

# Homes for All: Executive Summary

THERE IS A SYSTEMIC CRISIS IN HOUSING AND IT  
CAN ONLY BE FIXED BY A SYSTEMIC RESPONSE.

**Twenty years ago it took three times the median salary to buy a house in Sydney. Now it takes nine times, a higher ratio than London or New York at the peak of the market. It puts Sydney at the top of the wrong league table.**

At the same time, home ownership is becoming something older people do. Housing stress, whether it's the cost of a mortgage or rent, is now afflicting over half the population, with interest rates set to rise further. Many cannot get a home to buy or rent affordably or have to go to Sydney's edges to do so. First time buyers now typically pay half of their income on mortgage costs.

But while two thirds of 35 year olds in Sydney cannot access home ownership a fifth of the population now owns half the homes – because the perverse demand incentives and shortage of supply are making multiple ownership available to the few, but sustainable home ownership is open to a declining proportion and increasingly at an older age.

## The whole system is under acute stress

The knock on consequences affect the whole system. Rents in Sydney are rising four times faster than inflation. The squeezed middle which used to be able to afford to buy now has to rent, pushing lower income renters to find the fewer remaining cheaper lettings – and again further out of Sydney

to places with the fewest jobs. The pressure on public housing waiting lists grows unsustainably as there is not enough money to house those already in public housing let alone build enough new stock.

This is a housing system in acute stress. It is broken.

## A comprehensive action plan to fix it is vital, *Homes for All* is it

The good news? Bad public policy caused these system failures. So, good public policy can fix them. But it needs to cover 6 areas at the same time:

1. the battle for more housing must be won – with politicians and the public;
2. new policies to increase supply constrained by anti-development planning rules and NIMBYism: we are at crisis levels in Sydney with less than half the supply needed;
3. new and better quality affordable housing supply is also vital but that requires new sources of private finance to be attracted to the sector – which can only come from a radical stock transfer policy, the growth of the community housing sector and a new regulatory framework;
4. new policies to reshape demand which has become distorted through incentives which give massive benefits to existing home owners, turned housing into a speculative investment and away from its prime role as shelter and actually increased home price inflation;

5. new housing and urban renewal agencies or special purpose delivery vehicles and a new active role for government: to work with the private sector to bring complex and large sites to market; and
6. strategic long term investment in the economic development and connectedness of Greater Western Sydney not just to take pressure off home prices near the CBD but also to enable the sustainable growth of what will be the biggest population centre in a Sydney of 7 million. We see this as requiring a special purpose delivery vehicle for Western Sydney. This would help plan and deliver town centres and large sites. It could also help promote the key game changing infrastructure investments that will open up denser, more and better housing capacity, and infrastructure such as a fast train to Parramatta from the CBD.

### Politicians need to lift their game; so do we, the people

Our housing market is in crisis because successive governments, at every level, have choked off the supply of new homes while at the same time stimulating demand with the most generous of tax concessions, grants and exemptions. We pile burdens on developers and costs to first time buyers and wonder why Sydney's population and economic growth has fallen behind other Australian cities which have pro-growth leadership.

The planning system in New South Wales, whose role it is to deliver new housing, has broken down. We are now building just over 43 new homes for every 10,000 people – and at around 15,000 homes a year we are building less than half what we need to catch up on earlier population growth projections which themselves were conservative.

### A campaign for more and better homes

This has coincided with a growing NIMBYism which has exploited the lack of informed debate about the need for new housing – and leads to the position where people who own homes are effectively inhibiting the possibility of home ownership and shelter for others. We also need to rethink the type of housing we provide and revisit and reinvent some old models such as terraces and semi-detached housing which served us so well in the past. Inheritance is becoming the major way into home ownership in Sydney – which is neither right nor very Australian. We have to do better than this.

Our recommendations start with us: we the people and our leaders need to understand our own dismal role in this crisis. We need a new civic dialogue on the needs and benefits of growth. A campaign for more and better homes. It starts here.



# Homes for All:

## The 40 things to do to improve housing supply and affordability

**Priority area 1:**  
**Political leadership must tackle the housing supply crisis in Sydney**

### ACTION 1.

That meeting housing need should be restored to the top of the political agenda in New South Wales, as in Australia overall – one of the first countries in the world to create a government department for housing.

