Why Is The Dream Of Home Ownership Out Of Reach?

Summary:
Powerful vested interests are very keen to see the housing bubble continue to grow. Governments are not working to really solve the problem - in large part because they too profit from continued new construction and turnover of properties. This article reveals the truth about why home-ownership will very soon become an unachievable goal for most Australians.

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Housing is unaffordable for a reason …

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Why is it getting harder to buy a home? Why might it become virtually impossible for young Australians to own their own home? Why are so many older Aussies spending the bulk of their income on rent? Simply because there are very influential and powerful interests that want it just that way.

A property bubble is baked into the financial and political system. All government policies ensure the continued pumping of the bubble. Corporate interests insist that government continue those policies. If you want a solution you must understand the complex interactions involved. All proposed fixes recently bandied about are just tinkering around the edges. Most “solutions” will lead to unintended consequences and perverse incentives that in some cases will make the bubble bigger and the inevitable crash worse.

In Sydney, **the median house price is now 8.4 times average household income, up from 5.8 times 15 years ago.** The city has the world's second-most expensive property market. Home prices have jumped 19 percent in the past 12 months. Melbourne is the fifth least affordable market in the world. The list is topped by Hong Kong.

A recent Digital Finance Analytics survey found that of the 3.1 million mortgaged households, an estimated **669,000 are now experiencing mortgage stress**. Additional stress is placed on families where both parents must work to make ends meet and cover housing costs. Often they must commute for several hours a day. What sort of lifestyle is that? In days gone by one income was enough. Now you need two ... plus a handful of credit cards and for many even that is not enough. Too many of us are stressed and suffering trying to stay in the market and pay off our home mortgage. At the same time many others are suffering and **fearful of never having the security and retirement benefit that comes from owning a home.**

The housing situation in Australia is a story of policy failure. Deliberate policy failure.

Property values are increased directly by government policies.

GST, Stamp Duty and other government generated imposts have been shown to increase the cost of buying a home significantly. Also, governments control the release of land for housing. Limiting supply leads to increased prices. Both these factors increase the amount of money that home seekers and property investors need to borrow from financial institutions.

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The Property Council has shown that property owners have become Australia's largest collective taxpayer, contributing 9 percent of total tax revenue. **Property taxes make up as much as 46 percent of state, territory and local government budgets.**

Governments very much enjoy the revenues earned by high value properties being built and changing hands. Financial institutions enjoy lending higher amounts. These are just two of the powerful vested interests that profit from high property prices and a bubbly market. In addition many other associated industries also benefit - including: building companies, real estate agents, lawyers and valuers. The big four bank CEOs (Thorburn, Narev, Hartzer & Elliott) are also massive beneficiaries of boom bust bubble machinations.

Some people would argue that taxes should be removed and more land released for housing. Prices would come down but demand would quickly rise and prices would leap again. **There is no escape from this fact - demand must be addressed …. and once it is seriously addressed prices will fall.**

Financial institutions and Predatory Lending

Our fabulously wealthy Big Four bank CEO's are involved in control fraud (Google it ... along with fraud fighting hero Bill Black). The use of rigged computer algorithms to approve unconscionable loans sets people up for their assets to be harvested by crooked bankers. It is organised crime. It is systemic and systematic and it operates on a grand scale. The pollies and their regulators are in on it. The Reserve Bank and APRA along with ASIC are making whimpering pleas asking bankers to behave. ASIC's head Greg Medcraft is about to retire and now he is talking. This is too little and too late ..... it is a charade. **The pollies, regulators and bankers involved in this racket must and will be held accountable.**

Giving 30 year interest free loans to asset rich income poor - and often elderly people, is predatory. **Loan application forms are routinely fudged to approve unaffordable loans.** This feeds directly into increasing demand in a heating property market.

Bankers giving out "cheap" low interest loans entice more people into believing they can afford unreasonably high priced housing. Low interest or interest only loans are a predatory banking tactic. We have a subprime / low doc problem which has fed into producing the Aussie property bubble. **We are only a couple of interest rate rises away from seeing massive numbers of defaults.** The perceived low cost of getting into the market turbocharges the demand side of the equation.

