

Department of Planning and Environment

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Housing Supply Insights

Quarterly Insights Monitor Q4 (April to June 2023)





Acknowledgement of Country

The Department of Planning and Environment acknowledges that it stands on Aboriginal land. We acknowledge the Traditional Custodians of the land and we show our respect for Elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

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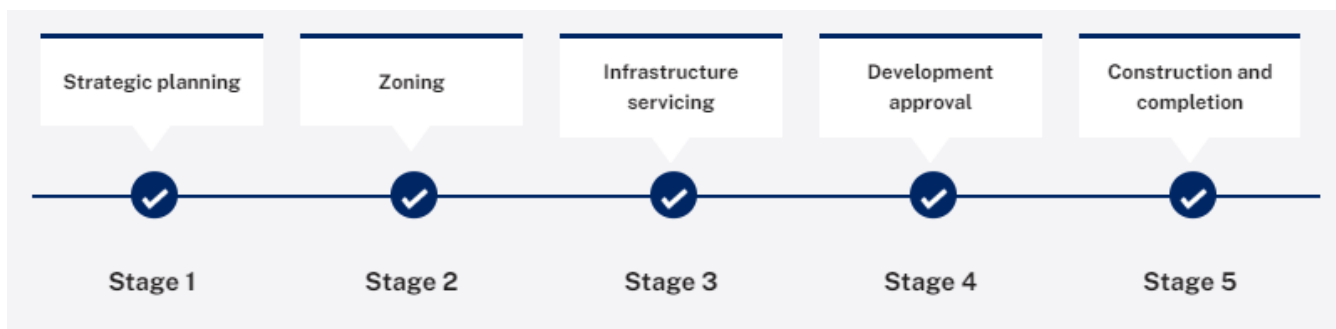
About the monitor

The Quarterly Insights Monitor includes the most recent data and analysis across each stage of the housing supply pipeline, and monitors the progress of key NSW housing supply initiatives. The monitor helps the government, councils, regulators and developers maintain a healthy pipeline of development-ready land over the medium-to-long term.

About the NSW housing supply pipeline

The NSW Government aims to create a healthy housing supply pipeline as part of its package of measures to increase housing supply and affordability.

The pipeline covers potential lots and dwellings across 5 stages – strategic planning, zoning, infrastructure servicing, development approval, construction and completions.



Further information can be found at: <https://www.planning.nsw.gov.au/Policy-and-Legislation/Housing/Housing-Supply-Insights>

Quarterly Insights Monitor Q4 (April to June 2023)

Snapshot

In the June quarter:




- 42,808 lots were rezoned for housing.
- 3,573 dwellings were approved as part of a state or regionally significant development, and 17,820 dwellings were approved as local development.
- 138,493 dwellings were supported by the Accelerated Infrastructure Fund round 3 grants.
- 3,194 dwellings received construction approval in regional NSW.

Quarterly pipeline progress

Many factors influence the volume of dwellings in the pipeline and the progress of dwellings from strategic planning to occupancy. The NSW Government is monitoring the housing supply pipeline in NSW across 5 stages: strategic planning, zoning, infrastructure servicing, development approval and construction and completion. In addition, four targets are used to monitor quarterly progress in 2022-23.

This report includes data for the June quarter and provides the final report against interim targets for 2022-23.

NSW Housing targets 2022

	Zoning	100,000 dwellings unlocked by 2023–24 (including 70,000 dwellings from state-led rezoning approvals and 30,000 dwellings from council-led rezoning approvals)	Interim target: 50,000 dwellings by June 2023
	Infrastructure servicing	150,000 dwellings supported by housing-focussed infrastructure programs by 2025–26	Interim target: 37,500 dwellings supported by June 2023
	Development approval	32,500 dwellings unlocked by 2023–24 (from state-significant and regionally significant development approvals)	Interim target: 16,250 dwellings by June 2023



Housing supply in regional NSW 127,000 dwellings delivered in regional NSW by 2031–32

Interim target: 12,700 dwellings by June 2023

Stage 1: Strategic planning

Local Housing Strategies

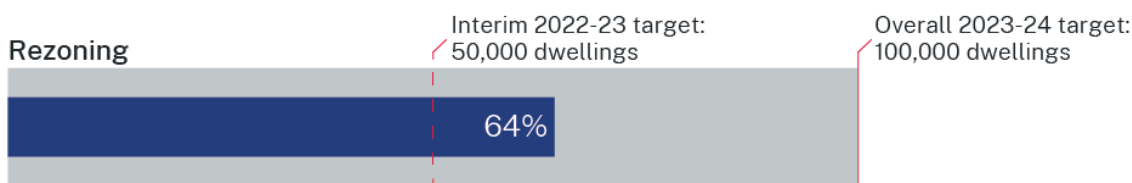
The department is working closely with Greater Sydney councils to help them reach local housing supply targets through implementation of the local housing strategies.

