



UNLOCKING HOMES

Accelerating delivery of local and state infrastructure for NSW

PRESIDENT'S FOREWORD

Right across NSW, further growth in housing supply is constrained by the timing of the delivery of enabling infrastructure – including roads, stormwater systems, public transport hubs, water and sewer networks.

The current system for funding this infrastructure that is desperately needed for new homes is broken and must be remade to solve the housing supply crisis in NSW.

Councils and the NSW Government are required to deliver essential infrastructure, but under this broken system the funding arrives too late. That means housing is delayed, communities wait longer for facilities, and the cost only goes up.

We agree with the NSW Government that the housing crisis is the number one challenge facing our communities but we also know that too little investment in the basic infrastructure needed for new homes is making the crisis worse.

The NSW Government has the capacity to bridge this gap by making no-interest loans available to Councils, by forward funding infrastructure and by expanding the list of community facilities that can be funded by developer contributions. Under the proposals put forward by LGNSW, the State Government can partner with Local Government to ensure this essential infrastructure is built, thereby supporting the growth of much needed housing.

Local Government again stands ready to partner with the State Government to deliver on much needed infrastructure for our communities.



Mayor Darcy Byrne
President LGNSW

THE PROBLEM



Both infill and greenfield development have a role to play in addressing the housing crisis.



In growth areas, housing construction is heavily dependent on enabling infrastructure provided by state and local governments – this includes water and stormwater management, roads, sewerage, electricity grids and public transport hubs.



Councils and the NSW Government only receive developer contributions for this infrastructure following subdivision or when housing construction is imminent.



This funding gap delays infrastructure delivery, often slowing delivery of much needed housing.



PROPOSAL

LGNSW calls on the NSW Government to:

01 Establish a \$5 billion interest-free loan facility for councils to deliver local infrastructure ahead of developer contributions receipts, with repayment drawn from contributions as they are collected over the life of contributions plan.

02 Commit to forward-funding \$3 billion of State and regional infrastructure in growth areas, with costs recouped progressively from the State Government's Housing and Productivity Contribution receipts.

03 Update the list of approved infrastructure that local contributions can be used for, to allow councils to build social infrastructure such as libraries that make communities liveable.

Crucially, these measures must supplement, and not replace, existing grant funding programs for enabling infrastructure. More broadly, there also remains the need to index local infrastructure contribution caps, which have not changed since 2009.

Benefits

- ✓ Accelerated housing supply by removing infrastructure bottlenecks.
- ✓ Predictable infrastructure delivery strengthens investor confidence.
- ✓ Land and infrastructure purchased earlier avoids further cost escalation.
- ✓ Financially constrained councils can deliver growth infrastructure without compromising core services.
- ✓ Fiscally responsible solution for NSW Government, which can access lower interest loans than councils.
- ✓ Better planning outcomes as infrastructure-led development builds social licence.
- ✓ Communities supported with social infrastructure that supports communities to thrive.

PROPOSAL ONE \$5 billion interest-free infrastructure loans for councils

Enable councils to deliver local infrastructure earlier, repaid from developer contributions as they are received over the life of a contributions plan.



NSW Government establishes a \$5 billion rolling loan facility providing councils with interest-free loans to fund capital works included in contributions plans



Council applies for interest-free loan from NSW Government



Infrastructure is delivered concurrent with or ahead of development



Contributions collected from developers are applied to loan repayment



Loan is extinguished over the life of the contributions plan

PROPOSAL TWO Forward funding regionally significant infrastructure

NSW Government forward-funds State and regional infrastructure in growth areas, recouping costs from its own HPC contributions stream.



NSW Government capitalises its HPC fund with \$3 billion



NSW Government identifies regional/state infrastructure required in a growth precinct (including in an Infrastructure Opportunity Plan)



NSW Government forward-funds delivery from consolidated revenue or lower cost loans the NSW Government can access



Land is released and development proceeds, generating HPC receipts



HPC receipts are quarantined to repay the forward funding outlay

PROPOSAL THREE Allow local contributions to be used to construct social infrastructure such as libraries

Update the Essential Works List to allow construction of social infrastructure such as libraries.