You can see that one solution – raising interest rates to decrease demand and bring down prices - will actually trigger the crash that would harm the incomes of governments and the associated hangers on. Banks however, have still managed to profit up till now. Mainly because of the nature of credit creation, criminally unfair contracts and the ability to churn repossessed properties. However there is a limit - and **we are not far away from the next phase of the global financial meltdown.** The Aussie banks did not sail through the 2008 crisis. **The US Federal Reserve pumped billions into NAB and Westpac. This was deliberately hushed up. We only need one of the predatory international banks to go under or a new push toward war to see trouble come to the Aussie finance system again. Both scenarios are on the cards right now.**

Other tax policies affecting demand for properties

Tax policies can directly raise the price of property as seen above but they can also change people's investment decisions either driving investment into the sector or pushing it away. Negative gearing clearly encourages people to invest in property. Thus the **investors are competing for property alongside people who just want to purchase a family home.** Likewise the capital gains tax concessions tend to make property an attractive investment. All the sectors that profit from property

development, construction and turnover love these tax incentives. Funny how banks will lend to investors who are making a loss year after year - but won't lend so readily to a small or medium sized business. Why do you think that is?

Clearly people are being pushed into property as an investment because it suits those that profit from this. Tax policies affecting other potential investments may also be making the alternatives unattractive – deliberately. If you are trying to save money any interest you earn just from leaving it in the bank, for example, is taxed at your marginal tax rate. Quite obviously people are going to try and make money from property.

The problem – as Paul Keating discovered – is that if you just axe the concession like he attempted to do with negative gearing you can cause a collapse or shortage of property availability. This of course can lead to price increases down the track.

Perhaps part of the solution would be policies that help make investment in areas that produce useful jobs, infrastructure and services more tax effective and profitable.

Let's face it – you can't have perpetual growth. The players in the industry must come to understand that once our people are well looked after with respect to housing there will be less demand for goods and services that go into property development and sales. Rather than trying to artificially maintain demand with crazy policy "fixes" designed to allow them to continue business as usual the resources must be **reallocated to other areas beneficial to the real economy - the one that actually serves the legitimate interests of the people.**

Globalisation related policies are leading to almost unlimited demand

If you have open borders to capital and migration you will find **Aussies unable to compete for housing.** It is that simple. Australia is one of the best countries in the world despite the damage the corporate/government axis has done in many respects up to now. Untold millions would like to live here. We are not saying migration is not welcome or how much is reasonable. We are just pointing out the effects on housing availability and affordability.

One issue of concern is government policy that makes it easy for foreign crooks to launder proceeds of crime by purchasing property in Australia. These characters don't care what they pay for a property – **they are getting rid of hot money and that money heats up our market.**

Foreign buyers in general are spending $8 billion per year on new homes in NSW and Victoria, locking out owner-occupiers and accounting for one in five new home sales. Worse still, many of the properties that investors of this nature own are actually left vacant. Thus limiting the supply and maintaining upward pressure on house prices.

Many countries don't allow foreigners to buy property and land at all. Our government likes to pretend that this type of deal is "foreign investment" in Australia and that it is good for us. This is not an investment in Australia. **This is selling off our country,** its land, its businesses and its farms. Real foreign investment would include cashed up genuine foreign investors finding an Australian business and investing money in it either through shares or some form of partnership where they get a share of the profits while the business remains in Australian hands.

The push for a larger population is also being encouraged by the finance and building sector. It keeps the bubble growing. They don't care about the negative effects of larger demands on inadequate infrastructure or overcrowded and polluted cities.

Consider also this – there are many people wanting to move to Australia thanks to wars which have made their own homelands dangerous and poverty stricken. Who profited from those wars? **The global elite that want our borders wide open - the people and corporations that rule over the financial, military, industrial complex.**

