UDIA NSW 2025/26 Pre-Budget Submission

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Urban Development Institute of Australia NSW

Urban Development Institute of Australia New South Wales

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About UDIA NSW

Established in 1963, Urban Development Institute of Australia NSW (UDIA) is the peak industry body representing the leading participants in urban development in NSW. Our more than 450 member companies span all facets of the industry including developers, consultants, local government and state agencies.

UDIA invests in evidence-based research that informs our advocacy to state, federal and local government, so that development policies and critical investment are directed to where they are needed the most. Together with our Members, we shape the places and cities where people will live for generations to come.

Acknowledgement of Country

UDIA NSW 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.

Contact

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Executive Summary

New South Wales (NSW), like the rest of the country, remains firmly entrenched in a housing supply and affordability crisis which is having dire impacts on our economy and society more broadly. The NSW Productivity Commissioner estimates this cost to be in the order of $10 billion dollars per year. This includes $1.5 billion due to a loss of talent as people leave NSW for other more affordable states, $2.9 billion on reduced innovation, and $6.8 billion on lost productivity ($3.2 billion to compensate workers for expensive housing, $2.5 billion on disposable income lost to housing and $1.1 billion lost to longer, less efficient commutes).

Without a devastating reduction in house values, which would strike at the heart of Australia's collective household wealth, the only option is to address the constraints impacting/preventing the supply of housing.

UDIAs latest NSW Housing Accord Progress Report reveals that 63% of Local Government Areas are not on track to meet their five-year housing targets based on the level of development applications that have been approved since the start of the National Housing Accord period. The Greater Sydney Mega Region is already 30,000 homes behind its target for approved DAs. The situation is compounded by the latest ABS data showing a 3% annual decline in building approvals, with only 44,600 approvals in the 12 months to February.

The report also finds that recent government housing policy reforms—such as Transport-Oriented Development and Low and Mid-Rise Housing Policies—have yet to generate a discernible uplift in development activity. Despite good policy design, there is no evidence of a short-term market response.

While inflation has begun to stabilise, the impact of 13 rate rises since May 2022 continues to take a toll on development feasibilities, consumers' capacity to purchase, and consumer confidence. Add to this the fact that NSW continues to have the most expensive housing in Australia and some of the most expensive in the world. This is a direct consequence of increasing demand and the lack of supply to meet demand for new homes. Over a long period, NSW has failed to build enough homes for the growing population, resulting in higher prices.

The Government's pledge to tackle the housing crisis and commitment to the National Housing Accord target, being 377,000 new homes in NSW, is a welcome step in the right direction, and one that UDIA and industry applaud. However, it is clear these targets are going to be extremely difficult to achieve without significant Government intervention and investment.

UDIA acknowledges the ongoing fiscally constrained environment which persists in 2025 and which requires us to obtain maximum outcomes within limited resources. We urge the NSW Government to use the 2025-2026 Budget to take a longer-term, investment-driven approach to housing supply, by committing to greater infrastructure investment that will support and enable more homes to be built.

This submission includes opportunities to target government expenditure to where it is most needed and where it will have the greatest impact, including strategic investment to catalyse private industry investment in new infrastructure, that will see housing delivered earlier and bring forward the additional associated economic benefits derived from that housing, such as state government taxes and charges.

Recommendation Summary

This submission outlines the following key budget recommendations to support housing delivery and economic recovery in New South Wales:

Recommendation 1	Immediately implement a basic WIK Framework now, then focus on maturing the Framework after the Housing Accord delivery period.
Recommendation 2	Forward fund the HPC fund with $500m over two years with this investment to be used to enable and activate development and support the operation of a WIK Framework in NSW.
Recommendation 3	Invest $435m per annum over the forward estimates into key enabling infrastructure as identified in UDIA's *Western Sydney, Illawarra/Shoalhaven and Hunter Building Blocks* reports that can unlock 80,000 new homes over the National Housing Accord Period.
Recommendation 4	The NSW Government allocate $950 million over the forward estimates to establish a pilot program to accelerate the investment of $3.5bn in unspent Council infrastructure contributions.
Recommendation 5	Remove the obligation to pay developer contributions in the TOD and Low and Mid-Rise areas for the duration of the Housing Accord period to accelerate housing delivery where latent infrastructure capacity exists.
Recommendation 6	Reinstate the deferral of payment of local and state contributions to the occupation certificate stage to improve development feasibility and cash flow.

Recommendation 7	Exempt Development Corporations from Surcharge Purchaser Duty if the land is purchased for the purpose of redevelopment into further residential accommodation.
Recommendation 8	Provide $7.5 million over four years to DPHI to support additional staff and capacity, equal to 10 dedicated full-time equivalent staff for the duration of the Accord period to establish a dedicated post-consent monitoring team that is also empowered to case manage projects in the system.
Recommendation 9	Invest $7.5 million over four years in DPHI to support additional staff and capacity within a specialised TOD Delivery Unit, equal to 10 dedicated full-time equivalent staff for the duration of the Accord.
Recommendation 10	Provide funding for the previously announced finance guarantee scheme to allow applications to be made before the end of the 2025 calendar year.
Recommendation 11	Invest $10 million for the Department of Climate Change, Energy, the Environment and Water (DCCEEW) to improve processes to provide clear guidance, coordinated support and reduced time frames to achieve approvals for complex projects and biodiversity certification applications.
Recommendation 12	Continue support for the successful Biodiversity Credits Supply Fund by extending the Fund for five years.

Delivering a robust housing supply pipeline through enabling infrastructure

UDIA has consistently highlighted the importance of aligning infrastructure planning and delivery with housing targets. Delays in the provision of water, sewer, roads and stormwater infrastructure—particularly by state-owned corporations—continue to impede the delivery of already-approved housing.

The prioritisation, funding and delivery of enabling infrastructure remains the biggest single roadblock to housing delivery in NSW. In a fiscally constrained environment, we must develop a framework to do more with less.

Deliver a Works-in-Kind framework to fast-track infrastructure and unlock housing

The implementation of the Housing and Productivity Contribution (H&PC) has created a framework which should be leveraged to better support infrastructure delivery across the Sydney Mega Region. Removing the nexus allows pooled contributions to be used where they are most needed in a region and where they deliver the best housing outcomes. However, the process is still constrained as Government must wait for land to be subdivided or apartments built, before contributions are collected and funds allocated to infrastructure projects. This approach fails to acknowledge that the infrastructure is required upfront to allow the land to be subdivided or the apartments built.

Government and industry must work together with urgency and purpose to unlock development potential, create homes for our growing population, and build thriving communities. Works in Kind arrangements (WIKs) allow developers to deliver infrastructure directly, instead of making monetary contributions, and in doing so accelerating development timelines and transferring delivery risks away from government.

Without infrastructure investment upfront, development stalls. The current Housing and Productivity Contribution (H&PC) scheme collects funding only after approvals, creating a critical funding gap. Creating an effective H&PC WIK framework that can be accessed by developers, will enable faster, more efficient infrastructure delivery while providing clear market signals of development certainty. UDIA has commissioned Astrolabe Group to develop options for implementing an effective WIK framework in NSW, that report, A Case for Works in Kind contains five key recommendations and is included with this Pre-Budget Submission.

While infrastructure by its very nature is costly, Government must begin to reframe business cases to focus on the direct and wider economic benefits that are derived, and through better fiscal and project management, realise those outcomes which in turn create more tax revenue for the state. This allows for infrastructure to be delivered earlier, to agreed standards, supporting housing delivery which in turn brings forward additional taxes and revenue for the Government. If managed appropriately, it creates a positive cycle of infrastructure delivery, housing growth and revenue. Recognising that it may take some time for a WIK Framework to fully mature, we recommend establishing a basic Framework now that can evolve over time. A basic Framework should allow WIKs to be undertaken where development is zoned and approved and in defined "opportunity sites" that deliver high housing yields. The Framework should also include a WIK register as part of the Urban Development Program (UDP) for monitoring and coordinating housing development, land supply, and infrastructure delivery.

Recommendation 1: Immediately implement a basic WIK Framework now, then focus on maturing the Framework after the Housing Accord delivery period.

Forward funding infrastructure to unlock housing supply

The current approach to funding infrastructure for new housing remains constrained, as the Government is required to wait until land is subdivided or apartments are built before it can collect contributions and allocate funding. This reactive model fails to recognise that essential infrastructure must be delivered upfront to make this development possible. While the H&PC scheme provides essential funding for infrastructure, the nature of this payment means it does not forward-fund infrastructure. This means without initial capital, development cannot proceed at the scale or speed required to deliver the Housing Accord targets and support NSW Industry Policy.

Further, while WIK arrangements offer a solution to this need to forward-fund infrastructure, they divert H&PC from broader budget allocation processes, which reinforces the need for an external source of funding.

Forward funding the H&PC is critical to enabling the upfront infrastructure investment required to support new housing supply. This creates a strong incentive for early delivery while addressing Treasuries cash flow constraints. As housing is delivered, state revenue from stamp duty and other sources increases, creating a virtuous cycle of reinvestment in infrastructure. This approach ensures that the necessary infrastructure is in place to unlock housing supply, while maintaining fiscal responsibility and supporting sustained economic growth. UDIA recommends the State Government should make a direct, $500m upfront investment into the H&PC to better capitalise it, with this investment to be used to enable and activate development and support the operation of a WIK Framework in NSW and enable the delivery of works in kind agreements.