Many councils, especially in growth areas, fund social infrastructure such as libraries through developer contributions



However, these rates have not been indexed since 2009 and so don't go as far as they used to



IPART can approve councils increasing contributions above these caps, but councils are then restricted to only using these funds on items on the NSW Government's "Essential Works List"



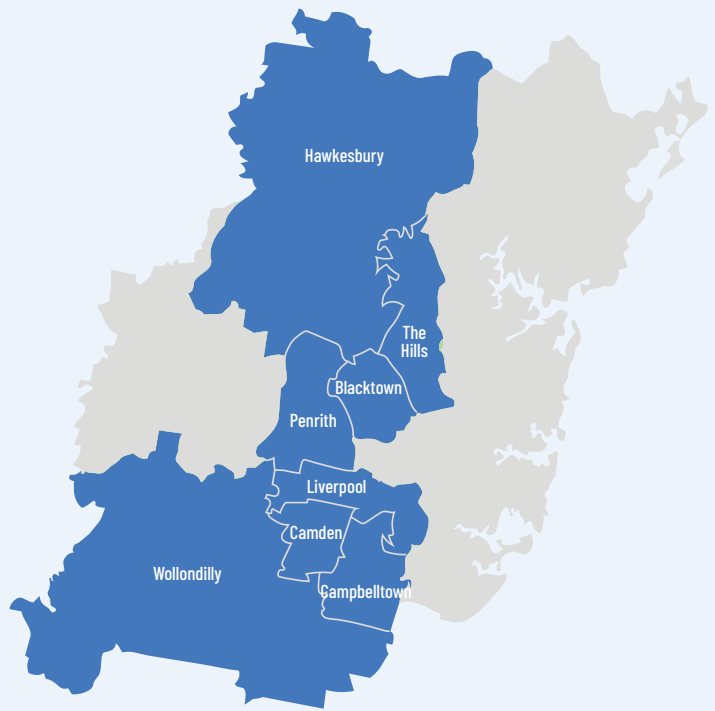
While this list allows land acquisition for social infrastructure such as libraries, it does not fund library construction or fit-out, leaving a significant gap in delivering the facilities communities need



The NSW Government should update the Essential Works List to allow councils to spend contributions to build community infrastructure such as libraries

LOCAL IMPACTS IN SELECTED GROWTH AREAS

To illustrate the impact of the infrastructure funding gap, just eight LGAs in NSW growth areas together have a population of more than 1.6 million residents (almost a third of Greater Sydney) and have already delivered well over 200,000 new dwellings over the last 30 years, with many more approved. However, construction of thousands of potential additional dwellings cannot proceed without funding for necessary enabling infrastructure. Forward funding infrastructure in just eight Greater Sydney LGAs would unlock the potential for almost 70,000 new homes. As these new lots are sold, they would also generate an estimated \$1.8 billion in stamp duty receipts for the NSW Government.



CASE STUDIES



Blacktown LGA



- **Approximately 3,200 dwellings completed** since 1 July 2024.
- **An estimated 3,000+ dwellings** will be directly unlocked with delivery of State-funded infrastructure.
- **Approximately 2,000 dwellings approved** but not commenced.

Case study: Quakers Road to unlock thousands of new homes

Delivery of Quakers Road is a critical infrastructure investment required to unlock housing in the Schofields Precinct in the North West Growth Area. The project includes construction of a new 1.64 kilometre four-lane sub-arterial road, intersection upgrades, shared paths, drainage, land acquisition and major utility relocations.

Investment of approximately \$85 million is required to deliver this infrastructure, supporting more than 5,000 new homes alongside improved access to transport, jobs and services. Without accelerated investment, up to 3,500 dwellings will be deferred by around seven years.

Forward-funding and accelerating delivery of Quakers Road would:

- Stimulate early housing delivery by unlocking fragmented and constrained land for development;
- Improve traffic flow and provide a critical north-south connection;
- Support public and active transport, including future bus services;
- Maximise benefits of significant government investment in the North West Growth Area and Metro network, and enhance access to Schofields Station; and
- Facilitate access to major regional sporting, social and educational infrastructure.