### ACTION 2.

That politicians of all parties in all tiers of government recognise that there is a crisis of housing affordability and supply in Sydney across all tenures whether to rent or to buy – and that they should make fixing our broken housing system an urgent priority, to meet housing need, to provide local benefits and to serve Sydney's economy - the engine of both the state and the nation's GDP.



**Priority area 2:**  
**A more intelligent civic dialogue about the need for housing – ending NIMBYism's threat to our children's futures**

### ACTION 3.

That we the people own up to our own dismal role in treating housing as a commodity rather than as a place of shelter and in preventing necessary new development.

### ACTION 4.

That the State Government uses the current review of the planning system to create a new more intelligent civic dialogue on housing in Sydney between politicians, planners, developers and people – based on robust evidence, using new digital media and modern processes of consultation to enable more engagement with more citizens in making the strategic plans which will guide development.

### ACTION 5.

That architects, developers and planners, who advocate denser development, convince the public, through delivering some exemplary schemes and by building great new places, precincts and town centres – not just units – that quantity and quality are complementary not opposites.

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### **Priority area 3: The State Government must use planning reform to break through the barriers to housing growth**

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#### **ACTION 6.**

That the State Government have the reforming zeal and bravery to use the review of the planning system to replace the current Planning Act, which is a NIMBY's charter, with one that enables the homes and infrastructure we need to be built and that a global city needs to function. To this end the State Government should design a new Act based on COAG's Guiding Principles for the Review of Capital Cities' Planning Systems.

#### **ACTION 7.**

That the new Planning Act identifies a clearly defined hierarchy of plans with more statutory weight given to metropolitan and regional plans that contain policies to support housing, manage population growth, increase productivity and deliver economic growth.

#### **ACTION 8.**

That the NSW Department of Planning review the impact on dwelling prices and housing supply in Sydney of existing or future policies and regulations which, whatever their other merits, restrict land supply and development – such as percentage

targets for housing development on Brownfield vs. Greenfield sites, SEPPs, and BASIX.

#### **ACTION 9.**

That as part of the reform of the planning system and its operation by councils and other planning authorities, the transaction costs, complexities and delays of making a development application should be reduced dramatically to improve returns for residential developers, to encourage new entrants to the housing delivery market and ultimately to increase both the quantity and diversity of housing built.

#### **ACTION 10.**

That the State Government takes decisive action to improve public sector coordination to speed up referral to, and approval processes by, the myriad of state departments and agencies.

#### **ACTION 11.**

That while some Big City thinking and reforms will be required to turn planning in Sydney from a barrier to development to an enabler, two minor reforms will have a big impact: the return of dual occupancy with suitable design guidelines in place as a proper response to enable infill development in existing areas; and a new State Environmental Planning Policy to allow small sub-divisions in areas within walking distance of a railway station or other transport node to be exempt development, again subject to compliance with suitable design guidelines. Such reforms can help deliver the reinvention of the Sydney terrace.

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**Priority area 4:  
The State Government  
must phase out or reduce  
development levies and other  
charges which tax new housing  
supply and reform the system  
of paying for infrastructure**

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**ACTION 12.**

That the State Government urgently reviews the whole system of development levies and how infrastructure is to be funded – with a view to stopping Sydney from charging on average the highest up front development levies in Australia, because this deters development and results in enabling infrastructure, which benefits the whole community being paid for not by all existing home owners but by the purchasers of new homes.

**ACTION 13.**

That new value capture systems such as Tax Increment Finance be explored which enable infrastructure payments to be staged as development comes on stream and reward councils and communities significantly for permitting such development.

**ACTION 14.**

That, as development levies have risen while council rates have been capped, there needs to be reform to the rate capping system and a phasing in of rate rises in parallel with a lowering of levies on development.

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**Priority area 5:  
That Stamp Duty be replaced  
by something which doesn't  
deter first time buyers, reduce  
mobility of home owners or  
add to the cost of buying a  
home: enter the Land Tax**

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**ACTION 15.**

That Stamp Duty be scrapped and replaced by a Land Tax because it is more efficient and equitable, spreads the cost load for purchasers, does not impact at times of special financial stress such as when people move house, doesn't disincentivise mobility and turnover as much as a transaction charge – but will tend to reduce the attractions of land as a speculative investment and thus bring downward pressure on residential price inflation and also more housing price stability. Land tax exemptions and/or transition arrangements should be provided for a period of time to those that have recently paid Stamp Duty to ensure an equitable transition.