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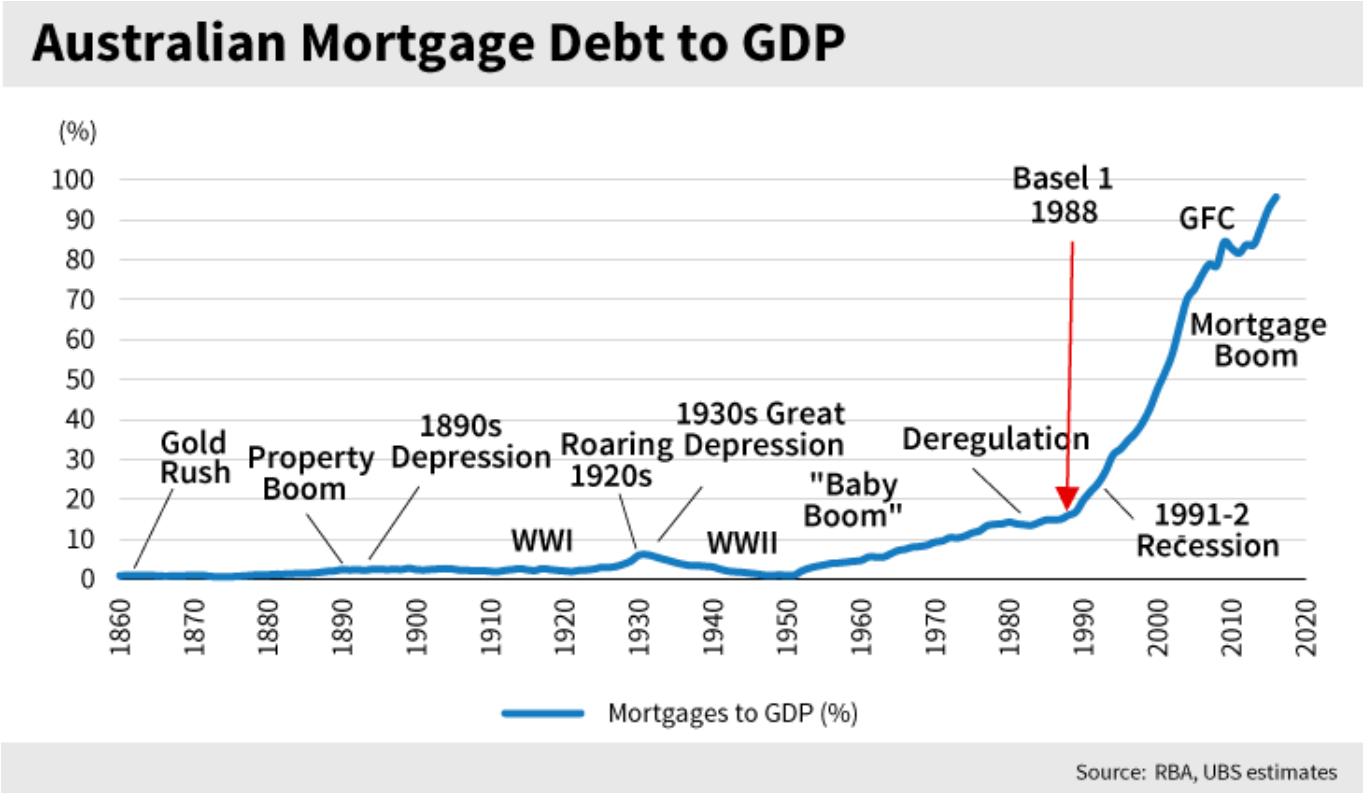
This is also related to the phony free trade deals we are constantly being lied to about - like the Trans-Pacific-Partnership. They are designed to decrease our sovereignty and debauch our democracy. **They want Aussies to have less say over how we live, how we work and how we are governed.**

GDP – the con of the century

There is an **unhealthy preoccupation with our Gross Domestic Product.** Suffice to say - the bulk of the economic activity that boosts these rubbery figures leads to large transfers of the people's time and wealth to the upper echelon manipulators of finance. That is why GDP can be increasing but too many of our people are going backwards - unable to comfortably and adequately house themselves. We need a **new way to look at how we are doing and it is not all about money.**

Here are some ideas we are working on **>> The BRN Gross Domestic Well Being Index**



Wage growth is just not keeping up

There is a trend to greater automation that is unstoppable. **Under and unemployment will continue to rise.** This is a structural change that is real, inevitable and of major concern. Much paid work is now casual and part time. Many workers are not secure. The lower paid are living from pay cheque to pay cheque. Many have been forced into the precariat class. **Their position is one of hopelessness, fear, unease, dissatisfaction and growing anger. As the groups that are not seeing any improvement in their standard of living grows there will be more people that will not be able to rent a home let alone buy one.** The situation is much worse in America. The middle class has shrunk and many people have a lower real wage now than decades ago.

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Debt based monetary system

The other con of the century is the way bankers managed to gain control of the money supply. There is a lot to this story but the key point is that **bankers want you in debt. They want your government in debt. They want your children and grandchildren in debt.**

Corrupt politicians have allowed this racket to proceed for over a hundred years. It's responsible for the boom bust economic cycle and much of the conflict and war we have endured.

As far as home ownership goes you need to know that the bank loan and contract involved in that loan is fraudulent. The money that the bank "lends" to you did not exist until your signature and the bank's computer brought it into being. The bank is charging you interest for 20 or 30 years and wants the capital back that you in effect loaned to them. **Do you think this sort of monetary system favours the banks while enslaving you and impoverishing the world?** Have a look at the world debt calculators and think about whether it will ever be paid back.