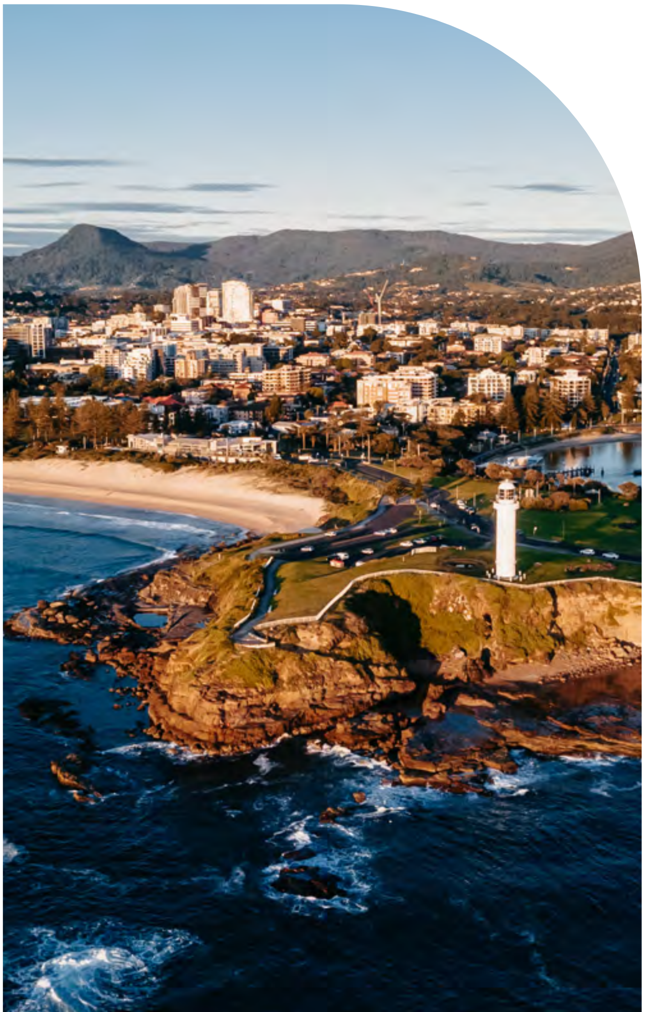
Recommendation 2: Forward fund the HPC fund with $500m over two years with this investment to be used to enable and activate development and support the operation of a WIK Framework in NSW.

Strategic NSW Government Investment in Enabling Infrastructure

UDIA has released multiple reports identifying critical infrastructure projects across the Sydney Mega Region that, if delivered, could unlock significant housing supply.

Western Sydney

The Western Parkland City, in addition to the local government areas of Blacktown and the Hills Shire (due to their geographic location within the Northwest Growth Areas) is forecast to contribute 97,300 dwellings toward the NSW housing targets over the coming 5 years. The target of 97,300 homes is split into both planned houses, which are already in the system and projected houses, anticipated to be delivered from new policies such as Transport Orientated Development (TOD's), Low- and Mid-Rise Reforms (LMR) and the Housing Delivery Authority (HDA).



UDIA's Building Blocks Greater Western Sydney 2025 Report identifies the infrastructure delivery sequence needed in the near term to unlock the delivery of lots across key growth areas in the West over the next five years. Building Blocks identifies the catalytic infrastructure needed to unlock new housing through a combination of extensive industry engagement and survey work and publicly accessible data and information from the NSW Government and the Department of Planning, Housing and Infrastructure.

The Report identifies 9 priority projects and 9 medium-term projects across Western Sydney and concludes that with an investment totaling $868 million (aggregated over 3-5 years for priority enabling infrastructure) almost 33,000 homes (estimated to total 33.9% of the Western Sydney 5-year Housing Accord target) could be unlocked.

Summary of Western Sydney Building Blocks priority projects:

- Northwest Growth Area – 2 projects totaling $39 million
- Penrith Growth Area – 2 projects totaling $134 million
- Southwest Growth Area – 2 projects totaling $185 million
- Greater Macarthur Growth Area – 2 projects totaling $230 million
- Wilton Growth Area – 1 project totaling $280 million

Regional NSW

Regional NSW also has a vital role to play. The National Housing Accord combined target across the Hunter, Central Coast and Illawarra/Shoalhaven regions, which we know have capacity for significant housing growth, is 58,600 homes over 5 years. UDIA recently released our updated Building Blocks Reports for all three regions, covering 10 Local Government Areas.

Collectively the reports show that 80% of the regions' total housing target requires enabling infrastructure. An investment of $870 million in 57 enabling infrastructure projects across the three regions is necessary to support the delivery of up to 47,250 new homes over the Housing Accord period.

All reports have identified longer lists of infrastructure to support housing in the 5 – 35 year window and we encourage the Government to consider further investments to develop the long-term housing supply pipeline in these regions, which will continue to attract larger portions of the state's population. These reports also highlight where funding pathways are currently precarious or not identified, further showing where urgent resolution of funding arrangements are necessary to unlock housing in the pipeline.

Given that feasibility issues in infill developments are hampering the capacity for new planning reforms to make significant inroads in housing delivery in the next 5 years, it is paramount that Government invests in the infrastructure identified in these reports, committing to supporting housing in existing greenfield growth areas across the Sydney megaregion.

Recommendation 3: Invest $435m per annum over the forward estimates into key enabling infrastructure as identified in UDIA's Western Sydney, Illawarra/Shoalhaven and Hunter Building blocks reports that can unlock 80,000 new homes over the National Housing Accord Period.

Unlocking local contributions to accelerate Infrastructure delivery in NSW

Local councils across NSW face ongoing challenges in delivering the infrastructure required to support housing growth in infill, greenfield, metropolitan, and regional settings. Cost escalations are outpacing the existing indexation applied in local contributions plans for infrastructure and land costs, leading to funding shortfalls and delays in infrastructure delivery.

UDIA, in partnership with Urbis, is preparing to release a joint report outlining a preferred model for funding and delivering local infrastructure. This work builds on recent analysis of council financial statements, which shows significant amounts of unspent developer contributions and highlights systemic barriers to unlocking these funds. The research confirms that despite councils' best efforts, existing funding mechanisms are not meeting actual local infrastructure costs or enabling the infrastructure delivery needed to meet housing targets.

To address this, UDIA recommends the NSW Government allocate an initial $950 million over the forward estimates to establish a pilot program to co-fund local housing enabling infrastructure. This allocation, equivalent to 30% of the $3.5 billion in local infrastructure contributions that is currently unspent and held by councils, would serve as a scalable and flexible funding mechanism to close the infrastructure contributions gap. Importantly, this funding would be structured as repayable in instances where councils' local contributions receipts ultimately exceed the value required to deliver all infrastructure identified in IPART-approved contributions plans. Any surplus could then be redirected to the next priority contribution plan or returned to the NSW Government if no further priorities exist.

This approach will provide councils with greater financial certainty and support faster, more coordinated infrastructure and housing delivery. It complements existing commitments under the National Housing Accord and supports the state's broader housing supply and infrastructure objectives. By leveraging available government funding and enabling councils to better align infrastructure provision with housing demand, NSW can accelerate housing delivery and improve outcomes for communities across the state.

It also can be accommodated in addition to other recommendations that UDIA is recommending that will structurally reduce the funding gap over time as other policy amendments are implemented.

Recommendation 4: The NSW Government allocate $950 million over the forward estimates to establish a pilot program to accelerate the investment of $3.5bn in unspent Council infrastructure contributions.

Supporting Development Feasibility

Remove developer contributions in the TOD and Low and Mid-Rise areas for three years to accelerate the delivery of homes

While the broader macro-economic conditions cannot be addressed by the NSW Government alone, there are measures that can be taken to support the development industry during this challenging time to help realise housing outcomes. One of the current major impediments to feasibilities is the cumulative impact of contributions, fees and charges on development which can be up to 30% of the total costs of a project based on primary evidence from UDIA members.

This is severely limiting housing supply and ultimately reducing the state's ability to collect contributions at all and in turn deliver more infrastructure.

By deferring developer contributions for the first 3 years of the Accord we can turbocharge applications in the areas which are the focus of the Accord initiatives (Tier 2 TOD and Low and Mid-Rise reforms locations) and create a positive feedback loop where more applications are submitted, approved and built. This will support housing in the locations where Government has confirmed there is latent capacity in the existing enabling infrastructure. In this regard a deferral of contributions will not impact infrastructure capacity in the identified locations but will bring on the desired housing.

Contributions will still be collected for areas outside of the Accord initiatives, while incentivising development in the locations that Government has earmarked for growth. Increased housing supply will offset the reduced contributions through improved economic outcomes and increased revenue for the State.

Recommendation 5: Remove the obligation to pay developer contributions in the TOD and Low and Mid-Rise areas for the duration of the Housing Accord period to accelerate housing delivery where latent infrastructure capacity exists.