During the June quarter, the department approved an updated LHS for Penrith City Council. The department and Plan NSW engaged with Greater Sydney councils to consider progress to deliver housing strategies and implications for new housing targets to be set in 2023-24. The department is also developing a new guideline and template for councils LHS and Implementation and Delivery Plans to support consistent coordination and delivery.

As at 30 June 2023, all Greater Sydney councils have a LHS in place and 32 out of 33 have submitted an Implementation and Delivery Plan, or equivalent strategic works programs, to plan for housing delivery.

Stage 2: Zoning

State and council-led rezoning



Financial year progress on interim and overall rezoning targets

In the June quarter, 42,808 lots were rezoned in NSW from approved planning proposals. This includes 14,000 rezoning lots as part of the Consolidated Canterbury-Bankstown LEP, 12,900 dwellings from the Appin precinct in Wollondilly and 2,270 rezoning lots as part of the Laffing Waters Master Plan in Bathurst.

In 2022-23, 64,289 lots were rezoned for residential development across NSW (exceeding the interim target to June 2023 by 29%). An additional 43,848 lots are scheduled to be rezoned by 30 September 2023 from 63 planning proposals. This comprises 41,340 lots in Greater Sydney and 2,508 in regional areas.

NSW has met the target for council-led planning proposals and has state-led rezonings underway to deliver 70,000 dwelling lots in the 2-years to June 2024.

The department will continue to monitor dwellings from state-led rezonings and planning proposals in the 2023-24 financial year.

Stage 3: Infrastructure servicing



Financial year progress on interim and overall infrastructure servicing targets

In the June quarter, the department executed funding agreements for 36 Accelerated Infrastructure Fund projects announced in March. These funding agreements total \$254 million and will deliver housing-related infrastructure for 138,493 dwellings across 26 Greater Sydney and 10 regional projects.

In 2022-23, the Accelerated Infrastructure Fund, the Regional Housing Fund, Special Infrastructure Contributions, State Voluntary Planning Agreements and other related programs supported 182,231 dwellings, exceeding the target 150,000 announced in 2022.

Stage 4: Development approval

State and regionally significant approvals



Financial year progress on interim and overall development approval targets

In the June quarter, 3,573 dwellings were approved as part of a state or regionally significant development. Of these approvals, 3,011 (84%) were in Greater Sydney and 562 (16%) in regional NSW. This includes 811 dwellings as part of a mixed use development in Castle Hill and 232 dwellings as part of a residential development in St Leonards.

In 2022-23, 32,684 dwellings were approved as part of a state or regionally significant development, with 86% in Greater Sydney and 14% in regional NSW. This exceeds the 32,500 target announced in 2022.

Local development approvals

In the June quarter, local government approved 17,820 dwellings from local development applications.

In 2022-23, over 85,095 dwellings have been approved as part of a local development assessment. Approximately 63% of these dwellings are part of a multi-unit development.

Stage 5: Construction and completion



Financial year progress on interim and overall regional dwellings targets

In regional NSW, 3,194 dwellings received construction approval during the June quarter.

In 2022-23, 13,272 regional dwellings have received construction approval, exceeding the interim target for 2022-23 by 5%. Note this data reflects dwelling construction approval from complying development and construction certificates reported in the NSW Planning Portal and is not comparable with ABS building activity data which uses a different methodology.

