Fast-Track Housing Delivery

UDIA National 2025 Federal Election Platform

Urban Development Institute of Australia

March 2025

Contents

Front Cover Image: The Hales by Satterley

Overview

Urban Development Institute of Australia (UDIA) acknowledges the efforts of Federal political leadership towards delivering housing for all Australians. We champion initiatives to bolster housing supply, home ownership and deliver more median priced, affordable and social housing.

Voters top three concerns going into the next election are cost of living, housing and the economy. Delivery of diverse, affordable housing is a key factor in all three priority election issues.

Solving the housing crisis means reigning in costs, boosting supply and accelerating productivity. Every dollar on housing generates $2.90 in the wider economy and 9% of Australia's workforce.

Australia is continuing to struggle to deliver the National Housing Accord (**Accord**) target of 1.2 million new well located homes over 5 years. The UDIA National Housing Pipeline® (**NHP**) Report- predicts a 400,000 home shortfall unless we work to remove the roadblocks.

We have **two market challenges** in housing that must be addressed together:

1. **Supply of affordable and social housing** – current policy being implemented is the first steps for housing; and
2. **Supply of median priced housing for middle Australia** – we need initiatives for private housing providers to expand delivery of housing.

Given the decline in completions, the nation will need to build an eye watering 300,000 dwellings p.a. for the final three years to meet the Accord target. The Housing Australia Future Fund (HAFF), and Accord aim to build around 40,000 of the target homes as affordable and social dwellings.

This means the lion's share (97%) of the 1.2m housing target relies on private development and delivery across the entire housing spectrum.

Unfortunately, about 85% of housing is delivered by smaller to medium sized organisations (SME's) that cannot access the HAFF due to scale. We need market-wide solutions to reach our targets.

Private developers and builders are pulling back in the face of cost and finance risks, at a time when we need them to significantly increase capacity.

The factors holding back housing progress on these two market challenges are:

1. **Lack of real nationwide data to identify delivery holdups** – we need a national housing platform.
2. **Lack of upfront housing incentives across Government agencies** to target the market problems:
   - **Lack of development ready land** – open up land zoning and coordinate services.
   - **Lack of enabling and supporting infrastructure (water, power, sewer, roads)** – fund infrastructure that unlocks housing.
   - **Slow and complex planning** – incentivise halving of planning times, introduce density bonuses.
   - **Lack of incentives to generate dwellings across the continuum** - must include median priced housing.
   - **Slow and complex environmental approvals** – implement state led single, simple approval pathway.
   - **Lack of skilled workers** – need for up skilled housing labour migration.
   - **Multiple layers of tax, charges/fees**, & growing imposts, ultimately increasing housing costs must be addressed.

We need more market-wide initiatives that ramp up housing capacity and productivity to deliver new at-market and affordable homes for Australians.

Acknowledgement of Country

UDIA 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.

About UDIA National

Urban Development Institute of Australia (UDIA) is the development industry's most broadly representative peak body with more than 2,000 member organisations nationally - spanning top tier global enterprises, consultants, small and medium-scale developers and local governments.

UDIA's State members nationally, deliver new homes across the continuum for all Australians, including the majority of affordable housing. Many new homes in greenfield areas, and units in established areas, are sold to the market at or below the prevailing median house price, allowing new entrants into areas which they otherwise cannot afford to purchase.

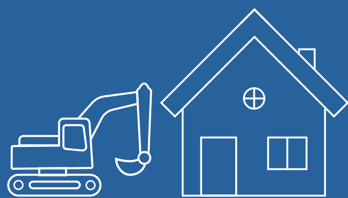
UDIA's advocacy is defined by our National Board – informed by our diverse membership base in each state and UDIA's extensive network of state boards, committees and businesses on the frontline of housing. Our voice is backed by real world experience and quality evidence-based research designed to support good policy making and dialogue with the political parties and the bureaucracy.

9%

of **national economic activity** is generated by development construction (and was higher at the peak of the housing construction cycle).

1,307,900

total workers employed in **the construction sector** - making it one of the largest employers in the nation.



$360bn

direct and indirect **economic output** from new housing and construction (not including associated infrastructure).