Change the timing of payment of developer contributions during the Accord Period

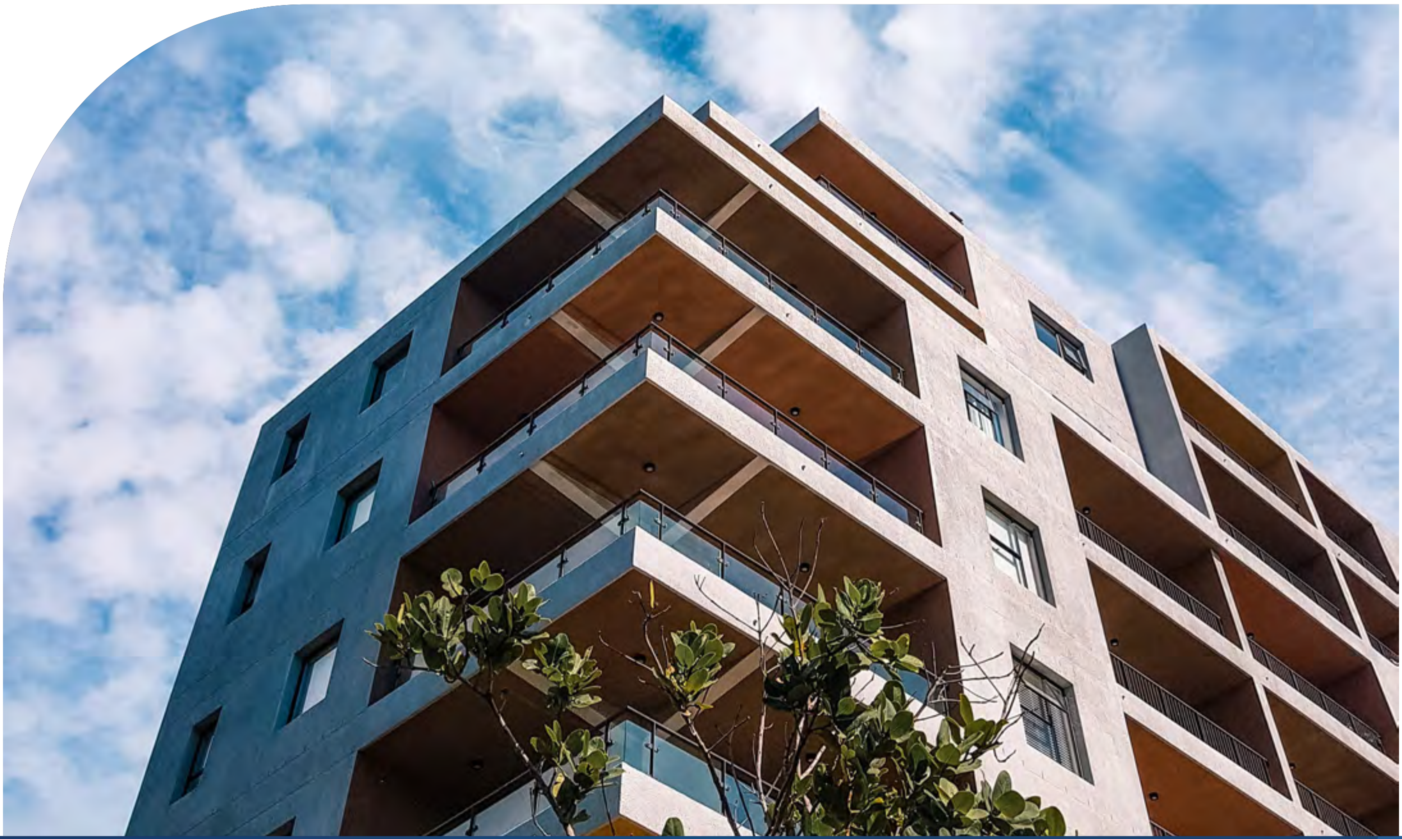
To further support project cash flows, we urge the Government to reinstate COVID-era deferral arrangements allowing local and state contributions to be paid at occupation certificate (OC) rather than construction certificate (CC). This proven measure supports delivery by improving cash flow considerations, without reducing the quantum contributions. Introducing this measure in all parts of the state, would have an immediate and direct positive impact on development project feasibilities.

Recommendation 6: Reinstate the deferral of payment of local and state contributions to the occupation certificate stage to improve development feasibility and cash flow.

Exempt development corporations from surcharge purchaser duty for residential redevelopment purposes.

Surcharge purchaser duties are charged if you are considered a foreign person and acquire residential-related property in NSW. This is inadvertently capturing Australian developers who are a subsidiary of an overseas multi-national and as such, are being charged an additional duty when purchasing residential sites for development into apartments. This negatively impacts the supply of housing in NSW as it creates an additional charge on development. While exemptions exist for commercial purposes the same exemption does not apply for residential purposes.

Recommendation 7: Exempt Development Corporations from Surcharge Purchaser Duty if the land is purchased for the purpose of redevelopment into further residential accommodation.



Streamlining the planning system to deliver housing faster

Improving the planning system was identified as a national priority by National Cabinet in August 2023, with all states and territories committing to implement the National Planning Reform Blueprint. The Blueprint recognises that slow, complex, and under-resourced planning systems are a key impediment to housing delivery. In NSW, the planning system remains a major barrier to supply, driving up costs and contributing to housing shortages. A 2020 Reserve Bank of Australia discussion paper estimated that planning restrictions in NSW add up to 68% to the cost of new Sydney apartments.

The NSW Government has taken important steps through the National Housing Accord and housing reform announcements, including new fast-track pathways such as the Housing Delivery Authority to designate State Significant Development (SSD), the Transport-Oriented Development and Low and Mid-Rise Reforms. These are positive reforms, but their success depends on ensuring the Department of Planning, Housing and Infrastructure (DPHI) is adequately resourced to assess new applications in a timely and coordinated manner.

While Development Applications (DAs) are often cited as the key indicator of planning system performance, there is a critical need to broaden the focus to include the full journey from DA approval to construction commencement. Increasingly, development consents are being issued with extensive post-consent conditions that require resolution before a Construction Certificate (CC) can be issued. These post consent requirements are a growing source of delay, often due to the need for multiple agency inputs, unclear responsibilities and a lack of central coordination.

These post-consent bottlenecks result in major delays and while the Government has recently introduced a League Table to track the time Government Agencies take to provide Concurrences, Integrated development approvals and Referrals (CIRs) this only applies to the DA assessment process and it will not measure the time taken post-consent to achieve a construction certificate.

UDIA recommends that the NSW Government begins tracking and publicly reporting on the time taken from DA approval to the issuance of a CC. This would provide a more complete measure of planning system performance. We acknowledge that the NSW Planning Portal may not yet be configured to track this metric and that funding may be required to support necessary IT upgrades.

We also recommend the establishment of a dedicated post-consent monitoring and case management team within DPHI to analyse and improve end-to-end assessment timelines. This team should also be empowered to act as a concierge service to provide coordinated post-DA consent support and troubleshooting for significant or complex applications, and to expedite decision-making where inter-agency collaboration is required.

This team and its functions should be modeled on Queensland's State Assessment and Referral Agency (SARA) and must be empowered to facilitate workable outcomes with consent authorities and where necessary, make decisions where there is conflicting or ambiguous advice from agencies. It would provide a consistent, whole-of-government approach to the assessment and resolution of development conditions, referrals, and approvals. It will also build on the reform foundations laid by the NSW Housing Taskforce and help deliver the National Planning Reform Blueprint by embedding best practice governance into the state's planning system.

Recommendation 8: Provide $7.5 million over four years to DPHI to support additional staff and capacity, equal to 10 dedicated full-time equivalent staff for the duration of the Accord period to establish a dedicated post-consent monitoring team that is also empowered to case manage projects in the system.

Establishing a dedicated TOD Delivery Unit to drive precinct outcomes

UDIA recommends standing up a specialised TOD Delivery Unit (TDU), to ensure the successful implementation and curation of the TOD precincts. Unlike the Housing Delivery Authority (HDA), which is focused on individual housing proposals, the proposed TOD Delivery Unit would manage the complex, multifaceted nature of TODs, from planning through to delivery. The TDU should have a specific mandate dedicated to advancing TOD Tier 1 sites from planning through to realisation. Its role will focus on addressing the unique challenges associated with TOD Tier 1 sites, distinct from the HDA's responsibilities which is focused on rezoning and development assessment for individual housing developments. The TDU's primary focus will be to provide the necessary expertise and intervention to manage the complexities of TOD Tier 1 projects, including resolving issues identified in the master planning processes and the curation of their delivery to ensure a project can progress without unnecessary delays. Proposed functions of the TDU include:

- Coordinate and make timely decisions about enabling and supporting infrastructure required to deliver the TOD Tier 1 sites.
- Develop and implement incentives for land amalgamation.
- In some instances, facilitate compulsory acquisition of land if required for TOD realisation.
- Implement industry standard SEARs for SSDA projects.
- Provide an 'Expected Development' pathway for non-SSDA projects.
- Enable master planning to occur concurrently to DA assessments, where master planning is still underway.
- Ensure all concurrences and referrals are completed in the master planning phase, to fast-track project assessments.
- Develop a pipeline of TOD projects beyond the initial 8 sites. The pipeline should be established with transparent criteria and process for site selection.
- Oversee a TOD Advisory Panel comprised of Australian and International experts that can advise on TOD delivery issues as they arise.
- Experiment with alternative forms of stakeholder engagement that focus on the design and amenity of TODs instead of height and density.

The TDU will report regularly to the HDA panel and be situated within the broader HDA framework. To the extent the HDA has been established by reprioritising existing resources, additional allocation should also be made to backfill those positions within DPHI. Both the HDA and the TDU should be funded to the end of the Accord period with acknowledgment that the HDA and the TDU should both be embedded within the planning system on an ongoing basis and will need funding to support this.

Recommendation 9: Invest $7.5 million over four years in DPHI to support additional staff and capacity within a specialised TOD Delivery Unit, equal to 10 dedicated full-time equivalent staff for the duration of the Accord.

Access to Finance

Finalise and launch the government's announced apartment project financing guarantee scheme without delay

The Government is relying on the private development industry to deliver the vast majority of new homes under the National Housing Accord. Yet the current macro-economic climate—including construction cost escalations, inflation, and finance constraints—is making development marginal or unviable in many locations.

We acknowledge and commend the Government's decision to adopt UDIA's recommendation for a financing guarantee mechanism to support development feasibilities in last year's budget. However, this program has yet to be implemented or opened to applications. For the scheme to achieve its intended impact—unlocking stalled, feasible developments—it must be urgently finalised and activated. UDIA urges that the Government fast-track implementation of the guarantee scheme and open it for applications as a matter of priority. This initiative is essential to assist viable projects currently constrained by tighter lending conditions and market uncertainty.

Recommendation 10: Provide funding for the previously announced finance guarantee scheme to allow applications to be made before the end of the 2025 calendar year.

Unblocking Biodiversity Constraints

Uncertainty and delays for biodiversity assessment throughout the NSW Biodiversity Offsets Scheme (BOS) remains one of the most significant barriers to the timely delivery of housing supply, new jobs and infrastructure across NSW. The current system is reducing economic productivity and compromising both environmental and social outcomes.

UDIA has identified reforms that would improve processes, including for biodiversity certification applications. The current system is marked by a lack of transparency, significant processing delays, poorly defined roles and constantly changing goalposts. These issues are compounding project timeframes and costs and preventing the delivery of critical housing development.

UDIA recommends the Government make targeted investments in the short term to unlock immediate delivery opportunities by expediting biodiversity certification applications, while also working with industry to progress longer-term reforms to the BOS. Improvements to biodiversity certification processes as well as better coordination to achieve appropriate approvals will help remove bottlenecks and provide certainty to deliver housing, jobs and infrastructure, while also achieving sound environmental outcomes. We recommend investing $10 million to support working with stakeholders including industry, to implement necessary process improvements.

