



Budget 2017

Reducing Pressure on Housing Affordability

A Comprehensive Plan to Address Housing Affordability

The Government is providing housing solutions across the entire housing spectrum – from Australians struggling to put a roof over their head to those in affordable housing, private renters and first home buyers.

Access to secure and affordable housing has significant economic and social benefits. It can improve education and health outcomes, increase workforce participation and reduce welfare dependency.

Improving housing affordability right across the housing spectrum must be a key objective for government at all levels. There is no silver bullet. The response must be well targeted and coordinated.

The Government is delivering a comprehensive housing affordability plan designed to improve outcomes across the housing spectrum.

Overview

The Government is improving Australians' access to secure and affordable housing across the housing spectrum.

Unlocking supply

The Government will ease restrictions that are contributing to the supply of housing falling behind population growth and encouraging a more responsive housing market by:

- working with State and Territory governments to set housing supply targets and facilitate planning and zoning reform under a new National Housing and Homelessness Agreement;
- establishing a \$1 billion National Housing Infrastructure Facility to address infrastructure chokepoints that are impeding housing development in critical areas of undersupply;
- establishing an online Commonwealth land registry that will provide more detailed information about Commonwealth land to external parties in a mapped

format, allowing and encouraging proposals for higher value land use, including housing development proposals;

- releasing suitable surplus Commonwealth land starting with 127 hectares of Defence land in Maribyrnong, which is less than 10 kilometres from the Melbourne CBD and could support up to 6,000 new homes; and
- kick-starting planning and zoning reform across eight local government areas facing above average population growth and affordability pressures in Western Sydney through a new City Deal for Western Sydney.

Creating the right incentives

The Government is taking prudent steps to ensure incentives are better aligned with improving housing outcomes, including:

- assisting first home buyers to build a deposit inside superannuation. Voluntary contributions of up to \$15,000 per year and \$30,000 in total

will attract concessional tax treatment under the First Home Super Saver Scheme. The scheme commences on 1 July 2017, and contributions and deemed earnings, net of tax, can be withdrawn from 1 July 2018;

- allowing older Australians to contribute downsizing proceeds into superannuation. From 1 July 2018, individuals aged 65 and over will be able to make a non-concessional contribution of up to \$300,000 in proceeds from the sale of a principal residence, held for at least 10 years, into their superannuation. These new contributions will be in addition to any other voluntary contributions that people are able to make under the existing contribution rules and concessional and non-concessional caps;
- strengthening the capital gains tax (CGT) rules to reduce the risk that foreign investors avoid paying CGT in Australia, including by no longer allowing foreign or temporary tax residents to claim the main residence CGT exemption, and by expanding the scope of the CGT withholding system for foreign residents;
- safeguarding the opportunity for Australian buyers to purchase in new developments by introducing a 50 per cent cap on pre-approved foreign ownership in new developments; and
- encouraging foreign owners of residential real estate to rent their properties out by applying an annual charge of at least \$5,000 (reflecting the original application fee) to foreign owners who leave their properties unoccupied or not available for rent for 6 months or more each year.

Improving outcomes for those most in need

The Government will improve outcomes in social housing and homelessness by:

- working with State and Territory governments to reform Commonwealth funding arrangements under a new National Housing and Homelessness Agreement, retaining current funding and indexation arrangements but requiring concrete outcomes;
- providing additional funding of \$375 million over the next four years as part of the new National Housing and Homelessness Agreement to fund front line services to address homelessness;
- encouraging social impact investing to support innovative approaches to reduce homelessness;
- incentivising more private investment in affordable housing through tax incentives; and
- establishing the National Housing Finance and Investment Corporation to operate an affordable housing bond aggregator to provide cheaper and longer-term finance for the community housing sector.

For more information on measures and initiatives in the Government's Reducing Pressure on Housing Affordability plan, see related factsheets:

Fact sheet 1.1: A Comprehensive Plan to Address Housing Affordability

Fact sheet 1.2: National Housing Infrastructure Facility

Fact sheet 1.3: Unlocking Commonwealth land

Fact sheet 1.4: First Home Super Saver Scheme

Fact sheet 1.5: Reducing barriers to downsizing

Fact sheet 1.6: Stronger rules for foreign investors owning Australian housing

Fact sheet 1.7: A new National Housing and Homelessness Agreement

Fact sheet 1.8: Establishing the National Housing Finance and Investment Corporation

Fact sheet 1.9: Encouraging Social Impact Investing

Fact sheet 1.10: Boosting affordable housing for Australians through investment tax incentives

Fact sheet 1.11: Housing package for Western Sydney

A comprehensive housing affordability plan for all Australians

The Government has a comprehensive and targeted plan that will improve outcomes across the housing spectrum.

Unlocking supply

- A new National Housing and Homelessness Agreement linked to outcomes including aggregate housing supply targets
- Encouraging planning and zoning reforms
- Establishing the \$1 billion National Housing Infrastructure Facility

- Investing in cities through City Deals, including in Western Sydney
- Releasing suitable Commonwealth land, starting with 127 hectares of surplus Defence land in Melbourne
- Developing a public and online Commonwealth land registry



Crisis

In 2015-16, over a quarter of a million people were assisted by specialist homelessness agencies



Improving outcomes for those most in need

A new \$4.6 billion National Housing and Homelessness Agreement including \$375 million of new funding for homelessness

Funding Social Impact Investing



- Establishing the National Housing Finance and Investment Corporation
- Increasing the capital gains tax discount to 60 per cent for individual investors in affordable housing
- Encouraging investment in affordable housing by Managed Investment Trusts
- Strengthening the regulation of community housing providers nationally
- Supporting The Big Issue's Homes for Homes initiative



As at 30 June 2016, there were almost 200,000 households on social housing waiting lists

Social

The most recent figures show that there is a shortage of 271,000 affordable and available homes for low income households

Creating the right incentives

- Developing standard long-term leases
- Introducing an annual tax on foreign owners of vacant residential properties



Affordable Rental



- Promoting rent-to-buy and shared equity schemes



Assisted Home Ownership

The number of low income households experiencing rental stress has increased from 43 to 34 per cent in Greater Sydney and 37 to 45 per cent in Greater Melbourne, between 2007-08 and 2013-14

The average number of years to save for a deposit on a house has increased from 5 to 8 years in Sydney, and from 4 to 6 years in Melbourne over the last decade.



Home Ownership

- Allowing first home buyers to build deposits within superannuation through voluntary contributions
- Reducing barriers to downsizing to free up larger homes for families
- Improving the integrity of capital gains tax rules for foreign investors
- Limiting foreign investment approvals in new developments
- Encouraging new housing that is offered exclusively to first home buyers