Every dollar spent in housing and construction delivers $2.90 to the Australian Economy

Supports 9% of Australia's workforce

Every dollar spent on housing and construction is distributed between 40+ trades and businesses

The industry significantly boasts secondary markets including manufacturing and retail

Election Priority Policies

Build The Homes We Need

- Incentives to boost housing for Middle Australia (Supply Boosters).
- Double funding for First Home Buyer Guarantee while also boosting supply.
- Increase the Accord Bonus (or other bonus fund) & upfront incentives.
- Double the funding of HAFF for more Affordable and Social Housing.

Fast-Track Housing Infrastructure

- $5bn more Federal funding for house enabling infrastructure (water, power, sewer, roads).
- Use part of the Accord Bonus to fund infrastructure upfront.
- Collaborate with Industry to manage housing & infrastructure resources and skills capacity.

Release More Land Supply

- Incentives for more Development Ready Land and halve planning time.
- Unlock Surplus Government Land for Housing.
- Establish independent housing performance metrics.

Housing Strategies for the Environment

- Align State and Federal requirements as a single, simple EPBC approval.
- Incentivise Green Technology in well priced housing.
- Align green initiatives and rating tools for greenfield and small developers.

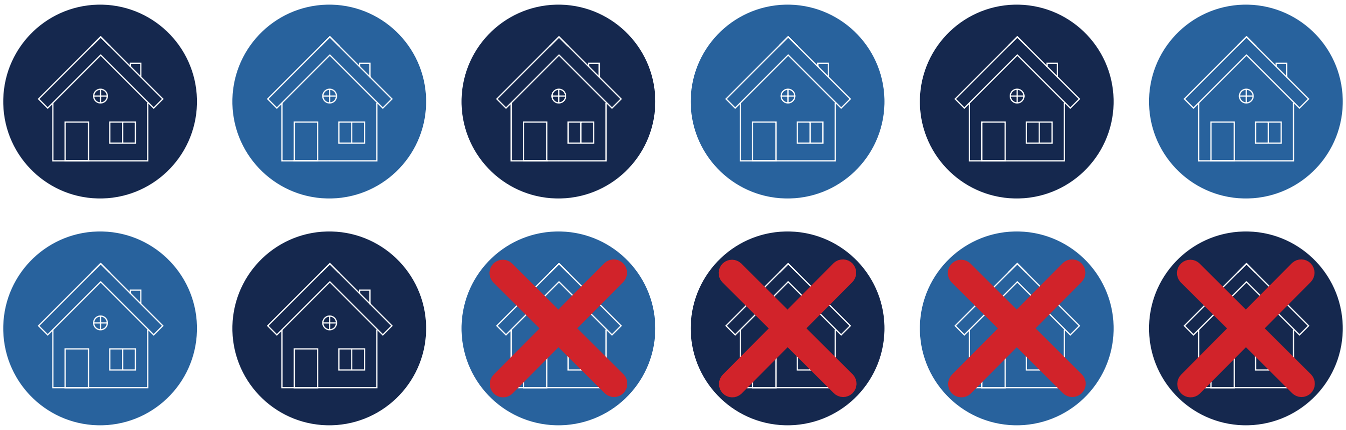
Boost Housing Capability

- Minimise property fees and taxes holding back affordability.
- Prioritise housing-skilled migrants & residency for migrants taking on domestic apprentices within 12 months.
- Freeze constant amendment of the National Construction Code to allow builders to catch up.