There is one early system failure under the BOS that is starting to see improvement, thanks to a budget allocation from 2022. The problem has been the lack of adequate credit supply in the biodiversity offset credits market. UDIA is encouraged that the system for conserving high-value biodiversity land and establishing market credits, is beginning to function more productively thanks to the creation of the Biodiversity Credits Supply Fund and Taskforce program in 2022. The initial $106.7 million allocation is set to expire at the end of this fiscal year.

UDIA strongly supports this program which has had demonstrated success so far in identifying suitable offset sites and working with landholders to generate biodiversity credits that both protect high-value biodiversity land and facilitate development in growth areas, as well as critical infrastructure. It is critical this program continues to operate. UDIA urges NSW Government to extend the operation and funding support for the Biodiversity Credits Supply Fund program for a further five years.

Recommendation 11: Invest $10 million for the Department of Climate Change, Energy, the Environment and Water (DCCEEW) to improve processes to provide clear guidance, coordinated support and reduced timeframes to achieve approvals for complex projects and biodiversity certification applications.

Recommendation 12: Continue support for the successful Biodiversity Credits Supply Fund by extending the Fund for five years.

Conclusion

The NSW Government's ambition to meet the targets of the National Housing Accord will require bold and coordinated reform across planning, infrastructure, financing, and environmental approvals. UDIA welcomes the opportunity to collaborate with Government to implement the recommendations contained in this submission, and we urge prioritisation of these reforms and funding commitments in the upcoming NSW Budget.

Only through genuine partnership between Government and industry can NSW overcome the housing supply crisis and deliver the homes that communities need.

With private industry tasked with delivering the majority of housing under the Accord, efforts must be taken to ensure development is viable and that enabling infrastructure is available to unlock new homes or capital will be reallocated to more secure lower risk endeavours.

While the NSW Government has introduced a number of significant new planning policies that have the potential to unlock large numbers of new homes, these policies do not operate in an economic vacuum. Meeting NSW's fair share of the National Housing Accord, being 75,000 new and well-located homes every year for the next five years, is a significant challenge made more difficult by broader macro-economic conditions and increased costs, which is making development in NSW marginal at best.

We urge the NSW Government to use the 2025-2026 NSW Budget to make a longer-term investment focused view of housing supply, that sees it make a greater infrastructure investment to help in increasing housing supply. The wider economic benefits of providing more new homes will greatly outweigh any direct investment by Government in the short term and will help ensure the planning and policy changes that have already been announced by the Government do not fall flat. The recommendations in this submission will go a long way in enabling that to happen.

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A Case for Works-in-Kind

May 2025

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ASTROLABE GROUP

Urban Development Institute of Australia New South Wales

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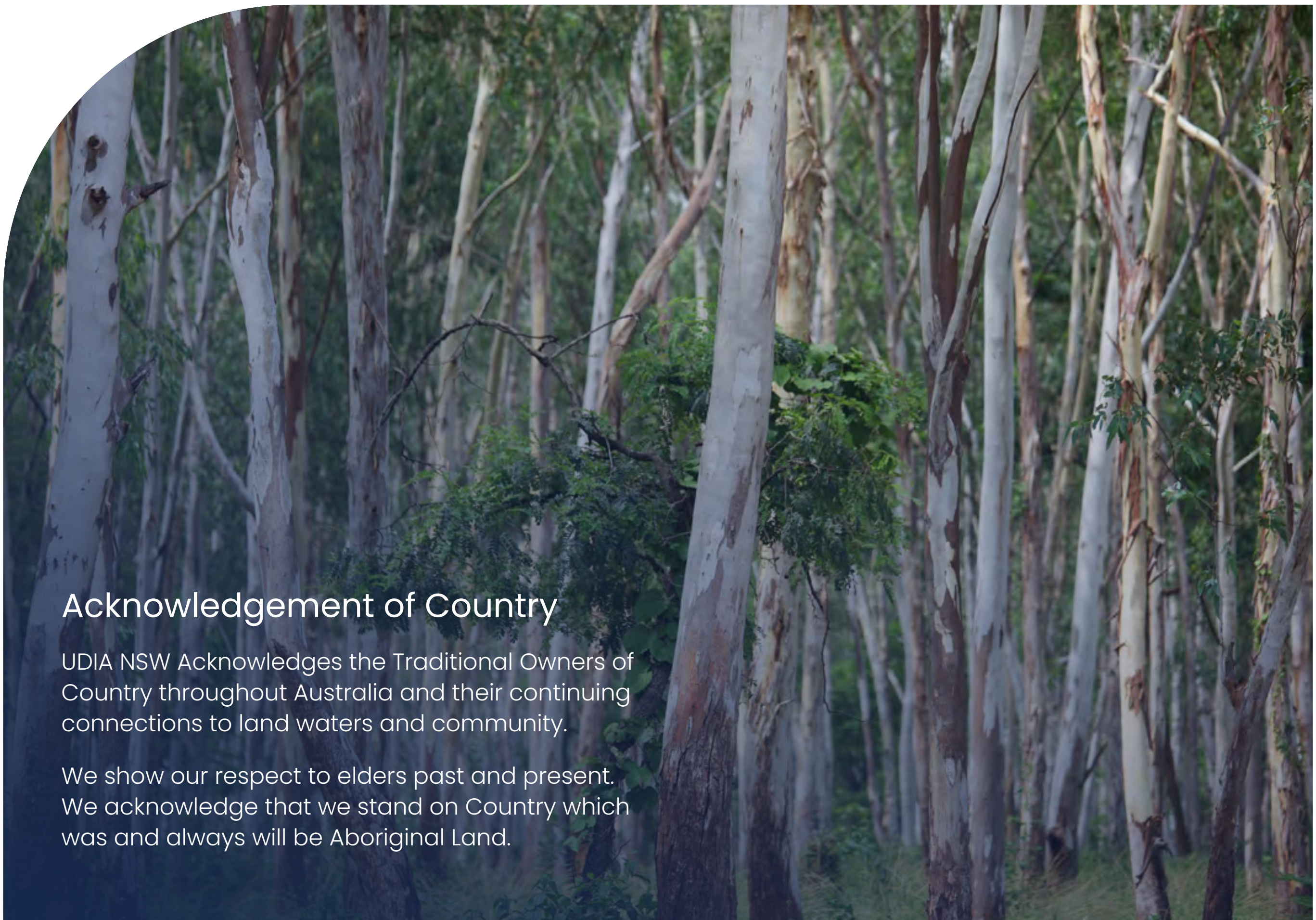

Acknowledgement of Country

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

Our Position

NSW – and Australia – is facing a critical housing shortage. Industry and government of all levels must work with urgency to unlock development potential. This can only happen when the right infrastructure is in place, at the right time.

In NSW, we have mechanisms to make this happen, yet structural issues hinder our ability to optimise these mechanisms.

Works-in-kind agreements can help to address these issues. Works-in-kind mean developers provide essential infrastructure directly rather than make monetary contributions. This accelerates development timelines and shifts delivery risks away from government.

We see works-in-kind arrangements as an essential lever to meet NSW's obligations of 377,000 new homes by 2029 under the National Housing Accord. And we cannot afford delay or half measures - **our research predicts a shortfall of more than 150,000 homes against that 2029 target**.

Through our engagement with NSW Government agencies, we understand where the potential lies:

- The Housing and Productivity Contribution (HPC) is underperforming due to a structural mismatch between forecast and actual housing delivery.
- The assumed faster and higher-density development has not materialised, resulting in slower-than-expected collection and insufficient funds for critical growth infrastructure.
- Further, the HPC collects funding only after approvals are received and construction is ready – yet it does not support the upfront infrastructure required as a precondition for construction. Without this infrastructure, contributions cannot be collected; without the contributions, infrastructure cannot be funded. We have a clear and critical funding gap.
- This limits the ability of HPC to support new housing, undermining its effectiveness.

The HPC can be an effective delivery tool if we enable timely works-in-kind arrangements. This would directly unlock development and induce housing supply at the right price points and locations.

This paper outlines 5 recommendations, informed by our engagement with government agencies:

1. **Allow approved development to capitalise on the use of works-in-kind now**
2. **Require the NSW Government to provide seed funding for the HPC to kickstart development and support a works-in-kind framework**
3. **Enable works-in-kind in defined opportunity sites to speed up housing supply after rezoning**
4. **Implement a basic works-in-kind framework now and mature the framework after the Accord period**
5. **Create a works-in-kind register as part of the Urban Development Program (UDP) to better coordinate housing development, land supply and infrastructure decisions**

Without infrastructure investment upfront, development stalls. Works-in-kind can address impediments to the current HPC scheme by enabling more efficient infrastructure provision and sending clear market signals of development certainty.

Immediate implementation of these recommendations will unlock development potential and help meet NSW's housing targets.

Glossary

Housing Accord	A national agreement between governments and industry to boost housing supply, targeting 1.2 million well-located homes by 2029, including delivery of 375,000 houses in NSW.
Housing and Productivity Contribution (HPC)	A flat, state government charge on new housing developments to help fund essential infrastructure needed to support growth.
Infrastructure Opportunities Plan (IOP)	A plan that outlines 0–20 year growth expectations and infrastructure projects that will be eligible for funding to support housing and employment growth.
Low- and Mid-Rise Housing (LMR)	Seeks to diversify housing options by encouraging the construction of low to mid-rise dwellings within 800 metres of designated town centres and transport nodes across metropolitan Sydney, the Central Coast, Illawarra-Shoalhaven, and the Hunter regions.
Opportunity Sites	Significant sites in metropolitan areas that align with strategic planning objectives where industry is leading efforts, in collaboration with government, to unlock housing supply.
Special Contributions Area (SCA)	Designated geographic areas where special development contributions like SICs are applied to fund major infrastructure.
Special Infrastructure Contribution (SIC)	A targeted developer contribution applied in specific areas to fund key infrastructure projects that enable development.
Transport Oriented Development (TOD) program	An initiative that promotes sustainable, mixed-use development within 400 metres of selected metro and rail stations, aiming to create vibrant, walkable communities with improved access to jobs and services.
Urban Development Program (UDP)	The NSW Government's program for monitoring and coordinating housing development, land supply, and infrastructure delivery.
Works-in-kind (WIK)	Method through which developers deliver infrastructure projects directly, instead of providing monetary contributions.
Works-in-kind agreement	Agreement between government and developer to deliver WIK, which can involve the developer building or upgrading infrastructure such as roads, utilities, or other public facilities, or dedicate land to government to deliver infrastructure.

