

Build-to-rent boost

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PROPERTY AUSTRALIA

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Three key takeaways:

- Last week the Berejiklian Government announced it would cut land tax for the next 20 years for new build-to-rent housing projects
- This Australian-first will provide a 50% discount on land tax to developers that invest in build-to-rent schemes.
- The Property Council says the move will attract more institutional investment into NSW.

Legislation delivering a 50 per cent land tax cut to build-to-rent developers will be tabled in New South Wales Parliament today.

NSW treasurer Dominic Perrottet has said the scheme will provide more housing options and greater certainty for renters, while also boosting construction and support jobs during the COVID-19 recovery.

To be eligible for the land tax discount, build-to-rent developments in metropolitan areas must include at least 50 units.

An exemption from foreign investor surcharges until 2040 will also encourage investment.

The Property Council has been a strong advocate for build-to-rent housing for its ability to provide more privately funded housing units and affordable rental housing.

Property Council chief executive Ken Morrison says the incentives will “help to attract institutional investment into new housing, giving the one-third of Australian households who rent their home more choice, certainty and better amenity”.

“Build-to-rent improves the resident experience, can offer longer-term tenure, provides professional lease and facility management, while adding to the spectrum of rental housing options,” Morrison says.

“This announcement is a very welcome shot in the arm for new housing construction and will support jobs and investment as we rebuild and recover from the impact of COVID-19.”

Build-to-rent has proven to be a successful model in the US and UK but remains in its infancy in Australia.

Mirvac has recently completed one of the first large-scale build-to-rent projects, LIV Indigo, at Olympic Park in Sydney. The development boasts pet grooming facilities, co-working spaces and a neighbourhood events schedule. Renters can paint their walls, put up artwork and don't have to pay an upfront bond.

In late July the [Queensland Government called for detailed project proposals](#) for its build-to-rent pilot, which will see up to three affordable housing developments constructed in Brisbane.

In Victoria, the Property Council's stimulus plan called for changes to land tax settings to facilitate build-to-rent.

“Housing security will play a vital role in the months ahead. We have encouraged the state government to consider measures that will secure a long-term residential supply pipeline. Creating a favourable tax environment will encourage investment in the build-to-rent sector and ensure that a pipeline is maintained,” says Victorian executive director Cressida Wall.

“We have also encouraged state government to accelerate the planning process for all built-to-rent projects to stimulate this asset class at this challenging time.”

The Property Council has also welcomed development of a new planning policy that includes proposed development standards for build-to-rent projects, including design, guidance on context and character, sustainability and amenity.

“With this package of investment incentives and the right planning framework, NSW is poised to lead the nation in the development of this new type of housing,” Morrison concludes.