

Housing affordability In Australia

My submission calls for greater education on how to save.

For many prior generations home buyers have been forced to save up a deposit and prove to the Lender that the addition of the weekly savings + the current weekly rent or board would equal the home loan repayments.

This culture is lost on First Home buyers of today.

I am totally against throwing money at the problem.

However I do feel that the Government assistance packages are behind the times ie if a first home buyer purchases a home for \$320000 or less then the stamp duty is free on the purchase and if the loan is \$250000 or less then the duty there is also nil

Clearly the vast majority of first home buyers are in the cities where house prices are well above the \$320000 threshold. This threshold needs to be lifted in line with house prices.

The papers tell us the median price for a house in Brisbane is about \$425000. So by a simple matter of postcodes they can work out the median price of a house and apply concessions to those buyers. i.e If you buy a home in Camp Hill for \$550000 and the median price for a house in Camp Hill is \$575000 then the duty should be nil, likewise if you buy a house in Biloela and the median price is \$200000 then the duty concession should be only \$200000.

That would solve the issue of assistance being evenly balanced. The level of assistance can be better controlled and not abused.

If a home buyer wants to exceed those medians then they pay the price of the higher duty.

I have always been against 100% home loans as the buyers have no commitment to the house. Savings plans are designed to teach people to commit to the great Australian Dream. 100% loans only provide people with a place to live ie is it a home or a just house.

So the role of all levels of Government to the Australian Dream should be education, realistic fees and charges based on current housing prices.

Lenders need to apply stricter rules to 100% loans to avoid having an Aussie sub prime market.

They should be applying more realistic loan structures that allow for safety nets in a rate increase market with better fixed rates and flexible options on fixed rate loans.

We have been saying for the last 2 years now that home buyers should look into the future and take part fixed, part interest only and a portion of P and I with no redraw and rapid repayment structure. Thus they have safety and create equity quickly.

Also the FHOG should be extended to a minimum of 3 years in occupancy or the grant must be repaid if the house is sold. This also entices home buyers to stay put and create equity rather than upgrading after say 1 year.

In summary

1. Education on how to save and some rewards for passing certain levels.
2. Better home loan products for First Home Buyers.
3. Fairer charges on Gov fees especially stamp duty.
4. Don't just throw money at the problem.
5. With smaller families now days, encourage family assistance in Home buying schemes. ie family pledge to bridge a gap between what is affordable and what is not.
6. Don't insult the home buyer by giving away tax payers money on schemes that are inequitable. (home share buying schemes in Govt built estates)

Peter Donald

A handwritten signature in black ink, appearing to be 'Peter Donald', written in a cursive style.