

MEDIA RELEASE

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Coalition splashes big on first home buyer support

Urban Taskforce Australia CEO, Tom Forrest, said today that the Coalition's commitment to make interest payments on mortgages tax deductible, for first home buyers, for five years, was a huge step to both support first home buyers and support the feasibility of new housing supply.

This massive commitment will go a long way to stimulating demand for housing while making housing affordable for first home buyers. This Coalition policy will support housing supply by improving project feasibility.

Urban Taskforce Australia cautions, however, that this policy must not reduce or replace efforts to cut the costs of bureaucracy, red tape, local and state infrastructure charges or affordable housing taxes - which are all applied to property by the states and local government.

One of the key constraints on housing supply is being able to show financiers and investors that there are enough new home buyers that can afford to pay for the new homes. They refer to this as a feasibility analysis. Given the massive rises in the cost of construction and the savage impact of government taxes, charges and bureaucracy, feasibility has been very poor.

- Interest rate reductions help feasibility
- Reducing the APRA mandated mortgage serviceability buffer will also help
- Making interest payments on mortgages for first home buyers (up to \$650,000) certainly helps
- Government support for first home reduce deposits to 5% while under-writing those homes helps.
- Ongoing efforts to reduce the cost of planning delays and state government fees, taxes and charges are also critical.

But housing supply is critical in the medium to long run.

Today's announcement, if implemented, must drive broader tax reform over the next five years. For too long the economy killing impact of stamp duty has been ignored. This policy allows time for a solid holistic reconsideration of the tax system.

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To read more on the drivers of the cost of housing, click this LINK: [Urban Ideas - What Makes Housing so Expensive?](#)

The comments and analysis above can be attributed to Tom Forrest, CEO, Urban Taskforce Australia.

*The **Urban Taskforce Australia** is a property development industry group, representing Australia's most prominent property developers and equity financiers.*

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