Urban Taskforce
AUSTRALIA

MEDIA RELEASE

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Tax Relief for "Build to Rent" will unlock investment dollars for new housing

Urban Taskforce Chief Executive, Tom Forrest, said today that the new approach to "build-to-rent" announced by Treasurer Dominic Perrottet and Planning Minister Rob Stokes would deliver increased investment into purpose built rental housing and drive prices down.

"The number 1 reason why property prices in Sydney are so high is the of a lack of supply. This applies to the rental market as well as the sales market for houses and apartments. Today's announcement will result in greater investment and more supply.

"The Urban Taskforce has been at the forefront of calling for taxation concessions to encourage more investment into Build to Rent. Today's announcement does just that and is very welcome news for renters and for jobs", Mr Forrest said.

NSW will give a 50 per cent discount on land tax to developers who invest in build-to-rent schemes for the next 20 years.

"Urban Taskforce has been calling for the NSW Government to scrap the foreign investor surcharges on residential developments, saying that these taxes are punitive and act to prevent investment in a market that is desperately in need of stimulus and funding.

"Today's announcement demonstrates that on tax matters, the NSW Government has been listening. Foreign investor surcharges will be exempt for the 'build-to-rent' market provided construction begins after July 1 this year", Mr Forrest said.

Legislation for the land tax cuts is to be introduced into the NSW Parliament on Wednesday. Mr Forrest noted that the NSW Opposition had been constructive throughout the COVID-19 period and had supported legislation which promoted investment and jobs.

"Urban Taskforce calls on all political parties to pass this legislation through the Parliament as soon as possible, in the interests of investment, jobs and lower prices for renters across NSW", Mr Forrest said.

Mr Forrest explained that 'build-to-rent' means that the entire building is owned by one entity. It is not split into individual units and sold to buyers through a strata plan.

The building is designed from the start to the owned and managed for the life of that structure as be available for rental accommodation.

This is attractive for institutional investors including superannuation funds and is a form of investment in housing that is widely used in England and in North America. It also enables renters to access long term rent al leases and generates a genuine choice for consumers who choose not to buy a home.

Minister Stokes has advised that the full eligibility criteria for 'build-to-rent' projects will be set out in guidelines for the industry in coming weeks.

Urban Taskforce published last week a comprehensive report on the tax system and its impact on development. See the link to URBAN IDEAS here:

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

Media Enquires: Tom Forrest, Chief Executive Officer: 0429 460 863

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