

Housing shortage until 2010: HIA

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Australia's chronic housing shortage will continue for at least another two years because of record low affordability, a survey says.

The Housing Industry Association's (HIA) National Outlook shows a shortfall between the number of new dwellings being built this financial year and the "underlying requirement" of almost 20,000 dwellings.

Over 2004/2005 to 2009/2010, demand will have exceeded supply by 77,600 dwellings. This is roughly half a year's worth of new dwellings - 1,016,000 required dwellings versus 938,400 actual.

HIA chief economist Harley Dale said record low housing affordability was delaying a recovery in residential housing.

"If the affordability crisis is left unchecked then the shortage of housing stock will extend through to the end of the decade," Mr Dale said in a statement.

HIA senior executive director for industry policy Chris Lamont said he blamed "high statutory costs together with onerous red tape" for hindering the construction of new homes.

Home buyers have been stung by six interest rate rises since the last federal election.

The Reserve Bank of Australia (RBA) last week lifted the key cash rate for the second time this year, to 6.75 per cent from 6.50 per cent.

And many home buyers and consumers are bracing for yet another hike - possibly before the year is out but most likely in February - given the RBA's concerns about inflation.

The HIA earlier this year called for a \$3 billion residential infrastructure fund to help governments - federal, state and local - to help reform residential planning and building regulations.


The fund would also assist in building community infrastructure in new residential developments.

"It is essential that all levels of government recognise the need to fund urban and residential infrastructure," Mr Lamont.

"Neither investors nor would-be new home buyers can continue to pay for services that should be provided by governments," he said.

The survey also found renovation activity had soared to record highs.

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