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‘Serious challenge’: NSW will struggle to meet new housing targets



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NSW will need to build 75,000 homes each year for five years – twice as many as the state is forecast to deliver – to reach its share of the federal government’s ambitious new housing targets.

As the NSW Labor government grapples with how to meet supply demands amid the worsening housing crisis, [on Wednesday national cabinet backed a deal](#) to set a new target to build 1.2 million homes across the country over the next five years.



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ALEX ELLINGHAUSEN

However, the state's ability to reach the ambitious new targets will be tested because the government's current forecasts indicate NSW will already [fall short of its own five-year housing targets by about 134,000 homes.](#)

The shortfall is likely to be even more acute because the population projections used do not include an increase in international students or skilled migrants.

Under the previously agreed [National Housing Accord](#) between the federal government and the states, NSW needed to build 314,000 new homes over the next five years – or 62,800 a year – based on relative population.

However, under the new deal that figure will rise to 75,000 a year. The latest projections for NSW show the state is expected to deliver just 36,000 new homes a year for the next five years.



NSW has been handed a new target of delivering 75,000 homes a year for five years. WOLTER PEETERS

As part of the new housing deal, Prime Minister Anthony Albanese promised \$3 billion in federal incentives for states and territories that help meet the higher goal of 1.2 million homes.

The new incentive payment overhauls the accord agreed last year, increasing its target by 200,000 homes over five years and promising a reward for the states that deliver the most housing.

There will also be a \$500 million competitive funding program for local and state governments to spend on essential services such as basic amenities in new housing projects.

Housing Minister Rose Jackson acknowledged that NSW would struggle to meet the new goal.



“We welcome ambitious targets”: NSW Housing Minister Rose Jackson. GAYE GERARD

“We welcome ambitious targets and the national target to build 1.2 million homes over the next five years from July 2024 is just that,” Jackson said.

“Delivering our fair share of the new target means delivering 75,000 new homes. We know we have a serious challenge ahead of us to get this done and will continue to do everything we can to fast-track the delivery of homes that we desperately need.”

Jackson said she did not “just want to tick a box when it comes to meeting the national target” and the state government was focused on delivering “better homes in well-connected communities with the infrastructure to support this”.

NSW has been delivering about 47,000 new homes each year and has not reached figures close to the revised targets since 2018, when the state hit a completions record of 74,534 new homes that year.

Business NSW chief executive Daniel Hunter said the new targets were welcomed but warned that there was no time for any further inaction on increasing much-needed supply.

“Setting an ambitious target of 1.2 million new homes over the next five years is great, but it’s the delivery that we really need to see action from government,” Hunter said.

“We need state and local planning systems to say ‘yes’ to more homes and work with industry and builders to get moving on this target. It’s critical that people have the option to live close to their place of work, and housing supply is crucial to that.”

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