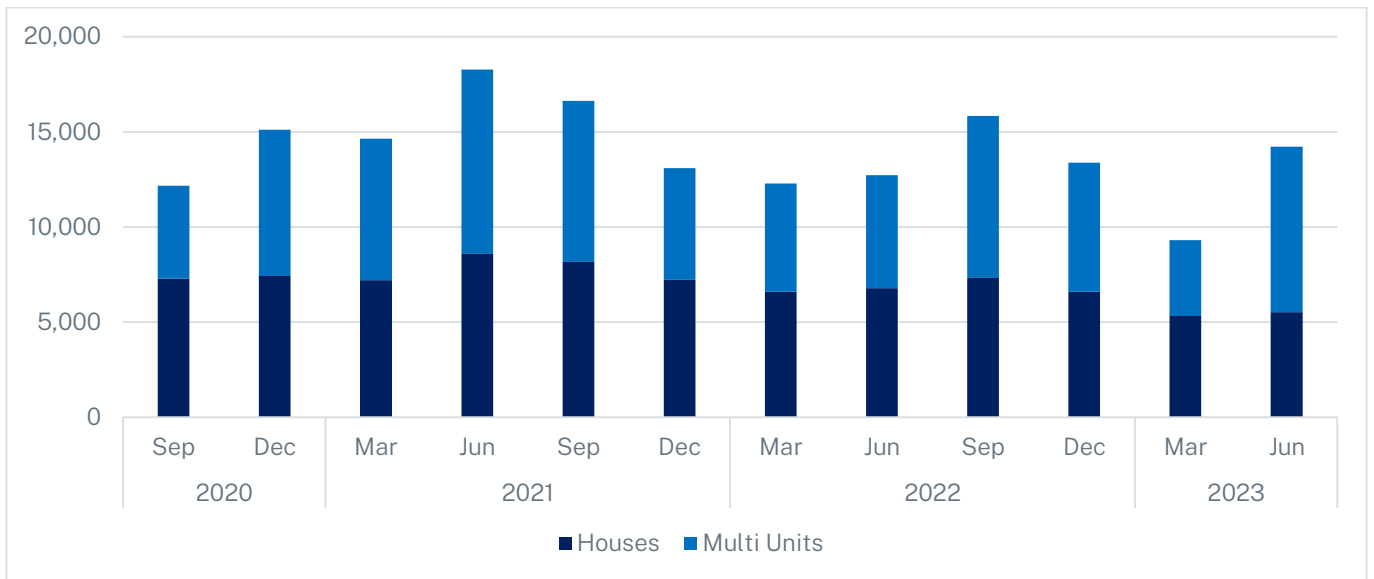
In 2022-23, ABS data shows that building approvals were down 4% (52,746 dwellings) compared to the previous year. Multi-dwelling approvals were 53% of total construction approvals, whereas at the peak in 2016 this was around 60%.

Residential building approvals have fallen since mid-2021, driven by multiple factors, including shortages of construction material and labour, rising interest rates, and falling housing prices.

Dwelling commencements were down 20% in the 12 months to March 2023 (49,189 dwellings) compared to the previous year. The number of dwelling completions has remained stable in the 12 months to March 2023 (47,430 dwellings) compared to the previous year (47,513), but this remains below previous years and is indicative of a sustained downward trend in completions.

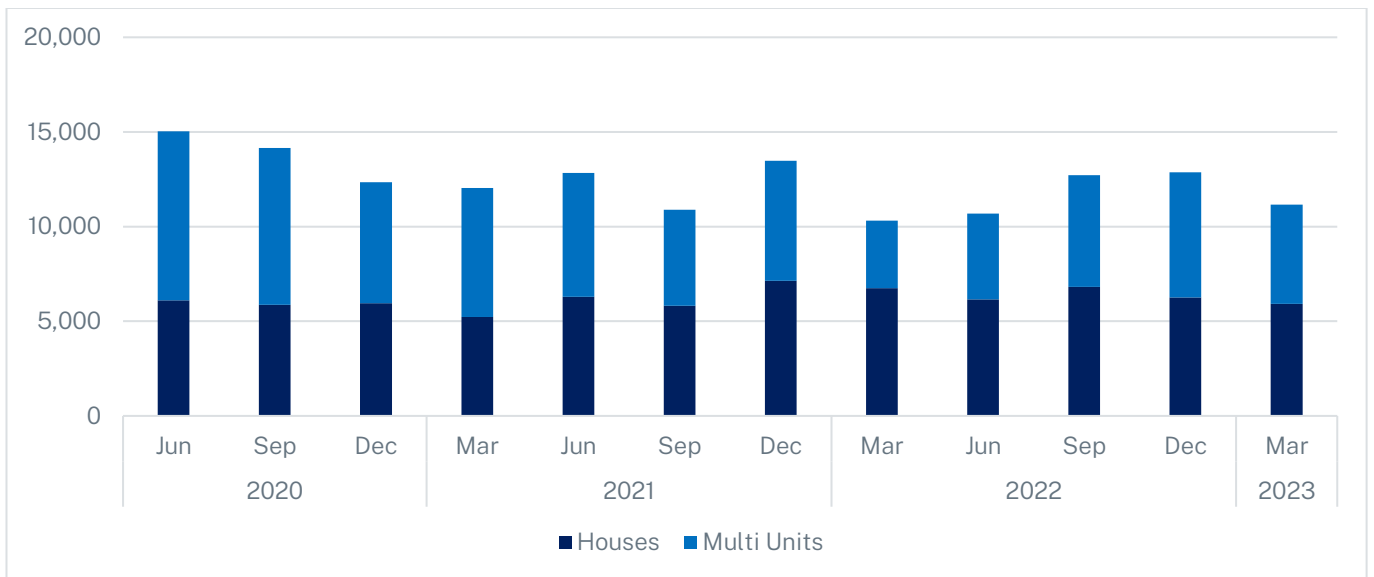
Under the National Housing Accord, NSW has committed to contributing to the aspirational national target of 1.2 million new 'well-located' homes between 2024 and 2029. NSW has a goal to deliver 376,000 dwellings, in line with its population share. The department is reviewing its framework for monitoring and reporting on housing supply activity and reform measures implemented to support housing supply and affordability.

