

13 February 2024

## **Media release**

# **Allow more inner-Sydney housing to stem exodus of young families**

High housing costs are a key factor driving tens of thousands of young families to leave Sydney for regional NSW and other states, according to a new paper by the NSW Productivity Commission.

The paper, titled *What we gain by building more homes in the right places*, found that between 2016 and 2021, Sydney lost twice as many people aged 30 to 40 as it gained. 35,000 came to Sydney, but 70,000 left.

Launching the third paper in a series on housing, Productivity Commissioner Peter Achterstraat AM said “many young families are leaving Sydney because they can’t afford to buy a home. Or they can only afford one in the outer suburbs with a long commute.”

“Sydney is losing its 30–40-year-olds; if we don’t act, we could become known as the city with no grandchildren.”

Mr Achterstraat said the exodus of talent highlighted the need for greater housing density to help make Sydney a more affordable place to live.

He said ‘building up’ in inner-Sydney suburbs, not just on the city’s fringes, would boost productivity and wages, cut consumers’ carbon emissions, and preserve land and green spaces.

Density done well can help address inequities caused by the current housing shortages.

“High housing costs work like a regressive tax, with the burden falling disproportionately on low-income earners.”

“Sydney needs hundreds of thousands of new homes over the next two decades. Building more in the places people want to live is a key piece to solving the housing jigsaw puzzle.”

“45,000 extra dwellings could have been built between 2017 and 2022, with no extra land, by allowing higher buildings. This could have seen prices and rents five-and-a-half per cent lower — \$35 a week for the median apartment or a saving of \$1,800 a year for renters.”

The paper cites evidence that large, compact cities make workers and businesses more productive. Most of this benefit comes from the learning opportunities on offer there. A range of further social benefits are highlighted, including giving families access to good schools, quality open space, more goods and services, and more time with friends and family. Allowing more homes to be built in areas with high-performing schools can put them within the reach of more families who currently cannot currently afford to live near these schools.

“New apartments and townhouses in inner suburbs will let young families live near their parents and their children’s grandparents. The social benefits of abundant well-located homes are major.”

The paper emphasised the importance of building homes in the right places to mitigate and adapt to climate change. Building closer to the coast would relieve households from extreme heat. For example, some locations on the fringe of Sydney had 360 days over 35 degrees between 2007 and the most recent summer – nearly a whole year’s worth – compared to just 66 days in the CBD.

“We know from overseas that density done well provides benefits for households, communities, and the economy,” Mr Achterstraat said. “I’m confident we can make density work for us.”

“In the last year, we have seen a mature and reasoned discussion from all sectors of the community.”

“The key to progress from here is to listen to the opponents to change but also give due weight to the benefits of density and the views of the broader community.”

Mr Achterstraat said it was time for a fresh discussion on heritage restrictions on housing close to the CBD and the role they play in keeping housing prices high. He pointed to the proliferation of Heritage Conservation Areas (HCAs) which restrict new housing, with more than half of residential land in prime suburbs like North Sydney, Newtown, Edgecliff, and Redfern covered by HCAs. This reduces the amount of land available for new housing near the city, near trains stations, and close to jobs.

“We can preserve the gems of Sydney’s heritage without inadvertently freezing young people out,” Mr Achterstraat said.

The NSW Productivity Commission’s *What we gain by building more homes in the right places* is available on the Commission’s website: [www.productivity.nsw.gov.au](http://www.productivity.nsw.gov.au)

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