



New South Wales Government

Department of Premier and Cabinet

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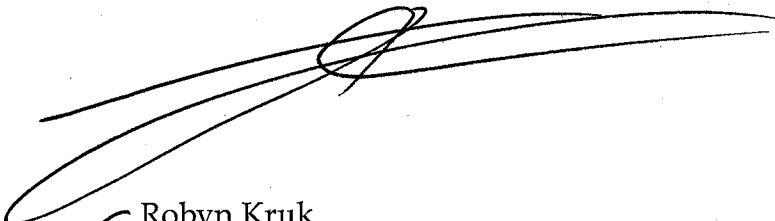
Mr John Hawkins
Committee Secretary
Senate Select Committee on Housing Affordability in Australia
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Mr Hawkins

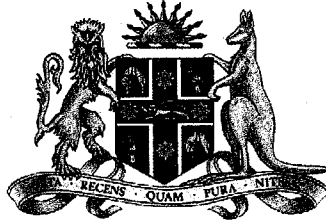
Please find enclosed the New South Wales Government's submission to the inquiry being conducted by the Senate Select Committee on Housing Affordability in Australia.

If you have any questions in relation to the submission, please contact Mr Paul Elton, Natural Resources and Economic Development Branch, NSW Department of Premier and Cabinet on (02) 9228 5493.

Yours sincerely



Robyn Kruk
Director General



NEW SOUTH WALES GOVERNMENT SUBMISSION

TO

**THE SENATE SELECT COMMITTEE
ON HOUSING AFFORDABILITY IN AUSTRALIA**

APRIL 2008

NSW SUBMISSION TO THE
SENATE SELECT COMMITTEE ON
HOUSING AFFORDABILITY IN AUSTRALIA

The New South Wales Government has made housing affordability a priority, however opportunities for the Government to improve housing affordability are constrained. The main policy levers which determine housing affordability, such as interest rates, tax laws, funding for public housing construction and rent assistance are substantially controlled by the Commonwealth Government.

Within its jurisdiction, the New South Wales Government has implemented a number of initiatives which have the effect of improving housing affordability in the State. In relation to the more significant matters affecting housing affordability which lie within the responsibility of the Commonwealth Government, New South Wales is cooperating with the Commonwealth through participation in the Council of Australian Governments (COAG), particularly the COAG Housing Working Group.

The key initiatives of the New South Wales Government outlined in this submission include the abolition of mortgage duty, and grants and stamp duty concessions for first home buyers. In addition, the New South Wales Government has implemented reforms to State and local development contributions, and to facilitate release of land for residential development. These initiatives will reduce the cost of building and buying homes, and improve the affordability of housing in the State.

Mortgage duty

The NSW Government no longer charges mortgage duty if a mortgage is made for the purpose of providing owner occupied housing. The waiver of mortgage duty will extend to investment housing from 1 July 2008 with the intention being to abolish all mortgage duty from 1 July 2009.

First Home Owner Grant Scheme

The First Home Owner Grant Scheme was established to assist eligible home buyers to purchase their first home by offering a \$7,000 grant. The grant applies to residential dwellings and is provided regardless of the area where the home is purchased or the value of the home. The Grant is not subject to an income or asset test and is not taxed.

First Home Plus

Under First Home Plus the NSW Government has eliminated stamp duty for first home buyers on homes valued up to \$500,000. The NSW Government also provides transfer duty concessions on first homes valued between \$500,000 and \$600,000. This can represent savings of up to \$17,990 in stamp duty on a new home.

First Home Plus also extends to the purchase of a vacant block of residential land. There is no stamp duty payable on vacant land valued up to \$300,000, with concessions applying to vacant land valued between \$300,000 and \$450,000. This can represent a saving of up to \$8,990 in stamp duty on a vacant residential block.

Under First Home Plus One, the NSW Government has extended the exemptions or concessions on transfer duty and mortgage duty to eligible purchasers who buy property in a shared ownership mortgage scheme with other parties, provided the eligible first home buyer purchases at least 50% of the property.