NSW building approvals (quarterly)



Source: Australian Bureau of Statistics, Building Approvals, Australia (original) (data to June 2023)

NSW building completions (quarterly)



Source: Australian Bureau of Statistics, Building Approvals, Australia (original) (data to March 2023)

Housing supply pipeline – key indicators summary

Target		Q4 (Apr- Jun 2023)	FY 2022- 23*
Strategic Planning	Number of IDPs submitted to DPE	0	32
Zoning	Potential dwellings unlocked through rezoning lots	42,808	64,289
Infrastructure servicing	Potential dwellings supported by housing-focussed infrastructure programs	138,493	182,231
Approvals	Potential dwellings unlocked through approvals (state and regionally significant)	3,573	32,684
	Potential dwellings unlocked through Local Development Applications	17,820	85,095
Construction and completions	Number of dwellings with construction approval in regional NSW	3,194	13,272

*YTD totals include dwellings from planning decisions applied retrospectively in the Planning Portal.

Local development assessment pathways

Development assessment is a key part of the housing supply pipeline and impacts how efficiently new housing is delivered.

New homes are assessed through a number of pathways: Local Development Applications (DAs), Complying Development Certificates (CDCs), Regionally Significant Development (RSDAs) and State Significant Development (SSD).

Table 1: NSW Development application pathways for new housing for 2022-23

Pathway	Determinations	% approved	Dwellings approved	% of all dwellings
Local DAs	24,512	97%	85,095	64%
CDCs	14,120	99%	14,633	11%
RSDAs	303	86%	24,426	19%
SSDs	325	99%	8,258	6%
Total	39,260		132,412	

- **SSD:** Some major developments are considered State significant due to their size, economic value or potential impact. The Department assesses State significant development applications and, in straightforward cases, can also provide the final determination. In 2022-23, 6% of dwellings were approved under SSD.
- **RSDA:** Regionally significant development applications are assessed by local government, but the final decision-maker is an independent planning panel. In 2022-23, 19% of dwellings were approved under RSDA.
- **CDC:** For low-impact housing projects, complying development certificates (CDC) provide a pathways for fast-tracked planning and construction approval. The Low Rise Housing Diversity Code contains provisions for a range of development types that qualify for complying development. In some areas, complying development is available for new houses, dual occupancies, terraces and manor houses. CDC is determined by council or an accredited certifier if proposals meet specific development standards. In 2022-23, 11% of new dwellings were approved by CDC.
- **Local DAs:** The vast majority of new housing projects are assessed by local councils as part of local DAs. In 2022-23, 64% of new dwellings were approved by DA pathway.

Average Local DA assessment times in NSW have increased from 83 days in 2021-22 to 106 days in 2022-23. The ten councils with the longest average assessment times in 2022-23 take between 172 and 281 days. Most of these councils are in Greater Sydney where the volume and complexity of DAs is typically higher. In comparison, the ten councils with the fastest DA timeframes were all in rural NSW. Average assessment timeframes for the fastest councils in NSW ranged between 27 days and

34 days. Data on council assessment timeframes are available as part of the [Planning Performance Dashboard](#).

Larger and more complex projects, such as residential multi dwellings typically take longer to assess. In 2022-23, average assessment timeframes for multi-unit residential dwellings was 182 days compared to 90 days for single residential dwellings. This is despite a decline in multi-unit dwelling DAs in recent years.

Increasing housing supply in NSW requires new developments to progress efficiently through the planning, assessment, construction and completions process. The department has a set of programs to support councils and proponents navigate the assessment process – including through the Planning Delivery Unit (PDU), the Regional Housing Flying Squad and the Faster Local Assessment Grant Program. Guidance documents such as the Councils Development Assessment Guide, the [Community Guide to Planning](#) and the [Guide to Complying Development](#) are also available to improve the quality of applications and assessment in NSW.

As well as planning reforms already underway, [streamlined assessment pathways were announced in June](#) for government, community and private-projects to deliver new social and affordable housing. The department is now considering new reform measures to improve assessment timeframes and, in turn, shorten the cost and timeframe of housing delivery.

Feedback

The NSW Government supports the housing supply pipeline by providing clarity and certainty to the community, councils and industry so projects can proceed, homes are unlocked and new communities are built in the right places, supported by infrastructure.

If you have any feedback or questions, please contact us at quarterly.housing@dpi.nsw.gov.au.