Introduction

This paper, prepared by Astrolabe for UDIA NSW, draws from consultation with NSW Government agencies and key industry and council representatives.

It identifies 5 recommendations that can optimise works-in-kind as a mechanism for more efficient infrastructure delivery.

These recommendations are informed by agency perspectives and our deep understanding of the challenges and opportunities that NSW faces in the current housing crisis. If implemented, these recommendations will make a marked contribution to the NSW Government's ambitions for housing and productivity.

Recommendations

Works-in-kind advance the construction of infrastructure and speed of infrastructure provision, which supports communities and enables development of land for housing and industry. They are critical to meeting *NSW Industry Policy* objectives and National Housing Accord commitments.

Our 5 recommendations are informed by engagement with NSW Government agencies to understand the opportunities and the challenges associated with works-in-kind.

Our shared objective is to deliver housing and job opportunities for communities

Investment NSW's *NSW Industry Policy* focuses on NSW residents' access to safe, secure, affordable, well-designed and sustainable housing[1]. The National Housing Accord, endorsed in August 2023[2], sets a target of 377,000 well-located homes by mid-2029, with 322,000 of these homes to be delivered in the Greater Sydney, Wollongong and Newcastle areas.

In addition, the *NSW Industry Policy* stresses the importance of supporting industry and manufacturing to promote a strong and sustainable economy which requires delivering employment lands alongside housing.

Recommendation 1	Allow approved development to capitalise on the use of works-in-kind now
Recommendation 2	Require the NSW Government to provide seed funding for the HPC to kickstart development and support a works-in-kind framework
Recommendation 3	Enable works-in-kind in defined opportunity sites to speed up housing supply after rezoning
Recommendation 4	Implement a basic works-in-kind framework now and mature the framework after the Accord period
Recommendation 5	Create a works-in-kind register as part of the Urban Development Program (UDP) to better coordinate housing development, land supply and infrastructure decisions

Investment enables development and supports growth

Infrastructure must be programmed to enable development on rezoned land. The current fiscal environment means reduced state investment in growth infrastructure; this puts ambitions to boost housing supply at risk through a form of unintentional rationing.

Capital expenditure in infrastructure in NSW is projected to fall from around 3.3% of gross state product (GSP) in 2019-20 to just above 2% in 2024-25[3]. The overall infrastructure program is substantial, yet rising debt levels, cost escalation and delivery constraints create pressure to scale back investment, particularly in growth-enabling infrastructure. With funding now directed towards asset maintenance, the infrastructure needed to support new housing is delayed or unfunded.

So what is the answer? We believe NSW needs to diversify its infrastructure funding and delivery mechanisms – and we believe works-in-kind agreements are a practical solution to offset the reduction in direct government spend, particularly when tied explicitly to housing delivery.

By more actively leveraging works-in-kind, NSW can maintain momentum on essential infrastructure provision and support housing starts, even in this environment of constrained public investment.

This must occur alongside NSW Government seed funding for the HPC. Seed funding will enable early investment in growth infrastructure so that we can get more homes built and to market. And we should actively deploy works-in-kind as a core part of the delivery approach.

Works-in-kind is well-established. It is familiar to industry, NSW Government agencies and councils. It expands the pool of infrastructure delivery partners while reducing risk and accelerating delivery timelines.

To enhance the effectiveness of both the HPC and works-in-kind, we should engage with the Australian Government to explore how existing funding programs could be brought forward or redirected to support early investment and amplify state-led efforts.

Thinking beyond the next 4 years

Our measure for success should not be limited to funds collected, but rather based on tangible outcomes: new homes, new infrastructure and the ability to build more homes, sooner.

In a housing crisis and under the pressure of delivering on the Housing Accord, the system requires flexible and proven tools like works-in-kind. This can help us to move more rapidly towards the Accord target over the next 4 years.

Our recommendations think beyond the Accord targets. We know the HPC framework needs time to mature, and after the Accord period, we can improve collection mechanisms, refine forecasts and better align the HPC with where development is likely to occur.

In the interim, enabling works-in-kind is essential. It ensures infrastructure keeps pace with opportunity and reinforces our ability to unlock zoned land and meet our commitments. It provides a pathway to get NSW on track with housing and infrastructure.

Foundations

Five Actors

Five actors influence NSW's land use and infrastructure planning process. Their perspectives and objectives are paramount.

Residents and community

Residents are those who live in new housing, with the community including nearby residents and visitors. Both drive the need for development and are most impacted by a lack of infrastructure, increased delivery costs and delays to construction and servicing. Their needs and experiences shape the need for improvement and long-term success.

Treasury

Manages the accounting of revenues and expenditure and oversees allocation questions that are in the public interest.

Department of Planning, Housing, and Infrastructure (DPHI)

Identifies development locations and establishes policies that allow for different types of development. Provides development activity and forecast information to state infrastructure agencies to inform infrastructure programming.

State Infrastructure Agencies including Transport for NSW and NSW Department of Education

These agencies are responsible for the planning, delivery and management of their infrastructure networks and portfolios. Growth infrastructure is just one aspect of what these agencies need to deliver from their budgets as they have many calls on capital, e.g. replacement of infrastructure in existing areas.

Developers

Build new homes, workplaces and communities and interact with government to obtain planning changes or development decisions. Help to fund infrastructure through contributions, with the ability to more efficiently build that infrastructure and de-risk the timing of their development.

Housing, Infrastructure, and Funding

We need to expand supply side capacity and delivery

The *NSW Housing Accord Progress Report Q1 2024*, forecasts that NSW will be 150,000 homes short of its 377,000 by 2029 target[4]. Production rates have slowed below average and we estimate an 11% decline in new dwelling production in 2025[5]. We need fundamental improvements to advance the current outlook and meet national supply demands.

We must optimise the tools that are in place to accelerate supply; if we don't, housing production will slow due to limited capital programming, limited delivery capacity and unnecessary duplication in due diligence and delivery processes by government and industry.

Funding for growth infrastructure

Infrastructure agencies face competing funding priorities, including for critical areas like safety. Without an advocate for growth-related infrastructure, we see a real risk that infrastructure enabling housing development will continue to be pushed out of already stretched budgets. Relying on developers to fund infrastructure alone will not sustainably unlock the investment needed to support housing supply.

Insufficient allocations towards growth infrastructure slows the rate of housing construction. This is unreasonable in a housing crisis. To date, funding collected through the HPC is well below forecast and insufficient to fund the enabling infrastructure that supports development.

The NSW Government uses the **Housing and Productivity Contribution (HPC)** to fund essential infrastructure in rapidly growing areas like Greater Sydney, Illawarra-Shoalhaven, Lower Hunter and the Central Coast. Introduced in late 2023, it streamlines state contributions for infrastructure as one flat regional charge.

This contribution applies to new residential, commercial and industrial developments, with funds allocated to projects such as schools, hospitals, major roads, public transport and regional open spaces. As a consistent and predictable funding mechanism, the HPC aims to support new housing and economic opportunities, ensuring that as communities grow, they receive the necessary infrastructure to maintain a high quality of life[6].

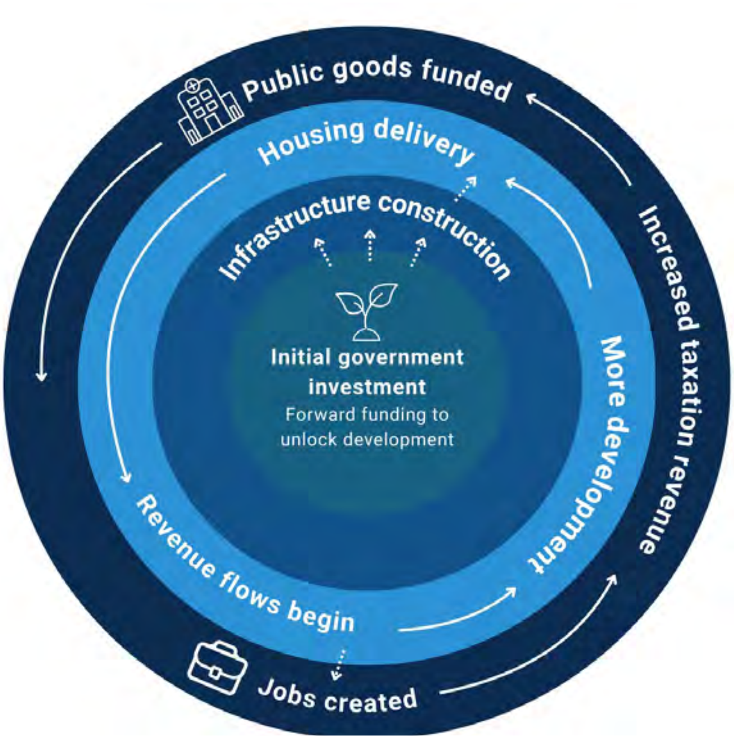
The HPC is a contribution, not full cost recovery. It is intended to partially offset infrastructure costs. Governments must still fund and build growth infrastructure, particularly upfront, to initiate development and unlock the flow of private investment and contributions.

Investment in infrastructure and construction fuels further funding for delivery

Development needs infrastructure. Infrastructure needs funding. Activity is generated by an initial investment. A small, strategic injection of seed funding unlocks housing, jobs and public returns, creating a self-sustaining growth cycle.

The current model depends on contributions from development to finance infrastructure, but development itself cannot proceed without that infrastructure in place. Without initial seed funding to kickstart delivery, development activity, taxes and charges do not move through the system. This stalls the ability to program infrastructure.

Coordinated investment from government and industry needs to start with strategic seed financing where costs are recovered as development occurs. This must be supported by a compelling investment case that identifies priority locations, articulates demand and aligns with broader policy and fiscal objectives.



