2020-21 FEDERAL PRE-BUDGET SUBMISSION

URBAN DEVELOPMENT INSTITUTE OF AUSTRALIA

AUGUST 2020

Executive Summary

The Urban Development Institute of Australia National (UDIA) is pleased to provide its Pre-Budget Submission for the 2020-21 Commonwealth Budget.

UDIA values the robust and bold strategy the Government has pursued to help sustain Australia's economy through the effects of the COVID-19 pandemic and position the economy for recovery and recognises that its leadership on health and safety makes that more possible.

These include:

- Strong and early intervention, alongside regulators, to sustain capital markets and liquidity;
- Supporting maintenance of small and medium enterprise (SME) and household lending;
- Market-wide economic stimulus and support measures, headlined by JobKeeper and JobSeeker;
- Industry-specific stimulus, with *HomeBuilder* a centrepiece initiative crucial to the housing and construction sector;
- Accelerated investment across infrastructure pipelines;
- Pursuit of deregulation and industrial relations reforms to boost productivity and efficiency across the economy; and
- Transforming its own institutions, particularly with the commencement of the National Cabinet, to streamline and improve the quality of decision-making with the States & Territories.

Given the unprecedented nature of the pandemic, the Government's endeavours have cushioned Australia from the worst economic effects of COVID-19 and represent a world-leading response.

However, our submission also makes clear there are further actions that can and should be taken to minimise further negative economic impacts and bolster the pace of a sustainable recovery and foster a durable legacy that sustains growth, jobs and prosperity.

Our submission focuses on three core themes:

- Making **new residential construction a public policy priority** due to the economic significance of the sector;
- Prioritising policies that both help with the economic recovery, and provide **lasting benefits well beyond the period of the pandemic**;
- Prioritising policies which help **cut red and green tape, transform inefficient and inequitable taxes and secure better dividends from infrastructure investment**.

RECOMMENDATIONS AT A GLANCE

UDIA National Priority #1: Stimulate the economy via housing construction

UDIA recommends the creation of a second *HomeBuilder* package targeted at extending the benefits of the initial scheme. This would include:

1. Allocating an additional funding stream to support the construction of 50,000 new homes with an economic stimulus of at least $3.625 billion into the Australian economy
2. Ensure the timelines attached to the scheme allow for greater participation by apartment, townhouse and land development;
3. Amending the definition of House and Land price thresholds to be a maximum of $750,000 for the build alone (excluding land costs) to align it with the $750,000 renovation threshold (which excludes land value);
4. If the recommendation above is not accepted, amend price thresholds to align with median house prices in major capital cities – matched by a split in the allocation between cities and regions of two-thirds to one-third;
5. Incorporate provision for land lease communities to be captured as part of the scheme, recognising their current exclusion due to requirements around certificate of title.

UDIA National Priority #2: Streamlining green tape

UDIA recommends the creation of a specific package targeted at accelerating housing-related projects under the Environmental Planning & Biodiversity Conservation Act (EPBC) including:

1. Allocating an additional $5 million – on top of the funding already geared towards resources and infrastructure projects – specifically to support housing-related projects;
2. Matching the funding with a commitment to deadlines for the assessment of projects currently caught in the EPBC assessment system, including:
    1. All projects that entered the assessment regime prior to 1 January 2020, being guaranteed a decision by 1 October 2020,
    2. All projects that entered the assessment regime prior to 30 June 2020, be guaranteed a decision by 1 January 2021;
3. Sufficient funding to support the detailed design of new National Environmental Standards that sufficiently respect the challenges of urban land use and housing development;
4. A partnership with the states to give effect to the concept of 'single-touch' approvals and ensuring the data and technology that underpins them is robust;
5. Investment in national and regional scale planning needed to appropriately manage threats at the right scale and better manage competing land uses

UDIA National Priority #3: Busting the Barriers to Housing Supply

National Housing Finance and Investment Corporation

UDIA recommends the allocation of sufficient funding beyond the initial $25 million to assist NHFIC produce expanded research and reporting on the need to reduce planning and taxation barriers for new housing.

