

## Chapter 4

### Developments in policy and practice



## Overview: planning for housing supply and affordability

In this chapter, the term ‘planning’ is a catch-all expression covering the variety of regulatory arrangements and consultative processes — including land use planning and regulation, urban development controls, transport planning, residential development assessment and approval processes, and infrastructure planning, provision and financing — that determine what can be built where, for whom, when and under what circumstances and, in this way, govern the spatial distribution of people, homes and economic activity.

High-quality planning is essential for the efficiency and fairness of urban development generally and of residential settlement patterns. There are so many externalities arising from the development actions of individual land owners that some form of regulation is inevitable and desirable. At the same time there needs to be balance in how those regulatory arrangements affect the various stakeholders, and often the interests of potential future residents are as important — if not more so — than the interests of those most immediately affected. How planning plays out — how well-researched and proven it is; how quickly, consistently and predictably it happens; how focused and relevant it is; and how impacts are distributed over people, places and time — can make a sizeable difference to the quality of the resulting communities and, importantly, to housing supply and affordability.

Over the past four years, the Council has witnessed accelerating growth of policy development and actions on the way planning arrangements affect housing supply and affordability, and a growing focus on and concern about getting the balance right. This has played out in demands for action from industry bodies and government advisers; policy statements at Commonwealth, State and local government level; and a variety of concrete actions. The Productivity Commission’s investigation of planning arrangements, the Council of Australian Governments (COAG) Reform Council’s report on metropolitan planning, and the Housing Supply and Affordability Reform (HSAR) Working Party’s 2012 report to COAG convey the concerns and priorities for action.

While much of the burgeoning activity is still in formative stages — notably the planning reform consultative processes under way in New South Wales, Queensland, and Victoria — other actions have already made an important difference and highlight productive changes that could be applied more generally. For example, the Australian Government has sought and implemented the advice of Infrastructure Australia on substantial government investment in transport and communications infrastructure; most States and Territories have reviewed their capital city strategic plans and incorporated specific actions to improve the supply and affordability of housing; the Queensland Government has changed infrastructure coordination arrangements; several State and Territory governments have implemented independent development assessment panels; all State and local governments are grappling with infrastructure provision and financing; and the South East Queensland Council of

Mayors has supported innovative action to maintain the rigour of development assessment processes while substantially reducing delays and holding costs.

The related need for direct action to enable home ownership in the face of rising land and housing costs and to improve the supply of affordable rental housing has also played out in industry and government circles. Acceptance by government and industry of small allotments and smaller homes has increased widely, based on the success of early experimentation. This has had a profound effect on access to affordable home ownership in many greenfield developments. It has also boosted the development and construction industry's access to what could have been a lost market.

At the national level, the Social Housing Initiative and the National Rental Affordability Scheme have engaged Commonwealth, State and local governments, community housing associations, public housing agencies and private industry in actions to boost the supply of affordable housing. These and other Australian Government programs have been discussed in previous State of Supply reports and will be covered in depth in an upcoming State of Supply report.

State governments' actions to better focus first home owner programs and stamp duty concessions on new supply, and their wider expression and application of affordable housing targets, are also having an effect. In the latter regard, the pioneering efforts of the Australian Capital Territory (ACT) and South Australian governments deserve special mention.

This chapter provides a snapshot of these recent changes in terms of both policy development and what has already been, or soon will be, implemented. It covers a number of reports that present important analysis and evidence as well as recommendations and findings relevant to governments at all levels. Finally the chapter highlights some of the positive reforms being undertaken at the State and Territory and local government levels to address planning issues and improve affordability.

## Reforms and reports

### Housing Supply and Affordability Reform report

COAG commissioned the HSAR study in April 2010 to examine the housing supply pipeline and government policies that may act as barriers to supply or stimulate demand for housing.

On 30 August 2012, COAG released the HSAR report and agreed to its broad principles and recommendations to enhance housing supply and affordability.

The HSAR report notes that a number of Commonwealth, State and Territory and local government policies and programs have an impact on the demand for and the supply of housing, on housing affordability, and on the attractiveness of housing as an investment asset. It stresses the importance of all levels of government working together on these issues. The responsibilities of the different levels of government are summarised in Table 4.1.

