

Replacing Stamp Duty with Land Tax will help Housing Affordability

Wednesday, 26 October 2016

Minister Dominic Perrottet's proposal to replace the transaction tax of stamp duty with a broad based land tax will help housing affordability, says the Urban Taskforce.

"The Urban Taskforce has previously advocated for the replacement of stamp duty with a land tax and it is good to see the NSW Finance Minister raising the potential for this to occur," says Urban Taskforce CEO, Chris Johnson. "Adding around \$40,000 to the cost of buying a home discourages sales and increases the cost of housing."

"Clearly state governments have come to rely on stamp duty income with NSW expecting \$8.7 billion this year. The stamp duty will provide more funds in boom times and this will diminish as the market slows down. A land tax however will give consistent income that grows with the value of land."

"Land tax, especially if it is distributed across all land, is a good way for governments to capture value from the uplift in land value through the impact of new infrastructure like a metro rail line."

"Stamp Duty is also contributing to an even bigger issue by discouraging owners of large homes to downsize to a smaller home. NSW Planning Minister, Rob Stokes, has raised the issue of the large number of unused bedrooms in large houses occupied by one or two older people. The removal of stamp duty would be an incentive for these people to downsize leaving the larger home for a family."

"Housing Affordability is clearly a big issue across Sydney and the Urban Taskforce has recently proposed an approach that could yield 4,000 new affordable rental homes a year by modifying the NSW Affordable Rental Housing SEPP. We also support a speeding up of the planning system to boost supply and the removal of stamp duty. These three measures, using the Affordable Rental Housing SEPP, speeding up the planning system and replacing stamp duty would go a long way to helping with housing affordability in Sydney."

"Recent demographic data from the NSW Department of Planning has shown that the population is increasing faster than expected. This means Sydney must average 37,000 new homes a year but in the current boom times this should be around 40,000 homes. Last financial year only 30,000 homes were built which is 10,000 below what is needed. The Urban Taskforce

proposal to allow housing projects to add 20% more area for affordable homes would also boost supply in Sydney by around 4,000 a year."

"The Urban Taskforce is keen to work with all levels of government to find ways to help with housing affordability. As the major providers of new housing stock it is the developers who must be incentivised to provide the thousands of affordable homes Sydney desperately needs."

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

Media Enquires: Chris Johnson, Chief Executive Officer: 0412 258 283.

Follow us on:

