

Overview of key concepts



Can we build more new homes without putting Australians at greater risk of natural disasters?

PUBLIC POLICY CONSIDERATIONS



1

Australia needs to massively scale up building more private homes to address current shortage of affordable housing.



2 But...

This could have unintended consequences of further exacerbating Australia's exposure to natural disasters such as flood and bushfire.



3 Especially if...

More homes are built in lower cost areas with higher natural hazard risk profiles on the urban fringes of our major cities and regional centres.



4 Where...

The upfront cost of property development might be significantly lower than in other more established parts of our major cities and regional centres.

UNPACKING ITEM 4

Upfront vs lifecycle cost

PAYERS	STAGE	EXPENDITURES
Property developers	Upfront property development costs	Land purchase and development Cost of development financing
Property purchasers	Upfront property purchase costs	Cost of property purchase Taxes and charges, legal costs and other cost of property purchase
Property owners	Ongoing property maintenance	Property maintenance costs including the cost of strata management Cost of insurance Taxes and charges including insurance taxes
Local councils		Local council services including infrastructure maintenance
Property owners State and federal governments Local councils	Natural disaster events	Rebuilding and other recovery costs Disaster payments and rebuilding assistance Disaster recovery activities including infrastructure rebuilds

WHERE WE GO FROM HERE: IMMEDIATE FIRST STEPS



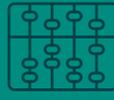
Step 1:

Dialogue across governments, insurance, banking, property and research sectors on public policy considerations.



Step 2:

Develop a shared understanding of natural hazard risks and future developments.



Step 3:

Develop a shared understanding of the lifecycle cost of new residential developments in high natural hazard risk zones.

EXAMPLES OF PUBLIC POLICY AND INDUSTRY SOLUTIONS THAT COULD BE DISCUSSED BY THE CROSS SECTOR GROUP

Planning regulation reform

- * Prohibition of new residential developments in high-risk zones.
- * New buildings built to a standard to be more resilient to natural hazards.

Home insurance premiums

- * Recognising household-level risk reduction in home insurance premiums.

Resilience loans

- * Resilience loans to enable households to invest in the resilience of their properties to natural disasters, possibly supported by favourable regulatory treatments including capital requirements.

Incentivise developers

- * Additional incentives for prospective developers and homeowners with information about risk exposures in relation to new or prospective developments.

Inform homeowners + developers

- * Providing prospective developers and homeowners with information about risk exposure in relation to new or prospective developments.