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**Priority area 6:  
That Federal and State  
Governments should favour  
tax policies which encourage  
housing supply over demand**

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**ACTION 16.**

That all politicians of all parties recognise that negative gearing and untaxed capital gains add wealth to existing home owners to leverage for second homes and investment properties without any evidence that they increase overall supply significantly; and that increasing effective housing demand in a constrained housing supply results in an increase in house price inflation and in problems of affordability for those seeking to buy.

## ACTION 17.

That governments should redirect their policy focus away from encouraging the demand side of the housing market to supporting the supply side – and therefore consideration should be given to the phasing out of negative gearing over the long term in relation to existing properties but perhaps retained for new properties to stimulate supply.

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### **Priority area 7: The State Government must also review its housing and urban renewal delivery capacity and create a big public land project**

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## ACTION 18.

That the State Government recognises that planning reform in itself is necessary, but not sufficient to achieve a speedy uplift in housing delivery, to undertake large scale development on Greenfield or Brownfield sites, and to enable complex projects in established precincts to succeed. Evidence suggests the skills, focus, powers and funding of a dedicated urban renewal and housing agency are required to work effectively with the private and public sectors when large scale or complex development – in some cases creating new neighbourhoods or town centres – is mooted.

## ACTION 19.

That the State Government should review state, national and international best practice in terms of the design and function of such housing and urban renewal agencies, the various kinds of delivery vehicles and the ways in which they reduce the risks and costs for developers, deliver political leadership, supply essential skills, coordinate key elements of the public sector, help supply enabling infrastructure, provide investment where relevant and engage with local communities.

## ACTION 20.

That the State Government reviews the capacity and remit of the Sydney Metropolitan Development Authority in light of successful models such as *New Town Development Corporation* and the *London Docklands Development Corporation* in the UK; and reviews Landcom and its potential to evolve from its current more limited role back towards the wider remit it once had as a delivery vehicle for new and affordable housing, similar to England's national regeneration agency English Partnerships and Victoria's Places Victoria.

## ACTION 21.

That the State Government initiate an inclusive public land program in which all tiers of government collaborate to identify key potential residential sites from their own land banks and agree to make them available for development – with land disposal managed by the proposed new urban renewal agency/reformed Landcom, which will work with a range of quality private and not-for-profit developers.

## ACTION 22.

That the State Government reviews the current local council rate concession which encourages land banking of land rezoned for housing. Once land is rezoned it should be liable to be rated as residential not agricultural.

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### **Priority area 8: The strategic way of reducing housing demand and prices in Sydney's hotspots is to develop the polycentric City of Cities**

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## ACTION 23.

That the polycentric approach to developing Sydney's economy and centres advocated in the Sydney Metropolitan Plan be actually implemented as a key strategic contribution to easing demand pressures and house price inflation in inner suburbs.

## ACTION 24.

That the emerging Long Term Transport Master Plan for New South Wales is properly integrated with the Sydney Metropolitan Plan so that future transport investment supports a polycentric Sydney – and a Sydney with better distributed job markets; and that other public service departments be invited to emulate their transport colleagues.

## ACTION 25.

That developing the economy and connectedness of Western Sydney is the best housing policy for our capital city; requiring a dramatically raised emphasis on key strategic transport investment – such as a fast train from central Sydney to Parramatta – to ensure Parramatta realises its potential to be another CBD for Sydney.

## ACTION 26.

That well connected residential and mixed use development be promoted in growing cities, town centres and employment areas to create attractive, lively places to work, live and visit – and that a special purpose vehicle or agency be created to achieve this and to promote the transport and social infrastructure necessary to rebalance the city: the Western Sydney Development Corporation or Commission.




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## Priority area 9: The housing crisis afflicts public housing too: the whole housing system is under pressure

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## ACTION 27.

That all politicians of all parties recognise that the housing crisis in Sydney afflicts public housing too; that low income renters in the private sector are being squeezed by higher income tenants who previously would have bought; that this is putting greater housing stress on low income families and pushing many onto public housing and community housing waiting lists; and that therefore what politicians and decision-makers need to recognise that what is in crisis in Sydney is the whole housing system.