Wholesale Tax Reform

UDIA recommends that the Commonwealth Government commence a wholesale tax reform process that includes:

1. A sustained tax reform agenda that improves the equity and efficiency of taxes imposed on new housing, including stamp duty, foreign investor taxes and developer charges;
2. Introducing a requirement to conduct economic and regulatory impact statements to be publicly disclosed on proposals for all existing and any new statutory charges and levies;
3. Ensuring any proposal for federally sponsored value capture is only considered in the context of wholesale tax reform.
4. Removing tax-related barriers to new or emerging product, such as the rules that discourage institutional investment in Build-to-Rent over other asset classes.

First Home Loan Deposit Gap Scheme

UDIA recommends using the Federal Budget as an opportunity to adjust pricing and income thresholds.

Unlock the double dividend of infrastructure

UDIA recommends an allocation of $1 billion be made under NHFIC's investment mandate – to be matched by each state and territory – to unlock regional-scale enabling infrastructure and new housing.

Boost social and affordable housing

UDIA recommends the Government:

1. Create a $300m 'Community Housing Growth Fund' to subsidise the purchase of suitable surplus built stock by community housing providers. The fund would be limited and available for the purchase of stock from October 2020-October 2021
2. Deploy NHFIC's investment mandate to fund the delivery of 20,000 social and affordable homes over the next three years
3. The identification of surplus government-owned land for social and affordable housing. The land would be sold through an EOI process and at a value that recognised that 20-30% of the site would be either returned to government or donated to a community housing provider for the purposes of community housing

UDIA National Priority #4: Reduce the Red Tape on Housing

UDIA recommends that National Cabinet be tasked with designing and establishing the appropriate funding envelope and system needed to adequately incentivise state, territory and local governments to support population growth, fix planning systems and reform the tax base.

UDIA National Priority #5: Leveraging Infrastructure to Diversify Housing Stock

UDIA recommends that the Commonwealth Government seek a better return on its substantial outlay on infrastructure via project partners across the states, territories and local government by demanding better strategic planning, land use and housing supply outcomes. This should include auditing all current infrastructure projects to interrogate whether land use opportunities are being maximised.

About UDIA National

UDIA is the development industry's most broadly representative industry association with more than 2,500 member companies – spanning top tier global enterprises and consultants to local governments and small-scale developers.

UDIA has a long history of engaging positively with the Federal Government and its agencies on issues critical to the property industry – spanning tax, population, infrastructure and land use planning.

UDIA advocacy is defined by our state-representative National Council and informed by a diverse membership base, extensive network of state councils and committees and businesses on the frontline of housing and city development around the country.

Our voice is backed by real experience and quality research designed to support good policy making and dialogue with governments, oppositions and the bureaucracy.

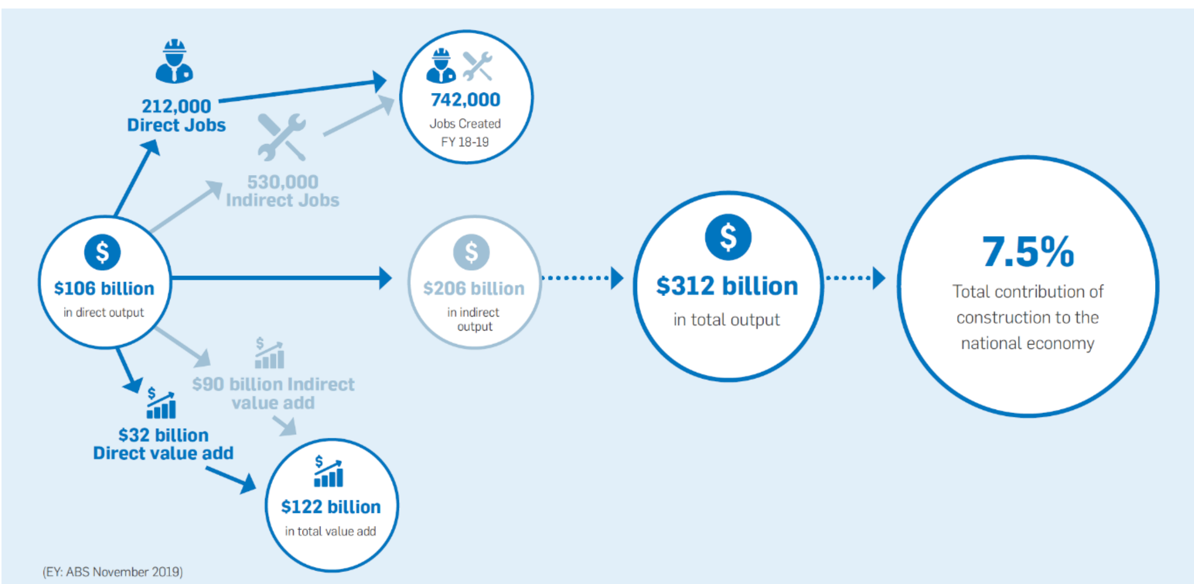
Housing Drives Economic Growth

The critical role that construction and new housing development plays in fuelling economic activity is evident in independent research undertaken by EY on behalf of UDIA National which was released in November 2019. The research shows that:

- **7.5 percent of national economic activity is generated by development construction** – and was higher at the peak of the housing construction cycle;
- **750,000 direct and indirect jobs** were created in FY18-19 from new housing and construction;
- The combination of direct and indirect output from new housing and construction alone equalled a mammoth **$312bn in economic output** (not including associated infrastructure).

New housing construction has the benefit of creating confidence-boosting activity, consumption, wages and jobs up and down supply chains. The National Housing and Finance Corporation (NHFIC) estimates that:

- Residential Building Construction has the second highest multiplier of all industries.
- On average, $1 million in output in residential construction supports $2.9 million in output and nine jobs across the economy.
- Every new home supports three jobs.



Context – Housing Markets in a COVID Economy

The beginning of 2020 saw housing markets across Australia at a critical juncture. Signs of increased demand had re-emerged after a period of negativity, seen in increased sales volumes. Prices had stabilised, at least in established markets, and growth was returning to key areas. Credit flows for home lending had improved, albeit not to levels that existed prior to the Banking Royal Commission.

But against a backdrop of rising building demand and better access to housing credit, both new dwelling approvals and commencements had fallen by almost 25 percent from their peak – sitting at a seven-year low. The thinning of development and construction pipelines represented a two to five-year risk to forward supply of housing.

The collision between rising demand, increasing pricing and stalled supply risked fuelling another cycle of diminishing affordability should those trends had continued. This would also have led to reduced employment in this vital sector as the volume of construction eased back.

COVID-19 has changed the picture significantly, with a backdrop of suppressed immigration and population growth. Treasury's forecasts show Net Overseas Migration (NOM) will sit at 31,000 for F2021 – a huge drop from the pre-pandemic target 160,000 and the 200,000+ levels of previous years.

The sudden dampening in demand due to the pandemic has further reduced future approvals, with the potential to lead to a significant increase in unemployment in the housing construction sector should this remain in place.

Housing can play a significant role in Australia's successful economic resurgence from the effects of COVID-19, but to do so requires a return to normal levels of demand coupled with a vibrant housing supply pipeline.

The current collapse in approvals represents a material risk to the broader economy, as does the sustained but forced drop in migration, as detailed consistently in research by the Commonwealth Government. The 2002 Intergenerational Report said:

> *"Lower migration would tend to lead to lower growth in the labour force and GDP."*

Likewise, "Shaping the Nation" – a report published by Treasury and the Department of Home Affairs in 2018 – states:

> *"There is considerable evidence pointing to the role of migrants in sustaining or fostering strong economic growth over the longer term. The 2015 Intergenerational Report estimated that, over the 40 years to 2015, population factors contributed almost 18 percent of the 1.7 percent annual average growth in GDP per person. This suggests that migration helped the economy successfully weather the Global Financial Crisis and the slow global growth and poor economic conditions that followed."*

Also, the Productivity Commission's 2016 report, "Migrant Intake into Australia" found that a business as usual case on NOM added 0.15 percent to growth each year over a zero NOM scenario.

These reports underline two critical points:

1. Absent a return to normal levels of NOM, Australia will need to search wisely for domestic sources of productivity, investment and growth that can boost the entire economy; and
2. As soon as health conditions and protocols allow, Australia should aggressively court human and financial capital that can turbocharge its' economy recovery.

Policy Priorities – 2020-21 Budget

UDIA National Policy Priority #1: Stimulate the economy via housing construction

The Commonwealth Government sensibly responded to the economic downturn caused by COVID-19 by allocating $680 million to seed *HomeBuilder*.

The initiative had the virtue of:

- Recognising the pivotal role that the housing and construction sector plays in the health of the broader economy – supporting jobs, wages and investment up and down supply chains during an initial period of uncertainty and fear;
- Responding to the ongoing need to maintain and grow housing supply pipelines to ensure we emerge from the downturn with a greater balance between supply and demand, and
- Securing a strong return on investment - with Treasury forecasts suggesting the economic output from *HomeBuilder* totals $1.6 billion.