The Housing Hold-up

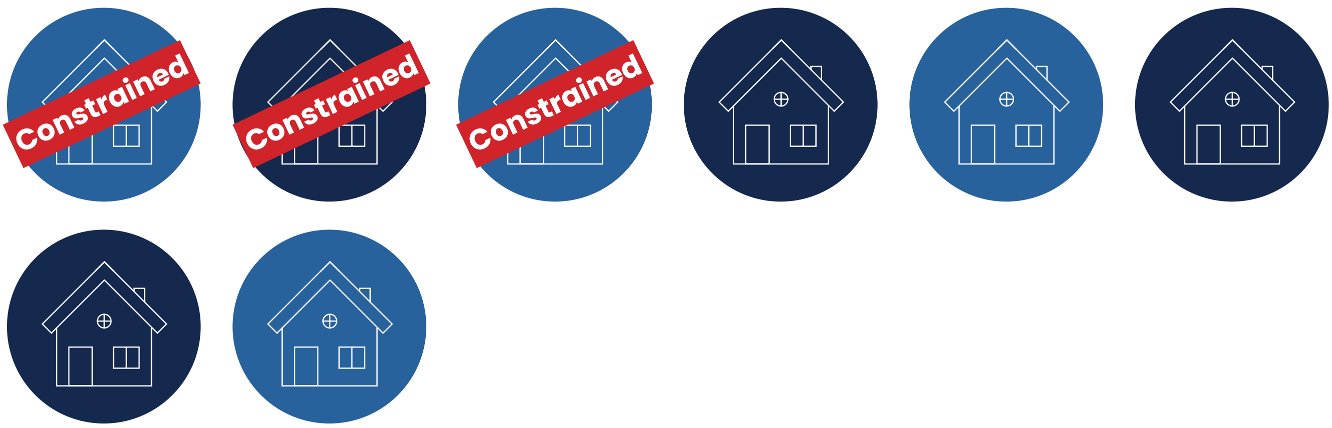
The Federal Housing Accord target is 1.2 million new well-located homes over 5 years to mid-2029.

Without new housing initiatives, we will fall short nationally by 400,000 homes. Initiatives must address housing supply, planning and costs.



The UDIA National Housing Pipeline® data tracks roadblocks to housing delivery in major capital cities and connected regions. It reveals that:

- 37% of available and proposed future housing supply is constrained by one or more issues with 67% of these holdings facing environmental issues.
- 33% of all surveyed residential land in capital cities and connected regions nationwide, face enabling infrastructure hold-ups.



Page 5 Image: Midtown Centre by AsheMorgan and DMann Corporation

Build The Homes we Need

Incentives to boost housing for Middle Australia (Supply Boosters).

- **Federal, tradable tax credits scheme** (20% of housing development cost) that can be applied against taxes or sold to catalyse a second median priced dwelling.
- **Federal Debt Guarantee Scheme** (up to 70% of housing development cost) that accelerates delivery & catalyses median priced housing.
- **Federal Equity Guarantee to the value of the GST on housing** that is sold at median house price (with title caveat). (can also be done as direct funding or equity loan).

97% of the Housing Accord depends on private at-market housing and 85% of private housing suppliers will be unable to provide scale to use the HAFF incentives.

We need Federal incentives that catalyses private median priced housing for Middle Australia. Where a private housing provider agrees to build two homes at or less than the median price for a region, the tradable tax credit approximates a reduction in the circa 42% tax burden on housing to enable development of a second median priced home. The Debt Guarantee allows a developer building a median priced house to pay a fee and accelerate the build with Government backed finance from a bank to remove time-consuming hurdles (like 70% presales). A Federal Equity Guarantee gives a Developer of median priced housing, a guarantee of 10% of the property value in return for the property being caveated to sell at 10% below market in perpetuity.

Double funding for the First Home Buyer Guarantee while also boosting supply.

- **Coordinate doubling investment in the first home guarantee (for equity of access to home ownership)**, with programs to accelerate housing for middle Australia (as above).
- **Coordinate first homebuyer access to superannuation for their house deposit**, with programs to accelerate housing for middle Australia (as above).

The First Home Buyer Guarantee (FHBG), provides an eligible home buyer with Government guarantee for a loan up to 15% of the value of a home on 5% deposit with no need for Mortgage Insurance. Equally, allowing first home buyers to access super for a deposit, where they have good credit helps Australian's into a home faster.

The FHBG and super deposits, is about equity of access for all Australians rather than supply of housing. If we cannot build enough houses in the short term, the answer cannot be to stop working families from owning a home. Home ownership cannot be only for the wealthy. The FHBG means potentially a rental place opens up every time someone gets a home under the program to balance the demand. Critically, doubling the program brings greater equity to housing and should be balanced with Supply Boosters for middle Australia.

Increase the Accord Bonus (or other bonus fund) & upfront incentives

Increase the Accord Bonus funding up to $6bn (or create an alternative incentive fund) with provisions for:

- **Upfront part bonus to States & Territories for housing construction certificates** with the funding applied upfront to new homes rather than waiting for builds.
- **Add incentives to access the funding upfront for** increasing density, halving planning times/ environmental approvals, increased enabling infrastructure, increase stamp duty thresholds, reducing property fees/charges.
- **Government agencies involved in housing adopt mandatory KPI's to boost housing delivery and affordability metrics in their regional markets** – ensuring actions align to outcomes
- **States and Territories provide their Accord plan upfront** for achieving housing targets and affordability to be tracked.

