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To whom it may concern

## First Home Super Saver Scheme

The property industry underpins the \$6 trillion in value that comprises Australia's housing markets. Members of the Property Council create the stock: the new housing to own and rent, as well as specialised housing like seniors living and student accommodation.

The challenge of housing affordability is complex but, at its core, it is also a story of demand and supply. The growing deposit gap is one of the biggest demand side challenges for first home buyers as property prices are surging and it is becoming increasingly difficult to save for a deposit considering minimal household income growth. In 2001, it took only 85.9% of average household income to pay the deposit on an average home. By 2016, this had risen to 138.9%.

As such, the Property Council supports non-inflationary measures to help people bridge the deposit gap and the First Homes Saver Scheme appears to do this.

The Property Council, however, would urge the government to reconsider the need to occupy the premises as soon as practical, and for at least six months of the first 12 months after it is practical to do so as it will limit uptake of the scheme.

This is because some first homebuyers cannot necessarily afford to buy in the areas that they work, or necessarily work where they plan to settle. This is particularly true for first homebuyers in Sydney and Melbourne. Requiring them to live in the property will unnecessarily limit first homebuyers' choice location and type of dwelling as well as potentially limiting access to employment opportunities.

The deposit gap is a significant challenge in the discussion of housing affordability – and to that end, we would also urge the Commonwealth to work with the states in adopting the successful KeyStart model from WA and applying it to other jurisdictions. However, addressing the supply side constraints will ultimately position housing markets to function better over cycles and address the long-term population growth of our major cities. In response to the demand and supply side challenges to housing affordability, the Property Council has developed a Ten-Point Plan to Fix Housing Affordability (attached).

If you would like to discuss this submission, or our other recommendations to improve housing affordability, please contact Rebecca Douthwaite, Policy Manager, Housing & Planning on 02 9033 1936.

Regards,



Glenn Byres  
Chief of Housing and Policy