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# MEDIA RELEASE

## **Industry urges Gvt to act now on affordability audit findings**

Releasing the first ever audit of housing affordability in centres across Australia, the Urban Development Institute of Australia (UDIA) has urged the federal and state governments to act immediately to address the steady decline of affordability in all states.

The UDIA report – *An industry report into affordable home ownership in Australia* – launched today (August 6) charts the change in housing affordability of 70 designated population centres in Australia from 2001 to 2006.

The report uses the UDIA/Matusik Affordability Measure to categorise centres as being either affordable, having some constraints, being seriously constrained or unaffordable based on the average purchasing capacity of households in those centres.

Moving from a situation in 2001 where 96 per cent of the centres were considered affordable, the latest figures find only 39 per cent of centres affordable with a staggering 27 per cent now considered unaffordable.

UDIA President Grant Dennis said housing affordability would impact the entire Australian economy and federal and state governments must act now to prevent further decay in housing affordability.

“A number of reports into the affordability of Australian housing in recent months have consolidated public awareness of the steady decline of affordability in this country,” Mr Dennis said.

“We have seen some state governments, including Victoria, Western Australia and more recently Queensland, taking some initial steps to address land supply and other supply factors in their states and have had acknowledgement from both the federal government and federal opposition that declining affordability is now a national problem,” he said.

“However, the industry’s concern is that immediate and concerted action from the federal government and all states is required urgently to restore affordability in the foreseeable future.

“Australia’s leading economists such as Saul Eslake and property commentators including Michael Matusik have all stated that it is their opinion that the current situation will continue to worsen for at least 3 years,” he said.

“Australia’s housing market is currently under supplied by at least 20,000 homes and this could well continue until there is undersupply of approximately 120,000 homes.

“As the UDIA report shows, increased headworks charges are either being imposed or under consideration in all Australian states, which add anywhere between \$5,000 and \$85,000 to the cost of a new house today.

“There is strong evidence for the federal government to act immediately to provide funding for local authorities to reduce infrastructure charges in the immediate future.

“With development lead-in times as they are, and the threat of rising interest rates hanging over our heads, we simply can’t afford any further delay in taking action.”

“Waiting until after the election to do this will add anything up to two years’ delay before there is some relief in sight and this is simply too long to wait.

Mr Dennis said a sophisticated economic modelling approach, similar to that recently adopted by the United Kingdom Government, would provide long-term solutions.

“Managing the way out of the current situation is incredibly complex,” he said.

“The Institute calls on the Federal Government to immediately implement a Ministerial Council on Housing Affordability to ensure that appropriate national strategies are developed.

“The first action of the Ministerial Council should be to set in place a long term solution which is the establishment of a National Housing Policy Research Unit, similar to that in the United Kingdom.

“If government fees and charges are increased, or land is released or withheld, we need to know what actual impact this is likely to have on housing affordability so we can constantly monitor what is happening in the marketplace.

“Complex and independent economic modelling needs to be undertaken - this is the only way that we will see the end of uncoordinated and unmanaged consequences of government policies adversely affecting affordability.

“Failure to implement this level of public scrutiny will mean there is every likelihood that the situation will continue to worsen,” he said.

End.

Media:

The UDIA Report ‘*An industry report into affordable home ownership in Australia*’ is available for viewing and download at: [www.udia.com.au](http://www.udia.com.au). For more information or to interview Grant Dennis, please contact Susan McCosker on 0422 567 667.