The scheme was originally initiated to play a role in sustaining economic growth during the second half of 2020, and first quarter of 2021. However, the subsequent deterioration in national economic forecasts suggest there will be a sustained and expanded need for such a program.

There is also a risk that the scheme's very success – in bringing forward home purchasing and construction into the short-term – will leave the risk of a second, much larger 'cliff' as demand tapers off, particularly absent a return to normal immigration and population growth settings.

An opportunity exists to extend *HomeBuilder* to both amplify its role in supporting jobs and growth and capture a broader range of housing typologies and markets that were unable to access the initial scheme given its design parameters. This is particularly true of the apartment and townhouse sectors, as well as new land subdivisions which often require 12-24 months between development approvals to titling and don't easily fit within the time constraints currently imposed.

Likewise, the benefits of the scheme would be more broadly accrued if it recognised that underlying land values in major capital cities – particularly Sydney and Melbourne - pushes many projects above the price thresholds in the scheme.

UDIA recommends the creation of a second *HomeBuilder* package targeted at extending the benefits of the initial scheme. This would include:

1. **Allocating an additional funding stream to support the construction of 50,000 new homes with an economic stimulus of at least $3.625 billion into the Australian economy**
2. **Ensure the timelines attached to the scheme allow for greater participation by apartment, townhouse and land development;**
3. **Amending the definition of House and Land price thresholds to be a maximum of $750,000 for the build alone (excluding land costs) to align it with the $750,000 renovation threshold (which excludes land value);**
4. **If the recommendation above is not accepted, amend price thresholds to align with median house prices in major capital cities – matched by a split in the allocation between cities and regions of two-thirds to one-third;**

5. **Incorporate provision for land lease communities to be captured as part of the scheme, recognising their current exclusion due to requirements around certificate of title.**

UDIA will soon be preparing and lodging a supplementary submission expanding on this request, as well as recognising the need for extensions to the first version of Home Builder in Victoria to recognise the unique challenges arising from its Stage 4 lockdown.

UDIA National Policy Priority #2: Streamline green tape

In November 2019, the Commonwealth Government commenced an independent review of the Environment Protection and Biodiversity Conservation (EPBC) Act. The review is timely and important given the Act's design and administration serves as the largest regulatory drag – at a Commonwealth level and in many cases overall - on new housing projects.

UDIA supports the review and have been active participants in the process, led by Professor Graeme Samuel, of crafting a better balance between environmental, social and economic objectives. However, it needs to be recognised that the review is an ongoing process and the pathway to design, implement and efficiently administer a new system will take longer.

That is why UDIA believes that two streams of funding are needed:

- One focused on clearing the backlog of existing projects currently caught in the assessment system, and
- Another focused on the design and transition to a new, more efficient and streamlined system.

The Commonwealth Government announced $25 million of funding in November 2019 to reduce needless delays within the existing assessment system, including the establishment of a major projects assessment team.

There remains a need to ensure a sufficient share of this funding supports new housing construction – given housing projects arguably outnumber projects from other sectors and likely generate a larger wider economic multiplier. This would be enhanced by the application of strict deadlines for the assessment of housing related projects currently in the system.

Likewise, a dedicated funding allocation is needed to support the design of new environmental standards to underpin the potential new EPBC system, creation of a 'single-touch' system and sufficient investment in the creation of national and regional landscape planning.

UDIA recommends the creation of a specific package targeted at accelerating housing-related projects under assessment. This would include:

1. Allocating an additional $5 million – on top of the funding already geared towards resources and infrastructure projects – specifically to support housing-related projects;
2. Matching the funding with a commitment to deadlines for the assessment of projects currently caught in the EPBC assessment system, including:
    a. All projects that entered the assessment regime prior to 1 January 2020, being guaranteed a decision by 1 October 2020,
    b. All projects that entered the assessment regime prior to 30 June 2020, be guaranteed a decision by 1 January 2021;
3. Sufficient funding to support the detailed design of new National Environmental Standards that sufficiently respect the challenges of urban land use and housing development;
4. A partnership with the states to give effect to the concept of 'single-touch' approvals and ensuring the data and technology that underpins them is robust;
5. Investment in national and regional scale planning needed to appropriately manage threats at the right scale and better manage competing land uses

UDIA National Policy Priority #3: Busting the Barriers to Housing Supply

An expanded mandate for NHFIC

The Federal Government has recognised the case for better analysing housing markets through robust research into housing supply, demand and affordability. UDIA supported its prior iteration, the National Housing Supply Council, and consistently advocated for a replacement vehicle.

