



Media Release

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Moves to change how home loans are assessed is welcome news

The Urban Development Institute of Australia (UDIA) has welcomed APRA's announcement that it is looking to change how lenders assess the ability of borrowers to service a housing loan.

"This is something we've been calling for – even as recently as yesterday – and it's great news," says UDIA National President, Darren Cooper.

"The current benchmark of 7% has made credit really hard to come by and it has been stifling the residential property market. While this benchmark may have been appropriate when it was introduced in 2014, it is no longer the case," he says.

"Since then, we've had ongoing historically-low interest rates and there's also the potential for the cash rate to fall even further.

"For those reasons, APRA's current serviceability assessment rate is too high. There's no reason for such a big buffer for the banks," he says.

UDIA says the opportunity for banks to set their own serviceability benchmarks for their residential mortgage customers, and manage their own business, is a great move by APRA.

"This change will help more people get access to credit and buy residential property. It will also help stabilise property prices around the country after the uncertainty leading into the Federal election - and the UDIA is all for it."

The UDIA says it encourages APRA to implement these changes as swiftly as possible after its four-week consultation with the banks and will be writing to APRA to lend its full support to the proposed changes.

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