

**Submission
No 80**

INQUIRY INTO DEVELOPMENT OF THE TRANSPORT ORIENTED DEVELOPMENT PROGRAM

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Submission to the Legislative Council Inquiry into the development of the Transport Oriented Development draft State policy.

Submitted by: Brett Burton

I am deeply concerned about the Transport Oriented Development (TOD) SEPP.

These concerns are magnified by the cumulative impact of the TOD SEPP with the proposed Diverse and Well Located Homes SEPP (**DWLH Proposal**).

I have estimated the cost of the NSW Government's TOD and DWLH proposals to be more than \$352 billion (\$352,000,000,000).

The Minns proposal "magically" requires the doubling of building in NSW, and spending of an additional \$352 billion, with no recognition or understanding of the source of capital, labour, materials, and the supply chains needed to construct the dwelling.

- A. *Has the NSW Government considered the cost of supplying these dwellings?***
- B. *How much will it cost to supply these dwellings?***
- C. *Who is paying to supply these dwellings?***
- D. *When will the affordable dwellings be available?***

My concerns relate to

- 1. Failure to disclose financial modelling, total cost of the proposal, and who will pay.**

Will the NSW Government provide the financial modelling related to the supply of the dwelling?

My analysis, using [ABS](#) data, at \$640,000 per dwelling in NSW, and 355,000 dwellings in 5 years, indicates that TOD + DWPH will cost \$277 billion. The total cost of the 550,000 dwellings is \$352 billion.

(Source: ABS Building a New Home, <https://www.abs.gov.au/articles/building-new-home-construction-cost-changes>)

Is the NSW Government aware of the cost of TOD + DWPH?

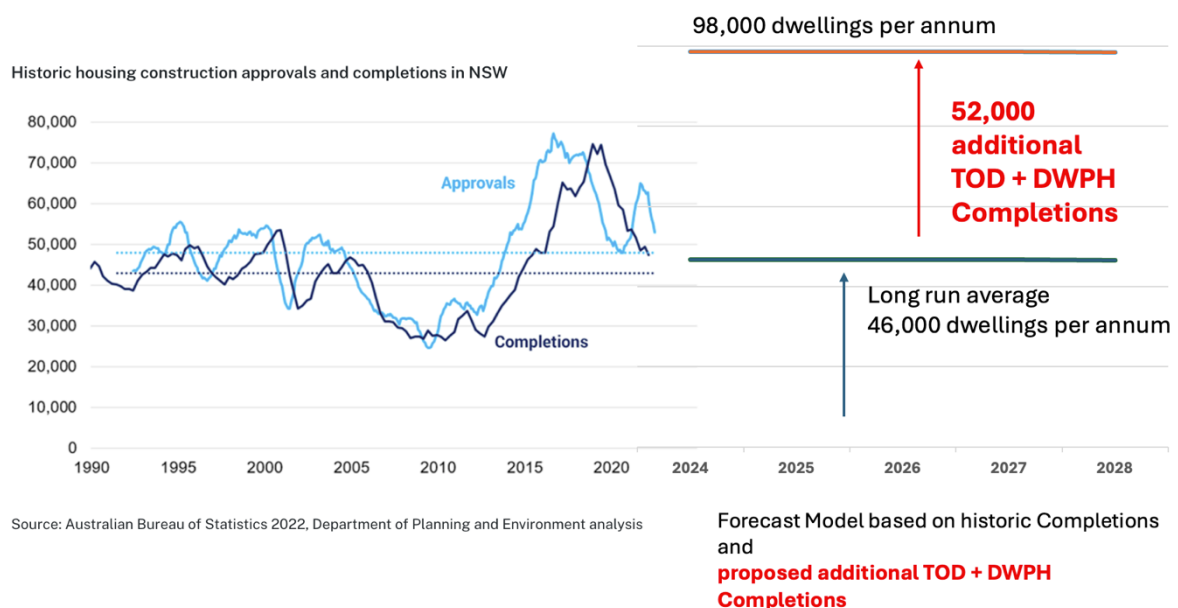
As a comparison the [federal government estimates](#) the cost of the submarine program will be between \$268 billion and \$368 billion over the next 30 years. The NSW Government is proposing one of the highest rates of capital spending ever seen in Australia. (Source ABC news <https://www.abc.net.au/news/2023-03-14/aucus-nuclear-submarine-deal-announced/102087614>)

Who is paying for the dwellings?

As a citizen, I am left to assume that all the spending on the proposals will come from private enterprise. Is this correct? If so, where is the money coming from? Is it coming from private investors, Australian public or private companies, super funds,

overseas investors or overseas governments?

The amount of money required in the first 5 years is \$873 Million per week (\$640,000 per dwelling * 355,000 dwelling / (5 years*52 weeks in a year). This is a significant increase, in lending devoted to housing. My analysis, using [ABS](#) and Reserve Bank data, shows a 25% increase in total system lending to build the homes. Over the life of the programme, these dwellings will constitute 39% of the value of all mortgages in NSW. (Source Reserve Bank Housing Loan Payments E13.xls <https://www.rba.gov.au/statistics/tables/>; Source NSW Government <https://www.planning.nsw.gov.au/policy-and-legislation/housing/housing-supply-insights/quarterly-insights-monitor-q1/trends-in-housing-supply#:~:text=Since%202016%2C%20NSW%20has%20consistently,to%20accommodate%20projected%20future%20demand>)



Has the Reserve Bank been made aware of these capital requirements?

If not, why not? If this programme is to be funded through the normal channels, such as mortgages to private investors, this will result in a significant increase in risk appetite for Australia's banks and the entire financial system.

The TOD and DWPB proposals significantly increases total private investment in housing and further increases the systemic financial risk posed by housing for our nation. As outlined above, by the end of this programme, we will see an increase of 39% of mortgage lending in NSW.

The lack of understanding of these systemic lending issues is what led to the 2007 Global Financial Crisis. The US Government and it mandated lenders Fanny May and Freddy Mac did not envisage that prices would fall, causing defaults and a massive bank bailout.

If this programme is to be funded through other means, for example through developers, does the NSW Government know where their capital is coming from?

The Minns proposal “magically” requires for the doubling of building in NSW, and spending of an additional \$352 billion, with no understanding of the source of capital.

In addition there has been no recognition or understanding of the labour, the materials, the supply chains needed to construct the dwelling.

(Source ABC News <https://www.abc.net.au/news/2024-03-24/90-000-extra-construction-workers-needed-to-be-on-track-for-goal/103625934>)

2. Lack of detail relating to social and affordable dwelling availability and when it will be delivered.

Where is the peer reviewed economic modelling that proves that upzoning alone will solve the housing crisis?

There is only a passing reference in the TOD proposal that explains how these interventions will address affordability and availability. It is hard to believe that a proposal of this magnitude was released without a proper in depth analysis. So why has this analysis been hidden from the public? Who provided the analysis? What external, to government, parties provided analysis and proposals.

When will the TOD and DWPH housing be available and affordable?

There is no detail on when housing will be both available and affordable. When exactly does the NSW Government predict that housing will become available and affordable? What benchmarks are they using to determine affordability?

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