Our politicians have managed to structure the economic system to **encourage debt and discourage savings.** This is deliberate because the corporate sector is not satisfied with you spending money you actually own. **They make far more when you spend more than you own – especially if you borrow the extra from them** - pretty simple really. If you are running a business you get tax deductions on purchases and if the purchase is made with money you don't have then the interest is also tax deductible. This keeps the bubble of economic activity … and GDP … and house costs growing. Of course **it is not sustainable, but the rulers don't care.**

Here's what the rulers do care about - **you learning about an alternative that would bring prosperity and justice to the bulk of us.** They don't want you to know that your democratic constitutional government – the one that is supposed to represent you and your interests - has the **right and power to maintain an honest sovereign monetary system.** And when you demand it – it shall come to pass … but you better demand it pretty damn hard … and pretty soon. By the way, there are two other things you'll need to demand but BRN will not release those details until we have the numbers and funding needed to make sure our campaign for reform and justice has its best chance of success.

Infrastructure

Do you like the idea of living in a poorly built shoe box high in the sky? That is one of Turnbull and Co's great ideas to make housing affordable. Only politicians and bankers should be able to raise their kids in a house with a backyard …. or back-harbour.

High density housing suits many people but it should be a choice. Many of the units being built in Sydney, Melbourne and Brisbane are not for owner occupiers. They are built for speculators and investors …. and often foreigners who will never live in them. **They don't care if it's a shoddy build. They don't care if it's too small.** They just hope and expect that there will be people that are desperate enough to rent it - or maybe even buy it ….. at an outlandish pre-bubble bursting price.

One reason for this type of construction is that governments find it hard to provide the infrastructure needed for housing in new areas so they are trying to squeeze as many people as possible into areas already serviced with transport, schools, hospitals etc. Again, they don't care if this strains the system and leads to a lower quality of life for residents.

We could of course afford quality infrastructure in our cities …. as well as in new regions of well planned development - but only if we changed course and demanded reforms .... including a well planned and implemented sovereign monetary system.

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Craving for paper gains

If you were able to buy in Sydney and Melbourne several years before the coming crash the value of your property has gone up. Everyone likes to make money – particularly without working. **Paper gains on housing are a bit different to gains on other investments like shares.**

The windfall gains in property that some enjoy have come about because of the structures discussed above that have contributed to the property bubble. The bubble has been created to enrich the upper echelon financiers and various secondary players. The very top players will still be wealthy when the crash comes and the paper gains for many are wiped out. Worse still will be the possibility of people losing their homes if banks claw back in response to non-monetary defaults. Thanks to predatory banking many people with interest only loans will have loans far bigger than the property shall be worth. The market will seize up. Properties won't be able to be sold and prices will crash further.

Let's reassess the purpose of the Australian housing market.

Is it supposed to be a tool for speculative gains in wealth - open to suspect players from right around the world - or is it supposed to provide shelter and security for Aussies? Once we understand this we can put in place the appropriate policies and wear the decline in prices. That sounds harsh doesn't it? Someone pays $800,000 for a unit in Sydney - and bang!! After the crash it is worth maybe $600,000. How should we manage this? BRN can be pretty cheeky sometimes ..... you know how **in the old days the peasants were supposed to bail out the bankers? Well now that we've wised up we simply turn the tables. Reforms we are pursuing will lead to the banks bailing out the people.**

For example – the banking racket has caused the explosion in debt and all the associated problems – including the property bubble. So – after the crash – the move toward a sovereign monetary system will accelerate – **many bankers will be jailed and we could see banks being forced to wipe a portion of the debts people are carrying.** This is very complex because bank shareholders will also cop a loss but they have been profiting from a dodgy system so some of the pain of reform will have to be shared.

On a brighter note: the crash is our best chance to bring in genuine reforms that benefit the people and their nation. The key thing is for us to lead the way with clever and innovative ideas for reform. Any solutions proposed by bankers and the politicians they have bought and control will make things much worse. A banker controlled cashless economy with "helicopter money" being dropped into your account as a "generous emergency rescue" plan in a time of crisis is the final nail in your chance to live in civilised freedom. Don't let it happen. Take a stand. Join with us and together we can make things right.

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Websites For More Information: The World Debt Clocks
http://www.nationaldebtclocks.org/

Related Links: The BRN Gross Domestic Well Being Index

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