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**HOUSING COMMENTATOR WARNS MASTER BUILDERS AUSTRALIA RECOMMENDATIONS ON
NEW STIMULUS PACKAGE DON'T GO FAR ENOUGH – RENOVATIONS NEED TO BE
PANDEMIC-RESISTANT**

Housing commentator and property developer Ian Ugarte applauds Master Builders Australia CEO Denita Wawn for pushing to include renovations on existing homes in the Federal Government's latest proposed stimulus package, but warns it needs to go further.

Under the suggested extensions to the \$4billion 'Tradie Rescue Package', Australian homeowners could be given grants of up to \$40,000 to build or renovate their properties, but strict criteria needs to be met, like making houses more resilient to natural disasters.

"I understand the Prime Minister wants to place conditions on the funding to reduce roting and Ms Wawn has suggested it would be good to set the criteria to making houses more resistant to natural disasters and address property defects," the Small is the New Big co-founder said.

"However, it would be a big mistake to limit the application criteria to only include making homes more fire and flood resistant. We need to also think about 'pandemic resistant' properties.

"Our entire economy, including the building industry, has being held hostage to a pandemic that has seen Mum and Dad property investors haemorrhaging financially, due to job losses and little to no rent coming in from tenants who are equally as financially squeezed by the effects of Covid-19.

"It's vital that the funding is extended to include making existing homes and investment properties more resilient to serious economic downturns, like the one we're experiencing right now. This will create cashflow for builders, higher yields for landlords and lower rents for tenants."

Ugarte said he had seen panicked Mum and Dad investors ditch their untenanted properties and suffer a significant loss, because they felt they had no other choice.

Instead, the builder and property educator believed investment properties currently sitting vacant could present an opportunity that would make securing new tenants easier and double their rental yield almost immediately, and see this yield continue year on year.

"Mum and Dad investors can flip their often negatively geared properties to cash positive by converting a typical 4-bed, 2-bath rental property into 5 self-contained micro-apartments and create better, more affordable housing in the process.

“Struggling investors could use this stimulus payment to fund a conversion that can take less than a week to complete and generate rental income of between \$300-\$900 per week more than the property next door,” Ugarte, Co-Founder of Small is the New Big explained.

Taking the pulse of the rental market shows:

- 60-80% of renters are actually singles or couples.
- the majority of available rental properties cater for families of 4 or more.
- tenants can no longer afford to pay for empty rooms they don't use or need.
- landlords are feeling increasing pressure to cut rents.

“The obvious mismatch in supply and demand in residential rentals is what's driving this high vacancy rate, made far worse during the COVID-19 crisis.

“That's also why converted investment properties are quickly filled with happy tenants because they're adaptable enough to truly accommodate the needs of one type of tenant one day, and another type of tenant the next.

“Best yet, renters shave up to 50 percent off their normal weekly rent, with utilities often included, making this a truly attractive arrangement for most cash-strapped tenants and landlords looking for a way to make their investment work,” Ugarte said.