**Table 4.1 Current responsibilities and activities of the three tiers of government<sup>1</sup>**

	<b>Commonwealth</b>	<b>States and Territories</b>	<b>Local government</b>
<u>Macroeconomic stability</u> : a stable housing market is important for macroeconomic stability. The residential property market is three times the size of Australia's annual GDP <sup>2</sup>	Policies relating to taxation, population, investment, the financial sector, as well as a range of housing programs		
<u>Competitive markets</u> : a well-functioning housing market — including the removal of distortions — is welfare enhancing	Policies relating to taxation and investment, as well as a range of housing programs	Taxation policies and infrastructure levies	
<u>Housing supply</u> : a flexible supply response — access to appropriate, affordable dwellings located close to employment — should reduce cost pressures and improve productivity	Competitive building and development markets Commonwealth housing programs	Policies relating to planning, zoning, the regulatory environment and taxation, infrastructure levies, as well as the administration and delivery of housing services	Policies relating to building regulations and approvals, urban planning, infrastructure charges, and development assessment processes
<u>Housing affordability</u> : Australians' wellbeing is enhanced if all individuals can afford access to appropriate and secure shelter	Policies that impact directly or indirectly on the demand or supply side of the housing market, including those that influence the costs of dwelling construction or purchase Commonwealth housing programs	Policies that impact directly or indirectly on the demand or supply side of the housing market, including those that influence the costs of dwelling construction or purchase Administration and delivery of housing services as well as the provision of financial assistance to some renters and home buyers	Policies that impact directly or indirectly on the demand or supply side of the housing market, including those that influence the costs of dwelling construction or purchase

1 COAG HSAR Working Party 2012, *Housing Supply and Affordability Reform*, p 9.

2 The Council notes that States and Territories also have macroeconomic responsibilities and that their fiscal settings are important in the management of economic cycles and the strength of the Australian economy.

The HSAR report has particular significance as it represents an agreed approach by the Commonwealth and the States and Territories to address persistent issues. If implemented, the recommendations should help improve housing supply and affordability by:

- helping to ensure more efficient use of existing land and housing stock;
- decreasing the time and expense involved in bringing new dwellings to market by providing greater certainty for developers and reducing their holding costs;
- reducing costs and charges for developers and home buyers; and
- reforming policies that act as barriers to supply or artificially stimulate demand.

### ***Focus of the HSAR report***

Most of the issues the HSAR Working Party was directed to examine relate to housing supply rather than affordability. Its review focused particularly on land supply, infrastructure cost recovery, and land use planning and approval processes.

The HSAR report is consistent with analysis of the housing market in previous Council reports in finding that while demographic and macroeconomic factors have driven growth in housing demand, particularly over the last decade, the supply of housing has not responded proportionately to this growing demand. The report identifies evidence of this in:<sup>3</sup>

- growth in dwelling completions not keeping up with growth in population at a national level;
- real construction costs not driving the escalating housing prices, suggesting that the costs of land and land development are the major supply-side drivers of increasing house prices; and
- a relatively inelastic housing supply market (more inelastic than in comparable countries) that does not respond adequately to higher demand.

The HSAR report's recommendations aim to improve housing supply outcomes across all States and Territories, though the needs for reform vary between jurisdictions.

### ***Key findings***

The HSAR report recommends that States and Territories:

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3 COAG HSAR Working Party 2012, *Housing Supply and Affordability Reform*, pp 7–8.