Backed by a $25 million commitment over the next four years, NHFIC's expanded mandate will allow it to scrutinise and commission research into housing supply, demand and affordability. This should provide a rich set of data to understand short, medium and long-term market trends.

It will also be crucial to ensure the data and assumptions used by NHFIC align with the population projections that underpin the work of other government agencies – including the new Centre for Population, Infrastructure Australia and the National Cities Performance Framework, as well as the pending Intergenerational Report.

Arguably, the work of NHFIC will be more important than ever to ensure that as Australia progressively begins escalating immigration, population and economic growth post the pandemic, the supply and affordability woes that afflicted prior housing markets do not re-emerge. (The annual Demographia global research shows that Australia's capital cities are all in the top 16 least affordable cities in the world) to buy a home).

This requires early and substantive work to both identify the roadblocks to efficient delivery of new housing stock, and design policy solutions that help address and remedy the problem of housing affordability.

The above endeavours should focus on three priorities:

1. <u>State, territory and local planning systems</u>

   State, territory and local government planning systems should be assessed against a series of benchmarks revolving around three critical measures, namely:

   i. **The volume of housing** – that is, are they delivering a sufficient amount of zoned and developable land and stock diversity to meet population and housing demand? Too often, state and local governments depend simply on the quantum zoning land, when the better measure is the amount of land actually developable for new housing and supported by enabling infrastructure;

   ii. **The time of production** – that is, do they have appropriate measures of the time it takes to approve new housing projects, and are they on a trajectory to reduce them? Creation of a "deemed approval" trigger which can act as a circuit-breaker when the bureaucratic process breaks down would provide an incentive for states, territories and local governments to fix broken planning systems;

   iii. **The cost of new housing** – that is, are they applying red tape reduction targets and capping/managing per-dwelling taxes and charges to reduce the quantum of regulatory costs imposed on new housing?

For each element, the specific hurdles to achieving better outcomes should be identified and fed into an action plan tied to incentive payments (refer below).

2. <u>Taxes and charges</u>
   Mapping the current mix of taxes, charges and levies which are imposed on new housing and baked into the final cost of housing product should be part of the mandate of NHFIC.

   The mapping should include both:

   > **The efficiency (or inefficiency) of individual taxes, charges and levies** – and whether they assist in the production of a sufficient volume and diversity of housing at the right price, and;
   >
   > **The equity (or inequity) of individual taxes, charges and levies** – and whether they unfairly add to the burden carried by new homebuyers, or would they be best captured through more equitable and broad-based revenue measures.

3. <u>Scorecards</u>

   NHFIC should be charged with producing a series of benchmarking reports and scorecards that map the performance of each state and territory government (and over time, local government) against the key performance measures for the strategic planning, land release, housing approvals, planning systems and taxation of new housing identified above.

   Transparency can help drive change - let consumers see the cost of inaction, and this work can inform the development of an incentives-based system that rewards good performance (refer below).

UDIA recommends the allocation of sufficient funding beyond the initial $25 million to assist NHFIC produce expanded research and reporting on the need to reduce planning and taxation barriers for new housing.

Fairer, more efficient taxation

Taxes, statutory charges and levies combine with regulatory barriers to add as much as 40 percent to the cost of new housing. These additional costs span the imposition of the GST on new housing at a federal level; the baked in costs associated with land tax, stamp duty and infrastructure charges at a state level; and large and small statutory charges and levies imposed at a local government level.

There are also product-specific barriers, such as the rules applying to Build-to-Rent. Build-to-Rent (BTR) is a unique form of stock that can help mobilise institutional capital to improve the quality, security and experience of renters in Australia. Overseas experience shows BTR can be used as a vehicle for incorporating affordable, community housing (noting our separate section below on social and affordable housing). However, the Managed Investment Trust (MIT) rules for BTR remain inconsistent with other commercially oriented asset classes, and there is also a strong case for reviewing the GST arrangements on BTR to make it more viable.

There are also new taxes emerging, such as imposts on foreign investment and value capture. Collectively, they have added to the affordability woes facing homebuyers.

