



the voice of the industry

FOR IMMEDIATE RELEASE

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Housing affordability further eroded

The release earlier this week of the draft Hunter Region Special Infrastructure Contribution is concerning news, says the Housing Industry Association (HIA), the voice of the residential building industry.

“The recognition by the NSW Government that vital regional infrastructure is required to support future development in the Hunter is pleasing, but the cost to the consumer of this new tax must also be considered” said Craig Jennion, HIA Executive Director for the Hunter.

“The new home building industry is one of the most heavily taxed sectors of the Australian economy. The government’s intent to charge developers with additional costs is certain to further reduce housing affordability for local families as any levies paid by developers go straight onto the price of a new home.”

“HIA accepts the proposition that developers should be delivering local development infrastructure and items which are essential to a new subdivision such as local roads, local open space, drainage and utilities,” said Mr Jennion.

“But what has been proposed is a new charge that relate to much broader community infrastructure from which everyone uses and benefits – including health and emergency services infrastructure such as ambulance and fire stations, hospitals, sporting facilities and State roads.”

“These are important assets that will be owned and utilised by the whole community, and accordingly it should be the broader community that meets the cost, rather than the individual home buyer,” Mr Jennion said.

“The introduction of additional taxes on new home building dampens economic activity and reduces housing affordability. Considering HIA forecasts that new home building approvals will start to decline in the coming years there is a risk it could decline more quickly and strongly than expected as a result of the new Hunter Region SIC.

Rather than introduce new inefficient taxes, governments at all levels must work together to replace the myriad of current taxes with more efficient and equitable broad based arrangements” concluded Mr Jennion.

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