

“THE NEED FOR CLARITY”
HUGH PAVLETICH COMMUNICATION WITH
HOUSING INDUSTRY ASSOCIATION OF AUSTRALIA.

From: Hugh Pavletich [hugh.pavletich@xtra.co.nz]
Sent: Wednesday, 21 November 2007 10:09 p.m.
To: 'Silberberg, Ron'
Subject: Housing Affordability in Australia - "The Need for Clarity" - Hugh Pavletich Response to Dr Ron Silberberg, Managing Director, Housing Industry Association of Australia 20 Nov 2007

HOUSING AFFORDABILITY IN AUSTRALIA – “THE NEED FOR CLARITY”.

To: Dr Ron Silberberg, Managing Director, Housing Industry Association of Australia.

Dear Ron,

Thank you for your email (below) commenting on the editorial within the Urban Development Institute of Australia's – Queensland Division – November 2007 newsletter (copy attached above – please zoom for clarity). You point out what you see as certain omissions within the editorial and that “there is some revisionism going on”.

The “key message” of the UDIA Queensland editorial - as I read it - is that this organizations membership is telling its leadership “loud and clear” to focus on supply and associated issues. That is – land supply and infrastructure financing.

You will no doubt have already read and circulated within the HIA – my recent communication to the Resource Management Law Association of New Zealand letter (Association website [here](#)), our lead land use regulatory professional body – which provides an overview of the housing affordability issue in New Zealand.

Hopefully too – the letter spells out in the clearest terms possible – the three major areas that need to be focused on – being – (a) the setting of performance standards within local government and using the United Nations and World Bank Indicators Programs as a guide – is Australia a signatory? – (b) eliminating fringe urban land pricing scarcities as soon as possible – and (c) appropriately debt financing infrastructure.

The solutions to the housing affordability crisis are that simple.

With the greatest of respect – the matters you outline below are peripheral and indeed distract from what the major goal should be – that is to be focused on solving 95% of the problems. There will of course be a need to address the other 5% of the problems – those that will require public assistance that the construction / property market is unable to meet on its own – being social housing in the main.

I would have thought the Australian property industry groups may have learnt from the 2004 Australian Productivity Commission Housing Affordability Inquiry debacle – where because of the confused and conflicting information (rubbish in – rubbish out) provided by the property organizations to the Inquiry – the result sadly was failure.

Indeed – learning from this debacle - through 2005 and 2006 the property industry bodies in Australia – led by the HIA I might add – did a magnificent job in generating massive volumes of extremely high quality research and from this (with the large volume of supporting international research as well) – had the foundation in place to suggest sound supply policy prescriptions to deal with the issue.

Through this time – the Australian property industry groups were respected as the global leaders with this issue of housing affordability. I for one – here in New Zealand – relied very much on the excellent research work generated by the Australian industry bodies. At that time – the New Zealand industry groups were rather timid. They have however contributed enormously during 2007.

In my view – unfortunately the situation “went off the rails” in Australia during the early part of 2007. when your organization – unilaterally within the property industry - began to confuse the issue, in advocating peripheral and counter productive (i.e. inflationary) demand type interventions. This created unnecessary confusion with the media, politicians and wider public. I know it was extremely disheartening to many public spirited individuals within the Australian property industry (and those associated with it) – who had worked tirelessly for years, in an endeavor to get solutions in place.

This early 2007 change of direction (yes – one could refer to it as “revisionism”) by the Housing Industry Association – led to the 18 July 2007 Joint Industry Policy Statement by the Master Builders of Australia, Real Estate Institute of Australia, the Residential Property Council (Division of the Property Council) and the Urban Development Institute of Australia. All the other major property organizations were distracted from progressing the issue alongside the HIA – and have since had to waste time to focus on “holding the line”.

And this “stalling” has meant in my view, that important issues such as Local Authorities and not State Governments controlling land supply, has yet to be discussed in Australia. The housing affordability issue in Australia will not be solved until this happens. Thankfully – New Zealand does not suffer from this major problem – and the British are now very much focused on strengthening Local Authorities capacity in this critically important area. The appropriate long term debt financing by infrastructure providers of the infrastructure they own – has not at all been adequately discussed in Australia.

One would have thought by now – following three Annual Demographia International Housing Affordability Surveys – that the Housing Industry Association of Australia and the other industry groups throughout both Australia and New Zealand (with other private and public sector institutions) – would have “teamed up” in arranging Study Tours of selected affordable North American markets – to see what we can adopt or adapt in solving the housing affordability crisis in this part of the world.

I am somewhat surprised too (that with the three Demographia Surveys) that the industry groups in Australia have yet to get underway an Annual Australian National Median Multiple Survey of all significant urban markets and Local Authority Areas – to coincide with the release of the International Demographia Survey each January.

Much of the property industry “confusion” with this housing issue is precipitated in my view, by the destructive influence of those within the property industry, constantly angling for “protection” in an endeavor to shut the competition out, engage in monopoly pricing – with the result that their customers and the wider public are “taken to the cleaners”. The “sustainability for ourselves” brigade. It’s well past time the property industry groups get on and dealt with this issue.

I am of the view (having been a President for the South Island Division of the Property Council of New Zealand through the first part of the 1990's – where I constantly had to deal with this problem) – that property industry groups need to strictly adhere to two guidelines when dealing with public policy issues. If it's (a) not in the wider public interest and (b) not in the member's interest – don't advocate it.

It's clear to me that industry players who misuse the property industry bodies – as vehicles to protect themselves from competition are clearly acting unethically – and should be expelled. Business and property organizations and professional groups always run the risk of being “tainted” and seen by politicians and the wider public as “out for themselves” – and before long lose respect and influence within the community.

I trust these few points are of some assistance Ron.

With best regards,
Yours sincerely,
Hugh Pavletich
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-----Original Message-----

From: Silberberg, Ron [mailto:R.Silberberg@hia.com.au]

Sent: Tuesday, 20 November 2007 10:32 p.m.

To: Hugh Pavletich

Subject: RE: Housing Affordability - Urban Development Institute of Australia - Queensland Division - calls for focus on land supply and infrastructure

Hugh, the article fails to mention Labor's Home Affordability Fund and Rental Housing Affordability Scheme, which are supply-side proposals to alleviate development charges, achieve planning reform and to increase the availability of lower-cost new rental housing. The Government mirrored Labor's Home Affordability Fund. The first home saving account proposal is aimed at encouraging saving out of income. That which is saved cannot be consumed. Eligible applicants would have to save for a period of at least four years by which time there should have been some progress made on supply-side issues. No doubt you are aware that the UDIA called for a doubling of the First Home Owners Grant. It seems there is some revisionism going on.