

# Too many obstacles to cheap housing

[Housing: The Great Australian Dream Project](#) | [Alan Moran](#)  
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THE average price of new houses in Melbourne, according to the Housing Industry Association, was \$300,000 in June of this year.

Though Adelaide and Hobart are cheaper, Sydney and Brisbane are a fair bit more expensive.

Treasurer John Brumby has long been concerned to ensure low-cost housing in the state but his views have not always prevailed against the elitists within the Cabinet.

Too many state and local politicians and their planning advisers place obstacles in the way of people seeking to buy new homes.

Their preferred homes are scorned as McMansions. They are denigrated as short-sighted by those who claim to be better informed about the direction of energy prices in wanting to live in distant suburbs.

Many of this view have an emotional attachment to public transport. They also have an outdated view of cities, in which travel patterns today are no longer dominated by journeys to the central business district.

New suburban developments are also said to be using up too much land or to require too much water.

In fact Victoria has masses of developable land -- only half of 1 per cent of the state's 227,000 square kilometres is urbanised.

Nor is water a problem, except in so far as the government refuses to build more dams.

After all we live in a climate zone known as "Mediterranean" with a population density one-tenth of that of the Mediterranean area itself.

Following the recent publication of my book, *The Tragedy of Planning*, the Treasurer, Prime Minister and chairman of the Reserve Bank all came supported my findings that the housing crisis we face is due to government policies in restricting land availability.

Current planning laws in Victoria, at a stroke of a regulatory pen, vastly increase the value of land. A farming property worth a few thousand dollars per hectare if zoned for housing is worth half a million dollars or more per hectare.

Laws responsible for such outcomes are highly discriminatory.

They are also a disgraceful intrusion on to the property rights of landowners who are prevented from using their land as they see fit.

And the enormous profits available mean the planning laws are open to all sorts of corrupt practices in getting land redesignated.

Above all, planning regulations prevent first-home buyers from getting a foot on the housing ladder.

A housing block on the Melbourne periphery costs only \$40,000 to fully service with roads, drainage, water, electricity, etc.

Yet the planning laws create a land scarcity which boosts that cost to an average of \$180,000. That boosts the cost of a housing land package from less than \$160,000 to the \$300,000 we now see.

In Victoria, the Opposition has turned up the heat by calling for a scrapping of Melbourne 2030 and its restrictions on land development.

Action is also evident in South Australia and Western Australia where the governments are now talking about making more land available for housing.

This week's GDP figures show Victoria is falling behind other states in income growth.

Freeing up land for housing would offer both a development boost and an easing of the regulatory burden the government has imposed on those who cannot step onto the housing ladder.

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