

## **SA housing affordability is spiralling out of control, experts warn**

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Miles Kemp The Advertiser

SOUTH Australian first homebuyers are facing a worsening housing affordability squeeze as spiralling land costs and government planning restrictions threaten to price them out of the market, an influential property group has warned.

Housing affordability think-tank Demographia Australia, which opens an Adelaide branch this weekend, has released new global housing research which states that the average \$430,000 house costing is the 6.4 times the median Adelaide household income of \$66,700 — and is higher than many comparative cities, including Brisbane and Adelaide's US sister city of Austin, Texas.

Demographia spokesman Wayne Matthew, a former state Liberal Party minister, said governments must take action now to ensure the housing dream is kept alive for current and future generations and to help stimulate the construction industry.

Mr Matthew warned that young South Australians would be the first generation unable to afford the quality of housing owned by their parents, unless governments took decisive action on taxes, charges and pricing of the land it released to market.

“Restrictive planning laws and limited supply are primary contributors to this threat to our way of life and the opportunity of our kids to afford a house of their choice in the location of their choice,” he said.

“High government taxes and charges on housing are another cause. South Australia is at a crossroads of its housing future with our traditional lifestyle under threat.”

The warning comes as the Housing Industry Association lobbies for the State Government to abolish a proposed infrastructure tax on housing developments.

Mr Matthew said the scale of Adelaide's affordability problem could be compared to the average house price in New York, which was 5.9 times that city's median household income, or in Brisbane at 6.1 times. Demographia considers a house price-to-household income ratio of 5.1 or greater as “severely unaffordable”.

“Reduced availability of new land and heavy state taxes and charges on purchasing a home have taken their toll on Adelaide's housing prices,” he said, adding that successive governments were culpable over rising house prices.

He said governments had to take action now to ensure housing affordability for current and future generations and to help stimulate the housing construction industry.

This would include abandoning an urban-growth boundary — which Upper House MPs defeated last year — and dropping the proposed infrastructure tax on new housing developments.

According to Demographia's research, Adelaide's land price at \$528 per square metre as of June last year was the third highest in the nation behind Sydney and Perth.

He said the State Government was heavily dependent on taxes such as stamp duty from property sales to balance its budget. The Government would artificially increase land prices by limiting the release of new land it owns, forcing developers to bid up.

He said this was where large savings could be made if governments reduced their dependency on the property land market for income.

Long-time housing affordability advocate and SA Senator Bob Day, patron of Demographia Australia, said governments created land shortages to drive up prices and to boost their tax take.

"It is important to remember that the 'scarcity' that drove up land prices is wholly contrived — it is a matter of political choice, not geographic reality," he said.

Mr Matthew said that in New Zealand, Auckland had acted on Demographia's research — with planning laws and sustained land-release pricing to significantly improve the affordability index in our Pacific neighbour's biggest city.

A spokeswoman for Housing Minister Stephen Mullighan said in SA "the government works closely with the property sector; we encourage industry to approach us with ideas and we look forward to being approached regarding this proposal".

He pointed to 2015 figures to show that mortgage repayments in Adelaide were the fifth cheapest of Australia's capitals, but cheaper than Sydney, Melbourne and Brisbane.

"On any measure, Adelaide remains one of the most affordable capital cities to buy a home in the nation," he said.

"To ensure this continues, the State Government supports various schemes — including first-homeowner grants, stamp-duty concessions for off-the-plan apartments, affordable-housing quotas for new developments and the Affordable Homes Program."