



**Re: Inquiry into affordable housing**

**Home Loan Experts** welcomes the inquiry into affordable housing. As mortgage brokers, we have amassed a large amount of knowledge regarding the housing sector, as well as insights into the situations of our clients. We feel that this makes us qualified to comment on this inquiry.

In particular, we would like to comment on the following:

- **Developers face many barriers to build new properties**

Currently there are many barriers faced by developers to build new properties. This is causing a supply shortage which is making it harder for people to afford housing. With the population expected to double by 2075 (or even as early as 2058), this problem is only going to get worse as the demand for new housing increases.

Earlier in November, Shane Oliver, chief economist of AMP, commented on this saying that the government should work to release more land to build on and they should make it easier for developers to build new properties. We agree that removing these barriers would help with the problem of affordable housing.

- **Negative gearing should not be abolished**

Currently an estimated 4.5 million Australians (i.e. 23.4% households) are renting - with this number expected to grow. The abolishment of negative gearing will undoubtedly result in higher rental rates which will make it even harder for these citizens to afford their rental payments.

Following this, the government would have to spend more on public housing in order to accommodate these people which would mean more expenses for the government. Even now, there is already a long waiting list for public housing and this would just exacerbate the situation.

- **APRA's recent LVR policies are too restrictive**

Currently APRA has placed significant policy constraints on the banks. If they are required to reduce maximum LVRs (Loan to Value Ratio) similar to New Zealand, this will make it harder for first home buyers to enter the market since most tend to borrow around 90% of the property value. Limiting the LVR to 80% would require buyers to save up double the amount of deposit to make a purchase.

- **First Home Owner's Grant (FHOG) is very effective**

As mortgage brokers we see that FHOG is very effective in helping new buyers buy their first homes. It also drives construction and increases the number of younger buyers in the market. In this case we feel that a full exemption from stamp duty would also greatly help first home buyers.

We thank the committee for allowing us this opportunity to offer information and share our opinions on such a serious matter. We look forward to hearing the outcome of this inquiry.

Regards,  
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