

MEDIA RELEASE

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UDIA NATIONAL SAYS IT'S TIME TO FIX HOUSING SUPPLY WOES

A new incentives-based system to ensure states and territories meet housing supply targets is needed to solve affordability woes in Australia, according to the Urban Development Institute of Australia (UDIA).

UDIA National pitched the proposal in its appearance before the House of Representatives' Tax and Revenue Committee inquiry into housing supply and affordability in Australia yesterday.

UDIA National – the nation's peak body representing the property development industry – said the inquiry represented a unique opportunity to break the back of barriers to fixing housing supply and affordability.

"Australia has one of the world's least affordable housing markets and it has continued to deteriorate under the weight of excessive regulatory and tax burdens," said UDIA National President, Simon Basheer.

"We have a once-in-a-generation opportunity to build durable, development-ready supply pipelines that can meet demand, produce a more balanced housing market and make home ownership affordable. Rezoning land is just the first step towards new housing, Australia also needs critical enabling infrastructure to make it happen.

"The Government's own forecasts show that once business-as-usual immigration and population settings return post-pandemic, demand is poised to rise to over 178,000 homes per year.

"Yet for the past 20 years we have averaged 142,700 new homes per annum in supply – and the cumulative supply gap has risen to as high as 200,000. Supply is the key here and will be a key lever to increase affordability and home ownership".

"The goal of home ownership is intrinsic to the Australian psyche, but it has never been more out of reach."

UDIA National is recommending a new incentives-based model that:

- Sees independent and transparent housing targets, tied to population growth, set for each state and territory
- Makes financial incentives available to states and territories that meet the target, with the money to be recirculated into initiatives like enabling infrastructure essential to support housing production
- Ties the payments to actual performance, so the states and territories are only rewarded for delivering real outcomes that boost supply, rather than just the production of plans or strategies
- Incentivise the states to enact meaningful reform in its planning systems to drastically cut the time taken to deliver supply to the market.

"The incentives model should be backed by independent league tables that showcase the performance of states and territories and apply greater accountability. Regearing the mandate and focus of NHFIC to produce more accountability, transparency of supply outcomes across planning systems will be a positive step in the process," Mr Basheer said.

"It represents a great opportunity to break through planning delays that add excess costs into the price of new housing and produce a more sustainable supply of homes to meet demand."

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