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Cutting Australia's Housing Shortage

Official recognition that Australia has a chronic housing shortage is belated but welcome according to HIA's Managing Director, Shane Goodwin.

"The shortage of new homes didn't happen in the past year; it's been going on for most of the current decade," said Shane Goodwin.

"Some have the mistaken belief that builders are living in the lap of luxury. But if building homes was a sure-fire bet, why has Australia been under-building new homes for years?"

"It has been commonplace to blame the states for not making sufficient land available for residential development. But providing the roads, public transport, schools, hospitals, child-care and community services to accommodate increases in population numbers is a very expensive business. Most of the funding responsibility falls on the shoulders of state and territory governments.

"Jammed in by funding constraints, an increasing number of state and local governments have been resorting to taxes and charges on new residential development to help pay for the expansion of regional and local infrastructure that will be accessed and used by the broader community.

"The trend to development levies has not guaranteed the supply of additional housing; it has had the reverse effect by causing more buyers to switch to established housing that does not bear the infrastructure charges (and the GST).

"Making a dent on Australia's housing shortage turns mainly on the issue of who will pay for the community and economic infrastructure in our cities required to meet the needs of an expanding population.

"The Prime Minister's offer of Commonwealth funding to the states and territories for urban infrastructure in return for a step-change in the development of sustainable housing, is both timely and welcome.

"If the Commonwealth is prepared to shoulder some of the budgetary responsibility for urban infrastructure, then the federal funds must replace some of the current state and local government levies applied to new housing.

"Failure to cut supply-sapping development levies would see consumers continue to vote with their feet by trading in the established housing market," commented Shane Goodwin.

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