

Report Card Highlights Need for Infrastructure Fund

Australia's most comprehensive report card on the new housing industry highlights an on-going shortage of new housing which will continue for the remainder of the decade.

Commenting today on the release of the September 2007 quarter *HIA National Outlook* publication, HIA Chief Economist, Mr Harley Dale, said record low housing affordability was delaying a recovery in residential building.

"If the affordability crisis is left un-checked then the shortage of housing stock will extend through to the end of the decade," Mr Dale said.

HIA has called for co-operative action among the three tiers of government to bring about some fundamental and urgent reforms. Chief among those reforms is the requirement for governments to contribute more to infrastructure that supports residential development together with a reduction in overly complex and expensive red tape.

HIA's Senior Executive Director for Industry Policy, Chris Lamont said high statutory costs together with onerous red tape are adding tens of thousands to the cost of new homes. Given the underlying requirement for housing which continues to exceed supply, housing affordability will remain depressed unless there are positive steps taken to increase the supply of affordable new homes," Mr Lamont said.

HIA has called for the establishment of a \$3 billion Residential Infrastructure Fund that would provide Federal Funding for state and local governments to reform planning and building regulation. The fund would also assist in providing essential and community infrastructure required for new residential development that would be matched by reductions in state and local government charges and fees on new housing.

"It is essential that all levels of government recognise the need to fund urban and residential infrastructure. Neither investors nor would-be new home buyers can continue to pay for services that should be provided by governments," said Mr Lamont.

While the new home building sector continues to struggle, renovation activity is on the up once more. The undersupply of new housing is helping to fuel a resurgence in renovation activity.

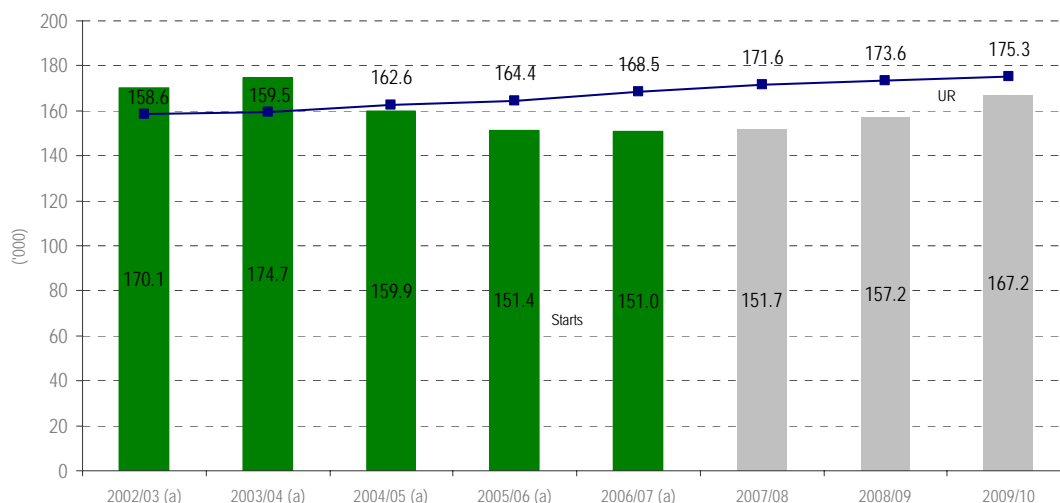
Due to growing government taxes and charges a number of new home buyers are favouring staying put and renovating their existing homes rather than incurring the transaction costs associated with moving. Total investment in renovations hit a new record of \$28.2 billion in 2006/07 and growth of a further 10 per cent is forecast over the next three years.

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Underlying Requirement for Housing vs Actual and Forecast Dwelling Starts - Australia



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Note to Editors

1. HIA's State and National Outlook publications are a comprehensive quarterly roundup of key housing indicators on a state by state and National basis. There are nine reports in the set.
2. The data is sourced each quarter from the Australian Bureau of Statistics, the Department of Employment and Workplace Relations, the National Centre for Vocational and Education Research, and HIA's own datasets on home sales, affordability, and trade prices and availability.
3. For a copy of the full 80 page HIA Outlook reports (media only) please contact Kirsten Lewis on (02) 6245 1393 or k.lewis@hia.com.au. Copies of HIA State and National Outlook can be ordered from <http://economics.hia.asn.au>

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