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## Priority area 10: Public housing authorities have no cash to transform homes let alone tenant opportunities or build new supply – so innovation is required

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## ACTION 28.

That all politicians of all parties recognise that public housing does not now and will not ever receive the overall funding it needs to build significant new supply or to provide all tenants with the quality of homes they need. That the need is to transform not just the homes of public housing tenants but also their social capital and outcomes. That therefore radical innovation is required to secure the investment in homes and people which public policy and market failure are making ever more residualised.



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**Priority area 11:  
New money, new thinking and  
new structures to secure new  
investment, grow community  
housing and achieve better  
outcomes for tenants**

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**ACTION 29.**

That the State Government remove the function of regulating social housing in New South Wales from the Department of Housing and vest it in an autonomous regulator so as to create a level playing field between public and Community Housing Providers and to create confidence in potential private investors in the sector.

**ACTION 30.**

That a new regulatory system be created which sets out the high standards of homes and organisational performance and capacity which all providers are to achieve. That a new NSW *Decent Homes* standard be established identifying the quality of homes to be provided by housing providers of all kinds, and that any failure to achieve the standard will lead to stock transfer to providers who can achieve this standard because they have access to the finance or the organisational capacity to deliver.

**ACTION 31.**

That the Department of Housing plans accordingly for a significant program of stock transfer (with full title) and the managed growth of the Community Housing Provider sector.

### ACTION 32.

That the new approach to regulation will require not only that providers be assessed on the quality of their homes and financial capacity, innovation and probity but also on their relationships with tenants and the programs of social capital development they institute.

### ACTION 33.

That the community housing sector and the Department of Housing need to collaborate to grow the capacity of the sector quickly and well, and that this will require regulation and subsidies to be targeted at creating fewer but better, larger Community Housing Providers, with the resources and skills to take on the new stock, attract new private funding and become a significant developer of new stock.

### ACTION 34.

That the new regulator or Department of Housing work with the Community Housing Providers and the banks to identify the regulatory framework required to enable funders to invest more and in greater confidence in the sector.

### ACTION 35.

That this may require that the State provides an implied guarantee that no regulated provider will be allowed to go bankrupt - bearing in mind that such an approach in the UK has seen no provider fail in more than 40 years of the regulatory regime which has levered in more than one new private pound extra for every public pound invested through subsidy, doubling the number of homes built for the public buck while enabling a million homes to become 'decent'.

### ACTION 36.

That the new regulator or the Department of Housing work with the Community Housing Providers and the banks to create structures such as the Housing Finance Corporation in the UK or other similar bond financing structures such

as those in Austria, to enable low cost long term bond finance to be available for affordable housing providers and products in Australia.

### ACTION 37.

That a review should be undertaken by the State Government of what will secure new investment in new affordable housing products and private rented supply of scale and quality, from for example institutional investors, pension funds or superannuation funds.

### ACTION 38.

That out of the process of stock transfer, the growth of the Community Housing Provider sector and the attraction of new private finance will come new business models of housing companies, both not-for-profit and for profit. Their goal will be to build a spectrum of affordable housing at sub-market rents, new private market rented accommodation, shared equity and homes for sale so as to avoid mono-tenure development, concentrations of disadvantage and a reproduction of the problems of social housing – and to contribute to an increase in supply of homes.

### ACTION 39.

That over time the walls between these tenures are broken down as a conscious objective of public policy, as in the best interests of communities themselves and of the efficiency of the housing market.

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## Homes for All – a call to action

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### ACTION 40.

That every one of these recommendations be considered for implementation by the relevant authorities, providers, funders, politicians and we, the public, because no one initiative will solve the crisis of housing in Sydney.

# Conclusion:

## A program for delivery - and for effective and bold reformers

Collectively these recommendations amount to a program that will see a step change in delivery and an end to a business as usual approach in housing – an approach which has failed the homeless, tenants, those who want to get into home ownership, first time buyers, many existing home owners and the very vitality and competitiveness of Sydney itself.

We can do much better than business as usual – and we hope that *Homes for All* is useful to those who wish to be effective reformers of our housing system in this state and indeed in Sydney. In the spirit of one of them, William McKell himself, we commend it to you.

