

Media Release

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Federal Budget Must Support New Home Construction

The peak body representing the urban development industry has urged the Federal Government to use the 2014-2015 Budget as an opportunity to boost construction of new homes to support jobs and drive economic growth.

In its Pre-Budget submission the Urban Development Institute of Australia (UDIA) has called for increased investment in urban infrastructure, lower taxes and charges on new housing, and cuts to unnecessary red tape in order to boost the supply of new homes and improve housing affordability.

“Despite record low interest rates, the dream of homeownership is still out of reach for far too many households,” said UDIA National President Cameron Shephard. “We’re calling on the Federal Government to work with state and territory governments to address the problems holding up investment in new housing, such as constraints on land supply, poor investment in urban infrastructure, excessive red tape, and hefty taxes and charges.”

One of the key recommendations from the recently released National Commission of Audit Report is the sale of surplus commonwealth land for private uses such as new housing. UDIA has long supported surplus land sales as a way to increase housing supply, and adoption of such an approach in next week’s Budget would be a win-win for both Commonwealth finances and new home buyers.

“In addition to improving housing affordability, increased investment in housing will create new jobs, improve business activity, and add to Government revenue. This boost to the economy and Budget bottom line will be particularly crucial over the coming years as the mining investment boom winds down,” said Mr Shephard.

UDIA is also calling on the Government to make an ongoing commitment to other Commonwealth housing initiatives in the Budget such as the National Rental Affordability Scheme, which has so far delivered over 14,500 new homes across the country.

Please find below a summary of UDIA’s recommended actions for the 2014/15 Federal Budget. UDIA’s full Pre-budget submission can be downloaded [here](#).

For further information or comment, please contact:

Cameron Shephard, UDIA National President – 08 9217 3600 or 0418 934 399

Liam Foley, UDIA National – 02 6230 0255 or 0431 338 458

UDIA 2014/15 Pre-budget Submission – Summary of Recommended Actions

- To Increase the Supply of New Housing, the Government should:
 - Play a leadership role in cooperating with state and territory governments to improve planning and the supply of urban land.
 - Regularly audit Commonwealth owned land to determine if ongoing possession by the Commonwealth is its best use, and if not, make it available for urban development.
 - Substantially retain the National Rental Affordability Scheme (NRAS), and commit to increased and ongoing funding to the scheme and an expanded dwelling target.
 - Consolidate local infrastructure enabling programs, such as the Housing Affordability Fund and Building Better Regional Cities program into one major local infrastructure fund, and commit ongoing and increased funding to such a scheme.

- To Boost National productivity through infrastructure investment, the Government should:
 - Further investigate tax increment financing (TIF) as a means to fund infrastructure investment.
 - In instances where privatisation of existing state government assets is in the best interests of consumers and businesses, the Commonwealth should incentivise state governments to sell those assets and invest the proceeds in new infrastructure projects.
 - Investigate new ways to remove barriers to private investment in public infrastructure, and improve the attractiveness of public infrastructure as an investment.
 - Strengthen the role of Infrastructure Australia, and commit to rigorous and comprehensive cost benefit analysis to ensure the greatest value for money on new infrastructure projects.
 - Ensure that infrastructure funding, financing and implementation strategies are integrated across different functions of government (including land use and transport planning, economic and urban development and environmental assessment), and across different levels of government.

- To Strive for a more efficient and equitable tax system, the Government should:
 - Work with state and territory governments to phase out stamp duty on property purchases over a five year period, and replace them with more efficient taxes such as a broadening of the GST.
 - Include levies in GST cost base calculations to improve housing affordability.
 - Work with state and local governments to ensure that where developer contributions are used, they are reasonable, transparent and justified in their implementation, and that there are not more appropriate forms of funding available.
 - Play a role in benchmarking housing and infrastructure costs around the nation, with a view to reducing those costs.
 - Favour funding and financing approaches that spread the cost of infrastructure out over extended time frames, rather than impose it up front, such as through developer contributions.

- To Reduce the burden of red tape and regulation, the government should:
 - Continue with its plan to streamline the environmental approval process to create a 'one stop shop'
 - Abandon the practice of cost recovery under the EPBC Act, and increase funding to manage the conservation of species listed under the Act.
 - Work with state and territory governments to ensure consistent planning policies exist across council areas in order to improve certainty in planning approval processes.
 - Stop attempts to restrict development around airports and airport corridors beyond the current and existing standards.