- work to improve the efficiency (including the timeframes involved) of referral, development assessment and rezoning processes;
- work towards greater use of code-based frameworks for assessing residential development applications;
- consider the costs and benefits of local councils' regulatory proposals before they are allowed to exceed State planning requirements;
- agree to principles for infrastructure charges to make them more efficient, transparent and accountable, predictable and equitable;
- consider reforms where strata titling arrangements are currently significantly impeding redevelopment (any proposed changes to existing arrangements in a State or Territory would be subject to the Regulatory Impact Statement requirements applying in that jurisdiction);
- continue to share information about how their target regimes, particularly dynamic land targets, are currently being applied in relation to housing supply and land release;
- ensure that planning policy settings regarding diversity in lot size and dwelling mix do not constrain the operation of the housing market (the HSAR Working Party notes that targeted interventions may sometimes be required to support equity outcomes and promote innovation);
- trial the HSAR underutilised land principles to identify underutilised government land that could be used for housing;
- take account of the HSAR Working Party's analysis in any future consideration of the First Home Owners Scheme; and
- transition the National Electronic Development Assessment Reform Steering Committee into the National ePlanning Steering Committee and report to COAG (through the relevant COAG subgroup) — on a National ePlanning Investment Plan by mid-2012.

It also recommends that the Australian Government:

- trial the application of the HSAR underutilised land principles for land held by the Commonwealth; and
- consider whether Commonwealth housing programs could be reformed to improve their efficiency and effectiveness.

## *Infrastructure charging on residential developments*

One of the most important recommendations of the HSAR report concerns the four overarching principles that should govern how infrastructure charges are applied.<sup>4</sup>

Infrastructure charges are fees levied on developers, or purchasers in some instances, by local government as well as some State governments to fund basic infrastructure (such as local roads and water mains) necessary for land development. In some instances, infrastructure charges are also levied for major infrastructure (arterial roads and pumping stations) and social infrastructure (parks and libraries). Local councils are generally empowered through planning and development legislation to collect contributions from developers for infrastructure.

The report states that where infrastructure charges are applied there can be a lack of consistency, transparency and predictability. This in turn could discourage investment in housing and reduce the overall supply of housing, thereby worsening housing affordability.

It recommends that, at a minimum, infrastructure charges should be:

- **efficient** — charges should be for infrastructure required for the proposed development or for servicing a major development;
- **transparent and accountable** — charging regimes should be supported by publicly available information on the infrastructure subject to charges, the methodology used to determine charges, and the expenditure of funds;
- **predictable** — charges should be in line with published methodologies and charging schedules (with clarity around the circumstances in which charges can be modified after agreement); and
- **equitable**— where the benefits of infrastructure provision are shared between developers (land owners), the infrastructure charges levied on the developer should be no higher than the proportional demand their development will place on that infrastructure.

Additionally the HSAR Working Party found that the transparency and certainty of infrastructure charging regimes could be increased through:

- local councils publishing information on publicly accessible websites about infrastructure charging frameworks and arrangements in practice;

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4 COAG HSAR Working Party 2012, *Housing Supply and Affordability Reform*, pp 14–15.



### ***Infrastructure charging on residential developments (continued)***

- States and Territories making information readily available through a State and Territory-based process on how infrastructure charging frameworks and arrangements operate in practice.

### ***Next steps***

The HSAR report provides a reform ‘road map’ for the Commonwealth, the States and Territories and local government. The Council supports the findings of the report and its proposed directions for reform, although it is unclear how and when the States and Territories will implement their HSAR commitments.

That said, there have been encouraging early signs of implementation. The Australian Government Minister for Housing and Homelessness, the Hon Brendan O’Connor MP, has committed to conducting a pilot of the principles for assessing underutilised government land and to continuing to work with State and Territory governments to ensure that the objectives, roles, and responsibilities of each level of government are clearly defined and transparent.<sup>5</sup> Additionally, a number of States and Territories are already starting to implement changes to the First Home Owners Scheme that are consistent with the HSAR recommendations. These are outlined later in this chapter.

### **Productivity Commission Benchmarking Report of Australian Business Regulation: Planning, Zoning and Development Assessments**

On 16 May 2011 the Productivity Commission released the report of its benchmarking study of States and Territories’ planning and zoning systems. The report covers the impact planning and zoning systems have on business compliance costs, competition and the overall efficiency and effectiveness of the functioning of cities.

The Productivity Commission consulted extensively and sought views from a diverse range of stakeholders including Commonwealth and State and Territory government agencies, local governments, developers and communities.

### ***Key findings***

The Productivity Commission found that all jurisdictions suffer increasingly from ‘objectives overload’ leading to a growing number of issues and policy agendas affecting land-use considerations.

