

Dream out of reach

STEPHEN McMAHON

Red tape puts owning home beyond many

PLANNING and building regulations are adding about \$15,000 to the price of every new home in Victoria, the Master Builders Association has claimed.

The MBA says this leaves thousands of cash-strapped buyers unable to fulfil the great Aussie dream of owning their own home.

In its pre-Budget submission, the association has called on the Victorian government to ease housing afford-

ability pressures by cutting red tape before the state election in November. It says this will help people locked out of the market by skyrocketing prices.

Planning delays, taxes, levies and multiple government land charges lift the building cost of new homes by \$500 million-\$875 million a year — directly passed on to buyers.

Senior industry figures yesterday warned that unless the model of infrastructure costs in

growth suburbs being slapped on to house prices can be broken, more and more young buyers would be locked out of the market.

The combination of spiralling costs and cashed-up investors has already resulted in the number of first-home buyers in the Victorian market dropping close to its 10-year low.

About 30,000 new home buyers entered the market last year — down from the 2009

peak of fewer than 50,000. This cost squeeze has also seen more than 20 per cent of them experience housing stress and miss mortgage repayments.

MBA chief executive Radley de Silva said Victoria faced a flashpoint, with new homes less affordable as prices rocketed and wages stalled.

"Little tweaks can't fix the problem," he said. "It has become too big and we need an independent inquiry to address

the problem. We cannot afford to deny generations of Victorians the opportunity to fulfil the great Australian dream of owning their own homes."

The MBA said it welcomed the Victorian Government's decisions in recent years to cut stamp duty and extend the first home buyers grant, but said these moves did not go far enough and more reforms were needed to boost demand.

"There are a widespread

number of taxes, levies, charges and fees added to the price of new homes across multiple levels of government at the moment," Mr de Silva said.

"If government is serious about housing affordability, then we need to look at these charges and identify ways of reducing costs."

A global report this week rated Australian house prices as the second most expensive in the world, as they have more than tripled since 1997.

stephen.mcmahon@news.com.au
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House prices still rising

PROPERTY prices made solid gains in the last months of 2013.

Preliminary figures from the Real Estate Institute of Victoria show Melbourne's median house price climbed 7.3 per cent in the December quarter to a high of \$643,000. It's a big jump from the same period in 2012, when the median was \$527,500.

Low interest rates fuelled the rise, said REIV chief executive Enzo Raimondo. He said seller confidence had seen a re-

cord number of homes auctioned, but demand kept the clearance rate high.

Inner suburbs dominated the growth hot spots, with Prahran's 25.7 per cent boost leading the way.

Wantirna South achieved the highest growth in the outer suburbs, with a 19 per cent rise.

Barry Plant Wantirna director Adam Sorrell said buyers had flooded in at the end of last year. "I think confidence shot up with the affordability of interest rates," Mr Sorrell said.