Camden LGA



- **2,650 dwellings completed** since 1 July 2024.
- **785 potential dwellings** approved but yet to commence construction.
- **More than 6,000 dwellings awaiting** enabling infrastructure in the Leppington Town Centre alone

Case study: Dickson Road corridor – helping to unlock Leppington Town Centre

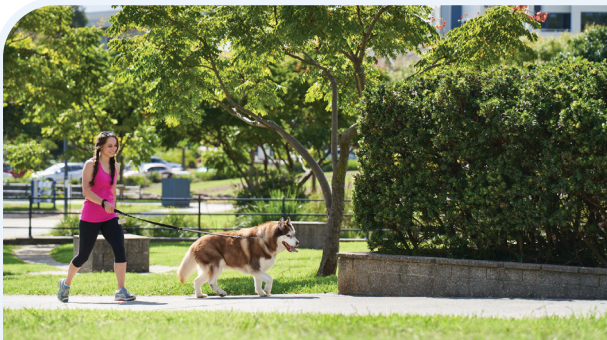
Investment in the Dickson Road corridor is a key infrastructure package needed to unlock development in the Leppington Town Centre. It includes major road upgrades, drainage works, land acquisition and utility relocation.

Investment of approximately \$133 million is needed for this infrastructure to unlock 6,000 new homes, alongside jobs and services.

Current estimates exceed the balances of the contributions plan balances, impacting feasibility of the infrastructure package.

Forward-funding this infrastructure delivery would:

- Stimulate the early investment of lead-in infrastructure to enable new housing, industrial and commercial activity;
- Improve traffic flow through a key north-south connection; and
- Support the growth of the town centre.



Campbelltown LGA



- **1,150 lots delivered** since June 2021
- **More than 3,500 potential dwellings** awaiting enabling infrastructure.

Case study: Enabling infrastructure to support housing in Campbelltown

In Campbelltown LGA's portion of the Greater Macarthur Growth Area, more than 12,000 additional lots are progressing towards rezoning, but will be constrained by a lack of enabling infrastructure to allow for housing construction.

Within this Growth Area, across Rosalind Park and Gilead Stage 2 developments, the delivery of more than 3,500 dwelling lots is adversely impacted by a lack of critical infrastructure. This includes major intersections, sewer infrastructure as well as significant transport corridors, such as the Greater Macarthur Transit Corridor and Appin Road upgrade.

The impact of increasing development brings Narellan Road to a standstill daily, and with Appin Road being the only conduit between Narellan Road and the Illawarra, alternative regional transport connections are required early to facilitate future development within the area.



Hawkesbury LGA



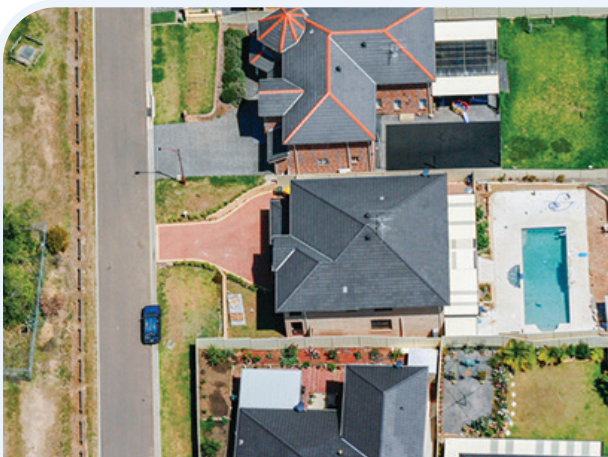
- **843 dwellings completed** since 1 July 2024.
- **445-615 potential dwellings awaiting** enabling infrastructure.
- **300 dwellings approved** but not commenced.

Case study: Vineyard Precinct – Unlocking growth in Hawkesbury

Infrastructure is needed to unlock new housing in the Vineyard precinct, where development is currently constrained by limited access and road capacity.

Two priority upgrades would enable significant new housing:

- **Vineyard South of Killarney Chain of Ponds** – A new signalised intersection at Windsor Street/Otago Street – the only access point for residential development in this area – is required to open up land south of Killarney Chain of Ponds. Land acquisition is needed across multiple land parcels. This would unlock up to 185 new homes, and require an investment of around \$5.7 million.
- **Boundary Road upgrade** – would support up to 430 new dwellings.



Liverpool LGA



- **Approximately 4,000 dwellings completed** since 1 July 2024.
- **More than 13,000 potential homes** could be unlocked with investment in essential infrastructure.
- **More than 1,400 dwellings approved** but not commenced.

