

MEDIA RELEASE

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HOUSING AFFORDABILITY WOES NEED SOLUTIONS

The latest report card on Australia's housing markets shows the need to eliminate barriers to housing supply and improve affordability for homebuyers, according to the Urban Development Institute of Australia (UDIA).

The National Housing Finance and Investment Corporation has released its first annual *State of the Nation's Housing 2020* report, detailing the five-year forecast for housing supply, demand and affordability.

UDIA National – the nation's peak body representing the property development industry – said the report is a crucial tool in informing policy makers on decisions needed to ease access to home ownership.

"Australia has one of the world's least affordable housing markets, and the ongoing imbalance between supply and demand is the underlying reason," said UDIA National President, Simon Basheer.

"The report makes clear the slowdown in immigration and population growth due to COVID-19 has given us a temporary reprieve from long-term pressures in housing markets.

"The beneficial effects of initiatives like *HomeBuilder* will help stimulate supply in the short-term and produce rates of new housing construction that outstrip demand for the next two years primarily due to the negative levels of overseas migration at this time.

"However, the headline conclusion of the report is that affordability will continue to decline in the long-term without a serious and sustained injection of supply.

"We need to see a coordinated response from governments that targets the regulatory and tax barriers to boosting housing supply, improving affordability and making home ownership easier."

The report states:

"NHFIC's projections see housing demand bouncing back and will exceed new housing supply between 2023 and 2025. Affordability for renters and prospective first home buyers could deteriorate if supply is not responsive to the strong rebound in demand over this time and beyond."

Mr Basheer is urging a holistic plan from governments to target inefficient planning and approvals systems, excessive taxes and other red tape that inhibits the delivery of new housing.

"Accountability should sit at the epicentre of any meaningful effort to fix housing markets, so we would encourage the production of annual scorecards on progress against housing targets," Mr Basheer said.

"State and local governments also need to accelerate work to overhaul the supply of adequate land, the infrastructure needed to support its development and the pace and cost of planning approvals.

"The other focus needs to be the high tax burden baked into the cost of new housing via endless taxes, charges and levies that are ultimately paid by new homebuyers.

"Identifying these barriers and recommending a pathway to their removal should be a focus of future reports by NHFIC."

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