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5 The Hon Brendan O’Connor MP, ‘COAG Housing Supply and Affordability Reform Report released’, media release, 30 August 2012, <http://brendanoconnor.fahcsia.gov.au/node/100>.

The Productivity Commission also found that councils' ability to make timely and consistent planning decisions is often hampered by inconsistency and ambiguity in States' and Territories' regulatory arrangements. Examples are a lack of clarity in metropolitan strategic plans, and ambiguous signals about planning and development assessment priorities.

The Productivity Commission identified significant differences between jurisdictions in the degree of integration between planning and infrastructure plans, and in how capably States and Territories manage their relationships with local councils.

The report identified a range of leading practice examples of ways to improve planning, zoning and assessment. These include:

- providing clear guidance and targets in strategic plans while allowing flexibility to adjust to changing circumstances and innovation (so long as good engagement, transparency and probity provisions are in place);
- strong community engagement in determining city planning outcomes;
- broad and simple land use controls to reduce red tape, enhance competition, help free up urban land for a range of uses and give a greater role to the market in determining what these uses should be;
- rational and transparent rules for charging infrastructure costs to businesses;
- risk-based and electronic development assessment;
- timeframes for referrals, structure planning and rezoning;
- transparency and accountability, including for alternative rezoning and development assessment processes as well as limited appeal provisions for rezoning decisions;
- limiting anti-competitive objections and appeals and placing controls on their abuse; and
- collecting and publishing data on land supply, development assessment and appeals.

The Productivity Commission concluded that, although each jurisdiction has at least one leading practice, there are opportunities for all jurisdictions to improve their

planning systems so as to reduce burdens on business and costs to the community, increase competition and improve the liveability of cities.<sup>6</sup>

## COAG Reform Council review of capital city strategic planning systems

At the end of 2009, COAG agreed to a set of national criteria for capital city strategic planning systems to provide a platform to reshape capital cities. The criteria are aimed at ensuring Australia's cities have strong, transparent and long-term plans to manage population and economic growth, to improve housing affordability, and to address urban congestion, climate change and environmental priorities.

Specifically the criteria state that capital cities' strategic planning systems should:

- be integrated across functions and across government agencies;
- provide for a consistent hierarchy of future-oriented and publicly available plans;
- provide for nationally significant economic infrastructure;
- address nationally significant policy issues, including housing affordability;
- consider and strengthen the networks between capital cities and major regional centres, and other important domestic and international connections;
- provide for planned, sequenced and evidence-based land release and an appropriate balance of infill and greenfield development;
- clearly identify priorities for investment and policy effort by governments, and provide an effective framework for private sector investment and innovation;
- encourage world-class urban design and architecture; and
- provide effective implementation arrangements and supporting mechanisms.

Through 2010 and 2011 the COAG Reform Council was tasked with independently reviewing the consistency of capital city strategic planning systems against the new criteria with the assistance of an expert advisory panel appointed by COAG. The review was released on 2 April 2012.

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6 Productivity Commission 2011, *Benchmarking Report of Australian Business Regulation: Planning, Zoning and Development Assessments*, p xviii.

## **Key findings**

Some of the key findings of the review were:

- while all States and Territories have improved their strategic planning systems, no jurisdiction was wholly consistent with the nationally agreed criteria;
- city strategic plans need to be based on a better understanding of whether and how the private sector can implement the desired housing outcomes, and of the impact of government policies on the market;
- a comprehensive and coherent response to housing affordability was lacking across most planning systems;
- it is important that all levels of government continue to collaborate, as no single level holds all the policy responsibilities or expertise on city strategic planning;
- all levels of governments should commit to ongoing engagement with communities, business and all stakeholders in setting, implementing and reviewing city strategic plans; and
- governments need to consider the cumulative impact of the planning, regulatory and taxation arrangements that apply to housing, jobs and infrastructure in capital cities.

