

MEDIA RELEASE

4 June 2020

Housing and Construction Stimulus Package A Plus

The Commonwealth Government's \$25,000 Homebuilder stimulus package for the housing and construction sector will help promote jobs, wages and activity as Australia recovers from the economic effects of COVID-19, according to the Urban Development Institute of Australia (UDIA).

The Government has today unveiled its housing stimulus plan to encourage homebuyers back into the market, start construction on new housing stock and generate jobs.

"Housing and construction is a central pillar of the economy – generating 7.5 percent of the nation's growth and supporting 750,000 direct and indirect jobs," said UDIA National President, Simon Basheer.

"The economic recovery will be swifter and stronger for having a housing and construction industry that is robust, so the Government's focus on stimulating activity is the right one.

"Right now, the industry is facing a slowdown in pricing, rents, sales volumes, approvals, construction and forward work pipelines.

"The package will help pull forward activity that meets the challenges of the 'economic and jobs cliff' facing the industry in the second half of 2020.

"It was critical the federal government acted and now we need the states to play their part by applying targeted incentives into the 'gaps' in the Homebuilder scheme (such as townhouses and off-the-plan apartments), as well as fixing planning and state taxation barriers to new housing.

"States sit at the coalface of housing markets, and are the custodians of approval systems, state taxes and charges and local government processes. This is their once-in-a-generation opportunity to drive real reform right through the whole housing supply chain.

"The federal package represents an important shift from the stabilisation phase of the Government's response to COVID-19 to one that addresses the need to kickstart activity across the economy.

"The Government's Homebuilder package is modelled around the First Home Owners Deposit Gap Scheme it launched in January this year with the same income caps for singles and couples but applied to all homebuyers.

"We encourage the Government to keep an open mind on the income and price thresholds that apply to the Homebuilder package, given the difference between major capital cities and regions. A \$750,000 pricing cap, especially in Sydney and Melbourne for house and land, will be restrictive in many areas.

“UDIA is also conscious the package will primarily have an effect in greenfield markets, and there is limited benefit to middle ring or apartment development also crucial for creating needed supply and employment.

“UDIA believes that a broader spectrum of income caps may be needed to generate the shortfall in demand which we estimate to be up to 50,000 new homes over the near term and we urge the Government to continually review this so the vital objective of stimulating demand in the short term is achieved,” Mr Basheer said.

UDIA’s “Bounce Back” plan also promoted deeper and broader demand initiatives that UDIA wants to work with governments to enable the industry by advancing:

- Investment in infrastructure in partnership with the states that unlocks the essential trunk infrastructure needed over the next 12 months to service new residential construction and create a double dividend of future supply and jobs
- More efficient planning and environmental approvals, including guaranteed assessment timelines for major projects currently stuck in the system related to the Environmental Biodiversity and Conservation Act
- A pathway to re-establish immigration levels that support economic growth, consistent with health protocols.

Helping Australia Bounce Back:

<https://udia.com.au/media-release/media-release-4-5b-housing-and-construction-stimulus-pack-core-to-economic-revival/>