

Media Release



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Review of Development Levies – Big Win for New Homebuyers

The Urban Development Institute of Australia (UDIA NSW) has today welcomed the NSW Government's Revision of Development Levies, calling it a big win for new homebuyers. UDIA NSW Chief Executive Nick Duncan said that, "today's announcement will bring much needed relief for the depressed housing market in NSW. These reforms will steadily increase the number of more affordable housing opportunities for new homebuyers to enter the market. Many will now be able to take advantage of the First Home Owners Grant as well."

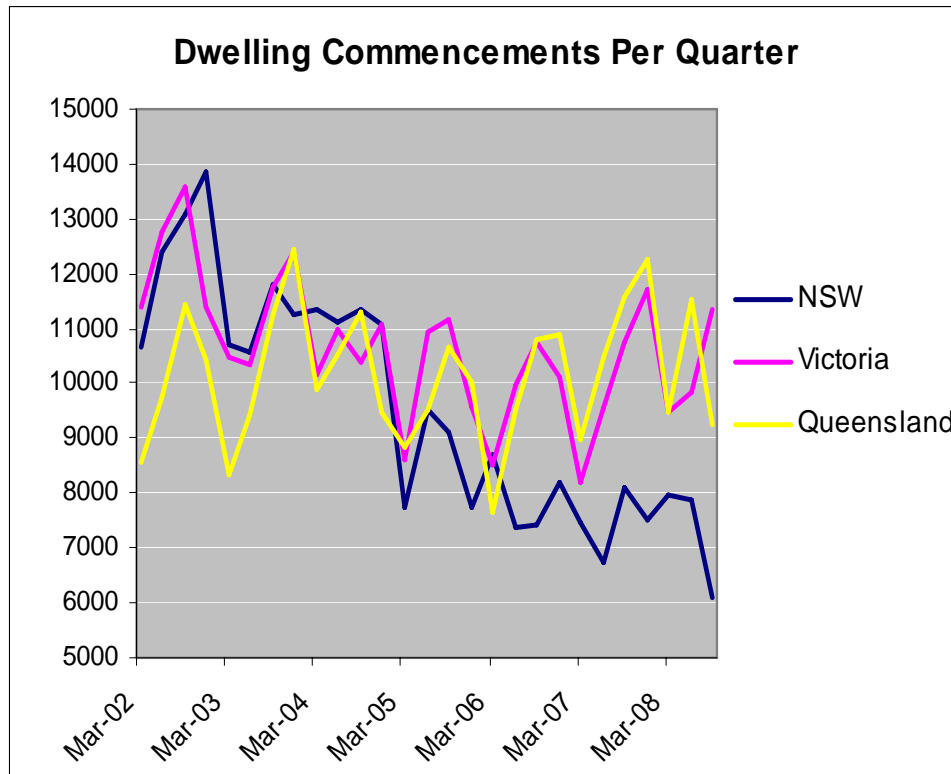
Nick Duncan said that, "the decision made by the Rees Government today demonstrates the kind of leadership that is needed to make NSW competitive again. Accepting that years of bad policy has all but destroyed the housing market in NSW, the Government has finally delivered a major boost for new homebuyers. These levy changes will bring much needed stimulus to the housing market in NSW and will create the jobs and investment in the sector that will help underpin the NSW economy."

"UDIA NSW has consistently advocated the need for urgent and major reform to the levy and charge structure in NSW. New homebuyers in Western Sydney have been paying seven times more in taxes and charges than they would in Melbourne. These charges aren't paid by developers, they are paid by homebuyers, and they have been voting with their feet. In the last quarter alone NSW produced half the number of homes that were built in Victoria despite having higher population growth. Over the next twelve months the trend is for NSW to produce only 24,000 new homes, despite there being an underlying demand for 44,000. In one year alone, levies and charges have resulted in an undersupply of more than 20,000 new homes. This has been happening year on year for the last half a decade and is having a disastrous impact on housing affordability. Something clearly had to be done and the Government has finally delivered." (The graph provided overleaf demonstrates the consecutive years of record low housing production in NSW due to the impact of development levies)

Nick Duncan said that "it is pleasing that the Government has listened to the advice from UDIA NSW that without wholesale reform, the housing industry would remain in serious depression. The Government has wisely adopted the recommendations made by UDIA NSW and delivered a sustainable, equitable solution for new homebuyers. As a result of today's changes, there will be projects that will become viable that simply would not have been able to proceed yesterday."

Nick Duncan added that the impact of today's announcement will have significant positive flow on effects for the state. "This review has been a long time coming and it will hopefully demonstrate to investors that NSW is a place to do business again. Levies and charges have all but driven developers and builders out of NSW. This review is a positive sign that the Government is starting to listen. The Rees Government must provide the leadership that is required to make NSW competitive."

Nick Duncan said that “the levy review is a positive step forward. What is important now is that the Government maintains its resolve and delivers a smooth and efficient implementation of the changes. The NSW housing market needed these changes yesterday. The Government must now consult with the industry to ensure that the progress that has been made can be continued and NSW is viewed as an attractive place to invest and an affordable place to live.”



UDIA NSW is a proud advocate of the urban development industry and its customers, the people of NSW. We represent over 500 organisations and our members include developers, regulators, and affiliated professionals. Our advocacy efforts are directed towards three major issues:

- housing affordability;
- investment certainty; and
- sustainability.

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