

Build to Rent: A proposal to deliver more affordable housing for Queenslanders.

Overview

The Queensland Government's October 2022 Housing Summit outcomes identified a range of opportunities to be explored, including an action to explore potential changes to regulatory settings to facilitate and incentivise housing supply, and consider the merit of land tax concessions in the context of Build to Rent developments that deliver affordable housing.

Building on the success of Queensland's Build to Rent Pilot program, the Queensland Government has approved in-principle the introduction of land tax concessions for Build to Rent developments that support more affordable housing. Queensland Treasury is responsible for implementing this policy decision and is seeking feedback from industry and interested parties to support its introduction in the second half of 2023, ideally from 1 July 2023.

Policy Context

Some Build to Rent developments are already occurring in Queensland without additional government support, but these developments currently generally cater for middle to high income earners with a high level of amenity. To meaningfully expand the scope of Build to Rent, concessions are proposed to be linked to the public policy outcome of a higher share of developments being available at more affordable rents. In this regard, a key goal of the intervention is to support affordable developments, or affordable parts of developments, that would not be commercial unless such concessions are provided.

Proposed concession model

In support of Build to Rent projects with a minimum affordable housing component of at least 10 per cent, the proposed model provides tax concessions to eligible Build to Rent developments of:

- 50 per cent of the total land tax payable on the development site up to a maximum term of 20 years;
- 100 per cent of any foreign investor land tax surcharge payable on the development site up to a maximum term of 20 years, where the development is owned and operated by a foreign entity; and
- 100 per cent on any additional foreign acquirer duty (AFAD) charged on future acquisitions or transfer of the identified site for development.

Overall, the proposal aims to increase the stock of affordable housing and support the initial development of the Build to Rent asset class, offering a greater focus on long term tenancy, maintenance, amenity, and tenant experience.

It is noted that supporting the growth and diversity of Queensland's housing stock, including affordable housing, is considered a key objective for the proposal. As such, concessions offered as part of this initiative are proposed to be contingent on the proponent continuing to demonstrate compliance with key eligibility criteria including any minimum affordable housing requirements.

It is proposed that concessions provided as part of this proposal will be limited to a maximum period of 20 years from commencement of operation, or until 30 June 2048 (whichever comes sooner).

Feedback welcome

Queensland Treasury is seeking feedback from industry during April to confirm the scope of the proposal, including key eligibility and implementation criteria. Specific feedback is sought on the following:

- In order for a development to be eligible for a concession, what proportion of the development devoted to affordable dwellings could be supported, and how should those dwellings be defined in the context of this initiative.
- What eligibility and operational requirements should be developed to demonstrate eligibility for the concession, including tenancy management and rent policies, while balancing compliance and administration.
- How should a Build to Rent development be defined, noting the intention of the proposal is to deliver additional affordable residential housing.

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