Particularly relevant to the Council's work is the COAG Reform Council's finding that housing affordability is not being addressed adequately in any jurisdiction. The COAG Reform Council report states:

‘while housing affordability is arguably one of the most salient issues facing all Australian capital cities, a comprehensive and coherent response to the issue was found wanting across most planning systems. In particular, it was not always clear why governments were pursuing particular actions to address housing affordability in light of the analysis provided. This suggests a stronger evidence-base is required to interrogate the various options available to government in addressing housing affordability’.<sup>7</sup>

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7 COAG Reform Council 2012, *Review of Capital City Strategic Planning Systems*, p 48.

## *Integration of strategic plans*

One of the key recommendations of the COAG Reform Council report is that strategic planning systems be integrated across functions and across government agencies. The report identifies the following examples of best practice against this criterion:<sup>8</sup>

- NSW 2021 is a 10-year plan that sets priorities to guide whole-of-government decision making and resource allocation across the State. It contains five strategies, 32 goals and 180 targets to guide policy and budget decision making. Many of the strategies and goals in NSW 2021 have implications for the planning system. This plan is noted as an outstanding example of a good State plan that provides unifying objectives supported by especially clear actions and performance measures.
- The Northern Territory Government's sense of Darwin's strategic position and long-term potential is highlighted as best practice in unifying objectives. The strategic planning system for Darwin contains the Northern Territory Government's clear sense and vision of Darwin's role in the Territory and Australia. This is reflected in the planning system, which also provides a good sense of Darwin's role in the network of capital cities across Australia.
- The Western Australian Planning Commission and the Western Australian Directors General Working Group are noted as good examples of institutional structures for delivering integrated whole-of-government advice on planning to Cabinet. In particular the Planning Commission stood out as an alternative to the typical path of plans through planning departments and Cabinet coordination processes. The Directors General Working Group brings together directors-general from a broad range of different departments to consider advice from the Planning Commission and provide advice to Cabinet through the Ministerial Taskforce on Approvals, Development and Sustainability.

## *Next steps*

On 18 May 2012, COAG's Standing Council on Transport and Infrastructure considered the findings of the review and responded by noting and agreeing to all the recommendations. The Standing Council on Transport and Infrastructure has agreed to undertake further work on cities. Further work for COAG has been flagged in the HSAR report, which notes that the question of whether strategic planning requirements should extend to other high-growth or large-population regions should be addressed.

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8 COAG Reform Council 2012, *Review of Capital City Strategic Planning Systems*, p 68.

Given the significance of urban strategic planning for housing supply and affordability, the Council is pleased to see that improvements have been supported by COAG and that progress is being made with implementation.

Additionally the Council notes the COAG Reform Council's findings of the need for a stronger evidence base around housing affordability, and will continue to work with other bodies and stakeholders to achieve this.

## State and Territory housing and planning reform

Many State and Territory governments are undertaking significant reforms to address housing supply, affordability and planning issues. This section provides an overview of selected State and Territory reforms over the past couple of years. It also summarises recent changes to first home owner grants across several jurisdictions. However, it does not give an exhaustive list of all changes and reforms.

The Council supports the objectives of the State and Territory reforms in that they improve housing affordability and increase supply but notes that future reforms at State and Territory level need to be consistent with the findings and recommendations of the HSAR report.

### Victoria

The Victorian Government announced changes to its planning zones in July 2012, introducing three new residential zones to provide local councils with mechanisms to identify areas planned for new growth (including through increased density) and those that will be protected from higher density development.

The Victorian Government has also commenced a process to develop a new metropolitan planning strategy over the next two years. The strategy will outline Melbourne's development for the next 30 to 40 years. Consultation on the strategy is currently under way.

A simplified framework for local development contribution plans is being developed based on five infrastructure categories: community facilities, open space facilities, transport infrastructure, drainage infrastructure, and public land. Once finalised, the new framework should provide greater clarity and certainty around the levies to be charged.

### New South Wales

In July 2012 the New South Wales Government released a Green Paper *A New Planning System for NSW*. It proposes a range of substantial reforms in the context of a number of serious and persistent criticisms of current planning, land release and infrastructure financing arrangements.

The reforms outlined in the Green Paper are intended to put a stronger focus on up-front strategic land use planning while increasing the speed, certainty and predictability of development assessment for approved modes of development in areas approved for development or redevelopment. The proposed reforms would encourage and facilitate intensive up-front community participation at the city strategic planning stage of the development process.