The current Accord Bonus of $3bn is an important part of the housing strategy to incentivise change, however, the current incentives flow at the back end of the 5 year period, which means States and Territories do not have access to funds now to tackle problems. The $900m Productivity Fund could be used to drive upfront incentives to remove housing roadblocks.

UDIA data shows 37% of the potential housing supply is constrained by upfront roadblocks including lack of development ready land and the necessary enabling infrastructure, planning and environmental delays, costs/fees/taxes on new homes. The fund(s) can be used to catalyse solutions for each of these up-front issues and get delivery of housing back on track.

An effective doubling of the Accord Bonus and reframing incentives to ensure more of the money arrives earlier in the 5 year period, will enable States and Territories to action supply boosting programs immediately.

Ensuring Federal, State and Territory agencies that impact housing have a public plan and KPI incentives around housing supply, timing and affordability - ensures work of Government will be outcome oriented and enable appropriate resourcing and funding.

Double the HAFF funding for more Affordable and Social Housing.

- Double the HAFF funding to $20bn and allow a decade for the entire fund to be drawn down.

The HAFF has finalised its first round funding toward building 40,000 homes within the 5 year period. This is extremely important but amounts to only circa 3% of the Accord target. The HAFF is a critical foundation structure for funding affordable and social housing into the next decade and should be ramped up with additional funding so more affordable housing can enter the market as soon as practicable. An efficient decision-making process is essential to bring projects to market before land options/negotiated ventures expire and opportunities are lost.

Doubling the HAFF funding and extending the drawdown period, puts a material amount of money into affordable and social housing on a more attainable timeframe (providing there is always a streamlined process for approval).

Fast-Track Housing Infrastructure

$5bn more Federal funding for house enabling infrastructure.

- **Establish a $5bn Federal Government enabling infrastructure fund** - for more projects that support new housing - enabling infrastructure to unlock dwellings and critical housing infrastructure.
- **Allow industry to start applications for Government infrastructure funding to state/local government)** to "front end" applications of funding critical enabling infrastructure.

UDIA data shows that nationwide there is an immediate need for circa $16bn in enabling infrastructure to unlock more new housing in specific areas. 33% of current potential nationwide housing in capital cities and connected regions is also being constrained by a lack of enabling infrastructure – including transport, poles, wires, roads, pipes and parks. Unless enabling and other infrastructure is funded and developed, none of the housing can be built.

At a disaggregated state level, the enabling infrastructure hold ups are more stark:

- Greater Sydney Megaregion – 48% of housing is constrained.
- South East Queensland – 58% of housing is constrained.
- Greater Melbourne – 31% of housing is constrained.
- Greater Perth – 38% of housing is constrained.
- Greater Adelaide – 56% of housing is constrained.

With the significant financial constraints on regional communities and Local Government, we expect the problem is even more widespread outside of the greater regions.

While we do not expect $16bn is something that can be funded immediately, an additional $5bn would make a significant difference to jump-start the delivery of homes that are currently being held back through lack of state funding for infrastructure.

Equally it is currently incumbent on state and local government to start the applications and industry should play a role in helping establish Federal applications with the Councils, States and Territories as the stakeholders most interested in infrastructure for housing. Allowing industry the authority to take an infrastructure application to a state or territory at first instance, accelerates the process of application and ensures funds get to states and territories sooner for housing infrastructure.

Use part of the Accord Bonus to fund infrastructure upfront.

- **Use part of the Housing Accord bonus to accelerate funding of infrastructure upfront** – Part of the Accord is converted to direct funding of identified infrastructure that unlocks housing.

Aside from additional direct Federal infrastructure funding, part of the Accord Bonus should used as direct funding for infrastructure where there is an identified project that will unlock housing now. This ensures that the Accord Bonus is applied upfront to the housing crisis, where it is needed most.