Case study: Supporting growth and liveability in the Austral and Leppington North Precinct

Targeted infrastructure investment would unlock thousands of new homes and thriving communities in Austral and Leppington North.

- **Drainage basins** – 19 drainage basins for flood mitigation would unlock 10,000 to 12,000 new homes, requiring an investment of approximately \$385m to deliver (including associated land acquisition).
- **Fourth Avenue upgrade** – Accelerating the full upgrade of Fourth Avenue between Bringelly Road and Gurner Avenue is estimated at approximately \$365m. This would deliver approximately 1,200 dwellings from undeveloped sites immediately along the corridor, as well as unlocking a further 4,000-5,000 homes in sites east and west of the corridor.
- **WV Scott Memorial Park Upgrade** – WV Scott Memorial Park is the future location for a new aquatic centre, indoor sports facilities and upgraded playing fields, which will service a population catchment of approximately 75,000 people. Given current limitations with funding social infrastructure from local contributions, only the land required to deliver the facilities can be funded. An alternate funding source will be needed to deliver this essential social infrastructure for rapidly growing communities.



Penrith LGA



- **1,211 dwellings completed** since 1 July 2024.
- **20,000 potential new dwellings** already zoned for housing.
- **1,462 dwellings approved** but not commenced.

Case study: St Marys Town Centre – Penrith City’s second largest centre

St Marys Town Centre is set for a dramatic transformation, with the arrival of the new metro line connecting St Marys to the new Western Sydney International Airport, with changes continuing for the next two decades and beyond.

Penrith City Council’s Master Plan for the Town Centre was adopted in March 2025 and is expected to facilitate an estimated additional 9,307 dwellings and 8,360 jobs over the next 20+ years.

An investment of \$235 million is required to fund the local infrastructure needed to support the forecast resident and worker growth. The St Marys Town Centre Development Contributions Plan 2025 identifies these local infrastructure requirements as follows:

- traffic and active transport (roads and intersections) - \$108.5m
- streetscape improvements- \$3.46m
- stormwater management - \$23.77m
- local open space and recreation - \$29.35m
- community facilities (works) - \$27.5m
- land acquisition - \$43.3m

A further \$369m+ in State infrastructure is needed to support the planned growth, plus a proportion of unfunded local infrastructure that is not part of the Contributions Plan.



The Hills Shire LGA



THE HILLS
Sydney’s Garden Shire

- **4,450 dwellings completed** since 1 July 2024.
- **251 potential dwellings/lots** awaiting enabling infrastructure.
- **4,900 dwellings/ lots** approved but not commenced.
- **16,370 dwellings/ lots** approved but not completed.

Case study: Box Hill infrastructure funding shortfall

Due to the capping of local infrastructure contributions, cost escalations and the past Government-imposed reductions in cost estimates within the Plan, it is projected that there will be a \$209m shortfall at the end of the Box Hill Contributions Plan.

The Hills Shire has had to delay the provision of \$209m of the infrastructure until such time as alternative funding becomes available. This includes roads, pedestrian and vehicle bridges, drainage infrastructure and reserves.

The future Box Hill community will generate demand for this infrastructure and failure to provide it will impact on liveability and amenity of the precinct.

The longer the Hills Shire has to wait for a suitable funding source, the more expensive delivery will be.



Wollondilly LGA



- **1,526 dwellings completed** since 1 July 2024.
- **23,306 potential dwellings awaiting** enabling infrastructure.
- **653 dwellings approved** but not commenced.

Case study: Unlocking Wilton Growth Area's potential

Wilton is a State-led growth area in outer Western Sydney, planned to deliver a major new community with:

- 15,000 homes and 15,000 jobs
- 7 major precincts
- 12,000+ lots already rezoned
- 9,550 potential dwellings already rezoned and awaiting enabling infrastructure

Significant investment is required to unlock the housing potential, including:

- Stage 2 Wilton Wastewater system capacity upgrades to take servicing capacity from 4,000 to 8,000 homes, and Stage 3 to service 15,000 homes
- Picton Road / Hume Highway interchange (planning approved, shovel ready): \$598m
- Wilton Park Road and key intersections: \$50m.

For further information, contact LGNSW at media@lgnsw.org.au