Case study:

The benefits of residential development

Deicorp's Tallawong Village (left) will provide nearly 1,000 residential units, 9,000 sqm of commercial and retail space, and new open and public spaces. As a single development it will generate $1.7 billion in total economic output and create 5,530 job opportunities.

- $1 million of residential building construction output supports 9 jobs across the economy[7]
- $1 million of investment in residential building construction creates $2.9 million worth of economic output[8]
- New residential development generates revenue for government through fees, land tax and stamp duty from property transactions

Development and infrastructure sustain communities and productivity

Housing development generates demand for infrastructure such as roads, water supply, sewage systems, electricity and telecommunications. As new homes are built, supporting infrastructure is expanded or upgraded. New or growing communities also need schools, hospitals, public transport and recreational facilities.

Industrial and employment development also creates jobs and sustains economic growth. These areas require early infrastructure investment such as roads and intersection upgrades, utilities and digital connectivity.

Without sufficient infrastructure investment for both new homes and new jobs, development can strain existing systems. This could see communities facing traffic congestion, service shortages or the opportunity for employment areas near where people live. This undermines quality of life and balanced city growth.

We need an enabling ecosystem

The housing supply process extends beyond construction to include land acquisition, approvals, financing and access to infrastructure. These intangible steps are inherently risky, time-consuming and costly, with delays often causing 'cascading failures'.[9]

According to the Productivity Commission's 2025 *Housing construction productivity: Can we fix it*, the deficit in housing production is, in part, driven by complex and slow approval processes that hinder development. A key inefficiency - infrastructure delivery - comes from continued delays after approvals, which increases costs and disrupts project timelines.[10]

Reviewing how we leverage infrastructure contributions and delivery tools in partnership between government and industry to enable development will improve the current outlook. The current system for infrastructure contributions works against national targets by preferencing excessive systems of regulation over development. We need a fair and efficient way to fund and provide infrastructure.

The Case for WIK

Works-in-kind is an accelerated delivery tool that transfers delivery risks and resourcing costs away from government.

Developers build infrastructure projects directly, instead of providing monetary contributions[11] through a works-in-kind agreement between government and developer. The developer may build or upgrade infrastructure such as roads, utilities or other public facilities, or dedicate land to government for infrastructure.

Works-in-kind supports the enabling infrastructure that must be in place to unlock development – and that NSW Government agencies and councils have a finite capacity to fund and build.

When scoped in a well-written agreement with clear accountabilities, works-in-kind are a cost-efficient and timely delivery mechanism.

- The developer leads the design and construction of infrastructure related to their development site, **redirecting the resourcing allocation, delivery risks and costs away from government.**
- The developer can **plan, design and deliver infrastructure in shorter timelines** compared to agencies or councils.

Economies of scale, better integrated design and place outcomes

Works-in-kind are typically constructed alongside site development works. This takes advantage of economies of scale, meaning infrastructure can often be in place sooner and less expensively than by government.

This is more than just efficient – it boosts integrated and sustainable communities and fosters better place making by coordinating infrastructure and services alongside development.

A tried and tested tool

Western Sydney councils have used works-in-kind agreements to provide infrastructure in growth areas for two decades. This approach has reduced resourcing strain, particularly where the pace of growth has been significant.

Securing land for public use

Land dedication for future public uses or infrastructure provides an alternative to infrastructure works-in-kind. Land dedication means the NSW Government or councils avoid acquiring land later at greater cost, avoiding the higher cost of land once development contributions are collected.

Early acquisition of land by government can also signal to the market intentions for an area, increasing the market's confidence and facilitating more rapidly development of new housing.

A reliable tool for Special Infrastructure Contributions (SIC)

We can see the value of works-in-kind agreements in the Western Sydney growth areas where many works under the former Special Infrastructure Contributions (SIC) were completed through works-in-kind rather than a monetary contribution.[12]

Developers completed $491 million worth of works in place of cash payments since the Western Sydney Growth Areas SIC was established in 2011, around 20% of the value of cash SIC contributions paid by developers across the growth areas.[13]

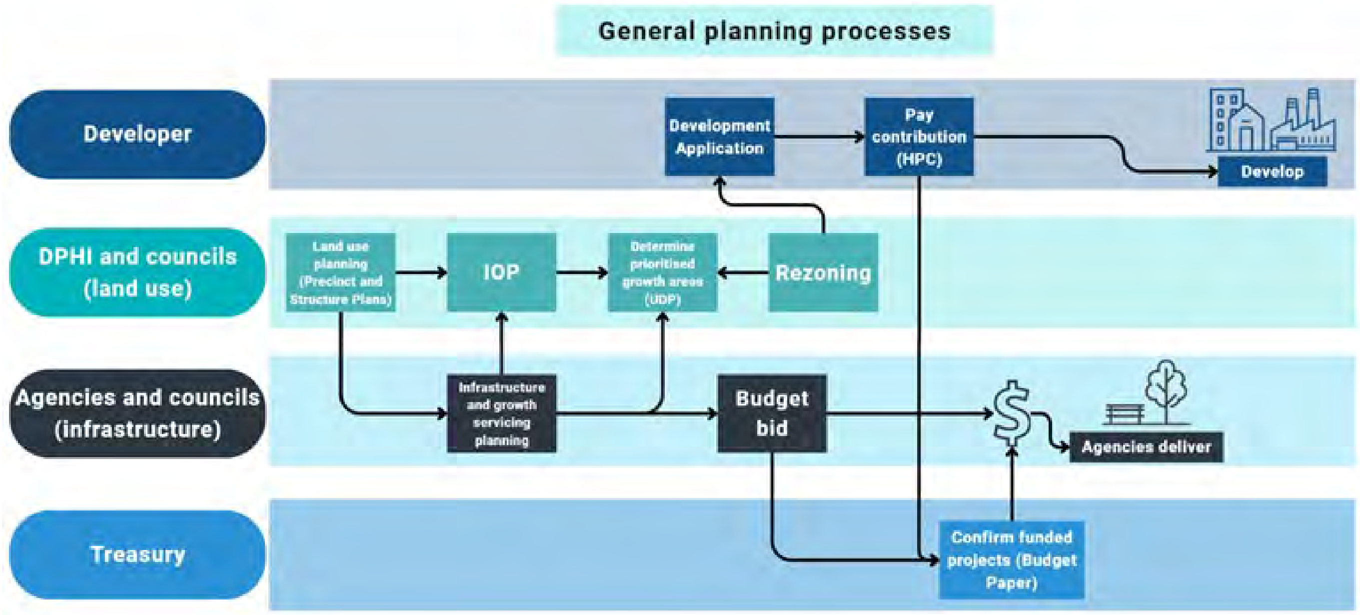
The HPC replaced SICs across NSW and will phase out the remaining SICs for the growth areas and Western Sydney Aerotropolis by 30 June 2026.[14]

All former SIC areas had the option of works-in-kind agreements; this is now lost with the reframing of a regional contributions charge and the introduction of the HPC framework.

Enabling works-in-kind through the HPC guidelines will allow these efficient and trusted delivery methods to continue.

Land Use and Infrastructure Workflow

Forward Funding of Infrastructure



We see a sequential process starting from land use planning by the Department of Planning, Housing and Infrastructure (DPHI), to prioritised growth areas through the Urban Development Program (UDP) then rezoning.

Once land is rezoned, developers submit development applications; approved applications trigger the requirement to pay HPC. Infrastructure is only provided by agencies with HPC funding.

Simultaneously, agencies conduct infrastructure and servicing planning, submit budget bids and await confirmation of funding from Treasury for key infrastructure.

This process reveals a critical misalignment: collecting the HPC after development approvals contradicts the need for infrastructure investment upfront to enable development. The subsequent funding gap makes a case for forward funding.

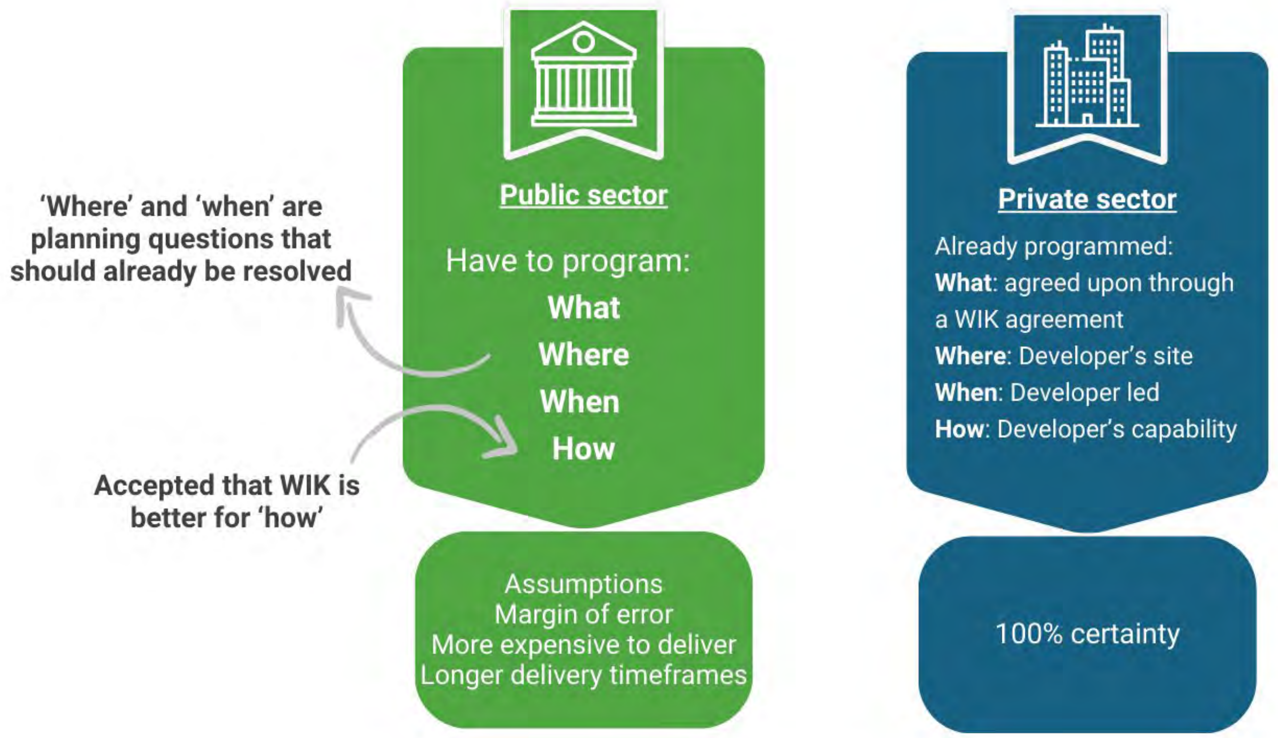
While works-in-kind arrangements enable private investment decisions to provide infrastructure outside the government budgeting process, they don't resolve the systemic funding shortfall.