Strategic plans would outline the growth zoning requirements, growth strategies and required supporting infrastructure. Development proposals that are consistent with the strategic plans would be fast-tracked. Land-use zones would be more flexible to enable more innovative developments. The proposed reforms would also seek to make infrastructure charging regimes fairer and more transparent, predictable and efficient.

Many of the proposed reforms are consistent with the Productivity Commission's benchmarking report and with COAG's HSAR report.

The New South Wales Government intends to release a White Paper and draft legislation soon.

## Queensland

The Queensland Government conducted stakeholder forums throughout 2012 to discuss targeted planning issues. These forums focused on achievable reforms in relation to plan making, planning tools, development assessment, referrals and dispute resolution. The findings are being used to inform various improvements to the planning and development system. Queensland's *Sustainable Planning and Other Legislation Amendment Act 2012* is one result of the discussions in these forums.

Another major initiative is the commencement of the temporary State planning policy, *Planning for Prosperity*. The policy aims to facilitate economic growth in Queensland by articulating the importance of the agriculture, construction, mining and tourism industries and how they must be considered in the planning process. *Planning for Prosperity* will be in effect for 12 months and inform the development of a new State planning policy. This will replace the current batch of policies and empower local governments to make planning and development decisions in their communities with less State Government involvement.

### ***Leading practice: South East Queensland Council of Mayors planning reforms***

The Council has identified the planning reform initiatives driven by the South East Queensland (SEQ) Council of Mayors as leading practice. These initiatives include delivering a comprehensive and integrated electronic development assessment service, reforming the process for residential development applications, and creating standard housing development policies and codes. The reforms were funded initially by the Australian Government's Housing Affordability Fund and then by the SEQ Council of Mayors.

The delivery of an online development assessment system and an improved business process for residential development applications has had substantial benefits including a five-day approval turnaround of low-risk residential development applications in the locations where the reforms were applied. The reform has an overall target of a 75 per cent reduction in timeframes for 95 per cent of all residential applications.

Another outcome of these reforms is that subdivision application timeframes have been reduced from over 350 business days on average to a target of 60 business days, while operational works application timeframes came down from an average of over 50 business days to two business days in the locations where the reforms were applied.

The Council supports these significant reforms to increase the efficiency of the development assessment process through the use of electronic systems and the shift towards code-based assessment.

## **South Australia**

The South Australian Government has implemented the Housing Construction Grant of \$8,500 for the construction or purchase of newly built homes valued up to \$400,000. This grant is noteworthy as it is available to anyone and not limited to first home buyers (it replaces the First Home Bonus Grant, which was only available to first home buyers).

Another measure the South Australian Government is undertaking is a stamp duty concession for apartment purchases in the Adelaide City Council area. Off-the-plan purchases of sub-\$500,000 city apartments will be stamp duty exempt until 30 June 2014 and there will be partial concessions for purchases from 2014 to July 2016. The concession will encourage higher density inner-city living, in line with South Australia's 30-Year Plan for Greater Adelaide and its infill development targets. The concession also aims to help remove impediments that discourage households from downsizing into more appropriate accommodation.



In March 2012 the South Australian Government established the Urban Renewal Authority to provide an integrated approach to urban development. The authority supports innovation in design for infill developments with the aim of creating affordable dwellings that maximise access to transport and infrastructure and relieve pressure on the urban fringe.

## Western Australia

Western Australia has recently seen a greater focus on strategic planning, including the implementation of the Western Australian Government's metropolitan strategy for Perth and Peel, *Directions 2031 and Beyond*. This strategy is intended to guide the growth of the metropolitan region over the next 20 years and beyond to 2050. In the context of a rapidly growing population, the strategy provides a framework to address issues such as land use, infrastructure provision, transport and access to jobs, and sustainable urban expansion and infill.

