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FHOG to Boost New Housing Starts by 15,000

HIA, Australia's largest building association has welcomed the decision to triple the First Home Owners Grant (FHOG) for purchases of new housing. The measure will stimulate business activity and help address the severe housing shortage.

HIA Managing Director, Dr Ron Silberberg said, when the FHOG was doubled for new house purchases in 2001 the number of new dwellings built increased by 3,000 per month over a nine month period. HIA expects the initiative announced today to provide a 15,000 boost in the production of new dwellings.

"It is appropriate that the measure targets assistance for new housing to meet underlying and effective demand and importantly this measure provides immediate assistance," said Ron Silberberg.

Production rates for new housing have continued to drop and this has exacerbated the gap between supply and underlying demand. The measure announced today will provide some assistance in pegging this gap and will provide a healthy stimulus in activity for the Australian economy and help lift business confidence throughout the sector.

"This measure will provide an immediate stimulus for new housing and help restore business confidence across the sector particularly in the building product manufacturing sector," said Ron Silberberg.

HIA has stressed the need to boost production of housing by 45,000 new dwellings per annum to meet current underlying demand this initiative will provide some assistance in achieving this requirement.

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