We need a dedicated external financing mechanism that enables early infrastructure to unlock development potential and better align planning, finance and delivery. **Without forward funding, it is impossible to activate development at the pace and scale required to meet Housing Accord targets for NSW.**

The importance of works-in-kind in supporting growth

Works-in-kind provides certainty for both government and developers by providing the right infrastructure in the right place at the right time. Infrastructure is only provided when development is ready, minimising risk of overbuilding or stranded assets. Utility providers benefit from lower risk and reduced delivery costs.

100% developer-led certainty and strong signals to the market



There's a distinction between the private and public sectors in providing enabling infrastructure.

The private sector is well-positioned to continue building local infrastructure directly related to development through works-in-kind. However, effective coordination between the 2 sectors is essential.

The way government understands and prioritises growth shapes infrastructure investment. Tools such as the UDP help us monitor land supply and assess infrastructure readiness across growth areas. The public sector can identify where investment should be directed to unlock development potential.

In this context, works-in-kind agreements can serve as a strong indicator of development certainty. When developers commit to infrastructure through works-in-kind, this signals project progression and the clear demand for supporting infrastructure.

Recognising and responding to these signals can help NSW Government agencies and councils to coordinate their investment priorities and align with areas of demonstrated market activity and need.

Growth and Housing Supply Opportunities

NSW Government acceleration initiatives such as the Transport Oriented Development (TOD) program and low-and mid-rise (LMR) housing policy aim to generate housing supply. To support these efforts, works-in-kind can create an assured and lower-risk delivery framework.

More supply opportunities

The TOD program promotes development close to major transport hubs and town centres. It applies to 8 priority station areas and a further 37 locations, facilitating the development of mid-rise housing and commercial spaces near key transport hubs.[15]

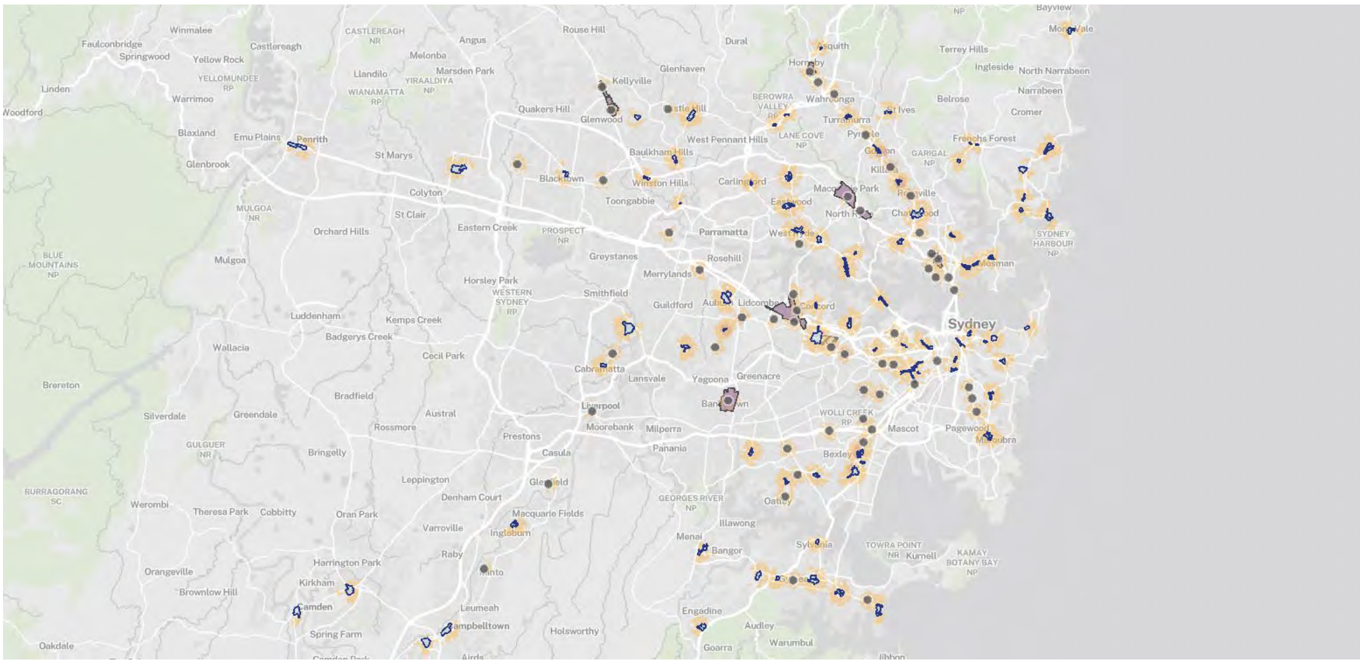
The LMR policy seeks to encourage low to mid-rise dwellings within 800m of designated town centres and transport hubs in Sydney, the Central Coast, Illawarra-Shoalhaven and the Hunter.[16] It aims to bridge the gap between freestanding homes and high-rise apartments, offering more choices to accommodate various lifestyles.

Collectively, these initiatives promote higher density development in important areas, enhancing the use and capability of existing infrastructure, supporting sustainable growth and enable accelerated planning.

If we are to realise the benefits of these planning interventions, we need access to tactical infrastructure delivery tools such as works-in-kind that can respond quickly to emerging development opportunities.

Relying solely on annual budget processes constrains agility, as infrastructure planning cycles tied to yearly funding envelopes cannot keep pace with market dynamics. This challenge is especially acute in areas where land is zoned ahead of infrastructure programming, creating a misalignment that risks stalling development momentum.

We have multiple growth fronts thanks to these initiatives; we must now be agile if we're to respond to development activity and create great places. The long planning periods required to collect and validate information across government agencies within 12-monthly budget cycles will reduce opportunities to deploy investment towards infrastructure and add to delivery timeframes for places where industry is actively producing housing.



LMR and TOD sites in Greater Sydney

Opportunity Sites are major development-ready locations in metropolitan areas where industry is leading efforts, in collaboration with government, to unlock additional housing supply.

These sites represent significant private sector investment in land acquisition, precinct planning and rezoning activities. Certainty on the NSW Government's position on works-in-kind will support planning pathways and enable industry to develop 10-15 opportunity sites that have the potential to provide more than 80,000 new homes across established and greenfield areas once a site is rezoned, which will be additional contributions towards meeting NSW Housing Accord targets.

Opportunity sites in the planning system

We can accelerate the development of opportunity sites that are being master planned for rezoning through works-in-kind. These opportunity sites could create capacity for an additional 80,000 new homes; if we're to optimise these sites, they must be included in planning and decision-making frameworks so that industry and government can work together to build enabling infrastructure.

Without a works-in-kind approach infrastructure delivery will stall. This will limit housing development, delaying the progress of up to 33,000 homes for the Accord period in Western Sydney alone, and up to 110,000 homes in the following 5-10 years.[17]

Upfront investment

While the HPC scheme provides essential funding for infrastructure, it does not forward-fund infrastructure. Without initial capital, development cannot proceed at the scale or speed required.

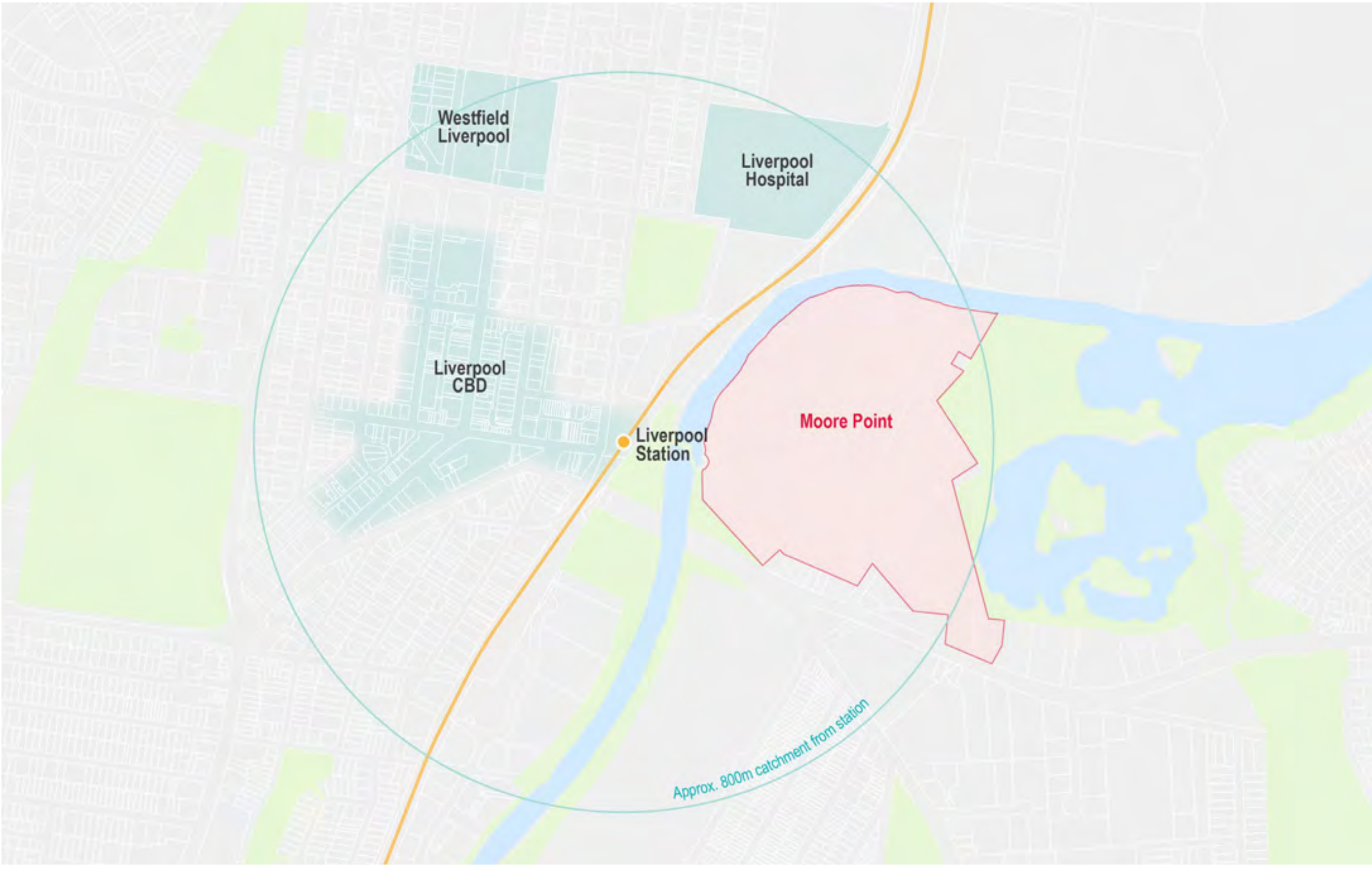
We're facing an unprecedented housing delivery program, just as the availability of government capital for infrastructure is contracting. We need a source of public financing for infrastructure.

