

# Housing shortage will turn dire by 2020

Scott Elliott

Australia faces a critical housing shortage of more than 500,000 dwellings by the end of the decade, prompting industry groups to call for major reforms to the sector.

While Australia's steady population growth may be fuelling demand for new homes, supply-side constraints in the form of taxes, red tape and planning mean developers are struggling to close the housing gap.

The Housing Industry Association predicts NSW will be the worst affected, with a shortfall of 155,700 dwellings by 2020.

"NSW has been the worst for some time — every year they have a deficit of some 15,000 dwellings and they're going to get into real trouble if they don't enact some major reforms," HIA senior economist Andrew Harvey said.

The deficit will reach 112,000 dwellings in Western Australia, 104,200 in Victoria and 91,800 in Queensland by 2020, according to the HIA.

Mr Harvey said Australia would

require 1.6 million new homes over the next nine years.

"We may have all of the demand in the world, but the industry has so many constraints placed on it that it can't respond and build enough houses," he said.

"If we build at the average rate of the last 20 years, many areas of the country will have a critical housing shortage by 2020."

Brisbane and Darwin City municipalities face significant housing shortfalls of 25,453 and 6495 dwellings respectively.

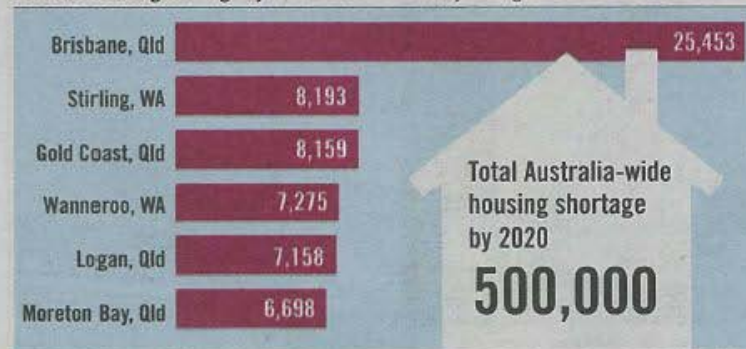
Seven of the 20 local government areas with the largest projected housing shortfall are in Western Australia, six are in Queensland, five are in NSW, and two are in the Northern Territory, according to the HIA.

The outlook is less dire in Tasmania, where negligible population growth will contribute to a housing surplus of 1300 dwellings by 2020.

Mr Harvey said substantial policy reform was required, and could be achieved, to ensure Australia began reducing its shortage of dwellings, rather than accumulating a larger one.

## No rooms

Forecast housing shortage by 2020 Worst locations by local government area



Residential Development Council executive Caryn Kakas has called for strategic land use planning in key residential growth areas and the establishment of urban development authorities that oversee the sequencing of infrastructure.

"We need forward plans for infrastructure, employment, residential and industrial land to capture all of the elements that are needed for

future employment and growth," she said.

"The idea is that there's somebody responsible for large-scale strategic planning and ensuring the money that comes in for infrastructure is delivered and sequenced."

Ms Kakas said as-of-right developments overseen by a code assessment model would deliver more homes.

"What I'd also like to see is some-

thing that was raised by the Productivity Commission and that's broad rezonings."

Australia and New Zealand Banking Group economist Paul Braddick warned earlier this week that, based on current estimates, just 136,000 homes would be built in the next 12 months, well short of estimated underlying demand of 190,000 dwellings.

The Grattan Institute's Jane-Frances Kelly said there was an emerging shortage of the correct type of housing stock.

"Contrary to popular belief, the majority of [Australians] don't want a detached home," she said.

Based on the Grattan Institute's research, there is a cumulative undersupply of 105,000 apartments across inner-suburban Melbourne and Sydney.

Federal Population Minister Tony Burke said the Labor government was continuing to support the housing market following the provision of stimulus measures in the wake of the financial crisis.

Property, pages 55-57 ■