

# Media Release

For Immediate Release

Date: 16 March 2009

## Development Industry Supports ABIP Legislation

The Urban Development Institute of Australia (UDIA) has welcomed the introduction of the Australian Business Investment Partnership (ABIP) legislation to Parliament, as a sound and proactive initiative that will address the risk of a funding gap emerging in the property development sector.

“The development industry is currently suffering from an increasing withdrawal of refinancing capital from financial institutions, and UDIA encourages the support of this Bill through Parliament”, said Stephen Holmes - UDIA National President.

“However, UDIA also believes that the Legislation could be improved by extending the charter of the ABIP to include residential development projects that meet the existing criteria applied by the legislation to commercial property assets, and have had financiers withdraw due to the global economic crisis”.

The ABIP will inject some much needed stability and confidence into the development sector, in much the same way that the First Home Owner Grant (FHOG) boost has positively impacted on the number of loans for new home buyers (up 5.6% since December – ABS), and the number of commitments for the construction of new dwellings (up 2.5%).

However, the time lag for the development and construction of housing means that many first home buyers who wish to purchase or build a new home, will be unable to do so until well after the 30 June 2009 cut-off.

“This will result in many potential first home buyers focusing on entering the existing housing market, rather than the new housing market, in order to ensure they will qualify for the additional payments. First home buyers purchasing established homes does not increase employment, and wherever possible government support should be prioritised to employment generation.”

“The development and home building industry is a major driver of economic activity in Australia. In the current economic circumstances, UDIA believes the timeframe for the FHOG boost should be extended to ensure that the benefits to the new home market are maximized”, Mr Holmes concluded.

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