That is why UDIA recommends that a holistic review of property taxes as part of a broader overhaul of the national tax system is essential. Collective action by governments on reducing the heavy tax burden on new property will assist homebuyers and accelerate new housing development.

UDIA recommends that the Commonwealth Government commence a wholesale tax reform process that includes:

1. **A sustained tax reform agenda that improves the equity and efficiency of taxes imposed on new housing, including stamp duty, foreign investor taxes and developer charges;**
2. **Introducing a requirement to conduct economic and regulatory impact statements to be publicly disclosed on proposals for all existing and any new statutory charges and levies;**
3. **Ensuring any proposal for federally sponsored value capture is only considered in the context of wholesale tax reform.**
4. **Removing tax-related barriers to new or emerging product, such as the rules that discourage institutional investment in Build-to-Rent over other asset classes.**

Refine the First Home Loan Deposit Scheme

UDIA has consistently supported the Commonwealth Government's move to introduce a new initiative that recognises closing the deposit gap is one of the largest challenges people looking to enter the housing market face.

As the concept has evolved this year, UDIA has engaged with NHFIC on its design, as well as provide submissions in response to both the draft legislation and the draft investment mandate. This reflects our concerns regarding the gap between market conditions and the proposed arrangements in the legislation (which is only likely to widen as prices for existing product continues to surge).

For each of the nation's five largest capital cities – Sydney, Melbourne, Brisbane, Perth and Adelaide – the proposed house price caps sit under the current median house price. For example, according to CoreLogic, the median sale prices for the three months to 1 May 2020 are:

- Sydney $980,000 (vs $700,000 price cap)
- Melbourne $750,000 (vs $600,000 price cap)
- Brisbane $545,000 (vs $475,000 price cap)
- Adelaide $466,000 (vs $400,000 price cap)
- Perth $470,000 (vs $400,000 price cap)

There is much to welcome in the scheme; however, UDIA recommends priority attention be paid to two residual issues:

- The need to **amend the house price thresholds** proposed in the Scheme to better reflect median house prices in each of the five major capital cities, and align with thresholds embedded in state-based first homebuyer stamp duty exemption regimes;

- The need to **amend the income thresholds** proposed in the Scheme to allow for variable thresholds across capital cities, given the incompatibility in Sydney and Melbourne in particular between the income thresholds, median house prices and the application of loan assessment methodology imposed by banks; and

UDIA recommends using the Federal Budget as an opportunity to adjust pricing and income thresholds as they apply to the Scheme.

Achieving a Double Dividend in regional enabling infrastructure

Gaps in the delivery of enabling infrastructure – such as new regional roads, water, electricity and wastewater – are often the final delay to the creation of new housing. A joint commitment by the Commonwealth and states to close these gaps will yield both stronger housing and investment pipelines.

Such an approach – devised with criteria set by NHFIC, with support from the States & Territories - can result in a strong multiplier – and importantly, delivers a sustained recovery period as housing becomes shovel ready with the delivery of the enabling infrastructure.

These projects are often shovel-ready and can be delivered swiftly to achieve a 'double dividend' of jobs in both the construction of the infrastructure, as well as the new housing it unlocks.

Across each of our capital cities, a substantial number of lots sit idle because of the gap in the provision of enabling infrastructure. For example, in Sydney, the estimate is as high as 90,000 lots which cannot be developed for this reason.

There is now potential to resolve the issue by deploying capital available to NHFIC under its revised mandate, with an allocation of $1 billion to be matched by the states and territories.

This will have the benefit on fuelling jobs and investment across infrastructure and housing construction now, as well as seed the pipeline of housing essential to sustain growth and affordability both during and after the pandemic.

UDIA recommends an allocation of $1 billion be made under NHFIC's investment mandate – to be matched by each state and territory – to unlock regional-scale enabling infrastructure and new housing supply.

Boost social and affordable housing

Clearly, a range of industry stimulus measures are important to save jobs and ensure the financial security of households across the country. But an equally important opportunity is emerging to address housing for those less able to thrive in the current property market. The Commonwealth Government should implement a range of measures to boost the delivery of social and affordable houses across the country. These measures are needed to deliver homes for every Australian who needs one and can't afford to purchase or rent in the current market and will deliver an enduring housing legacy for generations to come.

