

3 November 2008

The Hon. Kristina Kenedy MP
Minister for Planning
Minister for Redfern Waterloo
Level 35, Governor Macquarie Tower
1 Farrer Place,
SYDNEY NSW 2000

Dear Minister

Re: Affordable Housing Bill 2008, introduced by the NSW Greens

We write to express our serious concerns at the Affordable Housing Bill 2008 introduced into the NSW Parliament by the Hon. Sylvia Hale MLC from the NSW Greens party.

Ms Hale is proposing that 25 per cent of all new housing developments are to be nationalised. It's an idea straight out of Mao's little red book.

The law would require up to 25 per cent of all new private sector housing to be handed over to local councils, the Department of Housing or housing organisations named by the government.

The biggest single barrier to the construction of new affordable homes is the red tape erected by local councils, with heavy development levies a close second. Local councils have enough trouble fulfilling the responsibilities they already have. The last thing they should do is nationalise homes built by the private sector, and become landlords.

NSW's housing affordability crisis cannot be solved by increased taxes on new housing or by passing laws forcing the private sector to build for the government.

For example if you have a 100 apartment development, and 25 per cent was put into an affordable housing pool at \$500,000 per apartment, that would be a \$12.5 million tax on the remaining 75 apartments. This equates to \$167,000 per apartment. Under these circumstances, none of the apartments would be built in the first place.

Lack of affordability is caused by an under-supply of new housing. We need extra housing to be built in order to make homes more affordable for renters and first home buyers alike.

According to the Australian Bureau of Statistics, the number of houses under construction has fallen every year in NSW since 2001/2002 – falling again last year by 0.5 per cent. Over the last seven years in NSW, on average, work has started on 20,000 houses a year. However, in the 2007/2008 period, work started on just 16,000 houses in NSW.

While work started on 14,000 medium and high density homes in NSW last financial year, this is still 36 per cent down on the 2002/2003 financial year's figure of 23,000. There is a huge human cost from the lack of new homes.

In August, the NSW Government *Rent and Sales Report* revealed a massive jump in Sydney rents for the last financial year. Sydney's seen an 18 per cent increase in rents for three bedroom homes and a 15 per cent increase for two bedroom apartments in the last financial year.

Developers would love to build a lot more homes and help keep a lid on escalating rents. But we need a major reduction in red tape, less rigid planning rules and much lower development levies, before this can happen.

We urge the NSW Government to oppose Ms Hale's so-called *Affordable Housing Bill*.

We would welcome an opportunity to discuss this further.

Yours sincerely

Urban Taskforce Australia

A handwritten signature in black ink that reads "Aaron Gadiel". The signature is written in a cursive style with a long horizontal stroke at the bottom.

Aaron Gadiel
Chief Executive Officer