

RED TAPE STRANGLES HOUSING SUPPLY

Delays with development assessments and the associated blow out in holding costs is hurting the new housing sector.

Dwelling approval figures released today for the month of January show further falls in the approval of new houses, down by 2.2 per cent over the month. For flats units and townhouses, approvals rose 2.2 per cent but this wasn't enough to stop the overall fall in total approvals, down 0.9 per cent for the month.

Australia's peak building industry body, HIA, said that a blow-out in approval times from the middle of last year and into January are now having a measurable effect on housing supply and more importantly, affordability.

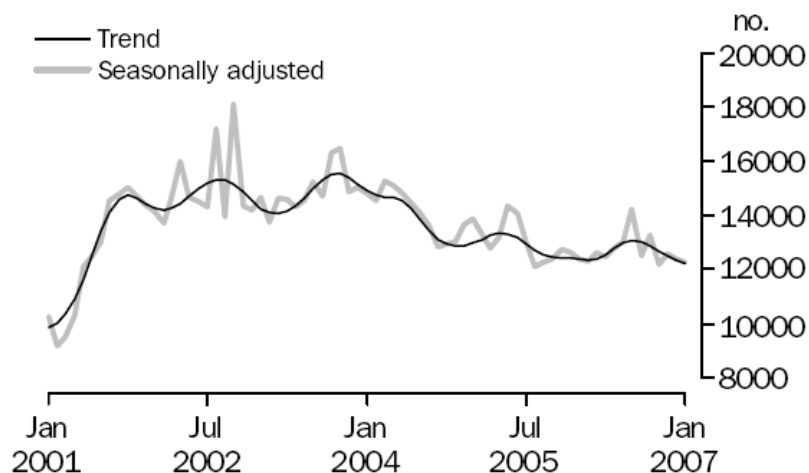
HIA's Executive Director Housing and Economics, Mr Simon Tennent, said that with affordability stuck at record lows, it is outrageous to think that holding costs incurred by the planning and approval quagmire in most states continues to add millions of dollars to even the simplest of residential projects.

"Even the most basic arithmetic on a single undeveloped block of land valued at \$70,000 equates to holding costs equivalent to a minimum of \$560 for every month that it sits in a council in-tray," Mr Tennent said.

"With some development assessments for larger estates taking up to two years to be approved, it is little wonder that the industry continues to struggle to deliver an affordable product," he added.

"This is not about adding more council staff. This is about streamlining approval processes as even a one month improvement in approval times would save the industry and their clients some \$100 million dollars," Mr Tennent said.

Dwelling Approvals - Australia



On a state by state basis, seasonally adjusted approvals fell by 11.3 per cent in Victoria, and by 8.9 per cent in Western Australia. Increases were recorded in Tasmania, up 25.4 per cent, New South Wales, up 7.9 per cent, Queensland, up 3.8 per cent and South Australia, up 1.9 per cent.

Further information:

Simon Tennent, Executive Director Housing and Economics, on 0419 445 557

Website: <http://economics.hia.asn.au>

