

COMMUNIQUE FROM HOUSING AFFORDABILITY ROUNDTABLE

PARLIAMENT HOUSE CANBERRA

26 March 2014

The Real Estate Institute of Australia (REIA) hosted a roundtable discussion today on housing affordability. The roundtable featured Government and industry leaders from real estate, construction, finance and community sectors, sponsored by Genworth.

Speakers were; The Hon Kevin Andrews MP, Minister for Social Services; Mr Peter Bushby, President, Real Estate Institute of Australia; Dr Brent Davis, Industry Policy, Master Builders Australia; Ms Hannah Gissane, Project Co-ordinator, Equal Rights Alliance; Mr Adrian Beresford-Wylie, Chief Executive Officer, Australian Local Government Association; Graham Wolfe, Chief Executive, Housing Industry Association; Mr Alex Boorman, Research Director Australia / NZ, RFI Intelligence; Phil Naylor, Chief Executive Officer, Mortgage and Finance Association, and; Damian Percy, General Manager Third Party Lending, Adelaide Bank.

Access to affordable housing is a goal that is shared by the Government and all sectors of the community. A lack of affordable housing impacts on the functioning of the economy as well as the wellbeing of individuals and the cohesiveness of communities and society.

With first home buyers finding it increasingly difficult to enter the housing market, home ownership in Australia is declining after four decades of stable levels. In November 2013 the proportion of first home buyers in the total number of owner-occupied housing finance commitments dropped to its historically lowest point. First home buyers currently face significant challenges accessing affordable housing. This suggests a need for policy makers to address the issue.

The Minister for Social Services confirmed the Coalition's 2013 election policy - acknowledging the importance of addressing housing affordability - and indicated his willingness to work closely with States and Territories and stakeholders in seeking a solution to the challenges facing would-be home buyers.

As industry leaders, we acknowledge affordable housing is a complex issue, with a number of economic, social and infrastructure factors influencing the issue. These include: the deposit gap for prospective first home buyers; demographic change; the effect of stamp duties and taxes; insufficient supply of dwellings for both purchase and rental; land release and planning processes, and, importantly; a lack of urban infrastructure.

One of the factors highlighted at the roundtable as a major driver of increasing house prices and declining affordability is the undersupply of housing. This was identified as a priority policy issue.

Supply has been unable to keep pace with demand due to a number of reasons: land availability; zoning policies, length of planning processes and environmental regulations. Furthermore, unless supply is addressed the gap between supply and demand would significantly widen by 2015.

Taxes at local, state and the Commonwealth level were also identified as one of the important factors determining housing supply and influencing housing affordability. Negative gearing in its current form plays an important role in addressing the supply of rental accommodation.

State based stamp duties discourage turnover of housing. This not only inhibits labour mobility but also distorts choices between renting and buying. Stamp duties act as a disincentive for the ageing population to downsize. These distortions lead to sub-optimal outcomes and reduced investment in the property market.

It was suggested that greater consumer awareness and government support of lenders' mortgage insurance and enhanced competition amongst lenders would drive product innovation, especially focused on prospective first home buyers, and would be facilitated through a strong securitisation market. Additionally, options to unlock the potential of shared equity as an alternative form of housing finance should be considered.

As industry leaders we believe what is now needed is meaningful action. We welcome dialogue with the Minister, the Hon Kevin Andrews, and the Federal Government's commitment to take a leadership role in developing a coordinated and strategic approach with all levels of government to the provision of housing.

We are committed to working with the Government to achieve these goals and to ensure that complementary policies, covering amongst other things first home buyers, taxation and supply, are in place to achieve this.

Signed

Mr Phil Naylor
Chief Executive Officer
Mortgage & Finance Association
of Australia

Mr Damian Percy
General Manager
Adelaide Bank

Ms Amanda Lynch
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Mr Robert Hunt
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