As part of the program to streamline and improve the planning system, the Western Australian Government has introduced development assessment panels, which commenced operations in July 2011. A total of 15 development assessment panels operate across the State: nine in regional centres and six in the metropolitan area. The panels, which comprise a mix of technical experts and local government representatives, determine applications for development approvals in place of the local government authority and, in some cases, the Western Australian Planning Commission. The panels determine development applications that meet certain type and value thresholds. They are intended to provide consistent, accountable, and professional decision making. In the Council's view, this is an exceptionally important innovation.

The Western Australian Government introduced the new Metropolitan Redevelopment Authority through legislation passed in 2011. This authority replaced the former redevelopment authorities established for East Perth, Subiaco, Midland, Armadale, and Central Perth. It is responsible for urban renewal and delivery of residential and commercial infrastructure, and will have a major role in project facilitation.

## Australian Capital Territory

The ACT Government is phasing out stamp duty (or duty on conveyance) throughout the Territory and replacing this revenue with increases in the broad-based property tax (essentially local government rates). The first stage of this transition is already implemented, and the aim is to completely phase out stamp duty by 2032. The gradual reduction over a 20-year period is to avoid creating volatility in house prices.

The importance of this reform is that it replaces stamp duty — a volatile form of taxation that acts as an obstacle to the sale of properties and likely flows through to

prices (in a tight market at least) — with a broader, more regular and more certain form of taxation levied on housing wealth.

## Northern Territory

The Northern Territory Government has announced a new Government-supported home loan assistance package, HomeBuild Access. The package offers two products: low-deposit loan assistance that has no income or assets eligibility criteria; and means-tested subsidised interest rate loans for low- to moderate-income households buying their first home. Both loan products replace existing programs. They are only available for the construction or purchase of new dwellings up to a maximum price of \$550,000.

## First Home Owners Scheme

New South Wales, Queensland and South Australia are now, or will soon be, targeting the First Home Owners Scheme solely at newly constructed dwellings. Consistent with the findings of the HSAR report, new-dwelling purchasers are eligible for a \$15,000 grant, while no grant will be available for the purchase of existing dwellings.

The Council strongly supports these changes as they focus the incentive in a way that increases the housing stock without inflating demand for existing dwellings.

## Conclusion

Reforms to planning and development systems are being explored and implemented across the country at all levels of government. The release of a number of reports and proposals for change covering a range of housing supply, affordability and planning issues signals broad recognition of the need for change, the wide array of issues needing to be addressed and the plethora of options that might be employed. All governments embarking on changes to planning and development assessment arrangements have an acute awareness of the importance of action and the political challenges involved.

Importantly, the Commonwealth and the States and Territories have agreed on the broad areas for reform with the release of the HSAR report. However, there is still much work to be done on determining the specific actions to be taken in implementing the reforms.

At the State and Territory level, a significant shift in focus is under way to address issues around the lack of strategic coordination, the efficiency of the development approval process, and the tax and subsidy system.

While the Council supports the reform directions canvassed above, it notes that enactment and implementation are some distance away in many cases. Moreover, a

number of matters need to be addressed that are substantial, interrelated and politically challenging.

It is important that jurisdictions find ways of:

- encouraging denser development that promotes access to jobs and amenity and maximises the use of existing infrastructure;
- ensuring a range of types and styles of housing and neighbourhoods that suit the needs and wishes of residents;
- ensuring access to affordable housing for key workers, retirees and families on lower incomes;
- ensuring adequate finance for the timely provision of infrastructure without burdening home buyers or creating barriers to adequate housing supply;
- involving citizens in strategic planning choices while reducing uncertainty, delay and expense in development assessment and consent arrangements; and
- restructuring measures intended to support housing affordability so that they impact positively on supply without pushing up prices.

There will be elements common to all jurisdictions, but priorities and specific options will vary across States and Territories and local governments. Implementation will demonstrate the need for fine tuning, or even replacement, of some measures and programs. The process of change will, therefore, be complex, iterative and lengthy.

It is obviously important to track and evaluate the reforms as they occur, enabling jurisdictions to share successes, assess relative effectiveness and efficiency, and generalise application of the best processes leading to the best outcomes. Access to relevant and timely data will be essential for whoever is charged with this responsibility or wishes to assess the efficacy of the reforms.