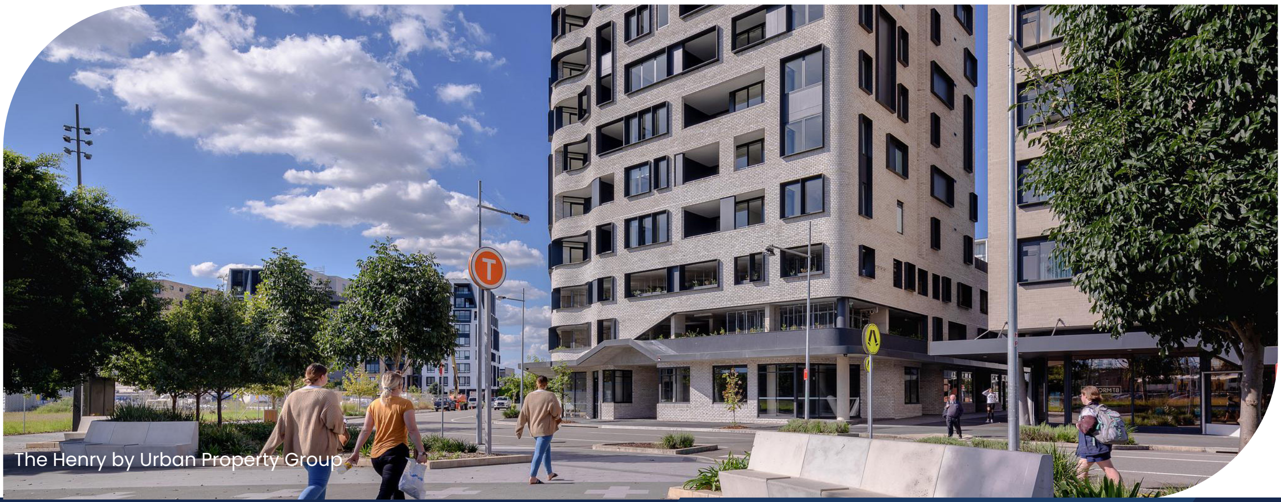
As noted before, UDIA National data has identified circa $16bn in nationwide infrastructure that will unlock tens of thousands of houses across the country. Of more critical importance is the nationwide infrastructure constraints impacting 33% of housing in the greater capital cities that cannot be started without these key projects.

Collaborate with Industry to manage housing & infrastructure capacity.

- **Build a strategic dialogue with Government and industry that manages the capacity** to deliver significant government infrastructure projects and housing.

The Development and Construction Industry still has job vacancies sitting at 38% higher than the long run average. The lack of skilled labour from overseas and our own domestic training is exacerbated by a brain drain of skilled labour to the resources and infrastructure industries.

These two industries have significant need for similar skilled labour and employ in large numbers for long periods. It is critical however that Government and the development industry create strategies that will enable the concurrent establishment of scale housing along with the critical infrastructure necessary to support housing.


The Henry by Urban Property Group

Release More Land Supply

Incentives for more Development Ready Land and halve planning time.

- **Incentives to States and Territories that open up more development ready land** including halving planning times and accelerating zoning to convert undeliverable zoned land to housing faster.

It currently can take an average of 18 months to get planning approval to build a moderately sized housing project of 75 units or 90 greenfield lots. It can take between 7 and 10 years to get planning approval for Master Plan Communities. Everything from land zoning through to development approvals and environmental approvals take far too long. Often the culprit is the overly complex process which frequently requires negotiation by appeal.

The greatest cause of inflationary prices is delayed supply for immediate housing demand – the longer it is unfulfilled the higher prices rise.

Federal Government incentives to states and territories that halve planning times and accelerate zoning will tackle this issue effectively and take another roadblock away from housing delivery should be made.

Unlock Surplus Government Land for Housing.

- **Unlock surplus Government land** for mixed at-market and affordable housing.

UDIA congratulates all Governments on their initiatives to find underutilised land that can be converted to housing projects. The process needs to be fast -tracked as we need the land now to be able to build housing that is more affordable across the housing continuum.

Gledswood Hills by Sekisui House

Establish independent housing performance metrics.

- **Establish independent metrics to measure performance** across housing markets and expand the ABS dwelling completions data to include Land Lease and Retirement Living.
- **Establish a performance framework** to compare the performance of state and territory housing strategies.
- **Establish a completions cerfiticate regime** to accurately track new housing supply.