While works-in-kind arrangements can help to forward-fund infrastructure, they divert cash payments of HPC from broader budget allocation processes.

To better operationalise the HPC and works-in- kind, we believe the NSW Government should investigate external funding arrangements, such as a Commonwealth grants or loans, to provide upfront capital. Seed funding will initiate infrastructure project, with the HPC then recovering this initial investment and recycling of funds to initiate new infrastructure projects.

This could create a valuable opportunity to align NSW and Commonwealth efforts, ease fiscal constraints and accelerate housing development without compromising long-term budget sustainability.

Case Study: Moore Point, Liverpool



Description

Moore Point is near Liverpool CBD, Liverpool Train Station and Bus Interchange, and institutions such as Liverpool Hospital and major universities. It offers a unique opportunity to integrate housing, employment and innovation in a well-connected, high-growth corridor.

Proposed development

The precinct has potential for 11,000 new homes, approximately 346,00sqm commercial and retail floor space, re-use of significant heritage buildings for a new town centre, land for a future primary school and 10 ha of new public open space for a future population of 21,000 people.

The Opportunity

Allowing works-in-kind arrangements would enable developer delivery of key road intersections to provide access to the site and unlock development. Without them, the staging of development and pace of supply would be predicated on the ability of the NSW Government to provide the intersection upgrades and programming.

With consolidated land ownership under 2 landowners and coordinated master planning, infrastructure planning and design, infrastructure can be provided through a single agreement between the landowners and government.

Works-in-kind would unlock development potential at Moore Point and assure a shorter delivery timeframe, linked to construction and building works.

Case study: Keyhole Lands, Horsley Park

Description

Keyhole Lands in Horsley Park is located:

- near the M7 Motorway and The Horsley Drive
- near the established industrial and employment precincts of Wetherill Park and Smithfield
- adjacent to Western Sydney Employment Area and within the broader economic catchment of the Western Sydney Aerotropolis.

Proposed development

The proposed rezoning to IN1 General Industrial could create an industrial estate with general industrial, warehouse and logistic uses and capacity for up to 313,000 sqm industrial floorspace..

The Opportunity

The multiple individual landholdings requires coordination for integrated planning and infrastructure delivery. A works-in-kind arrangement would allow Transport for NSW to transfer resourcing efforts and risks around the acquisition of land for the full road corridor to the developer.

A lead developer could upgrade road intersections via works-in-kind to accelerate delivery of works and enable access to the site. Other landowners could then activate their sites for development.

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Progress for Change

We recommend a staged approach to scaling and maturing any works-in-kind policy. This will:

- address financial constraints of the existing operating environment
- respect different perspectives
- support stability in development
- transparently manage complexities over time.

Phase One

Establishing: 2025

The establishing phase focuses on the immediate actions required to activate works-in-kind and advocate for necessary funding levers. This will enable works-in-kind to accelerate delivery in its current form, prior to the introduction of more detailed guidelines and formal reviews.

Recommendation 1	Allow approved development that to capitalise on the use of works-in-kind now
Recommendation 2	Require the NSW Government to provide seed funding for the HPC to kickstart development and support a works-in-kind framework
Recommendation 3	Enable works-in-kind in defined opportunity sites to speed up housing supply after rezoning.

When: timeframe for implementation	**2025** Planning and infrastructure delivery agencies have experience and established protocols to implement works-in-kind. Works-in-kind show be allowed for **zoned and approved development** as well as **opportunity sites**.
Where: sites where works-in-kind should be applied	**1. Zoned and approved development:** • Infill sites that require land dedication or augmentation • Existing greenfield sites that require enabling works • Approved development with an existing HPC obligation **2. Opportunity sites:** • At-scale brownfield renewal sites • At-scale greenfield development • Consolidated land ownership with a single lead developer leading master planning and staged delivery • Alignment with strategic planning objectives identified in state or local plans
How: scope of infrastructure works to be considered	• Where the developer is offering to build infrastructure as works-in-kind • Where the relevant NSW Government agency is supportive • Where delivery risks can be managed within an agreement and quality assured
Who: method for ensuring clear agreements	• **Department of Planning, Housing and Infrastructure (DPHI):** remains assessment body for a works-in-kind agreement to streamline and simplify process. • **Treasury** and **state infrastructure agencies:** coordinate to align the assessments with NSW Budget, UDP and infrastructure opportunities plans.

Phase Two
Scaling: 2026-29

The remainder of the Housing Accord period, 2026-2029, is the **scaling phase**. This is the operational build-out phase, where early learning from initial implementation of works-in-kind can be reviewed and delivery using works-in-kind is scaled up.

Recommendation 4	Implement a basic works-in-kind framework now and mature the framework after the Accord period.

When: timeframe for implementation	**Housing Accord period: 2026-29** • Establish and embed a basic works-in-kind framework to enable immediate delivery aligned with Accord targets. • Review early short-term implementation, refine works-in-kind processes, and scale up use across projects to maximise delivery outcomes.
Where: sites where works-in-kind should be applied	For development requiring a HPC (Greater Sydney, Lower Hunter, Central Coast, Illawarra-Shoalhaven).
How: scope of infrastructure works to be considered	• Review works-in-kind use (post short-term implementation) in 2026 to identify bottlenecks and best practices. • Review HPC estimates in NSW Budget to strengthen integration with budget and infrastructure programming. • Focus on building works-in-kind literacy across agencies and strengthen delivery.
Who: method for ensuring clear agreements	• **DPHI:** lead agency for framework design, approvals and coordination. • **Treasury:** partner in aligning works-in-kind infrastructure delivery with state budget and capital planning. • **State infrastructure agencies:** input on infrastructure prioritisation, assurance and delivery risk. • **Councils:** coordination at local level for planning alignment.

Phase Three

Maturing: 2030 onwards

The maturing phase shifts our focus to maturing the use of works-in-kind and developing formal guidelines to strengthen implementation and embed continuous improvement of the framework. This includes the evolution of the works-in-kind framework and register.

Recommendation 4	Implement a basic works-in-kind framework now and mature the framework after the Accord period.
Recommendation 5	Create a works-in-kind register as part of the Urban Development Program (UDP) to better coordinate housing development, land supply and infrastructure decisions.

When: timeframe for implementation	**Post-Housing Accord period: 2030 onwards**
Where: sites where works-in-kind should be applied	All sites across HPC catchment areas: Greater Sydney, Lower Hunter, Central Coast, Illawarra-Shoalhaven.

How: scope of infrastructure works to be considered	Maturing the works-in-kind framework:
	• Formalise more advanced governance, assurance, and risk protocols as part of post-Accord maturity
	• Introduce a credit accrual system. Surplus credits act as a powerful incentive, encouraging developers to invest in delivering additional projects by allowing redemption of credits through future development activity.
	Suggested components of a works-in-kind **register**:
	• Register works-in-kind agreements as a data input to the UDP signalling investment in development activity.
	• Share works-in-kind data with Treasury, infrastructure agencies and councils to:
	    • Inform budget bids
	    • sequence of government-funded infrastructure
	    • avoid duplication or gaps in infrastructure delivery
	• Establish feedback loops with councils and developers to refine templates and reporting processes over time.

Who: method for ensuring clear agreements	**Works-in-kind framework:** • DPHI: lead agency for framework design, approvals and coordination. • Treasury: partner in aligning works-in-kind infrastructure delivery with state budget and capital planning. • State infrastructure agencies: input on infrastructure prioritisation, assurance and delivery risk. Councils: coordination at local level for planning alignment. **Works-in-kind register:** • DPHI: accountable for the register and information inputs to the UDP. • The register will send signals to state infrastructure agencies and councils about development underway and where key infrastructure needs to be activated.

What's Next

We see the immediate priority as **enabling works-in-kind** in already **zoned and approved developments** and **opportunity sites** that are primed for delivery. These early actions will get infrastructure built more rapidly, while providing critical insights to refine the works-in-kind framework over time.

We recommend applying works-in-kind through existing and established protocols. This will require NSW Government support, evidenced through seed funding or a loan facility that provides upfront capital.

This will optimise the HPC and allow the HPC to mature and establish as self-funding as contributions increase over time.

This will set the foundation for the scaling phase from 2026–2029, where works-in-kind can be expanded and systematised based on early learnings.

Post-2030, the maturing phase will formalise these efforts through detailed policy guidelines and a more robust works-in-kind register.

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