

# Inclusionary zoning to fix housing affordability won't work in Sydney, says Urban Taskforce



Inclusionary zoning could increase the already high costs of homes. **Jessica Hromas**  
by **Su-Lin Tan**

The use of inclusionary zoning to fix housing affordability may not work in the expensive Sydney housing market, Urban Taskforce says.

The property development industry group rejects the use of inclusionary zoning measures to make apartments more affordable to home buyers in Sydney, as recommended by a new Australian Housing and Urban Research Institute's report.

Instead it advocates the use of measures such as the Affordable Rental Housing State Environmental Planning Policies, which gives an uplift in floor space to developers if affordable apartment rentals are also built.

"AHURI proposes an inclusionary zoning system that can only lead to forcing apartment costs up," Urban Taskforce chief executive Chris Johnson said.

"We should be getting other building types like detached houses, commercial and retail developments to contribute to affordable housing rather than add an extra cost to the most affordable dwellings in the city."

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"The AHURI report by a number of Australian academics is a useful exploration of trends and policies across the world, but the Sydney market is different."

The AHURI report cited evidence from places such as England and San Francisco, which managed to increase affordable housing in new apartment developments through contributions by private developers.

"In the UK and US, planning mechanisms have made a significant contribution, including 83,790 new affordable homes in the UK between 2005 and 2016," the report said.

Inclusionary zoning is land use planning intervention by government that mandates a proportion of a new residential development to include a number of affordable homes.

The AHURI researchers also found that in both the US and UK developers accepted inclusionary requirements when they were given advance notice, and were levied in a consistent way.

The high price of housing in Sydney comes from the high costs of production of homes including the slow zoning and planning system so adding a further levy would only force up prices further, Mr Johnson said.

"Houses and apartments in Sydney are amongst the most expensive in the world when related to household income. Much of this high price is driven by restrictions on zoning new land for residential homes, according to the Reserve Bank report on *The Effect of Zoning on Housing Prices*," Mr Johnson said.

"The zoning effect increased Sydney per house price by a whopping \$489,000 and in Melbourne by \$324,000. On top of all this there is a range of levies and taxes added to the cost of a dwelling by the NSW government and the local council. To add even more cost to new dwellings as proposed by AHURI will only drive overall housing costs upwards."

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