



79 Constitution Avenue  
Canberra ACT 2612  
t (02) 6245 1300  
f (02) 6257 5658  
hia.com.au

24 September 2019

Senate Economics Legislation Committee  
PO Box 6100,  
Parliament House,  
Canberra ACT 2600

Dear Committee

## National Housing Finance and Investment Corporation Amendment Bill 2019

The Housing Industry Association (HIA) welcomes the introduction of the *National Housing Finance and Investment Corporation Amendment Bill 2019* as the first step in the introduction of the First Home Loan Deposit Scheme and to supporting the role of the National Housing Finance and Investment Corporation (NHFIC) in undertaking critical housing research.

The Bill seeks to create the ability for NHFIC to issue guarantees to support lending institutions to offer eligible households access to a home loan without the impost of lenders mortgage insurance. HIA supports this amendment.

HIA also welcomes the expansion of NHFIC's functions to conduct comprehensive research into housing demand, supply and affordability in Australia and supports the Government's commitment of \$25 million towards this work.

Home ownership continues to be an aspiration for Australians. Each year around 110,000 households become first home buyers. Yet Australian home ownership rates remain historically low, sitting at 65 per cent in 2016.

The benefits of home ownership and long term tenure are obvious. Home ownership offers families security and certainty in their day to day lives. The stability that home ownership brings can help people to maintain regular employment and education, establish themselves in a community and build their lives.

92 per cent of people renting today in Australia aspire to own their own home. Yet only 49 per cent of those same people believe they will achieve that goal. The First Home Loan Deposit Scheme offers a way for some of those people currently saving for a deposit and paying rent to own a home a sooner. Accessing a first home loan can effectively reduce their housing stress by reducing the time where they are paying rent while trying to save a deposit.

HIA's analysis shows that a first home buyer in Sydney purchasing a home costing \$800,000 and who is eligible for the Scheme could purchase that home up to 6 years sooner and save up to \$70,000 over the life of the loan.

Making NHFIC responsible for the oversight of the First Home Loan Deposit Scheme is considered an appropriate extension of their role and aligns with the Corporation's mission to improve housing outcomes.

Research recently undertaken by the Centre for International Economics<sup>1</sup> shows that up to 50 per cent of the cost of a new house and land package in Sydney is made up of government taxes and red tape, while in Melbourne this figure sits at 37 per cent. The housing sector via land tax, municipal rates, other taxes on immovable property and stamp duties, directly contributes \$51 billion in taxation revenue each year to state and local government across Australia.

Clearly the actions of governments have a direct impact on housing affordability. Given this, it is considered appropriate that the Federal Government move to support home ownership through schemes like the First Home Loan Deposit Scheme.

HIA looks forward to seeing further details of the First Home Loan Deposit Scheme released through the Investment Mandate in the coming months and to the commencement of the Scheme on 1 January 2020.

Similarly making NHFIC responsible for undertaking research into housing affordability in Australia is an important step.

Planning for Australia's future housing supply relies on accurate and consistent land supply and housing data in both new and established areas. The quality of information across jurisdictions varies enormously and the Commonwealth should have a long term role in promoting the states and territories to collect this information. Identifying this role as part of NHFIC's remit is fundamental to the Commonwealth taking a lead role in gathering and sharing housing information publicly to ensure that Australia's future housing supply is keeping pace with Australia's population growth.

Within the explanatory memorandum for the Bill, the reference to NHFIC's role in undertaking research into housing affordability in Australia includes reference to housing supply and demand, however the provisions in the Bill (Items 4 and 15) are limited in only making reference to housing affordability. HIA believes that NHFIC's role in relation to housing research should not be based on the concept of housing affordability and should more broadly and specifically be focused on undertaking research and coordinating data on housing supply in Australia, across all jurisdictions. The drivers, impediments and outcomes of housing supply, both positive and negative, lead to housing affordability outcomes. Therefore we would support an amendment to these two provisions to replace the word "affordability" with "supply".

In conclusion HIA looks forward to the implementation of the First Home Deposit Scheme and to the commencement of NHFIC's housing research role.

HIA would be pleased to respond to any questions of the Committee in relation to these comments.

Yours sincerely  
HOUSING INDUSTRY ASSOCIATION LIMITED



Kristin Brookfield  
Chief Executive - Industry Policy

---

<sup>1</sup> June 2019, *Taxation of the housing sector, Final Research Report*, The Centre for International Economics