We believe that a housing-led recovery can be guided by the following objectives:

- Delivering immediate economic stimulus and medium to long term triple-bottom line outcomes;
- Supporting new partnerships pathways between industry and the not-for-profit sector;
- Utilising idle government-owned land assets and infrastructure and financing levers;
- Supporting the attraction of institutional and other third-party investment to maximise return on public investment;
- Supporting progression to a scaled and sustainable community housing industry; and
- Delivering high quality, diverse housing in the right locations.

Doing so at scale means the Government can harness the industry's capacity and expertise in planning, design, project management, and construction; the ability to offer efficient procurement and contracting practices and mechanisms; and access to pre-existing equity and debt facilities.

UDIA recommends the Government:

1. **Create a $300m 'Community Housing Growth Fund' to subsidise the purchase of suitable surplus built stock by community housing providers. The fund would be limited and available for the purchase of stock from October 2020-October 2021**
2. **Deploy NHFIC's investment mandate to fund the delivery of 20,000 social and affordable homes over the next three years.**
3. **The identification of surplus government-owned land for social and affordable housing. The land would be sold through an EOI process and at a value that recognised that 20-30% of the site would be either returned to government or donated to a community housing provider for the purposes of community housing**

UDIA National Policy Priority #4: Reduce the Red Tape on Housing

Based on the work of NHFIC, the Commonwealth Government should design and implement a system of financial incentives that encourages state, territory and local governments to support economic and population growth, boost housing supply and transform broken planning and tax systems.

Modelled on the competition-style payments introduced under the Hilmer Reforms of the 1990s, financial incentives would be made available to states, territories and local government for out-performing against key measures including:

- The capacity of **strategic plans and land release programs** to meet population and housing demand projections– including not just zoned land, but fully de-constrained and serviced land – and demonstration of meeting the projected demand through new development;
- Improvements to **major project assessment regimes** to specifically reduce the time and cost of land release and housing development;
- **Housing supply targets** for both greenfield and brownfield housing – again with measurement against actual delivery;
- Demonstrated reductions in the **time taken to progress developments** throughout each phase of the approval process (i.e.: initial application to development approval, development approval to construction approval, construction completion to compliance/title registration);
- **Red tape reduction targets** to reduce the regulatory and cost imposts on new housing.

Planning systems need to be repurposed ahead of demand returning to normal levels in coming years as population and immigration growth is re-established, or we risk retreating to the imbalance between supply and demand that have fuelled affordability woes.

UDIA also notes there is also clear capacity to hardwire measures into City Deal Agreements with state and local governments which have the potential to target specific areas of priority reform.

UDIA recommends that National Cabinet be tasked with designing and establishing the appropriate funding envelope and system needed to adequately incentivise state, territory and local governments to support population growth, fix planning systems and reform the tax base.

UDIA National Policy Priority #5: Leveraging Infrastructure to Diversify Housing Stock

The Commonwealth Government's ongoing and expanding infrastructure spend is essential for economic prosperity, the liveability of our cities and unlocking potential housing supply.

Infrastructure Australia has made it consistently clear in its suite of reports and audits that the densification of our cities will continue to accelerate, and there is a need to invest in both large and small-scale infrastructure that better connects communities and improves urban amenity.

The Commonwealth should however be seizing the opportunity to yield a stronger dividend from this investment and accelerating a better mix of housing outcomes. This should include:

- Identifying and securing long-term growth corridors for housing and related infrastructure to ensure they are aligned to population forecasts and strategic plans;
- Auditing all current infrastructure projects (as well as proposals from states and territories) to interrogate whether land use opportunities are being maximised;
- Ensuring integrated approval regimes are applied to infrastructure to also accommodate housing (and other uses) which are attached to them;
- Linking infrastructure funding to local regions prepared to accept their fair share of population growth and synchronised increases in housing supply;
- Increasing the focus on local-scale infrastructure which can generate significant improvements based on a small spend and in turn kickstart new housing;
- Charting and removing the barriers to the delivery of roadblocks to the delivery of more diversified housing stock, particularly support for Build-to-Rent as a viable asset class and encouraging mixed tenure affordable housing; and
- Planning for an ageing population by ensuring the diversity and facilitation of housing choices for seniors is accommodated.

UDIA recommends that the Commonwealth Government seek a better return on its substantial outlay on infrastructure via project partners across the states, territories and local government by demanding better strategic planning, land use and housing supply outcomes. This should include auditing all current infrastructure projects to interrogate whether land use opportunities are being maximised.