

Herald Sun

Home dream a nightmare

NEW home buyers, worried they will never be able to raise the money to get into the market, will be further discouraged to find government red tape and fees are a big part of the problem.

Prices have never been as high. As reported in today's *Herald Sun*, almost \$20,000 has been added to the cost because of planning charges, delays, taxes, levies and other government fees that have pumped up industry costs by hundreds of millions of dollars a year.

This flows directly through to cash-strapped young buyers. The number of first-home buyers entering the market last year was at its second-lowest level in a decade. New housing starts have dropped by almost 20 per cent over the past three years.

The Australian dream of owning your own home has been shattered for many Victorian buyers. Housing affordability has been a key issue for the Victorian Government and is likely to become an issue in the 10 months leading up to the November 29 election.

Australian house prices are the second-most expensive in the world, according to a new survey, and have tripled since 1997. A generation of Victorians now face the grim prospect of never owning their own homes.

The Government might argue that it has responded by extending the first-home buyers grant, but that flies in the face of market reality. The grant becomes part of the price. Further cuts to stamp duty would be more effective.

A review of the housing industry and planning and building regulations is urgently needed and the Coalition will ignore this at its peril if it fails to act before the election.

Not only has Melbourne's median house value increased by almost

11 per cent in the past 12 months, from \$498,696 to \$542,053, prices are forecast to rise by another 4 to 5 per cent a year over the next two years.

New home buyers are also burdened by the costs of services and infrastructure in new suburbs. One suggestion is for the Government to issue infrastructure bonds to build hospitals, schools and roads as Melbourne spreads to accommodate a population growing faster than Sydney's.

The Government has focused on the need for new homes, but needs to move just as quickly in stripping away the fees and bureaucracy that are making these homes and apartments too expensive for the people they hope will live there.

Planning Minister Matthew Guy has reacted by cutting red tape surrounding new housing developments. His 2050 metropolitan planning strategy seeks to prevent needless objections to growth zones being opened to medium- to high-density housing. The minister explains this as "delivering density in defined locations, not in our quiet suburban streets". This should reassure those who believe any planning restrictions on local councils could affect established suburbs.

The minister hopes to move from the Upper House to the Lower House at the election where he will have a bigger say in Coalition policy. He has not forgotten the city and has approved a 37-storey high-rise development for Melbourne

Docklands. The \$300 million apartment complex will have its own hotel and easy access to CityLink and public transport. But as the traditional Australia Day auctions are likely to prove, the market is closed to many prospective buyers.

Mr Guy and the Government must do more to find them a home.