As much as 60% of some local Government zoned residential land cannot be developed, because critical roadblocks have not been taken into account by local, state and territory governments - statutory planning requirements and approval processes, complex latent and site-specific conditions and various encumbrances.

After decades of housing shortfalls, Government and industry still have no reliable, whole of market data on the health of the industry, drivers and constraints on housing supply. The Government's new Housing Supply and Affordability Council (HSAC) is a key organisation for developing the data we need, but there needs to be ongoing, regular meetings with industry stakeholders (developers, planners, constructors), to ground the truth and fill in the missing intelligence on what is impacting/holding back housing delivery.

Most housing data extrapolates predicted outcomes for delivery based on what has been planned, with coarse estimates of what will happen between approvals and delivery. This means that the data is inevitably tied to inaccurate forecasts. It is difficult to get the information on project progress unless you engage directly with the developers.

UDIA has recently done just this and is keen to support HSAC and Government to establish a performance framework based on truth grounded data.

UDIA has designed reliable nationwide data metrics in our two major research projects below, to share with Government and the HSAC Council so they can identify, target and manage barriers to housing:

a. **UDIA National Housing Pipeline® (NHP)**- objective and robust measure verified with developers and landholders, to identify actual development ready housing supply available and help Government find environmental, planning, infrastructure barriers.

b. **UDIA Housing Index (UHI)** – Industry's capacity to deliver new housing, including monitoring data sets for, access to credit, supply and demand drivers as well as core indicators like skilled labour, rental and ownership, construction costs, rates and sales

Equally, we recommend that the ABS data should include net completions to avoid counting rebuilds, renovations etc and also ensure Land Lease and retirement living is included so targets are not undercounted.

Housing Strategies for the Environment

Align State and Federal requirements as a single, simple EPBC approval.

- **Create a single, simple approval assessment system coordinating Federal and state requirements** - including agreed regional plans & avoiding duplication.
- **Clear the backlog of environmental approvals holding up housing** using metrics & KPIs identifying information requests, actual time from application, housing held/approved.

UDIA NHP data confirms that 37% of all zoned and potential future zoned residential land is constrained and 67% of the pipeline is held up by environmental approval and assessment issues. We support Government's two stage approach to enable the EPA to police existing environmental issues under a new Environmental Protection and Biodiversity Conservation Act (EPBC), and ensure approvals and assessments are done only on delegation of the Minister.

It is critical however, that any EPA must be able to demonstrate that it can administer approvals and assessments effectively under delegation before any other independent powers can be considered. Existing projects are facing issues including:

- even slower approval times than previously.
- constant re-interpretation of approvals policy by the Department of Climate Change, Energy, the Environment and Water (Department), leading to uncertainty and regular re-work.
- matters of national environmental significance are being considered on an impractically granular scale, drawing key housing projects in urban growth areas into 2-3 year approval processes in addition to other approvals requirements.

Irrespective of any EPBC changes, we need an immediate focus on clearing the pipeline of projects held up by environmental issues under the current act. Some projects have been held up for between 3 and 5 years and impact up to 30,000 houses depending on the state. We note however, Victoria has about 310,000 future houses impacted by delays on an environmental assessment that spans several regions.

EPBC Act approvals are currently a key risk for the viability of new housing projects and industry recommends:

- Under the existing EPBC - adding reporting metrics under Ministerial oversight on the progression of EPBC assessments through the system to clear the backlog ahead of any change.
- Fast-tracking agreed regional plans.
- Under any future EPBC - ensuring there are safeguards around EPA decision-making and a balance between environmental, social and economic issues.
- Industry should be directly involved in designing practical definitions, key delegated policy and regional plans to ensure the right balance under any new EPBC.

Incentivise Green Technology in well priced housing.

- **Provide financial incentives and planning changes to help developers and builders incorporate green technology** for well priced housing.

Industry needs to be able to build with energy efficient materials, reduce the sector's carbon footprint and improve overall energy efficient of new builds. Unfortunately, the small to medium sized enterprises that build up to 85% of all housing will need financial support to take up green innovation because they do not have the resources or meet roadblocks – key issues include:

- Often there is no suitable carbon/energy efficient construction materials in a category, much less ones accepted by (local or state) government planners or engineers.
- Current planning and building regulations for both developments and dwellings prohibit many green credentialled materials or energy sharing technology.

