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Media Release

\$75,000 less to build a home closer to Sydney CBD

Building in and close to Sydney's central business district (CBD) can save up to \$75,000 in infrastructure-related costs per home, new research shows.

NSW Productivity Commissioner Peter Achterstraat AM today released *Building more homes where infrastructure costs less*, the second in a series of papers that considers how NSW can use evidence to plan for new homes in the right locations and leverage Sydney's existing infrastructure.

"At least 550,000 new homes are needed across Sydney by 2041. In this housing affordability crisis, it's more important than ever to make sure new housing is built in the right areas and that we make the most of existing infrastructure," Mr Achterstraat said.

"This paper investigates the costs of building across Greater Sydney and finds that the economic costs of growth, varies from \$40,000 to \$114,000 per home, with the lowest cost in areas near the CBD and increasing significantly moving north, south, and west.

"Building up in existing areas is cheaper because much of the necessary infrastructure, such as roads, public transport, schools, utilities, and open space, is already in place. More homes close to jobs also means shorter travel times."

The paper follows the *Building more homes where people want to live* paper, released by the NSW Productivity Commission in May. which tallied the benefits of increasing housing in high-demand areas across Sydney, instead of pushing new homes further away.

"Our previous paper showed the Eastern Suburbs, North Shore, inner city, and Inner West have the greatest unmet demand when it comes to where people want to live. This paper suggests these areas also have the most existing capacity and are the most cost-effective areas to build in," Mr Achterstraat said.

"Put simply, more housing in the right places, where people want to live, will improve affordability, reduce infrastructure costs, and limit the burden on taxpayers."

The infrastructure costs considered in this paper include:

- the economic costs, or impacts on individuals, of road congestion
- the economic costs, or impacts on individuals, of crowding on trains
- the costs of upgrading schools to take on new students
- the costs of new water and wastewater connections
- the purchase or contribution towards land for open space.

These two housing papers are part of a series that focuses on evidence-based decision-making in planning.

To read the report, please go to <https://www.productivity.nsw.gov.au/building-more-homes-where-infrastructure-costs-less>