to place a freeze on HPC levies for developments within Part 2 sites that commence construction within 4 years from the implementation of the TOD SEPP.

Policy Position – To create a resilient housing market, government and the industry must continue to support and deliver multiple supply pipelines and housing typologies

Policy Position – Tier 2 TOD SEPP developments that meet the standards specified within the SEPP are eligible for deemed approval within a 90 day period.

Policy Position – Tier 2 TOD SEPP Developments should have standardised controls to improve viability and consistency across all identified TOD sites and reduce assessment and approval delays.

Policy Position – Government must invest in creating a balanced narrative, positioning the development industry as partners in providing housing solutions.

Policy Position – Government to consider policies to de-risk investment, including acting as a guarantor to development resulting in a reduced LVR required to gain finance.

Policy Position – Government to review current TOD SEPP requirements and consider financial incentives that provide improved outcomes for affordable housing provision without impacting development feasibility.

Policy Position – Review of construction regulation to ensure they are fit for purpose and adding value to construction outcomes.

Policy Position – Government must lead the way into unblocking construction supply chains and removing barriers for alternative construction methods and materials.

APPENDIX 3: Fundamental and Additional Constraints

Constraint Item	Fundamentally Constrained	Additionally Constrained
EPI Ramsar Wetland		
EPI Riparian Lands and Watercourses		
EPI Flood (AEP 1 in 100)		
EPI Native Vegetation Protection		
EPA Biodiversity Values Map		
EPI Environmental Conservation Areas		
EPI Environmental Sensitive Land		
EPI Terrestrial Biodiversity Map		
RFS Bushfire Risk		
EPI Strategic Agricultural Land		
EPI Heritage Items		
EPA Notified Contaminated Sites		
EPI Landslide Risk		
EPI Foreshore Building Line		
NSW Places of Interest		
SINSW Master Dataset		
NSW Roads		
NSW Railway Lines		
NSW Easements		
TfNSW Rail+ Metro Stations		
NSW Pipelines		
NSW Transmission		
NSW Tanks		
NSW Substations		

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