

How can Australia deliver more well-located, affordable homes?



What this research is about

This report delivers a comprehensive evidence base to inform the delivery of new dwelling supply in well-located areas in Australia and sheds light on the barriers holding back affordable developments in these locations.

Why this research is important

This research provides new evidence to help deliver the National Housing Accord's target of 1.2 million new, well-located homes over five years from mid-2024. To date, most attention has been on the quantity aspect of the Accord target; this research focuses on the objective of delivering new housing in good locations. It identifies barriers and uncertainties holding back development, and what governments can do to speed up building in well-located areas.

Based on

Final Report No. 464: *Delivering well-located dwellings: opportunities and challenges*

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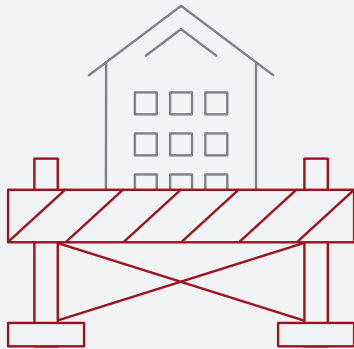
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At a glance

Barriers to affordable medium- and high-density housing can include:

- infrastructure uncertainty
- council practices
- build costs exceeding returns.



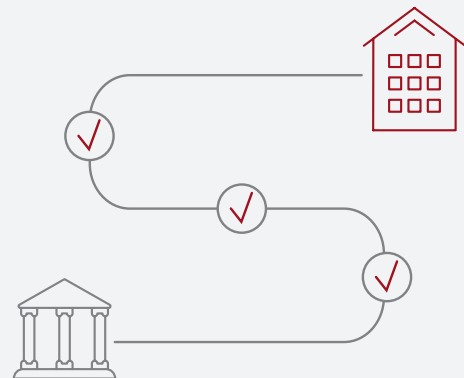
Housing strategies signal densification and support well-located development but lack funding and enforceability.



For more effective housing strategies:

- ☒ streamline delivery responsibilities for more coherence and accountability
- ☒ set context-specific criteria for “well-located”
- ☒ set shorter-term delivery targets for discrete areas
- ☒ measure progress and review policy based on outcomes.

Government can de-risk development via policy certainty, forward-funded infrastructure and clearer processes.



Key findings:

Defining well-located housing

Policy documents typically define ‘well-located’ housing as housing that provides proximity to employment, education, essential services, green/open space, and infrastructure. Higher neighbourhood amenity has positive associations with social functioning and general health.

However, dense amenities can also produce negative trade-offs – such as exposure to crime and noise pollution – that disrupt the link between amenities and wellbeing.

Much new housing is not well-located

In all Australian cities, new housing development is spread across inner urban and fringe suburbs – despite compact city policy agendas.

There is considerable variation in new housing supply and its positioning in relation to access to amenity, jobs and education.

For example, in Sydney, 46.2% of new housing falls in the highest amenity quintile, while Melbourne's supply skews toward the middle quintiles. Geelong and Newcastle perform worst among the case studies examined in this research.

Housing strategies lack funding and enforceability

Housing strategies and strategic planning documents set the tone for development but lack dedicated implementation funding. They are rarely explicitly incorporated into state statutory schemes, making them unenforceable. As such, high-level planning documents do not serve well as mechanisms for delivering well-located housing, but act more as guiding principles for doing so.

Challenges remain in delivering affordable housing in well-located areas

Well-located suburbs in metropolitan areas command a price and rental premium – especially for detached housing. For the typical renter household, units in well-located areas represent the most accessible entry point into such locations.

Major policy challenges lie in delivering sufficient and affordable housing in areas with good access to amenities, jobs and education, when these areas are often already densely populated.

Key barriers to delivering affordable medium- to high-density housing

This research identifies three obstacles to industry delivering medium- to high-density dwellings in a broader range of locations at affordable prices for moderate-income earners:

1. lack of certainty around the type, timing and cost burden of infrastructure delivery – particularly transport and schools

‘Housing strategies and strategic planning documents set the tone for development but lack dedicated implementation funding. They are rarely explicitly incorporated into state statutory schemes, making them unenforceable.’

2. local government policies and practices reflecting cultural resistance, inconsistency, underfunding or anti-development attitudes
3. imbalances between cost to build and revenue from sales outside existing high-value areas.

Policy actions:

Strengthening strategies to deliver well-located housing

Strategies for delivering well-located housing will be made more effective by:

- reducing the number of organisations involved in implementation, or centralising them, to improve coherence and accountability
- reducing delivery timelines and setting clear delivery expectations for specific areas
- focusing more on measurement and policy review, based on evidence from the field
- setting more explicit criteria around what well-located means for particular contexts.

Adopting a more integrated approach to infrastructure delivery

Governments and industry need better strategic coordination to deliver critical infrastructure in tandem with new housing delivery, rather than infrastructure following years later.

Infrastructure planning needs to be tailored to region-specific dynamics – it should not simply replicate metropolitan settings.

There should be intentional design of safety features at a neighbourhood level to address the higher crime and noise pollution that can come with a higher density of amenities.

There needs to be early delivery of social infrastructure, such as parks, recreational spaces, youth centres and other facilities, where the community can gather.

Improving project feasibility with cost-reduction measures

Cost-reduction measures are more likely to improve project feasibility for medium- to high-density housing that is affordable for people on moderate incomes, across a broader range of locations.

‘Governments and industry need better strategic coordination to deliver critical infrastructure in tandem with new housing delivery, rather than infrastructure following years later.’

Such measures could include reducing the upfront infrastructure burden on industry, reducing the costs of development approval compliance, and increasing the speed of approvals.

De-risking housing development in well-located areas

There is a clear need for greater policy certainty – to support private developer and social and affordable housing provider business case development – and significant opportunity for government to fulfil a de-risking role.

Government-led de-risking measures could include forward-funding infrastructure, reducing demand-side risks and ensuring efficient and transparent development approval processes.

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Increasing well-located housing supply for low-income households

Even with cost reductions and other factors supporting developer project feasibility, many low-income renters would still be priced out of well-located areas.

Greater funding certainty for the not-for-profit sector and increased affordable and social housing supply in well-located areas are needed to maximise access to amenities and jobs for low-income households.

Research design:

This research had a multi-stage design. Methods included extensive policy and industry document reviews; longitudinal analysis; spatial mapping; spatial affordability profiling; and stakeholder interviews with developers, planning consultants and community housing providers.

To cite the AHURI research, please refer to:

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