

Premier announces plan to kick-start housing construction

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Premier Nathan Rees today announced the Government's plan to boost the NSW housing industry and improve housing affordability for families.

Mr Rees said that the Government will deliver much needed reforms to infrastructure levies.

"The Government will reduce levies that are charged on new developments by up to \$64,000 per lot," Mr Rees said.

"Water levies, state government levies and local government levies charged to new developments will all be reduced as part of the plan, including:

- Cutting state infrastructure charges in the south west and north west growth centres from \$23,000 to around \$11,000 per lot until June 2011.
- Abolishing infrastructure levies payable to Sydney Water Corporation and Hunter Water, saving up to \$15,000 per lot.
- Capping infrastructure contributions payable to local councils at \$20,000 per lot – with all contributions exceeding \$20,000 requiring approval from the Planning Minister.

"We have listened to industry and local government and it is clear in some areas levies have been too high and have been slowing the construction of new homes," Mr Rees said.

"We have also changed the timing of the payment of the reduced levies – they will no longer be charged up front and will now be charged when the lot is sold.

"The NSW housing sector has been hit especially hard by the economic downturn.

"Last financial year there was a 4.6% drop in development applications across NSW and only 16,000 new houses were constructed – compared to 31,000 in Victoria and 30,000 in Queensland," Mr Rees said.

"There is a clear need to stimulate the housing industry, which is vital to the state's economy.

"That's why we are delivering the necessary changes to create the right conditions for a recovery in the housing sector."

Mr Rees said today's plan to improve housing affordability builds on recent measures to help families including:

- An additional \$3,000 grant for families building their first home or buying a newly-constructed home – taking the total grant to \$10,000;
- Delivering cheaper public transport for families - every Sunday from December 21 families will be able travel anywhere in Sydney by bus, ferry or train for just \$2.50 per ticket; and

- Offering \$1 fares for children over summer travelling to any of the of the 360 destinations on the CountryLink network.

The reforms follow a review of infrastructure levies announced as part of the Mini Budget in November. The review has included consultation with industry groups and local government.

“These changes simplify the structure of levies, reduce unnecessary holding costs and reduce the overall contribution required from new developments,” Mr Rees said.

“They will reduce the cost of developing land, particularly in north west and south west Sydney, and I want to see those savings passed on to home buyers.

“As interest rates continue to fall, and land is able to be developed more cost effectively, the conditions will be right to support a recovery.

“Housing construction is one the great multipliers in our local economy and these measures are designed to stimulate construction and create jobs.

Planning Minister Kristina Keneally said that the NSW Government has made significant reductions to state infrastructure levies, and we hope to see councils follow our example.

“In particular, we do not want to see Voluntary Planning Agreements impact on the Government’s efforts to make housing and development more affordable,” Ms Keneally said.

“We’ll continue to work with the housing industry and with councils to see what can be done to make houses more affordable, make land available more quickly, and ensure a fair level of contribution.”