Government can help greenfields & small developers by incentivising state and territories to:

- Remove Council prohibitions on green construction materials for developments.
- Reform state government policy to allow net zero innovations at a suburb scale to be implemented such as energy sharing tech and energy efficient construction innovations.
- Use land subdivisions/development approvals to allow and encourage houses to share innovations that promote carbon neutral or carbon credits, without the need for body corporates.

Align green initiatives and rating tools for greenfield and small developers.

- **Align Government initiatives and rating tools for use by greenfield and small developments** – to ensure carbon calculation does not disadvantage these builds.

It is extremely difficult for individual houses or greenfield developments to achieve energy saving innovations on their own without aggregating gains across several builds.

Unfortunately, current carbon calculation tools are not completely suitable for use on greenfield sites where there are hundreds of lots with different builders and purchasers. Government can help greenfields and small developments by:

- engaging directly with greenfield developers and builders in design of a greenfield friendly metric calculation.
- taking a precinct approach to calculation of carbon.
- specifying a particular point in the manufacture chain where carbon should be measured rather than going back to the raw materials which is extremely difficult to determine.
- mandating all materials have a carbon "number" to ease calculation of carbon in a build.

Boost Housing Capability

Minimise property fees and taxes holding back affordability.

- **Incentivise States & Territories to remove taxes holding back affordability** - reductions in layers of tax, charges and fees including reducing stamp duty thresholds.

The current tax system is not sustainable and represents a disproportionately heavy burden on new home buyers. Taxes, statutory charges and levies combine with regulatory barriers to add as much as 42% to the cost of new housing.

That means in some states, $42,000 of every $100,000 spent on a home, is taken as taxes fees and charges.

With the current cost of living and housing affordability crisis, it is critical that the Federal Government incentivise the states and territories to:

- **halt any further increase in property based taxes** including developer contributions, stamp duty, land tax and other fees and charges.
- **actively strip away taxes holding back affordability** – such as reducing development fees and charges, reducing stamp duty thresholds to ease rates on median priced housing.

The Federal Government should confirm there will be no changes to Negative Gearing which is the only regime for the supply of rental property at rates significantly below commercial rental rates. Equally capital gains tax should be left as is to ensure we do not skew investment and choke off rental supply.

Prioritise housing-skilled migrants & residency for migrants taking on domestic apprentices within 12 months.

- **Prioritise migrants with house trade skills** to rebuild the capacity of the industry including accelerated residency for migrants that take on a domestic apprentice in 12 months.
- **Provide an additional training space to match each migrant skilled worker entering Australia** – to ensure we encourage domestic, long term skilled workers.

It is critical that we build the skilled labour capacity in Australia through immigration in the short term and training in the medium term to encourage students into trades. Immigration accounts for 60% of our population growth and is critical to underpinning the skilled labour we need to deliver housing. With construction employment 38% below the long run average, we need to keep our focus on skilled immigration. Tied to skilled migration is the need to ramp up training and adjust targets for housing supply, to support immigration.

We need a steady influx of domestic training and apprenticeships. Accelerated residency for skilled migrants who agree to take on a domestic apprentice within 12 months, will lock in a training place as well as a new domestic business.

Freeze continuous amendment of the National Construction Code to allow builders to catch up.

- **Government should freeze further NCC changes (except for essential reforms), for at least 5-10 years** & confirm at least two year implementation periods between future NCC amendments thereafter.

The development and construction industry is under constant pressure to adapt and innovate however the rate of change demanded by the constant re-working of the National Construction Code (NCC), has become counter-productive.

A new NCC amendment is being drafted just as the last one is finalised – it is a rate of change that is unsustainable.

With every change in the NCC, a fresh set of processes, operational updates and compliance is required which costs time and money.

This draws organisations away from the business of delivering housing – a vast majority of impacted developers and builders are small to medium sized enterprises.

As an example the NCC changes that just rolled through cost a medium/large builder:

- 12 months of innovation because the design team and operations team were 100% focussed on compliance.
- Circa $3m of direct costs to update all plans, costing and marketing materials.

This is having a direct impact on the viability of building in the current environment and is adding pressure to builders already at risk of collapse as well as adding cost to housing.

Republic by GEOCON

Urban Development Institute of Australia
NATIONAL

www.udia.com.au