

How governments can ease our housing affordability pain in 2018

Jane Fitzgerald, The Daily Telegraph

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WORSENING housing affordability is something governments at all levels and of all persuasions have battled in 2017, yet the community is yet to see any relief. But 2018 should be the year when we see things get easier for the people of NSW.

It's not easy to bring down home prices, yet saving to buy a new home will be the top new year's resolution for many people in NSW.

The housing market is a complex one with market pressures as well as years of undersupply inflating prices. The rising cost of living also adds additional pressure to meeting rent or mortgage repayments.

Housing is expensive and it's not getting any cheaper any time soon.

Property Council data shows the median house price in Sydney is \$975,000, with the median unit value not much cheaper at \$725,000 — these are prices still out of reach for most people despite a recent slowdown in price increase.



It's up to the governments of Australia to make housing affordable again.

Once you manage to save a deposit, paying back the loan is a whole new struggle. Property Council data also shows there are 16 local government areas in Sydney where about 30 per cent of the median weekly household income is absorbed by mortgage repayment. That means, in simple terms, that the household is under mortgage stress.

The story is a similar one for renters and the pressure to make mortgage repayments or rent is amplified at this time of year as household income needs to be stretched further for food, presents and family events.



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director of the Property Council of Australia.

A drop in wage growth over the past five or so years to 2 per cent in the year to September 2017 also means there is less money in the hip pocket to meet increasing expenses, adding pressure on households.

We need strong leadership from local and state government to address these difficult challenges.

Housing supply is a big part of the answer to making housing more affordable, but supply needs to be better measured so we see outcomes.

The Greater Sydney Commission has set five-year housing targets for Sydney's councils with additional funding provided to 10 councils to help them to meet these targets – but there must be checks and balances.

If housing is to become cheaper for the community in 2018 and beyond, councils need to be held to account in meeting their housing targets and be constantly looking for new ways to increase housing supply.

This year many councils argued they should not be merged because life would be better for their communities without change.

Now they need to stand and deliver and do their part to make real inroads into the price of a home.

Yes, councils should be resourced to meet these targets, but if they fail to meet targets, there should also be consequences. Fair dinkum ones.



Governments need to ensure land released for housing development delivers new homes in a timely fashion.

There must also be greater oversight of the whole five-step development process of a home in this state.

Property Council research shows that land released for residential development in NSW is not resulting in new homes being available, with thousands of dollars lost between when the land is released for development and a home is delivered.

In the year to June 30, 2016, although there was enough land released to provide more than 160,500 dwellings, just 30,000 were completed — more than 80 per cent fewer homes than the released land was earmarked to provide.

In 2018, the state government must introduce a new program to monitor the housing development process and plug the gaps where homes are leaking from the system.



Will housing affordability be under scrutiny again in 2018?

The government already has a model to do this job – the Metropolitan Development Program – but it has been mothballed since 2010.

All the government needs to do now is reintroduce it.

Housing is too important to continue to let property prices rise and financial pressure increase for people across our state.

The steps taken by the state government to make housing cheaper in 2017 are welcome, but it will require strong leadership to implement key reforms in 2018 before the community sees prices fall.

Jane Fitzgerald is NSW executive director of the Property Council of Australia