

Media Release



31 July 2008

Small Returns

“UDIA NSW is cautious about today’s announcement by the Premier to allow property owners to build small units or granny flats in their back yards as an example of urgently needed lateral thinking by the government. These “Fonzie flats” have proven popular in new developments such as Hunterford, Botanica and Macarthur Gardens” said Mr. Scott Woodcock, Chief Executive Officer of the Urban Development Institute of Australia NSW (UDIA NSW).

“Residential rental vacancies in Western Sydney remain around 1% compared to a slightly better result in Inner Sydney of 1.4%¹. Western Sydney’s middle ring suburbs with their larger backyards have some capacity to absorb this type of development,” said Mr. Scott Woodcock.

“However, this is the area most affected by mortgage stress. In the current constrained lending environment, mortgagees will struggle to lend more money to finance the construction of a new unit.”

Mr. Ross Blancato, President of UDIA NSW said “there is a question of how these developments will be treated by local government. If we are serious about housing people in this state in quality affordable accommodation, these dwellings should not incur contributions towards the provision of services. The infrastructure to support niche development like this is a government obligation. The evidence is irrefutable that a lack of leadership in housing the population by all levels of government has led to the need to look for and rely on interim solutions to accommodate our community.”

“This type of housing in new estates is typically serviced by a rear lane access with the units constructed above the garage. UDIA NSW encourages local government to support the Minister for Planning’s proposed changes to second dwelling approvals as this initiative will not succeed if existing planning controls suitable for new subdivisions such as parking provisions and privacy are applied retrospectively.”

“UDIA NSW also acknowledges that this scheme is not entirely consistent with the intent of the Sydney Metropolitan Strategy which seeks to preserve the character of existing suburbs by concentrating urban renewal in centres close to transit and employment.”

“At the end of the day this initiative is likely to have limited effect in resolving the rental crisis in the long term and no effect in the short term. UDIA NSW maintains that a radical revision of the taxes and charges on property is required to remove existing disincentives and encourage investors to return to NSW. This is an enormous problem and we are going to need some lateral thinking on enormous scale to fix it,” concluded Mr. Scott Woodcock.

¹ REINSW (2008) Slight Improvement Fails to Dent Rental Crisis. REINSW Media Release, 17 July 2008.

For Media

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