

Innovative infrastructure funding must not be a tax on new homes

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The proposal by the Federal Government to consider innovative infrastructure funding must not end up being a tax on new housing, says the Urban Taskforce.

"The Urban Taskforce welcomes the Federal Government's announcement that they are looking at innovative ways to fund infrastructure," says Urban Taskforce CEO, Chris Johnson. "But we are concerned that this could become a tax on new housing focussed only on land owners and developers rather than a broad based levy shared by all beneficiaries of new infrastructure."

"There has been much discussion about the uplift on the value of individual houses near new railway lines where the density has been increased. Our concern is that excessive taxes on the uplift will kill the feasibility of a project and that individual house owners will not go through the dramas of relocation without a substantial windfall."

"When the market is bullish as it is now there may be opportunities to capture some of the uplift but once the market subsides the tax on new housing will drive development to areas away from the areas being taxed."

"London's massive Crossrail project is often used as an example of value capture but this project rejected the potential to tax uplift on new development close to stations in favour of a broad based levy across all businesses in London along with a small levy on all new development across London. A detailed report on funding options for Crossrail 2 by PwC rejected the taxing of new development close to stations as this could stop development to the detriment of the city as a whole."

"The Urban Taskforce is concerned that height and density of development is now becoming a tradable commodity based on how much return there is to either state or local governments. Changes to permissible height and density must not be seen by the government as long-term revenue-raising mechanism – planning controls must be prepared in consultation with the community and other stakeholders. There will be large sites where both the developer and the approval authority agree through a Voluntary Planning Agreement (VPA) that more density can be accommodated and an infrastructure contribution can be made."

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

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