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MEDIA RELEASE

UDIA calls for solutions to assist first home buyers

With the release of a national report into housing affordability, the Urban Development Institute of Australia (UDIA) today (6 August) called for greater assistance for first home buyers.

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

The report shows Australia has moved from 2001 when 96 per cent of the centres were considered affordable, to the current situation - with only 39 per cent of centres affordable and a staggering 27 per cent considered unaffordable at the end of 2006.

UDIA President Grant Dennis said urgent assistance was required for those not yet in the housing market.

“In 1981–1982, the average age of first home buyers was 27 years old, but that was pushed back to 32 years old in 2000–2001,” he said.

“A recent survey released by the National Bank found that for 90% of young people aged 16 to 24, their biggest goal in life is buying a home. Unfortunately many of them will be starting feel that goal slipping out of reach.

“While most people in the community are not complaining that housing values have been driven up, there is nonetheless a social dimension to this situation that needs to be addressed as a matter of urgency.”

Mr Dennis today called on the federal government to immediately implement changes to the First Home Owners Scheme, which has declined in value relative to rising property prices.

“There is no doubt that a significant proportion of this problem has been caused by the unprecedented increases in fees, taxes and charges at all levels of government but primarily at state and local government levels,” he said.

“When the First Home Owners Grant was reintroduced in 2000 as a consequence of the implementation of the goods and services tax it was set at \$14,000 for new homes and \$7,000 for existing homes.

“The new home component was phased out and now all first home purchases are entitled to a \$7,000 grant.

“In 2001 this represented 3.8% of the median house price in Australia for a first home buyer. Five years later it now represents 2% - almost half what it did then.

“We have an emerging problem of intergenerational inequity - between those who have purchased a home and enjoyed an increase in the value of their asset, and those still out in the cold, with less assistance available to them.

Mr Dennis also called for innovative solutions to make home ownership more accessible for younger Australians.

“This situation requires creative solutions and should be one of the priority issues that the Australian Government addresses in the immediate future,” Mr Dennis said.

“For example, first home owners could be provided with decreased taxation levels by one or two cents in the dollar for a period of time that would enable them to have higher levels of disposable capital to meet housing repayments.

Mr Dennis said statements of the housing affordability crisis affecting the dreams and aspirations of a significant proportion of young people were not exaggerated.

“People need to have a stake in their community and home ownership has traditionally been one of the ways that this has been achieved, he said.

Further social ramifications of the current affordability situation are played out in the rental market, Mr Dennis said.

“Equally important is the ongoing problem brought about by increased property values and decreased supplies of rental housing stock” he said.

“Rental increases place great pressure on a significant proportion of the community and this cascades down to include the lower cost rentals - impacting on those who can least afford to pay.

“It will inevitably drive up levels of homelessness and people in rental distress. causing even greater problems for public housing.

“This is an alarming situation and needs to be dealt with as a matter of urgency.

“The Institute calls on the Australian Government to establish a Ministerial Council on Housing Affordability to ensure that all of these issues are comprehensively addressed at the earliest possible time.”

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. For more information or to interview Grant Dennis, please contact Susan McCosker on 0422 567 667.