Developer contributions for infrastructure

In October 2007 the NSW Government announced changes to State and local infrastructure contributions. The reforms will ensure that development contributions only recover the cost of infrastructure that is needed to allow development to occur. The effect of the reforms will be to reduce the average state levy for infrastructure in the North West and South West growth centres of Sydney from \$33,000 to about \$23,000 per home.

Planning reforms

In April 2008 the Minister for Planning tabled an Exposure Draft Bill amending a number of provisions of the NSW planning and development assessment procedures under the *Environmental Planning and Assessment Act 1979*. The Exposure Draft Bill also contains amendments which would implement the revised framework for State and local development contributions. The proposed changes will for the first time define issues, including housing affordability, that must be taken into account by councils when developing contribution plans. Specifically, one effect of the amendment is to enable an affordable housing contribution condition to be authorised by a Local Environmental Plan or State Environmental Planning Policy. This will allow a simplification of the draft Affordable Housing State Environmental Planning Policy.

These reforms, which provide for speedier plan-making and development assessment processes, including the greater use of complying development codes, should reduce the time take to rezone land and to assess development applications for residential development, and reduce the cost of carrying out residential development.

State Plan Targets for land release

The NSW Government State Plan Priority E6: Housing Affordability has set the following targets:

- In the Greater Sydney Metropolitan Region provide a total of 640,000 new dwellings over next 25 years to 2031, of which 445,000 will be in existing urban areas and the remainder (195,000) in greenfield locations; and achieve 55,000 zoned and serviced lots ready for development by 2009.
- In regional areas provide at least 300,000 new dwellings over the next 25 years, with an increased rate of infill development.

The NSW Government has established the Metropolitan Development Program in the Department of Planning to coordinate the planning, funding, servicing and development of all major new residential projects in the Sydney metropolitan area. The Metropolitan Development Program develops an indicative ten year dwelling supply forecast. The Metropolitan Development Program also analyses dwelling production to meet the Government's State Plan targets.

The Growth Centres Commission (GCC) has been established to ensure that new development within the Growth Centres proceeds such that infrastructure and services are planned, funded and linked to the sequence of land release.

In 2006 the NSW Government established a Land Supply Taskforce which, among other things, identified impediments to bringing land on to the market and made recommendations for accelerating the supply of land to the market. The Land Supply CEOs group now implements the Government's objectives to ensure interagency cooperation for the preparation of staging and sequencing programs for rezoning, utility provision and subdivision of residential land, and achieve the timely delivery of infrastructure services.

Skills shortages

The NSW Government has implemented a variety of programs, such as new trade schools, to address skills shortages which could potentially affect new home construction and thus housing affordability. A total of 25 new trade schools are being established, helping to create more school based apprenticeships for students in year 11 and 12 and assisting young people enter the construction industry from school in a structured way.

COAG participation

On 20 December 2007, New South Wales joined with other jurisdictions through the Council of Australian Governments (COAG) to establish a Housing Working Group chaired by the Federal Minister for Housing. The objectives of the Working Group are to:

- improve housing affordability for home buyers and ease rental stress, particularly for low to moderate income households;
- halve the number of homeless people turned away from shelters within five years;
- ensure all levels of government work together to improve housing affordability and negotiate a new National Affordable Housing Agreement, which builds on previous agreements and includes housing for Indigenous people;
- improve housing supply, including through the release of surplus Commonwealth, State and Territory land for housing development; and
- improve social and community housing.

At its meeting on 26 March 2008, COAG agreed to implement a number of key housing initiatives proposed by the Commonwealth Government during the Federal election campaign. These include:

- a \$500 million Housing Affordability Fund with the goal of streamlining development approval processes and reducing infrastructure charges and developer costs;
- a National Rental Affordability Scheme, addressing rental affordability by increasing the supply of affordable rental housing; and
- building 600 new houses and units for homeless people.

The Working Group will now turn to the forward work program agreed by COAG, including consideration of a new National Affordable Housing Agreement that will replace the Commonwealth State Housing Agreement.

New South Wales is examining a range of options for the new National Affordable Housing Agreement as part of its participation in the Housing Working Group.

As part of the COAG's housing agenda, the Commonwealth and NSW Governments have agreed to an audit of Commonwealth and State land for possible release for housing development (excluding operating Defence bases).